

**Brief Announcement on Malaysia's Experiences in Meeting the
Millennium Development Goals (MDGs) For the ECOSOC
'Implementation Forum'**

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I. INTRODUCTION

1. Malaysia has been blessed with remarkable economic and social progress, where Malaysia have been able to ensure its people have access to health and education, to eradicate hard-core poverty and to improve the living standards. Though today there is a myriad of challenges; from terrorism, financial and economic pressures, the increasing mobility of human capital and environmental issues, Malaysia has continued the strive for **innovative strategies and policies**, towards high value-added activities that will enhance competitiveness and enable Malaysia to move up the economic value chain and achieve our national development goals.

II. PROGRESS AND CHALLENGES OF MALAYSIA MDG

2. On account of the Millennium Development Goals (**MDGs**), the MDGs have raised the hopes of millions of disadvantaged people in our country where hopes must be fulfilled. Because the MDGs are designed to bring about a fundamental restructuring of the situation of the poor in the contemporary world, if achieved, they will certainly represent one of the most outstanding accomplishments of human kinds.
3. Malaysia has achieved or is on track to attaining the MDGs at aggregate level by 2015. In this regard, at the national level, Malaysia was a model in achieving the MDGs ahead of the targets date, except for a few remaining indicators such maternal mortality rate and the increase in Tuberculosis-cases. While Malaysia has achieved the aggregate MDG objective of halving **poverty** – which fell from 17 per cent in 1990 to 8 per cent in 2000, and was below 1.7 per cent in 2012 – nationally, income inequality remains high and has not substantially improved over the last 20 years. So, it is time for Malaysia to prioritize relative poverty as a major policy axis, to ensure that it safeguards the welfare and well-

being of vulnerable groups and, at a minimum, does not increase entrenched inequalities.

4. On this note, Malaysia's current practices in **poverty measurement and poverty monitoring** have resulted in tremendous achievement in the area of poverty eradication since 1970:
 - Hardcore poverty virtually eradicated by 2010.
 - Overall poverty incidence declined from 49.3% (1970) to 1.7% (2012); urban poverty from 21.3% (1970) to 1.1% (2012); rural poverty from 58.7% (1970) to 3.4% (2012).
 - Average household income increased from RM264 (1970) to RM5,000 (2012).
 - MDG target (1990 - 16.5%) to halve the overall poverty rate by 2015 – achieved in 2000 (8.5%).
5. Since 1970's, Malaysia has been using **Poverty Line Income (PLI)** and headcount approach to measure and monitor the incidence of absolute poverty. This methodology was introduced in 1977 using the 1973 Household Expenditure Survey and was based on the minimum requirements of a "model" five-person household for food and non-food items.
6. In addition, Malaysia also uses the **Quality of Life Index (MQLI)** to track and monitor development progress and accessibility of households to various facilities such as infrastructure, utilities and other basic amenities. To complement this approach, Malaysia also developed a centralised database which contained comprehensive information of the poor and low income households. This database provides guidance for the intervention through target-specific programme.
7. All tools have their respective strengths and limitations. While the PLI and MQLI provide useful guidance for socio-economic policy direction, there is a need to further improve the methodology. Hence, the MPI approach will complement current practices in poverty measurement and poverty monitoring. The MPI will help to identify the most vulnerable groups and indicate the deprivation and its intensity from multidimensional perspectives.

Multidimensional Poverty Index (MPI) for Malaysia

8. Absolute poverty is no longer a pressing issue for Malaysia. Extreme poverty has been eradicated and incidence of general poverty stands at minimum level. At the same time, in 2012, 94% of household in Malaysia had access to clean/treated water and 99% had access to 24-hour electricity supply. The key parameters of human development has always been addressed and given priority in Malaysia's socio-economic development. The broad-based approach has been adopted to target and monitor poverty in Malaysia from 1970 to 1985. Thereafter, a target-specific approach was employed for poverty targeting and poverty monitoring.
9. In 2008, further improvement was made to the centralised database for the poor households (*e-Kasih*). This database has received international recognition and won the first prize of the United Nations Public Service Awards (UNPSA) 2012. This reflects Malaysia's continuous effort to improve our database and methodology as there is no composite tool to measure and monitor the multidimensional aspects of poverty.
10. Despite tremendous progress made in poverty eradication, Malaysia continues to have pockets of poverty. In this regards, MPI will complement effort to monitor poverty and identify development gap for the formulation of a more inclusive development policy and intervention. We are, however, still at the early stage of employing MPI in the planning and monitoring works.
11. **Why MPI?**
 - To complement the national income poverty measure of PLI.
 - To meet the households' expectation and reflect social mobility using certain cut-off or standards.
 - Focus on human dimensions to enhance capability and mobilise human potential.
 - To monitor the effectiveness of poverty intervention.
 - Improve targeting, identify and focus on priority groups as well as locality and design of development programmes.

12. At this juncture, Malaysia's adaptation of the MPI model is guided by the *Alkire-Foster* (AF) method and limited by the availability of data, which will influence the determination and selection of dimensions and indicators. Currently, the main data source for the MPI is the Household Income/Basic Amenities Survey (HIS/BA), conducted by the Department of Statistics twice in every five years. The household unit as well as the national, region, state and stratum level will be used for the MPI analysis. The development priorities and focus suggested that the equal weight approach for each dimension is appropriate for Malaysia's MPI. Meanwhile, the decision for the deprivation cut-offs and poverty cut-off (k-value) is flexible to meet with the standard and needs of the current development policies. At the moment, Malaysia do not intent to include income indicator as one of the dimensions in the MPI, as the current PLI measurement and absolute poverty concept is inclusive of all dimensions of the basic needs.

III. CONCLUSION

13. MPI will help to complement effort to monitor poverty and identify development gap for the formulation of a more inclusive development policy and intervention by identifying the most vulnerable groups and indicating deprivation from multidimensional perspectives and intensity of deprivation.
14. Malaysia has succeeded in reducing poverty using the absolute poverty approach. However, we will continue to review the methodology and approach to enhance our poverty eradication strategy, hence, the move towards using MPI.