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The Comprehensive Audit and Strategic Analysis Report for Malaysia SDG Cities Roadmap and Voluntary Local Review (VLR) 2021 – 2025

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This Audit Report covers the period 2021-2025 and represents the status as of 31st December 2025.

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The Malaysia SDG Cities Programme was established with a clear purpose. To move the Sustainable Development Goals from policy commitment to local implementation.

Cities and local authorities sit at the front line of service delivery, spatial planning, and community well being. Their actions determine whether national and global sustainability targets translate into real outcomes for people and places.

This audit report provides an objective assessment of the Malaysia SDG Cities Roadmap and Voluntary Local Review implementation between 2021 and 2025. It documents the progress achieved, the governance structures established, and the operational mechanisms that enabled rapid scale up across diverse local authority contexts. At the same time, it identifies capacity gaps, structural constraints, and implementation challenges that must be addressed as Malaysia enters the next phase toward 2030.

The findings affirm that SDG localisation in Malaysia has moved beyond pilot initiatives. The programme has evolved into a structured national delivery system anchored in federal policy alignment, state coordination, and local ownership. This progress reflects the collective efforts of local authorities, state governments and federal ministries.



As Malaysia transitions into the Thirteenth Malaysia Plan period, the focus must shift from expansion to deepening impact. This report is intended to inform decision making, strengthen accountability, and support more targeted interventions, particularly for municipal and district councils. It serves as both a record of progress and a guide for the next stage of SDG implementation, ensuring that no community is left behind on the path to sustainable development.

TPr Ts Norliza Hashim

On behalf of URBANICE Malaysia

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Chapter 1

Comprehensive Audit and Strategic Analysis of the Malaysia SDG Cities Roadmap and Voluntary Local Review Reports (2021–2025)

1.0

Introduction

Local authorities are no longer measured by services delivered. They are measured by outcomes achieved.



The Kuala Lumpur City Centre. Image © 2025 Unsplash.

“
Local authorities are no longer measured by services delivered. They are measured by outcomes achieved.

The localization of the Sustainable Development Goals within Malaysia marks a structural shift in sub-national governance after 2015. Under the Twelfth Malaysia Plan and the Malaysia MADANI framework, Local Authorities have taken on a strategic role in delivering national and global sustainability commitments. PBTs no longer operate only as municipal service managers. They now function as delivery platforms for inclusive growth, resilience, and sustainability at the local level.

This report presents a comprehensive audit of the Malaysia SDG Cities Roadmap and Voluntary Local Review initiatives for Phase 2, covering the period from 2021 to 2025. The audit assesses performance, governance arrangements, operational design, and financing structures that shaped SDG localization during this phase. The review draws on Standard Operating Procedures, program records, and implementation data managed by URBANICE Malaysia under the stewardship of the Ministry of Housing and Local Government.

The Malaysia SDG Cities program evolved from a pilot initiative into a national operating system within one RMK 12 cycle.

Findings show a clear progression in program maturity. Early implementation relied on a limited group of Strategic Partner cities between 2021 and 2022, mainly in high-capacity urban areas. From 2023 onwards, federal funding through the Ministry of Economy Rolling Plans enabled rapid national expansion and wider participation across municipal and district councils.

By the end of 2025, 83 out of 156 Local Authorities had engaged in the SDG Cities Roadmap and VLR process. This represents a national penetration rate of about 53 percent. The scale reached indicates that SDG localization has moved beyond a pilot approach and entered routine practice for Malaysian local governments.



Source: URBANICE Malaysia

“ SDG localization in Malaysia has shifted from a policy experiment to a standard operating procedure.”

The audit also identifies a decisive transition into Phase 3 for the period 2026 to 2030. The remaining 73 PBTs are largely district councils located in rural and semi-rural areas. This requires a shift in delivery focus from urban competitiveness towards rural inclusivity, basic services, and the principle of no one left behind.

This report examines the full delivery chain that enabled this transition. It reviews the multi tier governance structure from the National SDG Council chaired by the Prime Minister to

Sustainable Committees at PBT level. It analyzes the three-phase delivery model comprising SDG Profile, SDG Cities Roadmap, and VLR. It also evaluates the dual track financing approach involving self funded Strategic Partners and Rolling Plan funded participants.

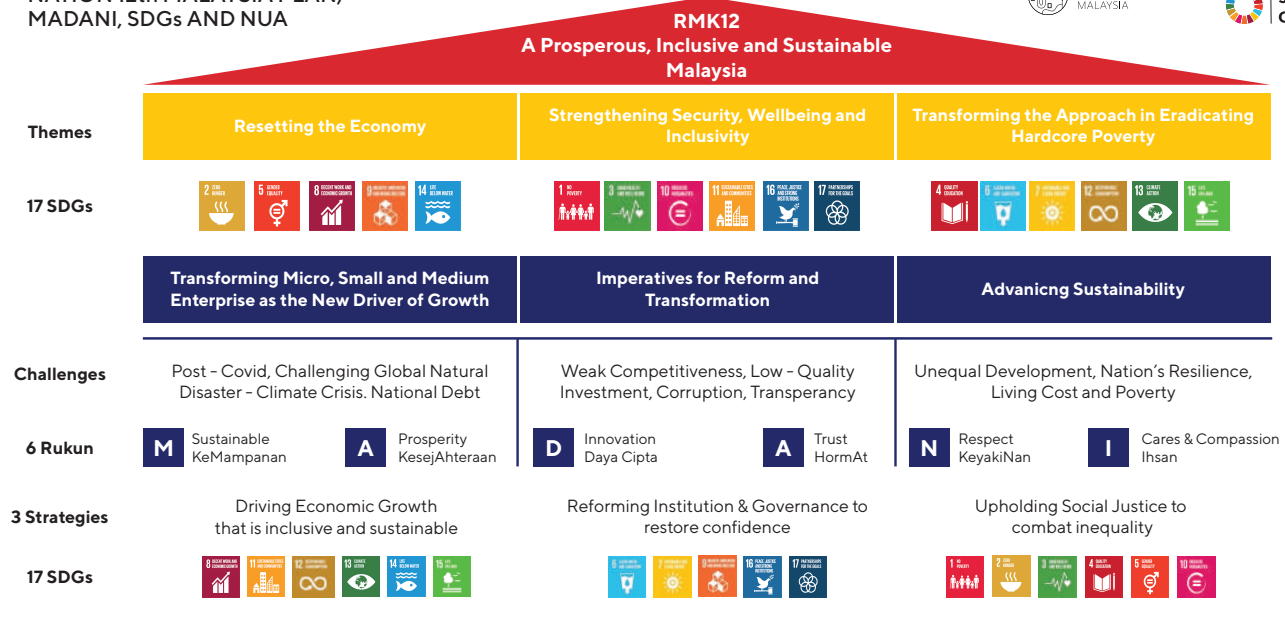
Phase 3 will test inclusion, not scale.

The findings provide a consolidated record of Phase 2 performance and form the evidence base for decisions on Phase 3 design, resourcing, and support mechanisms for district councils nationwide.



Source: URBANICE Malaysia

MALAYSIA SUSTAINABLE URBAN NATION 12th MALAYSIA PLAN, MADANI, SDGs AND NUA

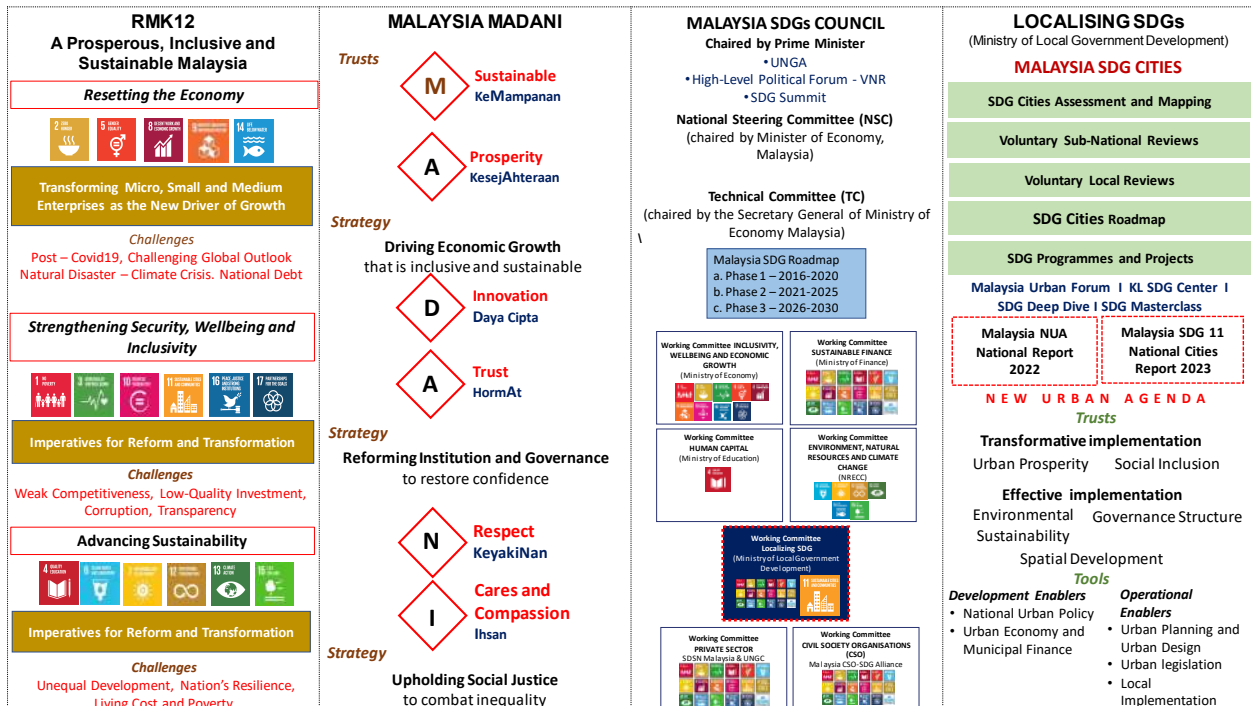


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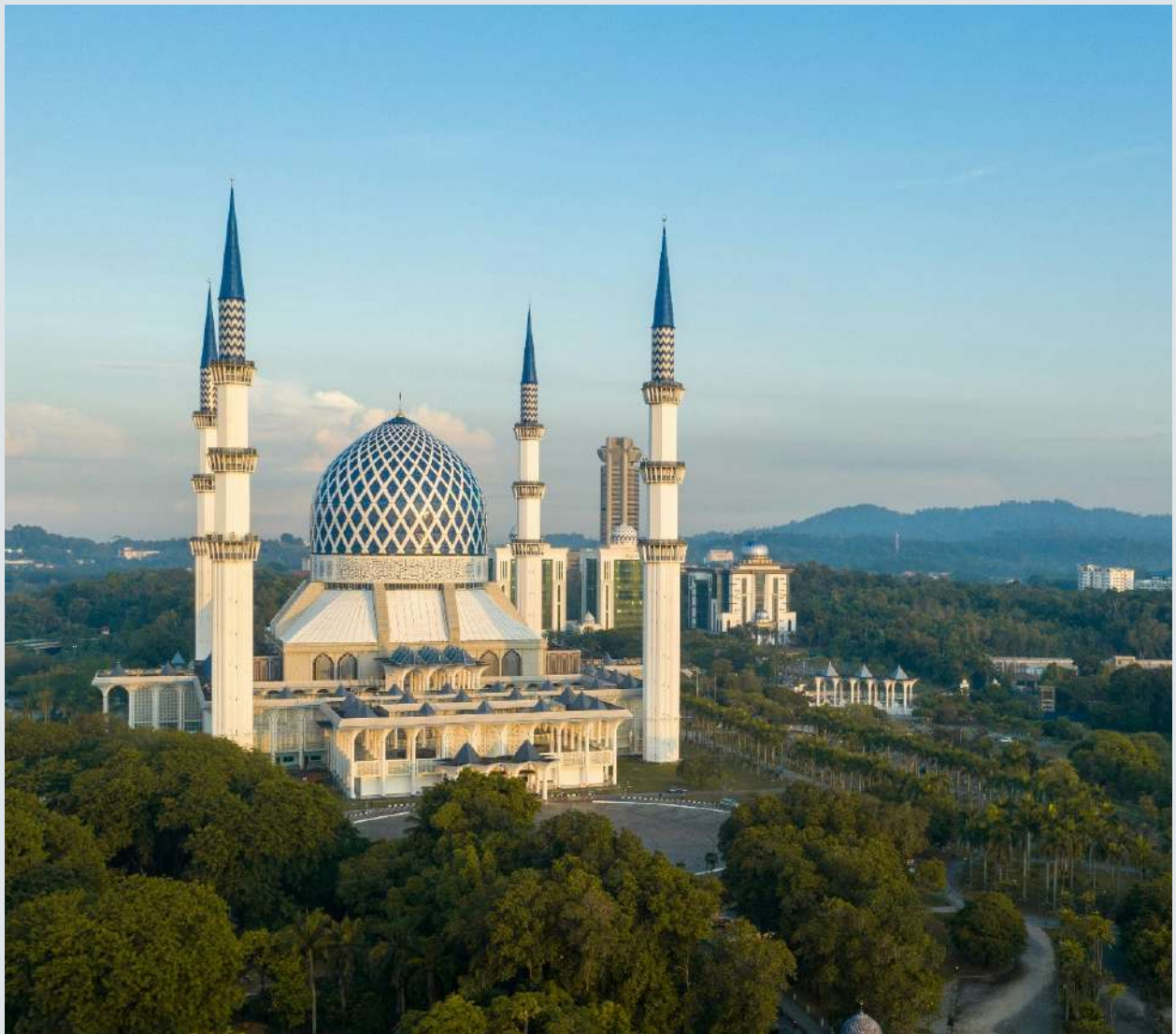
Operational Enablers

Transformation Implementation



2.0

Strategic Context and National Alignment



The Sultan Salahuddin Abdul Aziz Shah Mosque Image © 2024 Unsplash.

BOX 1.1

Cascading the 2030 Agenda: An Analysis of Sustainable Development Goal Integration within Malaysia's Multi-tiered Planning Framework

Cascading the 2030 Agenda: Malaysia's Integrated Planning Framework

This report provides an exhaustive analysis of how Malaysia has systematically integrated the United Nations' 17 Sustainable Development Goals (SDGs) into its national planning architecture. The central thesis is that Malaysia utilizes a deliberate "vertical integration" strategy, where high-level national policies cascade down to state and local implementation plans, forming the critical mechanism for the nation's long-term sustainability.

1. A Deliberate National Strategy

Malaysia's engagement with the SDGs is not a recent development but an evolution of a long-standing planning culture, rooted in post-independence policies like the New Economic Policy (NEP) and the New Economic Model (NEM), which prioritized inclusivity and sustainability. Following the formal adoption of the 2030 Agenda in 2016, the government established a robust governance structure headed by the National SDG Council, chaired by the Prime Minister. To operationalize this, Malaysia clusters the 17 SDGs into five national pillars: People, Planet, Prosperity, Peace, and Partnership. This thematic grouping simplifies the complex global agenda into a compelling national narrative, facilitating a "whole-of-nation" approach.

2. The Vertical Policy Cascade

The report identifies a three-tiered planning framework that drives this integration:

- **The Economic Blueprint (12MP):** The Twelfth Malaysia Plan (12MP) serves as the primary vehicle for SDG implementation. Its three core themes—Resetting the Economy, Strengthening Security/Wellbeing, and Advancing Sustainability—align directly with the economic, social, and environmental dimensions of the SDGs. For instance, "Advancing Sustainability" introduces game changers like the circular economy and sets targets to reduce GHG emission intensity by 45% by 2030.
- **The Spatial Framework (NPP):** The National Physical Plan (NPP) translates socio-economic goals into a spatial reality. It prevents sectoral silos by providing the framework for siting infrastructure (SDG 9) away from sensitive ecological areas (SDG 15), thus resolving potential land-use conflicts.
- **The Urban Mandate (NUP):** The Second National Urbanisation Policy (NUP2) guides sustainable urban development with the vision of "Sustainable Cities for People's Well Being". Its principles, such as Good Urban Governance and Green Development, directly address SDG 11 (Sustainable Cities) and SDG 16 (Strong Institutions).

3. Localization: From Policy to Practice

The success of this framework relies on "localization"—adapting federal directives to local contexts. The report highlights diverse approaches across the nation:

- **State Level:** Selangor has deeply institutionalized sustainability across all agencies, while Sarawak has mandated an SDG Roadmap for all 26 local councils to ensure grassroots implementation. Penang utilizes a vision-led approach via "Penang2030," though it faces challenges with food security and biodiversity.
- **City Level:** Kuala Lumpur has established a dedicated SDG Centre and integrated the goals into its Structure Plan 2040. Iskandar Malaysia employs a data-driven approach, partnering with the UN and Department of Statistics Malaysia (DOSM) to track localized indicators.

4. Accountability through Voluntary Reviews

A culture of accountability is fostered through Voluntary National Reviews (VNRs) and increasingly, Voluntary Sub-National and Local Reviews (VSRs/VLRs). These reviews act as forcing mechanisms, compelling local governments to assess performance and engage stakeholders, thereby creating a bottom-up feedback loop that refines national policy.

5. Challenges and Implementation Deficits

Despite the structural coherence, the report identifies significant "implementation deficits".

- **Data Gaps:** A critical barrier is the lack of granular, disaggregated data at the local level, which hampers evidence-based policymaking.
- **Capacity Constraints:** There is a notable disparity in technical and financial capacity between large city councils and smaller local authorities.
- **Policy Friction:** Tensions exist between national ambitions and local realities, such as the conflict between federal conservation goals and state jurisdiction over land and resources.

6. Strategic Recommendations

To accelerate progress, the report proposes three key interventions:

- **Policy Coherence Unit:** Establish a unit under the Ministry of Economy to audit alignment and resolve conflicts between federal, state, and local plans.
- **National SDG Data Hub:** Create a centralized, open-access data repository managed by DOSM to standardize indicators and empower independent monitoring.
- **Local Authority Capacity Fund:** Establish a federal fund to provide grants and technical assistance to smaller councils for SDG action plans and sustainability officers.

In conclusion, while Malaysia's integrated planning system provides a robust foundation, achieving the 2030 Agenda requires closing the gap between policy formulation and on-the-ground execution through enhanced data, funding, and coordination.

