

0. Summary

The objective of the project was to develop human resources able to use advanced technology and with Japanese work ethics by providing Malaysians with learning opportunities in Japan thereby, in turn, contributing to the industrialization of Malaysia. The Project was launched as a Yen Loan project in response to the urgent need of the Malaysian government, when economic crisis of 1997 presented the country with difficulties in continuing her "Look East Policy Program" undertaken since 1982. The relevance of the Project is high as the Project has been consistent with the development policies of Malaysia and with Japan's assistance policy to the country. The effectiveness and impact of the Project are satisfactory: among four courses under the LEP Program, the Project objectives were almost achieved for the Graduate course and the Japanese language course, aiming at capacity development for the government sector, while challenges remain for the Undergraduate course and the Technical education course which aim at capacity development for the private sector. Efficiency is satisfactory due to a combination of a lower project cost than planned and the longer project period due to some students repeating the grade. The Look East Policy Program has been managed with more emphasis on the Graduate course since the end of this project, which suggests that the sustainability of the Project remains high.

In light of the above, the Project is evaluated to be satisfactory.

1. Project Description



Project Location



An ex-student of the Yen Project working in a design firm

1.1 Background

The Look East Policy (LEP) Program is a scholarship program launched in 1982 in line with the national development plan in which higher education was identified as one of the priority areas. It was Prime Minister Dato' Seri Dr. Mahathir bin Mohamad who announced this initiative, based on his belief that the secret of Japanese success and its remarkable development lay in its labour ethics, morale, and management capability. The Prime Minister believed that a Program enabling young Malaysians to learn in Japan would contribute to the economic and social development of Malaysia. For this purpose, Malaysia decided to send their students to Japan to study not only technical know-how but also Japanese work ethics and discipline.

The LEP Program consists of two pillars: the first is a study-abroad program which sends Malaysian students to Japanese universities and institutes of technology. The second is a training program which sends Malaysian trainees to Japanese industries and training institutes. The latter consists of several courses, including Higher Education Loan Fund Projects (HELP, HELPII and HELP III) operated by the MARA Foundation and the JPA-sponsored program.

This evaluation targets the JPA-sponsored program, focusing on the period from March 1999 - Jan. 2009 when the Program was supported by the Yen Loan. The Program is composed of 4 courses: a graduate course and a Japanese language course targeting government staff who must return their offices after completion of the course. For graduates of these courses, in the case that a position in a government office is not offered, he/she can look for job in the private sector. On the other hand, graduates of the undergraduate course and the technical education course were expected to work in the private sector, mainly Japanese firms in Japan or Malaysia.

1.2 Project Outline

The objective of this project was to develop human resources able to use advanced technology and with Japanese work ethics by providing Malaysians with academic and training opportunities in Japan, thereby, in turn, contributing to the industrialization of Malaysia.

Loan Approved Amount / Disbursed Amount	14,026 million yen/ 12,015 million yen
Exchange of Notes Date / Loan Agreement Signing Date	March 1999 / March 1999
Terms and Conditions	Interest Rate: 0.75% Repayment Period: 40 years (Grace Period: 10 years) Conditions for Procurement: General Untied
Borrower / Executing Agency(ies)	Guarantor: Government of Malaysia/JPA
Final Disbursement Date	March, 2009
Main Contractor (Over 1 billion yen)	Mitsubishi Research Institute
Main Consultant (Over 100 million yen)	N/A
Feasibility Studies, etc.	None
Related Projects	<ul style="list-style-type: none"> · Training program targeting employees in the industrial sector and business leaders. · Yen Loan Project: Higher Education Loan Fund Project (HELP), HELP2 and HELP 3 · Grant Aid Project (Emergency): Financial support to implement the JPA-supported LEP Program for the year of 1998.

2. Outline of the Evaluation Study

2.1 External Evaluator

Keiko Kita, OPMAC Corporation¹

2.2 Duration of Evaluation Study

Duration of the Study: August 2011-August 2012

Duration of the Field Study: 2-15 October, 2011 and 4-10 March 2012

¹ Participated in the evaluation as a complementary member from Global Link Management, Inc..

2.3 Constraints during the Evaluation Study

- 1) Although beneficiary surveys as a part of the ex-post evaluation targeted a total of 100 ex-students who were sent to Japan from 1998 to 2009, the number did not reach target. It was not a random sampling either. This is because of the fact that the list of students provided by JPA, an implementing agency of the Program, was too old, making it impossible to trace a sufficient number of ex-students: only 20% of the listed students were contactable of whom 96 ex-students responded to the questionnaire for the survey. The beneficiary survey also targeted their employers (local and Japanese firms) which came from a list of employers of LEP program students obtained from the JICA Research Institute². This was also not a random sampling.
- 2) No information on the actual local cost allocated to the Project was provided due to the fact that JPA received a lump sum for all study-abroad programs from the Ministry of Finance and not just for the LEP Program specifically. Because the portion of the local cost was very limited, the evaluator concluded that it was reasonable for the evaluation to target the yen loan only.

3. Results of the Evaluation (Overall Rating: B³)

3.1 Relevance (Rating: ③⁴)

3.1.1 Relevance with the Development Plan of Malaysia

The Project was in line with the development policy of Malaysia at the time of the Appraisal Study (1998/1999): the 7th 5-year strategic plan (1996-2000) stated that the role of education was to develop a workforce with high quality skills and work ethics. It placed emphasis on the establishment and expansion of educational institutions in the areas of science and technology in order to increase the number of students.

