



PROJECT DOCUMENT
Malaysia

Project Title: Institutional Strengthening Project (Phase XII) (MAL/SEV/80/INS/185)

Project Number: 00107566

Implementing Partner: National Ozone Unit, Department of Environment, Ministry of Energy, Science, Technology, Environment & Climate Change, Government of Malaysia

Start Date: Jan 2018 **End Date:** Dec 2019 **PAC Meeting date:** n/a

Brief Description

This project proposal was submitted to extend institutional strengthening support to the National Ozone Unit (NOU), of the Department of Environment, for two additional years of operation. The project will allow the NOU to continue to plan, organise, direct and coordinate all activities required for the implementation of Malaysia’s strategy in all areas related to the Phase-out of Ozone Depleting Substances under the Montreal Protocol. The 80th Meeting of the Executive Committee of the Montreal Protocol held in November 2017 approved the extension of the Institutional Strengthening project for Malaysia for another 2 years.

The main objective of the project is to further enhance the overall programme management capability of the National Ozone Unit for ozone layer, especially to enforce ODS policy development and supervision and management of projects. The extension of Phase XII will provide the necessary inputs to assist Malaysia to maintain its momentum in phasing out the consumption level of ODS, to improve its HCFCs management system, and to sustain the capacity of the NOU to effectively implement Malaysia’s national Montreal Protocol Programme for ODS phase out, in order to reach the targets of reduction in HCFC consumption as per accelerated phase-out schedule and make efforts to sustain the achievement of ODS phase-out.

Contributing Outcome (UNDAF/CPD, RPD or GPD):
Enhancing national resilience to climate variability and change as well as impact of ozone depletion

Indicative Output(s): Output 1.3 Solutions developed at national and sub national levels for sustainable management of natural resources, ecosystem services, chemicals and waste

Total resources required:	USD 357,760	
Total resources allocated:	UNDP TRAC:	
	Donor (MLF):	USD 357,760
	Donor:	
	Government:	
	In-Kind (Implementing partner):	USD 166,000
Unfunded:		

Note: This is a continuation of the IS projects which has started since 1995. Since IS X, the IS project document will be signed between both UNDP and the Implementing Agency (Department of Environment - Malaysia)

Agreed by (signatures):

UNDP	Implementing Partner
 Stefan Priesner Resident Representative	 MOKHTAR BIN ABDUL MAJID DEPUTY DIRECTOR GENERAL (OPERATION) DEPARTMENT OF ENVIRONMENT MALAYSIA
Print Name:	Print Name:
Date:	Date: 08/10/2018

Table of Contents

I. DEVELOPMENT CHALLENGE4

II. STRATEGY4

III. RESULTS AND PARTNERSHIPS5

IV. PROJECT MANAGEMENT6

V. RESULTS FRAMEWORK7

VI. MONITORING AND EVALUATION.....9

VII. MULTI-YEAR WORK PLAN12

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS15

IX. LEGAL CONTEXT AND RISK MANAGEMENT17

ANNEX I: PROJECT QUALITY ASSURANCE REPORT.....18

ANNEX II: RISKS AND MITIGATION.....25

ANNEX III: TERMS OF REFERENCE: PROJECT STEERING COMMITTEE (PSC)26

ANNEX IV: TERMS OF REFERENCE: NATIONAL PROJECT DIRECTOR.....27

**ANNEX V: RESULTS OF THE CAPACITY ASSESSMENT OF THE PROJECT
IMPLEMENTING PARTNER AND HACT MICRO ASSESSMENT28**

ANNEX VI: PROJECT ANNUAL REPORT TEMPLATE51

ANNEX VII: FACE FORM TEMPLATE.....54

ANNEX VIII: TERMINAL REPORT AND REQUEST FOR EXTENSION.....55

REPUBLIC OF MALAYSIA
MINISTRY OF AGRICULTURE AND AGRI-FISHERIES
MALAYSIA

Acronyms and abbreviation

APR	Annual Progress Report
AWP	Annual Work Plan
CDR	Combined Delivery Report
CFC	Chlorofluorocarbon
CPAP	Country Programme Action Plan
DOE	Department of Environment
EPU	Economic Planning Unit
FACE	Funding Authorisation and Certificate of Expenditures
HACT	Harmonized Approach to Cash Transfer
HCFC	Hydrochlorofluorocarbon
MESTECC	Ministry of Science, Technology, Environment & Climate Change
MIDA	Malaysian Investment Development Authority
MITI	Ministry of International Trade and Industry
MLF	Multilateral Fund
MOP	Meeting of the Parties
MP	Montreal Protocol
NFP	National Focal Point
NIM	National Implementation Modality
NOU	National Ozone Unit
NSC	National Steering Committee
ODS	Ozone Depleting Substances
OEWG	Open-ended Working Group
OPS/SPO	Ozone Protection Section
SBAA	Standard Basic Assistance Agreement
UNDP	United Nations Development Programme

I. DEVELOPMENT CHALLENGE

The Institutional Strengthening project plays a very important role in Malaysia's ODS phase-out activities. With the support of the Multilateral Fund under the Institutional Strengthening project, the project management, policy formulation and enforcement capacity of the NOU have been significantly strengthened through the different phases of the Institutional Strengthening project. NOU monitors and manages effectively the day-to-day implementation of ODS phase-out activities through well designed action plans to achieve accelerated phase-out of HCFCs. Actions are also undertaken to ensure sustainability of the phase-out achievements.

The extension of Phase XII will provide the necessary inputs to assist Malaysia to maintain its momentum in phasing out the consumption level of ODS, to improve its HCFCs management system, and to sustain the capacity of the NOU to effectively implement and supervise Malaysia's national Montreal Protocol Program for ODS phase out, in order to reach the target of reduction of HCFC consumption and make efforts to sustain the achievement of ODS phase-out.

II. STRATEGY

The project complies with the agreed strategies as stated in the Country Programme Action Plan for the period 2016 – 2020. Under priority 2, it advocates for Sustainable and Resilient Development in line with the Implementation of a National Development agenda that enables green growth through climate resilient measures, sustainable management of energy and natural resources, and improved risk governance. Funding by the Multilateral Fund of the Montreal Protocol as carried out by the National Ozone Unit of the Department of Environment is an indicator of commitment in phasing out HCFC and mitigating GHG.

The project intends to achieve the following outcomes:

- 1) To improve policy formulation and enforcement;
- 2) To strengthen efficient and timely data reporting;
- 3) To strengthen coordination with related agencies;
- 4) To improve project management of NOU;
- 5) To promote public awareness;

Project objectives would be achieved by (a) planning an effective elimination and control measures on the imports of ODS (Application Permit System), ODS HS Code and monitoring of illegal trade of ODS to establish policies and standards supporting the regulations on Management of Ozone Depleting Substances in coordination with relevant government agencies (b) Ensuring improved project management and staff capacity building by providing training to staff, conducting study tour etc (c) providing more effective administration of national institutional mechanism for co-coordinating national and international efforts for the protection of the ozone layer in close coordination with relevant authorities (d) Strengthening the mechanism on information exchange and dissemination and to promote activities related to the ODS phase out in the country (e) Conduct audit, implement and monitor ODS phase out projects approved by the MLF and identify, prepare, review, monitor any new proposed projects in future

III. RESULTS AND PARTNERSHIPS

Expected Results

The IS Phase XII is expected to further enhance the overall programme management capability of the National Ozone Unit for ozone layer, especially to enforce ODS policy development and supervision and management of projects. To achieve these outcomes, the project established the following outputs and objectives:

Output 1: Policy, Strategy, Regulations and Guidelines – The objectives includes Adoption/implementation of ODS legislation and regulation to control and monitor ODS consumption, Efficient and timely data collection and reporting, Consultations and coordination with other national agencies/stakeholders

Output 2: Supervision of activities, public awareness and capacity building- The objectives include Supervision of timely implementation of phase-out activities and reduction in ODS consumption, Awareness raising and information exchange and Regional cooperation and participation to Montreal Protocol meetings

Resources Required to Achieve the Expected Results

The 80th Meeting of the Executive Committee of the Montreal Protocol held in November 2017 approved the extension of the Institutional Strengthening project for Malaysia for another 2 years for an amount of USD 357,590 for the period January 2018 to December 2020. The project will also be supported by in kind contribution from the National Ozone Unit towards staff and other facilities.

Partnerships

The Implementing Partner is National Ozone Unit (NOU), Department of Environment, Ministry of Energy, Science, Technology, Environment & Climate Change (MESTECC). NOU is the Secretariat to the National Steering Committee (NSC) on Protection of the Ozone Layer. The Project Steering Committee (PSC) will assist the National Steering Committee (NSC) in handling all technical and operational matters of the project having members from the DOE, EPU, Customs Department, MITI, MIDA, MESTECC, UNDP and other relevant stakeholders as determined by the National Steering Committee. Project will link with relevant stakeholders like industry associations, technical committee members etc. to develop policy and regulation and to create awareness.

Risks and Assumptions

The project is in line with compliance target of the country to phase out ODS. The financial support is provided by MLF. This is continuation of IS project ongoing since 1995 without major issues. Hence it is anticipated that project may not have environmental, operational or financial risk. However minor risks like exchange rate loss or less participation of stakeholders in awareness programme. This will be monitored regularly and action will be taken as required.

Stakeholder Engagement

NSC (National Steering committee) and PSC (Project Steering Committee) meetings having members from the Government like EPU, Customs Department, MITI, MIDA will be held regularly. Technical committee meetings will also be held regularly to address technical issues. Meeting will also be held from time to time with other relevant agencies like custom department, industry association to discuss project and related matters

Knowledge

Various activities will be conducted to enhance awareness of stakeholders and public on ODS phase-out and ozone layer protection, especially in terms of the implementation of HPMP Stage-II and its linkage to climate

change. This will include organization of seminar/ workshop, including roadshows on HPMP Stage-II, on alternative technologies for HCFC phase-out and other such awareness activities. The project also plans to create products like leaflet, booklet etc. which can be distributed seminars, Technician trainings and State offices or in events like the ozone day.

Sustainability and Scaling Up

Project achievements would be sustainable by (a) improving the capacity of NOU, including policy development and enforcement, information collection and exchange, project management, training promotion activity, and human resource management, for Montreal Protocol implementation (b) establishing policies and standards supporting the regulations on Management of Ozone Depleting Substances, and promote contributing technology and management experience to the accelerated phase-out of HCFCs, (c) improving project management and staff capacity building, (d) increasing public awareness, and (e) keeping in contact with international community so as to work in line with global effort in protecting ozone layer.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The project is expected to deliver maximum impact with efficient and effective use of available resources made available by the Multilateral Fund of the Montreal Protocol and operationalizing the policies and guidelines governed by the existing Environmental Quality Act 1974, vis-à-vis Policy and Strategy related to HCFC consumption under the Environmental Quality (Refrigeration Management) Regulations 1999 and amendment of Environmental Quality (CFC Use as Blowing Agent and Propellant) Regulations 1993

The project is designed around supplementing institutional processes instead of duplicating them, hence, enabling project outputs to be incorporated into national systems and processes, which can be sustained for the longer-term.

Project Management

This project will be executed under the National Implementation Modality. The national counterpart for this project is the National Ozone Unit (NOU), Ministry of Energy, Science, Technology, Environment & Climate Change. NOU acts as a National Focal Points (NFP) for ODS Phase out Program including planning, developing policies and strategies, monitoring of projects, promulgating and enforcing law and regulations concerning ODS usage, giving input for industrial development activities, and carrying out ODS phase out awareness activities at all levels. NOU is the Secretariat to the National Steering Committee (NSC) on Protection of the Ozone Layer. NOU also acts as a chairman for the various working group. NOU is responsible to provide information on the progress and development of ODS issues to the cabinet ministers. NOU is placed under the Department of Environment and has access to decision makers including the cabinet ministers.

This project will be governed by a Project Steering Committee, which will be chaired by the Deputy Director General of the Department of Environment.

UNDP will be the Implementing Agency, responsible for monitoring and evaluating project objectives, activities, output and emerging issues.

V. RESULTS FRAMEWORK¹

Intended Outcome as stated in the Country Programme Results and Resource Framework: Sustainable & Resilient Development							
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets: Priority 2: Sustainable and Resilient Development: Implementation of a National Development agenda that enables green growth through climate resilient measures, sustainable management of energy and natural resources, and improved risk governance. Indicator 1.1: Number of mitigation actions which are funded and implemented under the Multilateral Fund of the Montreal Protocol.							
Applicable Output(s) from (Strategic Plan 2016 – 2020): Outcome 1 – Growth and development are inclusive and sustainable, incorporating capacities that create employment and livelihoods for the poor and excluded							
Project title and Atlas Project Number: Institutional Strengthening Project (Phase XII) (ATLAS AWARD ID: 00107211 / PROJECT ID: 00107566)							
EXPECTED OUTPUTS	OUTPUT INDICATORS ¹	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)		DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2018	Year 2019	
Output 1 <i>Policy, Strategy, Regulations and Guidelines</i>	1.1 Adoption/implementation of ODS legislation and regulation to control and monitor ODS consumption -Licensing and quota system for HFCs in place -Enforcement control measures taken to sustain ODS phase out	Online approvals Training of technicians	This is an ongoing activity		300	300	Online approval system reports and visit/training reports
	1.2 Efficient and timely data collection and reporting - CP report submitted - A7 data report submitted	CP and A7 data reports submission dates	This is an annual activity	1	1	1	CP and A7 data reports
	1.3 Consultations and coordination with other national agencies/stakeholders - NSC/PSC meetings held - Other stakeholder meetings held (customs, industry associations etc)	Meeting documents	This is an ongoing activity	1	1	5	Meeting reports

EXPECTED OUTPUTS	OUTPUT INDICATORS ¹	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)		DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2018	Year 2019	
Output 2 <i>Supervision of activities, public awareness and capacity building</i>	2.1 Supervision of timely implementation of phase-out activities and reduction in ODS consumption	HPMP progress reports	This is an ongoing activity		1	1	HPMP annual progress reports submitted to the ExCom
	2.2 Awareness raising and information exchange	Workshop reports	This is an ongoing activity		10	10	Annual progress report
	2.3 Regional cooperation and participation to Montreal Protocol meetings	Meeting reports	This is an annual activity		3	3	Network meeting, OEWG, MOP and ExCom meeting reports

VI. MONITORING AND EVALUATION

The project activities will be closely monitored by UNDP and the Economic Planning Unit (EPU) in the Ministry of Economic Affairs as outlined in the Country Programme Action Plan 2016-2020 Part VII: Monitoring and Evaluation.

