



Executive Summary

# ELEVENTH MALAYSIA PLAN

2016-2020

ANCHORING GROWTH ON PEOPLE





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## Anchoring growth on people

The Eleventh Malaysia Plan, 2016-2020, is the final leg in the journey towards realising Vision 2020. Launched in 1991, Vision 2020 envisions Malaysia as a fully developed country along all dimensions - economically, politically, socially, spiritually, psychologically, and culturally - by the year 2020. Emboldened by the great strides made in the last half decade, the Eleventh Plan reaffirms the Government's commitment to a vision of growth that is anchored on the prosperity and wellbeing of its *rakyat*. The Eleventh Plan is premised on a progressive and united Bangsa Malaysia that shares a common commitment towards building a better Malaysia for all Malaysians.

The development of the Eleventh Plan was guided by the Malaysian National Development Strategy (MyNDS), which focuses on rapidly delivering high impact on both the capital and people economies at low cost to the government. The capital economy is about Gross Domestic Product (GDP) growth, big businesses, large investment projects, and financial markets, while the people economy is concerned with what matters most to the people, which includes jobs, small businesses, the cost of living, family wellbeing, and social inclusion.

Accordingly, the Eleventh Plan is a strategic plan that paves the way for Malaysia to deliver the future that the *rakyat* desires and deserves. It represents the Government's commitment to fulfilling the aspirations of the people. The Eleventh Plan, based on the theme "anchoring growth on people", has six strategic thrusts and six game changers that will transform ideas into reality and address the goals set out in Vision 2020, Malaysia will thus be catapulted towards the end state of being an advanced economy and inclusive nation.



This word cloud captures important concepts, themes, and terms commonly used in the Eleventh Malaysia Plan.

## In retrospect

ONE OF THE  
**BEST**

Real GDP  
**6.2%**  
per annum

Malaysia has enjoyed **one of the best economic growth** records in Asia over the last five decades despite a multitude of challenges and economic shocks.

The economy achieved a stable real GDP growth of 6.2% per annum since 1970, successfully transforming from a predominantly agriculture-based economy in the 1970s, to manufacturing in the mid-1980s, and to modern services in the 1990s.

**25X**  
increase in per  
capita income



Malaysia rose from the ranks of a low-income economy in the 1970s to a high middle-income economy in 1992 and remains so today. Malaysia's national per capita income expanded more than 25-fold from US\$402 (1970) to US\$10,796 (2014) and is well on track to surpass the US\$15,000 threshold of a high-income economy by 2020.



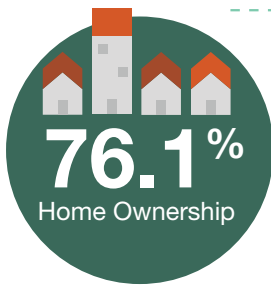


Between 1970 and 2014, the incidence of poverty in general **was reduced from 49.3% to 0.6%** while hardcore poverty has been eradicated.

Household monthly income



The mean household monthly income increased more than 20-fold **from RM264 in 1970 to RM6,141 in 2014**. Similarly, median income increased from **RM166 to RM4,585** over the same period. Income inequality has also narrowed, as reflected by the Gini coefficient, from 0.513 in 1970 to 0.401 in 2014.



Today, Malaysians from all walks of life, irrespective of ethnicity, socio-economic background, and geographic location, enjoy a better quality of life. **Approximately 76.1% of households are homeowners**, with 75.3% of poor households owning homes as well.

Malaysians today live longer, with life expectancy increasing by more than 10 years to 75 years. **They are also better educated with 27% of the labour force** having a tertiary level qualification, a fourfold increase from 1980. Mobility has improved tremendously with better connectivity provided by extensive road, rail, and air networks.

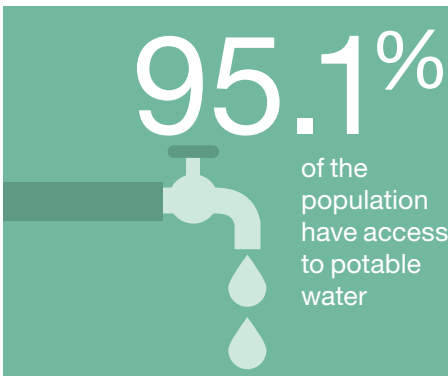
**12<sup>th</sup>** In 2014, Malaysia was rated the 12th most competitive country among 60 countries in the World Competitiveness Yearbook by the International Institute for Management Development;

**20<sup>th</sup>** 20th out of 144 countries in the Global Competitiveness Index (GCI) 2014-2015 by the World Economic Forum; and 18th among 189 economies in the Doing Business Report 2015 by the World Bank.

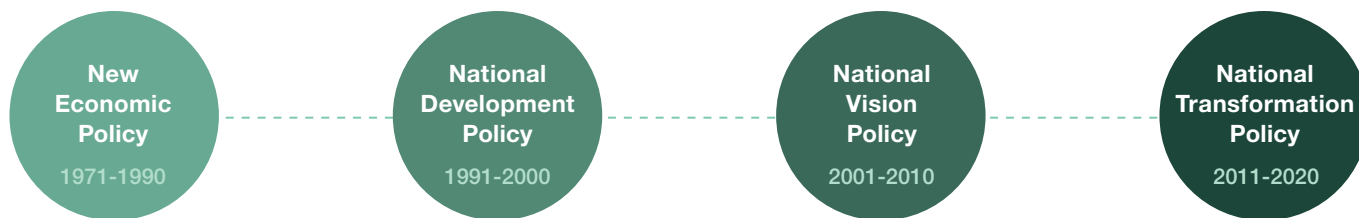


**Malaysia also scores highly**

as a top 20 investor-friendly destination for the period between 2014 and 2018, in the Economist Intelligence Unit's 2014 Business Environment Rankings.



All these gains were made possible by Malaysia's development philosophy, which places the prosperity and wellbeing of the rakyat at the heart of economic growth. This commitment can be seen in each successive development policy:



**The New Economic Policy,** 1971-1990, focused on poverty eradication irrespective of ethnicity and eliminating identification of ethnicity by economic function.

**The National Development Policy,** 1991-2000, focused on ensuring the balanced development of major sectors of the economy and regions, as well as reducing socio-economic inequalities across communities.

**The National Vision Policy,** 2001-2010, focused on building a resilient and competitive nation.

**The National Transformation Policy,** 2011-2020, maintains the people-centric focus through the New Economic Model, which sets the goal of becoming a high-income economy that is both inclusive and sustainable.



This transformation agenda is supported by the **Economic Transformation Programme**, which focuses on the 12 economic areas that are most critical to the nation's continued growth, and the **Government Transformation Programme**, which focuses on transforming areas of public service that are of greatest concern to the rakyat. The Government has also introduced **MyNDS** to strengthen implementation approach.



## The next five years

**The Eleventh Plan is formulated with the rakyat as the centrepiece of all development efforts. The people economy will be given priority,**

reinforcing the Government's commitment to bring further development to the people by enriching their lives, providing people with dignity, and uplifting their potential to partake in the country's prosperity that is generated. All segments of society must benefit from the country's economic prosperity in order to create an advanced economy and inclusive nation by 2020. In line with this, for the first time in Malaysia's history, national growth targets will include not only GDP growth and per capita income, but also household income and the Malaysian Wellbeing Index to assess the impact of economic growth on people's wellbeing.

### Average national income

**The Government aspires for Malaysia to achieve an advanced economy status by 2020, with a national per capita income of**

MORE THAN

**US\$15,000**

While there will still be people who earn less than this threshold, all segments of society, irrespective of geography, ethnicity, or income level, are expected to experience an increase in their income and wellbeing.

Every household will have access to efficient infrastructure and public amenities, quality healthcare and education, quality and affordable housing, and comprehensive support services.

**The goal is nothing less than a better quality of life for all Malaysians.**



## Challenges and opportunities

The next five years are expected to be challenging with continued uncertainties in the global economy, particularly given the prospect of low prices for crude oil and other major commodities, and the risk of a slowdown in the economies of major trading partners. On the domestic front, there needs to be greater resolve to boost productivity to drive economic growth; strengthen the fiscal position while ensuring adequate public funding to support continued economic expansion; and raise the average income and share of total income of the bottom 40% household income group (B40 households) to become truly inclusive.

