

## **New strategy to eradicate hardcore poverty being implemented, says Mustapa**

KUALA LUMPUR: The government is implementing a new strategy to eradicate hardcore poverty, emphasising the need to improve human capital quality and raise household income levels in Malaysia.

Minister in the **Prime Minister's Department of Economic Affairs Datuk Seri Mustapa Mohamed** said the government promotes inclusivity and a whole-of-society approach in formulating and implementing policies.

"As much as the government's short-term policies are important to drive our economic recovery in 2022, it is equally critical that we put in place medium and longer-term institutional reforms to strengthen our resilience," he said in an opening remark at the World Bank Group after launching its latest Malaysia Economic Monitor entitled 'Staying Afloat', here today.

Mustapa said Malaysia's gross domestic product (GDP) growth is expected to reach between 5.5 per cent and 6.5 per cent in 2022, with the further reopening of economic and social sectors and stronger external demand from major trading partners.

The economy is also likely to grow between 3.0 per cent and 4.0 per cent in 2021, after posting a 5.6 per cent contraction in 2020.

"Malaysia's fiscal policy has been expansionary in the past two years. We will continue to be so to ensure the well-being of Keluarga Malaysia."

Mustapa said the government is committed to eliminating hardcore poverty by 2025 by setting up a Poverty Unit under the Economic Planning Unit to coordinate policy matters on poverty alleviation at the national level.

"This unit, together with the Implementation Coordination Unit (ICU), will coordinate strategies and programmes to raise the incomes of the hardcore poor sustainably.

"About five months ago in July, I set up a round table discussion group called the Poverty Circle, which brings together the government, civil society organisations (CSO), corporate bodies, academicians and experts to share their experience in dealing with poverty.

"Six Poverty Circle sessions have since been conducted, and some of their inputs have contributed to the formulation of strategies to eradicate hardcore poverty."

Mustapa said the government would cooperate with the state government, civil society organisations, and the private sector in March next year.

"This allows us to implement hardcore poverty eradication programmes in the poorest localities of Malaysia.

"We will adopt a holistic and targeted approach to eradicate hardcore poverty in about fifty localities throughout Malaysia.

"There is no one-size-fits-all solution for poverty. Instead, our strategies will be tailor-made, based on the unique features of each locality."

Meanwhile, he said Malaysia aspires to be a high-income nation by 2025 and alluded to the World Bank's projections that the country is expected to exceed the threshold that defines a high-income economy between 2024 to 2028.

Mustapa said low wages are issues that need to be addressed to achieve high-income status.

A survey on wages and salaries in July 2021 conducted by the **Department of Statistics (DOSM)** showed that the percentage of workers in Malaysia earning less than RM3000 accounted for 65 per cent of the population.

He added a DOSM study on university graduates in July 2021 revealed a worrying trend of declining numbers of graduates working in the skilled category (professional and managerial positions).

Of the total graduates, about 31 per cent are still working in semi-skilled and low-skilled categories.

"In the 12th Malaysia Plan, our target is to improve the share of Compensation of Employees (CE) to GDP from 37.2 per cent to about 40 per cent.

"If we want to achieve this target, we need more and more Malaysians working in the skilled category."

CE refers to employers' total gross wages paid to employees as a percentage of the country's GDP.

Mustapa said two essential strategies to achieve the goal of 40 per cent CE include - enhancing Malaysia's position as a quality investment destination and improving the marketability of the technical and vocational education and training (TVET) graduates to meet industry demands.

"As a country, we must be honest with where we are and where we must improve. We must critically examine our strengths and shortcomings.

"As outlined in the 12th Malaysian Plan, we have ambitious targets, including eradicating hardcore poverty, increasing income levels, and making Malaysia an investment-friendly location."

<https://www.nst.com.my/business/2021/12/756588/new-strategy-eradicate-hardcore-poverty-being-implemented-says-mustapa>