



11th Malaysia Plan 11-MP (2016—2020)

ELEVENTH MALAYSIA PLAN

2016-2020
ANCHORING GROWTH ON PEOPLE



21, 2015.

The 11-MP reaffirms the Government's commitment to a vision of growth that is anchored on the prosperity and wellbeing of its *rakyat*, thus the central theme of 'Anchoring growth on People'.

The plan will also address the issue of income equality with measures to lift the bottom 40% of the country, signifying a change in the government's approach to relative poverty rather than absolute.

Development expenditure will come in at RM260 billion (vs. RM230 billion in 10-MP), but will be focused on initiatives that have the highest impact with the lowest cost.

The plan will aim for 5.0-6.0% per annum growth, while reigning in the fiscal deficit to 0.6% of GDP and public debt to below 45% of GDP by 2020.

Anchoring People Growth

As the last leg to Vision 2020, the primary aim of the 11-MP is to help Malaysia to achieve the developed nation status.

The 11 MP is formulated with the *Rakyat* as the centerpiece of all development efforts and guided by the Malaysia National Development Strategy (MyNDS) that aims to more efficiently allocate resources to initiatives that have the maximum economic impact.

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

11th Malaysia Plan: The Final Countdown

Malaysia's ambition to be a developed nation by 2020 entered its final phase with the 11th Malaysia Plan (11-MP).

Prime Minister, Datuk Seri Najib Razak tabled the 11-MP in Parliament on May

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



Developing "capital economy" and "people economy" through six strategic thrusts

The 11-MP will focus on "capital economy" and "people economy", as mentioned in the 2015 Budget announced in October last year.

"Capital economy" refers to GDP growth, big businesses, large investment projects and financial markets, while the "people economy" refers to jobs, small businesses, cost of living, family well-being and social inclusion.

Challenges and Opportunities

The next five years are expected to be challenging with continued uncertainties in the global economy, given the prospect of low crude oil prices and other major commodities and risk of slowing 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 and raise the average income and share of total income of the bottom 40% household income group (B40 households) to be truly inclusive.

New opportunities can be found in the opening up of ASEAN Economic Community (AEC) of more than 600 million people in a single ASEAN market which will boost trade and investment.

With the introduction of the Malaysian Wellbeing Index and the Creativity Index as barometers of effectiveness, initiatives under the 11-MP will be assessed under a wider set of criteria that will aim to tackle issues relating to cost of living, education, public transport safety and rural infrastructure to provide a better quality of life for Malaysians.

11-MP: Six strategic thrusts to 2020

The 11 MP identified **six strategic thrusts** to help Malaysia stay ahead of the challenges and opportunities and **six game changers** which are innovative approaches to accelerate Malaysia's development.

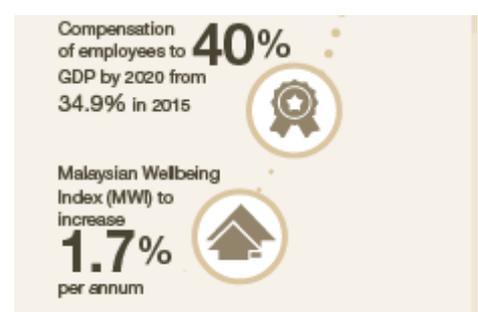
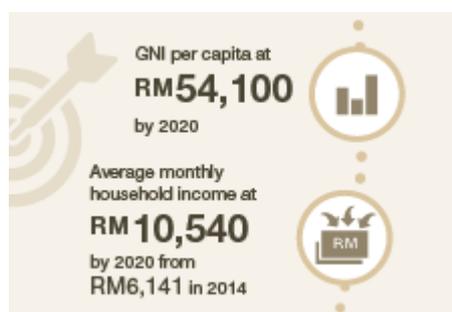
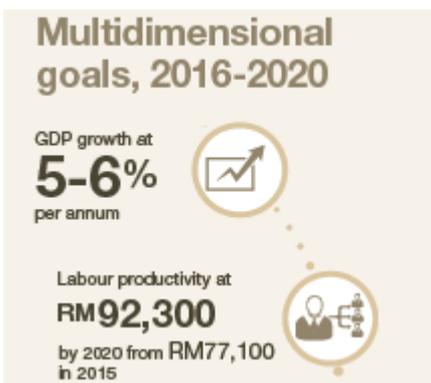
The thrusts include enhancing inclusiveness, improving well-being, accelerating human capital development, pursuing green growth, strengthening infrastructure and re-energising economic growth.

