

A DESCRIPTIVE ANALYSIS OF THE ORGANIZATION
AND ADMINISTRATIVE PROCESS FOR COMPREHENSIVE DEVELOPMENT
PLANNING AND PROGRAM COORDINATION FOR
THE STATE OF KELANTAN, MALAYSIA

by

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I. INTRODUCTION

A. Establishment of Planning Organization in Developing Countries:

Planning agencies were among the first of the new organizations for development to be set up in most newly independent countries. It is now a rare country which does not have a planning organization and process incorporated in the public bureaucracy.¹

The movement to establish organization for planning started after World War II, when so many countries, particularly in Asia and Africa, achieved their political independence and started their search for improved well-being. These countries were compelled to be concerned with socio-economic needs as the aspirations of the leaders and expectations of the people intensified. Their desire for a better standard of living continues to be hopeful even though conditions for improvements are not favourable because of limited availability of natural resources and inadequacy of infrastructure to support vigorous agriculture and industrial growth. With their new independence, the colonial economic systems were disrupted and the resultant private enterprise supported by an inadequate supply of indigenous trained and

¹George F. Gant, Development Administration (Wisconsin: The University of Wisconsin Press, 1979), p. 132.

experienced population, was not strong enough to carry the whole burden of development, and capital was scarce.

Given the multitude and complexity of economic demands on one hand and the incapability and incapacity to meet these demands on the other, a logical step for newly independent nation was to set up a planning agency to help decide:

- (i) goals, objectives and the priorities of national needs; and
- (ii) the relationship, sequence and scheduling of plans for the realization of these imposing and seemingly unsurmountable needs.

This step was supported by multilateral and bilateral donors of foreign aid who stressed the desirability of institutionalized planning as a mean of choosing priorities and of giving some order to the complex associations encountered in economic and technical assistance. Perhaps more critical for the long-run was the need for organizational capability and stability to plan and implement development projects financed through the aid programs.

B. Brief History of Institutionalized Planning in Malaysia:

Institutionalized planning in Malaysia started in 1922 when the first government Town Planner was appointed to the colonial office in Kuala Lumpur.² The main function of the office was to prepare development plans for Kuala Lumpur and

²T.A.L. Concannon, "Town Planning in Malaysia," Journal of the Town Planning Institute, XLIV (1958) p. 241.

other urban centers which were colonial centers for business and administration.

When the British returned to Malaysia after World War II, special emergency regulations were enforced throughout the Federation for the purpose of meeting the communist terrorist's threat. The government mobilized military, civil administrative, and economic forces on a countrywide basis. And this had a strong centralizing effect on the organizational structure of the country, which still remains to a significant degree. The office of the Government Town Planner was playing increasingly important role during this period to prepare layout plans for the "new villages." At least 480 "new villages" were created to resettle Chinese squatters on the outskirts of the existing settlements for the purpose of cutting off support to the communist insurgent. Nearly 10 percent of the country's population was thus moved or otherwise affected and in the process 70 new towns with population exceeding 2,000 were created.³

Development planning in Malaysia, on a coordinated basis and related to specific period of time, began in 1945 when the United Kingdom Colonial Development and Welfare Act of that year was passed. This provided £120 million for development and welfare schemes in colonial and dependent

³James Osborn, Area, Development Policy, and the Middle City in Malaysia (Chicago: University of Chicago Dept. Geography, 1974), p.46.

territories for a ten-year period.⁴ Despite the organized approach thus set out, this was not development planning in the modern sense; it was fragmented and incoherent even at the conceptualization level, and did not set wide economic or social goals.

Local leaders were dissatisfied with the way the colonial government handled economic development. Various indigenous councillors rose to request new forms of planning and coordinating agencies.

In 1950 the colonial government created an office of the Economic Advisor to the High Commissioner. Technically under the High Commissioner, this office was actually subordinated to the Financial Secretary. The primary concern of the office was trade; and economic development was added almost as an afterthought. Thus the first Malayan Economic Development Plan, 1949-1950 was very unsatisfactory. It was no more than a hurried compilation of departmental projects, which even included some major projects for which firm estimates were not then completed.⁵ The latter was included in the 1952 revision.

