

## A. COVER PAGE

**1. Fund Name:** Joint SDG Fund

**2. MPTFO Project Reference Number** *(leave blank / automatically populated in Atlas)*

**3. Joint programme title:**

INFF: Developing Financing Partnerships to Accelerate SDG achievements in Malaysia

**4. Short title** *(30 characters max) Partnership for SDG Finance*

**5. Country and region:** Malaysia, Asia Pacific

6. Resident Coordinator: Mr. Stefan Priesner, Email: [stefan.priesner@un.org](mailto:stefan.priesner@un.org)

7. UN Joint programme focal point:

- Mr. Niloy Banerjee, UNDP Resident Representative, Email: [niloy.banerjee@undp.org](mailto:niloy.banerjee@undp.org);
- Ms. Juanita Lourdes Joseph, Head of the Office of the UN Resident Coordinator (RCO), Email: [juanita.joseph@one.un.org](mailto:juanita.joseph@one.un.org)

**8. Government Joint Programme focal point**

*Mr. Saiful Anuar Lebai Hussen, Director-General Economic Planning Unit, Prime Minister's Department. Email: [saiful.hussen@epu.gov.my](mailto:saiful.hussen@epu.gov.my)*

**9. Short description:** *(1-2 paragraphs on expected results)*

In implementing the 2030 Agenda for Sustainable Development, the Government of Malaysia (GoM) is fully committed to developing country-specific goals and implementation plans, promoting participation of all stakeholders, including the private sector, civil society, Parliamentarians and others, promoting information disclosure, and advancing innovative financing mechanisms to support the achievement of the goals. To date, Malaysia has achieved a number of key milestones of SDG-focused actions, including the completion of its first Voluntary National Review (VNR) in 2017, the SDG Roadmap (Phase 1: 2015 – 2020), and the development of the National SDG Progress Monitoring System. In recent years, a number of fiscal and non-fiscal challenges have emerged, including the adverse impacts on GDP and income from COVID-19. Hence, it is more apparent than ever before that for Malaysia to meet its SDG targets in this Decade of Action, the country must adopt new and innovative methods to mobilize greater scale and mix of financing. The start of the Shared Prosperity Vision 2030 (SPV2030) era and the 12<sup>th</sup> Malaysia Plan (2020 – 2025) provides a timely opportunity for Malaysia to review its SDG strategies, enabled by a financing strategy that involves public and private sector participation undertaking the necessary investments or financing strategies aligned to the SDGs' goal-by-goal or by thematic areas.

Designed as a UN Joint Programme (JP), the initiative described in this document is critical in ensuring that Malaysia's SDG implementation plans are not compromised even as the country is faced with multiple external and internal headwinds. The JP aims to support the strengthening of the national SDG financing architecture as an enabler for achieving the 2030 Agenda and the SDGs by (i) supporting the development of the national SDG Roadmap 2020-2025 and associated monitoring framework and evaluation strategy; (ii) undertaking a development finance landscape analysis (iii) developing costing tools SDGs for Malaysia and for budget tracking; and (iv) developing a national SDG Financing Strategy. The end result of

the JP will be a more adaptive and robust financing approach that allows the GoM (Government of Malaysia) to manage future risks while addressing key priorities of sustainable and inclusive development. A more robust, flexible and ambitious financing strategy will allow the GoM to develop amongst others, innovative digital financing, green energy and transportation systems, stronger labour market and social protection systems to leave no one behind, all of which are amongst the key pillars of an SDG-aligned growth.

**10. Keywords:** (5-8, to be used for search in Gateway 2.0)

Malaysia SDG Roadmap  
 Malaysia DFA 2020  
 Malaysia SDG Budgeting & Costing  
 Malaysia SDG Finance

**11. Overview of budget** (based on the detailed budget in the annex)

Joint SDG Fund contribution	USD 999,545.00
GoM Cost Sharing and PUNO contribution	600,000.00
<b>TOTAL</b>	<b>USD 1,599,545.00</b>

**12. Timeframe:**

Start date	End date	Duration (in months)
July 2020	June 2022	24 months

**13. Gender Marker:** 2

(the overall score (0-3) based on the Gender Marker Matrix in the annex. See instruction on Gender matrix preparation)

**14. Participating UN Organizations (PUNO) and Partners:**

(List all entities involved in implementation with organization, Last Name, First Name, Position, e-mail, telephone)

**14.1 PUNO POTENTIAL**

- **Convening agency:** UNDP
- **Other PUNOs:** UNICEF, UNCDF



**14.2 Partners POTENTIAL**

National partners	Contacts
Economic Planning Unit, Prime Minister's Office;	Mr. Saiful Anuar Lebai Hussen Director-General  Email: saiful.hussen@epu.gov.my
Ministry of Finance,	Mr. Johan Mahmood Merican, Director of Budget Division  Email: johan.merican@treasury.gov.my

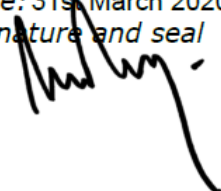
<p><i>Implementation Coordination Unit, Prime Minister's Department;</i></p>	<p><i>Ms. Mashitah Suhailah bt Suid, Director of Social Wellbeing Division</i>  <i>Email: mashitah.suid@icu.gov.my</i></p>
<p><i>Bank Negara Malaysia</i></p>	<p><i>Nor Shamsiah Mohd Yunus, Governor Bank Negara Malaysia</i>  <i>Email:</i>  <i>Phone: +(603) 2698 8044 (ext. 7731)</i>  <i>Abd. Rahman Abu Bakar, Head of Governor's Office</i></p>
<p><i>Securities Commission</i></p>	<p><i>Datuk Zainal Izlan Zainal Abidin</i>  <i>Deputy Chief Executive of the Securities Commission Malaysia</i></p>
<p><i>All-Party Parliamentary Group (APPG) for SDGs</i></p>	<p><i>Ms Maria Chin Abdullah, Chair of APPG</i>  <i>Email: mariaparlimen@gmail.com.</i></p>
<p><i>International Financial Institutions: World Bank Group</i></p>	<p><i>Firas Raad, Country Manager for Malaysia, East Asia Pacific</i>  <i>Email: fraad@worldbank.org</i></p>

- **Supporting UN agencies:** UNESCAP, UNFPA and UNTIL
- **Private sector representatives** Chamber of Commerce, PEMUDAH and a network of private sector organisations promoting the SDG
- **Parliamentary Caucus on Reform and Governance**
- **Representatives of civil society:** NGOs, Zakat and Waqaf based State Authorities
- **International Financial Institutions:** World Bank Group
- Other partners:

**SIGNATURE PAGE**

<p><b>Resident Coordinator</b> <i>Date and Signature</i></p>  <p>31 March 2020</p> 	<p><b>National Coordinating Authority</b> <i>Name of institution</i> <i>Name of representative</i> <i>Date</i> <i>Signature and seal</i></p> <p>Economic Planning Unit (EPU), Prime Minister's Department</p> <p>Mr. Saiful Anuar Lebai Hussen, Director-General, EPU</p>
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**SIGNATURE PAGE**

<p><b>Participating UN Organization</b> (lead/convening) <i>Name of PUNO: UNDP</i> <i>Name of Representative: Niloy Banerjee</i> <i>Date: 31st March 2020</i> <i>Signature and seal</i></p> 
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**Participating UN Organization**

Name of PUNO: UNICEF

Name of Representative: Marianne Clark-Hattingh

Date: 30<sup>th</sup> March, 2020

Signature and seal

*Marianne Clark-Hattingh*



**SIGNATURE PAGE**

**Participating UN Organization**

Name of PUNO: UNCDF

Name of Representative: Judith Karl

Date: 30-Mar-2020

Signature and seal

*Judith Karl*



## B. STRATEGIC FRAMEWORK

### 1. Call for Concept Notes: SDG Financing (2/2019) – Component 1

### 2. Programme Outcome [pre-selected]

- Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)

### 3. UNSDCF Outcomes and Outputs *(same as Results Framework)*

#### 3.1 Outcomes

#### PILLAR 1: PEOPLE

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

#### PILLAR 2: PLANET

By 2025, environmental sustainability and resilience are mainstreamed as priorities within the national development agenda, across all sectors and levels of society.

#### PILLAR 3: PROSPERITY

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

#### PILLAR 4: PEACE

By 2025, Malaysia has strengthened democratic governance and all people living in Malaysia benefit from more cohesive society, strengthened governance and participation.

SDG financing is explicitly mentioned in the UNSDCF as one of the cross-cutting strategies that will leverage partnerships to scale up UN system interventions towards these four Outcomes and the thirteen identified Collaborative Outputs.

### 3.2 Outputs *(from UNDAF/ Cooperation Framework)*

Collaborative Output 1.1: A more efficient, effective and sustainable social protection system is in place that provides increased protection against contingencies throughout the lifecycle

Collaborative Output 1.2: Social services are strengthened to ensure universal access to high-quality, equity-focused social services that promote social wellbeing for all

Collaborative Output 1.3: Increased adoption of inclusive social norms and values and rejection of harmful practices, particularly against women and girls, and the creation of demand for services

Collaborative Output 2.1: Transitioning national development towards a decarbonised pathway and a resource efficient economy through the adoption of green growth strategies and practices across all sectors.

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

Collaborative Output 2.3: Preparedness and resilience (especially of indigenous, poor, at-risk communities) against climate change, natural hazards, and disaster risks are strengthened

Collaborative Output 3.1: Inclusive growth and decent work that also taps into new sources of economic growth and the Future of Work trends

Collaborative Output 3.2: Further advances made towards women's equality in the economy

Collaborative Output 3.3: Adoption of corporate practices that are aligned to SDGs and international standards of upholding principles of social justice, transparency accountability and sustainability while promoting economic development

Collaborative Output 3.4: Competitive, sustainable and inclusive urban development that supports social and economic well-being for the population.

Collaborative Output 4.1: Malaysia makes significant progress towards inter-ethnic and cultural harmony and cohesion

Collaborative Output 4.2: Institutions are more capable of undertaking inclusive political processes and are more citizen-centric in a framework of freedom of speech

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

#### **4. SDG Targets directly addressed by the Joint Programme**

##### **SEE ALSO BELOW IN SECTION 1.2 ("SDGs and targets") page 12**

##### 4.1 List of goals and targets

###### SDG 10: Reduce inequality within and among states

Target 10.5 - Encourage assistance and financial flows, including foreign direct investment, to States where the need is greatest

###### SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels

Target 16.1: Develop effective, accountable and transparent institutions at all levels

###### SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

Target 17.1 - Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.

By targeting SDG 10, 16, 17 through the interventions proposed, it is expected that the results will generate spillover effects to other goals, which are discussed more fully below in “SDGs and targets”.

## 4.2 Expected SDG impact

The establishment of a working INFF framework allows the GoM to formulate and apply strategies designed to contribute to advancement of SDG solutions (i.e. going beyond “do no harm” or “benefiting stakeholders” strategies). Global and national economic challenges, debt risks and climate change continue to put the country’s national aspirations at risk and raise the urgency of ensuring that all financing decisions incorporate SDG acceleration as a central concern. The holistic nature of the INFF across the public and private sectors provides a good basis to look towards more systemic approaches, for example in responding to the impact COVID-19, as well as to establishing more adaptive and robust financing approaches to manage future risks.

