

# Enhancing Inclusiveness towards an Equitable Society

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## Introduction

The Eleventh Malaysia Plan, 2016-2020, focuses on enhancing inclusiveness by providing equitable opportunities for all Malaysians to participate and benefit from economic growth and development irrespective of gender, ethnicity, socioeconomic status and geographical location. This inclusive development approach is also in tandem with the spirit of leaving no one behind under the 2030 Agenda for Sustainable Development of the United Nations. During the review period, 2016-2017, implementation of various inclusive development initiatives contributed towards greater overall prosperity and better quality of life. This was evident from the improved median household income and income distribution. Opportunities and participation of the *rakyat* in the economic activities increased across the various ethnicities and regions, with improved support system to the targeted communities and greater access to rural infrastructure and services. However, there are several issues and challenges that need to be addressed including limited capacity and capability of the households in the bottom 40% income group (B40), low level of wealth ownership among Bumiputera, increasing cost of living as well as the need to empower the specific segments of the community. Although the five economic corridors have contributed to regional development, disparities between states and regions as well as urban-rural gap within the regions remain a concern, requiring further interventions.



## Past Performance, 2016-2017

During the review period, various initiatives were implemented towards increasing income and improving the standard of living of the *rakyat*. On the back of a robust economy, these initiatives have resulted in the increase in the mean monthly household income from RM6,141 in 2014 to RM6,958 in 2016, while in the median monthly household income from RM4,585 to RM5,228 during the

same period. At the same time, the income inequality reduced marginally as shown in the lower Gini coefficient from 0.401 in 2014 to 0.399 in 2016. Efforts to enhance inclusiveness towards an equitable society were undertaken through five focus areas as follows:



## Performance of Selected Outcomes

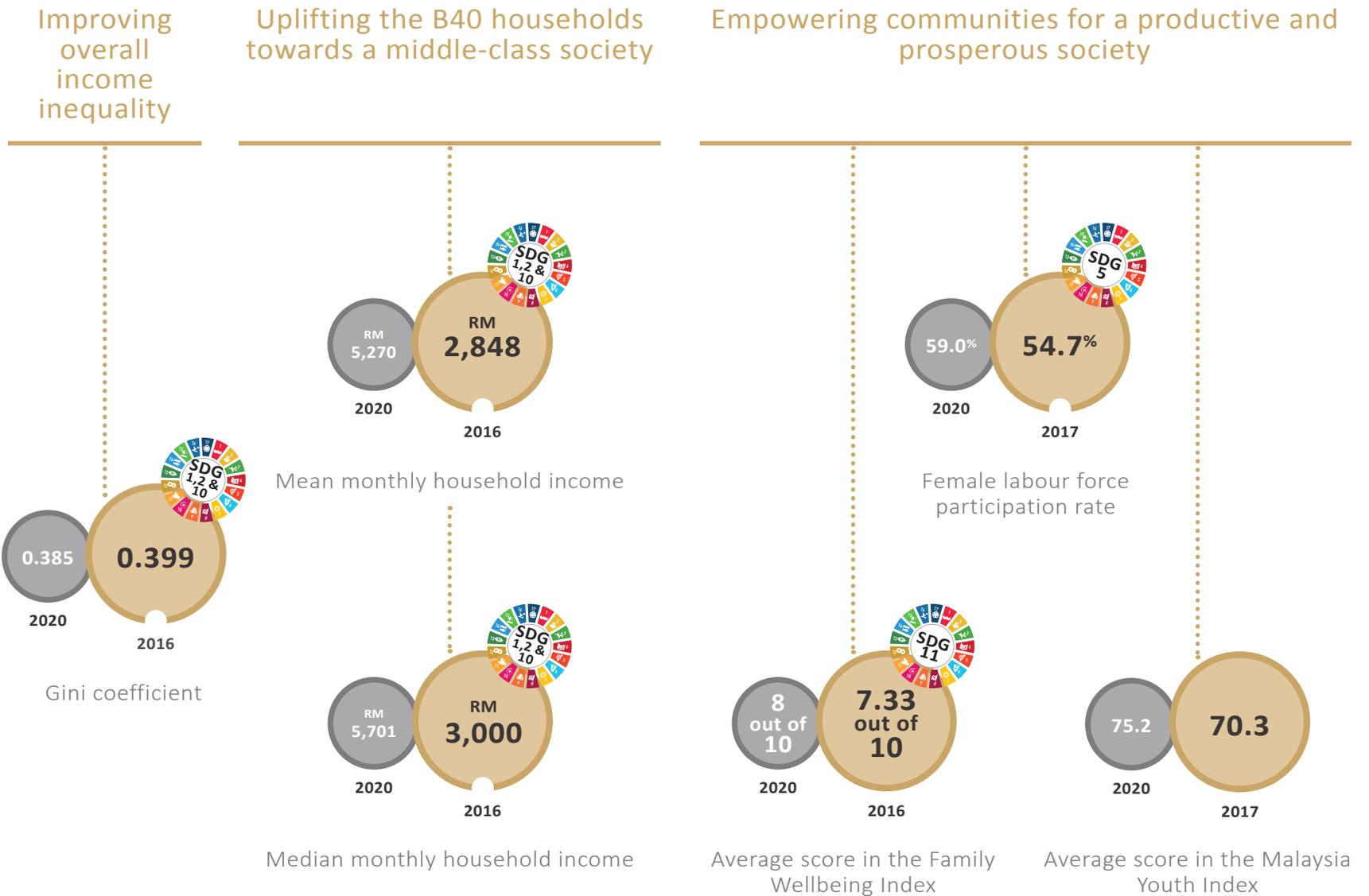
In the Eleventh Plan, 14 selected outcomes were identified, of which one outcome, namely the participation of the Bumiputera in skilled occupation category surpassed the Plan target. Seven

targets were on track, while the remaining six targets recorded slow progress. The performance of the selected outcomes is as shown in *Exhibit 2-1*.