The Eleventh Plan also opens up new opportunities, particularly with the establishment of the ASEAN Economic Community (AEC) of more than 600 million people in a single market, which will be a boost to trade and investment. Domestically, Malaysia will exploit its demographic dividend of a young and growing population with a median age of around 30 and a working age population of close to 70% to accelerate growth. Malaysia's multiracial and multicultural society is another unique asset, which has yet to be exploited to its fullest in terms of its natural affiliation with Islamic nations, the People's Republic of China, India, and as a rich tourist attraction.

## Six strategic thrusts

Moving forward, the Eleventh Plan provides a critical platform for the country to make vital policy shifts and invent new approaches to address new and existing challenges. It cannot be "business-as-usual" if Malaysia is to make the transition to an advanced economy and inclusive nation in the space of the next five years.

### Strategic thrusts

The Government has defined six strategic thrusts to help Malaysia stay ahead of the challenges and opportunities of the fast-changing global and political landscape. These thrusts aim to comprehensively address the end-to-end needs of the rakyat and the nation.

### Game changers

The Government has also identified six game changers, which are innovative approaches to accelerate Malaysia's development, that once successfully applied, will fundamentally change the trajectory of the country's growth.



## and six game changers

**Four of these game changers are critical to the development of an advanced economy – they aim to unlock productivity for accelerated sectoral growth; unleash innovation to generate new sources of revenue; harness TVET for the transition to a higher-skilled workforce; and develop cities as a source of competitiveness. To ensure that all Malaysians are able to participate in and benefit from this growth, the Government will raise the income and wellbeing of the B40 households. Finally, the Government will embark on green growth to shift the paradigm of sustainability from a narrow focus on natural assets, to include consumption and production processes in all sectors and households.**

## Macroeconomic outlook

During the Eleventh Plan, real GDP is targeted to expand between 5%–6% per annum. The Gross National Income (GNI) per capita is expected to reach US\$15,690 (RM54,100) and therefore exceed the estimated US\$15,000 minimum threshold of a high-income economy. The Plan is expected to create 1.5 million jobs by 2020, with targeted improvements in labour productivity through the continuous shift from labour-intensive to knowledge- and innovation-based economic activities. Growth will be driven by the private sector with private investment expanding at 9.4% per annum. All economic sectors will witness strong growth with the manufacturing and services sectors contributing more than 75% of GDP. The external sector is also expected to contribute positively with recovery in exports, and the current account of the balance of payments is projected to remain in surplus at 2.6% of GNI. The Federal Government fiscal position is expected to consolidate further to achieve a balanced budget by 2020. Inflation is expected to remain benign, below 3%, and the economy is anticipated to maintain full employment.

Malaysia's economic fundamentals will be strengthened to achieve sustainable growth by ensuring stable prices and exchange rates, and an adequate level of savings as a source of investible resources. The Government will also promote private consumption, as well as private investment in agriculture, manufacturing, and services to spearhead economic growth, and increase exports by improving product competitiveness, promoting services exports, and diversifying markets. More prudent fiscal management will be introduced to enhance fiscal flexibility, and measures will be undertaken to unlock the potential of productivity to ensure sustainable and inclusive growth.

# Strengthening macroeconomic resilience for sustained growth

**Unlocking productivity potential to ensure sustainable and inclusive growth**



Nation-wide productivity agenda and implementation plan  
 Enhancing public sector productivity and accelerating regulatory reforms  
 Greater collaboration in re-skilling and research  
 Ensuring productivity is championed across industries  
 Enterprise-level productivity assessments and targets

**Promoting investment to spearhead economic growth**



Reducing the cost of doing business  
 Providing performance-based incentives for high-income and knowledge-intensive economic activities  
 Addressing the talent gap and mismatch  
 Improving access to financing for knowledge-intensive industries  
 Providing tipping point financing through the Facilitation Fund

**Increasing exports to improve trade balance**



Improving the export ecosystem  
 Moving up the value chain  
 Maximising opportunities with strategic partners  
 Increasing external industry expert support

**Enhancing fiscal flexibility to ensure sustainable fiscal position**



Enhancing revenue and implementing more prudent spending measures

## Multidimensional goals, 2016-2020

GDP growth at  
**5-6%**  
 per annum



Labour productivity at  
**RM92,300**  
 by 2020 from RM77,100 in 2015



GNI per capita at  
**RM54,100**  
 by 2020



Average monthly household income at  
**RM10,540**  
 by 2020 from RM6,141 in 2014



Compensation of employees to  
 GDP by 2020 from  
 34.9% in 2015



Malaysian Wellbeing Index (MWI) to increase  
**1.7%**  
 per annum



## Macroeconomic prospects, 2016-2020

SELECTED OUTCOMES



## Game Changer

# Unlocking the potential of productivity

### Why is productivity important for Malaysia?

In the past, Malaysia's economic growth has been predominantly input-driven, supported by private investments in industry and public investments in infrastructure, utilities, as well as in schools and hospitals. Despite efforts to improve productivity, Malaysia continues to lag behind many high-income economies. For example, Malaysia's labour productivity level was 32% that of the United States' and 56% that of South Korea's in 2013. While Malaysia will continue to boost private investment and undertake public investment during the Eleventh Plan, it will place greater emphasis on increasing productivity to achieve a more sustainable, inclusive, and high rate of economic growth.

### What will success look like?

During the Eleventh Plan, labour productivity will reach RM92,300 in 2020 from RM77,100 in 2015. In addition, sectoral growth will accelerate due to improvements in productivity.

### How will this be achieved?

Malaysia's approach to productivity will shift from primarily Government-driven initiatives at the national level to targeted actions across the public sector, industry players, and individual enterprises, with champions identified to role model change and ensure buy-in across stakeholders. Broad-based initiatives will be developed and tailored for each sector with targets set and monitored. At the national level, productivity-linked incentives will be introduced and regulatory reforms will be accelerated. At the industry level, industry champions will spearhead industry-specific productivity initiatives, while at the enterprise level, incentives and up-skilling programmes will be provided. Collectively, these strategies will produce a set of major shifts as laid out below.

	From	To
<b>Approach</b>	Fragmented productivity initiatives, typically at national level	Focused and comprehensive strategies at all levels – national, industry, and enterprise
<b>Champion</b>	Led by Government	Spearheaded by industry champions and industry associations, and supported by Government via the National Productivity Council
<b>Industry focus</b>	Focused on manufacturing sector and selected services subsectors	Covers all sectors, including agriculture, construction and the public sectors
<b>Program design</b>	Generic programmes without clear targets Incentives not linked to performance	Programmes closely aligned with industry needs as per relevant industry master plan Programme incentives linked to outcomes
<b>Regulation revamp</b>	Little to no linkages between regulations or policies with productivity	Linkages established between government regulations or policies with productivity
<b>Oversight</b>	Oversight only at the national level	Increased oversight across enterprise, industry, and national level

## Game Changer

# Uplifting B40 households towards a middle-class society

### Why is uplifting the B40 households important for Malaysia?

Today, there are 2.7 million B40 households with a mean monthly household income of RM2,537. As Malaysia continues to grow, the B40 households should not miss out on the opportunities that come with national prosperity. Allowing the B40 households to remain in their current socio-economic status will create social costs for all Malaysians, as it reduces the number of skilled workers needed to grow national output, perpetuates urban inequality, and limits the growth potential of rural and suburban areas.

### What would success look like?

All B40 households regardless of ethnicity will be given greater focus, especially the urban and rural poor, low-income households, as well as the vulnerable<sup>1</sup> and aspirational<sup>2</sup> households. The size and composition of

middle-class society will grow to 45% by 2020. The mean income of the B40 households will double to RM5,270 in 2020 from RM2,537 in 2014. More B40 households will have family members with tertiary education, from 9% in 2014 to 20% in 2020. The income share of the B40 to national household income will also increase from 16.5% in 2014 to 20% in 2020.

### How will this be achieved?

The Government will implement strategies to raise the income and wealth ownership of the B40 households, address the increasing cost of living, and strengthen delivery mechanisms for supporting B40 households. The Government will also introduce the Multidimensional Poverty Index (MPI) to ensure that vulnerability and quality of life is measured in addition to income. The major shifts that will occur are set out below:

	From	To
<b>Approach</b>	Lifting B40 households above the poverty line through improved income levels and assistance with living costs	Uplifting B40 households to middle-class society by further improving income levels and wealth creation, as well as increasing education and skill levels
<b>Scope</b>	Assisting B40 households with individual micro-enterprises ----- Focus on developing micro-entrepreneurship and economic activities in low-value, traditional industries	Fostering community and social-based enterprises in the B40 community, in addition to individual enterprises ----- Building capacity to participate in high-productivity, innovative, and creative economic activities
<b>Characteristics</b>	B40 households have low wealth and non-financial asset ownership, and are easily affected by economic shocks ----- B40 households are highly reliant on government assistance	B40 households are able to save and build wealth including through non-financial asset ownership, making them more resilient to economic shocks ----- B40 households are independent and rely less on government assistance programmes

<sup>1</sup> Vulnerable households refer to households with income between Poverty Line Income (PLI) and 2.5 times PLI.

