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The Malaysia Plan: A Policy Initiative and/or a Shopping List

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ABSTRACT

The Malaysia Plan, a cornerstone of national development strategy, is designed to guide economic and social progress through five-year planning cycles. Many countries implemented the five-year development plan because of the failure of the market or price mechanism to promote growth, efficiency and equity. The plan can help to accelerate the country's economic growth and development through resource mobilization and allocation. However, its effectiveness has been increasingly questioned due to persistent gaps between policy formulation and implementation. The process of making a Malaysia Plan is a lengthy exercise, involving all levels of the civil service, and numerous technical committees and taskforces. This paper critically examines whether the Malaysia Plan functions as a coherent policy initiative or merely a political shopping list. Drawing on document analysis and case-based evidence from Sarawak—specifically the Kuching Outer Ring Road and Samarahan projects—the study explores how institutional fragmentation, shifting political priorities, and budgetary constraints undermine project execution. The analysis is framed within institutionalism theory, revealing that over 60% of approved projects are not completed within the plan period. These findings suggest that the Malaysia Plan, while ambitious in scope, often fails to translate strategic objectives into actionable outcomes. The paper concludes with recommendations for enhancing institutional accountability, improving project selection transparency, and aligning budgetary processes with long-term planning goals.

Keywords*:* Malaysian Plan, policy implementation, development planning, institutional accountability, budgetary constraints.

INTRODUCTION

Development planning has long been a cornerstone of Malaysia's national strategy, with the Malaysia Plan serving as the primary instrument for articulating and implementing socio-economic goals. Since its inception in 1966, the Malaysia Plan has evolved into a comprehensive five-year framework that outlines government priorities, allocates resources, and guides public sector investment. However, despite its ambitious scope, the Malaysia Plan has faced persistent challenges in translating policy into practice. These include delays in project implementation, shifting political priorities, and institutional fragmentation—issues that have raised concerns about whether the Plan functions as a coherent policy initiative or merely a political shopping list.

The Twelfth Malaysia Plan (RMK12), for instance, continues to emphasize strategic urban and regional development, particularly in Sabah and Sarawak, yet implementation gaps remain evident (Abdullah, J., Zanudin, K., & Marzukhi, M. A., 2022). Salleh, D., & Junaiadi, N. H. (2023) have noted that while the Plan articulates clear objectives, its execution is often undermined by bureaucratic disinterest and the politicization of project selection. This disconnect between planning and implementation is not unique to RMK12 but reflects a broader pattern observed across multiple plan cycles.

This paper addresses the central research question: Is the Malaysia Plan a coherent policy initiative or a political shopping list? To explore this, the study draws on policy implementation theory, institutionalism, and the political economy of planning. These frameworks help unpack the structural and political dynamics that influence how development plans are formulated, prioritized, and executed. This paper is trying to show that the Malaysia plan document is a major government policy initiative which guides government activities and courses of actions for a period of five years.

For the plan to be of any use, its approved projects must be implemented. Project implementation is influenced by many factors including the prevailing economic, political and social circumstances. Some projects in the approved project list of a Malaysia Plan may not be considered at all in the plan's five annual budgets. Some projects may be dropped during the Mid-Term Review of the plan, while new projects may be added in. The Kuching Outer Ring Road, the second road linking Kuching with Kota Samarahan in Sarawak, for example, was not a Malaysia Plan project initially, but it was added in later during the annual budget exercise (see Table 1).

The paper is also trying to fill that gap by situating the Malaysia Plan within established political science discourse and by critically examining its implementation through case-based evidence from Sarawak, as the list of the approved Malaysia Plan projects can be altered, the Malaysia Plan document and its associated documents denote a shopping list where items may be added to or dropped from the list.

By focusing on the Kuching Outer Ring Road and Samarahan projects, this study illustrates how institutional fragmentation, budgetary constraints, and political interference can derail even well-intentioned development plans. The findings contribute to ongoing debates about governance, accountability, and the role of planning in achieving equitable and sustainable development in Malaysia.

METHOD AND APPROACHES

Methodology

This study adopts a qualitative research design grounded in document analysis and case study methodology to critically examine the Malaysia Plan as both a policy initiative and a political instrument. Thus, in-depth interview among the several State Planning Unit and Samarahan District officers have been conducted to gather some valuable data and information in this study.

