

UNITED NATIONS DEVELOPMENT PROGRAMME



UNDP

Distr.
GENERAL

DP/CP/MAL/3
22 February 1982

ORIGINAL: ENGLISH

GOVERNING COUNCIL
Special meeting
24-28 May 1982, Geneva
Agenda item 3 (d)

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Consideration and approval of country programmes

THIRD COUNTRY PROGRAMME FOR MALAYSIA

UNDP assistance requested by the Government of Malaysia for the period 1982-1986

Illustrative IPF for 1982-1986: \$15 000 000

INTRODUCTION

1. The third UNDP country programme for Malaysia, covering the period 1982-1986, is the result of a programming exercise carried out by the Government in close consultation with UNDP. The Economic Planning Unit (EPU) of the Prime Minister's Department was responsible for co-ordinating requests from the various ministries and departments for UNDP assistance, taking account of available resources from other multilateral and bilateral sources. In view of the considerable amount of preparatory work carried out for the Fourth Malaysia Plan (FMP) 1981-1985, no special sectoral studies were considered necessary during the country programming exercise. The participation of United Nations agencies was obtained, where appropriate, for the formulation of selected projects only.

Note: In accordance with decision 81/15, adopted by the Governing Council on 27 June 1981 (E/1981/61/Rev.1, Annex I), the third country programme for Malaysia is being submitted to the Council without an accompanying note by the Administrator.

The previous country programmes for Malaysia and the accompanying notes by the Administrator were issued under the document symbols DP/GC/MAL/R.1-DP/GC/MAL/R.2 and DP/GC/MAL/R.1/RECOMMENDATION and DP/GC/MAL/R.2/RECOMMENDATION, respectively.

2. The country programme takes into consideration the objectives of the FMP and therefore closely reflects national socio-economic development priorities. The FMP seeks to implement with greater vigour the Government's New Economic Policy (NEP) through a two-pronged development strategy which aims at: (a) eradicating poverty by raising income levels and increasing employment opportunities for all, irrespective of race; and (b) restructuring society so as to reduce the economic imbalances that exist among the various races and to eventually eliminate the identification of race with economic function. The FMP also emphasises balanced growth and the reduction of disparities among states and regions within the country.

3. Total resources taken into account for programming amount to \$14.26 million (see Annex: FINANCIAL SUMMARY). This consists of \$12 million, which represents 80 per cent of the "Illustrative" Indicative Planning Figure (IPF) of \$15 million, plus the carryover from the second-cycle IPF amounting to an estimated \$0.64 million, and the carryover from Government programme cost sharing contributions to the second country programme amounting to \$1.62 million. The Government has decided to continue the arrangements made for programme cost sharing begun under the second country programme and has accordingly allocated a sum of \$5 million to supplement third-cycle resources, as required. This amount is to be programmed in the same manner as were Government cost sharing resources during the second country programme period. A system of annual expenditure accounting is to be established by UNDP in co-operation with the Government in respect of the Government's additional programme inputs.

4. The third country programme will be subject to annual reviews in accordance with UNDP guidelines on country programming. These reviews will have the purposes of confirming the inclusion in the third country programme of proposals earlier identified, deleting any proposals no longer considered relevant, including new proposals in response to changing needs and priorities of the Government, and deciding on the extent to which it is necessary to implement the third country programme projects in the following year.

5. In line with FMP priorities, UNDP assistance will give emphasis to projects in the agriculture, forestry and fisheries, manufacturing and services sectors, as well as studies organized for the implementation of the NEP. Based on the concept of continuous programming, 46 projects have been identified of which 21 are the continuation of ongoing projects. However, the ongoing projects consume only 28 percent of the total programmable resources. A significant change between the second and third country programmes is the emphasis on a balanced pattern of programming with a more even distribution of UNDP resources among priority sectors. Thus, the allocations for multi-sectoral planning projects have dropped from 50 per cent to 22 per cent between the two cycles. At the same time, a conscious effort was made to avoid overlapping UNDP and bilateral assistance activities.

