

INFRASTRUCTURE AND RURAL DEVELOPMENT IN MALAYSIA

Introduction

1. Malaysia has achieved substantial success in its rural development, especially in reducing the incidence of poverty in both rural and urban. In the process, the rural areas have been developed with infrastructures, utility, social amenities, health and school facilities and etc to support the economic development of the country as well as increasing the quality of life of her populace. The productivity and incomes of the rural people, or more specifically the agriculture sector, the mainstay of the rural economy, have steadily increased. Rural development continues to be one of the main focus of the Malaysian Government under the 9th Malaysia Plan (2006 – 1010).

2. More significantly, the development that has taken place since independence in 1957, and especially since the launching of the new Economic Policy (NEP) in 1971, has generated a feeling among a large **number of the rural people that they are part of the nation's growth and modernization process**, and that they have not been neglected or marginalized. Needless to say rural development is almost synonymous with poverty eradication.

3. Infrastructure and rural development in Malaysia is part and parcel of a well planned and executed process. At the macro level our national development has always been guided by a series of long term **Outline Perspective Plans (OPP)**. Thus far three OPP's have been implemented guided consecutively by the philosophy of the New Economic Policy (NEP 1971-1990), the National Development Policy

(NDP 1991-2000) and the National Vision Policy (NVP 2001 -2010). These OPP's are in turn implemented through a series of five year development plans; the current being the Ninth Malaysia Plan (2006-2010).

Objectives in infrastructure development

4. Four motives have shaped the scale and pattern of the infrastructure and rural development strategies of the Malaysian Government.¹

- i) Recognizing that efficient and reliable infrastructure facilities and services were vital to support economic development of the country. In this regard the objective of the Malaysian Government is to expand infrastructure facilities to keep abreast of the growing demand for infrastructure arising from the growth and transformation of the economy. The avoidance of infrastructure shortages is thus a paramount aim of the Government. Meeting the growing demand for infrastructure from the modern sectors of the economy, including the external sector, is not the only objective driving the Malaysian Government's infrastructure policy.
- ii) To develop infrastructure to serve socio-economic ends. Here the focus is on providing infrastructure to promote the development of the less developed regions of the country, including rural areas. Improving the accessibility of these regions to markets is intended to bring about a more

¹ Source : Various Malaysia Plan

balanced development of the country and redress economic disparities.

- iii) Realizing that Malaysian economy will have to further strengthen its competitiveness in the global market, Malaysia have to develop her human capital and its quality of life must be addressed. Hence the rural area must be develop and her people are capable, innovative, competitive, resilient, flexible and creative as well as imbued with positive work ethics and spiritual values to meet the challenges ahead. Education and health facilities must be given due important in order to achieve the objective.
- iv) Recognizing the gap between urban and rural, urban area developed faster than rural; there is a need for the Government of Malaysia to bridge the disparities between urban and rural.

Investment in infrastructure and rural development in Malaysia

5. At independence Malaysia had a reasonably good set of infrastructure facilities. The distribution of facilities, however, was uneven with some parts of the country better endowed than others. During the British Occupation, the focus of the infrastructure development was given to area that contributes economy to the British such as tin mining and rubber estate areas. Threat of communist terrorist in the **50's**, asked for opening up of the rural area (including

new villages for relocation), as well as their infrastructure and because of that, priority was given for the purpose of the security.

6. The Malaysian Government built on the initial stock of infrastructure, expanding and modernising infrastructure facilities and at the same time addressing the infrastructure inadequacies of the less developed regions of the country. Because of the importance of infrastructure for economic development and for alleviating poverty, the Government of Malaysia continues to give the highest priority to infrastructure development. The Malaysian Government has continuously allocated a substantial amount of the development budget for infrastructure, rural development and poverty eradication programmes.

7. Massive investments for the development and modernisation of infrastructure facilities and rural development were clearly required not only to cope with the demands of a rapidly expanding economy but also to ensure that the **country's competitiveness in global markets was not** compromised for lack of good quality infrastructure.

8. Despite the effort of the part of the Government to develop the rural areas, two factors have to be considered that have an important influence on planning of infrastructure and rural development in Malaysia, these being the physical make-up of the country and the socio-economic disparities between the different parts of the country.

- i) Malaysia consists of two physical components, these being Peninsular Malaysia and Sabah/Sarawak. The latter two states are on the island of Borneo. Because there is no

contiguity between Peninsular Malaysia and the two states of Sabah and Sarawak, from the perspective of planning Malaysia it does not constitute a single entity. Each component part thus has to be treated as a separate physical entity.

