

GEF-7 CHILD PROJECT CONCEPT

CHILD PROJECT TYPE: Full-sized Child Project

PROGRAM: IP FOLU

Child Project Title:	Integrated Landscape Management of Heart of Borneo landscapes in Sabah and Sarawak
Country:	Malaysia
Lead Agency	WB
GEF Agency(ies):	UNDP

INDICATIVE FOCAL/NON-FOCAL AREA ELEMENTS AND FINANCING

Programming Directions	Trust Fund	(in \$)	
		GEF Project Financing	Co-financing
BD 1-1: Mainstream biodiversity across sectors as well as landscapes and seascapes through biodiversity mainstreaming in priority sectors	GEFTF	3,569,725	28,000,000
BD 2-7: Address direct drivers to protect habitats and species and improve financial sustainability, effective management, and ecosystem coverage of the global protected area estate			
CCM 2-7: Demonstrate mitigation options with systemic impacts for sustainable forest management impact program	GEFTF	458,716	6,000,000
LD 2-3: Maintain or improve flows of ecosystem services, including sustaining livelihoods of forest-dependent people through Forest Landscape Restoration (FLR)	GEFTF	817,431	56,000,000
LD 3-4: Reduce pressures on natural resources from competing land uses and increase resilience in the wider landscape			
IP FOLUR		2,522,936	
Total Project Cost		7,368,808	90,000,000

PROJECT COMPONENTS AND FINANCING

Project Objective: Transform land use planning and management in Sabah and Sarawak to contain the footprint of palm oil production and maintain high-value forest for environment and development benefits						
Project Components	Comp Type	Project Outcomes	Project Outputs	Trust Fund	(in \$)	
					GEF Project Finance	Co-finance
Component 1: Development of integrated landscape management systems	TA	Outcome 1a: Intra-governmental coordination and multi-stakeholder participation enables effective landscape and district-level	1.1 Develop policy, legal and/or institutional framework for intra-governmental coordination, monitoring and enforcement for ILM/SLM 1.2 Institutional and technical capacity development, and integration of multi-disciplinary geospatial data, land use mapping, zoning	GEFTF	1,000,000	4,400,000

		<p>planning Sabah and Sarawak</p>	<p>(HCV/HCS) & scenario analysis (with LDN targets)</p> <p>1.3 Integrated land use management plan and guidelines through multi-stakeholder cooperation at district level in the target landscapes</p>			
		<p>Outcome 1b: National and state-level policies are harmonized and scale-up enabled for ILM/SLM in at least 2,800,000 ha in Sabah and Sarawak</p>	<p>1.4 Policy harmonization at national and state level for uptake of ILM/SLM by sub-national governments in Sabah, Sarawak and peninsular Malaysia</p> <p>1.5 New fiscal and economic instruments to incentivize the uptake of ILM/SLM by sub-national governments, with a system to align state-level palm oil expansion plans with national strategies and commitments</p>			
<p>Component 2: Promotion of responsible value chains for palm oil and smallholder support</p>	TA	<p>Outcome 2a: Value chains for sustainable palm oil strengthened through multi-stakeholder platforms in Sabah and Sarawak</p>	<p>2.1 Strengthen Sabah jurisdictional approach through Jurisdictional Certified Sustainable Palm Oil (JCSP0) initiative</p> <p>2.2 Support the development of Sarawak multi-stakeholder platform for sustainable palm oil</p> <p>2.3 Strengthen monitoring of oil palm footprint in Sabah and Sarawak to facilitate responsible sourcing</p> <p>2.4 Engage international buyers palm oil buyers based in EU, China, India and SE Asia</p> <p>2.5 Explore financial mechanisms for long-term operation of platforms and extension support, including value chain analysis of revenue generation from palm waste</p>	GEFTF	3,316,121	21,600,000

