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**Draft country programme document for Malaysia  
(2008-2012)**

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## I. Situation analysis

1. Malaysia, one of the world's most open economies, has achieved sustained economic growth, substantial poverty reduction and progress in human development. The economy grew at an annual average of 5.3 per cent between 2000 and 2006, and the national poverty rate fell steeply from 16.5 per cent in 1990 to 5.7 per cent in 2004. In the same year the multi-ethnic and culturally diverse population also achieved high human development status. The country has achieved its [Millennium Development Goals \(MDGs\)](#), except for halting and starting to reverse the spread of HIV/AIDS.

2. *Growing inequality* – Poverty reduction has been uneven, with pockets of rural poverty remaining, especially among the indigenous communities of Sabah and Sarawak. Income inequalities have also been rising - the Gini went from 0.446 in 1990 to 0.462 in 2004.

3. *Gender equality and HIV/AIDS* - Malaysia continues to promote gender equality and the empowerment of women. In the ninth Malaysia plan, 2006-2010, Government has set a target of at least 30 per cent women in decision making positions in all sectors. On the negative side, however, HIV/AIDS cases have risen sharply since the 1990s, and in recent years there has been a rising trend of HIV infections among women.

4. *Environmental stewardship* – To improve environmental and natural resource management, the Ministry of Natural Resources and Environment was created in 2004. A National Physical Plan 2005-2010, was adopted to enhance integrated land use planning, and a National Biodiversity-Biotechnology Council was established in 2002 to coordinate conservation and sustainable utilization of biological resources. Since the December 2004 tsunami, there has been increased focus on the conservation and rehabilitation of coastal natural resources. Malaysia promotes the utilization of renewable energy resources, including the Small Renewable Energy Power Programme. Energy efficient technologies are being incorporated in the design and construction of government buildings.

5. Challenges faced by the country include 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 regional level, there is need for climate change adaptive measures.

6. *Global partnership for development* – Malaysia actively promotes and supports South-South cooperation, principally through the Malaysia Technical Cooperation Programme. Malaysia has also increased its technical cooperation within the framework of the Association of South East Asian Nations (ASEAN) and the Asia-Africa partnership, especially through the Tokyo International Conference for African Development, and in partnership with UNDP. It supports partnerships between the Governments and private sectors of the South and most recently initiated a capacity building programme for lesser developed countries which are part of the Organization of Islamic Conference (OIC).

7. *Development aspirations* – Vision 2020 outlines Malaysia's long term goals of becoming a fully developed country by 2020. The medium term goals are set forth in the ninth plan, which also supports a paradigm shift from a production to a knowledge-based economy.

## II. Past cooperation and lessons learned

8. The country programme for Malaysia, 2003-2007, focused on human development, energy and environment, and the sharing of best practices in these areas through South-South cooperation. UNDP led the United Nations country team, in partnership with the Government and other stakeholders, in preparing a comprehensive account of the policies

and strategies that enabled Malaysia to achieve the MDGs – <http://www.undp.org.my>. This was codified and developed into knowledge products to be shared nationally and globally. Strategic partnerships were formed with various line ministries, NGOs, think-tanks, academia and the private sector, and Malaysia-led South-South initiatives played a significant role in increasing regional and sub-regional economic and social cooperation.

9. UNDP and the Government formulated a Human Resource master plan, and assisted with capacity development for improved policy formulation to measure and target poverty and to bridge the digital divide. Initiatives to promote women's empowerment were undertaken, i.e. improved welfare benefits, gender budgeting, microfinance uptake and entrepreneurial skill development of rural women. UNDP supported the Government in the preparation of its Convention for the Elimination of Discrimination Against Women report presented in 2006. An initiative to support anti-corruption measures and the National Integrity Plan was undertaken. Furthermore, UNDP worked with the Ministry of Health and the Malaysian AIDS Council to combat HIV/AIDS by increasing awareness among community leaders and helping to change unhealthy behaviours among substance abusers.

10. Several projects supported by the Global Environment Fund (GEF) were implemented to improve environmental management, such as Building Integrated Photovoltaic Technology Application, Bio-mass Power Generation and Co-generation in Palm-Oil Mills and the Malaysian Industrial Energy Efficiency Improvement Project. The Ministry of Energy, Water and Communication, the Malaysian Energy Centre the Energy Commission of Malaysia and industry associations benefited from increased institutional capacity building, and private sector participation in these initiatives. These initiatives also supported Government commitments under multilateral environment agreements.