In support of this and building on the successes of previous Malaysia Plans, the 1st phase of the SDG Roadmap exercise (2016 – 2020), and other innovative approaches, the JP will contribute in the end towards a centralized financing monitoring framework that incorporates indicators for tracking impact of projects and interventions financed by public resources but also the impact of financing by the private sector. Such indicators should monitor and link: 1) government outputs designed to stimulate financing; 2) levels and types of financing instruments mobilized; 3) outcomes from the investments made by that financing; and 4) the contribution of those outcomes towards the headline targets of SPV2030 or any cascading ten - or five-year plan. Such a framework would be conducive to more informed results-based planning and greater efficiency in mobilizing financing for sustainable development outcomes.

## 5. Relevant objective(s) from the national SDG framework

**Reference here national plan targets that relates to the SDGs that will be the focus of the INFF work, as any specific targets of an existing financing strategy for the plan.**

An expanded financing envelope as envisaged in this paper could enable the GOM to pursue the investments in the following target areas identified in the 2018 Mid-Term Review of the 11<sup>th</sup> Malaysia Plan:

1. Providing income-generating programmes as well as the provision of basic social services e.g. housing, education and health, access to skills to ease the burden of the poor and low-income households and ensure future social mobility.
2. Intensifying efforts in transitioning the large number of informal and formal micro- and small-sized enterprises to the next level.
3. Addressing the increasing financial burden of the public healthcare sector, alternative and sustainable financing mechanisms such as international funds and waqf in healthcare will be intensified.
4. Providing financing for conservation of terrestrial and inland water protected areas (biodiversity conservation)
5. Improving waste management systems including via extended producer responsibility and take-back system as well as user-pay and polluter-pay principles will be expanded.
6. Supporting development of green projects, green technologies and green industries through innovative capital market products



## **6. Brief overview of the Theory of Change of the Joint programme (1 paragraph)**

The theory of change for the JP is that, given the strategic and opportune timing for planning, joined up support in the context of the adoption of a national integrated financing framework, including policy measures and coordination and monitoring mechanisms can together create the pathways for realizing a more resilient financing strategy and ecosystem to support Malaysia in minimizing the threats and leveraging additional public and private financing going forward. The start of the Shared Prosperity Vision 2030 (SPV2030) era and the 12<sup>th</sup> Malaysia Plan provides an opportunity for the following: financing strategy redesign through review of the national development plan or design of a new national development plan;; strategic opportunity to coordinate public and private efforts for enhanced readiness of Malaysia's financing ecosystem to drive momentum on socio-economic transformation and ensure resilience during times of transition.

## **7. Trans-boundary and/or regional issues (optional-list and briefly explain if relevant)**

The UN works with many governments on South-South Cooperation and is able to leverage its regional presence to help countries address cross-border issues and to showcase Malaysia's good practices and impressive developmental achievements. The United Nations Country Team (UNCT) can also promote Malaysia's influence in regional multilateral organizations such as ASEAN to advocate for measures that address SDG bottlenecks that require regional level cooperation action such as climate change, migration, and human trafficking and more recently, the COVID-19 pandemic. Strategies to enhance financing for access to services by vulnerable groups will contribute to manage migrants and refugees better. Migrants constitute a significant share of the population in Malaysia and through their remittances, many economies in the region are supported. Another regional issue which can be addressed through enhanced SDG financing is problem of stemming cross-boundary environmental pollution, which seasonally is triggered by burning palm plantations and rainforest in neighbouring Indonesia. The COVID-19 pandemic will have economic repercussions throughout the region that are as yet unknown. Disruptions in labour intensive industries due to weaker global consumption will have repercussions on wages and job security of lower income groups including in the regional context, since many of the low-skilled labor in Malaysia are sourced from Indonesia, Vietnam, India, Bangladesh and Nepal.

## C. JOINT PROGRAMME DESCRIPTION

### 1. Baseline and Situation Analysis

#### 1.1 Problem statement (max 2 pages)

Malaysia has a strong history of planning for national development, primarily through its five-year Malaysia Plans situated within longer-term aspirational documents such as the Vision 2020 and the New Economic Model (NEM). All Malaysia Plans since 2015 have clearly mapped out national priorities and aspirations to the 17 SDGs and described broad budget allocations mostly to address the needs of the country's infrastructure, transport, energy and social sectors. Working with the UN, Malaysia has achieved a number of key and strategic milestones for SDGs actions, including: completion of its first Voluntary National Review (VNR) of the High-Level Political Forum on Sustainable Development in 2017; preparation of the SDG Roadmap (Phase 1: 2015 – 2020), which is a definitive guide to the implementation of the 2030 Agenda in Malaysia; the establishment of the National SDG Progress Monitoring System (SDG Dashboard) to facilitate tracking and monitoring of SDG progress in the country and the publication of the first stock-taking report of SDG Indicators availability in Malaysia in October 2019. However, while progress has been made in the realm of data and policy for SDG achievement, greater attention needs to be given to the development of a financing strategy that it is diversified and robust enough to mobilize adequate financial resources to support all the planned SDG initiatives and reforms.

The Malaysian government's financing strategies have developed in line with the emerging priorities in the 12<sup>th</sup> Malaysia plan, its longer-term development objectives, and a changing development and financing landscape. They have also reflected the challenges posed by a growing debt to GDP ratio, declining tax buoyancy and weaker commodity prices especially for crude oil. Against this backdrop, the new Covid-19 pandemic and its impact on the oil market and individual incomes bring new and potentially adverse effect to the country's economy and fiscal balance.<sup>1</sup> In this context, if Malaysia is to meet its SDG targets, which among other things call for a significant scaling up of sustainable investments and support to the Bottom 40 percent of the population (B40), it must find ways to mobilize a greater scale and mix of financing. All potential resources – public and private, domestic and international – should be mobilized, while promoting a shift towards greater use of green finance for infrastructure and energy investments.

Currently, available means of financing from the private sector take several forms. Financing through the bond market has the potential to be a key source of financing for the domestic private sector. New bond and *sukuk* issuances totalled \$26 billion in 2018 equivalent to 7.3 percent of the year's GDP, up 60% from RM240.56 billion in 2016. However, issuances towards realizing SDG-aligned outcomes remain limited, with only one green bond, six green *sukuks* and one social impact *sukuk* having been issued to date. The Securities Commission of Malaysia has come out with a Sustainable and Responsible Investment (SRI) Roadmap for the Malaysian Capital Markets that provides and a host of product-specific guidelines and incentives schemes for private sector enterprises. While COVID-19 may lead to bond ratings

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<sup>1</sup> The overall economic impact of the COVID-19 pandemic is yet to be known, however there are estimates that Malaysia's real GDP may shrink about 6.9% relative to the 2020 baseline. This translates into a -2.9% real GDP growth for 2020, relative to 2019 especially with the imposition of Movement Control Order (MCO) the 18th of March 2020 to the 14th of April 2020. Further contraction of real GDP between -3% to -4% relative to the 2020 baseline is projected should the MCO be extended of additional two weeks to end of April. The country wide lockdown will inevitably lead to economic disruptions which affect the country's pattern of production, consumption and trade of our industrial outputs as well as on income and employment of the population. It is equally important to address the concern on access to affordable food (and other necessities) and the present living conditions amongst the poor. The Malaysian Institute of Economic Research (MIER) warned that the latest decision to extend the MCO will result in some 2.4 million people losing their jobs, with 67% of the layoffs being unskilled workers.

downgrades and other stresses in the corporate bond market, the financial profile of issuers is, in general, much stronger than was the case during the 2008 financial crisis.

To foster a culture of sustainable investments amongst private companies, the country's stock exchange, Bursa Malaysia introduced the New Sustainability Framework targeted towards private limited companies (PLC) in 2017 and made it mandatory for listed companies to report on corporate social responsibility starting in 2019. The 2017 framework, aimed to enhance corporate transparency on environmental, social and corporate governance-related issues among companies. Early adopters in the banking sector include the biggest names in the country's banking sector: Maybank Group, CIMB Bank, HSBC and Standard Chartered. Standard Chartered recently rolled out Opportunity 2030: The Standard Chartered SDG Investment Map report which identified Malaysia's urban transport and digital infrastructure as areas particularly attractive for private sector financing, potentially absorbing investments up to \$27.6 billion, areas which are also highlighted in the recent budget. The question is what would be required to enhance the demand side by way of sustainable bankable and investible initiatives? What are some of the barriers and what can be done to promote change? To what extent can Local Content Procurement Policy emphasized in the 2020 budget help to promote Made in Malaysia products and what additional measures need to be put in place to ensure a scaling up of financing for the private sector, in particular the SMEs and MSMEs?

The potential to catalyse both financial and innovative resources to accelerate on the SDGs is there and waiting to be tapped. The UNCT has launched the TogetherForSDGs Hub Malaysia which is a digital crowdsourcing platform, which is planned to be upgraded based on blockchain technology for identifying and connecting Private Sector contributors to share their financial, non-financial and technological resources with Government, Civil Society and Academia in a problem-solving space. By placing all these stakeholders and the sustainable goals in the center (SDG-centric mindsets), the common platform enables interoperability among entities targeting the same challenges and enables also a co-financing mechanism to incentivize and influence private sector investments into the SDGs as well as citizens' contributions, having a multiplier effect on achieving SDG and national priorities. There is also the growing focus on digital solutions and financing approaches. These and other innovative financing approaches need to be factored into the next development finance assessment to inform a more compelling and overarching nationally owned policy framework and NextGen financing strategy, which is clearly needed to guide and direct financing efforts if the SDG targets are to be met.

Through the INFF, the JP seeks to link the private sector's resources and intentions for SDGs, with the government's drive and pledge to achieve the Goals by leveraging the innovation and financing necessary, which includes, calling for a 'whole-of-nation' approach. The SDG Financing Strategy lies at the heart of INFF. An evidence-based SDG Financing Strategy guides and supports the implementation of identified financing solutions. Beyond mobilizing new resources, SDG financing is about optimizing on delivery and use of available resources, reallocating and realigning resources via partnerships, and acting in the present to reduce and avoid future cost escalations and waste in consumption and production. The JP will also promote a national platform and dialogues, to be extended further to regional dialogues on the SDGs to promote shared responsibility and national ownership of SDGs in the form of streamlined and concerted investments to attain the Goals, locally and nationally.

The JP will maintain flexibility to ensure that priorities for financing the SDGs take into account the implications of COVID-19 as they become more fully understood. In addition, risk management will be integrated into the finance strategy to ensure that the future risks of pandemics and other exogenous shocks are better mitigated. Hence, serious attention to developing an effective INFF ecosystem for Malaysia is necessary and timely.

## 1.2 SDGs and targets (max 2 pages)

Given the critical interlinkages among different SDGs, there is a growing recognition of the need to factor in synergies or ensure synchronization of costing across the relevant SDGs/SDG-aligned national development plans. A stand-alone goal by goal costing would overestimate costs. The following list of SDG goals and their respective targets are selected for being the most directly addressed by the financing solutions to be brought forth by this JP.

### **Goal 10: Reduce inequality within and among states**

**Target 10.b** - Encourage assistance and financial flows, including foreign direct investment, to States where the need is greatest

**Baseline Data:** Total resource flows for development, by recipient and donor sources and type of flow (e.g. official development assistance, foreign direct investment and other flows)

### **Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all level.**

**Target 16.6:** Develop effective, accountable and transparent institutions at all levels

**Baseline Data:** 16.6.1: Primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar).

### **Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development**

**Target 17.1** - Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.

**Target 17.3** – Mobilise additional financial resources for developing countries from multiple resources

**Indicator** 17.1.1: Total government revenue as a proportion of GDP, by source

The results that the UN in Malaysia is aspiring to contribute to over the next five years, as set out in forthcoming UNSDCF (2021 – 2025), will be enhanced through effective coordination and building of critical partnerships, primarily with Government at national and subnational levels, and with the private sector, civil society and academia. The UN will support Malaysia across all the UNSDCF Strategic Priority Areas to identify possible sources of traditional and non-traditional financing for pre-identified SDG targets. Through the INFF framework, the UN will be able to assist in establishing a dialogue to ascertain the capacity, interest and feasibility of mobilising funding, and in establishing monitoring mechanisms to track the amounts mobilised. Therefore, the JP will be able to generate broader spillover impacts, involving a number of different channels of influence on the following SDGs targets.

