

Local Project Appraisal Committee (LPAC) Meeting
Integrated Community-based Forest and Catchment Management
through an Ecosystem Service Approach (CBFCM)

25 January 2012, 14.00-16.00 hrs. Meeting Room A&B, UNDP Thailand

List of Participants

Office of Permanent Secretary, Ministry of Natural Resources and Environment (MoNRE)

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| 1. Mr. Surapol Pattanee | Deputy Permanent Secretary |
| 2. Mr. Dunyarit Homnan | Assistant to the Deputy Permanent Secretary |

Policy and Strategy Office, Ministry of Natural Resources and Environment (MoNRE)

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| 3. Mr. Pongboon Pongtong | Director |
| 4. Ms. Sutisa Loomboot | Plan & Policy Analyst |

Office of Monitoring and Evaluation, Ministry of Natural Resources and Environment (MoNRE)

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| 5. Mr. Worapon Changam | Director |
| 6. Ms. Marisa Ingthamjitr | Plan and Policy Analyst, Professional Level |
| 7. Ms. Chonwipa Loonjark | Plan and Policy Analyst, Practitioner Level |

Office of the International Cooperation for Environment (OIC), MoNRE

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| 8. Ms. Wacharee Poldechsataporn | Environmentalist, Professional Level |
| 9. Mr. Promnarin Timmontha | Project Analyst |

Bureau of Central Administration, MoNRE

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| 10. Ms. Rungnapa Trintawat | Finance and Accounting Analyst, Professional Level |
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Regional Environmental Office 1, MoNRE

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| 11. Mr. Apiwat Kunarak | Director |
| 12. Ms. Suwaree Singpetch | Environmental Officer |

Regional Environmental Office 5, MoNRE

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| 13. Mr. Suwan Nanthasarut | Director |
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Regional Environmental Office 12, MoNRE

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| 14. Mr. Praderm Pakkaew | Senior Environmental Officer |
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Regional Environmental Office 14, MoNRE

15. Mr. Jumpol Siriswasdi Director

Department of Marine and Coastal Resources (DMCR), MoNRE

16. Ms. Poonsri Wanthongchai Forestry Technical Officer, Senior Professional Level

Department of National Parks, Wildlife and Plant Conservation (DNP), MoNRE

17. Mr. Pornthep Chormali Forestry Technical Officer

Research and Development Hydrology Division, Department of Water Resources (DWR), MoNRE

18. Ms. Wasna Roiamthaeng Senior Professional Hydrologist

Bureau of International Cooperation, Department of Water Resources (DWR), MoNRE

19. Mr. Chanawat Arunrat Senior Policy and Plan Analyst

20. Mr. Pinyo Ketsa Policy and Plan Analyst

Office of Natural Resources and Environmental Policy and Planning (ONEP), MoNRE

21. Ms. Pairanee Suksumek Project Analyst

22. Mr. Panuwat Kamuttachart Environmental Officer

Department of Environmental Science, Faculty of Science and Technology, Thammasat University

23. Assoc Prof Natha Hungspreung, *Ph D* Environmental Expert

UNDP

24. Mr. Yuxue Xue Resident Representative, a.i.

25. Ms. Sutharin Koonphol, *Ph D* Programme Analyst, Environment Unit

26. Ms. Nisakorn Puangkamlard Programme Associate, Environment Unit

27. Mr. Santikorn Pakdeesettakul Intern, Environment Unit

Introduction

The Chair, Mr. Yuxue Xue, Deputy Resident Representative and Acting Resident Representative of UNDP Thailand welcomed the participants and gave opening remarks, highlighting the close collaboration between the Ministry of Natural Resources and Environment (MONRE) and UNDP. MONRE's partnership and professionalism is highly appreciated. This project is also a result of the strong and continuous collaboration of the two agencies. It forms a part of MONRE-UNDP Biodiversity Portfolio, which has mobilized the total of USD 7 M from the Global Environment Facility (GEF) Cycle 4 (2007-2010).

Mr. Xue emphasized the relevance of the project to the national priorities in finding a long-term solution to flood management. Strengthening integrated catchment management will be instrumental to enable Thailand to be better prepared for coping and increasing adaptive capacities to natural disasters as well as the impacts of climate change. The project is also in line with the key priorities of the new UNDP Country Programme Document (CPD: 2012-2016), under the Strategy on 'Effective Response to Climate Change'

The Chair re-instated the objectives of the LPAC, which is to collectively review and comment on the project document as well as its methodology of implementation, and eventually to endorse the project document. The comments and suggestions of the meeting will be incorporated into the inception report to guide the project implementation.