The 9th 5-year strategic plan (2006-2010) and the 10th 5-year strategic plan (2011-2015) also regarded higher education as one of the most important areas. The importance of developing human resources was also addressed in the Higher Education Strategic Plan (2007-2020), with the specific target that a half of the graduates of secondary education advanced to higher education institutions and that one third of the labor forces was a graduate of higher education.

In conclusion, the policy of strengthening the industry and technology of Malaysia through human resource development has been sustained from the time of appraisal.

3.1.2 Relevance with the Development Needs of Malaysia

In Malaysia, the establishment/expansion of domestic universities was limited until the early 1990s when the country was shifting to a manufacturing and industrial economy from an agriculture-dependent economy. The Malaysian government encouraged her younger population to study abroad as human resource development in the area of higher education was urged in order to push the country from industrialization depending on a foreign investment toward domestic promotion of science and technology. In 1995, 79,330 students were enrolled in degree courses at domestic universities while the number of students studying abroad reached 50,600. Of these about 40% were government-sponsored students and the rest was students studying at their own expense.

This trend of overseas-dependent human resource development changed with economic

² JICA Research Institute conducted a tracer survey with support from ASIA Sheed to study an Cross-border Higher Education for Regional Integration: Analysis of the JICA^RI Survey on Leading Universities in East Asia". The tracer survey targeted ex-students of the LEP Program who were sent to Japan from 2004 to 2008 under the Yen Loan Project, as well as their employers.

³ A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

⁴ 1: High 2: Fair 3:Low

stagnancy. The 7th 5-year strategic plan (1996-2000) stated that the government would continue sponsoring graduate students studying overseas while decreasing the number of government-sponsored undergraduate students in overseas universities due to budget limitations. In turn, the number of domestic universities would be increased. This policy change accelerated the expansion of learning opportunities within the country, and accordingly resulted in an increase in the number of applicants.

Proclamations of law on private universities/institutions has contributed to an increase in enrolment at domestic (national) universities which numbered 7 in 1990 growing to 57 (20 national universities and 37 private universities) in 2009. Meanwhile, the ratio of Malaysians studying overseas declined sharply.

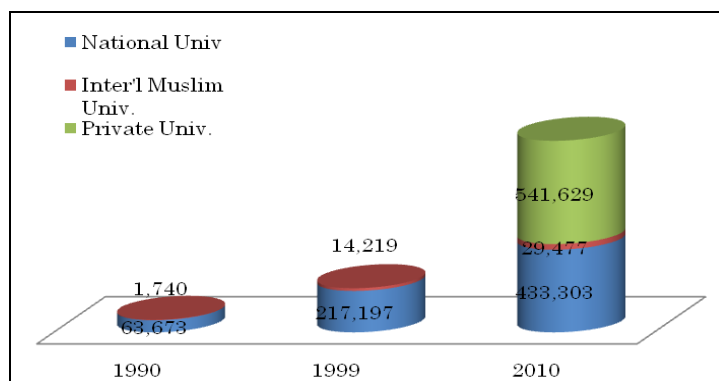


Figure 1: The number of Students Enrolled in domestic universities (Social Statistics Bulletin Malaysia)

In addition, an increased number of universities have started adopting the Twining Program since the late 1997s when the Malaysian government approved this Program, under which Malaysian students could obtain degrees from overseas universities even though they had studied in Malaysia for all four years. The Higher Education Loan Fund Project (HELP2), which was implemented during this same period, was in line with this trend.

Meanwhile, this Project supported the Malaysian government in continuing its long-year LEP Program when implementation with its own budget became difficult due to the economic crisis in the country. With the LEP Program available through the Yen Loan (this project), along with HELP continuing during the same period, more opportunities to study in Japan were provided to Malaysian students.⁵

3.1.3 Relevance with Japan's ODA Policy

More emphasis of Japan's ODA policy has been placed on assistance to foreign students studying in Japan in line with the Cabinet decision of June 1993: that human resources development is one of the key areas for Official Development Assistance. This decision was reflected in Japan's assistance policy to Malaysia issued in February 2002, which stated that the development of human resources with advanced knowledge and skills was key for the future of Malaysia. Human resource development was also identified as a key area in Medium-Term Strategy for Overseas Economic Cooperation Operations (December, 1999), with emphasis on the provision of learning opportunities in Japan to students from Southeast Asia. The purposes of this project were in line with these Japanese assistance policies for Malaysia.

This project has been highly relevant with the country's development plan and development needs, as well as to Japan's ODA policies, therefore its relevance is high.

⁵ The perspective was shared at the time of interview with an government officer in charge of the LEP Program at the Embassy of Japan in Malaysia,

3.2 Effectiveness (Rating: ②)

3.2.1 Quantitative Effects (Operation and Effect Indicators)

The total number of students who have completed each course under the LEP Program is 1308, 224 fewer students than planned (1,532 students, including an additional 105 students on the technical education program). There were 147 students (13%) fewer on the undergraduate course and 57 students (12%) fewer on the technical education course. There was no gap between actual and plan for the Japanese language course, but there were 20 students (8%) fewer on the graduate course due to the fact that the number of applications received did not reach the target. However all students who were selected to study on the preparatory study course completed the graduate course as scheduled (only one student extended the study period by one year).

