



**THIRD REGIONAL POLICY DIALOGUE
CIRDAP
“RURAL TRANSFORMATION AND POVERTY
REDUCTION–MALAYSIA’S SUCCESS STORY”**

JOINTLY ORGANIZED BY :

**MINISTRY OF RURAL AND REGIONAL DEVELOPMENT,
GOVERNMENT OF MALAYSIA AND CENTRE ON INTEGRATED
RURAL DEVELOPMENT
FOR ASIA AND THE PACIFIC (CIRDAP)**

**27th – 30th April 2009
Berjaya Langkawi Beach & Spa Resort, Langkawi, Kedah
MALAYSIA**

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I. ORGANISING COMMITTEE

Advisor : **Dato' Abd Jabar bin Che Nai**
Secretary General, MRRD

Chairman : **Ms Nursiah bt Arshad**
Deputy Secretary General, MRRD

Committees Members :

- Strategic Planning Division
- Administration Division
- Management Information Division
- Corporate Communication Unit
- Poverty Alleviation Division
- Rural Economy Division
- Finance Division
- INFRA
- KEDA
- LADA
- KEMAS
- FELCRA
- RISDA
- FELDA

Secretariat: **Strategic Planning Division, MRRD**

- Ms. Zainon binti Md. Nasir
- Mr. Hamidi bin Zakaria
- Ms. Raha binti Hamidon

Rapporteurs :

- Ms. Rubiyah binti Abd. Rahman (INFRA)
- Mr. Hamidi bin Zakaria (MRRD)
- Mr. Yusmazy bin Md. Yusup (INFRA)
- Mr. Mohd. Tarmizi bin Abd Hamid (INFRA)
- Ms. Rashidah binti Ibrahim (MRRD)
- Mr. Mohd Sufian bin Mohd Saifuddin (MRRD)
- Mr. Hizan bin Wahid (MRRD)
- Ms. Sharifah Begum Arabjan (INFRA)
- Ms. Siti Saleha binti Dahlan (INFRA)

II. BACKGROUND

The Centre on Integrated Rural Development for Asia and The Pacific or CIRDAP is an inter-governmental institution established on 6th July 1979 at the initiative of the Asia Pacific countries. With its Head Office in Dhaka, Bangladesh, CIRDAP's membership covers 14 Asia Pacific countries, namely Afghanistan, Bangladesh, Philippines, India, Indonesia, Iran, Lao PDR, Malaysia, Myanmar, Nepal, Pakistan, Sri Lanka, Thailand and Viet Nam.

CIRDAP's main role is to improve the cooperation among member states in efforts to rural development and poverty alleviation through Integrated Rural Development (IRD). It also takes vigorous steps to improve networking among CIRDAP members, enabling common problems faced by rural communities, such as low income, lack of health and education, social amenities and infrastructure, to be dealt with and hopefully solved together.

The Fifteenth Governing Council Meeting (GC 5) held in Dhaka, Bangladesh on 29th September to 3rd October 2005 acknowledged and agreed to the need to initiate a Policy Dialogue among member states. In line with this, the first and second Policy Dialogues were held in Dhaka, Bangladesh and Manila, Philippines, respectively. For the third Policy Dialogue, CIRDAP has requested Malaysia's cooperation to host the dialogue themed "**Rural Transformation and Poverty Reduction- Malaysia's Success Story**".

Dialogue participants comprise:

- Minister and Secretary General of each CIRDAP member state.
- 8 CIRDAP representatives.
- 2 foreign resource persons.
- 5 CIRDAP Evaluation Committee (CEC) members.

- 7 local speakers/resource person from The Economic Planning Unit, Implementation Coordination Unit, Prime Minister's Department, Ministry of Agriculture and Agro-Based Industries, Department of Town and Country Planning, FELDA, MARA and local participants.

III. OBJECTIVE

The objectives of this Dialogue are as follows:

- To provide a platform for discussing issues, exchanging ideas and experience and promoting better understanding on poverty reduction efforts in CIRDAP members countries;
- To establish networking among policy makers and practitioners in the area of poverty reduction; and
- To document effective policies and best practices in transforming the rural area into a productive area and ways to reduce and eradicate poverty.

CIRDAP THIRD REGIONAL POLICY DIALOGUE
RURAL TRANSFORMATION AND POVERTY REDUCTION-
MALAYSIA'S SUCCESS STORY

27th – 30th April 2009
Langkawi, Malaysia

SUMMARY OF PROCEEDINGS

1. The Third Regional Policy Dialogue on “Rural Transformation and Poverty Reduction – Malaysia’s Success Story” was held in Langkawi, Kedah, Malaysia from 27th to 30th April 2009. The three day Dialogue was officiated by the Honorable Dato’ Seri Haji Mohd. Shafie bin Haji Apdal, Minister of Rural and Regional Development Malaysia.

2. The participants of this Dialogue were from the 14 CIRDAP member countries namely Afghanistan, Bangladesh, The Philippines, India, Indonesia, Iran, Lao PDR, Malaysia, Myanmar, Nepal, Pakistan, Sri Lanka, Thailand and Viet Nam. Also present were representatives from CIRDAP and foreign Resource Persons / Expert from Japan and India. The aim of this Dialogue is to enable the senior policy makers such as Ministers and Secretaries General of the Ministries related to rural development and poverty alleviation from CIRDAP member countries, to be exposed directly and to experience first hand the successful rural development and transformation in Malaysia.

