

Chapter 3

*Catalysing Vision 2020
through 1Malaysia,
People First,
Performance Now*



While the barriers to achieving Vision 2020 are considerable, they can be overcome through the dedication of, and collaboration between, the Government and the rakyat. Taking up the challenge, this government has formulated the principles of *1Malaysia, People First, Performance Now* as a way to accelerate our performance in order to achieve Vision 2020.

3.1 Defining *1Malaysia, People First, Performance Now*

This section outlines the three elements of *1Malaysia, People First, Performance Now*.

3.1.1 Ensuring fairness to all as the basis of *1Malaysia*

Unity amongst Malaysians is a pre-condition to achieving our Vision 2020 aspirations. For a country to develop, its people must first advance – by embracing diversity in ethnicity, religion and beliefs and by being inclusive through building mutual respect and acceptance, such that a solid foundation of trust and cohesiveness exists. Only as a united people can we then embark on the broader development of our nation.

To achieve unity, some other countries have adopted the concept of full assimilation to develop a single national identity. *1Malaysia* is different – it respects the diversity amongst various ethnic groups and leverages this diversity as a competitive asset for the nation. It emphasises inclusiveness through the acceptance of differences and encourages us all to embrace the unique qualities of each group.

Ultimately the principle of fairness to all is the underpinning of *1Malaysia*. This means that no group should be marginalised, and support and opportunities are provided on the basis of need and merit. However, this fairness must account for their different levels of development.

3.1.2 Putting *People First* by focusing on what they most want and need

Within an increasingly challenging global environment, the competitiveness of our nation is at stake, which in turn jeopardises our quality of life. The Government, naturally, would like to ensure the long-term welfare of all Malaysians. However, our resources are finite, and therefore it is important that we prioritise the use of our resources.

The principle of people first means that we will focus on areas that the people most want and need and direct disproportionately our country's limited resources towards these priority areas. Of course, any government cannot simply focus on short-term needs, but must balance those with making investments in areas for the medium and long term.

To understand the wants and needs of the rakyat, we have engaged with the people in many ways, old and new. For example, we conducted extensive polling, we convened focus groups and workshops and we launched blogs to solicit feedback and gather ideas, in addition to seeking expert opinions. We would like to encourage continued dialogue and discussion on these ideas, initiatives and implementation. The Open Days held in Kuala Lumpur, Kuching and Kota Kinabalu is just one example. In Kuala Lumpur alone, over 5,000 people attended and provided over 1,000 pieces of feedback on the NKRA.

3.1.3 Ensuring *Performance Now* through transparency and accountability

The call for performance now is raising the bar for the Government to enhance our own levels of transparency and accountability. It is also a call for tangible outcomes that can be seen and felt by the rakyat and delivered immediately.

In order to achieve this level of performance, we acknowledge that the Government needs a new way of working – from the top leadership down through the entire civil service. The Prime Minister has led the way by requiring all ministers to set clear KPIs, examples of which are shown in Chapter 12, which they must then report results against regularly. This practice is in the process of being cascaded throughout the Government.

We are also enhancing the transparency of our objectives, targets and plans – beginning with this document. We expect to be held accountable to delivering the initiatives and targets we announce, and we will publish a progress report on an annual basis, starting in the first quarter of 2011, so that our achievements can be evaluated over time.

3.2 *1Malaysia, People First, Performance Now* guides new and old government programmes, including the New Economic Model

As a nation, we have a proud history of developing policies that have propelled our economic growth and social harmony. In many instances, this has required discarding traditional approaches and instead adopting new approaches for our unique context. Examples of this include the rural economic development (RED) policies in the “Rural Economic Development (RED) Book” and the New Economic Policy (NEP) in 1971.

While the foundations of many of these policies endure, over time they have been updated in response to the global environment, the country’s progress and its evolving aspirations. For example, the National Vision Policy (NVP) replaced the New Development Policy (NDP), which in turn had updated the NEP, to ensure that strategies to put Malaysia on the path to Vision 2020 were in place. The key thrusts of building a resilient nation, promoting an equitable society, sustaining high economic growth, enhancing competitiveness, developing a knowledge-based economy, strengthening human capital and pursuing environmental sustainability have been and continue to be the policies of this government.

