



**The World Bank**

Cambodia Sustainable Landscape and Ecotourism Project (P165344)

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## Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

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Appraisal Stage | Date Prepared/Updated: 27-Mar-2019 | Report No: PIDISDSA25559

**BASIC INFORMATION****A. Basic Project Data**

Country Cambodia	Project ID P165344	Project Name Cambodia Sustainable Landscape and Ecotourism Project	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 29-Mar-2019	Estimated Board Date 30-May-2019	Practice Area (Lead) Environment & Natural Resources
Financing Instrument Investment Project Financing	Borrower(s) Kingdom of Cambodia	Implementing Agency Ministry of Environment, Ministry of Rural Development	

## Proposed Development Objective(s)

The Project Development Objective is to improve protected areas management, and to promote ecotourism opportunities and non-timber forest product value chains in the Cardamom Mountains-Tonle Sap landscape.

## Components

- Component 1: Strengthen Capacity for Protected Areas (PA) Landscape Planning and Management
- Component 2. Strengthen Opportunities for Ecotourism and Non-Timber Forest Product (NTFP) Value Chains
- Component 3. Improve Access and Connectivity
- Component 4. Project Management, Coordination, Monitoring and Evaluation
- Component 5:Contingent Emergency Response

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

Total Project Cost	53.16
Total Financing	53.16
of which IBRD/IDA	50.66
Financing Gap	0.00

**DETAILS****World Bank Group Financing**



International Development Association (IDA)	50.66
IDA Credit	50.66
<b>Non-World Bank Group Financing</b>	
Counterpart Funding	2.50
Borrower/Recipient	2.50

## Environmental Assessment Category

B-Partial Assessment

## Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

**B. Introduction and Context**

## Country Context

1. **Cambodia has experienced remarkable economic growth and poverty reduction over the past two decades but is still one of the poorest countries in Southeast Asia.** Cambodia sustained an average growth rate of 7.6 percent in 1994–2015, ranking sixth in the world. GDP per capita increased fivefold, from US\$ 300 in 1994 to around US\$ 1,070 in 2015, the year in which Cambodia reached the lower middle-income status. Cambodia also made significant progress in attaining the Millennium Development Goals (MDGs). Since 1990, the country more than halved extreme poverty and maternal mortality, achieved nearly universal primary education enrollment, and made significant progress in combating HIV/AIDS. The percentage of Cambodians living under the national poverty line dropped from 47.8 percent in 2007 to 13.5 percent in 2014, accompanied by a decrease in inequality. However, despite this progress, most of the families that rose above the poverty line did so by a small margin, leaving them at risk in the event of an adverse shock.



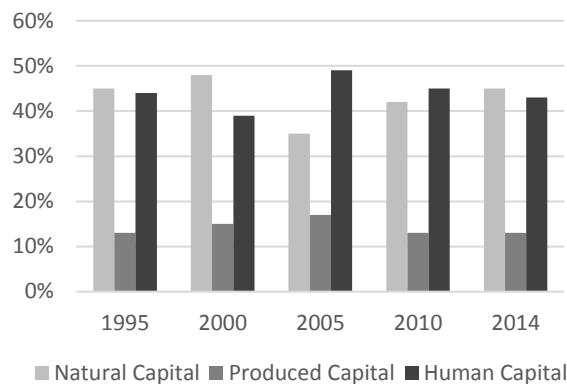
2. This growth has been driven to a large extent by the country's rich and diverse natural capital.<sup>1</sup> Natural capital such as cropland and forest resources, account for about 40 percent of Cambodia's wealth and contributes significantly to its economy (Figure 1). Agriculture, which depends heavily on the water flow regulation, erosion regulation and nutrient retention services provided by forests, contributed 27 percent of GDP in 2016 and supported the incomes of more than five million Cambodians. Tourism is an important engine of growth for Cambodia, with strong entry points for ecotourism, building on the country's considerable natural capital in key landscapes.<sup>2</sup> The country's growing energy needs are met in part by hydropower, for which forest systems are important for water flow and sediment regulation in rivers.

3. However, the country's natural capital is being degraded rapidly by unsustainable economic activities—forest cover and wetland areas have decreased, water and soil quality has declined, and erosion has increased, thereby lowering the productivity of the agricultural and fisheries sectors. According to official estimates, forest cover declined from nearly 60 percent in 2006 to less than 47 percent in 2014, mainly due to the conversion of forests to agriculture or rubber plantations within economic land concessions (ELCs). Compounding this is Cambodia's high exposure to climate change which, based on the scenario of a 2°C temperature rise by 2050, is estimated to reduce the country's total GDP by at least 1.5 percent in 2030 and 3.5 percent in 2050.<sup>3</sup> Future droughts and high temperatures will affect overall forest moisture content, which will lead to drying and increase susceptibility to fires.

4. A significant proportion of this natural capital is found in the Cardamom Mountains-Tonle Sap landscape (CMTS), which makes the area critical for supporting Cambodia's growth and development. In Cambodia, there is a growing market for new ecotourism experiences and attractions that feature the country's natural assets, which has strong potential for increasing tourism revenues. There is also an opportunity to support the further development of non-timber forest product (NTFP) value chains to generate income for rural people. In 2006, it was estimated that an average of 30 to 40 percent of household income was generated from NTFPs (RGC, FA; 2008).

5. However, while not preventing strong growth and poverty reduction thus far, governance and institutional capacity challenges continue to affect private and public sectors, ranging from firm competitiveness and access to assets and opportunities and hinder the effective management of natural resources and protected areas (PAs) in Cambodia. Public sector capacity, although improved, remains uneven across ministries, and progress in the public financial management, public administration, legal and judicial, and decentralization reforms pursued over the past decade has been sluggish. In addition,

**Figure 1: Natural, produced and human capital in Cambodia as a proportion of total wealth (1995–2014)**



Source: World Bank Data at 2014 constant USD.

<sup>1</sup> Natural capital are assets that provide natural resource inputs and environmental services for economic production.

<sup>2</sup> The term 'landscape' is defined as a heterogeneous land area comprising a cluster of interacting ecosystems that is repeated in similar form throughout.

<sup>3</sup> Royal Government of Cambodia. "Climate Change Financing Framework." 2015.



weaknesses in law enforcement and forest monitoring make it difficult to reduce or eradicate the most serious threats to PAs, including illegal logging, hunting, trapping and fishing, land encroachment and migration, and the unsustainable use of NTFPs.

#### Sectoral and Institutional Context

6. **The CMTS landscape, which covers more than 2.5 million hectares and includes one of the world's most productive freshwater fisheries and the largest protected forest in Indochina, is a global biodiversity hotspot and supports an estimated five million Cambodians with income, food and water.<sup>4</sup>**

Forests in the Cardamom Mountains provide several key services that underpin economic activities in the area, including ensuring the sustainability of the watershed in the CMTS for the benefit of agricultural areas downstream. Water provision provided by these forests support agriculture in areas downstream of the Cardamom Mountains, including in Pursat, Battambang, and Kampong Chhnang, and provide freshwater and nutrients to support fisheries in the Tonle Sap Lake. An estimated 6.2 billion cubic meters of high-quality freshwater is provided by the Central Cardamoms Protected Forests.<sup>5</sup> Many households in the landscape depend on farming and fishing on a full-time, part-time or seasonal basis to supplement their income, and depend heavily on fish for their protein and other nutritional needs.<sup>6</sup>

7. **Natural capital in the CMTS landscape is also important for Cambodia's resilience.** Climate risk analysis indicates that drought and flooding due to extreme rainfall are challenges for Cambodia now, and these are expected to increase in the future. Analysis has shown that CMTS forests are key for regulating water flows, as they are hotspots within Cambodia for groundwater recharge. Loss of these forests could reduce stream flows by as much as 80 percent in the dry season, which could be disastrous for large agricultural areas in Pursat and Battambang provinces that rely on streamflow for irrigation. Forests in the Cardamom Mountains also help to mitigate flooding from heavy rainfall events by acting as temporary stores of water as well as reduce potential soil erosion from the CMTS by about 82 percent, and, thereby, heavy sediment loading in rivers. Although not contributing directly to Cambodia's climate resilience, the carbon stored in the CMTS landscape is important for climate mitigation in Cambodia and globally and could become a significant source of revenue with REDD+ markets developing.<sup>7</sup>

8. **However, pressure for land, unsustainable use of natural resources, and heightened impacts of climate change, are threatening the long-term sustainability of these natural assets with consequent adverse impacts on people.** Forest degradation is pervasive and attributed to unsustainable logging practices, salvage logging and fuelwood extraction. Land expansion has been a major factor, with cultivated land for crops increasing by 50 percent between 2002 and 2012, partly at the expense of forests (Forest Trends, 2015). In addition, approximately 5.5 million tons of fuelwood are used each year by households and SMEs (GERES, 2015), with 88 percent of the population still relying on traditional biomass for cooking.