The Co-Chair of the meeting, Mr. Surapol Pattanee, MONRE's Deputy Permanent Secretary, then provided his greeting remarks, reaffirming that MONRE is ready to implement this project. He also thanked UNDP for the close collaboration during the process of project formulation and development, which started in 2010. The Co-Chair invited the participants to introduce themselves and their agencies.

Presentation

Ms. Sutharin Koonphol, Environment Programme Analyst, UNDP Thailand, made presentation on the key aspects of the project, including (1) Background and Rationale; (2) Project Objectives and Outcomes; (3) Pilot Sites; (4) Budget Allocation; (5) Project Management Arrangement

This is a 4-year, 1.75 M project, under the support of the GEF's Biodiversity and Climate Change Allocation. The co-financing from the Ministry of Natural Resources and Environment (MONRE) is USD 12.21 M.

MONRE's Office of Permanent Secretary is the implementing partner, with their Office of Monitoring and Evaluation and the Regional Environmental Offices as the project focal points. The project was approved by GEF in September 2011 and was submitted to the cabinet for endorsement on 11 October 2011.

This project's objective is to create an enabling policy and institutional environment for scaling-up integrated Community Based Forestry and Catchment Management (CBFCM) practices through innovative financing mechanisms, through its 2 Outcomes:

Outcome 1: Strengthening systemic capacities in sustainable forest and catchment management at the local, regional and national levels;

Outcome 2: Supporting the expansion of CBFCM coverage throughout the country through pilot testing of defined Payment for Environmental Services (PES) and bio-carbon financing mechanisms. The project will also strengthen national capacities to promote PES (including and bio-carbon) in order to strengthen community incentives for effective forest and catchment management.

The project will support scaling up of CBFCM best practices using PES and bio-carbon financing mechanisms at four sites, led by four Regional Environment Offices (REOs): *Mae Sa Catchment* (North, Chiang Mai), led by REO 1; *Tha Chin Catchment* (Central, Nakhon Pathom and Samut Sakorn Part), led by REO 5; *Lam Sebai Catchment* (Northeast, Ubon Ratchathani), led by REO 12; *Pa-Ngan Catchment* (South, Koh Pa-Ngan, Surat Thani), led by REO 14.

The project will be under the Nationally Implemented Modality (NIM) – with the project document signed by MONRE’s permanent secretary (or his designate). The Project Board will be chaired by MONRE Perm Sec (or his designate). The senior supplier will be MONRE’s Office of Monitoring and Evaluation as well as Regional Environmental Offices. The beneficiaries consist of other key related agencies under MONRE: DNP, ONEP, DMCR, DWR and related line agencies: NESDB, MOI, and MOF and CSOs.

Please refer to the details of the presentation in ANNEX 1.

Summary of Key Discussion Points

The key points of discussion can be categorized and summarized as follows:

1. On PES Mechanism and Design:

MONRE’s Deputy Permanent Secretary Surapol asked if UNDP has conducted similar projects in other countries; or if there are any good examples of PES application in other countries. It would be useful for the implementing teams to have the opportunities to study and exchange of experiences with other countries, as PES is a new concept in Thailand.

It was responded that UNDP has similar projects in the Philippines, Vietnam, and Indonesia. There are also good examples and lessons-learned from projects undertaken by other development agencies active in this area, for example, USAID and GIZ. The models vary according to socio-political context. Vietnam has a strong legal instrument, so PES application start with the legal framework to enforce PES; while Indonesia’s examples point to the fact that small-scaled schemes will have a better potential to succeed. It was agreed that an opportunities for exchange of experiences with other countries will be crucial.

Director Suwan (REO 5) also added that there is also a project supported by the World Bank in applying PES to hydrological services in Laos. It could also provide a good case study.

Dr. Nattha (Thammasat University) commented that the most challenging part for applying PES finding the beneficiaries who will make the ‘payment’. It is difficult to convince the government to pay as part of the protection of public goods. She also agreed that small-scaled schemes seem to work best; for

example, she is now conducting a PES pilot under a royally-initiated project in Nan Province. The design is to link with the private sector to provide financial support and put into a form of trust fund for conservation. Monks are key actors in facilitating such scheme.

