

2019

Project Implementation Review (PIR)

**Borneo Forests**

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# Basic Data

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| **Project Information** | |
| UNDP PIMS ID | 4186 |
| GEF ID | 4182 |
| Title | Biodiversity Conservation in Multiple-Use Forest Landscapes in Sabah, Malaysia |
| Country(ies) | Malaysia, Malaysia |
| UNDP-GEF Technical Team | Ecosystems and Biodiversity |
| Project Implementing Partner | Government |
| Joint Agencies | *(not set or not applicable)* |
| Project Type | Full Size |

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| **Project Description** |
| The project aims to develop and institutionalize a multiple-use forest landscape and planning model which brings the management of critical PAs in Sabah and the surrounding landscapes under a common management umbrella. The project will develop and demonstrate a model by which the management costs of these PAs will be underwritten by the sustainable revenue streams generated by surrounding forest landscapes, compensating for the ecosystems services which these PAs provide to the landscapes within which they are located. |

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| **Project Contacts** | |
| UNDP-GEF Regional Technical Adviser | Mr. Gabriel Jaramillo (gabriel.jaramillo@undp.org) |
| Programme Associate | Ms. Pakamon Pinprayoon (pakamon.pinprayoon@undp.org) |
| Project Manager | Mr. Sinajin Jeflus (jeflusinajin@gmail.com) |
| CO Focal Point | Ms. Pek Chuan Gan (pek.chuan.gan@undp.org)  Mr. Asfaazam Kasbani (asfaazam.kasbani@undp.org) |
| GEF Operational Focal Point | Mr. Nagulendran Kangayatkarasu (nagu@mestecc.gov.my) |
| Project Implementing Partner | Mr. Frederick Kugan (frederick.kugan@sabah.gov.my) |
| Other Partners | *(not set or not applicable)* |

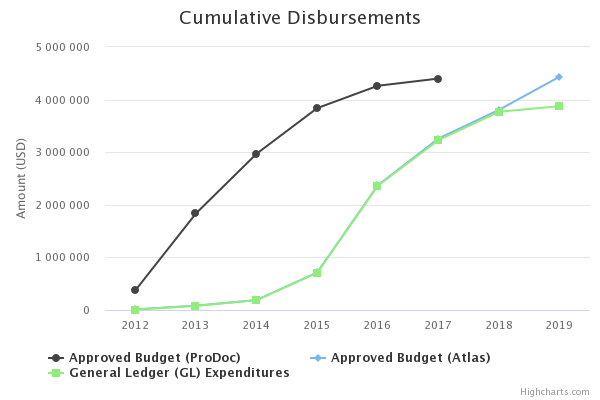
# Overall Ratings

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| Overall DO Rating | Moderately Unsatisfactory |
| Overall IP Rating | Moderately Satisfactory |
| Overall Risk Rating | Moderate |

