

CHAPTER 1 - INTRODUCTION

1.1 Malaysia Development Planning - An Overview

Development planning in Malaysia began in 1950 with the publication of the Draft Development Plan of Malaya. It has a three-tiered cascading planning horizon, covering the long, medium and short term planning horizons as follow:

➤ **Long-Term Planning**

- Vision 2020, 1991 – 2020
- First Outline Perspective Plan (OPP1), 1971 – 1990
- Second Outline Perspective Plan (OPP2), 1991 – 2000
- Third Outline Perspective Plan (OPP3), 2001 -2010

➤ **Medium-Term Planning**

- Five year development plans
- Mid term review of the five years plans

➤ **Short-Term Planning**

- Annual Budget

The Outline Perspective Plan sets the broad thrusts and strategies in the development agenda for the nation over a long term. It sets the macroeconomic framework and long term targets through which the vision of the society is to be achieved. The medium-term plan is for five year period. The plan is formulated in the context of and within the framework

set by the Outline Perspective Plan. This, in a sense is the key working document for the implementation of the Government development program.

The Five Year Development Plans set out the macroeconomic growth targets as well as the size and allocation of the public sector development programs. In addition it states the indicative role envisaged for the private sector.

The Mid-Term Review (MTR) of the five year plan is carried out in the middle of the implementation of the five year cycles. The MTR is not only a stock taking exercise to determine whether the plan is being implemented in accordance with the stated targets and development schedules, but it also reviews macroeconomic and sectoral policies and strategies and makes adjustments if needed.

The third tier is the annual budget. This annual planning exercise is undertaken by the Ministry of Finance in conjunction with their annual budget preparation. It also takes a consideration from the private sector views through budget dialogues. The Economy Planning Unit under Prime Minister Department plays the key role in determining the details of the annual development budget.

All these planning have been made to suit the sosio-economic environment and present political scenario and the most important is a nation development policies. In OPP1 for example, it become a basic of the implementing a New Economic Policy. For the OPP2, the Government introduced National Development Policy and under OPP3 the National Vision Policy has been implemented. All these policies were very important to ensure all government targets and objective to become a fully develop country in the year of 2020 will be materialized.