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	NOU and UNDP	
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Based on the initial risk analysis identified, a risk log shall be actively maintained, including by reviewing the external environment that may affect the project implementation. Risk management actions will be identified and monitored using a risk log.	NOU and UNDP	
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.	NOU and experts	
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	NOU and UNDP	
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	NOU and UNDP	
Project Review	The project's governance mechanism (i.e., project	at least annually	Any quality concerns or slower than	NOU and UNDP	

(Project Board)	board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.		expected progress should be discussed by the project board and management actions agreed to address the issues identified.		
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In accordance with UNDP's programming policies and procedures, the project will be monitored through the following approaches:

The specific project monitoring and review meetings are as follows:

- **National Steering Committee Meeting**

The National Steering Committee (NSC) will meet after the receipt of each project report or at least once a year, whichever is greater and address project issues raised by the National Project Director, review project progress reports and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plan. A final NSC meeting should also be held at the end of project completion to agree to and endorse the final findings and outcomes of the project and to make recommendations towards project closure.

- **Annual Project Review Meeting**

If required, an internal review meeting will be chaired by EPU during the fourth quarter of the year to assess the performance of the project based on the Annual Work Plan (AWP) submitted at the beginning of the calendar year as well as the Annual Progress Report submitted during the fourth quarter of each calendar year. The review will involve all key project stakeholders and the Implementing Partner and will focus on the extent to which progress have been made towards achievement of the outputs and that they remain aligned to appropriate outcomes as outlined in the project document. This review should update output targets and results achieved.

- **Final Project Review Meeting**

A Final Project Review meeting will be chaired by EPU within six months after the operational closure of the projects. Its purpose is to assess the performance and success of the project. It should look at sustainability of the results, including the contribution to related outcomes (and the status of these outcomes) and capacity development. It will also review lessons learned and recommendations that might improve design and implementation of other UNDP-funded projects. The meeting will discuss the Final Project Review Report that should be submitted two weeks prior to the Final Project Review Meeting.

The specific project progress reporting documents are as follows:

- **Mid-Year Progress Report (MYPR)**

A Mid-Year Progress Report shall be prepared by the Project Manager and shared with the NSC by 30 June of each project year. As a minimum requirement, the Mid Year Progress Report shall utilize the standard template for the Annual Project Report (APR) covering a six-month period. The completed

and signed MYPR will be submitted by the Implementing Partner to EPU by the first week of July, annually.

- **Annual Progress Report (APR)**

An Annual Progress Report shall also be prepared by the Project Manager and shared with the NSC by the end of the last quarter of each year. The Annual Progress Report shall highlight risks and challenges, the summary of results achieved, and lessons learnt of the project for that reporting year. The completed and signed APR will be submitted by the Implementing Partner to EPU by the third week of December, annually.

The specific financial monitoring and quality assurance are as follows:

- **Combined Delivery Reports**

The Combined Delivery Report (CDR) is the report that reflects the total expenditures and actual obligations (recorded in Atlas) of a Project during a period. This report is prepared by UNDP using Atlas and shared with the implementing partner on a bi-annual basis and at the end of each year. The Implementing Partner is required to verify each transaction made and sign the quarterly issued CDR report.

- **Audit**

Audit is an integral part of sound financial and administrative management, and of the UNDP accountability framework. The project will be audited at least once in its lifetime and in accordance with the threshold established for the annual expenditures by the Office of Audit and Investigations (OAI). The audit provides assurance that resources are used to achieve the results described and that UNDP and government cost sharing resources are adequately safeguarded.

The Auditor-General's Office may undertake the audits of Government Implementing Partners. If the Auditor-General's Office chooses not to undertake the audits of specific Implementing Partners with the frequency and scope required by UNDP and EPU, such audits will be commissioned by UNDP to be undertaken by private sector audit services.

Assessments and audits of non-Government Implementing Partners will be conducted in accordance with the policies and procedures of UNDP. The selection of an Audit Firm shall be through a competitive Request for Proposals, in consultation with the Implementing Partner and EPU.

The audit is expected to provide assurance related to the following broad areas:

- Project progress and rate of delivery
- Financial management
- Procurement of goods and /or services
- Human resource selection and administration
- Management and use of equipment and inventory
- Record-keeping systems and controls
- Management structure
- Auditors' comments on the implementation status of prior year audit

VII. MULTI-YEAR WORK PLAN ²³

EXPECTED OUTPUTS	PLANNED ACTIVITIES	2018	2019	RESPONSIBLE PARTY	PLANNED BUDGET		
					Funding Source	Budget Description	Amount (USD)
Output 1 <i>Policy, Strategy, Regulations and Guidelines</i>	1.1 Processing application online for approval of import and export of HCFC	X	X		71400 –	Contractual services - individual	70,000
	1.2 Verification visit, data auditing and training for enforcement officers	X	X				
	1.3 working closely with Customs Department to eliminate illegal importation	X	X	NOU	MLF (63030)	72200 – Equipment	25,000
	1.4 Timely preparation and submission of CP and A7 data for 2018 and 2019	X	X			71600 – Travel	100,000
Sub-Total for Output 1							195,000

² Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

³ Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	2018	2019	RESPONSIBLE PARTY	PLANNED BUDGET		
					Funding Source	Budget Description	Amount (USD)
Output 2 Supervision of activities, public awareness and capacity building	2.1 Conduct of NSC, PSC and technical meetings	X	X		75700 – Training, workshops & conferences	60,000	
	2.2 Consultation meetings with industry associations and other stakeholders	X	X				
	2.3 Organize seminar/ workshop, including roadshows on HPMP Stage-II, on alternative technologies for HCFC phase-out.	X	X	NOU	MLF (63030) 72100 – Contractual services - Companies	80,000	
	2.4 Participation in training/workshops, OEWG, MOP and other Montreal Protocol Meetings	X	X		74500 – Miscellaneous	22,760	
Sub-Total for Output 2						162,760	
TOTAL						357,760	

Annual Work Plan

Output/Atlas Activity	Responsible Party	Fund Code	Donor	ATLAS Budget Account Code	ATLAS Budget Description	2018 (USD)	2019 (USD)	Total (USD)
Output 1: Policy, Strategy, Regulations and Guidelines	DOE (000406)	63030	MP	71400	Contractual services - individual	35,000	35,000	70,000
		63030	MP	72200	Equipment	10,000	15,000	25,000
		63030	MP	71600	Travel	50,000	50,000	100,000
Output 2: Supervision of activities, public awareness and capacity building	DOE (000406)	63030	MP	75700	Training, workshops, and conferences	30,000	30,000	60,000
		63030	MP	72100	Contractual services - companies	40,000	40,000	80,000
		63030	MP	74500	Miscellaneous	11,380	11,380	22,760
GRAND TOTAL						176,380	181,380	357,760

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

This project will be executed under the National Implementation Modality (NIM). The national counterpart for this project is the National Ozone Unit (NOU), Department of Environment, Ministry of Energy, Science, Technology, Environment & Climate Change. NOU acts as a National Focal Points (NFP) for ODS Phase out Program including planning, developing policies and strategies, monitoring of projects, promulgating and enforcing law and regulations concerning ODS usage, giving input for industrial development activities, and carrying out ODS phase out awareness activities at all levels. NOU is the Secretariat to the National Steering Committee (NSC) on Protection of the Ozone Layer. NOU also acts as a chairman for the various working group. NOU is responsible to provide information on the progress and development of ODS issues to the cabinet ministers. NOU is placed permanently under the Department of Environment and has access to decision makers including the cabinet ministers.

This project will be governed by a Project Steering Committee, which will be chaired by the Deputy Director General of the Department of Environment.

Programme Management Arrangements

A Project Steering Committee will provide guidance and direction to the project implementation process according to the established detailed work plan monitoring tool. The Project Steering Committee (PSC) will assist the National Steering Committee (NSC) in handling all technical and operational matters of the project. The members of the PSC will consist of representatives from the DOE, EPU, Customs Department, MITI, MIDA, MESTECC, UNDP and other relevant stakeholders to be determined by the National Steering Committee. The PSC shall meet at least 2 times a year and will be chaired by the Deputy Director General of Department of Environment.

National Project Director (NPD)

The National Project Director is the Director of Air Division, Department of Environment and will be responsible for directing project activities among the main parties to the project. Among these responsibilities are ensuring that the project document and project revisions requiring Government's approval are endorsed and approved in accordance with established procedures and providing direction and guidance on project-related issues. The NPD is also the Secretary to the PSC.

Project Manager (NPM)

The Project Manager is the Officer-in-charge from the Department of Environment and will be responsible for day-to-day coordinating project activities as per the project document. Among these responsibilities are managing project activities, recommending payments for approval by the NPD, preparing project reports, project reports and finally ensuring all activities and payment are in accordance with established procedures.

Financial Management Arrangements

Based on the approved AWP, UNDP will provide required financial resources to the Implementing Partner to carry out project activities during the annual cycle. The following modalities may be used, where applicable and relevant:

- Direct cash transfers to the Implementing Partner, for obligations and expenditures to be made by them in support of activities;
- Direct payments to vendors and other third parties, for obligations incurred by the Implementing Partner;
- Reimbursement to the Implementing Partner for obligations made and expenditure incurred by them in support of activities.

The Implementing Partner will work closely with UNDP to monitor the use of the financial resources and are accountable for:

- Managing UNDP and Government of Malaysia's resources to achieve the expected results;

- Maintaining an up to date accounting system that contains records and controls to ensure the accuracy and reliability of financial information and reporting. Expenditures made should be in accordance with the, Annual Work Plans and budgets.

At the end of a quarter/year UNDP prepares a Combined Delivery Report (CDR) which records all disbursements made under the project for verification. The Implementing Partner and UNDP should sign this CDR.

A project revision shall be made when appropriate; to respond to changes in the development context or to adjust the design and resources allocation to ensure the effectiveness of the project provided that the project remains relevant to the CPAP. A project revision shall be supported by the record of an approval decision made by the project NSC, and an updated and signed AWP.

The contribution of funds for this project shall be charged:

- Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

UNDP Support Services

In addition to the roles and responsibilities assigned to UNDP and the Implementing Partner in the Project Document, UNDP may/ shall provide the following services, at the request of the Implementing Partner:

- identification and recruitment of project personnel;
- procurement of goods and services;
- Identification of training activities and assistance in carrying them out.

The above will be carried out based on UNDP policies and procedures following the principles of best value for money, fairness, integrity, transparency, and effective competition.

In-Kind Contributions

In addition to the financial resources through UNDP, the implementing partner will provide the following in-kind contribution:

- Assist in gaining access to all relevant data and information required to for the project that is accessible for public viewing;
- Office space (i.e. room/workspace) for the Project team, consultants and experts;
- Use of office support facilities by the Project team, consultants and experts (e.g. fax machine, stationary, photocopy machine, telephone), and secretarial support where applicable;
- Facilities for convening meetings, workshops and seminars.

IX. LEGAL CONTEXT AND RISK MANAGEMENT

This document together with the CPAP signed by the Government and UNDP which is incorporated herein by reference, constitute together a Project Document as referred to in the Standard Basic Assistance Agreement (SBAA); as such all provisions of the CPAP apply to this document. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner", as such term is defined and used in the CPAP and this document.

Consistent with Article III of the Standard Basic Assistance Agreement (SBAA), the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:

- a) put in place an appropriate security plan and maintain the security plan, considering the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document.

