

# Conservation of globally significant biodiversity of the Ulu Jelai ? Fraser?s Hill Watershed, Malaysia, through an Integrated Landscape Management approach

Review PIF and Make a recommendation

## Basic project information

**GEF ID**

12277

**Countries**

Malaysia

**Project Name**

Conservation of globally significant biodiversity of the Ulu Jelai ? Fraser?s Hill Watershed, Malaysia, through an Integrated Landscape Management approach

**Agencies**

UNDP

**Date received by PM**

2/5/2026

**Review completed by PM**

**Program Manager**

Benjamin Singer

**Focal Area**

Multi Focal Area  
**Project Type**  
FSP

## **GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET**

### **1. General Project Information / Eligibility**

**a) Does the project meet the criteria for eligibility for GEF funding?**

**b) Is the General Project Information table correctly populated?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

### **2. Project Summary**

**Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected results?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

### **3 Indicative Project Overview**

**3.1 a) Is the project objective presented as a concise statement and clear?**

**b) Are the components, outcomes and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?**

Secretariat's Comments

2026/03/06 Please consider including integration of 1) Indigenous Peoples and local communities 1-1. governance, 1-2. traditional and local knowledge, 1-3. capacity building, and 1-4. ensuring security of tenure and territories and 2) 2-1. number of Indigenous Peoples beneficiaries 2-2. Raising IPLC incomes (percent) as monitoring indicators during PPG.

2026/03/06 Thank you, cleared.

Agency's Comments

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Thank you. The project will strengthen the integration of Indigenous Peoples and Local Communities during PPG in line with this recommendation (where feasible). While the PIF already includes IPLC co-governance, FPIC, capacity building, community stewardship

agreements, and livelihood support, the PPG will make these elements more explicit and operational by: (a) assessing and formalizing IPLC governance arrangements for co-management of conservation areas, restoration, patrols, HWC response, and benefit-sharing; (b) documenting and integrating traditional and local knowledge relevant to corridor planning, riparian/headwater protection, wildlife movement, restoration species selection, anti-snaring, and nature-positive enterprises; (c) preparing a targeted IPLC capacity-building plan covering governance, FPIC, participatory mapping, restoration, HWC management, patrols, MRV, enterprise development, and monitoring; and (d) undertaking a tenure and access assessment to identify customary use areas, culturally important sites, and risks related to access restrictions, and to design tenure-sensitive co-management, benefit-sharing, and grievance arrangements. During PPG, the project will also refine and include explicit indicators on the number of Indigenous Peoples beneficiaries and percentage increase in IPLC incomes in the project Results Framework, with sex-disaggregation where applicable.

**3.3 a) Are the components adequately funded?**

**b) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?**

**c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?**

#### Secretariat's Comments

2026/03/06 Component 1 budget (>\$10m in co-financing) appears to be unusually high relative to activities proposed. Could some of this be reallocated to Component 2 (notably 2.4 - see comment below in section 5.1)?

2026/03/26 Co-financing figures, like any financing figures, should reflect genuine expenditure needs rather than one-size-fits-all rules such as proportional distribution. Please allocate realistically. If field activities are planned under Component 1 that would absorb such an amount, please reflect them appropriately, including in the titles of the outputs.

2026/03/31 Thank you. While \$7m still seems a rather large amount for a component that does not appear to include any field-based activities, this is an improvement and the comparative budget of C1 versus C2 is more realistic. This is cleared.

#### Agency's Comments

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Thank you for the comment. We would like to clarify that the co-financing shown in the component budget table has been distributed across Components 1-4 proportionally to GEF financing, to ensure internal consistency of the financing plan (including PMC) and avoid concentration of co-financing in a single component.

Accordingly, the >\$10 million shown under Component 1 reflects this proportional allocation methodology used in the financing table, rather than indicating that the full amount will be spent exclusively on Component 1 activities. For this reason, we do not propose to reallocate co-financing from Component 1 to Component 2 in the table.

Additionally, the project Component 1 requires quite significant co-financing provided that a large share is tied to real government implementation budgets, land-use planning, park operationalization, community conservation support, and carbon project transaction costs, rather than only broad upstream policy alignment.

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Thank you for your feedback. We have made the necessary adjustments: the co-financing for Component 1 has been reduced to \$5,634,305, while the co-financing for Component 2 has been increased to \$29,284,196. We trust that these changes address your concerns.

#### 4 Project Outline

##### A. Project Rationale

##### 4.1 SITUATION ANALYSIS

**a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?**

**b) Are the key barriers and enablers identified?**

##### Secretariat's Comments

2026/03/06 The description of the current situation is compelling. The area that is the focus of this project is not only of high conservation value, but is also exposed to encroachment, degradation and deforestation, especially from the west where a road runs from Kuala Lumpur to Tanah Ratah.

1. In this respect, it might be useful to highlight a few additional drivers of deforestation, notably agriculture. The Cameron Highlands which seem to border the project area is famous for its tea plantations, as well as growing fruit and vegetables, both of which eat into natural forest cover year after year unabated).

2. There is a dam in Bertam Valley on the northern edge of the project area. Does this impact the project area at all?

3. There appears to be mining activities inside Ulu Jelai Forest Reserve. Is this correct? If so, how might this affect project impact and ecological integrity?

4. Barriers are presented/phrased in a tautological manner: they are all described as negatives ("lack of", "ineffective", "limited"), suggesting that the solution (the "positive") was identified before the problem was. Please rephrase, e.g., Barrier 1: "Lack of Integrated Planning and Incomplete Protected Area Coverage" => "fragmented land-use planning and gaps in area-based protection" (which is actually stated in the same paragraph).

5. To better understand the baseline, it would be useful to explain what a forest reserve is, so that we can better grasp the additionality of the project. The project site appears to be a mosaic of forest reserves (which are not necessarily contiguous). What level of protection does this confer these forests? What additional protection does the project aim to provide to forests already located inside reserves?

2026/03/26 All points are cleared, thank you.

##### Agency's Comments

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1. Thank you. We agree and have strengthened the PIF to more explicitly reflect agriculture as a key driver of forest loss and degradation in and around the project landscape, including continued agricultural expansion and encroachment pressures associated with the Cameron Highlands and forest-edge smallholder farming. Relevant text has been added in the PIF under 'Deforestation and Habitat Fragmentation?', pp. 5-6:

*The Cameron Highlands headwaters, which border the wider Central Forest Spine highlands, are nationally known for tea plantations and intensive fruit and vegetable cultivation; continued expansion and farm upgrading pressure can translate into incremental encroachment into forest margins, especially where access roads and slope modifications enable small-scale clearing. Even where conversion is limited, agriculture contributes to forest degradation through edge effects, increased human access, and associated infrastructure (farm tracks, drainage works), reinforcing fragmentation and elevating risks to corridors critical for elephants, tigers, and tapirs.*

2. Thank you for noting the Bertam Valley dam (Bertam/Ringlet reservoir system) on the northern edge of the wider landscape. Yes, its presence and operation are relevant to the project area, primarily through downstream hydrology and water quality pathways, rather than through direct construction impacts. The PIF already describes that upstream land use pressures in the Bertam/Ringlet catchment have caused heavy sediment loads and agrochemical runoff, resulting in major reservoir sedimentation management needs (including TNB dredging expenditures) and degraded river condition. See 'Climate Change' subsection of the PIF, p. 6.

