

Government of Malaysia

United Nations Development Programme

**POLICY STRATEGIES FOR THE CONSERVATION AND
SUSTAINABLE USE OF THE HIGHLANDS OF SABAH AND SARAWAK**

Project ID: 00038099

The objective of this project is to contribute towards the effective conservation and sustainable use of the highland areas in the Malaysian states of Sabah and Sarawak. This is in line with Malaysia's development plans, as well as commitments under the UN Convention on Biological Diversity and the nation's progress towards achieving the Millennium Development Goals, in particular Goal 7 on Environmental Sustainability. The project will formulate a Highlands Management and Conservation Strategy, develop guidelines and indicators and draw up Land Use Management Plans. The findings of the studies carried out under the project will be used to formulate the Draft National Highlands Policy. This project will build on the information, analyses and lessons learnt from the completed UNDP project MAL/99/003 Study for the Sustainable Development of the Highlands of Peninsular Malaysia.

SIGNATURE PAGE

Country: Malaysia

United Nations Development Assistance
 Framework (UNDAF) Outcome(s)/Indicator(s): Not applicable (N. A.)
(Link to UNDAF outcome, if no UNDAF, leave blank)

Expected Outcome(s)/Indicator (s): Multi-year Funding Framework (MYFF) Goal 3: Energy and environment for sustainable development

(Country Programme (CP) outcomes linked to the Strategic Results Framework (SRF)/MYFF goal and service line)

Service Line: 3.1: Strategies and Frameworks for Sustainable Development

Expected Output(s)/Indicator(s): National Highlands Policy adopted by Government of Malaysia

(CP outcomes linked to the SRF/MYFF goal and service line)

Implementing partner: Economic Planning Unit (EPU), PM's Department
(Designated Institution/Executing Agency)

Programme Period: 2003 – 2007
 Programme Component: MYFF Goal 3
 Project Title: Policy Strategies for the Conservation and Sustainable Use of the Highlands of Sabah and Sarawak
 Project ID: 00038099
 Project Duration: 18 months
 Management Arrangement: National Execution (NEX)

Budget	USD
Allocated resources:	
Government of Malaysia (GoM)	313,000
UNDP	736,515
General Management Support Fee	28,485
Total budget:	1,078,000

On Behalf Of :	Signature :	Date :	Name / Title
Government	_____	_____	_____
UNDP	_____	_____	_____

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PART I A. SITUATION ANALYSIS

The highlands of Sabah and Sarawak (tentatively defined as areas above 300m) cover an area of about 73000 km² or 37% of the land mass of East Malaysia. The geology of these highlands is both complex and interesting and has not been adequately studied. The highlands of East Malaysia also form a significant portion of the 1700 km long border with Indonesia & Brunei, a source of concern for both national security and resource safety.

Like the highlands of Peninsular Malaysia, the highlands of Sabah & Sarawak are very rich in biodiversity. Large areas of the highlands here have good forest cover and harbour a plethora of flora and fauna. For example, the Crocker Range, a giant backbone of green clad ridges stretching from Mt. Kinabalu's granite peaks, and down the west coast into the swamp-forests of the Sarawak border, has some of the last remaining areas of west coast hill dipterocarp forest in Sabah. The forest is also rich in oaks, chestnuts and conifers such as Agathis. Drifting mists on the highest ridges have provided ideal conditions for the development of thick mossy forests, orchids, rhododendrons and pitcher plants. The world's largest flower, the spectacular Rafflesia also grows in this area. There are already several protected areas in these highlands but further studies are needed to examine the adequacy of these and identify further areas for protection if necessary.

The mountains of Sabah and Sarawak form the headwaters of most of the major rivers that flow in the states. Gunung Trus Madi in central Sabah forms the headwaters of the Kinabatangan and Padas rivers, the two largest rivers in Sabah. The Labuk Highlands and Segama Highlands form the headwaters of the two other large rivers in Sabah, namely the Labuk River and the Segama River. The Kelabit Highlands are the headwaters for the important Limbang and Baram rivers. The mountains in eastern Sarawak also receive the highest rainfall in Malaysia, often exceeding 4000 mm per year. On the other hand, the eastern flanks of the Crocker Range are in the rain shadow and are very dry (annual rainfall often falling below 1000 mm). The highlands also support hydropower dams and minihydro schemes, which are vital for the electricity needs on both states. The protection of the highlands is vital for the sustainability of these hydro schemes. It is also important to note that some parts of the highlands in Sabah (e.g. Pensiangan area) actually drain into the Sembakung River in Kalimantan.

The primary threats to biological diversity and ecosystem integrity in the highlands of Sabah and Sarawak are identified as follows:

- Illegal logging and poor logging practices
- Shifting cultivation and uncontrolled commercial agriculture
- Inappropriate tourism activities
- Poaching and over harvesting of -timber biodiversity products
- Fire risks and breakdown of the hydrological cycle;
- Slope destabilisation through physical developments;
- Population encroachment

Some of the underlying causes driving these threats are the low level of awareness among stakeholders, both government and non-government, on the importance of the highland ecosystems. There are also significant capacity gaps, at the systemic, institutional and technical levels that also hinder the development of conducive policy and institutional environments to promote and enforce conservation and sustainable use practices in the highlands.

