

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Malaysia: Cumulative Lending, Grant, and Technical Assistance Commitments^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	65	676.30	33.43
Education	8	259.87	12.84
Energy	22	324.78	16.05
Finance	5	25.70	1.27
Health	8	183.13	9.05
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	11.75
Total	172	2,023.12	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

Malaysia: Ordinary Capital Resources Nonsovereign Commitments by Product, 2007–2017

No. of Transactions Signed	1
	Amount (\$ million)
Loans	10.00
Equity Investments	–
Guarantees	–
Total	10.00

– = nil.

ADB support in Malaysia has focused on advancing regional cooperation and integration, catalyzing private investments through public–private partnerships, and developing knowledge partnerships.

MALAYSIA

Malaysia has transformed itself from a nation reliant on natural resources into a middle-income country in which services account for half of total output. This development success was reflected in Malaysia ranking 37th of 127 countries on the Global Innovation Index 2017.

While the country has experienced some economic slowdown over the past few years, its economy recovered faster than expected in 2017, with growth driven by strong global and domestic demand.

For an economy that is dependent on external factors, macroeconomic stability is crucial to Malaysia's sustained growth. The Government of Malaysia is continuing efforts to boost domestic demand and reduce the country's dependence on exports, with a pipeline of large infrastructure projects expected to stimulate both public and private investment.

Malaysia aims to become a high-income country by 2020, but this will require concerted efforts to improve productivity through the country's ongoing

commitment to innovation, consistent with its development agenda under the Eleventh Malaysia Plan, 2016–2020.

The Asian Development Bank (ADB) began working with Malaysia in 1966, with country-level engagement resuming in 2011. Cumulative disbursements to Malaysia for lending and grants financed by ordinary capital resources (OCR), the Asian Development Fund, and other special funds amount to \$1.41 billion.

ADB-SUPPORTED PROJECTS AND PROGRAMS

As a result of the Asian financial crisis in 1998, ADB's engagement with Malaysia recommenced only in 2011. After some time developing a comprehensive and coherent framework for a new development partnership,



an Arrangement of Cooperation was signed in September 2017, allowing for consultation and collaboration at Malaysia's subregional, regional, state, and federal levels.

In the meantime, ADB support in Malaysia has focused on advancing regional cooperation and integration, catalyzing private investments through public-private partnerships, and developing knowledge partnerships.

With climate change as a key regional concern, the government implemented a reimbursable technical assistance on integrated urban management. Under the Green City Action Plan, ADB is assisting in the conversion of existing street lights across the city of Melaka to energy-efficient lamps. ADB is also supporting prefeasibility studies for solar power farms to improve energy efficiency.

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 on crossborder infrastructure projects, energy cooperation, and coordinated management of coastal and marine ecosystems. Other priorities include the strengthening of regional economic

surveillance, promoting special border economic zones, and collaboration in developing economic corridors. ADB has driven collaboration on the development of regional financial markets, the adoption of prudential and supervisory standards for Islamic financial markets, and the promotion of trade and support to facilitate investment in Malaysia. The bank supported the establishment of the ASEAN Infrastructure Fund, with Malaysia contributing \$150 million in equity. Malaysia was elected chair of the ASEAN Infrastructure Fund's board of directors for 2015-2017 and 2017-2019.

Recognizing the crucial need to increase competitiveness and productivity in Malaysia, ADB provides technical assistance, advisory services, and capacity-building support to the government by conducting studies and hands-on knowledge workshops. Seminars and workshops were held for government staff on the various methodologies for promoting sound monetary and fiscal policies.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector transactions in the form of direct loans, equity investments, guarantees, B loans, and trade finance. In 2017, \$3.17 billion of financing for 29 nonsovereign

transactions funded by ADB's own resources were approved. Total commitments achieved in 2017 amounted to \$2.29 billion for 27 transactions. Both OCR approvals and commitments were at record highs in 2017. Around \$5.9 billion of cofinancing from commercial and official sources were mobilized. Total OCR outstanding balances and commitments of ADB's nonsovereign transactions as of 31 December 2017 amounted to \$10.9 billion.

ADB's [Trade Finance Program](#) (TFP) fills market gaps by providing guarantees and loans through partner banks in support of trade. Since 2009, ADB's TFP has supported more than 12,000 small and medium-sized businesses across developing Asia—through over 16,500 transactions valued at over \$30 billion—in sectors ranging from commodities and capital goods, to medical supplies and consumer goods. In 2017, the TFP supported approximately \$4.5 billion in trade through approximately 3,500 transactions.

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

Malaysia: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2007	0.0	1
2008	100.0	1
Total	50.0	2

Note: "Year" refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years' *Fact Sheet*, the success rate reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and does 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 2017.

Malaysia: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2016		2017		Cumulative (as of 31 Dec 2017)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	-	-	10.06	0.10	1,327.62	0.79
Consulting Services	7.64	1.22	1.51	0.20	61.67	0.51
Total Procurement	7.64	0.06	11.57	0.10	1,389.29	0.77

- = nil.

Malaysia: Projects Cofinanced, 1 January 2013-31 December 2017

Cofinancing	No. of Projects	Amount (\$ million)
Projects*	1	18.51
Commercial cofinancing	1	18.51

* A project with more than one source of cofinancing is counted once.

