

Third Party Evaluation 2010
The Ministry of Foreign Affairs of Japan

Country Assistance Evaluation of Malaysia

-Summary-

March 2011

Preface

This report summarizes the “Country Assistance Evaluation of Malaysia” undertaken by the Mitsubishi UFJ Research & Consulting Co. Ltd, as requested by the International Cooperation Bureau of the Ministry of Foreign Affairs (MOFA) of Japan.

Since its commencement in 1954, Japan’s Official Development Assistance (ODA) has made contributions to the development of partner countries, in finding solutions to international issues varying with the times. Recently, there have been increased domestic and international calls for more effective and efficient implementation of ODA. MOFA has been conducting ODA evaluations mainly at the policy level with two main objectives: to provide management support in the implementation of ODA; and to ensure its accountability. These evaluations have been conducted by third parties in order to enhance their transparency and objectivity.


As a whole, the evaluation results well prove the contribution of Japanese assistance policy, as seen in improvements to Malaysia’s socio-economic issues. This has been achieved through the accurate and careful assistance towards Malaysia’s national goal of “Vision 2020”. Japan should therefore further this mutually beneficial cooperation with Malaysia, to include issues of global concern. In addition, the Japan-Malaysia cooperation could become the “model case” for assistance to countries with certain levels of economic growth, as designed in the assistance policy.

Prof. Junichi Nagamine of the Kwansei Gakuin University, Public Finance and Policy Evaluation, acting as a chief of the study team, and Prof. Jun Onozawa of the Takushoku University, Malaysian Politics and Economics, an advisor of the study, made enormous contributions to this report. Likewise, MOFA, the Japan International Cooperation Agency (JICA), and the ODA Taskforces as well as the government and institutions in Malaysia, donors and NGOs also made invaluable contributions. We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study.

Finally, we wish to add that the opinions expressed in this report do not reflect the views or positions of the Government of Japan or any other institution.

March 2011

Country Assistance Evaluation of Malaysia

1. Theme(only for Priority Issues Evaluation): Country Assistance Evaluation of Malaysia	
2. Country (or Case Study Countries) : Malaysia	
3. Evaluators: (1) Chief of the study team : Prof. Junichi Nagamine, Kwansei Gakuin University (2) Advisor of the study : Prof. Jun Onozawa, Takushoku University (3) Consultant : Mitsubishi UFJ Research & Consulting Co. Ltd,	
4. Period of Evaluation Survey: 2010/10~2011/3	

Outline of Evaluation

1. Evaluation Results

As a whole, the evaluation results well prove the contribution of Japanese assistance policy, as seen in improvements to Malaysia's socio-economic issues. This has been achieved through the accurate and careful assistance towards Malaysia's national goal of "Vision 2020".

(1) Relevance of the assistance policy

The study found the current "Country Assistance Program (CAP) for Malaysia" to have adequately addressed the problems and needs in Malaysia. Although the current CAP was drawn in 2009, its policies match those of the new (post-2009) government in Malaysia, and other rapidly evolving developments in global issues, such as climate change. Therefore, at this point, the evaluation does not show a need for further changes to the direction of the CAP to Malaysia.

On the other hand, although the current CAP has been identified Japanese assistance to Malaysia as a model case for the assistance towards countries with certain levels of economic growth, further discussions are still needed on how to apply and practically implement it to other countries.

In terms of "programmed assistance", the number of projects under Malaysia's CAP is inadequate to form a program. It is therefore desirable to develop a method that will apply in such scenarios. Alternatively, when "programmed assistance" is expected to increase flexibility on the project field, Malaysia will be a desirable country to implement such a scheme.

In the event that the Japanese government intends for the relationship between Japan and Malaysia to be strengthened beyond the scope of ODA, there are concerns that the current CAP may be inadequate. It is therefore necessary to review the assistance policy to form the basis for a stronger relationship in the expanded scope.

(2) Effectiveness of the results

Under the current Japanese assistance policy, there have been numerous projects carefully developed in response to Malaysia's specific issues and needs which, upon implementing, have delivered pinpoint, detailed assistance to the specified areas. At the same time, they are suitable assistance for a country with a certain level of economic growth.

There are several Malaysian sectors in which clear improvements have resulted from Japanese assistance. These sectors include tax administration and customs, labor safety, higher education, environment and energy, social participation of the handicapped, maritime safety, counter terrorism, vocational training, and social infrastructure. In these sectors, outcomes/impact have been recognized at the policy and socio-economic levels in Malaysia.

It appears that the majority of the training program's alumni is comprised of leaders from the private sector (both Japanese and foreign corporations). There seems to be little presence of local business and government executives, as they have mainly grown as corporate engineers. This fact has been attributed to the traditional focus of Japanese assistance on science and engineering.

(3) Appropriateness of the process

A communication structure has been established between the Japanese and Malaysian governments, and this structure has been functioning well. Efficiency improvements, however, in project planning and implementation are necessary, so that "pinpoint" style projects can function more effectively.

Overall it is clear that Malaysia has displayed strong ownership at the policy implementation process. Through the interviews with various Japanese bodies and Malaysian parties, the above fact was confirmed. It will form an important foundation for Japan in its intention to develop the assistance to Malaysia as a model case for countries with certain levels of economic growth.

While both countries recognize that Malaysia is at the graduating stage from the ODA, details of the graduation process have yet to be discussed among the two. It is vital that details of a "graduation process" be well established in the near future.

The Japan-Malaysia cooperation has produced some tangible "assets", as a result of the long-term and in-depth assistance provided by Japan. Presently, these "assets" are not utilized in practical ways, and both parties have not mutually agreed on what constitutes an "asset". As the formulation of new projects tend to be difficult, it becomes a growing strategic issue on how these "assets" should be classified in the Japanese ODA.