		<p>Outcome 2b: Farmer support systems strengthened for participation in sustainable farming and commodity supply chains</p>	<p>2.6 Technical support to smallholders in through state and company extension to participate in deforestation-free palm oil supply chains through certification, planting of high-yield varieties, formation of cooperatives, and mill-smallholder best management plans</p> <p>2.7 Enhance extension to smallholders, including women, in forest frontiers in state and communal areas to restore soil fertility of degraded cropland and undertake good agricultural practices over 80,000 ha</p> <p>2.8 Support smallholders, including women, to access state crop assistance schemes and rural diversification activities and work with banks to develop credit lines for cooperatives</p>			
<p>Component 3: Conservation and restoration of natural habitats through public-private-community partnerships</p>	TA/INV	<p>Outcome 3: High-value forest protected, restored and connected across project landscapes in Sabah and Sarawak</p>	<p>3.1 Restoration of 150,000 ha of logged / degraded forests to connect HCV / HCS and create wildlife corridors, and mainstreaming connectivity principles into state-funded restoration schemes</p> <p>3.2 Engage communities, with a gender-sensitive approach, to negotiate co-management agreements for protection and sustainable use of 30,000 ha of HCV / HCS forest</p> <p>3.3 Engage with plantation companies and Forestry Departments on voluntary set-asides of HCV and HCS forest within their concessions</p> <p>3.4 Financial mechanisms to scale up restoration of Heart of Borneo corridors in Sabah and Sarawak</p>	GEFTF	2,000,000	63,200,000
<p>Component 4: Knowledge</p>	TA	<p>Outcome 4: Project results</p>	<p>4.1 Partnerships with tertiary and research institution/s for</p>	GEFTF	701,791	800,000

management and impact monitoring		are tracked, and impact of interventions evaluated, with learning captured and shared across Malaysia and FOLUR programme	longitudinal studies on impacts of forest restoration and community co-management 4.2 Knowledge sharing for replication of best practice between Sabah, Sarawak, nationally and internationally through FOLUR global platform and UNDP Green Commodities programme, and participation in the global IP framework events and activities 4.3 Public awareness, communications and knowledge management for project across states 4.4 Project monitoring and evaluation and establish sustainability plan, for achievement of all project outcomes			
Subtotal				GEFTF	7,017,912	90,000,000
Project Management Cost (PMC)				GEFTF	350,896	0
Total Project Cost					7,368,808	90,000,000

INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount (\$)
United Nations	UNDP	Grant	Investment mobilized	1,000,000
Recipient Government	Ministry of Water, Land and Natural Resources (KATS)	Public Investment	Investment mobilized	4,500,000
Recipient Government	Ministry of Water, Land and Natural Resources (KATS)	In-Kind	Recurrent expenditures	500,000
Recipient Government	Sabah State Government	Public Investment	Investment mobilized	50,000,000
Recipient Government	Sabah State Government	In-Kind	Recurrent expenditures	2,500,000
Recipient Government	Sarawak State Government	In-Kind	Recurrent expenditures	15,000,000
CSO	Yayasan Sabah	Grant	Investment mobilized	3,000,000
CSO	WWF Malaysia	Grant	Investment mobilized	1,500,000
Private Sector	Unilever	Grant	Investment mobilized	2,500,000

Private Sector	Sime Darby	Grant	Investment mobilized	6,200,000
Private Sector	IKEA	Grant	Investment mobilized	3,300,000
Total Co-financing				90,000,000

Investment mobilized:

Government: Investments have been mobilized through the Federal Government (capital funds), the Sabah Forestry Department and the Forest Department Sarawak to restore selectively logged and degraded forest areas within the Permanent Forest Estate in order to contribute towards the establishment of connectivity between remaining areas of HCV and HCS forests, including wildlife corridors defined through the transboundary Heart of Borneo initiative. Discussions are being held to include federal development (capital) funds to support oil palm smallholders to obtain MSPO certification, and entrepreneurship & training programs in agriculture, particularly youth participation in agro-industry.

Private sector: investments in restoration of forest and sustainable intensification of oil palm production are also leveraged through the project. Planned investment of \$2,500,000 by Unilever over 5 years in the extension of the Living Landscape Programme in Sabah will target 60,000 ha mid-sized palm oil landholders in the Sugut and Tawau landscapes for RSPO certification by 2023 and the institutionalization of a permanent secretariat for the Jurisdictional Certified Sustainable Palm Oil (JCSPO) Initiative in Sabah. Sime Darby will invest \$6,200,000 in research through the SAFE project in Sabah. Indicative co-finance from other private sector partners will involve IKEA in continuing its INIKEA Rainforest Restoration Project through the Sow-a-Seed Foundation; and Wilmar International: Community Development and Empowerment (amounts to be confirmed). Discussions will also be held with the Secretariat of the Consumer Goods Forum around potential co-finance.