3. Thank you. Yes, localized mining has been reported within the broader Ulu Jelai/Fraser's Hill landscape, including within parts of the Ulu Jelai Forest Reserve system, and the PIF already recognizes mining as a driver of corridor degradation and an encroachment incident risk alongside illegal felling and farming. *Public reporting confirms at least one illegal mining site identified in March 2023 in Compartment 411 of the Ulu Jelai Forest Reserve (Lipis), associated with REE extraction* (PIF, p. 6). The PIF also notes that Orang Asli communities in the Hulu Jelai area have been resisting dams/mining/logging, indicating that mining pressures are a recognized local concern.

Currently mining in the project area is a localized threat, but it can increase without control. The project will mitigate mining-related risks through Component 1 and Component 2 measures, notably: ILM Spatial Plan zoning that delineates no-go / strictly protected areas, wildlife corridors, riparian/headwater buffers, and slope restrictions; strengthened joint enforcement and community ranger systems to reduce 'encroachment incidents,' explicitly including illegal mining; and restoration of degraded corridor edges and riparian zones where feasible to recover connectivity and ecological function.

Please see: PIF subsection 'Deforestation and Habitat Fragmentation?', p. 6.

4. Thank you for the suggestion. We agree the barriers have been renamed as the following (PIF, p. 11):

**Barrier 1:** *Fragmented land-use planning and gaps in area-based conservation governance (including limited IPLC-recognized conserved areas)*

**Barrier 2:** *Degraded habitat corridor connectivity, persistent human-wildlife conflict, and weak deterrence against illegal activities*

**Barrier 3:** *Limited Sustainable Livelihood Options to Support Conservation Stewardship*

5. Thank you. We have strengthened the baseline explanation of what a forest reserve means in Peninsular Malaysia and how this differs from a fully protected area (PIF, p. 8):

*In Peninsular Malaysia, most forests in the project landscape are Permanent Reserved Forests (PRFs) gazetted under the National Forestry Act 1984; PRFs are state lands that are legally classified into functional categories such as timber production forest, water catchment forest, soil protection forest, forest sanctuary for wildlife, amenity/recreation, and others. Many PRFs, especially those classified for production, can legally allow timber extraction and other permitted activities under a state licensing regime (i.e., forest produce removal requires a license/permit and is managed under state forest management planning). This means PRF designation provides an important legal framework for forest management but does not automatically equate to significant protected status across all reserves.*

We agree the project site is a mosaic of forest reserves (not necessarily contiguous), and the PIF clarifies that the Fraser's Hill forest complex is currently "a patchwork of forest reserves," which can leave corridor linkages and edges vulnerable to encroachment, degradation, and incompatible development without an integrated landscape plan and stronger area-based protection.

The project provides additionality by (a) upgrading core forests to a stronger legal category and (b) operationalizing effective protection and connectivity across the FR mosaic through enforceable planning and stewardship:

- ILM Spatial Plan (250,000 ha): Embed corridor, headwater/riparian buffer, and no-go zoning prescriptions into statutory plans, reducing fragmentation and incompatible development risk across and between FRs;

State Park establishment (70,000 ha): gazette and operationalize Fraser's Hill State Park as a strict "no-take" - protected area with dedicated management arrangements and enforcement;

- IPLC OECM-like conservation areas: formalize and resource community stewardship rules (e.g., no-snare zones, riparian buffers) via FPIC-based agreements and statutory overlays, complementing formal PAs and closing governance gaps inside/adjacent to FRs;
- IPLC-centered conservation finance mechanism using Malaysia's Forest Conservation Certificate (FCC) (administered by the Malaysia Forest Fund) and, subject to national readiness, complementary Forest Carbon Offset (FCO) issuance. This mechanism will finance long-term on-the-ground protection and stewardship in forests that are otherwise "paper-protected" as Permanent Reserved Forests (PRFs) by linking verified outcomes (e.g., hectares conserved/restored, biodiversity and community co-benefits, and where applicable tCO<sub>2</sub>e) to milestone-based payments through a transparent public registry and third-party verification.

## **4.2 JUSTIFICATION FOR PROJECT**

**a) Is there an indication of why the project approach has been selected over other potential options?**

**b) Does it ensure resilience to future changes in the drivers?**

**c) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?**

**d) are the relevant stakeholders and their roles adequately described?**

Secretariat's Comments

2026/03/06 A more detailed description of the IPLCs would be useful.

1. For now, they are mentioned on multiple occasions but nothing is known of their current demographics, livelihoods or relationship with public authorities or non-Indigenous population. Please provide further detail (1/2 page to 1 page sufficient). Also are the targeted populations only Indigenous (Orang Asli) or both Indigenous peoples and non-Indigenous local communities?

2. Were IPLCs involved in designing the project, and in particular activities which might impact them? Were self-identified decision-making structures and processes included? Please make sure to detail this in the PIF (not only in the review sheet), with an emphasis on which Indigenous Peoples, Local Communities and Civil Society organizations were consulted in project design, and summarize key findings of these consultations

3. The term "empowerment" can be perceived as pejorative when it relates to IPLCs. Please avoid the term in relation to IPLCs and rephrase.

4. The section on "key stakeholders" bundles the Department of Orang Asli Development and "IPLC institutions". Please separate them as the first is a public entity while the second is community-based.

5. How were or how will "IPLC institutions" be identified? How will you make sure that these institutions carry the voice of IPLCs rather than capturing it?

2026/03/26 Thank you. All these points are cleared.

## Agency's Comments

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1. Thank you. We agree and have expanded the PIF with a brief profile of IPLCs in the project landscape, including key demographic features, livelihoods, and their relationship with public authorities and neighboring non-Indigenous communities (see PIF, Suggested project area, pp. 17-18). The project area overlaps districts with high Orang Asli presence (notably Lipis and Raub in Pahang). National statistics indicate the Orang Asli population was about 213,461 in 2020 and is estimated at 227,900 in 2025, with Pahang recording the highest Orang Asli population among states in 2020. Lipis is one of the districts with the largest Orang Asli populations.

In the project landscape, targeted IPLCs include Orang Asli groups referenced in the PIF (including Semai, Chewong, and Bateq/Batek), alongside local village institutions (Tok Batin, village committees, women/youth groups) and JAKOA field offices that oversee Orang Asli welfare and facilitate engagement with state and district agencies. Public sources relevant to the Sungai Yu/Lipis context describe the local Orang Asli community structure and note the predominance of Semai villages and smaller Bateq communities in Lipis.

Regarding whether targeted populations are only Indigenous: the project targets both Indigenous Peoples (Orang Asli) and non-Indigenous local communities (notably Malay smallholder villages), because both groups inhabit the project landscape and interact with corridor restoration, HWC management, and nature-positive enterprise development. This is already reflected in the PIF description of community participants in restoration activities. FPIC requirements apply specifically to Orang Asli; engagement with non-Indigenous communities will follow inclusive stakeholder engagement standards.

2. Thank you. Yes, IPLCs were involved in project design during the PIF phase, including discussions with Tok Batin (Orang Asli traditional leaders/elders) and community

representatives from Lipis and Raub together with Pahang state agencies and federal counterparts (13-15 November 2025) (see PIF, p. 38). These consultations informed the selection of priority problem areas (human-wildlife conflict, corridor degradation, livelihood constraints), and shaped the project's community-led interventions (IPLC-governed conservation areas, ANR restoration crews, community-based HWC governance, and joint patrol models).

