

ANNEX A

Terms of Reference “Malaysia-UN SDG TRUST FUND”

I. Background and Rationale

1. Malaysia is fully committed to the 2030 Agenda¹ and the global 17 Sustainable Development Goals (SDGs). Efforts to deliver on this commitment and accelerate implementation, in line with the UN Decade of Action², have become even more urgent as the country addresses the socio-economic impact of the COVID-19 pandemic and charts its path towards sustainable recovery.
2. The United Nations in Malaysia aims to support programmes and projects that address national priorities through a multi-stakeholder approach that fosters partnerships for innovative and inclusive SDG solutions that reach the furthest behind through establishment of the Malaysia-UN SDG Trust Fund (“**The Fund**”).
3. The founding contributor to the fund is the **Yayasan Matlamat Pembangunan Mampan Malaysia** or Malaysia SDG Foundation³ (“**MySDG Foundation**” or “**The Foundation**”)⁴ **which will contribute to the Fund as per the Standard Administrative Arrangement (SAA).**
4. The Fund administered via the United Nations Multi-Partner Trust Fund Office (“**MPTFO**”)⁵ will support programmes and projects implemented by UN agencies, funds and programmes, referred to as Participating UN Organizations (“**PUNOs**”) and programmes and projects implemented by Non-UN Organizations (“**NUNOs**”)⁶ which can be Non-Governmental Organizations (“NGOs”) and Non-Profit Organizations (“NPOs”) registered and operating in Malaysia and found to be low risk based on a capacity assessment. UN and Non-UN organizations are collectively referred to as Participating Organizations (POs).
5. The Fund will also seek to mobilize expertise and resources from various private and public partners, from within and outside Malaysia. This will contribute to the country’s efforts to diversify its financing sources, enhance funds availability and sustainability, and optimize resource utilization.
6. These Terms of Reference (“**TOR**”) refer to the governance and operations of the Fund. The Fund’s key results and performance indicators are laid out in the Malaysia-UN SDG Trust Fund Results Framework (**Appendix A-II**). The TOR may be revised at the discretion of the Steering Committee (see below), to reflect any updates to the strategic priorities of the Fund.

¹ <https://undocs.org/en/a/70/L.1>

² <https://www.un.org/sustainabledevelopment/decade-of-action/>

³ The MySDG Foundation manages funds granted to it by the Government of Malaysia and other contributors for the achievement of the SDGs

⁴ The MySDG Foundation was established under the Trustees (Incorporation) Act 1952 or Act 258.

⁵ <https://mptf.undp.org/overview/office>

⁶ NUNOs are required to demonstrate fiduciary capacity through a low risk ‘HACT’ assessment score prior to receiving funds directly from the Fund. Should the NUNO be assessed to be of higher risk, they can receive funding through a Participating UN Organization.

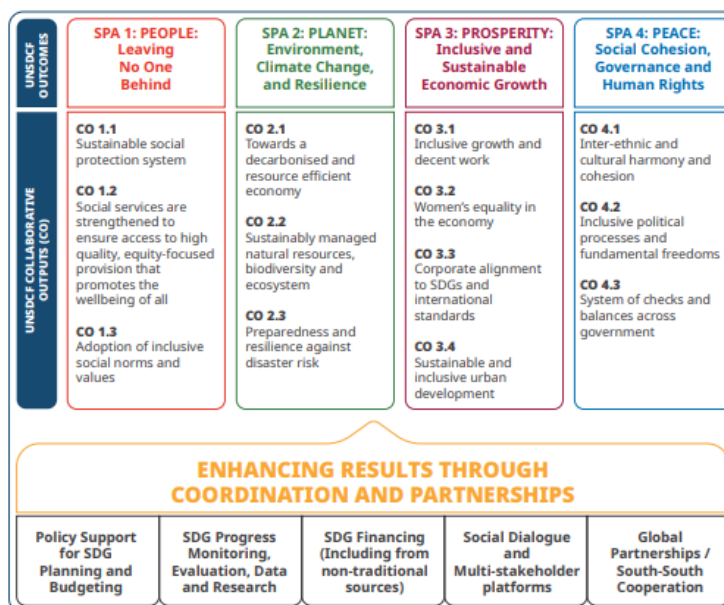
II. Governance Arrangements

7. The Fund will benefit from the overall strategic guidance and oversight of a Steering Committee (“SC”) which draws its members from the Foundation, Government and the UN.
8. The SC, co-chaired by the MySDG Foundation’s Board of Trustees’ Chair, the Secretary General of Treasury (“SG Treasury”) and the UN Resident Coordinator (“UNRC”) will manage the Fund in line with the functions of the various parties, as laid out in this TOR.
9. A Fund Secretariat (“Secretariat”) will be set-up within the Office of the UN Resident Coordinator (“UN RCO”). The Secretariat will provide substantive and operational support to the Fund.
10. The Fund will receive financial resources through **SAAs, including** between the MySDG Foundation as the principal donor and the **MPTFO**, also known and referred to as the Administrative Agent (“AA”). The Fund will follow standard UN guidelines.

