

Alleviating Poverty via Tourism Development: Mega Development Projects in Malaysia Towards Vision 2020



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Agenda

- † Malaysia & Tourism Industry
- † 9MP & Poverty Alleviation
- † Poverty Line in Malaysia
- † Aim of Study
- † Five Mega Development Projects
- † Analysis of the Integration of the Mega Development Plan Using Tourism to Alleviate Poverty.
- † Conclusion





- Colonized by Portuguese (1511-1640), Dutch (1640-1786), British (1786-1957).
- Today Malaysia is regarded as a developing nation.
- Vision 2020 – to be a fully **developed nation**.
- **Strategically located** in Southeast Asia between economic giant - China & India.
- Next to manufacturing, tourism industry is the **second largest** contributor to the economy of Malaysia.

Area: 329,748 sq. km.
Population: 27.5 million

Annual real GDP growth rate:
6.3% (2007)

Per capita (GDP) income:
US\$5,610.



Tourism Industry

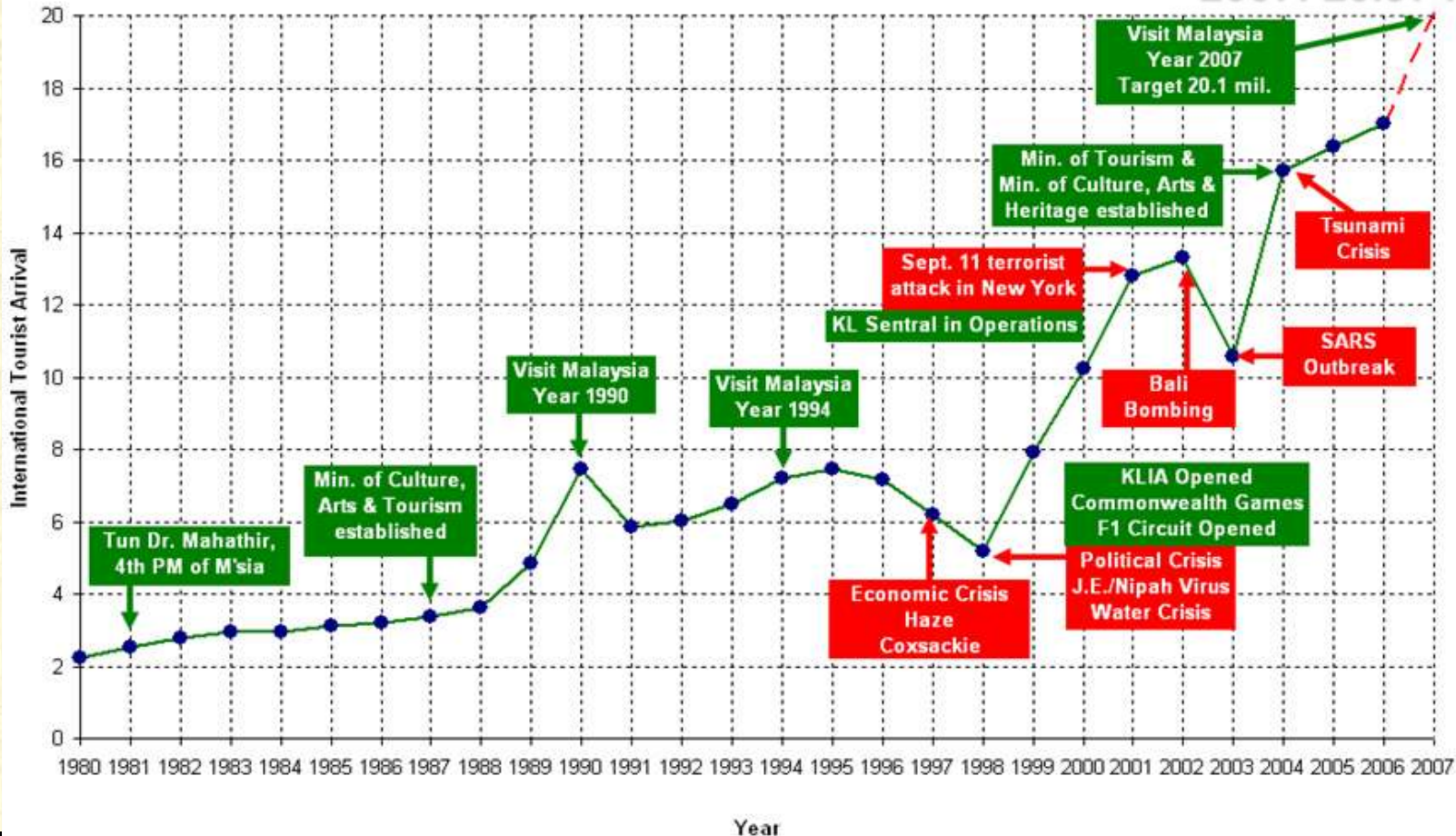
- Despite the many catastrophe and crisis, both man-made and natural that impacted the tourism industry of the world, the tourism sector in Malaysia has risen from a mere **2 million tourist arrival in 1980s** to **more than 20 million in 2007**.
- In **2006**, Malaysia was ranked the **top 14 leading destinations in the world** (in terms of tourist arrival) (UNWTO, 2007).
- The capital city of **Kuala Lumpur** was rated in **2006** as **the top 15 cities** (out of 150 top cities in the world) with the highest number of tourist arrival in 2006 (Euromonitor International, 2008).



Tourism Industry

- Tourism has significantly contributed to the country's **foreign exchange earnings** besides creating **employment opportunities**
- **Resilient** tourism industry.