<sup>2</sup> Aspirational households refer to households with income between 2.5 times PLI and national mean income.

## Game Changer

# Enabling industry-led Technical and Vocational Education and Training (TVET)

### Why is TVET important for Malaysia?

Under the Eleventh Plan, 60% of the 1.5 million jobs that will be created will require TVET-related skills. Meeting this demand will require Malaysia to increase its annual intake gradually from 164,000 in 2013 to 225,000 in 2020. Yet, the challenge is not merely about numbers. Industry feedback consistently reveals a disconnect between the knowledge, skills, and attitudes these graduates possess, and what is required in the workplace.

### What would success look like?

An effective and efficient TVET sector is one where:

- Supply matches demand, and there are robust quality control mechanisms which ensure that all public and private institutions meet quality standards;
- Industry and TVET providers collaborate across the entire value chain from student recruitment, through to curriculum design, delivery, and job placement; and
- Students are well-informed of the opportunities that TVET can offer and view TVET as an attractive pathway. Students also have access to a variety of innovative, industry-led programmes that better prepares them for the workplace.

### How will this be achieved?

Achieving these aspirations will require harmonising and streamlining how the system currently operates to reduce fragmentation across the various public and private stakeholders. Furthermore, efforts will be made to encourage industry-led interventions and programmes as they are the stakeholders best placed to ensure that the supply of graduates meet their requirements. A summary of the major shifts that will be undertaken are set out as follows:

	From	To
Governance	<p>2 Accreditation Agencies (MQA and DSD) with different sets of qualifications</p> <p>Different quality rating systems for public and private TVET institutions, depending on which Ministry the institution is registered with</p>	<p>Single qualification system adopted by both MQA and DSD</p> <p>Single rating system for both public and private TVET institutions</p>
Programme delivery	<p>Design and delivery of curriculum led by individual TVET institutions or Government</p> <p>No specialisation among TVET institutions</p>	<p>Design and delivery of curriculum led by industry, in partnership with TVET institutions and Government</p> <p>Institutions to specialise in and create Centres of Excellence in niche areas of expertise</p>
Capacity	164,000 intake in 2013	225,000 intake per annum in 2020, by maximising use of existing institutions
Profile	Limited recognition and low premium	Career of choice for students



## Game Changer Embarking on green growth

### Why is green growth important for Malaysia?

Malaysia, like many countries across the world, is grappling with the challenge of balancing a growing population and demand, with a natural environment that is increasingly under stress. In the global context of increasing intensity and frequency of extreme weather events, adopting green growth has now become an imperative for Malaysia. It represents Malaysia's commitment to renew and, indeed, increase its commitment to the environment and long-term sustainability.

### What will success look like?

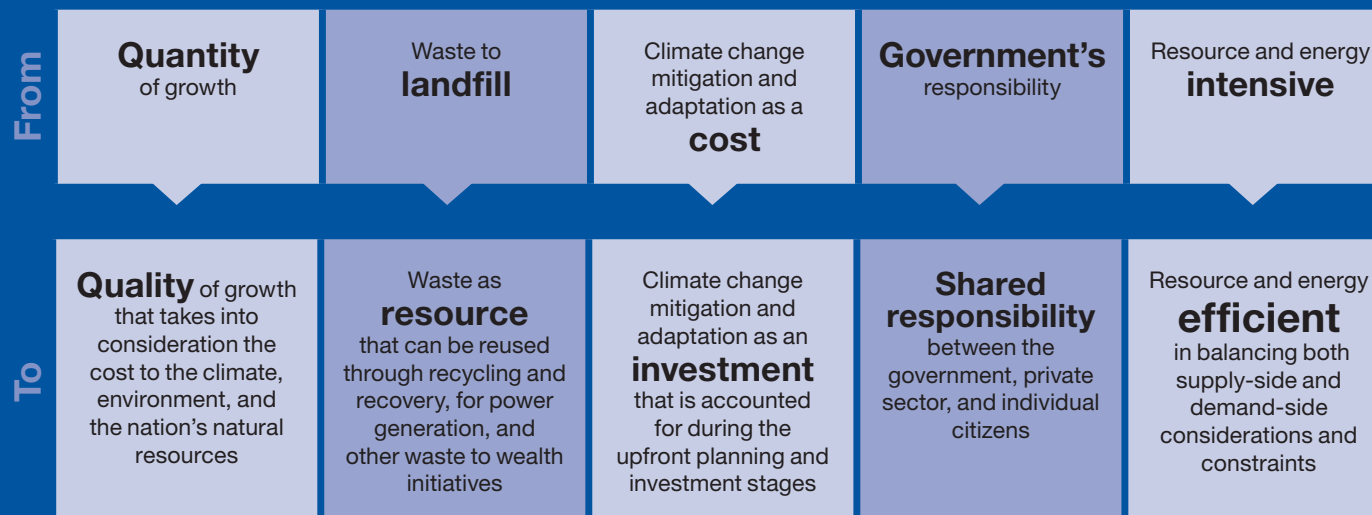
A successful green growth trajectory will ensure:

- Detrimental impact of socio-economic activity on environmental systems is reduced;
- Natural capital, including forested areas, biodiversity, and water resources as well as its ecosystems, is valued and sustainably managed;

- Development gains are protected, thus ensuring wellbeing of people across generations; and
- Energy use is efficient and renewable energy is widely used.

### How will this be achieved?

Achieving these aspirations requires a fundamental shift away from a 'grow first, clean up later' development model towards one that views resilient, low-carbon, resource-efficient, and socially inclusive development as an upfront investment that will yield future gains over multiple generations to come. This requires fundamental changes across every major dimension including how policy is determined, how institutions are regulated, how responsibilities are shared, and how people value their environment.



## Game Changer

# Translating innovation to wealth

### Why is innovation important for Malaysia?

Innovation is a key driver for economic growth as it raises productivity through new or improved processes, technologies, and business models. In addition, innovation can create additional sources of revenue through differentiated products and services that serve unmet customer needs. As Malaysia continues to move towards a high-value, knowledge-based economy with a strong focus on the services and manufacturing sectors, innovation will be crucial to raise the overall efficiency and thus productivity of each sector.

### What will success look like?

In the enhanced innovation ecosystem, there will be greater collaboration and integration across industry, academia, and communities. Research will be closely aligned with industry demand, and the private sector will be active partners in the research, development, commercialisation, and innovation (R&D&C&I) process by contributing funds, expertise, and other resources. Communities

will be actively engaged in addressing social issues through a whole-society approach in the provision of social services. There will be a greater return on investment from innovation.

### How will this be achieved?

The Eleventh Plan will focus on strengthening relational capital by improving collaboration among all stakeholders. Innovation will be targeted at both the enterprise and societal level, instead of previous efforts which focused primarily on national-level initiatives. At the enterprise level, initiatives will enhance demand-driven research, improve collaboration between researchers and industries, and encourage private investment in R&D&C&I. At the societal level, communities will be encouraged to provide input into social service delivery mechanisms, while a social financing model will be developed to assist communities to fund new initiatives. Collectively, these strategies will produce a set of major shifts as set out in the table below:

	From	To
<b>Enterprise innovation</b>	<p>Collaboration between industry and research institutes is limited, resulting in R&amp;D output that is not linked to industry demand</p> <p>Investments in R&amp;D have low returns and do not drive competitiveness and productivity for industry</p>	<p>Better partnerships between industry and researchers, with industry helping to shape research to ensure relevance to business, and contribute ideas, infrastructure, tools, and expertise</p> <p>Integrated R&amp;D&amp;C&amp;I initiatives generate high return on investment over time and stimulate productivity growth</p>
<b>Social innovation</b>	<p>High investments in social services but delivery is ineffective</p> <p>Communities remain dependent on the government</p>	<p>Focus on streamlining social services delivery by incorporating feedback from the community in line with the “whole-society approach”</p> <p>Delivery supported by a Social Financing Model and outcome-based funding to provide communities with avenues to invest in innovative initiatives</p>

## Game Changer Investing in competitive cities

### Why is investing in cities important for Malaysia?

Cities have always played an important role in a nation's growth by providing investment and trade opportunities, as well as improving connectivity with rural or suburban areas. Today, global competition for investment and talent is increasingly between cities, making it imperative to invest in cities in order to attract and retain investment and talent. Kuala Lumpur, the largest city in the nation, is expected to contribute 14.8% of GDP in 2015. As Malaysia aims to re-engineer and spur economic growth, the development and renewal of cities will be crucial to create nodes for strong economic agglomeration.

