SUSTAINABLE DEVELOPMENT GOALS (SDG) IN MALAYSIA
GOALS 1 (NO POVERTY)
MALAYSIA’S INDICATORS ON SDG RELATED TO POVERTY ERADICATION

18 JANUARY 2023
Agenda

01 Concept of Poverty
02 Concepts and definitions for indicator 1.2.1 and 1.2.2
03 Poverty measurement
04 SDG Table 1.3: Multidimensional Poverty Index by state, Malaysia
05 Multidimensional Poverty Index (MPI) in Malaysia
06 Conclusion
## Concepts of Poverty

### Hardcore Poverty
The concept used for households earned less than food PLI

### Absolute Poverty
Absolute poverty is a situation in which household income is insufficient to meet basic needs of food, shelter and clothing.

### Relative Poverty
Relative poverty takes into account the circumstances in which household incomes are in some cases below half of the median household income.

### Multidimensional Poverty Index
Identify deprivation experienced by household members in multi-dimension besides financing. MPI index value is between 0 and 1.
• In line with the current development and changes in Malaysia development towards developed country the PLI value has been re-evaluated in 2019 based on Cost of Basic Needs. The approach distinguishes between food and non-food component of PLI.

• The Ministry of Health Malaysia (MOH) has reviewed the needs of food items and suggested the concept of optimal and nutritional food. This is based on the Recommended Nutrient Intake 2017 (RNI) and the final draft of the Malaysian Dietary Guidelines (PDM) 2020. The food item is calculated based on dietary required by and individual and converted to food serving as in PDM 2020.

• Among the types of food items recommended are fish, chicken, meat, eggs, legumes, rice, wheat, bread, cereals, vegetables, milk and others.

• As for non-food item consist of basic needs which are clothing & footwear, housing, fuels & utility; furniture & furnishing; transport; education; and health.
**GOAL 1: NO POVERTY**  
**INDICATOR 1.2.1**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>1.2.1 Proportion of population living below the national poverty line, by sex and age</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONCEPTS AND DEFINITIONS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Global</strong></td>
<td>The national poverty rate is the percentage of the total population living below the national poverty line. The rural poverty rate is the percentage of the rural population living below the national poverty line (or in cases where a separate, rural poverty line is used, the rural poverty line). Urban poverty rate is the percentage of the urban population living below the national poverty line (or in cases where a separate, urban poverty line is used, the urban poverty line).</td>
</tr>
<tr>
<td><strong>Proxy</strong></td>
<td>The national poverty rate is the percentage of the total household living below the national poverty line. The rural poverty rate is the percentage of the rural household living below the national poverty line (or in cases where a separate, rural poverty line is used, the rural poverty line). Urban poverty rate is the percentage of the urban household living below the national poverty line (or in cases where a separate, urban poverty line is used, the urban poverty line).</td>
</tr>
<tr>
<td><strong>FORMULA</strong></td>
<td></td>
</tr>
</tbody>
</table>
| **Proxy** | Poverty rate calculation involves all households having monthly gross income below Poverty Line Income. Formula for calculating the Incidence of Poverty (IP) is as follows:  

\[
IP = \frac{\text{Number of households with income below the PLI}}{\text{Total number of households}} \times 100
\]
Path of Poverty Measurement in Malaysia

2019
To ensure that poverty measurement based on PLI is up to date and to accurately reflect the poverty situation, PLI is reviewed in 2019.

2005
The food PLI are determined based on the minimum energy/calorie intake for each household member.

1977
Poverty Line Income (PLI) on the concept of minimum requirement of nutritional and non-food items that are needed for each of the household members to live in a healthy and active life in society.

1965
Sarong Index per capita. A household is categorised as hardcore poor if the value of Sarong Index is below one.

• Poverty measurement is an important factor that policymakers should consider in developing appropriate poverty eradication policies and programs.
Review of PLI in Malaysia

01 1977 PLI reviewed
- The PLI 1977 methodology was extensively reviewed in 2005
- Economic Planning Unit, Department of Statistics, and nutritional experts from local universities in collaboration with the United Nations Development Program (UNDP).

02 Changes in the price items
- 2005 PLI methodology was used in calculating the incidence of poverty.
- Takes into consideration the changes in the price items at the state, urban and rural level.

03 Food PLI (2005 methodology)
- Based on the minimum energy/calorie intake for each household member.
- Food pyramid and balanced diet as suggested by WHO Food and Nutrition Diet Allowance (RDA).*

04 Non-food PLI (2005 methodology)
Real spending patterns based on low-income household groups in the country which includes spending on clothing, housing, transportation, and other non-food goods.

05 2019 methodology PLI
- Key difference for food PLI is in terms of individual nutrient intake.
- Concept of optimum-minimum requirements for an individual/household.
- The non-food PLI items: clothing and footwear, housing, water, electricity, gas, home appliances, health and transportation etc.
Methodology of 2019 PLI

# Food PLI

Example calculation of food PLI based on 1 HH ..

