

GEF-8 REQUEST FOR CEO CHILD
ENDORSEMENT/APPROVAL

TABLE OF CONTENTS

GENERAL CHILD PROJECT INFORMATION	3
Project Summary	3
Child Project Description Overview	4
CHILD PROJECT OUTLINE	8
A. PROJECT RATIONALE	8
B. CHILD PROJECT DESCRIPTION	17
Institutional Arrangement and Coordination with Ongoing Initiatives and Project	34
Table On Core Indicators	43
Core Indicators	43
Key Risks	46
C. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES	50
D. POLICY REQUIREMENTS	57
Gender Equality and Women’s Empowerment:	57
Stakeholder Engagement	58
Private Sector	58
Environmental and Social Safeguards	59
E. OTHER REQUIREMENTS	59
Knowledge management	59
Socio-economic Benefits	59
ANNEX A: FINANCING TABLES	60
GEF Financing Table	60
Project Preparation Grant (PPG)	60
Sources of Funds for Country Star Allocation	61
Focal Area Elements	61
Confirmed Co-financing for the project, by name and type	61
ANNEX B: ENDORSEMENT	62
Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):	62
ANNEX C: PROJECT RESULTS FRAMEWORK	62
ANNEX D: STATUS OF UTILIZATION OF PROJECT PREPARATION GRANT (PPG)	67
ANNEX E: PROJECT MAP AND COORDINATES	68
ANNEX F: ENVIRONMENTAL AND SOCIAL SAFEGUARDS DOCUMENTS INCLUDING RATING	72
ANNEX G: BUDGET TABLE	72
ANNEX I: RESPONSES TO PROJECT REVIEWS	83

General Child Project Information

Child Project Title

Sustainable Agriculture and Plantations in Peatland Landscapes in Malaysia (SAPPLIM)

Region	GEF Project ID
Malaysia	11367
Country(ies)	Type of Project
Malaysia	FSP
GEF Agency(ies)	GEF Agency Project ID
IFAD	
Project Executing Entity(s)	Project Executing Type
Sabah Forestry Department (SFD)	Government
GEF Focal Area (s)	Submission Date
Multi Focal Area	3/28/2025
Type of Trust Fund	Project Duration (Months)
GET	48
GEF Project Grant: (a)	Agency Fee(s) Grant: (b)
5,354,588.00	481,912.00
PPG Amount: (c)	PPG Agency Fee(s): (d)
149,999.00	13,500.00
Total GEF Financing: (a+b+c+d)	Total Co-financing
5999999	15,000,000.00

Project Sector (CCM Only)

AFOLU

Rio Markers

Climate Change Mitigation	Climate Change Adaptation	Biodiversity	Land Degradation
Principal Objective 2	Significant Objective 1	Principal Objective 2	Principal Objective 2

Project Summary

Provide a brief summary description of the project, to offer a snapshot of what is being proposed. The summary should include: (i) what is the problem and issues to be addressed? ii) as a child project under a program, explain how the description fits in the broader context of the specific program; (iii) what are the project objectives, and if the project is intended to be transformative, how will this be achieved? and (iv) what are the GEBs and/or adaptation benefits, and other key expected results. (max. 250 words, approximately 1/2 page)

The **Sustainable Agriculture and Forests in Peatland Landscapes in Malaysia (SAFPLIM) Project** focuses on enhancing the management of agriculture, plantations and forests in peatland landscapes in Sabah State in Malaysia. Agriculture and plantations on peat are the largest source of GHG emissions in the AFOLU sector in Malaysia (estimated at about 30-50 million tonnes of CO₂/year). Peatlands cover 2.6 million ha in Malaysia or 7.5% of the total land area and approximately half of them are being used for agriculture or plantations. In Malaysia, peatlands are also critical for flood control and water storage and so also play an important role in regulating water supply to surrounding agricultural and plantation lands. They are also of global significance for biodiversity conservation with many rare threatened and endangered species. Some of the peatlands have been degraded, mainly by logging, clearance and drainage for agriculture and oil palm plantation development. When degraded, peatlands are fire-prone, directly threatening food production in the surrounding landscape.

The overarching goal of SAFPLIM is to develop and showcase methods for enhancing the sustainability of forests, agriculture and plantations in peatland landscapes and contribute to Malaysia’s Low Emission Development Strategy and food system transformation. The project is a child project under the GEF-8 Food Systems Integrated Program; it focuses on supporting food system transformation by integrating climate mitigation and adaptation as well as biodiversity conservation into the oil palm supply chain with a focus on peatland landscapes. It will also support engagement with the oil palm supply chain linking smallholders, plantation companies and mills/refineries to facilitate adoption of improved practices. The SAFPLIM project will work in Sabah State with a focus on two peatland landscapes: Klias and Kinabatangan - each with different characteristics to maximise the learning potential.

Given the challenges in managing tropical peatlands world-wide, the project will deliver important lessons for designing integrated, landscape-based approaches to promote sustainable food systems world-wide, specifically in relation to palm oil production. The specific global environmental benefits secured will be GHG emission reduction of at least 2 million tonnes of CO₂eq, 5000 ha of forest and peatland under restoration and 200,000ha of peatland landscapes under improved management and 20,000 beneficiaries.

Child Project Description Overview

Project Objective

To enhance the sustainability of forests, agriculture and plantations in peatland landscapes and contribute to Malaysia’s Low Emission Development Strategy and food system transformation.

Project Components

Component 1: Enhancing Capacity, Policy and Resources for sustainable peatland landscape management

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing (\$)	Co-financing (\$)
458,540.00	3,000,000.00

Outcome:

Outcome 1:

Enhanced capacity, policies and resources for sustainable management of peatland landscapes in Sabah

#1 At least 50% of actions in Sabah State Action Plan on Peatlands (SAPP) underway by end of project (EOP)

#2 At least \$20 million in additional resources secured to support sustainable management of peatland landscapes (SMPL) including food system transformation in Sabah by EOP

Output:

Output 1.1. *Capacity building, policies and stakeholder engagement for peatland landscapes management in Sabah strengthened*

#3 100 stakeholders with enhanced capacity and awareness on sustainable peatland management and Multistakeholder forum established

#4 at least 2 refined policies or guidelines for sustainable management of forestry, agroforestry, agriculture and plantation in peatland landscapes

#5 At least one feasibility study for carbon/ biodiversity finance prepared to support sustainable management of peatland landscapes

Component 2 Enhancing forests and agriculture systems in Klias Peninsula Peatland Landscape (KPPL)

Component Type	Trust Fund
Investment	GET
GEF Project Financing (\$)	Co-financing (\$)
2,269,500.00	5,000,000.00

Outcome:

Outcome 2: Conservation of Peat swamp forest and enhancement of sustainability of agriculture and plantations in KPPL

#6 50% of actions in Integrated Management Plan (IMP) for KPPL under implementation by EOP and management improvements on 100,000 ha

#7 2500ha of forest and peatland in KPPL under restoration by EOP

Output:

Output 2.1 Peat swamp forests protected and rehabilitated in Klias Peninsula Peatland Landscape (KPPL)

#8 hydrology management plan for target locations in KPPL implemented and 40 canal blocks /water management structures constructed in peatland forests and adjacent fire prone areas

#9 Four community-based fire prevention and control program implemented to reduce fire risk on 2000 ha

Output 2.2: Sustainability of management practices of existing agriculture and plantations enhanced in KPPL

#10 At least 2,000 farmers/smallholders receive training on enhanced soil and water management in agriculture and plantation areas in KPPL by EOP

#11 2 agroforestry demonstration sites/field schools and 15 farmer training sessions implemented

Component 3: Enhancing management of biodiversity in forests, peatlands and plantations in the Kinabatangan Peatland Landscape (KPL)

Component Type	Trust Fund
Investment	GET
GEF Project Financing (\$)	Co-financing (\$)
1,696,087.00	5,350,000.00

Outcome:

Outcome 3: Enhanced sustainable management of forests, peatlands and plantations in the Kinabatangan Peatland Landscape

#12 Strategy and investment pathway for Sustainable Management of Forests, Peatlands and Plantations in KPL agreed for at least 100,000ha and improved agriculture, peatland and forest management practices in line with sustainability standards

Output:

Output 3.1: Collaboration enhanced among multi-stakeholder partners to conserve biodiversity in forests and plantations in the Kinabatangan Peatland Landscape (KPL)

#13 Regular monitoring of 40,000ha of forests and peatlands in KPL (outside of plantations) and 800ha under restoration.

#14 At least 10 companies, with plantations covering 60,000ha adopt BMPs and engage in enhanced biodiversity conservation measures in and around their land banks

#15 at least 4 community groups further empowered and actively engaged in sustainable management of peatland landscape and generating livelihood co-benefits

Component 4.1: Knowledge Generation and Exchange

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing (\$)	Co-financing (\$)
517,250.00	550,000.00

Outcome:

Outcome 4.1: Enhanced knowledge and understanding and information on sustainable peatland landscape management practices

#16 Stakeholders in at least 6 agencies in Sabah, 4 agencies in other Malaysian state and 2 other countries adopting knowledge generated by project

Output:

Output 4.1 Knowledge sharing platform and active monitoring and sharing of information and practices locally, nationally and internationally

17 Project website developed and at least 5 knowledge products developed and disseminated through at least 6 training/outreach sessions with at least 500 participants (disaggregated by profile and gender)

#18 At least 4 collaborative or sharing events with the global knowledge platform of the Food Systems IP

M&E

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing (\$)	Co-financing (\$)
158,231.00	100,000.00

Outcome:

Outcome 4.2 Monitoring and evaluation results guiding enhanced implementation.

Output:

Output 4.2.1 Gender sensitive M&E system in place

#19 Gender sensitive M&E system developed and operationalised for the Project in line with FS IP programmatic requirements.

Output 4.2.2 Periodic missions conducted including MTR and TE

#20 Progress of project implementation being monitored periodically through Mid-Term Review (MTR) and Terminal Evaluation (TE)

Component Balances

Project Components	GEF Project Financing (\$)	Co-financing (\$)
Component 1: Enhancing Capacity, Policy and Resources for sustainable peatland landscape management	458,540.00	3,000,000.00
Component 2 Enhancing forests and agriculture systems in Klias Peninsula Peatland Landscape (KPPL)	2,269,500.00	5,000,000.00
Component 3: Enhancing management of biodiversity in forests, peatlands and plantations in the Kinabatangan Peatland Landscape (KPL)	1,696,087.00	5,350,000.00
Component 4.1: Knowledge Generation and Exchange	517,250.00	550,000.00
M&E	158,231.00	100,000.00

Subtotal	5,099,608.00	14,000,000.00
Project Management Cost	254,980.00	1,000,000.00
Total Project Cost (\$)	5,354,588.00	15,000,000.00

Please provide Justification

CHILD PROJECT OUTLINE

A. PROJECT RATIONALE

Describe the current situation: the global environmental problems and/or climate vulnerabilities that the project will address, the key elements of the system, and underlying drivers of environmental change in the project context, such as population growth, economic development, climate change, sociocultural and political factors, including conflicts, or technological changes. Since this is a child project under a program, please include an explanation of how the context fits within the specific program agenda. Describe the objective of the project, and the justification for it. (Approximately 3-5 pages) see guidance here

Food system linkages and rationale

Food systems globally are a major driver of environmental degradation, including loss of forests and biodiversity, degradation of lands, depletion of freshwater resources, agricultural nutrient pollution, and greenhouse gas (GHG) emissions. Agriculture occupies about 37% of the world's total land area and agricultural production accounts for up to 80% of global deforestation; 70% of the terrestrial biodiversity loss and 50% of the freshwater biodiversity loss; and 70% of global freshwater withdrawals. According to a recent study, food systems emit about 20 gigatonnes of carbon dioxide equivalent (CO₂e) per year (about 35% of global GHG emissions).

The GEF-8 Food Systems Integrated programme (FS-IP) was established to catalyze the transformation to sustainable food systems that are nature-positive, resilient, and pollution-reduced. The program aims to reduce environmental degradation and negative externalities in food production systems (food crops, commercial commodities, livestock, and aquaculture) and on the demand side across supply chains.

The main entry point for the SAFPLIM project into the FS-IP is oil palm. Malaysia is the second largest producer of oil palm globally with a planted area in 2024 of 5.61 million ha and annual production of 19.3 million tonnes (25% of global production) which contributes 5-7% of GDP. At the same time, it is increasingly recognized that oil palm production in the country faces challenges from an agronomy and environmental perspective, in particular in the peatland landscapes. Working with multiple stakeholders to enhance the sustainability of oil palm and associated landscapes in Malaysia is a logical strategy, given Malaysia's global role in the oil palm production and supply chain.

Focus on Peatlands

The SAFPLIM project will have a core focus on peatland landscapes. Peatlands are the most extensive wetland ecosystems in Malaysia covering more than 2.5 million ha or 7.5% of the land surface in the country. They are Malaysia's largest carbon sink and store as well as providers of other key ecosystem services including water supply, flood control, biodiversity conservation and timber and non-timber forest products. Peatland ecosystems in Malaysia are naturally forested with a diverse peat swamp forest which includes a broad range of rare plant species, well adapted to the acidic wetland conditions found in peatlands. Peatlands in Malaysia have thick layers (sometimes exceeding 10m) of organic matter (peat) formed by partly decomposed plant materials dominated by fine tree roots. These thick organic layers store up to 10,000 tonnes of carbon per ha (up to 20 times more per ha than forests on mineral soils) and so are the most important carbon stores in the country. These peatland ecosystems also play an important

role in water management, as peat is 90% water by weight and so natural peatlands act as major water stores and help to reduce flood peaks downstream as well as supply water during the dry seasons.

More than 1,000,000 ha of oil palm in Malaysia has been planted on drained peatlands comprising more 17% of total oil palm area and more than 38% of the peatland area in the country. Clearance and drainage of peatlands for the cultivation of oil palm leads to loss of biodiversity and ecosystem services from peat swamp forests, significant GHG emissions, as well as subsidence of the land surface, leading to increased risk of flooding. The long-term sustainability of oil palm on peat is also not certain as increased flooding and fire risk affects the viability of the crop, especially in the context of climate change.

Over the past 50 years, approximately 70% of peatland areas in Malaysia have been cleared or degraded for logging and conversion for plantations and other agriculture. Peatland degradation and drainage is one of the largest sources of GHG emissions in the land use sector in Malaysia and has been recently estimated (in the Malaysian 2024 Biennial Transparency Report to UNFCCC) as 30-50 million tonnes compared to less than 10 million tonnes for other agricultural emissions. This makes agriculture and plantations on peatlands responsible for up to 80% of all GHG emissions in the agriculture sector in Malaysia. Peatlands are also increasingly impacted by fire with more than 200,000 ha of fire prone peatlands being identified in 2019 by the Department of the Environment. Peatland fires can burn for months releasing 600-1000 tonnes of CO₂ per ha per fire.

Peatland landscapes are expected to be impacted significantly by climate change with increased temperatures and changes in rainfall patterns leading to more severe rainfall events and prolonged droughts. This is likely to have significant negative impacts on the peatlands and the associated agricultural production systems. Hence, there is a need to enhance the management of these systems to reduce GHG emission and improve resilience. Maintenance of the hydrological integrity of the peatland landscapes is important to ensure that their functions in water storage and supply are continued in the long term.

Policy directions

Malaysia has in recent years adopted a number of key policies and plans related to environment and sustainability of agriculture and plantations including:

- National Forest Policy 2022
- National Policy on Biological Diversity 2016-2025;
- National Action Plan on Peatlands 2025-2035;
- National Climate Change Policy;
- Nationally Determined Contributions (NDC) Roadmap;
- Long-Term Low Emission Development Strategy (LT-LEDS)
- National Agrofood Policy 2021-2030
- National Agricommodity Policy 2021-2030;
- National Physical Plan Policy;
- National Water Resources Policy/Water Transformation 2040;
- Masterplan for Management of Fire Prone Peatlands 2025-2030

The Agrofood Policy (2021-2030) and the Agricommodity Policy (2021-2030) both require more focus on sustainability and lessening environmental impacts. The Agrofood policy calls for a "Paradigm shift towards a sustainable food system, adapted to climate change towards a sustainable farming and food system so that the agrofood sector is not being developed at the expense of the environment". The Agricommodity Policy 2021-2030 also requires more focus on sustainability, but does not clearly elaborate the strategy.

Malaysia's National Pathway for Food Systems Transformation (2021) Pathway 2 specifies the need to promote natural resource conservation and adapt to climate change effects.

The 12th National Development Plan (2021-2025) will "advance green growth by implementing the clean, green and resilient development agenda through a whole-of-nation approach. Focus will be placed on efforts to attain a low-carbon nation status, accelerate transition to the circular economy and share responsibility in reducing pollution".

There are also a number of regional and international frameworks related to the project including:

- ASEAN Peatland Management Strategy 2023-2030;
- ASEAN Haze-free Roadmap 2023-2030;
- ASEAN Investment Framework for Haze-free Sustainable Land Management 2023-2030;
- ASEAN Guidelines for Sustainable Agriculture;
- Strategic Plan of ASEAN Cooperation in Food, Agriculture and Forestry 2016-2025;
- Sustainable Development Goals; UNFCCC Sharm el-Sheikh joint work on implementation of climate action on agriculture and food security.

The project will support the implementation of the above policies and enhance policy coherence - such as strengthening consideration of peatlands in the implementation of the National Agri-commodity Policy and Agrofood Policy and strengthening the inclusion of climate change and agriculture in the National Action Plan on Peatlands. It will also work to enhance incentives leading to nature positive peatland management. At the landscape level, it will facilitate multi-stakeholder engagement to enhance integrated landscape management and sustainability.

Barriers preventing transformation

In 2019, Malaysia adopted a national policy to halt the further expansion of oil palm cultivation on peatland due to concerns on sustainability and environmental impacts, in particular the potential large-scale GHG emissions from peatland conversion as well as issues on long-term viability due to subsidence. However there have been challenges in fully implementing this due to lack of clear maps on peatland extent and nature as well as lack of capacity of local planning authorities to recognise the presence of peatlands and halt any approvals. Since land is a state matter in Malaysia there is a need to integrate this national policy into state and landscape level land use zoning strategies and plans. There is also a lack of understanding of the short- and longer-term implications of developing peatland areas.

In addition to stopping new development on peatlands, there is a more pressing need to develop long-term strategies to further reduce GHG emissions from the one million ha of existing oil palm on peat. Once cleared and drained, peatlands will continue to emit 60-100t CO₂eq per ha for up to 100 years or more (until the peat layer has been fully broken down or the site can no longer be drained). These emissions total 30-50 million tonnes/year of the residual national GHG emissions, representing 25-43% of Malaysia's residual GHG emissions. These emissions can only be reduced through adoption of good management practices (especially water management and fire prevention) and in the long-term phasing out production on peat or replacing this production by paludiculture crops. This is very important to help achieve the Malaysian target to be carbon neutrality by 2050 as part of the Nationally Determined Contributions (NDC) Roadmap and the Long-term Low Emission Development Strategy (LT LEDES). However, the current NDC roadmap and LT LEDES does not specify how these reductions will be made.

Although the mandatory Malaysian Sustainable Palm Oil (MSPO) Standard includes requirements for adopting best management for existing oil palm on peat, there is not an effective procedure or mechanism to train palm oil growers (especially smallholders) on how to do this. In addition, improved water management can't be undertaken by individual smallholders without the engagement of smallholders in adjacent areas. In terms of phasing out production, or changing to crops with lower GHG emissions,

technical support and incentives are needed. Introduction of new lower emission crops such as sago, jelutong, gaharu, vanilla or melaleuca that can be grown on wet and rewetted peatland with minimal GHG emissions and subsidence require value chain development to ensure that new crops have new markets and that alternatives are economically viable in the short to long term. Government policy, technical assistance and transition finance is also needed to facilitate the change, as most smallholders and medium sized plantations don't currently have access to finance.

One potential finance option is climate finance - but development of climate finance needs technical assistance and investment in feasibility studies and implementation. Although the carbon market is emerging in Malaysia, the policies and procedures are not fully in place, especially at the state level. There is only one local verified forest carbon project in Malaysia (which took more than 6 years to develop) and no recognised methodology suitable for smallholder oil palm cultivation on peat to phase out production to low emission crops or restore peat swamp forest.

Other agriculture and plantation crops grown in peatland landscapes include vegetables, maize, rice, rubber, pineapple and sago. Except sago, which can be cultivated in undrained conditions, these crops also face similar challenges related to water management, flooding, fires, and subsidence and GHG emissions. Progress is being made in developing good management practices to enhance the sustainability of these crops. The Malaysian Ministry of Agriculture and Food Security launched, in April 2024, guidelines for best management practice for existing agriculture on peatland, as well as procedures to prevent fires and reduce the risk of flooding. However, it will take time and resources before these approaches are promoted to and adopted by farmers in peatland landscapes across the country.

There are also widespread challenges related to inadequate coordination and integration amongst the forestry, agriculture and plantation sectors in managing shared peatland landscapes. There are also challenges in facilitating smooth cooperation between the private sector, local communities and government agencies for integrated landscape management. Smallholders and medium-scale farmers also lack access to credit or finance to implement sustainability measures.

Future Directions and crop diversification

In the future, peatland landscapes are expected to be impacted significantly by climate change with increased temperatures and changes in rainfall patterns leading to more severe rainfall events and prolonged droughts. This is likely to have significant negative impacts on the peatlands and the associated agricultural production systems. There is a need to enhance the management of these systems to reduce GHG emission and improve resilience. Maintenance of the hydrological integrity of the peatland landscapes is important to ensure that their functions in water storage and supply in the future are continued in the long term.

One important area for future action will be to develop new practices to enhance sustainability of palm oil on shallow peat and surrounding landscapes on mineral soil including enhanced water management approaches, introduction of more water tolerant varieties or phasing out production in flood-prone areas and replace with alternate flood tolerant or paludiculture tree crops (such as sago, jelutong, gelam, gaharu, tengkawang, etc.).

Oil palm cultivation on peat by smallholders also faces many problems, with smallholders generally unable to invest in the necessary water management systems or follow other best management practices. Yields in such areas may only be 20% of those in larger plantations, with a result that many areas are being abandoned or poorly managed. It is important to work both with smallholders that comprise up to 26% of

the production area as well as larger plantations that make up 74% of production and control most of mills and refineries to share good practices and enhance sustainability. Fluctuations of palm oil prices as well as labor shortages also affect the success of both smallholder and larger plantations. Key future approaches include enhancement of critical best management practices by smallholders, introduction of mixed cropping/replacement with other tree or agriculture crops (agroforestry/ agrobiodiversity approaches) as well as generation of more income through value-added processing of main crops as well as agricultural residuals/waste.

Rationale for Selection of Sabah State

The original project concept for SAFPLIM proposed activities in multiple landscapes in three separate states in Malaysia (Sabah, Sarawak and Selangor). However, based on assessments and stakeholder feedback during the project design process, it has been agreed to focus the project on Sabah State, for the following reasons:

- a) The project has relatively limited GEF resources (\$5.3 million over 5 years) and dividing this among multiple components in three states would likely limit the ability to achieve transformation of a complex, multi-stakeholder, multi-sector issue;
- b) Coordination among multiple sectors and ministries to transform land management is simpler at the state level as, in Malaysia, all land management is under state jurisdiction;
- c) One of the lessons learned from the ongoing IFAD-GEF financed SMPPEM project is that a complex institutional arrangement involving local, state and national levels can lead to very complex, slow decision-making and significant implementation delays;
- d) Sabah State has the second largest area of oil palm and peatlands of any Malaysian State;
- e) Sabah State is in the process of establishing a new oil palm sustainability scheme - notably the Jurisdictional Certificate for Sustainable Palm Oil (JCSPO). The scheme will help all oil palm growers in the state to be certified under the Malaysian Sustainable Palm oil (MSPO) Standard and then secure certification under an integrated jurisdictional certificate issued by the Roundtable on Sustainable Palm oil (RSPO). This can be a good opportunity for engagement of the SAFPLIM project.
- f) The project is expected to contribute to Sabah State's sustainable development strategies as well as contribute to the achievement of Malaysia's policies for sustainable agriculture and commodities and its target to achieve net-zero emissions by 2050.
- g) The Sabah government is positive to implement the project using a multi-stakeholder landscape approach.
- h) Sabah has already prepared or is preparing integrated management plans for the targeted peatland landscapes that can be used as a framework for the project implementation.
- i) The partial autonomy of Sabah State means that it can receive funds directly from international organisations - simplifying the project fund flow.
- j) The focus on Sabah has been supported by the Malaysian GEF Operational Focal Point and national government.

Rationale for selecting the targeted landscapes

The SAFPLIM project has been designed to develop and implement a range of measures to enhance the sustainability of management of peatland landscapes in Sabah. The two landscapes that have been selected are i) Klias Peninsula Peatland Landscape (KPPL) and ii) Kinabatangan Peatland Landscape (KPL). They have been selected on the following basis:

- a) The Sabah State government have indicated that these landscapes should be the priority as they are the largest peatland landscapes in the state and are facing significant challenges related to the integrated or conflicting management for forests, agriculture and plantations;
- b) The two landscapes are of global significance for the conservation of biodiversity and also of key significance for carbon storage and a range of ecosystem services;
- c) The landscapes consist of forest reserves and protected areas, oil palm plantations and smallholder agriculture as well as a broad range of management challenges including forest loss and

degradation, forest and peatland fire, peatland drainage and subsidence, acid sulphate soils, wildlife conflict and flooding - typical of peatland landscapes in Malaysia.

- d) There is strong interest from stakeholders including state government agencies, local government, local communities, conservation agencies, NGOs, CBOs and the private sector for undertaking the project in the landscapes
- e) The Sabah Government has nominated one site (KPL) as a UNESCO Biosphere Reserve and is in the process to nominate the other site (KPPL) as a Ramsar Site. The project would be able to support the establishment of these sites if their nominations are approved.
- f) A draft management plan has been prepared for the KPL (as part of the Biosphere Reserve nomination) and an Integrated Management Plan is being prepared for the KPPL (by the SMPPEM Project), giving a clear management framework for the implementation measures under the SAFPLIM Project.
- g) Enhancing the sustainability of existing agriculture and plantations in the surrounding landscapes to improve community well-being.