III. Main Objectives of the Malaysia-UN SDG Trust Fund

11. The Fund has been designed to support initiatives which can have a high impact and unleash the country's potential to attain sustainable development and deliver on the 2030 Agenda’s principles, ambitions and goals. It will foster and reinforce multilevel and multisectoral consultations and joint implementation.
12. The Fund aims to:
 - Mobilise resources for SDG delivery in Malaysia and catalyse SDG financing opportunities.
 - Strengthen partnerships for SDGs and advance a multi-stakeholder approach to maximize synergies, collaboration and impact across sustainable development dimensions.
 - Address SDG priorities in Malaysia with a focus on leaving no one behind.
13. The Fund is an agile multi-year funding mechanism which is able to respond swiftly to emerging priorities. It is aligned with the United Nations Sustainable Development Cooperation Framework⁷ (“UNSDCF”) and supports Malaysia’s efforts to advance SDG implementation and achieve its national targets by 2030.

⁷ The United Nations Sustainable Development Cooperation Framework 2021-2025 (UNSDCF) constitutes the UN development system’s support to Malaysia’s strong commitment to achieve the 2030 Agenda for Sustainable Development and the SDGs, and its aspirations to become a high-income, inclusive, environmentally sustainable, and advanced nation.



Source: UNSDCF (2021-2025)

14. As Malaysia recovers from the global pandemic and works to ensure inclusiveness, prosperity and sustainability, it is critical that the Fund pay particular attention to addressing the needs of vulnerable and marginalized groups and communities, including persons with disabilities (PWDs), older persons, migrants and refugees. The Fund will also support Malaysia's efforts to empower women and youth. Moreover, it will encourage projects that address intersecting SDG challenges, enhance awareness and advocacy, and reinforce policy coherence across sectors.

IV. Malaysia-UN SDG Trust Fund Operational Provisions and Working Modalities

15. This section sets out the responsibilities, functions and working modalities of the various parties and organs of the Malaysia-UN SDG Trust Fund, including its relationship with the MySDG Foundation. The governance structure is represented in a diagram in **Appendix A-1**.

A. The Steering Committee (SC)

16. The SC provides overall oversight, strategic direction and management to the fund and is the decision-making body to the Fund. It is comprised of the UNRC, Government and a representative of the MySDG Foundation and is responsible for the technical and operational running of the Malaysia-UN SDG Trust Fund⁸. More specifically, with the support of the Secretariat and under the overall guidance its membership including, the SC:
 - a. Endorses the policy guidance for the development of calls for proposals, funding guidelines and selection criteria;

⁸ While MySDG Foundation is the principal donor to Malaysia-UN SDG Trust Fund, other donors can contribute funds directly to the Malaysia-UN SDG Trust Fund account administered by MPTFO.

- b. Approves project proposal templates, project document templates, results frameworks and other related documents;
 - c. Reviews the project proposal portfolio and ensures conformity with the policy guidance, eligibility criteria, and budget requirements;
 - d. Approves the allocation and disbursement of funds;
 - e. Ensures the selection process is in line with agreed criteria and modality;
 - f. Endorses the monitoring framework and tools;
 - g. Reviews final consolidated reports prepared and submitted i.e. financial by the AA (MPTFO) and narrative by the Secretariat. The AA submits reports to donors for information and advice;
 - h. Reviews issues facing project implementation, provides advice and guidance, and decides on actions to address specific project related risks;
 - i. Reviews the Fund accounts and oversees overall progress against the outcomes and indicators laid out in the Fund Results Framework;
 - j. Approves resource mobilization, outreach and advocacy strategies and actions and oversees their implementation;
 - k. Decides on project approval, cancellation, termination, suspension and on any other matter under its consideration;
 - l. Invites, as needed, representatives of PUNOs and other participating parties to provide additional information deemed necessary to support the deliberations and decision-making.
17. The SC is composed of six permanent members and one ex-officio and is co-chaired by the Chair of the MySDG Foundation Board of Trustees (BOT), the Secretary General of the Treasury (SG Treasury) and the UN Resident Coordinator (RC). In full, its seven members are:
- i. The Chair or delegated Member of the MySDG Foundation's BOT (co-chair);
 - ii. The SG Treasury (co-chair) or delegated representative;⁹;
 - iii. The UN RC (co-chair)¹⁰;
 - iv. The Secretary General, Ministry of Economy or delegated representative;
 - v. A representative of the United Nations in Malaysia¹¹;
 - vi. One member of the MySDG Foundation BOT;
- The Administrative Agent acts as an ex-officio member.
18. The SC may invite members of the Government, the private sector, academia, civil society, to act as resource persons during the project cycle or at specific milestones.
19. The SC will meet at key Fund cycle milestones, whenever the co-chairs call for a meeting and at minimum every quarter. Meetings can only proceed when a quorum of 4 SC members is reached, including the UNRC and at least one of the other co-chairs. The SC will make decisions by consensus among the members present. In case the SC cannot reach consensus,

⁹ The Deputy Secretary General of the Ministry of Finance will act as alternate co-chair of the SC and ex-officio member of the BOT in the absence of the Secretary General of the Ministry of Finance.

