

Malaysia Beyond 2025

A Sustainable and Progressive Society

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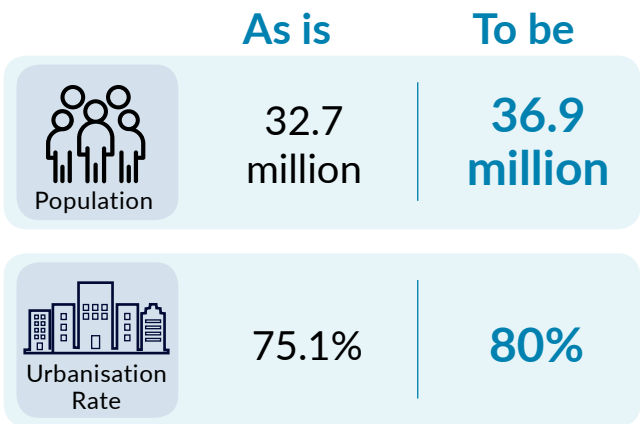
Introduction

We are living in a complex and rapidly changing world that is shrouded with uncertainties. In these unprecedented times, Malaysia is at a critical juncture. We can either rest on our laurels with our current socioeconomic conditions or strive towards building a better Malaysia together by realising the vision of **‘*Ekonomi MADANI: Memperkasa Rakyat*’**. Every one of us must take bold steps and actions to become a sustainable and progressive society built on our unique culture and values as well as patriotism and togetherness to elevate the dignity and status of our nation.

Over the last six decades, the Malaysian economy has undergone a number of transformations in the pursuit of growth and prosperity. Our once agricultural-based economy has shifted towards one that is more manufacturing and services-based. Most recently, digitalisation and advanced technology as well as environmental sustainability have influenced every facet of our lives. As Malaysians live longer and fertility rates decline, we will undergo a significant demographic change that will have massive implications on how households and institutions behave and function. Rapid urbanisation and climate change will compel us to reimagine how we live and interact with our surroundings. Above all, the future will hold significant challenges in bringing forth a new generation that is ready to face what is yet to come.

This chapter builds upon the foundation that has been laid in forging Malaysia MADANI. It voices out key concerns that are at the heart of the *rakyat*. It then highlights the aspirations of the *rakyat* from all walks of life for the betterment of society and the nation for the years to come.

Key Concerns of the *Rakyat*

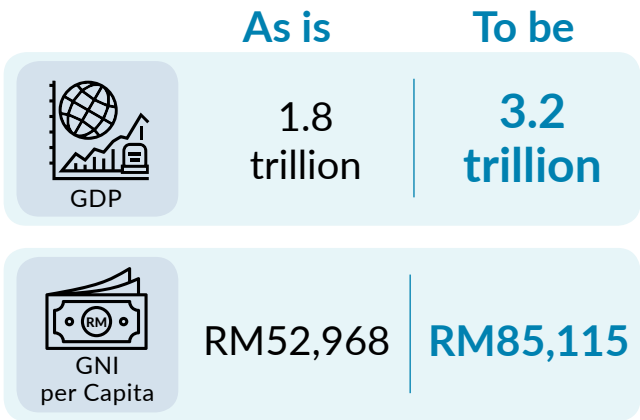


Demographic Change and Urbanisation

Malaysia’s population stands at 32.7 million people in 2022 and is expected to reach 36.9 million in 2030. Babies born in 2022 are expected to live up to 2095 with an estimated life expectancy of 73.4 years. The total fertility rate (TFR) has fallen significantly, from 4.9 births per woman in her reproductive age in 1970 to 1.6¹ in 2022. These trends have led to an increase in the proportion of Malaysians aged over 65 years, from 3.3% in 1970 to an estimated 7.3% in 2022, classifying Malaysia as an ageing nation. Unless addressed effectively, a growing silver population can induce higher healthcare costs and raise concerns surrounding old age poverty. The Government is spending approximately RM900 million a year for elderly care. Along with this, non-communicable diseases (NCDs) also show an increasing trend, placing a greater burden on Government expenditure for healthcare services. The Ministry of Health and World Health Organisation reported that in 2017 alone, a total of RM9.7 billion was spent to treat NCDs.