2.1 The Global Imperative and Local Application

The genesis of the Malaysia SDG Cities initiative is rooted in the empirical recognition that the global 2030 Agenda cannot be achieved solely through federal policy. The United Nations and international development bodies have consistently highlighted that a significant proportion of the 169 targets underlying the 17 SDGs are contingent upon direct intervention by local governments. In the Malaysian context, this realization has catalysed a shift in the operational philosophy of the Ministry of Housing and Local Government (KPKT). The ministry, through its implementing agency URBANICE Malaysia, has institutionalized the "Malaysia SDG Cities" program not merely as a reporting exercise, but as a mechanism to bridge the implementation gap between national aspirations and municipal execution.

This localization strategy serves two critical integrative functions necessary for systemic change:

- a. Vertical Integration:** It ensures that local municipal actions are not disjointed efforts but are strictly aligned with state and national policies. The National Urban Policy and the strategic thrusts of RMK-12 are translated into tangible ground-level projects through the VLR process.
- b. Horizontal Integration:** The SDG framework compels PBTs to dismantle administrative silos. To report effectively on complex indicators like climate action (SDG 13) or poverty eradication (SDG 1), PBTs must foster cross-agency collaboration, working with technical agencies, civil society organizations, and the private sector.

2.2 Alignment with the Malaysia MADANI Framework

The period under review (2021–2025) overlaps significantly with the introduction of the Malaysia MADANI policy framework. The audit of the provided documentation highlights a sophisticated alignment matrix where the global goals are embedded within the country's indigenous macro-strategic philosophy. The six core values of MADANI Sustainability (Kemampanan), Prosperity (Kesejahteraan), Innovation (Daya Cipta), Respect (Hormat), Trust (Keyakinan), and Compassion (Ihsan) are not parallel to the SDGs but are intrinsically woven into them. This alignment provides the necessary political and cultural legitimacy for the SDG agenda at the local level:

- a. Sustainability (Kemampanan):** This value maps directly to the environmental dimension of the SDGs, emphasizing the urgent need for climate resilience, low-carbon cities, and responsible consumption within the urban context.
- b. Prosperity (Kesejahteraan):** This correlates with the economic dimension and the RMK-12 theme of "Resetting the Economy." For PBTs, this means fostering local economic development that is inclusive and resilient to shocks like the COVID-19 pandemic.
- c. Compassion (Ihsan) and Respect (Hormat):** These values underpin the social dimension, addressing the critical issues of urban poverty, inequality, and social justice. They reinforce the central SDG promise to "Leave No One Behind," guiding PBTs to prioritize vulnerable communities in their VLR assessments.



Source: URBANICE Malaysia

2.3 The Twelfth Malaysia Plan (RMK-12) Integration

The implementation timeframe of the SDG Cities Roadmap (2021–2025) is coterminous with the Twelfth Malaysia Plan (RMK-12) and Phase 2 of the National SDG Roadmap. This synchronization is deliberate. The RMK-12 themes "A Prosperous, Inclusive and Sustainable Malaysia" serve as the overarching guide for the PBTs. The audit confirms that the SDG Cities initiative is utilized as a primary delivery vehicle for RMK-12's "Game Changers". Specifically, the Roadmap focuses on:

a. Strengthening Security, Wellbeing and Inclusivity: Ensuring that urban planning prioritizes safety, social protection, and public health.

b. Advancing Sustainability: Implementing rigorous low-carbon city frameworks, enhancing disaster risk reduction capabilities and protecting biodiversity in peri-urban areas.

c. Transforming MSMEs: Positioning micro, small and medium enterprises as the new drivers of local economic growth, particularly in the post-pandemic recovery phase. PBTs are encouraged to use the SDG framework to create enabling environments for these businesses.

3.0

Governance and Institutional Architecture

A critical component of this audit is the evaluation of the institutional structures established to oversee SDG localization. The governance framework described in the "Summary SOP" is robust, featuring a clear hierarchy of accountability that links the highest executive office in the nation to the operational floors of local councils.



The Sultan Abdul Samad Jamek Mosque Image © 2025 Unsplash.

3.1 National SDG Governance Structure

The "Malaysia SDGs Council," chaired by the Prime Minister, sits at the apex of the hierarchy. This high-level chairmanship ensures that SDG performance is treated as a cabinet-level priority, commanding the necessary political will and resource allocation. Beneath this council lies a bifurcated structure designed to separate policy formulation from technical implementation:

- a. National Steering Committee (NSC):** Chaired by the Minister of Economy. This body provides high-level strategic direction, ensuring that the country's economic planning remains tightly coupled with sustainable development goals. It acts as the bridge between the political vision of the Prime Minister's Council and the bureaucratic machinery.
- b. Technical Committee (TC):** Chaired by the Secretary-General of the Ministry of Economy. This committee is the operational engine of the national policy, responsible for data harmonization, monitoring mechanisms, and ensuring that the statistical integrity of the SDG reporting is maintained.
- c. Working Committee on Localising SDGs:** Crucially, the governance structure recognizes the unique role of local implementation. This specific committee is chaired by the Secretary-General of KPKT. This placement is strategic; while the Ministry of Economy oversees the national agenda, KPKT is the operational arm with direct jurisdiction over the urban and municipal implementation that occurs on the ground.

3.2 The Role of URBANICE Malaysia as the Center of Excellence

URBANICE Malaysia serves as the linchpin of the entire SDG Cities ecosystem. Acting as a Center of Excellence (COE) under KPKT, its role extends far beyond mere administrative coordination. The audit reveals that URBANICE Malaysia functions as the technical secretariat, the primary capacity builder, and the strategic architect of the VLR process. The responsibilities include:

- a. SOP Development:** Formulating and maintaining the "Standard Operating Procedures" for SDG Roadmaps and VLRs to ensure consistency across diverse PBTs.
- b. Strategic Partnership Management:** Facilitating the onboarding of PBTs through the "Strategic Partnership" model, negotiating terms, and providing the necessary technical backstopping.
- c. Technical Translation:** Providing the expertise required to translate complex global indicators into local contexts, ensuring that a District Council in rural Sabah understands the SDGs as clearly as the City Council of Kuala Lumpur.



Source: URBANICE Malaysia

3.3 The Local Implementation Unit (PBT Level)

At the PBT level, the governance structure mirrors the national complexity to ensure rigorous internal control. The success of the VLR process relies on the establishment of dedicated internal teams and a multi-stage approval hierarchy.

3.3.1 Internal Governance Structure

Sustainable Committee (Jawatankuasa Mampan): Composed of PBT officers, this working group is responsible for the day-to-day data collection, stakeholder engagement, and report drafting. They are the "engine room" of the VLR process.

3.3.2 Approval Hierarchy

The process requires a rigorous triple-layer approval mechanism before any report is released internationally:

- a. **Full Council Meeting (Mesyuarat Majlis Penuh):** The draft report must first be approved by the Mayor or President (YDP) of the PBT, ensuring it aligns with the local council's political and operational priorities.
- b. **State Planning Committee (Jawatankuasa Perancang Negeri):** The report then escalates to the state level to ensure alignment with state government policies.
- c. **Federal Submission:** Finally, the report is submitted to the Ministry of Economy and KPKT for validation before being presented at the UN High-Level Political Forum (HLPF) or other international platforms.



Source: Majlis Perbandaran Hulu Selangor

BOX 1.2

Alignment of SDG Targets with the Functions and Roles of Local Authorities in Malaysia

This alignment clarifies how SDG targets correspond to the statutory functions and responsibilities of Local Authorities across Malaysia's distinct governance frameworks in Peninsular Malaysia, Sarawak, and Sabah. By mapping SDG targets against Act 171, the Sarawak Local Government Ordinance 1996, and the Sabah Local Authorities Ordinance 1961, the audit ensures that SDG localisation is grounded in legally mandated roles rather than assumed capacity. This approach strengthens accountability, supports fair assessment across regions, and anchors implementation within existing institutional authority.

I. Local Authority in Peninsular Malaysia: 116 out of 169 SDG Targets aligned (70.0%) with Act 171

Local Authorities in Peninsular Malaysia under Act 171																			
Roles & Functions of Peninsular Local Authority			SDG Target																
SDG Goal		(%)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Related	61	36.09	2	0	1	1	1	8	0	4	4	3	9	8	2	4	6	4	5
Partially Related	55	32.55	4	3	4	5	3	0	5	6	3	2	0	2	2	5	4	3	4
Not Related	53	31.36	1	5	8	4	5	0	0	2	1	5	1	1	1	1	2	5	10
Total Target	169	100	7	8	13	10	9	8	5	12	8	10	10	11	5	10	12	12	19

II. Local Authority in Sarawak: 97 out of 169 SDG Targets aligned (57.4%) with Sarawak Local Government Ordinance 1996

Local Authorities in Sarawak under the Sarawak Local Government Ordinance 1996																			
Roles & Functions of Sarawak Local Authority			SDG Target																
SDG Goal		(%)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Related	54	32	3	0	6	0	0	2	1	5	4	2	9	3	3	0	0	5	1
Partially Related	9	5	0	0	0	0	0	1	0	3	0	0	0	3	0	0	0	2	0
Influenceable	34	20	2	1	3	1	1	2	1	2	2	1	1	2	1	0	0	2	2
Total Alignment	97	57	5	1	9	1	1	5	2	10	6	3	10	11	4	0	0	9	3
Total Target	169	100	7	8	13	10	9	8	5	12	8	10	10	11	5	10	12	12	19
Alignment of SDG Goal (%)	71	13	69	10	11	63	40	83	75	30	100	73	80	0	0	75	16		

III. Local Authority in Sabah: 83 out of 169 SDG Targets aligned (49.1%) with Sabah Local Authorities Ordinance 1961

Sabah Local Authorities under the Sabah Local Authorities Ordinance 1961																			
Roles & Functions of Sabah Local Authority			SDG Target																
SDG Goal		(%)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Related	40	23.7	3	0	5	0	0	3	1	4	3	2	6	3	2	0	1	6	1
Partially Related	20	11.8	0	1	2	1	1	2	1	3	1	1	1	1	1	1	1	2	0
Influenceable	23	13.6	2	1	2	1	2	1	1	1	1	1	2	2	1	1	1	2	0
Total Alignment	83	49.1	5	2	9	2	3	6	3	8	5	4	9	6	4	2	3	10	1
Total Target	169	100	7	8	13	10	9	8	5	12	8	10	10	11	5	10	12	12	19
Alignment of SDG Goal (%)	71	25	69	20	33	75	60	67	63	40	90	54	80	20	25	83	5		

Notes:

- Directly Related: Targets with a clear legal mandate under the Act or Ordinance.
- Partially Related: Targets supported indirectly through shared or supporting functions.
- Influenceable: Targets influenced through practical roles, services, or partnerships, even if not specifically mandated by law.

4.0

Operational Mechanisms and Process Audit

The "Summary SOP" document provides a detailed blueprint of how PBTs are expected to produce their SDG Roadmaps and VLRs. This section audits the efficiency, logic, and rigor of these operational mechanisms.



The Batu Caves Image © 2023 Unsplash.

4.1 The Three-Phase Reporting Methodology

The audit identifies a standardized, highly structured timeline for report generation. The total duration for the cycle is approximately 11 months, suggesting a deep, reflective process rather than a superficial compliance exercise. This timeline is broken down into three distinct phases, each with specific deliverables and objectives.

Phase 1: SDG City Profile Assessment

The initial phase is diagnostic. PBTs are tasked with establishing a baseline.

- a. Activities:** This involves comprehensive data collection to understand the current status of the municipality across social, economic, and environmental dimensions.
- b. Outcome:** The "Municipal Profile" serves as the "Before" picture, mapping existing initiatives to SDG indicators and identifying critical data gaps.

Phase 2: SDG Cities Roadmap

The second phase is strategic and forward-looking. This distinguishes the Malaysian model from others that may focus solely on retrospective reporting.

- a. Activities:** Extensive Focus Group Discussions (FGDs) are conducted with stakeholders to formulate strategies. The PBT sets specific targets for 2030 and develops a concrete action plan.
- b. Outcome:** The "Roadmap" is a planning document that outlines the trajectory the city intends to take to achieve sustainability.

Phase 3: Voluntary Local Review (VLR)

The final phase is evaluative and communicative. Activities: Final data synthesis, drafting the VLR report, and conducting internal validation exercises.

Outcome: The VLR Report itself, which acts as the public declaration of progress, challenges, and commitments. This document is designed for submission to UNDESA.

4.2 Financial Enabling Mechanisms: A Dual-Track Approach

One of the most insightful findings of this audit is the identification of a dual-track funding model utilized to scale the initiative. This hybrid approach allowed the program to capture both "early adopters" with resources and "followers" who required assistance.

4.2.1 Track 1: The Strategic Partner Model (Direct Appointment)

In the early years (2021–2022) and for select capable PBTs thereafter, the program utilized a "Strategic Partner" mechanism.

- a. Mechanism:** PBTs with higher internal capacities or independent funding voluntarily approached URBANICE Malaysia. The process involved a Letter of Intent, followed by a proposal and price negotiation, leading to a direct appointment.
- b. Strategic Value:** This mechanism allowed early movers (like Shah Alam and Kuala Lumpur) to bypass complex federal funding cycles. These cities acted as "champions," creating the initial case studies and momentum required to prove the concept's viability.



Source: URBANICE Malaysia

4.2.2 Track 2: The Rolling Plan (RP) Model (Federal Funding)

As the program matured and sought to include smaller, less resource-rich PBTs (2023–2025), it transitioned to a centralized funding model via the Ministry of Economy's Rolling Plans (RP3, RP4, RP5).

- a. **Mechanism:** KPKT screens budget requests from PBTs. These requests are then aggregated and submitted to the Ministry of Economy. Once the allocation is approved, funds are distributed to enable the VLR preparation.
- b. **Strategic Value:** This shift was essential for inclusivity. Without federal funding, smaller Municipal and District Councils would likely be excluded from the SDG process due to budget constraints. The data shows a massive spike in participation in 2024 (RP4), directly correlating with the availability of this funding.



Source: URBANICE Malaysia

5.0

Performance Audit: 2021–2025

This section provides a granular, year-by-year analysis of the participation data provided in the audit documents. The performance is evaluated based on the number of PBTs involved, the diversity of their classifications (City, Municipal, District) and their geographic distribution.



The Malacca River. Image © 2023 Unsplash.

5.1 Aggregate Performance Overview

By the end of the RMK-12 cycle in 2025, a total of 85 Local Authorities will have completed or commenced their SDG Cities Roadmap and VLR process. This represents a substantial achievement, covering the vast majority of Malaysia's urban population and a significant portion of its land mass.

5.2 Chronological Progression Analysis

The rollout strategy demonstrates a "cascading" adoption curve, starting with high-capacity urban centers and progressively expanding to smaller municipalities and district councils

5.2.1 2021: The Pilot Phase

- Total PBTs: 2 - Direct Appointment
- Strategic Partners: Majlis Bandaraya Shah Alam (MBSA), Majlis Bandaraya Subang Jaya (MBSJ).
- Analysis: The program launched in the economic heartland of the Klang Valley (Selangor). These are two of the most advanced PBTs in the country. Their selection was strategic; they served as the "proof of concept" to test the SOPs and methodologies before wider rollout.

5.2.2 2022: The Expansion Phase

- Total PBTs: 4 - Direct Appointment
- Strategic Partners: Dewan Bandaraya Kuala Lumpur (DBKL), Majlis Bandaraya Melaka Bersejarah, Majlis Perbandaran Alor Gajah, Majlis Perbandaran Sepang and PLANMalaysia Selangor for 1st Voluntary Sub National Report.
- State-Level Initiative : The data highlights a massive intervention in Selangor for 1st Voluntary Sub National Report.

- Analysis: The program expanded to include the national capital (DBKL) and key historic and state capitals (Melaka). The inclusion of Majlis Perbandaran Sepang was particularly significant as it marked the first step to prepare their own SDG City Roadmap and VLR.

5.2.3 2023: The Acceleration Phase (RP3)

- Total PBTs: 14 (6 Strategic Partners + 8 PBT under RP3 Funded)
- Strategic Partners: Majlis Bandaraya Seberang Perai, Majlis Bandaraya Diraja Klang, Majlis Perbandaran Kuala Langat, Majlis Perbandaran Hang Tuah Jaya, Majlis Perbandaran Ampang Jaya dan Majlis Perbandaran Selangor
- RP3 Funded: Majlis Perbandaran Hulu Selangor, Majlis Perbandaran Kemaman, Majlis Perbandaran Manjung, Majlis Perbandaran Segamat, Majlis Daerah Kota Belud, Majlis Daerah Yan, Majlis Daerah Tapah and Majlis Daerah Tampin
- Analysis: 2023 marked the tipping point. The mix of Strategic Partners and the first batch of RP3 federal funding allowed for a significant jump in numbers. We see a strong focus on broadening the footprint in Selangor , Kedah and Perak, and the critical entry of Terengganu (Kemaman) and Sabah (Kota Belud).



Source: URBANICE Malaysia

5.2.3 2023: The Acceleration Phase (RP3)

- Total PBTs: 14 (6 Strategic Partners + 8 PBT under RP3 Funded)
- Strategic Partners: Majlis Bandaraya Seberang Perai, Majlis Bandaraya Diraja Klang, Majlis Perbandaran Kuala Langat, Majlis Perbandaran Hang Tuah Jaya, Majlis Perbandaran Ampang Jaya dan Majlis Perbandaran Selayang
- RP3 Funded: Majlis Perbandaran Hulu Selangor, Majlis Perbandaran Kemaman, Majlis Perbandaran Manjung, Majlis Perbandaran Segamat, Majlis Daerah Kota Belud, Majlis Daerah Yan, Majlis Daerah Tapah and Majlis Daerah Tampin
- Analysis: 2023 marked the tipping point. The mix of Strategic Partners and the first batch of RP3 federal funding allowed for a significant jump in numbers. We see a strong focus on broadening the footprint in Selangor, Kedah and Perak, and the critical entry of Terengganu (Kemaman) and Sabah (Kota Belud).

