

INCEPTION MISSION FOR THE REDD+ GCF READINESS PROJECT 'ACCESSING REDD+ RESULT-BASED PAYMENTS IN MALAYSIA'

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SUMMARY ACTION ITEMS

After five years of effort, starting in 2012, Malaysia has met most of the key REDD+ requirements, known as the Warsaw Framework, stated in the UNFCCC. A biennial update report, with submission of REDD+ results (2006-2010), has already been produced, and Malaysia was the second country in the world to submit a summary of information on safeguards. Finally, the National REDD+ Strategy was submitted to the UNFCCC, along with an updated FRL, covering the period 2016-2025.

The project '*Accessing REDD+ result-based payments in Malaysia*' focuses on strengthening the Government of Malaysia's capacity to operationalize the safeguards information system (SIS) and to mobilize private finance that will yield REDD+ results at scale. A 24-months GCF readiness support has been secured to meet these identified needs and strengthen Malaysia's capacity to scale up REDD+ result-based actions and payments.

UN Environment has been designated delivery partner for the project, officially approved by the Green Climate Fund in November 2018. This mission was to finalize the planning of, and to kick-off, project activities.

I. Primary Objectives of the Mission

1. Clarify national institutional arrangements;
2. Introduce the UN Environment team that will support the project;
3. Present the implementation arrangements, roles and responsibilities (incl. consultants' TORs and draft SSFA with host Ministry);
4. Update the Government and collect feedback on the three project components (incl. suggested approach/timelines);
5. Meet with NDA and/or any other stakeholders as relevant.

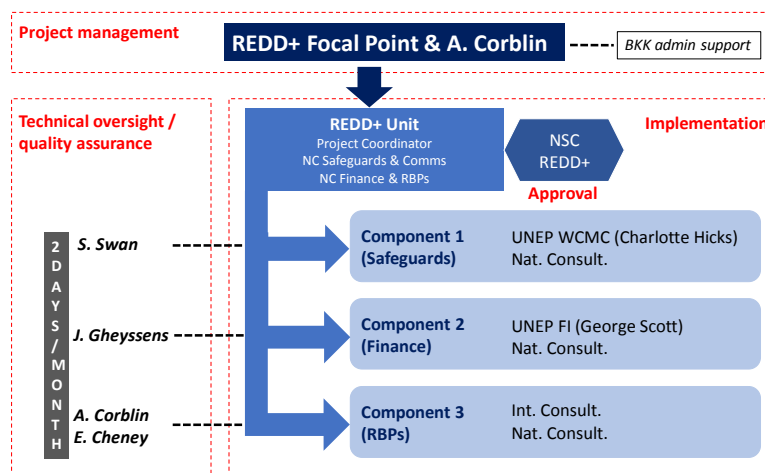
II. Key Observations and Conclusions

National institutional arrangements

- Following the 2018 Malaysian general election, a ministerial restructuring process has taken place and REDD+ institutional arrangements, in particular the host Ministry, have not been clarified yet. Formerly, the REDD+ Unit was under the Ministry of Water, Land and Natural Resources (KATS). Today, REDD+ has been transferred temporarily to the Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC – also UNFCCC Focal Point and GCF NDA) but the REDD+ Unit, the REDD+ Technical Committee and the National Steering Committee for REDD+ have been suspended. Discussions on REDD+ institutional arrangement are ongoing between the two Ministries and an official decision should be taken by the end of March 2019.
- The choice of the host Ministry will affect the project implementation, with a clear message given during the mission that each Ministry will have its own interpretation of REDD+ (including considerations on procedures, personnel, etc.)
- The official clarification of REDD+ institutional arrangements is a prerequisite to the technical kick-off of the project (see below)

UN Environment team and implementation arrangements,

- The team of UN Environment technical experts (staff and consultants) that will support project implementation was presented to representatives of KATS and MESTECC, as well suggested implementation arrangements (see chart below). It was agreed that once national REDD+ institutional arrangements are finalized, the project implementation arrangements will be submitted to the REDD+ National Steering Committee for approval;



