



# Asian Development Bank & Malaysia

## FACT SHEET

**Table 1. Malaysia: Development Indicators**

Non-MDG	
Population in millions	27.57 (2010)
Annual population growth rate (%)	2.2 (2008–2010)
Adult literacy rate (%)	92.1 (2008)
Percent of population in urban areas	71.3 (2009)
MDG	
Percent of population living on less than \$1.25 a day	<2.0 (2009)
Percent of population living below the national poverty line	3.8 (2008)
Under-5 mortality rate per 1,000 live births	6.0 (2009)
Percent of population using an improved drinking water source	100.0 (2008)

MDG = Millennium Development Goal.

Sources: ADB. 2011. *Basic Statistics 2011*. Manila; UNESCO. 2011. Institute for Statistics Data Centre; World Bank. 2011. World Development Indicators.

**Table 2. Malaysia: Economic Indicators, 2006–2010**

Economic Indicator	2006	2007	2008	2009	2010
Per capita GNI, Atlas method (\$)	5,720	6,420	7,270	7,350	...
GDP growth (% change per year)	5.8	6.5	4.7	(1.7)	7.2
CPI (% change per year)	3.6	2.0	5.4	0.6	1.7
Unemployment rate (%)	3.3	3.2	3.3	3.7	3.4
Fiscal balance (% of GDP)	(3.3)	(3.2)	(4.8)	(7.0)	(5.6)
Export growth (% change per year)	12.9	9.4	13.2	(21.1)	26.4
Import growth (% change per year)	13.9	12.1	7.1	(21.0)	33.6
Current account balance (% of GDP)	16.7	15.9	17.5	16.5	11.8
External debt (% of GNI)	35.0	33.2	34.7	33.7	...

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

Sources: ADB. 2011. *Asian Development Outlook 2011*. Manila; ADB staff estimates; World Bank. 2011. World Development Indicators Online.

Malaysia is an upper middle-income country with a record of strong economic performance and poverty reduction and a goal of transforming itself into a high-income and developed nation by 2020. The government largely stopped borrowing from multilateral sources after the Asian financial crisis. The Asian Development Bank's (ADB) last operational strategy for the country was prepared in 1997. ADB and Malaysia are working on a new interim country partnership strategy, 2011–2013, which ADB expects to finalize before the end of 2011.

Malaysia's economy expanded at a robust 5.8% annual rate in the 5 years before 2008, contributing to a reduction in overall poverty (based on the national poverty line) from 5.7% in 2004 to 3.8% in 2008. However, in 2009, gross domestic product contracted by 1.7% as a result of the downturn in world economic activity and the country's dependence on exports, which plummeted. The economy rebounded strongly in 2010, by an estimated 6.9%, on the back of a moderate recovery in exports and stronger domestic demand.

In the United Nation's 2010 Human Development Index, Malaysia is classified as a country with high human development, ranking 57th out of 169 countries in the list. Moreover, the country has largely achieved its Millennium Development Goals, well ahead of the 2015 target date. Notwithstanding these significant achievements, which enabled Malaysia to provide for the health and education of its people, and largely eradicate poverty, the country finds itself stuck in a middle-income trap in which policies and strategies employed to attain the current level of development are now inadequate to take it to the next stage. Following this realization, and against the backdrop of the recent severe global economic crisis, the government has embarked on a bold and far-reaching structural transformation (the Economic Transformation Program launched in 2010) to enable the country to break free of the middle-income trap and reach high-income status by 2020.

Malaysia is an active participant in a number of subregional cooperation programs supported by ADB, including the Association of Southeast Asian Nations (ASEAN) as well as initiatives by the ASEAN, the People's Republic of China, Japan, and the Republic of Korea (ASEAN+3). Malaysia also participates in the Brunei Darussalam–Indonesia–Malaysia–the Philippines East ASEAN Growth Area (BIMP–EAGA) and Indonesia–Malaysia–Thailand Growth Triangle (IMT–GT). These initiatives include support to regional cooperation on the coral triangle; research on regional competition policy, strengthening the ASEAN Surveillance Process; and development of regional financial markets such as the ASEAN+3 Bond Market Initiative and development of prudential and supervision standards for Islamic financial markets, and development of physical connectivity along emerging transport corridors within the subregions.

As part of IMT–GT, ADB held a series of consultations with line ministries, state and provincial governments, and representatives of the private sector and, as a result, identified 10 priority connectivity projects with a total estimated cost of \$5.2 billion, including two in Malaysia.

