





# Chapter 4

## MOVING TOWARDS INCLUSIVE SOCIO-ECONOMIC DEVELOPMENT

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The economic policies pursued since the last four decades, underpinned by the development philosophy of growth with distribution, provided decades of outstanding economic performance. This resulted in significant poverty reduction, more balanced economic participation and wider coverage of essential services such as healthcare and education nationwide.

Despite these successes, there remain vulnerable sections of the population due to their low income or disadvantaged circumstances. Therefore, an inclusive development approach that broadens the ability of Malaysians to participate in and benefit from economic development will be pursued.

Alleviation of socio-economic inequalities needs to be implemented in the context of an expanding economy. Since the Asian Financial Crisis in 1997-1998, Malaysia's growth has weakened and aggregate investment as a share of gross domestic product (GDP) has continued to decline. The Government is, therefore, embarking on an economic transformation aimed at delivering sustained high growth and moving Malaysia towards a high-income nation.

In order to be consistent with competitiveness and economic growth, a pragmatic approach will be adopted in pursuing inclusiveness. The new approach is anchored on two objectives:

- **Enabling equitable opportunities for all Malaysians.** This will enable all Malaysians to participate in the economy according to their requirements and needs. This involves stepping up capacity and capability building, enhancing access to employment opportunities and adopting a more targeted approach in encouraging innovation-driven entrepreneurship; and
- **Providing a social safety net for disadvantaged groups.** Equitable access to health, education and basic infrastructure will be emphasised, while mechanisms for targeted income support will be enhanced as general subsidies are phased out.

The Tenth Malaysia Plan, 2011-2015 will encapsulate the spirit of 1Malaysia to create a fair and socially just society with national unity as its ultimate objective. A fair and socially just society is where all people, with no exception, have the rights, freedom, and capacity to access services and resources to enhance their well being, and where the most disadvantaged are given extra support to ensure such success. In line with the '1Malaysia: People First, Performance Now' concept, the inclusive development approach will ensure equitable access to economic participation among all Malaysians in moving towards a fair and socially just society.

Inclusiveness will be addressed from multiple angles and various targets have been set from four perspectives as shown in *Chart 4-1*. This will involve providing focused support towards encouraging greater participation from specific groups that are most in need, especially the bottom 40% household income group (herein referred to as bottom 40% households).

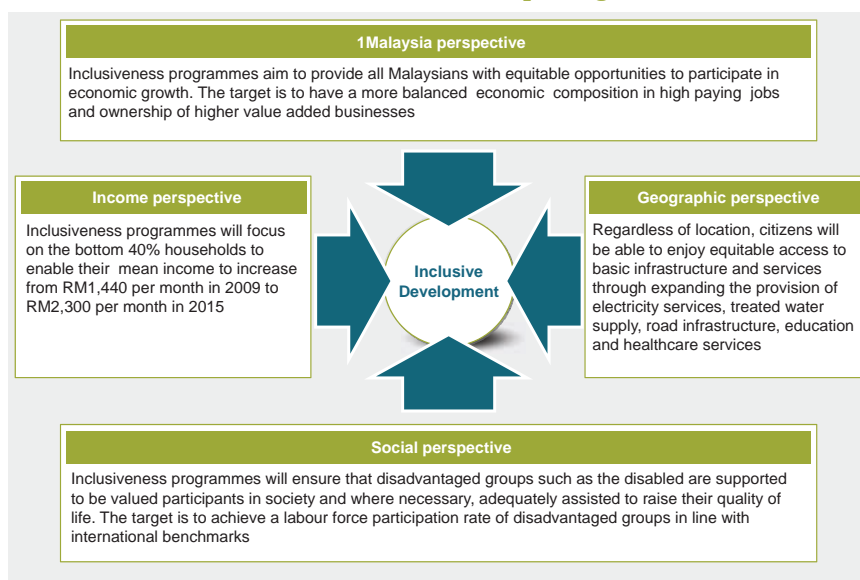
In line with the inclusive development approach, programmes in the Tenth Plan will be based on four principles to support Malaysia's growth objectives

and provide a better foundation for a more united and progressive society. The principles are:

- **Market-friendly.** New affirmative action instruments will allow resources to be optimally allocated and not cause, contribute or perpetuate economic distortions;
- **Needs-based.** Bottom 40% households and disadvantaged groups with specific needs will be targeted;

**Chart 4-1**

Targets have been set within the Tenth Plan period to ensure that inclusiveness will be addressed from multiple angles



- **Merit-based.** Programmes will encourage competition and award opportunities to the most qualified individuals and businesses; and
- **Transparent.** Policies, procedures, and criteria will be made clear and public.

In addition to the four principles above, emphasis will also be given to ensure programmes and projects are sustainable and produce the desired outcomes and impact.

The four principles also translate to a more customised and collaborative approach in determining inclusiveness targets for the private sector. In the past, a number of policy instruments were used to allocate corporate equity directly to Bumiputera. However, studies have shown that the successful instruments, such as unit trust schemes, were those that enabled sustained control over companies, promoted balanced employment and participation, and established underlying enablers for viable entrepreneurship such as access to capital and business opportunities. Therefore, under the new approach highlighted in *Table 4-1*, there will be increased emphasis on instruments such as institutional ownership over corporate equity and property, which enables pooling and mobilising of funds and distribution of profits to a larger group of

participants. In addition, a more consultative approach will be undertaken in setting inclusiveness requirements and targets for companies that are beneficiaries of government contracts, licences and incentives.

During the Tenth Plan period, key strategies to provide equitable opportunity to participate in the economy as well as work towards greater socio-economic inclusiveness among all Malaysians will include:

- Elevating the livelihoods of the bottom 40% households;
- Enhancing Bumiputera economic participation;
- Ensuring basic physical infrastructure is accessible to all; and
- Enabling a progressive and more inclusive society in line with the 1Malaysia concept.

Table 4-1: Policy Instruments - Before and After

INSTRUMENT	FROM ....	.... TO
<b>Unit trust schemes</b>	<ul style="list-style-type: none"> <li>■ Pooling and mobilising Bumiputera capital to acquire corporate equity (mainly Malaysian listed companies) and sharing the gains</li> </ul>	<ul style="list-style-type: none"> <li>■ Expansion of this successful concept to other types of wealth, e.g. property investment via <i>Yayasan Amanah Hartanah Bumiputera</i></li> </ul>
<b>Allocation-type instruments such as Industrial Coordination Act (ICA) and Foreign Investment Committee (FIC) Guidelines</b>	<ul style="list-style-type: none"> <li>■ Requiring companies to allocate 30% equity to Bumiputera</li> </ul>	<ul style="list-style-type: none"> <li>■ Emphasis on economic participation including active participation in management and businesses</li> <li>■ Market-based acquisitions by institutional investors e.g. <i>Permodalan Nasional Berhad (PNB)</i> and <i>Ekuiti Nasional Berhad (EKUINAS)</i></li> <li>■ More effective entrepreneur development programmes</li> </ul>
<b>Access to government procurement</b>	<ul style="list-style-type: none"> <li>■ Approach not being adapted to sector needs</li> <li>■ Focus on defining Bumiputera participation at shareholding level</li> </ul>	<ul style="list-style-type: none"> <li>■ Approach adapted to sector needs, with emphasis given to higher value added sectors</li> <li>■ Building genuine participation and partnerships by adopting transparency and meritocracy principles</li> <li>■ National agenda targets on balanced economic participation negotiated with companies</li> </ul>
<b>Employment</b>	<ul style="list-style-type: none"> <li>■ Indirect approach and no specific target</li> </ul>	<ul style="list-style-type: none"> <li>■ Promoting Bumiputera representation in high paying jobs through supply-side and market-friendly demand-side measures</li> <li>■ Requirement for disclosure of employment composition by gender and ethnic groups</li> </ul>

INSTRUMENT	FROM....	.... TO
<p><b>Entrepreneur development</b></p>	<ul style="list-style-type: none"> <li>■ Focusing on basic training and supporting small scale establishments, particularly to promote self employment amongst disadvantaged groups and the unemployed</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthening and expanding entrepreneurship programmes for bottom 40% households regardless of ethnicity, with targeted programmes for special needs groups</li> <li>■ Placing greater emphasis on scaling up and promoting innovation-intensive businesses to grow the Bumiputera Commercial and Industrial Community (BCIC)</li> <li>■ Development of new approach of BCIC by segmenting Bumiputera companies by their business stages</li> </ul>
<p><b>Education</b></p>	<ul style="list-style-type: none"> <li>■ Ethnic based quotas</li> <li>■ Adopting 'means testing' as the criteria without special allocation for bottom 40% households</li> </ul>	<ul style="list-style-type: none"> <li>■ Improve access to and quality of education by: <ul style="list-style-type: none"> <li>■ Providing special consideration to the bottom 40% households for placements in boarding schools, matriculation, universities and scholarships, to benefit all ethnicities</li> <li>■ Providing hostels to assist rural children in attending better schools in urban areas</li> </ul> </li> <li>■ Bumiputera-specific institutions such as <i>Majlis Amanah Rakyat (MARA)</i> will enhance their roles in supporting the Bumiputera development agenda</li> </ul>

**Box 4-1*****Building on the success of the New Economic Policy***

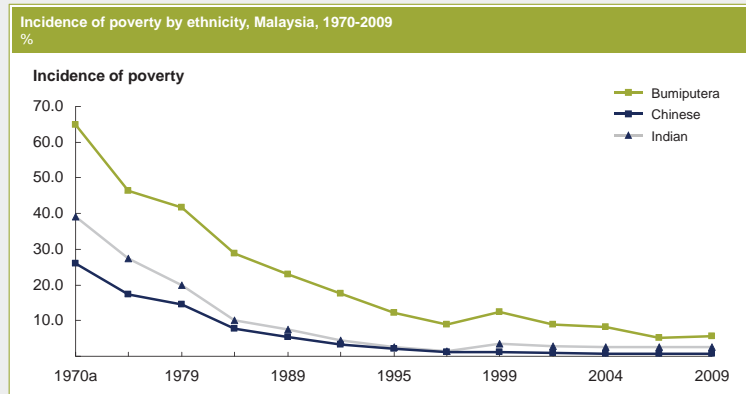
The New Economic Policy (NEP) was introduced in 1971 to address extreme economic imbalances present at the time. In 1970, 49.3% of Malaysians were living below the poverty line, which included 64.8% of the Bumiputera population, 39.2% of the Indians and 26.0% of the Chinese. Furthermore, there were significant socio-economic inequalities, with Bumiputera holding only 2.4% of the corporate equity, earning an average household income of 65.0% of the national mean and were primarily employed in the traditional rural sector (Bumiputera represented 74.0% of employment in the sector). Since these imbalances could not be corrected purely through market forces, the NEP was launched with the ultimate goal of national unity and two objectives: eradication of poverty regardless of ethnicity and restructuring of society to eliminate the identification of ethnicity from economic function.

The policies and programmes intended for social restructuring focused primarily on income parity, employment and the creation of a Bumiputera Commercial and Industrial Community (BCIC). Among them were supply-side measures aimed at elevating capabilities through education and training, scholarships and establishment of elite schools; and demand-side measures such as allocation of corporate equity to Bumiputera through the Foreign Investment Committee (FIC) Guidelines, Industrial Coordination Act (ICA), privatisation and PNB Unit Trust schemes. Developmental organisations such as Majlis Amanah Rakyat (MARA), Perbadanan Usahawan Nasional Berhad (PUNB) and Perbadanan Nasional Berhad (PNS) were also tasked to provide support facilities and special assistance programmes to boost Bumiputera participation in entrepreneurial activities.

