



# INDEPENDENT COUNTRY PROGRAMME EVALUATION MALAYSIA



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## INDEPENDENT COUNTRY PROGRAMME EVALUATION: MALAYSIA

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# Foreword

I am pleased to present the Independent Country Programme Evaluation of the United Nations Development Programme (UNDP) in Malaysia. The Independent Evaluation Office of UNDP conducted the evaluation in 2019. It is the second one conducted in Malaysia and covers the country programme of cooperation between the Government of Malaysia and UNDP for the period 2016-2020.

As an upper-middle-income country, Malaysia faces development challenges that include socio-economic and long-standing structural issues, last-mile service delivery challenges and pressures on natural resources. With the vision to achieve full development that is inclusive and sustainable, the Government elaborated its Eleventh Malaysia Plan, 2016-2020, based on six strategic thrusts: enhancing inclusiveness; improving well-being; accelerating human capital development; pursuing green growth; economic expansion; and re-engineering economic growth. UNDP has been supporting the Government of Malaysia in the areas of inclusive growth and sustainable and resilient development.

The evaluation found that the UNDP country programme remains relevant to Malaysia's upper-middle-income context, responds to national priorities vis-à-vis inclusive growth and sustainable development and is focused on evidence-based upstream policy advocacy and capacity development. The UNDP programme continued to generate a substantial body of analysis which has been feeding into policy discussions, national development planning frameworks and mainstreaming of the Sustainable Development Goals, including the Eleventh and Twelfth Malaysia Plans.

UNDP-supported interventions in the climate change, energy efficiency, biodiversity and environmental management portfolio also produced and introduced manuals and guidelines for industry practitioners as well as design and industry standards and legislation on energy access and benefit-sharing of biodiversity resources. UNDP has been approached to support sensitive democratic governance reforms due to its mandate and recognized technical leadership.

The ongoing changes in the internal and external environment within which UNDP operates have important implications for the positioning of UNDP in an upper-middle-income country that is aiming to transition to high-income status. The evaluation presents a set of recommendations for UNDP to consider during the elaboration of its next country programme. UNDP management has provided its response to the recommendations in the management response section of this report.

I would like to thank the Government of Malaysia and the other stakeholders for their insights to the evaluation. I hope that this report will be of use to UNDP, the Government and development partners in prompting discussions on how UNDP may further enhance its contribution to sustainable human development in Malaysia.



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**Director**  
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# Acronyms and Abbreviations

<b>11MP</b>	Eleventh Malaysia Plan 2016 - 2020
<b>12MP</b>	Twelfth Malaysia Plan 2021-2025
<b>ABS</b>	National Access and Benefit-Sharing Framework project
<b>ADR</b>	Assessment of Development Results
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>B40</b>	Bottom 40 percent of income households
<b>BSEEP</b>	Building Sector Energy Efficiency project
<b>CFS</b>	Improving Connectivity in the Central Forest Spine Landscape project
<b>CPD</b>	Country programme document
<b>DSM</b>	Preliminary Study on Demand-Side Management Study project
<b>GDP</b>	Gross domestic product
<b>GEF</b>	Global Environment Facility
<b>HCFC</b>	Hydrochlorofluorocarbon
<b>HDI</b>	Human Development Index
<b>ICPE</b>	Independent Country Programme Evaluation
<b>IEO</b>	Independent Evaluation Office
<b>IMF</b>	International Monetary Fund
<b>IMUO</b>	Iskandar Malaysia Urban Observatory project
<b>IRDA</b>	Iskandar Regional Development Authority
<b>LCC</b>	Green Technology Application for the Development of Low-Carbon Cities project
<b>M&amp;E</b>	Monitoring and evaluation
<b>MEA</b>	Ministry of Economic Affairs
<b>MESTECC</b>	Ministry of Energy, Science, Technology, Environment and Climate Change
<b>MPI</b>	Multidimensional Poverty Index
<b>NGO</b>	Non-governmental organization
<b>ODS</b>	Ozone-depleting substances
<b>RAS</b>	Reimbursable advisory services
<b>SDGs</b>	Sustainable Development Goals
<b>UNDP</b>	United Nation Development Programme
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNFPA</b>	United Nations Population Fund
<b>UNICEF</b>	United Nation's Children's Fund
<b>VNR</b>	Voluntary national review



# Evaluation Brief: ICPE Malaysia

The United Nations Development Programme (UNDP) has been a development partner of Malaysia since the country's independence in 1957. The current programme of cooperation covering the period 2016 to 2020 was designed to support national priorities under the Eleventh Malaysia Plan (11MP), premised on the theme, "Anchoring Growth on People." The programme aimed to contribute to two broad outcome results – inclusive growth and development and sustainable and resilient development – using an issues-based approach and a mix of strategies, including policy advice and analysis, institutional capacity development and piloting of new initiatives and models. The indicative budget was US\$51.5 million.

The Independent Evaluation Office of UNDP conducted an Independent Country Programme Evaluation in Malaysia in 2019, to inform the development of the next UNDP country programme and to strengthen accountability to national stakeholders and the UNDP Executive Board.

## Conclusions and recommendations

In the context of growing socioeconomic disparities and the environmental footprint of natural resources consumption, the UNDP country programme has appropriately emphasized inclusive growth and sustainable development support. The programme remains relevant to Malaysia's upper-middle-income country context, providing evidence-based upstream policy and capacity development support to national institutions. UNDP has produced substantive results in proposed policies, legislation and capacity development. Under the inclusive development and growth portfolio, UNDP supported research and analysis that are feeding into policy discussions and national and sectoral development planning frameworks, e.g., midterm review of the 11MP and preparation of the Twelfth Malaysia Plan. However, strategic linkages with the Government's macro and sector levels need to be strengthened to ensure longer-term outcomes and impact. The climate change, energy efficiency and biodiversity

interventions also scored gains, introducing manuals and guidelines for industry practitioners as well as design and industry standards and legislation on energy efficiency and access and benefit-sharing of biodiversity resources. The programme integrated gender equality more prominently as a key result area and identified it as a strategy to enhance inclusive growth and sustainable development. Gender mainstreaming is increasingly gaining traction with stakeholders, despite uneven results in programmes, communities and policymaking.

UNDP is said to have high institutional buy-in, enabling partnerships which it can leverage to convene stakeholders, especially at the federal level. At the subnational level, there is scope to enhance engagement with subnational agencies. Being part of the United Nations system and hosting the resident coordinator system (until 2018) enhanced UNDP skills for engagement with partners in government, the United Nations Country Team and other development actors. UNDP is a key actor in national development planning and mainstreaming of the Sustainable Development Goals (SDGs). UNDP has been approached to help support sensitive democratic governance reforms due its mandate and recognized technical leadership. This advantage and position of UNDP are derived from its multilateral character and long presence in the country.

UNDP faces practical challenges due to funding and staffing modalities that affect its strategic positioning in an upper-middle-income country such as Malaysia. Despite the challenges of a tight fiscal situation, there is general budget adequacy across all sectors, and UNDP is expected to bring in high-level technical expertise and knowledge services to help address "last-mile" service delivery challenges. The ongoing relevance of UNDP will depend partly on innovation and adaptation to changing conditions. Its strategic positioning and future role in Malaysia must take into account the need to enhance its strategic focus and adopt a longer-term view, particularly in the inclusive growth portfolio.

## Recommendations

**Recommendation 1. UNDP should enhance its strategic focus and redefine its value proposition in terms of impact.** More strategic engagement of UNDP is possible given that the Government has the capacity to finance its own development priorities. UNDP must enhance its in-house expertise to be able to engage fully and substantively in high-level policy discussions. Both the Government and UNDP are open to exploring alternative delivery arrangements to strengthen the effectiveness and impact of UNDP, including reimbursable advisory services. Given Malaysia's upper-middle-income country status and the limited resources of UNDP, it is important to support the Government in adopting new financing approaches for achievement of the SDGs. This entails enhanced in-house capacities to be able to leverage the resources of other development actors for SDG financing.

**Recommendation 2. UNDP should enhance its engagement at the local level to strengthen local governance capacities.** Malaysia has high-level human capital development, with a highly literate and well-qualified civil service driving the Government's development agendas. However, there is a recognition that there are programmatic deficiencies in pockets of the Government's development agenda

at subnational levels. This has implications for the presence, strategies and support provided by UNDP. Strengthening capacities at local levels is an area where UNDP can contribute, building on its emergent engagement at the subnational level.

**Recommendation 3. UNDP should review its value proposition in the area of inclusive growth.** The value of UNDP analytical and research work in the area of inclusive growth is recognized. However, the Government is looking to UNDP for highly-tailored technical support and policy advice and sharing of experiences from elsewhere. In a country that has general budget adequacy and macrodevelopment strategies using medium- and long-term strategic development planning frameworks, the inputs and contributions of UNDP must be couched strategically to ensure appropriate value addition to the country's development and policy priorities. UNDP should focus on its areas of strength where it can add value to the existing programmes of client ministries and outcomes. This requires a higher degree of selectivity and a move away from microprojects. UNDP should ensure a clear and tangible rationale and clarity on the strategic linkages of project proposals and the stated macropriority areas in inclusive

growth. UNDP should ensure that proposed projects have clear sustainability strategies which are time-bound and linked to the country's medium-term programming.

**Recommendation 4. Planning and management related to climate change should be harmonized.** The Government of Malaysia (and UNDP) should give serious consideration to the development of a new entity, the National Climate Change Centre, as a physical (rather than virtual) entity, with appropriate staff seconded from relevant ministries and agencies.<sup>1</sup>

Since it is recognized that there is still poverty in marginalized communities throughout Malaysia, the programme needs to look at opportunities and rights that suit these communities in areas where there are still substantial natural resources. There is also a need to ensure that environmental quality in marginalized communities is not compromised for the sake of development that might benefit others; this requires more state-level engagement. The Government and UNDP should strategize how to improve engagement in marine habitat management as well as the environmental impact assessment process, integrated water resource management and waste management.

<sup>1</sup> In fact, this has happened as of October 2019. The Malaysia Green Technology Corporation has been rebranded as Malaysia Green Technology and Climate Change Centre. This was accompanied by the establishment of the National Council of Climate Change Action under the Centre.

A decorative graphic consisting of a dotted white line that starts vertically on the left, turns 90 degrees to the right, and continues horizontally. Along this line are five colored circles: an orange circle on the vertical segment, a white circle with a blue outline on the vertical segment, a green circle on the horizontal segment, an orange circle on the horizontal segment, a white circle with a blue outline on the horizontal segment, and a green circle on the horizontal segment.

# CHAPTER 1

## BACKGROUND AND INTRODUCTION

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The United Nations Development Programme (UNDP) has been a development partner of Malaysia since the country's independence in 1957. Cooperation was initially shaped by the UNDP technical assistance mandate, followed by multi-year programming frameworks under the UNDP country programme concept. The current country programme covering the period 2016 to 2020 was designed to support national priorities under the country's strategic development plan, the Eleventh Malaysia Plan 2016-2020 (11MP), which was premised on the theme "Anchoring Growth on People" and aimed to transition the country to high-income status by 2020. The programme aimed to contribute to two broad outcome results: (1) inclusive growth and development; and (2) sustainable and resilient development using an issues-based approach. The programme strategies include policy advice and analysis, institutional capacity development and piloting of new initiatives and models. The approved indicative budget was set at US\$51.5 million.

The Independent Evaluation Office of UNDP conducted an Independent Country Programme Evaluation (ICPE) of the UNDP country programme in 2019, prior to its scheduled completion in 2020. This is the second ICPE of the UNDP programme in Malaysia, with the previous one having covered the period 2008 to 2015. This report presents the evaluation's findings, conclusions and recommendations. Chapter 1 summarizes the evaluation's purpose, objectives, scope and methodology; describes the salient features of Malaysia's national development context, highlighting key human development challenges facing the country to situate the assessment of UNDP performance, particularly its relevance; and introduces the UNDP country programme. Chapter 2 presents the findings of the ICPE. Chapter 3 provides the conclusions and recommendations and the management response by UNDP Malaysia.

## 1.1 Purpose, objectives and scope of the evaluation

The purpose of the ICPE is twofold: to inform the formulation of the next UNDP country programme; and to strengthen the accountability of UNDP to national stakeholders and the UNDP Executive Board.

The ICPE aims to assess the contribution of UNDP to development results in Malaysia through its country programme 2016-2020. Specifically, the ICPE assessed the effectiveness of UNDP in achieving expected results, including its contribution to furthering gender equality and women's empowerment.<sup>2</sup> The ICPE also assessed the sustainability and replicability of the results to which the country programme contributes and examined the factors affecting its performance. In addition, the ICPE looked at the future framing of the UNDP presence, technical assistance and partnerships. The evaluation assessed the country programme in the context of United Nations reform,<sup>3</sup> the UNDP Strategic Plan, 2018-2021 and key processes such as the delinking of the United Nations resident coordinator system and transformation of UNDP cooperation in parallel with Malaysia's expected graduation to net contributor country status.<sup>4</sup>

The primary audiences for the evaluation are the UNDP Malaysia country office, the UNDP Regional Bureau for Asia and the Pacific, the Government of Malaysia and the UNDP Executive Board.

## 1.2 National development context

This section presents an overview of the external context within which the country programme has operated, highlighting changes since the last ICPE in 2014. The issues are further elaborated in chapter 2.

<sup>2</sup> This was done across the United Nations system using the United Nations System-Wide Action Plan on Gender Equality and the Empowerment of Women. <http://www.unwomen.org/-/media/headquarters/attachments/sections/how%20we%20work/unsystemcoordination/un-swap/un-swap-framework-dec2012.pdf?la=en&vs=3435>

<sup>3</sup> Report of the Secretary-General on Repositioning the United Nations development system to deliver on the 2030 Agenda (A/72/684-E/2018/7).

<sup>4</sup> UNDP considers high-income countries with per capita gross national income greater than US\$12,475 as net contributor countries. This category is excluded from the UNDP regular resources distribution model.



With a population of 32.5 million<sup>5</sup> people of diverse ethnicities, faiths and cultures and a strategic location in South-East Asia, Malaysia is often regarded as a window to Asia as a whole. The country has been designated an upper-middle-income country for some years and is striving to transition to high-income status by 2020. Although this does not seem achievable given the current status and pace, the country is well on its way to achieving it beyond 2020. Malaysia is not a typical upper-middle-income country and is faced with complex sociopolitical challenges that are quite unique compared to other developing country contexts: long-standing structural economic issues; last-mile service delivery challenges; and pressures on natural resources extraction.

**Political and governance context.** The fourteenth general election in May 2018 resulted in a historic victory for the opposition coalition Pakatan Harapan<sup>6</sup> over the ruling Barisan Nasional coalition, which had ruled the country since 1957. The victory of the opposition was associated with citizens' frustration over socioeconomic concerns such as inequality, the rising cost of living, corruption and the mismanagement of the 1MDB<sup>7</sup> sovereign wealth fund, and the introduction of the unpopular Goods and Service Tax. Space for civil society, human rights activism, democratic processes and dissenting voices had also shrunk under the previous government.<sup>8</sup>

Despite Malaysia's advanced democracy, challenges exist with respect to the independence of institutions, functioning of regulatory bodies and political participation. The Pakatan Harapan coalition ran on a reform platform pledging, inter alia, to strengthen the governance and independence of State institutions and to revoke repressive laws. The new Government established an Institutional Reforms Committee which produced a comprehensive road

map for institutional and legal reform in July 2018. However, the report has not been made public yet.<sup>9</sup> The Government faces significant challenges in implementing reforms considering the country's six decades of one-party rule. It will also have to counter the politicization of human rights instruments in a conservative multiracial and multi-religious society. The current Prime Minister is expected to retire in 2020 and hand power to the leader of the largest party in the Pakatan Harapan coalition, the People's Justice Party. A smooth transition after such an unprecedented government change will safeguard the political certainty on which Malaysia's economy has thrived.<sup>10</sup>

Malaysia's federal system affects government effectiveness since power and responsibilities are split between federal, state and local governments, with states having their own sovereign control over some matters. The country consists of 13 states and three federal territories located between two regions (Peninsular Malaysia and East Malaysia), which are separated by the South China Sea.