On analysis of at which stage of the process (“Applications received”, “Preparatory study course in Malaysia,” “Studying in a Japanese university”) the gap between plan and actual happened, it was found that at the application stage a lower number of applicants than the original target was received for the undergraduate course and the graduate course. Meanwhile, HELP2 received 400 applications (First batch) and 1,000 (Second batch) against a target of 60 applications each. One of the reasons why more students preferred HELP 2 to the LEP Program was, according to interviewees including Mitsubishi Research Institute (MRI) and ex-students, that the period of study in Japan for HELP 2 was shorter than that of the LEP Program. In particular, the period of the preparatory study course was much shorter under HELP 2⁶.

The main reason for the gap between plan and actual from the stage of completion of the preparatory study course to entrance to a university in Japan can be attributed to failures in the entrance examinations. According to research conducted by the Mitsubishi Research Institute, a Japanese firm in charge of consulting services under this project, the students who were selected as candidates for the LEP Program had been marked “excellent” in academic performance for almost all subjects when they were in high school. Therefore, there was no correlative relationship between their academic performance at high school and at their universities. One of the institutions in charge of the preparatory study course said that the curriculum of their Japanese language courses might not have been effective enough to enable all Malaysian candidates to pass the university entrance examination during the period when the type of entrance examination was changed from one which applied only to Malaysian students to one implemented by the Ministry of Science and Education of Japan, which applied to all foreign students. JPA pointed out that the level of the new entrance examination called EJU is too difficult.⁷

JPA, ALEPS and MRI pointed out that a lack of practical training in the Japanese language was also one of the main reasons why Malaysian students repeated grades or dropped out during their time studying at university in Japan.

⁶ An interviewee at the MRI said that the curriculum for the Japanese language class under HELP 2 was designed to be more practical because Japanese universities supported the project were involved in the development of the curriculum.

⁷ According to JPA, all students on the preparatory study course in the Republic of Korea passed the entrance examination.

	Target No. of Applicants	No. of students who enrolled Preparatory Study Course	No. of students who completed the Program	Gap between plan and actual
Undergraduate	1062	961	915	-147
Graduate	100	80	80	-20
Technical Education	364 (259 + 105)	351	307	-57
Japanese Language	6	6	6	0
Total	1532	1398	1308	-224

No. of application/ selected students did not meet the target.

Some students failed in entrance exam to a university or dropped out during their study in a university.

Figure 2: At which stage of the program did the gap between plan and actual occur?

3.2.2 Qualitative Effects

1) Academic Performance

According to JPA, the academic performance of ex-recipient students (excluding those who repeated a grade) was satisfactory: 80% of students enrolled in the graduate course obtained “good” (excellent/good/poor) or B (A/B/C), as was the case for more than 80% of undergraduate students. There is no such a data for the technical education course and the Japanese language course.

There was a high rate of repeating recorded in the undergraduate course (23%) and the technical education course (25%) but the rate for the PhD course was only 6.6%. Nobody repeated a grade in the master course or the Japanese language course. According to JPA, the repeating rate of the LEP Program was higher than any other overseas study programs mainly due to a poor understanding of the Japanese language. An inappropriate selection of majors/fields of study was also one of the reasons identified by some ex-students who studied under the undergraduate course.

The MRI said that the biggest contribution they made through their consulting services for the LEP Program was to grasp students’ academic records through monitoring and follow-up exercises. This exercise enabled them to take quick action to prevent students with poor academic performance from repeating a grade. This tracer of academic records was also effective in identifying the students who were most likely to drop out. It was suggested therefore that they go back to Malaysia at an early stage. LEP Program students were obliged to submit their academic records to the Embassy of Malaysia in Japan, but only half of the students followed this regulation before the Project started. The reporting rate increased to almost 100%, with the support of the consulting services, during the period of this project.

2) Knowledge and Skills Acquired by LEP Program Students

JPA say that one of the Project Purposes, “Malaysian students acquire academic knowledge and skills at university in Japan” has been satisfactory achieved. The results of the beneficiary survey conducted at the time of the ex-post evaluation show that many ex-students from the undergraduate and the technical education courses identified that what they had learnt was the “application of fundamental knowledge of engineering,” “competence in theory & research

engineering,” and “problem identification, formulation and solving skills.” Many ex-students from the graduate program responded that they learnt “problem identification, formulation and solving skills” and “research skills” in Japan.

A majority of employers of ex-students say that one of the advantages of ex-students of the LEP Program is their good skills in the management of team work. A member of the Japan Chamber of Commerce and Industry in Malaysia said that Malaysian employees can acquire advanced knowledge and skills through staff training after they have started working for a firm and that it is the Japanese style education method based on the “teacher-student relationship” applied at engineering courses in Japan that has made this staff training functional.

3) Japanese Work Ethics

It is reasonable to conclude, based on the results of the interview and beneficiary surveys with JPA, ex-students and their employers, that the majority of ex-students have mastered Japanese work ethics.