6. The nature of the activities and inputs selected for UNDP assistance under the third programme was influenced by the need to focus on critical areas of policy and planning, research and human resources development which are crucial to Malaysia's development, and the relatively small size of the IPF. Under the third country programme, the Government has decided to continue collaboration between UNDP and other multilateral development assistance organizations, such as the World Bank and

the Asian Development Bank. The latter will, for the first time, execute a UNDP-financed project in Malaysia (see paragraph 28 below).

NATIONAL DEVELOPMENT OBJECTIVES AND PROGRAMMES TO BE SUPPORTED BY UNDP,
ACCORDING TO SPECIFIC FMP PRIORITIES (BY SECTOR)

Agriculture, forestry and fisheries

7. Although the agriculture sector's share of the Gross Domestic Product (GDP) declined from 30.8 per cent in 1970 to 22.2 per cent in 1980, the emphasis accorded by the Government to this sector stems from the fact that the incidence of poverty among agricultural households is significantly higher than the 1980 national average of 29.2 per cent. Under the FMP, the Government has made an allocation of M\$8.36 billion to this sector (approximately US\$3.56 billion or 21.3 per cent of the total allocation for the Plan) which will emphasize integrated approaches to in-situ, agricultural land and forest resources development, as well as agricultural support services designed to increase income and productivity.

8. During the third country programme, UNDP will provide assistance to the Government worth an estimated \$400,000 for improving Agricultural Policy Analysis and Planning (MAL/81/016) with the ultimate aim of increasing agricultural production. The project will determine the adequacy of existing agro-economic data, establish a more efficient Management Information System (MIS), and formulate policies and strategies for crop development, as well as design econometric models for agricultural planning. The overall goal is to convert the broad objectives of the national agricultural policy into detailed projects and programmes for implementation. At the same time, UNDP assistance worth \$100,000 will be provided for finalizing National Agricultural Policy (MAL/82/002)* which will be executed in collaboration with the World Bank.

9. The fisheries subsector continues to be accorded high priority under FMP because of its potential contribution to increasing rural income and as a supplementary source of protein. UNDP assistance, estimated at \$908,100, will expand two ongoing aquaculture projects, namely Coastal Aquaculture (MAL/77/008) and MAJUIKAN 1/ Aquaculture Development (MAL/79/018). These projects will help to develop better ways of cultivating and feeding fresh and brackish-water fish and to introduce means of combating diseases.

10. Assistance worth \$122,400 will be provided for continuation of the project on Development of Sawmilling and Kiln Drying (MAL/78/004) which is designed to foster more efficient use of Sabah's timber resources and to increase the value-added in wood processing. Present support to Sabah in Seed Source Establishment and Tree Improvement (MAL/78/009) will be increased by approximately \$491,700 to cover both indigenous and exotic species.

^{1/} MAJUIKAN is the Malay acronym for the Malaysian Fisheries Development Authority.

* Those projects marked with an asterisk are still at an early stage of consideration by the Government.

Assistance worth \$466,000 for the Development of Forestry Sector Planning in Sabah (MAL/81/002)* will review forest-based industries in line with the State's industrialization policy and recommend strategies for more efficient use of forest resources. Assistance to Sarawak Forestry Development (MAL/76/008) for the orderly exploitation of timber resources will continue into 1982.

11. As virtually every aspect of agriculture depends upon weather and climate, further assistance in Agrometeorology, Phase II (MAL/81/009), worth an estimated \$346,000, will be provided to strengthen the Government's agrometeorological services to meet the needs of the country's agricultural development agencies, as well as those of farm households. Support worth \$300,000 will also be provided for Remote Sensing Applications for Agriculture and Natural Resources Studies (MAL/82/003)* to enhance the effectiveness of crop-planning and land usage. Continuing assistance, worth about \$100,000, will be provided to an ongoing Water Management Pilot Scheme (MAL/76/011) which demonstrates more effective ways of using facilities on medium-sized irrigation schemes to increase rice production.

12. In line with the Government's efforts to improve the quality of processed foods for export and local consumption, UNDP will provide assistance worth \$144,000 for Strengthening Food Control Services (MAL/82/004)* through training of management and technical staff, as well as the establishment of inspection and certification procedures.