- ii) There are wide disparities between the levels of development of the different parts of the country. The west coast of Peninsular Malaysia has been and remains much more developed than the other parts of the country. The west coast states of Peninsular Malaysia are also more densely populated than the east coast states and Sabah and Sarawak. The socio-economic differences have had to be considered by the Government in formulating its infrastructure and rural development policy

9. Because of the importance of infrastructure and rural development for economic development and for alleviating poverty, the Government of Malaysia continues to give the highest priority to infrastructure and rural development. This is evident from the following:

- i) Rural development has received the largest share of public sector development expenditure in the Malaysia Plans, especially in the first 30 years. During the 6MP until 9MP, at least 12% - 23% has been allocated for rural development. Although at the latter part (2000 and above), focus was given to human capital, infrastructure development still be given the largest share, especially in Sabah and Sarawak.

More than 60% of this allocation goes for infrastructure development.

- ii) Total investment by the Malaysian Government on infrastructure and rural development over the last thirty five years (1970-2005) was RM73.965 billion or 40.8% of RM179.784 billion allocated for the national development.

Table 1 : Allocation for Rural Development (1971 – 2005)

Malaysia Plan	Duration	Total Allocation (RM Billion)	Rural Development Allocation (RM Billion)	Percentage (%)
2 nd MP	1971 - 1975	10.256	2.368	23.1
3 rd MP	1976 - 1980	31.147	6.464	20.8
4 th MP	1981 - 1985	49.025	7.992	16.3
5 th MP	1986 - 1990	37.290	7.427	19.9
6 th MP	1991 - 1995	58.500	15.000	25.6
7 th MP	1996 - 2000	103.565	12.600	12.2
8 th MP	2001 - 2005	170.000	21.000	12.4
Total		179.784	73.965	40.8

- iii) While most of the investment in infrastructure has gone into meeting the demand for infrastructure from the modern economic sectors of the economy, mostly located in the west coast states of Peninsular Malaysia, growing amounts are also being invested in the less developed parts of the country to achieve socio-economic objectives of poverty eradication and balanced regional development. The rural roads programme and the pursuit of universal service provision in the supply of electricity, water and telecommunications services are examples of developing infrastructure in the rural areas and less developed regions of the country.

Type of infrastructure and rural development.

10. The resources invested in physical infrastructure for rural development in Malaysia have contributed to the growth and modernisation of various categories of infrastructure in the country. The following illustrate the rapid expansion of infrastructure facilities in the country.

i) Roads

There are several type of road being developed by the government, namely Rural roads – roads linking the nearest town or industrial area to the villages or linking the less developed parts of the country to the main network of inter urban highways, and village roads – roads in the villages and the surrounding areas for the purpose of improving the well beings of the rural populace. (For example a total of 667.7 km of rural roads and 11,558 km of villages road was built from 2001 – 2007)².

ii) Rural Electricity Supply

The development of the electricity supply in Malaysia was focused on ensuring a secure, reliable and cost-effective supply of energy, aimed at enhancing the competitiveness and resilience of the economy. Efficient utilisation of energy resources as well as the use of alternative fuels, particularly renewable energy, was encouraged by the Government of Malaysia. Nation-wide the rural

² Source – Ministry of Rural and Regional Development, Malaysia

electrification coverage, already high at 92.9³ per cent, is forecasted to increase to 95.1 per cent. The implementation of the rural electrification programme was intensify in 9th MP especially in Sabah, Sarawak and the remote areas to improve the quality of life of rural communities.

iii) Rural Water Supply

Water supply is already quite well developed in Malaysia. Water supply coverage is projected to further increase from 95.0 per cent in 2005 to 96.8 per cent in 2010. The rural areas will see big improvement in water supply coverage, from 92.9 per cent in 2005 to 95.2 per cent in 2010⁴. Efforts were undertaken to improve the water supply coverage especially in the remote area of Sabah and Sarawak. This programme comprised the construction of pipe connections from public water mains to rural areas, upgrading of existing Water Treatment Plants and water supply systems as well as the construction of reticulation systems. The programme also included the implementation of alternative water supply systems.

iv) Social Amenities

In order to improve the quality of life of rural populace, various type of social and public amenities was built for each villages including community hall, recreational facilities, sewerage, library and etc.

