The Federation of Malaysia

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(This country profile is available online at www.unisa.edu.au/genderbudgets)
1 Background

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<th>Socio-economic indicators</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Population in 2008</td>
<td>27.7 million</td>
</tr>
<tr>
<td>Projected population change 2008–50</td>
<td>46%</td>
</tr>
<tr>
<td>Percent urban (% of total population) 2008</td>
<td>68%</td>
</tr>
<tr>
<td>GDP per capita (PPP $US) 2005</td>
<td>$10,882</td>
</tr>
<tr>
<td>Human Development Index 2005</td>
<td>0.811</td>
</tr>
<tr>
<td>Human Development Index rank 2005</td>
<td>63th of 177</td>
</tr>
<tr>
<td>Proportion (percent) of population below the Poverty Line ($1 PPP a day) 2004</td>
<td>Under 2%*</td>
</tr>
</tbody>
</table>

* According to Asian Development Bank (2008) Key Indicators for Asia and the Pacific 2008 all 2% estimates indicate that actual values are less than or equal to 2% and should be treated with caution.


The Federation of Malaysia comprises Peninsular Malaysia and the eastern states of Sabah and Sarawak on the island of Borneo. Malaysia is located in the South China Sea in the centre of South East Asia. It is a multi-ethnic country with Malays comprising 65.1% of the total population, Chinese 26% and Indians 7.7% (Department of Statistics Malaysia 2001). Islam is the official religion of the country and Malay the official language. Over the past two decades the government has actively promoted and favoured Islam, although Sharia law is enforced at a state rather than federal level and applies only to Muslims/ethnic Malays (Economist 2009).

Malaysia gained independence from British rule in 1957. Singapore was initially included but left the Federation in 1965 (Economist 2009). The Federation of Malaysia is a parliamentary democracy of thirteen states and three federal territories’. It has a constitutional monarch and has been described by analysts as ‘quasi-democratic’ rather than a fully functioning democracy (Case 1993; Brown, Siti Hawa and Wan Muda 2004). Following the race riots of 1969 between the Malays and ethnic-Chinese, the Federal Constitution was amended to identify ‘sensitive issues’ on which public criticism of government policy is prohibited. These include the citizenship rights of non-Malays, Malay ‘special rights’ and privileges and the position of Islam as the official religion (Brown, Siti Hawa and Wan Muda 2004:6). Since independence, the Barisan Nasional (BN) Alliance has been the ruling party with the United Malays (UMNO) being the dominant group. The country has been headed since April 2009 by Prime Minister Dato’ Sri Mohd Najib.

Over the last four decades Malaysia’s economy has undergone a transformation from an agricultural to a manufacturing economy (Kaur 2000: 213). It implemented what has been termed the ‘Asian Model’ of development whereby the government, while relying on markets, took an active role in creating, shaping and directing market activity (Stiglitz 2002: 10). As shown in the table below, Malaysia is classified by the World Bank as an upper middle economy with a per capita GDP of $10,882 (2005). Similarly, the UNDP Human Development Index has ranks Malaysia in the ‘high category’ for its level of human development (63th of 177 countries). Malaysia’s achievements on poverty eradication are widely noted but some argue that the redistributive commitment under the New Economic Policy introduced after the 1969 race riots has dimmed since the 1990s (Brown, Siti Hawa and Wan Muda 2004: 4). By 2005 the Malaysia government reported it had achieved all the Millennium Development Goals (MDGs) except the one relating to halting and reversing the spread of HIV/AIDS (Ministry of Women, Family and Community Development 2007: xi). The MDG Monitor also identifies the need to address ethnic and locational inequities, disadvantages of migrants and environmental degradation (UNDP.

2 The Federation of Malaysia
While Malaysia was adversely affected by the 1997 Asian Financial Crisis, it refused to implement IMF and World Bank structural adjustment policies. It implemented its own package of reforms and its economic downturn was ‘shorter and shallower’ than any of the other countries (Stiglitz 2002: 93). The government in early 2009 described Malaysia’s economy as ‘strong, stable and resilient’ but warned that the global financial crisis will test this resilience (Abdullah, 2009).