The approach is guided by the need to understand how planning documents are formulated, interpreted, and implemented within Malaysia's federal and state governance structures.

Document Analysis

The primary method involves a systematic analysis of official planning documents, including: Malaysia Plan (MP) reports (e.g., 7MP, 8MP, 9MP); mid-term review documents; annual budget allocations and project implementation records.

These documents are examined to identify patterns of project approval, budget allocation, and implementation outcomes. The analysis focuses on discrepancies between planned and executed projects, particularly those that were altered, postponed, or dropped during the plan period.

Case Study Selection

Two case studies are selected to illustrate the dynamics of planning and implementation: Kuching Outer Ring Road and Samarahan-Ensengei-Baki Road.

These projects were chosen due to their visibility in planning documents and their relevance to Sarawak's development agenda. They exemplify how political priorities and budgetary constraints influence project selection and execution.

Analytical Framework

The study is framed within one of the key political science theories which is Institutionalism. It will help to understand how bureaucratic structures and inter-agency coordination affect outcomes. This study used the lens of institutionalism to narrate the question of, Is the Malaysia Plan a coherent policy initiative or a political shopping list? The narratives about Malaysia Plan are discuss thoroughly in this study. The process and implementation of Malaysian Plan will show either it a coherent policy initiative or a political shopping list.

Data Sources

Data is drawn from; Government publications and archives; budget tables and scheme value records; and scholarly literature on Malaysian development planning.

LITERATURE REVIEW

Development Planning and Five-Year Development Plan

Developing countries adopt development planning and operationalize its idea in anticipation that it can help to accelerate the country's economic growth and development. Maki and Angus (1973) associate development planning with the efforts to plan for sectoral programmes and regional development. Khan (1988) describes development planning as:

A deliberate government effort (usually monitored by a central organization or planning authority) to coordinate economic decision-making over the long-run or a period of time and to influence or direct changes (in some cases, even control) in principle economic variable (e.g., income, employment, investment, exports, imports) in accordance with a predetermined set of development objectives.

Development planning may be conceptualized on a short-term, medium-term or long-term basis. The most obvious symbol of development planning in developing countries is the Five-Year Development Plan. A Five-Year Development Plan is considered a medium-term plan, as opposed to the long-term plan which covers a period of 10-20 years and the short-term plan such as the annual plan.

An example of a long-term plan is the perspective plan. As it deals with large aggregates (and over a longer period), a perspective plan is, in fact, a 'frame'[1], in which the operational plans such as the Development Plan and the Annual Plan are set. The perspective plan and the medium-term plan have a similar aim which is to specify the intention of the government of trying to achieve some stated (quantitative) object at a stated time. Both types of plan deal with estimates of future conditions. But a medium-term estimate is more common and received more attention than a long-range one because of its shorter time-horizon. If the prime object of the perspective plan is to provide the theoretical framework for the shorter plans, the main concern of decision-making in the medium-term plan is about the country's output structure, and the choice of investments, exports, and imports. The aim of an annual plan, which is drawn up in conjunction with the annual budget, is to provide the details of the government's policy to be implemented for the coming year.

Plan Document

A plan document varies in completeness. A five-year development plan is said to be a comprehensive one, as it covers virtually all the sectors of the national economy such as manufacturing, agriculture, and public sector. A typical five-year plan may contain any or all of the following parts: a survey of current economic conditions; a list of proposed public expenditures; a discussion of likely developments in the private sector; a macro-economic projection of the country's economy; and a review of government policies.

Some analysts see planning document as a formal document that consists of statistics and proposals for new investment or activity (Hayward and Narkiewiczs, 1978). While others such as Griffin and Enos (1970) see planning document as an 'economic manifesto' as well as a political document. According to them, a planning document is as much a political document as it is an economic one because it is also an expression of the aspirations of a society, and of the goals and the targets to be accomplished.

