

Basic Report Information

Table 1 Basic Information

Title:	Biodiversity Conservation in Multiple-use Forest Landscapes in Sabah, Malaysia		
GEF Project ID (PIMS) #:	4182	UNDP Project ID (PIMS) #:	4186
PRODOC Signature (date project began):	22 June 2012		
(Operational) Closing Date	21 June 2018		

MTR Time Frame:

Inception Report Preparation: April 2017

Field Mission: 10 June – 23 June 2017

MTR (Draft) Report Preparation: 18 June – 30 November 2017

Region and Countries included in the MDR: Malaysia - Sabah

GEF Focal Area: Biodiversity

Executing Entity: Ministry of Natural Resources and Environment, Malaysia; Sabah State Economic Planning Unit

Implementing Entity: Sabah Forestry Department

MTR Team: Mr Bruce Jefferies - MTR Lead Consultant; Ms. Tong Pei Sin, Biodiversity Specialist, Mr Juan Luis Larrabure, Economist

Project Partners: Sabah Foundation

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Support from staff from the UNDP Malaysia Country Office (CO) and the Project Management Unit in Sandakan is acknowledged. Ms Gan Pek Chuan, Programme Manager, Ms Lee Siow Ling, Environmental Assistant and Ms Lee Ka Han, Project Assistant merit special acknowledgement. These individuals accompanied the consultants and helped to facilitate consultations during the field trip. They also made a significant contribution including, providing valuable insights, a constructive local perspective, helping during focus group and stakeholder consultations. Their support and companionship made an invaluable contribution to the MTR mission.

Disclaimer

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Acronyms and Abbreviations

AWP	Annual work plan
CO	Country Office
GEF	Global Environment Facility
GoM	Government of Malaysia
IC	International Consultant
ITP	Industrial Tree Plantation
IW	Inception Workshop
LC	Local Consultant
M&E	Monitoring and Evaluation
MTR	Mid-term Review
MoU	Memorandum of Understanding
NFM	Natural Forest Management
NRE	Ministry of Natural Resources and Environment, Malaysia
NNL/NG	No Net Loss/Net Gain
PES	Payment for Ecosystem Services
PIR	Project Implementation Review
PMU	Project Management Unit
RIL	Reduced Impact Logging
SC	Sub-Contract
SEPU	Sabah State Economic Planning Unit
SFD	Sabah Forestry Department
SFMLA	Sustainable Forest Management License Agreement

SRF	Strategic Results Framework
TOR	Terms of Reference
TWG	Technical Working Group
UNDP	United Nations Development Programme
YS	Yayasan Sabah (Sabah Foundation)

Executive Summary

Table 2 Project Information Table

Project Title:	Biodiversity Conservation in Multiple-use Forest Landscapes in Sabah, Malaysia (Sabah MFL)			
GEF Project ID (PIMS) #:	4182		At endorsement (Million US\$)	at completion (Million US\$)
UNDP Project ID (PIMS) #:	4186	GEF financing:	4,400,000	
Country:	Malaysia	IA/EA:	15,000,000	
Region:	Asia and the Pacific	Project Partner:	4,400,000	
Focal Area:	Biodiversity	Non-governmental organization:	100,000	
FA Objectives, (OP/SP):	Objective One: Improve Sustainability of Protected Area Systems.	Total co-financing:	19,500,000	
Executing Entity:	Ministry of Natural Resources and Environment Malaysia, Sabah State Economic Planning Unit			
Implementing Entity:	Sabah Forestry Department	Total Project Cost:	23,900,000	
Other Partners involved:	Yayasan Sabah (Sabah Foundation)	Pro Doc Signature (date project began):		22 June 2012
		(Operational) Closing Date:	Proposed May 2018	Actual 21 June 2018

Brief Description

The project started on 22 June 2012 and is in its fifth year of implementation and is scheduled to end on 21 June 2018. In line with the UNDP-GEF Guidance on MTR, the MTR process was initiated before the submission of the fourth Project Implementation Report (PIR). The MTR process followed guidance outlined in the document Guidance for Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects.

The 261,264-ha 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.

The project was designed 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 aims to achieve the design objective through delivery of three interconnected components:

1. An enabling environment for optimized, multiple-use planning, financing, management and protection of forest landscapes;
2. Demonstration of multiple-use forest landscape planning and management system; and
3. Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site.

An inception workshop in July 2013 and a follow up strategic framework workshop in October 2013 revealed that there had been significant changes to land use allocations within the Sabah MFL landscape. Stakeholders expressed concern that proposed changes within the project landscape would have major impacts on biodiversity and on the viability of key conservation areas and financing mechanisms that the project had been planning to support.

In response to these changes, a Technical Working Group consisting of government officials and civil society stakeholders was established, and subsequently a Memorandum of Understanding was signed between UNDP and Sabah Forestry Department (SFD) on 12 November 2014. This set out the actions and principles to be adhered to with regards to the land use allocations in the project landscape.

URL references to relevant project documentation are:

Signed project document

http://www.my.undp.org/content/malaysia/en/home/operations/projects/environment_and_energy/80468_forestlandscapes.html

Signed Memorandum of Understanding (MOU) between United Nations Development Programme and Sabah Forestry Department dated 12 November 2014 at <http://www.forest.sabah.gov.my/undpgefproject/publication>

Project Progress Summery

The MTR analysis of progress towards project objective and outcomes is based on the results of the review of project related documentation, consultant reports, focus group forums, consultations, and field visits to an indicative range of locations and activities that were being implemented with support from the Biodiversity Conservation in Multiple-use Forest Landscapes in Sabah Project (hereafter called Sabah MFL and/or the project).

These indicate that the Sabah MFL, after a 2-year delay, slow start-up phase, and significant difficulties related to land use allocations, mobilising qualified and competent project management staff, and a number of other often generic and reasonably common project mobilisation delays, including the tyranny of distance, and travel times between Sabah MFL locations, is proceeding moderately satisfactorily.

An overall conclusion is that the Sabah MFL will achieve a credible proportion, but certainly not all, of the projects ambitious, large scale and cutting-edge biodiversity conservation focused objectives, outcomes and outputs. Refer Annex 3: MTR Rating Scales for a description of the rating scales used in the MTR.

Table 3 MTR Ratings & Achievement Summary

Measure	MTR Rating	Achievement 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.	Unsatisfactory (U)	<p>The Sabah MFL is, without question, a complex intervention that demands a cutting-edge, well developed biodiversity, socio-economic and connectivity conservation response. This should be an inherent part of the multiple-use forest landscape planning and management model. The MTR was not aware of significant progress in the development and advancement of this critical part of the project.</p> <p>The underlying assumptions made when the project document was formulated were sound at the time but these were overtaken by several fundamental land use allocations decisions. The effect of these impacted on the original assumptions and entirely changed the context for achieving the Sabah MFL results, as outlined in the original project document.</p> <p>The MTR concluded that realisation of the Sabah MFL objective was, for a number of reasons, problematic. Two primary</p>

		<p>reasons for this conclusion include: restricted time left for project implementation and capacity limitations within the PMU and TWG relating to the application of contemporary theory and practice for developing a planning framework that is appropriate for the multiple use forest landscape – including the integration of 3 globally significant protected areas.</p>
<p>Component 1: An enabling environment for optimized multiple-use planning, financing, management and protection of forest landscapes.</p>	<p>Moderately Satisfactory (MS)</p>	<p>The MTE concluded that several fundamental building blocks were being progressively established to advance Component 1.</p> <p>Most of these are in an early stage with reports from the sub-contracts and consultancies needing to be consolidated and synthesised before they can be integrated into the comprehensive Integrated Conservation Management Strategy (ICMS).</p>
<p>Component 2: Multiple-use forest landscape planning and management system demonstrated at pilot site.</p>	<p>Unsatisfactory (U)</p>	<p>No coherent multiple use forest landscape planning system has, at the time of the MTR, been formulated. Inputs to the draft MTR from the TWG emphasise 3 important realities:</p> <ul style="list-style-type: none"> (i) that the most robust theoretical model would risk being rendered irrelevant as, under present management arrangements, there is no reasonable prospect of its implementation in the target landscape. (ii) responsibility for implementing the MFL and establishing a stable landscape in which to do so, is the responsibility of the licensee (YS) and the implementing agency (SFD). (iii) Yayasan Sabah (YS) (licensee) and SFD (implementing agency), have not made the target landscape available for the application of such a system – primarily because of pre-existing

		land use decisions and joint venture agreements.
Component 3: Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site.	Unsatisfactory (U)	<p>There is no coherent sustainable financing system available to apply and demonstrate.</p> <p>Relevant comments in the main objective and Components 1 and 2 are also relevant in this context.</p>
Project Implementation and Adaptive Management	Moderately Satisfactory (MS)	<p>The UNDP comparative advantage (as defined by GEF) lies in its global network of country offices, its experience in integrated policy development, human resources development, institutional strengthening, and non-governmental and community participation. UNDP has provided substantial support to Sabah MFL implementation and is recorded in PMU meeting minutes as an active participant and is a member of the Project Board.</p> <p>This level of support is slightly beyond the original role defined for UNDP in the project document under National Implementation Modality but this involvement can only be regarded as positive.</p> <p>The MTR concluded that UNDP has effectively exploited its comparative advantage in several important areas including Sabah MFL supervision, monitoring and procurement.</p> <p>A singular inconsistency was the agreement by UNDP that the Project Manager could be hired by SFD rather than what would normally be the case, as a UNDP contract.</p> <p>Project staff based in the project team in Sandakan under UNDP service contract provided exceptional support and coordination.</p> <p>Executing Entity</p>

		<p>The Sabah MFL project is being implemented by the Sabah Forestry Department (SFD) as the representative of the Ministry of Natural Resources and Environment, Malaysia (NRE), which is acting as the Executing Entity. The SFD is collaborating with two governmental agencies and is providing national/state level facilitation for the project namely: NRE and the State of Sabah Economic Planning Unit (SEPU).</p> <p>The SFD is accountable to UNDP for the disbursement of funds and the achievement of the Sabah MFL objective, outcomes and outputs according to the approved work plan.</p> <p>In particular the SFD is responsible for: (i) coordinating activities to ensure the delivery of agreed outcomes; (ii) certifying expenditures in line with approved budgets and work plans; (iii) facilitate communication and networking among key stakeholders; (iv) coordinating interventions financed by GEF with other parallel interventions; (v) preparing Terms of Reference (TOR) for consultants and approval of tender documents for sub-contracted inputs; (vi) reporting to UNDP on project delivery and impact; and (vii) organising meetings and workshops.</p> <p>The MTR team was impressed with the interest and support that the SFD Chief Conservator of Forests is giving to the Sabah MFL and the high level of commitment to the PMU which is chaired by the National Project Director cum Deputy Conservator of Forests.</p> <p>As far as the MTR team could ascertain current management arrangement, with the significant exception of the Technical Working Group, is consistent with arrangement laid out in the Project Document.</p> <p>The MTR team have no doubt that the</p>
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		<p>TWG have been an effective forum but note that to a significant degree this group have usurped the role of the PMU.</p> <p>The MTR suggest that consideration could be given to amalgamating functions of the PMU with those of the TWG as there is significant cost implications and potential duplication having both these units.</p>
Sustainability	Moderately Likely (ML)	<p>After considering the impediments the Sabah MFL faced during its start-up phase, including significant delays, the MTR submits that the Moderately Likely ranking is appropriate.</p> <p>The Sabah MFL made progress following the formulation of the Project Inception Document and the appointment and mobilisation of the Project Manager and Technical Working Group.</p> <p>Based on present trends and achievements, the MTR suggest that the Sabah MFL has a reasonable probability that it will positively contribute to GEF biodiversity conservation objectives.</p> <p>Areas that the MTR suggest would contribute to sustainability include:</p> <ul style="list-style-type: none"> • Additional co-financing and the need to explore if SFD in-kind support could be translated to a cash contribution; • Formal agreements with concession holders in relation to the scope and wider objectives of the Sabah MFL to sustain on-the-ground initiatives; • Increased focus on capacity building; and 12-month Sabah MFL extension.

Summary of Conclusions

Design and Strategy

Because of pre-emptive land use decisions revealed during the Inception Workshop, the original design and strategy of the MFL became obsolete and this

compromised primary Sabah MFL objectives.

To determine a preferred option and formulate a viable future direction a Technical Working Group (TWG) was formed. Despite the land use allocations, the TWG determined that with significant modifications a restructured project could achieve the Sabah MFL's objectives.

An international consultant coordinated the preparation of an inception report, which included provisions for a Memorandum of Understanding between UNDP and the SFD. This was formalised in November 2014.

The Inception Report and supporting MOU provided some effective compromises and a constructive way to move forward. The elements of the MFL that were compromised included the economic components.

Land use allocations decisions resulted in a significant reduction of financially viable options.

Implementation

The MTR concluded the MFL management structure is unnecessarily complicated, with functions and roles between the Project Board, TWG, PMU, consultancies and sub-contractors not coordinated as well as they should have been.

A disjunct between the PMU, the entity ultimately responsible for project delivery, and the TWG was noted. The MTR recognises the TWG's positive contribution since its establishment but felt that the project management role and technical inputs of the PMU had somewhat been usurped by the role the TWG assumed. The MTR realises this was caused and influenced by factors outside the control of the PMU and TWG. Their physical location is a possible contributing factor. Although the MTR recognises the value of the PMU and TWG, it concluded that they contribute to significant overheads, which could be better utilised by implementing field-based activities.

Although current arrangements are reasonably effective, the MTR concluded there was room for innovation and improvement during the remaining period of the project. PMU and TWG should analyse existing arrangements and make suggestions to the Project Board, SFD and UNDP for alternatives to improve management and cost effectiveness.

The MTR noted the significant funding allocated to the TWG for consultancy work. These include:

SC-7 Establishment of new PAs and biodiversity corridors to enhance connectivity and habitat conditions of the target landscape (natural sciences and social sciences). US\$298,000

SC-8 Operationalization of on-the-ground landscape management system based on landscape-level management plan. US\$ 150,000

LC-3 Management Planning Advisor US\$24,000

LC-5 Protected Area Management Advisor US\$24,000

These interventions/contracts totalling US\$496,000 seem excessive to the MTR. Sequencing of these interventions is also important as there is little point in implementing SC-7, which the MTR assume would be the primary responsibility for the Management Planning Advisor under LC-3, have been drafted and the appointee mobilised.

There is significant potential for confusion in terms of transparency and accountability, caused partly by excessive use of multiple consultancies and contracts. These also compromised opportunities for national and state-level capacity building.

There are disparities between MFL outputs and consultancy arrangements – i.e. some functions envisaged in the PRODOC were dropped or integrated into the inception report as consultancy inputs. Some inputs were discarded i.e. services of a land use agronomist.

It was not always clear to the mission that the stakeholders fully understood the objective and focal point for the project. This is to concentrate on the three globally significant conservation areas, and establishment, management and maintenance of viable connectivity corridors. The project was based around this logic.

Landscape-level biodiversity and forest quality assessment work is being carried out by a motivated, competent team and outcomes from this should provide essential biodiversity conservation data and information for the ICMS.

Preliminary indication from camera trapping associated with the biodiversity and forest quality assessment indicate that hunting pressure within the project area is probably high.

Input for the analysis of the Payment for Ecosystem Services (PES) prepared by Green Spider, will add value to the State Government's efforts to diversify income opportunities for conservation.

The MTR suggest that the Project Log frame be used to structure meetings, reconcile implementation issues and track budget.

The MTR noted that the management structure of the project could be improved.

Adaptive Management

The process to translate the original PRODOC and produce the Inception Report was a timely and functional example of adaptive management. The context that drove this approach included proposed land use allocations within the landscape that had been substantially altered by the SFD at the time of the Inception Workshop in July 2013.

These include areas allocated for plantation development had been expanded to ~90,000 ha (including over 33,000 ha of oil palm plantations), with the natural forest management (NFM) component reduced to ~50,000 ha. The extent of protected areas, however—including a crucially important forest link between Danum and Maliau—had been expanded to over 100,000 ha. These changes, especially the inclusion of oil palm and 'mosaic' tree plantations, neither of which had been mentioned as land uses in the PRODOC raised serious concerns within UNDP and among project stakeholders regarding the feasibility of the Project's stated goals. In light of these concerns, a Technical Working Group (TWG) was formed to advise the Project Board on issues relating to biodiversity, with specific reference to proposed changes to land use within the project area, possible impacts of these changes on biodiversity and ecosystem services and how these might be mitigated.

As a result, the TWG generated recommendations for modifications to the July 2013 Plan and for future management of the landscape. These included concepts to mitigate major negative impacts and to allow the project to pursue its original,

no net loss of biodiversity target.

Open Standards for Conservation Action

The planning framework inherent within the Open Standards for Conservation Action, and the Miradi software, has significant potential for establishing a collaborative process for preparing the ICMS. [Miradi](#) – a Swahili word meaning “project” or “goal” – is a user-friendly programme that allows nature conservation practitioners to design, manage, monitor, and learn from their projects to more effectively meet their conservation goals. With over 10,000 users worldwide, the programme guides users through a series of step-by-step interview wizards, based on the Open Standards for the Practice of Conservation.

Miradi helps teams to:

- Define their project scope
- Design conceptual models and spatial maps
- Prioritize threats
- Develop objectives
- Identify and prioritize strategies
- Determine indicators to assess the effectiveness of strategies
- Develop work plans and budgets
- Export data for reports
- Export data to [Miradi Share](#) where it can be managed remotely, shared with other practitioners, and rolled up within a programme

A recommended (draft) format and Table of Contents for the ICMS can be found in Annex 10 Draft Sabah MFL Integrated Conservation Management Strategy.

Indications of Progress Towards Achieving Intended Results

Methodologies associated with assessments of High Conservation Value (HCV) and High Carbon Areas (HCA) are robust and the requirement for third-party certification indicates transparency and sustainability.

Application of the Guidelines on Mosaic Design for Forest Restoration as a major land use was a question the MTR discussed. There is high potential for establishing viable connectivity corridors between the three globally significant protected areas but they will require intensive management and maintenance. These requirements will need to be expressed in deliberate and prescriptive terms in the ICMS.

Over the mid to long-term, with judicious operational management, all Class 1 Forest Reserves within the Sabah MFL area have potential for significant ecosystem restoration. These requirements will need to be expressed in deliberate and prescriptive terms in the ICMS.

Sustainability and Risks

The present structure of the SFD is inadequate for providing or addressing contemporary approaches to protected area planning, management and biodiversity conservation and the developing proficiency needed to fully implement conservation connectivity strategies and objectives.

The Sabah Wildlife Department is not contributing to the project despite the Sabah MFL site being a major habitat for many endangered or vulnerable wildlife species.

A strategic and fundamental consideration are the nearly 24,000 ha within the

MFL set aside for palm oil plantations. These are important if connectivity objectives are to be established and maintained.

Concessionaire activities are acting in complete isolation and give limited consideration to the landscape and conservation values of the project site. Logging has a significant and unrecognised impact on water quality. Logged areas distribute on-going amounts of silt into the waterways.

The concessions are, however, still in their development phase. Calculating the revenue streams they will ultimately generate is unknown. Furthermore, as the income that currently accrues, or will accrue in the future, is distributed to YSF and the SDF, it is not possible to determine what percentage of the revenue these institutions will apply to support conservation efforts. However, and as stated below, given the complementary income that is very likely to come as a result of Payments for Ecosystems Services (PES), the mission is reasonably confident that funding will eventually be available when needed (SEE ANNEX xxx).

The introduction and use of non-native species for production purposes increases the risk of introducing Invasive Alien Species (IAS), which threaten indigenous/native biodiversity. The introduction and use of non-native species increases the risk of threatening indigenous/native biodiversity. Ecological studies have shown that introduced species may strongly interact with native species and thus affect the species fitness¹.

The MTR observed that riparian zones and wildlife corridors have been set aside in some areas. These are being exploited by concessionaires and their design and appropriateness is questionable. These types of management zones should be designed and located by ecological specialists not foresters. These requirements will need to be expressed in deliberate and prescriptive terms in the ICMS.

Economic modelling of the Sabah MFL area has been compromised and constrained as land-use designations, have severely limited opportunities to optimize economic values.

Except for the significant conclusions and observations recorded above, PES proposals seem realistic in terms of income generation, and the proposed elements and modalities being recommended seem to be generally acceptable to stakeholders.

Economic, Financial and Legal components

Global Forestry Services' proposed use of standardized forms for financial data collection for the various land uses. These could be associated with the annual work plan. The MTR concluded the consultant has completed the three key tasks/objectives provided for in the terms of reference satisfactorily.

¹ Simberloff, D. 2005. Non-native species do threaten the natural environment! *Journal of Agricultural and Environmental Ethics* 18(6), pp. 595-607 and Smith, D.S., Lau, M. K., Jacobs, R., Monroy, J.A., Shuster, S.M., and Whitham, T.G. 2015. Rapid plant evolution in the presence of an introduced species alters community composition. *Oecologia* 179, pp. 563-572.

Table 4 Summary Recommendations

A	Outcome 1: An enabling environment for optimized multiple use planning, financing, management and protection of forest landscapes	
A.1	<p>Key recommendation: The SFD, PMU, TWG and Project Board ensure the following five priority elements are an integrated into the ICMS:</p> <ul style="list-style-type: none"> • connectivity between the three globally significant protected areas is established and maintained and that wildlife and connectivity corridors apply ecological best practices • recognition of the intensive management, including robust patrolling systems, and maintenance that connectivity corridors areas require • the impact of logging on water quality and management of riparian zones and wildlife corridors and specifies the design of these areas in conjunction with ecological specialists. • integration of concessionaire activities into the wider conservation mandate. • expresses in prescriptive terms best practice management for all components of the ICMS planning process. 	SFD, PMU, TWG and Project Board
B	Outcome 2: Demonstration of multiple-use forest landscape planning and management system	
B.1	Key recommendation: That the UNDP and the SFD postpone contracts for the implementation of SC-7, SC-8 and LC-5 until the management planning advisor(s) ToR have been formulated and work on the ICMS has been advanced.	UNDP and SFD
B.2	That UNDP and the SFD require that the budgetary provisions made for the 7 research assistants should be borne by the contractor (using the budget committed for 2018 USD 319,316.60) and that the research assistant team associated with SC-6 should	UNDP and SFD

	comprise staff from SFD and YS as a way to deliver the 2nd performance measure, as stipulated in the contractual agreement.	
B.3.	That UNDP and SFD closely follow the deliverable on technical training in mapping and monitoring technology for SC-6a, and ensure practical criteria for participant selection that has direct relevance to the project. That the cost to be borne by the contractor	UNDP and SFD
B 4	That steps be taken by the SFD to use, as far as possible, native species for production purposes to reduce the risk of introducing Invasive Alien Species (IAS).	SFD
B.5	That UNDP and the SFD require that the budgetary provisions made for the 7 research assistants should be borne by the contractor (using the budget committed for 2018 USD 319,316.60) and that the research assistant team associated with SC-6 should comprise staff from SFD and YS as a way to deliver the 2 nd performance measure, as stipulated in the contract agreement.	UNDP and SFD
B.6	That UNDP and the SFD ensure that the requirement for a legal expert (originally under a consultancy entitled "Legal Expert" (IC-4) , be carefully reviewed to determine if the necessary legal work can be undertaken by the Office of the Attorney General thus generating additional project savings.	UNDP and SFD
C	Outcome 3: Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site	
C.1	<p>That the SFD, with support from UNDP, should ensure under the consultancy entitled "State-level policy options and mechanisms for PES (SC-2) that the consultant Green Spider:</p> <ul style="list-style-type: none"> concentrate exclusively on the creation of the Conservation Fund and ensure that this fund be based on two income sources: (i) Green Fee paid by tourists and that it discriminates between foreign tourists and Malaysian visitors. (ii) a Water Levy paid by users approach Green Spider and request that they design and undertake a "pilot" exercise for the Conservation Fund. This is an integral part of 	SFD with support from UNDP

	the work they are contracted to complete and it should be no-cost modification of the financial compensation packet already agreed to.	
C.2	That UNDP and the SFD review the contract of the consultancy "Economic Landscape Modeler" (IC-2) with ETH Zurich in order to reduce its scope to include <u>only</u> the formulation of a Master Plan for Eco-tourism in the 3 protected areas. This should include a market study and an investment plan. Therefore, the contract should be re-negotiated, and the financial provisions reduced to reflect the more limited scope of the work to be carried out.	UNDP and SFD
D	Project Implementation & Adaptive Management	
D.1	Key recommendation: That the UNDP and the SFD postpone contracts for the implementation of SC-7, SC-8 and LC-5 until the management planning advisor(s) ToR have been formulated and work on the ICMS has been advanced	UNDP and SFD
D.2	<p>The SFD, PMU, TWG and Project Board ensure the following five priority elements are an integrated into the ICMS:</p> <ul style="list-style-type: none"> • connectivity between the three globally significant protected areas is established and maintained and that connectivity corridors apply ecological best practices • recognition of the intensive management, including robust patrolling systems, and maintenance that connectivity corridors areas require • the impact of logging on water quality and the management riparian zones and wildlife corridors and specifies the design of these areas in conjunction with ecological specialists. • integration of concessionaire activities into the wider conservation mandate. • expresses in prescriptive terms best practice management for all components of the ICMS planning process. 	UNDP and SFD
D.3	That SFD consider reviewing its structure in order to provide expertise and contemporary approaches to protected area planning, management and	SFD

	biodiversity conservation.	
D.4	That the UNDP and the SFD approach the Sabah Wildlife Department with a view to them actively contributing to the project.	UNDP and SFD
D.5	That the SFD take the necessary actions so that the unallocated areas within the MFL (tentatively set aside for oil palm plantations) be added to the Class 1 Forest Reserve system.	SFD
D.6	That steps be taken by the SFD to use, as far as possible, native species for production purposes to reduce the risk of introducing Invasive Alien Species (IAS).	SFD
E	Sustainability	
E.1	<p>Key recommendation: I Project Strategy</p> <ul style="list-style-type: none"> • approve a 18 month no-cost extension for the project. • this to provide for the completion of on-going activities and other priority interventions as detailed in the MTR. • for this purpose, UNDP should secure the necessary authorization from GEF on the understanding that this would be a cost-neutral extension to be financed by savings. These savings could come from the reduction in funding to consultancies (IC-2), (SC-5) and if appropriate, (IC-4). Other sources of savings might be identified, based on the recently completed UNDP HACT audit/review. 	SFD and UNDP
E.2	<p>Mosaic Planting for Forest Restoration</p> <p>SFD circulate the MPFR guidelines to all project stakeholders for comments and that SFD delay application for MPFR until the guidelines are finalised.</p>	SFD

I Introduction

Purpose of the MTR and Objectives

As the Sabah MFL is a UNDP-supported GEF-financed project, it is a requirement that a Midterm Review (MTR) be undertaken. The overall objective of the mission as specified in the Consultants TOR is: The MTR will assess progress towards the achievement of the project objectives and outcomes as specified in the Project Document, MoU between UNDP and SFD, Inception Report and programme outcomes as stipulated in the Country Programme Action Plan (CPAP) 2016 – 2020 between UNDP and the Government of Malaysia, and assess early signs of project success or failure with the purpose of identifying the necessary changes to be made in order to set the project on-track to achieve its intended results. The MTR will also review the project's strategy and its risks to sustainability. The MTR must provide evidence-based information that is credible, reliable and useful.

Project Objective

The Sabah MFL objective is:

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.

The project aims to achieve this objective through delivery of three interconnected components:

- (1) an enabling environment for optimized, multiple-use planning, financing, management and protection of forest landscapes;
- (2) demonstration of multiple-use forest landscape planning and management system, and;
- (3) sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site.

Scope and Methodology

The MTR team collaborated and endeavoured to provide evidence based credible and reliable analysis and conclusions. This was collected and assimilated using a range of research and collaborative face-to-face interviews. All data and information was rigorously analysed.

The MTR Team worked diligently to establish and maintain a collaborative and participatory approach. This was part of the effort to ensure that there was both formal and informal collaboration between the PMU, TWG, Federal and State Government counterparts, UNDP Country Office, UNDP-Finance Regional Technical Advisers, Non-Governmental Organisations (NGO), Community-based Organisations (CBO), Project Board and other stakeholders.

A range of sources of primary data and information were examined during the MTR process including inter alia:

- National and Sabah State Policies, Plans and Legal Documents (National Policy on Biological Diversity 2016 - 2025, Sabah Biodiversity Strategy 2012 – 2022, Sabah Forestry Policy, relevant legislation etc.)
- Project Document dated 22 June 2012
- Memorandum of Understanding between the United Nations Development Programme (UNDP) and Sabah Forestry Department (SFD)³ dated 12 November 2014
- Project Inception Report - Biodiversity Conservation in Multiple-use Forest Landscapes

³ <http://www.my.undp.org/content/malaysia/en/home/presscenter/pressreleases/2014/11/12/the-sabah-forestry-department-and-undp-sign-memorandum-of-understanding-to-reaffirm-commitment-to-implement-landscape-management-model.html>

in Sabah, Malaysia dated 31 December 2014

- GEF official documentation with an emphasis on project design, implementation progress, monitoring
- UNDP Environmental & Social Safeguard Policy
- Project reports including Annual Progress Report, Project Implementation Review, Mid-Year Progress Report, Sabah MFL budget revisions, lesson learned reports, and other technical reports produced during Sabah MFL implementation.
- The MTR reviewed: (i) the baseline GEF Focal Area Tracking Tool (submitted to the GEF at CEO endorsement) (ii) Midterm GEF Focal Area Tracking Tool.

Other methods and approaches

Other methods and approaches included, as noted above, face-to-face consultations. These involved a semi-structured interview approach which used a set of questions that were presented in a conversational format. Triangulation of results, i.e. comparing information from different sources, such as documentation and interviews, or interviews on the same subject with different stakeholders, was used to corroborate and / or check the reliability of material.

Direct observations of Sabah MFL activities during a comprehensive schedule of field inspections

- Stakeholder interviews were held with inter alia:
- Project Board
- Project Management Unit
- UNDP Malaysia Country Office
- Technical Working Group
- NGOs
- UNDP Regional Technical Advisor

The information collected, including documentary evidence, interviews and observations, were recorded, and compiled in a daily log which was contributed by the MTR team.

Structure of the evaluation report

The content for this report is structured around the Table of Contents included in the MTR Terms of Reference and the guidelines established in the UNDP Guidance for Conducting Mid-term Evaluations of UNDP/GEF Projects.

II Project Description and Background Context

Sabah is one of the thirteen states of Malaysia and is in the northern part of the island of Borneo. The climate throughout all of Sabah is considered equatorial, which means that temperatures never get extremely hot, nor do they get extremely cold.

Sabah's biodiversity is exceptionally high, helping to earn Malaysia its status as one of 17 mega-diversity countries. Most of Sabah's biodiversity is found in its forest reserves, which occupy about half of the state's total landmass of 7.34 million ha. Sabah's forest reserves are an integral part of the 20 million ha. of equatorial rainforests demarcated under the 'Heart of Borneo' tri-government (Malaysia, Indonesia and Brunei Darussalam) initiative, which is aimed at conservation and sustainable use of the region's tropical forest biodiversity.