Strategic thrusts, focus area and game changers

Thrust	Focus Area
1 Enhancing inclusiveness towards an equitable society	<ul style="list-style-type: none"> Uplifting B40 households towards a middle class society Empowering communities for a productive and prosperous society 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
2 Improving wellbeing for all	<ul style="list-style-type: none"> Achieving universal access to quality healthcare Providing adequate and quality affordable housing to poor, low and middle-income households Creating safer living environments for thriving communities Improving road safety and emergency services to reduce fatalities Enculturating the spirit of 1Malaysia to foster social cohesion and national unity Promoting sports for healthy living and unity
3 Accelerating human capital development for an advanced nation	<ul style="list-style-type: none"> Improving labour market efficiency to accelerate economic growth Transforming TVET to meet industry demand Strengthening lifelong learning for skills enhancement Improving the quality of education for better student outcomes and institutional excellence
4 Pursuing green growth for sustainability and resilience	<ul style="list-style-type: none"> Strengthening the enabling environment for green growth Adopting the sustainable consumption and production concept Conserving natural resources for present and future generations Strengthening resilience against climate change and natural disasters
5 Strengthening infrastructure to support economic expansion	<ul style="list-style-type: none"> Building an integrated need-based transport system Unleashing growth of logistics and enhancing trade facilitation Improving coverage, quality and affordability of digital infrastructure Continuing the transition to a new water services industry framework
6 Re-engineering economic growth for greater prosperity	<ul style="list-style-type: none"> Transforming services Energising manufacturing Modernising agriculture Transforming construction Growing dynamic SMEs Translating innovation to wealth Investing in competitive cities and regional economic corridors Unlocking the potential of productivity

Source: CIMB Research

Areas marked in pink denote Game Changers



Enhancing Inclusiveness Towards an Equitable Society

Focus area A: Uplifting B40 households towards a middle-class society

Currently, there are 2.7 million B40 households with a mean monthly household income of RM2,537.

Targets by 2020

- Reduction in Gini co-efficient to 0.385 (2014: 0.401)
- Mean income of B40 to double up to RM5,270 in 2020
- The income share of B40 to national household income will also increase from 16.5% in 2014 to 20% in 2020.

How?

Government will implement strategies to raise the income and wealth ownership of B40 households, address the increasing cost of living and strengthen delivery mechanisms for supporting B40 households.

Multidimensional Poverty Index (MPI) will be introduced. The MPI will include measurements on vulnerability and quality of life.

Focus area D: Accelerating regional growth for better geographical balance

Regional economic corridors will continue to spur economic growth to address inter- and intra- regional imbalances and increase inclusivity.

