

Fact-check before fact-wreck

I refer to the article published in The Malaysian Insight on [24 April 2017](#) which raised questions on the overall performance and results achieved by PEMANDU since its inception in 2009.

I would like to point out that the information put out by the article has been at best, selective and at worst, misleading, ignoring a number of key facts to satisfy a sensational headline.

PEMANDU has consistently and rigorously been providing public information regarding national transformation results, performance and socio economic impact through websites, annual reports and public articles.

Several points were raised but the writer has failed to provide the correct context to the points

1. Drop in GNI per capita
2. Slowing economic growth
3. GNI is not the only indicator, growth must be inclusive and sustainable
4. Job creation largely towards low- to middle-skilled workers
5. Rising cost of goods
6. Failure to address corruption
7. Privatisation of PEMANDU Associates and governance
8. Failure of the PEMANDU methodology

In the writer's attempt to run down the National Transformation Programme (NTP) work tasked to PEMANDU, "he" has come out with a poorly researched piece. If the writer had read key public documents such as the [New Economic Model](#), both the [Economic](#) and [Government Transformation Roadmaps](#), [Annual Reports](#) since 2010 or had gotten in touch with PEMANDU, we would have been glad to have a constructive dialogue to help clarify the misconceptions and lack of correct context.

Allow me to clarify the 8 points highlighted by the writer in the interests of delivering a balanced account based on facts:

1. Consistent growth in GNI per capita since 2010

When we ran the economic transformation labs in 2010, Malaysia was evidently stuck in the [middle income trap](#). In the lab we used best available data to project the threshold for high-income in 2020. Since then economies around the world have not grown at rates they enjoyed in the past, consequentially the World Bank Atlas threshold [has not grown in tandem](#) with the projection in the lab. However, [data from the World Bank](#) shows very clearly that the gap between Malaysia and the high income nation threshold has progressively narrowed from 33% in 2010 to 15% in 2015. This is clear evidence that the measures undertaken by the NTP since 2010 has moved Malaysia in the right direction. The objective of using the World Bank Atlas in the calculation of our GNI is to benchmark Malaysia against other countries and the World Bank's methodology allows for this comparison.

As of 2016, there are over 50 countries in the world that have recorded a drop in GNI per capita over the last 2 years including developed economies such as France, the Netherlands, Sweden, Finland, Australia, Japan, Russia, Singapore, and Canada. The USD value in our GNI per capita may have dropped slightly and this is attributed to the depreciation of the ringgit against the dollar but much of this is also due to the global slowdown in economic growth, compounded with uncertainty in the US, the UK, financial issues clouding the European Union and the plunge in oil prices.

The purpose of this point is to ensure that readers have full context that Malaysia is not the only country experiencing this issue. To assume that the NTP is a silver bullet that guarantees growth regardless of how the rest of the world performs indicates serious naivety and a lack of understanding on fundamental economics on the writer's part. The writer may also want to double check the links he uses to support his arguments – for example he cites a drop in USD GNI per capita but his links point to data from the Ministry of Finance citing GNI in ringgit which showed an evident growth rate of 4%.

We have also clearly stated in numerous Annual Reports that over time, World Bank (not PEMANDU or the Government of Malaysia) sets the threshold of GNI based on their data points.

2. Resilient and Sustainable Economic Growth with Fiscal Discipline over 7 years

When Malaysia initiated the NTP in 2010, we were conscious in our decision to adopt the 'road less travelled'. Most countries around the world reacted to economic slowdown with additional investment by the government, leading to increased borrowings and hence unsustainable national debt. The onset of the NTP in 2010 was for Malaysia to not go down the route of unbridled growth but instead, focus on 2 critical engines that will provide for a resilient and sustainable economic growth – one, private sector as a catalyst to drive the economy and they have. Since 2010, private investment has grown at 11% which is twice the rate of pre-NTP (2005-2010). It is also growing to a larger sectoral proportion of the economy. Two, to reduce the fiscal deficit and rising debt as of 2009. Records clearly show that Malaysia's fiscal deficit has consistently been reduced 7 years in a row.