<table>
<thead>
<tr>
<th>Food groups for Malaysian Food Pyramid</th>
<th>Number of servings</th>
<th>Number</th>
<th>Household member</th>
<th>Individual food cost per month (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vegetables and Fruits</td>
<td>Vegetables: At least or more than 3 servings Fruits: 2 servings</td>
<td>1</td>
<td>Father (30 -59 years)</td>
<td>RM344.50</td>
</tr>
<tr>
<td>Rice, other cereals, cereal-based products (preferably wholegrain) and tuber</td>
<td>3-5 servings</td>
<td>2</td>
<td>Mother (30 -59 years)</td>
<td>RM293.55</td>
</tr>
<tr>
<td>Legume Fish Poultry/meat/egg</td>
<td>1 serving 1 serving 1-2 servings</td>
<td>3</td>
<td>Son (13-15 years)</td>
<td>RM299.20</td>
</tr>
<tr>
<td>Milk and milk products</td>
<td>1-2 servings</td>
<td>4</td>
<td>Son (4-6 years)</td>
<td>RM183.70</td>
</tr>
<tr>
<td>Limit intake of fat, oil, sugar and salt</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number</th>
<th>Items</th>
<th>Cost for preparation food per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cooking oil – 5kg (estimated for use of one household)</td>
<td>RM20.85</td>
</tr>
<tr>
<td>2</td>
<td>Ingredients (5% of total household cost per month)</td>
<td>5% x RM 1,120.95 = RM56.05</td>
</tr>
</tbody>
</table>

**Food PLI:**
RM1,120.95+RM20.85+RM56.05 = RM1,197.85
Methodology of 2019 PLI

The non-food PLI..

- The selection of non-food items is based on the expenditure pattern of B20 Household group
- Data Source: HES Survey
- The Classification of basic needs and needs:
  - Clothing and foodwear
  - Housing and utilities
  - Education
  - Health
  - Transport
  - Communication
  - Personal care

The calculation of non-food PLI is made using the following formula:

\[ PLI_{i,t} = \beta_i N_j P_{j,i} \]

- \( \beta \) Constants. The amount of money needed to buy an item if IR resides in Kuala Lumpur
- \( N \) Household size
- \( P \) Price relative based on locality

<table>
<thead>
<tr>
<th>ITEM</th>
<th>2004</th>
<th>2019</th>
<th>CAGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing</td>
<td>6.43</td>
<td>20.64</td>
<td>7.8</td>
</tr>
<tr>
<td>¹Housing</td>
<td>118.90</td>
<td>256.76</td>
<td>5.1</td>
</tr>
<tr>
<td>Durable Item</td>
<td>3.90</td>
<td>11.35</td>
<td>7.1</td>
</tr>
<tr>
<td>Transport</td>
<td>11.61</td>
<td>46.44</td>
<td>9.2</td>
</tr>
<tr>
<td>²Other non-food items</td>
<td>22.27</td>
<td>120.12</td>
<td>11.2</td>
</tr>
</tbody>
</table>

NOTES:
  ¹ Value of \( \alpha \) is 0.475
  ² Other non-food item include health, education and other goods and services
**Findings**

**PLI in Malaysia (2019):**

- **Food PLI:** RM 1,169
- **Non food PLI:** RM 1,039
- **Overall PLI:** RM 2,208

**Poverty Rate:**
- Malaysia: 5.6%
- Urban: 3.8%
- Rural: 12.4%

- The country’s poverty rate has increased from 0.4% (2004 methodology) in 2016 (24,700 households) to 5.6% (405,441 households) in 2019.

- The poverty eradication programmes and initiatives carried out by the government, supported by various parties such as non-governmental and private bodies, have yielded good results.

- However, if the 2019 methodology had been applied for the 2016 calculations, the poverty rate back then would have been 7.6% (525,743 households) instead of 0.4%.

- If measured using the new PLI methodology, the country’s poverty has decreased by two percentage points from 7.6% in 2016 to 5.6% in 2019.
### Poverty Line Income by State, 2016 and 2019 (RM)

