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**Proposal for Review**

**Project Title:** Malaysia: Enabling Activities (National Greenhouse Gas Inventory and Response to the United Nations Framework Convention on Climate Change)

**GEF Focal Area:** Climate Change

**Country Eligibility:** Convention Ratified July 13, 1994

**Total Project Costs:** US\$ 625,000

**GEF Financing:** US\$ 470,000

**Government Counterpart Financing of GEF Component:** US\$155,000 (In Kind Contribution)

**Implementing Agency:** UNDP

**Executing Agency:** Government of Malaysia

**Local Counterpart Agency:** Ministry of Science, Technology and Environment (MOSTE) and Department of Meteorological Services (DME)

**Estimated Approval Date:** July 1995

**Project Duration:** 24 Months

**GEF Preparation Costs:** US\$ 15,000

MALAYSIA: ENABLING ACTIVITIES  
(NATIONAL GREENHOUSE GAS INVENTORY  
AND RESPONSE TO THE UNITED NATIONS FRAMEWORK CONVENTION  
ON CLIMATE CHANGE)

**COUNTRY AND SECTOR BACKGROUND**

1. Malaysia is a party to the Framework Convention on Climate Change. Malaysia signed the UNFCCC on 9 June 1993 and subsequently ratified it on 13 July 1994. Recognizing the need to initiate early action so as to prepare the nation to address climate change issues, the government has established a **National Climate Committee (NCC)** to formulate national policies and positions as well as to oversee and coordinate programmes and activities to mitigate climate change effects as well as adapting to climate change. To this extent the policy and regulatory regime in Malaysia is supportive of global developments in this area.
2. Malaysia accepts the global approach towards addressing the climate change issues. It emphasises that the approach should be based on the principle of common and differentiated responsibility. The country has adopted the precautionary and 'no regrets' principles, which allow early action to be taken to mitigate possible future efforts. The implementation of measures will however depend on the availability of resources, institutional capabilities and political acceptability. Any policy or strategy to be formulated must take into consideration social, economic and environmental costs. In addition, harmonisation of policies is also important.
3. Malaysia has identified several preliminary approaches to address the climate change issues, including:
  - The compilation and regular updating of national inventories of sources and sinks of greenhouse gases;
  - The identification of policies, strategies and programmes, currently in force or planned, which are related to the implementation of the Framework Convention on Climate Change;
  - The identification of technical, structural, social, economic, political and cultural barriers that may affect the effective implementation of policies, strategies, and programmes related to climate change;
  - The formulation of policies, strategies and programmes to achieve the objectives of the FCCC;
  - Systematic implementation of all measures which are justified in their right, based on an integrated approach; and
  - Implementation of supporting measures, such as systematic monitoring, human resources development, research and development, public awareness and education.
4. To enable the country satisfy all the above approaches, it has identified the following as its short-term priorities:

- Capacity building: this involves upgrading and enhancing human resources development and strengthening the institutional structures involved in matters related to climate change.
- Policy research and formulation: The focus is on identification and evaluation of existing policies that have an impact on climate change. In addition, policy research will concentrate on analyzing possible policy instruments and assessing their impact on climate change.
- Research and development: Research will focus on generation and analysis of climate change scenarios and the development of a national climate model.
- Impact assessment: The impact of climate change on the various sectors in Malaysia is yet to be fully understood, largely due to lack of substantive analytical work. The focus will be on providing substantive analysis of the impact of climate change on the economic and social environment of the country.

5. There are two ongoing related GEF regional projects, namely the Global Change System for Analysis, Research and Training (START) and the Regional Greenhouse Gas Programme (ALGAS) which inter-alia cover the entire Southeast Asia region. The START programme concentrates on improving the knowledge on climate change and its potential local and regional impact, whereas the regional programme basically aims at enabling the countries of the region to prepare greenhouse gas inventories and develop policy responses for mitigation and adaptation. The START proposal focuses on the assessment of biological sources and sinks, while the regional ALGAS programme will concentrate on man-made sources and sinks. Malaysia through its Department of Meteorological Services is actively participating in the former. Although Malaysia is not directly participating in the latter programme, it stands to benefit from the ALGAS project by closely associating with its activities. A new GEF/UNEP project on economics of GHG limitations approved at the February GEF Council meeting will also cover the Asian region. This project builds on the experience of the earlier UNEP project "National Greenhouse Gas Abatement Costing Studies" coordinated by the UNEP Collaborating Centre on Energy and Environment and the "US Country Study Programme", which is receiving the technical support of Lawrence Berkeley Laboratories. The activities of the Malaysian national project will no doubt be greatly enriched and strengthened by close coordination with the activities of the two regional programmes and the UNEP project.