Targets by 2020

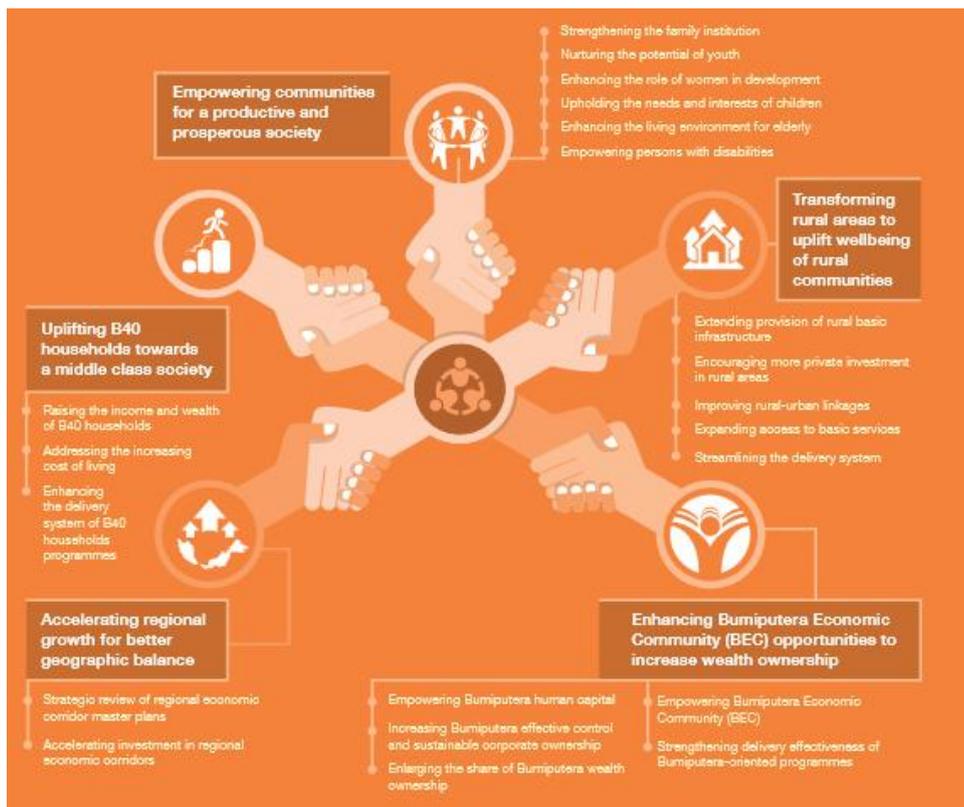
Investments : RM236 billion

Jobs: 470,000

Regional economic corridors will continue to develop economic clusters based on sectoral and geographic advantages to benefit from economies of scale and enhance the quality of life of communities.

Two main strategies have been identified:

1. Strategic review of regional economic corridor masterplans by revisiting priorities and industry focus
2. Accelerating investment by enhancing facilitation for investors, improving connectivity and mobility as well as intensifying research, development and commercialization.



Investment by regional economic corridors, 2011-2014

Regional Economic Corridors	Investment, RM billion		Jobs '000
	Committed	Realised	
Iskandar Malaysia (IM)	90.4	47.1	320.1
Northern Corridor Economic Region (NCER)	51.7	51.7	63.5
East Coast Economic Region (ECER)	55.4	22.9	23.0
Sabah Development Corridor (SDC)	96.7	44.5	15.2
Sarawak Corridor of Renewable Energy (SCORE)	12.9	8.3	5.3
Total	307.1	174.5	427.1

Source: Regional Corridor Authorities

In Iskandar Malaysia, housing, transportation linkages, skills training and entrepreneur development continued to be a priority.

- 1,500 unit of affordable homes were built as well as 2,720 units of housing for squatter relocation
- Program Bas Iskandar Malaysia, public transportation in non-profitable routes with 34 buses serving 17 routes
- Employability and upskilling or reskilling programmes to enable local communities to participate in the economic development
- Entrepreneur development programmes conducted in collaboration with MDEC, TERAJU, amongst others including the Internet Marketing Development Programme which saw participants increasing sales by 30—60%.

Accelerating human capital development for an advanced nation

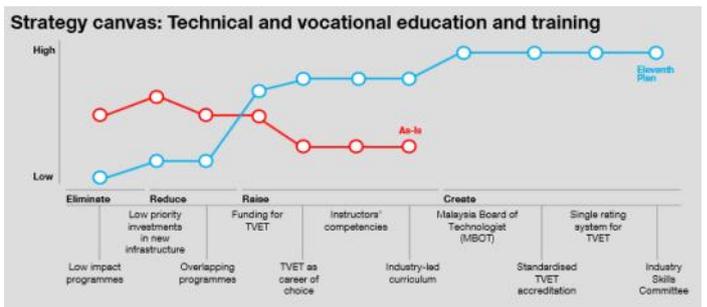
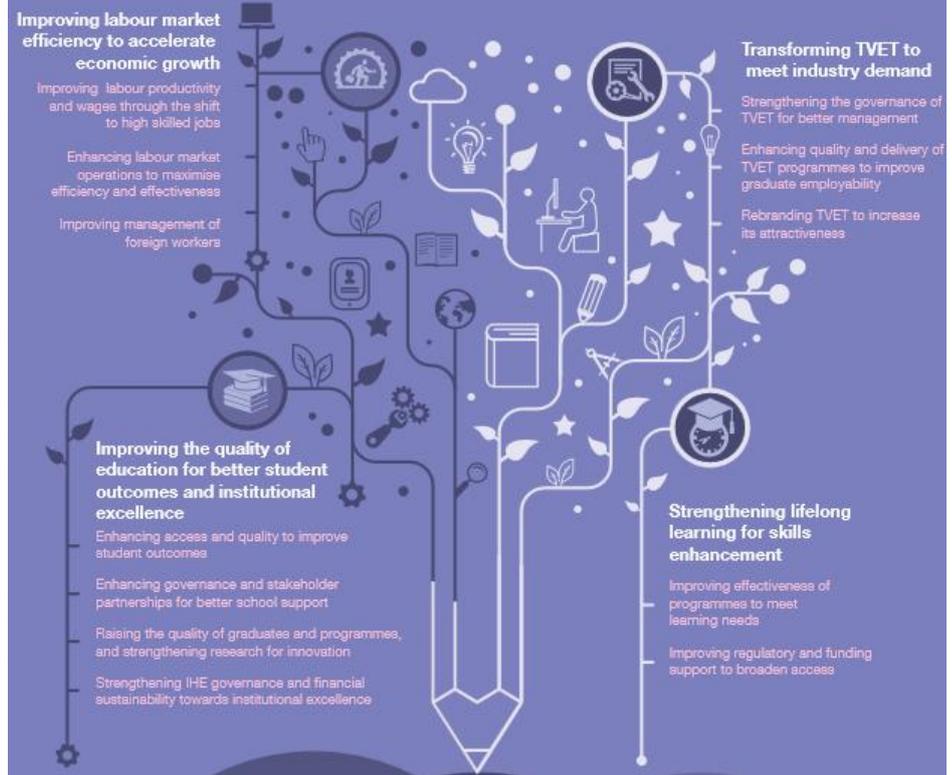
Focus area B. Transforming TVET to meet industry demand