<table>
<thead>
<tr>
<th>State</th>
<th>Malaysia</th>
<th>Johor</th>
<th>Kedah</th>
<th>Kelantan</th>
<th>Melaka</th>
<th>Negeri Sembilan</th>
<th>Pahang</th>
<th>Pulau Pinang</th>
<th>Perak</th>
<th>Perlis</th>
<th>Selangor</th>
<th>Terengganu</th>
<th>Sabah</th>
<th>Sarawak</th>
<th>WP KL</th>
<th>WP Labuan</th>
<th>WP Putrajaya</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average HH Size</td>
<td>4.1</td>
<td>4.0</td>
<td>3.9</td>
<td>4.5</td>
<td>4.1</td>
<td>3.8</td>
<td>4.1</td>
<td>3.8</td>
<td>4.2</td>
<td>4.1</td>
<td>4.7</td>
<td>4.7</td>
<td>4.1</td>
<td>3.6</td>
<td>4.7</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>Total PLI</td>
<td>2,141</td>
<td>2,428</td>
<td>2,113</td>
<td>2,054</td>
<td>2,272</td>
<td>1,972</td>
<td>2,274</td>
<td>1,938</td>
<td>2,010</td>
<td>1,950</td>
<td>2,347</td>
<td>2,514</td>
<td>2,108</td>
<td>2,206</td>
<td>2,676</td>
<td>1,980</td>
<td></td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average HH Size</td>
<td>3.9</td>
<td>3.8</td>
<td>3.9</td>
<td>4.4</td>
<td>3.9</td>
<td>3.7</td>
<td>3.8</td>
<td>3.6</td>
<td>3.9</td>
<td>3.9</td>
<td>4.7</td>
<td>4.5</td>
<td>4.0</td>
<td>3.3</td>
<td>4.3</td>
<td>3.8</td>
<td></td>
</tr>
<tr>
<td>Total PLI</td>
<td>2,208</td>
<td>2,505</td>
<td>2,254</td>
<td>2,139</td>
<td>2,375</td>
<td>2,088</td>
<td>2,270</td>
<td>1,989</td>
<td>2,077</td>
<td>1,967</td>
<td>2,022</td>
<td>2,537</td>
<td>2,131</td>
<td>2,216</td>
<td>2,633</td>
<td>2,128</td>
<td></td>
</tr>
</tbody>
</table>
## Incidence of Poverty by Strata and State

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Poor Household</th>
<th>Poverty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Urban</td>
</tr>
<tr>
<td>Malaysia</td>
<td>405,441</td>
<td>223,325</td>
</tr>
<tr>
<td>Johor</td>
<td>33,930</td>
<td>25,460</td>
</tr>
<tr>
<td>Kedah</td>
<td>43,590</td>
<td>29,089</td>
</tr>
<tr>
<td>Kelantan</td>
<td>42,671</td>
<td>16,445</td>
</tr>
<tr>
<td>Melaka</td>
<td>8,852</td>
<td>8,322</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>11,605</td>
<td>7,575</td>
</tr>
<tr>
<td>Pahang</td>
<td>15,057</td>
<td>7,415</td>
</tr>
<tr>
<td>Pulau Pinang</td>
<td>8,423</td>
<td>7,605</td>
</tr>
<tr>
<td>Perak</td>
<td>46,564</td>
<td>33,685</td>
</tr>
<tr>
<td>Perlis</td>
<td>2,304</td>
<td>1,762</td>
</tr>
<tr>
<td>Selangor</td>
<td>18,957</td>
<td>17,181</td>
</tr>
<tr>
<td>Terengganu</td>
<td>15,781</td>
<td>9,774</td>
</tr>
<tr>
<td>Sabah</td>
<td>99,869</td>
<td>40,051</td>
</tr>
<tr>
<td>Sarawak</td>
<td>56,166</td>
<td>17,323</td>
</tr>
<tr>
<td>W.P. Kuala Lumpur</td>
<td>825</td>
<td>825</td>
</tr>
<tr>
<td>W.P. Labuan</td>
<td>731</td>
<td>698</td>
</tr>
<tr>
<td>W.P. Putrajayaya</td>
<td>115</td>
<td>115</td>
</tr>
</tbody>
</table>
INCIDENCE OF HARDCORE POVERTY BY STATE 2016 & 2019

Malaysia

0.6% 0.4%

Poverty Line Income by State, 2016 and 2019 (RM)

<table>
<thead>
<tr>
<th></th>
<th>Malaysia</th>
<th>Johor</th>
<th>Kedah</th>
<th>Kelantan</th>
<th>Melaka</th>
<th>N.Sembilan</th>
<th>Pahang</th>
<th>Pulau Pinang</th>
<th>Perak</th>
<th>Perlis</th>
<th>Selangor</th>
<th>Terengganu</th>
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<th>WP Labuan</th>
<th>WP Putrajaya</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average HH Size</strong></td>
<td></td>
<td>2016</td>
<td></td>
<td>2019</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td></td>
<td>4.1</td>
<td>3.9</td>
<td>4.0</td>
<td>4.5</td>
<td>4.1</td>
<td>3.8</td>
<td>4.1</td>
<td>3.8</td>
<td>4.2</td>
<td>4.1</td>
<td>4.7</td>
<td>4.7</td>
<td>4.1</td>
<td>3.6</td>
<td>4.7</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Food PLI</strong></td>
<td></td>
<td>1,128</td>
<td>1,223</td>
<td>1,132</td>
<td>1,134</td>
<td>1,220</td>
<td>1,146</td>
<td>1,207</td>
<td>974</td>
<td>1,061</td>
<td>1,115</td>
<td>1,226</td>
<td>1,160</td>
<td>1,076</td>
<td>1,099</td>
<td>1,342</td>
<td>974</td>
</tr>
<tr>
<td><strong>Average HH Size</strong></td>
<td></td>
<td>2019</td>
<td></td>
<td>2019</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td></td>
<td>3.9</td>
<td>3.8</td>
<td>3.9</td>
<td>4.4</td>
<td>3.9</td>
<td>3.7</td>
<td>3.6</td>
<td>3.9</td>
<td>3.9</td>
<td>4.7</td>
<td>4.0</td>
<td>3.3</td>
<td>4.3</td>
<td>3.3</td>
<td>4.3</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Food PLI</strong></td>
<td></td>
<td>1,169</td>
<td>1,165</td>
<td>1,214</td>
<td>1,181</td>
<td>1,279</td>
<td>1,216</td>
<td>1,201</td>
<td>1,004</td>
<td>1,102</td>
<td>1,133</td>
<td>1,312</td>
<td>1,179</td>
<td>1,096</td>
<td>1,110</td>
<td>1,319</td>
<td>1,074</td>
</tr>
</tbody>
</table>

