The Evaluation of Indicators Used For A High Income or Developed Economy

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CONTENT

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Introduction

01

As countries strive for economic progress and improved living standards, understanding the factors that contribute to a high-income or developed economy becomes crucial.
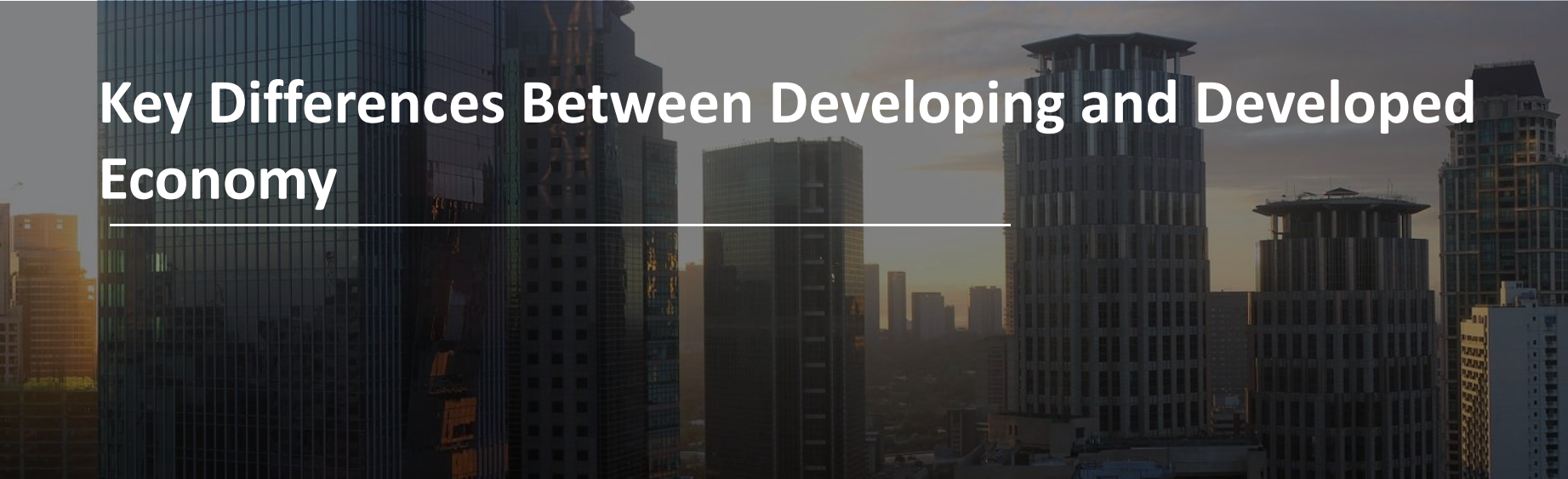
We delve into the key indicators used to assess a nation's economic well-being, technological advancement, and overall quality of life to differentiate between a developing and a developed economy.

From gross domestic product (GDP) to human development indices, we analyse Sarawak and Malaysia's achievements in its journey towards a developed economy.

Sarawak, as a forward-thinking State, encountered its unique set of challenges. However, it has persistently introduced significant transformations aimed at enhancing resource productivity and adding greater value.

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Key Differences Between Developing and Developed Economy

02

Key Differences Between Developing and Developed Economy

Key Differences	Developing Economy	Developed Economy
Income Levels	*Lower per capita income compared to developed economies. *Often characterized by a significant proportion of the population living in poverty.	*Higher per capita income and overall wealth. *A smaller percentage of the population lives in poverty.
Industrial Structure	*Relies heavily on agriculture and low-skilled labor. *Limited diversification into other sectors.	*Diversified economy with a strong presence in services, manufacturing, and technology. *High levels of innovation and specialization.
Infrastructure and Technology	*Basic infrastructure may be lacking or underdeveloped. *Limited access to advanced technology.	*Well-established infrastructure (roads, utilities, communication networks). *High adoption of cutting-edge technology.

Key Differences Between Developing and Developed Economy

Key Differences	Developing Economy	Developed Economy
Education and Healthcare	*Uneven access to quality education and healthcare. *Higher illiteracy rates and lower life expectancy.	*Comprehensive education systems and advanced healthcare services. *Higher literacy rates and longer life expectancy.
Standard of Living	*Lower living standards, inadequate housing, and sanitation challenges. *Income disparities between urban and rural areas.	*Higher living standards, better housing, and improved sanitation. *More equitable distribution of resources.
Global Influence and Trade	*Less influential on the global stage. *May rely heavily on exports of raw materials.	*Significant global influence in politics, trade, and culture. *Diverse export portfolio, including high-value goods and services.
Environmental Impact	*May face challenges related to environmental degradation and resource depletion.	*Strives for sustainable practices and environmental conservation.

Key High Income and Developed Economy Measurements

03

Key Measurements

01 Gross Domestic Product (GDP) per capita

02 Gross National Income (GNI) per capita

03 Human Development Index and Inequality-Adjusted HDI (IHDI)

Key Measurements (1) GDP per capita

Definition

GDP represents the total gross value added by all resident producers in the economy, divided by total population.

Analytical Classification

Classifies economies into low-income, lower-middle-income, upper-middle-income, and high-income groups.

Operational Classification

Used for lending eligibility and repayment terms.

Considerations

Reflects wealth and capacity to provide for citizens.