HIGHLIGHTS OF THE SPEECH BY DR. DURGA P. PAUDYAL
Director General
Centre on Integrated Rural Development for Asia and The Pacific (CIRDAP)

3. Dr. Durga P. Paudyal started his speech by saying that idea for a series of Regional Policy Dialogue was mooted during the 1st Dialogue held in Dhaka in 2005. It was felt that important lessons could be learnt from how Malaysia was able to achieve rural development and reduce poverty.
4. CIRDAP requested the Government of Malaysia to host a dialogue on Malaysia's success story to enable member countries to learn from her journey towards rural development to what it is today.
5. Besides the sharing of experience, the Dialogue was conducted to provide direct exposure of Malaysia's experience to the senior policy makers such as Ministers and Secretaries of the Ministries related to rural development and poverty alleviation.
6. He also mentioned that the CIRDAP Evaluation Report found that more needs to be done to make a visible impact in rural development and poverty alleviation in its member countries. At the National level, rural development institutions which are the CIRDAP Link Institutions often suffered due to lack of priority and resources.
7. With the emergence of new players in rural development such as INGO, NGO, Micro Finance institutions and donors, more resources have been channeled to them. Unfortunately, these players only focus on more accessible areas. Communities were divided according to their proponents

and as a result, serious problems in coordination, synergy and sustaining efforts of various agencies emerged.

8. Therefore the CIRDAP Evaluation Committee (CEC) recommended that CIRDAP develop a new vision based on close partnerships between CIRDAP member countries and donors. Rural development institutions need to be strengthened to generate comprehensive knowledge and provide effective services to design and implement rural development policies and programs.
9. The CEC also recommended for CIRDAP to play the role as a regional platform for the organization of rural development policy dialogues and mutual learning so that more multi-sectoral research can be conducted to generate comprehensive knowledge. Frequent policy dialogues should also be organized to discuss emerging policies issues and collaborative cooperation in specific areas of interests.
10. He ended his speech by informing the participants that the 16th Governing Council Meeting in Manila and the Special Governing Council Meeting in New Delhi have decided to hold the 2nd Ministerial Meeting in Dhaka, Bangladesh from 8-12 November 2009.
11. The full text of the speech is attached as **Annex 1**.

HIGHLIGHTS OF THE SPEECH BY THE CHAIRPERSON OF GC-16
H.E NASSER C. PANGANDAMAN
Secretary, Department of Agrarian Reform, Republic of the Philippines

12. H.E Nasser C. Pangandaman, Chairperson of GC-16 began his speech by welcoming all the participants from CIRDAP member countries to the official inauguration ceremony of the Third Regional Policy Dialogue. He also expressed his appreciation on behalf of the CIRDAP Governing Council to the government of Malaysia for hosting this Dialogue titled “Rural Transformation and Poverty Reduction: Malaysia’s Success Story”.
13. In his speech, he also highlighted how Malaysia with a population of approximately 27.7 million was able to move towards industrialization, while still maintaining agriculture as a vital part of its economy. This was made possible with aggressive promotions towards achieving high technology, knowledge-based & capital intensive industries, farm mechanization, and improvement of energy markets. Malaysia has been able to remain competitive in the global market.
14. H.E. posed a question on how Malaysia was able to achieve an impressive transformation and how the participants can learn from this experience during this Dialogue. In spite of the various efforts taken by many countries, significant results are yet to be seen. Countries other than Malaysia such as Thailand, India and Vietnam have also taken some critical pathways in their effort to alleviate poverty. This can be shared with other member countries by creating new platforms for discussion, partnerships and networks.
15. Finally, H.E. concluded by urging the participants to learn as much as possible from the Malaysian experience and share experiences among themselves for the benefit of all CIRDAP member countries.

The full text of H.E Nasser C. Pangandaman's speech appears in **Annex 2**.

OPENING SESSION

HIGHLIGHTS OF THE INAUGURAL SPEECH BY DATO' SERI MOHD SHAFIE BIN HJ APDAL Minister of Rural and Regional Development, Malaysia

16. The Honorable Minister of Rural and Regional Development, Malaysia Dato' Seri Mohd Shafie bin Hj Apdal officiated the Dialogue on 28th April 2009.
17. The Minister welcomed the delegates to the Dialogue.
18. Within 50 years of independence Malaysia has managed to transform the rural areas from an area fraught with poverty, and poor or non existent infrastructure to one with a highly equipped developing infrastructure and a growing range of social amenities as well as medical and educational facilities.
19. Besides existing efforts, the government has also introduced new monitoring initiatives, namely.
 - The establishment of a committee tasked with streamlining and monitoring poverty alleviation programs at all levels, called the Poverty Alleviation Focus Group.
 - Setting up of a centralized database on the profiles of the poor and hardcore poor to ensure planned programs and projects reach them accordingly.

- This database enables poverty mapping to determine areas with incidences of poverty.
20. The Agropolitan Project, an integrated Land development project with the objective of improving socio-economic position and standards of living of the hard core poor has been successfully implemented in the states of Sabah and Pahang, while the projects in other states are well underway.
21. Three components are identified as the cornerstones of these projects, namely:
- The provision of basic infrastructure, such as electricity, water and roads.
 - The creation of income generating projects.
 - The development of human capital.
22. The greatest challenge for Malaysia is not only to sustain the ongoing developments, but to build on the foundations already established. This has led to the introduction of the 1 Malaysia concept, announced by the Prime Minister, advocating that the nation should progress holistically, i.e. enjoyed by all regardless of religion or ethnicity.
23. The economic downturn experienced by the world at large has led us to formulate policies, strategies and measures to hedge the poor from its impact, since they are the most vulnerable group exposed to this phenomenon.
24. Malaysia does not write off its rural areas, namely the small towns and villages, but recognizes their potential as an integral part of the nation's human capacity asset.