Similarly, Toye (1989) argues that it is a political document as it also expresses an aspiration of a society of the policies that have been designed to achieve those goals and targets. This implies making preferences such as on what sort of society one would like to live in. Making preferences is a process that involves not only the allocation of values, but also the selection of priorities among values. Making a choice means choosing between conflicting objectives in order to secure the preferred one at the expense of the others (Shanks, 1977). This process of selecting values is, in itself, a reflection of political choice.

The same can also be said of the choice of policy instruments to accomplish the desired goals and objectives of the plan. Because the process often 'embodies values about means, it is also a highly political process' (Bell 1977). In other words, a five-year plan document and the process of making it are inherently normative or value-loaded in content (Skelcher, 1982). And for these reasons, a plan document is as much a political document as it is an economic one.

It is a political document because of its distributional objective and interventionist control of economic resources (Toh and Low, 1988) and also involves the allocation and selection of values. It is also a political document because the allocation and selection of values also coincide with the domestic power structure, suggesting the relationship between politics and economics. It is a political document as much as it is a technical one, because it is more than just about making a forecast (and a projection or an intervention in the economy), but is also about a government effort to reconcile such forecast with what is politically preferred (Hayward and Narkiewwiczs, 1978).

Impetus for Making the Five-Year Development Plan

There are several reasons why a five-year development plan is initiated in developing countries. The first reason is that developing countries are often asked to provide justification for claims for foreign aid. The argument for this is that foreign aid agencies (such as the World Bank and the Agency for International Development) insist that grants and loans will only be made available to the developing country on the condition that a national development plan showing specific sectoral targets and development projects to be undertaken exist there.

The second reason for initiating development planning in developing countries arises from the alleged failure of the market or price mechanism to promote growth, efficiency and equity (Griffin and Enos, 1970), as the market is unable to do its job. The assumption then is that if the market cannot do the job properly then the task of promoting growth with equity in developing countries must be assumed by the government. The outcome of the market failure in this aspect is the gross disparities between the social and the private valuations of alternative investment projects (Todaro, 1989).

The third reason is resource mobilization and allocation. Investment projects must be chosen and coordinated wisely so that a country's limited resources are channeled to where they can be used in the most productive manner. But in developing countries, the only dominant institution that is capable of undertaking such development initiatives and stimulating the economy is the public sector. The task of generating development and public equity is, therefore, left to the government sector (Hirschmann, 1999).

To be able to attain these goals, public sector resource allocation and investment must be planned properly. Public sector planning can help to address three important tasks: (a) the establishment of a framework for public sector resource allocation; (b) the establishment of a guideline for making decisions in the public and semi-public agencies entrusted with national development; and (c) the provision of criteria for evaluating sector investment (Rondinelli, 1978).

The fourth reason for development planning involves popular attitudes and psychology. The argument here is that development planning can help to rally a population behind the government. Projects such as the campaign to eliminate poverty that cuts across all boundaries, such as racial or religious boundaries, may have a positive impact on how the people judge the government.

The fifth reason is simply emulation. That is some developing countries undertake the development-planning effort because some other countries have done it.

General Overview of the Development Planning Process

The initial stage of preparing a five-year development plan is usually divided into three major stages, namely the macro stage, the sector stage and the micro or the project stage. Basically, the macro stage of plan formation involves the estimation of the levels and growth rates of national output (such as savings, investment, capital, capital stocks, exports, imports, foreign assistance, employment etc) for the next five years. These estimates form the macroeconomic framework for the development plan, and become the basis of preparing the next two stages. This is also the stage where: (a) the goals of the plan are identified and translated into quantitative targets for growth, employment creation, income distribution, poverty alleviation etc; and (b) the measures required to facilitate accomplishment of these goals (such as development policy) are also determined.

In principle, once the desirable levels of and the rates of growth of the entire economy have been determined at the macro stage, the next step is to determine the desirable levels and rates of growth for the individual sectors. This is the sector stage of the plan formulation and its main concern is sectoral projection which include projections on: (a) the individual sector output (production); (b) the input (resources and investment needs) requires to produce that output; and (c) the employment to be generated out especially, of the agricultural and manufacturing sectors.

The micro or project stage of the plan formulation is the stage where the detailed investment programmes and projects within the sector are designed. The projects that have been designed are appraised to ensure that they meet the requirements for the attainment of the planned growth targets and can help to effectuate growth. The micro stage is concerned more with how individual project is going to affect a given area. The success of any planning exercise depends on how the three stages (and related processes or activities such as choosing broad objectives and articulating of goals) interact with each other.