**Socioeconomic context.** Malaysia is a very high human development country, ranked 57th of 189 countries and territories in the 2018 Human Development Index (HDI). Its HDI value of 0.80210 represents an almost 23 percent increase from its human development value in 1990.

The education component of the HDI is low compared to other high HDI countries and countries with similar HDI in the region (figure 2). Furthermore, at an aggregate level the HDI score masks socioeconomic disparity among different states. Four of Malaysia's states have HDI achievements lower than the global and regional averages.

Per capita gross national income more than doubled in real terms, increasing from \$11,396 to \$31,016

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<sup>5</sup> Government of Malaysia, Department of Statistics, Quick Info-Population by States and Age, 2019.

<sup>6</sup> The coalition comprises four political parties.

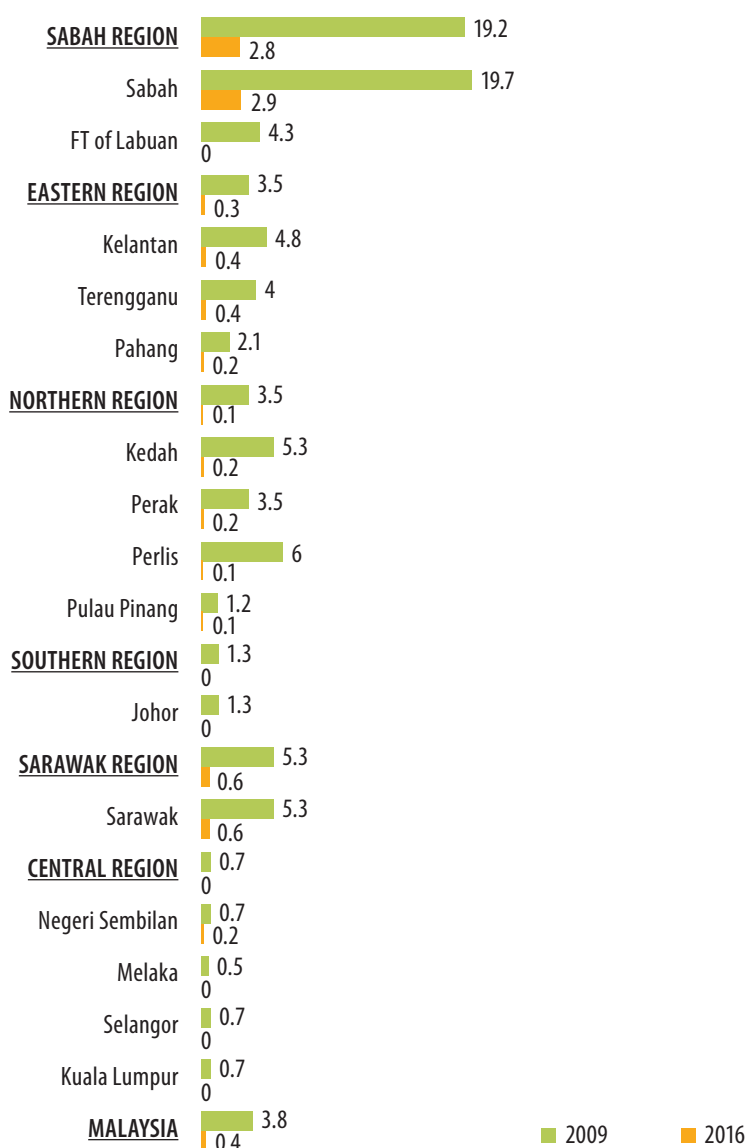
<sup>7</sup> Malaysia Development Berhad (1MDB), State Investment Center.

<sup>8</sup> Women's Aid Organization, "The Status of Women's Human Rights: 24 Years of CEDAW in Malaysia" (Non-governmental organization (NGO) shadow report to the Committee on the Elimination of Discrimination against Women), 2019.

<sup>9</sup> Human Rights Watch: <https://www.hrw.org/news/2019/05/07/malaysia-little-progress-rights-reforms>

<sup>10</sup> James Chin: 'New' Malaysia: Four key challenges in the near term. Lowy Institute. March 2019.

**FIGURE 1. Absolute poverty rate by region, 2017**



Source: Government of Malaysia, Sustainable Development Goals Voluntary National Review, 2017

between 1992 and 2018.<sup>11</sup> This translated into a further reduction in the national incidence of poverty, from 3.8 percent in 2009 to 0.4 percent in 2016. Consistent with the national-level trend, absolute poverty rates in the regions have also decreased. As in the HDI, there is a disparity between regions; in Sabah region in East Malaysia, the poverty rate (2.8

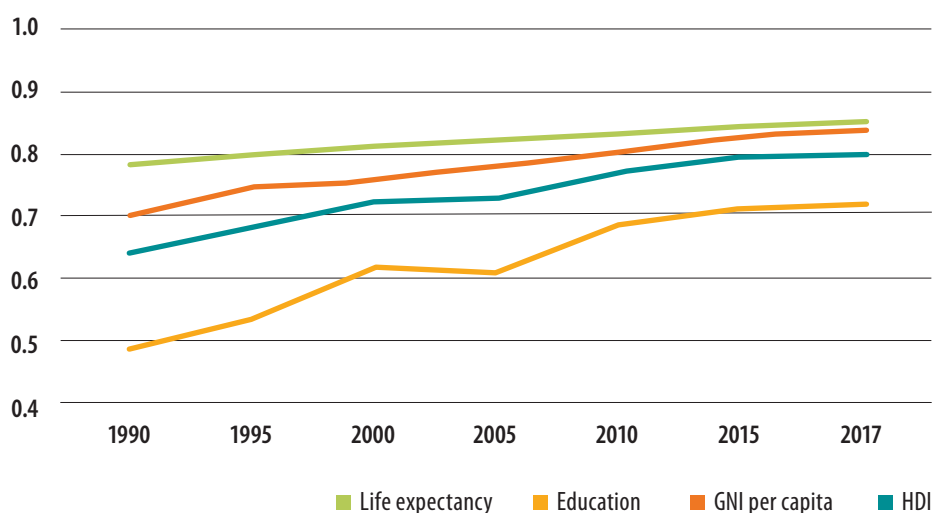
percent) is seven times higher than the national average (see figure 1).<sup>12</sup>

The average growth rate of the gross domestic product (GDP) over the same period was 5.6 percent, with forecasts revised downward to 4.4 percent for 2019. This economic slowdown is due to weak demand for

<sup>11</sup> World Bank, World Development Indicators. The gross national income (GNI) per capita is expressed in purchasing power parity (constant 2011 International \$). When current United States dollars are used instead, the GNI per capita more than triples over the same period in nominal terms, increasing from \$2,880 in 1992 to \$9,650 in 2017.

<sup>12</sup> Government of Malaysia, Department of Statistics, Incidence of poverty by state and stratum, Malaysia 2009 & 2016. 2012 & 2017.

**FIGURE 2. Trends in Malaysia's Human Development Index component indices, 1990-2017**



Source: UNDP, Human Development Report, 2019

Malaysia's largest exports, electronic and electrical goods, mostly exported to China and the United States, reflecting the impact of the ongoing trade tensions between the latter two countries.<sup>13</sup> The service and manufacturing sectors are growing the fastest at average rates of 7.6 percent and 6.2 percent respectively over the period 1992-2018.<sup>14</sup> In 2017, the service and manufacturing sectors represented almost 53 and 26 percent of GDP and employed 56 and 24 percent of the labour force respectively, while the agriculture sector accounted for only 4.3 percent of GDP and employed 5 percent of the labour force.<sup>15</sup> The unemployment rate stood at 3.3 percent in 2019.<sup>16</sup> Women are more likely to be unemployed (3.6 percent) compared to men (3.1 percent) (2018).<sup>17</sup> In 2018, the unemployment rate was highest for the youth category, standing at 16 percent for those aged 15-19 years and 9.6 percent

for the age group 20-24 years.<sup>18</sup> Overall, inequality is declining as the Gini coefficient decreased by 22 percent over the past five decades, from 0.51 to 0.40 between 1970 and 2016.<sup>19</sup>

Malaysia's outstanding and resilient economic performance is due to several factors including the diversification and openness of the economy, effective macroeconomic policies keeping inflation and unemployment at a low and stable level, on-track fiscal consolidation and regulation of the financial system.<sup>20</sup> The review of the 11MP in 2018 noted economic structural issues, including dependency on factor inputs and less on productivity to drive growth as factors affecting economic expansion.<sup>21</sup> Realizing the goal of being a high-income economy will require broad structural transformation, innovation and a highly skilled talent pool to move to higher productivity in manufacturing and services.

<sup>13</sup> Economist Intelligence Unit, Malaysia: economic growth 2019. <http://country.eiu.com/article.aspx?articleid=1048401488&Country=Malaysia&topic=Economy&subtopic=Forecast&subsubtopic=Economic+growth&aid=1&oid=1138401497>

<sup>14</sup> World Bank, World Development Indicators, 2018.

<sup>15</sup> Government of Malaysia, Department of Statistics, Preliminary Report – Annual Economic Statistics 2018.

<sup>16</sup> Ibid.

<sup>17</sup> Government of Malaysia, Department of Statistics, Social Statistics Bulletin 2018 and Labour Force Survey report, 2018.

<sup>18</sup> Ibid.

<sup>19</sup> World Bank, World Development Indicators, 2018.

<sup>20</sup> Government of Malaysia, Department of Statistics, Preliminary Report – Annual Economic Statistics 2018.

<sup>21</sup> Government of Malaysia, Mid-term review, Eleventh Malaysia Plan, October 2018, page 0-4.

Malaysia hosts a registered refugee population of 177,690, mainly from Myanmar,<sup>22</sup> and an estimated 3.85 million migrant workers (documented and undocumented), mainly in construction, agriculture, manufacturing, services and domestic work.<sup>23</sup> While the Government has yet to ratify the 1951 Refugee Convention, it has been opening up to providing jobs and social services for the existing refugee population.

**Environment.** The resilience and sustainability of the country's economic transformation depend on the capacity both to manage economic pressures on natural resources and the environment, and to adapt to and mitigate climate change and disaster risks. Since 2013, the Government of Malaysia has consistently focused on the environment, climate change and disaster risk reduction issues through its development policies. The 11MP reinforces the institutional framework, financing mechanisms to support the uptake of green initiatives and the formulation of a national policy on biological diversity (2016-2025) for the preservation and sustainable use of natural resources. The Government also initiated a green procurement initiative to catalyse the growth of the green market. Other efforts have been promoted in the climate change and disaster risk reduction field, notably the increased capacity for renewable energy and the establishment of the National Disaster Management Agency. Despite these laudable initiatives, several challenges remain to be addressed: the limited availability of green technologies and products; the continuing degradation of natural resources; environmental pollution; and the increasingly negative impact of climate change and disaster risks. In 2014, total greenhouse gas emissions were 40 percent higher than their levels in 1990. Flooding and coastal erosion continue to pose significant risks. Between 1990 and 2014, floods alone accounted for 60 percent of disaster-related economic losses,

and storms and floods accounted for 64 percent of disaster-related deaths.<sup>24</sup>

**Gender equality.** Malaysia has a supportive policy environment for the advancement of gender equality, a fundamental human right and a necessary foundation for sustainable human development. The country ratified the Convention on the Elimination of All Forms of Discrimination against Women in 1995 and acceded to the Beijing Declaration and the Platform for Action of the Fourth World Conference on Women and the Beijing+5 review. The Federal Constitution was amended in 2001 to prohibit gender discrimination. Following the review by the Committee on the Elimination of Discrimination against Women of the first and second national reports in 2006, the Government took further positive measures to advance women's rights. These include amendments to the Penal Code to increase the penalties for rape and incest offences; amendments to the Domestic Violence Act to extend the definition to emotional, mental and psychological forms of violence and to improve protection survivors of abuse; and amendments to the Employment Act to prohibit sexual harassment in the workplace and to extend maternity leave benefits for all women employees.<sup>25</sup>

In contrast to its high human development indicators, Malaysia ranks fifth-lowest among the very high human development countries on the UNDP Gender Inequality Index. Globally it ranked 62nd of 160 countries (score 0.287) in 2017.<sup>26</sup> The Gender Inequality Index reflects gender-based inequalities in the three dimensions of reproductive health, empowerment and economic activity. The higher the index value (from 0 to 1), the greater the inequalities between females and males.

**Women's political participation.** In the 2018 Global Gender Gap Report, Malaysia scores the lowest on

<sup>22</sup> Office of the United Nations High Commissioner for Refugees: <https://www.unhcr.org/en-us/figures-at-a-glance-in-malaysia.html>

<sup>23</sup> Lee Hwok-Aun and Khor Yu Leng, "Counting Migrant Workers in Malaysia: A Needlessly Persisting Conundrum." ISEAS Yusuf Ishak Institute. Issue: 2018 No. 25.

<sup>24</sup> Government of Malaysia, Mid-term review, Eleventh Malaysia Plan, October 2018.

<sup>25</sup> Women's Aid Organization, "The Status of Women's Human Rights: 24 years of CEDAW in Malaysia", 2019 (NGO shadow report to the Committee on the Elimination of Discrimination against Women).

<sup>26</sup> The four high human development countries placed lower than Malaysia in the 2017 Gender Inequality Index are Romania, Chile, Bahamas and Argentina.

the political empowerment subindex (0.072). In addition to politics, the report measures the relative gaps between women and men across three other areas – health, education and finances. Malaysian women’s representation in Parliament and Cabinet is relatively low; only 33 of 222 seats (15 percent) in the federal Parliament are held by women, while only five out of 28 cabinet ministers (18 percent) are female. The appointment in May 2018 of the first female Deputy Prime Minister is significant in terms of women achieving high-level representation in decision-making. The main factors limiting women’s political participation are sociocultural norms, internal structures of political parties and lack of political capital.

**Women’s economic participation.** Malaysia has made key investments in women’s education and as a result has closed the gender gap in terms of educational attainment (score 1.00 in the 2018 Global Gender Gap Report). However, there are still certain barriers to women’s participation in the workforce. Although the women’s labour-force participation rate increased from 45 to about 55 percent between 1995 and 2017, the gap between the rates for women and men is significant at 25 percent (2017).<sup>27</sup> The country’s female labour-force participation rate is one of the lowest among the members of the Association of the Southeast Asian Nations (ASEAN), only marginally ahead of Indonesia and the Philippines (53 and 51 percent respectively). In addition, there is a wage gap between female and male workers, with women earning on average 21 percent less than men.<sup>28</sup>

A key factor contributing to lower female labour-force participation is the gender imbalance in household responsibilities, with women largely expected to assume primary responsibility for caregiving and household chores regardless of employment status. The Government aims to boost the female labour-force participation rate from 54 to 59 percent by 2020. All public companies will be required to disclose gender diversity levels in their

annual reports. The Government will also develop a national action plan to empower single mothers and female-headed households who are often socially and economically more vulnerable.

## National development plan

Malaysia embarked on its sustainable development journey from the 1970s when the New Economic Policy was introduced to eradicate poverty and restructure societal imbalance. The current 11MP 2016-2020 outlines the country’s development objectives and is the final component plan of Vision 2020, which was developed in 1991. The midterm review of the 11MP conducted in 2018 allowed the new Government to reorient national priorities slightly. While retaining most of the original priorities of the 11MP on economic growth, inclusive development and well-being, investments in human capital and environmental sustainability through green growth, the new Government placed emphasis on good governance and accountability in line with election campaign pledges. The midterm review also committed to pursuing balanced regional development.

The country has embraced and is pursuing implementation of the Sustainable Development Goals (SDGs) in a systematic and measurable manner and has put in place an enabling environment through a number of SDG-related initiatives. The 11MP and its midterm review were aligned with the SDGs, and the country produced a voluntary national review report that was presented at the High-Level Political Forum on Sustainable Development in July 2017, as well as preparing the national SDG road map (phase 1). Private sector and subnational actors have also been involved, presenting opportunities for innovative SDG financing and complementing Malaysian leadership of the Global South.