6. Under the Asian Development Bank's "Regional Study on Global Environmental Issues" one country study on climate change impacts in Malaysia was organized (Climate Change in Asia: Volume 2 Southeast Asia, July 1994). It is reported that the study was conducted by the Malaysian Institute of Economic Research (MIER) in cooperation with the Government of Malaysia Economic Planning Unit of the Prime Minister's Department and two operating agencies: Ministry of Science, Technology and Environment; and Malaysian Meteorological Service. The study is based on the premise that the continued externalization of the environment would not lead to sustainable development in the long-run because pollution and diminishing natural resources lead to reduced productive capacity in the future. Hence internalizing the environment costs into the production process by taking into account the environmental costs alongside costs of labour, capital, and raw materials, raises the issue whether such costs are affordable. Admittedly the cost of projections made in this report are only preliminary. The main weakness lies in the broad aggregation for the 16 sectors used. More importantly, the future climate used for the impact of climate change assessment

is based on the 2\* CO<sub>2</sub> scenarios generated by the Goddard Institute for Space Studies - Global Circulation Model (GISS-GCM) because no detailed future climate scenario was available.

7. As no other country study was conducted in the past on climate mitigation either in-country or with external assistance, it is essential to develop an in-country mechanism to organize such studies without waiting for external assistance. Moreover implementation of some of the climate change response measures to be identified in such studies could provide ideal vehicles for promoting overall development and gaining access to potentially significant international private sector finance. But many of these response measures require substantial technology and financial resources that fall beyond the capacity of a developing country like Malaysia. Determining response measures in which immediate local development priorities merge with long-term local and global environmental concerns poses a major challenge for authorities in the country. Therefore, new and additional resources from international sources will be a vital requirement to cover the incremental cost of these longer-term priorities. Access to these financial resources will depend on the capacity of Malaysia to not only continually assess its greenhouse gas emissions and sinks but also to formulate appropriate response measures. A key objective of this project is to strengthen Malaysia's capacity in addressing these issues.

8. Inconsistencies in measurements of greenhouse gas emissions and sinks are quite common in the forestry, energy and agricultural sectors. In addition, most available global data and methodologies fail to fully take into account regional specificities; for example despite wide spread recognition of the substantial contribution forests make to global emissions of carbon dioxide, great uncertainty exists about the quantity of CO<sub>2</sub> emitted from forest-related activities. Recent revision of IPCC estimates and the controversy over the World Resources Institute methane country estimates demonstrate these data inadequacies. Therefore, this GEF project will assist Malaysia to undertake more detailed review and assessment of available information on climate change in order to develop appropriate national policies and to be in a better position to design more cost-effective intervention projects. The project will also support efforts of the IPCC to develop a methodology that is acceptable to all the parties of the UNFCCC.

9. The responsibility for various aspects of environmental policy and strategies in Malaysia is divided between a number of Federal and State Government bodies including Local Authorities. In addition there are a significant number of other players in the private sector (private companies, research, community groups and NGOs) and in the academic institutions. This section briefly reviews the roles and functions of the respective bodies and institutions in the context of climate change mitigation initiatives.

**National Development Council (NDC)**- chaired by the Prime Minister is also to coordinate the functioning of all agencies, consider strategies and programmes which have implications for the environment, and to advise the government on a more holistic approach to environmental management.

**Prime Ministers Department/Federal Economic Planning Unit (EPU)** - Regional Economics Section is responsible for natural resources and the environment.

**Ministry of Science, Technology and the Environment (MOSTE)** responsible, inter alia, for the determination of policy relating to environmental quality, wildlife areas and national parks, and

meteorological (climatic) matters. A new **Division of Environmental Conservation** has been created to supervise the departments in these areas. Under MOSTE is the **Malaysian Meteorological Department (MMD)** - in charge, inter alia, of monitoring climate change, analysis of its impact and the formulation of appropriate response strategies. MMD works closely with WMO and UNEP, and has established a Climate Computing database (CLICOM) on climate trends in Malaysia. MMD has instigated a study of effects of urbanization on the environment: "Specialized Climate Applications Programme". Kuala Lumpur has been offered as a base for the Tropical Urban Climate Experiment (TRUCE) under a WMO project.

**Under State jurisdiction** - environmental issues are principally under the Chief Minister's Department and ministries/departments responsible for sector policies and implementation; the State Economic Planning Units (SEPU); and the State Development Planning Committees.

**Local Government including City Council of Kuala Lumpur; Municipal Councils** - responsible for implementation of physical structure plans and local plans and inspection of facilities under the public health ordinances.