Baseline and drivers for targeted landscapes

The Klias Peninsula Peatland Landscape (KPPL) covers an area of 130,000ha of peatlands, forests, agriculture and plantations in the delta of the Padas River in southwest Sabah State. It includes the largest area of peatlands in Sabah (60,000ha) with four separate peat domes each in separate forest reserves, with peat up to 10m deep, surrounded by shallower peatlands and mineral soils that are used for agriculture and plantations. In the southern portion of the landscape are extensive mangrove forests bordering Brunei Bay. The peat swamp forests and mangroves are home to rare, threatened and endangered species including the proboscis monkey, Sunda pangolin and the endemic fighting fish *Betta chini*. The remaining peatland forests store carbon, support high biodiversity and provide water supply to the surrounding agriculture and plantations, much of it managed by indigenous peoples and local communities (IPLC).

Forty years ago, the forests and peatlands in the landscape were intact and the area was proposed as a National Park in the Sabah State Conservation Strategy. However, a conservation area was not established and instead large portions of the landscape were opened up, primarily for oil palm under various development and resettlement schemes. As a result, the remaining forest and peatland areas are quite fragmented and isolated in smaller blocks. Although most of the forest reserves have been designated as Class 1 Forest Reserves (protected forests), they have been negatively impacted by the clearance and drainage of the surrounding peatland which has negatively impacted the hydrology of the remaining forests and significantly increased the prevalence of fires in the landscape. More than 50% of the area of the peatland forests have been severely damaged by fires over the past 30 years starting in 1997-98. Continuous drainage and repeated fire incidents have prevented forest recovery over large parts of the landscape and have in some cases led to the loss of the peatland layer exposing acid-sulphate soils which are very hard to restore back to forests.

The oil palm plantations are mainly in the form of small to medium sized plantations and smallholder plots and schemes - who often lack the technical expertise or resources to adopt best management practices. In general, the oil palm in the landscape does not follow good management practices. Issues include but are not limited to: (i) poor water management, leading to high rates of land subsidence and increasing flooding in plantations on peat; (ii) loss of peat layers from fires and oxidation exposing underlying mineral soils some of which are strong acid-sulphate; (iii) increase frequency and extent of land and forest fires due to over-drainage and use of fire for land clearing and hunting; (iv) plantations becoming less productive due to poor pest and disease control and nutrient management. In recent years, several thousand hectares of peatland have been burned annually, creating large smoke clouds affecting air quality and health; as well as destroying forests and croplands. Subsidence of drained peatlands over the past 40 years has led to parts of the landscape being frequently flooded and significant areas of oil palm plantations abandoned.

It is also becoming increasingly clear that although oil palm may be the most productive crop in many areas, in some areas oil palm is not well adapted to the local environment, in particular in the deeper peatlands near the center of the peat dome which have low natural nutrients and are highly fire prone; as well as those peatlands close to the water courses which are not able to be gravity-drained after subsidence during one or two rotation cycles (20-25 years per cycle). In these areas, farmers and plantations are

increasingly facing low productivity and low income, and alternative management strategies are needed that are better adapted to the local environment.

There are also social barriers. Many of the oil palm plantations were started with settlement schemes 30 or 40 years ago. The original settlers are old and the next generation is not very interested in working in the plantations. Many plantations are increasingly reliant on legal or illegal foreign workers or have been unable to secure workers. As a result, an increasing area of oil palm plantations in the landscape have been abandoned and for remaining plantations and smallholders, new approaches are needed to enhance and diversify income to ensure sustainability.

There are several potential opportunities in the landscape. Firstly, sago palm has traditionally been cultivated in the landscape. It grows well in freshwater wetlands and in shallow peat and can produce a range of useful products including starch that is harvested and processed to make sago flour, an important food and ingredient in a variety of products. The leaves can be used for roofing and handicraft products. A sago palm grows mainly by vegetative propagation and can live to 200 years old, producing multiple stems that can be harvested for sago starch at 10-15 years old. Sago can produce yields of 10-24 tonnes of starch per ha, although on peat the yields are lower. Once established, it requires relatively little maintenance and lower labour inputs compared to other crops. Some areas of sago in the KPPL were converted to oil palm in the past, but because of the abandonment of oil palm due to labour shortages, peatland subsidence and increased flooding - it may be appropriate to consider replanting these areas with sago. Since sago grows well with high water levels, it can be grown in flooded areas and rewetted peatlands. It is considered a paludiculture crop and can be an important part of a strategy to rehabilitate degraded lands and reverse GHG emissions. Other opportunities in the landscape are eco agro-tourism - given the close proximity to Kota Kinabalu (the main tourist entry point to Sabah) as well as natural attractions in the remaining forests and peatlands combined with cultural tourism linked to traditional practices.

Kinabatangan Peatland Landscape (KPL). The Kinabatangan River on the east coast of Sabah is the largest and longest river in the Malaysian state of Sabah. It has a main channel length of about 560km, a catchment area of about 1,680,000ha and covers almost 23 per cent of the total land area of Sabah. Mean annual rainfall in the catchment is between 2,500mm and 3,000mm. Flooding is common along the Kinabatangan, with major flood events causing serious damage to livelihoods and property. The Kinabatangan links critical upstream conservation areas of Danum Valley and Imbak Canyon with riverine floodplains and coastal wetlands. The Kinabatangan floodplain is known for its remarkable wildlife and wetland habitats such as riverine forest, freshwater swamp forest, oxbow lakes and mangrove swamps at the coast. The Kinabatangan floodplain is the largest remaining forested floodplain in Sabah and the lower stretches of the Kinabatangan River contain some of the few surviving freshwater swamp rainforests and oxbow lakes in South-East Asia. These evergreen swamp rainforests are of global significance for biodiversity conservation. Some 50 mammal species (including ten primates - four of which are endemic to Borneo) and approximately 200 bird species have been recorded in the area. Among these is the endangered Borneo pygmy elephant *Elephas maximus borneensis*, that is only found in northeastern Borneo. The global population is about 1,500 and has declined by at least 50% over the last 60 years. It is mainly threatened by habitat loss and fragmentation, but in recent years there have been a number of poisoning and other deaths linked to wildlife conflict. Other endangered species include orang utan *Pongo pygmaeus*, and proboscis monkey *Nasalis larvatus*. The forests of the lower Kinabatangan contain the largest concentration of orang-utans in Sabah and are therefore one of the more important populations in the world. Eight of Malaysia's threatened bird species are found in the area, including Storm's stork *Ciconia stormi* and a number of hornbills. KPL covers an area of 160,000 ha in the mid and lower portions of the Kinabatangan River basin. The lower portion of the KPL is included in the 78,800 ha Lower Kinabatangan-Segama Ramsar Site (the largest Ramsar Site in Malaysia). The remainder of the KPL has been proposed in 2024 as UNESCO Biosphere Reserve to include the floodplain forests as the core zone and the surrounding landscape dominated by oil palm plantations as the transitional and buffer zones. About 60% of the KPL comprises oil palm plantations - with the majority managed by large companies which are generally following best management practices certified by RSPO and the balance medium and small companies which are generally facing challenges for management especially for plantation areas on peatlands. The landscape contains more than 30,000 ha of peatlands about 60% of which is relatively intact and covered with peat swamp forests with the balance mainly drained and converted to oil palm plantations and other agriculture.

The main environmental management issues in the landscape relate to the impact of existing agriculture and plantations in terms of historical habitat loss and increased wildlife conflict due to blocking of migration pathways. In addition, run-off of sediments and agrochemicals as well as effluent from the palm oil mills within and upstream of the landscape contribute to pollution and eutrophication of the waterways and wetlands. There are also significant GHG emissions associated with the agriculture in the landscape including from oil palm plantations on peat and from operation of oil palm mills.

Some progress has been made by individual plantation companies to improve plantation management and protect High conservation value areas - there are major challenges in the landscape to address seasonal wildlife movements up and down the river corridor. Groups of up to 80 elephants move along the river corridor to search for food and escape floods. This brings them into regular conflict with communities and plantations in the river corridor. Plans have been developed for establishment of wildlife corridors and expanded river buffer zones to enable wildlife movements without conflict - but this needs the cooperation of 100% of the land owners. A significant opportunity for the project is to work in partnership with the palm oil sector through the Sabah Branch of the Malaysian Palm Oil Association (MPOA) and the East Malaysia Planters' Association (EMPA) to facilitate collaborative action between all the plantation companies in the landscape to establish the wildlife corridors as well as restore degraded forest areas and improve adoption of best management practices especially by medium and small growers.

Situational analysis of current and ongoing initiatives

The SAFPLIM project will complement and build upon a number of ongoing and planned initiatives as follows:

- a) IFAD-GEF Sustainable Management of Peatland Ecosystems in Malaysia (SMPEM) project (2020-2026). The SMPEM Project's primary goal is to strengthen national policy and institutional capacity to implement peatland-related strategies and plans by:
 - i. Updating the National Action Plan for Peatlands (NAPP) to align with the ASEAN Peatland Management Strategy 2023-2030 (APMS);
 - ii. Enhancing state level capacity and Developing State Action Plans for Peatlands in Selangor, Pahang, Sabah, and Sarawak; and
 - iii. Developing Integrated Peatland Management Plans (IMP) in five target peatland landscapes across these four states.

The SAFPLIM project will build on the results of the SMPEM project, which is expected to be completed in mid-2026 before the start of SAFPLIM. The Sabah Component of the SMPEM is relatively small (\$1.2 Million over 5 years and has focussed on assessing the Klias Peninsula Peatland Landscape (KPPL) and building capacity in the state for sustainable management for peatland ecosystems. SMPEM will support the development of the KPPL Integrated Management Plan (IMP) and State Action Plan on Peatlands (SAPP) but does not have the resources for the implementation of these plans. SAFPLIM will draw on experience and lessons learned as well as some of the direct outputs and products from SMPEM in particular the Sabah SAPP and the IMP for KPPL and work to enhance stakeholder engagement and resource generation for the plan implementation. By leveraging these collaborative opportunities, SAFPLIM will enhance its effectiveness, ensuring that sustainable peatland management strategies are integrated within the broader land use planning framework in Sabah.

The SAFPLIM project will integrate SMPEM's results with enhanced coordination among stakeholders in targeted peatland landscapes. It will support the on-the-ground implementation of management plans, promote innovative practices, and improve the sustainability of agriculture and plantations. This will be achieved through the adoption of best management practices, value chain strengthening, and the introduction of innovative financing mechanisms. These efforts will contribute to ecosystem rehabilitation and protection, biodiversity conservation, and sustainable natural resource management in both conservation and production areas.

a) Integrated Landscape Management for Sustainable Food Systems, Land Use and Restoration in Sabah Project (FOLUR Program)

The UNDP-GEF Financed "Integrated Landscape Management for Sustainable Food Systems, Land Use and Restoration in Sabah Project has been established under the GEF-7 FOLUR Program. It is supporting action to enhance land use planning in 12 districts covering 76% of the land area in Sabah. The project's overall aim is to reduce rates of agricultural-driven deforestation and biodiversity loss and to establish a sustainable system of land-use planning to guide future land development activities across landscapes in Sabah. There is potential overlap with SAFPLIM in one of the 12 districts (Kinabatangan) as both projects will work in this district. However extensive discussions have been held between the SAFPLIM design team to ensure that the SAFPLIM activities complement rather than duplicate FOLUR activities. The FOLUR project will focus on developing appropriate planning frameworks and incentives at the district and state levels to encourage enhanced landscape management. The SAFPLIM project will specifically focus on the targeted KPL which covers about 20% of Kinabatangan District and a portion of the adjacent Sandakan District (not under FOLUR). The SAFPLIM project will benefit from some of the broad strategies and mechanisms to be established by the FOLUR project including district and state level capacity development. The SAFPLIM project will focus more on on-the ground interventions to support sustainable management of peatland landscapes. During implementation a coordination mechanism will be established to ensure synergy.

b) Palm oil sector engagement

The Palm oil sector is well established in Sabah, but is facing challenges in relation to sustainability. Although certification under the Malaysian Sustainable Palm Oil Standard is mandatory for all including smallholders there have been challenges in rolling this out and in particular building the capacity of smallholders as well as small and medium growers to fully meet the standards. The national lead agency for palm oil - the Malaysian Palm Oil Board (MPOB) has established a network of Sustainable Palm Oil Clusters (SPOC) to support smallholders to enhance practices and secure certification. However, the level of resources and capacity to support this network is inadequate to support all smallholders. In relation to oil palm cultivated on peat MPOB is developing a new SOP with support of SMPPEM - but additional resources will be needed to operationalise it and transform the practices at the local level.

There is potential to engage the palm oil supply chain to support action to enhance the capacity and practice of smallholders and small and medium sized plantations. About 90% of the palm oil refineries in Malaysia have adopted NDPE (No Deforestation, No Peatland and No Exploitation) policies which should be followed by all mills and growers in their supply chains. This is an important and effective tool to influence the application of good practices - however in Sabah it has yet to be fully rolled out. This mechanism will be used by the SAFPLIM project to better engage with the smallholder and small/medium growers in the targeted landscape and facilitate changes in practice. In addition, the project will work with the Jurisdictional Certification for Sustainable Palm Oil (JCSPO) which is in the process of being developed in Sabah to promote best practices in the landscapes. The project will also engage with the Sabah Branch of the Malaysian Palm Oil Association (MPOA) and the East Malaysia Planters' Association (EMPA) to facilitate collaborative action between all the plantation companies in the landscape.

d) NGO and CBO activities

The SAFPLIM project will complement and support a number of ongoing NGO and CSO activities.

(i) Hutan has been working in The Kinabatangan Peatland Landscape for more than 25 years - particularly on orang utan conservation. They employ more than 100 staff (mainly from the local community) from its base in Sukau on the lower Kinabatangan River. Hutan's mission is to conserve threatened habitats and wildlife species in Sabah and to promote the sustainable management of natural ecosystems by empowering local communities and developing mutually beneficial stakeholder partnerships. They are a strong potential partner for the SAFPLIM project in KPL.

(ii) KOPEL is a well-established Community Ecotourism Co-operative initiative for the Batu Puteh community in the Lower Kinabatangan with more than 20 years' experience in forest protection and restoration and community-based ecotourism. It was primarily set up to promote sustainable development with efforts to protect the forest habitat, wildlife and biodiversity of the Lower Kinabatangan while preserving the livelihood of the local population. There are 4 villages that

make up the Batu Puteh community, namely – Batu Puteh Village, Mengaris Village, Perpaduan Village and Singgah Mata Village. These villages have formed their own ecotourism initiatives bringing livelihoods for the locals, encouraging skills developments among their community and managing the conservation of forest biodiversity. KOPEL's forest restoration programme has planted more than 100,000 trees across different floodplain forest types over the years. KOPEL is proposed to be an important partner for the SAFPLIM project, acting as a training centre and facilitating community led forest restoration and ecotourism development in partnership with multiple stakeholders.

(iii) In the Klias Peninsula Peatland Landscape the Global Environment Centre, a Malaysian NGO with a 25-year track record particularly on forest and peatland management has been supporting activities for the sustainable management of peatland with support from a number of funders including IFAD, Yayasan PETRONAS, Malaysian Wildlife Conservation Foundation (MWCF), and Malaysian Palm Oil Green Conservation Fund (MPOGCF) etc. since 2019. It has an office in Beaufort in the Landscape and has been working mainly on peatland fire prevention and forest restoration. It is expected to collaborate closely with the SAFPLIM project.

Global environmental significance of actions in targeted landscapes

The project will have substantial positive environmental impacts. Agriculture and plantations on peatlands are important for the economy, but are also one of the country's largest sources of greenhouse gas (GHG) emissions from the AFOLU sector. Enhanced sustainable and regenerative practices for oil palm and agriculture in peatlands will reduce land degradation, GHG emissions and improve resilience/conserve biodiversity and mitigate on the natural disasters and other shocks. The project will directly contribute to conserving biodiversity in two landscapes of global biodiversity significance. Second, the project will lead to restoration of degraded parts of two important peatland ecosystems, thereby leading to avoided emissions of an estimated 2 million tons of CO_{2eq}. Third, the project will develop important new insights in how to manage food systems including oil palm in tropical peatland landscapes, with global significance given that peatland ecosystems are widespread in the tropics and an important contributor to global CO₂ emissions as well as food and agri-commodity production. It will also contribute to the transformation of the agriculture sector in Malaysia by demonstrating the way to enhance sustainability and resilience of plantation and agriculture in peatland landscapes that can be scaled up in the targeted state and elsewhere in Malaysia. Fourth, the project will lead to better insights in the monitoring of peatland carbon sequestration and emission, and how to account for this in NDCs. Fifth, the project will lead to new insights on paludiculture, i.e. the cultivation of crops in peatlands under wet or rewetted conditions, and the value chain of these crops.

B. CHILD PROJECT DESCRIPTION

This section asks for a theory of change as part of a joined-up description of the project as a whole, including how it addresses priorities related to the specific program, and how it will benefit from the coordination platform. The project description is expected to cover the key elements of good project design in an integrated way. It is also expected to meet the GEF's policy requirements on gender, stakeholders, private sector, and knowledge management and learning (see section D). This section should be a narrative that reads like a joined-up story and not independent elements that answer the guiding questions contained in the guidance document. (Approximately 3-5 pages) see guidance here

Theory of Change

The GEF-funded project aims to develop a collaborative model of integrated peatland management that supports the sustainability and climate resilience of food systems cultivated on peat. The project seeks to raise awareness about the connection between production and conservation areas across the peatland landscape. It will show how preserving ecosystems can increase the resilience of communities and productive systems to climate change, and maintain agricultural productivity by providing essential services such as water supply to downstream areas.

The project will strengthen the enabling environment supporting the transformation of food systems and the integrated management of peatland landscapes in Sabah State. It will enhance the ability of integrated action by key stakeholders, such as local government, local communities, NGOs, and the private sector. SAFPLIM will address the fragmented management of peatlands through multi-stakeholder partnerships

and capacity building, strengthening cooperation to develop and implement state action plans and guidelines for sustainable practices. Policy gaps on agricultural and plantation practices tailored to peatland ecosystems will be addressed by the project, resulting in a strengthened regulatory framework supporting the transformation toward sustainable food systems in peatland landscapes.

Recognizing that limited access to finance and resources hinders the implementation of integrated management plans in targeted peatland landscapes, the project will support the stakeholders in the mobilization of additional financing resources, such as from carbon stocks and/or payment for ecosystem services by the private sector. SAFPLIM will provide a platform for testing innovative financing strategies for climate, biodiversity and sustainable agriculture that will be explored and piloted in the KPPL and KPL, enabling stakeholders to secure the resources necessary to adopt best management practices. These efforts will include targeted support for smallholders, who often lack the means to invest in critical water management systems or diversify their crops.

The project will enhance the ability to predict and control water levels in the targeted peatland landscapes and improve the understanding of the interconnected effects of water drainage on the peatland ecosystem and its landscape. The degradation of the targeted peatland landscapes will be addressed through tailored interventions. SAFPLIM will demonstrate practical and replicable models for sustainable peat swamp forest management. Water management structures and the capacities of local government and communities will be enhanced, leading to the restoration of adequate water levels in the landscape. This will rehabilitate the ecosystem, reduce GHG emissions from degraded peatlands, contribute to biodiversity conservation, and restore the adaptation and mitigation services of peatlands. Rewetting and restoring the natural hydrological cycle across the landscape will reduce soil subsidence, and concurrently support a reduction in fire risk, while communities will be equipped and capacitated for fire prevention and control, reducing the risk of haze pollution and the destruction of both forested and agricultural areas.

Sabah has an extensive protected area network. However, due to its high diversity, large fractions of unique species and habitats still occur outside of protected areas in the production landscape dominated by oil palm and agriculture. These areas are vulnerable to human exploitation with large areas being degraded. However, they remain important components in the conservation landscape. The SAFPLIM project will identify Important wildlife corridors and potential conservation areas in the production areas in the targeted landscapes and facilitate action to rehabilitate them and rehabilitate them to ensure their integrity and functionality. Sabah has a policy to fully protect 30% of its natural forests/wetlands and is on track to meet this goal with its current 27%. The action by the project by encouraging action to establish corridors and protected areas in the production landscape can support this.

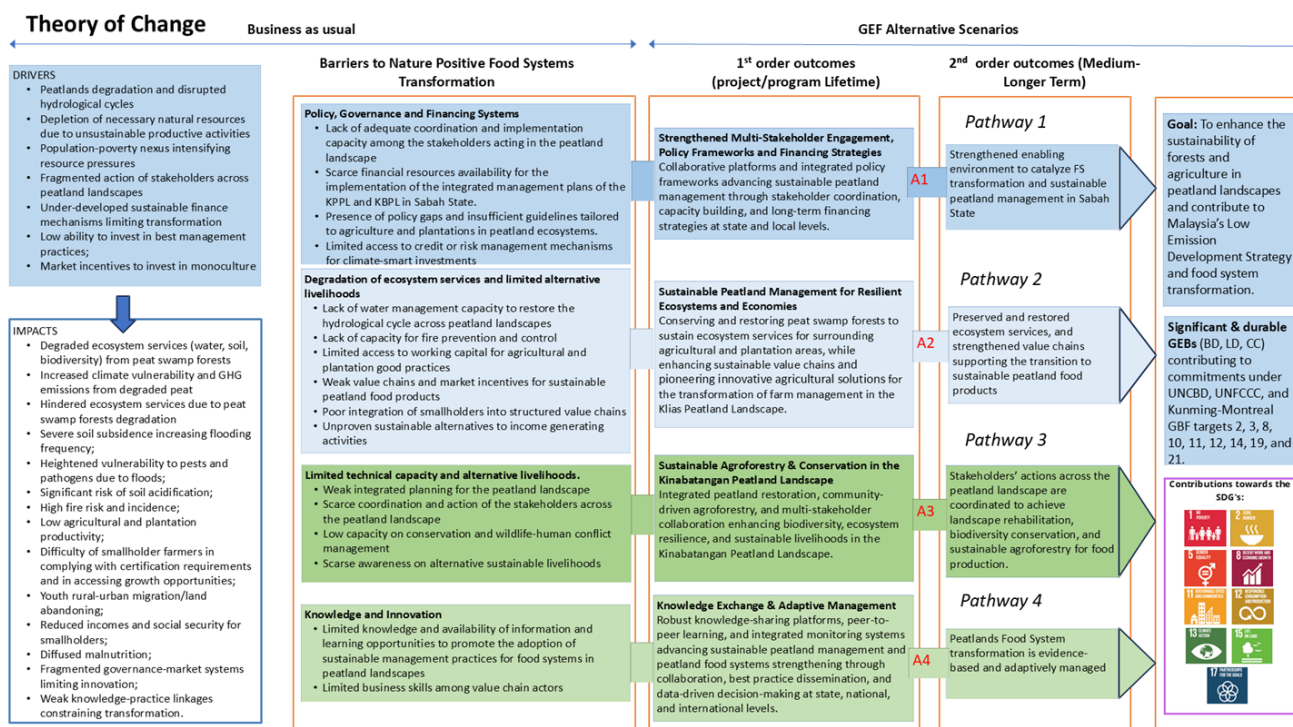
The initiative will increase knowledge and extension services supporting the application of best management practices for existing agriculture and plantations on peatland areas. It will demonstrate sustainable alternative agricultural practices suitable for high water table soils (e.g. paludiculture and agroforestry) and alternative non-farm income-generating activities (e.g. eco-agrotourism).

The introduction of alternative and more sustainable productive activities, such as paludiculture and agroforestry, will be supported through assessments and the development of value chains and markets, ensuring the profitability of sustainable peatland agricultural products and supporting the shift toward more sustainable livelihoods. SAFPLIM will provide empowering opportunities to women through post-processing and adding value to products derived from sustainable agricultural practices. Simultaneously, youth are envisioned as drivers of change, introducing innovative agricultural practices, re-evaluating traditional methods, and improving the marketing and appeal of peatland products. These efforts are expected not only to sustain community livelihoods but also increase incomes generated from sustainable peatland products, fostering the resilience of local communities. A critical component of the project is the generation and exchange of knowledge. The project will support strengthened collaboration and knowledge sharing among stakeholders, fostering the dissemination and adoption of best practices for sustainable peatland and agricultural management. Exchanges across Malaysian States, among ASEAN Member States, and on an international level via the FSIP workshops and events will provide the dual benefit of supporting adaptive management by integrating external feedback during the implementation of the SAFPLIM project in Sabah State and of disseminating the lessons learned to support food systems transformation globally.

The overall assumption of the project is **if** barriers can be addressed and risks to transformative food systems pathways mitigated, **then** Sabah State will become a model for sustainable peatland

management, inclusive of both conservation areas and well-developed food systems supporting climate and economic resilience of communities living across the peatland landscape.

- **Assumption 1:** Improved collaboration, policy integration, and financing strategies will create an enabling environment for sustainable peatland management by strengthening coordination among stakeholders and ensuring long-term commitments to conservation and food system transformation.
- **Assumption 2:** Peatland farmers and businesses will adopt sustainable agricultural practices because:
 - They recognize the economic and environmental benefits of maintaining healthy peatland ecosystems.
 - Strengthened market linkages and value chains provide incentives for sustainable peatland food products.
 - Certification, branding, and consumer awareness campaigns create demand for sustainably produced goods.
 - Access to innovative financing mechanisms, such as carbon markets and payment for ecosystem services, encourages investment in sustainable production.
- **Assumption 3:** If multi-stakeholder collaboration and community-driven agroforestry practices are promoted, then peatland conservation and sustainable livelihoods will be enhanced through coordinated action.
- **Assumption 4:** Increased knowledge-sharing, peer learning, and awareness-building will drive the adoption of sustainable peatland management practices by demonstrating their economic, environmental, and social benefits.



Project Objective, Components and Activities

Focus of SAFPLIM in Sabah

The SAFPLIM project is being designed to develop and implement a range of measures to enhance the sustainability of Management of Peatland landscapes in Sabah. It will help protect and restore the remaining peatland forests in the Klias Peninsula Peatland Landscape (KPPL) and the Kinabatangan Peatland Landscape (KPL) as well as enhancing the sustainability of existing agriculture and plantations in

the surrounding landscapes to improve community well-being. It will not support any land conversion of forest or peatlands for the development of any new agriculture or plantations on peat, but will focus on protecting the forest and enhancing the sustainability of existing uses to reduce environmental impacts. It is expected to contribute to Sabah State's sustainable development strategies as well as contribute to the achievement of Malaysia's policies for sustainable agriculture and commodities and its target to achieve net-zero emissions by 2050.

