

CHAPTER 22

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Chapter 22

Development Through International Cooperation

22

DEVELOPMENT THROUGH INTERNATIONAL COOPERATION

I. INTRODUCTION

22.1 During the Seventh Plan period, Malaysia continued to actively participate in international cooperation in line with the strategy to promote the realization of greater collective self-reliance among developing countries. Efforts were intensified towards strengthening international cooperation at the bilateral, regional and multilateral levels, in line with the common goal of economic development. Development cooperation contributed towards the promotion of stronger regional and inter-regional, economic, social and cultural relations as well as the strengthening of the internal capacity and resilience of cooperating countries.

22.2 Efforts will continue to be undertaken to promote international cooperation at all levels to foster a more equitable global relationship where South countries participate in a meaningful manner in the decision-making process on issues which affect them. During the Eighth Plan period, initiatives to enhance regional self-reliance and cooperation as well as efforts to restructure the international financial architecture will be pursued. Technical cooperation will continue to focus on human resource development through the provision of training and fielding of experts. The Malaysian Technical Cooperation Programme (MTCP) will be expanded to build institutional capacities of the South countries as a group, towards the goal of collective self-reliance. At the same time, Malaysia will continue to cooperate with development partners for capacity-building, especially in the development of a knowledge-based economy.

II. PROGRESS, 1996-2000

22.3 Malaysia cooperated closely with the international community during the Seventh Plan period in the sharing of development experiences, particularly with

other developing countries in the spirit of South-South cooperation. Cooperation continued with bilateral partners in enhancing institutional and human resource development as well as in the promotion of sustainable development. This cooperation strengthened political and economic relations, especially in regional groupings such as the Association of South-East Asian Nations (ASEAN), Asia-Europe Meeting (ASEM) and Asia-Pacific Economic Cooperation (APEC).

Bilateral Cooperation

22.4 Malaysia intensified its efforts to enhance existing cooperation with all friendly countries. Twelve diplomatic missions were established with other countries and bilateral cooperation was further enhanced through visits of the Heads of State and Government, conclusion of various bilateral agreements and the establishment of Joint Commissions. Agreements on Economic, Scientific and Technical Cooperation were concluded with 19 countries during the Seventh Plan period, bringing the total number to 92. These Agreements helped to facilitate cooperation and collaboration in many areas including human resource development, science and technology (S&T), trade and investment and tourism. Joint Commission Meetings (JCMs) were held to discuss and facilitate the implementation of activities including trade and investment.

22.5 The framework of bilateral cooperation was further expanded during the Plan Period with the signing of 16 air services agreements, bilateral trade agreements with 22 countries, five bilateral payment arrangements (BPAs) with four countries, five Palm Oil Credit Payment Arrangements (POCPAs) with five countries, investment guarantee agreements (IGAs) with 22 countries and the avoidance of double taxation agreements (DTAs) with 10 countries. Under these agreements, trade-related procedures were streamlined for improved market access and fiscal instruments such as tariffs, taxes and financial regulations were revised and export payments were guaranteed by the central banks of participating countries, thus contributing to increased trade and investment between Malaysia and these countries. Of the new BPAs signed, two were with Bosnia-Herzegovina and one each with the Philippines, Cuba and Sudan.

22.6 *Bilateral Official Development Assistance.* As a developing country, Malaysia continued to be a recipient of official development assistance (ODA) in the form of capital and technical assistance. The total amount of loans received by Malaysia from bilateral sources during the Plan period was USD4.12 billion equivalent in Japanese Yen, for projects in energy, education, industry and infrastructure.

These loans were under the New Miyazawa Initiative announced in October 1998, which provided various initiatives and windows to actively support Asian countries affected by the financial crisis in 1997. These loans were provided by the Japan Bank for International Cooperation (JBIC) since 1998 for projects in priority sectors such as energy, human resource, small- and medium-scale industries (SMIs) and infrastructure as well as projects under the Untied Two Step Loans to *Bank Industri dan Teknologi Malaysia Bhd.* (BITMB) and Development and Infrastructure Bank Malaysia Bhd. (BPIMB). Malaysia also received assistance in the form of a commercial bank loan amounting to USD635 million from Sumitomo Bank, guaranteed by the Ministry of International Trade and Industry (MITI) Japan, mainly for infrastructure projects. This timely support assisted Malaysia's quick economic recovery.

22.7 *Technical Assistance.* Malaysia continued to receive technical assistance from development partners, of which Japan was the largest donor, providing USD291.1million or 66.6 per cent of the total, as shown in *Table 22-1*. This assistance was provided through project-type cooperation, development studies, supply of equipment, dispatch of experts and volunteers, counterpart training and grants for cultural activities. Malaysians were trained in Japan in various fields through the Look East Policy programme and technical assistance programmes under the Japan International Cooperation Agency (JICA).

22.8 During the Plan period, Malaysia also cooperated with Denmark under the Danish Cooperation for Environment and Development (DANCED), which provided technical assistance amounting to USD51.1 million. Under this programme, the focus of technical assistance was on natural resources and environment. This programme included projects to promote cleaner technology in the industrial sector, river basin management, renewable energy and energy efficiency, improvements in national parks management and sustainable urban development. Germany also provided technical assistance to Malaysia amounting to USD47.7 million. The areas of cooperation included projects in environment, sustainable forest management and human resource development, especially in advanced skills training. Under this programme, the German-Malaysia Institute (GMI) expanded its skills development training to include part-time training programmes.