¹⁰ The UN Resident Coordinator *ad-interim* will act as alternate co-chair of the SC and alternate ex-officio member of the BOT in the absence of the UN Resident Coordinator.

¹¹ Only a non-Participating UN organization can be a member of the SC.

the co-chairs present will jointly make the final decision. In the event that the SC cannot meet physically, meetings will be organized virtually, applying the same decision-making modalities.

20. The SC may request that any of the PUNOs perform additional tasks in support of the Fund not related to the AA functions subject to availability of funds. Costs for such tasks will be agreed in advance and, with the approval of the SC, be charged as direct costs.

B. The MySDG Foundation

21. The MySDG Foundation is the principal donor to the Malaysia-UN SDG Trust Fund. It manages funds granted to it by the Government of Malaysia and other contributors, for the achievement of the SDGs. As a key member of the SC, and principal donor to the Malaysia-UN SDG Trust Fund, MySDG Foundation contributes to setting the overall direction of the Malaysia-UN SDG Trust Fund. Specifically, it:
 - a. Acts as a donor to the Fund and ensures independence, transparency, cost-effectiveness and impact, through its membership in the SC.
 - b. Enables the smooth running of the Fund by promoting its scaling up and sustainability in support of progress towards the goals and targets set out in the 2030 Agenda;
 - c. Broadens the donor base, raises funds and decides on contributions from within and outside Malaysia, and oversees their channelling to the Fund;

C. The Secretariat

22. The Secretariat will be housed in the Office of the Resident Coordinator to assist the SC in delivering its functions and to coordinate substantive, operational and logistical matters related to the day-to-day management of the Fund. More specifically, the Secretariat:
 - a. Gathers evidence and analysis to support the identification of the Fund's strategic priorities and priority areas;
 - b. Prepares draft policy guidance notes for the development of the calls for proposals, funding guidelines and selection criteria;
 - c. Prepares project proposal templates, project document templates, results frameworks and other related documents;
 - d. Launches and coordinates calls for proposals and appraisal processes;
 - e. Reviews project proposals to ensure conformity with the policy guidance, eligibility criteria, and budget requirements, then submits the portfolio and synthesis note for the SC consideration and decision;
 - f. Upon completion of the selection process by the SC, and written instructions from the UN RC, coordinates aspects related to the allocation, and disbursement of funds;
 - g. Facilitates collaboration and communication with and among implementing organizations to enhance coordination and cross-fertilization;
 - h. Assesses project progress, operational risks and the Fund performance, and reports to the SC accordingly;
 - i. Liaises with AA on issues, including risks related to project extensions and project closure; and escalate problematic issues to the SC as relevant;
 - j. Coordinates monitoring and evaluation, as well as audit exercises as applicable;

- k. Consolidates annual and final narrative reports prepared by POs and liaises with the AA as required;
 - l. Develops and implements a resource mobilisation strategy for the Fund to engage new national and international partners and donors;
 - m. Designs and conducts communications and promotional campaigns;
 - n. Maintain records of all communications and meetings;
 - o. Performs other duties as requested by the SC.
23. Sufficient resources must be made available to the Secretariat to enable it to carry out its functions and deliver on its mandate. The Secretariat budget is charged as a direct cost to the Fund and corresponds to 3% of the Trust Fund's initial capitalization of USD 4 million (received from the MySDG Foundation). This percentage may be modified subject to the future size of the Fund and related managerial tasks, with the consent of the SC

D. The MPTFO

24. The MPTFO, an office within UNDP, based in New York, that provides **Administrative Agent** (AA) functions to the UN System, and is the AA of the Malaysia-UN MySDG Trust Fund.
25. The Trust Fund is administered by the MPTFO under the pass-through management modality. The Fund's administration services, whose fees are 1% of received contributions, include:
- The Fund's establishment: support to the Fund's design (Terms of Reference and Operation Manual), and development of legal instruments.
 - The Fund's administration: receipt, administration, and release of funds to POs in accordance with decisions from the SC, and financial report consolidation.
26. The AA (MPTFO) is responsible for the following functions:
- a. Providing support to the design of the Fund;
 - b. Concluding Memoranda of Understanding (MOU) with POs;
 - c. Concluding SAAs with donors and receiving contributions from donors that wish to provide financial support to the Fund through the AA. It is noted that the AA cannot enter into any other agreements with donors that would impose responsibilities on POs without their prior written consent;
 - d. Administering funds received in accordance with its regulations, policies and procedures, as well as the relevant MOU and Fund Terms of Reference (TOR) and SAA, including the provisions relating to winding up the Fund account and related matters;
 - e. Subject to availability of funds, disbursing such funds to each of the POs in accordance with decisions from the SC, and upon written instructions from the UN RC, taking into account the budget set out in the approved programmatic documents;
 - f. Ensuring consolidation of statements and reports¹², based on submissions provided by each PO, as set forth in the TOR and provide these to each donor that has contributed to the Fund account and to the SC. The reports are subsequently published on the MPTFO GATEWAY (<https://mptf.undp.org>);

¹² The consolidation of narrative reports before submitting to the AA will be the responsibility of the Secretariat.