Malaysia plays an important role in international and regional cooperation, promoting a forward-looking and pragmatic foreign policy that facilitates trade, attracts foreign investment and projects the country

<sup>27</sup> Government of Malaysia, Department of Statistics, Labour Force Survey, 2017.

<sup>28</sup> Government of Malaysia, Department of Statistics, Malaysia Salary and Wages Report, 2016.



as stable and peaceful. It is a member of key international organizations including the Non-Aligned Movement, the Commonwealth, Group of Seventy-Seven, the Developing Eight Countries Organization for Economic Cooperation, Asia-Pacific Economic Cooperation and the Organization of Islamic Cooperation. As a founding member, Malaysia has a central role in ASEAN, a regional cooperation organization with 10 member countries, actively supporting regional integration and programmes. In 2020, a tariff-free market agreement will come into effect in line with ASEAN Vision 2020, potentially leading to greater economic, political and security interdependence among South-East Asian countries. Malaysia has been a leading contributor to United Nations peacekeeping operations.

### 1.3 UNDP programme under review

The UNDP country programme maintains the same priorities of the previous programmes (2008 – 2015) in two thematic areas of focus: inclusive development and growth; and sustainable and resilient development. The country programme took on board several of the recommendations of the 2015 Assessment of Development Results (ADR), prioritizing areas in which UNDP has strategic expertise and where there is overlap between the UNDP Strategic Plan and the Government's priorities. This included support to government policy and programming related to inclusive growth and sustainable human development, particularly spatial inequalities with a focus on states with the highest rates of multidimensional poverty and/or the highest inequalities, including gender inequality. Currently, an approved United Nations Country Team (UNCT) joint programming framework in the form of a United Nations Sustainable Development Cooperation Framework is not in place for Malaysia.

#### Inclusive development and growth programme

This programme component planned to provide policy advice and enhance the capacity of federal and state institutions and ministries responsible for socioeconomic development to mainstream in development plans initiatives for inclusion of pockets of the poor, the bottom 40 percent of income

households ("B40") and vulnerable communities. Per the recommendation of the last ICPE/ADR, the portfolio planned to adopt a government-wide approach and support inter-institutional coordination and policy coherence and the strengthening of technical and institutional capacities at state and subnational levels in the areas of inclusiveness, resilience and sustainability. The programme also aimed to strengthen analytical capacities to support evidence-based policy planning in the medium and long term and the use of inter- and intraregional analysis to benchmark spatially-disaggregated socioeconomic development. The inclusive development and growth portfolio supports the integration of gender considerations and reinforces targeting of women and vulnerable groups in national socioeconomic plans.

The larger change with this portfolio came in 2018 after the general election and change of Federal Government (and several state governments). Responding to the emerging priorities of the new Government regarding political reform, anti-corruption and public service, UNDP established a new democratic governance programme. As this came after the country programme structure had been set, it was decided to place it under this outcome area. The inclusive development and growth portfolio consists of four ongoing projects, excluding the governance interventions which were still under development or pending approval at the time of the ICPE.

#### Sustainable and resilient development programme

This programme component aims to enhance the country's resilience to climate variability and change by promoting innovative mitigation actions such as the use of clean and renewable energy and providing universal modern energy access for the underserved population. The country programme planned to support strategies on climate change adaptation, disaster risk reduction, natural capital valuation, reduction of environmental impacts and enhanced access to quality ecosystem services for effective mainstreaming of biodiversity into development and growth policies. It also aimed to strengthen

**TABLE 1. Country programme budget and expenditures (US\$), 2016-2019**

Programme component	Planned budget (2016-2020)	Actual budget (2016-2019)	Expenditures (2016-2019)
Inclusive development and growth	\$19,356,000	\$7,457,941	\$2,262,770
Sustainable and resilient development	\$32,100,000	\$32,793,738	\$20,233,431
<b>Total</b>	<b>\$51,456,000</b>	<b>\$40,682,235*</b>	<b>\$23,051,700*</b>

Source: UNDP Corporate Planning System, September 2019

\* Total includes \$430,555 of budget and \$555,499 of expenditures that are unlinked to either outcome

institutional capacity for improved natural resource management benefiting low-income communities.

The programme is aligned with broader human development and inclusive growth objectives, and more explicitly integrates Malaysia's international commitments to various environmental conventions and protocols. There has been an attempt to secure more programme cohesiveness, which was less evident in the programme up to 2016. There has also been a shift to project interventions that more fully engage local communities and "end users" of policy developments and innovations. The last ICPE/ADR identified a lack of profile for gender equality initiatives and national resources management projects, in particular providing scope for more inclusion of women in planning and implementing projects. Under the UNDP corporate planning system, the programme structure has 16 projects, contributing to four output results, which in turn aimed to contribute to one broad outcome result. However, the ICPE reviewed in detail the 14 projects which were active at the time of the evaluation and had the largest expenditures.

### Programme resources

The implementation of the country programme largely follows the UNDP national implementation modality but use of direct implementation modality by UNDP is increasing due to the growing

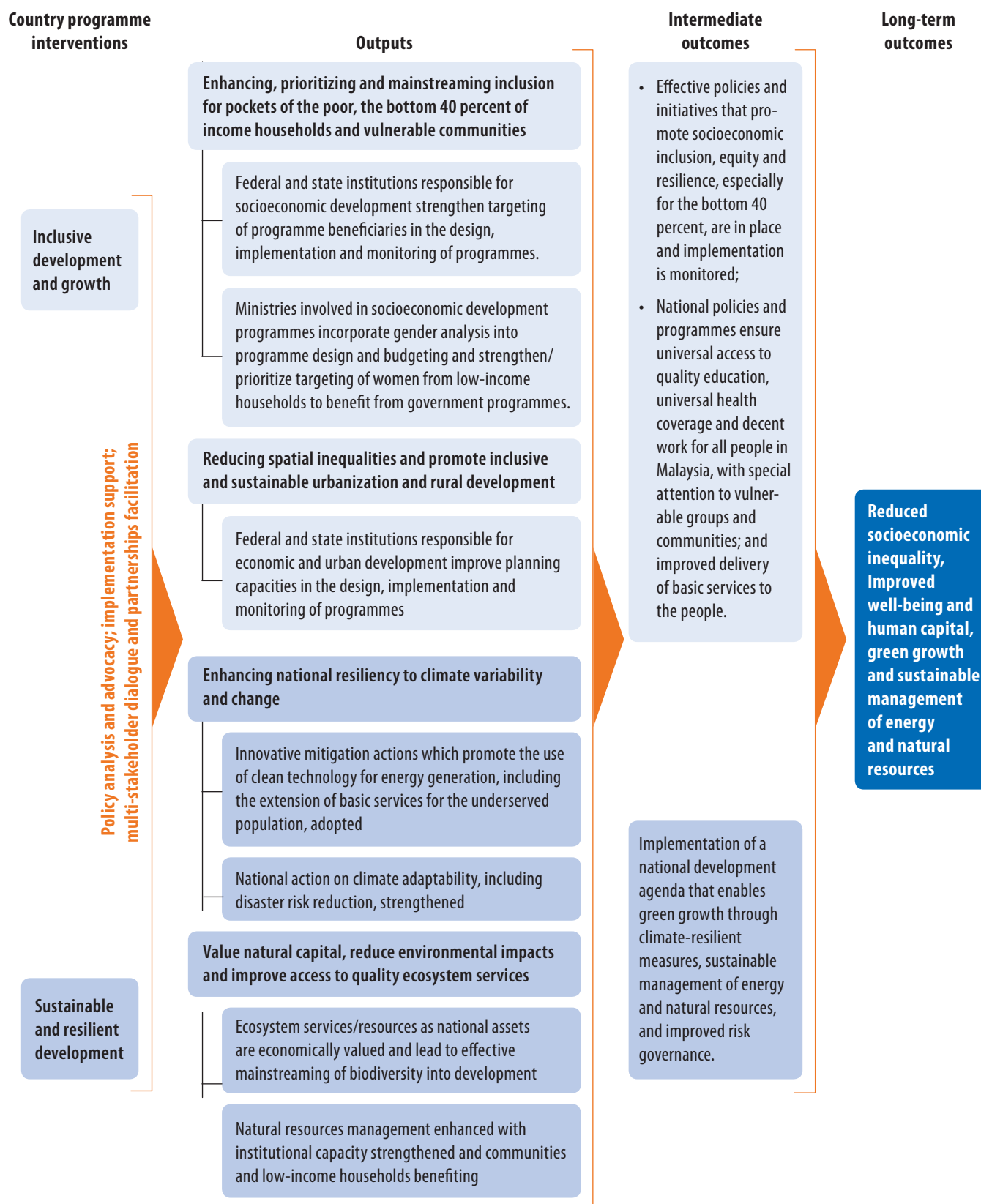
number of projects and in some cases, the preference of departments to have UNDP manage project funds due to its faster processes. The Ministry of Economic Affairs (previously Economic Planning Unit) is the focal ministry for coordination of the country programme. Other key counterpart ministries include the Ministry of Women, Family and Community Development, Ministry of Natural Resources and Environment (now Ministry of Water, Land and Natural Resources) and Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC). Through its projects, UNDP has also engaged with the full spectrum of stakeholders, including various federal government agencies, local governments, state agencies, non-governmental organizations (NGOs), training institutions, local communities and private sector companies (many of them are implementing agencies).

## 1.4 Data collection and analysis

The evaluation methodology adhered to the United Nations Evaluation Group Norms and Standards.<sup>29</sup> It addressed the following three key questions: (1) what did the country programme intend to achieve during the period under review; (2) to what extent has the programme achieved (or is likely to achieve) its intended objectives; and (3) what factors contributed to or hindered the UNDP performance and eventually, the sustainability of results?

<sup>29</sup> United Nations Evaluation Group, 'Norms and Standards for Evaluation', 2016. <http://www.uneval.org/document/detail/1914>

**FIGURE 3. Abridged theory of change of the country programme**





Data were gathered through a desk review of existing country programme-related documents, key informant interviews and focus group discussions with programme managers, beneficiaries and other stakeholders. In addition, site visits were undertaken to selected community-level project activities to corroborate findings and observations from the desk review and interviews.

The desk review covered background documents on the national context, strategic country programme documents, workplans and progress reports, monitoring self-assessments such as the UNDP results-oriented annual reports and evaluations conducted by the country office and partners. The ICPE team undertook a mission to Malaysia in July 2019 to collect primary data. The aim of data collection was to verify the results of the country programme and to consult stakeholders on its performance and contributions to the country's development results. The stakeholders consulted included government counterparts and other implementing partners, beneficiaries, civil society groups, research think tanks, private sector partners and UNDP and United Nations staff. In total, the evaluation team met about 110 persons. The evaluation covered 18 of the 23 ongoing projects of the country programme listed under the corporate planning system.

Information and data from various methods and sources were triangulated by cross-verification. A final debriefing workshop with the evaluation stakeholders was held in January 2020 to discuss the evaluation's findings and recommendations. The country office's management response was also presented and discussed during this workshop.

The evaluation terms of reference are provided in annex 1. The list of persons met is in annex 2, and the documents consulted are listed in annex 3.

The country programme outcome indicators with updated status can be found in annex 4.

According to the theory of change developed by the ICPE, the country programme is based on the logic that a mix of high-level policy advice and implementation support in selected national priority areas will result in the achievement of planned outputs and contribute to planned outcomes. This entails a process of institutional capacity strengthening. The theory of change does not link UNDP interventions directly to longer-term outcome results and establishes the accountability ceiling of the country programme at the level of intermediate outcomes. It is recognized that intermediate and long-term outcome results are the result of the collective efforts of multiple development actors, and the country programme accountability ceiling is up to the immediate outputs.

According to UNDP, the premise of the country programme is that by deepening multidimensional analysis and evidence-based policymaking, public services will become more efficient, accountable and inclusive and result in acceleration of development. UNDP identified the need for multidimensional analysis, backed by evidence and tested through pilots. This was considered key to support Malaysia's transition to a high-income country with an inclusive and sustainable economy. UNDP programming sought to strengthen a whole-of-government approach and inter-institutional coordination and policy coherence in order to enhance the effectiveness and efficiency of the civil service and more strategically include non-governmental development actors in its engagements. This is towards two outcome areas, as stated in the country programme document, which are inclusive development and growth and sustainable and resilient development.





# CHAPTER 2

## FINDINGS

DEVELOPMENT effectiveness COORDINATION efficiency PARTNERSHIP sustainability NATIONAL OWNERSHIP  
sustainability MANAGING FOR RESULTS responsiveness COORDINATION AND DEVELOPMENT responsiveness  
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This chapter presents the evaluation's findings in line with the three broad evaluation questions. It examines the progress and effectiveness of the country programme under the two programmatic pillars (inclusive development and growth, and sustainable and resilient development), as well as mainstreaming gender concerns in the country programme. This is followed by an analysis of the positioning of UNDP in Malaysia and other factors in the performance of the programme.

## 2.1 Effectiveness of the country programme

### 2.1.1 Inclusive development and growth programme

Malaysia has had one of the fastest long-term rates of poverty reduction in the world. This success was due to poverty eradication policies and programmes which formed an integral part of successive national development plans. Nevertheless, pockets of poverty remain, which show up as group and geographic disparities. Policies designed to reduce group inequalities have, in some cases, increased differentials within groups. The Government remains committed to addressing inequalities, and the policy mandate across all initiatives undertaken by the Government under the current medium-term development plan is focused on equitable growth and development under the "Leave No One Behind" national strategy. The first pillar of the 11MP was on "enhancing inclusiveness towards an equitable society."<sup>30</sup> The midterm review of the 11MP in 2018 showed moderate progress towards the inclusion of marginalized groups and the reduction of overall socioeconomic and spatial inequality in Malaysia. Five focus areas were set under the first pillar: (1) uplifting the B40 towards a middle-class society; (2) empowering communities for a productive and prosperous society; (3) transforming rural areas to uplift the well-being of rural communities; (4) accelerating regional growth

for better geographic balance; and (5) enhancing Bumiputera Economic Community<sup>31</sup> opportunities to increase wealth ownership.<sup>32</sup>

Given the moderate progress observed under this pillar, the 2018 midterm review of the 11MP maintained the focus on "enhancing inclusive development and well-being" for the period 2018-2020. This pillar (which has now become pillar II) will continue to focus on increasing the well-being of B40 households through the implementation of income-generating programmes and the provision of basic needs. Programmes will also focus on enhancing the capacity and capability of B40 households for better employability and productivity and the promotion of entrepreneurship. The midterm review also introduced a new pillar on "pursuing balanced regional development." This will accelerate the reduction of development imbalances among regions (namely Northern, Eastern, Central, Southern, Sabah and Sarawak), spur development in less developed areas within states and regions and reduce disparities between urban and rural areas.

The UNDP inclusive development and growth portfolio, responding to these priorities, encompasses three subcomponents at the output level, aiming to strengthen capacities of federal and state institutions in: (1) targeting of programme beneficiaries; (2) gender analysis and mainstreaming in sectoral programmes; and (3) programme planning. The geographic focus of the portfolio is East Malaysia (Sabah and Sarawak) and lagging states in Peninsular Malaysia.<sup>33</sup>

<sup>30</sup> Government of Malaysia, Eleventh Malaysia Plan: Anchoring Growth on People, 2015.

<sup>31</sup> Malaysia's dominant ethnic community is referred to as Bumiputera.

<sup>32</sup> Government of Malaysia, Eleventh Malaysia Plan: Anchoring Growth on People, 2015.

<sup>33</sup> UNDP, Country programme document for Malaysia (2016-2020).

Total expenditures to date (September 2019) under the portfolio stand at \$2.3 million of \$7.5 million that the country office has mobilized. The total programme budget envisaged at the design of the country programme was \$19.3 million. Several projects in the pipeline are expected to bridge the gap between planned and actual budget (about 60 percent).