25. We recognize that to curtail the rural urban drift, a promising social and economic environment must be created to engage the young people in the rural areas.
26. Looking ahead, to achieve the above aspirations, the following *development concepts* must be introduced in addition to the current ongoing infrastructure enhancements:
 - Ensure that education is not only accessible but of a quality that will raise achievements.
 - Seek innovative ways to promote a wider range of economic activities, and thus local jobs and career opportunities.
 - Change the mindsets of not only the rural people but more importantly, the policy implementers.
27. In the future, the Minister aspires to see a more commercial approach employed to rural business development using modern techniques, particularly the ICT.
28. The Agricultural sector should be moving towards exploiting world markets with high quality value added products that meet and surpass western food safety requirement standards.
29. The Minister stressed that what he has elucidated above, does not necessarily require more funds to be deployed, but the willingness to change the way we work, i.e. by using an entrepreneurial approach towards implementing policies on the ground.
30. He further presented a brief background on CIRDAP before wishing the participants a fruitful Dialogue and officiating the CIRDAP Dialogue On Rural Transformation and Poverty Reduction – Malaysia’s Success Story.

31. The full text of The Honorable Minister Of Rural And Regional Development of Malaysia's speech appears in **Annex 3**.

PAPER PRESENTATION

**Highlights of Paper 1:
RURAL DEVELOPMENT AND POVERTY ERADICATION IN MALAYSIA
Presented by Mr. Muhamad bin Idris
Economic Planning Unit, Prime Minister's Department, Malaysia**

32. The topic covered in the presentation are as follows:
- Rural Development and Poverty Eradication Strategies which has three time horizon ; Pre-NEP Period, During the NEP Period and Post NEP Period;
 - Progress achieved in Rural Development and Poverty Reduction; and
 - Issues and Challenges.
33. The implementation of the National Economic Policy (1971-1990) was the turning point in Malaysia's rural development, which successfully changed the economy of Malaysia.
34. During the Pre-NEP, rural development became the key focus in the Malaysian Economic Policy. More than three quarter (70%) of the rural population engaged in agricultural activities while the other 30% came from major commodity such as rubber, palm oil, coconut, and cocoa.
35. The high incidence of poverty during this period amounting to 60% of the population were from rural areas whereby the majority came from the agricultural sector.

36. The Rural Economic Development Plan (RED Book) was introduced in the First Malaysia Plan (1956-1960) which emphasized on a balanced rural development approach and the building of basic infrastructures and institutions (such as RIDA) to provide linkages to the rural economy while improving productivity and income.
37. Subsequently the Agricultural Development Policy was introduced during the Second Malaysia Plan (1961-1965) focusing on export oriented commodities/the agricultural sector, the reorganization and mobilization of institutions and efforts in opening of new land, development of estates and farms as well as provision of employment opportunity.
38. Due to the May 1969 racial riot, the government developed a new policy to correct the imbalanced development among states, regions, ethnic group, urban and rural areas. This new policy called The New Economic Policy was created to ensure equity and stability for stronger national unity.
39. The main objectives of the NEP were:
 - To eradicate poverty and restructure society;
 - To improve the quality of life in the rural areas; and
 - To narrow the development gap between rural and urban areas.
40. The NEP was targeted to reduce poverty to 21.6% and increase Bumiputera equity ownership from 2% to at least 30% by 1990.
41. After the NEP (1990-2000) the strategies applied for rural development were:
 - Modernization of agriculture sector and rural areas.

- Stimulation of the growth of rural industries, particularly SME's.
 - Increase accessibility and improve the quality of infrastructure and services (education, health etc).
 - Empowerment of communities.
42. Some of the poverty eradication strategies deployed after the NEP were:
- Target specific hardcore poor.
 - Set the target to fully eradicate hardcore poor and halve the poverty (2.8%) by 2010.
 - Focus on states and districts with higher number of poor and hardcore poor especially in rural areas and among the minority groups.
 - Corridor development SDC, NCER, ECER, IDR, and SCORE.
43. The speaker later highlighted that the percentage of the poor households in rural areas has decreased in 1970 from 58.6% to 7.1% in 2007.
44. Several issues and challenges mentioned by the speaker were:
- Uncertainty and commodity price crash.
 - Accessibility to the infrastructure facilities especially in Sabah and Sarawak.
 - High cost for rural infrastructure development.
 - Economic uncertainty and slowdown.
 - Sustainability of income generating projects.
 - Encourage greater role for the NGO's and the private sector.
45. Full text of the paper appears in **Annex 4**.

Q & A Session

Q : Referring to the data given (page 11 from the slide), there was a decreasing trend from the year 1970 to 2003 but in 2004 the incidence of poverty and the number of poor households in rural areas recorded an increase. What caused the increase in the year 2004?

A : In the year 2004 the percentage of poverty increased from 11.4% to 11.9% due to slowing down of the economy which affected poverty eradication efforts.

Q : What is the difference between rural development and poverty eradication?

A : In order to develop the rural areas and alleviate poverty, the most important thing is to have growth. Without sufficient growth, nothing can be done. Growth is a prerequisite for rural development and poverty alleviation.

Q : What is the model used in rural poverty?

A : The method of reorganizing and mobilizing local institutions to focus on rural development were used in poverty alleviation programs. For example Majlis Amanah Rakyat (MARA) took over the responsibility from RIDA and focuses only on education and entrepreneurship.