ANNEX I: PROJECT QUALITY ASSURANCE REPORT

PROJECT QA ASSESSMENT: DESIGN AND APPRAISAL				
OVERALL PROJECT	Project Title: Institutional Strengthening Project (Phase XII) Project No.: 00107566			
<input type="checkbox"/> EXEMPLARY (5) ●●●●●	<input type="checkbox"/> HIGHLY SATISFACTORY (4) ●●●●○	<input type="checkbox"/> SATISFACTORY (3) ●●●○○	<input type="checkbox"/> NEEDS IMPROVEMENT (2) ●●○○○	<input type="checkbox"/> INADEQUATE (1) ●○○○○
At least four criteria are rated Exemplary, and all criteria are rated High or Exemplary.	All criteria are rated Satisfactory or higher, and at least four criteria are rated High or Exemplary.	At least six criteria are rated Satisfactory or higher, and only one may be rated Needs Improvement. The SES criterion must be rated Satisfactory or above.	At least three criteria are rated Satisfactory or higher, and only four criteria may be rated Needs Improvement.	One or more criteria are rated Inadequate, or five or more criteria are rated Needs Improvement.
DECISION				
<input type="checkbox"/> APPROVE – the project is of sufficient quality to continue as planned. Any management actions must be addressed in a timely manner. <input type="checkbox"/> APPROVE WITH QUALIFICATIONS – the project has issues that must be addressed before the project document can be approved. Any management actions must be addressed in a timely manner. <input type="checkbox"/> DISAPPROVE – the project has significant issues that should prevent the project from being approved as drafted.				
RATING CRITERIA				
STRATEGIC: EXEMPLARY				
<p>1. Does the project's Theory of Change specify how it will contribute to higher level change? (Select the option from 1-3 that best reflects the project):</p> <p><input checked="" type="checkbox"/> 3: The project has a theory of change with explicit assumptions and clear change pathway describing how the project will contribute to outcome level change as specified in the programme/CPD, backed by credible evidence of what works effectively in this context. The project document clearly describes why the project's strategy is the best approach at this point in time.</p> <p><input type="checkbox"/> 2: The project has a theory of change. It has an explicit change pathway that explains how the project intends to contribute to outcome-level change and why the project strategy is the best approach at this point in time, but is backed by limited evidence.</p> <p><input type="checkbox"/> 1: The project does not have a theory of change, but the project document may describe in generic terms how the project will contribute to development results, without specifying the key assumptions. It does not make an explicit link to the programme/CPD's theory of change.</p> <p style="text-align: center;">*Note: Management Action or strong management justification must be given for a score of 1</p>				
EVIDENCE: Section II: STRATEGY				

2. Is the project aligned with the thematic focus of the UNDP Strategic Plan? (select the option from 1-3 that best reflects the project):

3: The project responds to one of the three areas of development work as specified in the Strategic Plan; it addresses at least one of the proposed new and emerging areas ; an issues-based analysis has been incorporated into the project design; and the project's RRF includes all the relevant SP output indicators. *(all must be true to select this option)*

2: The project responds to one of the three areas of development work¹ as specified in the Strategic Plan. The project's RRF includes at least one SP output indicator, if relevant. *(both must be true to select this option)*

1: While the project may respond to one of the three areas of development work¹ as specified in the Strategic Plan, it is based on a sectoral approach without addressing the complexity of the development issue. None of the relevant SP indicators are included in the RRF. This answer is also selected if the project does not respond to any of the three areas of development work in the Strategic Plan.

EVIDENCE: Section V: RESULTS FRAMEWORK

RELEVANT

3. Does the project have strategies to effectively identify, engage and ensure the meaningful participation of targeted groups/geographic areas with a priority focus on the excluded and marginalized? (select the option from 1-3 that best reflects this project):

3: The target groups/geographic areas are appropriately specified, prioritising the excluded and/or marginalised. Beneficiaries will be identified through a rigorous process based on evidence (if applicable.)The project has an explicit strategy to identify, engage and ensure the meaningful participation of specified target groups/geographic areas throughout the project, including through monitoring and decision-making (such as representation on the project board) *(all must be true to select this option)*

2: The target groups/geographic areas are appropriately specified, prioritising the excluded and/or marginalised. The project document states how beneficiaries will be identified, engaged and how meaningful participation will be ensured throughout the project. *(both must be true to select this option)*

1: The target groups/geographic areas are not specified, or do not prioritize excluded and/or marginalised populations. The project does not have a written strategy to identify or engage or ensure the meaningful participation of the target groups/geographic areas throughout the project.

*Note: Management Action or strong management justification must be given for a score of 1

Evidence: Section V (RESULTS FRAMEWORK) stated employments and livelihoods for the poor and excluded as an outcome. Although project does not directly engage or identify participation of excluded/marginalized populations, it helps enhance capability of project staff in NOU to carry out activities and enforcement required for the implementation of projects in areas related to the Phase-out of Ozone Depleting Substances under the Montreal Protocol, that involves the said target groups/population.

4. Have knowledge, good practices, and past lessons learned of UNDP and others informed the project design? (select the option from 1-3 that best reflects this project):

3: Knowledge and lessons learned (gained e.g. through peer assist sessions) backed by credible evidence from evaluation, corporate policies/strategies, and monitoring have been explicitly used, with appropriate referencing, to develop the project's theory of change and justify the approach used by the project over alternatives.

2: The project design mentions knowledge and lessons learned backed by evidence/sources, which inform the project's theory of change but have not been used/are not sufficient to justify the approach selected over alternatives.

1: There is only scant or no mention of knowledge and lessons learned informing the project design. Any references that are made are not backed by evidence.

*Note: Management Action or strong management justification must be given for a score of 1

EVIDENCE: Under Section III: RESULTS AND PARTNERSHIPS mentioned on the continuity of the project since 1995 without any major issue, but regular monitoring and necessary action will be taken on identified minor risks

5. Does the project use gender analysis in the project design and does the project respond to this gender analysis with concrete measures to address gender inequities and empower women? (select the option from 1-3 that best reflects this project):
- 3:** A participatory gender analysis on the project has been conducted. This analysis reflects on the different needs, roles and access to/control over resources of women and men, and it is fully integrated into the project document. The project establishes concrete priorities to address gender inequalities in its strategy. The results framework includes outputs and activities that specifically respond to this gender analysis, with indicators that measure and monitor results contributing to gender equality. *(all must be true to select this option)*
- 2:** A gender analysis on the project has been conducted. This analysis reflects on the different needs, roles and access to/control over resources of women and men. Gender concerns are integrated in the development challenge and strategy sections of the project document. The results framework includes outputs and activities that specifically respond to this gender analysis, with indicators that measure and monitor results contributing to gender equality. *(all must be true to select this option)*
- 1:** The project design may or may not mention information and/or data on the differential impact of the project's development situation on gender relations, women and men, but the constraints have not been clearly identified and interventions have not been considered.

*Note: Management Action or strong management justification must be given for a score of 1

Justification: The Gender marker for this project is GEN01. From the project perspective Gender is inclusive and mainstreamed into the overarching activity, therefore Gender analysis was not considered in the project design. Further the funds are mainly for operational activities of the National Ozone Unit, Department of Environment. General operating expenses includes activities such as travel and procurement office materials and publication of awareness brochure.

6. Does UNDP have a clear advantage to engage in the role envisioned by the project vis-à-vis national partners, other development partners, and other actors? (select from options 1-3 that best reflects this project):

3: An analysis has been conducted on the role of other partners in the area where the project intends to work, and credible evidence supports the proposed engagement of UNDP and partners through the project. It is clear how results achieved by relevant partners will contribute to outcome level change complementing the project's intended results. If relevant, options for south-south and triangular cooperation have been considered, as appropriate. *(all must be true to select this option)*

2: Some analysis has been conducted on the role of other partners where the project intends to work, and relatively limited evidence supports the proposed engagement of and division of labour between UNDP and partners through the project. Options for south-south and triangular cooperation may not have not been fully developed during project design, even if relevant opportunities have been identified.

1: No clear analysis has been conducted on the role of other partners in the area that the project intends to work, and relatively limited evidence supports the proposed engagement of UNDP and partners through the project. There is risk that the project overlaps and/or does not coordinate with partners' interventions in this area. Options for south-south and triangular cooperation have not been considered, despite its potential relevance.

*Note: Management Action or strong management justification must be given for a score of 1

EVIDENCE: Section III (RESULTS AND PARTNERSHIPS), Section IV (PROJECT MANAGEMENT)

SOCIAL & ENVIRONMENTAL STANDARDS

7. Does the project seek to further the realization of human rights using a human rights based approach? (select from options 1-3 that best reflects this project):

3: Credible evidence that the project aims to further the realization of human rights, upholding the relevant international and national laws and standards in the area of the project. Any potential adverse impacts on enjoyment of human rights were rigorously identified and assessed as relevant, with appropriate mitigation and management measures incorporated into project design and budget. *(all must be true to select this option)*

2: Some evidence that the project aims to further the realization of human rights. Potential adverse impacts on enjoyment of human rights were identified and assessed as relevant, and appropriate mitigation and management measures incorporated into the project design and budget.

1: No evidence that the project aims to further the realization of human rights. Limited or no evidence that potential adverse impacts on enjoyment of human rights were considered.

*Note: Management action or strong management justification must be given for a score of 1

Evidence: Section II (STRATEGY) and Section III (RESULTS AND PARTNERSHIPS)

8. Did the project consider potential environmental opportunities and adverse impacts, applying a precautionary approach? (select from options 1-3 that best reflects this project):

3: Credible evidence that opportunities to enhance environmental sustainability and integrate poverty-environment linkages were fully considered as relevant, and integrated in project strategy and design. Credible evidence that potential adverse environmental impacts have been identified and rigorously assessed with appropriate management and mitigation measures incorporated into project design and budget. (*all must be true to select this option*).

2: No evidence that opportunities to strengthen environmental sustainability and poverty-environment linkages were considered. Credible evidence that potential adverse environmental impacts have been identified and assessed, if relevant, and appropriate management and mitigation measures incorporated into project design and budget.

1: No evidence that opportunities to strengthen environmental sustainability and poverty-environment linkages were considered. Limited or no evidence that potential adverse environmental impacts were adequately considered.

*Note: Management action or strong management justification must be given for a score of 1

Justification: The project funds are meant for operationalizing the National Ozone Units. As much as possible the NOU makes an effort to be environmentally conscientious by utilizing more environmentally friendly materials.

Evidence: Section II (STRATEGY) and Section III (RESULTS AND PARTNERSHIPS)

9. Has the Social and Environmental Screening Procedure (SESP) been conducted to identify potential social and environmental impacts and risks? The SESP is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences and/or communication materials and information dissemination. [if yes, upload the completed checklist. If SESP is not required, provide the reason for the exemption in the evidence section.]

Yes

No

SESP Not Required: Project only comprised of coordination of capacity building related activities such as training, workshops, conference, communication materials and meetings & information dissemination

MANAGEMENT & MONITORING

10. Does the project have a strong results framework? (select from options 1-3 that best reflects this project):

3: The project's selection of outputs and activities are at an appropriate level and relate in a clear way to the project's theory of change. Outputs are accompanied by SMART, results-oriented indicators that measure all of the key expected changes identified in the theory of change, each with credible data sources, and populated baselines and targets, including gender sensitive, sex-disaggregated indicators where appropriate. (*all must be true to select this option*)

2: The project's selection of outputs and activities are at an appropriate level, but may not cover all aspects of the project's theory of change. Outputs are accompanied by SMART, results-oriented indicators, but baselines, targets and data sources may not yet be fully specified. Some use of gender sensitive, sex-disaggregated indicators, as appropriate. (*all must be true to select this option*)

1: The results framework does not meet all of the conditions specified in selection "2" above. This includes: the project's selection of outputs and activities are not at an appropriate level and do not relate in a clear way to the project's theory of change; outputs are not accompanied by SMART, results-oriented indicators that measure the expected change, and have not been populated with baselines and targets; data sources are not specified, and/or no gender sensitive, sex-disaggregation of indicators.

*Note: Management Action or strong management justification must be given for a score of 1

Evidence: Section V (RESULTS FRAMEWORK)

11. Is there a comprehensive and costed M&E plan in place with specified data collection sources and methods to support evidence-based management, monitoring and evaluation of the project?

Yes

No

12. Is the project's governance mechanism clearly defined in the project document, including planned composition of the project board? (select from options 1-3 that best reflects this project):

3: The project's governance mechanism is fully defined in the project composition. Individuals have been specified for each position in the governance mechanism (especially all members of the project board.) Project Board members have agreed on their roles and responsibilities as specified in the terms of reference. The ToR of the project board has been attached to the project document. (*all must be true to select this option*).

2: The project's governance mechanism is defined in the project document; specific institutions are noted as holding key governance roles, but individuals may not have been specified yet. The prodoc lists the most important responsibilities of the project board, project director/manager and quality assurance roles. (*all must be true to select this option*)

1: The project's governance mechanism is loosely defined in the project document, only mentioning key roles that will need to be filled at a later date. No information on the responsibilities of key positions in the governance mechanism is provided.

*Note: Management Action or strong management justification must be given for a score of 1

Evidence: Section VIII (GOVERNANCE AND MANAGEMENT ARRANGEMENTS)

13. Have the project risks been identified with clear plans stated to manage and mitigate each risk? (select from options 1-3 that best reflects this project):

3: Project risks related to the achievement of results are fully described in the project risk log, based on comprehensive analysis drawing on the theory of change, Social and Environmental Standards and screening, situation analysis, capacity assessments and other analysis. Clear and complete plan in place to manage and mitigate each risk. (*both must be true to select this option*)

2: Project risks related to the achievement of results identified in the initial project risk log with mitigation measures identified for each risk.

1: Some risks may be identified in the initial project risk log, but no evidence of analysis and no clear risk mitigation measures identified. This option is also selected if risks are not clearly identified and no initial risk log is included with the project document.

*Note: Management Action must be taken for a score of 1

Evidence: Annex 1: RISKS AND MITIGATION

EFFICIENT

14. Have specific measures for ensuring cost-efficient use of resources been explicitly mentioned as part of the project design? This can include: i) using the theory of change analysis to explore different options of achieving the maximum results with the resources available; ii) using a portfolio management approach to improve cost effectiveness through synergies with other interventions; iii) through joint operations (e.g., monitoring or procurement) with other partners.

Yes

No

15. Are explicit plans in place to ensure the project links up with other relevant on-going projects and initiatives, whether led by UNDP, national or other partners, to achieve more efficient results (including, for example, through sharing resources or coordinating delivery?)

Yes

No

16. Is the budget justified and supported with valid estimates?

3: The project's budget is at the activity level with funding sources, and is specified for the duration of the project period in a multi-year budget. Costs are supported with valid estimates using benchmarks from similar projects or activities. Cost implications from inflation and foreign exchange exposure have been estimated and incorporated in the budget.

2: The project's budget is at the activity level with funding sources, when possible, and is specified for the duration of the project in a multi-year budget. Costs are supported with valid estimates based on prevailing rates.

1: The project's budget is not specified at the activity level, and/or may not be captured in a multi-year budget.