Over the last 30 years, Sabah has experienced rapid economic growth and has relied heavily on its forest resources to finance its socio-economic development programmes. There has been an acceleration of forest conversion, particularly outside the forest reserves, as well as forest degradation within the forest reserves, associated with over-harvesting of resources and destructive harvesting methods. These trends have resulted in the progressive loss and degradation of much of the biodiversity within the forest landscape. Protected areas are becoming increasingly isolated, thus decreasing prospects for viability of species.

To mainstream biodiversity, ecosystem functions and resilience, while enabling sustainable uses, the Government of Malaysia and UNDP-GEF have initiated the "Biodiversity Conservation in Multiple-use Forest Landscapes in Sabah, Malaysia" project. This 261,264-ha landscape is a contiguous block that forms important connectivity of opportunities linking three sizeable and renowned protected areas in Sabah. These are: Maliau Basin Conservation Area (58,840 ha), located to the west of the Sabah MFL area; Danum Valley Conservation Areas (43,800 ha) to the east and; Imbak Canyon Conservation Areas (16,750 ha), to the north.

The total project budget is US\$ 23,900,000 and is comprised of:

- GEF USD 4.4 million (for six years)
- Sabah Forest Department USD 15 million,
- Sabah Foundation USD 4.4 million and
- WWF USD 100,000.

The Sabah MFL is being led by the Forest Sector Planning Division under the Sabah Forestry Department (SFD), with support from UNDP Malaysia. The Ministry of Natural Resources and Environment (NRE) Malaysia and the State Economic Planning Unit (SEPU) of Sabah act as executing entities dealing with international and domestic affairs related to policy direction and coordination, monitoring. The function of reporting is primarily carried out by SFD as the implementing entity

The Project Document included baseline land uses within the Sabah MFL landscape. These were: 69% Natural Forest Management (NFM) area, 17% Industrial Tree Plantation (ITP), 7% conservation and research areas and 7% enrichment tree planting with indigenous species.

This land-use was a reflection of emerging trends in forest management in Sabah, which are driven by three imperatives:

1. comparative disadvantage in crop gestation periods between growing trees and agriculture crops;
2. low rent capture, and;
3. incoherent enforcement associated with a lack of expertise in managing multiple-use forest landscapes.

The 2012 Project Document clearly communicates the idea that, under a business-as-usual scenario, the 3 globally important protected areas (referred to above), would become increasingly vulnerable to fire during prolonged droughts, particularly given the deteriorating conditions within surrounding degraded forests.

At the time of the Inception Workshop in July 2013, proposed land-use allocations within the Sabah MFL landscape have been substantially altered by the SFD including:

- Areas allocated for plantation development had been expanded to ~90,000 ha (including over 33,000 ha of oil palm plantations),
- Natural forest management (NFM) component reduced to ~50,000 ha.
- Extent of protected areas including a crucially important forest link between Danum and Maliau had been expanded to over 100,000 ha.

These changes, especially the inclusion of oil palm and the new concept of mosaic tree plantations, neither of which had been mentioned as land uses in the original project document, raised serious concerns within the UNDP, GEF and among other Sabah MFL stakeholders regarding the feasibility of achieving the project's stated goal and objectives. To address these concerns, a Technical Working Group (TWG) was formed to advise the Project Board on issues

relating to biodiversity, with specific reference to proposed changes to land use within the Sabah MFL area, possible impacts of these changes on biodiversity and ecosystem services, and how these might be mitigated.

Subsequently, the TWG generated recommendations for modifications to the 2012 Project Document for future management of the landscape. These are intended to mitigate major negative impacts and to allow the project to pursue its original, no net loss of biodiversity target.

The Inception Report took its direction and mandate from *inter alia* the following sources:

- (i) the 2012 UNDP Project Document,
- (ii) final report of the TWG field visit and rapid assessment,
- (iii) contents and spirit of a signed Memorandum of Understanding (MoU) by UNDP and SFD on 1, and
- (iv) the views expressed by a range of stakeholders during a series of formal and informal meetings held during the Inception Phase, including several meetings of the TWG.

The Inception Report, which to all intents and purposes became the updated Project Document, describes activities that have taken place over the two-year period following the signature of the project document in June 2012. These have helped to lay the foundation for full project implementation. The TWG recorded that it took over two years from project signature to Sabah MFL implementation (marked by the completion of the inception phase) and commented that “while this was unfortunate, it was due to a combination of factors”. These included the need to carefully consider and take account of the implications of the changes in land use allocations, both on the Sabah MFL landscape itself and on the potential feasibility of project outputs and activities as originally designed.

The IR also contributed to adaptation to the Sabah MFL design and implementation strategy. Another important contribution was the consensus that was an important outcome of the TWG report and MoU. These contributed towards a basis for moving forward with Sabah MFL implementation, albeit with a continuing need for careful monitoring and attention to persisting risks within the still fluid Sabah MFL landscape.

Development context

The PRODOC informs that the project is consistent with Malaysia’s National Policy on Biological Diversity (1998), particularly Strategy 15: Establish Funding Mechanisms; Strategy 4: Strengthen the Institutional Framework for Biological Diversity Management; and Strategy 6: Integrate Biological Diversity Considerations into Sectoral Planning Strategies.

The project is also anchored on Sabah’s Outline Perspective Plan (OPPS), covering the period 1995-2010, which aims to create a socially and politically stable environment through efficient management of the State’s economy. Item 4.6 of this Plan highlights the State’s intention to ensure reliable and sustainable raw material supply, indicating the formulation of sensible and effective conservation strategies for natural resources such as forests, land and marine life.

Another salient consideration is that Sabah is one of the key areas for the trilateral Heart of Borneo (HoB) Initiative. This project supports the State’s strategy for this initiative and will, over time, contribute significantly to the HOB strategy. The project is an important component of this initiative as this focuses on three priorities that have direct synergy with the Sabah MFL: (i) maintenance of forest connectivity through the strengthening of the Protected Area Network; (ii) establishment of sustainably managed forested corridors connecting these areas; and (iii) the opportunity for enhanced transboundary co-operation.

The MTR concluded that the Sabah MFL concept, as articulated in the Inception Report, was in both conceptual and general terms, consistent with national, state and sector development

priorities.

Problems that the project sought to address: threats and barriers targeted

The problems the Sabah MFL has been developed to address through its objectives and implementation strategies are directly pertinent to the objective of the CBD Programme of Work on Protected Areas (POWPA) as well as the biodiversity goals of the Global Environment Facility (GEF).

The GEF funded Sabah MFL with co-finance contributions from the Government of Malaysia, State Government of Sarawak, WWF and others.

At a national level, the Sabah MFL's objectives and outcomes align with the National Policy on Biological Diversity 2016 – 2025 (Malaysia's National Biodiversity Strategy and Action Plan).

The MTR concluded that the Sabah MFL is an exceptionally complex intervention. It also determined that the assumptions made when the PRODOC was formulated were sound. These were, however, to a significant degree overtaken by fundamental land use allocations. The effect of these impacted on the original assumptions, and highlighted a need for changes to the context for achieving the project results, as outlined in the original PRODOC. These were profound changes and there was serious discussion following the Inception Meeting whether the Sabah MFL should even proceed.

The relevance of the Sabah MFL strategy to the UNDP CPAP 2016 – 2020 is focused on "Improved capacity of stakeholders in environmental management". The MTR have some doubts if the Sabah MFL is making a significant contribution to capacity-building objectives.

The main reason for this is the promotion in the Inception Report of a disproportionate use of consultants, contracts and subcontracts for project implementation. There are several examples where few local practitioners have been involved in the consultancy interventions and this has compromised capacity-building objectives.

The State Government of Sabah have a wide array of policies and plans related to biodiversity conservation. These include (a) Outline Perspective Plan for Sabah (1995-2010); (b) Sabah Physical Land Use Plan; (c) Sabah Conservation Strategy (1990); (d) Sabah Water Resources Master Plan (1998); (e) Sabah Agricultural Policy (1999-2010), and (f) Sabah Forestry Policy (2005). The general intentions of these State policies and plans are in congruence with the project's fundamental objectives and plans.

III. Strategy and Project Implementation Arrangements

Project Strategy

The 1993 United Nations Convention on Biological Diversity (CBD) provides a global policy framework for action to maintain biodiversity for future generations. The convention includes a protocol that targets access and benefit sharing of genetic resources (Nagoya).

The concepts that underpin biodiversity conservation strengthen the protection and management of ecosystem goods and services which, in turn, support human societies and future life on the planet.

Of direct relevance to the project is the reality that healthy and well managed biodiversity interventions have the potential to generate economic value through the provision of ecosystem services such as food, water and materials, and services such as climate regulation, pollination, disaster protection, nutrient cycling and tourism.

Strategic Plan for Biodiversity 2011 – 2020, and relevant Aichi Biodiversity Targets

At the tenth Conference of the Parties in Japan, the CBD signatories adopted a Strategic Plan 2011 – 2020, as well as the 20 Aichi Biodiversity Targets. The following Strategic Goals and Targets are particularly relevant to the Recommendations

Strategic Goal A: Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society

Target 1 - By 2020, at the latest, people are aware of the values of biodiversity and the steps they can take to conserve and use it sustainably. Strategic Goal B: Reduce the direct pressures on biodiversity and promote sustainable use.

Target 5 - By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced.

Target 7 - By 2020 areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity.

Target 9 - By 2020, invasive alien species and pathways are identified and prioritized, priority species are controlled or eradicated, and measures are in place to manage pathways to prevent their introduction and establishment.

Strategic Goal B: Reduce the direct pressures on biodiversity and promote sustainable use

Target 5 - By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced.

Strategic Goal C: To improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity

Target 11 - By 2020, at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes.

Strategic Goal D: Enhance the benefits to all from biodiversity and ecosystem services

Target 14 - By 2020, ecosystems that provide essential services, including services related to water, and contribute to health, livelihoods and well-being, are restored and safeguarded, taking into account the needs of women, indigenous and local communities, and the poor and vulnerable.

Target 15 - By 2020, ecosystem resilience and the contribution of biodiversity to carbon stocks has been enhanced, through conservation and restoration, including restoration of at least 15 per cent of degraded ecosystems, thereby contributing to climate change mitigation and adaptation and to combating desertification.

Strategic Goal E: Enhance implementation through participatory planning, knowledge management and capacity building

Target 17 - By 2015 each Party has developed, adopted as a policy instrument, and has commenced implementing an effective, participatory and updated national biodiversity strategy and action plan.

Target 19 - By 2020, knowledge, the science base and technologies relating to biodiversity, its values, functioning, status and trends, and the consequences of its loss, are improved, widely shared and transferred, and applied.

Target 20 - By 2020, at the latest, the mobilization of financial resources for effectively implementing the Strategic Plan for Biodiversity 2011-2020 from all sources, and in accordance with the consolidated and agreed process in the Strategy for Resource Mobilization, should increase substantially from the current levels. This target will be subject to changes contingent to resource needs assessments to be developed and reported by Parties.

Sustainable Development Goals

The primary biodiversity-related Sustainable Development Goals is Goal 15 – Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss, reaffirmed the global community’s commitment for biodiversity conservation action.

Table 5 Project timing and milestones

Year Sequence	Major Events	Comments
Year 1 June 2012 – May 2013	Project Document signed on 22 June 2012	Effective project start-up date
Year 2 June 2013 – May 2014	Inception Workshop on 24 July 2013	12 months following PRODOC signature
Year 3 June 2014 – May 2015	Inception Report on 31 December 2014	5 months after Inception Workshop
Year 4 June 2015 – May 2016	2015 Work Plan formulation	1. Landscape-level planning and monitoring 2. On-the ground conservation actions 3. Rules setting/enforcement related to production (forestry and agro-forestry activities) 4. Financial management and baseline revenue calculation 5. Economic modelling
Year 5 June 2017 –	11 – 23 June 2017 Mid-term Review Field Work	The MTR Inception Report was discussed and validated prior to the MTR field mission.
July 1 - 30	Draft MTR Report	

Main stakeholders

A schedule of stakeholders and project beneficiaries' forms Annex 5 Stakeholders and Beneficiaries:

IV Findings

Progress Towards Results

The MTR analysis of progress towards results outcomes is based on the review of project related documentation, consultant reports, focus group forums, consultations and field visits to an indicative range of locations and projects that were being implemented with support from the Sabah MFL. These indicate that the Sabah MFL, after a 2-year delay, slow start-up phase, and significant difficulties related to land-use allocations, mobilising qualified and competent project management staff, and a number of other often generic and reasonably common project mobilisation delays, including the tyranny of distance, and travel times between Sabah MFL locations, is proceeding moderately satisfactorily.

An overall conclusion is that the Sabah MFL will achieve a proportion, but certainly not all, of the ambitions, large-scale and cutting-edge biodiversity conservation focused Objectives, Outcomes and Outputs. Refer **Error! Reference source not found.**

Table 6 Synopsis Project Progress Summary

Sabah Implementation Functions	MFL	Ranking	MTR Observations
Management Arrangements		4. MS	<p>UNDP Management Arrangement</p> <p>The UNDP comparative advantage (as defined by the GEF) lies in its global network of country offices, its experience in integrated policy development, human resources development, institutional strengthening, and non-governmental and community participation. UNDP has provided substantial support to project implementation and is recorded in PMU Meeting Minutes as an active participant and is a member of the Project Board. This level of support is slightly beyond the original role defined for UNDP in the project document under National Implementation but this involvement can only be regarded as positive.</p> <p>The MTE concluded that UNDP has effectively exploited its comparative advantage in several important areas including Sabah MFL supervision, monitoring, and procurement.</p> <p>A singular inconsistency was the agreement by UNDP that the Project Manager could be hired by the SFD rather, than what would normally be the case, as a UNDP contact. Project staff based in the PMU in Sandakan under a UNDP contract provided exceptional support and coordination.</p> <p>Executing Entity</p> <p>The Sabah MFL is being executed by the Sabah</p>

		<p>Forestry Department (SFD) as the representative of the Ministry of Natural Resources and Environment, Malaysia (NRE), which is acting as the Executing Entity. The SFD is collaborating with two governmental agencies and is providing national/state level facilitation for the Sabah MFL namely: NRE and the State of Sabah Economic Planning Unit (SEPU).</p> <p>The SFD is accountable to UNDP for the disbursement of funds and the achievement of the project objective according to the approved work plan. In particular the SFD is responsible for: (i) coordinating activities to ensure the delivery of agreed outcomes; (ii) certifying expenditures in line with approved budgets and work plans; (iii) facilitate communication and networking among key stakeholders; (iv) coordinating interventions financed by GEF with other parallel interventions; (v) preparation of Terms of Reference (TOR) for consultants and approval of tender documents for sub-contracted inputs; (vi) reporting to UNDP on project delivery and impact; and (vii) organisation of meetings and workshops.</p> <p>The MTR team was impressed with the interest and support that the SFD Chief Conservator of Forests is giving to the Sabah MFL and the high level of commitment to the PMU which is chaired by the National Project Director / Deputy Conservator of Forests.</p> <p>As far as the MTR team could ascertain current management arrangements, with the significant exception of the Technical Working Group, is consistent with arrangements laid out in the Project Document. The MTR team have no doubt that the TWG have been an effective forum but note that to a significant degree this group have almost taken over the role of the PMU. The MTR suggest that consideration could be given to amalgamating functions of the PMU with those of the TWG as there is significant cost implications and potential duplication having both units.</p> <p>The TWG also seems to have direct access to the Conservator of Forests, which indicates that some decision-making bypasses the Project Board and, to a certain extent, UNDP.</p> <p>As noted elsewhere in the MTR there were some very prolonged and significant delays that were an inherent part of the early phase of the project</p>
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		and these have had a significant impact on the timing of interventions and subsequent outcomes.
Work Planning	5: S	<p>Work Planning was carried out by the PMU and submitted for approval to UNDP, Project Board and SFD. The MTR reviewed, in some detail, the 2016 AWP and can confirm that the process and included:</p> <p>Outcomes Associated with Components, 1,2 and 3</p> <p>Planned Activities</p> <p>Activities and actions</p> <p>Projected Timeframe for Implementation (4 Quarters)</p> <p>Responsible Party</p> <p>Budget Planning</p> <p>Broken down to funding source and coding</p> <p>Project description</p> <p>Amount in US\$</p> <p>The MTR were not made aware of factors that negatively inhibited the development and implementation of effective work planning.</p> <p>In the MTR team's opinion work planning processes are, as far as this is possible, in this multidimensional project, are results-based. It is, however, difficult to definitively express an opinion on how this process contributes to the result based management as deliverables are, to a significant extent, subcontracted to international and national consultants and subcontractors. This stage of the project many of these interventions are in their formative stage.</p> <p>The MTR team regretfully records that it was unable to ascertain the extent that the PMU applied the project's results framework and log frame.</p>
Finance and co-finance	5: S	The MTR were not made aware of factors that negatively inhibited finance and co-financing.
Project-level monitoring and Review systems	4. MS	As a significant amount of project activity was being carried out by contracts, subcontracts, and consultants there appeared to be minimal Sabah MFL level monitoring actually being undertaken.
Stakeholder Engagement particularly local and indigenous communities	4. MS	Stakeholder engagement in the Sabah MFL is rather limited and most activities are focused on TWG and Project board deliberations.
Reporting	5: S	The MTR were not made aware of any inconsistencies or problems with reporting

		systems.
Communications	4. MS	The MTR were not made aware of issues relating to transparent communications.

Table 7 Progress by outcome and indicators as reported in the PIR

	Indicator	Baseline Level	Level in 1 st PIR (self-reported)	Mid-term Target- as reported in 2016 PIR	End-of-project Target	Achievement Rating	Midterm Level & Assessment	Justification for Rating
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	Conservation of globally and nationally significant biodiversity within project landscape.	<p>Biodiversity is being depleted at project landscape level, due to habitat loss, degradation and fragmentation</p> <p>Project landscape currently contains no Class I Protected Forest</p> <p>Wildlife populations within the project landscape, together with those at adjacent protected areas, are currently estimated at:</p> <p>A. Elephants 0.5-1.0 Ind/km2</p> <p>B. Orang utan 0.5-1.0 Ind/km2</p> <p>C. Sun Bear <1.0 or >3.0 Ind/km2</p> <p>D. Clouded Leopard <1.0 or >3.0 Ind/km2</p> <p>Natural capital being lost through habitat conversion and</p>	<p>Major progress has been achieved during the PPG and inception phase. Sabah Forestry Department (SFD) made a land mark decision and gazetted 95,486 ha of former natural forest management areas within the project landscapes as Class 1 Protected Forest Reserve. This has increased the Class1 reserve and conservation areas within the landscape from 18,517 ha to 115,673</p>	<p>As reported last year, a land mark decision was made to gazette 95,486 ha of former natural forest management areas within the project landscape as a Class I Protection Forest Reserve. This has increased the Class 1 reserve and conservation areas within the project area from 18,517 ha to 115,673 ha and has exceeded the original projects target of 50,000 ha, linking three important</p>	<p>Genetic, species and ecosystem diversity conserved in approximately 261,000 ha. of the Kalabakan-Gunung Raraarea, within a sustainably managed forest landscape of 393,544 ha, including adjacent protected areas.</p> <p>By end of project, at least 500,000 ha of project landscape established as new Class I Protected Forest.</p> <p>Updated targets: 145,000ha.</p>	Unsatisfactory (U)	Not on target to be achieved	<p>The MTR recognise the reality that the Sabah MFL is a complex project intervention and that to achieve the overall project objective will demand a cutting-edge, well developed biodiversity, socio-economic, connectivity conservation, responses. These need to be inherent parts of the multiple-use forest landscape planning and management model. The MTR was not aware of significant progress in the development and advancement of this critical part of the project.</p> <p>The underlying assumptions made when the project document was formulated were sound but these were overtaken by several fundamental land-use allocation decisions. The effect of these</p>

		<p>degradation</p> <p>Different types of forests in the project landscape: a. Primary forest 18,517 hab. Secondary forests 242,747 ha</p>	<p>ha and has exceeded the original project's target of 50,000 ha linking three important conservation areas (Maliau Basin, Danum Valley and Imbak Canyon).</p> <p>A new project target has been set at 145,000 ha by the end of the project.</p> <p>Another major progress is the renewed commitment of the SFD to pursue the No-Net-Loss (NNL) policy in the State of Sabah and in the project landscape.</p> <p>These positive and major developments</p>	<p>conservation areas (Maliau Basin, Danum Valley and Imbak Canyon).</p> <p>Nevertheless, in the Inception Report, a new project target has been set at least 145,000 ha by the end of the project. However, as of 30th June, 2015 the total area of Class I Forest Reserves in the project</p>	<p>A. Elephants 1.0-1.5Ind/km2</p> <p>B. Orang utan 2.0-3.5 Ind/km2</p> <p>C. Sun Bear >2.0Ind/km2</p> <p>D. Clouded Leopard >2.0Ind/km2</p> <p>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</p> <p>No decrease in primary forest areas</p> <p>A 30% increase annual increase in the budget allocation for Class I Protected</p>			<p>impacted on the original assumptions and changed the context for achieving the Sabah MFL results, as outlined in the original project document.</p> <p>There was consensus by the MTR mission that it was difficult and somewhat premature to objectively evaluate overall progress. There are numerous factors that influenced this perception, including:</p> <ul style="list-style-type: none"> a) significant delays following the project inception phase; b) as a consequence of (a) above, there was a limited period of effective project implementation; c) the project is being implemented
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			can be attributed directly to the project preparatory and inception phase, as well aids commitment to the project. Biodiversity assessments are planned which will be able to gauge the progress with regard to the species population estimates.		Forest Reserves			<p>through some 16 separate consultancies, contracts and subcontracts</p> <p>d) capacity limitation in SFS, PMU and TWG relating to the contemporary theory and practice for developing a multiple-use forest landscape planning approaches.</p> <p>In Relation to (c) above, of these 7 have been completed while 9 are in progress or yet to commence. This means that +50% of these interventions are works in progress. Consequently, reports were not available for analysis as they are in a preliminary stage, or field work is still being undertaken. In most instances, the results and recommendations from these</p>
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							<p>interventions have the potential to contribute to the project's overall objective.</p> <p>Progress reported in the PPG and inception phase was notable, particularly in terms of extent and area. The MTR noted, however, that achievement of the project objective demands both quantitative and qualitative approaches.</p> <p>SFD decision to gazette 95,486 ha of a former NFMA within the project landscapes as Class 1 Protected Forest Reserve was significant. This policy decision increased the Class1 Reserve and conservation areas within the landscape from 18,517 ha to 115,673 ha. This exceeds the original project's target of 50,000 ha and provides realistic opportunities for landscape-scale connectivity between the three globally significant important</p>
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							<p>conservation areas (Maliau Basin, Danum Valley and Imbak Canyon).</p> <p>A new project target has been set at 145,000ha by the end of the project, and provided presently unallocated areas are designated as Class 1 Protected Forest, the MTR suggest that this is a realistic and achievable expectation.</p> <p>Biodiversity assessments are work in progress and these will contribute to a better understanding with regard to species population estimates.</p> <p>In terms of qualitative achievements, the MTR concluded that there has been less accomplishment in this area. For example, there is scant evidence that efforts were being directed towards “institutionalising a multiple-use forest landscape planning and management model” and that in the limited</p>
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								time available, even with a 12-month extension, this was unlikely to be realised. Similarly, “management of critical protected areas and connecting landscapes under a common management umbrella” demands priority consideration. The MTR recognise that these are relatively long-term undertakings that will most likely require a comprehensive evaluation of the structure within the SFD. The MTR report recommendations address this important topic.
Outcome 1: An enabling environment for optimized multiple use planning, financing, management and protection of forest landscapes;	State-level system for ensuring no net loss (NNL) of biodiversity from existing forest landscapes.	<p>NNL is a new concept for Sabah</p> <p>Sabah has no functional, biodiversity friendly, multiple-use forest management systems</p> <p>Capacity Scorecard, SFD YS</p> <p>A. Enabling</p>	<p>Good progress was made.</p> <p>The Sabah government has endorsed the development of a No Net loss policy at the State Biodiversity Council, which</p>		By end of Y5, new state-level policies and regulations in place for generating and reinvesting revenues from innovative financing mechanisms	Moderately Satisfactory (MS)	On target to be achieved	<p>MTE Justification for Rating and Conclusions</p> <p>Rating 4</p> <p>Some fundamental building blocks are being progressively established to advance Outcome 1. Some of these are, however, in an early stage and reports from sub-</p>

		<p>environment 64 67</p> <p>B. Leadership 67 80</p> <p>C. Knowledge 56 69</p> <p>D. Accountability 51 62</p> <p>Overall Mean Score 59 69</p>	<p>is chaired by the Chief Minister of Sabah. This would enable the project to proceed to fully support development of an NNL policy and mechanism for the state government. A sub-contract is planned to support the SFD and the Sabah State Government to support NNL policy and regulatory system development at the state level, as well as to develop an NNL analytical system to be applied to the pilot landscape. SFD is</p>					<p>contracts and consultancies will need to be consolidated and synthesised before they can be integrated into an “optimized multiple-use planning frame work. A</p> <p>An assessment of progress towards Outputs for Outcome 1 follows:</p>
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			organizing an international workshop focusing on NNL in November 2014 in conjunction with the 100-year celebration events of the SFD.					
	<p>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</p> <p>Sabah Forest Department investment in Class 1 forest reserve planning and management</p>	No policies or regulations	No progress yet. Sub-contract ToR are being finalized to support related outputs.		A 30% increase in multiple-use, landscape-level forestry, forest conservation and financial management capacities of SFD, NROS, SEPU, YS, DID, EPD, SWD, and SaBC	Moderately Satisfactory (MS)		<p>Output 1.2 New state-level policies and regulations for generating and disbursing revenues at landscape level from innovative financing mechanisms.</p> <p>Rating 3</p> <p>MTR Justification for Rating and Conclusions No state-level policy or regulations have been formulated. The Forest Trends consultancy reports, particularly the 3rd and Final Report (September 2016), provides a well-considered Road Map</p>

								on how Sabah can implement a NG Program. The MTR suggest that implementation of relevant elements of the roadmap are probably the next logical step.
	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		<p>No progress yet. Sub-contract ToR are being finalized to support related outputs.</p> <p>The next assessment will be conducted prior to the mid-term review of the project in 2015/2016.</p> <p>No progress to date.</p>					<p>Output 1.3 Enhanced capacity of staff to design, implement and manage multiple-use, landscape level management.</p> <p>Rating 3</p> <p>MTE Justification for Rating and Conclusions The MTR understands that some capacity building programs have been developed and implemented. These were generally short courses of a few days duration. Courses included High Conservation Value, Monitoring, Project Scope and Introduction (1-day seminar)</p> <p>Output 1.4 Enhanced cost-effective systems for compliance</p>

							<p>monitoring (i.e. third-party auditing related to NNL/NG, RIL, SFMLA condition including FMP & TLAS) and enforcement of multiple-use forest regulations.</p> <p>Rating 3</p> <p>MTE Justification for Rating and Conclusions The MTR raised the question regarding compliance monitoring and enforcement and concluded, as a result of interactions, that the priority for these activities was directed towards malfeasance related to forestry activities. Monitoring of biodiversity impacts and wildlife are much less of an emphasis for SFD staff.</p> <p>The MTR advocate investigating the application of the Spatial Monitoring and Reporting Tool [SMART] http://smartconservationtools.org/</p> <p>Output 1.5 State and national guidelines and</p>
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								<p>operational policies for multiple-use forest.</p> <p>Rating 3</p> <p>MTE Justification for Rating and Conclusions The development of State and National guidelines is contingent upon several consultancy interventions, including:</p> <p>Forest Trends</p> <p>Policy and Regulations Assessment for Implementing Net Gain of Biodiversity in Sustainable Multiple-Use Forest Landscape in Sabah, Malaysia – Output1.1 (Phase 1).</p> <p>Completed in 2015</p> <p>Forest Trends</p> <p>Loss/Gain Biodiversity Assessment of UNDP-GEF Project Area and Drafting Net Gain Biodiversity Policy for Sabah –Output 1.1 (Phase 2). Work in progress.</p> <p>TierraMar</p> <p>SC-3: Development of International Policy</p>
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								<p>Options and Mechanisms for PES – Output 1.1 (Phase1) Consultancy completed; report presented to the PB by the consultant in 2016.</p> <p>Green Spider</p> <p>SC-2: Development of State-level Policy Options and mechanisms for PES – Output 1.2</p> <p>Draft report on State Policies and Regulations Options for PES completed December2016.</p> <p>NEPCon</p> <p>LC-1: Institutional/Capacity Building Specialist – Output 1.3.</p> <p>Knowledge / capacity building assessment report completed June2016. Final Report completed March 2017.</p> <p>SC-2: Development of State-level Policy Options and mechanisms for PES – Output 1.2</p>
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								<p>The realisation of Output 1.5 will need the PMU to provide a synthesis of these reports, as well as other relevant project inputs, into a working paper including conclusions and recommendations for SFD and PB consideration.</p>
					<p>Pilot implementation of NNL (component 2) within project landscape provides initial practical lessons for drafting state-level policy</p> <p>State level policy and regulation on NNL drafted in Y2</p> <p>State-level NNL regulation in place by end of year 5 (Y5)</p>	Unsatisfactory (U)		<p>The first phase of this consultancy was biased towards formulating a state-wide policy framework.</p> <p>The intervention has been split into two parts. During Phase 1 the consultants reported that they have identified the agencies that could potentially serve as core and supporting roles within a future institutional framework for NNL/NG of biodiversity. Phase II would include a No Net Loss/Gain assessment and policy drafting</p> <p>The MTR team had a Skype discussion with the consultants who at the time were based in</p>