**Malaysia**

**2016**

- Johor: 0.3%
- Kedah: 0.5%
- Kelantan: 1.0%
- Melaka: 0.2%
- N.Sembilan: 0.4%
- Pahang: 0.5%
- Pulau Pinang: 0.1%
- Perak: 0.9%
- Perlis: 1.4%
- Selangor: 0.9%
- Terengganu: 3.1%
- Sabah: 1.5%
- Sarawak: 0.4%
- WP KL: 0.0%
- WP Labuan: 0.0%
- WP Putrajaya: 0.0%

**2019**

- Johor: 0.2%
- Kedah: 0.5%
- Kelantan: 1.2%
- Melaka: 0.3%
- N.Sembilan: 0.4%
- Pahang: 0.1%
- Pulau Pinang: 0.1%
- Perak: 0.5%
- Perlis: 0.3%
- Selangor: 0.1%
- Terengganu: 0.2%
- Sabah: 0.0%
- Sarawak: 0.0%
- WP KL: 0.0%
- WP Labuan: 0.0%
- WP Putrajaya: 0.0%
Household Income Estimates and Incidence of Poverty, 2020
DOSM has conducted a study to evaluate the impact of COVID-19 pandemic on household income and poverty for 2020.

Analysis was carried out based on data from Household Income and Basic Amenities Survey (HIS/BA) 2019, focusing on the impact of COVID-19 pandemic to household income.

The 2019 household profile was then adapted with the distribution of 2020 household pattern.

* While the study does not produce a new Poverty Line Income (PLI) value, Thus the 2019 PLI value is maintained.

*The analysis was carried out without conducting the HIS/BA which is usually conducted twice in every five (5) years.

INDICATORS RELATED TO HOUSEHOLD INCOME

1. Average salary and wages
2. Employment structure
3. Economic performance by sector
4. Household demography
5. Value of assistance provided by the government throughout the year 2020
1. The analysis was carried out using data from the Household Income and Basic Amenities Survey (HIS/BA) 2019, using the 2019 household profile which was then adapted with the distribution of 2020 household pattern.

2. This study uses the extrapolation method to estimate household income in 2020.

3. Extrapolation is a forecasting technique or estimating outside observation range based on its relationship with other variables and some known hypothesis data.

4. Based on the international standard definition on household income, aids provided throughout the MCO are not counted as income received because it is not accrued (recurring and definitely received).

5. However, this analysis has taken into account relevant aids to identify the effect of receiving these aids on household or individual income during COVID-19 pandemic.

MAIN INDICATOR

1. Average salary and wages

2. Employment structure by sector

3. GDP contribution by sector

4. Value of assistance provided by the government throughout the year 2020
The household income estimates and incidence of poverty 2020

- Median, mean and growth rate of monthly household gross income on year 2020 at national level is RM5,209 and RM7,089 respectively.
- The median of household income recorded a decrease of negative 11.3% compared 3.9% (2019)
- The mean of household income decrease of negative 10.3% compared 4.2% (2019)
## HOUSEHOLD INCOME BY STATE

<table>
<thead>
<tr>
<th>State</th>
<th>Median (RM)</th>
<th>Mean (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5,873</td>
<td>5,209</td>
</tr>
<tr>
<td>Johor</td>
<td>6,427</td>
<td>5,690</td>
</tr>
<tr>
<td>Kedah</td>
<td>4,325</td>
<td>3,829</td>
</tr>
<tr>
<td>Kelantan</td>
<td>3,563</td>
<td>3,010</td>
</tr>
<tr>
<td>Melaka</td>
<td>6,054</td>
<td>5,447</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>5,005</td>
<td>4,478</td>
</tr>
<tr>
<td>Pahang</td>
<td>4,440</td>
<td>4,033</td>
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<tr>
<td>Pulau Pinang</td>
<td>6,169</td>
<td>5,474</td>
</tr>
<tr>
<td>Perak</td>
<td>4,273</td>
<td>3,759</td>
</tr>
<tr>
<td>Perlis</td>
<td>4,594</td>
<td>4,043</td>
</tr>
<tr>
<td>Selangor</td>
<td>8,210</td>
<td>7,300</td>
</tr>
<tr>
<td>Terengganu</td>
<td>5,545</td>
<td>4,790</td>
</tr>
<tr>
<td>Sabah</td>
<td>4,235</td>
<td>3,773</td>
</tr>
<tr>
<td>Sarawak</td>
<td>4,544</td>
<td>3,831</td>
</tr>
<tr>
<td>W.P. Kuala Lumpur</td>
<td>10,549</td>
<td>9,093</td>
</tr>
<tr>
<td>W.P. Labuan</td>
<td>6,726</td>
<td>6,126</td>
</tr>
<tr>
<td>W.P. Putrajaya</td>
<td>9,983</td>
<td>9,743</td>
</tr>
</tbody>
</table>

