

**United Nations Development Programme**



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Speech

**“International Poverty Conference: Poverty and  
Inequality in the 21<sup>st</sup> Century”**

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Yang Berbahagia Dato' Sri Dr Sulaiman Mahbob, Director General of the  
Economic Planning Unit

Your Excellencies, Datuk-Datuk, Distinguished guests, tuan-tuan, puan-puan  
Conference participants and members of the media.

Selamat pagi and selamat sejahtera kepada semua para hadirin sekalian.

A warm welcome to you all, especially participants from PADI member countries who have joined us for this conference – I wish all of you a warm “Selamat Datang”.

I would like to thank Yang Berbahagia Dato' Sri Dr. Sulaiman Mahbob for being here today despite his very busy schedule. We are delighted with the excellent support received from the Economic Planning Unit in organizing this conference. And, we are proud to be associated with EPU to support the achievement of national development goals.

Let me also thank the Centre for Poverty and Development Studies at the University of Malaya and the World Bank Institute for partnering with UNDP in the fight against poverty.

Distinguished guests,

As Professor Jeffrey Sachs recently noted that “even in this age of modernization and technological triumph, more than eight million people around the world die each year because they are too poor to stay alive”.

The world's 50 poorest countries account for 20 per cent of the global population. But this 20 per cent has access to only 2 per cent of the world's income. Put in another way, worldwide, more than 1 billion people continue to live in extreme poverty.

UNDP is committed to reducing global poverty. We bring people together from within and between nations, fostering partnerships and sharing ways to promote participation and cooperation, and accelerating progress towards the Millennium Development Goals (MDGs).

Distinguished guests,

Since independence, Malaysia's economic transformation has been spectacular. In 1957, Malaysia was a low-income, predominantly agricultural and rural economy. Around half of the country's households were living below the national poverty line: much higher levels prevailed in the rural areas. In the period since, rapid economic growth and structural change have transformed Malaysia into a prosperous, urban, and industrialized economy.

Malaysia has a stunning track record in reducing poverty. By the end of the twentieth century, the poverty rate had fallen below 10 per cent, and in 2004 to around 5 per cent. The overwhelming majority of the remaining poor, some 93 per cent, are Bumiputera. Some 75 per cent of the poor are concentrated in just five states, predominantly in the rural areas. Among the poorest are the indigenous communities in the country's two largest states of Sabah and Sarawak, and the rural populations of Trengganu, Kelantan, and Kedah. Most poor persons work in the agricultural sector, often in the sparsely populated areas of these five states.

Lacking modern physical infrastructure, they are less accessible and disconnected from markets. They lack adequate human capital: adequate education, good nutrition, and good health, including reproductive health. With high levels of fertility among these poor households, they appear to be locked in an intergenerational cycle of poverty.

Thus, one reason why households remain in poverty is the demographic trap, whereby impoverished families choose to have many children. Poor families cannot afford to invest adequately in the nutrition, health, and education of each of their children. In Malaysia, the poverty trap has been associated with a demographic trap, with families in the least developed states having the most children.

In a few moments, we will be launching a joint EPU-UNDP publication "*Malaysia: Measuring and Monitoring Poverty and Inequality*". The publication reviews the approaches for measuring poverty and inequality, and gives a detailed account of the methodology used in determining the country's new poverty line.

For the first time, it is possible to determine poverty levels among sub-groups of the population, such as children and women. For example, according to the report, child poverty rates – the proportion of children under age 15 living in poverty relative to all children under 15 in each state- are highest in Sabah at 41.6 per cent, followed by Terengganu at 25.9 per cent, Kelantan at 18.5 per cent and Sarawak at 14.9 per cent. This compares to only 0.8 per cent in Penang and 2.6 per cent in Selangor.

With sustained economic growth resulting in rising income levels and massive reductions in poverty, a lessening of income inequality could be expected to have occurred. But inequality – spatial, and for population groups, is widening.

Malaysia's Gini coefficient of around 0.46 is now the highest in the region. The recent government initiative to open-up development corridors in various regions of the country may help to reverse the trends towards rising inequality.

There is much to be exchanged on these various topics. We hope that this conference will lead to improved evidence-based policies for addressing poverty and inequality within Malaysia and beyond.

I would like to once again, thank Dato' Sri Dr. Sulaiman for being here with us today and I wish all of you a productive conference.

Thank you.