22.9 Traditional donors continued to provide technical assistance to Malaysia in the establishment of new advanced skills training institutes, namely the Malaysia-French Institute (MFI), the Japan-Malaysia Technical Institute (JMTI) and the British-Malaysia Institute (BMI). The courses offered by these institutes included, among others, advanced skills in the area of computer engineering, manufacturing technology and aircraft technology. Technical assistance programmes were also continued

TABLE 22-1

TECHNICAL ASSISTANCE RECEIVED BY SOURCE, 1996-2000
(USD million)

| <i>Source</i> | <i>1996</i> | <i>1997</i> | <i>1998</i> | <i>1999</i> | <i>2000</i> | <i>7MP</i> |
|-----------------------------------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|
| Bilateral | 90.47 | 87.18 | 92.15 | 82.19 | 85.41 | 437.40 |
| Australia | 0.55 | 0.40 | 0.40 | 0.40 | 0.35 | 2.10 |
| Canada | 3.50 | 4.50 | 4.00 | 4.00 | 4.20 | 20.20 |
| Denmark | 10.42 | 6.68 | 19.25 | 6.89 | 7.86 | 51.10 |
| Germany | 10.50 | 10.00 | 9.00 | 9.00 | 9.20 | 47.70 |
| Japan | 58.50 | 59.60 | 55.00 | 58.00 | 60.00 | 291.10 |
| United Kingdom | 6.00 | 5.00 | 3.50 | 3.00 | 3.00 | 20.50 |
| Other Countries | 1.00 | 1.00 | 1.00 | 0.90 | 0.80 | 4.70 |
| Multilateral | 6.37 | 11.3 | 11.3 | 11.78 | 4.44 | 45.19 |
| UN Organizations | | | | | | |
| Food & Agricultural Organization | 0.87 | 0.60 | 0.60 | 0.16 | - | 2.23 |
| Global Environmental Facility Fund | 0.60 | 0.13 | 0.13 | 0.47 | 0.08 | 1.41 |
| International Atomic Energy Agency | 0.51 | 0.40 | 0.40 | 0.32 | 0.37 | 2.00 |
| Montreal Protocol | 0.80 | 3.33 | 3.33 | 2.46 | 0.30 | 10.22 |
| United Nations International Drug Control Programme | 0.43 | 0.54 | 0.54 | 0.30 | - | 1.81 |
| United Nations Development Programme | 0.80 | 1.43 | 1.43 | 3.30 | 1.32 | 8.28 |
| United Nations Educational, Scientific & Cultural Organizations | 0.24 | 0.67 | 0.67 | 0.10 | 0.08 | 1.76 |
| United Nations Population Fund | 0.30 | 0.25 | 0.25 | 0.24 | 0.20 | 1.24 |
| United Nations Children's Fund | 0.75 | 0.90 | 0.90 | 0.95 | 1.00 | 4.50 |
| World Health Organization | 0.30 | 1.46 | 1.46 | 0.87 | 0.89 | 4.98 |
| Other UN Specialized Agencies/ International Organizations | 0.63 | 0.29 | 0.29 | 0.22 | 0.20 | 1.63 |
| Development Banks / Financial Institutions | | | | | | |
| Asian Development Bank | 0.14 | 1.30 | 1.30 | 0.00 | 0.00 | 2.74 |
| Islamic Development Bank | - | - | - | 0.20 | - | 0.20 |
| World Bank | - | - | - | 2.19 | - | 2.19 |
| Total | 96.84 | 98.48 | 103.45 | 93.97 | 89.85 | 482.59 |

in the field of agricultural research with Australia and for the development of private sector linkages with Canada.

Regional Cooperation

22.10 Malaysia continued its commitment to open regionalism which promoted economic cooperation among member countries without reducing cooperation with countries outside the region. This was expressed through Malaysia's active role in regional groupings such as ASEAN, APEC and the Growth Triangle Initiatives as well as inter-regional groupings, particularly ASEM.

22.11 *Association of South-East Asian Nations.* Malaysia's membership in ASEAN contributed towards increasing closer relations between Malaysia and member countries. During the Plan period, ASEAN membership was expanded to include Vietnam, Laos, Cambodia and Myanmar. With the participation of these new member countries, regional cooperation was further enhanced through various initiatives in areas such as tourism, human resource development, gas and coal development as well as agriculture. A Strategic Plan of Action of ASEAN Cooperation in Agriculture and Forestry was approved in 2000 to enhance cooperation in these sectors. Several major agreements were concluded including the Framework Agreement in ASEAN Investment Area and the ASEAN Framework Agreement on Mutual Recognition Arrangements. In the wake of the financial crisis in 1997, ASEAN Heads of Government in their ASEAN Vision 2020 Statement agreed to cooperate towards greater regional cohesion and economic integration. At the Sixth ASEAN Summit in December 1998, the Hanoi Plan of Action was launched in order to implement the Vision. This Plan included measures to be taken in response to globalization and to spur the region's economic recovery as well as ASEAN's development. In addition, the ASEAN Surveillance Process (ASP) was established in October 1998, to strengthen policy-making capacity and promote financial stability as well as to prevent a recurrence of the financial crisis through the monitoring of national, regional and global developments.

