# UNDP-GEF MTR Management Response

# Project Title: Management response to the Midterm Review of Biodiversity Conservation in Multiple-use Forest Landscapes in Sabah, Malaysia

# GEF Project ID (PIMS) #: 4182

# UNDP Project ID (PIMS) # 4186

# Midterm Review Mission Completion Date: 30 November 2017

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# Context, background and findings

1. Insert here up to several paragraphs on context and background and UNDP’s response to the validity and relevance of the findings, conclusions and recommendations.

2. Second paragraph.

3. Third paragraph, etc.

# Recommendations and management response

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|  | **Outcomes and MTR Recommendations (revised 01/11/2017)**  | **Responsible sector(s)** | **UNDP-GEF MTR Management Response** |
| A  | Outcome 1: An enabling environment for optimized multiple use planning, financing, management and protection of forest landscapes |  |  |
| A.1  | **Key recommendation:** The ***SFD, PMU, TWG and Project Board*** ensure the following five priority elements are an integrated into the ICMS:* 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***  | **Connectivity between the three globally significant protected areas is established and maintained and that connectivity corridors apply ecological best practices.****Proposed Follow-up Actions**1. The connectivity between the three YS conservation areas (Danum Valley, Maliau Basin and Imbak Canyon) was established in November 2012, by the reclassification of Mt Magdalena Forest Reserve (FR) as a Class I (Protection) FR. This 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.
2. The Connectivity corridors are already under Class 1 Protection Forest Reserves where no logging except restoration and silvicultural operations are allowed.

**Recognition of the intensive management, including robust patrolling systems, and maintenance that connectivity corridors areas require.** **Proposed Follow-up Actions**1. The Project Area will be upgraded and to be managed by District Forestry Office following Deramakot example.
2. MoU signed between Sabah Environmental Trust, SFD and YS on patrolling (enforcement and monitoring) initiative in Danum Valley-Maliau Basin-Imbak Canyon (DaMaI) on 24th October, 2017.
3. On-going SMART patrolling.
4. Establish a dedicated special task force.
5. A special Protection Unit responsible for surveillance, patrolling and protection against illegal activities will be formed.

**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.** **Proposed Follow-up Actions**1. A special study will be carried out on the impacts of logging on water quality and the management riparian zones and wildlife corridors.
2. Monitor through Environment Compliance Report (ECR).
3. Water monitoring is part of certification process.
4. New GEF funded project on watershed, which is to be implemented by Department of Irrigation and Drainage (DID).

**Integration of concessionaire activities into the wider conservation mandate.****Proposed Follow-up Actions**1. Discussions with The YS JV partners with regards to their roles on the importance of conservation will be held at least twice a year.
2. All their operations will be closely monitored and to be audited by a third party auditor once a year.
3. Development of a state-wide Forest Management Estate Plan (Dr. Robert Ong) – supported by MUFL consultant.

Expresses in prescriptive terms best practice management for all components of the Integrated Conservation Management Strategy (ICMS) planning process.**Proposed Follow-up Actions**1. The ICMS planning process will be considered during the preparation of the Landscape Management Plan.
2. Consolidate into Forest Management Plans (FMPs).
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| 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*** | * *Establishment of new protected areas and biodiversity corridors - (SC-7).*
* *Operationalisation of on the ground landscape management system based on landscape level management plan and adaptive management to improve habitat conditions, reduce natural capital loss**and to increase financing for biodiversity conservation - (SC-8).*
* *Protected area planning and management advise – (LC-5*)

**Proposed Follow-up Actions**1. To develop Forest Landscape Management Plan by end of 2018.
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| B 2  | 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*** | **Proposed Follow-up Actions**1. Follow existing SOP
2. Monitor the impact
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| 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 2nd performance measure, as stipulated in the contract agreement. |  ***UNDP and SFD*** | **Proposed Follow-up Actions**1. The contracts of 5 SEARRP Research Assistants will be discontinued effective from 1 January 2018
2. SFD will assign research assistants to assist SC-6b.