In this regard, UNDP added that during the project formulation, it was so pointed out that the cultural context should be taken into consideration in applying PES in Thailand; and the example of the role of monks, who are spiritual centres of communities, is a good one to be taken into consideration in the project.

Director Pongboon (PSO, MONRE) made three observations on the PES application and related initiatives:

- 1) Suppliers and beneficiaries could be difficult to distinguish: it could be the case that suppliers are also beneficiaries of the ecosystem services;
- 2) There are studies done by the Department of National Parks, Wildlife and Plants Conservation (DNP) on the economic valuation of national parks, in order to justify the payments to support protected areas. However, it has not been successful to force such payments. How the project could overcome such constraints?;
- 3) The Royal Forest Department (RFD) is now applying a similar concept in paying some communities, dwelling in national reserves, as incentives for them to conserve the areas. The project may be able to learn from this arrangement.

It was responded that the first point is well noted. It is very important that in the design of PES in each of the pilot site; the suppliers and beneficiaries are clearly defined. As a general set-up, suppliers are those whose livelihoods depend directly on the natural resources base and/ or those the PES scheme would like to provide incentives for their behavioral changes towards a more sustainable use of resources; while beneficiaries are those who have more 'purchasing power.'

With regard to the second point, it was pointed out that past experiences show that using only legal mechanism to 'force' the payments alone would not work; a 'carrots and sticks approach' needed to be explored. And it is hoped that the project will provide such an opportunity to explore how PES can be applied to be both 'carrots and sticks' for conservation. It is agreed that the RFD example could also be applicable to PES scheme in the pilot sites. There has also been a discussion going on the potential of using PES as a conflict mediation mechanism to solve the issues on the protection of forest and the community rights to use, while there is no legal framework to support the status of the so-called community-based forest management.

Ms. Poonsri (DMCR) seconded what Mr. Pongboon's comment that it could be difficult to distinguish between suppliers and beneficiaries, especially in the context of marine and coastal resources. She also raised a question on what types of activities the project will conduct at the project sites.

UNDP further elaborated that activities will be designed to correspond with the needs of each site. For example, in Mae Sa, the activities will be about fire prevention, protection of forest, ensure water supplies and water quality; while in Pa-Ngan, it could be about rehabilitation of coral reefs. The cost of

these conservation activities will be assessed to inform PES schemes in each of the site together with the governance structure of PES scheme, and M&E system.

Director Jumpol (REO 14) added that, for Pa-Ngan, it was previously envisaged that may be the oil company who will build that drilling station in the area could be the beneficiaries who pay the cost of protection. However, these could pose a very sensitive issue and risk turning PES into the license to pollute. So it needs to be handled carefully with communities' participation. As a matter of fact, the situation on the ground has changed quite a lot from the time of project formulation until now, so there will need to be reconsidered the stakeholders and activities when the implementation will actually start.

He also highlighted there are other potential for PES application in Pa-Ngan Island, such as, the conservation of ground water – which is crucial for Pa-Ngan water supplies and the forest areas on the island are still very abundant, there could be a potential to link up with tourist businesses to get involved to support the conservation of forest and water resources to ensure good ecosystem services on the island. Having said that, this project will be a challenge and he was sure that his regional office will have to work hard during the next 4 years.

UNDP pointed out the very first activity that the project will have to do on each site is to update the baseline assessment to inform the PES scheme design and to provide the basis for the M&E framework. Ms. Sutharin also shared with the LPAC that there has been a similar PES initiative going on in Koh Tao, with collaboration of the tourism business operators on the island. Dr. Orapan Na Bangchang who did the project formulation for CBFM was helping the Koh Tao Conservation Group in designing the PES scheme there. Experiences from Koh Tao could also be shared with Pa-Ngan.

Director Suwan (REO 5) provided examples of PES potential in the Tha Chin Catchment, which could involve key stakeholders like a Water Work Company (บริษัทน้ำประปาไทย) who uses the water resources of Tha Chin as their raw materials; the small and medium industries along this part of the Tha Chin River can be considered as beneficiaries from the water quality of the catchment, similar to the example of Chesapeake Bay Trust Fund in the United States, provided as an example by Dr. Orapan in her formulation of this project. In addition, activities to be supported by PES scheme there could also include the conservation of the mangrove ecosystems at the Tha Chin estuaries in the inner Gulf of Thailand.

