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THRUST

MID-TERM REVIEW OF THE NINTH MALAYSIA PLAN, 2006-2010

ADDRESSING PERSISTENT SOCIO- ECONOMIC INEQUALITIES CONSTRUCTIVELY AND PRODUCTIVELY



ADDRESSING PERSISTENT SOCIO-ECONOMIC INEQUALITIES

I. INTRODUCTION

The commitment towards a development philosophy emphasising economic growth with distribution was reaffirmed in the National Mission. Persistent socio-economic inequalities in income, employment and ownership will negatively impact growth and threaten national unity and social stability. During the 2006-2007 period, the sound economic growth was accompanied with greater distribution and more economic opportunities for all Malaysians. There was an increase in the mean income of all Malaysians, a decline in the incidence of poverty and an improvement in the restructuring of employment pattern and corporate equity ownership. Development of Bumiputera Commercial and Industrial Community (BCIC) also witnessed greater participation of Bumiputera entrepreneurs and enterprises in various economic activities.

During the remaining Plan period, measures undertaken will be further enhanced to ensure a more equitable distribution of economic and social opportunities with a view towards strengthening the participation of various ethnic groups in the modern economic activities. Poverty eradication efforts will be continued to attain the Plan targets of eradicating hardcore poverty and reducing the incidence of overall poverty to 2.8% by the end of the Plan period. In order to further improve income distribution,

rigorous measures will be undertaken to narrow disparities between the rural and urban population as well as regions. Special efforts will be given towards raising the income share of the lowest 40% of households through the enhancement of skills and capabilities. In the context of regional balance, the Government will spearhead corridor development in five regions based on natural resources endowment and economic potentials.

Restructuring of employment and equity ownership will be continued to ensure a fair and balanced participation of all ethnic groups in the economy. With respect to the development of BCIC, efforts will be undertaken to develop more competitive and resilient Bumiputera entrepreneurs and small and medium enterprises through intensified implementation of public and private sector BCIC development initiatives. Taking into account the achievements of distributional objectives thus far as well as its limitations, the Government will undertake studies to review existing instruments for the restructuring of society in line with the current economic challenges and opportunities.

II. KEY RESULTS, 2006-2007

The performance of various strategies and programmes to address socio-economic inequalities are in Box 3-1.

Box 3-1

Key Results, 2006-2007

Commitment	Output			
<i>Poverty Eradication</i>				
<ul style="list-style-type: none"> ▪ Eradicating hardcore poverty and reducing overall poverty to 2.8% by 2010 ▪ Improving access to credit facilities ▪ Providing financial assistance and training to Indian youth 		2004 (%)	2007 (%)	
	Incidence of Hardcore Poverty			
	Peninsular Malaysia	0.7	0.3	
	Sabah	6.5	3.7	
	Sarawak	1.1	0.7	
	Malaysia	1.2	0.7	
	Urban	0.4	0.3	
	Rural	2.9	1.4	
	Incidence of Overall Poverty			
	Peninsular Malaysia	3.6	2.3	
	Sabah	23.0	16.0	
	Sarawak	7.5	4.2	
	Malaysia	5.7	3.6	
	Urban	2.5	2.0	
	Rural	11.9	7.1	
	<p>Notes: The average poverty line incomes (PLI) for 2007: RM720 in Peninsular Malaysia, RM960 in Sabah and RM830 in Sarawak. For hardcore poverty, the PLIs were RM430, RM540 and RM520, respectively. Different sets of PLIs were used for urban and rural areas</p>			
	<ul style="list-style-type: none"> ▪ Micro-credit facilities extended to 162,701 by <i>Amanah Ikhtiar Malaysia</i> (AIM) and 2,160 by <i>Yayasan Usaha Maju</i> (YUM) Sabah ▪ Financial assistance extended through <i>Skim Pembangunan Usahawan Muda India</i> (YEIDS) under <i>TEKUN Nasional</i> amounting to RM3 million ▪ A total of 6,260 Indian youth trained 			
<i>Income Distribution</i>				
<ul style="list-style-type: none"> ▪ Reducing income gaps among ethnic groups as well as between rural and urban areas 	Malaysia/ Ethnic Group and Strata	Mean Income (In Current Prices, RM)		Growth Rate (% p.a)
		2004	2007	
	Bumiputera	2,711	3,156	5.2
	Chinese	4,437	4,853	3.0
	Indian	3,456	3,799	3.2
	Others	2,312	3,651	15.5
	Malaysia	3,249	3,686	4.3
	Urban	3,956	4,356	3.3
	Rural	1,875	2,283	6.8
		Disparity Ratio		
	Bumiputera:Chinese	1:1.64	1:1.54	
	Bumiputera:Indian	1:1.27	1:1.20	
	Rural:Urban	1:2.11	1:1.91	