PART I B. STRATEGY

The Economic Planning Unit (EPU) had recently completed the Study on the Sustainable Development of the Highlands of Peninsular Malaysia. The study, undertaken with support from United Nations Development Programme (under project MAL/99/003), had formulated a highlands conservation and management strategy for the highlands in Peninsular Malaysia focussing on the Main Range and Gunung Benom, developed guidelines and indicators and established a spatial database on the highlands.

The Government of Malaysia now wishes to build on the first study by undertaking a similar initiative on the highlands in Sabah and Sarawak, as part of an overall plan to promote sustainable development of the highlands of Malaysia. This study shall encompass the entire highlands of Sabah and Sarawak, including areas categorized as steeplands. The study for Sabah & Sarawak, like that for Peninsular Malaysia, aims to promote effective conservation and sustainable use of the natural resources of the highland areas in Sabah & Sarawak, through the formulation of a Highlands Management and Conservation Strategy, the development of guidelines indicators and drawing up Land Use Management Plans. The findings of both the studies will be used to formulate the Draft National Highlands Policy.

The overall project goal is to ensure the conservation and sustainable use of the highlands in Malaysia. This project goal is consistent with the country's commitment to achieving the Millennium Development Goals, in particular Goal #7 from the aspect of integrating the principles of sustainable development into policies and programmes and to reverse the loss of environmental resources.

The project purpose is to contribute towards this overall goal through delivering strategic policy recommendations for the conservation and the sustainable use of highlands in Sabah and Sarawak.

The project design is based on a comprehensive approach to strengthening the understanding of the challenges to effective conservation and sustainable use of the highlands, among the stakeholders and the general public. In this regard, the project will develop a communications strategy so that the findings and recommendations of the project are effectively communicated to the stakeholders, both during and after the study.

The project has also taken an inclusive approach during its design as meetings were held with state government authorities to confirm their support for the project. Meetings were held with Sabah and Sarawak in early July where as a result from the meeting, the State Economic Planning Unit for each state was elected to serve as the secretariat for the project at the state level. In late July, more discussions were held with the state government which resulted in the short listing of potential sites for the study to be conducted in each state.

Furthermore, the project will put forward policy recommendations based on scientific assessments, taking into account the legal and institutional arrangements in both States and assessing the human, technical and institutional capacity in these States for effective management of the highlands.

The project design also includes the local communities in both states as key stakeholders and beneficiaries of the project. The highlands of Sabah and Sarawak support many community groups with very different socio-cultural characteristics. These communities inhabit different part of the highlands, often in small groups and in remote areas. State constitution of both states affords native land rights and native hunting rights to the communities. All these factors must be considered and adds another dimension to land use planning and conservation. The sociological and cultural dimensions of the indigenous people need to be appreciated thoroughly prior to formulating management strategies for the highlands.

PART II RESULTS FRAMEWORK

Intended Outcome as stated in the Country Results Framework

1. Environmental and energy sustainability objectives integrated in macroeconomic and sector policies.
2. Improved capacity of national/sectoral authorities to plan and implement integrated approaches to environmental management and energy development that respond to the needs of the poor

Outcome indicator as stated in the Country Programme Results and Resources Framework, including baseline and target

1. Use of economic policy instruments of pricing, taxes, charges, subsidies, tradable permits – to create incentives for sustainable environmental management and energy development including renewable energy
2. Sectoral strategies/plans/programmes incorporate ecosystem management and approaches.
3. Development of local sustainable development plans with participation of local communities, including poor and marginalized groups, during the reporting period.

Baseline: Malaysia is a signatory to the United Nations Convention on Biological Diversity (UNCBD)

End target: Increased skills and capacity in highland biodiversity management and conservation.

Millennium Development Goals

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

TARGET 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

Multi-Year Funding Framework 2004 – 2007 Strategic Goals and Service Lines

Goal 3: Energy and Environment for Sustainable Development

Service Line 3.1: Frameworks and strategies for sustainable development

Project title and ID: Project ID: 00038099

Policy Strategies for the Conservation and Sustainable Use of the Highlands of Sabah and Sarawak.

Intended Outputs	Output Targets	Indicative Activities*	Inputs
<u>Output 1</u> Spatial Database and Information Database developed and made accessible to relevant stakeholders	<ul style="list-style-type: none"> ○ Trial database developed and tested. ○ Complete Spatial and Information Database developed ○ Information on database sufficiently disseminated to relevant stakeholders 	As per appointed subcontractor's mobilisation plan	<ul style="list-style-type: none"> ▪ Subcontract
<u>Output 2</u> Conservation and management strategy for the highlands developed	<ul style="list-style-type: none"> ○ Stakeholder consensus on the definition of the highlands obtained ○ Strategy to address causes of problems formulated and feasible long- and short-term solutions proposed ○ Economic instruments, sources of funds and funding mechanisms that are necessary for the implementation of the Highlands Conservation and Management Strategy identified 	As per appointed subcontractor's mobilisation plan	<ul style="list-style-type: none"> ▪ Subcontract
<u>Output 3</u> Strategic Land Use Plans for the Highlands and detailed Land Use Plans for selected development areas developed	<ul style="list-style-type: none"> ○ Special Development / Management Areas defined and delineated ○ Land Use Plans developed 	As per appointed subcontractor's mobilisation plan	<ul style="list-style-type: none"> ▪ Subcontract ▪