Ranking of countries by GDP per capita (2023)

GDP per capita (Purchasing Power Parity); international dollars

K - thousand
- $100K and more
- $75K - $99.99K
- $50K - $74.99K
- $35K - $49.99K
- $10K - $34.99K
- Less than $10K

WORLD
| 1 Ireland $145.20K | 2 Luxembourg $142.49K | 3 Singapore $133.89K | 4 Qatar $124.83K | 5 Macao $89.56K | 6 United Arab Emirates $88.22K | 7 Switzerland $87.96K | 8 Norway $82.65K | 9 United States $80.03K | 10 San Marino $78.93K |

EUROPE
| 1 Ireland $145.20K | 2 Luxembourg $142.49K | 3 Switzerland $87.96K | 4 Norway $82.65K | 5 San Marino $78.93K | 6 Denmark $73.39K | 7 Netherlands $72.97K | 8 Iceland $69.78K | 9 Austria $69.50K | 10 Andorra $69.00K |

ASIA
| 1 Singapore $133.89K | 2 Qatar $124.83K | 3 Macao $89.56K | 4 United Arab Emirates $88.22K | 5 Brunei Darussalam $75.58K | 6 Hong Kong $74.60K | 7 Taiwan $73.34K | 8 Saudi Arabia $64.84K | 9 Bahrain $60.60K | 10 South Korea $56.71K |

AMERICAS
| 1 United States $80.03K | 2 Guyana $60.65K | 3 Canada $60.18K | 4 Aruba $49.63K | 5 The Bahamas $43.91K | 6 Puerto Rico $43.84K | 7 Panama $40.18K | 8 Trinidad and Tobago $32.05K | 9 Saint Kitts and Nevis $29.66K | 10 Chile $29.61K |

AFRICA
| 1 Seychelles $39.66K | 2 Mauritius $29.16K | 3 Libya $24.60K | 4 Batswana $19.40K | 5 Gabon $19.20K | 6 Equatorial Guinea $18.51K | 7 Egypt $16.98K | 8 South Africa $16.09K | 9 Algeria $13.51K | 10 Tunisia $13.27K |

OCEANIA
| 1 Australia $65.37K | 2 New Zealand $54.05K | 3 Palau $16.39K | 4 Fiji $15.73K | 5 Nauru $11.34K | 6 Tonga $7.12K | 7 Samoa $6.32K | 8 Tuvalu $5.80K | 9 Marshall Islands $4.67K | 10 Papua New Guinea $4.52K |

Including dependent territories
Source: International Monetary Fund

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High income can be measured using various indicators such as average per capita income or gross domestic product (GDP) per capita above a certain threshold set by organizations like the World Bank.

Vision 2020 used this indicator to achieve a high income status of US$15,000 which may not be adjusted according to the purchasing power parity.

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Key Measurements (2) GNI per capita

Definition
GDP represents the total gross value added by all resident producers in the economy.

Use
Widely used for cross-country comparisons and assessing economic growth.

Significance
It provides insights into the overall economic activity and well-being of residents.
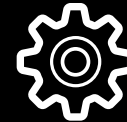
Limitations
Does not account for income distribution, environmental impact, or quality of life.

Fig : Sarawak reaches high income
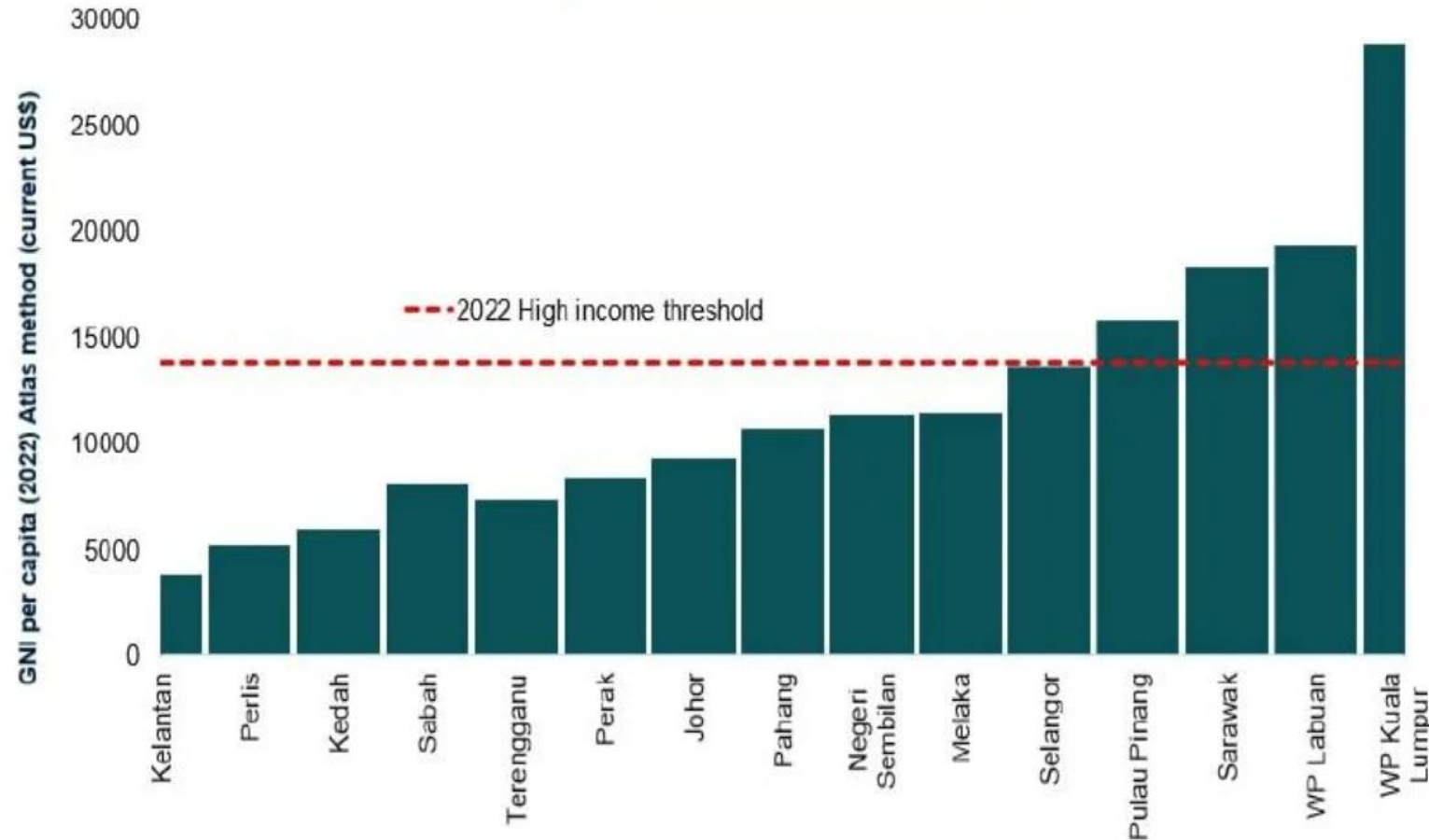
World Bank's latest income classifications :

🏷 low income at under US$1,085,

🏷 lower middle income at between US$1,089 and US$4,255,

🏷 upper middle income at between US$4,256 and US$13,205,

🏷 high income is more than US$13,205.