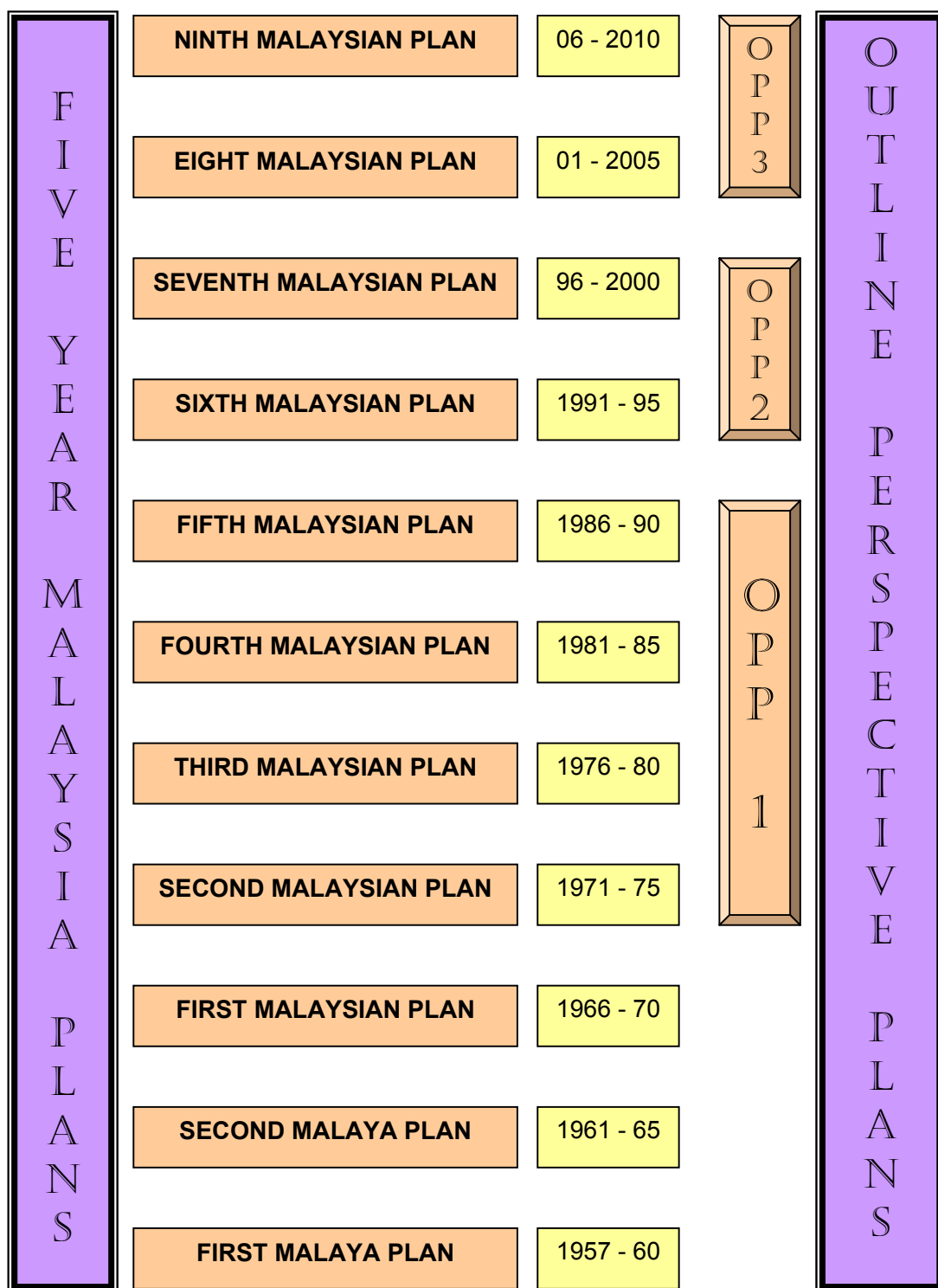


Figure 1 - Malaysia's Policies and Development Plans

1.2 The History of Project Monitoring System in Malaysia

“In Malaysia we do not just plan. We implement. While the Economic Planning Unit (EPU) draws up the plan for five years and each single year, and indeed for each single project or programme, the Implementation and Coordination Unit (ICU) oversees the coordination and implementation of every single plan, reporting back to the Government the progress and the problems so that changes and adjustments may be made where necessary in order to achieve the desired results”

YAB Prime Minister Malaysia

Thursday, 16 May 1996

An effective and efficient monitoring system to the projects development is the most important aspect in order to ensure their implementation will going smoothly and not be affected due to the current phenomenon of world economic. The basis of effective project monitoring, evaluation and control is an explicit statement of the project objectives, goals and strategies which provide performance standards against which project progress can be evaluated. As a general, the systematic process of monitoring is included planning, implementation and evaluation of the projects to make sure all development projects can be done consistently at all level and any problem occurs will straight away taken into action.

An efficiency of monitoring system always needs to be upgraded from time to time with the introducing of some new method or system from the government due to the current technology changing. There are many system has been introduced corresponding to the Five Year Malaysian Plan and Long Term Planning. Since from the day of independent projects monitoring system already exist such as Red Book, Project Monitoring System I, SETIA System, Integration and Planning Application System, SMBSS, and the latest one is Project Monitoring System II. All these systems has been developed and implemented to ensure all the

development projects that have been planned by the government can be succeed to fulfill the government development policies such as New Economy Policy, National Development Policy and National Vision Policy. This study will narrow down to the PMS II only and it applications to the government agencies. The main focus is to study and explore the using of PMS II and the problems facing when to key-in the current data at user and agencies level for the development projects.