2. Main Recommendations

The following recommendations have been made based on the evaluation results above:

- 1) Confirming its stance as "the model case for assistance to the countries with certain levels of economic growth"
- 2) Clarifying "Graduation" process
- 3) Fully utilizing "Assets"
- 4) Shortening the project selection process
- 5) Raising and growing Talent
- 6) Appropriate "Programmed" assistance
- 7) Assisting Malaysia's development sustainability beyond project base / Enhancing Japanese capacity for project formation
- 8) Changing coverage of assistance policy towards the countries with certain levels of economic growth
- 9) Building a structure for deeper relationships (beyond ODA)
- 10) Rating attempt

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

I Summary of Evaluation

1. Relevance of the Assistance Policy

- The study found the current “Country Assistance Program (hereinafter referred to as CAP) for Malaysia” to have adequately addressed the problems and needs in Malaysia.
 - The policy has enabled Japan to provide her trademark assistance, in bringing attention to the new needs in areas such as adjusting the distortions arising from Malaysia’s economic development. The Malaysian government has acknowledged such Japanese effort and expressed its gratitude.
 - This has renewed Malaysia’s expectations towards Japanese assistance in new priority issues such as clean energy.

- Although the current CAP was drawn in 2009, its policies match those of the new (post-2009) government in Malaysia, and other rapidly evolving developments in global issues, such as climate change. Therefore, at this point, the evaluation does not show a need for further changes to the direction of the CAP to Malaysia.

- On the other hand, although the current CAP has been identified Japanese assistance to Malaysia as a model case for the assistance towards countries with certain levels of economic growth, further discussions are still needed on how to apply and practically implement it to other countries. In this regard, the implementation process needs to be tightened.

- In terms of “programmed assistance”, the number of projects under Malaysia’s CAP is inadequate to form a program. It is therefore desirable to develop a method that will apply in such scenarios. Alternatively, when “programmed assistance” is expected to increase flexibility on the project field, Malaysia will be a desirable country to implement such a scheme.

- In the event that the Japanese government intends for the relationship between Japan and Malaysia to be strengthened beyond the scope of ODA, there are concerns that the current CAP may be inadequate. It is therefore necessary to review the assistance policy to form the basis for a stronger relationship in the

expanded scope, while developing a “model case” template as mentioned above, and addressing the “graduation process” as mentioned below.

2. Effectiveness of the results

- Under the current Japanese assistance policy, there have been numerous projects carefully developed in response to Malaysia’s specific issues and needs which, upon implementing, have delivered pinpoint, detailed assistance to the specified areas. At the same time, they are suitable assistance for a country with a certain level of economic growth.

- There are several Malaysian sectors in which clear improvements have resulted from Japanese assistance. These sectors include tax administration and customs, labor safety, higher education, environment and energy, social participation of the handicapped, maritime safety, counter terrorism, vocational training, and social infrastructure. In these sectors, outcomes/impacts have been recognized at the policy and socio-economic levels in Malaysia. (See Table 1)

- It appears that the majority of the training program’s alumni is comprised of leaders from the private sector (both Japanese and foreign corporations). There seems to be little presence of local business and government executives, as they have mainly grown as corporate engineers. This fact has been attributed to the traditional focus of Japanese assistance on science and engineering. In light of a growing presence of China and South Korea in the region, Japanese presence is declining and the Look East Policy carries less importance relative to the time of the Mahathir administration. Under the circumstance, some interviewees have been concerned about the lack of top management of private companies and high-ranking government officials with experience in Japan.

3. Appropriateness of the process

- A communication structure has been established between the Japanese and Malaysian governments, and this structure has been functioning well.

- Efficiency improvements in project planning and implementation are necessary, so that “pinpoint” style projects can function more effectively.
 - Cutting time in decision-making process for project selection and professional/expertise selection.

- Securing the most appropriate human resources.

- Overall it is clear that Malaysia has displayed strong ownership at the policy implementation process. Through the interviews with various Japanese bodies (government, implementing agency, Japanese experts, contracting corporations) and Malaysian parties (government and implementing agencies), the above fact was confirmed. Additionally, there is a cost-sharing arrangement between the two countries. In some cases, Malaysia might share the cost of project implementation with Japan, and in other cases, Malaysia may cover the full expenses of operating the projects. These facts will form an important foundation for Malaysia in its goal to become a developed country. At the same time, it will form an important foundation for Japan in its intention to develop the assistance to Malaysia as a model case for countries with certain levels of economic growth, in examining and implementing a “graduation process” and in strengthening “South-South cooperation”.

- What constitutes a “graduation process” in terms of goals, measures, and timing? While both countries recognize that Malaysia is at the graduating stage from the ODA, details of the graduation process have yet to be discussed among the two. It is vital that details of a “graduation process” be well established in the near future, given the growing presence of surrounding neighbors like China and South Korea; the need to address Malaysia’s requests that have become notably clearer and more specific; also considering the current major assistance projects that are drawing to an end, and the prominent presence of Japanese experts in many of those projects.

- The Japan-Malaysia cooperation has produced some tangible value-creations or “assets”, as a result of the long-term and in-depth assistance provided by Japan. Presently, these “assets” are not utilized in practical ways, and both parties have not mutually agreed on what constitutes an “asset”. As the formulation of new projects tend to be difficult, it becomes a growing strategic issue on how these “assets” should be classified in the Japanese ODA. Japan needs to respond strategically in order to continue and extend the relationship/cooperation. At the same time, attention needs to be paid on how these “assets” should be utilized by the respective countries following the “graduation process” mentioned above. This is an important issue to resolve, in order also to improve citizens’ understanding towards Japanese assistance projects.

- An important issue would be the promotion of the sustainability in some projects. Whilst a strong Malaysian ownership in the program has been confirmed, several major, ongoing projects with good outcomes have still been supported by the efforts and capabilities of Japanese experts.