### What will success look like?

By 2020, four major cities<sup>1</sup> in Malaysia will have undergone a step-change in their economic growth, importance as talent hubs, and liveability. City residents will be able to afford urban housing, have adequate public transportation systems, enjoy green and open spaces, and have access to economic opportunities that will enable them to provide their children with a better future. While these four cities – selected based on their strong fundamentals – will serve as pioneers, the transformation will be expanded to other cities over time. These cities will serve as role models for other cities in the country and region.

### How will this be achieved?

City Competitiveness Master Plans will be developed for four major cities as a start, based on key principles that increase liveability and stimulate economic growth. These include creating density to increase efficiency; expanding transit-oriented development to enhance mobility; and strengthening knowledge-based clusters to facilitate agglomeration and innovation. These master plans will take into account each city's competitive advantages, and will be formulated by the respective local authorities in consultation with the private sector and civil society. The major shifts that this game-changer will produce are summarised in the following chart.

	From	To
Economic density	Economic density in cities is unplanned and organic, resulting in lower productivity	Increased economic density to enhance productivity
Urban form	Uncontrolled and automobile-focused sprawl	Transit-oriented development to increase use of public transportation and reduce reliance on personal vehicles
Resource usage	Resource use not streamlined, leading to high usage of natural resources	Efficient waste management through guidelines on resource use and effective enforcement
Housing	New developments are expensive and exclusive with limited affordable options	Affordable and quality housing is accessible to targeted segments of the society
Industry focus	Current industries are predominantly labour- and space-intensive industry	Growth of knowledge-intensive industries with efficient use of space
Role of local authorities	Local authorities focused on licensing, enforcement, and provision of basic services	Local authorities as strategic drivers of local economic and social development

<sup>1</sup> Kuala Lumpur, Johor Bahru, Kuching, and Kota Kinabalu.



1

**Enhancing  
inclusiveness towards  
an equitable society**

Inclusivity has always been a key principle in Malaysia's national socio-economic development agenda, and a fundamental goal of the New Economic Model. This commitment to enable all citizens – regardless of gender, ethnicity, socio-economic level, and geographic location – to participate in and benefit from the country's prosperity, is anchored on a belief that inclusive growth is not only key to individual and societal wellbeing, but also critical for sustaining longer periods of solid economic growth.



2

**Improving  
wellbeing for all**

The Government has always adopted a balanced development approach that gives equal emphasis to both economic growth and the wellbeing of the rakyat. Wellbeing refers to a standard of living and quality of life that addresses an individual's socio-economic, physical, and psychological needs. Wellbeing is essential to enhancing productivity and mobility, while simultaneously strengthening social cohesion and national unity.



3

**Accelerating human  
capital development  
for an advanced nation**

Human capital development is a critical enabler for driving and sustaining Malaysia's economic growth and supporting the transition of all economic sectors towards knowledge-intensive activities. An efficient and effective labour market is also necessary to attract investments into Malaysia and enable everyone to participate in and enjoy the benefits of economic growth.

## STRATEGIC THRUSTS



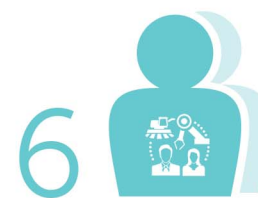
### Pursuing green growth for sustainability and resilience

Green growth refers to growth that is resource-efficient, clean, and resilient. It is a commitment to pursue development in a more sustainable manner from the start, rather than a more conventional and costly model of ‘grow first, clean up later’. A reinforced commitment to green growth will ensure that Malaysia’s precious environment and natural endowment are conserved and protected for present and future generations.



### Strengthening infrastructure to support economic expansion

Infrastructure development ensures that the *rakyat* have access to essential amenities and services such as transport, communications, electricity and clean water. Better integration of different transport modes will create seamless movement for people and goods. Moreover, an efficient infrastructure lowers the cost of doing business, which in turn improves national competitiveness and productivity. Good infrastructure is therefore the foundation of social inclusion, economic expansion, and growth.



### Re-engineering economic growth for greater prosperity

Robust economic growth is crucial to ensure that the aspiration of becoming an advanced economy is attained. A strong and broad-based economy, producing high-value goods and services, will generate the high-paying jobs associated with an advanced nation. The economy must be placed on a solid foundation to withstand external shocks and generate undisrupted prosperity for the people.



## Enhancing inclusiveness towards an equitable society

The Government is committed to ensuring equitable opportunities for all segments of society, in particular the B40 households. All Malaysians will benefit from better access to quality education and training, efficient infrastructure and social amenities, better employment and entrepreneurial opportunities, as well as wealth ownership. Rural areas will be transformed with improved connectivity, mobility, and a conducive business environment. All households will witness an increase in income, and the B40 households will be elevated towards a middle-class society. The status of the Bumiputera economic community will be further enhanced. Key initiatives include:

### **Uplifting vulnerable households:**

The Government will focus on outcome-based support and productivity-linked assistance for these groups, including the B40 households. This includes programmes on entrepreneurship, skills training, technology adoption, asset ownership, and investments in connectivity and basic amenities.

**Six target segments:** The Government will strengthen family institutions with integrated support systems; implement youth leadership and entrepreneurship programmes; increase female labour participation through flexible arrangements; improve childcare and child protection; support active ageing for the elderly; and enhance employment and training for persons with disabilities.

**Balanced geographic growth:** The Government will transform rural areas by creating employment and business opportunities, enhancing rural-urban linkages, increasing access to basic government services, and expanding financial services. Accelerated investments in five regional economic corridors will ensure higher income for local communities, with the Border Economic Transformation Programme targeting border regions.



## Improving wellbeing for all

The Government will improve the wellbeing of all Malaysians – regardless of socio-economic background or geographic location. Every Malaysian will have equal access to quality healthcare and affordable housing. Neighbourhoods and public spaces will be safer, allowing the *rakyat* to have peace of mind and for communities to thrive. Sports and physical activity will become an integral part of life, with most, if not all Malaysians embracing a healthy lifestyle. Most importantly, there will be greater social integration leading to a more united and cohesive Malaysian community. Key initiatives include:

**Right care, right setting, right time:** The Government will invest in mobile healthcare, mobile emergency services, and ambulance services to enable faster services to all communities. Hospitals will adopt lean management practices to increase capacity, reduce wait times, and improve patient outcomes.



## Accelerating human capital development for an advanced nation

**A home for every household:** The Government will develop 606,000 houses for low- and middle-income households. Affordable housing financing schemes such as My First Home, Youth Housing, and MyHome, will be enhanced, and transit housing programmes for youth and young married couples will be introduced.

**Making our communities safer:** The Government will intensify crime prevention efforts through omnipresence, the Safe City Programme, and community policing partnerships. The C4i integrated information system will reduce police response time from 12 to 8 minutes.

The Government will improve labour productivity and create more job opportunities that require highly-skilled workers. Technical and Vocational Education and Training (TVET) will shift towards industry-led programmes to produce the skilled talent to meet industry needs. The existing workforce will have many opportunities to continuously enrich and develop themselves, so as to stay relevant in the changing economy. Above all, the quality of education will be raised to develop talent with both the knowledge and skills, and ethics and morality, to thrive in a globally competitive and dynamic environment. Key initiatives include:

**A labour market that works for everyone:** The Government will prioritise investments in knowledge-intensive areas for high-skilled jobs and labour productivity. Targeted interventions for youth and women will address concerns of unemployment and underemployment.

**An education for 21st century graduates:** The Government will prepare graduates for a dynamic future by embedding critical knowledge and skills, and ethics and morality, from preschool to higher education. Learning will be personalised with expanded online and lifelong learning resources.

