

Malaysia: 12MP: Examining poverty measurements, policies, programmes

Wednesday 27 October 2021, by [CHANDER Ramesh](#), [GHEE Lim Teck](#), [HUNTER Murray](#) (Date first published: 19 October 2021).

Poverty is the key issue facing Malaysia today and deserves to be looked at much more closely than the 12th Malaysia Plan (12MP) has.

There is little point in fixating on the transformation of the economy if there is a growing incidence of poverty left out of focus.

Prime Minister Ismail Sabri Yaakob recently noted that because of the pandemic, the landscape has changed. There are people in the B40 (low income) category who are now considered in poverty.

Some previously in the M40 (middle) income bracket are now in the B40 group. Under 12MP, the target is to eradicate hardcore poverty by the end of 2025.

Despite the proliferation of programmes - a total of 167 programmes across ministries and departments, involving 13.7 million aid recipients with a value of RM28.6 billion - the 12MP fails to address the poverty landscape that the prime minister described.

It is doomed to failure if it does not correct the anomalies and shortcomings listed below.

Contesting the poverty numbers

Malaysia's five-year plans have always incorporated discussions of poverty.

When the concepts and methodology employed to derive the various Poverty Line Income (PLI) measures and the estimates of poverty incidence are flawed, they fundamentally affect the resulting policies.

The current Malaysian PLI approach grossly underestimates poverty incidence and continues to be designed to project "feel good" numbers about poverty reduction.

Many experts have raised serious questions about the objectivity and integrity of the estimates in the past.

In 2019, the UN Special Rapporteur Philip Alston reported that Malaysia's method of measuring poverty produces a national poverty rate of just 0.4 per cent, the lowest in the world.

He noted that the claim reflected a statistical sleight of hand that has had harmful consequences.

The government initially defended the existing poverty line but relented in the face of widespread support for the UN report's recommendations. It led to a revised set of poverty lines based on data drawn from household income/expenditure surveys.

This is a welcome change from the earlier poverty line that contributed to the official narrative that poverty was largely a rural phenomenon while ignoring poverty in the urban areas.

The Alston report called for reforms of the social protection system to improve the wellbeing of the least well-off members of all racial and ethnic groups. The 12MP document offers no indication that such reforms will be introduced.

The Plan makes no reference to how the government intends to include citizens of all ethnicities who are systematically excluded from official poverty figures, neglected by policymakers, and often effectively barred from access to basic services.

Lessons from the past

Poverty eradication programmes in Malaysia have always been devised top-down, imposing Putrajaya's view of what is best on the ground.

These projects are plagued with mismanagement, wastage, "pork barreling", leakage of funds, and outright corruption. There has been an emphasis on building bureaucratic agencies and infrastructure rather than investment in community development projects.

Much poverty eradication spending is thus ineffective, with relics of misspent funds visibly abandoned across the country.

To improve effectiveness in tackling poverty in its different forms and manifestations, agencies must spend time empowering the various communities to communicate their needs, wants, and aspirations.

Programmes must spring up from grassroots communities according to specific and situational requirements, and espoused needs and aspirations.

Until the top-down bureaucratic approach of previous Plans is rejected, there will continue to be umpteen examples of failed poverty alleviation projects and hundreds of billions of ringgit wasted or leaked to outside parties.

The bottom-up approach can provide material and financial foundations for more effective poverty alleviation. This can be the game-changer in ensuring real progress is made with the national poverty alleviation programme.

It will also provide the catalyst to changing mindsets and release productive forces which have been marginalised by political and other intermediary proxies who stand to gain the most from the latest round of 12MP projects.

We emphasise: continue with the same approach and there will continue to be a wastage of funds, leakages, and communities remaining in poverty.

Recommendations for 12MP policy resetting and programmes

- Policy planning and implementation need to take into account the multi-dimensionality of poverty. The problem needs to be addressed through a geographical basis with grassroots approaches.
- Consolidation of poverty programmes. This would lead to strengthening the safety net to protect the poor, reduce costly overheads, and improve the delivery of services. It would also result in a reduction of leakages.

- Strengthening the governance aspects relating to projects. Projects should be awarded following competitive bidding rather than on a negotiated basis. This would reduce opportunities for corruption.
- Open availability of data to permit independent assessments concerning poverty and income distributions.
- Establish a Parliamentary Select Committee on Rural and Urban Poverty to examine the true extent of poverty, its various causes, and to recommend changes to the 12MP's poverty alleviation programmes with definite goals, targets, measures, and deadlines.
- Pending the establishment of the Committee, the ruling and opposition coalitions should set up a joint poverty alleviation committee that can immediately begin work to ensure the poverty issue is not lost sight of in the fog of political battles in Parliament.
- Establish a poverty alleviation monitoring council comprising of non-official NGO representatives and respected experts to work with the Parliamentary Select Committee and poverty alleviation agencies to ensure goals and targets are met.

Appeal to our legislators

The prime minister and other legislators coming from poverty or deprived backgrounds should know the hardship and challenges poor people face.

They should also be aware of how and why the enormous sums expended in the country's poverty programme since independence have failed to bring about the positive results and success promised by successive past governments.

The 12MP can provide the opportunity to break the vicious cycle of poverty in the nation but only if there is political will and determination and the pursuance of the new policy setting and programming outlined here.

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