<sup>4</sup> The Central Cardamoms have 66 species of mammals, 174 species of birds, 74 species of reptiles, 32 species of amphibians, 44 fish species and 300 species of moths and butterflies. It is also one of the few remaining large habitats for elephants in Cambodia and is home to approximately one-third of all endangered and rare species listed under the Cambodian Forestry Law. Also, the Cardamom Mountains sequester approximately 230 million metric tons of carbon per year making it important for Cambodia's climate change mitigation efforts as part of its National Determined Contributions (NDC) under the United Nations Framework Convention on Climate Change (UNFCCC).

<sup>5</sup> Conservation International.

<sup>6</sup> Fish and other aquatic animals provide approximately 76% of Cambodians' animal protein intake, and 37% of total protein intake per person (IFReDI, 2013. Food and Nutrition Security Vulnerability to Mainstream Hydropower Dam Development in Cambodia).

<sup>7</sup> Soussan and Sam (2011) estimate the economic value of carbon in Cardamom Mountains at \$3.7 billion.



Specifically, in the Cardamom Mountains, the greatest threats to forests, biodiversity and protected areas come from encroachment for cultivation, illegal timber harvesting and wildlife poaching. The Tonle Sap floodplain also faces threats, including from uncontrolled developments in the outer floodplain and flooded forest for irrigation and rice cultivation. This, in turn, is leading to impacts on the productivity of agricultural and fisheries, food security and nutrition, tourism, and infrastructure.

#### Protected Areas Landscape Management

9. **A significant proportion of the natural capital in the CMTS landscape is managed through the protected areas (PAs) system.<sup>8</sup>** In particular, 83 percent of the Cardamom Mountains are under the PA system, as is the area immediately surrounding the Tonle Sap, and the Tonle Sap Biosphere Reserve.<sup>9</sup> Forest cover in the Cardamom Mountains is still relatively high – about 72 percent, but it has decreased over the past three decades by about one million hectares (28 percent of total forest area) due mainly to agricultural land encroachment, and land encroachment for residential development in the north-eastern and southern parts of the range. Under Cambodia's Protected Areas Law, the Ministry of Environment (MoE) has jurisdiction on the PAs<sup>10</sup> that cover the Cardamom Mountains and areas around the Tonle Sap. Within the CMTS landscape, there are 15 PAs, of which seven will be targeted by the project (Table 1).

**Table 1: PAs Targeted in the Project Areas**

Central Cardamom National Park	401,313
Southern Cardamom National Park	410,392
Phnom Sankos Wildlife Sanctuary	333,750
Phnom Aural Wildlife Sanctuary	253,750
Tatai Wildlife Sanctuary	144,275
Tonle Sap Biosphere Multiple Use Area	316,250
Cardamom BCC	169,469
<b>Total</b>	<b>2,029,199</b>

10. **Cambodia's ability to effectively manage the natural capital of its protected areas is limited by weak management.** Almost all the 15 PAs (except one which is zoned)<sup>11</sup> lack zoning, demarcation and official titling registration. In addition, there are inadequate resources (infrastructure, equipment, budgets, staffing) for PA enforcement and forest monitoring to effectively address the most serious threats to PAs, including illegal logging, hunting, trapping, fishing, and land encroachment. There are also limited incentives for local rural communities who live in and around the PAs to sustainably manage them. While PAs do provide security of land tenure and forest resource access, communities that live within PAs tend to have poorly developed entrepreneurial skills, and inadequate knowledge of and access to markets limit the ability to harness the potential of NTFPs within the CMTS and related PAs.

11. **To address the challenges relating to the management of PAs, MoE developed a National Protected Area Strategic Management Plan (NPASMP) for the period 2017-2031** which provides strategic direction and targets for improving the management of PAs. MoE plans to have 24 PAs zoned with management plans prepared by 2021 and increase this target to 46 by 2031.<sup>12</sup> Technical guidelines for

<sup>8</sup> Cambodia includes the following under its PA designation according to the PA Law of Cambodia: National Park; Wildlife sanctuary; Protected landscape; Multiple use area; Ramsar site; Biosphere reserve; Natural heritage site; Marine park; and Biodiversity Conservation Corridors.

<sup>9</sup> The Tonle Sap Biosphere Reserve has been divided into 3 core areas: Prek Toal in Battambang province, Boeng Tonle Chhmar and Stoeng Sen also in Kampong Thom province. The core areas function similar to national park areas and cover 42,300 ha.

<sup>10</sup> PAs in the CMTS landscape fall under the categories of National Parks, Wildlife Sanctuaries, Multiple Use Areas, and Biodiversity Conservation Corridors (BCCs). PAs are segmented into four zones: core, conservation, sustainable use and community, with use guidance provided in the PA law.

<sup>11</sup> Peam Krasob has been zoned and a management plan approved by MoE.

<sup>12</sup> Targets for PA development are articulated in the RGC's Draft Action Plan for the National Protected Area Strategic



developing PA Management Plans were issued and an Action Plan for Implementing the NPASMP was released in 2018. Various development partners, including Conservation International and the US Forest Service, are working with MoE to improve law enforcement capacity development using SMART (Spatial Monitoring and Reporting Tool) patrolling.<sup>13</sup>

**12. Implementation of the NPASMP, however, requires additional resources and investments to fill gaps in protected area planning, management, enforcement and financing across the CMTS landscape.** Specifically, more consultation and investments are needed to enhance operationalization and ownership by local communities. Standardization of methods for zoning is needed; as is investments in decision support systems and SMART patrolling. Reaching sustainable financing mechanism for PA management require support for determining appropriate user- and entrance fee levels, and systems for collection and tracking.

#### *Ecotourism Potential*

**13. Drawing from experiences around the world, the government of Cambodia is exploring ecotourism as a driver to strengthen management of its rich natural capital and boost economic prosperity.** So far, the broader tourism sector in Cambodia contributes substantially to economic growth (12% of GDP) and job creation (one million jobs directly supported), but the value captured per tourist has stagnated (US\$585 in 2005 to US\$655 in 2016) and length of stay has gradually declined.<sup>14</sup> With global estimates of 20 percent annual increase in ecotourists<sup>15</sup>, and the increasing affluence of developing Asia with a strong affinity for “green” travel and tourism, Cambodia is seeking to tap into this growing market by developing new experiences, attractions, and itineraries that build on natural assets.

**14. With a captive tourism market focused on the Angkor temples, the Ministry of Environment and the Ministry of Tourism is now developing the management policies, regulatory frameworks, strategies and guidelines to expand ecotourism including in the Cardamom Mountains and Tonle Sap landscape.** The two ministries developed a policy for ecotourism (approved in November 2018)<sup>16</sup> which outlines RGC's plans to develop (i) both large and small-scale ecotourism operations, (ii) priority ecotourism areas which include the Cardamom Mountains, and (iii) private sector participation in ecotourism. *Prakas*<sup>17</sup> for legalizing guidelines for ecotourism development in PAs are expected to be finalized by December 2019. A strategic plan to guide the development of ecotourism is expected to be approved by MoE in June 2019. This plan includes the creation of ecotourism corridors (circuits) that link the main tourism gateways of

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Management Plan, 2017-2031. MoE plans to update the draft Action Plan to include the target PAs for this project in the list of priority PAs for zoning and protected area management plan development. The Action Plan is expected to be approved by MoE Minister by December 2019.