### **Goal 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture**

**Target 2.3** - By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs,

knowledge, financial services, markets and opportunities for value addition and non-farm employment

**Goal 3: Ensure healthy lives and promote well-being for all at all ages**

**Target 3.8** - Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

**Goal 5: Achieve gender equality and empower all women and girls**

**Target 5.c:** Adopt and strengthen sound policies and enforceable legislation for promotion of gender equality and empowerment of all women and girls at all level.

**Baseline Data:** 5.c1: Proportion of countries with system to track and make public allocations for gender equality and women’s empowerment

**Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all**

**Target 7.a** - By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

**Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

**Target 8.10** – Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

**Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation**

**Target 9.1** – Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

**Target 9.3** – Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

**Goal 15: Protect, restore and promote sustainable use of territorial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss**

**Target 15.a** - Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

**Target 15.b** - Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation

**1.3 Stakeholder mapping and target groups (max 2 pages)**

The JP will benefit from an extensive network of institutional stakeholders that includes Ministries, agencies, academia and civil society organizations. Plans will be put in place to facilitate stakeholder engagement starting from engagements for SDG Roadmap that will build up to the development and implementation of the DFA and INFF processes. To this end, the JP will promote increased focus on consultations, including with central government ministries and agencies with responsibility for planning and the key areas of financing policy and regulation, as well as ministry/agencies receiving and managing largest SDG-related budget expenditures. The INFF needs to be demand-driven, enjoys strong political backing and a broad-based country ownership. Experience from early movers in designing integrated financing frameworks shows that such ownership was often present because the financing framework was developed jointly with a national development strategy or plan. Governance and coordination of the JP will be tasked to the body that oversees the national sustainable development strategy, i.e. the Economic Planning Unit (EPU).

A consultative process that engages all relevant stakeholders, including parliament, civil society, the private sector, development partners and other non-state actors can generate broad-based support, while helping to better inform policymakers of stakeholders' needs and priorities. Different mechanisms and tools (safeguards, coherence checks, and others) are also available to incentivise cooperation and facilitate better coordination of actors and coherence of financing policies. Existence of parallel UN projects in Malaysia such as SDG Progress Monitoring system (lead by RCO) and TogetherforSDGs platform (lead by UNTIL) and Impact Pathway Projects and on 'Leaving No One Behind in the Digital Era' (lead by UNCDF) will further enhance and maximize value from the JP that the GoM can derive.

The JP proposal for Malaysia involves the following public and private sector stakeholders:

- Ministry of Finance
- Other Ministries and agencies
- World Bank
- Sub-national governments
- Central Bank of Malaysia
- Association of Banks in Malaysia (ABM)
- Association of Islamic Banking Institutions Malaysia (AIBIM)
- Development Finance Institutions
- Capital Market and Private Sector
- Securities Commission
- Chambers of Commerce
- Bursa Malaysia – Malaysian Stock Exchange
- Capital Market Intermediaries

## **2. Programme Strategy**

### **2.1. Overall strategy (max 2 pages)**

The JP strategy, which is framed within the INFF, is built around four main outputs. The first of these is assistance with a governance framework and anchor SDG roadmap process that could help make financing needs more predictable in the context of planning cycles and facilitate tracking of what is working and where there is a need for policy, implementation and/or financing adjustments. Moving forward, the GoM is looking into establishing a long-term financing strategy to operate alongside or as part of the developing long-term vision, SPV2030. This will not only build on the experience of developing five-year plans within longer-term plans, but would allow for an even longer perspective that sets a broad direction



for the country's financing model in the future. This framework should be at once flexible enough to adopt any broader structural shifts that are may be necessary in financing, such as increasing spending relating to climate change, preparation for longer-term demographic changes or a fundamental shift in the economic model towards one that balances the desired economic growth with truly sustainable environmental management.

The focus of the JP is to engage the GoM to leverage an associated Integrated National Financing Framework (INFF) process to interrogate these issues in greater depth and to determine actionable recommendations on the above under the guidance of a government oversight team and multi-stakeholder coordination mechanism. The INFF is a framework of policies and institutional structures designed to take a holistic approach towards managing and mobilizing all types of financing (i.e. domestic, international, public, private) for sustainable development results. The INFF acts as an agent of linkage between policies and the financing capabilities which ultimately aligned the financing strategies to the development objectives. These frameworks provide a comprehensive structure to enhance prompt action for GoM to assess its financing frameworks as a whole, and to guide thinking about reforms that are needed to strengthen them in order to implement a strategic, holistic, results-driven approach to financing national development objectives.

The DFA and INFF processes will bring forth a comprehensive financing framework as an alternative to the conventional financial approach. The framework put together the process from analysis of current financial landscape to budgeting and costing which leads to the knowledge of required financing. Therefore, it fosters the understanding of private stakeholders and facilitates public and private partnership arrangements to finance the SDGs. By taking an integrated approach, INFF can help GoM to:

- match different types of domestic and international, public and private financing to their most appropriate use and achieving greater impact;
- better manage an increasingly complex financing landscape, while putting National Development Priorities / SDGs at the heart of the financing system;
- enhance coherence of different financing policies, addressing synergies, inconsistencies and trade-offs across a wide set of policies that have developed over time or been adopted in an ad-hoc fashion;
- support long-term investment and strengthen medium and long-term planning by better aligning financial market incentives with longer-term goals (in line with the SDGs) and helping to overcome incrementalism in public budgets;
- generate a national dialogue around financing priorities beyond a narrow set of finance experts and decision makers, thus ensuring better transparency of financing flows;
- better align development cooperation with national priorities and help GoM develop policy requests of the international community on financing issues that impact its ability to finance national development;
- and mobilize additional financing to support sustainable development priorities based on realization of the LNOB, gender equality and sustainability principles.

The JP for Malaysia is planned as a coherent piece of financing and budgeting policy across the whole of government, in that it is anchored essentially on the country's own aspirations and needs-based priorities. Thus, the JP begins with a fundamental additionality - the SDG Roadmap. The first phase of the Roadmap began in 2015, as the country's blueprint describing projects/programs that contribute towards Malaysia's SDG realization. Well-mapped against clusters of national priorities, Phase 1 coincides with the 11<sup>th</sup> Malaysia Plan period. Phase 2 (2021- 2025) of the Roadmap will advance the country's SDG agenda by identifying linkages across 'priority areas' and 'critical enablers' that can create synergistic benefits and provide savings to GoM from executing multiple stand-alone interventions for each SDGs; and more

importantly, setting specific targets to be achieved. Hence, in its Phase 2, it is envisioned that the Roadmap will be complemented by a Monitoring and Evaluation (M&E) strategy which will set out how progress towards achieving the full range of SDG targets will be monitored and evaluated. Prior to the development of this strategy, an SDG indicator diagnostic study will be conducted in partnership with EPU, DOSM and relevant line Ministries to strengthening the SDG progress monitoring system. An SDG Observatory is envisaged to provide a platform for multi-stakeholder engagement in the SDG M&E process with a view to supporting evidence-based decision-making and consensus-building on necessary policy reforms and financing needs.

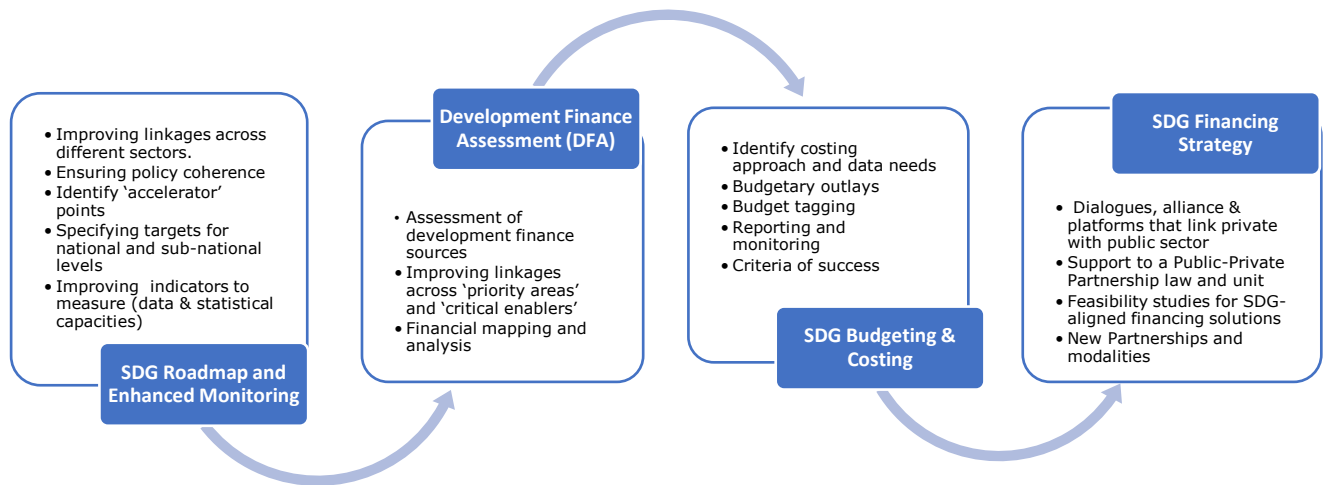
The second output involves a comprehensive Development Finance Assessment (DFA) to help diagnose the challenges and opportunities for financing the investments needed to achieve the SDGs. The DFA articulates a vision of desired trends in each area of financing and compares these with current trends. To close the gap between the vision and the current trends, the DFA sets the strategic direction for policy in each area, and puts forward specific, tangible steps in the short and medium term. This includes, amongst other, in encouraging stronger private sector investment in SDGs priorities, GoM may consider steps such as cross-government coordination around improving the business environment and tackling priority issues such as tax reform and expenditure efficiency.

The third output - SDG Budgeting & Costing - relates to planning, tagging and costing for future interventions. For example, UNDP is currently supporting the Malaysian government in undertaking assessment and pilot financing solution under the Global Biodiversity Finance Initiative (BIOFIN). Budget tagging has important transparency and accountability benefits, as it enables public scrutiny on government and donor spending toward addressing specific development challenge. Costing of SDG related interventions involves estimating the financing gap and from there identify different sources of financing for SDGs/NDP-aligned with SDGs and inform discussions with partners and the private sector to mobilize resources for scaling up implementation. Proper costing helps when making the case to increase funding for under-performing SDG targets to the government or private investors.

The fourth output is to develop the SDG Financing Strategy. It establishes a platform for engagement between public and private sector parties and identifies and addresses the trade-offs and synergies that exist between different types of public and private financing. Overall, the Strategy is aimed at bringing different financing considerations together and articulating a sequenced, prioritized set of actions and reforms, as determined in the SDG Roadmap, together with alignment of policy and regulatory frameworks for private finance. Once established, this paves the way for clear and directed public and private sector investment partnerships through both the national and international capital market, banking system and private equity platforms, particularly in the context of the growing focus on leveraging Islamic and green finance. In this part of the INFF, selected national priorities are translated into investment opportunities, supported by data that highlights the business case and development impact of such investments. Advocacy and policy advice, along with technical assistance, capacity development and systems strengthening activities can be planned to ensure smooth and seamless process of sustainable development to take place.



