Independent Evaluation Office
United Nations Development Programme

INDEPENDENT COUNTRY PROGRAMME EVALUATION
MALAYSIA

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INDEPENDENT COUNTRY PROGRAMME EVALUATION: Malaysia

ACKNOWLEDGEMENTS

The Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) would like to thank all who contributed to this evaluation.

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The IEO could not have completed the evaluation without the support of the following:

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Other stakeholders and partners: The Government of Malaysia representatives of the United Nations agencies, civil society, non-governmental organizations and bilateral and multilateral development partners.

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ACRONYMS AND ABBREVIATIONS

ASEAN	Association of Southeast Asian Countries
BHR	Business and Human Rights
CFS	Central Forest Spine
CPD	Country Programme Document
CSO	Civil Society Organization
DOSM	Department of Statistics Malaysia
EFT	Ecological Fiscal Transfer
EU	European Union
GDP	Gross Domestic Product
GEF	Global Environmental Fund
GHG	Greenhouse Gas
GNI	Gross National Income
ICPE	Independent Country Programme Evaluation
IEO	Independent Evaluation Office
JASPO	Jurisdictional Approach to Sustainable Palm Oil
NDC	Nationally-Determined Contribution
NGO	Non-Governmental Organization
RSPO	Roundtable on Sustainable Palm Oil
SDG	Sustainable Development Goal
SGP	Small Grants Programme
UMIC	Upper Middle-Income Country
UNDP	United Nations Development Programme

Evaluation Brief: Malaysia

Country Context

Malaysia is a dynamic market economy with a robust industrial sector, particularly in electronics, automotive and palm oil production. It boasts the highest per capita GDP in Southeast Asia after Singapore and Brunei. It is in the Very High Human Development category of the Human Development Index, with the eighth highest ranking in East Asia and the Pacific (67th in the world). Malaysia reduced poverty from over 35 percent of the population before the 1990s to 2.3 percent in 2021 (using the measure typically adopted to assess poverty in middle-income countries) on the back of +6 percent average annual growth since the 1960s.

Despite these impressive development gains, Malaysia continues to face significant development challenges. Poverty is negligible in urban centres but significantly higher in some provinces (notably Sarawak, Kelantan and Sabah) and among the indigenous Orang Asli community, and is disproportionately felt by women. Environmental sustainability is another pressing concern. Malaysia's economy remains highly dependent on fossil fuels, with renewable energy just 2 percent of electricity generated in 2022. Malaysia's large forest tracts and globally significant biodiversity face pressures from land-use changes, including forest reserve degazettement and conversion for agriculture and development, influenced in part by global demand for palm oil and timber.

Malaysia is often praised for its interethnic harmony and stability but faces challenges balancing ethnic unity and geographical demands. Part of this challenge relates to the special status of the Sabah and Sarawak state governments within the Malaysian federation. Since 2018, Malaysia has had five different prime ministers and six elections at the state and federal levels, accentuating the challenge of long-term policy development and reform.

UNDP in Malaysia and Country Programme Under Review

The 2022–2025 Malaysia Country Programme focuses on four outcomes aligned with national development plans and the United Nations Sustainable Development Cooperation Framework: (1) Equity and social protection; (2) Environmental sustainability and resilience; (3) Inclusive and sustainable economic growth; and (4) Democratic governance and social cohesion.

Average yearly expenditure over the course of the current country programme was $6.4 million, with financing coming chiefly from multilateral environment funds (51 percent) and government cost-sharing (23 percent). UNDP established a small subnational staffing footprint, with two programme officers based in Sabah and one in Sarawak, reflecting the special status of these states within the Malaysian federation.

Findings and Conclusions

Though stretched thin, UNDP is responding substantively to the ambitious agenda established in its Country Programme Document (CPD), thus carving out a valued role and position of trust in Malaysia.

UNDP's relationship with the Malaysian Government evolved from a traditional agency-client relationship to a more mature strategic partnership. Growth in government financing from less than $0.5 million to over $1.5 million annually since 2019 attests to the relevance of UNDP's offer to the Malaysian government

and to the value placed on it. UNDP is substantively engaged with the policy challenges that matter for Malaysia in partnership with Malaysian Government institutions, state governments and other stakeholders that are key to progress. The demand-driven nature of government cost-sharing projects means there is strong ownership and support from national partners for the work undertaken.

Financed by the Malaysian Government, UNDP provided valued support to efforts to improve outcomes for poor, vulnerable and at-risk populations. Focus areas included social protection policy, the care economy, ethnic minorities, people with disability and poverty measurement.

UNDP played an important role in biodiversity preservation, including through the expansion of protected areas and the establishment of a fiscal transfer system that incentivizes resourcing conservation efforts. UNDP is helping to convene and strengthen coordination between different ministries at federal and state levels to improve the sustainability of palm oil production and access to markets. While it is too early to assess outcomes, UNDP helped to re-energize efforts in Sabah, Malaysia's second largest palm oil-producing state, to meet the global certification standard required to access major markets such as the European Union (EU), which currently covers only 25 percent of Sabah's plantations.

UNDP was an active contributor to national thinking on the sustainable development goals (SDGs), with an emphasis on SDG financing, encouraging green investment and Islamic finance. Urban development work supported national low-carbon strategies, while small grants empowered Civil Society Organizations (CSOs), youth groups and indigenous communities to contribute to local development and environmental policy.

UNDP provided valued technical assistance to the Parliament of Malaysia and the former National Centre for Governance, Integrity and Anti-corruption in support of efforts to improve political governance and counter corruption and violent extremism. Supporting the establishment of Malaysia's first National Action Plan on Business and Human Rights, UNDP helped raise awareness and build an evidence base on human rights and environmental standards in the private sector.

UNDP effectively mainstreamed attention to gender equality, with limited success in addressing structural drivers of inequality. Diversifying and deepening partnerships and smart advocacy will be key to UNDP's ability to contribute to Malaysia's aspiration to greater inclusivity.

The next Country Programme provides an opportunity to elevate and deepen UNDP's partnership with Malaysia. To achieve this outcome, UNDP will need to work with Malaysia to establish more efficient and effective funding and governance modalities reflective of a more mature strategic partnership. The evidence from this evaluation is that the predominance of micro-project and short-term funding modalities is incurring administrative costs that are not proportionate to the value and risk of the work undertaken. This is reducing the time that can be dedicated to higher-value activities, posing challenges for staff retention, development of institutional know-how and the capacity to contribute to policy dialogue and UNDP's flexibility and agility. Close to 50 percent of UNDP personnel have less than one year in the Country Office, posing challenges for corporate memory and business continuity.

Recommendations

Recommendation 1. Deepen engagement on development challenges that are key to Malaysia's future prosperity: UNDP should look to partner with Malaysia to: 1) Address the challenge of balancing economic, social and environmental imperatives in key economic sectors; 2) Support the development and integrity of sustainable financing instruments; and 3) Strengthen social protection, promote interethnic cohesion and strengthen its policy advocacy on gender equality beyond mainstreaming.

Recommendation 2. Strengthen policy research and advocacy: UNDP should align downstream interventions more closely with long-term policy and advocacy objectives. Supporting effective whole-of-government and federal-state collaboration is another area where this evaluation suggests that UNDP can add further value.

Recommendation 3. Finance the partnership: UNDP should explore potential for longer-term government financing commitments at outcome or output level rather than the smaller short-term activities that characterize the current portfolio. This should also give due consideration to the technical capabilities and partnerships required to achieve intended outcomes.

Recommendation 4. Strengthen monitoring, evaluation and communication of policy impact: UNDP should develop a more appropriate framework for tracking policy reform outcomes and UNDP's contribution to them. It should strengthen qualitative analysis and evidence about the quality and impact of its policy advice and advocacy supported by internal or independent evaluations, where appropriate.

CHAPTER 1
BACKGROUND AND INTRODUCTION

1.1 Objectives and Scope

Independent Country Programme Evaluations (ICPEs) conducted by the Independent Evaluation Office (IEO) have two objectives: to strengthen UNDP's accountability to national stakeholders and its Executive Board, and to promote learning and inform new Country Programme Documents (CPDs). This ICPE covers UNDP's Malaysia Country Programme implemented under the framework of the 2022–2025 CPD. The terms of reference are in Annex 1.

1.2 Methodology

The ICPE followed United Nations Evaluation Group norms and standards and the approved IEO process and methodology, which included the following:

- Reviewing external and internal research papers and UNDP documentation (strategies, designs, evaluations, audits);
- A two-week field mission to review projects and consult 148 internal and external stakeholders from 46 institutions including UNDP, national government ministries, universities and think-tanks, non-governmental organizations (NGOs), foreign missions, provincial and local governments, private sector representatives and beneficiaries. Field visits considered 12 projects across three states (Johor, Sabah and Sarawak);
- Analysis of UNDP and external data on programme financing trends and programme quality;
- Analysis of gender mainstreaming through UNDP gender markers and Gender Seal assessment results;
- Ratings of Country Programme performance covering relevance, coherence, effectiveness, efficiency and sustainability.

Limitations include the short time available for fieldwork given the scale and scope of UNDP's work in Malaysia and lack of resources for systematic independent data collection on programme impacts or verification of available sources. This means that findings are only as accurate as the data on which they were based. To mitigate risks of error, efforts were made to ensure that findings are based on credible sources, such as evaluations commissioned by the Country Office, academic studies or external data sources and triangulation of sources and methods. Counterfactuals are largely unavailable, making it difficult or impossible to precisely quantify the impact of UNDP's contributions to outcomes achieved by Malaysia.

Quality assurance of the ICPE report included reviews by IEO's senior management and internal and external experts. The UNDP Malaysia Country Office, the Regional Bureau for Asia and the Pacific and the Government of Malaysia were given the opportunity to review and comment on the report.

1.3 Country Context

Malaysia is a dynamic market economy with a robust industrial sector, particularly in electronics, automotive and palm oil production. It boasts the highest per capita GDP in Southeast Asia after Singapore and Brunei and is in the Very High Human Development category of the Human Development Index, with the eighth highest ranking in East Asia and the Pacific (67th worldwide).[1] Malaysia reduced poverty from over 35 percent of the population before the 1990s to 2.3 percent in 2021 (using the international measure

[1] UNDP (2025) Human Development Report 2025, https://hdr.undp.org/system/files/documents/global-report-document/hdr2025reporten.pdf

typically adopted to assess poverty in middle-income countries)[2] on the back of over 6 percent average annual growth since the 1960s.[3] About 95 percent of households have access to water and sanitation and electricity.[4] Life expectancy at birth was 75.2 years (males 73, females 77.8) in 2024.[5]

Malaysia's economy rebounded from a COVID-19-related 5.5 percent economic contraction in 2020, recording 9.0 percent growth in real GDP in 2022. The International Monetary Fund (IMF) projects growth of over 4 percent in forward estimates. In 2021, the World Bank predicted that Malaysia would transition to high-income status between 2024 and 2028.[6] Malaysia's $11,670 per capita GNI in 2023 was just shy of the World Bank's $13,935 high-income threshold. The IMF's most recent assessment was more cautious, noting that Malaysia's growth remained resilient but characterizing its path to high-income status as "hanging in the balance".[7]

Despite strong progress, Malaysia still faces challenges with poverty and inequality. According to Department of Statistics Malaysia (DOSM) definitions, poverty is negligible in urban centres such as Putrajaya and Kuala Lumpur but affects over 10 percent of the population in Sarawak and Kelantan and 20 percent in Sabah (compared to 6.2 percent nationally).[8] Poverty rates are even higher among the Orang Asli community, a collection of 18 ethnic groups that account for around 0.7 percent of the population of peninsular Malaysia.[9] Poverty is also disproportionately felt by women, reflecting labour force participation (56.5 percent) that is well below men's (83 percent)[10] (one of the lowest in ASEAN) and lower incomes (women in Malaysia earn 17 percent less than males in comparable roles).[11] Malaysia is also host to many refugees, migrants and stateless and undocumented persons (and their families and children), who are highly vulnerable due to lack of legal status and inability to access public services. The World Bank estimates there are between 1.2 and 1.5 million irregular foreign workers living in Malaysia, many undocumented.[12]

