

# Administrative Machinery for Planning and Implementation

## I. INTRODUCTION

809. The public sector faces a challenging administrative and organizational task in the implementation of the Third Malaysia Plan (TMP). Administrative efficiency will be crucial given the larger size of the investment effort, in particular the need to ensure effective implementation of development programmes for the redressal of socio-economic and structural imbalances. This necessitates improvements being made to the administrative machinery requiring higher levels of professional capability, human understanding and dedication in the formulation and implementation of programmes and projects in line with national objectives.

810. Since the successful implementation of the TMP also depends to a great extent on the performance of the private sector, the administrative system has a vital role to play in creating the environment necessary for the private sector to attain the targets set for it. The responsibilities of the public service in this regard are wide. Not only is it now necessary that adequate infrastructure be provided for the growth of private investment, it is also essential to ensure that private initiative is encouraged to develop along more socially responsible lines in accordance with the New Economic Policy (NEP). Close rapport between the Government and private enterprise is therefore paramount. In this connection, clear and consistent interpretation of Government policies under the NEP as well as responsiveness on the part of public servants to the needs and problems of the private sector in the implementation of the NEP cannot be over-emphasized. The Government will continue to provide the necessary machinery to ensure that there is consistency in the interpretation and implementation of policies and programmes by the public sector.

811. The efficiency of the administrative machinery of the Government in achieving the goals of the nation will also depend on the co-operation and support it receives from the *rakyat*. Their participation in the development effort and their confidence in the future are crucial elements in encountering

communist subversion and insurgency. This challenging task requires full understanding and appreciation on the part of public servants of the complex socio-economic, political and human problems in the country.

## **II. THE PLANNING PROCESS**

812. The planning machinery comprises the Economic Planning Unit (EPU) and the General Planning and Socio-economic Research Unit (GPU) in the Prime Minister's Department and planning cells in strategic agencies e.g. the Treasury, *Bank Negara Malaysia*, the Planning Division of the Ministry of Agriculture, the Development Division and the Educational Planning and Research Division of the Ministry of Education, the Planning and Development Division of the Ministry of Health, the Highway Planning and Public Transport Unit of the Ministry of Works and Utilities and the Research and Planning Division of the Ministry of Communications. Their activities are supported by the Department of Statistics which provides the statistical information needed for planning. The EPU is responsible to the National Development Planning Committee (NDPC), an inter-agency committee comprising the civil service heads of all major economic development Ministries under the Chairmanship of the Chief Secretary to the Government. The NDPC in turn reports to the National Economic Council (NEC)—a committee of the Federal Cabinet under the Chairmanship of the Prime Minister.

813. More recently, a Consultative Committee comprising the NDPC and members of the private sector has been set up. The object is to provide for continuing interaction between representatives of the public and private sectors on matters pertaining to the formulation and implementation of policies and programmes for national economic and social development, particularly those concerning the private sector.

814. At the State level, the State Planning Units (SPUs) are located within the State Secretariat and work to the State Action Committees which are under the Chairmanship of the Menteri Besar/Chief Minister. The activities of planning units in State Governments are in a number of cases supplemented by specially created Federal and/or State regional development authorities established for regional development areas.

## **III. STRENGTHENING OF PLANNING AT STATE LEVEL**

815. Under the TMP, efforts will be made to develop new planning processes at the regional and State levels with a view to enabling the States to plan their requirements more effectively, consistent with national objectives. To this end, the SPUs will be strengthened particularly in the less developed States. The Federal EPU will continue to extend such technical and training assistance as may be required for this purpose.

816. In addition, the Government will establish regional offices of the Federal EPU to assist the SPUs in the identification and preparation of programmes and projects for the implementation of the NEP. These offices will be located in Alor Star, Kota Bharu and Johor Bahru.

817. Experienced personnel will be deployed to help upgrade the planning capabilities of State Governments in the endeavour to strengthen the process of decentralized planning. The major function of regional offices of the Federal EPU will be to work alongside the SPUs in the identification and preparation of projects particularly for external financing. To meet the requirements of international financial institutions, emphasis will be given to the preparation of project packages to complement the work of Federal agencies in this regard. The availability of such projects is extremely essential if Malaysia is to take full advantage of its credit worthiness to attract a greater volume of external resources for its development effort as envisaged in Chapter XII.

#### **IV. THE PREPARATION OF THE THIRD MALAYSIA PLAN**

818. The TMP was prepared by the central agencies of the Federal Government including the EPU, the Implementation and Co-ordination Unit (ICU), the GPU and the Department of Statistics, all in the Prime Minister's Department, the Treasury and *Bank Negara Malaysia* in conjunction with all Federal Ministries and Departments, State Governments and Statutory Authorities participated in the initiation of plan proposals in respect of their areas of concern and in the deliberations on these proposals working through specially constituted Inter-Agency Planning Groups (IAPGs) under the direction of the NDPC and the NEC. The private sector was also involved in the planning process through its participation in the Private Sector Consultative Committee of the NDPC.

