



# MALAYSIA

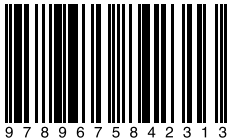
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# VOLUNTARY NATIONAL REVIEW (VNR) 2021

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**MALAYSIA  
VOLUNTARY NATIONAL REVIEW  
(VNR) 2021**

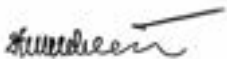


# Foreword

We are living in extraordinary times and are going through significant changes as a nation. Although the global economy is increasingly integrated and has created unprecedented growth, the benefits have not been felt evenly. The 2030 Agenda was set up with the aim to address this inequity and to continue advancing equality to ensure that everyone has the opportunity to prosper. For the past two decades, Malaysia has consistently achieved significant economic growth, up until the global pandemic hit. Every nation, including Malaysia, has been put to the test due to the COVID-19 pandemic. Its effects reverberated across all aspects of our lives, our well-being, our economy, and even the environment – testing our resilience in the face of adversity.

This pandemic brought about challenges and difficulties that caused Malaysia to digress slightly from our intended path of achieving the SDGs. Such extraordinary times require extraordinary measures, and to ensure we build back better and stronger, Malaysia is determined to undertake all necessary measures to further strengthen our economic fundamentals and forge ahead as one nation. The aforementioned challenges will not deter Malaysia from embracing new approaches and mechanisms in our pursuit for improved well-being for all.

I reiterate that the Government of Malaysia remains committed to reporting our VNR every four years, and I am pleased to present Malaysia's Voluntary National Review report for 2021. The SDGs are as meaningful in Malaysia as they are around the world, and we are committed to their implementation. Our priority is to continue building sustainable economic growth that is inclusive for everyone, and to ensure that no one is left behind. COVID-19 has underscored the importance of digitalisation and Malaysia is aggressively implementing relevant initiatives to ensure the nation becomes increasingly connected. We shall continue to work closely with all stakeholders to ensure a more equal, prosperous and sustainable Malaysia for our future generations.



**TAN SRI DATO' HAJI MAHIADDIN BIN HAJI MD YASIN**  
PRIME MINISTER OF MALAYSIA



# Preface

This year marks Malaysia's second submission of the SDG Voluntary National Review, as part of the follow up of the 2030 Agenda for Sustainable Development. Since the submission of the first report in 2017, Malaysia has made significant progress in mainstreaming SDGs into national development planning.

This includes among other things, conceptualizing Phase I of Malaysia's SDG Roadmap (2016-2020), aligning SDGs with national development – particularly in the 11<sup>th</sup> and 12<sup>th</sup> Malaysia Plans, as well as achieving significant milestones in developing a robust framework to monitor SDG adoption.

While the first VNR (2017) focused heavily on the Government's effort in achieving SDGs, our second VNR (2021) took a different approach by adopting a whole-of-nation approach. We conducted comprehensive multi-stakeholder engagements. There has been a lot of collaboration between the public and private sectors. This helped us gain better perspectives on the nation's performance, as well as identifying gaps and challenges in implementing SDGs. We believe that forging strong partnerships is important to ensure buy-in from all relevant parties to the sustainable development agenda.

Malaysia's SDG progress and our development record compares well to other countries. Malaysia has sustained economic growth in the past four decades and made commendable progress in eradicating poverty. Indeed, absolute poverty has been reduced from almost half of total households or 49.3 per cent in 1970 to 5.6 per cent in 2019. However, the COVID-19 pandemic has reversed some of Malaysia's gains and further exacerbated existing social and economic inequalities.

Although the country's health security preparedness was reflected in the successful management of the pandemic, the fight against COVID-19 is far from over. Hence, we must up the ante to ensure that the *rakyat*, particularly those whose livelihoods have been most affected, are well protected during this pandemic.

Moving forward, we must recognize that localising SDGs is a crucial prerequisite for nationwide SDG adoption. There is a need for greater coordination across Government, from the Federal level all the way down to the local level, in order to facilitate SDG adoption. In this regard, the Parliament of Malaysia established the All-Party Parliamentary Group on SDGs to assist the Government in reaching out to the most vulnerable groups in society, particularly those who reside in remote areas. This initiative is part of Malaysia's effort in ensuring that everyone in the country will enjoy the benefits of economic development.

This report would not have been possible, if it were not for the strong support and encouragement from the Right Honourable Prime Minister and my Cabinet colleagues. Of course, my team at the Economic Planning Unit, the All-Party Parliamentary Group on SDGs, United Nations' agencies in Malaysia, participating private sector, civil society organisations, academia, and individuals all deserve their due recognition for their contribution to this report.

I thank you all for the continued support to the initiatives undertaken to facilitate the adoption of SDGs in Malaysia.



**DATU' SRI MUSTAPA MOHAMED**  
MINISTER IN THE PRIME MINISTER'S DEPARTMENT (ECONOMY)





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# Key Messages

*Theme: Sustainable and resilient recovery from the COVID-19 pandemic that promotes the economic, social, and environmental dimensions of sustainable development: building an inclusive and effective path for the achievement of the 2030 Agenda in the context of the Global Decade of Action and Delivery for Sustainable Development*

Sustainable and inclusive development has always been a key principle in the nation's development planning. Efforts to mainstream SDGs in national development planning were undertaken via the alignment of SDGs in the five-year national development plans, the development of the SDG data and the establishment of a multi-stakeholder institutional framework. Malaysia's VNR 2021 is the second report submitted as part of the review of the 2030 Agenda. The stakeholder engagement for the VNR 2021 commenced with a formal online inception workshop attended by more than 300 participants. The findings and data collected for the upcoming Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan) and the SDG Indicators Malaysia 2019 report are also utilised in the VNR 2021. Following the improvement in data collection, the VNR 2021 will provide a more comprehensive evidence-based data as compared to the first VNR in 2017.

Malaysia has successfully transformed its economy, raised living standards, and moved from a low-income to an upper-middle-income economy within a generation. The gross national income (GNI) per capita, expanded about 29-fold, from US\$347 in 1970 to US\$10,118 in 2020. Among the significant achievements are in eradicating poverty and narrowing inequalities as well as providing better quality of life for the people. The incidence of absolute poverty reduced from 7.6 per cent in 2016 to 5.6 per cent in 2019. Hardcore poverty has almost been eradicated, though pockets among selected groups, and multidimensional deprivations remain. The COVID-19 crisis resulted in some vulnerable households within the B40 income group fell into higher incidence of poverty and widened the inequality. In response, the Government has implemented a series of special economic recovery packages to boost growth and protect the vulnerable. Malaysia has also enhanced its food production, where the self-sufficiency levels of 10 major agri-food commodities continue to improve. However, the nutritional aspect of food security has become more pertinent as Malaysia faces double burden of malnutrition, particularly involving vulnerable groups and in times of unexpected emergencies.

Malaysia has been successful in providing quality, accessible and affordable healthcare, on par with those in more developed countries, based on the principle of universal health coverage. The country's health security preparedness was demonstrated by successfully managing the COVID-19 outbreak. However, health burdens are rising due to an ageing population, demands for better healthcare, and the increasing NCDs, which currently is responsible for more than 70 per cent of deaths. Initiatives to enhance the healthcare delivery system to promote a better and healthier lifestyle through a multi-sectoral nutrition framework are currently being implemented.

Malaysia is also making progress towards sustainability and managing climate change by adopting a resource efficient and climate resilient development model. The sustainable consumption and production (SCP) approach was undertaken through creating green market, managing waste holistically, and increasing the share of renewable in energy mix. While various efforts are being made to better coordinate SCP, and climate change at the policy level, technical and financial support are still required in the implementation.

Malaysia continues to practice a unity in diversity approach, while emphasising governance, social cohesion and partnership. It is committed to South-South Cooperation through the Malaysian Technical Cooperation Programme, supporting 144 developing countries through technical and capacity building initiatives. In addition, the All-Party Parliamentary Group on SDGs was established to enhance SDG localisation. The Voluntary Local Reviews have also been initiated to ensure local authorities' programmes and initiatives are in line with the SDGs.

Moving towards 2030, the national development priorities will continue to be aligned and integrated to the SDGs. The SDG Roadmap Phase 2 (2021-2025) will be formulated to advance the SDG agenda by identifying priority areas, key enablers and critical 'accelerator points' for lagging SDGs, ensuring policy coherence across all levels of governments, and recommending strategies and plan of actions. Localising SDGs initiatives will also be further strengthened. The Twelfth Plan will ensure that the people will benefit from socioeconomic development, achieve inclusivity and social cohesion, and improve general well-being. Malaysia will advance green growth towards a low-carbon nation, ultimately attaining carbon neutral future. Effective execution of the Twelfth Plan will contribute to achievement of the 2030 Agenda.

# CHAPTER 1

## MALAYSIA'S APPROACH TO THE 2030 AGENDA AND SDGs

# Malaysia's Participation

In conjunction with the final review of the Millennium Development Goals (MDGs) and preparation for the Eleventh Malaysia Plan, 2016-2020 (Eleventh Plan), the five-year national development plan for 2016-2020, Malaysia initiated and participated in consultations for the Post 2015 Development Agenda process throughout 2014-2015. This included three national workshops in Peninsular Malaysia, Sabah, and Sarawak; focus group discussions with multi-stakeholders; UN-hosted programmes and other related engagements. These led to the adoption of the 2030 Agenda and Sustainable Development Goals (SDGs).

In 2016, the Cabinet agreed to incorporate the SDGs into the national planning framework and implement the SDGs in three phases between 2016 and 2030. More importantly, it also recognised the need for improved data gathering and reporting framework, which would facilitate the assessment of SDGs' progress. A governance structure for monitoring, evaluation and reporting was established to ensure effective implementation of the SDGs.

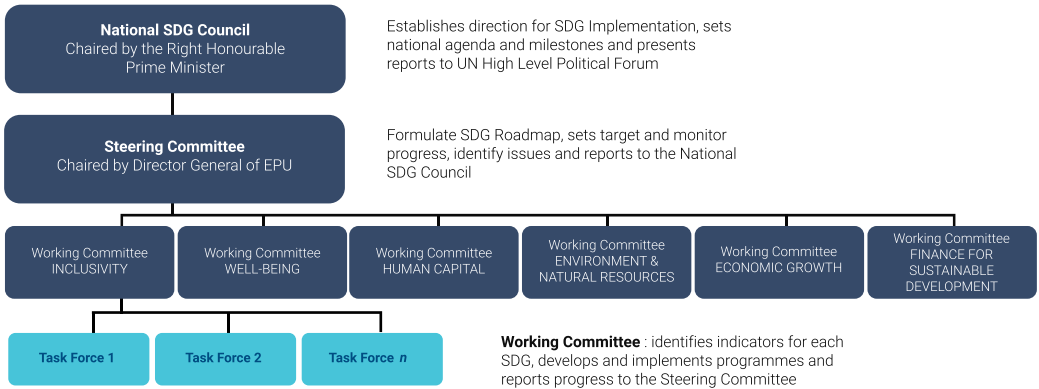


## National SDG Governance

The main decision-making body for the national SDG governance structure is the National SDG Council, which is helmed by the Right Honourable Prime Minister. The Council endorses and monitors SDG implementation and progress towards the 2030 Agenda. It is supported by a National Steering Committee (NSC), which is chaired by the Director General of the Economic Planning Unit, Prime Minister's Department (EPU). The NSC prepares the national reports that are presented at the UN through the High-Level Political Forum (HLPF) on Sustainable Development. Malaysia presented its first Voluntary National Review (VNR) at the High-Level Political Forum (HLPF) in July 2017.

There are six SDG Cluster Working Committees (CWC), which support the NSC by identifying gaps and opportunities for each goal, planning and implementing programmes, as well as reporting on their progress. The CWC consists of representatives from relevant Government ministries and agencies, the private sector, civil society organisations (CSOs), academia, and international organisations. Meanwhile, the Department of Statistics Malaysia (DOSM) acts as the national focal point for SDG indicators that coordinates data collection and compilation from various line ministries and agencies.

**Figure 1.1: National SDG Governance Structure**



**Figure 1.2: Cluster Working Committees**



## National SDG Roadmaps

The national SDG roadmap aims at providing a clear direction on the implementation of the 2030 Agenda and SDGs, and will be developed in three phases. The duration of each phase is five-years stretching from 2016 to 2030, which is aligned to each of the country's three national development plans during that period.

### Phase 1 – Eleventh Malaysia Plan, 2016-2020 (Eleventh Plan)

### Phase 2 – Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan)

### Phase 3 – Thirteenth Malaysia Plan, 2026-2030 (Thirteenth Plan)

The phased approach ensures flexibility in implementation of programmes identified in the SDG roadmap, and also provides opportunities for continuous engagement with relevant stakeholders as part of the monitoring and evaluation process. The roadmap is intended to be pragmatic and harmonised with national development plans to enable continuous multisectoral collaborations and partnerships as well as efficient resource mobilisation. Currently, the SDGs related programmes and projects are funded under each five-year Malaysia Plan, and supplemented through partnerships with the private sector, CSOs, and international agencies.

## Aligning the Twelfth Malaysia Plan to the SDGs

Building on from the Eleventh Plan, the next national development plan continues to align its strategies, action plans and targeted outcomes with those of the SDGs. The Twelfth Plan aims to achieve a prosperous, inclusive and sustainable Malaysia. The policies, strategies and initiatives are designed to address prevailing socioeconomic issues and challenges, focusing on efforts to regenerate the economy, strengthen security, well-being and inclusiveness as well as enhance sustainability.

The goal of the Twelfth Plan is not only to revive economic growth, but also to ensure that the country's prosperity can be distributed more fairly and equitably, without neglecting environmental sustainability. The Government identified at least seven key priorities under the Twelfth Plan to transform Malaysia into a developed, inclusive, and sustainable nation. This includes alleviating poverty and reducing socio-economic gaps by implementing more comprehensive and targeted programmes.

## The Shared Prosperity and Partnership Approach to the SDGs

The Shared Prosperity Vision 2030 (SPV 2030) is a commitment to make Malaysia a nation that achieves sustainable growth along with fair and equitable distribution across all levels by 2030. It further reflects the support of and commitment by Malaysia in implementing the 2030 Agenda. The SPV 2030, operationalised through the Twelfth Plan and the Thirteenth Plan, reaffirms Malaysia's continued drive to ensure that it becomes both a competitive and inclusive high-income nation. It emphasises the need to take a people centric and collaborative approach towards pursuing sustainable economic growth. The SPV 2030 outlined 3 objectives, 15 guiding principles, 7 strategic thrusts and 8 enablers to realise the aim to provide decent standard of living to all Malaysians by 2030.

In November 2019, a two-day Malaysia SDG Summit was held to create awareness and understanding on SDGs. It was a platform to build multisectoral partnerships, strengthen collaborations as well as discuss the progress, challenges, and opportunities with various stakeholders, i.e., public and private sectors, academia, CSOs, and prominent individuals. Numerous critical themes were discussed at this Summit attended by more than 2,000 people, from examining the effectiveness of existing social welfare strategies; ensuring that environmental sustainability is placed central to Malaysia's development paradigm; highlighting the challenges and opportunities in unlocking the potential of women; emphasising the role of institutional reform and ensuring a whole-of-nation approach to accelerate progress on SDG achievement.

## Methodology and Report Preparation

Preparations of the VNR 2021 involved undertaking a deliberate multisectoral approach aimed at being inclusive and consultative. The objectives are to fulfil the requirements of producing a quality and comprehensive report, create further engagement and ownership among the stakeholders of the SDGs, and assess ongoing progress. Using the 2030 Agenda as a framework, relevant policies and progress under the various SDGs were reviewed and examined to see how they contributed towards sustainable development, areas which were lacking, as well as opportunities for further improvement or strengthening.

The EPU spearheaded the preparation of the VNR with the formation of a steering committee, and technical working groups (TWGs). The SC discussed on the content and endorsed the VNR report before presenting it to the Cabinet, while the technical working groups verified the accuracy of information and data in the report. Participation in this process was well received with active representation from ministries and agencies, civil society, CSOs, academia, private sector and relevant stakeholders. This effort was supported by the United Nations Country Team (UNCT) in Malaysia, as well as the respective UN agencies.

Beginning from January 2021, several rounds of engagement sessions, workshops and consultation meetings were held to gather relevant information, gain insights, and produce feedback. Individual interviews were also carried out with key experts and resource persons. Through these engagement sessions, stakeholders were encouraged to provide written submissions, which would be used and incorporated as part of the report's development. Of particular interest, was the measurable progress made through sustainable development efforts and working towards the SDGs since the previous VNR.

This edition represents a much more comprehensive in-depth and wide-ranging effort which will serve as a solid foundation for future follow up of the SDGs progress, monitoring and evaluation of implementation, and review of outcomes.

## Progress in the Monitoring and Reporting of the SDGs Indicators

In 2018, the Department of Statistics Malaysia (DOSM) undertook and published an initial assessment of the SDG Indicators for Malaysia. Based on the 244 proposed indicators for the global framework of SDGs at the 48<sup>th</sup> Session of the United Nations Statistical Commission in March 2017, the assessment identified indicators that are available, partially available, partially available but need further development, not available or not relevant. As an outcome it was found that 118 indicators are available; 55 indicators are partially available; 36 indicators are partially available but need further development; 23 indicators are not available; while 12 indicators deemed irrelevant.

In 2020, a further global review of the indicators at the 51<sup>st</sup> Session of United Nation Statistical Commission in March 2020, resulted in the adoption of 247 indicators globally. Based on the review, DOSM listed that 128 indicators are available, while 73 are partially available but require further development, 31 are not available and 15 deemed to be not relevant. In terms of percentages, this highlighted that the overall available indicators have increased from 48 per cent to 52 per cent from 2017 to 2019. Further development of the partially available indicators will continue moving forward.

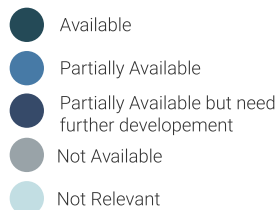
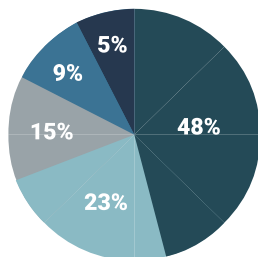
Since the SDGs adoption, DOSM has produced two SDG Indicator reports. The first report was published in 2019 and consisted of 99 indicators. The second publication in 2020 comprised of 128 indicators, including 18 indicators at local level. The publication of the SDG indicators reports provide a valuable platform for multi-stakeholders to get access to information on the progress of the SDGs. Additionally, to further improve access to information, the indicators database is available at <http://mysdg.dosm.gov.my>



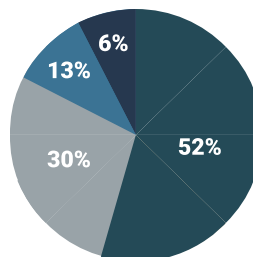
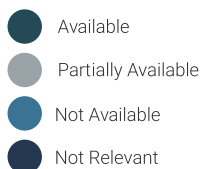
Photo credit: Sheikh Izham

**Figure 1.3: Comparison of SDGs Indicator Status**

**Initial SDGs Indicator Assessment (2017)**



**Updated SDGs Indicator Assessment (2020)**



**The Road to 2030: A Snapshot**

Malaysia's socio-economic development has been significant, transforming its economy from low-income to an upper-middle-income status and raised its living standards within a few decades. Among the significant achievement of Malaysia's economic development is in eradicating poverty and narrowing inequalities, in line with the 2030 Agenda's guiding principle of "leaving no one behind". Based on the revised national Poverty Line Income (PLI), the incidence of absolute poverty reduced from 7.6 per cent in 2016 to 5.6 per cent in 2019, and the hardcore poverty was almost eradicated. While overall poverty rate has declined, poverty among vulnerable groups is relatively high, and multidimensional deprivations remains. The task of alleviating poverty will be more challenging, exacerbated by the impact of the COVID-19 pandemic.

The Government continued to raise the income and living standards of the B40 households including vulnerable groups. There are various initiatives undertaken to increase income and improve well-being, such as provision of infrastructure and basic amenities, capacity building and enhancement, better access to employment, as well as integrated support for entrepreneurship and social safety net.

Malaysia is currently facing the double burden of malnutrition and a rise in non-communicable diseases (NCDs), with nearly half of the Malaysian adult population are either overweight or obese. The prevalence of stunting, underweight and wasting among children below the age of 5 have increased in recent times. The Government has implemented various initiatives to promote a better and healthier lifestyle for all Malaysians through multi-sectoral nutrition framework. The COVID-19 presents a new challenge in ensuring better nutritional outcomes, and the mitigating measures include ensuring food security, quality healthcare services, a healthy environment, and adequate care and feeding practices.



The Malaysian healthcare system has succeeded since the 1980s in providing quality, accessible and affordable healthcare, at par with more developed countries, based on the principle of universal health coverage. As the country's health expenditure has hovered around 4 per cent of GDP for several years, strengthening the resiliency and transforming healthcare has become more challenging. This is more evident now given the rising health burdens due to an ageing population, rising non-communicable diseases and demands for better healthcare. There remain many formidable challenges in updating and transforming the healthcare system. Despite its emergency health preparedness, the Government acknowledges that the fight against the pandemic is far from over and success in combating this pandemic is dependent on a robust national vaccination programme. Going forward, initiatives must ensure that the health infrastructure is both fit-for-purpose and future-proofed to carry the country and its population into the next few decades.

Inclusiveness has always been a key principle in Malaysia economic development, and the country has enjoyed sustained economic growth in the past four decades, while narrowing inequalities across ethnicities and regions. There have been huge advances in terms of poverty alleviation, basic amenities, health, education, and living standards for most Malaysians. However, inequality has widened slightly in the past few years, and COVID-19 pandemic has made it more challenging to ensure growth remains inclusive and sustained with full and productive employment. In mitigating the impact of COVID-19, Malaysia has implemented several economic recovery packages equivalent to 20 per cent of the GDP, to boost growth and ensure no one is left behind. More concerted efforts will be undertaken in the Twelfth Plan to ensure that everyone will benefit from inclusive socioeconomic development, while addressing current and future challenges, including the impact of the COVID-19 pandemic.

Malaysia is making significant efforts to transition towards sustainability and managing climate change by adopting a resource efficient and climate resilient development pathway. Malaysia has made progress towards increasing energy efficiency and government green procurement. In addition, recycling rates have improved substantially, surpassing the target of 22 per cent recycling rate by achieving more than 30 per cent in 2020. Malaysia is on track in meeting its Nationally Determined Contribution (NDC) target of reducing its greenhouse gas (GHG) emissions intensity of GDP by 45 per cent by 2030 relative to the emissions intensity of GDP in 2005. Various efforts to better coordinate sustainable consumption and production and climate change implementation have been undertaken at the policy level. However, greater technical and financial support, including on technology and expertise, is required to translate the policies into implementation.

Malaysia, which is a multi-ethnic country, continues to be a harmonious nation that upholds unity in diversity, while maintaining governance, social cohesion as well as stronger partnership. Adopting a shared prosperity vision, Malaysia is committed to the principle of leaving no one behind, both domestically and internationally. Moving forward, Malaysia will continue to focus on a whole-of-nation approach in building partnership for the goals, with greater emphasis on localising the SDGs.



## From VNR 2017 to VNR 2021

The period between the first and second VNR effectively encapsulates the progress made under Phase 1 of SDG implementation. The 17 SDGs were mapped against the national development agenda as outlined in the Eleventh Plan, specifically its strategic thrusts and policy pillars, namely inclusiveness, well-being, human capital development, green growth, infrastructure, economic growth, and public service.

**Figure 1.4: Mapping SDGs against the Eleventh Plan's Strategic Thrusts**



During the period of this reporting, the SDG Cluster Working Committees (CWCs) which form part of the National SDG Governance structure (see Figure 1.2) ensured harmonisation and improvement in data readiness, indicators, and tools to measure progress against established baselines and SDG targets. This process also provided the opportunity for the different government and non-government stakeholders to test and strengthen mechanisms for collaboration, partnership and resource mobilisation across the public, private, and civil society spectrum.

While the VNR 2017 informed upon the country's historical context in its development journey through key achievements and lessons learnt, providing snapshots of achievements on eight selected SDGs, the VNR 2021 further expands the conversation to nine goals and the conclusion of Phase 1 of SDG Implementation as provided under the SDG Roadmap. This VNR provides a platform to take stock of what was planned and compare against what has been achieved, as part of moving forward. The following chapters will examine the overall status, key initiatives, challenges, and priority areas under this reporting, and presents the key recommendations which will contribute in the achievement of 2030 Agenda.

## SDGs Performance by Indicators



### Goal 1: No Poverty

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Households below the international poverty line (%)			2016	0.02	2019	0.01	Household Income and Basic Amenities Survey, Department of Statistics Malaysia
2.	Households below the national poverty line (%)			2016	7.6	2019	5.6	Household Income and Basic Amenities Survey, Department of Statistics Malaysia
3.	Multidimensional Poverty Index (MPI)			2016	0.0152	2019	0.0110	Household Income and Basic Amenities Survey, Department of Statistics Malaysia
4.	Number of recipients of assistance ('000)	2017	511.0	2018	571.2	2019	561.2	i. Department of Social Welfare Malaysia ii. National Disaster Management Agency iii. Social Security Organisation
5.	Population using safely managed drinking water services (%)	2017	95.5	2018	95.6	2019	95.7	i. Ministry of Environment and Water ii. National Water Services Commission
6.	a. Number of deaths attributed to disasters per 100,000 population	2017	0.1	2018	0.1	2019	0.0	National Disaster Management Agency
	b. Number of affected people with damaged homes attributed to disasters per 100,000 population	2017	555.0	2018	158.0	2019	266.0	National Disaster Management Agency



## Goal 2: Zero Hunger

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Prevalence of underweight among children under 5 years of age (%)			2015	12.4	2019	14.1	National Health and Morbidity Survey Report, 2015, 2019 Ministry of Health Malaysia
2.	Prevalence of stunting of children under 5 years of age (%)			2015	17.7	2019	21.8	National Health and Morbidity Survey Report, 2015, 2019 Ministry of Health Malaysia
3.	Prevalence of wasting of children under 5 years of age (%)			2015	8.0	2019	9.7	National Health and Morbidity Survey Report, 2015, 2019 Ministry of Health Malaysia
4.	Prevalence of overweight among children under 5 years of age (%)			2015	7.1	2019	5.6	National Health and Morbidity Survey Report, 2015, 2019 Ministry of Health Malaysia
5.	Prevalence of anaemia (women aged 15-49 years) (%)			2015	34.8	2019	29.9	Ministry of Health Malaysia
6.	a. Number of semen (animal genetic resources) ('000)	2017	24.4	2018	24.4	2019	23.5	Department of Veterinary Services, Malaysia
	b. Number of local live purebred cattle (animal genetic resources)	2017	608	2018	573	2019	655	Department of Veterinary Services, Malaysia
7.	Local breeds at risk of extinction	2017	99.9	2018	99.9	2019	99.9	Department of Veterinary Services, Malaysia



## Goal 3: Good Health and Well-Being

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Maternal mortality ratio per 100,000 live births	2017	23.5	2018	23.5	2019	21.1	Vital Statistics, Department of Statistics Malaysia
2.	Births attended by skilled health personnel (%)	2017	99.6	2018	99.6	2019	99.6	Ministry of Health Malaysia
3.	Under-five mortality rate per 1,000 live births	2017	8.4	2018	8.8	2019	7.7	Vital Statistics, Department of Statistics Malaysia
4.	Neonatal mortality rate per 1,000 live births	2017	4.4	2018	4.6	2019	4.1	Vital Statistics, Department of Statistics Malaysia
5.	Number of new HIV infections per 1,000 uninfected population	2017	0.2	2018	0.2	2019	0.2	Ministry of Health Malaysia
6.	Tuberculosis incidence per 100,000 population	2016	81.3	2017	80.8	2018	79.0	Ministry of Health Malaysia
7.	Malaria incidence per 1,000 population	2017	0.1	2018	0.1	2019	0.1	Ministry of Health Malaysia
8.	Hepatitis B notification rate per 100,000 population	2017	15.4	2018	14.5	2019	15.7	Ministry of Health Malaysia
9.	Mass Drug Administration coverage among targeted population in filarial endemic (%)	2017	96.8	2018	100.0	2019	98.8	Ministry of Health Malaysia

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
10.	a. Probability of dying between the exact ages 30 and 70 years from cardiovascular disease (%)					2019	11.3	Ministry of Health Malaysia
	b. Probability of dying between the exact ages 30 and 70 years from cancer (%)					2019	5.7	Ministry of Health Malaysia
	c. Probability of dying between the exact ages 30 and 70 years from diabetes (%)					2019	1.5	Ministry of Health Malaysia
	d. Probability of dying between the exact ages 30 and 70 years from chronic respiratory disease (%)					2019	1.3	Ministry of Health Malaysia
11.	Suicide mortality rate per 100,000 population	2017	0.1	2018	0.09	2019	0.04	Statistics on Causes of Death, Department of Statistics Malaysia
12.	a. Coverage of treatment interventions for Opioids (%)	2017	22.1	2018	30.9	2019	26.1	National Anti-drug Agency
	b. Coverage of treatment interventions for Amphetamine Type Stimulant (ATS) (%)	2017	20.4	2018	19.5	2019	14.9	National Anti-drug Agency
13.	Prevalence of Heavy Episodic Drinking (HED) among 18 years old and above (%)					2019	1.0	Vital Statistics, Department of Statistics Malaysia
14.	Death rate of road traffic injuries per 100,000 population	2017	21.0	2018	19.4	2019	19.0	Royal Malaysia Police
15.	Married women who use modern methods for family planning (%)					2014	47.7	Fifth Malaysian Population and Family Survey 2014, National Population and Family Development Board
16.	a. Adolescent birth rate (aged 10-14 years) per 1,000 women	2017	0.1	2018	0.1	2019	0.1	Vital Statistics, Department of Statistics Malaysia
	b. Adolescent birth rate (aged 15-19 years) per 1,000 women	2017	9.1	2018	8.5	2019	8.2	Vital Statistics, Department of Statistics Malaysia

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
17.	a. Household expenditures on health (10%)					2016	2.0	Ministry of Health Malaysia
	b. Household expenditures on health (25%)					2016	0.2	Ministry of Health Malaysia
18.	Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene per 100,000 population (reported by MOH facilities)	2017	0.5	2018	0.7	2019	0.7	Ministry of Health Malaysia
19.	Mortality rate due to the accidental poisoning by and exposure to noxious substance per 100,000 population (reported by MOH facilities only)	2017	0.2	2018	0.3	2019	0.2	Ministry of Health Malaysia
20.	Age-standardized prevalence of current tobacco use among persons aged 15 years and older					2019	20.7	National Health and Morbidity Survey Report, 2019 Ministry of Health Malaysia
21.	a. Proportion of the target population covered by DTP (3rd dose) (%)	2017	98.9	2018	100.2	2019	98.4	Ministry of Health Malaysia
	b. Proportion of the target population covered by MMR (2nd dose) (%)	2017	97.2	2018	110.7	2019	106.5	Ministry of Health Malaysia
	c. Proportion of the target population covered by HPV (last dose in the schedule) (%)	2017	83.6	2018	82.2	2019	84.4	Ministry of Health Malaysia
22.	a. Density and distribution of doctors per 1,000 population	2017	1.8	2018	1.9	2019	2.1	Ministry of Health Malaysia
	b. Density and distribution of dentist per 1,000 population	2017	0.3	2018	0.3	2019	0.3	Ministry of Health Malaysia
	c. Density and distribution of pharmacist per 1,000 population	2017	0.4	2018	0.4	2019	0.6	Ministry of Health Malaysia
	d. Density and distribution of registered nurse per 1,000 population	2017	3.3	2018	3.3	2019	3.3	Ministry of Health Malaysia

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
	e. Density and distribution of midwifery personnel per 1,000 population	2017	1.7	2018	1.7	2019	1.7	Ministry of Health Malaysia
23.	Capacity and health emergency preparedness (%)	2016	100.0	2017	100.0	2018	92.0	Ministry of Health Malaysia
24.	Bloodstream infections due to selected antimicrobial-resistant organisms (%)			2018	3.3	2019	3.0	Ministry of Health Malaysia

## Goal 4: Quality Education



No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	a. Proportion of children people in grades 2/3 achieving at least a minimum proficiency level in reading (%)	2016	98.6	2017	98.3	2018	98.0	Ministry of Education Malaysia
	b. Proportion of children people in grades 2/3 achieving at least a minimum proficiency level in mathematics (%)	2016	99.0	2017	98.8	2018	98.6	Ministry of Education Malaysia
	c. Proportion of children at the end of primary achieving at least a minimum proficiency level in reading (%)	2017	95.1	2018	94.5	2019	95.0	Ministry of Education Malaysia
	d. Proportion of children at the end of primary achieving at least a minimum proficiency level in mathematics (%)	2017	81.4	2018	80.5	2019	83.1	Ministry of Education Malaysia
	e. Proportion of young people at the end of lower secondary achieving at least a minimum proficiency level in reading (%)	2017	80.2	2018	78.3	2019	82.2	Ministry of Education Malaysia



No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
	f. Proportion of young people at the end of lower secondary achieving at least a minimum proficiency level in mathematics (%)	2017	44.6	2018	42.3	2019	56.4	Ministry of Education Malaysia
2.	Proportion of children aged 24-59 months who are developmentally on track in health (%)					2016	97.2	Ministry of Health Malaysia
3.	Participation rate in preschool	2017	89.6	2018	87.8	2019	89.7	Ministry of Education Malaysia
4.	Participation rate in education and formal training in the previous 12 months	2017	11.0	2018	10.3	2019	9.9	Ministry of Education Malaysia
5.	Adults with information and communication technology (ICT) skills in using copying and pasting techniques to duplicate or transfer information within document (%)	2017	79.1	2018	81.5	2019	81.8	ICT Use and Access by Individuals and Households Survey, Department of Statistics Malaysia
6.	Gender parity index for participation rate in preschool (female/ male)	2017	1.02	2018	1.01	2019	1.02	i. Ministry of Education Malaysia ii. Labour Force Survey, Department of Statistics Malaysia
7.	Achieving proficiency in literacy skill (15 years and above) (%)	2017	95.1	2018	94.9	2019	95.0	Labour Force Survey, Department of Statistics Malaysia
8.	Basic services for electricity offered by schools (%)	2017	100.0	2018	100.0	2019	100.0	Ministry of Education Malaysia
9.	Teachers with minimum organized teacher training for preschool (%)	2017	100.0	2018	100.0	2019	100.0	Ministry of Education Malaysia



## Goal 5: Gender Equality

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Number of non-muslim women aged 20-24 years old who were married before 18 years	2017	2,663	2018	2,496	2019	2,392	National Registration Department
2.	a. Seats held by women in Senate (%)	2017	17.0	2018	17.0	2019	18.0	Parliament of Malaysia
	b. Seats held by Parliament of Malaysia women in House of Representatives (%)	2017	10.9	2018	14.4	2019	14.9	Parliament of Malaysia
	c. Seats held by women as Cabinet Ministers (%)	2017	8.6	2018	17.9	2019	17.9	Parliament of Malaysia
	d. Seats held by Parliament of Malaysia women as Deputy Ministers (%)	2017	15.2	2018	14.8	2019	15.4	Parliament of Malaysia
3.	Women in managerial positions (%)	2017	22.1	2018	24.7	2019	23.3	Labour Force Survey, Department of Statistics Malaysia
4.	Women aged 15-49 who use contraceptive use (%)					2014	89.3	National Population & Family Development Board
5.	Mobile phone ownership by individuals (%)	2017	95.5	2018	96.0	2019	95.7	ICT Use and Access by Individuals and Households Survey, Department of Statistics Malaysia



## Goal 6: Clean Water and Sanitation

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Safely managed drinking water services (%)	2017	95.5	2018	95.6	2019	95.7	i. Ministry of Environment and Water ii. National Water Services Commission
2.	Safely managed sanitation services (%)	2014	99.5	2016	99.7	2019	99.7	Household Income and Basic Amenities Survey Department of Statistics Malaysia
3.	Proportion of bodies of water with good ambient water quality (%)	2016	92.9	2017	90.0	2018	93.0	Department of Environment
4.	Proportion of transboundary basin area with an operational arrangement for water cooperation (%)	2017	3.4	2018	3.4	2019	3.4	Ministry of Environment and Water



## Goal 7: Affordable and Clean Energy

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Access to electricity (%)	2014	99.9	2016	99.9	2019	99.9	Household Income and Basic Amenities Survey Department of Statistics Malaysia
2.	Renewable energy share in the total primary energy supplied (%)	2016	5.4	2017	7.1	2018	7.2	Energy Commission
3.	Energy intensity (toe/ GDP at constant price 2015 (RM Million))	2016	78.5	2017	75.6	2018	73.3	Energy Commission



## Goal 8: Decent Work and Economic Growth

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Annual growth rate of real GDP per capita (%)	2017	4.5	2018	3.7	2019	4.0	Annual National Accounts Gross Domestic Product (GDP), Department of Statistics Malaysia
2.	Annual growth rate of real GDP per employed person (%)	2017	3.8	2018	2.3	2019	2.3	Labour Productivity First Quarter 2021, Department of Statistics Malaysia
3.	Share of employment in the informal sector (%)	2015	11.4	2017	10.8	2019	9.3	Informal Sector Survey, Department of Statistics Malaysia
4.	Mean monthly salaries & wages of employees (RM)	2017	2,879	2018	3,087	2019	3,224	Salaries and Wages Survey, Department of Statistics Malaysia
5.	Unemployment rate (%)	2017	3.4	2018	3.3	2019	3.3	Labour Force Survey, Department of Statistics Malaysia
6.	Proportion of youth not in education, employment or training (%)	2017	11.8	2018	12.5	2019	11.6	Labour Force Survey, Department of Statistics Malaysia
7.	a. Incidence rates of fatal occupational injuries per 100,000 workers	2017	13.6	2018	12.5	2019	12.7	Social Security Organisation
	b. Incidence rates of non-fatal occupational injuries per 100,000 workers	2017	1,015.5	2018	1,013.3	2019	1,065.7	Social Security Organisation
8.	Growth rate of tourism to GDP (%)	2017	7.1	2018	7.6	2019	7.9	Tourism Satellite Account, Department of Statistics Malaysia
9.	a. Number of commercial bank branches per 100,000 adults	2017	10.2	2018	10.2	2019	10.1	Bank Negara Malaysia
	b. Number of automated teller machines (ATMs) per 100,000 adults	2017	47.6	2018	46.6	2019	44.7	Bank Negara Malaysia
10.	Adults with an account at a financial institution (%)	2017	95.1	2018	95.5	2019	96.0	Bank Negara Malaysia

## Goal 9: Industry, Innovation and Infrastructure

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	a. Number of passengers by rails (million)	2017	235.5	2018	260.4	2019	283.3	i. Malayan Railways Limited ii. Ministry of Transport Malaysia
	b. Number of passengers at airport (million)	2017	99.5	2018	102.4	2019	109.4	Ministry of Transport Malaysia
	c. Freight volumes and containers handled by KTMB ('000) (tonnes)	2017	5,617	2018	5,944	2019	5,973	Malayan Railways Limited
	d. Cargo handled by airport ('000 tonnes)	2017	948.2	2018	965.8	2019	942.6	Ministry of Transport Malaysia
	e. Cargo throughput by port ('000 000 tonnes)	2017	544.7	2018	570.7	2019	595.5	Ministry of Transport Malaysia
2.	Manufacturing value added per capita (RM)	2017	9,017	2018	9,413	2019	9,709	Department of Statistics Malaysia
3.	Manufacturing employment as a proportion of total employment (%)	2017	17.4	2018	16.9	2019	17.3	Labour Force Survey, Department of Statistics Malaysia
4.	Share manufacturing value added of SMEs to GDP (%)	2017	34.2	2018	34.4	2019	34.6	Department of Statistics Malaysia
5.	Proportion of Small and Medium Enterprise (SME) with a loan or line of credit (%)					2015	53.8	Department of Statistics Malaysia
6.	Research and development expenditure as a proportion of GDP (%)	2015	1.3	2016	1.4	2018	1.0	Ministry of Science, Technology and Innovation
7.	Number of researchers per million inhabitants	2015	2,239	2016	2,325	2018	2,127	Ministry of Science, Technology and Innovation
8.	Medium and high-tech industry value added ratio in total manufacturing value added (at constant prices)	2017	45.3	2018	45.8	2019	45.7	Department of Statistics Malaysia
9.	Population covered by a mobile network (%)	2017	96.2	2018	96.3	2018	96.7	Malaysian Communication and Multimedia Commission



## Goal 10: Reduced Inequalities

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Compounded annual growth rate among Bottom 40 (%)			2016	5.8	2019	3.4	Household Income and Expenditure Survey, Department of Statistics Malaysia
2.	Households below 50 per cent of median income (%)	2014	15.6	2016	15.9	2019	16.9	Household Income and Expenditure Survey, Department of Statistics Malaysia
3.	Compensation of employees by kind of economic activity at current prices (%)	2017	35.5	2018	35.8	2019	35.9	Department of Statistics Malaysia
4.	Remittance costs as a proportion of the amount remitted (%)	2017	3.0	2018	2.8	2019	2.4	Bank Negara Malaysia



## Goal 11: Sustainable Cities and Communities

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	a. Number of deaths attributed to disasters per 100,000 population	2017	0.1	2018	0.1	2019	0.0	National Disaster Management Agency
	b. Number of affected people with damaged homes attributed to disasters per 100,000 population	2017	555.0	2018	158.0	2019	266.0	National Disaster Management Agency
2.	Annual mean levels of fine particulate matter in cities (PM10)(µg/ m3)	2016	44.0	2017	35.0	2018	28.0	Department of Environment, Malaysia

## Goal 12: Responsible Consumption and Production

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Number of participations in international multilateral environmental agreements	2016	13	2017	13	2018	13	Ministry of Science, Technology & Innovation
2.	a. Quantity of clinical wastes handled (tonnes '000)	2017	28.4	2018	31.4	2019	33.8	Department of Environment, Malaysia
	b. Scheduled waste managed (tonnes '000)	2017	2,017.3	2018	2,355.1	2019	4,013.2	Department of Environment, Malaysia

## Goal 13: Climate Action

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Number of deaths attributed to disasters per 100,000 population	2017	0.1	2018	0.1	2019	0.0	National Disaster Management Agency
	Number of affected people with damaged homes attributed to disasters per 100,000 population	2017	555.0	2018	158.0	2019	266.0	National Disaster Management Agency
2.	CO2 eq emissions (tonnes (million))	2005	246.7	2011	280.0	2014	314.3	Ministry of Environment and Water



## Goal 14: Life Below Water

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	a. Malaysia Marine Water Quality Index in coastal area with excellent status (number of station)	2017	60	2018	124	2019	37	Department of Environment, Malaysia
	b. Malaysia Marine Water Quality Index in estuary area with excellent status (number of station)	2017	15	2018	18	2019	3	Department of Environment, Malaysia
	c. Malaysia Marine Water Quality Index in island area with excellent status (number of station)	2017	47	2018	82	2019	34	Department of Environment, Malaysia
2.	Coverage of protected areas in relation to marine areas (%)	2017	3.4	2019	5.3	2020	5.3	Department of Fisheries Malaysia



## Goal 15: Life on Land

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Forest area as a proportion of total land area (%)	2016	55.4	2017	55.6	2018	55.3	Ministry of Energy and Natural Resources
2.	Important sites for terrestrial and freshwater biodiversity that are covered (%)	2016	9.6	2017	9.9	2018	10.0	Ministry of Energy and Natural Resources
3.	Number of wildlife crime cases for possession/ own use category	2017	1,545	2018	1,132	2019	1,041	Department of Wildlife and National Parks (DWNP) Peninsular Malaysia



## Goal 16: Peace, Justice and Strong Institutions

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Number of intentional homicide cases per 100,000 population	2017	1.2	2018	1.0	2019	1.0	Royal Malaysia Police
2.	Children aged 1-5 years who experienced any physical punishment and/or psychological aggression by caregivers in the past month					2016	70.8	National Health and Morbidity Survey Report, 2016 Ministry of Health Malaysia
3.	Unsented detainees as of prisoner (%)	2017	26.5	2018	27.0	2019	27.5	Malaysian Prison Department
4.	Federal Government expenditures as a proportion of original approved budget (%)	2017	100.7	2018	102.4	2019	100.9	Ministry of Finance Malaysia
5.	Number of complaints on public services	2017	3,855	2018	4,128	2019	6,165	Public Complaints Bureau
6.	Civil servant with disabilities in public service (%)	2017	0.3	2018	0.3	2019	0.3	Public Service Department



## Goal 17: Partnerships for the Goals

No.	Available indicators	Year	Value	Year	Value	Year	Value	Sources
1.	Share government revenue as a proportion of GDP (%)	2017	16.1	2018	16.1	2019	17.3	Ministry of Finance Malaysia
2.	Share of Federal Government tax revenue and expenditure (%)	2017	67.7	2018	60.9	2019	55.5	Ministry of Finance Malaysia
3.	Fixed-broadband penetration rate per 100 inhabitants	2017	8.0	2018	8.2	2019	8.9	Malaysian Communications and Multimedia Commission
4.	Individuals using the Internet (%)	2017	80.1	2018	81.2	2019	84.2	ICT Use and Access by Individuals and Households Survey, Department of Statistics Malaysia
5.	Value of financial and technical assistance committed to developing countries (RM '000)	2017	8,187.6	2018	6,675.1	2019	11,720.6	Economic Planning Unit, Prime Minister's Department
6.	Worldwide weighted World Trade tariff-average (%)	2015	4.3	2016	4.5	2017	3.8	World Trade Organization
7.	Share of global exports (%)	2017	1.2	2018	1.3	2019	1.3	World Trade Organization
8.	Statistical indicators for 2018 50.9 2019 Sustainable Development Goals monitoring (%)			2018	50.9	2019	55.2	Department of Statistics Malaysia

# Box Article 1: Aligning the Annual Budget to the Sustainable Development Goals



The Sustainable Development Goals (SDGs) have been successfully entrenched in Malaysia's five-year development plans, beginning with the Eleventh Plan, 2016-2020, through the main socio-economic targets. As announced in Budget 2021, a similar alignment will be carried out in the Government's annual budgets. Prior to 2020, annual budget allocation by the Ministry of Finance (MOF) was mainly driven by needs-based considerations which could result in financial gaps for certain SDGs.