To address the Secretariat's request for clarity on governance and safeguards, the PIF has been strengthened to specify that self-identified decision-making structures (e.g., Tok Batin-led community processes and village committees, including women/youth groups) will be used as the primary entry point for PPG consultations with local communities. The project will apply documented FPIC for any activity affecting Orang Asli communities and customary use areas (e.g., designation of IPLC-governed conservation areas, FCC/FCO benefit-sharing agreements, patrol arrangements, and any land-use rules that may restrict access), with consent records, disclosure in appropriate formats/languages, and an accessible grievance mechanism. A full Stakeholder Engagement Plan, including FPIC protocols, disclosure and feedback loops, and community decision structures, will be finalized during the PPG phase and reflected in CEO endorsement documentation. See PIF, p. 27

3. Thank you for the suggestion. We agree that the term 'empowerment' can be perceived as pejorative or paternalistic when used in relation to IPLCs. In response, we have revised the PIF to avoid this wording and to reflect a more rights-based framing. Specifically, we replaced 'empowerment' with 'support' in the title of Component 2 and updated the term in other critical parts of the text to emphasize IPLC-led decision-making, self-determined stewardship, and equitable benefit-sharing (PIF, p. 3, 12, 13)

4. Thank you for the clarification. We agree that these should not be bundled. We have revised the PIF 'Key Stakeholders' section to separate the Department of Orang Asli Development (JAKOA) as a public/government entity from IPLC institutions as community-based, self-identified structures (e.g., Tok Batin, village committees/JPKKOA, women and youth groups, and other relevant community organizations) (PIF, p. 26):

***Department of Orang Asli Development (JAKOA):*** the federal public agency mandated to support Orang Asli welfare and development, and the key government counterpart for coordinating engagement with Orang Asli communities (including facilitating consultations, supporting FPIC-aligned processes where applicable, and linking community priorities with district/state implementation arrangements).

***IPLC institutions (community-based):*** self-identified Orang Asli community governance and organizational structures (e.g., Tok Batin/traditional leadership, village committees such as JPKKOA, women and youth groups, community ranger groups, and any relevant cooperatives/CBOs), which will serve as the primary community decision-making and implementation partners for co-management, corridor stewardship, restoration, HWC response, and benefit-sharing arrangements (Components 1 and 2).

5. At the PIF stage, IPLC institutions were identified at a functional level through consultations with Tok Batin and community representatives in Lipis and Raub. A full mapping/verification of community institutions (e.g., village committees, women/youth groups, ranger groups, CBOs/cooperatives) will be completed during PPG through FPIC-aligned self-identification and documented community resolutions.

The PIF has been strengthened to clarify that (p. 27):

*IPLC institutions will be identified through self-identification and FPIC-aligned processes during PPG, not through external nomination. In practice, this will be done through: community mapping and verification of recognized governance structures (e.g., Tok Batin/traditional leadership, village committees such as JPKKOA, women/youth groups, and any relevant CBOs/cooperatives) facilitated with JAKOA's field presence and independent facilitation where appropriate; open community assemblies in each participating community to confirm legitimate representatives, decision rules, and mandates; and documented community*

*resolutions/minutes confirming who represents the community for each activity stream (co-management, FCC/FCO benefit-sharing, restoration crews, patrols, enterprise governance).*

## **5 B. Project Description**

### **5.1 THEORY OF CHANGE**

**a) Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?**

**b) Are the key outputs of each component defined (where possible)?**

Secretariat's Comments

2026/03/06

1. Output 1.3 It is possible for biodiversity/land degradation projects to fund carbon credits. However, you would need to demonstrate that:

- It is a cost-effective way of generating biodiversity or land degradation GEBs (global environmental benefits) that the GEF's role is incremental/additional

- The credits will not be used as offsets. If they are, then these would need to be deducted from the GHG mitigation benefits reported under Core indicator 6.

Since this is primarily a biodiversity focal area project, we strongly recommend piloting biodiversity-positive carbon credits to ensure eligibility, with a methodology that also measures biodiversity outcomes.

With all these elements in mind, as a (simpler) alternative you may also wish to consider removing reference to carbon credits altogether.

2. Output 1.4 How is land tenure taken into account when designating areas outside of forest reserves? What is the current land tenure status of the project's targeted landscape, apart from the forest reserves?

3. Output 2.4 Designing viable alternative livelihoods for IPLCs will be a critical element of project success, without which the current drivers of biodiversity loss will likely continue unabated. To the extent possible, please bolster this output by allocating more financing, developing more activities (co-designed with IPLCs) and adding more mitigants (see also comment in the risk section).

2026/03/26

1. Thank you. Could you expand a bit on how FCCs work? Do they work as payment units that reward/compensate for conservation activities? Who pays for them and how is the "brokerage" between conservation "implementors" (Orang Asli?) and certificate buyers? In what way are they non market-based (pre-identified buyers? Set price?)?

2. Cleared, thank you.

3. The comment was not about scaling up or expansion. It was about ensuring sufficient effort is put into establishing viable, economically sustainable businesses. Despite laudable attempts, many projects with similar targets have failed to establish viable businesses on the long term, and the concern here is that unless this is done, the project will fail to address the drivers of deforestation and partner with Orang Asli to halt encroachment and degradation.

2026/03/31 Both outstanding points are now cleared. Thank you for this.

## Agency's Comments

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1. Thank you for your question and for the helpful guidance. The primary aim of our project is to pioneer a new, non-market mechanism, the Forest Conservation Certificate (FCC) which supports conservation through direct benefits for biodiversity, healthy forest ecosystems, and the well-being of IPLCs. While there is a possibility to explore carbon credits as a complementary option, the generation of market-based carbon offset credits is not the central focus or primary objective of this initiative. Our main commitment remains the protection of biodiversity and the sustainable livelihoods of local communities. In response to this comment, the PIF has been revised to remove references to carbon credits / forest carbon offsets and to reposition Output 1.3 as an IPLC-centered Forest Conservation Certificate (FCC) mechanism focused on biodiversity-positive, non-market, results-based conservation finance. The revised Output emphasizes verified biodiversity, ecosystem, and community stewardship outcomes, with revenues transparently reinvested into conservation area management, restoration, wildlife monitoring, human-wildlife conflict mitigation, and IPLC livelihoods. Climate mitigation benefits from forest conservation and restoration will remain reported separately as project GEB under the relevant GEF Core Indicator and will not be linked to issuance or use of offsets.

2. For establishment of IPLC-governed Conservation Areas the project will mainly use Permanent Reserved Forests managed by the State Forestry Department. For riparian and drainage protection zones, the project will work with DID as the key technical authority (buffer requirements, drainage/river management and maintenance access), and the State/District land authorities and local planning bodies. This paragraph has been added to the Output 1.4 description, p. 22 of the PIF.

Apart from the Permanent Reserved Forests (PRFs), the targeted landscape includes a limited mosaic of non-PRF lands consisting mainly of small State land parcels around Fraser's Hill, and settled and farmed areas along valleys and river corridors, including smallholder plots (e.g., rubber/oil palm and other mixed agriculture) at the forest-farm interface. In tenure terms, these non-PRF areas are expected to comprise a combination of State land and alienated/titled land under private or household use, with some riparian stretches potentially falling under public reserves (river/drainage reserves) where applicable. The parcel-level tenure breakdown and boundaries will be confirmed at the PPG stage and participatory mapping to ensure any conservation overlays outside PRFs are applied through the appropriate legal pathway (statutory planning instruments for public lands/reserves, and voluntary stewardship agreements for titled lands).

3. Thank you for the comment. We agree that viable, culturally appropriate livelihood pathways for IPLCs are important to reinforce long-term stewardship and reduce vulnerability to external pressures (e.g., recruitment into illegal activities), and we confirm that Output 2.4 will be co-designed with IPLCs under FPIC-aligned engagement and integrated with the project's enforcement, restoration, and HWC measures.