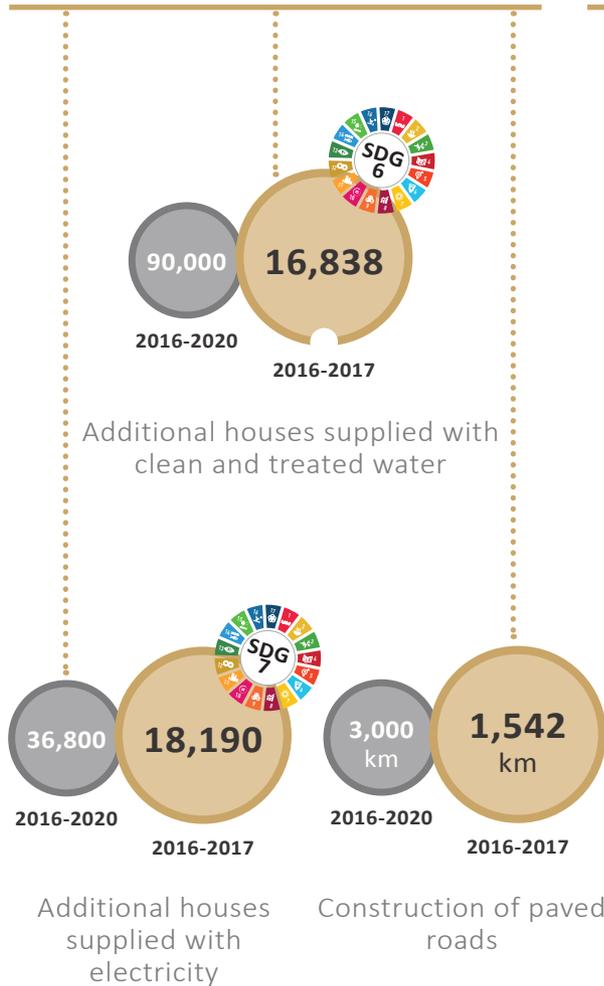
## Exhibit 2-1

## Highlights

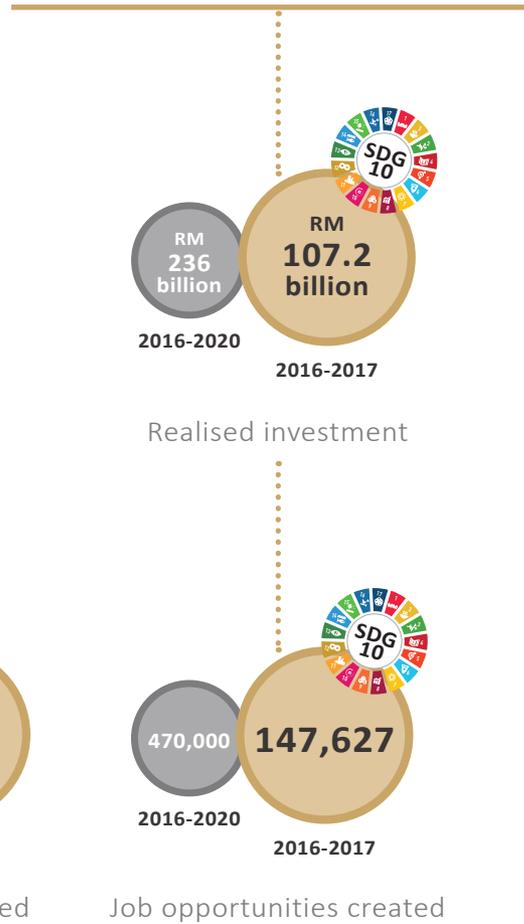
## Eleventh Malaysia Plan: Selected Outcomes and Performance



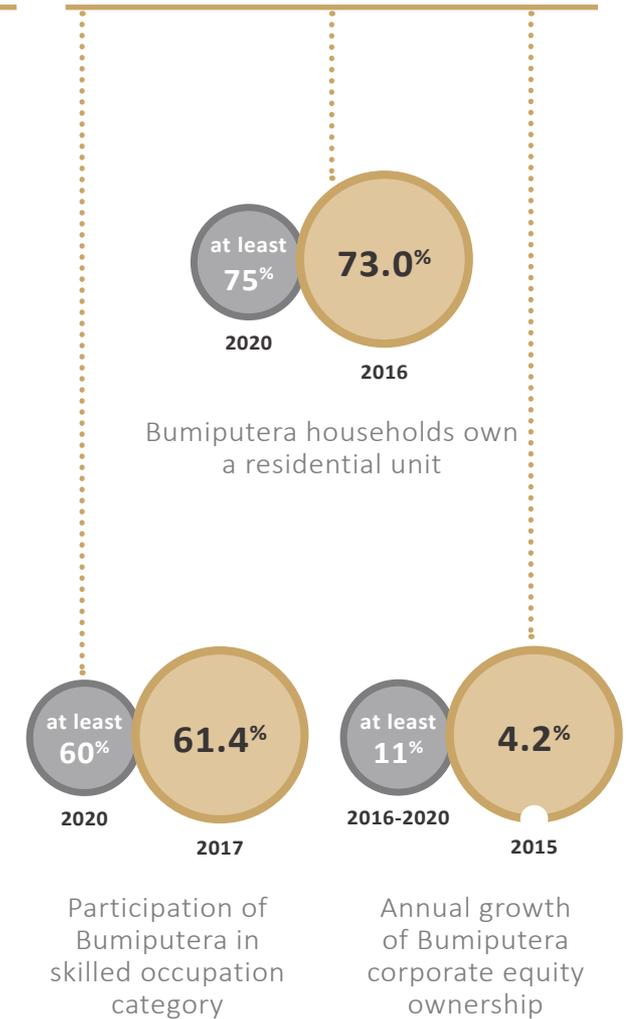
### Transforming rural areas to uplift wellbeing of rural communities