Figure 2: Four Key Outputs of the JP



## 2.2 Theory of Change (max 2 pages)

The GoM demonstrates strong political will to engage with Agenda 2030 and to implement the SDGs across the public and private sectors. It formally recognizes the connections between the international Agenda 2030 and its own plans for national development (SPV2030) and has taken formal steps to integrate the two. The SDGs align well with Malaysia’s development objectives, and an SDG Roadmap process exists for their further integration into future plans. Underpinning Malaysia’s development efforts is a strong vision that has excellent buy-in, and with which all other development plans and policies are consistently aligned. This includes detailed plans for social and economic objectives, and aggregated investment targets to support them. Malaysia also offers a number of potential innovative and collaborative financing mechanisms to support action in areas of national priority.

While there is significant private sector investment, the shift towards sustainable infrastructure and value-chains has been challenging even as Malaysia’s development finance institutions and investors have done much to create an enabling environment and a hub for both Islamic and green finance. Here Malaysia’s focus on private sector development should be monitored closely for its impacts on the environment and natural resources, as should the government’s push towards green and inclusive growth and increase buy-in from the private sector on the SDG targets, including environmental and climate-related goals. Further, the start of the SPV2030 era and the 12MP provides an opportunity for the following:

- Review of national development plan or design of national development plan as opportunity to design financing strategy
- Strategic opportunity to coordinate public and private efforts for enhanced readiness of its financing ecosystem to drive momentum on socio-economic transformation and ensure resilience during a transition
- Strategic opportunity to build on existing DFA and financing strategy to address:
  - Problem of estimating the resource gap and how additional financing can be mobilized from the different sectors;
  - the role of critical regulatory/enabling environment policies to unleash financing and investment, particularly from/for the private sector;
  - how internal resource mobilization and efficiency of public expenditure can be enhanced

*The theory of change for the JP is that given the strategic and opportune timing for planning, joined up support in the context of the adoption of a national integrated financing framework, including policy measures and coordination and monitoring mechanisms can together create the pathways for realizing a more resilient financing strategy and ecosystem to aid Malaysia in minimizing the threats and leveraging additional public and private financing going forward.*

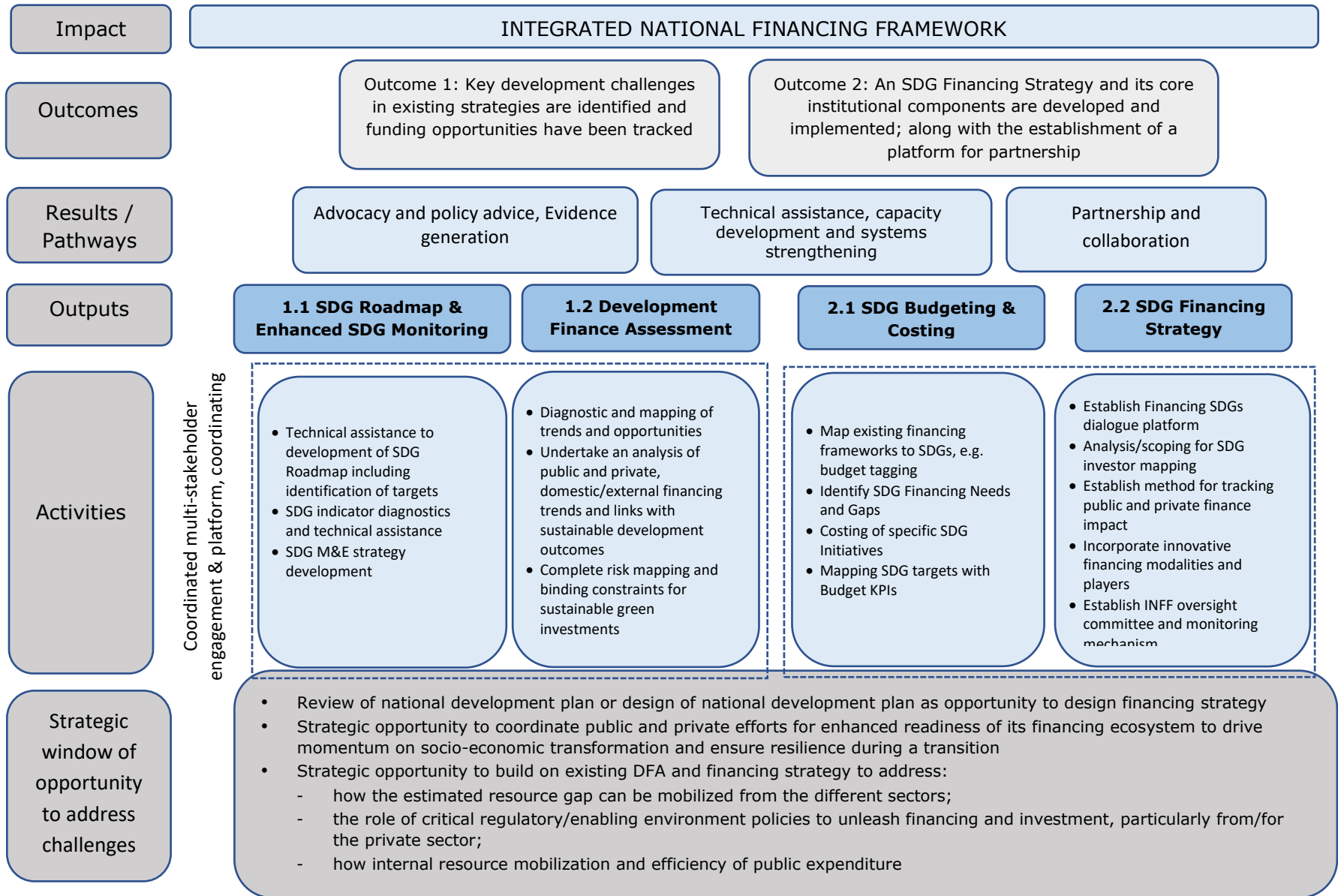
The assumptions are that: i) the joint support by the UN Organisations (PUNOs) that have SDGs as their mandate under the leadership of the RC, is uniquely positioned to providing the relevant mix of technical assistance, capacity building and convening support to government counterparts in tandem to address key issues, including facilitating diagnostics, promoting green and inclusive development trajectories and connecting the dots on costing, implementation and monitoring; and ii) the INFF approach can be successful even at a time of great upheaval and change, including a global pandemic, and at worst can forestall decline and at best help Malaysia to leverage additional resources in line with its development priorities.

The UN system will bring together the respective agency tools as well as those of the IFIs and other partners to support a comprehensive approach to INFF related reforms with the government. The INFF is also aligned with the Funding to Financing strategy included through the Funding to Finance UNDAF Companion guidance,<sup>2</sup> which is also supporting the financing strategy of the UNSDCF, as well as relevant CPDs of the UN System agencies. In UN system Malaysia, parallel projects such as TogetherforSDGs platform (lead by UNTIL) and Impacts Pathways project (lead by UNCDF) for instance bring extra value added to this effort. As those initiatives aim to expedite SDG progress in Malaysia, they provide avenues to enable different stakeholders to collaborate for the benefit of SDG progress. As both SDGs and Malaysia Plans run towards the same goals and complement each other, INFF will be able to provide significant support needed to achieve national development goals that relate to SDGs.

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<sup>2</sup> Available at <https://unsdg.un.org/resources/funding-financing-undaf-companion-guidance>.

**Figure 3: Theory of Change**



## **2.3 Expected results by outcome and outputs**

This JP proposal aims at supporting the INFF over the short and medium term, but the initiative will have impacts that will be felt over the longer term. This proposal intends to place SDGs at the centre of the financing sector by way of financial process reforms, provide planning strategies and alternative investment opportunities as well as partnership.

### **Outcome 1: Key development priorities and challenges are identified, and funding opportunities are tracked**

- Output 1.1. The SDG Roadmap reflects national development priorities; has specific quantitative targets and clear mapping of pathways, linkages and accelerator points supported by a data diagnostic exercise to support development of a full Monitoring and Evaluation framework for SDGs.
- Output 1.2. A Development Finance Assessment analysis that describes the current status and prospects of conventional and non-conventional financing flow opportunities to support the realization of the SDG Roadmap.

### **Outcome 2. An SDG Financing Strategy, with clearly identified core institutional mechanisms is developed and implemented; along with the establishment of a platform for partnership**

- Output 2.1. Strengthened budgeting and costing procedural framework to support aligning policies and annual budgets to the national development plan.
- Output 2.2. A comprehensive SDG Financing Strategy that covers planning, allocation (screening of investments), execution, monitor and oversight, developed through public and private sector multi-stakeholder dialogues.

## **2.4 Budget and value for money (max 2 pages)**

The JP brings together collective expertise of the UN agencies involved. Building on existing tools and methodologies enable implementation to begin with minimal start up. UNDP CO Malaysia has previously carried out DFA analysis using data points up to 2015 with UNDP support. The update of this report can be done relatively easily to reflect changes in the external environment and internal governance and macroeconomic changes in the country and the merging focus on innovative, Islamic and green finance. The JP leverages expertise and support from various pools within the UN system. As UNDP supports the country's budgeting and costing to cater for specific Malaysia national development, UNESCAP further enhances the support by adding a regional perspective. The agencies' synergy presents greater value for money, since the JP can utilize lessons and expertise from existing partnerships a number of on-going parallel projects under the UN system Malaysia.

*- Indicate how the budget addresses gender inequality, based on gender analysis presented in the Gender matrix in the Annex.*

The initiative promotes gender mainstreaming through the financing systems, with the ultimate intention to address gender inequalities in the means of implementation of the development priorities/interventions. The engagement with Ministry of Women, Family and Community Development and expert contribution from relevant UN agencies will be pertinent to achieve such objectives. UNFPA's large body of advocacy work for women and girls, promoting legal and policy reforms and gender-sensitive data collection, and supporting initiatives that improve women's and girls' health and expand their choices in life; underlines

the need for a financing approach that is both inclusive and effective. Budgeting and financing strategies that address issues ranging from gender wage gap, burden of unremunerated care work, to the imbalance in labour market opportunities, lack of business mentoring and finance opportunities will contribute greatly towards improving achieving targets in SDGs 5, 8, 9 and 10. A UNDP-supported gender budgeting initiative was carried out in 2004 involving several line ministries to engender public sector management and also led to a Knowledge Product i.e. the GRB Toolkit, which was to be used as a reference by all ministries. The JP will open extensive opportunities to implement the SDG gender-responsive budgeting, as well as mainstreaming gender through private sector related work through the use of Gender Seal Certification. UNFPA is recognised above and will be assisting UNDP the lead agency as also noted below.

*- Describe how the joint programme plans to leverage co-financing.*

The JP intends to leverage co-financing of USD 600,000 from the GoM and PUNO contribution through the Joint Malaysian UN SDG Fund approved in Budget 2020 for use on the JP work. The fund will be channeled through PUNOs work, i.e. UNDP, UNICEF and UNTIL (refer to Annex 4.1). Other co-financing sources may be obtained through enhancement of partnership between GoM, Development Finance Institutions, Malaysian Capital Market and private sector.