11. Improved environmental management was also supported with strategic initiatives at the community level. These included the implementation of the European Commission-UNDP Small Grants Programme for Operations to Promote Tropical Forests in Malaysia, the GEF-Small Grants Programme and Local Agenda 21 initiatives. An innovative partnership between UNDP, a Malaysian private sector company and the Terengganu State Government supported the regeneration of mangrove forests.

12. The United Nations country team pro-actively engaged with Government and other stakeholders in supporting national relief efforts for tsunami affected victims. The country team supported new policy initiatives to curb the spread of HIV/AIDS; to advocate for change with parliamentarians, academia and think-tanks vis-a-vis development challenges beyond the MDGs, and for strengthening human rights, and promoting the right to development for all. As part of the country team, UNDP supported the HIV/AIDS Theme Group and other stakeholders in developing the new National Strategic Plan on HIV/AIDS, 2006-2010.

13. Lessons learnt from Government of Malaysia-UNDP cooperation include: the potential for sharing successful development experiences through South-South cooperation, particularly in relation to public-private initiatives; the possibility of addressing issues beyond the MDGs from a human rights perspective; the need for strengthened efforts to improve equity, especially in rural areas of lesser developed states; the need to mainstream energy and environmental considerations into the work of non-environmental agencies, and to forge new alliances with the private sector in support of national development goals.

### **III. Proposed programme**

14. The country programme for Malaysia, 2008-2012, developed through a broad multi-stakeholder consultative process, complements the ninth plan that emphasizes development

through international cooperation and outlines five strategic action areas essential for continued national development: (a) move the economy up the value chain; (b) raise the capacity for knowledge and innovation; (c) address persistent socio-economic inequalities constructively and productively; (d) improve the standard and sustainability of quality of life; (e) strengthen institutional and implementation capacity. The programme will focus on promoting the global partnership for development through South-South cooperation, going beyond the MDGs and improving equity, environmental management, and climate change mitigation. Gender, HIV/AIDS, Information Communication Technology for Development (ICT4D) and partnerships with the private sector will be incorporated as cross-cutting issues.

15. *Promoting global partnership for development* - Malaysia will increasingly play a leading role among middle-income countries in supporting the development of Africa, of poorer countries within the OIC, the Non-Aligned Movement and ASEAN, as well as in sub-regional growth including neighbouring countries such as Indonesia and the Philippines. The programme will thus support South-South cooperation to include the promotion of good governance, gender, poverty reduction, and crisis prevention and recovery. Private-public partnerships will form one modality of cooperation. The success of Malaysia in meeting the MDGs will be leveraged to support initiatives in countries that have yet to achieve their MDGs. This will also offer opportunities for Malaysia to learn from countries in areas where it is less accomplished. UNDP Malaysia will help mobilize fresh resources to support Malaysia-led South-South initiatives, including resources from donors outside Organization for Economic Cooperation and Development such as Singapore, Brunei Darussalam, the Middle Eastern countries, the private sector and international development banks.

16. Malaysian support to countries affected by humanitarian crises indicates its ability to provide humanitarian and development assistance with long term commitments. The country has an increasingly skilled and resourceful NGO community, able to provide flexible responses to humanitarian and post-conflict crisis situations. The country programme will develop capacities to strengthen these international efforts.

17. *Addressing human development challenges* - The programme will support transition towards a knowledge-based economy by augmenting knowledge in the key agriculture, manufacturing and services sectors. It will also encourage partnerships to strengthen capacities in trade competitiveness and policy integration.

18. *Addressing growing inequality* - To end extreme poverty and improve equity, the programme will give priority to the challenges faced in the rural areas, particularly in Sabah, Sarawak, Kelantan and Terengganu. It will support initiatives to improve equity between states, population groups and the rural-urban divide. Efforts will be made to improve public service delivery, especially to the poor and the disadvantaged, and to integrate a human rights approach to development in national policies and programmes.

