



ATTAINING BALANCED REGIONAL DEVELOPMENT

17

I. INTRODUCTION

17.01 During the Eighth Plan period, all states recorded economic growth and increase in the mean monthly household income. The quality of life also improved in the rural and urban areas. However, in terms of regional balance, little progress was made in reducing development gaps between regions, states as well as rural and urban areas.

17.02 Achieving balanced regional development will remain as one of the key objectives of national development during the Ninth Plan. Measures will be undertaken to reduce disparities in development between regions and states as well as between rural and urban areas. In this regard, the development of transborder areas between states will be emphasised while the development of existing growth centres within states will be intensified. Emphasis will also be given to develop rural growth centres and urban conurbations¹ by generating income-creating activities and improving the quality of life. The development of states in the ASEAN sub-regional growth triangles will be further enhanced through increased trade, investment and tourism using the existing ASEAN sub-regional and bilateral arrangements.

II. PROGRESS, 2001-2005

17.03 During the Eighth Plan period, the focus of regional development was to raise the standard of living and quality of life as well as attain balanced social and economic development across regions and states. All states recorded economic growth and as a result of which the standard of living in rural and urban areas improved. Nevertheless, development gaps between states and rural-urban disparities widened during the period.

¹ Conurbation is an urban area comprising a number of cities or towns, which through population growth and expansion, have physically merged to form one continuous, built up area. The extent of the conurbation is demarcated by travel time from the employment centers of core cities, that is, 45 minutes for the main conurbation and 30 minutes for other conurbations.

Development by Region

17.04 Based on the Development Composite Index (DCI), the *central region* which comprises Melaka, Negeri Sembilan, Selangor and Wilayah Persekutuan Kuala Lumpur was the most developed region in 2005. Sabah and the states in the *eastern region* which comprises Kelantan, Pahang and Terengganu were the least developed regions. Wilayah Persekutuan Kuala Lumpur ranked the highest DCI followed by Pulau Pinang, Melaka and Selangor indicating a higher level of economic activity and quality of life in 2005, as shown in *Table 17-1*. The states of Sabah, Kelantan and Terengganu remained at the lower end. Besides DCI, the development gaps between regions and states were identified in terms of the level gross domestic product (GDP), and its growth, household income and incidence of poverty as well as attractiveness to new investment in manufacturing.

TABLE 17-1

DEVELOPMENT COMPOSITE INDEX¹ BY STATE, 2005

State	Economic Index	Social Index	Development Composite Index	Rank
Northern Region				
Kedah	95.5	100.2	97.8	9
Perak	99.7	101.2	100.4	7
Perlis	95.0	104.9	99.9	8
Pulau Pinang	109.0	102.4	105.7	2
Central Region				
Melaka	106.4	102.1	104.2	3
Negeri Sembilan	101.8	102.9	102.3	5
Selangor ²	108.4	98.0	103.2	4
Wilayah Persekutuan Kuala Lumpur	114.4	104.8	109.6	1
Southern Region				
Johor	102.9	98.1	100.5	6
Eastern Region				
Kelantan	91.9	94.4	93.1	13
Pahang	96.3	99.0	97.6	10
Terengganu	91.5	100.8	96.2	12
Sabah³	82.8	97.2	90.0	14
Sarawak	94.8	98.4	96.6	11
Malaysia	100.0	100.0	100.0	

Source: Economic Planning Unit

Notes: ¹ The DCI 2005 is based on 16 indicators.

² Includes Wilayah Persekutuan Putrajaya.

³ Includes Wilayah Persekutuan Labuan.

17.05 *Gross Domestic Product.* The *central region* accounted for 41.1 per cent of the national GDP in 2005 with manufacturing and services sectors as major contributors. Meanwhile, the *eastern region* which is agriculture-based, accounted for only 11.5 per cent of the national GDP. In terms of states, Selangor accounted for the largest share of the national GDP at 23.0 per cent in 2005 with the manufacturing and services sectors accounting for 53.5 per cent and 41.2 per cent, respectively.

