

# **The Daily Engineering & Construction News Malaysia's Road Infrastructure Development**

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1. In addressing the growing demand for infrastructure development, the Government of Malaysia has made considerable progress to expand and modernized its infrastructures throughout the country. This effort is evident by the five-year centralized economic development plan known as the Malaysia Plan whereby public sector infrastructure development consistently hold the largest funding portion. Under the Eleventh Malaysia Plan for 2016-2020, sizeable investment on infrastructure in Malaysia are allocated for transport and logistics sector to boost regional development. Coupled with active participation of private sector in improving the delivery of infrastructure facilities and public service through the Private Finance Initiatives (PFI) Programme that was initiated during the Ninth Malaysia Plan in 2006; integration of road, rail and air services have managed to create seamless and better connectivity for people and goods that further help to boost Malaysia's economy.

2. Based on the Malaysia Trade Performance 2017 Report, Malaysia's total trade increased by 19.4% of RM1.774 trillion compared to RM1.486 trillion in 2016. Increase in trade is expected to further raise the demand of logistics industry and socio-economic need. Amongst the transport and logistics sector, road is the main mode of domestic transport in Malaysia, accounting for well over nine-tenths of all transport in the country. In keeping abreast with the demand, Ministry of Works has established the Highway Network Development Plan (HNDP) to be the main blueprint of road infrastructure planning across Malaysia. HNDP is an extensive study that evaluates and identifies existing road network as well as future road network development, focusing on improving linkages and supporting regional development areas growth.

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3. Under HNPD, the total length of road in the country has increased threefold to 238,790 km from 77,673 km in 2005. Subsequently, the Road Development Index (RDI) which measures the level of road development, taking into account both area and population size of the country, also improved significantly from 0.76 in 2005 to 2.32. According to IMD World Competitiveness Yearbook 2017, Malaysia has reported an RDI of 0.66, an increase of 135% for road coverage and accessibility compared to RDI of 0.28 in 2007. At present, Ministry of Works Malaysia is in the midst of expanding and modernizing the road infrastructure all over Malaysia through several mega projects comprising of 1,336 km of road upgrading and 525 km of new road alignment.

4. To ensure the implementation of any road infrastructure project is aligned with the Quality Infrastructure Investment's principles, various tools and techniques are adopted in Malaysia. The Value Management (VM) process is carried out to ascertain the value and impact of each project. It is a holistic functional analysis in defining, optimizing and meeting the value for money that spans throughout the project life cycle from ideation, design, construction to operation & maintenance. Throughout the VM process, inputs from stakeholders and multidiscipline experts are deliberated; focusing on functionality, cost and quality. VM is also paired with Life Cycle Costing especially in PFI funded projects. Subsequently Outcome Based Analysis is conducted after 5 years of project completion to ensure the projects meet the intended and desired outcome set by the targeted creativity index that measures the impact on the public.

5. Malaysia, being an open economy always thrives to create an investor friendly climate. This could be reflected through Government of Malaysia's efforts in negotiating free trade agreements either at bilateral or regional level. Sufficient assurance is also provided by Government of Malaysia for the committed investments through the concluded FTAs or economic partnerships such as Malaysia-Japan Economic Partnership Agreement (MJEPA). These efforts are with the ultimate intent to invigorate high quality investments into Malaysia. Foreign investments in Malaysia are offered with an array of incentives and no restrictions are imposed on repatriation of capital and profits. Additional special incentives are also provided for industries that are technology intensive and utilizes high technology. The emphasis on nurturing

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business friendly investment environment is reflected in Malaysia's 24<sup>th</sup> rank on World Bank's Ease of Doing Business 2017 index.

6. Involvement of private sector and global economic partners continues to play a significant role in Malaysia, supplementing domestic capacity for further growth and profits. To remain competitive, continuous Government to Government (G2G) engagement in sharing industry knowledge and new technology applications on infrastructure projects are imperative for mutual benefits. Through constant engagement on various regional and international levels, capacity building and human resources development is necessary in ensuring ample supply to meet the needs of Malaysia's expanding construction industry. Strategic public and private sector collaborations in implementation and financing will also further facilitate Malaysia's capital-intensive construction industry.

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