

# Poverty Reduction for Sustainable Development: Malaysia's Evidence-Based Solutions

Global Journal of Social Sciences Studies  
Vol. 3, No. 1, 29-42, 2017  
e-ISSN: 2518-0614



Corresponding Author

Normaliza Abdul Manaf<sup>1</sup>   
Kamarulazizi Ibrahim<sup>2</sup>

<sup>1,2</sup>Centre for Global Sustainability Studies, Level 5, Hamzah Sendut Library, Universiti Sains Malaysia, Penang, Malaysia

## ABSTRACT

Malaysia is a good example for poverty reduction especially in Southeast Asia Countries, having reduced its poverty rate from 49.3% in 1970 to 17% in 1990 to 3.8% in 2008 and only 1.7% in 2012 - a decrease of nearly 97%. In aggregate terms, Malaysia is ahead of the 2015 deadline on all the Millennium Development Goals (MDGs), and its emphasis on poverty in its diverse forms. The Malaysian government has been committed to eradicating poverty through various Malaysian policies since 1957; including Malaysia Plans, New Economic Policy (1970-1990), National Development Policy (NDP, 1991-2000), 'Vision 2020', Industrial Master Plans, National Agriculture Policies, Privatization Master Plan and the New Economic Model (NEM, 2010). Among the important initiatives that contributed to the success of poverty reductions in Malaysia are: the eKasih system, 1AZAM program, Federal Land Development Authority of Malaysia (FELDA), and the 1Malaysia concept. Malaysia's poverty eradication and development programmes are underpinned by political stability, inclusiveness, strong political will and the overall importance it attaches to ethnic tolerance and national unity. In conclusion, poverty is a multi-dimensional phenomenon that extends beyond income poverty, and poverty eradication should remain at the core of transformative development agenda for all times. This paper will share related experiences to show that poverty reduction as a socio-cultural and developmental goal is achievable and in fact an inalienable part of sustainable development.

**Keywords:** Poverty alleviation, Sustainable development, Malaysia case study, Poverty solution.

**DOI:** 10.20448/807.3.1.29.42

Citation | Normaliza Abdul Manaf; Kamarulazizi Ibrahim (2017). Poverty Reduction for Sustainable Development: Malaysia's Evidence-Based Solutions. Global Journal of Social Sciences Studies, 3(1): 29-42.

**Copyright:** This work is licensed under a [Creative Commons Attribution 3.0 License](https://creativecommons.org/licenses/by/3.0/)

**Funding:** This study received no specific financial support.

**Competing Interests:** The authors declare that they have no competing interests.

**History:** Received: 3 February 2017/ Revised: 14 March 2017/ Accepted: 6 April 2017/ Published: 26 April 2017

**Publisher:** Online Science Publishing

## 1. INTRODUCTION

Poverty is a multifaceted phenomenon and different societies have different perceptions. It is generally classified into three groups: first, absolute poverty, where one has less than objectively-defined thresholds and is a serious situation of deprivation; secondly, relative poverty, where one has less than others in the same society and; thirdly, subjective poverty, which is a case where one feels wanting because of a sense of not having enough to get along (Henry and Amir, 2011; Kumaran, 2013).

The decline in Malaysia's poverty incidence was mainly due to high and sustained economic growth, which averaged 6-7 per cent annually. This factor provided ample opportunities for job and business creation for the population. The poor have benefited from changes in the sources of household income, which includes an increasing portion of non-farm income and remittance from family members working in urban centres and industrial areas (Musalmah, 2005).

This paper will discuss mainly Malaysian policies, strategies and initiatives that have helped to reduce poverty over the last four decades. After independence in 1957, Malaysia's performance in economic growth and development has been impressive. In Malaysia, the poverty line income (PLI) is set around RM860 per month. This is the national average although it tends to vary according to regions - the peninsula, Sabah and Sarawak (Zulkarnain and Isahaque, 2013).

## 2. BACKGROUND

The outcome of the 2005 World Summit was a follow-up summit meeting to the United Nations' 2000 Millennium Summit, which led to the Millennium Declaration and the Millennium Development Goals (MDGs), that was held from 14 to 16 September at United Nations Headquarters in New York. This has once again reaffirmed the global commitment to the eradication of poverty and to the promotion of sustained economic growth, sustainable development and global prosperity for all. It is worth remembering that earlier, commitments were made to implement multidimensional measures in dealing with poverty under the first United Nations Decade for the Eradication of Poverty (1997-2006). This commitment was further reinforced when the Millennium Declaration in 2000 proclaimed the eradication of poverty as the first achievable target of the MDGs. However, despite all the gains, total poverty eradication still remains an elusive target. More than one billion people are still living in extreme poverty, surviving on less than US\$1.25 a day and in some countries the situation of extreme poverty seems to have exacerbated further.