1.2.1 The Red Book (Buku Merah)

The Red Book is the first monitoring system that was introduced during the First Malaya Plan (1956 – 1960). The way how it works is based on the British Army Operation Briefing which is the main concern is reporting the physical progress of project. This progress will be shown at the Operation Centre. This Red Book concept normally applies to the project implemented at the rural area. It's not a centralized monitoring but stands alone system. Meaning that, every district has their individual Red Book system. This Red Book will be examine and check regularly with the officer in charge and always available to top management or minister level to monitor the progress of every project ongoing. So, any problem occurs during the project implementing it can be resolved and monitored directly on site.



Figure 2 - The Red Book

1.2.2 Project Monitoring System 1 (PMS 1)

During the implementation of New Economy Policy in the year of 1971, governments introduced one instruction called National Action Committee Instruction No.1. At the same time, in conjunction of the enhancement of information technology in the year of 1970 bring the first implementation of using computer system to monitor projects. This is called Project Monitoring System 1. All the data under PMS 1 has been used to generate the implementation of National Development Policy in the Instruction No. 1. The main objective of PMS 1 is to process the data about project implementation and their status. The input to this system is based on the form that has been circulated to the implementation agency where as the status of project must be reported for every four months. Implementation and Coordination Unit then will check and organize all the data's before it will be key-in to computer system. Consistency in term of checking and

endorsements must be applied at all time in order to avoid any mistakes and re-entry of the data's. All the information will be kept at database and the report can be produced if needed with certain programs.

1.2.3 SETIA System

In the year of 1980, one research has been conducted by the Cabinet Committee to find a way and any plan to expedite the implementation of the development projects. As a result they find out that the SPP1 have several weaknesses and need to be updated. So, in the year of 1984 one new system called Project Development Tracking System or SETIA has been introduced. SETIA is an acronym for **S**ystem **E**conomic Planning Unit, **T**reasury, **I**mplementation Coordination Unit and **A**ccount General Department. This system officially launched on 01 Mac 1984. Basically this system consists of four modules:

- **Planning and Approved Projects Module**

This module is needed by the Economy Planning Unit in order to process the program and approved project in Five Year Malaysia Plan.

- **Estimated Budget Allocation Module**

This module is needed by the Treasury in order to process yearly allocation for the approved projects.

- **Project Status Tracking Module**

This module is needed by the relevant ministries and ICU in order to analyze information of physical and financial progress.

- **Payment Module**

This module is needed by the Accountant General Department in order to process payment based on the progress of the projects.

SETIA system more concern or main focus on the financial status. The financial information that has been given is general because base on the project progress. Physical progress not given in detail, meanwhile the effective of project monitoring must not separate between financial and physical progress.

1.2.4 SIAP System

This new system has been launched in the year of 1991. SIAP is acronym for '*Sistem Integrasi Aplikasi Penjadualan*' or Integrated Scheduling System. This system has been designed in order to help Head of Departments or Project Managers to prepare the implementation planning and monitor the development of the project more effective to avoid any unforeseen circumstances that will reflect payment progress and to ensure the progress of the project always on schedule.

SIAP actually the system that a part of SETIA. SETIA will concern about financial status where as SIAP will monitor the status of physical progress for the project or subproject. SIAP is the system based on microcomputer

and it is stand alone. At ministry level, all the information from SIAP that has been prepared from their agencies then will be collected in manual before it will send to ICU for every quarter of the year.