As a trial, an ex-post exercise was undertaken by mapping the actual spending under development expenditure (DE) allocation on 361 projects for two ministries, the Ministry of Energy and Natural Resources (KeTSA) and the Ministry of Environment and Water (KASA) for the budget year 2015 and 2019. It is interesting to note among others that the DE spending was relatively lower on some SDGs which were supposedly under the Ministries' direct purview. This indicated that there might be some gaps for financing programmes and projects for the 17 SDGs under the ministries. On the other hand, it may also mean that both ministries may have other financial sources to support those particular SDGs without over depending on DE. Thus, further investigation was warranted to clarify the financial situation for both Ministries from the point of view of the SDGs.

As part of the effort to ensure all SDGs are given due focus and attention, a full mapping exercise has been carried out for all ministries. The Government is undertaking a comprehensive exercise to tag programmes and projects in all ministries and agencies to the SDGs. One of the challenges in undertaking this exercise is to address programmes or projects that may contribute to more than one SDGs, hence assigning DE allocation by the SDGs can be challenging. A standard operating procedure and manual are currently being developed by the MOF to guide budget officers in this alignment exercise. In addition, capacity building will need to be enhanced for officials from all ministries and agencies to ensure the planning of the future programmes and projects take into account their contribution to the SDGs at national level. This will ensure that the progress of SDGs is well monitored at all levels from the planning right through the implementation stage.

# Box Article 2: Voluntary Local Reviews in Malaysia



Globally, Voluntary Local Reviews (VLRs) have been recognised as a tool for local and regional governments to report on SDG progress, but its potential goes beyond primary reporting task. VLRs are a useful tool to localize the SDGs, to support national development frameworks, and for cities to drive innovation and advance their local priorities.

The Government has worked with relevant stakeholders to provide cities with an overall strategy and guiding frameworks to implement the SDGs. Inspired by the VNR process, local and regional governments have been progressively engaged in the development of VLRs to report on their SDG progress that aligns to national and regional policies on sustainable urbanisation. Additionally, the Ministry of Housing and Local Government is developing a more comprehensive SDG indicator for local governments. This indicator is one of the initiatives to improve and upgrade the existing 39 MurniNet indicators. Currently, a total of 52 additional indicators covering each target across the SDGs have been listed. The establishment of the indicator is intended to evaluate SDG performance among the local authorities in Malaysia. This will facilitate an evidence based and data driven VLR process.

Six cities have initiated the VLR process currently, comprising Shah Alam, Kuala Lumpur, Subang Jaya, Putrajaya, Alor Gajah and Malacca City, and more cities will follow suit. In 2021, two cities in Selangor have advanced in formulating their VLR report, namely Shah Alam and Subang Jaya, making Selangor the first state in Malaysia to embark on such endeavours. The VLR process is supported by UN-Habitat, UNESCAP and UNDP. This support includes guidance and working methodology, the creation of experience sharing and learning opportunities for cities, and the connection of Malaysian cities with fellow global peers undertaking VLRs and with key regional and global UN-led processes.

To ensure policy coherence, Malaysian cities are drafting their VLR based upon existing spatial and land use planning as well as development blueprints such as Structure Plans, Local Plans and Local Agenda 21 programs, in line with the National Physical Plan and National Urbanisation Policy. VLRs will contribute to the implementation of policies and plans such as the SPV 2030, National Low Carbon Cities Masterplan and National Policy on Climate Change.

VLRs are based on a set of localised data drawn from national and global indicators, for each of the SDGs with DOSM playing a key role. Cities have also implemented participatory processes involving city council members, community leaders and local stakeholders in the development of the VLRs. This participatory- process is particularly important as it supports cities to raise awareness about sustainability and the SDGs, to bring communities and minorities closer to decision-making processes, to identify key local issues raised directly by their local communities and to share the responsibility in realising the sustainable agenda.



# CHAPTER 2

## POVERTY AND NUTRITION

### SDG 1 and SDG 2



# Sustainable Development Goal 1: No Poverty

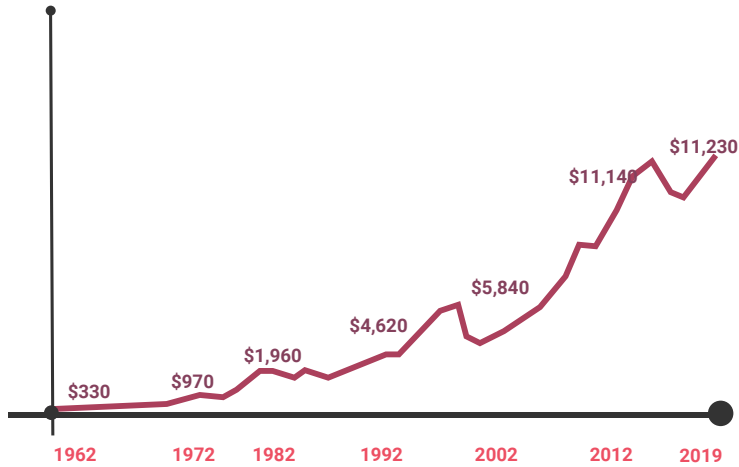
## INTRODUCTION

Inclusivity is a key principle of Malaysia's development agenda that ensures equitable access to opportunities while increasing well-being and quality of life across all segments. It involves empowering people, including the vulnerable and less fortunate, to be able to participate in the development process and achieve better quality of life with dignity.

Malaysia's inclusive socio-economic development achievement has been outstanding. The country has successfully transformed its economy, raised living standards, and moved from a low-income to an upper-middle-income nation within a single generation. It is one of the few countries that has experienced a remarkable growth in its Gross National Income (GNI) per capita, which increased 34 times between 1967 and 2019 from US\$330 to US\$11,230 (Figure 2.1)<sup>1</sup>. It is one of the fastest growing economies in modern history.



**Figure 2.1: GNI per capita (in US\$) Malaysia, 1962-2019**



Source: The World Bank

Malaysia's economic transformation can be attributed largely to development policies that is based on 'growth with equity' or 'inclusive growth' approach. While the economy expanded, socio-economic well-being also improved. Life expectancy, school enrolment rates, mortality rates and access to basic services progressed significantly.

## OVERVIEW OF TARGETS AND ACHIEVEMENTS

No.	SDG Targets / Indicators	Description	Achievement		
			2016	2018	2019
1.	1.1	Households below the international poverty line (%)	0.5	-	0.3
2.	1.2	Households below the national poverty line (%)	7.6	-	5.6
3.	1.2	Multidimensional Poverty Index (MPI) (%)	1.52	-	1.10
4.	1.3	Number of recipients of assistance ('000)	-	571.2	561.2
5.	1.4	Population using safely managed drinking water services (%)	-	95.6	95.7
6.	1.5	(a) Number of deaths attributed to disasters per 100,000 population	-	0.1	0.0
	1.5	(b) Number of affected people with damaged homes attributed to disasters per 100,000 population	-	158	268

Source: DOSM

- **Target 1.1:** Using the international poverty line, poverty has been almost eradicated. The number of people living under the international poverty line was 0.3 per cent of the population in 2019, a reduction from 0.5 per cent in 2016<sup>2</sup>.
- **Target 1.2:** Malaysia has long surpassed the aim for halving the incidence of absolute poverty. Using PLI 2019 methodology, the incidence of absolute poverty declined from 7.6 per cent in 2016 to 5.6 per cent in 2019 based on the PLI of RM2,208. PLI 2019 was reviewed by considering the current needs and patterns of consumption and the price of goods and services to better reflect current cost of living.
- **Target 1.2:** The Multidimensional Poverty Index (MPI) has also seen an improvement, from 1.52 per cent in 2016 to 1.1 per cent in 2019, contributed by better performance in income and education dimensions.
- **Target 1.3:** The number of recipients for social assistance has decreased by about 10,000, from 571,200 in 2017 to 561,200 in 2019.
- **Target 1.4:** The proportion of the population receiving basic needs are almost universal, at nearly 96 per cent.
- **Target 1.5:** The number of deaths attributed to disasters per 100,000 person remains low, at 1 per 1 million person. However, the number of affected people with damaged homes attributed to disasters per 100,000 person has increased by 86 per cent to 268 people per 100,000 between 2018 and 2019.

## STATUS AND PROGRESS

The most remarkable achievements made were in poverty reduction and shared prosperity. The absolute poverty rate, measured using the national poverty line income, dropped from 49.3 per cent in 1970, to 16.5 per cent in 1989, and further reduced to 0.2 per cent in 2019<sup>3</sup>.

To ensure that the poverty measurements were in line with Malaysia's socioeconomic development, the poverty line methodology was reviewed in 2019 resulting an increase in PLI from RM980 in 2016 to RM2,208 in 2019<sup>4</sup>. The 2019 PLI methodology maintained the cost of basic needs approach in the selection of food and non-food items. The measurement for the food PLI changed from minimum calorie requirement to optimum minimum. The poor is defined as households having income below RM2,208. PLI refers to the total monthly household income needed to meet the minimum nutritional food and non-food requirements for every household member to live a healthy and active life in society. Its measurement accounts for the demographic characteristics of households, such as size, age, and gender of each household member as well as location be it state, urban, or rural.

Based on the 2019 PLI methodology, the incidence of absolute poverty declined from 7.6 per cent in 2016 to 5.6 per cent in 2019. Hardcore poverty decreased from 0.6 per cent in 2016 to 0.4 per cent in 2019. The number of poor households declined from 525,743 households in 2016 to 405,441 households in 2019. Median income also grew 3.9 per cent to RM5,873 in 2019, while mean income increased 4.2 per cent to RM7,901 from 2016. The incidence of households living below the international poverty line of US\$1.9 per day is almost eradicated, with the poverty rate using that indicator decreasing to 0.3 per cent in 2019, from 0.5 per cent in 2016<sup>5</sup>.

The inclusive growth policy aims to leave no one behind. Poverty rates across strata and all ethnic groups have improved, with the biggest reduction in poverty experienced by Bumiputera households, where the poverty rate significantly reduced from 65 per cent in 1970 to 7.2 per cent in 2019 (Table 2.1). It is also worth to note that although urban poverty rate is lower (3.8 per cent) compared to rural poverty rate (12.4 per cent), nearly 8 in 10 Malaysians live in the urban areas, and urban poverty has become a new challenge. Malaysia has also narrowed the inequality gap among the population in the past few decades. Overall income inequality has also declined as reflected in the reduction of Gini coefficient from 0.513 in 1970 to 0.407 in 2019, although income inequality has started to widen between 2016 and 2019.

**Table 2.1: Incidence of Absolute Poverty, 1970-2019 (%)**

Category	1970	1992	2016	2019	2016 (Revised)	2019 (Revised)
Malaysia	49.3	12.4	0.4	0.2	7.6	5.6
Rural	58.7	21.2	1.0	0.8	17.5	12.4
Urban	21.3	4.7	0.2	0.2	4.8	3.8
Bumiputera	65.0	17.5	0.5	0.4	9.7	7.2
Chinese	26.0	3.2	0.1	0.0	2.2	1.4
Indian	39.2	4.5	0.1	0.2	5.5	4.8



These successes were achieved through implementation of various initiatives undertaken to increase income and improve quality of life of the poor. Among them were provisions for infrastructure and basic amenities, capacity building and enhancement, better access to employment, income generating activities as well as integrated entrepreneurship support and social safety nets.

At the national level, SDG1 and SDG2 were pursued under the Mid-Term Review of the Eleventh Plan (MTR) through strategies and initiatives under Pillar II: Enhancing inclusive development and well-being; Pillar IV: Empowering human capital; and Pillar VI: Strengthening economic growth. Specifically, there were eight strategies deployed to ensure the goals are achieved, as follows:

- **Strategy A1:** Raising the income and purchasing power of B40 households to bridge socioeconomic inequality
- **Strategy A3:** Empowering minority groups to benefit from economic activities
- **Strategy A4:** Addressing the needs of specific target groups to promote an equitable society
- **Strategy B1:** Increasing purchasing power for all to ease the burden of the people
- **Strategy B2:** Providing quality and affordable housing to improve the quality of life
- **Strategy B3:** Enhancing the healthcare delivery system to increase the health status of the people
- **Strategy B4:** Making the nation safer and secure to elevate public safety and security
- **Strategy B5:** Promoting noble values and active lifestyle to build a more prosperous, harmonious, and united society

The Government has implemented several key programmes to assist the poor and the vulnerable. The target has shifted from focusing only on the hardcore poor to also include the bottom 40 per cent of the population B40<sup>i</sup>. The main assistance programme for B40 households are the targeted annual cash assistances schemes. One example is the *Bantuan Rakyat 1Malaysia* (BR1M), which was launched in 2012, providing RM500 annually to 5.2 million low-income households and RM250 annually to low-income single individuals aged 21 years old and above, at the cost of RM2.6 billion<sup>6</sup>. In 2019, BR1M was rebranded as *Bantuan Sara Hidup* (BSH), and the programme benefited 4.3 million recipients with an allocation of RM4.738 billion<sup>7</sup>. In 2020, the allocation for BSH increased to RM5 billion, with 4.5 million recipients<sup>8</sup>. The BSH was then renamed to *Bantuan Prihatin Rakyat*, and is expected to benefit 8.1 million recipients at the cost of RM6.5 billion in 2021<sup>9</sup>.

Due to the COVID-19 pandemic, the Government has rolled out another cash transfer programme for the B40 and M40<sup>ii</sup> called *Bantuan Prihatin Nasional* (BPN) in 2020. It benefited almost 18 million recipients, at a cost of RM18.2 billion.

The Government, via the Department of Social Welfare (JKM), continues to enhance the well-being of the vulnerable groups such as Persons with Disabilities (PWDs), the elderly and children. In Budget 2021, the financial assistance for PWDs who are incapable of work is increased from RM250 to RM300. Meanwhile, the financial assistance for older persons, carers of bedridden PWDs and chronically ill patient is increased from RM350 to RM500. In addition, the financial assistance for children is increased from RM100 per child with a maximum of RM450 per family, to RM150 per child aged seven to 18, or RM200 per child aged six and below, with a maximum of RM1,000 per family.

To improve the well-being of children from low-income households, the Government provides aid of RM200 for children aged below 6 years and RM150 for children aged from 7 up to 18 with a maximum of RM1,000 monthly per household. In line with the 'leaving no one behind' principle, those aged 60 years and above in Malaysia are provided with a monthly financial assistance of RM500.

The Government also introduced assistance for the M40 households through the economic stimulus packages such as PRIHATIN, PENJANA, and PERMAI to counter the economic impact of the COVID-19 pandemic. These packages outlined strategies to overcome the impact of COVID-19, which include spurring economic growth, promoting investments, and encouraging businesses to adopt automation and digitalisation.

Cash transfers were given to households and single individuals in B40 and M40 groups. The Wage Subsidy Programme was introduced to prevent large-scale retrenchment by funding a portion of the employees' wages, and small and medium-sized enterprises (SMEs) were granted an automatic six-month moratorium initially, followed by targeted moratoriums on the repayment of bank loans.

As poverty is multidimensional, cash transfers alone will not resolve the cycle of long-term poverty. Recognising this, the Government is committed in tackling all forms of poverty by focusing on multidimensional poverty deprivation, beyond monetary dimension. Hence, the Government introduced the Multidimensional Poverty Index (MPI) in 2016 to measure poverty from a more inclusive perspective, namely education, health, standard of living, and income. It has four dimensions with eleven indicators (Table 2.2).

i Bottom 40% household income group. B40 monthly household income at the national level is less than RM4,850 and below, based on the Household Income & Expenditure Survey and Basic Amenities 2019 (HIES & BA 2019).

ii Middle 40% household income group. M40 monthly household income at the national level is between RM4,850 and RM10,959 (HIES & BA 2019).

**Table 2.2: Multidimensional Poverty Index Indicators in Malaysia**

Dimension	Indicators	Deprived if	Incidence of Household Deprivation (%)	
			2016	2019
Education	Schooling years	All household members aged between 13 to 60 years have less than 6 years of education	1.2	1.0
	School attendance	Any children aged between 6 to 12 years are not schooling	0.4	0.4
Health	Access to health services	Distance to healthcare facility more than 5 km and no mobile health facility	6.8	6.5
	Access to clean water supply	Other than treated pipe water inside house and water pipe/standpipe	4.1	3.9
Living Standards	Living quarters conditions	Dilapidated or deteriorating	2.9	3.7
	Crowdedness	More than 2 household members in a bedroom	12.0	9.5
	Home toilet utility	Other than pour or flush toilet	0.3	0.4
	Access to garbage collection	No garbage collection facility	14.9	13.3
	Usage of transportation services	All members in the household do not use private or public transport	0.5	0.6
	Access to basic communication utilities	Does not have consistent fixed line phone or mobile phone	1.4	1.1
Income	Mean monthly household gross income	Monthly household gross income less than mean household PLI	7.6	5.6

Source: EPU and DOSM

The MPI was first published in the Mid-Term Review of the Eleventh Plan in 2018. MPI improved from 0.015 in 2016 to 0.011 in 2019, contributed by better performance in income and education dimensions. There has been remarkable progress on years of schooling (at 1.0 per cent deprivation vs 1.2 per cent in 2016), access to healthcare facilities (at 6.5 per cent deprivation vs 6.8 per cent in 2016), access to clean water (at 3.9 per cent deprivation vs. 4.1 per cent in 2016), room crowdedness (at 9.5 per cent deprivation vs. 12.0 per cent in 2016), garbage collection facilities (at 13.3 per cent deprivation vs. 14.9 per cent in 2016), basic communication tools (at 1.1 per cent deprivation vs. 1.4 per cent in 2016) and monthly gross income (at 5.6 per cent deprivation vs. 7.6 per cent in 2016)<sup>10</sup>. Other deprivation indicators are below 1 per cent, which are school attendance (0.4 per cent), toilet facilities (0.4 per cent) and transportation facilities (0.6 per cent)<sup>11</sup>.

The majority of Malaysians, regardless of location, have access to basic amenities and facilities such as access to clean water and electricity. The availability of piped water in households is almost universal at 95.9 per cent in Malaysia in 2019. The rate is relatively lower in rural areas at 84.7 per cent compared to 98.7 per cent in urban areas<sup>12</sup>. Access to electricity is universal, including in the rural areas, at 99.8 per cent<sup>13</sup>.

## ISSUES AND CHALLENGES

The existence of pockets of poverty and inequalities as well as multidimensional poverty among households remain as challenges in ensuring that economic development benefits everyone. The task of alleviating poverty will be more challenging, exacerbated by the impact of the COVID-19 pandemic. Low purchasing power and high cost of living, fragmented social protection as well as low financial education, are among the challenges that need to be addressed to ensure that no one is left behind, and to avoid social polarization and injustice.

### a. Absolute Poverty

While absolute poverty is significantly eliminated, there are pockets of poverty that still persist among the vulnerable groups including in rural areas, indigenous groups (Orang Asli), children and the elderly.

- i. **Rural poverty:** While there has been a reduction in Malaysia's rural poverty from 17.5 per cent in 2016 to 12.4 per cent in 2019, its incidence is almost four times higher than the urban poverty rate (3.8 per cent)<sup>14</sup>. Sabah remains the state with the highest poverty rate in the country, with about 1 in 5 (19.5 per cent) of households in Sabah live below the poverty line in 2019, an improvement from 1 in 4 (23.9 per cent) in 2016. The incidence of absolute poverty in Sarawak has improved from 11.9 per cent in 2016 to 9.0 per cent in 2019. The incidence of poverty in less developed states in Peninsular Malaysia such as Kelantan stood at 12.4 per cent, and Kedah at 8.8 per cent<sup>15</sup>.
- ii. **Orang Asli:** There are about 198,015 Orang Asli in Peninsular Malaysia in 2019, and they are among the poorest and most vulnerable in the country. Around 33.5 per cent live below poverty line<sup>16</sup>.
- iii. **Children:** Children from poor household are vulnerable to poverty and deprivation. In 2019, 16.4 per cent of B40 family live with children and dependent 18 years and below. The percentage of B40 households with one child is 35.3 per cent, meanwhile with two children is 30.7 per cent and with three or more children is 34 per cent<sup>17</sup>.
- iv. **Elderly:** There is a significant reduction in the incidence of absolute poverty from 8.2 per cent in 2016 to 5.7 per cent in 2019 among the elderly who are head of households which of 65 years old and above. It is marginally higher than the overall poverty rate of 5.6 per cent<sup>18</sup>.

#### b. Relative Poverty

The prevalence of vulnerabilities measured by relative poverty (defined as those households who have a monthly household income below half of the national median monthly household income) has increased, from 15.9 per cent to 16.9 per cent between 2016 and 2019<sup>19</sup>. There is only a RM729 difference between the PLI (RM2,208) and Relative Poverty Line (RM2,937)<sup>20</sup>. In other words, a reduction of RM729 in monthly income will result in additional 800,000 households<sup>21</sup> living in absolute poverty.

Relative poverty is considerably higher among richer states that record low incidences of absolute poverty such as Selangor (15.3 per cent), Penang (13.2 per cent), Putrajaya (12.1 per cent) and Kuala Lumpur (10.6 per cent). These states, with the exception of Kuala Lumpur, experienced an increase in relative poverty from 2016, in particular Penang and Putrajaya, where the relative poverty rate doubled between 2016 and 2019 (Table 2.3).

**Table 2.3: Incidence of Relative Poverty by States, 2016 and 2019 (%)**

States	2016	2019
Malaysia	15.9	16.9
W.P. Kuala Lumpur	13.8	10.6
W.P. Labuan	11.6	12.9
W.P. Putrajaya	6.8	12.1
Pulau Pinang	6.6	13.2
Selangor	10.7	15.3
Sarawak	16.8	15.2
Melaka	10.7	17.0
Negeri Sembilan	15.5	11.6
Johor	13.5	15.3
Pahang	8.2	6.0
Perak	14.1	11.3
Terengganu	10.2	8.2
Perlis	12.0	12.0
Sabah	17.6	14.7
Kedah	15.9	10.9
Kelantan	12.1	9.9

Source: Household Income and Basic Amenities Survey, 2019, DOSM

The relative poverty in Malaysia (Table 2.4) are described as follows:

- i. The relative poverty among female-headed households remained high at 27.3 per cent, unchanged between 2016 to 2019, and higher compared to male-headed households which registered a relative poverty rate of 14.8 per cent in 2019, a slight increase from 13.9 per cent in 2016.
- ii. The incidence of relative poverty among the elderly remained extremely high with about 2 in 5 (41.4 per cent) of those aged 65 years and above considered relatively poor in 2019<sup>22</sup>. It has increased marginally from 41.5 in 2016.
- iii. The relative poverty rate is higher among rural households compared to the urban households, at 33.2 per cent and 12.8 per cent, respectively. Both rural (33.0 per cent) and urban (11.1 per cent) relative poverty rate experienced an increase since 2016.
- iv. The relative poverty rate amongst head of households who are employees has increased from 15.0 per cent in 2016 to 16.5 per cent in 2019, higher than head of households who are self-employed (at 14.6 per cent).
- v. Bumiputera households experienced the highest absolute poverty rate and they also have the highest relatively poor households compared to other groups, with 18.8 per cent in 2019, an increase from 18.2 per cent in 2016. The relative poverty rate for the Indian households in 2019 is 15.4 per cent, while for the Chinese, it is 12.3 per cent. With the exception of Bumiputera Sabah and Sarawak, the relative poverty amongst all ethnic groups increased in 2019 compared to 2016.

**Table 2.4: Incidence of Relative Poverty by Selected Categories, 2016 and 2019 (%)**

	Category	2016	2019
<b>Malaysia</b>		15.9	16.9
<b>Sex</b>	Male	13.9	14.8
	Female	27.3	27.3
<b>Age Group (Head of households)</b>	Between 15-24 years old	26.4	26.3
	Between 25-54 years old	13.8	15.6
	Between 55-60 years old	17.1	17.9
	Above 65 years old	41.5	41.4
<b>Strata</b>	Urban	11.1	12.8
	Rural	33.0	33.2
<b>Type of employment</b>	Employee	15.0	16.5
	Self-employed	14.8	14.6
<b>Ethnicities</b>	Bumiputera	18.2	18.8
	Chinese	10.3	12.3
	Indian	12.0	15.4

Note: Incidence of relative poverty within ethnics

Source: DOSM

### c. Lack of Social Protection and Savings

Social protection in Malaysia is fragmented and spending on this area remains low. Albeit various social assistances programmes introduced by the Government, the delivery is highly inefficient due to the fragmented delivery system. In addition, the Government spending on social protection is lower than the global and OECD average at 8.6 per cent and 21 per cent, respectively.

Social protection coverage and old age savings in Malaysia need to be reformed. Additionally, there is a low coverage of social protection for those in the gig economy. Those involved in the gig economy such as e-hailing drivers have increased by 25 per cent over the past 10 years and is expected to grow further. Given that they are self-employed, there is no mandatory imposition for them to contribute to the provident fund for future savings.

In 2019, the Department of Statistics Malaysia (DOSM) estimated that there were 901,000 self-employed workers who did not have access to any social security scheme or employment benefit such as pension funds, basic health insurance, injury insurance, disability benefits, survivors' benefits, paid annual leave, paid sick leave, paid maternity leave, and unemployment insurance<sup>23</sup>.

There is also lack of coverage and assistance for the elderly. Malaysia is currently an ageing nation with 10.7 per cent of its population aged above 60 as of 2020, and by 2030, it is expected to be an aged nation where the population aged above 60 years old will be more than 15 per cent of the total population.

### d. Lack of Conducive Living Conditions Among the Urban Poor

Most of the urban poor in major cities in Malaysia are settled in low-cost flats, which are densely populated with very limited public amenities. These locations are often associated with drug and alcohol abuse, crime and petty theft as well as domestic violence and abuse, making them vulnerable. Hence, there is an urgent need to ensure the quality of living and well-being among this section of Malaysian society so as to ensure that no one is left behind. More public resources are needed to improve the quality of the neighbourhoods among the urban poor. Recognising these issues, the Ministry of Housing and Local Government has introduced a National Community Policy in 2019 to foster a community-neighbourhood policy of strengthening social support among the residents.



## OPPORTUNITIES AND WAY FORWARD

The Government is committed to reducing poverty across all dimensions and to strengthen the social protection system. Measures aim to build the resilience of societies, economies and environments to withstand and recover from adverse situations; foster mutually supportive relationships within communities; and enhance the current policy on capacities including resources to manage and evaluate the impacts of these partnerships.

Several key considerations going forward are:

Firstly, updating the MPI in line with Malaysia's aspiration to be a high-income country. The dimension and indicators should be more comprehensive, considering the new challenges or dimensions of deprivation highlighted by the COVID-19 pandemic. The current MPI measurement, especially in the non-income dimensions such as health, education, and living standards are more appropriate for low-income countries, but are no longer relevant for an upper middle-income country like Malaysia. Several improvements can be made to the current measurements pertaining to indicators such as standard of living and health.

In addition, the revision can include having devices and connectivity to the internet in line with recently introduced the Malaysia Digital Economy Blueprint. Moreover, there is a need to review the MPI indicators differently for rural and urban areas as the dimension of poverty and degree of deprivation varies. Besides designing a comprehensive set of indicators, the implementation and monitoring of the MPI is equally important. Agencies and local authority should adopt the MPI as multidimensional approach for delivery and intervention.

Second, the pandemic provides a perfect opportunity to reform Malaysia's social protection and social security system. Thus, there is a need to extend the coverage to all adults, including those who are working in informal sectors and outside the labour force particularly women. Currently, Malaysia's social protection covers only formal workers, while those in the informal sector or self-employed are not covered<sup>24</sup>. Registration and enrolment in social protection agencies such as EPF and SESCO in Malaysia are compulsory for those in the formal sector, but voluntary for the self-employed, non-citizens, and those in the informal sector. Therefore, initiatives to increase awareness of the benefits of having social security particularly among those in the informal sector will need to be enhanced.

Third, it is timely to strengthen social assistance for vulnerable groups such as children, the elderly and PWDs. Although monthly financial assistance for these groups have increased following PLI revisions, there are concerns that those other eligible recipients might be left out. Therefore, there is a need to review the current eligibility threshold to ensure less inclusion and exclusion errors.

Fourthly, policies continue to focus on enhancing initiatives to eradicate poverty and ensure the inequality among Malaysians will be reduced in line with the 2030 Agenda and towards achieving SDG 1. Efforts to raise the income and standard of living of poor households and B40 will be enhanced further, especially for specific target groups such as children, youth, women, older persons and PWDs as well as empowering indigenous groups.

In addition, continuous improvements across the provision of basic infrastructure and amenities, affordable housing, quality education and health services, social protection and service delivery mechanism provide the opportunity for us to build back better. In line with the principle of leaving no one behind, poverty and vulnerability will be addressed through specific measures such as addressing urban poverty and the rising cost of living as well as uplifting the standard of living of the poor.

# Box Article 3: Impact of COVID-19 on the Poor and the Vulnerable



While the COVID-19 pandemic affected everyone, be it from job losses, or reduced income, or worsening well-being, certain groups are impacted more than others, thus deepening the prevalence of poverty and inequality. Challenges are more pronounced for low-income households, women, children, elderly, persons with disabilities (PWDs), indigenous people (Orang Asli), homeless, migrants, stateless persons, and refugees. Prior to the outbreak of the pandemic, certain indicators highlighted worsening poverty and inequality. Although absolute poverty decreased from 7.6 per cent in 2016 to 5.6 per cent in 2019, the relative poverty rate increased from 15.9 per cent to 16.9 per cent in the same period. The Gini coefficient also increased from 0.399 to 0.407, the first-time inequality widens in almost 20 years<sup>25</sup>. More recent data indicated that the COVID-19 pandemic has reversed the decreasing trend on absolute poverty, causing it to increase to 8.4 per cent in 2020\*.

Unemployment spiked due to weakening economic activities. The number of unemployed at end 2020 was 760,700 individuals, an increase of almost 50 per cent from a year earlier. The unemployment rate jumped to 5.1 per cent in the second quarter of 2020 - the highest in 30 years but eased slightly to 4.8 per cent in Q4 2020. Informal sector workers are among the vulnerable groups that lost most of their income. Many of the people who worked in the informal sector are self-employed<sup>26</sup>, and they lack social protection<sup>27</sup>.

Employment among workers with primary education and below declined from 2.35 million in Q4 2019 to 1.92 million in Q4 2020<sup>28</sup> compared to those with better educational attainment. In comparison, the employment figures for workers with tertiary education increased to 5.05 million from 4.43 million in the same period. Since those with lower educational attainment tend to be from households with lower income, the income inequality widens.

Women are among the most severely impacted compared to men. Between Q3 2019 and Q2 2020, the total number of employed women fell by 3.0 per cent compared to a decline of 1.1 per cent among employed men<sup>29</sup>. Women are likely to lose their jobs due to their concentration in some of the demand-sensitive industries, which was most affected by the COVID-19 crisis and the pre-existing structural inequalities faced by women<sup>30</sup>.

There are other issues, such as domestic violence and other kinds of gender-based violence, as well as mental health issues that affect women during this pandemic. There are additional challenges that affected women disproportionately, such as limited access to resources, increase in the burden of unpaid domestic and care work, gender wage gap, and low representation of women in decision making positions. In just two weeks since the Movement Control Order (MCO) started on 17<sup>th</sup> March 2020, it was reported that there had been a 14 per cent increase in enquiries on domestic violence<sup>31</sup>.

COVID-19 has a greater and immediate impact on children's well-being given that they are one of the most vulnerable groups. There is an increase in number of children from poor families as a result of rising unemployment and underemployment combined with inadequate social protection. Malnutrition has also increased due to rising poverty, and school closures has made it worse as children from poor families could not access the Supplementary Food Programme. Currently, about half a million of school children from low-income households are provided with supplemental meal programmes in school. In addition, the nationwide closure of schools will also have adverse impacts on their learning progress. The ability for children to learn via e-learning or online classes is limited, primarily due to the lack of necessary devices and internet connectivity. There is also a higher risk of violence, abuse, and neglect especially during the period when children are not in school. The pandemic may likely have an impact on the children's mental health.

The elderly is also prone to fall into poverty due to the pandemic. Although the official incidence of old age poverty is low 5.7 per cent in 2019<sup>32</sup>, current trend shows that they are vulnerable to poverty. For instance, 7 in 10 Malaysian workers who are about to retire has less than RM50,000 in their account, and 1 in 5 have only RM20,000. Assuming a living wage of RM2,700 for an individual living in Kuala Lumpur, their old age savings would not last long. The old age vulnerability is more precarious for women, with many of them either not working or in the informal sector. Malaysia has among the lowest women labour force participation in the region at 56.1 per cent compared with Singapore, 61.1 per cent<sup>33</sup>; Vietnam, 79 per cent<sup>34</sup>; and Thailand 67.2 per cent<sup>35</sup>, which leaves majority of females in Malaysia prone to old age poverty. Statistics indicated that about half of all Malaysian women over the age of 65 were widowed, and one of the key factors related with old age poverty is widowhood<sup>36</sup>.

Person with Disabilities (PWDs) are also severely affected by the COVID-19 pandemic. In the face of increased risks, PWDs also face obstacles such as inaccessible information and communication, reduced access to essential health services, lack of accessible public transit systems; limited capacity of health workers to communicate and work with PWDs, and costs associated with accessing health care<sup>37</sup>. This can lead to a reversal of previous gains in terms of social and economic inclusion as well as empowerment.

The pandemic also impact the well-being of Orang Asli. There are about 198,015 Orang Asli in Peninsular Malaysia as of 2019. They are among the poorest group and most vulnerable in the country, with an estimated 33.6 per cent living below poverty line<sup>38</sup>. They are considered a high-risk group due to their health conditions, with many are malnourished. In 2019, there were 15 deaths due to the outbreak of measles, with many more hospitalised. Among Orang Asli children, the prevalence of child undernutrition is exceedingly high, at between 43 per cent to 86 per cent, with stunting being more prevalent than underweight<sup>39</sup>. Interestingly, overweight and obesity are becoming increasingly prevalent among adults, with data showing that approximately 10 to 50 per cent of Orang Asli adults were overweight and/or obese, with women more likely to be overweight or obese than men<sup>40</sup>. The lack of food security and accessibility to medical facilities, coupled with loss of income, continues to pose a threat to Orang Asli.

Malaysia hosted a relatively sizeable number of foreign workers, who are also impacted by the crisis. It is estimated that the total number of foreign workers was between 2.96 to 3.26 million at the end of 2017. Official figure puts the percentage of non-citizens to labour force at 13.8 per cent as of Q4 2020<sup>41</sup>. There have been many unresolved issues faced by foreign workers. Malaysia has since stepped up its efforts to improve working conditions through increased enforcement and labour rights awareness. In the midst of the COVID-19 pandemic, the Ministry of Human Resources has undertaken tough measures to enforce the minimum housing standards for migrant workers. Social protection is also extended for foreign workers through the Social Security Organisation (SOCSO) with effect from 1 January 2019. Malaysia also introduced a new free app called WFW (Working for Workers), enabling workers from across the country to lodge complaints to the authorities. All documented foreign workers are also covered under the Foreign Workers' Health Insurance Scheme (SPIKPA), which is a yearly renewable hospital and surgical insurance scheme.

In response to the severe repercussion of the COVID-19 pandemic, the Government has announced several economic stimulus and assistance packages to assist households and businesses. The total value of all economic stimulus packages, from PRIHATIN to PEMULIH is RM530 billion, or 36 per cent of GDP, of which fiscal related measures amounted to RM80 billion as shown in Table 2.5. Compared to its regional peers, Malaysia's stimulus package is largely made up of non-fiscal measures such as loan guarantees and moratoriums<sup>42</sup>.

**Table 2.5: Estimates of Fiscal-related Measures in Malaysia During COVID-19**

Fiscal measure	RM billion
Wage subsidies, employment retention programmes and other employment-related assistances services	23.0
Capital injections and microcredit initiatives	11.7
Social assistances, expense subsidies and allowances	34.7
Healthcare	4.6
Small Scale Projects	6.0
<b>Estimated total</b>	<b>80.0</b>

Source: Ministry of Finance

\*DOSM's simulation based on HIES & BA 2019 data and selected indicators from Salaries and Wages Survey 2020, LFS, Economic Activity Survey 2020 and Special Survey on Effects of COVID-19 on Economy & Individual



## Box Article 4: Malaysia Poverty Measurements



Photo Credit: Ko Ann Lee

Malaysia has its own Poverty Line Income (PLI) in measuring poverty. A household whose income is below the PLI is living in absolute poverty. The PLI was first introduced in 1977 to calculate extreme poverty and this version of the PLI was designed for five household members.

The PLI consists of the food PLI and the non-food PLI<sup>43</sup>. The food PLI (food basket that contains selected items totalling 9,910 kcal which is the minimum energy intake of an individual) and the non-food PLI (clothes, footwear, rent, fuel and power, furniture and household equipment, medical care and health expenses, transport and communication, recreation, education, and cultural services) for five household members was calculated at RM252.36 in 1977. The PLI is updated annually to reflect the changes in prices using the Consumer Price Index (CPI) as proxy<sup>44</sup>.

