

**UNDP in Malaysia:
An Evaluation**

July 2009

CONTENTS

Executive Summary

1. INTRODUCTION

- 1.1 Objectives and methodology
- 1.2 Country context

2. UNDP'S CONTRIBUTION TO DEVELOPMENT RESULTS

- 2.1 UNDP in Malaysia
- 2.2 UNDP resources
- 2.3 Development results by practice area
- 2.4 Summing up

3. UNDP'S COMPARATIVE ADVANTAGE

4. KEY FINDINGS

- 4.1 Relevance
- 4.2 Effectiveness
- 4.3 Efficiency
- 4.4 Sustainability
- 4.5 Overall impact
- 4.6 A final comment

5. RECOMMENDATIONS

- 5.1 Enhancing overall impact
- 5.2 Repositioning
- 5.3 Implications for Country Programme 2008-2012

Annex

- I List of persons consulted
- II Illustrative publications of UNDP Malaysia: 2003-2007
- III UNDP key media events: 2004-2007

List of Tables

Table 1	UNDP's Technical Assistance to Malaysia: 2003 – 2012
Table 2	UNDP Malaysia's Human Development Cluster: 2003-07
Table 3	UNDP Programme Budget: 2003-07
Table 4	Energy and Environment – Programme Results
Table 5	Poverty across regions in Malaysia
Table 6	Human Development Cluster – Programme Results
Table 7	South-South Cooperation – Programme Results

Box

- 1 Poverty eradication initiatives of the Government of Malaysia

Acronyms and Abbreviations

ASEAN	Association of South East Asian Nations
CCF	Country Cooperation Framework
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CETREE	Centre for Education and Training in Renewable Energy and Environment
CP	Country Programme
CPD	Country Programme Document
CPO	Country Programme Outline
DANIDA	Danish International Development Assistance
DFIs	Development Finance Institutions
GDP	Gross Domestic Product
EE	Energy Efficiency
E&E	Energy and Environment
GEF	Global Environment Facility
HDI	Human Development Index
ICT	Information Communication Technology
ICT4D	Information Communication Technology for Development
IPF	Indicative Planning Figure
IWT	Inland Water Transport
JICA	Japan International Cooperation Agency
KPI	Key Performance Indicators
MDGs	Millennium Development Goals
MGGI	Malaysian Gender Gap Index
MIEEIP	Malaysia Industrial Energy Efficiency Improvement Project
MICs	Middle-Income countries
MMR	Maternal mortality ratio
MNRE	Ministry of Natural Resources and Environment
MWFCD	Ministry of Women, Family and Community Development
MTCP	Malaysia Technical Cooperation Programme
MYKE2	Knowledge Content in Key Economic Sectors Phase 2
NAM	Non-Aligned Movement
NGOs	Non-Governmental Organizations
NIP	National Integrity Plan
NPP	National Physical Plan
OIC	Organisation of the Islamic Conference
PRF	Permanent Reserve Forests
PTM	Pusat Tenaga Malaysia
RE	Renewable Energy
SME	Small and Medium-sized enterprise
SSC	South-South cooperation
SWM	Solid Waste Management
TA	Technical Assistance
TRAC	Target Resources Assigned from the Core

UN	United Nations
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WHO	World Health Organization

EXECUTIVE SUMMARY

Introduction

1. Malaysia, like all other countries, is grappling with the economic downturn caused by the unprecedented global financial crisis and worldwide recession. However, unlike many other countries, Malaysia has the potential to reorient its development path, capitalize on its foundational strengths and emerge from the global crisis as a stronger and more vibrant economy.
2. The motivation behind the evaluation is to identify ways of making the programme of cooperation between the Government of Malaysia and the United Nations Development Programme (UNDP) more impactful and relevant.
3. The objectives of this evaluation are: 1) to review the outcome of the CPO 2003-2007; 2) to provide an overall assessment of development results achieved through UNDP support; 3) to recommend measures for improving the effectiveness of UNDP's assistance to Malaysia; and 4) to suggest potential areas for further strengthening the programme of cooperation between UNDP and Malaysia. The evaluation is also expected to be forward looking and strategic. It seeks to identify measures needed for enhancing UNDP's performance and effectiveness within Malaysia's national development priorities.
4. The evaluation was carried out over a period of three months: February-April 2009.

Country Context

5. Malaysia, a country of close to 28 million multi-ethnic and culturally diverse people and a per capita income of US\$7,000¹, is one of Southeast Asia's most dynamic economies. It has had an impressive track record of sustained economic growth, substantial poverty reduction, and progress in human development over the last few decades.
6. Today, Malaysia has achieved all the nationally focused Millennium Development Goals (MDGs) with the exception of MDG 6, namely, halting and beginning to reverse the spread of HIV/AIDS. HIV/AIDS cases have risen sharply since the 1990s, and in recent years there has been a rising trend of HIV infections especially among women and young people.
7. Despite the impressive economic progress and gains in human development, Malaysia continues to face many development challenges. Income inequalities have been rising. Though the incidence of poverty is not high in any part of the country,

¹ Malaysian Department of Statistics, 4th Quarter, 2008 Statistics

except perhaps Sabah, poverty reduction in Malaysia has been uneven, and varies considerably by state and ethnic group.

8. Malaysia also faces some real challenges: of being caught in a “middle-income” trap and sustaining development to become a high income country, of ensuring strong domestic demand, of increasing and maintaining international competitiveness in manufacturing and services, of energizing the private sector to become the engine of growth and of tackling unemployment. It is far from clear if the country’s recent focus on services liberalization can return it to a high growth trajectory and deliver on its aspiration to be a high income developed country by 2020. The country also continues to face environmental and energy scarcity challenges including the lack of environmental data to monitor environmental policy management and implementation, sustainable transportation fuels and the optimum use of renewable and fossil fuel energy. At the same time, the State has ground to cover in terms of improving governance and public administration in order to assure all citizens equal opportunities and rights as enshrined in the Constitution.
9. Moreover, the Malaysian economy has been feeling the adverse impact of the global financial meltdown since late 2008. Clearly, it is timely for Malaysia to re-assess the prospects of achieving its Vision 2020 against the backdrop of its human development achievements and shortcomings as well as the current global financial crisis.

UNDP in Malaysia

10. UNDP’s partnership with Malaysia dates back to 1957 when the country started receiving Technical Assistance (TA) for capacity building in technical education and training. Starting in 1972, UNDP adopted a regular Country Programme cycle, which matches assistance in line with sectors and areas of priority as determined by the Government of Malaysia in the five-year development plans of the country.
11. The Country Programme Outline covering the period 2003 to 2007 focused on human development and energy and environment, as well as sharing best practices in these areas through South-South cooperation. The four strategic areas of support in the CPO 2003-2007, each supported the following outcomes: Sustainable Human Development; Poverty; Environment; and Gender.

UNDP resources

12. Government of Malaysia entered into a cost-sharing agreement with UNDP in 1977. Over the years, Government’s share has been increasing and in the on-going programme, Government of Malaysia covers 60 per cent of the project’s resource requirements.
13. Currently GEF represents around 50 per cent of programmable resources. Other resources from sources such as the UNDP Thematic Trust Funds and the private

sector comprise only a very small percentage of total resource flows. Financial assistance from UNDP to Malaysia is summarized below:

UNDP's Technical Assistance to Malaysia: 2003 – 2012		
Source of Funding (in USD 000s)	2003-07 (Actual Expenditures)	2008-2012 (Estimated Expenditures)
UNDP Expenditures / Resource Allocation	2,509	2,030
Government Cost Sharing	5,653	6,000
GEF	15,920	24,000
Montreal Protocol	1,161	600
Others (Private Sector/ Inter Regional)	5,440	3,000
TOTAL	30,683	35,630

14. Cost sharing resources for the year 2008 as part of the country programme for 2008-2012 are 60:40 between Government cost-sharing and UNDP regular resources. It is hoped that a progressively greater share of Government resources will be negotiated over the coming years.

Development results by practice area

15. UNDP's projects under CPO 2003-2007 can be broadly classified into three clusters: (1) Energy and environment, (2) human development; and (3) South-South cooperation.
16. An analysis of project outputs reveals that UNDP Malaysia produced a number of outputs that have contributed in four different ways to Malaysia's development:
- **Policy inputs:** UNDP has helped with documentation, identification of gaps, feasibility studies, arranging specific policy inputs and policy recommendation.
 - **Policy frameworks and models:** UNDP projects have helped to develop policy frameworks and plans of action in different areas.
 - **Capacity building:** UNDP has supported training of professional managers and others to enhance their capacities in many different ways.
 - **Public education and awareness:** UNDP has contributed to improving public awareness by releasing reports and publications, organizing meetings, and launching public campaigns.

UNDP'S comparative advantage

17. Stakeholders frequently identified two or more aspects and features that make up UNDP's comparative advantage. Listed below are some of the significant features:
- Long-standing association: With a presence of more than 50 years in Malaysia, UNDP has established its reputation as a trusted partner enjoying the confidence of the Government as well as many civil society organizations in the country. UNDP has developed a good understanding of government thinking and priorities and has dovetailed its operations to match national priorities.

- Neutrality: As a multilateral agency, UNDP enjoys a high degree of neutrality within the country and is regarded as a provider of unbiased advice.
- Compatibility with national approach: UNDP's advocacy of the human development approach is consistent with Malaysia's own 5 year National Development Plans and Vision 2020.
- Support for multi-sectoral interventions: UNDP's mandate allows for supporting cross-sectoral interventions and this places UNDP in a relatively advantageous position vis-à-vis other agencies (specialized UN agencies for instance) whose mandate is far more technical and limited.
- Access to global expertise: UNDP has the capacity to tap into and leverage a wide range of development expertise by drawing on global, international experiences through (horizontal and vertical) knowledge networks, country offices (horizontal) and Technical Assistance (vertical, also through regional offices).
- Global showcasing of Malaysia's achievements: UNDP's Country Office serves as a useful window for Malaysia to the outside world. UNDP has over the years, created and highlighted several achievements and progress made by the country.
- Flexibility and responsiveness: UNDP has established its reputation as an agency that supports the Government of Malaysia in tapping new opportunities and experimenting with new ideas.
- Coordination function: UNDP's broad mandate as well as support to the Office of the Resident Coordinator allows for coordination and mobilization within the UN system and access to those UN partners not resident in the country.

KEY FINDINGS

18. **Relevance:** Most UNDP-supported projects implemented between 2003-07 were highly relevant to Malaysia's development. They were well aligned with national priorities and well-synchronized with the country's long term development goals. It is noted that there has been instances where the GEF priorities as determined at the global level do not match Malaysia's national priorities and at thus places added challenges at the local level to ensure projects selected are determined by local needs and not merely dictated by global priorities. For the evaluation period, all the UNDP/GEF projects in Malaysia that have been undertaken have managed to remain closely aligned to national priorities.
19. **Effectiveness:** UNDP projects have been effective in different ways. Some projects have provided vital inputs into the formulation of plans and policies. Others have generated greater public awareness. Advocacy has helped with increasing visibility and initiating public action. Consultative workshops and interactions with civil society organizations and think-tanks have helped generate public debate and discussion. Nevertheless, some factors have limited the overall effectiveness of UNDP's interventions.
- The UNDP Country Programme during this period consisted of a number of small projects spread across a wide range of sectors. This has led to a highly scattered and diversified portfolio and contributed to the fragmentation of UNDP's efforts. It has become difficult for staff members to offer effective professional support,

- establish expertise, and engage effectively with Government on critical issues relating to the sectors.
- Selection of projects has, by and large, tended to be ad hoc except the GEF projects which required a multi-stake holders consultation approach before they were approved and implemented.
 - There were deficiencies in the identification, short-listing and selection of projects for funding. Though projects generally originated within government, it is not clear what the process for identification and selection are.
 - UNDP is yet to undertake NGO execution modalities to fully capitalize on the strengths of NGOs, academic and research institutions and to build their capacities. This will, however, require the encouragement of more consultative processes between the EPU and NGOs in the projects' activities.
 - UNDP has yet to tap and leverage additional funds (sourced from available global and regional thematic trust funds and development financing mechanisms) strategically and systematically for its core projects. Several GEF projects, on the other hand, have successfully mobilized contributions from the government and private sector in its activities.
20. **Efficiency:** Our interactions with stakeholders point to a few areas where scope for improving efficiency exists. First, we observe long delays in timelines that arise largely due to problems of coordination at various levels of government. Second, compliance with monitoring and reporting requirements is weak in some projects. Third, UNDP managers tend to spend inordinately large amounts of time supporting some implementing partners despite the National Execution modality. There are many reasons for this. In instances where consultants are hired by government as project managers, institutional learning remains weak. Much of the work is done by consultants who move on once the project has ended. Also, managers and desk officers within government get transferred.
21. **Sustainability:** We find a mixed picture in terms of the sustainability of projects. Some projects were designed as one-off projects; and so there has been no follow-up. In other instances, projects were sub-contracted to external consultants. As a result, there is very little institutional learning that takes place within the government. However, there are projects that have been well-accepted and adopted by the government for expansion and scaling-up. This tends to happen when (i) there is strong political and bureaucratic commitment at the top; (ii) the projects have a high profile and high value-addition; and (iii) systems of mentoring and reporting are effective; and the performance of managers especially in terms of KPI (key performance indicators) is linked to project outcomes.
22. **Overall impact:** On the whole, UNDP projects have contributed positively to Malaysia's development. Projects have also been well designed and competently administered; and to that extent, they can be termed 'successful'. However, we find that when viewed individually, UNDP projects appear to be making an impact at the

local or sectoral level; but collectively, they do not seem to have made a sufficient national impact.