Malaysia has been known for its political stability. However, the change of government in 2018 ushered a period of more complex political competition and cooperation between the major political alliances and parties. Since 2018, Malaysia has had five different Prime Ministers, two federal elections and several state elections, accentuating the challenge of long-term policy development and reform. Though Malaysia is often praised for its interethnic harmony and stability, it faces challenges in balancing ethnic and geographical demands. Part of these challenges relate to the status of Sabah and Sarawak within Malaysia's federation, relating to the Malaysia Agreement 1963.[13]

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2 Set at $6.85 at purchasing power parity (PPP) per person per day. See https://prosperitydata360.worldbank.org/en/indicator/WB+PIP+headcount+UMIC

3 OECD (2024), OECD Economic Surveys: Malaysia 2024, https://doi.org/10.1787/e45ca31a-en

4 Economic Planning Unit Malaysia (2021), Voluntary National Review, https://sustainabledevelopment.un.org/content/documents/285982021_VNR_Report_Malaysia.pdf

5 DOSM (2024), Life Expectancy, https://open.dosm.gov.my/dashboard/life-expectancy

6 https://data.worldbank.org/indicator/NY.GNP.PCAP.CD?locations=MY

7 International Monetary Fund (2024), Malaysia: Staff Report for the 2024 Article IV Consultation.

8 DOSM, https://open.dosm.gov.my/data-catalogue/hh_poverty

9 Department of Orang Asli, https://www.jakoa.gov.my/umum/data-terbuka-sektor-awam

10 DOSM (2025), Labour Force Report, Malaysia, December 2024, https://www.dosm.gov.my/uploads/release-content/file_20250210145420.pdf

11 World Economic Forum Global Gender Gap Report, "Malaysia Gender Equality Rankings," https://www.weforum.org/reports/global-gender-gap-report-2023

12 World Bank (2020), "Who is Keeping Score? Estimating the Number of Foreign Workers in Malaysia," https://documents1.worldbank.org/curated/en/892721588859396364/pdf/Who-is-Keeping-Score-Estimating-the-Number-of-Foreign-Workers-in-Malaysia.pdf

13 https://www.lowyinstitute.org/publications/new-malaysia-four-key-challenges-near-term. Bernama (2023) Sabah, Sarawak now known as regions, no longer states - Ahmad Zahid, https://bernama.com/en/news.php?id=2155861

Environmental sustainability is another pressing issue. Malaysia is ranked as the world's 12th most mega-diverse country, with around 18.2 million hectares of forest covering around 55 percent of the country's land area.[14] However, these assets are threatened by deforestation due to factors such as zoning changes, real estate listings and forest reserve degazetting in response to continuing high demand for palm oil and timber. Malaysia experienced a net loss of 9.23 million hectares of tree cover and 2.95 million hectares of humid primary forest between 2001 and 2023, reducing tree cover by 31 percent and humid primary forest cover by 18 percent.[15] These figures include both permanent conversion and rotational plantation harvesting. Notwithstanding this trend, in recent years Malaysia has succeeded in slowing and stabilizing the rate of loss to levels well below historical highs, and forest cover remains above 50 percent, consistent with the Malaysia's pledge to the 1992 Rio Earth Summit.[16] Given Malaysia's high species endemism, habitat loss from deforestation affects both the country's and global biodiversity.[17]

In addressing these challenges, Malaysia faces significant headwinds. Population ageing will increase demands for stronger pension coverage, which is currently narrow and inadequate.[18] Malaysia's economy remains highly dependent on fossil fuels, with renewable energy accounting for just 2 percent of electricity generated in 2022.[19] An estimated $375 billion is needed to decarbonize—75 percent of which will be required for power sector and grid-related investments.[20] Creating fiscal space for these demands will require improved revenue collection and more efficient and better targeted social transfers and pricing signals.[21]

The Twelfth Malaysia Plan 2021-2025 (12MP) focuses on actions required to restore economic growth, ensure equal distribution of the nation's prosperity and achieve environmental sustainability. The 12MP document indicates for the first time the Malaysian Government's commitment to the introduction of a national carbon pricing policy.[22] Malaysia's revised nationally-determined contribution (NDC) submitted in 2021 pledged to reduce carbon emissions by 45 percent by 2030 compared to 2005 levels and achieve net-zero greenhouse gas (GHG) emissions by 2050.[23] The Economy Madani Framework established in 2023 sets out Malaysia's medium-term economic priorities to pursue higher value-added activities, greater competitiveness and sustainability ("raising the ceiling") while improving quality of life and standard of living for ordinary people ("raising the floor").[24] The Thirteenth National Plan is expected to be released in mid-2025.

1.4 UNDP Programme Under Review

The Country Programme is focused on four outcomes, which are aligned with the Malaysia UN Sustainable Development Cooperation Framework 2021-2025:

- **Outcome 1.** People: By 2025, poor, vulnerable and at-risk populations living in Malaysia benefit from more equity-focused and high-quality social services as well as a social protection system that ensures that all have an adequate standard of living.

[14] International Convention on Biological Diversity, Malaysia Country Profile: Main Details.

[15] Estoque EC, Ooba M, Avitabile V et al. (2019). The future of Southeast Asia's forests. *Nature Communications*, Volume 10, Article 1829, https://doi.org/10.1038/s41467-019-09646-4

[16] Department of Statistics (2023), SDG Dashboard, https://www.dosm.gov.my/portal-main/article/sustainable-development-goals#indicators

[17] https://www.cbd.int/doc/world/my/my-nbsap-v3-en.pdf; Global Forest Watch, https://www.globalforestwatch.org/map/country/MYS

[18] OECD (2024), OECD Economic Surveys: Malaysia 2024, https://doi.org/10.1787/e45ca31a-en

[19] Department of Statistics Malaysia (2023), SDG Dashboard, https://www.dosm.gov.my/portal-main/article/sustainable-development-goals#indicators)

[20] https://www.irena.org/Publications/2023/Mar/Malaysia-energy-transition-outlook

[21] OECD (2024), OECD Economic Surveys: Malaysia 2024, https://doi.org/10.1787/e45ca31a-en

[22] Asia Foundation (2023), Carbon Pricing and the Business Case for Emissions Reductions and Nature Conservation in Malaysia, https://asiafoundation.org/wp-content/uploads/2024/08/Malaysia_Carbon-Pricing-and-the-Business-Case-for-Emissions-Reductions-and-Nature-Conservation-in-Malaysia_EN.pdf

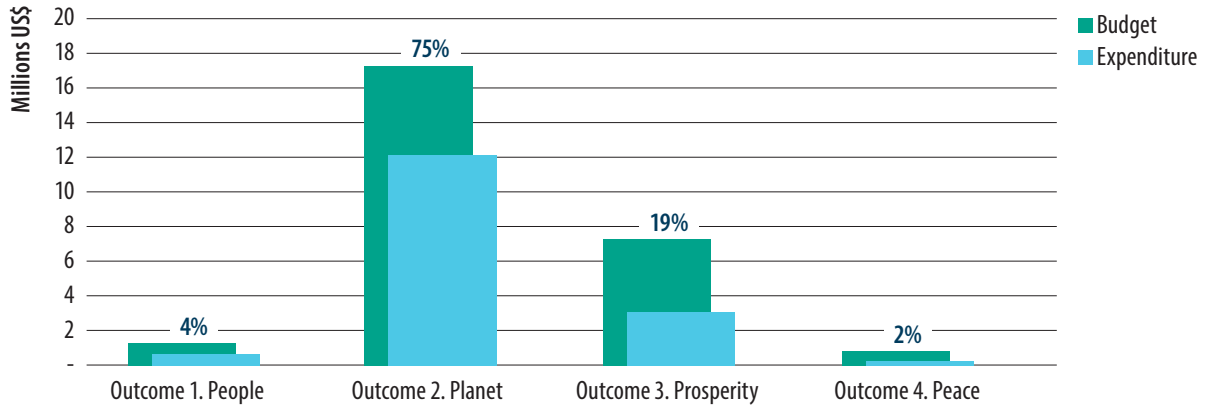
[23] In the first nationally-determined contribution (NDC), the unconditional emissions reduction target was 35 percent, with an additional 10 percent conditional on external support. https://climatepromise.undp.org/what-we-do/where-we-work/malaysia

[24] https://www.pmo.gov.my/membangun-malaysia-madani/ekonomi-madani-memperkasa-rakyat

- **Outcome 2.** Planet: By 2025, environmental sustainability and resilience are mainstreamed as priorities in the national development agenda across all sectors and all levels of society.
- **Outcome 3.** Prosperity: By 2025, Malaysia is making meaningful progress towards an economy that is inclusive, innovative and sustainable across all income groups and productive sectors.
- **Outcome 4.** Peace: By 2025, Malaysia strengthened democratic governance, and all people living in the country benefit from a more cohesive society, strengthened governance and participation.

As can be seen in Figure 1, 75 percent of CPD expenditure comes under Outcome 2, reflecting the availability of external finance through multilateral environment funds (GEF and the Montreal Protocol), including large projects focused on landscape conservation and the phasing out of hydrochlorofluorocarbons. Outcome 3, representing nearly 20 percent of expenditure, included GEF-funded low-carbon cities, small grants projects and a major Malaysian Government project on sustainable tourism. Outcomes 1 and 4 included a range of smaller technical assistance- and policy-related projects mostly funded by the Malaysian Government, including on social protection, anti-corruption and parliamentary strengthening.

FIGURE 1. Budget and expenditure, by outcome

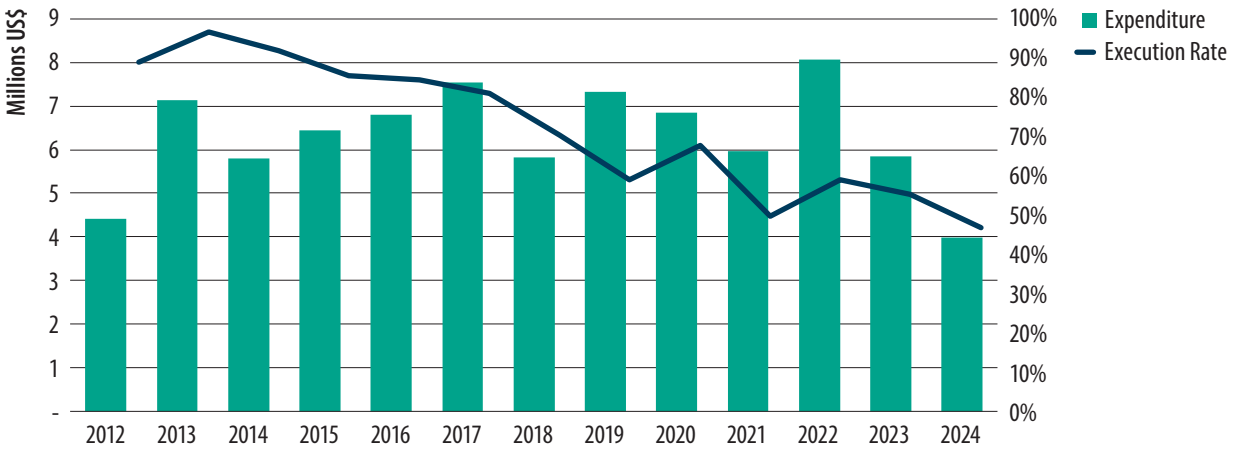


Source: UNDP Atlas/Quantum, September 2024

The estimated resources required to implement the CPD were around $39 million, or almost $10 million annually. Over the first 2.5 years of the CPD, UNDP delivered about 60 percent of this target, at around $6.4 million annually. As can be seen in Figure 2, the Country Office fell well short of annual delivery aspirations in recent years (delivery against annual budgets at between 47 and 68 percent since 2019). Contributing factors include:

- The impact of the COVID-19 crisis over the initial period covered by the CPD;
- During the CPD period, changes in national leadership necessitated sustained engagement by UNDP to align with evolving priorities and to maintain strong partnerships across ministries and agencies; and
- Turnover of staff in key roles in the Country Office.