- g. Providing final reports, including notification that the Fund has been operationally completed;
 - h. Disbursing funds to any PO for any additional costs of the task that the SC may decide in accordance with approved programmatic documents;
 - i. Providing tools for fund management to ensure transparency and accountability.
27. Monies from the MySDG Foundation will be transferred to a MPTFO US Dollar (USD) denominated Account. These monies will be administered by the MPTFO as per the SAA such as that between the MySDG Foundation and the MPTFO.

E. Funding Conditions for PUNOs and NUNOs

28. PUNOs must sign the above-mentioned MoU with the AA. They must be members of the UN Country Team and be committed to the UNSDCF with their activities included in Annual Joint Workplans. Project Proposals submitted by PUNOs must involve at least two UN agencies. PUNOs are highly encouraged to collaborate with other entities from Government, NGOs, NPOs, academia, and/or the private sector.
29. NUNOs must be registered with the Registrar of Societies or the Companies Commission of Malaysia or Legal Affairs Division of Prime Minister's Department, as applicable. They will be required to submit audited accounts. NGOs and NPOs must be assessed as 'low risk' by a Harmonized Approach to Cash Transfers¹³ (HACT) assessment, in order to access the Fund directly. NUNOs must also sign a Framework Agreement and Financing Agreement with the Administrative Agent. The Operations Manual will elaborate the required procedures.
- 30.
31. Indirect costs of the PUNOs recovered through programme support costs will be seven percent (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.
32. These modalities are subject to revision in subsequent calls for proposals.

F. Accountability

33. All PUNOs shall assume full programmatic and financial accountability for the disbursed funds and will administer such funds in accordance with their own regulations, rules, directives, and procedures.
34. NUNOs shall assume full programmatic and financial accountability for the disbursed funds and will administer such funds in accordance with the regulations, rules, directives, and procedures that apply to them.

G. Calls for proposals

35. Calls for proposals will be developed in full alignment with the Operations Manual and Guiding Framework in Appendix A-II and related documents. It is envisaged that the Fund will have one call per year, with individual project duration not to exceed 24 months.

¹³ The Harmonized Approach to Cash Transfers (HACT) applies a simple set of procedures on requesting funds, disbursing funds, providing assurance, reporting on funds as a way to effectively manage risks, reduce transaction costs and promote sustainable development in a coordinated manner.

H. Transfer of funds

36. The Secretariat will prepare and submit a funds transfer request for each programme or project for which the budget allocation has been signed off by the UN RC. The AA will then proceed with the transfer to the Participating UN /Non-UN organizations within five (5) working days following receipt of the finalized documentation. Once the transfer has been completed (officially considered as the project's start date), the AA will notify the recipients and the Secretariat via email.

I. Risk Management

37. A risk management matrix is described as per table log below. The SC will ensure that the Malaysia-UN SDG Trust Fund meets its objectives, mitigates risks and ensures sustainable financing of SDG-focused projects throughout its life cycle.

Table: Risk Management Log-frame

#	Description	Type	Impact/Probability	Countermeasures / Management response	Owner
1	The Fund is not able to mobilize sufficient resources from contributors to reach optimal operational levels	Financial Political Strategic	1. The Fund operates below full capacity Probability: Possible (3) Impact: Moderate (3) 2. The fund is unable to cover secretariat costs Probability: Possible (3) Impact: Moderate (3)	1. Implement resource mobilization plans and ensure operational efficiency. 2. Retain a contingency budget. 3. Adjust disbursement targets to reflect available resources.	Steering Committee
2	Project implementation delayed.	Organizational Political Regulatory	1. Project implementation is delayed and delivery below target Probability: Possible (3) Impact: Major (4) 2. The Fund funds remain unspent Probability: Possible (3) Impact: Major (4)	1. Accelerate delivery. 2. Undertake rigorous monitoring and review of projects to ensure that existing program implementation frameworks are still appropriate and necessary adjustments incorporated. 3. Adjust project timeframe and delivery targets.	Steering Committee PUNOs & NUNOs
3	Lower political commitment towards the Fund and changed priorities.	Financial Political Strategic	1. Significant reduction in resource commitment. Probability: Rare (1) Impact: Major (4)	1. Proactive and regular engagement with decision makers to ensure continuity of political support and funding.	Steering Committee

Table 1: Risk Management Matrix

Probability/likelihood: Very Likely (5), Likely (4), Possible (3), Unlikely (2), Rare (1)