The revision of the PLI was done in 2004/2005. The new methodology was more comprehensive, inclusive, and detailed in its calculation<sup>45</sup>. Instead of ensuring that the food basket considers a household's energy requirement, the 2005 methodology calculated different energy requirements for each household, considering its size and composition. Daily kilocalories (kcal) levels were converted to monthly kcal which are multiplied by the price per kcal. This defines the food PLI of each household and poverty profiles are measured based on household size, composition, and location (state and stratum). The national food PLI was RM620<sup>46</sup>. The calculation of non-food PLI was more comprehensive than the previous method which incorporated Ravallion's method (1998)<sup>47</sup> in capturing the low-income household spending trend on non-food items. Five types of non-food PLI were determined, namely housing, clothing, durables, transport and other non-food items, which comprised of 106 items. The national PLI for 2004 was at RM690<sup>48</sup>. Based on this methodology, the PLI will be revised twice in five years taking into account the current changes in price and consumption. The national PLI for 2016 was at RM980.

In 2019, the PLI methodology was revised for a second time. It maintained the food and non-food PLI component, based on optimum minimum food intake using food-based dietary guidelines approach to ensure that is healthy and nutritious food for daily intake for an individual, not just for subsistence. This optimum minimum concept refers to the optimum nutrients requirement based on Recommended Nutrient Intakes for Malaysia (RNI) 2017 and the Malaysian Dietary Guidelines (MDG) 2020. Whilst, the minimum refers to selection of food items for PLI calculation were based on the spending pattern of B20 population<sup>49</sup>. The food PLI at the national level was RM1,169 per month with an average national household size of 3.9. The non-food PLI was revised according to the updated spending that considers not only the minimum quantity but quality as well. The non-food PLI was RM1,038 per month. Meanwhile, the non-food items increased to 146. The 2019 PLI at the national level was at RM2,208, which increased from RM980 in 2016<sup>50</sup>.

At the same time, the World Bank recommended a better poverty measurement for Malaysia's International Poverty Line Income at US\$5.50 a day as it is classified as Upper Middle-Income Country. Meanwhile, based on the OECD poverty measurement, the use of half of median income as relative poverty measurement would be RM2,937 a month.

Apart from measuring poverty from income dimension, Malaysia also measures multidimensional poverty deprivation from other dimensions namely health, education and standard of living. The Multidimension Poverty Index was introduced in the Eleventh Plan (11MP) to complement Poverty Line Income measurement.



## Sustainable Development Goal 2: Zero Hunger

### INTRODUCTION

Malaysia has done extremely well in improving its well-being over the past few decades, including extending life expectancy, and improving infant and child mortality rates. In 1970, the average life expectancy was 64.6 years. It is now 74.9 years in 2020. Infant mortality rates have also improved, from 75.5 per 1000 live births to 6 per 1000 live births in 2020. This rate is almost at par with that of the United States. Under-5 mortality has dropped to 7.9 per 1000 live births from 111.2 per 1000 live births during the same period.

The Government has acknowledged malnutrition as a serious issue in Malaysia. This has prompted the Government to implement various initiatives to promote a better and healthier lifestyle for all Malaysians. However, COVID-19 has exacerbated the challenges towards ensuring better nutritional outcomes and has further curtailed the delivery and implementation of various initiatives that were in line to address malnutrition issues.



## OVERVIEW OF TARGETS AND ACHIEVEMENTS

No.	SDG Targets / Indicators	Description	Achievement	
			2015	2019
1	2.1	Prevalence of underweight among children under 5 years of age (%)	12.4	14.1
2	2.2	Prevalence of stunting of children under 5 years of age (%)	17.7	21.8
3	2.3	Prevalence of wasting of children under 5 years of age (%)	8.0	9.7
4	2.4	Prevalence of overweight among children under 5 years of age (%)	7.1	5.2
5	2.5	Prevalence of anaemia (women aged 15-49 years)	34.7	29.9

Source: National Health and Morbidity Survey 2015 and National Health and Morbidity Survey 2019

- **Target 2.1: The prevalence of underweight among children** under 5 years of age has increased from 12.4 per cent in 2015 to 14.1 per cent in 2019.
- **Target 2.2 and 2.3: Stunting and wasting among children have also increased.** The prevalence of stunting among children below 5 years of age continue to increase, from 17.7 per cent in 2015 to 21.8 per cent in 2019, while the prevalence of wasting slightly increased from 8.0 per cent to 9.7 per cent.
- **Target 2.4: The prevalence of overweight among children under 5 has decreased** between 2015 and 2019, from 7.1 per cent to 5.2 per cent.
- **Target 2.5: Anaemia among women (aged 15-49) improved,** from 34.7 per cent in 2015, to 29.9 per cent in 2019.

## STATUS AND PROGRESS

The prevalence of underweight children aged 5 and below improved from 22.1 per cent in 1990 to 14.1 per cent in 2019. Similarly, the prevalence of wasting reduced from 15.3 per cent in 1999 to 9.7 per cent in 2019.

In an effort to continuously improve the state of malnutrition, the Government has recently reviewed the National Nutrition Policy of Malaysia as well as the National Plan of Action for Nutrition in Malaysia III (NPANM III, 2016-2025) for the second term of implementation. The NPANM III (2016-2025) has three main objectives, which are to enhance nutritional status, reduce diet related NCDs, and strengthen food and nutrition security. These objectives are supported by six enabling strategies as reflected in Table 2.6:

**Table 2.6: Examples of Nutrition Programmes/Activities under the NPANM III (2016-2025)**

Enabling Strategies	Programme and Activities under the NPANM
Promoting Maternal, Infant and Young Child Nutrition	<ul style="list-style-type: none"> <li>• Monitoring on maternal weight gain</li> <li>• Full Cream Milk Programme</li> <li>• Nutrition counselling to support mothers of children aged 0-23 months</li> </ul>
Promoting healthy living and active living	<ul style="list-style-type: none"> <li>• Programmes to involve parents in healthy eating: Meet the Parents' Day and parenting workshops</li> <li>• Monitoring healthy menus at institutions such as schools and childcare centres</li> <li>• Developing modules and conducting training for food handlers on healthy eating and meal preparations</li> <li>• Integrating a nutrition component into the 'Kebun Dapur (Garden Kitchen) Project' initiated by KEMAS</li> </ul>
Preventing and controlling nutritional deficiencies	<ul style="list-style-type: none"> <li>• Reporting analysis on malnutrition landscape among children under 5</li> <li>• Identifying effective strategies to address stunting and wasting among children under 5</li> <li>• Providing cash or food transfers to vulnerable groups to improve nutritional status, such as school children from poor families</li> <li>• Implementing Universal salt iodisation (USI) at national level</li> </ul>
Preventing and Controlling Obesity and Other Diet-Related Non-Communicable Diseases (NCDs)	<ul style="list-style-type: none"> <li>• Prohibiting television advertising of foods/ beverages high in fat and/or high in sugar and salt for children</li> <li>• Imposing tax on unhealthy foods and beverages</li> <li>• Promoting healthy eating through social media</li> </ul>
Sustaining Food Systems to Promote Healthy Diets	<ul style="list-style-type: none"> <li>• Advocating for community gardening</li> <li>• Advocating to increase local production of fruits and vegetables</li> <li>• Increasing the production and promotion of healthier foods and beverages</li> <li>• Increasing accessibility to affordable fruits and vegetables</li> </ul>
Supporting Efforts to Promote Food Safety and Quality	<ul style="list-style-type: none"> <li>• Advocacy and education for consumers on nutrition labelling</li> <li>• Imposing mandatory declaration of total sugars in all food products (in stages)</li> <li>• Imposing mandatory declaration of sodium in all food products (in stages)</li> </ul>

Source: National Plan of Action for Nutrition in Malaysia III (NPANM III, 2016-2025)

The above mentioned programmes and activities under NPANM III (2016-2025) will be supported through these facilitating strategies namely:

- i. providing standard nutrition guidelines for targeted groups;
- ii. continuous assessment and monitoring of nutrition situation;
- iii. strengthening food and nutrition research and development;
- iv. ensuring enough qualified nutritionists and dietitians; and
- v. strengthening institutional and community capacity for nutrition.

The Ministry of Health (MOH) is strengthening the implementation of first 1,000 Days of life Programme for improving nutritional status for children. Some of the major emphases of key initiatives undertaken include strengthening maternal and child health services, providing nutrition education throughout pregnancy, promoting breastfeeding through initiatives such as the Baby Friendly Hospital Initiative (BFHI), providing nutrition education on complementary feeding as well as immunisations and strengthening growth monitoring for infants and children.

MOH pursues three strategies in ensuring good maternal nutrition. The first is weight management for pregnant mothers by monitoring gestational weight gain. The second is the prevention and control of micronutrient deficiencies, which includes universal salt iodization implemented on 1 January 2021 and a wheat flour fortification initiative that will commence in July 2021. The third strategy involves maternal nutrition advocacy for women of reproductive age and pregnant mothers. Several programmes are conducted to ensure the nutritional well-being of mothers, such as strengthening nutrition counselling for pregnant or lactating mothers who are anaemic, and addressing problems related to breastfeeding, gestational diabetes mellitus and hypertension. Another initiative to support breastfeeding is to provide technical input for extending maternity leave from 60 to 90 days. This initiative has been implemented by the public service since 2010 and gradually expanded to the private sector.

The food basket under the Rehabilitation Programme for malnourished children, aged between 6 months and 6 years from poor families, was implemented since 1989 to rehabilitate children with poor nutrition. There is also a Community Feeding Programme aimed at children under 5 from indigenous communities (Orang Asli) to either rehabilitate or prevent undernutrition.

In addition, MOH also initiated various nutrition-based interventions for school children and adolescents through collaboration with multi sectoral agencies. In 2019, both the MOH and the Ministry of Education (MOE) piloted the Free Breakfast Programme in seven schools to provide nutritious breakfast daily for all primary school children. This programme has since been adapted into the Supplementary Food Programme (*Rancangan Makanan Tambahan*, RMT) targeting children from the low income households. The Government provides free milk daily for these children under the School Milk Programme (*Program Susu Sekolah*, PSS). Besides RMT and PSS, both ministries also jointly conduct the nutritious meal programme in schools, known as *Program Hidangan Berkhasiat di Sekolah* (HiTS). Besides that, MOE is also collaborating with MOH to revise the Boarding School Food Menu (*Menu Makanan Asrama Malaysia*), to ensure food safety through consistent monitoring of food handlers. MOE published the Healthy Food Canteen Management Guide (*Panduan Pengurusan Kantin Sihat*) in 2011 for every school in Malaysia to ensure school canteens provide safe and healthy food.

There were various extensive activities in preventing and controlling obesity and other diet-related non-communicable diseases (NCDs) initiated for the period 2016-2025 as outlined in the NPANM III. Advocacy and awareness programs continue to be conducted through Healthy Eating Promotion and Sugar Reduction Strategies. The activities under Healthy Eating Promotion include advocacy on Malaysian Healthy Plate Quarter-Quarter Half (*Suku-suku Separuh*) and nutrition promotion messages through various social media platforms. The activities under Sugar Reduction Strategies include reformulation of healthier food products with collaboration of industries, adoption of the Healthier Choice Logo, and tax on sugar-sweetened beverages (SSBs) imposed since July 2019. The introduction of this SSB tax is a step in the right direction and could limit the consumption of these products and improve health outcomes.

The food and nutrition security issues are also addressed in the National Agrofood Policy (2011-2020). In the area of food production, the self-sufficiency levels (SSL) is used to measure domestic supply capability. Several major agrofood commodities continued to show signs of encouragement. In 2019, the SSL protein source commodities such as poultry meat and eggs remained strong at above 100 per cent while food fish at 93 per cent. Malaysia's staple food, rice, rose from 63 per cent in 2010 to 70 per cent in 2017. The SSL of rice dropped again to 63 per cent in 2019, mainly due to natural disasters, and plant pests and diseases. Meanwhile, nutritional based commodities such as fruits recorded over 78 per cent and vegetables at 44.4 per cent, in which the latter's moderate level supply was largely due to Malaysians preference towards imported vegetables.

Due to concerns over the impact of the COVID-19 pandemic on national food security, a Cabinet Committee on the National Food Security Policy (FSCC) was set up in March 2020. The main role of FSCC is to examine issues and recommend solutions on food security that covers multiple aspects including technology applications, financial resources, investment, land use and infrastructure. The FSCC also assumes the role of coordinating the formulation and implementation of policies, strategies and action plans pertaining to food security that cut across various ministries and agencies.

On 8 September 2020, the FSCC approved the National Food Security Framework (KSMN) that has been developed based on the four pillars of food security recommended by the Food and Agriculture Organization (FAO) United Nations namely availability, access, utilisation and stability. The KSMN also encompasses several other elements including alignment to national development policies such as SPV 2030 and Twelfth Plan, as well as implementation strategies aims to provide guidance in enhancing national food security. The FSCC also approved the establishment of four main clusters based on the four pillars of food security to enhance the governance of national food security. These clusters and their lead coordinators are reflected in Table 2.7:

**Table 2.7: Four Clusters of National Food Security Framework**

CLUSTERS	LEAD MINISTRIES AND AGENCIES
Availability	Ministry of Agriculture and Food Industry (MAFI)
Affordability	Ministry of Domestic Trade and Consumer Affairs (KPDNHEP)
Food Safety & Nutrition	Ministry of Health (MOH)
Stability & Sustainability	MAFI and National Security Council

Source: Ministry of Agriculture and Food Industry

## ISSUES AND CHALLENGES

Although there has been major improvement in nutritional outcomes, Malaysia is currently facing the double burden of malnutrition and a rise in NCDs. Even though the prevalence of wasting has dropped to single digit (9.7 per cent) in 2019, it is still one of the highest in the region.

The prevalence of stunting and underweight for those below the age of 5 years have increased. Stunting levels among them jumped from 17.7 per cent in 2015 to 21.8 per cent in 2019. It is slightly higher among children residing in rural areas (22.2 per cent) and among girls (23.5 per cent). While approximately 1 in 5 children (21.8 per cent) below the age of 5 is stunted, the figure is higher in certain states and groups, such as in Terengganu (22 per cent), among Bumiputera Sarawak (41.5 per cent), Indians (26.9 per cent) and Bumiputera Sabah (26.5 per cent). As for underweight children (weight-for-age), the prevalence increased from 12.4 per cent in 2015 to 14.1 per cent in 2019, being much more significant among rural children at 15.6 per cent and among girls at 12.6 per cent. Among the major ethnic groups, the Bumiputera from Sarawak has the highest prevalence of underweight children, affecting approximately 1 in 4 children under the age of 5. The prevalence of stunting and underweight are classified as medium public health significance.

Malaysians are facing higher risks for NCDs, as more adults are becoming overweight or obese. About 42.7 per cent is either overweight or obese in 2019, an increase from 32.8 per cent in 2015. The number is higher among adult females, where almost 46.1 per cent is either overweight or obese. At the same time, the prevalence of adults who are underweight has declined, from 6.7 per cent to 6.5 per cent during the same period.

The issue of malnutrition is linked closely to the bigger framework of food security as defined by FAO four pillars that include availability, access, utilisation and stability. Based on the Global Food Security Index 2020 published by the Economist Intelligence Unit, Malaysia's ranking improved one spot to 43<sup>rd</sup> in 2020<sup>51</sup> with an overall score of 67.9 per cent from 67.7 per cent. As a comparison, Finland ranked 1<sup>st</sup> with a score of 85.3 per cent.

The index measures affordability, availability, quality and safety, as well as natural resources and resilience using 25 main indicators and 51 sub-indicators to gauge the level of food security and capture changes across 113 economies on an annual basis. While the ranking suggests Malaysia is generally a food secured nation, it received a score of 58.8 per cent in the availability category, and 47.5 per cent in the natural resources and resilience category<sup>52</sup>, which is considered to be average. The major contributing factors to this average score include lack of public expenditure on agricultural research and development and infrastructure as well as dependency on food import.

Availability of nutritional food remains to be a challenge. Malaysia's food import bill has risen by an annual average of 6.5 per cent from RM11.4 billion in 2000 to RM51.4 billion in 2019<sup>53</sup>. The huge food import bill has impacted the quantity, quality, affordability and accessibility of food especially for the poor. This issue is further exacerbated by the scarcity of land use for food production, in which approximately 85 per cent of the country's 8 million hectares of agriculture land are planted with industrial commodities mainly oil palm and rubber<sup>54</sup>.

Nutrition outcomes are likely to be adversely affected due to the socioeconomic impact of COVID-19, as it prevented the smooth delivery and implementation of initiatives to address malnutrition issues, especially for children in school settings. Schools nationwide were closed for almost a year, preventing children from low-income households to benefit from the Government's free food programmes.

According to a recent UNICEF study<sup>55</sup> on the socioeconomic impact of COVID-19, low-income households had to reduce their food intake and change their diet as a coping mechanism due to financial constraints. These constraints include heads of households losing their jobs or having reduced working hours. The cost of essentials also increased, where the prices of rice, eggs, and instant noodles rose by 40 per cent, while the intake of vegetables and fruits dropped by 40 per cent.

## OPPORTUNITIES AND WAY FORWARD

The Government is committed to addressing stunting and malnutrition, particularly through provision of household food security, quality healthcare services, a healthy environment, and adequate care and feeding practices. The national target is to reduce the prevalence of stunting to 11 per cent by 2025. A holistic approach to nutritional improvement should start with the crucial first 1,000 days of life from conception to the child's second birthday. Availability of financial resources is the underlying determinant for nutritional outcomes. Long term approaches such as income generating activities are important for sustainable nutritional improvement.

In an effort to enhance food security conditions in Malaysia, focus will be given to areas that require improvement as highlighted in the GFSI. In this regard, an action plan for the national food security is currently formulated under FSCC. Among the targeted outcomes of the action plan include reduced national dependence on food imports, stable food prices, healthier eating habits among Malaysian population, sustainable food production as well as increased private sector's role and involvement in strengthening the food systems.

Further to this, the new national agrofood policy, that is currently being formulated will include a specific strategy to develop healthy sustainable food systems, which emphasises nutrition security. This will ensure Malaysians have access to a healthy and balanced diet. This strategy will be further strengthened through industry specific strategies, in which by 2030, the SSL of rice is expected to increase to 80 per cent, higher protein source commodities such as fisheries to 98 per cent and fresh milk to 100 per cent while sustaining production for poultry meat and egg to support the growing population. In addition, nutritional commodity such as vegetables will be given highest focus to attain SSL growth of almost 80 per cent domestic supply capability in tandem with fruits. In short, this policy takes an all-inclusive approach and prioritizes the nutritional needs of Malaysians for the next 10 years.

## Box Article 5: Social and Community Enterprises

While the dominant economic models are for private equity and individual business, there are alternative models that are catered to social and community enterprises that spotlights community spirit and encourages collective action and support, especially in times of crisis. The COVID-19 pandemic has revealed the role of local communities in the support for local economies. This social economy dimension is recognised by the United Nations Taskforce on Social Solidarity Economy as a way of addressing the economic, social and environmental concerns in an integrated approach of sustainable development.

In the Malaysian context we can observe an emphasis towards social and community enterprise as follows:

- In early 2015, the Malaysian Social Enterprise Blueprint was launched under Malaysian Global Innovation & Creativity Centre (MaGIC), which resulted in about 350 accredited social enterprises. This is the new innovation in the promotion of businesses with a social and environment cause. In 2020, Malaysia launched a RM10 million Social Impact Matching Grant for social enterprise. MaGIC has helped social enterprises earn more than RM30 million in revenue over the past 3 years and created hundreds of new jobs for B40 communities. In addition, the Pemangkin Usahawan Sosial Hebat (PUSH) programme addresses the livelihood of the B40 households by increasing economic opportunities via impact-driven solutions.
- The Eleventh Plan (2016-2020) included a policy thrust towards developing community and social based enterprises. There is also a policy towards community forestry and involvement of indigenous and local communities to joint forest management initiatives.
- The National Entrepreneurship Policy 2030 aims for the development of an inclusive and competitive entrepreneurial community including SMEs, B40 groups, and social entrepreneurs. In this policy there is an emphasis on social entrepreneurship, social enterprise and community-based economic activities. A specific thrust under this policy entails intensifying outreach programmes to disadvantaged group including low income households (B40), rural communities, PWDs, and positioning co-operatives as drivers to inclusive socio-economic development.
- The Malaysian Cooperative Transformation Plan (TransKoM- 2021-2025) was launched in 2021. Currently, Malaysia has 14,417 registered cooperatives with six million members, and has great potential to increase the current GDP contribution from 3 per cent to 5 per cent.
- There are faith-based initiatives such as Ar Rahn provides an alternative economic model in the pawn broking businesses. This is the poor person's access to immediate cash in times of need and crisis through the offer of a jewellery as collateral for a short-term loan. In Malaysia, out of the 588 licensed pawn broking businesses, 56 per cent are Islamic compliant and the remaining 44 per cent are conventional.

In Malaysia, social and community enterprise especially through the cooperative provisions and the social enterprise accreditation is creating a new avenue for businesses to undertake a greater social and environment responsibility.



# CHAPTER 3

## STRENGTHENING RESILIENCY AND TRANSFORMING HEALTHCARE SDG 3





## Sustainable Development Goal 3: Good Health and Well-Being

### INTRODUCTION

Malaysia has an efficient dichotomous healthcare sector, comprising Government funded universal healthcare and private sector led healthcare. The Ministry of Health (MOH) acts as both the primary public care provider as well as the overall regulator of the health sector. Other ministries such as the Ministry of Higher Education, Ministry of Defence and Ministry of Women, Family and Community Development also offer health-related services.

Health expenditure has hovered around 4 per cent of GDP despite incremental year-over-year (YoY) increases. Approximately 52.5 per cent of health expenditure is funded through public sources while the balance is via private spending, which includes out-of-pocket (OOP) payments and insurance disbursements. Consistent investments in healthcare have resulted in the availability of a spectrum of quality services from preventative health and diagnostic facilities to specialised treatment and care services, as well as a large workforce of qualified and trained health professionals.

However, as Malaysia transitions towards a high-income economy, the burden of chronic and age-related diseases increase along with demand for quality healthcare, and this has led to an upward trending healthcare expenditure. Non-communicable diseases (NCDs) such as diabetes, cardiovascular diseases, and cancer are on the rise, further straining the healthcare system and making the current financing model unsustainable.

Aggravating this further is the more recent COVID-19 pandemic, which posed unprecedented challenges to the healthcare system. This chapter provides a snapshot of Malaysia's efforts since the last review and future opportunities going forward.



## OVERVIEW OF TARGETS AND ACHIEVEMENTS

No	SDG Targets / Indicators	Descriptions	Achievement	
			2017	2019 or latest
1	3.1.1	Maternal mortality ratio (per 100,000 live births)	25.0	21.1
2	3.1.2	Births attended by skilled health personnel (%)	99.6	99.6
3	3.2.1	Under-5 mortality rate per 1,000 live births	8.4	7.7
4	3.2.2	Neonatal mortality rate per 1,000 live births	4.4	4.1
5	3.3.1	Number of new HIV infections per 1,000 uninfected population among adults 15-49 years old	0.2	0.2
6	3.3.2	Tuberculosis incidence per 100,000 population	80.7	81
7	3.3.3	Malaria incidence per 1,000 population	0.1	0.1
8	3.3.4	Hepatitis B incidence per 100,000 population	15.4	15.3
9	3.3.5	Number of people requiring interventions against neglected tropical diseases	96.8	88.8
10	3.4.1	Premature NCD mortality. Probability of dying between the exact ages 30 and 70 years from cardiovascular diseases, cancer, diabetes, or chronic respiratory diseases (%).		
		Cardiovascular disease	-	11.3
		Cancer	-	5.7
		Diabetes	-	1.5
		Chronic respiratory disease	-	1.3
11	3.4.2	Suicide mortality rate per 100,000 population	0.1	0.0
12	3.5.1	Coverage of treatment interventions (pharmacological, psychosocial and rehabilitation and aftercare services) for substance use disorders		
		Opioids (%)	22.1	26.1
		Amphetamine-type stimulants (ATS) (%)	20.4	14.9
13	3.5.2	Harmful use of alcohol, defined according to the national context as alcohol per capita consumption (aged 15 years and older) within a calendar year in litres of pure alcohol	0.9 (2015)	1.0
14	3.6.1	Death rate due to road traffic injuries per 100,000 population	21.0	19.0
15	3.7.1	Proportion of women of reproductive age (aged 15-49 years) who have their need for family planning satisfied with modern methods	47.7 (2014)	-

No	SDG Targets / Indicators	Descriptions	Achievement	
			2017	2019 or latest
16	3.7.2	Adolescent birth rate (aged 10-14 years; aged 15-19 years) per 1,000 women in that age group		
		Aged 10-14 years	0.1	0.1
		Aged 15-19 years	9.1	8.2
17	3.8.1	Coverage of essential health services	73.0	-
18	3.8.2	Proportion of population with large household expenditures on health as a share of total household expenditure or income (10% & 25%)		
		10 per cent	2.0 (2016)	-
		25 per cent	0.2 (2016)	-
19	3.9.1	Mortality rate attributed to household and ambient air pollution per 100,000 population	-	-
20	3.9.2	Mortality rate attributed to unsafe water, sanitation, and hygiene per 100,000 population	0.5	0.7
21	3.9.3	Mortality rate attributed to unintentional poisoning per 100,000 population	0.2	0.2
22	3.a.1	Age-standardised prevalence of current tobacco use among persons aged 15 years and older (%)	22.8 (2015)	20.7
23	3.b.1	Proportion of the target population covered by all vaccines included in their national programme		
		Diphtheria-Tetanus-Pertussis (DTP) (3 <sup>rd</sup> dose)	98.9	98.4
		Measles, mumps, and rubella (MMR) (2 <sup>nd</sup> dose)	97.2	106.5
		Human Papilloma Virus (HPV) (last dose in schedule)	83.6	84.4
24	3.b.2	Total net official development assistance to medical research and basic health sectors	-	-
25	3.b.3	Proportion of health facilities that have a core set of relevant essential medicines available and affordable on a sustainable basis	-	-
26	3.c.1	Health worker density and distribution per 1,000 population		
		Doctors	1.8	2.1
		Dentists	0.3	0.3
		Pharmacists	0.4	0.6
		Registered nurses	3.3	3.3
		Midwifery personnel	1.7	1.7
27	3.d.1	International Health Regulations (IHR) capacity and health emergency preparedness	100.0	85.6
28	3.d.2	Percentage of bloodstream infections due to selected antimicrobial-resistant organisms	-	3.0

Source: DOSM and MOH

**Target 3.1.1: Maternal mortality ratio continues to improve.** Fewer women died because of complications during and following pregnancy and childbirth.

**Target 3.2.1: Under-5 mortality rates also improved.** Comprehensive programmes such as immunisation interventions have led to lowering of under-5 mortality rates.

**Target 3.3.1: HIV infections remain constant.** The incidence rate for HIV infection has remained constant at 0.2 persons per 1,000 for the past several years.

**Target 3.3.3: Number of indigenous human malaria cases has remained constant.** Malaysia is likely to be declared malaria-free if the zero-trend is continued for three consecutive years i.e. 2018-2020.

**Target 3.4.1: Cancer, cardiovascular disease and diabetes increasing.** The probability of premature mortality (dying between the ages of 30 to 70 years) due to these NCDs is 18.7 per cent for both sexes in the country.

**Target 3.a.1: Prevalence of tobacco use is decreasing.** The number of new smokers is on a decline, indicating a change in behaviour or shift to new related products such as e-cigarettes and vape.

**Target 3.b.1: Vaccination coverage continues to be high.** Uptake of various important vaccines for childhood diseases maintained above 90 per cent.

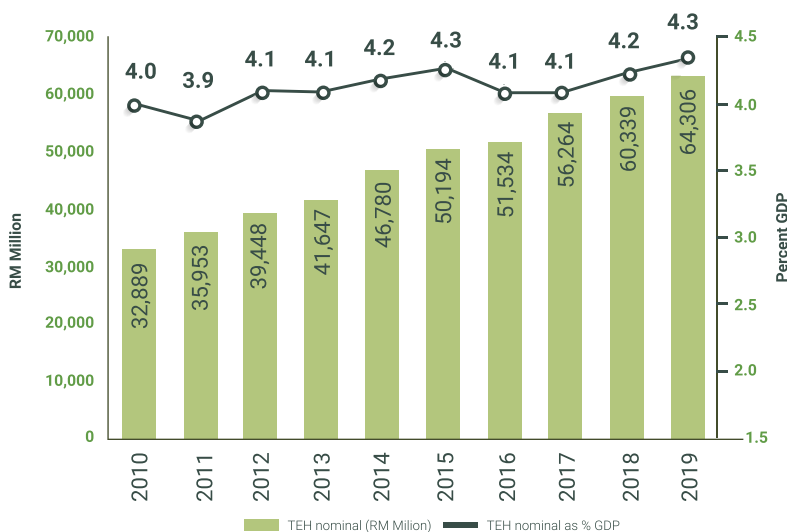
**Target 3.c.1: Improvements in number of health workers per 1,000 population.** Malaysia stands at a ratio of one healthcare worker for every 186 individuals, surpassing World Health Organization's (WHO) recommendations.

**Target 3.d.1: The country was well positioned to respond to health emergencies.** Malaysia established clear mechanisms for command, control, and coordination of multisector health emergency preparedness and response.

## STATUS AND PROGRESS

More than 70 per cent of the population access and depend on the public healthcare system which provides universal healthcare coverage and subsidises up to 98 per cent of healthcare costs<sup>56</sup>. Health occupied at least 10 per cent of the federal budget. Malaysia's Total Expenditure on Health (TEH) in 2019 at RM 64.3 billion was 4.3 per cent of GDP<sup>57</sup>(Figure 3.1). About 52.5 per cent was public funding while the remaining 47.5 per cent were sourced from private spending. MOH's provision under the federal budget increased by 7.8 per cent from RM 27 billion in 2018 to RM29 billion in 2019. This increasing trend also continued in 2020 where MOH received RM 30.6 billion, or 10.23 per cent of the overall RM299 billion 2020 budget<sup>58</sup>.

**Figure 3.1: Total Expenditure on Health, Malaysia, 2010-2019**



In 2019, the government established MySalam, a national health protection scheme which provides insurance coverage for lower income households against certain critical illnesses.

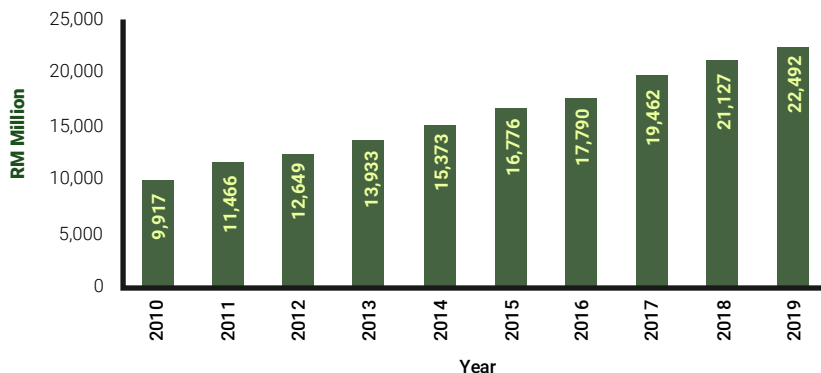
A health screening pilot project, PeKaB40, was initiated to assist low-income groups with their healthcare needs by focusing on NCDs. The Government also introduced a sugar-sweetened beverages (SSBs) tax in order to curb sugar intake.

Expenditure in 2020 took a massive uptick as the Government allocated and spent more funds on COVID-19 related expenditure. The COVID-19 Trust Fund amounting to RM45 billion was established through Act 830 Temporary Measures for Government Financing (Coronavirus Disease 2019 (COVID-19)) Act 2020. The fund is used to finance all economic stimulus packages. This amount was increased in December 2020 from RM45 billion to 65 billion considering the new packages that have been announced and giving flexibility to the Government for emergency pandemic response, including for urgent health needs.

In addition, the Government is sourcing RM5 billion from Kumpulan Wang Amanah Negara (National Trust Fund) to finance the cost of COVID-19 vaccinations.

The private healthcare sector is growing rapidly and consequently, medical inflation has a direct impact on health-related household expenditures. At least 73.6 per cent of private sector health spending is derived from OOP payments<sup>59</sup>. These payments are borne by either patients or their family members and are not reimbursable by third parties. Malaysia has consistently experienced double-digit medical inflation over the past few years. In 2019, it was estimated to be 13.6 per cent upwards from 12.7 per cent in 2017<sup>60</sup>.

**Figure 3.2: Out of Pocket Payments for Health, 2010 - 2019**



Source: Malaysian National Health Accounts (2010 – 2019)

The 2019 Global Health Security Index survey ranked Malaysia in 18<sup>th</sup> place among 195 nations, reviewed in terms of overall preparedness to face a disease outbreak<sup>61</sup>. Guided by the policy outline contained within the Malaysia Strategy for Emerging Diseases and Public Health Emergencies II (MySED II) Workplan, the Government implemented a systematic and multisectoral collaborative strategy for health security strengthening<sup>62</sup>. It established clear mechanisms for command, control, and coordination of multisectoral health emergency preparedness and response. This was provided for under National Security Council Directive No. 20. The directive describes the function of the National Disaster Management Agency (NADMA) and other related agencies, alongside the MOH's Crisis Preparedness and Response Centre (CPRC). The CPRC acts as the operational nexus for preparedness planning, analysis, risk assessments and coordination of health sector responses.

This multisectoral collaborative approach to health security, has proven to be a tremendous asset in the COVID-19 response in 2020.

Since 2000, despite almost universal coverage of maternal health services, the indicator for maternal mortality ratio has been stagnant, hovering around 23 per 100,000 live births (24.4 in 2000; 23.8 in 2015; and 21.1 in 2019) for the past decade<sup>64</sup>. Often, there are inherent risks, such as NCDs, obesity and advanced age that could result in preventable maternal deaths unless timely and appropriate medical treatment is available. As quality of care is a major determinant in reducing maternal mortality, efforts are ongoing to improve effective supervision, including providing competency-based training for healthcare providers, and strengthening of pre-pregnancy care at both hospitals and clinics level. As part of pre-pregnancy care, contraceptive use among high-risk women is also emphasised as part of family planning services by the MOH and The National Population and Family Development Board (*Lembaga Penduduk dan Pembangunan Keluarga Negara*).

This workplan was backed by relevant legislations which provided for necessary actions and IHR implementation. These included the Prevention and Control of Infectious Diseases Act 1988 (Act 342), Prevention and Control of Infectious Diseases (Importation and Exportation of Human Remains, Human Tissues and Pathogenic Organisms and Substances) Regulations 2006, Food Act 1983 (Act 281), and the Poisons Act 1952 (Act 366)<sup>63</sup>.

Over the past two decades, Malaysia has maintained high proportions of births in health facilities and attended by skilled personnel. As of 2019, only 0.6 per cent of recorded deliveries were outside such facilities<sup>65</sup>. Most took place in Government facilities (80.5 per cent) followed by private health facilities (18.6 per cent). Unsafe deliveries were attributed to five factors, namely, financial constraints, being undocumented or not having valid identification documents, transportation problems, longer transfer times due to distance, and choosing home births without a skilled birth attendant<sup>66</sup>.

The COVID-19 pandemic has also posed considerable challenges in ensuring that the provision of maternal and new-born health services in a safe and protective environment is available for pregnant women, postnatal mothers, and their new-borns. In some locations, despite resources being reprioritised to cater to the pandemic, the maternal health services continue with minimal disruption<sup>67</sup>.

Contrary to what is typical of an upper-middle income country, the national contraceptive prevalence rate (CPR) at 52 per cent has plateaued since 1984<sup>68</sup>. Despite Malaysia's low CPR, the total fertility rate continues to be on a decline. In 2019, it was at 1.8 births per woman, below the replacement level of 2.1. The average age at first birth has also risen from 27.2 in 2010 to 27.9 in 2019<sup>69</sup>. Taken together with a growing ageing population, the situation implies a contraction in the overall populace.

There has been a clear improvement in the adolescent birth rate. In 2019, 8.2 adolescents per 1000 women aged 15-19 years gave birth, compared to 11.8 in 2015. This progress has been attributed to long-term initiatives on adolescent health, including establishment of the Adolescent Health Programme/Services as an expanded scope of the Maternal and Child Health Programme and Services, National Adolescent Health Policy (2001), National Adolescent Health Plan of Action 2015 – 2020, Child Act 2001 and Sexual Offences Against Children Act 2017. There has been continuous advocacy on sexual reproductive health (SRH) by the Ministry of Health, Ministry of Women, Family and Community Development, National Population and Family Development Board, as well as various Government agencies and non-government organisations. Despite this progress, diverse SRH related issues are continuously challenged by complex legal, ethical, socio, cultural and religious practices and norms.

In terms of child health, immunisation coverage for diseases under the National Immunisation Programme (NIP), remained high (>90 per cent) during the period of 2017 – 2019. The NIP currently protects children against thirteen vaccine-preventable diseases, namely tuberculosis, Hepatitis B, diphtheria, tetanus, whooping cough (pertussis) and polio, Haemophilus Influenzae type B, Measles, Mumps and Rubella (MMR), Japanese Encephalitis, Human Papilloma Virus and Pneumococcal disease<sup>70</sup>. Coverage for selected immunisation is summarised in Table 3.1.

**Table 3.1: MMR Dose 1, Hepatitis B Dose 3 and DPT Dose 3 Immunisation Coverage in Children Aged 1 to Less than 2 Years, 2017-2019 (%)**

Year	2017	2018	2019
Hep B Dos 3	98.2	100.2	100.0
MMR Dos 1	93.5	96.6	99.41
DPT Dose 3	98.89	100.22	98.39

Source: Ministry of Health

In 2020, MOH made two new improvements to the NIP by introducing a 6-in-1 vaccine (DTaP-IPV-HepB-Hib)<sup>71</sup>, replacing the 5 in 1 vaccine (DTaP-IPV//Hib). This 6-in -1 vaccine reduces the number of immunisation visits at health clinics and will also improve the compliance rate. The Government has also included pneumococcal vaccine in the NIP, aiming to reduce further burden of pneumococcal disease among children under 5 years of age. Recent times have seen the increase of anti-vaccine sentiments, attributed to the spread of false information on social media by anti-vaccine groups. In response, MOH has equipped healthcare providers with relevant skills and knowledge to educate and increase awareness among the public on the importance of immunisation. Resource and advocacy tools, health education

and promotional materials have been developed though interagency collaboration with other ministries and NGOs. During the movement control order (MCO) imposed due to the COVID-19 pandemic in 2020, realising the importance of preventing the spread of vaccine preventable diseases, immunisation services continued as usual<sup>72</sup>.

## ISSUES AND CHALLENGES

Despite the achievements to date, issues and challenges remain. Malaysia is not on track to ending HIV/AIDS by 2030, mainly as HIV infection rates have remained consistent at 0.2 persons per 1,000 uninfected population for the past several years<sup>73</sup>. HIV incidence is expected to further increase this decade, as existing treatment coverage is considered to be suboptimum. To end AIDS, Malaysia needs to expedite HIV treatment as outlined in the Mid-Term Review for the Malaysian National Strategic Plan for Ending AIDS 2016 – 2030.

While antiretroviral treatment (ART) coverage among people living with HIV (PLHIV) has been steadily increasing in recent years, the COVID-19 pandemic negatively affected this development in 2020. Appointments were forced to be spaced out and ART initiation was delayed for those newly diagnosed and outreach workers were unable to deliver treatment related packages to key populations due to restrictive movement measures. The pandemic also hindered harm reduction activities, including needle syringe exchange programmes, and limiting access to health screenings and treatment. Methadone patients found it difficult to travel daily to the relevant health facilities, despite being permitted to travel for treatment during lockdowns.

Despite challenges in expanding HIV treatment to all PLHIV, Malaysia has been successful in treating virtually all pregnant women living with HIV via comprehensive and fully integrated maternal and child health services provided through nationwide public healthcare facilities. In 2018, Malaysia became the first country in the Western Pacific region to eliminate mother-to-child transmission of HIV and syphilis.

Although Malaysia has not recorded any indigenous human malaria cases since 2018, the risk of imported malaria remains a key concern. Foreign workers in Malaysia, specifically those that are undocumented, and Malaysians returning from abroad, may expose the local population to the disease. Dengue infection is another tropical disease that remains a major cause of morbidity and mortality in Malaysia. It has remained prevalent since it was first reported in the early 20<sup>th</sup> century.

Despite decades of efforts and numerous initiatives by the Government to contain the disease, the number of cases continue to rise unabated each year. The number of dengue cases and related deaths saw a major surge in 2019 compared to previous years, as can be seen in Table 3.2.

**Table 3.2: Number of Dengue Cases and Deaths, 2017 - 2020 (persons)**

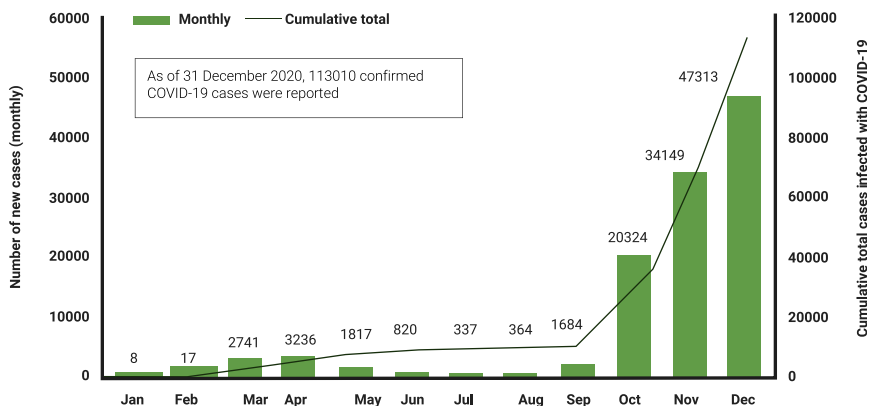
Year	2017	2018	2019	2020
Number of cases	83,849	80,615	130,101	90,304
Number of deaths	177	147	182	145

Source: Ministry of Health

Since the first reported case of COVID-19 infection in Malaysia, the pandemic has now seen three waves of infection<sup>74</sup>. The first wave was from 25 January to 16 February 2020, the second between 27 February and 30 June 2020, and the ongoing third wave began on 8<sup>th</sup> September 2020 (Figure 3.3).