At the same time, Output 2.4 has an estimated budget of approximately US\$500,000-600,000 and is structured as a supporting output within Component 2 rather than the primary driver of

Global Environmental Benefits (GEBs). The project's direct GEB delivery is generated mainly through the area-based conservation and governance instruments under Component 1 (e.g., ILM Spatial Plan, gazettement/operation of Fraser's Hill State Park, IPLC-governed conservation areas, FCC mechanism) and the core threat-reduction interventions under Component 2 (corridor restoration, HWC management, and strengthened enforcement/SMART patrols). Output 2.4 is designed to improve the durability and social sustainability of these GEB-producing measures by providing targeted, practical incentives and income diversification linked to corridor-safe stewardship commitments.

We also note that scaling livelihood/enterprise initiatives beyond a prudent level introduces significant implementation risks that can undermine both delivery and safeguards if not managed carefully. Examples include: market and price risk (unstable demand, low margins, buyer and middlemen dependency); capture and inequitable benefit distribution (elite capture, exclusion of women/youth/vulnerable households); operational and compliance risk (food safety/HACCP requirements, permitting, quality control, logistics); and perverse incentives where enterprise support can unintentionally increase land conversion pressure or wildlife disturbance if not tightly aligned with corridor-safe rules/agreements. For these reasons, the project positions Output 2.4 as a focused, risk-managed supporting activity, prioritizing a limited number of IPLC-led, corridor-safe enterprises with clear stewardship conditionalities and strong governance/GRM, rather than expanding it to a scale that would shift the project away from its core biodiversity results and increase exposure to market and social risks.

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**UNDP 31 Mar 2026**

**1. Malaysia's Forest Conservation Certificate (FCC) is a non-market, results-based conservation finance instrument. It is a voluntary mechanism designed to finance conservation and sustainable forest management, with results denominated primarily in hectares of forest conserved/ restored and achievement of verified biodiversity, conservation, and community indicators.**

In practical terms, FCC indeed function as a payment mechanism that compensates or rewards conservation activities, but the payment logic is closer to results-based grant/contribution finance than to an open-market transaction. Under the MFF registry framework, proponents receive funding raised from voluntary donor contributions, and disbursements are linked to project progress and compliance with agreed terms. FCC issuance occurs first at registration, after a conservation agreement is signed with MFF, and then at progress/completion stages following independent verification that activities were implemented, monitoring and reporting obligations were met, and agreed indicators were achieved. In the Ulu Jelai/ Fraser's Hill project, this means FCC revenues would support activities such as patrols, restoration, corridor protection, and community stewardship, while Orang Asli and other IPLC groups would be paid or otherwise benefit as implementation partners under FPIC-based agreements, not as speculative sellers of a commodity.

The current FCC model points mainly to corporate and other voluntary contributors/donors as a source of finance. MFF presents FCC as a platform through which companies can fund forest conservation and use the verified results for ESG and sustainability reporting; it also highlights a Malaysian tax deduction incentive for qualifying contributions. Recent examples show the model being used to mobilize private funding into specific conservation initiatives, including projects involving Orang Asli communities. So the payers in this project would be companies or other donors seeking verified conservation outcomes and reputational/ESG value, with MFF serving as the national platform that channels and governs those funds.

On the 'brokerage' function, the intermediary is essentially MFF plus the FCC registry and verification system, rather than a private broker in the normal market sense. The functional

structure for FCC project under the PIF is the following: (a) a legally eligible proponent such as the Pahang State Government, PTNP, JPNP, or another state-sanctioned entity registers the FCC project with MFF; (b) Orang Asli/IPLC groups participate through co-management or stewardship agreements that define roles, FPIC, benefit-sharing, patrol/restoration responsibilities, and safeguards; (c) MFF records the project in its public registry and oversees the process; (d) an approved independent Verification Body verifies delivery and results; and (e) funds are disbursed against milestones and verified progress.

The following has been added to the Output 1.3, p. 24:

*Malaysia's Forest Conservation Certificate (FCC) is proposed in this project as a non-market, results-based conservation finance mechanism rather than a tradable carbon credit. Under this arrangement, a state-sanctioned proponent would register the project with the Malaysia Forest Fund (MFF), while Orang Asli and other IPLC groups would participate through FPIC-based co-management and stewardship agreements as on-the-ground implementers and beneficiaries. Funding would come from voluntary corporate or other donor contributions mobilized through the FCC platform, and disbursements would be made against independently verified progress and results, including forest area conserved/restored and agreed biodiversity and community indicators. In this way, FCC would compensate and sustain conservation actions such as patrolling, restoration, no-snare enforcement, and corridor stewardship, while ensuring transparency through MFF's public registry, third-party verification, and disclosed disbursement records.*

3. Thank you, this is a very important point and we agree with the concern. The intention of Output 2.4 is not simply to create a numerical target of community enterprises, but to invest sufficient effort and resources in establishing commercially viable, economically sustainable businesses that can provide durable alternatives to activities that contribute to forest degradation, encroachment, and biodiversity loss. We recognize that many community enterprise interventions in conservation projects have underperformed because they focused too heavily on start-up support while underinvesting in business planning, market validation, governance, working capital, product quality, and long-term market linkages. In response, the PIF (Output 2.4, p. 26-27) has been strengthened to clarify that the project will adopt a viability-first approach: enterprises will be selected only after market and feasibility screening; support will include business planning, cooperative governance, pricing, quality control, branding, food safety where relevant, and digital and conventional sales channels; and market linkages with buyers, tourism operators, and other off-takers will be developed from the outset, not as an afterthought. The project will also use phased support, so that enterprises are incubated, tested, and only expanded where performance is demonstrated. This reduces the risk of supporting non-viable businesses simply to meet a target.

Importantly, the project does not assume that all enterprises will succeed or that enterprises alone will eliminate pressure on forests. Output 2.4 is designed as part of a broader stewardship package that combines livelihood support with FPIC-based stewardship agreements, patrol employment, restoration jobs, HWC mitigation, and FCC-linked conservation finance, so that Orang Asli and other IPLC partners have both income opportunities and direct incentives tied to conservation outcomes.

## 5.2 INCREMENTAL/ADDITIONAL COST REASONING

Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat's Comments 2026/03/06 cleared

## Agency's Comments

### 5.3 IMPLEMENTATION FRAMEWORK

**a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?**

**b) Comments to proposed agency execution support (if agency expects to request exception).**

**c) is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area**

**d) are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?**

## Secretariat's Comments

2026/03/06

1. Please involve Indigenous Peoples and local communities not only as beneficiaries, but also as partners of the project governance including the project steering committee.

2. Please consider integrating existing Indigenous Peoples governance and ensuring security of tenure and territories of Indigenous Peoples and local communities as a part of project, particularly in Component 1 and 2.

3. We note that UNDP is already considering requesting an exception to carry out execution support. Please remove plans for IA execution from the PIF. Implementation and execution roles on GEF projects are meant to be separate per policy and guideline. Following the Council Decision 17/2025 Policy Amendments to Streamline the GEF Project Cycle ([https://www.thegef.org/sites/default/files/documents/2025-05/EN\\_GEF\\_C.69.12\\_Policy%20Amendments%20to%20Streamline%20the%20GEF%20Project%20Cycle-May%2025.pdf](https://www.thegef.org/sites/default/files/documents/2025-05/EN_GEF_C.69.12_Policy%20Amendments%20to%20Streamline%20the%20GEF%20Project%20Cycle-May%2025.pdf)), the exception criteria for GEF Agencies to carry out the dual implementation and execution roles are strictly limited and will be considered at CEO endorsement request stage. As a general rule, we strongly encourage you to find alternative solutions to IA execution support.