The Klias Peninsula Peatland Landscape (KPPL) includes four separate peat domes each in separate forest reserves, with peat up to 10m deep, surrounded by shallower peatlands and mineral soils that are used for agriculture and plantations as well as extensive mangrove forests bordering Brunei Bay in the South. The central peatland forests store carbon, support high biodiversity and provide water supply to the surrounding agriculture and plantations, much managed by indigenous peoples and local communities (IPLC). The plantations and agriculture are quite fragmented and generally not following good management practices. Frequent fires starting in the agricultural lands spread to the peatland forest and impact both biodiversity and ecosystem services. In recent years, several thousand hectares of peatland have been burned annually, creating large smoke clouds affecting air quality and health; as well as destroying forests and croplands. Subsidence of drained peatlands over the past 40 years has led to parts of the landscape being frequently flooded and significant areas of oil palm plantations abandoned.

Kinabatangan Peatland Landscape (KPL). The lower portion of the Kinabatangan landscape is included in the 78,800 ha Lower Kinabatangan-Segama Ramsar Site (the largest Ramsar Site in Malaysia). The landscape is of global significance for wildlife conservation with rare, threatened and endangered large mammal species including the world's smallest elephant. It is one of only two known sites in the world inhabited by ten species of primates, four of which are endemic to Borneo. Predominant wetland types found within the site are mangrove and brackish water forest (including nipah swamps), peat swamp forest, and wet grasslands on peat. There are extensive oil palm plantations and limited areas of agriculture in both peatlands and mineral soils in the inland portion of the landscape. The main environmental management issues in the landscape relate to the impact of existing agriculture and plantations in terms of historical habitat loss and increased wildlife conflict due to blocking of migration pathways. In addition, run-off of sediments and agrochemicals as well as effluent from the palm oil mills within and upstream of the landscape contribute to pollution and eutrophication of the waterways and wetlands. There are also significant GHG emissions associated with the agriculture in the landscape including from oil palm plantations on peat and from operation of oil palm mills.

Objective: To enhance the integrated and sustainable management of forests, agriculture and plantations in peatland landscapes in Sabah State

Component 1: Enhancing Capacity, Policy and Resources for sustainable peatland landscape management

The management of peatland landscapes in Sabah is currently fragmented across multiple stakeholders including forestry, agriculture, plantation and other land management sectors as well as between National, state, district level agencies and private sector, government and local communities. Since activities in one part of a peatland landscape e.g. drainage or fire can negatively impact other parts of the landscape, it is important to have a coordinated and integrated approach to the landscape management. This can help sustain the peatlands, food production, and the supply of ecosystem services and optimise productivity of different land uses. This component will work at state level, guided by the State Peatland Steering Committee Chaired by the Natural Resources Office, to strengthen state level policies, strategies and plans related to management of agriculture, plantations and forests in peatland landscapes in the state. This component also aims to address the gender gap on access and control of natural resources; therefore a 50% target will be highlighted for women participation for public consultation, capacity building and stakeholder meetings.

Outcome 1: Enhanced capacity, policies and resources for sustainable management peatland landscapes in Sabah

The project aims to help enable enhanced capacity, policies and resources for sustainable management of peatland landscapes in Sabah. The main mechanism for this is to support the Sabah State Action Plan on Peatlands (SAPP) which is currently under preparation and is expected to be complete in early 2026,

prior to the start of the SAFPLIM project. The SAFPLIM project aims to ensure that at least 50% of actions are underway by the end of project (EOP). Capacity will be enhanced through targeted training for at least 100 representatives of the multiple agencies that are engaged in the State Peatland Steering Committee and at least two policies or guidelines will be revised during the project period. The project will also help to secure at least \$20 million in additional funding for peatland landscape management by the EOP and test the options for carbon or biodiversity finance.

Output 1.1: Capacity Building and stakeholder engagement for peatland landscapes management in Sabah strengthened

This output aims to enhance capacities, collaboration and mutual understanding among different agencies and stakeholders responsible for peatland management. It will support the implementation of the State Action Plan on Peatlands and management plans for different peatland landscapes. It will help enhance the engagement of Civil society organisations (especially environmental and social NGOs) and the private sector (especially plantations and commodity-related companies operating in peatland landscapes). It will also help harmonise and refine policies and guidelines for sustainable agriculture and plantations in peatland landscapes.

Furthermore, this component will develop a Strategy for long-term financing of Sustainable Management of Peatland Landscapes (SMPL) and assist key stakeholders (especially smallholders and local communities) in accessing resources including finance and technical assistance from government agencies as well from the private sector and CSOs. The project will assist local communities and landowners to development grants from the government and finance from the banking sector (e.g. low carbon transition finance developed by Bank Negara and commercial banks). Smallholders in the plantation and commodity supply chain will be guided to obtain finance and technical support from related government agencies (MPOB, Department of Agriculture, FAMA etc) as well as from the private sector (e.g. oil palm companies and traders). Options to access climate-related finance to support long term peatland rehabilitation and management will be enhanced through development of a pilot project for voluntary carbon funding.

The following activities will be supported:

Activity 1.1.1: **Facilitate** engagement and capacity building of multiple stakeholders to **support the implementation of the Sabah State Action Plan on Peatlands (SAPP)**. The SAPP has been developed with support of SMPPEM and is intended to facilitate the conservation and transformation of management of peatland landscapes in the State. This activity under SAFPLIM is important as it will help drive and monitor the implementation of the SAPP which is a key document to guide the sustainable management of all peatland landscapes in the state. The SAPP (2026-2035) is the counterpart of the National Action Plan on Peatlands (NAPP) and its effective implementation will directly support the achievements of the targets in the NAPP (2026-2035). The NAPP in turn links to the ASEAN Peatland Management Strategy (APMS 2023-2030). This cascading series of plans helps to drive and monitor progress in sustainable peatland management. The SAPP is in the first stage of development with the National Guidelines for Preparation of the SAPP being approved in May 2025. The Sabah SAPP will be prepared in 2025-2026 and is expected to be completed by Mid-2026. Planned sub activities include:

- Support for the operation of the Sabah State Steering Committee on Peatlands which will hold at minimum annual meetings chaired by the Sabah Natural Resources Office of the Chief Minister's Department (NRO) and supported by the Sabah Forestry Department (SFD) led by NRO and the SFD Ensure women, youth, and indigenous peoples can actively contribute to decision-making and policy development, with particular attention to addressing barriers to participation and promoting leadership opportunities.
- Support capacity development for members of the State Peatland Steering Committee through workshops and training with a focus on transformation of agriculture and plantation management in peatland landscapes. Ensure women, youth, and indigenous peoples can actively contribute to decision-making and policy development, with particular attention to addressing barriers to participation and promoting leadership opportunities.
- Monitoring of the implementation of the SAPP through preparation of an annual monitoring report. Ensure that this monitoring captures gender-disaggregated data, tracks the participation and contributions of women, youth, and IP, and assesses the gender-specific impacts of project activities.

- Regularly monitor and update information on extent and status of peatlands in Sabah and maintain a GIS/Information database on peatland status and management to support and monitor SAPP implementation.
- Organise periodic workshops (every 2-3 years) to assess progress with the SAPP, ensuring that these workshops include perspectives from women, youth, and Indigenous Peoples.
- Undertake a Mid-term review of the SAPP in 2030.
- Involve key stakeholders, including women and youth associations (e.g., groups identified by Women's Affairs department (Jabatan Hal Ehwal Wanita - JEHW), Jaringan Orang Asal (JOAS), and youth representatives), in capacity building and stakeholder engagement workshops for sustainable peatland landscape management. Track and report the number of participating associations and organizations to ensure meaningful and measurable engagement. Ensure that these workshops not only engage women, youth, and indigenous people as participants but also actively promote their leadership and decision-making roles, empowering them to contribute as key decision-makers within these platforms.

Activity 1.1.2: Review, refine and promote **policies and guidelines for sustainable management of forestry, agroforestry, agriculture and plantations** in peatland landscapes in Sabah. In order to enhance the sustainable management of peatland landscape it is necessary to revise and update as well as promote policies and guidelines for sustainable management. Capacity building will include technical aspects related to understanding the linkages between sustainable peatland forest management and food systems, ecosystem services supplied by peatland forests, impacts of drainage and subsidence, biodiversity monitoring and community engagement. In addition, training will be provided on sustainable agriculture and plantation management in peatland landscapes. Measured will be included to promote equitable access to resources, reduce barriers to participation, and ensure the roles and contributions of women, youth, and indigenous peoples are fully considered in peatland management. The proposed sub activities are:

- Review and adapt where necessary to suit the situation in Sabah the following guidelines: i) Best Management Practices for Existing Agriculture on Peatlands by Ministry of Agriculture and Food Security 2024 and ii) Standard Operating Procedure Guidelines for Sustainable management Practices in existing Oil palm cultivation on Peat by Malaysian Palm Oil Board 2025.
- Develop publication/modules on the good practices and lessons learned for the implementation Malaysian Good Agriculture Practice (MyGAP) in Sabah, ensuring that gender perspectives and lessons learned from women smallholders are included.
- Develop training materials for Best Management Practice guidelines for agriculture and plantations on peat as well as Integrated Management Plan (IMP) in Sabah.
- Develop training materials on Restoration of degraded peatland forests.
- Above mentioned training materials will include practical examples, and success stories from women smallholders, and address the specific barriers faced by women, youth, and Indigenous Peoples (IP) in sustainable peatland management.
- Organise State level training workshops and exchange related to BMP for Agriculture and Plantations on peat and Integrated Peatland Management (IMP) in Sabah.
- Provide technical support to Promote BMP for Agriculture and Plantations on peat and Integrated Peatland Management (IMP) in Sabah. In this regard, provide targeted support for smallholders, particularly women, to enhance their capacity to adopt sustainable practices, access resources, and participate in decision-making processes related to peatland management.
- Engage key stakeholders, including women, youth, and Indigenous Peoples (IP), and relevant departments and associations, such as JEHW, JOAS (Indigenous Peoples Network), and youth representatives, in public consultation activities to support policies and guidelines for sustainable peatland management. Use culturally appropriate methods, including local languages and traditional knowledge, to ensure meaningful participation and address context-specific barriers. Ensure their active participation is tracked and reported to demonstrate meaningful and measurable engagement.

Activity 1.1.3: Develop a **strategy and investment pathway to enhance access to long-term finance for implementation of Sabah State Action plan on Peatlands**. This strategy will identify options to enhance access to long-term finance and technical support from the government, private sector and banking sector and assist stakeholders in accessing finance for sustainable management of peatland landscapes including food system transformation. Access to affordable

finance is a major barrier for adoption of best management practices and reduction of GHG emissions by agriculture and plantation stakeholders. There are a range of funding sources including government agency grants, SME funds and low carbon transition finance available from retail banks with support from the Central Bank. The project will identify and support Smallholder, SMEs and Other stakeholders in peatland landscapes to access these funds. Development of new agricultural areas or plantations in peatlands will not be supported by the project. Planned sub-activities include:

- Identify barriers to access of finance by key stakeholders in peatland landscapes to support sustainable agriculture, plantation and forest management. This involves in particular making existing agricultural activities and plantations more sustainable, e.g. by enhancing water management or reducing human-wildlife conflict. This should include specific efforts to ensure perspectives of women, youth and Indigenous Peoples are considered and barriers to their participation are addressed, promoting equitable access to emerging finance mechanisms.
- Identify suitable options for green/innovative finance and technical support for sustainable peatland management in Sabah (helping existing agricultural fields or plantation to transition to low emission agriculture or plantations, incentives for peatland and forest restoration) from government agencies, commercial or concessional finance or other sources.
- Organise at least two workshops for stakeholders to enhance understanding and capacity to access finance.
- Provide a pool of technical support funds to enhance access of stakeholders to finance/technical support from government and private sector for enhancing sustainability of agriculture / plantations and peatland management.

Activity 1.1.4 Explore options for finance from the voluntary carbon market and or emerging biodiversity finance mechanisms. Assessments will be undertaken to determine options to generate resources for transforming agricultural and plantation management on peat to reduce GHG emissions and biodiversity impact of peatland landscape management and to reduce emissions from peatland degradation. The proposed sub activities are:

- Prepare a policy paper to review potential options to access finance from the voluntary carbon market and or emerging biodiversity finance mechanisms to support transformation of agricultural and plantation management on peat to reduce GHG emissions and biodiversity impacts of peatland landscape. This paper would also analyse the current institutional context (e.g., national and state regulations) that applies to carbon finance and recommendations on how to make such policies more supportive to carbon finance projects.
- Organise a stakeholder workshop (including women, youth and IP) to discuss the policy paper on access/challenges with voluntary carbon markets or biodiversity finance and select priority options for further evaluation and action by state government and other stakeholders, based on the finding of the policy review including options that would provide maximum benefits to local communities.
- Undertake a pre-feasibility study to further explore the priority options including possible application in the targeted peatland landscapes.
- Organise a stakeholder workshop and public consultations as necessary to discuss the pre-feasibility study results and encourage stakeholder action as necessary to further pursue such funding options.

Activity 1.1.5: Technical Support to the NRO and Sabah Biodiversity Centre to conserve peatland landscapes in Sabah. The Sabah Government has in 2024 nominated the Kinabatangan Peatland Landscape as a UNESCO Biosphere Reserve and expects to hear the result in late 2025, before the start of the SAFPLIM Project. The state government is currently in the process to designate the Klias Peninsula Peatland Landscape as a Ramsar Site. These important global designations will enhance the protection and importance of these sites. The project will offer technical assistance for the nomination and designation process and subsequent promotion. The exact nature of the intervention will be determined, based on the needs identified during the project inception period. Additional support for the management of the sites will be provided in Component 2 and 3. The proposed sub activities are:

- Technical support for establishment of the Kinabatangan Man and Biosphere Reserve as proposed by the Sabah State Government to be determined at project inception

- Technical support for designation of KPPL as a Ramsar site, which has been proposed by the Sabah State Government. The specific support is to be determined at project inception dependent upon the demands of the State government.

Component 2. Enhancing forests and agriculture systems in the Klias Peninsula Peatland Landscape (KPPL)

The Klias Peninsula Peatland Landscape in Sabah State is an approximately 130,000ha landscape of peatland and mineral soils in south-west Sabah State consisting of a complex of forest reserves, agriculture, oil palm and sago plantations and community lands – see maps in Annex E. The focus of the project will be to better protect and rehabilitate the peatland forest reserves through fire prevention, improved water management, replanting and assisted natural regeneration. It will also enhance management practices for agriculture and plantations, especially by the local community, develop agro-ecological approaches and enhance alternative sustainable livelihoods with a focus on women and youth.

Outcome 2: Conservation of Peat swamp forest and enhancement of sustainability of agriculture and plantations in KPPL [3]

The Project will enhance the conservation of remaining peat swamp forests and enhance the sustainability of agriculture and plantations in the KPPL, In particular, by enabling implementation of at least 50% of the actions in the Integrated Management Plan (IMP) for KPPL which is currently being prepared with support from the SMPPEM Project. The project will also reduce the fire risk in the landscape through community-based fire prevention measures and support the restoration of 3,000 ha of degraded forest that plays a key role in the maintenance of water supply to the surrounding plantations and agriculture lands. The sustainability of the agriculture and plantations on peat will be enhanced through: i) improved capacity of smallholders and local communities; ii) better water management; and iii) improved fertilizer and integrated pest management approaches; thereby reducing GHG emissions, fire risks and other environmental impacts. This component potentially narrows the decision-making gap and access and control over natural resources, and equitable benefit sharing within the KPPL community. Therefore, the project will ensure that women, youth and IP are actively involved in peat swamp forest protection and rehabilitation programs in the KPPL.

Output 2.1 Peat swamp forests protected and rehabilitated in Klias Peninsula Peatland Landscape (KPPL)

Maintenance of the Hydrology and ecological support functions of the peatland landscape require action to protect and rehabilitate the forests in the core of the landscape. Although the forests in the landscape are designated as Class I or Protected Forests for more than 10 years, the forests have been significantly degraded through encroachment, drainage and fire. The project will work to address the root causes of the degradation through community engagement, fire prevention and improved water management as well as direct forest rehabilitation measures. The output will focus not only on the forest reserves but also on the adjacent forested state land as well as areas of plantations and agriculture in the adjacent lands or buffer zone that may be driving the degradation. By protecting and rehabilitating the forests in the landscape the ecological services such as water supply, carbon storage, biodiversity conservation can be maintained. The project will adopt a 5R approach including: Reduction of Fire Risk, Rewetting, Revegetation, Revitalisation and Reporting.

The following activities will be supported:

Activity 2.1.1: Support implementation of the Integrated Management Plan (IMP) for the KPPL. The IMP is being developed by the Sabah State government in 2025-2026 with support from the SMPPEM project and will be the key guiding document to guide integrated management of forests, plantations and agriculture in the landscape. A project landscape team will facilitate action, in partnership with related stakeholders, implementation of the project in Klias including planning and implementing project activities, community engagement, monitoring and reporting. The sub activities will include:

- Undertake outreach and promotion of the IMP including preparation and dissemination of information materials;
- Provision of technical support and guidance for IMP implementation;
- Development of more detailed implementation plans for selected priorities in IMP;

- Periodic engagement with local community and other stakeholders;
- Organise a landscape working group comprising key stakeholders to facilitate coordinated action;
- monitor and report on progress in implementation of the IMP and undertake a Mid-term review of the IMP in 2030

Activity 2.1.2 Enhance water management in strategic sites in forest reserves and broader landscape to demonstrate good practices to enhance sustainable land management, reduce fire risk and GHG emission. Water management is the most important management action for peatland landscapes. Groundwater level (affected by rainfall, drainage, evapotranspiration, vegetation and other factors) influences peat formation, peat degradation, productivity and recovery of forests, flood prevention, water supply, productivity of agriculture and plantations, fire risk and many other aspects. Urgent action is needed to address water management problems in the KPPL. This activity focuses on the forests in the centre of the peat domes and the surrounding landscapes. The sub activities will include:

- Select and delineate two or three pilot hydrology management zones (to showcase different aspects or approaches) based on the IMP for focused action to enhance hydrology and as a demonstration, training site to help with scaling up of water management practices;
- Assessment of targeted hydrology management zones to develop targeted hydrology management plans to enable the design of water management and monitoring structures to enhance water management, improve productivity and forest recovery and prevent fires in the KPPL. This includes assessing the impact of forest fire break canals on preventing and controlling fires as well as inadvertent impact on landscape drainage or water flow disruption and recommend measures to enhance their effectiveness.
- Install and maintain at least 40 water control structures in canals (especially forest boundary or fire break canals) and in drains in adjacent agriculture or plantation lands to reduce excessive drainage and maintain adequate peatland water levels;
- Monitor and report on changes in groundwater regimes before and after the installation of water management structures;
- Showcase (in conjunction with MPOB and DOA) water management approaches in plantations and agriculture on peat to enhance productivity, reduce subsidence and GHG emissions and prevent fires;
- Organise workshops and training on enhanced peatland water management;
- Work with key government, private sector and local community stakeholders including women, youth and IP to scale-up effective water management across the landscape to transform practice, building on experience in the Pilot hydrology management zones;

Activity 2.1.3: Rehabilitate degraded forests in KPPL through replanting and assisted natural regeneration. The project will support both the State Forestry Department and local communities with rehabilitation of forests and degraded land. This will involve encouraging natural regeneration through improved water management and fire prevention as well as planting of native tree species (in forest reserves) and also potentially income generating species such as sago, fruit trees or woodlots and trees (in community lands). The project will not support planting new oil palm plants. In the peatlands, the project will focus on crops that do not require drainage, and how these could be used to restore the productivity of agricultural areas and plantations that currently have low productivity, for instance due to periodic flooding. Species planting will always be combined with water management and fire prevention to help ensure that tree seedlings will survive. This activity will also involve women, youth and IP as part of community-driven sustainable forest rehabilitation programs. The sub activities will include:

- Identify priority areas for natural forest restoration in the landscape both within and outside of forest reserves (building on the IMP) and develop implementation plan with related stakeholders;
- Identify selected priority areas for forest re-planting with indigenous forest tree species;
- Develop and enhance community-based forest restoration activities including community tree nurseries, community forest rehabilitation groups
- Encourage support and engagement of key stakeholders in supporting and scaling up forest rehabilitation and tree planting programmes including national, state and local government agencies, Private sector land managers and CSR; Local communities.
- Undertake forest replanting and rehabilitation activities in partnership with local communities and other stakeholders.
- Monitor the success and challenges of replanting and assisted natural regeneration to guide the implementation of the programme.

Activity 2.1.4: Maintain and expand government and community-based fire prevention and control activities in the Klias Peninsular Peatland Landscape. An estimated 5,000-7,000 ha of land in the KPPL are fire-prone and burn regularly in the dry season and droughts. This negatively impacts peatlands, forests, plantations and agricultural land. This activity will help address the drivers of forest fire including water management, land clearing and hunting, and work to prevent and improve control of fire in targeted areas. The sub activities will include:

- Identification of priority fire prevention zones for action under SAFPLIM, based on the IMP;
- Development of short- and medium-term fire prevention and control measures for targeted zones;
- Establishment and training of community fire prevention patrollers and undertaking frequent (daily in dry season and 3 times weekly at other times) fire patrols of fire prone portions of the forest and adjacent agriculture lands;
- Establish and support action by an interagency/multistakeholder Fire prevention committee in the KPPL facilitated by the District Office(s);
- Assess in detail the drivers of forest fire especially traditional use of fire in hunting practices and develop and test a model for community-based fire prevention in areas with traditional hunting.
- Provide equipment, inputs and training to communities and local agencies for fire control;
- Establishment of fire warning boards and online fire prevention and warning groups utilising near real time Fire Danger Rating System (FDRS) warnings issued by the Malaysian Meteorological Service;
- Monitor and regularly report on the extent and impact of fires in the landscape as well as effectiveness of fire prevention measures;
- Work with the KPPL Fire prevention committee and local stakeholders to scale up fire prevention action across the landscape to significantly reduce extent and frequency of wildfires.

Activity 2.1.5: Establish capacity development hubs for local stakeholders on integrated peatland management and sustainable forest and agriculture management in KPPL. It is proposed to enhance the **Klias Peat Swamp Forest Centre** in Klias Forest Reserve in Beaufort District and the **Rumbia Information Centre** in Kuala Penyu District to act as capacity development hubs to support training and engagement with local communities and stakeholders. The sub activities will include:

- Develop a proposal to enhance the effectiveness of use of the Klias Peat Swamp Forest Centre and the Rumbia (Sago) Information Centre for capacity development for local stakeholders
- Develop information and training materials for use at the centres
- Promote the use of the centres by different stakeholders for education, outreach and training purposes.
- Develop training and display materials based on various SAFPLIM activities and outputs for showcasing at the centres
- Support the use of the centres as part of community-based ecotourism activities (see Activity 2.2.5)
- Organise or support periodic training and outreach activities at the centres.
- Ensure that the centres and community-based ecotourism will engage with women, youth and IP groups

Output 2.2 Sustainability of management practices of existing agriculture and plantations enhanced in KKPL

This Output will support the transformation of Agriculture and plantation practices across the landscape, building on key measures in Output 2.1 to improve water management, prevent fires and rehabilitate forested peatlands and their ecosystem services that support agriculture and plantations in the landscape. The following activities will be supported:

Activity 2.2.1: Enhance soil and water management in agriculture and plantations in KPPL. More than half of the KPPL comprises agriculture and plantations (predominantly oil palm). Currently management practices are poor with low productivity, over-drainage, frequent fires and subsidence. Persistent flooding, acid sulphate soils, an aging resident population, shortage of labour and market and value chain challenges affect the viability of the sector. Action is needed to transform agriculture and plantations in KPPL to optimize productivity, reduce subsidence and GHG emissions and prevent fires. The sub activities will include:

- Identify demonstration sites for enhanced soil and water management in collaboration with the MPOB, DOA and local communities.
- Undertake assessments of soil (including tests for acid sulphate soils) in the pilot areas to recommend soil management enhancement options
- Promote enhanced water management (maintaining optimal peatland water levels for production as well as fire prevention) in the demonstration sites
- Develop targeted guidance for integrated pest and nutrient management in the demonstration sites.
- Document benefits of enhanced soil and water management in the demonstration sites and beyond
- Organise outreach and training to encourage scaling up of actions across the landscape

Activity 2.2.2: Promote the implementation of best management practices for existing agriculture and oil palm plantations on peatlands. The sub activities will include:

- Develop package of targeted training materials for best management practices for existing agriculture and oil palm on peat drawing on current government requirements and guidelines and best management practice experience;
- Undertake training-of-trainers programmes for best management practices for at least 15 farmer or smallholder groups;
- Organisation of local training and farmer-to-farmer knowledge exchange to scale up knowledge and action to enhance sustainable management of agriculture and plantations in peatland;
- Support for certification under appropriate good agriculture practice standards (MYGAP and MSPO) in KPPL;
- Engage the private sector in the oil palm supply chain in KPPL to provide technical and other support to assist smallholders to enhance their management practices;

Activity 2.2.3: Pilot test alternative crops and income generation options in flood prone degraded peatlands. The severe degradation of some sites in the KPPL with subsidence of peat soil creating flood-prone, poorly drained sites and exposure of acid-sulphate soils is leading to great constraints for local communities to continue with current agriculture systems. As a result, areas are being abandoned and local communities are losing income sources. This activity will explore alternative crops and income sources for such degraded sites. This should include drawing on local and traditional knowledge, such as Rumbia (sago) use, to ensure culturally appropriate water management solutions. It should also involve efforts to reduce barriers to participation, create leadership opportunities, and promote equitable access to decision-making. Additionally, economic activities, including Rumbia processing and agro-ecotourism, should be incorporated to provide livelihood opportunities for these groups, aligning with the broader goals of community-based resource management. The proposed sub activities will include:

- Undertake an assessment of degraded flood prone sites in KPPL and recommend possible alternative uses such as agroforestry, fishery or paludiculture crops, (i.e. crops that can stand high water tables and periodic flooding, e.g. sago, jelutong, etc.) or can be grown in undrained or rewetted peatlands e.g. rattan or vanilla;
- Assess the economic viability of potential new crops and uses and the potential for engagement of women, youth and indigenous peoples and support value chain development;
- Establish at least one agroforestry/paludiculture demonstration site in landscape including sago and one or two additional species (inclusive of demonstrating processing steps for these crops) to help develop alternate land management approaches;
- Depending on progress and outcomes - undertake training and outreach to promote such approaches to other similar sites in the landscape.
- Document experiences and lessons learned

Activity 2.2.4 Support development processing and marketing of value added products in agriculture sector. The proposed sub activities include:

- Assessment of potential opportunities for the development, processing and marketing of value-added products in the agriculture sector including in particular those that may benefit women and youths.
- Provide agri-entrepreneurship training for women and youth
- Support development, processing and marketing strategy for selected value-added products

Activity 2.2.5 **Expand community-based agro-ecotourism to provide alternative income for local communities while promoting sustainable use of the landscape.** With increasing number of domestic and international tourists visiting Sabah and the impending completion of the Trans-Borneo highway reducing travel times from Kota Kinabalu to the KPPL, there are opportunities to promote community-based ecotourism to supplement income and support the measures to enhance protection of the KPPL. Potential agro-eco tourism product options include mangrove tours; sago processing demonstrations; recreational fishing, display and information materials; homestay development; marketing or promotion of packages; handicraft or local product development. The proposed sub activities include:

- Assessment of the barriers, opportunities and options for community-based ecotourism in KPPL as an alternate and complementary income source
- Organise technical guidance and training to community, based on the assessment
- Provision of micro-grants to local community members to support agro-ecotourism such as for repair and upgrading of boats for mangrove tours; sago processing demonstrations; display and information materials; homestay development; recreational fishing; marketing or promotion of packages; handicraft or local product development etc.
- Work with The Sabah Tourism Board and tour operators to boost agro-ecotourism in KPPL

Component 3: Enhancing management of biodiversity in forests, and plantations in the Kinabatangan Peatland Landscape (KPL)³

The Kinabatangan Peatland Landscape (KPL) is in Eastern Sabah and covers an area of about 157,000ha in the lower portion of the Kinabatangan and Segama River Basins in Sabah. An estimated 31,000ha of peatlands as well as extensive coastal mangrove forests occur in the landscape. The project will focus on reducing the impact of agriculture and plantations on the environment through application of best management practices in plantations and smallholder agriculture on peat, support for local communities engaged in the protection and rehabilitation of forests and peatlands as well as sustainable wetland management in the landscape; work with private sector plantations in to enhance water management and protect and restore peatlands outside of protected areas; and monitoring and reducing pollution from oil palm mills and agrochemicals. Specific focus will be given to reducing human-wildlife conflicts, which are a major issue in the landscape affecting communities and plantations alike. This is related to the migration of rare, endemic pygmy elephants along the river. Various options have been developed to facilitate migration and reduce conflicts including securing safe passages for the elephants and creating wildlife corridors, which will be supported by the project. In order to enable inclusion, the project will take measures to ensure women, youth and Indigenous Peoples involvement during multi stakeholder collaboration to protect and restore forest in the KPL and address the access and control over natural resources. This component includes a target of at least 50% participation for women in all relevant activities, ensuring their active involvement in decision-making and management processes.