Although the NEP's remit ended in 1990, its underlying principle of growth with distribution was carried along through its successors, the National Development Policy (NDP), the National Vision Policy (NVS) and the National Mission. The NEP achieved outstanding progress towards addressing its original goals. Overall poverty has been significantly reduced from 49.3% in 1970 to 3.8% in 2009, whilst general living standards amongst the majority of Malaysians have also been raised. Similarly, inter-ethnic economic imbalances have been substantially reduced as evidenced by improved distribution of corporate ownership between 1970 and 2008.



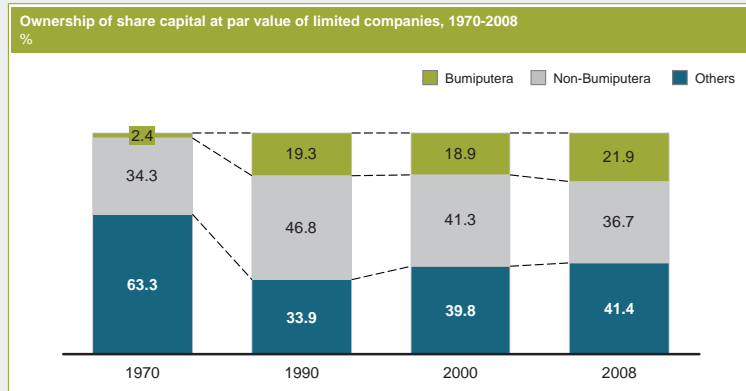
### Significant progress has been made to eradicate poverty across all ethnicities



a = Refers to Peninsular Malaysia only. Starting 1989 data is based on Malaysian citizen. From 1999 onwards, calculation of poverty is based on 2005 methodology

SOURCE: Economic Planning Unit and Department of Statistics – Household Income Surveys

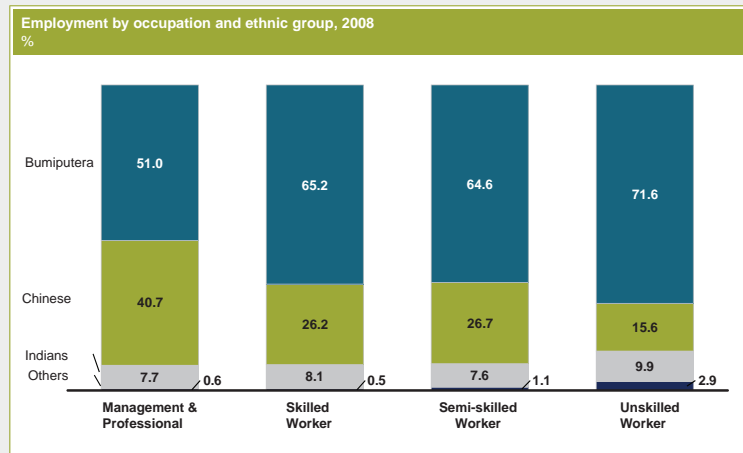
### Bumiputera ownership of share capital has increased



SOURCE: Economic Planning Unit and Companies Commission of Malaysia

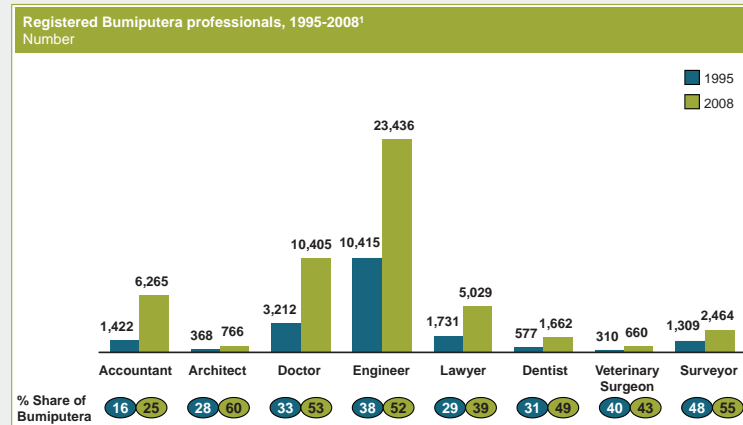
The NEP also enabled the creation of a Bumiputera professional and middle class group, with higher equitable employment participation in higher value added occupations. In 2008, Bumiputera accounted for 51.0% of the management and professionals category of activities. The number of Bumiputera professionals such as doctors and accountants grew significantly from 1995 to 2008. Bumiputera share of selected professionals has also improved, accounting for 60.0% of architects, 53.0% of doctors and 52.0% of engineers.

**Bumiputera have higher equitable employment participation in management and professional category of occupations**



SOURCE: Department of Statistics – Labour Force Survey 2008

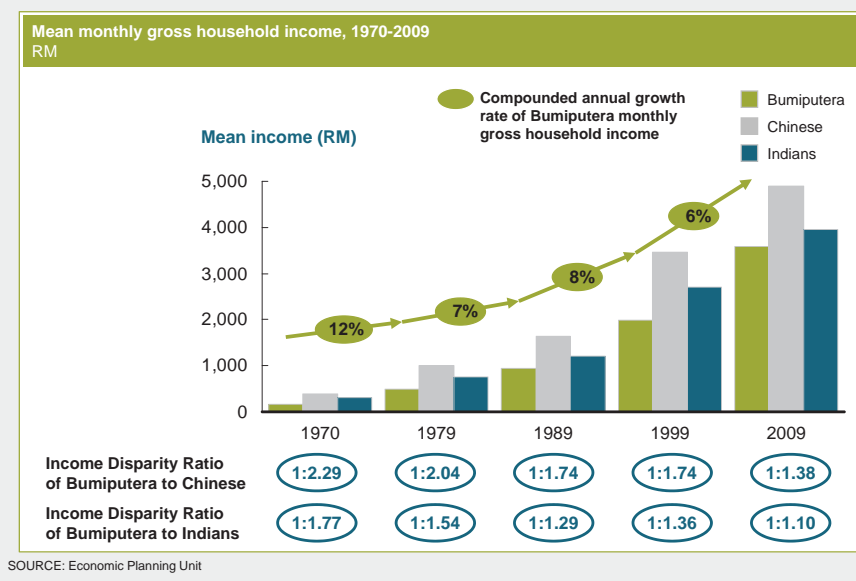
**Bumiputera participation in professional occupation category has increased**



<sup>1</sup> Figures used for Accountants, Architects, Engineers and Surveyors are those that have registered with relevant professional bodies and not exclusively certified or accredited professionals  
 SOURCE: Professional associations and institutions covering both public and private sectors, including Malaysian Institute of Accountants, Board of Architects Malaysia, Malaysian Medical Council, Board of Engineers Malaysia, Bar Council Malaysia, Institution of Surveyors Malaysia, Malaysian Dental Council and Malaysia Veterinary Surgeons Council

With increased economic activity and more balanced economic participation, income disparities have been greatly reduced. Bumiputera monthly gross household income grew at a compounded annual growth rate of 8% from RM172 in 1970 to RM3,624 in 2009. The income disparity ratio between Bumiputera and Chinese reduced markedly from 1:2.29 in 1970 to 1:1.38 in 2009, whilst the ratio between Bumiputera and Indians also reduced from 1:1.77 in 1970 to 1:1.10 in 2009.

Overall, the income disparity between ethnic groups has improved as a result of various policies on growth with distribution



The NEP achieved considerable success in overcoming past obstacles and driving the nation forward economically and socially. However, in light of the new socio-economic context, the Government recognises that today's challenges require a different approach. Past instruments, based purely on quotas that are no longer relevant and sustainable, will be phased out to make room for market-friendly policies and instruments that are compatible with national competitiveness. At the same time, the original NEP goal of national unity and social inclusion remains highly relevant albeit with a slightly different emphasis. The focus now will be to build on the new Bumiputera middle class and move the nation towards higher income, whilst at the same time improving social mobility within all parts of society and ensuring that the income gap does not widen.

## ELEVATING THE LIVELIHOODS OF THE BOTTOM 40% HOUSEHOLDS

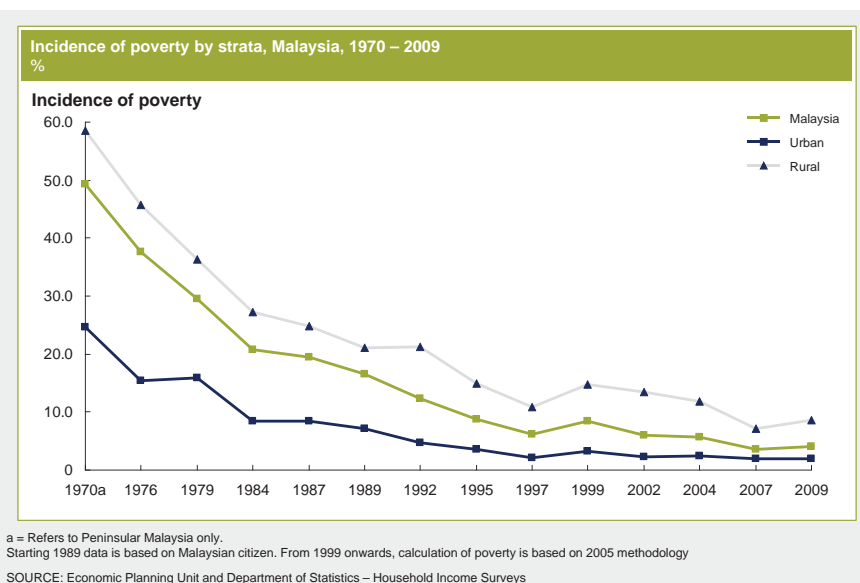
Since the 1970's, the Government focus has been on eradicating poverty regardless of ethnicity. There has been great success in reducing the incidences of poverty from 49.3% in 1970 to 3.8% in 2009, as shown in *Chart 4-2*. Therefore, focus will now be re-oriented to elevate the income levels of the bottom 40% households. Households within this group, irrespective of ethnicity or location will be eligible for support and resources, based on their specific needs, such as Bumiputera in Sabah and Sarawak, particularly ethnic minorities and *Orang Asli* communities in Peninsular Malaysia.

In 2009, the bottom 40% households had a total household income level of less than RM2,300 per month. There were a total of 2.4 million households in this category, with 1.8% of households within the hardcore poor group, 7.6% within the poor group, and the remaining 90.6% within the low-income households group as shown in *Chart 4-3*. The mean monthly income of the bottom 40% households in 2009 was RM1,440.

There has been a significant shift in the structure of the bottom 40% households income group.

