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> " A lack of IT skills in domestic customers limits growth. People tend to go with the well-known multinational products. The irony is that the domestic products are often accepted overseas."
> —*CEO, Malaysian software company*

> " The government must educate Malaysian society, reaching out to people from all walks of life, on the importance of technology, especially the Internet."
> —*Malaysian marketing executive*

Malaysia ranks thirty-sixth in Readiness for the Networked World, though its vision may surpass that mark by several degrees. The Malaysian government is placing its hopes for continued growth on a strategy of government-led policies and initiatives aimed at attracting high-end foreign investment and a transition to a knowledge economy (Ranking in ICT as Government Priority: 11). The plan, outlined as early as 1996, permeates all aspects of the Malaysian economy and society, including initiatives in telemedicine, e-government, education, and industry. Malaysia's Vision 2020 is one of the most aggressive and comprehensive ICT plans in the world, and faces one of the greatest challenges: using ICTs to address the economic development hurdles of a highly rural developing country.

The best-known element of the Malaysian ICT strategy has been the Multimedia Super Corridor (MSC), an ultra high-technology business city built outside Kuala Lumpur and now home to more than 540 companies.[1] First conceptualized in 1996 with the intention of attracting foreign ICT and service companies and stimulating internal growth in the ICT and media industries, MSC included such concessions as a ten-year tax holiday, expedited work visas for skilled immigrant workers, and duty-free import of ICT equipment. Though the MSC Founder Members include CEOs from such global high-technology giants as Microsoft, Sun, and Oracle, the MSC has yet to attract large facilities from any large multinationals, nor has it fostered many internationally successful local ICT start-ups (Ranking in Effectiveness of Government ICT Programs: 30).

In e-government, plans are underway to use ICT-based initiatives in procurement, an electronic labor exchange, and internal process improvements (Ranking in e-Government micro-index: 45). In addition, the capitol and major administrative buildings will be moved to Puterajaya in the MSC to symbolize the national need for ICT progress and to take advantage of superior information infrastructure. In one of the first pilot projects, Government Multipurpose Smart Cards are being administered in Kuala Lumpur and the MSC for identity and social services cards, giving users access to driver's licenses, passports, e-cash facilities, medical information, and key public information.

Due to operational struggles and the Asian financial crisis, the Smart Schools project is behind schedule on its pilot for connecting ninety schools, likely delaying completion of a full 8,000-school rollout (Ranking in Internet Access in Schools: 42).[2] Additionally, the education system faces challenges to its administration of an ICT education. It is estimated that more than 1,000 schools in rural areas lack electricity. Illiteracy rates are at about 14 percent.[3, 4] Small-scale projects, such as Internet-equipped buses that visit rural schools, have shown success in exposing residents and students to ICT, but they do not provide long-term training and are limited in scale.[5]

Access to telephony and the Internet remains limited among the general population, especially outside Kuala Lumpur. The telecommunications industry was officially deregulated in 1996, but Telekom Malaysia continues to dominate, especially in fixed-line telephony (Ranking in Effect of Telecommunications Competition: 38). Although local telecommunications operators offer Internet access for less than their own cost, Internet penetration is still lower than in some neighboring countries. The Government of Malaysia has responded with programs such as the National Internet Literacy Campaign (NILC), which establishes local telecenters in urban and rural areas, charging area residents a nominal fee for a week of training on the use of PCs and the Internet.

Key Facts

Population	23,300,000
Rural population (% of total population) 1999	43.34 %
GDP per capita (PPP)	US$8,924
Global Competitiveness Index Ranking, 2001–2002	30
UNDP Human Development Index Ranking, 2001 (adjusted to GITR sample)	43
Main telephone lines per 100 inhabitants	19.92
Telephone faults per 100 main telephone lines	46.00
Internet hosts per 10,000 inhabitants	29.33
Personal computers per 100 inhabitants	10.31
Piracy rate	66.00 %
Percent of PCs connected to Internet	2.84 %
Internet users per host	54.21
Internet users per 100 inhabitants	15.90
Cell phone subscribers per 100 inhabitants	21.31
Average monthly cost for 20 hours of Internet access	US$16.00

RANK

Networked Readiness Index	**36**
Network Use component index	**35**
Enabling Factors component index	**38**
Network Access	**42**
Information Infrastructure	35
Hardware, Software, and Support	49
Network Policy	**34**
Business and Economic Environment	36
ICT Policy	31
Networked Society	**45**
Networked Learning	44
ICT Opportunities	39
Social Capital	52
Networked Economy	**38**
e-Commerce	42
e-Government	45
General Infrastructure	28