

Draft Concept for

ASEAN Peatland Forest Project (APFP) Phase 2

2014 -2020

1.0 Background

1.1 Peatlands are the most important terrestrial ecosystems for carbon storage – Although they cover only 3% of the world's surface they store twice as much carbon as the biomass of all the world's forests combined. 10 percent of the worlds peatlands are in the tropics and of that more than 60% are in southeast Asia (25 million ha). These peatlands are rich in biodiversity, store more than 70 billion tonnes of carbon and play critical roles in the livelihood of millions of people.

Unsustainable use of peatlands is leading to large scale degradation and globally important environmental impacts. The majority of peatlands in the region have been logged for their valuable timber; more than a third –have been cleared and drained for agriculture and plantations. In the past 15 years 4 million ha have burnt leading to large-scale transboundary smoke clouds covering up to 10 million square kilometers (–in the 1997-98 El–nino drought). Peatland degradation and associated fires and transboundary haze has been recognized as one of the most serious environmental problems in the ASEAN Region.

The Project: “Rehabilitation and Sustainable Management of Peatlands in Southeast Asia” – was developed in partnership by the ASEAN Secretariat and Global Environment Centre (GEC) together with the respective participating countries i.e. Indonesia, Malaysia, Philippines and Vietnam building on the ASEAN Peatland Management Strategy 2006 – 2020. Brunei and Singapore are participating in the project as observers.

1.2 The Global Environment Facility (GEF) approved a grant of USD 4,299,164 to finance the Project. GEF provided USD 2 million through the Land degradation Focal area while the balance was provided by the GEF country allocations for biodiversity and climate change. International Fund for Agricultural Development (IFAD) is the implementing agency. Co-financing has been provided by the respective countries as well as the European Union (through the associated SEApeat Project).

1.3 An agreement between ASEAN Secretariat and IFAD was signed in early 2009. The project was declared effective on 28 July 2009. The project duration is until December 2014.

1.4 The objective of the project is to promote the sustainable management of peatlands in SE Asia to sustain local livelihoods, reduce risk of fire and associated haze and contribute to global environmental management. Six Key Approaches of the project:

1. Coordinated multi-country approach
2. On-the-ground implementation
3. Creating linkages to other interventions and cooperation frameworks
4. Linkage to private sector

5. Addressing poverty and community livelihood issues
6. Establishment of innovative financial mechanisms

1.5 The project has five components – a regional component implemented by the ASEAN Secretariat supported by a Regional Project Executing Agency (Global Environment Centre) and four Country Components (Indonesia, Malaysia, Philippines and Vietnam).

1.6 The Mid-term Review (MTR) of the APFP in late 2012 has recognized that the project has made significant progress and has recommended development of a second phase for the Project starting in mid 2014. Similarly the Results Oriented Monitoring (ROM) of the SEApeat project has recommended development of a second Phase.

2.0 Rationale for Phase 2 of APFP

2.1 Peatland degradation in SE Asia remains one of the most important land degradation, biodiversity loss and GHG emissions issues in SE Asia. While good progress has been made by the APFP in 2010-2013 in strengthening national capacity to address peatland management and initiating action at pilot sites, significant further work is needed to complete and scale-up action from pilot sites to country level across ASEAN countries. While 4 ASEAN countries (Indonesia, Malaysia, Philippines and Viet Nam) are participated in the 1st phase (plus Brunei and Singapore as observers), it is proposed that the 2nd phase will be expanded into all ASEAN member countries, adding 4 more countries (Cambodia, Myanmar, Lao PDR and Thailand).

2.2 Fulfilling ASEAN's Vision 2020 to achieve a clean and sustainable environment as required in the Social Pillar of the ASEAN Charter requires further action to complete the implementation of the ASEAN Peatland Management Strategy (APMS): 2006-2020 in line with the recommendations of the Conference of Parties of the ASEAN Agreement on Transboundary Haze Pollution (AATHP) and Sub-Regional Technical Working Groups (TWG) and Ministerial Steering Committees (MSC).

