



**REQUEST FOR PROJECT PREPARATION GRANT (PPG)**  
**PROJECT TYPE: Full-sized Project**  
**THE GEF TRUST FUND**

**Submission date:** June 3, 2010  
**Resubmission date:**

**GEF PROJECT ID<sup>1</sup>:** 4182  
**GEF AGENCY PROJECT ID:** PIMS 4186  
**COUNTRY (IES):** MALAYSIA  
**PROJECT TITLE:** Biodiversity Conservation in Multiple-Use Forest Landscapes in Sabah, Malaysia  
**GEF AGENCY (IES):** UNDP  
**OTHER EXECUTING PARTNER(S):** Government of Sabah, Malaysia  
**GEF FOCAL AREA(S):** SO1/SP3: Strengthened National Terrestrial Protected Area Networks  
**GEF-4 STRATEGIC PROGRAM(S):** BD SP-1; BD-SP3; BD-SP4

**A. PROJECT PREPARATION TIMEFRAME**

Start date of PPG	September 2010
Completion date of PPG	July 2011

**B. PAST PROJECT PREPARATION ACTIVITIES (\$)**

List of Past Project Preparation Activities	Output of the Activities	Project Preparation Amount (a)	Co-financing (b)	Total c = a + b
n/a				
<b>Total Project Preparation Financing</b>				

**C. PROPOSED PROJECT PREPARATION ACTIVITIES (\$)**

The PPG is requested to finance four components critical for the preparation of the FSP.

***PPG Activity 1: Site Profiling and Conservation Needs Assessment***

The PPG will provide funds to review existing data, reports and studies to collate detailed information on individual management blocks of the proposed demonstration landscape to establish the baseline. This will include forest types, existing productive activities and land uses, existing management and conservation systems and structure and identification of key stakeholders. Past and ongoing projects and programmes that are relevant to the proposed project will be reviewed and lessons will be captured in order to ensure their full incorporation in project design. This activity will also identify information gaps and areas for further analysis during the full project. Simultaneously, a quick conservation needs assessment will be conducted building on existing studies. The study will; 1) collate information on the status of biodiversity in the proposed demonstration landscape; 2) document the distribution and concentration of biodiversity in the landscape as well as the extent to which the existing protected area system is achieving its intended conservation outcomes; 3) analyse the threats to the conservation of biodiversity in the landscape; 4) assess the conservation needs concerning habitats and species that are not adequately represented in conservation areas to pin down priorities for necessary habitat protection and connectivity creation. Assessment of knowledge gaps on the status of biodiversity within the landscape as well as the adequacy of data management systems will also be conducted. The assessment will recommend possible methodologies for ensuring landscape level biodiversity conservation.

<sup>1</sup> Project ID number will be assigned by GEFSEC. If PIF has already been submitted, please use the same ID number as PIF.

***PPG Activity 2: Economic Valuation and Financing Feasibility Study for the Proposed Landscape***

The PPG will collate and analyze existing information on the costs and revenue generation potential of each major form of land use (conservation, sustainable forest management, agricultural conversion). It will establish annual management cost and revenues from different land use areas, and current and potential net per-hectare revenue generation from the different land use types. This activity will also attempt to quantify and qualify the actual and potential economic value of biodiversity and ecosystem services across the landscape. It will also include a cost-benefit analysis of increasing investment in the conservation areas, in comparison with the long-term profitability and economic viability of different land uses. Revenue generation potential from forest conservation (PES, REDD, biobanking etc.) will also be explored. This will provide solid baseline information to allow a full-size project to design and develop optimal mechanisms to realize increased income streams from the landscape area and to increase finance for conservation activities, resulting in enhanced biodiversity conservation at the landscape level. The study will also identify gaps in information and analysis, and define areas for further investigation, analysis and pilot-testing during the full project.

***PPG Activity 3. Capacity Assessment for Multiple-Use Forest Management at Systemic and Institutional Levels***

Funding support from the PPG will be used to conduct a comprehensive capacity assessment at two levels. The assessment will analyze legal, regulatory and policy framework for; 1) management and planning of forest landscapes; 2) identification and issuance of concessions (logging, agricultural conversion, etc.); 3) agricultural production (including oil palm plantations, rubber and other land uses), and 4) conservation area management. The assessment will also examine the fiscal systems including taxation, budgeting and financial management system. At the institutional level, roles and functions of different institutions in landscape level conservation and spatial planning and management will be defined. The capacity of the relevant institutions for planning and managing multiple-use forest landscape and generating sufficient financing for landscape management will be assessed through consultation and using the UNDP Capacity Scorecard. In particular, capacity for conservation and spatial planning, landscape management and monitoring, and economic and financial assessment capacity will be examined. The assessment will involve relevant state level government departments, including the State Economic Planning Unit, Sabah Forest Department and Sabah Foundation. The assessment will identify gaps and recommend measures for streamlining the planning and management processes and for strengthening institutional capacity development through the proposed project. Throughout the assessment, stakeholder consultations will be undertaken to inform them about the project, solicit their inputs and to determine stakeholder roles in the project and the optimal project governance and implementation arrangements.