UNDP: UNDP will provide grant co-financing of \$1,000,000 for support to sustainable landscape management and green commodities in Malaysia, under the Country Programme Action Plan, contributing towards the project's overall objectives.

Civil society: WWF-Malaysia will continue to undertake Heart of Borneo activities in the target landscape to the value of \$1,500,000, in support of the project's objectives. Additional civil society co-finance is currently under discussion. the Sabah Foundation or "Yayasan Sabah" will spend \$3,000,000 supporting community forest management.

TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES), FOCAL AREA AND THE PROGRAMMING OF FUNDS

GEF Agency	Trust Fund	Country/Regional/Global	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b)	Total (c)=a+b
UNDP	GEFTF	Malaysia	BD	BD STAR	3,569,725	321,275	3,891,000
UNDP	GEFTF	Malaysia	LD	LD STAR	817,431	73,569	891,000
UNDP	GEFTF	Malaysia	CCM	CCM STAR	458,716	41,285	500,000
UNDP	GEFTF	Set-Aside	IPs	IP FOLUR	2,522,936	227,064	2,750,000
Total GEF Resources					7,368,808	663,193	8,032,000

PROJECT PREPARATION GRANT (PPG)

Is Project Preparation Grant requested?

Yes If yes, PPG funds **have to be requested via the Portal** once the PFD is approved

PPG AMOUNT REQUESTED BY AGENCY(IES), TRUST FUND, COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

GEF Agency	Trust Fund	Country/Regional/Global	Focal Area	Programming of Funds	(in \$)	
					Agency	Total

					PPG (a)	Fee (b)	c = a + b
UNDP	GEFTF	Malaysia	BD	BD STAR	100,000	9,000	109,000
UNDP	GEFTF	Malaysia	CCM		0	0	0
UNDP	GEFTF	Malaysia	LD	LD STAR	100,000	9,000	109,000
Total PPG Amount					200,000	18,000	218,000

PROJECT'S TARGET CONTRIBUTIONS TO GEF 7 CORE INDICATORS

Provide the relevant sub-indicator values for this project using the methodologies indicated in the Core Indicator Worksheet provided in Annex B and aggregating them in the table below. Progress in programming against these targets is updated at the time of CEO endorsement, at midterm evaluation, and at terminal evaluation.

Project Core Indicators		Expected at PIF
1	Terrestrial protected areas created or under improved management for conservation and sustainable use (Hectares)	-
2	Marine protected areas created or under improved management for conservation and sustainable use (Hectares)	-
3	Area of land restored (Hectares)	200,000 ha
4	Area of landscapes under improved practices (excluding protected areas) (Hectares)	2,800,000 ha
5	Area of marine habitat under improved practices (excluding protected areas) (Hectares)	-
	Total area under improved management (Hectares)	3,000,000 ha
6	Greenhouse Gas Emissions Mitigated (metric tons of CO ₂ e)	4 million tons
7	Number of shared water ecosystems (fresh or marine) under new or improved cooperative management	-
8	Globally over-exploited marine fisheries moved to more sustainable levels (metric tons)	-
9	Reduction , disposal/destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials and products (metric tons of toxic chemicals reduced)	-
10	Reduction, avoidance of emissions of POPs to air from point and non-point sources (grams of toxic equivalent gTEQ)	-
11	Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment	46,010 women & 50,416 men

Core indicator #3: 150,000 hectares of forest restored to connect HCV forest/wildlife corridors; 50,000 hectares of cropland restored (mature oil palm replanted with higher yielding stock / soil fertility restored to enable sustainable intensification)

Core indicator #4: 2,800,000 hectares impacted by harmonized and scale-up enabled ILM/SLM policy initiatives (Component 1) which also include 30,000 hectares of HCV forests under community forest management; and, 80,000 hectares of croplands under sustainable farming & agroforestry.

Core indicator #6: 3 million tons of CO₂-equ emissions will be avoided over a 30-year period as a result of the protection / avoided loss of 250,000 ha of forest; 1 million tons of CO₂-equ emissions will be avoided over a 30 year period as a result of replacing sludge ponds at 40 mills with biogas capture¹.

