

sewage drainage facilities; however, the situation requires a technological and financial review in order to actually implement the current master plans. On the other hand, in the course of the country's emerging privatization policies, moves are afoot to commission the private sector to handle the installation of such water supply and sewerage facilities. Therefore, when determining assistance such as development studies in this field, Japan should understand these moves towards privatization.

Another important issue involved in urbanization is the promotion of flood mitigation measures, including the improvement of urban drainage and planning for river-basin flood control. Japan's cooperation will be to support the formulation of flood control plans of affected towns through development studies, which could be tied to the building of dams funded by yen loans. Support for land readjustment for urban development will also focus on the formulation of suitable plans through technical cooperation followed up by yen loans.

Assistance for improving solid waste management thus far has progressed through the assigning of experts to Malaysia for the development of proper management systems, such as that for sanitary landfills. Given the success of such cooperation, it is recommended that the next support phase move on to disseminating waste management methodology throughout the country, via staff education and technical training. In the future, if consideration is given to physical constraints on siting for landfills in Malaysia, it will then be necessary to investigate new treatment methods, including the development of appropriate technology for incineration systems, etc. To achieve this, it will be important to support studies into waste treatment measures with a long-term perspective, by convening technical forums as a means of calling together specialists from all sectors. Once a long-term waste treatment methodology has been decided, consideration will have to be given to introducing yen loans and the like, to support the actual construction of waste treatment facilities.

(2) Alleviation of traffic congestion problems

An increase in the number of cars has caused severe traffic congestion in large cities, in particular, Kuala Lumpur, Johor Bahru, and Penang. Local authorities have been dealing with this type of problem; however, it is often

the case that they do so in an isolated fashion by installing traffic facilities and improving traffic rules, rather than seeking systematic solutions. More significant results could be achieved by developing an integrated traffic and transportation system and by educating engineers and local government officials responsible for planning. This requires development studies and the involvement of experts for training personnel and devising plans for an integrated traffic and transportation system centered on the major cities. Looking at the long term, it will be necessary to support investigation through technical forums in order to promote development of local towns and to forecast future traffic volumes.

In terms of providing aid, consideration should be given to spreading, as far as possible, the effect of assistance in upgrading the capacities of local authorities. The places currently experiencing problems are the large cities located mainly along the west coast. If one stops to consider the potential for development in other towns and cities, then it will probably also be necessary to spread technology and train personnel in smaller cities as well. As it is obviously too difficult to support all local authorities throughout Malaysia, some selectivity will be necessary, such as to target a medium-sized city as a model. The future effect of using a model is that Japan will apply the experience in the model in Malaysia to other countries in the ASEAN region; then geographic location will also be a factor to consider when making a choice of a model site. In addition in Japan local governments have the requisite technical and institutional know-how in this area. Therefore, it is necessary to incorporate those local bodies into Japan's system of assistance. Viewed from this angle, the sort of model city mentioned above could quite conceivably be selected from those with a sister city relationship.

2.2.4 Conservation and Promotion of Sustainable Exploitation of Natural Resources

(1) Conservation and use of forest resources

The strategy should be to make maximum use of remaining forest resources, with emphasis on such factors as technological development, improvement in management and administrative abilities, the supply of funds, and so

on, in order to promote the sort of development that will not impede the regenerative abilities of the forests. The strategy should include support towards such considerations as promotion of reforestation programs, promotion of the effective use of forest resources, and improvements in forest management, management ability, and the land zoning system. As to priority regions, Sabah and Sarawak should be targeted as the export of logs and devastation of forest resources in these regions are accelerating.

It is important that a reforestation program focus on the selection of suitable types of trees and the promotion and dissemination of methods for cultivating nurseries. Joint research would be an effective means of achieving this, especially given the store of knowledge in Malaysia on how to cultivate tropical forests. As regards reforestation, consideration should also be given to the possibility of introducing yen loans in connection with program profitability.

In order to encourage the effective use of forest resources in Malaysia and to respond to the policy of the current government to ban log exports, it is necessary to support the development of processing technology. In particular, the development of technology and technical training for the benefit of local small lumber companies and furniture manufacturers are an important focus for rural development as well.

The program for improving forest management and management ability, which will at the same time prevent illegal logging in protected areas, will include cooperation in the area of education and training of forest rangers and other personnel through the assignment of Japanese experts and JOCVs. A further key point is support to land zoning policy. The diversion of forest land for other purposes should be kept under control, and attention should be given to achieving a balance between industrialization, urbanization, and agricultural land development. Technology transfer is an important tool in this instance, in order to reinforce land zoning policy through advice from experts and through development studies.