**A decent wage for all:** The Government will introduce a National Wage Index and expand the Productivity Linked Wage System to ensure fair and transparent wages based on qualifications, skills, and productivity. The Government will enforce greater compliance to minimum wage levels to enhance financial security.



## Pursuing green growth for sustainability and resilience

Malaysia's green growth strategy will lead to better quality growth; strengthened food, water and energy security; lower environmental risks and ecological scarcities; and ultimately better wellbeing and quality of life. It will mean significant reduction in greenhouse gas emissions and improved conservation of terrestrial and inland water, as well as coastal and marine areas including its ecosystems. Sustainable consumption and production practices will increase the adoption of energy-efficient and low carbon buildings, transport, products, and services. Climate change adaptation measures and disaster risk management, as well as the protection and conservation of natural resources, including biodiversity, will be intensified to protect the nation and its development gains. Key initiatives include:

**Do more with less:** The Government will lead by example on sustainability practices for the industry. Government buildings will be retrofitted to be

energy efficient. Green procurement practices will be promoted to stimulate domestic market for green products and services.

**Conservation culture:** The Government will protect our biodiversity by intensifying enforcement against illegal deforestation, and undertaking reforestation and enrichment efforts in degraded areas. The Government will conserve and increase the population of endangered plants and wildlife to safeguard the nation's rich biodiversity.

**Build back better:** The Government will strengthen disaster risk management to reduce vulnerability and prepare the people for natural disasters. The Government will upgrade detection and early warning systems, and improve capabilities of disaster-related agencies for relief, response, and recovery efforts.



## Strengthening infrastructure to support economic expansion

New investments in road, rail, and air services will be balanced with efforts to improve the productivity, efficiency, and service levels of such infrastructure. Digital access will be increased through both broadband infrastructure expansion and initiatives to ensure their affordability. Efficiency of the logistics sector and trade facilitation will be enhanced, making Malaysia the preferred logistics gateway to Asia. Expansion and investment in new water and sewerage networks and treatment capacity will continue. Emphasis will also be placed on improving the security and reliability of the energy sector by addressing both supply-side and demand-side measures. Key initiatives include:

**Basic amenities for all:** 99% of the population will have clean and treated water by 2020, 99% of rural homes will have electricity supply, and 95% of populated areas will have broadband access at lower prices.





## Re-engineering economic growth for greater prosperity

**Connecting each other:** Investments will focus on connectivity between transport modes, rural and urban localities, and cities. The Klang Valley MRT will become operational, stage bus coverage will be expanded, and intercity express bus networks will be enhanced. The Government will build 3000km of paved rural roads.

**Connecting regionally:** The Government will upgrade freight and logistics infrastructure and increase container handling capacity to position Malaysia strategically in the region. Trade will be facilitated through simpler, paperless, and business-friendly procedures.

All economic sectors will migrate into more knowledge-intensive and high-value added activities. In the services sector, there will be a shift towards modern services, which include Islamic finance, ecotourism, ICT, the creative industry, the halal industry, and oil and gas. The manufacturing sector will shift towards more diverse and complex products in three catalytic subsectors, namely chemicals, electrical and electronics, and machinery and equipment. Agriculture will be modernised by promoting sustainable practices and adopting modern farming technology to generate high-income. Growth across all economic sectors will be supported by productivity improvements, innovation, better talent, and greater internationalisation. Key initiatives include:

**Services sector transformation:**

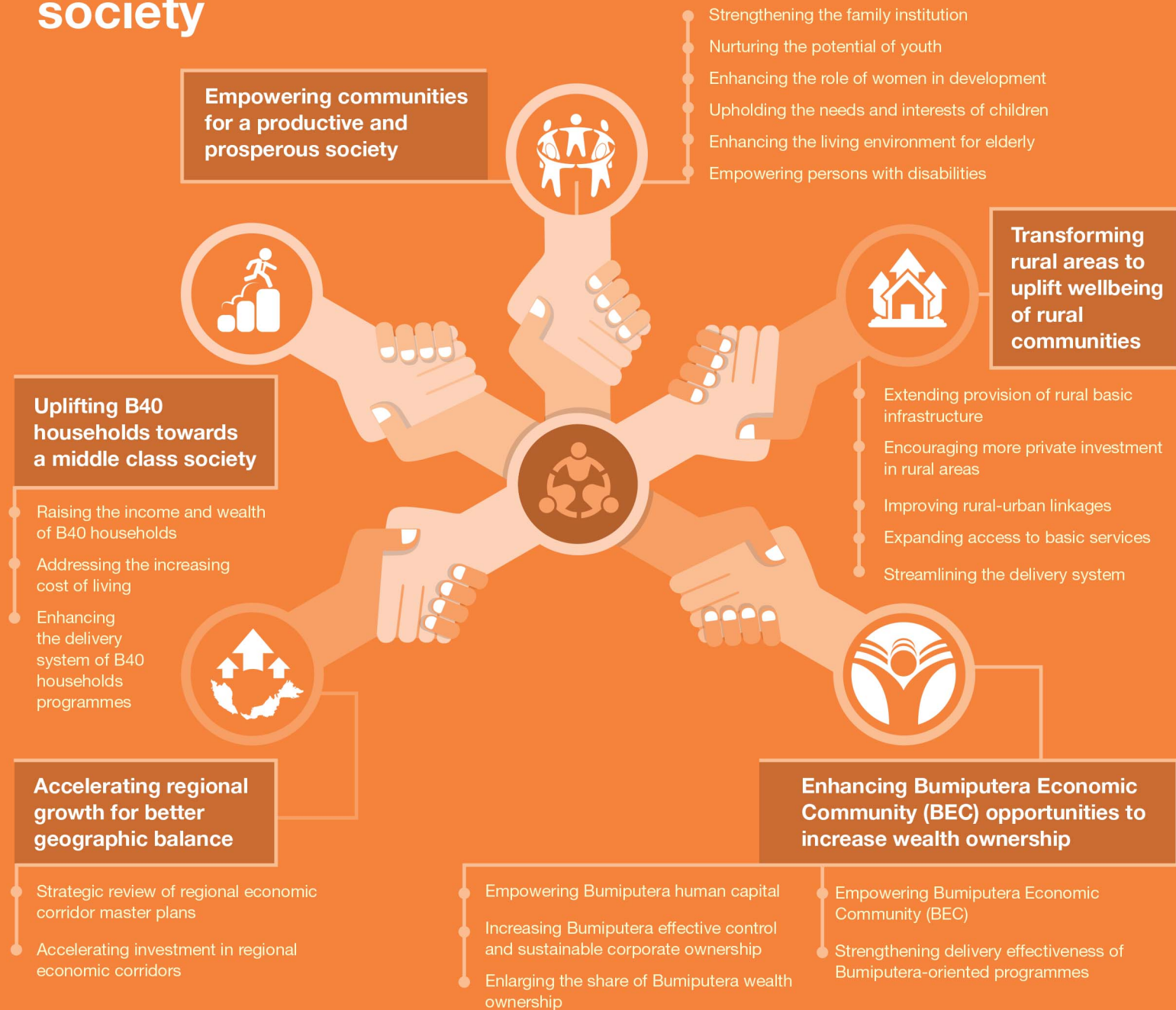
The Government will accelerate the growth of the services sector, focusing on modern services such as Islamic finance, oil and gas, ICT, healthcare, education, professional services, ecotourism, and the halal industry.

**Small is big:** Small and medium enterprises (SMEs) are the backbone of Malaysia's economy. The Government will simplify procedures to set up SMEs, partner with SMEs to improve productivity, improve access to funding, and create home-grown champions. SMEs will provide 9.5 million jobs by 2020.