Nationwide restrictions and lockdowns imposed on specific locations were enforced under existing disease prevention and control legislation. A nationwide vaccination program is currently underway.

**Figure 3.3 Reported Cases of COVID-19 in 2020**



Source: Ministry of Health

In recent decades, Malaysia’s population has witnessed a dramatic surge of NCDs due to the prevalence of unhealthy diets and lifestyles. NCDs currently account for around 74 per cent of all deaths in the country. Many live for decades not knowing that they have undiagnosed NCD risk factors. Direct and indirect costs associated with treating late-stage diseases such as cancer and kidney disease are increasing.

Malaysia is currently midway through its second National Strategic Plan for Non-Communicable Disease 2016-2025. The prevention and control of NCDs is also featured strongly in the Twelfth Plan as the urgency to combat NCDs goes beyond the health sector and requires multisectoral effort.

In 2019, Malaysia had one of the highest prevalence of diabetes in the Asia-Pacific region, with one in five persons above the age of 18 living with the disease<sup>75</sup>. The rising trend and cost of diabetes is a growing concern for the country. One in two were unaware of having diabetes, with 42 per cent of these individuals under the age of 40, raising the risk of premature and serious complications in the future. Despite widespread availability of screening and diagnostic tests, people in the older age groups are more likely to participate in health screening compared to those who are younger.

Hypertension being one of the major risk factors for cardiovascular disease, is a serious concern for Malaysians. 3 in 10 or 6.4 million people in the country are estimated to have hypertension<sup>76</sup>. Half of them are unaware that they live with the condition and remain undiagnosed. Among those below the age of 30, men are three times more likely to suffer from hypertension occurs than women<sup>77</sup>. Although there are well-established treatment regimens for hypertension, many people are not screened and those who are diagnosed are not on effective treatment.

The burden of cancer on Malaysian society continues to climb. Nearly a quarter of a million cancer cases and 150,000 deaths have been reported over the past decade<sup>78</sup>. By 2030, these numbers are expected to rise by 50 per cent. Cancer is now the second leading cause of premature death in the country. One in seven Malaysians is expected to develop cancer before reaching 75 years of age. The mortality-to-incidence ratio (MIR) at 61 per cent for Malaysia is higher than other upper middle-income countries<sup>79</sup>. A reason for this is because more than 70 per cent of cancer cases are diagnosed in Stages 3 and 4<sup>80</sup> which is demonstrated in the breakdown of certain cancer types in Table 3.3.

**Table 3.3: Late-stage (Stage III and IV) Diagnosis in Cancer (%)**

Year range	Breast cancer	Colorectal cancer	Cervical cancer	Mouth cancer
2007-2011	43.2	65.6	40.3	66.9
2012-2016	47.9	72.7	41	67.1

Source: Ministry of Health



The National Strategic Plan for Cancer Control 2016-2020 identified 9 areas of focus, spanning from prevention to palliative care. Late detection, treatment barriers, and patient support remain significant challenges which affect the health outcomes of people living with cancer. Amid the COVID-19 pandemic, cancer patients face an increasingly higher risk of economic hardship and reduced survival than ever before. Unlike swift public health responses that curb infectious diseases, cancer control efforts must be sustained for years to have any impact on health outcomes.

20.7 per cent of Malaysians are smokers<sup>81</sup>. Despite the fact that there are more than 27,000 deaths a year related to tobacco use, current data suggests that the prevalence of smoking behaviour is declining<sup>82</sup>. However, since tobacco products, cigarettes and e-cigarettes are often considered separately, it becomes difficult to quantify the actual number of smokers in the country and the prevalence of smoking. Hence, the use of vape and e-cigarettes in recent years has raised concerns. As Malaysia is party to the WHO's Framework Convention on Tobacco Control (FCTC), there is also concern regarding the sale of vapes particularly in terms of taxation and non-nicotine vape.

According to the National Health and Morbidity Survey 2019, at least 3 in 10 Malaysians aged 16 years and above live with mental health problems. There is a large gap within the mental health landscape. Generally, funding, and specialised services remain limited for mental health.

Awareness and understanding of mental health conditions are poor, and many individuals are stigmatised socially for having these conditions - causing them to often stay away from seeking care or treatment. There is also a shortage of mental health practitioners within the public sector, including psychiatrists, psychologists, and counsellors. This shortage causes long waiting times, adding stress to patients. Many drop out of treatment entirely, causing their condition to deteriorate to more serious levels.

Psychiatric care is largely provided in the public health sector at highly subsidised rates, but timely appointments may be difficult to obtain. Though services are available in the private sector, people may find them unaffordable and inaccessible as psychiatric conditions are often not covered by current insurance policies. Individuals then seek care from the public sector, creating congestion in an already crowded system.

## **OPPORTUNITIES AND WAY FORWARD**

Adopting a balanced development approach means giving equal emphasis to both economic growth and well-being of the people. Promoting healthy lifestyles and ensuring greater access to quality healthcare are essential to sustain social and economic development. To that end, several key areas are considered for attention, commitment, and improvement by the Government, civil society, and the private sector.

### **Enhancing Existing Healthcare Coverage and System Delivery for Better Health Outcomes**

This will involve strengthening preventive healthcare interventions such as immunisation, nutrition, sanitation, antenatal and perinatal care, as well as providing healthcare services such as long-term chronic care closer to communities, homes, and individuals, particularly for those in underserved communities. Sustaining and increasing access to high-quality healthcare, especially antenatal and perinatal care services, is one of the areas of interest for further improvement in SDG indicators related to maternal and neonatal mortality. With the country facing the COVID-19 crisis, there is a need to also invest in long-term acute care which strengthens preparedness and response towards health emergencies and disasters.

### **Intensifying Efforts to Control Both Communicable Diseases and Non-Communicable Diseases**

The healthcare delivery system will be better coordinated and enforced at the state, regional and national levels. Areas that will be covered include environmental health, hygiene, and sanitation as well as food safety and nutrition, for better management of public health. Efforts to prevent and control communicable diseases and NCDs will be enhanced through implementation of various policies and health initiatives such as research and development, immunisation, health screening and awareness programmes.

### **Exploring Healthcare Financing Alternatives for Improved Affordability and Sustainability**

Malaysia will explore various healthcare financing mechanisms to ensure continued improvement, sustainability, and investment in its healthcare system. As part of corporate social responsibility, the private sector and NGOs will be encouraged to partner with government bodies to establish health facilities that cater to the needs of poor, lower and middle-income households.

### **Prioritising Preventive Healthcare Approach Towards Improved Health Outcomes**

The health ecosystem will be further developed and strengthened, by exploring opportunities to increase preventive healthcare particularly in health awareness and education. This will involve individual and community behaviours, clinical care, and both socioeconomic and physical environments. There is a need to strengthen interagency collaboration to improve public health services, and to increase the quality of data and analysis of findings to better inform interventions and policies related to preventive health.

### **Strengthening Well-being and Inclusivity**

As part of Malaysia's continued commitment to SDG 3 to ensure healthy lives and promote well-being for all, policies and initiatives that aims to future proof and improve the resiliency of the healthcare system, will be enhanced particularly in combatting CDs and NCDs, increasing health crises preparedness, and ensuring financial sustainability for healthcare.

## Box Article 6: Vaccinating Against Polio Amidst the COVID-19 Crisis



Malaysia had been polio-free from 1993 with the implementation of polio immunisation since 1972. However, on 8 December 2019, MOH announced the country's first case of polio. Testing confirmed that the strain was genetically linked to outbreaks in the southern Philippines<sup>83</sup>. In response, Malaysia embarked on a large-scale vaccination campaign in Sabah targeting over 800,000 children below 13 years old, including those who had already been vaccinated according to the national immunisation schedule<sup>84</sup>.

The campaign came amidst the beginning of the COVID-19 pandemic and the imposition of movement restrictions intended to contain outbreaks of the coronavirus. In response, health centres implemented robust infection, prevention, and control measures at community clinics, which included preventive measures such as physical distancing, use of masks and hand hygiene. The flying doctor service was also instrumental in reaching out to vulnerable populations located deep in rural and remote areas. During the campaign, 95.6 per cent of children received two doses of bivalent oral polio vaccine while 92 per cent of children in Sabah received two doses of monovalent oral polio vaccine<sup>85</sup>.

The polio vaccination campaign in the middle of the COVID-19 pandemic is a remarkable testament to the efforts of Malaysian healthcare workers. In addition, the successful collaboration among Government, volunteers and other agencies, as well as the trust of parents and caregivers to make informed decisions ensured that all children were fully vaccinated against polio.

## Box Article 7: Responding to Mental Health Impact of COVID-19 Pandemic - The Storm Within A Storm



In March 2020, the declaration of COVID-19 as a pandemic raised concerns regarding mental health and well-being. Prior to the pandemic, the National Health and Morbidity Survey in 2019 found that 2.3 per cent of adults lived with depression and 7.9 per cent of children have mental health problems<sup>86</sup>. Low-income households, unemployed, and rural residents were high-risk groups for mental health problems. However, stigma and poor mental health literacy are obstacles to seeking help and treatment. The Government and CSOs have led campaigns to increase awareness on mental health. Social isolation under repeated lockdown measures, a rise in unemployment and financial insecurity, closure of schools, and pervasive fear of infection, have exacerbated pre-existing stressors.

Early in the COVID-19 response, Mercy Malaysia launched the Psychological First Aid (PFA) Hotline, in partnership with government agencies<sup>87</sup>. As treatment and monitoring were being managed in quarantine centres and hospitals, Mental Health and Psychosocial Support Services (MHPSS) teams were deployed for patients with COVID-19, persons under surveillance or investigation, and healthcare workers. Hospitals and several universities offered internal counselling programmes, and non-governmental organisations such as Befrienders Malaysia received increased volume of callers experiencing distress and suicidal thoughts.

While more comprehensive data is needed, it was clear some groups had been negatively impacted more than others. Healthcare workers and frontliners faced prolonged mental and physical demand from managing the pandemic. Women who called the PFA hotline were predominantly seeking help for emotional and psychological support, household-related issues, and domestic violence reflecting their increased vulnerability and burdens<sup>88</sup>. Students, part-time employees, and the unemployed were found to have severe to extremely severe levels of anxiety, depression, and stress<sup>89</sup>.

As mental health was incorporated into risk communication and highlighted by news media, there were more public awareness and discourse including on decriminalisation of suicide during the pandemic<sup>90</sup>. Community-based mental health services set up since 2012, called MENTARI centres, were promoted through the official health information portal.

Challenges such as low levels of mental health literacy, inadequate community support, and limited resources for mental health services must be addressed to significantly reduce mental health burden.





# CHAPTER 4

## INCLUSIVE ECONOMIC GROWTH **SDG 8 and SDG 10**



# Sustainable Development Goal 8: Decent Work and Economic Growth

## INTRODUCTION

Malaysia underwent an astounding economic transformation, and within a generation, the country transformed from a low-productivity agrarian-based economy to an economy based on manufacturing and services. Nearly 50 per cent of gross domestic product (GDP) and 80 per cent of total exports during the colonial period were dominated by tin and rubber, which were owned mostly by the British and Europeans. However, there was no trickle-down effect, while GDP expanded by up to 30 per cent per year in certain years, national income and citizen consumption grew much slower at about 1 per cent between the turn of the 20<sup>th</sup> century and the onset of World War Two<sup>91</sup>.



Economic transformation and diversification occurred after the introduction of the Second Malaysia Plan (1971 to 1975). Malaysia's dependency on tin and rubber shifted towards palm oil as well as oil and gas in the 1970s, while the manufacturing sector expanded in the 1980s and 1990s. As a result, the manufacturing share of GDP jumped from 9 per cent in the 1970s to about 24 per cent in 1997, and export of manufactured goods increased from 12 per cent in 1970 to 81 per cent in 1997<sup>92</sup>. Malaysia also diversified into the services sector during this period, with an expansion of urban-based services and more labour-intensive industries requiring semi-skilled workers.

The economic activities after the new millennium were guided by the Third Industrial Master Plan (IMP3), 2006-2020. The IMP3 aimed to move the economy up the value chain and towards a productive, value-added, and knowledge-intensive economy. The aim was to improve Malaysia's global competitiveness across the manufacturing, services, and agriculture sectors that would act as the three main pillars of Malaysia's economy.

## OVERVIEW OF TARGETS AND ACHIEVEMENTS

No.	SDG Targets / Indicators	Description	Achievement			
			2017	2018	2019	2020
1.	8.1	Annual growth rate of real GDP per capita (%)	4.5	3.7	4.0	- 6.0
2.	8.2	Annual growth rate of real GDP per employed person (%)	3.8	2.3	2.3	- 5.5
3.	8.3	Share of employment in the informal sector (%)	10.8	-	9.3	-
4.	8.5	Mean monthly salaries & wages of employees (RM)	2,879	3,087	3,224	-
5.	8.5	Unemployment rate (%)	3.4	3.3	3.3	4.5
6.	8.6	Proportion of youth not in education, employment, or training (%)	11.8	12.5	11.6	-
7.	8.8	Incidence rates of fatal occupational injuries per 100,000 workers	13.6	12.5	12.7	-
	8.8	Incidence rates of non-fatal occupational injuries per 100,000 workers	1,015.5	1,013.3	1,065.7	-
8.	8.9	Growth rate of tourism to GDP (%)	7.1	7.6	7.9	-
9.	8.10	Number of commercial bank branches per 100,000 adults	13.4	13.4	13.2	12.2
	8.10	Number of automated teller machines (ATMs) per 100,000 adults	46.0	45.2	43.6	38.2
10.	8.10	Adults with an account at a financial institution (%)	95.1	95.5	96.0	95.9

Source: DOSM and Bank Negara Malaysia (BNM)

**Target 8.1:** Malaysia's economy continued to grow, with real GDP grew from RM1,300.8 billion in 2017 to RM1,343.9 billion in 2020, or at an annual growth rate of 2.3 per cent<sup>93</sup> during the period. This is higher than the average growth of the global economy, which grew by 1.7 per cent annually during the same period<sup>94</sup>. Malaysia's GDP per capita increased from RM40,620 in 2017 to RM41,151 in 2020, with an annual growth rate of 1.4 per cent. It grew by 4.5 per cent in 2017, 3.7 per cent in 2018, 4.0 per cent in 2019, but contracted by 6.0 per cent in 2020.

**Target 8.2:** The annual growth rate of real GDP per employed person expanded by 2.8 per cent between 2017 and 2019<sup>95</sup>. However, the pandemic impacted the economy negatively, where the annual growth rate of real GDP per employed person in 2020 contracted by 5.5 per cent. Labour productivity (per hour worked) continued to grow, by 3.0 per cent on average between the 2017-2020 period.

**Target 8.3:** The share of employment in the informal sector (non-agricultural sector) decreased from 10.8 per cent of the labour force in 2017 to 9.3 per cent in 2019.

**Target 8.5:** Mean monthly salaries and wages of employees continue to grow between 2017 and 2019, at an annual average rate of 5.8 per cent. The mean monthly salary and wage in 2019 was RM3,224, an increase of RM345 compared to 2017.

**Target 8.5:** The unemployment rate remains steady between 2018 and 2019, at 3.3 per cent. However, it jumped to 4.5 per cent in 2020 due to the pandemic.

**Target 8.6:** The percentage of youth not in education, employment or training has improved, from 12.5 per cent in 2018 to 11.6 per cent in 2019.

**Target 8.8:** There have been challenges in ensuring a safe working environment. The number of fatal occupational injuries decreased from 13.6 per 100,000 workers in 2017 to 12.7 per 100,000 workers in 2019, while the number of non-fatal occupational injuries increased by 4.9 per cent during the same period to 1,065.7 individuals per 100,000 workers in 2019 compared to 1,015.5 individuals in 2017.

**Target 8.9:** Tourism remains a key sector in the Malaysian economy, with the average annual growth rate of the tourism industry expanding by 7.4 per cent during the period of 2017 to 2019. However, the sector contracted severely in 2020 due to lack of international and domestic travel due to COVID-19. International tourist arrivals plunged by 84 per cent to 4.33 million individuals from 26.1 million persons a year earlier<sup>97</sup>. Total tourist receipts declined by 85.3 per cent from RM86.14 billion in 2019 to RM12.69 billion in 2020<sup>98</sup>.

**Target 8.10:** Access to financial services in Malaysia is high with almost a universal reach. 95.9 percent of adults in Malaysia own financial accounts in 2020 compared to 95.1 per cent in 2017. While the number of commercial bank branches and ATMs per 100,000 adults had recorded a slight decline, this does not indicate any regression as the mode of delivery of financial services switches increasingly to online. This was evident by the encouraging shift towards greater adoption of online banking services. Between 2017 and 2020, the number of financial transactions conducted via online banking channels increased by more than double to 2.5 billion transactions valued at RM9.3 trillion (2017: 0.9 billion, RM6.6 trillion). Likewise, the number of non-financial transactions conducted using online banking channels (e.g., account inquiries, statement requests, and online applications) increased by 190 per cent to 17.4 billion transactions in 2020 (2017: 6.0 billion).

## STATUS AND PROGRESS

The economy expanded by an average of 2.3 per cent per annum during the period of 2017-2020, which translates to GDP per capita in purchasing power parity (PPP) terms of US\$29,620 in 2019<sup>99</sup>. This placed Malaysia as an upper-middle income country, almost on par with Croatia and Russia. Capital productivity<sup>100</sup> grew at 4.9 per cent per annum for the period of 2017-2019, while labour productivity (per hour worked)<sup>101</sup> by 3.0 per cent per annum for the period of 2017-2020<sup>102</sup>. However, labour productivity (per employment) dropped by 0.36 per cent for the same period.

The Malaysian economy remains driven by the three key sectors, namely manufacturing (22.9 per cent of GDP), services (57.7 per cent of GDP), and agriculture (7.4 per cent of GDP)<sup>103</sup>. Manufacturing and services grew by 3.0 per cent and 3.3 per cent per annum respectively, between 2017 and 2020.

The tourism sector grew by 7.9 per cent in 2019. It was the third-highest foreign exchange earner for the country after commodities and manufactured exports, having contributed 15.9 per cent to the GDP and employed nearly 1 in 4 (23.6 per cent) of the labour force<sup>104</sup>.

The expansion of the economy widened job opportunities, and the labour market expanded by 3.3 per cent between 2017 and 2020 with an additional 479 thousand workers to the economy<sup>105</sup>. However, as an effect of the pandemic, the number of unemployed persons subsequently rose, from 514.2 thousand in first quarter 2017 to 760.7 thousand by fourth quarter 2020<sup>106</sup>. However, wages also grew, with mean monthly salaries and wages increasing from RM2,879 in 2017 to RM3,224 in 2019. Median salaries and wages also increased to RM2,442 in 2019 from RM2,160 in 2017<sup>107</sup>. During this period, the minimum wage was revised twice – in 2018 from RM1,000 to RM1,100 and another in February 2020 to further increase the minimum wage to RM1,200<sup>108</sup>.

The Government has introduced specific programmes to help spur growth, including programmes targeted for micro, small and medium enterprises (MSMEs). In this regard, a total of RM4.3 billion were allocated specifically for entrepreneurs and SMEs under Budget 2020. In supporting women entrepreneurs, the Government provided guaranteed loans worth RM500 million and financing facilities amounting to RM200 million. There were 543 entrepreneurship and MSME development programmes implemented between 2018-2020 with approved funding amounting to RM37.85 billion<sup>109</sup> as reported by Ministries and Agencies under SME Integrated Plan of Action (SMEIPA) report. SME Corporation Malaysia coordinates, streamlines, monitors and evaluates the progress and effectiveness of entrepreneurship and MSME development programmes through SMEIPA on a yearly basis. These programmes under SMEIPA are categorised under six focus areas, namely Access to Financing, Market Access, Human Capital Development, Innovation and Technology Adoption, Infrastructure as well as Legal and Regulatory Environment.

In response to severe repercussions of the COVID-19 pandemic, the Government has announced several economic stimulus and assistance packages to assist households and businesses, including for MSMEs, as follows:

- i. 27 March 2020 – Prihatin Rakyat Economic Stimulus Package (PRIHATIN) valued at RM250 billion.
- ii. 6 April 2020 – PRIHATIN Plus for SMEs valued at RM10 billion
- iii. 5 June 2020 – *Pelan Jana Semula Ekonomi Negara* (PENJANA) or the Short-Term Economic Recovery Plan (ERP) valued at RM35 billion.
- iv. 23 September 2020 – PRIHATIN Supplementary Initiatives Package (KITA PRIHATIN) valued at RM10 billion.
- v. 18 Jan 2021 – *Pakej Bantuan Perlindungan Ekonomi dan Rakyat Malaysia* (PERMAL), an economic stimulus package valued at RM15 billion.
- vi. 17 March 2021 – *Program Strategik Memperkasakan Rakyat dan Ekonomi* (PEMERKASA), an additional economic stimulus package valued at RM20 billion.
- vii. 31 May 2021 – *Program Strategik Memperkasakan Rakyat dan Ekonomi Tambahan* (PEMERKASA+), an additional economic stimulus package valued at RM40 billion.
- viii. 28 June 2021 – *Pakej Perlindungan Rakyat dan Pemulihan Ekonomi* (PEMULIH), an economic stimulus package valued at RM150 billion.

The total value of all economic stimulus packages, from PRIHATIN to PEMULIH is RM530 billion, or 36 per cent of GDP. The stimulus packages include financial assistance, wage subsidies, tax incentives, rental reliefs and utility discounts. Borrowers were also granted a 6-month automatic moratorium from financial institutions on loan repayments to ease their financial burdens. MSME borrowers were also granted a 6-month automatic moratorium on loan repayments to ease their financial burdens that was later replaced with the Targeted Repayment Assistance (TRA) programme upon its expiry.

To complement the lending by banks, Bank Negara Malaysia (BNM) introduced several financing facilities under the BNM's Fund for SMEs with a total allocation of RM23.1 billion channelled through 24 participating financial institutions. The facilities aimed to provide immediate cash relief to adversely affected MSMEs, support recovery of hardest-hit economic sectors and enhance innovative capacity of high-tech MSMEs.

Debt advisory and resolution mechanisms were also strengthened to ensure assistance remains available during this period of economic recovery. Special channels are also available for SMEs to seek advice and clarifications on financing applications that were rejected. Additionally, the capacity of the institution offering free debt restructuring or rescheduling assistance were also strengthened, to extend reach to more financially distressed individuals and SMEs with loans across multiple banks, as well as to assist those unable to meet their banks' requirements under the TRA packages.

Development financial institutions (DFIs) have also played a key role in developing and promoting key sectors that are considered of strategic importance to the overall socio-economic development objectives of the country. Specifically, DFIs played a counter-cyclical role during the pandemic to bridge financing gaps in strategic economic sectors and to the underserved. Underpinned by demand from the household, agriculture and general commerce sectors, in 2020, total financing outstanding by DFIs registered a growth of 7.7 per cent to RM153.7 billion (end-2019: -0.3 per cent to RM142.7 billion), outpacing the 3.4 per cent financing growth of commercial banks. As at end-2020, DFIs provided financing amounting to RM833.7 million to 30,905 microenterprises under the Government's stimulus packages.

To propel the economy forward, the Government has identified the need to adopt digitalisation and enhance the digital economy. The launching of MyDIGITAL agenda and the Malaysia Digital Economy Blueprint will further promote Malaysia to become a digitally driven, high-income nation as well as a regional leader in digital economy.

The implementation of the Blueprint will improve digital literacy, social well-being and environmental sustainability. It will contribute to create higher-paying jobs and enable businesses including MSMEs to enjoy greater opportunities in building and expanding locally, regionally, and globally through digital revenue streams. This Blueprint will create more opportunities for economic integration across all sectors and improved cost efficiency through a shared economy. A digitally enabled government would provide integrated end-to-end online government services that are more efficient, effective and transparent. The Blueprint has listed specific targets to be achieved by 2025, as follows<sup>10</sup>.

1. **Households:** Creation of 500,000 new jobs, 100 per cent household with access to internet and all students to have access to online learning.
2. **Business:** Digital economy contributes 22.6 per cent to the GDP; 875,000 MSMEs adopt eCommerce; attract 2 unicorns (home-grown or foreign); RM70 billion investment in digitalisation; increase the number of start-ups to 5,000.
3. **Government:** 100 per cent civil servants to be digitally literate; 80 per cent end-to-end online government services; all ministries and agencies to provide cashless payment option in 2022; 80 per cent usage of cloud storage across the Government in 2022.



## ISSUES AND CHALLENGES

To achieve these targets, a total of RM21 billion was allocated to implement the *Pelan Jalanan Digital Negara* (JENDELA) to provide high quality digital infrastructure. In addition, the telecommunication companies will be investing about RM1.65 billion to strengthen connectivity to the international submarine cable network; another RM15 billion investment to roll out 5G network nationwide under the Digital Nasional Berhad; and investment from cloud service provider companies between RM12 billion and RM15 billion to build and manage hyper-scale data centres and cloud services<sup>111</sup>. The Government had also allocated RM83.5 million to develop a Digital Free Trade Zone (DFTZ) *Aeropolis* in *Selangor* to ensure that Malaysia becomes a regional e-commerce hub.

Malaysia also recognised the need for a sustainable economic environment and thus has endeavoured to create a green technology ecosystem in parallel with SDG goals. In 2018 and 2019, a total of RM6 billion was allocated for the development of green technology to boost green investment in the country<sup>112</sup>.

In transitioning into a high-income economy, the Government realigned its priorities towards human capital development by promoting Technical and Vocational Education and Training (TVET). In line with this, a total of RM4.9 billion was allocated under TVET Malaysia Plan<sup>113</sup> to ensure the work force is prepared for Industry 4.0. In addition, Professional Training and Education for Growing Entrepreneurs (PROTÉGÉ) has been set up to allow more graduates to receive industrial training and enhance their employability. As of September 2019, 24,385 youths have benefited from the PROTÉGÉ Reach-out and Awareness Development programme (ROAD) by government-linked companies (GLCs)<sup>114</sup>. In 2020, PROTÉGÉ Ready To Work program (RTW) has assisted 3000 graduates to secure employment in the public sector and GLCs.

The global spread of COVID-19 pandemic has negatively impacted Malaysia. In 2020, the GDP contracted by 5.6 per cent, the worst decline in more than 20 years since the Asian Financial Crisis (1998: -7.4 per cent)<sup>115</sup>. The decline was multisectoral, with the services sector recording a negative growth of 5.5 per cent (2019: +6.2 per cent), followed by the manufacturing sector at -2.6 per cent (2019: +3.8 per cent). The agriculture sector shrunk by 2.2 per cent (2019: +2.0 per cent), mining and quarrying contracted by 10.6 per cent (2019: -0.6 per cent) and construction sector decline by 19.4 per cent (2019: +0.4 per cent). This multisectoral decline was unprecedented, especially in the services sector<sup>116</sup>.

The contraction of the economy and weakening of both domestic and external demand resulted in layoffs. In a year-on-year comparison of Q4 2020, the number of unemployed persons increased to 760.7 thousand compared to 512.2 thousand in the previous year<sup>117</sup>. On average, the number of unemployed between 2016 and 2019 was around 500,000 persons<sup>118</sup>. The unemployment rate in 2020 rose to 4.5 per cent (2019: 3.3 per cent), the highest in almost 30 years. Time-related underemployment increased by 116 per cent equivalent to an additional 198 thousand persons in Q4 of 2020 compared to the same quarter of 2019<sup>119</sup>.

The COVID-19 pandemic is an opportunity to rebuild Malaysia better, and be back on track towards a sustained, inclusive, and sustainable economic development. However, there are several challenges that may impede the progress.

First, the economy is not expected to grow robustly as in the 90s or during the pre-COVID period. Malaysia's economy grew on average 4.0 per cent annually over the past decade, a marked deceleration from the 7.4 per cent yearly growth from 1971 to 1997<sup>120</sup>. The economy was already growing at a more moderate pace prior to the pandemic, whereby real GDP per capita grew by 5.0 per cent per annum between 2017 and 2019 compared to the previous five years of 5.1 per cent per annum<sup>121</sup>.

Economic growth in the past few years was driven by additional labour and capital input instead of labour productivity (per employment), which grew at a slower rate of 2.3 per cent in 2019 compared to 3.8 per cent in 2017<sup>122</sup>. This signifies over-reliance on low skilled labour, especially cheap foreign labour instead of a more productive skilled domestic labour. In line with this, the Eleventh Plan promoted the adoption of automation for the industries, to reduce dependency on low-skilled labour. The adoption of automation and innovation helped to increase output, with annual growth rate of real GDP per employed person expanding by 2.7 per cent between 2017 and 2019.

The prolonged negative impact from the COVID-19 pandemic will pose a major challenge to Malaysia's economic expansion, including a longer-than-expected recovery period, lower-for-longer commodity prices and a heavier than-expected debt burden. The crisis is expected to weigh on growth in the years ahead<sup>123</sup>.

The second challenge is to ensure growth is inclusive, and not only concentrated in major cities or in developed states. In 2017, the share of national GDP held by Kuala Lumpur, Selangor, and Pulau Pinang stood at 46 per cent, and increased marginally to 47 per cent in 2019. Kuala Lumpur's GDP per capita in 2019 (on a PPP basis) was at US\$90,010, comparable to a high-income economy such as Ireland<sup>124</sup>.

However, the GDP per capita of states such as Kelantan is much lower at RM14,300<sup>125</sup>. Four states in Malaysia can be considered as high-income, namely Kuala Lumpur, Labuan, Pulau Pinang and Selangor, while the four least developed states namely Kelantan, Kedah, Sabah and Perlis have remained in the lower income bracket. The gap between richer and poorer states continue to widen, with developed states growing at a faster rate from 2017 to 2019 compared to less developed states, with the exception of Perlis (Table 4.1).

**Table 4.1: GDP Per Capita and GDP Growth Rates of Selected States<sup>126</sup>**

State	GDP Per Capita, 2019 (RM)	Growth Rate, 2017-2019 (%)
WP Kuala Lumpur	129,472	6.9
WP Labuan	77,798	4.9
Pulau Pinang	55,243	3.9
Selangor	54,995	5.9
Perlis	25,656	4.3
Sabah	25,326	1.4
Kedah	22,412	3.4
Kelantan	14,300	2.3

Source: DOSM and EPU's calculation.

The third challenge is to improve the labour market, increase productivity and reduce dependency on low-cost foreign workers. The share of foreign workers in Malaysia has increased from 12 per cent in 2017 to 14 per cent in 2020, with the total number of (documented) foreign workers at 2 million<sup>127</sup>. These foreign workers are mostly concentrated within the service sector (39.4 per cent), manufacturing sector (25.6 per cent) and agriculture sector (22 per cent)<sup>128</sup>. However, it was reported that the total number of foreign workers in Malaysia is much higher, taking into consideration those who are undocumented<sup>129</sup>.

A closer look reveals structural issues in Malaysia's job creation. Although most current jobseekers have tertiary qualifications, the economy is not creating enough skilled jobs. The Mid-Term Review of the Eleventh Plan targeted that the share of skilled labour would be 30.1 per cent by 2020<sup>130</sup>. Most of the jobs offered in 2019 were low and mid-skilled jobs, with only about 1 in 4 (25 per cent) is skilled jobs, which is lower than in 2017 (25.3 per cent)<sup>131</sup>.

Structural labour market challenges in Malaysia also include low female labour participation rates, youth unemployment, and an ageing workforce. The labour force participation among female is relatively low, at 55.3 per cent in 2020<sup>132</sup>. It has, however, increased slightly from 54.7 per cent in 2017<sup>133</sup>. The unemployment rate amongst youth aged 15 – 24 years at 12 per cent in 2020 is almost four times higher than the national unemployment rate (3.3 per cent)<sup>134</sup>.

The elderly (65+ years) currently constitutes an estimated 7 per cent or 2.3 million of the total population in 2020. Malaysia is fast becoming an aged nation. It is expected that by 2040, 14 per cent of the population will be elderly. At about 20 years, the speed of turning into an aged nation (number of years required or expected for the proportion of the population aged 65 or over to rise from 7 per cent to 14 per cent) is faster in Malaysia than many other countries. Compare that to France (115 years), Australia (73 years), United States (69 years), United Kingdom (45 years), Philippines (35 years), and Japan (26 years)<sup>135</sup>. Only Singapore (15 years) is ageing faster than Malaysia<sup>136</sup>.

In addressing the issues of unemployment and underemployment, the National Employment Council (NEC) was established in line with the first objective of Budget 2021, which is "People's Well-being". The NEC, chaired by the Right Honourable Prime Minister, is committed to design strategies in preserving high quality jobs, and creating an additional 500,000 jobs in 2021<sup>137</sup>. To date, the Government through its stimulus packages has helped to preserve 2.7 million jobs via the wage subsidy program worth RM14.4 billion<sup>138</sup>.

The number of self-employed in Malaysia increased from 26.0 per cent in 2017 to 27.4 per cent in 2019<sup>139</sup>. This trend signals an increased vulnerability in the Malaysian labour market. In particular, gig economy workers such as e-hailing and food delivery workers lack inadequate social protection. In addition, they are not recognised as workers or workmen under the Industrial Relations Act<sup>140</sup>. This exclusion has left the self-employed to be vulnerable to work mistreatment and bad working conditions.

The fourth challenge is to ensure that Malaysia continues to improve its human development. According to the World Bank's 2018 Human Capital Index, the country ranks 55<sup>th</sup> out of 157 countries with a score of 0.62. In 2020, it dropped to 0.61. Malaysia is lagging other upper middle-income countries in this aspect. The score of 0.61 indicates that a child born in Malaysia in 2020 will only be 61 per cent as productive as they could be in the future or at adulthood in comparison to the optimal outcome, given prevailing education and health conditions<sup>141</sup>.

Although the country has performed well in aspects such as children survivability and expected years of school, it performed poorly in the harmonised score of PISA and TIMSS and health outcomes such as child stunting levels. Realising Malaysia's full human potential through enhancing education, health and nutrition, and social protection outcomes are vital to ensure Malaysia economy is inclusive and resilient.

The fifth challenge is to boost competitiveness. As a small and open trading nation, Malaysia has to remain competitive at the global level in order to attract investment and spur business activity. In this regard, Malaysia has continuously ranked among the top 30 most competitive economies in the world based on the World Economic Forum's Global Competitiveness Rankings. However, in recent years Malaysia's ranking has declined and the country needs to improve in areas such as trade facilitation, regulatory framework, transport infrastructure and ICT adoption.

## OPPORTUNITIES AND WAY FORWARD

The Government acknowledges the urgency and importance to ensure that growth is sustainable and inclusive. In 2019, the Government launched the SPV 2030, a policy roadmap to ensure that Malaysia is inclusive, empowering its people and providing adequate opportunity to all. It is expected that Malaysia will attain high-income nation status within the next decade.

Reforms are needed to improve basic health and nutrition, strengthen learning outcomes, and invest more in human capital, including both the quantity and, especially, the quality of schooling, with a particular emphasis on math and science, facilitate lifelong learning and digital literacy, as well as attract and retain talent. Creating high-quality and high-paying jobs is vital in achieving the high-income status.

There is a need to increase female labour participation by reducing barriers to economic opportunities and resources. There is an untapped potential of nearly 45 per cent of female labour that can contribute to economic development. During the pandemic, women have been empowered through the growth of digital economy. The flexibility within the virtual space is allowing women to start or expand their businesses despite having to balance household responsibilities while working from home. Initiatives focusing on improving connectivity, increasing social protection and upskilling women will contribute to higher female labour participation in the long run. Measures that improve the provision for child and elderly care, as well as economic and societal support for parents will be further explored. In addition, gender norms and attitudes that perpetuate disparities will be addressed.

Equitable compensation for employees and increased labour participation rate will be given emphasis in future human capital development strategies. Recognising the importance of skills development, it is vital to ensure the shift of TVET towards industry-led programmes. This will be facilitated by reinforcing skills development as an integral part of industry upgrading; enhancing decent employment opportunities (especially digital and technology) particularly for women; identifying future skills needs where industry can assist training efforts; developing career progression pathways based on required skills or qualifications; and linking skills certification with wage levels.

The Fourth Industrial Revolution (4IR) has significantly altered the way consumers, businesses and industries as well as government operates with the use of emerging technologies such as robotics, artificial intelligence (AI) and the internet of things (IoT). Thus, strengthening technological capabilities and creating a conducive ecosystem to harness its potential will be critical to ensure sustained economic growth. A key component of this is to empower society from merely being technology adopters to becoming technology developers or creators, focusing on the development and application of advanced 4IR technologies. STEM education and learning will also play an important role in fostering the knowledge and skills needed to capitalise the potential of 4IR.

Productivity growth and private-sector innovation will be the key drivers of future growth, and thus the country needs to remove market distortions, encourage innovation, strengthen competition in markets, improve the investment climate, and facilitate deeper regional integration. It is important as well, that platforms and funds are provided to support more grassroots innovation, and social entrepreneurs. Enabling government policies, collaboration with the corporate sector and academia are also essential components of a successful innovation ecosystem.

## Box Article 8: Youth Unemployment



Youth unemployment in Malaysia remains a major challenge. Unemployment rate amongst youths aged 15 – 24 years has been on the rise, from 10.8 per cent in 2017 to 12 per cent in 2020<sup>142</sup>. Youth constitute 58.2 per cent of the unemployed in 2019, although they only make up 18.0 per cent of the total labour force<sup>143</sup>.

Even if youths manage to find work, they face challenges in obtaining adequate employment protection and end up underemployed in terms of both time and skill. In 2019, 13.4 per cent of total informal sector workers were youth, and they are not covered by employment benefits, insurance, or social security. They were also paid much less than their older counterparts. The median salary for overall graduates regardless of age was RM4,371 in 2019, which was more than twice that of graduates aged 24 and below (RM2,112)<sup>144</sup>. Wages for younger graduates have been stagnating since 2018.

Another challenge for the youth is underemployment in terms of skills. By the end of 2019, 34.8 per cent of graduates were underemployed, which rose to 37.4 per cent by the end of 2020, or equivalent to 1.9 million graduates<sup>145</sup>. The lack of skilled jobs, and the economic impact of the COVID-19 pandemic hampered future prospects for them.

Under the 2020 Budget, the Government introduced a new initiative called the Malaysians@Work Initiative, which is aimed at providing better job opportunities for the youth and women, as well as reducing over-dependency on foreign labour for low-skilled jobs. The initiative is divided into four separate programmes based on specific target groups - graduates, women, locals, and apprentices. This initiative will provide a wage incentive of RM500 per month for two years, for graduates who manage to secure work and a hiring incentive of RM300 per month for two years for each new hire.

Trainees on apprenticeships will receive an additional RM100 per month on the existing allowance. Companies participating in the *Skim Latihan Dual Nasional* (SLDN) will get a double tax deduction on expenses incurred. The programme will cost RM6.5 billion over 5 years and is expected to create an additional 350,000 jobs for Malaysians, as well as reduce foreign workers dependency by more than 130,000 workers<sup>146</sup>. The Government also has launched the PROTÉGÉ Ready to Work (RTW) Program to increase the employability and marketability of unemployed graduates, through industrial placements and training from 8 to 12 months in the public sector and Government-linked companies (GLCs)<sup>147</sup>. In 2020, the PROTÉGÉ-RTW was expanded to include participation from 120 financial institutions.



# Sustainable Development Goal 10: Reduced Inequalities

## INTRODUCTION

From the Second Malaysia Plan, 1971-1976 to the SPV 2030, sustainable development and inclusivity have been the underlying themes in Malaysia's socio-economic development policies to ensure no one is left behind. Inclusiveness is recognised as an important pre-requisite towards ensuring national unity, especially for a multiracial and multicultural society like Malaysia. In 1971, the Government launched the New Economic Policy (NEP), 1971-1990 with the aim of attaining national unity by implementing two strategies: to eradicate poverty regardless of ethnicity, and restructure society to eliminate the identification of race with economic function. The NEP was introduced after the racial riots of 1969, where racial disparity is stated as one of the main factors that contributed to the clash.



By the end of the NEP period, Malaysia succeeded in reducing poverty from around half of the total households in 1971 to 16.5 per cent in 1989<sup>148</sup>. Poverty rates for all ethnic groups were also reduced during the period, with the poverty rate among Bumiputera decreased from 64.8 per cent to 23.0 per cent, the Chinese from 26.0 per cent to 5.4 per cent, Indians from 39.2 per cent to 7.6 per cent. Inequality narrowed as well, where the Gini coefficient reduced from 0.513 to 0.442 during the same period.

The gap between households from different income classes narrowed, as income share of the B40 per cent of households (B40) increased from 11.5 per cent in 1970 to 13.9 per cent by 1992. The income share of the top 20 (T20)<sup>iii</sup> dropped from 55.7 per cent to 50.6 per cent in the same period. The income growth of the B40 grew the most, at 9.4 per cent, followed by the middle 40 (M40) at 8.5 per cent, and by the T20 at 7.6 per cent<sup>149</sup>.

Malaysia has become a socially mobile society, where a person born to parents in the lowest income bracket between 1945 to 1960 would experience significant upward mobility. 74.0 per cent would be better off than their parents in terms of income, with about 1 in 10 moving all the way to the top income quintile<sup>150</sup>. Tertiary education among the employed labour force increased too, at 6.0 per cent in 1982 to 9.0 per cent in 1990.