								<p>South Africa.</p> <p>A question that was raised related to how realistic is the no net loss/net gain principle in Sabah under present management conditions?</p> <p>The consultant commented that there is an aspiration within the SFD for policy work in this area and they reported that 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</p> <p>When questioned regarding criteria and indicators the MTR team was informed that this is a work in progress and that a proxy for these would-be forest condition, trends in land conversion for agricultural plantations and other priority land uses would be applied.</p>
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								<p>In summary, the MTR concluded that the consultants are working under difficult conditions regarding availability and access to data but this impediment seems to have been slowly rectified and when landscape-level biodiversity and forest quality assessment and mapping information, using LiDAR and hyperspectral imagery is available this will help to advance data deficiencies.</p> <p>The consultants commented that this intervention is at least three months behind schedule</p>
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		<p>RM25 million for 58 Class I Protected Forest Reserves totalling 466,757 ha</p> <p>Biodiversity is being depleted at project landscape level, due to habitat loss, degradation and fragmentation</p>			<p>By end of Y5, the Sabah Forest Department investment in Class 1 forest is at least 25% more than the baseline</p>		<p>During an interview with WWF who have a long-standing interest in the project and are an active member of the Project Board a relevant comment was offered which suggests that elephant population data was reasonably good and that there are healthy populations. Some poaching and poisoning has been detected by oil palm companies protecting their crops.</p> <p>The program of camera trapping being undertaken within contract SC-6b: Ground Based Biodiversity Assessments, Mapping and Monitoring Programmes (University of Aberdeen in Collaboration with the TWG) indicated that it was too early to be conclusive about the results of this work. The team did however offer an opinion “that hunting pressure within the project area is probably very high”.</p>
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Outcome 2: Demonstration of multiple-use forest landscapes planning and management system	State-level system for ensuring no net loss (NNL) of biodiversity from existing forest conservation systems	<p>NNL is a new concept for Sabah</p> <p>No policies or regulations</p>			<p>Pilot implementation of NNL (component 2) within project landscape provides initial practical lessons for drafting state-level policy</p> <p>State-level policy and regulation on NNL drafted in Y2</p> <p>State-level NNL regulation in</p>	Unsatisfactory (U)	Not on target to be achieved	<p>Rating 0</p> <p>MTR Justification for Rating and Conclusions</p> <p>Output 2.1 Economic model to assess combinations of conservation investments and regulatory approaches to maximize net revenues from the demonstration landscape while ensuring No Net Loss of biodiversity.</p> <p>Rating 0</p> <p>MTR Justification for Rating and Conclusions</p>

					place by end of year 5 (Y5)			<p>Various consultancies have contributed conceptual frameworks but to date there are no approved/working economic models.</p> <p>Output 2.2 Landscape-level management plan designed to achieve NNL of biodiversity together with sustainable and equitable financial returns and economic benefits.</p> <p>Rating. 1</p> <p>MTR Justification for Rating and Conclusions</p> <p>SFD is responsible for developing forest management plans for individual FMUs. These are generally focused on forest management principles, rather than biodiversity conservation, ecosystem, and conservation connectivity related goals, objectives and outcomes.</p> <p>A significant number of consultancies</p>
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								(completed or currently being undertaken) within the project area will make important contributions to the planning process. Of particular significance are interventions such as SC-6a: Landscape Level Biodiversity and Forest Quality Assessment and Mapping using LiDAR and will Hyper Spectra Imagery, SC-6b: Ground Based Biodiversity Assessments, Mapping and Monitoring Programmes, HCV and Carbon Stock Assessment.
	Implementation of landscape-level management plan	No plan / implementation			New PA established (ecological corridors, watershed, salt lick) Sustainable-use management system based on sustainable off-take, no net loss, monitoring and enforcement	Unsatisfactory		Output 2.3 Implementation of conservation and sustainable use management actions and system within pilot landscape, based initially on TWG recommendations and later on an accepted landscape-level plan developed under previous output Rating 1

					<p>Amended to: New PAs established (ecological corridors, watershed, salt lick) by end of year 3</p> <p>Sustainable-use management system based on sustainable off-take, no net loss, monitoring and enforcement (especially of hunting)</p>			<p>MTR Justification for Rating and Conclusions</p> <p>Refer conclusions under 2.2 above</p>
Outcome 3 Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site.	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		An international consultancy to look for an Environmental Economist (IC - 3) has been advertised in May,2015. The Environmental Economist is required	Unsatisfactory		<p>MTR Justification for Rating and Conclusions</p> <p>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. As noted above, opportunities related to this outcome have been</p>

							<p>significantly compromised by land-use allocations and the subsequent issuing of concessions. In the time left for project implementation these are ambitious and complex concepts. Some preparatory work has been undertaken particularly in relation to PES. The mission was not aware of any activity related to REDD+ and / or Biodiversity Offsetting. As noted in various project documentation, and strongly supported by the MTR, advancement of this outcome will require an intensive program of capacity building within the SFD who will be ultimately responsible for developing, implementation, management and overall delivery of this ambitious outcome.</p> <p>Output 3.1 Environmental economic and financial analyses of actual and potential land-use</p>
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							<p>scenarios incorporating estimates of landscape-level total economic value, including ecosystem services, conservation and other values</p> <p>Rating 0</p> <p>MTR Justification for Rating and Conclusions</p> <p>The MTR concluded that land-use allocations and contractual arrangements with concessionaires almost totally compromised this output.</p> <p>Output 3.2 Pilot implementation of revenue generating mechanisms.</p> <p>Rating 0</p> <p>MTR Justification for Rating and Conclusions</p> <p>The MTR concluded that land-use allocations and contractual arrangements with concessionaires almost totally compromised this output.</p>
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								<p>Output 3.3 Detailed operating and financial agreements between SFD and private sector and other partners.</p> <p>Rating 0</p> <p>MTR Justification for Rating and Conclusions</p> <p>The MTR concluded that land-use allocations and contractual arrangements with concessionaires almost totally compromised this output.</p> <p>Output 3.4 Financial accounting and monitoring of agreements.</p> <p>Rating 2</p> <p>MTR Justification for Rating and Conclusions</p> <p>A process and recommendations included in the MTR</p> <p>Output 3.5 Tested and operational systems for allocation and re-injection of revenues into PAs and landscape level management.</p>
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								<p>Rating 2</p> <p>MTR Justification for Rating and Conclusions</p> <p>Some consultancies have provided conceptual frameworks.</p>
	Management Budgets as Percentage 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)			The next assessment will be conducted prior to the midterm review of the project in 2015/2016.	Unsatisfactory		<p>Output 3.6 Tested and operational financial systems for benefit-sharing.</p> <p>Rating 0</p> <p>MTR Justification for Rating and Conclusions</p> <p>Negligible progress</p>
	Effective financial/accounting system for fund management and disbursement	Financial/accounting system at SFD and YS			Financial/accounting system at SFD and YS	Unsatisfactory		<p>Rating 0</p> <p>MTE Justification for Rating and Conclusions</p> <p>Negligible progress</p>

Implementation

The MTR noted that members of the TWG are paid a quarterly honorarium at different rates. In addition, TWG has been awarded 4 contracts totalling US\$496,000

- 1) SC7 Establishment of new PAs and biodiversity corridors to enhance connectivity and habitat conditions of the target landscape (natural sciences and social sciences).
- 2) SC8, Operationalization of on-the-ground landscape management system based on landscape-level management plan.
- 3) LC3 Management Planning Advisor
- 4) LC5. Protected Area Management Advisor.

This raises questions related to, conflict of interest, credibility and potential significant cost implications.

It was also noted that a separate Socio-economic Technical Working Group has been established. The MTR raises a question regarding the necessity for having 2 Working Groups. It was also observed that Socio-Economic TWG never had a meeting and the reason for this was not explicit.

The MTR understand that standard UNDP practice during project implementation is that costs related to the completion of a particular contract should be borne by the contractor and should not be an extra cost to the project.

The MTR observed that, during project implementation, contract exceptions were approved. The MTR suggest that these should be fully justified.

Biodiversity conservation component of the project

LC-2 Bio-physical specialist

The contract started in November 2015 and was completed in November 2016 at a cost of US\$48,000. The consultancy was designed to deliver on;

Output 2.1 Economic model to determine optimal mix of production and conservation land uses to maximize sustainable revenue from, and conservation of, the demonstration.

The objectives of this contract were;

- i. Collect, and expand availability and ease of use of, baseline bio-physical data regarding the demonstration site;
- ii. Specify key data gaps that would act as barriers to project implementation; an
- iii. Prepare detailed technical overview of required additional data gathering and monitoring actions.

Findings

This consultancy contract replaced the Land Use Agronomist that was detailed in the original Project Document.

The MTR considered that the contract title "biophysical" should have been more accurate to reflect the categories and types of data presented in the final report. The data collected was primarily land use and associated financial data.

A number of data gaps were identified including:

- inventory data from two concession companies (i.e. Empayar Kejora and Borneo Greenwood);
- log production data and associated royalties;
- costs and revenues for protected areas as well as rubber and oil palm plantations;
- land-use discrepancies.

The contract should have provided baseline information for the other economic studies and is considered to overlap with subsequent economic studies. The MTR suggests that the Report from the LC2 assignment will, however, make a useful contribution to Output 2.1

SC-6a Landscape level biodiversity and forest quality assessment and mapping using LiDAR and hyperspectral imagery

The contract was signed in November 2015, with a duration until May 2017. The cost for this consultancy was US\$ 950,000 and the intervention was formulated to deliver Output 2.2 Landscape-level management plan, based on optimal combination of land uses including PAs and sustainable production.

The scope of work included the collection of hyperspectral and LiDAR (light detection and ranging) imagery to produce high resolution maps of vegetation cover (forest and non-forest), 3-D forest and landscape structure (related to animal habitat), and biochemical diversity for Sabah. All of this to be integrated with CLASlite land cover maps to further extend the results.

Findings

The contractor is late in delivering outputs which were due in May 2017.

Four interim reports have been submitted, with the report in March 2017. Preliminary results have been presented and these showed promising and comprehensive baseline data for Sabah.

The carbon map is also late and was due to be completed in May 2017. The forest canopy functional diversity map is due in August 2017.

The interim report reviewed during the MTR mission did not include dates for the final provision of deliverables.

The contractor has a close working relationship with the TWG. The deliverable on technical training in mapping and monitoring methodology should be closely followed. Technology transfer and capacity building to agencies/departments is essential for effective management and monitoring. Participants for capacity building should be drawn from agencies such as SFD, YS and Department of Land and Survey. Practical criteria for participant selection should be established to ensure the training has direct relevance to the project. The MTR recommended that cost associated with the training workshop should be borne by the contractor.

SC-6b Ground-based biodiversity assessments (using a key range of key taxa), mapping and monitoring programmes

This contract was signed with the University Court of the University of Aberdeen on 1 April 2016 and is for a duration of two years - terminating in July 2018. Total contract amount is US\$ 399,762 and this covers salaries, travel and subsistence,

materials and consumables, as well as university overheads.

The contract was formulated to deliver:

Output 2.2 Landscape-level management plan based on optimal combination of land uses including PAs and sustainable production.

The objectives of this contract include:

- i. A baseline biodiversity (and carbon) assessment for the project landscape;
- ii. Assessment of net biodiversity changes as a result of project activities – to include recommendations for possible compensation mechanisms; and
- iii. Protocols for effective, long-term biodiversity monitoring.

Findings

Three interim reports have been submitted. The last interim report, which was submitted in March 2017 covering the period 1 July 2016 to 1 Feb 2017, noted that the contractor was establishing samplings for the following key taxa studies: mammals, vegetative phenology and Orang utan, above ground carbon density and tree diversity, seed dispersal and tree seedling recruitment, and dung beetles. Apart from this there was little supplementary progress to report and / or assess.

A total of seven research assistants are allocated resources in the 2017 and 2018 Project Budget for a 3-month period at US\$47,535. This comprises five research assistants: Mr Albert Mastor appointed on 1 December 2015, Mr. Mohd Adzim bin Rahilih on 1 December 2015, Mr Mohammad Azuan bin Dourin on 1 December 2015, Mr Mohd Ferdaus bin Syamsudin on 4 April 2016, and Mr Rusli bin Mohd Roslide on 4 April 2016, from SEARRP. Another two research assistants, Mr Raj Alferri Rulin and Mr Paiji bin Paidi from SFD, were appointed on 29 June 2016.

The MTR judged that the appointment of three research assistants from SEARRP before the contract was signed on 1 April 2016 raises questions of transparency and suggest that the UNDP consider this.

The MTR noted that costs associated with hiring seven research assistants in 2018 is an additional cost to the project.

The contractor is still in the process of working towards the first performance measure, which is the biodiversity assessment. The 2nd and 3rd performance measures relate to the development of protocols for long-term biodiversity and carbon monitoring, and training provided for long-term biodiversity for a team of SFD and YS officers and field staff.

The MTR recommend that the PMU must closely monitor performance measures for SC-6b and only approve progressive payments after ensuring there have been high level of delivery.

Mosaic Planting for Forest Restoration

The MTR was provided with a (draft) copy of the "Guidelines on Mosaic Planting for Forest Restoration" (MPFR). The review of these guidelines noted that there is confusion in the terminology used in the draft. For example, restoration is referred to as "ecological processes needed to restore forest to climax community successions". The MPFR guidelines, on the contrary, recommend that trees should be harvested on a cycle of 10 -15 years. This indicates that the MPFR method is

focused on managing secondary successions not, as the draft suggests, climax forest succession.

The MTR suggest that in guidelines prepared by the SFD, such as for MPFR planting, technical terms, which have been formulated around internationally accepted criteria, should be technically accurate and used with professional discrimination.

The concepts outlined in the draft MPFR in FMUs suggest that a 60:40 ratio of mosaic planting and retention of forest areas in degraded forests is applied. This suggests that a minimum of 40% of each area where MPFR is being applied will be retained under forest cover. This approach implies large forest areas could be used for mosaic plantations.

Following a review of the MPFR draft guidelines, and matching these with observations undertaken during site visits in Kalabakan, the MTR concluded that companies are failing to apply the MPFR guidelines.

The MTR concluded, following the helicopter survey and on the ground observations, that the above action would contribute some clarification to issues related to MPFR, such as the clear felling and mosaic planting which were observed by the mission in natural forests.

Economic, Financial and Legal components

As noted above the concept that “underpinned” this project was originally about managing a well determined area of 263,000 ha (sometimes colloquially referred to as the UNDP “project area” or simply the “project area”).

This area is located between three globally significant protected areas (Danum Valley, Imbak Canyon and the Maliau Basin). The concept included that part of the “project area” would be set aside to secure landscape connectivity or a “safe corridor” for biodiversity conservation purposes and to provide an ecological connection between the three protected areas.

The ultimate outcome of the project was to manage all four land units (the project area and the three protected areas) under a unified Management Plan which included provisions that would generate a sustainable funding mechanism that could be used to support conservation management, thus ensuring its post-project sustainability.

The land within the “project area” that was not to be allocated for the “safe corridor” was intended to sustain various modes of economic activity, with a view to generating financing to support the conservation activities of the overall Management Plan.

Clearly therefore, the project was, at its core, a conservation project with a significant economic and sustainable financial component, designed to secure the necessary funding to support the implementation of the Management Plan. As previously stated, there was also an expectation that this project would become a model for other similar conservation schemes.

The economic/financial component, as originally designed, envisioned nine outputs that related either totally or partially to it. These were:

Output 1.2: New state-level policies and regulations for generating and disbursing revenues at landscape level from innovative financing mechanisms.

Output 2.1: Economic model to determine optimal mix of production and conservation land uses to maximize sustainable revenues from the demonstration landscape.

Output 3.1: Environmental economic and financial analyses of actual and potential land-use scenarios incorporating estimates of landscape level total economic value, including ecosystem services, conservation and other values.

Output 3.2: Detailed assessment and pilot implementation of revenue generating mechanisms.

Output 3.3: Detailed operating and financial agreements between SFD and private sector and other partners.

Output 3.4: Financial accounting and monitoring of agreements.

Output 3.5: Tested and operational systems for allocation and re-injection of revenues into PAs and landscape-level management.

Output 3.6: Tested and operational financial systems for benefit-sharing.

Output 3.7: Adaptive financial management, including shifting balance of desired uses based on changes in ecosystem markets.

As with most of the outputs designed for this project, execution was foreseen as being implemented through international or national sub-contracts. These would include individual International Consultants supplied by companies/NGOs (ICs), individual Local Consultants supplied by companies/NGOs (LCs) or full-fledged multi-consultant sub-contracts (SCs). If the original time-table for the implementation of these had been adhere to all these interventions should have been completed by the time of the MTR.

However, as noted above, critical changes to the land use within the project area occurred between the time the Project Document was originally drafted and signed and when implementation was scheduled to get underway. This forced a significant delay in mobilising project execution.

At the time of the MTR, some component sub-contracts have been completed, while others are still to be implemented. In the following paragraphs, the MTR mission provides an assessment on activities that directly relate to the economic/financial and legal components.

Economic, Financial and Legal Sub-Contracts

The following two sub-contracts were implemented by Global Forestry Services (GFS) a company based in Rosemead California, but with experience in Malaysia and a sub-office in that country. The company provides services in 5 areas: Forestry Support Programmes, Training and Support Services, Wood Tracking Programmes, Carbon Credit Support Programmes and Forestry Investment Services.

Environmental Economist (IC-3)

This contract was to directly address Output 3.1: Environmental economic and financial analyses of actual and potential land-use scenarios incorporating estimates of landscape-level total economic value, including ecosystem services, conservation and other values.

In addition, the contract was put together to make a contribution to:

Output 2.1: Economic model to determine optimal mix of production and conservation land uses to maximize sustainable revenues from the demonstration landscape and

Output 3.2: Detailed assessment and pilot implementation of revenue generating mechanisms.

The key tasks/objectives of this contract were to:

- (i) Assess the total economic value of alternative land-use scenarios and ecosystems services;
- (ii) Provide scoping on optimal mix of revenue generations mechanisms, and
- (iii) Indicate funding gaps to be leveraged against investments to be raised internally through co-finance and/or through the market.

The value of the contract was U\$ 72,000 and the duration was 12 months.

Evaluation of Results:

Four reports were produced. An inception report in December 2015, two interim progress reports in June and October 2016 and a final report in November 2016.

In these reports, the consultant correctly stated that out of the 261,254 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.

The consultant calculated the revenue flows that were likely to be generated by the following activities for each of the concessions, i.e. Natural Forest Management, Mosaic Plantations and Oil Palm plantations.

The MTR noted that income from palm oil production is a relatively straightforward calculation in terms of the royalties that will accrue to the SFD. The case of the Sabah Foundation (YS) is very different as YS are partners in those plantations and are contractually slated to receive 40% of the profit generated. Consequently, YSF future income will depend on the profits the plantations show on their books.

Similarly, revenue from the small rubber plantation area could not be calculated, as the consultant was unable to secure reliable data on potential yields. Within these limitations, however, the consultant did come up with a total value of the potential revenue that royalties from these land uses would produce, both for the YS (as the owner of the concession) and for the SFD, once the concessions were in production.

Another important consideration is that total potential income from the area was calculated using assumptions on future prices, as well as amounts actually yielded. The MTR considers that the calculations are as accurate as they could be and were carried out applying reasonable assumptions, and are based on historic production data and historic prices for the various commodities involved, with minor corrections.

Other potential sources of income such as Genetic and Ornamental, Regulating and Cultural services, are also referred to in the final report. The report concludes that there is only limited potential for developing these sources, and points towards eco-tourism as a possible source that could be further evaluated.

The MTR agrees with the suggestion to further investigate eco-tourism as a potential option and source of income, but suggests there is a potential source of income to be had from regulatory services, mainly in the provision of water services. This point is elaborated below in the analysis of the potential for Payments for Eco-Systems Services (PES).

Conservation expenditures for the total area were estimated at RM 40 Million a year (US\$9,400,000 approximately using an exchange rate of 4.26 RM per dollar). This expenditure derives from the Sabah Forestry Department and the Sabah Foundation. At present, the requirements for the total area (project area plus the three adjoining protected areas) significantly exceeds the revenue that is currently generated within the project area. The need to investigate the sustainable financing mechanisms, including PES and Eco-tourism as potential income generating sources for conservation financing, is an evident imperative.

The MTR considers that the current cost of conservation-related management within the project area significantly exceeds the RM 40 million figure.

The land-use allocation was fixed when the contract was awarded. Given this reality, the MTR mission concluded that the sub-contractor completed this task, and provided an estimated total value and revenue stream for that scenario.

Financial Data Management Specialist (LC-4)

This contract was established to support:

Output 3.1: Environmental economic and financial analyses of actual and potential land-use scenarios incorporating estimates of landscape-level total economic value, including ecosystem services, conservation and other values, and

Output 2.1 Economic model to determine optimal mix of production and conservation land uses to maximize sustainable revenues from, and conservation of, the demonstration site - and although not specified in the TOR for this consultancy –

The MTR noted that the intervention could also contribute to:

Output 3.4: Financial accounting and monitoring of agreements and

Output 3.6: Tested and operational financial systems for benefit-sharing.

The key tasks/objectives of this contract were to:

- (i) Identify, improve access and ease of use of existing and future financial data related to demonstration landscape;
- (ii) Prepare a description of bio-physical data required by the project; and
- (iii) Identify and develop a strategy for filling data gaps.

The value of the contract was U\$ 48,000 and the duration was 12 months.

Evaluation of Results:

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.

Using a tool known as the UNDP Financial Sustainability Scorecard, they analysed the financial data requirements of both the protected area under SFD stewardship (Class 1 Forests of 145,297.4 ha, Virgin Jungle Reserve of 7,309 ha. and PSIP plots area of 628 ha), as well as the various concessions within the project area.

The consultants also reviewed the protection costs incurred by the SFD to manage the 1,260,098 ha. under their administration in Sabah and by dividing this figure into their annual conservation protection budget of RM 25 million in 2015, they determined that the annual per hectare for protection amounted to RM19.8 annually. They also noted that income from tourism in those areas in 2015 was RM 1,094,106 which is 4.3% of the estimated biodiversity conservation expenses.

As regards the protected areas managed by Yayasan Sabah Foundation (7 sites totalling 245,888 ha), using a similar methodology and based on an annual conservation budget of RM14 million, the consultants determined that the per ha investment for conservation purposes was RM56.9. It was also noted in the report that this estimate included costs that were not directly related to conservation management activities and included the maintenance of planted areas. The MTR suggest, therefore, that it is reasonable to conclude that an estimated cost per ha. is somewhat below RM56.9 and that the combined average of expenditure on conservation per hectare was estimated at RM 25.4.

The MTR considers that, if adequate protection is going to be provided for all adjacent protected areas - as well as the Class 1 Forests within the project area, the SFD and YSF will need to take on a range of significant additional investments including improved use of satellite imagery, drones, electronic equipment for monitoring animal migration as well as for monitoring human encroachment and more "boots on the ground" (Wardens and Patrol Personnel).

All of these will require the identification of additional funding sources which the MTR recommends should come from both improved monitoring of the royalties due to the SFD and YSF as well as payments for eco-system services (PES) and other, yet to be identified, Sustainable Financing Mechanisms (SFM).

The consultant also concentrated on an analysis of each of the various concessions within the project area, including evaluating data required to monitor costs and royalty income. They report notes several deficiencies in the data provided in plantation development plans and concluded that these could lead to the SFD and YS receiving less revenue from royalties than they were entitled to. In each case, the consultant made specific recommendations with the most important related to formulating standard comprehensive reporting formats. For this purpose, a series of standard reporting formats were provided by the consultant as models that concessionaires / institutions could apply.

The MTR mission supports recommendations of the Financial Data Management Specialist's Report

Related sub-contracts

Two sub-contracts refer to the Payments for Economic Services (PES), as a means of securing a SFM and adequate flow of resources related to project sustainability.

The first of these was implemented by TierraMar, an international consulting firm

based in Australia and the second by Green Spider a group of consultants based in Sabah who specialise in analysing and developing PES solutions.

Development of International Policy Options and Mechanisms for PES (SC-3)

This contract was established to support:

Output 1.2: New State-level policies and regulations for generating and disbursing revenues at landscape level from innovative financing mechanisms;

Output 3.2: Pilot implementation of revenue generating mechanisms and (although not specified in the TOR) the intervention could also contribute to

Output 3.1: Environmental economic and financial analyses of actual and potential land-use scenarios incorporating estimates of landscape level total economic value, including ecosystem services, conservation and other values.

The key tasks/objectives of this contract were to:

- (i) Support the development of new State-level policies and regulations options and mechanisms that regulate and govern biodiversity conservation and the application of financial mechanisms relating to Payment for Ecosystem Services (PES) in Sabah; and
- (ii) Develop a workable institutional framework to support a PES scheme in Sabah.

The value of the contract was US\$267,000 over a duration of 7.5 months.

Evaluation of Results

One report was produced and the consultants were amongst the resource persons at a workshop on PES entitled "Raising Awareness, Identifying Sabah's Needs and Preliminary Options" organized by the SFD in Kota Kinabalu on 27/4/2016.

In a detailed report, the consultants explored PES exercises from a range of global locations. This helped to evaluate aspects of schemes that could be applied in Sabah. PES schemes in Ecuador, Costa Rica, Mexico, Belize, Brazil, and the United Kingdom were reviewed in depth. An analysis of their suitability for replication in Sabah was explored, both in their aptness for replication in socio-economic and socio-political terms, as well as the revenue they were likely to create. The report extracted the key elements that had made these schemes possible models. These key elements found necessary for a successful PES scheme included:

1. The fundamental need for Political Commitment.
2. Building capacity and securing stakeholder "buy in" from the outset of the project.
3. The use of non-government organizations as an intermediary or 'honest broker' often can bring the PES scheme to fruition.
4. Using smaller scale pilot projects to test the validity of proposed PES schemes to demonstrate "proof of concept" prior to large-scale investment in design and establishment.
5. Within a broader policy framework, the use of PES approaches to supplement mainstream government efforts to address threats - to achieve results "additional" to those which can be achieved under mainstream government regulations.

6. Utilizing a mix or bundle of financing options to generate the revenue to incentivize ES providers.
7. The establishment of trust funds or special purpose dedicated accounts to maintain separation of the PES funds from mainstream government revenues and ensure funds are used for the purposes for which they were collected, making it more transparent.

The MTR notes that all 7 of these key points are present in the Sabah context and that there is significant levels of support for the establishment of a PES scheme that would feed into an autonomous, State-Level, conservation fund. The MTR emphasises and underlines the explicit support it received during an interview with the highest levels of the Sabah Finance Ministry and SFD.

The report concludes that in the context of Sabah, a PES scheme that could be viable should consider elements such as:

- (i) A green fee on tourism of U\$ 15 per person that the consultants estimate would generate about US\$ 48 million a year.
- (ii) A water levy to water users based on the protection of watersheds to provide adequate quantities and quality of water. The report also proposes an additional water levy of US\$15 on the estimated 1 million foreign tourists thus raising an additional US\$15 million.
- (iii) Regulatory offsets through net gain policies.
- (iv) Voluntary offset mechanisms with the private sector at site specific locations.
- (v) Voluntary actions such as rehabilitating marginal lands in Oil Palm Plantations.

The MTR endorses further development on the first 2 points (a green fee for tourists upon departure and a water levy) but suggest modifications as follows:

- (i) the Green fee should have a differential scale between international and national tourists;
- (ii) the water levy should apply only to users within Sabah (not to tourists);
- (iii) proceeds from the Green Fee and the Water levy should accrue to a single conservation fund.

The report also provided, as required by the consultant's TOR, a detailed Roadmap for PES in Sabah. This includes an outline for policy and institutional frameworks.

In addition to the report, the consultants also served as resource persons in a workshop organized by the SFD and UNDP.

The workshop brought together 76 participants representing a variety of stakeholders from various concerned government departments, Universities, NGOs, the Private Sector, UNDP project consultants and international organizations. The purpose of this workshop was to: present the TierraMar Consultancy Report; continue to familiarise stakeholders with the PES concept; explore further which schemes best suited the conditions in Sabah; design a way forward for PES in Sabah.

The workshop was generally viewed as a success.

The MTR ascertained that there is a significant level of understanding of PES

concepts, support for a PES scheme and a commitment to its implementation by the stakeholders it interviewed.

The MTR concluded that the consultants completed key tasks/objectives provided for in the terms of reference.

Development of State-level Policy Options and Mechanisms for PES (SC-2)

This contract was formulated to address Output 1.2: New state-level policies and regulations for generating and disbursing revenues at landscape level from innovative financing mechanisms. Although not specified in the TOR it should also contribute to:

Output 3.2: Detailed assessment and pilot implementation of revenue generating mechanisms;

Output 3.3: Detailed operating and financial agreements between SFD and private sector and other partners;

Output 3.4: Financial accounting and monitoring of agreements; and

Output 3.5: Tested and operational systems for allocation and re-injection of revenues into PAs and landscape level management.

The key tasks/objectives for included:

- (i) Support the development of new State-level policies and regulations options and mechanisms that regulate and govern biodiversity conservation and the application of financial mechanisms relating to Payment for Ecosystem Services (PES) in Sabah; and
- (ii) Develop a workable institutional framework to support a PES exercise in Sabah.

The value of the contract was: US\$270,000 and the duration was 30 months.

Based on the rationale and outcomes from this consultancy, the MTR concluded that a pilot PES exercise, which includes the establishment of an independently managed conservation trust fund, should be established.

The final report from this consultancy is not due until May of 2018. The MTR mission did, however, have the chance to review the progress of the work being carried out, including a review of the report entitled "Development of State- Level Policy Options for Payment of Eco-System Services" – draft stocktaking report of 15 January 2016.

Based on this review and an in-depth interview with the Green Spider consultant / staff member responsible for this work, the MTR noted that the consultants were planning to recommend concentrating on the two income-generating ideas that are most likely to produce substantial income flows. These include the tourism related Green Fee and a monthly or quarterly Water Levy charged to downstream water users.

A calculation carried out during the MTR indicates that two income streams have the potential to generate about US\$47,000,000 annually. This would multiply current available funds for conservation in Sabah by a factor of 5.

The MTR also noted that the concept of an independently administered conservation fund that would manage and distribute the income generated was

going to be amongst the recommendations in the final consultancy report.

The MTR supports the work and preliminary ideas of the consultants and suggests that when the State Government is considering the Green Fee for visitors, it distinguishes between international and Malaysian based tourists.

The MTR mission will make an appropriate recommendation to that effect later in this report.

The MTR concludes that the consultants are well on their way to completing the key tasks / objectives provided for in their Terms of Reference.

MTR strongly suggests that, without modifying the financial value of the contract, the consultants should be asked to run a “pilot” PES exercise including the establishment of an interim Conservation Fund with a view of using pilot experience to validate their recommendation for the establishment of a full-fledged PES Conservation Fund.

Other contractual considerations

Two contracts foreseen in the Inception Report have been combined and awarded to ETH Zurich, a Swiss based consultancy firm.

Economic Landscape Modeler (IC-2) and Economic model to assess combinations of conservation investments and regulatory approaches to maximize net revenues from demonstration landscape while ensuring NNL (SC-5).

This contract was formulated in support of:

Output 2.1: Economic model to determine optimal mix of production and conservation land uses to maximize sustainable revenues from the demonstration landscape.

Key Tasks / Objectives of this contract are:

(i) Co-ordinate participatory economic model selection process and suggest options of optimum models; and (ii) Provide guidance to bio-physical and financial data gathering consultancies.

The value of the contract is US\$183,000 and the duration is 13 months.

The substance of this (combined) consultancy, as understood by MTR, is to provide SFD and YSF with a model of land use within the UNDP project area, in order to maximize net revenues from the possible mix of concessions. 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.

The outcomes from this consultancy (i.e. a model that optimizes land use), would have been very useful at the inception of the project or prior to 2010.

Taking into account the current situation the MTR judges that 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).

Consequently, land use within the project area is a “fait accompli” with a time

horizon of 50 years or more. Furthermore, there is an almost consensual view that the remaining 10% of unallocated land should be allocated as Class 1 Protected Forest.

The MTR has significant misgivings that this contract was signed, particularly when the envisaged outcomes will be of limited, if any, usefulness.

In the opinion of the MTR, the only potentially significant economic activity that remains to be determined, is the eco-tourism potential of the three protected adjoining areas, i.e. Danum Valley, Imbak Canyon and the Maliau Basin.

Legal Expert (IC-4)

A budget of US\$55,000 has been allocated for this purpose. MTR understands that no ToR for this intervention have been prepared as the policy direction regarding the conservation finance strategy is pending a Sabah State Cabinet decision.