22.12 The financial crisis also affected the implementation of projects agreed under the ASEAN Mekong Basin Development Cooperation Initiative. These projects which were subsequently delayed in their implementation include cooperation in training in ground water management and the Trans Asian Railway.

22.13 During the Plan period, Malaysia benefited from ASEAN's continuing relationship

with its dialogue partners, namely Australia, Canada, the People's Republic of China, the European Union, India, Japan, the Republic of Korea, New Zealand and the United States of America. Cooperation with these dialogue partners was mainly in the areas of improving trade and investment ties, human resource development and strengthening private sector linkages. In an effort to strengthen relations with its dialogue partners, other regional groupings and multilateral agencies, a review was undertaken on strategies to improve benefits to members. An important initiative was the establishment of the ASEAN+3 which involved the participation of the People's Republic of China, Japan and Republic of Korea in several ASEAN projects such as exchange programmes for the private sector and the promotion of greater economic linkages. During the Inaugural Meeting of the ASEAN+3 Finance Ministers in May 2000, the Chiang Mai Initiative was launched which was a regional financing arrangement to strengthen self-help and support mechanisms in East Asia. Under this Initiative, the ASEAN Swap Arrangement was expanded to include all the 10 ASEAN members and the total amount available under this facility was also enlarged to USD1 billion. A network of bilateral swaps and repurchase agreement facilities among the ASEAN+3 countries were also established. Other initiatives included cooperation in human resource development, particularly through training and seminars in the financial sector.

22.14 *Asia-Europe Meeting*. Malaysia also strengthened its linkages with Europe under the ASEM process, focusing mainly on trade and investment, economic and financial cooperation, interaction between their business communities and global economic development. The ASEM Trust Fund was set up in June 1998 by ASEM leaders to finance technical assistance related to reforms in the financial, corporate and social sectors in order to facilitate the recovery of the East Asian countries affected by the regional financial crisis. This Trust Fund amounting to about USD45 million, was contributed by several sources, namely the European Commission as the largest contributor, Denmark, Finland, France, Italy, Luxembourg, the Netherlands, People's Republic of China, Sweden and the United Kingdom. Malaysia benefited from five projects in the areas of corporate crisis recovery, labour market policies, industrial and export competitiveness, health policy and strengthening the regulatory environment for the financial sector through the establishment of an early warning system as well as a deposit insurance study.

22.15 *East Asia-Latin America Forum*. Malaysia participated in the East Asia-Latin America Forum (EALAF) which was established in 1999 to enhance cooperation between the two regions. This Forum comprising 27 countries included 10 ASEAN countries, People's Republic of China, Japan and Republic of Korea from the Asian region; Argentina, Brazil, Bolivia, Mexico, Peru and Uruguay from the Latin American region. Australia and New Zealand were included although they are not part of East Asia. EALAF aimed to promote economic and commercial ties as

well as to discuss social, cultural and political issues. Several projects were proposed during the meetings in Singapore and Chile including an economic study to boost inter-regional trade, seminars on regional economic cooperation in Chile and People's Republic of China as well as scholarships to contribute to a greater understanding between the people of the two regions.

22.16 *Growth Triangle Initiatives.* Participation in sub-regional entities, namely the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), the Brunei Darussalam-Indonesia-Malaysia-the Philippines East ASEAN Growth Area (BIMP-EAGA) and the Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT) continued to be undertaken to promote economic growth in the less developed areas of the sub-region. Activities were conducted through various mechanisms including government to government fora and discussions between government and the private sector as well as among the private sectors of the participating countries. At the governmental level, efforts were directed to develop common rules and procedures for the conduct of trade and investments while the private sectors were encouraged to identify partners for joint-venture projects as well as to expand their business operations in member countries. Through the growth triangle cooperation, several joint-venture projects were implemented, mainly in human resource development, tourism, infrastructure, manufacturing, plantation as well as the transportation and mining sectors.

22.17 *Asia-Pacific Economic Cooperation.* Malaysia hosted the APEC Summit in November 1998. Under Malaysia's leadership, the APEC Summit adopted the Kuala Lumpur Declaration which agreed to accelerate the implementation of various decisions including the Individual Action Plans (IAPs). In this regard, the theme of capacity-building was adopted by Malaysia in its IAP with the aim of reducing economic disparities between countries. Malaysia also hosted the 10th Meeting of APEC Ministers in November 1998 and the 6th APEC Finance Ministers Meeting in May 1999. In addition, Malaysia continued to participate in the Economic and Technical Cooperation (ECOTECH), which emphasized the development of human resources, technology and SMIs.

Multilateral Cooperation

22.18 During the Plan period, Malaysia continued to participate in multilateral cooperation, promoting the views of developing countries and their need for special and differential treatment in multilateral negotiations. Malaysia's views on global issues were highlighted through its participation in the programmes of multilateral agencies such as those under the United Nations (UN), the World Trade Organization

(WTO), the Commonwealth and the Organization of Islamic Conference (OIC) as well as multilateral development banks, namely the Asian Development Bank (ADB), the World Bank and the Islamic Development Bank (IDB).