ADB has also approved a technical assistance provision of \$1 million to help countries prepare projects that have potential for public–private partnership funding, and to consider the design of a permanent subregional project development facility, which would impact Malaysia.

## Impact of Assistance

Malaysia is an active promoter of regional cooperation, an area where ADB has particular mandate and ample experience. Malaysia is a founding member of the ASEAN, BIMP-EAGA, and IMT-GT and is hosting the secretariats for the latter two organizations. Malaysia is also a key driver of the subregional programs. Under these various regional cooperation initiatives, ADB promoted greater infrastructure connectivity, increased coordination for sustainable management of coastal and marine ecosystems, strengthened regional economic surveillance, and improved trade facilitation between Malaysia and member countries of these various regional groupings.

## Cofinancing and Procurement

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 grants, official or commercial loans, and syndications.

As of year-end 2010, cumulative direct value-added cofinancing for Malaysia amounted to \$2.3 million for five technical assistance projects.

From 1 January 1968 to 31 December 2010, contractors and suppliers were involved in 186,186 contracts for ADB loan projects worth \$97.66 billion. During the same period, contractors and suppliers from Malaysia were involved in 6,296 contracts for ADB loan projects worth \$1,477.84 million.

From 1 January 1968 to 31 December 2010, consultants were involved in 11,643 contracts for ADB loan projects worth \$4.63 billion. During the same period, consultants from Malaysia were involved in 69 contracts for ADB loan projects worth \$24.89 million.

From 1 January 1968 to 31 December 2010, consultants were involved in 22,350 contracts for ADB technical assistance projects worth \$3.15 billion. During the same period, consultants from Malaysia were involved in 229 contracts for ADB technical assistance projects worth \$20.17 million.

A summary of procurement contracts awarded to companies and consultants from Malaysia for goods and works, and consulting services can be found at [www.adb.org/Documents/Fact\\_Sheets/Malaysia/procurement.asp](http://www.adb.org/Documents/Fact_Sheets/Malaysia/procurement.asp)

## Partnership

In supporting BIMP-EAGA and IMT-GT, ADB is coordinating closely with development partners, such as Germany's Agency for Technical Cooperation; the Global Environment Facility; the governments of the United States and Australia; and the environmental groups Conservation International, The Nature Conservancy, and the World Wide Fund for Nature. ADB is also working closely with the ASEAN Secretariat to enhance cooperation among ASEAN member countries, as well as in the ASEAN+3 framework.

ADB also coordinates with civil society organizations in Malaysia to strengthen the effectiveness, quality, and sustainability of the services it provides.

The Government of Japan was recently engaged as a new development partner of IMT-GT to work on long-term goals of food security and food safety. In the area of energy security, IMT-GT has begun collaboration with Economic Research Institute for ASEAN and East Asia.

Table 3. Malaysia: 2010 Loan, Technical Assistance, and Grant Approvals (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
...	...	...	...	...
... = no data available.				
Cumulative Lending (as of 31 Dec 2010)			: \$1,997.5 million	
Cumulative Disbursements (as of 31 Dec 2010)			: \$1,414.0 million	

Table 4. Malaysia: Cumulative ADB Lending as of 31 December 2010

Sector	Loans (no.)	Amount (\$ million)	% <sup>a</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
Public Sector Management	–	–	–
Transport and ICT	15	255.14	12.77
Water Supply and Other Municipal Infrastructure and Services	11	235.11	11.77
Multisector	–	–	–
<b>Total</b>	<b>77</b>	<b>1,997.54</b>	<b>100.00</b>

– = nil, ICT = information and communication technology.

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

Table 5. 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>
<b>Year of Approval</b>		
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 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 2010.

Table 6. Malaysia: Share of Procurement Contracts

Item	2009		2010		Cumulative (as of 31 Dec 2010)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods and Works	37.42	0.36	0.44	0.01	1,477.84	1.51
Consulting Services	0.83	0.19	0.55	0.13	45.06	0.58

## Operational Challenges

The challenge for ADB is to find a role consistent with Malaysia's middle-income status and development programs. This may call for expanded resources to be devoted to regional cooperation and private sector operations and a willingness to flexibly respond to unanticipated needs of Malaysia. There is scope for operational engagement in Malaysia on nonsovereign and private sector operations in priority projects under BIMP-EAGA and IMT-GT.