FIGURE 2. Programme expenditure and execution rate, 2012-2024



Source: UNDP Atlas/Quantum, September 2024

These shortfalls also reflect delivery targets that are not grounded in a realistic assessment of resource mobilization capacity given Malaysia's upper middle-income context (the Country Office is currently operating against a target of $12 million, well above what it delivered over the past ten years). UNDP's operating environment and resourcing opportunities were relatively stable, reflecting Malaysia's decades-long position as a high upper middle-income country (UMIC), with annual delivery of between $4 and $8 million since 2013.

Country Programme operations are highly dependent on resources mobilized from multilateral environment funds, with the Global Environment Facility (GEF) and the Multilateral Fund for the Implementation of the Montreal Protocol accounting for 51 percent of expenditure. Government cost-sharing accounts for around 23 percent of programme expenditure over the CPD period.

At the time of the ICPE, the Country Office employed a staff of 60: three international and 15 national staff, 33 Personal Service Agreement (PSA) contract holders, 5 United Nations Volunteers and 4 interns. UNDP established a small subnational staffing footprint, with two programme officers based in Sabah and one in Sarawak. Reflecting Malaysia's UMIC status, the Country Office only receives a modest contribution from UNDP's institutional budget, covering the Resident Representative position, and 25 percent of core local office costs (defined as seven national positions). The rest of UNDP's staff are funded by projects.

The last ICPE of Malaysia in 2019 confirmed the programme's relevance to Malaysia as a source of policy advice and ability to convene stakeholders and provide support in areas of particular national importance. The evaluation identified a range of staffing and financing challenges UNDP would need to overcome to maintain its relevance, emphasizing the importance of maintaining (or strengthening) the in-house expertise required for substantive policy engagement. The evaluation also recommended that UNDP strengthen its subnational engagement.[25] UNDP's progress in responding to these recommendations is assessed in this report, where the evidence allows it.

[25] UNDP IEO (2019), Independent Country Programme Evaluation, Malaysia.

CHAPTER 2
FINDINGS

2.1 Outcome 1: People

CPD Outcome 1: By 2025, poor, vulnerable and at-risk populations living in Malaysia benefit from more equity-focused and high-quality social services as well as a social protection system that ensures that all have an adequate standard of living.

Related Outputs:

OUTPUT 1.1: A more efficient, effective and sustainable social protection system is in place that provides increased protection against contingencies throughout the life cycle.

OUTPUT 1.2: Social services are strengthened to ensure universal access to high-quality, equity-focused services that promote social well-being for all.

OUTPUT 1.3: Increased adoption of inclusive practices, social norms and values and rejection of harmful practices, particularly against women and girls along with creation of demand for services.

Finding 1. Poverty and Inequality: While it is too early to assess outcomes, UNDP provided valued support to the Malaysian Government's efforts to improve outcomes for poor, vulnerable and at-risk populations. Funded almost entirely by the Malaysian Government, focal areas included social protection policy, care economy, ethnic minorities, people with disability and poverty measurement.

Although Malaysia largely eliminated absolute poverty, around one-third of the population survives on incomes just above the national poverty line of $612 per household per month and are thus vulnerable to falling back into poverty.[26] There are also regional, gender-related, legal status-related and ethnic disparities, the latter including concentrated poverty among the Orang Asli. Malaysia's ageing population also reinforces the importance of robust safety nets and systems for caring for the elderly.

To address these vulnerabilities, it will be important for Malaysia to improve the amount and efficiency of social assistance spending. UNDP is partnering with the Implementation Coordination Unit, Prime Minister's Department (ICU, JPM) to develop a new National Social Protection Policy, which aims to narrow inequalities and improve inclusion, coherence and administrative systems while noting challenges in the organization of current social protection programmes (Box 1).[27] This includes:

- Completion of a rigorous assessment of the status of social protection involving all main national stakeholders;
- A high-level policy dialogue on social protection with the UNDP Regional Director for Asia and the Pacific in 2022 and a consultation workshop on improving employment and social protection outcomes for people with disabilities;

[26] Department of Statistics Malaysia (DOSM) estimates that 33.6 percent of households have disposable incomes in the range of $473–1,182. See: Household Income Survey Report 2022, Department of Statistics Malaysia (DOSM), https://storage.googleapis.com/dosm-public-publications/multiyear_2022_hies.pdf

[27] OECD (2024), OECD Economic Surveys: Malaysia 2024, https://doi.org/10.1787/e45ca31a-en; Khazanah Research Institute (2021) Building Resilience: Towards Inclusive Social Protection in Malaysia. https://www.krinstitute.org/assets/contentMS/img/template/editor/Report%20-%20Building%20Resilience;%20Towards%20Inclusive%20Social%20Protection%20in%20Malaysia.pdf

- Publication of issues briefs on the social protection system and gender-responsive social protection;[28]
- Formulation of the National Social Protection Framework, which was recently unanimously endorsed by the Government's National Steering Committee, which includes senior members from across the Malaysian public sector as well as the UNDP Resident Representative.

BOX 1. Malaysia's Fragmented Social Assistance System

Over the years, Malaysia instituted many social assistance programmes for low-income individuals through different ministries and with different objectives. At the end of 2019, 120 social aid programmes involving 21 ministries and government agencies were active, with yet more programmes at the subnational level. While such specialization is practical, there are some significant drawbacks as officers from different agencies are unable to stay abreast of programmes offered by their counterparts, beneficiaries must deal with multiple contact points and duplication of systems is costly to manage. Inclusion and exclusion errors are also a feature of existing schemes, reflecting complex eligibility requirements and systems.

Source: UNDP (2021) Unified Social Registry: Towards an Efficient Social Protection System

UNDP actively supports the Malaysian Government in other key areas to address the multifaceted challenges of poverty and inclusion. This included:

- Completing policy papers on Malaysia's care economy while identifying measures designed to increase female labour force participation and to support increasing access and quality of care to Malaysia's growing population of older people;[29]
- Supporting the Jabatan Kemajuan Orang Asli (the Government's policy lead on Orang Asli affairs) to implement a commitment in Malaysia's 2019 Budget, which allocated $1.18 million for micro-grants to manage and protect the environment in Orang Asli communities (programme completed and evaluated);[30]
- Supporting development of a policy for Orang Asli in Peninsular Malaysia, with particular emphasis on improving whole-of-government and federal-state coordination (work underway, but at an early stage);
- Supporting the impact evaluation of a trial of temporary basic income introduced by the Sarawak Government in March 2020 as part of the Malaysian Government's response to the COVID-19 pandemic;[31]
- Completing a series of policy papers on undocumented persons in Sabah, providing an impartial source of evidence and helping to open space for meaningful policy discussion of this challenging issue for the Malaysian and Sabah governments;[32]

[28] UNDP (2024), Advancing Gender Inclusive Social Protection for Older Women in Malaysia, https://www.undp.org/malaysia/publications/advancing-gender-inclusive-social-protection-older-women-malaysia

[29] UNDP (2024), Enabling Investments into the Malaysian Care Economy, https://www.undp.org/malaysia/publications/enabling-investments-malaysian-care-economy; UNDP and Malaysian Industry-Government Group for High Technology (2024), Transitioning Futures, Anticipating Change: Socio-economic Futures of Malaysia's Climate and Demographic Transition, https://www.undp.org/malaysia/publications/transitioning-futures-anticipating-change-socio-economic-futures-malaysias-climate-demographic-transition

[30] Final Evaluation of the Orang Asli/Asal Micro-Grants Facility for Conservation and Livelihood Model Governance Framework (MGF), 2019-2022. Orang Asli is a collective term meaning "original" or "first peoples," covering some 18 ethnic groups of less than 150,000 persons in total, who are widely regarded as comprising Peninsular Malaysia's original inhabitants (in the sense that they pre-date the arrival of ethnic Malays).

[31] The study adopted a quasi-experimental methodology to generate evidence on how temporary cash transfers helped the vulnerable deal with a major economic shock. The findings, with the study now in its final stage, will inform the Sarawak Government and the wider Malaysian Government on the efficiency of such cash transfer assistance. Xiao, S., Salleh SNS., Hamdan R., Wong CY. (2024), Temporary Basic Income as a Transformative Policy for Malaysia? Empirical Evidence from Sarawak's BKSS Programs.

[32] A challenge across Malaysia, this is particularly acute in Sabah. DOSM Sabah census projections for 2020 estimated that non-citizens comprised 23.7% out of a population of 3.4 million in 2023.

- Exploring interventions for people with disabilities to improve their integration into the labour market and generate policy lessons alongside the International Labour Organisation (ILO) (work underway but still at an early stage);
- Supporting Malaysia in strengthening its whole-of-government approach in addressing multidimensional poverty and inequality, including by supporting the Ministry of Economy in reviewing and updating Malaysia's National Multidimensional Poverty Index (work ongoing);
- Completing rapid assessments of the impact of the COVID-19 pandemic and the policy response to it.[33]

While there is insufficient evidence to assess the impact of this support on Malaysia's policies and systems, UNDP's contributions are valued by the Malaysian Government and inform the national policy debate.[34] Current engagements on the care economy, social protection (including inclusion) and Orang Asli policy provide an opportunity to deepen engagement, partnerships and capabilities in these areas and should be a point of focus for CPD discussions.

2.2 Outcome 2: Planet

CPD Outcome 2: By 2025, environmental sustainability and resilience are mainstreamed as priorities in the national development agenda across all sectors and all levels of society.

Related Outputs:

OUTPUT 2.1: National development is transitioning towards decarbonisation and a resource-efficient economy through the adoption of green growth strategies and practices across all sectors.

OUTPUT 2.2: Natural resources, biodiversity and ecosystems are sustainably managed, adequately protected and conserved for long-term economic and environmental sustainability.

OUTPUT 2.3: Prevention, preparedness and resilience against climate change, natural hazards and disaster risks are strengthened, especially among indigenous, poor and at-risk communities.

Finding 2. Sustainable Production: UNDP is helping to convene and strengthen coordination between different ministries at federal and state levels to improve the sustainability of palm oil production and access to markets. While it is too early to assess outcomes, UNDP helped to re-energize efforts in Sabah, Malaysia's second largest palm oil producing state, to meet the global certification standard required to access major markets such as the EU, which currently covers only 25 percent of Sabah's plantations.

In 2023, Malaysia was the second largest exporter of palm oil (30.5 percent of the global supply).[35] Sabah, with the highest poverty rate of the 13 Malaysian states, is the second-largest palm oil-producing state, deriving about 22 percent of its revenues (about $4.1 billion in 2023) from this sector.[36]

[33] UNDP (2021), The Onset of a Pandemic: Impact Assessments and Policy Responses in Malaysia during the Early Months of COVID-19.

[34] Notable examples include the foresight report on climate change and Malaysia's demographic transition and the care economy, which received widespread and favourable media coverage.

[35] https://oec.world/en/profile/hs/palm-oil

[36] Composed of nine large companies and 53,000 smallholder farmers and covering 251,442 hectares.

Expanded production to meet high global demand for palm oil was a major driver of deforestation, habitat loss and GHG gas emissions, prompting the establishment of Sustainability Seal certifications, which indicate that the products meet sustainable production standards. In Malaysia, there are two main certifications: the mandatory national Malaysian Sustainable Palm Oil (MSPO) Certification Scheme, which covers about 80 percent of Sabah's 1.63 million hectares of palm oil plantations, and the globally-recognized Roundtable on Sustainable Palm Oil (RSPO) Certification Scheme, which is key to accessing major markets such as the EU but covers only 25 percent of the total.[37]

The Sabah Government's Jurisdictional Approach to Sustainable Palm Oil (JASPO) initiative was established in 2015 to expand RSPO certification. However, given the difficulty of achieving landscape rather than individual estate certification, progress was slow. Only around a quarter of Sabah's palm oil plantations are certified under the RSPO scheme against a target of full certification by 2025. From mid-2023, UNDP provided technical assistance to JASPO's Jurisdictional Certification Steering Committee and secretariat with funding from the global Green Commodities Programme and the Swiss State Secretariat for Economic Affairs. Stakeholders recognized that UNDP provides new and much-needed momentum to the initiative, bringing together stakeholders to address labour, forest and land management issues. Some of the civil society members of the steering committee benefited from additional UNDP support through the GEF Small Grants Programme, enabling a more substantive contribution to the Steering Committee. However, it is too early to assess whether this combination of activities will accelerate progress toward landscape-level certification.

