



Part I: Project Information

Name of Parent Program

Food Systems, Land Use and Restoration (FOLUR) Impact Program

GEF ID

10237

Project Type

FSP

Type of Trust Fund

GET

CBIT/NGI

CBIT No

NGI No

Project Title

Integrated Landscape Management of Heart of Borneo Landscapes in Sabah and Sarawak

Countries

Malaysia

Agency(ies)

UNDP

Other Executing Partner(s)

Sabah Forestry Department

Executing Partner Type

Government

GEF Focal Area

Multi Focal Area

Sector

Taxonomy

Demonstrate innovative approach, Influencing models, Convene multi-stakeholder alliances, Civil Society, Stakeholders, Community Based Organization, Academia, Non-Governmental Organization, Indigenous Peoples, Beneficiaries, Type of Engagement, Consultation, Information Dissemination, Participation, Partnership, Communications, Awareness Raising, Behavior change, Private Sector, Large corporations, Local Communities, Gender Mainstreaming, Gender Equality, Gender-sensitive indicators, Women groups, Sex-disaggregated indicators, Gender results areas, Capacity Development, Participation and leadership, Access to benefits and services, Integrated Programs, Food Systems, Land Use and Restoration, Landscape Restoration, Comprehensive Land Use Planning, Sustainable Food Systems, Smallholder Farming, Integrated Landscapes, Sustainable Commodity Production, Deforestation-free Sourcing, Knowledge Generation, Capacity, Knowledge and Research, Enabling Activities, Knowledge Exchange, Learning, Indicators to measure change, Theory of change, Adaptive management

Rio Markers

Climate Change Mitigation

Significant Objective 1

Climate Change Adaptation

Significant Objective 1

Biodiversity

Significant Objective 1

Land Degradation

Significant Objective 1

Submission Date

5/5/2023

Expected Implementation Start

10/12/2023

Expected Completion Date

10/12/2029

Duration

72In Months

Agency Fee(\$)

663,193.00

A. FOCAL/NON-FOCAL AREA ELEMENTS

Objectives/Programs	Focal Area Outcomes	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
IP FOLU	Transformation of food systems through sustainable production, reduced deforestation from commodity supply chains, and increased landscape restoration	GET	7,368,807.00	65,113,144.00
Total Project Cost(\$)				7,368,807.00 65,113,144.00

B. Project description summary

Project Objective

To strengthen the projection of high conservation value and high carbon stock areas in Sabah through integrated landscape management approaches, sustainable and resilient palm oil value chains, and participatory conservation and restoration.

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
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Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
Component 1: Development of integrated landscape management systems	Technical Assistance	<p>Outcome 1: Intra-governmental coordination and multi-stakeholder collaboration enabled for effective landscape management, as indicated by:</p> <ul style="list-style-type: none"> - (a) One project level ILM platform established, and (b) the platform for the Kinabatangan-Segama intervention area strengthened; - Two state or local government units incorporate ILM actions into their planning processes. <p>Outcome 2: Emerging approaches and incentive mechanisms leading towards effectively managed high</p>	<p>Output 1.1: Enabling environment for integrated, multi-stakeholder collaborative approaches strengthened by introducing systems leadership skills and developing guidelines for integrated landscape management, in accordance with UNDP Social and Environmental Standards (SES)</p> <p>Output 1.2: Data-sharing platforms and protocols harmonized in support of integrated landscape management</p> <p>Output 1.3: Integrated landscape management framework developed and mainstreamed through multi-stakeholder collaboration</p>	GET	1,000,000.00	8,836,000.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
		<p>conservation value areas socialised, as indicated by:</p> <ul style="list-style-type: none"> - Two conservation areas (CCAs, OECMs or privately managed conservation areas) recognised (e.g., management plan in place) (with the encouragement of women participation); - Two policy recommendations for incentive mechanisms submitted to relevant agencies (e.g., Ministry of Finance, Department of Lands and Surveys, etc.) for consideration. 	<p>Output 2.1: Roadmap for recognising and strengthening the management of conservation areas (including OECMs) in production landscapes and local community sites in Sabah developed and socialised</p> <p>Output 2.2: Fiscal and economic instruments explored, and recommendations formulated for facilitating IL M finance with a focus on incentivizing effective management of HCV forests in conservation areas across production landscapes and community sites</p>			

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
Component 2: Promotion of responsible value chains for palm oil and smallholder and medium-sized growers support	Investment	<p>Outcome 3: Value chains for sustainable palm oil strengthened through multi-stakeholder collaboration, as indicated by:</p> <ul style="list-style-type: none"> - Five new Signals of Change reported in the end-of-project assessment; - (a2) 100% MSPO Revision 2; (b) 50% achieving RSPO readiness. <p>Outcome 4: Smallholder and medium-sized growers support systems strengthened for participation in sustainable farming and commodity supply chains, as indicated by:</p> <ul style="list-style-type: none"> - Ten upstream-smallholder 	<p>Output 3.1: Multi-stakeholder collaboration processes strengthened</p> <p>Output 3.2: Strengthened linkages and collaboration through the value chain</p> <p>Output 3.3: Traceability of oil palm in Sabah strengthened to facilitate responsible sourcing</p> <p>Output 3.4: Open innovation challenge introduced to identify solutions that can be scaled to address key sustainability issues in the palm oil sector</p> <p>Output 4.1: Capacity building delivered, and durable systems put in place to support smallholder farmers and</p>	GET	3,316,121.00	29,302,000.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
		MoUs agreed (with five that enhance women's empowerment in agriculture)women's empowerment in agriculture).	<p>medium-sized growers on the promotion of and increased uptake of sustainable production practices and farming systems</p> <p>Output 4.2: Interventions on restoration of degraded cropland, adoption of good agricultural practices, formation of cooperatives, crop diversification and implementation of upstream-smallholder management plans</p> <p>Output 4.3: Smallholders supported to access state crop assistance schemes and rural diversification activities.</p>			

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
Component 3: Conservation and restoration-rehabilitation of natural habitats through public-private-community partnerships	Investment	<p>Outcome 5: High conservation value areas protected, restored-rehabilitated, and connected, as indicated by:</p> <ul style="list-style-type: none"> - Three restoration and rehabilitation planning frameworks adopted for the project key intervention areas (including pathways for women participation); - Agreement in place with one or more host/funding entities to operate and maintain the platform after project closure. 	<p>Output 5.1: Degraded and fragmented ecosystems restored-rehabilitated to regain ecological functions, including connecting HCV/HCS and creating wildlife corridors, and mainstreaming connectivity principles into existing restoration-rehabilitation schemes through gender responsive approaches and partnerships with communities and the private sector</p> <p>Output 5.2: Plantation companies and communities engaged on integrating HCV/HCS into management plans</p> <p>Output 5.3: Partnerships strengthened with tertiary and research institutions, contributing to</p>	GET	2,000,000.00	17,673,000.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
			<p>the development of the next generation of experts in Sabah on ecosystem restoration and community co-management</p> <p>Output 5.4. An online platform developed for data sharing focusing on restoration</p>			

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
Component 4: Knowledge management and impact monitoring	Technical Assistance	<p>Outcome 6: Adaptive management and sustainability facilitated through impact monitoring & evaluation and knowledge shared across Malaysia and FOLUR programme, as indicated by:</p> <p>- (a) Ten knowledge products (four highlighting gender mainstreaming), (b) twenty communication pieces/stories, (c) four written and/or audio-visual records of traditional knowledge practices;</p> <p>- (a) Two country documents, (b) ten events, (c) ten press reports</p>	<p>Output 6.1. Project implementation and results monitored, evaluated and reported</p> <p>Output 6.2. Knowledge sharing for replication of best practice nationally and internationally through FOLUR global platform and UNDP Green Commodities Programme, and participation in the global Impact Programme events and activities</p>	GET	701,790.00	6,210,000.00
Sub Total (\$)					7,017,911.00	62,021,000.00
Project Management Cost (PMC)						
GET		350,896.00			3,092,144.00	

Project Management Cost (PMC)

Sub Total(\$)	350,896.00	3,092,144.00
Total Project Cost(\$)	7,368,807.00	65,113,144.00

Please provide justification

C. Sources of Co-financing for the Project by name and by type

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
GEF Agency	United Nations Development Programme	Grant	Investment mobilized	1,000,000.00
Recipient Country Government	Sabah State Government	Public Investment	Investment mobilized	54,062,000.00
Civil Society Organization	WWF Malaysia	Grant	Investment mobilized	7,000,000.00
Civil Society Organization	Wild Asia	Grant	Investment mobilized	1,000,000.00
Other	The Sustainable Trade Initiative (IDH)	Grant	Investment mobilized	2,051,144.00
Total Co-Financing(\$)				65,113,144.00

Describe how any "Investment Mobilized" was identified

Government: Investments have been mobilized through the Sabah State Government (totalling to MYR 237,806,000, equivalent to USD 54,062,000 based on the exchange rate on 09 December 2022) to restore selectively logged and degraded forest areas within the Permanent Forest Estate in order to contribute towards the establishment of connectivity between remaining areas of HCV and HCS forests, including wildlife corridors defined through the transboundary Heart of Borneo initiative. State and federal government investments are also mobilized to support oil palm smallholders to obtain MSPO certification, and entrepreneurship & training programs in agriculture. Private sector: Unilever has committed USD 2,500,000 in grant (investment mobilized) co-financing to support the jurisdictional approach and landscape partnership with the local government and nongovernmental organisations aimed to enhance not only sustainable and deforestation-free supply chains, but also conservation of critical ecosystems more broadly in Malaysia, particularly in the state of Sabah. There will be opportunities to explore other sources of private sector co-financing during project implementation. During the PPG phase, 15 private sector companies were cleared through UNDP's due diligence process. This clearance helps facilitate direct engagement with some of the key private sector enterprises in the palm oil value chain. This project provides the platform to strengthen the enabling framework to address the key challenges faced by the sector as well as elevating the capacity of the project stakeholders to address the gap related to Malaysia's scoring on the Global Food Security Index in terms of sustainability and adaptation. UNDP: UNDP will provide USD 1,000,000 in grant (investment mobilized), corresponding to initiatives and projects supported and/or implemented by UNDP under Priority Planet's Output 2.2 (Natural resources, biodiversity and ecosystems are sustainably managed, adequately protected and conserved for long-term

economic and environmental sustainability). The initiatives include active and pipeline projects, namely Phase III of the UNDP Green Commodities Programme on Effective Collaborative Action for Sustainable Production and Trade and Phase II of the Biodiversity Financing Initiative (BIOFIN). Civil society: Two civil society organisations have committed grant (investment mobilized) co-financing. WWF Malaysia is planning to mobilise investments totalling USD 7,000,000 in Sabah over the 6-year project timeframe of 2023 through 2027, for the protection of habitat and wildlife species, restoration of degraded forests, and sustainable production of commodities including oil palm, under our Living Landscape approach. Wild Asia has committed USD 1,000,000, corresponding to investment the organisation plans over the timer period of 2023 through 2028 on improving land management practices across oil production regions, demonstrating sustainable alternatives to conventional oil palm cultivation. Other: The Sustainable Trade Initiative (IDH) has committed USD 2,051,144 in grant (investment mobilized) co-financing, corresponding to The National Initiative on Sustainable and Climate Smart Oil Palm Smallholders (NI-SCOPS) is a partnership initiated by Solidaridad and The Sustainable Trade Initiative (IDH), with funding from the Dutch Government to support the Malaysian Government. NI-SCOPS goals are to improve productivity, sustainability and livelihood of oil palm smallholders in seven sites in Malaysia, including two in Sabah, and to improve adaptive capacity of smallholders in the light of climate change.

D. Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
UNDP	GE T	Malaysia	Biodiversity	BD STAR Allocation	3,569,725	321,275	3,891,000.00
UNDP	GE T	Malaysia	Land Degradation	LD STAR Allocation	817,431	73,569	891,000.00
UNDP	GE T	Malaysia	Climate Change	CC STAR Allocation	458,716	41,284	500,000.00
UNDP	GE T	Malaysia	Multi Focal Area	IP FOLU Set-Aside	2,522,935	227,065	2,750,000.00
Total Grant Resources(\$)					7,368,807.00	663,193.00	8,032,000.00

E. Non Grant Instrument

NON-GRANT INSTRUMENT at CEO Endorsement

Includes Non grant instruments? **No**

Includes reflow to GEF? **No**

F. Project Preparation Grant (PPG)
PPG Required **true**

PPG Amount (\$)
200,000

PPG Agency Fee (\$)
18,000

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
UNDP	GET	Malaysia	Biodiversity	BD STAR Allocation	100,000	9,000	109,000.00
UNDP	GET	Malaysia	Land Degradation	LD STAR Allocation	100,000	9,000	109,000.00
Total Project Costs(\$)					200,000.00	18,000.00	218,000.00

Please provide justification
NIL

Core Indicators

Indicator 3 Area of land and ecosystems under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
0.00	200000.00	0.00	0.00

Indicator 3.1 Area of degraded agricultural lands under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
Cropland		50,000.00		

Indicator 3.2 Area of forest and forest land under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
	150,000.00		

Indicator 3.3 Area of natural grass and woodland under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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Indicator 3.4 Area of wetlands (including estuaries, mangroves) under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
0.00	2380763.00	0.00	0.00

Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
	2,366,763.00		

Indicator 4.2 Area of landscapes under third-party certification incorporating biodiversity considerations

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
Type/Name of Third Party Certification			

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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Indicator 4.4 Area of High Conservation Value or other forest loss avoided

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
High Conservation Value Forest		14,000.00		

Indicator 4.5 Terrestrial OECMs supported

Name of the OECMs	WDPA-ID	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
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Documents (Please upload document(s) that justifies the HCVF)

Title	Submitted
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Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO ₂ e (direct)	0	10740674	0	0
Expected metric tons of CO ₂ e (indirect)	0	0	0	0

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO ₂ e (direct)		10,740,674		
Expected metric tons of CO ₂ e (indirect)				
Anticipated start year of accounting		2024		
Duration of accounting		20		

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO ₂ e (direct)				
Expected metric tons of CO ₂ e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)
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Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female		27,000		
Male		27,000		
Total	0	54000	0	0

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

Restoration targets (Core Indicator 3): The project proposes to support restoration of 200,000 ha, which is broken down as follows. ? 50,000 ha of cropland restored, e.g., improved productivity, adoption of good agricultural practices. Sub-Indicator 3.1 (Area of degraded agricultural lands restored). ? 150,000 ha of forest restored to connect HCV forest/wildlife corridors and restoration-rehabilitation of degraded forest areas. Sub-Indicator 3.2 (Area of forest land restored). Area of forest land restored includes establishment of ecological corridors connecting fragmented HCV areas in the Maliau Forest Reserve, Ulu Segama Maliau - Brantian Forest Reserve, the Ulu Segama Maliau - Ulu Kalumpang Forest Reserve, Ulu Kalumpang Forest Reserve ? Madai, and the Tabin Silabukan. The GEF funds are also envisaged to accelerate ongoing restoration-rehabilitation efforts, advancing progress towards generation of global environmental benefits. Landscapes under improved practices (Core Indicator 4): The project proposes to facilitate improvement of landscape practices across 2,380,763 ha, broken down as follows. ? 2,366,763 ha through mainstreaming the ILM framework into the three key intervention areas. Sub-indicator 4.1 (Area of landscapes under improved management to benefit biodiversity): Attributes Key Intervention Area 1 Key Intervention Area 2 Key Intervention Area 3 Total Location Kinabatangan-Segama Catchment Area Southwest Sabah Lower Sugut Area Area, total 2,092,400 ha 1,255,900 ha 217,046 ha 3,565,346 ha Protected areas* 946,192 ha 196,669 ha 55,722 ha 1,198,583 ha Area, excluding protected areas 1,146,208 ha 1,059,231 ha 161,324 ha 2,366,763 ha *Note: Calculated based on Gazetted Hectarage and calculated hectarage where applicable. Source: Sabah Forestry Department ? 14,000 ha of High Conservation Value forest loss (HCVF) avoided (Sub-indicator 4.4). The 14,000-ha target was estimated as follows. The cumulative HCVF within Class II forests within the project landscape is 770,000 ha. The business-as-usual scenario is represented by a deforestation rate of 0.1% per year (over the period of 2000-2010) (reference: Malaysia REDD+ strategy). The Malaysia update Nationally Determined Contribution indicates a proposed unconditional 45% carbon intensity reduction. An additional 10% reduction is conditional on international climate finance. If the 10% is considered the incremental benefit of the GEF funding. Over a period of 20 years, approximately 14,000 ha of HCV forest loss would be avoided. Estimated GHG emissions mitigated (Core Indicator 6): An estimated 10,740,674 tons of carbon dioxide equivalent (tCO₂e) of lifetime direct GHG emissions will be avoided or sequestered over the period of 20 years. Version V9.3.3 of the FAO Ex-Ante Carbon Balance Tool (EX-ACT) was utilized in estimating the mitigation benefits (the EX-ACT spreadsheets are attached separately to Annex 17 to the Project Document. Direct beneficiaries (Core Indicator 11): The end target of 54,000 direct beneficiaries, of whom 27,000 are women, has been estimated as follows. Based on the 2020 census, the total population of the state of Sabah was 3.41 million, and the cumulative population of the 12 districts in the delineated FOLUR project landscape was 1,407,826. And the number of employed persons in the 12

districts was 776,700. The FOLUR project is designed to primarily deliver non-monetary benefits, including increased productivity from improved agricultural practices, access to capacity building, protection of traditional knowledge, facilitated access to microcredit, and environmental benefits from ecosystem restoration and rehabilitation. Some of the local people in the project landscape are also expected to have opportunities to gain monetary benefits, e.g., being directly involved in participatory restoration and rehabilitation interventions. Local people engaged in the agricultural/forestry sector in the project landscape are the main beneficiaries. The 2020 census reports that 25.3% of the population of Sabah is engaged in agriculture. The 12 project districts are predominantly rural and a conservative estimate of the proportion of people in these districts engaged in agriculture is 35%, or 271,845 ($776,700 * 0.35$). The estimated 54,000 direct beneficiaries is based on the assumption that approximately 20% of these people will benefit ($271,845 * 0.2$).

Part II. Project Justification

1a. Project Description

The following changes in alignment with the project design with the original concept note are described below:

Project title:

The original project title is as follows:

?Integrated Landscape Management of Heart of Borneo landscapes in Sabah and Sarawak.?

Considering that Sarawak will not be participating in the project and that the landscape extends beyond the Heart of Borneo, the project title is suggested to be revised to the following:

?Integrated landscape management for sustainable food systems, land use and restoration in Sabah.?

Project objective:

The original project objective is as follows:

?Transform land use planning and management in Sabah and Sarawak to contain the footprint of palm oil production and maintain high-value forest for environment and development benefits.?

Based on preliminary upstream review of the September 2020 version of the Project Document by the GEF Secretariat and feedback from stakeholders during the earlier PPG consultations, the project object is proposed to be revised to the following:

?To strengthen the projection of high conservation value and high carbon stock areas in Sabah through integrated landscape management approaches, sustainable and resilient palm oil value chains, and participatory conservation and restoration.?

Project duration:

The project duration is proposed to be six years (72 months), compared to 60 months at the project concept stage. Considering the proposed transformational impacts, a duration of 72 months was considered more appropriate for achieving the envisaged change.

GEF-7 core indicator end targets:

Core Indicator 3: No changes were made to the end target for Core Indicator 3.

Core Indicator 4: The proposed end target for Core Indicator 4 (area of landscapes under improved practices, excluding protected areas) is 2,380,763 ha. The indicative end target presented in the concept note was 2,800,000 ha, which covered project landscapes in Sarawak and Sabah. With Sarawak deciding not to participate in the project, the delineation of the project landscape was revised. The revised landscape covers an expansive area, covering 12 districts in Sabah. The proposed end target is based on consultations with state and local stakeholders during the PPG phase, taking into consideration the geographic area of the three key intervention areas within the landscape.

Core Indicator 6: The proposed end target for Core Indicator 6 (greenhouse gas emission mitigated) is 10,740,674 metric tons of carbon dioxide equivalents (tCO₂e), calculated on the basis of estimated mitigation benefits generated as a result of the proposed restoration interventions and avoided loss of high conservation value forest. The indicative end target presented in the concept note was 4,000,000 tCO₂e, based on estimated avoided loss of forest area and through envisaged replacement of sludge ponds at oil palm mills with biogas capture. During the PPG phase it was decided that the GEF funds would focus on strengthening capacities of smallholder and medium-sized oil palm growers and not directly with the operations of oil palm processing. And the estimated mitigation benefits presented in the CEO ER are based on calculations using the FAO EX-ACT.

Core Indicator 11: The proposed end target for Core Indicator 11 (number of direct beneficiaries disaggregated by gender as a co-benefit of GEF investment) is 54,000, of whom 27,000 are women. The indicative end target presented in concept note was 96,426, of whom 46,010 are women. With Sarawak deciding not to participate in the project, the delineation of the project landscape needed to be revised. The proposed project landscape, covering 12 districts in Sabah, covers an expansive area; however, these districts are predominantly rural. In consultation with state and local level stakeholders, the estimation of 54,000 direct beneficiaries was agreed.

Project components, outcomes and outputs:

The project components, outcomes and outputs are listed below, showing the proposed revisions to the versions described in the concept note.

Concept note	At endorsement
Component 1: Development of integrated landscape management systems	Component 1: Development of integrated landscape management systems <i>(no change)</i>
Outcome 1a: Intra-governmental coordination and multi-stakeholder participation enables effective landscape and district-level planning in Sabah and Sarawak	Outcome 1: Intra-governmental coordination and multi-stakeholder collaboration enabled for effective landscape management
Output 1.1: Develop policy, legal and/or institutional framework for intra-governmental coordination, monitoring and enforcement for ILM/SLM Output 1.2: Institutional and technical capacity development, and integration of multi-disciplinary geospatial data, land use mapping, zoning (HCV/HCS) & scenario analysis (with LDN targets) Output 1.3 Integrated land use management plan and guidelines through multi-stakeholder cooperation at district level in the target landscapes	Output 1.1: Enabling environment for integrated, multi-stakeholder collaborative approaches strengthened by introducing systems leadership skills and developing guidelines for integrated landscape management, in accordance with UNDP Social and Environmental Standards (SES) Output 1.2: Data-sharing platforms and protocols harmonized in support of integrated landscape management Output 1.3: Integrated landscape management framework developed and mainstreamed through multi-stakeholder collaboration
Outcome 1b: National and state-level policies are harmonized and scale-up enabled for ILM/SLM in at least 2,800,000 ha in Sabah and Sarawak	Outcome 2: Emerging approaches and incentive mechanisms leading towards effectively managed high conservation value areas socialised

Concept note	At endorsement
<p>Output 1.4 Policy harmonization at national and state level for uptake of ILM/SLM by sub-national governments in Sabah, Sarawak and peninsular Malaysia</p> <p>Output 1.5 New fiscal and economic instruments to incentivize the uptake of ILM/SLM by sub-national governments, with a system to align state-level palm oil expansion plans with national strategies and commitments</p>	<p>Output 2.1: Roadmap for recognising and strengthening the management of conservation areas (including OECMs) in production landscapes and local community sites in Sabah developed and socialised</p> <p>Output 2.2: Fiscal and economic instruments explored, and recommendations formulated for facilitating ILM finance with a focus on incentivizing effective management of HCV forests in conservation areas across production landscapes and community sites</p>
Component 2: Promotion of responsible value chains for palm oil and smallholder support	Component 2: Promotion of responsible value chains for palm oil and smallholder and medium-sized growers support
Outcome 2a: Value chains for sustainable palm oil strengthened through multi-stakeholder platforms in Sabah and Sarawak	Outcome 3: Value chains for sustainable palm oil strengthened through multi-stakeholder collaboration
<p>Output 2.1: Strengthen Sabah jurisdictional approach through Jurisdictional Certified Sustainable Palm Oil (JCSPO) initiative</p> <p>Output 2.2: Support the development of Sarawak multi-stakeholder platform for sustainable palm oil</p> <p>Output 2.3: Strengthen monitoring of oil palm footprint in Sabah and Sarawak to facilitate responsible sourcing</p> <p>Output 2.4: Engage international buyers palm oil buyers based in EU, China, India and SE Asia</p> <p>Output 2.5: Explore financial mechanisms for long-term operation of platforms and extension support, including value chain analysis of revenue generation from palm waste</p>	<p>Output 3.1: Multi-stakeholder collaboration processes strengthened</p> <p>Output 3.2: Strengthened linkages and collaboration through the value chain</p> <p>Output 3.3: Traceability of oil palm in Sabah strengthened to facilitate responsible sourcing</p> <p>Output 3.4: Open innovation challenge introduced to identify solutions that can be scaled to address key sustainability issues in the palm oil sector</p>
Outcome 2b: Farmer support systems strengthened for participation in sustainable farming and commodity supply chains	Outcome 4: Smallholder and medium-sized growers support systems strengthened for participation in sustainable farming and commodity supply chains
<p>Output 2.6: Technical support to smallholders in through state and company extension to participate in deforestation-free palm oil supply chains through certification, planting of high-yield varieties, formation of cooperatives, and mill-smallholder best management plans</p> <p>Output 2.7: Enhance extension to smallholders, including women, in forest frontiers in state and communal areas to restore soil fertility of degraded cropland and undertake good agricultural practices over 80,000 ha</p> <p>Output 2.8: Support smallholders, including women, to access state crop assistance schemes and rural diversification activities and work with banks to develop credit lines for cooperatives</p>	<p>Output 4.1: Capacity building delivered, and durable systems put in place to support smallholder farmers and medium-sized growers on the promotion of and increased uptake of sustainable production practices and farming systems</p> <p>Output 4.2: Interventions on restoration of degraded cropland, adoption of good agricultural practices, formation of cooperatives, crop diversification and implementation of upstream-smallholder management plans</p> <p>Output 4.3: Smallholders supported to access state crop assistance schemes and rural diversification activities</p>

Concept note	At endorsement
Component 3: Conservation and restoration-rehabilitation of natural habitats through public-private-community partnerships	Component 3: Conservation and restoration-rehabilitation of natural habitats through public-private-community partnerships
Outcome 3: High-value forest protected, restored and connected across project landscapes in Sabah and Sarawak	Outcome 5: High conservation value areas protected, restored-rehabilitated, and connected
<p>Output 3.1: Restoration of 150,000 ha of logged / degraded forests to connect HCV / HCS and create wildlife corridors, and mainstreaming connectivity principles into state-funded restoration schemes</p> <p>Output 3.2: Engage communities, with a gender-sensitive approach, to negotiate co-management agreements for protection and sustainable use of 30,000 ha of HCV / HCS forest</p> <p>Output 3.3: Engage with plantation companies and Forestry Departments on voluntary set-asides of HCV and HCS forest within their concessions</p>	<p>Output 5.1: Degraded and fragmented ecosystems restored-rehabilitated to regain ecological functions, including connecting HCV/HCS and creating wildlife corridors, and mainstreaming connectivity principles into existing restoration-rehabilitation schemes through gender responsive approaches and partnerships with communities and the private sector</p> <p>Output 5.2: Plantation companies and communities engaged on integrating HCV/HCS into management plans</p> <p>Output 5.3: Partnerships strengthened with tertiary and research institutions, contributing to the development of the next generation of experts in Sabah on ecosystem restoration and community co-management</p> <p>Output 5.4: An online platform developed for data sharing focusing on restoration</p>
Component 4: Knowledge management and impact monitoring	Component 4: Knowledge management and impact monitoring
Outcome 4: Project results are tracked, and impact of interventions evaluated, with learning captured and shared across Malaysia and FOLUR programme	Outcome 6: Adaptive management and sustainability facilitated through impact monitoring & evaluation and knowledge shared across Malaysia and FOLUR programme
<p>Output 4.1: Partnerships with tertiary and research institution/s for longitudinal studies on impacts of forest restoration and community co-management</p> <p>Output 4.2: Knowledge sharing for replication of best practice between Sabah, Sarawak, nationally and internationally through FOLUR global platform and UNDP Green Commodities programme, and participation in the global IP framework events and activities</p> <p>Output 4.3: Public awareness, communications and knowledge management for project across states</p> <p>Output 4.4: Project monitoring and evaluation and establish sustainability plan, for achievement of all project outcomes</p>	<p>Output 6.1: Project implementation and results monitored, evaluated and reported</p> <p>Output 6.2: Knowledge sharing for replication of best practice nationally and internationally through FOLUR global platform and UNDP Green Commodities Programme, and participation in the global Impact Programme events and activities</p>

Global environmental problems, root causes, and barriers that need to be addressed (system description)

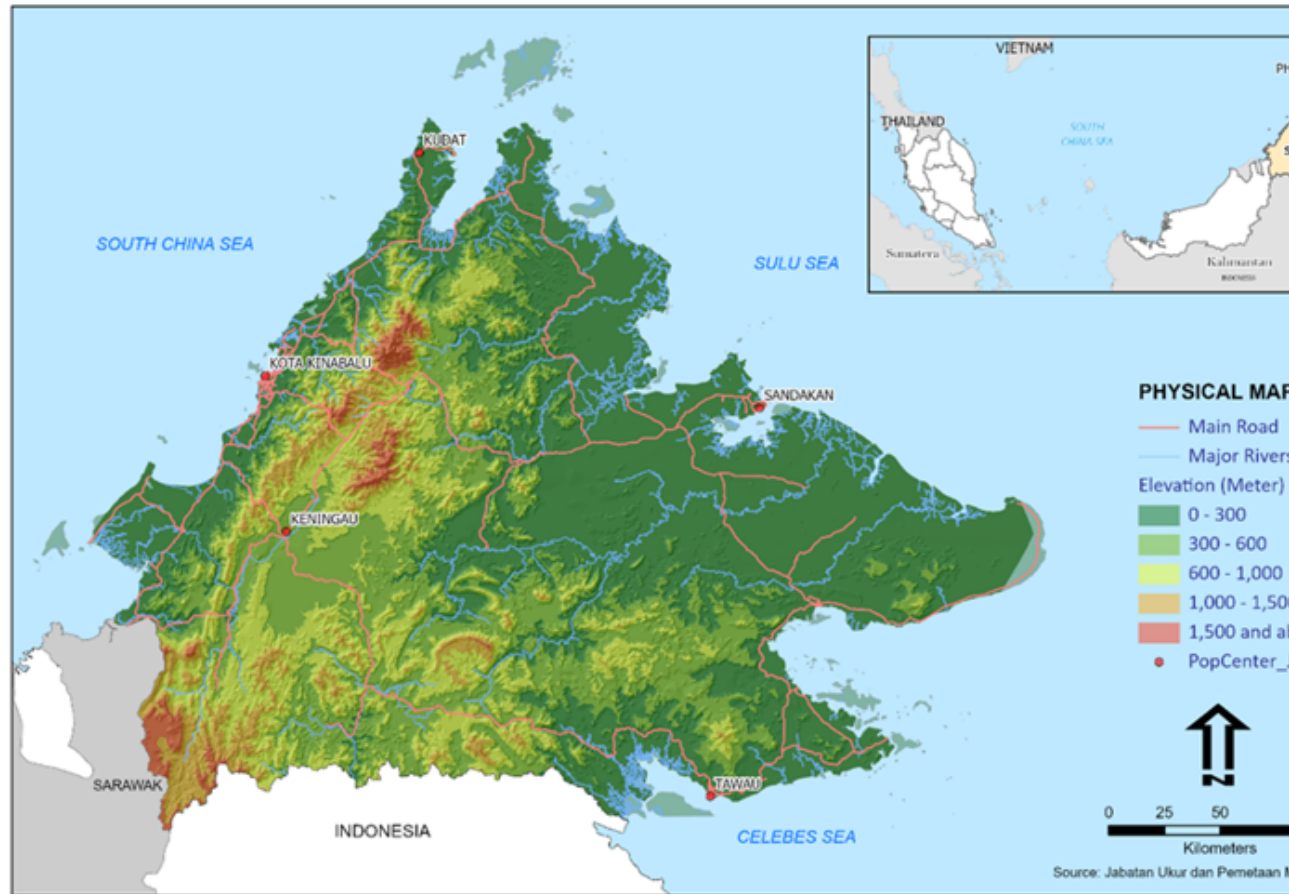
Malaysia is one of the 17 megadiverse countries[1]¹ globally, richly endowed with biological diversity in its forests and marine ecosystems. The East Malaysian State of Sabah is the second largest state in the country at 73,620 sq. km (see *Figure 1* of the Project Document). Sabah's population grew from 3.21 million in 2010 to 3.41 million in 2020, with 2.02 million males, 1.86 million females and 728,200 households, making up approximately 10% of Malaysia's population[2]². Located in northern Borneo, Sabah has a variety of ecosystems, from cloud and montane forests in Crocker Range in the west, upland and lowland forests in the central region, and lowland forests in the east. The tropical rainforests of Sabah are important global carbon sinks and are also home to over 6,000 species of flowering plants, 450 bird species and 42 endemic mammal species. Globally significant species include the Bornean orangutan (*Pongo pygmaeus*, IUCN Red List Critically Endangered CR), proboscis monkey (*Nasalis larvatus*, IUCN Red List Endangered EN), sun bear (*Helarctos malayanus*, IUCN Red List Vulnerable VU), banteng (*Bos javanicus*, IUCN Red list EN), Sumatran rhinoceros[3]³ (*Dicerorhinus sumatrensis*, IUCN Red List CR), Borneo pygmy elephant (*Elephas maximus borneensis*, IUCN EN) and clouded leopard (*Neofelis diardi*, IUCN Red List VU). All these species are found in the Heart of Borneo (HoB) landscape in Sabah which is about 53.3% of Sabah's land surface[4]⁴.

[1] Mittermeier, R.A., Robles-Gil, P., Mittermeier, C.G. (Eds) 1997. Megadiversity. Earth's Biologically Wealthiest Nations. CEMEX/Agrupacion Sierra Madre, Mexico City

[2] Department of Statistics Malaysia

[3] Locally extinct in Malaysia since end of 2019.

[4] The HoB covers an approximate 220,00 km² area of ecologically interconnected rainforest, which the countries of Indonesia (Kalimantan provinces), Malaysia (the states of Sabah and Sarawak) and Brunei Darussalam agreed in 2007 to the government-led and NGO-supported HoB Initiative, which aims to conserve the biodiversity of the HoB for the benefit of the people who rely upon it.



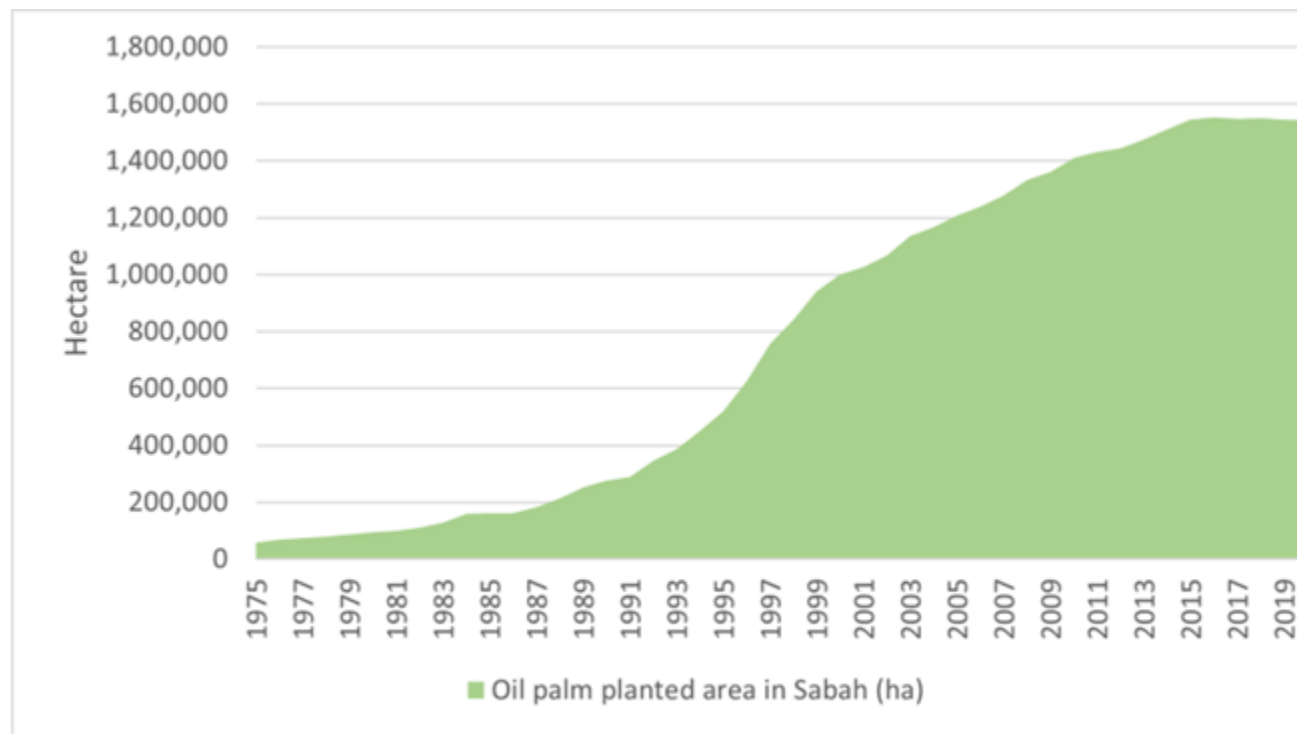
Project Document Figure 1: Physical map of Sabah

Context:

Malaysia's food system is shaped by agriculture and commodity production. At the national level, agriculture contributed 7.1% of the Gross Domestic Product (at 2015 constant prices, Department of Statistics) while in Sabah it contributed 15.9% in 2021. Both are intricately linked through land use systems and rural livelihood generation. Malaysia ranked 41 on the Global Food Security Index (GFSI) out of 113 countries with an overall score of 69.95. From the four attributes that contribute to the overall score, Malaysia performed highest in terms of affordability (score of 87), quality and safety (74.7), availability (59.5) followed by the lowest scoring in terms of sustainability and adaptation at 53.7. Key challenges facing the sector are linked to increasing production costs and declining yields, climate risks and infectious diseases, shortages of labour because of rural to urban migration and high dependence on foreign labour.

The goal of long-term conservation and sustainable use of forests in Sabah is confronted by a number of threats and challenges, however. In recent decades, conversion and degradation of forest and peatland habitat have proceeded apace, driven by logging and expansion of oil palm and wood product plantations, as Sabah seeks to promote economic development, albeit at the cost of long-term loss of significant natural capital. For example, the planted area of oil palm in Sabah has increased from <60,000 ha in 1975

to >1.5 million ha in 2021, occupying approximately 21% of the total land area of the state (as shown below in *Figure 2* of the Project Document).



Project Document Figure 2: Oil palm planted area in Sabah, 1975-2021 (hectare)

The oil palm industry has grown into a major economic force in Malaysia, now the fourth largest contributor to the economy, employing nearly one million people and an important foreign exchange earner. In 2020, oil palm accounted for 37.1% of the GDP of the agricultural sector, compared to 5.2% from forestry & logging and 2.5% from rubber.[1] Crude palm oil (CPO) production from Sabah represent a significant proportion nationwide, with 4,361,537 tons produced in Sabah in 2021, or 24% of the total 18.11 million tons produced in Malaysia that year.[2] As a global commodity, production and revenue are intrinsically influenced by market prices, export demand, trade policies and other externalities. The total CPO production in 2021 was actually down 5% from 2020, when 19.14 million tons were produced[3].But export revenues increased by 48% from MYR 73.33 billion (approx. USD 15.77 billion) in 2020 to MYR 108.52 billion (approx. USD 23.34 billion) in 2021 due to higher prices in the world trade.[4] Among the export destinations in 2020, China, Kenya, Philippines and South Korea showed increases from the previous year (see below *Table 1* of the Project Document). In the case of Sabah, its top-five palm oil export destinations in 2020 were China, Philippines, U.S.A., India and Netherlands (see *Table 2* of the Project Document)

[1] Department of Statistics Malaysia website:

https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=72&bul_id=TDV1YU4yc1Z0dUVyZ0xPV0ptRlhWQT09&menu_id=Z0VTZGU1UHBUT1VJMFpaXRRR0xpdz09

[2] MPOB Economics and Industry Development Division. Retrieved from:
<https://bepi.mpob.gov.my/index.php/en/production/production-2021/production-of-crude-oil-palm-2021>

[3] MPOB Economics and Industry Development Division. Retrieved from:
<https://bepi.mpob.gov.my/index.php/en/production/production-2021/production-of-crude-oil-palm-2021>

[4] MPOB. Overview of the Malaysian Oil Palm Industry 2021. Retrieved from:
<https://bepi.mpob.gov.my/images/overview/Overview2021.pdf>

Project Document Table 1: Malaysian Palm Oil Exports in 2019 and 2020[1]

Country of destination	2019 (tonnes)	2020 (tonnes)	Difference	
			Volume (tonnes)	%
China	2,490,503	2,730,660	240,157	10%
India	4,409,511	2,745,081	- 1,664,430	-38%
EU	2,077,465	1,937,088	- 140,377	-7%
Pakistan	1,085,546	1,003,601	- 81,945	-8%
Japan	498,359	433,022	- 65,337	-13%
Kenya	193,340	520,758	327,418	169%
Philippines	629,086	693,441	64,355	10%
South Korea	423,105	453,278	30,173	7%
Turkey	709,262	615,872	- 93,390	-13%
USA	542,161	540,349	- 1,812	0%
Vietnam	595,265	436,839	- 158,426	-27%
Total	13,655,622	12,112,009	- 1,543,613	-11%

Project Document Table 2: Sabah palm oil exports in 2020[2]

Country of destination	2020 (tonnes)
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China	1,264,238
Philippines	549,790
U.S.A.	402,118
India	401,232
Netherlands	345,250
Japan	295,264
Pakistan	235,959
Taiwan	206,736
South Korea	202,546
Vietnam	192,053

The expansion of oil palm plantations in Sabah has resulted in considerable loss of forest resources. The total forest cover of Sabah HoB was reduced from 3,176,568 ha in 2015 to 2,948,357 ha in 2019, a reduction of 228,211 ha over the five-year period. Within and adjacent to the Sabah HoB area, conversion of lowland forest took place in some parts of the Sugut Watershed. Large tracts of upland forests were also cleared throughout Sabah except in the border areas with North Kalimantan, the vicinity of Danum Valley Conservation Area, Tawau Hills Park and the eastern section of the HoB. Conversion of montane forests happened on the slopes of Mount Kinabalu, the Crocker Range and the upper Padas area.[\[3\]](#)

The country is strategically positioned to turn this situation around, building on its historical commitment to forest conservation, through the network of protected areas across peninsular Malaysia and Borneo, and through implementing best-practice reduced impact logging in Sabah since the 1990s. The Sabah State Government has a policy to keep 50% of the state under forest cover, controlling expansion of commodities. And, in March 2019, the Cabinet of Malaysia approved a proposal by the Ministry of Primary Industries and Commodities to cap oil palm plantation expansion to 6.5 million ha in the country, up from 5.85 million ha reached at the end of 2018. The ban also includes restriction of development of peatland and conversion of permanent forest reserves for palm oil. There are certain exemptions for smallholders, which hold a significant proportion of the oil palm footprint and production. Malaysian Palm Oil Board (MPOB) statistics indicate that independent smallholders held 863,360 ha (15.1%) and various scheme smallholders held approx. 672,986 ha (11.7%) of the roughly 5.73 million ha planted in 2021. The ban on further expansion, no deforestation pledges and sustainability demands have mostly been oriented towards corporate plantations, but there are substantial risks associated with smallholders, irrespective of the size of their holdings.

The project will help fulfil Malaysia's pledge, made in 1992, to maintain at least 50% of its land area under forest and tree cover in perpetuity, in addition to signing the three Rio Conventions and the Paris Agreement. The Twelfth Malaysia Plan 2021-2025 sets out the country's vision for advancing sustainability and resilience through embracing circular economy and green growth. The country's National Agricommodity Policy 2021-2030 set forth five core thrusts – sustainability, productivity, value generation, market development and inclusivity. In line with the five core thrusts, the MPOB is reviewing the sustainability standards within the Malaysian Sustainable Palm Oil (MSPO) certification. In meeting the global demand for sustainability, three elements on economic cycle, forced labour and placement of plantation workers were added to the MSPO 2022, replacing the MSPO introduced in 2013. MSPO 2022 also witnesses the palm oil industry adopting the high conservation value (HCV) concept with national interpretation in MSPO HCV guidelines. MSPO 2022 adopts policies that commit to no deforestation, no peat development, and no exploitation. MPOB is working towards the nationwide implementation of MSPO certification for all palm oil growers, including smallholders, to ensure the implementation of good practices across the whole supply chain. As of March 2022, 97.3% comprising oil palm plantations and smallholders as well as 453 out of the total 464 licenced palm oil mills in the country had received the MSPO certification[4]. The state of Sabah has committed to a deforestation-free supply chain by 2025, through a multi-stakeholder Jurisdictional Certification Steering Committee. The Third Sabah Agricultural Policy 2015-2024 stresses that "further expansion of oil palm cultivation will not be encouraged".[5]⁵

The project specifically focuses on addressing sustainability issues in relation to the production of oil palm, which is one of the five globally-traded commodities specifically targeted by the GEF-7 FOLUR Impact Program, for which growing demand as sources of raw material for global commodity trade will increase deforestation risks worldwide and the value chains of which are associated with loss of natural habitats, erosion of genetic diversity, overexploitation of land and water resources, overuse of chemical fertilizers and pesticides, increased greenhouse gas emissions, and inefficient practices that lead to food loss and waste.

The palm oil industry in Sabah is dominated by several key players involved in production, processing and trade which are listed in below in *Table 3* of the Project Document. Most of the companies listed below source palm oil from their own industrial plantations as well as from third-party suppliers which include privately owned plantations, independent smallholders, dealers and collection centres. There is some limited engagement from buyers into sustainable production initiatives in the region, principally through the Sabah Jurisdictional Certification Steering Committee.

Project Document Table 3: Some of the major upstream companies operating in Sabah

Company name	Key activities
Sime Darby Plantations	Plantation, milling, refining, processing, trading
IOI Corporation	Plantation, milling, refining, processing, trading
Kuala Lumpur Kepong Berhad	Plantation, milling, refining, trading
Genting Plantations Berhad	Plantation, milling, refining, trading
Federal Land Development Authority (FELDA / Felda Global Ventures Holdings)	Plantations, smallholder plantation management (Felda settlers programme)
Wilmar International Sdn Bhd.	Plantations, milling, refining, trading
Sawit Kinabalu	Plantations
TSH Resources	Plantations
Kim Loong Resources Bhd	Milling
Note: These groups may be linked to subsidiaries involved in other parts of the palm oil supply chain - only the parent company name is listed above to avoid complications.	

Some buyers who source directly and/or indirectly from refineries in Sabah are listed below in *Table 4* of the Project Document.

Project Document Table 4: Some of the key international palm oil buyers and traders sourcing from Sabah

AAK (Secondary refiner and trader)	Louis Dreyfus Commodities (LDC)
Archer Daniels Midland (ADM) (Secondary refiner and trader)	Mars
Bunge Lodders Croklaan	Mondelez
Cargill	Nestl?
COFCO International (Secondary refiner and trader)	Pepsi Co.
Colgate Palmolive	Procter and Gamble (P&G)

Fuji Oil (Secondary refiner and trader)	Unilever
IKEA	

Geographic scope of the project:

The project will work across the following geographic scope

- State level:** The Lead Implementing Partner (Executing Agency) is the Sabah Forestry Department (SFD), and the project is aligned with SFD's mandate and work programme. Activities focused on strengthening the policy framework on integrated landscape management has a state-wide dimension. And the project will work directly with the Sabah Jurisdictional Approach (JA) to Certification of Palm Oil Initiative.
- Project landscape:** The project landscape, described below, was delineated through stakeholder consultations completed during the project preparation phase and including the major commodity production areas in the state as well as critical expanses of globally significant biodiversity. An integrated landscape management framework (ILM) framework will be developed for the project landscape, and interventions, including those involving oil palm smallholders and medium-sized growers, will be prioritised across the landscape.
- Key intervention areas:** Three key intervention areas have been identified within the project landscape, where the GEF funding can provide incremental value in advancing ongoing initiatives, including in the Kinabatangan-Segama Catchment and Lower Sugut Catchment, as well as in the southwest part of the state where there are important remaining stands of high conservation value forests.
- Intervention sites:** Intervention sites are locations within the project landscape where field level activities will be implemented. An intervention site may be defined as a single or a cluster of villages, a district, a specific location within a catchment, etc. A few potential intervention sites are discussed in the Project Document, but these sites will be selected and vetted during project implementation, e.g., as part of the development of the integrated landscape management framework.