# Development Progress

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| **Description** | | | | | | |
| **Objective**  **To institutionalize a multiple-use forest landscape planning and management model which brings the management of critical protected areas and connecting landscapes under a common management umbrella, implementation of which is sustainably funded by revenues generated within the area** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Conservation of globally and nationally significant biodiversity within project landscape | Biodiversity is being depleted at project landscape level, due to habitat loss, degradation and fragmentation    Project landscape currently contains no Class I Protected Forest    Wildlife populations within the project landscape, together with those at adjacent protected areas, are currently estimated at:  A. Elephants 0.5-1.0 Ind/km2  B. Organg utan 0.5-1.0 Ind/km2  C. Sun Bear 3.0 Ind/km2  D. Clouded Leopard 3.0 Ind/km2  However, the baseline and target indicators for wildlife populations are subject to revision based on findings of data gathering and synthesis work to be launched in early 2015. This review will also advise on whether and how (including baseline and target populations) to include Banteng (Tembadau) as an indicator species.    Natural capital being lost through habitat conversion and degradation    Different types of forests in the project landscape:  a. Primary forest 18,517 ha (Note: Primary forest area subject to revision based on findings of data gathering and synthesis sub-contract and incorporated thereafter into the NNL baseline analysis).  b. Secondary forests 242,747 ha | *(not set or not applicable)* | Genetic, species and ecosystem diversity conserved in approximately 261,000 ha. of the Kalabakan-Gunung Rara area, within a sustainably-managed forest landscape of 393,544 ha, including adjacent protected areas  By end of project, at least 500,000 ha of project landscape established as new Class I Protected Forest.  Updated target: 145,000 ha.    A. Elephants 1.0-1.5 Ind/km2  B. Organg utan 2.0-3.5 Ind/km2  C. Sun Bear >2.0 Ind/km2  D. Clouded Leopard >2.0 Ind/km2    No net loss in levels of biodiversity and other ecosystem functions, i.e. full maintenance of natural capital within project landscape over project period, with plan in place for continued maintenance    No decrease in primary forest areas    A 30% increase annual increase in the budget allocation for Class I Protected Forest Reserves    Amended to:    Genetic, species and ecosystem diversity conserved in approximately 261,000 ha. of the Kalabakan-Gunung Rara Forest Reserves, within a sustainably-managed forest landscape of 393,544 ha, including adjacent protected areas.    By the end of the project, at least 145,000 ha of project landscape established and effectively managed as new Class I Protected Forest.    A. Elephants 1.0-1.5 Ind/km2  B. Organg utan 2.0-3.5 Ind/km2  C. Sun Bear >2.0 Ind/km2  D. Clouded Leopard >2.0 Ind/km2    The project seeks as an over-arching target to avoid and minimise impacts on biodiversity, including through plantation development and plans to achieve NNL of biodiversity within the Project area. While on-site mitigation is a strong preference, if this proves unattainable, NNL of biodiversity should be achieved through offsite compensation, e.g. via the conservation of forests neighboring the Project site.    No decrease in primary forest areas | As of 30 June 2018, a total of 156,586.37 ha excluding the Plant Improvement and Seed Production (PISP) plots within the project landscape area, have been established as Class VI Virgin Jungle Reserve (VJR) and Class I Protected Forest Reserve. This has exceeded the updated end of project target at 145,000 ha by 7.99%.    These areas are:    a. Virgin Jungle Reserves (VJR) gazetted in 2012:  i. Batu Timbang = 261 ha;  ii. Nurod-Urod = 1,705 ha;  iii. Ulu Sungai Napagon = 523 ha;  iv. Brantian-Tatulit = 38 ha; and  v. Imbok = 127 ha    b. VJR gazetted in 2014 (but not reported in PIR 2017):  i. Sg. Imbak (Ext.) VJR = 4,655 ha    c. Class I Maliau Buffer Zone Forest Reserve (Part of) = 16,830 ha gazetted in year 2012.    d. Class I Mt. Magdalena Forest Reserve = 48,890 ha in year 2012.    e. Class I Mt. Magdalena Forest Reserve (extension) = 6,665 ha in year 2013.    f. Class I Tambalunan Forest Reserve = 3,265 ha in year 2013.    g. Class I Sungai Tiagau Forest Reserve = 19,870 ha in year 2013.    h. Virgin Jungle Reserve Sungai Imbak (extension) = 4,655 ha in year 2014.    i. Class I Gunung Rara Wildife Corridor Forest Reserve = 10,364 ha in year 2014.    j. Class I Maliau Buffer Zone Forest Reserve (extension) = 5,181 ha in year 2014.    k. Class I Sungai Anjeranjermut Forest Reserve = 3,857 ha in year 2014.    l. Class I Sungai Sumagas Forest Reserve = 4,215 ha in year 2014.    m. Class I Sungai Tiagau Forest Reserve (extension) = 7,010 ha in year 2014.    n. Class I Northern Gunung Rara Forest Reserve = 8,443 ha in year 2015.    o. Class I Maliau Buffer Zone (extension II) = 13,810 ha in year 2015.    p. Class I Sungai Tiagau Forest Reserve (extension II) = 877.37 ha in year 2016.    Besides the above mentioned areas, there are other areas, which are also strictly protected. These areas are Plant Improvement and Seed Production (PISP） plots with a total area of 628 ha. Therefore, if the PISP plots are to be included, the total protected area within the project landscape is 157,214.37 ha. This has exceeded the updated end of project target by 8.42%.    This is a significant achievement, which provides realistic opportunities for landscape-scale connectivity between the three globally significant important conservation areas (Maliau Basin, Danum Valley and Imbak Canyon). It is expected that genetic, species and ecosystem diversity are conserved within the project area including adjacent protected areas (Maliau, Danum Valley and Imbak Canyon).    Except in areas that have been gazetted as Class I FRs, other primary forest area stands found in the project area are located at higher elevation or on steep areas/slopes where forest harvesting using conventional logging was not possible in the past. The total area is approximately 6,737 ha. These areas are being set aside for helicopter logging since 2014 but so far, there is no approval from the SFD for helicopter logging in these areas, which means that there is no decrease of primary forest area stands as of June 2018.    With regards to no net loss in levels of biodiversity and other ecosystem functions, the Sabah Government is committed in formulating a policy to implement No Net Loss (NNL) of biodiversity within the project landscape or neighbouring areas. Meanwhile, the NNL is being incorporated in Sabah Environmental Policy. The State Government also has the policy whereby no part of the Permanent Forest Estate is degazetted except under extreme circumstances but then the excised area(s) must be replaced. This commitment was shown through the continual assessment of the biodiversity losses and gains in the project landscape, that is, biodiversity assessment under progress will contribute to a better understanding with regard to species population estimates, which leads to the finalization of the draft Policy on Net Gains of Biodiversity.    Meanwhile, the Sabah Forestry Department is in the process to generate a new map on primary and/or intact forest areas in the project landscape. Maintenance of natural capital within the project landscape is being implemented through forest restoration/enrichment planting and silvicultural operations by the SFD, Yayasan Sabah & their joint venture (JV) partners and INIKEA in accordance with their plan (currently there are 8 Forest Management Plans and 1 Plan of Operation prepared in the Project Area) and Annual Work Plans (AWP) respectively. As of March 2018, the cumulative total area that has been silviculturally treated is 27,183.94 ha (YS & JV Partners = 16,345.54 ha; SFD = 10,000 ha; and INIKEA = 838.4 ha) while enrichment planting is 19,791.8 ha (SFD = 25 ha and INIKEA 19, 766.8 ha).    Wildlife Populations    As explained in the PIR 2017, the indicator use for the four (4) wildlife species (elephant, orangutan sun bear and leopard) was found not suitable. Thus, the populations as reported here are based on estimates, which do not differ of what had been reported in PIR 2017, that is, orangutan monitoring data from 2016 shows increased orangutan density in the eastern part of project landscape i.e., Mt. Magdalena Forest Reserve and along the Gunung Rara Wildlife Corridor Forest Reserve in the west (based on nest counts: 31 - 200); and some parts within the Tambulanan Forest Reserve and Sg. Tiagau Forest Reserve Extension (1 – 10; 11 – 30) – mainly centered around lowland areas (0 - 250 m a.s.l.).    The population of orangutans within the project area is increasing, that is, the orangutans are moving into the Project Area as the forest recovers.    WWF-Malaysia has also been tracking elephants in the project area and suggests that elephant population data was reasonably good and that there are healthy populations. They estimated 300 elephants in the project area. The distribution of elephants is centered on lowland areas particularly at the eastern part where the area appears to be part of an elephant migration corridor (north – south).    HCV and HCS assessment predicted that the project area is in a medium suitability area that varies from medium to high for clouded leopard and sun bear. However, there is insufficient data to confirm the number of both species within the project area. Nevertheless, indirect observations supported by evidence from the scientific literature highlighted the presence or likely presence of both species.    Camera trappings, mammal survey and aerial monitoring of orangutan population size are work in progress; and will be carried out continuously. | As of 30 June 2019, a total of 156,586.37 ha [excluding the Plant Improvement and Seed Production (PISP) plots] within the project landscape area, have been established as Class VI Virgin Jungle Reserve (VJR) and Class I Protection Forest Reserve. This has exceeded the updated end of project target of 145,000 ha by 7.99%.    These areas are:  a. Virgin Jungle Reserves (VJR) gazetted in 2012:  i. Batu Timbang = 261 ha;  ii. Nurod-Urod = 1,705 ha;  iii. Ulu Sungai Napagon = 523 ha;  iv. Brantian-Tatulit = 38 ha; and  v. Imbok = 127 ha  vi. Sg. Imbak (Ext.) VJR = 4,655 ha gazetted in 2014    b. Class I Maliau Buffer Zone Forest Reserve (Part of) = 16,830 ha gazetted in year 2012.    c. Class I Mt. Magdalena Forest Reserve = 48,890 ha in year 2012.    d. Class I Mt. Magdalena Forest Reserve (extension) = 6,665 ha in year 2013.    e. Class I Tambalunan Forest Reserve = 3,265 ha in year 2013.    f. Class I Sungai Tiagau Forest Reserve = 19,870 ha in year 2013.    g. Class I Gunung Rara Wildife Corridor Forest Reserve = 10,364 ha in year 2014.    h. Class I Maliau Buffer Zone Forest Reserve (extension) = 5,181 ha in year 2014.    i. Class I Sungai Anjeranjermut Forest Reserve = 3,857 ha in year 2014.    j. Class I Sungai Sumagas Forest Reserve = 4,215 ha in year 2014.    k. Class I Sungai Tiagau Forest Reserve (extension) = 7,010 ha in year 2014.    l. Class I Northern Gunung Rara Forest Reserve = 8,443 ha in year 2015.    m. Class I Maliau Buffer Zone (extension II) = 13,810 ha in year 2015.    n. Class I Sungai Tiagau Forest Reserve (extension II) = 877.37 ha in year 2016.    Besides the above mentioned areas, there are other areas, which are also strictly protected. These areas are Plant Improvement and Seed Production (PISP） plots with a total area of 628 ha. Therefore, if the PISP plots are to be included, the total protected area within the project landscape is 157,214.37 ha. This has exceeded the updated end of project target (145,000 ha) by 8.42%.    This is a significant achievement, which provides realistic opportunities for landscape-scale connectivity between the three globally significant important conservation areas (Maliau Basin, Danum Valley and Imbak Canyon = 132,640 ha). It is expected that genetic, species and ecosystem diversity are conserved within the project area including adjacent protected areas (Maliau, Danum Valley and Imbak Canyon).    Except in areas that have been gazetted as Class I Protection FRs, other primary forest area stands found in the project area are located at higher elevation or on steep areas/slopes where forest harvesting using conventional logging was not possible in the past. The total area is approximately 6,737 ha. These areas are being set aside for helicopter logging since 2014. However, the new government has a new policy where helicopter logging in these areas is no longer permitted, which means that there is no decrease of primary forest area stands as of June 2019.These areas are to be set aside under natural forest management but to be managed for conservation due to the nature of the terrains, which are steep.    Biodiversity and Ecosystem Conservation Programme and Monitoring    With regards to no net loss in levels of biodiversity and other ecosystem functions, the Sabah Government is committed in formulating a policy to implement No Net Loss (NNL) of biodiversity within the project landscape or neighbouring areas. The NNL is in fact being incorporated in the Sabah Environmental Policy.    The State Government also has the policy whereby no part of the Permanent Forest Estate is degazetted except under extreme circumstances but then the excised area(s) shall be replaced. This commitment was shown through the continual assessment of the biodiversity losses and gains in the project landscape under the Forest Trends consultancy that resulted with a draft policy on “Managed Retention of Sabah’s Forests: Moving Towards Biodiversity Net Gain”.    The Sabah Forestry Department is in the process to generate a new map on primary and/or intact forest areas in the project landscape. Maintenance of natural capital within the project landscape is on-going through forest restoration and/or enrichment planting and silvicultural operations by the SFD, Yayasan Sabah’s joint venture (JV) partners and INIKEA in accordance with their plan (currently there are 8 Forest Management Plans and 1 Plan of Operation prepared in the Project Area) and Annual Work Plans (AWP) respectively.    The cumulative total area as of March 2019 that has been silviculturally treated is 39,909.03 ha, which comprises of YS & JV Partners = 17,568.53 ha; YS (Nadin Enterprise) = 5,000 ha; SFD = 16,625 ha; and INIKEA = 715.5 ha. Meanwhile, the cumulative total area for enrichment planting since 2013 is 943.2 ha (SFD = 80 ha and INIKEA 863.2 ha).    Wildlife Populations    As explained in the PIR 2017, the indicator use for the four (4) wildlife species (elephant, orangutan sun bear and leopard) was found not suitable. Thus, the populations as reported here are based on estimates, which do not differ of what had been reported in PIR 2018, that is, orangutan monitoring data from 2016 shows increased orangutan density in the eastern part of project landscape i.e., Mt. Magdalena Forest Reserve and along the Gunung Rara Wildlife Corridor Forest Reserve in the west (based on nest counts: 31 - 200); and some parts within the Tambulanan Forest Reserve and Sg. Tiagau Forest Reserve Extension (1 – 10; 11 – 30) – mainly centered around lowland areas (0 - 250 m a.s.l.).    The population of orangutans within the project area is increasing, that is, the orangutans are moving into the Project Area as the forest recovers especially when more areas had been planted under the mosaic concept in Empayar Kejora areas.    WWF-Malaysia has also been tracking elephants in the project area and suggests that elephant population data was reasonably good and that there are healthy populations. They estimated 300 elephants in the project area. The distribution of elephants is centered on lowland areas particularly at the eastern part where the area appears to be part of an elephant migration corridor (north – south, i.e. between Mt. Magdalena FR in the north and Sg. Sumagas FR in the south).    HCV and HCS assessment predicted that the project area is in a medium suitability area that varies from medium to high for clouded leopard and sun bear. However, there is insufficient data to confirm the number of both species within the project area. Nevertheless, indirect observations supported by evidence from the scientific literature highlighted the presence or likely presence of both species.  Camera trappings, mammal survey and aerial monitoring of orangutan population size are work in progress; and will be carried out continuously in accordance with the “Manual of Protocols for Sampling Biodiversity in the UNDP-GEF Project Landscape” prepared by the Consortium of Scientists. |
| Level of functionality of biodiversity-friendly, multiple use forest management systems in Sabah | Sabah has no functional, biodiversity friendly, multiple use forest management systems    Capacity Scorecard, SFD | YS  A. Enabling environment 64 | 67  B. Leadership 67 | 80  C. Knowledge 56 | 69  D. Accountability 51 | 62  Overall Mean Score 59 | 69 | *(not set or not applicable)* | • Project landscape is being managed in a manner that demonstrates the technical, economic and financial feasibility of the new management approach  • An enabling policy and regulatory environment ready to facilitate expansion / replication of the model (i) to other forest landscapes in Sabah that include (or will include) protected forest reserves, and (ii) to other PA sub-systems in Sabah.  • The Sabah Forestry Department and Yayasan Sabah have enhanced capacities and experience with the model needed to enable its maintenance and replication    • End of Project target (30% over baseline), SFD | YS:  A. Enabling environment 83 | 87  B. Leadership 87 | 100  C. Knowledge 75 | 90  D. Accountability 66 | 81  Overall Mean Score 78 | 90 | As reported in PIR 2017, Mount Magdalena Forest Reserve (formerly known as Northern Gunung Rara Forest Reserve – 61,330 ha) was certified under Forest Stewardship Council (FSC) certification in May 2015, which indicates that the protected forest reserve is a well-managed forest in accordance with sustainable forest management principle.    All activities inside the project area are being managed in accordance with an approved 10-Year Forest Management Plan. The 10-Year Forest Management Plan contains a Chapter on “Financial Analysis and Sustainable Project Viability”. The financial analysis is measured in terms of Net Present Value, Internal Rate of Return and Benefit-Cost Ratio. Sensitivity analysis is also conducted to examine changes in returns with possible changes in the main variables of whether the project is technically and economically viable or otherwise. All the current 10- Year FMPs (8 of them) show that the projects being carried out in the project area are technically, economically and financially feasible.    The State Government has introduced a policy to chart a transition to Net Gain of forest biodiversity in the coming years. The final draft Net Gain Policy for the State Government (with suggested changes in the law on impact assessment) and guidelines laying out the metrics and tools for implementation such as performance-based conservation contracts, trust funds and was completed in June 2018.    Achieving Biodiversity Net Gain may not be feasible for Sabah in the first few years, so Sabah would build towards a policy of “managed retention” of biodiversity, which can achieve a specific conservation target that considerably exceeds the CBD’s Aichi targets. This will build capacity in government and developers, and in a few years, Sabah will likely be in a better position to implement a Net Gain policy, which then ready to facilitate expansion / replication of the model to other forest landscapes in Sabah.    The capacity assessment as per UNDP Capacity Assessment and Development Scorecard was not fully applied due to context related challenges. An adapted capacity assessment questionnaire has been applied. The assessment concluded that there are capacity limitation in the SFD and Yayasan Sabah (YS) relating to the contemporary theory and practice for developing a multiple-use forest landscape planning approaches.    Meanwhile, a consultant has been identified who will help the SFD to develop Training Modules & Training Methods and to organise & facilitate trainings in order to enhance capacities and experience with the model needed to enable its maintenance and replication. The scorecard will be updated by December 2018. | Mount Magdalena Forest Reserve (formerly known as Northern Gunung Rara Forest Reserve – 61,330 ha) was certified under Forest Stewardship Council (FSC) certification in May 2015, which indicates that the protected forest reserve is managed under a well-managed forest in accordance with sustainable forest management principle.    All activities inside the project area are being managed in accordance with an approved 10-Year Forest Management Plan. The 10-Year Forest Management Plan contains a Chapter on “Financial Analysis and Sustainable Project Viability”. The financial analysis is measured in terms of Net Present Value, Internal Rate of Return and Benefit-Cost Ratio. Sensitivity analysis is also conducted to examine changes in returns with possible changes in the main variables of whether the project is technically and economically viable or otherwise. All the current 10- Year FMPs (8 of them) showed that the projects being carried out in the project area are technically, economically and financially feasible.    Progress on Enabling Environment/Policy  The State Government has introduced a policy to chart a transition to Net Gain of forest biodiversity in the coming years. A brief report on “Forest Loss-gain Analysis for Sabah” was prepared and presented in 1.5 days policy consultation workshop.  Achieving Biodiversity Net Gain may not be feasible for Sabah in the first few years, so Sabah would build towards a policy of “managed retention” of biodiversity, which can achieve a specific conservation target that considerably exceeds the CBD’s Aichi targets. This will build capacity in government and developers, and in a few years, Sabah will likely be in a better position to implement a Net Gain policy, which then ready to facilitate expansion / replication of the model to other forest landscapes in Sabah.    Achieving Biodiversity Net Gain may not be feasible for Sabah in the first few years, so Sabah would build towards a policy of “managed retention” of biodiversity, which can achieve a specific conservation target that considerably exceeds the CBD’s Aichi targets. This will build capacity in government and developers, and in a few years, Sabah will likely be in a better position to implement a Net Gain policy, which then ready to facilitate expansion / replication of the model to other forest landscapes in Sabah.    Meanwhile, The SFD has finalized its Forest Policy in June and approved by the State Cabinet on 1 August 2018. The Forest Policy contains 7 Thrusts where objectives, strategies and action plans are clearly stipulated. Sustainability of forest resources and protection of biodiversity and environmental services are under Thrust 1 and Thrust 2 respectively.    Capacity Building on Leadership and Knowledge    The capacity assessment per UNDP Capacity Assessment and Development Scorecard, was not fully applied due to context related challenges.    An adapted capacity assessment questionnaire has been applied and was used after the training.  