Commitment	Output							
	Gini Coefficient							
	Bumiputera	0.452		0.430				
	Chinese	0.446		0.432				
	Indian	0.425		0.414				
	Others	0.462		0.545				
	Malaysia	0.462		0.441				
	Urban	0.444		0.427				
	Rural	0.397		0.388				
	Sabah/Ethnic Group	Mean Income (RM)	Growth Rate (% p.a)	Sarawak/Ethnic Group	Mean Income (RM)	Growth Rate (% p.a)		
		2004	2007		2004	2007		
	Malay	2,779	3,089	3.6	Malay	2,717	3,503	8.8
	Kadazandusun	2,037	2,401	5.6	Iban	1,725	2,243	9.2
	Bajau	1,824	2,250	7.2	Bidayuh	1,769	2,723	15.5
	Murut	1,638	2,063	8.0	Melanau	2,341	2,858	6.9
	Other Bumiputera	1,707	2,259	9.8	Other Bumiputera	2,146	2,564	6.1
	Chinese	4,248	4,745	3.8	Chinese	4,254	4,768	3.9
	Others	3,665	3,133	-5.1	Others	2,819	4,996	21.0
Ownership Restructuring								
<ul style="list-style-type: none"> Attaining Bumiputera equity ownership between 20% to 25% by 2010 	Ownership Group		2004		2006			
			RM million	(%)	RM million	(%)		
	Bumiputera	100,037.2	18.9	120,387.6	19.4			
	Individual	79,449.9	15.0	93,982.2	15.1			
	Institution	11,890.7	2.2	16,039.6	2.6			
	Trust Agencies	8,696.6	1.7	10,365.8	1.7			
	Non-Bumiputera	214,972.8	40.6	273,214.4	43.9			
	Chinese	206,682.9	39.0	263,637.8	42.4			
	Indian	6,392.6	1.2	6,967.8	1.1			
	Others	1,897.3	0.4	2,608.8	0.4			
	Nominee	42,479.1	8.0	41,185.7	6.6			
Foreigners	172,279.6	32.5	187,045.8	30.1				
Total	529,768.7	100.0	621,833.5	100.0				
	Notes: The estimation takes into account about 680,000 active companies from Companies Commission of Malaysia (CCM). In estimating the equity ownership, par value was used as it covers all companies, listed and non-listed, registered with CCM as compared to the market value which is available only for listed companies in <i>Bursa Malaysia</i> . The Government shares in companies, including Government-linked companies (GLCs), were excluded in the estimation							
<ul style="list-style-type: none"> Increasing participation in unit trust schemes among Bumiputera in Sabah and Sarawak 			2004		2007			
	State	No. of Investors ('000)	RM million	No. of Investors ('000)	RM million			
	Sabah	808	3,551.5	861	5,179.0			
	Sarawak	694	3,862.3	753	5,431.6			