Though at an early stage, stakeholders viewed the Integrated Landscape Management for Sustainable Food Systems, Land Use and Restoration in Sabah[38] as promising for its potential to improve coordination and coherence in approaches and initiatives across ministries to palm oil production and ecosystem management.

Finding 3. Biodiversity Conservation: UNDP played an important role in the expansion of protected area coverage of key ecosystems, including the establishment of a fiscal transfer system that incentivizes and resources conservation efforts. New implementation modalities mandated by GEF delayed the commencement of support for landscape-level conservation of globally significant threatened species.

UNDP's technical assistance for the landscape-level conservation of Malaysia's Central Forest Spine (CFS) contributed to Malaysia's expansion of protection covering a key ecosystem with high anthropogenic pressure and promising biodiversity financing opportunities such as a Tiger Bond. An independent evaluation of the 10-year Improving Connectivity in the Central Forest Spine Landscape (IC-CFS) project estimates that it contributed to an expansion of forest area in the CFS by 26 percent from 5.3 to 6.71 million hectares and directly supported the gazetting of 32,783 hectares of protected state land in Johor, Pahang and Perak, with a further 9,000 hectares under consideration for increased protection.[39] Specific contributions highlighted by the evaluation included new wildlife management software and analysis tools[40] to improve efficiency, science-based decision-making, standardization and sharing of

[37] The RSPO's jurisdictional approach to certification aims to reduce the environmental and social impacts of palm oil cultivation through the certification of sustainable palm oil production and processing managed by a jurisdictional entity equipped with a multi-stakeholder governing body. This approach requires government leadership and collaboration to establish governance, regulations and frameworks for RSPO standards and enable cooperation among industry, communities, NGOs, and government. Unlike conventional group certification, the jurisdictional approach delegates some responsibilities to government bodies. https://rspo.org/wp-content/uploads/RSPO-Jurisdictional-Approach.pdf

[38] FOLUR is a $345 million programme led by the World Bank and supported by the Global Environment Facility, which focuses on global food systems through sustainable landscapes and efficient commodity value chains. Via the Good Growth Partnership (GGP), UNDP supports FOLUR in 27 countries impacting eight key commodities: beef, cocoa, corn, coffee, palm oil, rice, soy and wheat. https://www.undp.org/facs/food-systems-land-use-and-restoration-folur

[39] UNDP-GEF (2023), Terminal Evaluation of Improving Connectivity in the Central Forest Spine Landscape (IC-CFS) in Malaysia.

[40] https://sarawakforestry.com/mcc2022/files/paper/st4-3.pdf

patrolling data contributing to the conservation of an important ecosystem under high anthropogenic pressure. Though still at an early stage, the Tiger Ecosystem Bond, an effort to secure financing for the protection of tigers, aligns well with several recommendations from the IC-CFS project.

Malaysia's Ecological Fiscal Transfer (EFT) introduced in 2019 with UNDP–GEF support is addressing funding gaps and incentivizing State conservation efforts. With support from UNDP-BIOFIN,[41] Malaysia introduced EFTs in the 2019 budget.[42] This reached $33.9 million in 2023, a 50 percent increase from 2022, which the Malaysian Government estimates contributed to the creation of 350,000 hectares of new protected areas (of which 250,000 are marine) from 2019 to 2024.[43] Some 70 percent of Malaysia's EFT allocation is based on protected area hectarage for each state, of which 30 percent is performance-based, providing important support and incentives for conservation in Sarawak and Sabah, which both have large forest tracts and globally important biodiversity. Relatedly, stakeholders appreciate UNDP's support for the Sarawak Biodiversity Masterplan, which proposed indicators for EFT performance allocation. Unfortunately, the start of the second phase of the BIOFIN project stalled due to staff turnover in the Country Office.

The Global Wildlife Programme focuses on landscape-level conservation of the endemic Banteng bovid in Sabah, orangutan in Sarawak and the Malayan tiger in Peninsular Malaysia, three globally significant threatened species whose populations face serious ongoing pressures that will lead to their extinction if additional action is not taken. However, the project encountered setbacks in implementation under UNDP's National Implementation Modality without execution support in Malaysia. Unlike previous assisted National Implemented Modality projects, where UNDP supports implementation through procurement, GEF required adoption of a new approach that transfers funds in tranches to the Government, which has full responsibility for procurement. The need to establish a trust account to receive funds and the incompatibility of UNDP's quarterly release of funds with the Government's contracting procedures incurred significant delays and transaction costs for both parties.

Finding 4. Climate Change: UNDP provides valued support for the Malaysian Government's efforts to phase out environmental pollutants and mitigate climate change, focusing upon and introducing new technologies, guidelines and regulations and improving urban planning. However, UNDP was unable to identify an entry point for a substantive Disaster Risk Reduction partnership with the Malaysian Government during the CPD period, reflective of Malaysia's high capacity in this area.

For over a decade, UNDP facilitated Malaysia's access to the Multilateral Fund for the Implementation of the Montreal Protocol, one of the most successful international environmental treaties. The most recent phase of support[44] included technical and procurement support to develop new guidelines for industry (including hydrochlorofluorocarbon reclamation, technology conversion and import and export of controlled substances). Stakeholders highlighted this as a successful initiative that brought together government and industry, reducing ozone-depleting substance (ODS) emissions from 235 tonnes in 2017 to 153 tonnes in 2023, significantly below the allowable control limit of 335 tonnes.[45]

41 BIOFIN 2 is still in the preparatory stages.

42 EFTs are intergovernmental arrangements that allocate revenue from the federal to state governments to environmental conservation based on agreed principles, including as a form of compensation for the opportunity cost to subnational governments of foregoing revenues by limiting certain types of land development. The experience of countries such as Brazil, Portugal, China, France and India demonstrates that EFTs can help achieve national objectives.

43 Bernama (2024), State Govts Urged to Draw Up New Approaches to Increase Eft Impact, https://bernama.com/en/news.php?id=2300334#:~:text=The%20implementation%20of%20EFT%20has,hectares%20of%20marine%20protected%20areas

44 Implementation of the Hydrochlorofluorocarbons Phase-out Management Plan Stage 2 (2017-2024). HPMP Stage I was implemented between 2011-2016, and Stage III was launched in 2024. https://cms.myhuiyi.com/Annex/20240428144145896.pdf

45 https://ozone.unep.org/countries/profile/mys

Stakeholders appreciated UNDP technical support in the drafting of the Fourth National Communication to the United Nations Framework Convention on Climate Change and integrating gender in the Voluntary National Review, especially from the UNDP Regional Office in Bangkok. Climate change provided the framework for UNDP efforts on urban planning, as discussed under Outcome 3. Finally, sustainable production, biodiversity conservation and protected area management investments made important contributions to Malaysia's emissions reduction targets, especially given the critical importance of these areas to Malaysia's climate mitigation strategy.

Though Disaster Risk Reduction was identified as a focal area in the CPD, attempts to engage with the National Disaster Management Agency to establish a partnership in this area were not successful, in part due to the focus on the global pandemic but also due to Malaysia's strong capabilities in this area.[46]

2.3 Outcome 3: Prosperity

CPD Outcome 3: By 2025, Malaysia is making meaningful progress towards an economy that is inclusive, innovative and sustainable across all income groups and productive sectors.

Related Outputs:

OUTPUT 3.1: Inclusive growth and decent work taps into new sources of economic growth and the future of work trends.

OUTPUT 3.2: Adoption of corporate practices aligned to the goals and international standards of upholding principles of social justice, transparency, accountability and sustainability while promoting economic development.

OUTPUT 3.3: Urban development is competitive, sustainable and inclusive and supports the social and economic well-being for the population.

Finding 5. Sustainable Development Goal financing: UNDP was an active contributor to national thinking on the Sustainable Development Goals (SDGs, with an emphasis on sustainable financing, encouraging green investment and Islamic finance. While some impacts are evident in the area of public finance (for biodiversity, see Finding 3), it is too early to assess the outcome (additionality) of efforts to mobilize private financing. There is a useful role for UNDP to play in promoting strong investment frameworks and high integrity instruments.

UNDP led a flagship joint UN effort to strengthen Malaysia's SDG financing architecture (under the Integrated National Financing Framework through the UN joint SDG fund), resulting in a development finance landscape analysis, an SDG Investor Map and a review of Medium to Small Enterprise support policies (with the Islamic Development Bank). However, the change in government in the course of this evaluation combined with the broad focus of the recommendations arising from some of the key products reduced its influence on national policy.

[46] UNDP Results Oriented Annual Reports, 2021 and 2022.

UNDP's environment portfolio includes a strong emphasis on incentivizing and leveraging finance for environmental investments and outcomes. Examples include work with the Department of Wildlife and National Park to quantify the economic value of protected areas, focusing on three Malaysian National Parks,[47] three papers on biofuels, waste-to-energy and the electric vehicle (EV) field (areas identified for further research by the SDG Investor Map) to identify policy gaps hindering private sector and blended investment in these sectors and an analysis of Blended Finance of Climate-related micro, small and medium enterprises (MSMEs) in Malaysia. Ongoing work in this area includes partnerships with:

- The recently established Climate Finance Innovation Lab, a Malaysian Government initiative under the Joint Committee for Climate Change (JC3) to support new blended finance for marginally bankable projects for both climate actions and biodiversity conservation;
- The Ministry of Economy to develop a Macroeconomic Framework and Model for Malaysia's Green Economy;[48]
- The Asian Development Bank and Bank Negara Malaysia (Central Bank of Malaysia) on a Greening Value Chain playbook;
- Work with financial institutions on a Tiger Ecosystem Bond and other innovative financing instruments for nature-positive investments;
- The Central Bank and the Task Force on the Nature Financial Disclosure guidelines (under the BIOFIN initiative).

UNDP was active in contributing to national thinking on Islamic finance. This included a partnership with the Securities Commission of Malaysia to hold an international conference on Islamic Finance and the production with the Islamic Development Bank of a primer on the state of Islamic finance, with a focus on Malaysia and Indonesia.[49] Initiatives under development include a potential new partnership with the Securities Commission to map SDG Impact Standards to Maqasid Al-Shariah guidance to invigorate the Islamic capital market in Malaysia and an impact investment project focused on climate resilient agriculture announced in the Malaysian Government's 2025 budget to promote innovation in Islamic financing.

Intrinsic measurement challenges combined with timing issues make it hard to assess the net impact of these lines of effort from the available evidence. Some public finance innovations advocated by UNDP under the previous CPD such as the EFT from BIOFIN 1 materialized and delivered good results. Demonstrating additionality, the crowding in of private capital to projects that would not otherwise have received such financing was a major challenge in assessing efforts focused on mobilizing private finance such as green bonds or Islamic finance.[50] Noting this challenge, UNDP can play a potentially useful role in safeguarding the integrity of these instruments within monitoring and regulation regimes and supporting the government in establishing a well-defined policy framework that encourages green investment and the phasing out of fossil fuels.

[47] Brande L, Yeo BH (2021), Summary Reports, Economic Value of Ecosystem Services of the Taman Negara National Park, Royal Belum State Park and Endau-Rompin National Park, https://www.undp.org/sites/g/files/zskgke326/files/2023-07/230712_undp583_teeb_summary_report.pdf

[48] The aim is to develop a model that can be used as a policy tool for economic decision-making, including by simulating the outcomes of policy decisions (e.g., carbon pricing mechanisms) and the implications of green investments for the economy.