Table 1: Summary of outcomes and impact

	Plan's Priority Area	Outcomes Brought to Sector	Outcomes at Policy Level / Impact
2009 Country Assistance Program	[Priority area (new)] Enhancement of Mutual Interests of Japan and Malaysia		
	A. Promote JMEPA (Japan-Malaysia Economic Partnership Agreement) : Promotion Program for Economic Partnership Agreement	<ul style="list-style-type: none"> • Project goals have been achieved and Malaysian capability improved, particularly in those projects relating to tax administration, customs, labor safety, promotion of small and medium-sized enterprises. • Concrete outcomes are seen in the several-fold increase in number of tax investigations and inspections. Other improvements include system revisions, installing/conditioning guidelines and organization structures, unfolding of introduction system nationwide, South-South cooperation, reducing custom clearance time by 19 hours, and increased declaration numbers for risk freight. 	<ul style="list-style-type: none"> • As results show in the left column, this program has helped reach the Japanese CAP goal of constructing and managing system, via assistance in system installment and human resource education. • It has also improved the socio-economic climate such as tax administration capability, custom revenue, tax revenue, and labor safety (the number of work-related accidents per 10,000 laborers has been decreased by half).
	B. Promote exchange of people and human resource development : Program for higher education	<ul style="list-style-type: none"> • Within 20 years, more than 1,000 engineering students have obtained a University or Masters degree in Japan. Many of them have acquired a job utilizing the earned skill. The program has contributed to raising talent in the engineering field. • In the areas of medical education, medical research and medical service, the project goal has been achieved, with results benefiting society. (More than 1,000 medical students per year, more than 1,000 out patients per day) 	<ul style="list-style-type: none"> • As a result, this program has achieved the goal of Japanese assistance policy, in the promotion of mutual understanding through exchange of people. • It has also contributed to the increase in the number of students at higher educational institutions and the correction of medical disparity, and has thus helped solve one of the Malaysian government's development issues.

Plan's Priority Area	Outcomes Brought to Sector	Outcomes at Policy Level / Impact
[Priority Area (new)] Overcoming Challenges Caused by Rapid Growth		
A. Environment and Energy 1) Environment	<ul style="list-style-type: none"> The biodiversity conservation and ecological protection project goals have been met mostly, and contribution to the overall goal is expected. With regards to biodiversity conservation and ecological protection, a protection structure has been introduced and built, by offering continuous technical transfer and assistance for installation and implementation of policy. 	<ul style="list-style-type: none"> Faced with a declining forest area all over Malaysia, this program has brought achievement in line with the policy goal of contributing to the difficult issues Malaysia struggles with, and ones that benefit international society. At the same time, it has initiated the registration to the Ramsar Convention, a very clear and persuasive impact.
A. Environment and Energy 2) Energy	<ul style="list-style-type: none"> The gas pipeline and power plant project has achieved its stated targets. The building of the gas-pipeline as part of this project has contributed to the substitution in (power) energy generation. Today, natural gas has replaced a significant portion of heavy oil supplied to all power plants in Malaysia. At the same time, the power plant has produced environmental benefits as a result of the technical transfer, while meeting the demands for power supply. 	<ul style="list-style-type: none"> The objective of Japanese cooperation involving Japanese techniques while remaining friendly to the environment has been achieved. The power plant built with Japanese ODA loan now produces 25% of the entire electricity supply used in Malaysia (2007) and has contributed in reduction of pollution emission. This is a tremendous contribution for Malaysian society and the economy. (After the reconstruction of thermal power plant project, NOx and CO2 have been reduced 60% and 30% respectively.)
B. Reduction of disparities	<ul style="list-style-type: none"> Correcting social inequality (social integration of the handicapped) is addressed as one of the more pressing issues in Malaysia, and this project has met most of its goals. There are achievements in quality issues, such as acquisition of new methods and policy changes, as well as concrete results, like the 	<ul style="list-style-type: none"> In this regard, the concrete contribution has confirmed the goal of Japanese assistance policy, with improvements in social participation and integration of people with disabilities.

Plan's Priority Area	Outcomes Brought to Sector	Outcomes at Policy Level / Impact
	introduction of (several hundreds) handicapped persons in the private sector workforce.	
[Priority Area (new)] Overcoming Regional Issues		
	<ul style="list-style-type: none"> In projects related to regional matters, such as maritime safety and counter terrorism, project goals have mostly been achieved. Improved staff ability at the Coastal guard organization, improvements in organizational capability, system and organization installation are evidence of the outcomes. 	<ul style="list-style-type: none"> This has contributed to the achievement of Japanese policy objective of enforcing the coastal regulation execution ability and counter-terrorism efforts. Evidence of specific impact found in the increased numbers of marine "on-the-spot inspection" and arrests made.
[Priority Area (new)] Strengthening Capacity Development as a Donor and Promoting South-South Cooperation		
	<ul style="list-style-type: none"> Third country training via cooperative assistance between Japan and Malaysia to offer training to government staff and corporate executives, have produced good outcomes. In 90% of course offered, 80% of attendants have shown proficiency. 	<ul style="list-style-type: none"> This has contributed to the Japanese assistance policy objective of producing a multiplier impact with Japanese bilateral assistance. It is confirmed that the program offered has contributed to Malaysia's capacity development as a donor.
[Priority Area (old)] Assistance for the Enhancement of Malaysia's Economic Competitiveness		
2002 Country Assistance Program (Old)	<ul style="list-style-type: none"> In all three areas, the assistance has produced significant outcomes; a) Improved efficiency and enhanced sophistication of manufacturing industries, b) Support for IT, and c) Fostering and strengthening of sectors by utilizing Malaysia's existing resources. 	<ul style="list-style-type: none"> This has contributed to the Japanese assistance policy goal of digitalization and utilizing existing resources. At the same time, contribution to the development of small and medium-sized cooperation is recognized.
	[Priority Area (old)] Developing Human Resources With High Levels of Knowledge and Skills for the Future	
	<ul style="list-style-type: none"> In the high-technology job training project to develop future talent, the "Japan-Malaysia Technical Institute" has produced a continual supply of skilled human resources with 	<ul style="list-style-type: none"> This has achieved the Japanese assistance policy goal of providing advanced job training. Since the Malaysian government also