22.19 *United Nations.* Malaysia continued to articulate its position on global issues, especially those related to the reforms of the UN, restructuring of the international financial architecture, integration of developing countries into the world economy, financing for development including the debt position of poor countries, and the peaceful settlement of international disputes. In this regard, Malaysia participated actively in the UN General Assembly, the Group of 77 (G-77) Forum and the international conferences organized by the UN including the UN Conference on Trade and Development (UNCTAD), Special Session of the General Assembly on Gender, Special Session of the General Assembly on Social Development and the Millennium Assembly. Malaysia strongly supported these conferences as platforms for developing countries to review recent global developments and to formulate positive measures collectively, including instituting more appropriate policy options and negotiating strategies, in order to reposition the South countries to enable them to harness the benefits of globalization on a more equitable basis.

22.20 In support of the UN peacekeeping efforts, 5,250 Malaysian armed forces personnel and 487 police personnel served with UN peacekeeping missions in Western Sahara, Kosovo, the Democratic Republic of Congo, Mozambique, Bosnia-Herzegovina and Angola. Malaysia also participated in UN Observer Missions in Liberia, Sierra Leone and Iraq-Kuwait as well as in the UN Transitional Administration in East Timor (UNTAET). Malaysia's election as a member of the Security Council for the 1999-2000 term was a recognition of its role in the promotion of global peace.

22.21 During the Plan period, Malaysians were appointed to various positions in the UN, namely as the President of the 51st Session of the UN General Assembly, the UN Special Envoy to Myanmar and as the Director of the UN Office for Outer Space Affairs. As a further acknowledgement of the country's contributions to international relations, Malaysia was elected in 1999 to the UN Human Rights Commission for the term of 2001-2003.

22.22 *World Trade Organization.* Trade practices that would only benefit developed countries without tangible benefits to most developing countries in the context of globalization, continued to be of concern to Malaysia. In this

regard, Malaysia cooperated with multilateral organizations such as the World Trade Organization (WTO) in an effort to reach a common position on trade issues among developing countries and to ensure that their interests are not left out in the rule-based multilateral trading system. Malaysia adopted the position that a new round of trade negotiations requires an agenda that is balanced and sufficiently broad-based to respond to the interests of all WTO members. Non-trade issues such as investment rules, competition policy and government procurement, as well as labour, social and environment standards, which were not under the jurisdiction of the WTO, were inappropriate to be introduced in its discussions. The failure of the WTO's Second Ministerial Meeting in Seattle in 1999 demonstrated the need to review the framework of the rule-based multilateral trading system, taking into account the interests of all members, particularly those of developing countries.

22.23 Commonwealth. Malaysia was elected as one of the eight members of the Commonwealth Ministerial Action Group (CMAG) in 1999 to monitor serious violations of the principles of the Harare Declaration such as democracy and good governance. During the Plan period, Malaysia also participated in the Commonwealth Observer Missions for the elections in Fiji, Nigeria, South Africa and Zimbabwe. In the area of functional cooperation, Malaysia successfully hosted the Kuala Lumpur '98–XVI Commonwealth Games, attended by about 6,000 participants in 15 sporting events. For the development of human resources, 65 Malaysians were trained in various fields through fellowships provided by the Commonwealth Fund for Technical Cooperation (CFTC). In recognition of the country's expertise, short courses for trainees from the Commonwealth were conducted by the CFTC in Malaysia.

22.24 Organization of Islamic Conference. As a founder member, Malaysia continued to play an active role towards making the Organization of Islamic Conference (OIC) a more effective and relevant grouping. Malaysia hosted the 27th Islamic Conference of Foreign Ministers (ICFM) in June 2000, which set the stage for the greater progress of the *Ummah* in the future. At the ICFM, Malaysia advocated the OIC to focus, among others, on efforts to close ranks among members to prepare for future challenges in response to advances in technology and the globalization process.

22.25 Group of Developing-8. The Group of Developing-8 (D-8), formed in 1997, comprising Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey, was aimed at promoting greater development cooperation among Islamic countries. Malaysia was entrusted with the task to educate and market the concept and application of *takaful* among the D-8 and OIC members and

ultimately, to assist in the establishment of *takaful* companies worldwide. Towards this end, Malaysia organized several conferences for member countries, namely the conference on *Re-takaful* and Islamic banking as well as training in the simplification of Customs procedures, conventional banking and capital market development. Malaysian *takaful* operators were active in conducting training programmes locally and abroad as well as provided technical assistance for the establishment and management of new *takaful* companies.

22.26 *Multilateral Official Development Assistance.* Malaysia received loans from multilateral development banks and multilateral financial institutions to meet the resource gap in development financing. Technical assistance was sourced from multilateral development agencies focusing on capacity-building, especially in the acquisition of technology and know-how.

22.27 Malaysia received a USD300 million, fast-disbursement Economic Recovery and Social Sector loan from the World Bank in 1998 to assist in its economic recovery. An additional USD254.94 million was received in 1999 from the World Bank for projects in the education sector and for the Year 2000 (Y2K) project. In line with cooperation among Islamic countries, financial assistance amounting to USD92.01 million was received from the IDB. This assistance was in the form of installment sale financing, similar to leasing but which involved the immediate transfer of ownership of assets to the borrower. The installment sale financing was used for the procurement of equipment for the Ministry of Health, Fire and Rescue Department, *Universiti Teknologi Malaysia* (UTM) and *Universiti Malaysia Sabah* (UMS). In addition, loans for two projects in flood mitigation and technical education amounting to USD66.3 million were received from the ADB.