Outcome 3: Enhanced sustainable management of forests, peatlands and plantations in the Kinabatangan Peatland Landscape

The management of plantations, peatlands and forests in the Kinabatangan peatland landscape will be enhanced through implementation of a Strategy for Sustainable Management of Forests, Peatlands and Plantations. This is expected to improve practices on at least 100,000 ha including at least 60,000ha of oil palm plantations under 10 different companies and 40,000 ha of forest and wildlife sanctuaries in the core of the Kinabatangan Biosphere Reserve. Multi-stakeholder (Government, CSO, plantation sector and local communities) collaborate will enhance practices and collaborative actions. The Oil palm supply chain will be engaged through the Palm oil supply chain (RSPO and MSPO) and collaboration with industry associations.

Output 3.1: Collaboration enhanced among multi-stakeholder partners to conserve biodiversity in forests and plantations in the Kinabatangan Peatland Landscape (KPL)

The following activities will be supported:

Activity 3.1.1: Enhance Strategy and Plans for **Sustainable Management of Forests, Peatlands and Plantations** in KPL. Indicative sub-activities are:

- Develop a strategy for sustainable management of forests, peatlands and plantations in the KPL
- Contribute to the completion or refinement of management plans in the landscape (e.g. Forest Management plans, Biosphere Reserve Management Plan) with a focus on peatlands and community engagement
- Support promotion and implementation of the strategy and Management Plans

Activity 3.1.2: **Support monitoring and information sharing of the core area of the proposed Kinabatangan Biosphere Reserve/KPL.** The core area of the proposed Kinabatangan Biosphere Reserve includes a number of forest reserves and wildlife sanctuaries of global significance for conservation of biodiversity. The project will support these through indicative sub-activities in particular:

- Develop a monitoring plan for core area of the proposed Kinabatangan Biosphere Reserve
- Undertake regular monitoring using remote sensing to identify any significant encroachment or fire in the conservation areas in the landscape.
- Undertake periodic field surveys using vehicle, boat and drone to monitor high risk forest areas and support protection of forests, peatlands and wildlife
- Work with relate to government agencies to address any key issues identified through the monitoring programme
- Publish periodic (at least annual) monitoring reports

Activity 3.1.3 Support multi-stakeholder collaboration for sustainable Management of the KPL.

This will build upon extensive consultations already held by the Sabah Biodiversity Centre with multiple stakeholders in the development of the proposal for designation of the Kinabatangan Biosphere Reserve and addressing wildlife conflict and conserving key habitats and promoting sustainable agriculture and plantations. It should build on the active work of various NGOs in the landscape such as Hutan and KOPEL. The planned sub-activities are:

- Build on existing actions to support establishment of or strengthen multi-stakeholder collaboration in the landscape, to link work of different stakeholders (community, NGOs, Govt agencies and Plantations) to enhance sustainable agriculture and plantations as well as biodiversity conservation;
- Develop collaborative solutions to wildlife conflict and conserving key habitats and promoting joint action to establish biodiversity corridors;
- Support action to establish wildlife corridors and vegetated buffer zones in the landscape;
- Monitor actions by stakeholders and produce annual report on stakeholder actions to support conservation and sustainable land management;
- Ensure that women, youth and IP groups are actively engaged and ensuring they have a meaningful role in decision-making processes and leadership opportunities.

Activity 3.1.4 Scale up action by the plantation sector to promote use of best management practices and enhanced biodiversity conservation.

The KPL is dominated by large areas of oil palm plantations mainly developed by large, medium and small sized companies. While most larger companies in the landscape are certified by RSPO and follow best management practices, medium and smaller companies face capacity and other challenges to implement best practices and conservation measures. The project will support collaborative work to transform the landscape by enhancing sustainable management practices, covering at least 60,000ha in KPL. Indicative sub-activities are:

- Review and map the different plantation companies in the KPL and identify the status of their certification under RSPO and MSPO and challenges in undertaking best management practices;
- Identify companies facing challenges and select priorities for support.
- Organise training programmes on sustainable plantation management and natural resource and biodiversity conservation in partnership with plantation associations (Sabah Branch of Malaysian Palm Oil Association and East Malaysia Planters Association)
- Support training on sustainable plantation management for communities and smallholders in partnership with MPOB

- Collaborate with certification schemes (RSPO, MSPO and Sabah JASPO) to promote adoption and certification in the landscape
- Support plantation companies to undertake mutual learning on environmental management including the establishment of biodiversity corridors, to adopt best management practices and enhanced biodiversity conservation measures by all targeted oil palm plantation companies;
- Monitor and report enhancements made by plantation sector in the landscape

Activity 3.1.5 Strengthen the capacity and activities of local community groups for community-based natural resource management and sustainable agriculture/agroforestry. This activity will ensure the involvement of women, youth and IP in sustainable agroforestry programs, agriculture and plantation. If possible, incorporate the economic activity of women, youth and IP under pilot projects for income generating related activities. Indicative sub-activities are:

- supporting formation and strengthening of community groups (through training, mentoring and support for operation costs) to conserve natural resources and promote sustainable agriculture on KPL
- Link together different community groups in the landscape to establish a collaborative network;
- Establish a capacity development hub at KOPEL at Batu Puteh to undertake multi-stakeholder capacity building programmes for forest protection, forest restoration, ecotourism, livelihood, agroforestry wildlife conservation, co-management etc. Ensure that women, youth and IP groups are actively engaged in the community groups and activities

Activity 3.1.6: Strengthen community-based conservation and rehabilitation of peatland and other forests in Kinabatangan Peatland Landscape. The activity will build on the long track record of collaboration between the SFD and community groups such as KOPEL in forest restoration. Indicative sub-activities are:

- Undertake an assessment to identify and prioritise degraded peatland and forest areas for rehabilitation
- Support the establishment and expansion of community-nurseries to produce tree seedlings for restoration projects in the landscape;
- Undertake selected forest rehabilitation through tree planting and maintenance and assisted natural regeneration.
- Identify, designate and restore wildlife corridors and river buffer zones as well as degraded forests and peatlands in Community and plantation lands as well as river corridors in partnership with government, plantation and tourism sectors
- Monitor and report on the success of forest restoration and encourage scaling-up across the landscape.

Outcome 4: Enhanced knowledge and understanding and information on sustainable peatland landscape management practices

The management of peatlands in the context of the global food system is challenging across the planet. The relation between water management and sustaining the productive capacity of the landscape in the long term, in particular, is not always well understood by landscape managers. This project will share and disseminate lessons learned, as well as connect to peatland management experts in other countries to exchange knowledge. In addition, this component will also highlight the knowledge and information that comes from traditional practices that contribute to sustainable landscape management and the involvement of women, youth and IP in the target landscapes. This component will also include monitoring and evaluation measures to ensure effective project implementation in line with the FS IP programmatic guidelines for KM and M&E.

Output 4.1 Knowledge sharing platform and active monitoring and sharing of information and practices

Output 4.1 Knowledge sharing platform and active monitoring and sharing of information and practices

The following activities will be undertaken:

Activity 4.1.1: Establish a platform for knowledge sharing and collaboration among stakeholders involved in peatland management in Sabah. (SFD, NRO, other agencies including IP associations). Indicative sub-activities are:

- Assess the role of sustainable peatland management in contributing to food systems including ecosystem services provided by peatlands
- Develop project website including information repository on sustainable peatland management for food systems, while feeding the FS IP GCP KM Portal.
- Maintain website, update information based on lessons learned in the SAFPLIM, develop outreach materials for the project and for the FS IP programme.
- Conduct activities to enhance skills and ability of project team through internal and external training sessions, including participating to FS IP KM Communities of Practice.
- Capture and share gender-disaggregated data, highlight lessons learned from women's participation, and promote best practices for reducing barriers to their involvement in decision making
- Incorporate culturally appropriate approaches to ensure meaningful engagement of women, youth, and Indigenous Peoples (IP), recognizing their unique knowledge systems, languages, and perspectives

Activity 4.1.2: Document and share best practices for sustainable management of peatland landscape at state level This activity will include (SFD, NRO, DOA, MSPO, NGOs). Indicative sub-activities are:

Design and prepare publications on lessons learned

- Training/Capacity Building (including peer-to-peer learning, demonstration sites, workshops, exchanges on assessing biodiversity measurements and impacts, and contributing to FS IP Communities of Practice.
- Documenting lessons related to sustainable peatland use to contribute to Nationally Determined Contribution (State and Federal) and NBSAP/State Biodiversity Strategy, including the contributions of women, youth, and Indigenous Peoples (IP) in sustainable peatland management.

Activity 4.1.3: Facilitate national, regional and international exchange on best practices for management of forests and agriculture in peatland landscapes. (SFD, NRO, other agencies). The project will support national, regional and international exchange on best practices for management of forests and agriculture in peatland landscapes through documentation and of best practices and experiences in Sabah under the SAFPLIM project as well as facilitating dialogue and exchange at regional and international level through the FSIP global platform and related activities. Indicative sub-activities are:

- Facilitate sharing of experience on best management practices for forests and agriculture in peatland landscapes with relevant Southeast Asian Countries and the FS IP community.
- Participate in the GEF FSIP Regional/International Workshops and Communities of Practice and other meetings relevant to transformation of food systems in peatland landscapes.
- Participate in national and regional workshops, events, study visit and exchanges
- Preparation of scientific/technical paper on sustainable peatland use and the food systems of peatland landscapes in Malaysia.

Activity 4.1.4 Develop and enhance systems for documentation and reporting on progress in meeting state level and national targets. GHG emission reduction is a critical element of sustainable management of peatlands, forests and agriculture in peatland landscapes. Indicative sub-activities are:

- Training/Capacity building on MRV of GHG emissions measurements
- Engage experts to conduct specific tasks related to the documentation and reporting include ensure safeguard of social inclusion and gender, and design MRV system for AFOLU carbon reporting at the level of Sabah State including estimating emissions from and sequestration in peatlands
- Office equipment for publications

Outcome 4.2 Monitoring and evaluation results guiding enhanced implementation

The SAFPLIM project has a comprehensive monitoring and evaluation system to assess and monitor the effectiveness of the project to meet its targets. The monitoring and evaluation (M&E) framework is elaborated further in Annex I and provides the SAFPLIM project team guidance on M&E that later will be elaborated with a more detailed M&E plan by the project team. The SAFPLIM project team will need to execute and monitor the implementation of the M&E Plan, document and report progress of project implementation, and evaluate whether the approaches and strategies are achieving the intended results, all in alignment to the FS IP GCP M&E guidelines.

This framework also provides some guidelines for stakeholders to be involved in the SAFPLIM project in preparing the documentation and reporting regarding the activities implemented, including financial matters, and monitoring the situation of the landscapes covered by this project. The M&E system is designed as a platform to consolidate and provide reliable data/information both at the project and the FS IP programmatic level, according to results-based management and evidence-based decision-making principles. During the project implementation, supervision missions, implementation support missions are planned at least once per year to assess the progress of the project, observe the project on the ground and feed into a discussion on challenges, strengths, and necessary adaptive measures.

Activity 4.2.1: Gender sensitive M&E system in place

This will include operating a GIS system to record all project The system will also capture gender-disaggregated data and track the participation, contributions, and impacts of women, youth, and Indigenous Peoples (IP) in project activities to support more inclusive reporting and meaningful impact assessment. As to support appropriate documentation of information in particular project intervention, baseline survey is needed and to be conducted to collect basic information, as well as Project Inception Workshop to agree on M&E concept and strategy and how the project M&E will link up to the overall FS IP M&E system. Relevant experts and/or project officers to be engaged to perform M&E, social safeguard, as well as gender and social inclusion. These experts and maybe outsourced specialists are engaged to provide appropriate training to the project team. The TORs of the experts and/or project officers are in Annex L. The proposed activities are:

- Develop an M&E system building on the M&E framework in the project document and in alignment to the FS IP programmatic requirements that incorporates the application of satellite imagery to assess peatland forest status and extent.
- Undertake effective monitoring, evaluation and reporting on project progress (SFD, NRO) include organisation of meetings and stakeholder workshops to collate updates for reports.
- Capture gender-disaggregated data and track the participation, contributions, and impacts of women, youth, and Indigenous Peoples (IP) in project activities to support more inclusive reporting and meaningful impact assessment.
- Engage specific M&E Officer

Activity 4.2.2: Periodic missions conducted including MTR and TE

Supervision missions will be conducted annually unless the year conducts a mid-term review (MTR) and terminal evaluation (TE) mission. The mid-term review and terminal evaluation will be undertaken by independent consultants mainly to: (a) assess achievements and efficiency, effectiveness of project management, and continued validity of the project design; (b) identify key lessons learnt and good practices; and (c) provide recommendations for improved performance. The main activities will be:

- Undertake Project Supervision, Mid-term and Terminal Evaluations.
- Organise meetings and stakeholder workshops to prepare and in respond to MTR and TE missions

B.2 Summary of Institutional Arrangements and Coordination with Ongoing Initiatives and Project.

Proposed institutional arrangements

The Institutional arrangements for the SAFPLIM project in Sabah will build on those currently used for the existing IFAD-GEF Sustainable Management of Peatland Ecosystems in Malaysia

(SMPEM). Since the fund will be channeled directly to Sabah, there will be two levels of institutional set-up which comprises the Project Steering Committee (PSC) and a state Technical Working Group (TWG). The PSC will be chaired by the Natural Resources Office of the Chief Minister's Department (NRO), and the TWG to be chaired by the Sabah Forestry Department.

The Sabah Forestry Department under the leadership of the Chief Conservator of Forests will be the lead Project Executing Agency. The PSC will be the primary governing and management body responsible for management and supervision of the Project. The Sabah Forestry Department will be the secretariat for the PSC which will convene at least twice per year, and more frequently if the Committee so desires.

The PSC will comprise representatives from all agencies and Government ministries in the state involved in the project including Ministry of Agriculture, Fisheries and Food Industry, Local Government and Housing; Ministry of Rural Development; Ministry of Finance, Sabah Economic Planning Unit, Sabah Forestry Department (Secretariat), Sabah Land and Survey Department, Department of Agriculture Sabah, Department of Irrigation and Drainage, Department of Environment, Environment Protection Department Sabah, Sabah Wildlife Department, Sabah Biodiversity Centre and Town and Regional Planning Department

The TWG will be established to oversee the activities at the project sites. The Committee will be chaired by the Sabah Forestry Department and consist of representatives from State Government departments and agencies involved in activities at the Project site, district offices, local authorities and private plantations. The proposed members include Sabah Forestry Department (Chair), Project Site Office (PSO) (Secretariat), District Office Beaufort, District Office Kuala Penyu, District Office Membakut, District Office Kinabatangan, Lands & Survey Department, Environment Protection Department, Department of Environment, Department of Agriculture, Drainage & Irrigation Department, Sabah Tourism Board, Fire & Rescue Department, Malaysia Palm Oil Board (MPOB), and Malaysian Sustainable Palm Oil (MSPO). Both Klias and Kinabatangan project sites will have Landscape working groups comprising landscape level stakeholders.

A state Project Management Office (PMO) is to be hosted by the Sabah Forestry Department in Sandakan and supported by two Project Landscape Offices (PLO) respectively located in Beaufort (Klias) and Kinabatangan. The PMO will be led by a Project Director (Grade 13), and assisted by a Project Coordinator (Grade 12), preferably both are Senior Officers from the Sabah Forestry Department. To supervise technical matters related to agriculture and plantation, a Technical Advisor preferably a Senior Officer (at least Grade 10) from the Agriculture Department will be appointed. Those three Officers are staff to be provided by the Sabah government as part of the State Government in-kind contribution for the Project. Full-time project staffs consisting of a Project Manager (Grade 12), Finance Officer (Grade 9), Administration and Procurement Officer (Grade 9), Monitoring and Evaluation Officer (Grade 9/10), Knowledge Management Officer (Grade 9/10), and Agriculture and Plantation Officer (Grade 9/10), will be recruited for the duration of the project and will be the primary technical, coordinating and administrative team of the project. These Officers will be remunerated equivalent to the respective salary grades under the Government of Malaysia civil servants' salary scheme plus benefits as appropriate.

The primary responsibilities of the PMO will be to oversee and coordinate the implementation of all Project activities and undertake all administrative, procurement and financial management tasks required for the smooth execution of all Project activities.

Project Landscape Offices (PLO) will be established at both Klias and Kinabatangan project sites. Each PLO will be led by a Senior Technical Officer (Landscape) (Grade 10) and supported by a Peatland and Forest Management Officer (Grade 9) and a Community Development Officer (Grade 9) on a full-time basis. The PSO will be responsible for guiding, implementing and monitoring all activities to be conducted at each respective landscape and facilitate engagement of IPLCs and other stakeholders.

TOR for key personnel are given in Annex L.

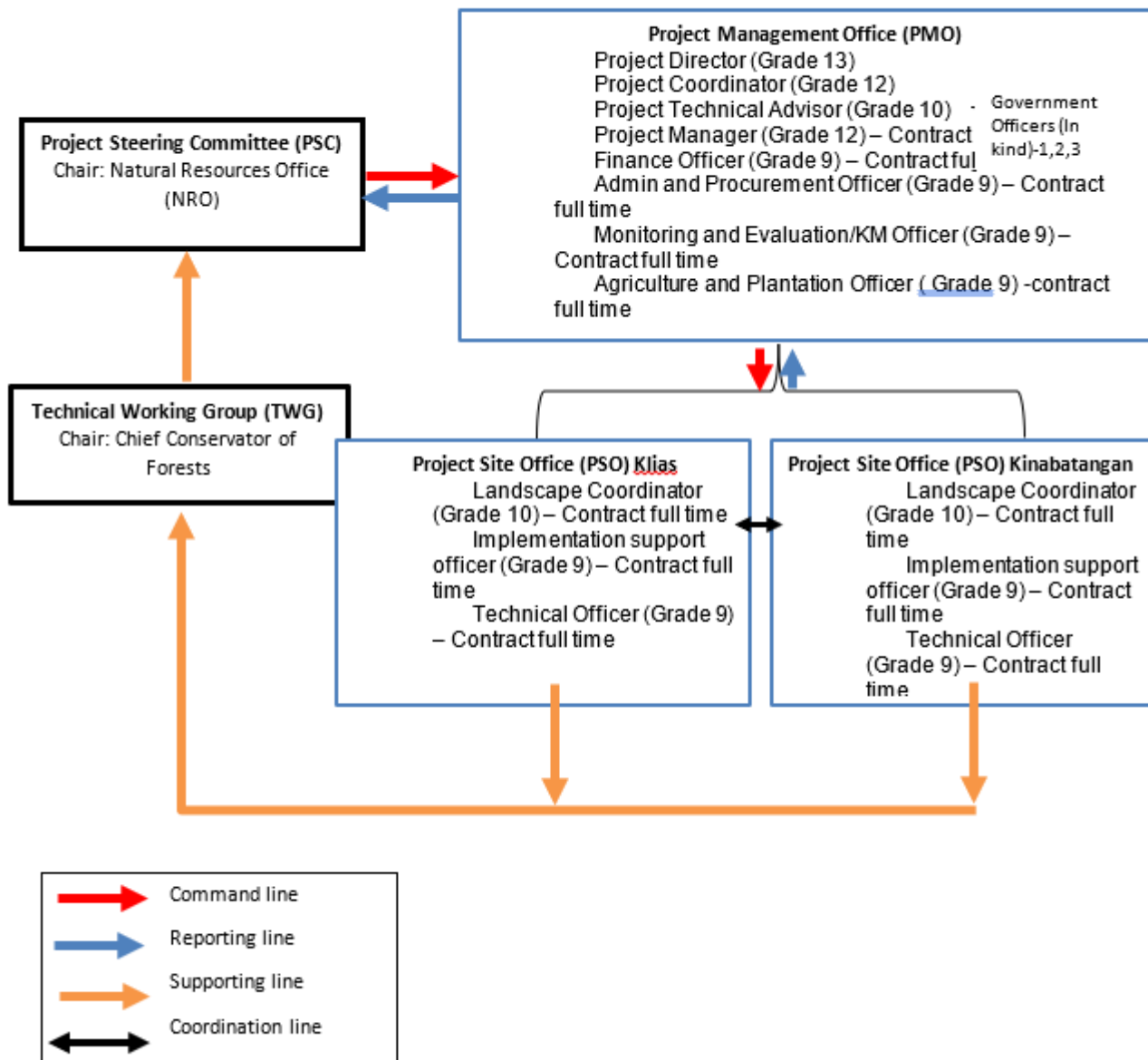
Private Sector engagement

The project will actively engage the private sector especially the oil palm plantation sector. It will work with the Malaysian Palm Oil Association and the East Malaysia Planters Association to collaborate with the oil palm plantation companies in the two targeted landscapes. In the Kinabatangan landscapes it will help support the development of strategies for the establishment and rehabilitation of wildlife corridors and buffer zones along the Kinabatangan River and tributaries as well as adjacent to forest reserves and protected areas. This will help address wildlife conflict especially with large herds of endemic Pygmy elephants which if not managed well leads to large scale damage to oil palm crops and has led to a series of elephant poisoning incidents. The project targets to engage at least 10 medium and large plantation companies with plantations covering 60,000ha in the Kinabatangan Peatland Landscape. These companies will be encouraged to adopt best management practices for plantations and also enhance measures for biodiversity conservation within their land banks. In the Klias Peninsula Peatland Landscape which is dominated by smallholders, the project will work more with the Malaysian Palm Oil Board (MPOB) on promoting certification by smallholders and medium and small enterprises (MSMEs). It will also collaborate with oil palm supply chain companies linked to this landscape such as mills and refineries to promote the application of best management practices for oil palm management by smallholders including good agronomic practices, integrated pest management, biodiversity conservation, fire prevention and enhancement of water management practices in peatland areas as well as the promotion and implementation of No Deforestation, No Peat and No Exploitation (NDPE) Policies which are adopted by the majority of the refineries serving the two landscapes. Collaboration will also be undertaken with private sector tourism companies especially in the Kinabatangan Peatland Landscape and to a lesser extent in the Klias Peninsula Peatland Landscape Component 1 will develop a Strategy for long-term financing of Sustainable Management of Peatland Landscapes (SMPL) and assist key stakeholders (especially SMEs, smallholders and local communities) in accessing resources including finance and technical assistance from government agencies as well from the private sector and CSOs. The project will also assist local communities and landowners to access development grants from the government and finance from the banking sector (e.g. low carbon transition finance facilitated by the Central Bank (Bank Negara) and commercial banks). These development loans and grants cannot be used to establish new plantations, but only for enhancing the sustainability of existing plantations. SMEs and smallholders in the plantation and commodity supply chain will be guided to obtain finance and technical support from related government agencies (MPOB, Department of Agriculture (DOA), FAMA etc.) as well as from the private sector (e.g. oil palm companies and processors and traders). Options to access climate- or biodiversity-related finance to support long-term sustainable agriculture and plantations in peatland landscapes. Peatland rehabilitation and management will be assessed through a policy review and pre-feasibility studies.

Institutional Arrangement and Coordination with Ongoing Initiatives and Project.

Please describe the Institutional Arrangements for the execution of this child project, including framework and mechanisms for coordination, governance, financial management and procurement. This should include consideration for linking with other relevant initiatives at country-level (if a country child project) or regional/global level (for coordination platform child project). If possible, please summarize the flow of funds (diagram), accountabilities for project management and financial reporting (organogram), including audit, and staffing plans. (max. 500 words, approximately 1 page)

SAFPLIM: Institutional Arrangements for Sabah



Financial management arrangements:

1. Fiduciary and Financial risks: Malaysia's inherent fiduciary risk is rated as "Moderate" according to the scoring provided by Transparency International on the Corruption Perception Index at country level, which improved in 2023 with a score of 50/100 compared to the 47/100 of 2022.