2007: 20.97 million



9MP & Poverty Alleviation

- 9MP: Detailed **5-year economic development plan** implemented by the Government of Malaysia in developing the nation towards pre-set direction during the period of the plan.
- **9MP (2006-2010) – US\$530million** has been set to bring the nation to the next level of economic development and **totally eliminate poverty**.
- Low-income, predominantly agricultural & rural economy since independence in 1957.
- Up to 1970, poverty line 49%.
- At the turn of the century, **poverty rate fallen to below 10%, and by 2007 dropped to less than 5%**. *Poverty Line Incomes, 1990-2004*

Area	1990	1995	1999	2002	2004
Peninsular Malaysia	RM370 (US\$106)	RM425 (US\$121)	RM510 (US\$146)	RM529 (US\$151)	RM543 (US\$155)
Sabah	RM544 (US\$155)	RM601 (US\$177)	RM685 (US\$196)	RM690 (US\$197)	RM704 (US\$201)
Sarawak	RM452 (US\$129)	RM516 (US\$147)	RM584 (US\$167)	RM600 (US\$171)	RM608 (US\$174)

All calculation is based on per month per household and based on an average household size of 4.6 in Peninsular Malaysia, 4.9 in Sabah and 4.8 in Sarawak.



Vision 2020 (1991-2020)

TOTAL DEVELOPMENT



National Vision Policy (NVP)

Building a Resilient and Competitive Nation, 2001-10

National Development Policy (NDP)

Balanced Development, 1991-2000

New Economic Policy (NEP)

**Growth with Equity, 1971-90
(Emphasis on the eradication of poverty & restructuring of society)**

**Post-independence
1957-70**

- **Laissez-faire / export-oriented**
- **Economic and rural development**

Malaysia's VISION 2020 Framework

OBJECTIVES

VISION 2020
A developed nation by 2020

- United Malaysian nation
- Just and caring society
- Mature democratic society
- Sustainable development
- Fully competitive, dynamic, robust and resilient economy
- Entrepreneurial economy

STRATEGIES

- Export-led growth and free market forces
- Technology-intensive
- High value-added & knowledge based activities
- Internationalization ~ going global
- Accelerated industrialization drive

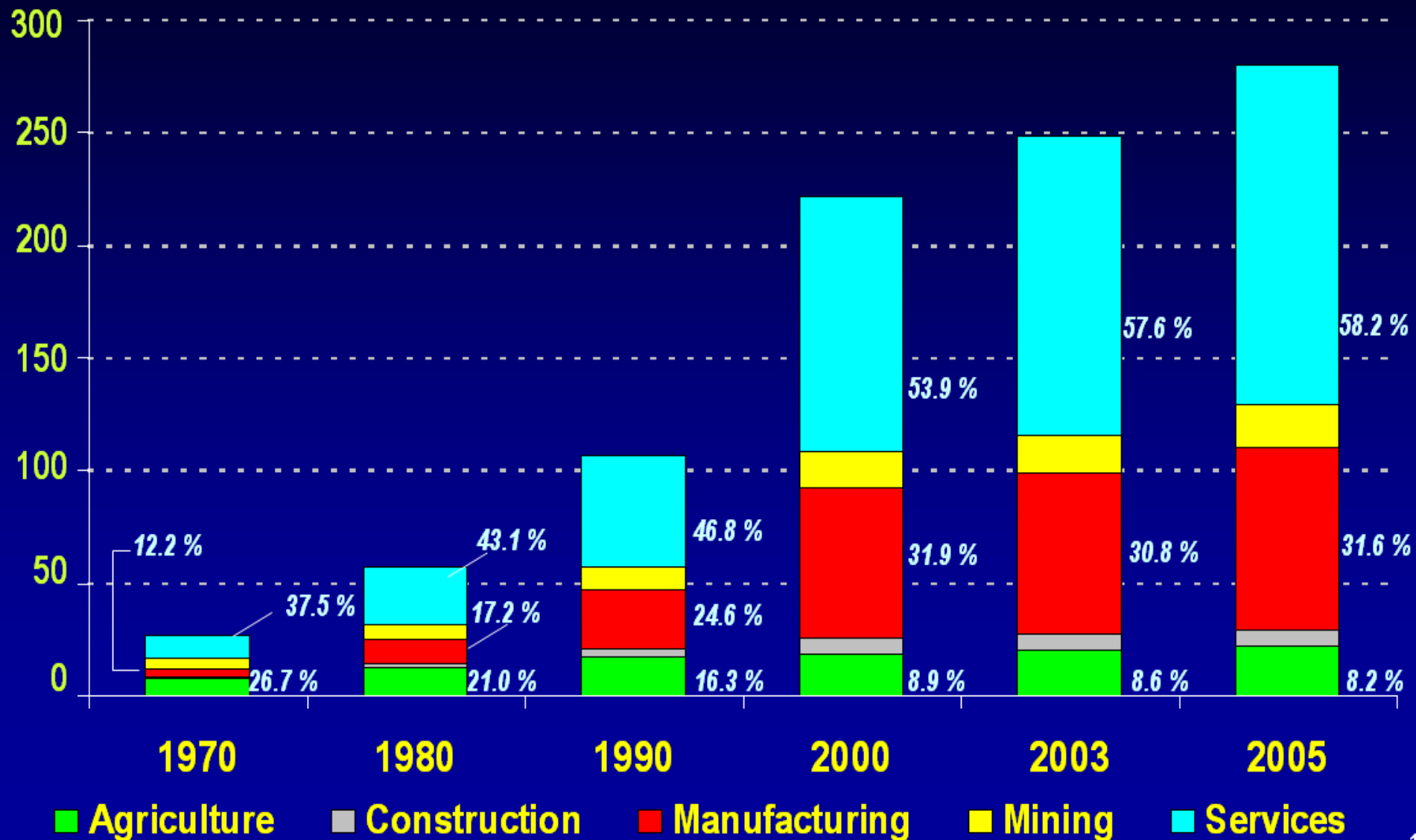
Real GDP Growth . . .