17.06 *Growth of Gross Domestic Product.* In terms of the average growth rate of GDP in constant prices, the *central region* and *southern region* as well as Sarawak recorded growth rates higher than the national average of 4.5 per cent during the Plan period, as shown in *Table 17-2*. The *eastern region* recorded the lowest GDP growth rate of 3.5 per cent per annum. The GDP growth by state indicated that Selangor registered the fastest growth followed by Johor and Pulau Pinang, while Kelantan recorded the lowest growth.

TABLE 17-2
GROWTH RATE OF GROSS DOMESTIC PRODUCT BY STATE¹,
2001-2010

State	Average Annual Growth Rate (%)	
	8MP	9MP
Northern Region	4.4	5.9
Kedah	4.1	5.9
Perak	4.1	5.7
Perlis	3.4	5.3
Pulau Pinang	5.0	6.1
Central Region	4.6	6.2
Melaka	4.2	6.0
Negeri Sembilan	3.8	5.8
Selangor ²	5.2	6.4
Wilayah Persekutuan Kuala Lumpur	3.8	6.1
Southern Region		
Johor	5.1	6.2
Eastern Region	3.5	5.7
Kelantan	3.3	5.2
Pahang	3.9	5.9
Terengganu	3.4	5.7
Sabah³	4.3	5.8
Sarawak	4.6	6.1
Malaysia	4.5	6.0

Source: Economic Planning Unit

Notes: ¹ Based on 1987 prices.

² Includes Wilayah Persekutuan Putrajaya.

³ Includes Wilayah Persekutuan Labuan.

17.07 *Household Income and Incidence of Poverty.* The average mean monthly household income increased from RM2,472 in 1999 to RM3,249 in 2004, growing at 5.6 per cent per annum, as shown in *Table 17-3*. The highest mean monthly income was recorded in Selangor at RM5,175 while Kelantan recorded the lowest at RM1,829 in 2004. However, the income gap between the state with the lowest income and the state with the highest income narrowed from 1: 3.12 in 1999 to 1: 2.83 in 2004. All states except Wilayah Persekutuan Kuala Lumpur recorded a decline in the incidence of poverty in 2004, based on the new poverty line income. The incidence of poverty remained high in the less developed states of Sabah, Terengganu and Kelantan.

TABLE 17-3

MEAN MONTHLY HOUSEHOLD INCOME AND INCIDENCE OF POVERTY BY STATE, 1999 AND 2004

State	Mean Monthly Household Income			Incidence of Poverty (%)	
	RM		Average Annual Growth Rate (%)	1999	2004
	1999	2004	2000-2004		
Northern Region					
Kedah	1,612	2,126	5.7	14.2	7.0
Perak	1,743	2,207	4.8	6.8	4.9
Perlis	1,431	2,046	7.4	13.6	6.3
Pulau Pinang	3,128	3,531	2.5	0.7	0.3
Central Region					
Melaka	2,260	2,792	4.3	2.9	1.8
Negeri Sembilan	2,335	2,886	4.3	4.1	1.4
Selangor ¹	3,702	5,175	6.9	1.9	1.0
Wilayah Persekutuan Kuala Lumpur	4,105	5,011	4.1	0.4	1.5
Southern Region					
Johor	2,646	3,076	3.1	3.1	2.0
Eastern Region					
Kelantan	1,314	1,829	6.8	25.2	10.6
Pahang	1,482	2,410	10.2	9.8	4.0
Terengganu	1,599	1,984	4.4	22.7	15.4
Sabah²	1,905	2,487	5.5	23.4	23.0
Sarawak	2,276	2,725	3.7	10.9	7.5
Malaysia	2,472	3,249	5.6	8.5	5.7

Source: Department of Statistics, Household Income Surveys, 1999 & 2004

Notes: ¹ Includes Wilayah Persekutuan Putrajaya.

² Includes Wilayah Persekutuan Labuan.