[49] UNDP (2023), Case Studies on Innovations in Islamic Finance, https://www.undp.org/malaysia/publications/case-studies-innovation-islamic-finance

[50] World Bank (2024), Mobilizing Private Capital for the Sustainable Development Goals, https://documents1.worldbank.org/curated/en/099515007022422343/pdf/IDU1c22e2ec41eee514d2d19dfb115b648d7fa6f.pdf

Finding 6. Business and Human Rights: Supporting the establishment of Malaysia's first National Action Plan on Business and Human Rights, UNDP helped raise awareness and build an evidence base to strengthen human rights and environmental standards in the private sector. This work responds to concerns about labour conditions and environmental standards of some Malaysian enterprises as well as withhold and release orders.

UNDP supported the Malaysian Government's business and human rights agenda under the leadership of the Prime Minister's Department (Legal Affairs Division) since 2019.[51] This agenda is especially relevant given concerns about the conduct of some Malaysian businesses concerning forced labour and environmental practices (especially deforestation). These prompted withhold and release orders[52] and more stringent regulations that threaten major export industries as well as Malaysia's international reputation. The agenda added impetus given Malaysia's election to the Human Rights Council for the 2022-2024 term. UNDP's work complements efforts by ILO and the International Maritime Organisation (IMO) regarding National Action Plans on Forced Labour and Anti-Trafficking.

With support from the EU funded regional Business and Human Rights in Asia project, the focus of this partnership was on the development of Malaysia's first National Action Plan on Business and Human Rights. This includes:

- Establishment of a whole-of-government governance structure to ensure ownership and leadership of key agencies, including the Malaysian Anti-Corruption Commission (covering governance), the Ministry of Human Resources (covering labour) and the Ministry of Natural Resources and Environmental Sustainability (covering environment);
- Completion and publication of a national baseline assessment on business and human rights in 2023 informed by extensive consultations with the agri-business, manufacturing, finance and Information and Communication Technology (ICT) sectors and a robust desk review of laws and regulatory frameworks;[53]
- Two National Conferences on Business and Human Rights (BHR – 2021 and 2023) as well as a Judicial Colloquium on BHR in 2022 in partnership with the Human Rights Commission of Malaysia (SUHAKAM);
- Trained 410 professionals from the Malaysian electrical and electronics industry and facilitated targeted consultations with youth.

Through these activities UNDP was an active contributor to public discussion and debate on business and human rights, including delivery of high-quality analysis and public issues briefs and coverage of key documents and events in the national media. The National Action Plan is currently in draft form and undergoing public consultation[54] and is expected to be published by the Malaysian Government in 2025. Executing and institutionalizing reforms identified through the National Action Plan process will be an important test of the Malaysian Government's commitment to improving human rights and environmental standards in the private sector.

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51 UNDP was technical partner to the Legal Affairs Division, Prime Minister's Department and the Human Rights Commission of Malaysia in implementing the UN Guiding Principles on Business and Human Rights through the development of Malaysia's first NAPBHR since August 2020. UNDP is also a member of the national Working Group on BHR.

52 An instruction to U.S. Customs Officers to prevent imports from entering the U.S. due to "reasonable but not conclusive" evidence that forced labor was used in the overseas production of the goods.

53 Government of Malaysia (2024), National Baseline Assessment on Business and Human Rights in Malaysia, https://strapi.bheuu.gov.my/uploads/FINAL_National_Baseline_Assessment_on_BHR_August_2024_c97e334f71.pdf?_gl=1*1nfjfc1*_ga*NTU3NTYxOTUzLjE3MzY5OTkwMTg.*_ga_Q5VZE88FHQ*MTc0MTI0NjQyOS42LjEuMTc0MTI0NjQ1Ny4wLjAuMA

54 Government of Malaysia (2024), Zero Draft of the National Action Plan on Business and Human Rights 2025 – 2030, https://strapi.bheuu.gov.my/uploads/Zero_Draft_of_the_National_Action_Plan_on_Business_and_Human_Rights_2025_2030_v1_0_52a742c6a1.pdf?_gl=1*c4mdy*_ga*MTE4MDE5OTA2MS4xNzM5MTUxOTU0*_ga_Q5VZE88FHQ*MTczOTI5MzczOS41LjAuMTczOTI5Mzc0MS4wLjAuMA

Finding 7. Urban Development: UNDP recorded some positive achievements regarding urban development, including in the form of a National Master Plan for low-carbon cities. However, it was a challenge to maintain continuity of focus over the CPD period due to both internal and external factors.

While the Green Technology Application for the Development of Low Carbon Cities project was affected by implementation delays[55] and fell short of its targets, it was still expected to generate GHG emissions reductions of 938,749 tCO2eq and was assessed as "moderately satisfactory" by the final evaluation. The Malaysian Government's 2021 National Low Carbon Cities Masterplan (NLCCM) was the project's most significant achievement. It helped guide federal, state, and local investment in low-carbon development, increasing awareness of low-carbon options and priorities and eliciting high ownership from the five participating cities. The Ministry of National Resources and Environmental Sustainability's updated National Climate Policy 2.0 of 2024 suggested that Malaysian cities should align to the NLCCM.[56] However, Country Office progress on urban development slowed following the closure of the GEF project in 2022 due to institutional factors and limited internal capacities and resources. However, UNDP followed up on opportunities to work on a new urban development policy with the Sarawak Government, leveraging its presence in that state.

Finding 8. Community Engagement and Mobilization: UNDP-implemented small grants programs (SGP) engaged and mobilized communities and delivered economic and environmental benefits. The most successful of these were aligned with long-term objectives, providing sustained support to promising organizations and actors to contribute to environmental policy discourse. However, there was room for improving strategic clarity in design and implementation.

The GEF Small Grants Programme (SGP), which started in Malaysia in 2001, financed 233 projects worth $8 million and is well-regarded by beneficiaries and the Malaysian Government. Reflecting global findings on the SGP,[57] grants and other support built the capacity and professionalism of local Civil Society Organizations (CSOs) as well as their ability to mobilize other resources and engage in environmental policy forums (e.g., the JASPO initiative in Sabah).

Taking lessons from the SGP, UNDP collaborated with the Ministry of Finance to implement the Orang Asli/Asal Micro-Grants Facility for Conservation and Livelihood: Malaysian Indigenous Peoples Project. The project, funded by the Ministry of Finance, provided approximately $1.2 million for small grants to rural electrification, livelihood development, water and biodiversity conservation projects implemented by eight NGOs in around 40 locations across Malaysia. Recipients commented that the project provided direct benefits to target communities in the form of small-scale infrastructure and income generation and built their own organizational capacity.

The Green Resilient Recovery Local Action Grant, also funded by the Ministry of Finance, was a similar mechanism, which was able to redistribute national resources to support local communities for economic and sustainability initiatives. The evaluation team observed some outstanding examples of the kinds of results made possible by this mechanism. For example, grants enabled a small Sabah-based social enterprise with support from local communities to install and maintain solar, run-of-river hydroelectric installations and micro-hydro systems in isolated forest and coastal communities. This provided direct benefits to beneficiaries and contributed to the growth and legitimacy of the enterprise as an environmental and social actor.

[55] Delays in implementation affected two important activities: the Iskandar Malaysia Bus Rapid Transit, and a cycling pathway in Putrajaya due to delays in funding from the Ministry of Finance, government restructuring and the COVID-19 pandemic.

[56] https://www.nres.gov.my/msy/pustakamedia/Penerbitan/National%20Policy%20on%20Climate%20Change%202.0.pdf

[57] Third Joint GEF-UNDP Evaluation of the Small Grants Programme https://www.gefieo.org/evaluations/sgp-2021

UNDP merged two projects: the Integrated Island Waste Management project and the Sustainable Tourism Recovery project, with the former subsumed as a component of the latter. The project funded by the Ministry of Finance provided grants to local government and NGOs to implement activities such as refurbishing the ecotourism Harbour Centre in Mersing and constructing a waste management facility on Pulau Besar, an island off Johor State. Awareness-raising and capacity-building activities were also funded, including training of guides and tourism industry workers, mobilizing and coordination of local governments with civil society to develop local level policies and funding local conservation NGOs in generating baseline waste management and biodiversity data as a basis for policy-making and advocacy efforts.

With support from the EU and Amanah Lestari Alam,[58] UNDP is working with UNICEF under the *Y*outh Environment Living Labs initiative to engage young people as agents of change in environmental policy via small grants, events and skills development. Major events included the Asia Pacific Climate Week 2023 and a Youth Aspiration Dialogue jointly hosted by the Ministry of Natural Resources, Environment and Climate Change in the context of COP 28. Grants to youth and youth groups focused on bridging knowledge and resource gaps in fostering environmental action, highlighting green careers and developing young leaders. Recipients were appreciative of the financial support received and were generally successful in implementing their activities, generating some localized economic and environmental benefits.

The evaluation found that UNDP's grant-making activities enabled it to gain credibility and relationships that have provided it with opportunities for strategic policy work. For example, the Orang Asli micro-grants project provided UNDP a standing to support the formulation of a new Orang Asli policy, while small-scale work on island waste management provided an opening to provide much-needed strategic direction to Malaysia's aspirations to increase visitor numbers from around 25 to 36 million by 2026.[59]

The evaluation found there was room for improving strategic clarity and coherence in grant making so that it supports and aligns with policy development objectives. Unlike the case of the SGP, which builds on compounding outcomes and links to a bigger result chain, the ICPE found that some of the micro-grants programmes were one-time, short-term initiatives that lacked strategic clarity, reducing prospects for sustainability and policy impact.

2.4 Outcome 4: Peace

CPD Outcome 4: By 2025, Malaysia strengthened democratic governance, and all people living in the country benefit from a more cohesive society, strengthened governance and participation.

Related Outputs:

OUTPUT 4.1: Malaysia makes significant progress towards interethnic and cultural harmony and cohesion.

OUTPUT 4.2: Institutions are more capable of undertaking inclusive political processes, are more people-centered and protect fundamental freedoms.

OUTPUT 4.3: The system of checks and balances across branches of government is strengthened at national and subnational levels, core government functions are more responsive and efficient and people have better access to services.

[58] A foundation spearheaded by Bank Pembangunan Malaysia Berhad.

[59] https://www.tourism.gov.my/media/view/tourism-malaysia-unveils-strategic-roadmap-for-visit-malaysia-2026

Finding 9. Governance and Social Cohesion: UNDP provided valued technical assistance for the Parliament of Malaysia and the former National Centre for Governance, Integrity and Anti-corruption in support of efforts to improve political governance and counter corruption and violent extremism. While UNDP's influence on national policy and outcomes in these areas is difficult to determine, the quality of its contributions was high.

Under the second phase of an EU-funded regional programme, UNDP collaborated with the Southeast Asia Regional Centre for Counterterrorism (SEARCCT), an Agency within the Ministry of Foreign Affairs, the United Nations Office of Counter Terrorism, and the All-Party Parliamentary Group Malaysia on SDGs to develop handbooks on the role of media and CSOs in the prevention of violent extremism (PVE) and promoting diversity and cultural cohesion. A UNDP-led survey of the perceptions of Malaysian youth regarding unity, violent extremism and hate speech yielded rich findings to inform policy, practice and future research directions. Building on this platform, the Malaysian Government is financing UNDP to work with SEARCCT, the Ministry of Education and the Royal Malaysia Police to develop a government-led strategy to address the risk of violent extremism among youth, particularly in secondary schools.

UNDP was less successful in establishing a direct partnership with the Ministry of Home Affairs, which leads Malaysian Government efforts to counter violent extremism. This reflects the fact that UNDP played no role in the development of Malaysia's 2024 National Action Plan to Prevent and Counter Violent Extremism developed in line with the UN Secretary-General's 2015 Plan of Action to Prevent Violent Extremism.

UNDP commenced a new phase of support for the Parliament of Malaysia, with a focus on the role of special select committees in scrutinizing topics of public interest and improving public outreach, civil society and youth involvement in parliamentary affairs funded by the Ministry of Economy and the Australian Department of Foreign Affairs and Trade. The earlier phase provided valuable inputs into internal reform efforts, including from a world-leading expert on parliamentary administration, with a focus on standing orders, parliamentary procedure and governance arrangements.