## **2.5 Partnerships and stakeholder engagement**

GoM, represented by Economic Planning Unit will lead in all steps involved in the INFF inception phase. Involvement of key ministries at an operational level from the early stages of the process will provide the basis for institutionalization of the framework. The participation of other national stakeholders such as the legislature, the private sector, civil society, national research institutions and other actors in developing and implementing and INFF are necessary to help ensure a country-led process. Development partners, including the UN, will assist the GoM (based on governments' demand for support and availability of resources), both by providing technical expertise and through facilitation of relevant stakeholders.

Following the spirit of UN reform, this proposal mirrors the dovetailing of the SDG coordination mandate of the UN Resident Coordinator and the integrator role of UNDP at implementation level.

As the SDG Integrator, UNDP has a broad development mandate to ensure SDGs are delivered at the national level. Some recent experience related to the proposal includes the extensive involvement in the preparation of the SDG Roadmap Phase 1 (2016-2020) through providing technical expertise and convening stakeholders to shape the content of the Roadmap. UNDP has also supported the Malaysian government in undertaking assessment and pilot financing solution under the Global Biodiversity Finance Initiative (BIOFIN). Although smaller in scope, much of the lessons learned can be applied to the current INFF project. With presence in more than 170 countries, also able to tap into its network and global pool of expertise and case studies through the Global Policy Network. UNDP is mobilizing the global and regional expertise from UNDPs Finance sector hub to provide technical advice and support throughout the INFF process.

Beyond UNDP, other Participating UN Organisations (PUNOs) which are UNICEF and UNCDF are also directly involved in implementation of the programme. UNICEF has will leverage its organizational comparative advantage on building national capacities for policy evaluation to support the development of an M&E Strategy for the SDG Roadmap. This to include-to conducting a diagnostic study on data availability across all SDG goal areas that will guide DoSM, EPU and relevant line Ministries in undertaking measures to increase availability of

quality data. This exercise may contribute to the further development of the SDG Progress Monitoring system envisaged by DoSM. Building on this, UNICEF will then support the government to develop a comprehensive M&E Strategy for the SDG Roadmap that will deliver high quality information to decision-makers on the relevance, adequacy, efficiency, effectiveness, value-for-money and sustainability of key policies and interventions.

The mandate of the third PUNO, UNCDF, includes promoting innovative financing solutions through: (1) financial inclusion, which expands the opportunities for all to participate in the local economy; (2) local development finance; and (3) country investment platform that deploys a tailored set of financial instruments to a growing pipeline of impactful projects. UNCDF currently leads the UN global strategy on 'Leaving No One Behind in the Digital Era' and is leading the Secretariat of the UN SG's Task Force on Digital Financing of the SDGs to harness the power of digital technology in inclusive and sustainable growth. For this particular proposal, UNCDF will bring in its experience to support financiers and the private sector to: internalize the SDGs; contextualize SDGs to their business; adopt objective measurements of SDG impact; and to fully integrate the SDGs into their business lifecycle.

Other supporting UN agencies providing secondary support to the JP includes UNESCAP, and UNFPA, based on each agency's expertise such as in SDG costing, gender and other relevant programmatic offer. UNESCAP is able to provide preliminary estimates for Malaysia, based on ESCAP's analysis carried out in the 2019 Economic and Social Survey of Asia and the Pacific (for relevant materials, see: <https://www.unescap.org/publications/economic-and-social-survey-asia-and-pacific-2019-ambitions-beyond-growth>). In Q1 2020, UNESCAP is expected to release its SDG costing guidebook, which will explain the relevant costing literature and the general considerations and steps in costing. This will support UNDP Finance Hub methodologies in SDG Costing and Budgeting. ESCAP's other relevant work areas includes financing for development (FfD) currently focuses on the following 4 areas: (a) infrastructure finance, including public-private partnership (PPP); (b) climate finance, including innovative financing instruments such as green bonds; (c) SME finance; and (d) capital market development. UNFPA will be assisting in respect to Gender Responsive Budgeting (GRB) and advocacy which covers government planning, programming and budgeting processes that contribute to the advancement of gender equality and the fulfillment of women's rights. It entails identifying and reflecting needed interventions to address gender gaps in sector and local government policies, plans and budgets. UNTIL provides support to the establishment of digital engagement platform, Together4SDGs, using innovative technology solutions such as blockchain, that have the potential to catalyze both the effectiveness and efficiency of any initiative's outcome. Last but not least, regional hubs of expertise can be sourced from all of the PUNOs and supporting agencies.

World Bank Group's (WBG) Global Knowledge and Research Hub in Kuala Lumpur has been leading the discourse and capacity building activities related to Public Financial Management (PFM). PFM improvements will be key to efficient allocation of available national resources to strategic objectives, and efficient and effective delivery of public service to the citizens. In the current proposal, close linkages will be created with the WBG's sustainable finance work program, especially from the angle of financing for sustainable development, capital markets, and attracting new sources of investment for sustainable projects. Further, links will be created to WB's work on promoting sustainable finance instruments already existing today in the capital markets, through enhanced and/or targeted capacity building activities with the aim driving widespread adoption, potentially by supporting 1-2 catalytic transactions on a very selective basis.

### **3. Programme implementation**

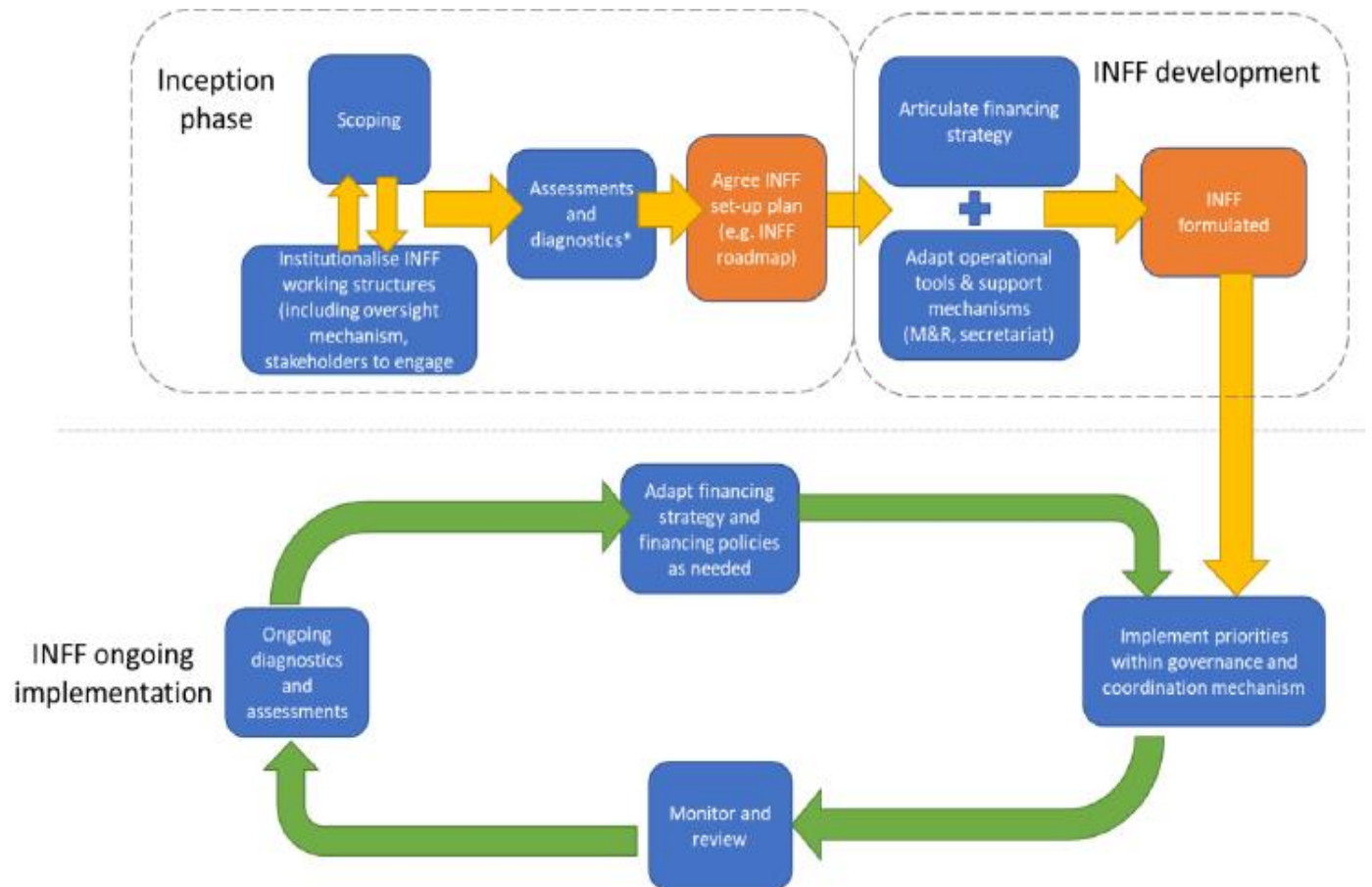
#### **3.1 Governance and implementation arrangements**

##### ***Project Management Board (INFF Inception and Development Stage)***

The Project Management Board will be co-chaired by the UN Resident Coordinator and the UNDP Resident Representative. The UN Resident Coordinator plays the key role in leading engagement with the highest levels of government and convening all partners, notably the UN, the WB and others. As such, the RC will ensure that (i) the inputs into the roadmap, development finance assessment, SDG costing and INFF will reflect a One UN perspective, including by using the UNSDCF results group structure, and the same time (ii) the objectives of the INFF processes are aligned with the SDGs and national development strategies of Malaysia. UNDP takes the technical lead, which includes hosting the PMB and engaging UN agencies (including regional UN support) and working closely with the officials from the national government to bring together different exercises and diagnostics and facilitate articulation of the financing framework. Other members of the PMB will be the PUNOs, supporting UN agencies and key government line ministries and agencies. The key mandate of the PMB is to ensure that activities and outputs are delivered in a satisfactory and timely manner within the JP period of 24 months. It is also important to recognise that Malaysia is not starting from scratch – it already has tools, policies and responsible entities in place in most, if not all, of the INFF areas. The INFF can help bring together and strengthen policies and institutional arrangements in each of the building blocks to align efforts, identify gaps, strengthen coherence, and enhance resources.



Figure 3. Schematic Overview of INFF Process and Milestones



### ***INFF Oversight Team (all Stages)***

Establishment of the Oversight Team (OT) is crucial to carry the vision, operation and accountability aspects of the INFF during and beyond the JP’s 24 month’s term. The Chair will lead in securing the buy-in and participation of high-level decision makers and stakeholders across and beyond government. Membership of the oversight team should be wide enough to include all actors that will be key to the implementation of the roadmap but narrow enough to allow focused discussions. Representatives will be at the highest or second-highest official level within their ministry, for example at the level of Director-General, or equivalent.

The Malaysian INFF OT may include representatives from the following:

- Economic Planning Unit - Chair
- The UN Resident Coordinator (co-chair)
- PUNOs
- Ministry of Finance (MOF)
- Implementation Coordination Unit, Prime Minister’s Department
- Central Bank of Malaysia
- Securities Commission



- Core government ministries such as Women, Family and Community Development, International Trade and Industry; Education; Housing and Local Government; Water, Land and Natural Resources; Energy, Science, Technology, Environment and Climate Change.

