

# Asian Development Bank & Malaysia

## FACT SHEET

**Table 1. Malaysia: Development Indicators**

<b>Non-MDG</b>	
Population in millions	27.73 (2008)
Annual population growth rate (%)	2.0 (2006–2008)
Adult literacy rate (%)	91.9 (2007)
Percent of population in urban areas	69.4 (2007)
<b>MDG</b>	
Percent of population living on less than \$1.25 a day	<2.0 (2004)
Percent of population living below the national poverty line	3.6 (2007)
Under-5 mortality rate per 1,000 live births	11 (2007)
Percent of population using an improved drinking water source	99 (2006)

MDG = Millennium Development Goal.

Sources: ADB. 2009. *Basic Statistics 2009*. Manila.  
UNESCO. 2009. Institute for Statistics Data Centre.  
World Bank. 2009. World Development Indicators Online.

Malaysia is an upper middle-income country with a record of strong economic performance and poverty reduction and the goal of transforming itself into a fully developed country by the year 2020. The economy expanded at a robust 6% annual rate in the 5 years to 2007, contributing to a reduction in overall poverty (based on the national poverty line) to 3.6% in 2007. The country has largely achieved the Millennium Development Goals ahead of the target date of 2015, with the exception of halting and reversing the spread of HIV/AIDS.

The Government's current medium-term strategy for development is elaborated in the Ninth Malaysia Plan 2006–2010 (9MP). The 9MP addresses challenges arising from increased globalization and competition in external markets, potential threats to the environment, as well as economic disparities among regions.

### Relationship with ADB

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 has, however, remained engaged with Malaysia since the Asian financial crisis. It has issued a number Malaysian ringgit bonds since 2004, most recently in 2007. Also in 2007, one nonsovereign loan from ADB was approved. ADB has provided specific technical assistance to the Malaysian Ministry of Finance in macroeconomic policy analysis and budget preparation. It is working closely with Malaysia on several financial market initiatives and on strengthening epidemiological surveillance and response to communicable diseases. Malaysia is also an active participant in the Association of Southeast Asian Nations (ASEAN) and ASEAN+3 initiatives, as well as the BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, Philippines—East ASEAN Growth Area) and IMT-GT (Indonesia, Malaysia, Thailand—Growth Triangle) subregional cooperation programs supported by ADB.

### Impact of Assistance

Malaysia's rapid economic growth in the past has meant that the structure and complexity of its economy has undergone significant change in a relatively short period of time. Key government agencies responsible for economic management need sufficient capacity to meet the challenges posed by these changes, as well as by changes in the global economic environment. ADB's support, in cooperation with the United Nations Development Programme, to the Malaysian Ministry of Finance for its core functions of macroeconomic forecasting, policy analysis, and budget preparation, entailed the development of a robust model that serves as an important tool in supporting the Ministry in its stewardship of economy.

Malaysia has played a pioneering role in the development of the Islamic financial services industry with milestones, including the issuance of the world's first global sovereign sukuk in 2002. ADB is working closely with the Islamic Financial Services Board—which sets international standards for Islamic finance and is based in Malaysia—in the development of prudential standards, monitoring indicators, and model regulation. Malaysia is also one of the key participants in a regional effort supported by ADB to strengthen integration between equity markets in the region—with a first step being the establishment of alliances between key exchanges.

Considering Malaysia's recognized expertise in anti-money laundering, ADB has been working closely with the Bank Negara Malaysia in supporting the strengthening of anti-money laundering regimes in other countries within the region—including the Philippines and Lao People's Democratic Republic.

Malaysia has been, and continues to be, an active promoter of regional cooperation, an area where ADB has a particular mandate and ample experience. Malaysia is a founding member of BIMP-EAGA and IMT-GT and is hosting both secretariats. Under these initiatives, ADB is providing support for greater transport connectivity and trade facilitation between Malaysia and other countries in archipelagic Southeast Asia. Malaysia is also a key participant in several environmental programs supported by ADB, including the Coral Triangle Initiative, a regional effort to preserve and manage the region's marine resources. The Coral Triangle Initiative was launched in 2007 by six countries, along with international partners, including ADB, which is coordinating the mobilization of financial support for the plan of action.