60% of jobs that will be created during the 11MP are projected to 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. During the 10MP, efforts to mainstream and broaden access to quality TVET were carried out resulting in an increased intake from 113,000 in 2010 to 164,000 in 2013.

Under the 11MP, Government will intensify collaboration with industry to increase intake in TVET, improve quality of programmes and institutions and improve sector's overall branding and profile.

Key strategies are:

1. Strengthening the governance of TVET through the streamlining of the national qualification framework and harmonizing of various rating systems across both private and public TVET institutions.
 - ⇒ establishment of a single system adopted by both Malaysia Qualification Agency (MQA) and Department of Skills Development (DSD) to facilitate better coordination and monitoring of the TVET sector.
 - ⇒ Harmonizing TVET institutions rating systems to improve comparability
2. Enhancing quality and delivery of TVET programmes to improve graduate employability
 - ⇒ Enabling industry-led programmes to reduce skills mismatch with new partnership models to enable industries to get involved at every step from design and delivery of curriculum, apprenticeships, internships and work-based learning programmes.
 - ⇒ Mainstreaming the National Dual Training System (NDTS) including expanding the 1MASTER NDTS to support specific economic development areas and industry needs.
 - ⇒ Eliminating low-impact and overlapping programmes.
3. Rebranding TVET as pathway of choice where SkillsMalaysia will drive a series of targeted media campaigns to educate students and families on the attractive career and entrepreneurship opportunities under TVET.



IM BizWatch

The focus on skills development and TVET is also one of the key strategies for the Education sector in Iskandar Malaysia where we would like to upgrade the capability and capacity of local skills training institutions towards dual accreditation and better quality training.

From the perspective of talent development, the TVET segment will be one main supplier of talent to meet the needs of the investors, both in the manufacturing and services sectors. As Iskandar Malaysia is located next to Singapore, the brain-drain and demand for talent in Johor is very high and very real.

IRDA is working closely with the Ministry of Education and Ministry of Human Resources to roll out identified programmes to develop and expand the talent pool in Iskandar Malaysia. Amongst the programmes identified will be the 1MASTER NDTS (National Dual Training System) and the twice yearly MOE TVET Employment Carnival to be held in May and October. The first Carnival was held on 27 May with more than 50 companies (multinational and local companies) and more than 550 prospective employees.

In the 11-MP, the focus is on accelerating the momentum of economic growth to place the economy on a strong foundation for sustained expansion and to withstand economic shocks.

Strategies to re-engineer economic growth are developed in six focus areas to propel sectoral migration towards high value-added and knowledge intensive economic activities and one focus area to accelerate growth through competitive cities and regional economic corridors.

Focus area A: Transforming Services

1. Fostering a dynamic environment for knowledge-intensive services which include initiatives to develop the talents with skills critical to industries with greater emphasis on collaboration between academia and industries as well as enhancing access to technology and R&D.
2. Implementing comprehensive and integrated governance reforms . A Special Committee on the Services Sector will over the implementation of the services sector development strategies, in particular, the Services Sector Blueprint, the Logistics and Trade Facilitation Master Plan (LTFMP) and the Construction Industry Transformation Programme. For the logistics industry, the National Logistics Task Force will be set up to lead the implementation of the LTFMP.
3. Stepping up internationalization of services firm
4. Enhancing the management of investment incentives with the setting up of the Incentive Coordination and Collaboration Office (ICCO) under MIDA to coordinate all investment incentives.
5. Expanding modern services which identified services such as Islamic finance, ICT, oil and gas services, private healthcare, private higher education, ecotourism, the halal industry and professional services to be further promoted.