17.08 *Direction of Investment.* The development gaps between states are also reflected in the attractiveness to new manufacturing investment in certain states. During the Plan period, the direction of investment was skewed towards the more developed states. Selangor, Johor, Pulau Pinang and Melaka remained as the major choices of location for both domestic and foreign investment due to the availability of adequate and good infrastructure, proximity to air and sea hubs, financial centres and support services. A total of 4,807 manufacturing projects was approved with a proposed capital investment of RM132.4 billion of which RM73.6 billion or 55.6 per cent were intended for these four states, as shown in *Table 17-4*. Among the less developed states, Sarawak was the exception as it ranked third after Selangor and Johor in terms of new manufacturing investment approved during the period. Meanwhile, Perlis and Kelantan attracted the least investment at RM83.0 million and RM474.9 million, respectively.

TABLE 17-4
APPROVED MANUFACTURING PROJECTS BY STATE,
2001-2005

<i>State</i>	<i>Number of Projects</i>	<i>Potential Employment</i>	<i>Capital Investment (RM million)</i>
Northern Region			
Kedah	275	30,398	9,118.8
Perak	265	22,715	6,955.5
Perlis	13	781	83.0
Pulau Pinang	663	69,146	14,997.0
Central Region			
Melaka	205	24,677	10,317.0
Negeri Sembilan	184	12,898	6,327.7
Selangor ¹	1,517	105,422	29,245.3
Wilayah Persekutuan Kuala Lumpur	111	6,424	2,041.8
Southern Region			
Johor	1,091	117,993	19,031.1
Eastern Region			
Kelantan	40	2,163	474.9
Pahang	88	9,212	4,739.1
Terengganu	31	2,068	5,706.6
Sabah			
Wilayah Persekutuan Labuan	4	227	41.8
Sarawak			
	175	19,672	16,443.0
Malaysia	4,807	434,561	132,357.0

Source: Malaysian Industrial Development Authority (MIDA)

Notes: ¹ Includes Wilayah Persekutuan Putrajaya.

Rural-Urban Divide

17.09 During the Plan period, the population living in the rural areas increased from 8.93 million in 2000 to 9.90 million in 2005. However, its share declined from 38.0 per cent of total population in 2000 to 37.0 per cent in 2005, attributed to urbanisation and out-migration of the younger population looking for better economic opportunities in the urban areas.

17.10 Efforts were undertaken to create a more conducive environment in the rural areas in order to attract investments and maintain the tranquillity of the countryside living with the full range of basic and quality infrastructure and social services. Various programmes were undertaken to improve the quality of infrastructure and services in the rural areas. These included human and institutional development, anti-poverty programmes, provision of basic infrastructure, utilities and social amenities, rural entrepreneurship and industrialisation programmes, education and health services, communication network, as well as land and regional development.

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17.11 The land and regional development programmes contributed to the development of rural areas. These include the building of factories and low cost houses in 119 villages and 27 new townships. Meanwhile, a total of 2,146,710 hectares of land was rehabilitated and developed.

17.12 As a result of efforts to develop the rural areas, the mean monthly household income in the rural areas increased from RM1,718 in 1999 to RM1,875 in 2004 while the incidence of poverty decreased from 14.8 per cent to 11.9 per cent. However, the incidence of poverty in rural areas was still high compared with the incidence of poverty in urban areas. Overall, despite giving emphasis to rural development during the Plan period, the rural-urban divide widened, particularly in terms of income disparity which increased from 1:1.81 in 1999 to 1:2.11 in 2004.

17.13 Urban population increased from 14.57 million or 62.0 per cent in 2000 to 16.85 million or 63.0 per cent in 2005, as shown in *Table 17-5*. The rate of urbanisation in Selangor, Pulau Pinang, Wilayah Persekutuan Labuan, Melaka and Johor was higher than the national urbanisation rate, mainly due to the availability of more jobs and business opportunities. On a regional basis, urban population in the *central region* was the highest at 6.98 million in 2005 while Sarawak was the lowest at 1.16 million.