2.3 Advancing priorities as identified by MTR mission of the APFP and the ROM Mission of the SEApeat project.

3.0 Proposed Focus for Phase 2 of APFP

3.1 Further support for implementation of APMS 2006-2020 in line with priorities agreed by AATHP COP in 2013

3.2 Support for preparation, approval (for newly added countries to the 2nd Phase) and implementation of National Action Plans for Peatlands (NAPs) across ASEAN

3.3 Further support for harmonizing, establishing and implementing sustainable peatland management policies (e.g. sustainable plantations and agriculture on peat; peatland water management regulations; protected area management, capacity development for multiple use management and coordination, and budget allocation at appropriate level)

- 3.4 Further preventing Peatland fires through scaling up of monitoring, prediction and prevention programmes and strengthening geospatial information systems at regional and national levels.
- 3.5 Integrated management to address Biodiversity, land degradation and Climate change (incorporating both mitigation and adaptation).
- 3.6 Explore carbon financing mechanisms and modalities for sustainable peatland management, and link to regional-level action
- 3.7 Scaling up sustainable peatland management at the community level through provision of technical guidance and financing to support community-based peatland management.
- 3.8 Strengthening the roles of the private sector – especially related to forest and plantation management.
- 3.9 Scaling up action at pilot and demonstration sites.

4. Proposed Management of Phase 2 APFP

4.1 Phase 2 should be undertaken as a Multi-country Programme comprising a range of sub-regional and country projects.

4.2 At the regional level a regional technical assistance project should be maintained to provide continuing support and guidance to action at country level and to further develop regional mechanisms - such as

- a) Technical support for full implementation of the APMS and AATHP and Sub regional MSC/TWG mechanisms.
- b) Collation and promotion of Best management practices
- c) Fire prediction, monitoring and prevention programmes;
- d) private sector engagement through eg RSPO
- e) Strengthening of sub regional collaboration in regions where national capacity is still developing – eg Mekong region (Cambodia, Laos and Myanmar)
- f) Policy support through monitoring policy harmonization and implementation of actions

4.3 Countries with significant peatlands with documented management issues could develop separate country projects based on their respective national action plans and country priorities, needs and circumstances. These projects could operate in parallel with the regional project or could be phased in during the programme period.

5.0 Proposed Key Approaches for Phase 2 of APFP

5.1 Enhancing the skills of key Communities or Stakeholders through participation and creating responsible peatland management

5.2 Enhancing the development of partnerships

5.3 Enhancing Policy and Governance influence of all ASEAN member States (AMS) to act on peatland issues as guided by the APMS and priorities set by their respective NAPs

5.4 Looking beyond the Social Pillar for peatland management to include the Economic Pillar of the ASEAN Charter to address Forestry and Plantation sectors for peatland management.

6.0 Options for Funding Sources & Mechanism

6.1 Funding

It is envisaged that the proposed programme will be financed through multiple sources including GEF, International Financial Institutes, bilateral development assistance agencies, governments and the private sector. The potential funding options are outlined below.

Sources	Types of Fund	Financing type	Remarks
GEF	GEF-6 allocation	Grants	According to GEF strategy
EU	EU Environmental Funds	Grants	According to EU strategy
EU	EU ASEAN Regional Funds	Grants	Priorities 2014-2018 under development
IFAD	adaptation fund for climate change	Grants	According to IFAD criteria
IFAD	Country Programmes	Micro-credit for community action	
Bilaterals	Country Programmes	grants	CIDA
Bilaterals	Regional Programmes		CIDA, DGIS, USAID
MDBs	National loans or regional/national studies	Grants and loans	ADB, WB
National Governments	National budget allocations for development and operational costs		
Private Sector	Support for sustainable peatland management		Private sector companies involved in plantations, agriculture, ecotourism etc

6.2 Proponent/Ownership: ASEAN SEC for a single regional program for peatland management while AMS to develop respective projects under the regional program according to the priorities identified in their respective NAPs and for those AMS yet to have NAP to identify priorities under the APMS.

6.3 Management mechanism of the ASEAN Peatland Program is to use the existing arrangement as in Phase 1 – ie

- a) Overall policy coordination through ASEAN Mechanisms/Initiatives (AATHP/APMS)
- b) Technical support and Guidance from Global Environment Centre as Regional Project Executing Agency
- c) Facilitation of GEF support through IFAD
- d) National coordination through multi-stakeholder national mechanisms and appropriate National Executing Agencies.

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7.0 Proposed Programme Size

USD 25 – 30 million over 7 years (2014-2020)