Manufacturing and trade

13. The overall strategy in manufacturing will be to expand and diversify the manufacturing output, giving priority to the establishment of resource-based industries and the promotion of intermediate and capital goods industries. Resource-based industries will be encouraged to generate a higher value-added to exports in order to increase foreign exchange earnings. The Government will continue to pursue policies for the dispersal of industries to promote balanced industrial growth among regions and to generate employment, especially in the rural areas.

14. An Industrial Master Plan (MAL/79/001) project (estimated UNDP contribution \$1,387,000) will assist the Government in assigning priorities and planning for industrial development and will provide a basis for selecting industries for export promotion and further import substitution. Manufacturing Development Studies (MAL/81/007) will be undertaken jointly by the Government and the World Bank under UNDP financing and will include analyses of effective protection rates, domestic resources costs, export promotion subsidies, free trade zone-based firms and the industrial data base. These studies (estimated UNDP contribution \$600,000) are expected to provide an important input to the preparation of the Industrial Master Plan.

15. An estimated \$200,000 worth of assistance to the Small-scale Enterprises Division, Ministry of Trade and Industry (MAL/82/005)* will help to strengthen the new Division's capacity for planning small-scale enterprises development, which will complement the Industrial Master Plan and Manufacturing Development Studies mentioned above. At the same time, a \$25,000 consultancy for Assistance to the Credit Guarantee Corporation (MAL/82/001)* will aim to improve the effectiveness of the Corporation through an in-depth study of its organization, functions and

operations, and an evaluation of its contribution. The Corporation will play an important role in financing small-scale enterprises development and is expected to benefit from a future World Bank loan.

16. The project on Management and Evaluation of Public Enterprises (MAL/77/012), which aims to increase profitability and management efficiency in various government-owned productive enterprises, will continue under the third country programme with UNDP assistance estimated at \$116,400. Performance monitoring through Establishment of Management Services Unit, Ministry of Public Enterprises (MAL/82/006)* will be emphasized under a Phase II project tentatively costed at \$310,000. Training programmes in Export Promotion (MAL/80/005) will be provided for the orientation of government trade officers and exporters. The project, with an estimated UNDP contribution of \$77,500, will also provide consultancy services to upgrade the trade information system of the Export Trade Centre.

Multi-sectoral planning for development

17. As in the second country programme, projects under this category are those concerned with multi-sectoral planning and development, research and training directed towards the implementation of the FMP. Three economic analyses will be conducted in collaboration with the World Bank in support of the NEP. A Regional Impact Study (MAL/81/003) will assemble information, identify factors influencing growth of lesser developed regions, examine strategies and policies and assist the formulation of projects and programmes to stimulate their development. An Agricultural Census Data Analysis (MAL/81/004) will be undertaken to obtain socio-economic data on a regional and state-wide basis to facilitate regional planning and the preparation of strategies to alleviate poverty in the poorer states. A Living Standards Measurement Study (MAL/81/006) will help improve the information system for measuring living standards, taking into account such socio-economic indicators as housing, electricity, drinking water, education and health, as well as other indicators pertaining to the quality of life. The ultimate objective of these studies, which will require UNDP support of about \$800,000, is to provide data which can be used in monitoring progress in poverty eradication. A related project, Establishment of Socio-Economic Research Methodology (MAL/82/007)*, with an estimated cost of \$100,000, will help enhance the Government's research capabilities and provide a tool for evaluating development plans, projects and programmes.

18. Assistance to Kedah Regional Development Authority (KRDA) (MAL/81/012), worth \$849,000, will help to identify development projects and programmes for the newly established KRDA, mainly using the regional economic studies undertaken by consultants to the State and Rural Development Project (MAL/76/014) which was aimed, inter alia, at increasing the development planning capacities of selected State Economic Planning Units. As a follow-up to the assistance provided under second country programme for identifying and formulating development projects in the poorer states of Malaysia, the services of an Economic Adviser to the Kelantan State Economic Planning Unit (SEPU) (MAL/81/020), costed at \$150,000, will be continued to maximize the benefits thus far achieved. UNDP assistance, worth an estimated \$500,000, to Research and Training for National Planning (MAL/74/005) is to be provided under a new project, Training for Development Planning (MAL/81/013), which is to increase the Government's capacity for planning and implementation at the national, regional and state levels, primarily through short-term training.