The MTR is aware that there will, sometime in the future, be a need to adjust legislation to accommodate and, as far as possible harmonise, the innovative outputs from the project so that it fits within with existing national and state legal provisions.

This is an important task and, based on discussions the MTR had with staff of the Sabah Attorney General's Office, the MTR suggests that this organisation might be in a position to carry out the work envisioned under this consultancy. This would significantly reduce costs. The MTR encourages the PMU to investigate and explore this possibility.

Management Arrangements

The MTR concluded that the MFL management structure is unnecessarily complicated and that functions and roles between the Project Board, TWG, PMU, consultancies and sub-contractors were not coordinated as well as they should be.

A disjunct between the PMU, the entity ultimately responsible for project delivery, and the TWG was noted. The MTR recognises the positive contribution the TWG has contributed since its establishment but gained an impression that the project management role and technical inputs of the PMU had, to a degree, been usurped by the role the TWG assumed.

The MTR does not apportion blame for this as it was caused and influenced by factors outside the control of the PMU and TWG. The physical location of these two bodies is a possible contributing factor.

The MTR recognises the value of the PMU and TWG but concluded that these bodies contribute to significant overheads, which could be better utilised by implementing field-based activities.

The MTR concluded that although current arrangements were reasonably effective there was room for innovation and improvement during the remaining period of the project.

PMU and TWG should be requested to analyse existing arrangements and make suggestions to the Project Board, SFD and UNDP for alternatives that would improve project cost effectiveness.

The MTR noted the significant funding that has been allocated to the TWG for consultancy work. These include:

SC-7 Establishment of new PAs and biodiversity corridors to enhance connectivity and habitat conditions of the target landscape (natural sciences and social sciences).US\$298,000

SC-8 Operationalization of on-the-ground landscape management system based on landscape-level management plan. US\$ 150,000

LC-3 Management Planning Advisor US\$24,000

LC-5 Protected Area Management Advisor US\$24,000

These proposed contracts total US\$496,000, which in the MTR view are excessive. Sequencing of these interventions is also important as there is little point in implementing SC-7 until the Integrated Conservation Management Strategy, which the MTR assume would be the primary responsibility for the Management Planning Advisor under LC-3, have been drafted and the appointee mobilised.

There is significant potential for confusion in terms of transparency and accountability. This is caused in part by excessive use of multiple consultancies and contracts. These also compromised opportunities for national and state-level capacity building.

There are disparities between MFL outputs and consultancy arrangements – i.e. some functions envisaged in the PRODOC - because of changes in the project design - were dropped or integrated into the inception report as consultancy inputs. Some inputs were discarded i.e. services of a land-use agronomist.

It was not always clear to the mission that the objective and focal point for the MFL was concentrated on the three globally significant conservation areas, and that establishment management and maintenance of viable connectivity corridors, which was the logic the project was based around, were fully understood.

Landscape-level biodiversity and forest quality assessment work is being carried out by a motivated and competent team. Outcomes from this work should provide essential biodiversity conservation data and information for the ICMS.

Preliminary indications from camera trapping associated with the biodiversity and forest quality assessment indicate that hunting pressure within the project area is probably high.

Input for the analysis of the Payment for Ecosystem Services (PES) prepared by Green Spider, and work on “economic modelling” by ETH Zurich will add value to the State Government’s efforts to diversify income opportunities.

The MTR suggest that use of the Project Log frame to structure meetings and identify and help reconcile implementation issues and track budget and expenditure, while providing for ongoing monitoring and evaluation of progress, could be a useful consideration.

The MTR noted that the management structure of the project, which includes oversight by a Project Board, who are advised by the TWG and PMU, could be improved.

UNDP Management Arrangements

Refer above to Table 6 Synopsis Project Progress Summary

Finance and Co-finance

The MTR were not made aware of factors that negatively inhibited Finance and co-

financing

Project- level Monitoring and Evaluation

As a significant amount of project activity is being carried out by contracts, subcontracts, and consultants there appeared to be minimal direct field level monitoring being undertaken by the PMU.

Technical monitoring is primarily done during the Annual Project Review/Project Implementation Report (APR/PIR) process requested by GEF through UNDP. The APR/PIR is formulated by the PMU jointly with UNDP and RTA. UNDP has provided support through a site visit, and follow-up via teleconferences and e-mails in writing-up the reports.

The quality of the APR/PIR reports are generally of an acceptably standard and provide a broad overview of project progress. The Log Frame/Strategic Results Framework (SRF) also provide adequate indicators for monitoring project progress. Sources of Verification could possibly be better developed and applied but, in saying this, the MTR is aware of the difficulties a project that relies on a broad range of contracts and consultancies need to address. The quality of project level reporting affects the quality of data gathered for verification purposes. The MTR concluded that SRF is probably used by the PMU primarily for developing the Annual Work Plan and during the APR/PIR process, rather than as an on-going planning and monitoring tool but this conclusion was not verified.

Financial Performance Analysis

As stated before, the original project document had to be substantially modified as a result of decision on the allocation of land that took place between the time the project was drafted/approved and the initiation of its implementation. This obviously resulted in modifications in the original budget. However, once the inception report outlining the modifications was approved, the budget was adhered to. In discussions with UNDP Operations staff it was clear that UNDP did indeed apply its normal financial controls including very detailed financial control inspection missions. As pointed out in the report there were two instances that, in the opinion of the MTR mission, fell outside normal procedures. The first refers to payments made to stakeholders for their participation in the TWG (this is not usual UNDP practice). We do however acknowledge the important role the TWG has played in guiding the project. The second refers to the approval of sub-contract IC-2" Economic Modelling" with ETH Zurich, which as stated, in the opinion of the MTR mission should not have been signed at such a late date in the life of the project and when previous decisions regarding land allocation made the foreseen output of the sub-contract mostly irrelevant.

In regard to the use of funds, the MTR wishes to share the following table which reflects the financial modifications that needed to be made in years 2013 and 2014 as mentioned in the previous paragraph as well as the underutilization of funds programmed for years 2015, 2016 and a projection for 2017, that reflect the delays in the implementation of sub-contracts.

Table 7 Financial Performance Analysis

Year	(a) Original Budget	(b) Revised Budget	(c) Budget Variance	(d) Expenses (CDR)		TOTAL	(e) Utilization Rate (%)
				Government and TWG	UNDP	(d) Expenses	
2012	0	8,244	8,244	Not provided.	8,244	8,244	+ 8244%
2013	654,417	70,515	583,902	Not provided	70,515	70,515	- 89.9%
2014	865,000	107,069	757,931	Not provided	107,068	107,068	- 87.5%
2015	672,624	522,920	149,704	Not provided	522,920	522,920	-22.2%
2016	2,217,468	1,654,334	563,134	Not provided	1,654,334	1,654,334	-25.4%
2017	1,112,205	N.A.	N.A.	Not provided	324,014 (as of June)	324,014	N.A.
2018	823,297			Not provided			
TOTAL	4,298,583						

Management Effectiveness Tracking Tool (METT)

The METT process was formulated to report progress on management effectiveness and is not generally regarded as a substitute for a more systematic method of assessment that would contribute to the application of adaptive management processes.

The primary purpose of the METT is to provide a rapid overview of progress in improving the effectiveness of protected area management, and was designed to be completed by the protected area manager. In the case of the Sabah project, the MTR observed some clear limitations on what this process can actually deliver.

A review of the 2011 METT indicated that only 3 sites within the project area had been evaluated. These were Danam Valley, Maliau Basin and Imbak Canyon. Scoring in each of these sites seemed arbitrary and it was not possible to establish an appropriate and reliable baseline based on these three areas.

Conversely, the METT assessments undertaken in August 2016 were significantly more comprehensive. The midterm tracking tool includes all protected areas located inside the project landscape including those gazetted before and after 2011 (baseline year). This includes five sites (all Class VI Virgin Jungle Reserve) that existed during the baseline but were not assessed at that time. As a result these have been included in the midterm assessment.

Based on the inadequacies of the 2011 METT, the MTR concluded that it would be inappropriate to base any adaptive management or management effectiveness recommendations on METT data. The MTR does, however, put forward that METT data from the 2016 score sheets will provide a useful baseline for future monitoring.

Stakeholder Engagement

Stakeholder engagement in the Sabah MFL is rather limited as most outputs and activities are focused on delivery by means of a range of (national and international) consultancies, contracts, subcontracts and via direct interventions from the TWG. The other important forum for engagement is via the Project Board.

Stakeholder Engagement

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Observations on specific areas relating to Stakeholder Engagement are noted below:

Project management

The MTR Team concluded that the MFL management structure is complicated and that functions and roles between the Project Board, TWG, PMU, consultancies and sub-contractors are not well coordinated. The division between the PMU, the entity ultimately responsible for project delivery, and the TWG means that the responsibility for establishing and nurturing the positive engagement of relevant stakeholders is compromised.

The MTR team notes, however, that significant opportunities exist for developing and leveraging partnerships with both direct and indirect stakeholder groups.

State and national government

State project participants, in particular the SFD, demonstrate strong support for the objectives of the project and have invested that significant in-kind support and resources. Project ownership is well “nested” in SFD but, as noted in this report this organisation would benefit from specific professional skills and experience related to protected area management and planning, conservation connectivity and ecosystem-based planning. The Chair of the Project Board is a senior SFD executive who actively engaged during the MTR mission. The MTR team are confident that this engagement will persist over the long-term.

Public awareness and stakeholder involvement do not seem to be strong aspects of the project design and implementation. The MTR are of the view that this seems to be being left to members of the TWG, PB and PMU. As noted elsewhere in this report are priority could be directed to concession holders so as they are fully appraised of project progress and opportunities within their concession areas to make a meaningful contribution.

Reporting

The MTR team gathered an impression that adaptive management processes that resulted in the Project Inception Report were formulated primarily by the TWG and endorsed by UNDP, PMU and Project Board.

Primarily because of implementation modalities that are depend on international and national consultancies monitoring is somewhat disconnected and based on the performance of consultants.

Reporting has, by and large, been carried out in a thorough and timely manner. Operational and technical problems are addressed reasonably effectively although recruitment; procurement; and technical capacity hindered progress from time to time.

The PMU has competently managed and reported on project finances and the reports provided to the MTR team all indicate a high level of mandatory reporting to UNDP/GEF.

Other considerations:

PIRs are available and routinely shared during semi-annual Board Meetings

mechanisms for information sharing with and between other stakeholders is not known.

The MTR is not aware of documentation / sharing of experiences and lessons resulting from project activities to date.

Taking into account the reality that the project was subjected to significant delays in both budget implementation and project execution, adequate adjustments have been made and an overall ranking within these areas is satisfactory.

Communications

Project related communications are mentioned (almost in passing) in the Inception Report under Outcome 3: Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site.

This notes that “A range of activities associated with pilot implementation of these instruments will be supported including: identification of exact location, buyers

and sellers and stakeholders for different mechanisms; design, negotiation and formalization and operationalization of the mechanisms; development of a robust mechanism for monitoring, reporting and verification of services, and payment distribution mechanisms; **and support for communication** and capacity building of decision makers, state government officials and local stakeholders, including communities.

The MTR concluded that communication, across most facets of the project including between State Government Organisations, PMU and TWG would benefit from some focused attention. Ways this could be advanced includes:

Joint monitoring and evaluation of project interventions particularly related to activities being undertaken by national and international consultancies.

Enhanced attention to increasing external communication (currently appears to be confined to TWG and Project Board meetings).

Promotion of the SFD web page

www.forest.sabah.gov.my/undpgefproject/project/project_back_introduction.html is an excellent source of both resources and information

At this stage of the project the MTR have reservations about the benefits that would be achieved by accelerating publicity efforts. Probably the most appropriate type for this would be following the formulation of the draft ICMS.

Sustainability

Sustainability factors	Ranking	MTR Observations
Financial risks to sustainability	ML	Proper conservation of the three protected areas and the connecting so called UNDP project area, will require substantial additional resources. This of course is also true for other current and future protected lands in Sabah. The MTR mission is however optimistic that the necessary funding for this purpose can be made available, if the UNDP financed work currently being carried out under the project by the consultants Green Spider is finally implemented. This would result in a robust and independent Conservation Fund being established.
Socio-economic risks to sustainability	ML	Given the scarcely populated area where the project operates, as well as the three adjoining protected areas, there is little risk of major damage being done prior to it being identified. This said, the potential for poaching and small illegal timber related activities exists. The MTR mission, in recognition of this, states in its report the need to strengthen the overall monitoring capacity of the SFD by establishing a Conservation Unit within it, and ensuring that

		adequate funding is provided to it in order to make full use of modern monitoring technologies as well as hiring more staff in order to ensure more "boots on the ground".
Institutional framework and governance risk to sustainability	MU	<p>The structure of the SFD does not adequately provide for contemporary approaches to protected area planning, management and biodiversity conservation.</p> <p>Associated with this the MTR learned from a variety of informants that the Sabah Wildlife Department is not contributing to the project despite of the fact that the Sabah MFL provides habitat for a wide range of wildlife species - many of which are endangered or vulnerable.</p> <p>This was a consistent observation which was provided spontaneously and was not a solicited response. One informant noted that even when the TWG meeting was being held in the Wildlife Department office, (department is a member of the TWG), no representative was available to participate.</p> <p>During the MTR interview with the Director of the Wildlife Department the mission noted a studied indifference to his organisation being actively involved in the project.</p>
Environmental Risks to Sustainability	MU	Most risks in this category are most likely to have an anthropogenic source. Activities associated with the illegal wildlife trade, excessive harvesting of natural resources, poor forestry harvesting and management practices, introduction of exotic species, inadequate waste disposal and ongoing siltation and pollution of waterways all have the potential to undermine the sustainability of the project site and its natural resources.

V Conclusions and Recommendations

Conclusions

Design and Strategy

Because of pre-emptive land-use decisions, which were revealed during the Inception Workshop, the original design and strategy of the MFL were out-dated and obsolete. To a significant degree this compromised primary Sabah MFL

objectives.

To determine a preferred option and formulate a viable direction for future Sabah MFL undertakings a Technical Working Group (TWG) was formed. This working group, despite the land-use allocations, determined that with some significant modifications the project could be reshaped and could achieve the Sabah MFL's objectives

An international consultant was retained to coordinate the preparation of an inception report. This included provisions for a Memorandum of Understanding between UNDP and the SFD, which was formalised in November 2014.

Given the realities the project was faced with, the Inception Report and supporting MOU provided some effective compromises and a constructive way to move forward. The most significant and, arguably most important, elements of the Sabah MFL that were compromised were the economic components as the land-use decisions resulted in a significant reduction of financially viable options.

Implementation

The MTR concluded that the MFL management structure is unnecessarily complicated and that functions and roles between the Project Board, TWG, PMU, consultancies and sub-contractors were not coordinated as well as they should be.

A disjunct between the PMU, the entity ultimately responsible for project delivery, and the TWG was noted. The MTR recognises the positive contribution the TWG has contributed since its establishment but gained an impression that the project management role and technical inputs of the PMU had, to a degree, been usurped by the role the TWG assumed.

The MTR does not apportion blame for this as it was caused and influenced by factors outside the control of the PM and TWG. The physical location of these two bodies is a possible contributing factor.

The MTR recognises the value of the PMU and TWG but concluded that these bodies contribute to significant overheads, which could be better utilised by implementing field-based activities.

The MTR concluded that although current arrangements were reasonably effective there was room for innovation and improvement during the remaining period of the project.

PMU and TWG should be requested to analyse existing arrangements and make suggestions to the Project Board, SFD and UNDP for alternatives that would improve project cost effectiveness.

The MTR noted the significant funding that has been allocated to the TWG for consultancy work. This includes:

SC-7 Establishment of new PAs and biodiversity corridors to enhance connectivity and habitat conditions of the target landscape (natural sciences and social sciences).US\$298,000

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There is significant potential for confusion in terms of transparency and accountability. This is caused in part by excessive use of multiple consultancies and contracts. These also compromised opportunities for national and state-level capacity building.

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The MTR suggest that use of the Project Log frame to structure meetings and identify and help reconcile implementation issues and track budget and expenditure, while providing for ongoing monitoring and evaluation of progress, could be a useful consideration.

The MTR noted that the management structure of the project, which includes oversight by a National Steering Committee, who are advised by the TWG and PMU, could be improved.

Adaptive Management

The process that was put in place to translate the original PRODOC and produce the Inception Report was a useful example of adaptive management, which allowed the Sabah MFL to move ahead albeit after a two-year delay.

The planning framework that is inherent within the Open Standards for Conservation Action, and the Miradi software, has significant potential for establishing a collaborative process for preparing the Integrated Conservation Management Strategy stop listening warmer here.

Indications of Progress Towards Achieving Intended Results

Methodologies associated with assessments of High Conservation Value (HCV) and High Carbon Areas (HCA) are robust and the requirement that these need to

acquire third-party certification indicates transparency and a measure of sustainability.

Application of the Guidelines on Mosaic Design for Forest Restoration as a major land-use was a question the MTR discussed. This topic is discussed elsewhere.

The potential for establishing viable connectivity corridors is high. These areas will, however, require intensive management and maintenance so that they provide effective connectivity between the three globally significant protected areas. These requirements will need to be expressed in deliberate and prescriptive terms in the Integrated Conservation Management Strategy (ICMS).

Over the mid to long-term all Class 1 Forest Reserves within the Sabah MFL area, with judicious operational management, have the potential for significant ecosystem restoration. These requirements will need to be expressed in deliberate and prescriptive terms in the ICMS.

Sustainability and Risks

The present structure of the SFD does not adequately provide for or address contemporary approaches to protected area planning, management and biodiversity conservation.

The Sabah Wildlife Department is not contributing to the project in spite of the reality that the MFLM site is a major habitat for a wide range of wildlife species, many which are endangered or vulnerable.

A strategic and fundamental consideration are the areas within the MFL that are set aside for palm oil plantations (nearly 24,000 ha). These are important if connectivity objectives are to be established and maintained.

Concessionaire activities are acting in complete isolation and are giving limited consideration and are not taking into account the landscape and conservation values of the project site.

Logging is having a significant and unrecognised impact on water quality. Logged areas are distributing ongoing rates of silt into the waterways. There is a marked distinction between rivers and watercourses from undisturbed areas against the silt loads that watercourses are carrying from logging activities.

The introduction and use of non-native species for production purposes significantly increases the risk of introducing Invasive Alien Species (IAS), which is a significant and growing threat to indigenous/native biodiversity.

Riparian zones and wildlife corridors that have been set aside in most areas are being exploited by concessionaires. The ability of these to control water run-off and siltation and their appropriateness as wildlife corridors is, at best, questionable. These management zones need to be designed and located by ecological specialists. These requirements will need to be expressed in deliberate and prescriptive terms in the ICMS.

Economic modelling of the Sabah MFL area has been compromised and constrained as land-use designations, except in a few specific areas, have severely limited opportunities to optimize economic values of the Sabah MFL area.

Except for the observations above, which are significant, PES proposals seem realistic in terms of the income generation, and the elements being proposed and the modalities being recommended are generally acceptable to stakeholders.

Economic, Financial and Legal components

Global Forestry Services proposed the use of standardized forms for financial data collection for the various land uses. These could be associated with the annual work plan. A generic procedure could be associated with requirements of the annual work plan for the licensee to collect and submit data to SFD and YSG as appropriate to the permitted land use. Refer Appendix 3 Annual Work Plan Data Collection Procedure in GFS Report

The MTR concluded that the consultant has completed the three key tasks/objectives provided for in the terms of reference and these were satisfactorily addressed.

Recommendations

A	Outcome 1: An enabling environment for optimized multiple use planning, financing, management and protection of forest landscapes	
A.1	<p>Key recommendation: The SFD, PMU, TWG and Project Board ensure the following five priority elements are an integrated into the ICMS:</p> <ul style="list-style-type: none"> • connectivity between the three globally significant protected areas is established and maintained and that connectivity corridors apply ecological best practices • recognition of the intensive management, including robust patrolling systems, and maintenance that connectivity corridors areas require • the impact of logging on water quality and the management riparian zones and wildlife corridors and specifies the design of these areas in conjunction with ecological specialists. • integration of concessionaire activities into the wider conservation mandate. • expresses in prescriptive terms best practice management for all components of the ICMS planning process. 	SFD, PMU, TWG and Project Board
B	Outcome 2: Demonstration of multiple-use forest landscape planning and management system	
B.1	<p>Key recommendation: That the UNDP and the SFD postpone contracts for the implementation of SC-7, SC-8 and LC-5 until the management planning advisor(s) ToR have been formulated and work on the ICMS has been advanced.</p>	UNDP and SFD
B 2	That steps be taken by the SFD to use, as far as possible, native species for production purposes to	SFD

	reduce the risk of introducing Invasive Alien Species (IAS).	
B.3	That UNDP and the SFD require that the budgetary provisions made for the 7 research assistants should be borne by the contractor (using the budget committed for 2018 USD 319,316.60) and that the research assistant team associated with SC-6 should comprise staff from SFD and YS as a way to deliver the 2 nd performance measure, as stipulated in the contract agreement.	UNDP and SFD
B.4	That UNDP and the SFD ensure that the requirement for a legal expert (originally under a consultancy entitled "Legal Expert" (IC-4) , be carefully reviewed to determine if the necessary legal work can be undertaken by the Office of the Attorney General thus generating additional project savings.	UNDP and SFD
B.5	That UNDP and the SFD review the contract of the consultancy "Economic Landscape Modeler" (IC-2) with ETH Zurich in order to reduce its scope to include <u>only</u> the formulation of a Master Plan for Eco-Tourism in the 3 protected areas. This should include a market study and an investment plan. Therefore, the contract should be re-negotiated, and the financial provisions reduced to reflect the more limited scope of the work to be carried out.	UNDP and SFD
C	<i>Outcome 3: Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site</i>	
C.1	<p>That the SFD, with support from UNDP, should ensure under the consultancy entitled "State-level policy options and mechanisms for PES (SC-2) that the consultant Green Spider:</p> <ul style="list-style-type: none"> concentrate exclusively on the creation of the Conservation Fund and ensure that this fund be based on two income sources: (i) Green Fee paid by tourists and that it discriminates between foreign tourists and Malaysian visitors. (ii) a Water Levy paid by users approach Green Spider and request that they design and undertake a "pilot" exercise for the Conservation Fund. This is an integral part of the work they are contracted to complete and it should be no-cost modification of the financial compensation 	SFD, with support from UNDP,

	packet already agreed to.	
D	Project Implementation & Adaptive Management	
D.1	Key recommendation: That the UNDP and the SFD postpone contracts for the implementation of SC-7, SC-8 and LC-5 until the management planning advisor(s) ToR have been formulated and work on the ICMS has been advanced	UNDP and SFD
D.2	That UNDP and the SFD require that the budgetary provisions made for the 7 research assistants should be borne by the contractor (using the budget committed for 2018 USD 319,316.60) and that the research assistant team associated with SC-6 should comprise staff from SFD and YS as a way to deliver the 2nd performance measure, as stipulated in the contract agreement.	UNDP and SFD
D.3	<p>The SFD, PMU, TWG and Project Board ensure the following five priority elements are an integrated into the ICMS:</p> <ul style="list-style-type: none"> • connectivity between the three globally significant protected areas is established and maintained and that connectivity corridors apply ecological best practices • recognition of the intensive management, including robust patrolling systems, and maintenance that connectivity corridors areas require • the impact of logging on water quality and the management riparian zones and wildlife corridors and specifies the design of these areas in conjunction with ecological specialists. • integration of concessionaire activities into the wider conservation mandate. • expresses in prescriptive terms best practice management for all components of the ICMS planning process. 	UNDP and SFD
D.4	That SFD consider reviewing its structure in order to provide expertise and contemporary approaches to protected area planning, management and biodiversity conservation.	SFD
D.5	That the UNDP and the SFD approach the Sabah Wildlife Department with a view to them actively contributing to the project.	UNDP and SFD

D.6	That SFD delay making a decision on the future status of the unallocated areas within the MFL until further evidence, particularly findings from the ground-based biodiversity research (SC-6b), are available.	SFD
D.7	That steps be taken by the SFD to use, as far as possible, native species for production purposes to reduce the risk of introducing Invasive Alien Species (IAS).	SFD
E	Sustainability	
E.1	<p>Key recommendation: I Project Strategy</p> <ul style="list-style-type: none"> • approve a 18 month no-cost extension for the project • this to provide for the completion of ongoing activities and other priority interventions as detailed in the MTR • for this purpose, UNDP should secure the necessary authorization from GEF on the understanding that this would be a cost-neutral extension to be financed by savings. These savings could come from the reduction in funding to consultancies (IC-2), (SC-5) and if appropriate, (IC-4). Other sources of savings might be identified, based on the recently completed UNDP HACT audit/review. 	SFD and UNDP

Annexes

Annex 1: MTR Consultants Terms of Reference

Biodiversity Conservation in the Multiple Use Forest Landscapes in Sabah, Malaysia

Project Description:

This is the Terms of Reference for the UNDP-GEF Midterm Review (MTR) of the full-sized project titled *Biodiversity Conservation in the Multiple Use Forest Landscapes in Sabah, Malaysia* (PIMS#4186) (also known as Sabah MFL project) implemented by the Sabah Forestry Department in Malaysia, which is to be undertaken in September 2016 – March 2017. The project started on 22 June 2012 and is in its fifth year of implementation. The project is scheduled to end on 31 December 2018. In line with the UNDP-GEF Guidance on MTRs, this MTR process was initiated before the submission of the fourth Project Implementation Report (PIR). The MTR process must follow the guidance outlined in the document *Guidance for Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects* (see http://web.undp.org/evaluation/documents/guidance/GEF/mid-term/Guidance_Midterm%20Review%20 EN_2014.pdf).

The Sabah MFL project was designed to institutionalize a multiple-use forest landscape planning and management model which brings the management of critical protected areas and connecting landscapes located in the Yayasan Sabah Sustainable Forest Management License Agreement (SFMLA) area under a common and integrated management umbrella strategy in order to mainstream biodiversity, ecosystem functions and resilience, while enabling ongoing sustainable uses. The 261,264 ha project landscape located in the eastern part of Sabah is a contiguous block that forms an important connecting land mass between three sizeable and renowned protected areas in Sabah. 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. The project aims to achieve this objective through delivery of three interconnected components:

- An enabling environment for optimized, multiple use planning, financing, management and protected of forest landscapes;
- Demonstration of multiple-use forest landscape planning and management system; and
- Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site.

An inception workshop in July 2013 and a follow up strategic framework workshop in October 2013 revealed that there had been significant changes in the land use allocations within the project landscape. Stakeholders expressed concern that proposed changes within the project landscape would have major impacts on biodiversity and on the viability of key conservation areas and financing mechanisms that the project had been planning to support.

In response to these changes, a Technical Working Group consisting of government officials and civil society stakeholders was established and subsequently, a Memorandum

of Understanding was signed between UNDP and Sabah Forestry Department (SFD) on 12 November 2014 on the agreed actions and principles to be adhered with regards to the land use allocations in the project landscape.

Description of Responsibilities:

The MTR will assess progress towards the achievement of the project objectives and outcomes as specified in the Project Document, MOU between UNDP and SFD, Inception Report and programme outcomes as stipulated in the Country Programme Action Plan (CPAP) 2016 – 2020 between UNDP and the Government of Malaysia, and assess early signs of project success or failure with the purpose of identifying the necessary changes to be made in order to set the project on-track to achieve its intended results. The MTR will also review the project's strategy and its risks to sustainability. The MTR must provide evidence-based information that is credible, reliable and useful.

The MTR Lead Consultant will perform the key tasks as follows:

- Lead and assign division of work for a team of two independent experts including Biodiversity Specialist and Economist who will jointly conduct the MTR;
- Conduct a document review of project documents i.e. Country Programme Action Plan (CPAP) 2016 – 2020 between UNDP and Government of Malaysia, Project Identification Form (PIF), UNDP Initiation Plan, Project Document, Environmental and Social Safeguard Policy (ESSP), MOU, Project Inception Report, Project Implementation Reviews, Finalized GEF focal area Tracking Tools, Project Appraisal Committee meeting minutes, Financial and Administration guidelines used by Project Team, project operational guidelines, manuals and systems, etc.; provided by UNDP Malaysia Country Office and Project Team;
- Discuss with UNDP Malaysia Country Office and key stakeholders to identify and select sites for field mission;
- Plan and facilitate in a MTR inception workshop to clarify their understanding of the objectives and methods of the MTR, producing the MTR inception report thereafter;
- Conduct field mission with MTR team that consist of interviews with stakeholders who have project responsibilities and site visits to Sandakan, Kota Kinabalu and project landscape areas;
- Assess the following four categories of project progress based on the *Guidance for Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects* for requirements on ratings. No overall rating is required;
- Produce a draft and final MTR report with MTR team members;
- Plan the MTR Concluding Stakeholder Workshop.

Project Strategy

Project Design:

- Review the problem addressed by the project and the underlying assumptions. Review the effect of any incorrect assumptions or changes to the context to achieving the project results as outlined in the Project Document and Inception Report;
- Review the relevance of the project strategy and assess whether it provides the most effective route towards expected/intended results stipulated in the project document/inception report and the CPAP 2016 – 2020;
- Review how the project addresses country priorities. Review country ownership. Was the project concept in line with the national and sector development priorities and plans in Malaysia?;
- Review decision-making processes: were perspectives of those who would be affected by project decisions, those who could affect the outcomes, and those who could contribute information or other resources to the process, taken into account during project design processes?;
- Review the extent to which relevant gender issues were raised in the project design. See Annex 9 of *Guidance for Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects* for further guidelines;
- If there are major areas of concern, recommend areas for improvement.

Results Framework/Logframe:

- Undertake a critical analysis of the project's logframe indicators and targets, assess how "SMART" the midterm and end-of-project targets are (Specific, Measurable, Attainable, Relevant, Time-bound), and suggest specific amendments/revisions to the targets and indicators as necessary;
- Examine if progress so far has led to, or could in the future catalyse beneficial development effects (i.e. income generation, gender equality and women's empowerment, improved governance etc.) that should be included in the project results framework and monitored on an annual basis.

Progress Towards Results

- Review the logframe indicators against progress made towards the end-of-project targets; populate the Progress Towards Results Matrix, as described in the *Guidance for Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects*; colour code progress in a "traffic light system" based on the level of progress achieved; assign a rating on progress for the project objective and each outcome; make recommendations from the areas marked as "not on target to be achieved" (red);
- Compare and analyse the GEF Tracking Tool at the Baseline with the one completed right before the Midterm Review;
- Identify remaining barriers to achieving the project objective;
- Review the aspects of the project that have already been successful and identify ways in which the project can further expand these benefits.

Project Implementation and Adaptive Management

Using the *Guidance for Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects*; assess the following categories of project progress:

- Management Arrangements;
- Work Planning;
- Finance and co-finance;
- Project-level monitoring and evaluation systems;
- Stakeholder Engagement particularly local and indigenous communities;
- Reporting;
- Communications.

Sustainability

Assess overall risks to sustainability factors of the project in terms of the following four categories:

- Financial risks to sustainability;
- Socio-economic risks to sustainability;
- Institutional framework and governance risk to sustainability;
- Environmental risks to sustainability.

