Date: 20 January 2020

**MANAGEMENT RESPONSE**

**Independent Country Programme Evaluation (ICPE)**

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| **Recommendation 1:** UNDP should enhance its strategic focus and redefine its value proposition in terms of impact. More strategic engagement of UNDP is possible given that the Government has the capacity to finance its own development priorities. UNDP strength is its international presence, reach and access to a wide range of success stories, and global knowledge and expertise. In the UMIC context of Malaysia, UNDP’s value is in its ability to tap into the latter. UNDP must enhance its in-house expertise to be able to engage substantively in high level policy discussions fully. Both the Government and UNDP are open to exploring alternative delivery arrangements to strengthen UNDP’s effectiveness and impact, including reimbursable advisory services.  Further, given Malaysia’s UMIC status and UNDP’s own limited resources, **it is importance to support Government in adopting new financing approaches for the achievement of the SDGs**. UNDP is increasingly required **to deliver in partnership**. UNDP should enhance in-house capacities to be able to leverage the resources of other development actors (financial and technical/knowledge) for SDG financing. |
| **Management response:**UNDP has noted and accepted this recommendation. The new Country Programme Document for Malaysia (2021-2025) currently under formulation, is aligned with the UN wide Sustainable Development Corporation Framework (UNSDCF) giving focus to 4 Pillars on People, Planet, Prosperity and Peace. As Malaysia’s development needs have evolved over the last five years, work, portfolios and expertise is progressively being realigned to reflect the need for a more robust, evidence-driven and internationally rooted policy engagement with the Government. This includes building in-house policy expertise, expanding partnerships with public and private sector, strengthening of alternative delivery arrangements and enhancing the platform approach to leverage partners to deliver SDGs. These initiatives will continue. |
| **Key action(s)** | **Time frame** | **Responsible Units** | **Tracking** |
| **Comments** | **Status** |
| 1.1 Development of CPD 2021-2025 | Q2 2020 | UNDP Senior Management | The Draft Outputs for under each Pillar/ Outcome has been made ready. Consultation with MEA is scheduled in mid Feb. | Ongoing |
| 1.2 Strengthen UNDP organization structure to include in-house expertise eg Economics Unit and Accelerator Lab Team | Q1 2020 | UNDP Senior Management | The Economic Unit and Acc Lab Team are being established. | Ongoing |
| 1.3 Improve upon UNDP’s ability to negotiate Reimbursable Advisory Service as an alternative delivery arrangement with partners. | Q1 2021 | UNDP Senior Management | UNDP has successfully negotiated a RAS project with the Sarawak Government in 2019. The lesson will improve on future RAS (i.e. with other States, Ministries or Private Sectors).  | Ongoing |
| * 1. Strengthen SDG Financing by exploring Islamic Financing (IF) and Private Sector Partnerships
 | Q4 2021 |  UNDP Senior Management | CO is currently in discussion with key IF players i.e. Securities Commission (the regulator) and IF practitioners (i.e. Maybank, International Islamic University) in utilizing Zakat (tithe contribution) and Wakaf (endowment) in addressing SDG financing gaps.CO will also continue to explore partnership potential with Private sector  | On going |
| * 1. Strengthen partnership through setting up a country platform approach to leverage public and private sector engagement in addressing the needs of marginalized communities, including raising financing
 | Q1 2021 | UNDP Senior Management | UNDP is piloting an NGO Facility to deliver SDGs solutions to marginalized communities. The NGO Facility will be co-owned with the Government to catalyze private sector contributions on SDGs. | Initiated |

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| **Recommendation 2:** UNDP should enhance its engagement at the local level to strengthen local governance capacities. Malaysia has high-level human capital development with a highly literate and well qualified civil service driving the development agendas of the Government. However, there is a recognition that there are programmatic deficiencies in pockets of the Government’s development agenda at subnational levels. This has implications for the presence, strategies, and support provided by UNDP. Strengthening capacities at local levels is an area where UNDP can contribute to, building on its emergent engagement at the subnational level.  |
| **Management Response:** UNDP has noted and accepted this recommendation. UNDP has recently concluded an initiative at the end of 2019 to engage local city councils in SDG related actions. The engagement has opened a number of opportunities for UNDP intervention at the local government level. Currently, strategic interventions and gaps at the subnational and local level include: SDG mapping/ state VNR, urbanization and last mile service delivery issues have been identified and programmatic support is ongoing at varying stage. The recommendation to strengthen capacities at the local level is aligned with UNDP’s intent to expand our focus on user-centric approaches in guiding policy recommendations, spearheaded under UNDP ‘s Inclusive Growth and Development portfolio and a key focus for the Accelerator Lab. In short, UNDP will continue to build on existing efforts to support state level priorities by helping State Governments to develop medium and long-term plans, sectoral analysis and address federal-state challenges around sensitive issues such as on stateless and undocumented persons. There is also growing opportunities to support local government in order to achieve LNOB in a more impactful way.  |
| **Key action(s)** | **Time frame** | **Responsible unit(s)** | **Tracking** |
| **Comments** | **Status** |
| 2.1 Identification of programmatic gaps in pockets of the Government’s development agenda at subnational levels in the CPD 2021-2025 | Q2 2020 | UNDP Senior Management and Governance Team | The Draft Outputs for under each Pillar/ Outcome has been made ready. Consultation with MEA is scheduled in March.This action is similar to 1.1. | Completed |
| 2.2 Support SDG mapping and/ or VNR at the local or state level including capacity building and advocacy support on SDG | Q4 2020 | UNDP Senior Management and Programme Team | Interests from a number of state governments (Sabah, Sarawak, Kedah, Johor) have been received.  | Initiated |