Project landscape:

The project landscape was selected taking into consideration the criteria of the FOLUR Impact Program, as listed below.

- i. Production landscape that remains critical for GEBs but where remaining forests are threatened by expansion of commercial commodities.
- ii. Production landscape/system for globally important food crops or livestock that creates major externalities.

- iii. ?Frontier? landscape where opportunity exists to preempt expansion and get ahead of commercial-driven forest loss.
- iv. Highly degraded landscape in need of restoration for the ecosystem services they provide to agriculture production.

The project landscape covers 12 districts in Sabah namely Beluran, Kalabakan, Keningau, Kinabatangan, Kunak, Lahad Datu, Nabawan, Sipitang, Tawau, Telupid, Tenom and Tongod (see below in *Figure 3* of the Project Document). These districts have a combined land area of 5,383,200 ha, constituting 73.1% of the total land area of Sabah. The cumulative area of totally protected areas within the landscape is 1,956,109 ha; thus, the total area excluding protected areas is 3,427,019 ha.

[1] MPOB Economics and Industry Development Division. Retrieved from:
https://bepi.mpob.gov.my/index.php/en/?option=com_content&view=category&id=109.

[2] Source: Department of Statistics Malaysia, Statistics Yearbook Sabah 2020

[3] Source: WWF (forthcoming). Environmental Status of Borneo 2020 (draft)

[4] Source: MPOB

[5] Source: Ministry of Agriculture and Food Industry, Sabah. Third Sabah Agricultural Policy 2015-2024



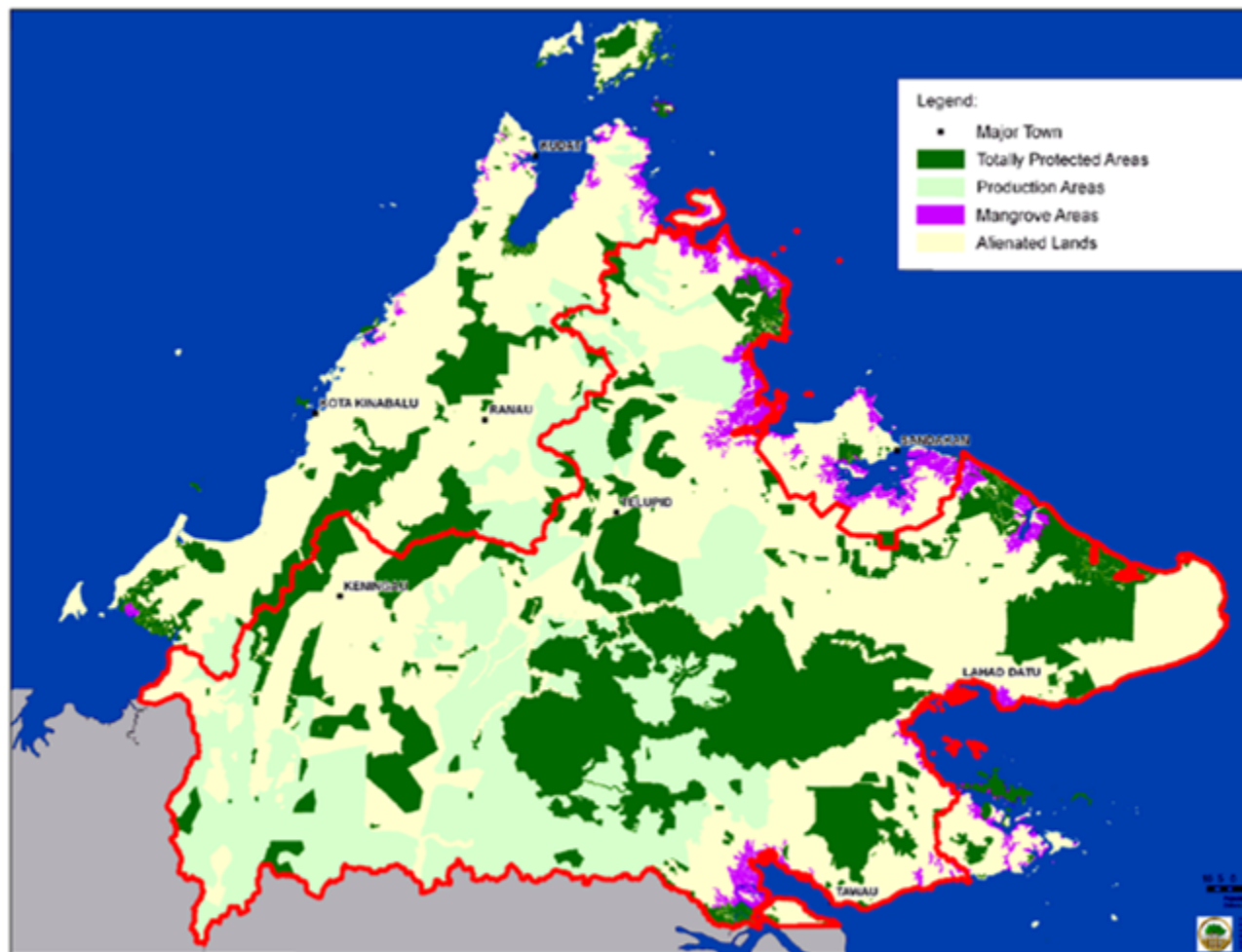
Project Document Figure 3: Map showing project landscape

According to available information at the Department of Statistics Malaysia (DOSM), the 12 districts in the project landscapes had a cumulative population of 1,407,826 inhabitants in 2020, comprising of 36% of the state's total population. Some of the districts in the project landscape have the highest incidence of poverty in Malaysia. Tongod, which is part of the project landscape has an incidence of absolute poverty of 56.3%. Telupid, Nabawan and Kinabatangan have also experienced high incidence of absolute poverty of above 30%.[1] Effective management of the natural resources in the project landscape is therefore crucial for the long-term wellbeing and livelihoods of the local community.

The project landscape consists of 2,110,833 ha of forest reserves, out of which 965,823 ha (or 46% of the total forest reserves) are Class II ? Commercial Forest Reserve; 818,200 ha (39%) are Class I ? Protection Forest Reserve; 139,503 ha (6%) are Class VII ? Wildlife Reserves; 109,754 ha (5%) are Class V ? Mangrove Forest Reserves; and 165 ha (less than 0.01%) are Class IV ? Amenity Forest Reserve. Together these forest reserves constitute about 39.2% of the project landscape's area. The forest reserves are administered by Sabah Forestry Department. Alienated lands also form a significant

part of the project landscape. Administered by Lands and Surveys Department, alienated lands are land areas which have been alienated either on Country Lease or Native Titles. These lands may be developed as agricultural land such as for oil palm plantations. In fact, 26.8% (1,444,937 ha) of the project landscape were planted with oil palm in 2020. Other important land uses include state parks (administered by Sabah Parks such as the 27,972 ha Tawau Hills Park), wildlife sanctuaries (administered by Sabah Wildlife Department such as the 26,103 ha Lower Kinabatangan Wildlife Sanctuary), and residential and commercial (for development or use by residential property and commercial developments, respectively, which are administered by Lands and Surveys Department) (as shown below in *Figure 4* of the Project Document).

[1] Source: Department of Statistics Malaysia. Statistic Yearbook Sabah 2020



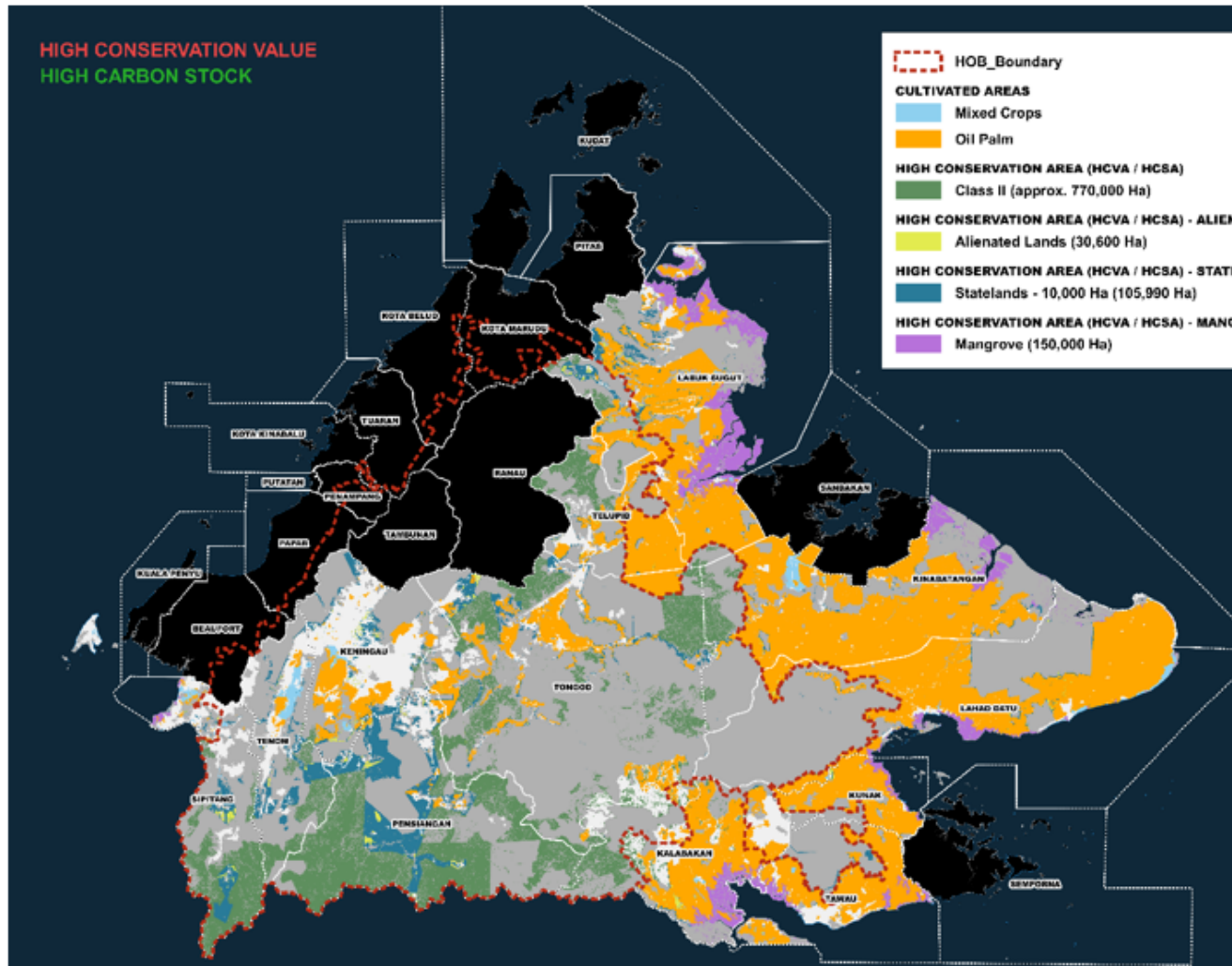
Project Document Figure 4: Land classification within the project landscape¹

Class II - Commercial Forest Reserve is one of the main features of the project landscape. Besides, a vast area of the project landscape is planted with oil palm. In fact, 80% of the planted area of oil palm

in Sabah are found in the project landscape. There are other food and industrial crops in the project landscape, but oil palm is by far the most dominant crop with a total planted area of more than 1.4 million ha.

The target landscape is highly significant in terms biodiversity values, as the area is overlapped with the Heart of Borneo (HoB), and total of 132,600 ha is classified as highly protected reserve forests: Maliau Basin Conservation Area (58,800 ha), Imbak Canyon Conservation Area (30,000 ha), and Danum Valley Conservation Area (43,800 ha). Significantly, high conservation areas (HCAs) comprising of high conservation value areas (HCVAs) and high carbon stock areas (HCSAs) are found outside the protected areas in the project landscape. The Sabah Forestry Department has identified 770,000 ha of HCAs in Class II - Commercial Forest Reserve; 150,000 ha in mangrove forests; 105,990 ha in state lands^[1] and 30,600 ha in alienated lands. Many of the HCAs are located next to oil palm plantations (see *Figure 5* of the Project Document). This situation underscores the need to adopt an integrated land use planning strategy to effectively protect and conserve the HCAs in the project landscape.

^[1] State lands are land areas which are owned by the government and not developed for any specific purpose, administered by Lands and Surveys Department and Natural Resource Office.



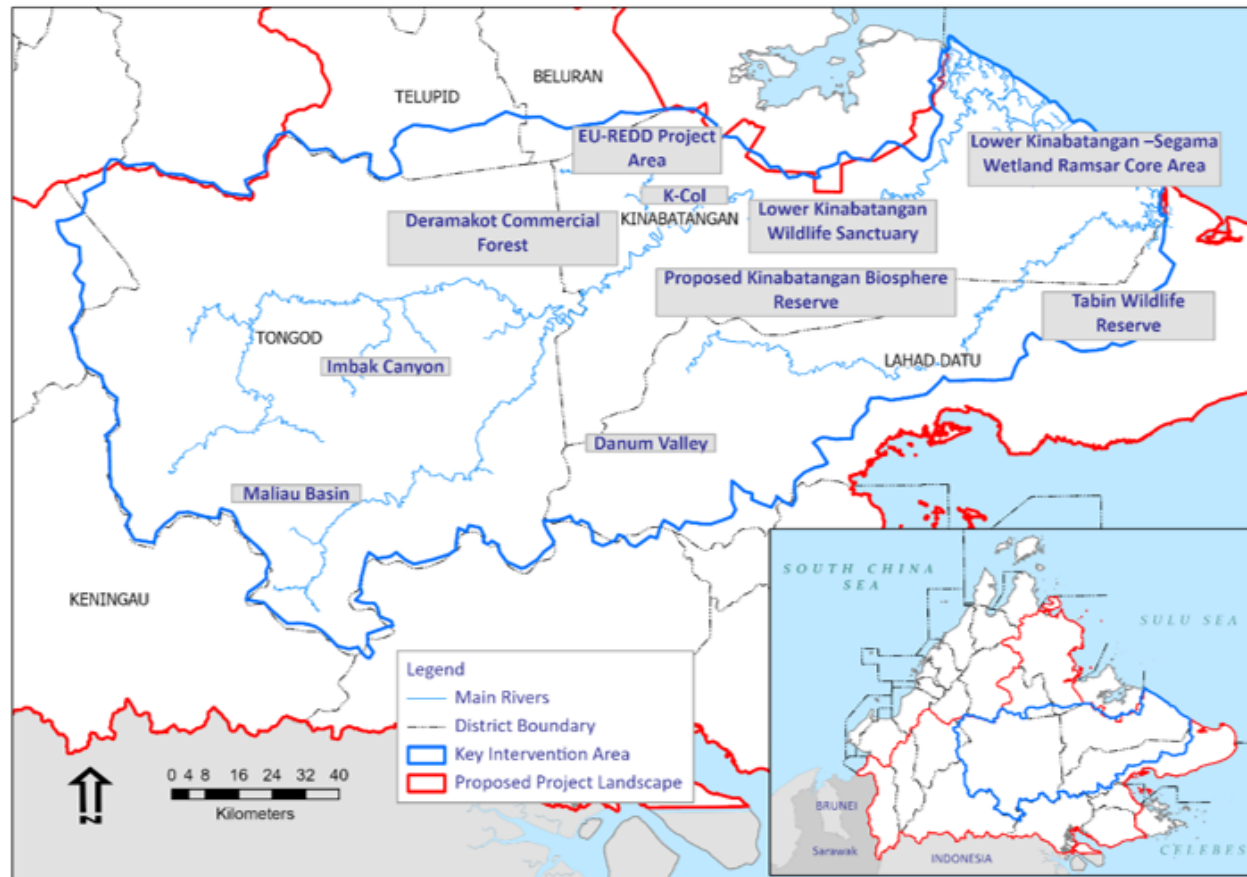
Project Document Figure 5: Composite map of high conservation areas in the project landscape

Key Intervention Areas:

During the baseline analyses made during the PPG phase, three key intervention areas were identified in the project landscape for potential intervention. Adopting a landscape approach that aims at reconciling competing demands for allocating and managing land in order to achieve social, economic, and environmental objectives, some of these key intervention areas go beyond site-based conservation to traverse administrative district borders.

Key Intervention Area No. 1: the Kinabatangan-Segama Catchment (including the Tongod, Kinabatangan and Lahad Datu districts): The Kinabatangan River is 560 km long, the second longest river in Malaysia. It has a water catchment area of about 16,800 km². The river has its headwaters in the mountains of southwest Sabah in Tongod, flowing east through Kinabatangan district

and to its outlet at the Sulu Sea which is part of the Coral Triangle (see Figure 6 of the Project Document). The Segama River is the second longest river in Sabah, spanning 350 km long, with a catchment area of approximately 4,124 km². The lower reaches of the two rivers was designated as Ramsar Site on 28 October 2008, covering 78,803 Ha, being the largest Ramsar site in Malaysia.



Project Document Figure 6: Map of the Kinabatangan-Segama Catchment (Key Intervention Area)

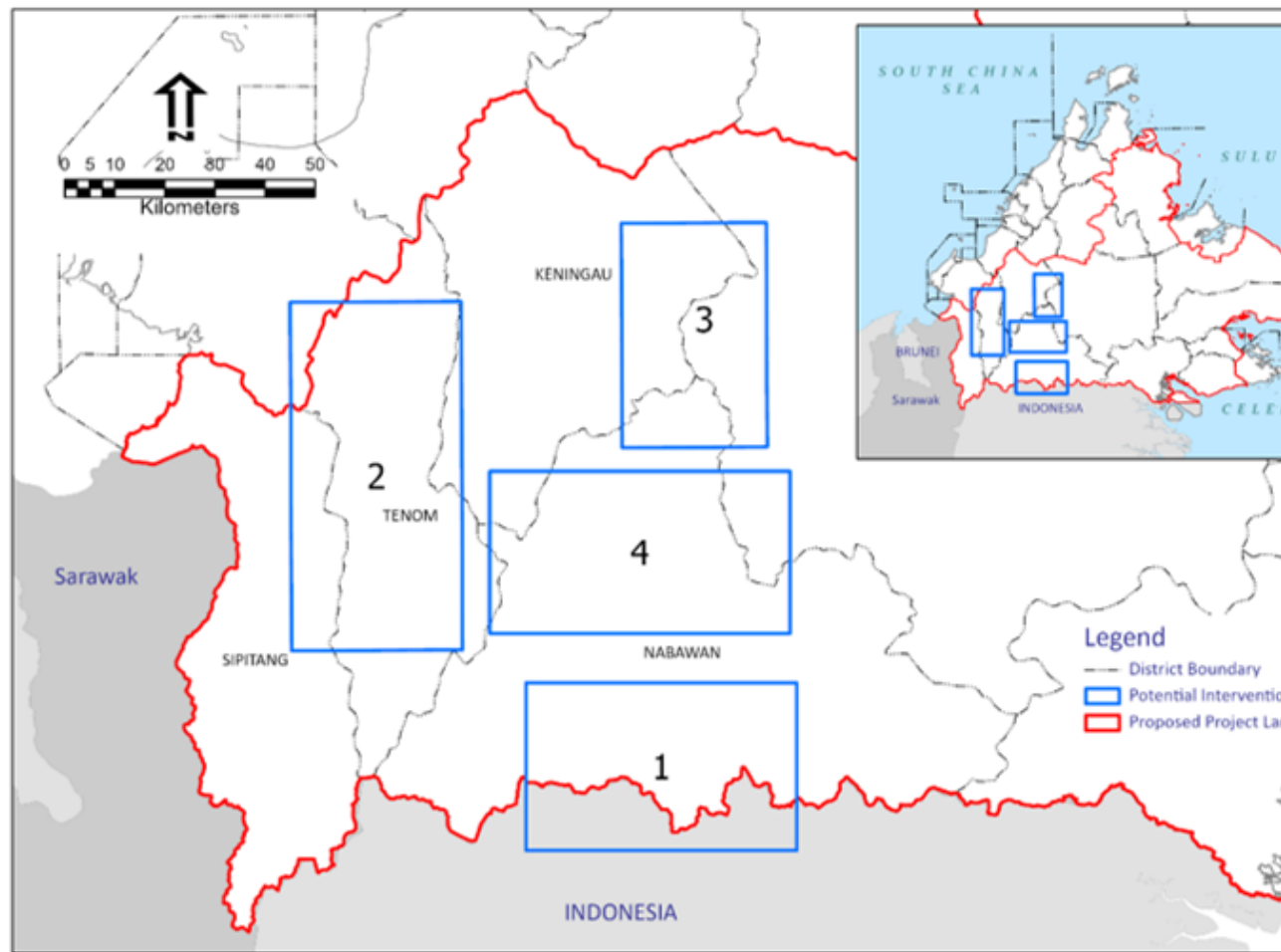
The catchment area is a major hotspot for biodiversity and is well-known for its abundant and diverse wildlife. It has a variety of forest type that supports the habitats of a wide range of animal species including potentially all ten species of primates in the Lower Kinabatangan-Segama Wetlands (LKSJ)[1]. The area also supports 25 species of fauna and 9 species of flora that are listed in IUCN Red List of Threatened Species and Appendices I or II of the Convention on International Trade in Endangered Species (CITES)[2]. Forest fires, illegal hunting, competition for land for logging and agriculture expansion of oil palm plantations previously in the midstream and downstream regions and water pollution have adversely affected its ecological connectivity and services. The LKSJ Ramsar Site Management Plan recognises the importance to strengthen linkages between government agencies, the community, and industry in achieving environmental conservation, connectivity and protection in the Kinabatangan and Segama river basins. While efforts have been intensified to enhance the management of the LKSJ Ramsar Site core areas, initiatives in the buffer area is lacking due to the sheer size of the river basins. The landscape includes three major conservation areas (Danum Valley, Maliau Basin and Imbak Canyon), as well as the Deramakot, Ulu Segama Forest Reserves, and part of

Tabin Wildlife Reserve. It also includes key initiatives such as the proposed Kinabatangan Biosphere Reserve, Kinabatangan Corridor of Life (KCoL) and the recently concluded European Union Reducing Emissions from Deforestation and forest Degradation (REDD+) project site. This intervention adopts an integrated approach that take into account a wide range of ecological, economic and social factors and facilitates the participation of key government departments, district offices, forest industries, oil palm plantations, local communities, NGOs, etc. The project focus will be on supporting integrated landscape management and restoring degraded areas in the catchment that are vital for reviving ecological services, creating wildlife corridors and improving wildlife habitat.

Key Intervention Area No. 2: Southwest Sabah - Nabawan, Keningau, Tenom districts: This intervention area involves restoring degraded areas outside the protected forest reserves (Class I) in three contiguous districts in southwest Sabah, an integral part of the Heart of Borneo landscape. Biodiversity values are high in this area, with high distribution of isolated orangutan and occurrence of endemic species such as endangered timber species under the IUCN red list, including keruing (*Dipterocarpus* spp.) and kapur (genus *Dryobalanops*). These areas, once restored, will contribute to the ecological connectivity in the region which also forms part of the Pensiagan-Ulu Padas Landscape under the Large Natural Landscape initiative promoted by Sabah Forestry Department. More specifically, this intervention will entail effort to: (a) restore the areas between FMU 5 and FMU 6, where forest ecosystems have been fragmented by a strip of alienated land (see potential intervention site 1 shown in *Figure 7* of the Project Document); (b) restore the riparian of Padas River network or involve the local community to collaboratively manage the buffer zone between settlement areas and Gunung Lumaku Forest Reserve (potential intervention site 2 shown in *Figure 7* of the Project Document); (c) restore the degraded areas in FMU 11 community compartment and 34,000-ha Nabawan Scheme (potential intervention site 3 shown in *Figure 7* of the Project Document); and (d) restore the land swapped from local communities in 2017 which is located between the Pensiangan Forest Reserve (Class I) and Mandalom Forest Reserve (Class II) (potential intervention site 4 shown in *Figure 7* of the Project Document).

[1] Sabah Forestry Department Lower Kinabatangan-Segama Wetland (LKSW) Ramsar Site presentation on 29 September 2022

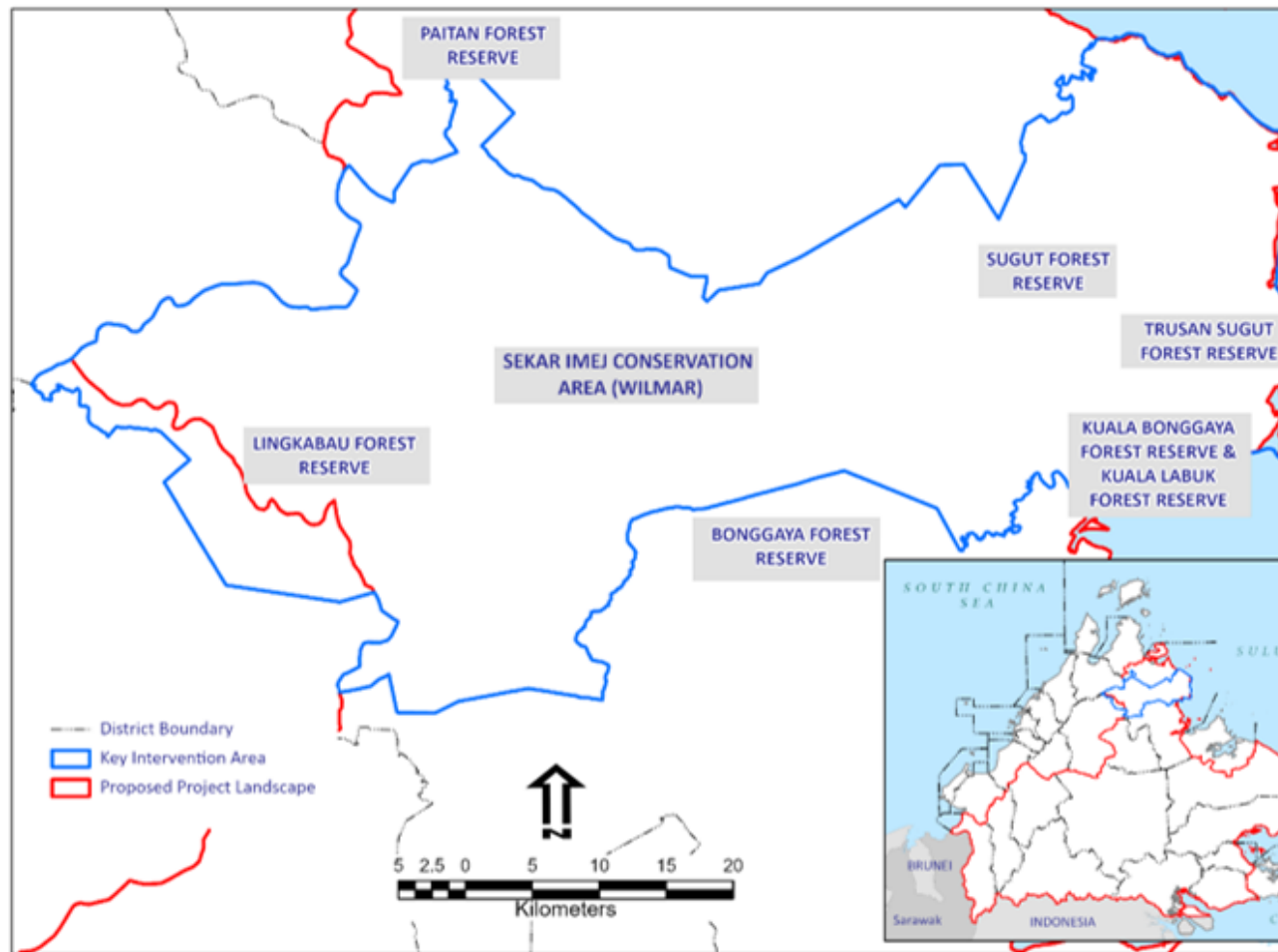
[2] Ibid.



Project Document Figure 7: Key Intervention Area No. 2, southwest Sabah

Key Intervention Area No. 3: Lower Sugut^[1] (Beluran district): The 217,046 ha Lower Sugut intervention area is located in north-eastern Sabah (see *Figure 8* of the Project Document). The Sugut River is 178 km long with its headwaters in the foothills of Mount Kinabalu, flowing eastwards to its outlet at the Sulu Sea. The upper part of the Sugut River Basin is largely dominated by settlement areas and small-scale oil palm plantations (smallholders). The Lower Sugut is dominated by Class 1 Forest Reserves and large oil palm plantations. The area is home to Bornean orang-utans, bantengs, Sunda clouded leopards, Malayan sun bears, bay cats, pig-tailed macaques, oriental small-clawed otters, banded palm civets, bearded pigs and sambar deer. The project interventions will focus on repairing the area's degraded ecosystems by replanting trees and establishing ecological corridors to reconnect fragmented wildlife populations.

^[1] Adopted as part of WWF-Malaysia's Living Landscapes Programme



Project Document Figure 8: Map of Lower Sugut (Key Intervention Area No. 3)

Intervention Sites:

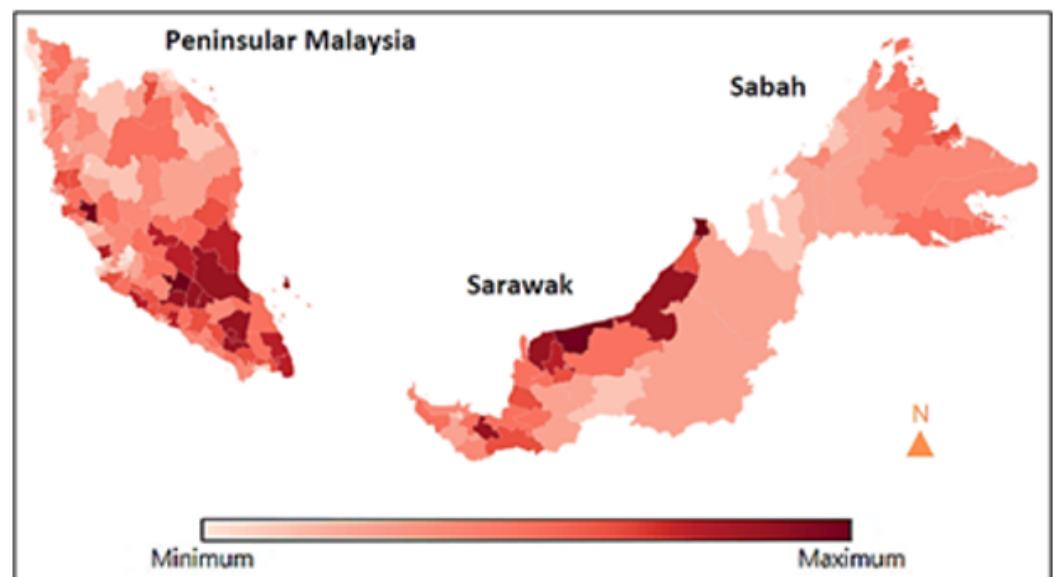
Specific sites for intervention will be confirmed during development of the integrated landscape management framework under Output 1.1 and the supporting assessments carried out in Outputs 5.1.

More information on the project landscape and key intervention areas is provided in the *Landscape profile* in **Annex 16** to the Project Document.

Threats and root causes (drivers):

Although there remains significant forest cover in the project landscapes, much of it is fragmented and degraded. **Increasing population** is an important threat to forest resources, with growing demand for food, water, houses, jobs, energy, transportation, and other infrastructure. The Pan Borneo Highway,

which transverses the project landscape, through high conservation areas. Large-scale **agricultural development** in the 1990s has led to widespread forest loss, and while this has continued in various forms, there has been a resurgence in small and medium scale agriculture, as populations have returned to rural areas from urban centres that are increasingly expensive to dwell in, and from resettlement schemes to claim areas in ancestral lands now that infrastructure has improved. The **lack of a land development models** other than commodity crops (rubber and oil palm), and weak smallholder support, have resulted more land converted into oil palm and rubber. Sabah continues to deal with a series of legacy issues, associated with earlier unsustainable management effects. For instance, in the 1960s and 70s, peatlands were considered a wasteland and drained to improve productivity. There also has been extensive timber extraction in the past. While forest loss in Sabah over the period 2010-2021 may be not as high as some areas in Sarawak and Peninsular Malaysia, there remained to be active deforestation in the state including in the project landscape (see *Figure 9* of the Project Document).

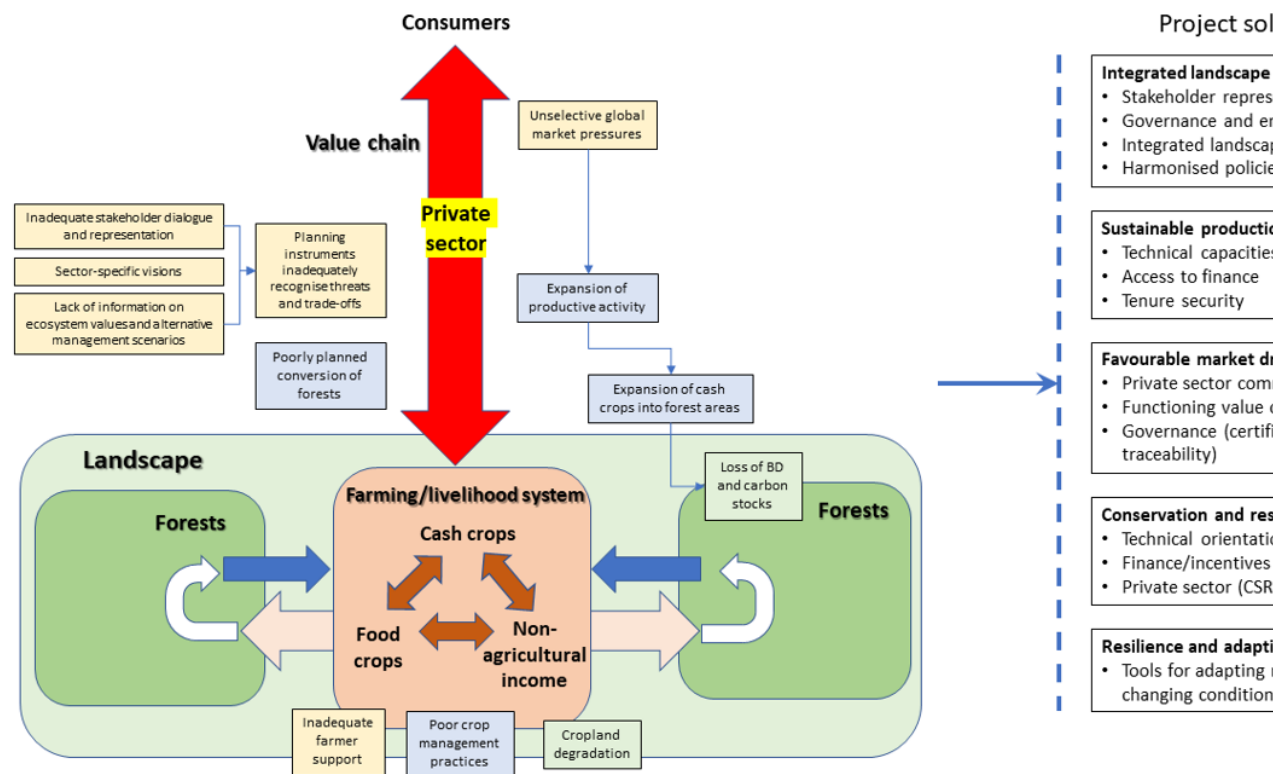


Project Document Figure 9: Forest loss in Malaysia according to administrative divisions between 2010 and 2021

The effects of **climate change** is expected to have widespread impacts, e.g., an increase in precipitation or extended dry periods can destroy habitats and also prompt oil palm farmers to grab additional land to compensate for productivity deterioration. The 1997 strong *El Nino* was shown to have affected the productivity of the forest and increased mortality of large trees. Prolonged drought periods also pose a risk for **forest fires**, particularly in peatland ecosystems. **Hunting and poaching** continue to present a substantive threat to large forest fauna.

As outlined in the National REDD Plus Strategy, **drivers of forest degradation** were identified as: (a) forest fragmentation; (b) encroachment from past activities like agriculture and settlements; and (c) legacy issues from past management and shifting cultivation.

Threats and root causes are graphically illustrated on the problem tree presented below in *Figure 10* of the Project Document.



Project Document Figure 10: Problem tree analysis

Long-term vision:

The long-term situation that the project will help the Government of Malaysia to bring about in the target landscapes and food systems, in collaboration with multiple stakeholders at national, state, and local levels, in ways that:

- ? Generate benefits for the economy at local and state levels.
- ? Minimise impacts on global environmental values (biodiversity, carbon stocks and the productive potential of natural and anthropic ecosystems).
- ? Are sustainable in productive and social terms.
- ? Are integrated with the livelihood support and food production systems of local populations, and do not undermine the resilience of their livelihoods or their access to safe and nutritious food.

- ? Build on and enhance collaborative structures that already exist and are directly relevant to the project outcomes, including the Jurisdictional Approach Initiative in Sabah.

At landscape level, the vision of the project is that the landscapes reach conditions of sustainable yet dynamic equilibrium, responding and adapting to evolving conditions; and that the benefits and costs resulting from natural resource management and production in the landscapes will be distributed in the most equitable way possible among different stakeholder groups both within and beyond the landscapes themselves, particularly with regard to considerations of gender, ethnicity and inter-generational equity.

Barriers towards achieving the long-term vision:

Barrier 1: Sector-centric planning and limited adoption of multi-stakeholder governance approaches. Land use planning across production and protection landscapes remain largely sector centric, and there is limited collaboration among policy makers and planners to integrate sector priorities that balance synergies between sustainable production, the well-being of local communities, and the protection of natural resources. There are also shortcomings with respect to participatory governance, with inadequate representation of the interests of different stakeholder groups, including vulnerable groups that rely on the ecosystem goods and services in a landscape but are unable to influence policy directions.

Barrier 2: Inadequate capacities and incentives for sustainable production. Currently there is limited long term commitment, support and investment by palm oil buyers into encouraging more sustainable production practices. Buyers seeking sources of sustainable production currently focus on their own supply chains and the product they source and not on practices more widely in the sector or on how they can support the enabling conditions for sustainable production. This is beginning to change with more companies looking to take a landscape or jurisdictional approach, but these approaches have yet to scale up. The existing jurisdictional work in Sabah has been addressing this, but still needs to be strengthened. There remains the challenge of how to make landscape and jurisdictional initiatives easier for the private sector to engage with and an unresolved question of how to scale them.

In respect specifically of smallholders, there has been limited inclusion of independent smallholders into sustainable value chains which means that they are unable to take advantage of market opportunities that actively reward sustainable production. Stemming from limited opportunities to interact with alternative sustainable value chain actors, and limited capacities to meet their requirements in terms of reliability and quality of supply, such as those set out in the standards of industry-based or third-party certification schemes. Limitations in the reach and approaches of extension services and other farmer support services and finance constrain smallholders' abilities to identify and apply sustainable alternative options for production and resource management. Extension services tend to be sector- and crop-specific, with a

strong focus on agronomic and productive issues at the expense of considerations of environmental sustainability or landscape dynamics, or of how cash crops relate to other components of farm families' overall livelihood strategies.

Barrier 3: Underlying socioeconomic structure and factors. Sabah has the highest incidence of poverty in Malaysia at 19.5% compared to the average in Malaysia at 5.6%^[1]. Its unemployment rate is ranked second highest in Malaysia at 5.8% compared to the Malaysia average at 3.3% in 2019. Though Sabah has the second highest number of schools due to its large land area, about 24.3% of rural households live more than 9km from the nearest schools contributing to a lower proportion of labour force with secondary education at 44.3% compared to the national average of 55.6%. In addition, skilled employed persons in Sabah constituted 14.4% compared to the national average of 27.5%. The socioeconomic factors especially of rural populations indicate underlying challenges that could influence efforts towards sustainable practices and production due to the limited economic options and dependence on natural resources. Integration of the socioeconomic perspectives is important to strengthen natural resource management and securing sustainable livelihoods and provision of food especially to the rural communities.

Barrier 4: Lack of sustainable participatory models for restoration and conservation of critical ecosystems. There has been numerous community-based restoration-rehabilitation and sustainable use of natural resources in Sabah, but durability has been limited due to a number of factors, including a lack of strategic management systems that provide reasonable economic return, making the schemes attractive to smallholders and the youth; a shortage of qualified extension service officers; a lack of enabling policies for sustainable utilisation of forest and non-forest resources by small and medium size enterprises; land conflicts, e.g., surveying farms under community forest management schemes is an arduous task, due to the lack of funds, manpower and the scattered distribution of the areas. Farmers also make land claims from other interested parties; lack of infrastructure and support systems, including logistics for transporting planting materials.

Barrier 5: Limited flow of information and knowledge sharing. Management of landscapes that balance land use for food systems, cash crops, ecosystem services, conservation, leisure, etc., is a complex task that requires open access to information and sharing of knowledge among stakeholders. In many cases, policymakers, planners, farmers and other value chain actors do not have enough knowledge, skills, or experience to develop and advocate progressive plans and adaptive management practices, and, as a result, stakeholders often receive mixed messages that can lead to exacerbation of land conflicts among resource users.

Baseline scenario and associated baseline projects

There has been significant investment to date in Malaysia on addressing the impacts of commodity production systems on forest ecosystems. The focus to date has been on certification, including the Malaysian Sustainable Palm Oil (MSPO) certification system, which is mandatory nationwide, as well as the Roundtable on Sustainable Palm Oil (RSPO) which is additionally promoted in Sabah as part of the jurisdictional approach initiative. The Government of Malaysia has also capped the palm oil production area at 6.5 million ha. Under the baseline scenario, despite these efforts, expansion of oil palm and other commodities is likely to continue, causing ongoing loss of forests and the ecosystem services they provide.

Some of the key complementary baseline initiatives and policy and development frameworks are outlined below. The project will build upon lessons learned and strengthened capacities, and foster synergies through interaction on multi-stakeholder governance platforms, delivery of capacity building through learning-by-doing approaches and co-financing arrangements.

National/Federal:

12th Malaysia Plan (2021-2025). The objective of the Twelfth Plan is to achieve a prosperous, inclusive and sustainable Malaysia, in line with the Shared Prosperity Vision 2030 (SPV 2030). The Twelfth Plan is anchored on three key themes, namely resetting the economy, strengthening security, wellbeing and inclusivity, as well as advancing sustainability. The national development priorities of the Twelfth Plan will continue to be aligned to the Sustainable Development Goals (SDGs) of the 2030 Agenda. In the theme Advancing sustainability, it advocates circular economy, Integrated Water Resources Management (IWRM) and Green Economy Indicators. Natural ecosystem science and approaches will be mainstreamed into development planning and decision-making to ensure uninterrupted ecosystem services. In this regard, vital natural areas, such as High Conservation Value areas, Important Bird and Biodiversity Areas, and Particularly Sensitive Sea Areas will be recognized and protected.

National Agri-commodity Policy (2021-2030). This Policy sets the direction for the agri-commodity industry in Malaysia with sustainability as one of its priority policy direction, focusing on sustainable production and consumption and scaling up circular economy. It promotes green growth through certification and traceability across the value chain and reinforcement of the Government's policy towards sustainable oil palm cultivation.

National Agro-food Policy, 2021-2030 (NAP 2.0): The policy aims to develop a sustainable, resilient and technology-based agro-food sector in driving economic growth, improving the well-being of the

people as well as prioritising food security and nutrition. It supports sustainable food systems while strengthening conservation of forests and biodiversity and reduction in pollution through the adoption of sustainable farming practices.

Heart of Borneo (HoB) Initiative. The HoB initiative is a voluntary transboundary cooperation aiming at conserving and managing the transboundary highlands of Borneo and parts of the adjacent foothills and lowlands, which straddle the borders of Brunei Darussalam, Indonesia, and Malaysia. This initiative has been included on the Federal government's agenda for many years, committed to its implementation, the Ministry of Energy and Natural Resources[2] has contributed funding for various projects and activities implemented by the various state government agencies under the initiative.

National Landscape Policy. The policy is aimed at creating holistic, quality, unique and sustainable landscapes to realise the vision of Beautiful Garden Nation towards improving the quality of life and increase economy competitiveness in Malaysia. It serves as an instrument to ensure wise management of national landscape resources and assets as well as addressing global warming and climate change issues.

Social Forestry Strategic Plan of Malaysia (2021-2025): The plan presents a framework for social forestry programme implementation in Malaysia to support integrated governance (community and authorities) and **resolving land issues** through policy and legislative measures. The strategic plan also promotes the need for increasing capacity through human resources, public awareness, collaboration and social forestry database, mainstreaming social forestry financing into federal and state policies and creating incentive systems to encourage participation in social forestry. In addition, mapping and formulation of forest resource management plans at the community level including identifying potential non-forest timber produce and services and mechanisms for benefit sharing is also promoted.

Malaysia Sustainable Palm Oil (MSPO) certification. Introduced in 2013, the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme is the national scheme in Malaysia for oil palm plantations, independent and organised smallholdings, and palm oil processing facilities to be certified against the requirements of the MSPO Standards. MSPO Standards contains seven (7) principles which form the general requirements of a management system framework, based on the three pillars of sustainability, i.e. economically viable, socially acceptable, and environmentally sound. The total oil palm area in Malaysia certified under MSPO as of 07 October 2022 was 5,753,703.1 ha.

Sustainable Palm Oil Clusters (SPOC) programme. The SPOC programme, implemented by the Malaysian Palm Oil Board (MPOB) aims to improve productivity, sustainability and farmer

incomes by improving best agriculture practices. Organisation of farmers into cooperatives, technology transfer, extension services and replanting funding assistance are the key components of the initiative.

Sustainable Oil Palm Grower Cooperatives (KPSM). The focus of KPSM, implemented by the MPOB, is to remove and scrutinise dealers and middlemen in the supply chain who take advantage of independent smallholders by reducing their FFB buying price with a main interest in securing higher profitability when selling FFB to mills. KPSM cooperatives are set up to help smallholders sell FFB at a stable (higher price) directly to mills. Smallholders act as members, appoint one (1) lead farmer and one (1) MPOB Tunas officer as a board member of the cooperative.

Malaysian Timber Certification Scheme (MTCS). The Malaysian Timber Certification Scheme (MTCS) is a local voluntary certification scheme owned by the Malaysian Timber Certification Council (MTCC). It provides independent assessment for sustainable forest management practices and the audit of timber product manufacturers and exporters under chain of custody certification to assure timber products are sourced from MTCS-certified forests.

GEF Small Grants Programme (SGP) in Malaysia, 7th Operational Phase. Malaysia is one of the SGP Upgraded Country Programmes, and two of the three target landscapes in the full-size project being developed under GEF-7 are located within the Heart of Borneo, one in Sabah (Crocker Range) and one in Sarawak (Upper and Middle Baram).

IFAD-GEF Sustainable Management of Peatland Ecosystems in Malaysia (SMPEM). The objective of this project, being implemented under GEF-6 (GEF ID: 9270) is to strengthen national policy and institutional capacity for implementing peatland related strategies and plans and to enhance integrated sustainable peatland management in targeted landscapes.

State level:

Sabah Maju Jaya Development Plan (2021-2025). The plan serves as a guide for the direction of Sabah's government policies and programs, guiding strategic implementation to achieve targets that coincide with the development needs of the state. The plan is centred on three (3) main thrusts namely Agriculture, Industry and Tourism as the focus of economic growth; Human Capital and People's Welfare; as well as Green Infrastructure and Sustainability Network.

Sabah Development Corridor Blueprint 2.0 (2021-2030). The SDC Blueprint 2.0 sets out the Vision for the SDC to be a Competitive, Inclusive and Sustainable Corridor by 2030 with the theme Sustainable Growth with Equity and Social Inclusion. It is guided by five Strategic Thrusts, ST1: Restructuring Business and Industry Ecosystem, ST 2: Spurring Key Economic Growth Activities, ST3: Transforming Human Capital, ST4: Improving Regional Inclusion and ST 5: Enhancing Environmental Sustainability. The SDC Blueprint 2.0 emphasises sustainable production and consumption particularly to facilitate and incentivise certification and sustainability practices (e.g. oil palm, forest plantations, agrifood, tourism, events etc) and prioritises green growth in terms of enhancing natural capital, community livelihoods, wildlife management and forest restoration.