17.14 During the Plan period, the urban development strategies emphasised on improving the quality of urban services to ensure that urban areas are more liveable with its residents enjoying a higher quality of life. These included improving urban planning and management, providing utilities and social amenities,

TABLE 17-5

POPULATION¹ AND URBANISATION RATE BY STATE, 2000-2010

State	Population (million)			Urbanisation Rate (%)			Average Annual Growth Rate of Urban Population(%)	
	2000	2005	2010	2000	2005	2010	8MP	9MP
Northern Region								
Kedah	1.67	1.85	2.04	39.1	39.8	40.3	2.4	2.2
Perak	2.09	2.28	2.44	59.1	59.3	59.3	1.6	1.6
Perlis	0.21	0.23	0.25	34.0	35.1	35.9	2.2	2.2
Pulau Pinang	1.33	1.50	1.60	79.7	79.8	80.0	2.0	1.9
Central Region								
Melaka	0.65	0.72	0.79	67.5	70.6	73.4	2.9	2.7
Negeri Sembilan	0.87	0.96	1.03	54.9	56.3	57.4	2.3	2.1
Selangor ²	4.19	4.87	5.31	87.7	88.4	89.1	2.7	2.4
Wilayah Persekutuan Kuala Lumpur	1.42	1.62	1.70	100.0	100.0	100.0	1.9	1.5
Southern Region								
Johor	2.76	3.17	3.46	64.8	66.5	67.7	2.9	2.6
Eastern Region								
Kelantan	1.36	1.51	1.67	33.5	33.4	33.3	2.0	2.1
Pahang	1.30	1.45	1.57	42.0	43.5	44.6	2.7	2.5
Terengganu	0.90	1.02	1.12	49.4	49.8	50.3	2.6	2.6
Sabah	2.60	3.13	3.33	48.1	49.8	51.6	3.1	2.9
Wilayah Persekutuan Labuan	0.08	0.09	0.09	76.3	77.6	78.6	2.2	1.8
Sarawak	2.07	2.34	2.56	48.1	49.5	50.6	2.8	2.4
Malaysia	23.49	26.75	28.96	62.0	63.0	63.8	2.5	2.3

Source: Economic Planning Unit and Department of Statistics

Notes: ¹ Population data refer to mid-year population.

² Includes Wilayah Persekutuan Putrajaya.

enhancing delivery of services as well as eradicating poverty. In addition, efforts were made to ensure that urban areas are safe and crime-free.

17.15 As a result of the expansion in urban-based economic activities, the mean monthly income of urban households increased by 27.5 per cent from RM3,103 in 1999 to RM3,956 in 2004. The incidence of urban poverty declined from 3.3 per cent in 1999 to 2.5 per cent in 2004.

ASEAN Sub-Regional Cooperation

17.16 In line with the regional development strategies as well as to enhance development along the international boundaries, various joint efforts were undertaken with neighbouring countries. This was carried out through the ASEAN

sub-regional cooperation mechanism, namely the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) and the Malaysia-Thailand Committee on the Joint Development Strategy for Border Areas (JDS). The private sector took a leading role in the development of joint venture projects while the governments of the participating countries facilitated their efforts.

17.17 Various projects were implemented under IMT-GT and BIMP-EAGA arrangements. The major achievements include:

- provision of fiscal tax exemptions for Indonesians travelling within IMT-GT and BIMP-EAGA areas to improve people mobility and tourism;
- improvement of air linkages between towns in participating states and provinces. Among the air links that were established in the IMT-GT include flights between KLIA and Medan, Pekanbaru, Padang, Palembang and Hat Yai; between Pulau Pinang and Medan; and between Melaka and Pekanbaru. In BIMP-EAGA, air links were established between Tawau-Tarakan and Kuching-Pontianak; and
- establishment of more sea routes in IMT-GT such as Pulau Pinang-Belawan, Pulau Pinang-Kantang, Langkawi-Satun, Melaka-Dumai and Melaka-Pekanbaru. In BIMP-EAGA, the sea routes include Sandakan-Zamboanga, Sandakan-Tawi-Tawi, Tawau-Nunukan, Tawau-Tarakan and Wilayah Persekutuan Labuan-Muara.

