

TA COMPLETION REPORT

Division:
PE1/PED

TA NO./NAME: 2713-MAL: Upgrading the Labor Market Information System			TA AMOUNT APPROVED: \$560,000	SOURCE: TASF
			REVISED AMOUNT: \$ 481,200.68	
EXECUTING AGENCY: Economic Planning Unit of the Prime Minister's Department			TA AMOUNT UNDISBURSED: \$18,643.06	TA AMOUNT UTILIZED: \$ 462,557.62
DATE: APPROVED: 16 Dec 1996	SIGNED: 15 April 1997	FIELD: 5 May 1997	CLOSING: ORIGINAL: 30 November 1997 (revised)	
ACTUAL: 31 March 2001				

TA DESCRIPTION: During the rapid, and sustained economic growth of the mid-1980s, Malaysia evolved into an industrialized, and urbanized economy. During this period, Peninsular Malaysia moved from a situation of labor surplus to one of virtual full employment. To maintain high levels of economic growth, higher productivity would be required. In this context, efficient utilization, and continuous development of human resources were a major objective during the Seventh Malaysia Plan, 1996-2000 (7MP), and an essential element in ADB's interim operational strategy for Malaysia. In support of this objective, the Government undertook initiatives to upgrade the skills of its labor force, promote improved managerial competence, and further develop scientific, and technological expertise.

During the 7MP, the labor market information (LMI) infrastructure needed strengthening to improve labor market mobility. Before the TA, (i) the existing system was generally inadequate to cater to the information needs of job seekers, school leavers seeking pre-employment training, and education opportunities, and to the employment requirements of the industry, and the academe; (ii) LMI was mostly Government-oriented, and was collected by a broad range of Federal Government institutions, which had their own objectives, and methods for collecting, analyzing, and disseminating LMI; and (iii) there was no formal coordination mechanism to prioritize the requirements of LMI users to avoid duplication in data collection, and analysis.

TA OBJECTIVES: (i) assist the Government in upgrading the LMI system, making it more efficient, and responsive to users needs; (ii) identify the priority needs of users, and promote the efficient collection, analysis, and dissemination of information; (iii) make recommendations on appropriate coordination mechanisms, staffing, and training requirements; (iv) prepare an action plan with a set of immediate measures, and further, phased development; (v) update the Dictionary of Occupational Classification in view of its strategic role in planning for overcoming skill shortages; and (vi) develop a range of sources of administrative data (including the Economic Planning Unit, and the Social Security Organization) as a cost-efficient means of obtaining prompt information on employment, and earnings.

TA SCOPE: (i) Review Malaysia's labor market infrastructure, and analyze its relevance to Malaysia's emerging economic structure; (ii) Identify gaps in the coverage, and make recommendations to improve the capacity, relevance, and efficiency of the system; (iii) Develop strategies to improve the collection, and quality of data necessary for the estimation of labor productivity; (iv) Present the recommendations of the TA in a phased action plan; (v) Make recommendations on (a) the rationalization of data collection; and (b) the analysis, and dissemination of statistics to end-users; (v) Make recommendations on the role, and activities in LMI Government agencies; (vi) Recommend coordination mechanisms for the ongoing management, and development of the LMI system, and the staffing, and training requirements; and (vii) Provide specific assistance to (a) update the DOC, and provide training to enable its

updating; and (b) exploit the data available to provide timely information on employment, and earnings.

TA INPUTS EVALUATION: The TA included a large number of objectives as dictated by the importance of the requirements in the sector. With hindsight, considering the sensitivity of the sector in the country's economy, a smaller number of priority objectives would have made the project more manageable.

The consultants' experience in Malaysia, and in labor matters was a main asset that was expected to enable the consultants to be effective in their work. During its original phase, the TA was formally reviewed twice. Progress was reviewed, issues were discussed, and recommendations were provided to make the TA more responsive. However, the poor relationship between the Team Leader, and the EA affected the performance of the consultant's team. In spite of staff's repeated attempts to bridge communication difficulties, the work climate never recovered.

Activities resumed under the TA after the consultant's contract was closed and an individual consultant was recruited at the EA 's request. This consultant reorganized, and in fact rewrote, and synthesized the draft final report, adding to it measures the Government had adopted to address the effects of the Asian crisis on the labor market. Further, the consultant focused on policies, and recommendations that would form the basis of a report the EA would prepare for the Cabinet of Ministers.

TA OUTPUTS EVALUATION: The draft final report produced by the original consultants was extensive but its format was impractical, making it impossible to use. While finalization of the project was stalled, the Asian crisis affected the Malaysian economy, and the Government adopted measures to minimize its effects on the country's labor market.

The hiring of the replacement consultant helped prepare an up-to-date, and a usable report that met the EA requirements, providing it with a thorough basis for preparing recommendations that were presented to the Cabinet of Ministers. Eventually, the TA outputs covered the TA scope, allowing it to reach the original objectives of the project. Presentation of the recommendations to the Cabinet of Ministers by EPU is an indication of the sustainability of such recommendations.

TA OVERALL ASSESSMENT/RATING: The TA is assessed to have been partially successful in achieving its original deliverables.

MAJOR LESSONS LEARNED: (i) the TA scope of work turned out to be somewhat excessive considering the complexity, and sensitivity of the area it covered; (ii) stronger follow through could have been made to narrow down, and focus the scope of the TA; (iii) when a TA addresses a sensitive subject, ensuring that the consultants possess a strong client orientation is essential; and (iv) stronger ownership, and sense of urgency by DMC officials would have helped improve the output quality, and timeliness of the TA.

FOLLOW-UP ACTION AND RECOMMENDATIONS: It has been advised by the government that the necessary TA follow up measures to implement the TA recommendations will be carried out by the government and that no further ADB support is required in this matter.

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