The Sabah Forestry Department had conducted several trainings during the year to enhance capacity and technical knowledge on key thematic issues (Forest Protection, Forest Enforcement, Accounting, REDD Plus, etc.) where some of which were supported by the project.  Efforts are being made to strengthen the institutional, systemic and individual capacities of the Sabah Forestry Department to implement adaptation- and mitigation-related actions. In this respect, various trainings have been organized by the Sabah Forestry Department and being supported by the project.  Training related public awareness  The cross-cutting issues like the environment and climate change are relevant to all aspects of development; and would require action and support at the local and regional levels. The Sabah Forestry Department placed on empowering its staff and the local communities and enhancing their capacities to better cope with extreme weather events and to participate in prevention efforts to reduce fire occurrence. Therefore, specialized training programmes related public awareness on fire protection and workshops tailored to the local environment and conditions, coupled with a stronger engagement of affected key stakeholders have been organized throughout the year for the staff of the Sabah Forestry Department, SFMLA holders and the local communities.  Capacity Training on Support Systems  Training events were delivered to enhance the capacity of research assistants from Yayasan Sabah to conduct Gibbon (Hylobates muelleri) point count surveys and from the Sabah Forestry Department to conduct drone surveys for Orangutan nests and install carbon plots. Training on collecting field data for Spatial Monitoring and Reporting Tool (SMART) application was carried out by WWF-Malaysia on 8th – 11th April 2019 in Luasong Forest Center; attended by 21 participants. Prior to that, several trainings were provided at the project area by the consortium of scientists. These trainings are:  i. GPS and Basecamp software (Year 1 with refresher training in Year 2).  ii. Drone construction, mission planning and piloting (Year 1 with refresher training throughout the project). Researchers and Research Assistants undertook training course at Hornbill Surveys covering skills such as drone building, mission planning and drone piloting. This course provided training in the repair and maintenance of the drone following accidental crashes, and will allow staff to continue the fieldwork after the UNDP project is completed.  iii. Point count and line transect training (Year 1). Researchers and Research Assistants participated in a Gibbon and Hornbill point count training course conducted by HUTAN on 27 to 31 January 2017. This course was delivered at Sukau under the guidance of Dr Marc Ancrenaz and provided field training for Gibbon point count surveys, Hornbill surveying and Orangutan nest line transects.  iv. Point count and line transect training (Year 2). Research assistants were given a refresher course to carry out the survey.  v. SMART Patrols and SMART software (Year 2). Discussions were held between project staff with the Kalabakan Forestry Office.  vi. Drone survey techniques, carbon plot measurement and orangutan survey techniques (Year 2). Refresher training for Research Assistants.  vii. Training Workshop (Year 2). One day workshop for staff of Sabah Forestry Department and Yayasan Sabah including demonstrations of methods for dung beetle sampling and identification and deployment of drones.  viii. PhD training (Years 1 and 2). The project provides a platform for four researchers to obtain data for their PhDs (three Malaysian, one UK), and therefore contributes to the supply of highly skilled postgraduates with experience of biodiversity monitoring and environmental management in Malaysia.    Capacity–building for raid, investigation and persecution  Compliance and enforcement of forest resource activities is one of the most prerequisite requirements of the Sabah Forestry Department; and is primarily carried out by the Sabah Forestry Department’s officers who are designated as Forest Officers under the Sabah Forest Enactment 1968. Forest crimes and/or illegal activities ranging from breach of licences, encroachment, illegal possession, and illegal timber harvesting in Sabah were quite significant. Most of these cases were investigated and brought to courts ((lower and high courts). In most cases, the SFD lost the case due weaknesses in persecution, inadequate evidence and poor investigation papers, thus, a great loss to the State in terms of revenue.  One of the long-term solutions to the above threats and their underlying causes besides focusing operational activities for forest law enforcement around a prevention, detection and suppression framework is enhancing and transforming the quality of the Forest Officers on raiding, investigation and persecution with the assistance from specialists /experts such as from the Royal Malaysia Police College (Maktab Polis DiRaja Malaysia). In this respect, the Sabah Forestry Department supported by the project, has organized a 2½ days training/course on Raid, Investigation and Persecution for its officers on 23-25/10/2018. Further training courses will be conducted in July, August and September respectively.  Other Training Courses conducted and/or to be conducted  Several capacity-building trainings/courses have been outlined, conducted and to be conducted in 2019.  The first module on Tree Climbing was held on 29-30 April, 2019. The second module in June and the third module will be in July.    The first phase of the Tree Identification Training was successfully conducted on 23-25 April, 2019. The second phase/session was conducted on 18-20 June, 2019. The Honorary Forest Ranger Course was held on 11-13 June 2019 while the Biodiversity & Ecosystem Conservation Programme & Monitoring was conducted on 25-27 June 2019. Other courses that are yet to be conducted are:  • Statistical "R" Course  • Continuous Intensive Training for SFD PROTECT Team  • Crime Scene Investigation    Meanwhile, the scorecard will be updated by September 2019. |
| Sabah Forest Department investment in Class 1 forest reserve planning and management | RM25 million for 58 Class I Protected Forest Reserves totalling 466,757 ha | *(not set or not applicable)* | By end of Y5, the Sabah Forest Department investment in Class 1 forest is at least 25% more than the baseline | There were no significant changes with respect to the SFD’s investment in Class 1 – Protection FRs as reported in PIR 2017. Based on the report, on a state level in 2015, the SFD has budgeted RM 25 million towards the protection of all Class 1 - Protection FRs totaling 1,260,098 ha that equates to an average of RM 19.80/ha annually. With respect to the Project Area alone, the cumulative amount spent by the SFD as of March 2018 was RM 11.3 million while YS/RBJ and INIKEA is approximately RM 9.1 million and RM 14.2 million respectively.    The cost for protection of Ulu Kalumpang Forest Reserve consisting of nearly 60,000 ha is estimated to total RM 36.9 million over 10 years including restoration and silvicultural activities. The cost of protection of the forest area is estimated at RM 21.59 million over the 10 years. Yayasan Sabah (YS) has set aside /allocated a management expense budget for 7 their protected areas (245,888 ha) of approximately RM 14 million per year, or RM 2 million per area per year. The cost to manage the protected areas under YS is averaged at RM 56.90/ha/year over the total 245,888 ha. Thus, for Sabah, RM 39 million was spent over an area of 1,537,498 ha, or RM 25.40/ha/year, which is 56% more than the baseline. | There were no significant changes with respect to the SFD’s investment in Class 1 – Protection FRs as reported in PIR 2017 and 2018. Based on the report, on a state level in 2015, the SFD has budgeted RM 25 million towards the protection of all Class 1 - Protection FRs totaling 1,260,098 ha that equates to an average of RM 19.80/ha annually. With respect to the Project Area alone, the cumulative amount spent by the SFD as of March 2018 was RM 11.3 million while YS/RBJ and INIKEA is approximately RM 9.1 million and RM 14.2 million respectively.    The cost for protection of Ulu Kalumpang Forest Reserve consisting of nearly 60,000 ha is estimated to total RM 36.9 million over 10 years including restoration and silvicultural activities. The cost of protection of the forest area is estimated at RM 21.59 million over the 10 years. Yayasan Sabah (YS) has set aside /allocated a management expense budget of approximately RM 14 million per year or RM 2 million per area per year on 7 of their protected areas (245,888 ha). The cost to manage the protected areas under YS is averaged at RM 56.90/ha/year over the total 245,888 ha. Thus, for Sabah, RM 39 million was spent over an area of 1,537,498 ha, or RM 25.40/ha/year, which is 56% more than the baseline. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 1**  **An enabling environment for optimized multiple use planning, financing, management and protection of forest landscapes** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| State-level system for ensuring no net loss (NNL) of biodiversity from existing forest landscapes | NNL is a new concept for Sabah | *(not set or not applicable)* | • By end of Y2, state-level policies and regulations supporting NNL finalized  • State-level NNL system in place by end of year 6 (Y6)    Amended to:    • Pilot implementation of NNL (component 2) within project landscape provides initial practical lessons for drafting state-level policy  • State level policy and regulation on NNL drafted in Y2  • State-level NNL regulation in place by end of year 5 (Y5) | Various expertise have contributed to the No Net Loss conceptual framework but to date there is no approved/working economic models. As a consequence, pilot implementation of NNL within the project landscape that provides initial practical lessons for drafting state-level policy could not be carried out although there is an aspiration within the SFD for policy work in this area.    However, a significant amount of research work has been carried out. Data layers including land cover have been obtained and this will form a basic layer that trade-offs for the NLL / NG policy will focus on.    A gap analysis was carried out to see whether law and policy in Sabah positively requires a Net Gain of Biodiversity, is neutral on the subject, or is actually a barrier to it. The capacity and experience of government, business and civil society to deliver Biodiversity Net Gains was also being assessed.    A range of policy options for the government – with their pros and cons and what would be needed to implement them in Sabah - from voluntary business as usual through to a regulated Net Gain requirement using market mechanisms to deliver offsets were set out and consulted. Likely losses and gains were reviewed and mapped. Data layers in spreadsheets and GIS and use this to establish a plausible reference scenario and against this quantify and map projected losses of forest condition and area was built. This was done for the next twenty years looking at developments in oil palm, forestry, infrastructure and so on. Where there could be gains in forest condition and area through restoration and averted loss of biodiversity, to see whether a net gain could be achieved, were then estimated. Following this, a draft Net Gain policy for the State of Sabah (with suggested changes in the law on impact assessment) and guidelines laying out the metrics and tools for implementation such as performance-based conservation contracts, trust funds, and so on was drafted and finalized in June 2018. Therefore, the government of Sabah has introduced a policy to chart a transition to Net Gain of forest biodiversity in the coming years. | Various consultancies have contributed conceptual frameworks but to date there are no approved/working economic models. As a consequence, pilot implementation of NNL within the project landscape that provides initial practical lessons for drafting state-level policy could not be carried out although there is an aspiration within the SFD for policy work in this area.    However, a significant amount of research work has been carried out. Data layers including land cover have been obtained and this will form a basic layer that trade-offs for the NLL / NG policy will focus on.    A gap analysis was carried out to see whether law and policy in Sabah positively requires a Net Gain of Biodiversity, is neutral on the subject, or is actually a barrier to it. The capacity and experience of government, business and civil society to deliver Biodiversity Net Gains was also being assessed.    A range of policy options for the government – with their pros and cons and what would be needed to implement them in Sabah - from voluntary business as usual through to a regulated Net Gain requirement using market mechanisms to deliver offsets were set out and consulted. Likely losses and gains were reviewed and mapped. Data layers in spreadsheets and GIS and use this to establish a plausible reference scenario and against this quantify and map projected losses of forest condition and area was built. This was done for the next twenty years looking at developments in oil palm, forestry, infrastructure and so on. Where there could be gains in forest condition and area through restoration and averted loss of biodiversity, to see whether a net gain could be achieved, were then estimated. Following this, a brief report on “Forest Loss-gain Analysis for Sabah”, was finalized and presented to the stakeholders in 1.5 days policy consultation workshop in Kinabalu.    Based on the feedback of the workshop, achieving Biodiversity Net Gain may not be feasible for Sabah in the first few years, so Sabah would build towards a policy of “managed retention” of biodiversity, which can achieve a specific conservation target that considerably exceeds the CBD’s Aichi targets. Subsequently a Final Draft Policy on “Managed Retention of Sabah’s Forests: Moving Towards Biodiversity Net Gain” was finalized. Therefore, the government of Sabah has introduced a policy to chart a transition to Net Gain of forest biodiversity in the coming years. |
| State-level policies and regulations for generating revenues from innovative financing mechanisms and re-investing into PA and sustainable multiple-use forest landscape planning and management | No policies or regulations | *(not set or not applicable)* | • By end of Y5, new state-level policies and regulations in place for generating and reinvesting revenues from innovative financing mechanisms | The cumulative progress on the Development of State-Level Policy Options and Mechanisms for Payment for Ecosystem Services (PES) are as follows:    1. Phase 2: Drat Outline of Options for Conservation Finance/PES Policy and Strategy was completed in August 2016.    2. Phase 2: Peer-Review Retreat Report (November 2016).    3. Phase 2: Draft Report on Options for Conservation Finance/PES Policy and Strategy (December 2016).    4. Phase 3: Draft Report on Favourable Conditions for Implementing Conservation Finance/PES Policy and Strategy in Sabah (March 2017); a Revised Draft Report on 14 March 2017, while the Final Report was completed in June 2017.    5. Draft Report on Legal Opinion: Possible frameworks for the establishment of conservation trust funds for Sabah (September 2016).    6. Draft Report on Legal Opinion: Imposition of an environmental protection/conservation fee for Sabah (September 2016).    7. Draft Final Report: Study On Willingness Of Visitors To Sabah To Pay Ecosystem Conservation Fee was finalized in April 2018.    8. Draft Final Report: Cash-flow Analysis - Collection of Proposed Ecosystem Conservation Fee and Starting-up Ecosystem Conservation Programme Office was completed in April 2018.    9. Draft Final Report: Recommendations for State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme was formulated and completed in March 2018.    10. Draft Final Report: Guidelines for Operationalising Proposed Ecosystem Conservation Programme was completed in May 2018.    The next step would be getting the new “State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme” and "Ecosystem Conservation Fee Enactment" approved by the new State Government. | The cumulative progress on the Development of State-Level Policy Options and Mechanisms for Payment for Ecosystem Services (PES) are as follows:    1. Phase 2: Drat Outline of Options for Conservation Finance/PES Policy and Strategy was completed in August 2016.    2. Phase 2: Peer-Review Retreat Report (November 2016).    3. Phase 2: Draft Report on Options for Conservation Finance/PES Policy and Strategy (December 2016).    4. Phase 3: Draft Report on Favourable Conditions for Implementing Conservation Finance/PES Policy and Strategy in Sabah (March 2017); a Revised Draft Report on 14 March 2017, while the Final Report was completed in June 2017.    5. Draft Report on Legal Opinion: Possible frameworks for the establishment of conservation trust funds for Sabah (September 2016).    6. Draft Report on Legal Opinion: Imposition of an environmental protection/conservation fee for Sabah (September 2016).    7. Draft Final Report: Study On Willingness of Visitors To Sabah To Pay Ecosystem Conservation Fee was finalized in April 2018.    8. Draft Final Report: Cash-flow Analysis - Collection of Proposed Ecosystem Conservation Fee and Starting-up Ecosystem Conservation Programme Office was completed in April 2018.    9. Draft Final Report: Recommendations for State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme was formulated and completed in March 2018.    10. Draft Final Report: Guidelines for Operationalising Proposed Ecosystem Conservation Programme was completed in May 2018.    11. Cabinet Paper on PES/CF including the need for a new enactment was drafted and submitted to NRO and subsequently to the state cabinet, which the Sabah State Cabinet approved on 20 March 2019.    The next step would be getting the new “State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme” and "Ecosystem Conservation Fee Enactment" approved by the new State Government. Procurement of consultant to prepare the latter was advertised by UNDP KL on 20 June 2019.    Meanwhile, a case/pilot study on developing PES for the Babagon sub-catchment is on-going. A MoU on empowerment for Conservation of Babagon Catchment Area by way of introduction PES was signed between the State Government represented by the SFD and the Department of Irrigation and Drainage (DID) and the local communities of Kg. Kolosunan, Kg. Tampasak and Kg. Babagon Toki Community on 18/06/2016 at Kg. Kolosunan. |
| Capacities of staff within relevant state level Government departments (NROS, SEPU, SFD, YS, SBC, SWD, DID, EPD) to design, implement and manage / oversee biodiversity-friendly multiple-use, landscape-level forest management and sustainable financing schemes, and to monitor ecosystem service markets | Limited capacities and experience of forest managers | *(not set or not applicable)* | • A 30% increase in multiple-use, landscape-level forestry, forest conservation and financial management capacities of SFD, NROS, SEPU,YS, DID, EPD | The capacity assessment per UNDP Capacity Assessment and Development Scorecard was not fully applied due to context related challenges. An adapted capacity assessment questionnaire has been applied. A consultant has been identified who will help the Sabah Forestry Department to develop Training Modules & Training Methods and to organise & facilitate training and subsequently to update the scorecard by December 2018.    Meanwhile, some capacity building programs have been developed and implemented. These were generally short courses of a few days duration. For example, a 5-day hands-on Open Standards Training for Protected Area Managers was conducted in November 2017 with 30 participants attended the training - consisting senior officers from the managerial, planning level to the forest rangers/ guards who work on the ground. The participants came from SFD HQ and protected areas in the forestry districts of Tongod, Telupid (PINTAR), Keningau/ Trusmadi forest reserve (FMU10), Beluran, Ulu Segama Malua, Tenom, Kalabakan, and also Maliau Basin Conservation Area.  Other hands-on training received or delivered were:     The Yayasan Sabah team conducting gibbon point counts (a refresher course) to carry out the survey.     Discussions on carrying out SMART Patrols and entering data into SMART software with the Kalabakan Forestry Office.     Sabah Forestry Department staffs were trained in drone survey techniques, carbon plot measurement and orangutan survey techniques in January 2018.     High Conservation Value, Monitoring, Project Scope and Introduction (1-day seminar). | Development Scorecard was not fully applied due to context related challenges. An adapted capacity assessment questionnaire has been applied. A consultant is yet to be identified who will help the Sabah Forestry Department to develop Training Modules & Training Methods and to organise & facilitate trainings and subsequently to update the scorecard.    Meanwhile, some capacity-building training within the Sabah Forestry Department have been developed and implemented. These were generally short courses of a few days duration. For example, a 5-day hands-on Open Standards Training for Protected Area Managers was conducted in November 2017 with 30 participants attended the training - consisting senior officers from the managerial, planning level to the forest rangers/ guards who work on the ground. The participants came from SFD HQ and protected areas in the forestry districts of Tongod, Telupid (PINTAR), Keningau/ Trusmadi forest reserve (FMU10), Beluran, Ulu Segama Malua, Tenom, Kalabakan, and also Maliau Basin Conservation Area.    Other hands-on training received or delivered were:     The Yayasan Sabah team conducting gibbon point counts (a refresher course) to carry out the survey.     Discussions on carrying out SMART Patrols and entering data into SMART software with the Kalabakan Forestry Office.     Sabah Forestry Department staffs were trained in drone survey techniques, carbon plot measurement and orangutan survey techniques in January 2018.     High Conservation Value, Monitoring, Project Scope and Introduction (1-day seminar).     Forest Fire Awareness (conducted at various districts from February to October 2018).     Accounting (Revenue Collection System).     REDD Plus –      Other training courses can be referred to in earlier section of this report. |