JPA said that the Project Purpose “Malaysian students acquire Japanese work ethics” has been pretty much achieved for each one of the four courses: the undergraduate course, the technical education course, the graduate course and the Japanese language course. Asked what is “Japanese work ethics?” JPA identified “discipline”, “commitment,” “appropriate attitude to assignments,” and “loyalty to the organization.” This perspective is similar to that of ex-students: ex-students responded that Japanese work ethics means “punctuality/time management and “hard-work” and say that they have practiced Japanese work ethics at their office daily. Eighty percent of employers observed that ex-students of the LEP Program have applied Japanese work ethics (“discipline,” “an appropriate attitude to their assignments” and “punctuality/time management”) to their routine work.

As far as the disadvantages of graduates of the LEP Program are concerned, some employers said in the interviews / beneficiary surveys that they had “less patience” or were “demanding.” They said that graduates of the LPE Program tended to look for companies with better salaries and other working conditions. One of reasons for this tendency on the part of graduates of the LEP Program may be seen in the responses to the results of the interviews / beneficiary surveys: a number of ex-students felt they had not been fairly utilized

In order to ensure that Malaysian students understand and practice Japanese work ethics, an internship program was set up as a part of the consulting services provided by MRI. According to the beneficiary survey, the percentage of ex-students on the four courses who experienced the internship program was highest for the technical education course (47%), followed by the undergraduate course (28%). Few students on the graduate course experienced the internship program. In total, 203 students experienced internship programs in 50 Japanese firms between 2000 and 2006. Most of these said that the tasks assigned to them at a firm were in the same or related fields as their study at university which leads to the conclusion that the internship program satisfactorily benefited a certain group of students. On the other hand, it was pointed out that the period of the internship programs was too short (1-2 weeks).

3.3 Impact

3.3.1 Intended Impacts

The Project enabled the Malaysian government to sustain its long-continued LEP Program, and therefore the impact level of the objectives of the Project remained the same as the ultimate goal of the government-supported LEP Program. Therefore, to make sure that the evaluation of the Project was fair, the ex-post evaluation questioned whether the Project was on the right track towards the ultimate goal. The evaluation concluded that one of two impact level objectives (government capacities strengthened) has been almost achieved while the achievement of the other impact level objective (Malaysia industrialized through human resources with Japanese work ethics) has been achieved to a less extent with challenges left for the future.

A number of ex-students have taken leading positions since they returned to Malaysia, and

JPA and ALEPS (Association of Look East Program Students) have said that the objective, “government capacities strengthened through ex-students of the LEP Program” has been achieved to a highly satisfactory level. All respondents of the beneficiary survey said that they had been provided with full-time positions in government offices since they returned to Malaysia and that they are satisfied with their current position. They had been promoted after their return and their current assignments are more attractive than the ones before, or their current position is in line with their career plan.

On the other hand, JPA and ALEPS pointed out that ex-students have not fully contributed to economic development in Malaysia. This is partly because they have not been provided with opportunities to make the best use of what they learnt in Japan. There is no data on the career development of ex-students who started working in the private sector after graduation from Japanese universities, but the results of the beneficiary survey said that a majority of respondents found their jobs through job fairs or recruitment agencies and that about a half of them were employed by Japanese firms in Malaysia.

Although 80 to 90 percent of the ex-students are working as a full-time staff, one third of them are in a position which is in a completely different field to the one they studied in Japan, which indicates that the knowledge and technology acquired at Japanese universities are not linked to the development of domestic industries in Malaysia efficiently or effectively. Most of the respondents to the beneficiary survey are engaged in engineering posts.

JPA and ALEPS pointed out three reasons why the graduates of the LEP Program have contributed less to the development of domestic industries than expected:

- 1) The graduates are expected to support Japanese firms in Malaysia. This is the main reason why many graduates of the LEP Program are working in a field which is not related to their areas of study in Japan and why they end up to spending so much time on interpreting and translation. The results of the beneficiary survey with Japanese firms in Malaysia are consistent with this analysis: to the question of what they (Japanese firms) expect of the graduates, 21 out of 25 Japanese firms answered that they expect the graduates of the LEP Program “to be a team reader”, followed by the answer “to be a bridge of communication between Japanese staff and local staff (20 firms) and “to be an interpreter/translator” (17 firms).
- 2) There is a problem related to accreditation: some diplomas or degrees obtained in Japan are not recognized in Malaysia.
- 3) Many Japanese firms in Malaysia are in the form of assembly firms and close down within a few years. Because of this tendency, employees can hardly gain a sense of security (According to ALEPS, the closing down of firms has not resulted from poor business performance caused by Japanese economic stagnancy in recent years)

The Malaysian government has described the following scenario: an increasing number of human resources in the fields of science and technology are fostered through the LEP Program. In the long run, these people take management positions at local firms, which ultimately contributes to the economic development of Malaysia. With the high retention rate in the private sector, it may not be easy for the experiences and knowledge of individuals to be expanded to an institutional level in a short period of time. Although there is no information / data available to suggest whether or not the knowledge, skills and Japanese work ethics gained are practiced at an institutional level, the ex-post evaluation successfully identified some ex-students who currently have active roles in their firms as managers or team leaders. The more ex-students who take such positions, the faster Japanese technology, knowledge and work ethics are expanded within an institution.