**Centre for Environmental Studies (CES): Institute of Strategic and International Studies (ISIS)** - an independent think tank which undertakes research and holds workshops on diverse aspects of development and the environment. The CES has the broad objectives of providing avenues for informed discussion and analysis; to engage in independent and collaborative research activities that examine in depth and from a holistic and integrated viewpoint the role of the environmental dimension in the development process; to provide contributions to policy formulation at national, regional and international levels; and to act as a resource centre and disseminate information on environmental policy throughout Southeast Asia. The CES was established with support funding from ISIS Malaysia, the Norwegian Ministry of Foreign Affairs and the Canada-Asean Centre.

## PROJECT OBJECTIVES

10. The overall objective of the project is to assist the government of Malaysia to prepare the reporting requirement of the convention contained in Article 12 (Communication of information related to implementation), paragraph 1 of the FCCC: In accordance with Article 12, paragraph 1, each Party shall communicate to the Conference of the Parties, through the secretariat, the following elements of information:

- (a) A national inventory of anthropogenic emissions by sources and removal by sinks of all greenhouse gases not controlled by the Montreal Protocol, to the extent capacities permit, using comparable methodologies to be promoted and agreed upon by the Conference of the Parties;
- (b) A general description of steps taken or envisaged by the Party to implement the convention;....

The activities proposed in this project will further the fulfilment of another commitment under Article 4 (Commitments), Para 1: "All Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, shall:

- (f) Take climate change considerations into account, to the extent feasible, in their relevant social, economic and environmental policies and actions, and employ appropriate methods, for example impact assessments, formulated and determined nationally, with a view of minimising adverse effect on the economy, on public health and on the quality of the environment, of projects and measures undertaken by them to mitigate or adapt to climate change;

The specific objectives of the project are to:

- (a) **Improve capacity in the country to comply with FCCC**
- (b) **To contribute to the emergence of Malaysian national approaches and responses to the FCC**
- (c) **To strengthen the capacity in Malaysia to develop climate change projects that also advance long-term development objectives and to generate donor and private sector funding support**

11. On completion of this project, Malaysia will have a considerably improved capacity through which to respond to the challenges and opportunities presented by its ratification of the United Nations Framework Convention on Climate Change. End of project outcomes will include:

- An institutional mechanism would be created or strengthened that is able to coordinate the activities that are necessary to develop policy options related to climate change and to comply with the provisions of the UNFCCC;
- A climate change policy dialogue process, among governmental non-governmental, academic, business, and grassroots sectors, would be created or strengthened, intended to foster understanding of climate change issues and linkages with sustainable development strategy;
- An inventory of greenhouse gas emissions, and of their removals by sinks, would be periodically updated following accepted international methodologies, such as those of the IPCC. In cases where more detailed work is required on these inventories, appropriate project proposals will be prepared;
- Cost-effective policy options for mitigation or adaptation strategies would be developed. In cases where more detailed work is required on these policies, appropriate project proposals will be prepared;
- Enhanced national capability would be created in the areas of climate change assessment, mitigation, and project development through programmes that strengthen existing institutions;

#### **PROJECT DESCRIPTION**

12. Described below are the expected outputs associated with each immediate objective of the project and activities leading to those outputs:

Immediate Objective 1: Improve capacity in the country to comply with FCCC

*Output 1- A Strengthened National Institution- Ministry of Science , Technology and Environment (MOSTE) and Department of Meteorological Services(DMS):* Government will be able to draw on the scientific, technical, and policy capacities of this strengthened national institution with the capacity to serve as an ongoing nucleus for climate change activities in the process of undertaking its obligations to the UNFCCC. -

- (a) Identify Needs of the National Institution: Identify the needs of the MOSTE and Malaysian Meteorological Services with respect to the desired level of understanding of climate change issues.
- (b) Project Initiation workshop: The Project Coordinator will bring together the teams involved in climate related studies and 4-5 in-country specialists interested in climate research as well as other selected external experts for a five day workshop. The workshop will finalize the work plans and necessary adjustments in the activities and the budgets will be made, as appropriate.
- (c) Develop Climate Change Training Package: Develop a training package to provide organizations that are likely to participate in climate work with a common understanding regarding climate change, the Convention, science, economics, academic research agendas, energy and land use, greenhouse gas inventory procedures, proposal writing, global activities, and funding agencies.
- (d) Conduct Training of Country implementing institutions: Conduct training activities as needed for the participating organizations to establish a common level of understanding
- (e) End-Project National Workshop: Hold a national workshop at end of project ( after two years of commencement) to update training package materials as jump-off for post-project activities and to assess past training efforts in the institutions that would have participated in the project activities.

*Output 2- Technical Working Groups (TWGs) to Bring Together Different Constituencies:* The development of policy options in a country will require inputs from many different sectors. Establishment of the TWGs will provide an institutional mechanism through which these inputs can be gathered and project's management could remain in touch with non-governmental bodies and NGOs.