### Income based on sources

- **Paid Employment**
  - RM4,090 (2019: RM4,870)
  - Growth Rate: 16.0 per cent

- **Self Employment**
  - RM1,232 (2019: RM1,364)
  - Growth Rate: 9.7 per cent

- **Current Transfer Received**
  - RM737 (2019: RM644)
  - Growth Rate: 14.4 per cent

- Mean and median of monthly household income by national level decreased by 10.3% and 11.3% as compared to previous year.
- **All states** recorded decrease of household income (mean and median).
- **W.P. Putrajaya** recorded the lowest decrease of household income (median & mean).
In the year 2020, estimated that 639,800 households are classified as absolute poor households.

Absolute Poverty

- **Sabah**: 8.4% (2020), 5.6% (2019)
- **Kelantan**: 1.0% (2020), 0.4% (2019)

**Income Inequality**

The national Gini coefficient recorded an increase by 0.004 index points to 0.411 (2019: 0.407)

**Sabah** recorded the highest percentage of 25.3 per cent (2019: 19.5%)

**Kelantan** recorded a significant increase in poverty by 8.8 percentage points to 21.2 per cent from 12.4 per cent (2019)

**Terengganu** recorded increase by 5.9 percentage points to 12.0 per cent from 6.1 per cent (2019)
## GOAL 1: NO POVERTY
### INDICATOR 1.2.2

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>1.2.2 Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</th>
</tr>
</thead>
</table>
| CONCEPTS AND DEFINITIONS | 1) Official multidimensional poverty headcount, by sex, and age (% of population)  
- The percentage of people who are multidimensionally poor  
2) Average number of deprivations (intensity)  
- The average percentage of dimensions in which poor people are deprived  
3) Official multidimensional poverty headcount (% of total households)  
- The percentage of households who are multidimensionally poor  
4) Multidimensional deprivation for children (% of population under 18)  
- The percentage of children who are simultaneously deprived in multiple dimensions of wellbeing |
**Indicator 1.2.2:**
Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Table 1.3: Multidimensional poverty index by state, Malaysia, 2016 and 2019

<table>
<thead>
<tr>
<th>State</th>
<th>Incidence of poverty</th>
<th>Average intensity</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>0.0366</td>
<td>0.0264</td>
<td>0.4147</td>
</tr>
<tr>
<td>Johor</td>
<td>0.0136</td>
<td>0.0064</td>
<td>0.3774</td>
</tr>
<tr>
<td>Kedah</td>
<td>0.0356</td>
<td>0.0226</td>
<td>0.3615</td>
</tr>
<tr>
<td>Kelantan</td>
<td>0.1461</td>
<td>0.0793</td>
<td>0.4142</td>
</tr>
<tr>
<td>Melaka</td>
<td>0.0029</td>
<td>0.0114</td>
<td>0.3517</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>0.0094</td>
<td>0.0055</td>
<td>0.3921</td>
</tr>
<tr>
<td>Pahang</td>
<td>0.0298</td>
<td>0.0147</td>
<td>0.3955</td>
</tr>
<tr>
<td>Perak</td>
<td>0.0227</td>
<td>0.0212</td>
<td>0.3760</td>
</tr>
<tr>
<td>Perlis</td>
<td>0.0091</td>
<td>0.0110</td>
<td>0.3444</td>
</tr>
<tr>
<td>Pulau Pinang</td>
<td>0.0041</td>
<td>0.0021</td>
<td>0.3579</td>
</tr>
<tr>
<td>Sabah</td>
<td>0.1737</td>
<td>0.1427</td>
<td>0.4363</td>
</tr>
<tr>
<td>Sarawak</td>
<td>0.0909</td>
<td>0.0717</td>
<td>0.4278</td>
</tr>
<tr>
<td>Selangor</td>
<td>0.0022</td>
<td>0.0019</td>
<td>0.3800</td>
</tr>
<tr>
<td>Terengganu</td>
<td>0.0142</td>
<td>0.0097</td>
<td>0.3796</td>
</tr>
<tr>
<td>W.P. Kuala Lumpur</td>
<td>0.0004</td>
<td>0.0000</td>
<td>0.3750</td>
</tr>
<tr>
<td>W. P. Labuan</td>
<td>0.0138</td>
<td>0.0059</td>
<td>0.3635</td>
</tr>
<tr>
<td>W. P. Putrajaya</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Source: Household Income and Basic Amenities Survey, Department of Statistics Malaysia

Notes:
0.0000 refers to less than half smallest unit shown
Introduction to SDG Goal 1: No Poverty

**SDG**

A new, universal set of goals, targets, and indicators that UN member state will be expected to use to frame their agenda and political policies over the next 15 years (2016 – 2030).

