

Governing sustainable development in Malaysia

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Malaysia is often hailed as an example of a successful developing country. With a population of 28.7 million, Malaysia is currently on track to achieve most of the Millennium Development Goals (MDGs) in aggregate terms ahead of the 2015 deadline. This has been made possible largely because of strategic and proper planning as well as investments in physical infrastructure, primary education and primary healthcare services over the last four decades. Notably, the country has largely achieved the MDG objective of eradicating poverty, which fell from 17 per cent in 1990 to 3.8 per cent in 2009, based on the national poverty line. It has also achieved gender parity at all levels of education, surpassing parity at the universal level.

The Government has outlined its commitment to the MDG-Plus agenda (which features targets that go beyond the original MDGs) through its Tenth Malaysia Plan, 2011-2015, with 30 per cent of development expenditure allocated to the social sector. In 2011, Malaysia's Human Development Index was 0.761, giving the country a rank of 61 out of 187 countries with comparable data, and also above the East Asia and the Pacific regional average. In the Economist Intelligence Unit's Quality of Life Index, Malaysia is ranked 36th out of 111 countries.

To conserve and sustainably utilize its rich biological diversity endowment, Malaysia continues to commit at least 50 per cent of its

land areas as forest cover, which according to the Food and Agriculture Organization in 2010 now stands at 62.4 per cent. In the Environmental Performance Index 2012, an international benchmarking survey of national environmental stewardship, Malaysia is ranked at 25th position among 132 countries surveyed. Rapid development and environmental transformation in Malaysia has proven to be a success in economic terms. For instance, a Federal Land Development Authority (FELDA) rural development scheme, which was originally meant to release citizens from the vicious circle of poverty through planned and coordinated development of land and socioeconomic activities and to ensure that economic development goes hand in hand with social development, together with other poverty eradication programmes have managed to reduce poverty to 3.8 per cent. The FELDA scheme has received accolades as a successful policy for bringing about social and economic benefits and setting a good example to other developing countries.

Planning system and sustainable development

Traditionally, environmental policies across the world have been, and often still are, developed in a reactive, fragmented and uncoordinated way. The shortcomings of this approach have become manifest in rising environmental pressures and the displacement of problems rather than the provision of solutions. With the advent of sustainable development, questions about how economic, environmental and social interests can be accommodated simultaneously, and how more comprehensive and integrated policies can be developed, become more prominent. However, there are many technical and political difficulties in integrating the three objectives for sustainable development. In view of this, central to Malaysia's success is its national vision and strategy for development. The vision is based on long-term policy design beyond electoral cycles that seeks to change key societal structures.

In Malaysia, attempts have been made to mainstream environmental concerns and priorities into economic and social development plans since the 1960s, backed by strong institutions, which have proved able to accommodate changes yet durable and stable enough to ensure continuity of actions. For instance, in 1967 the Prime



Image: Ali, Noorhisham, Economic Planning Unit, Malaysia

Malaysia is on track to achieve most of the Millennium Development Goals



Image: Department of Wildlife and National Parks, Malaysia

In its approach to conservation, Malaysia has influenced developing global standards

Minister's Department introduced the Land Capability Classification (LCC) system for broad regional planning and resource development. The purpose of the LCC scheme was to delineate zones of land development for mining, agriculture, forestry, recreation and wildlife, based on economic criteria that categorize five classes of land uses. This land-use instrument safeguarded Malaysia's natural ecosystems from rampant degradation during the periods of rapid socioeconomic and physical development.

