

Asian Development Bank & Malaysia

FACT SHEET

Table 1. Malaysia: 2014 Approved Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
–	–	0.38	–	0.38

– = nil.
Note: Grants and technical assistance include cofinancing.

Table 2. Malaysia: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b}

Sector	No.	Total Amount (\$ million) ^c	% ^c
Agriculture, Natural Resources, and Rural Development	65	676.30	33.42
Education	8	259.87	12.84
Energy	22	324.78	16.05
Finance	5	25.70	1.27
Health	9	183.58	9.07
Industry and Trade	8	55.58	2.75
Multisector	5	1.66	0.08
Public Sector Management	9	2.13	0.11
Transport	20	256.36	12.67
Water and Other Urban Infrastructure and Services	22	237.62	11.74
Total	173	2,023.57	100.00

^a Grants and technical assistance include cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Total may not add up because of rounding.

Table 3. Malaysia: Cumulative Nonsovereign Financing by Product

Number of Projects	Amount (\$ million)
Loans	10.00
Equity Investments	2.00
Guarantees	–
B Loans	–
Total	12.00

– = nil.

Since attaining independence about 5 decades ago, Malaysia has developed into a middle-income country with a record of strong economic performance and poverty reduction. The outlook for Malaysia's economy has remained bullish in recent years, following the growth patterns that have allowed for many Millennium Development Goals to be achieved ahead of the 2015 target. Malaysia continues to make sound progress in tackling HIV, increasing forest cover, and reducing greenhouse gas emissions.

However, as an open economy reliant on international trade, Malaysia remains vulnerable to external economic shocks. Challenges in the medium term include a weakening current account surplus and uncertain fiscal sustainability. The increasing importance of trade within the region has offset the precarious economic outlook of Malaysia's other traditional trading partners in the European Union.

The Asian Development Bank (ADB) first began working with the Government of Malaysia in 1966, with country-level engagement being resumed in November 2011.

Cumulative disbursements to Malaysia for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amounted to \$1.41 billion.

ADB-Supported Projects and Programs

An interim country partnership strategy (ICPS) outlines the resumption of ADB operations in Malaysia, and supports the implementation of the Tenth Malaysia Plan, 2011–2015. Particular emphasis has been placed on the need to advance regional cooperation and integration, to catalyze private investments by developing public-private partnerships, and to develop knowledge partnerships. A second country operations business plan (COBP), 2013–2014 was approved to implement the ICPS, and this plan is being extended to 2016 to dovetail into the Eleventh Malaysia Plan, 2016–2020.

To drive regional integration, ADB supports and facilitates Malaysia's active partnership in the Association of Southeast Asian Nations (ASEAN), the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT), and the Coral Triangle Initiative (CTI).

By helping to formulate strategic directions and plans for implementation, ADB has supported greater regional integration through cross-border infrastructure projects, energy cooperation, and the coordination of sustainable management of coastal and marine ecosystems. Other priorities have included the development of green cities—such as the Green City Action Plan for the city of Melaka—the strengthening of regional economic surveillance, and the facilitation of trade.

ADB has been strong in its support of knowledge sharing in Malaysia. This support has included conducting knowledge workshops, strengthening policy

Table 4. Malaysia: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2007	50.00	2
Total	50.00	2

Note: "Year" refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years' fact sheets, the success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2014.

dialogue, and enhancing coordination efforts. Collaboration has intensified on initiatives that focus on the development of regional financial markets, prudential and supervision standards for Islamic financial markets, and promotion of trade. ADB supported the establishment of the ASEAN Infrastructure Fund (AIF), with Malaysia contributing a total of \$150 million in equity, and being elected chair of the AIF Board of Directors for 2015–2017. Malaysia facilitated the incorporation of the AIF as a limited liability company under the Labuan Companies Act 1990, and provided AIF exemptions from foreign exchange controls and taxes.

Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved two private sector projects in the finance sector in Malaysia amounting to \$12 million.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, other concessional financing, and commercial financing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2014, cumulative direct value-added official cofinancing for Malaysia amounted to \$2.3 million for five technical assistance projects.

Partnerships

As the regional adviser and principal development partner to both BIMP–EAGA and IMT–GT, there is a strong regional context in which ADB supports projects and programs in Malaysia. With Malaysia being a founding member of BIMP–EAGA and IMT–GT, both the government and ADB are working to make these subregional groupings the key building blocks for the ASEAN Economic Community 2015. Malaysia will continue to participate actively in BIMP–EAGA and IMT–GT initiatives to meet the challenges of globalization and to contribute to the long-term vision of Asian integration. ADB will closely coordinate with Malaysia as chair of the AIF. Through the ADB technical assistance program, the

government and ADB are exploring ways to further enhance Malaysia's contribution to regional cooperation and integration.

All ADB coordination activities for Malaysia are currently handled through ADB headquarters in Manila.

Procurement

Share of ADB's Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

ADB's procurement contracts for goods, works, and related services under loan and grant operations totaled \$6.59 billion in 2013 and \$8.58 billion in 2014. Cumulative procurement, as of 31 December 2014, was \$135.21 billion.

ADB's procurement contracts for consulting services under loan, grant, and technical assistance operations totaled \$511.13 million in 2013 and \$555.30 million in 2014. Cumulative procurement, as of 31 December 2014, was \$9.98 billion.