Plan's Priority Area	Outcomes Brought to Sector	Outcomes at Policy Level / Impact
	established levels of hi-tech skills.	highly values this goal, this program has also helped achieve their goal.
[Priority Area (old)] Assistance for Environmental Conservation and Sustainable Development		
	<ul style="list-style-type: none"> • The following projects have mostly met the project goals -Food Hygiene, Nipah Virus, KL International Airport, Malayan Railway and Highway Toll Collection and such. • In the airport project, statistics of takeoff, landing and customer satisfaction have shown good progress. For national railway project, the operation capacity increased 6 times and the annual number of passengers reached the size of 21 million. 	<ul style="list-style-type: none"> • The project results have helped achieve the Japanese policy goal of improving the living environment, ie, by offering the cooperation to fix distortions arising from rapid growth through the provision of social infrastructure, and cooperation towards human development in the responsible bureau.
[Priority Area (old)] Assistance for the narrowing of Income and Other Gaps		
	<ul style="list-style-type: none"> • A poverty eradication project was conducted. The investigation conducted at 3 villages that were project targets showed improved income for the residents. Many families emerged from poverty. Hence the outcome confirmed an improved standard of living for its recipients. 	<ul style="list-style-type: none"> • This has contributed to the achievement of the Japanese assistance goals of poverty eradication and correction of income disparity and regional disparity.

II Recommendations for Japan’s future assistance policy towards Malaysia

In this section, recommendations have been made based on the evaluation results listed in the previous section. As required, the recommendations from the Country Evaluation are structured in the four quadrants shown below. It is also required that each recommendation proposal be outlined in the following three areas: “Evaluation results”, “Direction of counter-measures”, and “Detailed counter-actions”.

Within the quadrant, the recommendations in *italics* indicate the measures that need to be applied at both headquarter and field levels.

Table 2: Quadrant of recommendations and categories

	Headquarter level	Field level
Direction of the policy and strategy	<ul style="list-style-type: none"> • Develop as a model case of the assistance for the countries with certain level of economic growth • <i>Fully utilize “Assets”</i> • <i>Clarify “graduation process”</i> • Expand policy scope • Build a structure for deepening relationship between Japan and Malaysia • An attempt of using rating 	<ul style="list-style-type: none"> • <i>Fully utilize “Assets”</i> • <i>Clarify “graduation process”</i>
Assistance method and procedure	<ul style="list-style-type: none"> • <i>Shorten the project selection process</i> • Concept of “programmed assistance” • <i>Enhance Japanese capacity to identify necessary projects and assist Malaysian sustainability development</i> 	<ul style="list-style-type: none"> • <i>Shorten the project selection process</i> • Stance for developing human resource • <i>Enhance Japanese capacity to identify necessary projects and assist Malaysian sustainability development</i>

Each recommendation proposal within the quadrant will be discussed in greater depth below.

■ **Confirming its stance as “the model case for assistance to the countries with certain levels of economic growth”**

- Confirming its stance on “the model case” to provide support and cooperation, and to include the graduation process. Involves a trial and error approach to produce a solid model case within 1-2 years.

Evaluation Results

It was indicated in the CAP that the assistance towards Malaysia should form the basis of a model case for assistance to the countries with certain level of economic growth. It has, however, been recognized that detailed guidelines to support this idea have not been clearly established.

Direction of counter-measures

The issue of setting the assistance to Malaysia as the model case needs to be discussed by the entire Japanese ODA. The process would involve a trial and error approach that will produce merit to the overall Japanese ODA.

Detailed counter-actions

On the matter of Malaysia as a model case for the assistance to countries with certain level of economic growth, an appropriate response will be to table this issue for discussion at the International Cooperation Bureau of MOFA.

After that, a series of trial and error modification should be allowed at the early stages (within a couple of years), in order to solidify the model case. The information should be shared throughout the entire Japanese ODA. Examples for the various trial and errors are listed below:

- Examine and embody the method of utilizing “Assets”
- Examine and embody the “graduation process”
- Enhance South-South cooperation
- Nurture the aid-implementing agencies in recipient countries
- Adjust system to shorten project selection process
- Examine the policy to enhance the relationship with Malaysia in expanded areas

It is hoped that by placing Malaysia as a model case, the related ODA bodies, such as MOFA and JICA, will continue to raise the results of their assistance in Malaysia as well as their overall contribution toward the entire Japanese ODA. In this sense, a deeper level of involvement will be expected of them.

■ Graduation process

- Expected direction of projects in each category
 - ◆ Projects designed for supporting developing countries:
Tougher criteria for project selections, and may be left to the Malaysian government to conduct on its own.
 - ◆ Projects designed to support countries with certain level of economic growth:
In this category, continue to offer assistance of high quality, targeted to materialize “Vision 2020”
 - ◆ Projects with reciprocal cooperation:
Placing more importance in project categories like South-South cooperation, global issues etc.
 - ◆ Projects for mutual benefit:
Placing more importance in project categories like EPA, counter-terrorism, projects whose results will promote smooth operation for Japanese corporations

Evaluation Results

The evaluation found details and methodology for the “graduation process” lacking; it was unclear how Malaysia would graduate and move on from ODA.

Although the Malaysian government is aware that they are on the “graduation track”, the issues of how to graduate, what needs to be fulfilled and what can be expected from Japan are not laid out.