	Average 1971 - 80	7.5 %
	Average 1981 - 90	5.8 %
	Average 1991 - 2000	7.1 %
	Average 2001 - 05	4.5 %
<hr/>		
	2000	8.9 %
	2001	6.3 %
	2002	4.4 %
	2003	5.5 %
	2004	7.2 %
	2005^e	5.2 %
	2006 ^F	5.8 %
	2007^F	6.0 %

Transformation From an Agro-based to an Industrial-based Economy . . .

(GDP in RM billion at 1987 prices / Percentage to Total in italics)

RM billion



Poverty Line in Malaysia

- Poverty in Malaysia is measured using the **Poverty Line Index (PLI)**. Introduced in 1973.
- Minimum requirements of a household.
- The Expenditure Components of the PLI are as follows:
 - Food
 - Clothing and footwear
 - Other Expenditure
 - Rent, Fuel & Power
 - Furniture & Household Equipment
 - Medical Care & Health Expenses
 - Transport & Communication
 - Education, Recreation & Cultural Services



Poverty Line in Malaysia

- The PLI is adjusted periodically to take into account inflation and the different costs of living between different regions in Malaysia.
- Despite this, however, new forms of poverty have emerged - **marginalized groups or vulnerable community, i.e. single female headed households, the rural elderly, unskilled workers, migrant workers, disabled communities, etc.**
- Target to eradicate poverty entirely by 2010.



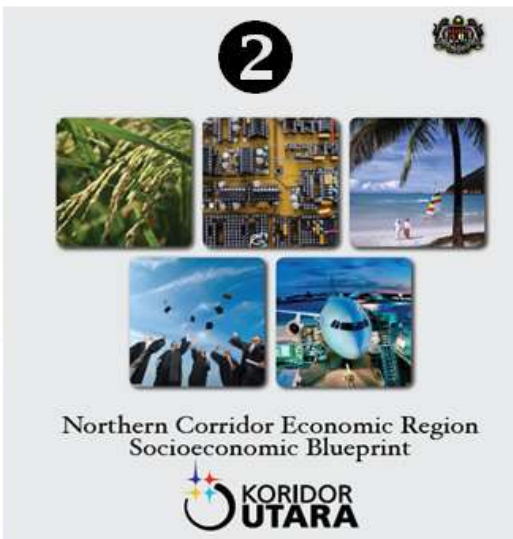
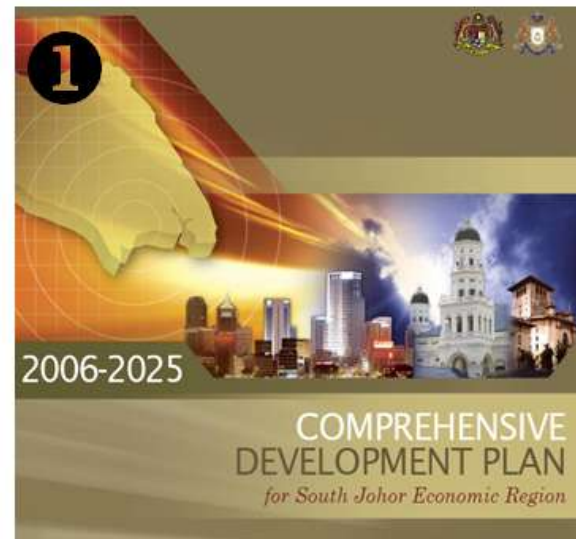
Tourism Industry

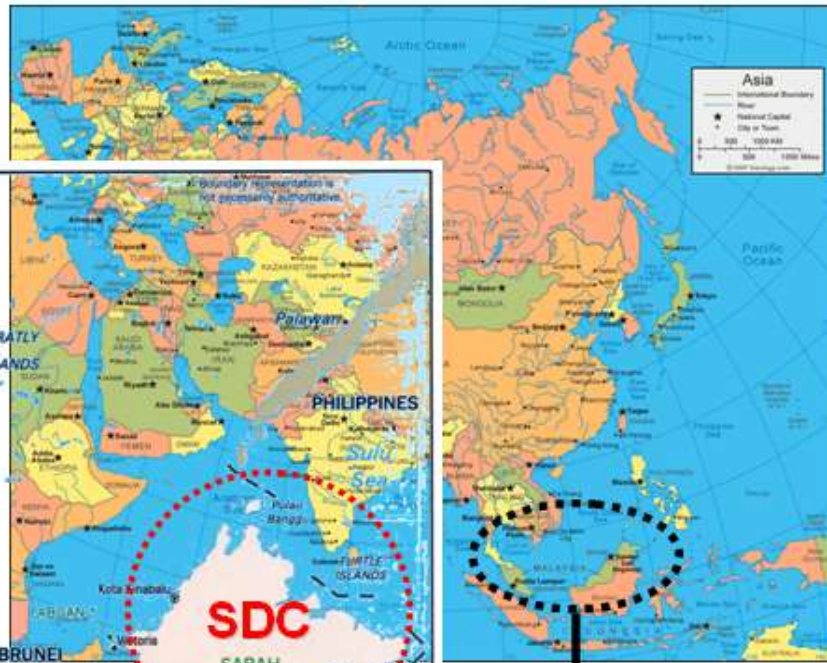
- Beginning November 2006 till February 2008, the Malaysian Government revealed **five mega development projects**.
 1. Northern Corridor Economic Region (NCER)
 2. Southern Corridor Iskandar Development Region (IDR) / Iskandar Malaysia
 3. East Coast Economic Region (ECER)
 4. Sabah Development Corridor (SDC)
 5. Sarawak Corridor of Renewable Energy (SCORE)



- (1) Southern Corridor Iskandar Development Region (IDR)
- (2) Northern Corridor Economic Region (NCER)
- (3) East Coast Economic Region (ECER)

- (4) Sabah Development Corridor (SDC)
- (5) Sarawak Corridor of Renewable Energy (SCORE)





Basemap: A111-G144 (R12) (1/4/03) 1:1,488

Objective

- All these five projects that this study is scrutinising, in essence have tourism as a driver to alleviate poverty and inevitably will propel Malaysia to become a fully developed nation.