| Improved law enforcement effectiveness | Law enforcement in the landscape is done by SFD and YS staff by means of mobile inspection and checkpoint at point of entry to the landscape. There are60law enforcement staff and patrolling is conducted on a daily basis. Of these 60, half have been awarded honorary wildlife warden status with powers of arrest. In 2010, there were less thanfive cases of fines. | *(not set or not applicable)* | Increase in the ratio of number of fines collected relative to law enforcement efforts.    Note: To be reviewed once information acquired. | There were 232 crimes/ offences being detected and investigated throughout Sabah from 2012 to 2016 but none happened in the project area. The total fines collected by the SFD from these cases were RM 6,918,268.04.    During January – May 2017, there were 68 cases/crimes/offences being detected and investigated throughout Sabah. However, none of these cases happened in the Project Area. The total fines collected by the SFD from these cases were RM 1,119,706.30. The amount of fine depends on the nature of the crime/offence.  During June 2017 – February 2018, there were 83 cases/crimes/offences being detected and investigated throughout Sabah. Two cases happened in the Project Area:    1. Arrested 3 OYDS, 3 dogs, 1 D-Max vehicle and 1 carcass of porcupine in Gunung Rara F.R. in December 2017.    2. Arrested 4 suspected poachers at Mile 48, Kalabakan-Sapulut Road.  The total fine collected by the SFD from these cases (June 2017 – February 2018) was RM 350,546.70. The amount of fine depends on the nature of the crime/offence.    The total cumulated cases from 2012 to February 2018 was 383, while the total cumulated fine collected by the SFD during the same period was RM 8,388,521.04. | There were 232 crimes/ offences being detected and investigated throughout Sabah from 2012 to 2016 but none happened in the project area. The total fines collected by the SFD from these cases were RM 6,918,268.04.    During January – May 2017, there were 68 cases/crimes/offences being detected and investigated throughout Sabah. However, none of these cases happened in the Project Area. The total fines collected by the SFD from these cases were RM 1,119,706.30. The amount of fine depends on the nature of the crime/offence.    During June 2017 – February 2018, there were 83 cases/crimes/offences being detected and investigated throughout Sabah. Two cases happened in the Project Area:    1. Arrested 3 suspects, 3 dogs, 1 D-Max vehicle and 1 carcass of porcupine in Gunung Rara F.R. in December 2017.    2. Arrested 4 suspected poachers at Mile 48, Kalabakan-Sapulut Road.    The total fine collected by the SFD from these cases (June 2017 – February 2018) was RM 350,546.70. The amount of fine depends on the nature of the crime/offence.    During March 2018 – May 2019, there were 180 cases/crimes/offences being detected and investigated throughout Sabah. There were no cases in the project area.    The total fine collected by the SFD from these cases (March 2018 – May 2019) was RM 698,410.58. The amount of fine depends on the nature of the crime/offence.    No report received from the SFD on crimes or fines for June 2019.    The total cumulated cases from 2012 to May 2019 was 563, while the total cumulated fine collected by the SFD during the same period was RM 9,086,931.50. |
| Systems for compliance, monitoring and enforcement of multiple use forest regulations. | Generic M&E guidelines, no training materials | *(not set or not applicable)* | · By end of project, a revised and updated set of regulations and guidelines for compliance monitoring and enforcement within a multiple use context that includes innovative revenue generating instruments | A lot of progress or initiatives related to forestry activities were carried out by the Sabah Forestry Department (SFD) with regards to compliance, monitoring and enforcement.    Forest Enactment 1968, Forest Rules 1969, C.F Circular and the Forest (Timber) Enactment 2015 were amended; Guidelines for Reduced Impact Logging (RIL) were introduced and effectively implemented; Guidelines for Mosaic Planting and Compartment Planting Plan were prepared in May, 2017; the recruitment of Honorary Ranger by the SFD of which guidelines for monitoring and enforcement have been prepared; recruitment of Wildlife Warden by the Wildlife Department of which the SOP was developed; the set-up of Spatial Monitoring and Reporting Tool (SMART) by WWF Malaysia for planning, implementing, monitoring and reporting on law enforcement efforts; 25 SFD personnel (3 personnel working in the Project Area) were trained using the Spatial Monitoring and Reporting Tool (SMART) to help prepare them in their protection efforts; and with the implementation of SMART in the Project Area.    A task force has been set up for the Tawau Region (Tawau Anti-Poaching Task Force) to facilitate anti-poaching efforts, such as patrolling and roadblocks at key hotspots in the region - this somewhat had helped the SFD in their monitoring and enforcement of forest management.    Meanwhile, the SFD continuously carried out its monitoring tasks to all Sustainable Forest Management Licence Agreement (SFMLA) Holders’ operations through quarterly reporting by the respective District Forestry Officers (DFO) and the mandatory submission of Compliance Reports to the SFD by the SFMLA Holders annually. The Reduced Impact Logging Assessment and Monitoring was carried out regularly both internally (within the SFD) and externally, that is, by a Third Party assessor. Another Third Party Timber Legality Assurance System (TLAS) Auditing was appointed to ensure the SFMLA Holders’ continuous compliance with the terms and conditions of the SFMLA or Long Term Licence Agreement, as well as, legal compliance with Malaysian laws and in confirmation with the EU-FLEGT of TLAS requirement. TLAS Auditing is carried out regularly.    Monitoring of biodiversity impacts is yet to be emphasized, while monitoring the impacts of wildlife have been given top priority by the SFD staff. | A lot of progress or initiatives related to forestry activities were carried out by the Sabah Forestry Department (SFD) with regards to compliance, monitoring and enforcement.    The Forest Enactment 1968, Forest Rules 1969, C.F Circular and the Forest (Timber) Enactment 2015 were amended; Guidelines for Reduced Impact Logging (RIL) were introduced and effectively implemented; Guidelines for Mosaic Planting and Compartment Planting Plan were prepared in May, 2017; the recruitment of Honorary Ranger by the SFD of which guidelines for monitoring and enforcement have been prepared; recruitment of Wildlife Warden by the Wildlife Department of which the SOP was developed; the set-up of Spatial Monitoring and Reporting Tool (SMART) by WWF Malaysia for planning, implementing, monitoring and reporting on law enforcement efforts; 25 SFD personnel (3 personnel working in the Project Area) were trained using the Spatial Monitoring and Reporting Tool (SMART) to help prepare them in their protection efforts; and with the implementation of SMART in the Project Area.    A task force has been set up for the Tawau Region (Tawau Anti-Poaching Task Force) and the DaMaI Monitoring Team led by YS and the SFD not only to facilitate anti-poaching efforts, such as patrolling and roadblocks at key hotspots in the region but also on the key ecological attributes (climate and hydrological data; forest structure; landscape mosaic and ecological integrity) - this somewhat had helped the SFD in their monitoring and enforcement of forest management.    Meanwhile, the SFD continuously carried out its monitoring tasks to all Sustainable Forest Management Licence Agreement (SFMLA) Holders’ operations through quarterly reporting by the respective District Forestry Officers (DFO) and the mandatory submission of Compliance Reports to the SFD by the SFMLA Holders annually. The Reduced Impact Logging (RIL) Assessment and Monitoring (based on RIL Audit Checklist) was carried out regularly both internally (within the SFD) and externally, that is, by appointed Third Party Assessor, i.e., Global Forestry Services (M) Sdn Bhd (GFS).    GFS also appointed to carry out audit and monitoring on Timber Legality Assurance System (TLAS). The audit and monitoring is carried out based on Sabah TLAS Checklist for Principle 1 – 4. Auditing was appointed to ensure the SFMLA Holders’ continuous compliance with the terms and conditions of the SFMLA or Long Term Licence Agreement, as well as, legal compliance with Malaysian laws and in confirmation with the EU-FLEGT of TLAS requirement. TLAS Auditing is carried out regularly.    The auditing mechanism is being done by following the approved SOP, which has been certified under ISO 9001:2008.    Monitoring of biodiversity impacts is yet to be emphasized, while monitoring the impacts of wildlife have been given top priority by the SFD staff.    Training on Biodiversity & Ecosystem Conservation Programme & Monitoring was conducted on 25-27 June 2019, which was attended by attended by 44 participants from the SFD, Sabah Parks, SEPU, EPD, Sabah Wildlife Department, UMS, YS/RBJ, Ministry of Tourism, Resources & Environment, MoF, NGOs (Forever Sabah & LEAP Spiral) and SFMLA Holders. |
| State and national guidelines and operational policies for multiple-use forest landscape planning, management and conservation | Sustainable Forest Management License Agreement (SFMLA) | *(not set or not applicable)* | · By end of Y3, policy and guidelines specific to multiple-use forest landscape established | The development of State policy and guidelines specific to multiple-use forest landscape is contingent upon several consultancy interventions. The following are the policies and guidelines that have been formulated/established:    1. Draft Final Report: Recommendations for State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme – completed in March 2018.    2. Draft Final Report: Guidelines for Operationalising Proposed Ecosystem Conservation Programme – completed in May 2018.    3. The final draft Net Gain Policy for the State Government (with suggested changes in the law on impact assessment) and guidelines laying out the metrics and tools for implementation such as performance-based conservation contracts, trust funds, and so on was formulated and completed in June 2018.    4. Knowledge / capacity building assessment report completed June 2016. Final Report completed in March 2017.    5. Enforcement guidelines have been prepared by the SFD and completed.    6. Draft Guidelines for Mosaic Planting and Compartment Planting Plan was prepared by the SFD in May, 2017.    The field guides to be generated but still under considerations are: (a) seeds and seedlings on quadrats, and herbarium material of larger plants, (b) vertebrates from camera traps, and (c) dung beetles guide. These guides could become an important resource for biodiversity monitoring. | The development of State policy and guidelines specific to multiple-use forest landscape is contingent upon several consultancy interventions. The following are the policies and guidelines that have been formulated/established.    Policies    1. Sabah Forest Policy 2018 (Replaces the 1954 Forest Policy).    2. Draft Final Report: Recommendations for State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme – completed in March 2018.    3. A Final Draft Policy on “Managed Retention of Sabah’s Forests: Moving Towards Biodiversity Net Gain”.    Guidelines    1. Draft Final Report: Guidelines for Operationalising Proposed Ecosystem Conservation Programme – completed in May 2018.    2. An Outline of Guidelines to Accompany the Draft Policy on Managed Retention was prepared in June 2018.    3. Enforcement guidelines have been prepared by the SFD and completed.    4. Draft Guidelines for Mosaic Planting and Compartment Planting Plan was prepared by the SFD in May, 2017.    5. The field guides or a “Manual of Protocols for Sampling Biodiversity in the UNDP-GEF Project” was completed in 2018.    6. The Final Draft of the 10-Year Integrated Landscape Management Plan (ILMP) for the Project Area was completed in June 2019. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 2**  **Multiple-use forest landscape planning and management system demonstrated at pilot site** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Development of multiple-use forest landscape planning, management and conservation systems within project demonstration area | • No multiple use planning, management or conservation systems in use at site  • Fragmented and out-dated collection of forest data in EIA reports | *(not set or not applicable)* | • By end of Y1, biodiversity overlay completed  • By end of year 3, economic model selected and applied in landscape planning  • By end of Y3, landscape-level management plan completed    Amended to:    • By end of Y1, all existing management plans (to become sub-plans within new landscape framework) covering portions of the landscape have been collected and analyzed and priority gaps identified  • By end of Y2, biodiversity overlay completed  • By end of year 2, economic model selected and tested—annual refinement required  • By end of Y3, landscape-level management plan completed | There are currently 8 existing 10-Year Forest Management Plans and 1 Plan of Operation that cover portions of the project landscape. They have all been collected where some of them have been analysed with priority gaps identified. Landscape level biodiversity and forest quality assessment and mapping using LiDAR and hyperspectral imagery was completed where Forest Carbon Map Report for Sabah was completed and submitted to the SFD in May 2017, while the final data analysis and synthesis results report was completed and submitted to the SFD in November 2017.    Meanwhile, the Ground-based biodiversity assessment (using a range of key taxa), mapping and monitoring programs) is still on-going with six (6) interim reports received so far. The final report is due in June 2018.    The bio-physical data assessment and Economic Landscape Modeler were completed in 2016. However, the combined consultancy on IC-2 (Economic Landscape Modeler) and SC-5 (Economic model to assess combinations of conservation investments and regulatory approached to maximize net revenues from demonstration landscape while ensuring No Net Loss) was awarded on 11 May 2017 but later cancelled based on the advice from the Mid-Term Review Team.    The task of preparing the 10-Year Integrated Landscape Management Plan (ILMP) was initially given to the Technical Working Group (TWG). However, the TWG was dissolved in October 2017. Consequently, the preparation of the plan was given to a new consultant in June 2018. The consultant is expected to complete the plan in May 2019. The ILMP amongst others will focus on forest management principles, biodiversity conservation, ecosystem, conservation connectivity related goals, objectives and outcomes and sustainable and equitable financial returns and economic benefits.    Besides the existing FMPs (8 of them) and one Plan of Operation (by INIKEA), a significant number of consultancies (completed or currently being undertaken) within the project area will make important contributions to the planning process. | There are currently 8 existing 10-Year Forest Management Plans and and one (1) Plan of Operation (by INIKEA) that cover portions of the project landscape. Some of them have been analysed with priority gaps identified. Landscape level biodiversity and forest quality assessment and mapping using LiDAR and hyperspectral imagery was completed where Forest Carbon Map Report for Sabah was completed and submitted to the SFD in May 2017, while the final data analysis and synthesis results report was completed and submitted to the SFD in November 2017.    The Ground-based biodiversity assessment (using a range of key taxa), mapping and monitoring programs) was completed and a final report was submitted in September 2018.    The bio-physical data assessment and Economic Landscape Modeler were completed in 2016. However, the combined consultancy on IC-2 (Economic Landscape Modeler) and SC-5 (Economic model to assess combinations of conservation investments and regulatory approached to maximize net revenues from demonstration landscape while ensuring No Net Loss) was awarded on 11 May 2017 but later cancelled based on the advice from the Mid-Term Review Team.    The task of preparing the 10-Year Integrated Landscape Management Plan (ILMP) was initially given to the Technical Working Group (TWG). However, the TWG was dissolved in October 2017. Consequently, the preparation of the plan was given to a new consultant (NEPCon) in June 2018. Copies of the documents were given to the consultant as references in order to facilitate the preparation of the ILMP, which the First Draft completed in early March 2019 and later presented and discussed with the stakeholders in the Stakeholder Consultation Workshop held on 28 March 2019.    The Second Draft of the Plan was completed and submitted to the SFD on 9 May 2019 and subsequently reviewed by the Expert Group together with the Senior Officers of the SFD and YS on 22 May 2019.    The Final Draft will be submitted to the SFD by end of June 2019. |
| Implementation of landscape-level management plan | No plan / implementation | *(not set or not applicable)* | • New PA established (ecological corridors, watershed, salt lick)  • Sustainable-use management system based on sustainable off-take, no net loss, monitoring and enforcement    Amended to:    • New PAs established (ecological corridors, watershed, salt lick) by end of year 3  • Sustainable-use management system based on sustainable off-take, no net loss, monitoring and enforcement(especially of hunting) | As of 30 June 2018, a total of 156,586.37 ha excluding the Plant Improvement and Seed Production (PISP) plots within the project landscape area have been established as Class VI Virgin Jungle Reserve (VJR) and Class I Protected Forest Reserve. These protected areas (PA) serve the functions as ecological corridors, watershed and salt lick and also form an important to secure landscape connectivity or a “safe corridor” for biodiversity conservation purposes and to provide an ecological connection between the three renowned conservation/protected areas in Sabah, that is, Maliau Basin (to the west), Danum Valley (to the east) and Imbak Canyon (to the north) of the Project Area.    The project will support management planning for these areas and other areas of different land-uses. The sustainable-use management of these areas would be based on the 10-Year Integrated Landscape Management Plan, which is still under preparation/in progress. The prescriptions on sustainable-use management system based on sustainable off-take, no net loss, monitoring and enforcement among others will be highlighted in the Plan.    Regular field monitoring and surveillance on all activities and against poaching were effectively carried out by the field staff of Yayasan Sabah, the Sabah Forestry Department and Wildlife Department. Besides the field staff, the SFD and the Wildlife Departments respectively had recruited Honorary Rangers and Wildlife Wardens whereas, the WWF Malaysia had set-up a Spatial Monitoring and Reporting Tool (SMART) to help prepare the SFD and Wildlife Department in their protection efforts. | As of 30 June 2019, a total of 156,586.37 ha excluding the Plant Improvement and Seed Production (PISP) plots within the project landscape area have been established as Class VI Virgin Jungle Reserve (VJR) and Class I Protected Forest Reserve. These protected areas (PA) serve the functions as ecological corridors, watershed and salt lick and also form an important to secure landscape connectivity or a “safe corridor” for biodiversity conservation purposes and to provide an ecological connection between the three renowned conservation/protected areas in Sabah, that is, Maliau Basin (to the west), Danum Valley (to the east) and Imbak Canyon (to the north) of the Project Area.    The project will support management planning for these areas and other areas of different land-uses. The sustainable-use management of these areas would be based on the 10-Year Integrated Landscape Management Plan of which the final draft is expected to be completed by end of June 2019. The prescriptions on sustainable-use management system based on sustainable off-take, no net loss, monitoring and enforcement amongst others are highlighted in the Plan.    Regular field monitoring and surveillance on all activities and against poaching were effectively carried out by the field staff of Yayasan Sabah, the Sabah Forestry Department and Wildlife Department. Besides the field staff, the SFD and the Wildlife Department respectively had recruited Honorary Rangers and Wildlife Wardens whereas, the WWF Malaysia had set-up a Spatial Monitoring and Reporting Tool (SMART) to help prepare the SFD and Wildlife Department in their protection efforts.    The Honorary Forest Rangers had their regular training of which the latest one was held on 11-13 June 2019 to enhance their skills. |