23. There are several reasons for this.

- As noted earlier, selection of projects has been ad hoc rather than strategic.
- UNDP funding has been relatively small and localized; and hence limited in terms of its national impact.
- Some high-value projects have not been scaled up or institutionalized because of the absence of a follow-up plan on both sides – government and UNDP.
- UNDP has paid insufficient attention to supporting up-stream policy formulation in Malaysia especially in areas of UNDP competencies acknowledged by Government.

24. Two additional global corporate deficiencies have also limited the impact that UNDP can potentially have on Malaysia's development.

- UNDP has not developed a robust and proactive approach to South-South cooperation.
- UNDP's role in middle-income countries like Malaysia still remains ambiguous.

25. In the absence of an explicit and agreed upon global corporate doctrine on MICs or guidance to country offices, UNDP has often been obliged to adopt a reactive approach and respond on a case-by-case basis. This leads to a 'technocratic bias' in UNDP's approach and the lack of substantive discussion of MICs' development realities and their significance to UNDP itself, the UN system and the international community.

26. **A final comment:** Given the co-funding and implementation by government, it is difficult to isolate and attribute 'success' or 'failure' to UNDP alone. To that extent, our findings relate to the project management capabilities of both UNDP and government. Clearly, there is scope for improvement on both sides.

RECOMMENDATIONS

27. **Enhancing overall impact:** UNDP needs to take four major steps in order to enhance its contribution to Malaysia's development.

- UNDP must articulate a clear role for itself in a middle-income country like Malaysia.
- UNDP must make the most of the organization's broad development mandate, impartiality, moral authority and ability to work with all national actors to position Malaysia as a lead player in the promotion of South South cooperation.
- UNDP must engineer a shift of emphasis in programming from many small scattered projects to *strategic* upstream activities focusing on knowledge, improving policy analysis and policy advocacy.
- UNDP must exploit the potential for developing partnerships in Malaysia with non-governmental organizations, research and academic institutions and civil society movements.

28. **Repositioning:** UNDP should begin to reposition itself in Malaysia in order to enhance the effectiveness of its contribution. The following are some of the measures to consider:

- Develop a strategic response to multiple stakeholder demands. Bring focus and selectivity in existing areas of interventions. Analyze comprehensively, but act selectively. Identify new high-impact areas that match competencies. Continue with informed policy advocacy especially around governance and human rights, gender, health, poverty, inequality and sustainable development. Back up policy advocacy with evidence and rigorous analysis of policy alternatives. Support formulation and implementation of the 10th Malaysia Plan by assisting Malaysia with evidence based planning and capacity building in key sectors. Adopting such an approach has several implications for project selection.
 - Projects should not become ends in themselves. They ought to become instruments (policy experiments) for building evidence and fostering policy dialogue.
 - Projects should have a well-articulated and well-established link to national policy.
 - New criteria and processes for selection of projects must be introduced in order to ensure greater coherence and overall impact.
- Generate significant value addition. This will call for building on strengths and competencies of UNDP staff, identifying a niche, acquiring and projecting competencies, strengthening brand recognition, bringing international expertise to bear, and leveraging on the one-UN banner. It must be noted that building the competencies of UNDP staff will require the investment of resources to enhance the skills sets of the programme staff in key thematic areas.
- Institutionalize regular monitoring and periodic evaluations. This will call for setting up monitoring mechanisms for every project, making evaluation integral to the projects, and setting up joint systems for performance monitoring of projects.
- Improve skill mix and intensity. This will require drawing more on international experience and expertise, developing a strong cadre of national consultants to work on design, monitoring and evaluation; and enhancing the capacity of UNDP staff so that they are better equipped to engage in policy dialogue, quality monitoring and technical backstopping.
- Improve visibility and the brand image of UNDP. This will require enhancing people's knowledge of the specific substantive contributions and the various services UNDP can provide. It will also call for engaging more pro-actively with media to foster an awareness of UNDP and an understanding of its capabilities; and also to foster partnerships with civil society and the private sector.

Many aspects of a repositioning has already been initiated by the Resident Coordinator and Resident Representative starting in 2009 – and are underway as evident from the UNDP Retreat Report of January 2009.

Implications for Country Programme 2008-2012

29. Adopting measures to enhance effectiveness and repositioning have important implications for UNDP's on-going Country Programme 2008-2012.
- UNDP should tap the world's best expertise to initiate, in collaboration with the Government of Malaysia, a series of analytical and empirical policy research studies that examine the national implications, both short term and long term, of the global economic and financial crisis.
 - UNDP should draw attention to the importance of human security, especially protection against down-side risks arising out of the global financial meltdown. It should draw on its vast global experience to propose innovative approaches to hardcore poverty eradication especially in rural areas and in Sabah, Sarawak, Kedah, Kelantan and Terengganu. It would be equally important to develop special approaches and strategies to expand opportunities for indigenous communities. Focus should be on issues of regional poverty, cross-border migration, and concerns of indigenous people.
 - Regardless of the uncertainty regarding GEF funding for Malaysia over the next cycle, UNDP should tap on regional and global expertise to enhance Malaysia's capacity for environmental management of biodiversity and natural resources, including water resource management. Equally important would be to draw up a long term strategic plan for dealing with critical issues of climate change, forest conservation and biodiversity, industrial energy efficiency, and renewable energy systems for ensuring energy security.
 - UNDP should draw on its expertise in governance and institutional capacity building to improve functioning of government at all levels.
 - UNDP should pro-actively support Malaysia's efforts at promoting South-South Cooperation by articulating UNDP's role more clearly in middle-income countries.

1. INTRODUCTION

Malaysia, like all other countries, is grappling with the economic downturn caused by the unprecedented global financial crisis and worldwide recession. In some respects, the Malaysian economy is more vulnerable than others given the high degree of its openness and dependence on international trade. However, unlike many other countries, Malaysia has the potential to reorient its development path, capitalize on its foundational strengths and emerge from the global crisis as a stronger and more vibrant economy. It is against this backdrop of the on-going economic crisis as well as emerging opportunities for restructuring the programme of cooperation between Government of Malaysia and UNDP that the Resident Representative of UNDP and Resident Coordinator of the United Nations (UN) has commissioned this evaluation of UNDP's contribution to Malaysia's development. The motivation is to identify ways of making the programme of cooperation between the Government of Malaysia and the United Nations Development Programme (UNDP) more impactful and relevant.

Findings and recommendations of this evaluation are likely to provide useful inputs to the Government of Malaysia to restructure and reprioritize its investments and partnership with UNDP in the light of emerging concerns and development needs.

1.1 Objectives and methodology

UNDP Malaysia has commissioned this independent evaluation of the implementation of the Country Programme Outline (CPO) 2003-2007 with the following objectives: 1) to review the outcome of the CPO 2003-2007; 2) to provide an overall assessment of development results achieved through UNDP support, 3) to recommend measures for improving the effectiveness of UNDP's assistance to Malaysia; and 4) to suggest potential areas for further strengthening the programme of cooperation between UNDP and Malaysia.

In undertaking the assessment, we have adopted globally accepted evaluation criteria:

- **Relevance:** the extent to which the objectives of development interventions are consistent with community requirements, country needs and global priorities.
- **Effectiveness:** the extent to which the objectives of the interventions were achieved or are expected to be achieved taking note of their relative importance.
- **Efficiency:** the extent to which resources, namely inputs including finances, expertise and time have been economically converted into tangible results.
- **Sustainability:** the extent to which organizations have been able to develop permanent structures, procedures and professional capacities to ensure continuity of the programmes.

At the same time, the evaluation is expected to be forward looking and strategic. It seeks to identify measures that need to be taken in the coming years for enhancing UNDP's performance and effectiveness within the overall context of Malaysia's national development priorities.

The following questions guide this evaluation:

- What have been UNDP's key achievements over the period 2003-07 in the three strategic areas of programmatic interventions, namely, energy and environment, sustainable human development, and south-south cooperation?
- What are lessons learned from UNDP's programme of cooperation with the Government of Malaysia?
- What is the comparative advantage that UNDP enjoys in Malaysia?
- To what extent has UNDP capitalized on its comparative advantage to advance Malaysia's development agenda?
- What are the factors limiting the effectiveness of UNDP interventions?
- What are the measures needed for enhancing the effectiveness of UNDP's contributions to Malaysia's development?

The evaluation is based primarily on a review of existing documents and evaluation reports, discussions with UNDP staff members and government officials as well as in-depth interviews with key stakeholders in civil society. (See Annex 1 for list of people consulted). UNDP did not conduct any significant outcome evaluations of its projects during 2003-07. There has been only one mid-term outcome evaluation (Biomass Power Generation), one final (outcome) evaluation study (Industrial Energy and Environment project) and one evaluation study of Gender Budgeting. As some of the projects continue to be operational in 2008, they are only scheduled to be evaluated during the 2008-2012 period. End-of-project reports are also not available for all projects, and of those available, many are incomplete.

The evaluation was carried out over a period of three months: February-April 2009. The team had its first set of meetings and interviews in Malaysia from February 10- 14, 2009. This was followed up by individual meetings with stakeholders. A preliminary impressions report was submitted in mid-March 2009. A second set of meetings and interviews were conducted from April 15-17, 2009 to validate the impressions and revise the findings. Preliminary findings and recommendations were presented to UNDP as well as to the International Cooperation Section of the Economic Planning Unit on April 17, 2009. This final report incorporates the feedback and comments received at this meeting as well from other reviewers.

1.2 Country Context

This section describes the development situation in Malaysia as a backdrop to the evaluation. It is not a comprehensive review of the rich and complex realities of the country but rather a brief overview of sectors and issues that help to contextualize UNDP's interventions.

Malaysia is a country of close to 28 million multi-ethnic and culturally diverse people and a per capita income of US\$7,000². It has emerged as one of Southeast Asia's most

² Malaysian Department of Statistics, 4th Quarter, 2008 Statistics

dynamic economies with an impressive track record of sustained economic growth, substantial poverty reduction, and progress in human development over the last few decades.

In 1990, Malaysia had reported a Human Development Index of 0.725. By 2005, Malaysia's HDI had risen to 0.811 and the country ranked 63rd out of 177 countries on the HDI. The country was quick to recover from the shock of the 1997 Asian financial crisis, and recorded an annual average GDP growth rate of 5.3 per cent between 2000 and 2006. The national poverty rate fell from 16.5 per cent in 1990 to 8.5 per cent in 1999 and further to 5.7 per cent in 2004. In 2004, Malaysia joined the set of high human development countries. Life expectancy at birth – 74 years in 2007 – was well above the average of 71.7 years for East Asia and the Pacific. By 2000, about 98 per cent of the urban population and 87 per cent of the rural population were served with clean piped water. In rural areas, sanitary latrines had been provided for 99 per cent of the population.

Malaysia is remarkably well-endowed with natural resources. Forests account for close to 19.5 million hectares or 59.5 per cent of the country's 33 million hectares of land area. Out of the 19.5 million hectares, 14.3 million hectares are gazetted as Permanent Reserve Forests (PRF) or Forest Reserves in Sabah and Sarawak. In addition, Malaysia has also gazetted a total of about 3.3 million hectares as protected areas, under the network of Wildlife Sanctuaries, National Parks, State Parks, and Wildlife Reserves scattered throughout the country.