Sabah Structure Plan 2033 (2016-2033). The SSP2033 was prepared under the provision of the Town and Country Planning Ordinance (Sabah Cap. 141), Section 4E, and it covers the whole State and its territorial waters (including Exclusive Economic Zone). SSP2033 represents a long-term strategic planning document that will guide and direct the State's future physical growth and development up to 2033. The plan describes the strategic importance to safeguard areas identified as high conservation value environment (HCVE) and Priority Conservation Areas (PCA) on land, islands, and territorial waters.

Sabah Forest Policy, Sabah Forestry Department, 2018: The Policy emphasises the State's commitment in managing designated forest areas and tree cover through sustainable forest management while considering environmental, social and economic sustainability. It includes the State Government's pledge to maintain 50% of Sabah's land mass under forest reserves and tree cover and preserve at least 30% of Sabah's land area as Totally Protected Areas by the year 2025. The policy also reflects the State Government's efforts towards restoring degraded forests to enhance their ecological functions. The policy further stipulates the need for the identification and protection of High Conservation Value (HCV) sites within forest areas and promote diversification of revenue sources while strengthening the participation of local communities.

Sabah Agriculture Blueprint (2021-2030): The Agriculture Blueprint sets out strategies and targets to support its goal towards achieving sustainable agricultural transformation that will result in significant growth in the agricultural sector, participation of young agro-entrepreneurs, expanding incomes for farm households, improved food security and increased agricultural export. The Sabah Agricultural Blueprint supports the Third Sabah Agricultural Policy (2015 - 2024) that outlined its strategic goals to enhance food security, strengthen productivity growth and ensure long-term economic resources and environmental sustainability.

Action Plans for the Sabah State Policy on the Environment (2018-2033). The Sabah Environmental Action Plan outlines three objectives, namely, to provide a vision for environmental conditions and standards, an environmental framework for regulatory mechanisms, and guidance for all decision makers and implementing agencies in the execution of the mandates and duties. Some of the strategies outlined in this action plan include introducing incentive schemes to increase wilderness areas, wildlife refuges, recreational areas on alienated land; intensifying water catchment regulations to regulate land management regime; protecting forest habitats and ecosystems covering at least 50% of Sabah's land area; expanding coverage of protected areas to 30% of Sabah's land territory; continue rehabilitating degraded forest areas through enrichment planting and other silviculture methods; allocating areas for development through proper assessment and zoning.

Sabah Jurisdictional Approach to Certification Initiative (2015-2025). The state of Sabah is committed to achieving 100% MSPO certification and in parallel is working towards achieving the Sabah jurisdictional certification approach, which is a 10-year initiative (2015-2025) adopted in 2015 with the goal of bringing all oil palm plantations in Sabah, including smallholders towards 100% Roundtable on Sustainable Palm Oil (RSPO) certification by 2025. The objectives of the initiative include transforming Sabah's palm oil production and supply chains, halting deforestation, restoring ecosystems, and securing sustainable livelihoods. More information is presented in *Annex 7 (Stakeholder engagement plan)* and *Annex 15 (Baseline report on supply/value chains and farmer support systems)* to the Project Document.

Sabah Heart of Borneo Strategic Plan of Action (2021-2030). The strategic plan of action aims to support the HoB vision through the implementation of five key focus areas on Transboundary Management, Protected and Conserved Area Expansion and Management, Sustainable Natural Resource Management and Biodiversity Conservation, Ecotourism Development and Capacity Building. The plan is also underpinned by financial and communication strategies to support the implementation of its strategies and actions.

Sabah Biodiversity Strategy (2012-2022): The Strategy seeks to support the conservation and sustainable use of Sabah's biological resources while ensuring access and benefit sharing of the State's biological resources or associated relevant knowledge is fair and equitable, especially so with regards to supporting customary laws and practices of native and local communities.

Sabah State Landscape Policy (to be launched): The policy provides guidelines towards a systematic, distinctive and quality landscape development that ensures the preservation of the environment at the state and district levels.

Low Carbon Society for Local Authorities Initiative by the Sabah Ministry of Local Government and Housing: The initiative aims to inculcate a low carbon society to enhance the environment while supporting sustainable practices based on three key drivers which includes: 1. Supporting a Green Economy, 2. Making cities and human settlements inclusive, safe, resilient and sustainable, 3. Supporting an informed society on Green living towards a sustainable and prosperous living environment.

Sabah Drainage and Irrigation Department Strategic Organisation Plan for 2021-2025: The plan contains four strategic thrusts to empower the management and engineering of water resources in an integrated manner. The strategic thrusts include (a) ensure food security, water and environmental sustainability based on the 1998 Sabah Water Resources Enactment; (b) increase the value of water resources and identify alternative sources; (c) strengthen and empower efficient and effective human resource management and organisation; and (d) strengthen the 1998 Sabah Water Resources policy and legislation by enhancing the effectiveness of water resources management with integrated implementation and enforcement of the provision relating to water resource through the development of relevant rules and guidelines.

The **Orangutan Action Plan** includes the following: improvements in current agricultural practices in large-scale plantations and also small holdings and private orchards by introducing effective mitigation features, either by physical construction or by establishing conflict mitigation units; acquisition of land along designated rivers and between isolated patches of forest supporting wildlife to provide for wildlife corridors in consultation conservation in commercial forest reserves under natural forest management; conversion of forest areas within existing orangutan population regions into oil palm plantations and other crops should be minimized and eliminated.

Elephant Action Plan. This action plan includes implementing the concept of Managed Elephant Ranges (MERs) in four important natural areas including the Lower Kinabatangan, Northern Kinabatangan, Tabin, and Central Sabah. The elephant habitats will then be identified and secured with the creation of corridors to connect existing protected areas. This will then facilitate migration routes which will potentially help to maintain and enhance wild populations.

UNDP-GEF project ?Biodiversity Conservation in Multiple-Use Forest Landscapes in Sabah, Malaysia (PIMS 4186) (Jun 2012 ? Dec 2019). This project was implemented in Sabah to institutionalize a multiple-use forest landscape planning and management model which brings the

management of critical protected areas and connecting landscapes under a common management umbrella, implementation of which is sustainably funded by revenues generated within the area.

UNDP-SECO Green Commodities Programme Phase III. UNDP's Green Commodity Programme and the Swiss Secretariat for Economic Affairs (SECO) have worked in partnership since 2015 on advancing sustainable commodity production through multi-stakeholder collaborative initiatives in globally important agricultural systems. Phase III of the partnership that is slated to start in 2023 includes three new countries, including Malaysia. The SECO funding is specifically earmarked towards strengthening the Jurisdictional Approach Initiative in Sabah, delivering capacity building to the Secretariat and facilitating improved collaboration among the existing multi-stakeholder structures of the initiative.

UNDP-GEF Global Wildlife Program country project: ?Building institutional and local capacities to reduce wildlife crime and to enhance protection of iconic wildlife in Malaysia? (GEF ID 10597). The GEF Global Wildlife Program (GWP) was established in 2015. It is financed by the Global Environment Facility and led by the World Bank Group. In 2019, Malaysia was added to the program, together with four other countries. The aim of the program is to promote wildlife conservation and crime prevention for sustainable and resilient development, whereby the FOLUR is particularly linked to the GWP's effort to conserve wildlife and enhance habitat resilience. In Malaysia, the program is focussed on three threatened and endangered species where the Bornean Orangutan and Bornean banteng is relevant in the proposed project landscape.

Sabah EU-REDD+ Project (2014-2021). This project, entitled ?Tackling Climate Change through Sustainable Forest Management and Community Development, aimed to improve Sabah's REDD+ readiness and implementation through REDD+ demonstration activities to strengthen community engagement in forest protection and pro-poor sustainable forest management.

The **WWF Sabah Landscapes Programme** adopts a living landscape approach that combines conservation and sustainable development under its three pillars - Protect, Produce and Restore. Through Protect, the programme aims to support the Sabah government's commitments to forest while utilising spatial planning instruments to eliminate further deforestation. Under Produce, it aims to ensure sustainable production of palm oil through group certification within a landscape. Lastly, through Restore, the programme will advocate for ecological corridors to mitigate the effects of forest fragmentation and the isolation of wildlife populations. The Sabah Landscapes Programme will focus on three priority landscapes - Tabin, Tawau and Lower Sugut. Project-based conservation efforts that prioritised nature-based solutions will also continue in Central Forest, Kalabakan and Ulu Padas-Nabawan landscapes[3].

The National Initiative on Sustainable and Climate Smart Oil Palm Smallholders (NI-SCOPS) is a partnership initiated by Solidaridad and The Sustainable Trade Initiative (IDH), with funding from the Dutch Government to support the Malaysian Government and other stakeholders to meet the Malaysian commitments under the Paris Agreement, the Convention on Biological Diversity and the SDGs. It does so by making the FAO concept of climate smart agriculture (CSA) operational in three regions: Sabah, Sarawak and peninsular Malaysia. NI-SCOPS goals are to improve productivity, sustainability and livelihood of oil palm smallholders in seven sites: two in Sabah, two in Sarawak and three sites in Peninsular Malaysia, scalable to the whole Malaysia after 2023; and to improve adaptive capacity of smallholders in the light of climate change in these 7 sites[4].

Wild Asia is implementing a programme called **Wild Asia Group Scheme (WAGS)** that provides a working model for independent palm oil producers to help improve their production, social and environmental practices. This programme is currently being implemented in Kinabatangan and Beluran. The expected outcomes are sustainable agriculture enabled through a network of self-supported extensions providers working in a continual improvement system, and recognition that Certification is not a goal, but part of a process, to work through challenges and unlock opportunities to promote change at a local level[5].

Forever Sabah has been engaging oil palm smallholders from four contiguous districts of **Telupid, Tongod, Beluran and Kinabatangan (TTBK)** on Smallholder Readiness for Roundtable on Sustainable Palm Oil (RSPO) Jurisdictional Certification of Palm Oil by 2025. The programme undertook a study to understand farmer perspectives and challenges towards RSPO certification. The programme continues with the development of appropriate systems and capacity building to address the issues jointly revealed.

Private sector initiatives

Private sector organisations are important actors in the target landscapes and food systems, and engagement with upstream and downstream companies is an integral part of the project strategy.

Sime Darby. Sime Darby is a major palm oil producer in Malaysia, as well as in the region, including in Indonesia and Papua New Guinea (PNG). The company is engaging with a large number of smallholder farmers, 20,578 in Malaysia, of which only 33 are direct smallholders and the others supply indirectly through traders.

Sime Darby is actively involved in Sabah, including the following initiatives described in the company's 2019 Sustainability Report:

? Reforestation and rehabilitation of orang-utan habitat in Northern Ulu Segama, Sabah, Malaysia. In 2008, with Sime Darby Foundation, pledged RM25 Million over a 10-year period to support the reforestation and rehabilitation of 5,400 ha of the Bukit Piton Forest Reserve. To date, the project has successfully rehabilitated 5,400ha of degraded forest, with 295,159 seedlings of indigenous dipterocarps, non-dipterocarps and pioneer trees (95 species) planted.

? Project RELeaf with Nestl? Malaysia, Kinabatangan riparian restoration project. Kinabatangan ?RiLeaf? project supports local villagers along the Kinabatangan River to generate additional income by planting seedlings of trees native to the environment. The project then purchases the saplings later for reforestation efforts.

? Formation of the Palm Oil NGO (PONGO) Alliance launched in 2017. PONGO secured major funding for the restoration of the Kinabatangan Landscape in partnership with Unilever and the French Alliance for Sustainable Palm Oil. Restoration efforts along the corridors of the Kinabatangan river.

Unilever, an industry-leading company in sustainable sourcing practices, continues to make substantial contributions to sustainable forest management in Malaysia, particularly in the state of Sabah. Through the company's corporate Sustainable Living Programme, Unilever has set a goal of achieving a deforestation-free supply chain by 2023, through increasing traceability and transparency. Unilever is also financially supporting secretariat under the Sabah Jurisdictional Certification Steering Committee. Unilever has provided co-financing for the FOLUR project (co-financing letter included in *Annex 24* to the Project Document).

IKEA invested in a 20-year reforestation project in Luason, near Tawau in eastern Sabah, where 3 million trees were planted, starting in 1998, rehabilitating a degraded forest that had been logged. The rehabilitation project was sponsored by IKEA and involved Yayasan Sabah, the Swedish University of Agricultural Sciences, and local governmental, non-governmental, and academic partners. The rehabilitation project made substantive contributions to the local capacities in restoration-rehabilitation of forest ecosystems.

Extended in 2020 by **Nestl?** Malaysia, Project **RELeaf** aims to restore riparian and forest ecosystems across the Kinabatangan Wetlands and Merisuli Forest Restoration Areas in Sabah, as well as in forest reserves along the Central Forest Spine in Peninsular Malaysia. Nestl? Malaysia will work with the world's largest producer of certified sustainable palm oil, Sime Darby Plantation. Under their memorandum of agreement, over one million trees are set to be planted across 1,200 hectares of riparian zones and steep slope areas within Sime Darby Plantation's oil palm operation areas^[6]6.

PONGO Alliance is an alliance of oil palm growers, businesses and conservation practitioners, that came together to support sustainable palm oil production that includes safe spaces for wild orangutans outside of protected areas. PONGO Alliance and the Government of Sabah have signed a memorandum of understanding (MoU) in 2018 in the Kinabatangan region to help re-establish forest connectivity across the landscape, by restoring forest through planting and tending of orangutan food plants on lands outside Forest Reserves. PONGO will also provide advice on managing and monitoring orangutans within plantations[7]⁷. As a follow-up, in 2020, it signed an MoU with the Sime Darby Foundation called, 'Creation of a Human and Orangutan Coexistence Landscape in Kinabatangan'. The Foundation committed MYR 1.2million to enable the programme to conduct detailed information-gathering, engagement with various players, and to develop best management practices in oil palm plantations for orangutan conservation[8]⁸.

Sawit Kinabalu is investment arm of the state government in the oil palm industry. Sawit Kinabalu together with the Sabah Forestry Department through the Sabah EU-REDD+ Project are collaborating in the sustainable management of Sungai Pin Conservation Area in Sabah. The collaboration aims to establish an effective conservation management plan for the area that will help enhance its carbon stocks through REDD+ initiatives[9]⁹. In addition, Sawit Kinabalu will be working with BORA and WWF-Malaysia in the Bagahak oil palm plantation landscape in Lahad Datu to reconnect forest for globally threatened species, including orangutans and elephants[10]¹⁰. Sawit Kinabalu has declared 7,661 ha of conservation areas within their land bank in Sabah[11]¹¹.

Summary of project approaches:

Integrated landscape management approach:

Integrated landscape management (ILM) recognises the landscape-wide nature of ecosystem flows and social and productive dynamics. The application of a landscape approach will maximize the environmental and social benefits and sustainability of the project, by considering and responding to:

- ? Spatial variations in environmental values, vulnerability, and productive potential, in order to ensure that land uses optimize net benefits across the landscape as a whole.
- ? Spatial flows of environmental services across the landscape.
- ? Landscape-wide biological relations, such as connectivity and the need for wildlife refugia.
- ? The potential indirect implications of land use dynamics (for example the risk of the expansion of cash crops/commodities into agricultural areas displacing food crop production pressures into forest areas).

Combining management and governance improvements:

Improving the management of oil palm has the potential to generate environmental benefits on farm and also to reduce the rates of conversion of forest to agriculture, if productive intensification reduces the area of land that needs to be used to satisfy demand for the crop and to meet economic development targets. The project will however recognize that if promoted on its own, without adequate safeguards, productive intensification has the potential to stimulate *increased* levels of productive activity ? thereby leading overall to increases in area coverage and forest conversion ? by making the crop/commodity in question more economically attractive[12]¹². In order to address this risk, the integrated approach of the project will ensure that actions to support improvements in productivity are always accompanied, and where possible preceded, by investments in strengthening land use planning, governance and market-based leverage to limit expansion into forest areas or other vulnerable ecosystems.

Building strengthened, resilient, and food-secure livelihoods:

Although the project will focus principally on oil palm, , it will also consider how their production relates to the overall livelihood and food security strategies of the people living in the areas where they are produced. Emphasis will be placed on an agroecological diversified farming systems approach that integrates and balances the production of cash crops and food crops, non-agricultural economic activity, and off-farm income generation, with the aim of maximizing livelihood resilience, intra-family equity and social and environmental sustainability.

Building on existing collaborative efforts

With the complexity and scale of the landscapes, this project will build on existing efforts and structures that support collaboration between ministries and stakeholders in the current landscapes and on palm oil. The project will uplift the role and increase the capacity of the Sabah Jurisdictional Approach Initiative Steering Committee (JCSC).

Leverage of systemic change through value chains:

Over the past two decades much of the private sector focus on sustainable palm oil has been focused on supply chain management and certification approaches. There have been limited cross-sector coalitions of companies looking to work pre-competitively ? and in partnership with the government ? on the wider enabling conditions. Increasingly companies are now recognising that a sustainable palm oil sector requires (a) more effective public private collaboration to strengthen the enabling conditions for sustainable production and level the playing field for all producers and (b) a more systemic approach to change, particularly through more landscape and jurisdictional approaches, rather than focusing on individual supply chains. Therefore a key focus for the project is on improving public private and cross-sector, pre-competitive collaboration, particularly focused on improving the sustainability of palm oil production at the landscape and jurisdictional level ? and, beyond that, to learn from the experience of this project and work on the question of how landscape and jurisdictional approaches can be scaled.

For a systemic approach to be effective, the project will aim to convene all of the most important private sector producers across the landscapes, along with the key buyers, to facilitate dialogue and collaboration between them. The broad areas around which greater collaboration is needed are identified in this document, but we believe that pre-defining the specific activities in too much detail is counter-productive because the companies themselves need to identify where they want to collaborate during the implementation phase so that there is shared ownership and genuine commitment to the initiatives that are generated.

Private sector co-financing commitments to the project, including from Unilever, represent investments in activities aligned with the project objectives. During project implementation that focus will not be on bilateral partnerships with the co-financing partners, but rather to work together with the co-financing partners to co-convene companies more widely across the sector and through the value chain to develop multi-stakeholder partnerships that can deliver systemic solutions at landscape and jurisdictional scale.

Under Output 3.2, the project will build upon the current framework and initiatives in Malaysia supporting green financing especially in the agriculture and oil palm sector. This includes raising the

awareness amongst project stakeholders on the efforts of the Joint Committee on Climate Change (JC3 - Bank Negara Malaysia, Securities Commission, Bursa Malaysia and industry players) through various Environment, Social and Governance (ESG) initiatives, including the Value-based Investment Community of Practitioners (and the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guidance on Palm Oil), Greening the Value Chain Program and various initiatives to strengthen the management of climate-related risks. The project will also engage the relevant financial institutions (government and private sector) to explore potential collaboration and partnership to strengthen financial flows towards sustainable production initiatives. It will also work internationally on sustainable finance for palm oil from RSPO, UNPRI (PRI Investor Working Group on Sustainable Palm Oil) and others.

Inclusive business models

As part of this, an important issue will be to develop more inclusive business models, accessible to smallholders to provide a stable supply of higher quality and more sustainably cultivated products. Companies have an interest to invest in long lasting relationships that secure their sourcing, not only now, but also in the future by contributing to reduce the environmental impact of oil palm cultivation and to preserve the natural resource base. As such, inclusive business relations for sustainable products can be a pull factor for smallholder farmers to engage more in sustainable and climate smart agriculture, and for private companies to make their supply chain future-proof and sustainable.

The facilitation process will co-identify critical areas for improving and accompanying the design and implementation of inclusive business strategies and the evaluation of the effects of these changes on the business of smallholders and buyers. It is common practice for a company to formulate a value proposition to its clients. However, a strong value proposition by the buyer to its suppliers, i.e. the smallholder farmers, is a key element for success. This value proposition can take various shapes but it shows how the buyer supports the smallholders it is sourcing from in their business: attractive price, payment modes, quality standards info, long term perspective, and a range of embedded services which may be required by the farmers to produce in quantity, quality, continuity and sustainably: technical advice, inputs supply, mechanisation services, data collection, link to credit, market information, farmers' organisation capacity, linking farmers to markets, fair trade, etc. Negotiations between the parties can focus on this value proposition. Key elements can be taken up in a farming contract.

Inclusiveness and participation:

Given the magnitude and social complexity of the problems described, it is also necessary for government institutions (especially at state and district levels) to work hand in hand with local communities, and for

natural resource governance and management to be fully inclusive of all community-level stakeholders involved in the production systems in question, affected by their impacts, and potentially participating in the identification and implementation of sustainable alternatives.

The situation also calls for full, appropriate, and inclusive participation of the different ethnic groups present in the target localities. Unsustainable management may affect these groups differentially, as may the proposed sustainable alternatives for production and ILM. At the same time, these different groups may knowledge and experiences of traditional, sustainable, management models, with potential to be supported and scaled-out through the project.

Participatory action learning:

At the farming system level, the project will work with farmers in a participatory ?action learning? approach to define management options that are compatible with farmers? livelihood sustainability. Rather than being a one-off activity, this ?action learning? approach will also aim to develop farm families? capacities to monitor and respond to evolving circumstances in an ongoing, adaptive manner: for example, by recognizing the volatility and vulnerability of global cash crops and developing a robust and flexible portfolio of alternatives to protect their livelihoods against their failure; and by continually experimenting with strategies for adapting the crop management to the effects of climate change.

In addition to participatory action learning, to build mutual understanding among the stakeholders about natural resource management models and encourage accelerated project implementation and its achievements, the project will facilitate peer-to-peer learning exchanges to successful areas. Peer-to-peer learning exchange is not only directed to exchange learning about technical and governance matters, but also about regional development policies and integrated landscape management.

The upstream-downstream communication/dialogues and relationship in the project landscapes will be encouraged by involving various stakeholders in a landscape in order to develop a mutual understanding of the landscape condition and the affecting factors. The establishment of multi-stakeholder forums at the landscape level will be encouraged, facilitated, and developed during the project implementation period in order to develop more integrated joint at the landscape level, spatial planning and more responsible land use by considering carrying capacity, suitability, productivity, and sustainability of the ecosystem.

Systems leadership

Achieving progress on the sustainable development agenda requires a departure from traditional top-down, hierarchical, and linear approaches to implementing change. Instead it requires innovative and adaptive approaches that engage broad networks of diverse stakeholders to advance progress toward a shared vision for systemic change.

This approach is often called Systems Leadership. Researchers at Harvard recently defined Systems Leadership as a set of skills and capacities that any individual or organization can use to catalyse, enable and support the process of systems-level change, comprised of three interconnected elements:

- i. **The Individual:** The skills of collaborative leadership to enable learning, trust-building and empowered action among stakeholders who share a common goal.
- ii. **The Community:** The tactics of coalition building and advocacy to develop alignment and mobilize action among stakeholders in the system, both within and between organizations.
- iii. **The System:** An understanding of the complex systems shaping the challenge to be addressed.

As the GEF FOLUR IP strategically seeks system transformation, it is essential that all of these three factors are enabled in the programme. Development approaches previously have often ignored the individual leadership capacity and not invested appropriate in the community building around a shared vision for systemic change. In this case changing the systems around how we use land in favour of a more sustainable future for generations to come.

The project will invest in building the systems leadership capacity of landscape champions, and work to connect these with cross-border learning through the FOLUR global learning platform and the UNDP Green Commodities Community, a systems leadership regional cohort for Indonesia, Malaysia and Papua New Guinea, and rotational hosting of these systems leadership modules, to support learning journeys in situ.

The project initiatives on Integrated Landscape Management (ILM) and systems leadership training provide the platforms and mechanisms for strengthening for multi-stakeholder interaction, collaboration alignment, and visioning to address the root causes and barriers highlighted. These project processes will further refine and highlight the strategic roles of key actors to collectively contribute to the project's outcomes. A summary of the respective roles is outlined below:

- **Government:** The government plays the crucial role in facilitating the enabling policy and institutional framework to support effective implementation of ILM initiatives. While government agencies may have the respective mandates to address relevant issues at the sectoral level, efforts are needed to streamline vertical (local, state, and national) and horizontal (cross-sectoral) integration. In particular, the Government's role includes consolidating institutional mandates guided by the policy aspirations of respective agencies as well as strengthening mechanisms (e.g., technical guidance, programmes, economic instruments etc.) to support effective adoption of integrated landscape management and sustainable value chain production practices. In addition, government agencies also play a role in facilitating the involvement and participation of various stakeholders (e.g., government, private sector, community) as well as contribute to the access of relevant data or information required needed for project implementation.
- **Private sector:** The private sector plays a key role to provide insights and feedback to improve existing value chain production practices as well as guide the refinement of future programmes (including traceability tools, improved connection amongst producers and buyers, etc.). The private sector also plays various leadership roles, including facilitating the empowerment of smallholders through value chain linkages and as well as being a role model for other private sector peers in demonstrating innovating efforts towards effective privately managed conserved areas, particularly involving HCV forests.
- **Cooperatives/community groups:** Cooperatives and community groups play a critical role in ensuring the impact and sustainability of the project initiatives. As direct beneficiaries, apart from being involved in the project's capacity building and training initiatives, they can provide targeted inputs to the development of ILM framework and associated action plans as well as illustrate traditional knowledge and contribute towards participatory restoration frameworks. In addition, cooperatives and community groups are also able to provide valuable feedback to refine and strengthen existing farmer programmes and initiatives in relation to sustainable agriculture. Where possible the project will build upon the momentum and pathways that have been built from previous projects (e.g., EU REDD+).
- **NGOs:** Various NGOs have initiated collaboration and efforts in relation to integrated landscape management and sustainable value chain production in Sabah. The NGOs could contribute lessons learned for the project to adapt to the project landscapes while facilitating the engagements of stakeholders at various levels. In addition, the NGOs could contribute by providing various capacities and technical support to strengthen the implementation of the project. The NGOs also play a vital role as project co-financers as well as key partners to ensure the sustainability of the project initiatives beyond the project time frame.

The *Stakeholder Engagement Plan* (Annex 7 to the Project Document) provides further details of their respective roles.

Targeting to maximize global environmental benefits:

The project will promote an objectively targeted, evidence-based approach to landscape management in order to maximize the delivery of global environmental benefits. The multi-stakeholder formulation of integrated landscape management framework will be informed by maps and inventories of HCV/HCS areas (HCV/HCS maps have been prepared in Sabah) and other globally significant biodiversity, including Key Biodiversity Areas (KBAs) and wildlife corridors in the project landscapes. These maps and inventories will be based on desktop analyses on land cover and land use change: the secondary data on environment carrying capacity, climate change, biodiversity loss risk, and natural disaster. Ground checks will also be carried out through sampling method to verify the presence of HCV/HCS areas and other priority/essential ecosystems in the project landscapes.

Theory of Change:

Integrated landscape management (ILM) is a systems approach that requires collaboration among multiple stakeholders with different interests. The principles of ILM permeate throughout the project theory of change (see *Figure 11* of the Project Document below) and are the underpinnings for achieving transformative and durable change at scale. One of the key assumptions outlined in the project theory of change for advancing from project level outcomes to longer-term outcomes (intermediate states) and ultimately to durable impacts is that key stakeholders recognise the benefits in collaborating on integrated approaches on landscape management. An important impact driver in this regard is that the collaboration mechanisms, such as the district and state level collaborative spaces, are maintained and upscaled. Institutional capacities strengthened through the systems leadership approach are assumed to be maintained, including in the case of departure of key personnel. Another assumption is that the integrated landscape management framework and approaches are implementable, i.e., formulated to feed into and strengthen existing planning mechanisms.

Achievement of longer-term outcomes also requires increasing levels of investment by private sector actors in responsible commodity value chains and adoption of sustainable agricultural practices by the producers in the landscapes, including independent smallholder farmers. Facilitating improved public private and cross-sector collaboration in order to mobilise increased investment into sustainable production is an important part of the project ? particularly focusing on multi-stakeholder partnerships that can catalyse systemic change. In addition to the opportunities for private sector co-financing through direct commitments to forest conservation and restoration, partly motivated by RSPO and MSPO requirements and PS leadership in sustainable production through Outputs 2.1, 2.2 and 3.2, the proposed development of an online platform for data sharing focusing on restoration (Output 5.4) is expected to provide open access information to empower and consolidate the efforts of local government, NGO and

private sector based on informed priorities and restoration needs. At the same time, it is aimed at attracting new collaborators and contributors to support the sustainability of restoration efforts across the project landscape.

The improved landscape management approaches and good agricultural practices are assumed to reduce threats to critical ecosystems, e.g., smallholders recognise the return on investment in making on-farm improvements such as soil conservation, leading them to maintain sustainable intensification and diversification practices rather than expanding commodity production into high value forests. This scenario largely depends on the assumption that incentive mechanisms and support services are maintained and further operationalised across Sabah. Local champions trained on the project will be crucial change agents in upscaling best practices in the state.

Participatory models of conservation and restoration-rehabilitation for protection of ecosystem services and delivery of socioeconomic co-benefits will be promoted as a longer-term outcome under the project theory of change. The effectiveness of these models will depend on enabling policies and incentives that are assumed will adapt to changing circumstances over time. There need to be clear linkages between conservation goals and social outcomes, e.g., diversification of livelihoods through sustainable use of forest resources, genuine collaborative management regimes involve local communities into decision-making and benefit-sharing schemes ? including women and other marginalised groups, and traditional knowledge is respected and protected. And the partnerships strengthened for sustained flow of information and knowledge, e.g., with tertiary and research institutions, are assumed to be maintained and strengthened over time, leading to durable long-term impacts.

[1] Source: Department of Statistics Malaysia, extracted from the Sabah Development Corridor (SDC) Blueprint 2.0 2021-2030.

[2] Formerly known as Ministry of Water, Land and Natural Resources

[3] Information retrieved from https://wwfmy.awsassets.panda.org/downloads/annual_review_2021.pdf

[4] Information retrieved from https://www.idhsustainabletrade.com/uploaded/2020/10/201006-NI-SCOPS_2-pager_Malaysia_Final.pdf

[5] Information retrieved from [http://www.rsep.rspo.org/index.php/oil-palm-smallholder-initiatives-worldwide/item/wags-sabah#:~:text=RSPO%20Smallholders%20Engagement%20Platform%20%2D%20WAGS%20Sabah&text=Wild%20Asia%20Group%20Scheme%20\(WAGS,production%2C%20social%20and%20environmental%20practices](http://www.rsep.rspo.org/index.php/oil-palm-smallholder-initiatives-worldwide/item/wags-sabah#:~:text=RSPO%20Smallholders%20Engagement%20Platform%20%2D%20WAGS%20Sabah&text=Wild%20Asia%20Group%20Scheme%20(WAGS,production%2C%20social%20and%20environmental%20practices).

[6] Information retrieved from <https://www.nestle.com.my/media/pressreleases/releaf-moa-sdp>

[7] Information retrieved from <https://www.musimmas.com/pongo-alliance-memorandum-of-understanding-signed-with-the-state-government-of-sabah/>

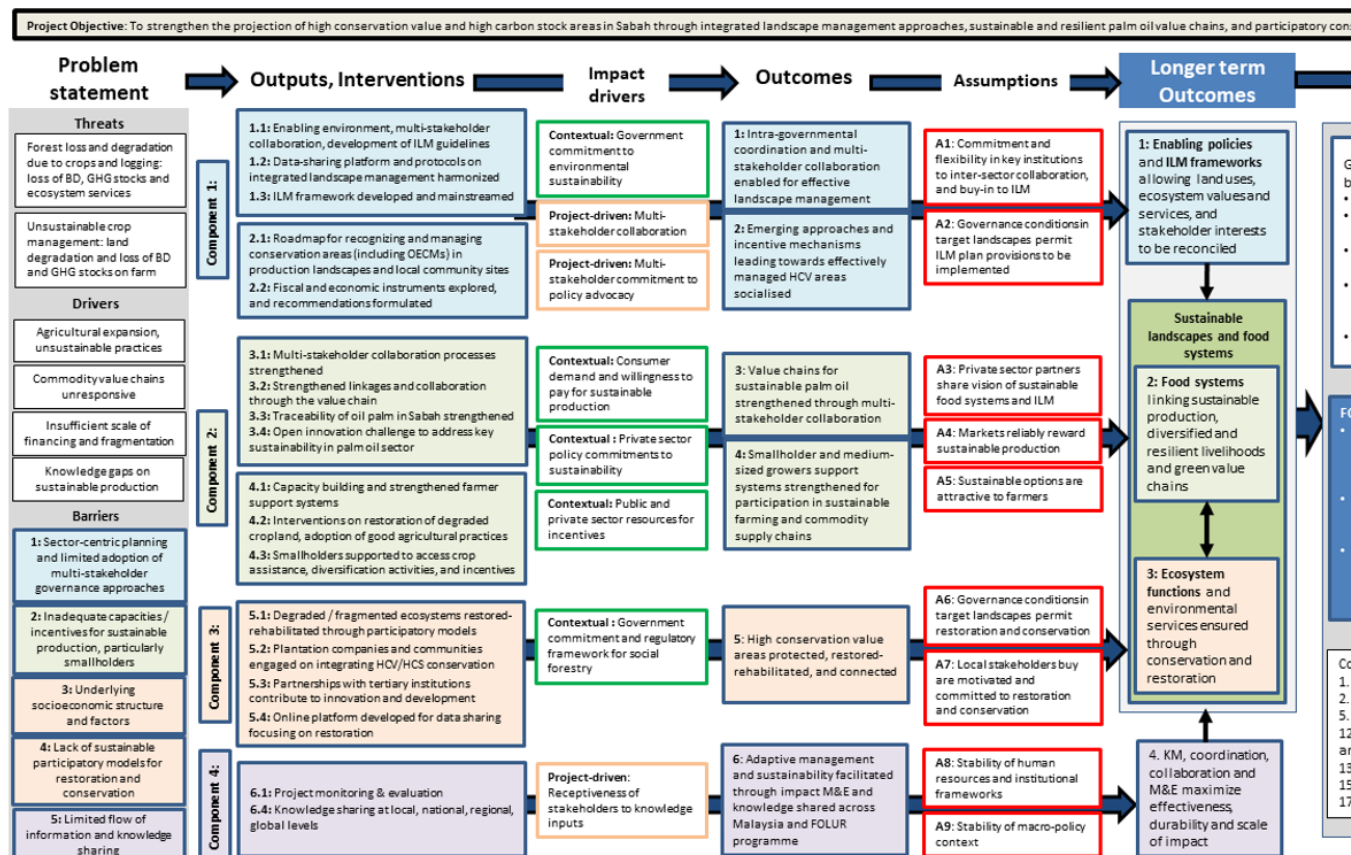
[8] Information retrieved from <http://www.yayasansimedarby.com/media/pongo-alliance-oil-palm-growers-and-conservation-practitioners-collaborate-for-orangutan-conservation>

[9] Information retrieved from <https://www.sawitkinabalu.com.my/index.php/conservation/>

[10] Information retrieved from <https://www.sawitkinabalu.com.my/index.php/sawit-kinabalu-walking-the-talk-on-conservation-with-their-sg-pin-conservation-area-management-plan-camp/>

[11] Information retrieved from <https://www.sawitkinabalu.com.my/index.php/conservation/>

[12] The Jevons paradox, when technological progress or government policy increases the efficiency with which a resource is used, but the rate of consumption of that resource rises due to increasing demand.



Project Document Figure 9: Project theory of change

Project objective: To strengthen the projection of high conservation value and high carbon stock areas in Sabah through integrated landscape management approaches, sustainable and resilient palm oil value chains, and participatory conservation and restoration.

Component 1: Development of integrated landscape management systems

This component involves intra-governmental coordination, integration of spatial data, and multi-stakeholder collaboration in order to develop landscape and district-level land use plans and management guidelines. It also works to achieve policy harmonization and strengthened incentives to scale up ILM approaches across Sabah.

Outcome 1: Intra-governmental coordination and multi-stakeholder collaboration enabled for effective landscape management

The baseline situation and incremental reasoning for Outcome 1 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
<i>Output 1.1: Enabling environment for integrated, multi-stakeholder collaborative approaches strengthened by introducing systems leadership skills and developing guidelines for integrated landscape management, in accordance with UNDP Social and Environmental Standards (SES)</i>	
Sabah has instituted multi-stakeholder coordination mechanisms, for example the Heart of Borneo Steering Committee, as well as the Sabah Jurisdictional Approach Initiative Steering Committee. However, natural resource management is primarily addressed individually by the various production and conservation sectors, including agriculture, forestry, town and regional planning, parks, etc. More information is provided in Annex 7 (<i>Stakeholder engagement plan</i>) and Annex 14 (<i>Baseline report on governance, policy and land use planning</i>).	The GEF alternative involves strengthening the enabling environment for multi-stakeholder collaboration through rolling out a systems leadership approach to build durable capacities among government departments and agencies, private sector and civil society. Utilizing existing collaboration mechanisms and the strengthened involvement of multiple stakeholders, the project will facilitate development of integrated landscape management (ILM) guidelines, in accordance with UNDP social and environmental standards, and with the proactive encouragement of women's participation.
<i>Output 1.2: Data-sharing platforms and protocols harmonized in support of integrated landscape management</i>	
An important aspect of integrated landscape management is information sharing. The Sabah Geospatial Data Clearinghouse (SGDC) provides a powerful framework in this regard. Access to the clearinghouse mechanism is limited to date and the system is not yet sufficiently user-friendly to enable broad utilization.	GEF resources will support strengthening of data-sharing platforms and protocols, enabling genuine participatory integrated landscape management approaches.
<i>Output 1.3: Integrated landscape management framework developed and mainstreamed through multi-stakeholder collaboration</i>	

Summary of Baseline Situation	Incremental Reasoning
<p>Sustainable development plans have been formulated in Sabah. The Sabah Structural Plan 2033 (SSP2033) is a long-term strategic planning document containing policies on safeguarding areas identified as high conservation value environment (HCVE) and priority conservation areas (PCA) throughout the state. The Sabah Maju Jaya (2021-2025) guides the direction of Sabah's policies and programs, guiding its strategic implementation towards the inclusive and sustainable development of the state. HCV/HCS maps have been produced in Sabah but are not yet fully integrated into land use decision-making processes across the production sectors.</p> <p>Although there are progressive sustainable development frameworks in place, planning across production and protection landscapes are largely sector centric. In the forestry sector, forest management plans are developed for each forest management unit. The state departments of agriculture formulate sector plans based upon food security and farmer livelihood priorities, according to a general scarcity of suitable land for agricultural production.</p> <p>More information is provided in Annex 14 (<i>Baseline report on governance, policy and land use planning</i>) and in Annex 16 (Landscape profile).</p>	<p>The GEF alternative brings an integrated, participatory approach towards management of natural resources in the project landscapes.</p> <p>The integrated landscape management (ILM) framework will be produced through multi-stakeholder collaborative processes, engaging with governmental, private sector, civil society and landowners/users. The multi-stakeholder collaboration and coordination between different levels of government will be co-created by the stakeholders themselves in Year 1, with the support of expert collaborative facilitation.</p> <p>Targeted scenario analyses (TSAs) will be made to enable collaborative decisions based on conservation and socioeconomic criteria.</p>

Results expected through achievement of Outcome 1 include:

- ? (a) One multi-stakeholder ILM platform established for project landscape (with equitable participation of women), and (b) one ILM platform strengthened (with equitable participation of women)
- ? Two (2) state or local government units incorporate ILM actions into their planning processes

Output 1.1: Enabling environment for integrated, multi-stakeholder collaborative approaches strengthened by introducing systems leadership skills and guidelines for integrated landscape management, in accordance with UNDP Social and Environmental Standards (SES)

Key deliverables/results:

- ? Strategic environmental and social assessment (SESA)
- ? Cohort of sustainability champions trained on systems leadership
- ? Integrated landscape management (ILM) guidance document, developed in accordance with UNDP Social and Environmental Standards (SES)

Under this output, the enabling environment for integrated, multi-stakeholder collaborative approaches will be strengthened by instilling systems leadership skills among select sustainability champions and development of guidelines on integrated landscape management. In accordance with UNDP SES requirements for ?upstream? work (e.g., policies, guidelines, training activities etc. that do not have a physical footprint) on ?Substantial? rated projects, a scoped Strategic Environmental and Social Assessment (SESA) will identify key relevant UNDP Principles and Standards and ensure guidance and policy frameworks produced throughout the project are consistent with UNDP social and environmental standards. The assessment will be conducted at the start of the project and will inform further activity design and site selections. (Further screening and, where necessary scoped ESIAs, will identify impacts of project activities with a physical footprint and prescribe appropriate impact management measures. (see Outputs 4.2 and 5.1).

Indicative activities under Output 1.1 include:

1.1.1. Conduct a Strategic Environmental and Social Assessment (SESA), ensuring policy frameworks and other upstream activities under the project are consistent with UNDP SES, fully inclusive of stakeholder inputs and developed with proactive encouragement of the views and perspectives of women and poor/marginalized communities. The assessment will identify and highlight key relevant UNDP Principles and Standards to be reflected in project strategy and upstream outputs.
1.1.2. Deliver a series of systems change trainings to a cohort of sustainability champions.
1.1.3. Establish or strengthen an integrated landscape management (ILM) working group, facilitated by nominated facilitators among the cohort of trained sustainability champions.
1.1.4. Develop an ILM guidance document under the oversight of the ILM working group.
1.1.5. Deliver training and socialisation on application of the ILM guidance document through expert seminars, community meetings and production and dissemination of information materials.

Output 1.2: Data-sharing platforms and protocols harmonized in support of integrated landscape management

Key deliverables/results:

- ? Strengthened and improved access to data-sharing platforms and protocols

Implementation of integrated landscape management approaches requires efficient data-sharing among stakeholder groups. Under this output, project resources are allocated to strengthen existing data platforms and protocols and expand access.

Indicative activities under Output 1.2 include:

1.2.1. Conduct a gap analysis of current information and data systems, platforms as well as human resource capacity needs and prepare recommendations for harmonising according to the requirements outlined in the ILM guidance document.
1.2.2. Provide technical assistance (e.g., system development) on strengthening data-sharing platforms and protocols for enabling participatory implementation of ILM.
1.2.3. Deliver training and socialization of the data-sharing platforms among state and local government departments and agencies, civil society, private sector, and academic institutions as well as improved capacity (e.g., skills and knowledge of personnel) to maintain the system.

Output 1.3: Integrated landscape management framework developed and mainstreamed through multi-stakeholder collaboration

Key deliverables/results:

- ? Integrated landscape management (ILM) framework for the project landscape, consistent with UNDP SES requirements
- ? Action plans outlining priority actions mainstreamed into state and/or local planning frameworks

The activities under this output will start with establishing and convening a multi-stakeholder collaborative space for facilitating the ILM processes. SESA findings (see Output 1.1) will inform UNDP-compliant social and environmental screening procedure (SESP) screening and/or ESIA studies for each intervention site (see Output 5.1), to ensure consistency with UNDP SES requirements. Available information, including spatial plans, sector development plans, HCV/HCS maps will then be gathered and assessed. Sustainable land use scenarios will be then formulated through a well facilitated multi-stakeholder collaboration process, based on the proposed functional zones. The formulation of the scenarios will consider the following factors: (i) existing land use plans, (ii) state or local development plans, (iii) climate and ecosystem resilience and carrying capacity, (iv) socioeconomic priorities and (v) traditional dynamics in the landscapes, including, where relevant, the application of Free, Prior and Informed Consent (FPIC) procedures for indigenous communities. Examples of scenarios that would be assessed include the following:

- ? **Business as usual (BAU) scenario**, which is based on sector-centric development plans, with protection of critical ecosystems inconsistently factored into decision-making processes.
- ? **Scenario 1: compromised sustainable development target**, which will consider the existing land use activities and only propose protection of the remaining critical ecosystems. Under this scenario, restoration and/or rehabilitation of degraded areas will not be considered.
- ? **Scenario 2: feasible sustainable development target**, which will consider the existing land use activities; however, not will protection of the existing critical ecosystem be proposed, but also consider restoration and/or rehabilitation of degraded ecosystems.
- ? **Scenario 3: optimal sustainable development target**, which will describe the ideal situation where land uses comply with the existing environmental regulations and eco-biophysical attributes. This scenario could involve recommendations for transformation of existing land uses into what is optimal according to economic and environmental carrying capacities

For each scenario, a **Targeted Scenario Analysis (TSA)** (or similar) will be conducted in line with the project needs to indicate the projected costs and benefits over time of development scenarios. The results of the TSA will be communicated through stakeholder consultations and the scenarios will then be finalised based on stakeholder feedback. After finalising the ILM framework, the project will advocate for mainstreaming sustainable development priorities into state and/or local planning frameworks.

Action plans with appropriate delivery mechanisms will then be prepared with priority interventions in accordance with UNDP SES.

Indicative activities under Output 1.3 include:

1.3.1. Establish or strengthen multi-stakeholder collaborative spaces at the landscape level and/or among the three key intervention areas to facilitate the ILM processes.
1.3.2. Gather and assess the most updated (i) spatial and land use data, policies and regulations, (ii) land use and land cover change), (iii) land systems, (iv) land and forest designation, (v) concessions/permits and (vi) secondary HCV/HCS data.
1.3.3. Through well-facilitated multi-stakeholder process, develop and assess land use scenarios (comprising of: BAU, compromised sustainable development scenario, feasible sustainable development scenario, and optimal development scenario based on the HCV/HCS maps for the project landscape), e.g., using targeted scenario analyses (TSAs) or similar methodologies.
1.3.4. Conduct public consultation on the draft scenarios with TSA results, with proactive encouragement of the participation of women, and then finalise the scenarios incorporating the feedback from stakeholders into a final version of the ILM framework.
1.3.5. Develop action plans with appropriate delivery mechanisms for each of the three key intervention areas based on the ILM framework and facilitate mainstreaming into state and/or local planning processes.

Outcome 2: Emerging approaches and incentive mechanisms leading towards effectively managed high conservation value areas socialised

The baseline situation and incremental reasoning for Outcome 2 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
<i>Output 2.1: Roadmap for recognising and strengthening the management of conservation areas (including OECMs) in production landscapes and local community sites in Sabah developed and socialised</i>	

Summary of Baseline Situation	Incremental Reasoning
<p>An HCV is a biological, ecological, social or cultural value of outstanding significance or critical importance often used in certification standards such as forestry and agriculture systems[1]. There is increasing conservation efforts (especially in relation to HCV forests) by the private sector and local communities within landscapes outside of protected areas, but there is limited awareness and pathways to recognise and support these efforts. Conservation areas is used to refer to sites including HCV forests where conservation initiatives are implemented. Conservation areas here broadly refers to the long term ecological and biological state of an area[2], potentially within production and community-managed landscapes, demonstrating HCV attributes, supported through other effective area-based conservation measures (OECMs), privately managed conservation areas and Indigenous Community Conserved Areas (ICCAs)[3].</p> <p>The revised MSPO 2022 standard that will be applied from 1 January 2024[4] have adopted HCV requirements reflected under Principles 1[5] and 5 with the view to implement the HCV management plan, review its achievement/ practicality and enhance wherever possible[6]. Similarly, the RSPO standard reflects HCV requirements under Principle 7 to be protected and/or enhanced with the development of an integrated management plan.</p> <p>In relation to ICCAs, the Sabah Forest Policy 2018 recognises community engagements in forest management activities and has been using the social forestry management modality to reach consensus with local communities residing nearby forest management units.</p> <p>The project will identify ways these efforts could contribute towards the ILM framework.</p> <p>More information is provided in Annex 14 (<i>Baseline report on governance, policy and land use planning</i>).</p>	<p>The GEF alternative would scale up and provide recognition to the effort in setting aside HCVs and supporting their journey towards effectively managed conservation areas as part of the ILM framework, accelerating Malaysia's contribution towards Post 2020 Global Biodiversity Framework (GBF) for Target 3[7]</p> <p>This is achieved through:</p> <ul style="list-style-type: none"> ? Providing a road map to facilitate effectively managed HCV to enhance ecological functions and connectivity. ? Encourage the adoption of various tools (including OECM screening tool or IUCN Green List voluntary standards) to support efforts towards effective management of HCV areas. <p>Aligning the effective conservation initiatives to the landscape level through the ILM framework from Outcome 1 would further enhance Malaysia's contribution to Target 1 of the GBF[8] while providing insights to guide science-based land use decisions and selection of suitable restoration sites towards Target 2 of the GBF[9].</p>
<p><i>Output 2.2: Fiscal and economic instruments explored, and recommendations formulated for facilitating ILM finance with a focus on incentivizing effective management of HCV forests in conservation areas across production landscapes and community sites</i></p>	

Summary of Baseline Situation	Incremental Reasoning
<p>To ensure the sustainability of ILM approaches, strategies for landscape level financing are needed to bring the transformation needed to sustain ILM partnerships and coordination. Landscape level finance supports multi-project, multi-sector investment portfolios that encourage synergies between investments to generate impacts at scale across multiple landscape objectives[10]. One focus of the ILM finance is to provide recommendations to incentivize conservation area entities to manage HCV forests effectively.</p> <p>More information is provided in Annex 14 (<i>Baseline report on governance, policy and land use planning</i>).</p>	<p>Under the GEF alternative, financing strategies will be formulated at the landscape level to enhance ILM practices which includes mechanisms to incentivize the effective management of HCV forest areas.</p> <p>This new paradigm approach strengthens Government efforts through the practice of shared responsibility recognised as a sustainability enabler of Malaysia's long term Shared Prosperity Vision 2030 development plan. Facilitating targeted fiscal and economic instruments to catalyse community and private sector actions and recognising their efforts will propel greater conservation outcomes collectively.</p>

Results expected through achievement of Outcome 2 include:

- ? (a) Roadmap (with gender mainstreaming) completed and socialised, (b) two conservation areas (CCAs, OECMs or privately managed conservation areas) recognised (with the encouragement of women participation).
- ? Two policy recommendations for incentive mechanisms submitted to relevant agencies (e.g., Ministry of Finance, Department of Lands and Surveys, etc.) for consideration.

