

## **CHAPTER 5 - REGIONAL DEVELOPMENT**

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# *Chapter 5*

## *Regional Development*



# 5

## REGIONAL DEVELOPMENT

### I. INTRODUCTION

5.01 The implementation of regional development strategies during the Seventh Plan period, such as the diversification of the economic base and the provision of modern amenities, stimulated overall economic growth of all the states. This led to increased income, improved living standards, a higher quality of life and reduced economic disparities between regions. In addition, the improvement in employment and income generating activities resulted in narrowing the income gap of the less developed states relative to the more developed states<sup>1</sup>, thus reflecting the effectiveness of strategies towards achieving the objective of balanced development.

5.02 Efforts to optimize the utilization of resources and to transform all the states into modern and resilient economies will be continued during the Eighth Malaysia Plan period. The potentials of all states will be harnessed, in particular the economic base of the less developed states will be further diversified and strengthened. Development of knowledge-based activities will be emphasized in accordance with the economic strengths of the individual states. Emphasis will also be placed on improving the quality of life of the people, especially for those in the less developed states by increasing opportunities to earn higher income and providing better infrastructure and amenities. In addition, the Growth Triangles economic cooperation will be further promoted to bring about greater trade and investment opportunities in the participating states, as well as for Malaysia.

<sup>1</sup> Based on the composite index of development in 2000, the States of Johor, Perak, Pulau Pinang, Melaka, Negeri Sembilan, Selangor and Wilayah Persekutuan Kuala Lumpur were categorized as more developed states, while Kedah, Kelantan, Pahang, Perlis, Sabah, Sarawak and Terengganu were categorized as less developed states.

## **II. PROGRESS, 1996-2000**

5.03 During the Seventh Plan period, the major thrusts of regional development were to achieve balance in social and economic development across regions and states and to raise the standard of living and quality of life of the people. In this regard, the economic structure of the less developed states were diversified with larger contributions from manufacturing and services sectors. In addition, the increase in private sector investments further stimulated economic activities within the context of the Eastern Corridor development strategy. The expansion of social and physical infrastructure contributed towards better living standards and progress was also made in the Growth Triangles cooperation through the implementation of several joint-venture projects.

### **Population, Employment and Labour Force**

#### *Population*

5.04 During the Plan period, average annual growth rate of the population was 2.4 per cent per annum. The population increased from 20.68 million in 1995 to 23.27 million in 2000, as shown in *Table 5-1*. In 2000, there were five states with a population of more than two million of which three are more developed states. The population density increased from 62.7 persons per square kilometre in 1995 to 70.6 persons per square kilometre in 2000. Urban population increased from 55.1 per cent in 1995 to 61.8 per cent in 2000, growing at an annual average rate of 4.8 per cent. This increase was due to rural-urban migration, spurred by expectations of job opportunities and a better quality of life, growth of new urban areas and extension of existing administrative boundaries.

5.05 The population of the more developed states grew at an average of 2.8 per cent per annum during the Plan period, increasing from 11.49 million in 1995 to 13.18 million in 2000 and accounting for 56.6 per cent of the total population. Selangor was the most populous state, with 4.18 million people and registered an average growth of 5.4 per cent per annum. The high rate of increase in Selangor was largely due to net in-migration from neighbouring states. Other more developed states with population of more than two million were Johor and Perak. However, during the Plan period, Perak continued to record growth rates lower than 1.0 per cent per annum due to out-migration. Overall, the population density of the more developed states increased from 199.8 persons per square kilometre in 1995 to 229.1 persons per square kilometre in 2000. The population density of Wilayah Persekutuan Kuala Lumpur was highest at 5,639 persons per square kilometre followed by Pulau Pinang with 1,269.5 persons per square kilometre and Selangor with 524.8 persons per square kilometre.

TABLE 5-1

POPULATION<sup>1</sup> BY STATE, 1990, 1995, 2000 AND 2005

State	Number ('000)				Average Annual Growth Rate (%)		
	1990	1995	2000	2005	1991-1995	1996-2000	2001-2005
<b>More Developed States</b>	<b>10,007.1</b>	<b>11,490.0</b>	<b>13,177.4</b>	<b>14,893.0</b>	<b>2.8</b>	<b>2.8</b>	<b>2.5</b>
Johor	2,121.3	2,422.0	2,721.9	3,020.0	2.7	2.4	2.1
Melaka	531.6	600.0	634.1	681.0	2.5	1.1	1.4
Negeri Sembilan	713.7	804.0	858.9	907.7	2.4	1.3	1.1
Perak	1,980.6	2,036.0	2,109.7	2,182.0	0.6	0.7	0.7
Pulau Pinang	1,114.5	1,179.0	1,307.6	1,452.2	1.1	2.1	2.1
Selangor <sup>2</sup>	2,331.4	3,210.0	4,175.0	5,069.0	6.6	5.4	4.0
Wilayah Persekutuan Kuala Lumpur	1,214.0	1,239.0	1,370.3	1,581.0	0.4	2.0	2.9
<b>Less Developed States</b>	<b>8,094.9</b>	<b>9,194.0</b>	<b>10,088.7</b>	<b>11,143.3</b>	<b>2.6</b>	<b>1.9</b>	<b>2.0</b>
Kedah	1,357.8	1,501.0	1,652.0	1,791.4	2.0	1.9	1.6
Kelantan	1,184.4	1,286.0	1,314.9	1,348.0	1.7	0.5	0.5
Pahang	1,058.2	1,200.0	1,290.0	1,365.1	2.6	1.5	1.1
Perlis	187.2	197.0	204.5	213.2	1.0	0.8	0.8
Sabah <sup>3</sup>	1,817.6	2,267.0	2,656.4	3,112.5	4.5	3.2	3.2
Sarawak	1,699.5	1,908.0	2,071.8	2,300.1	2.3	1.7	2.1
Terengganu	790.1	835.0	899.0	1,013.0	1.1	1.5	2.4
<b>Malaysia</b>	<b>18,102.0</b>	<b>20,684.0</b>	<b>23,266.0</b>	<b>26,036.2</b>	<b>2.7</b>	<b>2.4</b>	<b>2.3</b>

## Notes:

<sup>1</sup> Population data refers to mid-year population.

<sup>2</sup> Includes Wilayah Persekutuan Putrajaya.

<sup>3</sup> Includes Wilayah Persekutuan Labuan.

5.06 At the end of the Plan period, the population of the less developed states accounted for 43.4 per cent of the total population, with Sabah and Sarawak having a population of more than two million. The States of Kelantan and Perlis recorded rates of growth lower than 1.0 per cent due to the low rate of natural increase and a high rate of out-migration. Overall, the population density of the less developed states grew from 33.8 persons per square kilometre in 1995 to 37.1 persons per square kilometre in 2000.