2026/03/26 Thank you. All points are cleared.

## Agency's Comments

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1. We acknowledge the importance of engaging IPLCs not only as beneficiaries, but also as genuine partners in project governance. The project will ensure the full and effective participation of IPLCs by including their representatives in the PSC (if feasible and possible) and Technical working groups. Structured mechanisms will be put in place to facilitate their ongoing involvement in project planning, decision-making, and monitoring, to help shape project implementation.

As part of our preliminary stakeholder engagement activities, we engaged with JAKOA (Department of Orang Asli Development), with participation from 11 Indigenous leaders during the Fraser Hill consultation last year.

2. The PIF already recognizes that IPLCs are not just beneficiaries but governance actors. It explicitly proposes IPLC-governed Conservation Areas in the landscape, including riparian and headwater protection zones, sacred/adat groves and cultural forests, and wildlife corridor or 'no-snare' community zones. It also refers to their operationalization through co-management arrangements with the state. This is a strong starting point for Component 1 because it already embeds community governance in the conservation model itself. The PIF also already includes FPIC and participatory governance processes. In the stakeholder engagement section, it states that FPIC will apply to relevant interventions, including participatory mapping and formalization of IPLC-governed conservation areas, negotiation of state-IPLC co-management agreements, community rules that may affect access and use, and design of benefit-sharing arrangements. This is highly relevant to the comment on integrating existing Indigenous Peoples governance and security of tenure and territories. In practice, this means the current draft already acknowledges that access, use, and representation must be negotiated with communities rather than imposed externally. The PIF also recognizes the importance of using existing community institutions. It notes that the project will identify the specific institutions through which communities organize and decide, including traditional leadership processes, village committees, and designated representatives, while ensuring inclusive participation of women, youth, and other groups. That is already a direct recognition of existing Indigenous governance systems. On security of tenure and territories, the PIF already contains a strong diagnostic in the rationale section. It explains that there are no formally recognized Orang Asli-governed protected areas in the target landscape, highlights uncertainty over legal rights and tenure, and notes that customary use areas and stewardship efforts have not yet been converted into legally recognized, mapped conservation areas. It also explains that this weakens 'tenure security in practice.' So the problem is already clearly acknowledged in the PIF, but the response measures will be made more explicit at PPG stage.

3. Potential exceptional execution support, with full separation of oversight and execution functions will be explored as an exception during the PPG phase, with prior discussion with the GEF Program Manager in advance of the CEO Endorsement Request Submission. We have unticked the 'Yes' box and removed this explanation from the PIF.

**5.4 a) Are the identified core indicators calculated using the methodology included in the corresponding Guidelines (GEF/C.54/11/Rev.01)?**

**b) Are the project's indicative targeted contributions to GEBs (measured through core indicators)/adaptation benefits reasonable and achievable?**

Secretariat's Comments 2026/03/06 Thank you for submitting the EXACT spreadsheet on GHG ER calculations. The following revisions are required:

1. It is unclear why there any emission reductions are estimated from deforestation under this project, as the proposed activities (Extended PA and IPLC-governed Conservation Area coverage in Ulu Jelai ? Fraser's Hill watershed ensured by adopted ILM Spatial Plan) are at policy and planning level and the expected impact seems very indirect. Please clarify how emission reductions through avoided deforestations are expected to directly result from activities of this project in practice. If and only if emission reductions are confirmed (and demonstrated) to result from project activities, please consider further adjustments as detailed below.

2. The deforestation is assumed to be 0.5%/year in BAU and 0 with project - we usually recommend not assuming 0 with the project but a reduction of the deforestation rate, for conservativeness.

3. In addition, the hectare computed is 9,500 ha, which is assumed as 1% of 95,000 ha totals over 20 years. But although the calculation on EXACT runs over 20 years, the direct influence on deforestation is computed in the first 5 years - hence the hectare to be used as input should

not be 9,500 ha of avoided deforestation, but 2.375 ha, following this logic. EXACT will then automatically compute how much avoided emissions this yields over 20 years.

4. Finally, the hectares under restoration through ANR and targeted enrichment are computed as "afforestation and reforestation". Given techniques used as noted in the justification text, please rather compute these 7,500 ha in the Forest management module (tab#5), using a conservative gap of degradation levels between the scenarios without and with the project (e.g. "large" at the start and without project, "moderate" with project).

On this basis, we would not expect the impact to be above 1.5 MtCO<sub>2</sub>e for this project after revisions at this point. This may be revisited upwards as needed at CEO ER stage when more clarity emerges on project interventions.

We also see that carbon offsets are planned on the basis of this project. If these offsets are generated from the activities which are expected to yield the GHG emission reductions identified under this project, then these emission reductions that are used as offsets should be deducted from the core indicator 6 target.

2026/03/26 Thank you for these explanations. It seems field activities would need to be further spelled out in Component 1, including to justify the GHG figures presented. Please explain specifically what activities would happen on the ground ("restoration" is one of them, but "gazettement" is not, and "operationalization" needs to be unpacked).

2026/03/31 Thank you for this compelling explanation. This is cleared.

## Agency's Comments

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1. The current PIF does not propose only policy- and planning-level interventions. It also includes a set of direct on-the-ground and legally operative measures expected to reduce forest loss and degradation in practice, including: gazettement and operationalization of Fraser's Hill State Park; FCC project; establishment of IPLC-governed Conservation Areas with formal stewardship and co-management arrangements; and ecosystem restoration and corridor protection measures that are direct sustainable forest management and protection activities.

2. The current deforestation rate in the project area is not 0.5%, but 0.31% (see Core Indicators, p. 37. However, we agree that assuming 0% annual deforestation rate with the project interventions is optimistic. In the new carbon gain calculations we assume that deforestation rate will decrease ~50% to 0.15%/year.

3. Under BAU it is assumed that deforestation gradually converts 5,890 ha out of 95,000 ha (planned area of Frazer State Park, IPLC Conservation Areas, and FCC project) of forest over 20 years, not 9,500 ha. As your request we re-calculated the conversion area for five years only given the actual baseline deforestation rate above

4. We agree with the comment an applied Forest Management module of Ex-Act as you recommend, with "large" degradation as BAU and "moderate" under the project scenario, instead of "afforestation/ reforestation". The resulting carbon gains by the project are described below and will be revisited at PPG stage (Core Indicators, p. 37):

>=2,133,993 tCO<sub>2</sub>e in reduced/removed GHG emission over 20 years period achieved through decreased deforestation rate and forest restoration (GEF CI 6.5). Following parameters were applied for the FAO EX-ACT: climate = tropical moist and soil = Low Activity Clay, no

fire in clearing. Business as Usual (BAU) vs project scenario was assumed like these:  
Component 1 (avoided deforestation): BAU gradually converts 1,472.5 ha out of 95,000 ha (planned area of Fraser State Park, IPLC Conservation Areas, and FCC project) of forest over 5 years (0.31%/yr assumed deforestation rate in Pahang<sup>69</sup>) to mainly cropland (perennial/annual mix); with the project forest cover loss is assumed to be 0.15%/ha with total conversion for 5 years of 712.5 ha. Component 2 (forest restoration): BAU leaves 7,500 ha degraded; project restores those 7,500 ha via ANR/enrichment during years 1-5 with continued regrowth through year 20 (applied 5.1 Forest Degradation and Management Module with large level of degradation under BAU and moderate under project scenario).

