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Investing in rural people

President's report on a proposed regional grant to the Association of Southeast Asian Nations for the programme on Measurable Action for Haze-Free Sustainable Land Management in Southeast Asia

Note to Executive Board representatives

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For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant to the Association of Southeast Asian Nations for the programme on Measurable Action for Haze-Free Sustainable Land Management in Southeast Asia as contained in paragraph 15.

President's report on a proposed regional grant to the Association of Southeast Asian Nations for the programme on Measurable Action for Haze-Free Sustainable Land Management in Southeast Asia

I. Background and compliance with IFAD Policy for Grant Financing

1. In Southeast Asia, land clearance by fire causes an annual blanket of haze pollution covering up to 5 million km² and causes deaths from smoke inhalation, massive greenhouse gas emissions and dramatic economic losses. Over 50 million people are affected by this phenomenon. Transboundary haze pollution has been increasing in intensity over the last 10 years, with the severest events occurring during El Niño drought years.
2. Key drivers of haze pollution include: (i) increasing global demand for palm oil (for food, industry and biofuel), pulp, paper and timber; (ii) increasing population, pockets of poverty and marginalization, contributing to land conversion for smallholder farming (especially oil palm production); (iii) insufficient law enforcement and inter-agency coordination, weak governance and poor institutional capacity for forest and peatland management; (iv) climate change; and (v) insufficient valuation of ecosystem services provided by peatland and other forest ecosystems.
3. IFAD's Asia and the Pacific Division (APR) identified haze pollution and sustainable peatland management as a strategic entry point for working with Southeast Asian countries, as it is both driven by and affects smallholder farmers, and is costing the economies of the Association of Southeast Asian Nations (ASEAN) member states over US\$30 billion annually. IFAD engaged in mitigating this issue in 2009 through the Global Environment Facility (GEF)-funded ASEAN Peatland Forests Project. Subsequently, APR has developed a pipeline of GEF-financed projects for Indonesia and Malaysia totalling approximately US\$15 million. This work is positioning IFAD as a leader in the area with the potential to exert positive impacts on a critical social, environmental and economic issue that affects millions of people in Southeast Asia.
4. ASEAN member states adopted the ASEAN Agreement on Transboundary Haze Pollution and – since 90 per cent of haze emanates from peatlands – established the ASEAN Peatland Management Strategy 2006-2020, the ASEAN Task Force on Peatlands, and National Action Plans on Peatlands to address this problem. More recently, ASEAN member states agreed to establish the ASEAN Coordinating Centre for Transboundary Haze Pollution Control (ACC) to facilitate greater cooperation and coordination among ASEAN member states, including setting up a regional data-management system for curtailing transboundary haze. Despite these measures, ASEAN member states have yet to fully engage in the systematic collection and analysis of biophysical, geospatial, climate change and socio-economic data. As a result, monitoring changes on the ground and progress in reducing haze has been challenging.

5. Progress has also been stymied by the fragmented nature of implementation and the lack of an inclusive coordination mechanism to align various stakeholders' actions. Consequently, a consultative platform and process for identifying priority national and regional actions is necessary to avoid the proliferation of ad hoc initiatives. This should be enabled by a robust haze-related data, information and results-management system that facilitates: proper geographic targeting; monitoring and evaluation over an adequate timeframe; policy formulation; and enforcement of regulations.
6. The programme for Measurable Action for Haze-Free Sustainable Land Management in Southeast Asia (MAHFSA) is proposed as a joint initiative between ASEAN and IFAD to follow up on the IFAD/GEF ASEAN Peatland Forests Project (2009-2014). MAHFSA will advance the haze-free agenda based on systematic data and information collection, analysis and results management, and will help tie together the national-level GEF-funded projects implemented by IFAD.
7. MAHFSA is designed in line with the goal and objectives of IFAD's 2015 Policy for Grant Financing.¹ It directly contributes to objective four of the policy by improved data collection and better results management, in addition to the other objectives. MAHFSA also addresses strategic objectives 1 and 3 of the IFAD Strategic Framework 2016-2025, and is in line with IFAD's 2010 Climate Change Strategy and 2011 Environment and Natural Resource Management Policy.

II. The proposed programme

8. The overall goal of the programme is to reduce transboundary haze pollution and its impacts in Southeast Asia. Its objectives are to: (i) facilitate fire-free farming practices among smallholder farmers in the ASEAN region; (ii) build regional capacity among ASEAN ministries and departments responsible for fire and haze monitoring, prediction and prevention; (iii) strengthen ASEAN regional coordination mechanisms for advancing sustainable land management and haze-prevention policies, programmes and projects; and (iv) establish a 10-year US\$1.5 billion investment framework for tackling priority haze-related challenges.
9. The target group will be comprised of: (i) local and national monitoring and evaluation officers in ASEAN member states; (ii) departments and ministries within ASEAN member states responsible for data and information collection, management, and analysis; (iii) the ASEAN Secretariat (ASEC) and the ACC; and (iv) at least 100,000 smallholders in fire-prone areas within ASEAN member states through improved land management and fire prevention. The programme will be implemented through ongoing and pipeline projects mobilized under the ten-year investment framework. This framework will also contribute to achieving the targets of the Roadmap on ASEAN Cooperation towards Transboundary Haze Pollution Control with Means of Implementation (ASEAN Haze-Free Roadmap), which will benefit an estimated 50 million people in the region through better air quality and reduced greenhouse gas emissions. The programme will be implemented over five years.