- (a) Constitute the Technical Working Groups. Based on the previous assessment of national capabilities and responsibilities enlarge the membership of two Sub-Committees of NCC to include all relevant stakeholders, such as Government agencies, NGOs, academic institutions, and the private sector.
- (b) Adapt Training Package: Adapt the training package developed earlier, in order to bring all TWGs members up to a common understanding regarding climate change, the Convention, project objectives, and the status of activities in the region and globally.

- (c) Country Training Courses: Conduct training courses as needed to establish a common level of project background, with a minimum of one course based on the training package.
- (d) Meetings of TWGs: At least quarterly meetings of the working group to consider progress, define and undertake the necessary policy research programme, and generally guide project activities.

*Output 3 - Standardized Inventories of Greenhouse Gas Sources and Their Removals by Sinks in Malaysia:* As the availability of inventories will form the scientific basis for policy analysis at the national level, project activities will emphasize the development of standardized approaches and results that can be used for national policy development and compared with other countries' inventories.

- (a) Evaluation of Country Inventories: The core group of experts in the Project office coordinates the evaluation of the existing information on inventories at national level and identifies gaps based on the IPCC/OECD methodology.
- (b) National Inventory Workshops: National training workshops for individuals and groups to be involved in the inventories in the country.
- (c) Completion of Country Inventories: Project Coordinator manages the completion of country inventories, using the IPCC/OECD methodology, including listing the areas where this methodology needs adjustments.
- (d) Dissemination of Inventory Report: Finalization and dissemination of national inventory report, including communications of the analyses to the IPCC/OECD.

*Output 4 - Country Reports on the Assessment of Policy Opportunities and Priority Areas for Intervention:* Policy and technical proposals for climate change adaptation and mitigation generated through a variety of sources will be assessed in order to develop country reports intended to help guide national and sub-national policy development

- (a) Review of Country Climate Change Policies: Identify and document existing policies and policy analyses relevant to climate change in Malaysia, including energy and land-use policies.
- (b) Scenario Development: Modelling of national scenarios, including projected future levels of greenhouse gas emissions and their removals by sinks, as well as the impacts of potential climate change at the national level.
- (c) Country Policy Dialogues: NCC and TWGs, based on the policy review undertaken earlier, initiate policy dialogues to reformulate environment and development goals in light of climate change considerations. and to establish priorities for policy analysis leading to preliminary national recommendations.
- (d) National Policy Analyses: MOSTE and other implementing agencies coordinate policy analysis to develop and assess policy options and institutionalize information collection and policy assessments, bringing in relevant experience from region and elsewhere. Multiple meetings and workshops refine the analysis.
- (e) National Policy Workshop: Final national policy workshop to develop proposed national strategies.

Immediate Objective 2: To contribute to the emergence of Malaysian national approaches and responses to the FCC

*Output 1 - A Strengthened National Mechanism in MOSTE/DMS That Can Provide Full Support for Climate Change Related Activities:* Government of Malaysia and local institutions will be able to use the capacity created through the Office of Project Coordinator to help them develop national priorities in the area of climate change and channel these into relevant regional and global processes, such as the INC/FCCC or the IPCC.

- (a) Identify Project Coordinator: Identify and confirm a qualified professional to coordinate all project activities of this project at the national level.
- (b) Implement Activities of Project: The Project Coordinator, assisted by a core group in his office will implement all relevant project activities, including development of the overall work plan and its funding and human resource requirements.

*Output 2 - A Report on the Assessment of Past, Ongoing, and Proposed Climate Change Initiatives and Impact Studies in Malaysia:* A comprehensive review of other activities and actors in Malaysia and South-East Asia in the area of climate change, will be of major use for the project.

- (a) Review the State of the Art: Identify and collect published and unpublished literature on climate change initiatives, policies, and impacts; document the status of externally funded research and other climate change activities; and identify and document expertise and consultants in Malaysia and ASEAN region climate change issues. This review is to be done at the very beginning as a draft for use by the project, and finalized at the end of the project.

Immediate Objective 3: To strengthen the capacity in Malaysia to develop climate change projects that also advance long-term development objectives and to generate donor and private sector funding support

*Output 1- Manual on "Climate Change Project Development":* A well developed manual should provide a useful guide to develop climate change projects that serve Malaysia's environment and development priorities and at the same time satisfy the requirements of donors.

- (a) Development of Proposal Manual: Develop a "How to Develop Climate Change Projects" package that includes selection guidelines, evaluation criteria, modelling and cost-benefit techniques, and sample project documentation. Survey current project activities globally, trends in project development, the availability of modelling of carbon and other GHG benefits at the project level, methodologies for climate change project cost/benefit analysis, and the relationship between climate change and development goals at the project level.
- (b) Distribute Manual and Solicit Projects: Prepare and distribute a "Request for Projects" using preliminary material from the "How To" Manual.