Malaysia is one of the twelve mega biologically diverse countries in the world with an estimated 15,000 known species of flowering plants, 286 species of mammals, 150,000 species of invertebrates, over 1,000 species of butterflies, 12,000 species of moths, and over 4,000 species of marine fish in the country.

Malaysia's largest energy resources are oil and natural gas. Hydroelectricity and coal (mainly imported) comprise the other main sources of power. Crude oil and petroleum products provide about 53 per cent of the total energy supply and natural gas around 37 per cent. In the coming years, the contribution of crude oil and petroleum products is anticipated to decline while natural gas and coal are expected to increase. At the same time, the use of renewable energy as the fifth option is expected to intensify.

The principles of sustainable development were introduced in the Third Malaysia Plan (1976–80) and have been reiterated in subsequent development plans. The Government of Malaysia has signed various international agreements since the 1970s. It has established special institutions to spearhead research and development and education and training in energy efficiency and renewable energy. *Pusat Tenaga Malaysia* (PTM) was set up to coordinate and manage energy-related R & D programmes, as well as to promote energy efficiency and renewable energy in Malaysia.

Despite the impressive economic progress and gains in human development, Malaysia continues to face many development challenges. Income inequalities have been rising and this is captured by the increase in the gini coefficient from 0.446 in 1990 to 0.462 in

2004. Though the incidence of poverty is not high in any part of the country, except perhaps Sabah, poverty reduction in Malaysia has been uneven, and varies considerably by state and inter ethnic group. The highest incidences are in Sabah (16 per cent) and Kelantan (12 per cent). Ethnic differences remain marked (poverty incidence in 2002 being 7.3 per cent for *Bumiputera*, 1.5 per cent for Chinese, and 1.9 per cent for Indians). The vast majority of remaining poor households are *Bumiputera*, with a significant proportion of these being the *Orang Asli* and the indigenous communities of Sabah and Sarawak.

In 1970, one-third of Malaysia's population aged 6 and over had never attended school, and 12 per cent of all primary school-age children were not in school. But by 1990, Malaysia had achieved the goal of universal primary education—not only in terms of enrolment ratios, but also in terms of the number of primary school children completing primary school education (which was above 97 per cent). Gender disparity had largely disappeared at the primary level by 1970, and today, girls outnumber boys both in primary and secondary school enrolment (in all states)³.

Infant and child mortality rates have been reduced from moderately low levels in 1970 to levels prevailing in highly developed countries (10 and 12 per 1000 live births respectively in 2006). Ethnic differentials and rural–urban differences have also been sharply reduced. Contributing to this has been Malaysia's well-developed primary health care system that reaches quality health care to all its citizens through an extensive network of health centres and clinics supported by trained health workers. Improved access to clean water and sanitation, and better child nutrition, reinforced by programmes to reduce poverty, increase literacy, and the provision of modern infrastructure have further contributed to significantly improving health outcomes.

Maternal deaths today have become relatively rare events: less than two in every 10,000 deliveries. Malaysia's maternal mortality ratio (MMR) fell from around 280 in 1957 to 141 per 100,000 live births by 1970. By 1990, it was below 20 per 100,000 live births – a level similar to that of most advanced countries. Six key elements have contributed to Malaysia's remarkable success in reducing maternal mortality: (i) improved access to, and quality of care of, maternal health services, including family planning; (ii) requisite investments in upgrading the quality of essential obstetric care in district hospitals, with a focus on emergency obstetric care services; (iii) streamlining and improving the efficiency of referral and feedback systems to prevent delays in service delivery; (iv) increasing the professional skills of trained delivery attendants to manage pregnancy and delivery complications; (v) implementing a monitoring system with periodical reviews of the system of investigation; and (vi) working closely with communities to remove social and cultural constraints and improve acceptability of modern maternal health services.

³ Data for this section have been drawn largely from Malaysia - Achieving the Millennium Development Goals Successes and Challenges accessible at <http://www.undp.org.my/mdgs/malaysia-mdg-report>

Promotion of gender equality and empowerment of women remains a high priority. The Government of Malaysia adopted the National Policy for Women was adopted in 1989, established the Ministry of Women, Family and Community Development in 2001 and has introduced a number of measures to improve the legal status of women. Policy makers have been regularly and systematically exposed to gender analysis training and sensitization. More recently, Government has set a target of at least 30 per cent women in decision making positions in the public sector to be achieved during the ninth Malaysia plan period, 2006-2010.

Though the country's progress in the past two decades has been impressive, Malaysia faces some real challenges. At the national level, Malaysia has achieved all the Millennium Development Goals (MDGs) with the exception of MDG 6, namely, halting and beginning to reverse the spread of HIV/AIDS. About 80 per cent of reported HIV/AIDS cases occur among those aged 20-39, the younger and potentially more productive segment of the nation's population. Most affected are also women. HIV/AIDS cases have risen sharply since the 1990s ever since the first case of HIV infection diagnosed in Malaysia was reported late in 1986. By 2003, the reported cumulative number of cases rose to over 58,000. Of these, slightly more than 6,000 persons, 11 per cent, had died of AIDS. The rise in number of AIDS deaths has been dramatic: from 14 in 1990 to 6,130 in 2003. The Malaysian government is seized of the problem and has adopted a multi-sectoral approach in its efforts to control HIV/AIDS and has increasingly supported measures to respond to the pandemic. This includes involving sectors other than health, such as education, information, and the drug agency, as well as NGOs, in the many aspects of AIDS prevention, treatment, care, and support.

Though schooling has become universal, issues of quality of education remain to be addressed in both urban and rural and remote communities. Many gender issues remain, including the need to enable women to better balance their work, childcare, and household duties and changing men's attitudes to sharing family responsibilities. The country continues to face environmental challenges including the lack of environmental data to monitor environmental policy management and implementation, sustainable transportation fuels and the optimum use of renewable and fossil fuel energy. Malaysia also faces some real challenges: of being caught in a "middle-income" trap and sustaining development to become a high income country, of ensuring strong domestic demand, of increasing and maintaining international competitiveness in manufacturing and services, of energizing the private sector to become the engine of growth and of tackling unemployment. It is far from clear if the country's recent focus on services liberalization can return it to a high growth trajectory and deliver on its aspiration to be a high income developed country by 2020. The country also continues to face environmental and energy scarcity challenges including the lack of environmental data to monitor environmental policy management and implementation, sustainable transportation fuels and the optimum use of renewable and fossil fuel energy. At the same time, the State has ground to cover in terms of improving governance and public administration in order to assure all citizens equal opportunities and rights as enshrined in the Constitution.

Addressing these challenges is important if Malaysia has to fulfil its Vision 2020 which is for the country to achieve the long term goals of (i) of shifting from a production to a knowledge-based economy in the medium term; and (ii) of becoming a fully developed country by 2020.

Moreover, the Malaysian economy has begun to feel the impact of the global financial meltdown. In the fourth quarter of 2008, GDP growth rate fell abruptly to 0.1 per cent, reflecting both plunging commodity prices and the impact of the recession in the United States and other industrialized countries. The US dollar value of Malaysian exports contracted by 20.1 per cent in December 2008 compared to the same month in 2007, and by 33.8 per cent in February 2009, further dampening the outlook for this year. Net inflows of short-term capital fell during the second and third quarter of 2008. Projections are that unemployment is likely to increase. The number of job-seekers (including those already employed) more than doubled from 81,786 to 178,621 over a six-month period ending September 2008. Close to 30,000 retrenched workers are expected to return from Singapore in the near future. Adding to the gloom are plummeting oil and commodity prices. Demand for non-core exports from China, South Korea and India are softening. Malaysia's GDP grew at 4.6 per cent in 2008 - down from 6.2 per cent in 2007 - although record high prices of export commodities such as palm oil during the first half of the year eased the downfall. Estimates of growth in real GDP for 2009 vary from -0.9 per cent to 3.5 per cent⁴. In June 2009, the Prime Minister announced that the Government has revised Malaysia's GDP growth forecast to between -4% and -5% for 2009⁵. Estimates by Bank Negara reveal a decline of 7.7 per cent in the GDP for the first quarter of 2009.⁶ It is believed that the ramifications of the current global meltdown could be more severe and longer lasting than the previous financial crisis of 1997. Clearly, the time is critical for Malaysia to re-assess the prospects of achieving the long term goals against the backdrop of its human development achievements and shortcomings as well as the current global financial crisis.

⁴ Data and observations are from (i) the presentation by Dr. Mahani Zainal Abidin, ISIS Malaysia titled 'The implications of the global financial and economic crisis for Malaysia in 2009 and beyond', January 14, 2009 and (ii) the ESCAP Economic and Social Survey of Asia and the Pacific 2009 Press Release dated March 26, 2009.

⁵ <http://thestar.com.my/news/story.asp?file=/2009/6/22/nation/20090622210908&sec=nation>

⁶ Source - Bank Negara Malaysia Monthly Statistical Bulletin, May 2009

2. UNDP'S CONTRIBUTION TO DEVELOPMENT RESULTS

This chapter discusses UNDP's strategic interventions in Malaysia during the period 2003-2007 and the results achieved.

2.1 UNDP in Malaysia

UNDP's role in Malaysia, over the years, has changed in response to the development needs and performance of the country. UNDP today supports national efforts in areas where needs are great, where Malaysia's own ability is limited and where UNDP and the United Nations system have a mandate and experience.

UNDP's partnership with Malaysia dates back to 1957 when the country started receiving Technical Assistance (TA) for capacity building in technical education and training, health and nutrition. TA was initially extended under the UN Expanded Programme of Technical Assistance started in 1949, and later brought under the UN Special Funds established in 1958. Starting in 1972, UNDP adopted a regular Country Programme cycle, that gave assistance to sectors and areas of priority as determined by Malaysia's five-year development plans.

UNDP shifted to a system of five-year resource allocation with the First Country Programme (CP) from 1972-1976. This continued until the Fifth Country Programme (1992-1996). Subsequently, the CP was replaced by a five-year Country Cooperation Framework (CCF). The first CCF 1997-2001 was extended till 2002. The nomenclature was once again changed and a new Country Programme Outline (CPO) for 2003-2007 was developed. Currently under implementation is the Country Programme Document (CPD) 2008-2012. These programmes of cooperation are prepared in close consultation between UNDP and the Government which is represented by the Economic Planning Unit. A stakeholders' consultation was also held during the preparation of the CPAP/CPD. Civil society including selected NGOs and academia were in attendance to provide their input. It is a participatory process that attempts to identify the most effective use of UNDP resources for achieving results and address national development needs which are within UNDP's mandates.

The Country Programme Outline covering 2003-2007 focused on three main areas: energy and environment, human development and sharing of best practices in these areas through South-South cooperation. The strategic areas of support and expected outcomes in the CPO 2003-2007 are listed below:

Strategic Area of Support 1: Sustainable Human Development

- National policies more effectively address the social impact of economic liberalization.
- Increased regional and sub-regional economic and political cooperation.

Strategic Area of Support 2: Poverty

- Institutional capacity built to plan and implement multi-sectoral strategies at both national and sub-national levels to limit the spread of HIV/AIDS and mitigate its social and economic impact on poor people and women.
- An enabling environment created for the use of Information Communication Technology (ICT) in small and medium-sized enterprise (SME) development, or creation of internet-focused firms.
- Expanded collaboration between the public and private sectors to provide poor communities/underserved groups (e.g., women, people with disabilities, elderly, minorities, etc) with access to and training to use ICT.

Strategic Area of Support 3: Environment

- Environmental and energy sustainability objectives integrated in macroeconomic and sector policies.
- Improved capacity of national/sectoral authorities to plan and implement integrated approaches to environmental management and energy development that respond to the needs of the poor.
- Improved capacity of local authorities, community-based groups, and private sector in environmental management and sustainable energy development.
- Global environmental concerns and commitments integrated in national development planning and policy.

Strategic Area of Support 4: Gender

- Policy statements and strategies incorporate gender equality as a specific objective.
- Periodic reports on the implementation of the Convention on the Elimination of All Forms of Discrimination against Women prepared by Government and reviewed by Parliament.