<sup>13</sup> SMART is a suite of best practices, including software applications and hardware aimed at helping PA and wildlife managers better monitor, evaluate, and adaptively manage patrolling activities. CI and other NGOs have been implementing have been implementing SMART patrolling with rangers in Cambodia. The USFS has been working with MoE on developing a standardized training and capacity building program for all MoE and Provincial level rangers linked to SMART. They are working on everything from developing standard TORs for different levels of rangers as well as technical training as well.

<sup>14</sup> 2016 Annual Tourism Statistics Report

<sup>15</sup> Insert source

<sup>16</sup> <https://www.phnompenhpost.com/business/ecotourism-policy-draft-approved>

<sup>17</sup> In Cambodia, *Prakas* is a regulation adopted by a Minister (or the Governor of the National Bank for Banking Issues). The hierarchy of legal documents in Cambodia is as follows: Laws (*Chhbab*), Royal Decree (*Reach-Kret*), Sub-Decree (*Anu-Kret*), Decision (*SorChor Nor*), Regulation (*Prakas*), Circular (*Sarachor*) / Instruction (*SechdeiNanoam*), and Order (*Deika*).



Siem Reap and Phnom Penh to the natural asset base of the Tonle Sap and the Cardamom Mountains, and the expansion of the hub-and-spoke model of tourism development that connect ecotourism sites.

**15. Protected area ecotourism is currently limited, with barriers relating to inadequate governance, poor connectivity and related rural infrastructure, lack of enabling environment for private sector, and unclear contracting arrangements.** Private sector engagement in ecotourism is still nascent and ad hoc in Cambodia. The absence of clear regulations, inadequate definitions and guidelines on ecotourism, combined with the lack of standardized agreements, has led to a varying quality of private enterprises across the CMTS landscape. It could also create disincentives by attracting short-sighted entrepreneurs or creating perverse incentives – potentially leading to degradation of the environmental services the area provides. Current experiences in community-based ecotourism in the CMTS have had some limited success with examples such as in Chipat and Chambok, which have been supported by NGOs. Central to optimizing Cambodia's ecotourism potential also lies in addressing its limited access infrastructure and connectivity. Specific investments are needed in access infrastructure, such as rehabilitating roads to improve the connectivity between ecotourism corridors/circuits and their linkages with selected ecotourism hubs and spokes in the CMTS landscape, as well as upgrading related rural infrastructure (e.g. water, sewerage, power). In addition, site-specific infrastructure for community-based ecotourism (e.g. signage, trails, waste collection, water, sanitation and hygiene (WASH) facilities, shelters, jetties). The lack of business and entrepreneurial skills in ecotourism products and services is also limiting the quality and range of “nature-based” offerings in the CMTS landscape. Also, institutional capacity development related to identifying, prioritizing, and managing ecotourism development is needed at all administrative levels.

#### *Non-Timber Forest Products*

**16. Cambodia's government recognizes the strategic value of non-timber forest products (NTFPs) in creating incentives for landscape restoration and conservation, especially in the Cardamom mountains.** As part of its PA management agenda, the Ministry of Environment is promoting forest restoration linked to NTFPs covering about 6,900 hectares in the sustainable use and community zones of PAs in the CMTS, and in the Biodiversity Conservation Corridor.

**17. In the Cardamom Mountains, there are several nascent NTFP value chains, including rattan, resin, bamboo and agarwood, which are mostly exported in raw form.** Strengthening their value chains has the prospect of increased value added from possible exports and supplementing rural incomes. In a recent analysis commissioned by the World Bank, bamboo and cardamom value chains in the CMTS have been identified as having potential for further development and scale-up.<sup>18</sup> Each of these value chains will require different strategies for their development and eventual management. With technical assistance, the Cambodian government will undertake in-depth analysis of these two NTFP value chains to determine the investments, market linkages and development, capacity building and skills of communities' development for strengthening and scaling-up.

<sup>18</sup> Prioritization analysis was conducted by Nippun International (Cambodian firm) on behalf of the government to identify NTFPs for value chain development. A shortlist of NTFPs including: bamboo; cardamom, rattan, mushroom and honey was developed after consultation with private sector engaged in NTFP, and national and provincial level government officials. And further refined with analysis that considered the following criteria: availability of markets for products generated; availability and seasonality of the NTFP resource in the CMTS; environmental risks associated with the NTFP value chain (harvesting, product development); market demand; earning potential (based on current income from NTFPs); potential for community involvement (important for job creation).



18. Currently, in Cambodia, the lack of support for NTFP development has limited the development of the sector, and related value chains. The Protected Areas Law makes provisions for NTFP use in specific zones within PAs; while the NPASMP includes development of NTFPs as part of its strategic objective for expanding livelihood opportunities for local communities. However, there is a lack of government guidance on prioritization of NTFP value chains, on management of NTFP resources, on regulations for domestic and international trade of NTFPs, and on private sector engagement in developing NTFP value chains. In addition, NTFP value chains are also constrained by the limited rural storage and processing infrastructure and equipment in the Cardamom Mountains area. Transport infrastructure to markets is also costly or limited at competitive prices, particularly for those in remote areas. Moreover, rural people have limited knowledge and skills on how to use processing equipment, meet quality standards, access markets and manage enterprises.

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective is to improve protected areas management, and to promote ecotourism opportunities and NTFP value chains in the Cardamom Mountains-Tonle Sap landscape.

#### Key Results

- (i) Protected areas under improved management (hectares);
- (ii) Visitors in selected community-based ecotourism sites (number);
- (iii) Community groups with an increase of 1 or more on index of natural resources value addition (%);
- (iv) Share of female entrepreneurs in targeted communities with access to business development services (%); and
- (v) Targeted community members satisfied with benefits from project (%)

### D. Project Description

#### **Component 1. Strengthen Capacity for PAs Landscape Planning and Management** (*total estimated cost US\$6.79 million; to be fully financed by IDA Credit*).

19. Since the large forest areas have been transferred from MAFF to MoE, effective from April 2016,<sup>19</sup> overall good progress has been made in managing PAs, but challenges still remain to effectively manage them including: incomplete zoning of PAs; lack of MoE-approved management plans; inadequate capacities, specifically at the local level, among staff of MoE and PDoEs for PAs planning and law enforcement in PAs; inadequate system for data and information sharing to support PAs law enforcement; yet ineffective cross-Ministerial coordination; and an inadequate revenue management system for managing PAs revenues to provide sustainable finance for can support PAs management. This component will help address these issues through strategic investments in: information and decision support systems for PAs planning and management and that support PA law enforcement; strategy development, training, logistical support, and equipment for PA law enforcement; protected area zoning, boundary demarcation, and development of management plans; and the PAs revenue management model for Cambodia.

#### **Subcomponent 1.1: Information Systems and Decision Support (ISDS)**

<sup>19</sup> 2016 Sub-decree on the Transfer of Protected Forest, Forest Conservation and Production Forest Areas, and ELCs



20. The project will support development of an ISDS that will help bring together and analyze relevant information to support decision-making for the protection and management of PAs, and landscape planning in the CMTS.<sup>20</sup> The ISDS will be developed as a cloud-based geospatial platform that can integrate data and information that is critical for PA planning and management for example biodiversity, land use spatial information, and systematically organize information collected by PDoE, rangers and communities for e.g. patrolling reports, illegal activities, and observations) that will support better planning, coordinating and implementing PA enforcement. The ISDS is aligned with MoE's strategy for Geospatial Data and Information Management and will build on existing work supported by UNDP and WCS to develop a decision support system for zoning of PAs.<sup>21</sup> *In order to support this component, MoE will establish an inter-sectoral working group for the ISDS, by DATE.* The project will finance:

- i. Technical support for MoE to develop and implement the ISDS;
- ii. Hardware and software needed for implementation of ISDS; and
- iii. Training for MoE staff to operate and manage the ISDS, and for stakeholders (PDoE, communities, development partners; NGOs) to use the ISDS.