1.2.5 Integrated Information System SETIA/SIAP (SMBSS)

In the year of 1996, SMBSS has been introduced. This system not new but only the integrated and modified the previous SIAP and SETIA system become one system to monitor the projects under Seventh Malaysia Plan. The entire ministry that implementing the approved projects will be used the SMBSS system and the agencies under the ministry will still use the SIAP system. The objectives of SMBSS are;

- To enable ministries and State Development Offices (SDO) to track the progress of Federal Development Projects implemented by ministries in accordance to the National Development Policy
- To enable ministries and SDO's to prepare Project Implementation Progress Reports and Analytical Reports for Management
- To assist ministries to act as secretaries to the Ministry Development Committees
- To provide information on project implementation progress details to ministries and ICU
- To help identify problems in project implementation

The implementation agency will responsible to input and update all the data's. After certain project has been approved, Economy Planning Unit will allocate one ten digit number for every project through SETIA system. This number called SETIA project number. The Ministry that responsible for the project then needs to break the program or project into subprojects and give them a 14 digit number. This 14 digit number is a conjunction of the earliest 10 digit number that have been given by the EPU, meaning that one main projects have 10 digit number and all their subprojects will have a 14 digit number respectively. This 14 digit number called SIAP subproject number. SMBSS is using a SETIA*NET that link to all ministry with a dial-up system. Ministry will received the information from their agencies through SIAP. Then ministry send the data to ICU through SETIA*NET.

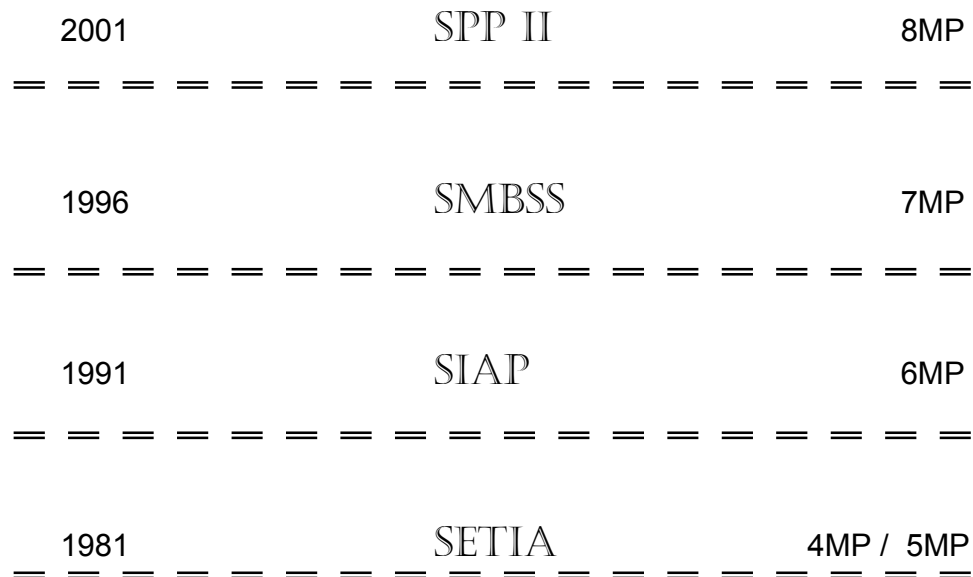


Figure 3 - SMBSS System

1.2.6 Project Monitoring System (PMS II)

Electronic Government (EG) project under one of the seven flagships Multimedia Super Corridor carried out a big impact to the development of project monitoring system in Malaysia. The vision of E-Government is to restructure a government management by using the multimedia and information technology. This is to improve and spread the using of information technology in Malaysia continuously. In line of this, to suit the requirement or present demand, the new project monitoring system or PMS II has been identified as one of the pioneer application in the E-Government applications. It is the first monitoring system that links all the ministries, agencies on line where the project information and data key-in at the source or user level. More detail for this monitoring system will be discussed further in Chapter 3.