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The avoided deforestation effect under Component 1 comes from the fact that the project does not rely on restoration or livelihood support alone, but puts in place the governance, legal protection, spatial controls, and conservation finance mechanisms needed to prevent forest conversion in the 95,000 ha target area comprising the proposed Fraser's Hill State Park, IPLC-governed Conservation Areas, and FCC project area. Thus, under Output 1.2 Fraser's Hill State Park is gazetted and operationalized. The PIF explains that State Park designation would confer a much stronger protection regime, effectively making these forests no-take areas where logging, mining, and other conversion pressures are not permitted. This directly reduces avoided deforestation because a substantial share of the 95,000 ha falls within or overlaps the proposed protected forest estate. In other words, land that under BAU remains vulnerable to gradual encroachment or agricultural conversion becomes subject to stricter legal protection, management planning, patrolling, and operational control initiated by the project and supported by Pahang government. Additionally, Output 1.3, which establishes the IPLC-based Forest Conservation Certificate (FCC) project. This matters for avoided deforestation because it introduces a financing mechanism that makes standing forest economically valuable for conservation rather than for conversion. In BAU, one reason forests are cleared is that agriculture and informal extraction provide more immediate local returns than conservation. Under the project, FCC-linked finance would support patrols, conservation management, wildlife monitoring, and IPLC benefits tied to keeping forests intact. This changes incentives for the state and for local implementers by creating revenue flows linked to verified conservation outcomes, reducing pressure to allow or tolerate encroachment and crop expansion. So the FCC mechanism contributes directly to the reduced deforestation assumption by helping finance the recurrent costs of protection and by making forest retention more economically competitive than conversion. Also, Output 1.4 establishes a network of IPLC-governed Conservation Areas, including riparian and headwater protection zones, sacred/adat groves, and wildlife corridor and no-snare community zones. This is particularly important for addressing the more diffuse and incremental forms of deforestation that often occur through small-scale agricultural expansion, edge encroachment, and gradual degradation. By formally identifying, mapping, and governing these areas through community rules and co-management arrangements, the project reduces the likelihood that forest edges and corridor zones are converted to perennial or annual crops. These IPLC-managed areas are especially relevant because many conversion pressures in the landscape are not only driven by large formal land-use change, but by piecemeal encroachment into reserves, riparian zones, and customary-use areas. Strengthening community governance over these forest areas is therefore a direct mechanism for reducing the projected conversion from the BAU level. See updated GEF Core Indicators section, p. 37 and updated explanations in the core indicator spreadsheet

**5.5 NGI Only: Is there a justification of financial structure and use of financial instrument with concessionality levels?**

Secretariat's Comments 2026/03/06 N/A

Agency's Comments

## 5.6 RISKS

- a) **Is there a well-articulated assessment of risk and identification of mitigation measures under each relevant risk category?**
- b) **Is the rating provided reflecting the residual risk to the likely achievement of intended outcomes after accounting for the expected implementation of mitigation measures?**
- c) **Are environmental and social risks, impacts and management measures adequately screened and rated at this stage and consistent with requirements set out in SD/PL/03?**

### Secretariat's Comments

2026/03/06 The risks are well articulated and spelled out. One risk that is mentioned but could benefit from being singled out or better highlighted is the long-term viability of the IPLC businesses to be set up under Component 2. IPLCs being such a cornerstone in this project, it is crucial that they benefit financially from its activities, especially as many of them likely have a vested interest in the BAU scenario as they are often employed in local agricultural companies responsible for recent degradation. Project success therefore hinges on its capacity to provide IPLCs with long-term, sustainable and economically viable livelihood alternatives. Additional mitigants will be necessary given the substantial risk of IPLCs' loss of livelihoods.

2026/03/26 The project does not hinge exclusively on the viability of IPLC businesses but these are complementary to the measures listed in your response, and the latter on their own will not be sufficient in ensuring project success. If IPLCs find that the status quo provides them with more cash than the proposed alternative, they will abandon the project's innovations and try reverting to former practices. Either they do, and the project fails to deliver GEBs, or the project persists and results in increased restriction on use of the forest at the expense of IPLCs' wellbeing. Additional mitigants are useful and the risk section does not require further revision, but the related comment above remains.

2026/03/31 Thank you. This is cleared, based on the information and revisions listed further up.

### Agency's Comments

UNDP 19 Mar 2026

We agree that the long-term viability of IPLC-led enterprises is an important risk and should be more explicitly highlighted. We have strengthened the mitigation measures for this risk to reflect that livelihood initiatives under Component 2 are intended to support (not substitute for) the project's core biodiversity interventions (restoration, HWC management, and enforcement), and that enterprise underperformance could weaken long-term stewardship incentives if not properly managed.

At the same time, the project does not hinge exclusively on the financial success of IPLC businesses. The primary delivery of GEBs is anchored in area-based conservation and governance measures (ILM Spatial Plan, State Park gazettement/operation, IPLC-governed conservation areas, FCC mechanism) and direct threat-reduction measures (corridor restoration, HWC systems, joint patrols). Livelihood activities are designed as an enabling pathway to reinforce compliance, reduce vulnerability to external poaching/snaring networks,

and strengthen social sustainability, but they are not the sole determinant of biodiversity outcomes.

To respond to the concern and reduce the risk of livelihood loss or enterprise failure, we have added/strengthened mitigants including (PIF, Risks, p. 35):

- support a limited number of enterprises with staged expansion based on performance, avoiding over-reliance on a single product/value chain;
- focus on enterprise participation linked to stewardship commitments (e.g., ?no-snare? zones, corridor restoration responsibilities, HWC-smart production), so incentives directly reinforce biodiversity outcomes;
- conduct pre-feasibility screening for selected enterprises (demand, competition, margins, logistics), buyer mapping/offtake discussions where feasible, and practical training (basic business planning, cooperative governance, quality control, food safety/HACCP basics where relevant);
- where feasible, complement enterprise income with results-based stewardship financing (e.g., FCC/FCO-linked revenue flows) and paid roles in restoration, monitoring, and patrolling, thereby reducing household reliance on any single enterprise;

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**Response to question on 2026/03/06:** Thank you for the comment. In the Risks to Project Preparation and Implementation section of the PIF (p.40), the mitigation measures for Financial and Business Model Risk have been strengthened as follows:

*Mitigation will include mandatory pre-feasibility screening and market validation for all proposed enterprise models; phased incubation with performance milestones before scale-up; buyer mapping and early offtake engagement; governance screening to reduce elite capture and weak cooperative management; practical support for working capital planning and cash-flow management; and periodic portfolio reviews to discontinue or redesign non-viable enterprise models. This is intended to ensure that the project prioritizes fewer but more viable businesses, rather than pursuing enterprise targets that do not produce durable conservation-linked income.*

**Response to question on 2026/03/26:** Thank you for this clarification. We agree that the project does not depend exclusively on the viability of IPLC businesses, but we also agree with the core point that without financially meaningful and credible livelihood alternatives, the broader conservation model will be difficult to sustain in practice. If the project-supported options do not compare favorably with the cash incentives embedded in the status quo, there is indeed a risk that some IPLC households may revert to previous practices, which would either weaken delivery of the expected GEBs or create unacceptable tension between conservation objectives and local wellbeing. This concern is well taken.