***PPG Activity 4: Feasibility Analysis and Budget***

Based on the above analysis, the full project strategy will be developed. This would include:

- An assessment of the social, economic and financial sustainability of proposed project outputs and activities;
- A replication strategy for project activities;
- A monitoring and evaluation (M&E) and budget;
- A financing plan, including co-financing commitments for all project outputs and activities;
- An assessment of cost-effectiveness of project outputs and outcomes

<b>List of Proposed PPG Activities</b>	<b>Outputs of the PPG Activities</b>	<b>PPG Amount (a)</b>	<b>Co-financing (b)</b>	<b>Total c = a+b</b>
Activity 1: Site Profiling and Conservation Needs Assessment	Creation of detailed profiles of the proposed demonstration landscape, including a rapid assessment of conservation needs. In particular, information will be collected on: (i) management planning context; (ii) political, social and economic development context for the landscape; (iii) geographical, ecological and biological context of the landscape, including conservation gaps and possible methodologies for filling the gaps.	15,000	20,000	35,000
Activity 2: Economic valuation and financing feasibility study for the proposed landscape	(i) Analysis of costs and revenue generation potential of major forms land uses in the landscape; (ii) Quantification and qualification of actual and potential economic value of biodiversity and ecosystem services across the landscape; (iii) cost-benefit analysis of increasing investment in the conservation areas; (iv) Assessment of revenue generation potential from forest conservation (PES, REDD, biobanking etc.)	35,000	25,000	60,000
Activity 3. Capacity Assessment for Multiple-Use Forest Management at Systemic and Institutional Levels	(i) Analysis of legal, regulatory and policy framework for multiple-use forest management including framework for management and planning, identification and issuance of concessions, agricultural production and conservation area management ; (ii) Assessment of the fiscal systems including taxation, budgeting and financial management system; (iii) Assessment of institutional capacity of relevant institutions for planning and managing multiple-use forest landscape and generating sufficient financing for landscape management.	15,000	30,000	45,000
Activity 4: Feasibility analysis and budget	(i) assessment of the social, economic and financial sustainability of proposed outputs and activities; (ii) replication strategy for project activities; (iii) monitoring and evaluation (M&E) and budget; (iv) financing plan, including co-financing commitments and incremental costs analysis; (v) assessment of cost-effectiveness of project outputs and outcomes.	35,000	55,000	90,000
<b>Total project preparation financing</b>		<b>100,000</b>	<b>130,000</b>	<b>230,000</b>

#### D. FINANCING PLAN SUMMARY FOR PROJECT PREPARATION GRANT: (\$)

	<b>Project Preparation</b>	<b>Agency Fee</b>
GEF financing	100,000	10,000
Co-financing	130,000	
<b>Total</b>	<b>230,000</b>	<b>10,000</b>

**E. PPG REQUESTED BY AGENCY (IES), FOCAL AREA(S) AND COUNTRY(IES)<sup>1</sup>**

GEF Agency	Focal Area	Country Name/ Global	(in \$)		
			PPG (a)	Agency Fee (b)	Total c = a + b
<b>Total PPG Requested</b>					

<sup>1</sup> No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

**F. PPG BUDGET REQUEST**


Cost Items	Total Estimated Person Weeks for GEF Grant (PW)	GEF (\$)	Co-financing (\$)	Total (\$)
Local consultants *	14 (GEF)	29,400	50,000	79,400
International consultants*	18 (GEF)	63,000	0	63,000
Miscellaneous**	-	600	40,000	40,600
Travel		7,000	40,000	47,000
<b>Total PPG Budget</b>		<b>100,000</b>	<b>130,000</b>	<b>230,000</b>

\* Split between local and international consultants might be indicative and subject to the procurement guidelines of the Agencies. Additional information regarding consultants is provided in Annex A.

\*\* This includes the costs of organizing stakeholder workshops and operating costs for project management (co financing).

**G. GEF AGENCY (IES) CERTIFICATION**

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
John Hough UNDP-GEF Deputy Executive Coordinator		June 3, 2010	Midori Paxton Regional Technical Advisor	+66 818787510	midori.paxton@undp.org