### Accelerating regional growth for better geographic balance



### Enhancing Bumiputera Economic Community (BEC) opportunities to increase wealth ownership



● Original Target    ● Performance

## Performance of Focus Area and Game Changer

Under these five focus areas, several strategies and initiatives were identified to support the deliverables of the selected outcomes. Focus Area A, uplifting the B40 households towards a middle-class society, has been identified as the game changer in the pursuit of enhancing inclusiveness. Key results by focus area are as follows:

Focus Area	Key Result, 2016-2017
<div data-bbox="526 707 691 868" style="text-align: center;">  </div> <p data-bbox="243 889 691 953" style="text-align: center;"><b>Uplifting the B40 Households towards a Middle-Class Society</b></p> <div data-bbox="560 983 691 1165" style="text-align: center;">  </div> <p data-bbox="576 1177 675 1231" style="text-align: center;"><b>Game Changer</b></p>	<p data-bbox="782 707 1493 741"><b>Raising the income and wealth of B40 households</b></p> <ul data-bbox="782 774 1818 1695" style="list-style-type: none"> <li>● In urban area, mean monthly B40 household income increased from RM2,927 in 2014 to RM3,262 in 2016 and the median monthly income rose from RM3,095 to RM3,367</li> <li>● In rural area, mean monthly B40 household income increased from RM1,760 in 2014 to RM1,969 in 2016 and the median monthly income rose from RM1,797 to RM2,012</li> <li>● Overall B40 income share reduced from 16.8% in 2014 to 16.4% in 2016</li> <li>● School dropouts reduced from 0.34% in 2014 to 0.29% in 2017 in primary schools while those in secondary schools reduced from 2.95% to 1.36%</li> <li>● 86% or 132,444 of 154,086 students from B40 households graduated from the Technical and Vocational Education and Training (TVET) programmes</li> <li>● 76 Orang Asli entrepreneurs under the Orang Asli Entrepreneurship Development Programme recorded 30% increase in income</li> <li>● 3 Orang Asli ecotourism-chalet projects developed in Perak, Negeri Sembilan and Kelantan, provided new income source to 1,213 Orang Asli households</li> <li>● 80 social entrepreneurs developed by the Malaysian Global Creativity and Innovation Centre (MaGIC), generated total gross revenue of RM20 million</li> <li>● 93,222 participants of <i>Amanah Ikhtiar Malaysia</i> (AIM) benefitted from microcredit financing programmes with low rate of non-performing loans at 1.27%</li> <li>● 1,674 hectares of land gazetted for Orang Asli in Peninsular Malaysia, 76,366 hectares of Native Customary Rights (NCR) granted land titles for Anak Negeri Sabah and 200,037 hectares of NCR land for Bumiputera Sarawak</li> </ul> <p data-bbox="782 1721 1342 1755"><b>Addressing the increasing cost of living</b></p> <ul data-bbox="782 1788 1818 1876" style="list-style-type: none"> <li>● The <i>1Harga 1Malaysia</i> Programme continued to be implemented to standardise the prices of subsidised goods (rice, sugar, all-purpose flour and 1-kilogram packet of cooking palm oil) between Sabah and Sarawak, and Peninsular Malaysia</li> </ul>

Focus Area	Key Result, 2016-2017
	<ul style="list-style-type: none"> <li>● The Price Control and Anti-Profiteering Regulations (Mechanism to Determine Unreasonably High Profit for Consumer Goods) 2016 enforced beginning 1 January 2017</li> <li>● Friends of KPDNKK Programme introduced to facilitate dissemination of information on consumerism</li> <li>● <i>EZ Adu</i>, an online application, developed as an alternative channel for the public to lodge complaints</li> <li>● 185 <i>Kedai Rakyat 1Malaysia</i> (KR1M) operationalised to offer selected goods at reasonable prices</li> <li>● 323 agro-based outlets such as <i>Agrobazaar Kedai Rakyat</i>, <i>Karavan Tani</i> and <i>Pasar Tani</i> established to offer goods at affordable prices</li> <li>● 7.28 million and 7.22 million of B40 households and individuals received cash transfer <i>Bantuan Rakyat 1Malaysia</i> (BR1M) in 2016 and 2017, respectively, with total disbursement of RM11.65 billion</li> <li>● 55,211 of B40 households received assistance in the form of construction or repair of houses</li> <li>● 275,420 individuals benefitted from financial counselling and debt management programmes conducted by the <i>Agensi Kaunseling dan Pengurusan Kredit</i> (AKPK)</li> </ul> <p><b>Enhancing the delivery system of B40 household programmes</b></p> <ul style="list-style-type: none"> <li>● <i>eKasih</i> database linked to myIDENTITY, <i>e-Bantuan</i> and e-BR1M databases to coordinate delivery system of assistance and target groups</li> <li>● Self-Employment Social Security Act 2017, provides social security for self-employed persons in the informal sector starting with self-employed taxi drivers</li> <li>● Employment Insurance System Act 2017, provides retrenched workers with temporary financial assistance up to six months, employment service support and re-training to increase re-employment opportunity</li> </ul>