2 Gender equality

<table>
<thead>
<tr>
<th>Gender equality indicators</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender Development Index (GDI) value 2005</td>
<td>0.802</td>
<td>0.797</td>
<td>0.790</td>
</tr>
<tr>
<td>Gender Development Index (GDI) rank 2005</td>
<td>57th of 157</td>
<td>58th of 157</td>
<td>57th of 157</td>
</tr>
<tr>
<td>Gender Empowerment Measure (GEM) value 2007/2008</td>
<td>0.504</td>
<td>0.498</td>
<td>0.492</td>
</tr>
<tr>
<td>Gender Empowerment Measure (GEM) rank 2007/2008</td>
<td>65th of 93</td>
<td>64th of 93</td>
<td>63rd of 93</td>
</tr>
<tr>
<td>Gender Gap Index (GGI) value 2007</td>
<td>0.644</td>
<td>0.638</td>
<td>0.632</td>
</tr>
<tr>
<td>Gender Gap Index (GGI) rank 2007</td>
<td>92th of 128</td>
<td>91th of 128</td>
<td>90th of 128</td>
</tr>
<tr>
<td>Seats in parliament held by women (% of total) 2007</td>
<td>9.1%</td>
<td>9.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Population Sex Ratio (males per 100 females) 2005</td>
<td>103.32</td>
<td>103.24</td>
<td>103.16</td>
</tr>
<tr>
<td>Maternal Mortality Ratio (per 100,000 live births) 2005</td>
<td>62</td>
<td>61</td>
<td>60</td>
</tr>
<tr>
<td>Adult literacy rate, females (aged 15 and older) 2005</td>
<td>85.4%</td>
<td>85.3%</td>
<td>85.2%</td>
</tr>
<tr>
<td>Adult literacy rate, males (aged 15 and older) 2005</td>
<td>92%</td>
<td>91%</td>
<td>90%</td>
</tr>
<tr>
<td>Gross secondary enrolment: Ratio of female rate to male rate 2005</td>
<td>1.14</td>
<td>1.13</td>
<td>1.12</td>
</tr>
<tr>
<td>Gross secondary enrolment: Female ratio (% of the female secondary school aged population) 2005</td>
<td>81%</td>
<td>80%</td>
<td>79%</td>
</tr>
<tr>
<td>Share of women in wage employment in the non-agricultural sector (% of total employment in the sector) 2004</td>
<td>38.1%</td>
<td>37.9%</td>
<td>37.7%</td>
</tr>
<tr>
<td>Ratification to CEDAW (year)</td>
<td>1995</td>
<td>1996</td>
<td>1997</td>
</tr>
</tbody>
</table>


The national Ministry of Women, Family and Community Development, established in 2001, claims that Malaysian women and girls experience more equality with males than their counterparts in other Asian nations. All girls of the relevant age group are enrolled in primary school and their secondary and tertiary enrolment rates are higher than those of boys. Indicators of the health status of women such as child mortality and maternal health are almost equivalent to those of developed countries (Ministry of Women, Family and Community Development 2005: vii). Also the distribution of female employment has changed from being concentrated in the agricultural sector to the industrial sector (Ministry of Women, Family and Community Development 2005: vii; see table). Women’s participation in the labour force has risen steadily from 44.7% in 1995 to 64% in 2007 (Department of Statistics, Malaysia 2007). Malaysia ranks 57th of 177 countries and 65th of 177 countries on the GDI and GEM respectively (see table). Malaysian NGOs have also acknowledged that ‘Malaysia is an example of a country that has, since gaining independence, made great progress in improving the life and status of women, particularly in providing them with ever-increasing opportunities to become stakeholders in the country’s economic development’ (NGO Shadow Report Group 2005).