Evidence: Section VII (MULTI-YEAR WORK PLAN)

17. Is the Country Office fully recovering the costs involved with project implementation?

3: The budget fully covers all project costs that are attributable to the project, including programme management and development effectiveness services related to strategic country programme planning, quality assurance, pipeline development, policy advocacy services, finance, procurement, human resources, administration, issuance of contracts, security, travel, assets, general services, information and communications based on full costing in accordance with prevailing UNDP policies (i.e., UPL, LPL.)

2: The budget covers significant project costs that are attributable to the project based on prevailing UNDP policies (i.e., UPL, LPL) as relevant.

1: The budget does not adequately cover project costs that are attributable to the project, and UNDP is cross-subsidizing the project.

*Note: Management Action must be given for a score of 1. The budget must be revised to fully reflect the costs of implementation before the project commences.

Evidence: Section VIII (GOVERNANCE AND MANAGEMENT ARRANGEMENTS)

EFFECTIVE

18. Is the chosen implementation modality most appropriate? (select from options 1-3 that best reflects this project):

3: The required implementing partner assessments (capacity assessment, HACT micro assessment) have been conducted, and there is evidence that options for implementation modalities have been thoroughly considered. There is a strong justification for choosing the selected modality, based on the development context. *(both must be true to select this option)*

2: The required implementing partner assessments (capacity assessment, HACT micro assessment) have been conducted and the implementation modality chosen is consistent with the results of the assessments.

1: The required assessments have not been conducted, but there may be evidence that options for implementation modalities have been considered.

*Note: Management Action or strong management justification must be given for a score of 1

Evidence: Annex IV: RESULTS OF THE CAPACITY ASSESSMENT OF THE PROJECT IMPLEMENTING PARTNER & HACT MICRO ASSESSMENT

19. Have targeted groups, prioritizing marginalized and excluded populations that will be affected by the project, been engaged in the design of the project in a way that addresses any underlying causes of exclusion and discrimination?

3: Credible evidence that all targeted groups, prioritising marginalized and excluded populations that will be involved in or affected by the project, have been actively engaged in the design of the project. Their views, rights and any constraints have been analysed and incorporated into the root cause analysis of the theory of change which seeks to address any underlying causes of exclusion and discrimination and the selection of project interventions.

2: Some evidence that key targeted groups, prioritising marginalized and excluded populations that will be involved in the project, have been engaged in the design of the project. Some evidence that their views, rights and any constraints have been analysed and incorporated into the root cause analysis of the theory of change and the selection of project interventions.

1: No evidence of engagement with marginalized and excluded populations that will be involved in the project during project design. No evidence that the views, rights and constraints of populations have been incorporated into the project.

Evidence: Section V (RESULTS FRAMEWORK) stated employments and livelihoods for the poor and excluded as an outcome

20. Does the project conduct regular monitoring activities, have explicit plans for evaluation, and include other lesson learning (e.g. through After Action Reviews or Lessons Learned Workshops), timed to inform course corrections if needed during project implementation?

Yes

No

21. The gender marker for all project outputs are scored at GEN2 or GEN3, indicating that gender has been fully mainstreamed into all project outputs at a minimum.

- Yes
 No

*Note: Management Action or strong management justification must be given for a score of "no"

Evidence: The Gender marker for this project is GEN01. Gender is inclusive and mainstreamed into the overarching activity. The funds are for operational activities of the National Ozone Unit, Department of Environment. General operating expenses includes activities such as travel and procurement office materials and publication of awareness brochure.

22. Is there a realistic multi-year work plan and budget to ensure outputs are delivered on time and within allotted resources? (select from options 1-3 that best reflects this project):

- 3:** The project has a realistic work plan & budget covering the duration of the project *at the activity* level to ensure outputs are delivered on time and within the allotted resources.
 2: The project has a work plan & budget covering the duration of the project at the output level.
 1: The project does not yet have a work plan & budget covering the duration of the project.

Evidence: Section VII (MULTI-YEAR WORK PLAN)

SUSTAINABILITY & NATIONAL OWNERSHIP

23. Have national partners led, or proactively engaged in, the design of the project? (select from options 1-3 that best reflects this project):

- 3:** National partners have full ownership of the project and led the process of the development of the project jointly with UNDP.
 2: The project has been developed by UNDP in close consultation with national partners.
 1: The project has been developed by UNDP with limited or no engagement with national partners.

Evidence: Section III (RESULTS AND PARTNERSHIPS), Section VIII (GOVERNANCE AND MANAGEMENT ARRANGEMENTS)

24. Are key institutions and systems identified, and is there a strategy for strengthening specific/ comprehensive capacities based on capacity assessments conducted? (select from options 0-4 that best reflects this project):

- 3:** The project has a comprehensive strategy for strengthening specific capacities of national institutions based on a systematic and detailed capacity assessment that has been completed. This strategy includes an approach to regularly monitor national capacities using clear indicators and rigorous methods of data collection, and adjust the strategy to strengthen national capacities accordingly.
 2.5: A capacity assessment has been completed. The project document has identified activities that will be undertaken to strengthen capacity of national institutions, but these activities are not part of a comprehensive strategy to monitor and strengthen national capacities.
 2: A capacity assessment is planned after the start of the project. There are plans to develop a strategy to strengthen specific capacities of national institutions based on the results of the capacity assessment.
 1.5: There is mention in the project document of capacities of national institutions to be strengthened through the project, but no capacity assessments or specific strategy development are planned.
 1: Capacity assessments have not been carried out and are not foreseen. There is no strategy for strengthening specific capacities of national institutions.

Evidence: Section II (STRATEGY), Section III (RESULTS AND PARTNERSHIPS), Section V (RESULTS FRAMEWORK)

25. Is there is a clear strategy embedded in the project specifying how the project will use national systems (i.e., procurement, monitoring, evaluations, etc.,) to the extent possible?

- Yes
 No

26. Is there a clear transition arrangement/ phase-out plan developed with key stakeholders in order to sustain or scale up results (including resource mobilisation strategy)?

- Yes
 No

ANNEX II: RISKS AND MITIGATION

Description	Type	Impact & Probability	Mitigation Measures
The value of US Dollars foreign exchange against the Ringgit may reduce during the project cycle.	Financial	Probability: Low Impact: Medium	There will be a need to regularly monitor the exchange rate to ensure that it does not affect the budget of the project. If there are major changes, the budget will be adjusted accordingly to ensure that expenditures do not exceed the allocated budget
Low take up rate by project proponents	Management	Probability: Medium Impact: Medium	Awareness programme may lack 'buy-in' from targeted stakeholders. NOU need to monitor stakeholders' perception and appropriate steps taken to reduce this risk.

ANNEX III: TERMS OF REFERENCE: PROJECT STEERING COMMITTEE (PSC)

The Project Steering Committee (PSC) will monitor the conduct of the project and provide strategic guidance to the project team on the implementation of the project. The PSC will be chaired by the Deputy Secretary General, Department of Environment.

The National Ozone Unit (NOU) will act as Secretariat to the PSC. Members of the PSC will consist of representatives from EPU, MESTECC, DOE, MITI, UNDP and other relevant stakeholders to be determined by the Committee. The PSC will meet at least once a year. The following will be the duties and responsibilities of the committee.

- Provide policy guidance on matters pertaining to the implementation of the project;
- Review, approve and endorse proposed work plan and budget;
- Initiate remedial actions to overcome all constraints in progress of the project;
- Review and approve relevant changes to the project design;
- Coordinate the roles of the various organizations involved in the execution of the project and ensure harmony with related activities;
- Advice on the long-term sustainability strategy of the project;
- Review and approve all related reports to the projects.

ANNEX IV: TERMS OF REFERENCE: NATIONAL PROJECT DIRECTOR

The National Project Director (NPD) is a staff member of the Government of Malaysia's implementing agency of a UNDP-supported project and in this case, will be the (state designation of the representative from the Implementing Partner). The main responsibility is to coordinate project activities among the main parties to the project, the Government co-coordinating authority, the consultant, and UNDP.

Specifically, the NPD works in close collaboration with UNDP and responsibilities include:

- Ensuring that the project document and project revisions requiring Government's approval are processed through the Government co-ordinating authority, in accordance with established procedures;
- Preparing work plans in discussion with UNDP;
- Mobilizing national institutional mechanisms for smooth progress of project;
- Providing formal project/deliverable sign-off and acceptance upon verification of the project outputs;
- Reviewing project status reports;
- Providing direction and guidance on project-related issues;
- Providing advice and guidance to the project team.

**ANNEX V: RESULTS OF THE CAPACITY ASSESSMENT OF THE PROJECT
IMPLEMENTING PARTNER AND HACT MICRO ASSESSMENT**

MOORE STEPHENS

UNDP Micro Assessment

Department of Environment, Malaysia

Moore Stephens LLP Chartered Accountants

London

5 July 2016

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Contents

1. MICRO-ASSESSMENT FINDINGS	3
1.1. RISK ASSESSMENT RESULTS	3
1.2. SUMMARY OF MANAGEMENT CONTROL FINDINGS	5
ANNEXES	6
ANNEX 1: THE ORGANISATION	7
ANNEX 2: MANAGEMENT CONTROL FINDINGS	8
ANNEX 3: MICRO ASSESSMENT QUESTIONNAIRE	9

1. MICRO-ASSESSMENT FINDINGS

1.1. RISK ASSESSMENT RESULTS

Tested subject area	Risk assessment*	Comments
1. Implementing Partner	Low	The IP is a government organisation in Malaysia that is responsible for protecting the environment. The organisation is under the purview of the Ministry of Natural Resources and Environment of Malaysia.
2. Programme Management	Low	The organisation prepares work programmes based on the project document signed by UNDP and the government of Malaysia. Work programmes include targets and baselines against which progress on the objectives is assessed. Regular meetings, site visits and check lists are used to monitor and evaluate the progress of the project.
3. Organizational Structure and Staffing	Low	The organisational structure and number of people in the accounting department are adequate for the current volume and complexity of operations. Officers and employees of the finance department are adequately trained to ensure they are equipped with the necessary skills to carry-out their function.
4. Accounting Policies and Procedures	Low	The organisation uses a computerised accounting system to ensure control in preparation and approval of transactions and cost allocation to various funding sources. Finance department has various units to ensure segregation of duties and financial control over transactions. Budgets provide a reasonable measure of financial control. The internal audit function is carried-out by the Ministry of Natural Resources and Environment.
5. Reporting and Monitoring	Low	Annual reports are prepared by the organisation and are subject to audit by the Auditor General of Malaysia.
6. Information Systems	Low	The IP uses the accounting system ESPKB (Electronic payment and control system) which generates all required reports automatically. All finance staff are trained on how to use this system.
7. Procurement	Low	Procurement policies and procedures of the organisation are in compliance with the rules and regulations of the government. Approval thresholds are set out in the circular issued by the Treasury Department. Approval of authorised personnel is required before purchase transactions can be carried out.

Micro Assessment – Department of Environment, Malaysia

Overall risk assessment	Low	
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* High, Significant, Moderate, Low

1.2. SUMMARY OF MANAGEMENT CONTROL FINDINGS

There were no management control findings.



Mark Henderson
Partner
Moore Stephens LLP

5 July 2016

ANNEXES

ANNEX 1: THE ORGANISATION

Mission

The IP is a government agency of Malaysia responsible for ensuring sustainable development of the country by protecting the environment. The organisation is under the purview of the Ministry of Natural Resources and Environment.

Key financial information

The most recent financial information for the organisation shows the following:

	Year ended 31 December 2014 (MYR)
Incoming resources	1,448,130.76
Resources expended	3,676,838.20
Net surplus (deficit)	(2,228,707.44)

ANNEX 2: MANAGEMENT CONTROL FINDINGS

There were no management control findings.

ANNEX 3: MICRO ASSESSMENT QUESTIONNAIRE

Instructions: This questionnaire contains various questions related to nine subject areas, summarized further below. Please answer each question by indicating your response as 'Yes', 'No' or 'N/A' (for 'not applicable'). Also, use the 'Comments' section next to each question to provide details of your assessment or to highlight any important matters. This document will be referenced subsequently by the agency when performing additional assurance activities related to the IP. Sufficient details should be provided in this document for the agency to understand the details of each response.

Assign a risk rating (high, significant, moderate or low) for each question based on the response obtained. (For example, if the question addresses an item that should ideally be marked 'Yes' but was marked 'No', it should be assessed for the level of risk it presents to the IP's financial management system). Assigning risk ratings to each question requires judgment by the assessor as to how the response will affect the IP's financial management system. The risk ratings to be used are:

- **High** – Response to question/subject matter provides a risk to the overall financial management system that has both a high likelihood of occurring and a potentially negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives. Additionally, this risk has not been mitigated by any other controls/process that have been implemented by the IP;
- **Significant** – Response to question/subject matter provides a risk to the overall financial management system that has either a significant likelihood of occurring or a potentially negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives;
- **Moderate** – Response to question/subject matter provides a risk to the overall financial management system that has a moderate likelihood of occurring and a potentially negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives; or
- **Low** – Response to question/subject matter provides a risk to the overall financial management system that has a low likelihood of occurring and a potentially negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives.

To determine the overall risk assessment for a subject matter section (e.g., Section 1. Implementing Partner), points are assigned that correlate with the level of risk. The points assigned to each question should be totaled and averaged based on the number of questions in the subject matter section. Questions that are not applicable to the IP (marked as 'N/A') should not be assigned a risk rating and should be removed from the total number of questions for the calculation. Points should be assigned as follows:

- H – High risk: 4 points
- S – Significant risk: 3 points
- M – Moderate risk: 2 points
- L – Low risk: 1 point

The average number of points calculated should then be compared to the points rating above and assigned a corresponding risk (i.e., an average of 2.0 would indicate a moderate risk rating for the subject matter section). Numbers should be rounded as follows:

- 0.1 to 0.49: Round down to the closest whole number (i.e., an average of 3.3 would be rounded down to 3.0, indicating a 'significant' risk rating);
- 0.5 to 0.99: Round up to the closest whole number (i.e., an average of 1.99 would be rounded up to a 2.0, indicating a 'moderate' risk rating).

