

**TRUST FUND
STANDARD OPERATING PROCEDURE
FOR
THE KOREA-CAMBODIA REDD+ JOINT PROJECT
BETWEEN
THE KOREA FOREST SERVICE
OF THE REPUBLIC OF KOREA
AND
THE FOREST ADMINISTRATION
OF THE MINISTRY OF AGRICULTURE, FORESTRY, AND
FISHERIES,
THE KINGDOM OF CAMBODIA**

Approval Date: 20 January 2023

Trust Fund Standard Operating Procedure (TF-SOP)

for the Korea-Cambodia REDD+ Joint Project

I. General Provisions

Article 1(Background). The Trust Fund Standard Operating Procedure (hereinafter referred to as the “TF-SOP”) is adopted to ensure sustainable implementation of the Korea-Cambodia REDD+ Joint Project (hereinafter referred to as the “K-CRJP”) which was agreed on 10th December 2014 in Busan, Republic of Korea through the signature of Memorandum of Understanding (MOU) between the Korea Forest Service of the Republic of Korea (hereinafter referred to as the “KFS”) and the Forestry Administration (FA) of the Kingdom of Cambodia (hereinafter referred to as the “FA”). KFS and FA are hereinafter referred to individually as a “Party” and jointly as the “Parties”.

Article 2(Overview). ①The TF-SOP is adopted on 20th January 2023 and presents basic principles of the TF-SOP and establishes its standard.

② This TF-SOP is prepared jointly by the Parties and comes into effect through the approval of the Parties.

③ This TF-SOP shall be applied and complied by all relevant organizations and individuals.

Article 3(Purpose). ① The purpose of the Trust Fund is to support the implementation of the K-CRJP to reduce deforestation and forest degradation, improve better livelihoods, and enhance biodiversity conservation toward generating GHG mitigation outcomes and forest carbon credits, and build capacity of relevant stakeholders.

② The purpose of TF-SOP is to provide a mechanism to mobilize and manage financial resources for sustainable financial management in order to implement the K-CRJP and to oversee and manage the use of Trust Fund in a transparent and effective manner to achieve its purpose.

Article 4(Sources). ① The Trust Fund includes the financial, in-kind contributions from the Parties, the carbon credit profits from K-CRJP, and other available sources.

Article 5(Account). The bank account for the Trust Fund is opened and separated into two Trust Accounts, where Tumring REDD+ Trust Fund account managed by the FA holds 31% of incomes generated from the 1st carbon credits spot sale of the K-CRJP, while the Korea-Cambodia REDD+ Joint Project Trust Fund account holds 69% of incomes generated from the 1st carbon credits spot sale of the K-CRJP.

Below are the detail Trust Fund Management Account:

Account Name	Tumring REDD+ Project REDD+ TRUST FUND
Bank Name	Foreign Trade Bank of Cambodia (FTB)

Address	Building No. 33C-D, Street 169, Sangkat Veal Vong, khan 7 Makara, Phnom Penh, Cambodia
Account No.	300011664567
SWIFT Code	FTCCKHPP
Account Holder	H.E. Keo Omaliss and Mr. Chhun Delux
Funding Distribution to implement K-CRJP	31% of incomes generated from the 1st carbon credits spot sale of the K-CRJP

Account Name	KMFCC bank account for K-CRJP Trust Fund
Bank Name	Shinhan Bank Cambodia
Address	No.79, 128 Kampuchea Blvd, Phnom Penh 12251, Kingdom of Cambodia
Account No.	700-000-378148(USD)
SWIFT Code	SHBKKHPPXXX
Account Holder	Korea-Mekong Forest Cooperation Center
Funding Distribution to implement K-CRJP	69% of incomes generated from the 1st carbon credits spot sale of the K-CRJP

Article 6(Operation Principle). ① The Trust Fund shall be operated to ensure stable financial resources necessary for implementation of the K-CRJP activities smoothly.

② The Trust Fund should be operated following the below-mentioned principles.