Direction of counter-measures

In light of factors such as, the growing presence of China and South Korea, requests from Malaysia becoming clearer and more specific, the current major assistance projects coming to an end, and the prominent presence of Japanese experts in many projects, it has become important that the details of a “graduation process” be properly established within a couple of years. Specific guidelines on each project category should be drawn up at the early stages, taking into consideration the situation in Malaysia and deadlines of Japanese aid projects.

Detailed counter-actions

An appropriate response/counter-action would be to create a roadmap for the “graduation process”, taking into account international standards, and sharing it with Malaysia. This would include deciding on details of process and goals, means and timing of process (including deadlines).

After that, it is recommended that guidelines be documented for each project category. Some suggestions for project guidelines are listed below:

- Projects designed for supporting developing countries
Project selection will be tougher.
Projects within the category of developed countries assisting developing countries should be left with the Malaysian government. An example of such a project would be the correction of regional disparities.
- Projects designed to support countries with certain levels of economic development
Japan should continue to provide more advanced and focused assistance. For instance, in order to help Malaysia materialize “Vision 2020”, Japan could offer quality, specific, targeted assistance to the issues obstructing and unresolved by their Malaysian counterparts.
- Projects with reciprocal cooperation
Japan should place more importance in projects with reciprocal cooperation. Examples of the projects in this category are South-South cooperation, global issues etc.
- Projects for mutual benefit
Japan should also place more importance in projects that derive mutual benefit. Examples of the projects in this category include EPA, counter-terrorism, and those projects with results that would in turn promote smoother operation and greater efficiencies for Japanese corporations.

■ Fully utilize “Assets”

- To systematically understand, organize, and share “Assets”. “Assets” refer to executive staff, trainees, alumni, government organizations, facilities and equipments. In some cases, “Assets” could be an intentional product.
- Use of the Japanese-Malaysian cooperation “success story” as a promotional tool for Japanese ODA both internally and externally.
- Spread “Japan-Malaysia model” horizontally. (ie, offer technical cooperation beyond third country training offered through South-South Cooperation.)
 - ◆ Promote the idea, “Malaysia is a benchmark” and “Japan is a goal”.

Evaluation Results

As a result of the long-term and in-depth assistance provided by Japan, some tangible value-creations or “assets” could be recognized from this Japan-Malaysia cooperation. At this time, these “assets” (resources) are not being practically utilized, and both parties have not reached mutual consensus on what constitutes an “asset”. As the project formulation becomes difficult, it becomes a growing strategic issue for Japan and Japanese ODA as to how these “assets” should be classified.

Direction of counter-measures

The first necessary step is to systematically recognize and share what constitutes an “asset” and then seek to identify their possible uses and applications in wider areas.

Detailed counter-actions

First, this involves a systematic understanding of what qualifies as an “asset”. This understanding needs to be mutually recognized by both Japan and Malaysia. In line with the importance of assistance results, a scheme that intentionally produces identifiable “assets” would be valuable. At this point, alumni/graduates (particularly those who go on to become key executives in private and public sectors), alumni organizations, government organizations, institutions and facilities are the likely identifiers of “assets”.

The second step would involve seeking and identifying their possible uses and applications in wider areas.

In terms of the value of these assets created between Japan and Malaysia, it is possible to benefit not only the two countries, but also the entire Japanese ODA. For example, the following uses may be considered.

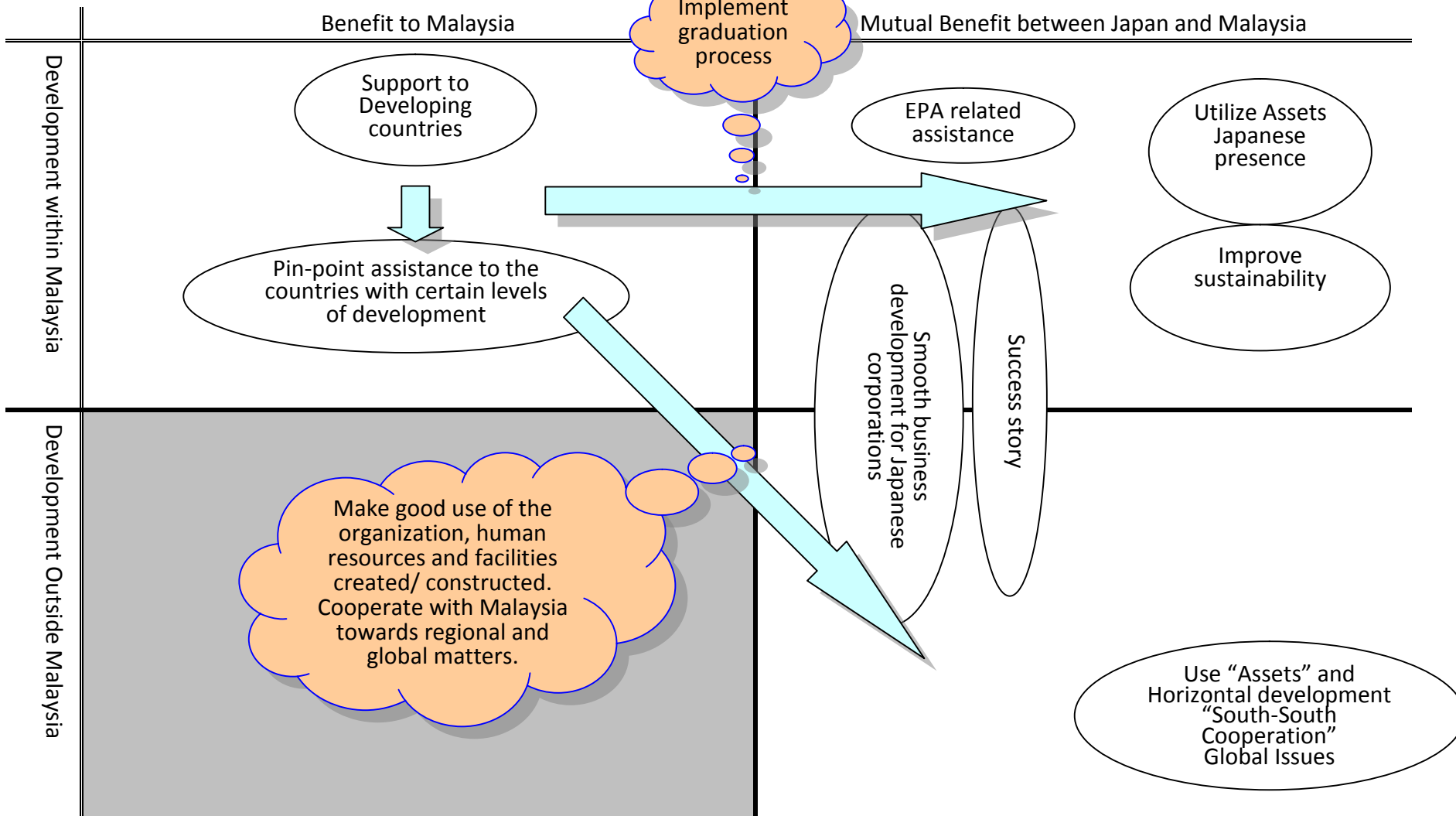
Table 3: Examples for the possible uses of “assets”