Highlights of Paper 2
INSTITUTIONAL ASPECTS OF RURAL DEVELOPMENT POLICY
IMPLEMENTATION AND COORDINATION PROCESS
Presented by Ms Normi Nordin
Implementation Coordination Unit, Prime Minister's Department

46. The presentation covered 5 areas, namely the Structure of the Malaysian Government, National Development Plan, Rural Development Policy and Poverty Reduction, Planning, Implementation, Coordination, Evaluation Mechanism, and lastly Outcomes Monitoring.
47. The speaker moved on to say that the development cycle in Malaysia consisted of 3 stages which are planning, evaluation and implementation.
48. The Integration of the National Development Planning is most critical since it is at this stage that the priorities and strategies to be implemented are identified.
49. The Malaysian Government Policy encouraged bottom-up and top down planning approach which involved federal, state and district authorities. Each level of authority has its own councils and committees.
50. Next, the speaker moved on to speak on the Malaysian development efforts covering the 10 five-year development plans, 3 Outline Perspective Plans (OPP) and 3 national policies.
51. The Implementation Coordination Unit acts as the centre for government planning, implementation, coordination and evaluation machinery. This machinery covers the federal, state and district levels in the formulation of policies and programs.

52. Next the speaker explained that various action councils are involved in discussing issues and programs to be implemented at the national level down to the village levels. Then the speaker highlighted the strategies undertaken in the New Economic Policy of Malaysia.
53. Moving on, the speaker talked about national performance, targets, and initiatives by showing some graphs and figures. She then proceeded to talk about the system used by the government of Malaysia to monitor every projects implemented by the ministries and agencies.
54. The speaker concluded the session by highlighting the country's future aspirations from the aspect of program monitoring and evaluation.

Q & A Session

Q: How does the government ensure coordination and integration among NGOs and private sectors in the formulation of policies and programs?

A: NGOs and private sectors are able to assess the development plans of the country through the IAPG council where these sectors highlight their views and concerns on the matter.

Q: How much was spent on the evaluation process?

A: There is no doubt that the evaluation process involves a lot of efforts and allocations. However, from the point of view of ICU, this process is an on-going process.

Q: *In the 5 year plans, how does the government manage various ministries' involvement and avoid duplication of work?*

A: **All ministries are given specific areas under which they operate thus duplication of work can be avoided.**

Q: *Does the database used cover small scale as well as large scale projects?*

A: **Big projects under the ministries and agencies are being captured by the system and being reported regularly as they progress. However, small scale and ongoing projects requiring immediate action will not be reported in the database.**

Highlights of Paper 3
INFRASTRUCTURE AND RURAL DEVELOPMENT
Presented by Madam Zainon bte Md Nasir
Ministry of Rural and Regional Development, Malaysia

55. The speaker explained that her presentation covers the following areas:
- Policies dictating rural development.
 - Important milestones in rural development.
 - Policy statements.
 - MRRD's role in rural infrastructure development.
 - Issues and challenges.
56. Subsequently, the speaker described long term (10-20 years), medium term (5 years) and annual National Policies. She also highlighted in brief the rural evolution and transformation covering the First Rural Transformation (1957 – 1994) and the Second Rural Transformation (1994 – 2020).
57. The speaker stated that the components of rural infrastructure in the context of the Ministry of Rural and Regional Development (MRRD) include physical, social and economic development. The project/programs are rural roads, rural electricity and water supply, housing and ICT facilities.
58. The speaker also talked about Malaysia's rural development milestones beginning with the establishment of the MRRD in 1959, RIDA, KEMAS (Community Development Division) and FELDA in 1960. She also mentioned the launch of the 2nd Rural Development Transformation Towards 2020 which focused on human development as well as the launch of the Village Vision Movement (Gerakan Desa Wawasan), now

known as the Gerakan Daya Wawasan (GDW) which focuses on the program by the Ministry to empower the people.

59. The speaker then proceeded to talk on policy statements relating to rural development, covering 5 policies as follows:

- **Rural Development Chain/Linkages** – rural development needs to be linked to the national economic development initiatives carried out through programs that can generate and promote new sources of wealth in the rural areas by the rural communities.
- **Provision of Rural Infrastructure Within 30KM Radius of the Nearest Town** - MRRD will endeavor to ensure the provision of rural infrastructure within 30km radius from the nearest town by 2016.
- **The Government's Commitment** - totally eradicate absolute poverty and reduce poverty rate to 2.8 % by 2010, increase rural income through productive and quality employment in the rural areas, continuously provide rural roads, rural electricity and rural water supply.
- **Better Management of Socioeconomic Inequalities Through Productive Programs** – eradicate poverty and ensure that no one is left out , generate a more balanced development in less developed areas and ensure economic development is shared and felt by all.
- **Reduce Development Disparity Between the Urban and Rural Areas** - through the provision of basic infrastructures and ICT facilities.
- Focus on a Balanced Development Approach Particularly in Sabah and Sarawak.

60. The speaker moved on to talk about the MRRD's role in the development of rural infrastructure which was clearly stated in the Strategic Thrust as follows:

- Increase coverage and quality of basic infrastructure, utilities, and social amenities.
 - Eradicate absolute poverty and lessen the rate of poverty in rural areas by half.
 - Aggressive initiative on human capital development.
 - Intensify economic and rural industry activities.
 - Escalate efforts towards development of underdeveloped, remote and neglected areas; and
 - Close the digital divide between the urban and rural areas.
61. To achieve the above targets, the Ministry has set various implementation strategies, such as:
- Providing 100% coverage of basic infrastructure in areas up to 30km radius from town centers.
 - More focus on Sabah and Sarawak especially in terms of basic infrastructure development, also to the less developed states/areas.
 - Providing a comprehensive village database based on GIS.
 - Enhancing Content Development.
 - Aggressively conduct ICT training for the rural communities and provide more tele-centres (Medan Info-Desa) in the rural areas.
62. The speaker concluded the presentation by presenting the future challenges in rural development which include the rural-urban development gap and the digital divide.
63. Full text of the paper appears in **Annex 6**.