*Output 2 - A Network of Interested Potential Donors/Private Sector Funders of Climate Change Projects in Malaysia:* If a large number of potential donors can be exposed to the Malaysian issues and priorities, and if Malaysia can be exposed to the interests and concerns of donor organizations and countries, including the private sector, it will be possible to develop better and fundable projects.

- (a) **Prepare Briefing Package:** Prepare a briefing package/slide show(s) for potential donors/private sector funders regarding the benefits of undertaking projects in Malaysia. Multiple versions would be prepared for different audiences.
- (b) **Solicit Projects:** Utilizing the briefing package, develop through individual and group meetings and presentations a list of who might be interested in funding projects. Solicit private sector inputs into the project development activities under Objective 2 above. Take advantage of planned meetings and other opportunities for presentations to involve members of the Technical Working Groups and others in the funding process. Keep the UNFCCC's Secretariat CLIMEX project informed.
- (c) **Workshop for Private Sector Involvement:** A national workshop to explore the concept of private sector investment, including joint implementation, with results channelled into INC process.

13. This is a capacity and institution building project. Training activities are a significant component of this project at all levels, as described above. The training element of the project is made up of three kinds of inputs: technical experts and consultants, in-service training, and study tours. The personnel inputs for training will include technical experts in climate change, climate change mitigation, energy and forestry, the UN Framework Convention on Climate Change, as well as private sector proposal development. These experts will be supplemented by "process" expertise in networking, policy analysis, workshop management, and information services.

- (a) **Technical Expert and Consultancy Training:** Extensive reliance on technical experts will be required during the project to conduct studies and analyses, and to train national governmental and non-governmental organizations in a wide variety of subjects related to the substance and process of climate change and its mitigation. More than 20 person months of consultancy time are provided for in the project budget.
- (b) **Study Tours:** A variety of study tours are planned. The Project Coordinator and his deputy, after being selected for the position, will undergo an in-depth orientation tour. The study tour will supplement the Project Coordinator's technical expertise, but will also be intended to familiarize his deputy with many ongoing climate change and climate change mitigation activities in Asia, Europe and the United States, including preliminary joint implementation efforts. It will include meetings with governmental, non-governmental, academic and research organizations. The study tour is expected to be approximately one month in duration.
- (c) **In-Service Training:** In-service training will include participation of governmental and non-governmental representatives in national as well as international workshops and seminars to be organized by the Project Coordinator with national and international

expert support. Topics for this training will be selected by the Coordinator, and are likely to include climate change, the UNFCCC and related national and international policies, GHG mitigation options based on Malaysian energy and forestry circumstances, developing GHG emissions inventories and scenarios, climate change mitigation economics, and proposal writing and project development.

#### **RATIONALE FOR GEF FINANCING**

14. The project facilitates the implementation of the objectives of the FCCC and will lay the foundation for the future implementation of measures for GHG abatement. The developed country Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1. GEF is the "international entity" entrusted to provide the financial resources. This project is consistent with the enabling activity and capacity building objectives listed in INC document (A/AC.237/90/Add 3) prepared jointly by the interim secretariat of the UNFCCC and the GEF Secretariat in order to facilitate coordinated and timely assistance to countries for the implementation of the project. This project responds to such objectives by implementing an activity needed to enable the Malaysia to fulfil its commitments to implement the FCCC. This proposal has been endorsed by the Government of Malaysia.

#### **SUSTAINABILITY AND PARTICIPATION**

15. Malaysia clearly has the institutional capacity to establish and carry on the work; of this project. It will provide significant levels of counterpart support including personnel and support facilities including:

- Secondment of technical experts from DMS and other government agencies to the Project Office
- Support services (secretarial, administrative, transport, etc. )
- Basic communication and office facilities
- Expertise in certain areas
- Library and information facilities
- Office accommodation

16. In addition, this project seeks to establish links with other projects being carried out by other GEF implementing agencies or by other multilateral and bilateral organizations. Through the Project Advisory Network, which is composed of key actors in climate change projects in the region and many of them are also taking part in the CC:COPE consultative process, this project will maintain close links with ongoing and planned initiatives, and in particular the ALGAS project. This will keep duplication to a minimum and ensure optimum use of the limited resources available to climate change related issues. Particular attention will need to be paid to activities of UNEP's Climate Unit, the Stockholm Environment Institute, the US-CSMT programme, and the CC:TRAIN, a joint training programme of the Climate Change Secretariat and UNITAR. In short, it will be ensured that results

and outputs of this project are shared among all actors involved in climate change activities in order to enable such actors to mutually benefit from one another's activities for the present and for the future.