Target	Examples of use
Within Japan	<ul style="list-style-type: none"> • As supportive evidence on the effectiveness of Japanese ODA (provided to administration, Ministry of Finance, Diet, media and citizens) • As proof to support “graduation” of ODA to Malaysia • As evidence for the promotion of “South-South cooperation” conducted with Malaysia • As the model case that utilized “assets” produced by assistance
Malaysia	<ul style="list-style-type: none"> • As an established system promoting “sustainability” (beyond individual projects) Eg. Using human resource reared through assistance • As an evidence to keep Japanese (ODA) presence
Third Country	<ul style="list-style-type: none"> • As a tool to promote South-South cooperation (training, technical cooperation project) of “Japan-Malaysia Model” • As an evidence to keep Japanese (ODA) presence

A constructive development of a “Success story of Japan-Malaysia” will enable Japan to showcase Japanese ODA and its results both within and outside of Japan.

Positioning the assistance to Malaysia as a “Japan-Malaysia model” will also enable the extension of positive South-South cooperation that will spread Japanese ODA and its results to other developing countries. In that event, it may be likely that technical cooperation projects will become more sought after than current third country training. Through such activities, the recognition of “Malaysia as a short and mid-term benchmark” and “Japan as a long-term goal” may prevail as the common recognition among the developing countries.

Chart 1: Use of Assets and “Graduation Process”



■ **Shorten the project selection process**

- Examine more flexible formation and adoption of projects; “Fast Track for countries with certain levels of economic development”, “Timely project adoption”, “On-site Project adoption”, “Project Fund”, and “Programmed assistance with discretion”.

Evaluation Results

Since it has been pointed out on several occasions that period of project formation or dispatching experts for Japanese assistance takes too long, it is desirable to improve this situation. At the same time, it has also been highlighted that in some cases, the swift selection of appropriate experts encountered difficulties and/or the inappropriate expert was dispatched.

Direction of counter-measures

It is desirable to shorten the project selection process and the lead-time to the start of a project. Considering the fact that Malaysia holds strong ownership as a country with certain level of economic growth, and her ability to lead many Japanese assistance projects to success, the introduction of a flexible structure will make a highly desirable response to this matter.

The results from evaluation advise a trial and error approach to adjust the system, on top of efforts to speed up Japanese response time under the current system. Lessons learned from this trial can be shared among the entire Japanese ODA, as this issue is closely connected to the development of a “model case for assistance to the countries with certain levels of economic growth”.

Detailed counter-actions

Examine the system with a view to shortening the project selection period (and the start timing) by introducing flexible “process”, “timing”, “authority” and “budget”. (see below)

Table 5: Examples of increasing flexibility

Option	Summary
Fast Track for countries with certain levels of economic development	<ul style="list-style-type: none"> • Increase flexibility in project selection process. • Simpler project formation and selection process for countries that qualify certain conditions (those with certain levels of economic development). For example, remove the common and collective framework, such as “Needs Survey” on assistance request.

Option	Summary
Timely project adoption	<ul style="list-style-type: none"> • Increase flexibility in project adoption timing. • Allow formation and selection of certain projects at any time of year. For example, increase the frequency of “Needs Survey” (if/when conducted), or accept the assistance request anytime.
On-Site Project adoption	<ul style="list-style-type: none"> • Increase flexibility in project selection authority. • Shift the selection authority for certain projects (area, scheme, project size) to Local ODA Task Force. Local ODA Task Force should be authorized to select and implement projects.
Introduce Project Fund	<ul style="list-style-type: none"> • Increase flexibility for project budget. • Create a pool of funds for certain projects with specific purposes to ensure flexible project selection within those purposes.
Programmed assistance with discretion	<ul style="list-style-type: none"> • Inclusive of all of above. Increase flexibility in process, timing, authority and budget of project selection. • Enlist assistance of “Cooperation program” under certain circumstances. Under this scheme, Local ODA Task Force is authorized and responsible for conducting project from formation, adoption through implementation.

Examples of “Programmed assistance with discretion” include the “budgets with a single consolidated appropriation” by Japanese local government, and project formulation by the United States Agency for International Development. These examples could be referenced to examine and explore the system.