### *Employment*

5.07 During the Plan period, employment grew at 3.0 per cent per annum due to the moderate expansion in the manufacturing and services sectors in the various states, as shown in *Table 5-2*. Total employment increased from 8.0 million in 1995 to 9.3 million in 2000. Of the 1.3 million new jobs created, about 28 per cent was generated by the manufacturing sector and 48 per cent from the services sector.

5.08 Total employment in the more developed states expanded from 4.7 million in 1995 to 5.3 million in 2000 averaging 2.6 per cent per annum. The State of Pulau Pinang recorded the highest growth rate of 3.7 per cent, followed by Selangor 3.3 per cent and Johor 2.8 per cent per annum.

5.09 Employment opportunities in the less developed states increased from 3.3 million in 1995 to 4.0 million in 2000. The average growth rate of 3.6 per cent per annum was higher than that recorded in the more developed states. Sabah recorded the highest average annual growth rate of 9.3 per cent, followed by Kedah 2.8 per cent and Pahang 2.4 per cent per annum.

### *Labour Force*

5.10 The overall labour force increased from 8.3 million in 1995 to 9.6 million in 2000 at an average rate of 3.0 per cent per annum. There was an increase of 1.3 million persons in the labour market during the Plan period. During the same period, the unemployment rate remained at 3.1 per cent. An educational profile analysis of the labour force showed an improvement with more than half attaining secondary and tertiary education.

TABLE 5-2  
**LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT BY STATE, 1995-2005**  
(‘000)

State	1995		2000		2005		Average Annual Growth Rate (%)						
	Labour Force	Employment	Unemployment Rate (%)	Labour Force	Employment	Unemployment Rate (%)	7MP			8MP			
							Labour Force	Employment	Unemployment Rate (%)	Labour Force	Employment	Unemployment Rate (%)	
<b>More Developed States</b>	<b>4,774.8</b>	<b>4,664.6</b>	<b>2.3</b>	<b>5,429.0</b>	<b>5,300.7</b>	<b>2.4</b>	<b>6,307.8</b>	<b>6,183.1</b>	<b>2.0</b>	<b>2.6</b>	<b>2.6</b>	<b>3.0</b>	<b>3.1</b>
Johor	957.3	933.1	2.5	1,096.7	1,071.5	2.3	1,285.7	1,258.6	2.1	2.8	2.8	3.2	3.3
Melaka	238.3	233.1	2.2	249.0	244.0	2.0	264.2	258.8	2.0	0.9	0.9	1.2	1.2
Negeri Sembilan	319.6	309.9	3.0	337.0	326.0	3.3	369.9	360.9	2.4	1.1	1.0	1.9	2.1
Perak	690.1	663.7	3.8	763.8	737.3	3.5	857.2	831.2	3.0	2.1	2.1	2.3	2.4
Pulau Pinang	515.2	508.3	1.3	621.2	610.8	1.7	753.8	742.1	1.6	3.8	3.7	3.9	4.0
Selangor <sup>1</sup>	1,428.5	1,400.9	1.9	1,676.8	1,644.2	1.9	2,019.6	1,984.9	1.7	3.3	3.3	3.8	3.8
Wilayah Persekutuan Kuala Lumpur	625.8	615.6	1.6	684.6	666.8	2.6	757.4	746.6	1.4	1.8	1.6	2.0	2.3
<b>Less Developed States</b>	<b>3,479.2</b>	<b>3,334.6</b>	<b>4.2</b>	<b>4,143.5</b>	<b>3,970.5</b>	<b>4.2</b>	<b>4,854.1</b>	<b>4,675.8</b>	<b>3.7</b>	<b>3.6</b>	<b>3.6</b>	<b>3.2</b>	<b>3.3</b>
Kedah	556.0	545.2	1.9	644.1	626.5	2.7	742.1	722.9	2.6	3.0	2.8	2.9	2.9
Kelantan	447.2	431.8	3.4	419.8	405.6	3.4	434.5	420.9	3.1	-1.3	-1.2	0.7	0.7
Pahang	402.7	388.6	3.5	449.9	437.2	2.8	506.1	492.3	2.7	2.2	2.4	2.4	2.4
Perlis	75.1	74.1	1.3	77.8	76.3	1.9	82.2	80.6	1.9	0.7	0.6	1.1	1.1
Sabah <sup>2</sup>	833.8	788.7	5.4	1,304.1	1,230.5	5.6	1,679.1	1,595.8	5.0	9.4	9.3	5.2	5.3
Sarawak	866.5	825.7	4.7	943.0	899.8	4.6	1,092.0	1,054.5	3.4	1.7	1.7	3.0	3.2
Terengganu	297.9	280.4	5.9	304.8	294.7	3.3	318.2	308.8	3.0	0.5	1.0	0.9	0.9
<b>Malaysia</b>	<b>8,254.0</b>	<b>7,999.2</b>	<b>3.1</b>	<b>9,572.5</b>	<b>9,271.2</b>	<b>3.1</b>	<b>11,161.9</b>	<b>10,858.9</b>	<b>2.7</b>	<b>3.0</b>	<b>3.0</b>	<b>3.1</b>	<b>3.2</b>

Notes:

<sup>1</sup> Includes Wilayah Persekutuan Putrajaya.

<sup>2</sup> Includes Wilayah Persekutuan Labuan.



5.11 In the more developed states, labour force increased from 4.8 million in 1995 to 5.4 million in 2000. The average rate of increase of the labour force at 2.6 per cent per annum was lower than the national average of 3.0 per cent per annum. The unemployment rate of the more developed states increased from 2.3 per cent in 1995 to 2.4 per cent in 2000. The labour force in the less developed states increased from 3.5 million in 1995 to 4.1 million in 2000 at an average annual growth rate of 3.6 per cent. The level of unemployment in the less developed states was 4.2 per cent in 1995 and it remained the same in 2000. The high rate of unemployment in the less developed states was due to the insufficient number of jobs created as a result of less manufacturing projects implemented relative to the more developed states.

### **State Economic Activities**

5.12 During the Seventh Plan period, four states namely Selangor, Pulau Pinang, Johor and Kedah recorded Gross Domestic Product (GDP) growth rates that were higher than the national average of 4.7 per cent per annum. The major sources of growth in these states were from the manufacturing and services sectors. The per capita GDP in all states increased steadily during the Plan period, as shown in *Table 5-3*.