5.2.4 2024: The Mass Rollout (RP4)

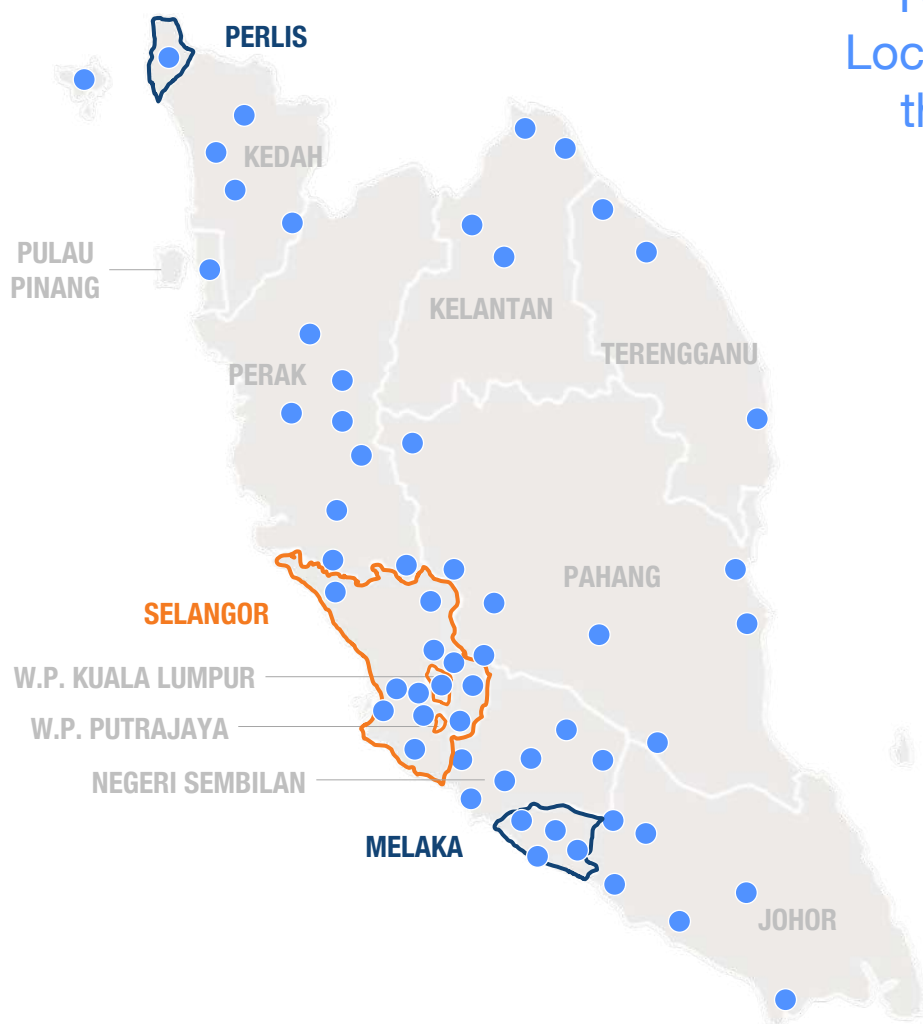
- Total PBTs: 23 (3 Strategic Partners + 20 PBT under RP4 Funded) for 24 Sarawak PBTs under Ministry of Public Health, Housing and Local Government (MPHLG)
- Strategic Partners: Majlis Bandaraya Petaling Jaya, Dewan Bandaraya Kuching Utara (DBKU), Ministry of Public Health, Housing and Local Government (MPHLG) for SDG Roadmap Sarawak
- State-Level Innovation: The data highlights a massive intervention in Sarawak involving 24 PBTs under the "SDG Roadmap Sarawak."
- RP4 Funded: A diverse cohort including Majlis Bandaraya Ipoh, Majlis Perbandaran Kluang, Port Dickson, Kangar, Langkawi, Sandakan, Jasin, Temerloh, Kuala Kangsar, Tanjung Malim, Cameron Highlands, Setiu, Tumpat, Tangkak, Kuala Pilah, Baling, Dalat dan Mukah, Sabak Bernam and Lahad Datu
- Analysis: Analysis: DBKU (Sarawak) was particularly significant as it marked the first step of the initiative into East Malaysia together with 24 Local Governments for SDG Roadmap Sarawak collaboration with MPHLG, signalling

that the program was not Peninsula-centric. This was the peak operational year. The geographic spread is impressive, covering tourism hubs (Langkawi), agricultural centers (Cameron Highlands), and remote districts in Sabah (Lahad Datu). The inclusion of diverse typologies from island municipalities to highland districts demonstrates a maturing of the methodology to accommodate different local realities.

5.2.5 2025: The Consolidation Phase (RP5)

- Total PBTs: 19 (3 Strategic Partners + 5 PBT Direct Appointment and 14 PBT under RP5 Funded)
- Strategic Partners: Majlis Bandaraya Kuantan, Majlis Perbandaran Kajang, Majlis Perbandaran Kota Samarahan, Majlis Perbandaran Padawan and Majlis Daerah Sarikei and PLANMalaysia Selangor for 2nd Voluntary Sub National Report.
- RP5 Funded: Majlis Perbandaran Jempol, Muar, Batu Pahat, Teluk Intan, Sungai Petani, Pekan, Kota Bharu, Tawau, Jeli, Besut, Padang Terap, Kampar, Rembau and Tuaran
- State-Level Initiative : The data highlights a massive intervention in Selangor for 2nd Voluntary Sub National Report.
- Analysis: The 2025 strategy is dominated by the "State-Level Review" approach, particularly in Selangor a move towards "2nd Voluntary Sub-National Reviews" (VSR) where multiple PBTs aggregate their data to overcome capacity limitations. This cluster approach is a vital innovation for handling large numbers of smaller PBTs in Sarawak such as Majlis Perbandaran Kota Samarahan, Majlis Perbandaran Padawan and Majlis Daerah Sarikei was particularly significant as it marked the 2nd step of the initiative into East Malaysia after their completed 24 Local Governments for SDG Roadmap Sarawak in 2024.

Status of Progress in the Preparation of the SDG Roadmap and Voluntary Local Reviews (VLR) under the Malaysia SDG Cities Program as of 2025



83

Local Authorities (PBT) have participated in and are in the process of preparing the SDG Roadmap Report and the Voluntary Local Review (VLR)

156

Local Authorities & Agencies are authorized by PBN (modified PBT) to implement VLR before 2030

53%

Current PBT Participation Achievements

100%

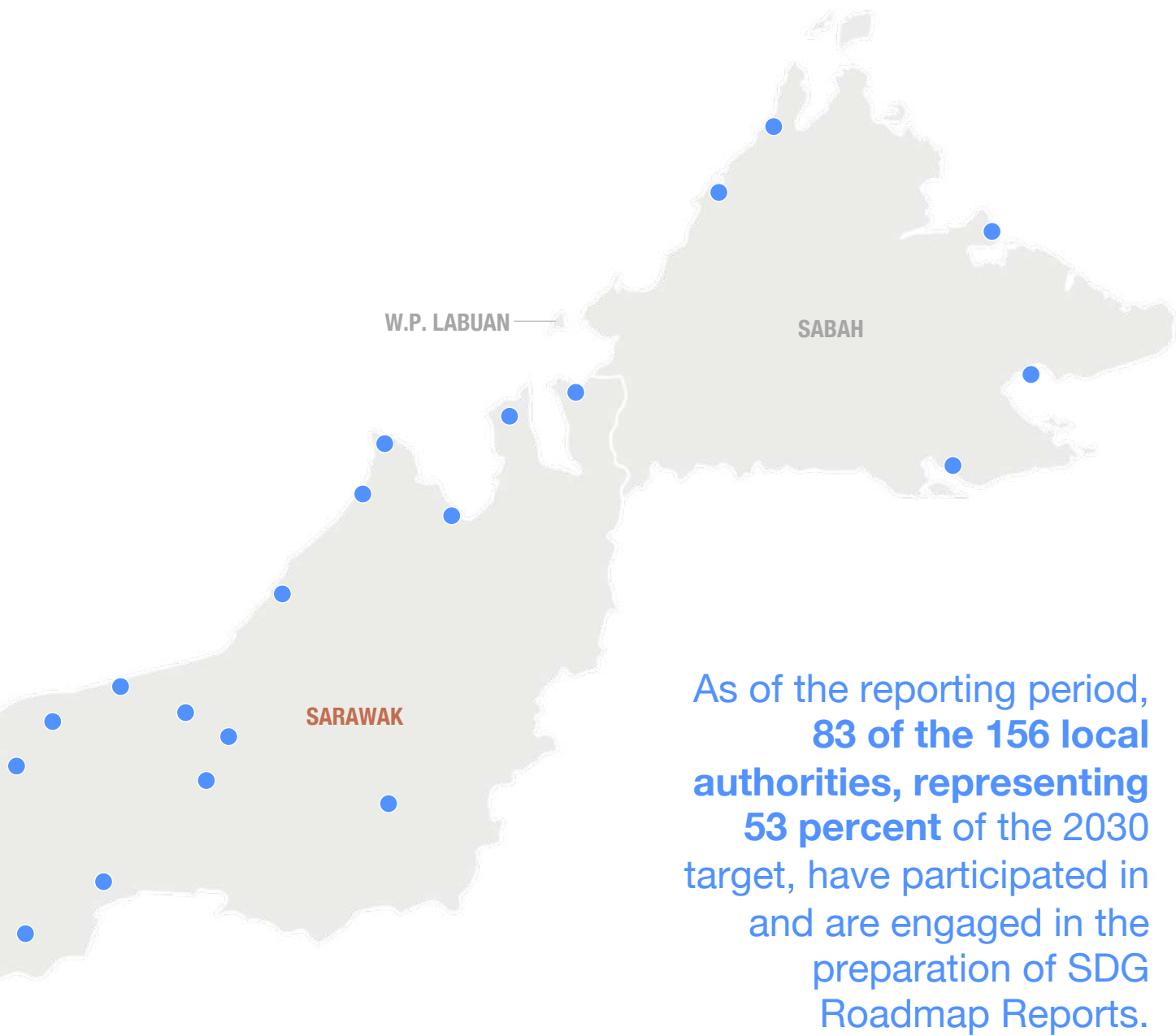
The **State of Melaka & Perlis** are the first state to have completed a **complete VLR** for all PBTs

1

Voluntary Sub-National Review (VSR): **Selangor State Government** first to completed VSR

1

Second VLR: Majlis Bandaraya Subang Jaya (MBSJ) is the first PBT to have completed its second VLR

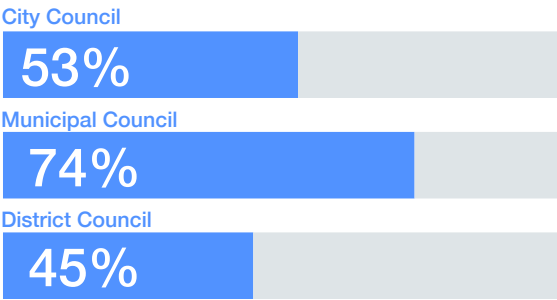


1

Whole-state Approach: The **Sarawak State Government** under the Ministry of Public Health, Housing and Local Government (MPHLG) of Sarawak adopts whole-state approach to ensure 24 Local Governments in Sarawak implement and prepare SDG Roadmap Report in 2024

Note: All Data is as of 31st December 2025

Status of Preparation of Report Completed According to Local Authority Level as of 2025



Malaysia SDG Cities in 5 Years

2021	2022	2023	2024	2025
2 PBT Strategic Partners <ul style="list-style-type: none"> • Majlis Bandaraya Shah Alam • Majlis Bandaraya Subang Jaya 	4 PBT Strategic Partners <ul style="list-style-type: none"> • Dewan Bandaraya Kuala Lumpur • Majlis Bandaraya Melaka Bersejarah • Majlis Perbandaran Alor Gajah • Majlis Perbandaran Sepang Strategic Partner with PLANMalaysia Selangor for 1st Voluntary Sub National Review (VSR)	6 PBT Strategic Partners <ul style="list-style-type: none"> • Majlis Perbandaran Kuala Langat • Majlis Perbandaran Ampang Jaya • Majlis Perbandaran Selayang • Majlis Perbandaran Hang Tuah Jaya • Majlis Bandaraya Seberang Perai • Majlis Bandaraya Diraja Klang 8 PBT RP3 – RMKe 12 (Funded) <ul style="list-style-type: none"> • Majlis Perbandaran Hulu Selangor • Majlis Perbandaran Kemaman • Majlis Perbandaran Manjung • Majlis Perbandaran Segamat • Majlis Daerah Kota Belud • Majlis Daerah Yan • Majlis Daerah Tapah • Majlis Daerah Tampin 	2 PBT Strategic Partners <ul style="list-style-type: none"> • Majlis Bandaraya Petaling Jaya • Dewan Bandaraya Kuching Utara Strategic Partner with Ministry of Public Health and Local Government (MPHLG) Sarawak for SDG Roadmap Sarawak with 24 PBTs 20 PBT RP4 – RMKe 12 (Funded) <ul style="list-style-type: none"> • Majlis Bandaraya Ipoh • Majlis Perbandaran Kluang • Majlis Perbandaran Port Dickson • Majlis Perbandaran Kangar • Majlis Perbandaran Langkawi • Bandaraya Pelancongan • Majlis Perbandaran Sandakan • Majlis Perbandaran Jasin • Majlis Perbandaran Temerloh • Majlis Perbandaran Kuala Kangsar • Majlis Daerah Tanjung Malim • Majlis Daerah Cameron Highlands • Majlis Daerah Setiu • Majlis Daerah Tumpat • Majlis Daerah Tangkak • Majlis Daerah Kuala Pilah • Majlis Daerah Baling • Majlis Daerah Dalat dan Mukah • Majlis Daerah Sabak Bernam • Majlis Daerah Lahad Datu 	5 Strategic Partners <ul style="list-style-type: none"> • Majlis Bandaraya Kuantan • Majlis Perbandaran Kajang • Majlis Perbandaran Kota Samarahan • Majlis Perbandaran Padawan • Majlis Daerah Sarikei Strategic Partner with PLANMalaysia Selangor for 2 nd Voluntary Sub National Review (VSR) 14 PBT RP5 – RMKe 12 (Funded) <ul style="list-style-type: none"> • Majlis Perbandaran Jempol • Majlis Perbandaran Muar • Majlis Perbandaran Batu Pahat • Majlis Perbandaran Teluk Intan • Majlis Perbandaran Sg Petani • Majlis Perbandaran Pekan • Majlis Perbandaran Kota Bharu • Majlis Perbandaran Tawau • Majlis Daerah Jeli • Majlis Daerah Besut • Majlis Daerah Padang Terap • Majlis Daerah Kampar • Majlis Daerah Rembau • Majlis Daerah Tuaran

“

A total of 83 out of 156 local authorities, or 53.20% of the 2030 target, have participated in and are in the process of preparing the SDG Roadmap Report and the Voluntary Local Review (VLR) under the Malaysia SDG Cities Programme as of 2025.

5.3 Geographic and Typological Distribution Analysis

The audit shows a phased expansion pattern rather than an even distribution. Participation began with high capacity urban authorities and progressively extended to municipal and district councils as federal funding and state level coordination mechanisms were introduced.

5.3.1 Typological Breakdown

- a. City Councils (Majlis Bandaraya):** Participation is concentrated among major metropolitan and state capital cities such as Kuala Lumpur, Shah Alam, Petaling Jaya, Subang Jaya, Ipoh, Melaka, and Seberang Perai. These councils entered early due to stronger technical capacity, higher own source revenue, and readiness to pilot SDG reporting frameworks.
- b. Municipal Councils (Majlis Perbandaran):** Participation reflects steady uptake among semi urban growth centres and administrative corridors including Sepang, Ampang Jaya, Kuala Langat, Hang Tuah Jaya, Kluang, and Muar. These councils typically engaged following the availability of Rolling Plan funding and often focused on infrastructure, local economic development, and service delivery related SDG targets.
- c. District Councils (Majlis Daerah):** Entry increased markedly from 2023 onwards, with significant participation in 2024 and 2025 through federally funded and state coordinated approaches. Councils such as Yan, Cameron Highlands, Tumpat, Jeli, Besut, and multiple districts in Sarawak and Sabah illustrate a shift toward rural and resource constrained contexts. This cohort prioritizes basic services, environmental management, and livelihood related targets aligned with the Leave No One Behind principle.

5.3.2 Regional Distribution

- a. Northern Region:** Participation is anchored by Kedah and Perak, with a mix of city, municipal, and district councils including Langkawi, Sungai Petani, Yan, Kulim, Ipoh, Manjung, Baling and Padang Terap. Engagement reflects both early urban participation and later inclusion of rural and tourism based districts.
- b. Central Region:** The Klang Valley remains the most represented region, led by Selangor and Kuala Lumpur. High participation from city and municipal councils positions this region as the primary reference point for SDG implementation maturity, including the use of state level aggregation through Voluntary Subnational Reviews.
- c. Southern Region:** Johor shows progressive expansion across multiple local authority tiers, including Iskandar Puteri, Kluang, Segamat, Muar, and Batu Pahat. This is complemented by consistent participation from Melaka and Negeri Sembilan, reflecting corridor based growth and administrative capacity.
- d. East Coast:** Participation is more selective, with engagement from Kelantan and Terengganu councils such as Kota Bharu, Tumpat, Jeli, Besut, Kemaman, and Setiu. Involvement is largely driven by federal funding support and focuses on basic services, resilience, and livelihood related priorities.
- e. East Malaysia:** Sarawak demonstrates a coordinated whole of state approach through the SDG Roadmap involving all local authorities, representing a significant scale shift in 2024 and 2025. Sabah participation is targeted and district focused, with entries such as Sandakan, Tawau, Lahad Datu, and selected rural districts reflecting context specific interventions rather than comprehensive statewide coverage.

6.0

Future Trajectory: Phase 3 (2026–2030)

The audit document outlines a clear and ambitious roadmap for the post-2025 era, designated as Phase 3 of the Malaysia SDG Roadmap. The explicit target is to bring the remaining 73 PBTs into the SDG Cities fold, completing the national picture.



The Georgetown, Penang, Malaysia Image © 2024 Unsplash.

6.1 The Strategic Shift to the Rural Heartland

The profile of the 73 targeted PBTs for Phase 3 is distinctly different from the Phase 2 cohort. The breakdown provided in the audit data is revealing:

- a. **Majlis Bandaraya (City Councils): 9**
- b. **Majlis Perbandaran (Municipal Councils): 12**
- c. **Majlis Daerah (District Councils): 52**

Analysis: Over 70% of the target PBTs for the next phase are District Councils.

- a. **Implication:** The focus of the VLRs will necessarily shift. The narrative will move from "Smart Cities" and "Urban Transit" to "Rural Revitalization," "Agricultural Sustainability," "Food Security," and "Basic Infrastructure Access."
- b. **Operational Challenge:** District Councils typically have significantly lower revenue bases and fewer technical staff than City Councils. The "Strategic Partner" model (self-funded) will likely be ineffective here. The "Rolling Plan" (federal funding) and the "State-Level/VSR" approach (pooling resources) will be critical for success.