J. Reporting

38. The AA will provide the Donor(s) and the Steering Committee with the following statements and reports, based on submissions provided to the AA by each PUNO and the Resident Coordinator's Office prepared in accordance with the accounting and reporting procedures applicable to it, as set forth in the TOR
- (a) Annual consolidated narrative progress reports, to be provided no later than five months (31 May) after the end of the calendar year;
 - (b) Annual consolidated financial reports, as of 31 December with respect to the funds disbursed from the Fund Account, to be provided no later than five months (31 May) after the end of the calendar year;
 - (c) Final consolidated narrative report, after the completion of the activities in the approved programmatic document, including the final year of the activities in the approved programmatic document, to be provided no later than six months (30 June) after the end of the calendar year in which the operational closure of the Fund occurs;
 - (d) Final consolidated financial report, based on certified final financial statements and final financial reports received from POs after the completion of the activities in the approved programmatic document, including the final year of the activities, to be provided no later than five months (31 May) after the end of the calendar year in which the financial closing of the Fund/Programme occurs.
39. A final narrative and financial report will be prepared at the closure of the Malaysia-UN SDG Trust Fund.

K. Monitoring and Evaluation

40. Monitoring and evaluation of programmes and projects will be undertaken in accordance with the provisions contained in the approved project documents, in full compliance with the respective regulations, rules, and procedures of the PUNOs. Similar M&E standards¹⁴ shall be adhered to by other funds recipients.
41. Fiduciary monitoring of the Malaysia-UN SDG Trust Fund will follow standard UN monitoring and evaluation procedures. The evaluation will follow the UN evaluation group norms and standards and be carried out according to the System-Wide Evaluation Policy. The evaluation of the Malaysia-UN SDG Trust Fund will be included in the scope of the UNSDCF evaluation for coherence and efficiency.
42. The SC will decide on any mid-term or final evaluation, either as part of a joint evaluation commissioned by the UNCT or separately. The cost of any evaluation at the Malaysia-UN SDG Trust Fund level, is to be borne by the Malaysia-UN SDG Trust Fund.

L. Audit

¹⁴ Monitoring and evaluation standards refer to a regular, systematic and impartial assessment of a program, project, framework or other intervention, based on a set of pre-determined outcome, output, indicator and targets. This is to determine its relevance, efficiency, effectiveness and impact to support any decisions made.

43. The Administrative Agent and PUNOs will be audited in accordance with their own Financial Regulations and Rules and the Framework for Joint Internal Audits of UN Joint Activities which has been agreed to by the Internal Audit Services of PUNOs and endorsed by the undg in 2014. Other funds recipients (NUNOs) will have to meet similar requirements as defined under their HACT assessments.

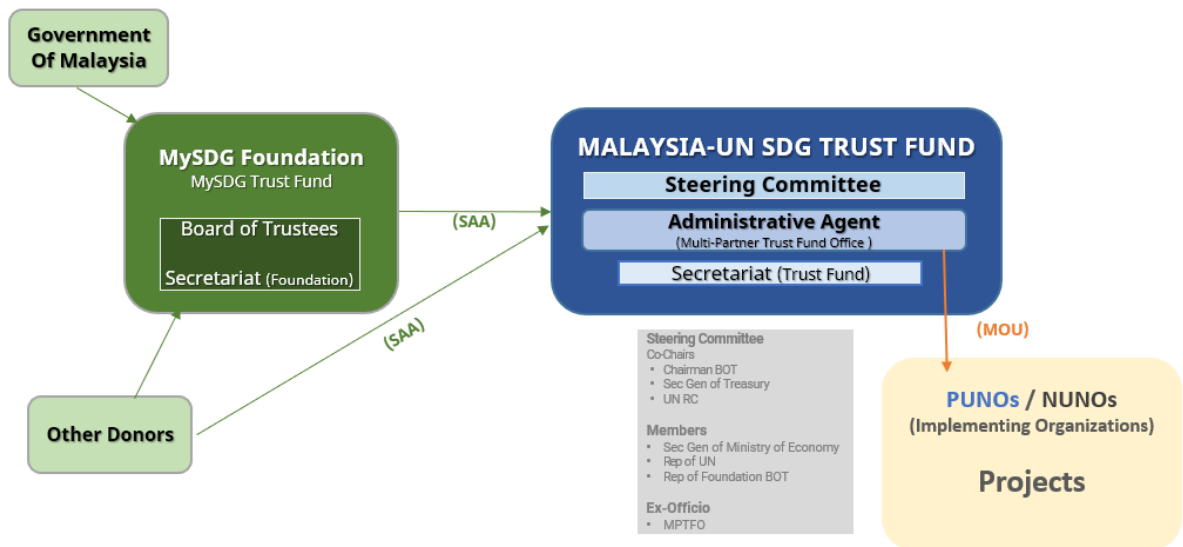
M. Resource Mobilization and Collaboration between MySDG Foundation and the UN on Malaysia-UN SDG Trust Fund

