

## FACSIMILE TRANSMISSION



**United Nations Development Programme**  
GLOBAL ENVIRONMENT FACILITY (GEF)



**To:** Mr. Kenneth King  
Assistant Chief Executive Officer  
GEF Secretariat

**Date:** 19 August 1999

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**From:** Nick Brown  
Officer-in-Charge

**Subject:** PDF A Funding – Conservation of Biodiversity in Marine Park Islands in Malaysia

Please find attached for your review and comments, a PDF Block A request for funding entitled: **Conservation of Biodiversity in Marine Park Islands in Malaysia.**

We would appreciate receiving your comments no later than c.o.b. Friday 27 August 1999.

Thank you.

PM

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**UNITED NATIONS DEVELOPMENT PROGRAMME  
GLOBAL ENVIRONMENT FACILITY  
PDF BLOCK A Request**

**PART 1 – ELIGIBILITY**

1. <b>Project name:</b> Conservation of biodiversity in marine park islands in Malaysia	2. <b>GEF Implementing Agency:</b> UNDP
3. <b>Country:</b> Malaysia	4. <b>Country Eligibility:</b> Malaysia ratified the Biodiversity Convention on 24 June 1994
5. <b>GEF Focal Area:</b> Biodiversity	6. <b>Operational Programme:</b> OP2

**7. Project linkage to national priorities, action plans and programmes:** This project conforms with the environmental objectives stated in the Seventh Five-Year Development of Malaysia (1996-2000), which is guided by the National Policy on the Environment, as well as the recently launched National Policy on Biological Diversity (April 1998), which amongst others calls for protection of marine and coastal protected areas management in ensuring the effective conservation and sustainable use of marine biodiversity in Malaysian waters.

In its broader terms, the National Policy on the Environment embodied in the Seventh Malaysia Plan, and National Policy on Biological Diversity aims at promoting economic, social and cultural progress through environmentally sound and sustainable development. The overall objectives of the Policy are:

- (i) to achieve a clean, safe, healthy, and productive environment for both present and future generations;
- (ii) to conserve the country's unique natural resources and diverse cultural heritage with effective participation by all; and
- (iii) to promote lifestyle and patterns of consumption and production consistent with the principles of sustainable development.

With specific reference to coastal and marine resources/biodiversity, the Seventh Malaysia Plan calls for a formulation of a national coastal zone management policy to provide clear principles and guidelines for resolving the conflicting interests among different types of development in coastal areas as well as to take into account environmental considerations to ensure sustainability of coastal zone resources. Under the policy, integrated coastal zone management plans are recommended to be drawn up to coordinate and rationalize the activities and efforts of Federal, State and Local Authorities responsible for planning and managing resources found in the coastal zone. The Seventh Malaysia Plan also calls for setting-up of a National Islands Board to issue policy guidelines on island and coastal development in order to reduce the detrimental impact of development activities on island ecosystems. In a nutshell, protection of coastal zone and marine protected area management in ensuring the effective conservation and sustainable use of marine biodiversity in Malaysian waters falls within the national development priority of Malaysia.

In this project, one aspect of coastal zone management, namely conservation of biodiversity, will be demonstrated in a number of island sites representing different characteristic threats to biodiversity.

**8. GEF national operational focal point and date of country endorsement:** Ministry of Science, Technology and the Environment. See attached endorsement later, dated 20 February 1999.

**9. Project rationale and objectives:** Malaysia is a peninsular and island state with some 4,800 Km of coastline. Within its coastal waters are coral reefs home to some of the world's richest collection of biodiversity, as well as dense beds of tropical seagrasses with important biological and physical functions for overall ecosystem. Along its shores are mangrove areas of critical importance to the life cycle of fish and invertebrate species, many of which later migrate into international waters.

Marine biodiversity in Malaysian waters is being lost at an increasingly rapid rate. A wide range of threats is combining to reduce genetic species and ecosystem diversity in these biologically rich, economically valuable waters. Quick, directed action is necessary to reverse these trends and ensure continued

enjoyment and use of these wonders by future generations of Malaysians, as well as by the increasing numbers of visitors to the country. Effective protection and sustainable use of these biodiversity resources will generate local, national and international benefits.

Malaysia has recently established 40 marine national parks, all of which are located around off-shore islands. The protected areas cover some of the most important coral reef ecosystems in Malaysia of global significance. Despite their newly won protected status these marine national parks are under a range of threats due to various underlying causes and pressures.

Threats to coastal and marine biodiversity around islands include the following, though not all threats apply to each island: coastal zone development; land conversion for agriculture, industry, forestry, ports, recreational industry, and residential and vacation housing development; and tourism, as the marine national parks are being heavily marketed as part of Malaysia's strategy for developing its tourism industry. Besides these, other threats include overfishing; marine aquaculture; pollution due to inadequately treated sewage inputs; improper solid waste disposal and use of chemicals and detergents by resorts; removal of corals as souvenirs; and physical damage due to anchors and heavy-footed snorkeling and diving enthusiasts (a thorough threats analysis for each site, if not already available, will be undertaken during formulation of a PDF-B or full project).