UNDP supported the direction and opportunities suggested by REO 5 and pointed out that the work in Tha Chin catchment will provide a very relevant example in view of flood management in the areas surrounding Bangkok. Furthermore, there are strong base of community networks which are already aware and active in initiating their own disaster preparedness and adaptive plans. This will be a strong foundation to build on for the project as well as to link up to climate change adaptation works in the future.

MONRE's Deputy Permanent Secretary emphasized that it is crucial to have a good baseline assessment in each site, which is mutually agreed among key stakeholders. He viewed that this will be a key success

factor of the project. The project M&E framework has to be able to clearly prove that the impacts are results of the project intervention. Good documentation and database will be an essential basis for the M&E process of the project. The indicators should not limit to the state of biodiversity or the expansion of forest areas, but also on improved livelihoods and socio-economic conditions of concerned communities.

UNDP confirmed that this baseline assessment will be the crucial first step to the design and M&E process of the project, adding that there are a set of tracking tools that would serve as rigorous M&E mechanisms. This is where the role of REOs and the local academic institutions will be essential. As for the indicators on the socio-economic conditions and livelihoods, the logical framework of the project has already incorporated this aspect.

2. On Capacity Building and Knowledge Management:

Dr. Nattha (Thammasat University) asked if the project would produce PES Guidelines in the end. She viewed that the project will demonstrate PES application in various contexts and it would be useful to capture the lessons learned for future PES application.

It was responded that one of the key outputs of the project is to produce PES Guidelines, Code of Conducts, and Lessons-Learned experiences in PES application.

Director Pongboon (PSO, MONRE) added that capacity building process is very important to the project, as this is a very new concept. An initial PES guidelines or manual should be provided for the implementation team since the beginning of the project to ensure good and common understanding towards the outcomes of the project.

The suggestion was noted and agreed.

Mr. Chanawat (DWR) asked if there will be a translation of the project document, which contains quite comprehensive background information as well as clear indicators for the implementation. He also would like to know where further information on PES can be found.

UNDP clarified that usually the logical framework part of the project document will get translated in order to facilitate the implementation. Regarding the information sources for PES, it could be found on UNDP website (www.undp.org) ; UNEP is another agency which has provided a wealth of publication on PES. The links to these resources could be provided as requested.

3. On Stakeholders Engagement and Advocacy:

Director Pongboon (PSO) provided suggestions regarding stakeholders to be involved in the project and the PES design. He pointed out that government agencies should also be considered as important beneficiaries. The PES scheme can be designed to have 'payments' in the form of services the government agencies e.g. reservoirs provision, access to electricity, could provide to communities as rewards for their conservation efforts. He also added that the Royal Forest Department should be added as beneficiaries on the project board.

It was clarified that RFD is already on the project board; and agreed that PES design should consider the services provided by government agencies as one form of 'payments.'

Ms. Wasna (DWR) raised a question if the communities in each of the pilot site had been consulted and understood the objectives of the project. She viewed that this project will have direct impacts on communities and their agreement and participation is essential. She also suggested that the core team at site level should also include representatives from communities.

UNDP clarified that MONRE's Deputy Permanent Secretary Surapol made a strong advice during the project formulation process that the site selection process needed to fully involve the concerned communities to ensure their understanding and participation since the beginning. Based on his advice, the project formulation team organized workshops in the four targeted areas to introduce the project, the concept of PES, and the criteria of site selection to the communities. The selected sites are the results of the consultation process. As to the members of the core team, it will include representatives of key Civil Society Organisations (CSOs) as deemed appropriate by each hosting REO.

Director Suwan (REO 5) added that he participated in the three out of four regional workshops during the formulation process. He viewed that the workshops were instrumental in creating understanding about the project and about PES concept. Dr. Orapan Na Bangchang, the PES expert, simplified the concept and provided examples from other countries. The workshops created interests in the concept and the feedbacks received are positive in moving the project forwards.

Director Apiwat (REO 1) shared with the meeting that some of the communities who did not get selected as pilot sites expressed their disappointment.

UNDP clarified that the pilot site in each region was meant to be a forerunner and also a case study for other adjacent areas within the same catchment as well as within the same cluster provinces that each hosting REO is looking after. It had been emphasized, during the site selection process, which the impacts of the project would by no means be limited to the pilot sites but are expected to be replicated and scaled up.