44. Contributions to the Fund may be accepted from governments of the Member States of the United Nations or inter-governmental or non-governmental organisations or private sources, both locally and internationally.
45. In support of the Fund's overarching aim, and to ensure maximum flexibility and adaptation to national priorities, a guiding principle for resource mobilisation would be that donors are encouraged to contribute with multi-year, un-earmarked resources.
46. Direct or indirect contributions to the Fund by non-governmental partners will be subjected to necessary due diligence by the Secretariat and MPTFO as well as approval from the SC prior to acceptance to avoid financial and reputational risk. The procedures for vetting indirect non-governmental contributions (e.g., private sector contributions, including crowdfunding, through the Foundation) for purposes of contributing to the Fund, will be mutually agreed between the Donor and the Administrative Agent in line with Administrative Agent's due diligence standards.
47. Acceptance of funds by the MPTFO from the private sector will be guided by criteria stipulated in the UN system-wide guidelines on cooperation between the UN and Business Community (the UN Secretary General's) guidelines, available at: (<https://www.un.org/en/ethics/assets/pdfs/Guidelines-on-Cooperation-with-the-Business-Sector.pdf>) and subject to due diligence by the Secretariat and MPTFO as well as approval from the SC prior to acceptance.
48. The Fund being the fruit of a joint collaboration between the UN and the MySDG Foundation, will seek to attract new contributions throughout the Fund's life cycle. A review of resource mobilization results will be carried out two years following the establishment of Malaysia-UN SDG Trust Fund.

N. Modification of the Malaysia-UN SDG Trust Fund TOR

49. The present TOR, including its appendices, may be modified at any time by the SC, with the expressed consent of the donors and UN RC, on behalf of the UN System. The operational end date of the Fund is 31 December 2030. The last date for contributions to the Fund is 31 December 2029 with the final allocation decision by 1 June 2030.

Proposed Governance Structure of the Malaysia-UN SDG Trust Fund



Malaysia-UN SDG Trust Fund: Guiding Framework

Introduction

1. This section sets out the aims and objectives of the Fund and how these would be delivered via programmatic activities undertaken by POs which would be supported through a competitive challenge fund arrangement. It begins by setting out the rationale and aims of the Fund, in terms of the main SDG challenges to be addressed. The text then sets out how the Fund will go about meeting these challenges, by providing *a theory of change*, that emphasizes both direct and catalytic impacts. The section closes with a proposed results framework (RF) providing programmatic and operational performance indicators.

Fund rationale and problem analysis

2. At the broadest level, the Fund aims to enable UN agencies, NGOs and NPOs and other non-governmental stakeholders, to contribute substantively to the achievement of the SDGs in Malaysia. This is informed by analyses which show that a component of slowing national SDG performance is due to inequalities and disparities in subpopulations, particularly marginal and excluded groups, and between core and peripheral regions/ localities. Moreover, that Malaysia has yet to fully develop a *whole of nation approach* necessary to achieve the SDGs in full.
3. The Fund's focus therefore is a set of leave no one behind (LNOB) challenges, given by performance gaps, where existing provision is unable to meet the level of need, and those driven by the circumstances faced by marginal and excluded groups. It is noted the latter groups may have been left behind or are at risk of being left behind for a variety of reasons, ranging from policy and operational choices to structural factors, including geographical, cultural and/or self-exclusion.
4. The Fund aims to complement official efforts to meet the SDGs, by reaching beyond the scope of current (and possible future) Government provision. In identifying the specific priorities to be addressed, the Fund draws on both official and independent assessments of Malaysia's SDG performance. Referencing the Voluntary National Review (carried out and presented at the High-Level Political Forum in 2021), the National SDG Tracker provided by the Department of Statistics, and United Nations regional SDG dataset (both accessed in April 2022), the following 12 priorities have been identified:
 - *People and Prosperity*
 - i. **Promotion of an inclusive recovery from the pandemic, addressing the poverty, nutritional and health challenges of affected and marginal and excluded groups** (e.g., informal sector workers, the poor and vulnerable in peripheral regions including indigenous peoples, migrants and refugees, undocumented persons and people with disabilities).
 - ii. **Levelling up of wider SDG performance in key human development domains across regions**, focusing on communities in lagging peripheral areas.

- iii. **Expanding resilience through greater social protection measures**, focusing on excluded and under-served groups, and those in informal work.
 - iv. **Addressing the specific human development needs of women** who are at risk of being left behind.
 - v. **Promoting work opportunities to the poor and vulnerable**, those in informal work and those in remote locations, via access to skills training, financial services, commercial credit, and to decent jobs.
 - vi. **Addressing economic geographical imbalances**, especially those faced by communities living in remote locations, including by assisting them to unlock local comparative advantages (natural capital, sustainable exploitation of natural resources and products, enhanced tourism).
- *Planet*
- vii. **Building the resilience of communities (groups and localities) at most risk to the impacts of climate change** through active adaptation efforts.
 - viii. **Tackling biodiversity loss**, particularly for marginal communities which rely on the natural capital for their livelihoods.
 - ix. **Assisting marginal communities to tackle pollution of land, sea and rivers**, which blights their living conditions.
- *Peace and Partnership*
- x. **Helping to build social and political cohesion** between Malaysia's diverse communities.
 - xi. **Enabling the realisation of key socioeconomic rights by marginal and excluded groups** (e.g., the poor and vulnerable in peripheral regions including indigenous peoples, migrants and refugees, undocumented populations, and people with disabilities).
 - xii. **Enabling, within the law, the recognition of undocumented people**, and their social inclusion.