– Thus, the main aim of this paper is to analyse to what extent tourism development is instrumental in these five mega development projects and what the level of contribution is towards alleviating poverty.

- The potential output of the study can be used by many countries in the region to redevelop tourism as a potential source to alleviate poverty that blankets many nations in Africa, South America and Asia.

	Southern Corridor Iskandar Development Region (IDR)	Northern Corridor Economic Region (NCER)	East Coast Economic Region (ECER)	Sabah Development Corridor (SDC)	Sarawak Corridor of Renewable Energy (SCORE)
Development Region	Southern Johore at JB City Centre, Nusajaya, Western Gate Development, Eastern Gate Development and Senai-Skudai Johore	Perlis, Kedah, Penang and the north of Perak.	Kelantan, Terengganu, Pahang and the district of Mersing in Johore	Sabah	Sarawak
Managing Body	Khazanah National & Berhad Iskandar Regional Development Authority (IRDA)	Sime Darby & Northern Corridor Implementation Agency (NCIA)	Petronas & East Coast Economic Region Development Council (ECERDC)	Sabah Economic Development & Investment Authority (SEDIA)	Regional Development Corridor Authority (RECODA)
Official Launch	4 November 2006	30 July 2007	29 October 2007	29 January 2008	11 February 2008
Total Area ¹	2,217 sq. km (0.67% of total land area)	24,000 sq. km (7.28% of total land area)	66,000 sq. km (20.02% of total land)	<i>Not indicated in the plan.</i>	70,709 sq. km (21.44% of total land)
Population ²	1.35 mil (5% of total population)	4.29 mil (15.6% of total population)	3.9 mil (14.2% of total population)	3.0 mil (10.9% of total population)	607,800 (2.2% of total population)
Expected Jobs Creation ³	891,000 jobs (7.7% of estimated total employment)	540,000 jobs (4.7% of estimated total employment)	560,000 jobs (4.9% of estimated total employment)	900,000 jobs (7.8% of estimated total employment)	600,000 jobs (5.2% of estimated total employment)
Development Period	17 years (up to 2025)	17 years (up to 2025)	12 years (up to 2020)	18 years (up to 2025)	23 years (up to 2030)

- Total population of Malaysia as of 2008 is 27.5 million*
- Total land area of Malaysia as of 2008 is 329,748 sq. km*
- Estimated total employment in Malaysia as of 2006 is 11.5 million workers*

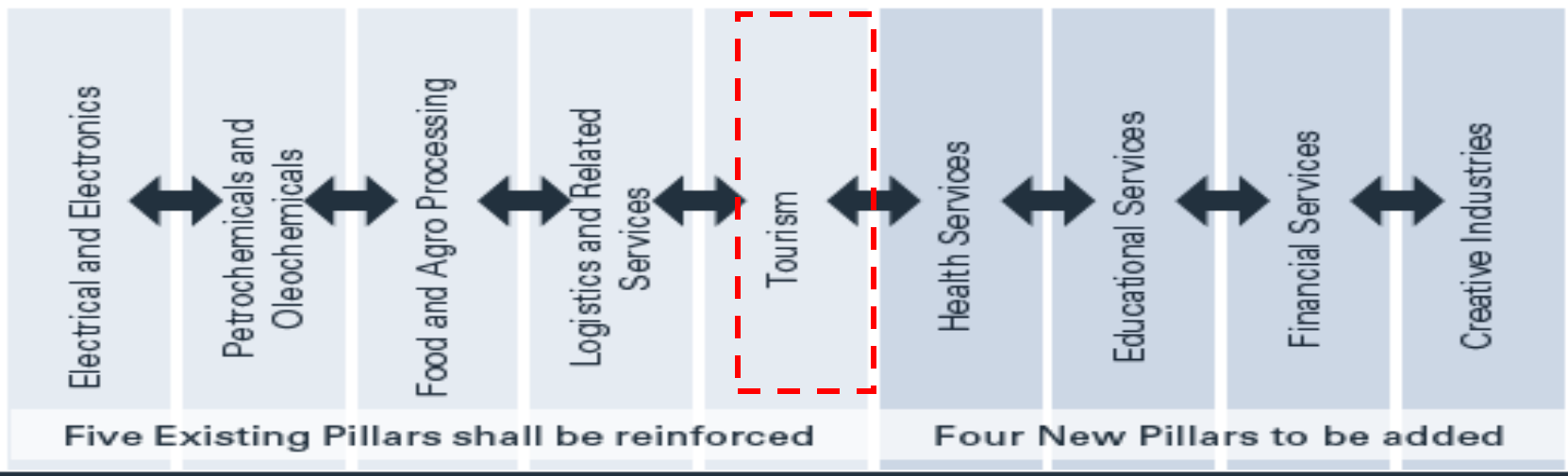
Southern Corridor Iskandar Development Region (IDR) / Iskandar Malaysia

- First development plan that was unveiled by the Government of Malaysia among the five mega development plan.
- IDR is set to become Southern Peninsular Malaysia's most developed region, where living, entertainment, environment and business seamlessly converge within a bustling and vibrant metropolis.
- Recognising the need for sustainable development, social and environmental issues features heavily on the agenda of IDR.
- Five types of poverty standards are measured and are strategically addressed to reduce the impact in the development of IDR - Urban Poverty, Rural Poverty, Hardcore Poor, the Less Fortunate & the Orang Asli Communities (the indigenous community).