#### **Subcomponent 1.2: PAs Landscape Planning, Management and Enforcement**

21. **Protected Areas planning and management.** This project will support the RGC in developing PAs and PAs and CPAs management plans in close cooperation with subnational authorities, NGOs and local communities.<sup>22</sup> The Government's NPASMP includes a strategic objective on the development of PAs, which this subcomponent will support. *To support activities within this sub-component, the draft NPASMP will be finalized and approved by the MoE Minister.*

- (i) The project will support MoE in enhancing the guidelines for: (i) PAs zoning; (ii) developing CPAs management plans. To support this, MoE will also identify and request the additional budget needed for monitoring the implementation of PA and CPA management plans after they are developed (planned for 2020);
- (ii) The project will undertake different activities in the PAs of the CMTS to support zoning, PA management plan development, boundary demarcation, and land registration of PAs' zoned boundaries (Table 2). Specifically:
  - The project will support activities in different types of PAs – national protected areas, wildlife sanctuaries, multiple use areas and biodiversity conservation corridor. The PA Law provides guidance on the types of activities that are allowed in each PA, and therefore this has an influence on how these different types of PAs are zoned and managed.<sup>23</sup>

<sup>20</sup> Support to spatial landscape planning in the CMTS is important given the dependence of rice fields in Pursat and Battambang provinces, and fisheries in the Tonle Sap lake on hydrological and sediment regulation ecosystem services provided by forests in the Cardamom Mountains.

<sup>21</sup> MoE, 2018. Strategy for Environmental Geospatial Data and Information Management of Ministry of Environment, 2018-2022.

<sup>22</sup> The PA Law and Draft Environmental Code provide guidance on the types of plans that can constitute landscape plans in Cambodia. These include community PA plans, community forest area plans, commercial activity management plans and river basin plans.

<sup>23</sup> **National park:** A natural area in land and/or water territories, which is established to: Protect the area's role or roles in the ecosystem for the benefits of people of all generations; Limit the use that may harm or destroy biological resources, natural resources, cultural resources, and functions/roles of the area in relation to the objectives of the established area; Serve as bases



- Zoning will be undertaken in all PAs of the CMTS except the Cardamom BCC.<sup>24</sup> A preliminary map of zones was developed as part of a joint exercise between Wildlife Alliance and MoE. This activity will build on the preliminary zone map, by integrating additional biophysical spatial information through the ISDS, and undertaking additional consultations with stakeholders in PAs. Wildlife Alliance and Conservation International are working in Southern Cardamom National Park, Central Cardamom National Park, and Tatai Wildlife Sanctuary, and have already held consultations with communities on zoning.
- PA management plans will be developed for Southern Cardamom National Park, Central Cardamom National Park, Phnom Sankos Wildlife Sanctuary, Phnom Aural Wildlife Sanctuary, Tatai Wildlife Sanctuary, Tonle Sap Multiple Use Area, and Cardamom BCC. These protected areas were selected for development of management plans for several strategic reasons: i) these protected areas together comprise 81% of the CMTS protected areas land area, and bringing these areas under MoE approved management plans will be a significant step towards improving management of PAs there; (ii) the work of development partners in these PAs have helped with the readiness of communities and stakeholders in these PAs for PA management planning.

**Table 2: Landscape Planning Activities Supported by the Project**

Targeted Protected Areas	Activity supported by the project			
	Zoning	PA Mgt. Plans	Boundary Demarcation	Land Registration
Central Cardamom	X	X		
Southern Cardamom	X	X		
Tatai	X	X	X	
Phnom Sankos	X	X	X	X
Phnom Aural	X	X	X	X
Cardamom BCC		X		
Tonle Sap Biosphere Multiple Use Area	X	X		
Other PAs in CMTS	X			

Notes:

1. X denotes activities that will be supported by the project for the PAs
  2. Mgt. plan, boundary demarcation and land registration were prioritized for selected PAs based on discussions with the government and several non-government stakeholders including those that work in the CMTS.
- Boundary demarcation will be undertaken in Tatai, Phnom Sankos and Phnom Aural Wildlife Sanctuaries. MoE has prioritized these PAs for boundary demarcation given their importance

for recreation, visits, education, research, and belief, provided that these activities do not cause threats to the natural environment and local culture.

**Wildlife Sanctuary:** An area in land and/or water territories, which requires active interventions for management purposes to ensure maintenance of habitats and/or to meet necessary conditions for any species of animals or plants.

**Multiple Use Area:** An area in land and/or water territories, which is rich in natural resources that are intact and require management activities to ensure long-term protection and maintenance of biological resources and ecosystem. In the meantime, it provides natural products and services for use to meet the community needs.

<sup>24</sup> BCCs are not zoned.



as wildlife sanctuaries and the need to prevent encroachment, destruction and disturbance of habitats.

- Land registration of zone boundaries will be undertaken in Phnom Sankos and Phnom Aural Wildlife Sanctuaries. MoE has prioritized land registration for these areas given the threats of land encroachment and habitat disturbance and destruction already experienced there.
- (iii) The project will also finance processes for zoning and management plan development for priority CPAs that are within the target PAs. A list including 34 CPAs in the target PAs has been compiled, and CPAs for project intervention will be determined based on their readiness. Criteria for readiness are drawn from MoE's 8-step CPA development process and will include: (i) CPA is established according to MoE CPA guidelines<sup>25</sup>; (ii) CPA has a management committee approved by the Commune Sangkat; and (iii) CPA has initiated boundary demarcation and by law development.
- (iv) Project financing will support training for MoE, local government, rangers and other stakeholders on PA development, and development of the various plans, and on coordinating and monitoring the implementation of these plans.

22. **Protected areas enforcement.** The project will finance technical assistance (TA) to the RGC for developing and implementing a PA enforcement framework which will include the processes, roles and responsibilities, and institutional arrangements for PA enforcement. It will develop an overall law enforcement strategy that will guide and coordinate actions in all PAs, develop priorities and action plans. An accompanying toolkit will be developed and include guidance for: ranger patrolling; use of SMART approaches;<sup>26</sup> data gathering linked to the ISDS; collaborating with law enforcement including the judicial system; using drone, satellite, and remote sensing imagery and, telecommunications in forest monitoring.

23. The strategy and toolkit will be developed through a participatory process with government agencies, and NGO partners such as Wildlife Alliance (WA) and Conservation International (CI) that support ranger patrolling in CMTS. Equipment for forest patrolling and monitoring, and rehabilitation of ranger centers in CMTS will be supported by the project, as well as training of MoE, local government, forest communities, and other stakeholders on forest monitoring and enforcement, and support for logistical coordination by provincial government on law enforcement. To accompany this strengthening of PA enforcement, MoE will determine the number of additional rangers needed for each of the targeted PAs, and additional 2020 budget needed.

24. **Sustainable finance and revenue management:** Management of PAs are challenged by lack of adequate funding for planning, capacity development, monitoring and engagement with communities. Many activities are currently co-funded by international NGOs and other partners which is not a sustainable concept in the medium-term. The collection of ecotourism fees from tourists will contribute to the financial sustainability of the targeted PAs. Fees are currently applied for tourists visiting selected PAs (e.g. Kirirom PA), but there are not yet clear policies and guidelines on adequate fees, collection and management of revenues, and an agreement on the use of the fees of the resources. International best practice shows that benefit-sharing arrangements need to be developed to determine revenue allocations from tourism activities.

<sup>25</sup> MoE, 2017. Guideline on Procedure and Process for Community Protected Area Establishment.

<sup>26</sup> Spatial Monitoring and Reporting Tool (SMART) is a suite of best practices aimed at helping PA and wildlife managers better monitor, evaluate, and adaptively manage patrolling activities. SMART is being used in selected PAs in Cambodia.