The oversight team TOR can specify the main activities that the team will undertake, including specific activities to be led by individual members of the team. This may include the following:

- Determine the scope and specific objectives of the Roadmap for developing an INFF, including linkages with wider planned or ongoing reforms
- Oversee and feed into the development of a stakeholder map & engagement strategy
- Provide access to policy documents and data and convene and facilitate outreach to a broad constituency of stakeholders
- Oversee the work of the technical support to provide quality assurance and ensure that it stays within the agreed parameters
- Provide oversight and feedback on the development of an INFF Roadmap
- Facilitate discussions at the consultation and validation workshops and launch of the INFF Roadmap
- Champion the Roadmap among government actors and wider stakeholders
- Implement and oversee the implementation of the INFF Roadmap

### **3.2 Monitoring, reporting, and evaluation**

*The first part is standard text – do not change. You may add text as needed.*

Reporting on the Joint SDG Fund will be results-oriented, and evidence based. Each PUNO will provide the Convening/Lead Agent with the following narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than one (1) month (31 January) after the end of the calendar year, and must include the result matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;
- *Mid-term progress review report* to be submitted halfway through the implementation of Joint Programme<sup>3</sup>; and
- *Final consolidated narrative report*, after the completion of the joint programme, to be provided no later than two (2) months after the operational closure of the activities of the joint programme.

The Convening/Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator.

The Resident Coordinator will be required to monitor the implementation of the joint programme, with the involvement of Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, joint programmes will prepare, and submit to the Joint SDG Fund Secretariat, 6-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be provided, per request of the Joint SDG Fund Secretariat. Joint programme will allocate resources for monitoring and evaluation in the budget.

Data for all indicators of the results framework will be shared with the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on progress of the Joint SDG Fund.

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<sup>3</sup> This will be the basis for release of funding for the second year of implementation.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

PUNOs at Headquarters level shall provide the Administrative Agent with the following statements and reports prepared in accordance with its accounting and reporting procedures, consolidate the financial reports, as follows:

- Annual financial reports as of 31st December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- A final financial report, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the project activities.

In addition, regular updates on financial delivery might need to be provided, per request of the Fund Secretariat.

After competition of the JP, a final, *independent and gender-responsive<sup>4</sup> evaluation* will be organized by the Resident Coordinator. The cost needs to be budgeted, and in case there are no remaining funds at the end of the JP, it will be the responsibility of PUNOs to pay for the final, independent evaluation from their own resources.

The JP will be subjected to a joint final independent evaluation. It will be managed jointly by PUNOs as per established process for independent evaluations, including the use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the joint programme. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on Joint Evaluation and relevant UNDG guidance on evaluations. The management and implementation of the joint evaluation will have due regard to the evaluation policies of PUNOs to ensure the requirements of those policies are met and the evaluation is conducted with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme's stakeholders and partners. Evaluation results will be disseminated amongst government, development partners, civil society, and other stakeholders. A joint management response will be produced upon completion of the evaluation process and made publicly available on the evaluation platforms or similar of PUNOs.

### **3.3 Accountability, financial management, and public disclosure**

*Standard text – do not change*

The JP will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channeled for the JP through the AA. Each Participating UN Organization receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

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<sup>4</sup> How to manage a gender responsive evaluation, Evaluation handbook, UN Women, 2015

Each Participating UN Organization (PUNO) shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

Indirect costs of the Participating Organizations recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on annual basis, upon successful performance of the JP.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund.

PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicize the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organization and partners in all external communications related to the Joint SDG Fund.

### **3.4 Legal context**

This section refers to cooperation or assistance agreements form the legal basis for the relationships between the Government and each of the UN organizations participating in this joint programme.

Agency name: UNDP  
Agreement title: Standard Basic Assistance Agreement for UNDP  
Agreement date: 12 September 2012

Agency name: UNDP  
Agreement title: Country Programme Action Plan(s)  
Agreement date: 25 March 2016

Agency name: UNICEF  
Agreement title: Basic Cooperation Agreement  
Agreement date: 1 July 1964

Agency name: UNICEF  
Agreement title: Country Development Programme 2016-2020  
Agreement date: 21 March 2016

Agency Name: UNCDF  
Agreement Title: Programme Document Endorsement  
Agreement Date: 9 March 2018

## D. ANNEXES

### Annex 1. List of related initiatives

Complete the table below

Name of initiative/project	Key expected results	Links to the joint programme	Lead organization	Other partners	Budget and funding source	Contact person (name and email)
Formulation of the 12 <sup>th</sup> Malaysia Plan	National strategies and plans which explicitly align the SDGs with the national priorities in the next five years.	The 12MP will be the basis of the SDG Roadmap	Prime Minister's Department	UNCT	GoM & UN	Mr. Saiful Anuar Lebai Hussen, Email: saiful.hussen@epu.gov.my
SDG Roadmap (Phase 1) (2016-2020) & SDG Progress Monitoring System (2018-2025)	Issues and challenges confronting the nation, the initiatives and policy responses Malaysia have undertaken and the way forward in fulfilling Malaysia's commitment to achieving the SDG 2030 Agenda are provided.	The lesson will improve on the development on SDG Roadmap (Phase 2) under this joint programme	RCO/UNDP	UNCT	GoM and UN	Mr. Stefan Priesner, Email: stefan.priesner@un.org
The National SDG Progress Monitoring System (SDG Dashboard)	The system allows better systems of tracking and reporting on SDG targets and priorities	UNCT has supported in the Phase I of the progress monitoring system. However, gaps remain and strengthening the national evaluation capacities is important towards accelerating SDGs delivery.	Department of Statistics Malaysia	UNCT	GoM & UN	Mr. Stefan Priesner, Email: stefan.priesner@un.org
Malaysia submission of Voluntary National Review to HLPF 2021	Progress reporting of SDGs implementation.	The joint programme initiative can result in better data and reporting for Malaysia	Prime Minister's Department	UNCT	GoM & UNCT	Mr. Stefan Priesner, Email: stefan.priesner@un.org
The Government – UN SDG Fund	A Government- UN Fund to support UN initiatives on promoting SDGs	The Fund demonstrates Government confidence in the UN as key partner and supports initiatives towards greater SDG efforts.	Ministry of Finance	UNCT	GoM & UN	Mr. Stefan Priesner, Email: stefan.priesner@un.org
The Sustainable Development Financing Fund (SDFF)	The RM 1 billion fund launched in March 2019 will incentivise more companies to adopt sustainable practices in their business strategies and operations.	The Fund will catalyze funding from the private sector on SDGs	Bank Pembangunan Malaysia Bhd (an entity of Ministry of Finance)		GoM	

<p>Development Finance Assessment (2017)</p>	<p>Government policies and institutional structures set up to respond to the financing challenges and opportunities that the country will face are examined and the sustainable development context and current financing landscape are outlined.</p>	<p>Development Finance Assessment To have an updated and a more in-depth diagnostic on the challenges and opportunities for financing the investments needed to achieve the SDGs especially considering the epidemic of Covid 19 that's effecting the global financing landscape</p>	<p>UNDP</p>		<p>The Government of Malaysia</p>	<p>Mr. Niloy Banerjee, Email: niloy.banerjee@un dp.org</p>
<p>Biodiversity Finance Initiative – BIOFIN (2012-2016)</p>	<p>UNDP global methodological framework to promote biodiversity financing. UNDP supported the government of Malaysia in developing the finance needs assessment and determine the finance gaps to achieve targets of the National Policy on Biological Diversity. BIOFIN Phase II will be rolled out in 2020 to focus on piloting financing solutions to meet biodiversity targets.</p>	<p>The BIOFIN methodology framework is similar to that of the INFF albeit the scope is smaller. UNDP and the GoM's experience in BIOFIN would be beneficial and create synergies to move SDG financing in the country.</p>	<p>UNDP</p>		<p>The Government of Germany and the EU Commission</p>	<p>Mr. Niloy Banerjee, Email: niloy.banerjee@un dp.org</p>
<p>Orang Asli Micro-grant Facility</p>	<p>A grant facility to fund grassroots organization effort to support sustainable natural resource management and livelihood enhancement for the indigenous and local communities</p>	<p>The grant allows UN to work with the grassroots organizations and this network allow the impact of the INFF to benefit the most vulnerable groups.</p>	<p>UNDP</p>		<p>GoM</p>	<p>Mr. Niloy Banerjee, Email: niloy.banerjee@un dp.org</p>

## Annex 2. Results Framework

### **2.1. Targets for Joint SDG Fund Results Framework**

*Set targets in the tables below, if relevant*

**Joint SDG Fund Outcome 2:** Additional financing leveraged to accelerate SDG achievement  
*(set the targets, if relevant)*

Indicators	Targets	
	2020	2021
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope <sup>5</sup>	TBC	TBC
2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale <sup>6</sup>	TBC	TBC

**Joint SDG Fund Output 4:** Integrated financing strategies for accelerating SDG progress implemented  
*(set the targets, if relevant)*

Indicators	Targets	
	2020	2021
4.1: #of integrated financing strategies that were tested (disaggregated by % successful / unsuccessful)	-	2
4.2: #of integrated financing strategies that have been implemented with partners in lead <sup>7</sup>	-	1
4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate progress on SDGs made operational	-	1

### **Joint SDG Fund Operational Performance Indicators**

*(do not change or add – this is for information only so that teams know what they will be assessed against)*

- Level of coherence of UN in implementing programme country<sup>8</sup>
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question
- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed 24 months after their operational closure

<sup>5</sup>Additional resources mobilized for other/ additional sector /s or through new sources/means

<sup>6</sup>Additional resources mobilized for the same multi-sectoral solution.

<sup>7</sup> This will be disaggregated by (1) government/public partners (2) civil society partners and (3) private sector partners

<sup>8</sup> Annual survey will provide qualitative information towards this indicator.

- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector)
  - Joint programme included addressing inequalities (QCPR) and the principle of “Leaving No One Behind”
  - Joint programme featured gender results at the outcome level
  - Joint programme undertook or draw upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues
  - Joint programme planned for and can demonstrate positive results/effects for youth
  - Joint programme considered the needs of persons with disabilities
- 
- Joint programme made use of risk analysis in programme planning
  - Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change

## 2.2. Joint Programme Results framework

Complete the table below – add rows as needed.

