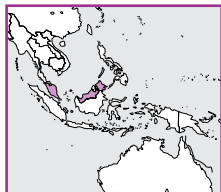


## Some progress, multiple challenges



Malaysia is officially aiming to become a developed country by 2020. However, although the living standard of the population has seen improvement in terms of essential services and employment, the country is riddled with corruption, affecting implementation of development projects that seek to provide basic needs such as drinking water, sanitation, education, health care and food security, as well as monthly financial assistance to households living in extreme poverty. Also, the conversion of tropical forests into plantations, particularly oil palm, threatens indigenous peoples' livelihoods and the country's biodiversity.

### Third World Network

According to government data compiled by UNDP in 2005,<sup>1</sup> Malaysia claimed to have achieved all the Millennium Development Goals (MDGs) except for MDG 6 and 8 where it was reported to have insufficient information.

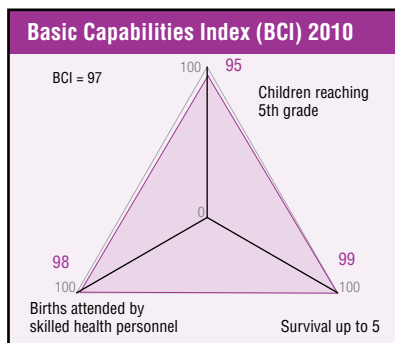
The first 10 years of the MDGs fell within the 8<sup>th</sup> and 9<sup>th</sup> versions of the Malaysia Plan, the country's five-year development blueprint since its inception in 1966. During this period, Malaysians (a population of 26.7 million) have generally seen improvement in essential services and employment. However, the problem of corruption remains, affecting implementation of projects to provide potable water, waste management, basic sanitation, education, health care, and rural roads as well as monthly financial assistance to households living in extreme poverty.

While both the 8<sup>th</sup> and 9<sup>th</sup> Plans firmly acknowledged the need to promote an equitable society by eradicating poverty and reducing imbalances among and within ethnic groups as well as regions, they were skewed towards narrowing income inequality between the *Bumiputra* (a Malay term implying being native which includes *Orang Asli* and *Orang Asai*) and the Chinese, the second largest ethnic group (25% of the population), and had emphasized increased *Bumiputra* corporate equity ownership. The target of reaching 30% of equity ownership in all economic sectors by 1990, was missed.

Due to a major change in national politics after the 2008 general election—when for the first time the ruling coalition lost its two-thirds control of Parliament—the 10<sup>th</sup> Malaysia Plan (2011-2015) sought to reform the economy in a more “inclusive” manner by means of a New Economic Model.<sup>2</sup> This Model, which was formulated by the National Economic Advisory Council in 2010, presents an overall framework for transforming Malaysia from a middle-income to an advanced nation by 2020. It assesses the country's strengths and weaknesses, taking into account the effects of the financial crisis.

1 UNDP Malaysia, *Malaysia: Achieving the Millennium Development Goals – Successes and challenges*, Kuala Lumpur, 2005. Available from: <[www.undp.org.my/mdgs/malaysia-mdg-report](http://www.undp.org.my/mdgs/malaysia-mdg-report)>.

2 Economic Planning Unit of the Prime Minister's Department, *10th Malaysia Plan 2011–2015*, Putrajaya, 2010. Available from: <[www.epu.gov.my/html/themes/epu/html/RMKE10/rmke10\\_english.html](http://www.epu.gov.my/html/themes/epu/html/RMKE10/rmke10_english.html)>.



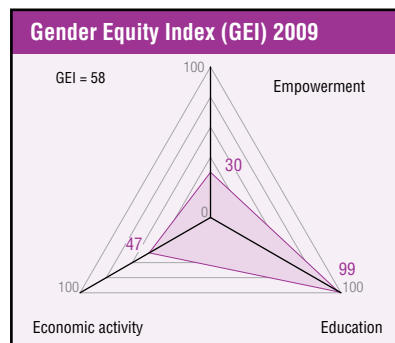
### Country-specific targets

Malaysia has made considerable progress towards developing its own targets and indicators to suit its situation and specific needs. A High Level Policy Dialogue, organized by the Malaysia Human Rights Commission and UNDP in July 2005,<sup>3</sup> recommended that a human rights approach to development should be mainstreamed into national policies and programs and country-specific MDGs targets. It called for the 9<sup>th</sup> Malaysia Plan to present disaggregated data for poverty and inequality to better identify the most vulnerable groups, such as the *Orang Asli* and *Orang Asai*, who are still deprived of their basic right to an adequate standard of living.