The same process should be followed for determining the overall risk assessment for the IP once the checklist has been completed

Summary of Risks Related to the Financial Management Capacity of the Implementing Partner

Tested subject area (see subsequent pages for details of each subject area summarized below)

	Total number of risk points	Total number of applicable questions	Overall risk assessment	Comments
1. Implementing Partner	5	5	1	The IP is a government organisation in Malaysia that is responsible for protecting the environment. The organisation is under the purview of the Ministry of Natural Resources and Environment of Malaysia.
2. Programme Management	7	7	1	The organisation prepares work programmes based on the project document signed by UNDP and the government of Malaysia. Work programmes include targets and baselines against which progress on the objectives is assessed. Regular meetings, site visits and check lists are used to monitor and evaluate the progress of the project.
3. Organizational Structure and Staffing	6	6	1	The organisational structure and number of people in the accounting department are adequate for the current volume and complexity of operations. Officers and employees of the finance department are adequately trained to ensure they are equipped with the necessary skills to carry-out their function.

Summary of Risks Related to the Financial Management Capacity of the Implementing Partner

Tested subject area (see subsequent pages for details of each subject area summarized below)

	Total number of risk points	Total number of applicable questions	Overall risk assessment	Comments
4. Accounting Policies and Procedures	37	35	1	The organisation uses a computerised accounting system to ensure control in preparation and approval of transactions and cost allocation to various funding sources. Finance department has various units to ensure segregation of duties and financial control over transactions. Budgets provide a reasonable measure of financial control. The internal audit function is carried-out by the Ministry of Natural Resources and Environment.
5: Reporting and Monitoring	5	5	1	Annual reports are prepared by the organisation and are subject to audit by the Auditor General of Malaysia.
6. Information Systems	5	4	1	The IP uses the accounting system ESPKB (Electronic payment and control system) which generates all required reports automatically. All finance staff are trained on how to use this system.
7. Procurement	10	10	1	Procurement policies and procedures of the organisation are in compliance with the rules and regulations of the government. Approval thresholds are set out in the circular issued by the Treasury Department. Approval of authorised personnel is required before purchase transactions can be carried out.
Total:	75	72	1	

Micro Assessment Questionnaire

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
1. Implementing Partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.			✓	IP is registered in the country where the programme operates and is current with registration/reporting requirements.	-	The organisation is a government agency and thus, not required to be legally registered. The organisation is responsible for ensuring sustainable development of the country by protecting the environment. The organisation is under the purview of the Ministry of Natural Resources and Environment.
1.2 Has the IP received United Nations resources in the past? If so, provide details of amounts, from which agency, for what purpose and whether there were any issues.	✓			IP has received United Nations resources in the past and no issues were encountered with utilizing these funds.	1	The organisation had received funding from UNIDO in 1996 for phase-out of Chlorofluorocarbon (CFC) in Malaysia.
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements?	✓			The IP is compliant with applicable statutory requirements.	1	The organisation is required to prepare monthly and annual reports. The annual reports will be audited by the Auditor General. The latest audited annual report is for the calendar year ended December 31, 2014.
1.4 Is the governing body of the IP independent from management?		✓		The governing body of the IP is independent from management.	-	As a government agency, the IP does not have separate governing body. The IP's operations are monitored by the Director General through monthly and quarterly reporting. In addition, the organisation is reporting to the Ministry of Natural Resources and Environment.
1.5 Does the governing body meet on a regular basis and perform oversight functions?		✓			-	As a government agency, the IP does not have separate governing body. The IP's operations are monitored by the Director General through monthly and quarterly reporting. In addition, the organisation is reporting to the Ministry of Natural Resources and Environment.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) Provide the amount of total assets, total liabilities, income and expenditure for the current and prior fiscal year.		✓		The IP appears to have been solvent (i.e. total assets greater than total liabilities) for the past three fiscal years.	-	The IP is a government agency and thus, the organisation's operations are supported by the national government. Going concern is not therefore considered a risk.
1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?	✓				1	Yes, the IP can easily received funds from donors. Funds received will be handled based on the policies and procedures of the national government of Malaysia. We were informed by the programme manager that no major issues have been encountered in the past relating to receipts of funds. In addition, as a government agency, the IP has no problem in receiving funds from the government.
1.8 Does the IP have any pending legal actions against it? If so, provide details and actions taken by the IP to resolve the legal action.	✓			The IP does not have any pending legal actions against it.	1	As per discussion with the programme manager, the IP does not have any pending legal action against it.
1.9 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. Examples: foreign exchange risk; cash receipts.	✓				1	None, there are no other financial and operational risk that are not covered by this questionnaire.
Total number of questions in subject area:	9					
Number of questions marked 'N/A' in subject area:	4					
Total number of applicable questions in subject area:	5					
Total number of risk points:					5	
Implementing partner overall risk assessment:					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
2. Programme Management						
2.1. Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?	✓				1	Yes, the IP uses the project document signed by the government of Malaysia and UNDP in preparation of work programmes and plans for activities. The Project document is the result of workshops and consultation by the government and UNDP with the potential recipients in order to address certain issues and potential risk like global warming and ozone layer depletion. The prepared workplans and activities will be reviewed and approved by the Project Steering Committee before they can be executed.
2.2. Do work plans specify expected results and the activities to be carried out to achieve results, with a time frame and budget for the activities?	✓				1	The project document lists areas of concern and the objectives that need to be achieved to address such concern. In preparing the workplan, the Programme director ensures that the activities being proposed will achieve the stated objectives in the Project documents. In addition, the timeframe for each activities is included for monitoring of activities.
2.3. Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	✓				1	In the preparation of the project documents, the potential risks and barriers in the implementation of the project had been considered. Further, proposal had been made to mitigate those risks and barriers. These are all documented in the project documents. Additional risks and barriers being encountered during the implementation of the project not considered during the preparation of the project document are reported in the quarterly progress report.
2.4. Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates), for monitoring and evaluation?	✓				1	The organisation has policies and procedures in place for monitoring and evaluation of the progress of the project. Moreover, a checklist template is used to ensure consistent evaluation of the project implementation.
2.5. Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results? □	✓				1	In preparation of the work plan and activities, the organisation ensures that the activities are in line with the objectives of the project document. Baselines and targets are clearly indicated in the work plan to facilitate monitoring of the project objectives' achievement.
2.6. Does the IP carry out and document monitoring activities such as regular review meetings, spot checks, on-site project visits, etc.	✓				1	Site visits and quarterly meeting are carried-out and properly documented to ensure that the preparation of reports are timely made.
2.7. Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	✓				1	After the each site visit, the project team prepares a report based on the template provided. In addition, quarterly meetings are properly recorded in the minutes of the meeting. Progress reports are made by collating the inputs from the site visits and minutes of meetings. The progress reports will be submitted to the UNDP for review and approval.
2.8. Is it evident that the IP followed up on independent evaluation recommendations? □			✓		-	Not applicable. The project has not been subject to independent evaluation before.
Total number of questions in subject area:	8					
Number of questions marked 'N/A' in subject area:	1					
Total number of applicable questions in subject area:	7					
Total number of risk points:					7	
Funds flow overall risk assessment:					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded, as detailed on page 1 of this checklist and assigned an overall risk rating.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/Comments
3. Organizational Structure and Staffing						
3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	✓				1	The recruitment of new officers and employees of the organisation is handled by the Public Service Department of Malaysia. In addition, the organisation follows the policies and procedures of national government which include key performance indicators to evaluate staff. These policies and procedures are transparent and embody fair competition among staff.
3.2 Does the IP have clearly defined job descriptions?	✓				1	The IP has specific job descriptions for officers and employees.
3.3 Is the organisational structure of the finance and programme management departments, and competency of staff, appropriate for the complexity of the IP and the scale of activities? Identify the key staff, including job titles, responsibilities, educational backgrounds and professional experience.	✓				1	Yes, we believe that the finance department has an adequate organisation structure to ensure that transactions are properly recorded and monitored. In addition, the competency and experience of finance staff are adequate to address the complexity of the transactions of the organisation. Head of Administration and Finance Azman Bin Mamat Job title: Accountant Responsibilities: Responsible for day to day finance and accounts operations Educational background: Bachelor in Accounting
3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?	✓				1	The IP's accounting/finance function is staffed adequately to ensure sufficient controls are in place to manage agency funds.
3.5 Are accounting/finance staff familiar with United Nations procedures related to cash transfers (specifically the HACT framework)?	✓				1	The accounting/finance staff are familiar with United Nations procedures related to cash transfers (specifically the HACT framework).
3.8 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?	✓				1	Yes, the IP has training policies for officers and employees, including the finance officers. Each officer and employee is required to undergo a training for at least 7 days per year. These training policies are included in the Key Performance Indicator for officers and employees.
3.7 Does the IP perform background verification/checks on all new accounting/finance and management positions?	✓				-	Background verification of officers and employees are handled by the Public Service Commission and Public Service Department of Malaysia. As such, these activities are not handled by the organisation.
Total number of questions in subject area:	7					
Number of questions marked 'N/A' in subject area:	1					
Total number of applicable questions in subject area:	6					
Total number of risk points:					6	
Organizational structure and staffing overall risk assessment:					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4. Accounting Policies and Procedures						
4a. General						
4.1 Does the IP have an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?	✓			The IP has an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds.	1	Yes, the IP is a government agency and follows policies and procedures promulgated by the Ministry of Finance. The IP uses the computerized accounting system (locally known as "ESPKB") to record and monitor the transactions of the organisation. The system allows creation of trust fund accounts wherein transactions of UN funded projects may be recorded. In addition, reports for funds received, expenses and balance can be easily generated from the accounting system.
4.2 Are controls in place concerning preparation and approval of transactions, ensuring that all transactions are correctly made and adequately justified?	✓			Controls are in place concerning preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained.	1	Yes, all transactions follow an approval process of the government as promulgated by the Ministry of Finance. The IP's computerised system controls and monitors transactions. Thus, payments will not be processed unless reviewed and approved by authorised personnel. Before a transaction can be processed by the finance department, the user department should have completed all the necessary forms and compiled all the supporting documents. In addition, approval from the head of the department must be obtained. Then, the finance department will review the documentation and ensures that all required supporting documents have been submitted. After which, the finance department records the transaction in the computerized accounting system and forwards the documents to the Treasury department, a separate government agency, for payment.
4.3 Are controls in place for accurate cost allocations to the various funding sources in accordance with established agreements?	✓			Controls are in place for accurate cost allocations to the various funding sources in accordance with established agreements.	1	The IP uses a coding system to ensure that expenses are properly allocated/reported to appropriate funding sources. The transaction can not be processed unless the funding code has been reflected in the voucher.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	✓			The general ledger and subsidiary ledgers are reconciled at least monthly, and explanations are provided for significant reconciling items.	1	Yes, the finance department performs monthly reconciliation of the general ledger and the subsidiary ledger. In addition, they are required to reconcile with the monthly reports of revenue, expenses and trust funds generated by the general accountant with the records of the organisation.
4.5 Are all accounting and supporting documents retained in an organised system that allows authorized users easy access?	✓			Accounting and supporting documents are retained permanently in a defined system that allows authorized users easy access.	1	Yes, the documents are organised based on the voucher reference number for easy retrieval. Vouchers and supporting documents are retained for 7 years before they are destroyed.
4b. Segregation of duties						
4.6 Are the following functional responsibilities performed by different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?	✓			The following functional responsibilities are performed by different units/individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction.	1	The IP's finance department has different units that are responsible for different functions of the accounting cycle. Authorisation of the transaction is the responsibility of the relevant department head, recording is handled by the accounting unit and the payment is made by the treasury department, a separate government agency.
4.7 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	✓			The functions of ordering, receiving, accounting for and paying for goods and services are appropriately segregated.	1	Transactions cannot be processed in the computerised system unless approved by authorised personnel. Ordering and receiving is handled by the asset management unit, recording is the responsibility of the accounting unit and the payment centralised in the treasury department.
4.8 Are bank reconciliations prepared by individuals other than those who make or approve payments?	✓			Bank reconciliations are prepared by individuals other than those who make or approve payments.	-	No bank reconciliation is being prepared since the department does not maintain a bank account. All cash and cash payment transactions are handled by the Treasury Department.