Intended Outputs	Output Targets	Indicative Activities*	Inputs
<u>Output 4</u> Guidelines and indicators for conservation and management of the highlands developed	<ul style="list-style-type: none"> ○ Existing guidelines and indicators and assessment of their adequacy for use in the highlands reviewed 	As per appointed subcontractor's mobilisation plan	<ul style="list-style-type: none"> ▪ Subcontract
	<ul style="list-style-type: none"> ○ Decision-making criteria for each of the guidelines and indicators developed 		
<u>Output 5</u> Detailed action plans for selected and prioritized recommendations in the Strategy (cf. Output 2) developed	<ul style="list-style-type: none"> ○ Details of action plans developed, including budgets, guidelines, legal requirements, human resource requirements, etc. 	As per appointed subcontractor's mobilisation plan	<ul style="list-style-type: none"> ▪ Subcontract
<u>Output 6</u> 6.1 Increased capacity in sustainable management of highlands 6.2 Increased awareness on the importance of sustainable management of highlands	<p>For 6.1</p> <ul style="list-style-type: none"> ○ Training kits developed ○ Training of trainer sessions carried out <p>For 6.2</p> <ul style="list-style-type: none"> ○ Awareness raising video documentary produced ○ Awareness kits produced 	As per appointed subcontractor's mobilisation plan	<ul style="list-style-type: none"> ▪ Subcontract
<u>Output 7</u> Draft National Highlands Policy developed	<ul style="list-style-type: none"> ○ Draft Policy formulated by team of subcontractors ○ Policy adopted 		<ul style="list-style-type: none"> ▪ Subcontract

*Appropriate and cost-effective activities of the project will be proposed by the successful sub-contractor in order to deliver the required outputs.

PART III. MANAGEMENT ARRANGEMENTS

The Economic Planning Unit (EPU) would have the overall responsibility for the execution of the project, and will be named the "National Execution Agency (NEA)/ Executing Agency (EA)" of the project.

The Executing Agency shall name a senior officer to assume the role of National Project Director (NPD). The NPD should be an employee of the Executing Agency and is appointed before project activities commence. The NPD is accountable to Government and UNDP for the implementation of the project in line with the signed project document. He/she is the approving officer for the project. The NPD is the focal point for responsibility and accountability in the National Execution Agency. The NPD will be at the level of a Director or higher in the NEA. The NPD works on the project on a part time basis and should be able to devote a reasonable amount of time to project activities, and his/her participation in the project can be considered as Government in-kind contribution.

The NPD and the Executing Agency will be responsible for overseeing the recruitment and procurement processes as may be necessary in carrying out the project. The Executing Agency shall ensure that the contracting processes meet at the minimum, UNDP procurement guidelines subject to the written approval of the Government.

The UNDP Resident Representative ensures that the UNDP country office has an internal control system that allows it to monitor effectively the financial activity of the project and to support and monitor the progress towards achieving results.

UNDP will process all payments as direct payments for goods and services provided to the project. In this connection the government Executing Agency will forward to the UNDP a standard form "Request for direct payment", duly completed and signed. The standard form is attached.

PART IV: MONITORING AND EVALUATION

The project will be subject to standard UNDP project monitoring and evaluation procedures as approved in writing by the Government from time to time. The Executing Agency will ensure effective documentation of all processes undertaken, lessons learnt and successful initiatives through a database for long-term planning and management purposes. Information on successful experiences and lessons learnt will be disseminated through national and local networks as well as to the international sites, where applicable, in order to stimulate replication. Project experience will also, where applicable, be disseminated internationally, nationally, and locally through appropriate vehicles. The first progress report, which will be due within the first 2 months of commencement, will serve as the Inception Report, which will ensure the full operation of the UNDP Project Document. The NPD or his/her assigned staff shall prepare an Annual Project Report (APR). The preparation of the APR must be done in consultation with the stakeholders and will be used as one of the basic document for discussions in the Tripartite Review meeting and must be ready two weeks prior to the meeting.

National Steering Committee:

The NPD will be responsible to the National Steering Committee (NSC). The NSC will be established to provide the overall guidance to the implementation of the project. It is proposed that the NSC be chaired by the Executing Agency, and include members such as UNDP, state agencies, relevant ministries and representation from civil society.

State Steering Committees:

Regular monitoring of the project's activities will be carried out by a working-level State Steering Committees (SSC), which includes the Executing Agency and UNDP. The SSC meets on a bi-monthly basis to evaluate the deliverables of the sub-contractor (or, as frequently as may be necessary) and will be chaired by representatives from the respective State governments.

The two State SSCs will closely monitor the project consultants in the implementation of the Project's activities and ensure that related activities remain directed towards the project's goal and objectives; giving particular attention to the indicators mentioned below in Part IV.

National Policy Linkages:

The project will be able to channel upstream policy inputs through the National Development Planning Committee, the Cabinet and ultimately the Cabinet Committee on Highlands and Islands (CCHI).

The progress and final reports will need to refer to agreed performance indicators included but not limited to those established below:

Output 1

Indicators:

- 1.1. Test database has at least 80% level of satisfaction from users
- 1.2. Number of relevant agencies that use this database for planning and management purposes

Output 2

Indicators:

- 2.1. Percentage of strategies and recommendations approved by Cabinet

Output 3

Indicator:

- 3.1. Number of recommendations and guidelines adopted in the state structure plans.

