
MALAYSIA'S PERFORMANCE IN

THE HUMAN DEVELOPMENT REPORT 2014



HUMAN RESOURCE

1. INTRODUCTION

- 1.1. The 2014 Human Development Report – "Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience" launched on 24 July 2014 offers a fresh perspective on what makes people vulnerable, and proposes ways to strengthen resilience. The Report is the latest in the series of global Human Development Reports published by UNDP since 1990 as independent, empirically grounded analyses of major development issues, trends and policies on human development.
- 1.2. The Human Development Index (HDI) is a summary measure of achievements in key dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. It measures life expectancy at birth, average years of schooling, and expected years of schooling and gross national income per capita.
- 1.3. The report also included the Gender Inequality Index which reflects inequality in achievement between women and men in three areas: reproductive health, empowerment, and the labor market.
- 1.4. This year's report presents HDI values for 187 countries, and is the first index to use the latest International Comparison Program's conversion rates of national currencies to purchasing power parity, released by the World Bank in May 2014.

2. MALAYSIA'S PERFORMANCE IN THE HDR 2014

- 2.1. The United Nations Development Programme (UNDP) in its Human Development Report 2014 indicated that Malaysia scored 0.773 points and was ranked at 62nd out of 187 countries, it was better than the global average of 0.702 points, putting the country in the high human development group while Singapore and Brunei were deemed nations with "very high" human development.

- 2.2. Malaysia's ranking is far behind Singapore and Brunei that snagged the 9th and 30th spots respectively but beat other southeast Asian neighbours on the 2013 ranking, such as Thailand (89), Indonesia (108), the Philippines (117), Vietnam (121) and Cambodia (136).
- 2.3. In countries where inequality has been high or rising as in China, Malaysia and Uganda, growth in consumption for those at the poorest end of the distribution has been slower than for the population as a whole. As for Malaysia, consumption by the bottom 40% grew slightly more than 8% from 2005 to 2010 compared with 14% growth for the whole population.
- 2.4. Apart from the growing inequality, the report also highlighted the unintended consequences of Malaysia's pro-Bumiputera affirmative action policies in addressing inequality.
- 2.5. For example, the positive discrimination policies favouring the ethnic Malays, or Bumiputras, in Malaysia over the dominant Chinese and minority Indian populations have improved their access to education and jobs and helped them more fully realize their economic potential.
- 2.6. Yet Malaysia's Chinese and Indian minority citizens chafe at 70 percent quotas in university admissions, flocking instead to private and foreign schools and often staying away from the country.
- 2.7. The report also noted that in 2011, approximately 1 million Malaysians had left the country, which has a total population of 29 million, most ethnic Chinese and many highly educated.
- 2.8. The report also included the Gender Inequality Index, where Malaysia ranked 39th last year. In the case of women participation in parliament and labor force, Malaysian women held only 13.9 per cent of seats in Parliament last year, while the female labour force participation rate was just 44.3 per cent in 2012. In this context, Malaysia performed better than Thailand (70), the Philippines (78) and

Indonesia (103) while the country again trailed Singapore which was placed 15th in the chart that graded countries based on the level of women's empowerment, education, economic activity and their reproductive health.

Table 1: Malaysia's Performance in the Human Development Report 2014

	2013	2012	2011
Overall Ranking	62/187 (0.773)	64/187 (0.769)	61/187 (0.761)
Component:			
1. Health	75	74.5	74.2
- Life expectancy at birth (years)			
2. Education			
- Mean years of schooling (years)	9.5	9.5	9.5
- Expected years of schooling (years)	12.7	12.6	12.6
3. Income	21,824	13,676	13,685
(GNI per capita, PPP)			

2.9. Human Development Report 2014 shows that Norway, Australia and Switzerland lead the rankings of 187 countries and territories while African countries emerging from long-term conflict or are still experiencing armed violence were ranked in the bottom tier. The top ten countries and Malaysia's position is shown in Table 2.

Table 2: Malaysia and Top Ten Performing Countries in the HDR 2014

Country	HDR 2014		HDR 2013	
	Rank	HDI Value	Rank	HDI Value
Norway	1	0.944	1	0.955
Australia	2	0.933	2	0.938
Switzerland	3	0.917	9	0.913
Netherlands	4	0.915	4	0.921
United States	5	0.914	3	0.937
Germany	6	0.911	5	0.920
New Zealand	7	0.910	6	0.919
Canada	7	0.902	11	0.911

Singapore	9	0.901	18	0.895
Denmark	10	0.900	15	0.901
Malaysia	62	0.773	64	0.769

2.10. Among the Asia-Pacific countries, Malaysia maintained its position at 8th while Australia, New Zealand, Singapore, Hong Kong, and Korea were among the top five within the Asia Pacific Region. (Table 3).