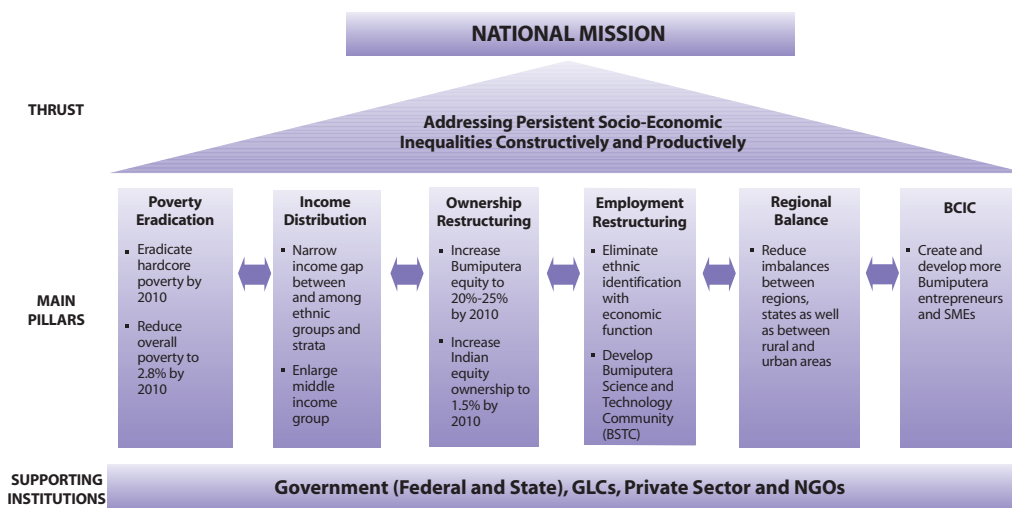
Commitment	Output						
<ul style="list-style-type: none"> ▪ Providing opportunities to the Indian community to participate in selected unit trust schemes ▪ Expanding ownership in non-financial assets 	<ul style="list-style-type: none"> ▪ Investment of the Indian community in <i>Permodalan Nasional Berhad</i> (PNB) increased by 128% from RM262.4 million in 2004 to RM598.9 million in 2007 						
	2007 (%)						
	Type of Building						
		Bumiputera	Chinese	Indian	Others	Total	
	Building	15.7	75.7	4.3	4.3	100.0	
	One Floor	24.9	69.0	3.8	2.3	100.0	
	Two Floor	13.8	78.5	4.2	3.5	100.0	
	Three Floor	14.3	75.8	3.6	6.3	100.0	
	More Than Three Floor	8.6	79.2	5.7	6.5	100.0	
	Business Complex	29.2	61.9	2.9	6.0	100.0	
	Industrial Premise	3.5	87.2	1.5	7.8	100.0	
Hotel	20.8	54.0	2.7	22.5	100.0		
	Total	15.0	76.1	3.8	5.1	100.0	
Employment Restructuring							
<ul style="list-style-type: none"> ▪ Restructuring of employment pattern to reflect ethnic composition of the population 	2005 (%)			2007 (%)			
	Profession						
		Bumiputera	Chinese	Indian	Bumiputera	Chinese	Indian
	Accountant	21.5	73.0	4.9	23.5	71.4	4.9
	Architect	45.3	53.1	1.4	46.2	52.1	1.5
	Doctor	38.1	31.2	27.4	43.8	28.2	20.2
	Dentist	44.4	35.3	18.4	46.5	34.5	16.9
	Engineer	46.0	47.6	5.4	46.2	46.0	5.3
	Lawyer	38.0	37.1	24.1	39.0	36.5	23.5
	Surveyor	48.2	47.0	3.2	50.5	44.7	3.2
Veterinary Surgeon	39.0	32.2	24.8	43.3	34.1	22.5	
Regional Balance							
<ul style="list-style-type: none"> ▪ Establishing growth corridors in transborder areas involving two or more states ▪ Bridging digital divide 	<ul style="list-style-type: none"> ▪ Five growth corridors established namely Iskandar Malaysia (IM), Northern Corridor Economic Region (NCER), East Coast Economic Region (ECER), Sabah Development Corridor (SDC) and Sarawak Corridor of Renewable Energy (SCORE) 						
	<ul style="list-style-type: none"> ▪ 108 <i>Medan Info Desa</i> constructed in rural areas and 19,330 trained on the usage of information and communications technology (ICT) 						
	<ul style="list-style-type: none"> ▪ 387 telecentres established 						
	<ul style="list-style-type: none"> ▪ 42 <i>Pusat Internet Desa</i> upgraded 						

