



EUROPEAN CLUSTER  
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# Country factsheet

Malaysia

An initiative of the European Union



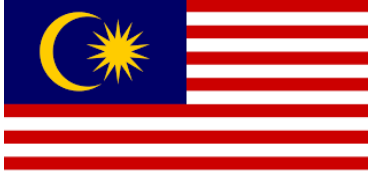


## Content

Introduction .....	3
1. National cluster policy, programmes and initiatives.....	5
2. State of play of cluster policy .....	11
Bibliography.....	11
Annex.....	16



## Introduction



This document presents an overview of the cluster policy in Malaysia. Given the importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country in socioeconomic terms can be consulted in the [OECD Economic Survey: Malaysia 2021](#).

The “Economic Surveys” present the major challenges faced by the country, evaluates the short-term outlook, and makes specific policy recommendations.

Like many other countries, Malaysia was hit hard by the COVID-19 pandemic starting in early 2020. Its past policy prudence has allowed Malaysia to react swiftly and boldly to the public health and economic crisis. Nevertheless, the crisis revealed the necessity of further reforms that Malaysia needs to pursue in order to achieve more inclusive and high growth after the pandemic. Easing government regulations further is crucial to stimulate business dynamism and restore vigorous growth. Accelerating digitalisation will be key for Malaysian firms to become more productive in the post-pandemic era. Along with its further economic development, Malaysia needs to transform itself into a greener economy, further highlighting the significance of policy efforts in supporting SMEs and clusters.

In the following, a succinct overview of the cluster policy in Malaysia will be provided. The structure of this factsheet generally encompasses:

- 1) an overview of the national cluster policy,
- 2) an assessment of the state of play of the national cluster policy.



01

National cluster policy,  
programmes and  
initiatives



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# 1. National cluster policy, programmes and initiatives




In this section we provide an overview of the existing Malaysian cluster policies on a national level.

The breakdown is presented in the form of a table, with the first column showcasing information on the aspects which constitute the policy (beginning with 'Policy Objectives', following with 'Policy Focus', etc.) and the second column representing the case of a Malaysian national cluster policy.


Within the table the text presented in bold (black) depicts standardised categories across country factsheets (56 in total for 2022), which are applied for comparative purposes. This is followed by a complementary descriptive text to provide more insights about the cluster policy in Malaysia.

Policy type:	National Cluster Policy
Policy name:	MSC Cybercities & Cybercentres
<b>POLICY OBJECTIVES</b> 	<p><b>Strengthening cooperation between companies or industry and RTDI actors</b></p> <p><b>Increasing competitiveness and boosting scale up of SMEs</b></p> <p><b>Enhancing the visibility of clusters</b></p> <p><b>Fostering R&amp;D activities, technology development and implementation</b></p> <p><b>Fostering innovation and strengthening innovation ecosystems</b></p> <p><b>Promoting entrepreneurship, start-ups and spin-offs</b></p> <p><b>Promoting employment and upgrading skills and competences</b></p> <p>Based on the concept of industry clustering, Cybercities &amp; Cybercentres are designated areas in which companies from the same sector (especially companies in the field of ICT and ICT-enabled industries) are placed together to spur rapid growth. These companies are housed within a conducive ecosystem to grow their businesses within the framework of Malaysia's developed Digital Economy vision. An environment fostering healthy competition and collaborative networking among technology companies and industry-university linkups encourages innovation and development while increasing competencies on national and regional levels.</p>
	<b>Sectoral</b>