The NEP was succeeded by the National Development Policy, 1990-2000, the National Vision Policy, 2001-2010, and the New Economic Model, 2010-2020. These plans continued the emphasis on inclusive growth or growth with equity, with consistent objectives in reducing poverty and restructuring society.

iii Top 20% household income group. T20 monthly household income at the national level is more than RM10,960 (HIES & BA 2019)

## OVERVIEW OF TARGETS AND ACHIEVEMENTS

No.	SDG Targets / Indicators	Description	Achievement				
			2016	2017	2018	2019	2020
1	10.1	Compounded annual growth rate of mean income among Bottom 40 (%)	5.8	-	-	3.4	-
2	10.2	Households below 50 per cent of median income (%)	15.9	-	-	16.9	-
3	10.4	Labour share to GDP (%)	-	35.5	35.8	35.9	-
4	10.c.1	Remittance fees as a proportion of remittances (%)	-	3.0	2.8	2.4	-

Source: DOSM

**Target 10.1** Malaysia's B40 households continue to experience positive income growth. It grew by 10.7 per cent between 2016 and 2019, or 3.4 per cent at a compounded annual growth rate<sup>151</sup>.

**Target 10.2:** The proportions of households living below 50 per cent of the median income has increased marginally by one percentage point, from 15.9 per cent in 2016 to 16.9 per cent in 2019.

**Target 10.4:** Malaysia's labour share of GDP remains on the uptrend, where it increased by 0.4 percentage points from 35.5 per cent in 2017 to 35.9 per cent in 2019<sup>152</sup>.

**Target 10.c.1:** Remittance fees have continued to decrease, from 3.0 per cent in 2017 to 2.4 per cent in 2019<sup>153</sup>.

## STATUS AND PROGRESS

In the Eleventh Malaysia Plan (2016-2020), policies were set to increase the median income of the B40 households. In addition, the Multidimensional Poverty Index (MPI) was introduced to measure poverty beyond income and reduce the Gini coefficient by 2020.

In 2019, median households income grew 3.9 per cent to RM5,873, while mean households income increased 4.2 per cent to RM7,901 from 2016. The B40 income share was 16.0 per cent, which was an improvement from 14.8 per cent in 2012, but a slight decrease from 16.4 per cent in 2016<sup>154</sup>. Between 2016 and 2019, the median income of B40 grew by 1.8 per cent annually, to RM 3,166, while the mean income grew by 3.4 per cent annually to RM3,152. The proportion of people living below 50 per cent of the median income increased slightly by one per cent to 16.9 per cent in 2019<sup>155</sup>.

The national Gini coefficient, based on gross income, increased 0.008 index point from 0.399 in 2016 to 0.407 in 2019. Based on disposable income, it also increased from 0.391 in 2016 to 0.393 in 2019. The Gini coefficient in urban areas increased from 0.389 in 2016 to 0.398 in 2019. In rural areas it rose from 0.364 in 2016 to 0.367 in 2019.

The Government spent an estimated RM91.1 billion between 2016 to 2020 in income improvement and assistance to close the income gap (see Table 4.2 below). It included cash assistance between RM400 to RM1,050 for B40 households under the BR1M and BSH programmes, scholarship allocations, and educational assistances of up to RM450 for the period between 2016 to 2020.

In addition to the BSH and BR1M, the M40 households are also covered in the economic stimulus packages given by Government namely, PRIHATIN, PENJANA, PERMAI, PEMERKASA, PEMERKASA+ and PEMULIH to counter the economic impact from the COVID-19 pandemic. They received cash transfer, as well as benefited from the Wage Subsidy Programme that was introduced to prevent large-scale retrenchment.

To enhance the well-being of the indigenous communities particularly the Orang Asli and People with Disabilities (PWDs) communities, the Government has implemented several programmes. Among the programmes initiated for the Orang Asli are the development of Integrated Villages in Sungai Siput, Perak, supplementary school assistances, allocations for the Orang Asli Economic Development project, water treatment projects, Village Resettlement programmes between Sungai Rul, Cameron Highlands, Pahang, and allocations for Native Customary Rights. For PWDs, the Government has spent on additional employee allowances for the disabled, Community Based Rehabilitation Trainees and assistance for those who are unable to work.

Additionally, fiscal adjustments have been implemented to reduce the income gap, with top marginal tax rate revised upwards from 28 per cent to 30 per cent for those reported income above RM2 million per year, effective 2020.

**Table 4.2: Budget Allocations for 2016-2020 for Social Assistance and B40 Initiatives**

Programmes to address inequalities	2016	2017	2018	2019
Cash transfer assistance (BR1M and BSH)	RM5.9 bil	RM6.8 bil	RM6.8 bil	RM5.0 bil
Cash assistance for those with disabilities	RM445 mil	RM535 mil	RM1.7bil	Not specified
Welfare assistance for the elderly and poor children	RM662 mil	RM476 mil		Not specified
Bumiputera initiatives (including MARA)	RM5.4 bil	RM3.4 bil	RM3.5 bil	RM3.5 bil
Wage and income-generation initiatives such as upskilling	RM290 mil	RM230 mil	RM125 mil	RM437.5 mil
Scholarships and education assistance	RM3.5 bil	RM5 bil	RM5.7 bil	RM4.7 bil
Rural and commodity development assistances (excluding infrastructure fund)	RM1.1 bil	RM1.6 bil	RM6.9 bil	RM297 mil
Orang Asli initiatives	RM360 mil	RM622 mil	RM110 mil	RM105 mil
Microfinancing and capital allocations	RM200 mil	RM450 mil	RM800 mil	RM100 mil
Initiatives to address inequalities	RM17.9 bil	RM19.1 bil	RM25.2 bil	RM14.1 bil
<b>Total Budget Allocation</b>	<b>RM268.22 bil</b>	<b>RM260.8 bil</b>	<b>RM280.25 bil</b>	<b>RM314.5 bil</b>

Source: Budget speeches of 2016 to 2020, MOF

## ISSUES AND CHALLENGES

While Malaysia has managed to significantly reduce poverty and inequality, new challenges have emerged. Firstly, while the long trend inequality has narrowed, the gaps between states, different ethnicities as well as different income classes have widened over the past few years<sup>156</sup>. Inequality as measured by the Gini coefficient increased from 2016 to 2019, from 0.399 to 0.407. This is the first time that inequality has not decreased since 2009.

The absolute gap between the T20 and B40 median income has widened, from RM10,148 in 2016 to RM11,865 in 2019<sup>157</sup>. The growth rate of the B40 is also the lowest compared to other income classes between 2016 and 2019 where their median income only grew by 1.8 per cent or RM166 compared to the median income growth rate of M40 (4.1 per cent or RM818) and T20 (4.5 per cent or RM2,153) during the same period. The gap between Bumiputera and the Chinese households also widened from RM1,736 in 2016 to RM1,971 in 2019, and between Indian and Chinese households, from RM1,154 in 2016 to RM1,410 in 2019.

The household income gap in Kuala Lumpur, the richest state, and the poorest state Sabah has widened by RM1,351 between 2016 to 2019. The urban-rural gap also increased from RM2,389 in 2016 to RM2,733 in 2019. This is partly due to a higher concentration of economic development in richer states<sup>158</sup>.

Contributions to GDP has grown larger for the richer states such as Kuala Lumpur and Selangor, where their combined contribution grew from 39 per cent to 41 per cent of GDP from 2017 to 2019, whilst the contribution of Kelantan, Kedah, Pahang, Sabah, and Sarawak combined has dropped from 26 per cent to 25 per cent in the same period<sup>159</sup>.

Secondly, wealth inequality is still substantially high. Using *Amanah Saham Bumiputera* (ASB)<sup>160</sup> data as a proxy to measure wealth, it was estimated that inequality in ASB holdings was 0.85<sup>161</sup> in 2016, hardly moving from ten years ago in 2007 where it was also 0.85. In 2019, 9.37 per cent of depositors held 82.89 per cent of share units<sup>162</sup>.

Meanwhile under the Employee Provident Fund (EPF)<sup>163</sup> in 2019, those who held savings of more than RM100,000 made up of 24.7 per cent of individuals with EPF accounts, but they own 74.9 per cent of all savings in EPF<sup>164</sup>.

## OPPORTUNITIES AND WAY FORWARD

The average EPF members' savings for those below RM100,000 in savings were almost the same when comparing 2016 with 2019, at RM29,159 and RM29,510 respectively. The average savings for those with RM100,000 and above experienced an 8.6 per cent increase overall, from RM247,736 to RM269,117 in the same period. The Gini coefficient for EPF has consistently been high, such as in 2015 where EPF savings was calculated to have a Gini coefficient of 0.65<sup>165</sup> compared to the Gini coefficient for income in the year after at 0.399.

Third, there are also gaps in access to basic amenities related to living standards such as access to safe drinking water through treated piped water in the house. Although the access of piped water is almost universal in Malaysia (95 per cent), certain states are yet to be fully covered, especially in Kelantan (67.9 per cent), Sabah (84.7 per cent), and Sarawak (86.4 per cent)<sup>166</sup>. The rate is much lower in the rural area of Kelantan (61.9 per cent), Sabah (66.4 per cent), and Sarawak (69.8 per cent). In addition to addressing gaps in accessing basic amenities, digital divide both in service coverage and literacy are a concern as digital literacy skills are fundamental to the ever-growing digital economy.

Finally, evidence suggests that inequality between women and men in a household is a strong contributing factor to overall income inequality in society. For women and girls, gender inequalities have different effects for income generation as well as other forms of well-being such as health and education. If gender inequality coincides with other types of discrimination, such as those related to age, disability, ethnicity or economic status, it can multiply the burden of discrimination.

All-Party Parliamentary Group Malaysia (APPGM-SDG) organised women's focus group discussions in three constituencies revealed that female headed households, particularly single mothers, face greater hardship, exclusion and tend to fall through the cracks in access to aid and services.

The Twelfth Plan and the SPV 2030 aim to continue efforts to eradicate poverty and ensure growth is inclusive. Initiatives to reduce inequality include addressing the rising cost of living, increasing purchasing power and strengthening social protection. Access to education continues to be expanded, while creation of job opportunities is pursued by encouraging the expansion of private domestic and foreign investments in Malaysia. There are various social protection, social assistance and welfare programmes undertaken to ensure that the vulnerable are protected and assisted. It is vital that greater emphasis is given to enhancing social protection, in supporting poverty reduction and delivering wider SDG achievement. Among approaches to be explored, include unifying existing provision systems, and integrating social assistance and insurance as far as possible.

Various strategies and initiatives will continue to be implemented in attaining inclusive growth and ensuring people benefit from the socioeconomic development. The poor from the B40 and vulnerable groups are given priority to facilitate them for upward mobility under the SPV 2030. The focus will also be given to the M40 group in promoting opportunities, improving access to education, encouraging health and employment insurance as well as facilitating the ownership of affordable homes. This group are envisaged to participate in entrepreneurship, in supplementary income activities as well as investing in income generating portfolios in coping with the high cost of living and preventing them from falling into the vulnerable groups.

Addressing the impact of COVID-19 offers an opportunity to review past policies and build back better. This includes avenues to strengthen policies related to health and social protection. Specific investments in greener and inclusive development as well as reforms in fiscal, education, labour, and social safety net are significant in attaining Agenda 2030. Given that 4IR brings forth significant opportunities for growth and development, the Government has implemented measures to facilitate the shift towards digitalisation and ensuring digital inclusion. The Pelan Jalinan Digital Negara (JENDELA) was introduced in 2020 to increase the coverage and quality of broadband infrastructure nationwide through collaboration among Government agencies, the private sector and CSOs.



## Box Article 9: MySDG Trust Fund



Photo Credit: Crunchy Pie

Malaysia is undertaking various efforts to further enhance its financing landscape and infrastructure to enable a more comprehensive and systematic approach of financing SDG-related programmes and projects.

Budget 2021 has few SDG-related milestones, among others, annual budgets will now be fully aligned to the SDGs, Malaysia to become a Sustainable Financial Hub, the issuance of a sustainability *sukuk* and the establishment of a MySDG Trust Fund. With the full alignment of the Government's annual budgets to the SDGs, financing gaps could now be identified.

The MySDG Trust Fund will provide a trusted avenue for various stakeholders to contribute towards the attainment of the SDGs in a more systematic and sustainable manner. Companies, individuals or entities, within and outside of Malaysia, will be assured that their contribution will be utilised to finance programmes and projects that are in line with the national strategies and priorities under the SDG ambit.

It is envisaged with the establishment of the MySDG Trust Fund, the pursuit of the SDGs will be enhanced through the financing of more SDG-related programmes and projects by multi-stakeholders, complementing the efforts by the Government through its annual budgets.

A photograph of three children on a sandy beach. One child in the foreground is wearing a yellow t-shirt and is focused on a large green plastic bag. Another child in a black t-shirt stands behind them, also holding the bag. A third child is partially visible in the background. The beach is littered with some trash, including a clear plastic bottle and a dark object. The ocean is visible in the background under a clear sky.

# CHAPTER 5

## SUSTAINABILITY AND CLIMATE CHANGE

### SDG 12 and SDG 13



# Sustainable Development Goal 12: Responsible Consumption and Production

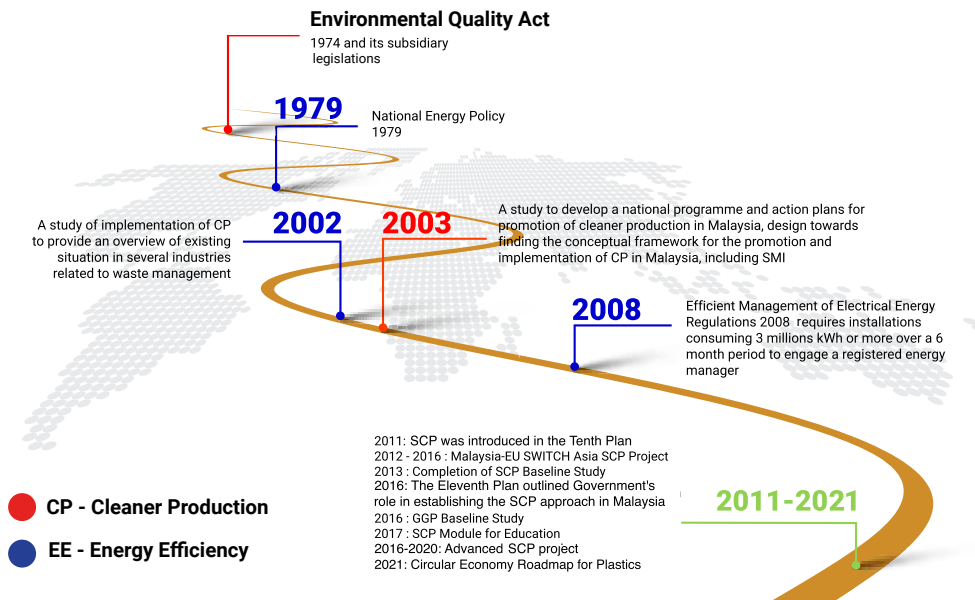
## INTRODUCTION

Malaysia's policy on environmental sustainability has evolved from intervention on pollution control in the 1970s to increasing focus on sustainable consumption and production (SCP). This included various policies and plans to promote the uptake of cleaner production in the economic sectors, particularly in manufacturing. The SCP concept was adopted in the Eleventh Plan as one of the strategies to support green growth agenda. The SCP underscored the importance of resource efficiency in utilising all types of resources including energy and water as well as minimising waste and pollution. In addition, increasing the efficiency of resource use is not only being addressed from the supply side management but emphasis is also given on the demand side management of resources.

A number of initiatives and programmes have been undertaken to mainstream SCP in the national development agenda. Nevertheless, challenges remain in upscaling further the concept of SCP across sectors and different lifestyles. Strategic intervention needs to be undertaken, including the formulation of an overarching policy and framework as well as effective communication on SCP, particularly in prominent sectors, namely waste, construction, transport, food systems, and tourism. Mainstreaming SCP will not only contribute in realising SDG 12, but also SDG 6, SDG 7, SDG 8, SDG 13, SDG 14, and SDG 15 as well as achieve other socioeconomic targets in line with Malaysia's development priorities.



**Figure 5.1: Transition from Pollution Control to Resource Efficiency and Sustainable Consumption and Production**



Source: EPU

## OVERVIEW OF TARGETS AND ACHIEVEMENTS

No.	SDG Targets / Indicators	Description	Achievement	
			2015	2020 or latest
1	12.2	Final Energy Intensity (toe/GDP) at 2015 prices (RM Million)	44.04	47.49 (2018)
		Domestic Water Consumption Per Capita (LCD)	226	230 (2018)
2	12.4	Quantity of Clinical Waste (tonnes '000)	25.5	33.8 (2019)
		Scheduled waste managed (tonnes '000)	2,918.5	4,013.2
3	12.5	National recycling rate (%)	15.7%	30.67% (2020)
		Tonnes of material recycled (tonnes '000)	3,069.7 (2017)	3,108.9 (2019)
4	12.6	Number of companies publishing sustainability reports (Nr)	-	934 (2021)
		Number of MyHijau Products and Services (Nr)	181	7,498
5	12.7	Proportion of Expenditure on Government Green Procurement	17% (2016)	20% (2019)

**Target 12.2: Performance towards resource efficiency is mixed.** Malaysia has improved its efficiency in terms of energy, while water still remains a challenge.

**Target 12.4: Amount of clinical and scheduled waste is increasing.** Efforts for environmentally sound management of all types of scheduled wastes throughout their life cycle remains a challenge.

**Target 12.5: Recycling rates have significantly improved.** Malaysia has substantially reduced waste generation through reuse, reduction, and recycling approach.

**Target 12.6: All listed companies are required to publish sustainability reports.** All companies listed under Bursa Malaysia have published their sustainability report.

**Target 12.7: Malaysia has promoted public procurement practices** that are sustainable, through government green procurement (GGP).

**iv. Towards Sustainable Food Systems** The National Agrofood Policy 2021-2030 incorporates the element of environment into agricultural development towards achieving a sustainable food systems. Good and sustainable agricultural practices in the area of crops, aquaculture and livestock have been promoted by encouraging agricultural producers to adopt agricultural production certification schemes namely MyGAP and MyOrganic. The adoption of these schemes provides recognition to agricultural producers in producing quality food in an environmentally safe manner.

**v. Sustainable Oil Palm Production** Malaysian Sustainable Palm Oil (MSPO) certification is mandatory for all stakeholders along the value chain including smallholders. Further efforts include a policy to cap the area cultivated for oil palm cultivation to 6.5 million hectares (20 per cent of agriculture land area) (see Box Article 11).

## STATUS AND PROGRESS

### 10-year Framework of SCP

Malaysia will continue accelerating efforts towards SCP. In this regard, the Government is in the midst of finalising a blueprint for SCP. The blueprint will provide the direction and plans to coordinate strategies and initiatives in implementing SCP, which consists of ten pathways; GGP, sustainable household consumption, sustainable manufacturing, waste management, energy efficient building, green mobility, sustainable food system, sustainable tourism, education and awareness as well as monitoring and evaluation. At the sectoral level, a number of SCP initiatives were undertaken as listed below:

**i. National Energy Efficiency Action Plan (NEEAP)** was introduced in 2016. It focused on improving efficiency in residential, commercial, and industrial sectors through incentivising the use of energy efficient appliances and lighting through the Minimum Energy Performance Standards (MEPS); enabling energy audits and energy management in building and industries; and promoting energy efficient buildings.

**ii. The National Tourism Policy 2020-2030<sup>167</sup>** is aligned to the SDGs, aiming to transform the industry by harnessing public-private sector partnerships and embracing digitalisation to drive innovation and competitiveness towards sustainable and inclusive development. This includes a transformation strategy on championing sustainable and responsible tourism.

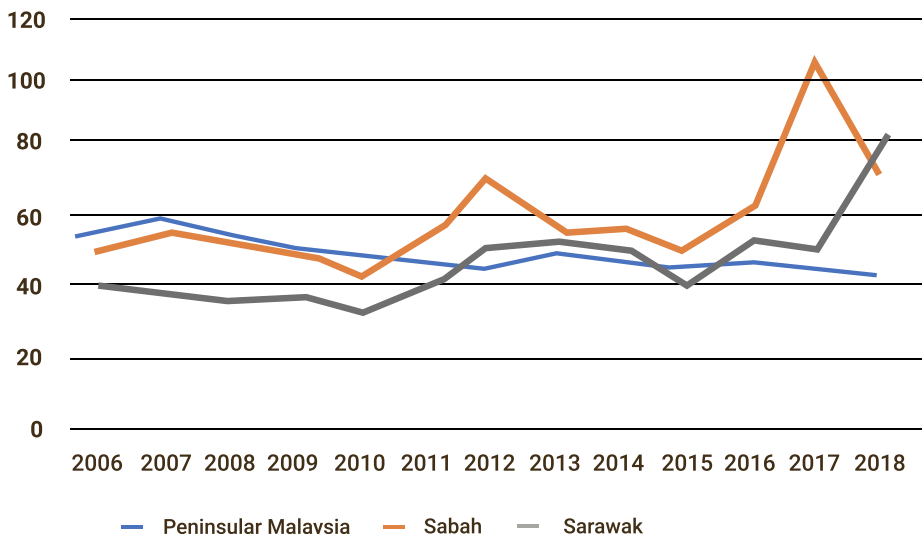
**iii. The Construction Industry Transformation Programme (CITP) 2016-2020** includes a strategic thrust on environmental sustainability. The CITP has catalysed various activities including the development of sustainability tools, such as Sustainability Infrastructure Rating Tool (INFRASTAR) and Malaysian Carbon Reduction and Environmental Sustainability Tool (MyCREST), as well as facilitated the enactment of regulation on waste management from construction, which was gazetted on 1<sup>st</sup> November 2018 under Act 672<sup>168</sup>.

### Sustainable Management and Efficient Use of Natural Resources

Over the years, Malaysia has successfully navigated from being resource dependent to a more diversified economy. This can be seen in the declining importance of raw materials in Malaysia's economy. In the 1970s, exports were dominated by raw materials including rubber, tin, logs, and sawn timber which made up 53.8 per cent of total exports<sup>169</sup>. However, Malaysia's raw materials exports product share declined from about 25 per cent in 1990 to only 6.21 per cent in 2018<sup>170</sup>.

In terms of energy efficiency, Malaysia has made progress towards increasing efficiency. Measured by final energy intensity, Peninsular Malaysia has seen gradual improvement in energy intensity (toe/GDP at 2015 prices), reducing from RM44.10 million in 2015 to RM41.70 million in 2018 (Figure 5.2)<sup>171</sup>. On average, from 2007 to 2018, final energy intensity has reduced by an average of 2.54 per cent in Peninsular Malaysia. This demonstrates that gains have been made in terms of increases in efficiency. However, in Sabah and Sarawak, final energy intensity has increased in the same period by an average of 2.66 per cent and 6.97 per cent, respectively. In addition, the Building Energy Intensity (BEI) labelling was introduced in 2018 to monitor building energy performance.

**Figure 5.2: Final Energy Intensity, Peninsular Malaysia, Sabah, and Sarawak, 2006-2018 (toe/GDP at 2015 prices (RM million))**

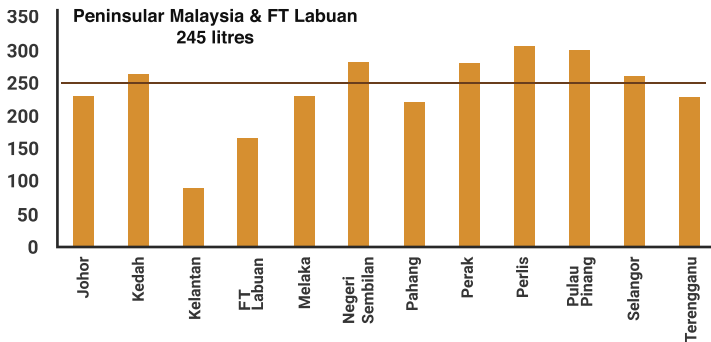


Source: Energy Commission

In terms of water resources, total treated water produced in Peninsular Malaysia and the Federal Territory of Labuan for 2020 was 14,705 million litres per day (MLD). As a water-rich country, our water source is mainly from surface water, with 13,053 MLD (80.8 per cent) from rivers, and 2,898 MLD from dams (17.9 per cent) and about 201 MLD from groundwater (1.2 per cent). Four indicators demonstrate the status of water efficiency in the country, namely domestic water consumption, non-revenue water (NRW), reserve margin and water tariff.

In 2020, domestic water consumption for Peninsular Malaysia and the Federal Territory of Labuan was 245 litres per capita per day (LCD) as compared to 226 LCD in 2015 (Figure 5.3)<sup>172</sup>. Its LCD is relatively high, compared with the United Nations benchmark of daily water requirement at 165 litres per person per day. The high level of water usage is attributed to the very low water tariff where Malaysians pay on average RM1.36 per cubic meter, which is among the lowest in Southeast Asia.

**Figure 5.3: Domestic Water Consumption per litres per day (LCD) in Peninsular Malaysia and Federal Territory Labuan, 2020**

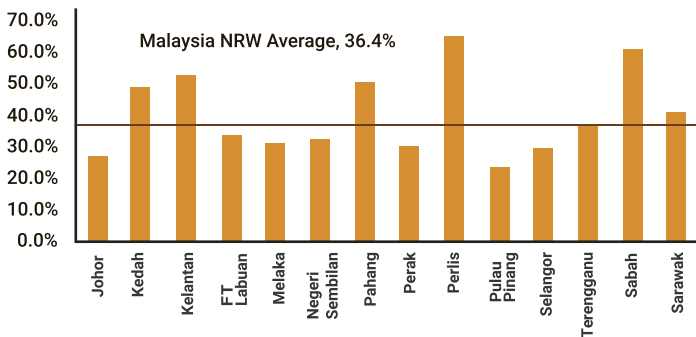


Source: Ministry of Water and Environment

Malaysia's NRW was 36.4 per cent in 2020, increasing from 33.9 per cent in 2015<sup>173</sup>. This is above the World Bank's recommendation where NRW should be less than 25 per cent of produced water.

The NRW figures vary significantly across states. Perlis recorded the highest NRW at 64.9 per cent while Pulau Pinang recorded the lowest NRW at 23.5 per cent against the national average of 36.4 per cent.

**Figure 5.4: Non-Revenue Water in Malaysia, 2020**



Source: Ministry of Water and Environment

### Waste Management

In terms of hazardous waste management, the Environmental Quality (Scheduled Wastes) regulations 2005 enlists the categories of waste that are classified as environmentally hazardous waste. Scheduled waste has steadily increased over the years, from approximately 2.9 million tonnes in 2015 to 4 million tonnes in 2019<sup>174</sup>.

From this 4 million tonnes, a total of 516,585.65 tonnes were recovered locally and abroad, which is an increase of 21.3 per cent as compared to 406,565.96 tonnes recovered in 2018. Clinical waste increased from 25.5 thousand tonnes in 2015 to 33.8 thousand tonnes in 2019 and further increased by 17 per cent due to the COVID-19 pandemic.

**Table 5.1: Quantity of Scheduled Waste in Malaysia, 2015-2019 (tonnes)**

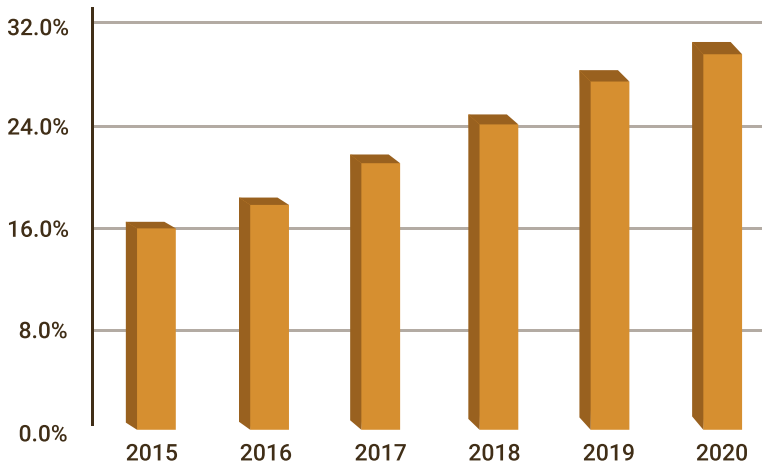
	2015	2016	2017	2018	2019
Scheduled Waste	2,918,478	2,766,614	2,017,281	2,355,085	4,013,189

Source: Department of Environment

Another emerging waste stream is electrical and electronic waste (e-waste). The quantity of household e-waste generated in 2020 decreased to 702 metric tonnes from 1,000 metric tonnes in 2018. This amount is based on data from recycling campaign and registered collectors under the supervision of the Department of Environment. The amount of industrial e-waste generated in 2020 increased to 94,008 tonnes from 47,962 tonnes in 2015.

Malaysia has long had a policy focus on the 3Rs – Reduce, Reuse and Recycle. The 3R policy has been relatively successful to raise awareness on the importance of recycling. There has been a significant increase in recycling rate of household waste. In 2015, the recycling rate was 15.7 per cent and increased to 30.7 per cent in 2020<sup>175</sup>.

**Figure 5.5: Household Recycling Rate for Malaysia, 2015-2020**



Source: Ministry of Housing and Local Government

Better management of **food loss and waste** is also highlighted as a policy issue in Malaysia. It is estimated that a total amount of 22,793 metric tonnes of food waste per day is generated at various levels (e.g., wet and night markets, hypermarkets, and households). Food waste makes up 44.5 per cent of total solid waste composition in Malaysia.

Addressing food waste in the overall lifecycle through both reduction and recovery is currently being addressed jointly across the Ministry of Agriculture and Food Industries (MAFI), Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) and Ministry of Housing and Local Government (KPKT).



### **Sustainable Practice and Reporting by Companies**

There is significant progress in the private sector's actions towards sustainability. Bursa Malaysia, mandates all public listed companies to undertake sustainability reporting. It has been recorded that 934 companies listed under Bursa Malaysia published sustainability reports in 2021.

In addition, the MyHijau mark, Malaysia's official green recognition scheme showed significant increase in the number of products and services registered under this scheme. A total of 7,498 green products and services were registered in 2020 as compared to 181 in 2015. This scheme brings together certified products and services that meet local and international environmental standards under one single mark, which aims to coordinate and consolidate green products and services as a reference for green procurement.

### **The Government Green Procurement (GGP)**

In creating a green market, the Government has implemented the GGP. In 2016, GGP was 17.4 per cent of government expenditure in selected products and services while in 2019, it increased to 20.7 per cent.

## **ISSUES AND CHALLENGES**

### **Global Demand**

The fluctuations in resource extraction are largely dependent on global demand. While, global prices of commodities have largely declined and Malaysia's overall exports as a proportion of export product share has reduced, the production and extraction of minerals and resources fluctuate in accordance with specific demands at a point in time. This challenge was highlighted in the case of bauxite mining in Malaysia in 2015. When the Indonesian government imposed a ban on unprocessed mineral ore exports, a shortage of bauxite supply occurred, especially in China. This resulted in local bauxite producers increasing production by 20 times to fill the gap in demand. Consequently, it resulted in negative impacts to air, river, and marine quality. In response, the Government enacted a moratorium for bauxite mining activities. This example demonstrate that as a trading nation, market actors and importing countries play a major role towards ensuring sustainable production in Malaysia.

### **Lack of Awareness and Data**

Transitioning towards resource-efficiency requires behaviour change within households and at the industry level. Generally, there is still a lack of awareness and capacity towards implementing SCP. The abundance of resources in Malaysia provides the perception of secure supply. Overall governance of resources use needs to be intensified to improve efficiencies. In addition, there is still a lack of data for evidence-based decision-making on resource efficiency specifically and on resource flows. At the moment, there is no official data on material footprint in Malaysia, while resource extraction rates are only available for selected minerals. As a result, the overall impact of material extraction and resource efficiency is difficult to measure.

### **Fragmented Waste Management**

The major challenge in waste management in Malaysia is the fragmentation across different types of waste such as solid waste; scheduled waste; sewerage; agricultural waste and mining waste. The different types of waste are under the responsibilities of different institutions. For example, solid waste management is under the Solid Waste and Public Cleansing Management Corporation (SWCorp) or local authorities; scheduled waste under the supervision of the Department of Environment; and sewerage is handled by the Indah Water Konsortium (IWK).

Furthermore, to coordinate waste management across states, the Solid Waste Management and Public Cleansing Act 2007 [Act 672] was introduced to transfer the responsibility of waste management from the local authority to the Federal Government under the purview of the National Solid Waste Management Department (JSPSN) as the regulatory agency and SWCorp as the implementing agency. Currently, Act 672 is only adopted in Johor, Kedah, Melaka, Negeri Sembilan, Pahang, Perlis, Federal Territories of Kuala Lumpur and Putrajaya. For other states, where the Act 672 is not in force, management of solid waste are under the purview of local authorities. Due to this, actions such as separating waste at source, which is a clause under Act 672 is not streamlined and enforced across the country.

### Low Adoption of Sustainable Practices and Reporting

The adoption of green practices among businesses including the uptake of green certification such as ecolabels is still low. Due to this, the market for green products and services is still relatively small. Furthermore, people's perception on green products and services is focused on its high cost, rather than its long-term value and benefits, thus green products may not be competitive.

The adoption of sustainable reporting is still nascent in Malaysia. The required disclosures and information are currently not harmonised, making it challenging to assess performance in terms of resource efficiency and sustainability. In addition, companies not under Bursa Malaysia, such as small and medium-sized enterprises (SMEs) as well as state-owned enterprises (SOEs) are not mandated to publish sustainability reports.

At the project level, the Environmental Impact Assessment (EIA) was introduced in 1988 as a mandatory legislative requirement to identify, predict, evaluate, and communicate information about the impacts on the environment of a proposed development activity and to detail out the mitigating measures prior to project approval and implementation. However, the EIA's effectiveness is still a challenge with transparency and lack of public participation are often highlighted as issues in its execution.

## OPPORTUNITIES AND WAY FORWARD

Moving forward, while the COVID-19 pandemic was devastating, it does offer an opportunity to build back better. Systemic shifts in the development model is required towards SCP patterns. This includes moving towards a circular economy as well as changing behaviour and practices at the industrial and household levels. The opportunities below provide a forward-looking response towards accelerating progress on SDG12, including addressing the impact from COVID-19 pandemic.

### Mainstreaming Sustainable Consumption Production

Robust strategies need to be undertaken in mainstreaming the SCP across all levels of government and sectors. This will be implemented by the following:

- i. **SCP Blueprint 2021- 2030:** The Government will introduce the SCP Blueprint to provide a broad policy direction to accelerate the adoption of SCP in identified pathways in various sectors.
- ii. **Expansion of Green Markets:** The Government will continue to enhance GGP implementation to boost demand for green products and services, thus spur the green market.
- iii. **Enhance Demand Side Management:** In promoting SCP efforts will be intensified to enhance demand side management. This is particularly so for achieving energy efficiency, including through the NEEAP. Demand side management for water is currently being studied as part of a comprehensive Water Sector Transformation programme 2040.

iv. **Monitoring Data on Resource Efficiency:** The Government will continuously enhance green economy indicators and System of Economic and Environmental Accounting (SEEA) initiatives to provide an alternative yardstick of progress in relation to economic growth that goes beyond the conventional measure of gross domestic product and takes into consideration natural capital. Moving forward, there is a need to establish of comprehensive database on material footprint and consumption to measure material flows in Malaysia.

v. **Harmonise Sustainable Reporting:** There is a need to harmonise sustainability reporting for all companies. This requires a clearing-house mechanism for sustainability reporting. Establishing a database for monitoring will generate useful feedback into the nation's sustainability efforts and achievements.

### Catalysing a Circular Economy in Waste Management

In accelerating the SCP towards achieving green growth, the country will adopt the circular economy concept. The aim is to transition from a linear approach of resource use towards a circular approach that minimises waste at the end of its lifecycle and considers resource efficiency at both the production and consumption levels. Through this concept, waste is minimised as far as possible through prevention, eco-design approach and repair across the value chain. To transition to this model, the following actions would be undertaken or improved upon:

- i. **Towards Circular Economy Approach in Reducing Plastic Waste:** Malaysia's Roadmap towards Zero Single-Use Plastics 2018-2030 was launched in 2018 to address the issue of plastic waste. To further strengthen efforts in reducing plastic waste, a circular economy roadmap for plastics will be introduced.
- ii. **Improving Management of Hazardous Waste:** The overall management of hazardous substances and its waste will be improved through the introduction of a dedicated task force, relevant regulations and monitoring mechanism.
- iii. **Increase Recycling Rate:** Malaysia is aiming to increase further the recycling rate of household waste to 40 per cent and scheduled waste to 35 per cent by 2025.
- iv. **Improving Waste Information Database:** Establish a system to stock take waste generation (e.g., by type, location, amount) as well as existing facilities and technologies used for recycling.
- v. **Implementing Extended Producer Responsibility (EPR):** Develop a national EPR scheme to boost the recycling industry and support expansion of green market. Towards this aim, a clear dedicated EPR policy and regulations will be formulated including an implementation plan.
- vi. **Promoting Eco-industrial Parks:** The industrial symbiosis concept will be explored in an effort to increase efficiency and reduce waste through centralising utilities and services as well as adopting a circular approach that uses waste of one industry as input for other industries. In this regard, Malaysia will further promote this concept among new and existing industrial parks.

## Box Article 10: Towards Zero Single Use Plastic



Plastic waste has become a major issue in Malaysia. A study estimated that there was 0.94 million tons of mismanaged plastic wastes, of which 0.14 to 0.37 million tons may have been washed into the oceans. In addressing this issue, there are various challenges, including a lack of awareness and low recycling rate, while alternative to plastics such as biodegradable products are higher in price.

Malaysia plans to address single-use plastics by encouraging the plastic industry to transition to eco-friendly alternatives and circular economy practices. This will ensure the industry thrives by adapting green technologies while the environment is safeguarded. As such, the Malaysia Roadmap Towards Single-Use Plastics, 2018-2030 will be used as a guide to address issues on plastics in Malaysia. The vision is “towards zero single-use plastics for a cleaner and healthier environment in Malaysia by 2030”.

Launched in 2018, the Roadmap takes a phased approach. Phase 1 (2018-2021) focuses on stakeholder engagement and communication, education and public awareness (CEPA) programmes as well as drafting or revising relevant legal frameworks. It will also focus on enforcement of pollution charges for plastic bags with an aim for nationwide implementation by 2021. Phase 2 (2022-2025) focuses on expansion of uptake on biodegradable and compostable products including the uptake of bio bag nationwide as a replacement for plastic bags. It will also aim to introduce a legal framework on single-use plastics as well as the implementation of a regional marine debris project. Phase 3 (2026-2030) aims for a substantial increase in the volume of production of local biodegradable and compostable products.

The Roadmap provides the policy direction for all stakeholders in taking a unified and collective approach to single-use plastics. It will provide opportunities through the creation of a market for local industries to embrace alternatives through biodegradable and compostable products. Underlining this effort is the principle of shared responsibility, as eliminating single-use plastics waste from the natural environment is the responsibility of all stakeholders including the Government, industries, civil society and the consumers.

## Box Article 11: Circular Economy and Sustainable Palm Oil Production



The oil palm industry in Malaysia is committed towards long-term sustainability compliance, ranging from commitments to accountability, traceability, transparency and environmental responsibility. It also takes into account the livelihood and social well-being of stakeholders in the value chain such as employees, individuals and communities affected by growers and mills operation. In fact, palm oil is the only vegetable oil crop among 17 major oils and fats traded in the global market that has gone through stringent certification process both voluntary and mandatory across its value chain<sup>176</sup>.

The sustainability requirements are backed by national laws and regulations. This was reinforced at the United Nations' 73<sup>rd</sup> General Assembly in 2018 where Malaysia committed to ensure nationwide compliance on Malaysian Sustainable Palm Oil (MSPO) certification<sup>177</sup>. The Government took an unprecedented step of declaring a moratorium on palm oil expansion to protect its forest. This is consistent with the pledge made at the Rio Summit in 1992 to retain at least 50 per cent of land area under forest cover.

In March 2019, a policy towards sustainable palm oil in Malaysia has been endorsed by the Cabinet of Malaysia. The policy details out four critical aspects to enhance the palm oil sustainability, namely, capping of total oil palm cultivated area to 6.5 million hectares by 2023; implementing a ban on new oil palm cultivation on peat lands and impose stricter conditions on existing oil palm in peat lands; implementing a ban on conversion of Permanent Forest Reserves to oil palm or other agricultural crops; and development of an official map of oil palm planted areas nationwide for public access to enhance transparency of information. Since the mandatory compliance of MSPO in 2020, a total of 5.21 million hectares of Malaysia's oil palm planted areas have been certified sustainable, equivalent to 88.25 per cent<sup>178</sup>. Furthermore, the commitment to enforce mandatory sustainability standard does not end at the upstream level. A total of 448 out of 455 mills in the country has also been certified under the MSPO certification<sup>179</sup>.

The production of palm oil results in enormous quantities of secondary and value-added products ranging from both upstream and downstream products. For instance, the production of various palm oil biomass such as pressed mesocarp fibre, empty fruit bunch, palm kernel shell and palm oil mill effluent have been long utilised and converted into fuel generation and fertiliser. To supplement the inventions with scientific evidence, the Malaysia Palm Oil Board (MPOB) is currently studying the standard calculation of greenhouse gases (GHG) minimisation and energy saving of these conversion or recycling practices.

Recognising the opportunity for a circular economy in the oil palm industry, Malaysia is at the forefront of promoting the use of palm oil and palm biomass in the manufacturing sector. The National Biomass Strategy 2020 was formulated with a target to turn palm biomass into higher value products. As an outcome, it is projected that the industry will contribute RM30 billion to the gross national income, create 66,000 new jobs and attract RM25 billion in investment.