■ Developing and Growing Talent

- The idea is to grow and develop local talent who will become the future leaders of Malaysia (in the government and/or business world)
 - ◆ Utilizing “assets” (by retraining alumni and building strong relationship with leaders)
 - ◆ Making use of EPP training and a thematic training course
 - ◆ Creating a scheme to send future talent abroad for university degree in social science and an exchange program for future leaders between the two countries.

Evaluation Results

It appears that the majority of the training program’s alumni is comprised of leaders from the private sector (both Japanese and foreign corporations). There seems to be little presence of local business and government executives. This is attributed to the fact that Japanese assistance has been mainly focused on science and engineering, and there is growing concern about a declining Japanese presence.

Direction of counter-measures

There is a need for a strategic approach in talent growth and development, in order to raise future leaders within the government and core industries in Malaysia.

Detailed counter-actions

Two responses may be offered to address this issue of raising and growing the desired future talent: 1) use current or future projects, and 2) utilize “assets” from projects.

For the first response, EPP training and a thematic training course can be applied, as these are likely to be attended by candidates of future leaders in government and industry, although the term of the training is short. In addition, the use of existing or future projects could create a new strategy of sending identified candidates for overseas studies in Japanese social science fields (economics, business management and international relations etc) and offering exchange opportunities between Japanese and Malaysian future leaders.

For the latter response, some ideas on utilizing “assets” include offering retraining opportunities for the alumni of the Look East exchange program, Higher Education Loan Fund Project (HELP) and other programs, and also providing network opportunities to connect the alumni with current leaders in government and industry. One possible option might be to nominate an alumni member for a position within

the Malaysia Japan Economic Association (MAJECA), which is the Malaysian constituent of the annual Malaysia-Japan economic meetings.

■ Programmed Assistance

- This issue should be treated differently from those of developing countries. The essence here is to be able to implement focused projects that accurately respond to specific needs of partner countries and resolve their development problems, and to deliver a means of proper evaluation.
- At the same time, to consider introducing “programmed assistance with discretion”.

Evaluation Results

In terms of “programmed assistance” (planning and implementing multiple projects with common objectives and targets), the number of projects under CAP is limited. It is therefore desirable to develop a method of planning/developing “programmed assistance” applicable to such scenarios.

Direction of counter-measures

It is the view of performance-based management that Japanese assistance policy should attach greater importance to “programmed assistance”. Therefore, it is practical in certain cases (for example, where there are several programs with one project each), to ease the requirements and conditions for program formation to countries with certain levels of economic growth or countries receiving small amount of assistance.

At the same time, the option of “programmed assistance with discretion” is worth considering, especially referring to countries with certain levels of economic growth, who have the added ability to take ownership of projects. Introducing “programmed assistance with discretion” in these cases would provide an opportunity for a trial and error approach to build a model case of assistance to countries with certain levels of economic growth, and could also form an appropriate response to Malaysia’s request to reduce the project formation and lead times.

Detailed counter-actions

The formation of a program structure (such as the logic model) is still important in Malaysia, even if in most of cases the structure is ‘only one project for one program’. No matter how advanced and specific the project is, a program structure is necessary to demonstrate its intended achievement of higher goals to the country and beyond, and also serves as a means of project evaluation. A stand-alone project would not receive the same attention.

In considering the case of Malaysia, it needs to be emphasized that the structure of 'only one project for one program' is not necessarily inappropriate.

On the other hand, when evaluation at the program level is conducted, it will be more practical to compare each project's achievement with the issues and needs raised by the recipient country, instead of being concerned with the project contributions made in comparison with program goals.

With regards to formulating "programmed assistance with discretion", under certain goals, it can be examined by trial and error approach to introduce a structure which allows flexible program formation, by deferring to the discretion of the implementing agency on the project field.

■ **Assist Malaysia’s development of sustainability beyond project base / Enhance Japanese capacity for project formation**

- Consider dispatching personnel for “daily consultation and guidance, and to discover and form new projects”
 - ◆ Shift “from manpower to system”
 - ◆ Appropriate self-effort/forming projects/acquiring projects information at initial stages
 - ◆ Dispatch to major counterparts of Japanese assistance in Malaysia

Evaluation Results

Whilst a strong Malaysian ownership in the programs has been confirmed, several major, ongoing projects that have produced results have largely been attributed to the efforts and capabilities of Japanese experts. An important issue would be the promotion of the sustainability in these projects.

As discussed earlier, another issue relates to shortening the project formation and approval period at Malaysia’s request.

Direction of counter-measures

The suggestion is to dispatch (Japanese) personnel who can offer daily consultation and guidance, and to acquire project needs at the early stage within the Malaysian government. This may facilitate a shift from the management system relying on particular personnel (Japanese expert) to one relying on local staff and system, thereby reducing the project formation period.

Detailed counter-actions

The likely candidates for the recipient of dispatched personnel from Japan would be the major counterparts of Japanese assistance in the Malaysian government. Such a strategic Japanese move would require careful consideration, while addressing the needs of Malaysia.

This suggested dispatch is not necessarily conforming to the current dispatch structure in existence in Japan, but rather a possible new structure.

■ **Coverage of assistance policy towards the countries with certain levels of economic growth**

- Include projects shared with other ministries and non-aid projects (research cooperation etc)

Evaluation Results

There are concerns about the inadequate scope of the CAP for Malaysia, derived from open issues relating to the “model case”, “graduation process”, and whether the relationship between Japan and Malaysia may be strengthened in the expanded area beyond ODA. It is therefore necessary to examine an assistance policy that will form a firmer foundation for enforcing the relationship in a wider range.

As highlighted in the section on “Fully utilize Assets”, as the project formulation becomes more difficult, it becomes a growing strategic issue for Japan and Japanese ODA as to how to build a deeper relationship. Although Japan is still recognized by Malaysia as an important country, its status has changed since the Mahathir administration. With the growing regional presence of China and South Korea, it is necessary to remove such concern about Japanese presence.