#### *Per Capita Gross Domestic Product*

5.13 The national average growth of per capita GDP was 6.3 per cent during the Plan period. The more developed states recorded an average growth of 6.1 per cent and the per capita GDP increased from RM12,940 in 1995 to RM17,410 in 2000. Wilayah Persekutuan Kuala Lumpur recorded the highest per capita GDP of RM30,727 in 2000, more than double that of the national average of RM14,584. Other more developed states with per capita GDP higher than the national average were Pulau Pinang, Selangor and Melaka.

5.14 The average per capita GDP of the less developed states increased from RM8,027 in 1995 to RM10,893 in 2000. However, in terms of average annual growth of per capita GDP, the less developed states registered 6.3 per cent, which was higher than that of the more developed states. This indicates that the income gap between the more developed and less developed states was narrowing. Overall, the significant growth of the less developed states was mainly due to the contribution of the manufacturing and services sectors and the favourable performance of the palm oil and food subsector. The State of Terengganu achieved

TABLE 5-3

**GROSS DOMESTIC PRODUCT BY STATE, 1995-2005**  
(in 1987 prices)

State	GDP at Purchaser's Value						Per Capita GDP						Ratio of Per Capita GDP to Malaysian Average			
	RM million			Average Annual Growth Rate (%)			RM			Average Annual Growth Rate (%)			1995	2000	2005	
	1995	2000	2005	7MP	8MP	7MP	8MP	1995	2000	2005	7MP	8MP	7MP	8MP	7MP	8MP
<b>More Developed States</b>	<b>111,353</b>	<b>141,492</b>	<b>203,545</b>	<b>4.9</b>	<b>7.5</b>	<b>4.9</b>	<b>7.5</b>	<b>12,940</b>	<b>17,410</b>	<b>22,777</b>	<b>6.1</b>	<b>5.5</b>	<b>1.20</b>	<b>1.19</b>	<b>1.19</b>	<b>1.19</b>
Johor	18,153	23,425	33,950	5.2	7.7	5.2	7.7	10,007	13,954	18,733	6.9	6.1	0.93	0.96	0.98	0.98
Melaka	5,080	6,148	8,743	3.9	7.3	3.9	7.3	11,305	15,723	21,410	6.8	6.4	1.05	1.08	1.12	1.12
Negeri Sembilan	5,440	6,776	9,562	4.5	7.1	4.5	7.1	9,034	12,791	17,555	7.2	6.5	0.84	0.88	0.91	0.91
Perak	14,166	17,153	24,371	3.9	7.3	3.9	7.3	9,290	13,183	18,616	7.3	7.1	0.86	0.90	0.97	0.97
Pulau Pinang	13,293	17,314	24,904	5.4	7.5	5.4	7.5	15,054	21,469	28,581	7.4	5.9	1.40	1.47	1.49	1.49
Selangor <sup>1</sup>	34,063	44,708	64,743	5.6	7.7	5.6	7.7	14,168	17,363	21,286	4.2	4.2	1.32	1.19	1.11	1.11
Wilayah Persekutuan Kuala Lumpur	21,157	25,968	37,272	4.2	7.5	4.2	7.5	22,799	30,727	39,283	6.1	5.0	2.12	2.11	2.05	2.05
<b>Less Developed States</b>	<b>55,272</b>	<b>67,777</b>	<b>96,240</b>	<b>4.2</b>	<b>7.3</b>	<b>4.2</b>	<b>7.3</b>	<b>8,027</b>	<b>10,893</b>	<b>14,394</b>	<b>6.3</b>	<b>5.7</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>
Kedah	7,185	9,087	13,041	4.8	7.5	4.8	7.5	6,391	8,918	12,132	6.9	6.3	0.59	0.61	0.63	0.63
Kelantan	4,319	5,061	6,987	3.2	6.7	3.2	6.7	4,484	6,241	8,638	6.8	6.7	0.42	0.43	0.45	0.45
Pahang	6,784	8,250	11,917	4.0	7.6	4.0	7.6	7,548	10,370	14,549	6.6	7.0	0.70	0.71	0.76	0.76
Perlis	1,126	1,362	1,940	3.9	7.3	3.9	7.3	7,634	10,802	15,166	7.2	7.0	0.71	0.74	0.79	0.79
Sabah <sup>2</sup>	12,235	14,947	21,148	4.1	7.2	4.1	7.2	7,206	9,123	11,323	4.8	4.4	0.67	0.63	0.59	0.59
Sarawak	13,271	16,323	23,270	4.2	7.3	4.2	7.3	9,287	12,755	16,861	6.6	5.7	0.86	0.88	0.88	0.88
Terengganu	10,352	12,746	17,937	4.2	7.1	4.2	7.1	16,553	22,994	29,516	6.8	5.1	1.54	1.58	1.54	1.54
<b>Malaysia</b>	<b>166,625</b>	<b>209,269</b>	<b>299,785</b>	<b>4.7</b>	<b>7.5</b>	<b>4.7</b>	<b>7.5</b>	<b>10,756</b>	<b>14,584</b>	<b>19,189</b>	<b>6.3</b>	<b>5.6</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

Notes:

<sup>1</sup> Includes Wilayah Persekutuan Putrajaya.<sup>2</sup> Includes Wilayah Persekutuan Labuan.

a per capita GDP above the national average due to the increase in oil and gas activities. However, the state was classified as less developed due to the low scores achieved on the composite index of development.

### *Structure of the State Economies*

5.15 The Seventh Plan period witnessed a shift in the structure of the state economies. The less developed states, whose economic mainstay was agriculture and mining, recorded GDP growth rates of between 3.0 to 5.0 per cent per annum due to growth of the manufacturing and services sectors. The contribution of the manufacturing sector improved, particularly in the States of Pahang, Terengganu, Sabah and Sarawak due to the growth of the wood and wood-based, agro-based and petro-chemical industries, while in Kedah it was spearheaded by the electrical and electronic industries. The contribution of the services sector increased mainly in wholesale and retail trade, hotels and restaurants subsector for all the less developed states. The share of the mining sector to GDP for the States of Sabah, Sarawak and Terengganu reduced during the Plan period, while the contribution of the manufacturing and the services sectors increased.

### *Agriculture*

5.16 The agriculture sector recorded a growth of 1.2 per cent per annum during the Plan period. The share of this sector to the national GDP declined from 10.3 per cent in 1995 to 8.7 per cent in 2000. However, agriculture remained an important sector for the less developed states. For the States of Kedah, Kelantan, Pahang and Sabah, agriculture contributed more than 15 per cent to the state GDP. The contribution of the agriculture sector was highest in Sabah with 24.5 per cent share to GDP followed by Pahang 21.3 per cent and Kedah 18.8 per cent. This was mainly due to the increase in the production of palm oil, logs and forest products and other agriculture products such as livestock and fisheries. Among the more developed states, agriculture contributed 16.2 per cent and 12.2 per cent to the state GDP of Perak and Johor, respectively.