22.28 Multilateral agencies continued to extend technical assistance to Malaysia during the Plan period. About USD40.1 million or 88.7 per cent of technical assistance was provided by organizations and specialized agencies of the UN, mainly the United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF), World Health Organization (WHO) and the United Nations Population Fund (UNFPA). This assistance focused on capacity-building in key areas including biodiversity, climate change, competitiveness, small- and medium-scale industries, rural tourism and health policy. The Government contributed USD2.3 million and other contributions in-kind to support the implementation of the UNDP Country Programme on a cost-sharing basis.

22.29 *Contributions to Multilateral Organizations and Institutions.* During the Plan period, Malaysia contributed RM244.07 million to multilateral organizations and institutions, as shown in *Table 22-2*. These contributions were mainly in the form of annual membership subscriptions and contributions to support their development programmes.

South-South Cooperation

22.30 During the Plan period, Malaysia took several measures to promote South-South cooperation. These included the sharing of its development experience with other developing countries, the expansion of the MTCP which continued to focus on human resource development and project-type cooperation as well as humanitarian aid.

22.31 *Group of 15.* Malaysia continued to actively promote the interests of developing countries, especially through activities under the Group of 15 (G-15). These activities included the South Investment, Trade and Technology Data Exchange Centre (SITTDEC) which provided information services on trade, investment and technology transfer to member governments, organizations and individuals. To further strengthen its effectiveness, SITTDEC was restructured and subsequently privatized. While SITTDEC continued to play the role of a liaison office between its members and G-15, a joint-venture company called Sibexlink Sdn Bhd. was established to provide commercial services on trade, investment and technology including on-line information services, market research, trade matching and seminars. Its database included the Asia-Africa Investment and Technology Promotion Centre and about 30,000 company and country profiles from more than 100 developing countries.

22.32 Other G-15 initiatives that were implemented included the establishment of centres of educational excellence in various disciplines. Malaysia was chosen by G-15 members to be the nodal catalytic country to implement this initiative. Among other international institutions, three local institutions were identified as centres of educational excellence, namely the National Institute of Public Administration (INTAN), University of Malaya and *Institut Aminuddin Baki*. In 1997, INTAN conducted an International Methodology Course which was well received by course participants from G-15 countries. In 1998, two post-graduate scholarships were awarded to G-15 members for studies in public administration in the University of Malaya.

TABLE 22-2

**MALAYSIA'S CONTRIBUTION TO MULTILATERAL ORGANIZATIONS,
1996-2000**
(RM '000)

| <i>Organization</i> | <i>1996</i> | <i>1997</i> | <i>1998</i> | <i>1999</i> | <i>2000</i> | <i>7MP</i> |
|----------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Development Bank / Financial Institutions | | | | | | |
| Asian Development Bank | 1,244.3 | - | 7,840.0 | 11,285.2 | 9,206.4 | 29,575.9 |
| Asian Development Fund | - | 150.0 | 688.0 | 1,454.0 | 2,448.0 | 4,740.0 |
| International Bank for Reconstruction & Development | 1,249.8 | 1,476.4 | 2,097.7 | 1,900.2 | - | 6,724.1 |
| International Finance Corporation | 3,397.0 | 3,311.6 | - | - | - | 6,708.6 |
| Islamic Development Bank Association | 4,376.1 | 4,277.1 | 6,635.4 | 6,189.4 | 6,098.4 | 27,576.4 |
| International Development Association | - | 106.0 | 107.8 | 161.1 | 168.3 | 543.2 |
| Development – related | | | | | | |
| ASEAN | - | 1,871.8 | 3,732.9 | 2,242.4 | 2,465.1 | 10,312.2 |
| Asia-Europe Foundation | - | 1,000.0 | - | - | - | 1,000.0 |
| Asian & Pacific Development Centre | 615.6 | 615.6 | 615.6 | 615.6 | 1,657.1 | 4,119.5 |
| Colombo Plan | 223.0 | 303.2 | 336.2 | 333.0 | 336.6 | 1,532.0 |
| Commonwealth | 1,167.7 | 4,398.7 | 1,126.3 | 3,455.6 | 3,416.1 | 13,564.4 |
| Food & Agriculture Organization | 1,229.2 | 1,180.8 | 1,852.4 | 2,210.4 | 2,248.6 | 8,721.4 |
| International Criminal Tribunal for the Former Yugoslavia | 627.3 | 635.6 | - | 370.1 | 355.3 | 1,988.3 |
| International Labour Organization | 931.7 | 770.9 | 1,325.4 | 1,689.9 | 1,485.9 | 6,203.8 |
| Organization of Islamic Conference | 942.3 | 1,520.0 | 1,658.4 | 1,805.1 | 1,805.1 | 7,730.9 |
| Regional Centre of Education in Science & Mathematics | 3,300.0 | 3,300.0 | 3,300.0 | 3,300.0 | 3,300.0 | 16,500.0 |
| South Coordination Commission | - | - | - | - | 380.0 | 380.0 |
| South East Asian Ministers of Education Organization | 676.1 | 892.9 | 815.5 | 980.4 | 977.9 | 4,342.8 |
| Tropical Medicine & Public Health Project | 200.5 | 233.8 | 366.1 | 403.4 | 403.4 | 1,607.2 |
| United Nations | 3,908.3 | 3,771.3 | 6,713.6 | 7,107.4 | 7,371.8 | 28,872.4 |
| United Nations Children's Fund | 214.8 | 210.7 | 328.9 | 319.2 | 319.2 | 1,392.8 |
| United Nations Development Programme | 2,026.6 | 2,002.2 | 1,133.9 | 3,330.0 | 1,767.0 | 10,259.7 |
| United Nations Educational, Scientific & Cultural Organization | 1,501.8 | 1,399.0 | 2,308.2 | 2,416.0 | 2,484.0 | 10,109 |
| United Nations Peace Keeping | 1,990.3 | 1,869.4 | 3,014.3 | 1,224.0 | 5,101.3 | 13,199.3 |
| World Health Organization | 2,355.0 | 2,372.6 | 2,277.1 | 2,756.3 | 2,939.2 | 12,700.2 |
| Others (annual contributions less than RM200,000 each) | 1,206.1 | 4,398.7 | 1,185.0 | 3,455.6 | 3,416.1 | 13,661.5 |
| Total | 33,383.5 | 42,068.3 | 49,458.7 | 59,004.3 | 60,150.8 | 244,065.6 |