In addition to this, we saw a reduction of reliance on oil and gas revenue by the government from 41.3% in 2009 to 30.1% in 2014. 2014 is a good benchmark as oil prices started to slide in Q4 2014. Hence, this proves that even with the high oil price, dependence was on the decline. This dependency level is now at 13.8% in 2016. Malaysia achieved this by diversification and growth of non-oil sectors, accelerated by the NKEAs.

By reducing our fiscal deficit and with our self-imposed ceiling on debt-to-GDP, international agencies such as Moody's, Fitch Ratings and Standard & Poor's have maintained their stable ratings on Malaysia.

The writer had stated that economic growth has reduced from 6% in 2014 to 5% in 2015 and 4.2% in 2016. While this is true, the writer has failed to provide the context surrounding these figures. The world itself is suffering from a prolonged period of slowing economic growth from 2.7% in 2014 to 2.67% in 2015. As a trading nation that does business with

much of the world, Malaysia is not immune to the effects of the global economy. These measures and outcomes over the last 7 years are indicative that the government is focused on ensuring that we have the fiscal discipline to maintain sustainable growth for the future.

3. The NTP demonstrates inclusive growth

Having belaboured his point on GNI, the writer then changes his mind and states that the GNI is not an important measurement, but instead states that growth must be both inclusive and sustainable. The NTP is based on the [New Economic Model](#) which does state clearly that growth must be inclusive and sustainable. This is also highlighted in the ETP Roadmap – 2 documents of which the writer has failed to research.

The government was clear that in addition to fiscal prudence, the aim was to create a more diversified and sustainable base for investment.

Inclusive growth has been evident based on socio efforts under the rural and regional development, as well as low income households. Efforts include building of over 5,000km of rural roads including in Sabah and Sarawak, the 1AZAM programme, pre-schools in the rural townships, and BR1M as a targeted aid for the needful are clear examples of inclusive growth. Malaysia's focus on key economic areas were also designed to be inclusive from the outset. Under the Palm Oil & Rubber sector, more than 112,000 hectares of independent smallholders' palm oil land and 203,000 rubber land have been newly planted or replanted to increase yield. This initiative has provided stable and recurring income for rural farmer and helped to elevate many out of poverty.

A household income survey in 2014 showed that median income for the bottom 40% (B40) grew at a rate of 12.8%, outpacing total household income growth of 10.1%. Mean income for the B40 also grew at 12% against that of total household income (8.8%).

At the risk of sounding like a broken record, these are all publicly available statistics and data points. The writer would do well to research, understand and apply the right statistics before deciding to 'grade' the NTP, based on his anecdotal approach.

4. Jobs creation are holistically dependent on socio economic demands

The ETP Roadmap spelt out the breakdown of 3.3 million job creation in 2020: 11% would comprise of high income (up from 4%), 46% middle income (up from 39%) and 43% low income (down from 57%). We were clear that not all jobs created would be high income.

Large infrastructure projects such as MRT and the integrated development in Pengerang will temporarily increase the number of low and semi-skill workers due to construction work, even as they engage many engineers and technicians including returning Malaysians. Once in operation, higher skilled talents are typically required to operate the infrastructure.

Similarly, Invest KL has been tasked to bring in 100 multi-national companies to be based in Kuala Lumpur, as their regional hub. They have so far established 64 multi-nationals creating

over 9,000 jobs as of 2016, with an approved and committed investment of USD 8.8billion into Malaysia, of which USD 2.9billion has already been realized to date.

5. Targeted Aid for the Needful

In point 2 & 3, I explained the government's decision to prioritise fiscal prudence; how this has proven to deliver sustainable economic growth and has allowed for the government to deliver socio improvements for an inclusive Malaysia.

When we analysed the fiscal position of the government in 2010, we realized that subsidies were a large part of government spending accounting for RM74 billion in 2009.

However those blanket subsidies were not aiding those who were most in need, the B40. The government made a decision to gradually remove these blanket subsidies, replacing them with targeted aid such as BR1M. As a result, 7 million low income households benefitted from this.

The government also mandated minimum wage policy which lifted 2.9 million people out of poverty.