Commitment	Output
<i>Bumiputera Commercial and Industrial Community</i>	
<p>Public Sector Driven Initiatives</p> <ul style="list-style-type: none"> ▪ Creating entrepreneurs through various programmes ▪ Upgrading and strengthening existing enterprises to higher level ▪ Providing new business premises ▪ Creating micro-businesses ▪ Providing entrepreneurial training and skills to existing and potential entrepreneurs <p>Private Sector Driven Initiatives</p> <ul style="list-style-type: none"> ▪ Increasing Bumiputera participation through Cluster Development Initiatives 	<ul style="list-style-type: none"> ▪ 67,533 new entrepreneurs created <ul style="list-style-type: none"> • 173 vendors created and 8 anchor companies participated under Vendor Development Programme • 153 franchisees created and 6 franchisors participated under Franchise Development Programme • 423 cooperatives created in business related activities • 304 technopreneurs created • 358 entrepreneurs developed under the Ministry of Entrepreneur and Cooperative Development Strategic and Target Industry (MESTI) programme • 886 entrepreneurs developed under <i>Perbadanan Usahawan Nasional Berhad</i> (PUNB) Entrepreneur Programme • 63 entrepreneurs involved in craft industries ▪ 10,618 micro, small and medium size enterprises upgraded including under Groom Big programme ▪ 1,524 new business premises provided ▪ 24,449 micro-businesses created under <i>TEKUN Nasional</i> ▪ 120,720 participants trained <p>Private Sector Driven Initiatives</p> <ul style="list-style-type: none"> ▪ 11 clusters established (Building & Construction, ICT & Telecommunications, Defence & Aerospace, Travel & Tourism, Logistics & Transport, Banking & Finance, Automotive Industry, Education & Human Resource, Agribusiness, Biotechnology & Bio-Industry and Oil, Gas & Petrochemical) ▪ Major achievements included: <ul style="list-style-type: none"> • Implementation of anchor and tiering system initiative for Bumiputera contractors in various government projects • Establishment of Malaysian Virtual Trading Corporation (MAVTRAC) as a centralise supplier of core building and construction materials • Establishment of National Content Development Corporation (NCDC) to spearhead the development of Bumiputera entrepreneurs in the digital content industry • Establishment of three edupreneur champions under the Collegiate Franchise Model at tertiary level • Implementation of Management of Government Portal Services (MPS) to provide opportunities for Bumiputera enterprises and unemployed graduates to be technopreneurs

III. MOVING FORWARD, 2008-2010

The Government will place greater emphasis on addressing the causes of socio-economic inequalities and implementing bold measures to attain distributional objectives under the Plan through the following key strategies as illustrated in Figure 3-1.

Figure 3-1
Key Strategies to Address Socio-Economic Inequalities



Poverty Eradication

Programmes for poverty eradication will be designed based on an integrated approach to enable micro-targeting to increase the coverage of the target group and ensure effectiveness and sustainability of the programme. Programmes will be designed to meet specific needs of household including providing income support and basic amenities with emphasis on education, skills training and income generating activities. To complement Government's efforts in poverty eradication, non-governmental organizations (NGOs) and Government-linked companies (GLCs) will assume a more active role through their corporate social responsibility initiatives.

Income generating activities and the provision of basic amenities particularly housing, will continue to be emphasised as a critical element in poverty eradication programmes. The scope of the housing programme will also incorporate building of longhouses in Sabah and Sarawak to cater to the socio-cultural practice of the local communities. In addition, agropolitan projects, an integrated land development on a smaller scale, will be implemented in Johor, Pahang, Perak, Sabah, Sarawak and Terengganu. These projects aimed at improving the socio-economic position and standard of living of the hardcore poor in the rural areas. The three main components of the projects are the provision of basic infrastructure, income generating projects and the development of human capital.

As for poverty eradication in Sabah, the state will receive a special allocation to implement people-centred projects such as rural roads, electricity and water supply, and other social amenities. In addition, the Federal Land Development Authority (FELDA) will assist in implementing several projects including *Program Pembangunan Masyarakat Setempat* (PPMS), income generating activities and training as well as micro-credit facilities.

The poverty eradication programmes for the minority groups will be designed to take into account the differences in their needs and level of development. A total of 5,000 hectares of land will be developed to benefit more than 10,000 *Orang Asli* families. In addition, emphasis will be given to increase school enrolment and academic achievement among *Orang Asli* students. The standard of living of minority groups such as the Rungus, Suluk, Orang Sungei and Tidong in Sabah, and the Penan, Kenyah, Kajang and Kedayan in Sarawak will be improved by providing better access to education, health and basic amenities.

For the urban poor, the focus will be on creating income generating programmes and providing basic facilities such as housing and social amenities. The coverage of the urban poverty eradication programmes will be expanded to include technical and non-technical training, entrepreneurship development and family support. In addition, a total of 20,000 urban poor and hardcore poor, is expected to benefit from the special share scheme of *Amanah Saham Wawasan* (ASW), worth RM100 million. To further assist the urban poor to secure jobs, a job-matching programme will be implemented.