**Finding 1.** Through pilot initiatives and research and analytical work, the UNDP inclusive growth and development portfolio continues to generate relevant inputs to national policy and programmes. These initiatives also contribute to institutional capacities. Potential to scale up these pilots and new methodologies will require stronger linkages with government macro and sector initiatives.

The inclusive development and growth portfolio supports the Government's inclusivity agenda aimed at ensuring that all groups participate in the economy and benefit from economic prosperity regardless of gender, ethnicity, socioeconomic status and geographic location. In the last country programme, UNDP supported the preparation of analytical reports and research papers which contributed to the evidence base for policy discussions, mostly at the federal level. UNDP introduced to the Government new techniques for measuring poverty, supporting the development of the Multidimensional Poverty Index (MPI). These analytical and research outputs informed the development of plans and programmes, particularly the 11MP.<sup>34</sup> The current country programme maintains a similar focus. Emphasis was placed on introducing new methodologies to government partners to enhance engagement with the B40 and other vulnerable groups. The portfolio has also been working with the Ministry of Women, Family and Community Development to strengthen institutional capacity for gender analysis and mainstreaming. Stakeholders met by the ICPE team recognized the value of the UNDP contribution through the three projects under this portfolio. The main outputs produced, such as the action plan to

address challenges faced by the B40 communities, recommendations from the review of the national action plan for women and the updated Gender Gap Index report, continue to feed into national development planning and programmes.

The previous ICPE/ADR noted that "inclusive growth and human development were seen by policymakers at the highest level as the well-defined area of UNDP expertise and as an important 'value added' into the planning system". Since then, the portfolio, which has been dependent on government cost sharing, has been shrinking. Although the projects reflect elements of inclusive growth, strategic linkages with the Government's macro and sector levels need to be strengthened to ensure longer-term outcomes and impact. Given the country's current high level of development, it is understandable that there may be limited policy space for UNDP engagement. The low level of funding mobilized for inclusive growth initiatives partly speaks to this concern. Linkages with the other development actors (World Bank, Asian Development Bank, Japan International Cooperation Agency, United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA), the Australian Government, etc.) supporting the Government in this area also appear limited. As it stands, it was not possible to sustain or scale up past initiatives (e.g., MPI, a pilot study on persons with disabilities, gender-responsive budgeting). The nature of the UNDP programme, being demand-driven and funded by the Government, also contributes to this issue. The following paragraphs provide a summary of the progress and achievements of the interventions under the inclusive development and growth portfolio.

### **Inclusion of B40 communities and other vulnerable groups**

B40 households are self-employed, low-wage workers involved in micro-enterprises. They have a single source of income, a high level of debt and low savings, making them vulnerable to shocks. Fragmented planning, weak coordination, siloed implementation

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<sup>34</sup> Independent Evaluation Office of UNDP, Assessment of Development Results, UNDP Malaysia, 2015.



of social protection programmes and loose targeting of beneficiaries are among the factors hampering service delivery to this group.<sup>35</sup>

The country programme envisaged institutional capacity development support to federal and state institutions and ministries involved in socioeconomic development to strengthen the targeting of programme beneficiaries. Through the pilot project “Support to B40 income group,” UNDP supported the development of a comprehensive action plan to address the challenges faced by B40 groups. The project undertook consultations with B40 stakeholders, applying a bottom-up participatory process, engaging stakeholders through Open Space Technology, a community-driven data gathering methodology which ensured meaningful contribution and feedback, inclusive of people with disabilities and indigenous communities. One of the main findings of these consultations was that poor people had limited knowledge of, access to and poor experiences with government services, pointing to inefficiencies and lack of coordination between agencies delivering services for the poor. Based on this finding, a pilot citizen journey approach is being implemented so that improvements in service delivery can be identified. The analysis and findings generated by the study will form guidelines which will be incorporated in the Twelfth Malaysia Plan (12MP), 2021-2025. The B40 action plan project is funded by the Government and UNDP.

The Iskandar Malaysia Urban Observatory (IMUO) project aims to strengthen the planning capacity of state and federal institutions responsible for economic and urban development. Malaysia’s federation system consists of three levels of government with power and responsibilities split and/or shared among federal, state and local levels. Spatial and development planning in Johor State involves these three levels, causing cross-boundary issues due to uneven power distribution, inconsistent planning cycles and processes and complications from multiple authorities regulating

or monitoring projects in Iskandar Malaysia (the development corridor in Johor). Consequently, there exist considerable gaps in aligning the state’s development plan with the other levels of planning, particularly subnational plans. The IMUO project addresses these cross-boundary issues. It responds to the 11MP priority and strategy to ensure geographical balance in regional growth to enhance inclusion of the B40 and other vulnerable groups. It also contributes towards realizing Iskandar Malaysia’s vision to become a sustainable, inclusive and smart regional corridor through evidence-based spatial planning and policy-making. The IMUO, once fully functional, is also expected to serve as a building block to empower the Iskandar Regional Development Authority (IRDA) to better plan and implement subnational programmes that are more tailored to the needs of the B40 and vulnerable groups. The IMUO is a four-year collaboration between IRDA, Malaysian Administrative Modernization and Management Planning Unit and UNDP.

As a subnational planning authority, IRDA plays a role in coordinating and bridging gaps between federal, state and local plans, hence the need for a comprehensive data and knowledge management system at the regional level that will inter alia establish baseline data to support regional development planning. In the context of complex federal, state and local governance dynamics, the IMUO project aimed to develop the observatory’s business plan, data management policy and co-ownership agreements that will facilitate interaction with diverse groups of stakeholder needs. The first two outputs have been completed and the preparation of the co-ownership agreements is currently under way, involving extensive stakeholder consultation and dialogue to iron out concerns about data sharing and security. The project outputs guided IRDA in the operational establishment of the IMUO, which as a knowledge hub (not physical structure) will support three functions: (1) regional planning and development; (2) shared performance targets; and (3) international benchmarking. Through the

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<sup>35</sup> Government of Malaysia, Mid-term review, Eleventh Malaysia Plan, October 2018.

project, IRDA staff benefited from data analysis training. UNDP also provided training on SDG localization with emphasis on budget processes.

### **Gender mainstreaming support**

Through the project “Strengthening and Enhancing the Inclusiveness of Women,” the country programme envisaged support for gender mainstreaming in sectoral programmes and budgets. This project and the country programme’s overall progress on gender equality and women’s empowerment are discussed in section 2.1.4 below.

### **Support for the 2030 Agenda for Sustainable Development and the SDGs**

Through its subnational SDG implementation support strategy, the country office engaged with subnational actors through various events: an SDG conference in Penang; the Perak Dialogue; and the Responsible Business Forum, the latter fostering private sector engagement in the SDGs. The country office recognizes that these preliminary partnerships will need to be developed further. The country office also supported the Government in the preparation of its voluntary national review report and the national SDG road map.

The study of undocumented persons in Sabah state is also part of the country office’s subnational SDG engagement strategy. The objective of the study is to map this population group. The project, which is at the inception phase, is well received by the state government. It is an important study aiming to develop a profile of the undocumented population in Sabah, who are not able to access social services such as formal education due to the lack of identity documents. The study’s findings are expected to generate policy advice for addressing this group. It is a joint United Nations agency initiative involving UNDP, UNFPA and UNICEF and implemented by the University of Malaysia in Sabah.

As custodian of the SDG agenda, UNDP plays a key role in the coordination of the SDG support provided by the UNCT. The coordination work has had major achievements in advocating for SDG mainstreaming and alignment in the country, and not just within the Government. The UNCT inputs

were incorporated in the 2019 national budget and the midterm review of the 11MP. The UNCT has also been instrumental in supporting the Government (both previous and current) in the development of the national SDG road map. One area of further support noted by government stakeholders is strengthening of SDG monitoring, including technical support for innovative data collection and analysis methods.

### **2.1.2 Inclusive governance**

The reviewed and realigned 11MP reflected pillar 1 as “reforming governance towards greater transparency and enhancing the efficiency of public service.” The election commission is one of the key institutions identified in the envisaged institutional reforms. The incoming administration’s emphasis on good governance and the rule of law opened space for UNDP to engage with the Government. Given that UNDP is the only United Nations agency with an operational mandate on democratic governance and that it had an existing operational mechanism (the country programme) with the Government, it was a natural choice to support the Government on electoral reforms. It is also an acknowledgement of the UNDP niche and expertise in this field.

The newly created UNDP governance portfolio is expected to work on anti-corruption, good governance and judicial and electoral reform. At the time of the evaluation, initiatives were at an early stage, with project documents or concept notes awaiting approval and/or signature. The ICPE did not assess this portfolio; however, it makes the following observation. UNDP has to take stock of the political situation in the country and the challenges or risks of sustainability. While the medium-term period with the new administration is open to strategic support and value addition by UNDP, care should be taken to use this opportunity to the maximum to ensure that priority outcome areas are addressed. However, at the same time, UNDP needs to be conscious of the need for adaptive planning in the case of longer-term outcomes and impact-linked projects that may be challenged by any potential change in the political context.

### 2.1.3 Sustainable and resilient development programme

Much of Malaysia's recent economic advancement has involved technologies and resources that are somewhat in tension with improved environmental quality and maintenance of the natural resource base.<sup>36</sup> Further, the 11MP has clearly recognized the challenges posed by climate change and the risk of disasters. It was noted that agricultural productivity growth had been curtailed by adverse weather in recent times; flooding and coastal erosion continue to be significant issues; live coral cover is still diminishing, reflecting pollution, inappropriate fishing techniques and possibly climate change. The World Bank estimates that 75 percent of Malaysians will be living in cities by 2020, which brings additional environmental issues related to densification, such as continued use of private vehicles instead of public transportation.<sup>37</sup> Thus, the current situation and expected trajectory for growth in Malaysia continue to be in conflict with the maintenance of the natural resource base and environmental quality.

On the other hand, Malaysia recognizes this development/environment tension and has made serious efforts to develop and implement environmental planning and management (through the environmental impact assessment process, which is, however, still constrained), and has increased its efforts in developing policies, plans, regulations and programmes pertaining to habitat and biodiversity conservation. Given the significant forest cover in Malaysia, its importance for biodiversity and issues related to lack of enforcement, inadequate long-term planning and lack of cost recovery in conservation efforts, development assistance over the last seven to eight years has focused on these issues.

The Government has established the National Disaster Management Agency. Financing mecha-

nisms were strengthened to support the uptake of green initiatives, including green government procurement (which has doubled in recent years) and green building construction (some of this with UNDP support, discussed below). Environmental economic accounting and demand-side management in the transport, electrical and energy sectors are recent developments (some of this with UNDP support). The commitments associated with the Paris Agreement (reduction of greenhouse gas emissions) are drivers for several government programmes.

The fifth pillar of the 11MP, focusing on "enhancing environmental sustainability through green growth,"<sup>38</sup> embodies the equivalent UNDP programme for sustainable and resilient development. The three priorities within this pillar include strengthening governance (with a focus on policies and capacity-building and on raising public awareness); addressing climate change and disaster risks; and conserving natural resources (this element intended to have traction with local communities, for example, ecotourism opportunities). Responding to these priorities, the UNDP sustainable and resilient development programme encompasses three interrelated subcomponents at output level: (1) climate change and energy efficiency; (2) natural resource management; and (3) sustainable management of chemicals and waste (according to the country programme design, there are two separate outputs for climate change and energy).

Total expenditures to date (September 2019) under the portfolio are above \$20 million of \$32.8 million that the country office has mobilized. The total programme budget envisaged at country programme design was \$32 million.

**Finding 2.** The UNDP sustainable and resilient development programme has been highly relevant and properly structured for higher-level outcomes that will support change on the ground (in most cases).

<sup>36</sup> The recent International Monetary Fund (IMF) analysis of Malaysia notes global demand for electronics and continued oil exports as contributors to Malaysian growth, with private consumption boosted accordingly. However, environmental costs and natural resource depletion have not been factored into the IMF analysis, so the analysis is somewhat distorted with regard to true costs and revenues.

<sup>37</sup> World Bank, Overview for Malaysia.

<sup>38</sup> Government of Malaysia, Mid-term review, Eleventh Malaysia Plan, October 2018.



There has been a strong convergence of the UNDP sustainable and resilient development programme with the directions noted in the 11MP, with a strong emphasis on energy efficiency, international convention/protocol reporting and forest conservation. There has been high engagement with appropriate stakeholders (for the most part), increased engagement in outlying states and a strong emphasis on policy development and financing mechanisms, the latter especially important for sustainability. Emphasis has also been placed on appropriate institutional structures and processes and testing of innovations in pilot projects, some of which were just under way and others were positioned to start. However, government and civil society stakeholders noted that climate change adaptation has been very subordinate to other priorities, and awareness-raising of the public regarding climate change, environmental quality and natural resource management issues has been limited.

Projects that had a sharp technical focus, such as chemical management and energy efficiency, were more easily implemented with correct project partnerships and development of appropriate technologies and approaches. Projects that centred on the conflict between development and conservation, notably the forest projects, were more ambitious, complicated and vulnerable to differing concerns about risk, responsibilities and revenue-sharing. However, they correctly focused on developing the information base for planning and subsequent decision-making, as well as cost-recovery mechanisms and revenue-sharing (these are not yet operational but are ready). These projects were very ambitious, with a high risk of failure, but necessary in any case to get all requisite stakeholders firmly into a dialogue about the difficult policy and implementation challenges around conservation. They now need to be given time to move into implementation on the ground (over the next two years at least).

On a less positive note, the absence of “business cases” (clear evidence of net economic benefits from new actions) was raised by various agencies in the context of the need for dissemination and sustainability. There is little or no documentation

of compelling economic reasons for households, practitioners, the private sector, state governments, etc., to invest time and money in actions related to climate change, environmental quality or natural resource management. These business cases, done as cost-benefit analyses, would greatly enhance the uptake of energy efficiency approaches, for example, or implementation of sustainable forest practices over the long term. Some of the related projects have funding and financing mechanisms defined and even budgeted. They are ready to be used, but uptake needs to be encouraged and the initial actions supported by these new funds examined for the business case. This kind of information would reinforce the utility of the specific actions, e.g., household and business savings from energy efficiency, net forest value gain due to sustainable logging and conservation in the same area, etc. The following sections present the progress and results of the programme by subcomponent.

### **Climate change**

The country programme is supporting the Government in tackling climate change and reducing disaster risk with an emphasis on climate change mitigation, as well as assisting with related international commitments. Global Environment Facility (GEF) climate change projects dominated the programme, and these were split between developing energy-efficiency options and meeting international obligations regarding the United Nations Framework Convention on Climate Change (UNFCCC) and Paris Agreement. The UNDP role under GEF projects is technical support for project formulation, due diligence, mobilization of required co-financing, project implementation support, including procurement and oversight and quality assurance of results.

The Green Technology Application for the Development of Low-Carbon Cities (LCC) project is the largest project under this component, aiming to support at least five major cities to implement and adopt integrated low-carbon urban development plans/programmes. The LCC has had a lengthy starting phase, and there are still substantial activities to be completed (and most of the project

budget of over \$4.3 million to be spent) over the next 18 months; however, low-carbon development plans are evident in some cities and others have various studies and planning initiatives under way. Public transport is a particular focus, but there is also a wide scattering of initiatives that are just taking hold as supportive policy and economic approaches get sorted out.

Under the Building Sector Energy Efficiency project (BSEEP), which ended in December 2017, an Energy Management and Information System was designed, completed and transferred to the Energy Commission for full uptake in the building sector. Related standards and institutional authorities were defined and captured in a new act. There was a wide dissemination of energy-efficiency concepts with the appropriate practitioners and also some public awareness initiatives. A financing mechanism was set up but is still only “poised” for use by the building sector. Demonstration of energy-efficiency approaches was implemented in a few government buildings.

There has been a lot of engagement and training related to energy demand under the Preliminary Study on Demand-Side Management Study (DSM) project, which produced a detailed and useful report addressing energy demand in the thermal, transport and electrical sectors.<sup>39</sup>

In addition, the climate change portfolio contains three other projects that supported the Government to develop and submit all required reports to the UNFCCC (third national communication report; second biennial update report; developing a road map for the intended nationally determined contributions).