Output 2.1: Roadmap for recognising and strengthening the management of conservation areas (including OECMs) in production landscapes and local community sites in Sabah developed and socialised

Key deliverables/results:

- ? Roadmap for operationalising and strengthening conservation areas (including OECMs) in production landscapes and local community sites
- ? Potential conservation area entities such as private sector or government-linked palm oil companies and community representatives are aware of the benefits of effective management of HCV forests and processes involved to be recognised for the effort.

Output 2.1 focuses on facilitating the recognition of private sector and community efforts towards effective management of conservation areas (including OECMs) in Sabah to provide lessons learned for other sites in Malaysia.

Indicative activities under Output 2.1 include:

2.1.1. Prepare and socialise a road map for recognising and establishing conservation areas (including OECMs).
2.1.2. Undertake consultations with stakeholders on the linkages of HCV management and monitoring based on relevant guidelines[11] to complementary management effectiveness tools and programs in Malaysia (e.g. IUCN Green List or OECM program in Malaysia).
2.1.3. Convene a stakeholder workshop to raise awareness on the role and benefits of conservation areas within the ILM framework as well as potential synergies that can be harnessed to support the effective management respective conservation areas.
2.1.4. Support 4-6 mini workshops to facilitate the identification of action plans and steps towards supporting effective conservation efforts or participation in related management effectiveness programs in Malaysia.

Output 2.2: Fiscal and economic instruments explored, and recommendations formulated for facilitating landscape level finance with a focus on incentivizing effective management of HCV forests in conservation areas and restoration efforts across production landscapes and community sites

Key deliverables/results:

- ? Recommendations for strengthening fiscal and economic instruments for landscape finance in incentivizing uptake of integrated, multi-stakeholder approaches
- ? Recommendations for developing policy, fiscal, economic and financial instruments to catalyse and accelerate the management of privately managed and community conserved areas (including OECMs) across production landscapes and community sites.
- ? Strategies for mobilising resources for landscape restoration initiatives while providing guidelines for the allocation of contributions for effective restoration efforts.

The project will carry out a comprehensive analysis of existing fiscal and economic instruments and undertake consultations with relevant stakeholders (e.g. Ministry of Finance State and Federal levels, Sabah Lands and Survey Department, financial institutions) to provide strategies for landscape level finance. The review will also specifically focus on fiscal and economic instruments to incentivise private sector and community-managed management of conserved areas in the project landscape contributing to state and national level budgeting processes. Recommendations will be consistent with UNDP Programming Principles, promoting inclusivity (no one left behind), gender equality and women's empowerment, sustainability and accountability.

Indicative activities under Output 2.2 include:

2.2.1. Carry out a comprehensive analysis with relevant stakeholder consultation of existing fiscal and economic instruments and formulate recommendations for landscape level financing strategies to support ILM.
2.2.2 Carry out a comprehensive analysis on incentivizing the management of private sector and community managed conservation areas across production landscapes and community sites.
2.2.3. Prepare recommendations for fiscal and economic instruments as contribution towards state and national level budgeting processes.
2.2.4. Develop strategies for mobilising resources and guideline for allocation of CSR contributions for reforestation initiatives.
2.2.5. Convene a stakeholder workshop to share lessons and successes of fiscal and economic instruments and disseminate information on recommendations for strengthening the incentive framework.
2.2.6. Advocate and promote the available fiscal and economic instruments and for strengthening the incentive framework, through government liaison, stakeholder consultations, private sector networking, etc.

Component 2: Promotion of responsible value chains for palm oil and smallholder and medium-sized growers support

This component seeks to strengthen value chains for sustainable palm oil through strengthening multi-stakeholder collaboration processes, including accelerating the jurisdictional approach in Sabah. The activities under this component also are oriented towards establishing more sustainable and resilient production systems, through strengthening state and company partnerships for smallholder and medium-sized growers support, both on sustainable farming and in sustainable palm oil chains.

Outcome 3: Value chains for sustainable palm oil strengthened through multi-stakeholder collaboration

The baseline situation and incremental reasoning for Outcome 3 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
<i>Output 3.1: Multi-stakeholder collaboration processes strengthened</i>	

Summary of Baseline Situation	Incremental Reasoning
<p>The jurisdictional approach being implemented in Sabah, under the guidance of the Sabah Jurisdictional Approach Initiative Steering Committee (JCSC), is an ambitious, multi-stakeholder initiative to achieve 100% MSPO and RSPO certification across the entire palm oil sector in the state by 2025. The JCSC has equal representation of government, private sector, and civil society, a 5-year action plan is under revision, three of six working groups are functioning and field level roll-out is underway in Tawau District. Overall, however, the initiative has not progressed as envisaged and there are challenges in facilitating genuine multi-stakeholder involvement.</p> <p>More information is provided in Annex 7 (<i>Stakeholder engagement plan</i>) and Annex 15 (<i>Baseline report on commodity supply/value chains and farmer support systems</i>).</p>	<p>Project funds will help accelerate the Sabah jurisdictional approach, through adopting the systems leadership skills and tools developed under Outcome 1 of the project. A Sustainable Production Officer will be supported to strengthen interactions among the members and other interested stakeholders. The approaches under implementation in Tawau District will be introduced in one or more of the districts in the project landscape. And communications will be strengthened to expand the awareness of the initiative across the oil palm sector and facilitate dialogue with federal counterparts.</p>
Output 3.2: Strengthened linkages and collaboration through the value chain	

Summary of Baseline Situation	Incremental Reasoning
<p>The Malaysian government has made significant strides towards enhancing sustainability of the palm oil sector, including introduction of the Malaysian Sustainable Palm Oil (MSPO) certification in 2014. By October 2022, the total MSPO certified area in Malaysia amounted to 5,753,703 ha, where 11% are independent smallholders' area, 13% are organised smallholders' area and 76% are plantations[12]. In addition, efforts had been made to revise the MSPO standards in 2019, and the new standards now incorporate HCVs and social impact assessment, and greenhouse gas calculation for the entire supply chain.[13]¹³ Major players have achieved RSPO certification and 60% of the refineries in Malaysia are covered by No Deforestation-No Peat-No Exploitation (NDPE) commitments. Although important gains have been made in recent years, there are still sustainability shortfalls across the supply/value chains. For example, companies often engage in sustainability commitments with short-term objectives in mind; focusing on needs to meet legal requirements and secure land to develop plantations, and significantly downsize the intensity of their engagement activities thereafter.</p> <p>Among palm oil producers there is a feeling that buyers could provide more investment and support for projects that strengthen sustainable production. More information is provided in Annex 15 (<i>Baseline report on commodity supply/value chains and farmer support systems</i>).</p>	<p>The project will facilitate improved connection and collaboration (a) between palm oil producers to increase cross-sector collaboration between peer companies (horizontally across the same stage of the value chain) as well as (b) between producers and buyers (vertically through the value chain) to increase investment and support from buyers into cross-sector coalitions as well as public private partnerships in production landscapes, and (c) between finance providers and companies working towards the sustainability of the sector.</p> <p>The project will facilitate cross-sector collaboration between producers for more systemic solutions and will work with producer groups to help get projects to be 'investment ready' or 'partnership ready' and facilitate connections with buyer groups.</p> <p>The focus will be on working with existing initiatives in Sabah (e.g., the Sabah Jurisdictional Approach Initiative) ? and potentially also other sustainable production programmes in Malaysia (e.g. via MSPO and MPOB).</p> <p>In the demand markets the project will focus on working via industry groups (e.g. China Sustainable Palm Oil Alliance, European Palm Oil Alliance, India Sustainable Palm Oil Coalition, Southeast Asia Alliance for Sustainable Palm Oil, Consumer Goods Forum, Tropical Forest Alliance, RSPO).</p> <p>In relation to finance, the focus will be on connecting to existing initiatives working on finance for sustainable palm oil value chains.</p>
Output 3.3: Traceability of oil palm in Sabah strengthened to facilitate responsible sourcing	

Summary of Baseline Situation	Incremental Reasoning
<p>The Ministry of Plantation Industries and Commodities (MPIC) and the Malaysian Palm Oil Certification Council (MPOCC) have introduced tools and systems to improve traceability, including the MSPO Trace system. Moreover, Sustainable Oil Palm Grower Cooperatives (KPSM) and Sustainable Palm Oil Clusters (SPOC) assist smallholders to form cooperatives to sell FFB at a stable price and provide direct selling link to mills rather than via dealers and unknown middlemen which leads to a loss in selling price. KPSM acts to replace dealers in the supply chain and provide significant assistance in meeting independent smallholder traceability.</p> <p>Despite important investments by the government and by major CPO-buying multinationals in strengthening supply chains for certified palm oil, it remains difficult for companies wishing to source responsibly to trace the origins of palm oil from within these states.</p> <p>More information is provided in Annex 15 (<i>Baseline report on commodity supply/value chains and farmer support systems</i>)</p>	<p>The project will work with government, private sector, and civil society partners in assessing existing traceability tools and providing recommendations for improvement. Training will be delivered to local stakeholders on the implementation of the traceability systems.</p> <p>Partnering with the KPSM and SPOC, delivering capacity building through a cooperative and/or cluster approach will help bring more smallholders towards MSPO (and RSPO) certification.</p> <p>Collecting data and information on the oil palm footprint in the project landscapes will provide a scale-able framework to replicate across the state and other states in Malaysia.</p>
<p><i>Output 3.4: Open innovation challenge introduced to identify solutions that can be scaled to address key sustainability issues facing the palm oil sector</i></p>	
<p>Upstream and downstream actors in the palm oil sector have made extensive sustainability commitments and have invested into processes and systems that help fulfil these goals. Transforming food systems has become more and more challenging, with increasing populations and the associated demand for agricultural land, disruptions associated with climate change, as well as from natural and public health disasters, such as the COVID-19 pandemic. There is a growing need for innovations, both in terms of new technologies and traditional approaches, for transforming and securing food systems at scale.</p> <p>There are a number of innovation-focused initiatives in place, such as the Palm Oil Innovation Group and the MIT SOLVE sustainable food systems challenge. There is a need to introduce such approaches that deal with specific sustainability challenges in the palm oil sector Sabah.</p>	<p>The project will facilitate an Open Innovation Challenge that addresses specific sustainability challenges in Sabah, including those related to social and environmental risks identified in the SESA and ESIA's, and related studies. The Open Innovation Challenge will build upon an existing programme or introduce new process through engaging with private sector, governmental agencies, civil society and scientific institutes. The cash prizes are envisaged to be funded through private sector financing, and the GEF funds will support low-value accelerator grants that would enable implementation of the innovations in the project landscapes.</p>

Results expected through achievement of Outcome 3 include:

- ? Five new Signals of Change reported in the end-of-project assessment, demonstrating strengthened multi-stakeholder collaborative action

? (a) 100% of certified hectareage for MSPO Revision 2; (b) 50% of hectareage achieving RSPO readiness.

Output 3.1: Multi-stakeholder collaboration processes strengthened

Key deliverables/results:

- ? Sabah Jurisdictional Approach initiative supported, including through the services of a Sustainable Production Officer
- ? Sustainable financing plan on maintaining multi-stakeholder collaboration

Existing collaborative bodies will be strengthened, to enable and prepare them to make changes that transform systems. The multi-stakeholder collaborative bodies will provide spaces for facilitating multi-stakeholder processes across each of the project components, including development of the integrated landscape management (ILM) framework in Component 1, engagement with upstream and downstream actors in the palm oil sector and strengthening of monitoring of oil palm footprints in Component 2, and implementation of participatory models on restoration and conservation of critical ecosystems in Component 3.

Achievement of multi-stakeholder collaboration will be measured using a Signals of Change assessment, using the UNDP Green Commodities Programme (GCP) methodology. The Signals of Change framework is included in the project *Stakeholder Engagement Plan* (see Annex 7 to the *Project Document*); a few examples of Signals of Change (SoCs) include the following:

- ? New capacities, skills (early SoC)
- ? Increased connectivity between stakeholders (early SoC)
- ? New policies and regulatory frameworks (intermediate SoC)
- ? New budget allocations (intermediate SoC)
- ? Scaling and replication (advanced SoC)
- ? Institutional, financial sustainability (advanced SoC).

Indicative activities under Output 3.1 include:

3.1.1. Strengthen the functioning of the Sabah Jurisdictional Approach initiative Steering Committee through supporting a Sustainable Production Officer for multi-stakeholder collaborative spaces, engagement with upstream and downstream actors in the palm oil sector and implementation of participatory restoration and conservation initiatives in the project landscape in accordance with the UNDP SES and reflecting the findings of the SESA conducted under Output 1.1.1.

3.1.2. Sponsor development and delivery of training in facilitation and systems thinking leadership skills for identified local champions, ensuring women's perspectives are fully represented.
3.1.3. Facilitate dialogue between federal and state stakeholders regarding Sabah jurisdictional approach towards MSPO and RSPO certification.
3.1.4. Prepare a sustainable financing plan for multi-stakeholder collaboration (possible financing sources to consider include circular economy approaches regarding palm waste management, commodity funds, etc.), and advocate for implementation of the plan.

Output 3.2: Strengthened linkages and collaboration through the value chain

Key deliverables/results:

? Process put in place for brokering and facilitation of collaboration and partnerships that address shared sectoral issues and challenges (e.g., traceability, farmer support and access to finance, labour standards throughout the value chain) financing sustainable value chains, environmental monitoring, conservation finance) through cross-sectoral and systemic solutions via:

- o Greater cross-sector collaboration between upstream producers.
- o Increased collaboration between downstream buyers and upstream producers.
- o Collaboration with finance providers to align and mobilise funding towards sustainable value chains.

? Increased investment and support from downstream buyers into sustainable production initiatives in the target landscapes, as well as more broadly at the state and national level.

? Increased number of MSPO and RSPO certified smallholders, medium-sized growers, plantations, and mills.

? Improved facilitation of inward investment from downstream buyers into jurisdictional and landscape initiatives across the region (Malaysia, Indonesia, PNG).

The main objective of Output 3.2 is to strengthen cross-sector collaboration and public private partnerships to deliver more systemic, sector-wider solutions for sustainability challenges in the palm oil sector, including traceability, farmer training and support, environmental monitoring, labour standards, forest protection and conservation initiatives and finance for sustainable value chains. Activities under this output will also aim to improve collaboration within the target landscapes but also more broadly at state level and, where appropriate, national level and regionally.

The project will focus on facilitating approaches that improve coordination and increase collaboration (a) within the private sector and (b) between the private and public sectors. The focus will be on

partnerships that can deliver solutions at the level of the landscape, district, state, country, and regional (transnational) level ? rather than just in individual supply chains.

Private sector action on sustainable production and sustainable sourcing often focuses on individual supply chains, focusing on actions within company plantations and working with smallholders supplying to specific mills ? in other words, the lower left-hand corner of Corporate Action Matrix below in *Table 9* of the Project Document.

[1] HCV Malaysia Toolkit Steering Committee. 2018. Malaysian National Interpretation for the Identification of High Conservation Values. Kuala Lumpur, Malaysia.

[2] Jonas, H. D. and H. C. Jonas. 2019. Are ?Conserved Areas? Conservation?s Most Compelling Story? Parks Vol 25. 2 November 2019

[3] 2nd Parks Congress, Kota Kinabalu Declaration 2022. Parks for Nature and People

[4] <https://www.mpic.gov.my/mpi/en/palm-oil-news/sawit-mspo-2022-addresses-challenges>

[5] <https://www.mpocc.org.my/mspo-blogs/principle-1-of-the-revised-mspo-standards>

[6] <https://www.mpocc.org.my/mspo-blogs/principle-5-environment-natural-resources-biodiversity-and-ecosystems-services>

[7] Convention on Biological Diversity. 2021. First Draft of the Post 2020 Global Biodiversity Framework. Target 3. Ensure that at least 30 per cent globally of land areas and of sea areas, especially areas of particular importance for biodiversity and its contributions to people, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes (<https://www.cbd.int/doc/c/abb5/591f/2e46096d3f0330b08ce87a45/wg2020-03-03-en.pdf>).

[8] Convention on Biological Diversity. 2021. First Draft of the Post 2020 Global Biodiversity Framework. Target 1. Ensure that all land and sea areas globally are under integrated biodiversity-inclusive spatial planning addressing land- and sea-use change, retaining existing intact and wilderness areas.

[9] Convention on Biological Diversity. 2021. First Draft of the Post 2020 Global Biodiversity Framework. Target 2. Ensure that at least 20 per cent of degraded freshwater, marine and terrestrial ecosystems are under restoration, ensuring connectivity among them and focusing on priority ecosystems.

[10] Shames, Seth, and Sara J. Scherr. 2020. Mobilizing Finance across Sectors and Projects to Achieve Sustainable Landscapes: Emerging Models. Washington, DC: EcoAgriculture Partners

[11] Examples include: MSPO HCV Full Assessment Approach for the MSPO Series Standard MS2530: 2022, MSPO HCV Rapid Self-Assessment Approach for the MSPO Series Standard MS2530:2022 (draft), HCV Malaysia Toolkit Steering Committee. 2018. Malaysian National Interpretation for the Identification of High Conservation Values. Kuala Lumpur, Malaysia and Wilmar & Proforest. 2021. Best Management Practices Manual for Growers on Forest Conservation and Community Collaboration. Wilmar International Ltd., Singapore.

[12] Source: MPOB, <https://mspotrace.org.my/>

[13] Information retrieved from <https://www.mpocc.org.my/mspo-blogs/overview-of-revised-mspo-standards-ms25302022>

Project Document Table 9: Corporate Action Matrix⁵⁰

Type of action		Geographic scope of action				
		Farms	Landscapes	Subnational	National	Global
Collaborative	Collective action	Institution building				
		Building coalitions & partnerships				
		Multi-stakeholder forums				
Coordinated	Individual or collective action	Technical assistance				
		Funding & finance				
		Advocacy				
Uncoordinated	Individual company and supply chain actions	Purchasing contracts / off-take agreements				
		Supply chain policies / purchasing agreements				
		Commitments				

The project will aim to strengthen coordination between companies (the central band of the matrix) and to facilitate more collective action (the upper band of the matrix) ? and to do so across entire landscapes, as well as at the state, national, and (transnational) regional level.

Implementation of Output 3.2 will be supported by the UNDP Green Commodities Programme, building on existing relationships particularly with international palm oil buyers as well as large producers, and making linkages with other FOLUR country projects in the region that are addressing palm oil (Indonesia and PNG) and globally (Colombia, Guatemala, Liberia, Nigeria, Peru). In addition, the project will look to collaborate with other organisations working with the private sector and finance sector on sustainable production and supply chain issues in palm oil, particularly organisations with experience of working with groups of companies through coalitions. Examples include: Aidenvironment, Conservation International, Earthworm Foundation, IDH, Proforest, Solidaridad, and WWF.

In collaboration with these partners, the aim will be to develop and implement a process for the brokering and facilitation of collaboration partnerships. The emphasis will be on working with existing initiatives wherever possible, such as:

- ? At the production level: working with existing initiatives in Sabah (e.g., Sabah Jurisdictional Approach Initiative) ? and potentially also other sustainable production projects in Malaysia (e.g., via MSPO and MPOB). This may include helping producer groups to get project to be ?investment ready? or ?partnership ready?.
- ? In the demand markets: connecting producer groups to groups of buyers via existing sector initiatives (e.g., China Sustainable Palm Oil Alliance, European Palm Oil Alliance, India Sustainable Palm Oil Coalition, Southeast Asia Alliance for Sustainable Palm Oil, Consumer Goods Forum (particularly the Forest Positive Coalition), Tropical Forest Alliance, RSPO).
- ? In relation to finance for sustainable value chains: connecting with existing initiatives such as the Value Based Investment Community of Practitioners (and the VBIAF Sectoral Guidance on Palm Oil), and work internationally on sustainable finance for palm oil from RSPO, UNPRI (PRI Investor Working Group on Sustainable Palm Oil) and others.

Where sustainable production projects do not exist in the project target landscapes, or where there are gaps that need to be addressed, the project will also identify how existing projects can be extended or where new projects need to be incubated. Key Malaysian based institutions engaged with the finance for the oil palm sector include MPOB, Bank Negara Malaysia (BNM), Agrobank, Alliance Islamic Bank Berhad, AmBank Islamic Berhad, Bank Islam Malaysia Berhad, Bank Muamalat Malaysia Berhad, Bank Rakyat, CIMB Islamic Bank Berhad, HSBC Amanah Malaysia Berhad, Maybank Islamic Berhad, OCBC Al-Amin Bank Berhad, Public Islamic Bank Berhad, RHB Islamic Bank Berhad and Standard Chartered Saadiq Berhad.

Indicative activities under Output 3.2 include:

- | |
|--|
| 3.2.1. Develop partnerships and alliances with aligned organisations to broker, facilitate and strengthen cross-sector collaboration and public private partnerships for sustainable production and sustainable supply chains ? looking across the target landscapes, but also across the palm oil sector in the region (including Malaysia, Indonesia and PNG, and also Thailand, India and China). |
| 3.2.2. Engaging with existing sustainable production initiatives in Sabah to identify specific projects and activities that would benefit from increased support and investment from buyers. |

3.2.3. Supporting sustainable production and supply chain projects (as per 3.2.2) to prepare presentation and communication materials for attracting increased support and investment from buyers.
3.2.4. Engage with major industry groups in key demand markets to mobilize increased buyer investment and support in sustainable production and supply chain projects through existing coalitions and partnerships.
3.2.5. Engage with existing sustainable finance initiatives for collaboration with producer and buyer groups to identify and address gaps relating to funding of sustainable palm oil.
3.2.6. Provide on-going capacity building, technical assistance, brokering and facilitation support to ensure the further development and strengthening of coalitions and partnerships for sustainable production and supply chain projects.

Output 3.3: Traceability of oil palm in Sabah strengthened to facilitate responsible sourcing

Key deliverables/results:

? Assessment of existing traceability tools and systems and recommendations on improving the MSPO traceability database system on oil palm smallholders and medium-sized growers.

Under Output 3.3, the project will facilitate strengthening of monitoring of oil palm footprints, particularly regarding smallholder production, thus enabling increased insertion of smallholders and medium-sized growers into sustainable supply/value chains. Collaborating with enabling stakeholders, for example MPIC, MPOCC, KPSM and SPOC, an assessment of existing traceability tools and systems will be made, and recommendations made for improvements, based on best practices in the industry and other countries. Capacity building and awareness-raising will be delivered to local stakeholders on these systems, encouraging involvement by cooperatives and clusters, in order to increase attainment of CSPO certification among smallholders.

Indicative activities under Output 3.3 include:

3.3.1. Assess existing tools related to oil palm smallholder database and traceability to identify the most appropriate system (i.e., traceability from the farms/estates to the mills).
3.3.2. Provide recommendations and feedback on improvement of the MSPO Trace database system on oil palm smallholders and medium-sized growers.
3.3.3. Work with the stakeholders in supporting the development, adoption, and operationalisation of the recommendations.

Output 3.4: Open innovation challenge introduced to identify solutions that can be scaled to address key sustainability issues facing the palm oil sector

Key deliverables/results:

- ? An Open Innovation Challenge launched to address food systems, land use and restoration challenges
- ? Business plan for sustaining the process after GEF funding ceases

The aim of the Open Innovation Challenge is to identify and support innovative solutions to food systems, land use and restoration challenges in Indonesia. The role of the project will be to develop the concept and to find partners and funders to ensure that the concept is financially self-sustaining from the outset. The exact design of the Open Innovation Challenge will be determined during concept development, but the intention is to find proven solutions to food systems, land use and restoration challenges and to provide support to accelerate the scale up of these solutions. (The Open Innovation Challenge will not be looking for new / unproven ideas to incubate or seed.) The Open Innovation Challenge will most likely provide support through financial prize / grant; access to investment; provision of advice; access to strategic contacts / networks / partnerships; publicity and communications support.

The innovation challenges will be developed through the process and with partners. The challenges could relate to any priority area for the project. On an indicative basis, this could include: challenges related to smallholder production, increase smallholder access to financial and technical support, methods to accelerate smallholder mapping / traceability and NDPE implementation (e.g. ensuring no deforestation via use of satellite monitoring tools, community raised grievance platforms and forest monitoring); local community forest protection ideas, use of digital tools ? in data collection, to monitor and enhance smallholder productivity, traceability / transparency (e.g., Trase), detect deforestation and provide alerts, development of models or platforms and innovative financing structures to deliver service and smallholder support, business models and partnerships for new crop varieties, digital platforms to connect smallholders to markets, innovative solutions to rural waste management, and so on.

Specific challenge themes are likely to be set each call, which will focus on particular selected challenges. Examples of such challenges include the following:

- ? UNDP Ocean Innovation Challenge (<http://www.oceaninnovationchallenge.org/>)
- ? GEF Challenge Program for Adaptation Innovation (<https://www.thegef.org/documents/call-proposals-challenge-program-adaptation-innovation>)

? MIT SOLVE Sustainable Food Systems Challenge (<https://solve.mit.edu/challenges/sustainable-food-systems>)

The Open Innovation Challenge may be run only as a stand-alone Malaysian initiative or may connect into a regional or global challenge as well if other FOLUR countries / the FOLUR Global Platform also launch Open Innovation Challenges. In this case, there could be national level challenges and the winners go on to compete at the regional and/or global level. Under this scenario, strategic partnerships could be explored on a multi-country basis (e.g., IBM, OpenIDEO, PwC, etc.).

Indicative activities under Output 3.4 include:

3.4.1. Develop the concept for the Open Innovation Challenge, ensuring its openness to women and marginalized groups, and set up or link to an online platform.
3.4.2. Establish a grant administration function and support the administration of the Open Innovation Challenge for the duration of the project.
3.4.3. Engage strategic partners and raise financing for the financial prizes/grants.
3.4.4. Launch Open Innovation Challenge invitations, evaluate proposals, announce grantees.
3.4.5. Disburse low-value accelerator grants for strengthening enabling initiatives through SFD (according to UNDP low value grants procedures) that are complementary to the Open Innovation Challenge topics.
3.4.6. Regularly evaluate results and lessons and develop a business plan for sustaining the Open Innovation Challenge after project closure.
3.4.7. Produce communication materials, advocate for a long-term sponsor of the process, convene a workshop to showcase results and strengthen partnerships.

Outcome 4: Smallholder and medium-sized growers support systems strengthened for participation in sustainable farming and commodity supply chains

The baseline situation and incremental reasoning for Outcome 4 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
<i>Output 4.1: Capacity building delivered, and durable systems put in place to support smallholder farmers and medium-sized growers on the promotion of and increased uptake of sustainable production practices and farming systems</i>	

Summary of Baseline Situation	Incremental Reasoning
<p>Smallholder extension services are led by the MPOB, with assistance from other agriculture programmes led by the relevant agriculture ministries and departments. MPOB operates at the district level in Sabah to manage and implement smallholder improvement programmes and provide extension services. Sabah's Agriculture Department also have extension offices, but their services are primarily focused on food crops, not commodities such as oil palm. Based on baseline review carried out during the PPG phase, extension services are under-resourced, and many independent smallholders cannot access available services and inputs based on unresolved land tenure and other constraints.</p> <p>The private sector (mainly large refining companies and international buyers) is also engaged in extension programmes, often collaborating with NGOs and technical service providers to carry out smallholder sustainability and assistance projects within their direct supplying smallholders, such as smallholder mapping activities, FPIC implementation and the development of new initiatives and smallholder training programmes to improve practices and farmer resilience. Government bodies and organizations are rarely involved in these initiatives.</p> <p>More information is provided in Annex 15 (<i>Baseline report on commodity supply/value chains and farmer support systems</i>).</p>	<p>Utilising the strengthened multi-stakeholder collaboration spaces and capacities, the project will work with partners from governmental agencies and departments, government linked companies, private sector players and civil society organizations, on improving the access and quality of extension services to smallholders and medium-sized growers.</p> <p>Training on best practice on-farm and off-farm sustainability practices will be delivered to smallholders, and training modules will be strengthened by integrating updated environmental sustainability aspects.</p> <p>Project resources are also allocated for developing state-wide roadmaps for improving overall extension services and securing land tenure for smallholders to fulfil national and NDPE commitments.</p> <p>And, the project will advocate for better utilizing private sector initiatives, such as CSR and CSPO outreach programmes for strengthening extension services in the project landscape.</p>
<p><i>Output 4.2: Interventions on restoration of degraded cropland, adoption of good agricultural practices, formation of cooperatives, crop diversification and implementation of upstream-smallholder management plans</i></p>	

Summary of Baseline Situation	Incremental Reasoning
<p>Oil palm is hailed as a yielding oil crop per hectare; however, is considered a weak performing crop for many independent smallholders. Oil palm still provides significant income contributions compared to other crops planted due to a higher selling price per harvest, but there is an increasing demand for new land as a result of low productivity.</p> <p>Technical knowledge of best practices including health and safety, use of agrichemicals and environmental protective measures are important aspects when developing and managing oil palm plantations. Smallholders generally are not well trained and aware of these practices. For example, it is also common for smallholders to use illegally obtained seedlings, loose fruits, and natural-germinated seedlings (germinated from loose fruit or tree cuttings) when developing plantations instead of utilizing certified seedlings from MPOB licensed nurseries. These seedlings may produce poorly performing trees during maturity.</p> <p>Farmer performance and income generated under village-style, group-based schemes, and clustering programmes perform well due to proper management, assistance, and training directly from MPOB or other supporting bodies. The MPOB Sustainable Palm Oil Cluster (SPOC) programme provides assistance to farmers for on-farm improvements, diversification with other crops, etc. The Smallholder Oil Palm Initiative, which disburses soft loans to smallholders. And the RISDA Smallholder Rubber Scheme (also available for oil palm). There has been limited reach of these programmes to date, however due to a low number of MPOB extension officers and lack of collaboration from the private sector for these programmes.</p> <p>More information is provided in Annex 15 (<i>Baseline report on commodity supply/value chains and farmer support systems</i>).</p>	<p>Upstream-smallholder management plans will provide scale-able frameworks for engaging smallholders across the project landscapes and throughout the state. Through collaboration with ongoing initiatives, such as the MPOB clustering programme, project resources will help accelerate outreach and training to smallholders and medium-sized growers.</p> <p>Project resources are also allocated for supporting field interventions on improved soil and water management, restoration of degraded cropland, good agricultural practices, agroforestry practices, diversification, high quality seedlings and other yield-improvement and yield-resilient practices, pest management, etc.</p>
<p><i>Output 4.3: Smallholders supported to access state crop assistance schemes and rural diversification activities</i></p>	

Summary of Baseline Situation	Incremental Reasoning
<p>Investments and subsidies are vital to promote the agriculture of food , to balance the footprint of oil palm and other commodities, and to improve smallholder livelihoods. There is an urgent need to increase resilience of smallholders towards price fluctuation through diversification of crops and agroforestry practices to provide the benefits of forest protection, soil and ecosystem services protection.</p> <p>There are a number of public and private sector programmes offering support, including the MYR 550 million (approx. USD 125 million) MPOB Soft Loan Replanting Scheme (TSKPS) and the Soft Loan Input Scheme for Smallholders (IPKS) managed by Agrobank, the Amanah Ikhtiar Malaysia microcredit scheme for rural development, the MPIC tree planting programme for riparian restoration, etc.</p> <p>Smallholder access to financial capital and subsidies continue to be a hinderance due to largely to limited knowledge towards available programmes and lack of capacity to prepare proposals and manage grants or microcredit. Independent smallholders without land grant titles can be a barrier to access of palm oil financial assistance schemes.</p> <p>More information is provided in Annex 15 (<i>Baseline report on commodity supply/value chains and farmer support systems</i>)</p>	<p>The project will help facilitate increased awareness regarding subsidy and microcredit programmes, as well as build capacity of smallholders for accessing such programmes and managing the funds.</p> <p>Workshops will be convened at the local level, allowing smallholders a chance to attend and learn about existing programmes. Trainings will be delivered to smallholder groups, agricultural cooperatives and other community-based organizations will be trained, with practical guidance on developing proposals and fund management.</p>

Results expected through achievement of Outcome 4 include:

- ? 10 new upstream-smallholder memoranda of understanding agreed (with at least 5 that enhance women's empowerment in agriculture) including engagement plans that include support for smallholder livelihood diversification and containment of oil palm expansion under NDPE policies.

Output 4.1: Capacity building delivered, and durable systems put in place to support smallholder farmers and medium-sized growers on the promotion of and increased uptake of sustainable production practices and farming systems

Key deliverables/results:

- ? Extension workers trained, with equitable participation of women.
- ? State-level road map for improving extension services and securing land tenure for independent smallholders

- ? Ten (10) upstream-smallholder management plans
- ? Upstream-smallholder engagement workshops and field-based trainings
- ? Guidance document on addressing smallholder clearance of HCV and peatlands.

Through multi-stakeholder platforms, engagements and secured buy-in from key stakeholders, there will be an opportunity to understand existing various smallholder support programmes from both the public and private sector. The project will adopt a stepwise approach following the methodology outlined in the UNDP GCP guidance on 'Multi-Stakeholder Collaboration for Systemic Change: A New Approach to Strengthening Farmer Support Systems'[\[1\]](#).

The aim will be to understand the current gaps and issues during the implementation of these programmes and provide concrete intervention plans for improvement or develop new programmes. Initial activities such as a thorough supply chain mapping of smallholders and securing buy-in from stakeholders must be carried out in parallel. An initial selection of project location(s) to implement and trial farmer support projects can be conducted. Priority will be placed on:

- i. Mills and smallholders located near high priority conservation forest areas (based on biodiversity studies, HCS or HCV studies).
- ii. Certification status of smallholders (indicates level of extension services received by smallholders and agriculture standards).
- iii. Existing / available programmes carried out with smallholders and to what extent (smallholders which are already engaged means ease of further collaboration and generally more receptive).

Under this output, the project will facilitate engagement with upstream stakeholders (e.g., collection points, mills) and smallholders in order to enhance the sustainability along this important part of the supply chain. Following a prioritization mapping analysis, mill-smallholder engagement workshops will be held in the project landscapes and field-based training delivered on best management practices, including compliance with UNDP SES. Upstream-smallholder management plans will be developed to provide stakeholders with guidance on ensuring sustainable approaches are mainstreamed into their normal operations.

One of the important considerations in the jurisdictional approach implemented in Sabah is determining an HCV compensation guidance for addressing smallholder clearance of HCV and peatlands since 2005, the proposed cut-off date for compensating HCV and peatland cleared for oil palm plantations.

The project will assist the JCSC in developing a smallholder HCV compensation and remediation guidance document.

Indicative activities under Output 4.1 include:

4.1.1. Deliver training to extension officers/farmer support services, mainstreaming of options for environmental sustainability into extension modules of district extension offices (including agricultural extension, crop diversification), NGOs, and private sector, ensuring effective implementation of best management practices and knowledge sharing platforms (SPOC, etc.) by using resources developed by technical experts and the public sector. Sustainability training will be consistent with the UNDP SES and will be informed by the results of the SESA conducted under Output 1.1.
4.1.2. Identify critical areas for the development of a state-wide roadmap for improved smallholder support services and raising awareness on land tenure (e.g., Department of Lands and Surveys, Sabah Native Land Services programme (PANTAS)) for smallholders and medium-sized growers to support national commitments and NDPE policies.
4.1.3. Conduct upstream-smallholder engagement workshops and multi-stakeholder field-based trainings (in Sabah - coordinate with the Sabah Jurisdictional Approach Initiative Steering Committee) to develop upstream-smallholder management plans, compliant with SES requirements and reflective of the perspectives of women and marginalized groups.
4.1.4. Deliver capacity building (Train the Trainers) in collaboration with research institutions, government sector, CSPO System Holder, private sector and civil society partners on carrying out simplified HCV and HCS assessments for smallholders and recruitment for local monitoring.
4.1.5. Assist the JCSC Climate, Environment and Nature Conservation Working Group in developing an HCV compensation and remediation guidance on how the jurisdictional process can address smallholder forest clearance, and clearance of HCV and peatlands. Convene a stakeholder workshop on HCV compensation to share lessons learned.
4.1.6. Advocate for better utilization of company commitments, CSR programmes and CSPO outreach programmes as a platform for expanding and improving extension services within target areas.

Output 4.2: Interventions on restoration of degraded cropland, adoption of good agricultural practices, formation of cooperatives, crop diversification and implementation of upstream-smallholder management plans

Key deliverables/results:

? Case studies for each site intervention on restoration of degraded cropland, adoption of good agricultural practices, formation of cooperatives, crop diversification, etc.

Under this output, project resources are allocated for interventions based on specific site-level proposals on improved soil and water management, restoration of degraded cropland, good agricultural practices, agroforestry practices, diversification, high quality seedlings and other yield-improvement and yield-resilient practices, pest management. Site intervention proposals will be accompanied by SESP screening and where required scoped ESIA studies and impact management methods, to ensure the approved intervention plans are consistent with UNDP SES. Assessments will commence as soon as sites and activities are proposed and will inform further activity design and site selections. Building on the SESA under Output 1.1, the studies will identify downstream activities and potential risks, and develop impact management strategies based on the mitigation hierarchy of risk avoidance, minimization, mitigation and offsetting. The SESP will also be used to screen activities proposed under low value grants as part of this Output, and further studies such as scoped ESIA studies prescribed as necessary, commensurate with the foreseen levels of impact. FPIC will be required for any proposed activities which may impact the human rights, lands, territories, resources, traditional livelihoods or cultural heritage of indigenous peoples.

Indicative activities under Output 4.2 include:

4.2.1. Conduct SESP screening of proposed downstream activities, and where required, in accordance with UNDP social and environmental standards, ESIA studies scoped to the risks identified, and develop an Indigenous Peoples Plan, in accordance with UNDP SES Standard 6.

4.2.2. Provide investment assistance for interventions on improved soil and water management, restoration of degraded cropland, good agricultural practices, agroforestry practices, diversification, high quality seedlings and other yield-improvement and yield-resilient practices, pest management. Proposals will include detailed intervention plans and confirmation of co-financing for value added contributions.

Output 4.3: Smallholders supported to access state crop assistance schemes and rural diversification activities

Key deliverables/results:

- ? Gap analysis on existing public and private assistance schemes and recommendations for expanding access
- ? Increased awareness and strengthened capacities for accessing and managing assistance schemes.

Under this output, capacities of smallholders regarding accessing available assistance schemes will be strengthened. A gap analysis will be carried out on existing schemes and those under development, and recommendations formulated for expanding access and efficient utilization of such schemes.

Information will be shared with smallholders through local level workshops and targeted trainings. Capacity building trainings will also be delivered for enhancing technical and financial management skills among smallholders, agricultural cooperatives, and other community-based organizations (CBOs) for accessing and managing funds from assistance schemes.

Indicative activities under Output 4.3 include:

4.3.1. Carry out a gap analysis on existing public and private assistance schemes on agriculture diversification activities and develop recommendations on improvement and scalability with significant representation from smallholders and women.
4.3.2. Convene local level workshops, roadshows, inviting representatives of governmental subsidy programmes, rural development banks and other partners to provide information to smallholders on available programmes and the processes and requirements.
4.3.3. Deliver training to smallholders, agricultural cooperatives, and other community-based organizations (CBOs) on proposal development and financial management for handling grant or microcredit funding, with the proactive inclusion of women.
4.3.4. Strengthen capacity of CBOs in accessing and managing grant and microcredit funding through disbursement of low-value grants for technical or financial management improvements.
4.3.5. Advocate and promote expanded awareness and access to the available subsidies, government incentives, and microcredit schemes available through the public and private sector, with an emphasis on rural income diversification, sustainable food systems and non-timber forest products (NTFPs).

Component 3: Conservation and restoration-rehabilitation of natural habitats through public-private-community partnerships

This component involves public-private-community partnerships to restore and connect areas of globally valuable forest that also provide wildlife corridors, through state forestry departments restoring-rehabilitating selectively logged and degraded forests, companies creating voluntary set-asides, and communities engaging in co-management agreements.

Outcome 5: High conservation value areas protected, restored-rehabilitated and connected

The baseline situation and incremental reasoning for Outcome 5 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
<p><i>Output 5.1: Degraded and fragmented ecosystems restored-rehabilitated to regain ecological functions, including connecting HCV/HCS and creating wildlife corridors, and mainstreaming connectivity principles into existing restoration-rehabilitation schemes through gender responsive approaches and partnerships with communities and the private sector</i></p>	
<p>Forest landscape restoration include land uses such as forest lands that is the dominant land use, agricultural lands that are being managed to produce food and protective/vulnerable land and buffers such as mangroves or watershed[2]. Participatory approaches have been implemented in Sabah for many years, including community forest management, agroforestry development, restoration of degraded land, etc.</p> <p>Some examples of baseline activities and key stakeholders include: 100 million Tree-Planting Campaign, riparian, social forestry, conservation areas within oil palm plantations and agroforestry projects (e.g. Sabah Softwoods Berhad, Sawit Kinabalu, Nestle RELeaf, Sime Darby, Wilmar, Kelawat Agroforestry development and restoration, Karamuak Cocoa, Bornion Timber Sdn Bhd, Jalawa Sdn Bhd, Mangkawagu social forestry project development of rubber agroforestry model, Community Forestry Projects (<i>Projek Perhutanan Masyarakat</i>), Sabah Parks, WWF-Malaysia, Sabah Foundation, Forever Sabah, Tropical Rainforest, Conservation and Research Centre, Danau Girang, Rhino and Forest Fund, South East Asia Rainforest Research Partnership, Bringing Back Our Rare Animals, Universiti Malaysia Sabah, etc.</p> <p>Forest restoration is a long-term process which requires extensive investments and monitoring to ensure its impact on the ground. Results have been mixed. In many cases, the lack of a clear financing mechanisms and business model hinders the sustainability of the initiative. The limited personnel, e.g., within extension offices, to deliver vocational training and guidance has been another barrier. Land conflicts are an enduring consideration in such initiatives, with unclear demarcation of boundaries and lack of land tenure certification.</p> <p>More information is provided in Annex 16 (Landscape profile).</p>	<p>The GEF alternative involves scaling up and strengthening the coordination of existing restoration initiatives through onsite screening and ESIA studies, multi-stakeholder collaborative mechanisms and building upon lessons learned in the project landscapes and feeding into ongoing initiatives, through reconsidering priority areas for restoration-rehabilitation and conservation based on the results of the ILM plans, assessing multiple considerations in the development of restoration-rehabilitation and conservation plans, including opportunities for integrating nature based solutions, business planning and developing mechanisms to incentivise and ensuring sustainable financing of the restoration plans.</p>
<p><i>Output 5.2: Plantation companies and communities engaged on integrating HCV/HCS into management plans</i></p>	

Summary of Baseline Situation	Incremental Reasoning
<p>There are numerous upstream private sector and government-linked companies operating plantations in the project landscapes that have obtained MSPO and RSPO certification and made NDPE pledges. The sustainability commitments associated with these certifications and initiatives require conservation objectives to be integrated into management plans for the plantations.</p> <p>There are also management plan obligations among Forest Management Units (FMUs) ? there are more than 10 FMUs in the project landscape in Sabah, for example. The HCV/HCS maps have only recently been completed for Sabah and these considerations have not yet been fully integrated into the forest management plans (FMPs) of the FMUs in Sabah.</p> <p>More information is provided in Annex 16 (Landscape profile) and Annex 14 (<i>Baseline report on commodity supply/value chains and farmer support systems</i>).</p>	<p>The GEF alternative involves promoting integrated landscape management approaches multi-stakeholder collaboration for prioritizing conservation of critical ecosystems, informed by ESIA studies, consistent with UNDP SESs and where applicable including FPIC procedures for indigenous communities.</p> <p>Oil palm plantation owners and operators and forest management units are among the key actors in the production sector in the Sabah, and conservation gains can be realized through integrating HCV/HCS considerations into the management plans of these operations.</p>
<p><i>Output 5.3: Partnerships strengthened with tertiary and research institutions, contributing to the development of the next generation of experts in Sabah on ecosystem restoration and community co-management</i></p>	
<p>There are several tertiary/research institutes in Sabah and in other states in Malaysia that are producing important applied research and collaborating with forestry departments, agricultural departments, as well as civil society and private sector. For example, School of International Tropical Forestry at the Universiti of Malaysia Sabah (UMS) works with communities, government departments and private sector on sustainable forest management. The Faculty of Forestry at the Universiti Putra Malaysia (UPM) has a collaboration with the Sabah Forestry Development Authority (SAFODA) in sustainable forest plantations.</p> <p>More information is provided in Annex 7 (<i>Stakeholder engagement plan</i>).</p>	<p>The GEF alternative will strengthen partnerships with tertiary/research institutes through multi-stakeholder collaboration spaces, bringing together key actors in the project landscapes. Low-value grants will be awarded to accelerate development and application of innovative approaches on forest restoration-rehabilitation and community co-management, feeding into the participatory models implemented under Component 3.</p>
<p><i>Output 5.4: An online platform developed for data sharing focusing on restoration</i></p>	
<p>Restoration efforts are currently implemented at the project or local levels involving government agencies, local communities, private sector and the civil society. Several key considerations are needed to enhance the impacts and resources invested on the ground. These include coordinating restoration efforts at the landscape level, integrating local and ecologically sound perspectives into restoration plans and identify appropriate financing models to support the sustainability of restoration efforts.</p>	<p>The GEF alternative will strengthen the coordination of restoration initiatives and identify opportunities for collaboration and strategic actions to scale restoration impact at the project landscape. In addition, platforms for data sharing and lessons learned will be built while appropriate financing mechanisms will be identified to support the sustainability of the restoration efforts.</p>

Results expected through achievement of Outcome 5 include:

? Three restoration and rehabilitation planning frameworks adopted for the project key intervention areas (including pathways for women participation)

? Agreement in place with one or more host/funding entities to operate and maintain the platform after project closure.

Output 5.1: Degraded and fragmented ecosystems restored-rehabilitated to regain ecological functions, including connecting HCV/HCS and creating wildlife corridors, and mainstreaming connectivity principles into existing restoration-rehabilitation schemes through gender responsive approaches and partnerships with communities and the private sector

Key deliverables/results:

? Maps of the agreed forest and cropland areas to be targeted for wildlife corridor protection and ecological restoration initiatives.

? Adapted restoration plans, including needs assessment on priority actions to develop workplans in the project landscapes

? Participatory models on restoration and conservation supported through low-value accelerator grant modalities

? Documentation and/or recording of traditional conservation knowledge.

Under this output, the project will work with government, private sector, civil society partners and local communities on identifying priority degraded forest and cropland areas for restoration and conservation. Based on the needs assessments, relevant investment arrangements including low-value grants will initiated to accelerate and scale up existing initiatives, involving community-based forest management, sustainable utilization of NTFPs in buffer zones, or other collaborative agreements with communities for conservation or sustainable use of HCV/HCS areas in the project landscapes.