However, the inherent FM risk for SAFPLIM Project is rated "substantial" based on the issues experienced in the implementation of the existing GEF6 SMPPEM project related to: delays in FM staff recruitment at State project offices; delays in AWPB formulation and submission; particularly in lack of adequate planning of budget and regular monitoring of the pace of expenditure; weak FM capacities and internal control system; delayed submission of quarterly Interim Financial Reports (IFRs); Withdrawal Applications (WAs) and unaudited financial statements; delays in appointment of external auditor and conducting of annual audits, submission of annual audit reports and timely resolution of audit observations. Furthermore, there

was no proper system in place to record Counterpart funding and co-financing contributions in order to track National and State Government project funding.

In order to address these challenges, the lessons from the SMPEM have been fully considered in the design of the current project. The main improvement is that the flow of funds has been strongly simplified compared to SMPEM as it includes only one state, which facilitates rapid fund disbursement and simplified planning and disbursement. Next, the project will recruit (through open process) a qualified Project Finance Officer. Capacity-building training will be provided at the start-up stage to acquaint project staff with FM requirements. The project executing agency will develop effective internal control systems in line with the guidelines in the Project Implementation Manual (PIM) and provide intensive training to project finance staff in their use. This will mitigate potential internal control risks. Once the mitigation measures are put in place during implementation, FM assessments will be made during supervision missions and amendments of residual risks will be made based on supervision observations. The residual risk is expected to be "Moderate"

2. Organization and Staffing: The PMO will be responsible for overall financial management as well as internal control systems within the project, with the support of a competent Senior Finance Officer from the SFD. The PMO will hire a qualified Project Finance Officer, preferably experienced in working with international funded projects as well as an Project Administration cum Procurement Officer. All staff will be trained in IFAD anti-corruption policies from project start-up. Financial management structure and flow of funds arrangements will be largely drawn from the experience of the existing GEF 6 SMPEM Project. Project risk level and the adequacy of these arrangements will be closely monitored and assessed by IFAD Procurement & Financial Management Division (PFMD) on an on-going basis and throughout the implementation of the project (through implementation support and supervision missions).

3. Budgeting: Project staff will prepare the project budget (AWPB) and procurement plan in IFAD format showing budgeted expenditure by components and categories. Depending on the available functions in the accounting software and the staff capability, the AWPB may be entered in the accounting software for comparison of the expenditure against the budget or maintained in an excel spreadsheet extracting expenditures from the accounting software. The AWPB will be submitted to the Project Steering Committee (PSC) and State Technical Working Group (TWG) for discussion and approval incorporating any prior comments and recommendations from consultations with the Ministry of Finance, and collaborating partner government agencies including the Department of Agriculture, Sabah. The AWPB will be approved by PSC and sent to IFAD for no-objection 60 days before the start of the fiscal year.

4. Funds flow and Disbursements Arrangements: One Designated Account (Project Trust Account) in local currency (MYR) for SAFPLIM Project will be opened at the Bank Negara Malaysia (the Central Bank of Malaysia), with the authorization of the Sabah State Government, Ministry of Finance (MoF)-Treasury Division- Malaysia to receive grant funds from IFAD. A Project Trust Deed will be issued by the Sabah State Government, Ministry of Finance-Treasury Division- Malaysia to facilitate the operation and governance of the Project Trust Accounts by the Sabah Forestry Department ("Lead Executing Agency-LPA")- Malaysia and the respective SAFPLIMs implementing agencies.

The SAFPLIM Project Trust account will be managed in accordance with the law, rules, regulation and policies of the Recipient. All project transactions i.e. receipts and disbursements of project funds will be recorded in the Trust Account Ledger in Malaysian Ringgit (MYR) by the Sabah State Government, Ministry of Finance (MoF), Treasury Division of Malaysia.

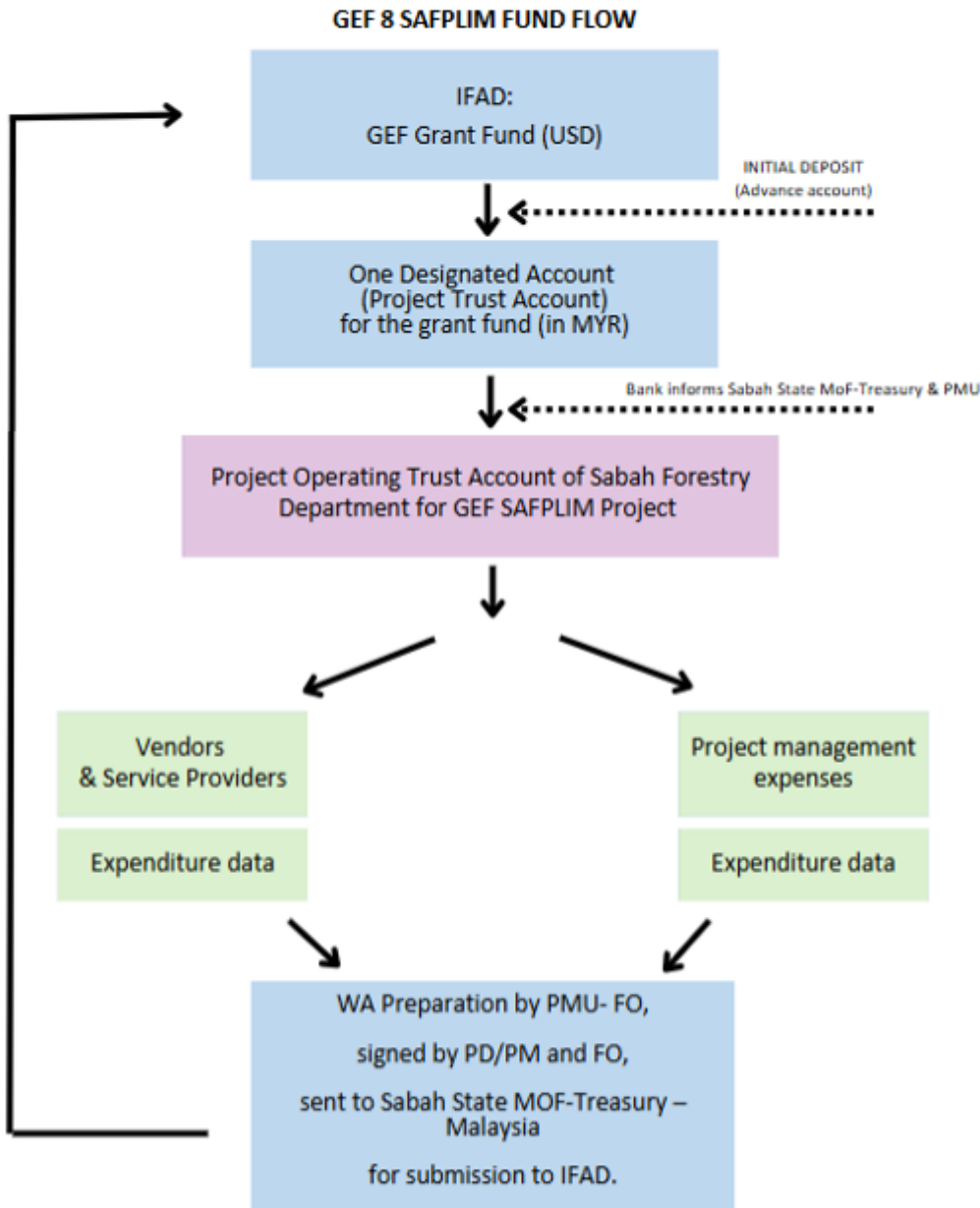
Disbursement of funds from IFAD will follow the revolving fund mechanism on submission of the Interim Financial Reports (IFRs) and Withdrawal Applications (WAs) through the IFAD Client Portal (ICP). State Ministry of Finance (MoF) Treasury Division will approve the WAs for payment processing. Details of the quarterly Interim Financial Report (IFRs); IFRs submission date and disbursement procedures will be specified in the handbook and Financial Management and Financial Control (FMFC letter). A fund-flow diagram and procedure will be provided in detail in the project implementation manual (PIM). To prevent commingling of funds, separate accounts for any government contribution will be opened in local currency.

The PMU will monitor and record in-kind co-financing from the State Government for USD 15 million. See Figure 1 for fund flow process.

5. Internal Controls: An acceptable level of segregation on duties within the PMU will be assured by the division of tasks between the Finance and Admin Officer and the project staff in the role of approver. Project Implementation Manual (PIM) will also specify key internal control procedures such as accounting function, segregation/independence, payments, procurement, account reconciliation and preparation of the financial reports and withdrawal applications. PIM will also include information on user access and authorization for accounting software. The internal audit of the project will be conducted by the State Ministry of Finance/Treasury of Malaysia, an internal audit unit which will employ an Internal Control Monitoring Specialist, and it is deemed adequate to engage this specialist for the project. Internal audit will conduct on a quarterly and semi-annually yearly basis and submit an internal report which will be made available to IFAD on request.

6. Accounting and Financial Reporting: Accounts of the Project will be maintained using computerized accounting software for capturing daily accounting transactions and providing IFAD's required financial reports. The project will maintain its accounts in accordance with IPSAS-Cash Basis or on an accrual basis accounting of standards and the Malaysian Financial Reporting Standard (on an accrual basis) which is a comprehensive basis of accounting and considered identical to the International Financial Reporting Standards (IFRS) which are accepted by IFAD. Additional financial information, aside from all financial statements that are mandatory under IPSAS cash/accrual, will be prepared by the project in accordance with the IFAD Handbook for Financial Reporting and Auditing of IFAD-Financed Projects. PMU shall provide the quarterly interim financial reports (IFRs), unaudited financial statements and audited financial statements, audit reports and management letters to IFAD within the stipulated timeline.

Figure 1. SAFPLIM flow of funds



7. External Audit: The project will submit an external audit report to IFAD within six months of the end of each fiscal year. The audit's Terms of Reference will be reviewed and cleared by PFMD-IFAD before their selection to the audit firm (to be selected through a competitive process, in line with recipients' procurement rules and regulations consistent with IFAD's procurement guidelines). IFAD will review the quality and timeliness of each audit report and ensure proper follow-up to audit recommendations contained in the mandatory Management Letter. Audit firm rehiring will only be possible for a maximum four consecutive years (following which retendering will be required), and conditional to the outcome of IFAD's yearly assessments. During project implementation, IFAD will also assess the possibility to assign the role of external auditor for the project to the Auditor General (AG), National Audit Department (NAD) of Malaysia depending on their capacity and availability.

The IFAD Anti-Corruption Guidelines are expected to be followed by the project to prevent fraud and corruption. To mitigate risks, FM measures include reviews of annual external audit and internal audit, approved FM procedures and controls, periodic IFRs, and reviews by IFAD. There will be a beneficiaries' grievance mechanism under the SECAP procedures to ensure compliance with standards and address non-compliance promptly. These measures aim to ensure the integrity of the project.

Procurement Management, Legal Framework and Governance

The procurement in the Project will be carried out using procurement procedures guided by Government of Malaysia and Government of Sabah GOV's Treasury Instructions as outlined by the Ministry of Finance, Malaysia, Procurement Law [8] and IFAD Project Procurement Guidelines. In case of contradiction between the two, the latter shall prevail. The procurement procedures will be detailed in the Project Implementation Manual (PIM).

Readiness for Implementation. Sabah State Forestry Department has a track records of experience in implementing similar international projects however it has faced capacity challenges to carry out timely public procurement in other projects. To address this issue, the Project shall recruit a project administration cum procurement officer to complement the Forestry Department the current procurement staff and organisational structure for the Project. This procurement Officer shall be based in the PMO.

Procurement Risk Assessment. A procurement risk assessment was conducted in Sabah State using Methodology for Assessing Procurement Systems (MAPS) during the design. The assessment showed that the inherent risk is moderate. The main risks and proposed mitigation measures are depicted in Annex 9 – IPRM.

Procurement Plan. At project start-up, the PMU shall update, complete and submit to IFAD for its approval, the 18 months Procurement Plan. This will be followed by successive 12-month plans synchronized with the AWPBs during implementation. SAF PLIM shall update the Procurement Plan annually or as needed throughout the duration of the project. All such updates of the procurement plan shall be subject to IFAD's no objection. Items procured outside the approved procurement plan and the related AWPB will be declared mis-procurement and the related expenditure will be ineligible for financing from the loan/grant proceeds.

The procurement plan must at least include: i) a brief description of each procurement activity to be undertaken during the period; ii) an estimated value of each procurement activity; iii) the procurement method to be adopted for each activity; and iv) an indication on whether IFAD shall carry out prior or post review in respect of every procurement activity to ensure compliance with the Project Procurement Arrangement Letter (OPEN) and AWPB. The Project shall be required to implement IFAD Online Procurement End to End (OPEN) system. The Procurement Plan (PP) will serve as a monitoring and review tool. The project will be encouraged to consistently update and enhance the Procurement Plans (PP) within IFAD's OPEN System. Procurement activities will be methodically organized based on procurement categories (goods/works/services).

Procurement Methods. Procurement methods and their thresholds and regulations for IFAD prior or post-review are presented in the PIM and Project Procurement Arrangement Letter (OPEN). IFAD may modify these thresholds during Project implementation. Based on experience in past projects and the value of current procurement packages, it is unlikely that international bidders will be interested in proposed contracts in the Project, taking into account the high competition from domestic contractors and local conditions. Market research showed that the capacity of national contractors is sufficient to provide the services required by the Project, however there may be some challenges in obtaining the consultancy services (specialist) within Sabah State. The expected main procurement methods in this project will be National Competitive Bidding (NCB) for civil works and Goods, Quality Cost-Based Selection (QCBS), Fixed Budget Selection (FBS), Least Cost Selection (LCS), Sole/Single Source Selection (SSS), and Individual Consultants Selection (ICS) for consulting services. NCB, QCBS, FBS, and LCS contracts. While the

Government of Malaysia already has an e-procurement system operational, this has not yet been adopted or rolled out in Sabah State.

IFAD will incorporate relevant thresholds in the Procurement Arrangement Letters (PAL) to necessitate provisions for Post or Prior review Contracts. Contracts subject to IFAD's prior review modality will require the Project to seek IFAD's approval through an OPEN system, thereby mitigating the risks associated with high value and complex procurement to an acceptable level. SECAP requirements will be incorporated into the Bid Documents. Adherence is necessary to IFAD's Grievance Procedure and the Project will incorporate any future developments pertaining to Procurement Management as they arise.

Regular updates on contract status will be conducted. The Procurement Plan (PP) will serve as a monitoring and review tool. The use of OPEN (IFAD's Online Procurement End to End System) is mandatory. The project will be encouraged to consistently update and enhance the Procurement Plans (PP) within IFAD's OPEN System. Procurement activities will be methodically organized based on procurement categories (goods/works/services). All procurement records should be supplemented by hard copies in relevant procurement files.

GEF 7 FOLUR Project

The GEF8 SAFPLIM project will build upon and complement existing initiatives, particularly the GEF7 FOLUR project, ensuring alignment and synergy in sustainable peatland management. The GEF7 FOLUR project, currently implemented in 12 districts across Sabah, primarily focuses on non-peat areas with an emphasis on terrestrial/mineral soils. In contrast, SAFPLIM will target peatlands and associated peatland landscapes, specifically in the Klias Peninsula and Kinabatangan Landscapes. This differentiation in geographic scope presents a strategic opportunity for collaboration while avoiding redundancy.

[8] State Gov of Sabah Treasury Instruction Bil.18 2009 and Bil. 4 2023, refers to current treasury instructions for the application of the public procurement processes and procedures

Will the GEF Agency play an execution role on this child project? No

If so, please describe that role here and the justification.

Also, please add a short explanation to describe cooperation with ongoing initiatives and projects, including potential for co-location and/or sharing of expertise/staffing (max. 500 words, approximately 1 page)

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Given that the GEF7 FOLUR project and SAFPLIM share common objectives in promoting sustainable land management and food system transformation, there is significant potential for cooperation in the following areas:

1. **Geographical Coordination and Complementarity**

- The GEF7 FOLUR Project focuses on general frameworks and mechanisms for sustainable land use planning and support for sustainable commodity production (focused mainly on non-peatland areas) and the state level and district level. The SAFPLIM will address sustainable management of peatland landscapes in line with the State Action Plan on Peatlands. This distinction allows both projects to function in a complementary manner, ensuring that sustainable land management strategies are implemented across various ecosystems without duplication of efforts.
- In the Kinabatangan Landscape, where both projects may have overlapping activities, coordination mechanisms will be established to align interventions and maximize impact. Both projects are coordinated /led by the SFD - so coordination will be straight forward. Detailed measures to ensure synergy will be finalized during the inception period for SAFPLIM Project (expected in 2026) by which time it is expected that the FOLUR project will be further developed

2. **Knowledge Sharing and Capacity Building**

- The lessons learned from GEF7 FOLUR, particularly in financial management, auditing, and project operations, will inform the implementation of SAFPLIM. UNDP's recommendations on establishing a project trust account through the Sabah Forestry Department is being followed to enhance financial transparency and efficiency.
- The institutional and operational arrangements for Monitoring and Evaluation (M&E) and Knowledge Management (KM) developed under GEF7 FOLUR will provide valuable insights for SAFPLIM. Close engagement with UNDP/FOLUR PMO will ensure that best practices are adopted, particularly in aligning reporting structures with government requirements.

3. **Human Resource and Staffing Synergies**

- GEF7 FOLUR has highlighted the importance of having a solid project team, with a strong technical coordinator playing a key role in implementation and oversight. SAFPLIM can leverage this experience by ensuring a well-structured team with clearly defined roles, particularly in technical project coordination, monitoring, and evaluation.
- There may be opportunities for cross-project training and exchanges, where experts from both projects collaborate on technical studies, workshops, and capacity-building initiatives.

4. **Financial and Institutional Alignment**

- Both projects operate within the broader framework of the Sabah State Government's commitment to sustainable land use planning. The Sabah Forestry Department plays a central role in both initiatives, facilitating institutional continuity and policy coherence.
- SAFPLIM will explore co-funding tracking mechanisms aligned with the approach used in GEF7 FOLUR, ensuring efficient resource allocation and financial accountability.

The SAFPLIM project has a focus on agriculture and plantation transformation focussed on peatland landscapes. It is part of the Global Food Systems integrated programme and so will bring some strategic initiatives to complement and build on the FOLUR project. Having a practical linkage with elements of the GEF-7 FOLUR programme can help in the overall objective of the FS-IP to build on the experience and lessons learned of the FOLUR programme.

Promoting the best management practices for palm oil production in the peatland ecosystems will support the implementation of Malaysia's Food System Transformation as well as Sabah's Jurisdictional Certified Sustainable Palm Oil (JCSPO) initiative aims to balance palm oil production with forest conservation which is being developed with support of FOLUR

The SAFPLIM support for Good agricultural practices (GAP) for peatland farmers will complement activity under FOLUR with oil palm growers help to help ensure that the environmental ecosystem is conserved, comply with the organic farming technology, which is more environmentally friendly, should be gradually introduced to peatland landscapes. together with the improvement of farmer's well-being.

Linkage with regional mechanisms

The project will work with international vertical commodity-centered multi-stakeholder mechanisms such as the Roundtable on Sustainable Palm Oil (RSPO) as well as various networks, organisations and initiatives related to the palm oil supply chain such as NDPE programmes or the Rimba Collective.

It will link to the ASEAN Peatland Management Initiative and the associated ASEAN Peatland Management Strategy 2023-2030 that facilitates exchange amongst governments in the ASEAN region on peatland management and best practices. It will also build upon the ASEAN Investment Framework for Haze-free Sustainable Land Management (AIF-HFSLM) to help secure partnerships with the financial sector and investors.

Other Projects

There are a limited number of Non-GEF Financed activities operating in the targeted landscapes as follows:

The NGO- Hutan has been working in the Kinabatangan landscape for more than 20 years particularly on the conservation of Orang utan. In the last five years it has been undertaking more activities related to the broader landscape management including helping to prepare the proposal for the Kinabatangan Biosphere Reserve for the Sabah Biodiversity Centre. Hutan is expected to be an important community partner for the SAFPLIM project in the Kinabatangan landscape.

The Global Environment Centre (GEC) has been working in The Klias Peatland landscape since 2018. It has supported various activities for peatland protection, rehabilitation and sustainable use supported by a range of funding partners including IFAD. It has provided support to the ongoing SMPPEM project in development of guidelines for preparation of the State Action Plan on peatland and has supported activities for community engagement in the KPPL will a separate grant for IFAD between 2019-2024. It has an office in The KPPL and has ongoing activities related to fire prevention and control, biodiversity conservation and monitoring. It is expected to collaborate with the SAFPLIM project especially related to the implementation of the KPPL component as well as implementation of the State Action Plan on Peatlands.

Links to FS-IP Global Platform

The project will benefit from the technical assistance hubs provided under the FSIP Global Platform, by joining regional/and or commodity specific communities of practices tailored to country specific needs, i.e. in particular on new and innovative financing to ensure sustainability of the food systems and sustainable

use of peatlands. Malaysia can both learn from and share experiences on sustainable oil palm management in peatland landscapes. Resources have been allocated to participate in relevant knowledge exchange and capacity building activities. The project will also look into collaborating in testing innovative practices that the global platform may recommend.

The global platform will also help in exchanging experience with other countries undertaking GEF-related action on palm oil i.e. Indonesia and PNG (GEF7 FOLUR). The project will explore linkages with the Southeast Asia oil palm community of practice (with the FOLUR projects in Indonesia, Malaysia and PNG).

Table On Core Indicators

Core Indicators

Indicate expected results in each relevant indicator using methodologies indicated in the GEF-8 Results Measurement Framework Guidelines. There is no need to complete this table for climate adaptation projects financed solely through LDCF and SCCF.

Indicator 3 Area of land and ecosystems under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
5000	5000000	0	0

Indicator 3.1 Area of degraded agricultural lands under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
Cropland	5,000.00	2,200,000.00		

Indicator 3.2 Area of forest and forest land under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
	2,800,000.00		

Indicator 3.3 Area of natural grass and woodland under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.4 Area of wetlands (including estuaries, mangroves) under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
200000	200000	0	0

Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
200,000.00	200,000.00		

Indicator 4.2 Area of landscapes under third-party certification incorporating biodiversity considerations

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.4 Area of High Conservation Value or other forest loss avoided

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.5 Terrestrial OECMs supported

Name of the OECMs	WDPA-ID	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)

Documents (Document(s) that justifies the HCVF)

Title

Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO₂e (direct)	2000000	2043000	0	0
Expected metric tons of CO₂e (indirect)	0	0	0	0

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO₂e (direct)	2,000,000	2,043,000		
Expected metric tons of CO₂e (indirect)				
Anticipated start year of accounting		2026		
Duration of accounting		20		

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO₂e (direct)				
Expected metric tons of CO₂e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)

Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	10,000	10,000		
Male	10,000	10,000		
Total	20,000	20,000	0	0

Explain the methodological approach and underlying logic to justify target levels for Core and Sub-Indicators (max. 250 words, approximately 1/2 page)

Area of ecosystems under restoration: the target set is 5,000 ha. The project will support restoration of peat swamp forests in KPPL and lowland forests and peatlands in the Kinabatangan Peatland Landscape, through rewetting, fire prevention and revegetation. This includes an estimated 2,000 ha in Binsuluk Forest Reserve and Padas Damit Forest Reserves and adjacent peatland, agricultural and forest areas in KPPL which are severely fire-prone where fires will be prevented through a combination of community-based fire prevention; enhanced government enforcement; and blocking of drainage canals and rewetting. This area will be targeted for natural regeneration, once fires are prevented in the landscape. In addition an area of 500 ha of degraded peatland in the two forest reserves and adjacent lands will be targeted for restoration through community-based and government-supported forest replanting measures with indigenous species. An area of 2,500 ha in the Kinabatangan peatland landscape is targeted for restoration with native species including 300ha of peat swamp forest, 500ha of mineral soil forest land and 1400ha of agriculture land/ riverine buffer to be restored through control of drainage and a combination on natural regeneration and native tree planting.

Area of landscapes under improved practices: the target is 200,000 ha. The project will support improved practices especially in the agriculture and plantations in the two targeted landscapes and it is estimated that improved practices will be applied to agricultural land and plantations on in both peatland areas and mineral soils in addition to the enhanced monitoring and management practices in peat swamp and riverine forests. It is also expected that community patrolling and fire prevention will ensure that large parts of the two project sites will become free of forest and peat fires by project closure. Specific activities include community-based fire prevention, planning and adapted management of wildlife corridors to reduce human-wildlife conflicts, and local interventions to reduce drainage levels.

GHG emissions reduction of 2.04 million metric tonnes. It is predicted that the GHG emission will be from enhanced water management (i.e. reduced drainage) and fire prevention in oil palm plantations and agriculture in peatlands; fire prevention and restoration in adjacent forest areas in the targeted landscapes; The estimates are based on earlier IFAD-GEF interventions in peatland landscapes in Malaysia and Indonesia (see the dedicated calculations in Annex M). It should be noted that the SAFPLIM project will undertake work in the same Klias Peninsular Landscape (but in different locations) as the ongoing IFAD-GEF Financed SMPPEM project which will be completed in 2026 prior to the SAFPLIM project start. Therefore, during the inception period of the SAFPLIM, the final report on the documented GHG emission reductions from SMPPEM will be reviewed and, if necessary, adjustments made to the GHG emission assumptions, methods and targets for SAFPLIM based on the lessons learned from SMPPEM. In addition, measures will be put in place to avoid any double counting between the two projects.

Beneficiaries - an estimate of 20,000 direct and indirect beneficiaries, with equal benefit for both genders, is made based on expected beneficiaries involved in enhanced agriculture, plantation and peatland management in targeted landscapes as well as benefits from capacity building, outreach and policy work. This is based upon the number of people living in the intervention areas and the number of people directly affected by the project (by participating in trainings on enhanced food systems, crop management, water and plant nutrient management, pest control, paludiculture crops, participating in (paid) labour for restoration efforts) or indirectly benefiting from the project (reduced fire risks, reduced exposure to air pollution resulting from peat fires, reduced crop losses from human wildlife conflicts etc).