6.2 Specific Regional Targets

The Phase 3 list includes deep rural areas, indicating a commitment to addressing the most challenging development contexts:

- a. **Sabah:** A massive focus on rural Sabah, targeting districts like Ranau, Semporna, Sipitang, Tambunan, Tenom, Putatan, Pitas, Tongod, Telupid, and Kudat. These areas are critical for biodiversity conservation and poverty alleviation.
- b. **Pahang:** Targeting the interior districts of Bera, Lipis, Jerantut, Raub, and Rompin. These areas are central to forest management and are home to many indigenous communities.
- c. **Kelantan:** Focus on the hinterland districts of Gua Musang and Dabong, which face specific challenges related to flood resilience and border economics.

6.3 Strategic Continuity and Refinement

The continued involvement of PBTs like Iskandar Puteri in the "Strategic Partner" list for the future suggests they may be conducting second VLRs or updating their roadmaps. This indicates a move towards a cycle of continuous improvement rather than a one-off reporting exercise.



Source: URBANICE Malaysia

Target Cohort for Phase 3 (2026-2030)

The "Rural Shift"

Strategic Partners - PBT		Rolling Plan Kementerian Ekonomi (Funded)		
7 Majlis Bandaraya	7 Majlis Perbandaran	52 Majlis Daerah		
1. Johor Bahru 2. Pasir Gudang 3. Alor Setar 4. Seremban 5. Pulau Pinang 6. K. Terengganu 7. Kota Kinabalu	1. Kuala Selangor 2. Kulai 3. Pontian 4. Kulim 5. Kubang Pasu 6. Taiping 7. Dungun	1. Spg Renggam 2. Bandar Baharu 3. Gua Musang 4. Jelebu 5. Jerantut 6. Batu Gajah 7. Marang 8. Beaufort 9. Limbang 10. Kota Tinggi 11. Labis 12. Mersing 13. Yong Peng 14. Sik 15. Ketereh 16. Tanah Merah 17. Bachok 18. Dabong 19. Kuala Krai 20. Machang 21. Pasir Mas	22. Bera 23. Lipis 24. Maran 25. Raub 26. Rompin 27. Gerik 28. Kerian 29. Lenggong 30. Pengkalan Hulu 31. Perak Tengah 32. Selama 33. H. Terengganu 34. Beluran 35. Keningau 36. Kinabatangan 37. Kota Marudu 38. Kuala Penyu 39. Kunak 40. Nabawan 41. Papar 42. Penampang	43. Ranau 44. Semporna 45. Sipitang 46. Tambunan 47. Tenom 48. Putatan 49. Pitas 50. Tongod 51. Telupid 52. Kudat
5 Majlis Perbandaran or Perbadanan (Modified PBT)				
1. Putrajaya 2. Pengerang 3. Kulim Hi Tech 4. Tioman 5. Labuan				



7.0

Impact Assessment and Strategic Benefits

The audit validates the rationale ("Why") behind the extensive investment in this program. The benefits realized extend beyond simple reporting compliance, touching on finance, governance, and data.



The Second Penang Bridge. Image © 2023 Unsplash.

7.1 Enhanced Data Availability and Monitoring

The "Malaysia SDG Cities" initiative has acted as a forcing mechanism for the modernization of local data collection.

The text notes that Malaysia has improved its indicator availability, adding 37 new indicators and 18 district-level indicators. The VLR process compels PBTs to digitize records and track metrics they previously ignored, such as carbon emissions per capita or specific social inclusivity metrics. The "SDG Dashboard" will serve as the single source of truth, integrating this local data into the national monitoring system.

7.2 Access to New Financial Streams

A key strategic benefit highlighted is the ability to leverage SDG Roadmaps to secure funding.

PBTs with clear, data-driven sustainable development plans are better positioned to apply for federal grants, international climate funds, and private sector ESG (Environmental, Social, and Governance) investments. The Roadmap acts as a "bankable" document that provides investors and granters with confidence in the local government's strategic direction.

7.3 Governance Transformation and Accountability

The requirement to align with global standards promotes transparency and accountability.

The audit notes that the process improves "governance quality" to be more dynamic, transparent, and sustainable. By publicly reporting on targets (and inevitably, on gaps or failures), PBTs subject themselves to peer review and citizen scrutiny, fostering a culture of performance-based governance.

7.4 Capacity Building and Professional Development

The programme embeds capacity building through close collaboration between Strategic Partners and URBANICE Malaysia. This structure integrates technical guidance, hands on implementation, and peer learning within the SDG Roadmap and VLR process.

The audit finds consistent skills development among PBT officers, particularly in data management, cross sector coordination, and sustainability planning. This strengthens institutional capability over time and contributes to sustained human capital development within the Malaysian local government system.

BOX 1.3

URBANICE Malaysia's Participation at United Nation (UN) High Level Political Forum (HLPF) 2022 – 2025, New York

Formal Participation (2022–2025)

HLPF 2022: Urbanice Malaysia took part in the 2022 High-Level Political Forum (HLPF) via virtual side events and expert sessions. Notably, it co-organized a UN HLPF side event titled "Building Back Better in Localising SDGs: A Case Study of Malaysia and Three Southeast Asian Country Experiences of the Partnership Model" on 11 July 2022. URBANICE Malaysia's CEO, TPr. Ts. Norliza Hashim, also served as a panelist in a HLPF 2022 VNR Lab session, representing the Asia-Pacific region to discuss integrating Voluntary Local Reviews (VLRs) and other sub-national inputs into national SDG reporting.

HLPF 2023: Urbanice Malaysia sent a delegation to New York for HLPF 2023, led by CEO Norliza Hashim. The team actively participated in the mid-term review of SDG implementation and preparatory discussions for the 2023 SDG Summit, contributing expertise on SDG localization. URBANICE Malaysia was involved in key forum sessions and side events; for example, the CEO delivered a keynote address on "The Importance of Localization and Municipal Leadership" at an official HLPF 2023 side event focused on building urban resilience through SDG localization.

HLPF 2024: At the 2024 forum, Urbanice Malaysia hosted a Malaysia-led side event titled "Resilient Cities – Urbanization and Climate Actions" in New York. This in-person event (held during HLPF 2024) featured opening remarks, moderated panel discussions, and closing reflections. Through this official side event, URBANICE Malaysia facilitated global dialogue on sustainable urban development and climate resilience, emphasizing the role of cities in addressing climate change.

HLPF 2025: Urbanice Malaysia continued its high-level engagement in 2025. The Deputy CEO, Dr. Azmizam Abdul Rashid, presented Malaysia's perspective on local and regional governments' engagement in VNR/VLR processes at an HLPF 2025 session. The URBANICE delegation also participated in HLPF 2025 side events and discussions – for example, supporting youth-focused dialogues on scaling up local SDG initiatives (e.g. the "From Local Voices to Global Impact" side event on 17 July 2025) – to reinforce Malaysia's local sustainability efforts on the international stage.

Key Topics and Themes Presented

Urbanice Malaysia consistently highlighted **SDG localization** as a central theme throughout 2022–2025. Its HLPF contributions focused on how empowering cities and local authorities can accelerate SDG achievement. Key topics

included: **partnership models for local SDG implementation** (2022) **inclusive recovery from COVID-19** at the local level (2022), **urban climate resilience and sustainable urbanization** (2024), and the **integration of local SDG data into national reporting frameworks** (2022 & 2025). In 2023, URBANICE showcased **Malaysia SDG Cities** as a best-practice example of localizing the SDGs. Across these years, Malaysia's HLPF side events and panels led by Urbanice underscored themes of multi-stakeholder cooperation, community well-being, and the crucial role of city leadership in achieving the 2030 Agenda.

Showcasing Malaysia's SDG Cities Model and VLRs

A core contribution of URBANICE Malaysia at these HLPF gatherings has been **showcasing the Malaysia SDG Cities initiative and the use of Voluntary Local Reviews**. In each year, Urbanice demonstrated how Malaysia's approach – coordinating a network of cities to localize SDGs – serves as a model for other countries. At HLPF 2023, for instance, URBANICE highlighted Malaysia SDG Cities as "a prime example of SDG localization acceleration," sharing its methodology and successes with international peers.

URBANICE leaders have consistently advocated for institutionalizing VLRs: in 2022, URBANICE's CEO underscored the value of **integrating VLR findings into Malaysia's Voluntary National Review process**. By 2023–2025, this advocacy bore fruit as Malaysia submitted a **Voluntary Subnational Review and several VLRs** to the UN – concrete outputs of the Malaysia SDG Cities programme. These local reports, facilitated by Urbanice Malaysia, were shared at the HLPF to demonstrate on-the-ground SDG progress and the alignment of city-level actions with national goals. The inclusion of Malaysia's VLRs in the official UN repository (UNDESA) is a significant milestone that URBANICE showcased, reflecting Malaysia's leadership in local reporting and accountability. Through presentations and side events, Urbanice also shared tools and guidelines (developed under the Malaysia SDG Cities framework) to help other cities undertake VLRs, thereby contributing to global SDG localization efforts.



Source: URBANICE Malaysia © 2023



8.0

Challenges and Recommendations

While the performance from 2021–2025 has been robust, the audit identifies structural challenges as the program scales to the remaining 73 PBTs in Phase 3.



The Sarawak Legislative Assembly. Image © 2025 Unsplash.

8.1 The Capacity Gap in District Councils

- a. **Challenge:** The shift to Phase 3 involves 52 District Councils. These entities lack the dedicated "Sustainability Units" found in City Councils like MBSA or DBKL. They may struggle with the data requirements and technical complexity of the VLR process.
- b. **Recommendation:** KPKT must evolve the support model. Instead of individual VLRs for every District Council, a "Cluster Approach" should be adopted more widely. Neighboring districts (e.g., Lipis, Raub, and Jerantut in Pahang) could produce a joint "Regional VLR," sharing data collection costs and technical consultants. The "SDG Roadmap Sarawak" model is a precedent for this.

8.2 Funding Sustainability

- a. **Challenge:** Reliance on Federal Rolling Plans (RP) subjects the program to national fiscal constraints and potential budget cuts.

- b. **Recommendation:** Develop a "State-Matched" funding mechanism where State Governments contribute to the VLR process, reducing the burden on the Federal budget. This would also increase state-level ownership of the results.

8.3 From Reporting to Implementation

- a. **Challenge:** There is a risk of "Report Fatigue," where PBTs focus energy on producing the VLR document rather than implementing the projects within it.
- b. **Recommendation:** Future audits should focus on "Post-VLR Implementation." KPKT should introduce a "VLR Implementation Fund" accessible only to PBTs that have completed their roadmaps, strictly for projects identified in their action plans. This would create a tangible incentive for completing the reporting phase.



Source: URBANICE Malaysia

9.0

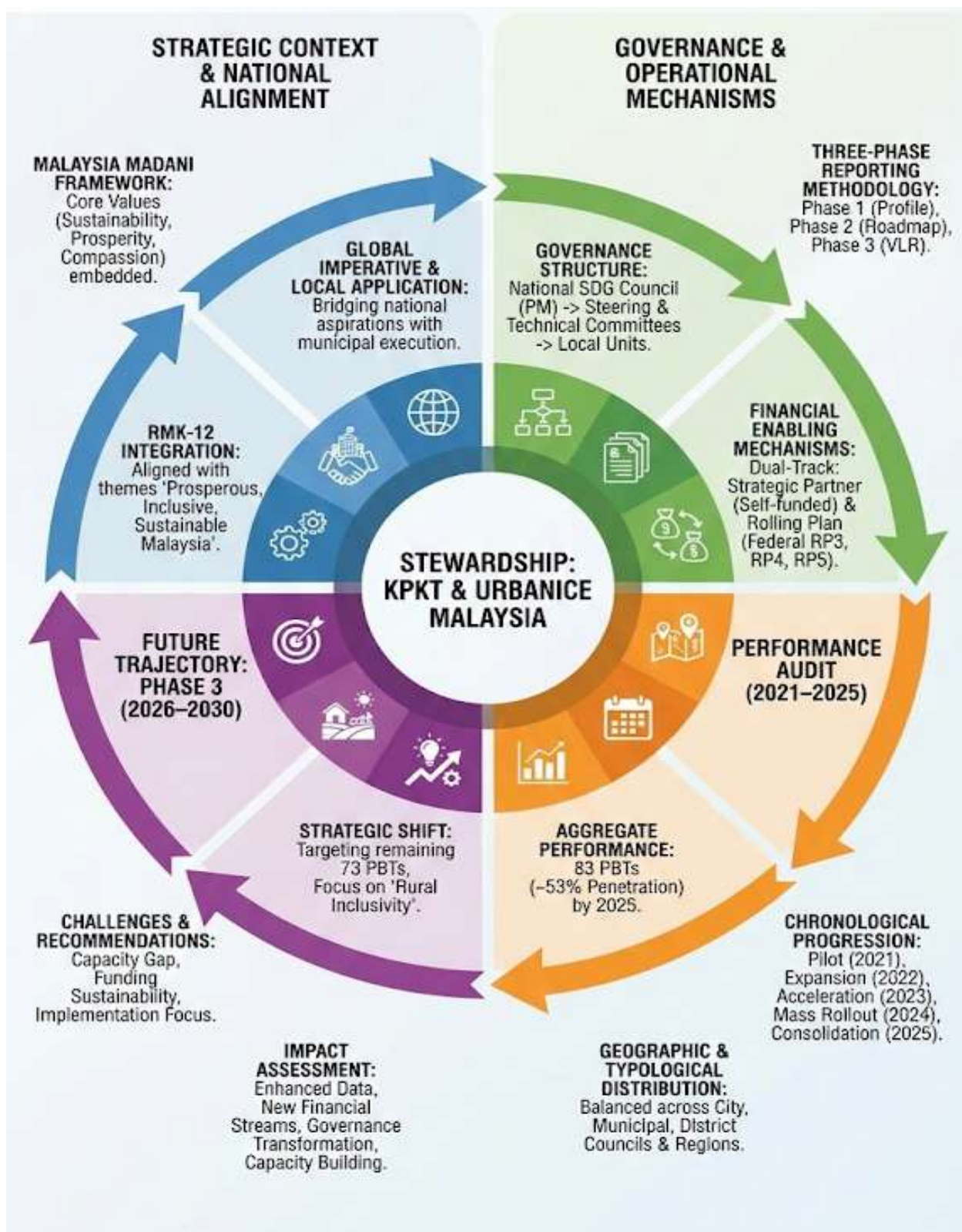
Conclusion

The audit of the Malaysia SDG Cities Roadmap and VLR reports (2021–2025) confirms that **Malaysia has established one of the most structured, comprehensive, and rapidly scaling SDG localization programs in the ASEAN region.** What began as a pilot with two cities in 2021 has evolved into a nationwide movement involving 83 Local Authorities by 2025. The governance structure, anchored by the National SDG Council and operationalized by URBANICE Malaysia, has **successfully balanced top-down policy direction with bottom-up data generation.** The strategic use of "Rolling Plans" to fund participation has democratized access to sustainability planning, ensuring that the agenda is not the exclusive domain of wealthy urban centers but is accessible to municipalities across the development spectrum.

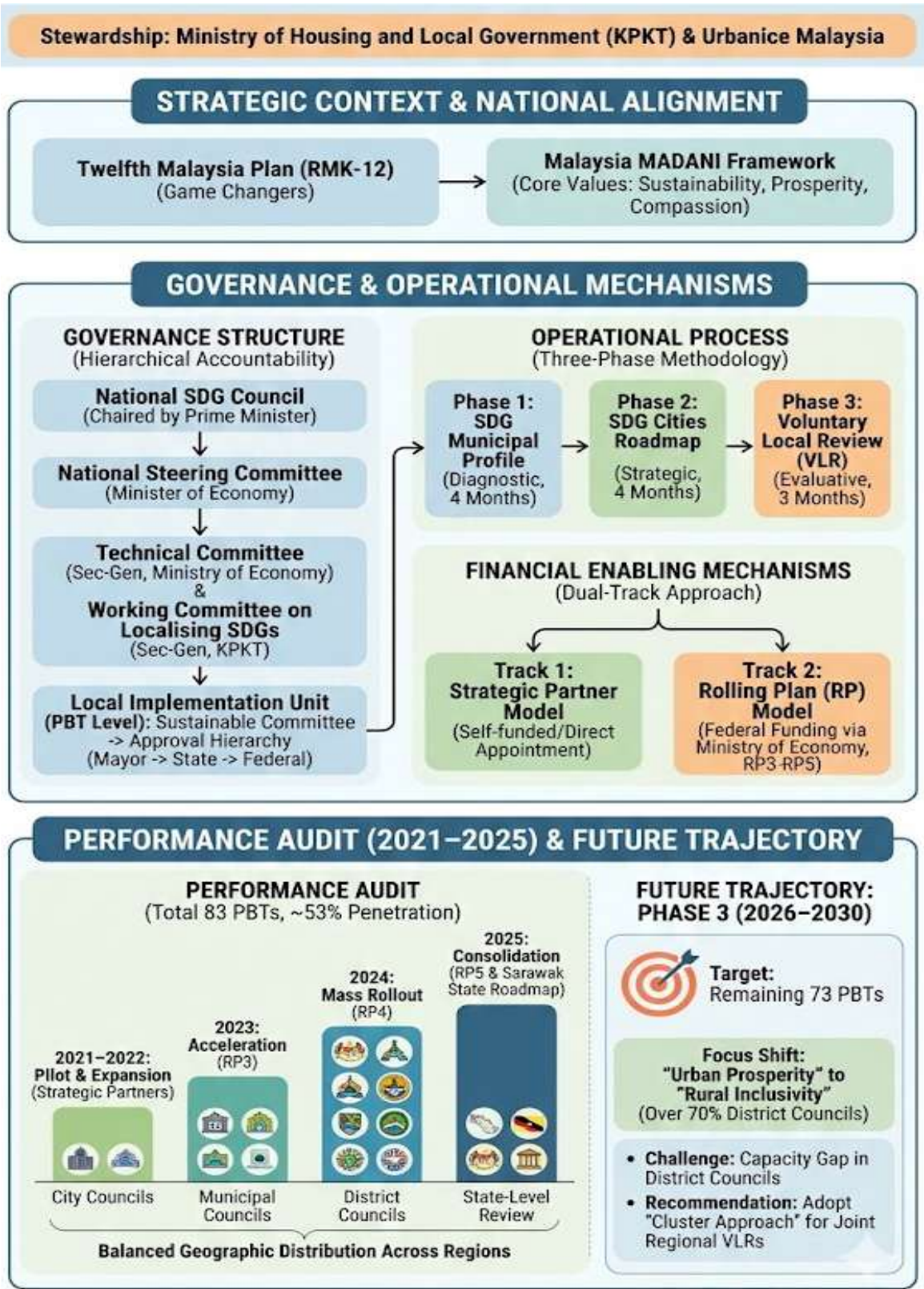
As the nation looks toward Phase 3 (2026–2030), the challenge will be deep localization—bringing the SDG framework to the rural heartlands of Sabah, Sarawak, and the Peninsula's east coast. The groundwork laid between 2021 and 2025, documented in the SOPs and progress reports analyzed here, provides a resilient foundation for achieving this ambitious goal. **The Malaysia SDG Cities initiative is not merely a reporting exercise; it is a transformative tool reshaping the DNA of Malaysian urban governance toward a resilient, inclusive, and sustainable future, fully aligned with the aspirations of the Malaysia MADANI nation.**

The Kuala Lumpur City Centre. Image © 2025 Unsplash.