While such developments have been welcomed, there are various indicators demonstrating that women and girls in Malaysia do not share equal status with their male counterparts. For example, local NGOs maintain that religion and culture perpetuates stereotyped gender roles and protectionist and patriarchal attitudes towards women (Women’s Aid Organisation 2001).
In addition, in the workforce there remain significant gender gaps in professional employment with only 24.1% of all legislators, senior officials and managers comprising women (Department of Statistics Malaysia 2007). Within the education sphere, consultants from the Asian Development Bank have pointed out that while women’s enrolment at all levels of education is equitable to that of men, their participation in the entire range of courses available is not as equitable and gender segregation arising from gender stereotyping continues to influence students’ choice of courses (Ahmad 1998). More concerning, Malaysia with a female literacy rate of 85.4% remains behind countries with a lower human development status such as Thailand, Indonesia and the Philippines. In the political sphere women only accounted for 9.1% parliamentary seats in the lower house in 2007 (see table).

The Malaysian government has taken various measures to promote women’s equality with men and access to human rights including the:

- formulation of the National Policy on Women in 1998
- incorporation of the principle of non-discrimination on the basis of gender into the Federal Constitution of Malaysia in 2001
- establishment in 2001 of the Ministry of Women, Family and Community Development as part of the government’s efforts to strengthen the national machinery for the advancement of gender equality
- development of gender mainstreaming principles into the formulation of national policies from planning to implementation, as well as through the establishment of mechanisms at the federal, state and district levels including the Cabinet Committee on Gender Equality; National Advisory Council for Women (NACW); the National Council on Women and Family Development (NCWFD); and the Department of Women Development (DWD)
- development of a Gender Information Data System; the increased compilation of gender disaggregated data and the publication of the Annual Statistics on Women, Family and Social Welfare.

These achievements have been reflected in the government’s CEDAW Report on Malaysia (Malaysian Government 2004: 21) which noted that ‘significant progress’ has been established in setting up ‘the required institutional and administrative machinery to plan, coordinate, implement and monitor development progress of women’. For example, the Government has developed a Gender Disaggregated Information System (GDIS) to monitor the progress of women’s programs and activities and engage in gender-sensitisation training for policy and program implementers (Malaysian Government 2004). Despite this progress, however, the 2005 Malaysian NGO Shadow Report has observed that ‘there is no conscious utilization of the CEDAW framework in the government’s development plans to include the interests of women’ (NGO Shadow Report Group 2005: 6). In this context it has maintained that it is critical that the Malaysian government approach gender mainstreaming in a more holistic manner and that women’s concerns are reflected in policy and planning and across all sectors’. NGOs have argued that the Ministry of Women, Family and Community Development has to adopt a more proactive role as an advocator (and not only as a facilitator) to detect, monitor and eliminate discrimination against women within the government and private sector (NGO Shadow Report Group 2005).

Women’s NGOs have experienced mixed progress in their engagement with government on policy. On a positive note, the government has appointed representatives from NGOs such as the National Council of Women Organisations (NCWO) and All Women Action Malaysia (AWAM) to sit on various advisory councils in order to promote co-operation between governmental agencies and NGOs (Malaysian Government 2004). In addition, the government has established special grants to help NGOs implementing training and capacity building for women. NGOs have acknowledged recent government efforts in recognising their significant
contribution to the rights of women and girls in Malaysia. They have also maintained that women’s NGOs continue to face significant challenges. Some of these relate to restrictive laws which were reported in the 2005 NGO Shadow CEDAW Report. For example, in 2003 several NGOs attempts to organise rallies for women’s rights were curtailed by police. In 2002 the Women’s Aid Organisation (WAO), while designated a safe house for victims of domestic violence by the Ministry of Women and Family Development, was raided by the Immigration Department for sheltering undocumented workers. The report concludes that:

While of late there have been open channels of discussion between the government and the women’s groups through meetings with the Ministry of Women, Family and Community Development and even the Prime Minister himself, these incidents shadow the work of the NGOs and hinder their full and effective participation in public and political life. (NGO Shadow CEDAW Report 2005: 43)