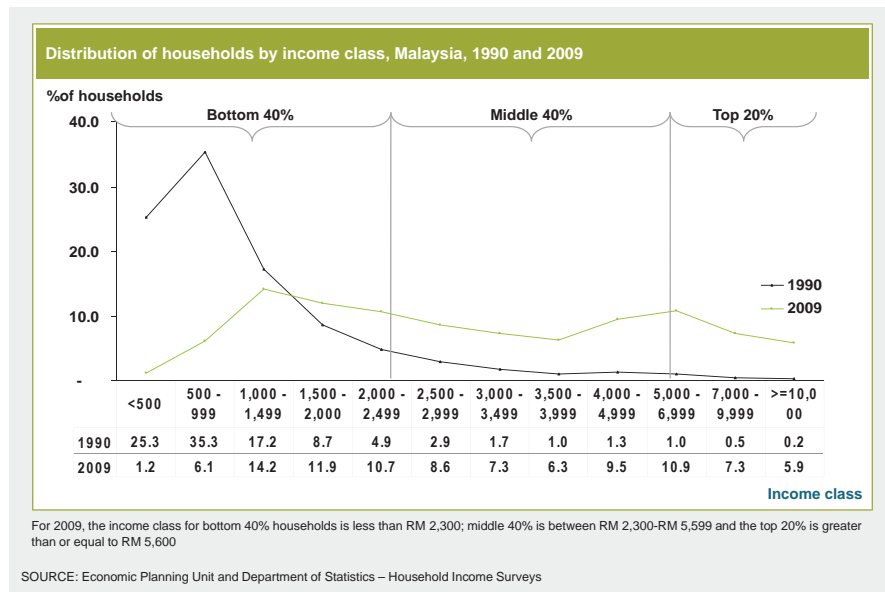
**Chart 4-2**

Poverty has been declining significantly since 1970 in both urban and rural areas



**Chart 4-3**

Income distribution in Malaysia improved since 1990, with the population now more evenly distributed across the income class



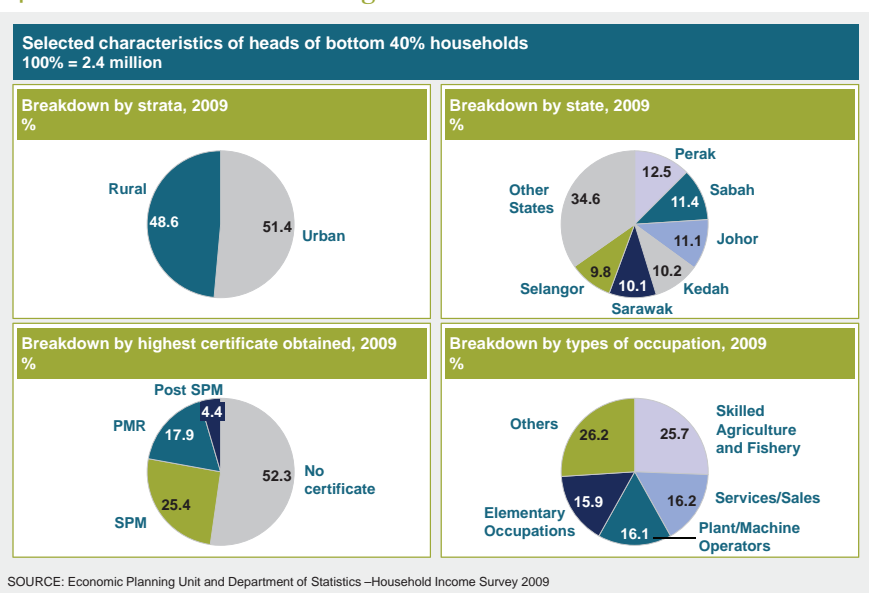
In 1990, 35.3% of households were earning between RM500-RM999 and 25.3% were earning below RM500. In 2009, the percentage dropped to 6.1% and 1.2%, respectively. The bottom 40% households are now clustered around the RM1,000-RM1,499 and RM1,500-RM2,000 income range. In 1990, 60.6% of households were earning RM999 or below while less than 1.0% were earning RM7,000 or above. In 2009, the overall income distribution was more balanced.

In 2009, the bottom 40% households were evenly distributed between urban and rural areas whereby

65% are located in 6 states i.e. Johor, Kedah, Perak, Sabah, Sarawak and Selangor, as shown in *Chart 4-4*. Approximately 73% of these households are Bumiputera. The majority of these households are single-income recipients, with the heads of household attaining only Malaysian Certificate of Education (SPM), that is, 11 years of schooling or lower qualifications, and self-employed or employed as general workers. Due to their lower skills level and, in certain cases, their remote locations, the bottom 40% households are limited in their economic mobility and ability to secure higher paying jobs as well as income opportunities.

Chart 4-4

### Selected characteristics of heads of households among the bottom 40% indicate various challenges that need to be addressed



During the Plan period, a three-pronged strategy will be adopted to improve the livelihoods of the bottom 40% households as show in chart 4-5. Firstly, support will be provided in order to build capabilities and increase their income generation potential through education and entrepreneurship. Secondly, their immediate living standards will be addressed by strengthening access to basic amenities. Thirdly, tailored programmes will be implemented for target groups with specific needs such as the Bumiputera in Sabah and Sarawak, particularly ethnic minorities; Orang Asli communities in Peninsular Malaysia; residents of

Chinese new villages; and estate workers, where Indian represent a significant number. By the end of the Plan period, the Government targets to:

- Reduce the incidence of poverty from 3.8% in 2009 to 2.0% in 2015;
- Increase the mean income of the bottom 40% households from RM1,440 in 2009 to RM2,300 in 2015;
- Improve overall income inequality by reducing the Gini coefficient from 0.441 in 2009 to 0.420 in 2015; and

**Chart 4-5**

Through Tenth Plan programmes, bottom 40% households can look forward to new opportunities and improved living standards



- Increase the percentage of bottom 40% households with SPM qualification and above from 30% in 2009 to 45% in 2015.

increasing access to opportunities for employment whilst at the same time strengthening the support for self-employment.

### ***Raising the Income Generation Potential of Bottom 40% Households***

The rural bottom 40% households predominantly self-employed in rural based activities or engaged as employees in the private sector as shown in *Chart 4-6*. However, despite a larger population of rural households being self-employed, the main source of income for this group is paid employment. More emphasis will be given to

In 2009, a total of 51.4% of the bottom 40% households resided in urban areas in which Bumiputera constituted 59.1%, Chinese 29.2% and Indians 11.4%. These households were predominantly engaged as employees in the elementary occupation classifications in the public and private sectors and among the self-employed in the informal sector. During the Plan period, the wellbeing of the urban bottom 40% households will be addressed through capability building programmes to improve their income and overall quality of life.

**Box 4-2**

The Low Income Households NKRA aims to completely eradicate hardcore poverty, reduce the incidence of poverty and enhance the productivity of low-income households through:

- Standardising the definition of low-income group to accelerate the coordination in identifying and assisting poverty target groups by all ministries and agencies;
- Implementing fast, high impact initiatives immediately and laying the groundwork for longer term actions; and
- Putting enablers in place to ensure delivery of initiatives are well coordinated and implemented.

**Raising the living standards of low income households is one of six National Key Result Areas**



### **Elevating the Quality of Life of Rural Households**

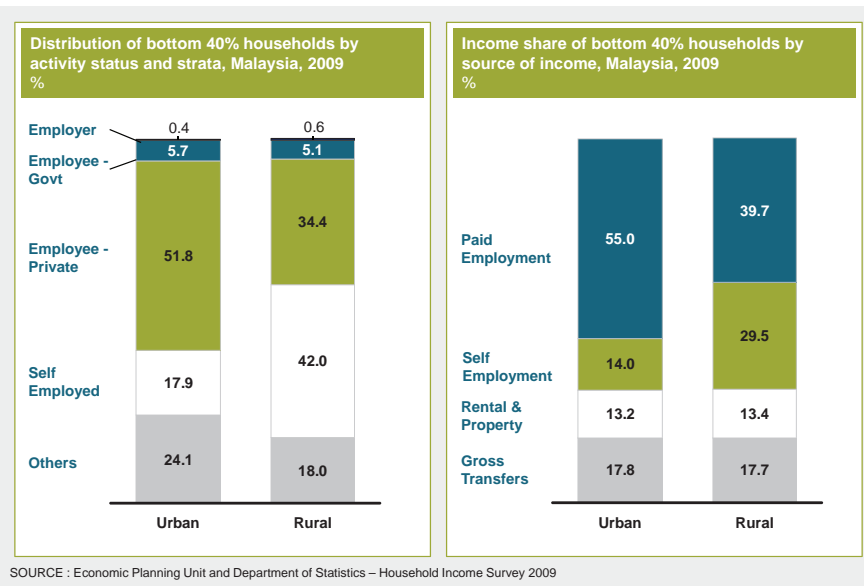
Programmes to increase the incomes of rural households will focus on upgrading their skills, linking them to employers in nearby clusters and cities as well as providing support for self employment, micro-businesses and small scale industries. Efforts will also be undertaken to increase the productivity and sustainability of agro-based activities through the adoption of modern agricultural technology and expansion of contract farming. Programmes will include:

- Providing holistic support programmes for micro-enterprises;
- Linking rural talent pool to employers in nearby clusters and cities;
- Increasing sustainability of income in the agriculture sector through the concept of contract farming;
- Providing opportunities for business ownership for capable rural entrepreneurs;
- Increasing land productivity and yield through land amalgamation;
- Improving human capital productivity within rural agriculture and agro-based industries; and



Chart 4-6

Whilst the majority of rural households are self-employed, the main source of income is mainly from paid employment



- Expanding the application of the agropolitan concept to other agriculture and agro-based industries.

Funding programmes, conducted by agencies such as *Majlis Amanah Rakyat* (MARA), *Amanah Ikhtiar Malaysia* (AIM) and *Tabung Ekonomi Kumpulan Usaha Niaga* (TEKUN), will be strengthened to provide a more holistic approach incorporating funding, equipment and training in business and technical areas. Institutions such as *Pusat Giat* MARA, community colleges, *Jabatan Kemajuan Masyarakat* (KEMAS) and skills development centres will continue to provide

skills training in areas such as carpentry, tailoring, baking, hospitality, handicrafts, motor mechanics and food processing to support self-employment. The delivery of these training programmes will be tailored to the specific opportunities of target localities. For example, in areas where tourism is a key industry, residents will be provided with support to establish home stay programmes and provide eco-tourism services.

The Government will establish employment hubs to provide career counselling and job placement programmes in areas where employment opportunities are scarce. The hubs will study and

identify the categories of workforce requirements through consultation with key employers in nearby clusters and cities and match the requirements with suitable candidates in adjacent rural areas. Pre-employment training will be conducted based on the need to help the candidates meet the participating employers' requirements.

To create better market access and more sustainable incomes in the agriculture sector, contract farming will be expanded. Efforts will be undertaken to enable large-scale food suppliers such as Malaysian Agriculture Food Corporation (MAFC) to collaborate with smallholders to engage in contract farming. The anchor companies will provide the farmers with agricultural input as well as conduct appropriate training and provide advisory services on good agricultural practices (GAP) to enable the farmers to increase productivity and produce quality agricultural products. These products will be supplied to the anchor companies based on a pre-agreed pricing formula according to market driven determinants, and as mutually agreed by both parties.

Government agencies such as the Department of Agriculture in collaboration with the government-linked companies (GLCs) such as *Khazanah Nasional Berhad's* subsidiary, Blue Archipelago, will take the lead in establishing modern agriculture businesses in rural areas such as environmentally

sustainable aquaculture and organic farming. This will include building facilities, establishing markets, obtaining the required certification and establishing processes based on good agricultural practices. Rural entrepreneurs will initially work as apprenticed employees in the businesses to build better understanding of business management, marketing and operational processes. Upon completion of the apprenticeship, they will be offered to buy over the business, funded through future profits of the enterprise. In addition, to supporting entrepreneurs to create businesses on a sustainable scale, the programme will also provide employment opportunities for the rural community and to be part of a supply network.

