

# Asian Development Bank & Malaysia

## FACT SHEET

Table 1. **Malaysia: 2011 Loan, Technical Assistance, and Grant Approvals** (\$ million)

Loans				
Sovereign	Nonsovereign	Technical Assistance	Grants	Total
–	–	1.00	–	1.00

– = nil.

Table 2. **Malaysia: Cumulative ADB Lending by Sector as of 31 December 2011<sup>a</sup>**

Sector	Loans (no.)	Amount (\$ million)	% <sup>b</sup>
Agriculture and Natural Resources	29	667.46	33.41
Education	5	258.80	12.96
Energy	11	321.50	16.09
Finance	2	25.00	1.25
Health and Social Protection	3	181.53	9.09
Industry and Trade	1	53.00	2.65
Transport and ICT	15	255.14	12.77
Water Supply and Other Municipal Infrastructure and Services	11	235.11	11.77
<b>Total</b>	<b>77</b>	<b>1,997.54</b>	<b>100.00</b>
<b>Total Disbursements</b>		<b>\$1,414.0 million</b>	

ICT = information and communication technology.

<sup>a</sup> Includes sovereign and nonsovereign loans.

<sup>b</sup> Total may not add up because of rounding.

Table 3. **Malaysia: Cumulative Nonsovereign Financing by Product**

Number of Projects	2
	<b>Amount (\$ million)</b>
Loans	10.00
Equity Investments	2.00
Guarantees	–
B Loans	–
<b>Total</b>	<b>12.00</b>

– = nil.

## Partnerships

Malaysia is a founding member of the Asian Development Bank (ADB). After a lull of approximately 15 years without a country-level engagement, a new Malaysia Interim Country Partnership Strategy (ICPS), 2011–2012, was adopted in November 2011. The ICPS sets forth ADB's re-engagement with Malaysia and reflects ADB's commitment to the realization of the Tenth Malaysia Plan (TMP). The ICPS supports Malaysia on the national anchoring of regional cooperation and integration efforts, catalyzing private investments by developing bankable public–private partnerships, and highlighting knowledge partnerships.

The country partnership, being on an interim basis, has modest and targeted scope of activities, sector, and thematic coverage. A country operations business plan will operationalize the approach and strategic directions of the ICPS. The business plan includes projects that will address infrastructure development in the energy sector and private sector development. ADB has also approved technical assistance for 2012 to support the priorities and strategic reforms of Malaysia as envisioned in the TMP. The technical assistance will assist Malaysia in addressing its macroeconomic policy and inclusive growth challenges during this period of rapid economic transformation, supporting the objectives of developmental financial institutions such as the Export–Import Bank, and assisting the development of public–private partnership financing.

## Operational Challenges

With this renewed partnership, the challenge for ADB is to define areas of intervention where ADB's operational strengths and knowledge can be best utilized and where there is clear value addition. ADB will help address Malaysia's development challenges initially on selected and targeted sectors or thematic priorities, but the ICPS and the technical assistance grants envisaged to support the TMP are designed to allow flexibility for expanded and diversified private sector-led engagement in the future. An outward and private sector orientation will be key elements of the operational framework for more comprehensive engagement with Malaysia.

ADB will find a role consistent with Malaysia's middle-income status and development programs, combining nonsovereign operations and reimbursable technical assistance modalities to support Malaysia based on a sound environment friendly to business. There is scope for operational engagement in Malaysia in priority projects under the Brunei Darussalam, Indonesia, Malaysia, Philippines East Association of Southeast Asian Nations (ASEAN) Growth Area (BIMP–EAGA) and the Indonesia–Malaysia–Thailand Growth Triangle (IMT–GT).

## Future Directions

Cooperation between Malaysia and ADB will expand on several fronts in 2012. In addition to various regional and/or subregional programs and initiatives, the relationship will once again be anchored nationally through the ICPS. ADB, through the ICPS, will support an economic transformation agenda that is largely based on productivity and innovation. Technical assistance will support the implementation of the TMP, and while the current assistance may not comprehensively address Malaysia's development objectives, it can selectively do so in areas of ADB's comparative advantage.

Malaysia's active promotion of regional cooperation will also underpin ADB's re-engagement and focus of support in the future. Commercially oriented regional projects are expected to provide opportunities for private sector development. Promotion of competitiveness will also require better integration of industries into global and regional markets and production networks.

ADB's assistance in the formulation of the Implementation Blueprints for BIMP-EAGA and IMT-GT and its support to other initiatives under ASEAN help ensure that these remain key building blocks to an ASEAN Economic Community. Malaysia is expected to continue to participate more actively in these initiatives to meet the challenges of globalization and contribute to the long-term vision of Asian integration. As the base of the ASEAN Infrastructure Fund (AIF), closer coordination with Malaysia is expected when the AIF starts operations in 2012.