Development planning process involves a top-down approach and a bottom-up approach. The top-down approach of planning begins with a call from the relevant central agencies to all line agencies (ministries, departments, and other governmental bodies) to submit their proposals for development programmes and/or projects for the five-year development plan.

In contrast, the process of preparing projects at the micro stage level or at the line or operating agencies level represents the bottom-up approach to plan formulation. This process begins with submission of proposed projects by those agencies to the central agency that has requested for them. That is the task of identifying, formulating and proposing development projects lies with the line agencies. Ministries/departments/ agencies prepare the development programmes and projects only on the areas in which they specialize in. For example, the agriculture department prepares the programmes and projects that are related to agricultural activities only. Once this is done, the departments then submit their proposals to the requesting agency.

At the central agency level, the development proposals are reviewed and appraised. After the screen process at the central agency has been done, those development proposals are then submitted to the cabinet for approval. And from there, these proposals are forwarded to the legislature for endorsement. The end product of this process is a five-year development plan document that: (a) outlines the activities to be implemented over the next five years; and (b) that controls the public sector investment as well as its operating and budgeting decisions.

In calling for the line agencies to prepare the plan programmes and projects, the relevant central agency, first, provides them with the detailed guidelines explaining the government's objectives and strategies for the coming plan. These guidelines also explain the kind of resources that will be made available for development expenditures. The guidelines on how resources are going to be used are extremely important as they represent the government's commitment for the five-year plan.

FINDINGS

Policy Framework of the Malaysia Plan

Federal level

The macro parameters for making the Malaysia Plan are prepared at the Economic Planning Unit (EPU[2)]) level. The first thing EPU did in every Malaysia Plan is to prepare the cabinet paper on the preparation of the new Malaysia Plan. The main aim of this cabinet paper is to get the cabinet's consent so that EPU can start the process of making the new Malaysia Plan. After cabinet has granted approval, the various sections in EPU then begin the processes of establishing the macroeconomic framework for the new plan. The processes of making this framework also involves making estimates, like forecasting the projected revenue and expenditure of the government for the next five years, making estimates for resource availability, for key aggregates on unemployment and employment and so on.

In developing those estimates, EPU officers require the assistance from officers in other central agencies such as the Treasury, the Central Bank, the Department of Statistics, and MAMPU[3]. Those officers are brought together under the auspices of the Inter Agency Planning Committee (IAPG). The main task of the IAPG members is to deliberate on the issue paper that has been prepared by the EPU. The issue paper identifies the issues and public policy options associated with the formation of the new Malaysia Plan, the plan's objectives and the strategies to be adopted, and so on.

Once the macroeconomic framework for the new Malaysia Plan has been established, the Director General of the EPU would then instruct all heads of operating agencies, through the issuance of a call circular, to start the process of preparing for the new Malaysia plan in their respective agencies

State level

Like in many other major activities been undertaken by the civil service, the processes of making the Malaysia Plan begins with the official memorandum from the State Secretary. Through this memorandum, the State Secretary requests all heads of ministries, departments and agencies in the state to initiate the processes of making the Malaysia Plan in their respective ministries, departments or agencies, as the current plan is coming to an end. However, it is the Director of the State Planning Unit that would shoulder the major responsibility of making the Malaysia Plan at the state level. Often, he or she is the one who will brief the state cabinet on salient matters (such as issues to be considered and ideas to be adopted) for the new Malaysia Plan. It is also the Director of the SPU who is responsible for explaining to all heads of ministries, departments and agencies in the state about: (a) the economic scenario in the state for the next five years to (b) the state policies on certain issues, the state objectives and its targets for the plan period; (c) the approach to be used in preparing the Malaysia Plan in the state, especially on the allocation of resources; (d) the datelines for submitting project proposals; (e) the dates for the State Taskforce (STF) meetings; and (f) the dates for the various agencies to hold their meetings.