III. Expected outcomes

10. The programme is expected to have the following outcomes:

Outcome 1: Capacity within ASEAN for the establishment and use of haze-related information and results-management systems enhanced. The following activities will be undertaken to address the capacity gap related to the collection and analysis of data and information necessary for implementing regional frameworks on transboundary haze reduction and national action plans on sustainable peatland management. A regional-level data and capacity gap analysis will identify key indicators (extent of fire, hotspots, etc.) and related needs for data

¹ See EB 2015/114/R.2/Rev.1.

collection and sharing as specified in the ASEAN Haze-Free Roadmap. Guidelines will be developed for data collection and results management based on this analysis. A capacity-building package will be developed for data and information collection and sharing, and regional results management. This capacity-building package will be implemented through training and provision of software and hardware. Finally, a regional information and results-management system will be established.

Outcome 2: Accessible information and knowledge on all aspects of haze pollution reduction. A substantial volume of knowledge related to haze and sustainable peatland management has been generated by various initiatives led by national governments and development cooperation partners. The challenge is in accessing and using this knowledge widely to: engender local-level behaviour change; improve programme and project implementation at the national and sub-national levels; formulate evidence-based policies; and strategically allocate resources. To this end, the programme will support stocktaking and analysis of existing knowledge products related to haze and peatland management and, based on this stocktaking and analysis, develop a communication strategy for enhancing the knowledge of smallholders, private sector actors and other stakeholders on haze-free farming. It will also develop tailored knowledge products to advance policy dialogue.

Outcome 3: Enhanced multi-stakeholder coordination and partnerships contributing to haze reduction. In order to enhance the exchange of data and knowledge, joint planning, programme development, policy dialogue and resource mobilization, the programme will support the establishment of a MAHFSA regional multi-stakeholder platform engaging ASEAN member states, research institutions, private sector actors, development partners, environmental organizations, sustainable production certification bodies and private foundations. It will also support policy dialogue to mediate diverse political interests and improve legislative instruments, regulations and law-enforcement approaches.

Outcome 4: Greater number of programmes, projects and financing for promoting haze-free smallholder farming among at least 100,000 poor rural farmers. A ten-year investment framework (2019-2029) estimated at US\$1.5 billion will be established to prioritize national and regional actions on sustainable peatland management and haze reduction. The investment framework will draw on the priorities of the upgraded National Action Plan for Peatlands and ASEAN Haze-Free Roadmap targets. The investment framework will be split between national and regional activities. The establishment of a 10-year investment framework will enable predictable funding flows and enhance the potential for joint programme development by ASEAN member states and MAHFSA. This will help to aggregate financing, reduce transaction costs and channel resources where they are most needed. This framework is anticipated to directly support at least 100,000 smallholder farmers in adopting and enhancing haze-free agricultural practices for improved living conditions in over 1 million rural households.

IV. Implementation arrangements

11. ASEAN was selected as the direct recipient of the five-year grant based on the rationale that ASEAN is unique in its normative, policy and representation mandate. ASEAN has a unique status and mandate to coordinate ASEAN organs and effectively implement ASEAN projects and activities in realizing the purposes and principles of ASEAN, represented by the Heads of State or Government of Southeast Asian Nations. Consistent with its institutional mandate and past collaboration with IFAD, the recipient will manage and coordinate the implementation of MAHFSA, as well as mobilize a broad range of partners. ASEAN will work with a consortium consisting of the Center for International Forestry

Research (CIFOR) based in Bogor, Indonesia and the Global Environment Centre (GEC) based in Kuala Lumpur, Malaysia.

12. ASEAN will enter into grant agreements or special service agreements with CIFOR and GEC. The agreements between ASEAN, and CIFOR/GEC will describe relevant programme implementation responsibilities for each organization and the flow of funds for undertaking the required activities. Programme coordination will be governed by a programme steering committee (PSC) comprised of representatives of the ASEAN Task Force on Peatlands, ACC, ASEC, CIFOR and GEC. IFAD and other MAHFSA members will participate as observers in the PSC meetings to provide updates on programme activities and guidance on strategic and policy issues. The PSC will be chaired by the chair of the ASEAN Task Force on Peatlands (rotation-based) and co-chaired by (interim) ASEAN's ACC representative.
13. There are no deviations from the standard procedures for financial reporting and audits.

V. Indicative programme costs and financing

14. The programme grant financing from IFAD amounts to US\$3.5 million over a five-year implementation period. Direct cofinancing for the programme is US\$500,000 in kind. The 10-year investment framework will leverage a much larger amount of cofinancing for MAHFSA, which will be tracked throughout implementation. A list of the programme components is provided in table 1.