25. **Beyond tourism fees, the project will analyze several other financing opportunities** (Payment for Environmental Services – PES and REDD+) and will promote studies on valuation of hydrological ecosystem services in the context of natural accounting (WAVES). The Project will also enhance design and support the Environmental and Social Fund created by MoE.

26. The project will support the design and implementation of a financial management framework for the CMTS PAs. Specifically:

- i. Analytical work to support RGC to assess current practices of fee collection and handling, analyze different financial models, learn from best practice, and design an integrated financial management system for the Environmental and Social (E&S) Fund to receive and manage fees and other potential resources from REDD+ and PES;
- ii. Convene multi-stakeholder discussions on financing mechanisms (such as PES, REDD+ and tourism fees). Valuation of hydrological ecosystem services, and in the CMTS is being undertaken with support from WAVES to prepare technical underpinning for PES;
- iii. Workshops and hands-on training for capacity development at the subnational and national levels to manage fee collection and management of benefit sharing.

## **2. Strengthen Opportunities for Ecotourism and NTFP Value Chains (*total estimated cost US\$16.75 million; to be fully financed by IDA Credit*).**

27. This component aims to finance critical investments as well as to strengthen the enabling environment for expanding opportunities for ecotourism and NTFP value chains in Cambodia. A specific focus within this (and Component 3) will be to enhance and strengthen the enabling environment for private sector engagement, as well as invest in critical infrastructures (connectivity, visitor centers, etc.). The resulting improvements in governance, management and regulations relating to the target areas, coupled with investments in connectivity, ecotourism/NTFP infrastructure and value addition, are expected to stimulate private sector investments.

### **Sub-Component 2.1: Strengthen Opportunities for Ecotourism Development**

28. **Central to optimizing Cambodia's ecotourism potential is establishing linkages between the main tourism gateways** of Siem Reap and Phnom Penh to the natural asset base of the CMTS through a “hub-and-spoke” model of tourism development. The hub-and-spoke model, first, enhances access to and mobility in and around the urban centers, or hubs, and then develops the “spokes”—ecotourism sites closely linked to the hubs. This approach establishes new itineraries for tourists in a way that disperses tourism-related socioeconomic benefits to communities near ecotourism locations.

29. **Four “hubs” for ecotourism development have been identified through geospatial analysis and stakeholder consultation.** Geospatial analysis was used to determine spatial clusters of potential sites for ecotourism development, existing ecotourism development, community protected areas, and community groups. The four hubs identified are in Koh Kong, Siem Reap, Pursat and Kampong Speu. Initial criteria have been developed to help identify and prioritize ecotourism locations for potential financing from this project. These criteria include accessibility, attractiveness, land use/ tenure, sensitivity of location, access to services, existing ecotourism sites, socioeconomic, market demand, biodiversity, and diversity of ecotourism offering.



30. TA will be provided to develop a framework for the improvement, coordination and formalization of existing ecotourism management contracts/ agreements and the creation of national guidelines and best practices, as well as to strengthen the enabling environment for small and medium enterprise (SME) growth. This will include support to assist the RGC to design clear and consistent “*ecotourism management agreement*” modalities, to help towards the finalization of MoE policy guidelines (*prakas*) for ecotourism development in PAs (expected to be approved by the Minister by December 2019) and then in its implementation. Effectively, the project will help RGC to apply these guidelines (including on management, monitoring, benefit sharing mechanisms etc.) in the various ecotourism sites (selected using standardized criteria) within PAs.

31. The project will also support the development of business development services (BDS) within the multi-use centers, which comprise of training and technical guidance on business development for ecotourism and NTFP value chain enterprises. These BDS will help fill gaps in entrepreneurial skills and business advice and will promote competitiveness among private sector and community ecotourism groups. The facilities will provide training on business development needs including market identification and marketing, product development and management, and will assist private sector and community groups in preparing robust business plans. The BDS will include targeted services for women entrepreneurs to encourage their participation in ecotourism and related value chains.

#### *Ecotourism Infrastructure*

32. This component will be used to finance investments related to *establishing/ rehabilitating ecotourism infrastructure* in the target landscapes. As ecotourism is an activity based on the natural environment, supporting infrastructure must be designed to minimize human impacts and be in harmony with the landscape. The type and extent of infrastructure will depend upon the area’s natural and cultural attributes and sensitivity as well as the style of ecotourism encouraged. Facilities will vary according to the style of ecotourism desired and the land tenure. In each ecotourism “*hub and spoke*”, potential activities will include developing: (i) appropriate parking facilities, food stalls, solid waste management, shops and kiosks selling handicrafts in the community adjacent to site, (ii) visitor information centers, (iii) walking trails, observation towers, boardwalks, interpretive displays as needed at the ecotourism sites.

33. For community-based ecotourism (CBET) sites, additional financing will be available for (i) community-managed lodging (eco-lodges), (ii) potential handicraft facility and related equipment; and (iii) other environmentally appropriate facilities around the site. Communities/ CPAs can also use funds for equipment (e.g. tents, radios), and information and advertisement products

34. Initial discussions have pointed to two potential ecotourism hub-and-spoke areas ---one at Siem Reap, and a second around Koh Kong. With Siem Reap as the hub, “spokes” would be developed/ enhanced to several nearby ecotourism sites –expanding the range of offerings that showcase the natural capital. These include areas such as the Prek Toal bird sanctuary, several sites within the Kulen Mountains National Park, and across and around the Tonle Sap. Potential investments include the following:

- Floating/ lake-side interpretation center with interactive displays relating to the history, ecology, lake biodiversity, communities and heritage of the Tonle Sap;
- Improvement of nearby ecotourism facilities (accommodation, catering, services).
- Improvement of lake circuits to visit floating villages, upgrading lake cruise facilities; and
- Development of trails between Siem Reap and Tonle Sap relating to specialized ecotourism such as mountain biking, photo-hunting, special interest visitors (bird-watching, wildlife);



35. In the Koh Kong Ecotourism Hub, several offerings will be extended into the Cardamom Mountains, including potential options for private sector managed ecotourism. Connectivity will also take advantage of a planned private international airport (Dara Sakor), to diversify current ecotourism attractions. Some examples include:

- Interactive center showcasing the biodiversity, ecosystems, communities of the Cardamom mountains;
- Upgrading/ improving shelters and demarcated trails for specialized ecotourism, such as mountain biking, for photo-hunting, and special interest visitors (bird-watching, wildlife);
- Facilities at ecotourism locations including parking, water and sanitation, handicraft and food stalls etc.
- Forest canopy walkways, viewpoints and observation stations; and
- Safety infrastructure at waterfalls and cliff/overlook-sites.

#### **Component 2.2: Promotion of NTFP value chains**

36. The development of NTFP value chains has potential for supporting sustainable income generation for local communities but must be well developed and managed to prevent over-exploitation and to create jobs and income in the project areas. Opportunities range from extraction of resins and rattan, collection of fruits, cardamom, medicine plans, processing of vegetable oils to sustainable management of agarwood and bamboo. Although, some products have interesting market perspectives, several policies or incentives are yet poorly designed (fees, export taxes, management plans or licenses) which are considered prohibitive for formal businesses to engage in NTFP at large scale.

37. Under Component 1, the project will support the CPAs and PAs management plans (including NTFP and restoration plans) which will help orient economic activities within community areas in the target PAs. Priority for project interventions will be those CPAs that are closely located to ecotourism activities. The project will prioritize policy reforms, enabling environment for SMEs and will work with different Ministries to promote a more comprehensive enabling environment for NTFPs in general, but will focus on a few more promising value chains over the lifetime of the project.

38. Bamboo and cardamom value chains in the CMTS have been identified through analysis as having potential for further development and scale-up. Each of these three value chains will require different strategies for their development and eventual management. The Cambodian government with the technical assistance support from the Bank, undertake in-depth analysis of bamboo and cardamom value chains to determine the investments needed, market linkages and development, capacity building and skills of communities' development for strengthening and scaling-up bamboo and cardamom value chains.