The B40 household income grew at a moderate pace during the period of 2015-2016 as compared to the period of 2013-2014, partly affected by low commodity prices and soft labour market conditions amidst modest economic growth. At the national level, the mean monthly B40 household income rose at an average rate

of 15.9% per annum during the period of 2013-2014 compared to 5.8% during the period of 2015-2016, while median income increased at an average rate of 17.5% and 6.6% per annum, respectively. These slower income growth rates resulted in lower overall B40 income share during the period. Based on the annual

average growth rates in 2015-2016, meeting the targeted B40 household income and uplifting the households towards a middle-class society<sup>1</sup> in 2020 will be difficult.

During the review period, various initiatives were implemented to cushion the impact of rising cost of living, especially on the purchasing power of the B40 households. Apart from consumer protection measures, cash assistance and provision of affordable

goods and services through various retail outlets were made available. However, the impact of these initiatives was modest on the back of low level of consumerism. Meanwhile, implementation of social safety net (SSN) programmes by various agencies remained fragmented with poor targeting mechanism that resulted in inefficient disbursement of assistance. At the same time, the formulation of an integrated and comprehensive social protection system was still in progress.

Focus Area	Key Result, 2016-2017
<div data-bbox="526 818 691 975" style="text-align: center;">  </div> <p data-bbox="264 995 691 1096" style="text-align: center;"><b>Empowering Communities for a Productive and Prosperous Society</b></p>	<p data-bbox="782 814 1296 848"><b>Strengthening the family institution</b></p> <ul style="list-style-type: none"> <li data-bbox="782 883 1822 969">● 647,000 participants benefitted from programmes on parenting skills and family values such as Parenting@Work, Program Ilmu Keluarga, SMARTBelanja and Kafe@Teen</li> <li data-bbox="782 1003 1776 1090">● 850,000 participants benefitted from family support programmes including counselling and reproductive health services, mammogram subsidy and human papilloma virus (HPV) vaccination</li> <li data-bbox="782 1124 1796 1185">● The Domestic Violence Act 1994, amended in 2017, further enhances protection and support for victims and family members</li> </ul> <p data-bbox="782 1217 1245 1251"><b>Nurturing the potential of youth</b></p> <ul style="list-style-type: none"> <li data-bbox="782 1286 1776 1403">● 100,000 youths benefitted from leadership and entrepreneurship development programmes such as Perdana Fellow, Malaysian Youth Parliament, eUsahawan, Tunas Usahawan Belia Bumiputera (TUBE), Business on Truck Carnival and Inkubator Usahawan Belia Tani</li> <li data-bbox="782 1437 1796 1524">● Over two million youths participated in volunteer activities through platforms such as Malaysian Youth Volunteering Programme (MyCorp), 1Malaysia for Youth (1M4U) and Kuala Lumpur Southeast Asian (SEA) Games 2017</li> </ul> <p data-bbox="782 1556 1435 1590"><b>Enhancing the role of women in development</b></p> <ul style="list-style-type: none"> <li data-bbox="782 1624 1790 1685">● Female labour force participation rate increased from 54.1% in 2015 to 54.7% in 2017</li> <li data-bbox="782 1699 1721 1759">● 35.6% women in top management positions in the public sector in 2017 as compared to 32.5% in 2015</li> </ul>

<sup>1</sup>The middle-class society refers to the middle income households with earnings of between half and double of the national median monthly income (RM2,614-RM10,456). Based on the Household Income and Basic Amenities Survey (HIS & BA) 2016, the national median monthly income is RM5,228.

Focus Area	Key Result, 2016-2017
	<p><b>Upholding the needs and interests of children</b></p> <ul style="list-style-type: none"> <li>● The Child Act 2001, amended in 2016, included the core principles of the Convention on the Rights of the Child (CRC)</li> <li>● More than 300 cases of child sexual offences registered in the Special Court for Sexual Crimes against Children since operation in June 2017</li> <li>● 200 child protectors trained under the Child Care Needs and Child Protection Unit (CCNCPU) benefitted 4,800 children</li> <li>● More than 35,000 students from 130 schools participated in the Save and Protect Children programme</li> </ul> <p><b>Enhancing the living environment for the elderly</b></p> <ul style="list-style-type: none"> <li>● Beautiful Life for Seniors (BELFOS) programme, introduced in 2017, provides senior citizens with easy access to job opportunities and social activities</li> <li>● More than 46,000 elderly and persons with disabilities (PWDs) benefitted from the Home Help Service and <i>Pusat Aktiviti Warga Emas</i> (PAWE) programmes</li> <li>● 1,000 elderly participated in short-term courses under the University of the Third Age (U3A) programme</li> </ul> <p><b>Empowering persons with disabilities</b></p> <ul style="list-style-type: none"> <li>● 21,000 PWDs benefitted from the Community-Based Rehabilitation (CBR) programme, skills enhancement training and Job Coach Service programme</li> <li>● PWDs working in public service increased from 3,332 in 2015 to 3,782 in 2017</li> <li>● 123 children with disabilities benefitted from 6 specialist childcare centres established in partnership with the private sector and non-governmental organisations (NGOs)</li> </ul>