The on-going Country Programme as stipulated in the Country Programme Document (CPD) covers the period 2008-2012. It was developed through a broad multi-stakeholder consultative process to complement the 9th Malaysia Plan and has five strategic thrusts:

- to move the economy up the value chain
- to raise capacity for knowledge and innovation and nurture "first class mentality"
- to address persistent socio-economic inequalities constructively and productively
- to improve the standard and sustainability of quality of life; and
- to strengthen institutional and implementation capacity

Current programmatic priorities of UNDP Malaysia are framed within the following key pillars:

- fostering inclusive globalization and promoting inclusive growth
- improved quality of life through sustainable environment management
- promoting a global partnership for development
- other strategic and crosscutting areas

The CPD focuses on national human development issues going beyond the MDGs to improving equity, combating HIV/AIDS, strengthening environmental management, and

mitigating the effects of climate change and promoting global partnerships for development through South-South Cooperation. Gender, Information Communication Technology for Development (ICT4D) and partnerships with the private sector are integrated as cross-cutting issues.

UNDP in Malaysia works with overall co-ordination provided by the Economic Planning Unit in the Prime Minister’s Office. In recent years, UNDP has prioritized results-based management and broadened strategic partnerships with key development actors to improve the outcomes of their work. All UNDP projects are nationally executed in partnership with more than ten federal ministries and agencies as well as NGOs and the private sector. UNDP has increasingly been focusing on advocacy, policy advice, dialogue and facilitation, as well as brokering of innovative solutions.

2.2 UNDP resources

The Government of Malaysia entered into a cost-sharing agreement with UNDP in 1977. Over the years, Government’s share has been increasing and in the on-going agreement, the Government of Malaysia contributes through a 60:40 ratio based on UNDP’s TRAC resources. Corresponding to the increase in Malaysia’s per capita income, UNDP’s core resource allocations to Malaysia – also referred to as Target Resources Assigned from the Core (TRAC) - have been decreasing over the years.

Starting in 1997, resources from global trust funds such as the Global Environment Facility (GEF) and the Montreal Protocol have constituted much of UNDP’s programme resources expended during the period. Currently GEF represents around 50 per cent of the programmable resources (see Table 1). Other resources from sources such as the Thematic Trust Funds and the private sector comprise only a very small percentage of total resource flows. Cost sharing resources for the year 2008 in the country programme 2008-2012 are 60:40 between Government cost-sharing and the UNDP regular core resources. A progressively greater share of Government resources will be negotiated.

Technical assistance from UNDP to Malaysia is summarized below:

Table 1: UNDP’s Technical Assistance to Malaysia: 2003 - 2012		
Source of Funding (in USD 000s)	2003-07 (Actual Expenditures)	2008-2012 (Estimated Expenditures)
UNDP Expenditures / Resource Allocation	2,509	2,030
Government Cost Sharing	5,653	6,000
GEF	15,920	24,000
Montreal Protocol	1,161	600
Others (Private Sector/ Inter Regional)	5,440	3,000
TOTAL	30,683	35,630

Financial support to projects during the Country Programme 2003-2007 varied from US\$160,000 to US\$ 7 million per project.

	No. of Projects	Funds Allocations	
		US\$	%
Health	2	1,168,048	23.7
ICT	3	1,091,863	22.1
Poverty	2	1,088,382	22.0
Gender	3	1,079,030	21.9
HIV/AIDS	2	304,630	6.2
Governance	1	206,000	4.2
	13	4,937,953	100.0

UNDP Malaysia today has approximately 20 staff member of whom five are National Officers. Two National Officers have been assigned responsibility for programming in the Energy and Environment cluster, two in the Socio-Economic Development cluster, and one is in charge of Operations. The post of a national officer for the South-South cooperation is currently vacant.

The UNDP Resident Representative serves as the Resident Coordinator of development activities for the United Nations system as a whole in Malaysia. Other UN multilateral agencies operating in Malaysia include UNFPA, UNHCR, UNICEF, WHO and UNU.

2.3 Development results by practice area

UNDP projects for 2003-2007 can be broadly classified into three clusters: (1) Energy and environment, (2) Human development; and (3) South-South cooperation. In this Section, we comment on development results from UNDP programming in these three clusters.

As noted earlier, financial assistance by UNDP to Malaysia has been dominated by GEF resources to the energy and environment sector. This cluster received close to 77 per cent of project funds during the period 2003-07; it was followed by the 'human development' sector (16 per cent) and South-South cooperation (7 per cent).

The UNDP Country Office in consultation with the Government of Malaysia applies for funding from GEF; as a result, the Energy and Environment Cluster has a large allocation of funds for GEF projects.

	Funds Allocations	
	US\$	%
Energy and Environment Cluster (GEF + Non-GEF)	23,344,420	77
Human Development Cluster	4,937,953	16
South-South Cooperation	2,059,785	7
	30,242,158	100
Source: UNDP Malaysia Country Office		

2.3.1 Energy and Environment

Current situation: The energy sector in Malaysia now falls under the jurisdiction of the Ministry of Energy, Green Technology and Water (formerly Ministry of Energy, Water and Communications). The National Energy Policy (1979) outlines the overall energy policy with broad guidelines on long-term energy objectives and strategies to ensure efficient, secure and environmentally sustainable supplies of energy. The Four-Fuel Diversification Policy (1981) was broadened to include renewable energy as the fifth fuel in the energy supply mix. Renewable Energy is seen as an important source of supplementing supply from conventional energy sources. With this objective in mind, greater efforts are being made to promote the use of renewable resources, such as biomass, biogas, solar and mini-hydro for energy generation.

Environmental issues and natural resource management in Malaysia are coordinated through the Ministry of Natural Resources and Environment (MNRE). Environmental considerations promoted under the 9th Malaysia Plan strive to ensure that a balance is maintained between development needs and environment. In addition, Government of Malaysia has adopted the National Physical Plan (NPP) 2005-2010 to strengthen integrated land use planning and implement improved standards and indicators for land planning and natural resource management. There has been increased focus on the conservation and rehabilitation of coastal natural resources, especially mangrove forests, and more attention is being given to linking land management and planning with climate change.

Challenges: Malaysia has a rich natural heritage and an abundance of energy resources. Increasing awareness about the need to safeguard the environment has drawn attention to the need for ensuring that development and environmental goals fit within the framework of sustainable development and are mainstreamed into development planning. However the rapid pace of development continues to put pressure on the environment; it has also dramatically increased the demand for energy. As the scale and array of environmental problems become more complex and urgent, the Government of Malaysia needs to find approaches and methodologies that can deal with these challenges effectively and efficiently.

UNDP's comparative advantage: UNDP's comparative advantage in the area of energy and environment places it in a good position to provide strategic and innovative policy advice to Malaysia. Through GEF funding, UNDP has brought in expertise to work with relevant government ministries and their agencies to strengthen their capacities to address the challenges faced by the country, especially as they relate to the needs of poor and disadvantaged communities.

Nature of UNDP assistance: UNDP has been supporting several initiatives in the energy sector for ensuring environmental sustainability. Focus has been on improving environmental management of biodiversity and natural resources; mitigating Green House Gas emissions through the implementation of renewable energy and energy efficiency projects; reducing Ozone Depleting Substances consumption; and incorporating environmental considerations into the planning and development of other non-environmental agencies. UNDP assistance for projects promoting the use of solar and hybrid technologies and other pilot initiatives that help the poor build sustainable livelihoods, especially in Sabah and Sarawak, has been particularly relevant and useful. UNDP has also supported efforts to improve planning and implementation of energy efficiency measures, and strengthen renewable energy and green house data management in various economic sectors.

Results achieved: Under the CPO 2003-2007, a total of 17 projects were implemented under the Energy and Environment Cluster – four projects under the theme of energy and climate change and 13 projects under the theme of environment and biodiversity. Table 4 summarizes the status of the projects as well as the relevant tangible outputs. Some of the key results of the projects under the E&E Cluster are at the local level as in the case of the community (mangrove) projects. Other projects (such as the Sarawak IWT Master Plan) have made a significant contribution to strategies and action plans that have been adopted and implemented. The contributions of the E&E Cluster have also enabled Malaysia to meet its obligation and commitments to international protocols.

Table 4: Energy and Environment – Programme Results

	Project Title	Status	Relevant Tangible Outputs
	Energy & Climate Change		
1	Malaysian Industrial Energy Efficiency Improvement Project	Completed	1) Energy use benchmarks for eight industrial sectors; 2) Energy efficiency demonstration projects; 3) Energy Audits in more than 50 companies; 4) Energy Business Facility established.
2	Biomass-based Power Generation & CoGen in the Malaysia Palm Oil Industry (Phase 1)	Jan 2003 – Dec 2009	1) Two demonstration projects utilizing biomass and biogas sources 2) Policy recommendation for small and Renewable energy developers.
3	National Communication to the UNFCCC	August 06- May 09	1) Draft baseline studies on Mitigation, Vulnerability and Assessment and GHG inventory 2) Institutional framework for the national Climate Change developed
4	Building Integrated Photovoltaic Technology	August 05-July 10	1) more than 50 residents and 10 office buildings benefited as part of the demonstration projects 2) Draft policy on Feed-In- Tariff ready
	Environment & Bio Diversity		
5	Conservation and Sustainable Use of Tropical Peat Swamp Forests & Associated Wetland Ecosystems	Completed Dec 08	1) Surveys, Integrated Management Plan; Community participation plan; 3) Biodiversity conservation master plan; 4) Alternative livelihood strategies
6	Effective Conservation and Sustainable Use of Highland Areas in Sabah and Sarawak	Completed	1) Spatial and information databases; 2) Conservation & mgt strategy; 3) Guidelines and indicators for conservation and management of the highlands; 4) Draft national highlands policy
7	Structuring and Institutionalizing SWM in Penang	Completed	1) Report – strategies for a structured and institutionalized SWM model in Penang; 2) Advocacy report on SWM in Penang.
8	Community-led Mangrove Regeneration	Completed Dec 08	1) Sustainable management plan for the mangrove ecosystem; 2) Awareness and education programme; 3) Sustainable use and production of mangrove ecosystem resources established.

Table 4: Energy and Environment – Programme Results

	Project Title	Status	Relevant Tangible Outputs
9	Sarawak Inland Waterway Transport System	Completed Sep 08	1) IWT Masterplan; 2) 5-year strategic plan for Sarawak River Board; 3) Publication – “Short Stories from Sarawak Rivers”.
10	Promoting Sustainable Use and Conservation of Forest Resources in Mangkuwagu Forest Reserve through Capacity Building and Community Forestry	Completed Jul 08	1) Report on policy options for legal framework & institutional arrangement options; 2) 3 demo sites on community-related forestry projects; 3) Capacity building on entrepreneurial skills for women.
11	National Capacity Needs Self-Assessment (NCSA) for Global Environmental Management	Completed Dec 08	1) Report with summary of past and current activities; 2) Action plan developed to identify strategic opportunities.
12	Developing a Framework for the Establishment of a Natural History Museum (NHM) in Malaysia	Completed Dec 08	1) Framework for the establishment of NHM; 2) Capacity building and consultative workshop.
13	GEF RAF National Dialogue	Completed Dec 08	1) Proposals for new GEF projects ready. These are Building EE projects, Financing PA and Management of Sabah PA.

2.3.2 Human Development Cluster

Malaysia has done well in the past in terms of enhancing human development, broadly defined as an expansion of human capabilities and freedoms. Many of the achievements in these areas have been discussed briefly in the previous Chapter. The following section focuses on one important dimension of human development, namely human poverty eradication.

Current situation: Government of Malaysia's efforts at poverty eradication since the early 1970s have yielded results. The incidence of poverty declined from 52.4 per cent in 1970 to 6.1 per cent in 1997 when the country was faced with the 1997 financial crisis. Incidence of poverty worsened during the crisis to 8.5 per cent in 1998, but again declined to 7.5 per cent in 1999. According the mid-term review of the 9th Five Year Plan, the incidence of overall poverty dropped from 5.7 per cent in 2004 to 3.6 per cent in 2007; and that of hardcore poverty from 1.2 per cent in 2004 to 0.7 per cent in 2007. Government of Malaysia is committed to reducing overall poverty to 2.8 per cent by 2010.

Box -1

Poverty eradication initiatives of the Government of Malaysia

Since the early 1970s, Malaysia has adopted long-term policies to address poverty eradication. The main strategy for poverty eradication has been to provide employment opportunities in higher-paying jobs. Welfare handouts to the needy are limited to a small group such as the elderly and the disabled. Since the poor were largely engaged in agriculture, they were encouraged to be involved in modern farming and non-farm or off-farm activities. Some of the measures implemented by Government of Malaysia to eradicate poverty are listed below:

- Resettling the landless and those with uneconomic holdings in land development schemes. These settlers were provided with single unit houses complete with piped water and electricity
- Undertaking in-situ development of existing agricultural land through rehabilitation and consolidation of the land, replanting of old commercial crops with new higher-yielding cones and better planting techniques.
- Integrating agricultural and rural development with downstream processing of farm products and encouraging village industries and rural entrepreneurship to generate additional sources of income.
- Introducing double cropping or off-season cropping for rice growing, and inter-cropping and mixed farming to supplement income derived from main crops.
- Establishing farmers' markets in urban centres so that farm produce can be sold directly and fetch better prices.
- Providing training and education on topics pertaining to farming as well as work attitudes and values to motivate them to be more productive.