## Annex A

### Consultants Financed by the Project Preparation Grant (PPG)

<b>Position Titles</b>	<b>\$/ Person Week</b>	<b>Estimated PWs</b>	<b>Tasks to be performed</b>
<b>Local consultants</b>			
Biodiversity conservation planning specialist	2,100	7 (\$14,700)	<p>The biodiversity conservation planning specialist will:</p> <ol style="list-style-type: none"> <li>Collate information on the status, distribution and concentration of biodiversity in the proposed demonstration landscape.</li> <li>Collate information on projected impact of climate change on local fauna and flora, as well as on ecosystem services.</li> <li>Analyse the threats to biodiversity in the landscape, their root causes and management barriers to reducing the threats.</li> <li>Assess the effectiveness of existing conservation areas in achieving intended conservation outcomes.</li> <li>Assess the adaptation requirements that are necessary for building ecosystem resilience in light of climate change.</li> <li>Assess the gaps and conservation needs concerning habitats and species that are not adequately represented or protect in conservation areas.</li> <li>Identify priorities for necessary habitat protection and connectivity creation.</li> <li>Assess knowledge gaps on the status of biodiversity within the landscape as well as the adequacy of data management system.</li> <li>Provide concrete recommendations on possible methodologies for ensuring landscape level biodiversity conservation.</li> <li>Work closely with other members of the consultant team, in particular the environmental economists and policy and institutional development specialists, to direct their focus on critical conservation issues in the area.</li> <li>Develop a study report, power point presentation on findings.</li> <li>Provide technical inputs into development of the Project Design and Project Document formulation.</li> </ol>
Legal and institutional capacity development specialist	2,100	7 (\$14,700)	<p>The legal and institutional capacity development specialist will:</p> <ol style="list-style-type: none"> <li>Assess the developmental context (key business sectors; socio-economic development; political environment), and its current and future impacts on the conservation status of the habitats</li> <li>Conduct a thorough review of the existing legal, regulatory and policy framework for management and planning of forest landscapes, including identification and issuance of logging and agricultural concessions, agriculture, forestry and conservation area management.</li> <li>Review the fiscal systems in the State of Sabah including taxation, budgeting and financial management systems.</li> <li>Identify roles and functions of different institutions in different land uses in the landscape;</li> <li>Identify roles and functions of different institutions in spatial planning and management and pertaining to landscape level conservation.</li> <li>In close consultation with other consultants in the team, identify required systemic and institutional capacity for achieving effective planning and management of multiple-use forest landscape that safeguards essential biodiversity, and generate sufficient revenue streams from the area to the people and the State of Sabah.</li> <li>Identify gaps in legal, regulatory and policy framework and provide</li> </ol>

Position Titles	\$/ Person Week	Estimated PWs	Tasks to be performed
			<p>concrete recommendations for improvement through the project.</p> <p>h) Using the UNDP capacity scorecard and through consultations, assess the existing capacity of relevant institutions, including relevant state level government departments, the Sabah Foundation, based on the capacity needs identified above.</p> <p>i) Working closely with the biodiversity conservation planning specialist, conduct a review of the policy, social, regulatory, socio-economic, institutional, technical and knowledge barriers to reduce threats to the biodiversity within the project landscape.</p> <p>j) Develop a capacity development plan and recommend concrete activities that should be supported by the project.</p> <p>k) Compile a stakeholder involvement matrix, identifying institutional mandates and roles and responsibilities of each stakeholder in the project.</p> <p>l) Develop a study report, power point presentation on findings.</p> <p>m) Provide technical inputs for development of the Project Design and Project Document formulation.</p>
<b>International Consultants</b>			
Forest landscape conservation and strategic planning specialist	3,500	10 (\$ 35,000)	<p>The specialist consultant shall:</p> <p>a) Review baseline information delivered by the local experts.</p> <p>b) In consultation with the local consultants, ensure development of the threats and root causes, management barrier matrix.</p> <p>c) Advise on international best practices in landscape level conservation planning and management, institutional development &amp; biodiversity financing tools.</p> <p>d) Carry out an incremental analysis and a cost effectiveness analysis of the project strategy.</p> <p>e) Assess the sustainability of suggested project outcomes and outputs.</p> <p>f) Assess global environmental benefits sought from the project.</p> <p>g) Propose a project monitoring and evaluation framework with a set of measurable impact and progress indicators.</p> <p>h) Develop budget plans for the project.</p> <p>i) Ensure linkages with other government, donor and GEF Biodiversity projects in the region.</p> <p>j) Develop UNDP Project Document and GEF CEO Endorsement Request that meet the organisations' requirements.</p> <p>k) Provide inputs to responses to STAP review, GEF and other agencies' comments.</p> <p>The international expert shall work in close collaboration with the local project team and contracted experts and act as overall lead expert, supported by the Government of Sabah and UNDP.</p>
Senior environmental economics and biodiversity financing consultancy (team)	3,500	8 (\$ 28,000)	<p>The environmental economics and biodiversity financing consultancy will:</p> <p>a) Collate and analyse existing information on the costs and revenue generation potential of each major form of land use in the proposed sites.</p> <p>b) Establish annual management costs and revenues from different land use areas (conservation, sustainable forest management, agricultural conversion), and current and potential net per-hectare revenue generation from the different land use types.</p> <p>c) Conduct economic valuation for biodiversity and ecosystem services in the proposed area.</p> <p>d) Conduct cost benefit analysis for increasing investment in conservation oriented land uses, in comparison with the long-term profitability and</p>

Position Titles	\$/ Person Week	Estimated PWs	Tasks to be performed
			<p>economic viability of different land uses.</p> <ul style="list-style-type: none"> <li>e) Conduct a feasibility study for revenue generation potential from forest conservation including PES, REDD and biobanking, and suggest further actions to be taken by the project.</li> <li>f) Develop various models for the most environmentally and economically viable options for different mix of land uses in the proposed area.</li> <li>g) Develop a study report, power point presentation on findings.</li> <li>h) Provide technical inputs into development of the Project Design and Project Document formulation.</li> </ul> <p>The consultant will work closely with the international and local consultant team.</p>