39. The project will also finance small-scale investments for activities related to sustainable harvesting, cultivation, processing and marketing of NTFPs with the overall objective to expand livelihood opportunities for local communities in the CPAs within the targeted PAs. Support will also be provided to enhance opportunities for the private sector in select value chains and increase the income-earning opportunities for communities participating in the value chains and linked to the ecotourism industry. The types of investments that will be promoted and supported include: provision of processing equipment (e.g. hand-powered equipment), development including rehabilitation of facilities (e.g. processing factories and storage) to meet sanitation standards and to be fit for purpose, and packaging/ branding equipment.

**Component 3: Improved Access and Connectivity (total estimated cost US\$23.86 million; to be fully financed by IDA Credit).**

40. Rural roads in Cambodia lack adequate all-weather road surfaces, width, and capacity, and they are not adequate to accommodate the growing need for goods and people transport. Over 80 percent of rural roads in Cambodia are still receiving laterite or gravel surface covers, causing significant problems during the wet season due to road deformation and destruction as well as high operation and management costs and during dry season due to major dust development.

41. Extending ecotourism opportunities in the CMTS will require enhancing connectivity infrastructure to allow for an increase in visitor numbers from the identified gateways. These improvements are aimed at increased, sustainable visitor volume and reduced seasonality due to all-weather access. Specific investments may include the rehabilitation of rural roads and other related rural infrastructure to help in the development of ecotourism corridors, and linkages with main markets.

42. By adding last-mile access and support infrastructure, visitors will be offered public domain facilities that enable an appreciation of the destination. Combined with branded signage, this will help create a sense of place and comprises the (free) public domain side of a destination. The project will finance the upgrading and rehabilitation of select rural roads to all-season and climate resilient standards; road signage; and small-scale sanitation infrastructure. Cost-effective road design will be used, identifying where all-weather access is needed for the most critical road stretches, while less critical links will be sealed with concrete, accepting that they may be inundated for a few weeks each year but will not be washed away. Opportunities will also be explored to use the rural road network to strengthen flood control measures, by enhancing drainage canals and culverts and possibly raising the road levels to use as embankments. Sound engineering designs, sufficient drainage, and greening approaches will be applied to enhance the resilience of the road structures in these specific prioritized locations.

**Component 4. Project Management, Coordination, Monitoring and Evaluation (total estimated cost US\$5.76 million; US\$3.26 to be financed by IDA Credit).**

43. MoE will be the main executing agency for implementation of all three components and overall project management/coordination arrangements. MoE will closely cooperate with the Ministry of Rural Development (MRD) as implementing partner that will take responsibility for the construction of rural access roads infrastructure. Support will be provided establishing a MoE-led project coordination and implementation unit. A high-level Steering Committee will be formed to advise on and deal with emerging cross-sectoral issues. Details are elaborated in the Project Implementation Manual (PIM).

44. Component 4 will support overall project management through: (a) providing necessary key contract staff and consultants in the coordination and implementation unit to assist MoE in managing project implementation; (b) monitoring and evaluation (M&E) of project implementation; and (c) consultant and advisory services to support project implementation and capacity building of MoE and other key stakeholders.

**Component 5: Contingent Emergency Response (US\$0 million)**

45. The objective of the contingent emergency response component, with a provisional zero allocation, is to allow for the reallocation of financing to provide immediate response to an eligible crisis or emergency, when/if needed. An Emergency Response Manual (ERM) will be developed for activities under this component, detailing streamlined FM, procurement, safeguard, and any other necessary



implementation arrangements. In the event the component is triggered, the Results Framework will be revised through formal restructuring to include appropriate indicators related to the emergency response activities.

#### **Project Cost and Financing**

46. **The Lending instrument will be Investment Project Financing with a six-year implementation period.** The total estimated project cost is US\$ 53.16 million, including price and physical contingencies. An IDA credit financing of the equivalent to US\$ 50.66 million will be provided. The Government's support in form of counterpart financing will amount to US\$ 2.5 million including in-kind contributions, the use of office space, staff costs and utilities expenses.



## E. Implementation

### Institutional and Implementation Arrangements

47. **Institutional Arrangements.** The project will be implemented over a period of six years. Institutional arrangements for implementation will follow the Government's institutional structure, with MoE in the lead as the executing agency (EA), and including MRD as an implementing agency (IA) for the related public infrastructure support under component 3. Memorandums of Understanding (MoUs) with specific departments within MoE and MRD responsible for implementing subcomponents will ensure clarity on roles and responsibilities (see Annex 1, Table 5). The EA and IA will establish their respective project implementation teams (PITs) with experts and expertise from direct and relevant technical, administration, environmental and social safeguards, procurement and finance departments. Strategic direction and guidance for the management and operation of the project will be provided by a high-level Project Steering Committee (PSC), chaired by MoE. Roles, responsibilities, and procedures are detailed in the Project Implementation Manual (PIM).

48. *Subnational levels* of government will be supported and engaged through the national line ministries for MoE and MRD, where relevant. Provincial staff of line departments will ensure coordination at the subnational level and are responsible for main field level monitoring activities. Support for their technical assignments will come from relevant Project Teams in MoE and MRD; no project investments will go directly to any subnational institutions or authorities. Where, and if necessary, they will be supported through TA/capacity building to facilitate and strengthen smooth project implementation.

49. **Project Coordination Office (PCO).** A Project Implementation Team (PIT) will be responsible for the overall coordination of project implementation, external communication, including the agreed reporting to World Bank. The PCO will be led by a Coordinator from MoE, with senior officials assigned from MRD as members of the Team. The PCO will also include members from the main technical units involved in project implementation, including senior staff responsible for financial management, procurement, M&E and communication. Consultants and contract staff could, where and when needed, fill capacity gaps on the Team. The PCO will be physically located in MoE. However, as the project is implemented through the existing government (MoE, MRD) structure, including the line departments of IA and EA, the PCO staffing will be limited in number but with efficient and effective personnel. The PCO will work under direct guidance of the Project Director appointed by MoE.

50. **Project's Financial Management.** The Department of Finance and Accounting of MoE and the Department of Supply and Finance of MRD are responsible for the project financial management (FM) and disbursement of their respective parts.

51. **Funds Flow and the Accountabilities for Financial Reporting.** A segregated Designated Account at the National Bank of Cambodia (NBC) is maintained by EA and each IA to get funds from the Bank. A six-month interim unaudited financial report and annual audit report are required to be submitted to the Bank no later than 45 days after semester-end and six months after fiscal year-end, respectively.

52. **Project's Procurement.** The EA and each IA with the support of individual procurement consultant(s) will carry out procurement activities financed under their respective components and subcomponents themselves.

53. **Project Implementation Manual (PIM).** The PIM has been prepared by RGC's project preparation team and presents the guidelines on financial and administrative policies and procedures for managers,



administrators, staff, and consultants responsible for implementation of the Project. Keys areas include: basic project management, institutional responsibilities, financial procedures and management fiduciary responsibilities, staff selection and management, results monitoring and evaluation, risk assessment and mitigations, environmental and social safeguards, and any other specific reporting requirements imposed by the Bank and RGC policies. The PIM also includes a Communication Strategy that addresses challenges in awareness and outreach to all stakeholder groups. The PIM will include a chapter or annex to cover the provisions for activating and implementing the CERC, as to facilitate implementation in case of a disaster leads to the decision to activate the component.

#### **F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

The proposed project area includes Pursat, Kohkong, Battamang, Kampong Speu, Kampong Chhnang, Siem Reap and Kompong Thom provinces, which are located across Cardamom Mountain and Tonle Sap Lake (CMTS) areas. Cardamom Mountain area: Cardamom Mountains are rich in primeval forest and intact ecosystems. In 2002, a transborder highway to Thailand was completed south of the Cardamoms, along the coast. The highway has fragmented habitats for large mammals such as elephants, big cats and monkeys. Tourism is relatively new to the Cardamom Mountains. International conservation organizations working in the area includes Wildlife Alliance, Conservation International In 2016, the southern slopes of the Cardamom Mountains were designated as a new national park; Southern Cardamom National Park. It appears, however, that rampant illegal poaching is continuing nonetheless. In 2008, Wildlife Alliance launched a community-based ecotourism program in the village of Chi-Phat, marketed as the "gateway to the Cardamoms", with approximately 3,000 annual visitors generating more than \$US 150,000 for the local community. Tonle Sap Lake area: Tonle Sap Lake is located at the heart of the Cambodian landscape. It is the largest freshwater lake and flood forest habitat in Southeast Asia and supports its largest water bird colony. It is home to around 150 fish species and a host of invertebrates, reptiles, and birds. About 3 million people depend on this lake and its floodplain for their daily food and livelihood. Because of its rich biodiversity and its socio-economic value to so many people, the Tonle Sap Lake area and its floodplain play a very important role in the lives of Cambodians.

