

Poverty Summary: Overview of Malaysia in the Regional and Global Context

In 1991, Malaysia established a national goal of becoming a fully developed nation by 2020 economically, politically, socially, spiritually, psychologically and culturally (6 MP, 1991-1995). The roadmap to achieve this ambition is embodied in different policy instruments, and in the recently launched 11th Malaysian plan (11MP, 2016-2020), with the theme of "growth anchored in people" for a socially inclusive society. The Malaysian Government has achieved significant success in fighting poverty and in achieving remarkable economic growth in line with their policy target. Although Malaysia was affected by the Asian financial crisis of 1997-1998 as well as the Global financial crisis in 2009, it continued to post solid growth rates, averaging 5.5 percent per year from 2000-2008, recovering rapidly, with growth rates averaging 5.7 percent since 2010. In 2010, Malaysia launched the New Economic Model (NEM), which aims for the country to achieve high income status by 2020 while ensuring that growth is also sustainable and inclusive. The NEM includes a number of reforms to achieve economic growth that is primarily driven by the private sector and to move the Malaysian economy into higher value-added activities in both industry and services.

Economic growth in Malaysia was interpreted as inclusive by World Bank. It reports that Malaysia "succeeded in nearly eradicating poverty". The share of households living below the national poverty line (US\$8.50 per day in 2012) fell from over 50% in the 1960s to less than one percent currently. A survey conducted last year by the Department of Statistics Malaysia (DOSM) on a sample size of 81,634 households showed that only one percent of households were living under the Poverty Line Index (PLI) in 2014.

Regional Poverty Trends

The Asian Development Bank declared that Malaysia recorded a 55.3% reduction on the percentage of population below poverty line income, the biggest reduction among ASEAN countries.