## Future Directions

The interim country partnership strategy will likely focus on regional cooperation and private sector development by extending support in the areas of financial and capital market development, including Islamic finance, energy, business environment, and public-private partnerships through reimbursable technical assistance and nonsovereign loans. The IMT-GT, the regional integration of GMS, and the BIMP-EAGA are important initiatives in subregional cooperation as a key building block to achieve an ASEAN Economic Community by 2015. ADB was mandated to identify, prioritize, and mobilize resources for the effective implementation of IMT-GT's five designated connectivity corridors. ADB's consultations with local, state, and national government units from around the region, as well as with the private sector, uncovered 10 subregional cooperation projects that would cost \$5.2 billion. Two of these projects are in Malaysia.

ADB has also approved \$1 million in technical assistance to help countries in the region, including Malaysia, prepare public-private partnership projects that could earn more funding in the future. The provision also encourages countries to contribute to the design of a permanent subregional project development facility.

**Table 7. Malaysia: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2006–31 December 2010**

Contractor/Supplier	Sector	Contract Amount (\$ million)
Sunway Construction	Transport and ICT	36.92
HG Power Transmission Sdn Bhd	Energy	36.47
IJM Corporation Co.	Transport and ICT	29.08
Universal Cable (M) Behad	Energy	2.69
Emas Kiara Marketing Sdn Bhd	Agriculture and Natural Resources	1.44
Universiti Utara Malaysia	Education	0.50
University Putra Malaysia	Agriculture and Natural Resources	0.08
UKM Kesihatan Sdn Bhd	Health and Social Protection	0.06
Bumi T.T.C.	Health and Social Protection	0.03
Total Health Information System	Health and Social Protection	0.03

ICT = information and communication technology.

**Table 8. Malaysia: Top Consultants (Individual Consultant and Consulting Firms) Involved in ADB Loan Projects, 1 January 2006–31 December 2010**

Consultant	No. of Times Contracted	Contract Amount (\$ million)
Minconsult International Ltd.	2	5.93
Pegasus International Sdn Bhd	1	2.85
UNCTAD/ASYCUDA Regional Cooperation	1	0.63
UN University International Institute for Global Health	1	0.11
EDUASIA	2	0.02

**Table 9. Malaysia: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2006–31 December 2010**

Consultant	No. of Times Contracted	Contract Amount (\$ million)
Leading Edge Aviation Sdn Bhd	2	1.24
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	72	3.18

**Table 10. ADB Assistance to Developing Member Countries, 2009–2010<sup>a</sup>**

	2009 (\$ million)	2010 (\$ million)	Change (%)
Lending	13,215.89	11,462.27	(13.27)
ADF, Sovereign	2,210.31	2,212.57	0.10
OCR, Sovereign	10,567.71	8,196.96	(22.43)
OCR, Nonsovereign	437.87	1,052.73	140.42
Public Sector	134.30		
Private Sector	303.57	1,052.73	246.78
Equity Investments	220.00	243.00	10.45
Grants <sup>b</sup>	1,113.52	1,052.86	(5.44)
Technical Assistance	267.00	326.54	22.30

( ) = 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

Malaysia is the 7th largest shareholder in ADB among its regional members. Overall, Malaysia is the 10th largest shareholder.

Figures are as of 1 April 2009, before ADB's Board of Governors voted to adopt the fifth general capital increase. The process is ongoing, and the final figures are expected to be available by 30 June 2011. Current subscription levels are available from the Office of the Secretary.

Number of shares held: 96,350 (2.72% of total shares)      Votes: 109,582 (2.47% of total membership)

### 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): \$19.97 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 2010, lending volume was \$11.46 billion (106 projects), with TA at \$175 million (243 projects) and grant-financed projects at \$982 million (40 projects). In addition, \$3.67 billion in direct value-added loan, grants and TA cofinancing was generated. From 1 January 2006 to 31 December 2010, ADB's annual lending volume averaged \$10.3 billion. In addition, TA and investment grants funded by ADB and special funds resources averaged \$692.6 million and \$175.4 million in TA over the same period. As of 31 December 2010, the cumulative totals excluding cofinancing were \$167.1 billion in loans for 2,328 projects in 42 countries, \$4.4 billion in 163 grants, and \$3.15 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/documents/books/ado/2011/ado2011-mal.pdf](http://www.adb.org/documents/books/ado/2011/ado2011-mal.pdf)

### Annual Report

[www.adb.org/Documents/Reports/Annual\\_Report/2010/default.asp](http://www.adb.org/Documents/Reports/Annual_Report/2010/default.asp)

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