Against this backdrop, it is pertinent for all of us to continue to focus on strengthening implementation of the poverty eradication programmes at all levels in an integrated manner. Malaysia concurs with the notion that the responsibility for poverty eradication rests primarily with national governments. However, solo efforts by governments without the requisite support from the international system will not bring much success. No nation will be able to fully generate positive economic growth without the support of a conducive and enabling international environment. Market accesses as well as foreign direct investments are among the many important factors that would contribute to promoting economic growth and generating productive employment. If we are really serious in eradicating poverty across the globe, national governments should not only be assisted and encouraged to formulate and implement the right development policies and programmes, but also the international community, in particular the developed country partners, must extend the necessary support to enable these countries to achieve a reasonable economic growth.

Prior to 1970, Malaysia's development policy was primarily aimed at promoting growth with a strong emphasis on the export market. Although the economy grew very rapidly during this period at an annual average of 6.0 per

cent, there was insufficient emphasis on distributional aspects, resulting in socio-economic imbalances among the ethnic groups with negative social consequences in the form of a racial riot in 1969. In order to address this situation and to address societal imbalances, Malaysia introduced a variety of measures under a host of policies. They consisted of the New Economic Policy (NEP), 1970-1990 and the National Development Policy (NDP), 1991-2000. Complementing them was 'Vision 2020', which projected a vision of Malaysia becoming a developed country by the year 2020. Apart from them, there were also the Industrial Master Plans, National Agriculture Policies, Privatization Master Plan and the latest is New Economic Model (NEM). We would like to discuss a few policies on poverty reduction in some detail as follows:

### **3. POVERTY ERADICATION - MALAYSIAN POLICIES AND STRATEGIES**

The Malaysian Government is committed to eradicating poverty nationally, and gives priority to efforts in further elevating the status and quality of life of the lower income group. In Malaysia, the development planning has always been driven by the philosophy of "growth with equity", and this principle has underpinned its efforts in the eradication of poverty. In order to improve the living conditions of the poor, Malaysia's poverty eradication strategies have always placed emphasis on efforts to enhance income-earning opportunities. Malaysia has at all times recognized the multidimensional nature of poverty and the need for practical and integrated approaches to effectively eradicate it [Shamsulbahriah and Norma \(2013\)](#). In this connection, our development plans are divided into core national policies, with long-term, medium-term, annual implementation timeframes and special sector and industry-specific master plans.

#### **3.1. New Economic Policy (NEP 1971-1990)**

The launching of the New Economic Policy (NEP) in 1971 was a watershed in the history of Malaysian economic policy. The NEP underscored the importance of achieving socio-economic goals alongside pursuing economic growth objectives as a way of creating harmony and unity in a nation with many ethnic and religious groups. The overriding goal was national unity. To achieve this goal, two major strategies were adopted: 1) Reduce absolute poverty irrespective of race through raising income levels and increasing employment opportunities for all Malaysians; and 2) Restructure society to correct economic imbalances to reduce and eventually eliminate the identification of race with economic function. The NEP which covered the period from 1970 to 1990, managed to reduce poverty from 49.3 per cent in 1970 to 16.5 per cent in 1990 by focus on reduction in poverty and income disparities between ethnic groups, particularly by elevating the position of the *Bumiputera* and by implementing specific programmes for poverty reduction, directed to specific target groups such as paddy farmers, rubber smallholders, coconut smallholders, fishermen, estate workers, agricultural labourers and indigenous groups. Subsequent development policies such as the National Development Policy (NDP) had continued to incorporate elements of poverty eradication strategies in their implementation.

#### **3.2. National Development Policy (NDP 1991-2000)**

The new development policy (NDP) was introduced in 1991 as the successor to the NEP. While the NDP maintained the basic strategies of the NEP, the following were new initiatives: (i) the focus of anti-poverty strategy was shifted to the eradication of hard-core poverty; (ii) an active *Bumiputera* Commercial and Industrial Community (BCIC) was developed to increase their participation in the modern sectors of the economy; (iii) there was greater reliance on the private sector to generate economic growth and income; and (iv) emphasis was placed on human resource development as a primary instrument for achieving the objectives of growth and distribution.

NDP programmes included loan schemes for small-scale agricultural and commercial development modelled on the Grameen Bank, land consolidation and rehabilitation programmes, commercialization of farms, agricultural productivity enhancement projects, provision and improvement of services for the urban poor, and efforts to promote employment opportunities in manufacturing, construction, and other urban-based industries. Subsequent development policies such as the Vision 2020 had continued to incorporate elements of poverty eradication strategies in their implementation.

### **3.3. Vision 2020**

Shortly after the Sixth Malaysia Plan was launched, former Prime Minister Tun Dr. Mahathir Mohamad outlined a vision of Malaysia that embraced national unity, social cohesion, the economy, social justice, political stability, system of government, quality of life, social and spiritual values, and national pride and confidence as integral parts of a bold new vision. In moving towards these goals, he stressed the importance of human resource development, export-led growth and industrial diversification, low inflation, and private/public sector partnerships. This vision has since influenced all strategic development plans of Malaysia. Subsequent development policies such as the National Vision Policy (NVP) had continued to incorporate elements of poverty eradication strategies in their implementation. This led to Vision 2020 when Malaysia would become a developed country.