Source: NST Business, 6 July, 2023

Key Measurements (3) Human Development Index

Definitions

HDI is a metric compiled by the UNDP and used to quantify a country's "average achievement of human development."

Purpose

Measures overall human development beyond just economic factors.

Dimensions

Three basic dimensions of human development: a long and healthy life, knowledge, and a decent standard of living."

Limitations

Does not capture inequality within countries.

Malaysia has HDI at 0.803 (2021) ranked at no. 62 as high human development (HDI=0.755-0.895).

Key Measurements (4) Inequality-Adjusted Human Development Index

Definitions

Incorporates inequality by considering variations in health, education, and income distribution to the HDI.

Adjustment for Inequality

Penalizes inequality, giving more weight to areas where disparities exist.

Dimensions

Incorporates inequality by considering variations in health, education, income distribution and other factors.

Advantage

The IHDI measures the level of human development when inequality is accounted for.

More comprehensive.

The IHDI offers a more nuanced perspective by considering inequality within a country.
Not all countries have IHDI, including Malaysia.

Proposed Measurement of High Income and Developed State of Sarawak

GNI PER CAPITA

IHI INDEX

GDP PER CAPITA

HD INDEX
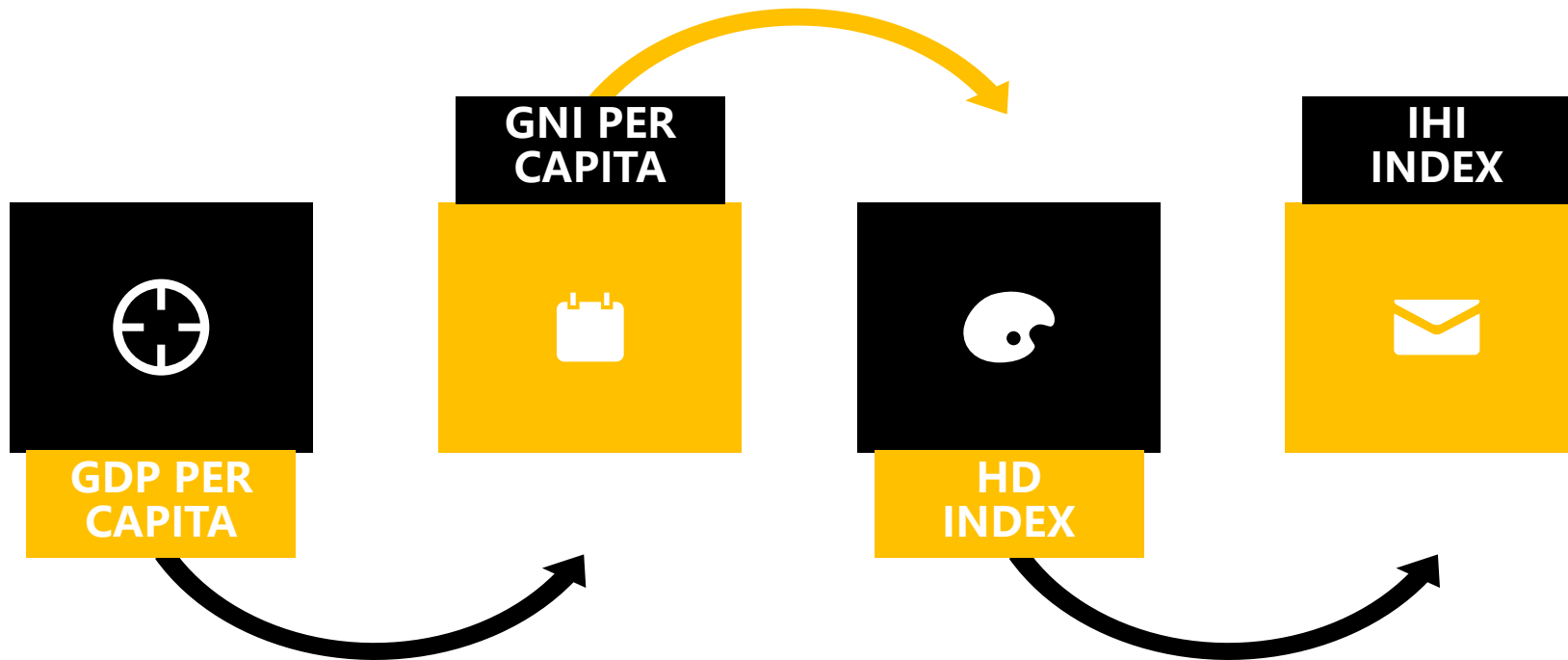
To date, HDIs are calculated at country level. The possibility of measuring HDI and IHDI at State level may be considered.

YOUR TITLE

In summary, while GDP and GNI per capita focus on economic output and income, the HDI takes a broader perspective by incorporating health, education, and living standards. Each indicator serves a different purpose and provides complementary insights into a country's development.

YOUR TITLE

important to note that measuring high income alone does not necessarily indicate overall development or quality of life for citizens in a nation.

The elements of a developed nation include a high standard of living for its citizens, strong economic growth and stability, advanced infrastructure such as transportation and communication systems, access to education and healthcare services, political stability with democratic institutions in place, low levels of corruption, technological advancement and innovation capability. Developed nations also tend to have well-defined environmental policies that prioritize conservation over exploitation. Achieving these elements requires careful planning and investment from both the public and private sectors over time.

Is Sarawak a Developed State?

Add your words here,according to your need to draw the text box size.