**Finding 3.** With UNDP programme support, understanding of climate change issues (specifically mitigation options and their practicalities) is much

more firmly embedded within the relevant government agencies.

The process of setting assumptions and collecting relevant data for the UNFCCC reports has consolidated awareness and knowledge of climate change issues and mitigation concepts within the participating ministries. However, according to UNDP staff, greenhouse gas data collection and modelling continue to be challenging, and this constraint has trickled down to the city level, where the greenhouse gas estimation methodology is inconsistent from city to city (evident in the LCC project). The climate change initiatives have engaged an appropriate range of partners and stakeholders, which has helped to sort out and clarify institutional responsibilities regarding climate change (for example, the Energy Commission with the energy performance system from BSEEP; the Sustainable Energy Development Authority with a “broker” role in conveying and facilitating energy efficiency concepts in both BSEEP and the LCC project). Further, the concept of a National Climate Change Centre (whether a physical entity or virtual) is being actively explored, which is a very positive development.<sup>40</sup> The Government is also actively engaging in green procurement. Project staff, however, noted that competing ministerial mandates and perceptions of their own importance continue to “muddy” full and effective climate change governance in Malaysia (for example, the Ministry of Transport, with a prominent and high-energy-use development role, and MESTECC, with a regulatory role that can be seen as a “drag” on development). At a lower level, specific actions, such as energy efficiency, are gaining traction with UNDP support. A new act is in place to help frame this type of mitigation measure, and standards to address energy efficiency in the building sector are now in place and have been taken up by at least three states. Further, there has been a linkage between BSEEP and the LCC project, and

<sup>39</sup> A challenge with the energy-efficiency projects has been a need to address the policy environment around fuel and electricity subsidies. If subsidies could be addressed (reduced or eliminated), it would be possible to facilitate quicker/more comprehensive adjustments to energy consumption.

<sup>40</sup> In fact, this has happened as of October 2019. The Malaysia Green Technology Corporation has been rebranded as Malaysia Green Technology and Climate Change Centre. This was accompanied by the establishment of the National Council of Climate Change Action under the Centre.

specific actions have been taken up by several cities. However, ambitious performance targets relating to reduced greenhouse gas emissions for city-level actions may be difficult to actually measure. A road map for low-carbon action plans is still under development and may help. On a negative note, understanding of climate change adaptation and development of appropriate responses are lagging, according to key stakeholders. While clearly identified as an issue by the Government, setting priorities and undertaking economic modelling to determine the potential costs of lack of climate change adaptation have been challenging.

**Finding 4. Energy-related practitioners have started to take up energy efficiency but in a limited manner.**

Through the development of standards and related training for practitioners under the BSEEP, energy-efficiency options have been made more workable, and performance measurement systems are reinforcing the utility of energy efficiency. However, the Government tends to be the main implementer of energy-efficiency initiatives, and this seems to have been limited to several public works buildings in BSEEP and to various public transport initiatives in the LCC project. It seems that the expected confidence of practitioners and end users in energy-efficiency is not yet developed. Perhaps a key factor here is the lack of a clear business case, which would provide a compelling argument to reduce energy demand. Despite the potential availability of funds (the energy-efficiency credit line for builders), there is not a documented uptake evident in the building sector, and many small-scale operators may not be in the scheme at all. The low cost of energy in Malaysia is a hindrance in this regard. However, governments at all levels have the ability to initiate energy-efficiency practices within their own infrastructure and budgets and set a good example in the process with net benefits carefully measured and disseminated. With regard to the DSM study frame, this has been set, but the full study needs to be implemented. The full DSM study and any subsequent implementation of initiatives will be influenced by conflicting ministerial mandates (for example, transport and thermal energy), and the low cost of energy will continue to skew future energy demand,

especially as expected future growth in Malaysia will drive up energy consumption in any case.

**Natural resources management**

The country programme aimed to support natural capital valuation, reduction of environmental impacts and enhanced access to quality ecosystem services for effective mainstreaming of biodiversity into development and growth policies. Efforts under this component sought to strengthen institutional capacity for improved natural resources management, benefiting communities and low-income households. UNDP support has been focused on policy change, related institutional structures and processes and actual implementation of challenging innovations in forest/habitat conservation and associated financial cost recovery. Forest conservation projects (GEF-supported) and related initiatives such as benefit-sharing have dominated the UNDP programme over the last four years. These are large projects, with a very broad range of partners and beneficiaries spread over Peninsular Malaysia and Sabah.

The Biodiversity Conservation in Multiple-Use Forest Landscapes project in Sabah aims to develop and pilot multiple-use forest landscape planning and management systems. While the project has struggled with the implementation of a financing model (payment for ecosystem services, explored but not yet implemented), and land-use planning has been complicated due to many stakeholders with different agendas, there has been important convergence on the various approaches to forest conservation (100-year leases based on the Sustainable Forest Management Licence Agreement, replanting initiatives, etc.), and there is an operational agreement in place with forest users in the project area. Policy discussions regarding the “no net loss” concept have progressed, and the 2018 Forest Policy, which replaced the 1954 policy, is in place. There have been many training events but not necessarily connected coherently to one theme. Project staff noted that some of the academic research has been considered a distraction and not linked functionally to management requirements. Importantly, forest connectivity in the area has apparently improved

(designations of forest conservation areas have been upgraded for more protection). However, there are still significant problems with encroachment and poaching. It is likely that the payment for ecosystem services concept and a 10-year integrated landscape management plan will not be implemented before the end of the project.

The Enhancing Effectiveness and Financial Sustainability of Protected Areas project focuses mostly on protected areas in Peninsular Malaysia. Concepts related to protected area financing have been clarified (a performance-based system) but not yet implemented. There has been good engagement with the appropriate stakeholders, with a focus on harmonization of approaches. The Protected Areas Master List and associated database have set the stage for implementation of the system and its measurement. The project also supported gap analysis on protected area legislation at the relevant state and national levels, and will be supporting the Perak state authority in reviewing its state park enactment. A mechanism to transfer funds (Ecological Fiscal Transfer) is under planning at the moment. Management and business development plans for each of the three parks in the project have been developed. A training course has been developed and there has been institutional capacity-building for the Institute of Biodiversity. There is some evidence of improved park financing, but ongoing discussion of park fees is slowing down full implementation. There is some evidence of improved park enforcement. There has been a wide range of training initiatives including a series of conferences for managers of protected areas, exchange visits with other protected area authorities and training abroad (responding to identified project participant needs). There has been limited engagement with local communities. The Ministry of Water, Land and Natural Resources, as the executing agency for the protected area financing project, noted that economic valuation or natural resource accounting concepts had been discussed in the project, but the actual implementation of specific natural resource accounting initiatives within the project has not occurred.

However, according to the implementing agency, the Department of Wildlife and National Parks, the work on the economics of ecosystems and biodiversity study has started.

The National Access and Benefit-Sharing Framework (ABS) project aims to strengthen the regulatory and institutional framework for sharing the benefits of genetic resources, in line with the Convention on Biological Diversity. The Access to Biological Resources and Benefit-Sharing Act was passed in 2017 and consultations with states regarding implementation are ongoing. Competent state authorities for ABS have been defined, as well as checkpoints, mostly universities. There has been significant relevant training. There are also efforts to support indigenous and local communities in engaging with the ABS process through various initiatives, documentation of traditional knowledge and empowerment of communities by training them in preparing biocultural community protocols. The financial transfer mechanism for ABS has been confirmed. Two benefit-sharing agreements have been drafted and there have been efforts to develop and market local products from rural/forest areas. The main expected beneficiaries of the ABS project are local communities and research institutions.

The Improving Connectivity in the Central Forest Spine Landscape (CFS) project planned to strengthen federal and state government capacities to implement the CFS Master Plan. However, the project struggled and has been under a moratorium for a few years due to a review and the resulting need to adjust the project structure and expected outcomes. There is reference to an increase in forest reserve area in Peninsular Malaysia, but the link to the project is tenuous. There is mention of initiatives related to revenue collection and biodiversity data, and there have been many training events but they appear to be a bit random. Standard operating procedures have been under development. There has been only limited NGO engagement since the project design phase and minimal traction with local communities in and adjacent to the park areas.<sup>41</sup>

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<sup>41</sup> These points noted in the recent project review.

**Finding 5.** UNDP-supported forest conservation initiatives have created an increased understanding of cost-recovery needs and options among a wide spectrum of forest users and government agencies, paving the way for the implementation of financing mechanisms, which is imminent.

Cost-recovery and financing mechanisms have been a prominent theme of the three forest conservation projects supported by UNDP. This is a critical step in advancing and sustaining forest habitats in the face of ongoing development objectives, which are threatening forest cover throughout the country. With the appropriate stakeholders engaged and exposure to experiences in other countries, a suite of cost-recovery/financing mechanisms has been well developed, with some poised to be implemented in the next few years. These include topic-specific payment for ecosystem services, departure fees, options for forest users and infrastructure developers in forest areas to pay into a conservation fund or provide offsets; and performance-based government support. Management and business plans for parks in Peninsular Malaysia have started to take up some of these concepts. The relatively wide range of financing options bodes well for selecting a suite of workable approaches at each forest location. However, difficult state-federal dynamics regarding fiscal transfers and local fee-generation activities will continue to be a constraint on the early adoption of cost-recovery and financing approaches. On the other hand, political awareness and support regarding forest conservation have evidently increased (noted in Sabah and to some extent in Peninsular Malaysia), and this may accelerate the implementation of workable financing mechanisms. Harmonization of forest conservation approaches as a concept has been advanced, but as noted by the Ministry of Water, Land and Natural Resources staff, this is challenging when the federal level and the states have different perspectives; the states tend to be pro-development and the Federal Government is obliged to push forest conservation, while also promoting development. The UNDP-supported

projects, in most cases, have been instrumental in setting up the stakeholder relationships needed to develop and agree on the various financing mechanisms. These now need to be institutionalized so that they persist beyond projects.

**Finding 6.** Forest conservation policy development and related land-use planning concepts are having a positive impact on forest conservation.

The UNDP-supported projects have appropriately focused ambitiously on multiple-use forest areas and as noted above, have engaged, for the most part, the appropriate stakeholders. There has been increasing political support, particularly in Sabah, for conservation priorities rather than just the development agenda. Further, synoptic forest cover information is now informing forest managers about the current forest cover situation to clarify future conservation needs, and this is expected to continue as a routine operation every couple of years. The convergence of these initiatives has resulted in evidence of sustainable logging practices in operational agreements with forest users in Sabah; development of a forest policy; upgrading of forest conservation status in Sabah; some evidence of improved connectivity between forest complexes; and recent data from the World Wide Fund for Nature indicating that there are positive spin-offs for wildlife, with the orangutan population, at least, stable in the last 15 years.<sup>42</sup> Longer-term land-use planning is recognized as a critical requirement, and steps are in place to advance this over the next year. Forest licences are subject to annual audit by the Timber Legality Assurance System and are issued in compliance with the certificate. The problem of encroachment and poaching is being rectified and addressed through the establishment of the “PROTECT Team”, a special anti-poaching squad to protect the forests of Sabah. There are plans to boost the forest enforcement function. Despite similar but more dissipated efforts in Peninsular Malaysia, there is less clear evidence regarding improvement in forest conservation.

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<sup>42</sup> Noted in national newspaper articles during the time of the ICPE visit July 2019.



**Finding 7.** With UNDP support, there has been significant increased attention to, and engagement with, forest users and local community beneficiaries in Malaysia.

The main vehicles for engagement with forest users and local community beneficiaries have been the Sabah forest project, designed with a forest user as a key partner, and the ABS project. The CFS project has had limited engagement with NGOs, civil society organizations and end users, and the protected areas financing project had some limited engagement with Orang Asli. The most progressive initiative has been the ABS project, with the benefit-sharing concept, to protect and promote development of natural products at the community level being captured in the Access to Biological Resources and Benefit-Sharing Act and the related institutional structures and processes and the funding mechanism (through the National Conservation Trust Fund) all put in place. Draft agreements have been negotiated in at least two cases. These initiatives have certainly given a higher profile, and some empowerment and self-determination, to local communities in rural and forest areas. A cautionary note is that the development of benefit-sharing from natural and locally processed products will be fraught with concerns about benefit-sharing (ratios of federal, state and local community revenues) and issues related to unreasonable expectations of efforts required to develop products and global markets for them. ABS projects will eventually require sustainability through self-financing mechanisms, with equitable benefit-sharing in communities (every site will likely have unique requirements; however, institutional structures and processes have been defined to handle these). Both UNDP staff and national stakeholders indicated that UNDP-supported projects in Peninsular Malaysia had raised two concerns: early engagement of NGOs and communities in project design that is then cast aside in project implementation, alienating community partners; and community training events that focus on traditional craft training are seen as “old style” and somewhat patronizing (required business skills are ignored in these cases). This was also noted in the CFS review.

## **Management of chemicals and waste**

Chemical management (ozone-depleting substances (ODS), under the Montreal Protocol, and mercury, under the Minamata Convention) made up the subcomponent. Projects have spanned the development spectrum from awareness-raising to development of policies and institutional structures, and actual implementation of measures. These projects have had a very targeted set of partnerships, mostly government agencies and academic centres, due to their quite specific technical aspects.

Phase-out of hydrochlorofluorocarbons (HCFC): phase 1 of the project is complete and phase 2 runs for another 18 months. The projects have been supporting Malaysia with its commitments under the Montreal Protocol to reduce/eliminate ODS. There has been extensive engagement and training with stakeholders, and the required technology conversions have been sorted out and are being implemented. Relevant books and guidelines have been prepared. There has been a significant investment in equipment, which has been installed in the larger operator facilities. Uptake of these technologies by smaller operators is still challenging. The concept of a centre of excellence is developing.

The Minamata Convention assessment project is nearing completion. The policy assessment has been done and the mercury profile for the country has been completed, with some residual data collection/organization challenges which are now being effectively addressed, as has been the case with phase 1 of the HCFC project. The final Minamata Initial Assessment report has been completed, with 14 proposed actions to help Malaysia ratify the Convention.

**Finding 8.** Institutional structures and processes for management of chemicals are well defined and becoming operational, but awareness by the public and small businesses of issues and workable solutions is still low.

Both the mercury and HCFC initiatives have as project outcomes, awareness-raising regarding environmental and health impacts of chemicals and compliance with restricted use guidelines. With the

mercury project, general awareness-raising for the public and mercury users was not possible, as the project partners themselves had to be brought “up to speed” on the issues themselves and prepare the profile. Presumably, the next stages in the process will broaden the message. Regarding HCFCs, the larger foam and refrigerant operators have been engaged and are on board with regard to requirements and approaches. The smaller operators (and many illegal ones) cannot be engaged properly, yet they may account for a significant volume of chemical use. With both mercury and HCFCs, the technical nature of the issues and solutions remains obscure, and it may be difficult to change long-standing practices. However, regarding HCFCs, the focus on the larger operators (the “system houses”) was appropriate and effective, since this initial targeting led to a substantial reduction in ODS: 112 tons by the end of 2016 according to Customs Department data, which exceeds original targets set for the Montreal Protocol. According to the staff of the National Ozone Unit, despite limited staff numbers in the Unit, the UNDP support and the cooperation and commitment from other stakeholders (various government agencies, including ministries, and industries) played a major role in providing training and exposure to experiences from other countries, and provided equipment, which helped in achieving the ODS targets.

### 2.1.4 Gender equality and women’s empowerment

**Finding 9.** The current country programme integrated gender equality more prominently as a key result area of the programme and identified it as a strategy to enhance inclusive growth and sustainable development. Gender mainstreaming is increasingly gaining traction with stakeholders, despite uneven results across programmes, communities and policymaking.