Policy type:	National Cluster Policy
Policy name:	MSC Cybercities & Cybercentres
<b>POLICY FOCUS</b> 	<p>MSC Malaysia Cybercities and Cybercentres are designated areas with a conducive business environment that provide the ecosystem to attract ICT investors and promote the growth of local ICT companies.</p>
<b>RESPONSIBLE AUTHORITIES</b> 	<p><b>In charge of drafting</b></p> <p><b>In charge of implementation</b></p> <p><b>Provides funding</b></p> <p><b>Oversees the implementation</b></p> <p>Malaysia Digital Economy Corporation (MDEC) is a unique government-owned corporation under the jurisdiction of the Ministry of Communications and Multimedia Malaysia, established to facilitate the development and promotion of MSC Malaysia, the premier Malaysian ICT initiative. MDEC is tasked to advise the Malaysian Government on ICT legislation and policies, develop MSC Malaysia as a key growth driver of the economy and set breakthrough standards for ICT and multimedia operations. MDEC also promotes MSC Malaysia locally and globally, as well as supports companies which are located within the MSC Malaysia designated areas. As in essence, MSC Malaysia Cybercities/Cybercentres are meant to house MSC Malaysia status companies, they will also be partner to the MDEC.</p>
<b>BENEFICIARIES</b> 	<p><b>SMEs</b></p> <p><b>Cluster organisations</b></p> <p><b>Research organisations</b></p> <p><b>Academic institutions</b></p> <p><b>Start-ups</b></p> <p><b>Large firms</b></p>




Policy type:		National Cluster Policy
Policy name:		MSC Cybercities & Cybercentres
		<p><b>General population</b></p> <p><b>Policy makers</b></p> <p>The State Government will benefit from the Cybercity/Cybercentre status as the respective city can be a new magnet to draw investments and entrepreneurs into the state, which will help to fuel local economic growth. All MSC Malaysia Cybercities/Cybercentres must adhere to certain standards of infra and infostructure, level of service quality, as well as living and working conditions. Through these requirements, the residing communities will gain the benefits of improved and high-quality standards of living through the enhancement and development of new infrastructure and high value employment and entrepreneurial opportunities. Companies would benefit from the conducive business environment with world class infrastructure offered in a Cybercity/Cybercentre. In addition, technology companies could leverage on the value-adding services and support by the Cybercity/Cybercentre Managers (CCM). Locating in a cluster of similar companies would also promote accelerated growth through collaborative networking among technology companies and industry-university linkups. The CCM will be able to leverage on the marketing effort and other services offered by MDEC in attracting potential MSC Malaysia status companies. Future linkup and collaborative networks with other MSC Malaysia Cybercities/Cybercentres will enable best practices to be developed and thus enhance the Cybercity/Cybercentre's competitiveness.</p>
<b>INSTRUMENTS</b> 	<b>Financial</b>	
	<b>Technical assistance</b>	<p><b>Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc.</b></p> <p><b>Support for networking and partnership building (at national and/or international level)</b></p> <p><b>Marketing activities: advertising, communication, events, fairs, and so on</b></p>
	<b>Explanation</b>	<p>Cybercities/Cybercentres provide conducive business environments with world class infrastructure as well as value-adding services and support by the Cybercity/Cybercentre Managers (CCM). The sources do not state what kind of services exactly are offered. The MSC Malaysia Cybercity/Cybercentre status will further be marketed by the MDEC which is expected to result in more high value entities locating in the designated premises. This will lead to a higher chance of collaborative networking among technology companies and industry-university linkups.</p>
	<b>Period</b>	<b>Limited period</b>



Policy type:		National Cluster Policy
Policy name:		MSC Cybercities & Cybercentres
<b>HISTORY</b> 	<b>Ending year</b> <i>(for policies with limited period)</i>	2020 (but policy status is ongoing)
	<b>Starting year</b>	1996
	<b>Explanation</b>	The planned end date for the MSC Malaysia program, which also includes the Cybercity/Cybercentre program, was 2020. However, the references give the strong impression that MSC Malaysia is being continued under the name of Malaysia Digital.
<b>BUDGET</b> 	<b>Overall</b>	The sources do not provide information on the amount of the funding budget.
	<b>Annual</b>	The sources do not provide information on the amount of the funding budget.
	<b>Source of funding</b>	The sources indicate that funding comes from both the public and private sector.
<b>POLICY EVALUATION</b> 	<b>Availability</b>	<b>No policy evaluation</b>
	<b>Results</b>	-





Policy type:	National Cluster Policy
Policy name:	MSC Cybercities & Cybercentres
<b>POLICY ALIGNMENT WITH THE EU PRIORITIES</b> 	<b>Digitalisation</b>

02

## State of play of cluster policy



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## 2. State of play of cluster policy

This section presents an overview of the state of play of Malaysian cluster policy in the form of a quantitative and qualitative assessment. The data below illustrates how the country ranks in terms of **maturity of cluster policy at the national level**. The maturity assessment is based on a combination of factors presented in Chapter 1, which receive a score based on the existence or absence of a given element in the cluster policy.

