New Growth Strategies: Perspectives From Malaysia’s Transformation Program

World Bank Group Conference

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What is **Transformation**?

Changing the Being by Doing

Recursive, mutual redefinition via interplay between institution (yin) and action (yang)
NEW ECONOMIC MODEL
Making Us A Rich Country
For Everyone & For A Long Time

“If we don’t execute, we will get executed!”
Prime Minister Najib Razak, April 2009
The Big Fast Results (BFR) Methodology...

...an 8-step approach that is radical & transformational.

We are the only Government who is doing all of the above
ETP’s TRUE NORTH

Gross National Income (GNI)
USD523b
Per Capita USD15,000

INVESTMENT
USD444b
92% Private
8% Public

73% DDIs
27% FDIs

3.3 million ADDITIONAL JOBS
To Become A HIGH-INCOME NATION, We NEED:

**FOCUS**

“DRIVERS” to ensure focus on high-impact areas

12 NKEAs + 7 NKRA

**COMPETITIVENESS**

“ENABLERS” to ensure competitiveness

6 SRIs

National Key Economic Areas

National Key Result Areas

Strategic Reform Initiatives
BENCHMARKING: IMPACT ON CONFIDENCE & THE ECONOMY
GNI Per Capita
ON THE RISE

CAGR = 8.5%

<table>
<thead>
<tr>
<th>Year</th>
<th>GNI Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8,150</td>
</tr>
<tr>
<td>2011</td>
<td>8,830</td>
</tr>
<tr>
<td>2012</td>
<td>9,820</td>
</tr>
<tr>
<td>2013</td>
<td>10,400</td>
</tr>
</tbody>
</table>

Source: Department of Statistics, BNM
CLOSING IN
On High-Income

GNI per capita Atlas Method (USD)

2007: 6,600
2008: 7,500
2009: 7,590
2010: 8,150
2011: 8,830
2012: 9,820
2013: 10,400

High Income threshold - 1 July (Year+1)

2007: 11,456
2008: 11,906
2009: 12,196
2010: 12,276
2011: 12,476
2012: 12,616
2013: 12,746

- Malaysia - GNI per capita Atlas Method (USD)
- High Income threshold - 1 July (Year+1)
1.6M NEW EMPLOYMENT
In NKEA Universe

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment (million)</th>
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<tbody>
<tr>
<td>2010</td>
<td>7.23 (60.8%)</td>
</tr>
<tr>
<td>2011</td>
<td>7.47 (60.8%)</td>
</tr>
<tr>
<td>2012</td>
<td>7.90 (62.1%)</td>
</tr>
<tr>
<td>2013</td>
<td>8.40 (62.4%)</td>
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Source: Department of Statistics
538.9B
Approved Investment Post-ETP

Source: MIDA
Share of Private Investment
HIGHEST IN 8 YEARS

Source: Department of Statistics 2013, GDP at constant prices
Private Investment
ACCELERATED post-ETP

Source: Department of Statistics, Private Investment in Constant 2005 Prices in RM
More COMPETITIVE Globally

**Ease of Doing Business**

- **World Bank**

**World Competitiveness Yearbook**

- **IMD**
  - Out of 60, 2012: 14, 2013: 15, 2014: 12

**Global Competitiveness Report**

- **World Economic Forum**
Inclusivity...
Inclusive Measures For Bottom 40% Leads To INCREASE In MEAN INCOME

CAGR: 8.7%
Mean: RM 1,847
Mean: RM1,440

2009 2012 2013E 2015E

2009
Mean: RM1,440

Target: RM2,300
E: RM2,369
E: RM2,007

Source: EPU
Minimum Wage Is An Inclusive Measure: Est’d 3.2m People Lifted Above Poverty Line

Minimum Wages Statutory Inspection as of March 2014

<table>
<thead>
<tr>
<th>Inspected</th>
<th>Compliance</th>
<th>Non-compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,588</td>
<td>6,409</td>
<td>179</td>
</tr>
<tr>
<td></td>
<td>(97.3%)</td>
<td>(2.7%)</td>
</tr>
</tbody>
</table>

513 complaints received, 84% resolved (433)
From 2010 to 2013, 188,781 upgraded to ‘Move Out From Poverty’ due to an increase in income levels.

Number of individuals:

- Move out of poverty: 188,781
- Vulnerable: 74,543
- Poor: 129,275
- Extreme Poor: 69,972

89% Increased Income Levels

Reasons for “MOFP” status:
- Remarried: 47
- Welfare Assistance: 5082
- Death: 9331
- Others: 4,937

133,000 participation in 1AZAM Programme since 2011
Inclusive Measures For Rural People

- 4,069 km of rural roads have been completed
- 318,152 rural houses with clean/water supply
- 115,296 rural houses with electricity supply
- 61,062 houses for rural poor build & restored

2.7 million people
1.5 million people
580,630 people
305,300 people

Touching the lives of more than 5.1 million people living in the rural area in 4 years
Inclusive Measures For Women

- **Retain**
  - Flexible Work Arrangements (FWA)
  - Tax Incentives for Implementing FWA
  - Diversity Advocates

- **Return**
  - Flexi-jobs Listing on flexWorkLife.my
  - Tax Incentives for Hiring & Training Women on Career Breaks
  - Career Comeback Networking Event

- **Rise to the Top**
  - 30% women on PLC boards & senior management
  - Diversity Disclosure
  - Women in Leadership Programme

TalentCorp Malaysia
Sustainability...
Gradual Reduction In Fiscal Deficit

<table>
<thead>
<tr>
<th>Year</th>
<th>Fiscal Deficit</th>
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<tbody>
<tr>
<td>2009</td>
<td>6.6%</td>
</tr>
<tr>
<td>2010</td>
<td>5.6%</td>
</tr>
<tr>
<td>2011</td>
<td>4.8%</td>
</tr>
<tr>
<td>2012</td>
<td>4.5%</td>
</tr>
<tr>
<td>2013</td>
<td>3.9%</td>
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2015 Target: 3%

2020 Target: 0% / Neutral

- 4 consecutive record Gov’t revenue
- Subsidy reduction
- Value Management
- GST
- Focus only on high impact sectors
Moving Into SAFER ZONE

Public debt (% of GDP), 2009*

Sovereign crisis levels

Safe zone

Malaysia 2013 (+GG)

Note: Malaysia’s figures are for 2009 – 2013; other countries are 2012 figures
Source: EPU, MOF, BCG analysis, Economist Intelligence Unit, CIA fact book
Less Dependent On OIL REVENUE

Source: Ministry of Finance
Note: 2013 figures are the updated revised figures and 2014’s are projected
Committed To Reduce
Global Carbon Intensity (40% Reduction By 2020)

Growth of the services sector
→ less carbon footprint

Target ridership for UPT from 8% in 2008 to 40% by 2020
→ MRT, LRT, BRT: big reduction in emission

Solid waste management programme underway
(EPP9 under Greater KL & EPP4 Business Services NKEA)
We are transforming Malaysia to become a high-income economy, which is inclusive and sustainable, in order to give quality of life to all Malaysians...

...and today, we are exhibiting the characteristics of a high income economy
Thank You