Amalgamation of larger parcels of land via government agencies such as the Rubber Industry Smallholders Development Authority (RISDA), the Federal Land Consolidation and Rehabilitation Authority (FELCRA) and cooperatives will be encouraged to increase scale and improve land productivity. Smallholders will outsource the rights to manage their land to the respective agency or cooperative. Through this programme, the agency or cooperative will appoint professional management to manage the land in order to increase productivity and gain higher yield. This will benefit the smallholders through better income stream from wages and dividends.



The Government will continue to implement programmes to improve the productivity and income of workers and small business owners within the rural agriculture and agro-based industries. Training will be given to assist fishermen and farmers to increase their productivity and improve their standard of living. In addition, the fishermen community will continue to be provided with petrol and diesel subsidies as well as better infrastructure equipment and facilities such as boats, docking bays and jetties. A marketing programme will be designed to assist fishermen in direct sales of their catches to gain a greater share of profits. Under the entrepreneurship development scheme, start-up capital as well as training courses will be provided to develop more entrepreneurs and sustainable small-scale agro-businesses. Specific programmes will also be introduced to encourage greater youth participation in agricultural activities.

Agropolitan development strategies will utilise an integrated approach to advance rural development in agriculture, agro-based and other rural industries. The main objective is to upgrade the income level and eradicate poverty among the rural population by providing the able-bodied poor with shares in land development projects. This will include the establishment of centrally managed plantations, where poor families will be given shares of the estate. The areas of resettlement will be provided

with basic infrastructure such as roads, electricity and water, as well as social amenities such as community halls, mosques, libraries, playgrounds and business centres. Each settler will be provided with housing and land for commercial farming, including livestock, crops or aquaculture, and participants are expected to earn a minimum monthly income. A number of support services and enablers will also be provided including capability building programmes, technology transfer for good agriculture practices, transport, marketing support and availability of consumer credit during the early stages of the project.

### **Enhancing the Economic Participation of Urban Households**

Initiatives to increase income and quality of life of this group will include capacity enhancement programmes through skills training and skills upgrading to enable them to secure higher paying jobs as well as engage in skills-based businesses. In addition, to ensure sustainability of business ventures, efforts to modernise and scale-up small businesses will be implemented through various programmes conducted by agencies such as AIM and TEKUN. Programmes will include:

- Establishing industry-specific skills centres based on targeted geographic areas;

- Expanding micro-enterprise support programmes for bottom 40% households in urban areas;
- Enhancing mentor-mentee programmes to create additional business opportunities;
- Extending the incubator concept to increase entrepreneurship and employment opportunities; and
- Expanding anchor company programmes to enable the formation of partnerships and clusters.

Government agencies will collaborate with industry associations and key players to establish industry-related skills development programmes in targeted areas. The focus will be on creating relevant jobs programmes such as programmes to build a talent pipeline for the tourism industry in Sabah and coastal Terengganu as well as a pipeline of skilled agricultural workers in Kedah.

Micro-enterprise programmes will be expanded to assist urban bottom 40% households to establish small businesses. Technical training will be provided in areas such as health and wellness, laundrettes, auto workshops, restaurants, franchised businesses and tailoring, while general entrepreneurship training will cover financial management, marketing, contract management and operations management. Existing training

institutions such as *Institut Keusahawanan Negara* (INSKEN) will be leveraged to provide the training and qualified participants who graduate from the training programmes will be provided with financial assistance to support their new business start up.

Entrepreneur development organisations such as *Perbadanan Usahawan Nasional Berhad* (PUNB) and MARA have implemented mentor-mentee programmes as a means to replicate the proven business models, product portfolios and supply chain networks of successful entrepreneurs. In the Plan period, emphasis will be given to target mentees from bottom 40% households. In addition, incentives will be provided to mentors who conduct business with entrepreneurs from bottom 40% households.

MARA has successfully piloted a food industry incubator facility, and this concept will be extended in the Plan period to provide employment opportunities in low income areas. The incubators provide ready-to-use facilities that are compliant with international standards such as Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Point (HACCP) as well as providing shared facilities such as packaging design, testing centres and marketing support, thereby enabling small businesses to command better premium for their products. Other agencies will also develop similar integrated incubators to

enable scale, reduce capital costs and propagate best practices in other industries.

Anchor company programmes led by GLCs and government agencies such as MARA will be expanded. Incentives will be provided for the anchor companies to establish clusters in partnership with smaller businesses in rural and urban areas. The anchor companies will focus on research and development, market access, product design and quality management, whereas production activities will be outsourced to smaller businesses that will manufacture the products to pre-determined specifications. In addition, funding support will be provided to facilitate the implementation of the programmes including

the provision of facilities. This concept can be applied to the food, textile, wood-based and craft industries, enabling small and medium enterprises (SMEs) within these industries to scale up and access larger markets while larger firms focus on higher value-added activities.

### ***Assisting Children in Bottom 40% Households to Boost Their Education and Skills Attainment***

Children from the bottom 40% households have a lower education attainment. Challenges inhibiting children from bottom 40% households



to effectively participate in the education system include low family income, non-conducive home environment, and lack of funds to purchase school necessities. In addition, difficulties in providing quality education services in very remote areas where there are few students and challenges in retaining teachers, limits the capacity for children to improve their educational performance.

During the Plan period, more equitable access to education opportunities will be provided to children from the bottom 40% households. This will involve addressing the cost of attending school, geographic barriers to accessing schools and the provision of a more conducive learning environment.

During the Ninth Plan period, the concept of enabling rural children with high academic potential to attend better schools in urban areas was piloted whereby standard five and standard six children from rural areas were enrolled in special boarding facilities. This enabled the children to attend schools that were better equipped and have better teachers. The boarding facilities have a low student to caregiver ratio to cater for the needs of the age group. Besides simulating the home environment, the hostels also provided support in subjects such as English and mathematics, and exposure to extra-curricular activities such as sports. During the Plan period, the Government will

replicate this concept as a means to provide more equitable access to better education opportunities for children from the bottom 40% households.

*Asrama* programmes will also be expanded, whereby urban students from different ethnicities in primary and secondary schools are grouped in hostels to provide a more conducive learning environment and extended learning support. Eligible students from specific target groups will continue to receive assistance from *Kumpulan Wang Amanah Pelajar Miskin* (KWAPM) such as allowances, scholarships, supplementary food, school uniforms and tuition and transportation fees. A special consideration for placements in boarding schools, matriculation centers and public universities will be given to students from the bottom 40% households. In addition, students who have secured places in private education institutions will be given financial assistance based on merit, to enable them to pursue their education.

### **Strengthening Social Safety Net to Reduce Vulnerability of Disadvantaged Groups**

Social protection programmes will be strengthened to ensure immediate issues impacting the living standards of disadvantaged groups are addressed. The focus will be on ensuring that the

target groups have acceptable accommodation, have access to medical care and are able to purchase basic living necessities and services.

### **Providing Housing Assistance Programmes to Deserving Poor Households in Rural and Urban Areas**

For rural areas, assistance will continue to be given to build and upgrade rural homes especially for households with larger household size, older persons, single parents or individuals with

special needs. Where eligible households own a parcel of land, the Government will construct a house on the land. In addition, to complement government efforts, GLCs and the private sector will be encouraged to provide houses through their corporate social responsibility (CSR) programmes.

For urban and semi-urban areas, affordable housing programmes and clusters as well as the provision of low-cost housing will be expanded. These public housing units will be offered to qualified individuals and families with the aim to encourage greater home ownership among the bottom 40% households. The private sector will also be encouraged to develop more affordable medium-cost housing. In addition, efforts will be undertaken to incorporate facilities that will encourage greater community development and better access for older persons and persons with disabilities.

### **Providing Income Support, Subsidies and Improved Access to Healthcare**

Over the past 40 years, the Government subsidised or regulated the prices of goods and services such as electricity, petrol, rice, cooking oil and sugar. However, a continued broad



subsidisation approach is not sustainable. During the Plan period, subsidies will be restructured whilst a more targeted approach will be adopted to provide income support for eligible groups within the bottom 40% households.

The Department of Social Welfare or *Jabatan Kebajikan Masyarakat* (JKM) will continue to provide income support for groups with specific needs such as the older persons with disabilities and single mothers. A central database, *eKasih*, will be used to identify and coordinate the delivery of income support. The database allows for continuous monitoring and evaluation of the effectiveness of these programmes, and will enable auditing of programme beneficiaries. It will be enhanced to include more comprehensive information on the target groups to prevent duplication while ensuring better targeting. In addition to self registration and consolidation of information from existing welfare agencies, outreach programmes will be widened and intensified to enhance the comprehensiveness of the database.

As the Government adjusts the prices of key items closer to market prices, assistance will be channelled directly to the bottom 40% households to ensure that they are not adversely impacted. Information through *eKasih* will also be

made available to registered non-governmental organisations (NGOs), charities and corporations to enable better targeting and disbursement of non-governmental aid programmes as well as to encourage more companies to be involved in CSR programmes. GLCs such as PetroliaM Nasional Berhad (PETRONAS), Sime Darby Berhad and United Engineers (Malaysia) Berhad (UEM) will be encouraged to participate through incorporating and tailoring their own CSR programmes to provide targeted support to individuals that are most in need. PETRONAS has committed RM100 million to provide support to identified households in the form of essential food assistance to alleviate their hardships. This will be implemented through the usage of MyKad as the procurement instrument at PETRONAS Mesra stores.

Besides providing improved housing and income support, multiple approaches will be undertaken to ensure that the bottom 40% households in both rural and semi-urban areas have better access to healthcare. Special clinic days for chronic diseases will be set to enable patients with multiple illnesses to receive consultations in a single visit instead of multiple visits as previously required. Mobile clinics, including flying doctor services will be expanded for groups with lower accessibility such as Orang Asli and ethnic minorities in remote parts of Sabah and Sarawak.



Malaysia clinics will be expanded to provide services to urban poor and other underserved areas, with additional clinics to be built during the Plan period. These clinics will continue to operate from 10 a.m. to 10 p.m. in order to provide better and more viable alternatives to private clinics.

### ***Addressing the Needs of Special Target Groups with Integrated Programmes***

There are target groups within the bottom 40% households with very specific challenges that need to be addressed. These include the Bumiputera in Sabah and Sarawak, particularly the ethnic minorities; Orang Asli communities in Peninsular Malaysia; residents of Chinese new villages; and estate workers, a significant number of whom are Indians. While eligible households within these groups will be given access to all the programmes targeted at the bottom 40%, they will also benefit from additional targeted programmes to strengthen their capabilities and reduce incidence of poverty among them.

### **Strengthening the Capabilities of Bumiputera in Sabah and Sarawak and *Orang Asli* communities in Peninsular Malaysia**

During the Plan period, integrated development programmes and specific enhancement assistance will be implemented to address the high incidence of poverty among the Bumiputera in Sabah and Sarawak, particularly ethnic minorities such as the Bisaya, Orang Sungei, Rungus, Suluk, Tidong, Penan, Kajang, Kedayan and Kelabit, and Orang Asli communities in Peninsular Malaysia. These include those living in long houses as well as settlements in hinterland and remote areas. The target is to reduce the incidence of poverty among Orang Asli communities from 50.0% in 2009 to 25.0% in 2015 and among ethnic minorities from 22.8% to 12.0% in Sabah and 6.4% to 3.0% in Sarawak during the same period.

For the Orang Asli communities, a land development and ownership programme will be

implemented to enable them to become land owners and active farmers. The Government will develop Orang Asli reserve land for agriculture use. The Orang Asli communities will be able to cultivate the land and obtain land ownership upon maturity of the estate. Each eligible household will be given the right to farm and eventually own between two to six acres, with an additional 0.5 acres allocated for them to build a house. Possibility of implementing similar programmes will be considered for the ethnic minorities in Sabah and Sarawak.