19. Implementation of Performance Auditing (MAL/82/008)* through actual audits in selected government agencies will facilitate on-the-job training of audit staff. This assistance, worth an estimated \$140,000, will also help the Office of the Auditor-General to adapt methodology and procedures developed under previous United Nations regular programme assistance.

Transport and communications

20. The Government has allocated M\$5.64 billion (equivalent to US\$2.2 billion) during the FMP period for the expansion and improvement of the various modes of transportation and related infrastructure. Within the transport sector, priority is accorded to the construction of rural roads and to the expansion of the inter-urban road network. In the communications sector, domestic and international links will be further upgraded.

21. UNDP assistance in Maritime Training (MAL/80/003), estimated at \$294,600, will be provided to meet the urgent need for training of deck officers and marine engineers. Assistance in the establishment of a Maritime Examinations Board (MAL/80/004), worth about \$147,800, will be aimed at upgrading as well as certifying maritime personnel. Continued assistance, estimated at \$365,000, is to be accorded to the Civil Aviation College (MAL/79/004) which will train sufficient personnel to effectively operate and maintain aeronautical facilities and services.

22. In Telecommunications Planning and Development (MAL/79/006) assistance of approximately \$371,900 will be provided in the area of electronic switching in addition to continued assistance for computer application in telecommunications management, public data network and traffic engineering which are designed to modernize the operations of the Malaysian Telecommunications Department. A project for Mechanized Sorting and Postal Coding (MAL/82/009)*, costed at \$200,000, will help to further upgrade the nation's postal services.

Education, training and social welfare

23. During the FMP, policies and programmes for education and training will continue to be geared towards fostering national unity and increasing the participation of all Malaysians in national development. Programmes for social welfare will give priority to such areas as rehabilitation of the handicapped and industrially disabled to help reintegrate them into the mainstream of socio-economic life.

24. UNDP will continue to provide assistance worth an estimated \$228,000 during the third country programme to the State Educational Resources Centres (MAL/76/018) in four of the lesser developed states to strengthen their planning capacities and to improve the quality of education through a programme of in-service training for teachers and educational administrators and through the extension of support services. In line with the Government's objective of expanding technical training in specialized fields, \$320,000 worth of additional assistance to the Kuantan Polytechnic (MAL/76/017) will be provided during the third country programme. The project will provide two-year technician courses in food technology.

25. Assistance in Manpower Planning and Development (MAL/81/001) will help the Government's Manpower and Management Planning Unit and the EPU to analyze the country's need for trained workers and the implications on human resources development up to the year 1990. It is also expected to improve and further develop a manpower data-base management system. This project, with a total UNDP contribution of \$205,000, follows previous assistance in Employment and Manpower Planning (MAL/76/016). Another project, aimed at enhancing capabilities in the public sector, will provide \$500,000 for Training in the Usage of Computer Systems (MAL/81/017). A project costed at \$120,000 will assist the Tourist Development Corporation in the Establishment of Tourism, Manpower Planning and Training Programmes (MAL/82/010)* in the fields of travel, hotel and catering services.

26. UNDP assistance of approximately \$49,000 to a proposed National Rehabilitation Centre (MAL/81/010) will help identify the physical and infrastructural needs of the Centre as well as the special equipment to be used in the rehabilitation of handicapped persons. The Centre, which will receive a Government allocation of M\$12.9 million (US\$5.86 million) under the FMP, is to provide medical rehabilitation and vocational training for the rehabilitation of workers affected by industrial accidents and incapacitated service personnel to reintegrate them into the work force.

Utilities and housing

27. Programmes in the utilities sector will be expanded under the FMP to contribute to the promotion of economic growth and improvement in the quality of life through the provision of better services in water supply, sewerage and electrification for rural as well as urban areas. High priority will be given to finding alternative sources of energy and the formulation of a comprehensive energy policy. UNDP will provide an expert to the Ministry of Energy, Posts and Telecommunications to train its officers and to further develop analytical skills in various aspects of Energy Planning (MAL/81/014). The estimated cost of this assistance is \$202,000.

28. During the FMP period, priority will be given to the provision of low-cost housing, particularly for the poor in urban areas. An Asian Development Bank-executed project in Low Cost Housing (MAL/81/008), with an estimated UNDP contribution of \$350,000, will provide consultancy services in engineering and architectural aspects of housing construction as well as institutional support to strengthen the management of government agencies responsible for housing.