2.3 Recommended Improvements and Issues concerned with the Implementation Methods and Systems of Japan's Assistance

High economic growth has raised Malaysia to the level of a middle income country. Assistance from donor countries apart from Japan and from international agencies has leveled off or has been curtailed. However, there has been a steady expansion in Japanese assistance, which now accounts for about 80% of all assistance received by Malaysia. In the past, Japanese assistance has been provided efficiently in partnership with Malaysia's excellent public sector organizations. While there are a few problems, it has been found in surveys of completed projects by the Japanese Audit Agency that equipment and materials supplied are being managed properly and that there are not many significant problems or improvements to be noted. Given the above, this section considers the distinctive characteristics of Malaysia as a multiracial and multicultural nation and looks at improvements which might be made to the Japanese assistance system in implementing projects in major aid areas.

2.3.1 Issues to be noted for the Implementation of Assistance

(1) Aid recipient agencies

While a "top-down" policy-making process is generally taken in developing countries, in Malaysia, decisions are made through exhaustive consultation at the operational level. The result is that it often takes time to reach a final decision.

For example, in the case of development studies, the responsible ministry first assembles all relevant ministries, implementing agencies, local governments and so forth, to set up a technical committee, and settles technical matters with the Japanese survey team. A steering committee is then set up by the Economic Planning Unit (EPU), to discuss the details and make a final decision. Given this sort of process, there is a need to prepare documentation in advance for the internal perusal of the Malaysian side.

On the other hand, the fact that the decision-making process is institutionalized is advantageous because continuity of policy — including budgetary

measures — can be maintained, even though there may be changes in key personnel.

The EPU is the agency which channels assistance, and it plays a central role in making decisions about the selection and implementation of projects. It functions as the secretariat for the cabinet-level National Productivity Centre (NPC) and the permanent secretary-level National Development Planning Committee (NDPC). It is also responsible for the formulation of five-year plans and for their interim review. As a result, it has the authority to make decisions on projects and to approve budgetary action by ministries. As an organization responsible directly to the Prime Minister, it has considerable power to regulate projects, but its staffing situation is not sufficient for planning and formulating development projects.

Management of civil service personnel is handled centrally by the Public Service Department (PSD), and at senior staff levels there is considerable mobility between ministries. The PSD supervises postings of personnel for Japanese projects, training programs in Japan, and the implementation of the "Look East" policy. In aid implementation, the EPU is responsible for planning and securing budgets, while the PSD has authority over personnel matters. As a result, it is necessary to co-ordinate in advance with both through the implementing agencies.

Currently, the Drainage and Irrigation Department (DID) in the Ministry of Agriculture and the Public Works Department (PWD), which comes under the Ministry of Public Works, are the agencies which are the main recipients of technical cooperation. These bodies have a long history, going back to colonial times, and operate regional offices throughout the country to manage public works projects directly. They put together professional technical teams, which accumulate technical information, and rate highly as a destination for technical transfer. When implementing local projects, the economic planning agencies of the state governments become responsible for coordinating the requests for assistance, and the state economic development corporations and the regional offices of the Federal PWD act as the implementing agencies. Further, in special urban regions such as Penang city, the major agency for implementing projects is the municipal authority. When aid is extended regionally in this way, it is found that the agencies involved divide up in complex ways.

For example, parties to a decision to implement a flood control project in Kelantan state will include at least the EPU, the DID, the PWD, the Department of the Environment, the power authority (TNB), the state government, and the state development corporation. The final decision also goes through the process described at the beginning of this section. Coordination in advance is therefore vital to the planned implementation of projects.

(2) The importance of PR activities and consideration on the public release of information

In Malaysia, influence on ruling matters is wielded by non-government organizations such as the Consumers Association of Penang (CAP), which has a strong interest in environmental problems, and the very vocal opposition parties. This echoes the fact that Malaysia has a relatively high degree of media freedom among ASEAN countries. Moreover, the Malaysian government gives enough considerations over trends in public opinion. It is therefore thought necessary to release to the public details of assistance provided, through documentation on projects in local languages thereby reflecting the linguistic diversity of the country.

Malaysia's influential information media include the publicly run radio and TV organization RTM, TV3, which is affiliated with the UMNO in the ruling coalition, and the Malaysian National News Agency (BERNAMA). There are 18 English language newspapers including the government leaning New Straits Times and the opposition inclined, The Star. Further, there are 14 Malay language newspapers such as Berita Harian, which has a large circulation, 35 Chinese language newspapers including Nanyang Siang Pau, Tamil language papers, and regional newspapers in Sabah and Sarawak.

The outcome of publicity activities pursued through such avenues as press tours held by the Embassy, press releases issued when development study agreements are signed, and seminars, is that Japanese assistance is now pictured in a good light in the media. Activity of this sort should be stepped up in the future.

One consideration in the public release of information is that it is necessary to exercise discretion in the handling of internal Malaysian documentation

due to the existence of an Official Secrets Act (OSA). With respect to, for example, contour maps required for drawings in a survey, there are restrictions on taking maps covering certain areas out of the country for defence reasons. Development study reports may also be subject to the OSA depending on circumstances. Japanese policy is to encourage the public release of information in order to increase the transparency of aid. The Malaysian government agrees with this in principle; however, it is essential to consult fully with the Malaysian side over the details to be released.