Output 4

Indicator:

- 4.1. Number of recommended indicators that are applied by the government to monitor the effectiveness of the Highlands Conservation and Management Strategy.

Output 5*Indicators:*

5.1. Number of action plans implemented within the time frame specified

Output 6*Indicators:*

6.1. Number of persons trained as trainers

6.2. Number of persons trained using training kits

6.3. Percentage of trainees who use information and skills from training in their work (from follow up survey)

Output 7*Indicator:*

7.1. Adoption of the National Highlands Policy

External monitoring

USD 15,000 has been budgeted for project monitoring and evaluation, which will include an independent evaluation. The evaluations will focus on progress in meeting the indicators for measuring the impact. They will be expected to also report on stakeholder participation and satisfaction, in addition to the usual evaluation parameters. Indicative monitoring activities are mentioned in the Work plan attached as Annex 5.

Prior to the completion of the project, it will be subject to Tripartite Review (TPR), which is a joint review by representatives of the Government and UNDP.

PART V. LEGAL CONTEXT

This project document shall be the instrument envisaged in the Supplemental Provisions to the Project Document, attached hereto. The Supplemental Provisions to the Project Document is a standard annex to project documents that is used in countries which are not parties to the Standard Basic Assistance Agreement (SBAA). The Supplemental Provisions outlines the specific basic conditions under which UNDP assists the Government in carrying its development programmes. It specifies the UNDP privileges and immunities, the forms of assistance, the management arrangements, the role of the Government and the executing agency, resources, costs and general provisions. The host country-implementing agency shall for the purpose of the Supplemental Provisions to the Project Document, refer to the Government Cooperating agency described in the Supplemental Provisions.

All activities stipulated in the Project Document shall be implemented accordingly. However, should there be a need to make changes/modifications to any of the agreed activities; all signatories of the Project Document must concur, before such changes are made.

The following types of revisions may be made to this project document with the signature of the UNDP principal project representative and the Government of Malaysia, provided he or she is assured that the other signatories of the project document have no objection to the proposed changes:

1. Revisions in, or addition of, any of the annexes of the project document [with the exception of the Standard Legal Text for non-SBAA countries which may not be altered and the agreement to which is a pre-condition for UNDP assistance].
2. Revisions which do not involve significant changes in the immediate objectives, outputs or activities of a project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation; and
3. Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or to take into account agency expenditure flexibility.”

Audit Requirements

As with all nationally executed projects, the project must be audited at least once in its lifetime, in accordance with UNDP procedures as approved in writing by the Government from time to time. The objective of the audit is to provide the UNDP Administrator with the assurances that UNDP resources are being managed in accordance with:

1. The financial regulations, rules, practices and procedures prescribed for the project:
2. The project document and work plans, including activities, management and the project implementation arrangements, monitoring, evaluation, and reporting provisions
3. The requirements for execution in the areas of management, administration and finance.

While the Government is responsible for ensuring that the audit requirements are met, the project may be subject to audit by the auditors of UNDP, and UNDP shall have right of access to the relevant records.

The Government’s own auditors i.e. the Auditor-General’s Office will conduct the audit. The Government must ensure that the audit is performed in accordance with the generally accepted standards and ensure that the audit report is duly reviewed and will reach UNDP Headquarters via the UNDP Malaysia office by 30 April of each year.

Confidentiality

The Parties shall undertake that neither Party shall disclose or distribute any confidential information, documents or data received or supplied to the other Party in the course of the implementation of this Project Document and any other agreements made pursuant to this Project Document, to any third party except to the extent as authorised in writing to do so by the other Party.

Both the Parties agree that the provisions of this Article shall continue to be binding between the Parties notwithstanding the expiry or termination of this Project Document.

Suspension

Each Party reserves the right for reasons of national security, national interest, public order or public health to suspend temporarily, either in whole or in part, the implementation of this Project Document which suspension shall take effect immediately after notification has been given to the other Party in writing.

Revision, Modification and Amendment

Any Party may request in writing a revision, modification or amendment of all or any part of this Project Document. Any revision, modification or amendment agreed to by the Parties shall be reduced into writing and shall form part of this Project Document. Such revision, modification or amendment shall come into force on such date as may be determined by the Parties. Any revision, modification or amendment shall not prejudice the rights and obligations arising from or based on this a Project Document prior or up to the date of such revision, modification or amendment.

Arbitration

Any dispute, which cannot be resolved amicably, shall be settled by arbitration in accordance with the Arbitration Act 1952 [Act 93] and the rules of arbitration as adopted by the Regional Centre for Arbitration at Kuala Lumpur.

The number of arbitrators shall be three (3), with one (1) arbitrator to be appointed by UNDP and one (1) arbitrator by the Government and the third to be agreed between the two (2) nominated arbitrators. If the two (2) arbitrators fails to agree on the person to be nominated, on the application of either Party hereto the same shall be appointed by the Director of the Regional Centre of Arbitration in Kuala Lumpur.

Any such reference to arbitration shall be deemed to be a submission to arbitration within the meaning of the Arbitration Act 1952.

The decision of the panel of arbitrators shall be final and binding on both Parties.