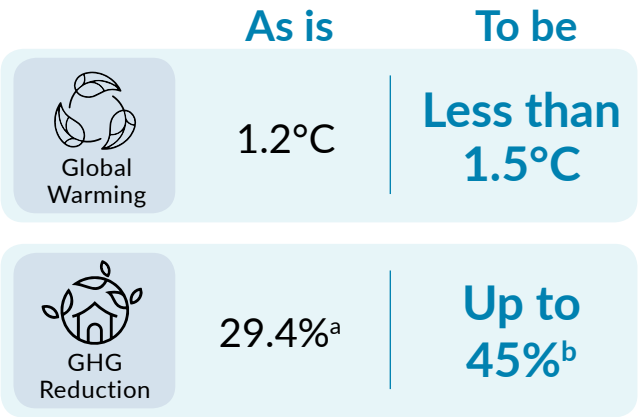
Meanwhile, the urbanisation rate in 2020 was at 75.1% and is expected to reach 80% in 2030, partly as a result of higher economic density and better infrastructure development in urban areas. This raises concerns on affordable and comfortable housing, decent cost of living and efficient transportation, among others.

¹ Preliminary data



Income

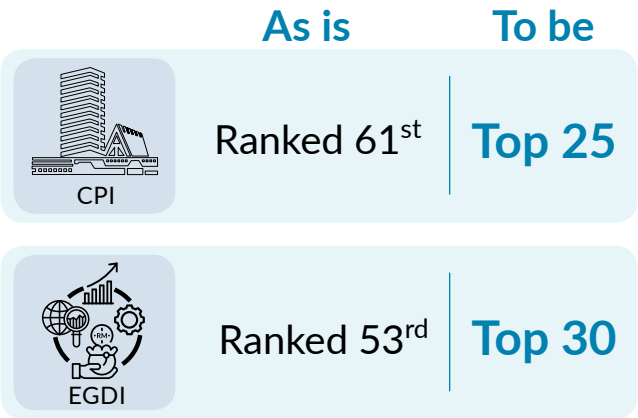
In 2022, Malaysia’s gross domestic product (GDP) was RM1.8 trillion and gross national income (GNI) at RM1.7 trillion with GNI per capita of RM52,968. However, time and again, the *rakyat* have expressed that slow improvements in their standard of living do not correspond with the stellar macroeconomic performance. By 2030, GNI per capita is expected to reach RM85,115, whereas Malaysia’s GDP is projected to reach RM3.2 trillion. As we are approaching high-income nation status, economic prosperity from this achievement must be felt to be more meaningful to the *rakyat*.



Note: ^a Greenhouse gas (GHG) emissions intensity to GDP in 2016 based on emissions intensity in 2005.
^b The nation's commitment through Malaysia's Nationally Determined Contribution to the Paris Agreement of the United Nations Framework Convention on Climate Change to reduce up to 45% GHG emissions intensity to GDP by 2030 based on emission intensity in 2005.

Climate Change

We cannot deny that the effects of climate change have become more rampant and severe in recent times. Extreme weather has not only affected the lives and livelihoods of thousands but also threatened our planetary health. Global temperatures in 2022 were around 1.2°C above pre-industrial times. Realising the importance of climate action, Malaysia has committed to reduce up to 45% of greenhouse gas (GHG) emissions intensity to GDP by 2030 based on emissions intensity in 2005. Malaysia also aspires to achieve the target of net-zero GHG emissions as early as 2050. As such, we should adopt sustainable practices in our daily lives and actively participate in the global initiative to pursue efforts in limiting the average global temperature rise to 1.5°C.



Integrity and Effective Leadership

Malaysia's rank in the Corruption Perceptions Index (CPI) has fallen from 51st out of 180 countries in 2019 to 61st in 2022. An amelioration of this situation would see Malaysia being ranked in the top 25 countries in ten years. Meanwhile, in the Government Efficiency sub-index of the IMD World Competitiveness Yearbook, Malaysia placed 29th out of 64 countries in 2023. In 2022, Malaysia ranked 53rd out of 193 countries in the UN E-Government Development Index (EGDI), and by 2030, Malaysia is expected to be in the top 30 positions. In realising the aspiration to build a better Malaysia, embedded with the core values of MADANI, our governance ecosystem must be more open and transparent spearheaded by transformational leaders.