(3) The value of the "Look East" policy and background considerations

The aim of the "Look East" policy is to learn from the successful examples and experience of Japan and Korea. This scheme has been well received by the Malaysian government, but this does not mean that the public as such is well-disposed towards Japan. Regrettable periods in the past mean that feelings towards Japan cannot necessarily be regarded as positive.

The "Look East" policy proposed by Prime Minister Mahathir followed the format of the then Singaporean "learn from Japan" movement. Its aims were to "de-Europeanize" people with an Anglophile orientation and bring about a change in consciousness. Simultaneous to the "Look East" policy, which was designed to inculcate the East Asian work ethic, the economic prosperity of Japan and the Asian NIEs has been strongly influencing the culture and lifestyles of the Malaysian people, particularly the young, through consumer goods and the media. This had led to the development of a familiarity with Japan and a frank admiration for it.

The industrial technical training initiatives, the scholarship schemes of the Japanese Ministry of Education, and the Japanese language education programs implemented under the "Look East" policy are very acceptable to the Malaysian side. The Japanese language is now prominently situated as the second foreign language after English. Projects of this nature not only contribute directly to the development of human resources, but also to the development of the friendship between the two nations through personnel interchange. It is now thought essential to continue to cooperate constructively in the promotion of the "Look East" policy, in order to foster the friendly attitudes towards

Japan which are developing.

To turn to the industrial technical training program included in the "Look East" projects, it is necessary to bear in mind that it is not easy to find Japanese private companies willing to accept trainees. There has been a gradual increase in training expenses granted to those who have already accepted trainees, in hopes of obtaining the cooperation of organizations better equipped to take them. Requests have also been made to the Malaysian side to improve the level of Japanese language ability of trainees coming to Japan and to identify in advance the fields where the training should be offered on a commercial basis. Improvements are gradually being seen. It will be necessary to continue requesting, at annual consultations, the cooperation of the PSD in screening applications in advance and improving the level of Japanese language ability of trainees.

(4) Critical Malaysian attitudes to linguistic ability

The Malaysian side assesses experts critically, especially as to their linguistic abilities. The use of Malay as the official language is being encouraged in the country, and progress is being made in the transition to Malay in internal documentation. Malay is crucial in places where, for example, members of JOCV are active. However, because technical jargon tends to be English, discussions and negotiations are frequently carried on in English. One Japanese expert with experience in Indonesia who was sent to Malaysia was not highly esteemed because of inadequate English ability, but eventually saved face by presenting a research paper prior to returning home.

Malaysia is a complex multiracial society that does not subscribe to a seniority system. There is also a tendency for Malaysians to treat mistakenly Japanese experts as employed consultants rather than assigned advisers because of their abundant experience in having employed foreign consultants. It is worth noting that Malaysia is a society in which a display of real ability is highly rated. For example, to give credit to the expert mentioned above, a letter of appreciation was presented by the Malaysian government on leaving Malaysia. In view of this example, it is essential to consider the requirements of the Malaysian side when selecting expert personnel.

(5) Categories under which technical experts should be selectively assigned

The broad categories under which technical experts are assigned to Malaysia by JICA are: experts, JOCVs, and consultants. Experts are further subdivided variously into general experts, project experts, experts from the private sector, and "senior experts." Depending on their purposes, distinctions are made between qualifications, training systems, support structures, allowances, etc.

Except for the officers who are directly involved in assistance projects, these differences in categories are not always properly recognized inside the Malaysian government. Where both experts and volunteers are assigned to the same agency, volunteers may be mistakenly asked to perform expert tasks and vice versa. In order to avoid this sort of problem, it is necessary to consult adequately with the Malaysian agency accepting Japanese personnel in advance, with respect to these distinctions. It is probably also necessary to look at classifying the characteristics of each category so that general experts are assigned mainly to planning and management divisions, and that experts from the private sector, "senior experts," and JOCVs go to particular shop floors and project sites.

(6) Environmental impact assessment and environmental considerations

There is an obligation to carry out an environmental impact assessment (EIA) at the appropriate level when formulating master plans, and implementing feasibility studies and detailed design in development studies, etc. However, because the standards for EIAs are based on those of the U.S. EPA, the current situation is that the specific content of assessment is determined through consultation between the implementing agency and the Department of the Environment (DOE). Although an institutional system exists, in practice, specific technical advice is frequently required due to the shortage of technical personnel or the fact that the regulatory situation does not always respond to the conditions on the site.

There is often more to making environmental assessments than technical

forecasting, and it may be necessary to be prepared in advance for complex political questions. While the Japanese side may be able to offer technical advice, it is necessary to take into account the interests of local residents and the lifestyles and cultures of minority ethnic groups. Survey tasks involving social assessments need to be subcontracted to local consultants or research institutions such as the University of Science in Penang (Universiti Sains Malaysia) that are thoroughly conversant with local conditions.