4c. Budgeting system	4.9 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	✓	IP budgets are prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance	1	The IP is a government agency which follows the requirement of the Ministry of finance for budget preparations. Budgets are prepared using the Ministry of Finance's pro-forma where budget lines clearly indicate the nature of expenses that be easily used for budget monitoring.
4.10 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	✓		Actual expenditures are compared to the budget with reasonable frequency, and explanations are required for significant variations from the budget.	1	The IP is required to provide quarterly reports which include budget analysis. The reports are submitted to department head for review and approval. Any discrepancy is required to be provided with reasonable explanations.
4.11 Is prior approval sought for budget amendments in a timely way?	✓		Approvals are required prior to significant variations from the budget.	1	Prior approval is required from ministry of natural resources and environment and ministry of finance before any amendment can be made.
4.12 Are IP budgets approved formally at an appropriate level?	✓		The IP has a designated individual(s) responsible for preparation and approval of budgets related to agency funding.	1	Budgets are prepared by the department are approved by the head before they are submitted to the Ministry of Natural Resources and Environment for review and approval. The budgets will then be submitted to the Ministry of Finance for review then, to the parliament for final approval.
4d. Payments					
4.13 Do invoice processing procedures provide for: Copies of purchase orders and receiving reports to be obtained directly from issuing departments? Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received? Checking the accuracy of calculations?	✓		Invoice processing procedures are sufficient, including: receiving copies of purchase orders and receiving reports directly from issuing departments; comparing invoice quantities, prices and terms with those indicated on the purchase order and with records of goods actually received; and checking the accuracy of calculations (if any).	1	The IP follows the government policies and procedures for invoice processing. In addition, the IP uses computerized system for payment processing which ensures that invoices have been reviewed and approved by the authorized personnel before payment is made. The policies and procedures cover the following areas: - All copies of purchase order, invoice, specification form, delivery receipt require signatories from the requesting unit. - The requestor will ensure that the quantities, prices and terms of goods/services received are matched with those indicated in the PO. - Upon the process of payment, the finance unit will ensure that the calculations on the invoice are correct.
4.14 Are payments authorised at an appropriate level? Does the IP have a table of payment approval thresholds?	✓			1	Yes, all payment transactions of the IP are approved and paid by the treasury department. Nonetheless, before payments can be processed by the treasury department, transaction should have been approved by authorised personnel. The treasury department provided the organisation with table of approval. For transactions up to MYR 10,000, approval of the Chief clerk and deputy accountant will suffice. For transactions above MYR 20,000 but not more than 100,000, the Accountant and Deputy Accountant are the required signatory. For transactions above that, the approval of the Director General and Accountant is required.
4.15 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?	✓		Invoices are stamped 'PAID', dated, reviewed and approved, and clearly marked for account code assignment.	1	Yes, vouchers and all supporting documents are stamped "PAID" and approved upon payment.
4.16 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	✓		Controls exist for the preparation and approval of payroll expenditures and changes are properly authorized.	1	Yes, payroll of the organisation are being monitored by the Human resources department. The organisation uses biometrics to monitor attendance of officers and employees. Changes in the payroll can only be made by the HR department head.
4.17 Do controls exist to ensure that allocation of staff salary costs reflects the actual amount of staff time spent on a project?	✓			1	The IP can use timesheet to ensure that salary cost reflect actual time spent to the project. However, salary cost are currently in the budget of the government and as such, no salary are allocated to other projects.
4.18 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?	✓		Controls exist for expense categories that do not originate from invoice payments, such as DSA, travel, consultancies.	1	The IP has policies and procedures for processing DSA and travel allowance. Travel reports and mission orders are required to be approved by the relevant department head before the transaction can be approved for processing by the finance department.

4e. Policies and procedures					
4.19 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for compliance with the agency's requirement?	✓		The IP has a single basis of accounting.	1	Yes, the IP follows the modified cash basis of accounting as required by the government. The same has been consistently applied in the past. The IP will be adopting accrual basis of accounting in 2017.
4.20 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	✓		The IP has an adequate policies and procedures manual to guide activities and ensure staff accountability.	1	Yes, the IP ensure that officers have access to policies and procedures manual either through the website of the organisation or through distributor of printed manuals.
4f. Cash and bank					
4.21 Does the IP require dual signatories for bank transactions? How many signatories are on the bank account and how many are required to execute transactions? How are names added/ removed. Provide names.	✓		The IP has signatories on the bank accounts that will be used for United Nations resources and more than one signatory is required for each transaction.	-	All cash and cash payment transactions are handled by the Treasury Department.
4.22 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	✓		The IP maintains an adequate, up-to-date cashbook, recording receipts and payments.	-	All cash and cash payment transactions are handled by the Treasury Department.
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant and unusual reconciling items?	✓		Bank balances and cash ledgers are reconciled monthly and properly approved. Significant and unusual reconciling items are explained.	-	All cash and cash payment transactions are handled by the Treasury Department.
4.24 Is substantial expenditures paid in cash? If so, does the IP have adequate controls over cash payments?	✓			-	All cash and cash payment transactions are handled by the Treasury Department.
4.25 Does the IP carry out a regular petty cash reconciliation?	✓			-	All cash and cash payment transactions are handled by the Treasury Department.
4.26 Are cash and checks maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?	✓		Cash and checks are maintained in a secure location and access has been properly designated and maintained.	-	All cash and cash payment transactions are handled by the Treasury Department.
4g. Safeguards over assets					
4.27 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	✓		The IP has a system of adequate safeguards to protect assets from fraud, waste and abuse.	1	The organisation has policies and procedures for asset management that are incorporated on its Asset management system. The system is monitored by the asset management unit.
4.28 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	✓		Subsidiary records of fixed assets and inventory are kept up to date and reconciled with control accounts.	1	Monthly and annual reconciliations are being carried out by the asset management unit.
4.29 Are there periodic physical counts of fixed assets?	✓		The IP performs periodic physical inventories of fixed assets and inventory.	1	The IP is required to carry out annual physical checks of fixed assets on a monthly and annual basis. The physical check is handled by the finance department and asset management unit.
4.30 Are fixed assets and inventory adequately covered by insurance policies?	✓		The IP's fixed assets and inventory are adequately covered by insurance policies.	1	Yes, assets of the organisation are insured by the national government.
4h. Warehousing and inventory management					
4.31 Do warehouse facilities have adequate physical security?	✓			1	The IP deploys security guard for fixed assets. The warehouse is rented by the organisation from third party. These assets are mainly composed of high value equipments to measure pollution in air and water.
4.32 Is inventory stored so that it is identifiable, protected from damage, and countable?	✓			1	The IP uses tags and labels to easily monitor assets. Supplies and inventories are stored in a storage room within the department. These inventories are organised on storage rack and can be easily counted.
4.33 Does the IP have an inventory management system?	✓			1	Inventories are monitored and controlled using computerised inventory management system.
4.34 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?	✓			1	The IP has assigned different employees for receiving and issuing of inventory from the officer responsible for records maintenance. In addition, inventories are computerised and thus, records are automatically updated.
4.35 Are regular physical counts of inventory carried out?	✓			2	The accountant general carries out the annual physical check of inventory.

4i. Other offices or entities	4.36 Do any other offices/ external entities participate in implementation? If so, does the IP have policies and process to ensure appropriate oversight and monitoring of implementation?	✓	✓	✓	If the IP has other offices/entities participating in implementation, there are adequate policies and procedures to ensure appropriate oversight and monitoring of implementation. The IP also has experience with this process.	1	The organisation has 15 state officers all over Malaysia which participate in the implementation of the projects and programmes of the organisation. These state offices are required to report quarterly to the organisation to monitor and review activities of such state activities. These reports will be reviewed by the head of the departments.
	4.37 Does the IP maintain contractual agreements with other offices/external entities?		✓		The IP maintains current contractual agreements with other offices/entities.	-	Not applicable. These state offices are part of the organisation as such, no contractual agreements are maintained.
	4.38 Does the IP have a process to ensure expenditures of other offices/external entities are in compliance with the work plan and/or contractual agreement?	✓		✓	The IP has a process to ensure expenditures of other offices/entities are in compliance with the work plan and/or contractual agreements.	1	Monthly expenditures are required to be submitted by the state offices to the HQ. The reports will be reviewed by the finance department to ensure that it is in line with the government budget.
	4j. Internal audit	✓	✓	✓	The internal auditor is sufficiently independent to make critical assessments.	1	The department is subject to audit by the internal auditor from the ministry of natural resources and environment. The internal auditor reports directly to the head of organisation to maintain organisational independence.
	4.40 Does the IP have stated qualifications and experience requirements for internal audit department staff?	✓	✓	✓	The IP has stated qualifications and experience requirements for internal audit department staff.	-	The internal auditors are from the ministry of natural resources and environment, and as such, the organisation has no information on their requirements.
	4.41 Are the activities financed by the agencies included in the internal audit department's work programme?	✓	✓	✓	The activities financed by agency funds will be included in the internal audit department's work programme.	2	The activities financed by UNDP are audited by the auditor general of Malaysia. However, since the funding is not included in the budget of the government, the activities of the project are not audited by the internal auditor of the Ministry of Natural Resources and Environment.
	4.42 Does the IP act on the internal auditor's recommendations?	✓	✓	✓	The internal auditor has policies and procedures to take action on findings identified, if any.	1	Yes, the organisation is required to act within one month after the receipt of such recommendation.
	4k. Anti-fraud and corruption	✓	✓	✓	The IP has advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property.	1	Yes, the IP follows the anti-fraud and corruption policy of the government of Malaysia. The IP is required to establish an integrity unit within the department to receive complains of suspected fraud and corruption.
	4.44 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting.	✓	✓	✓	The IP has advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property.	1	Officers and employees are informed to submit complains of suspected fraud to the integrity unit of the organisation or Head of the department, depending on the level of the officers involved. Investigations are carried out by the integrity unit recommendations will be submitted to the head of the department for review and approval.
	Total number of questions in subject area:	44					
	Number of questions marked 'N/A' in subject area:	9					
	Total number of applicable questions in subject area:	35				37	
	Total number of risk points:					1	
	Accounting policies and procedures overall risk assessment						Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
5. Reporting and Monitoring						
5.1 Does the IP have established project reporting procedures that specify what reports are to be prepared, the frequency of preparation, what they are to contain and how they are to be used?	✓			The IP has established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain and how they are to be used.	1	Yes, as the IP is a unit inside Ministry of Natural Resources and Environment of Malaysia they are bound to follow the monitoring and reporting regulations of the government of Malaysia. These reporting requirements include monthly and quarterly reporting and meetings with the head of the department for progress reporting of the operations.
5.2 Does the IP prepare overall financial statements?	✓				1	Yes, as the IP is a unit inside Ministry of Natural Resources and Environment of Malaysia they are required to prepare annual reports.
5.3 Are the IP's overall financial statements audited regularly by an independent auditor in accordance with appropriate national or international auditing standards? If so, please describe the auditor.	✓			The IP's specific financial statements are audited regularly by an independent auditor.	1	Yes, the annual report of the IP is audited annually by the General Auditor Department of Malaysia based on the Malaysian auditing standards.
5.4 Were there any major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past three years?		✓		No major accountability issues were brought out in audit reports of the IP over the past three years.	1	There are no major financial issues related to ineligible expenditure involving donor funds noted from the past audit reports.
5.5 Have any significant recommendations made by auditors in the prior three audit reports and/or management letters not yet been implemented?		✓		All recommendations made by the auditor in the prior three audit reports and/or management letters have been implemented.	1	No. from the latest audit report, we found that the IP has implemented the recommendations from the General Auditor and it has been certified by the General Auditor.
Total number of questions in subject area:	5					
Number of questions marked 'N/A' in subject area:	0					
Total number of applicable questions in subject area:	5					
Total number of risk points:					5	
Reporting and monitoring overall risk assessment:					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
6. Information Systems						
6.1 Is the financial management system computerized?	✓			The financial management system is computerized and properly maintained.	1	As a government agency the IP, is using ESPKB system as mandated by the Ministry of Finance.
6.2 Can the computerized financial management system produce the necessary financial reports?	✓			The computerized financial management system can produce the necessary financial reports.	1	All projects are uniquely referenced which allows to produce a specific report.
6.3 Are IP staff adequately trained to maintain the computerized financial management system?	✓			IP staff are adequately trained to maintain the computerized financial management system.	1	Yes, The IP staff has been trained to be able to utilise the ESPKB system adapted by the organisation.
6.4 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? E.g. password access controls; regular data back-up.	✓			The IP has appropriate safeguards to ensure the confidentiality, integrity and availability of the data.	2	The financial database is directly controlled by the Ministry of Finance of Malaysia, thus the Directorate of Environment and Natural Resources' accountant is not aware of frequency of the data back-up. Also, we noted that only accountant has access to the system and it is password-protected.
Total number of questions in subject area:	4					
Number of questions marked 'N/A' in subject area:	0					
Total number of applicable questions in subject area:	4					
Total number of risk points:					5	
Information systems overall risk assessment:					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
7. Procurement						
7.1 Does the IP have written procurement policies and procedures?	✓			The IP has written procurement policies and procedures.	1	Yes, the IP has written policies and procedures on their procurement activities regulated by the Ministry of Finance. The organisation follows 1 PP circular for procurement, accounting and financial activities (treasury order). Any exceptions to the policies and procedures require approval from the Ministry of Finance.
7.2 Are exceptions to procedures approved by management and documented?	✓				1	
7.3 Does the IP identify the requested authorizations for each value level of purchases? At what value does the IP require written authorization of senior management for a purchase. (value in US dollars)?	✓			The IP has defined authorization guidance and policies and procedures to ensure they are properly applied.	1	Yes, the IP has written delegations of authorities in place in terms of approving the purchases. Chief Clerk <10,000 Account Assistant <20,000 Senior Account Assistant <100,000 Accountant & Senior Assistant Director <1,000,000 Deputy Director <5,000,000 Director >5,000,000
7.4 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	✓			The procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria.	1	Yes, the organisation has procedures and specific contract templates that integrate references to ethical procurement principles and exclusion and ineligibility criteria. An independent integrity unit is established within the organisation to receive and investigate any complaints of fraud or breach of ethical principles.
7.5 Does the IP obtain sufficient approvals before signing a contract?	✓			The IP obtains sufficient approvals before signing a contract executing a purchase or a payment.	1	Yes, it is required for a contract to be approved by the responsible personnel (mentioned in the contract art. 1948) based on the analysis done by the financial, technical and endorsement committees.
7.6 Does the IP have formal guidelines and procedures in place to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?	✓			The IP has formal guidelines and procedures in place to assist in identifying, monitoring and dealing with potential conflict of interests with potential suppliers/procurement agents.	1	Yes. Before and after the procurement process takes place, all the procurement committee members are required to sign a declaration of independence. Any officer or member of the committee who has or is perceived to have conflict of interest is not allowed to participate in the bidding process.
7.7 Does the IP have a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?	✓			The IP has a well-defined process for sourcing/pre-qualifying suppliers.	1	The vendors will have to be registered in the procurement. Yes, the opportunities will be advertised through websites and notice boards and if it is a tender it is advertised nationally through newspapers.
7.8 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.	✓				1	Yes, they have the database of the suppliers and the IP maintain performance reports of the suppliers/vendors.
7.9 Does the IP have a well-defined process in place to ensure a secure and transparent bid and evaluation process? If so, describe the process.	✓			The IP has a well-defined process in place to ensure a secure and transparent bid and evaluation process.	1	Yes. The procurement committees are divided into three committees (technical, financial and endorsement). The technical committee will examine bids in relation to the best specifications. The financial committee will examine bids in relation to the best price. The endorsement committee will be the one to finalise and authorise the procurement decision. Prior to the procurement process, the personnel involved signs a declaration of independence.
7.10 When a formal invitation to bid has been issued, does the IP award the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and price?	✓			The IP awards procurement contracts to qualified bidders whose bids substantially conform to requirements set forth in the solicitation documentation and offer the lowest cost.	1	Yes, only the bidder who meets the technical requirements and offers the lowest price will be chosen as the winning bidder.
Total number of questions in subject area:	10					
Number of questions marked 'N/A' in subject area:	0					
Total number of applicable questions in subject area:	10					
Total number of risk points:					10	
Procurement overall risk assessment:					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.