Table 1

Costs by component and financier

(Thousands of United States dollars)

Components	IFAD	Cofinanciers			Total
		ASEC	GEC	CIFOR	
1. Enhancement of data, information and results-management system and operational capacity	1 214	30	120	10	1 374
2. Data, information and results analysis for strategic knowledge product development	783	10	45	70	908
3. Enhancement of regional coordination mechanisms	1 243	80	55	80	1 458
4. Overheads and management fees (8%)	260	-	-	-	260
Total	3 500	120	220	160	4 000

Table 2

Costs by expenditure category and financier

(Thousands of United States dollars)

Expenditure category	IFAD	Cofinanciers			Total
		ASEC	GEC	CIFOR	
1. Consultancy	373	5	15	10	403
2. Equipment and materials	352	10	20	20	402
3. Goods, services and inputs	796	15	55	20	886
4. Operating costs	195	15	20	15	245
5. Salaries and allowances	360	10	20	20	410
6. Workshops, training and outreach	902	60	80	65	1 107
7. Travel and allowances	262	5	10	10	287
8. Overheads and management fees (8%)	260	-	-	-	260
Total	3 500	120	220	160	4 000

VI. Recommendation

15. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the programme on Measurable Action for Haze-Free Sustainable Land Management in Southeast Asia, shall provide a grant of three million and five hundred thousand United States dollars (US\$3,500,000) to the Association of Southeast Asian Nations for five years upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Gilbert F. Hougbo
President

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	Contribute to reduce transboundary haze pollution and its impacts in Southeast Asia	Demarcation of fire danger hotspots for channelling resources to haze-free activities At least 100,000 smallholders in fire prone areas benefitting from pro-poor, haze-free programmes and projects	ASEC Report to the AATHP COP ACC progress report Upgraded National Action Plans on Peatlands	
Objectives	<ul style="list-style-type: none"> To build regional capacity for fire and haze monitoring, prediction and prevention 	Functional national and regional data, information and results management systems	Standardized national reporting to the AATHP COP Progress reports from GEC	- Regional collaboration for data sharing continues
	<ul style="list-style-type: none"> To strengthen regional coordination mechanisms for advancing sustainable land management, and haze prevention policies, programmes, and projects 	# of haze-free policies/regulations tabled for consideration, revised, or formulated	Policy guidance notes and policy dialogues Policy revisions or new policy formulation	- ASEAN policy organs organise evidence-based policy dialogues
	<ul style="list-style-type: none"> Mobilise increased flow of finance for haze-free programmes and projects 	Amount of finance allocated for new pro-poor, haze-free programmes and projects developed under the ten-year investment framework	Ten-year investment framework M&E system Programme documents	Broader group of stakeholders engaged in the regional coordination platform
Outputs and Activities	<u>1.1 Capacity building package for data and information collection/ sharing and regional results management developed</u> <i>Activity 1.1.1. Regional level data and information gap analysis</i> <i>Activity 1.1.2. Development of guidelines for information and data collection and results management</i> <i>Activity 1.1.3. Development of capacity</i>	Capacity building package tailored to meet country and regional data and results management needs	Alignment of the capacity building package with regard to the findings of the gap analysis	Access to data provided and willingness to cooperate in gap analysis at national and regional levels

Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<p><i>building package</i></p> <p><u>1.2 Capacity building undertaken at country and regional levels for improved data and information gathering and results management</u></p> <p><i>Activity 1.2.1. Implementation of capacity building package</i></p> <p><i>Activity 1.2.2. Establishment of regional data, information and results management system</i></p>	<p># of people capable of performing data and information gathering, and results management</p>	<p>Workshop reports and knowledge retention surveys</p> <p>Standardized national reports</p>	<p>National and regional actors' willingness to engage in capacity building activities</p>
<p><u>2.1 Collation and development of knowledge products for informing different stakeholder groups</u></p> <p><i>Activity 2.1.1. Stocktaking/analysis of existing knowledge products</i></p> <p><i>Activity 2.1.2. Development and deployment of communication strategy and knowledge products</i></p>	<p># of people effectively accessing and using the KM products developed</p>	<p>Progress report from CIFOR</p> <p>Client surveys</p>	<p>Potential for upgrading existing KM portal</p> <p>Availability of ICT and other dissemination pathways</p>
<p><u>3.1 Multi-stakeholder platform strengthened and broadened for regional coordination and partnership</u></p> <p><i>Activity 3.1.1. Establishment of the regional coordination platform</i></p> <p><i>Activity 3.1.2. Development and operationalization of a ten-year investment framework (2019-2029)</i></p> <p><i>Activity 3.1.3. Advancing evidence-based policy dialogue</i></p>	<p># of new stakeholder groups engaged in the regional coordination platform</p> <p>Ten-year investment framework agreed to by partners</p> <p># of policy guidance notes submitted to AATHP COP and relevant high-level ASEAN meetings</p>	<p>Membership MoUs</p> <p>Published ten-year investment framework</p> <p>Policy guidance notes</p>	<p>Willingness of development cooperation partners, research institutes and NGOs to engage</p> <p>Country level diagnostics and National Action Plans are of high quality</p> <p>Policy makers willing to engage in evidence-based policy discussion</p>