Oil palm development, if sustainable, planned and managed can provide improved incomes and generate investment in services and infrastructures. The development of oil palm has been one of the most successful strategies toward alleviating rural poverty and creating employment opportunities in Malaysia. The latest data shows that the number of smallholders in the oil palm subsector is around 492,000 and employs a total of 404,000 workers<sup>180</sup>.

Overall, sustainable palm oil offers a pathway to attain multiple SDGs including SDG 1, SDG 2, SDG 8, SDG 12, SDG 13 and SDG 15. Sustainable consumption and production as well as circular economy are the way forward to ensure sustainable and ethical sourcing of palm oil. The Government is committed to facilitate and establish an enabling environment where sustainable palm oil is implemented and enforced in Malaysia.



# Sustainable Development Goal 13: Climate Action

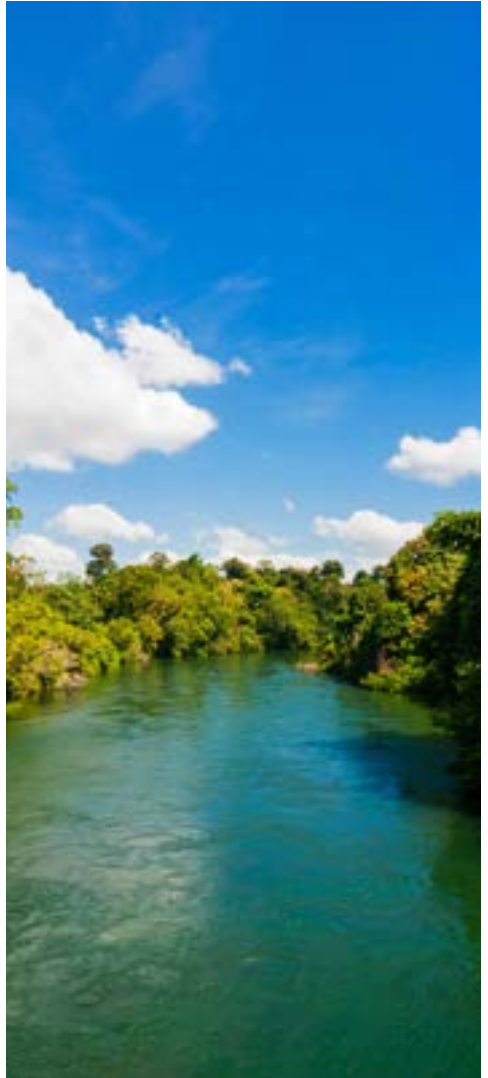
## INTRODUCTION

Malaysia introduced its National Policy on Climate Change and the National Green Technology Policy in 2009 and established the National Green Technology and Climate Change Council in the same year. Acknowledging the urgency to combat the global issue of climate change, Malaysia has mainstreamed climate change in its policies and action plans, starting with the Tenth Malaysia Plan, 2011-2015. This five-year development plan highlighted a number of climate mitigation and adaptation strategies in areas, such as renewable energy, energy efficiency, solid waste management, air pollution and forest conservation.

In line with the adoption of several multilateral agreements at the international level in 2015, namely the Sendai Framework for Disaster Risk Reduction, the 2030 Agenda for Sustainable Development and the Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC), Malaysia introduced green growth as a game changer during the Eleventh Plan. Green growth enables the country to prosper in terms of socioeconomic development, while managing its natural resources sustainably, reducing greenhouse gases (GHG) emissions and controlling pollution. Implementation of climate resilient and low-carbon development strategies enabled Malaysia to intensify its climate mitigation and adaptation actions as well as enhance disaster risk reduction.

Successful implementation of climate actions and disaster risk reduction measures have ensured Malaysia is on track to strengthen resilience and adaptive capacity to climate change and natural disasters. Integration of climate change measures into national, sub-national and sectoral policies, strategies and planning has shown significant progress. Concurrently, initiatives were undertaken by various stakeholders to improve education, awareness-raising as well as human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Moving forward, Malaysia is in the process of revising its climate change ambitions, targets and policy measures. This includes updating the Nationally Determined Contribution (NDC) and charting out a long-term low emissions development strategy (LT-LEDS) that will determine Malaysia's future ambition for climate actions. An increased focus on climate change adaptation will see incorporation of climate risk-based planning for future development plans. Overall, Malaysia's efforts in addressing climate change will be aligned with national priorities.



## OVERVIEW OF TARGETS AND ACHIEVEMENTS

No.	SDG Targets / Indicators	Description	Achievement	
			2015	2020 or latest
1	13.1	Number of deaths attributed to disasters per 100,000 population	0.1 (2018)	0.0 <sup>iv</sup> (2019)
2	13.2	Existence of an integrated policy/strategy/plan	See Status and Progress	See Status and Progress

### Target 13.1: Deaths attributed to disasters has reduced and remains relatively low.

However, overall number of affected persons have increased, largely due to flooding incidents.

### Target 13.2: Malaysia has integrated climate change into its policymaking, development planning and reporting frameworks (see progress detailed below).

Efforts will be further enhanced towards integrating climate change measures into national policies, strategies, and planning.

## CURRENT STATUS AND PROGRESS

As Malaysia develops socioeconomically, it is important to ensure its development gains are not reversed by climate-related hazards and natural disasters. Resilience of growth is therefore important to ensure the increase in standards of living enjoyed by people today will continue to rise for future generations. In enabling climate resilient development, there is an increasing shift of focus on climate adaptation and disaster risk reduction during the 2016-2020 period. Key strategies undertaken during this period include strengthening resilience of infrastructure and affected sectors, such as agriculture and water, as well as enhancing disaster preparedness, early warning, response and recovery.

Malaysia ratified the Paris Agreement of the UNFCCC in 2016 and pledged to reduce its GHG emissions intensity of GDP by 45 per cent by 2030 relative to the emissions intensity of GDP in 2005. This consists of 35 per cent on an unconditional basis and a further 10 per cent is conditional upon receipt of climate finance, technology transfer and capacity building from developed countries. In line with this, Malaysia has shifted its focus to a low-carbon economy by introducing the green growth development agenda in the 2016-2020 period. Among the key strategies implemented include adoption of sustainable consumption and production concept, creation of green markets, implementation of government green procurement, increase the share of renewable energy, enhancement of energy demand side management, promotion of low-carbon mobility and holistic management of waste.

In terms of institutional framework, the National Disaster Management Agency (NADMA) was established in 2015 to coordinate and enhance disaster risk management in the country, while the Malaysia Climate Change Action Council (MyCAC), chaired by the Right Honourable Prime Minister, was established in 2020. The Council's membership includes several Cabinet Ministers and Chief Ministers. MyCAC is the apex platform for setting the policy direction, discussing climate change policies and actions, driving green economic growth, catalysing green technology and low-carbon growth at all levels, particularly in the federal and state governments. This will ensure better coordination and implementation by ensuring both cross-sectoral coordination across ministries through the participation of inter-ministerial portfolios as well as translating Federal level policies and action plans to the state and local levels through the involvement of Chief Ministers.



### Resilience and Adaptive Capacity to Climate Related and Natural Disasters.

Based on the Third National Communication and Second Biennial Update Report to the UNFCCC 2018 (TNC-BUR2), vulnerability and adaptation assessments projected that Malaysia faces impacts due to climatic changes, such as floods, land and coastal erosion, reduced crop yields as well as increased transmission of climate-sensitive diseases. In Malaysia's NDC, five specific areas were identified as vulnerable to climate change, namely flood risks, water security, food security, coastal areas and health. Hence, a number of adaptation and risk reduction measures were undertaken to strengthen resilience against climate change and disasters, especially in the vulnerable areas.

iv 0.0 refers to less than half smallest unit shown. Overall, there was a total of 9 deaths recorded in 2019 attributed to disasters.

**Flooding** is one of the common climate-related hazards in Malaysia. Although its causes vary, the intensity and frequency of flood events in this century has been among the worst. These floodings demonstrate a strong correlation with the El Niño-Southern Oscillation (ENSO) events that were observed in 2006–2007, 2009–2010, 2014–2016, and 2018–2019, where studies have argued that climate change is making El Niño more intense. According to NADMA, the flood event in 2014-2015 that occurred mainly in the east coast of Peninsular Malaysia affecting the states of Kelantan, Terengganu, Pahang, and Johor, was the worst in 50 years, resulting in 25 deaths and 541,896 persons displaced. It also destroyed 2,076 houses and resulted in an estimated economic impact of RM2.9 billion<sup>191</sup>. NADMA estimated that nine per cent of land in Malaysia is at risk to floods with 4.8 million inhabitants vulnerable to its impact<sup>192</sup>.

Overall, the number of affected persons attributed to disasters, mainly floods and seasonal northeast monsoon<sup>193</sup>, increased to 86,406 persons in 2019 as compared to 57,946 in 2015 (see Table 5.2). Kelantan recorded the highest number of affected persons in 2019 with 37,506 followed by Johor with 17,784 and Terengganu with 13,106 persons<sup>194</sup>. The differences in impacts geographically, demonstrates that some communities are more vulnerable than others. In terms of deaths, only nine deaths were attributed to disasters in 2019 compared to 19 recorded in 2018 and 18 in 2015. 2017 recorded higher deaths (31 persons), affected persons (177,862) and missing persons (4). The climate change as well as ENSO-related seasonal variations in precipitation extremes are likely to impact flooding events in the East Coast of Malaysia<sup>195</sup>.

**Table 5.2: Number of Deaths, Missing Persons and Persons Affected by Disasters, 2016 - 2019**

Year	Deaths	Affected persons	Missing persons
2015*	18	57,946	0
2016*	0	44,133	0
2017	31	177,862	4
2018	19	51,298	0
2019	9	86,406	0

Source: DOSM, \*NADMA

In strengthening the nation’s resilience against flooding, structural and non-structural approaches were undertaken. The integrated weather and flood forecasting and early warning system were developed for several major rivers. By the end of 2019, 1.6 million people were protected from the impact of floods through the implementation of flood mitigation projects. Flood hazard maps were also developed to facilitate disaster prevention and development planning in major high-risk areas. Integrated Water Resource Management, Integrated River Basin Management and Integrated Flood Management were also implemented to improve flood mitigation efforts holistically. Efforts were also undertaken to protect and rehabilitate coastal areas from erosion through both construction of infrastructure as well nature-based solutions, such as plantation of mangroves.

**Water Security** is also threatened as climate change affected water infrastructure. Damage of water infrastructure or changes in water resources availability can affect water supply with more than 97 per cent of water supply being derived from surface water in rivers and reservoirs. During the rainy seasons in 2013 and 2014, water levels in several dams increased above critical levels resulting in excess water releases, contributing to the downstream flooding. These dams include the Timah Tasoh, Temenggor, Kenering, Bersia, Chenderoh, Bukit Merah, Sultan Abu Bakar and Kenyir. The National Water Balance Management System (NAWABS), involving 18 river basins, has been developed as a comprehensive river basin management instrument to assess the current water availability and demands on a basin scale and determine water management strategies going forward to ensure the adequacy of future supply.

**Food Security and Agriculture Sector** are also impacted by climatic changes, especially temperature increase and rainfall volume. While observable impacts are not widely available, studies projected impacts to major crops including rice, oil palm and cocoa. Impact and vulnerability assessments in granaries in Peninsular Malaysia demonstrate significant reductions in average rice yields productions by 2030. This ranges from a reduction of more than 30 per cent over the main season in 2030 in the Integrated Agriculture Development Area in Barat Laut Selangor (IADA BLS) to 12.5 per cent reduction in Muda Agriculture Development Authority (MADA). Both MADA and IADA BLS supply 40 per cent of the national total rice production. Oil palm yields are also projected to decrease by approximately 30 per cent, should temperatures increase by 2°C and rainfall decrease by 10 per cent<sup>186</sup>. Cocoa trees are vulnerable to flooding with a study on the effect of the floods in December 2014 in selected plantations in Pahang showing mortality rate of cocoa trees ranging from 17 per cent to 50 per cent.

In addressing **coastal erosions** attributed partly by sea level rise, coastal protection has been a long standing focus in Malaysia. Having a coastline of over 8,840km, the TNC-BUR2 reported that 1,349km length of the coastline, equivalent to 15.3 per cent, is being eroded. Currently, the Integrated Shoreline Management Plan (ISMP) formulated in 1984 is being used as guidance in addressing coastal erosions by the states in Malaysia. To address severe coastal erosions, 13 coastal erosion prevention and rehabilitation projects have been implemented in critical coastal areas in the states of Johor, Pahang, Perak, Sarawak and Terengganu.

**Public Health** is also vulnerable to climate change. Climate-sensitive and vector-borne diseases are expected to be aggravated by rising temperatures and high rainfall. Dengue epidemics have been increasing as reported by WHO, which placed Malaysia as one of the countries in Asia-Pacific with the highest number of reported dengue cases. Over the years, Malaysia has seen an increase from 31.6 cases per 100,000 population in the year 2000 to 328.3 cases in 2016. Although Malaysia has seen a 95.7 per cent reduction in malaria cases from 1990 to 2015, there is a potential risk of increasing cases as seawater intrusion from rising sea levels and a warming trend may heighten the presence, survival and pathogenicity of malaria vectors.

Other disaster risks that threaten the nation include landslides, mudslides, earthquakes, forest fires and tsunamis. In increasing resilience against these disasters, hazard and risk maps are being prepared, while the monitoring and early warning systems are being enhanced to give a more accurate projections and warnings, enabling sufficient time for early responses. For example, the mapping of seismic hazard areas is continuously being undertaken to identify active faults, subsequently putting in place appropriate measures in order to enhance preparedness and resilience to earthquakes. To reduce the risk of peatland fires during the dry season, the Peatland Fire Prevention Programme is being implemented in Malaysia.

## **Integration of Climate Change Measures Into National Policies, Strategies, and Planning**

As climate change cuts across various sectors, it is critical for it to be integrated into national, sub-national and sectoral policies, strategies, and planning. In this regard, Malaysia has made significant strides towards integrating climate change measures into its policy making, development planning and implementation as well as monitoring, evaluation and reporting. The National Policy on Climate Change was introduced in 2009 aiming to mainstream climate change through wise management of resources and enhance environmental conservation. This resulted in strengthened economic competitiveness and improved quality of life; integration of responses into national policies, plans and programmes; and strengthening of institutional and implementation capacity. This policy was complemented by the introduction of the National Green Technology Policy in the same year, which promotes the importance of green technologies in addressing environmental issues and drives sustainable development.

Over the years, climate change considerations and measures were integrated into a number of policies and development guidelines. The Tenth Plan, highlighted the need to develop a climate resilient growth strategy. This included adaptation measures to increase adaptive capacity of the nation from the risks of climate change as well as mitigation actions to reduce Malaysia's carbon footprint. Meanwhile, the Eleventh Plan, further strengthened climate action measures with a specific focus on strengthening resilience against climate change and natural disasters by mobilising resources towards strengthening disaster risk management, improving flood mitigation and enhancing climate change adaptation.

Spatial planning has also been used as a tool for linking planning and implementation. The Third National Physical Plan, formulated in 2016, includes an explicit thrust for spatial sustainability and climate change resilience. The Plan takes into account potential impacts of climate change on physical planning on both natural environments and human settlements. Other sectoral policies include the Green Technology Master Plan, 2017-2030, the National Transport Policy, 2019-2030, the National Automotive Policy 2020, the Roadmap towards Zero Single-Use Plastic 2018-2030 and the National Cleanliness Policy 2020-2030 and the National REDD Plus Strategy.



The institutional framework and financing capacities of public and private sectors were strengthened to support coordination and implementation of climate actions and disaster risk reduction in the country. Apart from the MyCAC, other non-government initiatives also were formed, including the Malaysian Climate Change Group, and the Climate Governance Malaysia. In addition, the Malaysian Youth Delegation and Klima Action Malaysia were also established comprised of passionate young individuals that represent the local youth climate movement to raise awareness of climate policies among Malaysians. Other sectoral policies, action plans, programmes and initiatives include:

### Renewable Energy

Malaysia has increased its total renewable energy installed capacity from 6,069 megawatts in 2015 to 7,995 MW in 2020, largely, through solar and hydro. The Power Sector Development Plan 2020-2038, long-term power sector development plan, has set an ambitious target on renewable energy capacity at 31 per cent of the total installed capacity by 2025 and at 40 per cent by 2035. The plan will also target no new capacity of coal-fired power plants. This includes a capping of coal power plant capacity in 2039 to be reduced by 39 per cent compared to 2020. The Net Energy Metering (NEM) was introduced in 2016 to allow for consumers to also be producers, where the energy produced from the solar PV installation will be consumed first, and any excess will be exported to the national grid at a prevailing displaced cost.

### Energy Efficiency

The National Energy Efficiency Action Plan (NEEAP) was introduced in 2016 with a target to save 52,233GWh of electricity from 2016-2025. It targets residential, commercial, and industrial sectors by promoting and incentivising use of energy efficient appliances as well as compliant with Minimum Energy Performance Standards (MEPS). It also incentivises processes, such as providing matching grants for undertaking energy audits. MEPS and the National Building Energy Intensity (BEI) programme have also improved energy efficiency with a total of 200 government buildings labelled as energy efficient under the BEI programme.

### Sustainable Financing Mechanisms and Fiscal Instrument

The Green Technology Financing Scheme (GTFS) introduced in 2010 provides access to private funds for green technology projects. It offers a government guarantee of 60 per cent of the financed amount and a two per cent per annum rebate on interest/profit rate that is charged by financial institutions. The eligible projects are based on five sectors, namely, energy, building, transport, waste and water. The Green Investment Tax Allowances (GITA) and Green Income Tax Exemption (GITE) were introduced in 2014 to spur the development of green products and technologies. Certified products and services under MyHijau Mark are eligible to apply for GITA and GITE. In 2018, 175 renewable energy (RE) and 55 energy efficiency (EE) projects were approved under GITA, attracting RM3.0 billion and RM139.1 million in total investment values respectively. In the same year, a total of 14 projects for green services with a total investment of RM150.8 million were approved under the GITE.

### Finance Sector

In 2017, BNM along with several Islamic banking institutions collaborated with the Value-based Intermediation (VBI) Community of Practitioners (CoP) to strengthen the roles of Islamic finance in generating positive and sustainable impact to the economy, community and environment. The VBI CoP has issued several guidance including the VBI Financing and Investment Impact Assessment Framework (VBIAF) and its Sectoral Guides on Palm Oil, Renewable Energy and Energy Efficiency to support financial industry to incorporate environmental, social and governance (ESG) risk considerations in their financing and investment decision-making process. The first green *sukuk* was also launched in 2017 with an initial value of RM250 million and an additional issuance of RM1 billion. In 2021, Malaysia became the first country to issue a sovereign sustainability *sukuk*.



The Joint Committee on Climate Change (JC3) was established as a platform for financial regulators and financial institutions to strengthen the financial industry's capacity in managing climate risks and enhance its role in scaling up green finance. It is co-chaired by the Central Bank and Securities Commission Malaysia, with members including the Stock Exchange and 19 financial institutions. The JC3 assisted in issuing the Climate Change and Principle-based Taxonomy (CCPT), an assessment of disclosure practices of financial institutions against the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, and a gap analysis on the green finance landscape. The JC3 continues to build capacity and bridge knowledge gaps in the finance sector through education programs focusing on technical and practical tools to support climate related disclosures, climate risk management and scenario analysis. The immediate priorities for the finance sector going forward include the implementation of the finalised CCPT, the development and issuance of reference guides on climate risk management and scenario analysis, second cohort of VBIAF Sectoral Guides on Manufacturing, Oil and Gas, and Construction and Infrastructure, and a TCFD Application Guide. These are intended to accelerate the industry's capacity and role in facilitating the transition to a climate-resilient economy.

The BNM also plays an instrumental role in leading and accelerating efforts to manage climate and environment-related risks in ASEAN's financial sector. ASEAN is developing a regional taxonomy to guide the flows of capital towards green and transitional activities. An ASEAN Taxonomy Board (ATB) has been established to develop, maintain and promote the regional taxonomy that will build in transition pathway for all ASEAN members. BNM and SC Malaysia are represented at the ATB.

### Low Carbon Cities

The Low-Carbon Cities Framework (LCCF) was introduced in 2011 as a national framework to guide local governments in their efforts to transition to a low-carbon development. It includes guidelines for design, measurement and reporting. In 2019, 22 local governments have implemented low-carbon solutions and demonstrated reduction in GHG emissions. The Low-Carbon Cities Challenge 2030 was launched to establish designated low-carbon zones within state capitals and major cities. The aim is to establish 200 low-carbon zones and 1,000 low-carbon partners by 2030.

### Green Mobility

Various initiatives are being implemented or planned towards low-carbon mobility. This includes expansion of urban rail-based public transport within the Greater Kuala Lumpur/Klang Valley where the new Mass Rapid Transit system is serving about 1.2 million people and has an estimated daily ridership of 400,000 people. The use of rail and public transport has resulted in 212.93 Gg CO<sub>2</sub>e of emission reduction in 2016. Malaysia is also aiming to be a regional hub for energy efficient vehicles (EEVs) as stated in the National Automotive Policy 2020. Additionally, incentives towards the use of hybrid vehicles resulted in a total of 90.65 Gg CO<sub>2</sub>e emissions avoidance in 2016.

### Biofuels Policy and Regulation

Biofuels Policy and Regulation: The National Biofuel Policy was introduced in 2006. Subsequently in 2007, the Malaysian Biofuel Industry Act was formulated to regulate the biofuel industry and facilitate the mandatory use of palm-based biodiesel blended with petroleum diesel. This is undertaken through the implementation of biodiesel programmes starting with the B5 Biodiesel Programme for transportation sector (blend of 5 per cent palm-based biodiesel with 95 per cent petroleum diesel) in June 2011, which was later upgraded to B7 and implemented across the country in December 2014; and followed by the B10 in February 2019. Mandatory B7 Biodiesel Programme for industries with aims to reduce GHG emissions from industrial processes and product use was introduced in July 2019, with exemptions for the power generation, maritime and bunkering sectors. Targeted B20 Biodiesel Programme for transportation sector implementation started in January 2020, with phased nationwide rollout planned subject to infrastructure readiness. The B30 Biodiesel Programme is planned for implementation by 2030. According to the Malaysia Third Biennial Update Report to the UNFCCC 2020 (BUR3), the use of palm-based biodiesel contributed to a reduction of 1,127.34 Gg CO<sub>2</sub>e.

### Green Building and Construction

The Government is undertaking various initiatives to promote sustainable practices, including establishing assessment rating tools, i.e., the Malaysian Carbon Reduction and Environmental Sustainability Tool (MyCREST) for building projects and the Sustainable Infrastructure Rating Tool (INFRASTAR) for infrastructure projects. Additionally, the policy on construction is being developed and it will incorporate climate change considerations.

### Oil and Gas Operations

PETRONAS, the national oil and gas company of Malaysia has announced its aim of achieving net zero carbon emissions by 2050. This demonstrates a strong commitment to long-term carbon emissions by the industry as well as may result in a chain response across the supply chain.

### Sustainable Forest Management

Malaysia has been practising Sustainable Forest Management (SFM) since 1901. During the Earth Summit in 1992, Malaysia made a pledge to keep at least 50 per cent of its land as forest cover in perpetuity. In 2018, the proportion of forested area in Malaysia is 55.3 per cent or 18.273 million hectares. The highest proportion of forested area was in the state of Sabah with 64.5 per cent, followed by Sarawak with 62.3 per cent and Pahang with 57.4 per cent. Malaysia's Protected Area Network also contributes significantly to carbon sinks. The total terrestrial and inland water areas gazetted as protected areas increased from 3.038 million hectare in 2015 to about 3.308 million hectares in 2018<sup>187</sup>. Malaysia has set a target to increase the terrestrial protected area to at least 20 per cent and coastal and marine areas by 10 per cent by 2025<sup>188</sup>.

## Forest Conservation Fund

The REDD+ Finance Framework (RFF) is being developed to encourage protection of forests in increasing carbon sink and delivering emissions reduction. The RFF will incentivise activities that help keep forests standing and is designed to use funds for non-carbon benefits and carbon credits. In addition, it will also help deliver other environmental and socioeconomic benefits and contribute towards sustainable land use in the long-term. Implementation of REDD+ actions have reduced emissions by 20.37 million tonnes CO<sub>2</sub>eq in 2016. In addition, the Federal Government has introduced the Ecological Fiscal Transfer for Biodiversity Conservation (EFT) in 2019, with a RM60 million allocation to incentivise state governments to intensify efforts in conserving and expanding existing natural forest reserves and protected areas. This initiative is continued in 2021 with an allocation of RM70 million to implement programmes and projects at state levels to ensure biodiversity sustainability. A performance-based criteria has been developed to improve EFT implementation. These initiatives will contribute in reducing GHG emissions in the country.

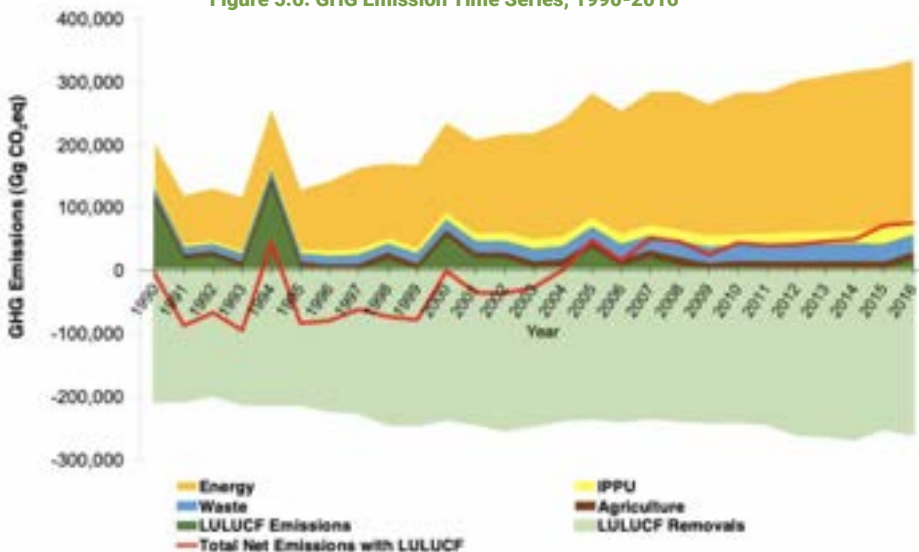
With regard to fulfilling the reporting requirements to the UNFCCC, Malaysia submitted the Initial National Communication (NC) in 2000, followed by the Second NC and the Third NC in 2011 and 2018 respectively. These reports provide updates on Malaysia's progress in GHG inventory, mitigation action, vulnerability assessment and adaptation measures, and research and systematic observation.

Malaysia has also submitted three Biennial Update Reports (BURs) in 2016, 2018 and 2020 correspondingly. The BURs supplement the NCs and acts as a progress report focusing on climate mitigation and GHG inventory. In order to intensify its climate actions as well as improve transparency and comprehensiveness of reporting, Malaysia is currently strengthening its reporting instruments by enhancing its measurement, reporting and verification (MRV) framework as well as establishing a GHG accounting model.

## Greenhouse Gas Emissions

As a developing nation, Malaysia's GHG emissions have steadily increased over the years. Prior to 2004, Malaysia was a net carbon sink, due to the Malaysia's tropical forest ecosystem that have sequestered carbon from the atmosphere. However, due to rapid development, Malaysia's emissions continue to increase, while the ability of forests to absorb carbon remains stabilised. With this trend, Malaysia is now facing increasing challenges to reduce its GHG emissions as well as limit land-use change.

Figure 5.6: GHG Emission Time Series, 1990-2016



Source: Ministry of Water and Environment 2020<sup>89</sup>.

According to BUR3, the GHG emissions in 2016 accounted for approximately 334.6 million tonnes CO<sub>2</sub>eq. This is an increase from 281.8 million tonnes CO<sub>2</sub>eq in 2005 (see Table 5.3). The net total GHG emissions increased despite removals from land use, land-use change and forestry (LULUCF).

This is particularly due to the energy sector, which accounts for almost 80 per cent of emissions, mainly through energy production and transportation. Other sectors are industrial processes and product use at 9 per cent, waste 9 per cent and agriculture 3 per cent. Nevertheless, the GHG emissions intensity of GDP for 2016, reduced by 29.4 per cent<sup>v</sup>.

<sup>v</sup> The GHG emission indices for Malaysia (based on Approach 2: with LULUCF (emissions only)) as reported in BUR3. Refer to BUR3 2020 for further details on the GHG emission indices based on Approach 1, Approach 2 and Approach 3.

**Table 5.3: Total GHG Emissions**

Sectors	1994 (‘000 tonnes)	2000 (‘000 tonnes)	2005 (‘000 tonnes)	2011 (‘000 tonnes)	2014 (‘000 tonnes)	2016 (‘000 tonnes)
Total Emissions (without LULUCF)	118,517.49	180,096.48	245,797.04	278,982.24	313,072.80	316,833.23
Total Emissions (including LULUCF)	256,040.49	234,395.31	281,782.23	282,542.66	316,389.95	334,634.51
Net total (After Subtracting Sink)	44,197.38	-848.98	47,864.19	39,956.47	49,242.18	75,488.48

Source: Ministry of Water and Environment, 2020<sup>190</sup>.

## ISSUES AND CHALLENGES

Climate change adaptation and disaster governance remains a major challenge due to its cross-cutting nature. While the planning level has provided equal focus and weightage across mitigation and adaptation actions, translating it to sectoral policies and implementation is more challenging. The cross-cutting nature of climate adaptation and disaster risk management means that an institutional fragmentation is inherent, with numerous institutions at federal, state, and local levels.

Another key challenge is the lack of information and data as well as vulnerability studies and risk assessments to support evidence-based and risk-informed decision-making for climate change adaptation and disaster risk reduction. A major gap is that Malaysia does not have a national adaptation plan and disaster risk management policy to coordinate relevant efforts. This gap is exacerbated by the fact that institutionally, Malaysia does not have a database for climate change projections and risk assessment to facilitate risk-based planning at national and sub-national levels.

Insufficient information on climate change and disaster risks also resulted in a lack of understanding and adaptive capacities among vulnerable groups, such as the B40, farmers, indigenous, coastal, and low-lying communities. Knowing who are affected, how they are affected, and where the impacts are would form an important part of the decision-making and planning of climate adaptation measures.

With regard to mitigation actions, challenges remain as reflected by the increasing trend in GHG emissions. Key among these is the absence of a national mitigation action plan to guide stakeholders in charting their low-carbon strategies. Additionally, Malaysia has not set a long-term target to act as a basis for long-term actions by stakeholders. There is also a lack of capacity and expertise, both in terms of developing the sectoral pathways towards a low-carbon development as well as the technical expertise to support sectoral interventions. This includes the need for technology transfer and capacity building from international partners.

Currently, Malaysia continues to have a high dependence on fossil fuel as a primary source of energy due to incentive structures, such as subsidies that favours fossil fuel. Catalysing an energy transition to support a low-carbon development pathway is challenging as the energy sector governance is complex and consists of multiple stakeholders. It includes energy demand planning, which cuts across various sectors, including industry, transport, residential and commercial; as well as energy supply planning that is fragmented in accordance with multiple energy sources, such as oil, natural gas, coal and hydroelectric. Therefore, the regulatory policies and frameworks for energy are not coordinated.

As a megadiverse country, forest cover and natural ecosystems play an important role in addressing climate change. They provide fundamental ecosystem services including, building resilience to climate impacts, regulating the climate and water cycle, and absorbing carbon. During the Earth Summit in 1992, Malaysia pledged to keep at least 50 per cent of its land as forest cover in perpetuity. To date, Malaysia’s forest cover is 55.3 per cent<sup>191</sup>. However, maintaining these forests is a challenge as it falls under state government jurisdiction, which may have different conservation priorities.

## OPPORTUNITIES AND WAY FORWARD

As Malaysia commits to safeguard planetary health and aspires to become a carbon neutral nation in the future, priority will be given to low-carbon and climate resilient economic development as well as conservation of natural resources and ecosystems. The green growth initiatives will be augmented and a whole-of-nation approach will be promoted to streamline and enhance climate actions and disaster risk reduction. Such an approach will intensify collaborative efforts and ensure complementarity of actions taken by various stakeholders in addressing environment-related issues. In this regard, Malaysia will pursue climate actions and disaster risk reduction through a number of key strategies, as highlighted below.

### Increasing Resilience and Adaptive Capacities Against Climate Change and Disasters

- Evidence-based and risk-informed planning and decision-making will be implemented. Vulnerability assessments will be expanded to include health, as well as high-risk and sensitive localities, communities and economic sectors. Monitoring of natural hazards will be enhanced by expanding access to data and information through establishment of a multi-hazard data centre and risk register platform. Quality of information will be improved by enhancing the ability of hydroclimate models through integration with multi-hazard risk assessments.
- Integrated approaches for climate adaptation and disaster reduction will be adopted. This includes developing a national policy on disaster risk management and a multi-level disaster resilience plans as well as climate adaptation action plans at the national and state levels.
- Early warning systems will be enhanced. This includes improving flood forecasting in high-risk river basins through utilisation of big data analytics and artificial intelligence. Institutionally, coordination among agencies and relevant stakeholders will be strengthened to improve efficiency of disaster response measures.
- Disaster recovery and preparedness will adopt a build-back better approach. This includes adherence to strict regulations for developments in high-risk and flood prone areas as well as a review of building codes. Adaptive capacity of affected communities will also be enhanced through initiatives, such as identification of alternative sources of income and counselling services.

### Transitioning to a Low-Carbon Nation

- To enable implementation of a more coordinated and holistic mitigation actions, a NDC roadmap will be developed to specify mitigation actions and emission reduction targets for key GHG emitting sectors.
- Carbon market guidelines will be developed. Feasibility studies on carbon pricing, carbon tax and emissions trading scheme will be undertaken to provide options and guidelines for the carbon market in Malaysia.
- Green and resilient cities and townships development will be promoted. This include expanding the adoption of instruments, such as the Malaysian Smart City Framework and Planning Guideline for Disaster Resilient City. The Low Carbon City Master Plan is envisaged to be adopted by end of 2021 to support the implementation of Low Carbon City Framework (LCCF).
- The implementation of green mobility will be intensified. This includes introducing the low carbon mobility blueprint, which aims to reduce carbon emissions in the transport sector by 165 million tonnes CO<sub>2</sub>eq over 10 years. Last-mile and first-mile connectivity will also be increased through urban and rural planning and a focus on micro-mobility. Incentive schemes, such as GTFS, GITA and GITE will also support private sector initiatives on development of next generation vehicles, technologies and supporting infrastructure, such as charging stations.
- The use of biofuels will be increased by expanding the B20 Biodiesel Programme nationwide. The programme increases the percentage of palm-based biodiesel blended with petroleum diesel sold in the market from 10 per cent to 20 per cent. As a way forward, the B30 Biodiesel Programme is planned for implementation by 2030.
- Efforts towards low-carbon energy will be scaled up. This includes meeting the 31 per cent renewable energy target of total installed capacity and intensifying efforts towards improving energy efficiency. Floating solar and waste-to-energy projects will be encouraged and supported.
- Malaysia is in the process of formulating an integrated national energy policy, which among others will improve end-to-end energy governance, particularly, in planning and implementation.
- Several innovative approaches, including financing schemes are currently planned or undertaken to incentivise states to retain forest cover. This includes implementation of the EFT and introduction of the RFF, which will reduce emissions between 15 - 23 million tonnes CO<sub>2</sub>eq per year between 2016-2025.

- Efforts towards increasing household waste recycling rate to 40 per cent (see SDG12) will play a role in reducing emissions from the waste sector. Malaysia's policy focus on circular economy will contribute towards low-carbon development.

### Strengthening the Enabling Environment to Facilitate Climate Actions

- Green financing will be scaled up. This includes encouraging the adoption of ESG and SDG principles in the private sector. The Sustainable and Responsible Investment (SRI) Roadmap for the Malaysian Capital Market will scale up capital formation by businesses. Through the Roadmap, the use of green *sukuk* will be encouraged across various economic sectors. The immediate priorities for the finance sector going forward include the implementation of the finalised CCPT, the development and issuance of reference guides on climate risk management and scenario analysis.
- Relevant policies and legislation will be reviewed and new ones will be formulated to strengthen climate governance. This includes the revision of the National Policy on Climate Change 2009 and the Environmental Quality Act 1984 as well as formulation of a legislation on climate change. A whole-of-nation approach will be adopted to mobilise manpower resources and financial allocations in implementing climate actions. This includes establishing centres of excellence on climate change by leveraging on existing institutions.

- In enhancing institutional capacity, investments on talent development in relevant areas will be increased, such as on sustainable development, climate change, green economy and disaster risk management. In addition, the capacity and capability of local authorities in sustainable development will be strengthened.

- Communication, education and public awareness (CEPA) will be intensified to increase awareness, and steer mindset and behavioural changes. A sense of ownership and shared responsibility among stakeholders in environmental protection and conservation is the key enabler in ensuring smooth and effective implementation of climate actions. Emphasis will be on steering behavioural change through behavioural insights approach. Experiential learning among students, including activities within the educational system will be enhanced. In addition, stakeholder collaboration will be increased in protecting and conserving the environment.



## Box Article 12: Pioneering the Low Carbon City Development in Shah Alam City



Recognising the growing global greenhouse gas (GHG) emissions as a result of cities' activities, Malaysia is pushing for a paradigm shift and behavioural change through its "Low Carbon City" initiative at the local levels. Local authorities will act as a driving force in the implementation of mitigation actions by undertaking projects linked to renewable energy, energy efficiency, waste management, public transport, and promotion of green spaces. This will help achieve reductions in GHG emissions and catalyses shift to a low-carbon society.

Shah Alam City Council (MBSA) envisions to transform Shah Alam into a city committed towards this agenda. The city started its sustainable development journey as early as 1998 through the Agenda 21 and Local Agenda 21 (LA21) programmes. Shah Alam also performed well in the Malaysian Urban Rural National Indicators Networks (MURNInets) Sustainability Index from 2012 to 2020 with an average score of 97 per cent. MBSA has also received the Gold Award from Malaysia Institute of Planner (MIP) for three consecutive years: 2017, 2018 and 2019.

The city is dedicated in driving the low-carbon agenda. All entities in Shah Alam, including government, private sector, industry, universities, schools and communities are encouraged to join the 'Low Carbon Cities 2030 Challenge' in collectively transforming Shah Alam to a low-carbon city by 2030. Based on the LCCF, the GHG emissions inventory recorded a significant GHG reduction with a total of 52,263.01 tonnes CO<sub>2</sub>eq from its LCCF zones and low-carbon partners from 2015 to 2019. Rapid urbanisation and climate change will bring more challenges to MBSA to manage the city. However, with proper planning and efforts, MBSA is committed in ensuring the future development is low-carbon and sustainable. Low-carbon city will continue to lead the way in the transition to a low-carbon society in Shah Alam city.

# CHAPTER 6

## GOVERNANCE, SOCIAL COHESION AND PARTNERSHIP **SDG 16 and SDG 17**





# Sustainable Development Goal 16: Peace, Justice and Strong Institutions

## INTRODUCTION

Malaysia experienced a rapid development trajectory in its journey to become an upper middle-income country. In particular, since the 1970s, Malaysia's socio-economic development was driven by policies that balanced the need for economic growth with equitable distribution. In line with this rapid development, its institutions played an important role in providing the enabling environment for the nation to continue to flourish.

As a multicultural nation, one of the key functions of institutions in Malaysia is to ensure social cohesion and unity. In this regard, the Government of Malaysia launched the National Unity Blueprint in 2021, which contains three aspirations, namely, to build a patriotic and democratic society, develop a national identity and strengthen the unity ecosystem.

Institutional reforms will be continued towards ensuring access to justice. Article 5 (3) of the Malaysian constitution guarantees the right to justice and legal aid for every person in Malaysia. While challenges remain in accessing justice due to financial or physical constraints, reforms are currently being undertaken to ensure people's access to justice is improved. Malaysia is also committed to build strong institutions towards ensuring good governance. Malaysia will continue to adopt a holistic approach by incorporating principles such as transparency, accountability, efficiency, and effectiveness in the policy, planning and delivery processes towards attaining the SDGs. It has also intensified the battle against corruption to uphold integrity.



## OVERVIEW OF TARGETS AND ACHIEVEMENTS

No.	SDG Targets / Indicators	Description	Achievement	
			2015	2019
1	16.1	Number of homicide cases per 100,000 population (N <sup>o</sup> )	1.0 (2018)	1.0
		Crime Perception Index (%)	45% (2018)	66%
2	16.2	Number of Children in need of care and protection (N <sup>o</sup> )	6,274 (2018)	6,362
3	16.3	Unsentenced detainees as a proportion of overall prison population (%)	26.5%	27.5%
4	16.5	Arrests by the Malaysian Anti-Corruption Commission (MACC) for individuals accepting bribery (N <sup>o</sup> )	394 (2018)	448
		Arrests by the Malaysian Anti-Corruption Commission (MACC) for individuals giving bribery (N <sup>o</sup> )	124 (2018)	222
5	16.6	Number of complaints on public services (N <sup>o</sup> )	3,855	6,165
6	16.7	Proportion of civil servant with disabilities (%)	0.3%	0.3%

Source: DOSM

- **Target 16.1: Number of homicide cases remain low.** Malaysia remains a safe nation given the low cases in all forms of violence and related death rates everywhere.
- **Target 16.2: Number of children in care and protection has slightly increased.** Towards ending all forms of violence against and torture of children ongoing efforts are being made to ensure their safety.
- **Target 16.3: Proportion of unsentenced detainees as a proportion of overall prison population remains high.** Malaysia is currently undertaking prisons reforms as part of efforts to promote the rule of law and ensure equal access to justice for all.
- **Target 16.5: Number of corruption cases has increased.** In efforts to substantially reduce corruption and bribery the number of investigation and arrests have increased demonstrating intensified efforts in battling corruption.
- **Target 16.6: Number of complaints of public services has increased.** In developing effective, accountable, and transparent institutions at all levels, continued efforts are being made to ensure all complaints with regards to public services are resolved.
- **Target 16.7: Proportion of civil servants with disabilities remain at 0.3 per cent.** Towards enabling for full participation of PWDs in the society, the Government has set a target of 1 per cent employment opportunities in the public service for PWDs.