04

The Plan has outlined 7 Strategic Thrusts to accelerate economic growth

1 Economic Structure
Transforming Sarawak into a competitive economy by increasing productivity level, developing more high value downstream activities and creating new industries

2 Ease of Doing Business
Improving ease of doing business and making Sarawak an investment destination of choice

3 Targeted Spending
Spending on areas that yield the most economic, social and environmental impacts

4 Optimise Assets & Human Capital
Optimising use of assets and government funding and developing human capital to support socio-economic development

5 Digital & Execution
Accelerating digital adoption and data utilisation to generate outcomes

6 Social Inclusivity
Driving economic and social benefits for all Sarawakians, focusing on impoverishes segment of the population

7 Environmental Sustainability
Balancing economic growth with environmental sustainability

Economic, Social and Environmental well-being for all in Sarawak
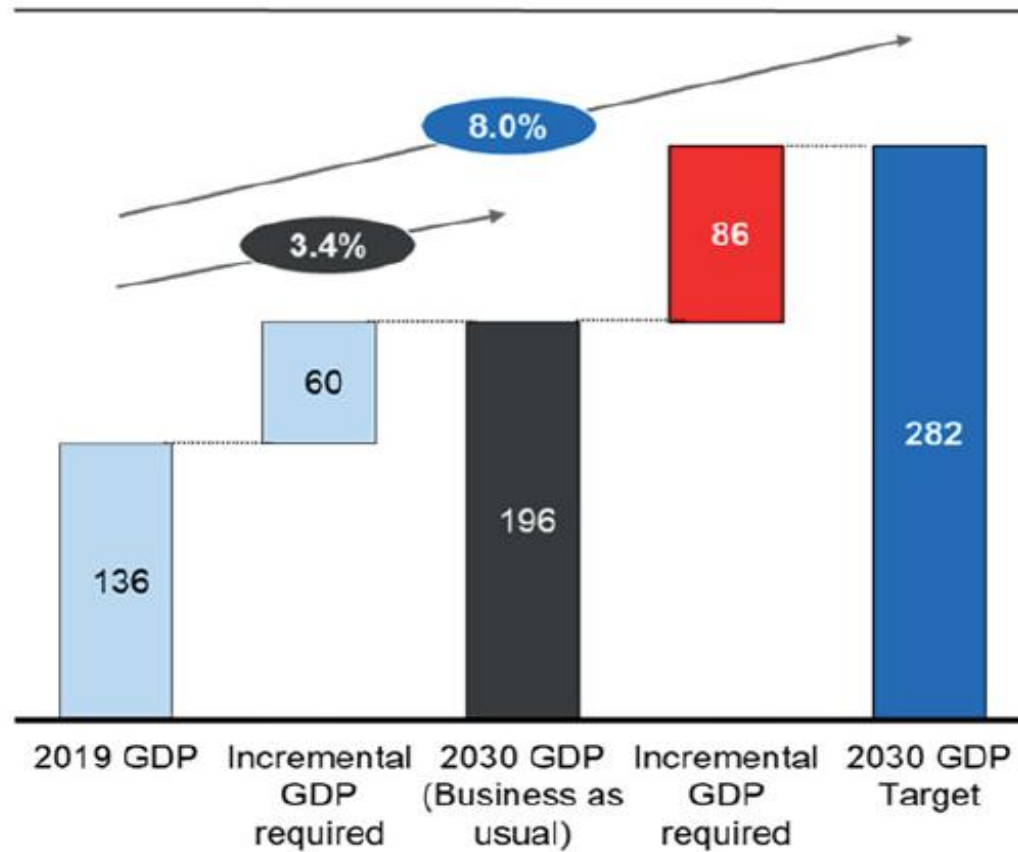
Strategic Thrusts of Post Covid-19 Development Strategy 2030

Source: PCDS 2030 (2021)

To achieve High Income Status by 2030, Sarawak needs to grow on average ~8% per annum

GDP Growth Projection (2020 – 2030)
RM Billion

8.0%

3.4%

86

60

282

196

136

2019 GDP | Incremental GDP required | 2030 GDP (Business as usual) | Incremental GDP required | 2030 GDP Target

Source: PCDS 2030 (2021)

Share of GDP by Sectors, %

2020
2030

Sector	2020	2030	Change
Agriculture	12.5	13.1	+0.6
Mining	22.4	14.8	-7.6
Manufacturing	26.8	29.0	+2.1
Services	34.7	38.9	+4.2

GDP Value by Sector, RM Billion

2020
2030

Sector	2020	2030	Change
Agriculture	16.1	36.9	+20.8
Mining	29.0	41.8	+12.8
Manufacturing	34.7	81.7	+47.0
Services	44.9	109.5	+64.6

Source: PwC Analysis   PCDS 2030

Fig. : Structural change towards services sector and higher value-added industries.