Comprehensive Audit & Strategic Analysis: Malaysia SDG Cities Roadmap & VLR Reports (2021 – 2025)



Comprehensive Audit & Strategic Analysis: Malaysia SDG Cities Roadmap & VLR Reports (2021 – 2025)



Chapter 2

Performance Audit and Matrix Analysis - Malaysia SDG Cities Roadmap and Voluntary Local Reviews (2021–2025)

1.0

Introduction

Between 2021 and 2025, Malaysia's sustainable urbanisation journey shifted decisively from national policy ambition to uneven local execution, revealing a two-speed reality among its cities and local authorities.



Penang © 2025 Kelvin Zyteng, Unsplash.

The period spanning 2021 to 2025 represents a definitive watershed in Malaysia's trajectory toward sustainable urbanization, characterized by a transition from high-level policy formulation to granular, albeit asymmetrical, localization. This Comprehensive Deep Dive Audit evaluates the efficacy, governance architecture, and operational outcomes of the Malaysia SDG Cities Roadmap, executed under the stewardship of the Ministry of Housing and Local Government (KPKT) and URBANICE Malaysia. Anchored in the Twelfth Malaysia Plan (RMK-12) and the Shared Prosperity Vision 2030, the roadmap has attempted to operationalize the United Nations 2030 Agenda—specifically SDG 11 (Sustainable Cities and Communities) and the New Urban Agenda (NUA)—across a heterogeneous landscape of 156 Local Authorities (PBT).

The audit reveals a governance landscape defined by a "two-speed" implementation reality. On the primary track, metropolitan centers such as Kuala Lumpur, Subang Jaya, and Shah Alam have successfully institutionalized SDG monitoring, achieving a performance aggregate of approximately 67% in target alignment. These "Tier 1" entities have leveraged significant own-source revenue, advanced technical capacity, and international partnerships to pioneer Voluntary Local Reviews (VLRs) that are methodologically aligned with global standards. Their reports reflect a sophisticated grappling with complex urban issues, ranging from low-carbon mobility frameworks to circular economy integration.

In stark contrast, the secondary track is occupied by "Tier 3" District Councils (Majlis Daerah) in rural and semi-rural zones. These entities face a profound "capability trap," struggling to move beyond basic statutory service delivery—such as waste collection and drain maintenance—to address the complex, multi-dimensional targets of the SDGs. Their performance aggregates lag significantly at 52%, constrained by acute fiscal dependency, data poverty, and infrastructure deficits. While the federal government has intervened through Rolling Plans 3, 4, and 5 of the

RMK-12 to fund VLR preparation for these smaller councils, the sustainability of these efforts remains precarious without structural reform in fiscal federalism.

A critical finding of this analysis is the systemic misalignment between federal policy intent and local implementation capacity, particularly regarding SDG Target 11.2 (Sustainable Transport) and 11.6 (Environmental Impact). While the national roadmap aggressively advocates for low-carbon mobility to reduce urban carbon intensity, regulatory contradictions—most notably the federal ban on micromobility devices on public roads—have effectively paralyzed local "last-mile" connectivity initiatives in cities like Shah Alam and Sepang. Furthermore, the reliance on federal grants for development expenditure has created a dependency culture that stifles local innovation in green financing. However, the audit notes a burgeoning shift toward performance-based intergovernmental fiscal transfers, exemplified by the Ecological Fiscal Transfer (EFT), which was increased to RM250 million in Budget 2025 to incentivize state-level biodiversity conservation.

As Malaysia prepares to transition into the Thirteenth Malaysia Plan (RMK-13) (2026–2030), the focus must shift from the "foundational capacity building" that characterized the 2021–2025 period to a phase of rigorous "execution and enforcement." This report serves as a matrix analysis of these disparate efforts, synthesizing data from national Voluntary National Reviews (VNRs), state-level Voluntary Subnational Reviews (VSRs)—notably the pioneering Selangor VSR—and individual city VLRs. It posits that achieving the NUA targets will require a radical pivot from voluntary reporting to mandatory compliance for major cities, supported by the democratization of granular data through platforms like *PADU*¹ and *OpenDOSM*², and the devolution of specific fiscal powers to allow local authorities to finance their own green transitions.

¹ PADU: Pangkalan Data Utama is a MAJOR DATABASE which contains individual and household profiles covering citizens and permanent residents aged 18 and above in Malaysia.

² OpenDOSM: A platform that catalogues, visualizes, and analyzes various types of data from the Department of Statistics Malaysia.

2.0

The Macro-Strategic Framework: National Policy and The SDG Cities Roadmap

To audit the performance of individual cities, it is imperative to first deconstruct the macro-strategic environment that dictates their mandate, funding, and operational parameters. The 2021–2025 period coincides with Phase 2 of the National SDG Roadmap and the 12MP, a period defined by post-pandemic recovery, the navigation of climate emergencies (such as the 2021 floods), and the introduction of the Malaysia Madani policy framework.

2.1 The Malaysia SDG Cities Roadmap: A Methodological Audit

The Malaysia SDG Cities Roadmap, developed by URBANICE Malaysia, serves as the primary operational doctrine for localizing the SDGs. Unlike top-down federal directives of the past which often ignored local nuances, this roadmap was designed to empower PBTs to take ownership of their development trajectories through a structured maturity model known as the 4A Framework. This framework creates a scaffolding for local authorities to ascend from basic awareness to sophisticated implementation, providing a standardized yet flexible methodology for localization.

2.1.1 Typological Breakdown

The foundational phase involves the use of the Rapid Integrated Assessment (RIA) tool. This diagnostic instrument audits existing local plans (e.g., Local Plan 2035, Strategic Plan 2021-2025) against the 17 SDGs to identify gaps and alignment opportunities. The audit observes high adoption rates and technical proficiency in City Councils (Majlis Bandaraya) where dedicated planning departments and sustainability units exist. Cities like Subang Jaya and Kuala Lumpur effectively utilized RIA to identify specific gaps in their social safety nets and carbon reduction strategies. Conversely, the audit notes a "tick-box" culture in smaller municipalities. In many District Councils, the RIA process became a retrofitting exercise where existing projects were merely tagged with SDG icons without genuine strategic realignment.

Furthermore, the assessment process often exposes a "data availability crisis." Local councils frequently lack the granular data required to measure specific indicators, forcing reliance on national proxies that mask local realities. For instance, district councils often lack data on air quality (SDG 11.6.2) or localized poverty rates (SDG 1.2) at the mukim level, forcing them to rely on state-level aggregates from the Department of Statistics Malaysia (DOSM) which do not reflect the hyper-local context of rural poverty or specific industrial pollution hotspots.

2.1.2 Phase 2: Align (Policy Coherence)

This phase demands the horizontal and vertical integration of targets. It requires PBTs to map their strategic thrusts against the New Urban Agenda (NUA) commitments—specifically regarding social inclusion, spatial planning, and resilience. Alignment is consistently strongest in infrastructure-heavy goals (SDG 9, SDG 11) reflecting the engineering-centric DNA of Malaysian local councils. However, alignment is significantly weaker in social goals (SDG 1, SDG 5). The integration of NUA principles remains abstract in many jurisdictions, often overshadowed by immediate operational KPIs like waste collection and pothole repairs.¹ The disconnect is palpable in the "silo effect" between federal agencies (managing education and health) and local councils (managing urban services). For example, while a local council may plan for "safe cities" (SDG 11), the jurisdiction over policing and social welfare lies with federal bodies, creating a gap between the municipal "plan" and the federal "resource" required to execute it.

2.1.3 Phase 3: Account (VLR and VSR Reporting)

The production of VLRs is the roadmap's primary output for transparency and accountability. By 2025, Malaysia aims to submit at least 20 VSRs and VLRs to UN DESA. This target represents a massive scaling up from the pilot phase. The emergence of the Voluntary Subnational Review (VSR) in Selangor signals a critical recognition that local authorities cannot operate in data silos. The VSR acts as an aggregator, attempting to harmonize disparate datasets from varying agencies to provide a state-wide baseline. The shift from voluntary to funded participation under Rolling Plans 3, 4, and 5 of the 12MP has been transformative. This federal funding, amounting to approximately RM120,000 to RM130,000 per local authority, has democratized access, allowing smaller councils like Majlis Daerah Cameron Highlands and Majlis Daerah Besut to participate. This proves that without direct fiscal intervention, SDG localization in rural areas stalls due to a lack of discretionary funds.

2.1.4 Phase 4: Accelerate (Intervention)

The final phase focuses on "Accelerator Projects" high-impact initiatives designed to yield multiplier effects and tangible outcomes. Successful accelerators are largely concentrated in wealthy councils. For instance, Subang Jaya's "8 High Impact Projects" are well-capitalized, monitored, and integrated into the city's operational budget. In contrast, district councils face a distinct lack of federal funding mechanisms specifically earmarked for "SDG Accelerators," creating a widening sustainability gap. The audit identifies a critical need for "bankable" SDG projects that can attract private ESG investment, a capability currently lacking in Tier 3 councils. The current "grant-dependency" model means that once the initial federal seed funding for the VLR report dries up, many rural councils lack the fiscal autonomy to maintain or scale the actual accelerator projects proposed in those reports.

2.2 Alignment with National Development Plans

The audit confirms that the SDG Cities Roadmap is not an isolated exercise but is intrinsic to the national development planning cycle. The roadmap's efficacy is contingent upon its integration with broader federal mandates.

a. Twelfth Malaysia Plan (12MP) (2021–2025):

The "Sustainability" theme of the 12MP provided the statutory backing for PBTs to pursue green initiatives. The integration of SDG

indicators into the national monitoring framework forced state governments to take notice, elevating the SDGs from a "federal foreign policy" agenda to a "local implementation" mandate. The Mid-Term Review (MTR) of the 12MP further recalibrated targets to align with the Madani Economy framework, emphasizing fiscal sustainability and social protection.

b. Thirteenth Malaysia Plan (13MP) (2026–2030):

Positioning for the 13MP is already underway. The current VLRs act as pilot studies and data mines for the strategic shifts expected in the 13MP, which is projected to focus heavily on high-value, inclusive growth, digitalization, and the "final mile" to 2030. The 13MP aims to position Malaysia as a high-income nation with a GNI per capita of RM77,200 by 2030, necessitating a robust urban economic engine driven by SDG-compliant cities.

c. The Madani Framework:

The introduction of Malaysia Madani by the current administration has infused the roadmap with a stronger emphasis on Values and Good Governance. The audit notes a shift in recent reporting (2023–2025) towards qualitative metrics of "happiness," "compassion," and "integrity," aligning with the Madani core values. This has prompted some councils, like Cameron Highlands and Jeli, to focus on "Happiness Index" scores as key performance indicators alongside traditional economic metrics.

BOX 2.1

Mapping and Strategic Alignment Report: Synergy and Conflicts of 12 Land Use Types in Realizing the 2030 Sustainable Development Agenda

The Strategic Alignment of Land Use and the SDGs

This report presents a comprehensive analysis mapping PLANMalaysia's 12 Land Use Planning Types (Guna Tanah) against the 17 Sustainable Development Goals (SDGs). This alignment is not performed in isolation but is anchored within a dual-axis framework: the national socio-economic philosophy of Malaysia MADANI (the "Why") and the Fourth National Physical Plan (RFN4) (the "How"). The central thesis is that these 12 land use categories are not merely classification tools, but dynamic governance instruments essential for managing the inevitable trade-offs between development and conservation.

The Governance Framework: MADANI and RFN4

The study establishes that Malaysia's spatial planning is guided by the values of Malaysia MADANI, particularly "Sustainability" and "Well-being." Under this framework, sustainability is treated as a technical principle, while well-being is a holistic goal ensuring economic, social, and environmental balance. To translate these abstract values into physical reality, the report utilizes the RFN4. The RFN4 introduces the **"Comprehensive Spatial Ecosystem" (CSES)**, a strategy designed to manage conflict by balancing four competing needs simultaneously: optimum land use, economic growth, connectivity, and preservation.

The Matrix of Synergy and Conflict

The core of the report is a mapping matrix that categorizes the relationship between land use and SDGs into three types: Primary Links (direct support), Secondary Links (enablers), and Potential Conflicts. The analysis reveals three distinct clusters:

1. Human Development Land Use (Housing, Institutions, Recreation)

This cluster aligns primarily with social goals.

- **Housing:** Acts as a primary instrument for SDG 11 (Sustainable Cities) and SDG 1 (No Poverty), as homeownership is a key method of wealth accumulation for lower-income groups.
- **Institutions:** Supports SDG 4 (Education) and SDG 3 (Health). The report warns of "amenity deserts" if these zones are not accessible via public transport, which would violate SDG 10 (Reduced Inequalities).
- **Open Space:** Crucial for mental health (SDG 3) and urban resilience (SDG 11). However, the report notes a policy failure where Local Authorities often sacrifice these zones for high-revenue commercial developments, prioritizing economic returns over social well-being.

2. Economic Drivers and Enablers (Industry, Commercial, Infrastructure)

- **Industry:** While a primary engine for SDG 8 (Decent Work) and SDG 9 (Industry), this land use is identified as the most significant source of conflict, threatening SDG 13 (Climate) and SDG 14/15 (Life Below Water/On Land) due to pollution and carbon emissions.
- **Infrastructure and Transport:** Described as "enablers," these are neutral at the macro level but decisive at the implementation level. For instance, prioritizing public transit supports Climate Action (SDG 13), while highway expansion undermines it.

3. Security and Conservation (Forest, Agriculture, Water)

This cluster anchors environmental sustainability but faces intense pressure from development.

- **Forests:** The primary sink for carbon (SDG 13) and biodiversity (SDG 15).
- **Agriculture:** Represents a core dilemma between SDG 2 (Zero Hunger) and SDG 15 (Life on Land). Conventional expansion of agriculture historically drives deforestation and water pollution.
- **Water Bodies:** Identified as "downstream victims." Pollution in these zones often originates from upstream industrial or agricultural activities, requiring integrated river basin management to solve.

Strategic Resolution Mechanisms

The report emphasizes that conflict management must occur at the micro-level (Guna Tanah 3/Activity level), not just the macro zoning level. For example, a "Green Tech" factory and a "Chemical Plant" are both zoned as Industry, but have vastly different SDG impacts.

To resolve macro-level conflicts, the report highlights three strategic policy mechanisms:

1. **Central Forest Spine (CFS):** A spatial policy that creates ecological corridors, ensuring wildlife connectivity (SDG 15) even amidst development.
2. **KAGUMN (National Food Resource Area Study):** A strategy to resolve the Food vs. Forest conflict by focusing on increasing productivity within existing agricultural footprints rather than opening new land.
3. **Infill Development:** Prioritizing "Development Land" (TP000) reserves within cities for urban renewal to prevent urban sprawl into forests.

Conclusion

The success of the 2030 Agenda in Malaysia relies on intelligent governance that leverages these 12 land use types. The report concludes that transitioning to data-driven planning using tools like **i-Plan** is critical to monitoring these trade-offs in real-time. By adhering to the technical consistency of RFN4 and the socio-economic mandate of Malaysia MADANI, Malaysia can move from a model of land use conflict to one of integrated coexistence.



Malaysia Urban Forum 2023, Kuching, Sarawak. © URBANICE Malaysia

2.3 The Role of URBANICE Malaysia

URBANICE Malaysia functions as the Center of Excellence (COE) for this roadmap, and its role has evolved significantly from advocacy to technical capacity building.

- a. **Technical Support:** URBANICE Malaysia provides the toolkit and training for VLR preparation, ensuring alignment with the Asia-Pacific Regional Guidelines on Voluntary Local Reviews. This standardization is crucial for ensuring that VLRs are comparable across different jurisdictions and can be aggregated into national reports.
- b. **Partnership Broker:** It facilitates the "whole-of-society" approach by bringing civil society, academia, and the private sector into the VLR process, neutralizing the highly political nature of local governance to focus on technical development goals.
- c. **Global Interface:** By managing the Malaysia SDG Cities Network and representing Malaysia at the World Urban Forum (WUF), URBANICE Malaysia ensures that local innovations receive global benchmarking and visibility. This global exposure serves as a powerful incentive for local mayors (Yang Di-Pertua) to compete for sustainability awards and recognition, driving performance through peer pressure.

3.0

Matrix Analysis: Institutional Performance by Local Authority Tier

The "SDG Cities" label implies a uniformity that does not exist in practice. A rigorous audit requires a matrix analysis that differentiates performance based on the administrative tier of the Local Authority (PBT). The disparity in revenue generation, technical capacity, and political autonomy creates distinct "sustainability profiles" for each tier.



MDKPR TOWARDS SUSTAINABLE DEVELOPMENT GOALS



NABLE
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LS



KT
Government

Hotel De Cassia



3.1 Tier 1: City Councils (Majlis Bandaraya - MB)

- a. **Entities Analyzed:** Kuala Lumpur (DBKL), Subang Jaya (MBSJ), Shah Alam (MBSA), Melaka Bersejarah (MBMB), Iskandar Puteri (MBIP), Seberang Perai (MBSP), Ipoh (MBI).
- b. **Performance Aggregate:** 67% Alignment with SDG Targets.
- c. **Strategic Profile:** These entities operate as semi-autonomous city-states. They possess significant "own-source revenue" (assessment taxes, licensing) and can finance capital-intensive projects like smart traffic systems or low-carbon building retrofits.