**Table 2. Malaysia: Economic Indicators, 2004–2008**

Economic Indicator	2004	2005	2006	2007	2008
Per capita GNI, Atlas method (\$)	4,560	5,080	5,690	6,540	...
GDP growth (% change per year)	6.8	5.3	5.8	6.3	4.6
CPI (% change per year)	1.4	3.1	3.6	2.0	5.4
Unemployment rate (%)	3.5	3.5	3.4	3.0	...
Fiscal balance (% of GDP)	-4.1	-3.6	-3.3	-3.2	-4.7
Export growth (% change per year)	21.1	12.3	12.9	9.6	12.8
Import growth (% change per year)	25.6	9.2	14.5	12.1	6.3
Current account balance (% of GDP)	12.1	15.0	16.3	15.6	17.9
External debt (% of GNI)	44.1	39.7	37.3	29.3	...

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

Sources: ADB. 2009. *Asian Development Outlook 2009*. Manila.  
ADB staff estimates.  
World Bank. 2009. World Development Indicators Online.

**Table 3. Malaysia: 2008 Loan, TA, and Grant Approvals (\$ million)**

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
-	-	-	-	-

- = nil.

Cumulative Lending (as of 31 Dec 2008) : \$1,997.54 million  
Cumulative Disbursements (as of 31 Dec 2008) : \$1,413.98 million

## Future Directions

ADB and the Government of Malaysia are considering a new country partnership strategy. The partnership could focus on relieving key development constraints to the country's further development as identified in the Ninth Malaysia Plan, specifically in moving the economy up the value chain with a lead role for the private sector, and in better environmental management.

## 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.

**Table 4. Malaysia: Cumulative ADB Lending as of 31 December 2008**

Sector	Loans (no.)	Amount (\$ million)	% <sup>a</sup>
Agriculture and Natural Resources	19	409.38	20.49
Education	5	258.80	12.96
Energy	11	321.50	16.09
Finance	2	25.00	1.25
Health, Nutrition, and Social Protection	3	181.53	9.09
Industry and Trade	1	53.00	2.65
Multisector	11	274.08	13.72
Transport and Communications	15	255.14	12.77
Water Supply, Sanitation, and Waste Management	10	219.11	10.97
<b>Total</b>	<b>77</b>	<b>1,997.54</b>	<b>100.00</b>

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

**Table 5. Malaysia: Project Success Rates**

By Sector	Percentage <sup>a</sup>	No. of Rated Projects
Agriculture and Natural Resources	42.9	14
Education	100.0	4
Energy	57.1	7
Health, Nutrition, and Social Protection	66.7	3
Industry and Trade	100.0	1
Multisector	55.6	9
Transport and Communications	81.8	11
Water Supply, Sanitation, and Waste Management	75.0	8
<b>Total</b>	<b>64.9</b>	<b>57</b>
By Year of Approval		
1960s	100.0	4
1970s	56.5	23
1980s	61.9	21
1990s	77.8	9

<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 2008.

## Partnership

In considering a new partnership strategy, ADB is coordinating closely with the United Nations Development Programme and the World Bank. ADB has cooperated closely with other development partners, such as Germany's Agency for Technical Cooperation (GTZ), in BIMP-EAGA. In the Coral Triangle Initiative, ADB's partners include the Global Environment Facility (GEF); 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.

**Table 6. Cumulative Nonsovereign Operations Portfolio Distribution by Top Countries, 1983–2008<sup>a,b</sup>**

Country	No. of Projects	Total ADB Approvals (\$ million)
India	37	2,268
People's Republic of China	21	1,694
Indonesia	15	879
Philippines	28	768
Pakistan	27	721
Kazakhstan	5	550
Thailand	10	319
Viet Nam	8	305
Sri Lanka	13	280
Bangladesh	8	242
Afghanistan	6	208
Lao People's Democratic Republic	1	100
Other DMCs	13	87
Azerbaijan	4	66
Nepal	4	59
Regional	36	930

DMC = developing member country.

<sup>a</sup> Includes nonsovereign projects processed by the Private Sector Operations Department and various regional operations departments of ADB. Regional operations departments started nonsovereign operations in 2007.

<sup>b</sup> Net of facilities cancelled in full before signing.

Source: Private Sector Operations Department.