Q & A Session:

Q: *How does the Ministry manage and maintain their developments?*

A: **The development budget comes in two parts – building and maintenance. Once a development project is completed, for example a road is built; it is passed on to the Public Works Department for maintenance. It is an expensive affair, particularly for problematic areas, such as in flood prone areas.**

**Highlights of Paper 4
FELDA'S MODEL: UPLIFTING-ECONOMIC STATUS OF THE SETTLER'S
COMMUNITY
Presented by Dato' Ahmad Tarmizi Alias
Director General, Federal Land Development Authority (FELDA)**

64. The speaker informed that his paper presentation covers the following areas:

- FELDA's vision and objectives.
- Land development model and policy.
- Land settlement policy and land holding policy.
- Achievements to date.
- Impact of FELDA's Development.
- Non- Farm Strategy.
- Funding, support services, capacity building program.
- Challenges, key success factors and the future of FELDA.

65. He proceeded to highlight FELDA's history in brief. FELDA was established in July 1956. FELDA's main aim is to carry out land development and settlement in new areas with the sole objective of

eradicating poverty and uplifting the socio-economic status of the settlers.

66. According to him, FELDA has played a significant role in land development from the First Malaysia Plan (1976-1980) to the Fifth Malaysia Plan (1986-1990). FELDA has since developed 322 projects covering an area of 762,197 hectares and resettled 106,510 families. As such, FELDA has proven to be a successful capacity builder and is capable of exceeding land development targets set by the government.
67. Many challenges were faced and conquered during the early stages of resettling these villagers to the Land Development area. The mind sets of the rural people had to be changed and they had to be convinced to join this program especially to change their mind-sets. At the time, plantations were created by the settlers manually, with the assistance of FELDA. Hardly any machinery was used.
68. The speaker also explained that the selection of settlers was in accordance with the land settlement policy. There were some criteria to be fulfilled, such as age limit, agricultural skills, preferably married with children, landless and physically fit. They were selected through a series of screening process, such as through interviews and approval by their states.
69. On the land holding policy, the speaker informed that when the settlers have fully paid their loans after 15 years or more, the settlers are qualified to receive titles for their land. This system is practiced under the land holding system. In addition, to protect the interest of their wives, the Group Settlement Act, 1960 was amended to allow for joint ownership to include the names of the settler and his wife.

70. The speaker also mentioned about FELDA's achievement to date. According to him, FELDA has developed 722,946 hectares of oil palm and 84,496 hectares for rubber by 2008. The balance of 3,698 hectares is under sugar cane and other crops. FELDA has also resettled 112,635 families, i.e. equivalent to one million people.
71. The presenter also described the impact of FELDA's development initiatives in Malaysia. The most significant impact is to eradicate poverty and develop vast land areas for development mainly for oil palm and rubber plantation. The production from these plantation has contributed to the GDP of Malaysia and has created many employment opportunities.
72. The speaker highlighted the following key success factors;
- Close co-operation between federal and state government, settlers, contractor, staff and management.
 - Implementation of social program from the beginning in community development.
 - Funding from the government and other sources.
 - Efficient management and dedicated staff.
73. Finally, the speaker concluded that in its way forward, FELDA focuses on the following five thrusts;
- Role model for other villages.
 - Middle class community.
 - Global leader in palm oil industry.
 - Development of the New Generation.
 - Mould FELDA into a strong institution.

74. The full text of the paper appears in **Annex 7**.

Q & A Session:

Q: *Can you explain the sustainability issues concerning the land development program and what area of activities FELDA has identified in facing its challenges?*

A: **There are many areas that sustainability can be maintained such as;**

- **The issue of skills for the settlers to have and practice.**
- **The high production from the plantation which is still yielding.**
- **Involvement of the young generation in the plantation sector.**
- **The need for training programs to develop entrepreneurial activities for the younger generation.**

Q: *How about the standard targets of production and the efforts taken to preserve the green environment?*

A: **The standard target for production has been set in order to determine the productivity to be achieved. Similarly, there is the income level target to be achieved. A lot of efforts have been taken to preserve the environmental. Vegetation has been planted in vacant land and a lot of green environment have been created. During the replanting process, no open burning is carried out to clear the farm. The tree trunks will be cut and laid on the ground and it will decompose gradually. We also maintain the water resources, as well as care for the rivers.**

Q: *Have any genetic research been undertaken or is proposed to be undertaken to raise productivity?*

A: As mentioned earlier, FELDA also has many supporting services to be used to develop the agricultural sector through research especially in obtaining high quality seedlings.

Q: *What steps are being taken to replace the young generation who are leaving for the urban areas? Does it prove sufficient?*

A: We have encouraged them to stay in the scheme by promoting a modern farming community and raising income levels. The basic infrastructures are given such as providing and building better houses. The youth from the other areas are also being invited to join FELDA's land development scheme.

Q: *What is the return per hectare of land or per worker? Is it sufficient to raise worker's income, above the poverty line?*

A: Every settler has his own net return after deducting the operational cost. The payment and the amount of production are shown in their payment slip. Basically, based on the settlers' average income figure, their incomes are above the national poverty line.

Highlights of Paper 5
THE ROLE OF PHYSICAL PLANNING IN RURAL DEVELOPMENT
Presented by Mr. Ismail bin Ibrahim
Department of Town and Country Planning,
Ministry of Housing and Local Government

75. The presentation mainly covered the development planning system in Malaysia, the role of physical planning, the rural planning in development plan in Malaysia and the way forward on rural planning.