- Providing industrial and vocational training for the rural manpower as well as credit facilities and related support to enable them to be employed in non-farm occupations or to start their own businesses in rural and urban centres.
- Improving educational access as well as providing text books and financial assistance to children of poor households.
- Providing infrastructure and social amenities as part of a broader programme to improve the quality of life. For the rural population they include the provision of potable and piped water, electricity, roads, medical and health services and schools, including rural hostels.

Pockets of poverty persist within the country – especially in Sabah and Sarawak and in rural Malaysia.

Table 5: Poverty across regions in Malaysia

	2004 (%)	2007 (%)
Incidence of Hardcore Poverty		
Peninsular Malaysia	0.7	0.3
Sabah	6.5	3.7
Sarawak	1.1	0.7
Malaysia	1.2	0.7
Urban	0.4	0.3
Rural	2.9	1.4
Incidence of Overall Poverty		
Peninsular Malaysia	3.6	2.3
Sabah	2.3	16.0
Sarawak	7.5	4.2
Malaysia	5.7	3.6
Urban	2.5	2.0
Rural	11.9	7.1

Source: Mid-Term Review of the Ninth Malaysia Plan, 2006 - 2009

Challenges: Despite the achievements in reducing the incidences of both hardcore poverty and poverty in general, the impact of the 1997 financial crisis shows that the vulnerable population can easily slip back into poverty. During the last crisis, the impact was most critical on (i) the urban poor, (ii) those that were just above the poverty line, and (iii) migrant workers who were seriously affected by the contraction in employment, escalating food prices and inflation. Between 1996 and 1998, unemployment rates increased from 2.6 per cent to 3.9 per cent while the number of workers retrenched during 1996 – 1997 more than doubled as a result of restructuring, downsizing, bankruptcy, closure and relocation of business. The majority of the retrenched workers were from the manufacturing and construction sectors. Significant numbers were foreign workers and female workers from among the urban poor. During the last crisis, the

number of foreign workers living below poverty more than doubled from 7 per cent in 1990 to 15 per cent in 1997.

In the past, poverty in Malaysia was largely perceived as a rural problem and as such most of the programmes and initiatives tend to focus on the rural areas. Rapid urbanization and industrialization has changed all these and urban poverty has become increasingly critical. This will worsen especially in the current economic crisis as workers lose jobs or salaries are reduced due to shorter workdays.

Priority in the coming years also has to be given to poverty eradication among the indigenous population. Poverty eradication programmes will also need to address migrant workers who account for a sizeable percentage of Malaysia's labour force. A return of such foreign workers is anticipated during the present financial crisis as well. Existing strategies for poverty eradication need to go beyond addressing the economic causes of poverty. They will need to incorporate elements of social protection, good governance and social development. The strategies will need to be gender sensitive, pro-poor, participatory and should be tailored to meet the heterogeneous nature of poverty groups.

UNDP's comparative advantage: As a strong advocate of the human development paradigm, UNDP has built expertise in addressing problems of persistent inequality and poverty across the world. The organization has a strong comparative advantage in addressing issues of human poverty eradication. Equally significant is UNDP's experience in addressing human poverty that is, addressing the multiple deprivations that affect the lives of people. Another unique strength of UNDP is the organization's ability to design poverty eradication policies based on a careful examination of the links of macroeconomic and international trade policies with human development and poverty eradication.

Nature of UNDP assistance: Between 2003 and 07, UNDP initiated 13 projects in partnership with Government of Malaysia under the Human Development Cluster in a variety of areas – poverty, gender, HIV/AIDS, governance, health and ICT. The type of support varied from simply providing financial assistance for the hiring of external consultants to a report preparation (as in the case of ICT) to one-off studies (as with the national accounts for health) and to a more meaningful engagement with development challenges (as in the case of the poverty line and gender budgeting studies)

Results achieved: Table 6 below summarizes the status of the projects as well as the relevant tangible outputs.

Table 6: Human Development Cluster – Programme Results

No.	Project Title	Status	Relevant Tangible Outputs
	HIV/AIDS		
1	Building Leadership for an Effective Response Towards HIV/AIDS	Completed	
2	HIV/AIDS Meeting the Challenges with Community Based Prevention and Care Efforts	Completed	1) Training module on HIV and Islam ; 2) Report on the national workshops and dialogue among religious leaders; 3) Provide policy recommendations based on pilot tests and feedback from use of the training manual, including recommendations for involving religious leaders of other faith to work towards reducing the spread of HIV/AIDS and provide care and support to those infected and affected by the disease
	Gender		
3	Capacity Building on Gender Mainstreaming	Completed	1) Improved capacity of MWFC and other agencies to formulate gender mainstreaming policies and programmes; 2) Improved capacity to implement the CEDAW convention; 3) Malaysian Gender Gap Index (MGGI) – a summary measure of gender inequality, which is a multidimensional concept taking into account health, education, economic activity and political and economic empowerment
4	Entrepreneurial Skills: Empowering Women	Completed - early 2008	1) Increased awareness, understanding and take-up of microcredit and microfinance and how to access it among the low income rural and urban communities, especially women; 2) Capacity building of low income women in the food industry, empowered to become successful entrepreneurs; 3) A model for developing successful women entrepreneurs capable of running, sustaining and improving their businesses in the most efficiency way identified
5	Mainstreaming Gender Analysis: National Budgeting	Completed	Evaluation Study

	Governance		
6	Capacity Development of the Integrity Institute of Malaysia for the Implementation of the National Integrity Plan	Completed	1) NIP Implementation Action Plan developed through participatory workshops: gender-focused and faith-based participatory workshops were carried out in addition to a successful state rollout in Negeri Sembilan. A National Integrity Month Campaign was also carried out; 2) Capacity building and staff development programme was undertaken. The following programmes were carried out: (i) Master Trainers Training Programme; (ii) Development of a Master Training Manual; and (iii) Study tours to Australia, UK and Germany; 3) Information and knowledge dissemination was undertaken through (i) Feasibility Study of IIM resource management system and (ii) Publication of a source book and Training Manual.
	Health		
7	National Health Accounts for Malaysia	Completed	Report
8	National Health Care Financing Mechanism	Completed - 2008	Report
	ICT		
9	A National Strategic Framework for Bridging the Digital Divide	Completed - early 2009	1) National Strategic Framework for Bridging the Digital Divide to ensure greater e-inclusiveness in Malaysia
10	Knowledge Content in Key Economic Sectors in Malaysia Phase 2	Completed - early 2009	1) Updated and usable conceptual framework and model of knowledge content; 2) Policies, strategies and programmes on knowledge and innovation developed and implemented; 3) Capacity building activities in analyzing the level of knowledge content in selected subsectors and industries
11	Study on Knowledge Content in Key Economic Sectors in Malaysia		

	Poverty		
12	Strengthening Capacity in Poverty Monitoring, Policy Formulation and Evaluation	Completed - 2008	1) A revised National Poverty Line Income to be included in the Ninth Malaysia Plan; 2) 20-30 Government officials trained in STATA and poverty analysis; 3) A publication produced documenting Malaysia's experience in poverty and inequality measurement
13	Study to Identify Strategies to Eradicate Poverty and Improve Employment and Equity Restructuring in Sabah & Sarawak	Completed - early 2009	1) Report detailing the profiles of the poor and extreme poor in Sabah and Sarawak. This report will include a quantitative and qualitative analysis of the various dimensions of income and human poverty in Sabah and Sarawak; 2) Identification of gaps between the proposed strategies, programmes and projects against the poverty reduction targets set, which provided inputs into the Mid-term review of the Ninth Malaysia Plan, 2006-2010; 3) 50 trained State EPU officials in the use of monitoring and evaluation tools to improve the identification of poverty eradication strategies and programmes

2.3.3 South-South Cooperation

Current situation: South-South Cooperation (SSC) provides a “smart partnership” framework for Malaysia to share her development experience and expertise. As a former recipient of technical cooperation as well as a middle income country (MIC), Malaysia has a wealth of development experience to share with other developing countries. “Prosper thy neighbour” is the philosophical basis of Malaysia’s Technical Cooperation Programme (MTCP) with other developing countries.

Malaysia’s SSC programmes have, since the early years, grown in depth as well as in coverage to 138 countries. Malaysia is increasingly playing a leading role among middle income countries in supporting the development of Africa, of less developed countries within the Organisation of the Islamic Conference (OIC), Non-Aligned Movement (NAM), Association of South East Nations (ASEAN) as well as in sub-regional growth triangles. Malaysia's success in meeting the MDGs is increasingly being leveraged in support of new initiatives in countries that have yet to achieve the MDGs. Particularly valuable has been Malaysia’s experience in the setting up of a health system that provides decent health care to all.

Challenges: Malaysia’s SSC agenda is predominantly investment-oriented. In other words, Malaysia’s SSC between and among countries seeks to promote investments, trade and commerce. Transfer of knowledge and technology are seen as important instruments in this endeavour. However, it is important for Malaysia to also consider supplementing its SSC agenda to incorporate a development-oriented perspective based on its vast and successful development success (for example the sharing of experiences related to poverty eradication, gender empowerment, universal access to education and health, as well as the provision of technical assistance to least developed countries in development planning). This will require entering into partnerships, for instance, with other less developed and developing countries to transfer knowledge and expertise in support of the MDGs.

UNDP’s comparative advantage: UNDP’s SSC agenda as well as its operational capacity of the UN System of “delivering as one” can potentially assist middle income countries like Malaysia to share and impart their development experiences and expertise to assist less developed countries to achieve their MDGs. UNDP through its network of national and regional offices is well placed to match the needs of developing countries with the expertise that Malaysia has especially in advancing human development and MDGs. However, the lack of clarity of UNDP’s own SSC framework has limited the opportunities for UNDP to mainstream SSC into more of its programmes and activities.

Nature of UNDP Assistance: UNDP pursues South-South cooperation in global, regional and country programmes. The global programme increases opportunities for South-South cooperation, building on: economic advances; institutional, human and technological capacities; and Southern partnerships. It functions in liaison with the Special Unit for SSC located within UNDP. UNDP’s global and regional offices provide: (i) consultancy services to country offices; (ii) targeted projects and partnerships

addressing key development issues in multiple regions and leveraging incremental non-core resources; and (iii) encourage communities of practice or knowledge sharing networks. UNDP regional programmes provide a platform to share best practices and draw attention to innovation and good practices. UNDP also supports subregional institutions in pursuing South-South cooperation.

Results Achieved: Only two projects were implemented under the SSC Cluster during 2003-2007. Both projects involved capacity building activities in which Malaysia helped to train officials from developing countries. In addition, the UNDP also assisted in the coordination of requests for study visits of officials from developing countries who were interested to learn from Malaysia’s development experience.

Table 7: South-South Cooperation – Programme Results			
	Project Title	Status	Relevant Tangible Outputs
1	Transfer of Selective Breeding Technology for Aquaculture Improvement from Asia to Sub-Saharan Africa & Egypt	Completed Jul-05	
2	Inter-regional South-South Programme for Capacity Building in Credit Analysis and Development Finance for participants from Ethiopia, Ghana, Malawi, Uganda and Zimbabwe	Completed Dec-07	1) Executive/Senior managers from selected Development Finance Institutions (DFIs) are trained under the Executive Development Programme which consist of study tours and workshops 2) Training of trainers where professionals from the banking sector were trained in credit and risk analysis and development finance with the objective that they launch similar training programmes in their countries 3) In house training and capacity building workshops.

