

TA COMPLETION REPORT

Division: AEEH

TA NO./NAME: 2949-MAL: Strategic Review of Technical Education and Skill Training			TA AMOUNT APPROVED: \$500,000	SOURCE: JSF
EXECUTING AGENCY: Economic Planning Unit			REVISED AMOUNT:	
			TA AMOUNT UNDISB.: \$259,089 ¹	TA AMOUNT UTILIZED: \$240,911 ¹
DATE: APPROVAL: 17 December 1997	SIGNING: 3 April 1998	FIELD: 30 March 1998	CLOSING : ORIGINAL: February 1999	ACTUAL: February 1999

TA DESCRIPTION

The economic, industrial and technological development in Malaysia placed new and rapidly changing demands on the country's technical education and skill training (TEST) system. The Government's policy has been to increase the capital-intensity of production, and industry needs support to expand its research and development capability. The industrial sector required increasingly costly and sophisticated skills, and the Government has been making efforts to streamline and rationalize the public TEST provision and increase the involvement of the private sector. These underscored the importance of the TEST system (both public and private providers) in supporting economic development in the medium and longer term. This warranted careful examination of the overall provision of TEST, prior to the finalization of the Eighth Malaysia Plan (8MP) covering the period 2001-2005 and the Third Outline Perspective Plan (OPP3) covering the period 2001-2020. The key issues facing the TEST system were (i) meeting labor market demands, (ii) rationalization, (iii) fostering private sector participation, (iv) meeting social demands, and (v) staffing.

TA OBJECTIVES AND SCOPE

The main objective of the TA was to assist the Economic Planning Unit (EPU) of the Prime Minister's Office in undertaking a strategic review of TEST, as a basis for policy review and planning, including the preparation of 8MP and OPP3. The scope of the TA included provision of 15.5 person-months of international and 20 person-months of domestic consultants in (i) TEST organization and policy (8 person-months international); (ii) TEST financing (4.5 person-months international), (iii) cooperation between TEST and industry (3 person-months international), and (iv) TEST research, surveys and data (two domestic consultants for 10 person-months each). The TA financed the international consultants, while the Government financed domestic consultants. The TA was designed before the onset of the economic crisis, when Malaysia still had virtually full employment and faced severe shortages of skilled and semi-skilled workers. The economic crisis hit Malaysia during TA implementation. While the overall issues remained valid, the TEST system also faced the new challenge of addressing skills re-training of existing labor force (both developing a policy framework and provision). The scope of the TA was slightly expanded and modified to incorporate this dimension.

TA INPUTS EVALUATION

The executing agency for the TA was EPU, and the international consultant was the Department of Employment, Education, Training, and Youth Affairs (DEETYA), Australia. Domestic consultants were selected and engaged by the Government. The terms of reference were satisfactory, and were generally adhered to during TA implementation. Both the international and domestic consultants rendered satisfactory services. Particularly the international consultant on TEST financing facilitated consideration of system rationalization by providing practical examples of the implications of unit cost, and by outlining requirements for investment planning that integrate incremental recurrent costs. These were well received by the Government. The domestic consultants also made significant contribution to the TA activities, especially with regard to comprehensive consultations with private TEST providers and providing a database on their activities. Consultation and national workshops funded by the TA also provided useful opportunities to stimulate discussions on inter-ministerial and private-public sector roles in TEST in Malaysia.

TA OUTPUTS EVALUATION

The TA successfully carried out thorough examinations of the options for the future development of TEST, in accordance with the agreed schedule. The strategic options paper and the final reports were comprehensive and well prepared. On-going activities and the potential for and constraints on growth in private TEST provision were extensively covered, offering important dimensions to the overall TA outputs. At the same time, the discussion on cost-effectiveness and efficiency of the TEST provision was timely and was

¹ Balance as of 31 May 1999; the amount is tentative and subject to the closing of the TA account.

appreciated in light of the economic and financial crisis that heightened recognition of the importance of considering cost implications of TEST. Broadly, the TA outputs underscored and built recognition for the need for (i) a flexible and responsive TEST system readily adaptable to the human resource development requirements of Malaysia and the needs of industry, (ii) a supportive environment to foster expansion of private TEST provision, and (iii) greater efficiency and cost-effectiveness of the TEST system. The onset of the economic crisis affected the implementation environment of the TA. This resulted in the TA outputs having greater focus on comprehensive structural reform than originally anticipated. These recommendations, however, tended to overlook the complexity associated with the structural changes and the need to analyze potential constraints — the actual operationalization.

TA OVERALL ASSESSMENT/RATING

The TA was generally successful.

MAJOR LESSONS LEARNED

Constructive partnership between the international consultants financed by the TA and domestic consultants financed by the Government contributed to the positive outcomes of the TA. At the same time, selection of the host Government agency - EPU - was instrumental in permitting participation of a wide range of stakeholders of the TEST system in the TA implementation process.

FOLLOW-UP ACTIONS AND RECOMMENDATIONS

The Government planned to present the TA recommendations to the National Development Planning Council and the Cabinet. The Bank could consider some support to facilitate further operationalization of some of the pertinent recommendations endorsed by the Government, during the 8MP.

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