The Government will also address relative poverty by strengthening the accessibility of economic and education opportunities,

increasing home ownership and providing basic social infrastructure, particularly in the urban areas. Measures will be introduced to cushion the impact of higher prices on the lower and middle income groups.

In implementing poverty eradication programmes, efforts will focus on enhancing the effectiveness of the delivery mechanism through the three-tier Focus Group on Poverty at the national, state and district levels. These focus groups will oversee the planning, implementation and monitoring of poverty eradication programmes and projects as well as allocation of funds. For this purpose, the *eKasih* database system will be used as a central reference point providing comprehensive profiling of the poor and hardcore poor groups.

Income Distribution

Concerted efforts will continue to be undertaken to further reduce income and economic gaps between and among strata and ethnic groups. The rural-urban disparity ratio is targeted to improve to 1:1.7 by 2010. More emphasis will be given to increasing the income share of the lowest 40% of households and creating a larger and more prosperous middle income group. This group, defined as those earning household income between RM2,000 to RM4,000 per month, is expected to increase in size and achieve a more rapid growth in income level.

To reduce inter-ethnic income disparity, emphasis will be on human capital development through skills enhancement and instilling of positive attitude and work culture. These will strengthen the capacity of the people to increase income and create wealth through business, investment and entrepreneurial activities.

Enhancing the delivery mechanism...

Reducing income gaps...

The development of BCIC and Bumiputera Science and Technology Community (BSTC) will be enhanced through business integration and linkages as well as greater adoption of knowledge and innovation in order to generate value added businesses. At the same time, employment and ownership restructuring programmes especially for Bumiputera, including Bumiputera of Sabah dan Sarawak, the Indian community and minority groups, will be accelerated to ensure all ethnic groups benefit from the economic growth of the country.

The implementation of various initiatives under the corridor development will contribute directly towards reducing income gaps by strata and region. It will generate employment and wealth-creating opportunities among the local population especially in the less developed areas. In addition, the digital divide will be narrowed through the provision of Internet access to the underserved community, enabling them to gain information on income generating opportunities.

Ownership Restructuring

Efforts will be focused on improving Bumiputera participation including Bumiputera of Sabah and Sarawak and increasing their equity ownership in the corporate sector as well as in non-financial assets to meet the restructuring objectives. Measures will be introduced to ensure long term sustainability of the wealth generated. At the same time, a special package programme will be created to facilitate greater Bumiputera participation in the economy, particularly in the new growth and high value-added sectors. Efforts will also be taken to increase the corporate wealth of the Indian community and to encourage more Indians to venture into business. It is targeted that the ownership of equity by the Indian community will reach 1.5% by the end of 2010.

To enhance Bumiputera participation in the economy, a number of measures will be undertaken during the remaining Plan period. *Firstly*, greater emphasis will be given to ensuring Bumiputera community has controlling stake in private companies. Bumiputera will be encouraged to invest in new growth areas such as information and communications technology (ICT), biotechnology, photonics, nanotechnology, advanced manufacturing and precision engineering. *Secondly*, the role of Bumiputera institutions such as *Permodalan Nasional Berhad* (PNB) and *Tabung Haji* will be strengthened to consolidate the funds of Bumiputera individuals. Pooling of Bumiputera funds via these institutions will enable Bumiputera institutions to have a stronger and sustainable source of funds to undertake bigger projects and to further diversify investments. *Thirdly*, talented Bumiputera graduates with creative and innovative ideas will be provided with capital to commercialise their ideas. For this purpose, a special fund will be set up to assist potential entrepreneurs among Bumiputera graduates to market their products and services. *Fourthly*, a comprehensive database to monitor the performance of Bumiputera in the corporate sector will be set up. Wealth ownership of Bumiputera in the non-financial assets such as ownership of commercial and residential buildings will be used as an additional yardstick to evaluate the performance of Bumiputera.

The existing restructuring instruments to enhance Bumiputera participation in the economy will be reviewed. These will include the Foreign Investment Committee Guidelines, public procurement procedures and the Industrial Coordination Act, 1975.

Development of commercial assets such as hotel and business premises on *wakaf* land will be expanded to increase

Bumiputera ownership of non-financial assets. A strategic plan will be drawn up to ensure that the income generated from the development of *wakaf* land will enable state religious authorities to be more self-reliant in developing new *wakaf* land. In addition, Bumiputera ownership of residential and commercial properties will be further improved through agencies such as the Urban Development Authority (UDA), *Yayasan Amanah Hartanah Bumiputera* and *Majlis Amanah Rakyat* (MARA).