The ARE (Asian Rare Earth Co., Ltd.) radioactive waste disposal problem has aroused the antagonism of Chinese villagers, while forest road development in Sarawak is being opposed by the minority Penan people. Cases have occurred in which environmental problems have compounded themselves into racial problems. In Kelantan state, for example, local opposition to dam development has created political problems between the Federal government and the opposition PAS-controlled state administration.

On the score of harmony with traditional lifestyles and cultures, it is intended in the future to rectify regional disparities through the process of economic development and the encouragement of a market economy, but any harm to Islamic culture or to minority races might threaten communalism. There is a need for circumspection in handling the interface with traditional cultures.

For this reason, it is necessary when carrying out feasibility studies for regional development projects to involve local agencies who know the local situation intimately. For example, the greater proportion of the land in Borneo, where Sabah and Sarawak are located, is unexploited. It is estimated that in the future, further development of the basic infrastructure will be required in the course of economic progress in this region. The establishment of an infrastructure in Malaysia should be approached as a model for assistance in tropical regions, in which sufficient consideration is given to the need to conserve the natural tropical area as well as the lifestyle and culture of the indigenous people.

(7) Coordination of technical cooperation and yen loans

Malaysia has received a low level of yen loans resulting from JICA devel-

opment studies. This is due to the fact that requests for development studies do not always anticipate requests for yen loans. Malaysia also frequently seeks technology transfers during development studies so that it can independently develop the results of surveys into actual implementation projects using its own capital.

The fact that many JICA development studies are successfully turned into projects in Malaysia using domestic capital is highly commendable. However, in order to provide yen loans selectively for high priority areas, it is very vital to identify appropriate projects. In this sense, it is also important in Malaysia to assign experts who will help link development studies with yen loans.

In determining development study projects, the EPU also emphasizes the contribution of adviser-style individual experts. In the future, it will be necessary to obtain further understanding from the Malaysian side that it should request adviser-style experts who will coordinate projects, as well as those who mainly contribute to transfers of specific technology.

2.3.2 Improvements of Methods and Systems of Japan's Assistance

(1) Better support for privatization policies

As has already been said, in the interests of greater operational efficiency, privatization is desirable in Malaysia and should be actively supported. Privatization is going ahead at a rapid pace, and when extending assistance it needs to be remembered that horizons are expanding to now encompass the implementation of public services by the private sector.

For example, Build-Operate-Transfer (BOT) and Build-Operate (BO) are privatization schemes applying to new public projects in which the entire process from infrastructure development to management is subcontracted out to private entrepreneurs. To this end, in connection with sewerage works, for example, the existing form of feasibility studies carried out by government departments will be replaced by the drawing up of a national master plan to formulate a country-wide privatization scheme of the service.

It is expected that decisions to implement individual projects through the private sector will be made on a case-by-case basis after looking at the possible setting of fee structures and the risk burden. Subsequently, in the case that it is decided not to apply privatization in a certain project, a request for conducting its feasibility study may reemerge; but while privatization policy extensively evolves, it may also be the case that some aid projects originally requesting feasibility studies will be canceled because the project is to be privatized. Hence, the selection of projects for assistance will necessitate Japan's responses which take adequate account of the moves towards privatization of public works.

In this context, Japan should bear in mind Malaysia's circumstances and set up guidelines for assisting privatization that can also be made applicable to other countries.

For example, distinctions can be drawn between categories of assistance. Assistance in the form of yen loans might be extended through the financial institutions of the recipient country to projects that retain public functions, regardless of whether the actual implementing body is a private enterprise or a public entity. Alternatively, project-type technical cooperation, and programs using experts and JOCVs might be restricted to cases in which a public function is maintained and the target institution is not in itself private, but is rather an organization with public functions, such as a nonprofit foundation. Thirdly, development studies such as feasibility studies cannot be provided for those public works projects to be privatized.

Consideration should also be given to support for privatization itself, for example through the assignment of experts to advise on management reform or the provision of development studies whose purpose is to indicate the direction in which privatization might be further pursued. Direct assistance for this sort of privatization might be achieved by formulating categories of target organizations to be assisted when selecting projects: public enterprises, public agencies going through the process of privatization, public agencies intending to subcontract projects partially to private enterprises, etc.

(2) Better implementation system for South-South cooperation

It is probably necessary to review the schemes under which assistance is currently implemented, in order to utilize Malaysia's aid resources and to im-

prove its capacity to provide assistance to other developing countries. There is a need, for example, to devise a scheme to support the assignment of personnel from ASEAN countries to Japanese projects on a bilateral basis, in order to promote South-South cooperation over, for example, Indo-china, which was proposed by Prime Minister Miyazawa on his visit to the ASEAN countries.