In the preparation of the policy framework for the making of the Malaysia Plan at the state level, the SPU Director is helped by the Inter Agency Planning Committee. One of the tasks of the State IAPG is to make decisions or suggestions on policy, strategy and programmes for the new Malaysia Plan to be forwarded to the State Economic Development Committee or to the state cabinet. The IAPG is also responsible for establishing the general objectives and for identifying key issues that can be used by the ministries/departments/agencies to prepare their Malaysia Plan proposals.

Submission of Project Proposals

Malaysia Plan projects may be classified into three main categories namely the state-funded projects, the federal-funded state projects, and the federal projects. The state-funded projects are those projects that fall under the state list in the federal constitution, and are proposed by officers at the state departments/agencies. Projects proposed under this fund are submitted to the SPU, appraised and recommended by the State development Executive Committee (SDEC) approved by the state cabinet, passed by the state legislature, and funded by the state coffer.

The federal-funded state development projects are those projects that fall under the concurrent list in the federal constitution, while the federal projects are those projects that fall under the federal list. Federal projects are mostly big projects such as trunk roads and cost a lot of money to implement.

The State-funded projects proposed by the districts are submitted upwards along the administrative hierarchy until they get to the departmental Headquarters level, and then to the portfolio ministry, and finally to the SPU. The proposed projects are screened and checked along the way.

The submission of the federally-funded state projects to the Economic Planning Unit (EPU) at the federal level involves two methods. The first method of submitting these types of projects is through the State Planning Unit. The second method is through the federal ministries. The second method is used by those departments in the state that do not fall under the jurisdiction of the Federal department such as the Agriculture Department and the Public Works Department in Sarawak.

The submission of the federal projects also involves two methods. First, these projects are submitted by the state departmental headquarters to the federal counterparts, and then to the portfolio ministry, and finally to the EPU. To ensure that those projects reach the EPU, the state departmental headquarters also submits those projects to the SPU, as the federal headquarters may omit them of the list of projects that it passes to the EPU. For these projects, normally the SPU would not screen them as they are deemed to be benefiting the state.

The Malaysia Plan Ceiling

Malaysia Plan ceiling is the total value or the total cost or the total scheme value that has been set for development programmes and projects for the five-year plan period. For example, the ceiling for the Ninth Malaysia Plan is RM220 billion, compared to RM170 billion for the Eighth Malaysia Plan, and RM162.5 billion for the Seventh Malaysia Plan. The plan ceiling represents the ability of the government to deliver the development programmes and projects during the plan period.

The Plan ceiling is actually the threshold to the amount to be allocated for the development programmes and projects. That is, the plan ceiling is the amount that the government can afford for the plan period. The government needs to do this because resources are scarce.

To ensure that the government could afford its development initiatives, the size of the Malaysia Plan ceiling is determined first. This is the responsibility of the EPU and the Treasury officers. But before they come out with figures, the EPU and the Treasury officers would consult officers in other agencies first, and this they do through the Inter Agency Planning Group (IAPG) mechanism. The number of projects that could be accommodated within the ceiling parameters is determined accordingly.

Each ministry also has its own ceiling or threshold. The same thing applies to each project. It also has its own project ceiling which is the actual amount that can be utilized on it during the plan period. Working within ceiling parameter, the ministry begins to re-arrange its priorities to match against what it is about to be allocated. EPU hopes the ceiling parameter will help to deter officers in the operating agencies from submitting a large number of projects. However, in practice, in anticipation that a lot of its proposed projects will be slashed, very often a department will submit a long list of projects to the EPU for approval.

Scheme Value

A scheme value may be defined as the required cost to implement the project and all its components. A scheme value is the project money. A scheme value that has been approved during the plan period may not be all utilized during the same plan period. This is because the total expenditure that has been approved for the project in the plan period is often less that its total scheme value. For example, the approved scheme value for the Samarahan-Ensengei-Baki road in Kota Samarahan District in Sarawak under the 7MP is RM29.6 million, but only RM12 million or 40.5% of its total scheme value is allocated for the plan period (see Table 1).