To increase the equity ownership of Bumiputera of Sabah and Sarawak, programmes such as unit trust schemes and entrepreneurship development and skills training will be further enhanced. To increase the ownership of non-financial assets of Bumiputera of Sarawak, native and customary land will continue to be developed.

The involvement of the Indian community in the modern sectors of the economy will be encouraged through training and entrepreneurship development programmes especially among the youth. A total of 3,000 Indian youth is expected to benefit from various skills and business training programmes. In addition, special assistance will be given to the Indian community to raise their equity ownership through unit trust schemes.

Employment Restructuring

Employment imbalances among ethnic groups will be reduced in various sectors and occupations by raising participation of Bumiputera and non-Bumiputera in sectors in which they are under-represented. Education, skills training and technopreneur development will remain as important initiatives to attain the employment restructuring objective. To enlarge the pool of Bumiputera

professionals and semi-professionals, enrolment in *Universiti Teknologi MARA* (UiTM) will be increased through the franchise programme with Bumiputera private institutions of higher learning. In addition, *Universiti Kuala Lumpur* (UniKL) will continue to offer courses at diploma and degree levels in science and technology, including computer and medical engineering to complement UiTM's efforts. The quality of the faculty members and facilities will be upgraded to ensure these universities produce quality graduates.

The development of a viable and innovative BSTC is vital towards attaining a more balanced employment restructuring and equitable distribution of wealth among various ethnic groups. To accelerate the creation of BSTC, a comprehensive development framework will be prepared to outline the strategic action plan.

Measures will be undertaken to ensure the private sector will employ more Bumiputera, Indian and minority communities at professional and managerial levels. For purpose of monitoring, all public listed companies will be required to disclose information of human resources composition by ethnicity at all occupational levels. In addition, more non-Bumiputera will be encouraged to work in the public sector.

Regional Balance

The focus of regional development will continue to emphasise on raising the standard of living as well as attaining balanced socio-economic development across regions and states. Growth centres and growth corridors transcending state boundaries will be developed, the economic base of less developed states modernised and diversified and urban-rural digital divide reduced.

Developing Bumiputera Science and Technology Community...

Corridor Development

Corridor development will reduce regional imbalance and bring about equitable growth, investment and employment opportunities to all regions of Malaysia. This new approach aims at creating new sources of growth and ensuring a comprehensive and widespread economic development in a more coordinated

and integrated manner. Generation of additional income in the region will further accelerate poverty eradication, restructuring of society and overall wealth creation. The regional corridor authorities will spearhead efforts to facilitate and expedite the implementation of programmes and projects identified in the Master Plan of each growth corridor.

Box 3-2

Regional Growth Corridor

	Iskandar Malaysia	Northern Corridor Economic Region	East Coast Economic Region	Sabah Development Corridor	Sarawak Corridor of Renewable Energy
Development Period	2006 - 2025	2007 - 2025	2007 - 2020	2008 - 2025	2008 - 2030
Vision	A Strong and Sustainable Metropolis of International Standing	World-Class Economic Region by 2025	A Developed Region - Distinctive, Dynamic and Competitive	Harnessing Unity in Diversity for Wealth Creation and Social Well Being	Developed and Industrialised State
Area of Coverage	2,216 square kilometres (District of Johor Bahru and partial district of Pontian - <i>Mukim</i> Jeram Batu, <i>Mukim</i> Sungai Karang, <i>Mukim</i> Serkat and Pulau Kukup)	17,816 square kilometres (Penang, Kedah, Perlis and Northern Perak - Districts of Hulu Perak, Kerian, Kuala Kangsar and Larut Matang-Selama)	66,736 square kilometres (Pahang, Kelantan, Terengganu and district of Mersing, Johor)	73,997 square kilometres (Whole of Sabah)	70,708 square kilometres (Tanjung Manis-Similajau and hinterland)
Focus Sector/ Industry	<ol style="list-style-type: none"> 1. Education 2. Financial 3. Health Care 4. ICT and Creative Industries 5. Logistics 6. Tourism 	<ol style="list-style-type: none"> 1. Agriculture 2. Human Capital 3. Infrastructure 4. Manufacturing 5. Tourism 	<ol style="list-style-type: none"> 1. Agriculture 2. Education 3. Manufacturing 4. Oil, Gas & Petrochemical 5. Tourism 	<ol style="list-style-type: none"> 1. Agriculture 2. Environment 3. Human Capital 4. Infrastructure 5. Manufacturing 6. Tourism 	<ol style="list-style-type: none"> 1. Aluminium 2. Glass 3. Marine Engineering 4. Metal-Based 5. Petroleum-Based 6. Timber-Based 7. Aquaculture 8. Livestock 9. Palm Oil 10. Tourism