When extending Japanese assistance to other countries we should also expand general schemes that would allow Malaysian experts to be used in fields in which Malaysia possesses expertise. In principle, it is believed that Japanese technical cooperation presents a Japanese face, being handled by experts who are Japanese nationals. However, in the future, we must make active use of the skills of countries which have the capacity to provide external assistance, as it seems with Malaysia. An improvement in this capacity is closely bound up with greater efficiencies in Japanese assistance and will strengthen its influence and effect. It is essential to bring in a system of foreign personnel assignment which permits the partial participation of third-country experts in Japanese assistance projects on the basis of Japanese planning.

(3) Better cooperation with local authorities in Japan

With regard to urban environmental problems, technology and expertise in such areas as solid waste treatment, water and sewerage facilities, urban transport, and urban planning are the province of local authorities in Japan. It is essential to obtain the cooperation of those authorities in implementing assistance in these fields, and it will therefore be necessary, as far as possible, to involve specific local bodies from the earliest stages of project formulation and planning.

However, there are some aspects which will need improvement if cooperation with local authorities is to be strengthened. Experts dispatched from these organizations differ from national public servants in that they fall under the provisions of the "Law Relating to the Treatment of Permanent Local Public Servants Dispatched to Overseas Local Public Bodies, Etc." As rates of payment of allowances and the setting of bonuses, etc., are the responsibility of the local authority, persons assigned overseas, particularly for short periods, may be disadvantaged by the way in which their circumstances are affected.

Prefectures and certain municipalities designated by ordinance generally establish regulations on the basis of the legislation mentioned above. However, at the level of towns and municipalities not so designated, it is often the case that operational regulations have not been put in place. There is a problem, therefore, of inconsistencies of status while on duty overseas. In recruiting experts there is also a problem. Although generally there is a high degree of reliance on recommendations for recruitment from the relevant central ministries, what kind of technical personnel is available from local authorities is not always well understood, even by the ministries.

For these reasons, it will be essential in the future to devise measures for involving experts from local authorities in ODA on an ongoing basis. This may require necessary improvements in the treatment of local public servants on assignment so as to ensure personnel support from local authorities. Cooperation to draw up inventories of specialists available from local authorities may also be needed.

(4) Assignment of experts to better meet Malaysian needs

Rapid economic growth in recent years has meant that Malaysian needs for technology transfers from Japan have become concentrated in more specific fields and have become more advanced in nature (including leading-edge technologies). There is strong demand, in particular, for the dispatching of experts to Malaysia, but the situation is that these requests cannot always be met.

It is also now the case that the Malaysian side's assessments of the technical and linguistic competence of experts are becoming more critical. In posting experts, it is obvious that specialists on a level in their field commensurate with the recipient's requirements should be recruited, but experts who meet these sorts of advanced needs are researchers and technicians who are active at the forefront of the top levels in Japan. The burden of losing personnel because of assignment is exceedingly great to the organization to whom the personnel belong, and it is difficult to allow personnel to leave their present posts under normal compensatory allowances. In order to solve this problem, improvements will be necessary to make it easy to secure such experts, including recruiting from private industry, by expanding the provision of technical allowances to experts and by increasing compensatory technical fees to the organizations to whom they belong.

(5) Upgrading local offices of JICA, OECF, and other organizations

The effective implementation of assistance requires enhanced, comprehensive on-site survey and coordination functions, over and above routine operations, in order to upgrade the capacity to formulate and evaluate projects to support private enterprises in investment and loan activities and to promote linkages between technical and financial cooperation. To this end, it would be desirable to upgrade organizationally the local offices of JICA, OECF, JETRO, and JACTIM (Japan Association of Commerce, Trade, and Industry of Malaysia).

Annex 1-1:

FRAMEWORK OF JAPAN'S ASSISTANCE TO MALAYSIA (1) (Promotion of sustainable industrialization)