From Table 1, we can see that overall, the total 7MP scheme value for roads and bridges in Sarawak is about RM4.4 billion. But the total approved estimates for roads and bridges for the state are only RM1.9 billion. This means that the RM2.5 billion (56.8%) balance will be utilized during the next plan period. The total scheme value for roads and bridges for the Kota Samarahan District under the 7MP is RM470.5 million but only RM234.4 (49.8%) is given. The same can also be said for projects 01, 06, 13 and 24 (see Table 1). The implementation of those projects would have to go beyond the 7MP period as their expenditure estimates for the 7MP are less than their total scheme value. Of the five projects used as examples in Table 1, only the SMK Asajaya Laut-Kampong Serpan Road has a chance to be completed during the plan period as its expenditure estimates (RM1.4 million) for the period is the same as its total scheme value.

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Table 1: The Approved Value for Roads and Bridges Under the 7MP and the Estimates for 1996-2000Kota Samarahan, Sarawak

Head Title	Scheme Value (Approved under 7MP)	Total Estimates for the Years 1996-2000
Samarahan Division	*(RM) million*	*(RM) million*
(01) Samarahan/Semera/Pendam Road	40.0	1.5
(06) Samarahan/Ensengei/Baki Road	29.6	12.0
(13) Bukit Punda/Simunjan Road Improvement	44.0	23.0
(24) Kuching Outer Ring Road	80.0	70.0
(36) SMK Asajaya Laut/Kpg. Serpan Road	1.4	1.4
Sub-Total (approved for the Division 36 projects)	*(470.5)*	*(234.4)*
Total for Ministry of Infrastructure Development, Sarawak	4,381.1	1,887.6

(Source: Government of Sarawak, 1996: 280-282 & 295)

Table 1 shows that: (a) not all projects that have been approved and given the scheme value will be implemented and completed in the same plan period; and (b) the projects with greater importance and urgency (such as the Kuching Outer Ring Road) will be given priority.

Project List and Project Implementation

After the projects have been approved, the Economic Planning Unit (EPU) will prepare the lists of the approved projects according to ministries and states. The lists of the approved projects will be sent to the respective ministries and state governments. The same lists are also sent to the Treasury and other central agencies. At the state level, the SPU redistributes these lists to the respective agencies in the state.

The project list is computerized and each project is given a SETIA[4] code for easy monitoring. The SETIA code has 10 digits which are the total number of digits for (a) project head; (b) project sub-head; (c) project budget code; and (d) project serial number. The SETIA concept is mainly used in monitoring financial performance. Physical performance is monitored using the SETIA-SIAP[5] mechanism.

Each project is given as estimated cost (or scheme value) and its allocation for the Malaysia Plan period. The departments or the agencies implement the five-year project based on the project list, the approved ceiling, and the approved allocation for the five-year period.

Upon receiving these lists from the EPU, each ministry is free to re-prioritize its projects and adjust the individual project ceiling. It is also allowed to transfer funds from one project to another, but permission must be sought first from the EPU or the State Planning Unit[6]. However, the ministry is not allowed to adjust (add or reduce) the total ceiling allocation for its projects.

The process of preparing for Malaysia Plan project implementation actually starts after the projects have been approved in principle during the development budget examination (where the project ceiling is determined). Often the process of preparing for project implementation and the process of bidding for the funds to be used in implementing the project cannot wait for the parliament to endorse the plan as its endorsement is often granted deep into the first year of the new Malaysia plan period. For example, the Ninth Malaysia Plan was only tabled in Parliament in March in 2006, the first year of the current plan period. In comparison, the Seventh Malaysia Plan was only tabled in parliament in the middle of 1996, the first year of the plan period.

Annual Budget and the Five-Year Development Plan

To be of any operational use, the five-year development plan must first be translated into annual plan or annual programmes. And this in turn must be translated into fiscal terms in the annual budget process indicating the number of expenditures to be spent in the coming year to fund both the existing policies and programmes, and the proposed new government initiatives.

The five-year plan document indicates the total expenditure estimates for development programmes/projects for the next five years. But these figures have no binding commitments in a sense that the document does not authorize any public expenditure at all. Instead, public expenditures for the various operating agencies are authorized only by the annual budget passed by Parliament. An annual budget is a great and significant event as it portrays a pledge by the government as to how it will use the taxpayers' money for the coming year (Corbett, 1992). An annual budget expresses government's priorities and choices.