Assistance will be provided to Bumiputera in Sabah and Sarawak, particularly ethnic minorities and Orang Asli communities to establish businesses such as home stay and eco-tourism services.

Assistance will include providing entrepreneurship training and funding as well as strengthening linkages with established businesses in the identified sectors.

To improve access to education, *Sekolah Model Khas* will be expanded to address high drop-out rates at secondary school level due to location factors. This concept integrates primary and secondary education up to Form Three under the same school management. In addition, boarding facilities for secondary schools will be expanded.

Despite actively producing a number of handicraft products, Bumiputera in Sabah and Sarawak, particularly ethnic minorities and Orang Asli communities are still dependent on intermediaries



to market their products resulting in lower returns. Initiatives will be undertaken to assist these communities to establish cooperatives to market their products more effectively. The cooperatives will initially appoint professional management teams and through knowledge transfer, will eventually take over the management of the business themselves.

### **Providing Financial Assistance to Chinese New Villages' Residents to Upgrade Their Homes and Fund Their Business Activities**

The majority of the Chinese new villages' residents are occupying land with temporary occupation licence (TOL) or leasehold tenure of 30 and 60 years. Many of them are facing impending expiry of their leases as well as difficulty in renewing their leases due to financial constraints. In addition, some of the houses have not been upgraded and are in dilapidated conditions. The residents also have lack of access to capital for new business start ups.

Efforts will be initiated to introduce loan schemes by financial institutions to finance payment of premium and leasehold tenure renewal. The loan scheme will also be made available to assist the residents to upgrade their houses as well as fund their business activities. Existing funding programmes through AIM and TEKUN will be

explored to assist small entrepreneurs from Chinese new villages.

### **Enhancing Access to Basic Amenities and Infrastructure for Estate Workers to Improve Their Living Standards**

Estate workers, of whom a significant number are Indians, employed in rubber and palm oil estates throughout Malaysia, face challenges such as low income and educational attainment as well as poor living conditions and access to public amenities. In order to improve the living standards of the estate workers, a total allocation of RM109 million will be provided between 2011 and 2012 to supply treated water to estates that are 1,000 acres in size or smaller and are located less than five kilometres distance from the main pipeline. A total of 182 estates have been identified for this programme. In addition, *Jawatankuasa Kemajuan dan Keselamatan Kampung* will be established to foster closer ties between residents of estates and nearby villages with district offices.

Efforts will be initiated to encourage collaboration with estate owners in providing access roads and basic amenities such as housing and school facilities. Existing training and re-skilling programmes will also be extended to include displaced estate workers to increase their employability.

## ENHANCING BUMIPUTERA ECONOMIC PARTICIPATION

Inclusiveness involves ensuring that all ethnicities are able to participate in and benefit from economic growth. Equitable economic participation includes addressing imbalances in Bumiputera representation in employment; in ownership of assets such as property and corporate equity; and representation of Bumiputera businesses in high value-added activities. Therefore, the overall Bumiputera development agenda will continue to be a major thrust of Malaysia's economic policy. Nevertheless, the strategies and instruments will continuously be improved towards establishing broad based, meaningful and sustainable Bumiputera economic participation.

Since the Second Malaysia Plan period, the Government has continuously provided programmes to enhance Bumiputera participation in the economy. Through a range of policy instruments such as education scholarships, boarding schools, privatisation and unit trust schemes, there have been successes in enhancing Bumiputera participation, ownership and control of corporate equity; in increasing Bumiputera employment in key management and professional occupations; and in establishing Bumiputera entrepreneurs.

At the end of the Ninth Plan period, equitable ethnic participation in the economy had substantially improved. However, imbalances continue to exist

in ethnic composition within income groups and in ownership of key economic assets such as corporate equity and property as shown in *Chart 4-7*.

The target of attaining at least 30% Bumiputera corporate equity ownership at macro level remains. However, the focus will be on promoting genuine economic participation, consistent with the objective of sustainable high growth, rather than corporate equity allocation. This will be achieved through more transparent, market-friendly and merit-based instruments, focused on:



- Strengthening Bumiputera entrepreneurship to help create competitive businesses in high-impact sectors;
- Increasing wealth ownership beyond corporate equity to include other properties and business assets such as retail space landed properties, commercial buildings, intellectual properties and other services through pooling of funds and institutional investment; and
- Promoting Bumiputera representation in high paying jobs through enhanced capability building and demand-side incentives.

## **Strengthening Bumiputera Entrepreneurship to Create Competitive Businesses in High-Impact Sectors**

Acknowledging that there are different levels of Bumiputera capabilities relative to their size of business and activities, a new approach to the development of a Bumiputera Commercial and Industrial Community (BCIC) will be undertaken through segmenting the Bumiputera companies by their business stage. Bumiputera enterprises will

**Chart 4-7**

### **Despite considerable progress, there is potential for improvement in Bumiputera's position of wealth**

<b>Income</b>	<ul style="list-style-type: none"> <li>■ Bumiputera median household income of RM2,531 in 2009 is lower than the national median income of RM2,830</li> <li>■ Despite Bumiputera representing 64.9% of total households in 2009, Bumiputera households account for 74.7% of total households with income below RM2,000</li> </ul>
<b>Corporate equity ownership</b>	<ul style="list-style-type: none"> <li>■ Bumiputera ownership of share capital (at par value) of limited companies increased marginally from 18.9% in 2004 to 21.9% in 2008</li> <li>■ Bumiputera owned companies accounted for 16.0% of domestic IPOs in 2008, with an average of 12.0% over the past 10 years</li> </ul>
<b>Property and savings</b>	<ul style="list-style-type: none"> <li>■ Bumiputera ownership of commercial buildings and premises has grown at a relatively slow pace from 11.7% in 2005 to 14.0% in 2008</li> <li>■ Bumiputera only account for 40.0% of EPF total fund size in 2009 despite accounting for 52.0% of EPF membership</li> </ul>

SOURCE: Department of Statistics, Economic Planning Unit, Companies Commission of Malaysia, Bursa Malaysia and Employees Provident Fund

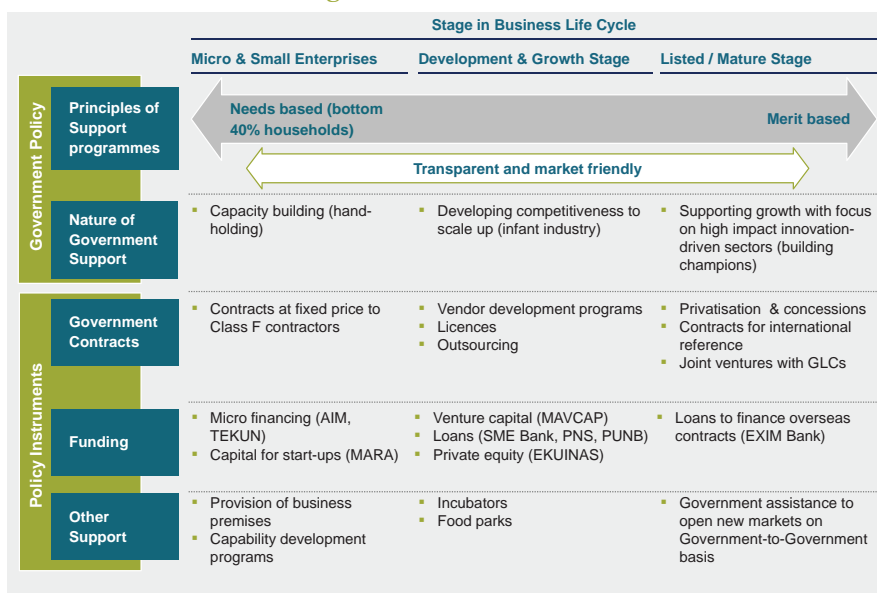
be categorised into micro and small enterprises, development and growth stage, and listed/mature stage companies, as shown in *Chart 4-8*. The types of assistance provided by the Government with regards to funding, support services and implementation agencies will be differentiated according to the categories of companies.

Micro enterprises will be promoted through funding, capability building and infrastructure provision in a means-tested approach, targeted primarily at improving the livelihoods of Bumiputera

in the bottom 40% households. For businesses in the development and growth stage, support will focus on promoting consolidation and scaling up to achieve competitiveness, for example through provision of private equity funding. For mature companies, assistance will include Government-to-Government negotiations to open up new markets, while government procurement, licenses and privatisation will be used to promote participation in strategic areas. Provision of support, whether in the form of funding or through licenses and concessions, will be done according

**Chart 4-8**

**Policy instruments will be segmented to better meet requirements at the different business stages**



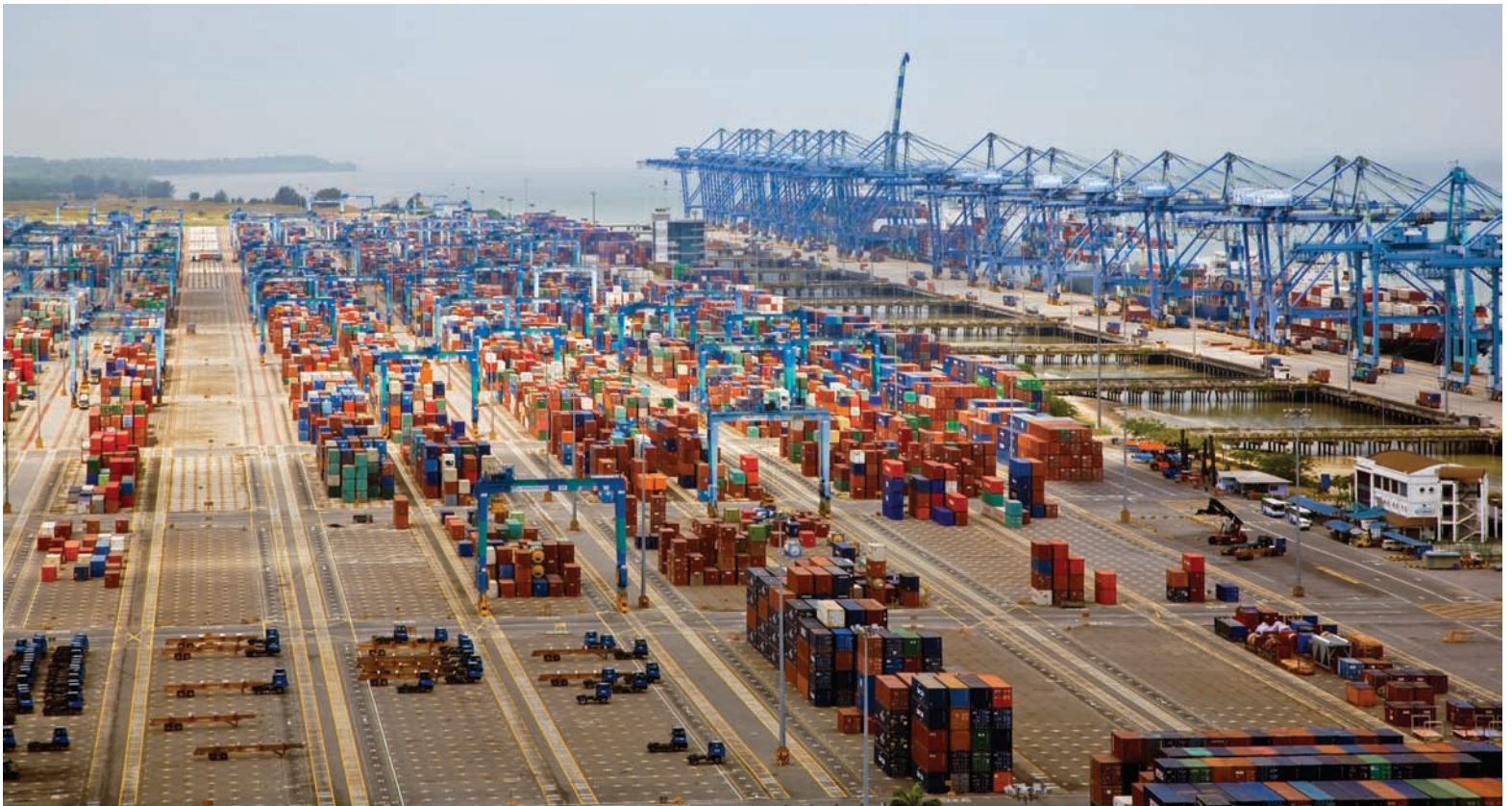
to merit and will take into account the Bumiputera entrepreneurs' ability to become independent of Government assistance.