Top 5 Contractors/Suppliers from Malaysia Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2013–31 December 2017

Contractor/Supplier	Sector	Contract Amount (\$ million)
Swee Construction and Transport Co. (M) Sdn. Bhd. & Camdeg Co. Ltd. (Jy)	ANR, TRA	10.90
Pestech Sdn. Bhd.	ENE	9.65
Gorasia Industries Sdn. Bhd.	ENE	0.38
ICT Interactive Sdn. Bhd.	ICT	0.38
SMH Rail Sdn. Bhd.	TRA	0.11
Others		0.11
Total		21.53

ANR = agriculture, natural resources, and rural development; ENE = energy; ICT = information and communication technology; TRA = transport.

Top 5 Consultants from Malaysia Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2013–31 December 2017

Consultant	Sector	Contract Amount (\$ million)
Minconsult Sdn. Bhd.	ENE, TRA	8.36
Synergistic Innovations Sdn. Bhd.	ENE	0.98
Worldfish Center	ANR	0.75
Mediconsult Sdn. Bhd.	HLT	0.69
Securities Industry Development Corp.	FIN	0.06
Individual Consultants		4.42
Total		15.26

ANR = agriculture, natural resources, and rural development; ENE = energy; FIN = finance; HLT = health; TRA = transport.

and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's TFP and Supply Chain Finance Program.

From 1982 to the end of 2017, cumulative direct value-added official cofinancing commitments for Malaysia amounted to \$2.28 million for five technical assistance projects. Cumulative direct value-added commercial cofinancing for Malaysia amounted to \$18.51 million for one investment project.

A summary of projects with cofinancing from 1 January 2013 to 31 December 2017 is available at www.adb.org/countries/malaysia/cofinancing.

PARTNERSHIPS

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

ADB supports projects and programs that have a strong regional benefit for Malaysia. The country is a founding member of BIMP-EAGA and the IMT-GT, subregional programs that are key building blocks for the ASEAN Vision 2025. ADB is the regional adviser and principal development partner to both BIMP-EAGA and the IMT-GT. Malaysia actively participates in these initiatives to help meet the challenges of globalization and contribute to the long-term vision of ASEAN integration. In 2017, ADB directly collaborated with BIMP-EAGA stakeholders on its long term strategic plan, the BIMP-EAGA Economic Vision 2025. The bank similarly contributed to the IMT-GT's equivalent strategy, Vision 2036. ADB

helps these subregional programs enhance their respective corridor developments by identifying Malaysian border areas for investment. ADB also closely coordinates with Malaysia as the incumbent chair of the AIF.

PROCUREMENT

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 are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$11.28 billion in 2016 and \$10.43 billion in 2017. Cumulative procurement since 1966 was \$169.12 billion covering 211,316 contracts.

In Malaysia, 5,299 contracts worth \$1.33 billion were awarded to contractors and suppliers since 1966.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$627.79 million in 2016 and \$741.84 million in 2017. Cumulative procurement since 1966 was \$12.02 billion covering 55,420 contracts.

In Malaysia, 415 contracts worth \$61.67 million were awarded to consultants since 1966.

OPERATIONAL CHALLENGES

Discussions between ADB and the government need to focus on how ADB could complement Malaysia's development programs, support nonsovereign initiatives, and provide reimbursable technical assistance modalities. Given the scope for improving Malaysia's innovation potential, ADB will work to promote an environment attractive to private investment. Operational engagement will also continue to include priority projects under BIMP-EAGA and IMT-GT initiatives.

FUTURE DIRECTIONS

ADB will target advantageous sectors and identify thematic priorities to help Malaysia achieve its development agenda. ADB operations in the country are expected to strengthen under the Arrangement of Cooperation. The scope of operations will continue to include technical assistance that addresses the knowledge and capacity development requirements of Malaysia. Support to the private sector will continue through the facilitation of public-private partnerships. Given the considerable demand for the private sector to finance strategic projects in Malaysia, ADB could act as a neutral party in negotiations between the private and public sectors. Partnerships under the various cooperation initiatives will continue. ADB operations will expand and diversify Malaysia's engagement in regional cooperation, by leveraging initiatives under ASEAN, BIMP-EAGA, the IMT-GT, and the Coral Triangle Initiative.



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Useful ADB websites

Asian Development Bank
www.adb.org

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

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

Depository Libraries
www.adb.org/publications/depositories

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

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

ABOUT MALAYSIA AND ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held: 289,050 (2.723% of total shares)
Votes: 328,657 (2.477% of total membership, 3.802% of total regional membership)

Overall capital subscription: \$4.12 billion
Paid-in capital subscription: \$205.87 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 up to 31 December 2016 and retaining the ADF support as a grant-only operation from 1 January 2017, 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): \$26.06 million
Contributions to the TASF (committed): \$3.41 million

Anuar Bin Ariffin is the Director and **Som Lal Subedi** 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. In 2017, lending volume was \$18.72 billion (111 projects), with technical assistance at \$200.53 million (246 projects) and grant-financed projects at \$597.49 million (24 projects). In addition, \$11.92 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, 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 2013 to 31 December 2017, ADB's annual lending volume averaged \$14.55 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$617.74 million and \$166.28 million over the same period. As of 31 December 2017, the cumulative totals excluding cofinancing were \$255.14 billion in loans for 2,955 projects in 44 countries, \$8.36 billion in 328 grants, and \$4.27 billion in technical assistance grants, including regional technical assistance grants.