The Malaysian government has fully recognized that the effective use of graduates of the

LEP Program is key for the development of the country and has launched two programs to this end. One is the Talent Acceleration in Public Service (TAPS) Program with the purpose of channeling graduates of the LEP Program into the civil service. The Program is a collaborative initiative led by JPA with the Razak School of Government (RSOG) and Talent Corporation Malaysia Berhad (Talent Corp). The other program is the Scholarship Talent Attraction and Retention (STAR) Program, which is a joint initiative between JPA and Talent Corp to support graduates working for leading companies, mostly Government Linked Companies (GLC).

3.3.2 Unintended Positive / Negative Impacts

Other positive impacts are as follows:

1) Strengthening the Japan-Malaysia Network

The total number of graduates of the LEP Program, including those who were sent to Japan under the Project, has reached 14,000, and many of them currently play a leading role in government and in the private sector. More than 5,000 Malaysians have registered with either ALEPS, mainly composed of Malays, or with Japan Graduate Malaysia (JGM) mainly composed of Chinese. Both organizations have contributed to the promotion of Japan-Malaysia relations, mainly through cultural events. JPA, institutions in charge of the preparatory study course and ex-students interviewed agree that these organizations, especially ALEPS, have become key role in expanding the outcomes of the LEP Program, and therefore the functions of ALEPS have to be strengthened.

ALEPS has implemented a number of cultural events in collaboration with the Japanese Embassy in Malaysia. The most recent initiative was the establishment of the ALEPS Dream Factory, within a factory run by the ALEPS chairman, in 2010. ALEPS Dream is a NPO working on the recycling of wheelchairs imported from Japan for children with spasticity paralysis in Malaysia. These activities are supported by the Ministry of Science Technology & Investment (MOSTI) of Malaysia.



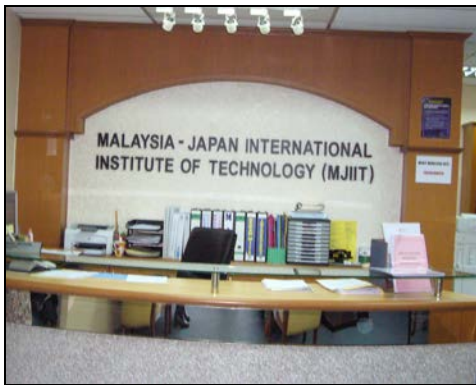
ALEPS Dream Factory

On the other hand, there was less participation by ex-students in ALEPS activities than expected. Many have either only registered or have participated once. The beneficiary survey found that the reason behind this was that 30-40 percent of the respondents said that they did not know ALEPS. Those who did know about the existence of ALEPS responded that they had little time to participate in its activities or that they did not see any benefit in joining its activities. Approximately 90% of respondents said that the purposes of ALEPS were not clear to them. These results indicate that PR activities for ALEPS should be strengthened. It also should be noted that a member list of ex-students has not yet been prepared and this prevents ALEPS from tracing ex-students after their graduation from universities in Japan.

2) Opening of MJIT

It was a common view among the stakeholders interviewed (both Japanese and Malaysian)⁸ that MJIT is one of the impacts of the 30-year initiative of the Malaysian government, including the decade supported by this project. It can be expected that one of the two ultimate goals of the LEP Program, “learning Japanese technology,” may be achieved effectively through MJIT. However, few stakeholders are optimistic that the other goal, “learning Japanese work ethics,” can be achieved through MJIT as Japanese work ethics can be mastered only by foreigners who have stayed in Japan for a sufficient amount of time. Therefore, the challenge remains for MJIT to incorporate Japanese values into its international curriculum. One idea is to apply a mentor system to laboratory exercises, and the other idea is to send undergraduate students to Japan for a 2-month internship program and graduate students for a Joint Supervision Program of one year or less.

To provide a platform for higher education in ASEAN in the future, MJIT aims to (i) expand networking in ASEAN through the development of a consortium of Japanese universities, (ii) strengthen cooperation with Japanese industries through JACTIM, and (iii) employ Malaysians who have experience in studying in Japan as faculty members. These strategies are reflected in this project and in HELP.⁹



MJIT

The ex-post evaluation found no negative impacts on the environment or society as the Project provided assistance for human resource development.

In conclusion, the project has somewhat achieved its objectives, and therefore its effectiveness is fair.

3.4 Efficiency (Rating:②)

3.4.1 Project Outputs

At the time of appraisal, it was planned that a total of 1,407 students would be sent on the four courses:

- Undergraduate Program: 422 students who were already in the Government-supported LEP Program and 640 new students (160 students for each batch)
- Graduate course: 100 new students (20 students for each batch – 15 students for MAs and 5 for PhDs)

⁸ Stakeholders include the Embassy of Japan in Malaysia, MJIT staff (both Japanese and Malaysians), JPA and institutions in charge of the preparatory study course.

⁹ Expanding networking through a consortium with Japanese universities is the same approach as that taken by HELP and the implementation of internship programs in collaboration with Japanese firms is the approach applied to this project.

- Technical Education course: 259 students who were already in the Government-supported LEP Program
- Japanese Language course: 6 students who were already in the Government-supported Program.