ANNEX VI: PROJECT ANNUAL REPORT TEMPLATE

ANNUAL PROGRESS REPORT 2018

Section 1: Overall Implementation of Project Outputs as Per Signed Annual Work Plan 2018

2018 AWP Budget: 2018 AWP Budget (Revised): 2018 Expenditure: 2018 Expenditure (%): 2018 In-Kind Contribution:	Total Project Budget: Total Project Expenditure: Total Project Expenditure (%): Total In-Kind Contribution: Gender Marker Rating (ATLAS):
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OUTPUT 1:

Activity 1:

Target 2018:

Achievement and Results 2018:

Activity 2:

Target 2018:

Achievement and Results 2018:

Remarks if any project activities and targets were not implemented or amended.

OUTPUT 2:

Activity 1:

Target 2018:

Achievement and Results 2018:

Activity 2:

Target 2018:

Achievement and Results 2018:

Remarks if any project activities and targets were not implemented or amended.

OUTPUT 3:

Activity 1:

Target 2018:

Achievement and Results 2018:

Activity 2:

Target 2018:

Achievement and Results 2018:

Remarks if any project activities and targets were not implemented or amended.

Section 2: Project Contribution to National Development Agenda in 2018

2.1 Contribution to Analysis/ Development/ Refinement of National or Sectoral Policies, Strategies and Action Plans

(Note: Please indicate and elaborate on how the outputs have been utilized by the Implementing Partner to contribute to analysis/ development/ refinement of National or Sectoral Policies, Strategies and Action Plans. Please also indicate if the outputs have contributed to the implementation of the 10th Malaysia Plan or inputs into the 11th Malaysia Plan preparatory work.)

<input type="checkbox"/> Yes	
<input type="checkbox"/> No	

2.2 Contribution to awareness raising or convening on key thematic issues

(Note: Please indicate the thematic issues, objective of activities and the number of participants and affiliations.)

<input type="checkbox"/> Yes	Topic: Objective: Participants Pax: Affiliations (Name the Ministries involved and indicate the number of private sector, civil society organizations and academia who participated):
<input type="checkbox"/> No	

2.3 Contribution to capacity development and institutional arrangements (Mandatory response)

(Note: Please indicate if capacities are being built to implement or sustain systemic changes.)

<input type="checkbox"/> Yes	
<input type="checkbox"/> No	

2.4 Contribution to development of new datasets, statistics or models

(Note: Please indicate if datasets, statistics or models have been generated or improved/ updated. Please also indicate on how these have been utilized by the Implementing Partner to strengthen national evidence based policy making.)

<input type="checkbox"/> Yes	
<input type="checkbox"/> No	

2.5 Contribution to Gender Equality

(Note: Please specify aspects of project activities and outputs that have contributed to gender equality. E.g: gender disaggregated data have been produced; activities was gender inclusive; gender analysis of outputs has been generated; outputs have been utilized in state/national/agency policies in gender sensitive ways; and/or stakeholder capacity in collecting, retrieving, and analyzing data with a gender perspective have been supported.)

<input type="checkbox"/> Yes	
<input type="checkbox"/> No	

2.6 Demonstration or Pilot Initiative

(Note: Please indicate if demonstration or pilot initiatives were undertaken and how outputs have contributed to inform decision-making and/or national policy and if it has led to actual/planned upscaling or replication.)

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No

2.7 Review of Risk Analysis and Action

(Note: Upon reviewing the Risk Analysis stated in the Project Document, please indicate if the risks status were monitored and updated regularly. Please also highlight mitigation steps undertaken, if applicable.)

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No

2.8 Areas of Improvement for Project Management and Implementation

(Note: Please indicate any additional comments on areas of improvement that should be taken into consideration by EPU and UNDP Malaysia in the implementation of future projects.)

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Section 3: Project Extension into 2019

(NOTE: APPLICABLE ONLY TO PROJECTS ORIGINALLY SCHEDULED FOR COMPLETION IN 2017)

Please indicate reasons for the project extension
Proposed duration of project extensions XX Months
Agreement by National Steering Committee: Date of Meeting: Minutes Attached: <input type="checkbox"/> Yes <input type="checkbox"/> No

Annual Progress Report 2018 approved by:

.....
Name
Designation

ANNEX VIII: TERMINAL REPORT AND REQUEST FOR EXTENSION

TERMINAL REPORT AND REQUEST FOR EXTENSION OF INSTITUTIONAL STRENGTHENING FUNDING

January 2018 to December 2019

Sections 1 to 12 and 15 to be completed by the country concerned prior to transmission to the implementing agency for comments in 14.

1. Country: **MALAYSIA**
2. National implementing agency / ozone unit: **DEPARTMENT OF ENVIRONMENT**
3. Implementing agency: **UNDP**
4. Institutional strengthening (IS) project phases (approved):

Phase	Duration (dd/mm/yy)	MLF Funding (Approved) (US\$)	MLF Funding (Disbursed) (US\$)
Phase I	Jan 1995- Dec 1997	322,520	306,817
Phase II	Jan 1998-Dec 1999	215,000	209,447
Phase III	Jan 2000- Dec2001	215,000	215,000
Phase IV	Jan 2002-Dec 2003	215,000	215,000
Phase V	Jan 2004-Dec 2005	279,500	259,000
Phase VI	Jan 2006- Dec 2007	279,500	121,675
Phase VII	Jan 2008- Dec 2009	279,500	279,500
Phase VIII	Jan 2010- Dec 2011	279,500	279,500
Phase IX	Jan 2012- Dec 2013	279,500	279,500
Phase X	Jan 2014- Dec 2015	279,500	279,500
Phase XI	Jan 2016- Dec 2017	357,760	—*

* The disbursement as of 31 August 2017. The remaining balance will be disbursed for planned activities by the end of December 2017.

5. a) Reporting period (mm/yy to mm/yy): **January 2016 to June 2017**
 b) Requested (phase funding (US \$), and period):
Phase XII (USD 357,760) for January 2018 to December 2019
6. Data reporting:

Reporting requirement	Reported		Year reported	Year submitted
	yes	no		
Article 7	✓		2015, 2016	2016, 2017
Country programme implementation	✓		2015, 2016	2016, 2017

7. Describe the role and position of the National Ozone Unit (NOU) within the national administration, the way its work is supervised and its access to senior decision-makers (this may include cooperation with steering committees, advisory groups or inter-ministerial bodies).

The NOU is within the organization of Department of Environment (DOE) under the Ministry of Natural Resources and the Environment (NRE). The NOU has direct access to senior decision makers such as the Director General of Environment. A National Steering Committee on Ozone Protection which comprises government related agencies, representatives of industries and NGOs was established since 1989, chaired by the Secretary General of Ministry of NRE.

8. Indicate the total number staff in the NOU:

- How many are paid under the IS? 4 Full time Half time
- How many are paid by the Government? 8 Full time Half time

9. Is the unit fully staffed?

YES NO

If no, explain:

The 2 vacant post of Project Management Unit approved under HPMP 1 are yet to be fill.

10. Please provide details on the status of the implementation of the activities approved from the previous IS phase and planned activities for the requested phase. Please add specific performance indicators.

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify XI/1/2016-12/2017)	Planned activities in next phase (specify XI/1/2018-12/2019)	Expected results for next phase
Objective 1: Adoption/implementation of ODS legislation and regulation to control and monitor ODS consumption				
Introduction of licensing and quota system for HCFCs	-Processing applications online for the approval of import and export of HCFC as well as export of polyol with HCFC 141b	<p>2015 – 363 were approved out of 413 applications from 19 registered importers.</p> <p>2016 – 298 were approved out of 316 applications from 18 registered importers.</p> <p>2017 – (As of June) 116 approvals out of 119</p>	-	- Compliance with the regulations and achieving targeted reduction of HCFC consumption

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify XI/1/2016-12/2017)	Planned activities in next phase (specify XI/1/2018-12/2019)	Expected results for next phase
	- Organise bi-annual meetings as scheduled	<p><u>applications from 16 registered importers.</u></p> <p><u>Developed Licensing system for exporters of HCFC and Polyol containing HCFC 141b</u></p> <p>- Bi-annual meetings to decide on quota given to qualified importers was held on 19 Jun 2017</p>		- Reduction of HCFC imports according to the obligated amount.
Enforcement of control measures to sustain CFC phase out	<p>- Enforcement visits to importers, MAC and RSS Workshops.</p> <p>Carry out technicians training as required by the law</p>	<p>2016: 2015: Initial stage of developing online database system on the registration of competent technicians trained at ATC</p> <p>Master trainers : 90</p> <p>2016</p> <ul style="list-style-type: none"> - 51 ATC throughout the country - Trained technicians : 3221 - Total competent technicians: 2596. - 1 Training of Master Trainers : 97 <p>2017 (Jan – Jun):</p> <ul style="list-style-type: none"> - 51 ATC for technician trainings - Trained technicians of 2684 - Competent technicians 1441 - 1 Training of Master Trainers : 32 <p>2015-2017:</p> <ul style="list-style-type: none"> - Total Master Trainers: 219 		Ensure and monitor the quality servicing by competent technicians
Monitoring illegal ODS trade (all ODS)	Working closely with Customs Department, organize training for Custom officers	<p>Assist Customs Department to identify and dispose of ceased ODSs.</p> <p>2016- Help RMCD of Johor to ceased R12</p>	Continue to work closely with Customs Dept to eliminate illegal importation.	Good collaboration with Customs Dept. to eliminate illegal imports

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify XI/1/2016-12/2017)	Planned activities in next phase (specify XI/1/2018- 12/2019)	Expected results for next phase
Ratification of Amendments to the Montreal Protocol	Ratified all amendments		- Country is in preliminary stage of identifying the suitable implementing agency pursuant to decision 79/46 ExCOM.	Malaysia is in Group 1 of the Kigali Amendment. Baseline will start from 2020, 2021 and 2022 and freeze on 2024.
Objective 2: Efficient and timely data collection and reporting				
Monitoring customs import/export	Verification visit, Data auditing and training for enforcement officers	Verification visits to 10 registered importers in 2016 and to 5 registered importers in 2017 (Until July 2017) - Customs/ DOE enforcement officers training was held on 24 – 27 July 2017 in Johor. 58 officers comprise of Customs and DOE enforcement officers attended the training.	Continue to carry out monitoring and enforcement activities	Compliance with the regulations and quota set for HCFC importation
Article 7 data reporting	<u>Data obtained from Customs Dept. and Statistic Dept. (Performance indicator)</u>	<u>2015 data submitted on 8 Jun 2016 and 2016 data submitted on 21 Jun 2017</u>	Timely preparation and submission for 2018 and 2019	Compliance with data reporting
Country programme data reporting	<u>Data obtained from Customs Dept. and Statistic Dept. (Performance indicator)</u>	<u>2015 data submitted on 29 April 2016 and 2016 data submitted on 30 April 2017</u>	Timely preparation and submission for 2018 and 2019	Compliance with data reporting
Objective 3: Consultations and coordination with other national agencies/stakeholders				
Steering Committee	i) NSC Meetings will be held as scheduled; ii) Technical Committee will meet to discuss quota allocation	45 th NSC meeting held on 17 March 2016 46 th NSC meeting held on 16 February 2017; 28 Nov 2016 – Quota Technical Committee Meeting to finalised 2017 quota allocation 20 June 2017 - Quota Technical	i) NSC Meetings and PSC meetings will be held as scheduled; ii) Technical Committee will meet to discuss quota allocation for 2017 and 2018;	- Better cooperation from all agencies to implement policies and strategies for HPMP - Quota allocation to meet the