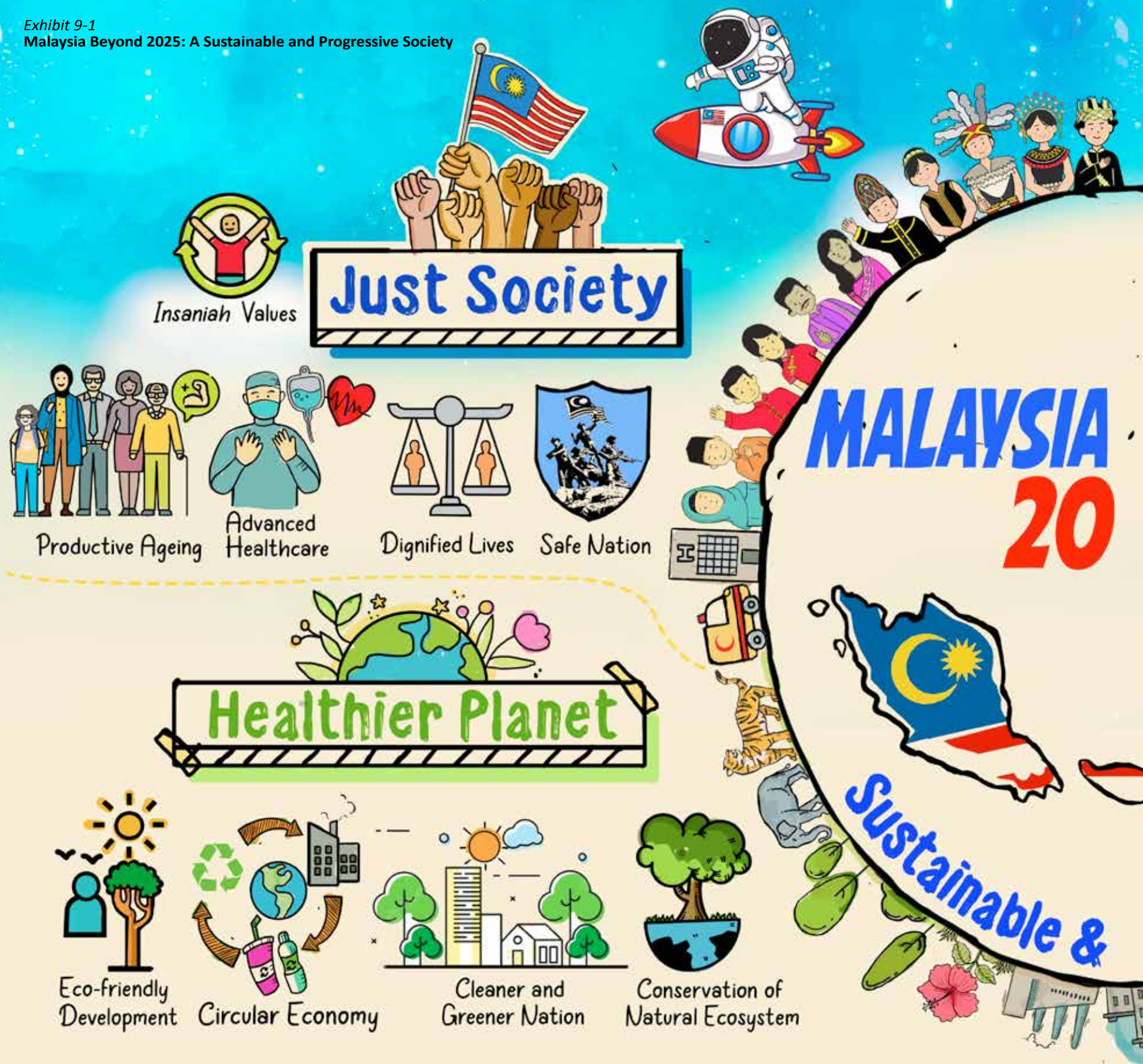
Transition towards a Better Malaysia

In the spirit of inclusivity, ideas were solicited from Malaysians from all walks of life. Their perceptions, ranging from economic prosperity to social wellbeing were analysed to chart a more meaningful pathway for Malaysia. The following aspirations were built from these findings, together with analysis on government policies and other studies.