While development programs outlined in the three Malaysia Plans covered a large number of MDGs targets, they acknowledged that poverty still remains in different regions, in both rural and urban areas. Rapid industrialization has also brought with it the problem of urban poor and a growing migrant population, estimated at 2 million in 2009, increasing demands for housing and education. Anti-poverty policies focus on self-help and income generation among poor households, largely through land development schemes, but results have been mixed; in some places these have had negative social impacts and further disempowered people.

Land development schemes in Peninsular Malaysia spearheaded by the Federal Land Development Authority (FELDA) have been credited with raising rural living standards through the creation of rubber plantations (1960 to 1980) and oil palm plantations (from mid-1970s). According to the last three Malaysian Plans, the incidence of poverty fell from 7.5% in 1999

3 UNDP Malaysia, *Human Rights Perspectives on MDGs and Beyond*, Kuala Lumpur, July 2005. Available from: <[www.undp.org/my/a-human-rights-perspective-on-mdgs-and-beyond](http://www.undp.org/my/a-human-rights-perspective-on-mdgs-and-beyond)>.



to 5.1% in 2002 and to 3.8% in 2009. Extreme poverty—generally associated with rural communities and urban squatters—decreased from 1.4% in 1999 to 1% in 2002 and to 0.7% in 2009.

### Poverty and indigenous communities

Nevertheless, media reports on the plight of indigenous communities, the urban poor and plantation workers of Indian origin reveal that living standards for these marginalized groups have remained unchanged for decades. Most rubber and oil palm plantations still use the colonial wage system, determining daily wages by amount harvested and their respective prices on the world market rather than by the hours worked. Wages as low as RM 12 (USD 3.75) per day are commonly offered by logging and plantation companies to rural indigenous peoples in Sabah and Sarawak. Minimum monthly wage demands by 180,000 plantation workers in the National Union of Plantation Workers (NUPW) have been unsuccessful for 60 years.<sup>4</sup> In the last 20 years, workers have become even more vulnerable as employers can easily replace them with cheaper foreign workers who are not allowed to form unions.

Indigenous communities, which account for 12% of the population, are neglected in many parts and increasingly face displacement from their forested homeland to make way for development projects such as mega dams and vast monoculture plantation schemes, leading to escalating land conflicts.<sup>5</sup> A report by the Human Rights Commission of Malaysia in 2007, following an investigation of such conflicts experienced by the

4 A. Sivarajan, “Monthly Wages...What Monthly Wages?,” *Indian-Malaysian Online*, 8 April 2002. Available from: <[www.indianmalaysian.com/monthly\\_wages.htm](http://www.indianmalaysian.com/monthly_wages.htm)>.

5 For more information on indigenous people's land conflicts, see the Forest Peoples Program: <[www.forestpeoples.org/documents/asia\\_pacific/bases/malaysia.shtml](http://www.forestpeoples.org/documents/asia_pacific/bases/malaysia.shtml)>.

Penans, an indigenous tribe in Ulu Belaga, Sarawak, noted that the Government's poverty eradication program did not reach the community, which lived in abject poverty.<sup>6</sup>

### Food security remains a challenge

The success of Malaysia in its export-oriented manufacturing and agricultural commodities sectors has resulted in a lower priority for food production. Rice – the staple food – is the only crop that has been targeted for some degree of self-sufficiency. With agricultural development largely focused on export-oriented crops such as oil palm, which had an export value of USD 15.6 billion in 2009,<sup>7</sup> there is less land for food production. Of the 6.4 million hectares of agricultural land, 4 million and 1.3 million are cultivated with oil palm and rubber respectively.