[Direction]	[Priority areas]	[Details]	[Programs and schemes]	[Notes]
strengthening of industrial linkages particularly by promoting small and medium scale industries (SMIs)	<p>Development of supporting industries [Strategy] The indigenous development of supporting industries for the assembly industry will ensure further industrialization and sustainability of export-oriented policies. To this end, assistance in the form of yen loans (for example, financing for SMIs) and technical cooperation (for example, creation of institutions and systems, human resource development, etc.) should be provided. A wide range of support, such as consulting services to the business community, technical advice to government agencies and public vocational training institutes should be targeted in order to effectively cope with advancing technological needs and their changes.</p>	<p>◎Creation of institutions and systems</p> <p>○Development and dissemination of business management skills</p> <p>◎Reinforcement of research and development (R&D)</p> <p>◎Human resource development</p>	<p>•Support of policy packages (experts)</p> <p>•Financing for SMIs (yen loans)</p> <p>•Support of information service (expert, project-type technical cooperation)</p> <p>•Improvement of quality control and production control skills and entrepreneurial skills (experts, project-type technical cooperation, training program)</p> <p>•Promotion of industrial standardization (project-type technical cooperation)</p> <p>•Promotion of development of training modules in vocational training schools (experts)</p> <p>•training of instructors and improvement in basic scholastic ability of trainees at vocational training schools (experts, training program)</p> <p>•Support towards study in Japan (yen loans)</p>	<p>Coordination between technical cooperation and yen loans</p> <p>Recruit of experts experienced in business</p> <p>Review and reevaluation of cooperation thus far</p>
	<p>Development of local industries [Strategy] With the focus on SMIs that manufacture end products for the domestic market, technical cooperation will be extended in the field of management skills such as developing strategies for marketing, distribution and sales by making the most efficient use of vocational training schools as a medium.</p>	<p>◎Creation of institutions and systems</p> <p>○Promotion of indigenous special products (campaign to produce "one product, one village/one state")</p> <p>○Creation of information systems</p>	<p>•Support of policy packages (experts)</p> <p>•Financing for SMIs (yen loans)</p> <p>•Support of information service (experts)</p> <p>•Formation of distribution and marketing systems (development studies, experts)</p> <p>(development-project investment and financing scheme)</p> <p>•Establishment of information centers (markets, products, technology, etc.) (experts)</p>	<p>Coordination between technical cooperation and yen loans</p> <p>Liaison with Japanese local authorities Model cooperation Alliance with promotional measures for rural development (rural industrialization)</p> <p>Liaison with Malaysian ministries and agencies, Chamber of Commerce and Industry, and United Nations Regional Development Center</p>
improvement of existing industrial infrastructure	<p>Effective improvement and functional expansion of existing industrial infrastructure [Strategy] The rapid increase in foreign investment and industrial development during the later half of the 1980s has led to a lack of adequate industrial infrastructure and the increasing need for improvement. It seems that basic infrastructure building is increasingly entrusted to the private sector. As a result, the provision of any new infrastructure will have to be both selective and defined. Therefore, emphasis will be placed on the improvement and functional expansion of existing infrastructure, based on the needs of future industrialization.</p>	<p>○Review of systems for transportation, distribution, industrial water, power supply, harbor facilities, and others</p>	<p>•Advice on evaluation and improvement of efficiency of systems (experts, development studies)</p> <p>•Master planning for functional expansion (development studies) and provision of necessary facilities (yen loans)</p>	<p>Coordination between technical cooperation and yen loans</p>
Promotion of measures for industrial pollution control in balance with measures to promote industrialization.	<p>Improvement in environmental administration capability of Department of Environment (DOE) and local governments [Strategy] There is a need to properly understand the situation as regards the deterioration in the environment, in order to ensure that industrialization is not hindered by environmental problems. This not only requires some improvement in the practical abilities of the sector responsible for the environment, but also legislation to institute proper environmental policy and improvement in the way standards are created. Strengthening the basic functions of DOE and local authorities will contribute to streamlining national environmental administration in a coordinated manner. Loans may have to be introduced as one way of providing the necessary funding to the business community for facilitating pollution control measures.</p>	<p>◎Improvement in ability to understand current situation</p>	<p>•Development of monitoring technology</p> <p>•Creation of systems for monitoring and data analysis</p> <p>•Development and dissemination of analytical technology (project-type technical cooperation, experts)</p>	<p>Liaison with Japanese local authorities</p>
		<p>◎Improvement of environmental standards and detailed operational rules</p>	<p>•Depending on requirements, reviewing current standards, by-laws and legislation (project-type technical cooperation, experts)</p>	<p>Liaison with Japanese local authorities</p>
		<p>◎Support in finding solutions to the problems of inadequate human resources and funding</p>	<p>•Training staff for monitoring and surveillance, and data analysis, especially at the local level, and the preparation of training manuals (project-type technical cooperation, experts, training program) (joint studies by mini-project teams)</p>	<p>Liaison with Japanese local authorities Inter-university cooperation</p>
Promotion of industrial policies with a long-term perspective	<p>Promotion of the formulation of long-term industrial strategies (for the selected priority sector) [Strategy] Using the combined resources of the government/business/academic sectors, joint forums will study the sectors and types of industry that will have to take priority and the action required to achieve the status of an industrially advanced nation by the year 2020. Do this by overcoming the various limiting factors that prevailed throughout the 1980s and target further industrialization.</p>	<p>○Acceleration of measures to encourage the efforts of the business community</p> <p>○Long-term forecasting of environmental problems</p>	<p>•Improvement of the legislative system, the financing system and so on, for SMIs (experts)</p> <p>•Granting of loans to enterprises to fund pollution control measures</p> <p>•Development of technology to control pollution (experts, project-type technical cooperation)</p> <p>•Policy study (technology forums in the specific field)</p>	<p>Investigate introduction of yen loans</p> <p>Limitations on using individual technical experts to deal with problems</p>
		<p>◎Support in reviewing the Industrial Master Plan (IMP)</p> <p>○Study of impact of privatization policy</p> <p>○Study of long-term planning for human resource development</p>	<p>•Review of Industrial Master Plan (IMP) (development studies)</p> <p>•Acceleration of implementation of "Study on selected industrial product development"</p> <p>•Joint forum</p> <p>•Joint forum</p>	<p>Tie-up with existing policies in Malaysia</p>