UNDP maintained its engagement with anti-corruption entities and is valued for its ability to provide insights on good governance from different perspectives, including efforts to support Malaysia in learning from the successful South Korean experience.[60] Working with the former National Centre for Governance, Integrity and Anti-corruption, UNDP produced several highly-valued outputs and is currently working with the Malaysian Anti-Corruption Commission to develop a good governance guideline and Malaysian Governance Index to measure public sector governance trends for the Malaysian public sector.

2.5 Cross-cutting Issues

Finding 10. UNDP Value Proposition: Though stretched thin, UNDP is responding substantively to the ambitious agenda established in the CPD, carving out a valued role and position of trust in Malaysia, including as a key support for the United Nations system.

The UNDP Malaysia CPD outlines an ambitious agenda covering multidimensional poverty, inequality and gender, environmental sustainability and biodiversity conservation, transition to a green, inclusive and resilient economy and improved governance. To establish a position as trusted adviser and thought leader in these areas, UNDP has some serious competition. Malaysia has access to consulting firms with strong policy and technical capabilities. Multilateral development banks and other UN agencies bring significant

[60] UNDP (2022), Anti-Corruption Policy Implementation: An experience from the Republic of Korea, https://www.undp.org/sites/g/files/zskgke326/files/2023-10/anti-corruption_policy_implementation_240823.pdf.

technical and country knowledge. Malaysia has a rich network of research institutes that are productive contributors to applied policy research and debate. Malaysian Government entities have high standards and expectations of the quality of policy advice they receive from external actors.

To be effective in this context, UNDP needs to be able to identify, mobilize and effectively manage teams of leading experts and deliver consistently high-quality advice. UNDP needs to be able to convene and collaborate on an equal level with government and non-government partners and other UN agencies. This requires teams with strong policy acumen and experience able to understand technical requirements and contribute substantively to policy discussions. Global networks and backstopping are also key to ensuring that UNDP can deliver consistently against its promise.

Responding to this challenge, UNDP is working collaboratively and constructively with a rich network of partners across Malaysia and is valued as a source of global knowledge and expertise as well as for its neutrality and convening power. Partners include national and state government agencies, NGOs, private companies and foundations, research centres, UN agencies and other international actors. UNDP is prized for its convening capacity, including in areas requiring multi-jurisdiction and multisector responses. UNDP's position of trust with the Malaysian Government enabled it to provide support and advocacy in areas of national importance. UNDP was valued for its role in facilitating access to assistance under multilateral environmental agreements. While the funds mobilized are not significant compared to domestic budgets, they are valued as a vehicle for experimentation and learning, supporting Malaysia in considering and connecting to international experience.

UNDP is the largest UN partner supporting Malaysia on development issues unrelated to migration.[61] It plays an important role in supporting coordinated UN efforts, including the leadership role of the Resident Coordinator, managing common UN premises and establishing and implementing joint programmes.

Highlighted as a cross-cutting consideration of the CPD, UNDP supported a number of useful South-South and triangular cooperation activities.[62] There would be value in increasing the emphasis on this area in the next CPD given Malaysia's leading role in the region, position within ASEAN, Asia-Pacific Economic Cooperation, the Organisation of Islamic Cooperation and engagement with OECD.

UNDP is engaging substantively in many of the areas identified as a focus for the partnership under the CPD but is stretched thin while facing the significant challenge of maintaining continuity of expertise and engagement given Malaysia's tight labour market and resourcing complexities.

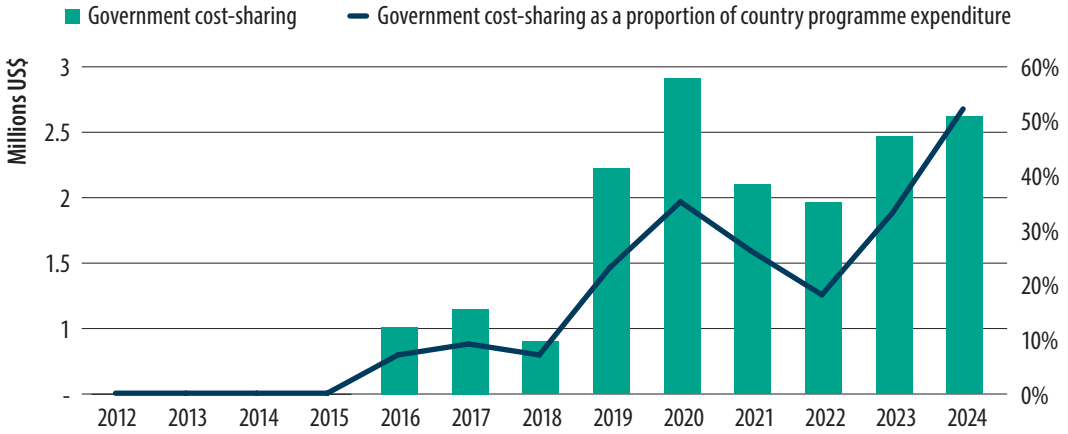
Finding 11. Office Sustainability: UNDP established a substantive government cost-sharing partnership with Malaysia, with an opportunity to deepen and strengthen this partnership in the next stage of the programme. Typical of UNDP programmes in UMICs, UNDP faces ongoing questions about the scope, role, size and financial sustainability of its presence in Malaysia. Financing trends underline the need to pursue a partnership under government leadership that strengthens and expands how costs are shared and positions UNDP to best support Malaysia in delivering on its national aspirations.

[61] The United Nations High Commissioner for Refugees (UNHCR) and the International Organisation for Migration account for over 60 percent of UN expenditure in Malaysia, reflecting the high number of migrants living in the country.

[62] (i) Malaysia's visit to Chile to learn about their social protection system; (ii) Support to Cambodia's Government study tour to Malaysia to learn about Malaysia's planning and foresight experience; (iii) UNDP facilitating presentation of Malaysia's experience at a global financing event; (iv) Facilitating knowledge sharing on jurisdictional approaches during the Roundtable on Sustainable Palm Oil (RSPO) international conference to achieve a more sustainable oil palm industry; and (v) Joint publication with the Islamic Development Bank (ISDB) on innovative Islamic finance reflecting experiences of both Indonesia and Malaysia.

Government cost sharing, a critical component of the resourcing mix for UNDP in UMICs, increased to a new level between 2018 to 2019, accounting for between $1.5 and $2.5 million of the Country Office's annual programme expenditure since then and around 23 percent of programme expenditure in the CPD period (Figure 3). UNDP's Country Office to Malaysia receives an agreed allocation from the Government to fund the implementation of the CPD, an approach that should be considered for replication in other UMICs where this is no common arrangement.

FIGURE 3. Government cost-sharing, 2012 to 2024



Source: UNDP Atlas/Quantum, September 2024

UNDP's experience in comparable UMIC contexts suggests that there is potential to further increase the scale of cost-sharing partnerships subject to establishing effective partnership arrangements and Malaysia's fiscal capacity. Strengthening and expanding the cost-sharing partnership will be key to UNDP's ability to maintain a substantive presence and role in Malaysia given the risk of continued tightening of access to other resources and attendant risks to sustainability. These risks include:

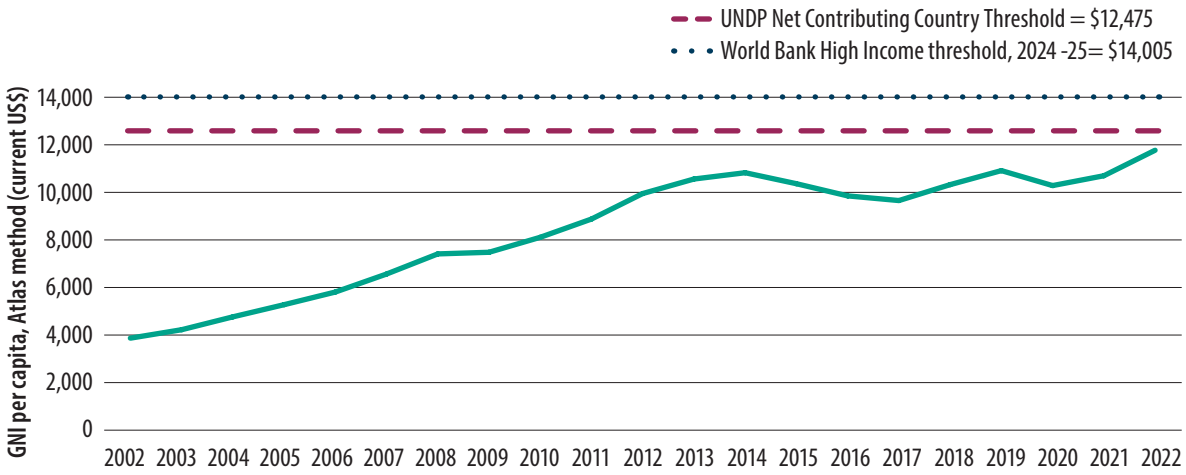
- Declining delivery to a level below what is required to generate sufficient cost recovery income to cover a minimum viable staffing structure (currently 17 fixed-term positions);
- Tightening and unpredictable access to cost recovery income from the institutional budget;
- Reasonable likelihood that Malaysia will become a high-income and UNDP net contributor country in the period covered by its next Country Programme Document (Figure 3), which would further tighten access to the institutional budget;[63]
- Against a backdrop of major cuts to Official Development Assistance (ODA) from the world's major or donors:
  a) Fluctuating and likely declining access to resources through multilateral environment funds due to reduced allocations to upper middle-income countries and increased competition from other GEF implementing agents;

[63] Net contributor countries are countries with a four-year average per capita GNI greater than $12,475. They are not eligible to receive TRAC-1 resources and are expected to fully fund core local office costs (defined as seven national positions). UNDP currently funds 25 percent of these costs.

b) Likely end of access to (already modest) financing from bilateral partners, including if Malaysia transitions to high-income status and is no longer considered ODA-eligible;

c) Declining core funding for UNDP, potentially reducing capacity to support country offices with required institutional resources and external support.

FIGURE 4. Malaysia per capita GNI, 2002–2022 and key development status thresholds



Source: World Bank

Private sector financing may be one part of the solution to a sustainable funding mix for a continued UNDP presence. However, UNDP's ability to work with the private sector remains constrained owing to the agency's restrictive internal systems and tight due diligence thresholds. Given the high transaction costs associated with mobilizing private finance, these are unlikely to provide a significant foundation for UNDP's effectiveness as a partner in Malaysia.

Finding 12. Delivery Model: UNDP's delivery model and structure of its cost-sharing partnership with Malaysia needs to be strengthened as a basis for more sustained and effective contributions to Malaysia's development.

With a small staffing footprint and an ambitious agenda, UNDP needs to establish well-structured and efficient systems for delivering the programme.

Since the 2019 ICPE and addressing one of its recommendations, staffing capability was bolstered through the integration of Accelerator Lab resources into the Country Office structure. This was important as a business development unit, with several examples of small initiatives conceived by the Lab attracting resources that enabled them to take on a new scale. The Lab also bolstered UNDP's thought leadership and policy advocacy capabilities and helped to connect dots between projects and other parts of the UN. Also responding to the recommendations of the 2019 ICPE, UNDP established a staffing footprint in Sabah and Sarawak, providing a basis for stronger engagement with these two strategically important states.