As a result, Malaysia has performed well in certain areas of environmental policy without compromising the socioeconomic progress of its populace. Malaysia has accumulated considerable experience in pollution control since the 1970s. The ambient water quality was progressively improved by the mid-1980s through more effective control of effluent from palm oil mills, rubber factories, and related agro-industries regulated under the Environmental Quality Act of 1974. Malaysia has also received praise for its successful compliance with the Montreal Protocol in phasing out ozone-depleting substances. Economic analysis suggests that Malaysia has avoided the 'resource curse' thesis¹ and was mainly on a sustainable path throughout the 1980s and 1990s. The convergence between environment, social and economic goals in national development requires a strategic approach, which is mid- to long-term in its perspective or integrated in linking up various stakeholders and processes. Since the 1950s, Malaysia's economic planning system has involved the tradition of preparing periodic development plans. This approach

has seen comprehensive policy development, involving the formulation of objectives across sectors for the medium (Five-Year Malaysia Plan) to long term (Outline Perspective Plan), and the means of achieving them. Apart from setting out broad goals, the national development plans include projects and activities to be funded from the annual recurrent and development budgets.

Malaysia's development planning agenda is supported by sectoral policies and plans such as the National Policy on Biological Diversity 1998,² National Policy on the Environment 2002,³ National Climate Change Policy 2009, National Green Technology Policy 2009, and various strategic action plans to steer Malaysia towards sustainability. One of the objectives of the National Policy on the Environment is to 'conserve Malaysia's unique and diverse cultural and natural heritage with effective participation by all sectors of society' through a broad-based strategic approach in promoting environmental soundness through research and development, economic efficiency, social equity, responsibility and accountability. The National Policy on Biological Diversity aims to ensure conservation and sustainable utilization of the unique biological resources of the nation for the benefit of present and future generations.



A Central Forest Spine promotes the protection of biodiversity-rich core areas

The New Economic Model 2010 includes sustainability as one of its three pillars for Malaysia to achieve developed country status by the year 2020.

These policies were considered in spatial terms through the National Physical Plan in 2005 by establishing a general direction for physical development and conservation of the entire region of Peninsular Malaysia. This Plan coordinates and converts the nation's sectoral policies into physical dimensions, providing a framework for planning at regional, state and local levels. Prepared for a period up to 2020 and due to be reviewed every five years, it clearly deals with sustainability through policies that are directed towards conserving natural resources and the environment. It also proposes an Environmental Sensitive Areas (ESA) instrument, suggesting a system of ranking to guide the management of ESAs. The Plan also highlights the need to establish a Central Forest Spine to form the backbone of the ESA network and promotes the protection of biodiversity-rich core areas, interconnected by a system of large forest complexes where ecologically sound land use is practised.

Fiscal and financial incentives have also been made available to the private sector to encourage incorporation of pro-environment

initiatives. In March 2004, responsibility for the environment was vested in a newly established Ministry of Natural Resources and Environment. By combining fourteen environment-related portfolios under a single authority, this effort was part of a comprehensive plan to tackle the fragmentation that characterized Malaysia's environment and sustainable development policy domain. In addition, statistics on the environment to enable planning and decision-making have been compiled and made available through the Compendium of Environmental Statistics Malaysia by the Department of Statistics. Together, all these policy instruments provide the central integrative process that gives Malaysia a sense of direction and ensures a concerted effort to achieve strategic goals and objectives of sustainable development.

Harnessing the green economy

As an upper-middle-income country, Malaysia aims not only to graduate into the high-income category in

the medium term (by 2020), but also to strengthen its economic foundation in order to shift to a new period of a low-carbon economy. Arguably, the process of greening Malaysia's industry started as early as the 1970s, first exemplified by the introduction of regulations to manage pollution from the palm oil industry. Revenues from pollution licences show that discharges from palm oil wastes declined by 88 per cent in 12 years, and effluents from rubber wastes by 44 per cent in 10 years. The 1974 Environmental Quality Act has also been amended to suit the changing realities of regulating pollution from agro-based and manufacturing industries. In energy development, Malaysia's policy framework evolved from a sole focus on fossil fuel supply in the 1970s to a diversification of supply sources, which included renewable energy, by 2000.