### **Creating Stronger and More Competitive Industry Champions**

Significant progress has been achieved in creating Bumiputera enterprises through various programmes and considerable resources have been expended on supporting them. However, previous emphasis on funding through small loans and grants has led to sub-scale enterprises that are highly vulnerable as the economy matures and

liberalises. Sub-scale enterprises face challenges in making investments in innovation, process improvements, market development and efficient supply chains. During the Plan period, focus will shift towards strengthening these enterprises to ensure they acquire sufficient scale of operations and therefore enable them to reinvest, improve and grow.

During the Plan period, *Ekuiti Nasional Berhad* (EKUINAS) will receive RM4.5 billion of Government allocation and raise additional funding from the private sector to undertake investments in growth stage companies. Focus will be given to three



types of investments, i.e. buy-outs of non-core assets of GLCs, Multinational Companies (MNCs) and Public Listed Companies (PLCs); buy-outs of suitable Malaysian companies where existing shareholders are exiting; and investing in existing strong Bumiputera companies to accelerate growth of the company. EKUINAS will be an active shareholder, driving growth and value creation, whilst adhering to the highest standards of corporate governance and benchmarking against leading global private equity firms.

Private equity programmes in government-linked investment companies (GLICs) such as PNB, *Lembaga Tabung Angkatan Tentera* (LTAT) and *Tabung Haji* (TH) will be renewed, strengthened and expanded to consolidate and pool various funds to expand equity ownership and control. These institutions will also be encouraged to actively venture and diversify into high-return economic activities that generate greater opportunities for Bumiputera.

Loans to enable management buy-out (MBOs) and/or acquisition of businesses with positive cash flows will be provided through PUNB. This will entail significantly increasing the ceiling that PUNB can disburse and shifting its focus from funding start-ups to funding growth and consolidation of existing enterprises.

### **Strengthening Capacity and Capability for Entrepreneurship in Higher Value-Added Segments**

High-income economies are characterised by a higher percentage of innovation-driven entrepreneurship, such as businesses using innovative business models, companies that bring new products and services to market and businesses using new technologies to stay ahead. Bumiputera-readiness to participate in high value-added activities will need to be strengthened. Currently, Bumiputera start ups are focused in sub-sectors and activities with relatively low value added and are under represented in knowledge intensive and higher value-added segments. During this Plan period, more effective approaches will be undertaken to promote innovation-driven entrepreneurship by entrepreneurs with industry or academia track records.

A demand-driven approach will be adopted to catalyse businesses in high value added activities. In targeted sectors, industry development organisations will identify areas of high potential such as molecular marker research services for agriculture (biotech); animal fat substitutes (halal industry) and oil recovery technologies (oil and gas). Government will allocate funding



and invite the private sector to bid for the rights to the ventures. Considerations in selecting the successful bidders will include proposed mechanism of setting up whether via acquisition or start-up, shareholding structure, key management, core technologies, proposed business model and amount of capital that the bidding company will contribute. Over time, the Government will divest its equity to the management team and Bumiputera institutions.

The implementation of existing cluster initiatives will be expanded while new clusters will be explored. Established companies will be identified as anchor companies for each cluster and undertake vendor development programmes to support participation across the value chain. Potential clusters include, among others, halal-related industries; Islamic banking, financing and insurance including takaful; tourism and hospitality; and the energy sector including green energy. During the Plan period, the Government targets to establish a minimum of 100 anchor companies to support the operation of 1,000 vendors.

Bumiputera entrepreneur development funding programmes will be restructured and managed by fewer agencies to ensure adequate coverage by sector and business lifecycle. In addition, funding instruments will be tailored towards business

needs with higher funding limits to support establishment of businesses at the right scale.

Existing entrepreneur development organisations (EDOs) including MARA, PUNB and *Perbadanan Nasional Berhad* (PNS) and development financial institutions (DFIs) will be reviewed to increase their effectiveness. The functions of EDOs and DFIs will be rationalised and streamlined to reduce duplication, improve efficiency and effectiveness of the delivery system and optimise usage of resources. Competitive performance-linked compensation will be put in place to encourage achievement of target outcomes as well as increase the organisation's ability to attract and retain high quality talent and ensure sufficient talent specialisation in innovation-intensive sectors. With greater talent specialisation, the EDOs and DFIs will be able to offer more effective support to Bumiputera companies, especially in terms of connecting them to global markets and expanding their presence throughout the business value chain.

General entrepreneurship training is currently fragmented and will therefore be rationalised. MARA will continue to be the lead agency for building general Bumiputera entrepreneurship talent. This will be done through training, consultancy and hands-on programmes such as enabling university students to set up small businesses in campuses.

MARA's programmes will be supplemented by sector specific technical programmes conducted by industry development organisations (IDOs) such as Malaysian Biotechnology Corporation and Multimedia Development Corporation.

### ***Broadening and Increasing Bumiputera Wealth Ownership to Ensure Sustainability***

Unit trust schemes have been very successful in helping Bumiputera to participate in and benefit from national wealth creation. Participation in unit trust schemes also enabled Bumiputera to increase equity ownership in the corporate sector. Based on the principles of pooling of funds and institutionalisation of asset ownership, unit trust schemes reduce the entry barrier to participation and enable ownership of the assets to be sustainably held.

In the Plan period, the institutional investment approach will be expanded beyond corporate equity, to include other categories of wealth such as property. *Yayasan Amanah Hartanah Bumiputera* (YAHB) will set up Real Estate Investment Trusts (REITs) to reduce the entry barrier for Bumiputera to invest in commercial and industrial properties





and benefit from appreciation in their values. Initiatives will also be undertaken to strengthen the investment capability of institutions such as Baitulmal and to increase the value of their assets including land development for commercial purposes. The gains from such ventures will benefit the broader Bumiputera community by creating employment and entrepreneurship opportunities.

More concerted efforts will be undertaken to unlock value from Bumiputera assets such as land. A signature project during the Plan period

will be the rejuvenation of Kampong Bharu, Kuala Lumpur, which is strategically located in close proximity to surrounding prime real estate as shown in *Chart 4-9*. The Government will establish the *Perbadanan Pembangunan Kampong Bharu* or Kampong Bharu Development Corporation that will work with the residents of Kampong Bharu to develop a business model whereby the gains from land re-development will be equitably shared, identify a mutually acceptable temporary re-settlement area and develop innovative funding schemes that would enable existing residents to purchase units in the re-developed areas.

**Chart 4-9**

**Kampong Bharu is strategically located in close proximity to surrounding prime real estate**



SOURCE: Ministry of Federal Territories and Urban Wellbeing

## ***Promoting Bumiputera Representation in High Paying Jobs through Enhanced Capability Building and Demand-Side Incentives***

Recognising the need to strengthen the ability of Bumiputera to qualify for high paying jobs, more focused programmes will be implemented to build talent and put in place appropriate incentives to enable more Bumiputera representation especially in key management, professional and technical positions. While talent development programmes will benefit all ethnicities, Bumiputera representation is assured in line with the objective of achieving equitable participation in the employment market.

During the Plan period, the number of scholarships will be increased for postgraduate programmes in renowned institutions. The objective is to enable talented Bumiputera to obtain qualifications that would enhance their upward job mobility and strengthen their international network. These scholarships will be funded through Government and corporate contributions. Funding will be awarded for scholars that meet the performance or entrance criteria. Flexible bonds will be accorded to scholars

that can demonstrate their continuing contribution to Malaysia, upon completion of their studies.

The Government will establish industry centres of excellence to provide research and postgraduate training, which will be done in collaboration with industry associations and existing research institutes or institutes of higher learning. The objective is to enhance innovation and skills in target sectors to support the move to higher value-added activities.

The number of Bumiputera in attachment programmes and on overseas secondment programmes will also be increased to broaden Bumiputera exposure to higher value-added businesses, build international business experience and enable international professional networks to be forged. Companies that secure large Government contracts, as well as local and foreign investors who are the recipients of pre-package special incentives under the provision of foreign direct investment incentive schemes, will be asked to commit to balanced employment targets, training programmes or attachment/secondment programmes, especially to increase Bumiputera participation at international level. In addition, GLICs will establish similar programmes with their major business partners and overseas acquisitions.

## ENSURING BASIC PHYSICAL INFRASTRUCTURE IS ACCESSIBLE TO ALL

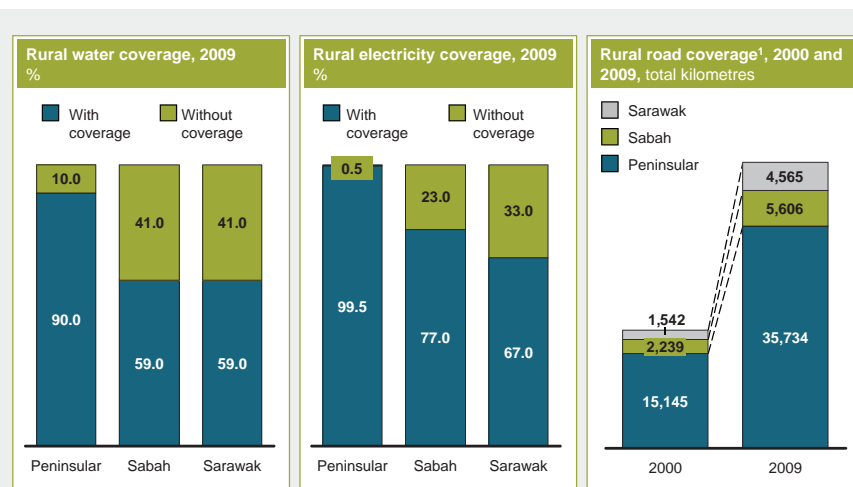
Malaysia has achieved a remarkable progress in the provision of rural infrastructure and other basic utilities. Despite these achievements, there are villages in the remote areas which are still not connected by roads and insufficient infrastructure facilities particularly in Sabah and Sarawak. Beside low incomes, the rural population often have poor access to basic infrastructure. With approximately 36% of Malaysians living in rural areas in 2009, efforts will be made during the Plan period to ensure that the *rakyat*, particularly those in rural communities, are provided with adequate supply of treated water and sanitation facilities, access to road networks,

electricity supply and better connectivity through communication technologies i.e. telephone and the Internet. Beyond improving the quality of life of the rural population, this infrastructure is also critical to facilitate the generation of new economic activities.