Any increase in the scale of the Government's financing partnership should be accompanied by consideration of more effective delivery modalities. Consistent with the findings of the 2019 ICPE, it continues to be challenging for UNDP to adopt a long-term programme of work and positioning on areas not financed by

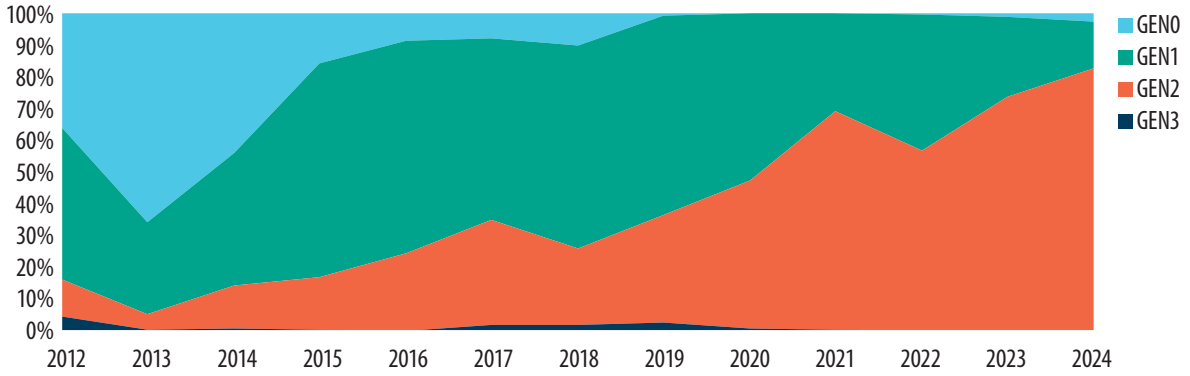
under multilateral environment agreements and constrained by the limited and demand-driven nature of funding opportunities. The structure of the current partnership is highly project-committed and relatively short-term in nature, including some 18 projects valued from less than $100,000 to $2.4 million, with a duration of between 18 months and two years in the current CPD period (three years). The large number of low-value, short-duration projects incurs significant costs in project formulation and administration, making it challenging to maintain continuity of support and corporate knowledge accumulation in UNDP. More importantly, this is making it challenging for UNDP to maintain its continued efforts to see through and successfully complete the implementation of actions, which would be more impactful and sustained in the longer-term.

The portfolio management challenge contributed to but also exacerbated challenges with staff retention. While newly-recruited staff come with strong skills and backgrounds and fresh energy, close to 50 percent of UNDP personnel have less than one year in the Country Office and only five have more than five years in the organization. Gaps in UNDP's staffing capacity directly contribute to implementation delays in the Food Systems, Land Use and Restoration, Global Wildlife Programme and Biodiversity Finance initiatives. Staffing gaps reduce UNDP's capacity to underpin the functioning of the UN Country Team Results Groups structure, which is heavily reliant on UNDP as one of the few UN agencies in Malaysia with a significant programming footprint.

Finding 13. Gender Equality: UNDP Malaysia effectively mainstreamed attention to gender equality but saw limited success in delivering significant outcomes in addressing structural drivers of inequality. Diversifying and deepening partnerships to address structural challenges for gender equality and smart advocacy will be key to UNDP's ability to contribute to Malaysia's aspiration for greater inclusivity. The lack of a substantive partnership with the Malaysian Government's lead agency on gender equality should be addressed moving forward.

UNDP made reasonable progress in mainstreaming gender, with GEN2 accounting for nearly 70 percent of expenditure over the past three years, while "gender blind" (GEN0) activities were negligible. This is a significant improvement on the previous programming period, when less than 30 percent of expenditures were dedicated to GEN2 activities. Mobilizing funding for activities where gender equality is the main objective (GEN3) was a persistent challenge in both periods, with no GEN3 activities implemented since 2020 (Figure 5).

FIGURE 5. Evolution of programme expenditure by gender marker since 2012



Source: UNDP Atlas/Quantum, September 2024

UNDP Malaysia was awarded Bronze under UNDP's gender equality quality assurance Gender Seal initiative in 2023, meeting 70 percent of applicable benchmarks. This was less than the Silver it received in its previous 2016 assessment because the Office failed to meet two of the eight mandatory requirements for Silver: i) that at least 70 percent of programme expenditures directly contribute to gender equality results (GEN2 + GEN3) (the Office was just shy of this benchmark); and ii) that independent sources confirm at least one substantive contribution to gender equality within the previous three years. Despite some challenges, UNDP did well at integrating gender equality in management systems, building internal capacities and establishing a safe, inclusive and healthy work environment, with women well represented at senior levels.[64]

The Country Office has convincing examples of targeted advocacy addressing structural constraints to progress on gender equality, including through work on the care economy and social protection systems.[65] UNDP's earlier GEN3 partnership with the Ministry for Women, Family and Community Development (2016–20) was not maintained under the current CPD, having been interrupted by the global pandemic and changes in government.[66] Notwithstanding this, some outcomes from prior work bore fruit, including passage of an Anti-Sexual Harassment Bill in 2022, which UNDP supported. UNDP also supported the review of the National Policy on Gender with policy recommendations and facilitating consultation of the Gender Equality Bill (still in process), which it helped develop under the last CPD. Despite strong mainstreaming of gender equality across the programme, there was limited evidence of contributions impacting structural drivers of inequality.

Finding 14. Assessing Policy Influence and Impact: A challenge across UNDP and the Country Office results frameworks, reporting and evaluation can be strengthened to explain UNDP's policy influence and impact. Within the Country Office's sphere of influence, the key to addressing this issue will consist of improving analysis and assessments of UNDPs influence on Malaysian Government policy and the nature of its contributions. This will require a clearer set of medium-term advocacy objectives framed by the Country Programme Action Plan to guide the monitoring and evaluation of outcomes from the partnership. Greater clarity and realism about the nature of UNDP's value and contributions in Malaysia, given its size and strong institutions, would also be helpful.

Given Malaysia's effective and well-resourced institutions, the core focus for UNDP's work in Malaysia is policy influence.

Activities directed at policy influence are intrinsically difficult to monitor and evaluate, requiring the ability to assess both the significance and impact of a given policy change and UNDP's contribution to it, where a variety of other factors and actors usually contribute to shaping outcomes, and evidence may be lacking. This is a broader corporate challenge for UNDP, with limitations well documented by independent evaluations and confirmed by a recent survey of UNDP leaders, who identified impact measurement as the single weakest aspect of UNDP's service delivery.

[64] UNDP Malaysia Gender Seal Final Assessment 2021–2023. UNDP Inclusion and Engagement Survey Results, Malaysia 2023.

[65] "Enabling Investment in the Care Economy" addresses government priorities to increase women's participation in the labour force, prepare for a rapidly ageing society and meet the need for a higher standard of care for all, including the poor, vulnerable and disabled. This publication focuses on encouraging private and philanthropic participation that will promote better financing models for the care sector and address government priorities to increase women's participation in the labour force. "Advancing Gender Inclusive Social Protection for Older Women in Malaysia" highlights the gender gap in access to social protection in old age, emphasizing the need for gender equality, economic empowerment of women and legal protection to address vulnerabilities faced by women. Gender analysis is part of the social protection project and recommendations from the social project policy with the Government on key strategies addressing cultural norms and social stigma.

[66] Malaysia Results-Oriented Annual Reports, 2020, 2021, 2022.

Existing frameworks tend to capture only simple measures of UNDP's involvement in policy processes (for example, number of policy measures, guidelines and action plans for social cohesion developed with UNDP assistance). Over 40 indicators are reported in the Country Office results framework, but the information collected sheds little light on the value or influence of UNDP's contributions at either CPD output or outcome levels (see Annex 3).

Narrative reporting through annual Results-Oriented Annual Reports is more useful but also struggles to present a nuanced, evidence-based picture of UNDP's contributions and influence.

Evaluations provide good coverage and evidence regarding UNDP's contributions to environment portfolio outcomes. One limitation is the incomplete picture these provide of UNDP's work in Malaysia as only one of the five evaluations UNDP completed under the current CPD focused on a non-GEF activity (the Orang Asli micro-grants project).

More structured evaluation (whether internal or external) of policy influence and impact in areas not covered by mandatory project evaluations would help clarify internal objectives and capabilities required to achieve them. This should include a more deliberate attempt to clarify the specific objectives of UNDP's policy advocacy and influencing strategy.

CHAPTER 3

CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

3.1 Conclusions

Conclusion 1. UNDP's relationship with the Malaysian Government evolved from a traditional development agency-client relationship to a more mature strategic partnership. UNDP is substantively engaged with policy challenges that matter for Malaysia and Malaysian Government institutions, state governments and other stakeholders that are key to progress. While it is difficult to assess the precise impact of UNDP's contributions from the available evidence, UNDP's value was most tangible where it was able to leverage its convening power, global knowledge base, connections and neutrality.

UNDP provided valued input into Malaysia's efforts to strengthen its social protection system, which is key to addressing poverty among the lower third of Malaysian households and vulnerable groups. UNDP contributed to Malaysian efforts to tackle nationally significant policy challenges such as managing undocumented residents and risks to social cohesion and improving human rights and environmental standards in the private sector. UNDP provided effective support for Malaysia to meet environment convention commitments. UNDP implemented small grants schemes that supported economic development and environmental action at a local scale, partnering with state and local governments, civil society and local communities. UNDP advocated for gender equality, highlighting the economic importance of increasing women's economic participation and the costs of exclusion. UNDP knowledge products on key economic issues such as population ageing also informed national policy thinking and debate.

The scale of Malaysian Government resources and strength of its institutions make it difficult to clearly determine or attribute UNDP's unique contribution to policy and system change in Malaysia. However, stakeholders consulted by the evaluation were universally positive about UNDP's value in supporting and informing policy thinking and debate. Growth in government financing from less than $0.5 million to over $1.5 million annually since 2019 attests to the relevance of UNDP's offer to the Malaysian Government and the value placed on it by UNDP, the only UN agency funded out of the Malaysian Government's budget. The demand-driven nature of government cost-sharing projects means that there is strong ownership and support from national partners for the work undertaken.

UNDP's capacity to convene and work with different levels of government, local communities and other stakeholders proved particularly useful, especially in environmental policy, where the states play central roles. UNDP did well to support this process by establishing a programming footprint and staffing presence subnationally in Sarawak and Sabah, which have the largest forest tracts in the country, and, in Sabah, the state with the highest rate of poverty. With this in place, UNDP is in a good position to strengthen alignment between local actions and global objectives, especially through the valuation and improved management of environmental assets. UNDP's impartiality and neutrality make it an attractive partner for the Malaysian Government in working to address sensitive policy challenges.

Conclusion 2. The next CPD provides an opportunity to elevate and deepen UNDP's partnership with Malaysia. To achieve this outcome, UNDP will need to work with Malaysia to establish more efficient and effective funding and governance modalities reflective of a more mature strategic partnership.

As Malaysia approaches high-income status and against a backdrop of cuts in development finance from the world's major donors, UNDP's future role in Malaysia is contingent on domestic resourcing.

New financing and partnerships with state governments and private foundations, while modest, suggest there may be opportunities to diversify existing funding streams along with the ability to leverage increased private contributions contingent on UNDP streamlining corporate risk management systems.

UNDP's experience in other UMICs and evidence about the current value of the Government's cost-sharing partnership suggests reasonable prospects for deepening and strengthening this partnership under the next CPD. Achieving this outcome will require consideration of the most effective and efficient structure for the partnership. The evidence from this evaluation is that the predominance of micro-project and short-term funding modalities incurs administrative costs that are not proportionate to the value and risk of the work undertaken. This reduces the time that can be dedicated to higher-value activities, posing challenges for staff retention, the development of institutional know-how and the capacity to contribute to policy dialogue and UNDP's flexibility and agility.

3.2 Recommendations

Recommendation 1. Within the framework of a demand-driven programme, UNDP should look for opportunities to further deepen its engagement on the economic, social and environmental issues that are key to Malaysia's future development and prosperity connected to its global commitments.

UNDP should look for opportunities to strengthen its support for Malaysia's progress towards international commitments on the environment, climate and biodiversity, thus encouraging increased ambition in Malaysia's next Nationally Determined Contribution (NDC).

There is a good opportunity to support multisectoral and whole-of-landscape planning and help states to balance economic development and environmental imperatives by focusing on key economic sectors such as palm oil, forestry and tourism. There is an important opportunity for UNDP to support the Malaysian Government in clarifying its policy vision on sustainable tourism and aspirations to increase visitor numbers from around 25 to 36 million by 2026. This should include the nature of tourism (i.e., mass, high-end tourism, domestic, etc.), the number and distribution of tourists and implications for federal, state and local government and identify measures to mitigate environmental impacts.[67] UNDP has the potential to be at the forefront of advancing sustainable tourism by ensuring that the views of local governments, the private sector and civil society are considered when defining this vision guided by scientific data.