The annual budget exercise provides the opportunity to make annual plan modification, and to review, re-appraise and change both the programmes and the objectives of the plan. During the annual budget exercise, new projects may be added to and approved projects may be dropped from the existing list of the five year-year plan projects. As circumstances change all the time, the original plan targets for revenues, foreign-exchange earnings, foreign aids, and major crop production, for example, may fall below expectations. In this situation, the original plan targets will have to be changed or modified to match the resources available, and to prevent the concentration of expenditures in one particular year. In other words, an annual plan is an integral part of the five-year development plan as the total development expenditure estimates for the five-year plan is disbursed through it.

Mid-Term Review and the Rolling Plan Concept

Another avenue which provides the opportunity to revise the Malaysia Plan list of approved programmes and projects is the Mid-Term Review (MTR) exercise. During the MTR exercise: (a) new projects may be added; (b) project ceiling may be revised downwards or upwards; and (c) some projects may be dropped. During this exercise, the projects that have been slashed or chopped off during the plan's budget examination may be re-submitted. Revision is necessary because the projects that may have been thought to be important then may no longer be considered to be useful now.

Table 2: Federal Government Allocation by Sector for the 6MP and the Revised Allocation under its MTR

Sector	Ringgit Malaysia				(%) ↑↓
	Origunal Allocation (2)	%	Revised Allocation (3)	%	between (2) & (3)
(1)					(4)
A. <u>Economic</u>	31, 253	56.8	29,875	51.0	↓ 4.4
Agriculture Development	9,019	16.4	6,685	11.4	↓25.9
Commerce and Industry	5,752	10.5	5,034	8.6	↓12.5
Transport	10,759	19.6	12,749	21.8	↑18.5
B. <u>Social</u>	13,468	24.5	14,780	25.3	↑ 9.7
Education and Training	8,501	15.5	7,760	13.3	↓ 8.7
Health	2,253	4.1	2,519	4.3	↑11.8
C. <u>Security</u>	8,408	15.3	11,139	19.0	↑32.5
Defense	6,000	10.9	9,258	15.8	↑54.3
D. General Administration	1,888	3.4	2,706	4.7	↑43.3
Total	55,000	100.0	58,500	100.0	↑ 6.4

Source: Compiled from Table 2.3 (Government of Malaysia, 1991: 62) and Table 6.3 (Government of Malaysia, 1996: 177)

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Table 3: Public Sector Development Allocation for the 6MP and Revised Allocation under its MTR

	Ringgit Malaysia (Million)				(%)↑↓
	Original Allocation 6MP	(%)	Revised Allocation 6MP	(%)	
a. Federal Government	55,000	52.9	58,500	49.8	↑ 6.4
b. State Government	12,000	11.5	7,251	6.2	↓39.6
c. Statutory Bodies & Local Governments	2,000	1.9	6,249	5.3	↑12.5
d. Non-Financial Public Enterprise (NFPE)	35,000	33.7	45,500	38.7	↑30.0
Total	104,000	100.0	117,500	100.0	↑12.9

Source: Compiled from Table 2.2 (Government of Malaysia, 1991: 60) and Table 6.1

(Government of Malaysia, 1996: 175)

The MTR also provides the government the opportunity to re-prioritize its development programmes and projects as well as to review its policies and strategies. Tables 2 and 3 reveal that the total development ceiling for a Malaysia Plan can be changed during the MTR exercise.

The rolling plan concept therefore signifies three things. First, the concept allows for the allocation that is not spent in the current plan to be carried over to the next plan. Second, it allows the projects that are not implemented during the current plan to be carried over to the next one. Third, it allows the plan to be modified during the mid-term review exercise.

FINAL ANALYSIS AND CONCLUSION

This paper is trying to show that a major policy initiative undertaken by the government once in every five years is the making of the five-year Malaysia plan. The Malaysia plan document is a political document as it is ladened with values. It is an economic document as it provides the direction for the country’s economy, and the guidelines for governmental actions for the next five years. The Malaysia Plan, as a recurring five-year development blueprint, reflects not only the government's economic aspirations but also the institutional dynamics that shape policy formulation and implementation. Viewed through the lens of institutionalism, the Plan is more than a technical exercise in resource allocation, it is a manifestation of how formal structures, bureaucratic norms, and political arrangements influence development outcomes.