The arbitrator shall have the power to order specific performance of any obligation under this Project Document.

Entry into Force, Duration and Termination

This Project Document shall enter into force on the Starting Date and shall remain in force until the Completion Date unless on of the Parties notify the other Party of its intention to terminate this Project Document by a notice in writing, at least six (6) months prior to the date of the intended termination.

The termination of the Project Document shall not affect the implementation of on going activities/programmes, which have been agreed upon prior to the date of the termination of this Project Document.

Protection of Intellectual Property Rights

The protection of intellectual property rights shall be enforced in conformity with the national laws and regulations of Malaysia and with other international agreements signed by the Parties.

The use of the name, logo and/or official emblem of any of the Parties on any publication, document and/or paper is prohibited without the prior written approval of Party concerned.

Notwithstanding anything in paragraph 1 above, the intellectual property rights in respect of any technological development, products and services development, carried out:

1. Jointly by the Parties or the research results obtained through the joint effort of the Parties, shall be owned by the Parties in accordance with the terms to be mutually agreed upon; or
2. Solely and separately by the Party or the research results obtained through the sole and separate effort of the Party, shall be solely owned by the Party concerned.

ANNEX 1 --- TERMS OF REFERENCE FOR THE NATIONAL STEERING COMMITTEE

A National Steering Committee (NSC) will be established to provide the overall guidance to the implementation of the project.

The Chairman of the National Steering Committee will be the Deputy Director-General (Macro) of the Economic Planning Unit (EPU). Its members will consist of representatives of relevant agencies and UNDP. The National Project Director as the overall coordinator for the Project will be secretary of the NSC. The NSC will consist of members of the following agencies/institutions:

Economic Planning Unit, Prime Minister's Department
Ministry of Natural Resources and Environment
Ministry of Tourism
Ministry of Water, Energy and Communications
Ministry of Rural and Regional Development
Department of Survey and Mapping Malaysia
Department of Mineral and Geosciences

Sabah

State Secretary or Deputy State Secretary (Development)
Director, State Economic Planning Unit
Secretary, Natural Resource Office
Permanent Secretary, Ministry of Infrastructure Development
Permanent Secretary, Ministry of Local Government and Housing
Permanent Secretary, Ministry of Agriculture Development and Food Industry
Permanent Secretary, Ministry of Tourism Development, Environment, Science and Technology
Permanent Secretary, Ministry of Rural Development

Sarawak

State Secretary or Deputy State Secretary (Planning and Development)
Director, State Planning Unit
Permanent Secretary, Ministry of Planning and Resource Management
Permanent Secretary, Ministry of Infrastructure Development and Communication
Permanent Secretary, Ministry of Rural Development
Permanent Secretary, Ministry of Land Development
Permanent Secretary, Ministry of Environment and Public Health
Permanent Secretary, Ministry of Modernisation of Agriculture

Resident Representative, United Nations Development Programme, Malaysia

The NSC will meet after the receipt of each project report (except the mobilization report) and or twice a year, whichever is more, and have the following responsibilities:

1. Provide Policy guidance on matters pertaining to the implementation of the project.
2. Monitor and evaluate the implementation of the project towards fulfilment of the objectives stated in the project document.
3. Coordinate and manage overall project activities and budget.
4. Review and comment on each year's proposed work plan and budget.
5. Initiate remedial actions to overcome all constraints in progress of the project;
6. Review and approve relevant changes to the project design.
7. Coordinate the roles of the various organisations involved in the execution of the project and ensure harmony with related activities.
8. Review and approve progress and technical reports.
9. Establish separate State Steering Committees for each of the two States to oversee technical details related to the project.
10. Set up the TOR for the State Steering Committees.

The NSC may choose to co-opt other members, such as NGOs and local community representatives, as may be necessary. The NSC operates and makes all decisions by consensus.

The NSC also has the general responsibilities of the following:

1. All phases and aspects of UNDP assistance to this project shall be governed by and carried out in accordance with the relevant and applicable resolutions and decisions of the competent United Nations organs and in accordance with UNDP's policies and procedures for such projects, and subject to the requirements of the UNDP Monitoring, Evaluation and Reporting System and the approval in writing of the Government.
2. The Government and UNDP shall remain responsible for this UNDP-assisted development project and the realization of its objectives as described in this Project Document.
3. UNDP may subject to the prior written approval of the Government release information relating to any investment-oriented project to potential investors.

ANNEX 2 --- TERMS OF REFERENCE FOR THE NATIONAL PROJECT DIRECTOR

The Government shall appoint a National Project Director to be responsible, on behalf of the government, for the project. The NPD will be responsible for:

- Assuring the Government inputs to the project are forthcoming in a timely and effective manner
- Assuring the project stays in line with national programs, strategies, and objectives and full achievements of the immediate objectives and outputs
- Overseeing project implementation and the timely undertaking of all activities

The NPD shall also:

1. Work closely with the successful subcontractor(s) in overseeing the sound management of all project subcontracts and financial disbursements.
2. Prepare detailed draft work plan and inception report for all project objectives and identify resource requirements, responsibilities, task outlines, performance evaluation criteria and work plans/schedules.
3. Assume duties as Secretary to the NSC
4. Coordinate national and international experts and advise on planned training and workshops.
5. Submit, as required, Annual Project Report (APR) to tripartite (TPR) review meetings.
6. Approve detailed terms of reference and qualifications for each subcontract.
7. Direct and supervise the establishment of project administration procedures for all staff, subcontractors, and participating agencies.
8. Approve quarterly status and financial reports for comment and approval of the Project Steering Committee.
9. Approve budget revisions and requests as and when required for approval of the National Steering Committee.
10. Provide full support to the Auditor-General's Office in its execution of the NEX Audit.