Annex 1-2:

FRAMEWORK OF JAPAN'S ASSISTANCE TO MALAYSIA (2) (Promotion of rural sector development)

(Direction)	(Priority areas)	(Details)	(Programs and schemes)	(Notes)
Sustainable agricultural development	<p>Modernization of farm management and improvement in agricultural productivity [Strategy] The majority of the farming population are smallholders. Their low productivity and lagging farm management technologies constitute severe restrictions on the country's agricultural development. Structural impediments to any form of modernization include: the dual farming structure, monocultural production, lack of labor, fragmentary land ownership, lack of technology, and so on. Japan's assistance seeks for the possibility of modernization at the petty farming level, and the improvement of productivity.</p>	<p>◎Crop diversification</p>	<ul style="list-style-type: none"> Development and dissemination of intensive production technology for high value-added crops and products (namely, fruit, vegetables, flowers, livestock, etc.) (experts, JOCV, equipment supply) Development of plans for diversification and for growing suitable crops on suitable land (development studies, experts) 	Model-type cooperation
		<p>○Establishment of suitable entrepreneurial skills</p>	<ul style="list-style-type: none"> Advice and guidance on entrepreneurial skills (diversified management, mechanization and labor-saving devices) (experts, JOCV) 	
		<p>○Establishment of agriculture-related infrastructure</p>	<ul style="list-style-type: none"> Provision of infrastructural improvements such as farm roads, terminal irrigation, and drainage systems that contribute to modernization of agricultural management (experts, yen loans) 	Coordination between technical cooperation and yen loans
		<p>○Expansion of functions of agricultural cooperatives</p>	<ul style="list-style-type: none"> Training of executives of agricultural cooperative associations (training program, project-type technical cooperation) 	Coordination with current system of agricultural cooperative associations
		<p>○Strengthening of administrative function</p>	<ul style="list-style-type: none"> Improvement of agricultural statistics (experts, JOCV) 	
		<p>○Expansion of education, research and training</p>	<ul style="list-style-type: none"> Expansion of local agricultural training centers, institutions of higher education and research institutes (experts, JOCV) 	
Promotion of rural industry	<p>Measures for modernizing fishing industry [Strategy] Focus will be on improving the income of the local petty fishing population and contribute towards making technical improvements. At the same time, support will be provided to commercially oriented fisheries by contributing towards improvements in future leading areas, such as prawn farming, that are encouraged by the Malaysian government.</p>	<p>◎Improvements in distribution and marketing</p>	<ul style="list-style-type: none"> Support to organizations related to the Federal Agricultural Marketing Authority (FAMA) and agricultural cooperatives (experts, JOCV) 	Investigation of introduction of two-step yen loans; coordination with technical cooperation
		<p>○Support to small-scale fishermen</p>	<ul style="list-style-type: none"> Development and dissemination of fishing tools and methods (experts, training program) Planning for promoting small-scale fishing (experts) 	
		<p>○Promotion of commercial fishing</p>	<ul style="list-style-type: none"> Expansion of fishing port facilities for unloading deep-sea fish (grant aid for fishery development, experts) Study of fish farming in both salt and freshwater and measures for conservation of marine resources; advice and guidance on prevention of fish disease (development studies, experts, JOCV) 	Understanding of moves towards private participation Model-type cooperation
		<p>○Development, training and dissemination of processing technology for agricultural products</p>	<ul style="list-style-type: none"> Use of related institutions of higher education and research institutions (project-type technical cooperation) 	
		<p>◎R&D into timber processing technology</p>	<ul style="list-style-type: none"> R&D and technical training at forest research institutions, etc. (experts, project-type technical cooperation) 	
		<p>○Promotion of indigenous products (campaign to produce "one product, one village/one state")</p>	<ul style="list-style-type: none"> (Development-project investment and financing scheme) 	Liaison with Japanese local authorities Model-type cooperation
Provision of infrastructure	<p>Promotion of resource-based industries [Strategy] Industrialization that makes the most of agricultural output and timber resources has a significant pervasive effect. If implemented on a small scale at first, it will gradually spread over a wider area with relative ease by utilizing economic resources that the rural villages accumulate. The technology necessary for this should be developed and disseminated, the secondary outgrowth of which should be higher value-added employment opportunities and side-line jobs. In the future the outlook should be further rural industrialization through, for example, the institutional development of agricultural cooperative associations and other such systems, with a view to expanding venturing beyond state bounds (to sell to other states) or national markets (to sell overseas)</p>	<p>○Expansion of corporate finance system</p>	<ul style="list-style-type: none"> Use of development banks (yen loans) Study of expansion of corporate finance system (experts) 	Coordination between technical cooperation and yen loans
		<p>○Provision of social and economic infrastructure</p>	<ul style="list-style-type: none"> Feasibility study and master planning for the development of water supply and drainage, electric power generation and transmission, communication, tourism, etc. (development studies), and provision of infrastructure required (yen loans) 	Targeting underdeveloped states
		<p>○Creation of information systems</p>	<ul style="list-style-type: none"> Establishment of information centers (markets, products, technology, etc.) (experts) 	Liaison with Malaysian ministries and agencies, Chamber of Commerce and Industry, and United Nations Regional Development Center
		<p>Provision of infrastructure [Strategy] Focus will be on providing or improving infrastructure in underdeveloped states to arouse and activate the potential that these regions originally possessed. It aims at simultaneous and comprehensive promotion of economic and social development through the improvement of social infrastructure for the local livelihood and the cultivation of potential for economic development.</p>		
	<p>Provision of other infrastructure [Strategy] Infrastructure will be provided as indirect support to activities to promote the agricultural processing industry and to contribute to its development.</p>			