## STATUS AND PROGRESS

### SOCIAL COHESION & PEACEFUL SOCIETY

Malaysia has a total estimated population of 32.7 million in 2020, where 69.6 per cent are Bumiputra (Malays and native groups of Sabah & Sarawak), 22.6 per cent Chinese, 6.8 per cent Indian and another 1 per cent other ethnicities<sup>192</sup>. It is a diverse and multicultural society. However, issues pertaining to race and religion continue to be a challenge to this day. There is a renewed commitment by Malaysia in fostering inter-ethnic harmony and peaceful relations towards adopting an inclusive development agenda ensuring no one is left behind.

The Ministry of National Unity was established in 2020 to further enhance Malaysia's national unity and social cohesion. In February 2021, the National Unity Blueprint was launched with the theme of Unity in Diversity. It has three main objectives, of which are, strengthening unity and national integration based on the Federal Constitution and *Rukun Negara*; building national identity with a sense of belonging, compassion, inclusive, responsible and respectful of each other; and producing Malaysians who enculturate unity. Malaysia has maintained national unity and social cohesion, and highlighted peace as a major agenda towards nation building. In the Global Peace Index (GPI) 2020, Malaysia was ranked as the 20<sup>th</sup> most peaceful country in the world.

The response to the COVID-19 pandemic demonstrated the tremendous strength of unity. In particular, the sheer number of volunteers from the CSOs and social enterprises who complemented Government's efforts in providing support and aid to the most vulnerable communities. This is reflected in a social movement that is known as #KitaJagaKita (directly translated as "we take care of each other") as well as other initiatives including from state-owned enterprises (SOEs), foundations and other organisations that mobilised funding and efforts to support those in need.

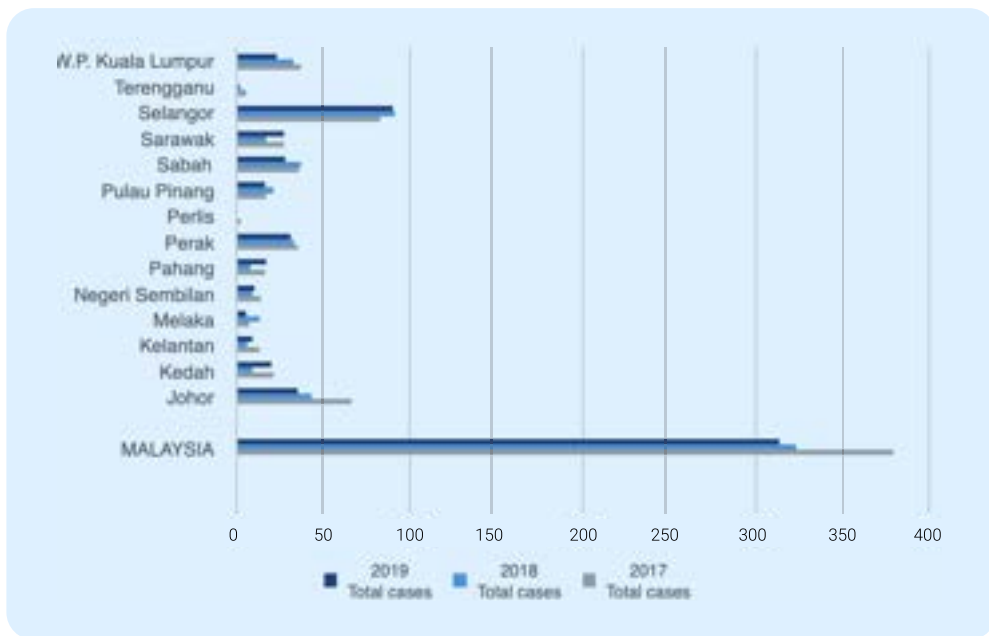
### Reduce All Forms of Violence and Ensuring Peace

In terms of crime and safety, the perception of feeling safe based on the Perception Crime Indicator Report improved from 45 per cent in 2018 to 66 per cent in 2019. Various efforts have been undertaken to ensure safety is further improved. For example, the Ministry of Housing and Local Government (KPKT) introduced the Safe City Programme in 2004.

The programme aims to reduce crimes in cities by putting in place crime prevention measures such as ensuring dark and lonely lanes illuminated, installing CCTVs, separating pedestrian walks from motor roads, and installing road safety mirrors. In addition, iSelamat.my was developed to enhance public awareness by providing information on crimes in the neighborhood areas in the form of crime mapping. Crimes information provided on the iSelamat.my include housebreaking and theft, snatching incidents, vehicle theft and robberies.

The number of homicide cases<sup>vi</sup> over 100,000 populations in 2019 has remained low at 1.0 per cent compared to 2018<sup>193</sup>. Overall, the total number of cases has seen a slight reduction from 379 cases in 2017 to 313 cases in 2019 (refer to Figure 6.1)<sup>194</sup>.

**Figure 6.1: Number of Homicide Cases by State, 2017-2019**



Source: Royal Malaysia Police

Trends on domestic violence have largely remained high over the last few years<sup>195</sup>, where the total reported cases continue to be recorded above 5,000 cases from 2017-2019. In terms of gender, domestic violence against women is significantly higher compared to men. In 2019, there were 4,034 women victims compared to 1,495 victims who are men (refer to Table 6.1)<sup>196</sup>.

The Domestic Violence Act was executed in 1996 to protect spouses, former spouses, children, family members, and "incapacitated adults" who are living as members of the family from physical injury, damage of property and mental distress. Furthermore, the Department of Social Welfare (Social protection in Malaysia) also issues an Emergency Protection Order (EPO) for immediate protection against imminent risk of physical, mental, and emotional harm.

vi The number reflected are total homicide cases rather than intentional homicide cases.

**Table 6.1: Number of Domestic Violence Cases by Sex, 2017 - 2019**

	2017			2018			2019		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Total cases of domestic violence	5,513	4,026	1,487	5,421	3,947	1,474	5,529	4,034	1,495

Source: Royal Malaysia Police, Department of Statistics, 2020

Since 2015, a total of 1,780 trafficking cases have been recorded with 9,594 victims rescued. Trafficking occurs both in adults and children, though the majority of victims in Malaysia are adults. Recorded cases consist of both male and female and are often for labour and/or sexual exploitation. The Government is committed to prevent and deter Trafficking in Persons (TIP). Actions are guided by the Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007 (ATIPsOM), which also established the Council for Anti-Trafficking in Persons and Anti-Smuggling of Migrants. The National Action Plan on Anti-Trafficking in Persons 2021-2025 (NAPTIP 2021-2025) was also launched in 2021. It is the third 5-year national action plan and aims to eradicate human trafficking.

Towards maintaining global peace, Malaysia has also actively contributed to the maintenance of regional and global peace and security, premising its foreign policy on collective security cooperation through multilateralism. Accordingly, Malaysia has and will continue to support and actively participate in UN Peacekeeping Operations (UNPKOs), which remain an essential instrument in the maintenance of international peace and security. Malaysia has participated in 36 peacekeeping operations with the deployment of over 37,000 peacekeepers from the Malaysian Armed Forces (MAF) and the Royal Malaysian Police (RMP). As of March 2021, Malaysia ranked 25<sup>th</sup> out of 122 uniformed personnel contributing countries.

Moreover, Malaysia, through the Malaysian Peacekeeping Centre (MPC), is committed to provide training and capacity building on multi-dimensional peacekeeping for international military, police and civilian personnel who will be deployed to various UNPKOs around the world. The establishment of the MPC in 1996, reflects Malaysia's strong commitment to support efforts towards strengthening the UNPKOs. To date, MPC has trained over 4,000 local and international participants from 57 countries.

Malaysia recognises that women play an integral role in building sustainable peace, including in ending and preventing conflicts, as emphasised in the UNSC resolution 1325 on Women, Peace and Security (WPS). Since 2016, the MPC has been conducting training courses on gender, cultural diversity, protection of civilians, sexual exploitation and abuse as well as women, peace and security, which have benefited over 300 military and civilian personnel, including more than 100 female participants.

### Children in Need of Care and Protection

Malaysia strives to ensure that all children have a safe environment, free from violence and harm. JKM provides protection services for children in need of care and protection under the Child Act 2001 (section 17) by placement either in family-based care or in institutions as a last resort. Institutions under JKM comprise of Children's Home, *Rumah Tunas Harapan* and Anti-Trafficking in Persons (ATIP) Protection Homes. Meanwhile other services and mechanisms for child protection include Adopted Child, Children Protection Team and Children's Activity Centre, and Notice of Taking Children into Care, Custody or Control by Public or Operator of Care Centres (Section 35, Child Act 2001).

The number of children in need of care and protection increased by 1.7 per cent from 6,274 in 2018 persons to 6,382 persons in 2019 (refer to Table 6.2). The number of girls in need of care and protection were more than boys by almost double and increased by 3.5 per cent in 2019<sup>197</sup>. Although the proportion of children that require social protection is small at 0.04 per cent, it is vital to ensure these children have access to timely protection against physical, psychological, or gender-based violence<sup>198</sup>.

**Table 6.2: Number of Children in Need of Care and Protection, 2019**

Type of cases	Total	Male	Female
Total cases of children in need of care and protection	6,382	2,339	4,043
Cases where there is substantial risk that the child will be physically injured or emotionally injured or sexually abused by his parent or guardian or a member of his extended family (section 17 (1)(a) of Child Act, 2001)	2,098	655	1,443
Cases where there is there is substantial risk that the child will be physically injured or emotionally injured or sexually abused and his parent or guardian, knowing of such injury or abuse or risk, has not protected or is unlikely to protect the child from such injury or abuse (section 17 (1)(b) of Child Act, 2001)	1,442	356	1,086
Cases where the parent or guardian of the child has neglected or is unwilling to provide for him adequate care, food, clothing, and shelter (section 17 (1)(d) of Child Act, 2001)	2,153	1,035	1,118
Other cases of children in need of care and protection	689	293	396

Source: Department of Statistics, 2020

### Rule of Law and Access to Justice

Malaysia guarantees the right to justice and legal aid for every person in Malaysia. This is enshrined under Article 5 (3) in the Malaysian constitution. The source of provision of legal aid can be either government-led or private legal aid schemes. The Legal Aid Department (LAD) was established in 1970 to provide various legal aid services including litigation and mediation on select civil, criminal and Syariah matters. The Legal Aid Centre (LAC) was established by the Malaysian Bar Council in 1982 to offer legal advice, representation and intervention to underprivileged and disadvantaged people. Additionally, the National Legal Aid Foundation was established in 2011 as a public-private partnership model in the provision of legal aid.

However, challenges still remain in the provision of legal aid. Legal literacy remains low and physical access remains a problem. For example, a large population, particularly in Sabah and Sarawak, live in remote areas where physical access is restricted due to inaccessible terrain and lack of connectivity such as roads and transportation to court rooms. This challenge has increased further during the restrictions in movement due to COVID-19. The high cost of court proceedings also remains a challenge, in particular for poor litigants.

The rise in COVID-19 cases among prison population have accentuated the situation of overcrowding of prisons. Unsensitized detainees as proportion of prisoners has seen a gradual increase from 26.5 per cent in 2017 to 27.5 per cent in 2019 per cent (see Table 6.3). In 2019, the states of Perlis and Selangor had the highest proportion with 46.1 per cent (1,320 detainees) and 38.3 per cent (4,900 detainees) with W.P. Labuan and Sarawak lowest with 8.6 per cent (52 detainees) and 13.7 per cent (494 detainees) proportion of unsentenced detainees<sup>199</sup>. To further deliberate the issue of prisons reform, an All-Party Parliamentary Group Malaysia for the Reform of All Places of Detention (APPGM-RAPD) was established in 2020.

**Table 6.3: Unsented Detainees as Prisoner, Total and by State, 2017-2019**

	2017(%)	2018(%)	2019(%)
<b>Malaysia (total)</b>	<b>26.5</b>	<b>27.0</b>	<b>27.5</b>
<b>Johor</b>	<b>19.0</b>	<b>24.9</b>	<b>18.7</b>
<b>Kedah</b>	<b>37.3</b>	<b>35.4</b>	<b>31.0</b>
<b>Kelantan</b>	<b>22.1</b>	<b>20.9</b>	<b>31.0</b>
<b>Melaka</b>	<b>26.8</b>	<b>30.4</b>	<b>30.0</b>
<b>Negeri Sembilan</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pahang</b>	<b>21.4</b>	<b>22.1</b>	<b>23.5</b>
<b>Perak</b>	<b>20.8</b>	<b>25.7</b>	<b>30.3</b>
<b>Pertlis</b>	<b>46.4</b>	<b>34.6</b>	<b>46.1</b>
<b>Pulau Pinang</b>	<b>36.2</b>	<b>35.6</b>	<b>28.5</b>
<b>Sabah</b>	<b>18.1</b>	<b>22.0</b>	<b>25.0</b>
<b>Sarawak</b>	<b>13.4</b>	<b>13.5</b>	<b>13.7</b>
<b>Selangor</b>	<b>43.2</b>	<b>38.7</b>	<b>38.3</b>
<b>Terengganu</b>	<b>18.3</b>	<b>16.4</b>	<b>18.7</b>
<b>WP Labuan</b>	<b>1.6</b>	<b>6.0</b>	<b>8.6</b>

Source: Malaysian Prisons Department, Sustainable Development Goals (SDGs) Malaysia Indicators, 2019.

### Good Governance

Malaysia is a constitutional monarchy based on the Westminster system with three tiers of government – Federal, State and Local. Its legislative power is divided between federal and state legislatures with various responsibilities and obligations falling under the jurisdiction of either federal, state, or concurrent list as enshrined in the constitution. Policy development, and implementation requires coordination across the different levels of government as well as the various ministries and agencies. The Government has adopted the whole-of-government and a whole-of-nation approach based on a shared responsibility model to ensure improved service delivery.

Good governance is a prerequisite to implementing and attaining the SDGs as a whole. Towards this end, Malaysia has undergone a series of institutional reforms at multiple levels. This includes battling corruption, parliamentary reform, reforms in gender discrimination law, environmental governance (see Box Article 13) as well as improving the effectiveness, inclusiveness and accountability of public services.

One of the most significant contributions towards institutional reform and good governance was the establishment of the National Centre for Governance, Integrity and Anti-Corruption (GIACC) under the Prime Minister's Department in 2018. The GIACC launched the National Anti-corruption Plan 2019-2023 (NACP) in 2019, which aims to create a corrupt-free nation through three specific goals, namely Accountability and Credibility of Judiciary, Prosecution and Law Enforcement Agencies; Efficiency and Responsiveness in Public Service Delivery, and Integrity in Business. This encompasses an integrated approach towards addressing corruption, integrity and governance that is in line with Article 5 of the United Nations Convention against Corruption (UNCAC) and the "National Anti-Corruption Strategies: A Practical Guide for Development and Implementation" by the United Nations Office on Drugs and Crime (UNODC).

## Reducing Corruption and Bribery

Since the NACP, Malaysia improved its position in the Corruption Perception Index (CPI) by 10 spots from 61 (score: 47) in 2018 to 51 (score: 53) in 2019 but scored lower in 2020 to 57 (score 51). Malaysia will continue to strive for good governance, integrity, and anti-corruption. In terms of improving conviction rate in corruption cases, Malaysia recorded a marginal increase from 77 per cent in 2017 to 78 per cent in 2019. Achieving a higher conviction rate will still require major efforts in combatting corruption. Progress has been made towards the implementation of initiatives to combat corruption under the NACP. This includes the introduction of the Anti-Bribery Management System (ABMS) MS ISO 37001 certification in all government agencies to strengthen the effectiveness of public service delivery. Under the NACP, all ministries and agencies, including statutory bodies and State-Owned Enterprises (SOEs) are required to develop Organisational Anti-Corruption Plan (OACP) while the private sector is also encouraged to develop its own corporate anti-corruption plan.

The progress on combatting corruption can be seen through the number of investigation papers, as well as number of arrests. The number of investigation papers opened by the Malaysia Anti-Corruption Commission (MACC) recorded an increase to 1,039 cases in 2019 as compared to 833 cases in 2018<sup>200</sup>. The investigation papers on accepting bribes and giving bribes has also increased by 40.1 per cent and 4.3 per cent respectively in 2019 as compared to 2018 (see Table 6.4). In terms of bribing public officials, 103 individuals were arrested for corruptly giving or agreeing to give or offering any gratification in 2018, while 21 individuals from the private sector was arrested for the same offence in 2018<sup>201</sup>.

**Table 6.4: Investigation Papers and Arrests, 2018-2019**

Type of offence	Investigation Paper			Arrest		
	2018	2019	YoY (%)	2018	2019	YoY (%)
Accepting bribery	267	375	40.1%	394	448	13.7
Giving Bribery	94	98	4.3%	124	122	79%

Source: Department of Statistics, 2020

## Develop Effective, Accountable, Transparent and Inclusive Institutions

The Government aims to develop effective, accountable, transparent and inclusive institutions. In line with this, the Government strives to improve public satisfaction in service delivery by maintaining a high rate of complaints resolutions.

The total number of complaints against public services has increased in recent years (see Table 6.5). In 2015, 6,388 complaints were recorded, compared to 9,177 in 2019. The percentages of complaints resolved has remained above 90 per cent between 2015 and 2019<sup>202</sup>.

**Table 6.5: Status of Complaints Management, 2015-2019**

Year range	Number of complaints on public services	Number of complaints resolved	Percentage of complaints resolved
2015	6,388	6,323	99%
2016	6,288	6,168	98.1%
2017	5,386	5,320	98.8%
2018	6,387	5,805	90.9%
2019	9,177	9,073	98.9%

Source: Public Complaints Bureau

In efforts to be more inclusive and allow for full participation of PWDs in the society, the Government has set a target for the proportion of civil servants with disabilities in public service at 1 per cent.

Currently it has remained at 0.3 per cent from 2017 to 2019. The overall number has increased slightly from 3,629 to 3,700 PWDs in the civil service.

## Public Access to Information

The freedom of expression and access to information is guaranteed by the Federal Constitution, and as such, the Government is undertaking efforts to continuously ensure freedom of information. At the global level in accordance with the World Press Freedom Index<sup>203</sup>, Malaysia recorded an improved ranking in 2020 at 101 from 123 in 2019.

In line with the open data policy under the Malaysian Administrative and Management Planning Unit (MAMPU), enables for greater access to public sector information. The Department of Statistics has also played a major role in providing access to information. Towards freedom of information, the Personal Data Protection Act 2010 was introduced to protect and prevent any form of abuse against the storage or processing of personal data. In addition, the Whistle-blower Protection Act was enacted in 2010 to encourage disclosure of any acts of corruption including improper conduct and enable a person to be protected against any detrimental action due to the disclosure made.

## Prevent Violence and Combat Terrorism

Malaysia has also made significant efforts to combat terrorism. The Southeast Asia Regional Centre for Counter Terrorism (SEARCCT)<sup>204</sup> was established by the Ministry of Foreign Affairs in 2003 as a regional centre for preventing and countering violent extremism. Thus far SEARCCT has undertaken 200 training programmes for about 10,000 participants from 95 countries. In addition, it had targeted over 8,500 local youths' participation on countering terrorism narratives. SEARCCT is Malaysia's contribution for capacity building, research, analysis and strategising for regional and global cooperation in countering terrorism in the region.

## Promotion of Human Rights

The Human Rights Commission of Malaysia (SUHAKAM) was established by an Act of Parliament in 1999 and the first inaugural meeting was held on 24 April 2000. SUHAKAM has been accredited with the grade 'A' status by the International Coordinating Committee of National Institutions for the Promotion and Protection of Human Rights (ICC) in accordance with the Paris Principles on independence. Over the past 20 years, SUHAKAM undertook many educational engagements, public complaints, press releases, publications, and international obligations, with a total of 108 commissioners to date.

The Universal Periodic Review (UPR) process also highlighted a recommendation for Malaysia to ratify more human rights conventions. Currently, Malaysia has ratified three out of the nine core human rights conventions namely the Convention on the Elimination of All Forms of Discrimination against Women, Convention on the Rights of the Child (CRC) and the Convention on the Rights of Persons with Disabilities. Moving forward, Malaysia made a commitment at the 73<sup>rd</sup> UN General Assembly in 2018 to ratify all remaining six core UN instruments related to the protection of human rights. Over the next few years, efforts will be undertaken to enhance Malaysia's human rights compliance in accordance to the Federal Constitution and international obligations.

## Non-Discriminatory Laws and Policies.

In order to ensure laws and policies are non-discriminatory, Malaysia has taken steps in law reforms since 2000 in the following areas:

- Amendments to the Penal Code to increase the penalties for offences relating to rape and incest in 2006.
- The Anti-Trafficking in Persons Act of 2007, subsequently amended as the Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act of 2007 in 2010 and further amended in 2015.
- Amendments to the Domestic Violence Act of 1994 to widen the definition of domestic violence to include emotional, mental, and psychological forms of violence, in 2011, and to improve protection for survivors of abuse, in 2017.
- Amendments to the Employment Act of 1955 to prohibit sexual harassment in the workplace and to extend maternity leave benefits for all women employees, in 2012.

Initiatives taken by the Government to promote gender equality, include adoption of the National Women's Policy and Action Plan (2009 – 2015), achieving at least 30 per cent of women in decision-making positions in public and private sectors, and encourage the private sector to implement flexible working arrangements to increase women's participation in the labour force.

## Parliamentary Reforms

A series of parliamentary reforms was instituted in 2018, which included hosting public forums and discussions and opening up Parliament for the participation of non-parliamentarians in these forums. The vision was to enable the Parliament, as an institution, to be close to the people and to foster a thinking public. About 37 public events have been held between September 2018 and October 2019 with the objective of demystifying parliament and recognising the value of public engagement as well as starting the Speakers Lecture Series. In November 2020, nine special select committees were formed to replace the existing ten committees in providing checks and balances in public institutions.



## ISSUES AND CHALLENGES

### Gender Inequality

Gender disparities remain a barrier in ensuring women's full and equal opportunities in politics, economy and society. This challenge is evidenced by the fact that only 14.1 per cent of women are represented in the national parliament. While this is an increase from 10.4 per cent prior to 2018, it is still below the target of 30 per cent representation of women in national parliaments set at the Fourth World Conference on Women in Beijing in 1995. In addition, women are more likely to be at risk in gender-based violence and sexual abuse.

### Human Rights

Due to the lack of data, there may also be knowledge gaps on vulnerable groups. This includes trafficked victims, children, and victims of domestic violence. There is still a lack of data and understanding of the nature and extent of human trafficking. Various vulnerable groups may also be at higher risk to discrimination and acts of violence due to their identities, geographical location, income status, and vulnerability to economic shocks.

Malaysia also continues to face challenges in terms of addressing discrimination, especially in relation to issues faced by migrants, refugees, and victims of trafficking. As a non-signatory to the 1951 Convention Relating to Status of Refugees and 1967 Protocol Relating to Status of Refugees, Malaysia is not bound to provide any rights to the UNHCR cardholders and asylum seekers. Nonetheless, the Government respects the non-refoulement principle towards the UNHCR cardholders and asylum seekers and temporarily allow them to reside based on humanitarian grounds, pending their resettlement to third country managed by the UNHCR.

### Access to Justice

Challenges remain for improving physical and financial access to justice. Particularly in the regions of Sabah and Sarawak, physical access is constrained due to the lack of availability of courts in close vicinity and easy access, resulting in long distance travel as well as high cost of travel. Furthermore, the economically disadvantaged also lack equitable access due to high legal fees and poor legal literacy. For example, the indigenous communities in Malaysia, face many challenges regarding land and property rights as well as access to benefit sharing. Public access to information is also challenging for indigenous people in seeking Free, Prior and Informed Consent (FPIC). They require the assistance of bodies such as the Malaysian Bar and SUHAKAM to provide support towards understanding their rights.

### Good Governance

Implementation of development programmes remains fragmented due to the institutional complexity in Malaysia. Various implementing agencies are under the jurisdiction of either federal or state government. This challenge has been exacerbated in recent times due to the fact that states are governed by different political parties.

While Malaysia has made tremendous strides in battling corruption, it remains a significant challenge as evidenced by the increased number of cases. Ending corruption in all sectors will not only require enforcement of existing and planned initiatives but a shift in practices such as rent seeking and patronage that exists in the local political economy.

In upholding human rights, one major challenge faced by SUHAKAM is its inability to enforce its findings as the Act provides only the power to investigate and advise the Government. There has been calls for stronger parliamentary oversight in this matter including debating the SUHAKAM Annual Report in Parliament.

The COVID-19 pandemic has exacerbated the above challenges and hindered the processes for institutional reform. This includes ensuring access to justice for those that are situated in remote areas during the tight restrictions in movement as well as parliamentary reforms.

## OPPORTUNITIES AND WAY FORWARD

### Strengthen National Unity and Social Cohesion

The implementation of the National Unity Blueprint (2021-2030) will further strengthen social cohesion. Legislative amendments to address hate speech and foster an environment of mutual respect in public discussions on ethnic and religious matters are also being explored. Moving forward, there is also a need to include community mediation and interreligious mediation services as an alternative dispute resolution method to facilitate negotiations in an amicable and non-violent manner towards a win-win solution between parties involved.

### Prevent Gender-Based Violence and Enhance Women's Empowerment

Specific policies and instruments to address gender-based violence will be explored such as through education of boys and men and integrating the minimum standards of GBV prevention. Efforts to enhance women's empowerment includes mobilising and advocating for women's rights; introducing temporary special measures to break male-dominated hierarchies in political parties and raising awareness and introducing women-friendly work policies and career development programmes to increase women's representation within the high ranks in all level of government will be considered.

### Strengthen Human Rights

Towards eradicating human trafficking, the National Action Plan on Anti-Trafficking in Persons 2021-2025 (NAPTIP 3.0) was launched in March 2021. One of its guiding principle is 'Human Rights Based and Gender-Responsive Approach' where all victims are treated equally before the law without any discrimination on any grounds in efforts to eradicate human trafficking. The National Guidelines on Human Trafficking Indicators, developed in 2019, also provides a standardised approach towards identifying victims of trafficking in persons.

There is also a need to strengthen human rights awareness and capacity building in line with the Federal Constitution and the Universal Declaration of Human Rights especially among the civil service and elected politicians.

### Enhance Child Protection and Children's Rights in Malaysia

Various efforts are needed to enhance children rights in Malaysia, in line with the CRC and to strengthen policy and legislation. In line with the second, third and fourth national reports on the CRC, efforts include developing a new National Child Policy and National Children Well-Being Roadmap (NCWR) to Plan of Action as well as reviewing and amending the Child Act 2001.

In terms of trafficking in persons, there is a need to review and amend where appropriate, the Anti-Trafficking in Persons and Anti-Smuggling of Migrant Act 2007 to include a focus on children. NAPTIP 3.0 also outlines programmes and activities tailored to the best interest of children, especially victims of trafficking. Institutionally, stakeholders have called for strengthening the role of the Office of the Children's Commissioner. The office is currently attached to SUHAKAM.

### Ensure Access to Justice for All

Moving forward, Malaysia will consider the following to ensure access to justice for all:

- Address the prison overcrowding issue and ensure the safety, health, and lives of families of prison staff and detainees.
- To increase financial access to justice, the Government is looking into strengthening the implementation of Legal Aid Act 1971. Physical access will also be improved through expansion of mobile courts to provide access to those in the rural areas of Sabah and Sarawak.
- Public access to information will be improved through the ongoing efforts in open data. This includes strengthening local statistics and data analysis to support Government's aim towards evidence based decision making.
- Malaysia will explore legislation to promote freedom of information. Malaysian journalist and civil society have proposed the establishment of an independent Media Council<sup>205</sup> to create media self-regulation with the aim to uphold and promote media freedom through a legislative and regulatory environment conducive for that purpose.

### Intensify the Battle Against Corruption

Efforts will be strengthened towards the implementation of the National Anti-Corruption Plan (NACP). The Plan has outlined six priority areas: political governance, public sector administration, public procurement, legal and judicial, law enforcement and corporate governance. Moving forward, the Government targets to resolve the remaining 75 per cent initiatives by 2023.

In 2019, the Parliament has passed the bill on the establishment of the National Anti-Financial Crime Centre (NFCC) as a centre to coordinate efforts on combating financial crime through an integrated enforcement. To curb the illicit financial flow, the Government is planning to introduce a new provision on beneficial ownership to enhance transparency in which the law will require any person or commercial organisation/person who benefits from a public project to disclose their beneficiary ownership.

### Institutional Reform and Effective, Accountable, and Transparent Institutions

Malaysia is putting more efforts towards ensuring the corporate ecosystem is free from corruption and illicit activities. This includes implementation of the Guideline for Reporting Framework for Beneficial Ownership of Legal Person, which was published in March 2021 by the Companies Commission of Malaysia (SSM) to promote greater transparency among business entities.

A comprehensive study is being carried out towards having a new legislation that requires political donation to be transparently reported and disclosed. To ensure efficient, effective, and ethical tender evaluation in the procurement process, the Government is improving procedures to ensure data integrity and accuracy of companies based on SSM's database.



# Box Article 13: Peace, Justice and Strong Institutions in the Context of Environmental Governance in Malaysia

Good environmental governance is crucial in achieving sustainable development and is integral to the success of realising a wide range of the Sustainable Development Goals such as goals 9, 13, 14 and 15. Some of the key aspects of good environmental governance includes environmental rule of law, access to justice, effective institutions, access to information, meaningful public participation and transparency.

Malaysia has made progress in terms of environmental good governance. Some of the progress can be seen below:

- The establishment of the Environmental Courts in Malaysia (criminal Environmental Court in 2012 and Civil Environmental Court in 2015).
- Establishment of the Unified Public Consultation (UPC) portal to facilitate stakeholder engagements in legislation making and amendment processes. This portal was established as part of the Government's commitment to accountability, transparency and inclusiveness. The engagement is done in three phases i.e Forum discussion, Preliminary consultation and Final consultation.
- Proposed amendments to legislation to incorporate good governance. Examples include the proposed provisions in the National Forestry Act, 1984 to include public notification and participation for de-gazettement of Permanent Forest Reserves in Peninsular Malaysia (Note : this is still in the form of proposed amendments).
- Strengthening of laws related to environment and natural resources.
- Resource allocations in the 2020 and 2021 annual budget to engage indigenous communities (Orang Asli) to patrol forests.
- *Ops Bersepadu Khazanah* (OBK), a joint enforcement operation by various enforcement agencies and police to step up enforcement against poaching, was launched in 2019.
- Formulation of enforcement related Standard Operating Procedures for wildlife related offences in Sabah to help in enhancing the implementation of wildlife laws in state.
- Development of sentencing guideline for wildlife crime in Sabah to enhance the consistency of sentencing as well as to develop sound reasoning for wildlife crime cases. Increasing avenues for public engagement.

Despite the presence of laws and institutions, the global community as well as Malaysia continues to experience environmental degradation and biodiversity loss. Various challenges in environmental governance include institutional gaps and fragmentation (e.g the need for a designated institution to oversee/deliver on sustainable ocean management in relation to SDG 14.2), access to information, where very little environmental information is made available proactively and it is difficult for members of the public to obtain information regarding natural resource management and environment. There is also a lack of institutionalised avenues and mechanisms for effective and meaningful public participation/engagement. Implementation is also challenged by the fact that ministries and agencies implementing policies and laws are often underfunded and enforcement capacity is lacking to carry out effective enforcement. Access to justice in the environmental context is riddled with several challenges ranging from the lack of certainty with respect to standing (*locus standi*) to bring forth a case in court. The past decades have witnessed varying judicial interpretations some narrow and some more flexible.

The Malaysian legal system affords legal aid for certain categories of legal claims by the public. However, environmental claims are largely excluded. Constitutional issues namely with respect to the Federal – State division of powers fragments environmental governance, including ocean governance by subject matters thus giving rise to conflicting laws or ambiguity which could at times result in loss of natural resources.

Moving forward, efforts to enhance the enabling environment for environmental governance across all sectors in Malaysia will need to be undertaken. This includes the need to create platforms at all levels that promote environmental good governance. A strong adherence to the environmental rule of law, access to justice, transparency and accountability and meaningful public participation in environmental decision making would not only benefit environmental conservation and protection efforts, but will also enhance governance, facilitate sustainable economic and social development, contribute towards human well-being/ public health, promote effective resource use, and protect constitutional and human rights. As SDG 16 and other SDGs pertaining to environment and natural resources are interlinked, strengthening environmental governance is crucial to achieving these SDGs.



# Sustainable Development Goal 17: Partnerships for the Goals

## INTRODUCTION

As a trading nation, Malaysia's economic growth is highly dependent on global market trends. Being a small developing and open economy, the concept of shared prosperity and prosperity-neighbour have been embedded in Malaysia's development policies. With many challenges requiring global solutions, Malaysia is fully committed to play its role as partners in development towards the 2030 Agenda on sustainable development.

Malaysia has and will continue to play a leading role in South-South Cooperation. Malaysia has supported more than 140 developing countries through technical assistance programmes since 1980s. This has benefitted more than 34,000 participants globally including from least developed nations. As an upper middle-income nation, Malaysia is no longer a net receiver of Official Development Assistance (ODA), but instead will continue to support activities with partner countries moving forward. In particular, technical assistance programme will continue despite challenges imposed by COVID-19.

While partnership for the goals focuses on global partnerships, equally, Malaysia is establishing partnerships at the domestic level to catalyse SDGs implementation. Malaysia's approach to development is shifting to a whole-of-nation approach where partnerships are established across Government, CSOs, private sector, academia and local communities. Initiatives such as the establishment of the APPGM-SDG to localise the SDGs through multiple stakeholders is an example of the pioneering efforts undertaken in Malaysia through a partnership approach.



## OVERVIEW OF TARGETS & ACHIEVEMENTS

No.	SDG Targets / Indicators	Description	Achievement	
			2015	2020 or latest
1	17.3	Budget allocation for development assistance through MTCP	RM 21.74 mil	RM10 mil
2	17.9	Value of financial and technical assistance (including through North-South, South-South and triangular cooperation) committed to developing countries	RM8.47 mil (2017)	RM12 mil (2019)
3	17.10	Worldwide weighted tariff-average (%)	4.3	3.8 (2017)
4	17.11	Developing countries and least developed countries' share of global exports (%)	1.2 (2016)	1.3 (2019)
5	17.18	Proportion of sustainable development indicators produced at the national level (%)	40.5 (2018)	51.8 (2019)
6	17.19	Proportion of countries that (a) have conducted at least one population and housing census in the last 10 years; and (b) have achieved 100 per cent birth registration and 80 per cent death registration (%)	a) Yes b) 100%; 97.9% (2017)	a) Yes b) 100%; 97.9% (2019)

Source: DOSM

- **Target 17.3:** Despite not being a developed nation, Malaysia continues to provide technical assistance to developing countries of the Global South through the Malaysian Technical Cooperation Programme (MTCP) as part of its commitment towards South-South Cooperation.
- **Target 17.9:** The value of technical assistance through South-South Cooperation has increased, in particular focusing on technical training and capacity building. Malaysia will continue to enhance international support for implementing effective and targeted capacity-building in developing countries, including through North-South, South-South, and triangular cooperation.
- **Target 17.10:** Malaysia continues to be a strong proponent of free trade and has reduced its worldwide weighted tariff average. Malaysia will continue to play a role internationally to promote a universal, rules-based, open, non-discriminatory, and equitable multilateral trading system under the World Trade Organisation (WTO).
- **Target 17.11:** Malaysia has increased its share of global exports and contributed towards increasing the share of global exports of developing countries.
- **Target 17.18:** Department of Statistics Malaysia (DOSM) has made tremendous strides in increasing the number of SDG indicators reported. DOSM will continue to increase the availability of high-quality, timely and reliable data disaggregated by income, sex-disaggregated and gender-sensitive data, age, race, ethnicity, migratory status, types of disabilities, geographic location, and other characteristics relevant in the national context.
- **Target 17.19:** DOSM has also consistently undertaken population and housing census. This will ensure Malaysia continues to build on existing initiatives to develop measurements of progress on sustainable development and support statistical capacity-building in developing countries.

## STATUS AND PROGRESS

### GLOBAL PARTNERSHIPS FOR THE GOALS

#### South-South Cooperation through the Malaysian Technical Cooperation Programme (MTCP) and international cooperation initiatives

Malaysia's commitment to provide development assistance for developing countries is evident with the establishment of the MTCP in 1980. Since then, Malaysia continues to play an active role in realising its commitment to assist other developing countries by providing technical assistance to more than 140 developing countries of the Global South. Malaysia offered more than 60 technical training and capacity-building programmes under the MTCP annually, which have benefited more than 34,000 participants. To date, more than 13,000 participants from least developed countries have participated in various training and capacity building programmes under the MTCP.

Malaysia adopts a partnership model in its efforts to contribute to global development. In 1983, Japan started its Third Country Training Programme (TCTP) in Malaysia. Subsequently, Malaysia and Japan began to collaborate in 1992 to assist developing countries under the MTCP Recipient List within this TCTP arrangement. In 2013, Malaysian Investment Development Authority (MIDA) has signed an agreement with JICA under the MTCP ambit to organise the TCTP on investment promotion for South-South Countries. Since then, MIDA in collaboration with JICA has organised six (6) series of TCTP and trained more than 63 participants from 13 African countries.

Under the framework of South-South Cooperation, Malaysia continues to provide development assistance through MTCP, which is funded through its five-year development plans. The cumulative value of financial and technical assistance committed under MTCP from 2015 to 2020 is RM81,206,900 (approximately US\$19.7 million) involving 395 programmes. The value of financial and technical assistance committed to developing countries has increased by 43.1 per cent from 8.19 million in 2017 to 11.72 million in 2019<sup>206</sup>.

Malaysia also strongly supports South-South Cooperation in partnership with UNESCO through the Malaysia-UNESCO Cooperation Programme (MUCP) - Malaysia Funds-In-Trust (MFIT). Initiated since 2009 with a budget of US\$9 million, this programme has supported the implementation of 36 projects that covers all UNESCO's thematic competencies. The MUCP-MFIT programme reflects the Government's commitment to strengthen the South-South Cooperation by focusing on the LDCs and Small Island Developing States (SIDS) in Asia Pacific and the African continent. This programme has involved 87 participating countries and 15 UNESCO Offices in Asia-Pacific, Africa and Europe<sup>207</sup>. As of 2019, the programme has involved 31 Malaysian Institutions consisting of local universities, government agencies and NGOs.

Among the notable achievement of MUCP-MFIT is the development of science, engineering, technology and innovation (SETI) SDGs Scorecard. This was established through the Asia-Pacific Facility for Accelerating Science and Technology (AP-FAST) project. This Scorecard provides a tool to monitor and evaluate progress on the role of science in achieving the SDGs as well as to guide on how to incorporate SETI in their SDG related programme, projects, and activities. It is available on an app and will be expanded to all areas of SDG beyond SETI. Another notable programme is the valorisation of evidence on inclusive social development programme where a dual track approach at the UNESCO's Management of Social Transformations (MOST) Academy to connect grassroots and policy makers was introduced to partners in Malawi, Mozambique, Zimbabwe and South Africa.

Malaysia also established partnership for development through multilateral institutions such as the Organisation of Islamic Cooperation (OIC). One example of the OIC partnership project is on Bangladesh Marine Fisheries Capacity Building Project (BMFCBP), aiming to build the capacity of the Department of Fisheries (DoF) of Bangladesh to properly monitor, control and undertake surveillance on marine fisheries resources that will enable DoF to manage the resources more effectively. This project was completed in 2019.

#### Promote a Universal, Rules-Based, Open, Non-Discriminatory and Equitable Multilateral Trading System

Malaysia has reduced its worldwide weighted tariff average from 4.3 per cent in 2015 to 3.8 per cent in 2017. This demonstrates Malaysia's continued commitment to free trade. Malaysia's share of global exports has increased slightly from 1.2 per cent to 1.3 per cent. Although the pandemic has impacted the economy negatively and many countries may resort to protectionism and activities such as on-shoring, Malaysia will continue its efforts in free trade.

### DOMESTIC PARTNERSHIPS FOR THE GOALS

Malaysia's overarching policy objective for this goal is guided by shared prosperity model. As Malaysia continues its development progress with the aim of leaving no one behind in its journey, the Government alone will not be able to achieve this. Shared prosperity requires shared responsibility. Therefore, moving forward, Malaysia aims to catalyse a whole-of-nation approach by establishing domestic partnerships in achieving sustainable development by 2030.

#### Mainstreaming SDGs at the National and Local Levels

Towards enhancing policy coherence for sustainable development (SDG17.14), Malaysia has made various efforts in increasing coordination and implementation of the SDGs. At the federal level, the EPU sets the national development agenda through the five-year development plan. While elements of sustainable development have been enshrined in the plans over many decades, the Eleventh Malaysia Plan and its Mid-Term Review explicitly maps the SDGs with Malaysia's development priorities. The Twelfth Malaysia Plan, which will chart out the country's priorities between 2021-2025 is also aligned to the SDGs. Hence, SDGs has become a key element in Malaysia's policies, and contribute to the policy coherence across ministries and agencies.