**Goal 1: No Poverty**

End poverty in all its form everywhere

- **10** Available
- **1** Partially Available
- **2** Not Available

**Indicator 1.2.2**

Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

**MPI**

Currently, Malaysia measures this indicator based on the Multidimensional Poverty Index (MPI) as a complement to the income-based poverty measurement concept to measure the people's poverty level more comprehensively.
Concepts and definitions for indicator 1.2.2

The following 4 series are used to monitor the SDG 1.2.2

1. **Official multidimensional poverty headcount, by sex, and age (% of population)**
   - The percentage of people who are multidimensionally poor

2. **Average number of deprivations (intensity)**
   - The average percentage of dimensions in which poor people are deprived

3. **Official multidimensional poverty headcount (% of total households)**
   - The percentage of households who are multidimensionally poor

4. **Multidimensional deprivation for children (% of population under 18)**
   - The percentage of children who are simultaneously deprived in multiple dimensions of wellbeing
To measure poverty, the measured indicators involve Poverty Line Income (PLI) and Multidimensional Poverty Index (MPI).

**Multidimensional poverty**
- Armenia
- Egypt
- Costa Rica
- Ghana
- Maldives

**Income and living condition**
- Sri Lanka
- Panama
- Pakistan
- Paraguay

**Multidimensional index**
- Greece
- Germany
- France
- Denmark
- Belgium

**Child poverty**
- Malawi
- Angola
- Bhutan
Introduction

• Since 1970’s, poverty was measured using the absolute measure, (headcount) and basic needs (converted into monetary terms) approach, which encompassed all dimensions of basic needs such as food, housing, education, health etc. (components of Poverty Line Income).

Poverty Line Income (PLI)

• Indicate the amount of income required for minimum standard of living for food and non-food items.
• Incorporate comprehensive dimensions of basic needs—food (balanced diet) and non-food (basic needs).
• Data source: Household Income/Basic Amenities Surveys (HIS/BA).

MPI are use:

• To meet the households’ expectation and reflect social mobility using certain cut-off or standards.
• Focus on human dimensions to enhance capability and mobilise human potential.
• To monitor the effectiveness of poverty intervention.
• Improve targeting, identify and focus on priority groups as well as locality and design of development programmes:
  ◊ High impact
  ◊ Efficient and effective resource mobilisation

The development of the MPI complements the existing poverty measurement model which is PLI. The MPI can measure the intensity of poverty in various dimensions, describe the specific non-food needs of each different household also reflect the social mobility and aspirations of the people, in line with the improvement of the standard of living and the socioeconomic development of the country.
UNDP Support for Multidimensional Poverty Index (MPI) Review

To complement the PLI measure, MPI was introduced in 11MP to monitor poverty from multidimensional perspectives.

- Malaysia 2019 MPI improved from 1.1% compared to 1.5% in 2016. While the intensity of deprivation improved to 41.42% (2019) from 41.47% (2016).
- Aim of review is to seek improved data to capture non-income dimensions of poverty – dimensions, indicators and proxy, thresholds and weightage.
- MPI review will be completed for application in HIES/BA 2021/2022.
- The end result of UNDP’s support will be to generate a basic consensus on the issues and priorities to guide MPI revision and push a collaborative agenda to refine concepts, data, methodological and intervention approaches on inequality.
Consist of 3 components

1. **Incidence of poverty**
   - Proportion of people identified as poor on the basis of the multiple deprivations.

2. **Average intensity**
   - Average proportion of (weighted) deprivations poor people.

3. **Multidimensional Poverty Index (MPI)**
   - An index that captures the percentage of households in a country deprived.

Source: Sustainable Development Goals (SDG) Indicators Malaysia, 2021, Department of Statistics Malaysia
Incidence of poverty index

- Incidence of poverty index that above the national average (0.0264) are Sabah (0.1427) and closely followed by Kelantan (0.0793) and Sarawak (0.0717) while other states show the incidence of poverty that below the national average in 2019.

- The incidence of poverty index in all states, except for Melaka and Perlis shows a decrease from 2016 to 2019 where the government's efforts to reduce poverty in Malaysia are increasingly showing positive effects.

Source: Sustainable Development Goals (SDG) Indicators Malaysia, 2021, Department of Statistics Malaysia

Note: 0.0000 refers to less than half smallest unit shown
The average intensity index in most states are below the national average in 2019 which is 0.4142, except in Sabah (0.4361) and Sarawak (0.4222).

Source: Sustainable Development Goals (SDG) Indicators Malaysia, 2021, Department of Statistics Malaysia

Note: 0.0000 refers to less than half smallest unit shown
• Overall, the Multidimensional Poverty Index value in all states is lower than the MPI value at the national level (0.0110), except in Sabah (0.0622), Kelantan (0.0323) and Sarawak (0.0303).

• There were a slight increase in the MPI value of Melaka and Perlis from 0.0010 and 0.0031 in 2016 to 0.0041 and 0.0039 in 2019, respectively.
MPI in Malaysia

Introduction

Advantages of MPI

✓ Portray comprehensive picture
✓ Comparative and replicable
✓ Flexibility
✓ Effectiveness
✓ Working Levels

Challenges of MPI

- Poverty is a complex issue and depends on various factors (monetary and non-monetary).
- Gathering of data for multidimensional indicators can be challenging.
- Large numbers of indicators
- Intra-household inequality is not captured.