819. The recommendations so formulated were examined in detail by special committees comprising a number of Ministers headed by both the Prime Minister and the Deputy Prime Minister before their consideration by the NEC and thereafter by the Cabinet. This process, wherein fundamental issues are fully considered at the highest levels of Government, ensures that Malaysia's development policies and programmes meet the needs of the people in terms of the underlying concepts and strategy of the Plan.

#### **V. CO-ORDINATION AND IMPLEMENTATION**

820. Plan co-ordination and implementation is the direct responsibility of executive Ministries, Departments and agencies at the Federal, State and regional levels. To ensure co-ordination and implementation at the national and inter-departmental levels, ICU was established within the Prime Minister's Department. The Unit works to a National Action Council (NAC) under the Chairmanship of the Prime Minister, the executive committee of

which—also under his Chairmanship—meets regularly with selected agencies of the Government for intensive review of their progress and problems. Arrangements at the State and District levels follow closely the pattern at the Centre.

821. The heart of the implementation machinery is the Operations Room at the central, Ministerial, State and District levels. This will be revamped to introduce new techniques for the monitoring of plan implementation especially in regard to the use of feedback techniques with respect to the progress and problems experienced by the less developed States. In respect of *in situ* development, a concerted approach will be undertaken to integrate agency proposals for the development of the areas concerned. The focal point in this strategy will be the more effective role of the District Officer to mobilize resources and achieve high levels of productivity in area development.

822. The implementation of the Second Malaysia Plan was accompanied by the creation of a large number of new agencies, particularly in the agricultural sector, involved in land development, marketing, credit extension and advisory services. In commerce and industry, the number of agencies is also large with functions extending to the direct operation and management of public enterprises. While most are Federal agencies, some come under the jurisdiction of State Governments.

823. As these agencies have essential roles to play in national development, high priority has been given to their funding in the allocations for development and operating expenditures as well as their requirements for experienced personnel. As a result, there was a sharp increase in the size of the public service and expenditures on wages and salaries. While this increase was necessary for the implementation of the NEP, positive steps in terms of improving implementation capacity, operational procedures and inter-Ministry co-ordination will be taken under the TMP to increase productivity in the public service and its efficiency in the development process.

824. Among other measures, the Government will promote operational efficiency among these agencies through consolidation of their activities to avoid duplication of functions. To this end, the functions and operations of public sector agencies will be reviewed to ensure that they are consistent with the purposes for which they were originally established.

825. The emergence of a number of public sector enterprises—as instruments for implementing Government's policies for eradicating poverty and restructuring society—calls for special efforts to meet their specialized personnel requirements and to develop their organization, management and supervision capabilities along lines which induce progressive improvements in performance. The development of corporate management skills within public enterprises will be important in this regard. A Ministry of Public Enterprises has now been established to ensure that public corporations

work in tandem with each other and with the rest of the Government. The problems involved are significant and complex. The Government will bring about continuous improvement in the management and operation of public enterprises through efficient organization and financial management.

#### **VI. FINANCIAL ACCOUNTABILITY AND MANAGEMENT AUDITING**

826. The standards of financial management of public sector commercial enterprises vary widely. The Government is conscious of the need for these standards to be raised so that there is proper and effective utilization of public funds. A basic principle of sound financial management is accountability for the funds used and the regular auditing of accounts. Experience indicates that independent management and financial audits serve an extremely useful purpose in ensuring high standards of efficiency and accountability. Steps will be taken to ensure that performance will not only be based on proper cost-benefit analysis but that the actual benefits accruing from public expenditure effectively reach intended beneficiaries. The practice which has been adopted by some public authorities in utilizing private sector management consultancy services to prepare financial reports and assess operating efficiency will be followed more widely. In addition, the National Institute of Public Administration (INTAN) will be strengthened to equip itself for providing management consultancy services to public corporations.

827. Capacity for undertaking management auditing will be developed in INTAN through its bureau of consultancy and research. This bureau will have the function, among others, of providing consultancy services to Government agencies by undertaking studies on management, organization, systems and procedures and the design of management information capabilities—essential elements contributing to the implementation of management audits.

#### **VII. RESEARCH FOR DEVELOPMENT PLANNING**

828. The EPU, GPU, the Department of Statistics, the Malaysian Centre for Development Studies and INTAN, working in conjunction with the Universities, have on-going research programmes addressed to the major issues of socio-economic development facing the country. The results of such research undertaken in the course of the SMP were utilized in the preparation of the TMP. The research activities of these agencies under the TMP will be directed at enriching staff work in the Government for greater precision in national, sectoral and regional planning in the future. The research to be undertaken will focus on the needs for effective planning and evaluation of rural and urban poverty redressal policies and projects as well as the need to take account of the interaction of economic, social, cultural and human problems in the design of policies and projects for poverty redressal.