The MTR Lead Consultant and his/her team will include a section in the MTR report setting out the MTR's evidence-based conclusions, in light of the findings.

Additionally, the MTR Lead Consultant and his/her team are expected to make recommendations to the Implementing Partners and Project Team. Recommendations should be succinct suggestions for critical intervention that are specific, measurable, achievable, and relevant. A recommendation table should be put in the report's executive summary. The MTR Lead Consultant and his/her team should make no more than 15 recommendations in total.

Expected Outputs and Deliverables:

The MTR Lead Consultant shall prepare and submit

- MTR Inception Report: MTR team clarifies objectives and methods of the Midterm Review no later than 2 weeks before the MTR mission. To be sent to UNDP Malaysia Country Office and project management. Approximate due date: ~~23 September 2016~~;
- Presentation: Initial Findings presented to project management and UNDP Malaysia at the end of the MTR mission. ~~Approximate due date: 14 October 2016~~;

- Draft Final Report: Full report with annexes within 4 weeks of the MTR mission. Approximate due date: ~~11 November 2016~~;
- Final Report*: Revised report with annexed audit trail detailing how all received comments have (and have not) been addressed in the final MTR report. To be sent to the UNDP Malaysia within 6 weeks of receiving ~~UNDP and stakeholders' comments on draft. Approximate due date: 16 December 2016.~~

*The final MTR report must be in English. If applicable, UNDP Malaysia may choose to arrange for a translation of the report into Malay language – the official language more widely shared by national stakeholders.

Institutional Arrangement:

The Commissioning Unit for this project's MTR is UNDP Malaysia Country Office. UNDP Malaysia will contract the MTR Lead Consultant and ensure the timely provision of per diems and travel arrangements within the country for the MTR team. The Project Team will be responsible for liaising with the MTR team to provide all relevant documents, set up stakeholder interviews, and arrange field visits.

Duration of the Work:

The total duration of the MTR will be 50 working days starting 12 September 2016, and shall not exceed six months from when the Lead Consultant is hired. The tentative MTR timeframe is as follows:

- 19 August 2016: Application closes;
- 22 August – 2 September 2016: Selection of MTR Lead Consultant and team members;
- 12 – 16 September 2016: Prep the MTR Team (handover of project documents);
- 19 – 23 September 2016 (5 days): Document review and preparing MTR Inception Report;
- 26 – 30 September 2016 (5 days): Finalization and Validation of MTR Inception Report- latest start of MTR mission;
- 1 – 14 October 2016 (14 days): MTR mission: stakeholder meetings, interviews, field visits;
- 14 October 2016: Mission wrap-up meeting & presentation of initial findings-earliest end of MTR mission;
- 17 October – 11 November 2016 (10 days): Preparing draft report;
- 28 November – 9 December 2016 (6 days): Incorporating audit trail on draft report/Finalization of MTR report;
- 12 – 23 December 2016 (5 days): Preparation & Issue of Management Response;

- 26 December 2016 – 13 January 2017 (5 days): Planning the Concluding Stakeholder Workshop;
- 31 January 2016: Expected date of full MTR completion.

These dates may be adjusted according to the MTR team schedule in consultation with UNDP Malaysia.

Duty Station:

All travels within the project landscape will be arranged by UNDP Malaysia and Project Team except international travel from home base to Sandakan and Kota Kinabalu, Malaysia, which is self-arranged.

Travel:

- International travel will be required to Sandakan and Kota Kinabalu, Malaysia during the MTR mission;
- The Basic Security in the Field II and Advanced Security in the Field courses must be successfully completed prior to commencement of travel;
- Individual Consultants are responsible for ensuring they have vaccinations/inoculations when travelling to certain countries, as designated by the UN Medical Director.
- Consultants are required to comply with the UN security directives set forth under <https://dss.un.org/dssweb/>.

Competencies :

- Competence in adaptive management, as applied to biodiversity focal area;
- Demonstrable analytical skills.

Experience:

- Experience with result-based management evaluation methodologies for at least 10 years;
- Experience applying SMART targets and reconstructing or validating baseline scenarios;
- Experience working with the GEF or GEF-evaluations for at least 5 years;
- Experience working in Malaysia, South-East Asian or Asia-Pacific region;
- Work experience in forest landscape management, conservation biology and/or landscape ecology for at least 10 years;
- Demonstrated experience in the application of GIS/remote sensing and image analysis related to biodiversity and ecosystems will be an asset;
- Project evaluation/review experiences within United Nations system will be considered an asset.

Language:

- Excellence in English communication skill.

Annex 2 Mid-Term Evaluation Questionnaire

Project Formulation and Quality of Design - Do you / your group consider there were enough opportunities for the government and other stakeholder to make meaningful input into the design of the project at its outset?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Looking back since the project start-up do you think the concept, strategies and approach worked and how do you / your group think the design process could have been improved?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Project Implementation - did the institutional arrangements for implementation and coordination between the SFD, PMU, UNDP etc, work effectively and how could these processes be improved?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Was the communication and coordination between the SFD, Government of Malaysia, PMU, and other government implementing agencies, stakeholders and community partners effective?

Ranking

Comments:

In your personal or your groups opinion were the management tools that the project used – including application of the logical framework, work plans, and reporting requirements helpful in terms of keeping track of implementation requirements and progress.

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Do you think the project design and approach helped to build the right

conditions to replicate and scale up successful activities?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Country Ownership – these is a general conclusion that project was, in general terms, one which the Government of Malaysia and the State Government of Sabah wanted to undertake and was of long term value to communities and the nation and state. Over the course of the last 2 years has your view on this changed? Would you support a similar project or extension to this one?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking

Comments:

Stakeholder Participation Do you / your group think stakeholder participation during project implementation and adaptive management decisions making has been encouraged and benefited the project?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking

Comments

How could levels of stakeholder participation been improved and strengthened?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking

Comments:

Replication of the Approach the Mid Term Evaluation team suggest that the project was well designed with sharing and replication in mind has resulted in some useful examples.

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking

Comments:

Can you identify additional examples where this is occurring across project sites?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Cost Effectiveness - Do you think the project has been cost effective and that activities delivered Biodiversity Conservation benefits, and that there is community support?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Linkages with other Programs

Linkages with other projects, such as the Heart of Borneo, was a significant part of the design and implementation approach of the project (and co-financing). Resulting from the work carried out by the project, are there examples where the project has successfully linked with or supported other programmes?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Management Arrangements are there issues with the management structure that you think the MTR Team need to be aware of – for example do you think the project displayed openness in decision making and financial transfers. Do you / your group feel that management functioned smoothly?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Financial Planning Some project reports suggested there were issues with funding flows and this slowed down the project.

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Execution and Implementation Modalities Did you or members of your group experience any issues with the turnover of staff - do these concerns remain valid?

Achieved	On Target	Work in	Significant
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		progress	problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Coordination and Operational Issues These are linked to the above. Were the roles and responsibilities of key stakeholders made clear from the outset and did the situation improve as the project matured?

If future SGP type projects were to be developed do you imagine these would function more effectively and efficiently from the outset by building on the experience of this project?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Governance and Capacity Building -Has this project contributed to improved governance and strengthened capacity for biodiversity conservation, connectivity and protected area management?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Results Generally

Overall do you think the project improved the understanding of landscape scale management, biodiversity conservation, connectivity and the importance of protected areas.

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Do you think the capacity to plan and manage responses has improved?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Has the project strengthened the enabling environment for biodiversity conservation and the importance of protected areas?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Has the project helped promote community and NGO participation in biodiversity

conservation and the importance of protected areas and general environmental decision making?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

What are the significant achievements in your area and will these have lasting effect?

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

The project document was based on the possibility that it would offer lessons to be learnt in the following areas:

Need for more efficient financial processes

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Need for improved co-ordination between key stakeholders including government agencies and implementing agencies

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Need for substantive mini evaluations during annual reviews

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Need for improved access to biodiversity conservation and the importance of protected areas and Learning / Sharing Mechanisms

Achieved	On Target	Work in progress	Significant problems

9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10
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Ranking:

Comments:

Need for strengthened focus on sustainability of outcomes.

Achieved	On Target	Work in progress	Significant problems
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

Ranking:

Comments:

Are there areas which we have missed on this list or have come to mind during these discussions?

Yes	No
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If yes please add

Final Comments

Annex 3: MTR Rating Scales

Highly Satisfactory (HS)	The objective/outcome is expected to achieve or exceed all its end-of-project targets, without major shortcomings. The progress towards the objective/outcome can be presented as “good practice”.	
Satisfactory (S)	The objective/outcome is expected to achieve most of its end-of-project targets, with only minor shortcomings.	
Moderately Satisfactory (MS)	The objective/outcome is expected to achieve most of its end-of-project targets but with significant shortcomings.	
Moderately Unsatisfactory (MU)	The objective/outcome is expected to achieve its end-of-project targets with major shortcomings.	
Unsatisfactory (U)	The objective/outcome is expected not to achieve most of its end-of-project targets.	
Highly Unsatisfactory (HU)	The objective/outcome has failed to achieve its midterm targets, and is not expected to achieve any of its end-of-project targets.	
Indicator Assessment Key		
Green= Achieved	Yellow= On target to be achieved	Red= Not on target to be achieved

Annex 4 Mid Term Evaluation In-Country Travel and Meeting Schedule

Dates	Time	Session	Venue	Meeting point and time
12 June 2017 (Monday)	8.00 am – 9.30 am	Hotel to KLIA 1. Check-in flight	Kuala Lumpur (KUL)	Flight at 1035am.
	10.30 am – 1.15 pm	Flight Kuala Lumpur to Sandakan	-	Flight at 1035. Flight MH 2710
	1.15 pm – 2.00 pm	Arrival at Sandakan Airport. Travel to hotel	Sandakan (SDK), Sabah	Arrival hall at Sandakan Airport
	2.00 pm – 3.00 pm	Check-in hotel	Four Points by Sheraton Sandakan	
	3.00 pm – 4.30 pm	Internal discussion with UNDP Programme Manager	Four Points	
	4.30 pm – 6.30 pm	Documentation Review	Four Points	
13 June 2017 (Tuesday)				
	8.15 am – 9.00 am	Hotel to Sabah Forestry Department (SFD) HQ		Gather at the hotel lobby at 8.15 am
	9.00 am – 9.30 am	Meeting with SFD Chief Conservator of Forests (CCF)	CCF's office, SFD HQ	
	9.30 am – 12.00 pm	Opening Meeting	Auditorium, SFD HQ	
	2.00 pm – 3.30 pm	Interview session with Project Manager	PM's office, SFD HQ	
	3.30 pm – 4.30 pm	Interview session with TWG Chairperson	Meeting room, SFD HQ	
	4.30 pm – 6.00 pm	Documentation review and Q&A with Sabah MFL Project Team and SFD	Project's office, SFD HQ	
	8.00 am –	Hotel to Sepilok Forest Research Centre (FRC)	FRC, Sepilok	Gather at the hotel

	8.40 am			lobby at 8.00 am
	8.40 am – 10.30 am	Interview session with Sepilok FRC team	FRC, Sepilok	
	10.30 am – 1.00 pm	Sepilok FRC to SFD HQ. Documentation review and verification with Sabah MFL Project Team and SFD	SFD HQ	
	2.30 pm – 4.40 pm	Departure to Sandakan Airport. Check-in flight		
	4.40 pm – 5.20 pm	Flight Sandakan to Tawau (TWU)		Flight at 1640. MH 3095
	5.20 pm – 6.10 pm	Arrival at Tawau Airport. Travel to hotel	Tawau, Sabah	
	6.10 pm – 7.00 pm	Check-in hotel.	L.A. Hotel, Tawau	

15 June 2017 (Thursday)	6.00 am – 7.00 am	. Check-out hotel	L.A. Hotel	Gather at the hotel lobby at 7.00 am
	7.00 am – 11.00 am	Tawau to Integrated Mosaic Planting Area (Area A of Project Landscape Map) by Empayar Kejora Sdn. Bhd.	Sabah MFL Project Landscape, Kalabakan	
	11.00 am – 1.00 pm	Interviews and site visit to Integrated Mosaic Planting Area by Empayar Kejora S/B – nursery, planting sites, etc.		
	2.00 pm – 5.30 pm	Visit to agriculture treatment plots carried out by SFD		
		Area earmarked for Oil Palm Plantation		
		Agroforestry area set aside for Prolific Palm Sdn. Bhd.		
		Industrial Tree Planting for Acacia – area set aside for Hutan Kita Sdn. Bhd.		
		Industrial Tree Planting for rubber – Latex Timber Clone		
		Research plots established for biodiversity assessment (carbon stock, ecological functions, etc.) conducted by the Consortium of University of Aberdeen, University of Montana, University of Oxford, and Universiti Malaysia Sabah		
	5.30 pm – 6.30 pm	Check-in Luasong Resthouse		
	8.00 pm – 8.45 pm	Interview session with Sabah Foundation RBJ team	Conference room, Luasong Resthouse	
	8.45 pm	Interview session with researches from the Consortium	Conference	

	– 9.30 pm	of University of Aberdeen, University of Montana, University of Oxford, and Universiti Malaysia Sabah	room, Luasong Resthouse	
	9.30 pm			
16 June 2017 (Friday)	6.00 am – 7.00 am	. Check-out Luasong	Dining hall, Luasong Forestry Centre	Gather outside Luasong dining hall at 7.00 am
	7.00 am – 1.00 pm	Water catchment area in Sungai Tiagau (Extension) Forest Reserve	Sabah MFL Project Landscape, Kalabakan	
		Visit to Integrated Mosaic Planting Area (Area B of Project Landscape Map) by Usahawan Borneo Greenwood Sdn. Bhd. (UBG) – interviews, germination seed hour, nursery, planting sites, Gunung Rara Wildlife Corridor, etc.		
	2.30 pm – 5.30 pm	Agroforestry area managed by Rinukut Plantations Sdn. Bhd.		
		Ecotourism and Integrated Mosaic Planting area by Asiatic Ecoforest Sdn. Bhd. (also known as Asiatic Organic Farm)		
	5.30 pm – 7.00 pm	Check-in room at Asiatic Organic Farm / .		
	9.00 pm			
17 June 2017 (Saturday)	7.00 am – 8.00 am	. Check-out Asiatic	Dining hall, Asiatic Organic Farm	Gather at dining hall of Asiatic Organic Farm at 8.00 am

	9.00 am – 1.00 pm	Depart Asiatic for Tawau Airport		
	1.00 pm – 5.30 pm	Check-in flight	Tawau Airport	
	6.05 pm – 7.05 pm	Flight Tawau to Kota Kinabalu (BKI)		Flight at 1805. MH 2134
	7.05 pm – 8.00 pm	Arrival at Kota Kinabalu International Airport (KKIA). Travel to Le Meridien Hotel and check-in room	Kota Kinabalu (KK), Sabah	

Dates	Time	Session	Venue	Meeting point and time	Notes
	9.00 am – 10.00 am	Skype call with ETH Zurich – economic model for optimum land use and biodiversity conservation in the project landscape	Gaya Room 1, Level 3, Le Meridien Hotel		<ul style="list-style-type: none"> A meeting room (Gaya Room 1) in the hotel is reserved for MTR team to do Skype calls and preparation. A technician from the hotel will be there to assist setting up LCD projector and PA system for Skype calls. MTR team to bring own laptop. Dr. Chris Kettle of ETH Zurich is on a transit at Beijing International airport on 18 June morning, so there is possibility of no internet connection and flight delay.
	10.00 am – 12.00 pm	MTR team preparation			
	2.00 pm – 5.00 pm	MTR team preparation	Gaya Room 1, Level 3, Le Meridien Hotel		
	5.00 pm – 7.00 pm	Skype call with Daemeter – High Conservation Value / High Carbon Stock assessor			<ul style="list-style-type: none"> Skype call with Mr. Jules Crawshaw of Daemeter Consulting. Ka Han will assist in person.

	8.30 am – 10.30 am	Stakeholder Meeting with Project Board members and relevant agencies	Gaya Room 1, Level 3, Le Meridien Hotel		<ul style="list-style-type: none"> • Jeflus and Ka Han will assist in person. • Attire: Formal.
	10.30 am – 10.45 am	Tea Break	Foyer of Level 3, Le Meridien Hotel		Refreshments is inclusive in meeting package.
	10.45 am – 11.30 am	Interview session with State Economic Planning Unit (SEPU)	Gaya Room 1, Level 3, Le Meridien Hotel		Jeflus and Ka Han will assist in person.
	11.30 am – 12.30 pm	Interview session with State Attorney-General's Chambers			Ka Han will assist in person.
	2.00 pm – 3.00 pm	Interview session with Sabah's Natural Resource Office	Gaya Room 1, Level 3, Le Meridien Hotel		<ul style="list-style-type: none"> • Ka Han will assist in person. • Afternoon refreshments is inclusive in meeting package.
	3.00 pm – 4.30 pm	Interview session with WWF Malaysia - Sabah			Ka Han will assist in person.

	4.30 pm – 6.00 pm	Interview session with Forest Trends on the development of No Net Loss/Net Gain policy and mechanism(s)			<ul style="list-style-type: none"> Two representatives from Forest Trends for this interview session, i.e. Dr. Agnes Agama (face to face) and Dr. Amrei von Hase (Skype call) Ka Han will assist in person.
	8.00 pm	End of Day 8			
	8.30 am – 9.30 am	Meeting with Sabah Ministry of Finance (MoF)	Ministry of Finance Sabah, Block C, Pusat Pentadbiran Negeri Sabah, Likas Bay Road, Tanjung Lipat, KK.	Meet at hotel lobby at 8.00 am	<ul style="list-style-type: none"> Transport from hotel to MoF by SFD driver. Ka Han will assist in person. Attire: Formal.
	9.30 am – 10.00 am	Travel to Sabah Wildlife Department (SWD)			Transport from MoF to SWD by SFD driver.
	10.00 am – 11.15 am	Interview session with Sabah Wildlife Department	SWD's office, Wisma MUIS, KK		Ka Han will assist in person.
	11.15 am – 12.00 pm	Travel to hotel			Transport from SWD to Le Meridien Hotel by SFD driver.
	12.00 pm – 2.30 pm	Interview over lunch	Azure Pool Bar & Café, Level 2, Le Meridien		<ul style="list-style-type: none"> Concurrent interview session:

			Hotel		(1) Dr. Yap Sau Wai of Sabah Foundation's Conservation & Environment Management Division, and Dr. Esther Li of Sabah Foundation's Forestry Division (RBJ). Mr. Miklin Ationg of Department of Irrigation & Drainage (DID).
	2.30 pm – 3.00 pm	Preparation for next meeting	Gaya Room 1, Level 3, Le Meridien Hotel		
	3.00 pm – 5.00 pm	Meeting with Biodiversity and Socio-economic Technical Working Groups members			<ul style="list-style-type: none"> • Jeflus and Ka Han will assist in person. • Afternoon refreshments is inclusive in meeting package, which cost is borne by project.
	5.00 pm – 6.30 pm	Interview session with TWG members involved in the development of project landscape management plan synthesizing analysis of			Ka Han will assist in person.

		data and information from biodiversity assessment, HCV & HCS assessment, forest and carbon mapping			
	8.30 pm	End of Day 9			
	8.00 am – 9.00 am	Skype call with Ms. Midori Paxton, Head of Biodiversity and Ecosystem, UNDP-Global Environmental Finance, BPPS, UNDP HQ	Gaya Room 1, Level 3, Le Meridien Hotel		Ka Han will assist in person.
	9.00 am – 10.30 am	Interview session with Green Spider, consultant for the development of Payment for Ecosystem Services policy and			<ul style="list-style-type: none"> • Ka Han will assist in person. • Morning refreshments is inclusive in meeting package.

		pilots			
	10.30 am – 11.30 am	Skype call with Mr. Doley Tshering, Regional Technical Adviser, UNDP-Global Environmental Finance, UNDP Bangkok Regional Centre			Ka Han will assist in person.
	11.30 am – 12.30 pm	MTR team preparation			
	2.00 pm – 5.00 pm	MTR team preparation	Gaya Room 1, Level 3, Le Meridien Hotel		
	5.00 pm – 6.30 pm	MTR team meeting with UNDP Malaysia Country Office			
	8.30 pm	End of Day 10			
22 June 2017 (Thursday)	7.00 am – 9.00 am				

	9.00 am – 1.00 pm	Stakeholder dialogue session on MTR preliminary observation and way forward	Gaya Room 2 & 3, Level 3, Le Meridien Hotel		<ul style="list-style-type: none"> • Morning refreshments is inclusive in meeting package. • Attire: Formal.
	2.30 pm – 5.00 pm	Meeting on post MTR field mission process and follow-up action	Gaya Room 1, Level 3, Le Meridien Hotel		<ul style="list-style-type: none"> • Afternoon refreshments is inclusive in meeting package. • Attire: Formal.
	5.00 pm – 6.30 pm				
	8.30 pm	End of Day 11			
23 June 2017 (Friday)	7:30 - 9:00 am	Flight Kota Kinabalu – Kuala Lumpur		Flight at 1000. OD 1001	Transportation from Le Meridien to KKIA at own cost (Estimated hotel taxi fee is RM30 – 40; Uber or Grab is more or less RM 10) Estimated 1.5 hours for the journey due to morning traffic.

Annex 5 Stakeholders and Beneficiaries:

Governmental Agencies

Stakeholder	Person-in-charge and Official Position
Sabah Forestry Department	<p>Datuk Sam Mannan Chief Conservator of Forests Mr. Frederick Kugan Deputy Chief Conservator of Forests (Forest Sector Planning) National Project Director Ms. Valeria Linggok Head of Remote Sensing (Forest Resource Management Division) Biodiversity TWG member Mr. Raubin Gampilok Pemeliharaan Hutan (Forest Resource Management Division) Biodiversity TWG member Dr. Robert C. Ong Senior Research Officer Chairman of coordinating committee for SC-6b Biodiversity TWG member Tender Evaluation Committee member Mr. John Sugau Research Officer Member to the coordinating committee for SC-6b Biodiversity TWG member Mr. Edmund William Kalabakan District Forestry Officer PMU Project Board member Mr. Ismailey Ismail Monitoring, Controlling, Enforcement & Evaluation (MCEE) Officer Tawau Biodiversity TWG member Mr. David Yong Person-in-charge, Tawau PMU</p>
Stakeholder	Person-in-charge and Official Position

Ministry of Natural Resources and Environment	Ms. Hafeezah Binti Abdul Halim Principal Assistant Secretary Project Board member Tender Evaluation Committee member
Economic Planning Unit	Mr. Safwan Rosidy Bin Mohammed Principal Assistant Director (Environment & Natural Resources Section) Project Board member Tender Evaluation Committee member
Natural Resources Office, Sabah	Mr. Gerald Jetony Senior Geologist <ul style="list-style-type: none"> Chairman of Project Board, on behalf of the Secretary of NRO Interim Committee member for PES and Conservation Finance Strategy

Stakeholder	Person-in-charge and Official Position
State Economic Planning Unit	Ms. Hajah Shamsiah Haji. Jirat Assistant Director <ul style="list-style-type: none"> Project Board member Socio-economic TWG member Interim Committee member for PES and Conservation Finance Strategy
Ministry of Finance, Sabah	Ms. Anthea James Jipanus Senior Assistant Secretary <ul style="list-style-type: none"> Project Board member Interim Committee member for PES and Conservation Finance Strategy
Sabah Biodiversity Centre	Mr. George Daniel Gaing Deputy Director Project Board member

Sabah Wildlife Department	<p>Mr. Augustine Tuuga Director</p> <ul style="list-style-type: none"> • Project Board member • Resource person – Biodiversity TWG • Interim Committee member for PES and Conservation Finance Strategy
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Department of Irrigation and Drainage	<p>Mr. Miklin Ationg Senior Assistant Director</p> <ul style="list-style-type: none"> • Project Board member • Interim Committee member for PES and Conservation Finance Strategy
Ministry of Tourism, Culture and Environment	<p>Ms. Mary Malangking Head of Research and Tourism Development Division Interim Committee member for PES and Conservation Finance Strategy</p> <p>Mr. Albert Gunting Penolong Parawais Tadbir (Bahagian Alam Skeeter) Socio-economic TWG member</p>
Environment Protection Department	<p>Ms. Daisy Aloysius Principal Assistant Director (Development) Socio-economic TWG member</p> <p>Dr. Susan Pudir Environment Control Officer (Studies & Information Management) Interim Committee member for PES Conservation Finance Strategy</p>
Stakeholder	Person-in-charge and Official Position

Sabah Parks	Dr. Jamili Nais Director Interim Committee member for PES and Conservation Finance Strategy Mr. Alim Biun Research Officer (Ornithological Research) Biodiversity TWG member
State Attorney-General's Chambers	Mr. Juprin Wong Adamal Legal Officer Interim Committee member for PES and Conservation Finance Strategy
Town and Regional Planning Department	Ms. Nurulhayati Awang Assistant Director (Landscape) Socio-economic TWG member
Ministry of Rural Development Sabah	Mr. Serbini Bin Jadin Pegawai Tadbir Socio-economic TWG member

Institutions

Stakeholder	Person-in-charge and Official Position
Universiti Malaysia Sabah	(1) Prof. Dr. Shahril Yusof Deputy Vice Chancellor (Research & Innovation) Project Board member
Institute for Development Studies (Sabah)	Ms. Jenny Liaw Senior Research Fellow Socio-economic TWG member

NGOs

Stakeholder	Person-in-charge and Official Position
WWF Malaysia	Dr. John Tay Head of Conservation, Sabah Project Board member Ms. Julia Ng Deputy Manager, Sabah Terrestrial Conservation Programme

South East Asia Rainforest Research Partnership (SEARRP)	Datuk Dr. Glen Reynolds Director <ul style="list-style-type: none"> • Project Board member • Chairman of Biodiversity TWG • Tender Evaluation Committee Member
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Borneo Alliance (BORA)	Rhino	Datuk Dr. Junaidi Payne Executive Director Biodiversity TWG member
LEAP		Ms. Cynthia Ong PES activity in Sabah Dr. Yoganand Kandasamy Biodiversity TWG member Dr. Nicola Abram Biodiversity TWG member
Sabah Trust		Dr. Rahimatsah Amat CEO and Founder Biodiversity TWG member
HUTAN		Dr. Marc Ancrenaz Co-Director Biodiversity TWG member
Danau Girang Field Centre		Dr. Benoit Goossens Director Biodiversity TWG member Ms. Nurzhafarina Othman Biodiversity TWG member

Individual

Stakeholder	Person-in-charge and Official Position
Dr. Waidi Sinun	Resource person Biodiversity TWG –

Prof. Dr. Fadzilah Majid Cooke	Socio-economic TWG member
Mr. Yap Siew Fah	Socio-economic TWG member
Ms. Eleanor Wong	Socio-economic TWG member

Private / Contractors on-site

Stakeholder	Person-in-charge and Official Position
Empayar Kejora Sdn. Bhd.	Mr. Gerald Hiu Manager
Asiatic Organic Farm Sdn. Bhd.	Mr. Joannes E. Jalang Manager

Stakeholder	Person-in-charge and Official Position
Rinukut Plantation Sdn. Bhd.	Mr. Mohd. Ashhadi Bin Hj. Alias Assistant General Manager Sustainability & Compliance & Quality Management
Usahawan Borneo Greenwood Sdn. Bhd.	Mr. David Chiong Lee Kie Group Advisor Mr. Lim See Yee Senior Manager
Timjadi Sdn. Bhd.	
Expo Utama Sdn. Bhd.	Mr. Hiew Choon Tet Assistant Manager
Prolific Palm Sdn. Bhd.	Mr. Patrick Chu Senior General Manager
Stakeholder	Person-in-charge and Official Position
HUTAN KITA Sdn. Bhd.	Mr. Abdul Razak Mohd. Said

Annex 6 List of Documents Reviewed

- National and Sabah State Policies, Plans and Legal Documents (National Policy on Biological Diversity 2016 - 2025, Sabah Biodiversity Strategy 2012 – 2022, Sabah Forestry Policy, relevant legislation etc.)
- Project Document dated 22 June 2012
- Memorandum of Understanding between United Nations Development Programme (UNDP) and Sabah Forestry Department (SFD)⁴
- Project Inception Report - Biodiversity Conservation in Multiple-use Forest Landscapes in Sabah, Malaysia dated 31st December 2014
- GEF Official Documentation with an emphasis on project design, implementation progress, monitoring
- UNDP Environmental & Social Safeguard Policy
- Project reports including Annual Progress Report, Project Implementation Review, project budget revisions, lesson learned reports, and other technical reports produced during project implementation.
- The MTR also reviewed: (i) the baseline GEF Focal Area Tracking Tool (submitted to the GEF at CEO endorsement) (ii) Midterm GEF Focal Area Tracking Tool.

The PMU provided a significant and useful range of project documentation via a dropbox folder. The drop box provided an invaluable resource with 4.18 GB of information. These included the following file headings.

Name

1. Project Formulation
2. Project Management
3. Project Monitoring, Evaluation & Reporting
4. Project Audit
5. Project Finance
6. Project Procurement
7. Project Outcome
8. Project Output
9. Project Communication
- 10 Annual Progress Report
- 11 GEF Biodiversity Tracking Tool Final
12. Mid-Year Progress Report
- 13, UNDP Country Programme Documents

Annex 7 Outcomes from National, International Consultancies and Subcontractors

Year awarded	ID	Consultancy Description	Consultant	Duration	Cost (actual and estimated)	Status ⁵	MTR Observations and Comments
2013	IC-1	Inception Phase Consultant.	Mr. Chris Cosslett	Sep 2013 – Jun 2014*	15,000	Completed	Good example of adaptive management and the inception phase report demonstrated a clear way forward for project activities to proceed
2015	SC-1	Development of Policy and Regulations Assessment for Implementing NNL/NG of Biodiversity in Sustainable Multiple- Use	Forest Trends	2 Feb – 31 Oct 2015	297,000	Stage 1 Completed.	Next step: Re-appointed for Loss/Gain assessment and policy drafting

⁵ Status based on following ranking criteria

Completed	On Target	Work in progress	Significant Delays
9 – 10 / 10	7 - 8 / 10	4 - 6 / 10	1 – 3 /10

		Forest Landscapes, Sabah.					
2015	SC-2	Development of State-level Policy Options and Mechanisms for PES.	Green Spider	16 Nov 2015 – May 2018	270,000	In progress	The work is proceeding smoothly. The MTR mission had the opportunity to review interim reports and hold discussions with several stakeholders. Everyone, including the MTR mission, agrees with the approach they are taking and their preliminary conclusions.
2015	SC-3	Development of International Policy Options and Mechanisms for PES.	TierraMar	26 Oct 2015 – 3 Jun 2016	267,000	Completed	Did a very good job raising awareness amongst stakeholders on the scope and potential for a PES exercise in Sabah.

