

Evaluation of Japan's Official Development Assistance (ODA) to Malaysia (Country-led Evaluation)

<p>1.Theme: Evaluation of Japan's Official Development Assistance(ODA) to Malaysia</p>	 <p>ODA GRANT Japanese Language Center (Ambang Asuan Jepun) at University of Malaysia</p>
<p>2.Country: Malaysia</p>	
<p>3.Evaluators:</p> <p>(1)Dr.Stephen Leong Assistant Director-General, International Strategic and Intenational Studies Malaysia(ISIS)</p> <p>(2)Dr.Sharifah Mariam Alhabshi Deputy Director I , The International Institute of Public Policy and Management(INPUMA)</p> <p>(3)Dr.Khadijah Md. Khalid Exective Director, The International Institute of Public Policy and Management(INPUMA)</p> <p>(4) Ms.Zarina Zainuddin Analyst, International Strategic and Intenational Studies Malaysia(ISIS)</p> <p>(5) Ms.Anis Azura Abdul Rasid Research Assistant, The International Institute of Public Policy and Management(INPUMA)</p>	
<p>4.Period of Evaluation Survey: September 2007- December 2007</p>	
<p>5.Descriptions of Evaluation:</p> <p>(1) Evaluation Objective The main purpose of this evaluation is to assess to what extent and under what circumstances Japanese Official Development Assistance (ODA) to Malaysia has been relevant, efficient and effective in achieving sustainable impacts on growth and development in Malaysia. Specifically, the study assesses and determines the relevance, effectiveness, efficiency, impact, and sustainability of Japanese development assistance projects to Malaysia and identifies the strengths and weaknesses of the Japanese ODA processes, with reference to Malaysia.</p> <p>(2)Evaluation Methodology</p>	

In this evaluation exercise the research team relied on post-evaluation reports, desk study, and site visits, as well as discussions with officials of the Japan International Cooperation Agency (JICA), the Japan Bank for International Cooperation (JBIC), the Embassy of Japan in Malaysia, the Japan Foundation, the Malaysian Economic Planning Unit, the Malaysian Public Service Department, and project/program counterparts and participants. Since most of the projects began in early 1990s, institutional memory and the availability of project information were limited. The evaluation primarily drew on project completion documents and other internal projects documents. The findings of the relevant project completion reports were validated through desk research.

The ten projects covered in this evaluation represent a cross-section of Japan's ODA projects in Malaysia. These projects represent both new and older ODA projects (the selected projects range from 1982 to 2000). The evaluation broadly followed the Japanese ODA's guidelines for country assistance and program evaluation. The bottom-up evaluation examined the projects' relevance, effectiveness, efficiency, sustainability and impact. The top down evaluation examined the strategic performance of individual sectors and looked at the ODA's sector strategy and positioning as well as the ODA's overall contribution to development results. The assessment also examined the ODA's value-adding and long-term impacts. These included such items as policy, institutional, and behavioral changes that enhanced development of skill and infrastructure in Malaysia, ultimately leading to further economic growth. The ODA's performance was further assessed in terms of its responsiveness to client needs, quality of services, contribution to country strategy, adherence to sector governance, promotion of client ownership, and donor coordination. This part of the evaluation was based on perception surveys and related reports.

(3) Rationale of this Evaluation

In recent years, due to multidimensional issues, Japan's ODA contribution has altered. The Japanese people have demanded accountability and justification of Japanese foreign aid in the light of Japan's large fiscal deficit and mounting public debts. Many argue that Japan has not captured sufficient returns to justify its cost and effort expenditure. Japanese policymakers are aware of these criticisms, but choosing a suitable decision that caters to the interest of all Japan's stakeholders is difficult. Moreover, the essentiality of Japan's ODA in some instances is difficult to quantify. Notwithstanding these difficulties, policymakers in both Malaysia and Japan are taking steps to develop new strategies for Japanese ODA. In addition to this, recipient countries' evaluations, such as this one commissioned by the Institute of Strategic and International Studies Malaysia (ISIS), also aid decision-makers in learning about the impacts of ODA, and assist them in reconsidering the role of ODA in Malaysia.

6. Evaluation Results:

(1) Relevance

All projects were relevant to the short-term and longer-term developmental needs of Malaysia.

(2) Effectiveness and Efficiency

Despite the challenges and difficulties in the inception stages, all the projects proved to be effective during the remaining stages of implementation. The efficiency of the projects mirrored the effectiveness. That is, limited efficiency in the early stages of the project, followed by a high level of efficiency in later project periods.

(3) Impact

All projects had a direct impact on Malaysia's socio-economic growth. Many projects continue to play an important part in the Malaysian economy.

(4) Sustainability

The projects were sustainable. The long-term sustainability of projects was partially due to increased awareness of the economic need (and related increases in funding) by the Malaysian government.

(5) Strength of Japan's ODA to Malaysia

Transfer of expertise was an important factor in almost all projects. The strength of Japanese ODA projects in Malaysia was the multi-disciplinary transfer of expertise.

(6) Challenge to Japan's ODA to Malaysia

Malaysia needs to focus on developing its project management skills.

7. Recommendation:

(1) Malaysia needs to build project management skill

Although there are many challenges to Japanese ODA in Malaysia, for example, the harmonization of Japanese and Malaysian procedures and/or requirements, the overriding challenge to Japanese ODA projects in Malaysia was poor project management and the lack of good governance. Most of projects were affected, to some extent, by delays, interruptions and other setbacks. Some of these setbacks were due to external factors; the Asian Financial Crisis of 1997/1998 being a good example. Despite this, many of the delays could have been minimized by better project and risk management. This is an area that clearly needs immediate attention and future development. Addressing this, Malaysia's National Vision Policy has places greater emphasis on building Malaysia's human capacity, productivity and capacity for knowledge absorption and utilization. Developing project management skills will be an important part of this capacity building process.

(2) Japan's ODA needs to further focus on capacity building and exchange of peoples and knowledge

Cooperation was a key component of all the projects. In recent years, projects with an emphasis on capacity building and exchange of peoples have been particularly

successful. Much of this work focuses on people exchanges, which lead to a broader exchange of knowledge and further capacity building. These are important improvements in Japan's ODA and should be continued. As Malaysia develops, it is suggested that more two-way exchanges/programs should be implemented. These cooperative programs will benefit both Malaysia and Japan.

(3) ODA projects should be backed by strong domestic leadership

Several of the projects were ultimately successful due to the strong support for these projects from the top Malaysian leadership. This leadership played an important role in focusing on the goals of the project and in driving progress even when challenges continued to arise. In sum, the personal commitment of the political leadership in some projects was critical in ensuring their successful completion. This level of commitment by the nation's senior leadership should continue.

(4) Project staff need to be highly dedicated to achieving the project goals

The relative success of all projects was highly dependent on the commitment of the Japanese and the Malaysian staff involved and it is important for ODA projects to have highly dedicated/committed staff.

(5) Further evaluation/follow-up of projects would be beneficial in ensuring their longer-term success and sustainability

Further evaluation/follow-up of projects is needed in ensuring their longer-term success and sustainability. In addition, experts should be encouraged to monitor the implementation of the proposed plan.

Policy-makers in both Malaysia and Japan have already begun to implement this suggestion. From the Malaysian side, evaluations such as these will continue to play an important role in improving the quality of ODA to Malaysia.

On balance, further evaluation and follow-up of projects will ensure their longer-term success and sustainability.

(Note: The opinions expressed in this summary do not necessarily reflect the views and positions of the Government of Japan or any other institutions.)