### **3.4. National Vision Policy (NVP 2001–2010)**

The main thrust of NVP is that the private sector will spearhead economic growth, while the public sector will provide the enabling environment and ensure the achievement of the socio-economic objectives. Key strategies of NVP include a knowledge-based economy, human resource development, and the shift of the key economic sectors towards more efficient production processes and high value-added activities. At the same time, further progress towards poverty eradication was expected to result from rapid economic growth, assisted by specific poverty alleviation programmes, consolidated under Skim *Pembangunan Kesejahteraan Rakyat* (SPKR), targeted towards eradicating poverty from areas and among groups where its incidence is high, such as the *Orang Asli* and other *Bumiputera* in Sabah and Sarawak (Madeline, 2003).

### **3.5. Government Transformation Programme (GTP)**

The Government Transformation Programme (GTP) was introduced by the current Prime Minister Dato' Sri Najib Tun Razak in April 2009. The objective of GTP was two-fold – first, to transform the Government to be more effective in its delivery of services and accountable for outcomes that matter most to the Malaysian people; and second, to move Malaysia forward to become an advanced, united, and just society with high standards of living for all. This is in line with the national mission of achieving Vision 2020 - that of Malaysia to become a fully developed nation.

The launch of the 1Malaysia concept of 'People First, Performance Now' by the Prime Minister in April 2009 had soon progressed into a well mapped out sequel of noteworthy transformation programmes – namely, the Government Transformation Programme (GTP) and the much anticipated Economic Transformation Programme (ETP), setting Key Performance Indicators (KPIs). Both programmes are bringing about positive results in eradicating poverty in Malaysia.

### 3.6. New Economic Model (NEM)

Malaysia has reached a defining moment in its development path. Vision 2020 is not possible without economic, social and government transformation. To move the country forward, the government has crafted a framework comprising four pillars to drive change (Figure 1). The New Economic Model (NEM) to be achieved through an Economic Transformation Programme (ETP) constitutes a key pillar which will propel Malaysia to being an advanced nation with inclusiveness and sustainability in line with the goals set forth in *Vision 2020*. The ETP will be driven by eight Strategic Reform Initiatives (SRIs) which will form the basis of the relevant policy measures. Two other pillars have been launched over the past year. They are the *1Malaysia, People First, Performance Now* concept to unite all Malaysians to face the challenges ahead and the *Government Transformation Programme (GTP)* to strengthen public services in the National Key Result Areas (NKRAs). The last pillar is the *10th Malaysia Plan 2011-2015* and by implication the 11th Malaysia plan to be unveiled in 2015.



Figure-1. The four pillars of national transformation

Source: NEAC (2010)

The old growth model provided three decades of outstanding performance, permitting Malaysia to provide for the health and education of its people, largely eradicate poverty, build a world-class infrastructure and become a major exporter globally. Our people are wealthier and better educated. They live longer, travel more and have greater access to modern technologies than any previous generation.

Inclusive growth in the NEM is about ensuring that every Malaysian has equal access and opportunity to be an active participant of the economic development. The focus is on uplifting the bottom 40% of Malaysian households with an average monthly income of RM 1,500 (US \$484) (National Economic Advisory Council, 2010). This new initiative has started bearing fruits.

The NEM will be the catalyst to unleash Malaysia's growth potential. It is designed to drive Malaysia forward from its current situation to be a high income economy which is both inclusive and sustainable (Figure 2).

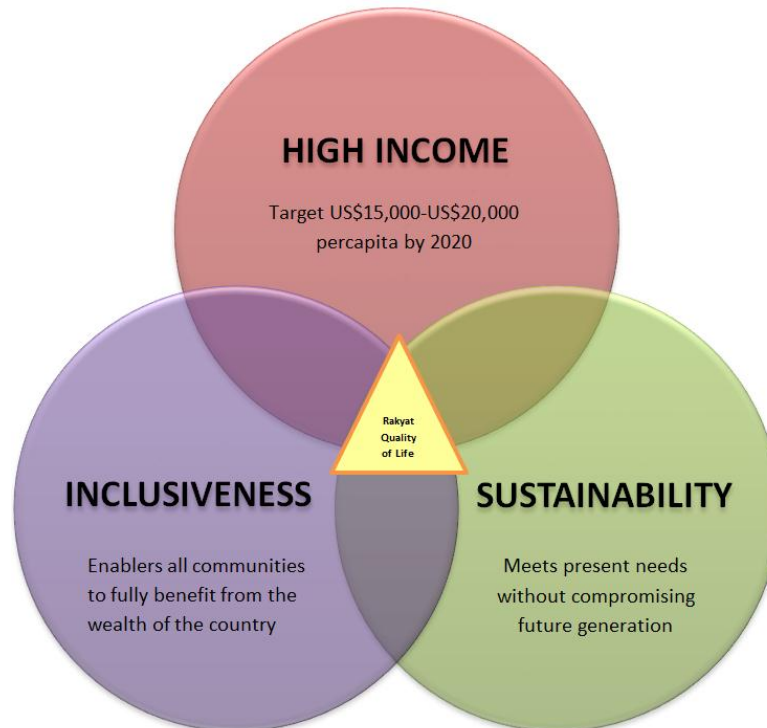


Figure-2. Goals of the Malaysia New Economic Model

Source: NEAC (2010)