2015	SC-6a	Landscape level biodiversity and forest quality assessment and mapping using LiDAR and hyperspectral imagery.	Carnegie	9 Nov 2015 – 1 May 2017	950,000	In progress	It provides comprehensive baseline data for Sabah landscapes but there is little to assess except interim reports. The contractor works closely with TWG and not PMU. The contractor should ensure technology transfer to SFD and other relevant departments such as Department of Land and Survey. 20 participants for technical training are suggested to be relevant agencies for monitoring purpose.
2015	LC-1	Institutional/Capacity Building Specialist.	NEPCon	Nov 2015 – May 2017*	12,000	Completed	Useful report – the consultant identified a range of capacity building opportunities. Most of these will have

							relevance to both the SFD and YS.
2015	LC-2	Bio-physical Data Specialist.	GFS	Nov 2015 – Nov 2016	48,000	Completed	Biophysical data was not well defined. The report was inclined towards forest management as well as financial data and analysis.
2015	LC-4	Financial Data Management Specialist.	GFS	Nov 2015 – Nov 2016	48,000	Completed	Carried out its assigned tasks and reached the overall objectives established in their TOR. They carried out detailed analysis', identified the data lacunae, provided guidance on how to secure that data and provided a policy framework for data gathering and management.

2015	IC-3	Environmental Economist.	GFS	Nov 2015 – Nov 2016	72,000	Completed	Carried out its assigned tasks and reached the overall objectives established in their TOR. Identified potential income streams from the various land uses and concessions and pointed to where there was still a need for further action by the SFD and YSF.
2016	SC-6b	Ground-based biodiversity assessments (using a range of key taxa), mapping and monitoring programmes.	University of Aberdeen	Jul 2016 – May 2018	400,000	In progress	There is little to assess as the contract will only be completed in June 2018. Findings have to be presented in a useful manner to SFD and YS for area management. Costs to complete the contract have to be borne by the contractor.

2016	SC-7	Establishment of new PAs and biodiversity corridors to enhance connectivity and habitat conditions of the target landscape (natural sciences and social sciences).	Biodiversity TWG	Jan 2016 – Dec 2018	298,000		The MTR recommend that the PMU and TWG arrange a workshop to formulate ways to integrate , SC7. SC *, LC3, LC5
2016	SC-8	Operationalization of on-the-ground landscape management system based on landscape-level management plan.	Biodiversity TWG	Jan 2016 – Dec 2018	150,000		Clarification required
2016	LC-3	Management Planning Advisor	Biodiversity TWG	Jan 2016 – Dec 2018	24,000		Clarification is needed.
2016	LC-5	Protected Area Management Advisor.	Biodiversity TWG	Jan 2016 – Dec 2018	24,000		Clarification is needed.
2016	NIL	High Conservation Values (HCV) and High Carbon Stock (HCS) Assessments in Support of	PT Daemeter Consulting	1 May 2016 – 30 April 2017*	48,000	Completed	Useful report

		the Technical Working Group.					
2017	IC-2 & SC-5	Combined Consultancy: (i) Economic Landscape Modeler (IC-2) and (ii) Economic model to assess combinations of conservation investments and regulatory approaches to maximize net revenues from demonstration landscape while ensuring NNL (SC-5).	Dr. Chris Kettle, ETH Zurich	1 August 2017 – 30 September 2018	183,000	In the process of signing of contract agreement	Work on this combined consultancy is still to commence. However, events on the ground have overtaken the need for it as planned. The MTR mission is recommending reducing its scope and focusing only on an Eco-Tourism Master Plan for the three adjoining protected areas (Danum Valley, Imbak Canyon and Maliau Basin).
					3,106,000		

Annex 9 Evaluation Consultant Agreement Form

Agreement to abide by the Code of Conduct for Evaluation in the UN System

Name of Consultants:

Mr. Bruce Jefferies - MTR Lead Consultant;

Ms. Tong Pei Sin, Biodiversity Specialist,

Mr. Juan Luis Larrabure, Economist

Name of Consultancy Organization): N/A

We confirm that we have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

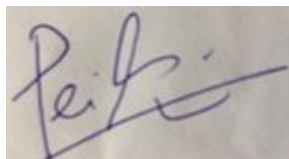
Signed at Wanaka NZ on 31/07/2017



Signature: _

Bruce Jefferies

Signed at _____Malaysia on 4/9/2018



Signature

Ms. Tong Pei Sin,

Signed at Cali, Colombia on 4/9/2018



Juan Luis Larrabure
Designated Consultant

Signature

Mr. Juan Luis Larrabure

Annex 8 Income Streams for Conservation

Current Expenditures on Conservation for all of Sabah (2015):

SFD 2015 Expenditures On Class 1 Protection Budget (Source: Lc-4)
25,000,000

1,260,098 Ha.

MYR 19.84 Per Ha.

2015 Expenditures On Protection (Source: Lc-4) = MYR 14,000,000

[245,888 Ha. 56.9 Per Ha.]

Current Total Expenditures On Conservation 39,000,000

1,505,986 Ha. 25.9 Per Ha.

Total Potential New Income to feed a Conservation Fund:

Source	Amount	Calculation Method
Green Fee Income Potential:	U\$ 42,500,000 Per Year	(Foreign Tourists In 2015 1,000,000 X 20 U\$ for Protection/Conservation Tax Charged Upon Departure) = U\$ 20,000,000 + National Visitors in 2015 2,250,000 X 10 U\$ for Protection/Conservation Tax Charged Upon Departure = U\$ 22,500,000 Source: Draft Outline Of Conservation Finance and PES Strategy)
Clean Water Service Levy:	U\$ 1,821,785 Per Year	Sabah Water Dept. Active Accounts - 364,357 Active Accounts X Equivalent Of US\$5 Clean Water Service Levy = U\$ 1,821,785 Source Sabah Water Dept. Active Accounts and Draft Outline Of Conservation Finance And PES Strategy

Potential Total Annual Income from these 2 sources combined =
U\$ 44,321,785

Potential Total Annual Income for Conservation in MYR 189,697,239
[1,505,986 x 125.9 Per Ha]

Conclusion: the establishment of a conservation fund for Sabah, by relying on just these two new income sources, could multiply by a factor of 5 the funds currently available for conservation purposes.

Additional income might also come from eco-tourism facilities in protected areas, if an appropriate eco-tourism master plan is completed.

Annex 9 Open Standards for the Practice of Conservation⁶

Overview

The Open Standards for the Practice of Conservation ("Open Standards" or "OS", hereafter) is an adaptive planning framework utilised by governments and NGOs around the world to collaboratively and systematically conserve flora and fauna. The OS was created by the Conservation Measures Partnership (CMP) – a collaborative venture of conservation organizations seeking to investigate and disseminate strategies to improve the practice of conservation. Through extensive review of past approaches to conservation planning being used internationally, the CMP designed the Open Standards to learn from the shortcomings of past models and act as "a dynamic and active catalyst for promoting innovation in monitoring and evaluation in conservation" (CMP, 2016).

Initiated with this intention, the Open Standards is made distinctive by its focus on synthesizing goals of human well-being and ecological integrity; linking actions to desired impacts; and incorporating adaptation and evaluation from the very beginning of the planning process. This framework operates on the premise that conservation planners do not need, nor have time to wait for perfect information. Therefore, OS instead encourages a synthesis of all different types of information throughout the planning process. The iterative nature of this approach allows for faster implementation – instead of a 400-page conservation plan, it encourages practitioners to start with just a couple key elements, ones that can be revisited and made more comprehensive at a later time.

The OS is intended to be neither formulaic nor prescriptive. Indeed, the name 'Open Standards' was selected because the format is open-source, permitting practitioners to engage with the framework and use it freely. In the case where the suggested format is followed, however, the steps are outlined with thorough detail and guidance. The five steps of the Open Standards are as follows:

Step 1: Conceptualize

At first, this step involves identifying the planning context. Such questions in this phase may include: What do we care about and think is critical? What is the project area? What is the timeframe of the project? Who are the players? After these initial questions are addressed and conservation priorities are established, planners must assess the health of the species being conserved and determine what threats are harming those species. Furthermore, this phase is apt for determining what threats are the most concerning and what factors may be contributing to the current situation. Above all, this helps to develop a preliminary conceptual model that outlines the cause and effect relationships within a conservation situation, wherein conservation targets, direct and indirect threats and opportunities, and conservation strategies are all visually and conceptually mapped.

One way to approach conceptual mapping is to identify the ecosystem services that nature provides to humans and how each service links back to a conservation target and identifies trade-offs between varying targets,

⁶ Adapted from <http://participedia.net/en/methods/open-standards-practice-conservation>

as seen below:

Ecosystem Services as the Link

Conservation Scope	Ecosystem Services	Human Well-being
Species communities (+)	Provisioning	Liveable
Habitat fishing (-)	Supporting	Recreation
Ecosystems industries (-)	Regulating	Resource
Cultural		

[(+) increase conservation (-) decrease conservation]

Another important aspect of conceptual modelling is assessing threats. This could include the impact of dams on watersheds, or an unsustainable timber harvest on a forest ecosystem. As shown in Table 1, threats can also be human well-being targets, so it forces a project team to determine trade-offs through a collaborative decision-making process. The overall intention here is to remove value judgements that may lean toward either conservation or the economy, and instead recognize the interests of all stakeholders by recognizing how stakeholders like hunting-guides, ranchers, developers, loggers, mountain bikers, and others will perceive the threats identified in a plan. Once a more inclusive process is established, this allows for threat-ranking (from low to very high) to take place, which can be based on the following criteria (CMP, 2013):

1. Extend/Scope: spatial proportion of the biodiversity target affected within 10 years given continuation of current circumstances and trends
2. Severity: level of damage given continuation of current circumstances and trends
3. Irreversibility: degree to which the effects of a threat can be reversed and biodiversity target restored, if the threat no longer existed

In practice, a conceptual model for a watershed using the Open Standards may be outlined as follows: (1.) A conservation target of increased fish population; (2.) Threats, such as pollution, are identified; (3.) Direct factors influencing the threat of pollution may include urbanization and inadequate zoning regulation and enforcement; (4) Indirect factors could include government policies that promote urbanization and a lack of capacity for municipalities to undertake effective land use planning. This process would be repeated for all other threats applicable to that particular conservation target as well as any additional targets (ex: riparian zones, bird habitat). Afterward, both targets and threats are ranked based on their overall magnitude so that planning prioritizes the most pressing conservation actions.

Step 2: Plan Actions and Monitoring

The second step of the Open Standards involves a higher level of detail in order to formulate a formal action plan. Questions to be asked in this step may include: What are our ultimate goals? What should we be measuring (ex: how many trees? how many salmon?) What should we be reporting on? Who is responsible? What change would we like to see? How are we

going to do it? These questions lead to a more comprehensive outline of goals, strategies, assumptions, and objectives for a conservation project.

Goals – These represent the long-term desired result of conservation planning. Ideally, goals will be “linked to targets, impact oriented, measurable, time limited, and specific.” (CMP, 2013, pg. 18). For example, if a goal such as ‘human wellbeing’ is chosen, the project team will have to define the targets linked to that goal, which may include, for example, access to food through improved pollination and other ecosystem services.

Strategies – This encompasses the ways to intervene so that the threats identified in Step 1 can be resolved or mitigated. What is critical at this step is weighing the benefits and costs of different strategies and deciding where and where not to intervene. For example, if a goal is to incorporate climate change adaptation into planning for conservation of wildlife, it would be important to determine if the uncertainties of future climate impacts would make it difficult or detrimental to incorporate this into the overall strategy for conservation.

Assumptions – There are often assumptions made in planning that indicate how a strategy will lead to a particular goal. The Open Standards outlines assumptions through ‘results chains’, which visually outlines how a strategy will transform a ‘current state’ to a ‘desired state’. An example provided by the CMP (see Table in attachments.)

The second essential component of Step 2 is developing a monitoring plan. Doing so requires the project team or manager to identify the intended audience of the conservation act as well as the information needs of this audience. A sample of audiences and information expectations would look like this:

Table 2: Common Monitoring Audiences and their Information Needs (CMP, 2013, p. 25)	
Project team	How is the project progressing; Are results chains assumptions valid; What is working, what is not, and why; Is your team achieving its objectives in the time frame expected; How to improve the project
Project partners	How is the project progressing; Are results chains assumptions valid; What is working, what is not, and why; Is your team achieving its objectives in the time frame expected; How to improve the project
Donors	How is the project progressing, are projects achieving objectives in the time frame expected
Communities or stakeholders affected	How is the project progressing; How will the project impact them
Conservation community	·Did the project achieve objectives

Academics and Students	and conservation results; what worked, what did not, and why
Auditors, Certifying entities	Is the project complying with laws and regulations; Is it following best practices indicators – good indicators must be measurable, precise, consistent, and sensitive; Your results chains

With a clear notion of who has standing in the project, it becomes more apparent how information derived from monitoring should be communicated to a project's intended audiences.

Step 3. Implement Actions and Monitoring

Implementation is by far the most significant step the Open Standards process, as it encompasses all actions planned and formulated in Steps 1 and 2. There are three critical phases in this step: the first is to develop work plan and timeline for short-term actions and monitoring. This step is where a more comprehensive summary of all activities and tasks needed to complete the plan and monitoring are outlined. The work plan and timeline should account for who is responsible for each task, when each task is to be completed, and the resources (financial or others) needed for implementing each task.

The second phase is to establish and refine a project budget. While the previous step includes a preliminary analysis of budgeting for each task, this is a more refined valuation of the costs. In most cases, funding has to be prioritized based on strategies identified as the most important in the previous steps. It is important for budgeting in this phase to occur in a timely manner as it only reflects short term implementation. Finally, the third and most crucial phase, is the implementation of a project's actions and monitoring. If monitoring involves GIS, then mapping will begin; if it entails interviewing stakeholders, then interviewees will be selected and the process will commence. This stage sets into motion all plans formulated up to this point.

Step 4. Analyse, Use, Adapt

Once implemented, the project then requires routine analysis of data to ensure it becomes actionable and meaningful information for the project team. More specifically, analyses should focus on assessing the project budget as well as the progress of achieving stated tasks and goals.

In order to use data collected to practice adaptive management, a project must have consistent and reliable data so that a strategy can adapt to changing conditions and contexts in which a plan has been implemented. It allows you to determine if a project is on track with the conceptual model and results chains created in Step 1. Furthermore, data analysis creates an opportunity to assess the usefulness of ecological indicators established, and can begin the process of adaptive learning.

The CMP recommends the following questions during this analysis phase:

- To what extent do you have sufficient resources (e.g., financial, human, administrative, political) to carry out your project?

- To what extent do you have the right skills among your team members to implement your project well?
- To what extent do you have the physical infrastructure and equipment (e.g., office space, vehicles, computers) you need to do your job?
- To what extent does your project team operate smoothly or are there areas where you could improve how the team functions? (e.g., communications, delegation of responsibilities)

Step 5. Capture and Share Learning

Finally, the Open Standards project cycle ends with capturing and sharing the lessons learned from plan formulation and implementation. It is important in this stage to evaluate the outcomes of a conservation project and to communicate them to all audiences of the project, as well as the broader conservation community.

One important aspect of this step in the OS is routinely documenting the lessons learned throughout the process, including successes and failures in all prior phases. This promotes double-loop learning, where experiences in a given planning scenario inform all future planning activities. The other key aspect of Step 5 is creating a learning environment, one where feedback is shared frequently, project leaders are committed to innovation and encourage experimentation, and where both successes and failures are shared widely to help foster a community of practice, locally and globally.

Sharing and visualizing conservation plans through Miridi.org

The Conservation Measures Partnership offers a platform, Miradi.org, for undertaking conservation planning using the Open Standards framework. This platform is optional, though it provides access to conservation plans from organizations globally and is a valuable resource to all those interested in utilising this innovating planning framework and joining the OS community of practitioners.

References:

Conservation Measures Partnership (CMP). (2013). Open standards for the practice of conservation: Version 3.0. Retrieved from <http://www.conservationmeasures.org/wp-content/uploads/2013/05/CMP-OS-V3...>

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Foundations of Success (FOS). (2009). Conceptualizing and planning conservation projects and programs: A training manual. Retrieved from: <http://www.fosonline.org/wordpress/wp-content/uploads/2013/01/FOS-CMP-On... 2012.pdf>

Orr, C. and Hook, A. (2016). Natural Resources Planning using the Open Standards for the Practice of Conservation. Simon Fraser University. Vancouver, BC. (Workshop)

Annex 10 Draft Sabah MFL Integrated Conservation Management Strategy

Section A - Introduction and Background

Introduction to the Sabah MFL

What is the Integrated Conservation Management Strategy (ICMS?)

How to Use the Sabah MFL Integrated Conservation Management Strategy

Implementing the Integrated Conservation Management Strategy

Key Principles for the Conservation of Natural and Historic Values

- Protection and Enhancement of the Natural Environment
- Protection of Historic Resources)
- Development of Effective Joint Management and other Conservation Partnerships
- Fostering appropriate Tourism and Recreation Use
- Limiting Non-Recreation Commercial Use
- Enhancing Joint Management Outcomes and Community Relations

Section (B) Understanding the Ecological, Human & Economic Context.

Physical Attributes of the Sabah MFL

Ecology

Biogeographic Context

Plant / Vegetation Composition

Animal Composition

Habitats

Geology / Topography

Hydrology

Climate

Cultural Attributes of the Sabah MFL

Historic

Archeological Sites

World Heritage

Scenic Values

Development in and adjacent to the Sabah MFL

Appropriate type and level of development in the Sabah MFL

Land Use Planning

Customary Rights

Demographics and population

Stakeholders

Government of Malaysia

Sabah State Government of Provincial Government

- Commercial Concession Operators
- Village / Community
- NGOs
- Village-based conservation groups

Resource Utilization

- Commercial Scale Resource Use
 - Mining
 - Hydro Power
 - Water Supplies
- Village / Subsistence Use
- Wildlife Trade
- Wildlife / Human Conflicts

Tourism

- Tourism Strategy
- Environmental & Economic Cost & Benefits of Tourism
- Criteria and requirements for tourism development

(C) Understanding the context that Sabah MFL PA Managers operate in.

International, Regional & National Conventions, Agreements, Strategies & Guidelines

- Convention on Biological Diversity (CBD)
- CITIES
- Government of Malaysia and State Government Policies
- Legal Framework

Sabah MFL Management

- Goals & Objectives
- Joint Management
- Sabah MFL Management and District Administration
- Research
- Zones
- Land Use Planning
- Fire Management
- Compliance and Enforcement
- Annual Work Plans and Budgets
- Conservation Management Capacity

(D) Describing Conservation Targets and identifying Focal Targets⁷

Significant Habitats & Ecosystems

- Representativeness
- Special Scientific Significance
- Globally, Regionally & Nationally Threatened Ecosystems
- Restricted Range Forest Types
- Habitats Supporting Globally-significant Species / Populations

Significant Species (Plants & Animals)

- Restricted Range Species
- Endemic Species
- Migratory Species
- Globally-threatened Species
- Locally-threatened Species
- National Priority (Rare) Species

(E) Management Issues and Strategies

Factors Affecting Focal Conservation Targets

- Operational Factors
- Historical Factors
- Threats to Key Habitats
- Threats to Key Species
- Scientific Research Zones
- Connectivity and Wildlife Corridors
- Buffer Zones

Factors Affecting Management of PA

- Addressing Lack of Resources
- Lack of Management Capacity
- Uncoordinated Land-use Planning
- Lack of Information to Decision-Makers
- Illegal Resource Harvesting
- Diverse size of areas

Management Strategies

- Management Presence
- Maintenance & Restoration of Hydrology

Fire Management
Habitat Management
Species Management
Re-introductions
Captive Breeding
Human-Wildlife Conflict Management
Enforcement
Capacity Building

(F) Survey, Monitoring and Information Systems

Monitoring Systems

What Monitoring System is most appropriate?

Which species and resource uses should be monitored?

Application of the SMART system?

Field methods

Field Diary method

Photo Documentation method

Transect Walk method

Focus Group Discussion method

Annex 12 Co-Funding/Co-Financing (RM)

PARTICULAR/ ACTIVITY	CO-FUNDING/CO-FINANCING (RM)						Cumulative	REMARKS
	2012	2013	2014	2015	2016	2017		
Forest Restoration	-	237,000.00	-	45,600	45,390	49,502	377,492.00	State Funding
Silviculture Treatment	350,000	700,000	756,700	1,013,950	704,900	1,024,450	4,550,450.00	State Funding
					1,750,000		1,750,000.00	Federal Funding (HoB)
Logistic/Fuel		24,800	83,168	9,600	42,400 7,200 (FRC)	42,400*	209,568.00	Logistic arrangement and providing free transportation for the SFD staff, TWG members, PMU members, Researchers, Consultants, etc
Vehicle Maintenance	-	26,846.50	61,324.86	61,324.86	12,854.62	42,217.25	204,568.09	Field work purpose
Staff Salaries and Allowances; airfares, etc.		78,679.43	65,907.99	67,647.86	65,174.19 23,386.37 (FRC)	44,660.50*	345,456.34	In-kind supports in the form of salaries, airfares, allowances, etc. for senior officers of the SFD for field works and attending meetings, workshops, seminars, etc. Various expenses from other government officers were not included.
	-	74,331.65	137,224.59	166,806.14	167,449.11	73,909.24	619,720.73	Routine ground patrolling, Wildlife protection unit purposes, gate control.
Other Expenses (such as, helicopter rental, office rentals, seminars, workshops, meetings, etc.		104,012.59	88,314.80	85,100.60	95,158.20	42,897.90*	415,484.09	In-kind supports from the SFD in the form of office operating costs (office rental, office equipment, general office cost), meeting costs (meeting room rental and refreshments). Expenses from other government agencies are

								not included.
	-	161,821.85	844,750.55	912,319	569,406.27	309,921.51	2,798,219.51	Forest management certification, boundary re-brushing, management and field work
			3,600	1,620	1,000**		6,220.00	In-kind supports to TWG meetings, i.e. providing meeting space in SWD's office and refreshments.
Total	350,000.00	1,407,492.02	2,040,990.79	2,363,968.46	3,484,318.76	1,629,958.40	11,276,728.43	
*As of June only; **As of May 2016								
Cumulative Total = 11,276,728.43								

Annex 11 Evaluation Report Clearance Form

Evaluation Report Reviewed and Cleared by⁸

Programme Manager, UNDP Country Office in Malaysia

Name: Gan Pek Chuan

Signature:



Date: 29 January 2018

UNDP-Global Environmental Finance Regional Technical Adviser

Name: Doley Tshering

Signature:



Date: 9 April 2018

⁸ To be completed by CO and UNDP GEF Technical Adviser based in the region and included in the final document

Annex 13 MTR Evaluation Report Audit Trail

<i>Author</i>	<i>Track Change</i>	<i>Para No. Comment Location</i>	<i>Comment/Feedback on the draft MTR report</i>	<i>MTR team response and actions taken</i>
<i>TWG</i>	<i>No tracked changes</i>		<p><i>The MTR report states that the contracts LC-3, LC-5, SC-7 and SC-8 were awarded to the TWG, suggests that these contracts are now redundant and hence the budget of US\$496,000 allocated to the TWG was excessive. It further makes a 'key' recommendation that the implementation of SC-7, SC-8 and LC-5 be postponed. The MTR team appear not to have read the Inception Report, which substantially revised the scope of contracts and budgets, and hence their conclusions with respect to TWG responsibilities and supporting budgets are incorrect. These four contracts (LC-3, LC-5, SC-7 and SC-8) were nullified when the Inception Report was accepted and budget revised (reduced to US\$366,624). These funds were allocated to the TWG for a series of tasks which were renamed "TWG 1-6" (see Appendix #1). This revision and reallocation of tasks, including to the</i></p>	<p><i>It is incorrect to infer that the MTR team had not read the Inception Report. In fact, the Inception Report is frequently referred to in the MTR draft for example:</i></p> <p><i>The process to translate the original PRODOC and produce the Inception Report was a useful example of adaptive management, which allowed the Sabah MFL to move ahead. The Inception Report, which to all intents and purposes became the updated Project Document, describes activities that have taken place over the two-year period following the signature of the project document in June 2012. These have helped to lay the foundation for full project implementation.</i></p> <p><i>The MTR was unable to find where, In the Inception Report, that the 4 contracts - LC-3, LC-5, SC-7, and SC-8 were "nullified", and it looks as though the total budget remained</i></p>

			<p>supporting budget, was approved by the PMU, UNDP and Project Board (during a meeting on 10th December 2015).</p> <p>The MTR team also failed to recognize that the budget allocated to the TWG included the costs of conducting a HCV assessment and hiring external consultants for technical inputs on aspects with which the TWG does not have in-house expertise (totalling approx. US\$130,000). The tasks listed as TWG 1-6 were further revised by the PMU and UNDP, in consultation with and agreed by the TWG, during a meeting on the 9th May 2016 and a revised set ToRs for the TWG were generated (Appendix #2). These ToRs were drafted by the UNDP representative and PMU. The TWG strongly advises that these errors are corrected – not least given the impression created by the MTR of conflicts of interest, a lack of transparency and poor value for money.</p>	<p>at USD496,000 as noted in the MTR draft report.</p> <p>In the 3rd Project Board Minutes of Meeting for Year 2015 (10th December 2015), there was no reference or statement that these funds would be allocated to the TWG for a series of tasks "TWG1-6"</p> <p>The MTR also notes that it is puzzled that there seems to be two versions of the revised ToR for the TWG.</p> <p>One version is included in an email dated 31/03/2016 to the PMU from the TWG Chair.</p> <p>At the 1 June 2016 Coordination Meeting a revised TOR for the TWG was agreed upon – these were included in the minutes of this meeting as Refer Annex 1.</p> <p>The 2 versions have significant differences and it is unclear which version UNDP, TWG and Project Board endorsed.</p> <p>The budget summary included in the email from the TWG Chair (referred to above) included the budget estimate of \$495,624 and this is the amount referred to in the MTR</p> <p>At this stage, pending further clarification, text has not been</p>
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				<i>edited</i>
<i>TWG</i>			<p><i>TWG Capacity</i></p> <p><i>The MTR report lists limitations in the capacity of the TWG as a reason for the likely failure to achieve Objective #1 (generating a Multiple-use Forest Landscape (MFL) model). This displays a clear misunderstanding of the TWG's role, as specified in the ToRs, dated 9th May 2016, which did not include the development of a MFL model. This task, in the view of the TWG (and presumably the UNDP since their representative drafted these ToRs), is the responsibility of SFD as the implementing agency, with input from Yayasan Sabah. It is a serious oversight that the MTR report does not make any reference to the TWG's ToRs, the various TWG or Project Board meeting minutes. These are key documents which should have been referenced in the MTR, especially given the frequent modifications (termed 'adaptive management') to the project which have been sanctioned at these meetings. That such important documents have not been cited in the MTR indicates a lack of rigor and attention to detail on the part</i></p>	<p><i>It is accepted that the MTR team, in the time it had available, found it difficult to keep track of the changing landscape and management arrangements. It is inappropriate and incorrect to suggest the review process lacked rigor and attention to detail. It needs to be noted that the MTR was carried out under specific ToR and follows an established format. This is contained in "Guidance for Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects". The MTR procedure, methodology and report format follow these protocols. In terms of relevant documentation, the folder provided by UNDP contained 4.18 GB (440 individual files) – added to this resource was a significant amount of data and information that was made available prior to and during the field mission. As well as reviewing and synthesizing the information provided in this documentation the MTR team prepared a detailed Daily Log of consultations, observations and impressions. This</i></p>

			<p><i>of the MTR team – and undermines the veracity of a number of their findings.</i></p>	<p><i>documentation provided significant guidance in terms of formulating conclusions and recommendations. As part of the effort to gain stakeholder perspectives, efforts were made to prepare and circulate a questionnaire. An analysis of this provided the MTR team with additional understandings and insights. The TWG comment concerning the lack of specific citations is a reasonable criticism. In recognition of the deadline set for the final MTR report, further amendments are not considered necessary.</i></p>
TWG		<p><i>Role of the PMU "usurped" by the TWG</i></p>	<p><i>It is incorrect – and a misrepresentation of the relationship between the PMU and TWG – to suggest that the TWG has "usurped" the role of PMU. The PMU has, since the inception of the TWG, essentially delegated the delivery of most if not all technical components of the project and significant elements of its management to the TWG. The effectiveness of the TWG in discharging its responsibilities, particularly the crucial part it played in landscape level planning, despite working under challenging circumstances (i.e. continual</i></p>	<p><i>The MTR team stand by their comments and contend that Project Management Unit (our emphasis) should be the primary part of the management structure and although the TWG consistently contended that decisions were "discussed at length", the MTR team's impression remains - that the TWG, in particular the Chair person, assumed a central role for project management, which the MTR team considered to be inappropriate. The MTR Team noted the following examples included in project documentation that contributed to</i></p>

			<p>revisions to the land-use allocation within the target landscape), has not been recognized. These issues were discussed at length in meetings between the TWG Chair, TWG members and the MTR team but are not reflected in the final report.</p>	<p>this perspective, which was independently noted by MTR team members during the mission: 4th Technical Working Group Minutes of meeting, TWG members (excluding members from SFD and the Secretariat) will meet every two weeks to look at all the management plans and existing contracts that were operating in the project area.</p> <p>In the preliminary progress report for the period January to April 2016, the TWG reported meetings with contractors SC-6a, SC6b, SC-1 and SC-3 as well as with PMU, senior staff from SFD and YS. The TWG Chair met with the representative of Green Spider to discuss options for PES initiatives. Preliminary Progress Report for the period April to June 2016, it was reported that the TWG Chair held meetings with representatives of SFD and YS to discuss a number of aspects of project delivery – and in particular issues relating to the proposed development of large-scale oil palm plantations within the project landscape.</p> <p>Preliminary Progress Report for the period July to September 2016, reported that the TWG Chair held a</p>
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				<p><i>series of meetings during the reporting period with representatives of SFD and YS, including continued discussions regarding the proposed development of large-scale oil palm plantations within the project landscape.</i></p> <p><i>Preliminary Progress Report for the period October to December 2016, it was reported that the TWG Chair held a series of meetings with representatives of SFD and YS. The structure of Project Management Plan was agreed at these meetings.</i></p> <p><i>The draft MTR Report noted that: Although current arrangements are reasonably effective, the MTR concluded there was room for innovation and improvement during the remaining period of the project. PMU and TWG should analyse existing arrangements and make suggestions to the Project Board, SFD and UNDP for alternatives to improve management and cost effectiveness.</i></p> <p><i>It is noted in the TWG submission that the TWG will present a proposal on its future role to the next Project Board meeting</i></p>
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				<i>This proposal should consider ways that the PMU and NPM become "lead players" during the rest of the project period.</i>
<i>TWG</i>		<i>Merging the PMU and TWG</i>	<i>The MTR report recommends that the PMU and TWG are amalgamated into a single entity, ostensibly to save overhead costs and to redirect funds to support field activities. The MTR team neglects to recognize that the TWG was formed (following a strategic results workshop in October 2013) in order to provide semi-independent project oversight and to plug significant capability gaps within the PMU itself and the implementing agencies. These gaps remain – hence the need for technical assistance remains. The 2016 revision of the TWG's role and ToRs provides for a perfectly clear distinction and division of responsibilities – and the TWG strongly disagrees that the TWG and PMU should be merged. If this recommendation is adopted by the Project Board, the provisional counter-recommendation from the TWG would be that it (the TWG) be dissolved and its current responsibilities incorporated into the ToRs for the PMU.</i>	<i>The MTR team acknowledge the background and rationale for establishing the TWG and appreciate the contribution that this group has made to advancing project activities. Experience with other similar projects does, however, strongly suggest that strengthening the PMU is an equally valid approach and that this option could be explored for the final phase of the project. For these reasons the MTR stands by the suggestion that merging the functions of the TWG and PMU is a notion which should be considered and the recommendation in the MTR report will be retained</i>