Annex 1-3:

FRAMEWORK OF JAPAN'S ASSISTANCE TO MALAYSIA (3) (Improvement of urban environment)

[Direction]	[Priority areas]	[Details]	[Programs and schemes]	[Notes]
Improvement of urban environment	<p>Improvement of urban residential environment [Strategy]</p> <p>The need to expand the urban social infrastructure due to industrialization and an increasing population should be dealt with by providing yen loans and improving systems and technology. Cooperation will target such cities with high model effect. However, it is important to take into account the moves towards privatizing with public utilities such as water supply and drainage, etc. when proceeding technical cooperation.</p>	<p>◎Improvement of water supply system</p> <p>◎Promotion of planning to expand sewage system</p> <p>◎Promotion of measures to prevent flooding</p> <p>○Promotion of land zoning system</p> <p>○Improvement in solid waste management</p> <p>○Human resource development</p>	<p>•Reduction in wastage of water(development studies, yen loans)</p> <p>•Improvement of water purification technology and systems</p> <p>•Review of master plans to expand sewage system</p> <p>•Preparation of model plans for sanitary facilities(development studies, yen loans)</p> <p>•Improvement of urban drainage facilities; flood control measures(development studies, yen loans)</p> <p>•Urban development(development studies, experts, yen loans)</p> <p>•Promotion of implementation of national action plan(experts)</p> <p>•Investigation into long-term waste disposal scheme(forums, development studies)</p> <p>•Education and training of engineers and planning and administrative officials in local governments</p>	<p>Understanding the moves towards privatization</p> <p>Understanding the moves towards privatization</p> <p>Liaison with Japanese local authorities Targeting model cities</p>
	<p>Alleviation of traffic congestion problems [Strategy]</p> <p>Technical cooperation will be extended to improve the abilities of the sectors responsible for integrated traffic planning and design, aiming at the improvement of public transport facilities. Yen loans will be provided for physical construction. The assistance will target such cities with high model effect.</p>	<p>◎Promotion of implementation of master plan for traffic systems in main cities</p> <p>○Ensuring conformity with development planning of local cities from a long-term perspective</p> <p>○Human resource development</p>	<p>•Studies of integrated traffic control system(development studies, experts, yen loans)</p> <p>•Technical forums(development studies)</p> <p>•Training of engineers and planning officials in local governments</p>	<p>Targeting model cities</p> <p>Liaison with Japanese local authorities Targeting model cities</p>

Annex 1-4:

FRAMEWORK OF JAPAN'S ASSISTANCE TO MALAYSIA (4) (Conservation and effective exploitation of natural resources)

[Direction]	[Priority areas]	[Details]	[Programs and schemes]	[Notes]
Conservation and effective exploitation of natural resources	<p>Conservation and use of forest resources [Strategy]</p> <p>The following considerations are of greatest importance: technical development, supply of funds, and improvement in management and administrative capabilities in order to promote the sort of development that will not impede the regenerative abilities of forests, and yet still make the utmost use of remaining forest resources. As regards reforestation programs, consideration should be given to joint research and the introduction of yen loans with respect to the program's profitability. Additional attention should be given to promoting R&D and training public/private personnel through technical cooperation.</p>	<p>◎Promotion of reforestation programs</p> <p>◎Promotion of effective use of forest resources</p> <p>○Improvement of land use and forest management ability</p> <p>○Improvement of zoning system</p>	<p>•Selection of suitable types of trees</p> <p>•Promotion and dissemination of methods for cultivating timber tree nurseries (joint research, yen loans)</p> <p>•Technological development and training engineers for benefit of local lumber companies(experts, project-type technical cooperation)</p> <p>•Prevention of illegal logging; staff education and training; promotion of development of processing technology(experts, JOCV, project-type technical cooperation)</p> <p>•Studies for achieving a balance between industrialization, urbanization, and agricultural land development(experts, development studies)</p>	<p>Investigation of introduction of loans for reforestation</p> <p>Coordination with measures to promote local industries</p>

Annex 2:

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