76. The speaker then mentioned about three main development policies which are Vision 2020, Outline Perspective Plans (OPP) and 5-Year Malaysia Plan which took into consideration of socio-economic development planning in Malaysia. These national level plans are also supported by various sector policies and action plans and one of them is National Physical Plan.
77. The role of Physical Planning as part of sectoral policies is to coordinate, rationalize and translate sectoral policies into spatial dimensions. This plan also assists government agencies to prepare plans, and prioritized projects for implementation. The Department of Town and Country Planning is responsible to prepare policies, plans and development guidelines whereby the implementation will be carried out by the related agencies.
78. Planning For Rural Growth Centres (RGCs) is undertaken by the Department of Town and Country Planning in 1984. New approach and concept for rural development had been introduced since then.
79. Development plan translates socio-economic requirements into spatial dimension in National Physical Plan, National Urbanization Policy, Structure Plan, Local Plan and Special Area Plan.
80. National Physical Plan (NPP) 2005 focuses to resolve some rural planning and development issues by ensuring the development taking place took accounts the view of the rural communities in order to balance the need to conserve the environmental sensitive areas.
81. National Physical Plan has to be reviewed to ensure the relevancy every 5 years. The main issue and challenge in the review of NPP is whether to continue developing the area or to conserve the environment.

82. Structure Plan (SP) or Statewide Structure Plan also incorporate state socio-economic plans and NPP policies. More over the Local Plan (LP) translate SP policies into detailed proposal maps that cover the whole area not only urban but also rural area.
83. Special Area Plan (SAP) is a detailed development proposal and management plan for redevelopment, improvement or conservation of specific areas. This plan also resolves rural development problems such as resettlement of rural communities affected by natural disaster, development of tourism sites, infrastructure and utilities development.
84. The formulation of National Rural Planning Policy will be incorporated within bigger plan and it is believed that it should resolves issues and challenges of rural planning and development in an integrated and holistic manner. This plan provide framework for Structure Plan and Local Plan and other sector policies and at the same time able to make the rural areas competitive in national development.
85. Finally, the speaker concluded by giving emphasis on the rural area as a prosperous area that have significant contribution to national GDP, has its beauty, characteristics, tradition, sense of space and community. Therefore he said we need to optimize the resources and potentials for sustainable development and “make living in rural areas as a preferred choice” to the people. The full text of the presentation appears in Annex 5.

Q & A Session

Q: *To what extend people plan for their need?*

A: In the Planning Act, local authorities must inform the public and provide opportunities for them to voice their views with regards to the area. The draft of this plan is then being announce and publish for the people to read and make further comments before it is being presented to the state level.

Q: What are planning machinery used?

A: Town and country department consists of three levels which are federal, state and local level. These levels are answerable to the various authority regarding their plans. This approach will enable all aspect be taken into consideration in the planning stages.

Q: How do you define rural area?

A: There are many definition of rural area. The more simple one is what is not urban is rural. However as we developed, rural and urban areas tend to be interrelated with each other. The definition is not important compared to the boundary of the areas. What important is to look at the special characteristic of the area. The characteristic of the area itself defines whether it is rural or urban. For example if the main activities is agriculture then it is incline to be regards as rural area.

**Highlights of Paper 6
DEVELOPMENT OF INFORMATION, COMMUNICATION AND TECHNOLOGY
(ICT) FACILTIES FOR RURAL DEVELOPMENT
By Mr. Haji Somali Ahmad
Economic Planning Unit, Prime Minister's Department**

86. The speaker opened his speech by outlining the following :

- The definition of urban and rural. He also said the topic will focus more on ICT, internet and networking in rural areas.
 - ICT is part of infrastructure development. He expanded further the details discussed in Paper 3..
 - He also touched some relevant aspects of ICT, such as k-economy and e-Economy
87. The speaker explained that digital divide is defined as the difference in facilities and infrastructures between different communities. Therefore the Government came up with the National Strategic Framework For Bridging The Digital Divide (NSF-BDD).
88. Subsequently, the speaker explained that the highest penetration for access and adoption of the internet in Peninsular Malaysia is in Selangor and Kuala Lumpur, while the lowest is in Kelantan. 90% of mukims/sub-district have less than average penetration rates for internet and computers per 100 households.
89. He also mentioned high ICT penetration coincided with high tertiary attainment. Meanwhile, access to ICT among women and the young in the inland and the rural areas is fairly small.
90. In 2005, the status of household Internet used by the state of Selangor was 23.9% as compared to only 0.6% in Perlis. The outcome has not been positive, leading to the introduction of NSF-BDD by the Government. The speaker mentioned that in the urban areas, 85.3% of households are internet users, as compared to 14.7% in the rural areas
91. He also stressed that government planners and decision makers have to think of solutions to issues relating to networking and internet access such as:

- The usage of broadband and networking
- Knowledge on computer usage
- The people involved in ICT & projects implementation
- The users of ICT & whether there is any value added

92. Some of the activities conducted over the internet are as follows:

- Obtain/Seek information – for students and researchers from e- news and etc.
- Communications by text - emails and chats
- Leisure – watching movies and listening to songs
- Financial activities - e-payment and e- banking
- Public services – payment of summonses, obtain licenses and jobs online.

93. The speaker also mentioned that the responsibility to provide basic learning processes on Microsoft (word, power point, excel) does not solely lie on the government but is shared by the private sector . Despite all the advantages of the internet, negative impacts, such as easy access to negative contents (pornography) is also present. Therefore, parents must give attention and control their children.