### LESSONS LEARNED AND TECHNICAL REVIEW

17. Previous technical reviews of enabling activity projects for the UNFCCC have noted the importance of cooperation and networking a wide range of experts and building up a core capacity within the particular country so that national skills are permanently enhanced. This leads to the sustainable development of national expertise which is a main objective of this project. Previous technical reviews have also pointed to a need to clarify how individual project proposals are strictly linked to the reporting requirement under Article 12 of the FCCC. This project makes it clear that the main objective of the projects is to assist the government of Malaysia in preparing its national communications to the FCCC.

### PROJECT FINANCING AND BUDGET

18. The total cost of the project is US\$625,000 of which US\$470,000 is GEF financing and US\$155,000 is a national in kind contribution from the government of Malaysia. The budget is broken down as follows:

Budget Category	National Inputs in kind (US\$)	UNDP Inputs (US\$)
Personnel	100000	230000
Travel and Study Tours	10000	65000
Training	15000	110000
Office Space	10000	-
Office Equipment	10000	30000
Miscellaneous services	10000	20000
Country Office Support Costs	-	15000
Total	155000	470000

### INCREMENTAL COSTS

19. As an "enabling activity" under Article 12 of the FCCC, the agreed full costs of this project would be paid in full by the GEF. As the activities described in this proposal have not been undertaken by Malaysia to address its development goals but are required on account of the United Nations Framework Convention on Climate Change (UNFCCC) the **baseline** does not involve any action or expenditure. Consequently, the incremental costs of the project are equal to the full costs.

20. The proposed project will help accelerate the adoption of GHG emission reduction strategies in the country. This will be accomplished primarily through cooperation between government and private sector, sharing of information, demonstration projects, institutional capacity building and training of indigenous experts. The direct benefit will be in the reduction of GHG emissions from Malaysia. The indirect benefits will be the establishment of a long-term capability to alter the development course of the nation so as to include minimizing of GHG emissions as one of the criteria factored into the decision making process. Without GEF support, this project will not be implemented.

#### **ISSUES, ACTIONS, AND RISKS**

21. There is a certain risk that core activities started during the life of the project will not continue after formal termination of project assistance. This risk is heightened to some extent by the project's choice to fund Project Coordinator's office outside of existing government agencies. It is anticipated, however, that the importance of country compliance with the provisions of the UNFCCC will be sufficiently high that the activities undertaken through this project will be naturally built and expanded upon as Malaysian Government plays an increasing role in the activities of the UNFCCC. Within both governmental and non-governmental organizations, there is a risk to project sustainability if professionals trained through the project do not use the experience acquired to assist the government of Malaysia with meeting its obligations under the FCCC on a long-term basis. This risk can be reduced by developing and using appropriate selection criteria for trainees, assured and attractive long-term contracts.

#### **INSTITUTIONAL FRAMEWORK AND PROJECT IMPLEMENTATION**

22. The project will be executed and implemented using two key national institutional actors and an international network:

*Executing Agency: Government of Malaysia*

*Policy-Making: National Climate Committee (NCC)*

*Project Operation: Project Co-ordinator assisted by Technical Working Groups (TWGs)*

*Advisory Mechanism: Project Advisory Network (PAN)*

The core institutional structure of the project will be composed as follows:

#### **National Climate Committee:**

23. The National Climate Committee (NCC) will be charged with overseeing and advising project execution and will have decision-making powers over all aspects of the project. As the Ministry of Science, Technology and Environment (MSTE) has been designated by the government as the lead agency for climate change issues, the NCC is headed by the Secretary General of MSTE. The NCC includes the representatives of the following ministries, department and agencies: Ministry of- Foreign Affairs; Primary Industries; Transport; Telecom, Energy and Post; Agriculture; Economic Planning Unit, Prime Minister's Department; Attorney General's Chambers; Department of Environment; Malaysia Meteorological service; Institute of Strategic and International Studies (ISIS) and; other agency/ies to be co-opted. A representative of UNDP/GEF will be invited to NCC's meetings dealing with project matters. The Director

General of the Department of Meteorological Services (DMS), who acts as member-secretary to the Committee, will appoint a Project Coordinator.

**Project Coordinator (PC):**

24. The Project Coordinator will be assisted by a full-time deputy. Both the PC and his deputy will be selected based on their technical expertise and knowledge of the national policies. The primary aim of the PC office is to coordinate project execution among different wings of government and NGOs. The salaries of Project Coordinator and Deputy Project Coordinator will be provided by the project under subcontract. It will be desirable to locate this office within an existing institution but with a distinct identity. This office will be responsible for carrying out all the activities listed in the project document, which are summarized below.