ANNEX 3 --- TERMS OF REFERENCE FOR SUBCONTRACT FOR THE PROVISION OF TECHNICAL SERVICES

Duration: 18 months

Background:

The objective of this project is to contribute towards the effective conservation and sustainable use of the highland areas in the Malaysian states of Sabah and Sarawak. This is in line with Malaysia's development plans, as well as commitments under the UN Convention on Biological Diversity and the nation's progress towards achieving the Millennium Development Goals, in particular Goal 7 on Environmental Sustainability. The project will formulate a Highlands Management and Conservation Strategy, develop guidelines and indicators and draw up Land Use Management Plans. The findings of the studies carried out under the project will be used to formulate the Draft National Highlands Policy. This project will build on the information, analyses and lessons learnt from the completed UNDP project MAL/99/003 Study for the Sustainable Development of the Highlands of Peninsular Malaysia.

The subcontract for the provision of technical services will be expected to deliver results as specified below.

1. The Site Assessments

The purpose of the site assessments is to provide the project stakeholders with a comprehensive, accurate and up-to-date picture of the site area; its characteristics, biodiversity, socio-economic and socio-cultural values and existing management and resource use structures. The assessments should also identify information gaps, and describe the steps required to fill those gaps. Where possible the subcontractor should use existing data.

The assessments should, *inter alia*, include the following information:

1) Physical and ecological features

- i) Location and Description:
 - (1) Size
 - (2) Forest type(s), (including types/ categories)
 - (3) Geology, topography and landscape
 - (4) Major rivers, lakes and other hydrological features.
- ii) Diversity at the genetic level: list any species for which populations are found within the site which:
 - (1) Are outside the contiguous geographic range for the species
 - (2) Are at or near the geographic limit for the species
 - (3) Are otherwise genetically distinct from populations elsewhere

- iii) Diversity at the species level:
 - (1) Number of species
 - (2) Number of Globally-Threatened Species/ Globally Endangered Species (GTS/ GES), Regionally-Threatened Species (refer to nationally or internationally recognized lists, e.g. "Red Book")
 - (3) Number of endemic species, extinct species, etc. For endemic spp., specify whether endemic to the site only, local area or country.
- iv) Diversity at the ecosystem level:
 - (1) Describe and assess the different ecosystems or ecotones in the site, and assess their uniqueness/ significance
 - (2) Describe conditions resulting in an unusual number of different ecosystems within a confined area
- v) Conservation status: Protected Area, Biosphere Reserve, Rangeland Reserve, Ramsar site, etc.
 - (1) For protected areas, etc., describe declared size and date declared – does a management plan exist (provide reference or copy).
- vi) Management structure and capacity:
 - (1) Which agency/ department is responsible for managing the site- copy of mandate or relevant legislation.
 - (2) Which agency[ies] is/are responsible for managing the areas immediately adjacent to the site.

2) Socio-economics

- a) Population:
 - i) Size of population around the site area
 - ii) Major population centres (major villages, nearest cities/ regional centres)
 - iii) Any significant tribal/ nomadic groups in the site area
 - iv) Any significant recent in- or out-migration and reasons for it (refugee influx, migration due to drought, relocation programmes etc.)
 - v) For populations within the site area (e.g. living within the protected area) – describe in detail (by individual village or tribal group)
 - vi) Any significant border related issue (e.g. populations, different land uses and management.)
- b) Major socioeconomic activities and scale (in the area around the project site):
 - i) Agriculture: what crop type, what farming methods, main locations around the site, which villages are involved, for each major crop type
 - ii) Livestock: what type of livestock, estimated number of standing head, grazing areas/ main fodder sources, what the livestock are used for (personal/ community consumption, sale or trade, traditional or cultural uses)
 - iii) Fishing and hunting: what types of animals, main areas where the activity occurs, whether it is a primary or occasional activity, for personal consumption or sale.
 - iv) Estimated percentage of average household income derived from each major socio-economic activity (including part-time or seasonal wage labour), and percentage of household labour time spent on each activity.
 - v) Crop calendar and crop histories

- c) Tourism:
 - i) Extent of current tourism and recreational visits to the site area, source markets, estimated average length of stay.
 - ii) Major tourism features/ products around the site area (local attractions)
 - iii) Potential tourism features or attractions in the site
 - iv) Threats and constraints for ecotourism.
 - v) Estimated potential market size, and rough estimates of potential visitor numbers per year (indicate major seasonal variations, if any)
- d) Infrastructure:
 - i) Roads around and in the site area (major transportation access) – identify quality of road where possible (4WD track, seasonal track, unpaved road, paved road, etc.)
 - ii) Water supply and sewerage: water sources and intakes, sewerage outlets and treatment / capacity
 - iii) Major electrical transmission lines, gas or oil pipelines, etc. which cross the site area.
- e) Site resource usage (specifically within the project site, legal or illegal):
 - i) Hunting or fishing within the site: species caught, amounts, major locations
 - ii) Timber harvesting
 - iii) Non-timber biodiversity products: fruits, nuts, gums, resins, medicinal herbs and products, etc. – what type, main harvest areas, estimates of annual amounts and who are the main harvesters.