22.33 *Asia-Africa Forum*. Among the activities following the Second Tokyo International Conference on African Development (TICAD) in 1998, was the First Africa-Asia Business Forum held in Kuala Lumpur in 1999, with the support of the Government of Japan, UNDP and the World Bank, which resulted in the conclusion of several business deals. Malaysia hosted the Third Asia-Africa Forum in May 2000 with support from the Government of Japan, UN/Office of Special Coordinator for Africa and Least Developed Countries (UN/OSCAL), the UNDP and the Global Coalition for Africa (GCA). This Forum, which was attended by 10 Asian countries, 50 African countries, 14 donor countries and 14 international, regional and sub-regional organizations, facilitated the implementation of the Tokyo Agenda for Action adopted by TICAD II, enhancing Asia-Africa cooperation and its contribution to the development of African countries. In this regard, the meeting adopted the Kuala Lumpur New Millennium Statement which reaffirmed the commitment of countries from Asia and Africa to further strengthen inter-regional partnerships and cooperation networks. The focus of cooperation was on agriculture and private sector development, with capacity-building and information and communications technology (ICT) as cross-cutting issues. The meeting explored strategies for broad-based growth taking into consideration the capacity constraints of Asian and African countries.

22.34 *Smart Partnership Dialogue*. The Langkawi International Dialogue (LID), initiated by Malaysia, based on the concept of collaboration on many levels, between companies, between the public and private sectors and within the public sector, was held on an annual basis since 1995, except 1998. The smart partnership philosophy and practice involved the sharing of views and experiences on global trends and issues. Among the themes discussed were the role of Government and technology in smart partnership, managing economic recovery as well as strategies to manage globalization and the New Economy. A Smart Partnership Business link was initiated among corporate leaders in LID '99. The LID fostered common values and helped develop a common stand on global issues as well as discussed their potential impact on emerging economies. An increasing number of developing countries participated in the LID which also led to several spin-off dialogues in Barbados, South Africa, Namibia and Mozambique.

22.35 *Private Sector and South-South Cooperation*. In the spirit of the Malaysia Incorporated concept, the private sector implemented several measures to complement the efforts of the Government in South-South cooperation. During the Plan period, the Malaysia South-South Association (MASSA) had 86 individual and corporate members and its investment arm, Malaysian South-South Corporation

Berhad (MASSCORP) a paid-up capital of RM53.95 million. Several joint-venture projects were implemented, including the Binh-An Water Supply and the Danang Industrial Zone projects in Vietnam, Micasa Hotel in Yangon, Myanmar, mixed housing and commercial development in Santiago, Chile and a tannery in Buenos Aires, Argentina.

22.36 *The Malaysian Technical Cooperation Programme.* In line with the Government's continuing commitment to the spirit of South-South cooperation, the MTCP expanded its coverage as well as the areas of technical cooperation. During the Plan period, the number of participating countries in the MTCP rose from 92 to 121. New participating countries included fifteen countries from the African continent, two each from Latin America and Asia, and one from the Middle East. These countries were Algeria, Brazil, Burkina Faso, Cameroon, Central African Republic, Cote D'Ivoire, Comoros, Djibouti, East Timor, Ethiopia, Gabon, Guinea-Bissau, Sierra Leone, Togo, Madagascar, Mali, Mexico, Nepal, Niger and Yemen. To implement the MTCP programme, a total of RM94.3 million was utilized during the Plan period.