Core indicator #11: 46,010 females and 50,416 males (10% of population of districts covered by landscape)

PROJECT DESCRIPTION

Country Context

Describe the country's relevant environmental challenges and strategic positioning relative to the systems transformation proposed for the program, including relevant existing policies, commitments, and investment frameworks. How are these aligned with the proposed approach to foster impactful outcomes with global environmental benefits? (maximum 500 words)

Malaysia is a megadiverse country, richly endowed with biological diversity in its forests and marine ecosystems. The tropical rainforests of the East Malaysian States of Sabah and Sarawak² are important global carbon sinks, and are also home to over 6,000 species of flowering plants, 450 bird species and 42 endemic mammal species. Globally significant species include the orangutan, Proboscis monkey, sun bear, Banteng/Tembadau, Sumatran rhino, Borneo pygmy elephant and clouded leopard. The 200,000 km² "Heart of Borneo" area of ecologically interconnected rainforest involves international cooperation between Indonesian Kalimantan, Sabah and Sarawak, and the nation of Brunei Darussalam. The goal of long-term conservation and sustainable use of forests in Malaysian Borneo is confronted by a number of threats and challenges, however. In recent decades, conversion and degradation of forest and peatland habitat have proceeded apace, driven by logging and expansion of oil palm and wood product plantations, as Sabah and Sarawak seek to promote economic development, albeit at the cost of long-term loss of significant natural capital.

The country is strategically positioned to turn this situation around, building on its historical commitment to forest conservation, through the network of protected areas across peninsular Malaysia and Borneo, and through implementing best-practice reduced impact logging in Sabah since the 1990s. The project will help fulfil Malaysia's pledge, made in 1992, to maintain at least 50% of its land area under forest and tree cover in perpetuity, in addition to signing the three Rio Conventions and the Paris Agreement. The Eleventh Malaysia Plan 2016-2020 sets out the country's vision for enhancing environmental sustainability through green growth. As the world's second largest producer of CPO, Malaysia has made a commitment to universal MSPO-certification by end 2019. The National Commodities Policy 2011-2020 limits oil palm expansion to 1.6% per year, and only on degraded / other agricultural land. Both the Sabah and Sarawak Governments have a policy to keep 50% of the state under forest cover, controlling expansion of commodities. There will be no further expansion of palm oil on lands under the Sabah Forestry Department, and the state has committed to a deforestation-free supply chain by 2025, through a multi-stakeholder Jurisdictional Certification Steering Committee. The Government of Sarawak has decided to stop issuing new licences for oil palm plantation expansion.

¹ GHG emission estimates to be confirmed during PPG

² At the time of the submission of this Concept, Sarawak State is analysing the best suitable area for the proposed project interventions in the Heart of Borneo in full alignment with the FOLUR project concept and target contributions to GEBs/GEF core indicators. This analysis will inform the definition of the specific landscape during the project preparation phase.

The project is well aligned with the FOLUR impact program approach in working to promote sustainable integrated landscapes, address negative externalities in production landscapes, and promote deforestation-free supply chains for palm oil. The project components will facilitate the development of integrated landscape management systems in Sabah and Sarawak states, with multi-stakeholder participation for effective land-use planning and management. Conservation and restoration of natural habitats through public-private-community partnerships will enable valuable HCV and HCS forest areas in the Heart of Borneo to be connected, enhancing ecosystem services and providing connectivity for wildlife. Promotion of responsible value chains for palm oil and smallholder support will be undertaken through multi-stakeholder engagement at state level, diversifying and improving agricultural practices to improve smallholder livelihoods and utilizing GHG-emitting palm oil mill effluent for electricity generation.

Project Overview and Approach *(maximum 1250 words)*

Provide a brief description of the geographical target(s), including details of systemic challenges, and the specific environmental threats and associated drivers that must be addressed

The proposed landscape of 2,800,000 ha in Sabah and Sarawak contains a large area of Permanent Forest Estate under Sabah Forestry Department and Forest Department Sarawak, including protected natural forest in Class I, VI and VII Forest Reserves, as well as production forest used for timber and wood products, and some oil palm. Approximately 80,000 ha of concession land inside Sabah's forest is under oil palm, with 7,336 ha inside Sarawak's concessions. Negotiations will be undertaken through the project on land inside concessions that is currently earmarked for oil palm – 120,000 ha in Sabah, and 125,794 ha in Sarawak. Over 30% of the landscape forms part of the Heart of Borneo transboundary conservation initiative, supported by WWF & partners. The western half of Sabah outside the forest reserve contains 174,506 ha of globally significant forest which could be developed by smallholders for commodity plantations. The landscape contains forest ecosystem types vital as habitats for critically endangered and/or endemic species incl. Bornean elephant, Bornean orangutan, Banteng, Hose civet, Clouded leopard, Malayan sunbear & Helmeted Hornbill. The Sarawak part of the landscape includes the Lawas, Trusan and Limbang watersheds, and the existing and proposed Pulong Tau national park and Bario highlands.