Although poverty alleviation strategies and programmes in Malaysia have been acclaimed as a success by United Nation Development Programme (UNDP) in its report on 'Malaysia: Achieving the Millennium Development Goals: Success and Challenges', many problems and challenges still exist especially in the urban area. New forms of poverty, which include single female headed households, the rural elderly, unskilled workers and migrant workers, have also emerged in the country as a result of rapid economic growth and the development process itself. All indications are that, the eradication of poverty will continue to be one of the main items in the national agenda to ensure that the poor are not left behind.

#### 4. POVERTY REDUCTION - MALAYSIAN INITIATIVES

Policies and plans are one thing, but their effective implementation requires massive human and financial resources. In the next section, we would like to highlight a few such important initiatives. The initiatives such as eKasih, 1Azam, FELDA and 1Malaysia are among those that contributed to poverty reduction in Malaysia.

##### 4.1. eKasih

The eKasih system is a database system for poor families under the Ministry of Women, Family and Community Development. It was created at the national level to help the government to plan, implement and monitor poverty programme. The data in the eKasih system is from the census of poor household conducted by the Department of Statistics. Other than the census, the households who meet the criteria based on the poverty status of household income per capita PLI in 2007 which is less than RM 2300 a month can register themselves through [www.ekasih.gov.my](http://www.ekasih.gov.my). This innovation was awarded the first prize in the United Nations Public Service Awards last year and the government has already set up the eKasih mobile team to ensure that all deserving citizens obtain assistance they need.



#### 4.2. 1Azam

This programme is managed by the government via *Amanah Ikhtiar Malaysia* (AIM) known as 1Azam. The 1Azam provides opportunity for poor families in generating income in five areas, namely:

- (1) *Azam Work* for opportunity to generate income through work placement,
- (2) *Agro Azam* to generate income based on agriculture,
- (3) *Azam Business* to generate income through small business, and
- (4) *Azam Service* to generate income through services
- (5) *Insurance 1Azam* by which about 500,000 members of poor households have been able to enjoy insurance protection since 2011 under Allianz Insurance.

1Azam uses the poor families' database from eKasih system. 1AZAM is being implemented in stages the pilot programme was initiated in the Iskandar Regional Development Authority (IRDA), Johor in January and it will be continued in the economic corridors of north, east, Sabah and Sarawak.

**Table-1.** History of FELDA development and milestone

Year	Activities/Milestone
1956	The Land Development Ordinance 1956 came into force on 1 July and FELDA was established with a starting capital of RM10 million.
1971	FELDA embarked on its first joint venture with Perlis Plantation Berhad (PPB) to establish Kilang Gula Felda Perlis Sendirian Berhad (KGFP), a sugar milling and refining facility.
1978	Formation of Agricultural Services Corporation (now Felda Agricultural Services Sdn Bhd) to produce planting stock for oil palm.
1980	FELDA established an investment co-operative (Koperasi Permodalan Felda or KPF) to provide settlers and FELDA employees opportunities to invest in FELDA companies.
1985	Felda Rubber Corporation Industries (now Felda Rubber Industries Sdn Bhd) was set up to operate rubber processing factories and produce latex concentrate and rubber.
1990	FELDA is entrusted with their own financial standing and a statutory body because it can generate its own revenue through a variety of business
1992	Commercial planting operations began under FELDA PLANTATIONS SDN BHD.
1995	FELDA HOLDINGS SDN BHD (now Felda Holdings Bhd or FHB) was set up as FELDA's commercial arm. All Felda companies and corporations became subsidiaries under FHB.
2004	FELDA commissioned the Sahabat biomass power plant in Lahad Datu, Sabah – the first Clean Development Mechanism (CDM) project in the world that runs entirely on empty fruit bunches (EFB).
2007	FELDA incorporated Felda Global Ventures Holdings Sdn Bhd (FGV) to operate as a commercial arm for FELDA's overseas investments in upstream and downstream palm oil businesses.
2008	FGV acquired FELDA's investments in North America including Twin Rivers Technologies Holdings Inc. (TRT Holdings).
2009	FGV acquires 50% equity interest in FELDA IFFCO SDN BHD (a joint venture with IFFCO Holdings Ltd) and TRURICH RESOURCES SDN BHD (a joint venture with Tabung Haji).
2010	The Felda Group became the world's first smallholder organisation to attain the Roundtable on Sustainable Palm Oil (RSPO) Certification.
2011	MSM Malaysia Holdings Berhad, a subsidiary of FGV, was listed on the Main Market of Bursa Malaysia Securities Bhd. The exercise raised RM796 million. First of a New Generation Licensing Felda for Aircraft Maintenance Engineering (LAME).
2012	On 28 June, FGV was listed on Bursa Malaysia. The initial public offering, which was the world's third largest in 2012, raised RM10.4 billion. Official opening up a new 50-storey - Felda Tower located in downtown Kuala Lumpur, Malaysia.
2013	FGV Cambridge Nanosystems Limited (FGV CNS) produces high grade Carbon Nanotube and Graphene. Ties were formed with Lipid Venture Sdn Bhd to produce and market tocotrienol (Vitamin E). The model for a new generation of Felda - Touch Love The establishment of new business arm, Felda Investment Corporation (FIC).
2014	FGV was the recipient of 2014 Frost & Sullivan Malaysia Palm Oil Plantation Company of the Year for the second consecutive year.