17.18 The JDS, which was formed in 2004 during the bilateral meeting between the Prime Ministers of Malaysia and Thailand, is tasked to undertake joint planning and implementation of development projects along the border areas. The objective is to foster the spirit of partnership and bring prosperity and improve the quality of life in the areas covering Perlis, Kedah, Kelantan and Pengkalan Hulu of Perak in Malaysia and Satun, Songkhla, Yala, Narathiwat and Pattani in Thailand. The JDS Action Plan, which is the basis for cooperation, was adopted in August 2004, covering nine priority areas namely, basic infrastructure and transportation, human resource development, tourism, culture, trade and investment, agriculture, finance, energy and disaster relief.

17.19 Among the projects under JDS initiated during the Plan period was the initial works on the construction of the Customs, Immigration and Quarantine (CIQ) complex in Durian Burong, Kedah which began in 2004. In addition, a bridge linking Bukit Bunga in Malaysia with Buketa in Thailand, was jointly planned based on equal cost sharing basis.

III. PROSPECTS, 2006-2010

17.20 During the Ninth Plan period, greater emphasis will be placed on ensuring balanced regional development by further diversifying the economic base of states to attract investments, create more job opportunities and generate higher income. In addition, measures will be undertaken to reduce the development gaps between states as well as between rural and urban areas. The main thrusts for balanced regional development are as follows:

- ❑ *accelerating development in lesser developed states by creating economic opportunities and improving infrastructure, social facilities and amenities to narrow the rural-urban divide;*
- ❑ *improving the quality of life through improved delivery system in rural and urban areas;*
- ❑ *establishing new regional development authorities (RDAs) in Sabah and Sarawak to coordinate and implement integrated rural and regional development efforts;*
- ❑ *developing growth centres and growth corridors transcending state boundaries to ensure higher economic growth in less developed areas; and*
- ❑ *enhancing development of border states through ASEAN sub-regional development cooperation in IMT-GT, BIMP-EAGA and JDS.*

Development by Region

17.21 The main objective of balanced development during the Plan period will be to narrow development gaps between regions, states as well as between rural and urban areas. Measures will be undertaken to reduce disparities in terms of per capita income and household income, incidence of poverty in the less developed states and disparities in terms of infrastructure and utilities between the states in the Peninsular and between the Peninsular, Sabah and Sarawak.

17.22 To ensure higher economic growth among states, measures will be undertaken to focus development efforts in growth centres of respective states as well as in transborder areas involving two or more states. Among the transborder areas, the Northern Terengganu-Southern Kelantan-Western Pahang Zone has been identified as a new focus area of development for the Eastern Corridor states. In addition, the Northern Peninsular Development Zone of

Kedah, Perlis, Seberang Prai in Pulau Pinang and northern Perak has been identified to spearhead the development of food industries including *halal* hubs. As for Sabah and Sarawak, the focus areas of development will be around new rural growth centres as well as in transborder areas. Other major growth centres identified include the South Johor Economic Region (SJER) as the focus area for development in the *southern region*.

17.23 During the Plan period, to reduce regional imbalance, emphasis will be given to develop states that are categorised below the national average in terms of DCI. In this regard, specific programmes will be implemented to enhance development in the lagging areas. More allocation will be given for the development of the less developed states.

17.24 Several major projects will be implemented to spur development in the *northern region*. For this purpose, the region will receive a development allocation of RM23.8 billion or 11.9 per cent in the Ninth Plan, compared with RM20.8 billion in the Eighth Plan. These include the Trans-Eastern Kedah Hinterland Highway in Kedah. This highway will open up the eastern corridor of Kedah and northern Perak for development and provide economic opportunities to the population in the area. In addition, an integrated *halal* hub and permanent food production parks will be established in Kedah. The expansion of Kulim Hi-Tech Park will further stimulate industrial growth in the State. For Pulau Pinang, some of the projects include the construction of the Pulau Pinang Outer Ring Road, the design and construction of the second bridge as well as the establishment of new growth areas. For Perak, one of the major development projects is the construction of the national food terminal in Ipoh while for Perlis is the establishment of an integrated *halal* hub.