Challenges Faced by Sarawak

05

HOUSEHOLD GROSS INCOME BY STATE

Median
Mean

MALAYSIA

RM6,338
RM8,479

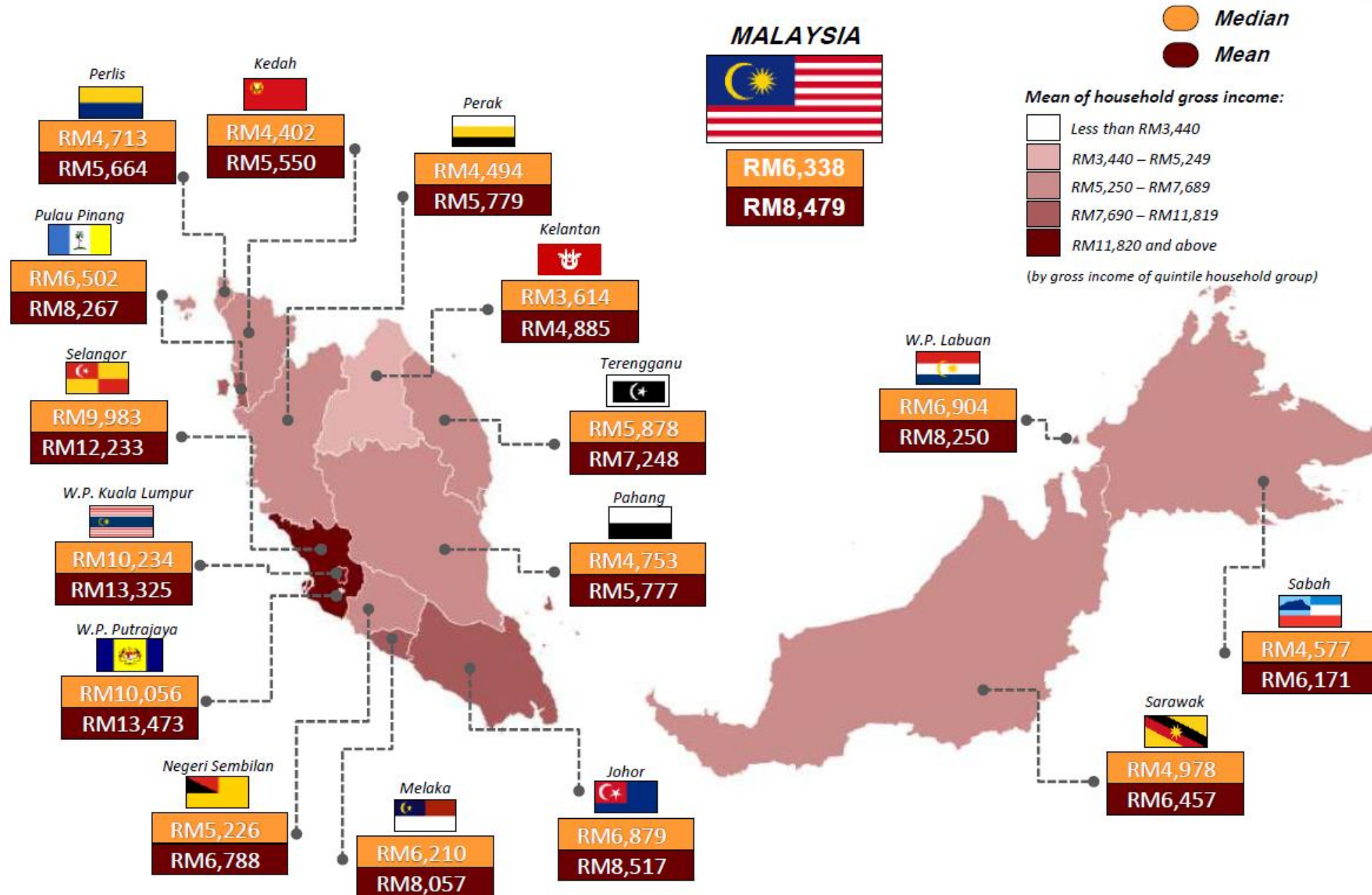**Mean of household gross income:**

	Less than RM3,440
	RM3,440 – RM5,249
	RM5,250 – RM7,689
	RM7,690 – RM11,819
	RM11,820 and above

(by gross income of quintile household group)

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Perlis
RM4,713
RM5,664

Kedah
RM4,402
RM5,550

Perak
RM4,494
RM5,779

Pulau Pinang
RM6,502
RM8,267

Kelantan
RM3,614
RM4,885

W.P. Labuan
RM6,904
RM8,250

Selangor
RM9,983
RM12,233

Terengganu
RM5,878
RM7,248

W.P. Kuala Lumpur
RM10,234
RM13,325

Pahang
RM4,753
RM5,777

Sabah
RM4,577
RM6,171

W.P. Putrajaya
RM10,056
RM13,473

Sarawak
RM4,978
RM6,457

Negeri Sembilan
RM5,226
RM6,788

Melaka
RM6,210
RM8,057

Johor
RM6,879
RM8,517

TOP HOUSEHOLD GROSS INCOME BY ADMINISTRATIVE DISTRICT

(RM)

District	Value		Value	District
Sepang, Selangor	12,608		13,673	Sepang, Selangor
Ulu Langat, Selangor	11,210		13,523	Gombak, Selangor
Gombak, Selangor	10,180		13,386	Ulu Langat, Selangor
Kuala Langat, Selangor	10,093		12,760	Petaling, Selangor
Petaling, Selangor	9,618		11,048	Kuala Langat, Selangor
Bintulu, Sarawak	8,567		10,278	Klang, Selangor
Johor Bahru, Johor	8,232		9,869	Johor Bahru, Johor
Klang, Selangor	8,203		9,645	Bintulu, Sarawak
Ulu Selangor, Selangor	7,678		9,410	Kuala Selangor, Selangor
Kuala Selangor, Selangor	7,644		9,254	Barat Daya, Pulau Pinang

LOWEST HOUSEHOLD GROSS INCOME BY ADMINISTRATIVE DISTRICT

(RM)

District	Value		Value	District
Pitas, Sabah	2,329		3,153	Kecil Lojing, Kelantan
Tebedu, Sarawak	2,579		3,218	Tebedu, Sarawak
Kecil Lojing, Kelantan	2,630		3,395	Pusa, Sarawak
Kanowit, Sarawak	2,648		3,406	Pitas, Sabah
Julau, Sarawak	2,652		3,477	Song, Sarawak
Kota Marudu, Sabah	2,677		3,509	Bukit Mabong, Sarawak
Kuala Krai, Kelantan	2,763		3,548	Julau, Sarawak
Tongod, Sabah	2,856		3,711	Kanowit, Sarawak
Kapit, Sarawak	2,902		3,735	Jeli, Kelantan
Jeli, Kelantan	2,906		3,799	Kuala Krai, Kelantan

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AVERAGE POVERTY LINE INCOME (PLI) BY STATE