Lest the author forget, we ran surveys across the country in 2010 when the intent to remove subsidies was mooted. The public was engaged in an open day forum. A member of the opposition was also quoted in agreement that subsidies had to be removed. The public was clear that they understood the need to remove the subsidies. Their request then was for this to be done in stages rather than in one go, which the government heeded.

For more reflective reading, I suggest the writer review a [recent article by Salahuddin Hisham](#) on his perspective on cost of living.

6. Proof is key to punishing the giver and taker in corruption

As with all crimes and the conviction of the criminals, there is an obligation for burden of proof. Too often, we cite sentiments based on suspicion and perception, as well as hearsay. One of the most critical focused areas when the NTP was launched in 2010 was the proposal of anti-corruption measures that included putting critical building blocks in place such as the establishment of dedicated corruption courts, the introduction of the Whistleblower Act and governance on political funding.

The Malaysia Anti-Corruption Commission (MACC) has recently made several high-profile arrests including civil servants, state exco members, army officers and a number of 'Datuks' and 'Tan Sris'. Organisations such as the Securities Commission have also made a number of key policy decisions aimed at [improving corporate governance](#).

7. PEMANDU & its governance

To be clear – while PEMANDU was a unit under the Prime Minister's Department, PEMANDU was accountable to the Auditor General who conducted annual audits, none of which found any issue over the course of 6 years. PEMANDU also reported to the EPU, the Prime Minister's

Department and was accountable to the Parliament. As a private entity, PEMANDU Associates currently report in to the Civil Service Delivery Unit (CSDU) which will oversee every aspect of our work for the NTP. To assume that there was no clear governance in place further exposes one's naivety and perception of how the government functions.

The writer raised questions about the privatisation of PEMANDU which have been answered in press statements from the [Prime Minister's Office](#), [PEMANDU](#), and by [Dato' Sri Idris Jala](#). The writer has erred in saying that we privatised Pemandu. There is no privatisation involved.

The fact is the Performance Management and Delivery Unit (PEMANDU) in the PM's Department has been disestablished. It is in the process of liquidating Pemandu Corporation and its subsidiary, BFR Institute. The management and staff of PEMANDU have decided to set up a consultancy firm and is currently providing consultancy services to a few countries - Oman, Tanzania and the state of Andhra Pradesh in India.

The writer also links to a treasury document which is an estimate on budgets for 2017 but had come up with a figure of RM639.5 million spent. If the writer takes a closer review, he would notice that the estimated budget for PEMANDU in 2017 is RM40 million. As stated previously we have committed to provide continued support to the government with 45 staff in 2017 and 30 staff in 2018, ultimately reducing the government's budgetary commitment to PEMANDU. The scaling down in support comes in tandem as the NTP work has progressively transition from PEMANDU to the respective Ministries, with the ministries fully responsible and accountable for implementation.

8. Big Fast Results 8-Step Methodology Recognised Globally

Since Malaysia started the NTP in 2010, a number of countries such as Tanzania, South Africa, India, Oman and recently, Nepal have adopted our methodology to great effect. Each of these nations has its own set of independent governance structures and processes. The methodology has also been validated by numerous highly-respected organisations such as Harvard, [Princeton](#) as well as the World Bank, [who recently published a case study on us](#). These documents are freely available to the public and I would suggest the writer reads them. These case studies were done independently. The only contribution from PEMANDU and the government was time and information to allow these organisations to develop their own conclusions, which are unanimously positive.

The [International Panel Reviews](#) (IPR) conducted in previous years, consisting of senior leaders from global organisations and governments, have also assessed and validated the methodology and outcomes achieved by the NTP. The writer is more than welcome to present his academic and transformational credentials to review the NTP work, if he believes that his own credentials surpasses such established organisations and individuals.

Since 2010, PEMANDU has been transparent and proactive in reporting not just successes but challenges faced in the nation's pursuit for high income and developed status. PEMANDU has on numerous occasions replied to allegations of this nature. The Malaysia Insight should also fact check the source upon receiving poorly researched articles of such nature, instead of indiscriminately publishing and misleading their readers with the same recipe of 'sensationalised headlines'.

We are more than happy to have a constructive dialogue to questions related to the NTP results, overall performance or interest in the development of Malaysia, its people and future growth.

Thank you.

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