TWG		<i>TWG Chair's access to the Chief Conservator of Forests:</i>	<i>The MTR report implies that proper governance and decisions making processes/bodies (including the Project Board) have been compromised and bypassed as a consequence of the working relationship between the Chief Conservator of Forests and the TWG Chair. This assumption is inaccurate, demeans the professionalism of the individuals involved, is unsupported by any evidence and should, in the view of the TWG, be withdrawn from the review.</i>	<i>The MTR team accept this comment and relevant text has been deleted.</i>
TWG		<i>MTR ratings</i>	<i>Components #2 and #3, are both rated "unsatisfactory" – with the lack of a coherent MFL system to apply identified as the main reason. This is only a small part of the problem. The main issue is that Yayasan Sabah (YS) as the licensee and SFD, as the implementing agency, have not made the target landscape available for the application of such a system – primarily as a consequence of pre-existing land-use decisions and joint venture agreements. Even the most robust theoretical model would risk being rendered irrelevant as there is no reasonable prospect of its</i>	<i>Comments noted and the following text has been inserted. No coherent multiple-use forest landscape planning system has, at the time of the MTR, been formulated. Inputs to the draft MTR from the TWG emphasise 3 important realities: that the most robust theoretical model would risk being rendered irrelevant as, under present management arrangements, there is no reasonable prospect of its implementation in the target landscape. responsibility for</i>

			<p>implementation in the target landscape. The MTR team has completely failed to recognize that the responsibility for implementing the MFL – and establishing a stable landscape in which to do so – is the responsibility of the licensee (YS) and the implementing agency (SFD).</p>	<p>implementing the MFL – and establishing a stable landscape in which to do so – is the responsibility of the licensee (YS) and the implementing agency (SFD). Yayasan Sabah (YS) (licensee) and SFD (implementing agency) have not made the target landscape available for the application of such a system – primarily because of pre-existing land-use decisions and joint venture agreements.</p>
TWG		<p>One-year 'cost-neutral' extension of the project</p>	<p>The MTR report recommends a one-year cost-neutral extension to the project, the suggestion being to allow a period to up- or down-scale a number of activities, such as the 'economic modelling' consultancy. It was suggested that this extension could, in effect, be funded by reducing or retracting the funds allocated to TWG and using these savings to fund the running costs of the PMU. The MTR makes no recommendations as to how the implementing agency (SFD) should go about developing</p>	<p>If this recommendation is accepted by UNDP/GEF it should be conditional on a detailed work plan for the one-year extension, which would need to be formulated by the PMU (possibly with support from the TWG) The priority developing the work plan would (in all probability) be to focus on the development and application of the MFL as well as an appropriate management structure for the proposed extension. This evaluation would need to</p>

			<p>and applying the MFL and management models in the extended period – and the TWG questions the capability of the PMU to deliver this objective without significant technical support, including economic modelling expertise (which would not be available if the MTR recommendation to modify the terms of contract IC-2 awarded to ETH Zurich for economic landscape modelling are implemented).</p>	<p>carefully consider priorities including re-prioritizing and deciding on resource allocations and funding.</p> <p>The mission noted that a HACT review was recently undertaken by UNDP but the outcomes from this are not available</p>
TWG		Connectivity among the three YS Conservation Areas	<p>The MTR report repeatedly emphasizes the need to ensure connectivity between the three YS conservation areas (Danum Valley, Maliau Basin and Imbak Canyon). This connectivity was established, in November 2012, by the reclassification of Mt Magdalena FR as a Class I (Protection) FR and will be further bolstered as additional Class II (Production) areas in Gunung Rara and Kuamut FRs (which are adjacent to the target landscape) are reclassified as Class I FR once current logging operations have been completed. The MTR team's recommendations in this respect are, therefore, largely redundant.</p>	<p>TEG Comments noted –</p> <p>The MTR team put forward a counter opinion based on evolving contemporary notions that address biodiversity conservation connectivity.</p> <p>Internationally accepted definition for biodiversity connectivity is directly applicable to the project area:</p> <p>A connectivity conservation area is: "A recognised large and/or significant spatially defined geographical space of one or more tenures that is actively and equitably governed and managed to ensure that viable populations of species are able to survive, evolve,</p>

				<p>move and interconnect within and between systems of protected areas and other effective area based conservation areas. The purpose of Connectivity Conservation Areas is to connect protected areas and other effective-area-based conservation areas, and to maintain or restore ecosystem function and ecological and evolutionary process of species and ecosystems across (and between) landscapes, fresh waterscapes, or seascapes for biodiversity conservation in areas that may also be used and occupied for a variety of human purposes, so that people and other species are able to survive and to adapt to environmental change especially climate change". (Connectivity conservation management: a global guide. Thu, 21 Nov 2013. Worboys, Graeme L. Francis, Wendy L. Lockwood, Michael.)</p> <p>An additional consideration is the</p>
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				<p><i>CBD Aichi Target 11. This mandates CBD signatories to:</i></p> <p><i>By 2020, at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes.</i></p>
TWG		<p><i>The ~24,000 ha area allocated for oil palm</i></p>	<p><i>The MTR report asserts that the ~24,000 ha area allocated for oil palm plantations, but which are currently undeveloped/unplanted, is important for connectivity among the three YS primary forest conservation areas and recommends that the SFD reclassifies this area as a Class I (Protection) Forest Reserve. The ecological basis for the role of this area in providing connectivity remains unclear – and the TWG strongly recommends that no</i></p>	<p><i>The rationale for this recommendation came from the presentation during the MTR mission by Daemeter Consulting. The MTR supports the recommendation from the TWG and supports the view of the recommendation</i></p> <p><i>Text has been changed</i></p>

			<p><i>decision on its conservation status be taken until further evidence, particularly findings from the ground-based biodiversity research (SC-6b), are available. While the report commissioned by the TWG from Daemeter Consulting indicated that much of the area should be designated as High Conservation Value (HCV) habitat, the maintenance of the HCVs identified may not be inconsistent with continued timber harvesting under a regime of natural forest management, timber plantations, or some combination thereof. Based on carbon assessments conducted as part of the Carnegie-led mapping campaign (SC-6a), much of the area has relatively low carbon stocks (mostly in the <30 Mg C/ha to 70 Mg C/Ha range), and hence may be viable – with minimal environmental impact – for commercial exploitation. However, to reiterate, the strong recommendation of the TWG is for no decisions to be taken regarding the conservation status of this area at this juncture – with the equally strong proviso that the area is not developed as an oil palm plantation</i></p>	
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			<p><i>(not least since such a plantation would not be certifiable to RSPO standards).</i></p> <p><i>The MTR team's observations in this respect were based on brief field visits – and clearly limited ecological understanding (which does not match the expertise of members of the TWG).</i></p>	
TWG		<p><i>Formal agreements with 'concession holders'</i></p>	<p><i>The MTR report recommends establishing formal agreements with concession holders to sustain ongoing initiatives related to the objectives of the project. This displays a complete lack of understanding of the realities of the situation. It is highly questionable that concession holders (who in most cases are joint venture partners with YS) would be capable of delivering project objectives which SFD, as the land manager, and YS, as the sole license holder, could not. Indeed, even basic knowledge of the project among joint venture partners and contractors within the area is, for the most part, extremely limited.</i></p>	<p><i>The MTR team does not agree. At least exploring the notion of establishing agreements with concession holders is worth considering and the TWG comment is indicative of a lack of understanding of connectivity conservation. Also refer above to the MTR response for Connectivity among the three YS Conservation Areas.</i></p>
TWG		<p><i>Open Standards for</i></p>	<p><i>A repeated recommendation made in the MTR report is for the use of</i></p>	<p><i>These comments from the TWG are, in the view of the MTR team,</i></p>

		<i>developing ICMS9</i>	<i>'Open Standards' in developing ICMS for the project landscape. The TWG view is that while Open Standards may be useful for consultants engaged in planning areas with which they are unfamiliar, the use of such standards would be largely redundant in this situation given a) the underlying local knowledge and expertise of SFD, YS and/or the TWG, and b) the availability of the excellent data generated by the project. The TWG would also like draw attention to a potential conflict of interest with respect to lead MTR who apparently provides consultancy services and training to organizations implementing Open Standards for ICMS (services which were verbally offered to the project in discussions with the TWG).</i>	<i>misinformed. The Open Standards simply provide a contemporary and internationally accepted planning framework. As far as the MTR team is aware the OS is one of only a few natural resource/protected area planning frameworks. It is relevant to note that the planning process was developed by protected area practitioners for protected area practitioners. The comment regarding a possible conflict of interest is not helpful and the lead consultant recalls during several discussions that the TWG Chair, who was unaware of the OS planning framework, indicated positive interest in the process. The MTR team leader rejects assertions that he displayed conflict of interest and contends that recommendations and advocacy on the OS was undertaken to simply introduce an internationally accepted planning framework.</i>
<i>TWG</i>		<i>Master plan for eco-tourism by ETH</i>	<i>The MTR report recommends that the "economic modelling" contract</i>	<i>The starting point for this recommendation is that 4 years</i>

			<p>entered by the project with ETH, Zurich, is scaled-down and redrafted to produce a master-plan for ecotourism in the project landscape, including the three YS Conservation Areas (Danum, Maliau and Imbak Conservation Areas). The TWG does not agree with this recommendation, not least since these areas have well-developed management plans in place, have made heavy investments in tourism infrastructure and support a variety of tourist-related activities. In the case of Danum Valley, tourism activity is very advanced, with substantial earnings generated by the YS-owned Borneo Rainforest Lodge. The UNDP project area, with its oil palm and tree plantation production activities and generally degraded forests, is unlikely to attract significant numbers of tourists – and it is therefore unclear what a 'ecotourism' master-plan would achieve. Again, this recommendation indicates a basic lack of understanding of the local context and target landscape on the part of the MTR team.</p>	<p>into the life of the project and a few weeks before the MTR mission, a contract was signed with ETH Zurich for the preparation of an economic model for the UNDP financed project area at the heart of which was to propose a model that optimized land use and income from that area. The fact that this was done after the "de facto" commitment/allocation of practically all the land within the project area for long term use, made such a contract an exercise of limited value. However, ETH Zurich had undertaken in good faith a significant investment in preparing its proposal/contract etc. and a signed contract already existed. The MTR mission therefore looked to see if a contribution that made sense could still be made by ETH Zurich.</p> <p>The MTR mission was aware of the infrastructure available for ecotourism in the Danum Valley (Borneo Rainforest Lodge) its management by Yayasan Sabah through its subsidiary company BORNEO NATURE TOURS, and the activities that had been developed there in (as well as other smaller</p>
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				<p>infrastructure in that area). However, the other two protected areas had less facilities.</p> <p>More significantly, the MTR mission recognized that: (1) within the UNDP project area, an additional 169,000 hectares are already or were to be designated CLASS I protected areas (including an important wildlife corridor) and (2) that from the conversations the MTR mission had with YYS and SFD staff, there appeared to be still room for improvement in relation to the tourism related parts of the existing management plans (conforming them, per example, with the notions such as those contained in the document "Sustainable Tourism in Protected Areas - Guidelines for Planning and Management" of the World Commission on Protected Areas (WCPA) prepared with support of UNEP, IUCN, Cardiff University and the World Tourism Organization(WTO)).</p> <p>Therefore, in the opinion of the MTR mission, a comprehensive tourism Master Plan that includes the total area, is still regarded as a worthwhile undertaking.</p>
TWG		Multiple	We agree with the comments in	Significant congruency between

		<p><i>consultancies and local capacity building</i></p>	<p><i>the MTR that there is excessive use of multiple consultancies and contracts, which have also compromised opportunities for national and state-level capacity building. Several stakeholders, including the TWG, have offered a similar opinion from the inception of the project to date. The TWG urged the project to review the role of consultants - which resulted in a revision of the terms and scope of consultancies as outlined in the Inception Report. With respect to capacity building, the TWG has repeatedly emphasized the need for this to be addressed with the PMU, the Project Director, the Chief Conservator of Forests, the Project Board, and the UNDP. The TWG has consistently pressed for the appointment of a senior SFD or a YS official as a technical coordinator and for a team of SFD and YS officers be appointed to work with the TWG on the more technical aspects of the project, including biodiversity and carbon assessments and monitoring. The fact that the TWG's recommendations have not, to date, been taken up will likely impact both the successful delivery</i></p>	<p><i>the TWG and MTR in terms of the need for a reorganization within the SFD. The MTR recommendation - That SFD consider reviewing its structure in order to provide expertise and contemporary approaches to protected area planning, management and biodiversity conservation. No amendments to the present text is considered necessary.</i></p>
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			<i>of the project and its legacy.</i>	
<i>TWG</i>		<i>Project support in-kind</i>	<i>Project documents indicate that a commitment of in-kind support of US\$15 million from the Sabah and Malaysian Governments and US\$4.4 million support from Yayasan Sabah are in place. The MTR team offer no opinion as to whether this support has been delivered, in what form and whether value for money has been achieved. Although not directly connected, it seems curious that the MTR team focused considerable attention on the relatively modest sums allocated to the TWG while apparently failing to make any assessment of the delivery and value of the much greater sums committed as in-kind support.</i>	<i>Up to date Information included in Report annexes I</i>
<i>TWG</i>		<i>MoU between SFD and UNDP</i>	<i>An MoU between SFD and UNDP was signed in 2014 (Annex #3 of Inception Report). This is a crucial document listing the actions and principles to be adhered to during the project. For example, the MoU states that (i) all plantations in the area should be developed in accordance with the FSC and RSPO standards and (ii) a transparent, auditable mechanism for the re-</i>	<i>The MTR considered this interjection and suggest that Section B of the Standards, i.e. referring to additional actions and principles, is confusing. A significant consideration is the difficulty to clearly ascertain differences between (i) actions and (ii) principles. As an example, Point 6 states "Manage oil palm plantations in</i>

			<p><i>investment of a sufficient portion of the revenues generated within the landscape to support conservation should be developed. The MTR team does not review this document – and hence there is no indication as to whether it has been adhered to. This is a serious oversight – and one which should be addressed either by the MTR team or UNDP.</i></p>	<p><i>accordance with RSPO standards, including procedures for new plantings, and to FSC standards for timber plantation areas (including mosaic plantations) – even if certification to these standards is not immediately attainable. In Progress Report dated March 2017, it was reported that the SFD is committed to RSPO and FSC and all concession operators were officially informed of the requirement for certification by 2017.</i></p> <p><i>Also refer to part 3 - B point 10 of the MoU between the UNDP and the SFD which states that " a transparent, auditable mechanism for the re-investment of a sufficient portion of the revenues generated within the landscape to support conservation should be developed".</i></p> <p><i>The MTR mission found no evidence that a comprehensive and auditable system had been developed. This is also confirmed by the Financial Data Management Specialist (sub-contract LC-4) in his report dated 30 Nov. 2016</i></p>
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				<p>where he provides guidelines on what data and elements such a system should contain.</p> <p>The MTR mission fully endorses these recommendations.</p>
TWG		Sustainable financing for conservation from multiple land-uses	<p>Despite the lack of progress on Component #3 (sustainable financing), the MTR report omits any recommendation that this fundamental aspect of the project should be pursued. The flow of revenue generated from production areas to protection areas within the project site is an agreed part of the MoU between SFD and UNDP. The MTR report assumes that the funding for conservation activities in the project area and the adjacent YS Conservation Areas will be made available by SFD from future state-level (conservation fund) sources. It thus fails to recognize that a transparent mechanism does not exist to enable revenue flow to support conservation (provided by the production land-uses within the project area). Again, the lack of attention to this matter is a</p>	<p>The MTR mission does mention in the SUSTAINABILITY AND RISK section that to date a proper system for this is not in place. It supports the recommendations of the report of LC-4 "Financial Data Management Specialist". To further clarify this point text has been added as follows:</p> <p>This situation could be corrected, if the SFD and YSF follow the recommendation in the final report of consultancy LC-4 that recommends the establishment of an appropriate recording/accounting system that reflects what will be the flow and ultimate distribution of these funds will be (including the percentage that will accrue to conservation). The MTR mission urges that this be done. However, in any case, as stated below, given the complementary income that is</p>

			<i>serious oversight on the part of the MTR team and implies that the MoU was not referred to during the review.</i>	<i>very likely to come as a result of Payments for Ecosystems Services (PES), the mission is reasonably confident that funding will eventually be available when needed</i>
<i>TWG</i>		<i>Secondment of SE Asia Rainforest Research Programme (SEARRP) Research Assistants:</i>	<p><i>The MTR team raises transparency concerns with respect to the team of SEARRP RAs seconded to the project (which presumably relate to the fact that the TWG Chair is also the Director of SEARRP). SFD and YS field staff were not available in sufficient numbers to provide adequate field support for the biodiversity and carbon surveys commissioned by the project. In the absence of any reasonable alternative, SEARRP agreed to make available a team of RAs. The secondment of this team was approved by the PMU and Project Board, and on the strict understanding that their salaries would be compensated (from core project funds).</i></p> <p><i>Contrary to implications in the MTR and project audit reports, the TWG Chair has no role in the supervision or oversight of these staff – which is the responsibility of the University of Aberdeen as part of SC-6b.</i></p>	<p><i>In the MTR team's view this comment from the TWG shifted the focus made in the MTR draft. The MTR team simply raised an issue of transparency regarding the appointment of three SEARRP research assistants on 1 December 2015, and noted that these appointments took place under SC-6b, which was signed on 1 April 2016 – some 3 months after the appointments.</i></p>

<i>TWG</i>		<i>Future of the TWG</i>	<i>The TWG will present a proposal on its future role to the next Project Board meeting.</i>	<i>The MTR team note this comment and suggest that proposals for the TWG future functions take account of relevant recommendations offered in MTR Final Report .</i>
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<i>Author</i>	<i>Track Change #</i>	<i>Para No. Comment Location</i>	<i>Comment/Feedback on the draft MTR report</i>	<i>MTR team response and actions taken</i>
<i>Mr. Lee Kian Foh</i>	<i>1</i>	<i>Summary of Conclusions Sustainability & Risks</i>	<i>Would like to note that this is not related to the SC-2 component by Green Spider.</i>	<i>The first part of the paragraph refers to the financing from production areas and thus, as correctly stated, is not related to the work of Green Spider. However, the second part refers to the future availability of funding for conservation in Sabah in General and therefore also for the project area and the 3 conservation areas that concern the project (i.e. future sustainability). The mission does express its confidence that if the work of Green Spider is ultimately supported, future funding should not be a major concern.</i>
<i>Mr. Lee Kian Foh</i>	<i>2</i>	<i>Table 3 Summary Recommendations</i>	<i>I have rephrased this because it is not finalised whether both fees will be channelled to one fund</i>	<i>The MTR mission's recommendations should not be modified. The whole purpose of the recommendation is that ALL funding accrued from both potentially identified sources (as of now, the water levy and the tourism fee) should be managed through a</i>

				<i>SINGLE FUND and by an independent board.</i>
<i>Mr. Lee Kian Foh</i>	<i>3</i>		<i>Please elaborate on what constitute "pilot" exercise. Currently Green Spider has prepared several outputs to support the implementation of the proposed PES programmes for Sabah. These include – 1) willingness to pay study for ecosystem conservation fee 2) Options for collecting propose ecosystem conservation fee, and 3) input to draft fund / trust deed</i>	<i>Actually setting up a pilot fund and seeing what if any modifications need to be put in place seems like a logical approach.</i>
<i>Mr. Lee Kian Foh</i>	<i>4</i>		<i>In addition, for the next phase Green Spider will also provide recommendations for operationalising conservation finance/PES policy during initial implementation consisting of operational guidelines for the fund. This together with the outputs mentioned in the comments above should already meet the contractual requirements mentioned in this sentence.</i>	<i>With the addition of the pilot exercise, the MTR mission agrees with this statement.</i>
<i>Mr. Lee Kian Foh</i>			<i>Here I am using the most recent terminology used by Green Spider as of September 2017:</i>	<i>Cannot identify what this refers to.</i>

Mr. Lee Kian Foh		Development of State-level Policy Options and Mechanisms for PES (SC-2) Suggested rewording / edits	Here a "scheme" was used instead of an "exercise". In order to pilot a scheme, legislations would need to be made. Hence I propose "exercise" be used. See comment 6	No problem with the terminology proposal.
Mr. Lee Kian Foh	5	Suggested rewording / edits	Rewording suggestions – starting " Based on this review and an in-depth interview with the Green Spider consultant / staff member "	Agreed
Mr. Lee Kian Foh	6	Suggested rewording / edits	Rewording suggestions "Here "Pilot PES Scheme" is used. Previously "Pilot Exercise" was used"	No problem with suggested wording.
Mr. Lee Kian Foh	7	Annex 8 Income Streams for Conservation Some rewording	Suggested rewording / edits	Could not identify suggestions.
TWG		Master plan for ecotourism by ETH	The MTR report recommends that the "economic modelling" contract entered by the project with ETH, Zurich, is scaled-down and redrafted to produce a master-plan for ecotourism in the project landscape, including the three YS Conservation Areas (Danum, Maliau and Imbak Conservation Areas). The TWG does not agree with this recommendation, not least since these areas have well-developed management plans in place, have made heavy	Comment is duplicated. Refer MTR mission response above

			<p>investments in tourism infrastructure and support a variety of tourist-related activities. In the case of Danum Valley, tourism activity is very advanced, with substantial earnings generated by the YS-owned Borneo Rainforest Lodge. The UNDP project area, with its oil palm and tree plantation production activities and generally degraded forests, is unlikely to attract significant numbers of tourists – and it is therefore unclear what a ‘ecotourism’ master-plan would achieve. Again, this recommendation indicates a basic lack of understanding of the local context and target landscape on the part of the MTR team.</p>	
TWG		<p>Sustainable financing for conservation from multiple land-uses</p>	<p>Despite the lack of progress on Component #3 (sustainable financing), the MTR report omits any recommendation that this fundamental aspect of the project should be pursued. The flow of revenue generated from production areas to protection areas within the project site is an agreed part of the MoU between SFD and UNDP. The MTR report</p>	<p>Comment is duplicated. Refer above</p>

			<p><i>assumes that the funding for conservation activities in the project area and the adjacent YS Conservation Areas will be made available by SFD from future state-level (conservation fund) sources. It thus fails to recognize that a transparent mechanism does not exist to enable revenue flow to support conservation (provided by the production land-uses within the project area). Again, the lack of attention to this matter is a serious oversight on the part of the MTR team and implies that the MoU was not referred to during the review.</i></p>	
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<i>Author</i>	<i>Track Change #</i>	<i>Para No. Comment Location</i>	<i>Comment/Feedback on the draft MTR report</i>	<i>MTR team response and actions taken</i>
<i>Mr. Jeflus Sinajin, Project Manager</i>		<i>Table 2 MTR Ratings & Achievement Summary MTR Ratings on Project Overall Objective and Components #2 and #3, are both rated "unsatisfactory"</i>	<p><i>I tend to differ on the ratings given by the MTR Team. Moderately satisfactory is acceptable.</i></p> <p><i>For the overall objective, it is understood that it comprises of "three issues", that is (i) To institutionalize a multiple-use forest landscape planning and management model; (ii) To bring the management of critical protected areas and connecting landscapes under a common management umbrella; and (iii) The project is sustainably funded by revenues generated within the area. Basically, this is a long-term objective, which would take at least 10 years to achieve especially the third component – sustainably funded by revenues generated within the area.</i></p> <p><i>Even though the actual or effective implementation of the project only took place in 2015, that is, when the</i></p>	<p><i>The MTR team suggest that ratings are a value judgement and maintain that at themed term stage of the project Moderately Unsatisfactory (MU) is an appropriate ranking. MS is defined as:</i></p> <p><i>The objective/outcome is expected to achieve its end-of-project targets with major shortcomings.</i></p> <p><i>The MTR rating has not been edited.</i></p>

			<p><i>Inception Report was finalized on 31 December 2014 with a limited time for project implementation, the project still able to implement the various project outputs from the three project components. Greater details on the progress and accomplishment as of June 2017 can be referred to in the Project Implementation Review (PIR) 2017 report. Perhaps the MTR Team may have to read the PIR 2017 Report in order to have better information and assessment on what have been accomplished so far.</i></p>	
<p><i>Mr. Jeflus Sinajin, Project Manager.</i></p>		<p><i>Table 2 MTR Ratings & Achievement Summary</i></p> <p><i>Component 2: Multiple-use forest landscape planning and management system demonstrated at pilot site.</i></p> <p><i>There is no coherent multiple use forest landscape planning system available to apply</i></p>	<p><i>Agreed. Presently, all field activities that are currently implemented by the various YS JV partners and the Sabah Forestry Department are based on the respective existing Medium-Term 10-Year Forest Management Plans. All these FMPs that cover portions of the project landscape have been collected by the TWG. Some</i></p>	<p><i>Clarification and comment noted</i></p> <p><i>The MTR text and rating has not been edited.</i></p>

		and demonstrate.	of them have been analysed with priority gaps have been identified. Others are mostly in an early stage of development such as, the biodiversity overlaying (waiting the results generated from SC-6a (Landscape level biodiversity and forest quality assessment and mapping using LiDAR and hyperspectral imagery) and SC-6b [Ground-based biodiversity assessment (using a range of key taxa), mapping and monitoring programs]. However, there was a major progress on the data analysis and synthesis of Landscape level biodiversity and forest quality assessment by CAO where their Revised Interim Report was submitted on 15 March 2017 and a Carbon Map Report for Sabah was completed and submitted to the SFD in May 2017, while the final data analysis and synthesis results report will be completed before the end of this year (2017).	
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<p>Mr. Jeflus Sinajin, Project Manager.</p>		<p>Table 2 MTR Ratings & Achievement Summary Component 3: Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site.</p> <p>There is no coherent sustainable financing system available to apply and demonstrate.</p>	<p>Financing the implementation of all field activities in the project landscape are from the following:</p> <p>State and Federal Government annual grants; Respective YS JV Partners; Palm oil and/or petroleum; and PES/Conservation Fee.</p> <p>With regards to the state annual grant, it comes from revenue earned from royalty payments (from the sale of logs) and from oil palm {sale of Fresh Fruit Brunch (FFB) in metric ton – MT}. There is a transparent mechanism exist to enable revenue flow to support conservation provided by the production land-uses within the project area.</p> <p>For example:</p> <p>The total amount of revenue/royalty from timber collected from the Project Area by the SFD in 2016 was RM 40,299,103.20, while revenue collected from oil palm (March – December, 2016) was RM 31,208.48.</p>	<p>The MTR mission is aware that what is done today in conservation within the project area is a result of government grants. However, this does not constitute an appropriate long-term "sustainable financing system" as is recognized by the TWG itself which in a previous comment above states the following:</p> <p>"It thus fails to recognize that a transparent mechanism does not exist to enable revenue flow to support conservation (provided by the production land-uses within the project area)."</p> <p>As the MTR mission states in response, such a system will only exist if:</p> <p>(1) "the recommendation in the final report of consultancy LC-4 that recommends the establishment of an appropriate recording/accounting system that reflects what will be the flow and ultimate distribution of these funds will be (including the percentage that will accrue to conservation). and</p>
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			<p><i>This amount 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 District Forestry Officer, who will track the revenue generated from the Project Area.</i></p> <p><i>During the first quarter of 2017 (January – March), the total revenue/royalty collected from the Project Area by the SFD was RM 4,290,238.56 (collected from Empayar Kejora Sdn Bhd and Usahawan Borneo Greenwood Sdn Bhd only), while the revenue from oil palm (Rinukut Sdn Bhd) was RM 15,726.25.</i></p> <p><i>The cumulative revenue/royalty from timber collected from the Project Area from 2012 to March 2017 was RM 104,846,210.31 while the cumulative royalty (2016 –</i></p>	<p><i>(2)"...income that is very likely to come as a result of Payments for Ecosystems Services (PES)," is channelled through an independently run consolidated conservation fund for Sabah.</i></p>
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			<p>March 2017) collected from Rinukut Sdn Bhd (oil palm) was RM 46,934.73.</p> <p>Meanwhile, the study on PES/Conservation Fee by Green Spider is progressing well; and if approved by the State Government, would complement government spending for carrying out conservation activities. This strategy requires the introduction of new or amendment of existing laws to raise the necessary funding. There were discussions on this and agreed that a new Conservation Fee Enactment is to be prepared.</p>	
Mr. Jeflus Sinajin, Project Manager.		<p>Table 2 MTR Ratings & Achievement Summary Project Implementation and Adaptive Management</p> <p>The MTR suggest that consideration could be given to amalgamating functions of the PMU with those of the TWG as there is significant cost implications and potential</p>	<p>Agreed. Steps have been taken to revise the TWG ToR.</p>	<p>There is agreement on this point. PMU endorsement noted text and rating have not been edited.</p>

		<i>duplication having both these units.</i>		
<i>Mr. Jeflus Sinajin, Project Manager .</i>		<p><i>Summary of Conclusions Sustainability and Risks</i></p> <p><i>A strategic and fundamental consideration are the nearly F set aside for palm oil plantations. These are important if connectivity objectives are to be established and maintained.</i></p>	<p><i>The MTR Team observation on this area is acknowledged. In fact, this issue was heavily debated during the inception workshop. The recommendation from the TWG after their field assessment was to establish a >7,000 ha corridor between the INIKEA area and Mt Magdalena Forest Reserve to maintain north-south connectivity of natural forest areas within the project landscape. This recommendation was implemented where there was an extension of Mt. Magdalena FR at the south (6,665 ha) and Gunung Rara Wildlife Corridor FR (10,364 ha). In addition to this was the west-east corridor (connectivity), that is, Sg. Anjeranjermut FR (3,857 ha).</i></p> <p><i>There was no decision yet on what is best for the 24,000 ha. Connectivity objective</i></p>	<p><i>Observation noted</i></p> <p><i>The MTR text and recommendation has been amended as follows:</i></p> <p><i>That SFD delay making a decision on the future status of the unallocated areas within the MFL until further evidence, particularly findings from the ground-based biodiversity research (SC-6b), are available.</i></p>

			<i>for wildlife was already well taken care of while providing connectivity for ecological basis (if that is what the MTR Team means) is not clear.</i>	
<i>Mr. Jeflus Sinajin, Project Manager.</i>		<i>Concessionaire activities are acting in complete isolation and give limited consideration to the landscape and conservation values of the project site. Logging has a significant and unrecognised impact on water quality. Logged areas distribute ongoing amounts of silt into the waterways.</i>	<i>I disagree with the MTR Team's observation that the activities carried out by the Yayasan Sabah (YS) Joint Venture (JV) partners are in complete isolation giving limited consideration to the landscape and conservation values of the project site. It must be noted here that the YS JV partners operate based on the approved Forest Management Plan (FMP), coupe and Annual Work Plan (AWP) respectively. They also have an approved Environment Impact Assessment (EIA). Their operations were closely monitored by the Sabah Forestry Department and Environment Protection Department (EPD) to ensure that the all Reduced Impact Logging (RIL) guidelines, Standard Operating Procedure (SOP) and Environment Impact</i>	<i>While the MTR team acknowledges these comments, the point being expressed is although concessionaire activities are, in all probability, consistent with approved site/concession specific agreements and legal requirements they do not giving due cognizance to landscape scale conservation values. The MTR recognise that until the ICMS for the project area - including the three globally important protected areas - has been formulated alternative mechanisms need to be considered to ensure concession operations are consistent with - and contribute towards the projects overall objective. The MTR text and rating has not been edited.</i>