Table 3: Malaysia among Asia Pacific Countries

Country	HDR 2014		HDR 2013	
	Rank	HDI Value	Rank	HDI Value
Australia	1	0.933	1	0.938
New Zealand	2	0.910	2	0.919
Singapore	3	0.901	6	0.895
Hong Kong	4	0.891	5	0.906
Republic of Korea	5	0.891	4	0.909
Japan	6	0.890	3	0.912
Brunei	7	0.852	7	0.855
Malaysia	8	0.773	8	0.769
Sri Lanka	9	0.750	9	0.715
Thailand	10	0.722	11	0.690
China	11	0.719	10	0.699
Mongolia	12	0.698	12	0.675
Indonesia	13	0.683	14	0.629
Philippines	14	0.660	13	0.654
Vietnam	15	0.638	15	0.617
India	16	0.586	16	0.554
Cambodia	17	0.584	17	0.543
Bangladesh	18	0.558	18	0.515
Nepal	19	0.540	21	0.463
Pakistan	20	0.537	19	0.515
Myanmar	21	0.524	20	0.498

2.11. Among ASEAN countries, Malaysia ranked 3rd after Singapore and Brunei (Table 4).

Table 4: Malaysia among ASEAN Countries

Country	HDR 2014		HDR 2013	
	Rank	HDI Value	Rank	HDI Value
Singapore	1	0.901	1	0.895
Brunei	2	0.852	2	0.855
Malaysia	3	0.773	3	0.769
Thailand	4	0.722	4	0.690
Indonesia	5	0.683	6	0.629
Philippines	6	0.660	5	0.654
Vietnam	7	0.638	7	0.617
Cambodia	8	0.584	8	0.543
Myanmar	9	0.524	9	0.498

3. HIGHLIGHTS OF THE REPORT

- 3.1 According to income-based measures of poverty, 1.2 billion people live with US\$1.25 or less a day. However, the latest estimates of the UNDP Multidimensional Poverty Index reveal that almost 1.5 billion people in 91 developing countries are living in poverty with overlapping deprivations in health, education and living standards. Although poverty is declining overall, almost 800 million people are at risk of falling back into poverty if setbacks occur.
- 3.2 Across Asia and the Pacific, over a billion people live just above the extreme poverty line, on more than US\$1.25 but less than US\$2.50 a day.
- 3.3 The Report also highlights that a lack of decent, well paid jobs – especially for youth – is a major challenge in Asia and the Pacific. In many countries of the region, youth unemployment is relatively high: 23 percent in Iran, 22 percent in Indonesia, 17 percent in Sri Lanka, 16 percent in Philippines and Samoa and 14 percent in Timor-Leste. The Report urges governments to fast-track education reform policies and to accelerate broad-based economic growth to create decent and well paid jobs that are essential to improving living standards.

- 3.4 The Report holds that as crises spread ever faster and further, it is critical to understand vulnerability in order to secure gains and sustain progress. It points to a slowdown in human development growth across all regions, as measured by the Human Development Index (HDI). It notes that threats such as financial crises, fluctuations in food prices, natural disasters and violent conflict significantly impede progress.

4. METHODOLOGY

- 4.1 The Human Development Index (HDI) is a summary measure of achievements in key dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions. This technical note describes the steps to calculating the HDI, data sources and the methodology used to estimate missing values. The 3 basic components in this report are:

- a) **Life Expectancy at Birth:** Numbers of years of newborn infant could expect to live if prevailing patterns of age specific mortality rates at the time of birth stay the same throughout the infant's life
- b) **Mean Years of Schooling:** Average number of years of education received by people ages 25 and older, converted from educational attainment levels using official durations of each level.

Expected Years of Schooling: Number of years of schooling that a child of school entrance age can expect to receive if prevailing patterns of age-specific enrolment rates persist throughout the child's life.

- c) **Estimated Gross National Income (GNI) per capita:** Aggregate income of an economy generated by its production and its ownership of factors of production, less the incomes paid for the use of factors of production owned by the rest of the world, converted to international dollars using PPP rates, divided by mid-year population.

- 4.2 The Gender Development Index (GDI) measures gender inequalities in achievement in three basic dimensions of human development: health, measured by female and male life expectancy at birth; education, measured by female and male expected years of schooling for children and female and male mean years of schooling for adults ages 25 and older; and command over economic resources, measured by female and male estimated earned income.
- 4.3 The 2014 Report retains the HDI, the Multidimensional Poverty index (MPI), the Inequality-adjusted Human Development Index (IHDI) and the Gender Inequality Index (GII), with slight modifications to the HDI and MPI. However the figures reported in this report are based on published data.