#### **G. Environmental and Social Safeguards Specialists on the Team**

Bunlong Leng, Environmental Specialist  
Martin Henry Lenihan, Social Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project triggers OP 4.01 resulting from technical assistance activities and potential environmental impacts of small-scale ecotourism and infrastructure activities. The project is classified in category B as the impacts are potentially site-specific, localized, and reversible. Although the project location (s) are not yet identified, mitigation measures would be required for the following potential environmental impacts which may arise because of typical sub-projects:</p> <ul style="list-style-type: none"><li>- Increased pollution in or degradation of soil and water from the expansion of intensive farming and/or production forestry.</li><li>- Impacts associated with eco-tourism and small-scale infrastructure.</li><li>- Increased pollution from the improper disposal of construction materials and/or hazardous substances.</li><li>- Infrastructure investments and other project activities may impact unknown physical or intangible cultural heritage.</li></ul> <p>Technical Assistance (TA) activities will be reviewed for their potential environmental and social implications, risk and impacts and therefore, subject to the Bank safeguard policies, specifically the Bank "Interim Guidelines on the Application of Safeguard Policies to Technical Assistance (TA) Activities in Bank-Financed Projects and Trust Funds Administered by the Bank (2014)". In this case, MOE and MRD would integrate environmental and social safeguards aspects into TA ToRs, consultations and progress reports. The environmental and social safeguards aspects would also be incorporated into the landscape planning and restoration activities, including activities supporting protected area management, which should be informed by assessments of biodiversity / natural habitats, current NRM uses by local communities, any customary claims, and potential risks and impacts to communities.</p>



		For infrastructure investments, the review and clearance procedures include i) safeguard screening and scoping impact assessment; ii) Development of mitigation measures and public consultation; iii) Review, Approval, and Disclosure of Subproject Safeguards Instruments; and iv) Implementation, monitoring, supervision, and reporting. Subsequently, MOE and MRD prepared a project-ESMF to avoid, minimize and reduce possible temporary and site-specific impacts on the environment and people. The ESMF provides the roadmap for screening for adverse environmental and social risks of sub-projects, and for preparing ECOP or site-specific ESMP/IEE/ESIA during implementation.
Performance Standards for Private Sector Activities OP/BP 4.03	No	OP/BP 4.03 is not triggered as the project investments are implemented by government institutions; however, participating private sector (e.g. options for private sector managed ecotourism investment or ecotourism enterprises) will be required to comply with environmental and social safeguards requirements of the World Bank and the environmental and social safeguards instruments such as ESMF.
Natural Habitats OP/BP 4.04	Yes	Natural Habitats (OP / BP 4.04) is triggered as the project will involve activities in two project area corridors. Given the fact that the ecosystems in the two project areas must be protected, it should be ensured that they don't come under increased threat landscape planning and eco-tourism activities. Adherence to the policy will ensure that the development of an ecotourism is complying with the objectives of protecting natural habitats.
Forests OP/BP 4.36	Yes	The Policy on Forests is triggered as the project will invest in technical assistance activities for landscape, and forest resource management and eco-tourism business planning in protected areas. The project would not cause, nor facilitate, any significant loss or damage to forest. The project-ESMF has been prepared to ensure that appropriate measures are taken to protect the remaining forest cover by limiting interventions to land that is already under the usages of land and natural assets and preventing any encroachment in adjacent forest and community protected areas. Adherence to the policy will ensure



		that the development of an eco-tourism business plan is in compliance with the forest policy objectives.
Pest Management OP 4.09	No	The project is not expected to lead to increase usage of pesticides.
Physical Cultural Resources OP/BP 4.11	Yes	The policy is triggered as a “precautionary” measure. Preliminary assessment has not brought to light any feature of archeological, or cultural importance in selected landscapes. A chance-find procedure is integrated in the ESMF.
Indigenous Peoples OP/BP 4.10	Yes	It is highly likely that the Project will operate in areas where Indigenous Peoples are present. This is because 6 of the 7 participating provinces have IP communities with 100 members. These include Battambang and Siem Reap (home to the Jarai, Stieng, Ja’ong communities), Kampong Speu (home to Jarai and Souy communities), Pursat (home to Jarai and Poar communities), as well as Kampong Thom and Kampong Chhnang (home to Jarai communities). Therefore An Indigenous Peoples Planning Framework has been prepared to guide screening for IPs, consultations leading to broad community support, and preparation of IP Plans. An IPPF was chosen as the appropriate instrument, as the location of sub-project and other activities will not be known until implementation. For the same reason a social assessment was not conducted during project preparation. The IPPF includes instructions for carrying out social assessments for project financed activities once their locations are known.
Involuntary Resettlement OP/BP 4.12	Yes	The Project will support rehabilitation of 200 km of roads and at least 10 infrastructure buildings. It is expected that the roads will be in existing alignments and sufficient government land is available for the buildings. Involuntary resettlement is among the negative list for subproject approval. However, should involuntary resettlement be unavoidable, a Resettlement Planning Framework (RPF) that harmonizes OP 4.12 and RGC’s Standard Operating Procedures for Land Acquisition and Resettlement has been prepared. The RPF also provides guidance on land donation. It is not expected that any of the sub-projects to be financed will result in physical displacement.



		In addition, the project will support activities to scale up community protected areas under component 2 that may result in restriction of access to NTFPs, natural resources, and sources of livelihoods of communities and IPs. These activities will not result in physical displacement. A separate Process Framework has been prepared to avoid, minimize, and mitigate this issue.
Safety of Dams OP/BP 4.37	No	No project activities relate to any known dam by the definition of OP/BP 4.37.
Projects on International Waterways OP/BP 7.50	No	This project does not trigger OP7.50 as the project investments would not involve or connect or pollute to any known international waterways such as Tonle Sap or Mekong River or its (sub)tributaries. Originally, the project design was conceived towards integrated the landscapes of the Tonle Sap and the Cardamom Mountains, which could include fisheries. After the concept stage, the project design has evolved, and it no longer involves either fisheries or irrigated-agriculture investments in the Tonle Sap.
Projects in Disputed Areas OP/BP 7.60	No	The project would not involve any activity in any known disputed area.

## KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Originally, the project design was conceived as a project that integrated the landscapes of the Tonle Sap and the Cardamom Mountains, which was the basis for the RSS advice to conduct a regional environmental and social assessment. After the concept stage, the project design has evolved, and it no longer involves either fisheries or agriculture investments in the Tonle Sap. Now that the fisheries component is removed, the project will no longer support investments in linked landscapes. Therefore, a regional environmental and social assessment has not been prepared.

The current project is expected to have a highly positive environmental impact through addressing priority objectives of landscape, forest and ecotourism restoration. This project is fully consistent with the Bank's Natural Habitats and Forest policies. The Project location (s) are not yet identified, potential adverse environmental impacts that may arise because of typical sub-projects are:

- Increased pollution in or degradation of soil and water from the expansion of intensive farming, livestock, aquaculture and/or production forestry, including from the use of pesticides and fertilizer.
- Impacts associated with small-scale construction works.



- Increased pollution from the improper disposal of construction materials and/or hazardous substances.
- Potential acquisition of small parcels of land, partial damages to private structures, and impacts to crops and trees
- Potential restrictions for communities and IPs to access NTFPs, natural resources, and sources of livelihoods
- Community infrastructure investments and other project activities may impact unknown physical or intangible cultural heritage.