**Technical Working Groups (TWGs):**

25. The two Sub-Committees set up under NCC could function as Technical Working Groups (TWGs) on Scientific Data; and Impacts and Policy Options for the project by inviting non-governmental experts to its meetings or, to work on specific tasks. The Technical Working Groups will include technical experts from key relevant sectors including government agencies, academic institutions, non-governmental organizations and representatives of the private sector. The TWGs will provide a mechanism for the project's management to stay in touch with relevant constituencies that it might otherwise have little contact with, and will be a technical advisory body to the Project coordinator.

**Project Advisory Network:**

26. A Project Advisory Network will be composed of international institutions that are involved in climate-related work. An initial list of PAN members will include the United Nations Environment Programme (UNEP)\*, the World Bank\*, the UNEP Collaborating Centre on Energy and Environment (UCCEE)\*, the Inter-governmental Panel on Climate Change (IPCC)\*, the Climate Convention Secretariat (UNFCCC)\*, the United Nations Institute for Training and Research (UNITAR)\*, the START Network, the United States Country Studies Programme (USCSP)\*, the Gesellschaft für Technische Zusammenarbeit (GTZ)\*, the Stockholm Environment Institute, and the Asian Development Bank (ADB) The organizations marked with an asterisk(\*) are also taking part in the CC:COPE consultative process, whose main aim is to ensure coordinated development and implementation of projects with "enabling" activities toward the Convention.

27. The Malaysian Government will assist in the creation of Technical Working Groups to undertake national level project activities. The Government will assign suitably senior and qualified representatives of relevant government agencies and organizations to the Technical Working Groups and will seek the participation of qualified academic and non-governmental organizations and individuals in the work of the Groups. The Government with expert and consultancy support through the project, will support and fund the work of the Technical Working Groups including periodic meetings. Actual execution of project activities will be undertaken in coordination with DMS, the selected national organizations and NGOs. The UNDP-PC will have the overall responsibility for ensuring the timely execution and success of the project. He will be assisted in his activities by his deputy and the core staff assigned to the project.

28. Every three months the Project Coordinator will prepare an overall Project Progress Report for the national Climate Committee. These Project Progress Reports will be sent to NCC members by mail or fax and will be evaluated during the regular yearly/half yearly meetings of the NCC. The project will be subject to formal tripartite review (joint review by representatives of the government, executing agency, and UNDP/GEF) at least once every 12 months, the first meeting to be held within the first 12 months of the start of full implementation. The project coordinator or project officer of the United Nations executing agency shall prepare and submit to each tripartite review meeting a Project Performance Evaluation Report (PPER). Additional PPERs may be requested if necessary during the project. A project terminal report will be prepared for consideration at the final tripartite review meeting. It shall be prepared in draft sufficiently in advance to allow review and technical adherence by the executing agency at least four months prior to the terminal tripartite review. A post-project evaluation will be undertaken by UNDP in collaboration with the relevant parties not later than one year after the termination of the project, in order to evaluate the extent to which the outputs of the projects are being used as intended.

29. The technical opinions supported the need for this project on the basis that no other similar projects are currently being supported in Malaysia by any other government or international agency. There is a need for this project to get underway quickly in order that it can complement the work being undertaken in the regional ALGAS project. In response to the comments of the technical reviewers, output 3 which originally called for the preparation of 8 GEF climate change proposals was taken out of the brief on the understanding that this activity should be funded under PDF and not under the project itself.

## TECHNICAL REVIEW

### MALAYSIA: ENABLING ACTIVITIES (NATIONAL GREENHOUSE GAS INVENTORY AND RESPONSE TO THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE)

#### RELEVANCE AND PRIORITY

1. The project idea is sound and worth pursuing. The project will improve Malaysia's capacity to comply with obligations and commitments under the Framework Convention on Climate Change (FCCC), including an inventory of anthropogenic greenhouse gas emissions of Malaysia. It will strengthen the capacity in Malaysia to develop climate change projects that also advance national development goals.
2. As the project proposal indicates, the proposed project will be coordinated with the ALGAS project. The ALGAS project is ongoing at present and a technical workshop is scheduled in early May 1995 to discuss the implementation of various components of the project. Malaysia is not a participant in the ALGAS project, but it is important that the schedule of the proposed project be closely coordinated with that of the ALGAS project. Participants from the proposed project should be encouraged to attend the meetings and training programs of the ALGAS project, so that they are fully cognizant of the methods being developed or modified for the preparation of an emissions inventory.
3. Additional country studies are being conducted under the auspices of the US Country Studies Program and the GEF has sanctioned new studies which will be organized by UNEP. The proposed project managers should stay cognizant of the training programs and analysis being done under these studies and ensure that they have access to the latest methods and techniques which they are likely to develop.
4. The global significance of the problem is that Malaysia's emissions are one of the largest among Asian countries. Malaysia is relatively better off than its neighbours and has significant fossil fuel and land-use emissions. The project will build capacity within the country to provide a useful inventory and equally importantly, develop national capacity to identify projects for abating carbon emissions from the country. Under the Articles cited in the proposal, as a developing country party to the FCCC, Malaysia is well within its rights to seek the total agreed costs for the proposed project.
5. Since there are no other similar projects being supported by any other government, or international agency, and given the significant opportunity to develop national capacity and assist Malaysia meet its FCCC obligations, the proposal makes a strong case for urgent intervention.