The Beyond 2025 aspirations are clustered into four perspectives, namely just society, inclusive economic growth, healthier planet and good governance, towards achieving a sustainable and progressive society. These aspirations are in line with the MTR of the Twelfth Plan, which focuses on achieving a sustainable, prosperous, and high-income nation. The hopes of the *rakyat* will also be the basis for crafting the Thirteenth Malaysia Plan. A summary of the aspirations for the next decade is as shown in *Exhibit B-1*.



Source: The Borneo Post



**BEYOND
25**

Progressive Society

**Inclusive
Economic
Growth**

Advanced
Nation

High Growth
High Value Industries

Decent Standard
of Living

Progressive Wages

Innovative
Entrepreneurs

Fiscal Sustainability

Good Governance

Open and Efficient Government

Transformational Leaders

Human-centred Policies

Just Society

We, as Malaysians, share common universal values anchored on the *Rukun Negara*. Our strength lies in our diverse yet united society, with *insaniah*² values. We also experience safer and more peaceful lives as a result of the collective commitment of every one of us to ensure public safety. We lead dignified lives with full access to diverse opportunities, including high quality healthcare and education as well as the ability to improve our standard of living. At the same time, Malaysians age gracefully and continue contributing to the nation.

Insaniah Values

Nurturing *insaniah* values begins at home at an early age. Families as an important social unit are supported by the surrounding environment to nurture holistic growth of children towards becoming *insaniah* individuals. In addition, our communities provide a conducive ecosystem to build all the necessary characteristics. Our education system emphasises balanced development along social, emotional, mental, spiritual, physical, cognitive and intellectual aspects. Subsequently, both formal and informal education fosters, among others, the development of life skills, problem-solving and critical thinking skills. In addition, individuals are encouraged and given the support to build their own unique set of skills through continuous technical and vocational education and training to meet the escalating demands for advanced skills in high growth high value (HGHV) industries.

Safe Nation

We feel safe living in a peaceful nation. Safeguarding the homeland becomes a shared responsibility of all to ensure Malaysia remains a safe place to live. A comprehensive border security management, through the use of advanced technology, ensures the country is well-protected from any form of threats as well as upholds sovereignty and the rule of law. Improved crime index rate reflects that public safety is well protected. Reduced cybersecurity infringements strengthen confidence and trust among the *rakyat* in online activities. Meanwhile, improved rehabilitation programmes reduce the stigma toward former inmates, hence facilitate their reintegration into society. The increased perception of feeling safe among the *rakyat* makes Malaysia a country that is renowned to be a safe nation.

Dignified Lives

Everyone is treated with respect, regardless of our race, religion, gender and origin, which subsequently fosters unity. Everyone, including those from disadvantaged and vulnerable groups, feels a profound sense of belonging and is empowered for greater social mobility. Greater coverage of social protection insures us against socioeconomic risks. Additionally, we benefit from access to high quality products and services, as well as fulfilling experiences. We no longer compromise on quality when it comes to meeting our needs and wants. Enhanced rural development, sustained income generation and greater access to basic infrastructure reduce socioeconomic gaps. Smaller inequality gaps reflect that prosperity is shared more equitably among the *rakyat*.

² Individuals that possess good virtues including empathy, sincerity, humility, well-mannered and trustworthy.





Source: SCORE Sports Management Sdn Bhd

Advanced Healthcare

We enjoy accessible and affordable healthcare services of the highest quality. Digitalisation and artificial intelligence (AI)-powered techniques are leveraged to improve efficiency of healthcare services for the *rakyat*. The threats of communicable diseases and NCDs have reduced substantially, generating a healthier and productive nation as well as lowering healthcare expenditures. Meanwhile, mental health issues are addressed comprehensively without discrimination, stigma or neglect. The presence of these combined vital factors enhances the quality of life of the *rakyat*.

Productive Ageing

Malaysians enjoy better health and longevity. Older persons contribute productively towards the socioeconomic development of the country based on their capabilities. The ecosystem, including housing, working conditions, healthcare and social protection are age-friendly for older persons. Community support enables productive and active ageing. In addition, lifelong learning is well promoted for older persons to engage in activities as well as acquire new knowledge and skills, supported by digitalisation, technology and innovation.