Programmes and initiatives to empower the community and address the needs of targeted groups showed moderate progress, with most targets expected to be achieved by the end of the Eleventh Plan. However, there are still concerns, particularly on the wellbeing of family, children, women, elderly and PWDs. The Family Well-Being Index 2016, which measures and reports the state of family wellbeing, registered a moderate score of 7.33

out of 10. This was contributed by various factors, particularly lack of access to facilities and basic amenities in housing areas, environmental related issues and the negative impact of communication technology on family relationship. Moreover, the prevalence of malnutrition among children, namely underweight, overweight and obesity, remains a concern. The annual growth of the female labour force participation rate was also progressing

slowly towards meeting the 59% target. This was partly due to lack of commitment and resources among employers in providing better working environment, particularly flexible working arrangement and childcare services. Meanwhile, initiatives to produce more women leaders in the public sector have shown great progress with women accounting for 35.6% of top management positions in 2017 as compared to 32.5% in 2015, beyond the 30% target.

Various social support initiatives were undertaken through the *Pusat Aktiviti Warga Emas* (PAWE), Beautiful Life for Seniors (BELFOS) and Home Help Service programmes to promote independent, productive and meaningful lifestyle among the

elderly. However, such initiatives were still insufficient in meeting the growing needs of the ageing population. Meanwhile, participation of PWDs in the workforce remained low, with approximately 4,500 employees in both public and private sectors. This was mainly due to the inability of employers to provide an enabling environment in the workplace and negative perception of employers towards the ability of PWDs to perform tasks. In addition, some PWDs faced difficulties in adapting to the working environment. Further neglect of these issues concerning the specific targeted groups may hamper efforts to empower communities for a productive and prosperous society.

Focus Area	Key Result, 2016-2017
<div data-bbox="526 963 691 1124" style="text-align: center;"> </div> <p data-bbox="298 1145 691 1245" style="text-align: center;"><b>Transforming Rural Areas to Uplift Wellbeing of Rural Communities</b></p>	<p data-bbox="782 951 1387 983"><b>Improving wellbeing of rural communities</b></p> <ul style="list-style-type: none"> <li data-bbox="782 1012 1810 1072">● Mean monthly rural household income increased by 12.1% from RM3,831 in 2014 to RM4,359 in 2016</li> <li data-bbox="782 1092 1810 1153">● Incidence of absolute poverty in rural areas decreased from 1.6% in 2014 to 1% in 2016</li> <li data-bbox="782 1173 1810 1203">● Urban to rural migration rate increased from 13.8% in 2015 to 15.2% in 2016</li> <li data-bbox="782 1223 1810 1253">● Rural to urban migration rate decreased from 6.9% in 2015 to 4.2% in 2016</li> <li data-bbox="782 1274 1810 1304">● Gini coefficient in rural areas increased from 0.355 in 2014 to 0.364 in 2016</li> </ul> <p data-bbox="782 1314 1467 1346"><b>Extending provision of rural basic infrastructure</b></p> <ul style="list-style-type: none"> <li data-bbox="782 1374 1810 1405">● 1,542 kilometres of rural paved roads, constructed and upgraded</li> <li data-bbox="782 1425 1810 1485">● 93.5% coverage of access of clean and treated water to rural houses benefitted 16,838 additional houses</li> <li data-bbox="782 1505 1810 1566">● 96.1% coverage of access of electricity to rural houses benefitted 18,190 additional houses</li> </ul> <p data-bbox="782 1586 1516 1618"><b>Encouraging more private investment in rural areas</b></p> <ul style="list-style-type: none"> <li data-bbox="782 1647 1810 1677">● RM33.5 billion of total realised investment in rural areas and 52,521 jobs created</li> </ul> <p data-bbox="782 1707 1225 1739"><b>Improving rural-urban linkages</b></p> <ul style="list-style-type: none"> <li data-bbox="782 1768 1810 1828">● 36 new express buses purchased by <i>Majlis Amanah Rakyat</i> (MARA), covering 27 new routes between urban and rural areas, benefitted 777,640 passengers</li> <li data-bbox="782 1848 1810 1909">● 39 new stage buses purchased by MARA, involving 100 new stops, benefitted 3.8 million rural passengers</li> </ul>

Focus Area	Key Result, 2016-2017
	<p><b>Expanding access to basic services</b></p> <ul style="list-style-type: none"> <li>● 12 Rural Transformation Centres (RTCs) and 205 Mini RTCs in operation nationwide, benefitted more than 8.2 million visitors</li> <li>● Mobile Community Transformation Centre (Mobile CTC) with collaboration of more than 30 agencies, undertook 400 activities, benefitted 2.6 million visitors</li> <li>● 5,967 <i>Bank Simpanan Nasional</i> service agents appointed to increase access to selected financial services for the rural community</li> </ul> <p><b>Streamlining the delivery system</b></p> <ul style="list-style-type: none"> <li>● 19,452 villages registered in the <i>Sistem Profil Kampung Peringkat Nasional (SPKPN)</i> to improve rural development planning and service delivery</li> </ul>

Initiatives implemented to transform rural areas were mostly on track, recording 50% achievement of the targets in the Eleventh Plan. These include construction and upgrading of rural roads and electricity supply as well as initiatives to expand access to basic services and improve rural-urban linkages. Despite rigorous efforts undertaken, there remained pockets of the population and hinterland with limited access to basic infrastructure and

socioeconomic opportunities. This was due to remote geographical as well as sparsely and scattered populated locations, which posed challenges to provide rural basic infrastructure and socioeconomic activities. Failure to comprehensively address these issues may widen urban-rural divide and regional development imbalances, affect productivity in rural areas and contribute towards rural to urban migration.