Result / Indicators	Baseline (2019)	2020 Target	2021 Target	Means of Verification	Responsible partner
Outcome 1: Key development priorities and challenges be identified, and funding opportunities be tracked					
Indicator 1.1: SDG priorities and challenges are identified and mapped to the annual budget.	0	0	1	Budget Speech	Prime Minister's Office (Economic Planning Unit)
Indicator 1.2 : Improved monitoring and evaluation of progress towards achievement of SDG targets	45% of indicators available to report (111 indicators)	55% of indicators available to report (134 indicators)	65% of indicators available to report (159 indicators)	SDG Progress Reports	SDG National Action Committee, Economic Planning Unit (EPU), Department of Statistics Malaysia (DOSM)
Indicator 1.3 SDG Index score for Malaysia improved.	69.6	70.0	72.0	Sustainable Development Report Dashboards 2019	Sustainable Development Solutions Network (SDSN)
Output 1.1. The SDG Roadmap reflects national development priorities; has specific quantitative targets and clear mapping of pathways, linkages and accelerator points supported by a data diagnostic exercise to support development of a full Monitoring and Evaluation framework for SDGs					
Indicator 1.1.1 : SDG Roadmap (Phase 2) developed and submitted for adoption by GoM	0	0	1	SDG Roadmap quantitative targets	Prime Minister's Office (Economic Planning Unit)
Output 1.1.2 indicators: Comprehensive M&E strategy for the SDGs developed and submitted for adoption by GoM	0	0	SDG data diagnostic exercise completed	SDG M&E Framework Report	SDG National Action Committee, Economic Planning Unit (EPU), Department of Statistics Malaysia (DOSM)



Output 1.2 A Development Finance Assessment analysis that describes the current status and prospects of conventional and non-conventional financing flow opportunities to support the realization of the SDG Roadmap.					
Indicator 1.2.1 : The DFA report completed and presented to the government.	1	2	2	DFA Publication	Prime Minister's Office (Economic Planning Unit)
Indicator 1.2.2 indicator: Policy brief for improved SDG finance developed and presented to GoM	0	1	1	Policy Brief with GoM	Prime Minister's Office (Economic Planning Unit)
<b>SDG targets covered by Outcome 1</b>					
SDG 16: Inclusive societies and effective, accountable and inclusive institutions Indicator 16.6.1: primary government expenditures as a proportion of original approved budget, by sector (or budget codes etc.)	Social sector: 34.1% [10.8 b/RM316 b]	37.9%	na	Fiscal Outlook and Federal Government Revenue Estimates	Ministry of Finance
SDG 17: Global partnership for sustainable development Indicator 17.1.1: Total government revenue as a proportion of GDP, by source	Total govt revenue to GDP (2019): 17.4% [6.6 b/RM263 b]	15.2%	na	Fiscal Outlook and Federal Government Revenue Estimates	Ministry of Finance
Outcome 2. An SDG Financing Strategy, with clearly identified core institutional mechanisms is developed and implemented; along with the establishment of a platform for partnership					
Indicator 2.1: National SDG Financing strategies for mobilizing the public and private resources completed and adopted by the Government	0	1	1	SDG Financing Strategy is completed	Prime Minister's Office (Economic Planning Unit)
Indicator 2.2: The SDG platform is established to catalyze public-private-domestic-international funding for SDGs.	0	1	1	SDG platform is developed	Prime Minister's Office (Economic Planning Unit)

Output 2.1. Strengthened budgeting and costing procedural framework to support aligning policies and annual budgets to the national development plan.					
Indicator 2.1.1: SDG Budget Tagging system (including tagging for gender expenditure) is developed and piloted.	0	0	1	SDG tagging system and process is developed	Prime Minister's Office (Economic Planning Unit)
Indicator 2.1.2: Budget costing guideline and training module is developed	0	1	1	Guideline and training module are developed	
Output 2.2. A comprehensive SDG Financing Strategy that covers planning, allocation (screening of investments), execution, monitor and oversight, developed through public and private sector multi-stakeholder dialogues.					
Indicator 2.2.1: Number of private sectors/ SOE engaged through roundtables, dialogues and forums on SDG finance	0	30	30	Dialogues are conducted	Prime Minister's Office (Economic Planning Unit)
Indicator 2.2.2: The SDG financing strategy is published	0	1	1	The financing strategy document is published	Prime Minister's Office (Economic Planning Unit)
<b>SDG targets covered by Outcome 2</b>					
SDG10 Reduce Inequalities Indicator 10b.1: Total resource flows for development, by recipient and donor countries and type of flow	<i>Approved private investments in various economic sectors (2019): RM 207,869.1</i>	Maintain the figure due to Covid-19	5% increase	MIDA website	MITI
SDG 17 Global partnership for sustainable development Indicator 17.1.2 Proportion of domestic budget funded by domestic taxes	<i>Tax revenue (2019): 56.96% [RM 180 billion/ RM 316 billion]</i>	48%	55%	Fiscal Outlook and Federal Government Revenue Estimates	Ministry of Finance

### **Annex 3. Gender marker matrix**

Complete the table below, using the instruction for gender marker provided separately.

<b>Indicator</b>		<b>Score</b>	<b>Findings and Explanation</b>	<b>Evidence or Means of Verification</b>
<b>N°</b>	<b>Formulation</b>			
1.1	Context analysis integrate gender analysis	<b>0</b>		
1.2	Gender Equality mainstreamed in proposed outputs	<b>2</b>	Gender equality is integrated in the planning and finance policy functions, processes and systems. An interesting observation during the BIOFIN study in Malaysia is that the majority of the finance and administrative clerks are female while the policy and programme personnel is predominantly male. By improving cooperation and interaction between the two divisions would mean promoting gender considered decision-making in the proposed interventions.	All four key outputs documents.
1.3	Programme output indicators measure changes on gender equality	<b>2</b>	Indicators on the number of stakeholders involved in SDG indicators workshops would track the number of female and male's participation.	SDG Progress Monitoring System
2.1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	<b>3</b>	Engagement with Ministry of Women, Children and Community Development, and UNCT maintains a Gender Results Group to promote and share lessons on gender work. UNDP also supported government in doing a preliminary gender budget analysis.	UNCT Gender Results Group
2.2	PUNO collaborate and engages with women's/gender equality CSOs	<b>3</b>	Engagement with women CSOs through the Gender Results Group, especially to support the government in meeting the national commitment to CEDAW.	UN-CSO dialogues and meetings
3.1	Program proposes a gender-responsive budget	<b>1</b>	The programme would indirectly contributes to gender responsive budget.	Guidelines and training modules
<b>Total scoring</b>		<b>11</b>		

## **Annex 4. Budget and Work Plan**

### **4.1 Budget per UNSDG categories**

Use the table template in excel and, after finalizing it, insert it here.

UNDG BUDGET CATEGORIES	LEAD PUNO: UNDP		PUNO: UNICEF		PUNO: UNCDF		TOTAL	
	Joint SDG Fund (USD)	PUNO Contribution (USD)**	Joint SDG Fund (USD)	PUNO Contribution (USD)**	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	67,361	290,000 (Gov. Cost Sharing)	0	Gov. cost sharing: 210,000;  UNICEF contribution: 100,000)	50,129	69,208 (in-kind)	126,682	600,000
2. Supplies, Commodities, Materials	60,000		0		-		60,000	
3. Equipment, Vehicles, and Furniture (including Depreciation)	0		0		0		0	
4. Contractual services	451,500		0		75,000		576,500	
5. Travel	47,500		0		6,180		33,680	
6. Transfers and Grants to Counterparts	0		0		0		70,000	
7. General Operating and other Direct Costs	83,026		0		0		83,750	
<b>Total Direct Costs</b>	<b>709,387</b>				<b>93,458</b>		<b>131,309</b>	
8. Indirect Support Costs (Max. 7%)	49,657		6,542	9,192	65,391			
<b>TOTAL Costs</b>	<b>759,044</b>	<b>290,000</b>	<b>100,000</b>	<b>310,000</b>	<b>140,501</b>	<b>999,545</b>	<b>600,000</b>	
<i>1st year</i>	258,972		100,000		140,501		499,473	
<i>2nd year</i>	500,072		-		-		500,072	

*Provide brief (max 1 page) justification for the overall table.*

### **Budget Justification**

The JP's estimated total cost is USD 1,599,545, which covers the SDG Roadmap formulation exercise and key initiatives towards the development of a comprehensive SDG progress monitoring system. The role of these additionalities and their relationship to the INFF processes have been explained in Section 2.1 above. Essentially, they provide a governance framework for the INFF to take place. Anchoring the INFF and the therefore the SDG Financing plan squarely within the SDG Roadmap helps make financing needs clearer and more predictable in the context of planning cycles and ensures strong, central Government ownership of the INFF process. The M&E system, that accompanies the Roadmap, ensures national tracking of what is working and where there is a need for policy, implementation and/or financing adjustments.

### **Co-financing**

- The JP intends to leverage co-financing of up to USD 600,000 from the GoM and PUNO contribution.
- GoM co-financing, USD 500,000 will be requested through the Joint Malaysian-UN SDG Fund, which is a USD 2.5 million specialized fund approved in 2019 for use in 2020-2021 period. The USD 500,000 is to be distributed to the following agencies
  - USD 100,000 (UNDP);
  - USD 190,000 (UNTIL)
  - USD 210,000 (UNICEF)
- UNICEF contributes directly to the JP USD 100,000.

### **Other Items**

- Calculation of UNDP's Indirect Support Cost is based on its work on all outputs **except** Output 3.1 Project Management and M&E (refer to Annex 4.3 below).
- Total UNDP budget minus for Output 3.1 is USD 699,044 (USD 759,044 – USD 60,000)
- Indirect Support Cost is calculated at 7% of USD 699,044 = USD 48,933.
- Contractual services include consultant costs and meetings, workshops, roundtable sessions

#### **4.2 Budget per SDG targets**

The Overall budget will directly address three SDG targets with the predominant focus on SDG 17 – Partnerships for the Goal. In Malaysia, evidence has showed progress on SDG 17 has experienced very little progress over the years, risking the achievement of all the other SDGs in this ‘Decade of Action’. A significant emphasis will be placed on fostering partnerships and creating a ‘whole-of-nation’ approach critical to the success of SDGs. Half of the fund from the joint programme goes towards engagement and establishment of effective platform and strategy for engagement in view of fostering greater public-private partnerships for SDGs. In addition, the establishment of the INFF is expected to result in strengthened institutional structures (SDG 16) and a fair and equitable sharing of the benefits arising from SDGs achievements to improve lives of a wider group of people. In our effort to attain SDGs, it is important to uphold the principles of Leave No One Behind. Through the INFF, the end goals is to develop and shape policies which are universal, focusing attention to the needs of disadvantaged and marginalized populations through financing deep structural improvements that have been long necessary but expensive. In this context, the joint programme seeks to reduce the inequality among geographic regions (SDG 10) in the country as well as the vulnerable communities disproportionately exposed to poverty, environmental and climate shocks and access to basic needs such as healthcare, sanitation and education. The initial breakdown of the fund towards each of the three SDGs are provided in table below:

<b>SDG TARGETS</b>		<b>%</b>	<b>USD</b>
1.	SDG 17 – Partnerships for the Goal	50%	799,772
2.	SDG 16 – Peace, justice and strong institutions	30%	479,864
3.	SDG 10 – Reduced inequalities	20%	319,909
TOTAL		100%	1,599,545

### 4.3 Work plan

Outcome 1: Key development challenges in existing strategies be identified and leverage funding opportunities be developed																		
Output	Annual target/s		List of activities	Time frame								PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved	
	2020-21	2021-22		Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)			
<b>Output 1.1:</b> The SDG Roadmap reflects national development priorities; has specific quantitative targets and clear mapping of pathways, linkages and accelerator points supported by a data diagnostic exercise to support development of a full Monitoring and Evaluation framework for SDGs	SDG Roadmap developed	Enhanced number of SDG indicators monitored	a) Develop and implement stakeholder engagement plan	✓	✓	✓	✓											
			b) SDG data diagnostics to support the development of M&E Framework	✓	✓	✓	✓	✓	✓				160,018	Government Co-Funding through PUNOs and PUNO contribution USD410,000 (UNDP 100,000; UNICEF 310,000)	<b>570,018</b>	UNDP, UNICEF	EPU, MOF, State Government	
			c) Development of SDG Roadmap and Action Plan	✓	✓	✓	✓	✓	✓									
			d) Publication and dissemination						✓									
<b>Output 1.2:</b> A Development Finance Assessment analysis that describes the current status and prospects of conventional and non-conventional financing flow opportunities to support the realization of the SDG Roadmap.	DFA report completed	-	a) Undertake a Development Finance Assessment	✓	✓	✓	✓											
			b) Establish an INFF Oversight committee and workplan	✓	✓	✓	✓	✓	✓				119,840		<b>119,840</b>	UNDP	EPU, MOF	
			c) Socialization process with Stakeholders	✓	✓	✓	✓	✓	✓									
			d) Publication and dissemination						✓									