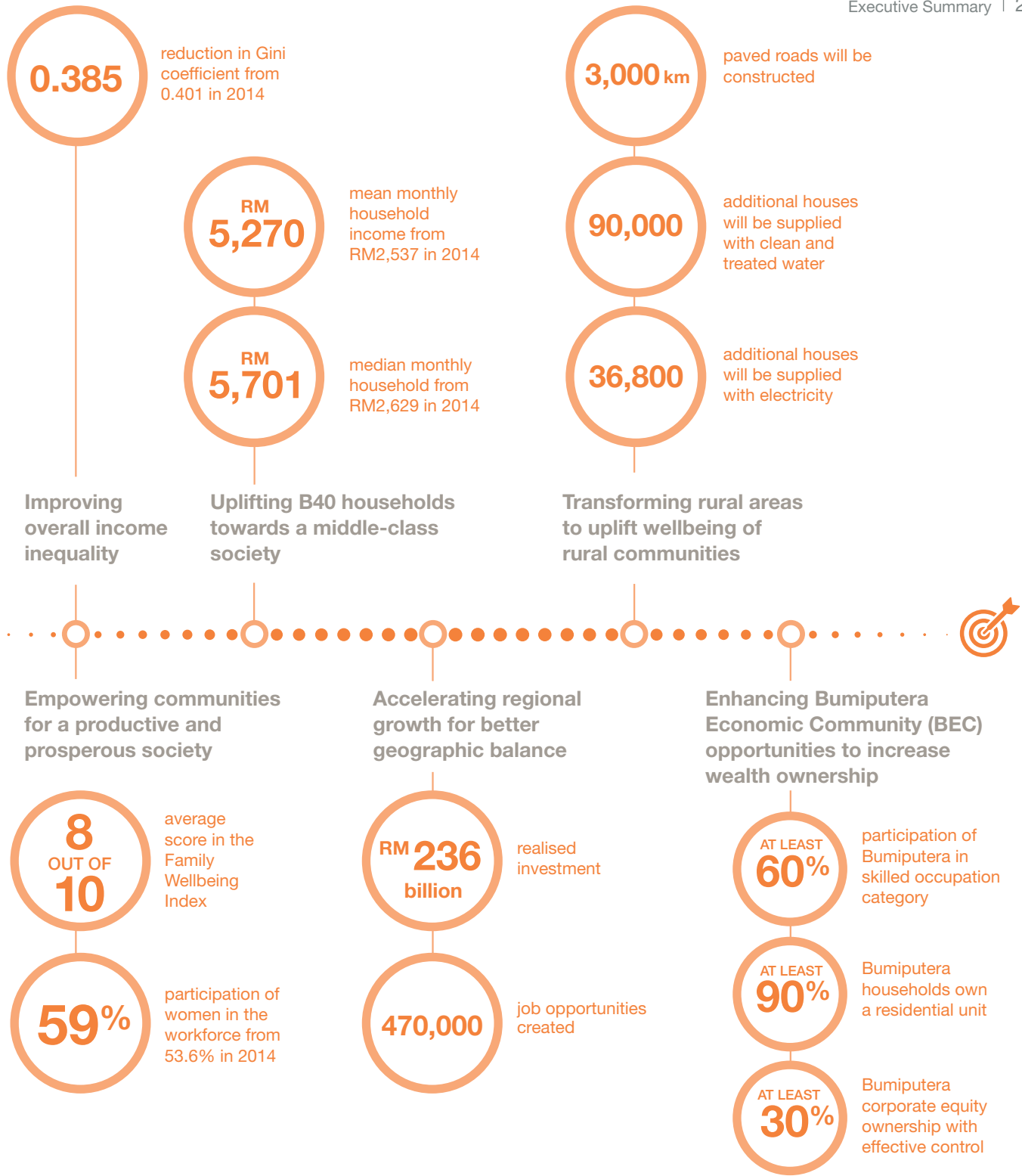
**Going global:** The Government will enable services, manufacturing, and agriculture sectors to increase exports. Manufacturing will transition towards more complex and diverse products, with chemicals, electrical and electronics, machinery and equipment as catalytic subsectors. Agriculture will focus on modern farming technology, building agropreneurs, and creating market access.

## Strategic thrust 1:

# Enhancing inclusiveness towards an equitable society



SELECTED OUTCOMES



## Strategic thrust 2: Improving wellbeing for all



### Achieving universal access to quality healthcare

- Enhancing targeted support, particularly for underserved communities
- Improving system delivery for better health outcomes
- Expanding capacity to increase accessibility
- Intensifying collaboration with private sector and NGOs to increase health awareness



### Providing adequate and quality affordable housing to poor, low- and middle-income households

- Increasing access to affordable housing for targeted groups
- Strengthening planning and implementation for better management of public housing
- Encouraging environment-friendly facilities for enhanced liveability



### Creating safer living environments for thriving communities

- Enhancing crime prevention by enforcement agencies, private players, and the public to elevate perception of feeling safe
- Tightening regulations and strengthening enforcement to stem crime
- Promoting crime awareness for effective prevention
- Enhancing rehabilitation, treatment, and aftercare to reduce recidivism among ex-inmates and relapse among drug addicts



### Improving road safety and emergency services to reduce fatalities

- Improving road safety to reduce accidents
- Improving emergency services to save lives



### Enculturating the spirit of 1Malaysia to foster social cohesion and national unity

- Promoting social integration and ethics to foster a united and moral society
- Intensifying stakeholder engagement to build a shared sense of responsibility



### Promoting sports for healthy living and unity

- Promoting mass sports participation at all levels of society to instil a sports culture
- Developing youth leadership in sports
- Developing high performance athletes for global prominence

SELECTED OUTCOMES

1.7%

Malaysian Wellbeing Index

Increase per annum, compared to 1.1% during the Tenth Plan

Achieving universal access to quality healthcare

2.3

Hospital beds per 1,000 population<sup>1</sup>

1:400

Doctor to population ratio

Providing adequate and quality affordable housing to poor, low- and middle-income households

47,000

Houses to be constructed/ repaired for the poor

606,000

Houses to be developed for low- and middle-income households

Enculturating the spirit of 1Malaysia to foster social cohesion and national unity

6,800

Number of schools with Kelab Rukun Negara

Creating safer living environments for thriving communities

60%

Percent of population feeling safe

5%

Annual reduction in crime index

Promoting sports for healthy living and unity

50%

Minimum percentage of Malaysians who embrace a sports culture

Improving road safety and emergency services to reduce fatalities

8 minutes

Optimised emergency response time

2.0

Road fatalities index per 10,000 registered vehicles

8 minutes

Optimised police response time

<sup>1</sup> Includes public and private hospitals, maternity and nursing homes, hospices and ambulatory care centres.

# Strategic thrust 3: Accelerating human capital development for an advanced nation

## Improving labour market efficiency to accelerate economic growth

Improving labour productivity and wages through the shift to high skilled jobs

Enhancing labour market operations to maximise efficiency and effectiveness

Improving management of foreign workers

## Transforming TVET to meet industry demand

Strengthening the governance of TVET for better management

Enhancing quality and delivery of TVET programmes to improve graduate employability

Rebranding TVET to increase its attractiveness

## Improving the quality of education for better student outcomes and institutional excellence

Enhancing access and quality to improve student outcomes

Enhancing governance and stakeholder partnerships for better school support

Raising the quality of graduates and programmes, and strengthening research for innovation

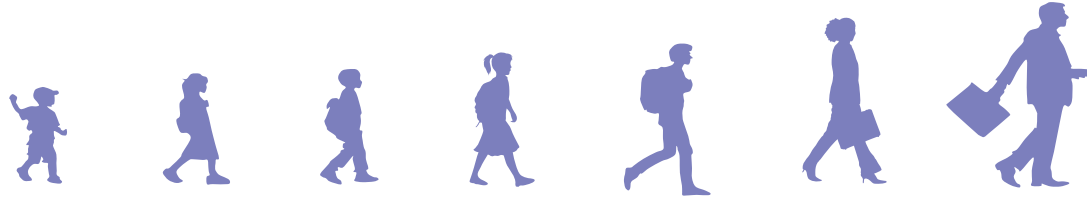
Strengthening IHE governance and financial sustainability towards institutional excellence

## Strengthening lifelong learning for skills enhancement

Improving effectiveness of programmes to meet learning needs

Improving regulatory and funding support to broaden access

SELECTED OUTCOMES



Improving labour market efficiency to accelerate economic growth

3.7%

Per annum labour productivity target in the Eleventh Plan, compared with 2.6% in the Tenth Plan

Transforming TVET to meet industry demand

225,000

Intake of SPM leavers to TVET programmes; an increase from 164,000 in 2013

Strengthening lifelong learning for skills enhancement

58%

Increase in number of employees that will benefit from expansion of the HRDF Act; from 1.77 million employees in 2014 to 2.8 million in 2020

Improving the quality of education for better student outcomes and institutional excellence



Malaysia aims to be at least on par with the international average in PISA and TIMSS assessments