Table 5. Malaysia's Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2013		2014		Cumulative (as of 31 Dec 2014)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	1.34	0.02	0.03	0.00	1,570.17	1.16
Consulting Services	0.81	0.16	3.14	0.57	50.54	0.51
Total Procurement	2.15	0.03	3.17	0.03	1,620.71	1.12

0.00 = less than 0.01%.

Goods, Works, and Related Services

From 1 January 1966 to 31 December 2014, contractors and suppliers were involved in 194,667 contracts for goods, works, and related services under ADB loan and grant projects worth \$135.21 billion. During the same period, 5,353 contracts were awarded to contractors and suppliers from Malaysia worth \$1.57 billion.

Table 6. Top 5 Contractors/Suppliers from Malaysia Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2010–31 December 2014

Contractor/Supplier	Sector	Contract Amount (\$ million)
Swee Construction & Transport Co. (M) Sdn., Bhd.	ANR, TRA	12.15
SMH Rail Sdn., Bhd.	TRA	6.23
SHB Global Services Sdn., Bhd.	EDU, PSM	4.97
Salcon Engineering Berhad	WUS	2.61
Optical Star Education and Surveillance, SDN	EDU	1.10
Others		1.60
Total		28.66

ANR = Agriculture, Natural Resources, and Rural Development; EDU = Education; PSM = Public Sector Management; TRA = Transport; WUS = Water and Other Urban Infrastructure and Services.

Consulting Services

From 1 January 1966 to 31 December 2014, consultants were involved in 45,584 contracts for consulting services under ADB loan, grant, and technical assistance projects worth \$9.98 billion. During the same period, 354 contracts were awarded to consultants from Malaysia worth \$50.54 million.

Table 7. Top 5 Consultants from Malaysia Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2010–31 December 2014

Consultant	Sector	Contract Amount (\$ million)
Minconsult International, Ltd.	TRA, ENE	4.18
Leading Edge Aviation Sdn., Bhd.	TRA	1.89
Synergistic Innovations Sdn., Bhd.	ENE	0.98
Infofish, Malaysia	ANR	0.84
Worldfish Center (Malaysia)	ANR	0.60
Individual consultant/s		4.44
Others		0.36
Total		13.29

ANR = Agriculture, Natural Resources, and Rural Development; ENE = Energy; TRA = Transport.

Operational Challenges

With its partnership in Malaysia reestablished, the challenge for ADB is to apply its operational strengths and knowledge base where they can best be utilized, and where there is clearly room to add value. ADB will work to identify targeted sectors or thematic priorities to fast-track Malaysia's development. The ICPS, COBP, and technical assistance will be flexible

enough to expand and diversify engagement in private sector development and regional cooperation, by leveraging initiatives under ASEAN, BIMP-EAGA, IMT-GT, and CTI. Key elements for ADB to comprehensively engage with the Government of Malaysia will need to include outward-looking policy settings, and private sector orientation. ADB aims to establish a role consistent with Malaysia's middle-income status and the country's development programs. This includes combining nonsovereign operations and reimbursable technical assistance modalities to build an environment attractive to private investment. In 2015, operational engagement in Malaysia will include priority projects under the BIMP-EAGA and the IMT-GT initiatives.

Future Directions

Through the COBP, ADB will support an agenda for Malaysia's economic transformation largely based on productivity and innovation. Reimbursable technical assistance will be provided for the preparation of the Eleventh Malaysia Plan, 2016–2020, and for green urban management plans. Assistance will also be provided to develop commercially oriented regional projects, creating further opportunity for private sector investment. A focus on competitiveness will require better integration of Malaysia's industries into cross-border markets and production networks, both regionally and globally.

ADB will continue to actively support the Government of Malaysia's role in regional cooperation, providing assistance to various regional and subregional programs and initiatives, and enhancing synergies among the programs. As indicated in the COBP, ADB engagement with the government will also be significantly based around knowledge support.

About Malaysia and ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held:	289,050 (2.735% of total shares)
Votes:	328,480 (2.487% of total membership, 3.819% of total regional membership)
Overall capital subscription:	\$4.19 billion
Paid-in capital subscription:	\$209.38 million

Contributions to Special Funds Resources

Malaysia has contributed to the Asian Development Fund (ADF), which is ADB's window for concessional lending to its borrowing members, and to the Technical Assistance Special Fund (TASF), which provides grants to borrowing members to help prepare projects and undertake technical or policy studies.

Contributions to the ADF (committed): \$25.46 million

Contributions to the TASF (committed): \$2.48 million

Maliarni bin Hamad is the Director and **Khin Khin Lwin** is the Alternate Director representing Malaysia on the ADB Board of Directors.

ADB operations in Malaysia are managed through ADB headquarters in Manila. The ADB Southeast Asia Department provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The Southeast Asia Department engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Malaysia.

The Malaysia government agency handling ADB affairs is the Ministry of Finance.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2014, lending volume was \$12.92 billion (113 projects), with TA at \$158.88 million (256 projects) and grant-financed projects at \$405.34 million (17 projects). In addition, \$9.24 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2010 to 31 December 2014, ADB's annual lending volume averaged \$12.10 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$697.97 million and \$156.69 million in TA over the same period. As of 31 December 2014, the cumulative totals excluding cofinancing were \$216.21 billion in loans for 2,729 projects in 44 countries, \$6.87 billion in 256 grants, and \$3.75 billion in TA grants, including regional TA grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Country website
www.adb.org/malaysia

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

To access a complete list of development and economic indicators, visit:

Statistics and Databases
www.adb.org/data/statistics