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| **Evaluation Recommendation 3.** UNDP should review its value proposition in the area of inclusive growth. The value of UNDP’s analytical and research work in the area of inclusive growth is recognized. However, the Government is looking to UNDP for the provision of highly tailored technical support and policy advice and sharing of experiences from elsewhere. In a country that has general budget adequacy and macro development strategies using medium and long-term strategic development planning frameworks, the inputs and contributions of UNDP must be couched strategically to ensure appropriate value addition to the country’s development and policy priorities. UNDP should focus on its strength areas where it can add value to the existing programs of client ministries and outcomes. This requires a higher degree of selectivity and a move away from micro-projects. While the UNDP projects do reflect elements of inclusive growth, the strategic linkages with the Government’s macro and sector levels can be strengthened. UNDP needs to take stock of this issue, especially the implications for sustainability. UNDP should ensure clear and tangible rationale and clarity on the strategic linkages of the project proposals and the stated macro priority areas in inclusive growth. UNDP should ensure that proposed projects have clear sustainability strategies which are time-bound and linked to medium-term programming of the country. UNDP-supported interventions should have in-built impact assessments to ensure that they are sustainable and impact oriented as opposed to output and immediate outcome-oriented. This is a key aspect of sustainability, i.e. showing evidence of impact from the projects. There must be support for post-project impact assessments to ensure sustainability of the projects. Pilot projects should have the additional requirement of integrating from the outset “proof of concept” strategies.  |
| **Management Response:** UNDP has noted and accepted this recommendation. The CO is taking concrete steps to significantly strengthen its policy-driven engagement based on evidence gathered through ‘proof-of-concept’ projects, analytical rigor and stronger positioning of UNDP’s global knowledge networks. The Accelerator Lab is central to this re-orientation and UNDP has furthermore established a new Economics Unit to strengthen UNDP’s value-add in the area of inclusive development and growth. As the country has become a UMIC, the office has placed greater emphasis on strengthening the strategic linkages of the IDG portfolio with the Government’s macro and sectoral level. In the area of poverty and inequality, CO has rejuvenated the discussions on MPI with the government, paving way for a series of collaborations on multidimensional poverty index (MPI). UNDP has taken initiatives to expand our support to the government on SSC – for lessons and experience sharing among like-minded countries. To ensure sustainability of impact, UNDP will consider expending resources on post-project impact assessments and follow-up initiatives to sustain the impact on the ground. |
| **Key action(s)** | **Time frame** | **Responsible unit(s)** | **Tracking** |
| **Comments** | **Status** |
| 3.1 To establish and empower the Economic Unit within UNDP to enhance strategic linkage of IDG work with the Government’s macro and sectoral level especially to support 12 Malaysia Plan | Q2 2020 | UNDP Senior Management and IDG Programme Team | The Economic Unit has been established in Dec 2019. | On-going |
| 3.2 To turn the B40 Citizen’s Journey Approach pilot into a proof of concept to argue for improved service delivery and to address multidimensional poverty | Q2 2020 | UNDP Senior Management and IDG Programme Team | The B40 CJA pilot have been concluded. The policy recommendations to the Ministry of Economic Affairs is being compiled. | Completed |
| 3.3 To enhance visibility and/or learning for Malaysia through facilitating SSC between Malaysia and other similar countries on inclusivity and growth. | Q3 2020 | UNDP Senior Management and Programme Team | UNDP has set aside dedicated resources to support the Government on pilot knowledge sharing on biodiversity and youth-engagement and entrepreneurship. | Completed |
| 3.4 To introduce post-project analysis and gathering of evidence of impact to enhance policy impact for IDG projects. | Q1 2021  | UNDP Senior Management and IDG Programme Team | CO is currently strengthening its M&E system which includes a section on impact monitoring of the projects in the final report. An outcome evaluation is planned to be organized post CPAP 2016-2020 | Not Started |