SESP screening, with emphasis on potential impacts to women and poor and marginalised groups, will be conducted for each of the site interventions, the results of which will inform specific safeguard measures commensurate with the degree of impacts foreseen. Where foreseen impacts require scoped, site-specific ESIA's, these will build on the priorities identified in the SESA (Output 1.1). ESIA's will assess where project activities may impact indigenous communities and vulnerable groups and will detail any requirement for additional safeguard management plans, such as an Indigenous Peoples Plan, Livelihood Restoration Plans, or others. Where screening, and/or targeted ESIA's indicate the possibility of adverse impacts, these will be designed out of the activity where possible. Where this is not possible the ESMPs, built on ESIA findings will include measures to mitigate/manage adverse impacts, in accordance with the ESMF (*Annex 9 to the Project Document*). Assessments will commence as soon as proposed sites and activities are identified.

Indicative activities under Output 5.1 include:

5.1.1. Building upon existing initiatives and analyses made during the development of the ILM framework, adopt priority degraded areas identified through SESP scoping, and where required, ESIA studies, and systematic approaches such as the Restoration Opportunities Assessment Methodology (ROAM) to accelerate restoration-rehabilitation interventions of forest, agriculture and vulnerable lands.
5.1.2. Deliver capacity building and skills transfer to government, private sector, and civil society stakeholders and support development of intervention plans for participatory restoration and conservation initiatives, including technical aspects, business, and financial aspects, FPIC processes, etc.
5.1.3. Provide investment assistance for implementation of participatory restoration-rehabilitation and conservation initiatives, e.g., including carbon-insetting, agroforestry for improving/diversity livelihoods, community forest management to enhance ecological connectivity, etc., in accordance with the UNDP SES. Proposals will include detailed intervention plans and confirmation of co-financing for value added contributions.
5.1.4. Safeguard community traditional conservation knowledge through supporting at least one initiative on documenting and/or recording and disseminating traditional approaches, with FPIC from the indigenous communities involved.
5.1.5. Convene a workshop for sharing lessons learned and best practices and promoting upscaling and replication among government, private sector, local communities and civil society.

Output 5.2: Plantation companies and communities engaged on integrating HCV/HCS into management plans

Key deliverables/results:

- ? Technical guidance and capacity building on integrating HCV/HCS findings into forest management plans and oil palm plantation management plans
- ? Updated forest management plans and oil palm plantation management plans.

The project will provide guidance on how to integrate HCV/HCS considerations into management plans of oil palm plantations, forest management units and timber concession holders. Capacity building will be delivered to private sector and government-linked companies in the oil palm and timber sectors, promoting the principles of the ILM plans for the project landscapes. A stakeholder workshop will be convened to share best practice, and resources are allocated for advocating and promoting operationalization of the management plans; for example, through recording conservation set-asides in the land banks of oil palm plantation owners and forest management units.

Indicative activities under Output 5.2 include:

5.2.1. Deliver capacity building for industry sector (FMU license holders and government linked companies) on integrating HCV findings into their sustainable management practices to better orient their conservation initiatives.

5.2.2. Convene a workshop on best practices in integrating HCV/HCS into management planning processes, inviting oil palm, timber, conservation and other sectors.

Output 5.3: Partnerships strengthened with tertiary and research institutions, contributing to the development of the next generation of experts in Sabah on ecosystem restoration and community co-management

Key deliverables/results:

- ? Strengthened partnerships through awarding low-value grants tertiary/research institutes for expanding innovation in forest restoration-rehabilitation and community co-management
- ? Workshop held to showcase best practices in forest restoration-rehabilitation and community co-management approaches.

Under this output, the project will strengthen partnerships between tertiary/research institutes and governmental departments and agencies, civil society, and the private sector. Representatives of tertiary-research institutes will be included in the multi-stakeholder collaboration spaces, and resources are allocated for awarding low-value challenge grants to help accelerate development and implementation of innovative approaches in forest restoration-rehabilitation and community co-management. The results of these developments will be linked up with the teams implementing participatory models under Component 3 and shared with stakeholders through convening a workshop.

Existing tools, such as the Landscape Analysis Tool (LAT)[\[3\]](#) developed under the Good Growth Partnership (GGP), will be considered and integrated into the innovative approaches developed by the tertiary-research institutional partners.

Indicative activities under Output 5.3 include:

5.3.1. Disburse challenge grant funding to tertiary/research institutions for expanding innovation into the field of forest restoration-rehabilitation and community co-management.

5.3.2. Facilitate partnerships with the grantees and other tertiary/research institutes and the teams implementing participatory models of restoration-rehabilitation and community co-management under Component 3.
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5.3.3. Convene a workshop to showcase best practices, advocate for adoption of innovative approaches and facilitate durable partnerships among tertiary/research institutes, governmental departments and agencies, civil society, and the private sector.
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Output 5.4: An online platform developed for data sharing focusing on restoration

Key deliverables/results:

- ? An online database on restoration initiatives in the project landscape, building upon the project processes as well as various initiatives such as the development of a restoration handbook adapted to the project ecosystems.
- ? Documentation of strategic actions and opportunities for joint efforts to enhance restoration impacts on the ground
- ? Options for hosting the online database is identified and implemented.

Through this output, the project will consolidate information on existing restoration initiatives in the project landscape and available resources through an online database. The database will be used to build a network of practitioners to encourage the sharing of information including lessons in overcoming issues and challenges (e.g. little advanced planning, planting material supply, poor seedling quality, poor species selection, poor post-planting tending and maintenance, continuous access, short term projects[4]) and identify opportunities for strategic actions and joint efforts. In order to ensure the sustainability of the database, the project will identify and facilitate a host entity to support the online database. Efforts will be made to diversify funding sources to scale up restoration efforts.

Indicative activities under Output 5.4 include:

5.4.1. Develop an online database of restoration initiatives by governmental agencies, tertiary/research institutes, private sector, civil society and non-governmental organisations.
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5.4.2. Identify opportunities for strategic actions (e.g. sign up to existing platforms or develop a spatial online platform to match donors and restoration projects) and joint efforts (sharing of resources, knowledge, etc.).

5.4.3. Identify and facilitate a host entity to sustain and maintain the platform over the long term.

Component 4: Knowledge management and impact monitoring

In this component, lessons will feed into the global FOLUR impact program and adaptive management supported through monitoring & evaluation, learning, and knowledge management.

Outcome 6: Adaptive management and sustainability facilitated through impact monitoring & evaluation and knowledge shared across Malaysia and FOLUR programme

Outcome 6 focuses on putting in place effective management procedures for ensuring efficient use of resources, inclusive participation, and improved knowledge management. The baseline situation and incremental reasoning for Outcome 6 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
<i>Output 6.1: Project implementation and results monitored, evaluated and reported</i>	
State level departments in Sabah have experience implementing GEF-financed and other donor projects. There is good capacity and understanding of UNDP and GEF requirements for procurement and financial reporting. Government cofinancing has been allocated to support project implementation.	The recruited project coordinators will be integrated into the functional operations of the responsible parties in Sabah. The project will contribute to FOLUR programme level M&E through its harmonized results framework and coordinated implementation and reporting procedures.
<i>Output 6.2: Knowledge sharing for replication of best practice nationally and internationally through FOLUR global platform and UNDP Green Commodities Programme, and participation in the global Impact Programme events and activities</i>	
There are a number of national, regional, and global platforms that Malaysian palm oil stakeholders are participating in. For example, Malaysia and Indonesia were the founding members of the Council of Palm Oil Producing Countries (CPOPC), and several buyers and producers are certified under the Roundtable for Sustainable Palm Oil (RSPO). Other regional and international cooperative alliances and coalitions include the Amsterdam Declaration Partnership, China Sustainable Palm Oil Alliance, European Palm Oil Alliance, India Sustainable Palm Oil Coalition, MVO ? The Netherlands Oils and Fats Industry, and the Southeast Asia Alliance for Sustainable Palm Oil.	The GEF alternative provides access to the FOLUR Global Platform, led by the World Bank and developed to leverage policies, practices and investments that help to transform commitments into action and improvement on the ground, engaging with both the public and the private sectors, at global, regional and country levels.

Results expected through achievement of Outcome 6 include:

? (a) Ten knowledge products (four highlighting gender mainstreaming), (b) twenty communication pieces/stories, (c) four written and/or audio-visual records of traditional knowledge practices.

? (a) Two country documents, (b) ten events, (c) ten press reports.

Output 6.1: Project implementation and results monitored, evaluated and reported

Key deliverables:

? Project inception workshop and report

? Project progress reports and other M&E deliverables

? Regular reviews and updates of the SESP, Gender Analysis and Gender Action Plan, Stakeholder Engagement Plan, and other safeguard management frameworks and plans

? Midterm review report

? Terminal evaluation report

? Final project report

The activities under this output are designed to put in place enabling procedures and protocols to facilitate effective monitoring and evaluation. The project inception workshop, to be held within three months of signing of the project document, is a critical milestone on the implementation timeline, providing an opportunity to validate the project document, including the screening of social and environment risks; confirming governance implementation arrangements; assessing changes in relevant circumstances and making adjustments to the project results framework accordingly; verifying stakeholder roles and responsibilities; updating the project risks and agreeing to mitigation measures and responsibilities; and agreeing to the multi-year work plan. An inception workshop report will be prepared and disseminated among the project steering committee members. According to GEF requirements, two independent evaluations will be carried out of the project, a midterm review and terminal evaluation.

Under this output, the implementation of the project safeguard management frameworks and plans will be monitored and evaluated. These include the SESP, Gender Action Plan, Stakeholder Engagement Plan, and other safeguard instruments. Adaptive management measures will be implemented according to feedback from the M&E activities, and the safeguard management frameworks and plans will be updated accordingly.

Indicative activities under Output 6.1 include:

6.1.1. Organise the project inception workshop, including review of multi-year work plan, project results framework, tracking tools, stakeholder engagement plan, other safeguard frameworks and plans.; a record of the inception workshop will be documented in a project inception report.
6.1.2. Organise annual project stakeholder workshops as part of the annual work plan preparation and adaptive management.
6.1.3. Carry out regular monitoring and evaluation of the GEF core indicators and other metrics included in the project results framework.
6.1.4. Conduct regular monitoring and evaluation of the SESP, Gender Action Plan, Stakeholder Engagement Plan, and other safeguard frameworks and management plans..
6.1.5. Prepare the GEF Project Implementation Reports (PIRs) and other progress reports.
6.1.6. Procure and support an independent midterm review of the project, according to UNDP and GEF guidelines.
6.1.7. Procure and support an independent terminal evaluation of the project, according to UNDP and GEF guidelines.
6.1.8. Prepare the final report for the project; including the PIR for the last year of implementation, the terminal evaluation report, and the management response to the terminal evaluation report.

Output 6.2: Knowledge sharing for replication of best practice nationally and internationally through FOLUR global platform and UNDP Green Commodities Programme, and participation in the global Impact Programme events and activities

Key deliverables/results:

- ? Communications and Knowledge management Strategy and Action Plan for the project implemented
- ? Participation of relevant FOLUR Malaysia's representatives in Global FOLUR Community of Practice, Green Commodity Programme (GCP)'s Community of Practice and other relevant knowledge exchange platforms

Under this output, the project will establish knowledge management systems and facilitate generation of knowledge products, participation in subnational, national, regional and international FOLUR Global Platform events and activities. The project Communications and Knowledge Management Strategy and Action Plan will outline how the project will effectively communicate the intent of the project well as well as strategically to reach out actively, catalyse collaborative opportunities and branding towards transformative food systems production and land restoration (videos, campaigns in tandem with the Open Innovation Challenge, etc).

As one of FOLUR's 27 child/country projects, the FOLUR country project in Malaysia will link to **the FOLUR Global Platform**, led by the World Bank. The Global Platform and its partners will support individual country project with knowledge, technical assistance, and capacity building in promoting sustainable value chains. This platform is organized into 3 pillars:

- A. Program Capacity Strengthening: focusing on providing technical assistance and innovative approaches for country projects to effectively implement the project.
- B. Policy and Value Chain Engagement: focusing on engagements with private and public sector actors to achieve sustainable value chains in FOLUR countries.
- C. Strategic Knowledge Management and Communications: focusing on knowledge management and exchanges across FOLUR countries and partners.

The Malaysia project will actively participate and contribute to the Global Platform as part of its effort to achieving FOLUR objective in at the country-level. In this case, the project will participate in relevant FOLUR global events, as well as in regional engagements and platforms. The project will also contribute to the development of FOLUR annual progress reports, quarterly monitoring and evaluation as well as lessons learned management and dissemination.

This output also includes development of a Sustainability Plan for the project, providing a practical framework for facilitating further progress towards achievement of longer-term outcomes and global environmental benefits, as outlined in the project Theory of Change. Implementation of the Sustainability Plan will be initiated during the project's lifespan, to guide the SFD and other project stakeholders.

Indicative activities under Output 6.2 include:

6.2.1. Develop and implement the project Communications and Knowledge Management Strategy and Action Plan, reviewed and updated regularly.
6.2.2. Establish and maintain information and knowledge sharing systems on the project, to reach out to stakeholders at the district, landscape and state levels including internet platforms, social media, for broader reach beyond state levels, etc.
6.2.3. Actively participate in annual Regional and Global FOLUR's workshops.
6.2.4. Actively participate in GCP's community of practice.
6.2.5. Participate in other relevant knowledge exchange programs or platforms to disseminate lessons learned from FOLUR Malaysia implementation.

6.2.6. Contribute to the development of Global FOLUR annual progress reports and quarterly M&E reports.
6.2.7. Contribute to the development of Global FOLUR knowledge, technical and policy products.
6.2.8. Host and participate in commodity based regional-level knowledge exchanges, especially with Indonesia and Papua New Guinea.
6.2.9. Develop and initiate the implementation of the project sustainability plan.

Alignment with GEF focal area and FOLUR impact program strategies

The project will generate global environmental benefits in the biodiversity, climate change mitigation and land degradation focal areas as follows:

Biodiversity:

- ? Reduction in the rates of loss of high conservation value (HCV) and high carbon stock (HCS) forests, resulting from improved landscape governance, increased insertion of smallholders into sustainable palm oil value chains, and improvements to the sustainability of agricultural production in order to reduce expansion.
- ? Reduction in the biodiversity impacts of agricultural expansion in HCV/HCS areas, through adoption of integrated landscape management approaches.
- ? Reduction in the degradation of the biodiversity values through improved forest governance, and support to livelihood sustainability in forest-dependent communities in order to reduce their motivations for unsustainable extraction of forest products.
- ? Reduction in the degradation of the biodiversity values of managed forests, through support to low-impact community-based forest management practices tailored to local conditions.
- ? Promotion of biodiversity-friendly, agroforestry systems, and the establishment and/or maintenance of corridors and set-asides.
- ? Restoration-rehabilitation of ecosystems in areas of importance for biological connectivity or habitat, using appropriate species and management regimes tailored to the ecological needs of priority species.

Climate change:

- ? Reductions in the rates of loss and degradation of forests, as described above, will also translate directly into reductions in the rates of loss of carbon sinks and consequent greenhouse gas emissions.
- ? The restoration-rehabilitation of forest areas and the promotion of structurally and compositionally diverse production and farming systems, will result in net increases in carbon capture.
- ? Reductions in the use of artificial fertilizers, due to the increased use of agroecological practices, will result in reduced GHG emissions.

Land degradation

- ? Promotion of biodiversity-friendly, agroforestry systems, and the establishment and/or maintenance of corridors and set-asides will contribute towards restoration-rehabilitation of degraded forest areas and croplands, aligned with Malaysia's National Action Plan (UNCCD).
- ? Restoration-rehabilitation of ecosystems in areas of importance for biological connectivity or habitat, using appropriate species and management regimes tailored to the ecological needs of priority species, will contribute towards restoration-rehabilitation of degraded forest areas, aligned with Malaysia's National Action Plan (UNCCD).
- ? Reducing the decline of soil fertility through the application of integrated nutrient management (good agricultural practice).
- ? Reducing the build-up of salts and chemical pollutants in the soil from excessive or inappropriate fertilizer and pesticide application (good agricultural practice).
- ? Reducing soil erosion by providing for adequate soil cover and other runoff control measures (good agricultural practice).

Transformational impacts:

In line with the objectives of the FOLUR Impact Program, transformational impact by involving stakeholders at a range of levels, generating lessons on options for sustainable production, integrated landscape management and governance at district, landscape and state levels, and at the same time working with officials responsible for state and national policy and planning frameworks, and with national, regional, and global private sector actors for scaling up these transformational impacts across target sectors and value chains.

The strategic approach for realising transformational change is consistent with UNDP's Food & Agricultural Commodity Systems (FACS) Strategy 2020-2030[5], which aims to achieve the following three key results by 2030:

- i. Sustainable production landscapes and jurisdictions upscaled.
- ii. Food and agricultural commodity supply chains transformed to become sustainable.
- iii. All members of vulnerable households and smallholder producers empowered to become more resilient, attain food security and pursue healthy, sustainable livelihoods.

UNDP's FACS Strategy addresses the underlying drivers of pressures on forest resources from global food systems, which have been compounded during the COVID-19 pandemic, with further stresses in food availability due to disruptions to local and global supply chains but also to loss of livelihoods of local communities, resulting in increasing levels of food insecurity among poor and vulnerable groups.

Global environmental benefits

The envisaged global environmental benefits generated by the project are quantitatively listed the GEF-7 Core Indicators worksheet and summarized below:

Focal area	GEF-7 indicators and targets	
Biodiversity	4.1 Area of landscapes under improved management to benefit biodiversity	2,366,763 ha
	4.4 Area of High Conservation Value Forest (HCVF) loss avoided	14,000 ha
Climate change	6.1 Carbon sequestered or emissions avoided in the AFOLU sector	10,740,674 tCO ₂ e (lifetime direct)
Land degradation	3.1 Area of degraded agricultural land restored	50,000 ha
	3.2 Area of forest and forest land restored	150,000 ha

Innovativeness, sustainability, and potential for scaling up

The project has the potential for impacts well beyond the target landscape since it will influence landscape-level planning and systems change leadership for other commodity sectors and across Malaysia. Through engagement with global supply chains, including building responsible demand in Asian markets, the project will have an impact on the global supply chain for sustainable palm oil, contributing to transformation of global commodity production to become more socially, economically and environmentally sustainable, and to halt tropical deforestation. In order to achieve this, the project will engage through the FOLUR global platform and the UNDP Green Commodities Programme with countries and platforms outside of the country as a means to scale results and impact the broader food system.

An Open Innovation Challenge is included in the project as a separate output, with the aim of facilitating innovative solutions to food systems, land use, and restoration challenges in Indonesia. Recognizing the need for applying innovations, both in terms of new technologies and traditional approaches, for transforming and securing food systems, the Open Innovation Challenge will provide a mechanism for reaching out to the wider stakeholder community.

The project is also introducing an innovative systems leadership approach that aims to effectively engage a broad network of diverse stakeholders to advance the goal of achieving transformational systemic change. Key individuals will be identified among project stakeholder groups as systems leaders or sustainability champions, who will be trained and help catalyse systems-level change.

A sustainability plan will be developed by the project that will outline the arrangements for facilitating the mainstreaming and upscaling of the innovative approaches and multi-stakeholder structures. To increase the likelihood that project results will be sustained and scaled up, the implementation of the sustainability plan will be initiated during the lifetime of the project.

The project will become one of the members of the Green Commodities Community administered by UNDP and will support the active engagement in the Community of the project team, government counterparts as well as key project stakeholders so they can connect with the other FOLUR participating countries to learn and share relevant lessons. Although commodity crops are vital for the country's continued economic development, bringing jobs, income for smallholders, tax revenue and foreign exchange earnings, Malaysian society is at a critical juncture in weighing up the costs of further expansion against the loss of important local benefits, such as non-timber forest products utilized by rural communities, and global benefits, such as carbon sequestration, and is working for societal

consensus on the need to balance commodity production with the mutually supportive goals of conservation of HCV/HCS ecosystems and generation of socioeconomic benefits. Lessons from engagement in palm oil supply chains will be shared with other export sectors, leveraging large-scale change in Malaysia's approach to agricultural development planning. Pathways to scale are built into the project design, such that lessons learnt can be shared through with palm oil-producing states in peninsular Malaysia states, with multi-stakeholder dialogues facilitated on palm oil and other commodities. Best practice models of smallholder engagement and support can also be replicated among the country's large number of palm oil smallholders.

[1] <https://www.greencommodities.org/content/gcp/en/home/tools/farmer-support-systems.html>

[2] IUCN and WRI (2014). A guide to the Restoration Opportunities Assessment Methodology (ROAM): Assessing forest landscape restoration opportunities at the national or sub-national level. Working Paper (Road-test edition). Gland, Switzerland: IUCN. 125pp.

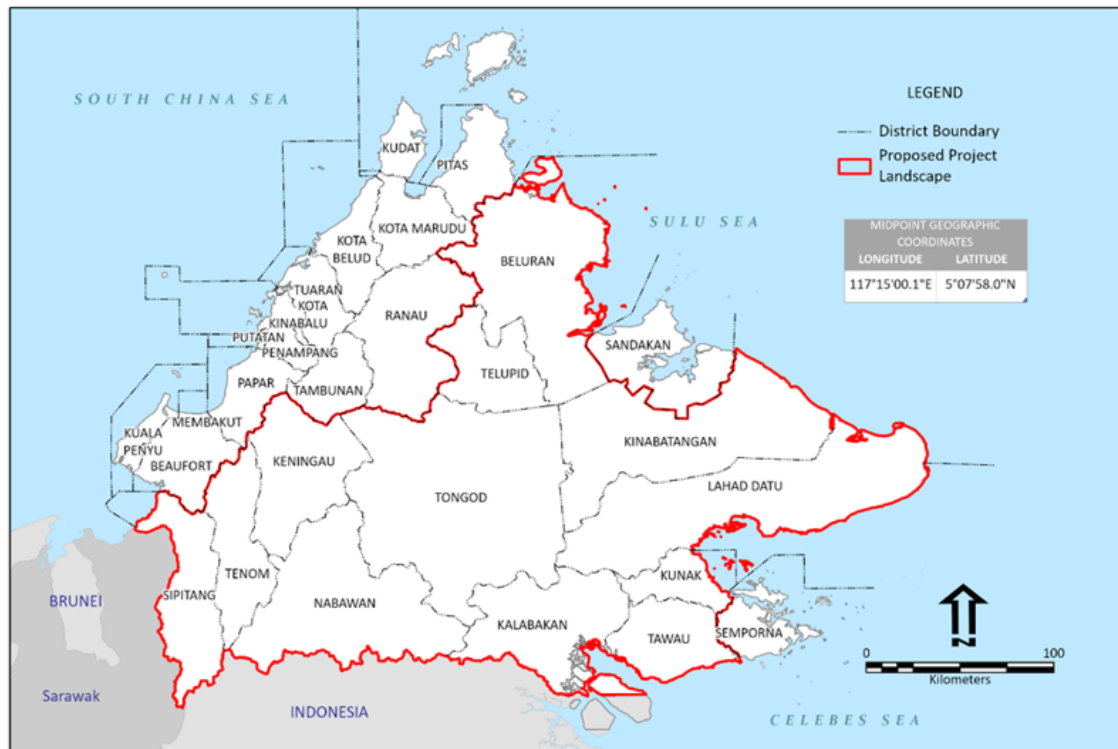
[3] The Landscape Analysis Tool's main objective is to analyse the status and dynamics of changes in deforestation that take place at the landscape level, as well as to assess the impact of any project which focuses on reducing deforestation in that specific landscape.

[4] Ong, R. 2022. A Decade of Forest Restoration: Challenges and Opportunities. Paper presented at the WWF-Malaysia 50th Anniversary.

[5] UNDP's FACS Strategy 2020-2030, Working Document, June 2020.

1b. Project Map and Coordinates

Please provide geo-referenced information and map where the project interventions will take place.



1c. Child Project?

If this is a child project under a program, describe how the components contribute to the overall program impact.

This project is one of 27 country projects under the GEF-7 FOLUR Impact Program (GEF Program ID 10201). The project's integrated approach contributes to the FOLUR program's theory of change, advancing the global agenda of fostering transformational change and greater environmental sustainability in food systems and land management. Simultaneously addressing commodity supply chains, land use planning systems, landscape-level restoration and working to shift the mindsets and relationships of people in the system, enables systemic barriers to conservation of globally valuable forests and peatlands to be addressed. The project components will contribute towards the FOLUR programmatic outcomes as shown in Project Document *Table 5*, copied below.

Project Document Table 5: Project contributions towards FOLUR Impact Program results

FOLUR Impact Program		Malaysia Country Project	
Program objective: To promote sustainable, integrated landscapes and efficient food value & supply chains at scale		Project objective: To strengthen the projection of high conservation value and high carbon stock areas in Sabah through integrated landscape management approaches, sustainable and resilient palm oil value chains, and participatory conservation and restoration	
GEF Core Indicators:		GEF Core Indicators:	
Core Indicator 3: Area of land restored	2,387,402 ha	Core Indicator 3: Area of land restored	200,000 ha
Core Indicator 4: Area of landscapes under improved practices	42,954,864 ha	Core Indicator 4: Area of landscapes under improved practices	2,380,763 ha
Core Indicator 6: GHG emissions mitigated	304,701,753 tCO ₂ e (direct)	Core Indicator 6: GHG emissions mitigated	10,740,674 tCO ₂ e (direct)
Core Indicator 11: Direct beneficiaries	7,277,223 (3,609,733 female)	Core Indicator 11: Direct beneficiaries	54,000 (of whom 27,000 are female)
Program Component 1: Development of integrated landscape management systems		Project Component 1: Development of integrated landscape management systems	

FOLUR Impact Program	Malaysia Country Project
<p><u>Outcomes:</u></p> <ul style="list-style-type: none"> ? Participatory planning and mapping for improved land use & management at landscape level promoted ? National land use plans and policies on land use planning and management influenced ? Governance systems strengthened and capacity built across landscape and land use management institutions and at national level ? Policies and incentives promoted for innovation & scale up of sustainable practices at national scale. <p><u>Indicators:</u></p> <ul style="list-style-type: none"> ? Number of landscapes or jurisdictions with improved planning & management practices to foster sustainable food systems ? Number of countries with improved enabling conditions, institutional mandates, and incentives for ILM ? Number of landscapes or jurisdictions with environmental / sustainability standards in place, enforced ? Number of national multi-stakeholder dialogue mechanisms/platforms effectively operated for integrated landscape management 	<p><u>Outcome 1:</u> Intra-governmental coordination and multi-stakeholder collaboration enabled for effective landscape management.</p> <p><u>Indicators and end of project targets:</u></p> <ul style="list-style-type: none"> ? One project level ILM platform established, and the platform for the Kinabatangan-Segama intervention area strengthened ? Two state or local government units incorporate ILM actions into their planning processes <p><u>Outcome 2:</u> Emerging approaches and incentive mechanisms leading towards effectively managed high conservation value areas socialised</p> <p><u>Indicators and end of project targets:</u></p> <ul style="list-style-type: none"> ? Two conservation areas (CCAs, OECMs or privately managed conservation areas) recognised (e.g., management plan in place) (with the encouragement of women participation) ? Two policy recommendations for incentive mechanisms submitted to relevant agencies (e.g., Ministry of Finance, Department of Lands and Surveys, etc.) for consideration
Program Component 2: Promotion of sustainable food production practices & responsible commodity value chains	Project Component 2: Promotion of responsible value chains for palm oil and smallholder and medium-sized growers support

FOLUR Impact Program	Malaysia Country Project
<p><u>Outcomes:</u></p> <ul style="list-style-type: none"> ? Improved land use practices and restoration activities in major production landscapes adopted and scaled up ? Governance structures & tools improved to reorient stakeholder practices toward sustainable productive use and restoration ? Policies & incentives improved for scale up of climate-smart, sustainable production practices and value chains at national level ? Partners, value chain actors, financiers and investors regularly convened, motivated and influenced to promote innovation, replication & scale up <p><u>Indicators:</u></p> <ul style="list-style-type: none"> ? Area of degraded land restored for production ? Area on which producers apply improved agricultural practices as measured by SDG 2.4.1 (area under sustainable agriculture) ? Production area with investment in sustainable, responsible practices in target commodity & food production systems increased ? Number of Companies / Value chain organizations committed to sustainable, responsible sourcing of commodities increased ? Number of national enabling environments promoting sustainable food production and deforestation free commodity supply chains ? Number of national multi-stakeholder dialogue mechanisms/platforms effectively operated for sustainable commodity supply chains and across commodities ? Landscape area with reduced conversion and degradation of forests & natural habitats ? Public and private investments leveraged in support of sustainable commodity value chains through PPP or adoption of sustainability standards and practices 	<p><u>Outcome 3:</u> Value chains for sustainable palm oil strengthened through multi-stakeholder collaboration.</p> <p><u>Indicators and end of project targets:</u></p> <ul style="list-style-type: none"> ? Strengthened multi-stakeholder collaborative action, measured by five new Signals of Change reported in the end-of-project assessment ? 100% of certified hectareage for MSPO (Revision 2), and 50% of hectareage achieving RSPO readiness <p><u>Outcome 4:</u> Smallholder and medium-sized growers support systems strengthened for participation in sustainable farming and commodity supply chains.</p> <p><u>Indicators and end of project targets:</u></p> <ul style="list-style-type: none"> ? Ten upstream-smallholder MoUs agreed that include support for smallholder livelihood diversification and containment of oil palm expansion under NDPE policies (with five that enhance women's empowerment in agriculture)

FOLUR Impact Program	Malaysia Country Project
Program Component 3: Restoration of natural habitats	Project Component 3: Conservation and restoration-rehabilitation of natural habitats through public-private-community partnerships
<p><u>Outcomes:</u></p> <ul style="list-style-type: none"> ? Sustainable land use practices and restoration activities scaled up in target landscapes and beyond ? Governance strengthened and institutional capacity built for landscape restoration ? Policies and incentives improved at national level to contain expansion, increase productivity, promote & scale up restoration actions ? Partners, value chain actors, financiers and investors regularly convened, motivated and influenced to encourage responsible & sustainable production, sourcing & marketing <p><u>Indicators:</u></p> <ul style="list-style-type: none"> ? Area or number of jurisdictions with improved and participatory approaches for restoration adopted ? Area of landscapes with clarified boundaries and allowable land uses in protected and production systems ? Area of land where degradation is avoided in degraded landscapes / habitats ? Area of degraded land restored for conservation and environmental services ? Tons of GHG avoided/sequestered 	<p><u>Outcome 5:</u> High conservation value areas protected, restored-rehabilitated, and connected.</p> <p><u>Indicators and end of project targets:</u></p> <ul style="list-style-type: none"> ? Three restoration and rehabilitation planning frameworks adopted for the project key intervention areas (including pathways for women participation) ? Agreement in place with one or more host/funding entities to operate and maintain the online restoration platform after project closure <p>-</p>
Program Component 4: Program coordination, collaboration, and capacity building	Project Component 4: Knowledge management and impact monitoring

FOLUR Impact Program	Malaysia Country Project
<p><u>Outcomes:</u></p> <ul style="list-style-type: none"> ? Management, coordination & M&E effectively implemented ? Program Capacity Strengthening effectively delivered ? Policy & Value Chain actors effectively and regularly engaged ? Strategic Knowledge Management & Communications effectively implemented ? Program level mechanisms established to efficiently coordinate country projects with global multi-nationals and industry associations for efficient linkages to supply chains and production systems <p><u>Indicators:</u></p> <ul style="list-style-type: none"> ? Integrated, efficient and effective child projects working toward common global FOLUR goals ? Number of global, regional, national commodity platforms strengthened through adoption of sustainability standards, traceability mechanisms, or increased stakeholder representation ? Strengthened policies of buyers (retail, consumer, traders) for deforestation free commodities and connections and benefits to FOLUR landscapes ? Number of events & documents disseminated to share knowledge beyond FOLUR countries through S-S exchanges, conferences, and global events, including community of practice 	<p><u>Outcome 6:</u> Adaptive management and sustainability facilitated through impact monitoring & evaluation and knowledge shared across Malaysia and FOLUR programme.</p> <p><u>Indicators and end of project targets:</u></p> <ul style="list-style-type: none"> ? Ten knowledge products (four highlighting gender mainstreaming), twenty communication pieces/stories, four written and/or audio-visual records of traditional knowledge practices. ? Two country documents, ten events, ten press reports promoting FOLUR -

2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Civil Society Organizations Yes

Indigenous Peoples and Local Communities Yes

Private Sector Entities Yes

If none of the above, please explain why:

Please provide the Stakeholder Engagement Plan or equivalent assessment.

A stakeholder analysis was undertaken during project preparation to identify key stakeholders and multi-stakeholder initiatives, consult with them regarding their interests in the project and define their roles and responsibilities during project implementation. Based on these analyses, a *Multi-stakeholder collaboration and stakeholder engagement plan* (Annex 7 to the Project Document) has been developed to guide the implementation team.

Achieving progress on the sustainable development agenda requires a departure from traditional top-down, hierarchical, and linear approaches to implementing change. Instead it requires innovative and adaptive approaches that engage broad networks of diverse stakeholders to advance progress toward a shared vision for systemic change. This approach is often called Systems Leadership, defined as a set of skills and capacities that any individual or organization can use to catalyse, enable, and support the process of systems-level change, and comprised of three interconnected elements:

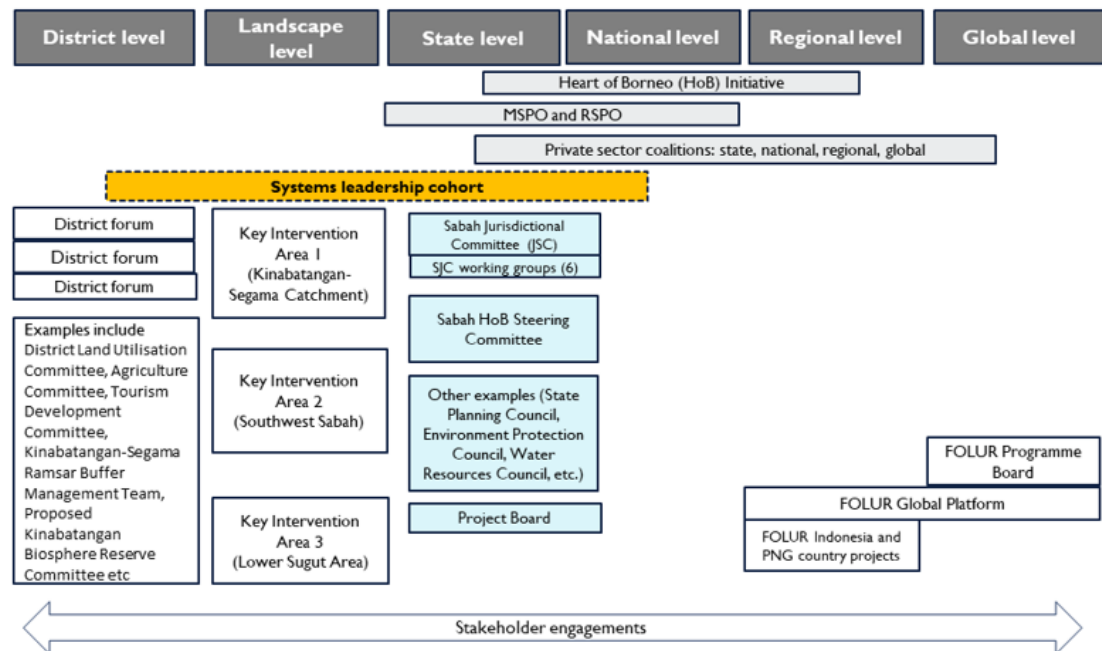
- The Individual: The skills of collaborative leadership to enable learning, trust-building and empowered action among stakeholders who share a common goal.
- The Community: The tactics of coalition building and advocacy to develop alignment and mobilize action among stakeholders in the system, both within and between organizations.
- The System: An understanding of the complex systems shaping the challenge to be addressed.

As the GEF FOLUR programme strategically seeks system transformation, it is essential that all of these three factors are enabled in the programme. Development approaches previously have often ignored the individual leadership capacity and not invested appropriate in the community building around a shared vision for systemic change. In this case changing the systems around how we use land in favour of a more sustainable future for generations to come.

Therefore, the multi-stakeholder collaboration strategy of this programme involves creating capacity for leaders in government at all levels, as well as local champions in the landscape, to lead collaborative processes that transform systems and serve catalysts and enablers of systems transformation.

The approach will begin with a regional FOLUR systems leadership cohort with selected individuals from Indonesia, Malaysia, and Papua New Guinea, providing a deep and strong base for regional collaboration and leadership in the FOLUR landscapes. This will then lead to a train the trainer approach for local and cultural adaptation to develop the capacity of sustainability champions and systems leadership in the landscapes. At least 50% of spaces from each country / area will be earmarked for women.

Stakeholder collaboration across project levels, including, district, landscape, state, national, regional and global is illustrated below in *Figure 12* of the Project Document.



Project Document Figure 12: Stakeholder collaboration schematic

At the landscape level, multi-stakeholder fora will be strengthened established, linking up with existing cross-sectoral planning mechanisms, to facilitate mainstreaming of the ILM framework. The collaborative spaces at the landscape level will also coordinate with state level bodies and initiatives, including the HoB Steering Committees.

The Project Board will be an important multi-stakeholder collaboration platform, convening key stakeholders in providing oversight and strategic guidance to the project. The board will help guide the project in collaborating with existing national and regional initiatives, including the HoB Initiative, MSPO and private sector coalitions.

Interacting with other FOLUR country projects, particularly the ones in Indonesia and Papua New Guinea, and the FOLUR Global Platform will facilitate improved stakeholder collaboration at the regional and global levels.

The multi-stakeholder collaboration and stakeholder engagement plan aims to generate the following benefits:

- a. Engaged and motivated stakeholders who share an inspiring vision for the future.
- b. Raise collective awareness of the challenges to raise the overall level of intelligence in the system.
- c. Facilitate collaboration problem solving and implementation.
- d. Promotion of equitable gender representation and leadership.
- e. Build capacity to keep on doing collaborative work ? for problem solving, innovation, resolving conflict.
- f. Empower local champion stakeholders to lead collaborative processes so solutions have local ownership and are sustainable beyond the life of the project.
- g. Build and strengthen relationships and trust that will last.
- h. Blend with existing collaborative initiatives / mechanisms, and government processes.
- i. Follow international good practice.

South-south cooperation (SSTrC): Experiences from the landscape on transformational change in land use planning, food and commodity systems will also be shared through South-South cooperation with other countries participating in the FOLUR program. In particular, opportunities will be built into the project for international exchanges with FOLUR country projects in Indonesia and Papua New Guinea (PNG). The project will connect with similar country projects based on similar commodities and approaches to share resources combined and collective knowledge management products for example, a collective guidance on sustainable palm oil or jurisdictional approaches. These products can then contribute to FOLUR Knowledge-to-Action Global Platform, and to facilitate dissemination through global ongoing South-South and global platforms, the UN South-South Galaxy knowledge sharing platform and PANORAMA[1].

In addition, to bring the voice of Malaysia to global and regional fora, the project will explore opportunities for meaningful participation in specific events where UNDP could support engagement with the global development discourse on sustainable and resilient commodity production systems. The project will furthermore provide opportunities for regional cooperation with countries that are implementing initiatives on integrated landscape management in geopolitical, social, and environmental contexts relevant to the proposed project in Malaysia.

[1] <https://panorama.solutions/en>

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement

Select what role civil society will play in the project:

Consulted only; Yes

Member of Advisory Body; Contractor;

Co-financier; Yes

Member of project steering committee or equivalent decision-making body;

Executor or co-executor;

Other (Please explain)

3. Gender Equality and Women's Empowerment

Provide the gender analysis or equivalent socio-economic assesment.

As in many Asian countries, women in Malaysia are strongly committed to family responsibilities prescribed by their gender role. Traditionally, women's main role is taking care of children and housework, while men are considered as breadwinners and heads of households. The Gender Inequality Index (GII, 2018), which reflects gender-based inequalities in three dimensions (reproductive health, empowerment, and economic activity), reported in the 2019 UNDP Human Development Report, Malaysia has a GII value of 0.274, ranking 58 out of 162 countries. In Malaysia, 15.8% of parliamentary seats are held by women, and 79.8% of adult women have reached at least a secondary level of education compared to 81.8% of their male counterparts. Female participation in the labour market is 50.9% compared to 77.4% for men.[1]

Women also play active roles in the traditional economy[2] in subsistence agriculture (for family consumption and small additional income) and also in oil palm, rubber, and cocoa plantations. In rice cultivation, women carry out special tasks such as sowing seeds, taking care of seedlings, transplanting, and weeding, while the men will carry out more physically demanding work such as ploughing, managing the irrigation system, and harvesting. Women in oil palm plantations, perform light work such as collecting loose fruits, while men take on the more physical work.

The gender mainstreaming strategy for the project recognizes the differences between labour, knowledge, needs, and priorities of men and women, and calls for:

? Proactive consultation of women stakeholders in the Strategic Environmental and Social Assessment conducted under Component 1, and in the field-based assessments of downstream project activities conducted under Components 2 and 3. Assessments will inform the design of project activities, ensuring that women's perspectives and views are fully incorporated. Under the UNDP Social and Environmental Standards, the project is committed to the proactive promotion of gender equality and women's empowerment.

? Dedicated consultation with women during the identification and design of incentive mechanisms to ensure women's perspectives help shape the mechanisms developed and ensure that they reflect women's livelihood priorities. As needed, organize separate consultations with women prior to ensure that they receive information about the specific activities and opportunities for them to voice their views, needs and preferences. For consultations in communities consisting primarily of ethnic minorities, communication will also be delivered in local languages and using culturally appropriate methods.

? As part of the participatory integrated landscape assessments and sustainable use plans, identification, and recognition of areas where women play a key role in the cultivation, processing and marketing of traditional crops and livestock, and identification of areas where roles could be further developed.

? Equal representation of women in multi-stakeholder collaboration groups.

? Promoting women's empowerment in agriculture through targeted training and technical assistance to women farmers, ensuring that 50% of those are women and that training supports them to achieve livelihood objectives.

? Targeted training of women professionals among state and local governmental units, ensuring that an equitable number of trained staff members are women.

? Facilitation of opportunities for women and women groups to participate in project activities aimed at introducing improved farming practices, developing niche markets, broadening partnerships with agricultural associations and enterprises, etc.

? Targeted awareness-raising actions incorporated into the project knowledge management strategy and action plan.

? Recruitment of a Gender and Safeguards Officer to support the gender mainstreaming objectives of the project.

? Ensure and encourage equal opportunity recruitment of women for positions within the project coordination units, consultancies, and other service providers.

More information on gender mainstreaming is included in *Annex 10* to the *Project Document (Gender Analysis and Gender Action Plan)* to the project document. Specific gender equality and women's empowerment targets have been set, including ensuring equitable representation of women in project decision-making bodies; ensuring equitable proportion of benefits realized from the project will be delivered to women; ensuring gender considerations are integrated landscape management plans; promoting gender awareness throughout the project implementation phase, and promoting equal opportunity for employment for positions within the project management office, consultancies and other service providers. Moreover, resources for a full-time Gender and Safeguards Officer to oversee the implementation of the gender action plan.

[1] Human Development Report summary 2019, Malaysia, UNDP.

[2] Traditional economy is an economic system in which traditions, customs, and beliefs help shape the goods and services the economy produces, as well as the rules and manner of their distribution. Countries that use this type of economic system are often rural and farm based.

Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?

Yes

Closing gender gaps in access to and control over natural resources; Yes

Improving women's participation and decision making Yes

Generating socio-economic benefits or services or women Yes

Does the project's results framework or logical framework include gender-sensitive indicators?

Yes

4. Private sector engagement

Elaborate on the private sector's engagement in the project, if any.

The overall success of the FOLUR Impact Program in achieving transformational change in food systems and land use, engagement of the private sector is critical, from producers on the ground to retailers in domestic and global markets.

The stakeholder engagement strategy for the private sector is multi-faceted. Firstly, private sector organizations will be included in the multi-stakeholder collaborative spaces, providing opportunities to proactively interact with government, civil society and local community representatives in achieving mutually beneficial outcomes. A full-time Sustainable Production Officer on the project will facilitate engagement with private sector companies, as well as linking up with existing private sector coalitions.

Facilitating expanded insertion of independent smallholder farmers into sustainable value chains is another aspect of the stakeholder engagement strategy with the private sector. The project will support strengthened collaborations between mills and smallholders, provide capacity building to smallholders and extension services to enhance knowledge and application of good agricultural practices, and work with financial institutions, governmental officials, and private sector organizations to increase opportunities and access to incentive mechanisms.

Another aspect of the private sector engagement strategy is focusing on issues that have clear business value and address pressing sustainability issues. The project will support and advocate an Open Innovation Challenge that encourages participation of the private sector on strategic issues facing the sector.

Private sector stakeholders on the project include domestic and international actors ranging from downstream buyers, including co-financing partner Unilever, and upstream producers. Unilever, a major global buyer of palm oil products, has committed to sustainable palm oil programmes in Sabah, including supporting the institutionalization of the secretariat for the Sabah Jurisdictional Approach initiative.

Under Output 3.2, the project will engage with existing finance initiatives, including the Value-based Investment Community of Practitioners (and the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIIF) Sectoral Guidance on Palm Oil), and will work internationally on sustainable finance for palm oil from RSPO, UNPRI (PRI Investor Working Group on Sustainable Palm Oil) and others.

The project provides a platform for the programs and initiatives related to ESG by key financial institutions in Malaysia to be tested and refined through its application of newly developed guidelines for the private sector. Low-value grants are proposed especially for smallholders and communities under outputs 4.3, 5.1 and 5.3 to facilitate and strengthen partnerships between the private sector, tertiary institutions and local communities.

In addition, the project initiatives provide a platform for private sector engagement to inform the development of the road map related to private sector governed Conserved Areas in the project landscape.

5. Risks to Achieving Project Objectives

Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

The identified risks that could affect the implementation and results of the project are described in the risk register in *Annex 5* to the Project Document (copied below), along with proposed mitigation measures and recommended risk owners who would be responsible to manage the risks during the project implementation phase.

The identified operational, financial, organisational, political, and strategic risks include possible resistance of local farmers in adopting the approaches promoted by the project, conflicting policy directions among federal, state and local governments, legislative approval flows do not match the project implementation timeframe, uneven achievement of project outcomes across the two states, inadequate participation and buy-in at local levels, private sector involvement not materialising as planned, impacts of ongoing COVID-19 pandemic or similar public health crisis on the continuity and delivery of the project, and impacts of a possible global economic recession on project delivery.

The social and environmental risks that were assessed as part of the social and environmental screening procedure (SESP) are also consolidated into the risk register. The SESP (see *Annex 4* to the *Project Document*) was finalised during project preparation, as required by UNDP's Social and Environmental Standards (SES). The SESP identified sixteen risks for this project that could have potential negative impacts in the absence of safeguards. One (1) of these risks was rated as Low, eleven (11) as Moderate and four (4) as Substantial. The overall SESP risk categorization for the project is Substantial.

In accordance with UNDP's SES guidelines, an Environmental and Social Management Framework (ESMF) has been developed for this substantial-risk project during the project preparation phase (see *Annex 9* to the *Project Document*). The ESMF will be publicly disclosed via the UNDP Malaysia website in accordance with UNDP's SES guidelines. The ESMF sets out the additional safeguards measures that apply to the project during the inception phase, including but not limited to: (i) the completion of a Strategic Environmental and Social Assessment, and site-specific Environmental and Social Impact

Assessments (ESIA) studies, and on-site screening and impact-management of downstream project activities, to further assess potential risks and impacts associated with the project; and (ii) the development of an Environmental and Social Management Plan (ESMP) including identified management measures as required based on the results of SESA and ESIA studies; (iii) development of an Indigenous Peoples Plan, outlining procedures for culturally-appropriate consultation with indigenous communities; and the development of a project-level Grievance Redress Mechanism. A fundamental principle of the project is there will not be any physical displacement, and no project activity will be implemented which would involve or lead to people being required to relocate, nor any which render untenable their continued residency in the project area. In addition, no project activity will take place which, when screened and assessed, is rated as having a risk significance of 'High', and hence would increase the overall project rating to 'High'. The development of the SESA, ESIA studies and ESMP will involve public consultation and public disclosure. The SESA will be completed and the ESMP developed in the first six months of project implementation. Additional screening and ESIA studies will be conducted for each of the project intervention sites and ESMP elements will be integrated into the site intervention plans. Free, Prior Informed Consent (FPIC) will be applied for all activities affecting indigenous peoples. The implementation of the ESMP will be overseen by the Project Gender and Safeguards Officer and monitored throughout the duration of the project.