Focus Area	Key Result, 2016-2017
 <p><b>Accelerating Regional Growth for Better Geographic Balance</b></p>	<p><b>Review of regional economic corridor master plans</b></p> <ul style="list-style-type: none"> <li>● Review of the Iskandar Malaysia, Northern Corridor Economic Region (NCER) and East Coast Economic Region (ECER) masterplans completed</li> <li>● Regional Corridor Development Authority (RECODA) and Sarawak State Government conducted various detailed studies to complement the Sarawak Corridor of Renewable Energy (SCORE) Master Plan</li> <li>● Sabah Economic Development and Investment Authority (SEDIA) commenced the review of Sabah Development Corridor (SDC) Blueprint</li> </ul>

Focus Area	Key Result, 2016-2017
	<p><b>Accelerating investment in regional economic corridors</b></p> <ul style="list-style-type: none"> <li>● The ECER Investment Special Taskforce (EIST), Northern Corridor Implementation Authority Investor Centre of Engagement (NICE) and Iskandar Service Centre (ISC) established as platforms to facilitate investors</li> <li>● RM107.2 billion of realised investment in 5 regional economic corridors (RECs), that is 45.4% of the Eleventh Plan target <ul style="list-style-type: none"> <li>● Iskandar Malaysia: RM41.8 billion</li> <li>● ECER: RM22.5 billion</li> <li>● NCER: RM17.3 billion</li> <li>● SCORE: RM15.9 billion</li> <li>● SDC: RM9.7 billion</li> </ul> </li> <li>● 147,627 jobs created in 5 RECs, equivalent to 31.4% of the Eleventh Plan target <ul style="list-style-type: none"> <li>● Iskandar Malaysia: 64,288 jobs</li> <li>● ECER: 32,032 jobs</li> <li>● NCER: 24,200 jobs</li> <li>● SCORE: 19,354 jobs</li> <li>● SDC: 7,753 jobs</li> </ul> </li> <li>● Key infrastructure projects to improve connectivity and mobility <ul style="list-style-type: none"> <li>● Expansion of Kuantan Port</li> <li>● Construction of Pan Borneo Highway</li> <li>● Construction of Mukah Airport</li> <li>● Development of Kuala Terengganu City Centre</li> </ul> </li> </ul>

The overall efforts of the regional economic corridor (REC) authorities have contributed towards reducing regional imbalances through the implementation of programmes and projects that spurred economic activities. These programmes and projects undertaken in collaboration with Federal and state agencies attracted higher private investments and created spill-over effects to the surrounding areas and economic hubs. In addition, various human capital development programmes were conducted to improve the quality of workforce especially in rural areas. The RECs implemented a number of skills and entrepreneurship programmes that contributed to the creation of jobs, entrepreneurs and business opportunities, which attracted investments into the regions.

The activities of the RECs have contributed to the improvement in the living standards of local communities and narrowed the urban-rural skills gaps. The implementation of projects and programmes in the RECs has contributed to RM107.2 billion of realised investment<sup>2</sup> which is equivalent to 45.4% of the Eleventh Plan target. A total of 147,627 jobs were created during the review period which is equivalent to 31.4% of the Plan target. This was contributed by better facilitation of investors, supportive investment ecosystem and appropriate incentives. Despite the progress, growth of less developed regions was relatively slower compared to that of more developed regions indicating that regional imbalances continued to remain.

<sup>2</sup> East Coast Economic Region Development Council (ECERDC), Northern Corridor Implementation Authority (NCIA) and Regional Corridor Development Authority (RECODA) define realised investment as total value of investment that has been committed with the commencement of the project. Meanwhile, Iskandar Regional Development Authority (IRDA) and Sabah Economic Development and Investment Authority (SEDIA) define realised investment as the value invested in the project for the current year or based on work completed.

Focus Area



Enhancing Bumiputera Economic Community (BEC) Opportunities to Increase Wealth Ownership

Key Result, 2016-2017

**Empowering Bumiputera human capital**

- Bumiputera represented 61.4% in the skilled occupation category
- 130,000 students trained by *Majlis Amanah Rakyat* (MARA) in TVET as well as professional and managerial programmes
- 90.6% participants trained by *Yayasan Peneraju Pendidikan Bumiputera* (YPPB) under the *Program Peneraju Skil Iltizam* employed within 6 months upon certification
- 83.3% of 1,644 trainees of *Peneraju Skil Iltizam* received the minimum monthly salary of RM1,500 within 1 year of employment, exceeded the 70% targeted outcome of trainees earning minimum salary
- 50.7% of 672 trainees of *Peneraju Skil* received the minimum salary of RM3,800 within 1 year of employment, yet to achieve the 70% targeted outcome of trainees earning minimum salary
- 89% overall passing rate of 2,498 trainees under the *Program Peneraju Profesional*, exceeded the 65% targeted passing rate
- Outstanding achievements under *Program Peneraju Profesional*:
  - 7 trainees awarded the Association of Chartered Certified Accountants (ACCA) Global Prize
  - 21 trainees awarded the Certified Accounting Technician (CAT) Global Prize
  - 20 trainees qualified as Chartered Financial Analyst (CFA)