3 Budgetary context

<table>
<thead>
<tr>
<th>Budgetary indicators</th>
<th>2002–05</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government tax revenue (% of GDP) 2003</td>
<td>16.59%</td>
<td>26.40%</td>
</tr>
<tr>
<td>Central Government total expenditure (% of GDP) 2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government public expenditure on education (% of GDP) 2002–05</td>
<td>6.2%</td>
<td>25.2%</td>
</tr>
<tr>
<td>General Government public expenditure on health (% of GDP) 2004</td>
<td>2.2%</td>
<td>7%</td>
</tr>
<tr>
<td>Central Government military expenditure (% of GDP) 2005</td>
<td>2.4%</td>
<td></td>
</tr>
<tr>
<td>Central Government public expenditure on defence (% of total outlays) 2007</td>
<td>Not available</td>
<td></td>
</tr>
<tr>
<td>General Government Total debt service (% of GDP) 2005</td>
<td>7.2%</td>
<td></td>
</tr>
<tr>
<td>Open Budget Index: Overall Score</td>
<td>35%</td>
<td></td>
</tr>
</tbody>
</table>


In principle, the Malaysian Budget is underpinned by a National Development Plan. At the broadest level are the Outline Perspective Plans, which generally run for ten years, and set broad policy directions and establish strategic priorities. Of more practical importance are the five year Malaysia Plans, which set specific targets for indicators such as GNP growth, as well as ethnic redistribution categories, including share capital ownership and participation in various industrial sectors. The Malaysia Plans also set public expenditure targets and funding levels for specific policy innovations, such as healthcare reform and rural development. Whilst these budgetary aspects are targets rather than allocations, the government generally follows them closely (Brown et. al 2004).

According to various scholars, an important policy issue is the increasing executive dominance in policy-making under the Barisan Nasional (BN) authoritarian regime which has been in power since independence (Brown et al 2004; Khoo 2003). However, there are areas in which formal policy discussions include invited representatives from the private sector and civil society. These groups are able to make presentations and lobby the Finance Ministry on the
content of the upcoming Budget. These occur most notably in the annual pre-Budget dialogues (Mence 2005).

In 1990, the Malaysian government reformed the central budget process and introduced the Modified Budgeting System which was central to the drive to introduce a more managerial and centrally-oriented system of resource allocation. In particular, the Malaysian government sought to operationalise performance budgeting through performance management and program evaluation, which had lain dormant since 1969 (Xavier 1998: 303). The Modified Budgeting System has 4 main features namely: expenditure targets; program agreements and exception reports; a cycle of program evaluations; and expenditure control. However, the Open Budget Index score of 35% indicates budgetary information available to the public is minimal (see table).

There is a program performance budgeting system in place in respect of the operating budget. Every ministry reports according to a format each year on all the activities of every program. The final two items of the format are ‘indicator of impact’ and ‘program evaluation plan’. The former requires that the ministry state which issues will be evaluated and the methodology to be employed. The latter requires the ministry to state when the last evaluation was done, when the next one will be done, and what the main criteria are that will be evaluated in the future reviews (Ministry of Women, Family and Community Development 2005). Budlender and Hewitt (2003) consequently note that it would be easy to incorporate gender issues into both these items.

4 Gender-responsive budgeting

The Malaysian pilot gender responsive budget (GRB) can be traced back to 2000 when former Prime Minister Mahathir (1981-2003) spoke about gender budgeting in his address to the Regional Steering Committee of Women in Asia-Pacific (Ministry of Women, Family and Community Development 2005: 3). However, another two years passed before the Cabinet approved a pilot GRB in July 2003, when the Economic Planning Unit provided documented support for the Gender Budget Analysis Project (Noor, date unspecified: 1).

This pilot was located within the government sector and spearheaded by the Ministry of Women, Family and Community Development, with financial and technical assistance provided by the United Nations Development Program (UNDP). Four ministries participated covering the economic and social sectors of Education, Health, Human Resources, and Rural Development, all of which had relatively large budgets. The UNDP and the Ministry of Women, Family and Community Development put together a team to assist these pilot ministries to undertake GRB.