The UNDP programme rationale noted structural barriers to gender equality and identified gender analysis and gender-disaggregated data as key strategies for promoting equality. Subsequently, the country programme pursued a two-pronged approach to gender, considering it a cross-cutting issue mainstreamed in all interventions while also developing a specific gender project. The design of gender equality and women’s empowerment initiatives was informed by UNDP corporate guidance on gender equality. The UNDP country office developed a gender strategy whose overall objective was to guide a coherent gender mainstreaming approach.<sup>43</sup> The preparation of the country programme was informed by this strategy, the 2014 ICPE/ADR<sup>44</sup> and the feedback from the corporate Gender Equality Seal self-assessment. The country office received a corporate silver Gender Equality Seal in 2016 and is working to address gaps identified by that process, namely resources for gender mainstreaming, staff capacity in understanding gender as part of programming, and uneven contributions to gender equality and women’s empowerment across portfolios.

The country office uses the corporate gender marker tool to track planned expenditures on gender equality and women’s empowerment. Over time, planned programme expenditures increased, particularly since 2014, when the country office initiated the Gender Equality Seal exercise. However, looking at the last three years (2016-2018), slightly less than 30 percent of expenditures were envisaged to contribute to gender equality and women’s empowerment in a meaningful way (GEN2 and GEN3 interventions).<sup>45</sup>

To examine the quality of programme results from a gender perspective, the evaluation applied the Gender Results Effectiveness Scale developed as part of the corporate evaluation of the UNDP contribution to gender equality and women’s

<sup>43</sup> UNDP Malaysia, Gender Equality Strategy and Action Plan 2016–2020.

<sup>44</sup> UNDP Independent Evaluation Office, Assessment of Development Results, Malaysia, 2015.

<sup>45</sup> The gender marker aims to sensitize programme managers on gender mainstreaming through the assignment of a rating in the UNDP programme and financial reporting system. The ratings are: GEN3 = outputs that have gender equality as the main objectives; GEN2 = outputs that have gender equality as a significant objective; GEN1 = outputs that will contribute in some way to gender equality, but not significantly; GEN 0 = outputs that are not expected to contribute noticeably to gender equality.

empowerment. The scale classifies gender results into five categories: gender-negative, gender-blind, gender-targeted, gender-responsive; and gender-transformative.<sup>46</sup>

UNDP interventions under the inclusive development and growth portfolio were generally successful in undertaking gender analysis through review of existing gender legislation and advocating for gender-disaggregated data. The Strengthening and Enhancing the Inclusiveness of Women project, implemented by the Ministry of Women, Family and Community Development, had the overall objective of reviewing ongoing gender mainstreaming initiatives within government and developing a framework for enhancing gender awareness and mainstreaming (including at policymaking level) over the course of the 11MP. A planned review of the effectiveness of the 2009 national policy for women and the related action plan was completed, the outcomes informing a gender mainstreaming framework and policy recommendations for the 11MP. Technical resources that were generated for this output were relevant to build the capacity of other project and programme staff, sensitizing them to the practical implementation requirements for gender analysis in their respective initiatives. The Malaysia Gender Gap Index report 2010-2015 was also produced under this project and is expected to inform the drafting of the 12MP. The evaluation rates this project as gender-responsive due to its substantive analytical focus, revealing gender equality gaps at sectoral level within government and subsequently generating recommendations. The project is timely and relevant in the context of the preparation of the 12MP and will need to be accelerated to ensure that the planning and implementation of the 12MP can fully benefit from ongoing institutional capacity-building for gender equality and women's empowerment. Analysis of results suggest that efforts should be scaled up to ensure the achievement of intermediate outcomes.

Similarly, the evaluation rates the action plan for the B40 as gender-responsive as it incorporated some gender analysis through grass-roots feedback that revealed challenges in employment and income insecurity for women as a result of additional responsibilities in the domestic sphere. The selection of B40 participants in the open space study also took into account gender considerations. The IMUO project is classified as gender-targeted since it incorporated gender-disaggregated data relevant to urban planning, thanks to UNDP advocacy. Currently, it is not clear to what extent the data produced are used to facilitate gender analysis and address gender concerns in Iskandar State development initiatives. However, this could shift the project's rating to gender-responsive, if realized.

On the other hand, the sustainable and resilient development programme, with its three streams of work, found it difficult to integrate gender beyond sex-disaggregated data and participation of women in some instances. Observations on project design and progress reporting suggest that more explicit planning for and implementation of gender equality have been and continue to be challenging. The biodiversity conservation initiatives had some contribution through increasing awareness of the benefits of women's participation, development processes and the availability of gender-disaggregated data. Stronger results are expected in recognizing women's valuable knowledge and experience to contribute to strategies for natural resources management, climate change adaptation and mitigation, and empowering women through increased access, ownership and management of environmental goods and services. Results in integration in policy frameworks, strategies and programmes of gender considerations are weak. The sustainable and resilient development programme would require a stronger gender analysis in the next country programme to address systemic and policy-level gender inequalities.

<sup>46</sup> Gender-negative = results led to negative outcomes that reinforces/aggravated gender inequalities/norms; gender-blind = results had no attention to gender; gender-targeted=results focused on equity (50:50) of women and men in targeting; gender-responsive = results addressed differential needs of men and women and equitable distribution of benefits, resources, status, rights etc.; gender-transformative = results contributed to changes in norms, cultural values, power structures and the roots of gender inequalities and discrimination.



Beyond the efforts of the country programme, the ICPE noted the UNDP contribution to the work of the UNCT gender team, led by UNFPA, with UNDP leveraging its partnership with governance authorities, public administrations and other key policymaking bodies to provide opportunities for civil society engagement.

At the policy level, UNDP also supported government efforts integrating the non-discrimination principles of the Convention on the Elimination of All Forms of Discrimination against Women in the domestic legal framework through the process of developing a Gender Equality Bill in 2017. UNDP strengthened the bill drafting process by supporting the inclusion of women's civil society groups and NGOs in the review process.<sup>47</sup> However, since then, no further progress has been made towards removing the remaining reservations to the Convention.<sup>48</sup>

With the support of the UNDP regional hub in Bangkok, the country office introduced the corporate Gender Equality Seal to Government, which is keen to implement certain elements of the initiative; however, UNDP has been slow to follow up. Similarly, plans to introduce the seal in the private sector are at an early stage.

Overall, UNDP support for gender equality and women's empowerment has been well received by the Government. The recognized global reach and experience of UNDP, as well as the absence of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) in the country, have opened space for UNDP to engage. But there is scope to enhance the UNDP value proposition, seen as its ability to facilitate knowledge exchange with countries that have overcome policy implementation challenges. In contrast to previous national development plans, the current 11MP mainstreams gender equality in all pillars. This is the

recommended strategy to address gender inequality. However, it can result in fragmented efforts and incoherent gender action plans. Consequently, one of the challenges facing the Ministry of Women, Family and Community Development is convening and coordination of the various ministries, suggesting scope for UNDP to leverage its recognized convening power.

UNDP is also expected to introduce innovative approaches. On this, UNDP should follow up on plans to introduce its corporate Gender Equality Seal in the public and private sectors as a strategy to improve women's labour-force participation.

## 2.2 UNDP strategic positioning and other factors in the programme's performance

**Finding 10.** The long-standing presence and engagement of UNDP in Malaysia is considered an asset. UNDP has demonstrated added value through its policy advice and capacity development support in the focus areas of the country programme. It has high institutional buy-in, enabling and leveraging partnerships and can effectively convene stakeholders. But there are practical challenges that affect the strategic positioning of UNDP.

In the context of growing socioeconomic inequalities and disparities and the environmental footprint of natural resources consumption, UNDP has placed appropriate emphasis on inclusive growth and sustainable development initiatives, providing evidence-based upstream policy advocacy and capacity development support in the current and previous programmes. Based on a review of the country office's self-reported data and interviews with stakeholders, the ICPE concludes that overall, the country programme is achieving planned

<sup>47</sup> UNDP Malaysia, Results-oriented Annual Report. 2017.

<sup>48</sup> The remaining reservations pertain to the following articles of the Convention: Article 9.2: States Parties shall grant women equal rights with men with respect to the nationality of their children; Article 16.1.a: The same right to enter into marriage; Article 16.1.c: The same rights and responsibilities during marriage and at its dissolution; Article 16.1.f: The same rights and responsibilities with regard to guardianship, wardship, trusteeship and adoption of children, or similar institutions where these concepts exist in national legislation; in all cases the interests of the children shall be paramount; and Article 16.1.g: The same personal rights as husband and wife, including the right to choose a family name, a profession and an occupation.

immediate results with the potential to achieve many of the planned intermediate results.

As an upper-middle-income country with its own resources and capacities to address basic and intermediate development challenges, Malaysia does not expect the United Nations/UNDP to be a funding partner of core development programmes. Despite the challenges of a tight fiscal situation in the country, there is general budget adequacy across all sectors, and UNDP is expected to bring in high-level technical expertise and knowledge services to help address “last-mile” service delivery challenges. This suggests there is scope for UNDP to leverage national budgets, which it can do more effectively in portfolios that are dependent on government cost sharing, such as the inclusive development and growth portfolio (discussed further under finding 11).

In examining the added value that UNDP brings to the table, three streams emerge: (1) upstream policy advisory and analysis; (2) convening stakeholders; and (3) mainstreaming environmental commitments in public policies. There is a perception among stakeholders that while UNDP is moving to the required level of engagement in policy discussions, there is scope to scale up and achieve greater impact. Another of the UNDP workstreams in middle-income countries is the transfer of knowledge and global good practices, in which UNDP could have demonstrated a niche. Almost all stakeholders brought up this expectation that UNDP can better leverage its global networks and centres of excellence, becoming an agent for transfer of knowledge, expertise and innovation to and from Malaysia.

The ICPE recognizes that as in other middle-income countries, UNDP faces practical challenges due to funding and staffing modalities (discussed below in more detail). At the same time, the ongoing relevance of UNDP will depend partly on innovation and adaptation to changing conditions.

The country office’s management anticipates that demand for traditional policy advice and analysis will decrease and is aware that UNDP

programming has to be responsive to Government’s drive towards technological transformation (the Government has launched its national policy on the industrial revolution 4.0 to advance digital transformation in various sectors). The role of innovation is consequently gaining prominence in the country programme and the country office is incorporating innovative approaches in existing interventions (for example, through the implementation of pilot projects and initiatives, such as the Urban Observatory in Iskandar or ecological transfer financing to generate income for protected forest areas), while also establishing an innovation/accelerator lab under the framework of the UNDP Strategic Plan, 2018-2021. The country office is also exploring innovative modalities of SDG financing. The ICPE has not collected enough evidence to assess the role of innovation in the country programme. The setting up of the country office’s Accelerator Lab is at early stages. It is expected that the Lab will inject new capabilities through innovation to support the Government in responding to complex development challenges. As the country office attempts to create the culture of innovation espoused in the Strategic Plan, 2018-2021, it will be important to ensure that necessary conditions to ensure “proof of concept” are built into pilot/modelling strategies. This is one way of facilitating scale-up and integration in macroplans. The UNDP Regional Bureau will have a role in encouraging the country office to experiment, as well as in sharing, refining and disseminating knowledge and experiences to and from Malaysia.

**Finding 11.** UNDP leveraged substantial vertical funding support for climate change mitigation and environmental management, which is helping to mainstream environmental concerns and commitments in public policy. Funding for the inclusive growth programme was constrained, however, and it remained a small component as a result. The future role of UNDP in Malaysia will be shaped by resources mobilized, and the country office is exploring innovative financing modalities, including private sector partnerships and Islamic financing.

Funding, particularly other resources or external funding, is at the core of UNDP work and deter-

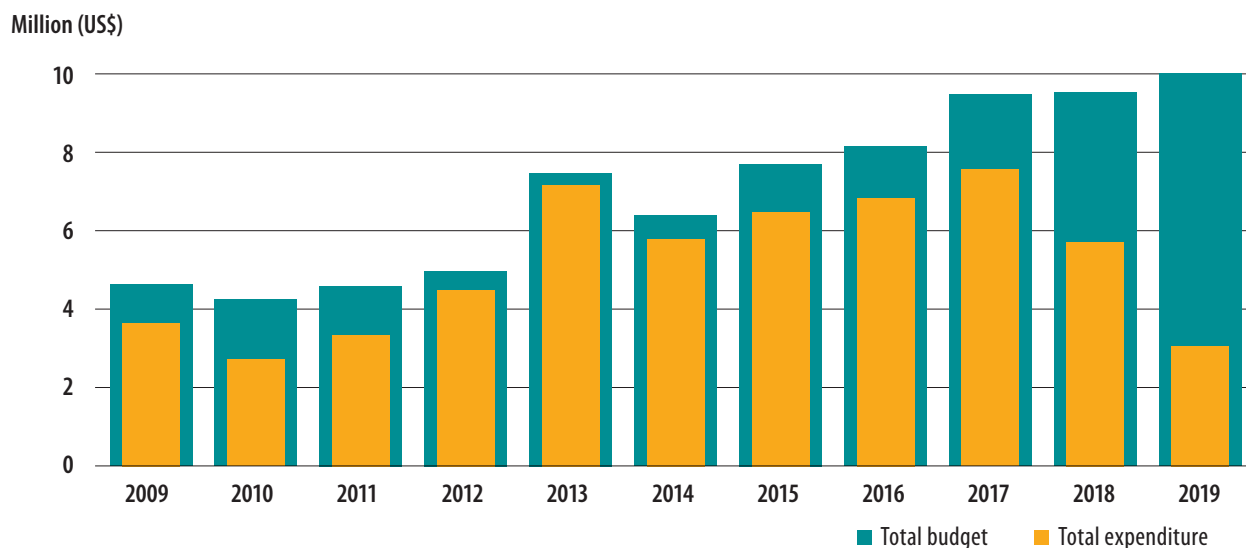
mines the role of UNDP role in middle-income countries, given that these countries receive only small amounts of UNDP regular resources.<sup>49</sup> At the same time, Malaysia's upper-middle-income status limits resource mobilization through traditional donors. Except for a small number of countries that have long-standing bilateral technical partnerships with the Government, there is a limited presence of traditional donors in the country. In recent years the largest focus area of the UNDP programme has been environment and natural resources management due to the availability of vertical funding from GEF and the Montreal Protocol. Reliance on GEF funding presents both opportunities and challenges. On the one hand, through UNDP, the country can access needed environmental financing and highly specialized technical support, and on the other, it is risky for the country office's viability to depend on one funding source.

The indicative five-year country programme budget is \$51.5 million. Of this, the country office mobilized close to 80 percent or \$41 million as of September 2019. Over the last 10 years, the overall country

programme budget has been increasing, but as noted earlier, such increases are due to GEF and Montreal Protocol funding, which peaked in 2017 at \$6.5 million (in expenditures). The Government of Malaysia and UNDP also contribute to the programme (see figures 4 and 5).

The inclusive growth and development portfolio, which depends on government cost sharing, remains underfunded with only three substantive projects under way (\$1.7 million in total budget). From the programme's risk log, the country office anticipated limited financial contributions from key stakeholders (federal and state governments) as a potential financial risk, particularly for the IMUO project. The country office hoped to mitigate this risk through continuous engagement with stakeholders (ministries and national agencies) as well as piloting activities to showcase the importance of the observatory for regional planning and development. While these strategies are relevant to address the potential lack of resources, they can be indicative of inadequate feasibility assessment during the programme design stages.

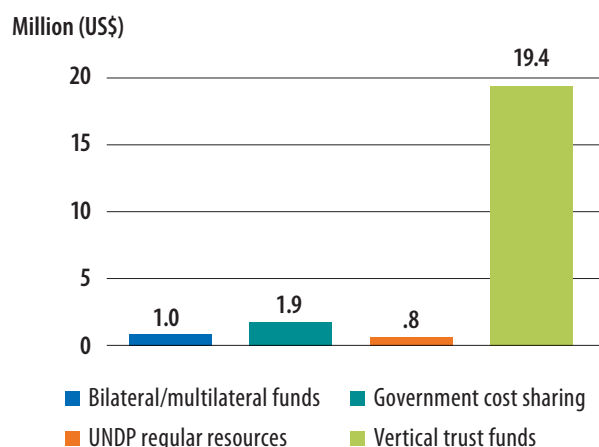
**FIGURE 4. Programme budget and expenditures, 2009-September 2019**



Source: UNDP Corporate Planning System (Atlas), September 2019

<sup>49</sup> In 1995, the UNDP Executive Board (composed of Member States) decided that only 9 to 15 percent of UNDP regular resources would be provided to middle-income countries, while the majority (85 to 91 percent) would be allocated to least developed countries.