Inclusive Economic Growth

Malaysia is truly an inclusive and advanced economy. The presence of skilled Malaysians, along with HGHV local industries, position Malaysia as a premier investment destination and global hubs. Cutting-edge technologies adopted and developed in the country increase productivity and enable domestic industries to move up the value chain. Malaysian talents are well recognised for their competitiveness and highly valued for their contributions, while the workforce enjoys progressive wages and a decent standard of living. Furthermore, innovative entrepreneurs are highly capable of introducing new products and services, creating new wealth for the country. The Government's diligent management of the economy through a fairer tax system and efficient spending enables the provision of better services to the *rakyat*.

Advanced Nation

Capitalising on our strengths as an advanced nation, we are able to maintain our competitiveness and sustainable growth. Our country is more politically stable and well connected, with greater adoption of advanced technology and digitalisation. We enjoy balanced regional development, inclusive social protection and higher firm productivity, among others. We are able to attract high quality investment and have sufficient future-ready talent. Best practices are adopted in both the public and private sectors, creating a conducive work environment, higher job satisfaction, fair career advancement and more work-life balance.

Decent Standard of Living

We lead more comfortable lives as economic benefits trickle down and are spread equitably. Living in an advanced nation, we possess stronger purchasing power, attributed to higher incomes, effective price and exchange rate management as well as stable supply of essential goods and services. Quality homes are made affordable for all income groups and can withstand the forces of nature. Most importantly, these homes are designed to accommodate the number of individuals in households. Furthermore, high quality utilities, public infrastructure and facilities, such as transportation networks, educational institutions, healthcare facilities and recreational amenities are not only adequately provided but also properly maintained.

Progressive Wages

We value fair compensation which goes beyond just wages. Employees are properly remunerated according to their respective qualifications, experience, job complexity and productivity. By being rewarded fairly, employees feel motivated and valued, leading to improved productivity, higher job satisfaction and increased loyalty. The financial freedom gained through higher disposable incomes provides greater financial security and flexibility, leading to a higher standard of living.

High Growth High Value Industries

HGHV industries drive Malaysia's robust economic growth. These industries create high value in the economy by directing businesses towards sophisticated economic activities that focus on creating unique yet ubiquitous products and services. In addition, HGHV industries unlock higher productivity, rapid technological advancements and greater economic diversification. We build a competitive ecosystem, thus attracting higher quality investments that foster more high-end research, development, commercialisation and innovation (R&D&C&I) activities. The prompt transition towards renewable and sustainable sources of energy establishes Malaysia as a focal point in the region and enables us to capitalise on opportunities centred on environmental, social and governance (ESG) principles. The benefits of HGHV industries reach beyond the economy, as these industries create employment opportunities that offer well-paying jobs, hence increase the wellbeing of the *rakyat*.

Innovative Entrepreneurs

Highly productive and digitally savvy entrepreneurs operate in a robust business environment that is seamlessly integrated into the global marketplace. As a result of proliferated commercialisation of research and development (R&D) as well as innovation activities, our country houses cutting-edge indigenous technology. State-of-the-art business and entrepreneurship education as well as continuous learning enable entrepreneurs to introduce new products, services and business practices to the market. A supportive ecosystem nurtures entrepreneurs to bring forth ground-breaking ideas and solutions for the betterment of the nation.

Fiscal Sustainability

Our economy possesses a revenue base that is broad, reflecting greater economic diversification. The tax system that is fairer for both individuals and businesses promotes high compliance. Meanwhile, efficient and prudent spending ensures lower public debt and higher reserves. The Government effectively utilises fiscal policy as a socioeconomic development tool to encourage industries with high growth potential, provide adequate soft and hard infrastructure, and deliver effective social welfare programmes, among others. With a sound fiscal position, the Government is able to mitigate economic shocks and fluctuations.



Healthier Planet

We understand the significance of our role in protecting and preserving the health of our planet in order to address the impacts of climate change. We realise that climate change poses significant threats and thus engage in concerted efforts to minimise the impact, ensuring that we are all protected. Sustainable practices and enhanced implementation of the circular economy are ingrained in our daily lives, enabling us to maximise efficient use of resources and minimise waste. The transition towards renewable and sustainable sources of energy is seamless, economical and just, resulting in minimal impacts on the environment and the *rakyat*.