22.37 A total of 2,674 participants was trained in short-term courses in 18 training institutions and government agencies. The participating training institutes included INTAN, the Institute of Diplomacy and Foreign Relations (IDFR), National Productivity Corporation (NPC), Tun Abdul Razak Broadcasting Institute (IPTAR), National Institute of Valuation (INSPEN), Cooperative College of Malaysia, National Tax Academy (APN) and the Institute for Medical Research (IMR). Among government agencies which provided training under the MTCP were the Malaysian Palm Oil Board, Veterinary Services Department, *Bank Negara Malaysia* (BNM), Malaysian Industrial Development Authority (MIDA), National Archives and Civil Aviation Department. New courses were offered during the Plan period such as training in investment promotion, valuation and fire-fighting. MIDA implemented five special courses in investment promotion for 200 participants from 57 countries. Technical courses were also conducted by the Agriculture and Fisheries Departments for 62 participants from 30 countries, and by the Royal Malaysian Customs and Excise Department for five Namibians in 1996 in the development and management of export processing zone. With regard to long-term courses, 101 participants from Asia, Africa and the Middle East were provided with scholarships to undertake post-graduate studies in five universities, namely the University of Malaya, International Islamic University, *Universiti Putra*, *Universiti Sains* and *Universiti Kebangsaan Malaysia*.

22.38 Special assistance was extended to Ghana, the Kyrgyz Republic, Algeria and Cambodia for the preparation of development plans with special emphasis on privatization, investment promotion and industrialization. Several teams of experts comprising senior officials and representatives from the private sector were dispatched to help prepare these economic plans. Other forms of advisory services were also provided through

the dispatch of Malaysian experts in central banking, anti-corruption, energy, law and strategic development planning to Namibia, micro-credit management to South Africa and integrated agriculture management to Malawi. In addition, officials from INTAN and BNM were sent to conduct courses in strategic management and leadership as well as central banking for officials in Sudan and Uzbekistan.

22.39 During the Plan period, there was greater collaboration between the MTCP and third party co-sponsors such as Economic and Social Commission for Asia and the Pacific (ESCAP). The MTCP provided training opportunities to ESCAP members in two short-term training courses. A total of 62 study visits was funded by the MTCP including third parties such as the UNDP and IDB. In addition, there was also increased partnership with the private sector in the implementation of several projects including housing projects in South Africa as well as road and building construction in Bosnia-Herzegovina. These collaborative efforts also led to investment spin-offs by the private sector.

22.40 The MTCP extended humanitarian support to developing countries in need. These efforts included the resettlement of Bosnian refugees through the rehabilitation of infrastructure and the provision of essential supplies and emergency aid to flood victims in Mozambique. Special assistance was also extended to East Timor in support of its nation-building efforts. This assistance included training and the dispatch of experts to East Timor in important areas of development such as micro-credit financing, public finance, public administration and diplomacy.

III. PROSPECTS, 2001-2005

22.41 During the Eighth Plan period, Malaysia will continue to actively participate at both the bilateral and multilateral levels in promoting development cooperation. Participation in regional groupings and groupings of South countries will continue to be emphasized for mutual benefit. In addition, the MTCP will be expanded to contribute to capacity-building and the sharing of experiences with other South countries.

Bilateral Cooperation

22.42 Malaysia's policy of development cooperation through the establishment and strengthening of bilateral relations with both developed as well as developing countries will be further intensified. The thrust of Malaysia's bilateral relations will be in economic relations, particularly in the promotion of trade and investment

as well as human resource development and resource-based industries.

22.43 During the Plan period, Malaysia will continue to establish more diplomatic missions including those in the Czech Republic and Ireland and strengthen the Joint Commission mechanism with the aim to improve bilateral relations, broaden S&T cooperation as well as increase trade and investment. In this respect, an increasing number of BPAs, IGAs and POCPAs as well as trade and investment cooperation agreements will be signed between Malaysia and cooperating countries.

22.44 Efforts will continue to be undertaken through bilateral cooperation for the acquisition of cutting edge technology, increasing productivity and the acceleration of S&T development. Bilateral cooperation will continue in capacity-building, advanced skills training and new areas of scientific cooperation including ICT with developed and developing countries. Malaysia will continue to improve its position in the field of ICT through cooperation with developed countries in the procurement of expertise, technologies and finance. These efforts will address the issue of the international digital divide so that the benefits of ICT can be maximized globally and the widening economic gap reduced. Measures will be taken to secure financing for the development of ICT from Japan's Comprehensive Cooperation Package announced in Okinawa in July 2000.

22.45 Malaysia will reposition itself in terms of ODA in order to direct inflows of technical assistance to focus on key areas such as skills development, protection of the environment and S&T. At the same time, ODA loans will be a source of finance for selected development projects.

Regional Cooperation

22.46 During the Plan period, Malaysia will continue to cooperate at the regional level to enhance the pace of economic integration of ASEAN as well as to promote trade and investment. Intensification of the Hanoi Plan of Action and cooperation with ASEAN members will be continued to strengthen economic fundamentals and ensure sustainable economic growth. In addition, the proposal to restructure the ASEAN+3 forum as the East Asia Cooperation Group will be studied.

22.47 Subregional development, through the growth triangles, will continue to be pursued to accelerate growth in the region. Development in priority areas will be expedited through private sector joint ventures to optimize the abundant natural resources and to benefit from economic complementarities. Efforts will be directed at prioritizing key development projects including those on tourism, people mobility and human resource development.

22.48 Malaysia will continue to cooperate with APEC towards the goal of achieving economic stability and promoting trade and investment flows. Emphasis will be given to IAPs as the principal vehicle for trade liberalization. In addition, Malaysia will also cooperate with ASEM for the promotion of trade and investment and to increase market accessibility as well as to address social issues such as poverty and gender in development.