VISION

ISKANDAR ECONOMY
'STRONG, DIVERSIFIED, DYNAMIC AND GLOBAL'

THE MAIN PILLARS (DRIVERS)



SUPPORT SYSTEM

Strong Supporting Industries
(Metal Products, Engineering, Non-metallic and Manufacturing-Related Services)

Strong Supporting Institutions
(Education, R&D, Government, Private and Social Institutions, Communication and Coordination Systems)

BASIC FOUNDATION

World-class Professionals and Technical Workforce

Excellent Physical and Infrastructure, including IT

Excellent Working and Living Environment

Stable Political and Social Environment



The well-established sectors which are manufacturing-based will be reinforced while giving new emphasis on new sectors which are services-based

Northern Corridor Economic Region (NCER)

- The aim of the Northern Corridor Economic Region (NCER) initiative is to significantly diversify the tertiary sector and accelerate the move into more “modern” services industries.
- The mission of the NCER development programme as outlined in the masterplan is to help the region achieve its vision, through identifying commercially-viable opportunities and implementing strategic initiatives approved by the Government of Malaysia to:
 - reduce poverty and income inequality through sustainable, wealth-generating programmes
 - achieve balanced growth in all sectors, from agriculture to industry
 - enhance human capital to meet the needs of a competitive global market
 - increase private-sector investments and Private Finance Initiatives (PFIs)

NCER Vision: To be a world-class economic region by 2025 for people to invest, live, work, learn, visit and bring up families in a safe, clean and sustainable environment

Physical infrastructure

Planned urban and regional development ensuring sufficient public transport and utilities infrastructure

Sector-specific visions

Agriculture:
Malaysia's modern food zone

Commercial scale farming

World class standards

Farming is a respected occupation

Manufacturing:
Regional leader in promoted sectors

High value add

Centre of Excellence in niche areas

Network of interlinked companies

Services: High-end tourist destination & regional entrepot

Reputation for repeating, long stay visitors

Efficient & busy cargo hubs bringing regional goods to the rest of the world

Human Capital

World class education and research institutions, populated by leading academicians and top students from around the world

Social equity

A caring society

Eradication of poverty

Environmental sustainability

Protection of environmental assets



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Northern Corridor Economic Region (NCER)

- Despite considerable progress in reducing overall poverty levels in the Northern Region over the last few decades, poverty still remains a pressing issue.
- This is largely due to the population's high dependency on traditional forms of agriculture which have low economic value, as well as its relatively low levels of education attainment. These factors may restrict access to higher income generation opportunities.
- Two main strategic approach in NCER to overcome this:
 - Eradication of poverty & income disparity
 - Increasing family productivity & income
 - Providing immediate & direct assistance to hardcore poor families
 - Expanding economic opportunities for small-scale rural entrepreneurs
 - Improving access to basic education
 - The “adopt a school” programme
 - Extending vocational training to younger age groups

East Coast Economic Region (ECER)

- There is a high potential for tourism development in the East Coast Economic Region (ECER).
- All the tourism related projects will expand local employment in tourism industry and its support services.
- In addition, local enterprise opportunities will be expanded especially those that provide services to tourism operations such as tour guides, tour operators, small scale resort operators, restaurants and food outlets operator and handicrafts makers.

VISION

TO BE A DEVELOPED REGION BY 2020

(DISTINCTIVE · DYNAMIC · COMPETITIVE)

KEY DRIVERS

THE MAIN PILLARS



ENABLERS

Support System

Supporting Manufacturing Activities, Logistic, ICT, Financial Services and Related Services

Supporting Institutions (Education, R&D, Government, Private and Social Institutions, Trade Associations, Communication and Coordination System)

Basic Foundation (Hard & Soft Infrastructure)

Adequate Physical Infrastructure

Strong Basic Education and Training

Conducive Working and Living Environment

Stable Political & Social Environment

Sabah Development Corridor (SDC)

- Initiated by the Government to enhance the quality of life of the people by accelerating the growth of Sabah's economy, promoting regional balance and bridging the rural-urban divide while ensuring sustainable management of the state's resources.
- SDC programmes are underpinned by three key principles that will guide development in Sabah, namely the need to:
 - Capture higher value economic activities
 - Promote balanced economic growth with distribution
 - Ensure sustainable growth via environmental conservation
- The SDC plan will encourage rural participation through Community-Based Tourism and other capacity building initiatives that will further alleviate poverty in the region.

SDC Vision:

To be a leading economic region in Asia by being a preferred gateway for trade, investment and leisure for talents and businesses

Sector-Specific Visions

Physical infrastructure

Structured infrastructure development in transportation, utilities and communication to enhance living standards and enable commercial activities.

Agriculture

Highly productive

Food self-sufficiency

Sustainable and safe

Services

Premier eco-tourism

Second home

Low cost of business

Manufacturing

High value jobs

High value-add downstream

Successful pool of SMEs

Soft infrastructure

Systematic skills upgrading of existing workforce in key industries, retention of talented Sabahans and targeted import of foreign talent in professional and managerial positions.

Social

Harmonious and cohesive society

No poverty

Confident and independent

Environment

Pristine and well-conserved

Renowned worldwide

Sarawak Corridor of Renewable Energy

(SCORE)

- It aims to achieve the goals of accelerating the State's economic growth and development, as well as improving the quality of life for the people of Sarawak.
- SCORE will go beyond alleviating poverty and will lift the economy up a quantum level through waves of development in the coming decades to transform itself into an advanced industrialised State.
- Private investments in priority industries and their associated downstream value-added economic activities will be the primary force behind the growth and development of the Sarawak Corridor.
- The development within the corridor will generate vast economic, business and employment opportunities and will also lead to the development of infrastructure, utilities, info-structure, and social amenities.