829. The statistical information system in Malaysia has undergone considerable expansion and improvement. There is, nevertheless, still a need for strengthening the quantitative basis of the analyses required for effective planning and implementation. The Department of Statistics has the major

responsibility for the collection, processing and interpretation of national economic, social and demographic statistics. The major undertakings during the TMP will be the launching of the *National Agricultural Census* in 1977 at an estimated cost of \$8 million and the decennial *Census of Population and Housing* at a cost of \$17 million. Together with localized sectoral follow-up surveys (covering, *inter alia*, the fisheries sector), the information to be provided will form the basis for the design of Government's rural poverty redressal policies and projects in the Fourth Malaysia Plan. The Department will also assist in the development of a system for monitoring short-term economic trends in the economy.

830. In collaboration with *Universiti Sains Malaysia*, a *National Integrated Data System (NIDAS)* will be developed under the aegis of the GPU. NIDAS is aimed at the mobilization and rationalization of existing procedures of collecting, storing and processing comprehensive data on a regional basis within a functionally oriented system. It will constitute a data bank tailored to the needs of planning, monitoring, control and evaluation of public and private sector activities in development. The research activities of existing scientific institutions such as the Malaysian Rubber Research and Development Board (MRRDB), the Rubber Research Institute of Malaysia (RRIM), the Malaysian Agricultural Research and Development Institute (MARDI) and the Institute of Medical Research (IMR) will also continue to contribute significantly to the design and evaluation of the Government's poverty redressal projects.

831. The processes of planning, implementation, co-ordination, evaluation and research described above constitute the overall framework within which the Government will operate to strengthen its development efforts. These are interdependent and mutually reinforcing processes with their interactions contributing to the efficient design and implementation of development policies and programmes. In this regard, the Public Complaints Bureau provides an important feedback mechanism.

#### VIII. MANPOWER DEVELOPMENT

832. The shortage of skilled manpower at the professional and sub-professional levels is a major constraint in the implementation of projects and programmes. The National Manpower Survey of 1973 indicated that about 10% of approved posts remained unfilled in the public sector. For specific occupations such as engineers, engineering technicians, doctors, agricultural specialists and managers, the number of unfilled positions was in excess of 20%.

833. There will continue to be strong demand for qualified manpower especially in the technical and scientific fields in view of the expanded role of the public sector in the planning and implementation of programmes for eradicating poverty and restructuring society. The estimated demand and supply positions as illustrated in Chapter VIII clearly indicate that shortages of scientific and technical manpower will continue to be a major constraint

during the Plan period. While there will be rapid expansion of science and technical courses at the tertiary level and of scholarship and training programmes in the public sector, their impact will only be felt towards the end of the Plan period.

834. In order to ensure that anticipated shortages do not constrain the planning and implementation of Government programmes, measures will be taken to ensure efficient utilization of the limited supply of scientific, technical and managerial manpower in the public sector through effective allocation of manpower resources, rationalization of job functions and streamlining of departmental and agency functions. In-service training at all levels in the public sector and training at INTAN and overseas institutions will continue to be emphasized in order to upgrade the professional skills and experience of local officers. Although efforts will be made, where necessary, to recruit foreign personnel on contract in critical areas of skill shortage, the Government will implement high level training for its senior officers to develop its own corps of expertise to provide consultancy services in various fields of development.

835. The growing complexity of the development process coupled with increasing concern over the distribution of the benefits of regional, occupational, social and racial groups requires an increased level of refinement and expertise in drawing up and evaluating plans, programmes and projects. This will be achieved in part through further research work by the Government and expanded training of officers involved in the planning and implementation of development.

836. The training requirements of the central, sectoral and regional agencies will be provided to a large extent by INTAN. In addition, the Government will continue to invest in the expansion of the national universities to provide high level formal training.

837. INTAN will play a key role in the training process. As presently organized, INTAN comprises six major departments for development policy and administration; management development; employee development; local Government and urban development; external affairs and national security administration; and consultancy and research. Under the TMP, the activities of these departments will be expanded. Emphasis will be given to courses in sectoral development planning and administration. These courses will be of a standard sufficient to provide specialized training for Government personnel who are to implement and co-ordinate national, State and regional development programmes.

838. While the human dimensions of societal development will have to be carefully considered in the process of plan implementation, it is also necessary that the attitudes, interests and motivations of all public officials be aligned with national objectives. Positive steps in terms of re-orientating their attitudes through training will be undertaken whilst the incentive system in the Government service itself will be reviewed to ensure that the

highest levels of motivation prevail among them. In this context, the Government will take a serious view of public officials who deviate from the standard of conduct expected of them. Strong disciplinary action will continue to be taken against those who indulge in corrupt practices.

## **IX. CONCLUSION**

839. The further development of the Government's machinery for planning and implementation is vital to enable Government agencies to fulfill their role towards meeting the objectives of the NEP. During the TMP, emphasis will be given towards consolidating the functions of planning and implementation agencies and overcoming their weaknesses through programmes for training and research. Particular attention will be given to strengthening planning and implementation capabilities at the State, regional and district levels.

840. In the final analysis, the achievement of the objectives of the TMP and the NEP will require political and administrative leadership at both the Federal and State levels. This leadership must be of a calibre which assures dedication, integrity, efficiency and responsiveness to the aspirations of the *rakyat* on the part of all public servants in the task of national development. The measures discussed in this Chapter to improve the Government's planning and implementation machinery are only a means to this end.