Johor
RM2,627
RM2,505

Kedah
RM2,271
RM2,254

Malaysia
RM2,589
RM2,208

Kelantan
RM2,297
RM2,139

Melaka
RM2,670
RM2,375

Negeri Sembilan
RM2,402
RM2,088

Pahang
RM2,480
RM2,270

Pulau Pinang
RM2,250
RM1,989

Perak
RM2,297
RM2,077

Perlis
RM2,140
RM1,967

Selangor
RM2,830
RM2,022

Terengganu
RM2,751
RM2,507

Sabah
RM2,742
RM2,537
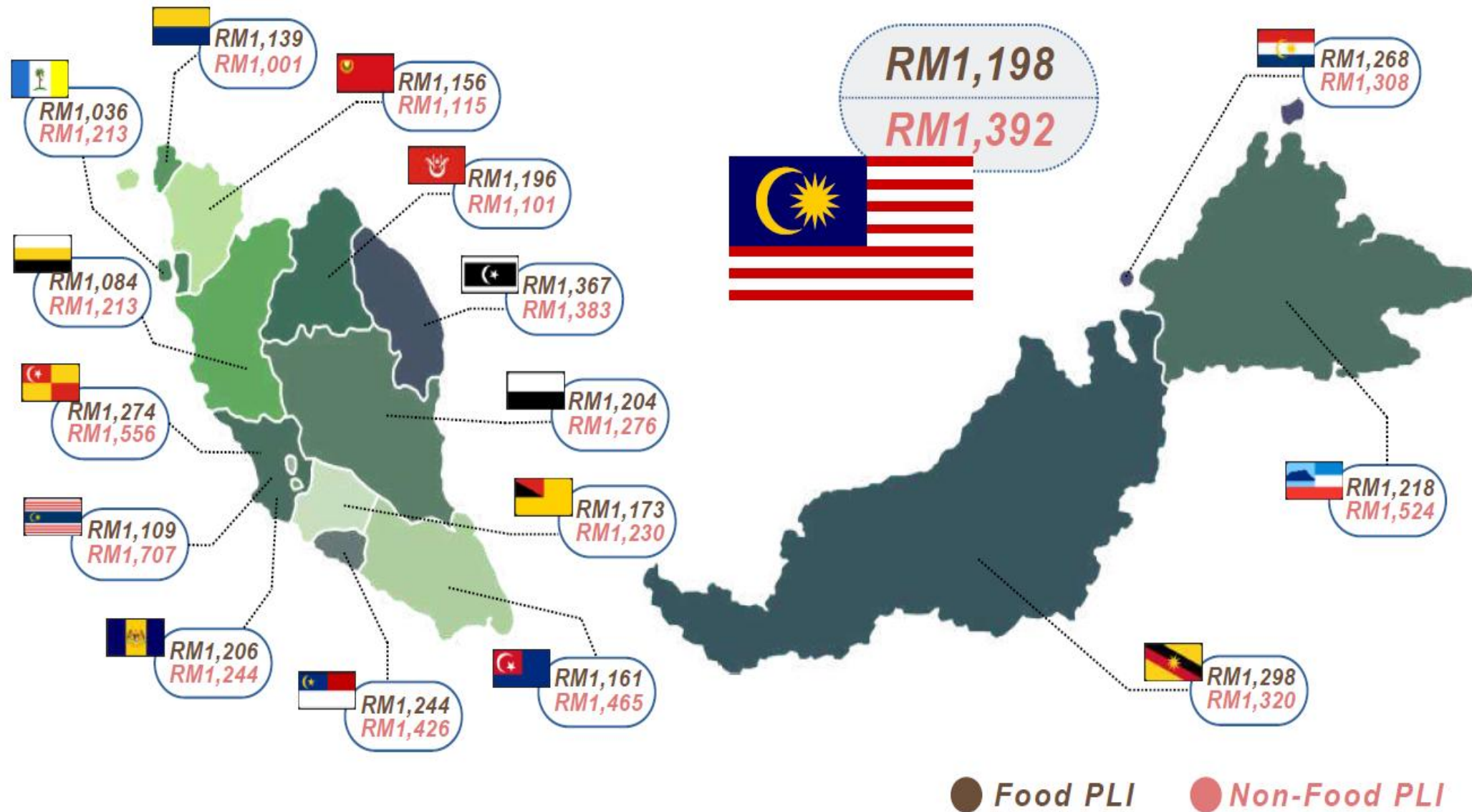
Sarawak
RM2,618
RM2,131

W.P. Labuan
RM2,576
RM2,633

W.P. Kuala Lumpur
RM2,816
RM2,216

W.P. Putrajaya
RM2,450
RM2,128

● 2019 ● 2022

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AVERAGE FOOD AND NON-FOOD PLI BY STATE, 2022