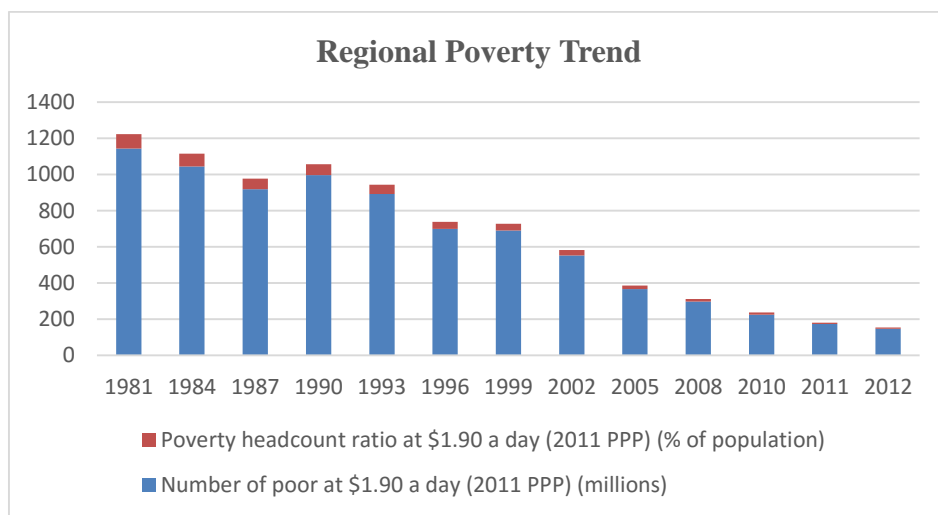


Figure 1: Regional Poverty Trend: People Living On Less Than \$1.90 a Day

Source: Poverty & Equity Databank and PovcalNet

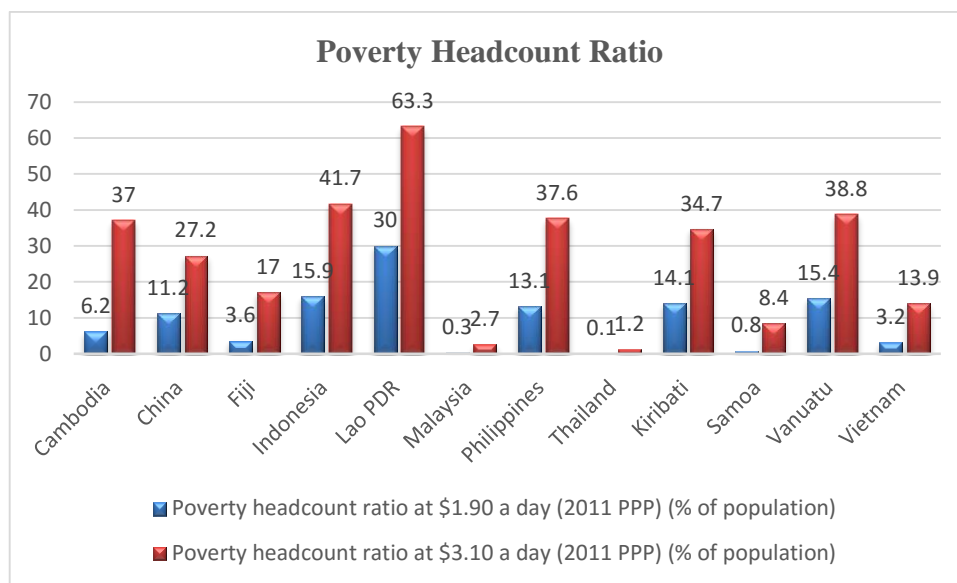


Figure 2: Poverty Headcount at \$1.90 and \$3.10 a Day in East Asia & Pacific
 Source: Poverty & Equity Databank and PovcalNet

Global Poverty and Millennium Development Goals (MDGs)

Global poverty has declined significantly over the past two decades. The Millennium Development Goals (MDGs) target of reducing by half the proportion of people living in extreme poverty was achieved before the deadline in 2015 as shown in Figure 3. The latest estimates showed that the proportion of people living on less than \$1.25 a day globally fell from 36 per cent in 1990 to 15 per cent in 2011. Projections indicate that the global extreme poverty rate has fallen further, to 12 per cent, as of 2015. The poverty rate in the developing regions has plummeted, from 47 per cent in 1990 to 14 per cent in 2015, a drop of more than two thirds. By 2011, all developing regions except sub-Saharan Africa had met the target of halving the proportion of people who live in extreme poverty (MDGR, 2015).

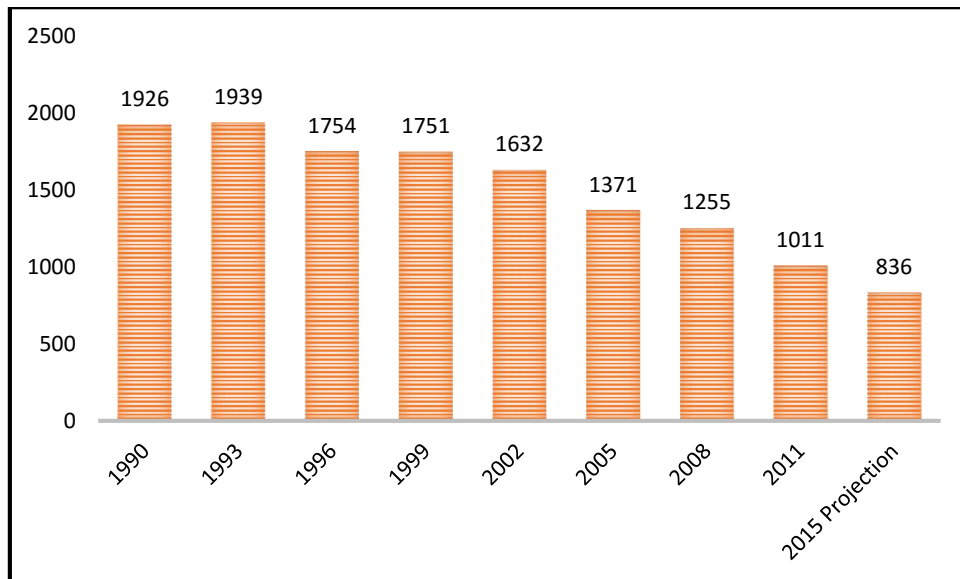


Figure 3: Number of people living on less than USD 1.25 a day Worldwide, 1990–2015 (millions)
 Source: MGDR, 2015