Through the rolling five-year Malaysia Plans, detailed programmes and initiatives were built to guide the country towards Vision 2020. The country’s resources have been correspondingly managed according to these plans, and the related five-year developmental budgets are augmented by an annual operating budget tabled in Parliament every October, the most recent one on 23 October 2009.

Going forward all new government programmes and policies will embrace the principles of *1Malaysia, People First, Performance Now*. However, as discussed in Chapter 2, within an increasingly challenging global environment, elements of our economy will need to be structurally upgraded in order for us to avoid the middle-income trap and to increase our growth rate. A new economic model is currently being developed by the National Economic Advisory Council (NEAC) to guide the economic strategy of our country. This will be reinforced by the Tenth Malaysia Plan (2011–2015) that will be released in the middle of 2010.

“To achieve sustained high growth and high economic wellbeing in the future, Malaysia should create a competitive economy that uses resources efficiently, has sound economic fundamentals, is flexible in responding to global development and is backed by solid human capital, innovation and technological capacity. In this new economy, the private sector must take a leading role through entrepreneurship and must be energised so that it will invest and create new sources of growth. The role of the Government is to provide frameworks conducive to economic development and an efficient delivery system”

Dr Mahani Zainal Abidin, National Economic Advisory Council member. “Developing the Malaysian Model for a Global Economy” in *Readings on Development: Malaysia 2057* (2009)

3.2.1 New Economic Model guides country’s economic strategy

The impetus to change our economic model is driven primarily by three factors:

- The competitive landscape has changed. As discussed in Chapter 2, we face increased competition for FDI. Within ASEAN for example, both Indonesia and Vietnam offer lower cost bases, larger work forces and larger markets.
- The balance of power in global markets has shifted. The importance of China, India and the Middle East as export markets has increased, and Malaysia needs to shift focus accordingly.
- Financial capital and human capital are increasingly mobile. Given the importance of both in pursuing growth, new strategies are necessary to attract and retain capital.

Some early views on Malaysia’s future economic model and strategy were shared in a brainstorming session with the World Bank earlier last year.¹³ The rest of this section summarises these views.

The difficult move from a middle-income to a high-income economy does not necessarily mean venturing into completely new sectors. It might also mean using a strategy of building on the sectors in which Malaysia has already demonstrated levels of competitiveness, such as in services such as tourism, ICT, finance and Islamic banking, speciality industries such as halal and green technology, electronics manufacturing and resource based industries. The challenge will be to move up the value chain, e.g., from pure assembly to more technology-intensive products and services, from labour-intensive and low-value-added activities towards innovation-based activities that add more value.

To address the skill requirements needed to move towards a high-income economy, the Government is taking a holistic approach, which addresses, among others:

- Reforming education towards producing skills demanded by industry
- Creating supportive policies towards nurturing, attracting and retaining the most talented people for Malaysia
- Devising appropriate policies for low-skilled and high-skilled foreign labour to meet skill shortages
- Promoting an efficient labour market

¹³ Welcoming remarks by Tan Sri Nor Mohamed Yakcop, Minister in the Prime Minister’s Department, at a brainstorming session with the World Bank on Strategies towards Higher Growth and Income, 7 May 2009

Beyond an emphasis on higher skills, the economy has to move towards activities led by innovation, where firms compete on the basis of producing highly differentiated goods. A key way to facilitate this is investment in research and development (R&D) in selected areas. The challenge will be to focus investments – including FDI – towards high-value services and innovation-led production, which provide for higher income.

Linked to innovation is the need to unleash and capitalise on competition. We have recently announced various liberalisation measures and will continue to facilitate greater competition in order to remove any impediments to operating a business in Malaysia.

To move towards a high-income nation requires specialised production and specialised exports. We cannot afford to cast our net too wide and spread our human capital, financial incentives and R&D resources too thinly. Intense international competition dictates that we must excel in the areas we choose to pursue.