## Context

Malaysia is a middle-income country with a record of strong economic performance and poverty reduction. Malaysia's economy expanded at a robust 7.2% annual rate in 2010 on the back of a recovery in exports and stronger domestic demand, particularly investment. Due to the weaker external environment, however, economic growth moderated to 5.1% in 2011.

Malaysia has largely achieved its Millennium Development Goals on income poverty (with less than 2% of the population living on less than \$1.25 per day), primary education, gender, and health well ahead of the 2015 target date. Malaysia is on track to meet goals related to infant mortality and birth attendance. Slow progress was achieved on HIV prevalence, forest cover, and carbon dioxide emissions.

Table 4. Malaysia: Development Indicators

Non-MDG	
Population in millions	28.90 [2011]
Annual population growth rate (%)	2.0 [2009–2011]
Adult literacy rate (%)	92.5 [2009]
Population in urban areas (%)	72.2 [2010]
MDG	
Population living on less than \$1.25 (PPP) a day (%)	0.0 [2009]
Population living below the national poverty line (%)	3.8 [2009]
Under-5 mortality rate per 1,000 live births	6 [2010]
Population using an improved drinking water source (%)	100 [2010]

MDG = Millennium Development Goal, PPP = purchasing power parity.

Sources: ADB. 2012. *Basic Statistics 2012*. Manila; United Nations Educational, Scientific and Cultural Organization (UNESCO). 2012. Institute for Statistics Data Centre; World Bank. 2012. World Development Indicators.

Table 5. Malaysia: Economic Indicators, 2007–2011

Economic Indicator	2007	2008	2009	2010	2011
Per capita GNI, Atlas method (\$)	6,310	7,170	7,230	7,760	...
GDP growth (% change per year)	6.5	4.8	(1.6)	7.2	5.1
CPI (% change per year)	2.0	5.4	0.6	1.7	3.2
Unemployment rate (%)	3.2	3.3	3.7	3.4	3.1
Fiscal balance (% of GDP)	(3.2)	(4.8)	(7.0)	(5.6)	(5.3)
Export growth (% change per year)	9.5	13.1	(21.1)	26.4	14.5
Import growth (% change per year)	12.1	6.7	(20.8)	34.1	13.9
Current account balance (% of GDP)	15.9	17.7	16.5	11.5	11.5
External debt (% of GNI)	33.2	33.9	33.8	33.4	...

( ) = negative, ... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2012. *Asian Development Outlook 2012*. Manila; ADB staff estimates; World Bank. 2012. World Development Indicators Online.

Table 6. Malaysia: Project Success Rates

Sector	% <sup>a</sup>	No. of Rated Projects/Programs
Agriculture and Natural Resources	54.55	22
Education	75.00	4
Energy	57.14	7
Health and Social Protection	66.67	3
Industry and Trade	100.00	1
Transport and ICT	81.82	11
Water Supply and Other Municipal Infrastructure and Services	66.67	9
<b>Total</b>	<b>64.91</b>	<b>57</b>
Year of Approval		
1960s	100.00	4
1970s	56.52	23
1980s	61.90	21
1990s	77.78	9

ICT = information and communication technology.

<sup>a</sup> Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program performance evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2011.

## ADB-Supported Projects and Programs

ADB, with its specialized knowledge and experience in acting as a catalyst for regional integration, provided support to ASEAN, the BIMP–EAGA, and the IMT–GT, where Malaysia is an active partner. Under these various regional cooperation initiatives, ADB supported the promotion of greater connectivity through cross-border infrastructure projects, energy cooperation, coordination for sustainable management of coastal and marine ecosystems, strengthening regional economic surveillance, and trade facilitation. ADB supported the formulation of strategic directions and implementation plans of these cooperation programs. ADB also provided support in strengthening policy dialogues, coordination, and collaboration 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 AIF. Malaysia contributed a total of \$150 million in equity to the AIF and was actively involved as chair of the AIF High Level Task Force. ADB coordinates with Malaysia's Ministry of Finance to finalize the necessary legal and administrative requirements for the formal establishment and operation of AIF in 2012.

## Cofinancing

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

By the end of 2011, cumulative direct value-added official cofinancing for Malaysia amounted to \$2.3 million for five technical assistance projects.

## Procurement

From 1 January 1968 to 31 December 2011, contractors and suppliers were involved in 197,338 contracts for ADB loan projects worth \$109.78 billion. During the same period, contractors and suppliers from Malaysia were involved in 6,389 contracts for ADB loan projects worth \$1,557.79 million.

From 1 January 1968 to 31 December 2011, consultants were involved in 12,179 contracts for ADB loan projects worth \$4.81 billion. During the same period, consultants from Malaysia were involved in 72 contracts for ADB loan projects worth \$26.66 million.