(Source: <http://www.feldaglobal.com/our-company/milestones/>)

#### 4.3. FELDA

Federal Land Development Authority or FELDA was established on July 1, 1956 under the Land Development Ordinance. FELDA functions under the Act by:

- Running and executing land development projects.
- Promoting, facilitating and implementing the development, management and economic, social, agriculture, settlements, industrial and commercial as well as other ancillary activities in the areas where authorized FELDA land development projects or areas owned by FELDA and the company.
- Implementing activities that will help modernize the agriculture sector in areas where FELDA authorized governing, especially in activities related to production, processing and marketing agricultural produce and livestock.
- Assisting, guiding, advising, managing and coordinating the placement of social activities, agricultural, industrial and commercial development in the FELDA.

FELDA is a flagship programme for government assisted poverty eradication through land use changes involving mainly the cultivation of oil palm and rubber and promoting industrial and socio-economic progress and is a replicated best practice.

Since 1990, FELDA is no longer recruiting new settlers. Started as a government supported programme, FELDA has diversified into a number of private corporate entities, particularly to ensure that the complete value chain of its core activities is promoted. Among the largest is the cooperative capitalization Felda (Felda Cooperative), Felda Global Ventures (FGV) and Felda Investment Corporation (FIC). FELDA's focus is to become an 'Economic Powerhouse' in generating activities through the structured programme with a wide range of human capital potential. The history of FELDA development and milestone is summarised in table 1.

#### 4.4. 1Malaysia Concept

At the heart of the 1Malaysia concept is the recognition of the importance of national unity irrespective of race or religious belief. Malaysia's diversity is what makes it unique, but in order to fully benefit from what is undoubtedly a source of strength the nation needs to come together and build upon common values. That is the central goal of 1Malaysia, but it is much more than just an abstract ideology, by delivering real improvements on the ground. More than 1.5 million people have so far passed through the 1Malaysia health clinics, for example, receiving treatment for any condition for just one ringgit. Other focused programmes include *Kedai Rakyat 1Malaysia* (low-cost grocery stores), PR1MA, KARISMA, and AS 1Malaysia and etc. (Figure 3).

##### 4.4.1. Kedai Rakyat 1 Malaysia

'*Kedai Rakyat 1 Malaysia*' is a system of shops operating on a mini market format, which provides various basic necessities at low prices. This initiative was inspired by Prime Minister YAB Dato' Sri Najib Tun Razak for the low income citizens located in the urban areas. This is also in line with the slogan "*Rakyat Didahulukan*" which means, 'People First'. The existence of '*Kedai Rakyat 1 Malaysia*' will also act as the medium for the Government to control prices and lessen the monopolization of products which has long been dominated by the multinational manufacturers. As such, the multinational companies will be constrained from imposing price hikes without due justification. '*Kedai Rakyat 1 Malaysia*' will serve the same consumer segment as supermarkets do, but with emphasis on consumers with basic essential needs. Unlike other regular grocery shops, most of the items sold at '*Kedai Rakyat 1 Malaysia*' such as rice, cooking oil, milk powder and diapers are packed with the logo of '*Kedai*



*Rakyat 1 Malaysia*'. Currently, the assortments total almost 250 '*Kedai Rakyat 1 Malaysia*' grocery items and the list will increase over time.

**4.4.2. PR1MA**

**1Malaysia Housing Programme Corporation** will be set up to plan and coordinate projects under the **1Malaysia People's Housing Scheme (PR1MA)** throughout the nation. Amongst others, the corporation will be responsible for distribution of houses under the projects to eligible recipients. An Act governing the new corporation was being formulated and would be tabled in parliament soon and the new policy will provide a wider opportunity for Malaysians to own houses and assure them of a better future. **PR1MA** programmes are in line with the concept of **1Malaysia, 'People First, Performance Now'**.