While both the Government and the private sector must continue to work in partnership to drive this transformation, the nature of this relationship must change.

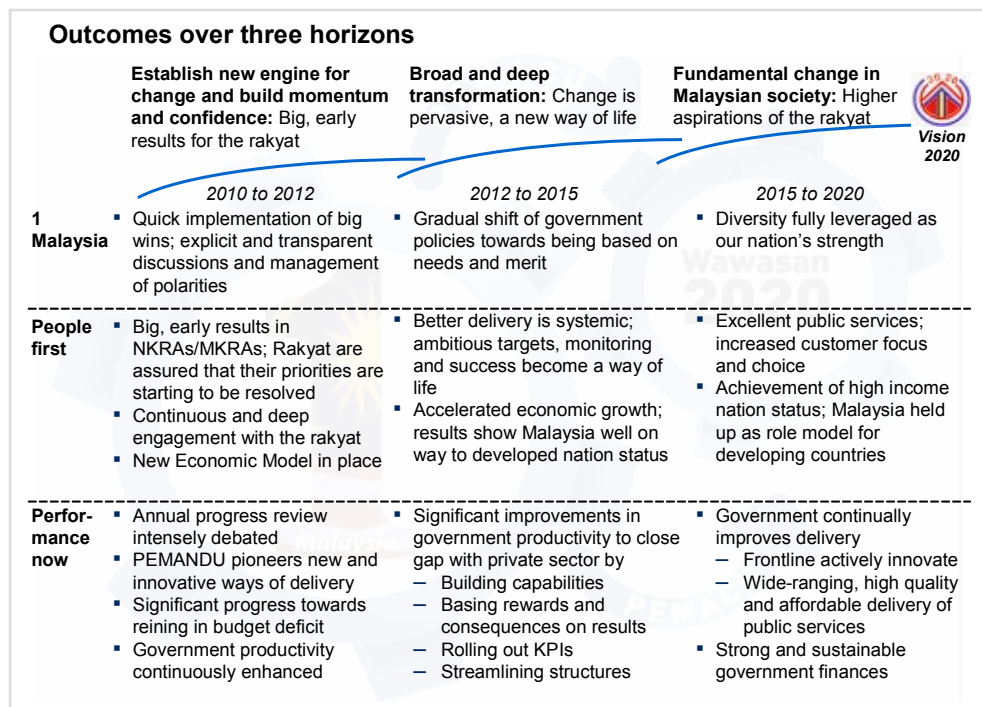
First, picking winning sectors will be unavoidable, as we need to focus any incentives, grants and policy support on a select core of sectors. The public and private sectors need to develop a common understanding and shared commitment on which sectors will form the basis of Malaysia's competitive advantage going forward.

Second, leveraging private finance initiatives (PFI) will become a more important way for us to enhance the quality and efficiency of the public sector. Instead of government providing all services, such as building and operating schools and hospitals, it may in the future procure them from the private sector. PFI structures could be used to support the establishment of private sectors of excellence, with the Government committing only to use part of the overall capacity of hospitals or schools. We could then be more productive with our finances while both raising the quality of public services and supporting the development of the private sector.

3.3 Government Transformation Programme to be phased over three horizons to deliver *1Malaysia, People First, Performance Now*

Beyond a new economic strategy, we are committed to delivering real and tangible outcomes that can be seen and felt by the rakyat. This Government Transformation Programme has been phased over three periods and commits to deliver outcomes across each of the *1Malaysia, People First, Performance Now* dimensions (Figure 3.1). As the rakyat advised during the open days, we are planning not just for the short and medium terms, but for the long-term up to 2020.

Figure 3.1



In Horizon 1 (2010–2012), our immediate objectives are to establish a new engine for change and build momentum and confidence. This means delivering substantial results for the rakyat quickly, so that the rakyat can see and feel the outcomes on their most important priorities, under each of the three principles of *1Malaysia, People First, Performance Now*.