19. *Towards improved quality of life through sustainable environmental management* - The programme will continue to support initiatives that contribute towards improved environmental management. It will focus on three strategic areas: (a) enhancing environmental management of biodiversity and natural resources, including water resource management; (b) climate change mitigation and adaptive initiatives; and (c) incorporating environmental considerations into the planning and development of non-environmental agencies. It will also include participatory community level initiatives.

20. *Strengthening institutional capacity* - The programme will support institutional capacity development in relation to macro and sectoral modeling, implementation and delivery, including evaluating and improving databases and service delivery systems.

21. *Cross-cutting areas of gender, HIV/AIDS, ICT4D and partnerships with the private sector* – Gender issues will remain a strategic focus area, empowering women to progress, supporting poor female-headed households, enhancing the participation of women in the labour force, and augmenting their financial and business skills. The programme will support the implementation of the National Strategic plan that adopts the ‘three ones’ approach to HIV/AIDS: one comprehensive national AIDS framework, one national AIDS coordinating authority and one national monitoring and evaluation system. The programme will form and strengthen sustainable partnerships with the private sector, and encourage corporate social responsibility and support for national development goals at all levels.

22. The country programme priorities and direction for 2008-2012 will be reviewed in the light of new national priorities that may emerge from the tenth Malaysia plan, 2011-2015.

23. The programme priorities of the new country programme focus on both national priorities and strengths. Thus, this country programme will remain relevant during the course of the five years (2008–2012), even if the Malaysian economy moves ahead. The role of Malaysia in assisting other countries pursuing a growth path is strategic, and such partnerships will drive the programme during this period.

#### **IV. Programme management, monitoring and evaluation**

24. All projects in the country programme will support national development priorities and continue to be nationally executed. Given the continued growth of the economy, it is foreseen that the ratio of government cost sharing to UNDP resources will grow. Government and project cost sharing funds will remain vital to expand the resource base. Cost sharing resources in the country programme 2008-2012 are based on a provisional 60:40 ratio between Government cost sharing and the UNDP regular resources, pending final agreement from the Government. (The present ratio is 50:50). This new ratio will be for 2008, and, thereafter, a progressively greater share of Government resources will be negotiated. This will be complemented by resource mobilization efforts from other resources such as trust funds, GEF, the Montreal Protocol, regional and inter-regional programmes and joint collaboration with other multilateral agencies such as the Asian Development Bank and the Islamic Development Bank. It is expected that private sector funding will grow significantly during the course of the programme.

25. Results-based management will be integrated across all UNDP supported programmes and projects. The use of ATLAS will be expanded for improved transparency and accountability in the utilization of resources in the programme.

26. External expertise, wherever needed, will be recruited from national institutions, UNDP regional centres in Sri Lanka and Thailand, UNDP headquarters and global resource centres. UNDP will also continue to extensively use the knowledge network to source for relevant information as well as to share Malaysian best practices.

27. Participatory approaches for monitoring and evaluation (M&E) will be developed to ensure that programme and project monitoring systems are aligned with the results framework. Joint monitoring and evaluation of UNDP funded interventions with other United Nations Development Group organizations and the Government of Malaysia will be encouraged. Lessons learned and recommendations from the M&E exercise will provide inputs into the implementation of the country programme. Resources from the country programme will be allocated to support critical activities relating to its review and evaluation.