Key Risks

	Rating	Explanation of risk and mitigation measures
CONTEXT		
Climate	Moderate	Risk: Based on the ThinkHazard tool and insights from design field visits, the SAFPLIM intervention areas, particularly in peatland landscapes, are likely to experience climate related risks such as flooding, drought, soil degradation, and peatland/forest fires. Projected future climate scenarios indicate increasing temperature variability and more frequent extreme weather events, including prolonged droughts and heavy rainfall, which can intensify these hazards. The project has an inherent Moderate rating. Response: The project will support enhanced water management and fire prevention in agriculture, plantations and forests in peatland areas to enhance resilience to climate change and reduce fire and flooding risks. The project will also integrate reforestation and agroforestry practices to boost carbon sequestration and reduce vulnerability to flooding. Introduction of flood resistant crop varieties such as sago and non-farm alternative income such as agro-ecotourism and value-added processing of crops will also diversify income sources and enhance community resilience to climate change. The residual risk is low to moderate

Environmental and Social	Moderate	<p>Risk: Based on the IFAD SECAP screening tool and associated studies (see Annex F) all of the potential environmental and social risks (including biodiversity, pollution, resource efficiency, and labour) have been assessed as low or not applicable except those that related to Indigenous Peoples. This is because the project has identified the presence of Indigenous Peoples at the district and site levels in the targeted landscapes and the SECAP takes a precautionary approach to potential impacts on Indigenous Peoples. The inherent risk for Indigenous Peoples is moderate Response: The project has developed an Indigenous Peoples Planning Framework (IPPF) to provide a framework to ensure all issues related to Indigenous Peoples are identified and addressed through the whole project period. As part of this, the project will use a Free Prior and Informed Consent (FPIC) procedure to ensure their rights and interests are respected and protected. The project is not expected to adversely affect indigenous peoples' rights to traditionally owned or used land. The IPP and FPIC plans developed will ensure that any potential impact is addressed through inclusive consultation and consent processes. The ESCMP will further ensure that the project mitigates any risks to Indigenous Peoples' rights. By maintaining ongoing engagement with Indigenous communities and conducting site-specific studies, the project can continually assess and address potential impacts. This proactive approach will help reduce risks to a low level or maintain them at this level, ensuring that Indigenous Peoples' lands, resources, and livelihoods are respected and safeguarded throughout the project's implementation. The project will strengthen community engagement by enhancing communication channels, ensuring local communities' active participation in planning and decision-making processes. The project will also incorporate equity measures to deliver targeted support for vulnerable groups, including women, youth, and indigenous peoples. Furthermore, the Grievance Redress Mechanism will be used to address any grievances or disputes that may emerge during project implementation. To be conservative the Residual risk is placed as moderate</p>
Political and Governance	Low	<p>Risk: The potential political risks identified include a possible change in the state government in the state elections in 2025 that could possibly change the ruling party and potentially affect policies and approvals for the project. This is rated as Low, as changes in the ruling parties in the state elections in recent years have not led to major policy changes. The potential governance risk comes from the multi-stakeholder and Multi-sector nature of the project involving forestry, environment, agriculture and plantation sectors and related agencies and stakeholders. This may lead to policy conflicts and potential friction between different sectors and stakeholders. The inherent risk is judged to be moderate. Response: To mitigate this risk, the project will engage key stakeholders at both the National, State and Local government levels to ensure alignment with government policies, administration and regulations. The project will also work closely with local communities and the private sector to ensure harmonized approaches and avoidance of conflict or overlap. The project will be overseen by a Steering Committee chaired by the Natural Resources Office of the Chief Ministers Department which will help ensure</p>

		interagency and intersectoral coordination. In addition, the project implementation will be carried out by project management, comprising of governmental staff, to ensure compliance and facilitate smooth execution. The project will be well-integrated with existing governmental frameworks and the State Action Plan on Peatlands and integrated management plans for the targeted landscapes, thereby minimizing potential risks and enhancing the likelihood of successful outcomes. The Residual Risk is Low
INNOVATION		
Institutional and Policy	Low	Risk: Potentially the project may have moderate inherent risk as it involves multiple levels and sectors with a variety of policies and institutions. There is a possibility of institutional and policy overlap or confusion. Response: The project will be overseen by a Steering Committee chaired by the Natural Resources Office of the Chief Ministers Department which will help ensure institutional and policy coordination. The project will also mainstream and implement existing policies and plans including the State Action Plan on Peatlands (SAPP) and the Integrated Peatland Management Plan (IMP) for Klias Peninsula Landscape. It will also support the government pledge to establish a Biosphere Reserve in the Kinabatangan Peatland Landscape. The residual risk is Low.
Technological	Moderate	Risk: The Project will aim to introduce new approaches for agriculture on peatlands with increased water levels and alternate crops (to reduce environmental, fire and GHG emission impacts). There is a risk that these new systems may not be suitable for the site conditions or acceptable to the local farmers. The inherent risk is Moderate Response: The project will work closely with agriculture and plantation related agencies to ensure that the technology and options being proposed are suitable and acceptable to local conditions and stakeholders. A strategy will be developed with the related agencies on how to introduce and promote the new innovations and approaches. Farmers and smallholders will be briefed on the benefit and any potential risks of the new approaches before agreeing to be involved in the pilot projects. The project also aims to enhance local communities' understanding of the interdependencies of peat ecosystems and the productivity of surrounding agricultural areas, and how synergies in managing these landscapes be achieved. Second, it will identify low or no drainage cropping systems that smallholders can pursue in flood prone portions of the landscape. The residual Risk is low to moderate.
Financial and Business Model	Moderate	Risk: The introduction of new crops and land management approaches will have inherently moderate risks – especially in relation to the known economic viability of cultivation approaches. Inherent risk Moderate to High Response: The project will undertake an assessment or feasibility study before introducing any new crop types (such as paludiculture crops) It will also look at value chains and viability for other approaches such as eco-agro-tourism etc. Enhanced management practices for peatlands such as improved water management, Integrated pest management, fertilizer management, fire prevention etc are well- tried and tested approaches, which will generate

		benefits rather than introduce risks. In addition, the project will introduce innovation through developing a pilot project aimed at generating, and sharing, revenue from sustainable peat management using the voluntary carbon market. The residual risk is moderate
EXECUTION		
Capacity	Low	Risk: There is an inherent Moderate risk for the project execution agency not having adequate capacity for implementation or that there may be challenges in securing project personnel with adequate skills. Response: In order to enhance the capacity of the executing agencies a team of dedicated project staff will be appointed to ensure adequate implementation capacity. In general, well qualified project staff are available in Sabah. In addition, specialist consultants will be appointed to guide specialized aspects of the work. The residual risk is low.
Fiduciary	Moderate	Risk: Without taking mitigation measures, the FM risk for SAFPLIM Project can be rated “substantial” based on experiences related to the existing SMPPEM project. In the SMPPEM project, disbursement has been slow due to various reasons including complex governance and finance management structure; multiple executing agencies; national and state level actions, procurement challenges etc. In addition, the existing project is facing delays in AWPB formulation and submission due to inadequate budget planning and expenditure monitoring. Key financial management challenges include weak FM capacities, ineffective internal controls, and delays in submitting IFRs, WAs, and unaudited financial statements. Additionally, the appointment of external auditors, annual audits, and resolution of audit observations are delayed. There is also no proper system in place to record counterpart funding and co-financing contributions, making it difficult to track National and State Government project funding. The inherent risk is substantial. Response: The lessons from the SMPPEM have been fully considered in the design of the current project. The main improvement is that the flow of funds has been strongly simplified compared to SMPPEM as it includes only one state, which facilitates rapid fund disbursement and simplified planning and disbursement. Next, the project will recruit (through open process) a qualified Project Finance Officer. Capacity-building training will be provided at the start-up stage to acquaint project staff with FM requirements. The AWPB will be developed with information on financiers and the quantity of financing for each activity to assist Finance teams in expenditure mapping. The project implementing agency will develop effective internal control systems in line with the guidelines in the Project Implementation Manual (PIM) and provide intensive training to project finance staff in their use. A fully customized and well-maintained accounting software will be in place before project effectiveness and to control and manage the financial operations of the project. This will mitigate potential internal control risks. In addition, the PMO will build a comprehensive financial management system, particularly in relation to counterpart funding (i.e. in cash and in kind). The project will prepare and submit Q-IFRs, WAs and unaudited FS in a timely manner. Furthermore, audit

		the project on time in accordance with applicable auditing standards, and provide audit reports and management letters by the due date. Efficient implementation of the aforementioned mitigating measures will ensure that the project accomplishes its overall programme objectives. Once the mitigation measures are put in place during implementation, FM assessments will be made during supervision missions and amendments of residual risks will be made based on supervision observations. The residual risk is expected to be “Moderate”
Stakeholder	Low	Risk: Stakeholders from different sectors may be reluctant to join the project activities given the cross cutting and innovative nature of the project. The Inherent Risk is Moderate Response: Extensive stakeholder consultations have been held during the project design as well as the Related SMPPEM project. The project has been specifically designed to engage multiple stakeholders facilitated by its multi-stakeholder steering committee and also multi-stakeholder arrangements at the landscape levels. The residual risks are low
Other		
Overall Risk Rating	Moderate	Three risks with residual moderate risk are i) Environmental and Social Risk. This will be addressed through the implementation of the ESCMP (See Annex F) ii) Fiduciary Risk This needs to be addressed through effective procedures to be developed with the state government and executing agencies to be specified in the project implementation Manual (PIM) and closely monitored during supervision and iii) Financial and Business model Risk. This will be addressed through careful development of business models and value chain development. Two risks have been identified with low to moderate risk – namely Climate and technology. These need to be monitored closely during implementation and adjustments made as appropriate.

C. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES

Explain how the proposed interventions are aligned with GEF- 8 programming strategies, including the specific integrated program priorities, and country and regional priorities, Describe how these country strategies and plans relate to the multilateral environmental agreements, such as through NDCs, NBSAPs, etc.

For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e., BD, CC or LD), please identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and explain how.

(max. 500 words, approximately 1 page)

The SAFPLIM Project is closely aligned with the GEF 8 Programming Directions and Focal area strategies as follows:

Biodiversity

Although the project is part of the Food Systems integrated program, it will make a major contribution to conservation of biodiversity including through protection of critical ecosystems of global significance for

biodiversity as well as ecosystem restoration, sustainable use and mainstreaming biodiversity into the oil palm plantation and agriculture sectors.

BD 1.2: *Sustainable use of biodiversity.* The project will support the sustainable use of biodiversity by introducing ecologically sound utilization of indigenous plant species in the peatland landscape including Sago, Jelutong, Melaleuca and other potential paludiculture crops. This development will draw on traditional knowledge of the indigenous peoples and local communities living in the targeted landscapes. The project will also promote the integrated peatland management that enhances livelihoods and food security and sustainable development of community and plantations through ecosystem-based approaches.

BD 1.3 *Ecosystem restoration.* The Project will engage the agriculture and plantation sector into ecosystem restoration in the two targeted peatland landscapes (Klias Peninsula and Kinabatangan) under the component-2 and component-3. The two landscapes are of global significance for biodiversity conservation and the project will support enhanced protection and restoration of degraded portions of the landscape including forest and peatland restoration, establishment of river corridors and buffer zones and wildlife corridors between plantations and key wildlife habitat. Prevention of forest and peatland fires and restoration of natural hydrology will encourage natural regeneration of degraded ecosystems. The project will also support ecosystem restoration in the context of the State Action Plan for Peatlands (SAPP). The oil palm plantation sector will also be guided in restoring degraded peatland take out of production and in the protection and rehabilitation of other HCV areas in the plantation landscape.

BD 1.4: *Biodiversity mainstreaming in priority sectors.* Under component 1 on the policy and collaboration, component 2 with Klias Landscape and component 3 with Kinabatangan Landscape, the project will support implementation of the State Action Plan for Peatlands (SAPP) as well as the National Action Plan on Peat (NAPP) that synchronizes with the National Biodiversity Strategy and Action Plan (NBSAP). and enhance with the Integrated Peat Management (IMP) to improve the sustainable development in the production and conservation zone. In particular, the project will support the implementation and management of Ramsar site in Klias Landscape, and Biosphere Reserve in Kinabatangan Landscape. the project will contribute to the Malaysian Biodiversity Information System (MyBIS).

CCM 1.4: *Promote Nature-Based Solutions with high mitigation potential.* The project will collaborate with key stakeholders in order to support the achievement of Nationally Determined Contribution (NDC) from the AFOLU sector, including the calculation in essential peatland ecosystems. The project will also cover the implementation of Malaysia Good Agricultural Practices (MyGAP), to integrate livelihood improvement and GHG emissions mitigation.

Alignment with FSIP strategy

SAFPLIM will contribute directly to the **FSIP objectives** by fostering regenerative agricultural and plantation practices in peatland landscapes in Sabah, Malaysia. It will prioritize ecosystem restoration, carbon storage, and sustainable water management within agricultural and plantation systems, aligning with the FSIP's goals to reduce greenhouse gas emissions, prevent biodiversity loss, and promote sustainable land use.

The project will employ an integrated approach that aligns its theory of change and LFA with the GEF 8 Food Systems Integrated program – see Table 3.

Table 3: Project interventions linked to the GEF 8 Food Systems Integrated Program

Alignment with National Strategies

The SAFPLIM Project is closely aligned with **national and regional policies and priorities** including:

- National Policy on Biological Diversity 2016-2025 (revised for 2022-2030) - updated version with inclusion of peatland ecosystem as important ecology to be rehabilitated for its function and biodiversity value, the project will support the effort in rehabilitating the unique peat ecosystem;
- National Action Plan on Peatlands 2011-2020; revision in progress for NAPP 2026 -2035 - the project will support implementation of actions for sustainable management of peatland in the Sabah state, that eventually contribute to NAPP implementation;
- National Climate Change Policy 2.0 - the project with GHG emission reduction through improved peatland management practices will contribute to the national pledge in reducing further degradation and emission;
- Nationally Determined Contributions (NDC) Roadmap - avoided emission from actions to prevent further degradation that supports NDC pledge in particular through AFOLU sector, towards Net Zero Target by 20250;
- Long-Term Low Emission Development Strategy (LT-LEDS) - the project will have activities to reduce GHG emission in agriculture and plantation sectors, and increase capacity of carbon sinks and reservoirs of GHG due to carbon rich peatland ecosystem, as per Strategic Thrust 2 of the National Climate Change Policy 2.0, contributing to catalytic initiatives to bring transformative changes link to the LT-LEDS
- National Agricommodity Policy 2021-2030 - activities related to agriculture and plantation have direct and indirect linkages to the Policy, in particular to improve productivity for betterment of economy;
- National Agrofood Policy 2021-2030 - some of the proposed project activities of agriculture and plantation will contribute to main country's vision to develop a sustainable, resilient and high-technology agrofood sector in efforts to drive economic growth, enhance well-being of the people, and prioritise food and nutrition security;
- National Water Resources Policy/Water Transformation 2040 - application of smart technology and sustainable water infrastructure to support long-term development and resilience in the water sector, as well as enhancing public and private sector cooperation towards making water as a dynamic economic sector;
- Masterplan for Management of Fire Prone Peatlands (still in draft and pending confirmation/approval on time range, maybe 2025 -2030) - activities to be aligned and contributed to actions to be finalised in the Master Plan.

The project will support the implementation of the above policies and enhance policy coherence - such as strengthening consideration of peatlands in the implementation of the National Agri-commodity Policy and Agrofood Policy. It will also directly support the implementation of the National Action Plan on Peatlands (NAPP) and the State Action Plan on Peatlands (SAPP). It will also work to enhance incentives leading to nature positive peatland management. At the landscape level, it will facilitate multi-stakeholder engagement to enhance integrated landscape management and sustainability

It is also aligned with a number of regional and international frameworks including:

- ASEAN Peatland Management Strategy 2023-2030;
- ASEAN Haze-free Roadmap 2023-2030;
- ASEAN Investment Framework for Haze-free Sustainable Land Management 2023-2030;
- ASEAN Guidelines for Sustainable Agriculture;
- Strategic Plan of ASEAN Cooperation in Food, Agriculture and Forestry 2016-2025
- Sustainable Development Goals;

The SAFPLIM project is expected to contribute to 16 of the 23 Targets of the **Kunming-Montreal** Global Biodiversity Framework (Targets 1, 2, 3, 4, 7, 8, 10, 11, 14, 18, 19, 20, 21, 22, 23) as detailed in the Table in **Annex K**). In particular it will Support the implementation of the Integrated Management Plan

for the Klias Peninsula Peatland Landscape and support the management of the Kinabatangan Peatland Landscape to enhance Biodiversity through enhanced protection, fire prevention, forests and peatland restoration and other measures. It will work to mainstream biodiversity into the oil palm and agriculture production landscapes and supply chains and enhance engagement of multiple stakeholders including private sector, CSOs and Indigenous Peoples' and Local Communities (IPLCs).

C.2 Alignment with IFAD corporate priorities.

The project adheres to the following IFAD policies:

- **IFAD Strategic Framework 2016-2025:** The SAFPLIM project is aligned with IFAD's strategic objectives for inclusive and sustainable rural transformation. The project aims to reduce rural poverty and improve food security through sustainable peatland and agricultural management practices, benefiting local communities and contributing to environmental sustainability.
- **Environmental Natural Resource Management (ENRM) Policy:** SAFPLIM aligns with IFAD's ENRM Policy by implementing conservation-focused activities such as the rehabilitation of degraded peatland forests and the promotion of sustainable agricultural practices that mitigate environmental risks and support biodiversity.
- **IFAD's Climate Change Strategy:** SAFPLIM's commitment to reducing greenhouse gas emissions and enhancing carbon storage through sustainable peatland management is in line with IFAD's Climate Change Strategy. By promoting climate-smart agricultural practices and exploring carbon market opportunities, the project actively addresses both mitigation and adaptation goals.
- **IFAD Strategy on Biodiversity 2022-2025:** The SAFPLIM project aligns with IFAD's Biodiversity Strategy by promoting the protection, sustainable use, and enhancement of biodiversity within peatland ecosystems. Through activities such as rehabilitating degraded peat forests, implementing sustainable agricultural practices, and engaging local communities in conservation efforts, SAFPLIM contributes to the strategy's objectives of integrating biodiversity considerations into agricultural development and improving ecosystem services that support rural livelihoods.
- **IFAD's Policy for Gender Equality and Women's Empowerment:** SAFPLIM prioritizes gender equality by fostering women's involvement in sustainable agriculture and entrepreneurship, thereby supporting IFAD's goals for empowering women and increasing their economic resilience in the project areas.
- **IFAD's Policy for Indigenous People:** The project design respects Indigenous knowledge and practices and encourages active participation of Indigenous Peoples in peatland and agricultural management, thus aligning with IFAD's commitment to equity and cultural sensitivity.
- **IFAD's Policy to Improve Access to Land and Security of Tenure:** By promoting sustainable and stable land use within existing agricultural landscapes, SAFPLIM supports IFAD's policy for secure land tenure, contributing to long-term environmental and livelihood stability.
- **IFAD's Knowledge Management Strategy:** SAFPLIM will serve as a knowledge-sharing model for sustainable peatland management. Through its knowledge platform and peer-to-peer learning initiatives, the project supports IFAD's objectives of disseminating best practices and lessons learned.

SAFPLIM is also part of IFAD's broader interventions to promote sustainable peatland management across ASEAN and Southeast Asia. Recognizing the global significance of peatlands for biodiversity conservation, climate regulation, and human welfare, IFAD has engaged in peatland management and conservation initiatives for more than 20 years. These include programs such as the Rehabilitation and Sustainable Use of Peatlands in Southeast Asia, the ASEAN Peatland Forests Project (APFP), and, more recently, the Measurable Action for Haze-Free Sustainable Land Management in Southeast Asia (MAHFSA) program. These initiatives have focused on rehabilitating degraded peatlands, promoting sustainable use, and addressing peatland degradation in Southeast Asia. They have also played a key role in catalyzing further conservation programs, such as the ASEAN Programme on Sustainable Management of Peatland Ecosystems 2014–2020 (APSMPE), which was endorsed following the success of APFP.

The alignment with the GEF-8 FS IP is summarized below in the table:

Contributions to Targets of the KMGBF

Contributions to Targets of the KMGBF

GEF 8 Food Systems IP Components and related indicators	Related SAFPLIM Interventions and indicators
<p>Component 1 FSIP: Strengthened enabling environment to catalyse FS transformation at global, regional, and national levels</p> <p>PFD indicator: # partnership agreements on catalyzing transformation of food systems and scaling at national, regional & global levels (by type/level, numbers and type of members, and issue/sector covered) – targets TBD during formulation of GCP & country child projects</p> <p>PFD indicator : National policies reformed, strengthened & enforced</p>	<p>Component 1 of SAFPLIM aims at enhancing policies, plans and strategies to facilitate FS transformation in Peatland landscapes in Sabah. This includes support for implementation of the State Action Plan on Peatlands, Enhancing capacity of key agencies on the Sabah State Peatland Steering Committee especially on sustainable agriculture and plantation management in peatland landscapes.</p> <p>#3 Multistakeholder forum established and 100 stakeholders with enhanced capacity and awareness on sustainable peatland management.</p> <p>#4 At least two policies or guidelines refined for sustainable management of forestry, agroforestry, agriculture and plantation in peatland landscapes</p>
<p>Component 2: Private sector engagement and leverage of finance for food transformation</p> <p>PFD indicator: National investment pathways under development or implementation for FS transformation</p> <p>Tentative PFD indicator :Increase in the value / total value of finance (USD) committed and deployed in IP target countries in support of initiatives that contribute and remove the barriers to food systems transformation to sustainability</p> <p>PFD indicator: Number of collaborations structured between private sector actors, specifically at downstream level, and key stakeholders in country projects</p>	<p>Component 1: Activities 1.1.3 and 1.1.4 will focus on increasing the access to finance for sustainable management of Peatland landscapes and food system transformation.</p> <p>#2 At least \$20 million in additional funding secured to support sustainable management of peatland landscapes (SMPL) and food system transformation in Sabah by end of project (EOP)</p> <p>Component 3 #14 At least 10 companies, with plantations covering 60,000ha adopt BMPs and engage in enhanced biodiversity conservation measures in and around their land banks</p>

<p>Component 3 Innovation and Technical Support for the sustainable management of food systems, landscapes, markets and value chains</p> <p>Environmental Benefits leveraged through sustainable management of food systems and landscapes in targeted countries</p> <p>PFD indicator Increase in the proportion/volume of products from each of the target sectors traded in accordance with credible sustainability standards reflecting GEBs and co-benefits</p> <p>Tentative PFD indicator: Number of companies and sectors in target localities adopting best management practices/sustainability standards contributing to biodiversity conservation/sustainable land management</p>	<p>Component 2 and 3 focus on sustainable management of food systems (with focus on oil palm and other agricultural crops) as part of Integrated landscape management in two peatland landscapes covering nearly 300,000ha.</p> <p>Component 2: #6 50% of actions in Integrated Management Plan (IMP) for KPPL under implementation by EOP and management improvements on 100,000 ha</p> <p>#7 2500ha of forest and peatland in KPPL under restoration by EOP</p> <p>#10 At least 2,000 farmers/smallholders receive training on enhanced soil and water management in agriculture and plantation areas in KPPL by EOP</p> <p>Component 3 #12 Strategy and investment pathway for Sustainable Management for at least 100,000ha Forests, Peatlands and Plantations in KPL agreed and improved agriculture, peatland and forest management practices in line with sustainability standards</p> <p>#14 At least 10 companies, with plantations covering 60,000ha adopt BMPs and engage in enhanced biodiversity conservation measures in and around their land banks</p>
<p>Component 4. Knowledge, innovation, scaling and coordination promoted</p> <p>PFD indicator: <u>national</u> communities of practices CoPs) functioning that are interacting (exchanging knowledge) with regional CoPs</p> <p>Tentative PFD indicator: # knowledge products on FS transformation produced by countries and shared with the FSIP community (disaggregated by country)</p> <p>PFD indicator: Number of national learning events organised and number of participants in each events (disaggregated by gender and profile of stakeholder)</p> <p>PFD indicator: Number of stakeholders adopting the knowledge produced by the country project under the IP</p>	<p>Component 4 of SAFPLIM focuses on promoting knowledge and innovation as well as undertaking M&E for the full project. This component also directly links to the Global FSIP platform and enables involvement in regional and country exchanges linked to FSIP</p> <p># 17 Project website developed and at least 5 knowledge products developed and disseminated through at least 6 training/outreach sessions with at least 500 participants (disaggregated by gender and profile)</p> <p>#18 At least 4 collaborative or sharing events with the global knowledge platform of the Food Systems IP</p> <p>#16 Stakeholders in at least 6 agencies in Sabah, 4 agencies in other Malaysian state and 2 other countries adopting knowledge generated by project</p> <p>#19 Gender sensitive M&E system developed and operationalised for the Project in line with FS IP programmatic requirements.</p>

Proposed Contribution of SAFPLIM to Targets of the Kunming Montreal Global Biodiversity Framework

KM_GBF Target	Contribution from SAFPLIM
<u>TARGET 1</u> : Plan and Manage all Areas To Reduce Biodiversity Loss	Support the implementation of the Integrated management Plan for the Klias Peninsula Peatland landscape and support the management of the Kinabatangan peatland landscape
<u>TARGET 2</u> : Restore 30% of all Degraded Ecosystems	Support the restoration of up to 5,000 ha of degraded peatland and forest
<u>TARGET 3</u> : Conserve 30% of Land, Waters and Seas	Encourage the plantation and agriculture sector to conserve peatland and forest in production landscapes
<u>TARGET 4</u> : Halt Species Extinction, Protect Genetic Diversity, and Manage Human-Wildlife Conflicts	Enhanced collaboration between agriculture/plantation sector and conservation agencies to reduce wildlife conflict especially in the Kinabatangan landscape
<u>TARGET 5</u> : Ensure Sustainable, Safe and Legal Harvesting and Trade of Wild Species	
<u>TARGET 6</u> : Reduce the Introduction of Invasive Alien Species by 50% and Minimize Their Impact	
<u>TARGET 7</u> : Reduce Pollution to Levels That Are Not Harmful to Biodiversity	Encourage the oil palm sector to reduce water pollution from mills and plantation operations through best management practices
<u>TARGET 8</u> : Minimize the Impacts of Climate Change on Biodiversity and Build Resilience	Enhance resilience of peatland landscapes to climate change including reduced fire and flood risks.
<u>TARGET 9</u> : Manage Wild Species Sustainably To Benefit People	
<u>TARGET 10</u> : Enhance Biodiversity and Sustainability in Agriculture, Aquaculture, Fisheries, and Forestry	Enhance sustainability of agriculture and forest management in peatland landscapes
<u>TARGET 11</u> : Restore, Maintain and Enhance Nature's Contributions to People	Protect and rehabilitate peatland forests to maintain ecological services of water supply and flood control
<u>TARGET 12</u> : Enhance Green Spaces and Urban Planning for Human Well-Being and Biodiversity	
<u>TARGET 13</u> : Increase the Sharing of Benefits from Genetic Resources, Digital Sequence Information and Traditional Knowledge	
<u>TARGET 14</u> : Integrate Biodiversity in Decision-Making at Every Level	Integrate Peatland ecosystem into landscape planning and management frameworks

Proposed Contribution of SAFPLIM to Targets of the Kunming Montreal Global Biodiversity Framework

KM_GBF Target	Contribution from SAFPLIM
<i>TARGET 15: Businesses Assess, Disclose and Reduce Biodiversity-Related Risks and Negative Impacts</i>	<i>Work with private sector plantations and finance sector to reduce Biodiversity related risks and impacts</i>
<i>TARGET 16: Enable Sustainable Consumption Choices To Reduce Waste and Overconsumption</i>	
<i>TARGET 17: Strengthen Biosafety and Distribute the Benefits of Biotechnology</i>	
<i>TARGET 18: Reduce Harmful Incentives by at Least \$500 Billion per Year, and Scale Up Positive Incentives for Biodiversity</i>	<i>Develop positive incentives for peatland ecosystem conservation</i>
<i>TARGET 19: Mobilize \$200 Billion per Year for Biodiversity From all Sources, Including \$30 Billion Through International Finance</i>	<i>Mobilise resources from government, private sector and carbon finance to support peatland ecosystem management</i>
<i>TARGET 20: Strengthen Capacity-Building, Technology Transfer, and Scientific and Technical Cooperation for Biodiversity</i>	<i>Enhance capacity of key stakeholders at state and landscape levels</i>
<i>TARGET 21: Ensure That Knowledge Is Available and Accessible to Guide Biodiversity Action</i>	<i>Document and share best practices for management of peatland landscapes</i>
<i>TARGET 22: Ensure Participation in Decision-Making and Access to Justice and Information Related to Biodiversity for all</i>	<i>Enhance engagement of key stakeholders in peatland landscape management</i>
<i>TARGET 23: Ensure Gender Equality and a Gender-Responsive Approach for Biodiversity Action</i>	<i>Actively engage and empower women in Landscape level actions</i>

D. POLICY REQUIREMENTS

Gender Equality and Women’s Empowerment:

We confirm that gender dimensions relevant to the project have been addressed during Project Preparation as per GEF Policy and are clearly articulated in the child Project Description (Section B).