Key feedback/consideration on the three project components

- Component 1 – Safeguards and SIS
 - It was indicated that the future SIS should meet different purposes (e.g. UNFCCC, national reporting processes). This needs confirmation once national REDD+ institutional arrangements are finalized.
 - The SIS should be based on existing reporting systems (Aichi targets & Forest Certification indicators), and whether any complementary information is needed is still to be assessed.
 - The SIS should also remain targeted and simple to use, and potentially embedded in the REDD+ portal.
 - It was reaffirmed that the project will support the design of the SIS, not its operationalization (the latter to be led by Malaysian Govt).
 - Malaysia next BUR submission deadline is 26th September 2020, to which they would like to attach the revised SOI outline. Component 1 workplan will be adjusted accordingly.
 - In Malaysia, consultation processes begin at State level (3 consultations) followed by the national level. To align with this process, it was agreed to follow this process and to consult on a package of information on the SIS. Additional technical discussions will be planned with selected stakeholders to support the development of the various SIS elements.
 - It was suggested to replace activity 1.3.3 ‘Develop and codify national guidelines/standard operating procedures on one or more aspects safeguards implementation’ by the development of SOP/manual for the REDD+ Unit/safeguards officer. This needs to be clarified and included in the revised workplan once the national REDD+ institutional arrangements are finalized.
- Component 2 – Private finance mobilized
 - Although the National REDD+ Strategy identifies agriculture and shifting cultivation as key drivers of deforestation and forest degradation in Malaysia, the government indicated that it now wished to focus mainly on infrastructure development and its effect on forest. This change of direction will have a significant impact on the analysis of private sector opportunities to support REDD+ implementation (primarily geared originally towards agricultural commodities).
 - Some investments opportunities/ commodities have been identified and/or are already existing (certification/timber, yield enhancement/oil palm, agriculture land rehabilitation/forest corridor) but persuasive efforts will be critical to explore other models/ commodities.
 - The main objective of the central government toward this component is to define ‘innovative’ financing mechanisms to incentivize the States to conserve/protect their forests. Several mechanisms have been discussed but no clear indications on the way forward (Offset scheme for infrastructure project, Incentive model based on forest cover/ Safeguards reporting at State level, Carbon tax, Private Sector Fund, Green bond, etc.)
 - Several ongoing studies have been mentioned during the mission, but no details given (due to the unstable institutional situation) – see below. Efforts to collect information on these initiatives

and checking how to (re)align our work will be essential once the national REDD+ institutional arrangements are finalized.

- Activity 1 (NRS costing and public finance mapping) has probably been (partially) done through other studies. This would have to be checked before the redesign of Component 2.

- Component 3 – Communications & access to RBPs

- The audience for the REDD+ communication strategy is both international (donors) and national (States)
- It will cover the period up to 2030 (same as the National REDD+ Strategy) and focus on REDD+ implementation and RBPs.
- The REDD+ book is targeting States' official and is intended to provide key messages on REDD+ implementation.

Agreed next steps

- (1) National institutional arrangements to be clarified by the Government;
- (2) Collect relevant documents/reports mentioned during the inception mission
 - 2012 UNDP study on REDD+ finance (done),
 - Institutional review (done),
 - Legal review (done),
 - FPIC guidelines (done),
 - Revised FRL (done),
 - BUR (done),
 - First SOI (done),
 - National Conservation Trust Fund (done),
 - Sabah Regional Forest Policies (done),
 - 11th Malaysia Plan (done) + mid-term review,
 - Targeted activities on each REDD+ actions,
 - National Climate Change Policy,
 - National Policy on Biological Diversity (done)
- (3) Meeting of National Steering Committee on REDD+ to be organized (April 2019) -> UN Environment to prepare a package of information on the project incl. scope, implementation arrangements, profile of 3 national full-time staffs, project document approved by GCF, to be submitted for approval;
- (4) Draft SSFA with the Government to be submitted by the host Ministry to its Attorney General for review/approval before signature (April 2019);
- (5) Update workplan for Component 1 (April 2019) to consider Government expectations (e.g. regarding SOI) for the next BUR deadline (26 September 2020) and revision to activity 1.3.3;
- (6) Update Concept Note for Component 2 (April 2019) through clarification of previous/ongoing work on Finance
 - Ongoing study to define a process for financing 'conservation' actions of the NRS,
 - Ongoing study on defining incentive mechanisms for States to conserve forests;
 - NRS costing methodology and financial breakdown methodology;
 - BioFin project;
- (7) Prepare list of info/data to be collected during consultations on public/private finance (April 2019);
- (8) Recruitment of the 3 full-time national staffs (April 2019);
- (9) Finalize TORs for all short-term consultants (April 2019) -> IC Comms, IC RBPs, NC RBPs/Comms, NC Public Finance, NC Private Finance, NC information system and sources and NC IT development;
- (10) Next mission late April/early May 2019 -> technical kick-off of all 3 components (including inception workshop)

III. Key meetings

PUTRAJAYA, MALAYSIA	
1. All meetings included the National REDD+ Focal Point (Ms. Liz Philip) and representatives from KATS and MESTECC.	FOLLOW UP

<p>2. A representative of the Division of Biodiversity and Forestry Management of KATS (M. Maximilian Conrad) joined the discussion on Component 1</p> <p>3. The UNFCCC Focal Point and GCF NDA (M. Jaya Singam Rajoo) joined discussions on Component 2</p>	
<p>Next step (1)</p> <p>Next step (2)</p> <p>Next step (3)</p> <p>Next step (4)</p> <p>Next step (5)</p> <p>Next step (6)</p> <p>Next step (7)</p> <p>Next step (8)</p> <p>Next step (9)</p> <p>Next step (10)</p>	<p>A. Corblin</p> <p>A. Corblin</p> <p>A. Corblin</p> <p>A. Corblin</p> <p>C. Hicks / S. Swan</p> <p>G. Scott</p> <p>G. Scott</p> <p>A. Corblin / E. Cheney</p> <p>A. Corblin / C. Hicks / G. Scott</p> <p>A. Corblin / C. Hicks / G. Scott</p>

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