The actual number of students sent on the four courses was as follows:

Table 1: No. of students to be sent on the four programs: plan and actual

	Plan	Actual (Those who entered the preparatory study course)	Gap
Undergraduate	1,062	961	-101
Graduate	100	80	-20
Technical Education	259	351*	+ 92
Japanese Language	6	6	0
Total	1,407	1398	-29

Source: JPA

Note: *Include additional 105 students

The actual number of students who were sent on the preparatory study course was 1,398 students, 29 students lower than the plan, because the number of applicants did not meet the original target. On the other hand, the number of students who were sent on the technical education course exceeded the plan as an additional 105 students were sent (Batches 18 and 19)¹⁰.

The Project included consulting services for the provision of information on universities in Japan, for monitoring and the follow-up of students who were studying in universities, to support internship programs and for evaluation of the Project.

3.4.2 Project Inputs

3.4.2.1 Project Cost

According to JPA, budget allocation and actual cost for the Project could not be provided to the evaluator because JPA received a total budget for the whole study-abroad program. Local costs for the Project were limited to 7.6% of the total cost, and therefore the ex-post evaluation looked at only a part of the yen loan.

The actual project cost (yen loan) was approximately 12,015 million yen, compared with 14,026 million yen approved at the time of appraisal. Disbursement was 86% of the planned amount.

Additional inputs were provided to cover an increased allowances paid to students due to changes in the exchange rate and an increase in tuition fees and to cover the cost necessary to support some students who extended their study period as a result of repeating of a grade. But what lowered the actual cost was the smaller number of students than the target who completed their study in Japan.

3.4.2.2 Project Period

The project period was slightly longer than planned (equivalent to 111% against the plan). This was because 44 students in the undergraduate course and 1 student in the graduate course extended their study period by one year.

¹⁰ Appraisal documents shows that the Malaysian government believed that the Technical Education Course would be more effective for learning of Japanese work ethics than any other of the courses under the LEP Program. Students who studied in the Technical Education Course stayed in a dormitory and were taken care of very well.

3.4.3 Results of Calculations of Internal Rates of Return (IRR)

Financial Internal Rate of Return

There was no estimation of the Financial Internal Rate of Return either at the time of the appraisal study or at the time of the ex-post evaluation. This was the same for the economic internal rate of return.

Although the project cost was within the plan and the project period was slightly exceeded, therefore the efficiency of the project is fair.

3.5 Sustainability (Rating: ③)

The LEP Program is a Malaysian government 30-year program. The Project supported the Program for a decade, but even after the end of the Project, the Malaysian government has continued to implement the LEP Program. The impact-level objectives set for this project are the ultimate goal set originally for the JPA-supported LEP Program. To achieve the ultimate goal, two stages in the process toward achievement should first be achieved: (i) graduates of the LEP Program continue to work for the same firm, being posted to a management position in the long term, (ii) the number of such graduates increases under the LEP Program and through this, individual knowledge and skills rise up through the institutional levels.

With the above in mind, the evaluation on sustainability focused on the possibility of the Malaysian government continuing the LEP Program from the viewpoint of the capability of the implementing agency (JPA) and the need for study in Japan, in addition to the sustainability of effects brought about by the Project.

3.5.1 Sustainability of the Effects of the Project

It is most likely that effects of the Project will be sustained at an individual level. Although some changes of occupation have been observed in the private sector, many ex-students have continued to work in the same company as engineers and they have applied what they have learnt in Japan to their routine work. It is a major challenge to expand individual exercises within an institution, but ex-students are expected to work in the same company long enough to achieve this.

It has been confirmed that there are a number of graduates of the JPA-supported LEP Program who have worked over a long period of time and have currently been promoted to management positions in the Japanese firms who were interviewed. It has been also confirmed that a graduate of the LEP Program supported by this project recently has worked as a team reader at a Japanese firm in Malaysia. It is expected that more graduates of the LEP Program supported by this project will develop similarly in the future.

3.5.2 Sustainability of LEP supported by the Malaysian Government

1) Management Structure

The LEP Program has been implemented by the Malaysian government using its own budget since the end of the Project. According to JPA, the purposes and components of the Program with its four courses (graduate, undergraduate, technical education and Japanese language) are as same as those under the project. This is also true for the content of each course and the application conditions. On the other hand, however, the selection criteria have become stricter. Changes in the management structure of the LEP Program are as follows:

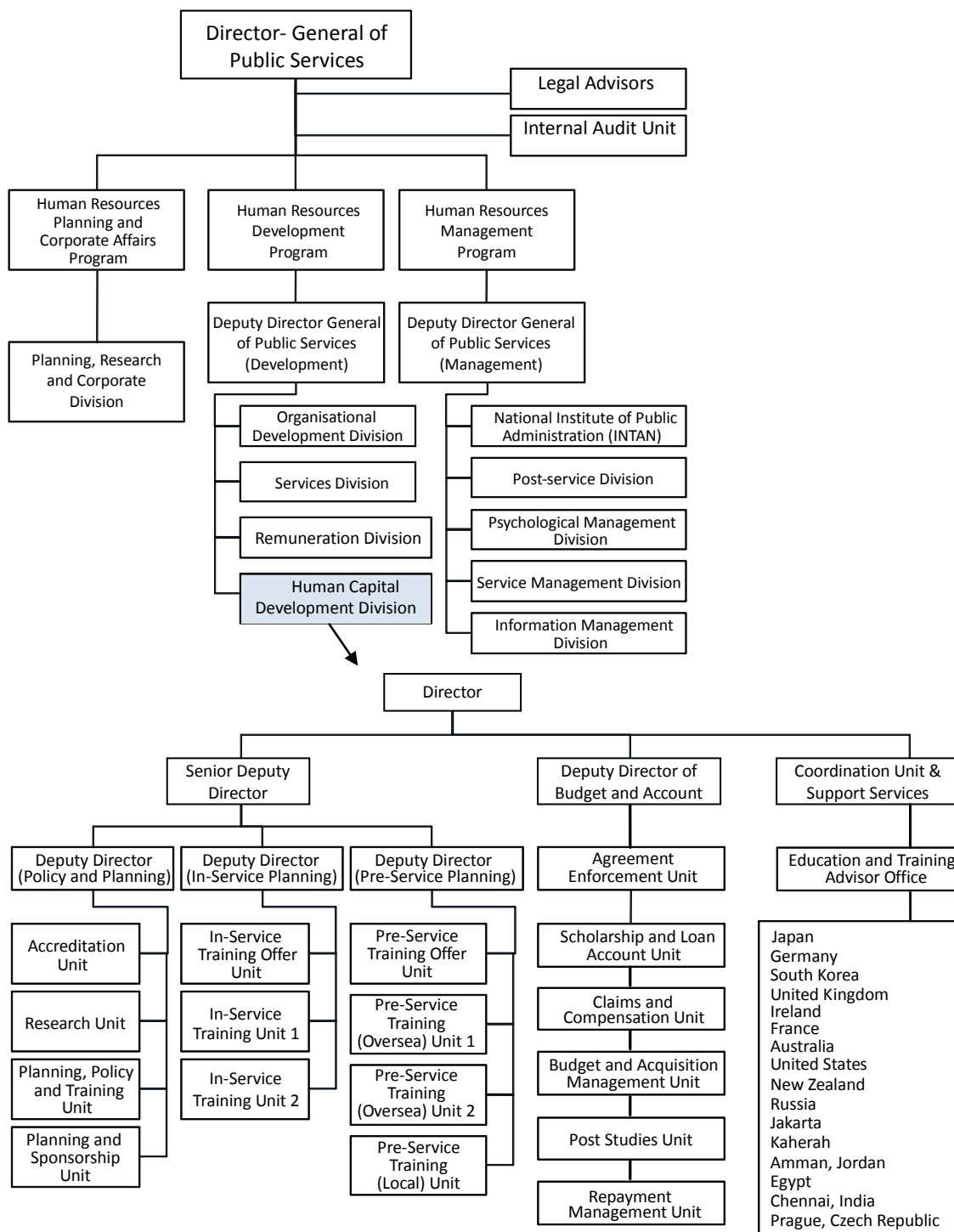
- In March 2008, the Division of Look East Policy, which was composed of 10 staff, closed down due to the restructure of JPA. Instead, an in-service training sector was put in charge of the graduate course and a pre-service training sector was put in charge of the undergraduate course (See figure 3). The number of staff currently in charge of the Program is eight in total. According to JPA, its restructure was in line with the decision that the Program focus more on the graduate courses whose target was government staff.

- Among the three institutions which were responsible for the preparatory study courses: the University of Malaya (Undergraduate course), the University of Technology of Malaysia (Technical education course), and the MARA University of Technology (Japanese language course), the Mala University of Technology, originally in charge of the Japanese language course, is recently in charge of the technical education course. This change is due to the fact that there have been no applicants for the Japanese language course since the end of the project and that the technical education course placed within the University of Technology of Malaysia has been shifted to the MARA University of Technology.
- The Japanese language course has been implemented by the Ministry of Education since 2000. This change enabled the government to monitor the program more easily as most of the participants on the course are teachers.

2) Financial Sustainability

JPA has stated that as long as the Look East Policy is sustained, the necessary budget¹¹ to implement the LEP Program will be secured. Therefore, it is most likely that financial sustainability will remain for the time being.

¹¹ According to JPA, budget for LEP only cannot be clarified because budget allocated by the Ministry of Finance is the total budget for all study-abroad programs.



Source: JPA

Figure 3: Organizational Chart of JPA

3.5.3 Need for Study in Japan

According to the institutions in charge of the preparatory study course, the number of applicants to the LEP Program has declined since the end of the Project due to the increased number of applicants wishing to study in the Republic of Korea under the LEP Program and to

the influence of the earthquake which happened in northern Japan in March 2011. Because there have been no applicants to the Japanese language course since the end of the Project, it is obvious that the scale of the LEP Program has become smaller than it was before and during the implementation of the project.

In addition to these factors, other influences on the trends of study in Japan include¹²:

- The emergence of China as one of the target countries of the LEP Program (in addition to Japan and Republic of Korea) The first batch of students will be sent to China soon;
- Alternative study programs enabling Malaysian students to master global knowledge and skills in Malaysia, including MJIT, the Malaysia-Indonesia-Thailand Student Mobility Program (started in 2010) and the Malaysia-China Student Mobility Program (started in 2012)¹³.