### *Mining*

5.17 The mining sector grew at an average rate of 0.4 per cent per annum mainly due to the growth of crude oil and natural gas production which accounted for 98 per cent of the total value added. The sector's contribution to total GDP declined from 8.2 per cent in 1995 to 6.6 per cent in 2000. For the States of

Terengganu, Sabah and Sarawak, the mining sector recorded double digit contribution to the state GDP, mainly due to crude oil and natural gas production. The mining sector continued to be the prominent sector in Terengganu as its contribution to the state GDP value-added was 54.8 per cent in 2000.

### *Manufacturing*

5.18 The manufacturing sector registered a growth rate of 9.1 per cent per annum during the Plan period. Contribution of the manufacturing sector to the GDP increased from 27.1 per cent in 1995 to 33.4 per cent in 2000. A total of 3,908 manufacturing projects was approved with proposed capital investment of RM137 billion during the Plan period, as shown in *Table 5-4*. Of these projects, 62 per cent were in the States of Selangor, Johor and Pulau Pinang.

TABLE 5-4			
APPROVED MANUFACTURING PROJECTS BY STATE, 1996-2000			
<i>State</i>	<i>Number of Projects</i>	<i>Potential Employment</i>	<i>Potential Investment (RM million)</i>
<b>More Developed States</b>	<b>3,109</b>	<b>299,161</b>	<b>79,862.2</b>
Johor	857	76,253	19,775.2
Melaka	164	24,700	6,750.2
Negeri Sembilan	165	13,775	6,200.1
Perak	259	29,508	6,283.4
Pulau Pinang	519	62,625	16,592.6
Selangor <sup>1</sup>	1,051	87,017	23,479.5
Wilayah Persekutuan Kuala Lumpur	97	5,283	853.6
<b>Less Developed States</b>	<b>796</b>	<b>108,261</b>	<b>44,845.2</b>
Kedah	233	34,393	12,214.6
Kelantan	44	4,143	543.1
Pahang	116	13,248	10,405.7
Perlis	13	1,372	1,575.0
Sabah <sup>2</sup>	130	16,111	3,757.4
Sarawak	181	30,166	15,338.9
Terengganu	79	8,828	13,225.1
<b>Malaysia</b>	<b>3,908</b>	<b>407,422</b>	<b>136,994.4</b>

*Notes:*

<sup>1</sup> Includes Wilayah Persekutuan Putrajaya.

<sup>2</sup> Includes Wilayah Persekutuan Labuan.

5.19 The average growth of the manufacturing sector in the more developed states was 9.0 per cent per annum as the availability of good infrastructure in these states continued to make them attractive destination for investments. In the manufacturing sector, the highest growth of 10.1 per cent per annum was achieved by Perak followed by Selangor 9.8 per cent and Pulau Pinang 9.6 per cent. The average annual growth rate of the manufacturing sector in the less developed states was higher than the national average at 9.4 per cent. Among the less developed states, Kedah, Pahang, Terengganu, Sabah and Sarawak had an average annual growth rate of more than 8.0 per cent. The manufacturing projects implemented in the States of Pahang, Sabah, Sarawak and Terengganu were mainly related to the petro-chemical and gas industries, electrical and electronic, and wood-based industries. This increase in investments was due to the efforts by the Government in the dispersal of industries to the Eastern Corridor of Peninsular Malaysia and the principal growth areas in Sabah and Sarawak.

#### *Construction*

5.20 The construction sector which grew at an average rate of 13.4 per cent per annum in the period of 1996-97, recorded negative growth for the period 1998-2000 resulting in an overall negative growth of 1.1 per cent per annum during the Plan period. For the more developed states, the construction sector registered negative average growth of 1.4 per cent due to the deferment of major infrastructure projects as well as residential and commercial properties. The construction sector in the less developed states recorded negative average growth rate of 0.6 per cent per annum. However, three states had positive growth, namely Pahang 2.0 per cent, Sabah 0.4 per cent and Terengganu 0.2 per cent.

#### *Services*

5.21 The services sector grew at an average rate of 5.2 per cent per annum during the Plan period. The economic slowdown dampened its growth because the wholesale and retail trade, hotels and restaurants as well as the transport subsectors were affected by the decline in income and the contraction of the construction industry. However, the positive performance of the electricity, communications and the financial, insurance, real estate and business services subsectors moderated the negative effect. Although the average share of the services sector in the more developed states declined from 55 per cent in 1995 to 54.4 per cent in 2000, it was still higher than the national average of 52.4 per cent. The average share of the services sector in the less developed states increased from 43.5 per cent in 1995 to 48.3 per cent in 2000.

## Quality of Life

5.22 During the period, the *mean monthly household income* in all states increased. It grew by 5.2 per cent per annum from RM2,020 in 1995 to RM 2,472 in 1999, as shown in *Table 5-5*. The expansion of job opportunities in the secondary and tertiary sectors, especially with the strong rebound of the economy from 1999, contributed significantly to increase income and in the number of income earners per household.

State	Mean Monthly Household Income (RM)		Average Annual Growth Rate (%)	Incidence of Poverty (%)	
	1995	1999	1995-99	1995	1999
<b>More Developed States</b>	<b>2,277</b>	<b>2,846</b>	<b>5.7</b>	<b>4.2</b>	<b>3.9</b>
Johor	2,138	2,646	5.5	3.1	2.5
Melaka	1,843	2,260	5.2	5.3	5.7
Negeri Sembilan	1,767	2,335	7.2	4.9	2.5
Perak	1,436	1,743	5.0	9.1	9.5
Pulau Pinang	2,225	3,128	8.9	4.0	2.7
Selangor <sup>1</sup>	3,162	3,702	4.0	2.2	2.0
Wilayah Persekutuan Kuala Lumpur	3,371	4,105	5.0	0.5	2.3
<b>Less Developed States</b>	<b>1,376</b>	<b>1,660</b>	<b>4.8</b>	<b>15.6</b>	<b>13.2</b>
Kedah	1,295	1,612	5.6	12.2	13.5
Kelantan	1,091	1,314	4.8	22.9	18.7
Pahang	1,436	1,482	0.8	6.8	5.5
Perlis	1,158	1,431	5.4	11.8	13.3
Sabah <sup>2</sup>	1,647	1,905	3.7	22.4	20.1
Sarawak	1,886	2,276	4.8	10.0	6.7
Terengganu	1,117	1,599	9.4	23.4	14.9
<b>Malaysia</b>	<b>2,020</b>	<b>2,472</b>	<b>5.2</b>	<b>8.7</b>	<b>7.5</b>

*Notes:*  
<sup>1</sup> Includes Wilayah Persekutuan Putrajaya.  
<sup>2</sup> Includes Wilayah Persekutuan Labuan.