94. National strategic Framework for bridging the digital divide have 5 thrusts as follows:

- Increase access and adoption of ICT by underserved groups.
- Create value in e Inclusion programs.
- Develop local content through participatory approaches.
- Cultivate multi stake holder collaboration and coordination.
- Institutional evidence informed policy and practices.

95. The speaker showed pictures of tele-centres development, and value creation in Malaysia.
96. Lastly the speaker highlighted the way forward as follows:
 - Design programs according to the needs of underserved communities
 - Roll out and replicate success BDD initiatives
 - BDD programs impact study
 - Standardization of tele-centres training materials.
 - Enhancement of BDD initiatives promotion activities.

There was no question and answer session.

Highlights of the Forum Presentation
RURAL INDUSTRIES AND AGRIBUSINESS DEVELOPMENT
Ministry of Agriculture and Agro-Based Industry &
Majlis Amanah Rakyat (MARA)

97. Chairman of this forum was Dato 'Mohammad Izat bin Lebai Hasan, The Director General of Rubber Industry Smallholder Development Authority (RISDA). The session began with the introduction of the panelists as follows:
 - Dato' Othman Haji Ahmad, Deputy Director General of Majlis Amanah Rakyat (MARA).
 - Mr. Mohd Salimi Sajari, Under Secretary of Ministry of Agriculture and Agro-Based Industry.
98. The chairman started off by highlighting that there are four (4) basic aspects that can be touched by the panelists in discussing rural industries and agribusiness development as follows;
 - Rural areas are deemed as isolated areas and lacking of basic infrastructures;

- How to create sufficient entrepreneurs and investment opportunities?
- How can we change the mind-sets of rural people to realize the importance of business and agricultural production?
- How do we create capable workforce to work in the rural industries equipped with appropriate values and criteria fit for the industry?

99. The chairman then welcomed Mr. Mohd Salimi to discuss the subject matters given. The Ministry of Agriculture and Agro-Based Industry is leading the agriculture sector in Malaysia. The ministry plays a major role in increasing the agriculture's productivity and income level for rural people mainly farmers and fishermen. There are three (3) departments and seven (7) agencies consolidating their strength to develop the rural areas which cover three major sectors comprising agriculture, veterinary and fisheries. He also stressed the importance of instilling awareness among the rural community that the agriculture is an opportunity to do business. In this regards, the ministry has added new approaches to promote agriculture sector such as;

- modernization of technology in agriculture
- value added product
- the utilization of information communication technology (ICT)
- development of entrepreneurs in agriculture.

The panelist also informed that there's a need to develop enough supply of agriculture production in terms of four (4) clusters which are agriculture farm's products, fishery-based agriculture, live stocks agriculture and food processing agriculture. So far, there are 8,000 entrepreneurs involved in the various agriculture businesses.

100. The panelist from MARA, Dato' Othman Haji Ahmad continued on by mentioning the function of his agency in order to develop the rural people through business and education. In terms of business, MARA has

provided business premises to assist the rural entrepreneurs to start their businesses. However, he said the most significant program that MARA has done is in human capital development program. MARA has 207 training centers in rural areas to provide training to the rural youths. There is about 4 million youth and they are the main target groups of the agency.

101. The chairman added basic infrastructure is not the issue in Malaysia and that development of the entrepreneurs through training among the rural people is more crucial. After completing their training, they will be assisted with financial support from MARA to do their businesses in the form of grants and soft loans.
102. Moving on, the chairman raised the issue of how the rural entrepreneurs can be developed. In this regard, Mr. Mohd Salimi responded that the Ministry carries out their own training programs to develop the entrepreneurs in various skills and knowledge. The farmers and fishermen have been given so many opportunities in training. His departments and agencies also provide assistance in terms of marketing and branding.
103. The chairman then highlighted that the most important issue at hand is how to change the rural community's mind-set to be more business minded and possessing entrepreneur skills.
104. Responding to this statement, Dato' Othman said that the rural people should be provided with better education and proper skills in order to develop their potential and capabilities. MARA has done this program through its training institutions such as *Giatmara* and *Institut Kemahiran Mara (IKM)*. MARA also has junior college to educate the young with secondary education complete with facilities and trained teachers.

105. The chairman continued to sought clarification on the role of Ministry of Agriculture in changing the lifestyle of rural people and developing their economy. Mr. Mohd Salimi said that to change the mind-set of people in business, many agencies and organizations must get involved. Furthermore, to create business entity among rural entrepreneurs is a long term process. The other aspects that need to be considered is the quality of product. The rural agriculture products can penetrate the world market but it must meet the international requirement and standard.

106. The session was then continued with question and answer .

Q & A Session:

Q: What is the role of cooperative in helping the rural industries in Malaysia?

A: Malaysia has many cooperatives and associations to look at the welfare of rural farmers and rural entrepreneurs. There are many examples of these cooperatives such as the smallholder's cooperative under RISDA. Likewise, under the Ministry of Agriculture, there are the associations for farmer and fishermen.

Q: Could you explain more about the loans and how to sustain the entrepreneurs in rural areas?

A: The Government of Malaysia, offers financial assistance in the form of loans or grants. The applicants must fulfills specific criteria to get this financial assistance.

Q: *There are many foreign workers in Malaysia, is there any suggestion to get foreign workers from Afghanistan?*

A: **Basically, Malaysian Government does not encourage workers of other countries to come and work here. Foreign workers are only employed in sectors where local workers are not available.**

Q: *Do you have quality control system over Malaysian products and what measures can be taken to protect the producer or manufacturer dealing with the challenges in doing business?*

A: **In Malaysia, the standard of our product is being governed by authorities such as SIRIM. Under the Ministry of Agriculture in particular, Goods Manufacturing Practices controls the products of the businesses. In cases of entrepreneurs facing challenges in business such as instability of the price, the government will intervene to stabilize the price situation. In this way, local entrepreneurs will be protected from this price crisis.**

CONCLUSION SESSION

107. The session was handled by The Director General of CIRDAP. He started off by expressing his eagerness to learn from the Malaysian experience and how Malaysia managed to be successful in transforming its rural areas and alleviating poverty. For the past 2 days, participants had been listening to different dimensions of development and noted that development is not an easy task.

