CHAPTER VI

Administrative Machinery for Planning and Implementation

1.—INTRODUCTION

220. The magnitude of investment expenditure envisaged in the First Malaysia Plan calls for implementation efforts far greater and more complex than those of the past. A high degree of administrative efficiency, close co-ordination among the various levels of government, working partnership between the public and private sectors and the full co-operation and active participation of the ra‘ayat will all be necessary if the required mobilisation and utilisation of scarce capital and human resources is to take place. While the problems will be immense and the efforts required to meet them will be great, the government is fortunate in having had the benefit of successful experience in implementing a bold public development programme.

221. The First Malaysia Plan therefore starts off with a sound basis for developing further the administrative machinery for planning and implementation. The progress which has been achieved so far, however, will not be allowed to slacken since much more needs to be done in the years ahead. Particular attention will be devoted to increasing technical and administrative efficiency by improving the organisational structure, facilitating project preparation and developing more effective co-ordination among the various public and private bodies engaged in the development effort.

222. Because of the geographical spread of Malaysia, with the Borneo States being over 1,000 miles from Malaya, the different levels of development in the various states and the increasing range of government responsibilities, the task of co-ordinating the implementation of the Plan will be difficult. The successful execution of this task will depend to a great extent on the understanding of the objectives and priorities of the Plan and the ability of those engaged in implementation to maintain
effective communication with each other. It is in recognition of these problems that improvements in certain aspects of the machinery for development planning and implementation will be effected.

II.—ORGANISATION OF PLANNING MACHINERY

NDPC, EPU AND DEPARTMENTAL PLANNING SECTIONS

223. The government recognises the need for a strong and permanent planning organisation to cope with the increasing volume of work required for proper planning, close co-ordination and adequate control of rapidly expanding economic and social programmes. For this purpose the Federal Government established a National Development Planning Committee (NDPC) and reorganised the then Economic Secretariat into an Economic Planning Unit (EPU) in the Prime Minister’s Department in 1961. While the ultimate responsibility for planning in the country rests with the Cabinet, the detailed consideration of the many policy problems involved is the special responsibility of the NDPC, to which the EPU provides secretariat services. The NDPC is responsible for the formulation, implementation, progress evaluation and revision of development plans, as is evident from the following terms of reference assigned to it:

(i) to formulate and review all plans for national development and make recommendations on the allocation of resources;
(ii) to review the causes of delays and difficulties in the implementation of national development plans and propose specific solutions;
(iii) to ascertain such adjustments in national development plans as may be necessary in the light of changes in the economic situation;
(iv) in the discharge of the above terms of reference, to use its discretion in making decisions itself or to make reference to the Cabinet or the Economic Committee of the Cabinet;
(v) to consider all subjects to be submitted to the Cabinet by Ministries and Departments which have a direct or indirect bearing on development, and if it considers necessary, to advise Cabinet on the developmental aspects of each subject.

224. The Chairman of NDPC is appointed by the Cabinet in his personal capacity. He is currently the Permanent Secretary, Prime Minister’s Department and concurrently the Head of the Civil Service and the Secretary to Cabinet. The membership consists of the Governor, Bank Negara Malaysia and representatives from the Treasury, Ministry of Commerce and Industry, Ministry of National and Rural Development, the Economic Planning Unit of the Prime Minister’s Department and the Department of Statistics. Since the establishment of Malaysia, representatives from both Sabah and Sarawak have been appointed to the Committee so as to provide for the Committee
their specialised knowledge of these States. The terms of reference and composition of the NDPC are indicative of the importance attached to development planning and plan implementation by the Government.

225. In addition, the Federal Government is setting up an Advisory Committee to the NDPC on the development of the private sector. The membership will include representatives from private enterprise, employers’ associations and trade unions. The advisory body will provide a forum for discussions with representatives of the private sector as to the plans and policies required for accelerated development. It will also serve as a channel by which Government can be kept informed about the detailed plans and problems of the private sector.

226. The Secretariat for the NDPC is the EPU, which is responsible for undertaking staff work connected with the functions and responsibilities of the NDPC. During the last five years measures have been taken to strengthen the technical competence of the EPU staff through a programme of post-graduate overseas training combined with in-service training with the assistance of advisers provided by the United Nations, the Colombo Plan and the Ford Foundation. Planning officials have also had the benefit of training and advice received from World Bank missions. This training programme will be intensified in the future with the ultimate aim of creating a specialised organisation within the Government which will be capable of providing all the technical expertise required for the formulation and implementation of development plans.

227. To provide further support to the NDPC and to improve their own planning activities, the major Ministries have been directed to establish their own planning and research sections. Close and frequent consultations are being maintained through the EPU between the NDPC, Bank Negara Malaysia and the Ministries and Departments to ensure smooth and co-ordinated functioning of the planning machinery. Such planning and research bodies include the Economic Division of the Treasury, Department of Statistics, the Economic Research Department of Bank Negara Malaysia and Planning and Research Divisions in the Ministry of Agriculture and Co-operatives and Ministry of Education. The work of these sections complements the technical development planning work of the EPU. Several State Governments and other Federal Ministries and Departments also have assigned officers to undertake planning operations. Like the EPU all the above planning and research units are undertaking training programmes to upgrade the technical competence of their staff.