3.1.1 Key Strengths

- a. **Specialized Units:** Most Tier 1 cities have established dedicated SDG Centers or Sustainability Departments (e.g., KL SDG Centre). This institutionalization ensures that sustainability agendas survive leadership changes.
- b. **Data Capacity:** They utilize GIS mapping and real-time data analytics for urban planning. For instance, Iskandar Puteri (MBIP) has achieved a Level 2 "Developing Smart City" rating and utilizes data for low-carbon zoning.
- c. **Global Networking:** They are active participants in global networks (e.g., ICLEI, C40), allowing for knowledge transfer and access to international climate finance.

Critical Weakness: The "Urban Complexity" trap. Despite strong institutional capacity, Tier 1 cities face structural pressures linked to scale and urban intensity. High population density and concentrated economic activity place sustained strain on housing affordability, mobility systems, and waste management, often outpacing local mitigation measures. The Shah Alam audit illustrates this constraint, where high industrial concentration results in elevated carbon emission intensity despite the presence of advanced low carbon policies. This highlights the limits of municipal intervention when key drivers, such as energy supply and industrial regulation, fall outside local authority control.

3.2 Tier 2: Municipal Councils (Majlis Perbandaran - MP)

- a. **Entities Analyzed:** Alor Gajah (MPAG), Sepang (MPSepang), Ampang Jaya (MPAJ), Kota Bharu (MPKB), Muar (MPM), Teluk Intan (MPTI), Jempol (MPJL).
- b. **Performance Aggregate:** 60%.
- c. **Strategic Profile:** These are the "growth corridors." They typically border major cities and absorb the spillover population. They face the highest rates of urbanization but often lack the matured infrastructure of City Councils.

3.2.2 Key Strengths

- a. **Agile Policy Adoption:** Often the site of new industrial zones or residential townships where "green planning" can be implemented from scratch. Majlis Perbandaran Jempol is piloting the "Agropolis" concept to modernize agriculture and retain youth, directly addressing SDG 8 and SDG 11.
- b. **Niche Leadership:** Muar has positioned itself as a "Royal Town" with a focus on heritage conservation (SDG 11.4) and clean city initiatives, leveraging its identity to drive tourism-based sustainability.

Critical Weakness: The "Dormitory Town" syndrome. Municipal Councils face a structural imbalance between rising service demand and limited revenue capacity. Rapid population growth and residential expansion increase pressure on basic services, while commercial and industrial tax bases remain comparatively constrained. As a result, financial resources are frequently absorbed by routine operations such as waste management and drainage, limiting the ability to invest in strategic SDG interventions. In cases such as Kota Bharu, deficits in core infrastructure, particularly water and sanitation systems, constrain progress across multiple SDG targets and place an effective ceiling on overall performance.

3.3 Tier 3: District Councils (Majlis Daerah - MD)







- a. Entities Analysed:** Cameron Highlands (MDCH), Besut (MDB), Sabak Bernam (MDSB), Hulu Selangor (MPHS - upgraded), and rural districts in Sabah/Sarawak.
- b. Performance Aggregate:** 52% (Lagging National Average).
- c. Strategic Profile:** Predominantly rural or semi-rural. Their SDG focus is distinctly different, prioritizing basic needs (Water, Electricity - SDG 6, 7) and agricultural sustainability (SDG 2) over "Smart City" concepts.

3.3.1 Key Strengths

- a. Fiscal Dependency:** Heavy reliance on federal and state grants. They cannot issue municipal bonds. This dependency makes their SDG programs highly vulnerable to federal budget cuts or shifts in political priorities.
- b. Brain Drain:** Outmigration of youth (SDG 8) severely limits local economic dynamism and the local talent pool required to manage complex SDG projects.
- c. Data Poverty:** Lack of localized data makes tracking indicators like SDG 1 (Poverty) or SDG 11.6 (Air Quality) nearly impossible without federal proxies.

Strategic Opportunity: High potential for Ecotourism and Nature-Based Solutions (SDG 15). Cameron Highlands faces a direct conflict between tourism-driven economic growth and environmental preservation (landslides, water pollution), necessitating strict enforcement interventions like "Ops Gading". The council's ability to balance these competing interests is the defining test of its SDG 15 performance.

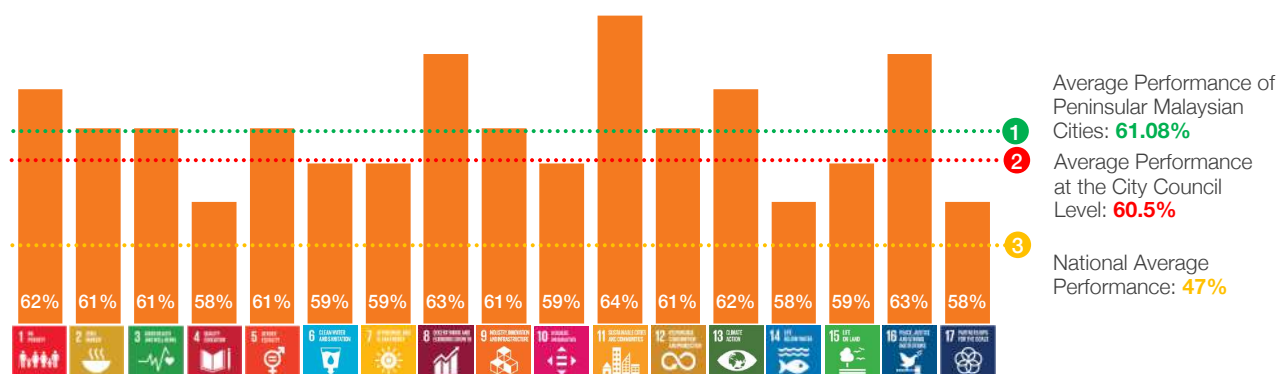
Comparative Performance Matrix

PBT Tier	Avg. SDG Score	Primary SDG Focus	Key Challenges	Representative Flagships
City Council (MB)	67%	 	Urban Density, Cost of Living, Waste Volume	KL Low Carbon Blueprint, Subang Jaya Smart City
Municipal (MP)	60%	 	Infrastructure Deficit, Urban Sprawl	Jempol Agropolis, Sepang Low Carbon
District (MD)	52%	 	Data Availability, Revenue, Basic Services	Cameron Highlands Greening, Besut Marine Conservation

Average Comprehensive SDG Performance by Level of Local Authorities in the Peninsular Malaysia

I. City Councils

Cities performed slightly lower than Municipalities (a finding that was counter-intuitive) but were significant; most likely due to the challenge of "last mile" development, where improvements in SDG achievements such as access to education, healthcare and clean water become increasingly difficult once progress is already high.



Notes:

Sample Sources from City Councils (2021-2024): Kuala Lumpur City Hall, Melaka Historic City Council, Shah Alam City Council, Subang Jaya City Council, Seberang Perai City Council, Ipoh City Council, Royal Klang City Council.

Development Maturity & Diminishing Marginal Returns

- Many SDG achievements such as education, healthcare, and access to clean water are already close to full attainment.
- This is known as the "last mile" challenge — marginal improvements require significantly greater effort and cost.

Higher Allocation & Returns

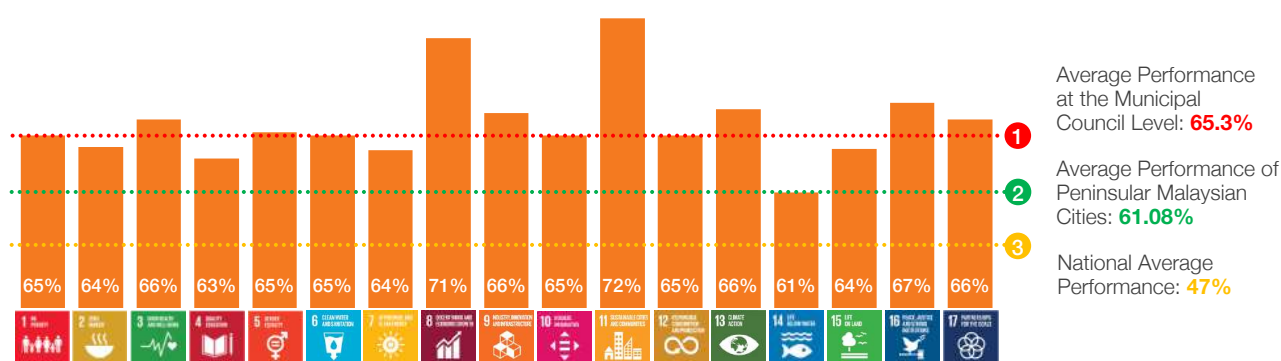
- High population density
- Active economic and business activities
- Better access to grants and development funding

High Governance Capacity

- Strong technical and specialized workforce
- Advanced technology and smart systems
- Greater opportunities for multi-stakeholder collaboration

II. Municipal Councils

Municipal Councils are in a strategic position, sufficiently developed to possess strong implementation capacity, and flexible in adopting place-based approaches aligned with SDG needs. This enables their performance to exceed the national average.



Notes:

Sample Sources from Municipal Councils (2021-2024): Kluang Municipal Council, Port Dickson Municipal Council, Kangar Municipal Council, Langkawi Tourism City Municipal Council, Jasin Municipal Council, Temerloh Municipal Council, Kuala Kangsar Municipal Council, Kuala Langat Municipal Council, Ampang Jaya Municipal Council, Selayang Municipal Council, Hang Tuah Jaya Municipal Council, Hulu Selangor Municipal Council, Kemaman Municipal Council, Manjung Municipal Council, Segamat Municipal Council, Alor Gajah Municipal Council, Sepang Municipal Council, Bentong Municipal Council.

Balance between Development and Governance

- City councils are generally at an intermediate stage of development.
- This position allows them to be more flexible and effective in implementing SDG initiatives, particularly in land-use planning, transportation, and waste management.

Higher Implementability

- Moderate city scale and size enable:
- Faster policy implementation
- Easier follow-up actions and monitoring
- More active community participation

Rapid Growth of Satellite Cities and Emerging Municipalities

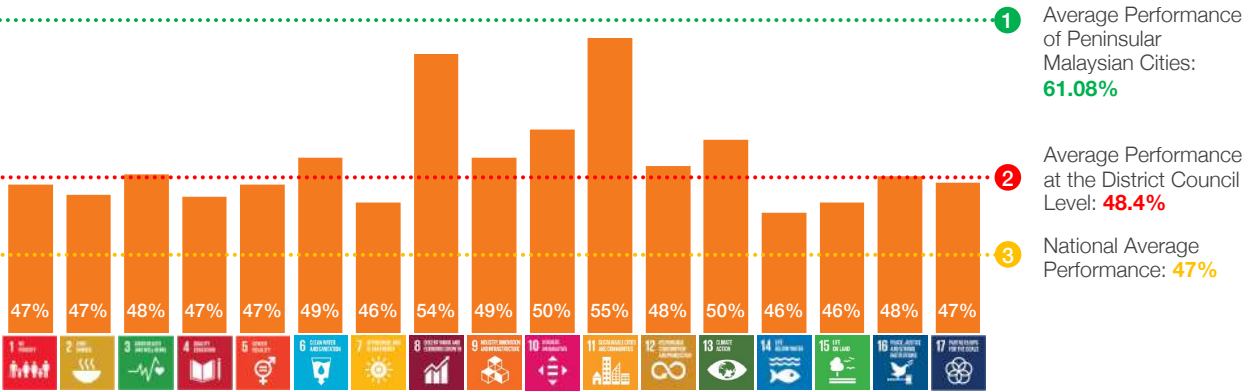
- Benefit from development spillovers, including investments, housing projects, and infrastructure, which contribute to stronger SDG performance.

Clear Strategic Focus

- City Councils tend to have more structured development planning that is clearly aligned and directly linked to the SDGs.

III. District Councils

Represents smaller districts with limited resources, showing lower performance percentages. District Councils lag in most SDGs, reflecting rural development constraints.



Notes:
Sample Sources from District Councils (2021-2024): Cameron Highlands, Setiu, Tg Malim Municipal Council (MP), Tumpat, Tangkak, Kuala Pilah, Baling, Sabak Bernam, Yan, Tapah, Tampin.

Limited Financial Resources

- Operates in rural or underdeveloped areas.
- Low income due to limited economic activities.
- Fully dependent on federal and state government allocations, which are often insufficient to implement all SDG targets.

Inadequate Infrastructure

- Limited basic infrastructure.
- Water & electricity supply is unstable/not comprehensive.

Governance Capacity

- Limited administrative and technical expertise.
- Difficult to implement, monitor, & evaluate SDG initiatives effectively.

Rural Development Challenges

- Dependence on agriculture – exposed to climate change impacts.
- Youth migration to cities – shortage of local human resources.

Access Issues

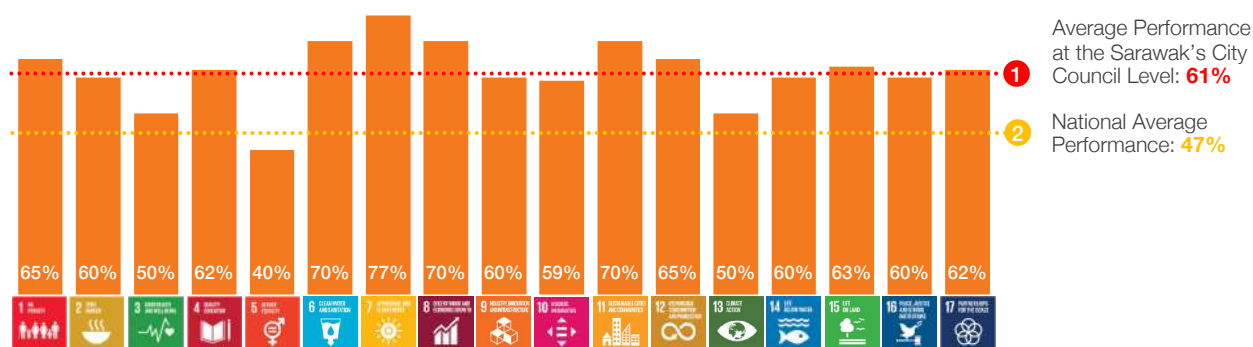
- Physical isolation & limited infrastructure.
- Difficult to attract investment & stimulate economic growth.



Average Comprehensive SDG Performance by Level of Local Authorities in Sarawak

I. City Councils

Current performance of Sarawak's City Councils stands at 61%. This performance is being optimized with a priority on addressing data availability challenges (71%) to ensure a higher impact on the community. The primary SDG Priorities for these councils include sustainable urban development, economic growth, and environmental resilience, specifically targeting Goals 8, 9, 11, 12, and 13. These councils benefit from Better Infrastructure, characterized by extensive public transport networks, improved water supply, and energy efficiency measures. They also enjoy Higher Financing and Revenue due to high population density, active business and economic sectors, and access to various grants. Furthermore, their Governance Capacity is bolstered by expert teams, advanced technology, and numerous partnership opportunities.

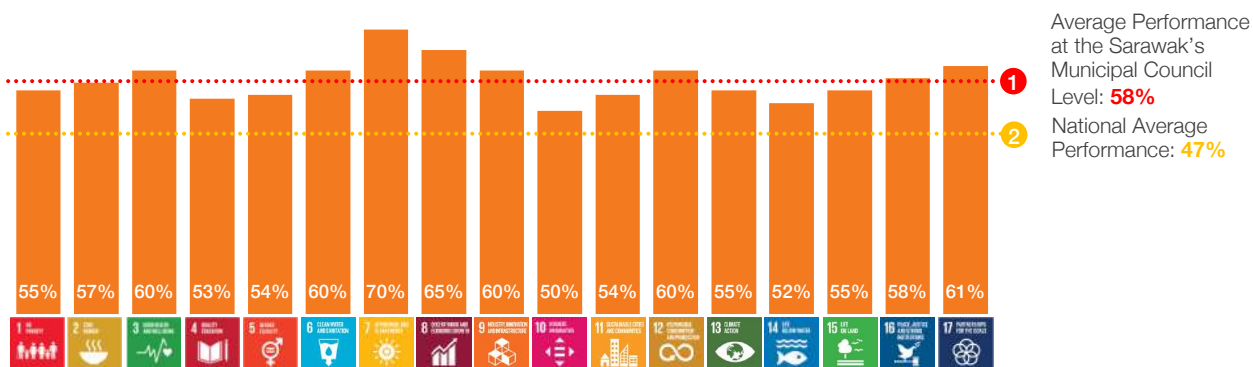


Notes:

Sample Sources from City Councils (2024): Majlis Bandaraya Kuching Selatan and Majlis Bandaraya Miri

II. Municipal Councils

Sarawak's Municipal Councils show a performance level of 58%, indicating significant potential with strategic focus on resource constraints and governance to bolster urban resilience. SDG Priorities center on healthcare accessibility, sustainable living, and economic diversification, targeting Goals 3, 8, 9, 11, and 12. While these councils act as Intermediary Hubs for urban and semi-rural populations, they face Funding Constraints compared to City Councils, with budgets often restricted to basic services and immediate local needs. Despite moderate governance capacity, they serve as vital Industrial and Economic Hubs for the growing middle class and small businesses.

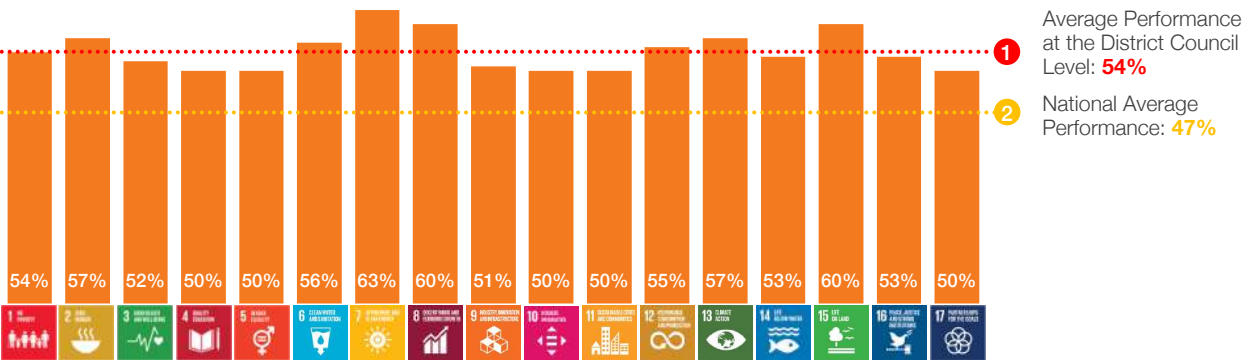


Notes:

Sample Sources from Municipal Councils (2024): Majlis Perbandaran Kota Samarahan, Majlis Perbandaran Sibuan and Majlis Perbandaran Padawan.

