

Interview: Idris Jala, CEO of PEMANDU

The Head of Malaysia's Performance Management and Delivery Unit talks data analytics and improving GDP.

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By Vincent Chin

The blizzard of statistics that Idris Jala has at his fingertips tells a story of rapid progress. Little wonder, then, that the walls of his office — located just below the prime minister's — are adorned with numbers precisely specifying the targets and achievements of the government's Transformation Programme since its launch in 2010.

Idris Jala was appointed minister in the Office of the Prime Minister and chief executive of Malaysia's Performance Management and Delivery Unit in 2009. He is responsible for leading the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP), which underpin Malaysia's efforts to become a developed, high-income nation by 2020.

"It would be hard to find any country in the world that has been so clear about what it set out to do," he says. "The problem with being so clear, though, is that it shows if we are unable to meet [our goals]. But every year we have an annual report and, if I look back over the past five years, I'm actually very impressed with the work that has been achieved against the targets that were set."

The decision by the Prime Minister to launch these twin transformation programmes was prompted by the recognition that a step change in development was needed to safeguard Malaysia's future prosperity. Although the twinkling lights of Kuala Lumpur's Petronas Towers are a vivid example of the country's economic prowess, segments of the country's population remain excluded.

The big picture

The GTP therefore aims to transform public-service delivery and ensure a high standard of living for all. The ETP is about enabling and unleashing greater private-sector initiative, with the government acting as a facilitator for the planned level of investments.

Jala stresses that inclusivity is a clear driver for the reforms. "When we said we wanted to create a new economic model, it couldn't be something that only provides prosperity to a certain group of people. We want to include low-income households and rural people, and we are also now doing a lot more for women as well."

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Sustainability is another focus, with much emphasis placed on avoiding the deep fiscal deficits that continue to plague other countries. “We have been able to reduce our fiscal deficit and have not missed our target in any of the last five years,” Jala says. “A lot of people were concerned about things like off-balance-sheet numbers and other liabilities, but even if these were included, we would still be performing better than many other countries.”

Small wonder, then, that the IMF recently paid tribute to Malaysia’s progress by lauding its “fiscal policy breakthrough” and the “important institutional innovation” that the country has undertaken.

The creation of a more balanced economy is crucial, he adds. “A sustainable fiscal position also includes reducing our dependency on oil and gas,” says Jala. “In 2009, oil and gas made up nearly 40% of government revenue. We were able to reduce this to 29 percent last year. How did we do this? We have enabled other sectors to grow. Our services sector, in particular, has grown substantially.” He adds that environmental progress has also been made, citing new investments in public transport and waste management as important, and continuing, priorities for the years ahead.

How PEMANDU works

Before his government service, Jala enjoyed a long career in the private sector, establishing a reputation as someone who could turn around unprofitable businesses. After 21 years at Shell, he became managing director and CEO of Malaysia Airlines in 2005, where he turned a nine-month loss of \$400 million into a record profit of \$270 million in less than two years. The biggest difference between the public and private sectors, he says, lies in the financial statement. “In the private sector you have profit and loss, cash flow, and balance sheet — all anchor points to determine what constitutes success. In a country, though, it is very difficult, very nebulous — it can be anything you want — and that is why we spend a long time trying to identify what constitutes the measures of success, because if you don’t have this then you can’t prioritise.”

Jala’s emphasis on priorities is the key to the government’s new approach to transformation. “It is very important to have a programme — and I repeat the word ‘programme’,” he says. “In Malaysia and in many other countries, we have had beautiful documents and strategic plans, but implementation is about programmes.”

The second ingredient is a budget. “A plan and a programme are just drafts until you have a budget and resources allocated to them,” he says. “So you should never print a plan that has no detailed budget. In the past, many governments have prepared

beautiful plans but they were just drafts because they didn't come with the requisite resources attached."

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The twin foundations of programmes and budgets enable policymakers to identify their shared priorities, says Jala. "Most governments suffer from the problem of prioritisation. If you ask for their priorities and check how they allocate their resources, then they are often completely flawed. You can check their prioritisation by looking at their budget and whether or not their priorities are getting the lion's share."

Underpinning all of this is leadership alignment. "A cabinet can agree in the room," he says, "but allocating resources to those priorities is when you find out if they do all really agree. It's hard going because some ministries will lose resources, but this is when alignment becomes real."

Jala says that that this approach "absolutely" applies to private-sector organisations, and he and his government colleagues have adopted a number of different methods, from cabinet awaydays to public town halls, to ensure leadership alignment.

The awaydays, in particular, have proved very useful, he says. "Every year, we run these events. The prime minister and all the ministers sit down to take stock of where we have done well and where we haven't. We also have an international panel review. We get people from the IMF and World Bank to come in and give us an outside-in view. We can then identify what we can do better. These meetings can be very brutal and honest and we mark the performance of each minister and ministry ... from constructive criticism to commendations, and then we can see our priorities for next year and agree on the resources we need to deliver them."

In addition to daily or weekly reviews, there is a semi-annual meeting of ministers, Jala, and the prime minister to check on progress. "And every month, a minister must chair a steering meeting that highlights the monthly achievements and problems," Jala adds. "If the problems are not solved at the ministerial level, then they get escalated to the twice-yearly meetings chaired by the prime minister. If I lay all these together it shows how we have been able to move to implementation, rather than just having beautiful plans."

It is clear that Jala believes prioritisation and budget to be pivotal to transformation as a whole. Many projects fail — not because of incompetence or bureaucracy — but rather from a lack of prioritisation, which can cause them to be poorly funded.

What's next?

The success of Malaysia's transformation programme has increasingly attracted global attention. For example, 24 members of Jala's team have been working in Tanzania to replicate the reforms and are seeing some impressive results. This suggests that the approach can be emulated in different countries. "If you had asked me when we first started if we could have achieved these results by this time, I would have said we probably couldn't," he reflects. "The credit goes to everyone who has been involved."

To maintain the momentum, he says it is crucial to continue on this path and not be distracted. "We also need to get sharper and better prioritisation in allocation of resources. Life is full of trade-offs. Every government has to understand that it cannot do everything under the sun — you have to pick your battles and areas of priority. There is enough money to do what is needed in an economy, but there is not enough money to do everything."

Jala is also convinced that despite the progress of recent years, Malaysia's is very much an unfinished journey. "There is still a long way to go — we are still learning the art of doing this and we must never say that we have reached the destination."

The interview was written by Vincent Chin of the [Centre for Public Impact \(@4publicimpact\)](#).

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