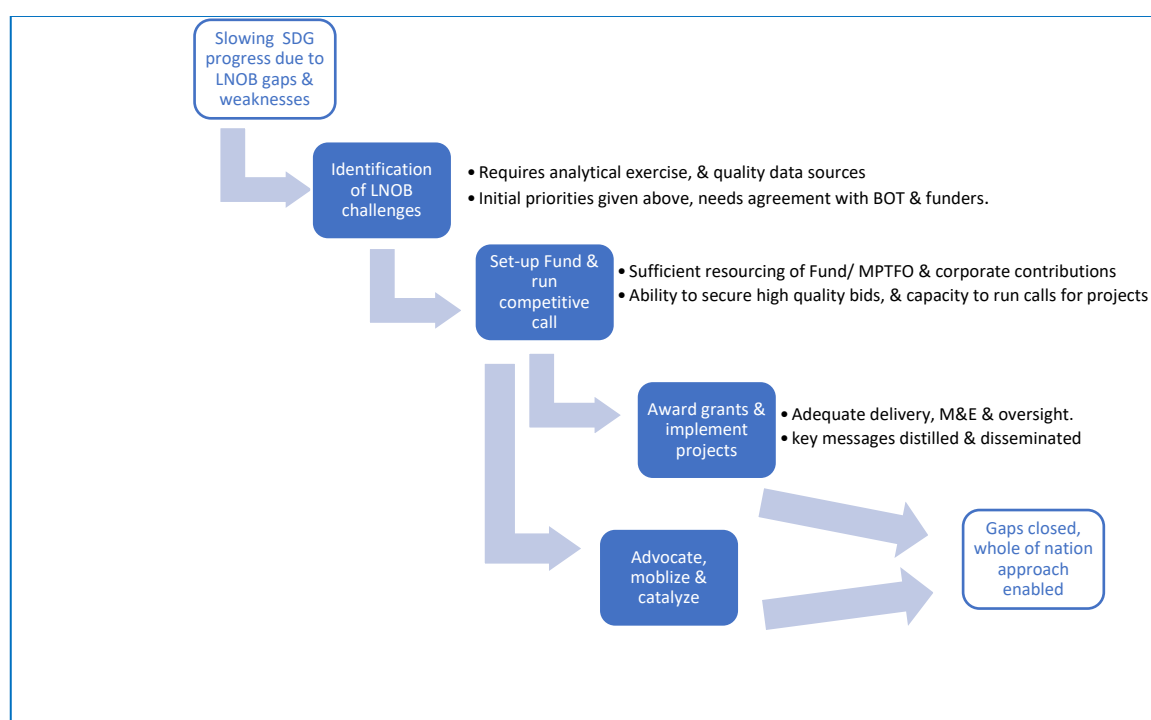
Theory of change

5. SDG progress in Malaysia has been uneven (as given in the Voluntary National Review 2021, and SDG tracking data); and moreover, this is increasingly impacting on nationwide developmental outcomes. There is a need to address group and area inequalities and distinct priorities at subnational level to ensure that no one living in Malaysia is left behind, and that all benefit from SDG realization.
6. The Fund adopts a *Theory of Change (TOC)* that seeks to support projects that addresses LNOB priorities, by leveraging the core capacities of the UN agencies and civil society organizations. This approach is purposely taken to enable the Fund to tackle the needs of marginal and excluded groups, and engage with communities, where the state finds access difficult. The TOC operates via two channels: (1) via tangible direct programme impacts

focused on LNOB priorities (i.e., through Fund-supported projects); and (2) through catalytic effects, being policy changes, the building of wider non-governmental and citizens activity to deliver the SDGs, and by engendering a whole of nation approach.

7. The Fund will adopt a people centred approach in delivering the objectives listed under three headings given at paragraph 4 above (People and Prosperity, Planet and Peace and Partnerships). As such, project selection and delivery, but also, advocacy/ mobilization efforts, will seek to: improve livelihoods of the target groups and their socioeconomic inclusion; build their resilience to shocks and secure the quality of the environments in which they live; and to enhance community cohesion and promote partnership approaches.
8. The TOC trajectory from the start to end points is illustrated in the figure below, along with the key assumptions, and challenges at each stage. These list management issues, and the requirements for delivering successful fund operations. It is important to note specifically, the double causal track within the TOC, given by the direct project impacts, and the wider catalytic (indirect) effects.

Figure: Fund Theory of Change



Results Framework

9. The Results Framework (RF) for the Malaysia-UN SDG Trust Fund, see below, is based on delivering the core objectives articulated above: (1) Address LNOB priorities, via improved SDG performance for the target groups and greater equity and inclusion; (2) Enable a whole of nation approach via widespread, multi-stakeholder efforts to deliver the SDGs, including increased resourcing.