3) Baseline Development Situation

- a) Recorded history (past management interventions, history of conservation status, past uses – logging, etc., local community uses, village histories)
- b) Conservation activities in the site area:
 - i) Site management and protection activities
 - ii) Facilities (buildings, etc.)
 - iii) Equipment
 - iv) Staff
 - v) Description of the activities undertaken (patrolling, encroachment monitoring, pollution monitoring, etc.)
 - vi) Other conservation-related activities in the vicinity
- c) Conservation and sustainable management planning at local, State and National levels (plans and policies, status of implementation)
- d) Legal and institutional framework at the national, State and Local levels
- e) Socio-economic development activities
 - i) Socio-economic development assistance (development projects, on-going assistance) for villages or communities in and around the site area.
 - ii) Major national or regional economic development programmes that provide assistance to the site area.
 - iii) Water resources programmes in the site area (dams, irrigation projects, drainage, water supply projects, etc.)
 - iv) Agriculture projects and programmes
 - v) Scientific research, genetic conservation, etc. programmes in the site area, or working on ecological systems/ forest types/ species found in the site area.
 - vi) Tourism and ecotourism programmes/ development plans in the area.

- f) Education and public awareness – how widely the site is known, perception of national importance, potential to publicise or to use site as an area for nature education

4) Threats and Issues

- a) Naturalness/ evidence of disturbance
- b) Fragility (natural or human-induced), condition of residual forest stand/habitat
- c) Potential for improvement and need for ecological remediation (rehabilitation, natural regeneration)
- d) Pollution levels:
 - i) Pollution monitoring capacity in and around the site – monitoring stations, ad hoc readings, etc.
 - ii) Pollution levels (indicate quality of available data):
 - (1) Air pollution
 - (2) Rivers
 - (3) Groundwater contamination
 - (4) Agrochemical pollution
 - (5) Industrial pollution and sewerage
 - (6) Local village sewerage and solid waste pollution
- e) Encroachment and land conversion
 - i) Agricultural encroachment (land being converted to agriculture, either legally or illegally)
 - ii) Population encroachment (villages or towns developing into the sites)
 - iii) Other forms of encroachment – e.g. industrial development, including mining, conversion of forest to plantation crops, etc.
- f) Extractive activities: describe illegal extractive activities (cf. Section 2f, above) that are believed or known to be occurring within the site, including timber harvesting, fishing, hunting, NTFP collection, etc.
- g) Over-exploitation: describe activities (whether legal or illegal) that are believed or known to exceed sustainable levels, including:
 - i) Overgrazing by livestock
 - ii) Woodcutting and timber extraction (for fuel, commercial timber harvesting, etc.)
 - iii) Hunting and fishing
 - iv) Over-harvesting of non-timber biodiversity products
- h) Other identified threats

Methodology for gathering and analysing this information must be made clear in the inception report.

5. Key Tasks

- (a) Identify the information needs of government agencies, the private sector and other potential users. Consolidate all these information into a database that is manageable, capable of being updated, and accessible to those users at both National and State levels. The database shall cover both spatial and non-spatial information;
- (b) Undertake stakeholder consultation at the Federal, State and District levels, covering the government sector, private sector, local communities and NGOs. Organize at least three (3) stakeholder consultation workshops at various stages of the study;

- (c) Formulate a Conservation and Management Strategy for the sustainable development of the highlands of Sabah and Sarawak. The strategies and the supporting recommendations shall be concise and practical with implementing agencies and time frames clearly identified and shall also include a clear implementation strategy;
- (d) Produce a Strategic Land Use Plan for the highlands of Sabah and Sarawak and detailed land use plans for selected development areas (it is anticipated that there would be at least two detailed land use plans for each State);
- (e) Examine the legal and institutional arrangements in both states pertaining to the planning, management and conservation of the highlands, identify the strengths and weaknesses and formulate measures to strengthen these arrangements (including capacity building);
- (f) Develop guidelines and indicators for conservation and management leading to sustainable development of the highlands (in addition to works on new guidelines and indicators, the consultant is expected to tap on the guidelines produced in the previous study and customize them for Sabah and Sarawak);
- (g) Formulate detailed action plans for selected (priority) recommendations in the Conservation and Management Strategy. The plans should be concise enough for implementation by the state without needing further consultancy work; and
- (h) Develop an awareness and training kit for the purpose of promoting conservation of the highlands. The kit should contain brochures, training notes, slides and visual aids and should be applicable for both West and East Malaysia. The training programme should be designed for various audiences such as the local communities in these areas. At least one "train-the-trainer" session shall be conducted before the end of the study.
- (i) Develop a concise and clear communications strategy wherein the findings and recommendations of the study are communicated to the stakeholders, both during the study and after the completion of the study.
- (j) Formulate the Draft National Highlands Policy taking into account the strategies of this study as well as the study completed for Peninsular Malaysia.

2. Capacity Building and Strengthening

The subcontractors are to provide opportunity for stakeholders, particularly state government officials to participate in the activities undertaken during this project. This is to build and strengthen the capacity of the state government officials of the process and the analysis of the information collected.