Corridor vision
and objectives

Industrial
Development
Strategy

Marketing
Strategy

Institutional
Development
Strategy

Power Sector Development Strategy

Human Capital Development Strategy

Spatial & Infrastructure Development Strategy

Analysis of the Integration of the Mega Development Plan Using Tourism to Alleviate Poverty

- Tourism plays a major part in the economy of poor countries and also developing nation like Malaysia.
- Tourism is the principal export in a third of all developing countries and, amongst the 49 Least Developed Countries (LDCs), it is the primary source of foreign exchange earnings.
- Tourism is growing much faster in developing countries like Malaysia than in developed countries.

Analysis of the Integration of the Mega Development Plan Using Tourism to Alleviate Poverty

- The reason why tourism is particularly well placed in all the five mega development plan of Malaysia to **propel the nation towards becoming a fully developed nation and totally eradicate the various types of poverty** in the nation. These include:
 - Tourism is one of the few industries in which many developing countries actually have a comparative advantage over developed countries.
 - The attractiveness for tourism of some remote rural areas which is particularly important, since majority of the people in extreme poverty live in rural areas.
 - The opportunity to support traditional activities such as agriculture & handicrafts through tourism.

Analysis of the Integration of the Mega Development Plan Using Tourism to Alleviate Poverty

- The reason why tourism is particularly well placed in all the five mega development plan of Malaysia to **propel the nation towards becoming a fully developed nation and totally eradicate the various types of poverty** in the nation. These include:
 - Tourism is a labour intensive industry & can provide jobs for women and young people.
 - With good support from the Government, it is also an industry where entry barriers to establishing new small businesses can be quite low.
 - And leaving aside economics, it can bring non-material benefits such as pride in local culture & a valorisation of the surrounding natural environment

Analysis of the Integration of the Mega

Development Plan Using Tourism to Alleviate Poverty

- Overarching principles that should be borne in mind when seeking to address poverty through tourism in all these projects:
 - Mainstreaming: Sustainable tourism development included in general poverty elimination programmes.
 - Partnership: Public & private partnership
 - Integration: Avoiding overdependence on tourism only.
 - Equitable distribution: Distribution of wealth & services equally.
 - Acting locally: Focus action at a local destination level.
 - Retention: Reducing leakages from the local economy.
 - Viability: Maintaining sound financial discipline.
 - Empowerment: Creating conditions to empower the poor.
 - Human rights: Remove all form of discrimination & exploitation.
 - Commitment: Planning action & application of resources.
 - Monitoring: Developing & measure the impact using indicators.