**Increasing Bumiputera effective control and sustainable corporate ownership**

- RM482.6 million investment by *Ekuiti Nasional Berhad* (EKUINAS) in 9 companies involved in oil and gas; retail; manufacturing; food and beverages; fast-moving consumer goods; and service businesses
- 2 companies listed on Bursa Malaysia under *Skim Jejak Jaya Bumiputera* with a market capitalisation of RM4.5 billion
- RM41.5 million invested in 6 technology-based companies under A-Bio Programme in businesses such as medical device, pathology and engineering design
- RM236.2 billion in Assets Under Management owned by Bumiputera has been invested by *Permodalan Nasional Berhad* (PNB) in various asset categories comprising public equities, private investment, real estate, cash and fixed income instruments, since 1978

Focus Area	Key Result, 2016-2017
	<p><b>Enlarging the share of Bumiputera wealth ownership</b></p> <ul style="list-style-type: none"> <li>● 73% of Bumiputera households owned a residential unit in 2016</li> <li>● 3 units of high value commercial buildings and properties, worth RM1.2 billion acquired by <i>Pelaburan Hartanah Berhad</i> (PHB)</li> <li>● <i>Amanah Hartanah Bumiputera</i> (AHB) fund size expanded to RM4 billion benefitted 58,000 Bumiputera unit holders</li> <li>● 219 units of business premises developed by MARA, worth RM20.7 million</li> <li>● Housing development of <i>Wakaf Legasi Seberang Jaya</i> involving 68 residential units with a total gross development value (GDV) of RM15.3 million in collaboration between UDA Holdings Berhad (UDA) and <i>Majlis Agama Islam Negeri Pulau Pinang</i></li> <li>● Mixed development of <i>Wisma Wakaf Ar Ridzuan</i> involving 11 commercial units and 144 residential units with a total GDV of RM41.8 million, in collaboration between UDA and <i>Majlis Agama Islam dan Adat Melayu Perak</i></li> <li>● 77 units of medium-low cost apartment (1,000 square feet) constructed on waqf land in Sungai Nibong, Pulau Pinang</li> <li>● 35 units of business premises worth RM58.8 million purchased by <i>Perbadanan Usahawan Nasional Berhad</i> (PUNB) to be rented by Bumiputera entrepreneurs</li> </ul> <p><b>Empowering Bumiputera Economic Community (BEC)</b></p> <ul style="list-style-type: none"> <li>● 236 companies benefitted, with more than 4,000 jobs created under the carve-out and compete policy involving 4 projects, namely the Pan Borneo Highway Sabah, Pan Borneo Highway Sarawak, Setiawangsa-Pantai Expressway (SPE) and Mass Rapid Transit (MRT) Line 2</li> <li>● 231 companies benefitted, with more than 14,000 jobs created under the Facilitation Fund initiatives</li> <li>● 99.6% of 1,490 young entrepreneurs trained under TUBE, registered their businesses and created 2,088 jobs, with sales of RM17.2 million in 2016</li> <li>● RM1 billion loan approved by <i>TEKUN Nasional</i> to 67,690 enterprises</li> <li>● RM176.6 million loan disbursed by MARA to 3,194 entrepreneurs and grant totalling RM9.3 million to 920 entrepreneurs</li> <li>● RM377.5 million loan disbursed to 865 entrepreneurs under <i>Program Pembiayaan Keusahawanan</i> PUNB</li> </ul>

Focus Area	Key Result, 2016-2017
	<p><b>Strengthening delivery effectiveness of Bumiputera-oriented programmes</b></p> <ul style="list-style-type: none"> <li>● TERAJU XChange (TXC) centralised database on Bumiputera entrepreneurs completed in 2016 to consolidate Bumiputera entrepreneurs information and prevent cases of double-dipping</li> </ul>

During the review period, efforts undertaken have contributed towards achieving the Bumiputera agenda outcomes outlined under the Eleventh Plan. The Labour Force Survey, 2017 reported an increase of Bumiputera in skilled occupation category by ethnic groups from 59.4% in 2014 to 61.4% in 2017. However, a further analysis among total Bumiputera employment, only 29.4% were in the skilled occupation category. This indicates that most of the Bumiputera were employed in the low value-added industries with low-paying jobs.

The percentage of Bumiputera households owning at least one residential unit increased marginally from 72.7% in 2014 to 73% in 2016 against the target of at least 75% by 2020. However, the total transaction value of commercial and industrial properties in the primary market involving Bumiputera decreased from RM291.3 million in 2015 to RM226.1 million in 2016, a drop of 20.4%, attributed by the global economic slowdown<sup>3</sup>. In addition, Bumiputera corporate equity remained below the target of at least 30% of the total corporate equity ownership. These have affected the overall wealth ownership holdings of Bumiputera. Furthermore, the majority of Bumiputera entrepreneurs in the micro and small enterprises category were largely dependent on government assistance and are vulnerable to intense market competition.