RM1,139
RM1,001

RM1,156
RM1,115

RM1,036
RM1,213

RM1,196
RM1,101

RM1,268
RM1,308

RM1,198
RM1,392

RM1,084
RM1,213

RM1,367
RM1,383

RM1,274
RM1,556

RM1,204
RM1,276

RM1,218
RM1,524

RM1,109
RM1,707

RM1,173
RM1,230

RM1,206
RM1,244

RM1,298
RM1,320

RM1,244
RM1,426

RM1,161
RM1,465

● Food PLI   ● Non-Food PLI
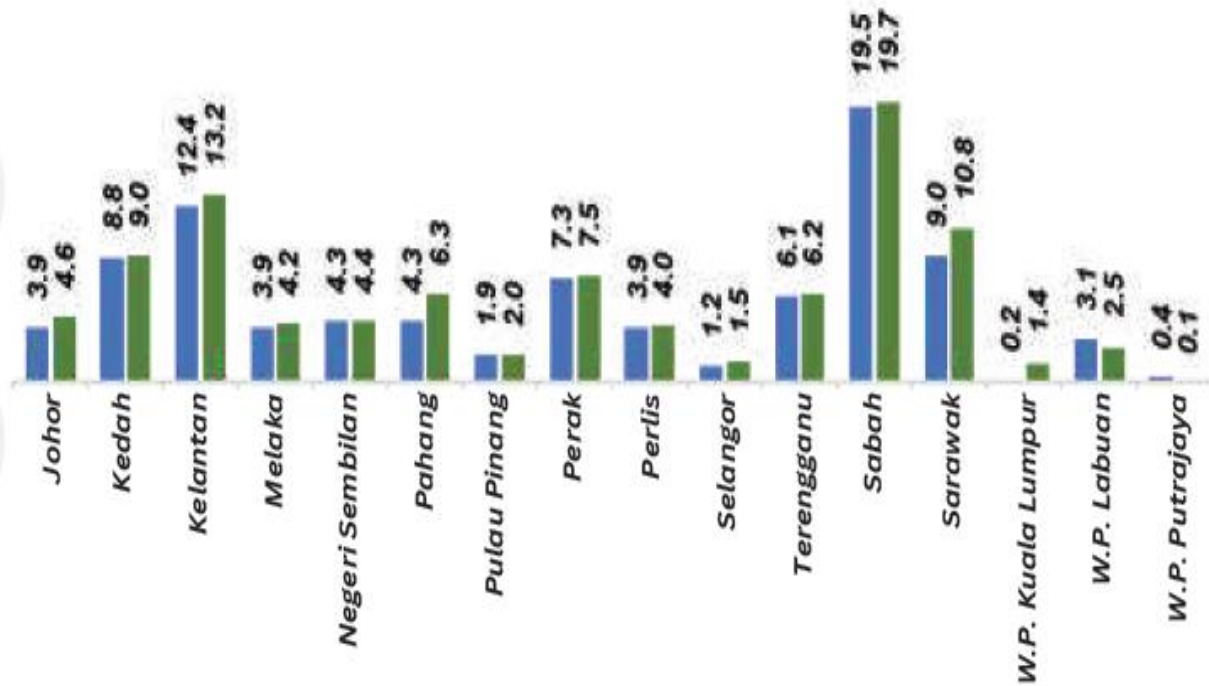
INCIDENCE OF HARDCORE POVERTY BY STATE, STRATA & ETHNIC
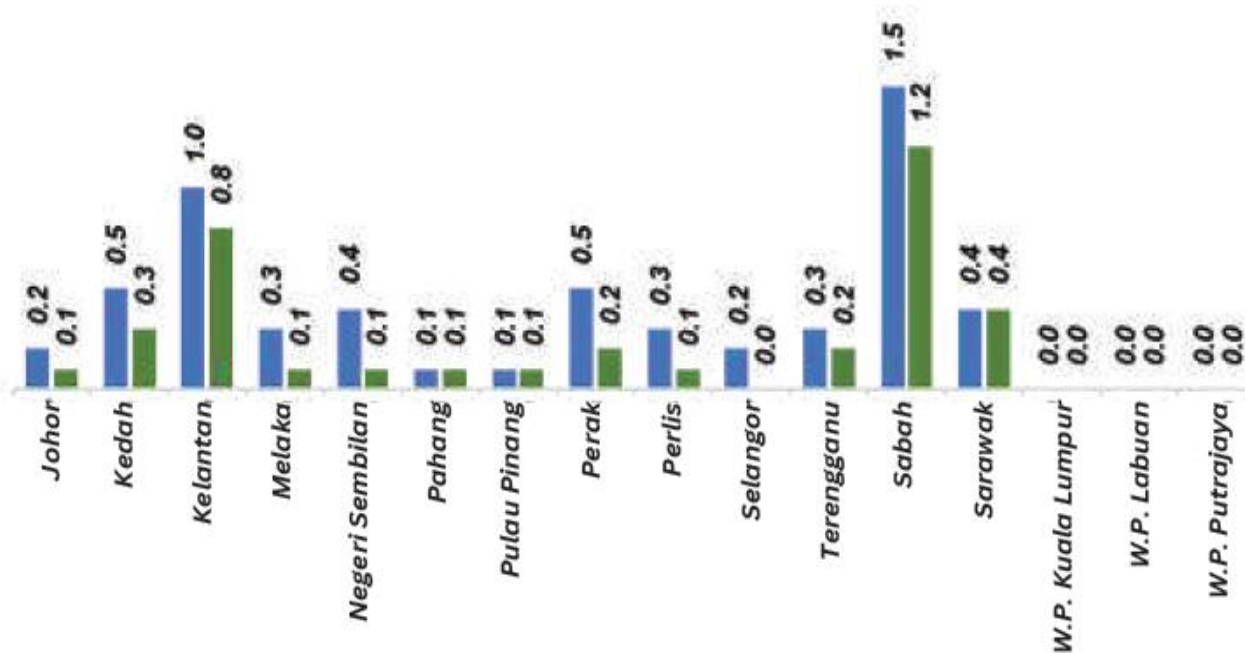
MALAYSIA 0.4 0.2

URBAN 0.2 0.1

RURAL 0.9 0.7

BUMIPUTERA 0.5 0.3

CHINESE 0.1 0.0

INDIANS 0.4 0.1

State values (2019 / 2022):
- Johor: 0.2 / 0.1
- Kedah: 0.5 / 0.3
- Kelantan: 1.0 / 0.8
- Melaka: 0.3 / 0.1
- Negeri Sembilan: 0.4 / 0.1
- Pahang: 0.1 / 0.1
- Pulau Pinang: 0.1 / 0.1
- Perak: 0.5 / 0.2
- Perlis: 0.3 / 0.1
- Selangor: 0.2 / 0.0
- Terengganu: 0.3 / 0.2
- Sabah: 1.5 / 1.2
- Sarawak: 0.4 / 0.4
- W.P. Kuala Lumpur: 0.0 / 0.0
- W.P. Labuan: 0.0 / 0.0
- W.P. Putrajaya: 0.0 / 0.0

◆ 2019 (%)   ◆ 2022 (%)

Note:
• 0.0 less than half the smallest unit shown. For examples, less than 0.05 per cent

Reevaluating the Targets of Developed Sarawak State by 2030

06

Sarawak Agenda to Become a Developed State by 2030

Infrastructure development
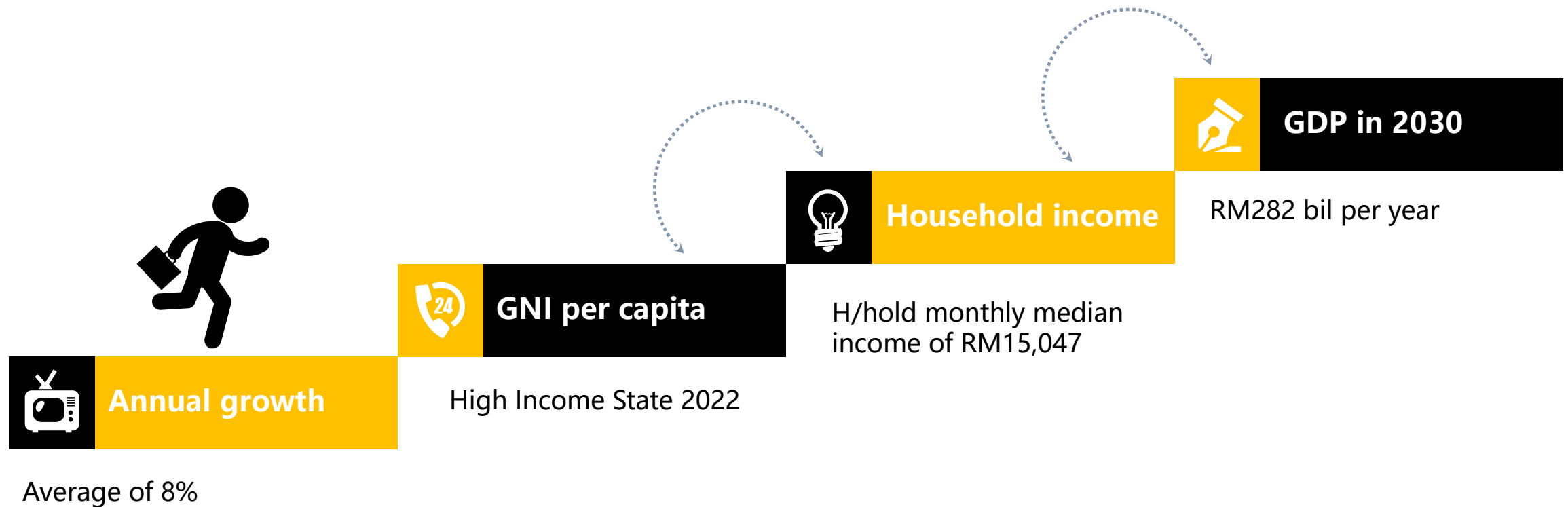Public transportation, highways, and bridges to connect all major towns and cities.