| Habitat conserved and degradation reduced under landscape - level management plan | Forest plantation occupies 15% of total project landscape; baseline scenario to be determined as part of model development | *(not set or not applicable)* | Land use for agricultural production at least 60% lower compared with baseline scenario    Amended to: At a minimum, a large majority of the biodiversity losses expected under current scenario #2 will be avoided, mitigated and/or offset within the landscapes. | There were no changes as reported in PIR 2017 with regards to the total area that has been set aside for ITP within the Project Area, which is 28,099.63 ha or 10.8% of the total Project Area. These comprise of areas allocated to agroforestry (23,977 ha) and Rinukut Sdn. Bhd. (4,122.63 ha).    In addition, there are areas, which had been earmarked for oil palm development (approx. 23,847 ha or 9.1% of the total Project Area). HCV assessments within these areas (23,847 ha) have been completed in April 2017 and the results show that the whole area is under HCV 1 and 2 and thus, converting the areas into oil palm development would be a threat to HCV. Therefore, these areas, from an HCV perspective, were considered to be unsuitable for oil palm development.  The next best option for the area is to be decided during the preparation of the 10-Year ILMP. As of June 2018, these areas are still under natural forests and thus, the biodiversity losses expected under scenario #2 are avoided and mitigated within the landscapes. | As of 30 June 2019, the total area that has been set aside for ITP within the Project Area is 28,099.63 ha or 10.8% of the total Project Area. These comprise of areas allocated to agroforestry (23,977 ha) and RT Plantations Sdn Bhd. (4,122.63 ha). However, as of 30 June 2019, the agroforestry area was reduced to 17,069.50 ha, whereby the areas initially set aside for oilpalm development (Prolific Sdn bhd = 6,907.50 ha) was cancelled. These areas (6,907.50 ha) were set aside under natural forest management.    For areas which had been earmarked earlier for oil palm development (approx. 23,847 ha or 9.1% of the total Project Area), from an HCV perspective, they are considered unsuitable for oil palm development and thus, has been set aside for natural forest management in the 10-Year ILMP. Therefore, a large majority of the biodiversity losses expected under scenario #2 will be avoided, mitigated and/or offset within the landscapes. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 3**  **Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Use of innovative revenue mechanisms for revenue-generating conservation | Only revenue generation is from timber concessions; other ecosystem services remain un-monetized, leading to over-harvesting and/or inappropriate timber harvesting methods | *(not set or not applicable)* | • By end of Y2, optimal landuse matrix, based on environmental economic considerations within project landscape, are determined  • By end of project, three revenue generating mechanisms, including REDD+ / carbon, biodiversity offsets and PES, have been designed and piloted, with total annual revenues projected to reach at least 50% of optimal management costs within five years following project completion | Optimal Land-use Matrix    This outcome was primarily designed to support the plan and development of three alternative revenue generation schemes using modalities of REDD+, biodiversity offsets, and PES. The original intention was to scale-up to cover the total project landscape. However, opportunities related to this outcome have been significantly compromised by land-use allocations and the subsequent issuing of concessions through YS JV partnerships- thus, a complex concept.  Nevertheless, various consultancies were awarded to determine the optimal land-use matrix, based on environmental economic considerations. These are:    1. Under the Environmental Economist consultancy, four reports were produced. An inception report in December 2015, two interim progress reports in June and October 2016 and a final report “Environmental economic and financial analyses of actual and potential land use scenarios incorporating estimates of landscapes level total economic value, including ecosystem services, conservation and other value” in November 2016. In these reports, the consultant correctly stated that out of the 261,264 ha that comprises the project area, only 105,596 ha had the actual potential to produce revenue. This would come mainly from Natural Forest Management, Mosaic Forestry Plantations/Restoration and Oil Palm plantations with minor contributions from other sources such as eco-tourism.    2. Under the Financial Data Management Specialist consultancy, three reports were produced. An inception report in December of 2015, an interim progress report in June 2016 and a final report in November 2016. These reports identified the data gaps for both bio-physical and economic data and it is clear that there are a series of areas where there were deficiencies in data availability that could limit, both the execution of the project, the capacity of the SFD and Yayasan Sabah Foundation (YSF) to effectively manage the conservation areas and monitor income from the concessions granted within the project area.    3. Economic Landscape Modeler and Economic model to assess combinations of conservation investments and regulatory approaches to maximize net revenues from demonstration landscape while ensuring NNL (SC-5). The substance of this (combined) consultancy is to provide the SFD and YS with a model of land-use within the project area, in order to maximize net revenues from the possible mix of concessions, that is, those areas managed by YS and their JV partners. This with a view to generating an income flow capable of financing the conservation activities of the project area, including the three adjoining protected areas.    This contract was scheduled to have been carried out much earlier in the project’s cycle but the contract for these activities was only signed in June 2017 and work is programmed to start in September 2017. However, this contract was terminated under the advice of the Mid-Term review Team since this report would be of negligible value as over 90% of the land within the project area has already been allocated to various concession holders or declared as Class I Forest (protected areas).    Revenue generating mechanisms, including REDD+ / carbon, biodiversity offsets and PES.    Great works have been undertaken particularly in relation to PES whereas, none or negligible progress related to REDD+/carbon and/or Biodiversity Offsetting.    The following have been accomplished with regards to PES:    1. Phase 2: Drat Outline of Options for Conservation Finance/PES Policy and Strategy was completed in August 2016.    2. Phase 2: Peer-Review Retreat Report (November 2016).    3. Phase 2: Draft Report on Options for Conservation Finance/PES Policy and Strategy (December 2016).    4. Phase 3: Draft Report on Favourable Conditions for Implementing Conservation Finance/PES Policy and Strategy in Sabah (March 2017); a Revised Draft Report on 14 March 2017, while the Final Report was completed in June 2017.    5. Draft Report on Legal Opinion: Possible frameworks for the establishment of conservation trust funds for Sabah (September 2016).    6. Draft Report on Legal Opinion: Imposition of an environmental protection/conservation fee for Sabah (September 2016).    7. Draft Final Report: Study On Willingness Of Visitors To Sabah To Pay Ecosystem Conservation Fee was finalized in April 2018.    8. Draft Final Report: Cash-flow Analysis - Collection of Proposed Ecosystem Conservation Fee and Starting-up Ecosystem Conservation Programme Office was completed in April 2018.    9. Draft Final Report: Recommendations for State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme was formulated and completed in March 2018.    10. Draft Final Report: Guidelines for Operationalising Proposed Ecosystem Conservation Programme was completed in May 2018.    The next step would be getting the new “State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme” and "Ecosystem Conservation Fee Enactment" approved by the new State Government.    11. Case Study on Developing PES Options for the Babagon Sub-Catchment. | This outcome was primarily designed to support the plan and development of three alternative revenue generation schemes using modalities of REDD+, biodiversity offsets, and PES. The original intention was to scale-up to cover the total project landscape. However, opportunities related to this outcome have been significantly compromised by land-use allocations and the subsequent issuing of concessions through YS JV partnerships- thus, a complex concept. Nevertheless, various consultancies were awarded to determine the optimal land-use matrix, based on environmental economic considerations. These are:    1. Under the Environmental Economist consultancy, four reports were produced. An inception report in December 2015, two interim progress reports in June and October 2016 and a final report “Environmental economic and financial analyses of actual and potential land use scenarios incorporating estimates of landscapes level total economic value, including ecosystem services, conservation and other value” in November 2016. In these reports, the consultant correctly stated that out of the 261,264 ha that comprises the project area; only 105,596 ha had the actual potential to produce revenue. This would come mainly from Natural Forest Management, Mosaic Forestry Plantations/Restoration and Oil Palm plantations with minor contributions from other sources such as eco-tourism.    2. Under the Financial Data Management Specialist consultancy, three reports were produced. An inception report in December of 2015, an interim progress report in June 2016 and a final report in November 2016. These reports identified the data gaps for both bio-physical and economic data and it is clear that there are a series of areas where there were deficiencies in data availability that could limit, both the execution of the project, the capacity of the SFD and Yayasan Sabah/RBJ to effectively manage the conservation areas and monitor income from the concessions granted within the project area.    3. Economic Landscape Modeler and Economic model to assess combinations of conservation investments and regulatory approaches to maximize net revenues from demonstration landscape while ensuring NNL (SC-5). The substance of this (combined) consultancy is to provide the SFD and YS with a model of land-use within the project area, in order to maximize net revenues from the possible mix of concessions, that is, those areas managed by YS and their JV partners. This with a view to generating an income flow capable of financing the conservation activities of the project area, including the three adjoining protected areas.    This contract was scheduled to have been carried out much earlier in the project’s cycle but the contract for these activities was only signed in June 2017 and work is programmed to start in September 2017. However, this contract was terminated under the advice of the Mid-Term Review Team since this report would be of negligible value as over 90% of the land within the project area has already been allocated to various concession holders or declared as Class I Forest (protected areas).    Revenue generating mechanisms, including REDD+ / carbon, biodiversity offsets and PES    Great works have been undertaken particularly in relation to PES whereas, none or negligible progress related to REDD+/carbon and/or Biodiversity Offsetting.    The following have been accomplished with regards to PES:    1. Phase 2: Drat Outline of Options for Conservation Finance/PES Policy and Strategy was completed in August 2016.    2. Phase 2: Peer-Review Retreat Report (November 2016).    3. Phase 2: Draft Report on Options for Conservation Finance/PES Policy and Strategy (December 2016).    4. Phase 3: Draft Report on Favourable Conditions for Implementing Conservation Finance/PES Policy and Strategy in Sabah (March 2017); a Revised Draft Report on 14 March 2017, while the Final Report was completed in June 2017.    5. Draft Report on Legal Opinion: Possible frameworks for the establishment of conservation trust funds for Sabah (September 2016).    6. Draft Report on Legal Opinion: Imposition of an environmental protection/conservation fee for Sabah (September 2016).    7. Draft Final Report: Study On Willingness Of Visitors To Sabah To Pay Ecosystem Conservation Fee was finalized in April 2018.    8. Draft Final Report: Cash-flow Analysis - Collection of Proposed Ecosystem Conservation Fee and Starting-up Ecosystem Conservation Programme Office was completed in April 2018.    9. Draft Final Report: Recommendations for State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme was formulated and completed in March 2018.    10. Draft Final Report: Guidelines for Operationalising Proposed Ecosystem Conservation Programme was completed in May 2018.    11. The Cabinet Paper on PES/CF including the need for a new enactment was drafted and submitted to NRO and subsequently approved by the state cabinet on 20 March 2019.    The next step would be getting the new “State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme” and "Ecosystem Conservation Fee Enactment" approved by the new State Government. ToR for consultancy on the latter was finalized while the procurement of consultant to prepare the latter was advertised on 20 June 2019 by UNDP.    12. Case Study on Developing PES Options for the Babagon Sub-Catchment is on-going. The MoU between the State Government represented by the SFD and DID and the local communities in Kg. Tampasak, Kg. Kolonsunan and Kg. Babagon Toki was signed on 18 June 2019. |
| Management budgets, as % of optimal management costs | RM11.4 million (2010) budget represents approximately 57% of optimal management costs (latter to be updated based on revised estimate of optimal management costs) | *(not set or not applicable)* | • Annual revenues available for sustainable, multiple use management and conservation equivalent to 80% of estimated optimal landscape level management costs and on upward trend | There are six (6) companies, which had a Joint Venture (JV) with Yayasan Sabah/Rakyat Berjaya managing their respective concession within the project area. However, one (1) has stopped since October 2017. The revenue earned by the SFD is from royalty payments (from the sale of logs) and from oil palm {sale of Fresh Fruit Bunches (FFB) in metric ton – MT}, while YS/RBJ earned their revenue in accordance with their JV Agreements.    The cumulative total amount of revenue/royalty from timber collected from the project area by the SFD as of December 2017 was RM 116,603,210.41, while revenue collected from oil palm was RM 999,456.82. This amount was based on 5% of the total FFB price. The current financial/accounting system for collecting revenue/royalty is based on the financial/accounting system that currently in place and adopted by the SFD and also from a Quarterly Report submitted by the District Forestry Officer, who will track the revenue generated from the project area.    The royalty collected from timber was quite small due to the fact that the commercial forests (Class II) in the project area have been repeatedly logged in the past and thus, generally considered as degraded forests. The collection of royalty from oil palm plantation (4-year old plantation) started at the fourth quarter of 2016.    As of December 2017, the total cumulative revenue for YS/RBJ was RM 203,462,345.29 while the total cumulative cost of management was RM 86,859,134.88, which is approximately 42.69% from the revenue. Meanwhile, the total cumulative in-kind contribution from YS for the project as of December 2017 was RM 9,168,571.29 or 4.51% of their revenue.    The SFD on the other hand, has a total cumulative cost for management and conservation in the project area of approximately RM 11,276,728.43 or equivalent to 9.58% of the total cumulative revenue collected.    Currently there are no activities for generating revenue from latex, PES, Biodiversity and carbon within the Project Area. | There are six (6) companies, which had a Joint Venture (JV) with Yayasan Sabah/Rakyat Berjaya managing their respective concession within the project area. The revenue earned by the SFD is from royalty payments (from the sale of logs) and from oil palm {sale of Fresh Fruit Bunches (FFB) in metric ton – MT}, while YS/RBJ earned their revenue in accordance with their JV Agreements.    There are six (6) companies, which had a Joint Venture (JV) with Yayasan Sabah/Rakyat Berjaya managing their respective concession within the project area. However, one (1) has stopped since October 2017. The revenue earned by the SFD is from royalty payments (from the sale of logs) and from oil palm {sale of Fresh Fruit Bunches (FFB) in metric ton – MT}, while YS/RBJ earned their revenue in accordance with their JV Agreements.    The cumulative total amount of revenue/royalty from timber collected from the project area by the SFD as of March 2019 was RM 129,626,094.42, while revenue collected from oilpalm was RM RM315,036.81. This amount (royalty from oilpalm) was based on 5% of the total FFB price. The current financial/accounting system for collecting revenue is based on the financial/accounting system that currently in place and adopted by the SFD and also from a Quarterly Report submitted by the RBJ and Kalabakan District Forestry Officer, who will track the revenue generated from the project area.    The royalty collected from timber was quite small due to the fact that the commercial forests (Class II) in the project area have been repeatedly logged in the past and thus, generally considered as degraded forests. The collection of royalty from oil palm plantation started at the fourth quarter of 2016 (4-year old plantation).    There was no report received from YS/RBJ pertaining to their revenue collected in 2018 and 1st Quarter of 2019. However, as of December 2017, the total cumulative revenue for YS/RBJ was RM 203,462,345.29 while the total cumulative cost of management was RM 86,859,134.88, which is approximately 42.69% from the revenue. Meanwhile, the total cumulative in-kind contribution from YS for the project as of December 2017 was RM 9,168,571.29 or 4.51% of their revenue.    The total cumulative cost of management from YS/RBJ as of September 2018 was approximately RM 96,125,203.17 while the total cumulative in-kind contribution from RBJ and INIKEA as of 1st Quarter 2019 is approximately RM 9.362 million and RM 14.198 million respectively with a cumulative grand total of RM 32.664 million.    The royalty collected from timber was quite small due to the fact that the commercial forests (Class II) in the project area have been repeatedly logged in the past and thus, generally considered as degraded forests. The collection of royalty from oil palm plantation (4-year old plantation) started at the fourth quarter of 2016.    The SFD on the other hand, has a total cumulative cost (as of March 2019) for management and conservation in the project area of approximately RM 13,724,708.33 or equivalent to 10.59% of the total cumulative revenue collected.    Currently there are no activities for generating revenue from latex, PES, Biodiversity and carbon within the Project Area.    Meanwhile, the final report on “Financial Data Management Specialist) was completed and submitted in November, 2016 of which a list of recommended adaptation measures suggested by GFS had been acted upon, which amongst others include:    1. YS JV partners had been instructed to up-date the Compartment Record Books (CRB) at all times. All information recorded in the CRB will be audited during Timber Legality Assurance System (TLAS) auditing.    2. The Quarterly Report format or framework had been improved by including financial data. This is to ensure reliable data is collected and reported., that is, log production (volumes) from a defined coupe or compartment for NFM and Mosaic areas are accurately recorded that can be matched with scaling records; Removal Passes; Timber Disposal Permits & Royalty Receipts. The log production data from each JV partner needs to directly reflect royalty charges and collection, as well as, estimated stock and volumes from inventory or Comprehensive Harvesting Plan (CHP) data.    3. A standardized report was developed to record Fresh Fruit Bunch (FFB) & Latex production volumes from defined areas within the plantations, which match with weigh bridge tickets, transport permits and associated royalty charges based on 5% of sales value to the mill or rubber factory.    4. A standardized report will be collected by the SFD. The report would be submitted to HQ for compilation and further analysis. Results would be summarized for each JV area to monitor performance and ensure royalties are accurately accounted for against production.    5. Compilation on costs of management of defined protected areas had been appropriately carried out by the SFD & YS/RBJ. However, data on costs of protection are yet to be separated from costs of restoration and silviculture operations in order to better define actual costs of management.    6. Costs of management borne by sponsors are recorded as revenue that will be expensed as costs to the Project Area by the SFD or YS/RBJ. Revenue earned from research or other activities within protected areas are also to be appropriately recorded. |
| An effective financial/ accounting system for fund management and disbursement | Financial/accounting system at SFD and YS | *(not set or not applicable)* | • Adaptive system in place by Y2    Amended to:    • Adaptive system in place by Y2    • Transparent mechanism that allows stakeholders to track revenue generated from proposed multiple-use activities in project site and the amount of each that is channeled back for conservation | The financial/accounting system for fund management and disbursement within the SFD system did not significant changes of what had been reported in the 2017 PIR.    1. The accounting system is controlled at the SFD’s Accounts Division, who keeps all monthly/annual accounts records according to accounts code (Head) and the Division reports to the Ministry of Finance/State Treasury monthly on behalf of the Chief Conservator of Forests.    2. The Chief Conservator of Forests conducts a quarterly meeting on accounts to monitor revenue and expenditure.    3. The SFD’s account (Accounts Division) is audited by the State and Federal Audit regularly in a year.    4. The SFD’s assets and new procurements are audited each year and monitored by a special committee headed by the General Services Division.    Revenue Collection System    • Collected at the field (District level) where amount to be collected (dues) are assessed by the respective District Forestry Officers.    • Accounting works are handled by the respective Regional Accounts Office who will report to the Accounts Division Head at the SFD HQ each month.    • Subject to regular audit.    Example for timber:    • At the field level, all timber extracted from the Licenced area will be issued a Scaling Order to assess royalty and payment of other relevant fees. Royalty collected will be issued receipts by the District Forestry Office through the Regional Accounts Officer who will keep all collection records according to revenue account heads. This is reported to the SFD HQ Accounts Office each month.    • The SFD’s Accounts head will issue the Final Bill of all timber extracted according to Scaling Order to the respective company, detailing species extracted, royalty rates and other applicable fees paid.    • Revenue collection form each company can only be finalized after the issuance of the printed Final Bill from the SFD HQ (Accounts Division).    • The Final Bill will indicate if there is any excess of payment or shortfall of payment. Normally is in excess as the SFD normally collects extra collection (a certain percentage) on top of all actual payment due to avoid shortfall of payment.    In the case of revenue generated from oil palm companies, the SFD is mending a gate and a weigh bridge; closely monitor the monthly FFB price, as well as, the monthly total sales.    The SFD is very transparent. The stakeholders are allowed to track revenue/royalty collected from a specific company/licenced area based on the receipts or Bill issued by the SFD. | 1. The accounting system is controlled at the SFD’s Accounts Division, who keeps all monthly/annual accounts records according to accounts code (Head) and the Division reports to the Ministry of Finance/State Treasury monthly on behalf of the Chief Conservator of Forests.    2. The Chief Conservator of Forests conducts a quarterly meeting on accounts to monitor revenue and expenditure.    3. The SFD’s account (Accounts Division) is audited by the State and Federal Audit regularly in a year.    4. The SFD’s assets and new procurements are audited each year and monitored by a special committee headed by the General Services Division.    Revenue Collection System    • Collected at the field (District level) where amount to be collected (dues) are assessed by the respective District Forestry Officers.  • Accounting works are handled by the respective Regional Accounts Office who will report to the Accounts Division Head at the SFD HQ each month.  • Subject to regular audit.    Example for timber:    • At the field level, all timber extracted from the Licenced area will be issued a Scaling Order to assess royalty and payment of other relevant fees. Royalty collected will be issued receipts by the District Forestry Office through the Regional Accounts Officer who will keep all collection records according to revenue account heads. This is reported to the SFD HQ Accounts Office each month.  • The SFD’s Accounts head will issue the Final Bill of all timber extracted according to Scaling Order to the respective company, detailing species extracted, royalty rates and other applicable fees paid.  • Revenue collection form each company can only be finalized after the issuance of the printed Final Bill from the SFD HQ (Accounts Division).  • The Final Bill will indicate if there is any excess of payment or shortfall of payment. Normally is in excess as the SFD normally collects extra collection (a certain percentage) on top of all actual payment due to avoid shortfall of payment.    In the case of revenue generated from oil palm companies, the SFD is mending a gate and a weigh bridge; closely monitor the monthly FFB price, as well as, the monthly total sales.    The SFD is very transparent. The stakeholders are allowed to track revenue/royalty collected from a specific company/licenced area based on the receipts or Bill issued by the SFD. |
| **The progress of the objective can be described as:** | | **On track** | | | | |