			<p><i>Assessment (EIA) mitigation measures are being adhered to. Of course, there is always an impact on water quality on logging especially when it rains. I think this cannot be avoided no matter how careful the logging operation is to be done.</i></p>	
<p><i>Mr. Jeflus Sinajin, Project Manager</i></p>		<p><i>The concessions are, however, still in their development phase. Calculating the revenue streams they will ultimately generate is unknown. Furthermore, as the income that currently accrues, or will accrue in the future, is distributed to YSF and the SDF, it is not possible to determine what percentage of the revenue these institutions will apply to support conservation efforts.</i></p>	<p><i>The project area is under Yayasan Sabah (concessionaire). YS had JV Partners to carry out forest operations in their respective designated/allocated area. How much revenue/income they generate and how much they pay to YS are probably clearly being stipulated in the agreements (Sale and Purchase Agreement?). With regards to royalties to the SFD, they are strictly being collected, failing which a heavy penalty will be imposed. Their operations in the field are being audited annually through compliance report. If they failed to carry out their activities (including conservation efforts) as</i></p>	<p><i>Comment noted The MTR conclusion was based on the reality that revenue streams cannot, because of legally binding contractual obligations, be diverted exclusively to conservation management. As stated in the comment of the Project Manager, at this state it is still too early to determine what the future flow of resources will be (given that they are expressed either in CM of wood extracted or as a % of the profits of a producer based on their books. Much less can we estimate what % of this income will be allocated exclusively to conservation activities.</i></p>

			<i>specified in their AWP, a coupe application will not be approved or they will not be allowed or given new area/compartments to work with until all outstanding activities are being carried out accordingly.</i>	
<i>Mr. Jeflus Sinajin, Project Manager</i>		<i>The introduction and use of non-native species for production purposes increases the risk of introducing Invasive Alien Species (IAS), which threaten indigenous/native biodiversity.</i>	<i>So far, YS JV partners did not introduce any invasive alien species that threaten indigenous/native biodiversity. Even if any, the SFD will not allow it. Acacia mangium is not an invasive species. They will never penetrate natural forests. This is also in the case of Paraserianthes falcataria (batai).</i>	<p><i>Useful clarification Although these comments are accepted the text has been amended as follows but there seems little point in altering the recommendation</i></p> <p><i>The introduction and use of non-native species increases the risk of threatening indigenous/native biodiversity.</i></p> <p><i>Ecological studies have shown that introduced species may strongly interact with native species and thus affect the species fitness.</i></p> <p><i>References:</i></p> <ol style="list-style-type: none"> <i>1. Simberloff, D. 2005. Non-native species do threaten the natural environment! Journal of Agricultural and Environmental Ethics 18(6), pp. 595-607.</i> <i>2. Smith, D.S., Lau, M. K., Jacobs, R., Monroy, J.A., Shuster, S.M., and Whitham, T.G. 2015. Rapid plant evolution in the presence of an introduced species alters community</i>

				<i>composition. Oecologia 179, pp. 563-572.</i>
<i>Mr. Jeflus Sinajin, Project Manager</i>		<i>Riparian zones and wildlife corridors that have already set aside in most areas are being exploited by concessionaires and their appropriateness is questionable. These management zones should be designed and located by ecological specialists not foresters.</i>	<i>I do not understand what the MTR means on this. It is very clear that the wildlife corridors are already gazetted as Class I Forest Reserves. Any exploitation or encroachment by the Licensee will face heavy penalties from the SFD. Similarly, all riparian buffers are strictly identified on the ground and marked. The riparian buffer is 30 m on both sides of the main river. I do not think that we need to have an ecological specialist to design and locate the riparian buffer. We foresters can do it.</i>	<i>The point being made here is that the riparian zones and wildlife corridors the MTR mission observed during the field visits indicated that these were developed to fulfil harvesting requirements rather than ecological and conservation connectivity principles and best practice. The considered view of the MTR is that ecological and connectivity experienced practitioners would add value to the perspective of foresters. The MTR text has not been edited.</i>
<i>Mr. Jeflus Sinajin, Project Manager</i>		<i>IV Findings Table 5 Synopsis Project Progress Summary Stakeholder Engagement particularly local and indigenous communities Stakeholder engagement in the Sabah MFL is rather limited and most activities are focused on TWG and Project board</i>	<i>We are transparent. 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,</i>	<i>Useful clarification but the MTR maintain that in terms of "Stakeholder Engagement particularly local and indigenous communities" the findings are legitimate. At the same time it is pointed out that the stakeholders involved in the TWG, PB, UNDP are not representative of "local and indigenous communities" The MTR text has not been edited.</i>

		<i>deliberations.</i>	<i>workshops, seminars 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 stakeholder engagement and its importance in project implementation process. The local communities from Kg. Karamuak (Karamuak Village) were allowed to collect bird nests in the Project Area through the Social Forestry Committee. There are occasions where some project activities are too much driven by the project partners especially the NGOs.</i>	
<i>Mr. Jeflus Sinajin, Project Manager</i>		<i>Implementation It was also noted that a separate Socio-economic Technical Working Group has been established. The MTR raises a question regarding the necessity for having 2 Working Groups. It was also observed that Socio-</i>	<i>The first TWG was initially established to perform the ground assessment before the MOU and subsequently reviewed where their role is to provide technical advice to the Project Board with regards to the implementation of the project particularly on issues</i>	<i>Useful clarification The MTR rating has not been edited</i>

		<i>Economic TWG never had a meeting and the reason for this was not explicit.</i>	<i>related to land-use allocations and planning, land-use/production practices, management planning, and data & information sharing that involve Components 1 and 2. Since the members of the TWG do not have the expertise on socio-economic issues to provide an advisory role on Project Component 3, it was then decided that a second TWG on Socio-Economic is to be formed. This TWG never had a meeting since most of the outputs under Component 3 are still in the early stage, of which there are no major issues to be discussed as per their Term of Reference (ToR). Nevertheless, some of the members in the Socio-Economic TWG were invited to participate in the seminar and/or workshop sessions.</i>	
<i>Mr. Jeflus Sinajin, Project Manager</i>		<i>IV Findings Mosaic Planting for Forest Restoration The concepts outlined in the draft MPFR in FMUs suggest that a 60:40 ratio</i>	<i>It must be noted here that the MPFR, which was referred to by the MTR was formulated this year (2017) and still in a draft form and, therefore, should not be</i>	<i>The MTR found this comment interesting as a specific effort was made during the mission to inspect one concessionaires interpretation of the Mosaic Planting for Forest Restoration Process.</i>

		<p>of mosaic planting and retention of forest areas in degraded forests is applied. This suggests that a minimum of 40% of each area where MPFR is being applied will be retained under forest cover. This approach implies large forest areas could be used for mosaic plantations.</p> <p>Following a review of the MPFR draft guidelines, and matching these with observations undertaken during site visits in Kalabakan, the MTR concluded that companies are failing to apply the MPFR guidelines.</p>	<p>used in their conclusion that what had been undertaken in the project area did not comply with the MPFR because the latter is not official yet. Besides, the mosaic planting in the project area was implemented/practiced three years ago. The MPFR once approved by the Conservator of Forests, will be extended to all licensees to ensure that they would strictly follow the MPFR guidelines.</p>	<p>The recommendation in the final report is consistent with the submission made by the PM you and now reads;</p> <p>Mosaic Planting for Forest Restoration</p> <p>SFD circulate the MPFR guidelines to all project stakeholders for comments and that SFD delay application for MPFR until the guidelines are finalised.</p>
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Author	Track Change #	Para No. Comment Location	Comment/Feedback on the draft MTR report	MTR team response and actions taken
Mr. Charles Garcia of Rakyat Berjaya Sdn Bhd (Yayasan Sabah)		Summary of Conclusions Sustainability and Risks The introduction and use of non-native species for production purposes increases the risk of introducing Invasive Alien Species (IAS), which	The assumption that introduced tree species are invasive has no basis especially for Batai, a species widely planted in Sabah. There are examples of Batai replacing the natural forest. I can appreciate the concern	This comment duplicates the inputs from the PMU on this section of the MTR report Useful clarification Although these comments are accepted these seems to be little point in altering the recommendation.

		<i>threaten indigenous/native biodiversity.</i>	<i>but they should be specific and evidence- based instead of making a sweeping but unjustified statement. I am aware there are examples of invasive alien species but I believe Batai is not one of them.</i>	
		<i>Table 3 Summary Recommendations</i>	<i>I thought that the landuse allocation will be decided when the consultancies have all done their jobs and only then we will see the possibilities and potentials of the project area. Here, the MTR has made a land-use decision ahead of the findings of the studies. If the area is converted into Class 1, it will greatly affect YS revenue generation and make it even more unlikely to meet the project's economic objective to be independently sustainable. There is already an imbalance between economic and conservation landuse where production forest has been sacrificed for conservation. Agreed that a portion of the unallocated area is suited for</i>	<i>The only option to revise land use allocations within the project area is related to the 24,000ha that is still to be allocated – the MTR team understand that all of the other areas within the project site had been legally allocated for commercial forestry activities The MTR text and recommendation has been amended as follows: That SFD delay making a decision on the future status of the unallocated areas within the MFL until further evidence, particularly findings from the ground-based biodiversity research (SC-6b), are available.</i>

			<i>conservation but surely not all be excised to Class 1.</i>	
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<i>Author</i>	<i>Track Change #</i>	<i>Para No. Comment Location</i>	<i>Comment/Feedback on the draft MTR report</i>	<i>MTR team response and actions taken</i>
<i>Ms. Daisy Aloysius of Environment Protection Department (EPD), Sabah:</i>		<i>Summary of Conclusions Sustainability and Risks</i>	<i>Sabah Forestry Department (SFD) and Sabah Wildlife Department (SWD) were seen as inadequate in some aspects or lack of contribution. Have the Sabah Biodiversity Centre (SaBC) roles been looked into in terms of biodiversity conservation? None were mentioned about SBC unless for some reasons it was not raised. Riparian zones – requirement of ecologist is appropriate, it is suggested that for practical reasons input from Land and Survey Department and Department of Irrigation & Drainage (DID) are necessary.</i>	<i>The only time the Sabah Biodiversity Centre was mentioned during the MTR mission was during the Mission wrap-up meeting. In retrospect the mission regret that the opportunity to actively interact with SBC staff was not possible. Support for ecological input into the management of riparian zones is noted along with perspectives of other State government organisations.</i>
			<i>Formulation of Eco-tourism in protected areas – it is suggested to bring in Ministry of Tourism, Culture and Environment for more inputs.</i>	<i>Noted – this is something the PMU should note</i>

			<i>Please circulate to EPD for comments.</i>	<i>SFD to action as required?</i>
			<i>Page 25/26 or other related pages – Statements of Action plans in Sabah – it is understood that when this report was prepared, EPD too was in the midst of finalising the Actions Plans for the Sabah Environmental Policy and the Sabah Environmental Monitoring Master Plans. These plans are now ready hence it is suggested these documents are taken into account because biodiversity is one of the 5 themes/values. Table 6.2-6 (below) for instance is summary of biodiversity monitoring.</i>	<i>this is something the PMU should note and address</i>
			<i>Environment Impact Assessment (EIA) was not discussed in this report, please share rationale of this tool is not seen as equally important for the protection of flora and fauna of those areas, and besides it has enforcement mechanism too.</i>	

<i>Author</i>	<i>Track Change #</i>	<i>Para No. Location</i>	<i>Comment</i>	<i>Comment/Feedback on the draft MTR report</i>	<i>MTR team response and actions taken</i>
<i>Ms. Jenny Liaw of Institute for Development Studies (Sabah):</i>				<p><i>I do not have much comments for Sabah MFL MTR as the socio-economic TWG did not convene any meeting during the period of the study. I only have the following suggestions to make:</i></p> <ol style="list-style-type: none"> <i>1. I understand that there is no villages inside the study area, so there will be no socio-cultural impact for the study. Unless the study will later recommend any projects that has local communities living inside or surrounding the study area, a social impact assessment study should be conducted before any development could take place.</i> <i>2. The PES study is an excellent sub-study of the Sabah MFL. I suggest it chooses the river cruise tourism sector which is currently the</i> 	<i>These comments are probably more appropriately addressed by the PMU and could usefully be included in the project work plans.</i>

			<i>fastest growing tourism sub sector in Sabah for its pilot project.</i>	

<i>Author</i>	<i>Track Change #</i>	<i>Para No. Comment Location</i>	<i>Comment/Feedback on the draft MTR report</i>	<i>MTR team response and actions taken</i>
<i>Regional Technical Adviser, Ecosystems and Biodiversity UNDP – Global Environmental Finance Bureau for Policy and Programme Support Bangkok Regional Hub</i>			.	
			<i>Table of Contents: It looks like there is a technical glitch in the Word</i>	<i>Revised</i>

			<i>file. The list of sections appears twice</i>	
			<p><i>I. Executive Summary</i></p> <p><i>p. 3 – typo "Project Progress Summery", change to "Project Progress Summary"</i></p> <p><i>p. 9 – The first sentence of the 'Adaptive Management' section stating, "The process to translate the original ProDOC and produce the Inception Report was a useful example of adaptive management...". I can deduce what this sentence is trying to say, but it would be helpful to change the wording to make it more clear. What was changed from</i></p>	<p><i>Done</i></p> <p><i>Adaptive Management</i></p> <p><i>The suggestion for clarifying / expanding this section is noted and the following text has been inserted into the MTR Report</i></p> <p><i>The process to translate the original PRODOC and produce the Inception Report was a timely and functional example of adaptive management. The context that drove this approach included proposed land-use allocations within the landscape that had been substantially altered by the SFD at the time of the Inception Workshop in July 2013. These include areas allocated for plantation development had been expanded to ~90,000 ha (including over 33,000 ha of oil palm plantations), with the natural forest management (NFM) component reduced to ~50,000 ha. The extent of protected areas, however—including a crucially important forest link between Danum and Maliau—had been expanded to over 100,000 ha. These changes, especially the inclusion of oil palm and 'mosaic' tree plantations, neither of which had been mentioned as land uses in the PRODOC raised serious concerns within UNDP and among project stakeholders regarding the feasibility of the Project's stated goals. In light of these concerns, a Technical Working Group (TWG) was formed to advise the Project Board on issues relating to biodiversity, with specific reference to proposed changes to landuse within the project area, possible impacts of these changes on biodiversity and ecosystem services and how these might be mitigated.</i></p> <p><i>As a result the TWG generated recommendations for modifications to the July 2013 Plan and for future management of the landscape. These included concepts to mitigate major negative impacts and to allow the project to pursue its original, no-net-loss of biodiversity target.</i></p>

			<i>the original ProDoc – was it the results framework and if so, which elements of the framework?</i>	
			<i>Project Strategy A section on 'Results Framework / Logframe Analysis is missing</i>	<i>Noted and Included in the final report draft –</i>
			<p><i>Work Planning (p. 27)</i> <i>The Work Planning section should also include the following:</i> <i>Identify if work-planning processes are results-based. If not, suggest ways to re-orientate work planning to focus on results.</i> <i>Examine the use of the project's results framework/logframe as a management tool</i></p>	<p><i>Work Planning</i> <i>The MTR team understands that project work planning is carried out by the PMU and submitted for approval to UNDP, Project Board and SFD. The MTR reviewed the 2016 AWP and confirm that the process included:</i> <i>Outcomes Associated with Components, 1,2 and 3</i> <i>Planned Activities</i> <i>Activities and actions</i> <i>Projected Timeframe for Implementation (4 Quarters)</i> <i>Responsible Party</i> <i>Budget Planning</i> <i>Broken down to funding source and coding</i> <i>Project description</i> <i>Amount in US\$</i> <i>The MTR were not made aware of factors that negatively inhibited the development and implementation of effective work planning.</i> <i>In the MTR teams opinion work-planning processes are, as far as this is possible, in this multidimensional project, are results-based. It is, however, difficult to definitively express an opinion on how this process</i></p>

			<p><i>and review any changes made to it since the project start.</i></p>	<p><i>contributes to the result based management as deliverables are, to a significant extent, subcontracted to international and national consultants and subcontractors. This stage of the project many of these interventions are in their formative stage.</i></p> <p><i>The MTR team regretfully records that it was unable to ascertain the extent that the PMU applied the project's results framework and logframe.</i></p>
			<p><i>Finance and co-finance (p. 66-67)</i></p> <p><i>The Finance/Co-Finance section should include discussions on the following issues. Currently, this section only shows a table of expenditures.</i></p> <p><i>Whether strong financial controls have been established that allow the project management to make informed decisions regarding the budget at any time, and allow for the timely flow of funds and the payment of satisfactory project</i></p>	<p><i>In response to this comment, the following text has been added to the Report:</i></p> <p><i>As stated before, the original project document had to be substantially modified as a result of decision on the allocation of land that took place between the time the project was drafted/approved and the initiation of its implementation. This obviously resulted in modifications in the original budget. However, once the inception report outlining the modifications was approved, the budget was adhered to. In discussions with UNDP Operations staff it was clear that UNDP did indeed apply its normal financial controls including very detailed financial control inspection missions. As pointed out in the report there were two instances that, in the opinion of the MTR mission, fell outside normal procedures. The first refers to payments made to stakeholders for their participation in the TWG (this is not usual UNDP practice). We do however acknowledge the important role the TWG has played in guiding the project. The second refers to the approval of sub-contract IC-2" Economic Modelling" with ETH Zurich, which as stated, in the opinion of the MTR mission should not have been signed at such a late date in the life of the project and when previous decisions regarding land allocation made the foreseen output of the sub-contract mostly irrelevant.</i></p>

			<p><i>deliverables. Variances between planned and actual expenditures. Whether the project demonstrates due diligence in the management of funds, including annual audits. Any changes made to fund allocations as a result of budget revisions and the appropriateness and relevance of such revisions.</i></p>	
			<ul style="list-style-type: none"> • <i>Stakeholder engagement (p. 68-69)</i> <p><i>o This section should be expanded to include the following, as applicable:</i></p> <p><input type="checkbox"/> <i>Project management: Has the project developed and leveraged the</i></p>	<p><i>These are useful perspectives and the Stakeholder Engagement Section has been edited and expanded with the following Text:</i></p> <p><i>Stakeholder Engagement</i></p> <p><i>Stakeholder engagement in the Sabah MFL is rather limited as most outputs and activities are focused on delivery by means of a range of (national and international) consultancies, contracts, subcontracts and via direct interventions from the TWG. The other important forum for engagement is via the Project Board.</i></p> <p><i>Observations on specify areas relating to Stakeholder Engagement are noted below:</i></p> <p><i>Project management:</i></p> <p><i>The MTR Team concluded that the MFL management structure is complicated and that functions and roles between the Project Board, TWG, PMU, consultancies and sub-contractors are not well</i></p>

			<p>necessary and appropriate partnerships with direct and tangential stakeholders?</p> <p><input type="checkbox"/> Participation and country-driven processes: Do local and national government stakeholders support the objectives of the project? Do they continue to have an active role in project decision-making that supports efficient and effective project implementation?</p> <p><input type="checkbox"/> Participation and public awareness: How has stakeholder involvement and public awareness contributed to the progress towards achievement of project objectives?</p>	<p>coordinated. The division between the PMU, the entity ultimately responsible for project delivery, and the TWG means that the responsibility for establishing and nurturing the positive engagement of relevant stakeholders is compromised.</p> <p>The MTR team notes, however, that significant opportunities exist for developing and leveraging partnerships with both direct and indirect stakeholder groups.</p> <p>State and national government</p> <p>State project participants, in particular the SFD, demonstrate strong support for the objectives of the project and have invested that significant in-kind support and resources. Project ownership is well "nested" in SFD but, as noted in this report this organisation would benefit from specific professional skills and experience related to protected area management and planning, conservation connectivity and ecosystem-based planning. The Chair of the Project Board is a senior SFD executive who actively engaged during the MTR mission. The MTR team are confident that this engagement will persist over the long-term.</p> <p>Public awareness and stakeholder involvement do not seem to be strong aspects of the project design and implementation. The MTR are of the view that this seems to be being left to members of the TWG, PB and PMU. As noted elsewhere in this report a priority could be directed to concession holders so as they are fully apprised of project progress and opportunities within their concession areas to make a meaningful contribution.</p>
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			<p>Are there any limitations to stakeholder awareness of project outcomes or to stakeholder participation in project activities? Is there invested interest of stakeholders in the project's long-term success and sustainability?</p>	
			<ul style="list-style-type: none"> • Reporting (p. 69) <p>This section should be expanded to include the following:</p> <p><input type="checkbox"/> Assess how adaptive management changes have been reported by the Project Team and shared with the Project Board.</p> <p><input type="checkbox"/> Assess how well the Project Team and partners undertake and</p>	<p>Noted – section expanded with the following additional descriptive text:</p> <p>The MTR team gathered an impression that adaptive management processes that resulted in the Project Inception Report were formulated primarily by the TWG and endorsed by UNDP, PMU and Project Board.</p> <p>Primarily because of implementation modalities that are depend on international and national consultancies monitoring is somewhat disconnected and based on the performance of consultants.</p> <p>Reporting has, by and large, been carried out in a thorough and timely manner. Operational and technical problems are addressed reasonably effectively although recruitment; procurement; and technical capacity hindered progress from time to time.</p> <p>The PMU has competently managed and reported on project finances and the reports provided to the MTR team all indicate a high level of mandatory reporting to UNDP/GEF.</p> <p>Other considerations:</p> <p>PIRs are available and routinely shared during semi-annual Board Meetings</p>

			<p>fulfil GEF reporting requirements (i.e. how have they addressed poorly-rated PIRs?), and suggest trainings etc. if needed.</p> <p><input type="checkbox"/> Assess how the PIRs have been shared with the Project Board and other key stakeholders.</p> <p><input type="checkbox"/> Assess how lessons derived from the adaptive management process have been documented, shared with key partners and internalized by partners and incorporated into project implementation.</p>	<p>mechanisms for information sharing with and between other stakeholders is not known.</p> <p>The MTR is not aware of documentation / sharing of experiences and lessons resulting from project activities to date.</p> <p>Taking into account the reality that the project was subjected to significant delays in both budget implementation and project execution, adequate adjustments have been made and an overall ranking within these areas is satisfactory.</p>
			<ul style="list-style-type: none"> Communications (p. 69): This section should be expanded to include the 	<p>Comments and Observations Noted – section expanded with the following additional descriptive text:</p> <p>Project related communications are mentioned (almost in passing) in the Inception Report under Outcome 3: Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site.</p> <p>This notes that "A range of activities associated with pilot</p>

		<p>following:</p> <p><input type="checkbox"/> Review internal project communication with stakeholders: Is communication regular and effective? Are there key stakeholders left out of communication? Are there feedback mechanisms when communication is received? Does this communication with stakeholders contribute to their awareness of project outcomes and activities and long-term investment in the sustainability of project results?</p> <p><input type="checkbox"/> Review external project communication: Are proper means of communication established or</p>	<p>implementation of these instruments will be supported including: identification of exact location, buyers and sellers and stakeholders for different mechanisms; design, negotiation and formalization and operationalization of the mechanisms; development of a robust mechanism for monitoring, reporting and verification of services, and payment distribution mechanisms; and support for communication and capacity building of decision makers, state government officials and local stakeholders, including communities.</p> <p>The MTR concluded that communication, across most facets of the project including between State Government Organisations, PMU and TWG would benefit from some focused attention. Ways this could be advanced includes:</p> <p>Joint monitoring and evaluation of project interventions particularly related to activities being undertaken by national and international consultancies.</p> <p>Enhanced attention to increasing external communication (currently appears to be confined to TWG and Project Board meetings).</p> <p>Promotion of the SFD web page www.forest.sabah.gov.my/undpgefproject/project/project_back_introduction.html is an excellent source of both resources and information</p> <p>At this stage of the project the MTR have reservations about the benefits that would be achieved by accelerating publicity efforts. Probably the most appropriate type for this would be following the formulation of the draft ICMS.</p>
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			<p>being established to express the project progress and intended impact to the public (is there a web presence, for example? Or did the project implement appropriate outreach and public awareness campaigns?).</p> <p><input type="checkbox"/> Discuss possibilities for expansion of educational or awareness aspects of the project to solidify a communications program, with mention of proper funding for education and awareness activities.</p> <p><input type="checkbox"/> Suggest aspects of the project that might yield excellent communications</p>	
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			<i>material, if applicable</i>	
			<i>Add the following annexes in the final version of the report Co-financing table Midterm Tracking Tool</i>	<i>Co-financing table Inserted as Annex Midterm Tracking Tool inserted as Appendix</i>

<i>Author</i>	<i>Track Change #</i>	<i>Para No. Comment Location</i>	<i>Comment/Feedback on the draft MTR report</i>	<i>MTR team response and actions taken</i>
<i>Dr. Yap Sau Wai of Conservation & Environment Management Division, Yayasan Sabah:</i>		<i>NIL</i>	<i>What I can comment are based on my humble experiences and recent joining the Project Board and Project Management Unit meetings and some workshops (since Green Spider/Lee Kian Foh organised the PES Workshop in Danum and Chris Scriver Workshop on Capacity building): 1. There is no model yet to be called a Multiple Landscape Model that actually can pay for the conservation, protection, rehabilitation, forest plantation etc. activities in the whole area. 2. Certainly there is yet to have a mechanism of financing for the activities layout in the whole landscape. 3. Certainly there is lacking of capacity building as with what all these</i>	<i>Thoughtful and useful comment – the MTR team agrees with most of the long sentiment was expressed by a Dr Yap and suggests, most of these issues are integrated into the conclusions and recommendations. The MTR text has not been edited.</i>

			<p><i>consultancy projects' outcomes, are there being lessons learnt on how these to be emulated elsewhere (from the top scientists/researchers/economists to the ground - as rangers).</i></p> <p><i>4. Certainly there is lack of manpower on the ground, thus budget should create a team of manpower to handle this project in future especially in monitoring (beyond the UNDP-GEF Funding period) (thus, need funds and training).</i></p> <p><i>5. Top management support is there (SFD/YS), local expertise are available as portrayed in TWG but what about people who are undertaking the implementation.</i></p> <p><i>6. Others like awarding consultancy, budget etc I am not familiar with, therefore no comments.</i></p> <p><i>As a practical forester, I just need to know that every project in there should have a sustainable funding. Maybe I am naïve but certainly the more profitable project scenarios should give the seed funding to those that did not generate income and perhaps the interest from the seed funding can help to keep the projects afloat. It is good to have a lot of conservation area and protected area Class 1 but how are we manage it</i></p>	
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			<i>without any funding? Where is the balance to achieve?</i>	
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<i>Author</i>	<i>Track Change #</i>	<i>Para No. Comment Location</i>	<i>Comment/Feedback on the draft MTR report</i>	<i>MTR team response and actions taken</i>
<i>Ms. Daisy Aloysius of Environment Protection Department (EPD), Sabah:</i>		<i>Summary of Conclusions Sustainability and Risks</i>	<i>Sabah Forestry Department (SFD) and Sabah Wildlife Department (SWD) were seen as inadequate in some aspects or lack of contribution. Have the Sabah Biodiversity Centre (SaBC) roles been looked into in terms of biodiversity conservation? None were mentioned about SBC unless for some reasons it was not raised. Riparian zones – requirement of ecologist is appropriate, it is suggested that for practical reasons input from Land and Survey Department and Department of Irrigation & Drainage (DID) are necessary.</i>	<i>The only time the Sabah Biodiversity Centre was mentioned during the MTR mission was during the Mission wrap-up meeting. In retrospect the mission regret that the opportunity to actively interact with SBC staff was not possible. Support for ecological input into the management of riparian zones is noted along with perspectives of other State government organisations.</i>
			<i>Formulation of Eco-tourism in protected areas – it is suggested to bring in Ministry of Tourism, Culture and Environment for more inputs.</i>	<i>Noted – this is something the PMU should note</i>
			<i>Please circulate to EPD for comments.</i>	<i>?</i>
			<i>Page 25/26 or other related pages – Statements of Action plans in Sabah – it is understood that when this report was prepared, EPD too was in the midst of finalising the Actions Plans for the Sabah Environmental Policy and the Sabah Environmental Monitoring Master Plans.</i>	<i>Noted – this is something the PMU should note Follow-up</i>

			<i>These plans are now ready hence it is suggested these documents are taken into account because biodiversity is one of the 5 themes/values. Table 6.2-6 (below) for instance is summary of biodiversity monitoring.</i>	
			<i>Environment Impact Assessment (EIA) was not discussed in this report, please share rationale of this tool is not seen as equally important for the protection of flora and fauna of those areas, and besides it has enforcement mechanism too.</i>	<i>Follow-up</i>

<i>Author</i>	<i>Track Change #</i>	<i>Para No. Comment Location</i>	<i>Comment/Feedback on the draft MTR report</i>	<i>MTR team response and actions taken</i>
<i>Ms. Jenny Liaw of Institute for Development Studies (Sabah):</i>			<p><i>I do not have much comments for Sabah MFL MTR as the socio-economic TWG did not convene any meeting during the period of the study. I only have the following suggestions to make:</i></p> <p><i>3. I understand that there is no villages inside the study area, so there will be no socio-cultural impact for the study. Unless the study will later recommend any projects that has local communities living inside or surrounding the study area, a social impact assessment study should be conducted before any development could take place.</i></p> <p><i>4. The PES study is an excellent sub-study of the Sabah MFL. I suggest it chooses the river</i></p>	<i>These comments are probably more appropriately addressed by the PMU and could usefully be included in the project work plans.</i>

			<i>cruise tourism sector which is currently the fastest growing tourism sub sector in Sabah for its pilot project.</i>	
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<i>Pek Chuan Gan UNDP CO</i>		<i>P2 para 1</i>	<i>According to the approved Project Identification Form (PIF), the project duration is 6 years from the signature date of project document – 21 June 2018.</i>	<i>Text amended</i>
		<i>P11 para</i>	<i>assume this is substantiated in the actual report by evidence – ground observation and/or progress report?</i>	<i>Text amended for clarification</i>
		<i>P20 para 9 Inset words</i>	<i>Policy on Biological Diversity 2016 – 2025 (Malaysia’s National</i>	<i>Text amended</i>
			<i>This is a repetition of text under Section II Project Description.</i>	<i>Agree - Text deleted</i>
			<i>Please ensure consistency of recommendations in the Executive Summary and this table.</i>	<i>Cross checked and all the wording in the executive summary has been summarised the context is consistent between the two tables</i>
			<i>Several formatting and spelling correction offered</i>	<i>Useful editing and all appropriate formatting and spelling corrections integrated into the final MTR .</i>