Yes

1) Does the project expect to include any gender-responsive-measures to address gender gaps or promote gender equality and women's empowerment?

Yes

If the child project expects to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment, please indicate in which results area(s) the project is expected to contribute to gender equality:

Closing gender gaps in access to and control over natural resources;

Yes

Improving women's participation and decision-making; and/or

Yes

Generating socio-economic benefits or services for women.

Yes

2) Does the child project's results framework or logical framework include gender-sensitive indicators?

Yes

Stakeholder Engagement

We confirm that key stakeholders were consulted during Project Preparation as required per GEF policy, their relevant roles to project outcomes has been clearly articulated in the Child Project Description (Section B) and that a Stakeholder Engagement Plan has been developed before CEO endorsement.

Yes

Select what role civil society will play in the Project:

Consulted only; Yes

Member of Advisory Body; Contractor; Yes

Co-financier; Yes

Member of project steering committee or equivalent decision-making body ; Yes

Executor or co-executor; Yes

Other (Please explain)

Private Sector

Will there be private sector engagement in the Child project?

Yes

And if so, has its role been described and justified in section B "Child project description"?

Yes

Environmental and Social Safeguards

We confirm that we have provided information regarding Environmental and Social risks associated with the proposed child project or program, including risk screenings/ assessments and, if applicable, management plans or other measures to address identified risks and impacts (this information should be presented in Annex E).

Yes

Please provide overall Project/Program Risk Classification

Overall Project/Program Risk Classification

PIF	CEO Endorsement/Approval	MTR	TE
	Medium/Moderate		

E. OTHER REQUIREMENTS

Knowledge management

We confirm that an approach to Knowledge Management and Learning has been clearly described during Project Preparation in the Project Description and that these activities have been budgeted and an anticipated timeline for delivery of relevant outputs has been provided. This includes budget for linking with and participation in knowledge exchange activities organized through the coordination platform.

Yes

Socio-economic Benefits

We confirm that the child project design has considered socio-economic benefits to be delivered by the project and these have been clearly described in the Project Description and will be monitored and reported on during project implementation (at MTR and TER).

Yes confirmed. The SAFPLIM project will benefit the social aspects of the impacted community through livelihood provisions, biodiversity conservation, and hydrological services. For livelihood provision, the project includes a specific component on food system integration. And enhancement of best management practices for oil palm and agriculture in peatland landscapes . Economically, it empowers local communities by providing alternative income sources through sustainable agricultural practices, promoting resilience and reducing poverty. Environmentally, the use of smart climate adaptation technologies helps protect peatlands from degradation, preserving vital carbon sinks and biodiversity.

For biodiversity conservation, the project will enable plantations and agroforestry sites to adopt best management practices. For improved water management, the project will help in the planning and development of improved water management structures in the forest and plantations in the peatland landscapes to prevent over drainage, fires and land subsidence. The project is also expected to reduce, in targeted landscapes, negative socio-economic impacts, including peatland fires and associated smoke haze and related health impacts, economic losses from non-timber forest product (NTFP) extraction, peatland subsidence and degradation, and the related increased risk of flooding.

ANNEX A: FINANCING TABLES

GEF Financing Table

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	Grant / Non- Grant	GEF Project Grant(\$)	Agency Fee(\$)	Total GEF Financing (\$)
IFAD	GET	Malaysia	Biodiversity	BD STAR Allocation: IPs	Grant	3,569,725.00	321,275.00	3,891,000.00
IFAD	GET	Malaysia	Climate Change	CC STAR Allocation: IPs	Grant	446,216.00	40,159.00	486,375.00
IFAD	GET	Malaysia	Biodiversity	BD IP Matching Incentives	Grant	1,189,908.00	107,092.00	1,297,000.00
IFAD	GET	Malaysia	Climate Change	CC IP Matching Incentives	Grant	148,739.00	13,386.00	162,125.00
Total GEF Resources (\$)						5,354,588.00	481,912.00	5,836,500.00

Project Preparation Grant (PPG)

Was a Project Preparation Grant requested? true

PPG Amount (\$) 149999

PPG Agency Fee (\$) 13500

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	PPG(\$)	Agency Fee(\$)	Total PPG Funding(\$)
IFAD	GET	Malaysia	Biodiversity	BD STAR Allocation: IPs	100,000.00	9,000.00	109,000.00
IFAD	GET	Malaysia	Climate Change	CC STAR Allocation: IPs	12,500.00	1,125.00	13,625.00
IFAD	GET	Malaysia	Biodiversity	BD IP Matching Incentives	33,333.00	3,000.00	36,333.00
IFAD	GET	Malaysia	Climate Change	CC IP Matching Incentives	4,166.00	375.00	4,541.00
Total PPG Amount (\$)					149,999.00	13,500.00	163,499.00

Please provide Justification

Sources of Funds for Country Star Allocation

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Sources of Funds	Total(\$)
IFAD	GET	Malaysia	Biodiversity	BD STAR Allocation	4,000,000.00
IFAD	GET	Malaysia	Climate Change	CC STAR Allocation	500,000.00
Total GEF Resources					4,500,000.00

Focal Area Elements

Programming Directions	Trust Fund	GEF Project Financing(\$)	Co-financing(\$)
Food IP	GET	5,354,588.00	15000000
Total Project Cost		5,354,588.00	15,000,000.00

Confirmed Co-financing for the project, by name and type

Please include evidence for each co-financing source for this project in the tab of the portal

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
Recipient Country Government	Sabah State Government	Public Investment	Recurrent expenditures	15000000
Total Co-financing				15,000,000.00

Please describe the investment mobilized portion of the co-financing

Description of the Co-finance from the government is pending receipt of details and the co-funding support letter of the State government. The State Cabinet endorsed the project in April 2025 and designated various state agencies to document and share details of the co-finance. This is expected to be received by end of June 2025. Additional co-finance of approximately US\$13,000,000 is expected to be leveraged during project implementation from the oil palm sector. This will include support from oil palm plantations in the targeted landscapes who will support costs for introduction or enhancement of best management practices small medium and large oil palm plantations in the two targeted landscapes as well as costs for restoration of degraded forests and peatlands, protection of HCV areas, establishment of wildlife corridors and river buffers. It will also include support for palm oil processors and traders to promote and ensure implementation of NDPE policies in peatland landscapes including preventing deforestation and further cultivation in peatland areas and implementation of best management practices. This is based on consultation with a range of Oil palm players during the project design process including IOI, SD Guthrie, Bunge, Wilmar etc.

Co-finance of approximately US\$5,000,000 is expected to be leveraged during project implementation from the Private sector in the banking and finance sector including finance to support low carbon transition for oil palm plantations as well as agriculture in the targeted landscapes. This may be in the form of blended finance, grants and loans to smallholders, SMEs and small medium and large plantation companies. This is based on consultation with a number of finance related players during the design process including CIMB bank Maybank, HSBC Bank and Bank Negara.

Co-finance of approximately US\$2,000,000 is expected to be leveraged during project implementation from national and local CSOs including Hutan and Global Environment Centre which have active ongoing programmes in the Kinabatangan Peatland landscape and Klias peninsula Peatland Landscape. Support has been agreed in principle during the project design process.

Note a procedure to facilitate and document the cofinance will be developed at project inception, included in the Project Implementation Manual and will be tracked by the M&E officer

ANNEX B: ENDORSEMENT

GEF Agency(ies) Certification

GEF Agency Coordinator	Date	Project Contact Person	Telephone	Email
GEF Agency Coordinator	3/28/2025	Pierre Yves Guedez, GEF Coordinator		p.guedez@ifad.org
GEF Agency Coordinator	3/28/2025	Paola Palestini, GEF Technical Focal Point		p.palestini@ifad.org
Project Coordinator	3/28/2025	Hani A. Elsadani Salem, Country Director		h.elsadani@ifad.org

Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):

Please attach the Operational Focal Point endorsement letter(s) with this template.

Name of GEF OFP	Position	Ministry	Date (MM/DD/YYYY)
Dato' Mohamad Razif Bin Haji Abd Mubin	Deputy Secretary General	Ministry of Natural Resource, Environment and Climate Change	10/5/2023

ANNEX C: PROJECT RESULTS FRAMEWORK

Please indicate the page number in the Project Document where the project results and M&E frameworks can be found. Please also paste below the Project Results Framework from the Agency document. For the Integrated Programs' global/regional coordination child project, please include the program-wide results framework, inclusive of results specific to the coordination child project. For any country child project, please ensure that relevant program level indicators are included.

Goal: To enhance the sustainability of forests, agriculture and plantations in peatland landscapes and contribute to Malaysia's Low Emission Development Strategy and food system transformation
Project Objective: To enhance the integrated and sustainable management of forests, agriculture and plantations in peatland landscapes in Sabah State
GEF Core Indicator: 3: Area of land and ecosystems under restoration (hectare) Target: 5,000 hectares
GEF Core Indicator: 4: Area of landscapes under improved practices (hectare) Target: at least 200,000 hectares

GEF Core Indicator: 6: Greenhouse gas emissions mitigated (metric tons of CO2e)								
Target: 2.04 million metric tons CO2eq								
GEF Core Indicator: 11: People benefiting from GEF-financed investments, disaggregated by sex (count)								
Target: 20,000 persons (10,000 females)								
Component 1: Enhancing capacity, policy and resources for sustainable peatland landscape management								
	Objectively Verifiable Indicators				Means of Verification			Risks and assumptions
	Indicator	Baseline	Mid-Term	End Target	Sources	Frequency	Responsibility	
Outcome 1: Enhanced capacity, policies and resources for sustainable management of peatland landscapes in Sabah	#1 Degree of implementation of Sabah State Action Plan on Peatlands (SAPP)	Sabah SAPP to be prepared by 2026	Sabah SAPP under implementation with at least 20% of actions underway	Mid-term review of Sabah SAPP demonstrates at least 50% of actions underway	Project M&E report SAPP progress report	Annual	Project team (PMO and LIU)	Risk: State elections in 2025 lead to policy change on carbon finance and delay in approval of SAPP Assumption: Sabah State Steering Committee will facilitate interagency collaboration; enhancement of State Government policies and guidelines for SLM and facilitate enhanced resource mobilization
	#2 Level of resources to support sustainable management of peatland landscapes (SMPL) including food system transformation in Sabah	Limited financial resources for SMPL	Strategy and investment pathway for long-term financing of SMPL including food system transformation developed	At least \$20 million in additional resources secured for SMLP and food system transformation	Project M&E report Financing Strategy	Annual	Project team	
Output 1.1. Capacity building, policies and stakeholder engagement for peatland landscapes management in Sabah strengthened	#3 Number of stakeholder members with enhanced capacity and awareness on sustainable peatland management and formation of multistakeholder forum.	0	At least 30 stakeholder members trained including IP, women and youth representatives;	At least 100 stakeholder members trained and multistakeholder forum established with IP, women and youth participation;	Project M&E report	Semi-annual	Project team (PMO and LIU)	Risk: Global mechanisms and markets for biodiversity and climate finance stagnant Assumption: High commitment of state government to refine policies and guidelines for management of peatland landscapes and explore new financing options
	#4 Number of refined policies or guidelines for sustainable management of forestry, agroforestry, agriculture and plantation in peatland landscapes	0	At least one policy/guideline is in process of review and refinement;	At least two policies/guidelines reviewed and refined;	Project M&E report Refined policies and guidelines	Annual	Project team (PMO and LIU)	
	#5 Number of feasibility studies for carbon/biodiversity finance to support sustainable	0	Concept note for carbon/biodiversity finance feasibility study prepared	At least one carbon/biodiversity finance feasibility study prepared	Project M&E report	Annual	Project team	

	management of peatland landscapes				Feasibility study report			
Component 2: Enhancing forests and agriculture systems in the Klias Peninsula Peatland Landscape (KPPL)								
	Objectively Verifiable Indicators				Means of Verification			
	Indicator	Baseline	Mid-Term	End Target	Sources	Frequency	Responsibility	Risks and assumptions
Outcome 2: Conservation of peat swamp forest and enhancement of sustainability of agriculture and plantations in KPPL	#6 Degree of implementation of Integrated Management Plan (IMP) for KPPL,	IMP for KPPL developed by the SMPPEM Project) by 2026	IMP for KPPL introduced to stakeholder and initiated its implementation	Mid-term review of IMP for KPPL shows at least 50% of actions under implementation and management improvements on 100,000 ha	Project M&E report Mid-term review of IMP	annual	Project team (PMO and LIU)	Risks: Delay in approval of the IMP by the involved stakeholder and state government; Extreme weather from El Nino event will lead to increased wildfires
	#7 Area of forest and peatland in KPPL with reduced fire risk or restoration initiated	0	1000ha under restoration and reduced fire risk	2500ha under restoration and reduced fire risk	Project M&E report/ Report on forest protection and restoration	annual	Project team (PMO and LIU)	Assumption: all key stakeholders within the KPPL are well consulted and engaged
Output 2.1. Peat swamp forests protected and rehabilitated in Klias Peninsula Peatland Landscape (KPPL)	#8 Degree of implementation of hydrology management plan for target locations in KPPL and number of canal blocks /water management structures constructed in peatland forests and adjacent fire prone areas	0	Hydrology management plan and reporting system developed for target locations and 20 canal blocks installed	Hydrology management plan and reporting system implemented for target locations and 40 canal blocks installed;	Project M&E report	Semi-annual	Project team (PMO and PLO)	Risk: Extreme weather events (drought and flood) disrupt water management system Assumption: Willingness of multi-stakeholder including relevant local community groups to support sustainable management of the KPPL
	#9 Number of community-based fire prevention and control programs implemented	1	Initiated at least 2 community-based fire prevention and control programs to reduce fire risk on 1000ha	4 community-based fire prevention and control programs implemented to reduce fire risk on 2000 ha	Project M&E report	Semi-annual	Project team (PLO)	
Output 2.2. Sustainability of management practices of existing agriculture and plantations enhanced in KPPL	#10 Level of training on enhanced soil and water management in agriculture and plantation areas in KPPL	0	Training of trainers for enhanced soil and water management given to at least 15 farmer or smallholder groups including at least 30% IP, women and youth representatives	At least 2000 farmers/smallholders received training on enhanced soil and water management including at least 50% IP, women and youth representatives	Project M&E report	Semi-annual	Project team (PLO)	Risk: Lack of interest of farmers and smallholders in adopting new approaches Assumption: Related government agencies and farmers' associations support enhancement of

	#11 Number of agroforestry demonstration site/field schools and Number of farmer training sessions	0	At least one agroforestry demonstration site/field school developed; at least 5 farmer training sessions implemented including at least 30% IP, women and youth representatives	A total of 2 agroforestry demonstration sites/field schools developed; at least 15 farmer training sessions implemented including at least 50% IP, women and youth representatives	Project M&E report	Semi-annual	Project team (LIU)	skills and introduction of new practices and crop types.
Component 3: Management of forests, peatlands and plantations in the Kinabatangan Peatland Landscape (KPL)								
	Objectively Verifiable Indicators				Means of Verification			Risks and assumptions
	Indicator	Baseline	Mid-Term	End Target	Sources	Frequency	Responsibility	
Outcome 3: Enhanced sustainable management of forests, peatlands and plantations in the Kinabatangan Peatland Landscape	#12 Level of implementation of Strategy for Sustainable Management of at least 100,000 ha of Forests, Peatlands and Plantations in the Kinabatangan Peatland Landscape (KPL) in line with sustainability standards	0	Strategy and investment pathway for Sustainable Management of Forests, Peatlands and Plantations in KPL developed and agreed with stakeholders and implementation initiated	Strategy and investment pathway for Sustainable Management of at least 100,000 ha Forests, Peatlands and Plantations in KPL well under implementation	Project M&E Report Strategy Report	-Annual	PMO/LIU	Risk: Extreme weather events (eg flooding or drought) delay or disrupt project activities. Assumption: All key stakeholders agree and support the implementation of the plans for the KPL
Output 3.1. Collaboration enhanced among multi-stakeholder partners to adopt BMPs and conserve biodiversity in forests and plantations in the Kinabatangan Peatland Landscape (KPL)	#13 Area of forests and peatlands under monitoring and restoration in the Kinabatangan Peatland Landscape (KPL) (outside of plantations)	0	Regular monitoring of 20,000ha of forests and at least 400 ha of additional area under restoration	Regular monitoring of 40,000ha of forests and peatlands to support management and at least 800ha of additional forest area under restoration;	Project M&E	Semi-Annual	PMO/LIU	Risk: Lack of interest of multi-stakeholders to support protection and rehabilitation of the KPL Assumptions: Support from relevant government agencies, certification schemes and NGOs to encourage active engagement from plantation companies and local community groups
	#14 Number of companies, and area of plantations adopt BMPs and engaging in enhanced biodiversity conservation measures in KPL	0	At least 5 companies, with plantations covering 30,000 ha, use BMPs and are engaged in enhanced biodiversity conservation measures	At least 10 companies, with plantations covering 60,000ha use BMPs and are engaged in enhanced biodiversity conservation measures in and around their land banks	Project M&E Reports by plantation companies	Semi-Annual	PMO/PLO	

	#15 Number of community groups further empowered and actively engaged in sustainable management of peatland landscape	0	At least two community groups with women participation at least 50% further empowered and actively engaged in SMPL and generating livelihood co-benefits.	At least four community groups with women participation at least 50% further empowered and actively engaged in SMPL and generating livelihood co-benefits	Project M&E	Semi-Annual	PMO/LMU	
Component 4: Knowledge Generation, Exchange and Monitoring								
	Objectively Verifiable Indicators				Means of Verification			
	Indicator	Baseline	Mid-Term	End Target	Sources	Frequency	Responsibility	Risks and assumptions
Outcome 4: Enhanced knowledge and understanding and information on sustainable peatland landscape management practices	#16 Level of use of project related knowledge	0	Stakeholders in at least 3 agencies in Sabah, 2 agencies in other Malaysian States adopting knowledge generated by project	Stakeholders in at least 6 agencies in Sabah, 4 agencies in other Malaysian state and 2 other countries adopting knowledge generated by project	Project M&E Assessment on level of adoption of Knowledge products	Annual	PMO	Assumption: Willingness of multi-stakeholder to support knowledge sharing and learn in-depth on peatland management
Output 4.1. Knowledge sharing platform and active monitoring and sharing of information and practices	# 17 Number of knowledge products developed and disseminated	0	At least 2 knowledge products developed and at least 2 training/outreach sessions organized with 150 participants (disaggregated by profile and gender)	Project website developed and at least 5 knowledge products developed and disseminated through at least 6 training/outreach sessions with at least 500 participants (disaggregated by profile and gender)	Project M&E Report Knowledge products	Semi-annual	PMO	Assumption: Interest by stakeholders to attend the training sessions
	#18 Project actively contributing to and drawing from the global knowledge platform of the Food Systems IP	0	Sharing of lessons learned and BMP to the global knowledge platform of the Food Systems and at least 2 collaborative events with global platform	At least 4 collaborative or sharing events with the global knowledge platform	Project knowledge products	Annual	PMO	Assumption: Annual participation of project team to the global platform of the Food SystemS IP
Output 4.2 Monitoring and evaluation results guiding enhanced	# 19 Gender sensitive M&E system in place	M&E framework prepared by project design team	Gender sensitive M&E system developed and being used for tracking	Gender sensitive M&E system in place and tracking project implementation	project reports	Semi-annual	PMO	Assumption: M&E system developed and being used to monitor and track progress of project implementation

implementat ion								
	# 20 Progress of project implementation being monitored periodically through Implementation Supervision Missions (ISM), MTR and TE	0	MTR mission conducted	TE mission conducted	mission reports	specific mission reports	PMO and experts reports (Aide Memoire)	Assumption: mission to be conducted annually either supervision, mid-term review or terminal evaluation

ANNEX D: STATUS OF UTILIZATION OF PROJECT PREPARATION GRANT (PPG)

Provide detailed funding amount of the PPG activities financing status in the table below:

Project Preparation Activities Implemented	GETF/LDCF/SCCF Amount (\$)		
	Budgeted Amount	Amount Spent To date	Amount Committed
1. Internation consultant. IFAD hired two international consultants for (i) SECAP and Natural Resources Management Expert; identity the targeted landscapes, discuss with key stakeholders and mapping the existing conditions of the targeted landscapes, review the safeguard/SSECAP with the existing Hazard, Exposure, Vulnerability – HEVA in targeted landscape, develop the safeguard (SECAP) and the supporting documents, (ii) Gender Equality and Social Inclusion (GESI) Expert; conduct stakeholder engagement analysis and plan, mapping the stakeholders roles and function on the food systems in Malaysia, develop the road map and gender action plan, contribute to the SECAP. The committed budget is allocated for a Gender Equality and Social Inclusion (GESI) Expert who will improve the documents to align with the GEF review.	20,000.00	19,098.00	1,225.00
2. National Consultant IFAD has hired 4 national consultants (i) Senior Peatland (GEF Writer); lead communication/coordination with national and state government agencies, primary author for SAFPLIM, planning/organizing/COORDINATING and leading project design, analyse the formulation of the project budget, lead development of the Theory of change and logical framework, review and compile all the technical data for the full proposal CER, (ii) Senior Policy & Institutional Arrangement; liaise the coordination in the national level, mapping the institutional and policies/regulations related to the food system in Malaysia, analysis for existing government roles related food systems in Malaysia, analyse and develop the institutional arrangement for SAFPLIM in Sabah and reporting to Federal , (iii) Monitoring & Evaluation Expert; review the core indicators and logical framework and revise based on the design mission, design the monitoring/evaluation/learning concept and strategy, develop	70,000.00	58,376.00	11,475.00

the knowledge management comply with FSIP , (iv) GIS and technical expert & liaise with Sabah State Government; liaise the data collection (spatial and non-spatial data) and tabulation from key partners, analyse the existing conditions of targeted landscapes, identify the targeted locations to be intervened by project, support to calculate the GHG emissions measurement. The committed budget is allocated for final payments for 3 persons: (i) Senior peatland & carbon specialist (technical leader), (ii) Monitoring, Evaluation and Learning Specialist, (iii) GIS & technical analysis & liaison officer			
1. International Travel Facilitate the mobilisation team who are not from Malaysia. The IFAD office in Jakarta needs to fly to Malaysia to participate in person in the missions. The committed budget is allocated for participation in the next FSIP workshop in June 2025	20,000.00	19,472.00	500.00
National Travel We have 3 missions (September 2024, November 2024, January 2025; Kuala Lumpur to Selangor, Sarawak & Sabah, and intensive travel to Sabah)	25,000.00	28,502.00	
1. Federal Several workshops/meetings/FDGs conducted with the federal agencies i.e. Ministry of Natural Resources, the Ministry of Agriculture, the Ministry of Plantation, MPOB, etc as well as opening and closing meetings for the various missions	5,000.00	4,525.00	
2. State During the project design workshops and meetings were held in three states Sabah, Sarawak and Selangor to meet with key agencies in the state level, including government, NGOs, CSOs, Private Sectors to seek feedback on the proposed design and to , and ensuring that the proposal is relevant to the need)	5,000.00	4,750.00	
3. Field Discussion with community Several FGDs were conducted with the local community, including the representatives from IPs, women's group, CSO, NGOs, and private sectors.)	5,000.00	4,077.00	
Total	150,000.00	138,800.00	13,200.00

ANNEX E: PROJECT MAP AND COORDINATES

Please provide geo-referenced information and map where the project interventions will take place