**Note:** The maturity assessment does not reflect the performance of a country, but only the degree of development of their national cluster policy at the moment of data collection (Q3 2022). The assessment illustrates how the country scores for each of the four criteria (policy scope, continuity of cluster policies, evidence of performance, cluster support instruments) compared to the maximum score that they can reach. Please refer to the Annex for a detailed overview of the categories and the scoring system.

The table below presents an overview of the **maturity assessment for Malaysia** for 2022. The total score of Malaysia is 3 points out of 8.

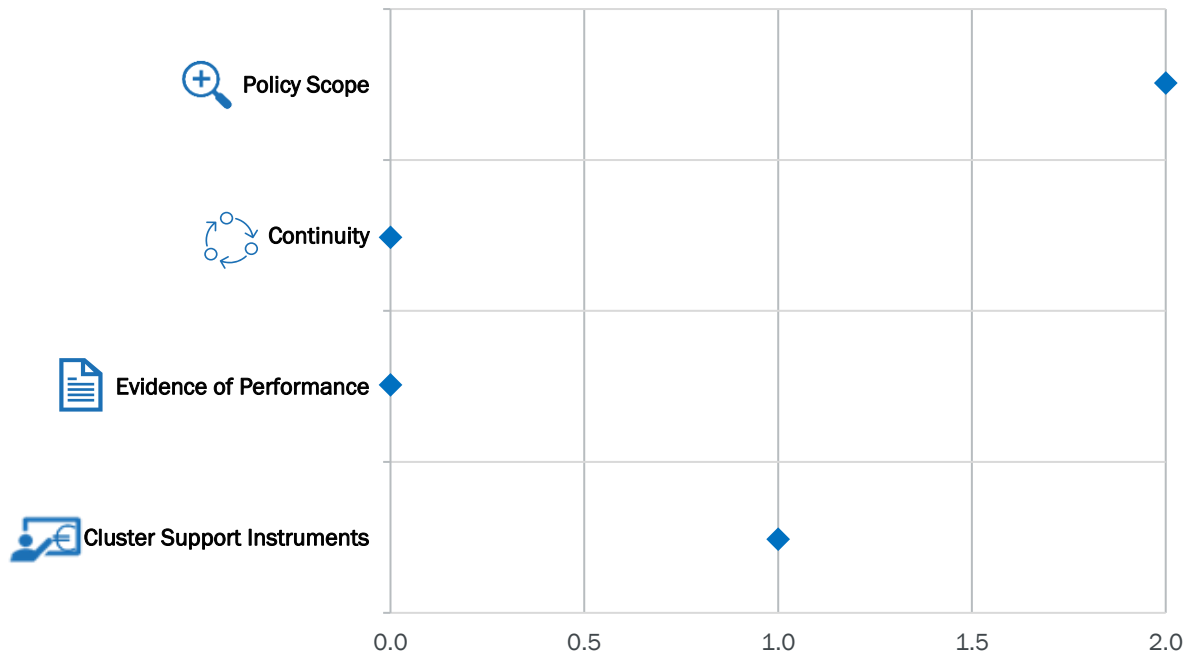
MALAYSIA	MATURITY ASSESSMENT	Max score	Actual score
<b>POLICY SCOPE</b>	Absence of cluster policy	0	
	Broad policy	0,5	
	Sectoral policy	1	
	National and/or regional cluster policy	2	<b>2</b>
<b>CONTINUITY</b>	No cluster-specific policy available	0	<b>0</b>
	Cluster policy established recently	0,5	
	Cluster policy established between over 2 and 10 years	1	
	Cluster policy established over 10 years ago	2	
<b>EVIDENCE OF PERFORMANCE</b>	No evaluation and / or monitoring available	0	<b>0</b>
	Existence of evaluations of past policies	0,5	
	Existence of monitoring or an ongoing / interim evaluation	1	
	Existence of monitoring and ex-ante or ongoing / interim evaluation	2	
<b>CLUSTER SUPPORT INSTRUMENTS</b>	No instruments for cluster development	0	
	Financial support for cluster development in the broader and / or sectoral policy	0,5	
	Financial or technical support for cluster development in dedicated cluster policy	1	<b>1</b>
	Financial and technical support for cluster development in dedicated cluster policy	2	
<b>TOTAL (8)</b>			<b>3</b>