III. District Councils

Sarawak’s District Councils record a performance of 54%, with a focus on improving financial resources, infrastructure, and governance to enhance community welfare. SDG Priorities emphasize community development, economic resilience, and sustainable living (Goals 1, 8, 9, 11, and 12). These councils face Limited Financial Resources due to operating in less developed rural areas and relying heavily on government grants. Challenges include Inadequate Infrastructure (water and electricity), Lower Governance Capacity due to technical expertise gaps, and vulnerability to climate change within the agricultural sector.



Notes:
Sample Sources from 19 Sarawak’s District Councils (2024)



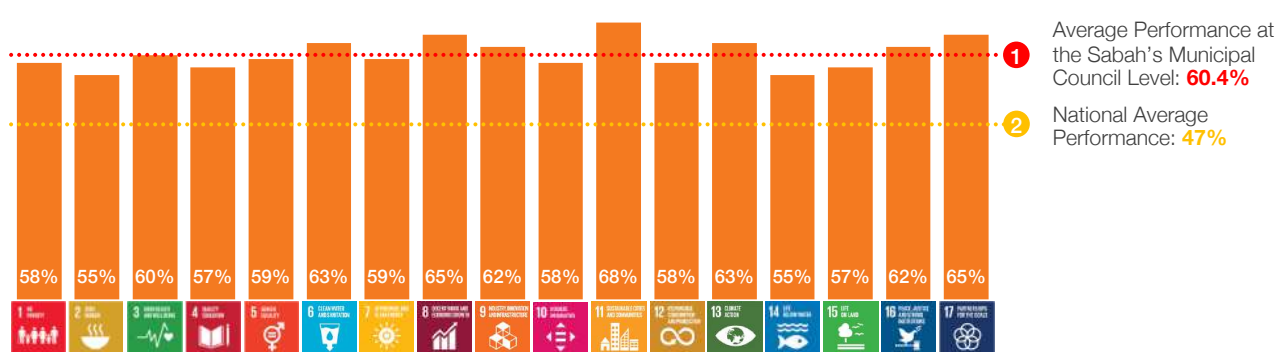
Kuching, Sarawak © 2025 Alea Film, Unsplash.



Average Comprehensive SDG Performance by Level of Local Authorities in Sabah

SDG implementation in Sabah is directly governed by the Local Government Ordinance (LGO) 1961, which defines the jurisdiction and assessment parameters for all local authorities. The Municipal Council level, represented by Sandakan, achieves an average performance of 60.4%, with its highest achievement in SDG 11 (Sustainable Cities and Communities) at 68%. In contrast, the District Council level, sampled from Lahad Datu and Kota Belud, shows an average performance of 52.0%. Performance at the district level ranges from a high of 60% for SDG 11 to lows of 45% for SDG 2 (Zero Hunger) and SDG 14 (Life Below Water).

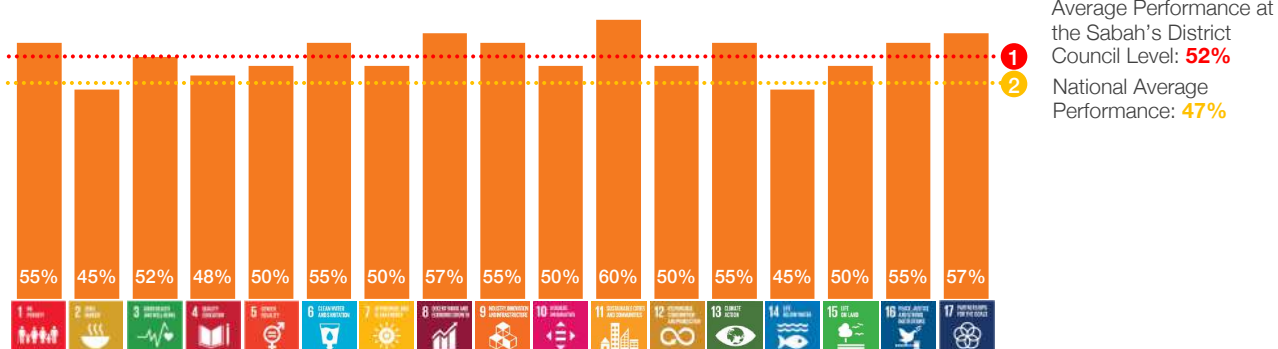
I. Municipal Councils



Notes:

Sample Sources from City Councils (2024): Majlis Perbandaran Sandakan

II. District Councils



Notes:

Sample Sources from District Councils (2023-2024): Majlis Daerah Kota Belud and Majlis Daerah Lahad Datu

4.0

Deep Dive Audit: Voluntary Local Reviews (VLR)

This section conducts a forensic audit of specific VLR documents, treating them as primary evidence of local implementation. The VLRs serve not only as reports but as diagnostic tools that reveal the internal capacity and strategic priorities of each council.





4.1 Kuala Lumpur City Hall (DBKL) VLR: The Metropolitan Benchmark

The Kuala Lumpur VLR serves as the benchmark for metropolitan reporting in Malaysia. Anchored in the KL Structure Plan 2040 (KLSP2040) and the Low Carbon Society Blueprint 2030, it presents a complex picture of a city grappling with its own success.

- a. **SDG 11.2 (Transport):** The VLR exposes a critical failure in modal shift. Despite possessing the nation's most extensive rail network (MRT, LRT, Monorail), the public transport modal share stagnated at 20% in 2022, missing interim targets. The audit attributes this to poor "first-mile/last-mile" connectivity and a persistent cultural preference for private vehicles, exacerbated by fuel subsidies. The city's reliance on rail has not been matched by a corresponding investment in pedestrian walkways and micromobility infrastructure.
- b. **SDG 11.7 (Public Spaces):** The data reveals a severe deficit. KL records only 1.22 hectares of open space per 1,000 population, compared to Putrajaya's 20.6 hectares.¹ Land scarcity forces DBKL to rely on "pocket parks" and river rehabilitation projects (River of Life) rather than large-scale parklands. This metric highlights the intense competition for land in the capital, where commercial development often cannibalizes potential green spaces.
- c. **SDG 11.5 (Resilience):** Flood mitigation is the single largest "defensive" expenditure. The VLR details massive capital outlays for flood retention and drainage, acknowledging that climate change intensity is outpacing infrastructure capacity. The "Flash Flood" phenomenon remains a primary threat to the city's resilience rating.



4.2 Subang Jaya City Council (MBSJ) VLR: Social Inclusion Focus

Subang Jaya's VLR is notable for its thematic focus on social inclusion and gender responsiveness, positioning itself as a "Women-Friendly City."

- a. **Gender-Responsive Planning (SDG 5 & 11):** The audit reveals a nuanced gap between policy and user experience. While MBSJ invested in passive safety infrastructure (CCTV, LED lighting), stakeholder feedback indicates a demand for active safety mechanisms. The council's "8 High Impact Projects" utilize a project-based accelerator model, providing higher accountability than broad policy statements.
- b. **Community Engagement:** The VLR emphasizes "Civilized Society" (Masyarakat Madani). However, the audit notes that the heavy reliance on digital apps for municipal engagement risks excluding the elderly population, a significant demographic in mature townships like Subang Jaya. This "digital divide" within an advanced city highlights the complexity of the "Leave No One Behind" principle.



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4.3 Shah Alam City Council (MBSA) VLR: The Low Carbon Paradox

Shah Alam's VLR focuses intensely on its identity as a sustainable, low-carbon industrial city, anchored by the Shah Alam Low Carbon City Action Plan (SALCCAP) 2030.

- a. **Emissions Targets vs. Reality:** The council aims for a 45% reduction in GHG emissions by 2030. However, the audit reveals a startling statistic: Shah Alam's carbon emission intensity stands at 9.2 kg/capita/day, exponentially higher than the Klang Valley average of 0.46 kg/capita/day. This paradox underscores the limitations of local government power—MBSA hosts massive industrial estates whose energy policies are dictated by federal energy mixes and industrial players, not the municipal council.
- b. **Green Initiatives:** The Tree for Life campaign is verified as a successful model of Public-Private Partnership (PPP) for SDG 15, engaging corporate sponsors for urban forestry to offset the industrial footprint.



4.4 Sandakan Municipal Council VLR: The Coastal Challenge

The Majlis Perbandaran Sandakan VLR highlights a unique and pressing challenge: the "Blind Spot" of stateless populations.

- a. **SDG 11 and 14 (Marine Life):** The audit reveals that waste management services do not extend to the informal water villages occupied by stateless communities. This results in direct discharge of solid waste into the ocean, severely impacting marine biodiversity and the tourism economy.
- b. **The Mandate Trap:** The council faces a "mandate trap" it cannot legally service illegal settlements, yet it bears the environmental cost of their exclusion. Initiatives like the Marine Floating Litter Trap are stop-gap measures; the root cause is the jurisdictional limbo of these populations.



Site Visit to Future Alam Borneo, Sandakan © 2024 URBANICE Malaysia.

5.0

Thematic Audit: SDG 11 and New Urban Agenda Compliance

This section examines selected SDG 11 targets using aggregated data to assess national progress, with emphasis on systemic constraints and relevant legislative developments affecting urban outcomes.



Kuala Lumpur City Scape © 2022 Imran Abdul Jabar, Unsplash.

BOX 2.2

The Strategic Alignment of Malaysia's SDG 11 and the New Urban Agenda with Urban Monitoring Framework: A Pathway to Cohesive Urban Development

Malaysia's The Strategic Alignment of Malaysia's SDG 11 and the New Urban Agenda

Malaysia is undergoing a rapid urban transformation, with 75.1% of its population residing in cities as of 2020—a figure projected to reach nearly 80% by 2025. To manage this growth sustainably, the nation has adopted a dual-framework approach that harmonizes two key national documents: the **National Roadmap for SDG 11** and the **2nd National Report on the New Urban Agenda (NUA)**. This report synthesizes how these frameworks work together to bridge the gap between high-level policy and on-the-ground reality.

1. The Symbiotic Framework: Goals vs. Vehicle

The relationship between SDG 11 and the NUA is strategic and hierarchical.

- **SDG 11 (The Goal):** Serves as the normative vision, providing specific targets (e.g., housing, transport, resilience) to measure what needs to be achieved.
- **The NUA (The Vehicle):** Acts as the operational "vehicle" to accelerate and localize these goals. It provides the "how"—advocating for compact development, social inclusion, and institutional strengthening to ensure cities can practically meet SDG targets.

While robust policies like the National Housing Policy and National Urbanization Policy exist, the report highlights that they often fail to translate into local action due to a disconnect between planning and execution.

2. Challenges and Gaps

Despite ambitious national plans, the analysis identifies three critical "disconnects" hindering progress:

- **Governance Fragmentation:** There is poor coordination between federal, state, and local levels. Local Authorities (PBTs) are designated as "frontline implementers" but often lack the necessary financial authority and legal mandate to execute national policies effectively. This leads to siloed planning; for example, affordable housing is often built without necessary public transport links because the agencies do not coordinate.
- **The Data Paradox:** A significant "data vacuum" exists where localized information is not effectively aggregated at the national level. While data exists in silos, it is often duplicated or incompatible with global monitoring requirements, preventing evidence-based decision-making.
- **Socioeconomic Disparities:** Urban prosperity is not being shared inclusively. The rising cost of urban living has created an affordability crisis, particularly

for the "M40" middle class and vulnerable groups like the elderly and persons with disabilities, who often lack specific protection schemes.

3. The Urban Monitoring Ecosystem

To transition from policy rhetoric to measurable action, Malaysia is deploying a sophisticated monitoring ecosystem:

- **Urban Monitoring Framework (UMF):** A global tool that operationalizes the NUA by providing granular, harmonized metrics (e.g., measuring quality of housing, not just slum proportions).
- **Asia-Pacific Urban Agenda Platform (AP-UAP):** A regional hub spearheaded by Malaysia that allows countries to benchmark their progress and share best practices, reducing data duplication.
- **Malaysia Urban Observatory (MUO):** A national "nerve center" integrating big data and geospatial analytics from over 30 agencies to support local authorities in targeted monitoring.

4. Strategic Roadmap: The Way Forward

The report proposes a cohesive roadmap to bridge the identified gaps:

- **Formalize Multi-Level Governance:** Establish a high-level inter-ministerial task force to integrate NUA principles into SDG 11 monitoring and ensure housing and transport policies are mutually supportive.
- **Empower Local Authorities:** Provide PBTs with greater financial autonomy (e.g., through municipal bonds) and a clearer legal mandate to lead local implementation.
- **Harmonize Data:** Prioritize the AP-UAP and MUO to standardize data collection across all levels, ensuring local data flows up to inform national policy.
- **Targeted Interventions:** Shift from broad programs to specific actions for vulnerable groups, such as "wellness stations" for the elderly and urban farming training for the urban poor.

Conclusion

Malaysia is positioning itself as a leader in the Asia-Pacific region by moving beyond a policy-driven approach to an implementation-focused one. By leveraging the NUA as a vehicle and the UMF as a compass, Malaysia aims to fix its governance and data fractures, ensuring that its rapid urbanization results in cities that are not just economically prosperous, but truly inclusive and resilient for all.

5.1 Target 11.1: Housing and Basic Services (The Urban Renewal Challenge)

The issue of aging housing stock has precipitated a legislative overhaul. The proposed Urban Renewal Act (URA) Bill 2025 is a direct policy response to SDG 11.1 (Safe and Affordable Housing)

- a. **The Consent Threshold Controversy:** The Bill proposes lowering the consent threshold for redevelopment from 100% (unanimous) to 80% for buildings under 30 years and 75% for those older.¹ This aims to unlock the redevelopment of dilapidated strata schemes that are currently stuck in legal limbo due to holdout owners.
- b. **Audit Insight:** While this aligns with the NUA's call for urban regeneration, it raises profound equity concerns regarding the rights of minority homeowners and the potential for gentrification-induced displacement. Critics, including the National House Buyers Association and the Malaysian Bar, argue that without guaranteed "like-for-like" replacement or robust compensation based on future value, the Act could disenfranchise vulnerable urban populations, violating the "Leave No One Behind" principle. The NUA emphasizes inclusive urbanization, and if this Act facilitates the mass displacement of lower-income residents from prime urban land, it would constitute a failure of compliance.

5.2 Target 11.2: Sustainable Transport (The Micromobility Paradox)

The audit identifies a policy misalignment within Malaysia's approach to sustainable urban mobility.

- a. **The Paradox:** The Low Carbon Mobility Blueprint encourages the use of micromobility (e-scooters) for first/last-mile connectivity to boost rail ridership. However, the Ministry of Transport (MOT) banned e-scooters from public roads in 2022 due to safety concerns.
- b. **Impact:** This regulatory misalignment paralyzes PBTs. Cities like Shah Alam and KL cannot legally implement shared e-scooter schemes on roads to connect residents to MRT stations, forcing continued reliance on private cars or feeder buses (which suffer from low frequency).
- c. **Innovation in Sarawak:** In stark contrast, Sarawak is bypassing the "legacy infrastructure" trap by investing in Autonomous Rapid Transit (ART) powered by hydrogen. This aligns with the state's Hydrogen Economy Roadmap, creating a localized circular economy that directly supports SDG 7 (Energy) and SDG 11.2. The ART system represents a scalable, lower-cost alternative to light rail that Peninsular cities could learn from.



Affordable Housing in Kuala Lumpur © 2024 Najem Mendes, Unsplash.

5.3 Target 11.6: Environmental Impact (Waste and Marine Litter)

The audit identifies waste management as a persistent systemic challenge, with impacts most pronounced in coastal, island, and tourism-dependent districts where service coverage, enforcement capacity, and waste disposal infrastructure remain constrained.

- a. **Waste Crisis:** With a national recycling rate lagging at 31.52% (against a 40% target) ¹, Malaysia faces a landfill crisis. The Ministry of Housing and Local Government is pushing for Waste-to-Energy (WtE) plants to reduce landfill dependency, but high costs and public opposition remain barriers.
- b. **Sandakan Case Study:** As noted, the Sandakan VLR identified a severe gap in managing waste from stateless populations in coastal water villages. The direct discharge of waste into the ocean highlights the intersection of humanitarian and environmental crises.

5.4 Target 11.b: Resilience and Climate Action

Flood mitigation has become the central pillar of urban planning following the devastating 2021 floods.

- a. **Fiscal Allocation:** Budget 2025 allocates RM3 billion specifically for flood mitigation.¹ However, VLRs indicate that local engineering solutions (drains/walls) are insufficient without upstream watershed protection (SDG 15).
- b. **Cameron Highlands:** This district represents the frontline of the climate-development conflict. Intensive agriculture and illegal land clearing have compromised slope stability, leading to landslides. The Greening Malaysia 100 Million Trees Campaign is a critical intervention here, but the economic pressure to clear land for farming remains a persistent driver of degradation.



Source: URBANICE Malaysia

6.0

The Voluntary Subnational Review (VSR): Solving the Aggregation Problem

A key systemic innovation during this period was the introduction of the Voluntary Subnational Review, first implemented by the State of Selangor in 2022

- a. **The "Missing Middle":** Previously, data jumped from the City (VLR) to the Nation (VNR), bypassing the State Government. The Selangor VSR bridges this gap, aggregating data from 12 PBTs to provide a state-wide sustainability baseline. This is crucial in a federal system where land and water resources are constitutionally state matters.
- b. **Data Harmonization:** The VSR process exposed the "Data Scattering" problem—critical indicators held by disparate agencies (DID, JKR, PLANMalaysia) in incompatible formats. The VSR forced a consolidation exercise, aligning state planning (First Selangor Plan/RS-1) with the SDGs. This allows the state to prioritize resources for cross-boundary issues like river pollution and regional transport.



Selangor VSR Launch at Malaysia Pavilion, World Urban Forum 2025 © 2025 URBANICE Malaysia.

7.0

Regional Case Studies: Divergent Paths to Sustainability

This section examines selected place-based innovations in Malaysia, illustrating how Ipoh, Sarawak, and Iskandar Malaysia translate global sustainability frameworks into locally adapted urban, energy, and regional development approaches



Dewan Bandaran Ipoh Building. Image © 2022 Syazani Nizam, Unsplash.