Outcome 2: An SDG Financing Strategy and its core institutional components are developed and implemented																	
Output	Annual target/s		List of activities	Time frame								PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved
	2020	2021		Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)		
<b>Output 2.1:</b> Strengthened budgeting and costing procedural framework to support aligning policies and annual budgets to the national development plan.	-	SDG Budgeting & Costing Guidelines and training sessions for key government ministries	a) Develop and implement stakeholder engagement plan			✓	✓	✓	✓			248,690	248,690	UNDP	EPU, MOF		
			b) Establish financing gaps for key SDG priorities			✓	✓	✓	✓	✓	✓						
			c) Guidelines and training module preparation			✓	✓	✓	✓	✓	✓						
			d) Capacity building with key government officers							✓	✓						
<b>Output 2.2:</b> A comprehensive Financing Strategy that covers planning, allocation (screening of investments), execution, monitor and oversight, developed through public and private sector dialogues.	-	SDG Financing Strategy	a) Develop and implement stakeholder engagement strategy and multi-stakeholder platform			✓	✓	✓	✓	✓		410,997	190,000	600,997	UNDP, UNCDF, UNTIL	EPU, MOF, Bank Negara, SC	
			b) Develop SDG Financing Strategy document			✓	✓	✓	✓	✓	✓						
			c) Conduct feasibility study for integrated financing with recommendations			✓	✓	✓	✓	✓	✓						
			d) Forums, roundtables and roadshow							✓	✓						

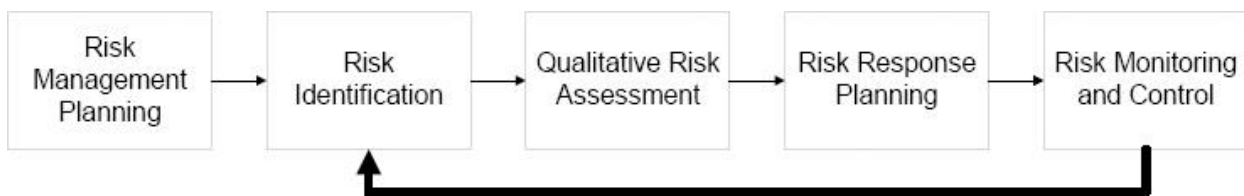


Joint programme management			List of activities	Time frame								PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved
				Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)		
<b>Output 3.1:</b> Programme management & M&E	Project board meeting convened at least twice a year	Project board meeting convened at least twice a year	a) Communication and M&E	✓	✓	✓	✓	✓	✓	✓	✓						
			a) Organise project board meetings	✓	✓	✓	✓	✓	✓	✓	✓		60,000		<b>60,000</b>	UNDP	-
			b) Commission Terminal Evaluation	✓	✓	✓	✓	✓	✓	✓	✓						

## **Annex 5. Risk Management Plan**

*Describe the overall risk management strategy (max 2 pages). Emphasize a systematic and structured risk management approach that is integrated into the processes and internal decision making and tailored to specific joint programme. It should include, besides identification of potential risks, assessment of their impact and likelihood, and design of mitigation measures also a rigorous process for documentation, evaluation and revision of the risks. When relevant, add aspects based on agency-specific approach (e.g. consideration of social and environmental standards and risks of UNDP)*

A risk management process will improve the operation of the JP by improving overall visibility and facilitating communication among stakeholders. The process will involve all key participants (from the JMB and the OT), evaluates risks against established criteria, develops risk response plans in advance of the occurrence and has triggering events identified. By having documented plans and an on-going process, the number of known risks is minimized providing more capacity to respond to those that are truly unknown. The model for the risk management process is shown in the diagram below.



This model relies upon a qualitative risk assessment and allows for a feedback loop indicating that risk management is an iterative process.

The elements contained within this model are:

- Risk Management Planning—The initial work performed to identify the risk management approach to be used on the JP. Risk management planning is the key to establishing a common understanding of the project's key parameters/metrics, the sensitivity of those parameters, management's risk tolerance, as well as establishing the practical aspects of how the process will work and how the results will be documented and reported. Key program evaluation criteria need to be agreed to and established, later categorized into various impact areas (refer to the Risk Matrix table). the overall risk sensitivity of the project should be established. This can be done by determining how the likelihood/probability of a risk event occurring is defined. The overall risk sensitivity of the project should be established by estimating the likelihood/probability of a risk event occurring is defined.
- Risk Identification—The process of identifying the potential sources of risks both initially and on an ongoing basis. A risk identification session should identify areas that require additional effort, money, time, etc. impacting the business case/budget.
- Risk Assessment—The process of actually assessing the risks against the JP's assessment criteria. This includes employing existing assessment tools such as WB's PPP Fiscal Risk Assessment Model (PFRAM) for valuing and managing contingent liabilities and fiscal exposure from PPPs, alongside a range of other tools and analyses for use by governments in managing infrastructure and PPP programs. Another important assessment tool is UNDP's Social and Environmental Screening Procedure in all financing interventions under the SDG Finance plan. The SES are an integral

component of UNDP's quality assurance and risk management approach to programming, underpinned by an Accountability Mechanism with two key functions:

- a. A Stakeholder Response Mechanism (SRM) that ensures individuals, peoples, and communities affected by UNDP projects have access to appropriate procedures for hearing and addressing project-related grievances; and
  - b. A Compliance Review process to respond to claims that UNDP is not in compliance with UNDP's social and environmental policies.
- Risk Response Planning—The process of identifying the risk response strategy (ies) that will be used and the detailed risk response plan(s) for each risk identified. This planning includes identifying the trigger event that will cause the risk response plan to be executed. includes 2 major activities: identifying the risk response strategy (ies) to be applied and creating the plan to implement the strategy(ies). The possible response strategies include avoidance/elimination—pursuit of a completely different approach to the task thus eliminating the risk; mitigation—developing a plan to reduce the consequence and/or the likelihood of a risk event occurring; or acceptance—allowing the risk to remain and dealing with the consequences if it happens.
  - Risk Monitoring and Control—The process of monitoring for a risk event occurrence, reassessing the risk (likelihood and consequence) and monitoring the performance of the risk response plan and reporting the results. Monitoring and controlling involves determining if a triggering event has occurred and initiating the response plan when appropriate, monitoring for changes in the environment leading to changes in the likelihood/consequence of an event and tracking to ensure the continuing viability of a response strategy/plan. All of this must be tracked and reported through some logical process.

COVID-19 presents an example of an event that can be both a catalyst and an economic risk to the JP. The risk, however, is determined not only by the number of the people affected thus are vulnerable to its economic impact, but also to the resilience of the economy that experiences it. With strong and pro-active government policies and interventions, the ability of the economy to bounce back given the magnitude of the shock will be high. While resilience policies are often not likely during the rapid phase of the spread of the epidemic, governments including Malaysia are using extensive fiscal spending and lending programs to prepare the economy for the recovery period while the epidemic is still ongoing. The ability to implement such programs, as determined by both financial and institutional capacity, is therefore an important determinant of economic resilience and therefore risk to the JP's success.

Complete the Risk matrix table below

Other than policies (elections), operation risks please also consider social and environmental risks (usage of SES criteria and/or language) as well as risks about debt financing (mitigating borrowing); investments in fossil fuels.

Risks	Risk Level: (Likelihood x Impact)	Likelihood: Certain - 5 Likely - 4 Possible - 3 Unlikely - 2 Rare - 1	Impact: Essential - 5 Major - 4 Moderate - 3 Minor - 2 Insignificant - 1	Mitigating measures	Responsible Org./Person
<b>Contextual risks</b>					
Economic risks (e.g. market shocks) and financial risks (e.g. debt sustainability), macroeconomic risks (e.g. exchange rate volatility), It should also assess to what extent such risk analysis is currently incorporated into national development planning and financing policies.	12	3	4	Regular (re-)assessments of the situation and updating/escalating this risk. In addition to the UN sources, information sources include national think tanks, regulators and watchdog institutions. Assessments by actors such as the IMF (e.g. Article IV assessments or debt sustainability analyses), the World Bank, the OECD, and other international financial institutions and development partners also cover major risks	Prime Minister's Office
Other sustainability risks (e.g. unsustainable management of key resources), disaster risks, environmental and climate-related risks, public health risks (e.g. COVID-19) and political risks.	12	3	4		Prime Minister's Office
<b>Programmatic risks</b>					
Potential outcome(s) that causes a program to fail to meet a goal. It is related to individual project risks	8	2	4	Adjust program requirements or constraints to eliminate or reduce the risk. This	INFF Oversight Team

with a focus on risks that have cross-project impact				adjustment could be accommodated by a change in funding, schedule, or technical requirements. Implement actions to minimize the impact or likelihood of the risk.	
<b>Institutional risks</b>					
National political leadership not committed to the INFF or key institutions are not willing to support financial policies strengthening	8	2	4	Establish higher degrees of buy-in is in establishing the link between programme and institutional goals and stakeholder values and motivations.	Prime Minister's Office
<b>Fiduciary risks</b>					
Money managers, financial advisors, bankers, accountants, executors, board members, and corporate officers all have fiduciary responsibility.	6	2	3	Fiduciaries must periodically review reports that benchmark their investments' performance against the appropriate index and peer group, and determine whether the investment policy statement objectives are being met.	Central Bank and Securities Commission
With innovative forms of financial intermediation— credit risk still needs to be managed, and new technologies give rise to new risks.	6	2	3		

See further instruction below (and then delete the photo before finalizing the ProDoc)

Likelihood	Occurrence	Frequency	Consequence	Result
Very Likely	The event is <b>expected</b> to occur in most circumstances	Twice a month or more frequently	<b>Extreme</b>	An event leading to <b>massive or irreparable</b> damage or disruption
Likely	The event <b>will probably</b> occur in most circumstances	Once every two months or more frequently	<b>Major</b>	An event leading to <b>critical</b> damage or disruption
Possibly	The event <b>might</b> occur at some time	Once a year or more frequently	<b>Moderate</b>	An event leading to <b>serious</b> damage or disruption
Unlikely	The event <b>could</b> occur at some time	Once every three years or more frequently	<b>Minor</b>	An event leading to <b>some degree of</b> damage or disruption
Rare	The event <b>may</b> occur in exceptional circumstances	Once every seven years or more frequently	<b>Insignificant</b>	An event leading to <b>limited</b> damage or disruption

Level of risk	Result
<b>Very High</b>	Immediate action required by executive management. Mitigation activities/treatment options are mandatory to reduce likelihood and/or consequence. Risk cannot be accepted unless this occurs.
<b>High</b>	Immediate action required by senior/ executive management. Mitigation activities/treatment options are mandatory to reduce likelihood and/or consequence. Monitoring strategy to be implemented by Risk Owner.
<b>Medium</b>	Senior Management attention required. Mitigation activities/ treatment options are undertaken to reduce likelihood and/or consequence. Monitoring strategy to be implemented by Risk Owner.
<b>Low</b>	Management attention required. Specified ownership of risk. Mitigation activities/treatment options are recommended to reduce likelihood and/or consequence. Implementation of monitoring strategy by risk owner is recommended.

	Consequences				
Likelihood	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Very likely (5)	Medium (5)	High (10)	High (15)	Very High (20)	Very High (25)
Likely (4)	Medium (4)	Medium (8)	High (12)	High (16)	Very High (20)
Possible (3)	Low (3)	Medium (6)	High (9)	High (12)	High (15)
Unlikely (2)	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare (1)	Low (1)	Low (3)	Medium (3)	Medium (4)	High (5)