The adverse environmental and social impacts are expected to be site-specific, reversible and readily mitigatable through the sub-project management.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Long term and future environmental impacts of the Project are envisaged to be highly positive and will contribute to the overall improvement of landscape and natural resource management.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

No project alternatives are required. Adverse environmental and social impacts are anticipated to be site-specific, reversible and localizable.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The two implementing agencies: MOE and MRD experienced with the Bank-funded past projects such as LASED II (ongoing) and BPMAP, however, the assigned environmental safeguards persons may be new to the Bank safeguards policies. Moreover, BPAMP was quite a different project than the proposed project and only involved on the ground activities in one protected area with heavy input from international consultants and it's not certain that this experience would be very relevant for the proposed project regarding environment safeguards. In MOE, the project owner is the Department of Community and Livelihood which is the unit in charge of collecting data and working closely with communities and IPs in establishing protected areas. This department has experience in negotiating use agreements and access restrictions with communities. The main social safeguards focal point comes from this Department and is responsible for the preparation of the IPPF, Process Framework, and the Resettlement Policy Framework. Although some staff members of the Department have been involved in projects similar to CSLEP such as ADB's Biodiversity Corridors Conservation Project and are have experience working with IP communities, knowledge specific to IFI policies on IPs and IR limited. On the other hand, MRD, which will be in charge of land acquisition for the roads, has much experience on land acquisition under various development partners and have coordinated work on these aspects with IRC. They also have a unit in charge of IPs. There are focal persons in MRD for both land acquisition and IPs. In sum, the implementing agencies have varying levels of capacity on social and environment safeguards. The project will provide induction/training sessions and intensive hands-on support to MRD and MoE for ensuring that there is adequate level of understanding of World Bank's safeguards policies and requirements.

MOE and MRD would determine the project locations during implementation and agreed to ensure CSLEP's technical assistance activities or individual subprojects will all be screened for compliance with environmental and social safeguards policies of the government and the Bank. Therefore, MOE and MRD have prepared necessary Environmental and Social Safeguards Instruments (i.e. an Environmental and Social Management Framework (ESMF), a restriction process framework (PF), an indigenous people planning framework (IPPF), and a resettlement policy framework (RPF)).

The ESMF is designed to ensure the CSLEP's technical assistance and investment subprojects do not create or result in significant adverse impacts on local livelihoods and the environment, and that potential impacts are identified,



avoided or at least minimized. The ESMF includes environmental and social screening and impact assessment guidelines aiming at:

- (a) Preventing and/or mitigating any environmental and social impact that may be resulting from the proposed activities,
- (b) Ensuring the long term environmental sustainability of benefits from proposed activities by securing the natural resource base on which they depend, and
- (c) Facilitating, in a pro-active manner, activities that can be expected to lead to increased efficiency in the use and improved management of natural resources resulting in the stabilization and/or improvements in local environmental quality and human well-being as well.

The MOE also took the lead in preparing an access restriction process framework (PF), an indigenous peoples planning framework (IPPF), and a resettlement policy framework (RPF). As mentioned above, the safeguards focal person from MOE's department of community and livelihoods took primary responsibility for the preparation of the PF and IPPF, drawing on their experience in working with communities (indigenous and Khmer) across Cambodia on issues related to access and use of protected areas, as well as international experience. The resettlement policy framework was prepared in collaboration with the Ministry of Rural Development, who have significant experience in applying IFI policies on IR, and draw on their experiences in preparing and implementing such instruments for other IFI financed operations, as well as guidance provided by the Ministry of Economy and Finance's general department of resettlement. A social assessment was not prepared for this operation, as it was not possible to determine sub-project locations or technical assistance activities during preparation. MOE's department of Community and Livelihoods indicated that undertaking such an assessment prior to identifying sub-project location, posed the risk of raising community expectations of benefiting from the project, and that it was therefore better to wait until the locations were known until implementation. Each of the frameworks prepared include screening mechanisms for social impacts, as well as instructions on conducting site specific participatory social assessments once the locations of activities are known.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Consultation of ESMF/environmental safeguards instrument: MOE and MRD organized a public consultation of their draft ESMF at Himawari Hotel on 21 December 2018. The ESMF includes key comments collected and a list of the consultation participants from line ministries, private sector, CSOs and development partners. The key comments raised during this consultation are to encourage the sub-owners to continue meaningful public consultations and promote good agriculture practice during the project implementation and supervision. The comments were addressed in the updated ESMF. The public consultation covered country laws and regulations relevant to the consultation and disclosure process and was used to inform and involve stakeholders in the environmental and social process. Thus, public consultations will be further conducted during each subproject design and implementation. The public consultation is specifically required by the World Bank's environmental and social safeguard policies and the government's sub-decree No 72 ANRK.BK on Environmental Impact Assessment (EIA)/EMP Process.

Consultation of social safeguards instruments: a separate consultation for the three social safeguards instruments (RPF, IPPF, and Process Framework) was conducted on 23 January 2019 in Phnom Penh. It was attended by more than 30 participants from line ministries, private sector, and CSOs. There was a general awareness of social safeguards among the participants including MOE, with some line ministries who have had previous experience with ADB or World Bank-assisted projects providing suggestions including (i) making sure that relocation budget is covered by Government funds and included in the loan agreement, (ii) for involuntary resettlement impacts, IAs to do inventory



of losses then send this to IRC for valuation and compensation, and (iii) accounting for all possible involuntary losses including little huts as not doing so hinders project implementation. Participants also enumerated other relevant RGC laws that were not listed in the presentations. Many participants expressed concerns about impacts on Indigenous Peoples including potential losses of livelihood and dilution of their culture and identity with ecotourism activities, and asked if the project can instead promote IPs, their culture, and their products through ecotourism. Throughout the consultation, MOE emphasized avoidance of adverse social impacts especially land acquisition, relocation, and displacement of Indigenous Peoples.

## B. Disclosure Requirements

### Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
13-Feb-2019	13-Feb-2019	

#### "In country" Disclosure

Cambodia  
13-Feb-2019

##### Comments

On 13 February 2019, the environmental and social safeguards instruments namely IPPF, RPF PF and ESMF were disclosed by MOE at [www.facebook.com/314699302002531/posts/1304089593063492](https://www.facebook.com/314699302002531/posts/1304089593063492).

The IPPF, RPF PF and ESMF have been disclosed in the World Bank infoshop.

### Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
13-Feb-2019	13-Feb-2019

#### "In country" Disclosure

Cambodia  
13-Feb-2019

##### Comments

On 13 February 2019, the Process Framework (PF) was disclosed by MOE at [www.facebook.com/314699302002531/posts/1304089593063492](https://www.facebook.com/314699302002531/posts/1304089593063492). The Process Framework has been disclosed in the World Bank infoshop.

### Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank	Date of submission for disclosure



13-Feb-2019

13-Feb-2019

**"In country" Disclosure**

Cambodia

13-Feb-2019

Comments

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)****OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

NA

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.10 - Indigenous Peoples**

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?



Yes

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?

Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

**OP/BP 4.36 - Forests**

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

Yes

Does the project design include satisfactory measures to overcome these constraints?

Yes

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes



## All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

## CONTACT POINT

### World Bank

Anjali Acharya

Senior Environmental Specialist

Maurice Andres Rawlins

Natural Resources Mgmt. Spec.

### Borrower/Client/Recipient

Kingdom of Cambodia

### Implementing Agencies

Ministry of Environment

Sao Sopheap

Secretary of State

[saosopheap@yahoo.com](mailto:saosopheap@yahoo.com)

Ministry of Rural Development

Chreay Pom

Director General for Technical Affairs

[chreaypom@gmail.com](mailto:chreaypom@gmail.com)

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	Anjali Acharya Maurice Andres Rawlins
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**Approved By**

Safeguards Advisor:	Svend E. Jensby	28-Mar-2019
Practice Manager/Manager:	Christophe Crepin	28-Mar-2019
Country Director:	Inguna Dobroja	28-Mar-2019