- (1) (Relevance principle) Designed activities of the K-CRJP should be aligned with stakeholders and beneficiaries' circumstances and needs, and others.
- (2) (Effectiveness principle) The Trust Fund should be operated to achieve outcomes of the K-CRJP.
- (3) (Publicness principle) The Trust Fund should be operated in accordance with the Warsaw REDD+ Framework (WRF) by contemplating social, economic, and environmental triple effects.

II. Governance

Article 7(Entity). ① The managing entity of Trust Fund is composed of the Trust

Fund Management Committee (TFMC), the Project Management Unit(PMU) and the auditor.

Article 8(Composition of the TFMC). ① The TFMC is consisted of two Co-Chairs, respectively from KFS and FA, and three (3) members recommended from KFS and three (3) members recommended from the FA.

② Co-Chairs are ex-affixion members and are the same representatives of the Korea-Cambodia REDD+ Joint Project Board Committee (PBC).

③ The recommended member list from the Party shall be submitted in a written form to the other Party's Co-Chair to complete the composition of the TFMC.

④ The TFMC members should submit written oath by including below information.

(1) Nationality, full name, position, and organization

(2) Status on joining similar committee

(3) Pledge on conscientious observation as Co-Chair and a member

⑤ The term of the TFMC members other than Co-Chairs is 3 years starting from the date that the Party have submitted the written form to the other Party and could be renewed only once. However, with the request from a Co-Chair the term of a member can be renewed more than once.

⑥ If a vacancy occurs within the TFMC, the Co-Chair of the Party that recommended the member of withdrawal shall recommend alternative member and submit the list to the other Co-Chair in a written form. The alternative member will have the remaining term of the previous member.

Article 9(Roles and responsibilities of TFMC). ① Each Co-Chair shall convene, conduct, and supervise the TFMC meeting annually.

② The roles and responsibilities of the TFMC are as below;

(1) Receive, review and approve the annual quarter work plan and budget plan from the PMU.

(2) Receive, review and approve the annual progress report from the PMU.

(3) Receive and review the annual audit report from the auditor.

(4) Review, amend, and adopt the SOP.

(5) Designate the auditor

Article 10(Auditor). ① The TFMC shall designate one (1) external auditor as a third party to audit the Trust Fund execution.

② The roles and responsibilities of the auditor are as below;

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- (1) Audit annual Trust Fund expenditure.
 - (2) Record annual Trust Fund expenditure history and prepare the annual audit report
 - (3) Report the annual audit report to the TFMC
- ③ The auditor shall not have any decision-making and shall be associated only with the auditing.

Article 11(PMU). ① The PMU in this SOP refers to Paragraph 3, Project Management Unit (PMU) of the initial K-CRJP MOU signed on 10th December, 2014.

② The roles and responsibility of the PMU are as below;

- (1) Prepare the annual quarter plan to operate the Trust Fund and submit to the TFMC by the second Friday of January.
- (2) Execute the Trust Fund in accordance with the annual quarter plan approved by the TFMC
- (3) Produce the annual progress report including the execution of the annual quarter plan and submit to the TFMC by the second Friday of January.
- (4) Record and keep track of the Trust Fund expenditure history
- (5) Prepare all relevant materials for the Trust Fund expenditure as per request by the auditor.
- (6) Distribute all materials (concept note, agenda, invitation etc.) prior to the meeting to each Co-Chair and member and organize the meeting.