Gender budget work has been described by the Malaysian government as a practical way of progressing gender mainstreaming in all aspects of national development, including policy, planning, and budgeting. For example, the then Prime Minister Abdullah Badawi, in the Forward to the 2005 Manual on Gender Budgeting in Malaysia, states:

Gender budgeting gives us the techniques and mechanisms that reveal gender bias or gaps in our budget allocations. Through such analysis, we are able to narrow existing disparities and re-orient public expenditure to reflect the concerns of all citizens. This in turn allows for the fullest utilization of our country’s human resources. (Ministry of Women, Family and Community Development 2005: iii)

According to the Ministry of Women, Family and Community Development (2005), many of the conditions required for the successful implementation of the pilot were already in place. Firstly, Malaysia had a well-developed system of budgeting including budget reforms to introduce a more performance oriented system (Xavier 1998: 100). Secondly, the Malaysian government had much more control over its budget than many other countries that have tried to do gender budget work. This is partly because donor countries have very little influence over the country’s budget and consequently the government has greater freedom than aid dependent countries to
decide where and how to use its resources (Brown et al 2004). Thirdly, at a more technical level, the Malaysian government’s standard budget formats already contained many of the basic elements for undertaking GRB. For example, the standard formats required motivations, objectives, description of activities, indicators, and targets. This meant that the formats can easily be adapted for GRB by elaborating on these elements and adding one or two extra items. These budget processes are identified in the manual on gender budgeting in Malaysia developed by Debbie Budlender (Ministry of Women, Family and Community Development 2005).

Malaysia has not implemented a formal initiative beyond the pilot, but some further progress in GRB has occurred. The 2005-07 Progress Report of Commonwealth countries on GRB observed that while the GRB pilot initiative focused on the operating budget, there are plans to focus on the development budget in future (Budlender 2007). There is recognition by the Ministry of Women, Family and Community Development that progress of gender responsive budgeting by the pilot ministries has been ‘rather slow’. However the Ministry of Finance has issued Call Circulars (for years 2004, 2007 and 2009) for ministries to provide a gender analysis of their budget statements and submissions of their operating programs. In addition, it was noted that the National Institute of Public Administration, a national training centre for the public service, offers a gender budget analysis course as part of their annual training program. This is being done in collaboration with the Ministry of Women, Family and Community Development. Finally, the pilot ministries have conducted special workshops to prepare their budget submissions in a gender sensitive manner (email communication with the Ministry of Women, Family and Community Development 16/02/09).

In August 2006 the Ministry of Women, Family and Community Development produced a manual on gender budgeting which provides guidelines for undertaking gender budget analysis which is aimed particularly at those government officials who are involved with policy formulation and budget planning. At the same time a special report was produced by the ministry to increase the awareness of the public at large regarding GRB (Ministry of Women, Family and Community Development email communication 16/02/09).

In Malaysia, unlike in many other countries, NGOs were not directly involved in the pilot. However women NGOs are involved in consultative budget dialogues organised by the Ministry of Finance (Ministry of Women, Family and Community Development email communication 16/02/09). The Budget Consultation is usually held in three sessions. The first focuses on macro-economic issues, the second on sectoral issues in the economy and the third is with NGOs around social issues and agendas. In addition the NGO Shadow report group (2005) observed that ‘Gender budgeting should be implemented to ensure appropriate allocation of the budget and resources within each sector for programs that promote women’s rights and equality’. Vas Dev (2008) observes that many of the welfare and charity-oriented NGOs complement the state’s activities by providing services in collaboration with state agencies such as the Ministry of National Unity and Social Development. However, as noted by Brown et al (2004), they are nowhere near being able to negotiate power changes or achieve a significant impact on policies or budgets.
References


http://www.crise.ox.ac.uk/policywork.shtml(accessed 12/02/09).


http://www.gender-budgets.org/content/view/472/153/(accessed 02/06/09).


http://www.essex.ac.uk/sociology/research/fieldwork/Noor.doc (accessed 22/07/09).


WAO: Petaling Jaya.  


Links to electronic resources for Malaysia

The Ministry of Finance  
http://www.treasury.gov.my/

The Ministry of Women Family and Community Development  

Department of Statistics Malaysia  
http://www.statistics.gov.my/eng/

ADB  
http://www.adb.org/Malaysia/

World Bank  
www.worldbank.org/my

UNDP  
http://www.undp.or.my/

Millennium Development Goals  
http://www.mdgmonitor.org/factsheets_00.cfm?c=MYS&cd=458