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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

FOURTH COUNTRY PROGRAMME FOR MALAYSIA

Note by the Administrator

I. PROCESS OF THE PROGRAMMING EXERCISE

1. The exercise for the formulation of the fourth country programme was originally scheduled for 1984-85. The Government of Malaysia, however, decided to delay it by one year so as to benefit from the sectoral studies and reviews which were then being conducted for the preparation of the Fifth Malaysia Plan (1986-1990).
2. The formulation exercise was initiated by the UNDP office after consultations with the Government in late 1985. The major involvement of the UNDP office was in the assessment of the third country programme, the preparation of the Regional Representative's note and intensive interaction and consultation with the Economic Planning Unit (EPU) of the Prime Minister's Department, various technical Ministries and the local representatives of several organizations of the United Nations system.
3. The assessment of the third country programme indicated that the programme was generally successful in assisting the Government in its development efforts. However, it pointed out that, while individual projects were satisfactory, the impact of the country programme in sectoral terms proved less than had been desired, because of the weak links and relationships between the projects. Consequently, selected sectoral themes could not be pursued in a concerted fashion. The assessment, therefore, recommended that, given the relatively small programming resources, the fourth country programme should focus on a limited number of selected themes where UNDP can have a comparative advantage over inputs from other resources, or where the activities supported have a clear catalytic value.

4. The Regional Representative prepared a note representing his views on the most appropriate orientation and thrusts of the fourth country programme, including identification of some proposed programme areas. The note provided a useful basis for the ensuing dialogue between the Government and the UNDP field office, and is reflected to a large degree in the content of the new country programme.

5. The Government did not request any specific United Nations agency programming missions, since it considered that adequate capacity existed locally to determine country programme objectives and to identify new projects to be supported by the new country programme. It did, however, benefit from a number of sectoral studies prepared by various multilateral and bilateral donors and from the advice of several missions from the United Nations system, including the United Nations Industrial Development Organization and the International Labour Organisation/Asian Regional Team for Employment Promotion, which visited the country early in 1986. UNDP headquarters fielded a mission in March/April 1986 to assist in the assessment of the third country programme and in the formulation of the fourth country programme.

6. Using the Regional Representative's note as a framework, EPU, in collaboration with the UNDP office, reviewed about 100 project proposals submitted by the sectoral Ministries. As a result, 37 projects were finally selected for inclusion in the fourth country programme on the merit of their relevance to the agreed areas of concentration. Other criteria used included the absorptive and management capacity of the prospective implementing agency and the potential for complementarity with technical assistance provided by various other sources, including the UNDP regional and interregional indicative planning figures (IPFs).

II. THE FOURTH COUNTRY PROGRAMME

7. The main emphasis of the Fifth Plan is on industrialization aimed at export promotion, which is viewed as the engine for growth. At the same time, the Fifth Plan continues with rural development and further strengthening and revitalizing the agricultural and rural sector in line with the national agricultural policy.

8. The relevance of the fourth country programme is shown in the fact that the areas of concentration described in the country programme document closely follow the objectives and priorities of the Fifth Plan. The need for support in the government objective of strengthening and upgrading institutional capabilities for planning and plan implementation stems from the greater efficiency and productivity that will be required of units within Ministries, Departments, and other government agencies responsible for plan formulation and implementation as a result of the new and more sophisticated objectives of the Fifth Plan. The second area of emphasis of the country programme, support to human resources development, is also highly relevant because the successful implementation of the Fifth Plan will depend largely on the availability of manpower with appropriate training and expertise both in the public and private sectors. The creation of a skilled and adaptable labour force to meet the changing skill requirements of the economy, and the optimum use of human resources to enhance productivity and efficiency, are essential requirements for economic growth. The promotion of science and

technology, the third main theme of the country programme, is also a key priority in the Fifth Plan. The strengthening of indigenous capacities for scientific and technical research and the increased application of the results of this research in the industry are essential in order to ensure continued increases in productivity in Malaysia's industry and to generate the capability for self-sustaining growth in the industrial sector. Thus, the Administrator considers that the orientation of this country programme is appropriate to the needs of the country.

9. UNDP assistance has been requested for a substantial number of projects in various subsectors in the three selected areas of concentration. Because of limited programme resources, the amount of funds allocated to each of these projects is small. However, particular efforts will be made to use these project allocations with government funds and, wherever possible, to complement the activities of other multilateral and bilateral donors in order to ensure that UNDP-assisted technical co-operation activities are carried out in the fields of critical importance where they are expected to have the largest multiplier effect.

10. Following the encouraging use of national experts, local subcontractors and Government execution during the third country programme, such modalities will be increased during the fourth country programme implementation. In terms of project inputs, UNDP resources will be utilized mainly for specialized and highly focused advice and training. As in the third country programme, project equipment will be for the most part procured with Government counterpart funds.

11. The programme cost-sharing contribution of the Government is a significant feature of the Malaysia country programme. During the third country programme, the Government was committed to the cost-sharing contribution of \$1 million per annum. For 1987-1991, the Government will again provide \$1 million annually as programme cost-sharing funds, subject to the availability of resources.

12. Of the total resources, the share of the new project proposals is 81.9 per cent while the share of the ongoing projects is only 13.5 per cent. This contrasts with the corresponding shares in the third country programme at 60.9 per cent and 28.6 per cent respectively. These figures show that the Government will have a greater degree of flexibility in selecting projects to address priority concerns.

III. MANAGEMENT OF THE COUNTRY PROGRAMME

13. Individual projects will be regularly and intensively monitored to ensure their relevance and effectiveness. An evaluation will be carried out of each project over \$1 million and also of those projects where technical complexity requires in-depth review. To improve the quality of project design and implementation, particular efforts will be made for staff training in the fields of project formulation, appraisal and monitoring.

14. Besides day-to-day operational and project level contacts, programme management meetings will be held on a quarterly basis between EPU, the co-ordinating authority, and the UNDP office. The purpose of these quarterly

meetings will be to review the status of ongoing projects, the formulation of pipeline projects, programme financial matters, and the need for co-ordination with the development projects financed by other multilateral and bilateral donors.

15. A comprehensive mid-term review is scheduled for 1989, the third year of the fourth country programme. As part of continuous programming, the review will examine ongoing and planned activities financed by UNDP with a view to reprogramming resources, as required, in response to changing Government needs and priorities and unanticipated implementation constraints. It will also explore the possibilities of promoting complementarity with activities financed from other United Nations agencies and donors.

IV. RECOMMENDATION BY THE ADMINISTRATOR

16. The Administrator recommends that the Governing Council approve the country programme for Malaysia.