Location Name	Latitude	Longitude	GeoName ID
Binsuluk Forest Reserve	5.42504	115.745971	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Takuli Village	5.41917	115.68417	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Padas Damit FR	5.41205	115.55645	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Ground Water Station	5.42083	115.68722	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Sagu Plantation	5.33472	115.56472	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Tugong RainForest Camp	5.41120	117.96282	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Pin Supu FR	5.40515	117.93558	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
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Sabah Forestry Department (Kinabantanga)	5.58167	117.85361	
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Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
lol Plantation (HCV Area)	5.51861	118.32972	

Location Description:

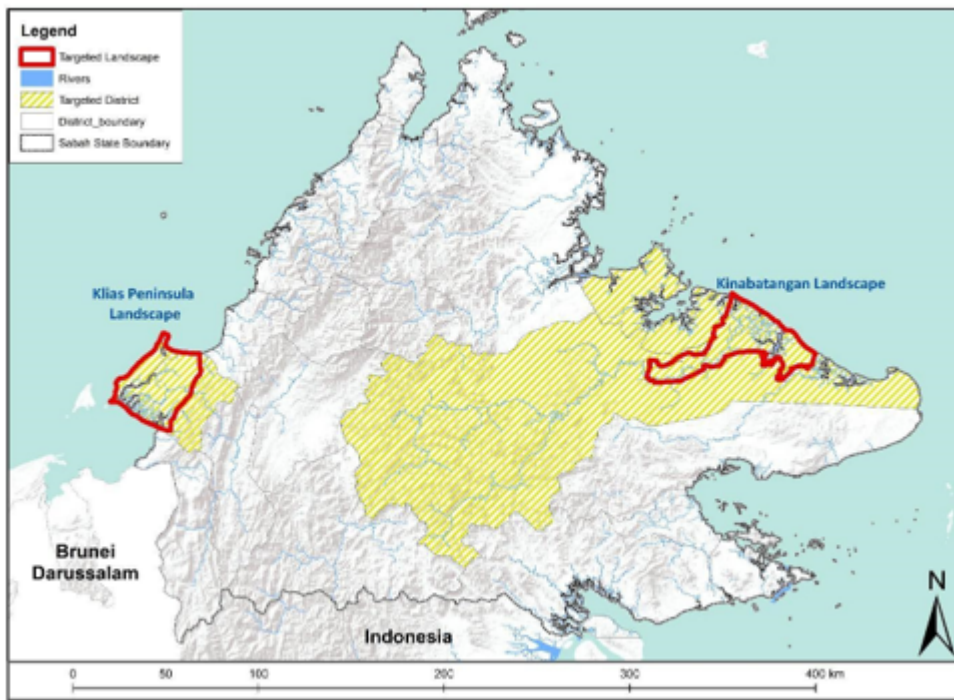
Activity Description:

Location Name	Latitude	Longitude	GeoName ID
KOPEL Office	5.24083	117.95056	

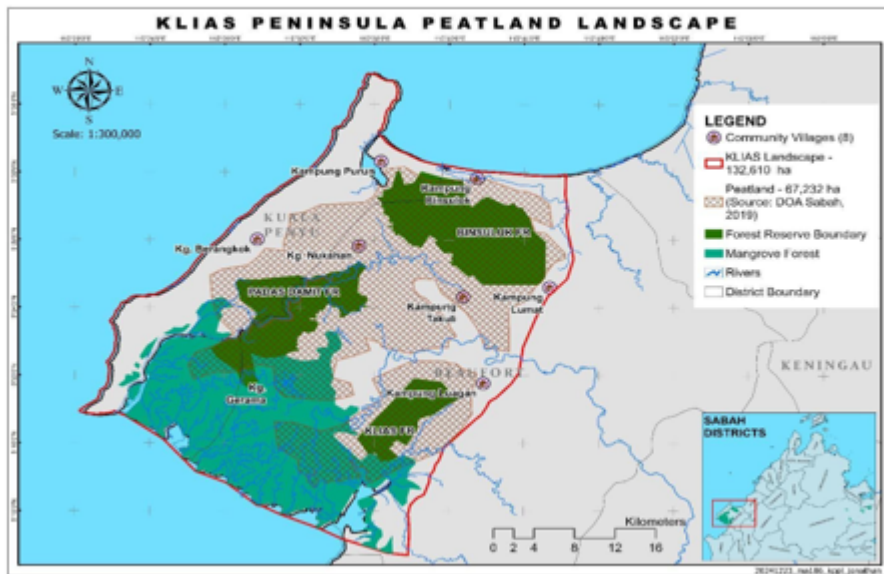
Location Description:

Activity Description:

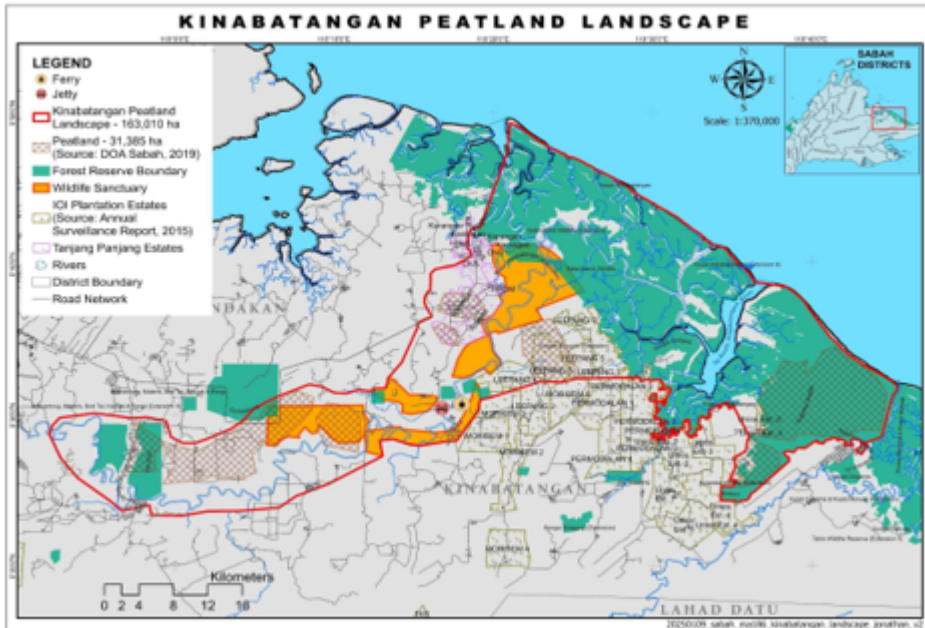
Please provide any further geo-referenced information and map where project interventions are taking place as appropriate.



Map 1. Location of the two landscapes



Map 2. Map of the Klias Landscape



3. Map of the Kinabatangan landscape

The precise locations of the project interventions will be determined during the inception phase, but the table below presents a first indication of priority search areas for project interventions. They are within the red lines indicating the boundaries of the two landscapes, but outside of the protected areas. All locations of project interventions will be recorded in a GIS.

ANNEX F: ENVIRONMENTAL AND SOCIAL SAFEGUARDS DOCUMENTS INCLUDING RATING

Attach agency safeguard datasheet/assessment report(s), including ratings of risk types and overall project/program risk classification as well as any management plans or measures to address identified risks and impacts (as applicable).

Title

GEF8-SAFPLIM_Annex ESCMP_2025

GEF8-SAFPLIM_Annex F1 SECAP Review Note_2026

ANNEX G: BUDGET TABLE

Please upload the budget table here.

Expenditure Category	Detailed Description	Component (USD eq.)							Total (USD eq.)	Responsible Entity
		Component I	Component II	Component III	Component IV	Sub-Total	M&E	PMC		
										-

		Outcome 1.1	Outcome 2.1	Outcome 2.2	Outcome 3.1	Outcome 4.1		(Output 4.2)			
1. Consultancies											
	Maintain and update information on extent and status of Peatlands in Sabah in framework of SAPP	30,000	-	-	-	-	30,000	-	-	30,000	SFD
	Develop Best management practice guidelines and training materials for Integrated Peatland Management (IMP) in Sabah	25,000	-	-	-	-	25,000	-	-	25,000	SFD
	Review and adapt where necessary to suit the situation in Sabah the following guidelines: i) Best Management Practices for Existing Agriculture on Peatlands by Ministry of Agriculture and Food Security 2024 and ii) Standard Operating Procedure Guidelines for Sustainable management Practices in existing Oil palm cultivation on Peat by Malaysian Palm Oil Board 2025.	20,000	-	-	-	-	20,000	-	-	20,000	SFD
	Develop training materials for Best Management practice guidelines for agriculture and plantations on peat as well as on Restoration of degraded peatland forests	15,000	-	-	-	-	15,000	-	-	15,000	SFD
	Design MRV system for AFOLU carbon reporting at the level of Sabah state including estimating emissions from and sequestration in peatlands	-	-	-	-	30,000	30,000	-	-	30,000	SFD
	Technical support for establishment of the Kinabatangan Biosphere Reserve	15,000	-	-	-	-	15,000	-	-	15,000	SFD
	Technical support for designation of KPPL as a Ramsar site	15,000	-	-	-	-	15,000	-	-	15,000	SFD

Technical support to enhance access of communities and plantations to finance from government and private sector for reducing emission and enhancing sustainability of agriculture / plantations	30,000	-	-	-	-	30,000	-	-	30,000	SFD
Policy study and prefeasibility for carbon/biodiversity finance for peatland landscapes	40,000	-	-	-	-	40,000	-	-	40,000	SFD
Technical support to enhance access to biodiversity related finance	20,000	-	-	-	-	20,000	-	-	20,000	SFD
Update MyGAP modules for key stakeholders in Sabah	20,000	-	-	-	-	20,000	-	-	20,000	SFD
Pool of experts to support landscape management in Klias	-	25,000	-	-	-	25,000	-	-	25,000	SFD
Hydrology assessment for the targeted sites for improved water management in KPPL	-	10,000	-	-	-	10,000	-	-	10,000	SFD
Develop hydrology monitoring and reporting systems for risk reduction & emissions mitigation	-	10,000	-	-	-	10,000	-	-	10,000	SFD
Identify priority fire prevention zones and develop community-based fire control program to address root causes of fire	-	20,000	-	-	-	20,000	-	-	20,000	SFD
Develop the integrated concept for agro-ecotourism in Klias and buffer zone including selecting pilot village	-	8,000	-	-	-	8,000	-	-	8,000	SFD
Develop plan for enhanced use of Centres and create modules or materials for the training/capacity building to be used in information center	-	8,000	-	-	-	8,000	-	-	8,000	SFD
Agriculture/Plantation commodity Analysis and Need Assessment	-	-	10,000	-	-	10,000	-	-	10,000	SFD
Feasibility study for expanding sago production in degraded peatland areas, including	-	-	15,000	-	-	15,000	-	-	15,000	SFD

	identifying pilot sites, processing and markets										
	Soil acidity testing (around 200 samples) and writing of short report with findings	-	-	10,000	-	-	10,000	-	-	10,000	SFD
	Development of farmer training program on water, pest and nutrient deficiency management	-	-	24,000	-	-	24,000	-	-	24,000	SFD
	Pool of experts to support landscape management in Kinabatangan	-	-	-	75,000	-	75,000	-	-	75,000	SFD
	Training of communities on forest biodiversity and managing human wildlife conflicts	-	-	-	21,000	-	21,000	-	-	21,000	SFD
	Develop the technical design for restoration in the targeted locations	-	-	-	12,000	-	12,000	-	-	12,000	SFD
	Develop Training & Outreach Modules (consultancy)	-	-	-	12,000	-	12,000	-	-	12,000	SFD
	Develop technical design and public consultation	-	-	-	10,000	-	10,000	-	-	10,000	SFD
	Develop training materials including booklets and video	-	-	-	8,000	-	8,000	-	-	8,000	SFD
	Monitoring and reporting of lessons learned and scope for scaling up	-	-	-	4,587	-	4,587	-	-	4,587	SFD
	Assess the role of sustainable peatland management in contributing to food systems including ecosystem services provided by peatlands	-	-	-	-	10,000	10,000	-	-	10,000	SFD
	Develop project website including information repository on sustainable peatland management for food systems	-	-	-	-	10,000	10,000	-	-	10,000	SFD
	Documenting lessons related to sustainable peatland use to contribute to Nationally Determined Contribution (State & Federal) and NBSAP / State Biodiversity Strategy	-	-	-	-	20,000	20,000	-	-	20,000	SFD

	Design and prepare publications on lessons learned	-	-	-	-	15,000	15,000	-	-	15,000	SFD
	Social Safeguard Expert (intermittent consultant)	-	-	-	-	26,000	26,000	-	-	26,000	SFD
	Gender & Social Inclusion Expert (intermittent consultant)	-	-	-	-	18,750	18,750	-	-	18,750	SFD
	Audit Reports for SAFPLIM	-	-	-	-	-	-	-	10,000	10,000	SFD
	Baseline survey & Report of SAFPLIM	-	-	-	-	15,000	15,000	-	-	15,000	SFD
	independent consultants for MTR	-	-	-	-	-	-	15,000	-	15,000	IFAD
	independent consultants for TE	-	-	-	-	-	-	15,000	-	15,000	IFAD
	Others studies (based on the SM/MTR results)	-	-	-	-	20,000	20,000	-	-	20,000	SFD
2. Good, Services & Inputs		-									
	Improve and maintain the database on extent and status of peatlands in Sabah for SAPP	30,000	-	-	-	-	30,000	-	-	30,000	SFD
	Develop publication on the lessons learned and good practices of implementation MyGAP in Sabah	10,000	-	-	-	-	10,000	-	-	10,000	SFD
	Canal blocking/water management in targeted pilot zones and scaling up across the landscape	-	220,000	-	-	-	220,000	-	-	220,000	SFD
	Establish the water table monitoring system for early warning system	-	30,000	-	-	-	30,000	-	-	30,000	SFD
	Establish and improve the tree nurseries in collaboration with Sabah Forestry Department	-	30,000	-	-	-	30,000	-	-	30,000	SFD
	land preparation, planting and maintenance for restoring degraded forest areas in KPPL (inside/outside the forest reserves) and scaling up across the landscape	-	280,000	-	-	-	280,000	-	-	280,000	SFD

	Implement community-based fire prevention program including participatory patrol for fire prevention, water and restoration monitoring	-	200,000	-	-	-	200,000	-	-	200,000	SFD
	equipment for the fire prevention, and control	-	25,000	-	-	-	25,000	-	-	25,000	SFD
	Implement the agro-ecotourism with the local community & government	-	80,000	-	-	-	80,000	-	-	80,000	SFD
	Equipment and display material for information centres	-	40,000	-	-	-	40,000	-	-	40,000	SFD
	Support for the MyGAP/MSPO certification	-	-	90,000	-	-	90,000	-	-	90,000	SFD
	Pilot site and scaling up use of sustainable agriculture and plantation BMP across the landscape (outside forest reserves)	-	200,000	-	-	-	200,000	-	-	200,000	SFD
	Develop an agroforestry demonstration site/field school for paludiculture/sago including processing and marketing	-	-	100,000	-	-	100,000	-	-	100,000	SFD
	Implement field schools for sustainable agriculture and plantations in peatland landscape	-	-	200,000	-	-	200,000	-	-	200,000	SFD
	Support women and youth entrepreneurship (including concept development, training)	-	-	60,000	-	-	60,000	-	-	60,000	SFD
	Develop or expand forest tree nurseries in local communities	-	-	-	28,000	-	28,000	-	-	28,000	SFD
	land preparation, planting and maintenance for restoring the forest area in Kinabatangan	-	-	-	180,000	-	180,000	-	-	180,000	SFD
	land preparation and restoring buffer zones in Kinabatangan	-	-	-	120,000	-	120,000	-	-	120,000	SFD
	Monitoring biodiversity and reforestation efforts including with collaborative patrols with communities	-	-	-	75,000	-	75,000	-	-	75,000	SFD
	Develop and implement early warning system for	-	-	-	20,000	-	20,000	-	-	20,000	SFD

	biodiversity and fire control										
	Facilitate wildlife habitat restoration / corridor establishment in the plantations/concessions/community lands	-	-	-	100,000	-	100,000	-	-	100,000	SFD
	Upgrading the Learning Center for key stakeholders (Facility)	-	-	-	40,000	-	40,000	-	-	40,000	SFD
	Develop Training & Outreach Modules (materials)	-	-	-	10,000	-	10,000	-	-	10,000	SFD
	Support for sustainable business activities in targeted communities (including KOPEL) including ecotourism and agrobusiness	-	-	-	180,000	-	180,000	-	-	180,000	SFD
	Canal blocking for rewetting & emissions mitigation the landscape	-	-	-	100,000	-	100,000	-	-	100,000	SFD
	Pilot sites with paludiculture in peat and agroforestry crops for mineral land	-	-	-	120,000	-	120,000	-	-	120,000	SFD
	Promote BMP for medium and small-scale plantations in Kinabatangan Peatland Landscape	-	-	-	150,000	-	150,000	-	-	150,000	SFD
	Work with Oil palm supply chain to promote BMP and protect and restore forest and peatland in Oil Palm plantations in Kinabatangan Landscape	-	-	-	80,000	-	80,000	-	-	80,000	SFD
	equipment for landscape offices	-	15,000	-	15,000	-	30,000	-	-	30,000	SFD
	Office equipment for publication	-	-	-	-	10,000	10,000	-	-	10,000	SFD
3. Salary & Allowances											
-											
	Senior technical officer (Landscape) (Klias) 85% Component 2, 15% PMC	-	68,000	-	-	-	68,000	-	12,000	80,000	SFD
	Technical Officer (Klias)	-	54,000	-	-	-	54,000	-	-	54,000	SFD
	Community development officer (Klias)	-	60,000	-	-	-	60,000	-	-	60,000	SFD

Senior technical officer (Landscape) (Kinabatangan) 85% Component 2, 15% PMC	-	-	-	68,000	-	68,000	-	12,000	80,000	SFD
Technical Officer (Kinabatangan)	-	-	-	54,000	-	54,000	-	-	54,000	SFD
Community development officer (Kinabatangan)	-	-	-	60,000	-	60,000	-	-	60,000	SFD
Knowledge Management Officer	-	-	-	-	65,000	65,000	-	-	65,000	SFD
Monitoring & Evaluation Officer	-	-	-	-	-	-	55,000	-	55,000	SFD
Sustainable Agriculture and Plantation Officer 25% each component 1-4	17,500	-	17,500	17,500	17,500	70,000	-	-	70,000	SFD
Project Manager (National Team Leader) (50% PMC 20% component 1, 30% component 4)	23,040	-	-	-	33,000	56,040	-	53,960	110,000	SFD
Project Financial Officer	-	-	-	-	-	-	-	60,000	60,000	SFD
Project Admin and Procurement Officer	-	-	-	-	-	-	-	54,000	54,000	SFD

4. Workshop, training and outreach

Capacity Building for State Committee on Peatlands to oversee SAPP and enhance sustainability of agriculture and plantations in peatland landscapes	35,000	-	-	-	-	35,000	-	-	35,000	NRO
Periodic (2) workshop to assess SAPP implementation	25,000	-	-	-	-	25,000	-	-	25,000	SFD
State level training workshops and exchange	40,000	-	-	-	-	40,000	-	-	40,000	SFD
Public consultation on the MyGAP Modules and Monitoring systems in Sabah	8,000	-	-	-	-	8,000	-	-	8,000	SFD
Study for green/innovative finance options for sustainable peatland management in Sabah (Low emission agriculture or plantations, incentives for peatland and forest	40,000	-	-	-	-	40,000	-	-	40,000	SFD

	restoration, carbon and Biodiversity financing)										
	Outreach and promote the IMP and monitor implementation and undertake Mid-term review of IMP.	-	20,000	-	-	-	20,000	-	-	20,000	SFD
	Training/Capacity Building for Landscape Working Group in Klias	-	10,000	-	-	-	10,000	-	-	10,000	SFD
	Communications, materials, transport for the workshop & training	-	15,000	-	-	-	15,000	-	-	15,000	SFD
	Workshop for promotion of integrated management plan for Klias Landscape	-	15,000	-	-	-	15,000	-	-	15,000	SFD
	Regular monitoring and reporting for the participatory restoration align with stakeholders education	-	16,000	-	-	-	16,000	-	-	16,000	SFD
	Workshop and outreach on peatland water management	-	20,000	-	-	-	20,000	-	-	20,000	SFD
	FPIC Consultation Workshop in Klias	-	5,000	-	-	-	5,000	-	-	5,000	SFD
	Gender Consultation Workshop on sustainable peatland management in Klias	-	5,000	-	-	-	5,000	-	-	5,000	SFD
	Training for the selected village or cooperation for agro-ecotourism	-	8,000	-	-	-	8,000	-	-	8,000	SFD
	Facilitate events with key partners for outreach	-	28,000	-	-	-	28,000	-	-	28,000	SFD
	Farmer to farmer exchange and training	-	-	58,000	-	-	58,000	-	-	58,000	SFD
	Support youth entrepreneurship (including concept development, training)	-	-	20,000	-	-	20,000	-	-	20,000	SFD
	Implementation of TOT and farmer training (500 farmers) and writing of short report to record training outcomes	-	-	100,000	-	-	100,000	-	-	100,000	SFD
	Workshops and outreach to scale up sustainable peatland management across landscapes	-	20,000	20,000	-	-	40,000	-	-	40,000	SFD

	Communications, materials, transport for the workshop & training	-	-	-	15,000	-	15,000	-	-	15,000	SFD
	Workshop for promoting scaling up of sustainable peatland management in Kibatangan Landscape	-	-	-	45,000	-	45,000	-	-	45,000	SFD
	Training/Capacity Building for Landscape Working Group in Kinabatangan	-	-	-	10,000	-	10,000	-	-	10,000	SFD
	FPIC Consultation Workshop in Kinabatangan	-	-	-	4,000	-	4,000	-	-	4,000	SFD
	Gender Consultation Workshop on sustainable landscape management in Kinabatangan	-	-	-	4,000	-	4,000	-	-	4,000	SFD
	Farmer training including with field schools	-	-	-	58,000	-	58,000	-	-	58,000	SFD
	Maintain website, update information based on lessons learned in SAFPLIM, develop outreach materials	-	-	-	-	15,000	15,000	-	-	15,000	SFD
	Training/Capacity Building on MRV of GHG emissions measurements	-	-	-	-	20,000	20,000	-	-	20,000	SFD
	Training/Capacity Building on assessing biodiversity measurements and impacts	-	-	-	-	20,000	20,000	-	-	20,000	SFD
	Involvement in National workshops/ exchange and Events	-	-	-	-	16,000	16,000	-	-	16,000	SFD
	Regional Study visit and exchanges	-	-	-	-	30,000	30,000	-	-	30,000	SFD
	Participate in the GEF Regional/International Workshops – FSIP	-	-	-	-	50,000	50,000	-	-	50,000	SFD
	Participation in other appropriate international forums related to food system transformation and peatland landscapes					25,000	25,000			25,000	SFD
	Travel related to learning/supervision missions	-	-	-	-	15,000	15,000	-	-	15,000	SFD
	SAPPLIM KM regular Training & Monitoring	-	-	-	-	20,000	20,000	-	-	20,000	SFD

	SECAP training & guidance	-	-	-	-	16,000	16,000	-	-	16,000	SFD
	Inception Workshop & Report SAPPLIM	-	-	-	-	-	-	15,780	-	15,780	SFD
	Travel to periodically monitor progress/M&E							7,500		7,500	SFD
	Travel and workshops related to Mid-term Review (MTR)	-	-	-	-	-	-	10,000	-	10,000	SFD
	Travel and workshops related to Terminal Evaluation (TE)	-	-	-	-	-	-	15,000	-	15,000	SFD
	Develop the M&E Concept & Strategy	-	-	-	-	-	-	5,000	-	5,000	SFD
	Develop project Monitoring & Evaluation System	-	-	-	-	-	-	11,750	-	11,750	SFD
	Workshop for Preparation for MTR and Project Completion Report (prior TE)	-	-	-	-	-	-	8,200	-	8,200	SFD
5. Operating Costs											
	Office expendables PMO	-	-	-	-	-	-	-	10,000	10,000	SFD
	Project Steering Committee Meetings	-	-	-	-	-	-	-	9,500	9,500	NRO
	Project Technical Working Group meetings	-	-	-	-	-	-	-	10,000	10,000	SFD
	Travel costs PMO	-	-	-	-	-	-	-	13,520	13,520	SFD
	Office Equipment PMO	-	-	-	-	-	-	-	10,000	10,000	SFD
Grand Total (USD)		458,540	1,545,000	724,500	1,696,087	517,250	4,941,377	158,230	254,980	5,354,587	

Please explain any aspects of the budget as needed here

A summary of the budget is given in the table below.

Summary of SAFPLIM Budget by Component and Budget Category		
Description	Total (USD)	Total (%)

Component 1: Enhancing Capacity, Policy and Resources for sustainable peatland landscape management	458,540	8.6%
Component 2: Klias Peninsula Peatland Landscape (KPPL) Output 2.1	1,545,000	28.9%
Component 2: Klias Peninsula Peatland Landscape (KPPL) Output 2.2	724,500	13.5%
Component 3: Kinabatangan Peatland Landscape (KPL)	1,696,087	31.7%
Component 4: Knowledge Generation and Exchange	517,250	9.7%
Output 4.1 (Knowledge generation and exchange)		
Component 4: Knowledge Generation and Exchange Output 4.2 (M&E)	158,230	3.0%
Component 5: Project Management Cost (PMC)	254,980	4.8%
TOTAL	5,354,587	100%
Category		
Budget Category	Total (USD)	Total (%)
1. Works	1,618,000	30.2%
2. Goods	105,000	2.0%
3. Vehicles	-	
4. Grants/ Sub-grants	-	
5. Revolving funds/ Seed funds / Equity	-	
6. Sub-contract to executing partner/ entity	1,209,000	22.6%
7. Contractual Services – Individual	-	
8. Contractual Services – Company	263,000	4.9%
9. International Consultants	30,000	0.6%
10. Local Consultants	369,337	6.9%
11. Salary and benefits / Staff costs	742,000	13.9%
12. Trainings, Workshops, Meetings	859,730	16.1%
13. Travel	105,500	2.0%
14. Office Supplies	10,000	0.2%
15. Other Operating Costs	43,020	0.8%
Total	5,354,587	100%

ANNEX I: RESPONSES TO PROJECT REVIEWS

From GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF.