The SDG Roadmap aims to mainstream the 2030 Agenda at sub-national level. Recent years have seen the Government pursue various efforts to translate the SDGs at both state and local levels. This includes efforts by the Ministry of Housing and Local Government in undertaking Voluntary Local Reviews (VLRs) with six local authorities (see Box Article 2). The APPGM-SDG is an innovative model where CSOs, academics and experts collaborate with parliamentarians to localise the SDGs (see Box Article 14 and further below). Further efforts will be undertaken for SDGs to be adopted and implemented by other local authorities.

### **Promoting Effective Public, Public-Private and Civil Society Partnerships**

Malaysia has also made significant progress in building multi-stakeholder partnerships. The SDGs provided the setting to form partnerships, evidenced by various initiatives which brought stakeholders together. Amongst this include non-government actors involved within the SDGs implementation process through the National SDG Council and the National Steering Committee. In 2019, the Government and the United Nations Country Team (UNCT) in Malaysia hosted the National SDG Summit jointly with partners from civil society, private sector and academia. The drafting of this VNR also involved a nation-wide multi-stakeholder engagement.

The Government will collaborate with the UNCT via the United Nations Sustainable Development Cooperation Framework (UNSDCF) to accelerate Malaysia's achievement of the SDGs. The UNSDCF is aligned to the aspirations set out in the SPV 2030 and the development priorities of the Eleventh Malaysia Plan and Twelfth Malaysia Plan respectively. Under this cooperation framework, the agencies will provide collective support to the country in addressing bottlenecks, trade-offs and synergies in its journey towards achieving the 2030 Agenda.

Notable Partnerships established includes the Civil Society Alliance on SDGs, which is a platform that brings together NGOs from different thematic focus (see Box Article 15). The UN Global Compact Malaysia and Brunei galvanises private actors to accelerate their SDG compliance through its local network (see Box Article 16). The SDG Academic Network was established by the UNCT to link knowledge and research expertise, as well as initiate feedback among academic institutions, think tanks, practitioners and researchers regarding SDGs progress in Malaysia. The partnerships established both within public and private sector provide a large network of actors towards mainstreaming the 2030 Agenda in Malaysia. The Jeffrey Sachs Centre on Sustainable Development at Sunway University was established as a regional centre of excellence that advances SDG achievement in Malaysia and Southeast Asia, and hosts the Sustainable Development Solutions Network (SDSN) Malaysia Chapter.

### **Increasing Availability of Disaggregated Data**

The SDGs also provided a platform for better monitoring and evaluation. The Department of Statistics Malaysia (DOSM) has steadily increased the share of available indicators of SDG from 40.5 per cent (or 99 of 244 relevant indicators) in 2018 to 51.8 per cent (128 of 247). DOSM played a major role towards monitoring and evaluating the SDGs and in producing the SDG Indicators Malaysia Report 2019.

### **The Universal Periodic Review as a Country-Owned Results Framework**

The Universal Periodic Review (UPR) mechanism is a crucial platform of the United Nations (UN) Human Rights Council to promote and protect universal respect for human rights and fundamental freedoms in a constructive and collaborative way. Malaysia is currently undergoing its third UPR exercise, whereby out of a total of 268 recommendations, Malaysia has determined 148 as outright acceptance, 35 as partial acceptance and 85 as take note.

A whole-of-nation approach was institutionalised through a multi-stakeholder engagement process, involving civil society organisations, the national human rights institution, the academia, and the UN to make progress on actions taken on the recommendations received during the latest UPR process. For the first time, and as a reflection of its determination in promoting and protecting human rights in the country, Malaysia is also undertaking a voluntary UPR mid-term report.

Malaysia has been collaborating closely with the Office of the UN High Commissioner for Human Rights (OHCHR) and the UN Malaysia to jointly develop a monitoring matrix that are in line with the relevant human rights conventions, the SDGs, and the National Human Rights Action Plan (NHRAP). Malaysia is proud to highlight that it has been selected as one of the six model countries for its "Study on Good Practices emerging from the UPR" by the OHCHR.

As a next step, Malaysia has decided to utilize the National Recommendations Tracking Database (NRTD) system developed by OHCHR. The NRTD facilitates the recording, tracking and reporting on the implementation of human rights recommendations. This system also allows the ministries and agencies to update indicators on the development of a recommendation under their respective purview. The NRTD also enables UPR recommendations to be linked to the achievements or targets of the SDGs and NHRAP. The NRTD can be viewed by the public and the CSOs, which would go a long way in strengthening dialogue and the culture of human rights in the country.

## ISSUES AND CHALLENGES

Towards enhancing global partnerships, Malaysia's South-South Cooperation initiatives extend beyond the activities conducted under MTCP. As Malaysia receives very limited Official Development Assistance (0.002 per cent of net ODA received)<sup>208</sup>, there is a need to balance its internal development expenditure while still contributing to development assistance under the South-South cooperation. In addition, there is currently no single body coordinating the various development assistance that Malaysia is undertaking globally.

Domestically, while Malaysia has strived towards stronger partnerships and strengthening the enabling environment to implement the SDGs, various challenges remain. In terms of resource mobilisation, particularly due to COVID-19, there is a tight fiscal space to manoeuvre.

For partnerships and governance, while the planning stage has made significant progress towards ensuring policy coherence, implementation remains a major issue. The institutional landscape is fragmented due to the different priorities between federal and state governments as well as the overlapping roles across implementing agencies. For example, localising SDGs remains a challenge in translating the federal level plans and policies to benefit those on the ground including vulnerable and minority groups. Monitoring and evaluation also remain a challenge due to data availability and access. Particularly, disaggregated data across sex and gender, types of disability, age, ethnicity, and other relevant factors are often not available.

## OPPORTUNITIES AND WAY FORWARD

Malaysia will continue to play a key role towards global development. In realising this, Malaysia will move forward with the following:

- i. Consider options for enhancing Malaysia's foreign development assistance coordination. This includes exploring options to strengthen the MTCP.
- ii. MIDA will continuously engage with South-South Countries to organise programmes under MTCP and TCTP virtually due to the COVID19 pandemic. The targeted participants for MTCP are from OIC Countries and the participants for TCTP for African Countries. These programmes are aimed specifically to enhance investment and trade opportunities between Malaysia and the participating countries.
- iii. Enhance collaboration with international development partners such as the Japan International Cooperation Agency (JICA), the Islamic Development Bank (IsDB), the Colombo Plan and the German International Cooperation Agency (GIZ).

Domestically, in adopting a whole-of-nation approach, many initiatives require either the buy-in or leadership of multi-stakeholders. Some of the opportunities are highlighted below:

- i. Towards addressing policy coherence, the SDG Roadmap will guide the SDGs implementation. It also highlights some of the issues and challenges that acts as barriers as well as outlines the way forward.
- ii. In localising SDGs, in addition to working with local authorities, efforts are being made to engage with the district offices. This is to ensure an inter-agency SDG delivery taskforce is organised at the district level to enhance the role of all agencies including a multi-stakeholder group (civil society, private sector and academic networks) in addressing economic, social and environmental concerns at the grassroots level.
- iii. Efforts will be undertaken to enhance the participation of CSOs in the localisation of SDGs through the creation of enabling policies, effective coordination, capacity building and funding.
- iv. The SDG Council and NSC to meet regularly to monitor the delivery during the Twelfth Plan period.
- v. Further efforts to collect disaggregated data will continue to be undertaken.



## Box Article 14: The All-Party Parliamentary Group Malaysia on SDGs (APPGM-SDG) as a Multi-stakeholder Model for Localising the SDGs



In line with the Parliamentary reform in 2018, where an agenda to “demystify Parliament” was undertaken through a series of public engagement events such as public forums, workshops, parliamentary visits, and Speaker’s Lecture series.

On 17 October 2019, the Parliament agreed for the formation of All-Party Parliamentary Group Malaysia on SDGs (APPGM-SDG) and the Malaysian CSO-SDG Alliance was appointed as the Secretariat. A committee of Members of Parliament (MPs) was established comprising MPs from various political parties.

The formation provides an opportunity for MPs to play a key role part in localising SDGs, for example to address local issues especially impacting vulnerable communities at the grassroots level. Since the formation, thirty MPs are were involved in the localisation of SDGs programme. In 2020, the APPGM-SDG undertook a pilot programme in ten parliamentary constituencies. A total of 34 solution projects impacting the economy, social and environment were implemented at the grassroots level. In 2021, 20 new constituencies will undertake local needs assessment and SDG solution projects in partnership with the local communities. This localisation agenda is funded by the Government.

The APPGM-SDG also monitors SDGs related policy formulation, funding and implementation effectiveness. The APPGM-SDG Secretariat is also a member of the VNR Steering and Technical Committees. The Secretariat worked with the Parliamentarians, Malaysian CSO-SDG Alliance to prepare position papers as input to the VNR. The APPGM-SDG model is a multi stakeholder involvement of parliamentarians, academia and civil society leaders working with the Malaysian Government together with UNCT in Malaysia.

## Box Article 15: The Malaysian CSO-SDG Alliance as a Partnership Across CSOs



Pursuant to the 2030 Agenda, Malaysian CSOs resolved to address SDG issues together across economic, social and environmental domains drawing on the strengths of the individual CSOs. Currently, 50 organisations are members of the Malaysian CSO-SDG Alliance. Of these, nine are umbrella organisations such as the Malaysian Youth Council (MBM), Malaysian Environmental NGOs (Mengo), National Council of Women Organisations (NCWO), Network of Indigenous People (JOAS), Sarawak SDG Alliance, Penang Forum, UN Global Compact Malaysia, FOMCA-Federation of Malaysian Consumer Associations and finally MyCommunity4SDG. The remaining forty-one are individual organisations focused on targeted groups or services. The Alliance members address concerns pertaining to gender, human rights, indigenous people, PWDs, children, vulnerable groups and environmental sustainability.

The CSO-SDG Alliance undertook a mapping exercise that identified eight specific roles as follows:

- (i) Awareness raising;
- (ii) Service provision and projects;
- (iii) Community development;
- (iv) Capacity building and training;
- (v) Financial services and income generation projects;
- (vi) Data collection, research and monitoring;
- (vii) Policy advocacy; and
- (viii) Watchdog and accountability role.

The CSO-SDG alliance contributed to the first Voluntary National Review Report 2017, which was presented at the United Nations High-Level Political Forum in New York in 2017. The Alliance also hosted a side event in New York which led to a report that noted the gaps and highlighted the role CSOs have played with regard to SDGs progress in Malaysia.

The Malaysian CSO-SDG Alliance hosted a Civil Society Forum during the Malaysia SDG Summit in 2019. A report entitled "Accelerating SDGs in policy and services at the local levels: Civil Society Perspectives" was produced from the outcome of the summit and submitted to the Government and the UN. It has the input from 20 different CSO leaders on 11 key themes.

The Alliance is also a member of the VNR Steering and Technical working committees and has been actively collating input from various CSOs for the VNR2021 report. The Malaysian CSO-SDG Alliances recognises that a multi-stakeholder engagement is an important process and acknowledges the consultation established over the years with the Government. This entity via the APPGM-SDG plays a vital role in raising SDGs awareness at the local level and increasing efforts in ensuring no one is left behind in Malaysia.

# Box Article 16: Raising Local Ambition in the Decade of Action



In acknowledging the role of the private sector to the global goals, UN Global Compact (UNGC) – the world’s largest corporate sustainability platform launched the SDG Ambition Benchmarks. The initiative spells out 10 actions for companies to raise ambition, deepen integration, and embrace new technologies to become a leading actor in achieving SDGs.

In an effort to translate the ambition in ways that are meaningful to the local context, UN Global Compact Network Malaysia and Brunei (UNGCMYB) – the local UNGC network, launched the #mySDGAmbition in June 2020. The initiative seeks to galvanise Malaysian business in mobilising strategic programmes that accelerate SDGs impact.

Key achievements include in the area of corporate sustainability for the country. For example, Sarawak Energy became the first Malaysian corporate entity committed in setting a Science Based Target (SBT), the gold standard of climate action. The SBT ensures their climate ambition is aligned to the Paris Accord. Another milestone is, the Malaysia Corporation Resources Berhad (MRCB) became the first corporate entity in ASEAN invited to join UN Global Compact Chief Financial Officers (UNGC CFO) Taskforce, a platform of CFOs from global companies that developed the Sustainable Finance Principles (SFP). The SFP guides businesses; to leverage financing as a key thrust in their sustainability journey. The inclusion of a Malaysian corporate entity is significant as it illustrates a developing economy perspective to this global agenda.

In the larger context of driving greater private sector participation, UNGCMYB launched a free-to-use MSME SDG digital toolkit to assist Micro, Small and Medium enterprises to incorporate sustainability best practice into their operations. This online resource provides a suite of tools, guides and other resources developed specifically to assist and facilitate MSMEs participation in the SDGs. This digital tool is the first ASEAN tool to be part of the global MSME Climate Hub initiative.

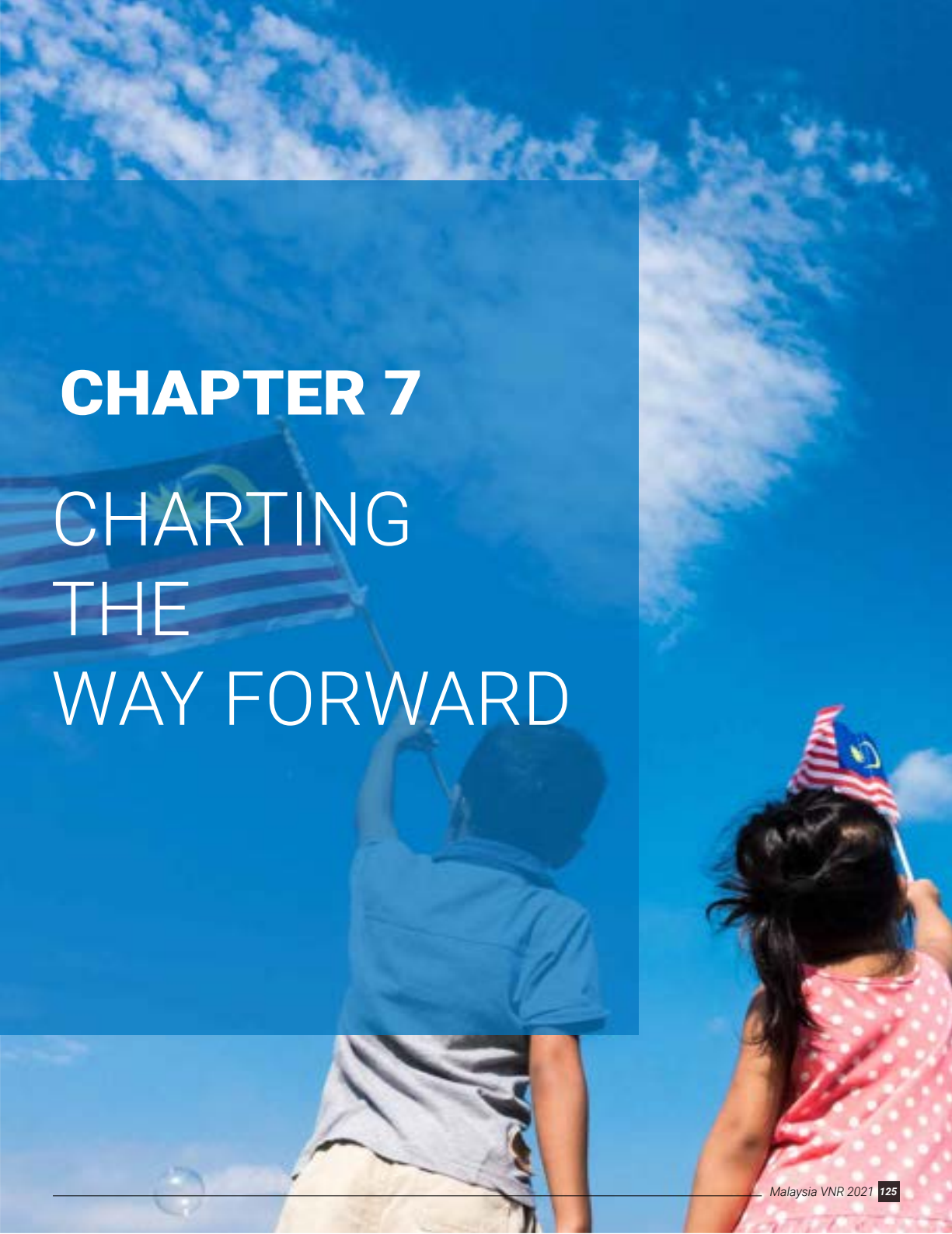
## Box Article 17: Contribution of Government-Linked Companies towards Achieving the Sustainable Development Goals



The national effort to attain the SDG by 2030 require a multi-stakeholder involvement and commitment. Stakeholders from the public and private sectors as well as civil society have their own role to play and complement each other towards achieving in this endeavour. In particular, the Malaysian Government-linked companies (GLCs) have been active in pursuing the SDGs within and outside of their respective fields of business operations. A prime example is PETRONAS, Malaysia's national oil company, which has adopted seven (7) of the 17 SDGs as part of its corporate values. The implementation of various initiatives, such as the PETRONAS Climate Change Framework and PETRONAS Carbon Commitments, indicate the company's strong commitment to continue advocating for a low-carbon landscape. PETRONAS is investing in cleaner energy solutions, exploring renewable energy alternatives through solar energy as well as factoring in carbon pricing into their decision-making processes to accelerate the transition towards a low-carbon economy.

Through Yayasan PETRONAS, the company's corporate social responsibility (CSR) arm, the company focuses on education, well-being and the environment to ensure sustainable impact of their CSR projects. For instance, under the environment focus area, a total of RM83 million has been invested by the Yayasan in the 27-hectare Imbak Canyon Studies Centre, a world-class rainforest biodiversity research facility located in the Imbak Canyon Conservation Area, Sabah. This centre aims to enhance the gene bank for the conservation and exploration of pharmaceutical and biotechnological applications from plants in this area. In addition, the Yayasan is committed to plant 50,000 trees in 14 sites across 11 states in Malaysia, which is estimated to reduce carbon emissions by more than 200 tonnes. In terms of marine conservation and marine biodiversity regeneration, the Yayasan supported the work to embed thousands of reef balls into the seabed in offshore areas in Bintulu, Sarawak, so that corals can amalgamate. At Similajau Beach, the sea turtles are returning to land, and sightings of dolphins are now back in trend.

PETRONAS is but one example how Malaysian GLCs have been supporting the SDGs. Together with many other GLCs, these companies do incorporate the environment, social and governance (ESG) considerations in their business operations and investments. The good governance exhibited by these GLCs can be role models, where possible, by other stakeholders which in turn, would spur achievements of the SDGs by 2030.

A young boy and girl are seen from behind, holding Malaysian flags against a bright blue sky with scattered white clouds. The boy is on the left, wearing a light blue polo shirt and khaki shorts, holding a large flag. The girl is on the right, wearing a pink dress with white polka dots, holding a smaller flag. The overall mood is patriotic and hopeful.

# CHAPTER 7

## CHARTING THE WAY FORWARD

Malaysia's SDGs progress and its wider developmental record are strong, and compare well both regionally and globally. Despite this success, some challenges remained, and the spread of COVID-19 pandemic exacerbated existing socioeconomic vulnerabilities. Moving forward, it is vital for Malaysia to regain its growth momentum and rebuild the economy. Moreover, as Malaysia strives towards a high-income nation status, heralding a new era would require higher levels of ambition, and even greater economic performance

Malaysia's commitment to achieve the SDGs and the 2030 Agenda for Sustainable Development is solid and well founded. This is clearly articulated in both the medium- and long-term development plans. The nation's annual budget is also aligned to the SDGs to ensure policy outcomes, and correspondingly to facilitate better monitoring. Malaysia has adopted a pragmatic approach through a phased implementation of the SDGs - under the principles of inclusion and sustainability. As we complete the first phase (2016-2020) and enter the second phase of implementation (2021-2025), many valuable lessons have been learnt in the journey to 2030.

This Voluntary National Review (VNR) provides insights into the progress as well as challenges towards achieving the SDGs and the wider sustainable development agenda. Although the COVID-19 pandemic has backtracked some developmental progress, it also offers opportunities for Malaysia to build back better and reset development towards a more prosperous, inclusive, and sustainable future. This includes reviewing past policies and implementing new ones with the emphasis on inclusion, sustainability, and resiliency.

In our journey towards achieving the Agenda 2030, it is becoming clearer that the SDGs are interconnected and indivisible. Thus, progress made in each of the SDGs under the respective 5Ps thematic areas (**People, Prosperity, Planet, Peace and Partnerships**) will contribute towards the attainment of the other SDGs. In this regard, Malaysia's strategies in advancing sustainable development agenda in line with the 5Ps are as follows:

## People

Malaysia has made significant progress in poverty eradication. However, pockets of poverty still exist among selected groups and vulnerability to poverty has increased. Challenges related to health are also growing due to ageing population, higher demand for quality healthcare and increasing prevalence of NCDs. Hence, it is important that the enhancement of the people's well-being focus on both poverty alleviation and improvement in the health-care system. There is also a need to head-off future risks by building greater resiliency – a key learning from the pandemic. These were discussed in detail in Chapter 2, which focused on SDG 1 and 2. Malaysia's approach is to focus on strengthening well-being and inclusivity, mainly in:

- Addressing the COVID-19 pandemic in the near term, which has exacerbated poverty, nutrition and health challenges, especially in the most vulnerable communities.
- Addressing poverty and building an inclusive society. This includes the development of existing metrics and analytics to better track key deprivations, including across groups and regions.
- Re-focussing healthcare provision to address NCDs and chronic conditions, and delivering early and preventative interventions, while also promoting healthier lifestyles.
- Addressing the persistent child nutrition gap by implementing a more holistic approach to nutritional improvement.
- Improving regional balance and inclusion, particularly through investment in service provision in remote lagging areas to ensure it reaches the targeted beneficiaries.
- Further expansion and improvement in social protection covering a greater proportion of the poor and vulnerable by expanding the scope of social assistance and delivering greater access to social insurance to those outside formal work.
- Enhancing women's empowerment by reviewing and amending relevant laws and regulations.
- Enhancing child protection and children's rights.

## Prosperity

Malaysia's impressive growth record in the last four decades has been marred by the recent COVID-19 pandemic. It has threatened the nation's economic resilience, particularly due to adverse socio-economic impacts. As the world is moving towards Globalisation 4.0, it is important for Malaysia's economy to be rooted in innovation and advanced technologies. This is also important in the context of delivering environmentally sustainable development outcomes. Furthermore, inequality has widened in the past few years and this will need checking if growth is also to remain inclusive. These were articulated in Chapter 4, which focuses on SDG 8 and 10. In the next phase of development, Malaysia aims to boost and reset the economy by:

- Providing a firm foundation for economic recovery post pandemic, through a supportive fiscal and accommodative monetary stance;
- Restoring growth momentum and anchoring this within high potential industries, and micro, small and medium enterprises;
- Developing future talent in line with the future of work;
- Enhancing and expanding TVET provision to offer the right skills to current and future workers;
- Promoting greater women's participation in the labour force including in digital economy;
- Boosting digitalisation and adoption of advanced technology, including 4IR technologies.
- Securing competitive advantage by protecting natural capital;
- Enhancing socioeconomic development in less developed states and enhancing efficiency of transport and logistics infrastructure;
- Promoting opportunity for all via greater formalisation of the economy; and
- Promoting progressive income redistribution via the tax and social protection systems.

## Planet

In safeguarding the planetary health, Malaysia has mainstreamed environmental and climate change considerations into its socioeconomic development policies, legislations, planning and strategies. Malaysia has made significant achievements in upholding its pledge to keep at least 50 per cent of its land as forest cover in perpetuity. However, challenges in environmental governance remains, especially in implementing actions across the nation, and these challenges are heightened by Malaysia's ongoing progress towards attaining high-income country status. The threat of climate change and the impact of unsustainable consumption and production has emerged as major challenges, while the issue of environmental degradation and pollution is ever present. Actions are required at multiple levels to regulate and encourage the nation towards sustainable practices and lifestyle. The progress and challenges for SDG 12 and SDG 13 have been elaborated in Chapter 5.

Malaysia's strategies to advance sustainability and resilience will focus on:

- Advancing green growth and exploring carbon neutral pathways across all economic sectors;
- Adopting planetary health approach to address environmental degradation and pollution as well as enhance natural resource conservation and protection of biodiversity;
- Managing the oceans and marine resources sustainably to enhance health of marine ecosystem;
- Strengthening resilience against climate change and disaster risks by enhancing early warning systems, preparedness, response and recovery;
- Enhancing energy sustainability and transforming the water sector;
- Accelerating the implementation of circular economy and improving waste management;
- Promoting development of green and resilient cities and townships as well as enhancing green mobility;
- Expanding government green procurement and green market by providing targeted incentives to the private sector to invest in new green technologies, products and services;
- Enhancing communication, education and public awareness to instil sense of ownership and shared responsibility among citizens.

## Peace

Malaysia has maintained its identity as a country with peaceful and tolerant multi-ethnic society. This remains a hallmark of the nation's overall developmental success. Maintaining social cohesion and national unity will nonetheless continue to be a challenge with disparities still evident across groups. In terms of governance, while the implementation landscape is complex and challenging, progress has been made towards battling corruption and ensuring effective institutions. These have been articulated in Chapter 6, which focuses on SDG 16 and 17. Moving forward, Malaysia aims to enhance peace and unity and strengthen the public sector by:

- Strengthening national security, unity and social cohesion and ensure access to justice for all.
- Enhancing well-being by ensuring people's rights are protected.
- Promoting social cohesion at all levels and channels, specifically via adoption of the National Unity Policy.
- Strengthening public sector service delivery based on the principle of inclusion for all.
- Enhancing transparent and accountable institutions via public administration and finance reforms, delivering services based on international best practices in probity and stewardship.
- Intensifying the battle against corruption through integrated implementation of the National Anti-Corruption Plan.
- Strengthening environmental stewardship.
- Increasing awareness and capacity building on human rights.
- Protecting against gender-based violence through specific policies and legal instruments.

## Partnerships

The 2030 Agenda for Sustainable Development, SPV 2030 and the Twelfth Plan adopt a partnership approach towards development. This approach draws in CSOs, the private sector and citizens, alongside the public sector in governing and delivering the SDGs. In enhancing greater partnerships in development, there is a need to improve in terms of resource allocation and policy implementation, monitoring and evaluation.

The next phase of development will be through a whole-of-nation approach where multi-stakeholders are engaged and responsibilities are shared towards achieving a better future. Malaysia will continue to play a role as a committed United Nations member state in South-South Cooperation networks and will promote the concept of shared prosperity to be applied at a global level. Regional work with and via ASEAN forms a part of these efforts, especially in sharing Malaysia's valuable development experience on the international stage. The progress and challenges for SDG 16 and SDG 17 are detailed out in Chapter 6. Moving forward, measures will focus on:

- Promoting the Quadra Helix partnership model between the Government, industry, community and the academia to leverage delivery and finance to support the SDGs.
- Working with the UN system to promote the 2030 Agenda on Sustainable Development, including efforts to track and monitor progress.
- Leveraging key CSO and other non-governmental partners – the CSO Alliance and the All-Party Parliamentary Group for the SDGs to enhance localising SDG initiatives.
- Enhancing participation of local governments in localising SDGs.

## Means of Implementation

Attention is also given to the key implementation processes in supporting SDG achievement at national level. The means of implementation can be provided under three headings: governance for oversight and priority setting; planning, budgeting, monitoring and evaluation; and financing of the goals. Several key measures to strengthen implementation include:

- Reinvigorating governance of the goals by emboldening the National SDG Council and its oversight mechanisms.
- Maintaining and expanding the SDG alignment of planning and budgeting at the national level and cascading these practices to state and local governments.
- Building capacity to track SDG financing needs.
- Strengthening DOSM's capacity and systems, particularly in collecting and reporting of SDGs data at the national and sub-national levels.
- Diversifying sources of financing for the SDGs by encouraging financing from private sector, CSOs, and individuals.



# APPENDIX

# Abbreviations

3Rs	Reduce, Reuse and Recycle
ABMS	Anti-Bribery Management System
AIDS	Acquired Immunodeficiency Syndrome
APPGM-RAPD	All-Party Parliamentary Group Malaysia for the Reform of All Places of Detention
APPGM-SDG	All-Party Parliamentary Group on SDGs
ART	Antiretroviral Treatment
ASB	Amanah Saham Bumiputera
ASEAN	Association of Southeast Asian Nations
ATB	ASEAN Taxonomy Board
ATIP	Anti-Trafficking in Persons
ATIPSOM	Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007
ATMs	Automated Teller Machines
B40	Bottom 40
BEI	Building Energy Intensity
BFHI	Baby Friendly Hospital Initiative
BNM	Bank Negara Malaysia
BURs	Biennial Update Reports
BPN	Bantuan Prihatin Nasional
BR1M	Bantuan Rakyat 1Malaysia
BSH	Bantuan Sara Hidup
CCNCPU	Child Care Need and Child Protection Unit
CCPT	Climate Change and Principle-Based Taxonomy
CEPA	Communication, Education and Public Awareness
CIDB	Construction Industry Development Board
CITP	Construction Industry Transformation Programme
CO <sub>2</sub> eq	Carbon Dioxide Equivalent
CoP	Community of Practitioners
COP26	26 <sup>th</sup> Conference of the Parties to UNFCCC
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CPR	Contraceptive Prevalence Rate
CPRC	Crisis Preparedness and Response Centre
CRC	Convention on the Rights of The Child
CSO	Civil Society Organisations
CWCs	Cluster Working Committees
DE	Development Expenditure
DFIs	Development Financial Institutions
DFTZ	Digital Free Trade Zone
DoF	Department of Fisheries
DOSM	The Department of Statistics Malaysia

EE	Energy Efficient
EEVs	Energy Efficient Vehicles
EFT	Ecological Fiscal Transfer
EIA	Environment Impact Assessment
ENSO	El Niño-Southern Oscillation
EPF	Employee Provident Fund
EPO	Emergency Protection Order
EPR	Extended Producer Responsibility
EPU	Economic Planning Unit
ERP	Economic Recovery Plan
ESG	Environment, Social and Governance
EQA	Environmental Quality Act
FCTC	Framework Convention on Tobacco Control
FOMCA	Federation of Malaysian Consumer Associations
FPIC	Free, Prior and Informed Consent
GDP	Gross Domestic Product
GGP	Government Green Procurement
GHG	Greenhouse Gas
GIACC	National Centre for Governance, Integrity and Anti-Corruption
GITA	Green Investment Tax Allowances
GITE	Green Income Tax Exemption
GIZ	German International Cooperation Agency
GLCs	Government-linked Companies
GNI	Gross National Income
GPI	Global Peace Index
GTFS	Green Technology Financing Scheme
GWh	Gigawatt Hours
HIV	Human Immunodeficiency Virus
HiTS	Program Hidangan Berkhasiat di Sekolah
HLPF	High-Level Political Forum
IADA BLS	Integrated Agriculture Development Area in Barat Laut Selangor
IsDB	Islamic Development Bank
IHR	International Health Regulations
IMP3	Third Industrial Master Plan
INFRASTAR	Sustainable Infrastructure Rating Tool
ISMP	Integrated Shoreline Management Plan
JC3	The Joint Committee on Climate Change
JENDELA	Pelan Jalanan Digital Negara

JICA	Japan International Cooperation Agency
JKM	Jabatan Kebajikan Masyarakat (Department of Social Welfare)
JOAS	Network of Indigenous People
JPSPN	National Solid Waste Management Department
kcal	Kilocalorie
KASA	Ministry of Environment and Water
KeTSA	Ministry of Energy and Natural Resources
KPKT	Ministry of Housing and Local Government
KPDNHEP	Ministry of Domestic Trade and Consumer Affairs
LA21	Local Agenda 21
LAC	Legal Aid Centre
LCCF	Low-Carbon Cities Framework
LCD	Litres per capita per day
LDCs	Least Developed Countries
LT-LEDS	Long-Term Low Emissions Development Strategy
LULUCF	Land Use, Land-Use Change, and Forestry
M40	Middle 40
MACC	Malaysia Anti-Corruption Commission
MADA	Muda Agriculture Development Authority
MAF	Malaysian Armed Force
MAFI	Ministry of Agriculture and Food Industry
MAMPU	Malaysian Administrative and Management Planning Unit
MBM	Malaysian Youth Council
MBSA	Shah Alam City Council
MCO	Movement Control Order
MDGs	Millennium Development Goals
MDR-TB	Multi-Drug Resistant TB
Mengo	Malaysian Environmental NGOs
MENTARI	Community-Based Mental Health Services
MEPS	Minimum Energy Performance Standards
MFIT	Malaysia Funds-in-Trust
MHPSS	Psychosocial Support Services
MIDA	Malaysian Investment Development Authority
MIP	Malaysia Institute of Planner
MIR	Mortality-to-Incidence Ratio
MLD	Million Litres Per Day
MMR	Measles, Mumps, and Rubella
MOE	Ministry of Education
MOF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MOH	Ministry of Health
MPC	Malaysian Peacekeeping Centre
MPOB	Malaysia Palm Oil Board
MPI	Multidimensional Poverty Index
MSMEs	Micro, Small and Medium Enterprises

MSPO	Malaysian Sustainable Palm Oil
MTCP	Malaysian Technical Cooperation Programme
MTR	Mid-Term Review
MUCP	Malaysia-UNESCO Cooperation Programme
MURNInets	Malaysian Urban Rural National Indicators Networks
MyCAC	Malaysia Climate Change Action Council
MyCREST	Malaysian Carbon Reduction and Environmental Sustainability Tool
MyGAP	Malaysian Good Agriculture Practice Scheme
MyOrganic	Malaysia Organic
MySED	Malaysia Strategy for Emerging Diseases and Public Health Emergencies
NACP	National Anti-Corruption Plan
NADMA	National Disaster Management Agency
NAPTIP 3.0	National Action Plan on Anti-Trafficking in Persons 2021-2025
NAWABS	The National Water Balance Management System
NC	National Communication
NCDs	Non-Communicable Diseases
NCWO	National Council of Women Organisations
NCWR	National Child Policy and National Children Well-Being Roadmap
NDC	Nationally Determined Contribution
NEC	National Employment Council
NEEAP	National Energy Efficiency Action Plan
NEM	Net Energy Metering
NEP	New Economic Policy
NFCC	National Anti-Financial Crime Centre
NGOs	Non-Governmental Organisations
NHRAP	National Human Rights Action Plan
NIP	National Immunisation Programme
NPANM III	National Plan of Action for Nutrition in Malaysia III 2016–2025
NRTD	National Recommendations Tracking Database
NRW	Non-Revenue Water
OACP	Organisational Anti-Corruption Plan
OBK	Ops Bersepadu Khazanah
ODA	Official Development Assistance
OECD	The Organisation for Economic Co-operation and Development
OHCHR	Office of the UN High Commissioner for Human Rights
OIC	Organisation of Islamic Cooperation
ONUC	UN Operation in Congo
PEMERKASA	Program Strategik Memperkasa Rakyat dan Ekonomi
PEMERKASA+	Program Strategi Memperkasa Rakyat dan Ekonomi Tambahan
PEMULIH	Pakej Perlindungan Rakyat dan Pemulihan Ekonomi
PENJANA	Pelan Jana Semula Ekonomi Negara (Short-Term Economic Recovery Plan)
PERMAI	Perlindungan Ekonomi & Rakyat Malaysia
PETRONAS	Petroleum Nasional Berhad
PFA	Psychological First Aid

PLHIV	People Living with HIV
PLI	Poverty Line Income
PPP	Purchasing Power Parity
PRIHATIN	Pakej Ransangan Ekonomi Prihatin Rakyat (PRIHATIN Economic Stimulus Package)
PROTÉGÉ	Professional Training and Education for Growing Entrepreneurs
PSS	Program Susu Sekolah
PWD	Persons with Disabilities
Q2	Second Quarter
Q3	Third Quarter
Q4	Fourth Quarter
RE	Renewable Energy
REDD+	Reducing Emissions from Deforestation and Forest Degradation and The Role of Conservation, Sustainable Management of Forests and Enhancement of Forest Carbon Stocks in Developing Countries
RFF	REDD+ Finance Framework
RM	Ringgit Malaysia
RMP	Royal Malaysia Police
RMT	Rancangan Makanan Tambahan
ROAD	Reach-Out and Awareness Development Programme
SBT	Science Based Target
SCP	Sustainable Consumption and Production
SDGs	Sustainable Development Goals
SDSN	Sustainable Development Solutions Network
SEARCCT	The Southeast Asia Research Centre for Counter Terrorism
SEEA	Systems of Economic and Environment Accounting
SETI	Science, Engineering, Technology and Innovation
SIDS	Small Island Developing States
SLDN	Skim Latihan Dual Nasional (National Dual Training System)
SMEs	Small and Medium-sized Enterprises
SMEIPA	SME Integrated Plan of Action
SOCISO	Social Security Organisation
SOE	State-Owned Enterprises
SPV2030	Shared Prosperity Vision 2030
SRH	Sexual Reproductive Health
SSBs	Sugar-Sweetened Beverages
SSL	Self-Sufficiency Levels
SSM	Companies Commission of Malaysia
SUHAKAM	Human Rights Commission of Malaysia
SWCorp	Solid Waste and Public Cleansing Management Corporation
TCFD	Taskforce on Climate-Related Financial Disclosures
TCTP	Third Country Training Programme
TEH	Total Expenditure on Health
TIP	Trafficking in Persons
TNC-BUR	Third National Communication and Second Biennial Update Report

toe	Tonne(s) of Oil Equivalent
TVET	Technical and Vocational Education and Training
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNESCAP	Economic and Social Commission for Asia and the Pacific
UNFCCC	UN Framework Convention on Climate Change
UNGCMYB	UN Global Compact Network Malaysia and Brunei
UNHCR	The United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
UNPKOs	UN Peacekeeping Operations
UNSDCF	UN Sustainable Development Cooperation Framework
UPC	Unified Public Consultation
UPR	Universal Periodic Review
VBI	Value-Based Intermediation
VBIAF	VBI Financing and Investment Impact Assessment
VNR	Voluntary National Review
WFW	Working for Workers
WHO	World Health Organization
WPS	Women, Peace and Security
WTO	World Trade Organization

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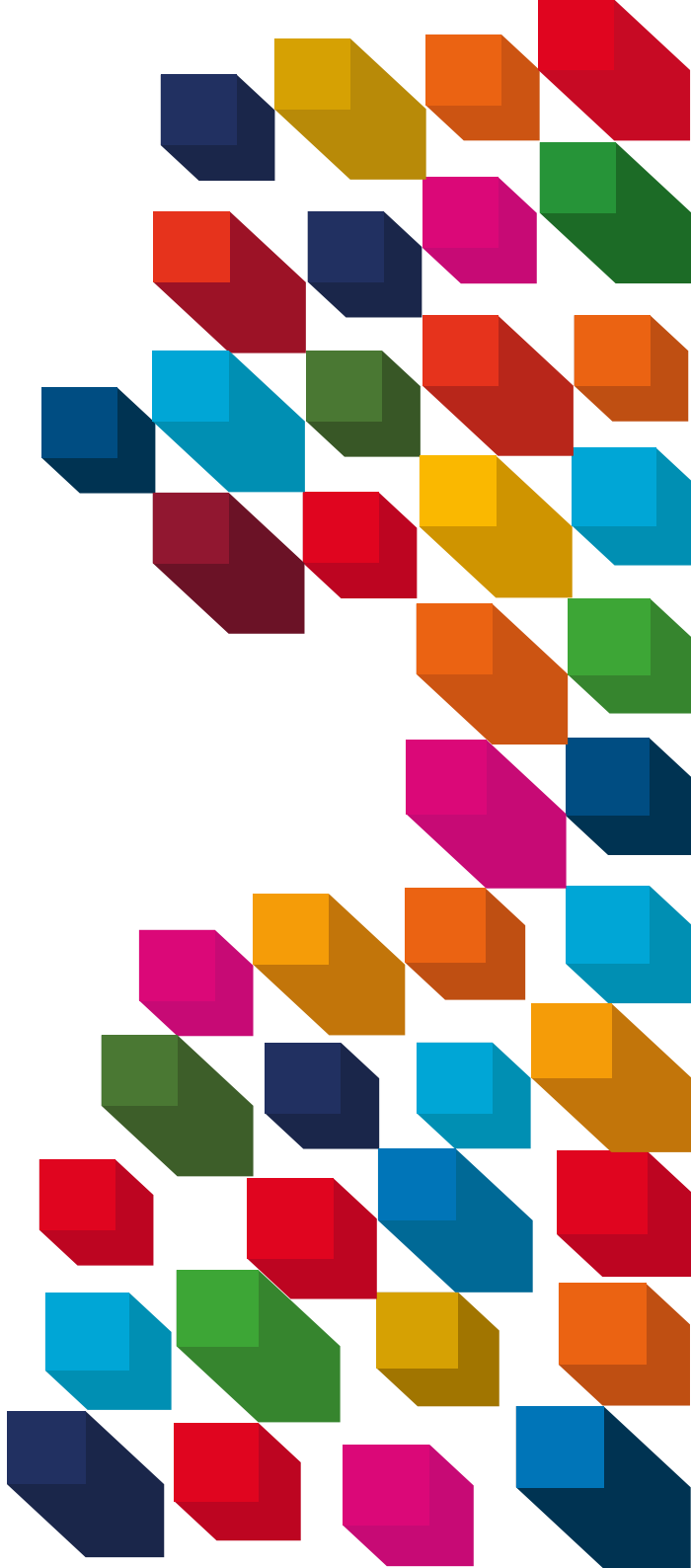
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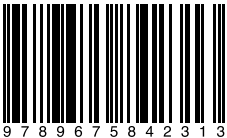
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