2.4 Summing up

An analysis of the project outputs reveals that UNDP Malaysia has produced a number of outputs that have contributed in four different ways to Malaysia's development:

- 1) **Policy inputs:** UNDP has helped with documentation, identification of gaps, feasibility studies, arranging specific policy inputs and policy recommendation. For example:
 - **Documentation** of Malaysia's experience such as in poverty and inequality measurement (and the report detailing the profiles of the poor and extreme poor in Sabah and Sarawak)
 - **Identification of gaps** between proposed strategies, programmes and projects; and development of new measures such as the Malaysian Gender Gap Index (MGGI)
 - **Inputs for policies**, plans and strategies such as the Biodiversity conservation master plan; Sustainable management plan for the mangrove ecosystem; Inland Water Transport (IWT) Master Plan; Strategies for a structure and institutionalized SWM model in Penang; draft national highlands policy; Five-year strategic plan for Sarawak River Board
 - **Policy recommendations** based on pilot tests and feedback for involving religious leaders of other faith in reducing the spread of HIV/AIDS and provide care and support to those infected and affected by the disease

- 2) **Policy frameworks and models:** UNDP projects have helped to develop policy frameworks and plans of action in different areas. For example:
 - A revised National Income Poverty Line was developed in 2005.
 - A national strategic framework for bridging the digital divide was proposed, approved and adopted by the government.
 - A model was developed to enable women entrepreneurs to successfully run, sustain and improve their businesses in the most efficiency way
 - Three demonstration sites on community-related mangrove projects were set up.
 - Policy recommendation on Energy Business Facility for Energy Efficiency (EE) and Renewable Energy (RE) projects
 - Tariff policy studies for Renewable Energy (RE) projects
 - Policy on the management of Peat Swamp Forests

- 3) **Capacity building:** UNDP has supported training of professional managers and others to enhance their capacities in many different ways. For example:
 - Improved capacity to implement the CEDAW convention
 - Improving capacity of MWFCD and other agencies to formulate gender equality policies and gender mainstreaming programmes
 - Training module on HIV and Islam
 - Training of State EPU officials in the use of monitoring and evaluation tools to improve the identification of poverty eradication strategies and programmes
 - Training of Government officials trained in STATA and poverty analysis

- Training of executives and senior managers from selected Development Finance Institutions (DFIs)
 - Capacity building of low income women in the food industry
 - Energy Audits in Industries
 - Training and Development of Energy Benchmarking for industries
 - Training and development on the use of Renewable Energy (RE) for palm oil millers
 - Capacity building for state land authorities on peat swamp conservation
- 4) **Public education and awareness:** UNDP has contributed to improving public awareness by releasing reports and publications, organizing meetings, and launching public campaigns. For example:
- A National Integrity Month campaign was carried out.
 - Report on the national workshops and dialogue on HIV/AIDS among religious leaders
 - Publication – “Reflections from Sarawak's Rivers - Illustrated Essays”.
 - Study tours to Australia, UK and Germany
 - Advocacy report on Solid Waste Management (SWM) in Penang, Industrial Energy Efficiency, Biomass Power Generation from Waste from Palm Oil Millers, Peat Swamp Conservation projects, Ozone protection and Mangrove Conservation project.
 - Policy dialogues on improving maternity benefits for Malaysian women and bridging the digital divide.

Annex II lists illustrative publications of UNDP Malaysia: 2003-2007. Annex III lists media events and conferences that UNDP Malaysia has organized between 2004-2007 as part of its efforts to promote public awareness and discussions on development issues.

3. UNDP'S COMPARATIVE ADVANTAGES

Stakeholders frequently identified two or more features of UNDP that make up its comparative advantage. Listed below are some of the significant features:

- (1) Long-standing association: With a presence of more than 50 years in Malaysia, UNDP has established its reputation as a trusted partner enjoying the confidence of the Government as well as civil society organizations in the country. It has also been able to establish a distinct identity as a multilateral agency especially because the World Bank, International Monetary Fund, Asian Development Bank and other international agencies do not have offices in Malaysia. Over the 50-years of association, UNDP has developed a good understanding of government thinking and priorities and has dovetailed its operations to match national priorities. It has acquired substantial understanding of the country context which places it in an advantageous position when it comes to design of development interventions.
- (2) Neutrality: As a multilateral agency, UNDP enjoys a high degree of neutrality within the country and is regarded as a provider of unbiased advice. This has been helped by the fact that there are only a handful of bilateral agencies operating in Malaysia. Notable among them are Japan International Cooperation Agency (JICA) and Danish International Development Agency (DANIDA)
- (3) Compatibility with national approach: UNDP's advocacy of the human development approach is consistent with Malaysia's own 5 year National Development Plans and Vision 2020.
- (4) Support for multisectoral interventions: UNDP's mandate allows for supporting cross-sectoral interventions and this places UNDP in a relatively advantageous position vis-à-vis other agencies. In addition, UNDP is also able to source support from other UN agencies not present in the country to better address the development needs of Malaysia.
- (5) Access to global expertise: UNDP has the capacity to tap into and leverage a wide range of development expertise by drawing on global, international experiences through (horizontal and vertical) knowledge networks, country offices (horizontal) and Technical Assistance (vertical, also through regional offices). UNDP is thus able to provide advice and expertise that is flexible, inclusive, and relevant to Malaysia.
- (6) Global showcasing Malaysia's achievements: UNDP's Country Office serves as a useful window for Malaysia to the outside world. UNDP has over the years, created and highlighted several achievements and progress made by the country.
- (7) Flexibility and responsiveness: UNDP has established its reputation as an agency that supports Government of Malaysia in tapping new opportunities and experimenting with new ideas. This necessarily means that funding support has to be flexible and

responsive; at the same time, UNDP should be able to cover the risks of failure especially when the idea being tested is new.

- (8) Coordination function: UNDP's broad mandate as well as support to the Office of the Resident Coordinator allows for coordination and mobilization within the UN system and access to those UN partners not resident in the country.

4. KEY FINDINGS

This Chapter presents the key findings of our evaluation.

4.1 Relevance

Most UNDP-supported projects implemented between 2003 and 2007 have been highly relevant to Malaysia's development. They are well aligned with national priorities and well-synchronized with the country's long term vision of development. This is to be expected given that most projects originate within Government and are co-funded by Government.

Occasionally questioned has been the relevance of a few GEF projects when GEF priorities have not necessarily matched Government priorities. This arises because allocation of GEF funds by the GEF Council has to fulfill the GEF mandate; UNDP does not have any say in the matter. Only the routing of funds is through UNDP.

4.2 Effectiveness

UNDP projects have been effective in many different ways. As we have seen in the previous Chapter, some projects have provided vital inputs into the formulation of plans and policies. Others have generated greater public awareness. Advocacy has helped with increasing visibility and initiating public action. Consultative workshops and interactions with civil society organizations and think-tanks have helped generate public debate and discussion.

Nevertheless, some factors have limited the overall effectiveness of UNDP's interventions.

First, the UNDP Country Programme consists of a number of small projects spread across a wide range of sectors. This has led to a highly scattered and diversified portfolio and contributed to the fragmentation of UNDP's efforts. It has become difficult for staff members to offer effective professional support, establish expertise, and engage effectively with Government on critical issues relating to the sectors. For instance, within the Human Development Cluster, funding was spread over a number of areas – health, ICT, poverty reduction, gender, HIV/AIDS and governance. Similarly, in the Energy and Environment cluster, UNDP has been engaged in a wide range of fields including biodiversity and sustainable energy projects such as industrial energy efficiency, biomass power generation, photovoltaic technology, tropical peat swamp forests, mangrove regeneration and inland waterways. While many of the demonstrative small pilots/ projects have been successful in achieving their specific objectives, their larger impact on national policy, linkages and scalability have been limited.

Second, selection of projects has, by and large, tended to be ad hoc. For instance, funding for the health project under the Human Development cluster started in 2003-2007

was a one-off. Similarly, the MYKE2 report that UNDP co-financed was merely a consulting project given to an external agency.

Third, there have been deficiencies in the identification, short-listing and selection of projects for funding. Though projects generally originate within government, it is not clear what the process for identification and selection are. Many government departments are not fully aware of UNDP's mandate; nor are they aware of the compliance requirements of UNDP-supported projects.

Fourth, we find that UNDP's overall effectiveness has been limited as it has yet to fully harness linkages with NGOs and other academics and research institutions. Malaysia has rich intellectual talent and expertise located in universities, colleges, and think-tanks in the non-governmental sector. These resources have not been fully tapped by UNDP.

Lastly, we find that UNDP has yet to tap and leverage additional funds strategically and systematically. In the past, UNDP has helped mobilize some additional resources from Trust Funds and the private sector. But this has been rather ad hoc. Systematic efforts have not been made to strategically mobilize resources for jointly determined priority projects. The potential for this does exist, however.

4.3 Efficiency

Commenting on the efficiency of resource use is particularly difficult given the absence of systematic evaluation reports. However, our interactions with stakeholders point to a few areas where the scope for improvement exists. First, we observe long delays in timelines that arise largely due to problems of coordination at various levels of government. For instance, the poverty studies on Sabah and Sarawak were completed in April 2007 but it was not until the middle of 2008 that their presentation to Government counterparts was possible. Second, compliance with monitoring and reporting requirements is weak in some projects. As noted earlier, even end-of-project reports have not been submitted on time. Third, UNDP managers tend to spend inordinately large amounts of time supporting some implementing partners despite National Execution. There are many reasons for this. In instances where consultants are hired by government as project managers, institutional learning remains weak. Much of the work is done by consultants who move on once the project has ended. Also, managers within government get transferred. When this happens, new managers may not be familiar with monitoring and reporting requirements; and this imposes an additional burden on UNDP managers. Some of these problems arise because of the lack of effective communication between UNDP and the implementing agencies of project requirements and obligations.

4.4 Sustainability

We find a mixed picture in terms of the sustainability of projects. Some projects have been designed as one-off projects; and so there has been no follow-up. In other instances, projects have been managed by short term consultants but there was no mechanism for taking steps to ensure the transfer of knowledge and follow up by the Ministry and

government staff. As a result, there is very little institutional learning that takes place within the government. However, there are projects that have been well-accepted and adopted by the government for expansion and scaling-up. This tends to happen when (i) there is strong political and bureaucratic commitment at the top; (ii) the projects have a high profile and high value-addition; and (iii) systems of mentoring and reporting are effective; and the performance of managers especially in terms of KPI (key performance indicators) is linked to project outcomes.

4.5 Overall impact

On the whole, UNDP projects have contributed positively to Malaysia's development. There are several examples. For instance, in the field of energy and environment, Malaysia has been able to access GEF technical expertise on a regular basis, initiate pilot and demonstration projects, enhance capacity of officials at different levels, provide inputs into formulation of action plans and promote public awareness. Projects have also been well designed and competently administered; and to that extent, they can be termed 'successful'.

There are instances of other countries coming to learn from Malaysia's experience. For example, India requested information on the Gender Budgeting publications, Korean government officials undertook a study tour to learn from the MWFCDD on gender empowerment activities undertaken by the Malaysian government.

However, we find that while viewed individually, UNDP projects appear to be making an impact at the local or sectoral level; but collectively, they do not seem to have made a sufficient national impact.

There are several reasons for this. First, as noted earlier, selection of projects has been ad hoc rather than strategic. Second, UNDP funding has been relatively small and localized; and hence limited in terms of the national impact. Third, there are instances where high-value projects have not been scaled up or institutionalized because of the absence of a follow-up plan on both sides – especially, on the side of the government. This is highlighted, for example, by the Final Evaluation of Industrial Energy Efficiency (EE) project which states that the project “in the view of the evaluator has made important and real contributions to removing barriers, in particular EE awareness creation and capacity building in important areas such as benchmarking, best practices, audits and demonstration of EE processes and technology...It has generated powerful insights into the technical and economic potential of energy efficiency initiatives and the means available to government to realise that potential.” However, the Report further states: “While these achievements are real, their long-term sustainability is in doubt without continuous government support and legislative and financial interventions (which are currently lacking)...However, continuation will depend strongly on the financial support of the Government to sustain these efforts. In fact, it seems that the lack of a conducive policy and planning framework in Malaysia for the promotion and implementation of energy efficiency is a one big barrier...”

A fourth reason for the ‘limited’ impact of UNDP programmes has been the insufficient attention that UNDP has given to supporting up-stream policy formulation in Malaysia especially in UNDP competency areas acknowledged by Government.

Two additional corporate deficiencies have also limited the impact that UNDP can potentially have on Malaysia’s development. One, UNDP has not developed a robust and proactive approach to South-South cooperation. A recent evaluation of UNDP contribution to South-South cooperation (2007) points out, for instance, that: “UNDP does not have a clear strategic framework to leverage the Special Unit and other programmes to support South-South cooperation. ... There are no clear strategies or institutional mechanisms to adequately respond to the dynamic changes occurring in South-South cooperation. ... In addition, UNDP has no clear partnership strategies to support or strengthen South-South cooperation within the United Nations development system or among countries of the South.”⁷ Moreover, UNDP’s effectiveness at the country level is constrained by uneven recognition, limited shared understanding of the concept of South-South cooperation, inadequate resources and incentives, and inability to systematize learning and inadequate recognition of the value added by South-South cooperation at the operational level.