## Issues and Challenges

Efforts to **uplift the income and wellbeing of the B40 households** encountered a number of challenges. Majority of the B40 household heads have low education and skills levels,

including the Orang Asli in Peninsular Malaysia, Anak Negeri Sabah and Bumiputera Sarawak. Most of the B40 households are self-employed, low-wage workers and involved in small-scale enterprises. Furthermore, many households have single source of income, high level of debts, low level of savings and without insurance protection, making these households vulnerable to uncertainties and shocks. Meanwhile, the B40 household entrepreneurs are mostly involved in micro enterprises. Key constraints faced by the B40 household entrepreneurs include lack of capacity and capability, low bargaining power as well as limited access to technology and financing. The lack of capacity and capability is related to over dependency on government assistance, resulting in low level of initiative, creativity and perseverance. Concurrently, the high number of foreigners involved in unregistered business activities has restrained opportunities among local B40 entrepreneurs. In addition, incomprehensive planning and silo implementation of SSN programmes as well as loose targeting of recipients by various agencies leads to less effective disbursement of assistance to the B40 households.

**Rising prices of goods and services** has affected the purchasing power of the B40 households against the backdrop of a slower growth in household income as compared to the expenditure. Average monthly consumption expenditure of the B40 households grew at an annual rate of 6% in the period of 2015-2016, higher than the average monthly income growth of 5.8%. The majority of B40 households were affected by the prices of food and non-alcoholic beverages which recorded the highest increase at 3.7% per annum during the review period. This was followed by the

<sup>3</sup> Based on the Malaysia Property Market Report 2016.

prices of food<sup>4</sup> away from home which grew at 3.4% as well as the prices of housing, water, electricity, gas and other fuels at 2.4%. These three categories constituted 61.9% of the total consumption of B40 households. The rising prices of goods and services impacted the B40 households in the urban areas more severely, especially the low-income segment, due to higher spending commitments and limited income-generating ability.

Challenges in **enhancing the BEC** include low participation of Bumiputera in skilled and professional occupations, particularly at the decision-making and managerial levels. The Bumiputera workforce also face difficulties in securing jobs due to several factors such as poor interpersonal skills and English language proficiency as well as mismatch of skills required by industry and the skills attained by Bumiputera graduates. Inadequate financial strength and inability to meet the requirements by financial institutions have further hindered Bumiputera capability to own financial and non-financial assets. Besides, Bumiputera lack effective control and decision-making authority due to low corporate equity ownership. Thus, the interest of the Bumiputera community has not been taken into account sufficiently. Concurrently, the potential of waqf and Malay reserve land as a mechanism to unlock and enhance Bumiputera wealth ownership has yet to be optimised due to lack of coordination and legal constraints. In addition, Bumiputera entrepreneurs lack financial strength and continue to depend on government assistance. Limited presence of Bumiputera entrepreneurs along the supply chain constraints business networking and also restricts the ability to compete effectively in the open market.

Challenges in **empowering communities** include improving the wellbeing of families and children, youth development, female labour force participation as well as raising the level of awareness on the rights and protection of women and children against violence. Work-life balance and lifestyle challenges as well as technological impact continue to affect the quality of family life. The prevalence of underweight, overweight and obesity among children due to changing lifestyle and dietary habits also pose challenges to children's development and quality of life. Despite efforts and initiatives to nurture the potential and talent of youth, there are still concerns on socioeconomic challenges faced by youth particularly regarding talent enhancement, employability

as well as creation of opportunities in various fields. Meanwhile, the female labour force participation rate remains low due to high cost and lack of childcare facilities as well as limited provision of flexible working arrangements. The low participation is further compounded by other factors such as family commitment and responsibilities as well as traditional mind set of the gender role. Concurrently, reported violence cases against women such as domestic violence, incest and rape as well as child abuse are on the rise. This was mainly attributed to poor moral and religious values as well as lack of community support.

Currently, around 10% of the Malaysian population are aged 60 years and above and is expected to reach 15% by 2030. The **increasing number of elderly** would exert more pressure on the Government in providing assistance including healthcare for the elderly. In addition, there is a serious shortage of trained elderly care personnel and caregivers, with only 30 qualified geriatricians currently serving the elderly population. Meanwhile, the lack of support and apathy towards the needs of PWDs particularly in the private sector has also affected the participation of PWDs productively in socioeconomic activities. Moreover, lack of collaboration between agencies in implementing the universal design<sup>5</sup> for buildings and public facilities has dampened efforts to provide user-friendly physical environment for the elderly and PWDs.

In achieving **balanced regional development**, reducing development disparities between states and regions, and narrowing urban-rural gap within the regions remain a challenge. The provision of rural basic infrastructure and amenities, particularly in the remote areas of Sabah and Sarawak, remains a constraint due to wide as well as sparsely and scattered populated areas. In addition, high cost of implementation, poor accessibility and difficult terrains condition, pose a challenge in uplifting the wellbeing of rural communities. Meanwhile, RECs continue to face stiff competition in attracting foreign investments especially in high technology and knowledge-intensive industries. The RECs also experience shortage of skilled workers as well as limited access to quality broadband and logistics infrastructure. This further hampers the RECs to accelerate socioeconomic growth and balanced regional development.

<sup>4</sup> Food includes non-alcoholic beverages

<sup>5</sup> Based on Persons with Disabilities Act 2008, universal design means the design of products, environments, programmes and services to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design and shall include assistive devices for particular groups of persons with disabilities where this is needed.