More recently, Malaysia has introduced a more systemic architecture to respond to the global green economy agenda. The nation has certainly sent a strong signal that it intends to change its policy course. At the Copenhagen climate change meeting in December 2009, Malaysia declared its commitment to voluntary emission reductions of up to 40 per cent by 2020 over 2005 levels, measured in terms of emissions intensity of GDP, conditional on receiving transfer of technology and finance of adequate and effective levels. The National Climate Change Policy introduced in 2009 aims to ensure climate-resilient development to fulfil national aspirations for sustainability. It also serves as a framework to mobilize and guide Government agencies, industry and communities as well as other stakeholders and major groups in addressing the challenges of climate change in a concerted and holistic manner.

In April 2009, the Malaysian government announced the incorporation of the green technology portfolio into a newly established Ministry of Energy, Green Technology and Water (replacing the Ministry of Energy, Water and Communications). The central role of green technology was emphasized by the release of a National Green Technology Policy, overseeing greening in four sectors — energy, buildings, water and waste management and transportation. Green technology is earmarked as an important driver for the twin goals of high income and sustainability. Malaysia's early success is evident in attracting \$4 billion worth of foreign direct investments to the solar photovoltaic industry in 2011. Green technology also encourages the business sector to invest in environmental protection, a role hitherto played mainly by Government. The greater role accorded for the business sector is consistent with changes in national development planning in Malaysia, from an approach underpinned by central planning to one aimed at creating enabling conditions to accommodate greater partnership for the delivery of better development outcomes.

Malaysia also places greater emphasis on sustainable consumption and production as a strategy to transition to a green economy. To promote cleaner technology and production, a National Lifecycle Inventory Database is being developed for primary industries and activities such as electricity generation, water supply, petroleum and natural gas exploration and production as well as petrochemicals. The purpose of the database is to facilitate efforts by industries to develop life-cycle approaches in their product and manufacturing processes. The Government has also put in place a National Eco-Labeling Programme (NELP) to ensure that businesses make credible claims about their products and to raise awareness among both consumers and manufacturers about environmentally friendly products and services. The NELP is meant to be a precursor to the

new Green Procurement Strategies, which will seek to promote and facilitate green procurement by both the Government and private sector. Over the past few years, cleaner production and energy efficiency auditing have been carried out nationwide, involving largely small and medium-scale enterprises. Based on the finding, the Government plans to establish a model 'cleaner production' plant in each state involving food and beverage industries. The focus is on resource and input savings and reducing pollution at sources.

In conservation and sustainable utilization of its forest resources and biodiversity, Malaysia has developed comprehensive forest management practices which have provided the basis for developing global standards. Malaysia has also developed its own Criteria and Indicators to ensure that timber products are made of resources harvested from sustainably managed forests and comply with consumer needs. Malaysia has also made great strides in promoting sustainable practices in palm oil cultivation. The Roundtable on Sustainable Palm Oil (RSPO) is an initiative by the industry to provide a platform for oil palm growers to adopt good practices in their oil palm cultivation.

A more recent highlight is the formulation of the Renewable Energy Act 2011 with a feed-in tariff to encourage the growth of a clean energy industry and facilitate the transition to a low-carbon economy. The law is being administered by the newly established Sustainable Energy Development Authority. The quantitative targets set are: 6 per cent (or 985 megawatts) of national energy mix to come from renewables by 2015; and 11 per cent (2 gigawatts) of electricity generation to come from renewables by 2020. In choosing the low-emissions, high-growth option, Malaysia is gearing itself to harness the opportunities from the green economy imperative to achieving sustainable development.

On track for sustainable development

Since independence, Malaysia has embarked on rapid industrialization. The ensuing decades saw a steady transformation of the natural environment, from forests to agricultural land and industries including urban settlements. However, the proportion of forested land is still 62.4 per cent, a notable figure in comparison with other developed and developing countries. During the industrialization process, the country scored very well as far as the social component of sustainable development is concerned, with the poverty eradication programme recording an enviable success. Malaysia is on track to achieve all the MDG objectives. Moving forward, Malaysia's agenda on sustainable development is advanced within the context of quality of life and the protection of the environment by embarking on low-carbon, climate-resilient growth and enhancing conservation of the nation's ecological assets. Echoing other countries, Malaysia is committed to making substantial progress in meeting the sustainable related objectives.