MPI formula

\[
MPI = H \times A
\]

- \( H \) = Multi-dimensional poor household incidence
- \( A \) = The average intensity of deprivations in multiple dimensional experiences by the poor household
Here are 4 indicators to develop MPI in Malaysia with equal weight \( \frac{1}{4} \).

**Education**
- **Schooling years** (1/8)
  - *13 to 60 years old that have less than 6 years of schooling*
- **School attendance** (1/8)
  - *6 to 12 years old who did not attend schooling*

**Health**
- **Access to health services** (1/8)
  - *distance to health services over 5 km*
- **Access to clean water supply** (1/8)
  - *besides piped water at home and public water pipe*

**Living standard**
- **Living quarters condition** (1/24)
- **Crowdedness** (1/24)
- **Home toilet utility** (1/24)
- **Access to garbage collection** (1/24)
- **Usage of transportation services** (1/24)
- **Access to basic communication utility** (1/24)

**Income**
- **Monthly household gross income** (1/4)
  - *less than household’s PLI*

Source: Sustainable Development Goals (SDG) Indicators Malaysia, 2021, Department of Statistics Malaysia
Example of MPI calculation
Example of calculating a multi-dimensional poverty index using hypothetical data

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>Total years of schooling</td>
<td>0</td>
</tr>
<tr>
<td>School attendance</td>
<td>0</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td></td>
</tr>
<tr>
<td>Access to health services</td>
<td>0</td>
</tr>
<tr>
<td>Access to clean water supply</td>
<td>1</td>
</tr>
<tr>
<td><strong>Living standards</strong></td>
<td></td>
</tr>
<tr>
<td>State of residence</td>
<td>0</td>
</tr>
<tr>
<td>Room density</td>
<td>0</td>
</tr>
<tr>
<td>Home toilet facilities</td>
<td>0</td>
</tr>
<tr>
<td>Access to garbage collection facilities</td>
<td>0</td>
</tr>
<tr>
<td>Ease of use of transportation</td>
<td>1</td>
</tr>
<tr>
<td>Access to basic communication equipment</td>
<td>0</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
</tr>
<tr>
<td>Gross monthly household income</td>
<td>1</td>
</tr>
<tr>
<td>Intensity of deviation</td>
<td>0.4167</td>
</tr>
<tr>
<td>Poverty line (poverty cut-off &gt; 0.3000)</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Note: Number “1” refers to deprivation and “0” refers to not deprivation.
i. Score the intensity of exclusion ($c_i$) for each household

= Total (household deviation x weighted value of each indicator)

**Household A (IR A)**

$$c_i = (1 \times 1/8) + (1 \times 1/24) + (1 \times 1/24) = 0.4167$$

**Household B (IR B)**

$$c_i = (1 \times 1/8) + (1 \times 1/8) + (1 \times 1/8) + (1 \times 1/24) + (1 \times 1/24) + (1 \times 1/24) + n(1 \times 1/24) + (1 \times 1/4) = 0.7917$$

**Household C (IR C)**

$$c_i = (1 \times 1/8) + (1 \times 1/24) + (1 \times 1/24) + (1 \times 1/24) + (1 \times 1/24) = 0.2917$$

**Household D (IR D)**

$$c_i = (1 \times 1/8) + (1 \times 1/8) + (1 \times 1/24) + (1 \times 1/24) + (1 \times 1/24) + (1 \times 1/4) = 0.6250$$

**Household E (IR E)**

$$c_i = (1 \times 1/24) + (1 \times 1/4) = 0.2917$$
Calculation

ii. The incidence of multidimensional poor households (H)
   = The number of households that experience deprivation in various dimensions / The number of households
   = \( \frac{3}{5} \times 100 = 60\% \ @ \ 0.6 \)

iii. Average household marginalization intensity of various dimensions (A)
   = Total intensity of deprivation of multi-dimensional poor households / Total multi-dimensional poor households
   = \( c^i (IR\ 1 + IR\ 2 + IR\ 4) / 3 \)
   = 0.4167 + 0.7917 + 0.6250 / 3
   = 0.6111

iv. MPI (M) = H \times A
   = 0.6 \times 0.6111 = 0.3666
## Incidence of Deprivation at National Level

<table>
<thead>
<tr>
<th>Strata</th>
<th>Incidence of Multidimensional poverty Households</th>
<th>Average deprivation intensity of Multidimensional poverty households</th>
<th>MPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>0.0366</td>
<td>0.0264</td>
<td>0.4147</td>
</tr>
<tr>
<td>Urban</td>
<td>0.0128</td>
<td>0.0094</td>
<td>0.3843</td>
</tr>
<tr>
<td>Rural</td>
<td>0.1233</td>
<td>0.0938</td>
<td>0.4262</td>
</tr>
</tbody>
</table>
Furthermore, MPI can also assist the Government in identifying areas of concern that need attention instead of income. It is also to ensure that the development programs implemented are more comprehensive and meet the quality of life of the citizens.