Industrialization
Attractive and sustainable industrial environment to attract investors and create employment

Human capital development
Development of a skilled workforce to meet the requirements of the industrial and knowledge-based economy.

Economic diversification
Diverse economic sectors eg. tourism, agriculture, and manufacturing
-to ensure sustainable growth, and
- reduce reliance on a few sectors.

Environmental conservation
Sustainable policies and practices for natural resource management and conservation to ensure the preservation of the state's ecological balance.

Social development
Provision of comprehensive public services, including healthcare, housing, and social security to improve the overall standard of living of the people.

Can Sarawak achieve all its objective to be become a developed state by 2030?

Annual growth

Average of 8%

GNI per capita

High Income State 2022

Household income

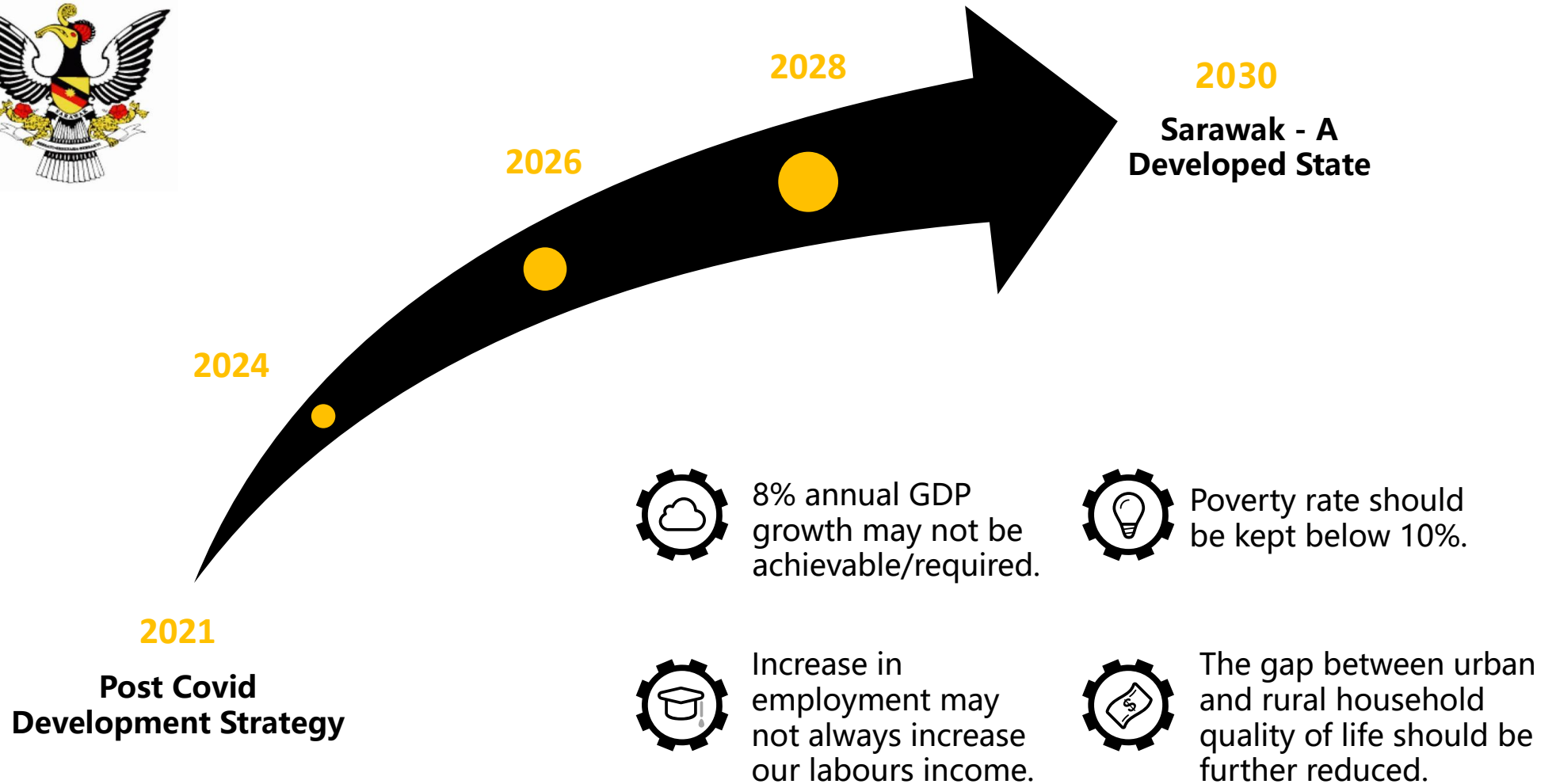H/hold monthly median income of RM15,047

GDP in 2030

RM282 bil per year

Concluding Remarks

07

Achieving the Developed State

2021
Post Covid Development Strategy

2024

2026

2028

2030
Sarawak - A Developed State

8% annual GDP growth may not be achievable/required.

Poverty rate should be kept below 10%.

Increase in employment may not always increase our labours income.

The gap between urban and rural household quality of life should be further reduced.

THANK YOU !