As a conclusion the implementation of project monitoring system in Malaysia can be shown as follows:



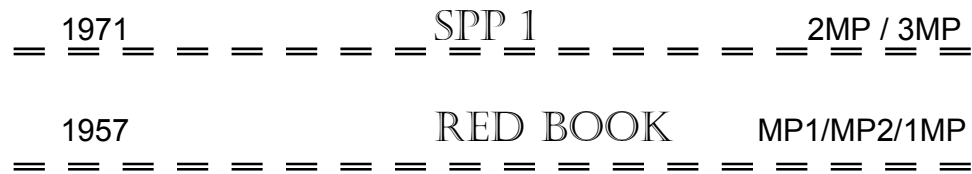


Figure 4 : Monitoring Systems in Malaysia

1.3 Problem Statement

When the Project Monitoring System (PMS II) was introduced as a tool to monitor the government projects development, all the ministries and departments were directed to use it as a part of their duties. The maximum using of this PMS II is very clear mentioned in the Instruction No.1 in the year of 2001. The Implementation and Coordination Unit (ICU) under Prime Minister Department in order to familiarize the system to the personnel that was responsible to use the system at ministries or department's level has been conducted many courses and training.

Since the first day of PMS II was implemented in the year of 1998 until now the most problem are many ministries and departments are still not aware of the importance of updating data in the PMS II. Many ministries and department do not really use this PMS II and most of the data in the PMS II were out dated. ICU as the responsible agency always reminds the ministries and departments to ensure all data's must be always up to date because PMS II can be reached at Minister Level even the Prime Minister at any time. Even development meeting at state level is using the data in the PMS to monitor the progress of physical and financial. So what's really the problem? Government already spends about a total of RM50 million to develop this PMS II but the usage or outcome from the government agencies not as at early expected. In this project proposed, it will study the cause and problem facing at users level why it has been happened.

1.4 Project Aim and Objectives

The objectives of this project are:

- To study the current issues relating the implementation of PMS II in government agencies.
- To identify the problems facing at users level in using the Project Monitoring System (PMS II).
- To make suggestions for improvement of the PMS II based on the finding

1.5 Scope and Limitation of Studies

The study will be considered only to the government agencies that using PMS II to manage and monitor their development projects and limited to development of building and infrastructure works only. It will not cover private project because this PMS II is developed only for government projects.

1.6 Brief Methodology

To assure the planned objectives of research will be achieved, some methods and process should be taken into consideration. In order to achieve the goals, all the data obtained will be analyzed and compiled to get the expected result. The work stage is planned in detail to maintain the success of this study. The methodology of this study can be divided into three phases:

1.6.1 Introduction / Literature Review

This is the preliminary stage of research to get the overall overview of the proposed topic. At this stage research will be implemented only by documentation research such as books, journals, conference texts, agencies bulletin, project papers, internet etc. This stage is very important in order to find out the related matters that will help to cover the scope of research. The main source of getting information is from various government agencies such as Implementing and Coordination Unit (ICU) and MAMPU under Prime Minister Department.

1.6.2 Data Collection

This phase is the important part where the primary data should be collected to fulfill the objectives of the study. It requires research, questionnaires to collect relevant data information. The primary data will be gathered through questionnaires. It will be drafted and given to those government agencies that involved in PMS II in monitoring the government projects. The secondary data from literature review will also be considered.

1.6.3 Data Analysis / Conclusion

After all the data has been collected, then the information will update and analyze process of those data will be implemented. The method of analysis will be decided later upon the suitability. Then it will be translated in writing in order to produce an easy way to be understood. Hopefully the objective of the research will be achieved.