**4.4.3. KAR1SMA**

**KAR1SMA** stands for *Kebajikan Rakyat 1Malaysia*. Children, senior citizens, the disabled (OKU), police and army widows, and the community can benefit from **KAR1SMA**. The programme's focus is to build the people through a holistic social assistance programme.

**4.4.4. AS 1Malaysia**

*Amanah Saham 1Malaysia* (AS 1Malaysia) is a fund-based initiative launched on August 5, 2009. The AS 1Malaysia investment objective is to seek opportunities that generate sustainable income while preserving capital investment unit holders in the long term through a diversified investment portfolio. Figure 3 shows the various components of this initiative.



(Source: www.1malaysia.com.my)

Figure-3. 1 Malaysia Concept

#### 4.5. Pemandu

The Malaysian government has established the “Performance Management and Delivery Unit” (PEMANDU) under the Prime Minister’s Department in 2009 to supervise the execution, review the progress, assist as well as sustain the delivery and drive the progress of Government Transformation Programme (GTP) and Economic Transformation Programme (ETP). This is an extension of the NEP introduced and implemented in 1970 to 1990. The objectives of GTP to transform the government to be more effective in its delivery services and accountable for outcomes for society; the moves to achieve Vision 2020 that is for Malaysia to become a fully developed nation and for ETP to transform Malaysia into a high-income nation by 2020 (Chua, 2011) are monitored and evaluated by PEMANDU.

The following section provides a snapshot of Malaysia’s achievements in poverty reduction resulting from the various policies and on-the-ground implementation initiatives.

### 5. POVERTY REDUCTION - MALAYSIA ACHIEVEMENT

Malaysia is actually a showcase for raising living standards: the country reduced its poverty rate from 49.3% in 1970 to 17% in 1990 to 3.9% in 2008 and only 1.7% in 2012 - a decrease of nearly 97%. Hard core poverty has virtually been eradicated by 2010. Overall poverty incidence declined from 49.3% (1970) to 1.7% (2012); urban poverty from 21.3% (1970) to 1.1% (2012); rural poverty from 58.7% (1970) to 3.4% (2012). Average household income was increased from RM264 (1970) to RM5,000 (2012) and the MDG target (1990 - 16.5%) to halve the overall poverty rate by 2015 – achieved in 2000 (8.5%). In aggregate terms, Malaysia is ahead of the 2015 deadline on all goals when it comes to MDG achievements (Ashri, 2005; Ambassador, 2012; Datuk, 2013; Raja and Zaib, 2013).

#### 5.1. eKasih and 1Azam results

A number of programs were carried out under the auspices of different ministries and agencies. Achievements in 2011 included (Rohayu *et al.*, 2011; Ambassador, 2012):

- 490 dilapidated schools and hostels throughout Malaysia were repaired and upgraded in collaboration with the Ministry of Education;
- 35,245 children benefited from Basket Program Nutrition (Nutritional Basket) implemented in collaboration with the Ministry of Health;
- RM2.32 million was allocated to the Malaysian AIDS Council to develop Porch Peace project shelter for 354 residents throughout Malaysia;
- 48,509 pairs of school uniforms (clothes and shoes) are distributed to students registered under the Trust Fund for Poor Students (KWAPM)
- 8,809 heads of poor households were introduced to Program Changes Mind (Mindset Change Programme) which leads to 1AZAM (implemented in December 2010)
- Stop porch, a one-stop center that is located at Ehsan, Jalan Hang Lekiu, Kuala Lumpur, was established in March 2011 to address the homeless problem. Stop porch provide registration, support to enter the labor market, household appliances, counseling and welfare to those in need.
- The poverty and hardcore poverty rates in the state of Sarawak were 4.3% and 1.0% respectively as compared to 3.8% and 0.7% respectively at the national level.
- The implementation of the Coordination Unit (ICU) of the Prime Minister's Department has successfully completed 100% of the processing backlog of 81,930 eKasih registration before May 31 2011. By updating

the database eKasih, the Ministry can identify differences in categories of participants very poor, poor and simple poor so that appropriate assistance can be channelled.

- In improving housing ownership, the ministry managed to achieve the target set by repairing of 2,465 abandoned houses under the National Housing Company Limited (NHC).
- The *Rumah Mesra Rakyat*, a total of 2,400 units (compared to the original target of 2,500 units) has been successfully developed by National Housing Company Limited (NHC).
- A total of 1,100 women entrepreneurs have been trained and developed by Ikhtiar Malaysia.
- Since 2010, 3,100 women successfully become entrepreneurs with a monthly income of RM3, 500.00 and above. Defined women entrepreneurs as entrepreneurs who achieve a monthly income of RM3,500.00 over three consecutive months.
- A total of 63,147 participants (the original target was 57,793 participants) participated 1AZAM. The breakdown of the number of participants is given in table 2.