³ Source – 7th Malaysia Plan, 8th Malaysia Plan, 9th Malaysia Plan

⁴ Source - page 408, 9th Malaysia Plan.

v) Health

Safeguarding and improving the health status of individuals, families and communities were accorded higher priority by Government of Malaysia. In this regard, efforts were undertaken to enhance the delivery system and to improve the scope and quality of health care. Since independence, Medical and health care services were constructed, expanded and upgraded including hospital, clinic, rural clinic, and community clinic, for the purpose of improving the health and quality of life the population.

vi) Education

The focus on education started in the First Malaysia Plan 1966-1970, which stated that **'unless the educational system is geared to meet the development needs of the country, there will be a misallocation of an important economic resource, which will slow down the rate of economic and social advance'**. Using national unity as the basis, investments were made to improve access to education within all strata of the population. By 2007, the number of government-assisted primary/secondary schools in Malaysia has increased to 9,679.⁵

In 1970, 30% of the population above the age of 6 did not attend school. But by 2005, the percentage of school-going children jumped to 96%. **Malaysia's success in achieving universal primary education is attributable to many factors. These include the government's investment in early education to ensure all children**

⁵ Source : Ministry of Education, Education Master Plan

are accorded equal educational opportunities within a conducive environment.

vii) Telecommunications

Information and Communication Technology, ICT is transforming the global economy by providing a new engine for development that is changing its fundamental dynamics. The Multimedia super-corridor was an impetus to look into investments in ICT as not only as a means of socioeconomic ascendancy but also as a tool for poverty eradication. The huge digital divide between the urban and poor is being narrowed by the 'Universal Service Provider (USP) project' that is bringing communication access to the most remote of communities. For the exception of cellular telephone however, the penetration rate is below 20% for other communication media. These targets are continuing revised in their efforts to increase penetration.

Table 2 : Selected ICT Indicators, 2005⁶

Indicator	2005
Fixed Telephone Lines in Operation	
- Number of Lines (million)	4.4
- Penetration rate (%)	16.6
Celular Phone Subscriptions	
- Number of Lines (million)	19.5
- Penetration rate (%)	74.1
Personal Computer Installed	
- Number of Lines (million)	5.7
- Penetration rate (%)	21.8
Internet dial-up Subscription	
- Number of Lines (million)	3.7
- Penetration rate (%)	13.9
Internet Broadband Subscription	
- Number of Lines (million)	90,630
- Penetration rate (%)	1.9
Telecentre Established (2009)	2,130

⁶ Source : Malaysian Communications and Multimedia Commission and Economic Planning Unit

Planning and Implementation Delivery Mechanism

11. In Malaysia, the highest level of decision-making in matters of major public policy in the economic and social field is the National Planning Council (NPC), which is the economic committee of the Cabinet comprising key economic ministers. The figure below summarizes the planning machinery of the Federal Government. Aside from the NPC, there are two other Ministerial Councils, namely the National Action Council which considers matters on implementation of the development programmes and projects and the National Security Council which deals with security aspects. All the three Councils are chaired by Prime Minister.

12. For the purpose of detailed deliberations, there is the National Development Planning Committee (NDPC) which is a committee of senior government officials chaired by the Chief Secretary to the Government. Heads of all economic development ministries including the Governor of the Central Bank, are members of this committee. The NDPC is responsible for formulating and reviewing all plans for national development and making recommendations on the allocation of resources. It also oversees the implementation of national development plans.

13. Planning at the Federal level is undertaken by the central agencies namely the Economic Planning Unit (EPU), Implementation Coordination Unit (ICU) and Malaysian Administrative and Modernization **Planning Unit (MAMPU) under the Prime Minister's Department**, the Treasury and the Central Bank as well as the planning cells of the various ministries and agencies. Similar planning set-up exists at the

state and district levels. At the state level, the State Economic Planning Unit and the State Development Offices are responsible for formulating state development strategies and coordinating the preparation of state development programmes and projects.

14. For the purpose of implementation, planning is done at the Ministry level with input by the District office and the State Government. At the Ministry level, depending on the type of project, the project was implemented either by the Ministry itself, the agency under the Ministry, the federal department on the ground, the district office or allocation were given to the State to implement the project.

Achievement

15. Malaysia has done much to improve the livelihood of her rural populace. Through various programmes designated to achieve the target of develop nation in the year 2020, rural areas have developed into an area that have the potential, attractive and profitable. The more developed parts of the country, the west coast of Peninsular Malaysia being the prime example, have been the biggest beneficiaries of infrastructure development. It is also true that the less developed parts of the country have not been ignored. In fact considerable progress has been made in the development of infrastructure for the less developed regions of the country. But many shortcomings still prevail in the supply of infrastructure for the poorer parts of the country.