29. Assistance to the Public Works Department Training Institute (MAL/82/011)*, costed at \$180,000, will expand the Department's capacity to undertake infrastructural development through training of professional and technical staff in such fields as architecture and civil, mechanical and electrical engineering. As a follow-up to assistance under the second country programme, an Expert in Heavy Mechanical Plant (MAL/82/012)* will be assigned to the National Electricity Board (NEB) Training Institute to develop training programmes in maintenance of mechanical plants including boilers, turbo-generators, gas turbines and coal-handling plants for the generation of electricity. This assistance is tentatively costed at \$150,000.

Continuous programming

30. On the basis of continuous programming, the Government plans to utilize the balance of resources under the third country programme to support other projects in the sectors of agriculture, manufacturing, transport and communications and utilities according to the priorities of the FMP.

COMPLEMENTARY ASSISTANCE TO THE THIRD COUNTRY PROGRAMME

31. The country programme is complemented by a number of United Nations agencies' regular programmes and global and regional project activities which are executed, supported and/or assisted by the organizations of the United Nations development system. These include projects funded under the UNDP intercountry programme for the Asia and Pacific Region, UNICEF, UNFPA, WHO and multi-bilateral sources.

32. Malaysia provides host facilities for five regional projects supported by UNDP (the Asia and Pacific Development Centre, the Asian Institute of Broadcasting Development, the Forest Industries Advisory Group, the South-east Asia Tin Research and Development Centre and Course Development in Telecommunications), and one multi-bilateral project (Marketing Information and Advisory Services for Fish Products in the Asia/Pacific Region) funded by the Government of Norway. Another multi-bilateral project, Integrated Fisheries Development, is being executed by FAO with funding from the Government of Canada.

33. UNFPA is expected to provide \$6.5 million of assistance during the 1981-1984 period for population education, demographic studies, maternal and child health and family planning. UNICEF funding of \$1.80 million for the period 1982-1984 will cover projects in such areas as pre-school education, primary health care and urban social planning, in addition to the continuing programmes in food and nutrition, community development and family planning. WHO is furnishing assistance in medical research, malaria control and environmental health through four Malaysia-based intercountry projects. Its direct assistance to the Government (\$850,000 for 1982-1983) includes the strengthening of health services and primary health care. Other United Nations agencies providing assistance under their regular programmes include UNESCO, FAO, IAEA, ILO, UNIDO and the United Nations Centre for Transnational Corporations.

Annex

FINANCIAL SUMMARY

A. Resources */

(a) IPF and other resources	\$
(i) Illustrative IPF for programme period (1982-1986)	15 000 000
(ii) Carry-over from previous IPF cycles	641 000
(iii) Other resources (carry over from Government cost-sharing during previous cycle)	1 621 000
(b) Provision for adequate programming	-
TOTAL	<u>14 262 000</u>

B. Use of resources

(a) Programmed	
(i) Ongoing projects	4 082 800
(ii) New projects and new phases included in the country programme	8 691 083
(iii) Earmarked for specific objectives and activities for which projects are to be worked out at a later stage	-
(b) Reserve	1 488 170
(c) Unprogrammed balance	-
TOTAL	<u>14 262 000</u>

C. Financial distribution of programme, by sector

<u>Sector</u>	<u>Ongoing projects</u> \$	<u>New projects</u> \$	<u>TOTAL</u> \$
(a) Agriculture, forestry and fisheries	1 198 257	2 310 926	3 509 183
(b) Manufacturing and trade	1 516 455	1 033 745	2 550 200
(c) Multi-sectoral planning for development	201 656	2 668 844	2 870 500
(d) Transport and communications	529 478	1 096 022	1 625 500
(e) Education, training and social welfare	636 954	699 546	1 336 500
(f) Housing and utilities	-	882 000	882 000
TOTAL	<u>4,082 800</u>	<u>8 691 083</u>	<u>12 773 883</u>

*/ Excluding Government cost-sharing of US\$5 million to be programmed as and when required, once presently programmed UNDP resources have been fully committed.