5.23 The mean monthly household income of the more developed states increased from RM2,277 in 1995 to RM2,846 in 1999, at an average rate of 5.7 per cent per annum. The mean monthly household income of the less developed states increased from RM1,376 in 1995 to RM1,660 in 1999, at an average rate of 4.8 per cent. Apart from the expansion of job opportunities in the secondary and tertiary sectors, the higher prices for commodities, especially palm oil contributed to an increase in rural household income in the less developed states.

5.24 With improvements in the household income levels, *the incidence of poverty* declined from 8.7 per cent in 1995 to 7.5 per cent in 1999. The incidence of poverty of the more developed states declined slightly from 4.2 per cent in 1995 to 3.9 per cent in 1999. The incidence of poverty in the less developed states dropped from 15.6 per cent in 1995 to 13.2 per cent in 1999, with Terengganu witnessing the most significant decline from 23.4 per cent in 1995 to 14.9 per cent in 1999.

5.25 The overall improvement in the economic development of the states was also reflected in the rise in living standards and quality of life, as shown in *Table 5-6*. All states registered significant improvement in living standards and quality of life, as reflected in the socio-economic indicators such as infant mortality rates, doctor per 10,000 population and motor vehicle ownership. More than 92 per cent of the population received piped water in all states except, Kelantan and Sabah. In the case of electricity supply, all states in Peninsular Malaysia had 100 per cent coverage in 2000 while Sarawak and Sabah had 80 per cent and 79 per cent respectively.

## **Urban Development**

5.26 The level of urbanization increased from 55.1 per cent in 1995 to 61.8 per cent in 2000, as shown in *Table 5-7*. For the year 2000, the urbanization rate in the more developed states, ranged from 55 per cent to 100 per cent. Wilayah Persekutuan Kuala Lumpur was 100 per cent urban, followed by Selangor 88.3 per cent and Pulau Pinang 79.5 per cent. The rate of urbanization in the less developed states ranged between 33 per cent to 50 per cent. Among the less developed states, Terengganu recorded the highest urbanization rate of 49.4 per cent followed by Sabah 49.1 per cent.

5.27 Due to an expansion in urban economic activities, the incidence of urban poverty declined from 3.6 per cent in 1995 to 3.4 per cent in 1999. The urban population also earned higher incomes, with the mean monthly income of the

**TABLE 5-6**  
**SELECTED SOCIO-ECONOMIC INDICATORS BY STATE, 1995-2000**

State	Registered Cars and Motorcycles per 1,000 Population		Telephones per 1,000 Population		Population Provided with Piped Water (%)		Infant Mortality Rate per 1,000 Live Births		Number of Doctors per 10,000 Population	
	1995	2000	1995	1997	1995	1999	1995	1998	1995	1997
<b>More Developed States</b>										
Johor	432.9	523.4	184.3	280.5	97.0	98.0	9.6	6.5	4.1	5.2
Melaka	458.8	555.9	200.9	278.4	98.0	99.0	9.7	9.2	5.4	8.3
Negeri Sembilan	398.4	476.2	174.2	270.4	96.0	99.0	12.5	7.5	4.8	6.3
Perak	375.3	459.5	164.4	277.1	91.0	100.0	10.4	6.7	4.7	6.4
Pulau Pinang	651.8	807.7	232.0	387.2	98.0	100.0	9.5	7.0	7.4	8.9
Selangor <sup>1</sup>	399.4	367.9	229.1	462.0	96.0	99.0	6.8	5.5	5.3	13.3
Wilayah Persekutuan Kuala Lumpur	616.3	985.7	369.5	258.2	100.0	100.0	13.4	10.9	22.6	12.7
<b>Less Developed States</b>										
Kedah	269.7	310.0	118.0	120.3	94.0	98.0	7.8	8.5	3.4	4.7
Kelantan	180.5	211.9	68.0	114.6	65.0	70.0	11.4	9.7	4.0	5.2
Pahang	260.8	306.1	112.8	190.2	92.0	93.0	10.1	10.0	3.4	4.3
Perlis	276.4	324.8	121.4	119.8	94.0	95.0	8.5	8.0	3.7	4.7
Sabah <sup>2</sup>	101.0	111.4	81.7	120.8	64.0	66.0	16.7	11.5	2.2	2.4
Sarawak <sup>3</sup>	215.0	255.0	116.8	164.8	86.0	94.0	7.5	6.2	2.9	3.7
Terengganu	181.4	221.0	89.1	153.8	83.0	94.0	12.3	10.6	3.0	4.0
<b>Malaysia</b>	<b>339.2</b>	<b>421.9</b>	<b>164.3</b>	<b>228.4</b>	<b>88.0</b>	<b>92.0</b>	<b>10.3</b>	<b>8.1</b>	<b>5.3</b>	<b>6.6</b>

Notes:

<sup>1</sup> Includes wilayah persekutuan Putrajaya.

<sup>2</sup> Includes Wilayah Persekutuan Labuan.

<sup>3</sup> Including partially treated water in rural areas.



TABLE 5-7

**URBANIZATION RATE BY STATE, 1995, 2000 AND 2005**

State	Urbanization Rate (%)			Average Annual Growth Rate of Urban Population (%)	
	1995	2000	2005	7MP	8MP
<b>More Developed States</b>	<b>66.5</b>	<b>73.4</b>	<b>77.7</b>	<b>4.9</b>	<b>3.8</b>
Johor	54.4	63.9	69.1	5.7	3.8
Melaka	49.5	67.3	75.3	7.5	3.2
Negeri Sembilan	47.3	55.0	58.2	4.4	2.3
Perak	56.2	59.5	65.3	1.9	3.0
Pulau Pinang	77.0	79.5	83.3	2.7	3.1
Selangor <sup>1</sup>	80.8	88.3	92.7	7.3	5.0
Wilayah Persekutuan Kuala Lumpur	100.0	100.0	100.0	2.0	2.2
<b>Less Developed States</b>	<b>37.4</b>	<b>42.1</b>	<b>45.9</b>	<b>4.7</b>	<b>3.9</b>
Kedah	35.1	38.7	43.3	3.9	3.9
Kelantan	33.5	33.5	36.7	0.5	2.8
Pahang	35.0	42.1	44.0	5.2	2.2
Perlis	29.6	33.8	38.9	3.5	3.7
Sabah <sup>2</sup>	39.8	49.1	53.2	7.7	4.9
Sarawak	41.8	47.9	54.6	4.4	4.8
Terengganu	46.6	49.4	50.1	2.7	1.6
<b>Malaysia</b>	<b>55.1</b>	<b>61.8</b>	<b>66.9</b>	<b>4.8</b>	<b>3.8</b>

*Notes:*<sup>1</sup> Includes Wilayah Persekutuan Putrajaya.<sup>2</sup> Includes Wilayah Persekutuan Labuan.

top 20 per cent increasing from RM6,474 in 1995 to RM7,580 in 1999. The bottom 40 per cent of the urban population enjoyed an increase in their mean monthly income, from RM942 in 1995 to RM1,155 in 1999.

