

## Submission by UNICEF Malaysia to the UN Special Rapporteur on Extreme Poverty Human Rights

*Putrajaya, June 2019*

**Malaysia's economic growth and structural transformation over the past five decades delivered enormous improvements in well-being for its citizens.** The official monetary poverty rate fell from 50% in 1970 to 16.5% in 1990 and then to 0.4% in 2016. Reduced poverty was also coupled with an improvement in income distribution with the Gini coefficient declining from 0.441 in 2009 to 0.401 in 2014, with the mean household income in the bottom 40 percent of the households rising at higher rate than the income of the overall population (EPU, 2016). Although the official multidimensional poverty rate is double the monetary poverty rate, this too has fallen to only 0.86% in 2016 (EPU, 2018).

**However, aggregate poverty rates conceal significant pockets of extreme poverty.** Poverty rates in urban and rural Sabah are around 4 and 13 times the national average respectively (DOSM, 2017-a). On peninsula Malaysia geographic pockets of extreme poverty exist on a more localised scale with specific hotspots in northern Kelantan, Terengganu and Hulu Terengganu that are close to three times the national average. Other areas of somewhat elevated extreme poverty include northeast Kedah, northwest Selangor and several *mukims* in central Perak (Majid et al, 2015). Even in more affluent urban centres, pockets of extreme poverty persist and a recent study conducted by UNICEF found that around 7% of children living in Kuala Lumpur's low-cost flats live in absolute poverty, even though the city's absolute poverty rate is officially zero (UNICEF, 2018). Spatial variations in inflation also play a role in amplifying spatial variations in welfare (OECD, 2016). Meanwhile multi-dimensional poverty is particularly high in Sarawak and 6.2 times higher than the state's monetary poverty rate; a fact that is largely driven by low access to health and education services among Sarawak's sparse population (DOSM, 2017-b).

**Children, indigenous minorities, female-headed households, larger households and stateless/undocumented families are at heightened risk of living in extreme poverty. In particular, child poverty is around three times higher than the national poverty rate** (UNICEF, 2017). Single income earners and large households with high numbers of dependents, especially the elderly, also exhibit elevated extreme poverty rates. The incidence of poverty for households with five persons and above was at 0.8% - double the national average (DOSM, 2017-b). Meanwhile, the continued exclusion of Malaysia's undocumented and stateless families from a wide range of social services clearly places them at elevated risk of both monetary and multi-dimensional poverty, although their similar exclusion from official datasets makes the extent of their vulnerability almost impossible to confidently assess.

**Current poverty lines are inappropriately low for an upper-middle income country and do not capture the true extent of deprivation in the population.** Malaysia's current monetary poverty line stands at around USD 4 per day in PPP terms. If a similar poverty line were to be used as in other countries of similar GDP/capita, Malaysia's poverty line would be closer to USD 12/day and the poverty rate would be closer to 20% (Ravallion, 2019). Similarly, use of a relative poverty measure (as adopted by most other OECD countries) would place around 16% of the population in poverty (UNICEF, 2018) and earlier research has found Malaysian children to exhibit higher rates of relative poverty than other social groups or children in other OECD countries (Ragayah, 2012). Once a more appropriate poverty line is used, the true extent of localized poverty pockets becomes much clearer. For example, a study of Kuala Lumpur's low-cost flats found that 86% of inhabitants lived in relative poverty, after adjusting for family size (UNICEF, 2018).

**Malaysia's multi-dimensional poverty (MPI) measure also under-estimates the extent of social deprivation.** This is partly as a result of the inclusion of Malaysia's low monetary poverty indicator in its formulation and the failure to include relevant nutritional indicators.

**Poverty exposes children to a range of risks that have life-long implications.** The most obvious impact of child poverty is Malaysia's persistent malnutrition rates. 20.7 percent of children aged under 5 years are stunted, while 11.9 percent are wasted which indicates a serious public health concern (IPH, 2016). Although a number of factors are responsible for malnutrition, children born into lower income families have a higher tendency to be underweight and stunted compared other income groups (DOSM, 2017-a). Indeed UNICEF's study on child poverty in urban Kuala Lumpur found that 52% of families in these deprived communities did not have enough money to buy food in recent months while 15% experienced this regularly (UNICEF, 2018). Similarly, the higher stunting rates found among children of single mothers has been attributed to lower incomes in such households (IPH, 2016).

There is also considerable evidence that poverty is affecting children's education, with affordability consistently identified as a major cause of inadequate pre-school and upper-secondary enrolment rates (PADU, 2017). Although the Government subsidizes school fees, parents must pay for school uniforms, books and stationery, etc. and many cannot afford these or the opportunity cost associated with upper-secondary school-age children delaying entry into the labour market.