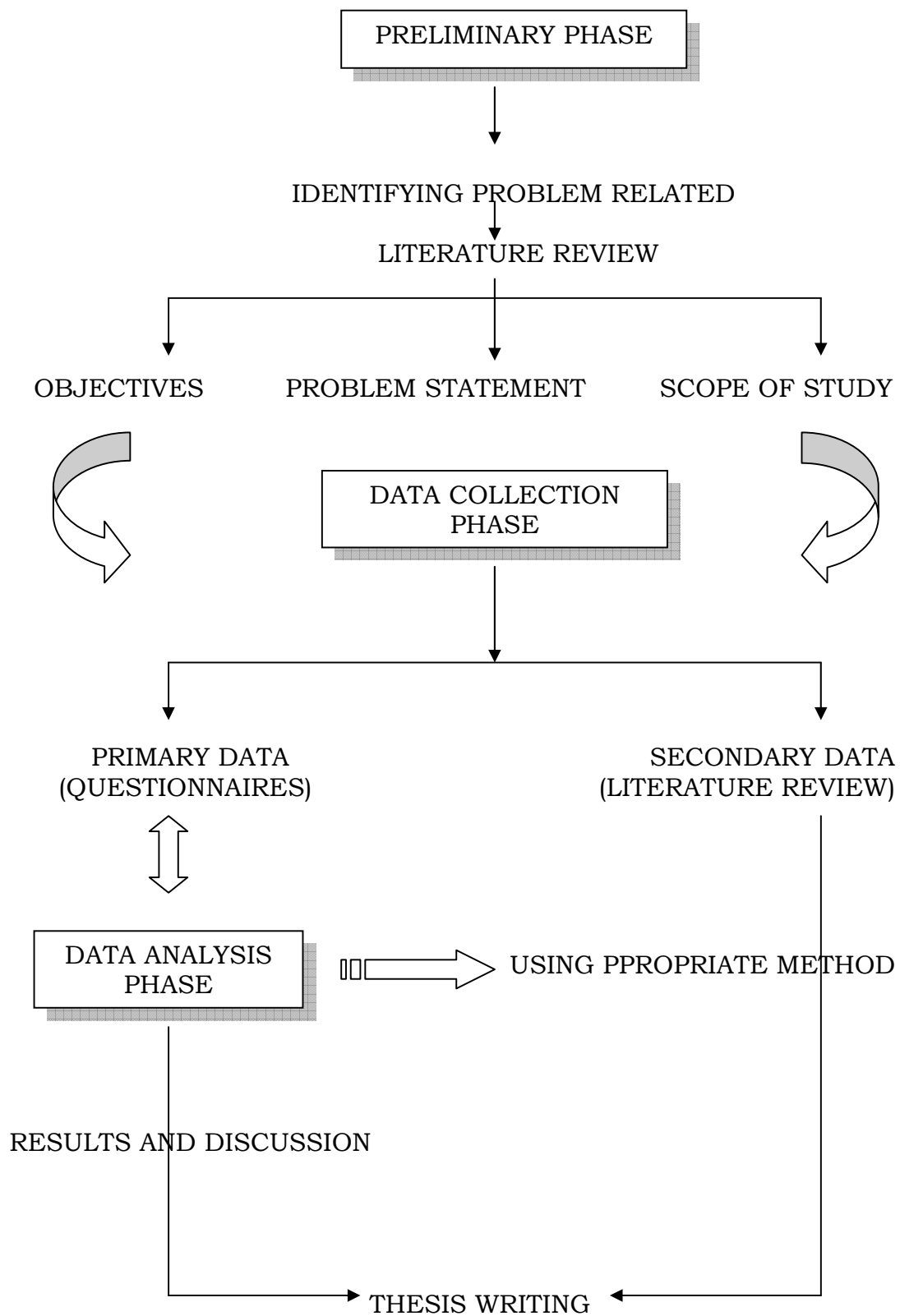


Figure 5 : Research Methodology Flow Chart

1.7 Thesis Overview

The completed thesis will comprise of six chapters. Each of these chapters will be described as below:

- Chapter 1** - This chapter is an introduction that focuses on the title of this thesis. It will cover the overview of the projects development and planning as general in Malaysia. It also discussed about the definition of topic, problem statement, thesis objectives and scope and limitations.

- Chapter 2** - Literature review that focus on any topics that related to this thesis. These include the understanding of the project monitoring system, types of monitoring systems using in Malaysia for the government projects.

- Chapter 3** - Project Monitoring System II
This chapter will cover the detail of PMS II and their applications.

- Chapter 4** - Research Methodology that will be covered the data collection.

- Chapter 5** - Result and Analysis

- Chapter 6** - Finding and Conclusion. The result finding will be discussed and further recommendation will be made.