# Implementation Progress



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| --- | --- |
| Cumulative GL delivery against total approved amount (in prodoc): | 88.1% |
| Cumulative GL delivery against expected delivery as of this year: | 88.1% |
| Cumulative disbursement as of 30 June (note: amount to be updated in late August): | 3,876,347 |

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| **Key Financing Amounts** | |
| PPG Amount | 100,000 |
| GEF Grant Amount | 4,400,000 |
| Co-financing | 19,500,000 |

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| --- | --- |
| **Key Project Dates** | |
| PIF Approval Date | Apr 12, 2010 |
| CEO Endorsement Date | May 3, 2012 |
| Project Document Signature Date (project start date): | Jun 22, 2012 |
| Date of Inception Workshop | Dec 1, 2014 |
| Expected Date of Mid-term Review | Jan 29, 2018 |
| Actual Date of Mid-term Review | Jan 29, 2018 |
| Expected Date of Terminal Evaluation | Nov 21, 2019 |
| Original Planned Closing Date | Jun 21, 2018 |
| Revised Planned Closing Date | Dec 21, 2019 |

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| **Dates of Project Steering Committee/Board Meetings during reporting period (30 June 2018 to 1 July 2019)** |
| 2019-02-15 |
| 2019-06-19 |

# Critical Risk Management

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| --- | --- |
| Current Types of Critical Risks | Critical risk management measures undertaken this reporting period |

# Adjustments

**Comments on delays in key project milestones**

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| **Project Manager: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| The mid-term review was completed in November 2017; a 6-month delay from original schedule. |

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| **Country Office: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| The delay for MTR was caused by the difficulty in hiring suitable consultants for the MTR. |

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| **UNDP-GEF Technical Adviser: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| The requested 18-month extension was deemed necessary to complete the activities and outputs of outcomes 2 and 3, to carry out the Terminal Evaluation (TE) of the project and to allow for an orderly transition towards project closure and ensure the sustainability of project results.  As this PIR is being drafted the TE of the project is being conducted, it is expected that the project will close by 21 December 2019 as planned. |