**FIGURE 5. Total expenditures by funding source, 2009-September 2019**



Source: UNDP Corporate Planning System (Atlas), September 2019

The level of UNDP regular resources also influences the staffing configuration of country offices. The country office reported (early 2019) having limited capacity at a time when there was demand for high-level policy advisory services, especially in SDG implementation and the planning phase of the 12MP. Many of the stakeholders met by the ICPE team concurred with this assessment. With all professional staff said to be heavily engaged in project management, it is challenging for staff to balance the need to fulfil corporate accountability with leadership on substantive matters. Consequently, it is understandable that UNDP may be missing from national platforms, where other development actors can step in to lead technical contributions. Further, UNDP, as was the case for most other upper-middle-income country offices, had limited international staff posts prior to 2018-2019. The ICPE team's concern about this is not about the "nationalization" of the office, as national staff understand local conditions and are said to be highly qualified. However, international staff are expected to meet two additional requirements: (1) the ability to bring in global experiences and best practices; and

(2) impartiality vis-à-vis politically sensitive issues. With the delinking of UNDP and the United Nations resident coordinator system and the creation of a new governance portfolio, the country office, with the support of the UNDP Regional Bureau, was able to augment international staff numbers. Nearly all stakeholders consulted by the ICPE noted that this has enhanced the positioning of UNDP and enabled it to take leadership in relevant areas.

The country's anticipated transition to a high-income economy suggests continuing funding challenges for UNDP.<sup>50</sup> UNDP is committed to exploring innovative forms of financing. Fostering and harnessing private sector partnerships, however, remains a challenge, in part due to evolving UNDP corporate and country-specific strategies. At the same time, the Government recognizes that besides public resources, the achievement of the SDGs requires innovative financing mechanisms and partnerships. This is an area which the Government says requires technical and legal expertise, which would suggest there are opportunities for the United Nations system to step into. UNDP is continuing to explore alternative financing modalities in line with the United Nations system's thrust in upper-middle-income countries and is fostering private sector interest through the SDG road map, Youth Co-Labs and Responsible Business Forum. The ICPE did not assess private sector partnerships since most initiatives were at the initial stages.

**Finding 12.** The country programme design balanced upstream policy focus and downstream pilot initiatives, but linkages between the two could be further strengthened. There is also scope to enhance programme coherence and synergies, which are affected by strategic and operational factors.

The design of the country programme remains relevant, adapting to the changing needs of the Government. Supported interventions displayed a reasonable balance between the different kinds of initiatives and needs within the development

<sup>50</sup> High-income countries are not eligible for UNDP regular resources. Also, it will mean higher national co-financing expectations for vertical funding.

spectrum, i.e., awareness/attitudes, information/systems, capacity development, policies/institutions.

At the strategic level, there is a commitment to strengthen the integration of the portfolio, and this is expected to shape up more concretely under the subnational SDG implementation support strategy. Due to the organizational set-up, the country programme's projects are currently managed according to the established organizational framework and structure. The practice of clustering projects with similar thematic focus under broad thematic portfolios does not automatically translate to synergies and programme coherence. However, it is understandable that as projects developed from different origins and with different trajectories, specific project outcomes would not necessarily be checked against the whole suite of expected outcomes. In the sustainable and resilient development projects that were evaluated, the climate change and environmental pollution management components show the most coherence, with climate change showing a functional spread between awareness-raising and actual implementation. Further, the energy efficiency initiatives in BSEEP appeared to be set to inform the heavy emphasis on low-carbon implementation in the LCC project. The LCC project had all five of its expected outcomes situated in actual implementation, focused on change on the ground. The environmental pollution management project outcomes were logical in their flow and relationships to each other, and given the sharp focus on mercury and ODS, they were not cluttering up the potential achievement of overall programme outcomes. The natural resources management projects were all situated at the policy, institution and implementation end of the development spectrum. Three projects had relatively simple and logically connected expressions of outcomes, while two projects were attempting similar things in different parts of Malaysia. However, the CFS project had eight proposed outcomes that were exceedingly ambitious and articulated almost at the "impact" level and struggled to translate such high-level outcomes in workable tasks. There were also parallel activity tracks without cross-linkages.

Having shared or common implementing partners presents opportunities for establishing synergies between interventions, but this was not realized. For example, the Ministry of Natural Resources and Environment (as it was known at the time of project initiation) was the implementing partner for two forest conservation projects and the ABS project, focused mostly on Peninsular Malaysia, which could have created areas of convergence. However, a combination of different states' involvement and ambitious proposed outcomes, as well as leadership issues, caused constraints for one project and for some activities within others. In the CFS project, while issues were evident to UNDP and possibly the project partners, there seemed to be some inflexibility in re-examining the project's expectations, and an external review was required to confirm that significant project changes were required.

Monitoring and evaluation (M&E) are integral to the management of the country programme. Responsibility for M&E is distributed between project managers and the office's M&E Analyst, whose role it is to support project teams in ensuring linkages between project indicators and country programme output and outcome indicators. Despite clarity of procedures and tools for M&E, the recommendation of the last ADR/ICPE to strengthen M&E of the programme, particularly tracking outcome-level changes and communication of lessons learned and best practices, remains partially unaddressed due to internal and external challenges. The M&E post was revised to Evaluation Analyst; however, in practice, the incumbent was largely engaged in monitoring of the programme, with few evaluations conducted.

The implementation of the country programme has pursued the national implementation modality, with government procedures largely being followed; however, as noted earlier, there is a shift to direct implementation modality whereby UNDP becomes responsible for day-to-day management. Some implementing partners saw benefits in the UNDP procedures (versus procedures of the Government of Malaysia). Instances of delayed project implementation were reported by some stakeholders, often requiring project durations to



be extended. Protracted UNDP procurement and recruitment procedures are said to be behind these delays, as well as project staff turnover. The country office's most recent corporate partner survey highlighted several areas for improvement, including project management and implementation, UNDP value for money and stronger M&E systems.

The delinking of the functions of the United Nations Resident Coordinator and the UNDP Resident Representative in 2019 has been the biggest organizational change for UNDP since the start of the country programme. It may be too early to gauge the impact. However, it does not appear to have affected programming adversely.

**Finding 13.** Some of the country programme interventions displayed evidence of sustainability over the medium term. However, with no clear evidence of strategic planning or programming links to demonstrate inbuilt sustainability strategies, the UNDP-supported interventions will have limited potential for integration into client ministries' programming.

Sustainability of the UNDP-supported interventions is crucial to ensure that they can be continued using state budgets over the medium to long term. There is good ownership of the programme by the Government since it contributes to the country programme funding and is highly engaged in project design and implementation. There are many examples from specific projects where the engagement of appropriate partners in project planning and implementation has allowed project actions and responsibilities to be correctly aligned with institutional functions, which is a requisite for eventual sustainability. For example, the BSEEP project clarified the respective roles of the Energy Commission, Sustainable Energy Development Authority and the Department of Public Works, which is an appropriate partnership to advance energy-efficiency actions in the building sector. Further, the private sector was heavily involved in training and in some applications, so that energy-efficiency approaches can be promoted with end users, which, with the Government setting aside funds, are ready to be taken up. The uptake of standards by three states

will help encourage energy-efficiency actions at that level. This kind of partnership is critical for the sustainability of energy-efficiency actions, which could materialize in the next few years, especially if energy subsidies are reduced and there is a further economic incentive to save energy.

Overall, however, there is scope to strengthen the integration and strategic linkages of the country programme interventions with client ministries' programmes. Malaysia is using an integrated results-based management system approach to its development planning and its public budgeting system. These are meant to ensure time-bound strategic programming with clear outcomes identified for the medium to long term under its Vision 2030 priorities. This requires that all external support programmes and projects must be strategically linked to and contribute to the substantive development results of each client ministry on a sectoral and national development priority basis. There is scope for the country programme to strengthen linkages with sectoral ministries programmes.

Besides the strategic level, there are operational-level factors that also affect the integration and sustainability of country programme interventions. The first is the lack of continuity in government staff engaged in the projects due to routine staff rotation, which works against any application of knowledge from projects in day-to-day jobs and responsibilities. Further, government staff involved in projects usually have their regular job responsibilities, in addition to project responsibilities, and this works against full engagement and uptake by government agencies. Frequent but brief engagements between government staff and other project partners may result in people involved in projects not sharing the vision and expectations of specific projects, limiting the formation of a critical mass of practitioners or project proponents. Secondly, the evident shift to direct implementation modality, when UNDP picks up project implementation and management and government is less involved in project delivery, is a warning sign about future reduced project sustainability and uptake. UNDP usually established the direct implementation modality at the request of the Government. Under the modality, UNDP

may establish separate project management units and use UNDP systems. This may impede national capacity development. A few project partners in both the inclusive development and growth and the sustainable and resilient development programmes suggested that some government staff see UNDP projects as “one-offs” or initiatives that were not followed up, and indicated that some implementing partner ministries are happy to continue receiving support for microprojects. Thirdly, the use of consultants to address specific technical aspects of projects means that government staff and other project partners are not embedding technical expertise within the agencies/entities which are expected to run independently in the future. Further, some consultants themselves may be inappropriate, not really knowing their technical areas, not understanding the Government of Malaysia

context and sometimes spending very little time in country, therefore not cultivating the relationships with project partners that would help with sustainability. This is especially true of the sustainable and resilient development programme.

Lastly, due to the inherent dynamic of federal-state-local government-community perspectives and relationships (complicated, tense and always trying to address conflicting agendas), sorting out the sharing of risks and benefits – especially revenues – associated with new initiatives, requires time and advocacy for initiatives to get under way. This dynamic and relationship also work against eventual “ownership” of initiatives, since there can be the avoidance of troublesome activities. This in turn works against the sustainability of new initiatives, especially if they are complicated.







# CHAPTER 3

## CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

DEVELOPMENT effectiveness COORDINATION efficiency PARTNERSHIP sustainability NATIONAL OWNERSHIP  
sustainability MANAGING FOR RESULTS responsiveness COORDINATION AND DEVELOPMENT responsiveness  
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## 3.1 Conclusions

- **Conclusion 1. The UNDP programme remains relevant to Malaysia's upper-middle-income country context and responds to persistent development challenges and national priorities through the provision of policy and technical support to national institutions. Overall, the country programme has produced substantive results in proposed policies, legislation and capacity development across both programmatic pillars.**

In the context of growing socioeconomic disparities and the environmental footprint of natural resources consumption, the UNDP programme has placed appropriate emphasis on inclusive growth and sustainable development initiatives, providing evidence-based upstream policy advocacy and capacity development in the current programme. UNDP is a key actor in national development planning and mainstreaming of the SDGs. The country programme outputs include analysis and identification of issues faced by the B40 households, the review of the national action plan for women, updated Gender Gap Index and the ongoing study of undocumented persons in Sabah. Most of these outputs have/will be fed into policy discussions and national and sectoral development planning frameworks (midterm review of the 11MP and preparation of the 12MP). The climate change, energy efficiency and biodiversity interventions also scored gains, introducing manuals and guidelines for industry practitioners as well as design and industry standards and legislation on energy efficiency and access and benefit-sharing of biodiversity resources. Through these and other initiatives, the country programme engaged with and brought together a wide range of stakeholders such as government, civil society, academia, United Nations agencies and other development actors. UNDP is said to have high institutional buy-in, enabling partnerships which it can leverage to convene stakeholders, especially at the federal level; at the subnational level, there is scope to enhance engagement with subnational agencies. Being part of the United Nations system and as host of the United Nations resident coordinator system (until 2018) has enhanced the broader skills

of UNDP for engagement with partners in government, the UNCT and other development actors to address substantive programming issues. UNDP also serves as the operational backbone for some United Nations agencies, providing operational services to them.

UNDP has been approached to support sensitive reforms of key democratic governance institutions. This advantage and position of UNDP are derived from its multilateral United Nations character, recognized mandate and technical leadership and long presence in the country.

- **Conclusion 2. Building on its long presence in the country, UNDP demonstrated its value in the inclusive growth area through evidence-based advocacy generated from current and previous programming, which is feeding into national development planning. The limited scale-up and potential of current and past initiatives, however, suggests that UNDP should review its value proposition and approach in this area.**

UNDP in Malaysia has been promoting national dialogue for the country's inclusive growth agenda over the span of four decades (its first country programme was for the period 1972 to 1976). Over the last two programming periods (2013-2020), the country programme focused on introducing new methodologies to improve the measurement and analysis of poverty and inequalities and targeting of vulnerable communities and groups. Since then, the inclusive growth portfolio, dependent on government cost sharing, has been shrinking and remains a small component. UNDP-supported projects reflect elements of inclusive growth, however, there is scope to strengthen the strategic linkages with the Government's macro and sector levels to ensure longer-term outcomes and impact. Given the country's current high level of development, it is understandable that the policy space for UNDP engagement is shrinking. The low level of funding mobilized for inclusive growth initiatives partly speaks to this concern. The nature of the UNDP programme, being demand-driven and funded by the Government, also contributes to this issue.

The above-mentioned considerations must pose serious questions about the UNDP assessment of its ongoing partnership with the Government of Malaysia, and especially in terms of moving into future partnerships. So long as implementing partners (ministries and public agencies) are requesting and receiving support for micro-projects, UNDP will be challenged to adopt a longer-term view of inclusive growth that approaches upstream policy and institutional capacity development from a broader sense.

The Government has sufficient capacity at the national level, for the most part, and UNDP is well placed to contribute to national development through support to local and state-level government capacities.

● **Conclusion 3. The UNDP climate change and environmental management programme is properly structured for higher-level outcomes that will support change on the ground.**

UNDP has provided relevant and effective contributions to national priorities in the areas of climate change, natural resources management and chemical and waste management. There has been a strong emphasis on policy development and financing mechanisms, the latter especially important for sustainability. Emphasis has also been placed on appropriate institutional structures and processes and testing of innovations in pilot projects. There has been high engagement with appropriate stakeholders in most cases, as well as increased engagement in outlying states. Moreover, there is already a well-defined programme pipeline that will allow the continuation of current initiatives related to forest conservation and low-carbon initiatives (within new project frames). Climate change adaptation has been very subordinate, and awareness-raising of the public regarding climate change, environmental quality and natural resource management issues has been thin and sporadic. There is also little or no documentation

of compelling economic reasons (for households, practitioners, the private sector, state governments, etc.) to invest time and money in actions related to climate change, environmental quality or natural resource management. These business cases (done as cost-benefit analyses) would greatly enhance the uptake of energy efficiency approaches, for example, or implementation of sustainable forest practices over the long term.<sup>51</sup>

There are operational aspects of project implementation and approaches that would enhance the effectiveness and sustainability of new actions, practices and innovations, if tweaked.

● **Conclusion 4. There are practical challenges that affect the strategic positioning of UNDP in an upper-middle-income country such as Malaysia.**

As an upper-middle-income country with its own resources and capacities to address basic and intermediate development challenges, Malaysia does not expect the United Nations/UNDP to be a funding partner for core development programmes. Despite the challenges of a tight fiscal situation in the country, there is general budget adequacy across all sectors, and UNDP is expected to bring in high-level technical expertise and knowledge services to help address “last-mile” service delivery challenges. This suggests there is scope for UNDP to leverage national budgets, which it can do more effectively in portfolios that are dependent on government cost sharing, such as the inclusive development and growth portfolio.

UNDP is moving to the required level of engagement in policy discussions, however, there is scope to scale up and achieve greater impact. There is also widespread demand for UNDP to enhance its role as an agent for the transfer of knowledge, expertise and innovation to and from Malaysia.