16. This achievement can be summarized according to indicators, analysed in the Malaysia Quality of Life Report, 2004. This report analyzes the changes in the quality of life for the period 1990 to 2002,

using 1990 as the base year. The Malaysian Quality of Life Index (MQLI) 2004, an aggregate measure of the quality of life, is computed using 42 indicators, representing eleven components of life. These aspects are income and distribution; working life; transport and communications; health; education; housing; environment; family life; social participation; public safety; and culture and leisure (Table 3). The selection of indicators was based on their importance, that is, how best they reflected the particular aspect of life, and the availability of data.

Table 3 : Malaysian Quality of Life, 2004⁷

Components	
Income and Distribution	107.51
Working Life	119.86
Transport and Communications	120.88
Health	115.84
Education	117.35
Housing	116.48
Environment	98.22
Family Life	107.15
Social Participation	110.55
Public Safety	80.08
Culture and Leisure	114.13
MQLI	109.82

17. In addition, there were positive indications to show that the various programmes at improving the quality of life of the poor in rural areas have been successful. The achievement can be summarized as follows:

Programmes	Category	No.unit/percentage
Rural water supply	Peninsular Malaysia	92.0
	Sabah	61.0 %
	Sarawak	92.0 %
Rural electrical supply	Peninsular Malaysia	98.6%
	Sabah	72.8%
	Sarawak	80.8%

⁷ Economic Planning Unit, Malaysian Quality of Life Report 2004

Roads (2001 -2007)	Rural Roads	667.7 km
	Village Roads	11,558 km
Health facilities	Community Hospital	1,900
	Health Clinic	495
	Mobile unit	200
	Mobile dental Clinic	30
Education facilities	Primary –	7,623 unit
	Secondary	2,056 unit

18. It should be pointed out that all these achievements occurred within the context of a rapidly and continuously growing economy, except for slowdown in the mid-eighties and the late nineties. Perhaps even more striking is the fact that the growth was accompanied by price and exchange rate stability.

Lesson Learnt

19. The Malaysian experiences in developing the rural area and its achievements were in many ways unique. As such, attempts to replicate the model fully in every other developing country may not produce the same results. Nevertheless, there are generic or broad lessons that can possibly be adopted or adapted from the Malaysian experience.

20. The first and perhaps most important lesson is that, because no two countries are really alike in all respects, each country will have to formulate its own core development philosophy, policies, plans and its prioritization. They must be based on a full understanding of the challenges facing the country and then address them in a relevant, pragmatic and politically acceptable manner. Since the philosophy, policies and plans need to be realized, the country will have to, as a

matter of priority, reorganize and reform the governmental and public service institutional framework and work procedures to make them really capable of concretizing the development philosophy and implementing, monitoring and evaluating the policies and plans. The country will have to persevere with the chosen philosophy, policies and plans but be pragmatic and flexible enough as to modify them so that they remain relevant and suitable to changing circumstances. In all these, the country must have the wisdom and willingness to act independently and in its own interest.

21. The second lesson is, the Malaysian government has subscribed to the belief that economic development, if it is to be really meaningful and sustained, must involve and benefit all citizens, including the poor, unemployed and marginalized communities. Pure economic growth alone cannot guarantee social harmony, especially in a plural society like Malaysia. It must be balanced by a strong and real emphasis on equitable distribution of development benefits. This philosophy of development, i.e. growth with equity, is incorporated in all our development policies. The New Economic Policy, the National Vision Policy, and the Vision 2020, have all emphasized the philosophy of growth with equity to achieve the overriding objective of national unity in Malaysia. Thus, the role of institutions at all levels will continue to be instrumental in bringing prosperity and development particularly to the rural hinterland and the poor. In this regard, the capacity of these institutions will be further refined and improved to face the challenges of globalization. The philosophy of development, growth with equity is integrated in all the Malaysian development policies.

CONCLUSION

22. Political stability, alongside the continuous social development agenda and adherence to the long term, medium term and short term development plans, and through changes in political leaders, played a major factor in the success of in rural development in Malaysia. As a country, we are internally driven to achieve our mission of addressing persistent socioeconomic inequities to improve and sustain the **citizenry's quality of life. The underlying philosophy of Malaysia's** development initiatives is that growth should not to be pursued as an end in itself. Growth has always been accompanied by equitable distribution in all segments of society. Malaysia has thus undertaken to achieve rapid and sustainable economic development because this will provide a larger volume of resources for social development.