Source: ECCP (2022)



Drawing from the table above that showcases the scored points in Malaysia's cluster policy, the Figure below portrays the **degree of maturity** across four categories related to the national level cluster policy.

**Figure 1: Maturity of cluster policy - Malaysia**



Source: ECCP (2022)

The text below provides a **qualitative description** of the state of play of the cluster policy in Malaysia, which is complementary to the maturity assessment presented above.

### **Policy scope**

The development and strengthening of clusters is only mentioned in broad national industrial and/or development policies.

### **Continuity**

The Malaysian government acknowledges the importance of clusters in several documents. One of the first documents emphasising the development of industrial clusters was the second Malaysia Industrial Master Plan 1996-2005. The third Industrial Master Plan 2006-2020 again highlights and promotes research-based industrial cluster development on the national and regional (ASEAN) level. The document also mentions developing clusters in the automotive, petrochemicals, furniture and textile industry. It furthermore commits to the facilitation and encouragement of the development of domestic and regional cluster, but no concrete measures are mentioned.



### **Evidence of Performance**

For all the broader national policies (e.g., Industrial Master Plans, Malaysia Plan) no official evaluation is available.

### **Cluster Support Instruments**

The Malaysian Cluster offers different technical support instruments on a national level such as the provision of infrastructure, for instance coworking spaces, offices, incubation and accelerator spaces, research centres and technology parks. In addition, there is support in networking and partnership building at national and/or international level is and help with marketing activities such as advertising, communication, events and fairs.

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## Annex

Criterion of maturity assessment	Description	Scoring (points between 0 and 2)
<b>Policy scope</b>	assessment whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies, e.g. foreign trade policies, labour and social policies or specific sectoral policies, e.g. industrial policy tourism policies, agriculture policies	<p><b>absence of cluster policy = 0</b></p> <p><b>existence of broader policies = 0,5</b></p> <p><b>existence of specific sectoral policies = 1</b></p> <p><b>existence of targeted cluster policies = 2</b></p>
<b>Continuity of cluster policies</b>	assessment of the duration and experience of the country in carrying out cluster policies. This criterion assesses only existence of targeted cluster policies and not broader policies or sectoral policies	<p><b>absence of policies supporting cluster development = 0</b></p> <p><b>cluster policy established recently (within the last 2 years) = 0,5</b></p> <p><b>cluster policy established between over 2 and 10 years = 1</b></p> <p><b>cluster policy established over 10 years ago = 2</b></p>
<b>Evidence of performance</b>	assessment whether there are evaluations of past and ongoing policies and a monitoring system in place. The existence of monitoring and evaluation mechanisms determines the degree of policy development in the country	<p><b>no evaluation and / or monitoring available = 0</b></p> <p><b>existence of evaluations of past policies, e.g. ex-ante = 0,5</b></p> <p><b>existence of monitoring or an ongoing / interim evaluation =1</b></p> <p><b>existence of monitoring and ex-ante or ongoing / interim evaluation =2</b></p>
<b>Cluster Support Instruments</b>	assessment whether the policies provide any instruments to support the policy implementation, being these financial and/or technical support	<p><b>no instruments for cluster development =0</b></p> <p><b>financial support for cluster development in the broader and / or sectoral policy = 0,5</b></p> <p><b>financial or technical support for cluster development in dedicated cluster policy = 1</b></p> <p><b>financial and technical support for cluster development in dedicated cluster policy = 2</b></p>

Source: ECCP (2022)