Similar to UNDP offices in other upper-middle-income countries, UNDP in Malaysia faces practical challenges due to funding and staffing modalities.



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<sup>51</sup> Most of the implementing partners that were interviewed, when talking about sustainability of initiatives, noted the importance of eventual self-financing of initiatives which would reflect a net benefit to practitioners over the medium to long term.

Of the existing portfolio, the new governance interventions are the ones most driven to solicit and take advantage of available funding and institutional receptiveness. The climate change and environment portfolio also leveraged substantial vertical funding. Funding levels also influence staffing configurations, and as it is currently structured, UNDP may not be well placed to provide higher-level technical knowledge due to the administrative burden of its project management, though this is being ameliorated to some degree with recent staffing changes.



The ongoing relevance of UNDP will depend partly on innovation and adaptation to changing conditions. Discussions on the strategic positioning and future role of UNDP in Malaysia will need to take into account the need to enhance strategic focus and adopt a longer-term view, particularly in the inclusive growth portfolio. Capacities for leveraging resources of other development actors (technical and financial) should also be enhanced.

## 3.2 Recommendations and management response

<p><b>Recommendation 1.</b></p> 	<p><b>UNDP should enhance its strategic focus and redefine its value proposition in terms of impact.</b> More strategic engagement of UNDP is possible given that the Government has the capacity to finance its own development priorities. The strength of UNDP is its international presence, reach, access to a wide range of success stories and global knowledge and expertise. In the upper-middle-income context of Malaysia, the value of UNDP is in its ability to tap into the latter. UNDP must enhance its in-house expertise to be able to engage substantively and fully in high-level policy discussions. Both the Government and UNDP are open to exploring alternative delivery arrangements to strengthen the effectiveness and impact of UNDP, including reimbursable advisory services.</p> <p>Further, given Malaysia's upper-middle-income status and its own limited resources, UNDP is increasingly required to deliver in partnership. UNDP should enhance in-house capacities to be able to leverage the resources of other development actors (financial and technical/knowledge) for SDG financing. This requires support from regional and corporate levels</p>
<p><b>Management Response:</b></p> <p><b>Accepted</b></p> 	<p>UNDP has noted and accepted this recommendation.</p> <p>The new country programme document (CPD) for Malaysia (2021-2025), currently under formulation, is aligned with the United Nations Sustainable Development Cooperation Framework which gives focus to four Pillars on People, Planet, Prosperity and Peace. As Malaysia's development needs have evolved over the last five years, work, portfolios and expertise are progressively being realigned to reflect the need for a more robust, evidence-driven and internationally rooted policy engagement with the Government. This includes building in-house policy expertise, expanding partnerships with the public and private sectors, strengthening of alternative delivery arrangements and enhancing the platform approach to leverage partners to deliver the SDGs. These initiatives will continue.</p>

Key Action(s)	Time frame	Responsible Unit(s)	Tracking	
			Comments	Status
1.1 Development of CPD 2021-2025	Q2 2020	UNDP Senior Management	The draft outputs under each Pillar/Outcome have been made ready. Consultation with Ministry of Economic Affairs (MEA) is scheduled in mid-February.	Ongoing
1.2 Strengthen UNDP organizational structure to include in-house expertise, e.g., Economics Unit and Accelerator Lab Team	Q1 2020	UNDP Senior Management	The Economics Unit and Accelerator Lab Team are being established.	Ongoing
1.3 Improve upon UNDP ability to negotiate Reimbursable Advisory Services (RAS) as an alternative delivery arrangement with partners.	Q1 2021	UNDP Senior Management	UNDP has successfully negotiated a RAS project with the Sarawak government in 2019. The lesson will improve on future RAS (i.e., with other states, ministries or the private sectors).	Ongoing
1.4 Strengthen SDG financing by exploring Islamic financing and private sector partnerships	Q4 2021	UNDP Senior Management	Country office is currently in discussion with key Islamic financing players, i.e., Securities Commission (the regulator) and Islamic financing practitioners (i.e., Maybank, International Islamic University) in utilizing Zakat (tithe contribution) and Wakaf (endowment) in addressing SDG financing gaps.  Country office will also continue to explore partnership potential with the private sector	Ongoing
1.5 Strengthen partnerships through setting up a country platform approach to leverage public and private sector engagement in addressing the needs of marginalized communities, including raising financing	Q1 2021	UNDP Senior Management	UNDP is piloting an NGO facility to deliver SDG solutions to marginalized communities. The NGO facility will be co-owned with the Government to catalyse private sector contributions on SDGs.	Not started



<p><b>Recommendation 2.</b></p> 	<p><b>UNDP should enhance its engagement in subnational institutional capacity development.</b> Malaysia has high-level human capital development with a highly literate and well-qualified civil service driving the development agendas of the Government. However, there is a recognition that there are programmatic deficiencies in pockets of the Government's development agenda at subnational levels. This has implications for the presence, strategies and support provided by UNDP. UNDP is well positioned to contribute to strengthened programme implementation capacities at subnational level, drawing on its experiences from other middle-income countries.</p>			
<p><b>Management Response:</b> <b>Accepted</b></p> 	<p>UNDP has noted and accepted this recommendation.</p> <p>UNDP has recently concluded an initiative at the end of 2019 to engage local city councils in SDG-related actions. The engagement has opened a number of opportunities for UNDP intervention at the local government level. Currently, strategic interventions and gaps at the subnational and local levels: SDG mapping/state voluntary national review (VNR) reporting, urbanization and last-mile service delivery issues have been identified and programmatic support is ongoing at varying stages. The recommendation to strengthen capacities at the local level is aligned with the UNDP intent to expand our focus on user-centric approaches in guiding policy recommendations, spearheaded under the UNDP inclusive growth and development portfolio and a key focus for the Accelerator Lab. In short, UNDP will continue to build on existing efforts to support state-level priorities by helping state governments to develop medium- and long-term plans, sectoral analysis and address federal-state challenges around sensitive issues such as stateless and undocumented persons. There are also growing opportunities to support local government in order to achieve leaving no one behind in a more impactful way.</p>			
Key Action(s)	Time frame	Responsible Unit(s)	Tracking	
			Comments	Status
<p><b>2.1</b> Identification of programmatic gaps in pockets of the Government's development agenda at subnational levels in the CPD 2021-2025</p>	<p>Q2 2020</p>	<p>UNDP Senior Management and Governance Team</p>	<p>The Draft Outputs under each Pillar/ Outcome has been made ready. Consultation with MEA is scheduled in March.</p> <p>This action is similar to 1.1.</p>	<p>Ongoing</p>
<p><b>2.2</b> Support SDG mapping and/or VNR at the local or state level including capacity-building and advocacy support on SDGs</p>	<p>Q4 2020</p>	<p>UNDP Senior Management and Programme Team</p>	<p>Interests from a number of state governments (Sabah, Sarawak, Kedah, Johor) have been received.</p>	<p>Not started</p>



### Recommendation 3.



**UNDP should review its value proposition in the area of inclusive growth.** The value of UNDP analytical and research work in the area of inclusive growth is recognized. However, the Government is looking to UNDP for the provision of highly tailored technical support and policy advice to support reduction of inequalities, as well as sharing of experiences from elsewhere. In a country that has general budget adequacy and macrodevelopment strategies using medium- and long-term strategic development planning frameworks, the inputs and contributions of UNDP must be couched strategically to ensure appropriate value addition to the country's development and policy priorities. UNDP should focus on its areas of strength where it can add value to the existing programmes of client ministries and outcomes. This requires a higher degree of selectivity and a move away from microprojects.

While the UNDP projects do reflect elements of inclusive growth, there is scope to enhance broader policy engagement at national and subnational levels. The strategic linkages with the Government's macro and sector levels can also be strengthened and UNDP needs to take stock of this issue, especially the implications for sustainability. UNDP should ensure clear and tangible rationale and clarity on the strategic linkages of the project proposals and the stated macro priority areas in inclusive growth. UNDP should ensure that proposed projects have clear sustainability strategies which are time-bound and linked to the country's medium-term programming.

UNDP-supported interventions should have built-in impact assessments to ensure that they are sustainable and impact-oriented as opposed to output- and immediate outcome-oriented. This is a key aspect of sustainability, i.e., showing evidence of impact from the projects. There must be support for post-project impact assessments to ensure sustainability of the projects. Pilot projects should have the additional requirement of integrating "proof of concept" strategies from the outset.

**Management****Response:****Accepted**

UNDP has noted and accepted this recommendation.

The country office is taking concrete steps to significantly strengthen its policy-driven engagement based on evidence gathered through “proof of concept” projects, analytical rigour and stronger positioning of the UNDP global knowledge networks. The Accelerator Lab is central to this re-orientation and UNDP has furthermore established a new Economics Unit to strengthen the value added by UNDP in the area of inclusive development and growth. As the country has become an upper-middle-income country, the office has placed greater emphasis on strengthening the strategic linkages of the inclusive development and growth portfolio with the Government’s macro and sectoral levels. In the area of poverty and inequality, the country office has rejuvenated the discussions on the MPI with the Government, paving the way for a series of collaborations on the multi-dimensional poverty index. UNDP has taken initiatives to expand its support to the Government on South-South cooperation for lessons and experience sharing among like-minded countries. To ensure sustainability of impact, UNDP will consider expending resources on post-project impact assessments and follow-up initiatives to sustain the impact on the ground.

Key Action(s)	Time frame	Responsible Unit(s)	Tracking	
			Comments	Status
<b>3.1</b> To establish and empower the Economic Unit within UNDP to enhance strategic linkage of inclusive development and growth work with the Government’s macro and sectoral levels, especially to support 12MP	Q2 2020	UNDP Senior Management and Inclusive Development and Growth Programme Team	The Economic Unit has been established in December 2019.	Initiated
<b>3.2</b> To turn the B40 Citizen’s Journey Approach pilot into a proof of concept to argue for improved service delivery and to address multidimensional poverty	Q2 2020	UNDP Senior Management and Inclusive Development and Growth Programme Team	The pilot has been concluded. The policy recommendations to the Ministry of Economic Affairs are being compiled.	Ongoing
<b>3.3</b> To enhance visibility and/or learning for Malaysia through facilitating South-South cooperation between Malaysia and other similar countries on inclusivity and growth.	Q3 2020	UNDP Senior Management and Programme Team	UNDP has set aside dedicated resources to support the Government on pilot knowledge-sharing on biodiversity and youth engagement and entrepreneurship.	Initiated

<p><b>3.4</b> To introduce post-project analysis and gathering of evidence of impact to enhance policy impact for inclusive development and growth projects.</p>	<p>Q1 2021</p>	<p>UNDP Senior Management and Inclusive Development and Growth Programme Team</p>	<p>Country office is currently strengthening its M&amp;E system which includes a section on impact monitoring of the projects in the final report.</p> <p>An outcome evaluation is planned to be organized post-country programme action plan 2016-2020</p>	<p>Not started</p>
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#### Recommendation 4.



**Planning and management related to climate change should be harmonized.** The Government of Malaysia (and UNDP) should give serious consideration to the development of a new entity, the National Climate Change Centre, as a physical (rather than virtual) entity, with appropriate staff seconded from relevant ministries and agencies.<sup>52</sup> This will help with the harmonization of all planning and management related to climate change, which would support the outcomes of all climate change projects to date, as well as the post-2020 green growth plan and the implementation of the full DSM study. Further, there should be increased attention given to climate change adaptation needs and approaches and strengthening the institutional and governance arrangements for climate change. These initiatives would all contribute to more effective climate change governance in Malaysia.

Since there is a recognition that there are still poverty issues in marginalized communities throughout Malaysia, it is evident that the programme needs to look at opportunities (and rights) that suit these communities in areas where there are still substantial natural resources; there is also a need to ensure that environmental quality in the areas of marginalized communities is not compromised for the sake of development that might benefit others (this requires more state-level engagement). The Government of Malaysia and UNDP should strategize how to improve engagement in marine habitat management as well as the environmental impact assessment process, integrated water resource management and more effective waste management.

<sup>52</sup> In fact, this has happened as of October 2019. The Malaysia Green Technology Corporation has been rebranded as Malaysia Green Technology and Climate Change Centre. This was accompanied by the establishment of the National Council of Climate Change Action under the Centre.

## Management

### Response:

Accepted



UNDP has noted and accepted this recommendation.

UNDP has been providing and will continue to provide support for a stronger institutional and governance system for climate change in Malaysia. With support of UNDP, the National Climate Change Centre has been established by the Government in October 2019. The Centre is tasked to gather climate change data, perform risk analytics and policy coordination among different levels and sectors of government. The country office will further enhance the capacity of the Climate Change Centre and also build capacity within relevant key ministries to act on climate change. To improve climate change adaptation, UNDP will provide support to enhance nature-based solutions and expand the financing solutions for nature conservation.

Through the new initiatives of the Orang Asli Micro-Grant Facility, UNDP has started to address issues/impacts of natural resources mismanagement and environmental quality to the indigenous and local communities by working with grass-roots organizations. The indigenous and local communities will continue to be an important target beneficiary in the new CPD.

For areas of marine habitat management, integrated water resource and waste management, the country office has integrated these elements into the new CPD. However, country office work does not focus on environmental impact assessment processes which requires certification and do not promote value-added as many private sector entities are specialized on environmental impact assessment.

Key Action(s)	Time frame	Responsible Unit(s)	Tracking	
			Comments	Status
4.1 To support the government on the preparation of the Green Economy Chapter aimed to mainstream environment and natural resources considerations into economic development.	Q4 2020	UNDP Senior Management and Sustainable and Resilient Development Programme Team	The baseline study for Green Economy has been commissioned.	Initiated
4.2 To provide training and workshops to enhance the capacity of the National Climate Change Centre	Q4 2020	UNDP Senior Management and Sustainable and Resilient Development Programme Team	Country office is currently supporting MESTECC for capacity-building under fourth Biennial Update Report project, Climate Promise and Capacity-building Initiative for Transparency (CBIT)	Ongoing

Recommendation 4 (cont'd)

4.3 To institutionalize adaptation effort by support to the Ministry of Water, Land and Natural Resources for the establishment of the "Reducing Emissions Arising from Deforestation and Forest Degradation (REDD plus) Unit". UNDP will support the Unit to explore REDD plus funding.	Q2 2020	UNDP Senior Management and Sustainable and Resilient Development Programme Team	The REDD Plus Unit has been established.	Ongoing
4.4 To provide support to the Government on the Review of the National Policy on Biodiversity and National Policy on Climate Change	Q2 2021	UNDP Senior Management and Sustainable and Resilient Development Programme Team	UNDP supported the preparation of the Sixth National Report to the United Nations Convention on Biological Diversity, which has illustrated the gaps and issues. UNDP supported the preparation of the Biennial Update Report and The Third National Communications to the UNFCCC, which has illustrated the gaps and issues.	Not started
4.5 To integrate the circular economy and green economy/blue economy components within the new CPD to expand UNDP focus on waste management and re-use	Q2 2021	UNDP Senior Management and Sustainable and Resilient Development Programme Team	Inclusion of Circular Economy and Green/ Blue Economy as one of the outputs under the Planet pillar.  <b>This action is similar to 1.1.</b>	Started
4.6 Support to the indigenous and local communities will continue via Orang Asli Micro-Grant Facility, while new initiatives focusing on these marginalized groups will expand through new GEF pipeline.	Q3 2020	UNDP Senior Management and Sustainable and Resilient Development Programme Team	Scoping Study for the GEF 7 (Food Systems, Land Use and Restoration) Project to improve practice on the commodity landscape has been initiated. Project approval is pending in July 2020.	Started





# Annexes



Annexes to the report (listed below) are available on the website of the Independent Evaluation Office at:  
<https://erc.undp.org/evaluation/evaluations/detail/12280>

**Annex 1.** Terms of reference

**Annex 2.** Project list

**Annex 3.** People consulted

**Annex 4.** Documents consulted

**Annex 5.** Summary of CPD outcome indicators and status







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