5.28 With increasing urbanization, there was a need for more systematic planning, efficient administration and better delivery of services from local authorities. The emphasis in urban development was to ensure that the urbanization process was planned and implemented systematically to improve the quality of life and contribute towards economic growth. In this regard, the dispersal of urban development was undertaken as an important strategy to reduce pressures on major urban centres such as the relocation of the Federal Government Administrative Centre from Kuala Lumpur to Putrajaya and the development of Cyberjaya.

5.29 The construction and upgrading of roads and expressways such as North-South Highway (PLUS), North-Klang Valley Expressway (NKVE) and Damansara-Puchong Highway (LDP) further led to the establishment of townships such as Nilai and Bandar Baru Klang, as well as the creation of new townships such as Bukit Beruntung and Bandar Bukit Puchong. The Government also promoted the development of special feature and border towns such as Padang Besar and Bukit Kayu Hitam; historical and heritage towns, such as Melaka and Taiping; resort towns such as Port Dickson and Kuah in Langkawi; and specialized industrial towns such as Kulim and Kertih. In addition, the construction of business premises by various agencies such as UDA Holdings Berhad, *Majlis Amanah Rakyat (MARA)*, State Economic Development Corporations (SEDCs) and local authorities, provided more economic opportunities in the urban areas.

5.30 Measures were undertaken to improve planning and implementation of projects to address urban related issues such as flash floods, squatter settlements, traffic congestion, vector-borne diseases as well as air and water pollution. A total of RM779 million was spent for urban flood mitigation programmes, while a total of 34,148 low cost houses was in various stages of implementation in Kuala Lumpur under the *Program Perumahan Rakyat Bersepadu*. In addition, a total of 17,630 housing units was identified for implementation in other major towns. To alleviate traffic congestion, particularly in the Klang Valley, various measures were undertaken such as the creation of bus lanes, park-and-ride facilities, feeder bus services and Light Rail Transit (LRT). The Healthy Cities Initiative (HCI), introduced in Kuching and Johor Bahru in 1994, was expanded to include more cities and towns. The HCI focused on improving the physical and social environment and expanding the resources of communities in realizing their potentials. By 2000, a total of 15 cities and towns participated in the HCI project.

5.31 The Government launched the Local Agenda 21 programme in 1999 to strengthen sustainable development activities at the local level by involving local authorities, local communities and other community-based organizations. The pilot project was implemented in four local authorities, namely Petaling Jaya, Krian, Kuantan and Miri. In addition, a Sustainable Urban Development Project was launched in 1999 in Kuching and Kota Kinabalu, to improve the management of wastes, land use and natural resources.

5.32 With increasing urbanization, there were higher expectations in terms of service delivery. To improve the management and enforcement capabilities of local authorities, a total of 11 District and Municipal Councils was upgraded and

699 additional posts were approved during the Plan period. Kota Kinabalu and Shah Alam were proclaimed as cities and the district councils of Ampang Jaya, Selayang, Subang Jaya, Kajang, Johor Bahru Tengah, Maharani, Penggaram, Temerloh and Kluang were upgraded to municipal councils.

## **Rural Development**

5.33 During the Plan period, continued efforts were undertaken to eradicate poverty and to create a resilient rural community motivated towards bringing about greater development. The New Philosophy of Rural Development (NPRD) implemented in 1996, accelerated the transformation process of the rural areas into modern, well developed and attractive environment. This philosophy emphasized both human and physical development as well as provided a stronger framework for rural development. In the area of village development, the *Gerakan Desa Wawasan* programme was implemented to encourage active participation of the *Jawatankuasa Keselamatan dan Kemajuan Kampung* (JKKK) and village leadership in planning, organizing and proposing village development projects. This programme benefited 2,168 villages. In addition, the Government continued to provide modern social and infrastructure amenities under various development programmes such as rural roads as well as water and electricity supply.

5.34 In terms of access to infrastructure and social amenities, 100 per cent of rural areas in Peninsular Malaysia had access to electricity supply, while Sarawak and Sabah had 80 per cent and 79 per cent, respectively. The construction and upgrading of rural roads enabled the rural population to participate in socio-economic development as well as improved accessibility to urban centres and modern services. In this regard, a total of 3,214 kilometres of new rural roads was constructed and 49,000 kilometres of roads were upgraded. Efforts were undertaken to reduce the performance gap in education between rural and urban schools, such as the upgrading of learning facilities and the provision of trained teachers to rural schools. In this respect, a total of 7,520 science laboratories was constructed and 7,230 trained Mathematics and Science teachers were deployed to rural schools. Residential facilities were built benefiting 12,130 students including *Orang Asli* students. Efforts were also undertaken to improve the coverage of basic health services for rural areas and remote parts of the country, through the implementation of 172 new primary health clinic projects and upgrading and refurbishing of 304 existing clinics.

5.35 The rural institution JKKK was strengthened to enhance their planning and implementing capacities. The Institute for Rural Advancement (INFRA) was established in 1996 in Bangi and a total of 9,321 rural leaders was trained in

the preparation of village master plans, project planning and management as well as organizational and leadership skills.

5.36 Measures were undertaken to improve the welfare and economic well-being of the *Orang Asli* to bring them into the mainstream of economic development. Under *Rancangan Pengumpulan Semula* (RPS), *Orang Asli* communities in the hinterland were resettled into new areas where basic infrastructure, housing and social amenities were provided. A total of 3,350 households was resettled in various RPS and 9,939 hectares of land developed by Rubber Industry Smallholder Development Authority (RISDA) and Federal Land Consolidation and Rehabilitation Authority (FELCRA). The Farmers Organization Authority involved 36 families in vegetable farming using modern technology covering an area of 20 hectares in the RPS Terisu, Cameron Highlands. The *Orang Asli* were also provided training in automotive repair and maintenance, building and construction as well as entrepreneurship development in *Orang Asli* training centres at Paya Bungor, Pahang and Bukit Lanjan, Selangor. During the Plan period, a total of 2,038 *Orang Asli* youths benefited from courses in various skill training institutes.