Ageing farmers, abandoned rice fields, and years of insufficient priority on food production caused a panic during the global food crisis in 2008, when Thailand and Vietnam reduced their rice export. This is despite the fact that under the 9<sup>th</sup> Malaysia Plan, a target had already been set to raise Malaysia's rice self-sufficiency level to 90% by 2010 from 72% in 2005. However, in the 10<sup>th</sup> Malaysia Plan the target has been revised downward to 70%.<sup>8</sup>

Over the last 10 years, Malaysia's has experienced a growing food import bill, which rose steadily from USD 3.44 billion in 2000 to USD 9 billion in 2009.<sup>9</sup> Meanwhile, encroachment of large-scale oil palm monoculture into the interior of Sabah and Sarawak is also affecting the food production of the indigenous peoples who still practice subsistence agriculture.

### Education and health

Most young Malaysians (aged 7 to 12) receive a full primary education. Enrolment increased from 2.9 million students in 2005 to 3 million in 2010 against an estimated 2.5% decline in the birth rate.<sup>10</sup> Various educational support programs – such as a textbook loan scheme, subsidized meals, and boarding facilities – assist those from low-income households. While there have been efforts to improve educational services in rural areas and close the rural-urban performance gap, little information is available on the implementation of these strategies.

The Malaysian public health service is generally regarded as one of the best in the developing world. A comprehensive immunization program from birth until age 15 ensures a low under-five mortality rate.

The childhood immunization program against most vaccine-preventable diseases is provided free in all government facilities.

Statistics show that the rate of HIV-infection has continued to decline from the peak of 6,978 cases (28.5 cases per 100,000 population) in 2002 to 3,692 (13.3 cases per 100,000) in 2008.<sup>11</sup> The Ministry of Health estimated a notification rate of 10.0 cases per 100,000 in 2009. However, the profile of the epidemic is changing, with more women being infected. In 1990 only 1.1% of reported HIV cases were women, but this increased to 9.0% in 2002 and to 19.1% in 2008.<sup>12</sup>

In 2003, following the 2001 WTO Doha Declaration on Trade-Related Intellectual Property Rights (TRIPS) and Public Health, Malaysia became the first country in Asia to issue a "government use" compulsory license for selected antiretroviral (ARV) drugs patented by corporate drug giants, owing to their exorbitant costs, which drastically limited access. Generic versions of the drugs were imported from the Indian company Cipla for use in public hospitals and clinics for a period of two years beginning 1 November 2003. The effect was to reduce the monthly cost of treating a patient from USD 375 to USD 63-69, a drop of between 68% to 83% depending on the combination of drugs. Another effect was that the patent holders lowered their own prices, benefiting patients who receive private treatment.

The Government is considering privatizing health care through a health insurance financing scheme, although 70% of the population relies on affordable public health care. With a Gross Domestic Product (GDP) of USD 157 billion, the country's 2009 health care budget (USD 4.3 billion) is far below the 6% of GDP recommended by the World Health Organization.

### Environment, biodiversity and safe drinking water

Although environmental policy-making has improved and a full-fledged environment ministry is now in place, environmental protection still takes a back seat to the quest for industrialization and wealth creation, in spite of many promising conservation policies and legislation.

Timber extraction has largely been carried out in an unsustainable manner so that production has declined over the years, necessitating the import of round logs and sawn timber to meet the demand of local sawmills. In 2005, the timber industry and the Government entered into a plan under which, to continue supporting the industry that had destroyed the forests in the first place, plantation forests would be developed by private companies with Government soft loans and tax-free incentives. These plantations have expanded nearly 30-fold in three years from 1,626 hectares to 44,148 hectares in 2009.<sup>13</sup> According to 2005 forestry data over 1.5 million hectares

of Malaysia are plantations, comprising 7.5% of its tree-covered areas.

The Association for Tropical Biology and Conservation (ATBC) has sounded an alarm that the conversion of tropical forest into plantations, particularly oil palm threatens indigenous people's livelihoods and the country's biodiversity and endangered species, and also releases significant greenhouse gases.<sup>14</sup> Many of the country's iconic mammals such as the rhinoceros, elephant, tiger and orangutan are threatened by shrinking habitats, contributing to human-wildlife conflicts. Scientists have warned that these species will be extinct in less than 20 years if deforestation continues at the present rate.