Malaysia has had considerable success in the provision of basic infrastructure. In 2009, rural electricity coverage was 92.3%, and rural water coverage was 81.0% throughout Malaysia. In addition, rural road coverage grew from 18,927 kilometres in 2000 to 45,905 kilometres in 2009 nationwide as shown in *Chart 4-10*.

**Chart 4-10**

### Significant progress has been achieved in providing basic physical infrastructure in the rural areas



<sup>1</sup> Figure includes village connecting road (*Jalan Perhubungan Desa*)

SOURCE: Ministry of Rural and Regional Development

Moving forward, the Government will focus on the expansion and upgrading of rural road networks. Road design and construction will be upgraded to improve quality and reduce maintenance costs through new technologies and methods such as utilising soil stabilisers and concrete paving. The new design will increase road strength to support commercial and heavy vehicles and will enhance connectivity between rural areas and urban economic centres to expedite development of economic sectors in rural areas. By the end of the Plan period, a total of 6,312 kilometres of paved roads will be constructed in Peninsular Malaysia, 2,540 kilometres in Sabah and 2,819 kilometres in Sarawak, benefitting 3.3 million people nationwide.

More intensive efforts will be undertaken to increase the extent of treated water in rural areas by upgrading and building new pipelines and water treatment plants. Measures will also be intensified to improve services and maintenance to ensure water quality and sustainable supply. Alternative systems such as gravity systems, tube wells, underground water and rain harvest will be used in remote and isolated areas. The targeted coverage of rural houses with access to clean or treated water in 2015 is 99% in Peninsular Malaysia, 98% in Sabah and 95% in Sarawak. By the end of 2015, a total of 117,000 additional houses in Peninsular Malaysia, 112,700 houses

in Sabah and 87,400 houses in Sarawak will be supplied with clean or treated water.

During the Plan period, the coverage of electricity supply in rural areas will be extended through the national grid and alternative systems such as mini-hydro and solar hybrid. Targets for rural electricity coverage will be almost 100% in Peninsular Malaysia and 99% in Sabah and Sarawak. Targets for additional houses to be supplied with electricity are about 6,000 houses in Peninsular Malaysia, 59,000 houses in Sabah and 76,000 houses in Sarawak.

Apart from expanding the provision of basic infrastructure, initiative will continue to undertaken to provide social amenities, sanitation facilities, sport facilities and recreational areas to the rural population to improve their quality of life. The rural population will also be exposed to the utilisation of ICT facilities and appropriate software packages to improve their knowledge. Currently, internet penetration in rural areas has increased from 3.9% in 2004 to 4.3% in 2007. In this context, the role of telecentres will be strengthened and reoriented to link them to income generating opportunities, particularly in enhancing marketing of rural products as well as improving access to business opportunities. To facilitate this, it is targeted that at least one telecentre will be established in each sub-district (mukim).

In line with the efforts to move towards creating a high income nation based on innovation, the Government together with the communications and multimedia industry will create 1Malaysia telecentres especially in the rural areas. These 1Malaysia telecentres will become focal points for the local community to learn new skills through the extensive use of ICT. In the context of inculcating a culture of innovation and creativity, these centres will also provide the forum for youth to engage in activities and exchange ideas. The 1Malaysia telecentres shall be based on a community self-help model with some financial assistance in partnership with private sector and civil society. These 1Malaysia telecentres will involve active participation of local youth. Moving forward, the telecentre will become self-sufficient

and eventually emerge as an e-commerce nodes for the local community.

The provision of basic rural transport services, such as air and water transportation, will be further improved to increase connectivity and accessibility for rural populations especially in Sabah and Sarawak. This will include upgrading Short Take Off Landing (STOL) airstrips. In Peninsular Malaysia, new stage-bus routes and new express buses between rural centres and towns will meet the needs of the rural population for efficient, affordable and safe transport.

To ensure that focused efforts will be made towards improving access to basic infrastructure, the Government has selected rural basic infrastructure

#### Box 4-3

The Rural Basic Infrastructure NKRA aims to improve the provision of basic infrastructure for the *rakyat* living in rural areas through:

- Building and upgrading of roads to connect rural areas to social and economic centres;
- Supplying clean and treated water through additional connections and other alternative solutions;
- Building housing for poor and hardcore poor; and
- Supplying electricity to *rakyat* with particular focus on Sabah and Sarawak.

Improving  
rural basic  
infrastructure  
is one of six  
National Key  
Result Areas



as one of the National Key Result Areas (NKRAs) under the Government Transformation Programme (GTP). To achieve their targets, increased efforts will be made to accelerate the delivery of basic infrastructure in rural areas.

At present, significant progress has been made in the GTP under the rural basic infrastructure NKRA. Work has commenced on increasing road coverage by 500 kilometres in Peninsular Malaysia, Sabah and Sarawak, whilst 86 kilometres of roads has already been completed. A total of 11 water treatment plants are under construction, whilst 70,180 houses will be expected to be connected to treated water supply by 2010. In increasing electricity coverage, a total of 670 projects have commenced, covering 25,310 houses.

To ensure effective implementation of rural basic infrastructure development programmes, the Government will put in place key enablers, including:

- Utilising developmental plans as a platform for integrating the planning and implementation of rural infrastructure development programmes;
- Improving existing administrative processes to reduce time required for the tendering process;
- Ensuring adequate supply of manpower, machines and materials by working more closely with suppliers; and
- Establishing effective programme management and governance of projects.





## **BUILDING A PROGRESSIVE AND MORE INCLUSIVE SOCIETY**

A progressive society is one that balances personal needs and civil liberties to ensure the rights of its citizens are upheld and respected. It is a society where diversity is respected and encouraged, and where people of different backgrounds, ethnicities, and religious beliefs work together to ensure that as the nation advances, no one gets left behind. Ultimately, it is a society that is inclusive and seeks active participation from all groups. Women, youth, children, older persons, persons with disabilities (PWDs) and the family unit are all vital components of society, and therefore embracing their needs and balancing those needs against an evolving social environment is critical towards achieving a truly progressive and inclusive society.

In working towards greater inclusiveness in employment, employers will be asked to disclose their employment composition by major inclusiveness elements such as gender and ethnicity to the Securities Commission (for listed companies) or the Companies Commission of Malaysia (for all other companies) to enable the Government to better track Malaysia's overall progress on these measures.

### ***Empowering Women to Enhance their Economic Contribution***

With the size of the female population increasing from 11.5 million in 2000 to 13.9 million in 2009, women continue to be a primary force in influencing the development of future generations and contributing to the economy. Women in top management positions in the public sector increased from 6.9% in 1995 to 30.5% in 2010. Women account for 65.9% of post secondary student enrolments in Government assisted schools, as well as approximately 62.3% of enrolment in first degrees and 52.7% of enrolment in Master degrees in public higher learning institutions in 2008. Yet, a large number tend to exit the labour force early due to family and personal commitments.

The participation rate of women in the labour force increased from 44.7% in 1995 to 45.7% in 2008, and the number further improved to 46.4% in 2009. Malaysia's participation rate is relatively low in comparison to neighbouring countries such as Thailand (70.0%), Singapore (60.2%)

and Indonesia (51.8%) as shown in *Chart 4-11*. On average, the mean wage disparities between women and men have decreased from a ratio of 1:1.16 in 2006 to 1:1.08 in 2009. However the rate of decline has been slow. Furthermore, 155,600 women were unemployed in 2009, which included 16,182 women who were married, 2,178 widows and 2,956 divorcees.

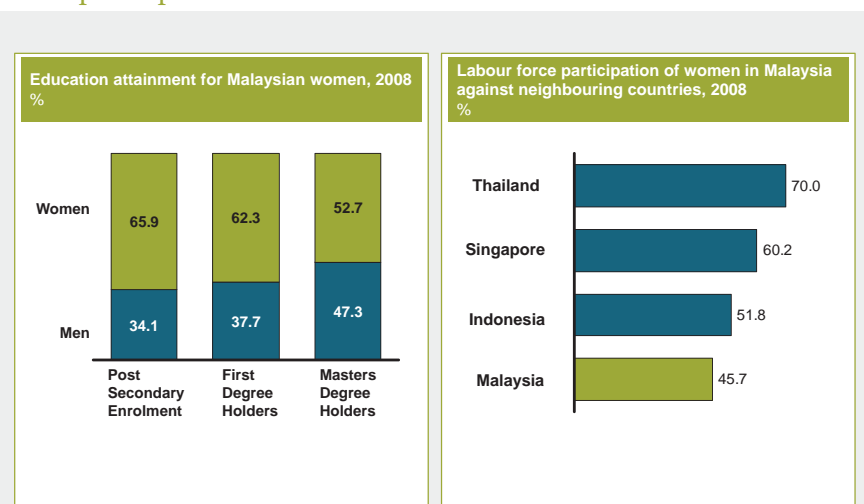
Women's participation in decision making positions in the public sector has improved, where female members of the Senate increased from 18.2% in 1990 to 28.8% in 2009, and female members

of the House of Representatives increased from 5.3% to 10.4% in the same period. Yet, in the private sector, women accounted for only 6.1% of Malaysia's corporate directors and 7.0% of CEOs in Bursa Malaysia largest 100 companies in 2008. From 2005 to 2009, female board representation in GLCs has maintained between 11.0% -14.0%.

Empowerment of women will be a key agenda of this Plan, where the Government will increase its efforts towards addressing issues confronting women to enable them to realise their full potential and participate more effectively in the economic

**Chart 4-11**

**Women in Malaysia have high education attainment, however labour force participation is still low**



SOURCE: Economic Planning Unit, Department of Statistics and International Labour Organisation – Labour and Social Trends in ASEAN 2008



and social development of the country. In addition, the Government's goal is not only to encourage more women to participate in the labour force, but also to enhance the quality of their participation by increasing the number of women in decision-making positions. Therefore, it is essential that women are given the right opportunities, environment and mindset so that they can participate and contribute in the various fields of national development. To achieve this, key programmes will focus on:

- Increasing women's participation in the labour force;
- Increasing the number of women in key decision-making positions;
- Improving provision of support for women in challenging circumstances such as widows, single mothers and those with lower incomes; and
- Eliminating all forms of discrimination against women.

Improvement in work-life balance provisions to encourage greater women participation in the workforce, particularly from the low income households, will be made by increasing the number of community-based nurseries and day care centres under JKM. There are currently 2,077 day care centres that are not registered with JKM. To this end, the Government will increase its efforts to ensure registration of the day care centres. In addition, CSR programmes to sponsor the establishment of licensed day care centres in partnership with NGOs will be actively promoted. Flexible working hours and work from home policies in the public and private sectors will continue to be promoted to encourage a more family-friendly workplace.

Training and re-skilling opportunities will also be provided through a special window under the Human Resource Development Fund. Efforts will be made to improve women's participation in entrepreneurial activities through greater collaboration between the Department of Women Development and institutions such as AIM to achieve the target of creating 4,000 women entrepreneurs by 2012.

A special committee, chaired by the Minister of Women, Family and Community Development, will be established to implement gender sensitisation

programmes in the public sector with regards to recruitment, career development and succession planning to increase representation of women in key decision-making positions within the parliament, state legislative assemblies, the judiciary and ministries. The Government will also increase its efforts to achieve a quota of at least 30% of decision-making positions to be held by women during the Plan period.