TOP 100

2 universities in the top 100 of the QS World University Rankings

40%

Compensation of employees to GDP in 2020; an increase from 33.6% in 2013

RM 2,500

Monthly median wage in 2020; an increase from RM1,575 in 2014

100%

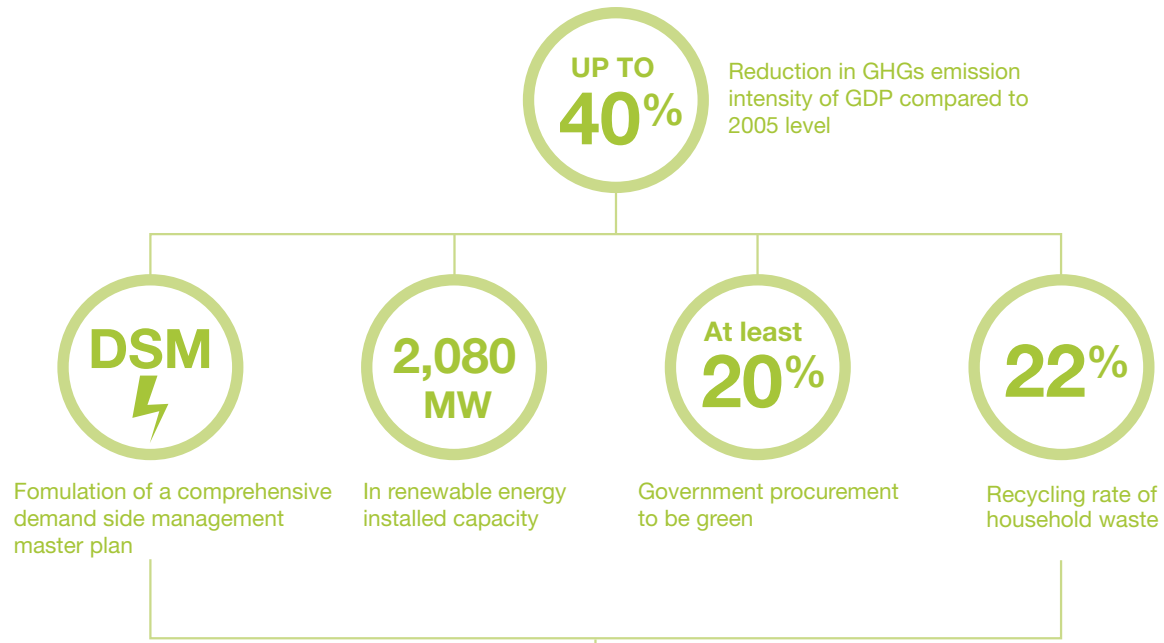
Student enrolment from preschool to upper secondary

# Strategic thrust 4: Pursuing green growth for sustainability and resilience





SELECTED OUTCOMES



Adopting the sustainable consumption and production concept



Strengthening resilience against climate change and natural disasters



National crisis and disaster management centre to enhance capacity for disaster preparedness and response



People protected through flood mitigation projects

Conserving natural resources for present and future generations

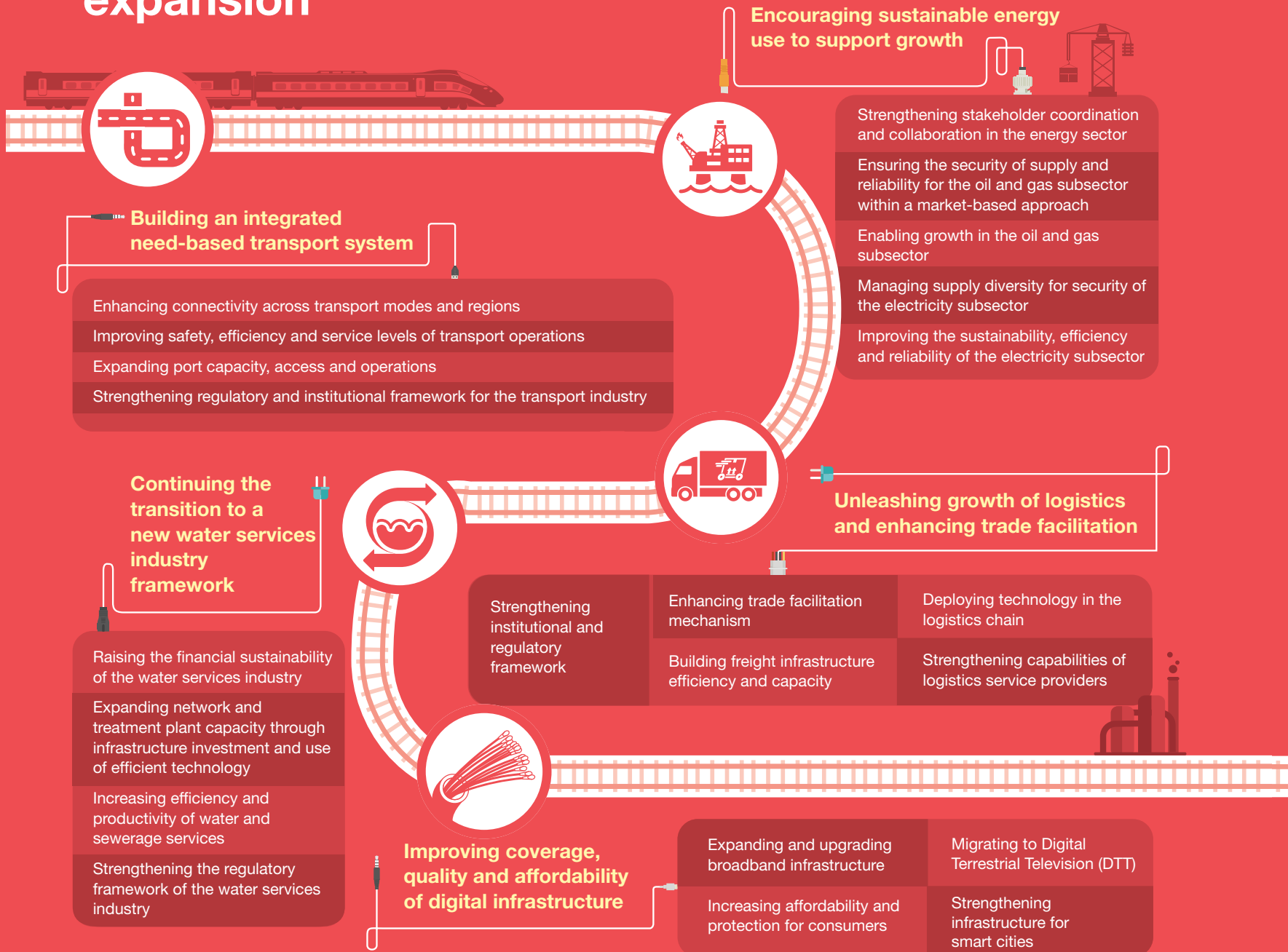


Terrestrial and inland water areas gazetted as protected areas



Coastal and marine areas gazetted as protected areas

# Strategic thrust 5: Strengthening infrastructure to support economic expansion



SELECTED OUTCOMES



# Strategic thrust 6: Re-engineering economic growth for greater prosperity



## Investing in competitive cities and regional economic corridors development

Developing city competitiveness master plans for four major cities

Strengthening corridors to fuel regional development



### Transforming services

Fostering a dynamic environment for knowledge-intensive services

Implementing comprehensive and integrated governance reforms

Stepping up internationalisation of services firms

Enhancing management of investment incentives

Expanding modern services



### Energising manufacturing

Moving towards complex and diverse products

Enhancing productivity through automation

Stimulating innovation-led growth

Strengthening growth enablers

Ramping up internationalisation



### Modernising agriculture

Improving productivity and income of farmers, fishermen and smallholders

Promoting training and youth agropreneur development

Strengthening institutional support and extension services

Building capacity of agricultural cooperatives and associations along the supply chain

Improving market access and logistics support

Scaling up access to agricultural financing

Intensifying performance-based incentive and certification programmes



### Transforming construction

Enhancing knowledge content

Driving productivity

Fostering sustainable practices

Increasing the internationalisation of construction firms



### Growing dynamic SMEs

Enhancing productivity through automation and innovation

Strengthening human capital development

Enhancing ease of doing business

Increasing demand for SME Products and Services

Creating home-grown champions

Developing SMEs in Sabah and Sarawak



### Translating innovation to wealth

#### Enterprise innovation

Strengthening the governance mechanism

Enhancing demand-driven research

Strengthening industry-academia collaboration through intermediaries

Promoting private financing of research, development, commercialisation, and innovation