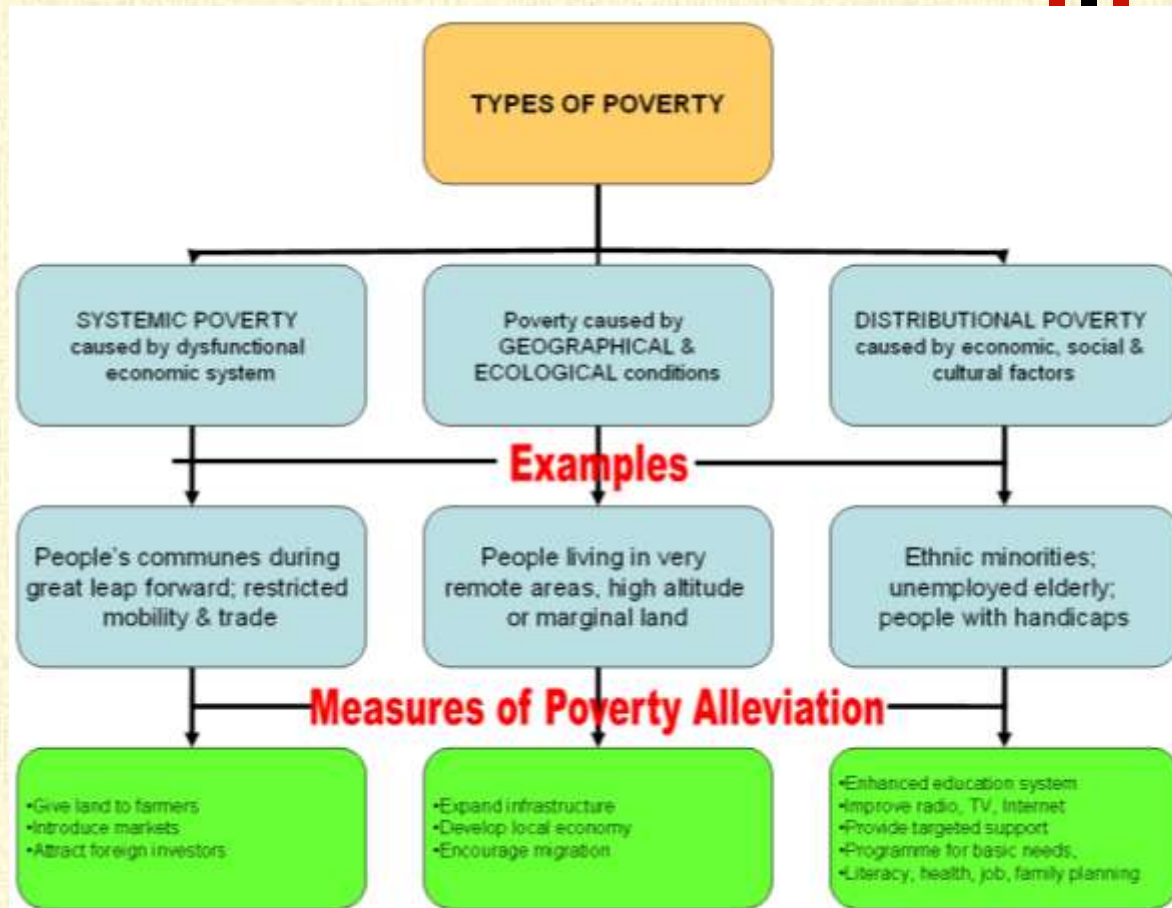
Analysis of the Integration of the Mega

Development Plan Using Tourism to Alleviate Poverty

- Approaches for poverty reduction through tourism that can be further addressed in the five mega development projects include:
 - Through the employment of the poor in tourism enterprises
 - Through the supply of goods and services to tourism enterprises by the poor
 - Through direct sales of goods and services to visitors by the poor
 - Supporting the establishment of tourism enterprises by the poor
 - Through a tax or levy on tourism income or profits with proceeds benefiting poverty reduction programmes
 - Voluntary giving by tourism enterprises and tourists
 - Poor communities can benefit from investment in infrastructure stimulated by tourism

Analysis of the Integration of the Mega Development Plan Using Tourism to Alleviate Poverty

- Analysing the five mega development site, it may be useful to distinguish three types of poverty in modern Malaysia similar to China as indicated by Heilig *et al.*, 2005 although the disparity is very much greater in China.



Analysis of the Integration of the Mega

Development Plan Using Tourism to Alleviate Poverty

- It is also important to provide a framework for action by the different stakeholders in the five development projects related to tourism:
 - **International development agencies**
 - **National governments**
 - **Intra-regional bodies**
 - **NGOs**
 - **Destination management organisations**
 - **Tourism enterprises**
- All the stakeholders should not feel that they have to take action in isolation. Joint action is needed.
- It is proposed that the establishment of joint committees for tourism and poverty at a destination level, which seek to engage all stakeholders.

Urban vs. Rural Poverty: Various Dimensions

Dimensions of Poverty	Causes in Urban Areas	Causes in Rural Areas
Income	<ul style="list-style-type: none">• Dependence on cash.• Employment security.• Unskilled wage work.• Lack of qualification.• Inability to hold jobs.• Lack of job opportunities.	<ul style="list-style-type: none">• Dependence on agricultural & natural resources.• Poor access to markets.• Lack of access to job opportunities.
Health	<ul style="list-style-type: none">• Overcrowding & unhygienic living.• Residential areas that are prone to hazards.• Exposure to disease.• Occupational risks.• Poor nutrition.	<ul style="list-style-type: none">• Lack of access to health care facilities.• Low quality facilities.• Poor nutrition.

Urban vs. Rural Poverty: Various Dimensions

Dimensions of Poverty	Causes in Urban Areas	Causes in Rural Areas
Education	<ul style="list-style-type: none">• Constrained access to education.• Inability to afford school.• Personal safety/security risks.	<ul style="list-style-type: none">• Lack of access to schools/higher edu.• Low quality delivery.• Inability to afford school.
Security	<ul style="list-style-type: none">• Insecurity for housing.• Drug & alcohol abuse.• Family breakdown.• Social & income inequalities.	<ul style="list-style-type: none">• Drug & alcohol abuse.• Property rights.• Exploitation of landlords.

Urban vs. Rural Poverty: Various Dimensions

Dimensions of Poverty	Causes in Urban Areas	Causes in Rural Areas
Empowerment	<ul style="list-style-type: none">• Lack of housing.• Lack of legitimate work permits.• Social exclusion.• Lack of access to job info.• Lack of rights.	<ul style="list-style-type: none">• Lack of access to info. & rights.• Lack of access to transport, electricity & other communication links.• Lack of formal biz & community organisations.

Rural Poverty

- In terms of reducing rural poverty, the Kedah Development Authority (KEDA) has deliberately used pro poor tourism initiatives to reduce the poverty level of its hardcore poor.
- Besides the conventional rural and human resource development programmes, KEDA has also embarked on tourism-related projects called the *KEDA d'Village Programme*.
- **Reasons For Establishment of KEDA d'Village:**
 - To transform KEDA's kampungs into tourism villages
 - To operate the Homestay programme
 - To support Kedah's tourism sector
 - To generate value added programmes and additional income
- This programme comprises 4 components of rural tourism, namely Eco-Agrotourism, Homestay, Hot spring and Camp-Site/Student Tourism.
- Besides the pioneering effort by KEDA, there are other rural-based tourism projects incorporating pro poor elements which are actually community-based tourism projects initiated by NGOs.

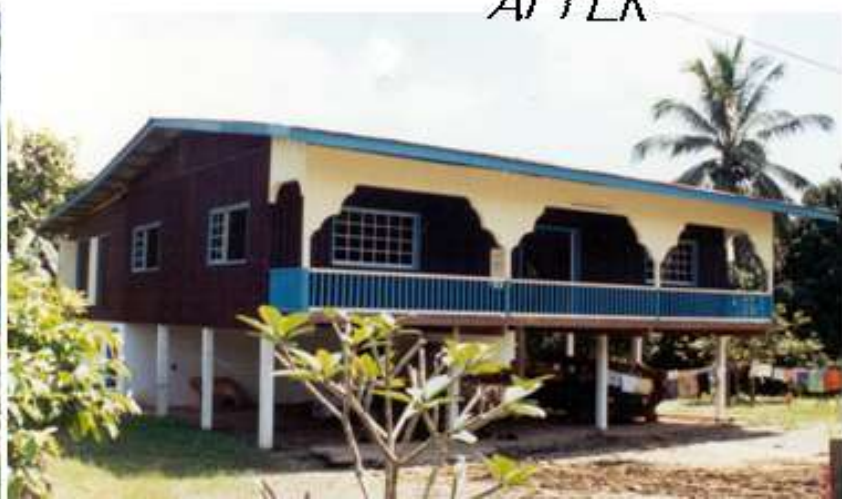
Rural Poverty

- These projects are mainly 'niche' projects that are located away from the mainstream tourist circuit such as:
 - the Community-Based Tourism Project at Batu Puteh, Sabah (MESCOT) (initially developed by WWF Malaysia); and

BEFORE!