When Malaysia achieved its independence on August 31, 1957, a new Economic Advisory Committee to the Cabinet was formed with a secretariat headed by the former Economic Adviser,

⁴Ibid. p.51

⁵Gayl D. Ness, Bureaucracy and Rural Development in Malaysia (Los Angeles: University of California Press, 1967) p. 104.

Mr. Spender. This specialized organization was asked to draw up the First Five-Year Plan for scheduled talks with the government of the United Kingdom on financing development in Malaya.⁶

Thus the Economic Secretariat and the Office of Government Town Planner were the direct forerunner of the current Economic Planning Unit in the Prime Minister's Department and the Town and Country Planning Department in the Ministry of Local Government and Housing, respectively. These two organizations were responsible for economic and physical planning of the country. In 1971, the third unit called the Implementation, Coordination and Development Administration Unit (ICDAU) was established. As the name suggest, it is the organization responsible for implementation, coordination and monitoring progress of development projects.

The establishment of planning organizations at the state level was in response to the felt need to decentralise the management of development and in recognition that, the central agencies could not handle everything. The first of these organizations to be established in Kelantan was the State Development Office (SDO). Originally, the SDO were responsible to the old Ministry of National and Rural Development; and SDO and the Operation Room System came into being in the State of

⁶Federation of Malaya, Report on Economic Planning in the Federation of Malaya, 1956 (Kuala Lumpur: Government Printer, 1957).

Kelantan in 1959. Two years later the State Town and Country Planning Department was set up. In 1973 the SDO created a wing called the Economic Planning Unit for the purpose of evaluating socio-economic projects. Early 1975, the unit was transferred to the State Secretariat and given new functions as described in Chapter II.

C. Profile of the State of Kelantan, Malaysia:

Kelantan, one of the thirteen states in Malaysia exhibits the dire social and economic conditions found in a newly independent nation. The State of Kelantan is situated on the north eastern extremity of the Malaysian Peninsular. (Fig.1) It covers an area of 5,765 square miles out of which about 75% is still under forest. The topography is dominated by mountain ranges in the southern and western parts and the only relatively large flat areas are situated in the northern part of the state. The northern part of the state covers only 20% of the total land area, most of which is intensively cultivated.

Population

The population of Kelantan in 1978 was estimated at 840,000. The population has been growing at an average of 2.4% per annum compared to the national average of 2.6%. The lower population growth rate compared to the rest of Peninsular Malaysia is principally due to the high net outmigration from the state. It has been estimated that between 1957 to 1970, about 55,700 people had left the state to seek employment elsewhere.

FIG. I WEST MALAYSIA SHOWING STATE AND ADMINISTRATIVE DISTRICT.



Socio-economic conditions

Agriculture is the dominant economic activity in Kelantan. About 62% of the labor force are employed in agricultural sector while the services and manufacturing sector employed 28% and 10% of the working population respectively.

In 1978, Kelantan's GDP per capita amounting to \$630 was only 38% of the national average. The incidence of poverty was highest in the State of Kelantan with 76% of total households living in poverty compared to the national average of 49%.

Public amenities and social services, are also more poorly developed compared to other states in Peninsular Malaysia. In 1973, of the total number of living quarters in the State of Kelantan, only 18.5% had electricity while 13.9% had piped water compared to the national averages of 44% and 49% respectively. Although Kelantan has 7.8% of the population of Malaysia, it has only 4.7% of the hospital beds, with 1.07 hospital beds for every 1,000 persons. The doctor to population ratio in 1978 was 1:10,000 compared to the Malaysian average of 1:5,000.