**Table-2.** Breakdown numbers of participant involved in 1Azam, 2011-2013

Program	Implementing Agency	Participants
AZAM Business and AZAM Service	Ministry of Women, Family and Community	15,241
Agro AZAM	Ministry of Agriculture and Agro-based Industry	7,590
AZAM Business and AZAM Service	Ikhtiar Malaysia	12,578
AZAM Work	Ministry of Human Resource	4,365
AZAM Sabah	State Government	12,067
AZAM Sarawak	State Government	11,306
<b>TOTAL</b>		<b>63,147</b>

(Source: Rohayu et al, 2011; Ambassador, 2012; Raja and Zaib, 2013)

#### **Achievement in 2012 Included (Ambassador, 2012):**

- A total of 106,967 participants have managed to increase their income by RM200 using 1AZAM.
- Number of participants in 1AZAM was increased to:
  - 29,699 under the Ministry of Women, Family and Community Development,
  - 14,175 under Ikhtiar Malaysia (AIM),
  - 13,866 in the Ministry of Agro-Based Industry (MOA),
  - 9,490 in the Ministry of Human Resources (MOHR) and
  - 18, 080 for Sarawak people

#### **Achievement in 2013 Included (Raja and Zaib, 2013):**

- A total of 33,329 in participated in 1AZAM and attended the Financial Literacy Programme which aims to educate participants with knowledge in Financial Management.
- A total of 5,124 participants were monitored by the Ministry as the lead agency (6,992 under Ikhtiar Malaysia, 4,887 under the Ministry of Human Resources, 3,426 under the Ministry of Agro-based, and 1,760 under the Ministry of Higher Education).
- For Zone Borneo, Sabah has received a total of 4,706 participants and Sarawak by 6,434 participants.

#### **Achievement in 2014 Included:**

- Until January 2014, a total of 21,455 participants in 1AZAM have managed to increase revenue by RM300 within 3 months in a row which indirectly helped reduce their level of poverty.

## 5.2. FELDA Results

Another achievement is the rural development programme which remains as one of Malaysia's biggest success stories. The rural development scheme implemented by FELDA has successfully elevated the quality of life and brought social and economic benefits to hundreds of thousands of rural families and increased their household income over the years. In 2014 plan, FELDA will implement and complete 20,000 units of new generation housing projects for a period of five years on 5,000 acres of land in FELDA areas at a cost of approximately USD 469 million (RM1.5 billion). FELDA was also spend approximately USD 31 million (RM100 million) a year for education and skills training programmes, as well as providing scholarships for 5,000 new generation children from which 30% or 2,000 people are children outside the FELDA scheme.

Today, the Felda group operates as a partnership between three entities, namely Felda, Felda Investment Cooperative and *Felda Holdings Berhad* (FHB) which is being restructured into a new entity called Felda Global Ventures. This will spearhead the group's drive to be a globally integrated and diversified multi-crop agribusiness MNC. The original Felda remains as a government body responsible for the continuous improvement of the economic well-being of the settler communities. Through the Felda Investment Cooperative (FIC) or *Koperasi Permodalan Felda* (KPF) which is managed by a board comprising both Felda staff and settler leaders, settlers and staff savings are channelled into investment projects mainly related to palm oil. It is hoped that dividends declared by FIC will provide a source of non-farm income to supplement settlers' income derived from their agricultural holdings. The Felda group is FHB which being restructured into Felda Global Ventures. FIC is currently the 51% shareholder of FHB.

Malaysia believes that for so long as the government and the staff and settlers themselves remain as major stakeholders in Felda's projects, it will have a better chance of success than if the stakeholders were private entities.

## 6. CONCLUSION

Malaysia has experienced rapid and sustained growth rates, successfully reduced incidence of poverty and achieved marked progress in meeting targets for the restructuring of society during the last three decades. These achievements are the results of the major development policies, such as NEP, NDP, NVP and NEM and the bold Vision 2020 adopted since 1970 (Madeline, 2003). Rapid expansion of the economy, contributed significantly to poverty reduction by creating employment opportunities which resulted large improvements in the living standards across all ethnic groups. However, rapid growth alone would not have been able to reduce poverty without the strong government emphasis on distributing the gains of development across all the sectors of the economy.

Malaysia's government included elimination of poverty as an integral component of major policies signifying the importance attached to it. Two broad types of strategies were adopted in reducing incidence of poverty: expansion of the economy and government run affirmative action programmes targeted to the poor. The government emphasis on human resource development paved the way for the poor to acquire necessary skills and qualifications to gain employment in the expanding modern, high wage sectors of the economy which cause the shift of large number of workers out of the traditionally low paid rural occupations into better paid modern sector employment and uplifted them out of the poverty. This ensured that there is no intergenerational transfer of poverty. Attention was also paid to improving the quality of life of the poor through the upgrading or expansion of public services, social amenities and physical infrastructure (Mohamed and Arifin, 2012).