Systemic challenges include an inadequate enabling environment for integrated land use planning and monitoring to meet Malaysia's global environmental commitments, whilst addressing the full range of Sustainable Development Goals. In Sabah and Sarawak in Malaysian Borneo, although the Permanent Forest Estate is well managed by State Governments for sustainable production and protection of natural forests, there is a lack of strong and participatory governance outside of this estate, on "alienated land" managed by state ministries responsible for lands and survey, agriculture, and rural development, as well as district councils and traditional village authorities. This in turn leads to unplanned land use change, including uncontrolled expansion of commodity crops, particularly oil palm. Despite important investments by major CPO-buying multinationals in strengthening supply chains for certified palm oil, it remains difficult for companies wishing to source responsibly to trace the origins of palm oil from within these states. Loss of high conservation- and carbon-value forest continues and is not tracked via participatory monitoring systems with the buy-in of all stakeholders. Stakeholders including smallholders, district authorities, concession companies, and community-based organizations lack a forum in which to develop a shared vision to plan and manage land use for an optimal balance of environment and development benefits, and leverage further investment.

Describe the existing or planned baseline investments, including current institutional framework and processes for stakeholder engagement and gender integration

Existing and planned baseline investments by the Federal Government of Malaysia include USD 13 million to be spent through the Ministry of Agriculture and Agro-based Industry in support of sustainable agricultural production, as well as USD 7,5 million to be spent through the Ministry of Primary Industries on improving the sustainability of palm oil production. The Sabah Forestry Department has made strides in converting selectively logged areas inside forestry concessions into protected areas, and doing enrichment planting for restoration after logging. This will continue under the baseline, with a projected USD 52,5 million to be spent over the next decade in Sabah, and USD 15 million in Sarawak for similar work. Baseline investments of USD 9,5 million by the Federal Government, Sabah Foundation and WWF will expand protection and restoration of forest in Sabah and Sarawak. Threats will remain, however, in 120,000 ha of concession land inside the forest estate currently earmarked for oil palm. In addition, 175,000 ha of high-value forest outside the forest estate in the Sabah portion of the project landscape will remain under threat of conversion by smallholders to palm and other commodity crops, with concomitant loss of connectivity, carbon sinks, food security, and community access to forest resources. An area of approximately 100,000 ha of forest lands is similarly under threat of commodity expansion in the Sarawak portion of the project landscape.

State-wide mapping of HCV and HCS forests in Sabah is nearly completed, and will be undertaken also in Sarawak. Forward-thinking plantation companies and mills are engaging in planning to protect high-value forest inside their concessions. What is missing, however, is a comprehensive land use planning approach linking production, conservation, and restoration at scale – including land outside the forest reserve under traditional authorities, district and state government. A participatory approach to involving communities, including women and men, as well as socially marginalized groupings, in planning and management of land and forest resources, including options for sustainable livelihoods, is as yet to be developed. In addition, the very positive baseline of multi-stakeholder engagement on sustainable palm oil begun in Sabah needs to be complemented by developing stakeholders' capacity, and a model for financial sustainability, and needs to be extended to Sarawak. In the baseline, companies belonging to the Consumer Goods Forum will continue to strive to apply the Sustainable Palm Oil Sourcing Guidelines, with an anticipated USD 15 million to be spent on strengthening supply chains for sustainable palm oil. Buyers such as Unilever, Wilmar and Sime Darby will invest in traceability and support the Jurisdictional Certified Sustainable Palm Oil initiative on promoting certification with small and medium producers, but the goal of a proven deforestation-free jurisdiction may remain remote unless a more integrated and comprehensive approach is catalysed.