Communication facilities are also poor in the State of Kelantan. In 1973, it was estimated that there was only 0.09 mile of major road for every one square mile in Kelantan compared to 0.22 mile in Peninsular Malaysia as a whole. Every 100,000 persons had access to 7.5 miles of road compared to 12.4 miles for the whole of Malaysia. The poor communications,

both from the west coast and within the State, have also acted as an effective barrier to the development of the State.

D. The Imperative for Planning Organization in Kelantan:

The magic word in the State of Kelantan now is "development." This term implies growth as well as change with unprecedented challenges and opportunities to achieve a higher standard and quality in both the environment and the personal mode of living.

Demands for development are being made throughout the State. Demands for adequate education, health and social services are becoming more and more apparent. The need for transportation facilities is becoming more acute as the population pattern changes and the needs of business and industry to meet new technological and marketing requirements are identified.

Since the launching of the New Economic Policy, the Federal Government has been concerned with the development of poor states. The regional development strategy under the New Economic Policy seeks to bring about closer integration among the states. This is to be achieved through redressing economic and structural imbalances among the regions within the country. The Federal Government has decided to give the highest priority to accelerate the development of the State of Kelantan to a level commensurate with the rate of development in other states of Peninsular Malaysia.⁷ Toward this end the Federal Government

⁷Government of Malaysia, Kelantan An Economic Survey and Implementation Program (Kuala Lumpur: Govt. Printers, 1979) p.6.

had allocated \$1,744.07 million⁸ under the Third Malaysia Plan (1976-80) to finance development in the State of Kelantan.

The success of the plan depends greatly on the capabilities of the state administrative machinery to plan and implement the development program. Existing and traditional concepts and operations of the state government will perhaps no longer suffice if the State of Kelantan is to overcome major problems inherent in today's rapidly changing society and if Kelantan is to take maximum advantage of the opportunities associated with growth and development.

There is an immediate and growing need for improvement in planning organization and administrative process in the State of Kelantan. Among the pressures generating demands for improved planning and programming are:

- (i) Need to develop policies and execute actions that will serve the current and future interests of Kelantan,
- (ii) Need to coordinate the state's development activities with those of private interests and to maximize the efforts of federal programs in priority areas that best serve Kelantan,
- (iii) Broader and more flexible requirements for comprehensive planning in order to qualify for federal assistance in several areas,

⁸Ibid, p. (iii).

- (iv) Need for policy guidelines and technical assistance to local governments to prepare development plans and to shape their programs in line with future state activities; and
- (v) The growing interdependence of programs among the various agencies of the Kelantan State Government. (More is being asked of the state government by more people than ever before, and the complexities of interdependent program formulation and execution are increasing rapidly).

Today's challenges and opportunities call for new methods and approaches to determine comprehensively what has to be done to: (a) satisfy current and future needs and opportunities, (b) allocate the state's resources in a system of priorities which will achieve desired long - and short-term objectives, and to assess the progress in achieving these objectives.

In its recent report, "Kelantan an Economic Survey and Implementation Program, 1979,"⁹ the state government calls for reorganization and strengthening of the administrative capabilities of the organizations responsible for planning and implementation of development programs.

"There are three major areas which require special attention by the government namely in the area of planning, implementation and reorganization of the administrative structure and processes. The implementation of the development plan as envisaged is only possible to the extent that certain major changes are made in the present administrative system." ¹⁰

⁹Ibid

¹⁰Ibid. p. 54.

E. The Purpose and Objective:

In the light of the above, this paper attempts to:

(i) analyse the structure of the existing organization and administrative process for comprehensive development planning and program coordination in the State of Kelantan, and (ii) identify critical areas of organization (structure, purpose, relationship) and function (process, decision, coordination) of planning which need improvement and modification. The objective is to set up a stronger planning and implementation network within the state to meet the present and anticipated demands and challenges as stated above.

F. Methodology:

The study is based on secondary data obtained from library research, reports, documents and memograph supplied by the State Government and Department of Town and Country Planning, State Economic Planning Unit and the State Development Office. This data research will be amplified with the personal observations and experience of the author who has worked in the State Planning Office for the past eight years in Kelantan.