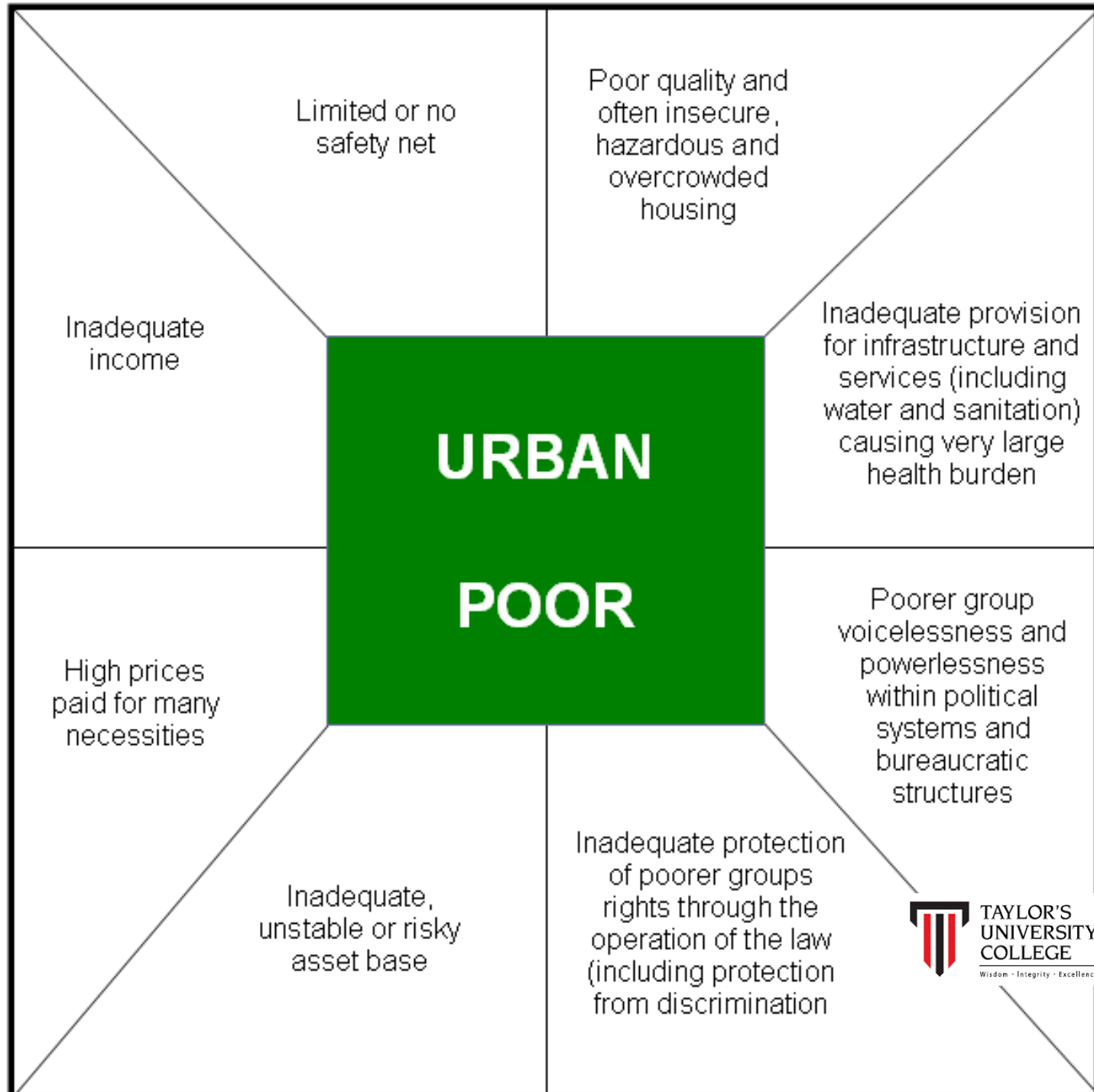
AFTER



Urban Poverty

- Although urban poverty constitutes only 2% of the total incidence of poverty in Malaysia, it is more serious than rural poverty due to the higher cost of living in urban areas.
- The current world economic crisis and the high fuel price will greatly increase the urban poverty.
- In addition, most of the new forms of poverty such as unskilled workers and migrants are found in urban areas.
- Urban poverty has become an important issue in Malaysia, so much so that a special unit has been set up in the Ministry of Housing and Local Government to monitor and formulate measures to mitigate this problem.
- The rate of urban poverty has a high correlation with the rate of urbanisation.
- Urban poverty trigger associated problems such as displacement, marginalisation, poor living condition, poor health, etc.

Urban Poverty and its associated problems



Conclusion

- Malaysia's development success, especially in reducing poverty and increasing the prosperity of its people, will serve as a role model for developing countries.
- Malaysia's economic transformation owes much to its human and its natural resources, sound economic, social, and commercial policies pursued, as well as political stability and national unity.
- Two broad features of the post-1970s have helped to reduce poverty - the country's enviable economic growth record and the national commitment to a more equitable distribution of income.
- In conclusion, the five mega development projects look good in paper (or in theory). To move forward with this well thought plan requires purposeful, well-directed action and stable political environment.
- All these tourism mega plans will not address poverty automatically. It requires commitment and political will, making poverty alleviation through tourism a primary objective of tourism policies and development plans.

Thank you

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