The project will adhere to UNDP SES Guidance Note Standard 6 on Indigenous Peoples. The SESP has identified potential impacts to the rights, lands, territories and traditional livelihoods of indigenous peoples. On-site screening and ESIA studies will identify the presence of these peoples for each of the specific intervention sites, and further establish the nature of the risk(s), including any gender-related issues specific to indigenous groups. An appropriate Indigenous Peoples Plan will be developed. It will include a plan for culturally appropriate consultation with the objective of achieving agreement and Free Prior and Informed Consent (FPIC). Activities that may adversely affect the existence, value, use or enjoyment of customary/traditional lands, resources or territories will be avoided where possible. Where FPIC is determined to be a requirement, consultations will be carried out with the objective of achieving initial consent from the specific rights-holders, as appropriate and in line with Standard 6 requirements. Culturally appropriate consultation will be carried out with the objective of achieving agreement and FPIC will be ensured on any matters that may affect the rights and interests, lands, resources, territories (whether titled or untitled to the people in question) and traditional livelihoods of indigenous peoples. Project activities affecting indigenous peoples will not commence until FPIC is agreed.

Per the ESMF, a project-level Grievance Redress Mechanism (GRM) will be established during the first six months of project implementation and detailed within the ESMP.

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
	<p>Enter a brief description of the risk. Risk description should include future event and cause.</p> <p>Risks identified through HACT, PCAT, SES, Private Sector Due Diligence, and other assessments should be included.</p>	<p>Social and Environmental</p> <p>Financial</p> <p>Operational</p> <p>Organizational</p> <p>Political</p> <p>Regulatory</p> <p>Strategic</p> <p>Other</p> <p>Subcategories for each risk type should be consulted to understand each risk type (see UNDP Enterprise Risk Management Policy)</p>	<p>Describe the potential effect on the project if the future event were to occur.</p> <p>Enter likelihood based on 1-5 scale (1 = Not likely; 5 = Expected)</p> <p>Enter impact based on 1-5 scale (1 = Negligible 5 = Extreme)</p> <p><i>Based on Likelihood and Impact, use the Risk Matrix to identify the Risk Level (high, Substantial, Moderate or Low)</i></p>	<p>What actions have been taken/will be taken to manage this risk.</p>	<p>The person or entity with the responsibility to manage the risk.</p>

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
1	Local communities, including smallholder farmers, are resistant to changing their agricultural approaches and practices, not seeing the value in engaging with approaches promoted by the project.	Strategic	<p>The primary beneficiaries of the project are local community households in the target landscape. Lack of genuine participation could impact the effectiveness and sustainability of the project. Prolonged constraints imposed by a possible recurrent COVID-19 pandemic (or similar crisis) could dissuade local farmers from participating in sustainable value chains.</p> <p>L = 3</p> <p>I = 3</p> <p>MODERATE</p>	<p>Through participatory, multi-stakeholder approaches, the project will implement a range of mechanisms to generate local community interest and awareness. The project design is predicated on strengthening the enabling environment for achieving sustainable and resilient production across the project landscape.</p> <p>The project will adopt a multi-pronged approach to ensure that local communities have market-based incentives to motivate adoption; that they have the capacities required for sustained adoption; and that there are governance conditions that will bring social and institutional pressures on them to adopt and sustain. Moreover, the project strategy focuses on improving livelihood resilience. This will be facilitated through participatory approaches that encourage co-identification and co-formulation of management practices where local communities analyse the situations and come up with the solutions themselves.</p>	Project Manager , Chief Technical Advisor

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
				In response to a possible recurrent COVID-19 pandemic, adaptive measures will be implemented as needed to facilitate multi-stakeholder collaboration and to deliver capacity building and awareness-raising to local communities.	

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
2	Legislative approval flows do not match the project implementation timeframe.	Political	<p>If proposed policy reforms are not instituted within the project lifespan, some of the momentum gained could be lost when GEF funding ceases.</p> <p>L = 3</p> <p>I = 3</p> <p>MODERATE</p>	<p>Consultations with state government officials were carried out during the PPG phase, and policy and regulatory reform targets were established based upon governmental processes and achievable results over the course of the project.</p> <p>As part of the systems leadership capacity building efforts, a cohort of sustainability champions from across governmental sectors, as well as from civil society and private sector, will be trained. The systems leadership approach will help create buy-in and peer pressure to more the legislative approval process along..</p> <p>The project board and the state-level steering committees will have important roles in helping to communicate policy reforms to senior governmental officials. Project resources have been allocated for governmental liaison services, to help advocate for the proposed policy reforms.</p>	Project Manager, Project Board

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
3	Inadequate participation and buy-in of local government units.	Organizational , Operational	<p>An important part of the project strategy is development of an integrated landscape management (ILM) framework, which is envisaged to mainstreamed and operationalized by local district governments. If local governments are not adequately engaged, then it could be difficult to achieve the objectives that stem from ILM framework.</p> <p>L = 3</p> <p>I = 3</p> <p>MODERATE</p>	<p>State and local government departments and agencies were consulted during the PPG phase, and the project strategy was developed to complement existing structures and procedures. Moreover, a wide range of stakeholders will be represented on the multi-stakeholder collaboration platform, thus enabling direct involvement in project decision-making processes during implementation.</p> <p>As part of the systems leadership capacity building efforts, a cohort of sustainability champions from across governmental sectors will help ensure the durability of the results achieved on the project.</p>	Project Manager , Chief Technical Advisor, Communications Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
4	Private sector involvement does not materialize as planned.	Financial	<p>Lack of private sector involvement would undermine the effectiveness and durability of the project's strategy based on using market-based instruments as leverage for environmental benefits.</p> <p>L = 3</p> <p>I = 3</p> <p>MODERATE</p>	<p>There is a strong business case for private sector involvement, including sustainable supply, reputation, market niches, etc.</p> <p>Involvement by the private sector include aligning with ongoing or planned parallel, complementary initiatives and investments. The project was designed to feed into these baseline activities, providing incremental benefits.</p> <p>A full-time Sustainable Production Officer will be responsible to liaise with private sector partners throughout the project implementation timeframe.</p>	Sustainable Production Officer , Chief Technical Advisor

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
5	Impacts of a possible recurrent COVID-19 pandemic or similar public health crisis on the continuity and delivery of the project.	Operational	<p>The project preparation phase partially coincided with the COVID-19 pandemic. Project implementation activities could be suspended or delayed in case of recurrence of the COVID-19 pandemic or similar crisis.</p> <p>L = 3</p> <p>I = 3</p> <p>MODERATE</p>	<p>The project will comply with government directives in order to reduce health risks to project staff and stakeholders.</p> <p>If the pandemic (or similar) recurs in the country and restrictions are newly imposed, the SFD and the UNDP CO will work towards implementing adaptive management measures, starting with updating the work plan, focusing on activities that can be carried out uninterrupted, and resuming field activities as soon as possible.</p>	National Project Director , Project Manager
6	Impacts of exchange rate fluctuations and/or a possible global economic recession on project delivery.	Financial	<p>Project delivery may be impacted by macroeconomic externalities such as exchange rate fluctuations and a possible economic recession.</p> <p>L = 3</p> <p>I = 3</p> <p>MODERATE</p>	<p>GEF-financed projects have been implemented in Malaysia for more than 20 years with limited impacts associated with currency fluctuation. Disbursements will be made based on annual work plans, which will be adjusted to possible currency fluctuations.</p> <p>Annual budget reviews should track and respond to possibly currency fluctuations. Changes in the scope or timing of planned activities may be necessary through workplan adjustments.</p>	Project Manager , Chief Technical Advisor

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
Risks identified through private sector due diligence					

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
	<p>New environmental, social and governance (ESG) related issues arise with one or more of the partner companies, due to a failure to meet UNDP's Social and Environmental Standards in project implementation. In particular issues related economic displacement, conflict in land tenure and/or ownership, conflict with indigenous peoples, exposure to hazardous chemicals from commodity production, and child labour or other violation of ILO Core Labour Standards.</p>	Social and environmental, Political	<p>- Potential adverse social and/or environmental impacts could undermine the gains achieved on the project.</p> <p>- Poor publicity for UNDP, potentially impacting the long-term viability of the partnership with the private sector, and potentially with the government and donors.</p> <p>L=3</p> <p>I=3</p> <p>MODERATE</p>	<p>1. Enhance capacities to manage risks with the recruitment of the Sustainable Production Officer and Gender and Safeguards Officer, with responsibilities including the provision of advice in the development of key regulatory frameworks and work programs on social and environmental standards.</p> <p>2. Including private sector companies as members of the multi-stakeholder collaboration dialogues in the project landscape.</p> <p>3. Allocating resources for Community-District Mobilisers to support risk management.</p> <p>4. Extensive stakeholder engagement has already informed the project design and where necessary, additional consultations will be carried out with governments, CSOs and community groups on the proposed partnerships with companies. Stakeholder consultations during the PPG phase have</p>	Gender and Safeguards Officer , Project Manager, Sustainable Production Officer, Communications Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
				<p>involved joint meetings with private sector and CSO partners.</p> <p>5. The multi-stakeholder collaboration platform will be used for communicating the details of the safeguard management plans and associated monitoring and evaluation results, and for discussing possible issues that arise.</p> <p>6. Ensure that governments are also onboard with the partnership and will actively support risk mitigation efforts and help UNDP manage reputational and project-related risks as they arise. Resources are allocated for Community-District Mobilisers to assist the local governments in this regard.</p> <p>7. Implementing a transparent, free-to-access project-level grievance redress mechanism available to all.</p> <p>8. Project-level grievance redress mechanism (GRM) and UNDP Stakeholder Response Mechanism, open to all stakeholders,</p>	

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
				<p>government agencies and partners.</p> <p>9. Proactively develop and update the communications strategy to promptly respond to issues as they arise.</p>	
	One of more of the partner companies violates national law or disputes arise with local government agencies or project-affected communities.	Regulatory, Political	<p>- Poor publicity for UNDP, potentially impacting the relationship with the government as well as the company itself.</p> <p>L=1</p> <p>I=5</p> <p>MODERATE</p>	<p>1. Establishing project level grievance redress mechanism.</p> <p>2. Including private sector companies as members of the multi-stakeholder collaboration dialogues in the project landscapes.</p> <p>3. Allocating resources for Community-District Mobilisers to support risk management.</p> <p>4. Ensure that governments also actively manage and help UNDP manage reputational and project-related risks as they arise.</p> <p>5. Proactively develop and update the communications strategy to promptly respond to issues as they arise.</p>	Communications Officer, Project Manager

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
	One or more of the partner companies does not fulfil partnership commitments, which are mainly parallel co-financing.	Operational	<p>- Some project results are not achieved.</p> <p>- As the company will be required to support project activities, there is a risk that it will not fulfill its commitments</p> <p>- Poor publicity for UNDP, potentially impacting the partnership with private sector.</p> <p>L=3</p> <p>I=3</p> <p>MODERATE</p>	<p>1. Establishing project level grievance redress mechanism.</p> <p>2. Where necessary, conduct consultation with governments, CSOs and community groups on the proposed partnership with companies.</p> <p>3. Including private sector companies as members of the multi-stakeholder collaboration dialogues in the project landscape.</p> <p>4. Allocating resources for Community-District Mobilisers to support risk management.</p> <p>5. UNDP will not receive direct funds from companies. Companies will execute their own co-financing</p>	Communications Officer, Project Manager

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
	Risk associated with termination of a private sector partnership by the government, either at the national, state or local level.	Operational, Political	<p>- Project results are not achieved.</p> <p>- Poor publicity for UNDP, potentially impacting the long-term viability of the partnership with the government, companies and donors.</p> <p>L=1</p> <p>I=4</p> <p>LOW</p>	<p>1. Allocating resources for Community-District Mobilisers to support risk management.</p> <p>2. Ensure that governmental partners also actively manage and help UNDP manage reputational and project-related risks as they arise.</p> <p>3. UNDP will not receive direct funds from companies. Companies will execute their own co-financing.</p> <p>4. Adhere to the project Communications and KM Strategy.</p>	Communications Officer, Project Manager
<p>Risks identified through the Social and Environmental Screening Procedure.</p> <p>(Risk numbers refer to the SESP and ESMF, Annexes 4 and 9 respectively, which contain more details on Social and Environmental Risk management)</p>					

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
1	ILM Frameworks/ Plans, guidance documents, trainings, and support across the value chain, may be developed in ways, or include provisions, that do not take full account of social/ environmental safeguards risks and impacts, leading to: (a) inadequate participation of all stakeholders; (b) inequitable empowerment of all rightsholders to claim benefits accruing from the agreements/plans ; and/or (c) downstream impacts as a result of their implementation, for which there are inadequate mitigation measures. This could result in the triggering a variety of safeguards risks.	Social and Environmental	<p>The project relies on community consent, particularly FPIC due to the presence of indigenous people. Insufficient consultation presents a risk to achieving project results, as well as social and environmental standards breaches.</p> <p>I = 3</p> <p>L = 3</p> <p>Moderate</p>	<p>Mitigation/management strategies will be developed through:</p> <p>a) Strategic Environmental and Social Impact Assessment (SESA) for upstream, policy-level activities, and b) Additional, site- and activity-specific SESP screening, and where required ESIA's for on-the-ground activities with a physical footprint.</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
2	New approaches to land management could result in changes to current access to resources, potentially leading to economic displacement.	Social and Environmental	<p>Buffer zones around Community Conserved Areas and some areas placed under voluntary set-asides of HCV and HCS forest within their concessions and under co-management agreements for protection and sustainable use of HCV / HCS forest might be encroached upon by land users.</p> <p>Spatial planning & zoning of land can further restrict access and use of certain lands from collection of fuel wood, hunting, gardening, or introduce restrictions to the use of customary land as per agreed zoning areas. This could have a detrimental effect on livelihoods.</p> <p>I = 4</p> <p>L = 3</p> <p>Substantial</p>	Further SESP screening and, where required ESIA's, will further assess the risk at each intervention site, and will prescribe avoidance, minimization, or compensation strategies, where necessary through a Livelihood Action Plan.	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
3	New approaches to land management could result in changes to current access to resources, potentially leading to temporary or permanent and partial or full physical displacement.	Social and Environmental	<p>To preserve the integrity of the protection and conservation forests some classes of Forest as well as buffer zones, prohibition on cultivating these areas may have to be enforced.</p> <p>I = 4</p> <p>L = 2</p> <p>Moderate</p>	The project will not cause any physical displacement. Project activities which could cause physical displacement, as identified by ESIA, will not be implemented.	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
4	<p>Changes to land tenure arrangements may result in loss of informal or customary land tenure rights, exposing people without registered legal entitlement to the land they farm to economic or physical displacement, or exclude them from project benefits.</p> <p>Human Rights: 3, 4, 6</p> <p>Standard 5: 1, 2, 4</p>	Social and Environmental	<p>The project has the potential to affect land tenure arrangements and/or community-based property rights or customary rights to land, territories and/or resources. Although this has potential to benefit some, it could also have adverse impacts on marginalized or unempowered people. Informal land tenure arrangements and/or a failure to update official land use records may result in the exclusion of non-registered farmers from project benefits, especially benefits under Component 2.</p> <p>I = 3</p> <p>L = 3</p> <p>Moderate</p>	<p>ESIAs will establish the extent of this risk on a site- and activity-specific basis intervention site . Impact assessment studies will also make recommendations, with full considerations towards applicable local laws and regulations, to maximize the impacts of the project across all communities, and to ensure that lack of legal entitlement is not a barrier that restricts access to project benefits to only those with formalized land use rights.</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
5	<p>Vulnerable or marginalized groups, or other stakeholders might not be fully involved in project design and therefore not engaged in, supportive of, or benefit from project activities.</p> <p>Human Rights: 5</p> <p>Accountability: 13</p>	Social and Environmental	<p>Marginalized/vulnerable farmers, or sharecroppers who do not own their land, could potentially be excluded from discussions on its management, improvements, and some potential benefits.</p> <p>I = 3</p> <p>L = 3</p> <p>Moderate</p>	<p>Continuing stakeholder consultation arrangements through the project will be structured specifically to include poor and marginalized groups. Stakeholder consultation will be central to the methodology of the SESA and ESIA's which will focus on the needs of the poorest sections of society. Impact mitigation strategies will be developed specifically targeted towards the needs and concerns of poor and vulnerable.</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
6	<p>The project may have adverse impacts on the rights, lands, resources and territories of Indigenous Peoples, who might not be fully involved in project design and therefore not engaged in, supportive of, or benefit fully from project activities.</p> <p>Principle: Human Rights P.5</p> <p>Standard 6: 1-7, 9</p>	Social and Environmental	<p>Indigenous peoples are present throughout the project area.</p> <p>I = 4</p> <p>L = 3</p> <p>Substantial</p>	<p>The SESA and ESIAs will assess which groups of indigenous People (IPs) will be impacted by the project, as locations are defined. Where IPs are found to be project-affected, FPIC consultations will be carried out with the objective of achieving initial consent from the specific rights-holders and will build upon consultations undertaken during PPG, in line with Standard 6 requirements.</p> <p>The SESA and ESIAs will, on the basis of contributions from indigenous groups, include assessment of the impacts of proposed policy changes, restrictions or activities which may affect the rights and interests, lands, territories, resources, and traditional livelihoods, and will develop appropriate and effective impact management plans in conjunction with those communities. The findings will inform the development of an Indigenous Peoples? Plan(s) as appropriate, based on the Framework included in the ESMF, including a Process</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
				<p>Framework to ensure that project activities are conducted with the Free, Prior, Informed Consent (FPIC) of indigenous communities.</p> <p>The SESA and ESIAs will take place during the first six months of the project. No activities which might have adverse impacts on the rights, lands, resources and territories of Indigenous Peoples will commence until the assessments and Indigenous People's Plan(s) are completed, impact management measures established, and broad community consent has been obtained.</p>	

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
7	At the field level, indirect job creation brought about through project activities and intensification of the palm oil sector, might inadvertently lead to breaches of human rights and international labour standards, particularly those relating to wage fairness, child and forced labour, working hours and conditions	Social and Environmental	<p>The project will promote responsible sourcing by strengthening existing traceability systems for palm oil, as well as support to capacity development and sustainability certification for smallholder producers. The project therefore has clear potential to produce a net benefit in improving labour standards compliance through promotion of third-party certification standards. However, in view of the general poor adherence to international labour standards in the agricultural sector, and the number of smallholders who may be using occasional or semi-permanent casual labour, this may be difficult to monitor and enforce.</p> <p>I = 4 L ? 3 Substantial</p>	The SESA will explore the nature of the risks, whether they are systemic, procedural or operational, and identify how the requirements of Standard 7 can be integrated into upstream activities, while field-level activities will be subject to screening and, where this risk is found to occur, additional scoped and site-specific ESIAs, specifically targeted at the operational and procedural drivers of risk identified in the SESA, will be conducted, and will develop appropriate mitigation strategies to be incorporated into site management plans and activities design.	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
8	Risk 8: Policy-level activities, such as the development of ILM plans, guidelines and training, may be developed without due regard to Standard 7, and fail to adequately incorporate its provisions into policy documents, guidance papers, extension work and training.	Social and Environmental	<p>The project will support the participation of smallholders in deforestation-free supply chains through achieving MSPO and/or RSPO certification, both of which observe many international labour and HR standards, but may not be sufficient in themselves to ensure full compliance with Standard 7</p> <p>I = 4</p> <p>L = 3</p> <p>Substantial</p>	<p>The SESA will include a high-level review of labour standards in Sabah, including a gap analysis between RSPO/MSPO requirements and UNDP Standard 7, and identify the drivers of the risk. The SESA will make recommendations as to how best to incorporate the requirements of Standard 7 into policy guidelines, training and multi-stakeholder platforms. The risk applies particularly to Outputs 1.3, 2.2, 3.1, 3.2, 3.3, 4.3, and 5.1, 5.2, 5.3 and 5.4.</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
9	<p>Project activities and approaches might not fully incorporate or reflect views of women and girls and ensure equitable opportunities for their involvement and benefit.</p> <p>Gender Equality and Women's Empowerment: 9, 10, 11.</p>	Social and Environmental	<p>A lack of specific inclusion of women within community activities such as spatial planning at the subnational level, or commercial plantations, subsistence farming or market gardening, may ultimately impact women and girls disproportionately to the rest of the community. Lack of a proactive approach towards a participatory gender inclusive stakeholder engagement process within land use and development planning activities, Oil Palm Policies and Environmental Management and Governance activities may result in the limited incorporation of a gender perspective. This can adversely affect the successful planning and implementation of project activities and have a disproportionate impact on women who generally perform core labour in activities such as gardening, domestic work, and marketing of excess produce. Women may be denied additional monetary benefits from increased commodity yields.</p>	<p>During the PPG phase, this risk was assessed in the gender analysis and managed through the Gender Action Plan, which will be integrated into overall project management systems. The gender analysis and gender action plan will be regularly reviewed and updated to account for gender differentiated impacts, e.g., regarding the impacts and response to the COVID-19 pandemic.</p> <p>The project will use the services of a Gender and Safeguards Officer and will conduct participatory explorations of how best to increase project benefits for women.</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
			<p>I = 3</p> <p>L = 3</p> <p>Moderate</p>		
10	<p>Existing conflicts related to land use and/or ownership could be exacerbated or reignited by project.</p> <p>Human Rights: 7</p>	Social and Environmental	<p>Conflict might be ignited between adjacent land users or groups which did not previously exist where activities on demarcation of land boundaries/spatial planning/zoning is introduced.</p> <p>Tensions could result between local communities over land to allocate for community forestry, areas designated for tree planting etc. as part of environmental planting activities.</p> <p>I = 3</p> <p>L = 2</p> <p>Moderate</p>	<p>Site-specific ESIAs will be conducted, and the risks will be assessed through comprehensive stakeholder engagement. The project will fully take into account community views which will inform project outputs for each landscape. No communities will be compelled to take part.</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
11	<p>A failure of vulnerable groups to benefit from the project, due to 'Elite Capture' of project benefits.</p> <p>Human Rights: 4, 5, 6</p>	Social and Environmental	<p>The Project could have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups. Powerful community leaders, landowners and commercial interests may dominate the process of land use development at the local level, due to customary power structures which may further isolate marginalized/ vulnerable groups from the decision-making processes.</p> <p>I = 3</p> <p>L = 3</p> <p>Moderate</p>	<p>Stakeholder consultation arrangements will be structured specifically to include poor and marginalized groups. The SESA and ESIA's will in all aspects, pay particular attention to the needs of the poorest and marginalized sections of society, and mitigation/management strategies will be developed specifically targeted towards the needs and concerns of poor and vulnerable groups. ESIA baselines will include poverty indicators, which will inform the development of the ESMP and future ongoing monitoring of results. The project promotes food security through diversified farming/livelihood systems, agroecology, and nature-based solutions, specifically working to avoid farm systems with a singular focus on commodity production.</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
12	Excessive use of fertilizers as part of oil palm development could lead to contamination of rivers and water sources and impact on and the degradation of the natural habitat. Workers in commodity supply chains (including smallholder producers) might be exposed to hazards in their use of chemical inputs (pesticides, fertilizers etc.) without adequate PPE, training, and safeguards, or which might be subject to international bans. Agricultural chemicals also pose the risk of release of pollutants to the environment with the potential for adverse local, regional, and/or transboundary impacts.	Social and Environmental	<p>Farmers and workers are often ill-informed about the dangers of agricultural chemicals and correct safety procedures. Intensification of commodity agriculture and processing can lead to increased amounts of wastes, fertilizers and/or pesticides released into the environment.</p> <p>I = 3</p> <p>L = 2</p> <p>Moderate</p>	<p>This risk will be assessed in the course of the ESIA's and included in the ESMP. The project is designed to equip the target smallholders with training on application of Good Agricultural Practices (GAP) on farm. Integrated Pest Management (IPM) and Integrated Vector Management (IVM) approaches are to be utilized that entail coordinated use of pest and environmental information along with available pest/vector control methods, including cultural practices, and, only as a last resort, chemical means. If after having considered such approaches recourse to pesticide use is deemed necessary, the project will adopt safe, effective and environmentally sound management in accordance with the WHO/FAO International Code of Conduct on Pesticide Management for the safe labeling, packaging, handling, storage, application and disposal of pesticides. Farmers will be trained to appropriately gear themselves against exposure of hazardous materials. Site-specific Pesticide Management Plans</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
				<p>consistent with Standards 7 and 8 will be developed wherever pesticides are used, in accordance with good international practice, and will avoid supporting the manufacture, trade, and use of chemicals and hazardous materials subject to international bans, restrictions or phase-outs due to their high toxicity to living organisms, environmental persistence, or potential for bioaccumulation. Safety measures in connection with handling and use, such as storage and waste disposal, use of PPE and consideration of weather conditions etc., will be a key part of the plans, as well as the training provided.</p>	

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
13	<p>Poorly designed or executed project activities could damage critical or sensitive habitats, including through the introduction of invasive alien species during forest restoration-rehabilitation activities.</p> <p>Standard 1: 1, 2, 3, 4, 6, 7, 8, 9, 10.</p>	Social and Environmental	<p>There are risks of introducing invasive alien species (IAS) if the restoration plans are not properly formulated.</p> <p>I = 3</p> <p>L = 2</p> <p>Moderate</p>	<p>Under Output 5.1, restoration-rehabilitation will be carried out in accordance with management plans developed during site-specific ESIA studies. No IAS will be used. This risk and will be further examined in the course of the ESIA and included in the ESMP as determined necessary.</p>	Project Gender and Safeguards Officer
14	<p>Activities funded under low value grants, may be carried out without full adherence to UNDP SES.</p> <p>Principles and Standards: All</p>	Social and Environmental	<p>The impact rating of ?Low? reflects the small-scale nature of activities, and the fact that one of the conditions of the grant agreements is adherence to the UNDP SES, and all on-the-ground activities will be subject to screening for non-compliance, in accordance with the ESMP. Procedures will be based on UNDP?s operational guide for LVGs.</p> <p>I = 2</p> <p>L = 2</p> <p>Low</p>	<p>The impact rating of ?Low? reflects the small-scale nature of activities, and the fact that one of the conditions of the grant agreements is adherence to the UNDP SES, and all on-the-ground activities will be subject to screening for non-compliance, in accordance with the ESMP. Procedures will be based on UNDP?s operational guide for LVGs</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
15	<p>Project outputs and outcomes may be affected by climate change, potentially resulting in safeguards risks.</p> <p>Standard 2: 1, 2, 3.</p>	Social and Environmental	<p>Oil palm productivity has been affected in recent years by prolonged periods of drought. Climate change may increase the frequency/severity of fires, floods, etc., thereby decreasing ecosystem resilience. A rise in temperatures may push formal or informal farming and unsustainable land use practices to higher altitudes, threatening biodiversity.</p> <p>I = 3</p> <p>L = 4</p> <p>Moderate</p>	The risk is assessed and managed via the Climate Risk Screening Report attached as Annex 12. The project includes capacity building on resilient production, livelihood diversification and improved landscape management approaches	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
16	<p>Risk imposed by COVID-19 pandemic or similar disease outbreak, having implications at international, national, and sub-national levels. Local community members involved in project activities may be at a heightened risk of virus exposure, e.g., stakeholder meetings, workshops, community field work, etc. Fears over exposure to Covid-19 may discourage vulnerable stakeholders from taking part in meetings.</p> <p>Standard 3: 4.</p>	Social and Environmental	<p>Project implementation activities could be suspended or delayed in case of continuation or recurrence of the COVID-19 pandemic or similar. A pandemic may also disrupt food supply chains, resulting in potential implications for food security if local food production is reduced as a result of increased emphasis on commodity production.</p> <p>I = 3</p> <p>L = 3</p> <p>Moderate</p>	<p>The environmental and social impact assessment (ESIA) will include an evaluation of the vulnerability of project stakeholders to such crises, and management measures will be integrated into the environmental and social management plan (ESMP).</p> <p>COVID-19 related risks and opportunities have been assessed and are included as Annex 13.</p> <p>Adaptive management measures will be implemented to reduce the risk of virus exposure during a prolonged or recurrent COVID-19 pandemic, or similar crisis. For example, virtual meetings will be held where feasible.</p> <p>Health hazard assessments will be required for activities involving gatherings of multiple people, and mitigation measures will be implemented accordingly, e.g., ensuring physical distancing, providing personal protective equipment, avoiding non-essential travel, delivering training on risks and recognition of symptoms, etc. Each contract, MOU or other</p>	Project Gender and Safeguards Officer

#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner
				agreement with execution partners will include a contingency plan for adjusting to possible suspension or delays as a result of a public health or similar crisis. Agreements will have a force majeure clause to cover possible delays or shortcomings in delivery based on such unforeseen circumstances.	

6. Institutional Arrangement and Coordination

Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

Institutional arrangement

Section 1: General roles and responsibilities in the project's governance mechanism

Implementing Partner: The Implementing Partner for this project is the **Sabah Forestry Department**. The overall risk assessment conducted in the Partner Capacity Assessment Tool and the HACT assessment (**Annex 21**) concluded a Low risk for this IP.

The Implementing Partner is the entity to which the UNDP Administrator has entrusted the implementation of UNDP assistance specified in this signed project document along with the assumption of full responsibility and accountability for the effective use of GEF resources and the delivery of outputs, as set forth in this document.

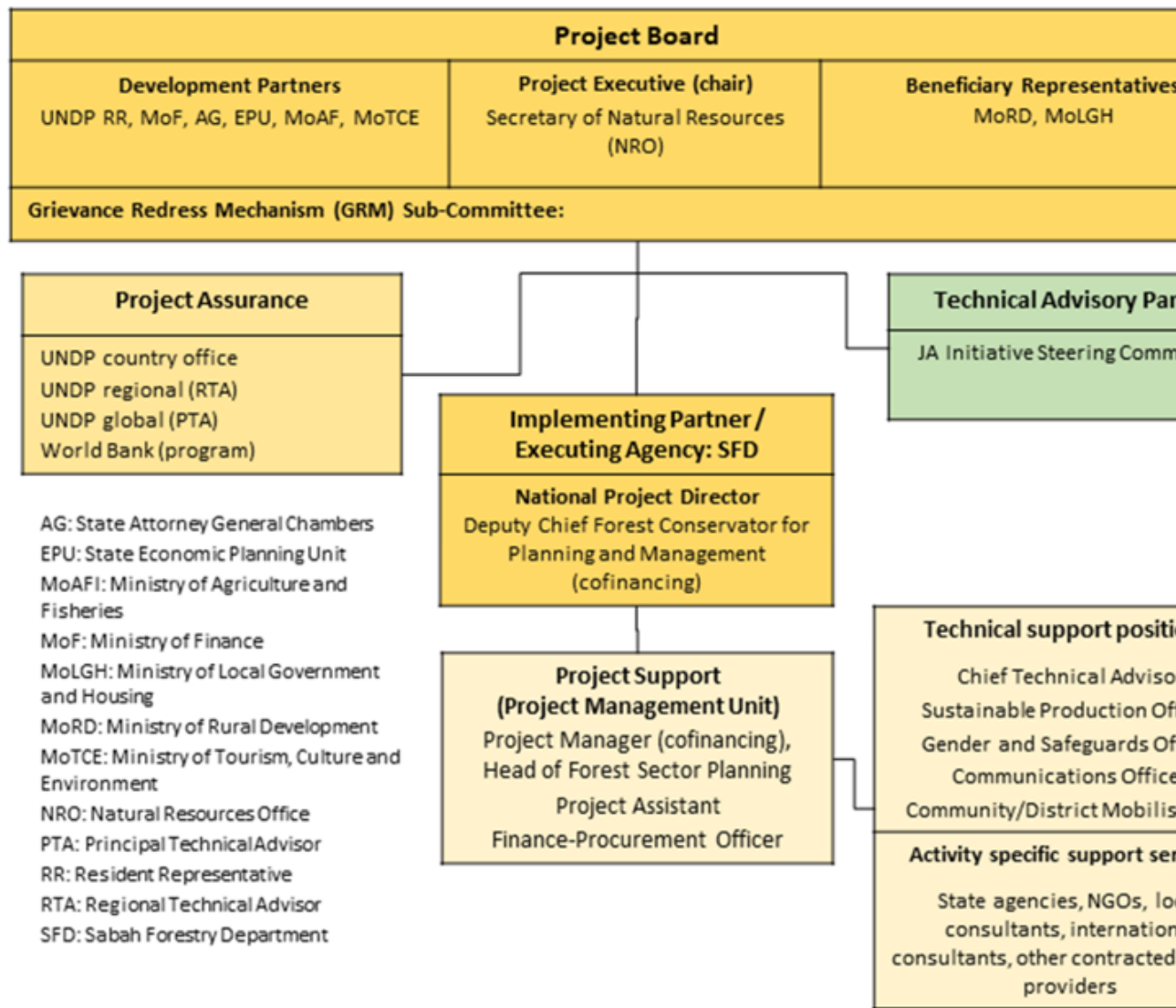
The Implementing Partner is responsible for executing this project. Specific tasks include:

- ? Project planning, coordination, management, monitoring, evaluation and reporting. This includes providing all required information and data necessary for timely, comprehensive and evidence-based project reporting, including results and financial data, as necessary. The Implementing Partner will strive to ensure project-level M&E is undertaken by national institutes and is aligned with national systems so that the data used and generated by the project supports national systems.
- ? Risk management as outlined in this Project Document.
- ? Procurement of goods and services, including human resources.
- ? Financial management, including overseeing financial expenditures against project budgets.
- ? Approving and signing the multiyear workplan.
- ? Approving and signing the combined delivery report at the end of the year.
- ? Signing the financial report or the funding authorization and certificate of expenditures.

Project stakeholders and target groups: The project will work with existing multi-stakeholder partnership mechanisms and establish new partnerships where necessary to ensure project target groups are involved in the design, implementation, and monitoring & evaluation of the activities in their communities. Direct beneficiaries (or target groups) are primarily the local communities in the project landscape, including the smallholder farmers and middle-size growers, and people involved in and benefitting from the project interventions and capacity building activities.

UNDP: UNDP is accountable to the GEF for the implementation of this project. This includes overseeing project execution undertaken by the Implementing Partner to ensure that the project is being carried out in accordance with UNDP and GEF policies and procedures and the standards and provisions outlined in the Delegation of Authority (DOA) letter for this project. **The UNDP GEF Executive Coordinator, in consultation with UNDP Bureaus and the Implementing Partner, retains the right to revoke the project DOA, suspend or cancel this GEF project.** UNDP is responsible for the Project Assurance function in the project governance structure and presents to the Project Board and attends Project Board meetings as a non-voting member.

Section 2: Project governance structure



Project Document Figure 14: Project Organisational Structure

Second line of defence:

- ? Regional Bureau oversees RR and Country Office compliance at portfolio level.
- ? BPPS NCE RTA oversees technical quality assurance and GEF compliance. BPPS NCE PTA oversees RTA function.
- ? UNDP GEF Executive Coordinator and Regional Bureau Deputy Director can revoke DOA/cancel/suspend project or provided enhanced oversight.

The UNDP Resident Representative assumes full responsibility and accountability for oversight and quality assurance of this Project and ensures its timely implementation in compliance with the GEF-specific requirements and UNDP's Programme and Operations Policies and Procedures (POPP), its Financial

Regulations and Rules and Internal Control Framework. A representative of the UNDP Country Office will assume the assurance role and will present assurance findings to the Project Board, and therefore attends Project Board meetings as a non-voting member.

Section 3: Segregation of duties and firewalls vis-?-vis UNDP representation on the Project Board

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As noted in the [Minimum Fiduciary Standards for GEF Partner Agencies](#), in cases where a GEF Partner Agency (i.e. UNDP) carries out both implementation oversight and execution of a project, the GEF Partner Agency (i.e. UNDP) must separate its project implementation oversight and execution duties, and describe in the relevant project document a: 1) Satisfactory institutional arrangement for the separation of implementation oversight and executing functions in different departments of the GEF Partner Agency; and 2) Clear lines of responsibility, reporting and accountability within the GEF Partner Agency between the project implementation oversight and execution functions.

In this case, UNDP is only performing an implementation oversight role in the project vis-?-vis our role in the project board and in the project assurance function and therefore a full separation of project implementation oversight and execution duties has been assured.

Section 4: Roles and responsibilities of the project organization structure

Project Board:

All UNDP projects must be governed by a multi-stakeholder board or committee established to review performance based on monitoring and evaluation, and implementation issues to ensure quality delivery of results. The Project Board (also called the Project Steering Committee) is the most senior, dedicated oversight body for a project.

The two main (mandatory) roles of the Project Board are as follows:

1) **High-level oversight of the execution of the project by the Implementing Partner** (as explained in the [?Provide Oversight?](#) section of the POPP). This is the primary function of the project board and includes annual (and as-needed) assessments of any major risks to the project, and decisions/agreements on any management actions or remedial measures to address them effectively. The Project Board reviews evidence

of project performance based on monitoring, evaluation and reporting, including progress reports, evaluations, risk logs and the combined delivery report. The Project Board is responsible for taking corrective action as needed to ensure the project achieves the desired results.

2) **Approval of strategic project execution decisions of the Implementing Partner** with a view to assess and manage risks, monitor and ensure the overall achievement of projected results and impacts and ensure long term sustainability of project execution decisions of the Implementing Partner (as explained in the [?Manage Change?](#) section of the POPP).

Requirements to serve on the Project Board:

- ? Agree to the Terms of Reference of the Board and the rules on protocols, quorum and minuting.
- ? Meet annually; at least once.
- ? Disclose any conflict of interest in performing the functions of a Project Board member and take all measures to avoid any real or perceived conflicts of interest. This disclosure must be documented and kept on record by UNDP.
- ? Discharge the functions of the Project Board in accordance with UNDP policies and procedures.
- ? Ensure highest levels of transparency and ensure Project Board meeting minutes are recorded and shared with project stakeholders.

Responsibilities of the Project Board:

- ? Consensus decision making:
 - o The Project Board provides overall guidance and direction to the project, ensuring it remains within any specified constraints, and providing overall oversight of the project implementation.
 - o Review project performance based on monitoring, evaluation and reporting, including progress reports, risk logs and the combined delivery report;
 - o The Project Board is responsible for making management decisions by consensus.
 - o In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition.
 - o In case consensus cannot be reached within the Project Board, the UNDP representative on the Project Board will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed.
- ? Oversee project execution:
 - o Agree on project manager's tolerances as required, within the parameters outlined in the project document, and provide direction and advice for exceptional situations when the project manager's tolerances are exceeded.

- o Appraise annual work plans prepared by the Implementing Partner for the Project; review combined delivery reports prior to certification by the implementing partner.
- o Address any high-level project issues as raised by the project manager and project assurance;
- o Advise on major and minor amendments to the project within the parameters set by UNDP and the donor and refer such proposed major and minor amendments to the UNDP BPPS Nature, Climate and Energy Executive Coordinator (and the GEF, as required by GEF policies);
- o Provide high-level direction and recommendations to the project management unit to ensure that the agreed deliverables are produced satisfactorily and according to plans.
- o Track and monitor co-financed activities and realisation of co-financing amounts of this project.
- o Approve the Inception Report, GEF annual project implementation reports, mid-term review and terminal evaluation reports.
- o Ensure commitment of human resources to support project implementation, arbitrating any issues within the project.
- ? Risk Management:
 - o Provide guidance on evolving or materialized project risks and agree on possible mitigation and management actions to address specific risks.
 - o Review and update the project risk register and associated management plans based on the information prepared by the Implementing Partner. This includes risks related that can be directly managed by this project, as well as contextual risks that may affect project delivery or continued UNDP compliance and reputation but are outside of the control of the project. For example, social and environmental risks associated with co-financed activities or activities taking place in the project's area of influence that have implications for the project.
 - o Address project-level grievances.
- ? Coordination:
 - o Ensure coordination between various donor and government-funded projects and programmes.
 - o Ensure coordination with various government agencies and their participation in project activities.

Composition of the Project Board: The composition of the Project Board must include individuals assigned to the following three roles:

1. **Project Executive:** This is an individual who represents ownership of the project and chairs (or co-chairs) the Project Board. The Executive usually is the senior national counterpart for nationally implemented projects (typically from the same entity as the Implementing Partner), and it must be UNDP

for projects that are direct implementation (DIM). In exceptional cases, two individuals from different entities can co-share this role and/or co-chair the Project Board. If the project executive co-chairs the project board with representatives of another category, it typically does so with a development partner representative. The Project Executive is the Secretary of Natural Resources of the Natural Resources Office (NRO).

2. **Beneficiary Representatives:** Individuals or groups representing the interests of those groups of stakeholders who will ultimately benefit from the project. Their primary function within the board is to ensure the realization of project results from the perspective of project beneficiaries. Often representatives from civil society, industry associations, or other government entities benefiting from the project can fulfil this role. There can be multiple beneficiary representatives in a Project Board. The Beneficiary representatives are:

- i. Ministry of Rural Development (MoRD)
- ii. Ministry of Local Government and Housing (MoLGH)

3. **Development Partners:** Individuals or groups representing the interests of the parties concerned that provide funding, strategic guidance and/or technical expertise to the project. The Development Partners are:

- i. Resident Representative, United Nations Development Programme (UNDP) Country Office
- ii. Ministry of Finance (MoF)
- iii. State Attorney General Chambers (AG)
- iv. State Economic Planning Unit (EPU)
- v. Ministry of Agriculture and Fisheries (MoAF)
- vi. Ministry of Tourism, Culture and Environment (MoTCE)

b) Project Assurance:

Project assurance is the responsibility of each project board member; however, UNDP has a distinct assurance role for all UNDP projects in carrying out objective and independent project oversight and monitoring functions. UNDP performs quality assurance and supports the Project Board (and Project Management Unit) by carrying out objective and independent project oversight and monitoring functions, including compliance with the risk management and social and environmental standards of UNDP. The Project Board cannot delegate any of its quality assurance responsibilities to the Project Manager. Project assurance is totally independent of project execution.

A designated representative of UNDP playing the project assurance role is expected to attend all board meetings and support board processes as a non-voting representative. It should be noted that while in certain cases UNDP's project assurance role across the project may encompass activities happening at several levels (e.g. global, regional), at least one UNDP representative playing that function must, as part of their duties, specifically attend board meeting and provide board members with the required documentation required to perform their duties. The UNDP representative playing the main project assurance function is the Environmental Focal Point, UNDP Country Office in Malaysia, Singapore and Brunei Darussalam.

c) Project Management ? Execution of the project:

The Project Manager (PM) is the senior most representative of the Project Management Unit (PMU) and is responsible for the overall day-to-day management of the project on behalf of the Implementing Partner, including the mobilization of all project inputs, supervision over project staff, responsible parties, consultants and sub-contractors. The Project Manager typically presents key deliverables and documents to the board for their review and approval, including progress reports, annual work plans, adjustments to tolerance levels and risk registers.

The PMU will provide tracking data on co-financing, which will be quality assured by the UNDP country office, as part of its oversight function and reported during Project Board meetings as part of the annual reporting. All partners will participate in annual planning meetings where co-financers, including from the government and non-government, will confirm their co-financing. The PMU will be responsible for providing detailed figures and monitoring the realization of the co-financing commitment, which will be documented in annual reports. The PIRs, MTR, and TE, will be used by UNDP CO, PMU and IP to verify and report back on co-financing mobilized during implementation. The data will be updated annually in the PIRs.

Roles and responsibilities of the PMU members are detailed in the *Annex 6* to the *Project Document A* designated representative of the PMU is expected to attend all board meetings and support board processes as a non-voting representative.

The primary PMU representative attending board meetings is the Project Manager.

Planned coordination with other relevant GEF-financed projects and other initiatives

The project strategy has a strong emphasis on building upon baseline activities implemented by project partners, as well as on establishing new and strengthening existing partnerships to ensure the sustainability of the results achieved. The project will collaborate with and build on the lessons of a range of related initiatives. The project will connect to global level commodity and food supply chain initiatives and networks, primarily through UNDPs Green Commodities Programme, as well as through other means offered by FOLUR global platform. These connections will facilitate the project linking to global buyers interested in sourcing from jurisdictions advancing towards having deforestation free commodity production and also to learn latest best practice and policy of the global markets.

Some of the key related initiatives where partnerships will be fostered are listed below in *Table 13* of the Project Document.

Project Document Table 13: Intersection of related initiatives with project outputs

Other Initiatives	Main Partner(s)	Intersections with project outputs
GEF-7 FOLUR IP Global Platform	SFD	Output 6.2
GEF-7 FOLUR IP country projects in Indonesia and PNG	SFD	Outputs 1.3, 3.1, 3.2, 3.4, 5.1, 5.2, 6.2
Heart of Borneo Initiative	HoB Committee	All outputs
Sabah Jurisdictional Approach to Certified Sustainable Palm Oil	Sabah Jurisdictional Committee	All outputs
Malaysia Sustainable Palm Oil (MSPO) certification scheme	MPOB	Outputs 1.2, 2.2, 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3, 5.1, 5.2, 5.3, 6.1, 6.2
Sustainable Palm Oil Clusters (SPOC) programme	MPOB	Outputs 3.1, 3.2, 3.3, 4.1, 4.2, 4.3
Sustainable Oil Palm Grower Cooperatives (KPSM)	MPOB	Outputs 3.1, 3.2, 3.3, 4.1, 4.2, 4.3
UNDP Green Commodities Programme	UNDP CO	All outputs
GEF Small Grants Programme in Malaysia	SGP Secretariat	Outputs 3.1, 4.2, 5.1, 5.2, 5.3

Other Initiatives	Main Partner(s)	Intersections with project outputs
IFAD-GEF Sustainable management of peatland ecosystems	KeTSA	Outputs 2.1, 3.2, 3.4, 4.2, 5.1, 5.3
European Union (EU) KAMI project	MPIC, MPOB, MPOCC, European Forest Institute (EFI)	Outputs 3.1, 3.2
Sustainable Commodity Production and Trade: multi-stakeholder collaboration for systemic change	UNDP, SECO	Outputs 3.1, 3.2, 4.1, 4.2, 4.3
Sabah Landscapes Programme (SLP)	WWF-Malaysia	Outputs 1.1, 1.2, 1.3, 2.1, 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3
Wild Asia Group Scheme (WAGS)	Wild Asia	Outputs 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3
The National Initiative on Sustainable and Climate Smart Oil Palm Smallholders (NI-SCOPS)	Sustainable Trade Initiative (IDH)	Outputs 3.1, 3.2
Recognising and Reporting OECMs in Malaysia	SEARRP	Output 2.1
The IUCN Green List of Protected and Conserved Areas	IUCN Green List Malaysia Programme (WWF-Malaysia)	Output 2.1

7. Consistency with National Priorities

Describe the consistency of the project with national strategies and plans or reports and assessments under relevant conventions from below:

NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

The project is aligned with the following national policies.

? **12th Malaysia Plan, 2020-2025**; particularly with respect to the strategic thrust on pursuing green growth for sustainability and resilience.

? **National Biodiversity Strategies and Action Plan (NBSAP) under UNCBD, 2016-2025**; aligned with the five overarching goals of the NBSAP, including stakeholder empowerment, reducing pressures on biodiversity, safeguarding ecosystems, species, and genetic diversity, ensuring fair and equitable sharing of benefits from the utilisation of biodiversity, and building the capacity of stakeholders.

? **Nationally Determined Contributions (NDC) under UNFCCC**; Malaysia's updated NDC includes the following increased ambition: (a) 45% of economy-wide carbon intensity reduction is unconditional, (b) the target is an increase of 10% from the earlier submission, and (c) the GHG coverage is expanded to seven (7) greenhouse gases (GHG)[1]. In addition, the updated NDC highlighted that the implementation of climate change adaptation in Malaysia focuses on the management of water resources and security, coastal resources, agriculture and food supply, urban and infrastructure resilience, public health, forestry and biodiversity and key adaptation cross sectoral areas[2].

? **National Action Plan (UNCCD)** As part of Malaysia's seventh report to the United Nations Convention to Combat Desertification (2018), it was reported that about 16 % of the land is degraded relative to the total land surface over 2000-2015. To address land degradation, the country set a target of 50% of all agricultural area to be sustainably managed and 100% of all timber and timber products to be sustainably managed by 2025.

? **National REDD Plus Strategy**; closely aligned with the three parts of the strategy: (1) actions to build synergies and coherence between Federal and State governments in addressing climate change, biodiversity, and forest policies; (2) actions to reduce emissions and enhance sinks in forests and conservation of biological resources; and (3) develop a sustainable financing mechanism.