5.37 Overall, the concerted and coordinated efforts by various agencies created income-generating activities for the rural population such as cottage and handicraft industries, agro-based food processing industries and tourism projects. As a result, the mean monthly gross income of rural households increased from RM1,326 in 1995 to RM1,718 in 1999. The increase in household income contributed to a reduction in income disparity ratio between urban and rural households from 1:1.95 in 1995 to 1:1.81 in 1999. In addition, the incidence of rural poverty was reduced from 14.9 per cent in 1995 to 12.4 per cent in 1999. Higher income, better infrastructure and the provision of quality social amenities contributed towards improving the quality of life of the rural communities.

### **Growth Triangles Cooperation**

5.38 At the ASEAN level, closer cooperation between neighbouring countries was fostered through the Growth Triangles, namely, the Indonesia–Malaysia–Thailand Growth Triangle (IMT–GT), the Brunei–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP–EAGA), and the Indonesia–Malaysia–Singapore Growth Triangle (IMS–GT). Joint-venture projects in the Growth Triangles stimulated economic growth in the participating states of Malaysia. The private sector took a leading role in the development of joint-venture projects while the Governments of the participating countries facilitated their efforts.

5.39 Since the establishment of the three Growth Triangles, several-joint venture projects were implemented involving Malaysian companies. These projects were in the infrastructure sector including telecommunications, construction of factory buildings and fabrication of building materials. Among the agriculture projects implemented were oil palm plantation and the processing of marine products, fruits and other food products, while transportation services projects were related to air links and ferry services. In the tourism sector, projects were in eco-tourism development and hospitality training. In addition, joint-venture projects in human resource development included training and skill development in health services as well as the establishment of a university data information exchange among universities in the region.

### **III. PROSPECTS, 2001-2005**

5.40 The Eighth Malaysia Plan will place greater emphasis on ensuring balanced regional development by further diversifying the economic base of the less developed states and developing knowledge-based activities to generate more job opportunities and higher incomes. In addition, economic activities based on the economic strengths of the states will be developed to ensure greater efficiency in resource utilization, thereby contributing to the development of sustainable and resilient state economies. Inter-state cooperation and resource-sharing in joint projects will also be encouraged to improve the quality of life in urban and rural areas. Cooperation in the Growth Triangles will aim at maximizing the economic benefits and complementarities within the areas.

#### **Population Growth and Employment by State**

5.41 *Population* growth trends in the various states will not be expected to change significantly during the Eighth Plan period, as shown in *Table 5-1*. Four states are expected to record growth rates higher than the national average of 2.3 per cent per annum. The State of Selangor is expected to register the highest growth rate at 4.0 per cent per annum. The population growth of Perak, Perlis and Kelantan are expected to increase moderately, below 1.0 per cent per annum due to their low rates of natural increase as well as out-migration.

5.42 The *urbanization* rate is expected to increase to 66.9 per cent by the end of Eighth Plan. The urban population is estimated to grow at a slower rate of 3.8 per cent per annum during the period. The more developed states are expected

to attract more people to the urban centres due to acceleration in economic activities, greater job opportunities and a better quality of life. Among the more developed states, Selangor is expected to record the highest growth in urban population at 5.0 per cent per annum, followed by Johor 3.8 per cent. Urban population growth in three less developed states is expected to be slightly higher than the national average, with Sabah at 4.9 per cent per annum, followed by Sarawak at 4.8 per cent and Kedah at 3.9 per cent.

5.43 *Employment* is expected to grow at an average rate of 3.3 per cent per annum in the less developed states and 3.1 per cent per annum in the more developed states. Among the less developed states, Sabah and Sarawak are expected to register a high growth in employment, arising from the expansion of downstream activities in the petroleum, agro-based and wood and wood-based industries.

### **State Economic Growth**

5.44 Economic growth in all states is expected to remain high during the Eighth Plan period. The less developed states are projected to grow at an average rate of 7.3 per cent per annum, compared with 4.2 per cent per annum during the Seventh Plan period. The resource-based manufacturing sector as well as the wholesale and retail trade, hotels and restaurants subsector, will be the main contributors to growth in the less developed states of Kedah, Sabah, Sarawak and Terengganu. In addition, the Eastern Corridor development strategy will be further strengthened and enhanced to stimulate development.

5.45 The economic structure of the less developed states is expected to undergo a further shift towards the secondary and tertiary sectors. The contribution of these two sectors to the economies of the less developed states is projected to increase from 56.7 per cent in 2000 to 65.6 per cent by 2005. This shift in the economic structure will be significant in Terengganu, Kedah, Sabah and Sarawak, with the total value-added contribution of the manufacturing sector expected to increase from 15.4 per cent in 2000 to 28.5 per cent by 2005. The strong growth of the manufacturing sector in Terengganu will come from the iron and steel and petro-chemical industries, while in Kedah the contribution will be from the continued growth of electrical and electronic industries. The wood and wood-based, electrical and electronic and petroleum related industries are expected to be the main contributors to growth in Sabah and Sarawak.

5.46 Economic growth in the more developed states will remain high at an average rate of 7.5 per cent per annum during the Plan period. The manufacturing and services sectors will contribute significantly towards the expansion of economic activities and continue to provide the main impetus for economic growth. Wilayah Persekutuan Kuala Lumpur is projected to grow at a rate of 7.5 per cent per annum, with the finance, insurance, real estate and business services subsector contributing more than two-thirds of its economic growth.

### **Strategies for Balanced Regional Development**

5.47 During the Eighth Plan period, the main thrusts for regional development will be as follows:

- ❑ *diversifying the economic structure of the less developed states;*
- ❑ *improving the quality of urban services;*
- ❑ *accelerating development in rural areas; and*
- ❑ *promoting Growth Triangles cooperation.*

### **Diversifying Economic Structure of the Less Developed States**

5.48 Regional development strategies will be directed at diversifying the economic base of the less developed states. The manufacturing base of these states will be broadened, through the development of resource-based industries and additional economic activities based on the economic strengths of the states. In this regard, most of the states have identified suitable areas for manufacturing activities, such as Kulim in Kedah, Kuching in Sarawak and Kota Kinabalu in Sabah. In addition, industrial areas such as Gebeng, Pahang; Bintulu, Sarawak; and Kertih, Terengganu have been designated for petro-chemical industries. Supporting cluster industries will be encouraged to locate in the less developed states to take advantage of the relatively lower cost of doing business. To ensure that this strategy is implemented, the necessary infrastructure and facilities including telecommunications will be provided.