The underlying causes of the above threats, include competing pressure for land use; lack of income generating opportunities for local communities; lack of inter-agency coordination; and a lack of awareness of the importance of conservation of marine biodiversity.

The goal of the project is to work in selected marine park islands to improve protection of marine and coastal protected area management to ensure the effective conservation and sustainable use of marine biodiversity in Malaysian waters. The sites will be selected based on existing literature identifying the globally significant marine biodiversity, but will also be selected on the basis of their demonstration value in illustrating how different types of threats may be overcome. The ultimate aim of the project is to conserve globally significant coastal and marine ecosystem through removing barriers in implementing an appropriate (integrated) marine park island management plan, and to demonstrate such approaches for implementation elsewhere. The GEF grant will be used to finance the incremental cost of developing, testing and applying appropriate management policies, and methods to protect coastal and marine biodiversity in the selected marine park islands. The project would adopt an ecosystem based approach, addressing current and near future threats to species and habitat at site level.

The success of this project will provide a wide replication potential in other marine national parks in Malaysia, and other parts of the world. Some of the indicators to be used in measuring the success of the project include:

- marine species diversity/species richness;
- participation in the marine park management and commitment of local communities towards marine biodiversity and nature conservation; and
- increased commitment of Local Government towards sustainable use of marine biodiversity

**10. Expected outcomes:** Conservation and sustainable use of globally significant coastal and marine ecosystem in Malaysian waters within the framework of appropriate marine park island management.

Threats will be removed by integrating conservation and development goals through a participatory process involving key stakeholders which will result in zoning of use intensities, more through implementation of regulatory measures, substitution of non-sustainable activities, and increased capacity for conservation management. By demonstrating effective strategies to remove threats the strengths and weaknesses of the current regulatory framework will be illustrated, which may indicate changes and improvements in the framework.

**11. Planned activities to achieve outcomes:**

- a. Improved administration of the selected marine park islands through pilot implementation of "Marine Park Island Management Plan", which would aim to implement a cooperative planning mechanism to resolve conflicts, implement zoning and ensure coordination between Federal authority 'in the water' and state/local authority 'on land' in these selected islands. The issue of sustainable tourism/eco-tourism, and participation in the marine park islands

management and commitment of local communities towards marine biodiversity and nature conservation would be given special emphasis in this activity.

- b. Creation of "biodiversity overlays" to assist in the identification of biodiversity hot-spots and the rational zoning of conservation and use activities.
- c. Development of a sustainable financing system for the chosen marine protected areas, involving a study of the current system and of possible additional sources of revenue, based on the "polluter-pays" and "user-pays" principles.
- d. Capacity building programme to provide training for officials responsible for environmental management of marine parks and neighboring small islands.
- e. Assessment and recommendation of proposed additions to the protected area network from these latter ecosystems (mangrove or seagrass ecosystems).
- f. Public environmental awareness campaign to recognize and conserve the global ecological importance of Malaysia's marine biodiversity, particularly that found in the country's marine protected areas.

**12. Stakeholders involved in project:** Ministry of Science, Technology and the Environment; Economic Planning Unit (External Assistance Section, Regional Economic Section, and Agriculture Section); Ministry of Agriculture; Department of Fisheries, Fishermen Association; Local Communities, Ministry of Primary Industry; Department of Environment; Ministry of Culture, Arts and Tourism; Representatives of State Governments; National Hydraulic Institute Malaysia (NAHRIM); Department of Country and Town Planning; Drainage and Irrigation Department; Institutes of higher learnings; private sector partners; relevant NGOs (e.g. World Wildlife Fund (WWF), Malaysian Nature Society (MNS); Wetland International; UNDP; and bilateral donors.

## **PART II – INFORMATION ON BLOCK A PDF ACTIVITIES**

**13. Activities to be financed by the PDF:** The objective of this PDF-A is to assist the government of Malaysia using the incremental cost and logical framework approach, in formulating and finalizing a GEF PDF-B or full project brief and project document to be submitted for GEF financing. This PDF-A will be completed under the guidance of the RBAP/GEF Regional Coordinator for Biodiversity and International Waters in close collaboration with the GEF Biodiversity Technical Specialist. The PDF-A will cover the costs for:

- a. hiring national and international consultants to work with the RBAP/GEF Regional Coordinator for Biodiversity and International Waters, and the GEF Biodiversity Technical Specialist, to provide support for formulating a GEF PDF-B or full project brief and project document to submit for GEF financing. The task will include:
  - initial scoping of threats
    - review of on-going and planned activities for conservation of coastal and marine biodiversity, and gaps analysis
    - review of existing scientific information
    - review of socio-economic investment in coastal and marine protected areas, etc.
    - field visits to potential sites during which local communities, State agencies and officials will be consulted
    - estimation of incremental cost
- b. holding a project formulation workshop with all stakeholders involved; and finalize the sites selection.
  - Among other things, the formulation workshop will review and refine draft site selection criteria, and apply the revised criteria to a number of candidate sites in order to select the final sites. The draft selection criteria will include: globally significant biodiversity (based on IUCN publication on "A Global Representative System of Marine Protected Areas – Central Indian Ocean, Arabian Seas, East Africa and East Asian seas); manageable threats; local community and government commitment to the objectives of

the project; existence of baseline information on biological and socio-economic status. To further increase demonstration value, each of the selected sites will focus on removing specific threats, e.g. a site where tourism conflict is the major issue, another site where over fishing is most important and a third where land-based pollution and sedimentation is key – to give just few examples.

- National consensus/stakeholder meetings to finalize project strategy; selection of sites; identification of co-financing arrangement; and agreement on GEF PDF-B or full project brief and draft full project document using incremental cost approach

#### 14. Expected outputs:

- Identification and selection of project sites (one or more - likely to be three - selected marine park islands) with rich biodiversity of global significance and contrasting threats. For example, at one site the dominant threat may be overfishing, while at other sites it may be tourism or land-based pollution
- A report on project formulation workshop which includes stakeholders' expectation, commitment, and recommendation for the project; previous and on-going efforts related to marine and coastal protected areas Management in Malaysia; definition of stakeholders' role, and implementation arrangements.
- A GEF PDF-B or full project brief and project document;

Completion date: to be determined

15. **Other contributors/donors:** The full project is expected to draw funding from GEF; Government in-cash, in-kind (staff, transport, logistics etc) contributions; private sectors of Malaysia; with a possible co-funding from DANCED and JICA.

#### 16. Total budget and information on how costs will be met (including the Block A grant):

Description	Total cost	GEF (US\$)	UNDP(US\$)	Govt (US\$)
International Consultant	US\$5,000		US\$5,000	
Local Consultant	US\$17,000	US\$17,000		
Mission and travel Costs	US\$4,000	US\$4,000		
Workshops (2-3 national workshops)	US\$5,500	US\$2,500		US\$3,000
Documentation	US\$2,000	US\$1,000		US\$1,000
Sundry	US\$1,500	US\$500		US\$1,000
<b>Grand Total</b>	<b>US\$35,000</b>	<b>US\$25,000</b>	<b>US\$5,000</b>	<b>US\$5,000</b>

\* The Government also will provide in-kind contribution of US\$ 20,000, for experts and counterpart participation for the project

The international consultant will serve as GEF project development specialist. Working closely with local consultant (project team leader), RBAP/GEF Regional Coordinator for Biodiversity and International Waters, GEF Biodiversity Technical Specialist, UNDP Office, the international consultant will be responsible in undertaking incremental cost analysis, and logical framework analysis. He/she will also participate in Stakeholder workshops, and will assist the local consultant to finalize PDF-B or full project brief and draft full project document.

The local consultant, working closely with the Department of Fisheries, UNDP Office, and RBAP/GEF Regional Coordinator for Biodiversity and International Waters, will take responsibility of day to day project implementation. He/she will undertake initial, individual consultations with key stakeholders to come out with threats/gaps analysis, and to inform them focus to be adopted in the project preparation. The

local consultant will take the responsibility in collating information on related on-going activities, review existing information, and review socio-economic investment in coastal and marine protected areas. The local consultant also will be responsible for the preparation of background materials for project formulation and stakeholder workshops, besides taking the responsibility in organizing these workshops. He/she will take the lead role (working closely with international consultants, UNDP Officials, and Government implementing agency) to finalize PDF-B or full project brief and draft full project document using incremental cost approach for submission to GEF.

### PART III – INFORMATION ON THE APPLICANT INSTITUTION

17. <b>Name:</b> Department of Fisheries, Malaysia	18. <b>GEF Implementing Agency:</b> UNDP
19. <b>Mandate/terms of reference:</b> Responsible in developing policies, and to identify/formulate/implement all activities related to marine biodiversity. Also enforcing regulations, granting in fishing licenses, and for formulating fisheries management options to ensure that marine fishery resources are exploited in sustainable manner.	20. <b>Country eligibility:</b> Convention on Biological Diversity, ratified on 24 June 1994

21. **Recent activities/programmes, in particular those relevant to the GEF:** Malaysia has launched its National Policy on Biological Diversity in April 1998, and has submitted this document to CBD/COP. Funding from GEF biodiversity enabling activity assisted in printing and disseminating the report.

### PART IV – INFORMATION TO BE COMPLETED BY IMPLEMENTING AGENCY

22. <b>Project identification number:</b>
23. <b>Implementing agency contact person:</b> Mr. Tim Boyle, RBAP/GEF Regional Coordinator for Biodiversity and International Waters
24. <b>Project linkage to implementing agency programmes:</b> Seventh Malaysia Plan, and National Policy on Biological Diversity