## BACKGROUND AND JUSTIFICATION

6. The background information is adequate for this proposal. Since the proposal is aimed at developing Malaysia's capability, it is not possible to estimate the magnitude of the global environmental benefit. The proposal goals are consistent with the short-term priorities of the Malaysian government regarding climate change, which are noted on page 5 of the proposal.

7. Since the preparation of an emissions inventory for Malaysia is a major objective of the proposal, I would like to see additional information on the IPCC/OECD inventory work in the background section. Many countries have adopted this methodology, and it should serve as a starting point for the Malaysian inventory as well. The proposal provides a good background on the climate change activities of the international institutions, but it should take notice of the large US bilateral program on country studies, which includes technical assistance for emissions-inventory preparation. At the top of page 8, the proposal notes that the Malaysian government agencies, including the Economic Planning Unit, were unaware of the ALGAS project. Does this mean that they would be interested in participating in the ALGAS project if they were invited to do so? I think some clarification is in order here.

## PROJECT OBJECTIVES

8. The long- and short-term project objectives are clear and consistent with Malaysia's national priorities regarding climate change. The risks involved in achieving the project objectives are small. Coordination with the ALGAS program, the forthcoming GEF/UNEP studies on methods development, and bilateral studies such as the US one, is crucial to ensure the Malaysia takes advantage of the training and other technical assistance activities offered by these programs.

## ACTIVITIES

9. Most of the activities included are realistic and can be achieved with some forethought. The proposal notes that the activities will be coordinated with the ALGAS project. Given that a new GEF/UNEP project on methods was approved at the February GEF/Council meeting, it is important to coordinate Output 4 activities with this project as well. Output 3 and supporting activities intend to develop eight climate change proposals which would be suitable for private or public sector funding. This appears to be very optimistic. Although the proposal does not identify the funding level for this output, I think a more realistic set of activities for this output would be to scope out eight projects so that the promising ones can be submitted for detailed pre-feasibility analysis.

## CRITICAL ANALYSIS OF THE SITUATION/APPOACH

10. The activities are logical and clearly outlined in the brief.

**PROJECT SUSTAINABILITY**

11. The project sustainability will be ensured through the capacity building that will take place in the project. The capacity building exercise will help to ensure that technical staff trained in inventory preparation, scenario analysis and project development will continue to improve their data and analysis techniques even after the project has ended.

**INNOVATION**

12. The innovation in the project is the collection of new data for the preparation of a thorough emissions inventory for Malaysia. This approach will be better than using standard coefficients provided by the IPCC/OECD.

**PROJECT LOCATION**

13. Malaysia is an appropriate country for the project since little or no earlier work has been done in the country on emissions inventory and on developing national capacity.

**DEMONSTRATION PROJECTS (ONLY)**

14. The project is not a demonstration project.

**FUNDING LEVEL**

15. The funding level is appropriate for a project of this magnitude. However, please note that Output 3 is too optimistic and should be reduced to a scoping task.

**INCREMENTAL COST ANALYSIS**

16. The proposal correctly identifies the FCCC Article 12 which provides for funding the total agreed cost of this type of project.

**TIME FRAME**

17. The two-year project time frame is appropriate for the proposed project.

#### **SUMMARY**

18. The strengths of the proposal are its focus on developing Malaysia's capability for climate change analysis and project development. In addition, the project will collect new and improved data which will provide a better emissions inventory of Malaysia's GHG emissions, as called for in the FCCC.

19. The weakness of the proposal is the optimistic estimate that the activities of Output 3 would be able to develop eight climate change projects for funding. Output 3 should be modified to a scoping task. It would also be useful to delineate the funding level by Output category so that the reader can judge the feasibility of accomplishing the objectives associated with each proposed output.

#### **QUESTIONS AND CLARIFICATIONS**

20. Two main questions should be clarified. One is the statement attributed to Malaysian government officials about their not being aware of the ALGAS project. The question here is whether Malaysian officials would now wish to participate in components of the ALGAS project. The second question has to do with the scope of Output 3. How much funding will be allocated to this Output? Is it sufficient to prepare eight projects for public and private funding?

#### **ADDITIONAL COMMENTS**

21. None.