5.49 In agriculture, the emphasis will be to increase food production through the promotion of large- and medium-scale commercial ventures, enhancement of productivity and improvement of farm management. In this regard, states are encouraged to designate permanent food production areas for suitable crops based on crop-zoning guidelines. Efforts will also be made to encourage greater private sector participation in the production of food crops, especially crops with

high economic returns. To improve the income of poor households, new sources of supplementary income will be identified, such as from small-scale agro-based activities and processing of non-timber forest resources.

5.50 Efforts will be directed at identifying and developing new tourism products and upgrading the tourism infrastructure, particularly in the less developed states. The focus will be on developing eco-tourism and agro-tourism activities and re-packaging of current products to capture niche markets. Some of these products are Taman Negara in Pahang, Kinabalu Park in Sabah and Mulu and Niah caves in Sarawak.

5.51 The coverage of and accessibility to various social facilities and basic amenities, such as health, education, telecommunications as well as piped water and electricity, particularly in the less developed states, will be expanded to improve the standard of living and the quality of life of the people. At the same time, inter-state cooperation and resource sharing in joint cross border projects such as roads, highways, and technology parks will be promoted to optimize the utilization of resources.

### **Improving the Quality of Urban Services**

5.52 The development strategies will continue to emphasize the improvement of the quality of urban services. This is to ensure that the urban areas are more livable, with its citizens enjoying a higher quality of life. Migration from the rural sector to areas within and the outskirts of urban centres has created pockets of urban poverty. Appropriate measures will be instituted to alleviate the situation. This will include proper urban planning and the provision of adequate public amenities such as open spaces for children, kindergartens, and community halls, together with programmes aimed at raising civic consciousness. The urban areas will be developed through the efficient management of resources such as land, social infrastructure and human resources. In this regard, an urban policy will be introduced which will emphasize a total planning concept in order to attain balanced and sustainable development, economically, socially, spiritually and environmentally. Under this policy, the urban areas will be evaluated in terms of size, roles, functions, population targets as well as human settlement planning and development. In addition, the spatial distribution and growth of existing and future urban areas will also be examined and improved. In medium- and small-sized towns, the development of essential facilities such as housing, schools, community facilities and commercial premises will be given priority to create a livable and attractive business environment.



5.53 Efforts will be carried out to encourage greater community participation in managing, improving and resolving urban environmental issues together with the local authorities. In this regard, local authorities will provide better human settlement facilities and improve the quality of life, in line with the Habitat Agenda and Local Agenda 21. The use of Information and Communications Technology (ICT), training of personnel, sharing of best practices and international networking will further enhance the effectiveness and efficiency of local authorities.

5.54 To ensure that the local authorities are able to face new challenges and cope with the expansion of urban areas, the institutional capacity including the implementation of planning guidelines and enforcement, will be further improved and upgraded. In this regard, there is a need to review and streamline rules, regulations and procedures. In addition, the National Spatial Plan will provide the necessary management tool for effective and efficient urban development.

### **Accelerating Development in Rural Areas**

5.55 The focus of rural development programmes will be to create a conducive environment for investments and countryside living with the provision of quality infrastructure and social services. In this regard, the existing infrastructure facilities including telecommunications will be improved and upgraded. Infrastructure and social amenities will be extended to remote areas and fragmented estates. Rural communities will be regrouped into small townships to facilitate the provision of such facilities. Emphasis will also be given to increase the coverage of water and electricity supply through alternative means, particularly to the rural areas of Sabah and Sarawak. To ensure that the programmes will be implemented effectively, development policies and strategies of the agencies involved in rural development will be further integrated and coordinated. In this respect, development programmes of the Regional Development Authorities (RDAs) will be improved, consolidated and streamlined towards increasing the standard of living of the rural population. The major focus of rural development activities will be to provide better housing, promote development of rural tourism and increase training and income-generating opportunities for rural youths including those in land development schemes. The Government will encourage the development of specialized small-scale industries in the rural areas. Development of small-scale industries, such as handicrafts and resource-based, will be undertaken in areas where local resources are available. In this regard, simple technologies will be promoted at reasonable cost to support such industries. In addition, emphasis will be placed on the provision of necessary training to rural population

in the handicraft and agro-based industrial technologies as well as the usage of ICT applications for planning and information, linking urban distribution centres and identifying markets for rural products.

5.56 The socio-economic transformation of the *Orang Asli* communities will be expedited through an integrated programme that covers both physical and human development. The provision of basic infrastructure, housing, social services and amenities will be continued, particularly through the RPS. New measures will be undertaken to modernize and increase the income of *Orang Asli* households through organized land development programmes with the cooperation of state governments. In addition, the education and skill training of the *Orang Asli* will be intensified to expedite their assimilation into the mainstream of development. This is to enable the communities to participate in new areas of economic activities such as eco-tourism and agro-tourism, processing of herbal medicine and the production of bamboo and rattan-based products.

### **Promoting Growth Triangles Cooperation**

5.57 A new approach focusing on core economic activities will be introduced to enhance Growth Triangles cooperation. Strategies to harness the economic complementarities of the Growth Triangles to promote the efficient utilization of resources and attract domestic and foreign investments will be continued. Emphasis will be given to facilitate cross border activities and improve infrastructure links to promote easier trade and business interactions.

5.58 Several Growth Triangle projects that were deferred due to the economic downturn will be revived. The Common Border Wholesale Markets in Kedah and Perlis, and Welcome Plazas in Sabah and Sarawak will be strengthened as the core activities of the region. In addition, the Seamless Songkhla-Penang-Medan Economic Corridor, comprising six component projects of the Landbridge, Common Border Wholesale Markets, Telecommunications, Tourism, Hinterland Development and Human Resource Development, will be implemented as focus areas, to further facilitate and expand trade and commerce in the IMT-GT. This will involve the necessary facilitation, particularly the standardization and harmonization of customs and immigration rules and procedures, while the private sector will be encouraged to initiate trade and business ventures within the core activities. In the BIMP-EAGA, the construction of the Pan-Borneo Multi-Modal Highway Project will be continued to improve land and sea transport as well as to enhance the development of economic activities, particularly in rural and remote areas.

Since vast opportunities still exist to develop the abundant resources in the region, the private sector will be encouraged to be more pro-active in identifying and implementing projects.

#### **IV. CONCLUSION**

5.59 Regional development strategies implemented in the Seventh Plan period resulted in improved living standards and a higher quality of life of the people in all states as well as reduced disparities between regions. During the Eighth Plan period, the main thrust for all states will be to diversify their economies, based on their economic strengths and to ensure a greater efficiency in resource utilization, thereby building sustainable and resilient economies. Urban and rural development strategies will continue to be directed at achieving higher living standards and a better quality of life. In addition, Growth Triangles cooperation is expected to enhance economic growth and development in the participating states.