# Ratings and Overall Assessments

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| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Manager/Coordinator** | Moderately Satisfactory | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | The project objective, which is “To institutionalize a multiple-use forest landscape planning and management model that brings the management of critical protected areas and the connecting landscapes under a common management umbrella, implementation of which is sustainably funded by revenues generated within the area” is a very ambitious objective, which require a well developed environmental sustainability (biodiversity), socio-economic (financial and social sustainability), connectivity conservation, and strong institutional responses. These need to be inherent parts of the multiple-use forest landscape planning and management model.    The project progress toward development objective was accelerated in 2015. One of the major achievements was the launching of the newly minted Sabah Forest Policy 2018 by the Sabah Chief Minister on 3rd December, 2018. The Sabah Forest Policy 2018 is a step forward in Sabah’s Environmental Conservation. Through a number of core thrusts, the 2018 Forest Policy is in line with the Aichi Biodiversity Targets – a set of 20 conservation goals agreed by world leaders to be met by the year 2020 to safeguard global biodiversity. This includes maintaining at least 50% of Sabah’s land mass under forest reserves and tree cover, moving towards achieving a No Nett Loss / Net Gain of forest and biodiversity as well as ensuring that 30% of Sabah’s land areas are totally protected by 2025. The 2018 Forest Policy further aims to ensure connectivity of protected areas and to restore degraded forest while promoting the participation of local communities and civil society in forest management. So in line with this policy and the project objective, the State Government has successfully gazetted approximately 156,586.37 ha [excluding the Plant Improvement and Seed Production (PISP) plots] within the project landscape as Class VI Virgin Jungle Reserve (VJR) and Class I Protection Forest Reserve – totally protected areas. This has exceeded the updated end of project target of 145,000 ha by 7.99%. Consequently, the three renowned conservation areas namely Maliau Basin, Danum Valley and Imbak Canyon are now connected (north – south – west – east) with the gazettement of these 156,586.37 ha as totally protected areas.    This planned land-uses reflect the project‘s strategy to integrate and mainstream biodiversity. The integration of biodiversity concerns landscape planning and development was further enhanced with the enabling policies (Outputs 1.1 and 1.2), which have been formulated and in place as stated/highlighted in the development progress and in Section C under Component 1 Outcome 1 - Outputs 1.4 and 1.5 respectively.    The management of these critical protected areas and the connecting landscapes is on-going. Regular field monitoring and surveillance on all activities against poaching were effectively carried out by the field staff of Yayasan Sabah (YS) and its JV partners, the Sabah Forestry Department (SFD) and the Wildlife Department under a task force called Protect Team. The efficiency of the team will be further enhanced after the SFD received an allocation of RM4 million from Sime Darby Foundation in June 2019. The allocation has been set aside in a bid to eradicate poaching and wildlife trafficking in Sabah. The fund will be provided to increase the capacity of the Protect Team or the Enforcement, Tactical, Operational and Protection squad of the Sabah Forestry Department the next two years. The sponsorship by the Sime Darby Foundation followed a proposal submitted by the SFD and the Danau Girang Field Centre (DGFC) in response to its recommendation on three state action plans. Implementation of the three state action plans 2019-2028 were for the Bornean banteng, Sunda clouded leopard and proboscis monkey, which were launched late last year by Tourism, Culture and Environment Minister Datuk Christina Liew.    Similarly, forest restoration, enrichment planting, silviculture treatments, monitoring and controlling by the SFD and YS and its JV partners particularly within the project area are on-going. The details can be referred to in the progress report in Section C under Outcome 1. A task force has been set up for the Tawau Region (Tawau Anti-Poaching Task Force) and the DaMaI Monitoring Team led by YS and the SFD not only to facilitate anti-poaching efforts, such as patrolling and roadblocks at key hotspots in the region but also on the key ecological attributes (climate and hydrological data; forest structure; landscape mosaic and ecological integrity) - this somewhat had helped the SFD in their monitoring and enforcement of forest management.    Mount Magdalena Forest Reserve (formerly known as Northern Gunung Rara Forest Reserve – 61,330 ha) as part of the gazetted protected areas was certified under Forest Stewardship Council (FSC) certification in May 2015, which indicates that the protected forest reserve is a well-managed forest in accordance with sustainable forest management principle.    Actions have been taken on the capacity limitation of the SFD and YS staffs and other related stakeholders relating to the contemporary theory and practice for developing a multiple-use forest landscape planning approaches (Output 1.3) of which various trainings have been provided by the consortium of scientists, as well, conducted by HUTAN, WWF Malaysia and the Sabah Forestry Department (SFD) during the project period. These trainings were generally short courses of a few days duration. For example, a 5-day hands-on “Open Standards Training for Protected Area Managers” was conducted in November 2017 with 30 participants attended the training - consisting the SFD senior officers from the managerial, planning level to the forest rangers/ guards who work on the ground; the Biodiversity & Ecosystem Conservation Programme & Monitoring training was conducted on 25-27 June 2019, which was attended by 44 participants from the SFD, Sabah Parks, SEPU, EPD, Sabah Wildlife Department, MoF, UMS, YS/RBJ, SFMLA Holders, NGOs, Ministry of Tourism, etc. The provision of these trainings has helped and ensures institutional sustainability. In addition, an organization framework as outlined in the 10-Year ILMP may enhance biodiversity mainstreaming of the project in future.    The “management of critical protected areas and connecting landscapes under a common management umbrella” demands priority consideration. These are relatively long-term undertakings that will most likely require a comprehensive evaluation of the structure within the SFD. In the mean time, the 10-Year (2020 – 2029) Integrated Landscape Management Plan (ILMP) – under Component 2 Output 2.2 of which the Final Draft was already completed, serves as a guiding document that sets out the shared vision, as well as, the overarching strategies and key actions to be undertaken by various stakeholders towards the operationalization of the multiple-use forest landscape model. The plan has highlighted a total of 23 interventions under three broad strategies together with several activities/action plans that are to be undertaken by the SFD and YS/RBJ within the 10-year period of the ILMP.    The new Sabah Forest Policy (2018) also includes action plans to explore other revenue-generating potentials such as, Payment of Ecosystem Services (PES), non-timber forest produce and nature-based tourism. This will reduce Sabah’s dependency on timber stock, as well as, to complement government expenditure for carrying out conservation and protection activities to ensure benefits of ecosystem services are sustainably managed, maintained and enhanced. This is in line with the project financial sustainability objective, that is, the project is designed to catalyze sustainable financing by capturing new sources of revenue mechanisms, such as PES; and there was already a significant progress in the development and advancement with regards to this.  Meanwhile, most of the activities implemented in the project area are carried out by YS Joint Venture Partners and the SFD. The implementation of most of the field activities are currently funded from the revenues generated from logging within the area and from the Sate Annual Budget and the Federal Government (11th Malaysia Plan 2016 - 2020). With regards to revenue for YS/RBJ, their cumulative revenue collected as of December 2017 was RM 203,462,345.29 while the total cumulative cost of management as of September 2018 was approximately RM 96,125,203.17, which is approximately 42.69% from the revenue.    The SFD on the other hand, has a total cumulative cost (as of March 2019) for management and conservation in the project area of approximately RM 13,724,708.33 or equivalent to 10.59% of the total cumulative revenue collected, which is RM 129,626,094.42.    Going away from the traditional timber products, state-level efforts are underway to introduce innovative financing mechanisms such as PES. The project had carried out intensive studies on PES with the main products on biodiversity and water. The most significant progress and success is the completion of three important reports, namely:  i. Final Report: Recommendations for State-level Policy on Payment for Ecosystem Services (PES) and Ecosystem Conservation Programme was formulated and completed in March 2018;    ii. Draft Final Report: Guidelines for Operationalising Proposed Ecosystem Conservation Programme was completed in May 2018; and    iii. Final Report on “Willingness of Visitors to Sabah to Contribute towards Ecosystem Conservation Fee” was completed in April 2018.    Based on the above reports, a Cabinet Paper on PES/Conservation Finance including the need for a new enactment was drafted and submitted to the Natural Resource Office (NRO) and subsequently to the Sabah State Cabinet in January 2018. Unfortunately, the government’s approval was quite late due to the impending general election in 2018 and the transition period of the new State Government. Hence, the approval from the Cabinet to proceed on the PES/Conservation Finance was only obtained on 20 March 2019 – an encouraging and a positive move by the new State Government. Following the approval, the new “State-level Policy on Payment for Ecosystem Services and Ecosystem Conservation Programme” is yet to be tabled and approved by the State Government although PES action plans to explore PES was already included in the 2018 Forest Policy.  Prompt action has to be taken to get the "Ecosystem Conservation Fee Enactment" (ECFE) approved by the new State Government. Therefore, procurement of a consultant to prepare the ECFE was advertised by UNDP Malaysia on 20 June 2019. The SFD is optimistic that once the ECFE is approved by the State Government and operationalised, the revenue generation through the Ecosystem Conservation Fee (ECF) can help to support PAs management, as well as, greatly increases the likelihood of enhancing biodiversity management in the adjacent landscape.    Meanwhile, a case/pilot study on developing PES for the Babagon sub-catchment is on-going. A MoU on empowerment for Conservation of Babagon Catchment Area by way of introduction PES was signed between the State Government represented by the SFD and the Department of Irrigation and Drainage (DID) and the local communities of Kg. Kolosunan, Kg. Tampasak and Kg. Babagon Toki Community on 18/06/2019 at Kg. Kolosunan. On the other hand, pilot implementation of NNL within the project landscape that provides initial practical lessons for drafting state-level policy could not be carried out although there is an aspiration within the SFD for policy work in this area. Since, the ECFE is yet to be prepared and thereafter to be approved by the State Government, the sustainable financing of PAs and connectivity forest landscapes unfortunately could not be demonstrated through pilot implementation of the Ecosystem Conservation Fee (ECF) - a shortcoming of the project.    Overall, as a result of the project and incremental efforts by the SFD and YS/RBJ, I would say that the project objective and project implementation are on track with some minor shortcomings. The enabling environment e.g., the Managed Retention of Sabah’s Forests: Moving Towards Biodiversity Net Gain Policy and the State-Level Policy Options and Mechanisms for Payment for Ecosystem Services for optimized, multiple-use planning, financing (based on traditional timber products), management and protection of forest landscapes are markedly strengthened. The project also has led the SFD to revise its 1954 Forest Policy and as a consequent, a new Forest Policy 2018 was formulated and in place. This new Sabah Forest Policy 2018 was launched by the Chief Minister on 3rd December 2018. This policy and the initiation of the ECF, together with the completion of the 10-Year ILMP will be the way forward of the SFD to manage the project landscape sustainably. This had and/or will lead to Sabah’s most habitat and biodiversity within the landscape areas much better conserved. The PA ecological sustainability is already enhanced with enhanced connectivity. In species terms (such as orangutan, sun bear, pygmy elephant and others), the project efforts as so far, have lead to increased viability within the project landscape.    The sustainable financing from innovative mechanisms such as PES may not be realized at the closure of this project. This is the minor shortcoming of the project. However, efforts to procure a consultant to formulate the Ecosystem Conservation Fee Enactment were actively pursued by UNDP Malaysia. Once completed and approved by the state legislative assembly, it would definitely sustain the funding of all activities that are to be carried out in the project area and conservation activities at the ecosystems level to maintain and enhance existing benefits of ecosystem services. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP Country Office Programme Officer** | Moderately Unsatisfactory | Moderately Satisfactory |
| Overall Assessment | This is the final PIR for the project, scheduled to be closed in December 2019 after extension of 18-month was granted (original closing date 21 June 2018). The project had undergone Terminal Evaluation (8 July – 19 July 2019) and at this juncture is rated Moderately Unsatisfactory for its progress towards development objective. Although positive outcomes were observed for Outcome 1 and 2, it falls short in achieving Outcome 3. Specifically, no values of ecosystem services were established within the project landscape which compromised the outputs on sustainable financing. In all earnest, this is a highly challenging outcome to attain within project cycle.    Nonetheless, significant achievements observed from the projects are (1) cumulative gazettement of project landscape area established as Class VI Virgin Jungle Reserve (VJR) and Class I Protection Forest Reserve exceeding the target set by the project. This is a major and commendable output providing opportunities for enhanced landscape connectivity between three significant protected areas; (2) approval of Sabah State Cabinet paper on Payment for Ecosystem Services in March 2019 which spells the need for development of enactment for Conservation Fee.    In a nutshell, the project has been managed considerably well with cumulative expenditure recorded at approximately 88% of the total budget. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **GEF Operational Focal point** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Implementing Partner** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Other Partners** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP-GEF Technical Adviser** | Moderately Satisfactory | Moderately Satisfactory |
| Overall Assessment | This is the fifth and final PIR for the project ‘Biodiversity Conservation in Multiple-use Forest Landscapes in Sabah, Malaysia (Sabah MFL)’. The project aims to institutionalize a multiple-use forest landscape planning and management model that brings the management of critical protected areas and the connecting landscapes, all located in the Yayasan Sabah Sustainable Forest Management License Agreement (SFMLA) area, under a common and integrated management umbrella in order to mainstream biodiversity, ecosystem functions and resilience, while enabling ongoing sustainable uses. The project started on 22 June 2012, it is in its sixth year of implementation and after a project extension was approved, it is scheduled to end on 21 December 2019. The project aims to achieve its objective through the delivery of three interconnected components: a) An enabling environment for optimized, multiple-use planning, financing, management and protection of forest landscapes; b) Demonstration of multiple-use forest landscape planning and management system; and, c) Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site. The project landscape is located in the eastern part of Sabah as a contiguous block that forms an important connecting land mass between three sizeable and globally significant protected areas. These are: Maliau Basin Conservation Area (58,840 ha), located to the west of the project area; Danum Valley Conservation Areas (43,800 ha) to the east, and Imbak Canyon Conservation Areas (16,750 ha) to the north.    Over the past six years the project has made progress towards the achievement of the project objective despite a considerable delays caused by a slow start-up phase, and significant difficulties related to land use allocations, mobilizing qualified and competent project staff, logistic complexities including travel times between Sabah MFL locations. The project conducted an MTR in June 2017 which produced 15 recommendations, 4 of these were considered key for the project to readjust its trajectory to achieve its development objectives. The PMU, CO and IP acted upon the recommendations they received from the MTR (see management responses in the adjustments section), which had a positive impact on the implementation progress and progress towards development objectives during this reporting period.    For this last PIR the Implementation Progress (IP) rating is Moderately Satisfactory (MS) considering that the project reached an overall financial delivery rate of 88.1% matched with solid progress towards project objective and outcomes, particularly for outcomes 1 and 2. This concurs with the CO and PM ratings.    As this PIR is being drafted, the project is conducting a Terminal Evaluation (TE). The preliminary findings of the TE highlight the important accomplishments and outputs achieved which offer potential for further expansion, scaling up, and replication in the future. Some of the key successes, achievements, and lessons learned from the project are briefly listed below.  The project has supported the formulation and realization of key environmental policy goals at the State level. One of the recent policies which has been adopted by the Sabah State Government, and perhaps the policy which is most relevant to the focal area of this project, is the Sabah Forest Policy, adopted in 2018. The project has been influential in the formulation of the Forest Policy, and at the same time, has contributed to the achievement of a number of its stated objectives (outcome 1).    Thanks to the contributions of the project, fragmentation of important wildlife habitat was reduced, and habitat connectivity was restored. The project was successful in bringing about a change in the land use designation in much of the project area to “Class 1 Forest Reserve.” This has ensured greater protection of biodiversity over a vast area which re-connects 3 existing Conservation Areas of global significance—the Danum Valley, Maliau Basin and Imbak Canyon. Collectively, this area which contains six out of seven of Sabah’s globally threatened fauna species represents an epicenter of high biodiversity importance within the “Heart of Borneo” global biodiversity hotspot. From an original 18,517 ha of protected area at the start of the project, some 156,586.37 ha were established as Class 1 Forest Reserve and Virgin Jungle Reserve by the end of the project. In large part, the restored connectivity was a result of project initiatives. The improved connectivity which was achieved in the project’s multiuse landscape serves as a model and catalyzes further opportunities for replication and scaling-up. The success of improved connectivity of protected forests in the project landscape, as described above, has sparked further interest to extend similar benefits across a broader area. The Sabah Forest Department, WWF (through their “Living Landscapes” program), Sabah Parks, and Sabah Wildlife Department all have an interest in such initiatives. Lessons learned from the project can be applied to the new initiatives, thus helping to avoid pitfalls and providing a roadmap for more successful outcomes (Outcome 2).    Through the multi-use landscape-level approach that was applied in the project, a platform was created to enable greater cooperation and collaboration among a diverse group of stakeholders. Through the project, representatives of state government agencies, NGOs, academia, and the private sector were brought together, thus enabling stakeholders to work in a collaborative manner to achieve common goals. Furthermore, the project stimulated greater awareness of the importance of preserving biodiversity, especially among private-sector partners. Through their exposure to the conservation activities of the project, several private-sector concessionaires in the project area actively participated in the research functions of the project and benefited from training activities supported by the project. They also gained a greater appreciation for the importance of maintaining the unique biodiversity of Sabah’s critically important dipterocarp forests. This resulted in the incorporation of a stronger ethic for environmental sustainability and led to the application of a range of measures which further contributed to the overall conservation efforts in the area.    Despite all the efforts made by the project, there is a high probability that the sustainable financing from innovative mechanisms (outcome 3) will not be achieved by the end of the project. However, the concept of PES and Conservation Finance was approved by the Sabah State Cabinet, and significant progress was made toward enactment of an ecosystem conservation fee. One project output which is still in process, is the drafting of a legal enactment for an ecosystem conservation fee. In addition, the tourism-based conservation fee, also supported by the project, could also pave the way for other sustainable financing mechanisms to further strengthen conservation initiatives. However, as mentioned above, the required efforts to realize aspirations of outcome 3 will likely transcend the life cycle of this project and will require the State Government and other partners to carry these efforts forward after project closure.    Considering the progress made towards the development objectives of the project and the shortcomings of outcome 3 described above, the project is granted a DO rating of (MS) Moderately Satisfactory. This concurs with the PM rating but not with the CO rating. The RTA considers that the shortcomings of Outcome 3 can be managed through the implementation of sustainability measures to be ensured before the closure of the project.    Recommendations  a) TE report to be finalized and shared with key stakeholders and BRH by Sep 2019;  b) Management responses to the TE recommendations to be prepared with a main focus on sustaining project’s results [through government and partners]. Ideally TE MRs should be prepared while the PMU is still on-board;  c) Project sustainability/exit strategy to be updated to incorporate recommendations from the TE;  d) CO and PMU to ensure that project achievements, good practices and lessons learned are systematized for future programming. | |

# Gender

**Progress in Advancing Gender Equality and Women's Empowerment**

This information is used in the UNDP-GEF Annual Performance Report, UNDP-GEF Annual Gender Report, reporting to the UNDP Gender Steering and Implementation Committee and for other internal and external communications and learning.  The Project Manager and/or Project Gender Officer should complete this section with support from the UNDP Country Office.