MONRE's Deputy Permanent Secretary reiterated that he had advised the project formulation team that the site selection process is carried out in a participatory manner to ensure the willingness and commitment to participate in the project, not just because the project will offer financial support. The selection should not be decided by the project formulation team nor at the central level of MONRE

Mr. Phanuwat (ONEP) envisaged that the private sector engagement will be crucial the project ; and shared with the meeting that ONEP has been working on the engagement with private sector in biodiversity conservation, which has proved to gain the interests among the concerned businesses. He also added that the project should also highlight the advocacy aspect to capture the private sector's attention will be instrumental to the partnership building., similar to what the project supported by EU/GIZ in applying the approach of The Economics of Ecosystems and Biodiversity (TEEB) is pursuing.

It was agreed that the private sector engagement was key success factor; it is essential to convince the private sector to see the value of the PES scheme as provided a long-term commitment to conservation, not just an ad-hoc CSR activities. It was also agreed that the component on advocacy needs to be highlighted more.

UNDP also shared with the meeting that GIZ has discussed with NESDB and other development partners to organise a forum on mapping PES initiatives currently going on in Thailand to gather the evidence-based information and facilitate policy linkages. The forum is expected to be held towards the middle of this year; it can also be a good advocacy opportunity for this project.

4. On Project Management Arrangement:

Director Worapong (OME, MONRE) informed the meeting that, recently, there is an organizational change within MONRE. The Regional Environmental Offices will now be reporting to the Planning and Strategy Office (PSO) instead of the Office of Monitoring and Evaluation (OME). The REOs will also eventually become under the Pollution Control Department (PCD) of MONRE. The change will have some bearings to the project management arrangement, especially on the focal units at the central level.

In this connection, MONRE's Deputy Permanent Secretary, pointed out that this is an internal arrangement within MONRE. In any case, the project will still be under the Office of Permanent Secretary, to which PSP and OME belong. The move to be under PCD will take sometimes to happen. He also reaffirmed that MONRE remains committed to make any appropriate and necessary arrangement to make the project achieve its outcomes.

Director Apiwat (REO 1) asked for further clarification on the composition of the core team at each site (1) if the number has to be limited to 10-12 as suggested in the project document; (2) if it would be possible to add the provincial chamber of commerce as a member; and (3) who will appoint this core team. The other question he posed was on the field coordinator whether an REO official will have to be appointed to assume this post; or whether it will be hired by the project.

UNDP responded that the number of core team's members is suggested to be between 10-12 persons, so as not to be too big to operate. However, it will be up to the judgment of each hosting REO who should be included as the key stakeholders in their area to make the project work. It was also clarified that the field coordinator will be hired by the project to support REOs on project activities at the pilot sites.

MONRE's Deputy Permanent Secretary added that the core team should not be too big; and it is up to each REO to select the appropriate members but should be multi-stakeholders. He also stated that each core team will be appointed by the Project Board.

The Deputy Permanent Secretary also asked what the next steps towards project implementation are.

Ms. Sutharin (UNDP) explained that the steps will be as follows:

- 1) After the LPAC, the project document will be co-signed by MONRE and UNDP. The signing date will be the official starting date of the project implementation;
- 2) Once the project document is signed, the project will enter into the project's inception phase, which normally lasts about 3-6 months. Activities to be completed during the inception phase will include:
 - Appointment of the Project Board ;
 - Establishment of the Project Management Unit (Appointment of Project Director, and Recruitment of Project Manager, and Project Assistant);
 - Establishment of Core Team at site level;
 - Preparation of the overall Project Implementation Plan, Budget Plan, and First Year Activity Plan to be endorsed by the project board;
 - Internal Inception Workshop to reconfirm understanding among the implementing team;
 - External Inception Workshop to introduce the project to other key stakeholders;
 - Prepare for the Project Bank Account and Financial Arrangement;
 - Conduct Micro-assessment on the internal control process within MONRE;
 - The Project Board Meeting to endorse the overall work plan and the First Year Activity Plan;
 - The inception report documenting comments, changes made to the project document (at the output level only) to be the reference document for project implementation and conclude the project implementation phase.

Conclusion

Mr. Yuxue Xue, the Chair of the LPAC, concluded that the committee endorsed the project. All comments/suggestions discussed at the meeting would be reflected and incorporated into the project inception report, which is considered a key document to guide the project implementation. UNDP looks forward to the collaboration with MONRE towards the successful implementation of the project.

Mr. Surapol Pattanee, MONRE's Deputy Permanent Secretary, took the opportunity to thank all participants for their useful and constructive comments, and thank UNDP for hosting the LPAC.

The meeting closed at 16.00 hrs.

Attachment

Annex 1: Power Point Presentation on the Project