17.25 Despite being the most developed region in the country, the *central region* continues to require projects to meet its development needs. Hence, a total of RM56.2 billion or 28.1 per cent will be allocated to the region. This is to finance infrastructural works such as the construction of several federal roads, including the Banting-Taiping Coastal Highway. For Negeri Sembilan, the focus will be the development of Bandar Baru Nilai as a new biotechnology centre as well as the Gemas and Jelai area as a beef valley. For Melaka, development projects include upgrading of Melaka airport to handle narrow-bodied jets to boost tourism.

17.26 The state of Johor will receive an allocation of RM10.2 billion or 5.1 per cent which is higher compared with RM9.2 billion in the Eighth Plan. Major development projects will be carried out in the SJER, encompassing a triangle that stretches from Mukim Serkat in the west to Pasir Gudang in the east and from Kulai in the north down to Johor Bahru in the south. This triangle encapsulates Johor's logistic hub, which include two international seaports and an international

airport. Major projects in SJER will be largely driven by the private sector under a masterplan that will be implemented by a single coordinating authority. Among the projects to be implemented include the construction of the bridge to replace the Johor Causeway and the extension of the Senai airport runway to support Senai as an integrated logistics hub for the *southern region*. Several other catalyst projects have also been identified. The development of Bandar Nusajaya as the new state administrative centre, as well as the development of an education hub, a centre for creative industries and nearby tourist resorts will further spur the development in the State. The development of this project will be coordinated by Khazanah Nasional under the leadership and support of the Federal and Johor State Governments.

17.27 For the *eastern region* states, a total of RM22.3 billion or 11.2 per cent will be allocated for development in the Ninth Plan compared with RM14.3 billion in the Eighth Plan. Infrastructure projects will be the focus of the development for the region. Among the projects are the Simpang Pulai-Gua Musang-Kuala Terengganu Road, which will provide the third trunk road link to the Eastern Corridor, and the East Coast Highway Phase 2 in Terengganu. In addition, the Kuala Terengganu airport will be upgraded to handle wide-bodied aircraft that will boost tourism and industrial developments. To further spur the development in northern Terengganu as well as provide more educational opportunities, the main campus of a new university will be located in Besut. In addition, a new university will be established in Kelantan during the Plan period. For Pahang, development projects will include permanent food production parks, a palm oil industrial cluster and an integrated *halal* hub.

17.28 A total of RM13.4 billion or 6.7 per cent will be allocated for development projects in Sarawak, higher compared with RM12.8 billion allocated in the Eighth Plan. Development projects in the State include the upgrading of Oya-Mukah-Balingan Road and the new Sibul-Bawang-Assan-Seredeng Road as well as the Integrated Deep Sea Fishing Complex in Tanjung Manis. This coastal road project will act as a catalyst for the development of the tourism industry in the State. The large-scale planting of oil palm and rubber will further enhance the agriculture sector in Sarawak. To facilitate further downstream agro-based industrial activities, a palm oil industrial cluster will be developed in the State.

17.29 Sabah will receive a higher allocation of RM15.7 billion or 7.8 per cent compared with RM13.2 billion in the Eighth Plan. The completion of Sepulut-Kalabakan Road and Sipitang-Tenom Road will further improve linkages to the hinterland of Sabah and support agricultural development. Other projects include the development of a palm oil industrial cluster that will generate more downstream processing of palm oil in the State and measures to attain self-sufficiency in rice and beef production.

17.30 The Government will continue to provide basic infrastructure in the less developed regions. To complement this effort, the private sector will be encouraged to play a more active role by investing in the existing and potential growth areas.

Narrowing Rural-Urban Divide

17.31 During the Plan period, efforts will be undertaken to enhance the socio-economic development of the rural population as well as minimise the development gap between rural and urban areas. Among the issues and challenges faced in narrowing the rural-urban divide include rural-urban income disparity, which has widened from 1:1.81 in 1999 to 1:2.11 in 2004, the high incidence of rural poverty especially in less developed states, the need to identify poor and hardcore poor in rural and urban areas, lack of job opportunities in the rural areas, digital divide and the lack of coordination and overlapping functions of agencies in rural development.