※ The Key mandates of the TFMC, the PMU and the auditor

Entity	Key Mandate
The K-CRJP Trust Fund Management Committee * Co-Chair (DGs of the FA and KFS) and members	<ul style="list-style-type: none"> - Coordinate and lead the TFMC meeting - Review and approve the annual quarter work plan and budget plan - Review and approve the annual progress report - Review the annual audit report
The Project Management Unit (PMU)	<ul style="list-style-type: none"> - Prepare and submit annual quarter plan and annual performance report to TFMC for approval - Manage the K-CRJP implementation as agreed by the MOU - Prepare and organize the TFMC Meeting (concept note,

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	agenda, invitation etc.) - Submit necessary document to the auditor
The Auditor	- Prepare and submit the annual audit report to TFMC for review

Article 12(Annual quarter plan). ① The PMU analyzes scale of profits and expenditure, period, characteristic and others by contemplating flows of the Trust Fund in and out, estimates of the Trust Fund in and out by using statistic methods, and establishes the annual quarter plan to operate the Trust Fund.

② The annual quarter plan of the Trust Fund operation which is set at the beginning of each year should be specific on a quarterly base. By comparing with each quarter plan and actual performances, if necessary, the plan of the Trust Fund operation plan could be revised by reflecting the change of operating environment and the revision should be approved by the TFMC.

Article 13(TFMC meeting). ① The TFMC is convened by the Co-Chair annually (Every January) by sending official invitation letters, a concept note, and a proposed agenda.

② The PMU prepares meeting agendas and documents available two weeks before the date of the TFMC.

③ Despite the Article 13. ②, it makes an exception where TFMC and/or PMU needs the urgent discussion in order to operation the Trust Fund.

Article 14(Quorum). ① The minimum number of the TFMC members required to be present (in person or remotely) to hold the TFMC meeting is half of the TFMC members plus one TFMC member.

② The quorum is verified at the beginning of each meeting.

Article 15(Decision-making). ① Only after the approval of the TFMC, the Trust Fund could be allocated and executed.

② The decision will be approved by majority consent of the members present at the meeting.

③ The PMU ensures that the decision made by the TFMC are duly recorded and promptly communicated to the TFMC members.

④ In case of a tie, decision will be made with the intervention and agreement from both Co-Chairs. If Co-Chairs fail to come to an agreement, each Co-Chair and the members of the TFMC that respective Party have recommended will have the authority to approve the use of Trust Fund according to the ratio of respective Party's contribution.

Article 16(Conflict of Interest Statement). ① If a TFMC member is engaging in the following activities, the member shall disclose such involvement through email or other written means to the Co-Chairs:

(1) Direct and indirect use of members' mandates to approve the Trust Fund to any other purposes through member's roles, duties.

(2) Directly and indirectly having a stake in any procurement agency.

② If the TFMC member fails to disclose the relevant involvement, the TFMC shall take actions to ensure there are no conflict of interest including but not restricted to withdrawal of the member.

III. Trust Fund Execution

Article 17(Application). ① Before execution of the Trust Fund, the PMU should make the annual quarter plan to operate the Trust Fund and report it to the TFMC to get its approval.

② The PMU shall submit the annual quarter plan by the second Friday of January and each Co-Chair shall convene the TFMC meeting on January.

③ Since the TF has two accounts, the approval of annual quarter financial plan will be made by TFMC ratio (Tumring REDD+ Project REDD+ TRUST FUND: 31% and Korea-Cambodia REDD+ Joint Project Trust Fund : 69%)

Article 18(Prohibition). ① Expenditures which would be in violation of each Party's domestic laws shall be prohibited.

② Personal use of the PMU and/or TFMC members such as any purchase or lease of vehicles and others is prohibited.

Article 19(Regular Reporting). The PMU shall track the Trust Fund flow (in and out) and prepare the annual performance report annually (by second Friday of January) to the TFMC.

IN WITNESS WHEREOF, the Representatives of both countries hereto have caused this SOP to be executed on from now on, 20th January 2023.





**FORESTRY ADMINISTRATION
CAMBODIA**

Dr. Keo Omaliss
Co-Chair
Trust Fund Management Committee
Director General
Forestry Administration
Ministry of Agriculture, Forestry and Fisheries
The Royal Government of Cambodia



**KOREA FOREST SERVICE
REPUBLIC OF KOREA**

Dr. Eunsik PARK
Co-Chair
Trust Fund Management Committee
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