**Table 7. Malaysia: Contractors/suppliers involved in ADB loan projects, 1 January 2004–31 December 2008**

Contractor/Supplier	Sector	Contract Amount (\$ million)
Sumway Construction Sdn Bhd	Transport and Communications	50.90
IJM Corporation Company	Transport and Communications	27.85
HG Power Transmission Sdn Bhd	Energy	14.91
Universal Cable (M) Behad	Energy	10.16
HGPT-PT Multi Fabrindo Gemilang Consortium	Energy	4.18
Scomi Sdn Bhd	Agriculture and Natural Resources	2.61
Emas Kiara Marketing Sdn Bhd, Malaysia	Water Supply, Sanitation, and Waste Management	1.03
SKS Coachbuilders Sdn Bhd	Education	0.86
Alirantek (M) Sdn Bhd	Education	0.65
Bumi T.T.C. (S) Sdn Bhd	Health, Nutrition, and Social Protection	0.56

ADB cooperates extensively with civil society organizations in Malaysia to strengthen the effectiveness, quality, and sustainability of the services it provides. For example, ADB maintains a regular dialogue with the Malaysia-based International Council on Management of Population Programmes (ICOMP). In 2006, ADB contributed to an ICOMP capacity-building workshop organized for nongovernment organizations working in the field of health. In addition, ADB collaborated with MercyMalaysia, a volunteer relief organization providing medical and humanitarian services in Malaysia and abroad, to organize a panel discussion on the role of civil society organizations in disaster prevention and relief at the ADB's 39<sup>th</sup> Annual Meeting.

## Cofinancing and Procurement

Cofinancing operations enable ADB's financing partners—government or their agencies, multilateral financing institutions, and commercial organizations—to participate in financing ADB projects. The additional funds are provided in the form of grants, official loans, or credit enhancement products.

As of 31 December 2008, 10,330 consultant contracts were awarded under ADB loan projects worth \$4.17 billion, of which 67 contracts were awarded to Malaysian consultants worth \$25.2 million.

From 1 January 1985 to 31 December 2008, 18,104 consultant contracts were awarded under ADB technical assistance projects worth \$2.33 billion, of which 196 contracts were awarded to Malaysian consultants worth \$15.4 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).

**Table 8. Malaysia: Top consultants (individual consultants and consulting firms) involved in ADB loan projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Minconsult Sdn Bhd, Malaysia	2	6.13
Pegasus International Sdn Bhd	1	2.85
UNCTAD/ASYCUDA Regional Cooperation	1	0.72
Malaysian Individual Consultants*	3	0.44
UN University International Institute for Global Health	1	0.44

\* Consultant may have one or more contracts within the period covered.

**Table 9. Malaysia: Top consultants (individual consultants and consulting firms) involved in ADB technical assistance projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Malaysian Individual Consultants*	51	2.21
Leading Edge Aviation Sdn Bhd	2	1.24
Minconsult Sdn Bhd	4	0.96
Worldfish Center	4	0.90
Center for Development and Research Institute	1	0.47

\* Consultant may have one or more contracts within the period covered.

## About Malaysia and ADB

Malaysia is the seventh largest shareholder in ADB among its regional members. Overall, Malaysia is the 10<sup>th</sup> largest shareholder overall.

### ADB Membership

Joined	1966
Shares held	96,350 (2.72%)
Votes	109,582 (2.47%)

**Md. Saad Hashim** is the Executive Director and **Siew-Juan Aw** 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 2008, lending volume was \$10.49 billion (86 projects), with TA at \$274.5 million (299 projects) and grant-financed projects at \$811.4 million (49 projects). This also generated \$1.65 billion in direct value-added cofinancing from financing partnerships operations. Over the last 5 years (2004–2008), ADB's annual lending volume averaged \$7.70 billion, with TA averaging \$231.5 million and grant-financed projects \$655.1 million. As of 31 December 2008, the cumulative totals were \$143.53 billion in loans for 2,147 projects in 41 countries, \$4.08 billion for 263 grant projects, and \$3.55 billion for 6,599 TA projects.

## Contacts

### ADB Headquarters

6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines  
Tel +63 2 632 4444  
Fax +63 2 636 2444  
information@adb.org

### Ministry of Finance

Putrajaya, Malaysia  
Tel +603 8882 3000  
Fax +603 8882 3983

### 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/2009/MAL.pdf](http://www.adb.org/Documents/Books/ADO/2009/MAL.pdf)

Annual Report

[www.adb.org/Documents/reports/annual\\_report/2008/](http://www.adb.org/Documents/reports/annual_report/2008/)

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