Eco-friendly Development

Socioeconomic development advances in tandem with the conservation and preservation of our environment. We hold ourselves accountable for the environmental impact of physical development by venturing into initiatives, including wider adoption of carbon accounting and commitment to GHG emission reduction. In addition, ESG principles are embedded in our development to ensure the benefits extend far beyond pecuniary gains. Meanwhile, we make environmentally conscious choices, opting for sustainable practices in our daily lives, including consuming organic food and biodegradable products, energy saving appliances as well as managing and recycling waste.

Circular Economy

Our organisations and businesses are actively implementing the circular economy along the value chain, from raw materials to sanitary landfills, resulting in reduced reliance on non-renewable sources as well as boosted innovation and productivity. Our households adopt the circular economy by implementing the refuse, reduce, reuse, recycle and recovery (5R) approach and utilising resources efficiently. In addition, we are also more energy sensitive and actively play our role as consumers in supporting Malaysia's aspiration of reaching net-zero GHG emissions as early as 2050.

Cleaner and Greener Nation

Renewable and sustainable sources of energy power our economy and contribute to the reduction of GHG. Our industrial estates produce low carbon emissions and manage waste effectively. We primarily commute within and between cities by using sustainable and reliable public transport. More Malaysians embrace green transport, including new energy vehicles and micromobility. Cleaner and greener urban and rural areas are more liveable for all.

Conservation of Natural Ecosystem

Malaysians are committed to the conservation of the natural ecosystem and care for planetary health. Urban and rural developments incorporate nature-based solutions, whilst protecting habitats of flora and fauna. Our biodiversity conservation efforts serve as a reference point for researchers all over the world. The sustainable management of our coastal and marine ecosystems inspires other tropical countries in their ecological preservation efforts.



Good Governance

Malaysia practises good governance that promotes accountability, integrity and transparency as well as upholds the rule of law. Public policies are designed and implemented based on the real needs of the *rakyat*, considering the complexity and social dynamics. We develop visionary, transformational and trustworthy leaders. These leaders possess strong ethics, imbued with *insaniah* and *ihsan* values and guided by the Federal Constitution and *Rukun Negara*.

Open and Efficient Government

The Government advocates transparency on important decisions that affect the *rakyat* and the country. We respect and uphold the doctrine of separation of powers among the three branches of government, namely executive, legislative and judiciary in the spirit of a mature democracy. The Government continues to combat corruption, empower citizens, and adopt advanced technology, creating a lean and efficient administration. Rules and regulations are up-to-date, accommodating to the needs, and changing environment. In promoting an inclusive and open government, the whole-of-nation approach is widely practised. Civil servants are competent, professional and passionate in serving the nation. They are continuously provided with opportunities to enhance their skills and knowledge as well as gain exposure internally and externally to drive good governance.

Human-centred Policies

In ensuring the efficacy of policy measures, local communities are highly involved throughout the policy cycle to ensure that their respective complexities and dynamic social needs are accounted for, leaving no one behind. Policymakers at the Federal, state and local levels adopt social anthropology approaches to better understand the people they serve. Behavioural insights together with digitalisation and advanced technology are widely practised and implemented to ensure programmes and projects are well-received. The implementation of these programmes and projects are monitored and refined accordingly.

Transformational Leaders

Malaysian leaders are visionary, transformational and trustworthy. They have clear foresight and are able to communicate their ideas well. Leaders are brave enough to make bold and tough decisions for the betterment of the *rakyat* and the country. In achieving our common goals, these leaders inspire and motivate as well as emphasise the importance of upholding strong values and morals. They appreciate diversity and fairness by respecting and accommodating the various needs of the *rakyat*, without compromising the core values as stated in the Federal Constitution and *Rukun Negara*.



Conclusion

The aspirations for a sustainable and progressive society represent the collective voices of Malaysians from all walks of life. These aspirations not only focus on the transformation of the economy, but also emphasise equitable opportunities and outcomes for all. They also cover our commitment towards safeguarding planetary health. Good governance and transformational leadership are crucial towards realising the aspirations in building a better Malaysia together. Going beyond 2025, the hopes of the *rakyat* will be the starting point in crafting our medium- to long-term socioeconomic development plans.



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Appendix