All related comments above have now been addressed in the revised project logic and narrative. In particular, the PIF has been strengthened to clarify that: Output 2.4 will apply a viability-first approach focused on establishing commercially realistic and economically sustainable businesses rather than simply meeting enterprise targets; enterprise support will be grounded in market and feasibility screening, phased incubation, business planning, governance support, and buyer engagement; the project will not rely on enterprises alone, but will combine them with a broader package of conservation-linked benefits, including paid roles in restoration, patrolling, HWC response, and, where feasible, FCC-linked stewardship financing; and where business models prove weak, the project will redirect effort toward lower-risk and more predictable livelihood and stewardship payment mechanisms rather than continue supporting non-viable enterprises. These revisions are intended precisely to reduce the risk that IPLCs would be asked to absorb conservation restrictions without access to sufficiently attractive alternatives.

**5.7 Qualitative assessment**

- a) Does the project intend to be well integrated, durable, and transformative?
- b) Is there potential for innovation and scaling-up?
- c) Will the project contribute to an improved alignment of national policies (policy coherence)?

#### Secretariat's Comments

2026/03/06

1. The project's exit strategy is dispersed across the document. It would be useful to have a standalone section highlighting how this project will ensure long-term sustainability. Key to this is the financial exit strategy which could be further clarified.
2. What impact will the project have at national level beyond its replication potential?

2026/03/26 Thank you, cleared on both points, although the arguments on national-level impact could do with some strengthening at CEO ER stage.

#### Agency's Comments

UNDP 19 Mar 2026

1. We added a 'Sustainability and Exit Strategy' section to the PIF as recommended, pp. 30-31, focused on the following mechanisms (see details in the PIF):

*Institutionalized operations (SOPs and mandates): Institutionalize SMART-enabled enforcement and joint patrols (Forestry Department, PERHILITAN, community rangers), restoration maintenance and corridor monitoring (IPLC teams linked to agency oversight), and HWC early warning/response (community response groups coordinated with PERHILITAN), supported by training-of-trainers, equipment, and data systems.*

*Blended long-term financing model (three streams):*

*Public recurrent financing for statutory functions (State Park operations, forest management, wildlife enforcement), made more efficient via zoning and patrol prioritization; Results-based conservation finance (FCC) providing performance payments reinvested into IPLC CA stewardship, patrol logistics/stipends, restoration maintenance, and HWC operations; and Partnership financing with NGOs and corporate philanthropy to co-finance patrol operations, equipment refresh, anti-snaring, corridor restoration, and HWC mitigation O&M.*

*Risk-managed IPLC livelihood sustainability (Output 2.4): Support a phased pilot-to-scale portfolio of IPLC nature-positive enterprises with market due diligence, governance safeguards, and stewardship conditionalities; pivot to alternative benefit streams (paid ranger/restoration roles, FCC payments) if enterprise viability is weak.*

*Governance safeguards and adaptive exit management: Apply FPIC-aligned engagement, inclusive participation, grievance redress, and periodic social monitoring; use go/no-go/redirect decision rules through annual planning and MTR to maintain focus on core ecological integrity functions (protection, restoration maintenance, HWC management).*

2. Thank you. We added a brief section to the PIF on 'Project's expected national-level impact', p. 30:

*Beyond serving as a model for replication in other states of Malaysia, the project will generate important systemic national benefits for Malaysia by strengthening how biodiversity conservation is integrated into development planning, protected area management, and community-based stewardship. First, the project will demonstrate a workable mechanism for aligning state-level land-use planning, federal biodiversity policy, wildlife management, and IPLC participation within one operational Integrated Landscape Management framework. This is significant at national level because one of the key barriers in Malaysia is not only the absence of good local planning practices, but the lack of effective institutional mechanisms to connect conservation, spatial planning, enforcement, and livelihood development across sectors. By operationalizing the ILM Spatial Plan, Fraser's Hill State Park gazettement, IPLC-governed conservation areas, and FCC/FCO-linked financing within one landscape, the project will provide Malaysia with a tested framework and models for improving policy coherence between the National Policy on Biological Diversity, the Central Forest Spine agenda, forestry and wildlife management systems, and national climate commitments. This contributes to stronger national implementation capacity for the GBF, especially Targets 1, 2, 3, 4, and 22, while also strengthening the practical integration of biodiversity into subnational planning and decision-making.*

*Second, the project will strengthen national institutions, systems, and knowledge infrastructure that will remain relevant even beyond the project geography. The establishment of the ILM Knowledge Hub at the National Biodiversity Centre, together with new tools, SOPs, co-management templates, restoration protocols, HWC management systems, and biodiversity-finance experience, will improve Malaysia's national capacity to design and manage future integrated biodiversity landscapes. The project will also generate nationally relevant evidence on the use of IPLC-centered conservation finance, corridor restoration, anti-snaring operations, and coexistence systems for large mammals (mainly endangered species), all of which are priority issues for Peninsular Malaysia. In this way, the project's impact goes beyond simple replication of activities: it will help shape national standards, institutional practice, and financing approaches for biodiversity conservation, while reinforcing Malaysia's credibility in delivering on international biodiversity and climate commitments through an approach that links conservation outcomes with social inclusion, watershed protection, and long-term sustainable development*

#### **6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities**

**6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e. BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

#### 7 D. Policy Requirements

##### 7.1 Is the Policy Requirements section completed?

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

##### 7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?

Secretariat's Comments

2026/03/06

1. a. In the consultations with IPLCs, to what extent were they informed vs the extent to which they contributed to identifying and designing activities? What were the outcomes of these consultations? The phrasing (e.g., "welcomed the project and expressed gratitude") suggests that they were asked to approve pre-existing plans rather than invited to co-design them.

1.b. Please ensure obtaining Free, Prior and Informed Consent (FPIC) from Indigenous Peoples about project design during PPG and throughout the project implementation, including monitoring.

1.c. All human-wildlife conflicts (HWC) prevention/mitigation measures are different based on its context. Before designing specific mitigation measures, please ensure an assessment of a human-wildlife conflict situation based on the best-available scientific and social contexts during PPG. It is also critical to have in-depth consultations with Indigenous Peoples and local communities in the areas about approaches that project will take to avoid unintended consequences. Please refer to existing guidance, such as the IUCN SSC guidelines on human-wildlife conflict and coexistence (2023), available here.

2. Have any private sector stakeholders been approached? If so, what has their contribution been to project design? How likely is it that they will voluntarily commit to zero-deforestation targets (and will this be monitored?)? The viability of IPLC livelihoods (output 2.4) will largely hinge on private sector involvement, so their buy-in, if not active participation in project design, will be essential.

2026/03/26 Thank you, all points are cleared. However, it is critical to meaningfully include IPLCs (and, for activities on green enterprises, the private sector) at the earliest stages of project design. After PIF approval, the structure and overarching goals of the project are not exactly set in stone but become much harder to revise, and it would have been useful to get IPLCs' substantial input baked into project design from the very beginning. As you co-design the proposal with IPLCs during PPG implementation stage, please keep an open mind to revising elements designed at PIF stage and adapt them to self-identified priorities set by IPLCs themselves. We can come back to this issue together when the time comes, and how to navigate it.

Agency's Comments

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1. At the PIF stage, the contribution of IPLCs to the detailed design of project activities was relatively limited. This was mainly due to the short preparation timeframe for the PIF, which constrained the depth of consultations possible at this early stage. As a result, consultations with IPLCs focused primarily on introducing the proposed project concept, understanding their initial views, identifying key concerns and priorities, and confirming their interest in the proposed direction of support.