17.32 *Rural Development.* To narrow development gap, strategies to develop rural areas will include strengthening the institutional framework, promoting rural growth centres, increasing economic activities, providing more infrastructure and social amenities as well as enhancing human capital development. This includes attracting more investments, creating more job opportunities and higher value added activities as well as providing skills training for youth. The leadership qualities in institutions involved in rural development, particularly at the grass roots level will be strengthened. Hence, with these strategies, the rural-urban income disparity is expected to be narrowed to 1:2.0 in 2010.

17.33 The role of district offices will be reviewed and strengthened to improve coordination and implementation of rural and regional development programmes and projects. New RDAs will be established in Sabah and Sarawak to create more income generating activities in the interior areas.

17.34 Viable rural growth centres with critical mass will be identified and developed to ensure balanced regional development. The rural economic base will be diversified through the development of resource-based manufacturing, craft-based industries, value added downstream agriculture-based activities, eco-tourism and forestry. In this respect, basic infrastructure as well as social amenities in rural areas will be provided, including in the interiors of Sabah and Sarawak.

17.35 Rural industries that will be developed during the Plan period include handicraft, forest-based, ceramic, textile and metal-based projects. New agricultural activities including food processing into semi-and finished products will be developed to increase the income of the rural population, particularly the youth.

Production and marketing processes will be improved through the provision of training, equipment and micro-credit financing. Programmes will be undertaken to strengthen community participation in development projects at the village level.

17.36 Accessibility to ICT in the rural areas will be improved to narrow the digital divide. More schools in the rural areas will be provided with ICT facilities to enhance computer-based learning and improve ICT literacy among students. Existing telecentres will be upgraded to “Community Knowledge Centres” that provide a wider range of economic and social information to communities, serve as one stop centres to access government services and e-learning and act as an information resource exchange. Emphasis will also be given to change the mindset of rural communities towards ICT usage and adoption through building awareness and implementing empowerment programmes. Programmes will also be initiated to ensure sufficient availability of up-to-date content in *Bahasa Melayu* and other local languages so as to enable the wider usage of ICT applications.

17.37 To improve health services in the rural areas, more mobile clinics will be provided with minor surgery facilities using telehealth services and modern equipment. With this approach, the rural areas will have better access to health services and higher quality care. In addition, teleconsultation services will be expanded to enable the provision of specialist services for the rural population especially in Sabah and Sarawak.

17.38 Skills training programmes for youths will be provided in the rural areas to enhance their employability. In this regard, activities to inculcate self-esteem, self-reliance as well as promote lifelong learning among the rural population will be continued.

17.39 *Urban Development.* The proportion of the urban population is expected to increase to 63.8 per cent of the total population in 2010. This is due to the migration of the younger population from the rural areas, expansion of urban boundaries and increasing opportunities available in the urban areas. To ensure that urban areas are well planned and residents enjoy a better quality of life, urban areas will be developed based on a hierarchy growth conurbation, namely national, regional, intermediate and urban centre, as shown in *Chart 17-1*. Urban renewal programmes will be undertaken to redevelop areas that have physically deteriorated or were poorly planned. At the same time, infrastructure facilities in the traditional and new villages will be improved.

17.40 Towns with special features such as heritage, tourism and border trading will be further developed. These include Bukit Kayu Hitam in Kedah, Port

CHART 17-1

HIERARCHY OF CONURBATIONS

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Source: Department of Town and Country Planning, Peninsular Malaysia

Dickson in Negeri Sembilan, Kerteh in Terengganu, Cyberjaya in Selangor, Pengkalan Hulu, Taiping and Teluk Intan in Perak. The socio-economic role of the traditional villages will be enhanced by designating functions relying upon inherent advantages of the surrounding areas such as linkages to special feature towns, nature tourist attraction areas and coastal tourism towns or agriculture areas.

Enhancing ASEAN Sub-Regional Cooperation

17.41 The ASEAN sub-regional cooperation will be given greater priority in the Ninth Plan. Through this cooperation, it is envisaged that trade, investment and tourism will be increased among the states and provinces involved. In this regard, the participating states will identify projects, particularly to attain benefit from sub-regional cooperation. Strategies to harness economic complementarities and promote efficient utilisation of resources in the sub-regions will be further enhanced. Cross border facilitation and infrastructure links will be improved to facilitate trade and business transactions.