10. The RF is crafted primarily at output level, tracing the Fund's contributions to the TOC objectives using SMART performance indicators (PIs). Additionally, the RF records, but does not target outcomes (noting that the Fund is only contributory to these, not causal), and it includes several operational PIs.
11. The RF is set out in the table 2 below, for clarity the two outputs are:
- **Leave no one behind (LNOB) priorities are addressed by delivering project-based support to marginal and excluded populations** – by tackling identified SDG weaknesses, focusing on people and areas outside mainstream public provision.
 - **A whole of nation approach to SDG delivery is secured** – through advocating to Government, business and civil society partners, by mobilizing additional resources, outside of funded projects, and by engaging citizens.
12. We note that while PIs are operationalized as far as possible i.e. several PIs are still to be populated at a later stage, once projects are awarded and the Fund's objectives become better established.

Table: Results Framework

Targets and indicators		Baseline (& year)	Target 2023	Target 2024	MOV ¹⁵
Outcome/impact level statements: Better SDG results, and improved inclusion					
a	Improvements in the national SDG indicators for the priorities adopted by the BOT ¹⁶	NA (2021)	Targets not required for outcomes, only recorded	DOSM	
b	Ratio between lowest to highest state/ federal territory multidimensional poverty rates	TBA (2021)		DOSM with Secretariat calcs.	
c	Percentage of total inequality due to locational differences (between component of Theil Index)	TBA (2021)		DOSM with Secretariat calcs.	
Output 1: Leave no one behind priorities are addressed delivering project-based support to marginal & excluded populations.					
Target 1.1: Projects successfully address the LNOB priorities set by the Trust Fund					
1.1a	Percentage of projects ranked as highly successful (i.e., exceeding expectations) in (external) annual progress reviews ¹⁷ .	NA (2021)	Not specified	>60%	Project Progress Reports

¹⁵ Method of Verification.

¹⁶ Will require a prior analytical exercise to identify all of the specific SDG targets based on the priorities listed at paragraph 4.

¹⁷ Projects will be scored annually – exceeded/ met/ did not meet impact expectations.

1.1b	Average ¹⁸ numbers (by project) of poor and vulnerable people who see significant improvement in the livelihoods (growth of 10% or more).	NA (2021)	for first year	>2,000	Project Progress Reports
1.1c	Numbers of vulnerable people made resilient against environmental shocks (including climate change) and/or their living environment have been materially improved.	NA (2021)	Not specified for first year	>2,000	Project Progress Reports
1.1d	Numbers of served communities showing improved social cohesion (e.g., formation of partnerships, as given by externally verified reports)	NA (2021)		>5	Project Progress Reports
Target 1.2 Spin-offs and catalytic gains are secured through supported projects					
1.2a	Average number & value (input resources) of SDG-related spin-off activities (by project), directly related to (supported) project activities	NA (2021)	Not specified for first year	≥2 & USD 10,000 per year	Project Progress Reports
1.2b	Average (by project) number of major policy changes made, or pilots adopted at scale (which are SDG related) because of supported projects.	NA (2021)		≥1 per year	Project Progress Reports
Output 2: A whole of nation approach to the SDGs is secured.					
Target 2.1 Stakeholders (government agencies, businesses, civil society) show commitment & devote resources to SDG achievement					
2.1a	Number of stakeholder commitments to the SDGs adopted (statements, policies & events), outside but attributable to the Fund.	NA (2021)	Not specified for first year	>3	Fund Secretariat review
2.1b	Number of publicly quoted companies publicly supporting the SDGs (within ESG reporting), with connections to Fund activities.	To be advised (TBA)		>3	Fund Secretariat Review
Target 2.2: Citizens are encouraged & enabled to support SDG achievement by interacting with the Fund					
2.2a	Number of citizens reached through communications & engagement activities.	NA (2021)	X hits/ X likes; X joining Fund events ¹⁹	Last year plus 5%	Fund Secretariat Review
2.2b	Number of positive references to the Trust Fund & SDGs in mass /social media.	NA (2021)	X number (TBA)	Last year plus 5%	Media Survey

¹⁸ Note that averages are to be based on total values divided by the number of currently active projects.

¹⁹ To be decided basis of expert advice.

Operational indicators					
v	Total funds under management reaches MPTFO threshold	Nil (2021)	USD 4 million	USD 5 million	Fund Secretariat Review
w	Corporate sector and/ or donors' additional contributions	Nil (2021)	Nil	USD 1 million	Fund Secretariat Review
x	Extent to which UN agencies share project costs.	NA (2021)	>10% of grants	>20% of grants	Fund Secretariat Review
y	% Successful project bids directly addressing diversity and inclusion challenges.	NA (2021)	>70%	>80%	Fund Secretariat Review
z	Funds dispersed to projects, total & as % of total funds (as at year end).	NA (2021)	USD 3.2 million, 80%	USD 4.0 million, 80%	Fund Secretariat Review