? **Malaysian Sustainable Palm Oil (MSPO) Certification scheme**; mandatory for palm plantations, independent and organised smallholdings, and palm oil processing facilities to be certified against the requirements of the MSPO Standards.

Heart of Borneo Initiative; assuring adequate and timely resources are channelled into biodiversity conservation in Sabah.

[1] Information retrieved from <https://unfccc.int/sites/default/files/NDC/2022-06/Malaysia%20NDC%20Updated%20Submission%20to%20UNFCCC%20July%202021%20final.pdf>

[2] Ibid.

8. Knowledge Management

Elaborate the "Knowledge Management Approach" for the project, including a budget, key deliverables and a timeline, and explain how it will contribute to the project's overall impact.

Knowledge management is a cross-cutting aspect across each of the project components, and resources are allocated under Output 6.2 for development and implementation of a knowledge management strategy and action plan, facilitating replication of best practices. The knowledge management approach is focused on: (1) facilitating effective stakeholder engagement; (2) delivering timely and targeted information to end-users in forms that are accessible, lead to on the ground responses, and are culturally appropriate; (3) providing direct lines for feedback to agencies, industry, NGOs and community-based groups; (4) monitoring and evaluating the knowledge management and communications activities, such that their efficiency and effectiveness can be increased over time; (5) establishing arrangements relating to data custodianship and other legacy issues, ensuring that project outputs are widely accessible after GEF funding ceases; and (6) increasing awareness and participation in sustainable and resilient production and farming systems and participatory conservation and restoration of high value forest resources.

As one of FOLUR's 27 child/country projects, the FOLUR country project in Malaysia will link to **the FOLUR Global Platform**, led by the World Bank. The Global Platform and its partners will support individual country project with knowledge, technical assistance, and capacity building in promoting sustainable value chains. This platform is organized into 3 pillars:

- A. Program Capacity Strengthening: focusing on providing technical assistance and innovative approaches for country projects to effectively implement the project.
- B. Policy and Value Chain Engagement: focusing on engagements with private and public sector actors to achieve sustainable value chains in FOLUR countries.
- C. Strategic Knowledge Management and Communications: focusing on knowledge management and exchanges across FOLUR countries and partners.

The Malaysia project will actively participate and contribute to the Global Platform as part of its effort to achieving FOLUR objective in at the country-level. In this case, the project will participate in relevant FOLUR global events, as well as in regional engagements and platforms. The project will also contribute to the development of FOLUR annual progress reports, quarterly monitoring and evaluation as well as lessons learned management and dissemination.

Knowledge management will be overseen by a full-time Communications Officer. A budget of USD 491,620 allocated for Output 6.2 (Knowledge sharing for replication of best practice nationally and internationally through FOLUR global platform and UNDP Green Commodities programme, and participation in the global IP framework events and activities). The project Communications and Knowledge Management Strategy and Action Plan will be developed in the first year of project implementation. Following development of this document, project internet and social media platforms will be established, awareness raising activities will be initiated and the project will participate in workshops, conferences, seminars and other events to both gain and share knowledge. An estimated ten (10) knowledge products (four of which will highlight gender mainstreaming outcomes), twenty (2) communication pieces/stories, and four (4) written and/or audio-visual

records of traditional knowledge products will be produced. As part of the FOLUR Community of Practice, the project budget includes participation of project stakeholders in three (3) global events and three (3) regional events. Moreover, the Malaysia country project will host two FOLUR events, estimated to occur in years 3 and 5 of the project. Through these FOLUR Community of Practice events, the project will generate an estimated ten (10) press reports and two (2) country reports to be disseminated nationally.

9. Monitoring and Evaluation

Describe the budgeted M and E plan

The project's monitoring and evaluation plan is provided in *Section VII Monitoring and Evaluation Plan* of the Project Document and summarized below.

The project inception workshop, to be held within three months of signing of the project document, is a critical milestone on the implementation timeline, providing an opportunity to validate the project document, including the screening of social and environment risks; confirming governance implementation arrangements; assessing changes in relevant circumstances and making adjustments to the project results framework accordingly; verifying stakeholder roles and responsibilities; updating the project risks and agreeing to mitigation measures and responsibilities; and agreeing to the multi-year work plan. An inception workshop report will be prepared and disseminated among the project steering committee members.

The project team will regularly monitor and evaluate achievement of the performance metrics included in the project results framework, and report progress in the annual Project Implementation Review (PIR) reports and other progress reports, enabling timely implementation of adaptive management measures in response to monitoring and evaluation findings.

The project safeguard assessments and management plans will also be regularly reviewed and updated. These include the SESP, Environmental and Social Management Framework (ESMF), Environmental and Social Management Plan (ESMP), Gender Analysis and Gender Action Plan, Stakeholder Engagement Plan, and any other stand-alone management plan that might be developed in accordance with the ESMP.

Consistent with GEF requirements, two independent evaluations will be carried out of the project, a midterm review and terminal evaluation.

The M&E budget is presented below in *Table 14* of the *Project Document*.

Project document Table 14: Monitoring and evaluation plan and budget

GEF M&E requirements to be undertaken by Project Management Unit (PMU)	Indicative costs (US\$)	Time frame
Inception Workshop and Report	\$20,725	Inception Workshop within 2 months of the First Disbursement
M&E required to report on progress made in reaching GEF core indicators and project results included in the project results framework	\$19,692	Annually and at mid-point and closure.
Preparation of the annual GEF Project Implementation Report (PIR)	\$9,070	Annually typically between June-August
Monitoring of SESP, ESMF/ESMP, Indigenous Peoples Plan, Stakeholder Engagement Plan, Gender Action Plan, Climate and Disaster Risk Screening, COVID-19 Action Framework	\$63,684	On-going
Supervision missions	\$5,000	Annually
Independent Mid-term Review (MTR): costs associated with conducting the independent review/evaluation to be commissioned by UNDP not the Implementing Partner or PMU.	\$46,000	30 April 2026
Independent Terminal Evaluation (TE): costs associated with conducting the independent evaluation to be commissioned by UNDP not the Implementing Partner or the PMU.	\$46,000	30 April 2029
TOTAL indicative COST	\$210,171	Equivalent to TBWP Component 4, Output 6.1 (M&E)

10. Benefits

Describe the socioeconomic benefits to be delivered by the project at the national and local levels, as appropriate. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCE/SCCF)?

The project will generate the socioeconomic benefits a cumulative total of 54,000 direct project beneficiaries, of whom 27,000 are female and a high proportion are indigenous peoples. Women play a particularly important role in the project landscapes, considering their tasks and responsibilities for food production, management of agricultural systems in rural areas and marketing agricultural products and services. Socioeconomic benefits include:

- ? Sustainable livelihood benefits generated for smallholder farmers (including women, indigenous peoples and other marginalised groups) as a result of application of good agricultural practices, insertion into sustainable value chains, and diversified farming systems.
- ? Increased resilience of local communities through implementation of integrated landscape management.
- ? Protection of traditional knowledge.
- ? Increased social capital through expanded association of smallholder farmers, and inclusive participation of local communities (including women, indigenous peoples and other marginalised groups) in conservation and restoration of local ecosystems.
- ? Strengthened resilience to the risks associated with climate change and natural disaster hazards. Promoting sustainable livelihood and improved management of agricultural and forest ecosystems will help reduce unsustainable practices in the project landscape and increase the awareness and coping capacities of local communities.

Monitoring and evaluation socioeconomic benefits are integrated into the project results framework and the associated monitoring plan. Expanded private sector involvement in strengthening sustainable production and value chains will be evaluated by the area covered and the number of farmers involved in public-private-community partnerships. Enhanced traceability of sustainably produced palm oil will be evaluated by assessing the area under verified traceability systems, with particular emphasis on expanded smallholder participation. Assessment of the number of farmers implementing best management practices will provide an indication of enhanced resilience, income diversification, reduced pressure on forest ecosystems, etc. The extent of participatory governance of priority ecosystems will be measured by the area and numbers of people covered by management plans with incentive mechanisms that are under implementation for inclusive conservation and restoration.

The project is relevant to a number of SDGs, including SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 15 (Life on Land), SDG 17 (Partnerships for the Goals).

11. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

Overall Project/Program Risk Classification*

PIF	CEO Endorsement/Approval	MTR	TE
High or Substantial			
Measures to address identified risks and impacts Elaborate on the types and risk classifications/ratings of any identified environmental and social risks and impacts (considering the GEF ESS Minimum Standards) and any measures undertaken as well as planned management measures to address these risks during implementation.			

Project Information

Project Information	
1. Project Title	Integrated Landscape Management of Heart of Borneo Landscapes in Sabah and Sarawak
2. Project Number	PIMS 6382
3. Location (Global/Region/Country)	Malaysia

Part A. Integrating Overarching Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Overarching Principles in order to Strengthen Social and Environmental Sustainability?
Briefly describe in the space below how the Project mainstreams the human-rights based approach

The strengthening of a Human Rights based approach to land use and resource management is central to the very objective of the project which is focused to ensure integrated approaches to land use management that are sustainable and thus in design must respect and support the human rights of those both on the land and affected by its use.

To ensure that the project targets appropriate beneficiaries, it will facilitate dialogue with target communities, identify areas where their rights are threatened, and respect existing legislation related to socio-cultural rights, where relevant ensuring adherence to Free, Prior and Informed Consent (FPIC) guidelines, and support and monitor adherence to that legislation. For example, when assessing land use allocations and identifying the most appropriate land use scenario for the target landscapes, the project teams will conduct consultations to obtain inputs from local stakeholders, including local and customary communities, to ensure that the proposed land use scenario development does not violate the rights of forest-dependent communities. When identifying target smallholder farmers, the project will consult on project activities with targeted farmer beneficiaries to ensure that there is no compulsion to partake in the project interventions. Where any aspects of project activity may impact the rights and interests, lands, territories, resources, and traditional livelihoods of Indigenous Peoples, the project will utilize FPIC guidelines.

Within the specific approaches of the project, the principles of human rights are also fully integrated including through:

? Supporting meaningful stakeholder participation and inclusion (including local communities, marginalized/vulnerable groups, women, migrants, disabled persons, and youth) in the implementation of the project activities. Multi-stakeholder dialogue and participation is a prerequisite throughout the project. Some of the following activities mention this process as part of:

? The development or strengthening of integrated landscape management frameworks/systems by ensuring that identified use of land is not changed without consultation.

? Consultations occur at both the federal, state and district levels through regular meetings, involving the relevant sector agencies (government institutions), private sector, civil society as well as local level district and state governments, land users and local communities.

? Engagement of local communities (including vulnerable/marginalized groups and women) as part of environmental management and governance activities is also provided.

? Full and effective stakeholder engagement is promoted through tailored farmer support programs, capacity building/training to ensure development is sustainable.

? Promotes local accountability and rule of law (e.g. access to grievance redress processes).

? Respect for national and international human rights laws and conventions:

? The project will work in line with international and national legislation with Malaysia having acceded to the CEDAW - Convention on the Elimination of All Forms of Discrimination against Women (1995), and the CRC - Convention on the Rights of the Child (1995). Where international or national legislation is not present the project will follow international best practice.

Briefly describe in the space below how the Project is likely to improve gender equality and women's empowerment

In accordance with UNDP procedure, a gender analysis has been conducted during the PPG phase to identify the differences, needs, roles and priorities of women and men. A Gender issues have been fully considered in the project and gender concerns as a cross-cutting issue that will be tracked as part of the project's M&E system. A Gender Action Plan has been developed to ensure that project interventions are gender responsive, improve gender equality and promote women's empowerment. The results of the gender analysis conducted during the PPG phase have been integrated into the project design to ensure that gender-based differences are built into project activities as appropriate, and gender-disaggregated targets have been developed as indicators of project's success.

During the project preparation phase, consultations were made with local communities as well as representatives of state government agencies and civil society organizations. The project results framework contains measurable indicators related to gender equality and women's empowerment. Gender and social inclusion training will be mandatory for project implementation staff and service providers. Knowledge products will be developed and disseminated, tailored to the literacy and cultural circumstances of the local project communities, to ensure equitable gender and social inclusion. Throughout the project lifetime, consultations with local communities in the target landscapes will continue, ensuring that project interventions are gender-responsive, that they improve gender equality and make positive contributions to women's empowerment.

The project will pursue a gender-sensitive approach in which gender equality in participation will be strongly promoted. The proposed project will be designed to be consistent with the GEF Policy on Gender Equality (PL/SD/02, November 30, 2017) which aims to "ensure equal opportunities for women and men to participate in, contribute to and benefit from GEF-financed activities in support of GEF's efforts to achieve global environmental benefits". The project will proactively seek to ensure meaningful participation of women taking into account the specific constraints and barriers they may face. The project will promote the equal participation and empowerment of women to strengthen their roles in planning and decision-making, and to improve their productivity, food security, incomes and living conditions. The success factors behind existing good practice examples of women's inclusion in activities such as community participation in restoration work in Sabah and Sarawak will be investigated as the basis for scaling-up. Under all components, participation of women on an equal footing will be promoted in terms of both numbers involved and degree of participation in decision-making. Equal participation of men and women in decision-making forums and in capacity building activities will be encouraged. During the design phase of the project, the role played by women in different project components (gender baseline) has been documented and this information will be used in planning and implementing project activities to help ensure that the project promotes gender equality. The project will encourage qualified women applicants for positions under the project, following UNDP rules and regulations.

The Project will coordinate with the programme-level gender mainstreaming initiatives sponsored by the FOLUR Global Platform, e.g., in terms of outreach and representation at regional and global events

Briefly describe in the space below how the Project mainstreams environmental sustainability

Malaysia is richly endowed with biological diversity in its forests and marine ecosystems. The 200,000 km² 'Heart of Borneo' area of ecologically interconnected rainforest involves international cooperation between Indonesian Kalimantan, Sabah and Sarawak, and the Nation of Brunei. The goal of long-term conservation and sustainable use of forests in Malaysian Borneo is confronted by a number of threats and challenges. However, in recent decades, conversion and degradation of forest and peatland habitat have proceeded apace, driven by logging and expansion of oil palm and wood product plantations, as Sabah and Sarawak seek to promote economic development, albeit at the cost of long-term loss of significant natural capital. The country is strategically positioned to turn this situation around, building on its historical commitment to forest conservation, through the network of protected areas across peninsular Malaysia and Borneo, and through implementing best-practice reduced impact logging in Sabah since the 1990s. The project will help fulfil Malaysia's pledge, made in 1992, to maintain at least 50% of its land area under forest and tree cover in perpetuity, in addition to signing the three Rio Conventions and the Paris Agreement. This will be achieved through supporting the transformation of land use planning and management in Sabah and Sarawak to contain the footprint of palm oil production and maintain high-value forests for environment and development benefits.

Environmental monitoring is at the centre of the project's design and will be mainstreamed through all components and outcomes including:

Component 1 - development of integrated landscape management systems has a strong focus on environmental sustainability including improve protection and management of key habitats as well as environmental services. Capacity and governance within existing multi-stakeholder collaborative arrangements will be reviewed and strengthened where gaps exist, to ensure robustness in the coordination between environmental management frameworks at state and local levels.

Component 2 focuses on promotion of sustainable food production practices and responsible value chains, focusing on improving the environmental sustainability of key commodity supply chains and will work with partners to both strengthen the quality and application of domestic policy and regulation and the uptake of international certification systems linked to environmental sustainability in agricultural production.

Component 3 focuses on rehabilitation of degraded land and/or forest areas as well as conservation of key environmental areas including HCV areas within production landscapes. Reporting on both environmental and social indicators will be an important part in the monitoring and evaluation processes.

Part B. Identifying and Managing Social and Environmental Risks

<p>QUESTION 2: What are the Potential Social and Environmental Risks?</p> <p><i>Note: Describe briefly potential social and environmental risks identified in Attachment 1 ? Risk Screening Checklist (based on any ?Yes? responses). If no risks have been identified in Attachment 1 then note ?No Risks Identified? and skip to Question 4 and Select ?Low Risk?. Questions 5 and 6 not required for Low Risk Projects.</i></p>	<p>QUESTION 3: What is the level of significance of the potential social and environmental risks?</p> <p><i>Note: Respond to Questions 4 and 5 below before proceeding to Question 6</i></p>			<p>QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?</p>
<p>Risk Description</p>	<p>Impact and Probability (1-5)</p>	<p>Significance (Low, Moderate, High)</p>	<p>Comments</p>	<p>Description of assessment and management measures as reflected in the Project design. If ESIA or SESA is required note that the assessment should consider all potential impacts and risks.</p>

<p>Risk 1: Improved enforcement of landscape protections and new approaches to land management could result in changes to current access to resources, potentially leading to economic displacement.</p> <p>Principle 1, q3; Standard 5, q2.</p>	<p>I = 4</p> <p>P = 3</p>	<p>High</p>	<p>The project will focus on supporting the development of a comprehensive land use planning approach linking production, conservation, and restoration at scale ? including land outside the forest reserve under traditional authorities, district, and state government.</p> <p>There is a possibility that buffer zones around Community Conserved Areas which the project may establish, might be encroached upon by land users. This means that some areas will be placed under voluntary set-asides of HCV and HCS forest within their concessions and under co-management agreements for protection and sustainable use of HCV / HCS forest.</p> <p>Spatial planning & zoning of land can further restrict access and use of certain lands from collection of fuel wood, hunting, gardening, or introduce restrictions to the use of customary land as per agreed zoning areas. This could have a detrimental effect on livelihoods.</p>	<p>As the project is High risk with potential downstream and upstream impacts, an ESIA is required for field-level activities and a SESA is required for the policy-level activities. An ESMF has been prepared during the PPG.</p> <p>The ESIA will inform the development of the required ESMP, and the SESA will be the means through which that particular outcome is delivered (with a policy-level ESMF as the output during implementation, as needed).</p> <p>The risk will be managed through the ESIA, SESA and stakeholder consultation arrangements, ensuring that livelihoods and land rights are not adversely impacted by project outputs. Development of a policy on community-based forest management is included as Output 2.1.1, and a buffer zone policy as Output 2.1.3. Where necessary, a Livelihood Restoration Plan will be produced to ensure that any such losses are appropriately compensated.</p> <p>This SESP will be revised based on further assessments and on information/details gathered during project implementation. Revisions to the SESP will inform the ESIA and ESMP over the course of the project.</p>
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<p>Risk 2: Improved enforcement of landscape protections and new approaches to land management could result in changes to current access to resources, potentially leading to temporary or permanent and partial or full physical displacement.</p> <p>Principle 1, q1; Standard 5, q1.</p>	<p>I = 4</p> <p>P = 2</p>	<p>Moderate</p>	<p>To preserve the integrity of the protection and conservation forests as well as buffer zones, prohibition on cultivating these areas may have to be enforced.</p>	<p>A fundamental principle of the project is there will not be any physical displacement. The SESA and ESIA will establish whether or not this risk is present, and any communities or households that might be affected by prohibiting or restricting cultivation in certain areas. Where possible, field-level plans will be amended to 'design out' such an impact. Involuntary physical displacement will be prohibited in the development of the ILM plans for the project landscapes.</p>
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<p>Risk 3: Changes to land tenure arrangements may result in loss of informal or customary land tenure rights, exposing people without registered legal entitlement to the land they farm to economic or physical displacement, or exclude them from project benefits.</p> <p>Principle 1, q4. Standard 5 q4.</p>	<p>I = 4</p> <p>P = 3</p>	<p>High</p>	<p>The project has the potential to affect land tenure arrangements and/or community-based property rights or customary rights to land, territories and/or resources. This could be via formalizing individual land tenure as part of community based forest management interventions. Although this has potential to benefit some, it could also have adverse impacts on marginalized or unempowered people such as forest users and landgrabbers, potentially leading to changes of land use and/or economic or physical displacement. Informal land tenure arrangements and/or a failure to update official land use records may result in the exclusion of non-registered farmers from project benefits, especially benefits under Component 2. Although the exact numbers of informal or unregistered land users are not known, this may affect significant numbers of people, (the risk rating is a worst-case scenario). The risk may apply particularly to marginalized /vulnerable groups.</p>	<p>The SESA and ESIA will include detailed assessment of extent and importance of informal land tenure arrangements, and will include measures to ensure that land titling will not adversely impact communities in the target landscapes, while respecting the existing laws and regulations. The ESIA will establish the extent of this risk and the degree to which it may threaten the achievement of results, on a per-landscape basis. It will also make recommendations, with full considerations towards Malaysia's laws and regulations, to maximize the impacts of the project across all communities, to ensure that lack of legal entitlement is not a barrier that restricts access to project benefits to only those with formalized land use rights.</p>
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<p>Risk 4: Low participation rates among smallholders.</p> <p>Principle 1, q4.</p>	<p>I = 3</p> <p>P = 3</p>	<p>Moderate</p>	<p>Insufficient numbers of farmers/smallholders taking up incentive schemes, due to poor access, information, perceived insufficient compensation, bureaucratic delay, wariness of officialdom, additional labour requirements, or different priorities.</p>	<p>The ESIA and associated stakeholder consultation conducted as part of the ESIA, will establish any reservations about taking part, and the reasons for reluctance to do so among all types of commodity farmers, regardless of their tenure arrangements, including in the informal sector. The results of the ESIA will inform further iterative project design, including the development of key performance indicators (KPIs) specific to vulnerable/marginalized groups.</p>
<p>Risk 5: Vulnerable or marginalized groups, or other stakeholders might not be fully involved in project design and therefore not engaged in, supportive of, or benefit from project activities.</p> <p>Principle 1, q2, q4, q6; Standards 4, 5</p>	<p>I = 3</p> <p>P = 3</p>	<p>Moderate</p>	<p>Marginalized/vulnerable farmers, or sharecroppers who do not own their land, could potentially be excluded from discussions on its management, improvements, and some potential benefits.</p> <p>This may include smallholders, sharecroppers, tenants, landless, women, ethnic minorities, disabled, and others.</p>	<p>A Stakeholder analysis and Stakeholder Engagement Plan have been developed, and continuing stakeholder consultation arrangements through the project will be structured specifically to include poor and marginalized groups. Stakeholder consultation will be central to the methodology of the ESIA which will, in all its aspects, pay particular attention to the needs of the poorest sections of society, and mitigation/management strategies will be developed specifically targeted towards the needs and concerns of poor and vulnerable groups.</p>

<p>Risk 6: The project may have adverse impacts on the rights, lands, resources, and territories of Indigenous Peoples. Indigenous People might not be fully involved in project design and therefore not engaged in, supportive of, or benefit fully from project activities.</p> <p>Principle 1 q 1-6; 2 q 1,2,4.</p> <p>Standard 6 q 1-6.</p>	<p>I = 3</p> <p>P = 3</p>	<p>Moderate</p>	<p>Includes protection of Traditional Knowledge.</p>	<p>The SESA and ESIA will assess whether the Indigenous People (IPs) will be impacted by the project, as locations are defined. Where IPs are found to be project-affected, FPIC consultations will be carried out with the objective of achieving initial consent from the specific rights-holders and will build upon consultations undertaken with IPs during PPG, in line with Standard 6 requirements. An Indigenous Peoples? Plan (IPP) will be developed. Further FPIC consultations will be ongoing and followed during project implementation, following the measures summarized in the ESMF and in the IPP that will be prepared as part of the subsequent ESMP as required by ESIA/SESA assessment reports.</p>
<p>Risk 7: Local governments (sub-national level) and community associations might not have the capacity to implement project activities successfully.</p> <p>Principle 1, q5</p>	<p>I = 3</p> <p>P = 3</p>	<p>Moderate</p>	<p>Currently there is weak implementation of policies, resulting in inadequate forest governance and weak enforcement of regulations at the local level. Community-level farmer organizations are of varying strength and may lack capacity to influence project design. There are currently no intersectoral/interinstitutional mechanisms for ILM, nor multi-stakeholder platforms to address cross-sectoral issues in Sarawak and the existing multi-stakeholder platform in Sabah needs to be strengthened.</p>	<p>The SESA will include an overview of state and local government and community association capacities for successful project implementation at all levels and make recommendations in accordance with its findings, in the form of a capacity development plan, prepared to properly identify target groups and their specific capacity development needs. These will include the levels of support to be provided by the project, and potentially civil society and academic institutions. The report will inform the further development of the ESMP.</p>

<p>Risk 8: Field- and policy-level activities related to the value chains of key commodities could inadvertently support child labour and other violations of international labour standards.</p> <p>Principle 1, q1; Standard 3, 3.8</p>	<p>I = 5</p> <p>P = 3</p>	<p>High</p>	<p>The project will promote responsible sourcing by strengthening existing traceability systems for palm oil, as well as support to capacity development and sustainability certification for smallholder producers. The project will support the participation of smallholders in deforestation-free supply chains through achieving MSPO and/or RSPO certification (which observe international labor and HR standards).</p> <p>It therefore has clear potential to produce a net benefit in improving labour standards compliance through promotion of third-party certification standards. However, in view of the general poor adherence to international labour standards in the agricultural sector (including child labour), and the number of smallholders who may be using occasional or semi-permanent casual labour, this may be difficult to monitor and enforce.</p> <p>Although due diligence assurance is conducted on corporate partners, at the field level they may lack capacity and knowledge to adequately monitor labor standards and informal labor employment conditions and rights in participating smallholdings and farms. This has the potential for reputational damage to UNDP.</p>	<p>The SESA and ESIA will include a review of labour standards in Sarawak and Sabah states, and propose safeguards including monitoring arrangements which will be integrated into the ESMP. The SESA will also include study of how sustainable intensification might affect labour requirements, potentially increasing pressures to employ children, or use their labour on smallholdings.</p>
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<p>Risk 9: Project activities and approaches might not fully incorporate or reflect views of women and girls and ensure equitable opportunities for their involvement and benefit.</p> <p>Principle 2: q2, 4</p>	<p>I = 3</p> <p>P = 3</p>	<p>Moderate</p>	<p>The lack of specific inclusion of women within community activities that have the potential to help generate income, such as spatial planning at the subnational level, or commercial plantations, subsistence farming or market gardening may ultimately impact women and girls disproportionately to the rest of the community.</p> <p>Lack of a proactive approach towards a participatory gender inclusive stakeholder engagement process within land use and development planning activities, Oil Palm Policies and Environmental Management and Governance activities may result in the limited incorporation of a gender perspective.</p> <p>This can adversely affect the successful planning and implementation of project activities and have a more disproportionate impact on women who generally perform core labor in activities such as gardening, domestic work, and marketing of excess produce.</p> <p>Women may be denied additional monetary benefits from increased commodity yields.</p>	<p>During the PPG phase, this risk was assessed in the gender analysis and managed through the Gender Action Plan, which will be integrated into overall project management systems. The project will use the services of a gender specialist and will conduct participatory explorations of how best to increase project benefits for women.</p>
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<p>Risk 10: Existing conflicts related to land use and/or ownership could be exacerbated or reignited by project.</p> <p>Principle 1: q8</p>	<p>I = 3</p> <p>P = 2</p>	<p>Moderate</p>	<p>Conflict might be ignited between adjacent landowning groups which did not previously exist if activities on demarcation of land boundaries/spatial planning/zoning is introduced.</p> <p>Tensions could result between local communities on which land to allocate for community forestry, areas designated for tree planting etc. as part of environmental planting activities.</p>	<p>Comprehensive stakeholder engagement will be conducted, The project will fully take into account community views which will inform project outputs for each landscape. No communities will be compelled to take part.</p>
<p>Risk 11: A failure of vulnerable groups to benefit from the project, due to ?Elite Capture? of project benefits.</p> <p>The Project could have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups.</p> <p>Principle 1, q4.</p>	<p>I = 4</p> <p>P = 3</p>	<p>High</p>	<p>Powerful community leaders, landowners and commercial interests may dominate the process of land use development at the local level, due to customary power structures, which may further isolate marginalized/ vulnerable groups from the decision-making processes, excluding their inputs from consideration.</p> <p>A singular focus on investment-heavy cash crops risks concentrating benefits in the hands of those with access to capital and other means of production, at the expense of the poor whose low-input livelihood support activities may be marginalized. There is also a possibility that an increased focus on cash crops marginalizes women and children by displacing their food production.</p>	<p>Stakeholder consultation arrangements will be structured specifically to include poor and marginalized groups. The ESIA and SESA will, in all its aspects, pay particular attention to the needs of the poorest and marginalized sections of society, and mitigation/management strategies will be developed specifically targeted towards the needs and concerns of poor and vulnerable groups. The baseline ESIA will include poverty indicators, which will inform the development of the ESMP and future, ongoing monitoring of results. The project promotes diversified farming/livelihood systems, agroecology, and nature-based solutions.</p>

<p>Risk 12: Informal farmers, or those without registered legal entitlement to the land they farm, may be excluded from project benefits.</p> <p>Principle 1, q4.</p>	<p>I=4</p> <p>P=4</p>	<p>High</p>	<p>Informal land tenure arrangements and/or a failure to update official land use records may result in the exclusion of non-registered farmers from project benefits, especially benefits under Component 2. The exact numbers of affected people are not known (the risk rating is a worst-case scenario). This may apply particularly to marginalized /vulnerable groups.</p>	<p>The ESIA will establish the extent of this risk, and the degree to which it may threaten the achievement of results, on a per-landscape basis. It will also make recommendations to maximize the impacts of the project across all communities, to ensure that lack of legal entitlement is not a barrier that restricts access to project benefits to only those with formalized land use rights.</p>
<p>Risk 13: Lack of access to information.</p> <p>Principle 1, 3, Standard 5</p>	<p>I = 2</p> <p>P = 1</p>	<p>Low</p>	<p>Insufficient public information regarding the project and affected people's rights could result in their views not being taken fully into account. In particular, this might exclude some stakeholders from fully participating in decisions. Effective stakeholder engagement, including stakeholder feedback mechanisms is integrated into the management framework, and comprehensive engagement has been carried out during PPG. Such exclusion if it occurred ?under the radar? would be reversible with additional stakeholder consultation.</p>	

<p>Risk 14: Potential release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts.</p> <p>Excessive use of fertilizers as part of oil palm development could lead to contamination of rivers and water sources for drinking and impact on soil degradation and the overall degradation of the natural habitat in that specific area.</p> <p>Standard 7, q1-4</p>	<p>I = 3</p> <p>P = 2</p>	<p>Moderate</p>	<p>Intensification of commodity agriculture and processing can lead to increased amounts of wastes, fertilizers and/or pesticides released into the environment. Actions with the potential to pose such risks include:</p> <ul style="list-style-type: none"> ? Support to increases in small-holder productivity ? Support to sustainable palm oil development ? Development of conservation commodities 	<p>This risk will be managed through the design of the project, though will be assessed in the course of the ESIA and included in the ESMP as determined necessary. The project design will include GAP measures including appropriate safeguards, including training and monitoring.</p>
<p>Risk 15: Poorly designed or executed project activities could damage critical or sensitive habitats, including through the introduction of invasive alien species during forest restoration-rehabilitation activities.</p> <p>Principle 1: q5; Standard 1: q1, 2, 3, 5, 6</p>	<p>I = 3</p> <p>P = 2</p>	<p>Moderate</p>	<p>The project targets restoration-rehabilitation of 100,000 ha of degraded HCV/HSC areas through updating forest and plantation management plans and/or establishment of ecological corridors , and to transform shifting cultivation practices to multi-strata agroforestry systems to increase biodiversity and carbon stocks over 15,000 ha. There are risks of introducing invasive alien species (IAS) if the restoration plans are not properly formulated.</p>	<p>Under Output 5.1, restoration-rehabilitation will be carried out in accordance with management plans developed using participatory planning processes and informed by the ESIA. No IAS will be used. This risk has been managed through the design of the project, and will be further examined in the course of the ESIA and included in the ESMP as determined necessary.</p>

<p>Risk 16: Activities funded under low value grants, may be carried out without full adherence to UDNP SES.</p> <p>Principles and Standards: All</p>	<p>I = 3</p> <p>P = 3</p>	<p>Moderate</p>	<p>As part of the participatory conservation and restoration-rehabilitation activities, the project plans on disbursing low-value grants to support and/or accelerate interventions on agroforestry, sustainable use of non-timber forest products (NTFPs), integrating fast-grown timber species on farm, community based forest management, etc.</p> <p>Under Component 2, the project also plans on disbursing low-value grants for on-farm improvements, such as implementing good agricultural practices, and enabling activities associated with the Open Innovation Challenge addressing sustainability issues in the project landscapes.</p> <p>The impact rating of ?Moderate? represents a theoretical worst-possible scenario, where all such activities are conducted with a 100% failure to adhere to the SES. The potential impact is assessed as Moderate due to the low value of the grants envisaged, and the limited scope of each individual grant.</p>	<p>Low-value grants, conceived purely as a delivery mechanism under the NIM modality, will be carried out in partnership with expert organizations, e.g. conservation agencies, protected area management administrations, NGOs, and/or local governments.</p> <p>One of the conditions of the grant agreements is adherence to the UNDP social and environmental standards (SES), and all on-the-ground activities will be subject to screening for potential non-compliance, in accordance with the ESMP.</p> <p>Procedures for ensuring adherence to social and environmental standards will be based on UNDP's operational guide for LVGs.</p>
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<p>Risk 17: Project activities and outcomes will be vulnerable to the potential impacts of climate change.</p> <p>Standard 2, q2; Standard 3, q5</p>	<p>I = 3 P = 4</p>	<p>Moderate</p>	<p>Oil palm productivity has been affected in recent years by prolonged periods of drought.</p>	<p>Further studies will be included in the SESA and ESIA, which will establish appropriate risk management strategies with the inclusion of climate change scenarios in LUM strategies, and the need for diversified farming and livelihood systems, agroecology, and nature-based solutions. The project includes capacity building on resilient production, livelihood diversification and improved landscape management approaches.</p>
<p>Risk 18: Workers in commodity supply chains (including smallholder producers) might be exposed to hazards in their use of chemical inputs (pesticides, fertilizers etc.) without adequate PPE, training, and safeguards, or which might be subject to international bans.</p> <p>Standard 3: 3.7; Standard 7: 7.3, 7.4</p>	<p>I = 3 P = 3</p>	<p>Moderate</p>	<p>Malaysia has made significant progress in reducing the misuse of agricultural chemicals in recent years, although farmers and workers are often ill-informed about the dangers of agricultural chemicals and correct safety procedures.</p>	<p>This risk will be managed through the design of the project, though will be assessed in the course of the ESIA and included in the ESMP as determined necessary.</p> <p>The project will be designed to equip the target smallholders with training on application of Good Agricultural Practices (GAP) on farm. Farmers will be trained to appropriately gear themselves against exposure of hazardous materials. Additionally, GAP will prescribe appropriate types and doses, and means of application of chemical inputs that are not internationally banned or prohibited under Malaysian law. The ESIA will include assessment of the risk that the project will lead to an increase of exposure to hazards, and appropriate safeguard procedures will be employed.</p>

<p>Risk 19: A failure to establish the correct balance between improving per hectare commodity production with improved enforcement of land use regulations might in certain locations produce a counter-productive result.</p> <p>Standard 1, q11.</p>	<p>I=4</p> <p>P=2</p>	<p>Moderate</p>	<p>There is a possibility that increasing the per ha profit from commodity production might lead to an increased incentive to expand production into protected areas, particularly where enforcement of land use regulations is lax.</p>	<p>The issue will be further studied during the course of the SESA, and if found necessary, appropriate management strategies will be developed. The development of multi-stakeholder platforms under Output 3.1 are designed to strengthen collaborative governance mechanisms in support of effective conservation and restoration. Additionally, capacity training on productivity is accompanied by training on environmental protection modules to increase farmers' environmental awareness. Sustainable intensification of commodity production is accompanied by improved governance/enforcement and market-based incentives, balancing the 'carrot and stick' of project interventions, improving enforcement of land use restrictions with a focus on HCV or HCS land, and improving resources and systems.</p>
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<p>Risk 20: Risk imposed by COVID-19 pandemic or similar disease outbreak, having implications at international, national, and sub-national levels.</p>	<p>I = 4</p> <p>P = 5</p>	<p>High</p>	<p>The project preparation phase coincided with the outbreak of the COVID-19 pandemic. Project implementation activities could be suspended or delayed in case of continuation or recurrence of the COVID-19 pandemic or similar. A pandemic may also disrupt food supply chains, resulting in potential implications for food security if local food production is reduced as a result of increased emphasis on commodity production.</p>	<p>The environmental and social impact assessment (ESIA) will include an evaluation of the vulnerability of project stakeholders to such crises, and management measures will be integrated into the environmental and social management plan (ESMP).</p> <p>Each contract, MOU or other agreement with execution partners will include a contingency plan for adjusting to possible suspension or delays as a result of a public health or similar crisis. Agreements will have a force majeure clause to cover possible delays or shortcomings in delivery based on such unforeseen circumstances. The project approach of sustainable intensification is designed around integrated farm systems, ensuring that commodity production is not achieved at the expense of food crops, and does not negatively impact food security.</p>
<p>Risk 21: Documenting and/or recording and disseminating traditional conservation knowledge under Activity 5.1.5, might damage communities' sense of custodianship of such activities.</p> <p>Standard 4, q.1, Standard 6, q9.</p>	<p>I = 1</p> <p>P = 1</p>	<p>Low</p>	<p>Traditional Knowledge will not be commercialized.</p>	
<p>QUESTION 4: What is the overall Project risk categorization?</p>				

	Select one (see SESP for guidance)		Comments
	<i>Low Risk</i>	?	
	<i>Moderate Risk</i>	?	

		<i>High Risk</i>	R	<p>The overall risk-rating for the project is 'High'. The identified risks will be revised based on further assessment and information during the project implementation. To meet the SES requirements the following have been prepared: (i) ESMF; (ii) Stakeholder analysis and comprehensive Stakeholder Engagement Plan; and (iii) Gender analysis and Gender Action Plan. The project will commission an Environmental and Social Impact Assessment (ESIA), targeted at potential identified field-level impacts, and a Strategic Environmental and Social Assessment (SESA) for policy-level work. During the first year of implementation, an IPP and a LAP will be prepared as part of the subsequent ESMP as required by ESIA/SESA</p>
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			assessment reports.
	QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?		
	Check all that apply		Comments
	<i>Principle 1: Human Rights</i>	R	
	<i>Principle 2: Gender Equality and Women's Empowerment</i>	R	
	<i>1. Biodiversity Conservation and Natural Resource Management</i>	R	
	<i>2. Climate Change Mitigation and Adaptation</i>	R	
	<i>3. Community Health, Safety and Working Conditions</i>	R	
	<i>4. Cultural Heritage</i>	R	Potentially triggered under Risk 16
	<i>5. Displacement and Resettlement</i>	R	
	<i>6. Indigenous Peoples</i>	R	
	<i>7. Pollution Prevention and Resource Efficiency</i>	R	

Supporting Documents

Upload available ESS supporting documents.

Title	Module	Submitted
6382_MY_Annex 4_SESP_for SESP FP clearance_30June2020	CEO Endorsement ESS	

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

<p>This project will contribute to the following Sustainable Development Goal (s): SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 15 (Life on Land), SDG 17 (Partnerships for Goals)</p>				
<p>United Nations Strategic Cooperation Framework Malaysia 2021-2025. Outcome 2: By 2025, environmental sustainability and resilience are mainstreamed as priorities within the national development agenda, across all sectors and levels of society; Output 2.2: Natural resources, biodiversity and ecosystems are sustainably managed, adequately protected and conserved for long-term economic and environmental sustainability.</p> <p>Aligned with UNDP Strategic Plan (2022-2025) Output Signature Solution #4 (Environment); contributing to UNDP SP Result 4.1: Natural resources protected and managed to enhance sustainable productivity and livelihoods; and Result 4.2: Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions.</p>				
	Objective and Outcome Indicators	Baseline	Mid-term Target	End of Project Target
<p>Project Objective:</p> <p>To strengthen the protection of high conservation value and high carbon stock areas in Sabah through integrated landscape</p>	<p><u>Indicator 1 (GEF-7 CI 3; IRRF Indicator 4.1.2):</u> Area of land restored (hectares)</p> <p>SDG 15.3</p>	<p>Limited systematic approaches for the restoration-rehabilitation initiatives being implemented in the project landscape by government, civil society and private sector stakeholders.</p>	<p>200,000 ha identified through management plans, intervention plans, partnership agreements, MoUs, etc.</p>	<p>200,000 ha undergoing restoration, which includes:</p> <p>Sub-indicator 3.1: 50,000 ha</p> <p>Sub-indicator 3.2: 150,000 ha</p>

management approaches, sustainable and resilient palm oil value chains, and participatory conservation and restoration	<p><u>Indicator 2 (GEF-7 CI 4; IRRF Indicator 4.1.2): Area of landscapes under improved practices</u> (excluding protected areas) (hectares)</p> <p>SDG 2.4; SDG 12.2; SDG 15.2; SDG 15.9; SDG 15.b</p>	HCV/HCS areas mapped in Sabah, but not yet incorporated into planning mechanisms; Malaysia has pledged to maintain 50% forest cover.	2,380,763 ha (excluding protected areas) identified through mainstreaming the ILM framework in the three key intervention areas, and the estimate of HCV forest loss avoided confirmed.	<p>2,380,763 ha (excluding protected areas) which includes:</p> <p>Sub-indicator 4.1: 2,366,763 ha</p> <p>Sub-indicator 4.4: 14,000 ha</p>
	<p><u>Indicator 3 (GEF-7 CI 6): Greenhouse Gas Emissions Mitigated</u> (metric tons of CO₂e)</p> <p>SDG 13.2; SDG 13.3</p>	Not applicable	Estimated end target of 10,740,674 tons CO ₂ e (lifetime direct) confirmed through verification of assumptions, approved restoration plans	10,740,674 metric tons CO ₂ e (lifetime direct) CO ₂ e avoided in the AFOLU sector (Sub-Indicator 6.1)
	<p><u>Indicator 4 (GEF-7 CI 11; IRRF Indicators 4.1.1, 4.2.1): # direct project beneficiaries</u> disaggregated by gender as a co-benefit of GEF investment (individual people)</p> <p>SDG 1.4; SDG 1.b; SDG 5.a</p>	Not applicable	10,000 direct beneficiaries (of whom 5,000 are women) benefiting from project-supported interventions	54,000 direct beneficiaries (of whom 27,000 are women)
Component 1: Development of integrated landscape management systems				
Outcome 1: Intra-governmental coordination and multi-stakeholder collaboration enabled for effective landscape management	Indicator 5: (a) Number of gender-responsive multi-stakeholder ILM platforms established and (b) number of gender-responsive multi-stakeholder ILM platform strengthened	There are current limited or weak multi-stakeholder ILM platforms in Sabah	Systems leadership training delivered to (a) the ILM platform established for the project and (b) the existing platform for the Kinabatangan-Segama intervention area	(a) One project level ILM platform established, and (b) the platform for the Kinabatangan-Segama intervention area strengthened

	Indicator 6: Number of state or local government units mainstreaming ILM priority actions into respective planning processes	Integrated approaches are reflected in state policies and strategies, but there is limited experience among state or local government units on implementing ILM	Two state or local government units trained of the process and importance of ILM	Two state or local government units incorporate ILM actions into their planning processes
Outputs to achieve Outcome 1	<p>Output 1.1: Enabling environment for integrated, multi-stakeholder collaborative approaches strengthened by introducing systems leadership skills and developing guidelines for integrated landscape management, in accordance with UNDP Social and Environmental Standards (SES)</p> <p>Output 1.2: Data-sharing platforms and protocols harmonized in support of integrated landscape management</p> <p>Output 1.3: Integrated landscape management framework developed and mainstreamed through multi-stakeholder collaboration</p>			
Outcome 2: Emerging approaches and incentive mechanisms leading towards effectively managed high conservation value areas socialised	Indicator 7: Number of conservation areas (including OECMs, Community Conserved Areas or privately managed conservation areas) recognised (with encouragement of women participation)	Limited pathways available to recognise the participation of local communities and private sector stakeholders in the conservation of HCV forests	Two management plans for conservation areas under preparation (with the encouragement of women participation), in accordance with the roadmap completed under Output 2.1	Two conservation areas (CCAs, OECMs or privately managed conservation areas) recognised (e.g., management plan in place) (with the encouragement of women participation)
	Indicator 8: Number of policy recommendations for incentive mechanisms to support ILM practices formulated and advanced for adoption	Limited incentive mechanisms available to support ILM practices	Two preliminary recommendations developed for incentive mechanisms to support ILM practices	Two policy recommendations for incentive mechanisms submitted to relevant agencies (e.g., Ministry of Finance, Department of Lands and Surveys, etc.) for consideration

Outputs to achieve Outcome 2	Output 2.1: Roadmap for recognising and strengthening the management of conservation areas (including OECMs) in production landscapes and local community sites in Sabah developed and socialised			
	Output 2.2: Fiscal and economic instruments explored, and recommendations formulated for facilitating ILM finance with a focus on incentivizing effective management of HCV forests in conservation areas across production landscapes and community sites			
Component 2: Promotion of responsible value chains for palm oil and smallholder and medium-sized growers support				
Outcome 3: Value chains for sustainable palm oil strengthened through multi-stakeholder collaboration	Indicator 9: Number of Signals of Change, demonstrating strengthened multi-stakeholder collaborative action	Baseline Signals of Change assessment at project inception	Two new Signals of Change reported in the midterm assessment	Five new Signals of Change reported in the end-of-project assessment
	Indicator 10: (a) Percentage of certified hectareage for MSPO (Revision 1 and 2), and (b) percentage of hectareage achieving RSPO readiness	(a1) 94% for MSPO Revision 1; (a2) To be determined at project inception for MSPO Revision 2 (no information available during PPG phase); (b) 26.96% for RSPO (416,000 ha) certification	(a1) 100% for MSPO Revision 1; (a2) 50% for MSPO Revision 2; (b) 30% achieving RSPO readiness (this does not mean receiving the certification, but it shows that 26.96% from the baseline is ready because they are already certified)	(a2) 100% MSPO Revision 2; (b) 50% achieving RSPO readiness
Outputs to achieve Outcome 3	Output 3.1: Multi-stakeholder collaboration processes strengthened			
	Output 3.2: Strengthened linkages and collaboration through the value chain			
	Output 3.3: Traceability of oil palm in Sabah strengthened to facilitate responsible sourcing			
	Output 3.4: Open innovation challenge introduced to identify solutions that can be scaled to address key sustainability issues in the palm oil sector			

Outcome 4: Smallholder and medium-sized growers support systems strengthened for participation in sustainable farming and commodity supply chains	Indicator 11: Number of new upstream-smallholder memoranda of understanding (MoUs) including engagement plans that include support for smallholder livelihood diversification and containment of oil palm expansion under NDPE policies (gender disaggregated)	Not applicable	Ten upstream-smallholder management plans prepared (with five that enhance women's empowerment in agriculture)	Ten upstream-smallholder MoUs agreed (with five that enhance women's empowerment in agriculture)
Outputs to achieve Outcome 4	Output 4.1: Capacity building delivered, and durable systems put in place to support smallholder farmers and medium-sized growers on the promotion of and increased uptake of sustainable production practices and farming systems Output 4.2: Interventions on restoration of degraded cropland, adoption of good agricultural practices, formation of cooperatives, crop diversification and implementation of upstream-smallholder management plans Output 4.3: Smallholders supported to access state crop assistance schemes and rural diversification activities			
Component 3: Conservation and restoration-rehabilitation of natural habitats through public-private-community partnerships				
Outcome 5: High conservation value areas protected, restored-rehabilitated, and connected	Indicator 12: Number of restoration and rehabilitation planning frameworks developed and adopted at the three project key intervention areas	Limited feasibility studies or systematic approaches undertaken in the planning of restoration and rehabilitation efforts	Three restoration and rehabilitation planning framework drafted for the project key intervention areas (including pathways for women participation)	Three restoration and rehabilitation planning frameworks adopted for the project key intervention areas (including pathways for women participation)
	Indicator 13: An agreement with one or more host/funding entities to operate and maintain an online restoration platform after project closure	There is no platform for sharing information on restoration in Sabah; initiatives are dispersed and uncoordinated	Online platform established and functioning, with information on project-funded restoration initiatives uploaded	Agreement in place with one or more host/funding entities to operate and maintain the platform after project closure