17.42 For both IMT-GT and BIMP-EAGA regions, the Malaysian private sector is encouraged to continue promoting trade, investment and tourism in the region, with the government playing a facilitating role. A roadmap to development will be formulated to chart the development of IMT-GT for the next five years, including drawing up a socio-economic profile of all member states and provinces in the sub-region. To further promote barter trade in the IMT-GT, barter trade facilities will be developed in every member state in Malaysia.

17.43 The BIMP-EAGA Roadmap to Development will be implemented with the focus on areas such as agro-industry, tourism and infrastructure facilities. Priority will also be given to the implementation of projects like the virgin coconut oil industry, ginger industry, the *halal* livestock projects, palm oil industrial cluster and business development services. To quantify IMT-GT and BIMP-EAGA activities, a database on trade, investment and tourism will be established. In addition, infrastructure projects such as the Pan-Borneo Highway, ferry services, air linkages and ICT facilities will be enhanced to improve transportation linkages within BIMP-EAGA. In order to enhance business confidence, steps will be jointly taken to address security challenges in the sub-region.

17.44 During the Plan period, the implementation of projects identified in the Malaysia-Thailand JDS Action Plan will be accelerated. These include the opening of the CIQ complex at Durian Burong-Ban Prakob area and the completion of the bridge linking Bukit Bunga in Malaysia and Buketa in Thailand which will spur economic activities in these areas. Other projects are the promotion of joint

tour packages, the joint development of ornamental fish project in Padang Terap, Kedah and the skills training programme identified in the Action Plan to be provided by GiatMARA Centres for trainees from the southern provinces of Thailand. At the same time, three studies will be undertaken jointly, namely on the establishment of a special economic zone at Bukit Kayu Hitam-Sadao and feasibility studies on proposed bridge projects between Pengkalan Kubor-Tak Bai and between Rantau Panjang-Sungai Golok.

IV. INSTITUTIONAL SUPPORT AND ALLOCATION

17.45 To support regional and rural development, the main agencies involved are the Ministry of Agriculture and Agro-Based Industry, the Ministry of Rural and Regional Development, the Ministry of Education, the Ministry of Human Resources, the Ministry of Youth and Sports, the Ministry of Health, the Ministry of Entrepreneurial and Cooperative Development, the Ministry of International Trade and Industry, the Ministry of Works, the Ministry of Energy, Water and Communications and state government agencies. In terms of allocation, a total of RM28.4 billion will be allocated through various ministries and under numerous programmes for rural development, as shown in *Table 17-6*.

TABLE 17-6
**DEVELOPMENT EXPENDITURE AND ALLOCATION FOR
RURAL DEVELOPMENT PROJECTS, 2001-2010**
(RM billion)

<i>Programme/Project</i>	<i>8MP Expenditure</i>	<i>9MP Allocation</i>
Economic Projects	5.9	10.1
Education and Training	10.4	10.2
Health	0.9	2.0
Road	2.3	3.6
Water Supply	0.7	1.2
Electricity Supply	0.6	1.0
Housing	0.2	0.3
Total	21.0	28.4

Source: Economic Planning Unit

V. CONCLUSION

17.46 During the Eighth Plan period, efforts were undertaken to promote balanced regional development. Despite all states recording economic growth, the development gaps between regions, states and rural-urban areas remained wide. During the Ninth Plan period, measures will be undertaken to accelerate the development of less developed states, particularly in northern Peninsular Malaysia, the Eastern Corridor, Sabah and Sarawak to attain regional balance and reduce development gaps. Development efforts will also be focused in transborder areas involving two or more states. In addition, the SJER has been identified as the focus area of development in the *southern region*. In addition, to ensure a more coordinated and integrated regional and rural development programmes in Sabah and Sarawak, new RDAs will be established in these two states. Rural development will be intensified to increase income and improve the quality of life of the rural population as well as reduce the rural-urban development gap. In terms of ASEAN sub-regional cooperation, steps will be intensified to promote development in the sub-regions, so that the less developed areas will be able to catch up with the other developed areas of the country.