- **1Malaysia:** This includes a series of initiatives to boost unity in the short term and continue explicit, constructive and transparent discussions about the polarities in society and how best to manage them. Chapter 4 describes this in more detail.
- **People first:** This relates to setting and achieving targets within areas identified as NKRA and MKRA, so as to address the priorities of the rakyat. It relies on our continuous and deep engagement with the rakyat through innovative channels. Indeed, as we discuss in Chapter 5, the NKRA were identified by the rakyat themselves as being their priorities, i.e.
 - Reducing crime
 - Fighting corruption
 - Improving student outcomes
 - Raising living standards of low-income households
 - Improving rural basic infrastructure
 - Improving urban public transport

The NKRA are elaborated in Chapters 6–11, while MKRA are discussed (including examples) in Chapter 12.

- *Performance now*: The rakyat (based on their feedback) want to see implementation and delivery – and we have put in place measures to ensure that these will happen. This includes publishing this roadmap (and then annual reports), listening to public feedback and debate and instituting performance management mechanisms (e.g., delivery task forces, delivery reports) designed to ensure delivery of NKRA and MKRA targets. In addition, we have established PEMANDU – the Performance Management and Delivery Unit – which is responsible for devising a new and better way of doing things in government as well as overseeing and supporting delivery of outcomes. We will also continue to implement measures to improve productivity to ensure that we achieve these outcomes with minimal resources and make significant progress towards reining in the budget deficit. The above mechanisms, structures and measures are discussed in Chapter 13.

The success of *1Malaysia, People First, Performance Now* will be significant for all stakeholders (Table 3.1):

Table 3.1: Benefits of *1Malaysia, People First, Performance Now* to stakeholders

Sample benefits	
Rakyat	<ul style="list-style-type: none"> • Unity: diversity and inclusiveness. Increasing access to opportunities based on need and merit, rather than background • Better quality of life <ul style="list-style-type: none"> – Reduced incidence of crime, e.g., snatch thefts – Increased ease and transparency in accessing public services – Improved educational outcomes for children, e.g., higher literacy and numeracy – More efficient and comfortable urban public transport, e.g., trains that are punctual and less congested – Enhanced infrastructure in rural areas, e.g., access to electricity and water – More effective support for low-income households, e.g., faster payment of benefits and more job opportunities

¹⁴ This is especially important as, according to the Ninth Malaysia Plan, the Bumiputera community experiences the highest incidence of poverty among the major ethnic groups: 8.3% of Bumiputera households are classified as poor. This figure rises to 13.4% for rural Bumiputera households

Table 3.1: Benefits of 1Malaysia, People First, Performance Now to stakeholders

Sample benefits	
Bumiputera community	<ul style="list-style-type: none"> Increasing access, within the Bumiputera community, to business opportunities and educational support, based on needs and merit, not on personal relationships Higher standards of living, through initiatives designed to improve rural basic infrastructure and provide economic opportunities for low-income households¹⁴
Business community	<ul style="list-style-type: none"> Increasing ease and transparency in dealing with the Government More efficient infrastructure, e.g., urban transport links contributing to easier access for consumers and workers to businesses Better educated and highly skilled workforce
Civil servants	<ul style="list-style-type: none"> Ability to earn rewards and recognition for outstanding performance Opportunity to learn and apply new and innovative ways of delivery, such as labs, work camps, prioritisation (e.g., via NKRAs), KPI target-setting and monitoring, innovative channels of rakyat engagement (e.g., Open Days)

By Horizon 2 (2012–2015), the change within government is expected to be more pervasive. The important aspects of daily life (NKRAs and MKRAs) should have improved significantly. The economic structure of the country would have evolved in line with the New Economic Model into higher-value-added sectors, and government productivity should have been further advanced. The beginnings of a higher-income nation should be emerging.

In Horizon 3 (2015–2020), fundamental changes as envisaged by Vision 2020 should have happened. The rakyat should be experiencing a new sense of being Malaysian, a higher level of prosperity and better public services. It is expected that the Government be smaller, more agile and work increasingly in partnership with the private sector to provide public services efficiently. In so doing, it is expected that innovative and rakyat-centric models of public service delivery – centred on choice and competition – should be in place.



EVERGREEN

ITALIA

ITALIA

LLOYD TRIESTINO