Outputs to achieve Outcome 5	Output 5.1: Degraded and fragmented ecosystems restored-rehabilitated to regain ecological functions, including connecting HCV/HCS and creating wildlife corridors, and mainstreaming connectivity principles into existing restoration-rehabilitation schemes through gender responsive approaches and partnerships with communities and the private sector			
	Output 5.2: Plantation companies and communities engaged on integrating HCV/HCS into management plans			
	Output 5.3: Partnerships strengthened with tertiary and research institutions, contributing to the development of the next generation of experts in Sabah on ecosystem restoration and community co-management			
	Output 5.4. An online platform developed for data sharing focusing on restoration			
Component 4: Knowledge management and impact monitoring				
Outcome 6: Adaptive management and sustainability facilitated through impact monitoring & evaluation and knowledge shared across Malaysia and FOLUR programme	Indicator 14: Number of systems developed or strengthened (gender disaggregated), including: (a) knowledge products, (b) communication pieces/stories (c) written and/or audio-visual records of traditional knowledge practices	Not applicable	(a) Five knowledge products two highlighting gender mainstreaming), (b) ten communication pieces/stories (c) two written and/or audio-visual records of traditional knowledge practices	(a) Ten knowledge products (four highlighting gender mainstreaming), (b) twenty communication pieces/stories, (c) four written and/or audio-visual records of traditional knowledge practices
	Indicator 15: Number of (a) country documents, (b) events, and (c) press promoting FOLUR	Not applicable	(a) Two country documents, (b) four events, (c) two press reports	(a) Two country documents, (b) ten events, (c) ten press reports
Outputs to achieve Outcome 6	Output 6.1. Project implementation and results monitored, evaluated and reported			
	Output 6.2. Knowledge sharing for replication of best practice nationally and internationally through FOLUR global platform and UNDP Green Commodities Programme, and participation in the global Impact Programme events and activities			

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

Comment	Response	Project Document Reference
GEF Secretariat comments to the Program Framework Document (PFD):		
Malaysia. The GHG estimate of 3,000,000 t CO ₂ e mitigated seems low given the GEF investment and co-financing.	The estimations were updated during the PPG phase. Estimated mitigation benefits are 10,740,674 tCO ₂ e (lifetime direct) in the AFOLU sector. The EX-ACT files and other calculations and assumptions supporting the estimates of GHG emissions mitigated are compiled into Annex 17 to the Project Document	Project Document, Annex 17 (Estimation of GEF 7 core indicator end targets)
Baseline scenario. Multi-stakeholder coordination mechanisms and knowledge hubs at regional and global levels in which the countries participate should be identified (NYDF, TFA, EAT Lancet, etc.). These are crucial in supporting existing communities of practice and allowing the knowledge generated through the child projects to be channeled and to contribute to global knowledge resources on the effectiveness of FOLUR strategies, and will provide an important basis for inter-country collaboration, avoiding (or reducing) the need for the program to establish new mechanisms.	Facilitating multi-stakeholder collaboration is a central focus of the project. A systems leadership approach will be undertaken to build capacities for durable multi-stakeholder collaboration. Coordinating with regional and global mechanisms is outlined under the description of Output 3.2.	Project Document, Section IV (Results and Partnerships), Outputs 1.1 and 3.2

Comment	Response	Project Document Reference
<p>Gender. While the PFD identifies entry points and opportunities for FOLUR to address relevant gender gaps, the information is very general and not connected to the context and ambition of FOLUR. Gender considerations should be mainstreamed into the four FOLUR components, outcomes, and indicators. Please provide more details on gender dimensions linked to the project context. This could include a reference in the description of the baseline scenario on the increasing number of commitments and initiatives aimed at promoting gender equality linked to the food value chain, or information related to challenges and opportunities smallholder farmers face e.g. gender dimension linked to cocoa, coffee, and rice value chains and the need to support and enable women's contribution to the productivity, quality and sustainability of these chains. Finally, in the section on gender the opportunities outlined to include women in the design and implementation are very general and, while directly relevant to GEF's new gender tags, they are not efficiently linked to the objective, components, and general framework of the IP.</p>	<p>A gender analysis and gender action plan were completed during the PPG phase to support the project, and gender mainstreaming objectives have been incorporated into the project design, including the indicators contained in the results framework</p>	<p>Project Document, Annex 10 (Gender analysis and gender action plan)</p>

Comment	Response	Project Document Reference
<p>Private sector. While the private sector is mentioned often, the description of how the private sector will be engaged in the Program remains quite vague. It is not clear how the multinationals, national companies and platforms will be stimulated to expand their commitments to other commodities and geographies. Will this only rely on policy changes? In section 2 on stakeholders, the text doesn't clearly explain how the private sector will be engaged in the program preparation, and their respective roles and means of engagement. In section 4 on private section engagement, important and relevant elements are provided such as the targeted stakeholders, the areas of intervention, the objectives to meet, the promotion of private and green financing (which should be built upon), the policy enhancement and the improved agricultural practices on the ground. Nevertheless, we don't see clearly how this will be achieved. More detailed and engaging actions of and with the private sector are requested. Please indicate what the private sector co-financing be used for more concretely</p>	<p>The approach to collaboration with private sector stakeholders is explained under the 'Leverage of systemic change through value chains' section III of the Project Document. During project implementation the focus will be to work together with private sector partners to co-convene companies more widely across the sector and through the value chain to develop multi-stakeholder partnerships that can deliver systemic solutions at landscape and jurisdictional scale. For a systemic approach to be effective, the project will aim to convene all of the most important private sector producers across the landscapes, along with the key buyers, to facilitate dialogue and collaboration between them. The broad areas around which greater collaboration is needed are identified in the Project Document. The specific activities need to be identified by the companies during the implementation phase so that there is shared ownership and genuine commitment to the initiatives that are generated. The approach to coordination of these activities also needs to be developed by the partners during implementation.</p> <p>The full-time Sustainable Production Officer will be responsible for coordinating with the private sector to achieve this leverage, as well as the platforms, and knowledge management to ensure messages on project approaches are captured and communicated to private sector actors (and others) capable of scaling.</p>	<p>Project Document, Section III (Strategy); Section IV (Results and Partnerships), Output 3.2</p>
<p>GEF Council Member comments to the Program Framework Document (PFD):</p>		
<p>Germany (28 June 2019):</p>		

Comment	Response	Project Document Reference
<p>The PIF does not adequately address some fundamental structural challenges of the conventional agricultural production system. Germany would like to request a more explicit analysis of the prevailing transformation challenges towards ecologically sound intensification in both small farming and industrial farming systems, as these substantially affect the described correlation between commodity production and deforestation. Germany suggests addressing these challenges with regard to the agricultural research system, extension system and incentive system more explicitly.</p>	<p>Although the project will focus principally on the oil palm, it will also consider how their production relates to the overall livelihood and food security strategies of the people living in the areas where they are produced. Emphasis will be placed on supporting producers in the application of agroecological diversified farming and livelihood systems, that integrate and balance the production of cash crops and food crops, non-agricultural economic activity, and off-farm income generation, with the aim of maximizing livelihood resilience, intra-family equity and social and environmental sustainability.</p> <p>The project will furthermore work to mainstream considerations of environmental sustainability and livelihood resilience, within the context of integrated, diversified farming systems, into the agendas of existing extension systems.</p> <p>Moreover, the integrated approach of the project will ensure that actions to support improvements in productivity are accompanied by investments in strengthening land use planning, governance and market-based leverage to limit expansion into forest areas or other vulnerable ecosystems.</p>	<p>Project Document Section, III (Strategy)</p>
<p>The text systematically narrows landscape ecosystem challenges down to forest resources. Consequently, the lack of conclusive regulatory frameworks on soils and targeted incentives for sustainable soil management are not addressed in the PIF. Germany would like to suggest, that the vital role of soil ecosystem services are more specifically spelled out in the program description and analysis of root causes, and to include GSP/FAO in the list of relevant stakeholders.</p>	<p>Agroecological diversification, which is one of the key principles of agroecology, contributes to soil health by fostering soil management that minimizes soil erosion, enhances soil carbon storage, promotes soil nutrient balance and cycles, and preserves and enhances biodiversity, including soil biodiversity.</p> <p>The project will also support the use of sustainability standards as benchmarks for on-farm management improvements and eligibility criteria for access to green value chains.</p>	<p>Project Document, Section IV (Results and Partnerships), Outputs 3.3, 4.1, 4.2</p>

Comment	Response	Project Document Reference
<p>Furthermore, Germany would like to suggest stronger reference to Land Degradation Neutrality (SDG 15.3) targets and policies. The link of this PIF to the LDN conceptual framework (SPI/UNCCD) needs more systematic elaboration and should include an explicit reference to UNCCD as the custodian agency for SDG 15.3. The Economics of Land Degradation Initiative (ELD) and the Economics of Ecosystem Restoration by FAO should be taken into account in component 3.</p>	<p>The description of global environmental benefits in the Project Document includes benefits aligned with Malaysia's national target to sustainably manage 50% of all agricultural areas and 100% of timber and timber products by 2025 (National Action Plan, UNCCD).</p>	<p>Project Document, Section (Results and Partnerships), Outputs 4.2 and 5.1</p>
<p>United States (03 July 2019):</p>		

Comment	Response	Project Document Reference
<p>Gender. It is insufficiently clear how the program will incorporate actions that will address the institutional constraints on gender equity and women's economic empowerment on the part of implementing partners (government agencies) and key stakeholders (non-gender oriented CSOs). For example, although the program expresses an interest in providing greater training of women and in increasing their number in leadership roles within groups supported by FOLUR, there is no mention of how government policies and practices (at the national or decentralized levels) will continue to support these initiatives upon the completion of the program cycle. There is also no mention of promoting gender sensitive procurement to encourage economic empowerment of women. Another concern is the gendered rates of literacy; if literacy rates are low, how will female small holder farmers be guided on how to read the labels of agro-chemical inputs so that applications can be applied in a safe and environmentally friendly manner? The issue of gendered literacy also extends to access to credit and land tenure (e.g. title deeds). What strategies are being considered to encourage best practices for measures to increase access to credit for female smallholder farmers and gender sensitive procurement? Finally, the sustainability/durability of interventions to incorporate gender equity and economic empowerment of women at the conclusion of the program cycle could be made clearer.</p>	<p>A gender analysis and gender action plan were prepared during the PPG phase. In terms of sustaining the gender mainstreaming initiatives after project closure, the systems leadership approach integrated into the project design will help build capacities among key project stakeholders, including in regard to gender issues. The integrated landscape management framework will also have a gender dimension that will further facilitate sustained focus on making further progress towards achieving gender equality and women's empowerment objectives.</p>	<p>Project Document, Annex 10 (Gender Analysis and Gender Action Plan)</p>
<p>Additional questions. Given the demographic changes in much of Africa and Asia, how will the program address the various constraints (financial, legal, etc.) that impede the ability of youth (18-25 years) to access productive inputs such as land?</p>	<p>Under Output 4.1, the project will provide technical assistance to smallholder farmers on raising awareness on land tenure support programmes, such as the Sabah Native Land Services Programme (PANTAS) managed by the Department of Lands and Surveys). This assistance will include outreach to youth.</p>	<p>Project Document, Section IV (Results and Partnerships), Output 4.1</p>
<p>Norway (26 June 2019):</p>		

Comment	Response	Project Document Reference
<p>We welcome the proposed IP on Food Systems, Land Use and Restoration. We note that the program includes commodities as well as food crops ? challenges may be similar in some ways but are not always identical. Both agriculture itself and surrounding lands contain genetic resources for food and agriculture, a vital resource for resilient food production in coming years. It is therefore timely to focus on Food Systems and their effect on the environment. We would, however, like to be informed more in detail on how the program will ensure "adaptation benefits by creating more climate-resilient and disease-reliant plants" as stated on page 41 in the main document. We note that the issue of challenges for certain food crops due to climate change has also been brought up by the STAP in their review of this Program.</p>	<p>A climate and disaster risk screening for the project was completed during the PPG phase. Location-specific considerations, including adaptation benefits, e.g., promoting more climate-resilient agriculture, will be further analysed as part of the targeted scenario analyses (TSAs) planned under Output 1.3 and incorporated into the integrated landscape management framework.</p>	<p>Project Document, Annex 12 (Climate and disaster risk screening report)</p>
<p>Scientific and Technical Advisory Panel (STAP) comments (13 May 2019) to the Program Framework Document (PFD):</p>		
<p>Theory of change. While outcomes, longer-term outcomes and GEBs are clearly specified, the causal links at these levels are less explicit.</p>	<p>A project specific Theory of Change was developed for the project with longer-term outcomes and causal links described in the narrative explanation.</p>	<p>Project Document, Section III (Strategy</p>
<p>Global environmental benefits. Little attention is devoted to trade-offs and possibly negative side effects, though social and environmental risks are mentioned in the risks section. There is little explicit attention to power dynamics, including potential winners and losers from the changes envisaged and how potential conflicts may be addressed.</p>	<p>Social and environmental risks were extensively assessed during project preparation, as documented in the Social and Environmental Screening Procedure (SESP).</p>	<p>Project Document, Annex 4 (Social and environmental screening report</p>
<p>Resilience to climate change. Climate resilience not addressed in detail, though mentioned in the section on risks. The proposed response to climate change is quite general at this level; more detail expected in development of country projects and in program-level monitoring and targeted capacity support functions.</p>	<p>A climate and risk screening analysis was made during the PPG phase and documented in Annex 12 to the Project Document. The recommended actions identified in the screening have been integrated into the project strategy.</p>	<p>Project Document, Annex 12 (Climate and disaster risk screening report)</p>

Comment	Response	Project Document Reference
Innovativeness. Emphasis is on policy and institutional innovations. More thinking about possible technological, financing, and business model innovations would be desirable, from which each country and the IP as a whole could benefit.	Under Output 3.2 the project will facilitate new and strengthened public private partnerships on sustainable and resilient production and farming systems. Moreover, an Open Innovation Challenge (Output 3.4) has been designed to encourage and facilitate technological, financing, and business model innovations.	Project Document, Section IV (Results and Partnerships), Outputs 3.2 and 3.4
Gender equality and women's empowerment. Gender sensitive indicators are missing ? but dimensions above indicate a suitable framework. Consider applying indicators and measurement protocols of Women's Empowerment in Agriculture Index (WEAI).	Consistent with the approaches advocated by the International Food Policy Research Institute (IFPRI), the project aims to promote women's empowerment in agriculture. The project gender action plan includes guidance on the use of an adapted Women's Empowerment in Agriculture Index. The application of this index will be contingent on the actual community groups involved in the project funded interventions.	Project Document, Annex 10 (Gender analysis and gender action plan)
Risks. While generic policy and governance risks are noted, there is inadequate explicit attention to political and economic interests that could (and are likely to) oppose desired changes.	Political and other risks were assessed during the PPG phase, and management and mitigation measures formulated in the project risk register.	Project Document, Annex 5 (Risk register)
Risks: sensitivity to climate change. No climate impact assessment is presented; only the possibility of climate change impacts on productivity and resilience is alluded to. Since impacts will be region and location-specific, climate impact assessment and response strategies will need to be developed in the country projects.	A climate and disaster risk screening for the project was completed during the PPG phase. Location-specific considerations will be further analysed as part of the targeted scenario analyses (TSAs) planned under Output 1.3 and incorporated into the integrated landscape management framework.	Project Document, Annex 12 (Climate and disaster risk screening report)

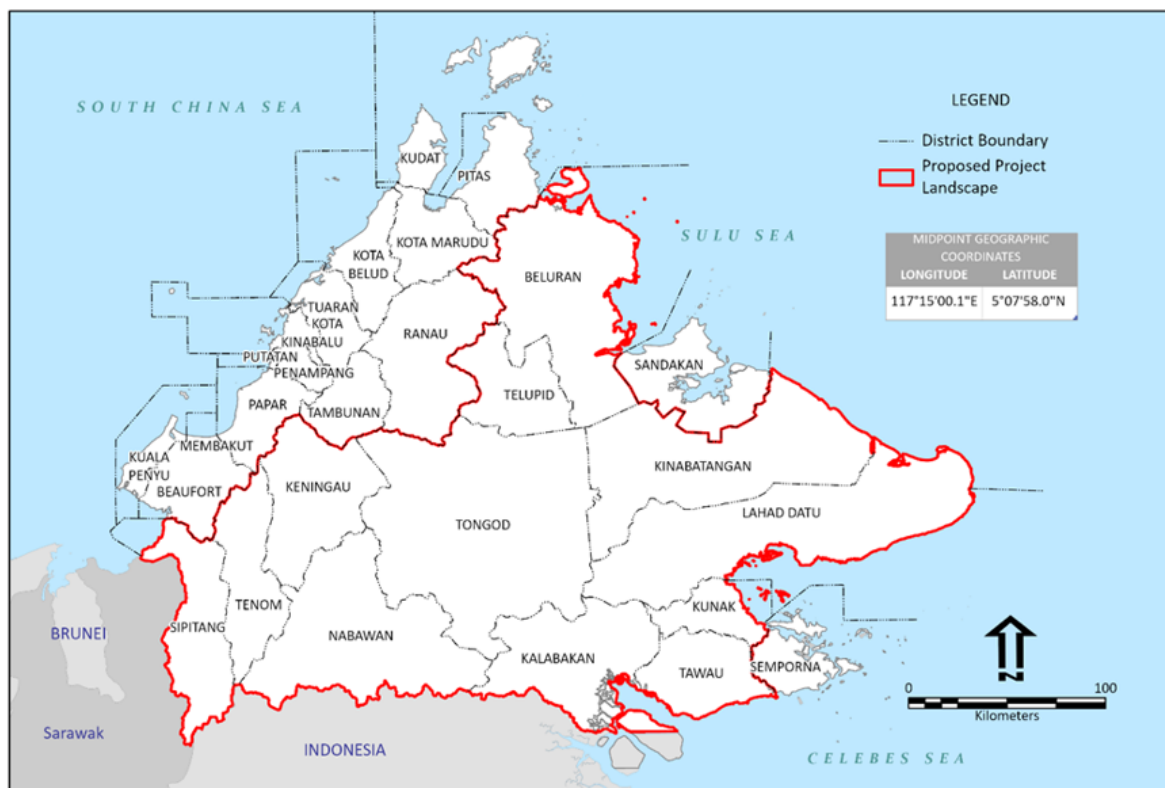
ANNEX C: Status of Utilization of Project Preparation Grant (PPG).
(Provide detailed funding amount of the PPG activities financing status in the table below:

Project Preparation Activities Implemented	GETF/LDCF/SCCF Amount (\$)
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	Budgeted Amount	Amount Spent to date	Amount Committed
Project preparation grant to finalize the UNDP-NCE project document for project ?Integrated landscape management for sustainable food systems, land use and restoration in Sabah?			
71200 - International Consultants	81,000	77,932.81	
71300 - Local Consultants	75,100	79,456.18	
71600 - Travel	28,000	21,448.83	
72500 - Supplies	900		
75700 - Trainings, workshops	15,000	19,523.44	1,638.74
Project total	200,000.00	198,361.26	1,638.74

ANNEX D: Project Map(s) and Coordinates

Please attach the geographical location of the project area, if possible.



ANNEX E: Project Budget Table

Please attach a project budget table.

Expenditure Category	Detailed Description	Component (USDeq.)						
		Component 1	Component 2	Component 3	Component 4	Sub-Total	M&E	PMC
Equipment	72800. Information technology equipment. Output 1.2: IT equipment (including for districts) to support data sharing platforms (USD 22,068). Total: USD 22,680	\$22,068				\$22,068		
Equipment	72800. Information technology equipment. Output 4.1: Computer and communication equipment for the community mobilizers (20,000). Total: USD 20,000		\$20,000			\$20,000		
Equipment	72200. Equipment and furniture. Output 5.1: Monitoring equipment, enhancing capacity of SFD and other partners in monitoring restoration-rehabilitation interventions (e.g., drones, cameras, etc.). Total: USD 75,000			\$75,000		\$75,000		
Equipment	73300. Rental & Maintenance of Information Technology Equipment. Output 5.4: Connectivity charges, subscription charges during the project lifespan for the online restoration platform. Total: USD 5,000			\$5,000		\$5,000		
Equipment	73300. Rental & Maintenance of Information Technology Equipment. Output 6.2: Connectivity and subscription charges for the KM and info systems. Total: USD 8,000				\$8,000	\$8,000		
Equipment	72200. Equipment and Furniture. Equipment and furniture for the workstations of the Project Management Unit positions. Total: USD 9,216					\$0		\$9,216
Equipment	72800. Information Technology Equipment. Computer and other IT equipment for the Project Management Unit (e.g., laptops, printer-scanner, projector, etc.). Total: USD 10,000					\$0		\$10,000
Equipment	73300. Rental & Maintenance of Information Technology Equipment. Connectivity charges, email subscriptions, etc. for the Project Management Unit. Total: USD 3,000					\$0		\$3,000
Grants	72600. Grants. The implementing partner will be responsible for administering the grants. Component 2 grants account for 6.1% of the total project budget or 13.57% of the total budget for Component 2. The selection and implementation of all grants must comply with the UNDP's Policy and Operational Guidance on Low-Value Grants. All grants will be processed following the UNDP Rules and Regulations on Low-Value Grants. When selecting grantees, the project will undergo a transparent grant application and grantee selection process. All grants will contribute to the project objective. Specifically, the grants will support the following activities: Output 3.4: For Innovation Challenge solutions that can be scaled to address key sustainable issues; budgeting 6 grants at USD 50,000 per grant, however the number and value will be confirmed during the call for proposals and proposal review processes (USD 300,000). Output 4.3: For strengthening capacities of cooperatives and CBOs in accessing and managing grant and microcredit funding. (USD 150,000). Total: USD 450,000		\$450,000			\$450,000		
Grants	72600. Grants. The implementing partner will be responsible for administering the grants. Component 3 grants account for 2.04% of the total project budget or 7.5% of the total budget for Component 3. The selection and implementation of all grants must comply with the UNDP's Policy and Operational Guidance on Low-Value Grants. All grants will be processed following the UNDP Rules and Regulations on Low-Value Grants. When selecting grantees, the project will undergo a transparent grant application and grantee selection process. All grants will contribute to the project objective. Specifically, the grants will support the following activities: Output 5.1: For safeguarding community traditional conservation knowledge through supporting at least one initiative on documenting and/or recording and disseminating traditional approaches, with FPIC from the indigenous communities involved (USD 50,000). Output 5.3: For expanding innovation into the field of forest restoration-rehabilitation and community co-management (USD 100,000). Total: USD 150,000			\$150,000		\$150,000		

Contractual services- Individual	<p>71800. Contractual Services – Implementing Partner.</p> <p>Chief Technical Advisor, for 12 months out a total of 72 months at a gross salary of USD 3,000 per month, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 42,210), supporting the systems leadership trainings and development of the ILM guidance document (Output 1.1); providing guidance on the development of data-sharing platforms and protocols (Output 1.2); providing guidance for the development and mainstreaming of the ILM framework (Output 1.3); providing guidance in the development of the roadmap on community and private sector conserved areas (Output 2.1); providing guidance on the analysis and recommendations of fiscal and economic instruments (Output 2.2).</p> <p>Sustainable Production Officer, for 7 months out a total of 66 months at a gross salary of USD 2,000 per month, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 16,422), supporting the systems leadership trainings and development of the ILM guidance document (Output 1.1); providing inputs on the development of data-sharing platforms and protocols (Output 1.2); providing guidance for the development and mainstreaming of the ILM framework (Output 1.3); providing guidance in the development of the roadmap on community and private sector conserved areas (Output 2.1); providing guidance on the analysis and recommendations of fiscal and economic instruments (Output 2.2).</p> <p>Communications Officer, for 14 months out a total of 66 months at a gross salary of USD 2,000 per month, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 32,844), supporting the systems leadership trainings and socialisation of the ILM guidance document (Output 1.1); providing guidance on the development and socialisation of data-sharing platforms and protocols (Output 1.2); providing guidance for the development and mainstreaming of the ILM framework (Output 1.3); - providing guidance in the socialisation of the roadmap on community and private sector conserved areas (Output 2.1); providing guidance on the socialisation of fiscal and economic instruments (Output 2.2).</p> <p>Gender and Safeguards Officer, for 14 months out a total of 66 months at a gross salary of USD 2,000 per month, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 32,508), providing oversight in the conduct of the SESA and development of the ILM guidance document (Output 1.1); providing guidance on the development of data-sharing platforms and protocols (Output 1.2); providing guidance for the development and mainstreaming of the ILM framework (Output 1.3); providing guidance in the development of the roadmap on community and private sector conserved areas (Output 2.1); providing guidance on the analysis and recommendations of fiscal and economic instruments (Output 2.2).</p> <p>Community-District Mobilisers, for 12 months out a total of 60 months per position (6 total positions x 12 months per position = 72 months) at a gross salary of USD 2,000 per month per position, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 166,752), supporting the systems leadership trainings and development and socialisation of the ILM guidance document (Output 1.1); providing guidance on the development and socialization of data-sharing platforms and protocols (Output 1.2); providing guidance for the development and mainstreaming of the ILM framework (Output 1.3); providing inputs in the development and socialisation of the roadmap on community and private sector conserved areas (Output 2.1); providing inputs on the analysis and recommendations of fiscal and economic instruments (Output 2.2).</p> <p>Total: USD 290,736</p>	\$290,736				\$290,736		
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Contractual services- Individual	<p>71800. Contractual Services – Implementing Partner.</p> <p>Chief Technical Advisor, for 38 months out a total of 72 months at a gross salary of USD 3,000 per month, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 133,665), providing guidance on strengthening the JA Initiative (Output 3.1); providing guidance on private sector engagement (Output 3.2); providing guidance on traceability systems analyses and recommendations (Output 3.3); providing strategic guidance on the Open Innovation Challenge (Output 3.4); providing guidance on capacity building for extension services and farmers (Output 4.1); providing guidance for interventions on restoration of degraded agricultural land, on-farm improvements, etc. (Output 4.2); providing guidance on strengthening smallholder access and management of grant and microcredit financing (Output 4.3).</p> <p>Sustainable Production Officer, for 44 months out a total of 66 months at a gross salary of USD 2,000 per month, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 103,224), supporting the activities on strengthening the JA Initiative (Output 3.1); overseeing and supporting private sector engagement (Output 3.2); providing guidance on traceability systems analyses and recommendations (Output 3.3); supporting stakeholder engagement for the Open Innovation Challenge (Output 3.4); providing guidance on capacity building for extension services and farmers (Output 4.1); providing guidance for interventions on restoration of degraded agricultural land, on-farm improvements, etc. (Output 4.2); providing guidance on strengthening access and management of grant and microcredit financing (Output 4.3).</p> <p>Communications Officer, for 36 months out a total of 66 months at a gross salary of USD 2,000 per month, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 84,456), providing guidance on strengthening the JA Initiative (Output 3.1); providing guidance on private sector engagement (Output 3.2); providing guidance on traceability systems analyses and recommendations (Output 3.3); providing strategic guidance on communications associated with the Open Innovation Challenge (Output 3.4); providing guidance on capacity building for extension services and farmers (Output 4.1); providing communications guidance for interventions on restoration of degraded agricultural land, on-farm improvements, etc. (Output 4.2); providing communications guidance on strengthening access and management of grant and microcredit financing (Output 4.3).</p> <p>Gender and Safeguards Officer, for 34 months out a total of 66 months at a gross salary of USD 2,000 per month, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 78,948), providing guidance on strengthening the JA Initiative (Output 3.1); providing guidance on private sector engagement (Output 3.2); providing guidance on traceability systems analyses and recommendations (Output 3.3); overseeing management of social and environmental safeguards associated with the Open Innovation Challenge (Output 3.4); providing guidance on capacity building for extension services and farmers (Output 4.1); overseeing assessment and management of social and environmental risks associated with interventions on restoration of degraded agricultural land, on-farm improvements, etc. (Output 4.2); ensuring management of social and environmental risks associated with strengthening capacities for accessing and management of grant and microcredit financing (Output 4.3).</p> <p>Community-District Mobilisers, for 33 months out a total of 60 months per position (6 total positions x 33 months = 198 months) at a gross salary of USD 2,000 per month per position, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 458,568), supporting local level engagement with stakeholders for strengthening the JA Initiative (Output 3.1); supporting local level engagement with private sector stakeholders (Output 3.2); supporting the engagement of smallholders and medium-sized growers (Output 3.3); facilitating awareness and partnership building regarding the Open Innovation Challenge (Output 3.4); facilitating engagement of local level extension services and farmers (Output 4.1); supporting oversight of field interventions, facilitating engagement of local stakeholders (Output 4.2); engaging with local stakeholders, facilitating participation, supporting oversight of investment assistance (Output 4.3).</p> <p>Total: USD 858,861</p>	\$858,861				\$858,861		
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Contractual services- Individual	71800. Contractual services – Implementing Partner. Project Assistant , 100%of the time for this full-time position, at a gross salary of USD 1,500 per month for 72 months, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 127,440). Finance-Procurement Officer , 100%of the time for this full-time position, at a gross salary of USD 1,500 per month for 72 months, with a 5% cost of living adjustment starting from year 2 and extending through year 6 (sub-total: USD 127,440). Total: USD 254,880						\$0		\$254,880
Contractual services- Company	72100. Contractual services – Companies. Output 1.1. Contracted partner for Strategic Environmental and Social Assessment (SESA) (USD 50,000). Output 1.1. Systems leadership expert organization delivering training (USD 25,000) and supporting training of trainers (USD 25,000). Output 1.2. Contracted partner for conducting gap analysis, providing technical assistance and delivering training on strengthening data-sharing platforms and protocols for enabling participatory ILM (USD 50,000). Output 1.3. Contracted partner for developing and socialising ILM framework, including gathering background information and conducting targeted scenario analyses (or similar) (USD 50,000). Output 1.3. Systems leadership expert organisation, training among the key intervention areas (USD 20,000). Output 1.3. Developing action plans and mainstreaming ILM priority actions into state and local planning processes (e.g., through letter of agreements with agencies, districts, etc.) (USD 75,000). Output 2.1. Contracted partner for preparing and socialising roadmap for recognising and establishing conserved areas, undertaking consultations with relevant stakeholders, supporting 4-6 mini workshops to facilitate operationalisation of conserved areas (USD 50,000). Output 2.1. Mentoring on implementation of action plans (USD 30,000). Output 2.2. Contracted partner for carrying out analysis of existing fiscal and economic instruments and on incentivizing the management of private and community conserved areas, preparing recommendations for fiscal and economic instruments, developing strategies for mobilising CSR allocations, convening stakeholder workshops (USD 50,000). Total: USD 425,000	\$425,000					\$425,000		
Contractual services- Company	72100. Contractual services – Companies. Output 3.1. Contracted partner, facilitating workshops on Signals of Change, systems leadership, and specific thematic issues, and strengthening the JA working groups (USD 200,000). Output 3.3. Contracted partner, assessing tools related to oil palm databases and traceability systems, provide recommendations and feedback on improving MSPO Trace, and support stakeholders in the adoption and operationalisation of the recommendations (USD 50,000). Output 3.4. Contracted partner for facilitating and administering the Open Innovation Challenge process (USD 8,000 for 5 years; sub-total: USD 40,000). Output 4.1. Contracted partner, designing and delivering farmer support training; preparing a roadmap for improved smallholder support; delivering workshops and multi-stakeholder field-based trainings for development of upstream-smallholder management plans; delivering training-of-trainers capacity building; and assisting the JCSC Environment and Nature Conservation Working Group in developing an HCV compensation and remediation guidance (USD 100,000). Output 4.2. Conduct SESP screening of proposed downstream activities, and where required, in accordance with UNDP social and environmental standards, ESIA studies scoped to the risks identified (USD 30,000). Output 4.2. Investment assistance for interventions on improved soil and water management, restoration of degraded cropland, good agricultural practices, agroforestry practices, diversification, high quality seedlings and other yield-improvement and yield-resilient practices, pest management. Proposals will include detailed intervention plans and confirmation of co-financing for value added contributions. (USD 750,000). Output 4.3. Contracted partner, carrying out a gap analysis on assistance schemes and developing recommendations for improvement and scalability; convening local workshops, roadshows on available programmes and requirements; and delivering trainings to smallholders, cooperatives, and CBOs on proposal development, financial management and handling grant funding. (USD 75,000). Total: USD 1,245,000	\$1,245,000					\$1,245,000		
Contractual services- Company	72100. Contractual services – Companies. Output 5.1. Contracted partner, conducting SESP screening of proposed downstream activities under Output 5.1 and, where required in accordance with UNDP SES, carry out scoped ESAs (USD 30,000). Output 5.1. Contracted partner, developing restoration planning frameworks applying systematic approaches, such as the Restoration Opportunities Assessment Methodology (ROAM), for the three key intervention areas (USD 75,000). Output 5.1. Contracted partners for implementation of participatory restoration-rehabilitation and conservation initiatives, e.g., including carbon-insetting, agroforestry for improving/diversity livelihoods, community forest management to enhance ecological connectivity, etc., in accordance with the UNDP SES. Proposals will include detailed intervention plans and confirmation of co-financing for value added contributions (USD 1,000,000). Output 5.2. Contracted partner, delivering capacity building for industry sector on integrating HCV findings into sustainable management practices (USD 50,000). Output 5.4. Contracted partner, developing an online database/platform on restoration initiatives, identifying opportunities for strategic actions and sharing experiences, identifying and facilitating a host entity to sustain and maintain the platform over the long term (USD 50,000). Total: USD 1,205,000		\$1,205,000				\$1,205,000		
Contractual services- Company	72100. Contractual services – Companies. Output 6.2. Contracted partner, develop and implement the project communications and knowledge management strategy and action plan, establish and maintain information and knowledge sharing systems, including internet platforms and social media, organise and arrange awareness raising activities, help facilitate communications and knowledge sharing among the FOLUR community of practice (USD 75,000). Total: USD 75,000				\$75,000		\$75,000		
International Consultants	71200. International consultants. Output 1.1: International Safeguards Consulting, providing guidance on the SESA and other project safeguards instruments, for 4 weeks at USD 3,000 per week (USD 12,000). Output 1.1. International Facilitation Consultant, supporting the multi-stakeholder collaborative action activities, for 4 weeks at USD 3,000 per week (USD 12,000). Output 1.3: International TSA Consultant, providing guidance for the targeted scenario analyses, for 4 weeks at USD 3,000 per week: USD 12,000). Total: USD 36,000	\$36,000					\$36,000		
International Consultants	71200. International consultants. Output 3.1: International Facilitation Consultant, supporting strengthening of JA Initiative for 12 weeks at USD 3,000 per week (USD 36,000). Output 3.2: International Private Section Engagement Consultant, supporting engagement with upstream players and downstream buyers for 12 weeks at USD 3,000 per week (USD 36,000). Output 3.4: International Private Sector Engagement Consultant, supporting the Open innovation Challenge development and rollout for 10 weeks at USD 3,000 per week (USD 30,000). Output 4.1: International Farmer Support Systems Consultant, providing guidance on farmer and extension support activities for 12 weeks at USD 3,000 per week (USD 36,000). Output 4.2: International Safeguards Consultant, providing guidance for assessing and managing social and environmental risks for 6 weeks at USD 3,000 per week (USD 18,000). Total: USD 156,000	\$156,000					\$156,000		
International Consultants	71200. International consultants. Output 5.1: International Safeguards Consultant, provide strategic guidance on the assessment and management of social and environmental risks, for 8 weeks at USD 3,000 per week (USD 24,000) Total: USD 24,000		\$24,000				\$24,000		
International Consultants	71200. International consultants. Output 6.2: International Communications-KM Consultation, supporting regional and global interactions, including under the FOLUR Global Platform for 10 weeks at USD 3,000 per week (total: USD 30,000). Total: USD 30,000			\$30,000			\$30,000		

International Consultants	71200. International consultants. Output 6.1: International MTR Consultant for 8 weeks at USD 3,000 per week (sub-total: USD 24,000). Output 6.1: International TE Consultant for 8 weeks at USD 3,000 per week (sub-total: USD 24,000). Total: USD 48,000						\$0	\$48,000		
Local Consultants	71300. Local consultants. Output 1.1: Policy Consultant for developing ILM guidance document for 16 weeks at USD 1,500 per week (USD 24,000); Natural Resource Management Consultant for supporting development of ILM guidance document for 16 weeks at USD 1,500 per week (USD 24,000). Output 1.3: Facilitation-Systems Leadership Consultants, supporting the ILM trainings, for 12 weeks at USD 1,500 per week (USD 18,000). Total: USD 66,000	\$66,000					\$66,000			
Local Consultants	71300. Local consultants. Output 3.1: Finance Consultant for preparing a sustainable financing plan for 10 weeks at USD 1,500 per week (USD 15,000); Agricultural Commodities Consultant, supporting the activities of the JA Initiative, for 24 weeks at USD 1,500 per week (USD 36,000); Facilitation-Systems Leadership Consultant(s) for supporting the activities of the JA Initiative, for 28 weeks at USD 1,500 per week (USD 42,000). Output 3.2: Agricultural Commodities Consultant, supporting engagement with upstream and downstream actors for 48 weeks at USD 1,500 per week (USD 72,000). Output 3.4: Business Development Consultant for formulating and facilitating the Open Innovation Challenge process for 24 weeks at USD 1,500 per week (USD 36,000). Output 4.1: Agricultural Commodities Consultant, supporting activities on strengthening extension services and farmer support systems, for 16 weeks at USD 1,500 per week (USD 24,000). Total: USD 225,000		\$225,000				\$225,000			
Local Consultants	71300. Local consultants. Output 5.1: GIS Consultant, conducting analyses and mapping in support of the restoration-rehabilitation interventions, for 18 weeks at USD 1,500 per week (USD 27,000). Output 5.2: Natural Resource Management-Biodiversity Consultant, supporting training on HCV/HCS assessments, for 28 weeks at USD 1,500 per week (USD 42,000). Output 5.4: Business Development Consultant, preparing a sustainable financing plan for the online restoration database, for 6 weeks at USD 1,500 per week (USD 9,000). Total: USD 78,000			\$78,000			\$78,000			
Local Consultants	71300. Local consultants. Output 6.1: MTR National Consultant for 8 weeks at USD 1,500 per week (sub-total: USD 12,000). Output 6.1: TE National Consultant for 8 weeks at USD 1,500 per week (sub-total: USD 12,000). Total: USD 24,000						\$0	\$24,000		
Local Consultants	71300. Local consultants. Output 6.1: Local M&E Consultants supporting monitoring, evaluation and reporting activities throughout the project for 15 weeks at USD 1,500 per week (sub-total: USD 22,500). Output 6.1: Local GIS Consultant, preparing and updating analyses and maps, supporting project M&E for 2 weeks at USD 1,500 per week (sub-total: USD 3,000). Total: USD 25,500						\$0	\$25,500		
Training, Workshops, Meetings	75700. Training, workshop, conference. Output 1.1: Systems leadership development workshops (USD 5,000); systems leadership development hosting one of the region trainings (USD 5,000); systems leadership trainings for training of trainers (USD 5,000); workshops for developing ILM guidelines (USD 2,000); ILM guidelines trainings (USD 2,000). Output 1.2: Training on data-sharing platforms and protocols (USD 2,000). Output 1.3: Systems leadership, intervention area workshops (USD 5,000); ILM platform meetings (USD 5,000); stakeholder consultations (USD 3,000). Output 2.1: Workshops for facilitating operationalisation of conserved areas (6 workshops x USD 5,000 per workshop: USD 30,000). Output 2.2: Stakeholder workshops for socialising the recommended economic and fiscal instruments (USD 2,000). Total: USD 66,000	\$66,000					\$66,000			
Training, Workshops, Meetings	75700. Training, Workshop, Conference. Output 3.1: Systems leadership workshops, other workshops (USD 25,000). JA working group meetings (USD 10,000). Output 3.2: Hosting private sector workshops as part of engaging with upstream and downstream actors (USD 25,000). Output 3.3: Organizing stakeholder consultations and knowledge sharing on traceability systems (USD 5,000). Output 3.4: Convening workshops for raising awareness and organizing Open Innovation Challenge launches (USD 10,000). Output 4.1: Capacity building workshops, training-of-trainers workshops, etc. (USD 30,000). Output 4.2: Stakeholder consultations, on-farm trainings, etc. (USD 25,000). Output 4.3: Community consultations, workshops, roadshows, trainings (USD 20,000). Total: USD 150,000		\$150,000				\$150,000			
Training, Workshops, Meetings	75700. Training, Workshop, Conference. Output 5.1: Convene a workshop for sharing lessons learned and best practices and promoting upscaling and replication among government, private sector, local communities and civil society (USD 20,109). Output 5.2: Convene a workshop on best practices in integrating HCV/HCS into management planning processes, inviting oil palm, timber, conservation and other sectors (USD 10,000). Output 5.3: Convene a workshop to showcase best practices, advocate for adoption of innovative approaches and facilitate durable partnerships among tertiary/research institutes, governmental departments and agencies, civil society, and the private sector (USD 7,500). Output 5.4: Stakeholder workshops and trainings on the online platform (USD 5,000). Total: USD 42,609			\$42,609			\$42,609			
Training, Workshops, Meetings	75700. Training, Workshop, Conference. Output 6.2: Organise/host two of the regional FOLUR events (2 x USD 15,000; sub-total USD 30,000); organise KM and awareness events (5 years x USD 6,000 per year; sub-total: USD 30,000). Total: USD60,000					\$60,000	\$60,000			
Training, Workshops, Meetings	75700. Training, Workshop, Conference. Output 6.1: Project inception workshop (USD 10,000); project steering committee meetings (USD 12,000). Total: USD 22,000						\$0	\$22,000		
Travel	71600. Travel. Output 1.1: Travel expenses for systems leadership champions training (USD 15,000); travel expenses for systems leadership training of trainers (USD 15,000); travel expenses for trainings on ILM guidance document (USD 5,000); travel expenses for international and local consultants for activities under this output (USD 10,000). Output 1.2: Travel expenses for trainings on data-sharing platforms and protocols (USD 3,000). Output 1.3: Travel expenses for systems leadership trainings (USD 10,000); travel expenses for international and local consultants for activities under this output (USD 3,000); travel expenses for stakeholder consultations and other meetings under this output (USD 4,000). Output 2.1: Travel expenses for socialising roadmap and other stakeholder consultations (USD 3,000). Travel expenses for socialising the recommended fiscal and economic instruments and other stakeholder consultations (USD 3,000). Total: USD 71,000	\$71,000					\$71,000			
Travel	71600. Travel. Output 3.1: Travel expenses for international and local consultants for activities under this output (USD 15,000). Output 3.1: Travel expenses for multi-stakeholder workshops and meetings under this output (USD 15,000). Output 3.2: Travel expenses for private sector engagement activities (USD 20,000). Output 3.3: Travel expenses for stakeholder consultations/workshops for traceability system activities (USD 10,000). Output 3.4: Travel expenses for Open innovation challenge workshops, consultations and launches (USD 15,000). Output 4.1: Travel expenses for stakeholder workshops/consultations for agricultural extension capacity building (USD 20,000). Output 4.2: Travel expenses for stakeholder consultations, on-farm trainings, etc. (USD 20,000). Output 4.3: Travel expenses for community consultations, trainings, workshops, roadshows (USD 12,000). Total: USD 127,000		\$127,000				\$127,000			
Travel	71600. Travel. Output 5.1: Travel expenses for field missions, stakeholder consultations, workshops (USD 15,000). Output 5.2: Travel expenses for field missions, stakeholder consultations, workshops (USD 10,000). Output 5.3: Travel expenses associated with building partnerships with tertiary and research institutes (USD 5,000).			\$30,000			\$30,000			

Travel	71600. Travel. Output 6.2: Travel expenses, supporting the implementation of the project communications and knowledge management strategy and action plan (USD 32,000); travel expenses for participation in FOLUR global event (3 events, 6 people per event; sub-total: USD 72,000); travel expenses for participation in FOLUR regional commodity events (3 x 8 people; sub-total: USD 48,000); travel expenses for participation in GCP conferences (2 events, 3 people per event; sub-total: USD 23,999). Total: USD 175,999				\$175,999	\$175,999		
Travel	71600. Travel. Output 6.1: MTR travel expenses (USD 10,000); TE travel expenses (USD 10,000). Total: USD 20,000					\$0	\$20,000	
Travel	71600. Travel. Output 6.1: M&E mission travel expenses at USD 3,000 per year for 6 years (USD 18,000); travel expenses for the project inception workshop (USD 10,725). Total: USD 28,725					\$0	\$28,725	
Travel	71600. Travel. Travel expenses associated with the operations of the Project Management Unit during the 6-year implementation timeframe. Total: USD 6,000					\$0		\$6,000
Office Supplies	72500. Supplies. Costs of office supplies for the Project Management Unit during the 6-year implementation timeframe. Total: USD 3,000					\$0		\$3,000
Other Operating Costs	74200. Audio visual & print production costs. Output 1.1: Production and dissemination of information materials supporting the socialisation of the ILM guidance document (USD 5,000). Output 1.3: Audio-visual and print production costs for socialising ILM framework (USD 10,196). Output 2.1: Audio-visual and print production costs, supporting socialisation of the roadmap (USD 5,000). Output 2.2: Audio-visual and print production costs, supporting socialisation of the recommended fiscal and economic instruments (USD 3,000). Total: USD 23,196	\$23,196				\$23,196		
Other Operating Costs	74200. Audio visual & print production costs. Output 3.1: Audio-visual and print production costs supporting the JA Initiative (USD 25,000). Output 3.3: Audio-visual and print production costs, enhancing awareness regarding oil palm traceability (USD 5,000). Output 3.4: Audio-visual and print production costs supporting the Open Innovation Challenge (USD 10,000). Output 4.1: Audio-visual and print production costs, supporting extension and farmer support services (USD 10,000). Output 4.2: Audio-visual and print production costs, documenting and recording case studies (USD 29,260). Output 4.3: Audio-visual and print production costs supporting activities on accessing and managing grant and microcredit schemes (USD 5,000). Total: USD 84,260		\$84,260			\$84,260		
Other Operating Costs	74200. Audio visual & print production costs. Output 5.1: Audio-visual and print production costs, documenting and recording case studies (USD 15,000). Output 5.2: Audio-visual and print production costs, supporting integration of HCV/HCS into sustainable management practices (USD 5,000). Output 5.3: Audio-visual and print production costs, documenting innovative approaches (USD 5,000). Total: USD 25,000			\$25,000		\$25,000		
Other Operating Costs	74200. Audio visual & print production costs. Output 6.2: Audio-visual and print production costs, supporting the implementation of the project communications and knowledge management strategy and action plan (total: USD 75,000). Total: USD 75,000				\$75,000	\$75,000		
Other Operating Costs	73100. Rental & Maintenance - Premises Rental and maintenance expenses for the office space of the Project Management Unit, at USD 400 per month for 72 months. Total: USD 28,800					\$0		\$28,800
Other Operating Costs	74100. Professional services. Financial audits and spot-checks during the 6-year project implementation timeframe, at USD 6,000 per year. Total: USD 36,000					\$0		\$36,000
Grand Total		\$1,000,000	\$3,316,121	\$2,000,000	\$491,619	\$6,807,740	\$210,171	\$350,896

ANNEX F: (For NGI only) Termsheet

Instructions. Please submit a finalized termsheet in this section. The NGI Program Call for Proposals provided a template in Annex A of the Call for Proposals that can be used by the Agency. Agencies can use their own termsheets but must add sections on Currency Risk, Co-financing Ratio and Financial Additionality as defined in the template provided in Annex A of the Call for proposals. Termsheets submitted at CEO endorsement stage should include final terms and conditions of the financing.

ANNEX G: (For NGI only) Reflows

Instructions. Please submit a reflows table as provided in Annex B of the NGI Program Call for Proposals and the Trustee excel sheet for reflows (as provided by the Secretariat or the Trustee) in the Document Section of the CEO endorsement. The Agencies is required to quantify any expected financial return/gains/interests earned on non-grant instruments that will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. Partner Agencies will be required to comply with

the reflows procedures established in their respective Financial Procedures Agreement with the GEF Trustee. Agencies are welcomed to provide assumptions that explain expected financial reflow schedules.

ANNEX H: (For NGI only) Agency Capacity to generate reflows

Instructions. The GEF Agency submitting the CEO endorsement request is required to respond to any questions raised as part of the PIF review process that required clarifications on the Agency Capacity to manage reflows. This Annex seeks to demonstrate Agencies' capacity and eligibility to administer NGI resources as established in the Guidelines on the Project and Program Cycle Policy, GEF/C.52/Inf.06/Rev.01, June 9, 2017 (Annex 5).