Finally, poverty is a widely recognized driver of child marriage as a coping mechanism for poor families in Malaysia (UNICEF, 2018b). The implications of child marriage are, in turn, often severe including elevated risk of: severe health problems; complications during and after pregnancy and childbirth; domestic violence and physical abuse; and the loss of education and employment opportunities. When they marry, young girls also tend to lose their opportunity to gain an education which reduces avenues for economic development and social and political participation. Child marriages often prove to be unstable in the longer-term with divorce and separation leaving young mothers bear to the responsibility for childrearing without adequate emotional or financial support.

**The persistence of poverty, and child poverty in particular, can be partly attributed to Malaysia's weak social protection system.** OECD analysis has confirmed that Malaysia's tax and social protection systems have virtually no redistributive or poverty reduction impact. A large part of the explanation for this relates to structurally inadequate investment in social protection in a context where social expenditures have simply not kept pace with growth in GDP per capita (OECD, 2017). Existing social sector expenditures are also dominated by pension payments for retired civil servants and weakly targeted fuel subsidies while social assistance schemes for the rest of the population, including the flagship BR1M programme, provide small, irregular benefits that provide little financial security to low income households.

Given the significant challenge of child poverty, the Department of Social Welfare's Children's Financial Assistance scheme is particularly inadequate: coverage of the scheme appears to have declined dramatically since 2013. In 2019 the scheme is expected to reach only 69,000 children compared to around 160,000 children that live under the official absolute poverty line and around 1.8m children that would be considered poor under a contextually appropriate poverty line. Indeed many of the poorest households, particularly those in urban areas, remain excluded from the social protection system; UNICEF's study in Kuala Lumpur's low-cost flats found that around a third of extremely poor households could not access social assistance programmes (UNICEF, 2018-a).

Similarly, there is inadequate investment in Malaysia's social welfare services resulting in a chronic disparity between capacity and need. The total number of social welfare officers with undergraduate university qualifications is estimated by MASW to be only 700, with an additional 4,300 assistant social welfare officers holding diploma level qualifications.

**Finally, the development of effective and evidence-based public policy in the fields of poverty reduction and social protection remains significantly hampered by lack of public access to data.** For example, and in stark contrast with other comparable countries, key national datasets such as the *Household Income and Basic Amenities Survey* data and the *National Health and Morbidity Survey* data are not publicly available which impedes academic enquiry, public policy debate, and participatory policy development and evaluation. Similarly, there is a lack of systematic data collection and analysis on sensitive topics such as violence against children.

### **Priority actions for addressing extreme poverty and human rights in Malaysia**

1. **Ensure the appropriate measurement of both monetary and multi-dimensional poverty.** This to include (a) revising the PLI to ensure that it reflects Malaysia's upper-middle income status and associated societal expectations on minimum standards of living; b) reporting on relative poverty; and (c) strengthening Multi-dimensional Poverty (MPI) measurement and analysis.
2. **Significantly strengthen Malaysia's social protection system through the adoption of a more comprehensive and inclusive, life-cycle-based approach.** The child-sensitivity of social protection reforms should be prioritized to ensure the rapid eradication of extreme child poverty and reduce relative and multi-dimensional child poverty. Social protection benefits should be adequate to achieve their intended impacts and should be protected from erosion by inflation.
3. **Expedite on-going policy initiatives to ensure that migrant and refugee children, as well as stateless children have access to basic services** such as health and education.
4. **Strengthen Malaysia's social welfare system including** expanding the social service workforce and ensuring that they are adequately trained in order to meet the full range of needs for all vulnerable populations.
5. **Increase access to affordable, high quality child-care for low income families;**
6. **Improve access to documentation for indigenous migratory families** with a view to avoiding exclusion from social services and denial of a wide range of rights that increase risk of poverty;
7. **Strengthen data collection on issues of extreme poverty and human rights and improve stakeholder access to key national datasets** for the purpose of facilitating participatory policy dialogue and effective policy design and evaluation.
8. **Consider introduction of compulsory secondary education** with a view to equipping all school-leavers with the knowledge, skills and capabilities required to succeed in 21<sup>st</sup> Century Malaysia. The government should also consider strategies for incentivizing and enabling access to secondary education for low income households, perhaps through the introduction of a means-tested stipend for secondary school children.

For more information please contact:

Ms. Marianne Clark-Hattingh  
UNICEF Representative for Malaysia, Special Representative to Brunei Darussalam  
United Nations Children's Fund (UNICEF)  
Menara PJH, Level 10, Prescint 2, Putrajaya  
Email: [mclarkhattingh@unicef.org](mailto:mclarkhattingh@unicef.org)

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