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify XI/1/2016-12/2017)	Planned activities in next phase (specify XI/1/2018- 12/2019)	Expected results for next phase
	<p>for 2017 and 2018;</p> <p>iii) HPMP PSC meetings will be held as scheduled.</p> <p>iv) Consultation with Royal Customs of Malaysia</p>	<p>Committee Meeting to update the progress of 2017 allocation</p> <p>PSC Meeting to be held in 31 October 2017</p>	<p>iii) HPMP PSC meetings will be held as scheduled.</p>	<p>reduction target for 2016 onwards</p> <p>- Continuous monitoring of progress on HPMP implementation</p>
Industry associations	- Consultation meeting with industries on proposed amendment of Refrigeration Management Regulations.	<p>30 October 2015- SACC- Collaborated with MASHRAE in Symposium on Refrigerants Phase Out</p> <p>26 Mac 2016- Meeting with the related stakeholder ie: Energy Commission on Environmental Quality Act (EQA) Refrigerant Management to control manufacturing, assembly and imports of HCFC 22 based AC equipment of 2.5HP and below for use in Malaysia starting 1 January 2016.</p> <p>19 January 2017- Consultation with Malaysian Association on Chiller and Refrigeration (MACRA) on Refrigerants Phase-out.</p> <p>16 March 2017- Pullman Hotel KI Collaborated in Workshop organise by MACRA & MASHRAE : Update On Refrigerants: Upcoming Major Impact On The Air-Conditioning Industry</p> <p>14 June 2017, Dorsett Putrajaya Collaborated with UNIKL – MFI in organising Workshop: Refrigerant Phase-out Challenges & Opportunity in Malaysia focusing on the</p>	<p>- Continue consultation meetings with industries on proposed regulatory actions on HCFC</p> <p>- Organize Bricfings on progress of ongoing HPMP</p>	- Better cooperation and participation from industries and stakeholders to phase out ODS

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify XI/1/2016-12/2017)	Planned activities in next phase (specify XI/1/2018- 12/2019)	Expected results for next phase
	<ul style="list-style-type: none"> - Roadshows on Technicians Training on Refrigerant Management of R32 - Establishment of Flammable Refrigerant Standard - Establishment of Ecolabelling products 	<p>HVAC industries.</p> <p>Held on 2, 4, 8, 10, 16, 18 August and 13 October 2016.</p> <p>Collaborated with Daikin to inform, promote on R32 and the Good Handling techniques of refrigerants.</p> <ul style="list-style-type: none"> - Committee members and involved actively in the establishment of the Standards with SIRIM and other related stakeholders. 		
Objective 4: Supervision of timely implementation of phase-out activities and reduction in ODS consumption				
<p>HCFC phase-out management plan preparation/implementation</p>	<ul style="list-style-type: none"> - Monitoring of on-going HPMP projects in servicing sector. - Enforcement of the amended Refrigeration Management regulations. 	<ul style="list-style-type: none"> - Replacement project of R22 with R32 for AC sector at two site <ul style="list-style-type: none"> • EiMAS (Environmental Institute of Malaysia) : 66 unit • UNIKL-MFI: 16 unit Has been completed by Dec 2016 - MOU of 6 Mini Reclaim unit given to 6 selected recipients has been signed between the Government and recipient. All units has been distributed out in June 2017 - Demonstration project of CO₂ Refrigeration System Demonstration Project Under HPMP Stage 1 has been completed in April 2017. 14 States offices throughout Malaysia including the Headquarter office in Putrajaya continues to enforce the Refrigerant Management Regulation. 	<p>The Amendment is yet to be gazetted. DOE states offices continues to enforce and monitor on the present EQA (Refrigerant</p>	

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify XI/1/2016-12/2017)	Planned activities in next phase (specify XI/1/2018- 12/2019)	Expected results for next phase
	- Preparation of HPMP Stage-II and submission to the 76 th ExCom	2016: 3 Notices to premises were sent out by state offices due to incompliance of the regulation. 2 preparatory Workshops prior to submission of HPMP 2 document were held in Subang Jaya, Selangor on 26 January 2016 & 26 May 2016.	Management) regulation. HPMP Stage II approved on 77 th ExCOM Meeting in Nov 2016. Start to commence implementation starting May 2017	

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify XI/1/2016-12/2017)	Planned activities in next phase (specify XI/1/2018- 12/2019)	Expected results for next phase
Information dissemination to key stakeholders	<p>i) Organize seminar/workshop, including Roadshows on HPMP Stage-II, on alternatives Technologies for HCFC phase out.</p> <p>ii) Organize Awareness activities</p> <p>iii) Create Publications</p>	<p>i) 2016:</p> <p><i>26 Jan - Workshop on Hydrochlorofluorocarbons Phase out Management Plan (HPMP) Stage 2</i></p> <p>15 February - Consultative Workshop on HPMP 2 for Fire Sector</p> <p><i>21 – 23 March & 22 – 23 August 2016 - Workshop on HS code on Ozone Depleting Substances</i></p> <p><i>18-22 April -Training for Master Trainer in Refrigeration and Air Conditioning Sector</i></p> <p><i>8-12 May -Custom Training 1/2016</i></p> <p><i>26 May - Consultative Workshop for HPMP 2</i></p> <p>31 May – 2 June -Training to ATC on eCSTP system</p> <p>5 – 8 September -The National Capacity Building Workshop on Controlling illegal Trade in Chemicals and Waste Training</p> <p><i>24 – 28 October - Custom Training 2/2016</i></p> <p>2017:</p> <p>23 March 2017- Seminar on CO2 Refrigeration System Demonstration Project Under HPMP Stage 1</p> <p>17 – 21 April 2017- Master Trainer</p>		Enhance awareness on ODS phase out and ozone layer protection, especially in terms of the implementation of HPMP Stage-II and its linkage to climate change.

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify XI/1/2016-12/2017)	Planned activities in next phase (specify XI/1/2018- 12/2019)	Expected results for next phase
		<p>6-7 May 2017-Refresher Course in R32 & CO₂</p> <p>24-26 July – Customs Training</p> <p>14 June – Seminar on Refrigerant Phase-out Challenges & Opportunity in Malaysia</p> <p>iii) Publications: 2016:</p> <p>Paperbag (5000 bag) Notebook (5000 book) Thumb drive (500 unit) Distributed during seminars, Technician trainings and States offices</p> <p>Screw driver (5000 pieces) Test pen (5000 pieces) Distributed to certified technician and states offices.</p> <p>2017:</p> <p>HPMP Stage 2 Leaflet (5000 copies) HPMP 2 Book (1000 books) Thumbdrive containing the leaflet & document Paperbags 30 years MP button badges (1000 unit)</p>		

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify XI/1/2016-12/2017)	Planned activities in next phase (specify XI/1/2018-12/2019)	Expected results for next phase
International Ozone Day	<ul style="list-style-type: none"> - Minister's Message in major newspapers - Seminar/ awareness activities 	<p>2016:</p> <p>International Ozone Day launched by Minister of Environment on 29 September 2016 at Dorsett Grand Hotel, Subang Jaya.</p> <ul style="list-style-type: none"> -Minister's Message posted on major newspapers, MNRE and DOE website -Interview with Minister in TV and radio to inform on the Ozone Day Celebration 16 September -Launching of eCSTP online system - Recognition awards to new government appointed authorised training centre (ATC) <p>2017:</p> <ul style="list-style-type: none"> - Minister's Message posted on major newspapers, MNRE and DOE website; Minister will launch the International Ozone Day schedule to be held on 5 October 2017 at Putrajaya -Exhibition by exhibitors on ODS alternatives and HVAC industries -Completion award to completed RAC projects under HPMP Stage I 	<ul style="list-style-type: none"> -Minister Message in major newspapers -Seminar /awareness activities 	Enhance awareness on ODS Phase-out and its linkage to climate change, and country's obligation to the Montreal Protocol
Objective 6: Regional cooperation and participation to Montreal Protocol meetings				
Regional network participation	Participate in meetings/ trainings to be held in 2016 and 2017	<p>2016:</p> <p>14 – 20 June -Network Meeting and Thematic Workshops for Asia and the Pacific National Ozone Officers</p> <p>2017:</p> <p>2 – 5 May -Thematic Meeting of Southeast Asia and the Pacific (SEAP) Network of Ozone Officers and the Thematic Workshop on the</p>		<ul style="list-style-type: none"> - Capacity building, knowledge enhancement especially for new ozone officers - Sharing of experience among the NOU officers in the region and knowledge

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify XI/1/2016-12/2017)	Planned activities in next phase (specify XI/1/2018- 12/2019)	Expected results for next phase
		Kigali Amendment on the Montreal Protocol		enhancement on alternative technologies
Open-ended Working Group /Meeting of the Parties	Participation in OEWG, MOP and other Montreal Protocol Meetings	<p>2016</p> <p>4 -8 April -The Thirty-Seventh Meeting of the Open-Ended Working Group of the Parties to the Montreal Protocol</p> <p>15-23 July-The 37th Open-Ended Working Group Meeting and the 38th Extraordinary Meeting of Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer</p> <p>19 – 20 September - Informal Meeting on HFC</p> <p>6 – 8 October - Informal Meeting and Resumed 38th Open Ended Working Group Meeting</p> <p>10- 15 October - The 28th Meeting of Parties to the Montreal Protocol</p> <p>28 Nov – 2 Dec -The 77th Meeting of the Executive Committee of Multilateral Fund of Montreal Protocol</p> <p>2017:</p> <p>8 – 14 February -6th Asia Oceania Konwakai Meeting</p> <p>15 – 16 June -Stakeholders Meeting in Promotion of Energy Saving Equipment and Environmentally Sound Management of used Fluorocarbons</p> <p>3 – 7 July -79th ExCOM 10 – 14 July - 39th OEWG</p>	Participation in OEWG, MOP and other Montreal Protocol Meetings	Keep informed of the new development on HCFC alternatives and Montreal Protocol related decisions that may affect the industrial development.

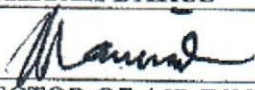
11. Financial report:

Item of expenditure	Budget for current phase (US \$)	Disbursement (for current phase) (US \$) (as of 31 August 2015)		Estimated budget (for requested phase) (US \$)	Government funding (in kind contribution) (US \$)	
		Actual	Obligated		Current phase	Requested phase
Staff (including consultants)	70,000	27,151.14	42,848.86	70,000	156,000	156,000
Equipment	25,000	14,772.13	10,227.87	25,000	0	0
Operational cost (i.e. meetings, consultations, etc.)	180,000	128,936.94	51,063.06	180,000	10,000	10,000
Public awareness	60,000	13,838.18	46,161.82	60,000	0	0
Other	22,760	9,680.08	13,079.92	22,760	0	0
TOTAL	357,760	194,378.47	163,381.53	357,760	166,000	166,000

12. Please evaluate the IS performance in meeting the following indicators:

Indicator	Evaluation			Comments
	Very good	Satisfactory	Poor	
1. Effectiveness of import control measures	✓			<p>Since 2013 The Online Licensing System has been implemented to facilitate approval for HCFC imports according to the quota given to the registered companies. The approval is transmitted to Customs Department at the entry points to assist Customs to curb illegal importation. This is an effective control system to ensure compliance with obligated HCFC consumption.</p> <p>With this effective implementation, Malaysia was able to achieved 19% reduction in 2015 more than the 10% required in the stage I of HPMP in 2015.</p>
2. Integration of ozone protection issues into national plans	✓			<p>Ozone layer protection issue is incorporated into national strategy and resulted in the amendment of Customs Acts 1967 and Environmental Quality Acts 1974 to control import and exports of ODS and prohibit venting of refrigerants.</p>
3. Completion of phase-out projects	✓			<p>In May 2015, the project in servicing sector on Technicians Training was completed with publication of Training Manual, training of Master Trainers, technicians training and distribution of 30 units of R&R machines to 30 Authorised Training Centres.</p> <p>In 2016, another 10 new appointed ATC from Government sector was appointed, thus total ATC is 51 throughout the country including East Malaysia. With the implementation of the online eCSTP system, a systematic, harmonised and user friendly verification was established.</p> <p>Projects on mini reclaim and replacement project of R22 with R32 in Air-conditioning sector completed by the end of 2016 and CO2 Demonstration project completed in April 2017.</p> <p>6 Mini reclaim Units has been distributed by June 2017.</p>
4. Efficient data reporting	✓			<p>The NOU has submitted the required reports to the Ozone Secretariat and MLFS in a timely manner.</p>

13. Government endorsement:

Action plan authorized by (name):	MASHITAH DARUS
Signature of authorising authority:	
Title:	DIRECTOR OF AIR DIVISION
Supervising Organization/Agency/Ministry:	DEPARTMENT OF ENVIRONMENT MALAYSIA
Date:	15.9.2017

14. Submission of action plan:

Name of implementing agency:	UNDP
Name of Project Officer:	Christine Wellington-Moore
Signature of Project Officer:	
Date:	
Comments of the implementing agency:	<p>Working closely with Customs, relevant government agencies and industries, Malaysia has successfully implemented and completed most of the HPMP project components and will complete all the HPMP Stage-I project components by the end of 2016</p> <p>In the next IS Phase XI, Malaysia is expected to continue to strengthen national management capacity to effectively implement and monitor HCFC phase-out, to enforce the HCFC policies and regulations, and to sustain awareness and commitment on Montreal Protocol and ODS phase-out from stakeholders and general public, all of which would ensure achieving the HCFC phase-out target as agreed under the Montreal protocol.</p>

15. Executive summary: please provide summaries for the information required below in no more than one paragraph each. These paragraphs will be used in documents for the Executive Committee Meeting.

a) Terminal report

During the IS-X, Malaysia has been successfully implementing HPMP. Close cooperation with industries and other agencies particularly on enforcement activities such as Customs Department, Fire and Rescue Department and Ministry of Industry and International Trade has been very effective and efficient which led to the successful HCFC control and the achievement of HCFC 10% reduction phase-out target in 2015. The enforcement and monitoring activities were given priority to ensure Malaysia's full compliance with the Montreal Protocol. Awareness programmes conducted including at state level and via mass media enhanced public awareness on ozone layer protection and climate change issues.