A descriptive analysis will be made on the existing organization structure and the planning process in Malaysia in general and in Kelantan, particularly. It will attempt to identify some of the more important constraints on planning and implementation in terms of:

- (a) The structure, organization, management staffing of planning and implementation units.

- (b) The relationship between:
 - (i) The planning organization at the State and Federal levels,
 - (ii) project planning and project implementation,
 - (iii) physical and socio-economic planning, and
 - (iv) vertical and horizontal planning.
- (c) Planning through committees.

Based on these findings, a proposal will be made for a conceptual organization model of comprehensive development planning and program coordination in the State of Kelantan.

II. DESCRIPTION OF EXISTING PLANNING ORGANIZATION AND ADMINISTRATIVE PROCESS

A. Relationship of Government at Federal, State and Local Levels:

Malaysia is a federation of thirteen states and practices parliamentary democracy. The Parliament is modelled on the British Parliament. However, it differs from the British Parliament in one important respect: the British Parliament is 'supreme' and its action cannot be challenged by a court or by any other body; the Malaysian Parliament is not supreme, but is bound by the Constitution.¹ The Constitution of Malaysia is the supreme and overriding law of the country. It sets out a broad framework for the governance of the country, laying down the rights of individual and the extent to which and in what circumstances the Executive may limit these rights. The Constitution does not legislate in detail but confers and distributes the power of governance in the manner required in a parliamentary democracy of free people.

The Constitution does not divide the power to legislate between the federal government and the states in the same way as does the United States Constitution, which lists a number of federal powers with the residual powers

¹R.S. Milne and D.K. Mauzy, Politics and Government in Malaysia (Vancouver: University of British Columbia Press, 1978), p. 230.

remaining in the states.² The Constitution of Malaysia, follows the pattern of Indian Constitution in having three list: federal, state and concurrent.³ Any residual powers are given to the states,⁴ but the three lists are so comprehensive that this provision is of no practical consequences. A glance at the lists is sufficient to show that the federal government has more substantial powers by far than the states. The main powers retained by the states are over the development of natural resources, namely land (including mining), agriculture, forestry, and local government.

Planning is on the concurrent list. It should be noted that the federal government enjoys 'preference' in the concurrent list. If there is any clash between a federal law and a state law on an item in the concurrent list, the federal law overrides the state law. Furthermore, the planning process and planning agency cannot exist without systematic working relationship with the agencies which control budget, monetary and fiscal policy.⁵ The federal government indirectly controls the state governments through centralized financial

²R.S. Milne, Government and Politics in Malaysia (Boston: Houghton Mifflin Company, 1967), p. 77.

³Malaysian Constitution. Ninth Schedule.

⁴Malaysian Constitution. Article 77.

⁵Gant, Op. Cit., p. 136.

arrangement and budget allocation. The federal government collects most of the revenues and reallocates them to the states in the form of grants, loans and development expenditures. The total states' expenditure is only about a fifth of current federal expenditure, and not all the items of expenditure from the state budget are paid for out of revenues raised by the states themselves. On the average, about a quarter of current state revenue comes from federal grants.⁶ For poorer states, such as Kelantan, the figure is half the average.⁷ On development expenditure, states also rely heavily on federal loans and reimbursement.

Federal Government

The administration of government in the country is in the hand of the Prime Minister and his Cabinet. Members of the Cabinet are appointed by the Yang Di-Pertuan Agong (Supreme King) on the advise of the Prime Minister, who is the leader of the majority party in Parliament.

The government policy is executed through ministries, departments and statutory bodies. Many federal departments also operate at state level, and the rural development and security organizations reach right down to district level. Moreover, there has been a rapid increase in the number of statutory

⁶Milne, Op. Cit., p.106.

⁷Negeri Kelantan, Anggaran Hasil dan Perbelanjaan Bagi Tahun 1980 (Kuala Trengganu: Govt. Printers, 1980)