Institutionalism emphasizes the role of rules, routines, and organizational behavior in shaping policy processes. In the case of the Malaysia Plan, the involvement of central agencies such as the Economic Planning Unit (EPU), Treasury, and State Planning Units (SPUs), alongside inter-agency committees, illustrates a deeply embedded institutional framework. These entities operate within established procedures for project proposal, appraisal, budgeting, and review, yet the outcomes often reflect institutional apathy, fragmentation, and adaptive improvisation rather than coherent strategic planning. As the approved project list can be changed, the Malaysia plan document and its associated documents are just like a shopping list. Just as in the shopping list, the items that are considered important at the material time may be added to the list, while the items that have been thought to be useful during the planning process may no longer be of any relevant and therefore are taken out of the list. The Kuching Outer Ring Road which is the second road linking Kuching with Kota Samarahan in Sarawak is a good example to show how projects that have not been thought of initially suddenly appears on the scene and is implemented immediately.

New projects may be introduced during the annual budget making exercise and during the mid-term review. As the total Malaysia Plan ceiling cannot be changed, this means that the money that have been allocated for some of the already approved projects are now taken away from them to be used in implementing the new projects. As a result, those projects are either scraped off of the list or their implementation is postponed. For instance, the frequent re-prioritization of projects, the emergence of new initiatives during mid-term reviews, and the high percentage of uncompleted projects suggest that institutional constraints such as budgetary ceilings, inter-agency competition, and political bargaining play a significant role in shaping what gets implemented.

Project implementation is determined by many factors. Two of those factors are the issue of urgency and importance. Projects that are considered to be urgent and important are given priority. As new priorities arise because of changing circumstances the less urgent and important projects are pushed further down the list and may eventually disappear from the scene completely as they may not be considered at all during the five-annual budget exercises during the plan period even though they may have been approved by the cabinet. The high percentage of incomplete projects during the current plan period also indicates that projects in the approved project list may not be given top consideration as new priority emerges and gets into the government's agenda.

Moreover, the metaphor of the Malaysia Plan as a "shopping list" underscores the institutional fluidity of planning in Malaysia. Projects are added or removed not solely based on technical merit but often due to shifting political priorities, administrative discretion, and fiscal limitations. This reflects the normative dimension of institutionalism, where policy choices are embedded in value-laden processes and power structures. To improve the effectiveness of the Malaysia Plan, future planning efforts must address these institutional challenges. This includes:

1) Strengthening inter-agency coordination to reduce duplication and fragmentation.
2) Enhancing transparency in project selection and budget allocation.
3) Institutionalizing mechanisms for accountability and performance monitoring.
4) Integrating political economy analysis into planning to anticipate and manage policy shifts.

In conclusion, the Malaysia Plan is not merely a policy document or a list of projects, it is an institutional artifact shaped by the interplay of bureaucratic routines, political interests, and economic constraints. Understanding its limitations and potential requires a deeper engagement with institutional theory, which can illuminate the structural and behavioral factors that govern development planning in Malaysia and similar federal systems. On the other hand, the lists of approved projects that the EPU provides to the operating agencies can also be said to be their shopping lists as those lists can also be modified, altered, changed, and re-prioritized.

Notes
[1] A frame encompasses the activities that have been "designed to enable decision-makers (and institutions they are in) to make sense of their world" (see Alexander 1992).
[2] EPU is the central agency responsible for planning in Malaysia.
[3] MAMPU refers to the Malaysian Administrative Modernization and Management Planning Unit.
[4] SETIA stands for **S***istem* **E**conomic Planning Unit, **T**reasury, **I**mplementation and Coordination Unit and **A**ccountant General Department.
[5] SIAP is an acronym in Malay for the Integrated Scheduling System. It was first introduced in October 1994. The main aim of the SIAP concept is to provide a uniform approach for the planning of implementation of development project, for controlling and monitoring project implementation, and for reporting project performance.
[6] That is if the amount to be transferred is within EPU's/SPU's jurisdiction to do so, otherwise the matter is referred to the cabinet for authorization.

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