From 1 January 1968 to 31 December 2011, consultants were involved in 24,484 contracts for ADB technical assistance projects worth \$3.42 billion. During the same period, consultants from Malaysia were involved in 245 contracts for ADB technical assistance projects worth \$22.47 million.

Table 7. Malaysia: Share of Procurement Contracts

Item	2010		2011		Cumulative (as of 31 Dec 2011)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods and Works	0.44	0.01	9.72	0.14	1,557.79	1.42
Consulting Services	0.55	0.13	5.07	1.19	49.12	0.60

Table 8. Malaysia: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2007–31 December 2011

Contractor/Supplier	Sector	Contract Amount (\$ million)
Sunway Construction	Transport and ICT	42.09
HG Power Transmission Sdn Bhd	Energy	32.35
Swee Construction/Camdeg Co., JV	Transport and ICT	9.60
Emas Kiara Marketing Sdn Bhd	Agriculture and Natural Resources	1.43
Universiti of Utara Malaysia	Education	0.62
UKM Kesihatan Sdn Bhd	Health and Social Protection	0.06
Health Information System	Health and Social Protection	0.03
Center for Development & Research in Evaluation	Public Sector Management	0.03

ICT = information and communication technology.

Table 9. Malaysia: Top Consultants (Individual Consultant and Consulting Firms) Involved in ADB Loan Projects, 1 January 2007–31 December 2011

Consultant	No. of Times Contracted	Contract Amount (\$ million)
Minconsult SDN. BHD, Malaysia	5	4.36
Mediconsult Planning & Consulting Services	1	0.90
UNCTAD/ASYCUDA Regional Cooperation	1	0.63
Orogenic Resources SDN BHD	1	0.29
UN University International Institute for Global Health	1	0.11
EDUASIA	2	0.02

Table 10. Malaysia: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2007–31 December 2011

Consultant	No. of Times Contracted	Contract Amount (\$ million)
Leading Edge Aviation SDN. BHD.	3	1.77
Worldfish Center (MAL)	1	0.60
Center for Development and Research in Evaluation	1	0.47
International Bureau of Fiscal Documentation	1	0.12
Individual consultants	75	3.60

Table 11. ADB Assistance to Developing Member Countries, 2010–2011<sup>a</sup>

	2010 (\$ million)	2011 (\$ million)	Change (%)
Lending	11,444.53	12,605.46	10.14
ADF, Sovereign	2,212.57	1,954.85	(11.65)
OCR, Sovereign	8,196.96	9,050.61	10.41
OCR, Nonsovereign	1,035.00	1,600.00	54.59
Public Sector	–	600.00	
Private Sector	1,035.00	1,000.00	(3.38)
Equity Investments	235.00	239.00	1.70
Grants <sup>b</sup>	1,052.86	844.14	(19.82)
Technical Assistance Grants	325.00	359.39	10.58

– = nil, ( ) = negative, ADF = Asian Development Fund, OCR = ordinary capital resources.

<sup>a</sup> Excludes terminated loans, equity investments, technical assistance, and grants.

<sup>b</sup> Excludes grant cofinancing not administered by ADB.

## About Malaysia and ADB

### ADB Membership

Joined 1966

### Shareholding and Voting Power

Number of shares held: 289,050 (2.73% of total shares)  
Votes: 328,540 (2.48% of total membership,  
3.82% of total regional membership)  
Overall capital subscription: \$4.44 billion  
Paid-in capital subscription: \$221.94 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): \$19.42 million  
Contributions to the TASF (committed): \$1.73 million

**Chaiyuth Sudthitanakorn** is the Executive Director and **Govinda Bahadur Thapa** is the Alternate Executive Director representing Malaysia on the ADB Board of Directors.

ADB's operations in Malaysia are managed through ADB's Manila Headquarters. ADB's Southeast Asia Department provides the primary operational link to the government, private sector, and civil society stakeholders in its activities. The Southeast Asia Department engages in policy dialogue and acts 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 2011, lending volume was \$12.61 billion (104 projects), with TA at \$148 million (212 projects) and grant-financed projects at \$614 million (23 projects). In addition, \$7.7 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2007 to 31 December 2011, ADB's annual lending volume averaged \$11.34 billion. In addition, TA and investment grants funded by ADB and special funds resources averaged \$755.3 million and \$175.0 million in TA over the same period. As of 31 December 2011, the cumulative totals excluding cofinancing were \$179.7 billion in loans for 2,423 projects in 42 countries, \$5.0 billion in 186 grants, and \$3.3 billion in TA grants, including regional TA grants.

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Country website

[www.adb.org/malaysia](http://www.adb.org/malaysia)

Asian Development Outlook

[www.adb.org/publications/series/asian-development-outlook](http://www.adb.org/publications/series/asian-development-outlook)

Annual Report

[www.adb.org/documents/series/adb-annual-reports](http://www.adb.org/documents/series/adb-annual-reports)