The world’s most populous countries, China and India, played a central role in the global reduction of poverty. As a result of progress in China, the extreme poverty rate in Eastern Asia has dropped from 61 per cent in 1990 to only 4 per cent in 2015. Southern Asia’s progress is almost as impressive—a decline from 52 per cent to 17 per cent for the same period—and its rate of reduction has accelerated since 2008. In contrast, sub-Saharan Africa’s poverty rate did not fall below its 1990 level until after 2002. Even though the decline of poverty has accelerated in the past decade, the region continues to lag behind. Today, the percentage of people living on less than \$1.25 a day in sub-Saharan Africa (40%) is more than twice as high as any other region (MDGR, 2015). Some sub-Saharan African countries are still regarded among the poorest countries in the world today as shown in Figure 4.

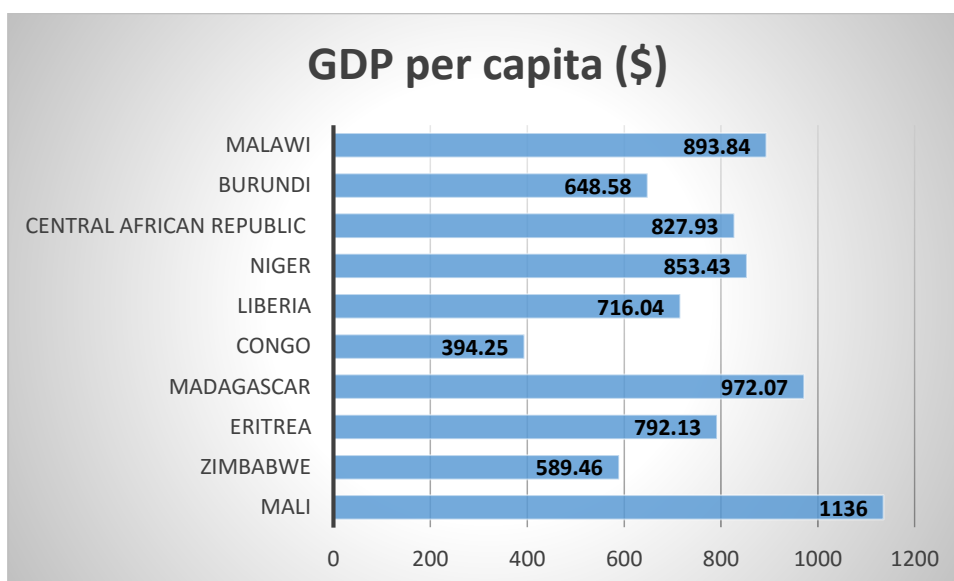


Figure 4: The 10 Poorest Countries in Africa as of 2015 Ranked by GDP Per Capita
 Source: Magomana, (2015)

1. <http://povertydata.worldbank.org/poverty/region/EAP>
2. Based on the UNCT's calculations using Household Income and Expenditure Survey 2014 data, the highest poverty incidence (5.2 per cent) was amongst rural households engaged in work where activities of households as employers and undifferentiated goods-and-services producing activities of households for own use. However, this accounted for only 0.6 of total poor rural households in 2014.
3. Malaysia, MDGR 2010, p.13
4. <http://www.epu.gov.my/en/household-income-poverty>
5. <http://www.my.undp.org/content/malaysia/en/home/library/mdg/malaysia-millennium-development-goals-2015-report-.html>
6. <http://rmk11.epu.gov.my/index.php/en/>
7. https://www.statistics.gov.my/index.php?r=column/cone&menu_id=UIVlbUxzUWo0L3FEaWZmUVg4ZFQzZz09