	Iskandar Malaysia	Northern Corridor Economic Region	East Coast Economic Region	Sabah Development Corridor	Sarawak Corridor of Renewable Energy
Corridor Authority	Iskandar Region Development Authority (IRDA)	Northern Corridor Implementation Authority (NCIA)	East Coast Economic Region Development Council (ECERDC)	Sabah Economic Development and Investment Authority (SEDIA)	Regional Corridor Development Authority (RECODA)
Expected Employment¹ (million)	1.4	3.1	1.9	2.1	3.0
Expected Investment¹ (RM billion)	382	178	112	113	334

Notes: ¹ By the end of the respective development period.

The participation of private sector is crucial to drive the development of the growth corridors. The Government will promote a more conducive environment to attract greater private sector participation in developing these growth corridors. For this purpose, a competitive package of incentives will be offered. To enhance delivery of services and promote investments, one-stop centres will be established in growth corridors.

Bridging the Digital Divide

Efforts to narrow the digital divide will be further intensified to ensure all Malaysians, particularly the underserved community, share the benefits of the knowledge-based economy. In the rural areas, more *Medan Info Desa* and *Pusat Internet Desa* will continue to be built and upgraded, respectively. To ensure more equitable access to ICT, the Government has set the target to provide at least one telecentre for each *mukim* by 2010. Other efforts that will be undertaken include the provision of affordable personal computers (PCs) and online services to the public. Steps will be taken to introduce best practices and re-model the telecentres to become self-

sustainable. The development of content will also be promoted and a community portal that serves the needs and interest of various underserved communities will be developed.

Development of BCIC

In the remaining Plan period, the second phase of BCIC development will be given further emphasis through the implementation of the private sector driven cluster development initiatives. The initiatives will be further intensified to enable Bumiputera entrepreneurs to move from the low-end to high-end economic value chain. Specific programmes will be implemented to spearhead strong Bumiputera sectoral presence across the value chain in areas such as construction, logistics, education, tourism and distributive trade.

The Government will continue to implement various programmes to ensure effective Bumiputera participation in business and economic activities. Implementation of the packaged programmes such as franchise and vendor development, technopreneurs development, 'Groom Big' and retailing in

strategic commercial complexes will be further strengthened. Measures will be undertaken to facilitate upward mobility of entrepreneurs such as listing of companies in Bursa Malaysia and converting existing business entities through the adoption of modalities including franchising and retailing. The wider use of competitive bidding will help to develop credible and competent Bumiputera entrepreneurs.

A dedicated BCIC unit will be established in each of the corridor authorities to assist Bumiputera entrepreneurs to capitalise on the economic opportunities created in the corridors. In collaboration with the respective implementing agencies, the corridor authorities will identify potential business opportunities for Bumiputera entrepreneurs to participate as first movers. In addition, the Government will continue to facilitate entry and growth of Bumiputera enterprises in new growth areas, particularly in high technology-based manufacturing, *halal* industry, biotechnology and bio-industries, health and edu-tourism, as well as creative industry.

GLCs will implement their programmes with specific targets more vigorously. To develop, nurture and increase the number of promising Bumiputera entrepreneurs and enterprises in specific niche areas along the value chain, programmes such as Management Buyout (MBO), smart partnership and equity participation will be given further emphasis. In addition, measures will also be taken to discourage GLCs from directly competing with Bumiputera enterprises for business opportunities.

Bumiputera entrepreneurs have to develop global mindset, acquire knowledge and skills, forge international networks and be ICT savvy to cope with the changing economic landscape. Entrepreneurial development programmes will focus on driving mindset change, inculcating positive values and attitudes as well as high performance culture and attracting more Bumiputera professionals to be involved in business.