Describe how the integrated approach proposed for the child project responds to and reflects the Program's Theory of Change, and as such is an appropriate and suitable option for tackling the systemic challenges, and to achieve the desired transformation with multiple global environmental benefits

The project's integrated approach contributes to the FOLUR program's theory of change, advancing the global agenda of fostering transformational change and greater environmental sustainability in food systems and land management. Simultaneously addressing commodity supply chains, land use planning systems and landscape-level restoration enables systemic barriers to conservation of globally valuable forests and peatlands to be addressed. Initiatives to conserve remaining natural habitats would not succeed in isolation, and need to be complemented by restoration. Because many forested areas have become degraded and fragmented, land use planning will include identifying areas needing restoration to restore ecosystem services and enhance connectivity. Conservation and restoration need also to be

integrated with efforts to address the direct drivers of forest loss, including the expansion of commodity crops in response to growing global demand, particularly palm oil. Engagement with companies and smallholders making land use decisions is necessary to guide expansion of plantations onto already transformed lands, avoiding further forest loss. Sustainable intensification will be achieved through increasing yields from current plantations through improved agricultural practices, and in some areas replanting matured trees with new and high-yielding stock. Pressure for such responsible strategies will be applied by domestic and international companies seeking to buy palm oil from a certified plantation or mill, or traceable to a jurisdiction where deforestation has been contained. The project will connect to global level commodity and food supply chain initiatives and networks, primarily through UNDP's Green Commodities Programme and Good Growth Partnership, as well as through other means offered by FOLUR global platform. These connections will facilitate the project linking to global buyers interested in sourcing from jurisdictions advancing towards having deforestation free commodity production and also to learn latest best practice and policy of the global markets. Integral to both land use planning and responsible sourcing will be monitoring of forest cover and the footprint of palm oil, with sanctions for land users who deviate from agreed plans. Finally, the participation of smallholders, which will consider a gender-sensitive approach, will be facilitated through supporting their capacity development, organization and income diversification. This integrated strategy is thus appropriate in tackling the challenges in a systemic manner that allows for transformation of the entire system of land utilization and management.

Describe the project's incremental reasoning for GEF financing under the program, including the results framework and components.

The project builds on a baseline of efforts planned over the next decade by both public and private sector to promote forest conservation and sustainable commodity certification. Under the baseline scenario, despite these efforts, expansion of oil palm and other commodities is likely to continue, causing ongoing loss of forests and the ecosystem services they provide. The project aims at an integrated and systemic approach to tackling these challenges, with incremental GEF resources providing the catalyst for transformational change. This will involve engaging in simultaneous efforts to involve stakeholders in planning and managing land, to restore forest and peatland for connectivity, to diversify and strengthen smallholder livelihoods, and to sustainably intensify and contain the footprint of the palm oil sector. The components of the project, their expected outcomes and indicators that will be tracked to monitor progress towards these outcomes, are set out below:

Component 1: Development of integrated landscape management systems in Sabah and Sarawak

This component involves intra-governmental coordination, integration of spatial data, and multi-stakeholder participation in order to develop landscape and district-level land use plans and management guidelines. It also works to achieve policy harmonization and new financing sources to scale up ILM approaches across Sabah and Sarawak and peninsular Malaysia.

⇒ *Indicators: Enabling environment for effective landscape and district-level planning and management is strengthened with a total of 2,800,000 ha under improved management*

Component 2: Promotion of responsible value chains for palm oil and smallholder support

This component seeks to strengthen value chains for sustainable palm oil through strengthening the current jurisdictional approach in Sabah through the JCSP, and engaging stakeholders in dialogue in Sarawak. It also strengthens state and company partnerships for smallholder support, both on sustainable farming and in sustainable palm oil chains.

⇒ *Indicators: Jurisdictional Certified Sustainable Palm Oil Initiative in Sabah is financially self-sustaining, and a similar multi-stakeholder platform has been established in Sarawak; 50,000 ha of agricultural land are restored to enable sustainable intensification, with 80,000 ha under sustainable farming and mixed agroforestry; and 46,010 women & 50,416 men receive extension & livelihood support*

Component 3: Conservation and restoration of natural habitats through public-private-community partnerships

This component involves public-private-community partnerships to restore and connect areas of globally valuable forest that also provide wildlife corridors, through state forestry departments restoring selectively logged and degraded forests, companies creating voluntary set-asides, and communities engaging in co-management agreements.