Direction of counter measures

In examining the comprehensive assistance policy towards Malaysia, it is necessary to include a close look at all forms of assistance/ cooperation provided to Malaysia from other Japanese ministries previously not covered by the ODA.

This examination may form part of the trial and error approach for building a model case.

Detailed counter-actions

An example would include a trial of developing the current CAP to a Malaysia Partnership Plan, including all forms of assistance offered by other Japanese ministries outside ODA and partnerships between universities and research institutions. The Plan could offer cooperation towards Vision 2020 and also be expected to function as a system to pursue mutual and common profits between Japan and Malaysia. The structure for building a deeper relationship (see next section) is desirable and realistic to be built into the Plan.

The building and implementation of the Plan would entail the cooperation from various bodies that conduct assistance and business with Malaysia. Examples include MOFA and other ministries offering assistance, JICA, JETRO, Japan

Foundation, Japanese Chamber of Trade & Industry, Malaysia (JACTIM), universities etc.

In such a scenario, it would be desirable and practical for MOFA to assume the role of policy planning, and for JICA to function as the overseer of implementation on the field, since both organizations are main contributors of building “assets” and relationships between the governments. Moreover, their positions will allow them a perspective to oversee and manage the relationship with Malaysia.

■ **Building a structure for deeper relationships (beyond ODA)**

- Individual efforts by industry, schools and government; and a structure for cooperative efforts (research cooperation and joint development etc)

Evaluation Results

Same as previous page

Direction of counter-measures

The importance here is to build deeper and wider relationships (Japan-wide), therefore a new structure is essential. In the category of economic cooperation, a notable achievement has been produced in the form of the Malaysia Japan Automotive Industries Cooperation (MAJAICO), the structure collaborated by Japanese ministries and industries to foster deeper relationships.

This examination may also form part of the trial and error approach for building a model case.

Detailed counter-actions

On top of the individual efforts by industry, schools and government, (who are the main players in the Japan-Malaysia relationship), it is desirable to examine a structure in the form of cooperative efforts, like the collaboration between research cooperation, joint development and such. These (individual and cooperative efforts) structures should accordingly be considered and offered in future negotiation stages of any assistance policy covering the wide ranges.

As in the case of MAJAICO, there were several cases of specific cooperation efforts that resulted from clear needs and necessities. The main lesson here is an intentional search for a structure that can be built to intensify the relationships, over and above the voluntary and inevitable results.

■ Rating attempt

- The introduction of rating into evaluation can be effective in making it simpler for Japanese citizens to comprehend.

Evaluation Results

Lastly, the recommendation for a rating attempt is discussed. This issue is separate from all other recommendations offered as products of this evaluation. It is, however, a needed product given that it is fundamental for the entire Japanese Country Assistance Evaluation to be “easy to comprehend”.

The meaning of this suggestion needs to be examined carefully, as the Japanese CAP is about to change drastically and the review of Country Evaluations underway. On the other hand, it is also meaningful to suggest a rating draft in order for the results from the evaluation to be more easily understood, and provide the evaluation team with the opportunity to discuss the rating issues, given the distinct features in the assistance to Malaysia.

Direction of counter-measures

The World Bank and Asian Development Bank have already introduced rating as part of the Country Assistance Evaluation. Their rating is based on evaluation results. Referring to these examples, a rating draft is attempted.

Detailed counter-actions

The rating draft (displayed in the next section) would use three evaluation viewpoints, “relevance of policy”, “effectiveness of results”, and “appropriateness of process”. Evaluation at the policy level involves a qualitative analysis, therefore effort is made to display results in a quantitative standard.

With regards to **relevance** of policy, it will be rare to find cases that are inconsistent or irrelevant. However, an additional evaluation item is created to cover cases where a policy lacks any project to implement, hence producing no results (outcomes) for the country.

The next evaluation viewpoint is **effectiveness** of results. The priority area set in CAP was used to connect project and policy levels, in order to measure effectiveness of projects. In this regard, cooperative programs could also represent a measurement target instead of the priority area. This selection can be argued to be the more appropriate target, in the future.

The third evaluation viewpoint is **appropriateness** of process. Communication is listed as an evaluation item, as the quality of communication can greatly impact policy formation and implementation.

The suggestion here is for the draft to be discussed, and it is intended for improvement, and to gain appropriateness through further examinations and trials.

Table 6: "Rating Draft"

Viewpoints	Evaluation Items	Evaluation Criteria
Relevance of Policy	CAP meets the needs and reflects the change of recipient country	3: Fully met 2: Gap is recognized but not significant 1: Gap is significant
	Projects coinciding with CAP are implemented	3: In all priority areas, priority project (except training) is conducted 2: Less than half of priority areas did not conduct priority project 1: More than half of priority areas did not conduct priority project
Effectiveness of Results	Within CAP priority area, how many sectors have major priority projects that met the project goal	3: More than half 2: Less than half 1: None of the priority areas has major priority projects that met their goal
	Within CAP priority area how much of sector is judged to have contributed to solve the overall issues in sector	3: More than half 2: Less than half 1: None of the priority areas has contributed
Appropriateness of Process	Misunderstanding with the recipient country (government and/or implementing agency)	3: No misunderstanding 2: Few misunderstandings but not significant 1: Problematic
	Obstacles in policy implementation process	3: No obstacles 2: Few obstacles but not significant 1: Big obstacles

<Score>

- ◆ Overall rating (18 points full mark)

12-18 : A	7-11: B	1-6 : C
-----------	---------	---------

- ◆ Rating (by view point)

5-6 : a	3-4 : b	1-2 : c
---------	---------	---------

<Evaluation method>

Each individual from the evaluation team (more than three prime members) evaluates independently. The average value is marked as result.