Strengthening policies to incentivize and finance climate mitigation and environmental protection should also be a core focus. Noting challenges in assessing the impact of new financing instruments, UNDP can play an important role in two areas: a) supporting the Government in ensuring that it has a well-defined policy framework for supporting green investment and the design of investment vehicles; and b) supporting the rigorous monitoring and regulation of sustainable financing instruments to ensure their effectiveness.

UNDP should continue to look for opportunities to promote interethnic and cultural harmony and cohesion while mitigating risks, building on current work with the Parliament of Malaysia, preventing violent extremism, and with youth. UNDP is in a good position to support implementation of the Malaysian Government's policy on countering violent extremism by leveraging networks in the region as well as its strengths as a neutral convenor. UNDP should build on its work on business and human rights, exploring opportunities to support reform efforts under the National Action Plan once it is finalized.

[67] 2026 is set as Visit Malaysia Year, targeting the arrival of 26.1 million foreign tourists, with estimated domestic spending of of approximately $23 billion. https://www.mof.gov.my/portal/en/news/press-citations/budget-2024-highlights.

UNDP should look to strengthen its policy advocacy agenda on gender equality beyond mainstreaming in partnership with key national institutions and non-state actors. Smart advocacy linking UNDP's work in Malaysia to global campaigns or agendas is an area where UNDP could do more with modest resources. The lack of a substantive partnership with the Malaysian Government's lead agency on gender equality should also be addressed.

The emphasis should be on maintaining continuity and depth of engagement in key policy areas rather than entering new areas. However, UNDP could usefully expand its current support in the area of social protection and the lower 30 percent of the population by focusing on the implications of the carbon transition for social harmony and welfare and policy response options. UNDP should also explore opportunities to expand investment in applied policy analysis on how to improve Malaysia's economic productivity, with particular focus on workforce participation for women and implications of population ageing.

Recommendation 2. UNDP should strengthen its focus on applied policy research and advocacy, leveraging its global networks, convening power and impartiality. Downstream work should be more strongly aligned with long-term policy and advocacy objectives. Supporting effective whole-of-government and federal-state collaboration is another area where this evaluation suggests UNDP can add further value, leveraging its programming footprint and presence in key subnational locations.

UNDP's value for Malaysia as a UMIC with general budget sufficiency and capable institutions is not as a source of finance or capacity development. UNDP's core value proposition is as a neutral broker of knowledge drawn from its global network able to convene and connect Malaysia to global forums and support whole-of-government and intergovernmental collaboration. This does not mean that UNDP should cease downstream activities but that these should be executed in a way that is strongly aligned with applied policy and advocacy objectives, an area this evaluation suggests can be improved.

UNDP could do more to leverage its global network to support Malaysia's South-South, South-North and triangular cooperation as a vehicle for two-way policy influence and learning, leveraging UNDP's global presence and Malaysia's leading position in ASEAN and the region.

As a small Country Office, UNDP should place strong emphasis on working in a networked fashion with other actors, engaging UNDP's global and regional policy network and utilizing communications for policy influence.

There is scope for UNDP to expand its support for inter-governmental coordination and policy coherence, leveraging its subnational footprint. Partnerships in Sabah and Sarawak, with large forest tracts and globally important biodiversity, are important for achieving global as well as nationally significant objectives. Given that Malaysia's states have jurisdiction over land matters, strengthening subnational partnerships will be key to UNDP's ability to support Malaysia's progress towards conservation and climate mitigation targets.

Recommendation 3. UNDP should explore the potential for the Malaysian Government to make long-term (4-5 years) financing commitments to the CPD at the outcome or output level, which would provide a stronger basis for UNDP to deliver more influential applied policy work than the smaller short-term activities that characterize the current portfolio. This should include consideration of technical capabilities and partnerships that will be required for the Country Office to provide sustained, high-quality and responsive advice and support to the Government in these areas over the CPD period.

The ideal governance framework should provide predictable resource allocations, with some flexibility to adapt and amend allocations in response to joint reviews and evaluations. This would provide a basis for co-creation and joint consideration of priorities within funding envelopes along with the ability to efficiently

respond to new and emerging priorities. Funding envelopes should provide capacity for recruitment of leading expertise in priority areas on long-term contracts, supplementing core Country Office capabilities covered by the government contributions towards local office costs and UNDP institutional budget. Resources should also be dedicated to design work so as to provide a basis for future work. Substantive engagements with UNDP's global policy network, regional and global centres of expertise should be planned for and developed along with longer-term partnerships with leading knowledge institutions.

To support accountable and efficient administration of the above, UNDP should avoid lengthy design processes for low value and short-term activities (where possible). The focus should be on establishing portfolio-level designs that provide a basis for organizing and accounting for a long-term programme of work aligned with CPD objectives. Where the scale, complexity or risk of specific activities or projects warrants it, more detailed or lengthier designs can be developed that fit within this framework.

Recommendation 4. UNDP should strengthen its monitoring, evaluation and communication systems to more effectively communicate its mandate and value in Malaysia. By focusing on progress towards the policy reforms it advocates for, the quality of its contributions and the lessons learned, UNDP can provide a more compelling explanation of its value and impact. Given Malaysia's size and strong institutional capacity, this approach will not only highlight UNDP's role in contributing to policy discussion and debate but also demonstrate how its efforts align with national priorities and contribute to meaningful change. The focus should be on improving an understanding of the nature and significance of UNDP's contributions and influence and of the level of alignment between reform objectives and outcomes.

There are several policy focal areas in the country programme where UNDP can build and communicate a more compelling narrative about its objectives and contributions. For example, UNDP is in a good position to follow through on the work done on the formulation of a draft social protection policy to advocate and assess the impact of the specific policy and system changes that may result from this body of work. This will require UNDP to have a clear internal understanding of reforms required to strengthen coverage and efficiency and to maintain engagement through implementation and assessment of impact.

As part of this approach, consideration could be given to utilizing internal or independent evaluations to help frame and deliver more robust analysis of policy influence. Clarifying policy engagement and advocacy objectives will be important as a basis for assessing influence and adjusting strategies.

3.3 Key Recommendations and Management Response

RECOMMENDATION 1:

Within the framework of a demand-driven programme, UNDP should look for opportunities to further deepen its engagement on the economic, social and environmental issues that are key to Malaysia's future development and prosperity, connected to its global commitments.

Management response: Accepted

The Country Office accepts the recommendation. The ICP confirmed the relevance of UNDP's contribution to Malaysia's development. Building on the strong foundation created under the current Country Programme, UNDP identified key areas to deepen its engagement under the next CPD in consultation with the Government while ensuring close alignment with 13MP.

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Comments	Status
1.1 In consultation with national stakeholders, ensure close alignment of UNDP's Country Programme Document 2026-2030 with the policy priorities outlined in the upcoming Thirteenth Malaysia Plan, 2026-2030 (13MP), deepening economic, social and environmental issues that are key to Malaysia's future development and prosperity, connected to its global commitments.	CPD Submission May 2025	RR, DRR and Team Leads		

RECOMMENDATION 2:

UNDP should strengthen its focus on applied policy research and advocacy while leveraging its global network, convening power and impartiality. Downstream work should be more strongly aligned with long-term policy and advocacy objectives. Supporting effective whole-of-government and federal-state collaboration is another area where this evaluation suggests that UNDP can add further value by leveraging its programming footprint and presence in key subnational locations.

Management response: Accepted

The Country Office accepts the recommendation to enhance UNDP's focus on applied policy research and advocacy. Recent work on the Greening Value Chain, the Care Economy and Social Protection demonstrated the value of UNDP in the policy research space in a UMIC country like Malaysia. For the next Country Programme, we will strengthen this component while leveraging our expanded footprint at the local level to inform policy discussion and setting.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
2.1 Established a UNDP Reference Group, including key and renowned scholars and practitioners in Malaysia to inform and provide strategic direction to CPD actions and initiatives as may be delivered within the broader political economy in which UNDP is operating in Malaysia and the region.	December 2025	LIGHTS		
2.2 Develop partnerships with academic institutions, think tanks and other research organizations to co-create and disseminate policy research that addresses key development challenges.	December 2025	LIGHTS		
2.3 Develop a value proposition for the Ministry of Economy to underwrite a dedicated unit within UNDP to focus on applied policy research and data management for Government use.	August 2025	LIGHTS		

RECOMMENDATION 3:

UNDP should explore the potential for the Malaysian Government to make long-term (4-5 years) financing commitments to the CPD at the outcome or output level, which would provide a stronger basis for UNDP to deliver more influential applied policy work than the smaller short-term activities that characterize the current portfolio. This should include consideration of technical capabilities and partnerships that will be required for the Country Office to provide sustained, high-quality, responsive advice and support to the Government in these areas over the CPD period.

Management response: Accepted

The Country Office accepts the recommendation to explore the potential for the Malaysian Government to make long-term (4-5 years) financing commitments to the Country Programme Document (CPD) at the outcome or output level while ensuring the appropriate government structure for continuous alignment with the Government's priorities. This approach will provide a stronger foundation for UNDP to deliver more sustained applied policy work and remove limitations and the operational burden associated with the short-term projects that currently characterize the portfolio. The CO already initiated discussion with the Government in that regard, and the new CPD provides an opportunity to revisit the funding allocation and operational framework for the CPD/CPAP.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
3.1 Engage in high-level dialogue with the Government to advocate for long-term financing commitments, highlighting the benefits of such commitments, including the ability to deliver more impactful and sustained policy work.	May 2025	RR		
3.2 Prepare a detailed financing proposal that outlines the specific results that would be achieved with long-term funding, including required technical capacities to provide sustained high-quality advice to the Government, and specify how this will enhance the effectiveness of UNDP's work (Including 2.3).	August 2025	DRR+M&O and LIGHTS		

RECOMMENDATION 4:

UNDP should strengthen its monitoring, evaluation and communication systems to more effectively communicate its mandate and value in Malaysia. By focusing on progress towards the policy reforms it is advocating for, the quality of its contributions and the lessons learned, UNDP can provide a more compelling explanation of its value and impact. Given Malaysia's size and strong institutional capacity, this approach will not only highlight UNDP's role in contributing to policy discussions and debates but also demonstrate how its efforts align with national priorities and contribute to meaningful change. The focus should be on improving an understanding of the nature and significance of UNDP's contributions and influence and the level of alignment between reform objectives and outcomes.

Management response: Accepted

The Country Office fully accepts the recommendation and acknowledges the importance of robust monitoring and communication systems in demonstrating our value and impact in Malaysia, especially outside GEF and large-scale projects. Given the country's strong institutional capacity, it is crucial for us to clearly articulate our role in contributing to policy discussions and debates by providing a more compelling explanation of our contributions and impact, particularly in the context of policy reforms.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
4.1 Based on the CPD Outcome and Output policy areas, develop a comprehensive monitoring framework with clear metrics to track progress towards policy reforms, the quality of contributions and lessons learned.	December 2025	M&O		
4.2 Perform annual rapid assessments of the impact of UNDP's policy advocacy efforts, including qualitative and quantitative analyses to capture the scope of UNDP's contributions and influence on policy reforms.	Throughout CPD 2026-2030	M&O and Policy Unit		
4.3 Utilize data analytics and digital tools to improve the collection, analysis and dissemination of information related to UNDP's contributions and impact.	Throughout CPD 2026-2030	M&O, SIFI and Policy Unit		

* Status of implementation is tracked electronically in the Evaluation Resource Centre database (ERC)

ANNEXES

Annexes to the report (listed below) are available on the website of the Independent Evaluation Office at: https://erc.undp.org/evaluation/documents/download/24566

Annex 1. Evaluation Terms of Reference

Annex 2. List of Projects

Annex 3. Status of Country Programme Document (CPD) Outcome and Output Indicators Matrix

Annex 4. Performance Rating

Annex 5. UNDP Country Office at a Glance

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