Besides terrestrial biodiversity loss, marine fisheries resources have been depleted since 1970, so much so that fish biomass declined as much as 90% between 1971 and 1997 in some fishing areas. According to a Department of Fisheries' survey, these resources on the west and east coasts of Peninsular Malaysia, Sabah, and Sarawak were already over-exploited in 1997.<sup>15</sup>

Malaysians have one of the highest water consumption rates in the world at an average of 300 litres per person per day – exceeding the UN recommendation of 165 litres per person per day. But that is only for populations that are connected to the potable water network. Vulnerable groups such as those living in squatter colonies and indigenous communities have to contend with less in terms of both quantity and quality. Rural and indigenous communities that once relied on rivers for drinking water increasingly have to turn to harvesting of rainwater as most rivers are contaminated by industrial logging and pesticide run-off from plantations.

In Selangor, the most industrialized state, the water privatization agreement has been challenged in court for its lopsided terms that ensure high profits for the concessionaires and a disproportionate burden on the poorest in society. For years, conservationists have called for a demand management approach towards water, with inculcation of water conservation habits and rainwater harvesting at the household level, so as to avoid the financial and environmental cost of dam construction. However, government policies have been slow to respond.

### Conclusion

While the official Malaysian Plan reports paint a rosy picture, highlighting achievements but not acknowledging failures, there continue to be concerns as to the accuracy of Government statistics and assessments. It remains to be seen whether the Government's development agenda, particularly for vulnerable groups, will be carried out as planned given the minimal monitoring and accountability over allocation both from the Federal and state coffers. ■

6 Human Rights Commission of Malaysia (Suhakam), *Penan in Ulu Belaga: Right to Land and Socio-Economic Development*, Press Statement, Kuala Lumpur, 2007. Available from: <[www.mvfra.org/penansuhakam.pdf](http://www.mvfra.org/penansuhakam.pdf)>.

7 "Malaysia aims for record palm oil exports in 2010," Commodity Online, 9 March 2010. Available from: <[www.commodityonline.com/news/Malaysia-aims-record-palm-oil-exports-in-2010-26281-3-1.html](http://www.commodityonline.com/news/Malaysia-aims-record-palm-oil-exports-in-2010-26281-3-1.html)>.

8 Economic Planning Unit of the Prime Minister's Department, *op. cit.*

9 Austrade, "Processed food to Malaysia: Trends and opportunities," Australian government website, 30 April 2010. Available from: <[www.austrade.gov.au/Processed-food-to-Malaysia/default.aspx](http://www.austrade.gov.au/Processed-food-to-Malaysia/default.aspx)>.

10 Ministry of Education. See: <[www.moe.gov.my](http://www.moe.gov.my)>.

11 Malaysian AIDS Council. See: <[www.mac.org.my/v2/hidden/malaysian-statistics/](http://www.mac.org.my/v2/hidden/malaysian-statistics/)>.

12 Ministry of Health, "2010 UNGASS Country Progress Report – Malaysia," March 2010. Available from: <[data.unaids.org/pub/Report/2010/malaysia\\_2010\\_country\\_progress\\_report\\_en.pdf](http://data.unaids.org/pub/Report/2010/malaysia_2010_country_progress_report_en.pdf)>.

13 J. Hance, "Scientists warn that Malaysia is converting tropical forests to rubberwood plantations," *Mongabay*, 24 June 2010. Available from: <[news.mongabay.com/2010/0624-hance\\_rubber\\_malaysia.html](http://news.mongabay.com/2010/0624-hance_rubber_malaysia.html)>.

14 Association for Tropical Biology and Conservation, "The Conversion of Malaysian Native Forests – Resolution opposing conversion of Malaysian native forests to non-native rubberwood plantations." Available from: <[tropicalbio.org/index.php?option=com\\_content&view=article&id=171:malaysian-native-forests&catid=51:resolutions&Itemid=79](http://tropicalbio.org/index.php?option=com_content&view=article&id=171:malaysian-native-forests&catid=51:resolutions&Itemid=79)>.

15 For more information, see: <[www.dof.gov.my/home](http://www.dof.gov.my/home)>.