Apart from providing opportunities for the poor to become involved in the expanding economy, government targeted programmes identified sub groups among the poor such as the hard core poor, female headed families, elderly people, the handicapped and indigenous groups which have unique problems that need to be dealt with

differently. Government policies also tried to make sure that the benefits of development be equally distributed among all the groups to ensure social harmony in the plural society. The major factors that contributed to the success of Malaysian economy include the outward oriented policy stance, stable political climate, firm commitment of the leaders and well balanced macroeconomic management (Kumaran, 2013). All these factors helped the economy to take full advantage of the opportunities arising from the globalization of the world economy.

Malaysia strongly believes that the successful implementation of poverty eradication and development programmes are underpinned by political stability, inclusiveness and strong political will. Malaysia has taken concrete measures to leverage on its unique diversity as a source of strength in reducing poverty and strengthening the economy to achieve a sustained, inclusive and equitable economic growth. However, regional and international stability is also crucial in supporting national growth. Malaysia will continue to share its development experience in the field of poverty eradication with fellow developing countries both at the regional and global levels, with a view of accelerating the achievement of off-track MDGs by 2015 (Raja and Zaib, 2013).

In conclusion, poverty is a multi-dimensional phenomenon that extends beyond income poverty and poverty eradication should remain at the centre of transformative development agendas for all times.

## REFERENCES

- Ambassador, H.H.H.E., 2012. Permanent Representative of Malaysia to the United Nations, on Agenda Item 24: Eradication of Poverty and Other Development Issues, at the Second Committee of the Sixty-Seventh Session of the United Nations General Assembly, New York.
- Ashri, M.M., 2005. Representative of Malaysia on Agenda item 56: Eradication of Poverty and other Development Issues (a) Implementation of the First United Nations Decade for the Eradication of Poverty (1997-2006) at the Second Committee of the 60th Session the United Nations General Assembly, New York on Tuesday.
- Chua, S.-A., 2011. Managing the Present by Standing in the Future in Economic Transformation Programme A Roadmap for Malaysia, Chapter 1: New Economic Model of Malaysia Economic Transformation Programme, The Roadmap for Malaysia: A Special Report, THE EDGE Malaysia.
- Datuk, D.R.B.B.Y., 2013. Economic Planning Unit Prime Minister's Department Malaysia.; Multidimensional Poverty Measurement for Malaysia, Presentation in Launch of the Multidimensional Poverty Peer Network, University of Oxford.
- Henry, N.C.T. and H.B. Amir, 2011. Poverty reduction: A continuous social responsibility in Malaysia. *International Journal of Rural Studies (IJRS)*, 18(2): 1- 4. [View at Google Scholar](#)
- Kumaran, R., 2013. Metaphors for Malaysia's economic transformation programme. *Kajian Malaysia*, 31(2): 19-35. [View at Google Scholar](#)
- Madeline, B., 2003. Towards the national vision policy: Review of the new economic policy and new development policy among the Bumipatara communities in Sarawak, *Kajian Malaysia*, 21(1&2). [View at Google Scholar](#)
- Mohamed, S.A.R. and M.S. Arifin, 2012. Statistical sata for Appropriate Poverty Measurements and Policy f-or Eradication: A Malaysian Case, *MyStats 2012 Proceedings*: pp: 1-8.
- Musalmah, J., 2005. Eradicating rural and urban poverty, Centre for Policy Initiatives (CPI), MIERScan. Retrieved from [http://www.mier.org.my/mierscan/archives/pdf/musalmah3\\_10\\_2005.pdf](http://www.mier.org.my/mierscan/archives/pdf/musalmah3_10_2005.pdf) [Accessed 3 October 2005].
- National Economic Advisory Council, 2010. New economic model for Malaysia Part I: Strategic Policy Directions, Malaysia Document.
- Raja, R.R. and S. Zaib, 2013. Permanent mission of Malaysia to the united nations on Agenda item 23: Eradication of poverty and other development issues, 23(a): Implementation of the Second United Nations Decade for Eradication of Poverty

(2008-2017) and 23(b): Women in Development at the Second Committee of the 68th Session of the United Nations General Assembly, New York, For Immediate Press Release).

Rohayu, R., S.S.S. Noor, Y. Yusmarwati, M. Maziana and R.A.R. Abdul, 2011. Poverty alleviation among single mother in Malaysia: Building entrepreneurship capacity. International Journal of Business and Social Science, 2(17). Retrieved from [www.ijbssnet.com](http://www.ijbssnet.com).

Shamsulbahriah, R.K.A. and M.S.A. Norma, 2013. Chapter 2 narrowing disparities via the new economic model (NEM): Is Malaysia set to excel beyond its MDGs targets MDGs, (Eds.), Millennium development goals and community initiatives in the Asia pacific. *View at Publisher*

Zulkarnain, A.H. and A. Isahaque, 2013. Poverty reduction policies in Malaysia: Trends. Strategies and Challenges Asian Culture and History, 5(2): 48-56. *View at Google Scholar | View at Publisher*

**Online Science Publishing** is not responsible or answerable for any loss, damage or liability, etc. caused in relation to/arising out of the use of the content. Any queries should be directed to the corresponding author of the article.