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| **Gender Analysis and Action Plan:** *not available* |
| **Please review the project's Gender Analysis and Action Plan. If the document is not attached or an updated Gender Analysis and/or Gender Action Plan is available please upload the document below or send to the Regional Programme Associate to upload in PIMS+. Please note that all projects approved since 1 July 2014 are required to carry out a gender analysis and all projects approved since 1 July 2018 are required to have a gender analysis and action plan.** |
| *(not set or not applicable)* |

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| **Please indicate in which results areas the project is contributing to gender equality (you may select more than one results area, or select not applicable):** |
| Contributing to closing gender gaps in access to and control over resources: No |
| Improving the participation and decision-making of women in natural resource governance: Yes |
| Targeting socio-economic benefits and services for women: No |
| Not applicable: No |

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| **Atlas Gender Marker Rating** |
| **GEN1:** some contribution to gender equality |

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| **Please describe any experiences or linkages (direct or indirect) between project activities and gender-based violence (GBV). This information is for UNDP use only and will not be shared with GEF Secretariat.** |
| N/A |

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| **Please specify results achieved this reporting period that focus on increasing gender equality and the empowerment of women.**    **Please explain how the results reported addressed the different needs of men or women, changed norms, values, and power structures, and/or contributed to transforming or challenging gender inequalities and discrimination.** |
| The project encouraged all stakeholders of different roles (across all sectors of society, i.e., regardless of gender) to participate in all events (such as, Project Board, Project Management Unit, meetings, seminars, workshops, consultations, stakeholder dialogues, training etc.) organized by the project. Based on the project records, the total number of participants involved in all events organized by the project from July 2018 to June 2019 was 494 participants. The total number of participants from June 2013 to June 2019 was 2,877 participants. These events were represented by men (1,969) and women (900) with a ratio of 2:1.    An attempt to carry out an analysis on the roles of both men and women in the project development and implementation from the two sites in the project area, that is, Empayar Kejora Sdn Bhd and Usahawan Borneo Greenwood Sdn Bhd was undertaken. Briefly, the results showed that women constitute the biggest number working in Usahawan Borneo Greenwood Sdn Bhd’s nursery, while more men are involved in highly skill and high-value activities such as, timber harvesting, land clearing and road construction & maintenance. However, planting, maintenance of seedlings and silviculture operations are both carried out by men and women. They are also both involved in training such as, methods to increase their productivity – including nursery techniques, site selection (mosaic or natural forest), land preparation, planting, silviculture, weeding and maintenance. Women working in the nursery of Usahawan Borneo Greenwood Sdn Bhd are six times higher than the number of men. Female workers in Usahawan Borneo Greenwood Sdn Bhd also involved in planting and maintenance in the field with a ratio of one female to four male workers. On the contrary, there are no women working in the field under Empayar Kejora Sdn Bhd. However, the latter provides job opportunities for women in the nursery, site office and canteen.    For RT Plantation Sdn Bhd (oil palm plantation), they have 23 local and 216 foreign workers respectively. 163 of them are males and 76 females. All local workers are working in the office and as supervisory staff. The foreign workers are doing field maintenance and harvesting. |

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| **Please describe how work to advance gender equality and women's empowerment enhanced the project's environmental and/or resilience outcomes.** |
| N/A |

# Social and Environmental Standards

**Social and Environmental Standards (Safeguards)**

The Project Manager and/or the project’s Safeguards Officer should complete this section of the PIR with support from the UNDP Country Office. The UNDP-GEF RTA should review to ensure it is complete and accurate.

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| **1) Have any new social and/or environmental risks been identified during project implementation?** |
| No |

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| **If any new social and/or environmental risks have been identified during project implementation please describe the new risk(s) and the response to it.** |
| *(not set or not applicable)* |

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| **2) Have any existing social and/or environmental risks been escalated during the reporting period? For example, when a low risk increased to moderate, or a moderate risk increased to high.** |
| No |

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| **If any existing social and/or environmental risks have been escalated during implementation please describe the change(s) and the response to it.** |
| *(not set or not applicable)* |

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| **SESP:** *not available*  **Environmental and Social Management Plan/Framework:** *not available* |
| **For reference, please find below the project's safeguards screening (Social and Environmental Screening Procedure (SESP) or the old ESSP tool); management plans (if any); and its SESP categorization above. Please note that the SESP categorization might have been corrected during a centralized review.** |
| [ILMP Final \_010719\_\_Subject to Approval.pdf](https://undpgefpims.org/attachments/4186/213142/1727919/1742112/ILMP%20Final%20_010719__Subject%20to%20Approval.pdf) |

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| **3) Have any required social and environmental assessments and/or management plans been prepared in the reporting period? For example, an updated Stakeholder Engagement Plan, Environmental and Social Impact Assessment (ESIA) or Indigenous Peoples Plan.** |
| Yes |

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| **If yes, please upload the document(s) above. If no, please explain when the required documents will be prepared.** |
| A 10-Year (2020 - 2029) Integrated Landscape Management Plan was prepared by a consultant (NEPCon). |

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| **4) Has the project received complaints related to social and/or environmental impacts (actual or potential )?** |
| No |

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| **If yes, please describe the complaint(s) or grievance(s) in detail including the status, significance, who was involved and what action was taken.** |
| *(not set or not applicable)* |

# Communicating Impact

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| **Tell us the story of the project focusing on how the project has helped to improve people’s lives.**  **(This text will be used for UNDP corporate communications, the UNDP-GEF website, and/or other internal and external knowledge and learning efforts.)** |
| The project involves multiple-use forest landscape whereby many activities were carried out by six (6) Sabah Foundation's joint venture partners, INIKEA and the Sabah Forestry Department respectively. These activities include timber harvesting, silviculture, enrichment planting/forest restoration, mosaic planting, industrial tree planting (Acacia mangium and rubber), oil palm development, eco-tourism, bird nests collection (by the local communities), and R&D. These activities provide job opportunities for all sectors of people ranging from professionals, non-professionals; technical, non-technical to local and foreign workers.    Within the project landscape, there is a bird nest harvesting activity located in the two caves inside Batu Timbang Virgin Jungle Reserve carried out by the local communities residing in Kuamut Village where they are allowed to collect/harvest three (3) times per year, during the month of April, September and December. Each harvest is about 30 kg with an average proceed of RM 135,000 @ RM 4,500/kg. Collecting birds’ nests is an important source of income for the local communities of Kuamut.    The most significant impact of this project is the conversion of water catchment area (7,010 ha) to Class I Protection - Forest Reserve. This catchment area provides the local community of Kg. Mukandut and the staff of YS/RBJ residing in Luasong with clean water. In the past, they were totally dependent on rainfall for their water supply or the small stream where the water quality is very poor to the extent that the water supplied for domestic use does not meet international and World Health Organization standards. |

**Knowledge Management, Project Links and Social Media**

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| **Please describe knowledge activities / products as outlined in knowledge management approved at CEO Endorsement /Approval.**    **Please also include: project's website, project page on the UNDP website, blogs, photos stories (e.g. Exposure), Facebook, Twitter, Flickr, YouTube, as well as hyperlinks to any media coverage of the project, for example, stories written by an outside source. Please upload any supporting files, including photos, videos, stories, and other documents using the 'file lirbary' button in the top right of the PIR.** |
| http://www.forest.sabah.gov.my/undpgefproject  http://www.my.undp.org/content/malaysia/en/home/operations/projects/environment\_and\_energy/80468\_forestlandscapes.html  https://www.thegef.org/project/biodiversity-conservation-multiple-use-forest-landscapes-sabah  https://www.flickr.com/photos/myundp/albums/72157685207696806  https://www.flickr.com/photos/myundp/albums/72157678454085632  https://www.youtube.com/watch?v=du1TW6HS2JM&t=16s  https://www.youtube.com/watch?v=yYw9p4r1rKQ |

# Partnerships

**Partnerships & Stakeholder Engagment**

Please select yes or no whether the project is working with any of the following partners. Please also provide an update on stakeholder engagement. This information is used by the GEF and UNDP for reporting and is therefore very important!  All sections must be completed by the Project Manager and reviewed by the CO and RTA.

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| **Does the project work with any Civil Society Organisations and/or NGOs?** |
| Yes |

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| **Does the project work with any Indigenous Peoples?** |
| Yes |

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| **Does the project work with the Private Sector?** |
| Yes |

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| **Does the project work with the GEF Small Grants Programme?** |
| No |

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| **Does the project work with UN Volunteers?** |
| No |

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| **Did the project support South-South Cooperation and/or Triangular Cooperation efforts in the reporting year?** |
| No |

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| **CEO Endorsement Request:** [4186\_FINAL\_Sabah\_CEO\_Doc\_\_RESUBMISSION\_3May12 (submitted version).docx](https://undpgefpims.org/attachments/4186/213142/1652473/1652773/4186_FINAL_Sabah_CEO_Doc__RESUBMISSION_3May12%20%28submitted%20version%29.docx) |
| **Provide an update on progress, challenges and outcomes related to stakeholder engagement based on the description of the Stakeholder Engagement Plan as documented at CEO endorsement/approval (see document below). If any surveys have been conducted please upload all survey documents to the PIR file library.** |
| The MFL project had collaborated with other on-going forest management related initiatives within and adjacent to the Project site. The first is the Innoprise – IKEA Forest Rehabilitation Project (INIKEA), which started in 1998; the project is aimed at assisting forest recovery in a degraded part of the Kalabakan Forest Reserve (now known as Sungai Tiagau Forest Reserve – Class I Protection FR) totaling 18,500 ha. The second is the RBJ/Swedish University Agricultural Science (SUAS) Project which began in 1990 undertook operational experiments on directional felling and pre-felling climber cutting as a means of reducing damage to the residual forest stand during harvesting. The experimental plots have been measured every two years since the project started. The third is the RBJ/New England Power (NEP) collaborative Reduced Impact Logging (RIL) Project which commenced in 1992 is an investment project in the planning of skid trails, directional marking and felling of trees so as to reduce damage and soil disturbance to a minimum. It is meant to offset CO₂ emissions from (New England Power) NEP’s coal-fired power stations.    The MFL project also collaborated closely with the biodiversity conservation-related initiatives known as DaMaI (Danum Valley, Maliau Basin and Imbak Canyon), which are today legally designated as Class I (Protection) Forest Reserves particularly in patrolling (Enforcement and Monitoring) initiative. With Sabah as one of the key areas for the trilateral trans-national boundary Heart of Borneo (HoB) Initiative, the MFL project has supported the: (i) maintenance of forest connectivity through the strengthening of the Protected Area Network and (ii), establishment of sustainably managed forested corridors connecting these areas. In addition, the Project closely coordinated with the HoB Initiative, including participating and presenting papers under the Session Themes “Protected Areas Management, Eco-Tourism Development and Institutionalization of Conservation Finance & Payment for Ecosystem Services” in the HoB Conferences organized by the Sabah Forestry Department.    The MFL project has supported the formulation and realization of key environmental policy goals at the State level. This was done through the close collaboration with the state government agencies such as, the State Attorney General Chambers, Sabah Biodiversity Centre, Sabah Park, Sabah Forestry Department, Sabah Wildlife Department, Environmental Protection Department, Department of Irrigation and Drainage, Ministry of Finance, Yayasan Sabah (YS), and non-governmental organizations such as, WWF-Malaysia, HUTAN, Borneo Conservation Trust (BCT) and Land Empowerment Animals People (LEAP) and Forever Sabah.    In addition, through the multi-use landscape-level approach that was applied in the project, a platform was created to enable greater cooperation and collaboration among a diverse group of stakeholders. Through the MFL project, representatives of state government agencies, NGOs, academia, and the private sector were brought together, thus enabling stakeholders to work in a collaborative manner to achieve common goals. Furthermore, the MFL project stimulated greater awareness of the importance of preserving biodiversity, especially among private-sector partners who are operating within the project landscape. Through their exposure to the conservation activities of the project, several YS Joint Venture partners in the MFL project area actively participated in monitoring, protection, and in the research functions of the project; and benefitted from training activities supported by the project. They also gained a greater appreciation for the importance of maintaining the unique biodiversity of Sabah’s critically-important dipterocarp forests. This resulted in the incorporation of a stronger ethic for environmental sustainability, and led to the application of a range of measures which further contributed to the overall conservation efforts in the area.    Besides that, there was also a close collaboration and working with NGOs, Government Agencies and local communities on PES. Under the PES Capacity Building Activity which was implemented (applied fund through Yayasan Hasanah) under the Forever Sabah Initiative and coordinated by the NRO office, the project has pilot-tested the establishment of a scheme for payment for ecosystem services (PES). In this pilot project, community members are to be paid for maintaining watershed quality and functionality, so that water resources are preserved. Along parallel lines, the Forest Policy identifies as one of its strategies, the development of a State-wide scheme for PES. This case study is one of three case examples for PES, which was developed under the component on “Development of State-level policy options and mechanism for payment for ecosystem services (PES)”. The objective of this case study is to develop PES options for the Babagon sub-catchment within the context of establishing a water conservation area. In this pilot project, community members are to be paid for maintaining watershed quality and functionality, so that water resources are preserved.    A MoU on empowerment for Conservation of Babagon Catchment Area by way of introduction PES was signed between the State Government represented by the SFD and the Department of Irrigation and Drainage (DID) and the local communities of Kg. Kolosunan, Kg. Tampasak and Kg. Babagon Toki Community on 18/06/2019 at Kg. Kolosunan. Thus, the Babagon pilot implemented under the MFL project may provide valuable lessons that will help in formulating a State-wide PES scheme in the future.    Challenges    Participation: Stakeholders were consulted at each step of the way to provide inputs to the process while participation of the partners, stakeholders and NGOs in decision making and implementation were of constant attention - timely information share, interim committee meeting, workshops with participation of stakeholders, observance of all the Government ,UNDP and GEF accepted procedures on tenders and procurement and etc., serve an obvious proof of the participation and its importance in project implementation process. However, there are occasions where some project activities are too much driven by the project partners especially the NGOs.    Human Resources and Communication: The critical issues regarding the number of the workforce, the accumulation of qualified expertise, and coordination for cross-agency and project team. A good example is the processing of data from Carnegie Airborne Observatory (CAO) of USA where it requires a highly technical and competent staff to process.    In today's fast-paced economy, information needs to pass as rapidly as possible, yet dissemination of quality reports from the field is still a problematic. Often they do not have accurate or up-to-date information.    One site addressed challenges faced with human resources through improved communication with other government agencies and other stakeholders, specifically through the social staff efforts to establish more collegial cooperation. In fact, communication is the main strategy to be used to improve teams’ dynamics and processes, which is a challenge. |

# Annex - Ratings Definitions

**Development Objective Progress Ratings Definitions**

(HS) Highly Satisfactory: Project is on track to exceed its end-of-project targets, and is likely to achieve transformational change by project closure. The project can be presented as 'outstanding practice'.

(S) Satisfactory: Project is on track to fully achieve its end-of-project targets by project closure. The project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Project is on track to achieve its end-of-project targets by project closure with minor shortcomings only.

(MU) Moderately Unsatisfactory: Project is off track and is expected to partially achieve its end-of-project targets by project closure with significant shortcomings. Project results might be fully achieved by project closure if adaptive management is undertaken immediately.

(U) Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets by project closure. Project results might be partially achieved by project closure if major adaptive management is undertaken immediately.

(HU) Highly Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets without major restructuring.

**Implementation Progress Ratings Definitions**

(HS) Highly Satisfactory: Implementation is exceeding expectations. Cumulative financial delivery, timing of key implementation milestones, and risk management are fully on track. The project is managed extremely efficiently and effectively. The implementation of the project can be presented as 'outstanding practice'.

(S) Satisfactory: Implementation is proceeding as planned. Cumulative financial delivery, timing of key implementation milestones, and risk management are on track. The project is managed efficiently and effectively. The implementation of the project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Implementation is proceeding as planned with minor deviations. Cumulative financial delivery and management of risks are mostly on track, with minor delays. The project is managed well.

(MU) Moderately Unsatisfactory: Implementation is not proceeding as planned and faces significant implementation issues. Implementation progress could be improved if adaptive management is undertaken immediately. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are significantly off track. The project is not fully or well supported.

(U) Unsatisfactory: Implementation is not proceeding as planned and faces major implementation issues and restructuring may be necessary. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are off track with major issues and/or concerns. The project is not fully or well supported.

(HU) Highly Unsatisfactory: Implementation is seriously under performing and major restructuring is required. Cumulative financial delivery, timing of key implementation milestones (e.g. start of activities), and management of critical risks are severely off track with severe issues and/or concerns. The project is not effectively or efficiently supported.