A second corporate deficiency is that UNDP’s role in middle-income countries like Malaysia still remains ambiguous. A recent Report of the Task Force on UNDP’s Role in Middle-Income and Net Contributor Countries (March 2008) identifies several weaknesses of UNDP’s cooperation with MICs:⁸

- Project-driven policy instead of policy-driven projects
- Lack of priority setting through inclusive national dialogues
- Excessive reliance on development support services at the expense of substantive support
- Incipient and incomplete knowledge platform
- Insufficient emphasis on knowledge-sharing and “South-based” solutions
- Insufficient use of UN system capacities
- Insufficient monitoring and evaluation
- Insufficient substantive capacity in Country Offices

Many of these deficiencies can be observed in the case of UNDP Malaysia during 2003-2007 as well. In the absence of an explicit and agreed upon corporate doctrine on MICs or guidance to country offices, UNDP has often been obliged to adopt a reactive approach and respond on a case-by-case basis. This leads to a ‘technocratic bias’ of in UNDP’s approach and the lack of substantive discussion of MICs’ development realities and their significance to UNDP itself, the UN system and the international community.

⁷ UNDP Evaluation Office (2007) “Evaluation of UNDP Contribution to South-South Cooperation”, Evaluation Office, New York.

⁸ Task Force on UNDP’S Role in Middle-income and Net Contributor Countries (March 2008), “Context and Options: Contribution to a strategic policy approach” – Draft for Discussion, Prepared by Thierry Lemaesquier, UNDP Santiago de Chile

4.6 A final comment

It is important to note that there seems to be a lack of understanding on the part of the Government ministries and agencies and also other partners, that UNDP (funded) projects are Government projects, that UNDP's funding allocation is for projects or programme agreed to by the Government. The co-funding or the cost sharing contribution to the Country Programme reflects Government's commitment for a continued partnership with UNDP in their developmental work.

Since all projects are nationally executed and implemented, this serves to emphasize that ownership of projects is with the Government and UNDP is there to support and ensure that they are successfully delivered by providing or facilitating the required expertise and other inputs to the projects/programme. Together with the Government, UNDP will have to ensure the effective use of programme resources and that projects implemented are in line with the objectives of the Country programme. The required monitoring and reporting procedures must be adhered to or should be in place to ensure the success of the projects which will contribute to the country programme outcomes. "Success" or "failure" is for Government to be better involved in project implementation and execution and not rely fully on the project staff or consultants and UNDP. UNDP, on the other hand should closely monitor the projects and not directly be involved in project implementation.

5. RECOMMENDATIONS

This Chapter sums up the main recommendations that flow from the evaluation.

5.1 Enhancing overall impact

UNDP needs to take four major steps in order to enhance its contribution to Malaysia's development.

First, UNDP must articulate a clear role for itself in a country like Malaysia. UNDP's value-addition to MICs is likely to come not from the mobilization of financial resources, but from the organization's ability to access international expertise and knowledge. The Task Force on UNDP's Role in Middle-Income and Net Contributor Countries argues that even in the absence of a well-articulated corporate policy with respect to MICs, UNDP's best performance is achieved "when it combines strategic positioning, sharp thematic focus, strong emphasis on its role as a global knowledge manager, and ability to develop partnerships that nurture meaningful and sustainable support in key sectors where significant policy change is required to address deep-seated inequalities and imbalances as well as new national and global challenges." In other words, Malaysia can benefit from high quality analytical and advisory support on key policy issues that UNDP can help globally mobilize for the country.

Second, UNDP must make the most of the organization's broad development mandate, impartiality, moral authority and ability to work with all national actors to position Malaysia as a lead player in the promotion of South-South cooperation. UNDP and the Special Unit for SSC (located within UNDP) have amassed considerable experience in South-South cooperation and are well positioned to play a more active and effective role in supporting and promoting it. In particular, UNDP should develop for the Government of Malaysia a results framework for South-South cooperation initiatives with clear benchmarks and indicators to assess its contribution to South-South cooperation. To support this assessment, an effective monitoring and evaluation mechanism must be put in place to track performance of programming activity.

Third, UNDP must engineer a shift of emphasis in programming from many small scattered projects to *strategic* upstream activities focusing on knowledge, improving policy analysis and policy advocacy. The need for strategic engagement also stems from the fact of limited and declining (financial and human) resources for Malaysia. Limited resources impose a trade-off between breadth and depth of engagement. UNDP must make available to Malaysia the best of analytical skills, global networking and comparative experience, access to and provision of world-class expertise and policy advice. There are several areas where UNDP can contribute. These include addressing issues of inequality and regional disparities, crisis prevention and recovery, increased participation in key dimensions of globalization, participatory political processes and responsive institutions, and the global challenge of climate change. Governance is also another area where UNDP's support can make a significant difference by enhancing capacity for improved and equitably distributed human-development results.

Four, UNDP must exploit the potential for developing partnerships in Malaysia. Strategic partnerships are important because of the potential that exists within Malaysia and outside for UNDP to hire in expertise in different areas of development. The environment for developing partnerships is however unusual in Malaysia as there is less competition for UNDP from other donors and more from private sector consulting firms that offer upstream advisory services. UNDP needs to establish its comparative advantage vis-à-vis many of the private consulting firms and match them in terms of quality and the speed of response. The region also presents opportunities for partnering with national and regional aid organizations. Additionally, partnerships between UNDP and the UN system need to be further developed in light of the relatively modest UN presence and programmes.

It must be contextualized that although UNDP has access to global resources in terms of international expertise and technical assistance, the relevance of UN expertise from both the regional and global levels is not always clear since Malaysia, as a middle income country, has specific unique development needs that require specialized and in-depth expertise and experience that is not easily available from regional UN offices. As such UNDP needs to work in close coordination with various development partners to identify the appropriate high-level experts who should be engaged to assist with Malaysia's development needs.

5.2 Repositioning

UNDP should begin to reposition itself in Malaysia in order to enhance the effectiveness of its contribution. The following are some of the measures to consider:

- 1) Develop a strategic response to multiple stakeholder demands
 - Bring focus and selectivity in existing areas of interventions
 - Analyze comprehensively, but act selectively
 - Identify new high-impact areas that match competencies.
 - Continue with informed policy advocacy especially around governance and human rights, gender, health, poverty, inequality and sustainable development.
 - Back up policy advocacy with evidence and rigorous analysis of policy alternatives.
 - Support formulation and implementation of the 10th Malaysia Plan by assisting Malaysia with evidence based planning and capacity building in key sectors.

Many aspects of the repositioning are underway as initiated by the Resident Coordinator and Resident Representative starting in 2009 – and as reflected in the UNDP Retreat Report of January 2009.

Such a shift would be attractive to the Malaysian government as it grapples with identifying new opportunities and options for mitigating and overcoming the impact of the global financial crisis. UNDP should consciously strive towards enhancing the capacity in Malaysia for more sophisticated analysis of policy issues. It would also

be important for UNDP as it attempts to carve out a new niche in middle income countries. And such a shift also enables both UNDP and Government of Malaysia to capitalize on relative strengths. Malaysia does not need UNDP's financial support; but it can do with good innovative ideas. UNDP cannot financially make a difference but it can bring rich global experience, policy advice and expertise to Malaysia.

Adopting such an approach has several implications for project selection. First, projects should not become ends in themselves. They ought to become instruments (policy experiments) for building evidence and fostering policy dialogue. Second, projects should have a well-articulated and well-established link to national policy. Third, it will become necessary to introduce new criteria and processes for selection of projects in order to ensure greater coherence and overall impact.

- 2) Generate value addition in a high middle-income country and rapidly changing environment
 - Build on strengths and competencies of UNDP staff
 - Identify a niche
 - Acquire and project competencies
 - Strengthen brand recognition
 - Bring international expertise to bear
 - Leverage on the one-UN banner
- 3) Institutionalize regular monitoring and periodic evaluations.
 - Set up monitoring mechanisms for every project
 - Make evaluation integral to the projects
 - Set up joint systems for performance monitoring of projects
- 4) Improve skill mix and intensity
 - Draw more on international experience and expertise
 - Develop strong cadre of national consultants to work on design, monitoring and evaluation
 - Enhance capacity of UNDP staff so that they are better equipped to engage in policy dialogue, quality monitoring and technical backstopping.
- 5) Improve visibility and the brand image of UNDP
 - Enhance people's knowledge of the specific substantive contributions and the various services UNDP can provide. Existing and potential stakeholders tend to have only a partial understanding of UNDP's relative advantage, which limits the organization's leveraging ability.
 - Engage with the media to foster an awareness of UNDP and an understanding of its capabilities; and also to foster partnerships with civil society and the private sector.

5.3 Implications for Country Programme 2008-2012

Adopting measures to enhance effectiveness and repositioning itself have important implications for UNDP's on-going Country Programme 2008-2012.

One, UNDP should tap on the world's best expertise to initiate, in collaboration with the Government of Malaysia, a series of analytical and empirical policy research studies that examine the national implications, both short term and long term, of the global economic and financial crisis. The short term studies should focus on understanding the mechanisms through which the global crisis impacts Malaysians. And this should inform measures needed to prevent and mitigate the adverse effects on the lives of people most vulnerable to the crisis. An immediate outcome could be the identification of special packages needed to safeguard livelihoods and create earnings opportunities for displaced workers. The long term studies should focus on structural changes that are needed to rapidly enable Malaysia to become a globally competitive knowledge-based economy.

The key challenge today for Malaysia is to ensure economic competitiveness in the global knowledge economy. Several questions need to be answered. How best can Malaysia engineer and manage the transition from a production or commodity economy to a knowledge economy? What are the investment and financial implications? What are some policy options for building and retaining competitiveness especially in light of Malaysia's increased exposure to vulnerabilities of openness due to the global economic and financial crisis? What are the best ways to achieve commodity diversification? Responses to these questions will require a re-examination of the Malaysian industrial masterplan so that new and complementary policies that need to be put in place to move Malaysia into the K-based economy are identified. New solutions will also call for policies that ensure more constructive engagement of the private sector including small and medium enterprises and public-private partnerships. It will also require articulating an appropriate Science and Technology policy. How can science and technology better form the foundations of a new industrial policy? How can science and technology enhance food security and step up agricultural yields, productivity and value-addition in the farm sector?

Two, UNDP should draw attention to the importance of human security, especially protection against down-side risks arising out of the global financial meltdown. It should draw on its vast global experience to propose innovative approaches to hardcore poverty eradication especially in rural areas and in Sabah, Sarawak, Kelantan and Terengganu. It would be equally important to develop special approaches and strategies to expand opportunities for indigenous communities. Focus should be on issues of regional poverty, cross-border migration, and concerns of indigenous people.

Three, regardless of the uncertainty regarding GEF funding for Malaysia over the next cycle, UNDP should tap on regional and global expertise to enhance Malaysia's capacity for environmental management of biodiversity and natural resources, including water resource management. Equally important would be to draw up a long term strategic plan for dealing with critical issues of climate change, forest conservation and biodiversity.

There is also need for a coherent policy that promotes industrial energy efficiency (drawing on field level and global experience). UNDP can also potentially contribute to strengthening the Government's capacity for analysis and planning of national policy responses for ensuring energy security.

Four, UNDP should draw on its expertise in governance and institutional capacity building to improve functioning of government at all levels. In the context of Malaysia, it would be important for UNDP to advocate rights-based approaches to development and call for further deepening of democracy and strengthening of democratic institutions.

Finally, UNDP should pro-actively support Malaysia's efforts at promoting South-South Cooperation by capitalizing on its role as a middle-income countries. It should establish new programmes of exchange with Africa, poorer countries within the OIC, the Non-Aligned Movement and ASEAN that are more development-oriented rather than investment-driven. This alone will enable Malaysia to play a leadership role in the world in promoting SSC.