#### Social innovation

Strengthening collaboration through a whole-society approach

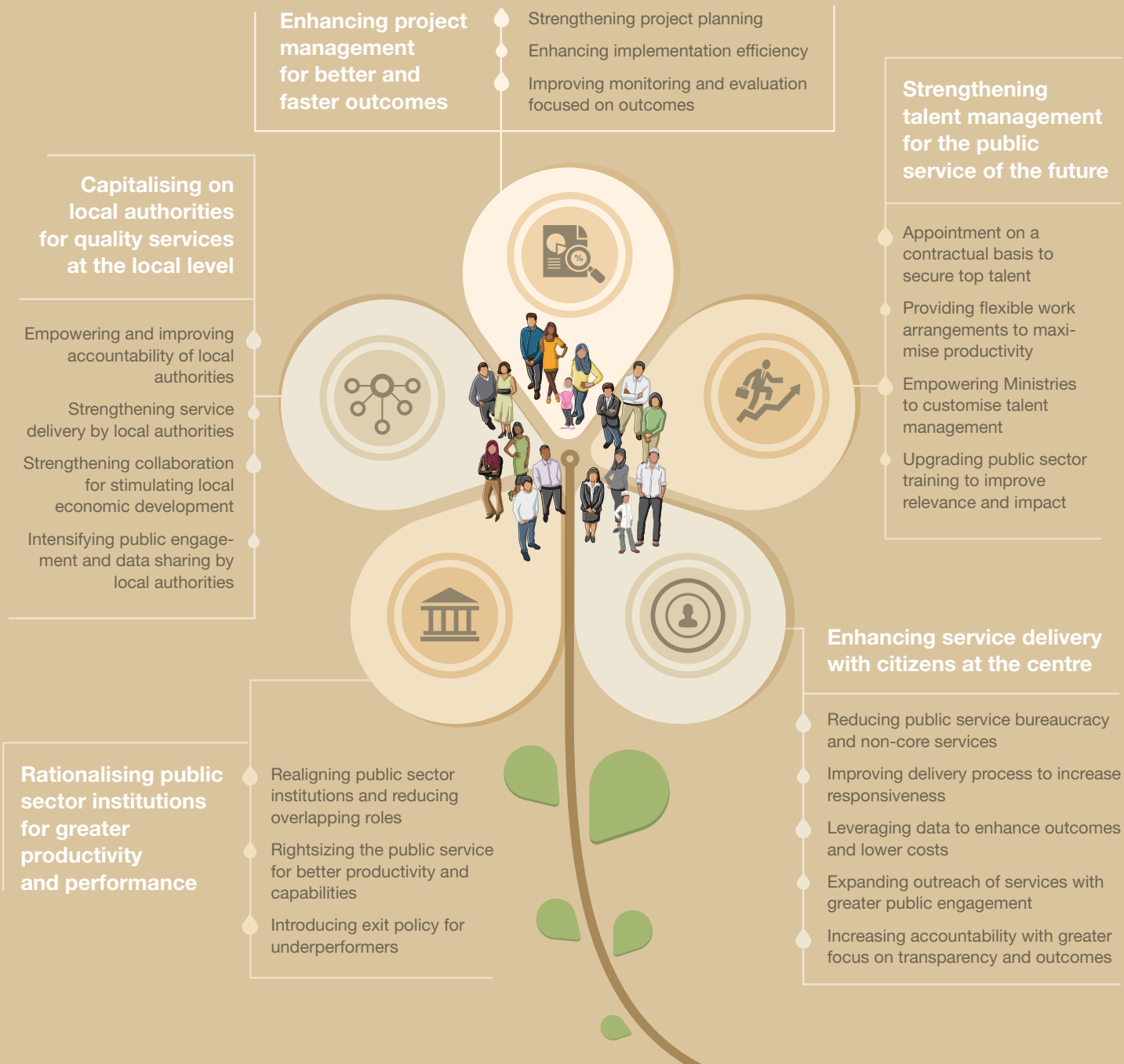
Developing a social financing model

Promoting higher order thinking skills to develop a dynamic society

SELECTED OUTCOMES



# Transforming public service for productivity



Top 10 in the Government Efficiency sub-index of the World Competitiveness Yearbook

TOP  
10

**Rationalising public sector institutions for greater productivity and performance**

Conducting a comprehensive audit across institutions and agencies

**Capitalising on local authorities for quality services at the local level**

Embedding community expectations into local authority KPIs

Top 15 in the Online Service sub-index of the UN e-Government Development Index

TOP  
15

**Enhancing service delivery with citizens at the centre**

Establishing cloud computing for consolidation and data sharing

**Enhancing project management for better and faster outcomes**

Establishing a public sector comparator (PSC)

Top 30 in the Corruption Perception Index by Transparency International

TOP  
30

**Strengthening talent management for the public service of the future**

Providing flexible working arrangement schemes



The Government is committed to transforming the public service by becoming more citizen-centric and enhancing the productivity and efficiency of service delivery. The aspiration is to deliver more accessible public services with multi-skilled talent, as well as less bureaucracy, hierarchy, and centralisation. Key initiatives include:

**Citizens at the centre:** Public services will increasingly be co-created by the *rakyat* through crowdsourcing and greater engagement to understand preferences and needs. Urban, Rural and Mobile Community Transformation Centres (CTCs) will be maximised to consolidate services closer to the *rakyat*. Frontline services will be integrated from the perspective of the *rakyat* (rather than traditional agency and ministry perspectives), with back-end processes consolidated to deliver faster response times.

**Productivity and efficiency:** Institutions, commissions, and agencies will be rationalised to reduce overlaps and redundancies to create a leaner, more agile, and more responsive public sector. This will include rightsizing the public service, introducing exit policy for underperformers, and integrating productivity indicators into KPIs of ministries and local authorities.

**Digital government:** 77% of government services are now online with more services available via the single sign-on. Mobile platform will be given focus to increase usage and outreach. The National Open Data initiative will allow interactive feedback, transparency, data analyses, and open innovation by businesses and individuals.

## Malaysia beyond 2020

The Eleventh Plan not only marks the culmination of a 30-year journey towards Vision 2020; it also sets the stage for the next horizon of growth. Post-2020, the challenge will be to raise the bar even higher on the country's growth prospects along three dimensions, namely economy, people, and environment.

The vision is for all Malaysians to have an unshakeable national identity and clear moral compass. The country will be governed by trusted and independent executive, legislative, and judicial institutions that protect all Malaysians equally. Malaysians will have a government that delivers, led by leaders with integrity and conviction who embrace the concept of *amanah*. Malaysia will punch above its weight in the international arena, both as a strong independent nation and through prominent Malaysian thought leaders in various fields.

The economy will be progressive, inclusive, and adaptable for the future, with highly productive world-class cities and thriving rural areas. All Malaysians will be able to participate in and benefit from the country's growth, and enjoy an elevated state of wellbeing. Malaysians will be passionate stewards of the environment and no longer see environmental protection as a trade-off to a strong economy, making Malaysia a truly beautiful place to live for all.

The aspirations described above are neither exhaustive nor conclusive, but are intended to set in motion the prospect for further engagement and serious deliberation. Essentially, Malaysians envision a strong sovereign nation that is progressive and inclusive, and where people treasure unity and celebrate diversity.

# One nation, one people, and one aspiration

We come from different backgrounds and ethnicities, and speak many languages. But we speak with one voice – that of wanting a better future for our next generation. It is the voice of hope, of solidarity. It is the voice that says we are one.



## Conclusion

The Eleventh Plan is significant as it will be the last five-year plan before Vision 2020 is achieved. It provides a crucial platform to ensure that Malaysia transitions to an advanced economy and inclusive nation. Towards this end, the Eleventh Plan has been formulated with the *rakyat* as the focal point of all development efforts – to enrich their lives, raise their dignity, and enable them to partake in the country’s economic prosperity. Six strategic thrusts and six game changers have been defined to break the country out of “business as usual” practices and set Malaysia on an accelerated growth trajectory.

The Eleventh Plan strives for a future that is built on sound macroeconomic policy, inclusiveness so that no Malaysian is left behind, improved wellbeing for all, human capital development that is future-proof, green and sustainable growth, infrastructure that supports economic expansion, and a citizen-centric public service with high productivity. Collectively, these improvements will ensure that everyone, regardless of gender, ethnicity, socio-economic status and geographic location, can live in a truly harmonious and progressive society that bears the mark of an advanced economy and inclusive nation.





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