Public-Private Partnership modality will be strengthened to increase inter and intra collaboration and business networks among Bumiputera enterprises; between Bumiputera and non-Bumiputera; and between enterprises and the Government. Joint venture collaboration and smart partnership between Bumiputera and non-Bumiputera as well as with foreign partners will be emphasized.

The monitoring of BCIC programmes will be intensified to ensure effective implementation and coordination. Implementing agencies will strengthen their monitoring mechanism to ensure their programmes comply with BCIC objectives and targets. The effectiveness of BCIC programmes will be evaluated based on various measurement tools such as performance management system and auditing.

IV. OUTCOMES, 2010

The expected outcomes of the various strategies and programmes to address socio-economic inequalities are in Box 3-3.

Box 3-3
Expected Outcomes, 2010

Commitment	Outcome
<i>Poverty Eradication</i>	
<ul style="list-style-type: none"> ▪ Eradicating hardcore poverty and reducing overall poverty to 2.8% 	<ul style="list-style-type: none"> ▪ Hardcore poverty eradicated ▪ Overall poverty reduced to 2.8%
<i>Income Distribution</i>	
<ul style="list-style-type: none"> ▪ Reducing Bumiputera:Chinese income disparity ratio to 1:1.50 ▪ Reducing Bumiputera:Indian income disparity ratio to 1:1.15 ▪ Reducing rural-urban income disparity ratio to 1:1.70 ▪ Reducing Gini coefficient to 0.35 by 2020 	<ul style="list-style-type: none"> ▪ Reduced Bumiputera:Chinese income disparity ▪ Reduced Bumiputera:Indian income disparity ▪ Reduced rural-urban income disparity ▪ Improved income distribution
<i>Ownership Restructuring</i>	
<ul style="list-style-type: none"> ▪ Increasing Bumiputera equity ownership to 20%-25% ▪ Increasing Indian equity ownership to 1.5% 	<ul style="list-style-type: none"> ▪ Improved Bumiputera equity ownership ▪ Improved Indian equity ownership
<i>Employment Restructuring</i>	
<ul style="list-style-type: none"> ▪ Eliminating ethnic identification by occupation 	<ul style="list-style-type: none"> ▪ Towards balanced ethnic employment pattern
<i>Regional Balance</i>	
<ul style="list-style-type: none"> ▪ Reducing regional disparities through corridor development 	<ul style="list-style-type: none"> ▪ Towards balanced regional development
<i>Bumiputera Commercial and Industrial Community</i>	
<p>Public Sector Driven Initiatives</p> <ul style="list-style-type: none"> ▪ Creating 150,000 entrepreneurs through various programmes, including: <ul style="list-style-type: none"> • 240 vendors and 15 new anchor companies under Vendor Development Programme • 500 Bumiputera franchisees and 20 franchisors under the Franchise Development Programme • 800 cooperatives in the business sectors • 750 technopreneurs 	<ul style="list-style-type: none"> ▪ Greater Bumiputera participation in commercial and industrial sector

Commitment	Outcome
<ul style="list-style-type: none"> • 800 entrepreneurs in MESTI programme • 1,500 entrepreneurs under the PUNB Entrepreneur Programme <ul style="list-style-type: none"> ▪ Upgrading and strengthening 25,000 enterprises ▪ Providing 4,900 new business premises ▪ Creating 40,000 micro-businesses through financing by <i>TEKUN Nasional</i> ▪ Providing entrepreneurial skills training to 275,000 participants <p>Private Sector Driven Initiatives</p> <ul style="list-style-type: none"> ▪ Intensifying BCIC cluster development initiatives 	<ul style="list-style-type: none"> ▪ Strong Bumiputera sectoral presence across all economic value chain

V. CONCLUSION

Good progress was made during the Review period in reducing poverty, narrowing income imbalances between ethnic groups and increasing Bumiputera participation in key occupations and sectors of the economy. During the remaining Ninth Plan period, distributional strategies will continue to be pursued towards a more balanced participation and equitable distribution of quality opportunities among the various ethnic groups. Emphasis will be on increasing the income share of the lowest 40% of

households, creating a bigger middle income group and narrowing ethnic and regional disparities. Measures will also be taken to increase the participation of Bumiputera in the private sector, enhance Bumiputera corporate equity ownership and further develop BCIC and BSTC. The development of less developed states and regions will be accelerated to reduce regional disparities. The implementation of these distributional strategies will contribute positively towards maintaining equitable economic growth, promoting human development and strengthening national unity.