The use of MPI that includes a non-monetary dimension will complement the measurement of income-based poverty.

These measures can help identify the poverty level of the people more thoroughly beside the income dimension.
SUPPORT TO GOVERNMENT POLICY
Way Forward: Twelfth Malaysia Plan, 2021-2025

**Addressing Poverty and Narrowing Inequality**

- **Gini Coefficient**: 0.388 (2025)
- **Incidence of Absolute Poverty**: 4.2% (2025)
- **Incident of Relative Poverty**: 15.6% (2025)
- **Multidimensional Poverty Index**: 0.0026 (2025)

**Increasing Income and Standard of Living of B40**

- **Mean Monthly B40 Household Income**: RM4,200 (2025)
- **Median Monthly B40 Household Income**: RM4,300 (2025)
- **Share of Income of B40 from Overall Household Income**: 16.7% (2025)
- **Percentage of Skilled Workers to Total B40**: 13.7% (2025)
MAPPING OF 12TH MALAYSIA PLAN WITH SDG

Theme 1
Resetting the Economy

Chapter 2: Restoring Growth Momentum

Chapter 3: Propelling Growth of Strategic and High Impact Industries as well as Micro, Small and Medium Enterprises

Theme 2
Strengthening Security, Wellbeing and Inclusivity

Chapter 4: Enhancing Defence, Security, Wellbeing and Unity

Chapter 5: Addressing Poverty and Building an Inclusive Society

Chapter 6: Improving Regional Balance and Inclusion

Chapter 7: Enhancing Socioeconomic Development in Sabah and Sarawak

Theme 3
Advancing Sustainability

Chapter 8: Advancing Green Growth for Sustainability and Resilience

Chapter 9: Enhancing Energy Sustainability and Transforming the Water Sector

Chapter 10: Developing Future Talent

Chapter 11: Boosting Digitalisation and Advanced Technology

Chapter 12: Enhancing Efficiency of Transport and Logistics Infrastructure

Chapter 13: Strengthening Public Sector Service Delivery

Policy Enabler 1
Accelerating Technology Adoption and Innovation

Policy Enabler 2
Developing Future Talent

Policy Enabler 3
Enhancing Connectivity and Transport Infrastructure

Policy Enabler 4
Strengthening the Public Service

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ROAD MAP TO UNAVAILABLE SDG 1 INDICATOR
## GOAL 1: NO POVERTY INDICATORS

<table>
<thead>
<tr>
<th>Available</th>
<th>Partially Available</th>
<th>Not Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.1</td>
<td>Proportion of the population living below the international poverty line by sex, age, employment status and geographic location (urban/rural)</td>
<td>1.5.1 Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population</td>
</tr>
<tr>
<td>1.2.1</td>
<td>Proportion of population living below the national poverty line, by sex and age</td>
<td>1.5.2 Direct economic loss attributed to disasters in relation to global gross domestic product (GDP)</td>
</tr>
<tr>
<td>1.2.2</td>
<td>Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</td>
<td>1.5.3 Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015-2030</td>
</tr>
<tr>
<td>1.3.1</td>
<td>Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable</td>
<td>1.5.4 Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies</td>
</tr>
<tr>
<td>1.4.1</td>
<td>Proportion of population living in households with access to basic services</td>
<td>1.a.1 Total official development assistance grants from all donors that focus on poverty reduction as a share of the recipient country’s gross national income</td>
</tr>
<tr>
<td>1.4.2</td>
<td>Proportion of total adult population with secure tenure rights to land, (a) with legally recognized documentation, and (b) who perceive their rights to land as secure, by sex and type of tenure</td>
<td>1.a.2 Proportion of total government spending on essential services (education, health and social protection)</td>
</tr>
</tbody>
</table>

1.b.1 Pro-poor public social spending
MOVING FORWARD
Way Forward

01

Malaysia is conducting the HIES/BA 2022 from January to December 2022. The analysis will be done as early as January 2023, followed by publication in second quarter of 2023.

02

The new PLI will be studied based on HIES/BA 2022 conducted taking into account the impact of the COVID-19 and also changes in population spending patterns after the pandemic.
OVERCOME THE CHALLENGES

Data quality
- Continues meeting/discussion/briefing/seminar
- Discuss the SDG metadata and harmonise data from agencies and ministries
- Partnership with international agency for some indicator development

Awareness
- Promote the concept and importance of SDGs to agencies and communities
- Localizing SDG

Granular Data
- Data centralized, administrative data
- Revise/update current survey questionnaire
- Planning new survey
Line Ministries/Agencies as custodian agency of SDG indicators should lead in SDG Indicators development and data reporting (i.e. MOH and MOE).

Appointment of SDG Focal Person by line Agencies/Ministries.

Data reported to International Agencies by line Ministries/Agencies –DOSM in the loop.

Cooperation with line Agencies to develop partially and proxy indicators to full fledged indicators.

Strengthen the role of Working Committee to ensure the continuous efforts and involvement from Ministries/Agencies in SDG Coordination.
Thank You