228. The process of planning in Malaysia has evolved from a public capital budgeting approach towards more comprehensive planning of the development of the economy and more specific attention to the formulation
of programmes for individual sectors. The range of planning has widened to include not only public investment but also government policies designed to stimulate the development of the private sector. In addition, improved planning techniques are being employed in plan formulation. Continued improvement of planning in the future will require further strengthening of basic economic and financial statistics and increased technical competence among planning officials.

NATIONAL OPERATIONS ROOM

229. The government has evolved and established a technique for reporting and controlling operations related to development in Malaysia which is regarded by many as being unique and effective. A National Operations Room functions close to the office of the Deputy Prime Minister, who is also Minister of National and Rural Development as well as Minister of Defence. In the Operations Room are complete, current and uniform reports on progress in public development programmes arranged by state and district which show the development activities of all levels of government. The reporting form emphasizes plan performance in the public sector by showing project status alongside previously set targets. Maps, charts, diagrams, films and tape recordings supplement the verbal and statistical reports.

230. The information in the National Operations Room is kept up to date by the various ministries, departments and authorities, each being responsible for reporting its own activities, expenditures, successes and difficulties. Periodic meetings with representatives from these ministries and departments enable the Deputy Prime Minister and other Cabinet Ministers quickly to identify and resolve emerging problems.

STATE, DISTRICT AND KAMPONG RURAL DEVELOPMENT COMMITTEES

231. Each of the eleven States of the former Federation of Malaya has a Rural Development Committee and a State Operations Room. Similar committees and operations rooms have been established in Sabah and Sarawak. These committees parallel somewhat the National Development Planning Committee and each State Operations Room duplicates for that state the information available in the National Operations Room. Within states, every district/division also has a District/Divisional Rural Development Committee and a District Operations Room. Some kampong also have rural development committees, as well as information centres along the line of operations rooms.

232. These regional and local operations rooms serve as stopping points for the Deputy Prime Minister during his many inspection trips. Local
officials describe their development activities, progress and problems in the presence of officials from the Federal Ministries concerned. Frequently the Deputy Prime Minister decides on the spot the corrective action required to meet development problems.

233. The operations rooms and the techniques for using them originate in the Ministry of National and Rural Development. The objective is to utilize for peaceful development purposes some of the successful military operations techniques used during the Emergency in 1948-60. Operations room techniques are at present being shared with a growing number of other countries seeking methods to improve their information, control and decision-making activities for development.

III.—CO-ORDINATING DEVELOPMENT EFFORTS

234. While major institutional changes in the existing national, state and district development planning committees are not envisaged, it is necessary to improve communications with the states and local authorities and to promote better appreciation of national requirements. This understanding is particularly important in regard to such areas as the determination of priorities among various development programmes and the allocation of federal and state funds for overall development.

235. In the formulation of the Plan, the total available financial resources of federal and state governments and public authorities have been taken into account. In view of the stringent financial situation confronting the country and the need to make maximum possible progress towards the attainment of the Plan objectives, it is of the utmost importance that state governments and public and local authorities utilise their resources in accordance with the priorities of the Plan.

236. This necessitates close co-ordination by all levels of government and clear understanding of the significance and priorities fixed for various programmes in the Plan. Clear-cut directives and planning guidelines will continue to be issued to state governments and public and local authorities for guidance in implementing their development programmes. This does not imply a rigid and inflexible system of co-ordination. Rather, it will be designed to secure the most efficient use of resources by all levels of government in the context of national development.

237. The NDPC and EPU will help state governments and local authorities to improve planning and implementation procedures. This will be effected through, for example, short-term assignment of federal officers to the states. Field tours will continue to be undertaken by members of the NDPC to visit projects in progress and to assist ministries, state governments and local authorities in resolving their development problems. These
arrangements will develop greater partnership and closer understanding between the central and state governments and ensure effective implementation and smooth administration of development programmes.

IV.—CO-ORDINATION WITH THE PRIVATE SECTOR

238. Co-ordination between the government and the private sector will be established primarily through the Advisory Committee to the NDPC referred to in paragraph 225. The Committee will meet from time to time to discuss problems encountered in the implementation of those aspects of the First Malaysia Plan for which the private sector has the main operational responsibility and to seek means of overcoming difficulties.

V.—ESTIMATED COSTS AND STANDARDS OF PROJECTS

239. One of the important aspects for successful implementation of the First Malaysia Plan is careful designing and costing of projects. In the next five years, the Plan will be implemented under conditions of financial stringency. Extreme care and rigorous standards of economy will therefore be applied in preparing and implementing the Plan. The Development Estimates Sub-Committee of the NDPC will meet regularly to screen estimates of costs and to ensure adequate advance planning of projects. Instructions have been conveyed to state governments, operating ministries and departments that plans and designs for construction projects should be strictly based on functional needs and their costs estimated accurately. Standard plans will be used where appropriate to save time and costs and government departments will use locally manufactured materials and equipment to save foreign exchange as well as to promote industrialisation through import substitution.

VI.—IMPLEMENTATION AND EXTERNAL ASSISTANCE

240. Because of the tightness in public sector finances anticipated during the coming five years, those public investment projects which are eligible for foreign grant or loan financing must be financed in this manner whenever possible. Implementation of these projects must therefore be geared to the receipt of foreign assistance. Some projects involving large capital import requirements, e.g., irrigation, power, transport and communications, road building equipment, telecommunications, water supplies and other plant and machinery, will not proceed until assistance is obtained.

241. Since a considerable part of public investment under the Plan will depend on the availability of financial assistance for its implementation, it is essential that there be a sufficient portfolio of projects properly studied