Leadership and capability development will continue to be promoted under the *Nur Bestari* training programme. In addition, specialised training courses for women in key areas such as politics, management and motivation will be developed to improve confidence and soft skills for women employed in the public sector. Private sector and NGOs will also be encouraged to increase the participation of women in managerial and key positions.

Skills development programmes for single mothers will be expanded and strengthened such as the Intensive Skill Training for Single Mother (I-KIT) entrepreneurship and skills programme. Other special assistance schemes will also encourage women in challenging circumstances to undertake more entrepreneurial activities. In addition, skills training programmes in cottage industries such as beading and tailoring

will be expanded through the *Jejari Bestari* and *Inkubator Keusahawanan Wanita* (I-KeuNITA) entrepreneurship programmes for women in bottom 40% households, Orang Asli communities and ethnic minorities in Sabah and Sarawak. Health awareness programmes such as on HIV prevention will continue to be promoted in rural areas with the cooperation of Ministry of Health and NGOs.

The Government will incorporate principles and initiatives on combating gender discrimination as outlined by the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Beijing Platform for Action, Millenium Development Goals (MDGs) and National Women Policy 2009. Women's rights and gender sensitisation programmes will continue to be expanded to educate women about their right and recourse for justice.

## ***Moulding Youth to Become Dynamic and Inspired Future Leaders***

Youth participation is a critical driver of the nation's growth as a key source of capable talent to support the human capital needs of the economy. The youth population comprises those in the 15-40 age group, which has grown from 11.1 million in 2005 to 11.9 million in 2009 constituting 41.5% of the population. In 2009, the number of youth employed stood at 7.1 million.

Youth unemployment increased from 10.5% to 10.9% between 2001 and 2008, accounting for 62.0% of total unemployment in 2008. The employment-to-population ratio of youth aged 15-24 reduced from 42.7% in 2001 to 36.7% in 2008. This may indicate that a larger proportion of youth choosing to further their studies, particularly as the number of the young labour force (aged 25-29 years) who have completed tertiary education also increased from 333,800 in 2001 to 571,600 in 2008.

The Government recognises the vital importance of youth in the economy, therefore the Plan aims to better prepare them to undertake their roles in contributing towards national development, through instilling the right skills set, values and

positive mindset to help them succeed. The youth population will need to be proactive and dynamic in order to adapt to the evolving landscape of the market economy.

In order to mould the youth to continue its important role in the national development agenda, a Cabinet Committee on Youth Development chaired by the Deputy Prime Minister has been established. This Committee will coordinate and update the delivery system for youth development programmes as well as to streamline the roles and responsibilities of the ministries involved.

The objective of youth development programmes will be to produce a youth population that is capable in the areas of skills, entrepreneurship and leadership. The Government will nurture positive attitudes towards patriotism and volunteerism to produce youth that love the nation and appreciate the spirit of solidarity amongst all Malaysians — in line with the 1Malaysia concept. Programmes for youth will be focused to establish a competitive culture based on merit and ability.

Youth development programmes will be set up to create a generation of youth that is forward-looking and driven towards academic and career achievement. Programmes will be tailored to recognise and reward high-performing individuals in order to instil strong character and self belief,

including providing monetary incentives as well as overseas study and internship programmes. The National Youth Award will continue to be used to recognise outstanding youth achievements in various categories including leadership and volunteerism. In addition, youths that have outstanding leadership qualities and active participation in societies will be given the opportunity to attend various international conferences and forums such as the Global Model UN Programme where they will be able to interact with youths from other countries on a wide range of global issues.

To improve the employability of youth, more balance will be sought in developing both technical as well as soft skills. The National Youth Skills Institute (IKBN), which offers skills courses that have high market demand, will be expanded to provide greater options for youth in various fields of study. The courses offered will be fully accredited under the Malaysian Skills Certificate. IKBN will also provide soft skills training such as leadership courses to its students. Greater exposure to capital-intensive sports such as golf and motorsports, will be provided through courses by IKBN with the objective of enhancing youth participation in potentially lucrative sports sectors. Entrepreneurship training and awareness programmes will be expanded through various institutions including the Malaysia Youth

Development Academy, INSKEN and MARA. Leadership skills, particularly among youth leaders, will be strengthened through internship programmes at government departments, companies and NGOs for up to one year.

Volunteerism will be promoted among youths. The RELA Youth Squad will be expanded to encourage greater sense of volunteerism and discipline. To promote greater unity among youths, activities will be tailored to ensure more inclusive participation such as sports competitions. The Government will also strengthen and develop youth associations through leadership and management courses to ensure the associations are financially independent. The migration of youth associations registration from Registrar of Societies to Registrar of Youth Societies under the Ministry of Youth and Sports will ensure a more effective delivery and monitoring of youth related development programmes. During the Plan period, the number of youth associations are expected to increase from 5,000 to 11,500.

Preventive and rehabilitative programmes will be improved and broadened to better shape the identity of youth and enhance their outlook on life whilst strengthening their discipline to avoid social ills such as crime and drug addiction and associating with groups involved with such social ills. Awareness programmes which focuses



on discouraging youth involvement in criminal activities, will be expanded to support the reduction of street crime.

### ***Ensuring the Protection and Well-Being of Children***

During the Plan period, importance will be placed on protecting and providing for the well-being of the nation's children. Investing in children is investing in the future human capital of the country. Consequently, concerted efforts to strengthen the family institution and facilitate child welfare, protection and development will be continued. This will include enhancing the quality of childcare services, strengthening related support programmes including capacity building of caregivers, and upgrading existing welfare institutions such as rehabilitation centres and child welfare homes. In addition, the role of the community in protecting the best interest of the child will be enhanced through awareness programmes.

Community participation will continue to be a major strategy of prevention and rehabilitation programmes for children. The role of the community will be enhanced through capacity building efforts that facilitate their effective functioning in helping to protect the best interest of the child and undertake preventive and rehabilitative programmes to curb many social problems affecting children.

To better address issues relating to child abuse, the Royal Malaysian Police will conduct screening for child carers to ensure the safety and protection of children under the care of external parties such as child care centres, nurseries and kindergartens. An alert system for lost and missing children (similar to the U.S. AMBER Alert bulletin) will be established to provide additional security for children, through the cooperation of the mass media and law enforcement agencies.

Children activity centres will be strengthened to prevent children, particularly from high-risk

families, from being involved in socially undesirable activities as well as to protect them from potential abuse. These centres are set up based on specific community needs in a particular area and provide comprehensive child welfare services, including sports and social activities, learning programmes and counselling facilities.

### ***Supporting Older Persons to Lead Productive and Fulfilling Societal Roles***

With declining fertility and longer life expectancy, Malaysia's population is ageing. The population older than 60 years increased from 1.5 million in 2000 to 2.0 million in 2009. By 2020 it is estimated that the number of older persons will be 3.4 million and by 2035, Malaysia will be in the category of ageing nations as defined by the United Nations, with older persons constituting more than 15% of the population. The Government realises that harnessing this pool of resource is valuable. Therefore, during the Plan period, continued emphasis will be placed on ensuring the health and well-being of older persons so that they are able to age with dignity and respect as well as lead independent and fulfilling lives as integral members of their families, communities and country.

Measures will be undertaken to provide a conducive environment for older persons to

remain healthy, active and secure. In line with this, programmes will focus on enhancing elderly-friendly infrastructure, improving access to affordable healthcare, ensuring adequate provision of shelters and improving financial security and opportunities for employment. Programmes to create greater awareness among family members and the community in caring for older persons will also be undertaken. In this regard, values such as familial responsibilities, understanding and caring for older persons will be given greater emphasis.

To encourage greater employment opportunities, the 100% tax rebate on costs to retrain older persons will be continued. In addition, the database on employment opportunities for older persons under Jobs Malaysia will be promoted more actively to create greater awareness for those who are actively looking for a job.

Independent living will also be emphasised through the Home Help programme where volunteers will provide assistance in managing the daily chores especially for those who live alone. Day care centres for older persons, which are established in partnership with NGOs, will be expanded to ensure older persons are taken care of when family members are working. Access to healthcare will also continue to be improved through provision of free transport to hospitals and clinics by JKM.



## ***Integrating Persons with Disabilities into Society***

The number of registered PWDs has grown from 98,452 in 2000 to 283,204 in 2009, though estimates by the World Health Organisation indicate that actual numbers are up to ten times as large. Mainstreaming PWDs into development activities is an important element of a progressive society. The Plan will focus on integrating PWDs into society to enable them to be independent, productive and valued contributors.

Greater efforts will be made to provide easy physical access to transportation and buildings for a more disabled-friendly environment. This will be done through the adoption of universal design standards in buildings, public spaces and parks. Existing community-based rehabilitation centres will be upgraded to one-stop service centres which will provide more comprehensive services such as registration of PWDs, disability screening and detection, referral services, vocational trainings, job placements and dissemination of information on disabilities. Furthermore, the PDKNet programme will be improved to strengthen community-based rehabilitation through multimedia technologies and ICT.

The Government will also seek to provide greater employment opportunities for PWDs. In line with this, the Government will actively pursue its target of 1% disabled employment in the civil service. Other existing programmes such as Job Coach will be broadened to ensure sufficient coverage to effectively assist PWDs in seeking, obtaining and retaining positions in open employment, through ICT programmes such as an electronic labour exchange system for PWDs operated by the Labour Department. The Government will also look into establishing specialised learning institutions and vocational schools dedicated to PWDs.

## ***Strengthening the Family Institution to Overcome Challenges of Modern Living***

A strong family unit inculcated with positive family values, shared responsibilities among family members and a strong marriage institution will continue to be a priority of the Government's development agenda. Families are the cornerstone of a healthy, dynamic and productive nation and are essential in fulfilling the emotional and physical needs of individuals, which are necessary for the achievement of good economic and social

outcomes. Household and community living spaces require a conducive environment to foster close-knit families and a more inclusive society.

Programmes that instil character building and family values will be implemented to promote greater resilience, integrity, solidarity and cohesiveness of the family institution. Towards this end, family support services and programmes will focus on strengthening marriage and promoting equitable sharing of resources, responsibilities and tasks.

The Smart Start programme will be expanded to create awareness about the roles and responsibilities involved in a marriage institution and promote greater understanding among couples who are about to get married. Parenting knowledge and skills, especially among working couples, will be strengthened through the Parenting@Work programme which promotes greater work-life balance and supports the parenting needs of young families. The Government will also increase the number of one-stop family service centres during the Plan period to provide accessible family support services such as counselling, therapy and mediation.

## CONCLUSION

In the Tenth Plan, inclusiveness will be pursued by providing equitable access to opportunities for all. Programmes to elevate the livelihoods of the bottom 40% households and safeguard the vulnerable will be emphasised. This will be done by elevating their income-earning ability through upgrading skills, linking them with potential employers and increasing capacity for entrepreneurship. At the same time, the social safety net will be strengthened to protect the vulnerable. In addition, balanced economic participation will continue to be pursued. In the past, achievement of 30% Bumiputera corporate equity ownership was emphasised, and pursued through allocation-type instruments.

Moving forward, focus will be given towards achieving balanced participation in higher paying jobs, strengthening entrepreneurship in higher-value added activities and enabling accumulation of wealth across a broader categorisation of assets. The renewed emphasis on capability building and genuine economic participation enables Malaysia's inclusiveness agenda to be implemented within the context of an expanding economy. Principles of market-friendly, needs based, merit-based and transparent will be applied in the design and implementation of programmes to ensure inclusiveness is consistent with growth.