Despite these changes, it is most likely that the need to study in Japan under the LEP Program will remain as the Ministry of Higher Education, as well as JPA, gives first priority to the LEP Program. JPA said that in order to ensure human resource development through the LEP Program, its focus will be on the graduate course. JPA predicted that whether or not the LEP Program can be sustained at the same scale as before will depend on the advance situation of Japanese firms in Malaysia, and accordingly, the demands of graduates of the LEP Program in Japanese firms in Malaysia. This is because those who complete the graduate course under the LEP Program are obliged to return to a government position but if no position becomes available within a year, they can work in the private sector.

Because there is no problem in the management structure and financial support of the Malaysian government, the sustainability of the Project effects is high and the LEP Program can also continue to be implemented.

4. Conclusion, Lessons Learned and Recommendations

4.1 Conclusion

The Project was launched as a Yen Loan project. The purpose was to develop human resources able to use advanced technology and with Japanese work ethics by providing Malaysians with learning opportunities in Japan thereby, in turn, contributing to the industrialization of Malaysia. The Project was in response to the urgent need of the Malaysian government when economic crisis of 1997 presented the country with difficulties in continuing her "Look East Policy Program" undertaken since 1982. The relevance of the Project is high as the Project has been consistent with the development policies of Malaysia and with Japan's assistance policy to the country. The effectiveness and impact of the Project are satisfactory: among four courses under the LEP Program, the Project objectives were almost achieved for the Graduate course and the Japanese language course, aiming at capacity development for the government sector, while challenges remain for the Undergraduate course and the Technical education course which aim at capacity development for the private sector. Efficiency is satisfactory due to a combination of a lower project cost than planned, due to the less than expected number of student who completed for the Program, and the longer project period due to some students repeating the grade. The Look East Policy Program has been managed with more emphasis on the Graduate course since the end of this project, which suggests that the sustainability of the Project remains high.

In light of the above, the Project is evaluated to be satisfactory.

¹² This information was shared in an interview with the Ministry of Higher Education/JPA

¹³ A student studies in the program target country each semester. There is no problem with authorization as there is an agreement between the governments beforehand that credits obtained in the partner countries are counted as a credit required for graduation.

4.2 Recommendations

4.2.1 Recommendations to the Executing Agency

1) JPA should manage the LEP Program more systematically, by extending its assistance to the whole process: the selection of students, preparatory studies in Malaysia, studying in Japan and support for graduates searching for a job. In particular, JPA is encouraged to:

- a) support cooperation between ALEPS and Talent Corp to make the best use of graduates of the Program in the private sector,
- b) share its list of graduates updated for the purpose of the ex-post evaluation with ALEPS to enable them to prepare/update lists in the future.
- c) consider ways of disclosing information about graduates of the Program to firms which are interested in recruiting graduates of the LEP Program.

2) JPA should encourage ALEPS to consider the following so that it can make the best contribution possible to achieving the goals of the LEP Program:

- a) considering preparing an ex-student list to enable members to build a human network useful for their business,
- b) provide applicants for the LEP Program with opportunities to share the experiences of ex-students in collaboration with JPA and the Japanese Embassy in Malaysia. These opportunities will contribute not only in attracting potential applicants to the Program, but also in providing them with tips on how to be academically successful at Japanese universities,
- c) strengthen PR activities to increase members and participants in its activities. As the first step, the purposes of the organization should be clarified and spelled out, together with the existing mission and the vision of the organization. The preparation of a business plan in line with its mission is recommended.

4.2.2 Recommendations to JICA

To increase sustainability of the project, consideration should be made of how to make the best use of graduates of the LEP Program as MJIT faculty.

4.3 Lessons Learned

To increase the effectiveness of assistance in the area of higher education where the ultimate goal is economic and industrial development, the whole cycle should be the target of the assistance: that is, including the “selection of an area of study in the light of an chosen career path after the graduation”, “practice of internships in collaboration with the public sector” and “support for students in searching for a job searching seeking firms who are willing to receive graduates.” From this perspective, if the assistance includes consulting services, the service should cover the whole cycle.

End

Comparison of the Original and Actual Scope of the Project

Item	Original	Actual
1. Project Outputs	<p>Total 1,407 students:</p> <p>a) Undergraduate: 422 students who were already in the Government-supported LEP Program and 640 new students</p> <p>b) Graduate: 100 new students (15 Master and 5 PhD in 5 batches)</p> <p>c) Technical Education: 259 students who were already in the Government-supported LEP Program</p> <p>d) Japanese Language: 6 students who were already in the Government-supported Program.</p>	<p>Total 1398 students</p> <p>a) Undergraduate: 961 (-101)</p> <p>b) Graduate: 80 (-20)</p> <p>c) Technical Education: 351*(+92)</p> <p>d) Japanese Language: 6</p> <p>*Including additional batches: 105 students (Batches 18 and 19)</p>
2. Project Period	April 1999 - March 2008 (108 months)	April 1999 - March 2009 (120 months)
3. Project Cost		
Amount paid in Foreign currency	14,026 million yen	12,015 million yen
Amount paid in Local currency	1,078 million yen (33 million RM)	Unknown*
Total	15,104 million yen	N/A
Japanese ODA loan portion	14,026 million yen	12,015 million yen
Exchange rate	1RM = 31.9 yen (As of November 1998)	

* Budget for LEP only is unknown because budget allocated by the Ministry of Finance is the total budget for all study-abroad programs.