3. Outputs and Deliverables

The outputs of the subcontract's activities are detailed below.

- a. **Spatial database and an information database system**, including a report providing an overview of the database structure, data handling and updating procedures. This should include an integrated multidisciplinary overview of the sites covered in the study.
- b. **An assessment of capacity and knowledge gaps** and detailed recommendations for further research (broken down by technical/ sectoral area) as outlined above and may include information such as traditional knowledge by local communities;
- c. **A draft Highlands Management and Conservation Strategy**, including guidelines and indicators for purposes of implementing and monitoring the results strategy, including selection of ecosystem indicators for continued monitoring purposes;
- d. **Strategic and detailed land use plans** for selected development areas;
- e. **Detailed action plans** for priority recommendations. The detailed action plans should clearly identify the
 - The threat or problem
 - The stakeholders involved in the issue, with descriptions of their respective roles in *causing* the problem and in *resolving* it.
 - Recommended actions required to address the problem Recommended actions for sustainable livelihood alternatives for communities affected by proposed land use changes including stakeholder processes with local communities
 - Inputs required (financial, technical, staff, etc.)
 - A workplan and estimated timeline
- f. **Awareness and training kits** for specific target audiences, such as user-friendly trainer manual and training modules for the local communities; and
- g. **Draft National Highlands Policy**, based on findings of the Sabah and Sarawak study and those of the previous study on Peninsular Malaysia.

In addition, the Subcontractor will also deliver reports as follow, which will be discussed in Project Review Committee meetings and National Steering Committee meetings.

- **Mobilisation report**, which will include, but not be limited to, terms of references for all personnel, resource deployment strategies, as well as the lessons learnt and best practices from the previous study (MAL/99/003) on Peninsular Malaysia
- **Inception report**, which will include, but not be limited to, a communications strategy, stakeholder involvement strategy, local community participation strategy and methodology and implementation strategy, which should explicitly be based on the principles of the Ecosystem Approach.
- **Preliminary Report**, which will include, but not limited to, a description of the baseline data collected and problems and issues identified.
- **Interim report** will include an assessment of the issues, threats and opportunities in the highlands as well as initial strategies and recommendations.

- **Draft final report** will include all the findings of the study with clear strategies and recommendations incorporating inputs from stakeholder workshops and meetings, as well as the Draft National Highlands Policy. The reports should be integrated, coherent documents, not a collection of separate sectoral studies.
- **Final report**
- **Stakeholder workshop reports**, to be submitted not more than 15 days after the conclusion of each workshop and which will include, but not be limited to, a section on how the stakeholders comments will feed into the study, both in terms of outputs as well as process.

ANNEX 4 --- INPUT-OUTPUT BUDGET

No.	Description	Amount (USD)	
1	Contribution from Government of Malaysia (GoM) <i>Subtotal</i>	313,000	<i>313,000</i>
2	Contribution from United Nations Development Fund (UNDP) UNDP TRAC funds Monitoring and Evaluation (M&E) General Management Services <i>Subtotal</i>	721,515 15,000 28,485	<i>765,000</i>
TOTAL		1,078,000	

UNDP agreed to contribute USD 793,485 (USD 765,000 plus USD 28,485) for the carrying out of the project under the Project Document (Project ID: 00038099) with the Government of Malaysia.

Government inputs

The Government of Malaysia will provide the following inputs:

(i) In-kind contribution

- The National Project director whose Terms of Reference is given in Annex I.
- Appropriate officers at the Federal and State levels to be attached as counterparts to the consultants
- Access to all relevant data and information required to undertake the project
- Use of office support facilities (for example, computers, facsimile and photocopying services, stationery, telephones), local transport and secretarial support
- Facilities for convening meetings

(ii) Government project cost-sharing contribution:

USD 313,000 for project cost-sharing.

ANNEX 5 --- WORKPLAN

EXPECTED OUTPUTS ¹ & MONITORING ACTIVITIES ²	KEY ACTIVITIES <i>List all the activities to be undertaken during the year towards stated output</i>	TIMEFRAME						RESPONSIBLE PARTNER	PLANNED BUDGET		
		Q1 ³	Q2 ⁴	Q3 ⁵	Q4 ⁶	Q5 ⁷	Q6 ⁸		Source of Funds	Budget Description	Amount (USD)
Outputs 1 –7	As mentioned, key activities needed to obtain results as in results and resources framework (Part II of project document) will be proposed by the successful subcontractor							Economic Planning Unit and UNDP		SERCT ⁹	1,034,515
Monitoring activities	Technical backstopping missions if needed after the Preliminary Report, field visits and workshops							UNDP		M&E ¹⁰	15,000
Tripartite Review											

¹ State the outputs that the project is expected to achieve/contribute to. Include relevant indicators/benchmarks

² List monitoring activities such as Field Monitoring Visits, Technical backstopping missions, Evaluations, Annual Project Report

³ Q1: months 1 to 3

⁴ Q2: months 4 to 6

⁵ Q3: months 7 to 9

⁶ Q4: months 10 to 12

⁷ Q5: months 13 to 15

⁸ Q6: months 16 to 18

⁹ Service Contract

¹⁰ Monitoring and Evaluation