## Annex. Results and resources framework for Malaysia (2008-2012)

<b>Intended outcome 1: Malaysia to increase its engagement in the global partnership for development</b>				
<b>Programme component</b>	<b>Programme outcomes</b>	<b>Programme outputs</b>	<b>Output indicators, baselines and targets</b>	<b>Resources* by goal (\$'000)</b>
Contribution of Malaysia to the global partnership for development	Malaysia to have contributed to the capacity development of Southern and developing countries	1.1 Policies and strategies on achieving the MDGs shared with Southern and other developing countries 1.2 Public-private partnerships in Malaysia strengthened, and technology, knowledge and skill transferred to Southern countries 1.3 Sub-regional cooperation enhanced 1.4 Malaysian capacity to support crisis prevention and management enhanced	1.1.1 At least five policy dialogues held with Southern countries on themes related to achieving the MDGs 1.2.1 New initiatives on technology transfer and capacity building carried out in at least five countries 1.3.1 Malaysia-led capacity building initiatives, especially in relation to poverty reduction, initiated in regional and sub-regional areas such as OIC, NAM, Brunei-Darussalam/Indonesia-Malaysia-Philippines East ASEAN Growth Area, Indonesia-Malaysia-Thailand Growth Triangle and ASEAN 1.4.1 Best practices in crisis prevention and management shared with Malaysian NGOs and other stakeholders involved in humanitarian crisis situation	Regular: 670 Other: 3,270 Total : 3,940
<b>Intended outcome 2: Effective response to human development challenges and reduction of inequalities</b>				
Fostering inclusive globalization and promoting inclusive growth	The priority human development challenges of Malaysia, including growing inequality, addressed	2.1 Progress made towards the K-economy that enhances Malaysia's competitiveness 2.2 Geographical and sub-population socio-economic inequalities and disadvantages, including the digital divide, reduced 2.3 Progress made towards women's empowerment in decision making positions and increased labour force participation 2.4 Enhanced public administration reform, especially in service delivery, and corruption levels reduced 2.5 Strengthened institutional capacity 2.6 National Strategic Plan on HIV/AIDS, 2006-2010, implemented 2.7 Enhanced role of the private sector in support of national development priorities	2.1.1 Partnerships with development partners formed to strengthen capacities to enhance Malaysian productivity and competitiveness 2.2.1 At least five strategic projects implemented to support Malaysia's priority human development challenges, addressing inequalities and disadvantages 2.3.1 Development of a plan of action supporting the empowerment of women in development 2.4.1 Assistance / inputs to policy making to enhance public administration reform and anti-corruption measures 2.5.1 Initiatives to develop institutional capacities 2.6.1 Partnership with UNFPA / UNAIDS further strengthened and a 'United Nations' approach to HIV/AIDS in Malaysia established 2.7.1 Partnerships with the private sector formed to support national development goals,	Regular: 1,000 Other: 4,000 Total: 5,000

<b>Intended outcome 3: Improved environmental stewardship through sustainable energy development and environmental management</b>				
<b>Programme component</b>	<b>Programme outcomes</b>	<b>Programme outputs</b>	<b>Output indicators, baselines and targets</b>	<b>Resources* by goal (\$'000)</b>
Improved quality of life through sustainable environmental management	Enhancing environmental management of biodiversity and natural resources, including water resource management	3.1 The Malaysian Sustainable Development Indicators system developed 3.2 Improved capacity of stakeholders in environmental management, including water management, planning and implementing integrated approaches that also respond to the needs of the poor 3.3 Established protocol for traditional biodiversity knowledge	3.1.1 At least two Sustainable Development Indicators developed at the national and local levels 3.2.1. Improved integrated eco-system management implemented 3.2.2 Better linkage between agriculture and biodiversity conservation established	Regular: 120 Other: 15,200 Total: 15,320
	Climate change mitigation and adaptive initiatives implemented	3.4 Improving data management system of greenhouse gas emissions and ozone depleting substance consumption 3.5 Removal of barriers for increased energy efficiency and renewable energy initiatives implementation 3.6 Extension of rural electrification utilizing renewable energy sources	3.4.1. Support establishment of an improved data management system 3.5.1. Support increased renewable energy mapping and physical capacity 3.5.2 Institutional framework for implementing building energy efficiency established 3.5.3 Identification of energy efficiency potential in the transportation sector 3.6.1. Policy framework for rural electrification on renewable energy established	Regular: 120 Other: 10,610 Total: 10,730
	Incorporation of environmental considerations into planning and development of non-environmental agencies	3.7 Capacity building to implement National Physical Plan at state and local levels 3.8 Environmental services support incorporated into industrial development	3.7.1. National Physical Plan elements incorporated into structure and local plans. 3.8.1. Establishment of environmental services support unit within the Government	Regular: 120 Other: 3,430 Total: 3,550
				Grand Total: 38,540

\* Note: Cost sharing resources (other resources) in the country programme 2008-2012 are earmarked based on an assumed 60:40 ratio for Government cost sharing with regular resources of UNDP, pending final agreement from the Government. This ratio will be for 2008 and thereafter a progressively greater share of Government resources will be negotiated.