We fully recognize that IPLC engagement will need to be much more substantive during the Project Preparation Grant stage. During the PPG, IPLCs will be closely and systematically engaged in the further development of the project, including the refinement of activities, implementation arrangements, governance mechanisms, and benefit-sharing approaches, as appropriate to their roles, rights, and interests. This will ensure that the full project design is informed by meaningful consultation and stronger co-design with IPLCs.

1.b. The PIF already provides that, for activities that may affect Orang Asli communities as rights-holders, the project will apply Free, Prior and Informed Consent (FPIC) using self-identified community decision-making structures and processes rather than externally imposed mechanisms. It further states that FPIC will apply to relevant interventions including participatory mapping and formalization of IPLC-governed conservation areas, negotiation of state-IPLC co-management agreements and community rules affecting access and use, design and implementation of the FCC mechanism and benefit-sharing arrangements, and community roles in patrolling and monitoring. The PIF also provides that FPIC will be documented and auditable, with accessible disclosure, recorded consent decisions, and grievance redress, and that an IPLC Co-management & FPIC Plan and Stakeholder Engagement Plan will be prepared during PPG. In response to this comment, the PIF/PPG approach will be strengthened further to make explicit that FPIC will be obtained during PPG on project design and will be maintained throughout implementation, including participatory monitoring, adaptive management decisions, and any material changes to activities affecting Indigenous Peoples.

2. The contribution of the private sector to the project development was very limited at the PIF stage. However, community-based tourism enterprises/operators i.e Koperasi Homestay Sg Koyan, Sg Delam, Sg Kepong & Pos Lenjang participated in the consultations; otherwise, the consultations were mainly conducted with government agencies and IPLC representatives. As such, the PIF does not provide evidence of substantial private sector contribution to the design of the project at this stage.

At the same time, the PIF does envisage an important role for private sector actors during implementation, including tourism operators, homestay groups, plantations/ smallholders, eco-products retailers, hydropower and infrastructure operators, utilities, banks, and impact investors. The document notes that agri-businesses and smallholders are expected to adopt zero-deforestation and HWC-smart production approaches. These elements will need to be further developed during the PPG stage, particularly because the viability of Output 2.4 will depend significantly on effective private sector engagement and market linkages for IPLC livelihoods and nature-positive enterprises.

1.c. We agree that HWC prevention and mitigation measures must be context-specific and should be based on a robust understanding of the local ecological, social, and governance context. The PIF already anticipates this approach by including a dedicated HWC package under Component 2, including site-specific HWC management plans, early warning and rapid response systems, and community-based implementation, rather than prescribing a single uniform solution across the landscape. In response to this comment, the project HWC approach has been strengthened to state explicitly that, during PPG, the project will undertake a HWC situation assessment based on the best available scientific and social evidence, including species-specific and site-specific patterns of conflict, seasonal and spatial dynamics, underlying land-use and livelihood drivers, existing coping and prevention practices, and the differentiated impacts of HWC on Indigenous Peoples and local communities. The assessment

will inform the selection and design of context-appropriate mitigation and coexistence measures in line with relevant good practice guidance, including the IUCN SSC Guidelines on Human-Wildlife Conflict and Coexistence (2023), which emphasize well-informed, holistic, and collaborative processes grounded in ecological, social, cultural, and economic contexts. The project will also ensure in-depth consultations with Indigenous Peoples and local communities during PPG and implementation, including through FPIC-consistent processes where relevant, to validate the assessment, co-design mitigation approaches, and avoid unintended consequences related to access, safety, labor burdens, crop protection, benefit-sharing, or retaliatory responses. Output 2.2, p. 25:

?During PPG, the project will undertake a site- and species-specific HWC situation assessment, based on the best available scientific and social evidence and informed by in-depth consultations with Indigenous Peoples and local communities, to guide the design of context-appropriate coexistence and mitigation measures and avoid unintended consequences?.

## 8 Annexes

### Annex A: Financing Tables

**8.1 Is the proposed GEF financing (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):**

**STAR allocation?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**Focal Area allocation?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**LDCF under the principle of equitable access?**

Secretariat's Comments 2026/03/06 N/A

Agency's Comments

**SCCF A (SIDS)?**

Secretariat's Comments 2026/03/06 N/A

Agency's Comments

**SCCF B (Tech Transfer, Innovation, Private Sector)?**

Secretariat's Comments 2026/03/06 N/A

Agency's Comments

**Focal Area Set Aside?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**8.3 Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**Annex B: Endorsements**

**8.4 Has the project been endorsed by the country? (ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?**

Secretariat's Comments 2026/03/06 N/A

Agency's Comments

**Annex C: Project Location**

**8.6 Is there preliminary georeferenced information and a map of the project's intended location?**

Secretariat's Comments

2026/03/06 A single set of project coordinates is provided and the map consists of a red circle placed on a Google Map screenshot. This is frustratingly vague. A more detailed map of the project's intended location would be very welcome.

2026/03/26 Thank you, this is cleared.

Agency's Comments

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We added additional map to the PIF's Annex C: Figure 2. Permanent Reserved Forest (light green) and State Land Forest (orange) within the proposed project area and adjacent area of Taman National Park (dark green). P. 50

**Annex D: Safeguards Screen and Rating**

**8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?**

Secretariat's Comments 2026/03/06 cleared

Agency's Comments

**Annex E: Rio Markers**

**8.8 Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?**

## Secretariat's Comments

2026/03/06 As the project programs some LD money, its objectives should reflect LD objectives and there should be a marker 2 on the LD RM.

2026/03/26 Thank you, cleared.

## Agency's Comments

UNDP 19 Mar 2026

The Project Objective has been updated to include LD focus as well, see Indicative Project Overview, p. 4:

*?To secure globally significant biodiversity and ensure sustainable development of Ulu Jelai ? Fraser?s Hill watershed, Malaysia, through implementation of an Integrated Landscape Management approach that reduces land degradation and strengthens ecosystem resilience.?*

Further, we have updated the Rio marker for Desertification/Land degradation and the taxonomy spreadsheet accordingly.

### **Annex F: Taxonomy Worksheet**

#### **8.9 Is the project properly tagged with the appropriate keywords?**

Secretariat's Comments 2026/03/06 cleared

## Agency's Comments

### **Annex G: NGI Relevant Annexes**

**8.10 Does the project provide sufficient detail (indicative term sheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table to assess the project capacity of generating reflows? If not, please provide comments. Is the Partner Agency eligible to administer concessional finance? If not, please provide comments.**

Secretariat's Comments 2026/03/06 N/A

## Agency's Comments

### **9 GEFSEC Decision**

#### **9.1 Is the PIF and PPG (if requested) recommended for technical clearance?**

## Secretariat's Comments

2026/03/06 For a first submission this is a strong and compelling proposal. Please address the comments raised above prior to resubmission. We look forward to receiving the next iteration.

2026/03/26 Thank you for these revisions which have further strengthened the proposal. A handful of comments remain outstanding and we look forward to resubmission.

2026/03/31 Thank you very much for these revisions and the comprehensive, compelling arguments provided in this review sheet that underpin the latest changes.

Agency's Comments

**9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval**

Secretariat's Comments

Agency's Comments

**Review Dates**

**First Review**

**Additional Review (as necessary)**

**Additional Review (as necessary)**

**Additional Review (as necessary)**

**Additional Review (as necessary)**

**PIF Review**

**3/6/2026**

**3/26/2026**

**3/31/2026**

**Agency Response**

**3/19/2026**

**3/31/2026**