Targets by 2020

- Contribution of RM3,488 billion or 56.5% to GDP with 9.6 million jobs (10MP: RM2,550 billion or 53% to GDP with 8.4 million jobs)
- Growth of 6.9% p.a (10MP: 6.3% p.a)

Re-engineering economic growth for greater prosperity



Focus area G: Investing in competitive cities and regional economic corridors

Regional economic corridors were introduced in the 9-MP and implementation was in full swing in the 10-MP. Malaysia will continue to invest in developing cities and regional economic corridors that are essential for growth, to maximize impact to local communities and stimulate broader national development.

As a game changer, the 11-MP identified specifically 4 cities as competitive cities given its potential in terms of population size, GDP contribution, existing major infrastructure, concentration of higher learning institutions and geographical advantage.

Key strategies are:

1. Developing city competitiveness master plans for four major cities which are Kuala Lumpur, Johor Bahru, Kuching and Kota Kinabalu
2. Strengthening corridors to fuel regional development through a strategic review of corridor development master plans, accelerate investment in regional corridors, improve infrastructure as well as enhance talent and skill development.

2016-2020
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Modern services

Sub-sector

-  Halal industry
-  Islamic finance
-  Information and communications technology
-  Oil and gas services
-  Private healthcare
-  Private higher education
-  Ecotourism
-  Professional services

The strategies under the 11-MP is expected to spur the economic growth of Iskandar Malaysia.

Government's measures in invigorating the services sector, strengthening the Islamic financial market, spurring the creative industry and boosting the tourism industry would attract even more high-quality investments into Iskandar Malaysia.

It is good to know that the key promoted sectors in our Comprehensive Development Plan (CDP) and enhanced CDP (CDPii) are also on

the list of modern services that the Government would like to focus on and re-emphasize in the 11MP.

Iskandar Malaysia's Halal Hub initiative which will bring together different components within the halal ecosystem can play a pivotal role in 11MP.

In the ICT segment, we have some major projects in the pipeline with a dedicated datacenter park in Sedenak which will be a catalyst to attract major investments in datacenter and in local digital content. The presence of Pinewood Iskandar Malaysia Studios will spur interests in activities relating to film production as well as animation, gaming, simulation, virtual reality, amongst others.

From 2015 onwards, we will see the opening of new hospitals and medical suites such as Gleneagles Medini, KPJ Bandar Dato Onn and DB Medical Suites. Iskandar Malaysia can be a healthcare medical city attracting more healthcare tourists into Malaysia.

With focus to develop reputable and high quality higher education institutions, we can leverage on the education institutions in EduCity to play a stronger role to improve the quality of private education and attract more foreign students to Malaysia.

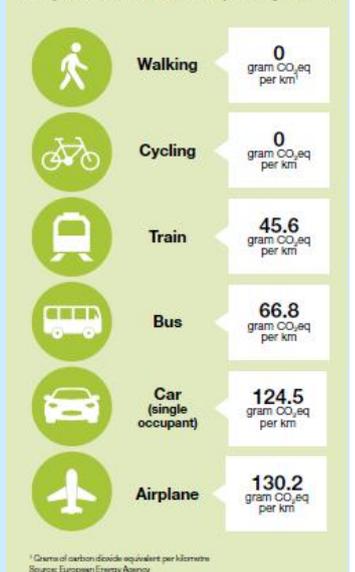
Manufacturing sector will shift towards more diverse and complex products, especially in chemicals, E&E and machinery and equipment. Iskandar Malaysia and Johor have been the top location for investments in the manufacturing sector since 2013 and we hope we can continue our lead as top state for investments both in the manufacturing and services sector.

Iskandar Malaysia is a major contributor to committed investments received by regional corridors with some 29% of total investments received from year 2011—2014. We can expect Iskandar Malaysia to continue playing a major role to spur economic growth and nation building under the 11-MP.

It is interesting to note that 11-MP recognises the importance of cities playing an important role in nation's growth and has in place strategies for development and renewal of cities to create nodes for strong economic agglomeration. Within the strategy, the 11-MP had identified key elements to good city planning and development which include expanding transit-oriented development (TOD), strengthening knowledge based clusters, enhancing liveability, encouraging green-based development and practices as well as ensuring inclusivity. In a nutshell, this is what was encapsulated in our CDP and CDPii.

The Iskandar Malaysia Smart City framework, Low Carbon Society Initiatives and Blueprint, Green Economy Guidelines, and strategic projects such as the Bus Rapid Transit (BRT), Rail Transit System and High Speed Rail will be catalysts to put in place strong connectivity for transit oriented development and enhanced liveability.

Comparison of carbon footprint by modes



We look forward to exciting synergy in the programmes and initiatives set out in our CDPii and the Government's programmes and initiatives under 11 MP.

Editorial

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