108. He then continued to mention that CIRDAP will try to learn and replicate program being formulated by the Malaysian government in its own

- program. CIRDAP will also document the discussions being held throughout the 2 days dialogue.
109. Moving on, he expressed his gratitude and appreciation to the Malaysian Government for organizing this dialogue. He also thanked the member countries for accepting the invitation and sending senior official to participate in this event. He then pondered upon future program that can be organized by other member countries in order to share experience amongst member countries.
 110. The session was then continued with the speech by the representative from India. The representative from India also expressed her appreciation and thanks to the government of Malaysia and CIRDAP for organizing the event. The warmth hospitality of the host nation were excellent and she was impress on how the island was developed and became a great getaway for tourists.
 111. She also noted that from her observation, she could hardly spot any hardcore poor around the island which can be referenced to the successful implementation of poverty alleviating program undertaken by the Malaysian government. Planning and evaluation system were really in tact without failing to give emphasis to the use ICT in bridging the digital divide between the rural and urban areas.
 112. She then concluded with a suggestion that a slot for sharing of experience among member nations be allocated to benefit all participants.
 113. The Representative from Bangladesh congratulates the organizers for such a beneficial event. He also highlighted that member countries should provide continuous support to CIRDAP especially in the aspect of technical support.

114. The representative from Pakistan took over the floor right after and said that CIRDAP is a very important organization. He expressed his gratitude to both CIRDAP and Malaysian government for having organized such beneficial dialogue for the member countries. He then highlighted how Malaysian government and Pakistan government have a very close relationship and this is reflected by the number of Pakistani working in various sectors in Malaysia (estimated around 23000 workers).
115. Next, the representative from Nepal spoke how this dialogue showed how Malaysia has improved a lot in many aspects. It is a very important lesson to be learn from member countries. He also expressed his gratitude for inviting Nepal to participate in this dialogue and suggested that Nepal can share its experience in peace building with the rest of the countries.
116. The representative from Afghanistan thanks the Malaysian government and CIRDAP for the hospitality and such fruitful event. He also expressed how the Malaysian has come a long way in its development and managed to overcome many obstacles and difficulties a long the way. He also suggested a number of collaborations between Malaysia and Afghanistan name in the area of education, agriculture as well as capacity building.
117. The session was concluded by the Secretary General, Ministry of Rural and Regional Development of Malaysia. In his concluding remarks, he expressed his appreciation to everyone involved in organizing this dialogue. He hoped that participants has benefited from the sharing of experience and highlighted that program and policies in Malaysia need to be adapt by countries to suit their own needs.
118. He also mentioned that two days was not enough for delegates to learn everything, however he hoped that this has opened doors for more

opportunities and future cooperation among member countries. He also hoped that CIRDAP will continue to play its roles for the benefit of all. Lastly, he concluded by wishing all the delegates safe journey back home.

**FIELD VISIT
MARDI Agro Technology Park
& KILIM Geoforest Park, Langkawi Island, Kedah
Wednesday (29th April 2009)**

1. Field visit was the last program arranged for the CIRDAP Third Regional Policy Dialogue. The delegates were taken to the MARDI Agro Technology Park and KILIM Geoforest Park, Langkawi for the field visit. The delegates were given a brief explanation about the functions and the background of MARDI Agro Technology Park by Vice Director of MARDI.

MARDI Agro Technology Park

2. The Vice Director of MARDI informed that MARDI is an agency under the Ministry of Agriculture and Agro Based Industry. MARDI Agro—Tech Park is located about 12 km from Kuah Town and 10 km from Langkawi Airport
3. The MARDI Agro Technology Park was developed in 1990 as a horticulture station and it functions as a centre for technology transfer and commercialization on agriculture. It is also designed as an ecotourism spot in Langkawi.
4. Among the activities held by MARDI Agro Technology Park are :
 - Agro Technology Park
 - Entrepreneur Development
 - Technical Training
 - Industrial Liaison

- Technology Development
 - Learning and Information Centre
5. MARDI Agro Technology Park have more than 20 types of tropical fruit trees – seasonal and non-seasonal. The main fruiting season is between June and August. Some produced fruits are sold in Langkawi while the remainder are reserved for tourists. Among the fruits that are planted are guava, mango, rambutans, jackfruit, durian, dragon fruit, coconut etc.
6. Besides that, there are also Vegetable Farms, Recreation Areas and Tropical Reserve Areas. The visit ended at 4.15 pm.

KILIM Geoforest Park

7. After the visit to the MARDI Agro Technology Park, the delegates headed to the next destination which is the KILIM Geoforest Park located about 15 km from Kuah Town.
8. As been briefed by the LADA officer, Langkawi was recognized by UNESCO as one of the global geoparks in 2007. Thus it makes Langkawi as the first Malaysian Global Geoparks.
9. The KILIM Geoforest Park emphasizes three components which are :
- Conservation of heritage resources
 - Development of tourism infrastructure
 - Enhancement of local socio-economic activities

10. It is a composite of protected forest reserves that bear outstanding geological landscapes, very important for research, education and at the same time support recreational activities.

11. The delegates then were taken with boats for sightseeing.