Annex I
List of Persons Consulted

UNDP Malaysia

Mr. Kamal Malhotra, UNDP Resident Representative for Malaysia, Singapore and Brunei Darussalam
Mr. James George Chacko, Assistant Resident Representative (Programme)
Ms. Daratul Baida Osman, Assistant Resident Representative (Operations)
Mr. Asfaazam Kabani, Assistant Resident Representative (Environment & Energy)
Dr. Hari Ramalu Ragavan, Programme Manager (Energy & Environment)
Ms. Anita Ahmad, Programme Manager (Human Development)
Ms. Norzilla Mohamed, Programme Associate (Energy & Environment)
Ms. Laura W Y Lee, Programme Associate (Human Development)
Ms. Lilei Chow, Communications Associate

Economic Planning Unit of the Prime Minister's Department

Ms. Norani Ibrahim, Director, International Cooperation Section
Ms. Aini Sanusi, Deputy Director, International Cooperation Section
Ms. Hidah Misran, Principal Assistant Director, International Cooperation Section

Ministry of Women, Family and Community Development

Ms. Wan Nor Ibtisam, Principal Assistant Secretary, Policy Division
Ms. Umi Fadillah, Assistant Secretary, Policy Division

Ministry of Natural Resources and Environment

Dr. Teddy Lian Kok Fei, Under Secretary, Conservation and Environment Management Division (CEMD)
Mr. Shahril Faizal b Abdul Jani, Principal Assistant Secretary, CEMD

Institute Sultan Iskandar, Universiti Teknologi Malaysia

Dr. K S Kannan, Senior Research Fellow and Director, Centre for Energy Studies

Institute of International and Strategic Studies

Dr. Mahani Zainal Abidin, Director General

UNICEF

Mr. Youssouf Oomar, Representative

UNFPA

Ms. Yeok Kim Yeoh, Assistant Representative

UN Country Team – HIV/AIDS

Mr. Azrul Mohd Khalib - United Nations HIV and AIDS Coordinator, Malaysia

Former UNDP Staff

Mr. Anis Yusal Yusoff (Former – Assistant Resident Representative Programme and Former Director, Malaysian Integrity Institute)

UNDP Project Consultants

Mr. Khoo Khay Jin - Study to Identify Strategies to Eradicate Poverty and Improve Employment and Equity Restructuring in Sabah & Sarawak

Ms. Norwahizan Mohd Amin - Towards Achieving at least 30 per cent Participation of Women at Decision Making Levels in Malaysia

Annex II
UNDP Malaysia: 2003-2007
Illustrative Publications

Energy and Environment Cluster:

- Malaysia Inland Waterway Transport System in Sarawak
- Reflections from Sarawak's Rivers -Illustrated Essays
- Malaysia Developing a Solid Waste Management Model for Penang
- Malaysia: Sustainable Community Forest Management in Sabah
- Malaysia Generating Renewable Energy from Palm Oil Wastes
- Protecting the Ozone Layer - Malaysia Implementing the Montreal Protocol
- Achieving Industrial Energy Efficiency in Malaysia
- Malaysia's Peat Swamp Forests Conservation and Sustainable Use

Human Development Cluster

- The Millennium Development Goals Report 2008
- Malaysia Measuring and Monitoring Poverty and Inequality
- Malaysia - Achieving the Millennium Development Goals Successes and Challenges
- Measuring and Monitoring Gender Equality - Malaysia's Gender Gap Index
- Gender Budgeting in Malaysia
- Manual on Gender Budgeting in Malaysia
- The Progress of Malaysian Women Since Independence 1957-2000
- Malaysia Small and Medium Enterprises - Building an Enabling Environment
- Malaysia International Trade, Growth, Poverty Reduction and Human Development
- Impact of HIV on People Living with HIV, Their Families and Community in Malaysia
- National Integrity System - A Guiding Framework

Annex III
UNDP Key Media Events - 2004-2007

Energy and Environment

- (29-04-2004) UNDP-The Sun-HSBC Partnership Yields Series of Environmental Articles in The Sun
- (13-05-2005) Titan-UNDP Dugong Conservation Partnership
- (27-11-2005) EU Parliamentarians Visit EC-UNDP SGP PTF Project in Krokong, Sarawak
- (30-11-2005) Greater Environmental Understanding Through Media
- (23-01-2006) UNDP Launches Solid Waste Management Project in Penang
- (21-02-2006) UNDP-EU Funded SGP-PTF Invites Project Proposals from Local NGOs/CBOs
- (04-03-2006) UNDP-EC 'Heroes of Our Forests' Exhibition Launched by Raja Dr. Nazrin Shah
- (09-04-2006) UNDP Partners with Petra Perdana to Regenerate Mangroves in Terengganu
- (07-06-2006) UNDP and NRE Launch Publication on Malaysia's Peat Swamps
- (08-06-2006) UNDP and NRE Co-hosts National Dialogue for New GEF Energy & Environment Projects for 2006 – 2010
- (31-07-2006) EC-UNDP SGP PTF Signs MOU with Sabah Forestry Department
- (29-08-2006) Ministry of Natural Resources & Environment and UNDP Co-Host National Policy Dialogue On Biosafety
- (13-09-2006) UNDP and NRE Co-Host State-Level Dialogue in Sabah and Sarawak for New Energy and Environment Projects
- (07-11-2006) UNDP, Penang State UPEN and MPPP Hold Seminar on Solid Waste Management
- (15-12-2006) EC-UNDP SGP PTF Malaysia Holds National Sustainability Workshop Energy
- (21-09-2006) UNDP and MEWC Facilitate Construction of Full-Scale Model Biomass Power Plant
- (14-11-2006) UNDP, MEWC and PTM Launch New Energy Publication
- (27-11-2006) Malaysian Government and UNDP/GEF Introduce National Suria 1000 Programme
- (22-06-2007) Government Launches UNDP/GEF Suria 1000 Programme
- (11-09-2007) Malaysia Mulls Climate Change Strategies at UNDP-MNRE Conference
- (08-02-2007) UNDP, Penang State UPEN and MPSP Hold Seminar to Boost Understanding of an Integrated Solid Waste Management System
- (15-03-2007) Creating A Sustainable Future for Indigenous Communities in Malaysia
- (28-03-2007) UNDP-SRB Sarawak Inland Waterway Transport System Project Launched
- (17-04-2007) Workshop on Financing Strategies for Solid Waste Management held in Penang
- (21-04-2007) UNDP and Petra Perdana Hold 4th Mangrove Replanting Activity
- (08-05-2007) Dato' Seri Azmi Launches Publication on Protecting the Ozone Layer
- (27-05-2007) UNDP visits Bukit Bauk Urban Forest Reserve in Trengganu

(11-07-2007) UNDP-SRB Campaigns to Curb River Casualties in Sarawak
(10-09-2007) Regional Conference to Promote Forest Protection & Management Through Local Action
(05-10-2007) UNDP-SRB Programme Encourages Exchange of Experiences About Life on the Rivers
(26-10-2007) UNDP-SRB Organizes Field Visit to Sarawak's Inland Waterways
(27-10-2007) Chief Minister of Sarawak Launches UNDP-SRB Safety Seminar & River Challenge
(17-11-2007) PETRA-UNDP Teams Up with Schools to Conserve Teregganu's Mangroves
(06-12-2007) Seminar on "Structuring and Institutionalising SWM in Penang"

Gender

(07-05-2005) Malaysia Hosts the Non-Aligned Movement (NAM) Ministerial Meeting on the Advancement of Women
(07-07-2005) Social Policy Dialogue on Maternity Benefits
(26-01-2006) UNDP-IIM Held Gender-Focused Workshop on Integrity
(12-03-2006) UNFPA-UNDP-AFFPD Forum with Women Parliamentarians on HIV/AIDS, Drugs and
(16-03-2006) Workshop on Malaysian Gender Gap Index (MGGI)
(25-08-2006) Dato' Seri Najib Launches Gender Budget Publications In Conjunction with Women's Day
(25-11-2006) UNDP and UNFPA Partner in White Ribbon Campaign
(05-02-2007) UNDP, MECD and MCCM Launch Micro Credit Project to Empower Rural Women with Entrepreneurial Skills
(07-05-2007) Dato' Sri Shahrizat Launches MWFCD/UNDP Report on Measuring Gender Equality
(19-07-2007) UNDP-MWFCD Workshop Renews Interest in the Gender Gap
(06-09-2007) UNDP-MWFCD 30 per cent Women's Project - Inception Workshop
(03-12-2007) UNDP-MWFCD Seminar Reviews Policies to Elevate Women to Top Job Posts

Governance

(09-12-2005) UNDP Supports Anti-Corruption Drive
(08-05-2007) Malaysia's Prime Minister and UNDP Launch National Integrity Report

MDGs

(30-09-2004) United Nations Poster Design Competition for young people on the MDGs
(30-09-2004) Malaysia's MDG Poster Competition 2004
(28-01-2005) Launch of the Malaysia Millennium Development Goals Report
(16-06-2006) UNDP-SUHAKAM Press Briefing to Launch "A Human Rights Perspective on MDGs and Beyond"
(07-09-2006) UNCT Holds Policy Dialogue on "Improving Equity in Sarawak"
(17-05-2007) UNCT Holds MDG Policy Dialogue on Improving Equity in Sabah

Poverty, trade and inequality

- (13-12-2004) UN-UNAM Poverty Dialogue on Poverty Eradication
- (29-11-2004) UNDP/NSI/TWN Conference on Trade
- (19-06-2006) Global Alliance ICT and Development (GAID) launched in Putrajaya
- (04-07-2006) Dato' Sri Najib Launches Two UNDP Reports on Trade and Human Development
- (12-07-2006) DOS-EPU-UNDP Training on Malaysia's new Poverty Line Income (PLI)
- (09-11-2006) UNDP Launches Human Development Report 2006
- (05-12-2006) UNDP and EPU Organise Policy Dialogue on "Bridging the Digital Divide - Access, Adoption, Value"
- (04-01-2007) UNDP Partners with Honda Malaysia in "Honda Dreams Fund" to Help Students From Poor Households
- (19-04-2007) UNDP and MIER Launch UNESCAP Report 2007 "Surging Ahead in Uncertain Times"
- (25-04-2007) UNDP and Honda Announce 20 Inaugural Honda Dreams Fund Scholars
- (13-08-2007) UNDP Goodwill Ambassador Nicol David Spotlights Role of Youths in Development
- (29-11-2007) UNDP Launches 2007/2008 Human Development Report
- (06-12-2007) Bario – The Perfect Venue for Development Conferencing
- (11-12-2007) International Poverty Conference Opens with Launch of Landmark UNDP-EPU Publication

South-South Cooperation

- (11-01-2005) UNDP leads UN South-South Day
- (21-02-2006) UNDP-Marditech Collaborate to Revive Afghanistan's Fruit Processing Sector
- (14-03-2006) UNDP Co-hosts Business Seminar for High Level Afghan Delegation
- (03-07-2006) UNDP Co-hosts Inter-regional South-South Policy Dialogue to Promote Environmentally Sustainable Urban Societies
- (10-07-2006) UNDP Implements Programme to Boost Growth of African Development Finance Institutions
- (06-11-2006) UNDP Partners with MIDA and JICA in Workshop for African Countries
- (04-12-2006) UNDP and Development Bank Hold Training Workshop for African Banking Professionals, Launch SME Publication
- (05-11-2007) UNDP Boosts South-South Exchange in Poverty Reduction

Miscellaneous:

- (08-04-2005) Prof. Jeffrey Sachs's Visit to Malaysia
- (24-10-2005) Malaysia's HIV/AIDS Poster Competition 2005
- (20-12-2005) UNDP Leads Dialogue on Lessons Learnt from Tsunami One Year On
- (14-12-2005) UNDP-Pfizer Partnership for Tsunami Cooperative in Kuala
- (30-11-2006) UNCT Holds World AIDS Day Commemoration: "Strengthening Evidence-Based Responses"
- (13-12-2006) UNCT Holds Special Lecture on Human Rights Day 2006: Convention of the Rights of the Child - Challenges Ahead

(02-12-2006) UNDP Leads UNCT in Support for PT Foundation in 'The Red Carnival 2006'

(06-12-2006) UN Assistant Secretary-General Dr Hafiz Pasha Delivers Keynote Address at MIER's National Economic Outlook Conference

(09-03-2007) UN Holds Seminar on HIV/AIDS: "Listen to their Voices, Act on the Evidence!"

(29-03-2007) UNDP, Nestle and CSR Malaysia Hold Public Forum to Promote Corporate Social Responsibility (CSR)

(27-07-2006) Dato Sri Effendi Norwawi Launches UNDP-Securities Commission Seminar to Boost Corporate Social Responsibility (CSR)

(23-08-2007) UNDP-ICR Malaysia 2007 Conference on CSR - Raising the Bar