Multilateral Cooperation

22.49 Cooperation at the multilateral level will continue with active participation in the programmes organized by multilateral organizations such as the UN, Commonwealth, OIC and WTO. Malaysia will cooperate with developing countries to reach a common position, particularly on the need for tangible benefits to developing countries from trade liberalization and to address the resultant growing inequalities of wealth and opportunities arising from globalization. Efforts will continue to be undertaken towards the restructuring of the international financial architecture and to democratize the global decision-making process. In addition, efforts will continue to be undertaken towards progressive trade liberalization, without the inclusion of extraneous issues. Participation in such negotiations will contribute towards the optimization of trade. To undertake these measures, Malaysia will strengthen its capacity and expertise to meet the complex demands of multilateral work programmes, especially to enable an effective response to the challenges of globalization.

22.50 To further strengthen Islamic solidarity, Malaysia will cooperate with OIC members to increase the influence and promote the activities and programmes of the Organization including Islamic finance and banking as well as in hosting the 10th Session of the Islamic Summit Conference in 2003 and the Annual Meeting of the Board of Governors of IDB in 2005. Malaysia will also continue to cooperate with D-8 members in the sharing of knowledge and expertise in areas such as privatization and Islamic banking. Training programmes and other forms of technical assistance will be extended to member countries for the establishment and management of *takaful* companies.

22.51 During the Eighth Plan period, ODA will be focused on obtaining technical assistance for specialized and critical areas necessary for the development of a knowledge-based economy. These areas include capacity-building in key sectors such as S&T, environment and ICT. In addition, Malaysia will maintain strong links with development partners to reinforce the synergies in addressing issues related to environment, poverty, gender in development as well as human

immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS).

South-South Cooperation

22.52 During the Plan period, efforts will be made to further strengthen cooperation with developing countries to promote a common stand on international issues and mutual benefits. South-South cooperation will be an effective mechanism for optimizing the potential of developing countries to promote economic growth and internal resilience through, among others, the mobilization and sharing of expertise as well as complementing cooperation programmes with donor countries. The prevailing technological gap between the North and South necessitates the grouping of South countries, as a single voice, to advocate major transformations of the international economic system. In addition, Malaysia will continue to implement third country training programmes to assist other developing countries in areas where Malaysia has the expertise. Efforts will continue to be undertaken to encourage greater participation of the private sector in development cooperation with South-South countries.

22.53 Malaysia will continue to support ongoing G-15 projects such as SITTDEC/Sibexlink and cooperate with other G-15 member countries to accelerate the implementation of on-going human resource development programmes and new projects endorsed by G-15. SITTDEC/Sibexlink will undertake a survey on its products and services among its member countries in order to improve its functions and operations. In addition, MASSCORP will organize the Second Africa-Asia Business Forum in Durban, South Africa in 2001 to promote joint ventures and business linkages.

22.54 *Malaysian Technical Cooperation Programme.* Efforts will be intensified to expand the scope and coverage of MTCP so as to enable it to continue to play an important role during the Eighth Plan period. The MTCP will continue to emphasize the exchange of development experiences, especially in economic management and human resource development. New programmes will be designed to cater to the special needs of participating countries, particularly the economies in transition as well as to assist countries in their reconstruction efforts. Efforts will be made to ensure that the programmes under the MTCP are planned and delivered in accordance with the priorities of the participating countries through regular consultations, technical cooperation missions and close collaboration in the implementation of technical assistance programmes.

22.55 As Malaysia progresses towards a developed nation status, a more sophisticated approach towards MTCP will be undertaken. As the national focal point of development assistance and cooperation and to meet the increasing expectations from South countries, the present mechanism will have to be upgraded and strengthened. This requirement will necessitate an expansion of the present mechanism in order to put in place a new

institution with a greater capacity in terms of manpower and support, to manage both the inflows and outflows of technical assistance.

22.56 To generate greater linkages and optimize existing mechanisms, more windows will be created to promote cost-sharing and third party funding for training and project-type assistance. A more selective strategic cooperation programme will be implemented progressively, where there will be greater opportunities for the involvement of the private sector for the sourcing of expertise. Private sector training institutions will also be considered for inclusion under the MTCP, with appropriate cost-sharing arrangements.

22.57 The modality of trilateral technical assistance will also be encouraged, particularly, with the cooperation of developed countries such as Japan and France. This modality will enable the replication of successful projects in South countries, utilizing inputs from both Malaysia and the cooperating developed country, particularly in the areas of integrated agriculture, training and information technology.

IV. CONCLUSION

22.58 Efforts were undertaken to strengthen development cooperation with the international community, development partners and other South countries to address development issues at the national, regional and global levels with emphasis on capacity-building for development. For the Eighth Plan period, international cooperation will continue to focus on capacity-building and human resource development, particularly in the field of ICT. In addition, other regional self-help mechanisms and efforts aimed at restructuring the international financial architecture will be pursued in order to ensure the stability of the international financial system. The MTCP will be expanded to cover more areas of cooperation as well as provide a greater scope for cost-sharing, third party funding and private sector involvement. In this regard, the capacity for policy coordination in international cooperation will be strengthened in order to meet the evolving demands of South-South cooperation.