7.1 Ipoh: The Doughnut Economics Model

Ipoh is piloting the **"Doughnut Economics" model**, directly aligning with the NUA's call for sustainable resource management. This initiative attempts to balance the **"social foundation"** (living standards) with the **"ecological ceiling"** (planetary boundaries). Ipoh aims to become **Malaysia's first urban ecotourism hub** under this framework, prioritizing ecological protection and community well-being through regenerative practices. This represents a sophisticated conceptual shift for a Tier 1 city, moving beyond simple "growth" to "thriving in balance."



7.2 Sarawak: The Hydrogen Economy

Sarawak utilizes its autonomy to pursue a distinct Post-Covid Development Strategy (PCDS) 2030. The state **focuses on energy transition (Hydrogen/Hydro)** and rural-urban linkages to prevent poverty. The adoption of ART (Autonomous Rapid Transit) positions **Kuching as a leader in next-generation public transport**, bypassing the heavy rail costs faced by Peninsular cities. This hydrogen-based mobility strategy is a unique value proposition that aligns SDG 7, SDG 9 and SDG 11.



7.3 Iskandar Malaysia: The Regional Low-Carbon Model

Iskandar Malaysia operates on a conurbation scale, utilizing the Low Carbon Society Blueprint 2025. It **targets a 58% reduction in carbon intensity**. As a Regional Development Authority (IRDA), it transcends municipal boundaries, allowing for integrated planning that individual PBTs cannot achieve.

BOX 2.3

Harmonizing Visions: Aligning Sarawak's PCDS 2030 with Malaysia's 13th Plan

Malaysia As Malaysia prepares for its Thirteenth Malaysia Plan (13MP, 2026-2030), the state of Sarawak stands at a pivotal juncture. A new comprehensive report maps the strategic alignment between the federal 13MP and Sarawak's own Post COVID-19 Development Strategy (PCDS) 2030. The analysis reveals a high degree of coherence between the two frameworks but warns of critical implementation risks—specifically regarding infrastructure readiness and the pacing of digital governance—that could derail the state's ambitious high-income targets.

Macro-Alignment: Shared Philosophy

At the highest level, the philosophies of the federal and state governments are near mirror images. The 13MP is anchored in the "Ekonomi MADANI" framework, which prioritizes "Raising the Ceiling" (economic complexity) and "Raising the Floor" (social inclusivity). This maps seamlessly onto the PCDS 2030 pillars:

- **Economic Prosperity:** Aligns with "Raising the Ceiling," targeting a doubling of Sarawak's economy to RM282 billion by 2030.
- **Inclusive Society:** Aligns with "Raising the Floor," focusing on equitable wealth distribution and social upliftment.
- **Environmental Sustainability:** Complements the 13MP's governance and sustainability mandates.

Economic Engines: Green and Digital Growth

Sarawak is positioned as a primary engine for the 13MP's goal of advancing economic complexity. The state's competitive advantage lies in its energy mix. With a target to increase hydropower capacity to 4,800MW and solar to 1,500MW, Sarawak offers a low-carbon grid essential for attracting high-value, energy-intensive investments like semiconductor manufacturing. This supports the 13MP's thrust for High Growth High Value (HGHV) sectors. Furthermore, the PCDS 2030 relies heavily on digital transformation, aiming for the digital economy to contribute 20% (RM56.4 billion) to the state's GDP by 2030. However, realizing this target is contingent upon federal infrastructure commitments. The report warns that delays in 13MP projects, such as the Trans Borneo Highway, could severely constrain these high-value economic activities.

The Social and Environmental Paradox

While the economic roadmap is clear, the path to social and environmental inclusivity faces structural hurdles.

- **The Urban-Rural Divide:** Local reviews highlight significant income disparity, with rural communities facing lower wages and poor connectivity. The report argues that "Raising the Floor" requires "infrastructural equalization" (SDG 9)—ensuring rural districts have the roads and utilities needed to participate in the high-value economy.

- **The Green Paradox:** There is a notable "Foundational Environmental Deficit." While the state pursues advanced green technologies like Carbon Capture, Utilisation, and Storage (CCUS) and hydrogen, local authorities struggle with basic SDG 12 issues. Voluntary Local Reviews (VLRs) consistently cite ineffective waste management and illegal dumping as top challenges, creating a disconnect between high-tech climate goals and on-the-ground sanitary realities.

Localizing Action: The SDG Cities Roadmap

To bridge policy and practice, Sarawak has introduced the SDG Cities Roadmap, which guides local authorities through a phased implementation timeline.

- **Phase 1 (2025-2026):** Focuses on immediate corrections, such as poverty assistance and basic drainage improvements.
- **Phase 2 (2026-2030):** The core scaling period, aligned with the 13MP, involving capital-intensive projects like affordable housing and waste-to-energy studies.
- **Phase 3 (Post-2030):** Targeted for advanced smart city solutions and centralized data centers.

Critical Risks and Recommendations

The report identifies a dangerous "Governance Timeline Inversion." Critical digital frameworks—such as the centralized Data Centre and the full empowerment of local SDG Committees—are currently scheduled for Phase 3 (beyond 2030). This delays the transparent oversight needed during the massive growth scheduled for Phase 2. To de-risk the plan, the report recommends:

- Mandatory Phase Shift:** Move the implementation of digital governance and local SDG committees forward to Phase 2 (2026-2030) to ensure data-driven oversight during the critical investment period.
- Fix the Basics First:** Immediately ring-fence 13MP funds for foundational environmental infrastructure (sanitary landfills, recycling centers) to resolve the waste crisis before attempting complex waste-to-energy projects.
- Joint Task Force:** Establish a high-level PCDS-13MP Joint Task Force to ensure federal resource allocation is responsive to Sarawak's unique drivers, particularly in Renewable Energy and CCUS.

In conclusion, while the strategic coherence between Sarawak and the federal government is strong, success depends on fixing the basics: closing the rural infrastructure gap, solving the waste crisis, and accelerating digital governance to keep pace with economic ambition.

8.0

Fiscal and Governance Audit: The Enablers and Disablers



Kuala Lumpur Voluntary Local Review Launch © 2023 Dewan Bandaraya Kuala Lumpur

BOX 2.4

The Legislative Engine of Sustainable Urban Transformation: Mapping and Alignment of Acts 171 and 172 in Localizing the Sustainable Development Goals in Malaysia

The Legislative Engine of Sustainable Urban Transformation in Malaysia

Malaysia's commitment to the 2030 Agenda for Sustainable Development relies heavily on the principle of "localization"—translating national policies into tangible grassroots action. At the heart of this effort lies a "legislative engine" comprised of two foundational statutes: the Local Government Act 1976 (Act 171) and the Town and Country Planning Act 1976 (Act 172). These Acts provide the essential legal mandates for Local Authorities (LAs) to govern urban development, manage resources, and deliver services that underpin the 17 Sustainable Development Goals (SDGs).

The Dual Legislative Framework

The governance of sustainability in Malaysia is structurally dependent on the complementary roles of these two Acts, which work in tandem to establish a "Whole-of-Nation" approach.

1. Act 171: Service Delivery and Social Welfare The **Local Government Act 1976 (Act 171)** focuses on the administrative, financial, and operational aspects of local governance. It positions LAs as the primary providers of public welfare, directly influencing the social and environmental pillars of the SDGs.

- **Public Health and Sanitation:** Functions such as waste management, disease control, and public cleanliness are critical for achieving SDG 3 (Good Health and Well-being) and SDG 6 (Clean Water and Sanitation).
- **Social Infrastructure:** By providing public amenities like markets, parks, and housing, LAs contribute to SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities), ensuring equitable access to services for low-income populations.
- **Environmental Management:** Enforcement of pollution controls and building standards under Act 171 supports SDG 12 (Responsible Consumption) and SDG 13 (Climate Action).

2. Act 172: Strategic Spatial Planning The **Town and Country Planning Act 1976 (Act 172)** serves as the strategic tool for managing physical development and land use. It designates every Local Authority as the Local Planning Authority (LPA), tasked with ensuring development is systematic and sustainable.

- **Sustainable Cities:** Through the preparation of Local Plans, Act 172 is the primary mechanism for localizing SDG 11 (Sustainable Cities and

Communities), regulating density, transportation, and infrastructure.

- **Climate and Ecosystems:** Development control powers allow LAs to preserve Environmental Sensitive Areas (ESAs) and enforce green infrastructure, directly advancing SDG 13 and SDG 15 (Life on Land).
- **Inclusive Governance:** Act 172 mandates public participation in the planning process, operationalizing SDG 16 (Peace, Justice, and Strong Institutions) and fostering transparency.

Measurement and The Data Gap

To monitor progress, Malaysia utilizes MURNInets (Measuring Urban Rural National Indicators for Sustainable Development), a system managed by PLANMalaysia. While it maps to 11 of the 17 SDGs, significant gaps remain. The current framework heavily favors environmental and infrastructure metrics (covering 33% of SDG 11) but systematically lacks indicators for **SDG 5 (Gender Equality)** and **SDG 10 (Reduced Inequality)**. This omission suggests a policy blind spot where social equity—central to the "Leaving No One Behind" principle—is under-prioritized in performance monitoring.

Governance Challenges and Structural Friction

Despite the robust legal framework, effective localization is hindered by deep-seated institutional friction.

- **Vertical Friction (Federal vs. State):** Local government is constitutionally a State matter, often leading to tensions when Federal SDG directives conflict with State political priorities. LAs lack local elections and financial autonomy, making them accountable upwards to State Authorities rather than downwards to their communities.
- **Horizontal Friction (Revenue vs. Conservation):** Internally, LAs face a conflict between their Act 171 and Act 172 mandates. Act 171 encourages revenue generation (licensing, taxes), creating an incentive for development. Conversely, Act 172 often requires restricting development to protect the environment. When these goals clash, the pressure for fiscal expediency often overrides long-term ecological conservation.

BOX 2.4

Recommendations for Reform

To resolve these conflicts and accelerate SDG localization, the report proposes several key interventions:

1. **Formalize Sustainability Assessments (SA):** Amend Act 172 to make comprehensive SAs a statutory requirement for all development plans, ensuring environmental and social impacts are evaluated legally alongside economic factors.
2. **Establish Sustainability Offices:** Mandate LAs to create dedicated sustainability coordination offices to bridge the gap between service delivery (Act 171) and spatial planning (Act 172) departments.
3. **Expand MURNInets:** Immediately incorporate indicators for Gender Equality (SDG 5) and Reduced Inequality (SDG 10) to ensure social justice is measured on par with infrastructure.
4. **Institutionalize Voluntary Local Reviews (VLRs):** Make VLRs a formal requirement linked to fiscal resource allocation, strengthening vertical accountability.

In conclusion, while Acts 171 and 172 grant substantial powers for sustainable transformation, their potential is constrained by governance deficiencies. Achieving the 2030 Agenda requires a shift from segmented powers to integrated sustainability governance, ensuring that development is not only regulated but genuinely inclusive and resilient



Source: Majlis Perbandaran Hulu Selangor © 2025

8.1 Fiscal Federalism and the Budgetary Constraint

The audit identifies Fiscal Centralization as the primary bottleneck. District Councils rely almost entirely on federal/state grants and cannot issue bonds to fund green infrastructure.

- a. **Ecological Fiscal Transfer (EFT):** The increase of the EFT to RM250 million in Budget 2025 is a critical policy shift. It financially rewards states (and by extension, districts) for maintaining forest cover, directly linking fiscal transfers to SDG 15 performance. This creates a financial incentive for conservation that was previously absent.
- b. **Carbon Tax:** The impending introduction of a Carbon Tax in 2026 (targeting steel/energy) will create a new revenue stream. Ideally, a portion of this revenue should be hypothecated for green urban infrastructure at the local level to support the transition.

8.2 The Data Lake Challenge and PADU

Data availability remains the "Achilles Heel" of SDG localization.

- a. **The Gap:** Audits of RP4 cities show up to 70% of indicators are unavailable at the district level.
- b. **The Solution:** The Central Database Hub (PADU) and OpenDOSM aim to granularize data. PADU's integration of socio-economic data allows for targeted subsidy rationalization (SDG 1), but its utility for environmental monitoring (SDG 11) is still being developed. The goal is to move from "proxy data" to "operational data" (e.g., real-time landfill weighbridge data feeding national dashboards).



Source: URBANICE Malaysia

9.0

Strategic Outlook and Recommendations (2026-2030)

As Malaysia transitions to the Thirteenth Malaysia Plan (13MP), the audit proposes the following strategic shifts to bridge the implementation gap:

- a. **From Voluntary to Mandatory Reporting:** The "Voluntary" aspect of VLRs was necessary for the pilot phase. For 13MP, KPKT should mandate that all City Councils (Tier 1) produce a biennial Local Review as a Key Performance Indicator (KPI). This institutionalizes sustainability beyond the tenure of specific mayors.
- b. **The "SDG Localization Fund":** To address fiscal asymmetry, the Federal Government should establish a dedicated grant mechanism accessible only to Tier 2 and Tier 3 councils for specific "Accelerator" projects (e.g., rural solar, smart water meters), bypassing general consolidated funds.
- c. **Resolving the Micromobility Impasse:** The Ministry of Transport and KPKT must harmonize policies. A "Regulatory Sandbox" approach should be applied to designate micromobility zones in cities like Shah Alam and Cyberjaya to legally enable last-mile solutions.
- d. **Operationalizing the Urban Renewal Act (URA):** The passage of the URA is critical for urban regeneration, but it must be accompanied by a "Social Impact Assessment (SIA)" requirement to protect vulnerable residents from displacement, ensuring the "Inclusive" aspect of SDG 11 is not sacrificed for the "Resilient" aspect.



10.0

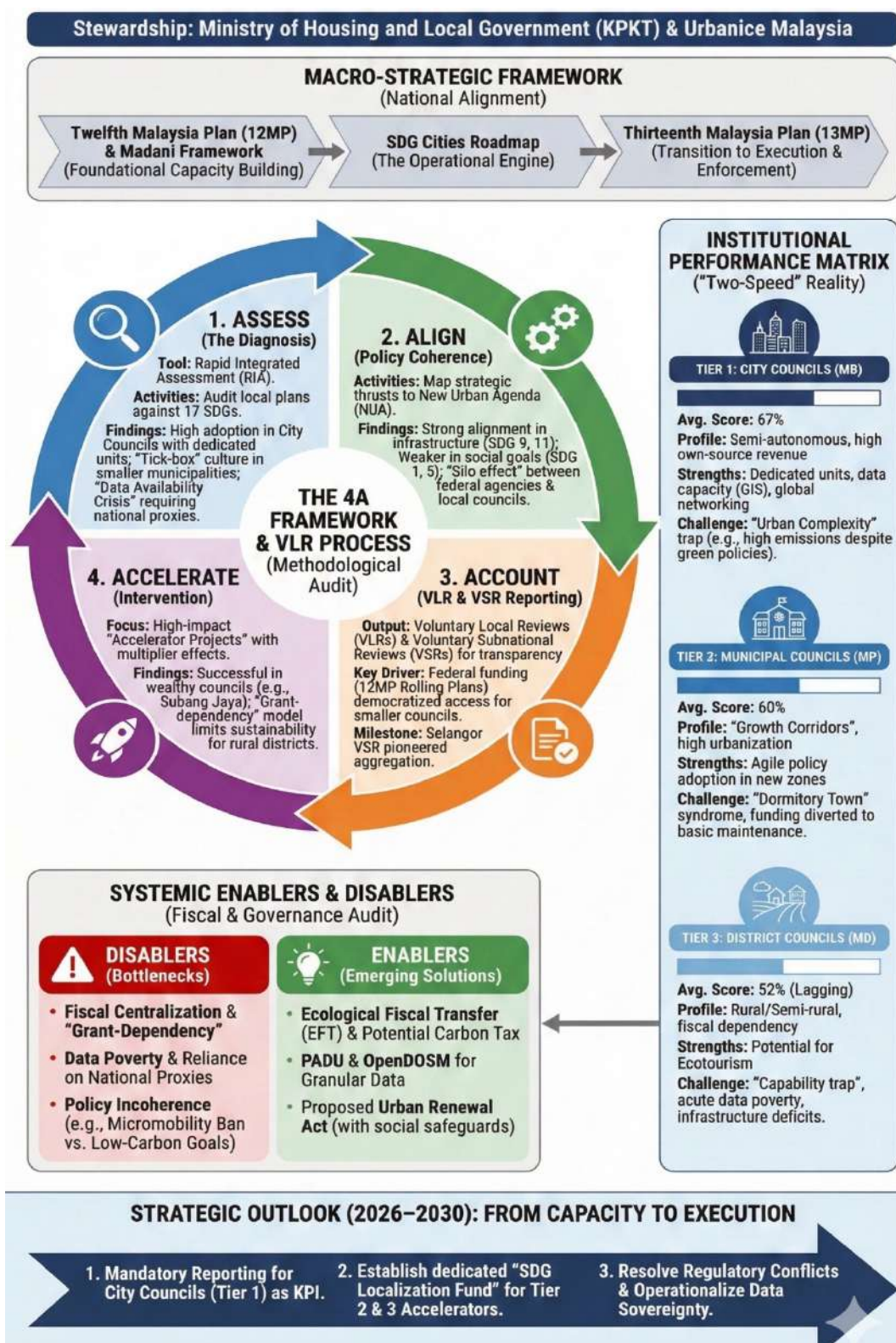
Conclusion


The period of 2021–2025 has been one of **Foundational Capacity Building**. Through the SDG Cities Roadmap, the lexicon of sustainability has been successfully embedded into local governance. However, the Implementation Gap remains wide, particularly in transport, waste, and data sovereignty. The divide between the hyper-advanced planning of Kuala Lumpur/Selangor and the basic infrastructure struggles of rural districts defines the current landscape.

The success of the next phase (2026–2030) will depend not on producing more reports, but on structurally empowering Local Authorities with the **Financial Autonomy** (through EFT and green financing), **Data Sovereignty** (through granular DOSM/PADU access), and **Regulatory Clarity** (resolving transport/housing contradictions) required to translate their SDG Roadmaps into tangible reality. Only by empowering the "Local" in "Voluntary Local Review" can Malaysia hope to meet the ambitious targets of the New Urban Agenda and avoid the "middle-income trap" of unsustainable urbanization.



Performance Audit & Matrix Analysis: Malaysia SDG Cities Roadmap & VLR Reports (2021 – 2025)





The Comprehensive Audit and Strategic Analysis Report for Malaysia SDG Cities Roadmap and Voluntary Local Review (VLR) 2021 – 2025

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