Note: Research Agreement between SFD and University of Aberdeen does not cover the cost for research assistants.  |
| 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*** | **Proposed Follow-up Actions**1. To consult the AG Office if they can undertake the work within the stipulated time frame (4 months).
2. Legal Expert (under Component 3) is not needed as outputs already covered in existing agreements between SFD and concession holders.
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| 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 only 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*** | **Proposed Follow-up Actions**1. To carry out further study if the Economic modeling is really necessary in view of the fact that the land-uses in the Project Area were already being determined/decided/fixed by the state government.
2. To carry out feasibility study on the potential of eco-tourism in the project area.
3. To terminate contract with Dr. Chris Kettle and reimburse any cost incurred with immediate effect
4. Develop new ToR for Master Plan for Eco-tourism of protected areas in the project site.

***For the*** *three (3) protected areas (Danum, Maliau and Imbak Conservation Areas) - 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.* |
| C  | *Outcome 3: Sustainable financing of protected areas and associated forest landscape areas demonstrated at the pilot site*  |   |  |
| C.1  | That the **S*FD, 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:* concentrate exclusively on the creation of the Conservation Fund and ensure thatthis 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 packet already agreed to.
 |  **S*FD, with support from UNDP*** | **Proposed Follow-up Actions**1. Green Spider had rephrased the statements as follows:

*Concentrate exclusively on the creation of Conservation Fund and ensure that**this fund be based on at least one of the two proposed income sources: (i) Ecosystem Conservation Fee paid by visitors and that it discriminates between foreign and Malaysian visitors. (ii) a Water Catchment Conservation Fee paid by users.*This because it was not finalised whether both fees will be channelled to one fund.1. MTR or PB to elaborate what constitute “pilot” exercise for the Conservation Fee since Green Spider was not clear... supporting implementation – Phase 5?
2. To seek further clarification from Green Spider with regards to Phase 5 of their consultancy.
3. The proposed framework for Ecosystem Conservation Fund is pending Cabinet’s approval. Once approved, it will be operationalized and project site is one of the beneficiaries.
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| 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*** | **Proposed Follow-up Actions**1. To develop Forest Landscape Management Plan next year.
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| 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*** | **Proposed Follow-up Actions**See B.3 |
| D.3 | The SFD, PMU, TWG and Project Board ensure the following five priority elements are an integrated into the ICMS:• 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*** | **Proposed Follow-up Actions**See A.1 |
| 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*** | **Proposed Follow-up Actions**1. SFD to review its structure and establish a dedicated Conservation Unit to provide expertise approaches to the management.
2. SFD to put priority on human capacity through more exposure and trainings, which are to are to be organized at least once a year
3. Identify who to be trained, what training programmes, costs, etc.
4. SFD and YS to look into the costs for continuing training based on existing HRD programme funding.
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| 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*** | **Proposed Follow-up Actions**1. SFD will take proactive action by assigning special tasks/roles to ensure SWD will actively contribute to the project.
2. Wildlife Monitoring Task force for Tawau Region already established. Task force comprised of SFD, SWD, YS, PDRM and WWF.
3. In addition, Human-elephant Conflict (HEC) Committee is established for Kalabakan-Tawau area.
4. MoU signed between WWF-SFD-SWD for implementation of the Transboundary Elephant/Orangutan Project (Kalabakan FMU 25).
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| 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*** | **Proposed Follow-up Actions**So far decision has not been made; very much rely on outcome of project.Project to ensure information/recommendations from various consultancies are made in an expeditious manner in order to ensure informed recommendations on future land use. |
| 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*** | **Proposed Follow-up Actions**1. SFD will ensure that known invasive alien species will not be allowed to be planted in the project area.

See B.2 |
| E  | Sustainability  |   |  |
| E.1  | **Key recommendation:** **I Project Strategy*** 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*** | **Proposed Follow-up Actions**Upon approval from Project Board, SFD will submit the request for extension to UNDP by 15 November 2017.UNDP to consider and approve no-cost extension by 31 December 2017. |