⇒ *Indicators: A forested area of 150,000 ha is restored; and 30,000 ha of forest is protected under new community co-management agreements, and 4 million tons of CO₂-equ GHG emissions are avoided through restoration and avoided forest loss*

Component 4: Knowledge management and impact monitoring

In this component, lessons are fed into the global FOLUR impact program, and learning exchanges are conducted within and beyond Malaysia for replication of best practice, with knowledge management to capture and disseminate lessons learnt, and partnerships set up to supplement project M&E with longitudinal studies on impacts of forest restoration and community co-management.

⇒ *Indicators: Successful annual learning exchanges allow learning and cross-fertilization between Sabah and Sarawak, between the Malaysia, Indonesia, Papua New Guinea (PNG) and other FOLUR child projects, and across the FOLUR program. KM products generated around the experiences of promoting deforestation-free commodities, sustainable food crops and restoration across landscapes.*

Engagement with the Global / Regional Framework

Describe how the project will align with the global / regional framework for the program to foster knowledge sharing, learning, and synthesis of experiences. How will the proposed approach scale-up from the local and national level to maximize engagement by all relevant stakeholders and/or actors? (maximum 500 words)

The project has the potential for impacts well beyond the target landscape in Sabah and Sarawak, since it will influence landscape-level planning for other commodity sectors and across Malaysia. Through engagement with global supply chains, including building responsible demand in Asian markets, the project will have an impact on the global supply chain for sustainable palm oil, contributing to transformation of global commodity production to become more socially, economically and environmentally sustainable, and to halt tropical deforestation. In order to achieve this, the project will engage through the FOLUR global platform and the UNDP Green Commodities programme with countries and platforms outside of the country as a means to scale results and impact the broader food system. The project will become one of the members of the Green Commodities Community administered by UNDP and will support the active engagement in the Community of the project team, government counterparts as well as key project stakeholders so they can connect with the other FOLUR participating countries to learn and share relevant lessons. Although commodity crops are vital for the country's continued economic development, bringing jobs, income for smallholders, tax revenue and foreign exchange earnings, Malaysian society is at a critical juncture in weighing up the costs of further expansion against the loss of important local benefits, such as non-timber forest products utilized by rural communities, and

global benefits, such as carbon sequestration, and is working for societal consensus on the need to contain the footprint of commodity expansion. Lessons from engagement in palm oil supply chains will be shared with other export sectors, leveraging large-scale change in Malaysia's approach to agricultural development planning. Pathways to scale are built into the project design, such that lessons learnt can be shared through with palm oil-producing states in peninsular Malaysia states, with multi-stakeholder dialogues facilitated on palm oil and other commodities. Best practice models of smallholder engagement and support can also be replicated across the country's 650,000 palm oil smallholders.

Experiences from the landscape on transformational change in land use planning, food and commodity systems will also be shared through South-South cooperation with other countries participating in the FOLUR program. In particular, opportunities will be built into the project for international exchanges between Malaysia, PNG and Indonesia on strengthening supply chains for sustainable palm oil. The project will connect with similar country projects based on similar commodities and approaches to share resources combined and collective knowledge management products for example, a collective guidance on sustainable palm oil or jurisdictional approaches. These products can then contribute to FOLUR wide knowledge products. Innovations within the Malaysia project will be shared with other countries where relevant, for example, work to scale up a circular economy approach – derisking investment in use of palm oil biomass solid waste for bio-fertilizer, waste to energy through pyrolysis, gasification and briquette production for biofuel, production of plywood/particle boards, fibre-mats, bio-char and activated carbon, biochemical extraction of nutrients, and production of biogas from methane emitted by sludge ponds of mill effluent; scaling up of finance for forest restoration; and cooperation with financial institutions including green sukuk on integrating jurisdictional criteria into policies for loans to palm oil industry and smallholder cooperatives. The project will ensure that the national commodity platform supported within the project is connected to the global commodity initiatives (RSPO, WCF, ICO, GRSB etc) and serves as a principal forum for convening the global and national supply chain stakeholders in the country. Project staff and key government counterparts will also participate in the community of practice developed through the GEF-funded Good Growth Practice, helping to enhance their skills in multi-stakeholder engagement for transforming commodity sectors.