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| **Evaluation Recommendation 4.** The Government of Malaysia (and UNDP) should give serious consideration to the development of a new entity, the National Climate Change Centre, as a physical entity (rather than virtual), with appropriate staff, seconded from relevant ministries and agencies. This will help with the harmonization of all planning and management related to climate change, which would support the outcomes of all climate change projects to date, as well as the post-2020 green growth plan, and the implementation of the full DSM study. Further, there should be increased attention given to climate change adaptation needs and approaches and strengthening the institutional and governance arrangements for climate change. These initiatives would all contribute to more effective climate change governance in Malaysia.  Since there is a recognition that there are still poverty issues in marginalized communities throughout Malaysia, it is evident that the programme needs to look at opportunities (and rights) that suit these communities in areas where there are still substantial natural resources; there is also a need to ensure that environmental quality in the areas of marginalized communities is not foreclosed for the sake of development that might benefit others (this requires more state-level engagement). The Government of Malaysia and UNDP should strategize how to get more engagement in marine habitat management, improvements to the Environmental Impact Assessment process, integrated water resource management, and more effective waste management. |
| **Management Response:**UNDP has noted and accepted this recommendation. UNDP has been providing and will continue to provide support for a stronger institutional and governance system for climate change in Malaysia. With support of UNDP, the National Climate Change Centre has been established by the government in October 2019. The Centre is tasked to gather climate change data, perform risk analytics and policy coordination among different levels and sectors of government. The CO will further enhance the capacity of the Climate Change Centre and also build capacity within relevant key ministries to act on climate change. To improve climate change adaptation, UNDP will provide support to enhance nature-based solutions and expand the financing solutions for nature conservation.Through the new initiatives of the Orang Asli Micro-Grant Facility, UNDP has started to address issues/impacts of natural resources mismanagement and environmental quality to the indigenous and local communities by working with grassroots organizations. The indigenous and local communities will continue to be an important target beneficiary in the new CPD.For areas of marine habitat management, integrated water resource and waste management, CO has integrated these elements into the new CPD. However, CO work does not focus on EIA processes which requires certification and does not promote value-add as many private sector entities are specialized on EIA. |
| **Key action(s)** | **Time frame** | **Responsible unit(s)** | **Tracking** |
| **Comments** | **Status** |
| 4.1 To support the government on the preparation of the Green Economy Chapter aimed to mainstream environment and natural resources considerations into economic development. | Q4 2020 | UNDP Senior Management and SRD Programme Team | The Baseline study for Green Economy has been commissioned. | Ongoing |
| 4.2 To provide training and workshops to enhance the capacity of the National Climate Change Centre | Q4 2020 | UNDP Senior Management and SRD Programme Team | CO is currently supporting MESTECC for capacity building under 4th Bienial Update Report project, Climate Promise and Capacity-building Initiative for Transparency (CBIT) | On-going |
| 4.3 To institutionalize adaptation effort by support to the Ministry of Water, Land and Natural Resources for the establishment of the “Reducing Emissions Arising from Deforestation and Forest Degradation (REDD plus) Unit”. UNDP will support the Unit to explore Redd plus funding. | Q2 2020 | UNDP Senior Management and SRD Programme Team | The REDD Plus Unit has been established.  | Completed |
| 4.4 To provide support to the Government on the Review of the National Policy on Biodiversity and National Policy on Climate Change | Q2 2021 | UNDP Senior Management and SRD Programme Team | UNDP supported the preparation of the Sixth National Report to UN Convention on Biological Diversity, which has illustrated the gaps and Issues. UNDP supported the preparation of the Biennial Update Report and The Third National Communications to the UN Framework Convention on Climate Change, which has illustrated the gaps and Issues. | Completed |
| 4.5 To integrate the circular economy and green economy/blue economy components within the new CPD to expand UNDP focus on waste management and reuse. | Q2 2021 | UNDP Senior Management and SRD Programme Team | Inclusion of Circular Economy and Green/ Blue Economy as one of the outputs under the Planet pillar.**This action is similar to 1.1.** | **Initiated** |
| 4.6 Support to the indigenous and local communities will continue via OAMGF, while new initiatives focusing on these marginalized groups will expand through new GEF pipeline.  | Q3 2020 | UNDP Senior Management and SRD Programme Team | Scoping Study for the GEF 7 (FOLUR) Project to improve practice on the commodity landscape has been initiated. Project approval is pending in July 2020. | Ongoing |