



Overcoming Challenges and Designing Sustainable Strategies and Programmes for Poverty Alleviation in Sabah

Summary Report

Kota Kinabalu, 7 January 2008

Background

Malaysia has an enviable track record in reducing absolute poverty and in improving human development. Sabah, the country's second largest state, has an abundance of natural resources, including oil and gas, but its natural wealth has not led to growing prosperity for all, and its development progress lags behind that of Sarawak and the country's other states. In Sabah, more than a quarter of all households, and 42 percent of children, are currently living in poverty; hardcore poverty rates are much higher than elsewhere, and inequality is high and growing.

The Roundtable Dialogue was organized by UNDP in partnership with the Centre for Poverty and Development Studies (CPDS) at the University of Malaya. The Dialogue brought together more than 120 prominent representatives of the state and federal government, opposition parties, NGOs, the private sector and academia. It comprised two interactive panel discussions that reviewed trends and patterns in poverty levels and income inequality in the state, and ways to overcome these challenges. The discussions were informed by (i) a profile of *Sabah's Human Development Progress* prepared by UNDP and (ii) a report *Malaysia: Measuring and Monitoring Poverty and Inequality* prepared by EPU and UNDP.

Summary of Dialogue

Economic growth rates have not been pro-poor: while there has been development progress in Sabah over the last 40 years, very limited progress has occurred in the last decade. Economic growth has not been pro-poor and has resulted in a worsening of income inequalities. There is a need to study the reasons that have led to limited development progress over the past decade.

Progress in poverty reduction and equity has been adversely affected by exceptionally high population growth rates. Poor households in Sabah tend to have many children thereby locking themselves into an intergenerational cycle of poverty. There is an urgent need for improved reproductive health information and services in rural areas to help couples better control the number and spacing of births. There is a need to study the impact of demographic factors (high natural increase and large inflows of foreign workers) on Sabah's economy.

There are sharp variations between poverty rates in urban and rural areas, and among community groups. Poverty rates are staggeringly high among the Rungus (58 percent), the Orang Sungai (41 percent) and the Sulu and Murut communities (around 35 percent). Affirmative action is required to help alleviate the chronic poverty of these communities. The poverty targets set in the 9th Malaysia Plan will not be met without substantial reductions in poverty in Sabah.

Community needs versus individual needs: there must be a focus on community needs, rather than individual needs. While individual needs should not be ignored, importance must be given to community-driven poverty reduction strategies that empower communities. There should be an examination of the specific needs of communities, taking into account location, culture and traditional practices, using a 'bottom-up' approach. There is an urgent need for capacity building at all levels. An integrated and holistic approach to community development could be adopted, similar to the approach taken through the Millennium Villages in the United Nations Millennium Project.

Need for ecological sensitivity: Sabah's economy is resource based. The risk of depleting and over-exploiting resources is real. In a context of market-driven development, rapid population growth and climate change, the delicate ecological balance of the state is being challenged. A sustainable development strategy is needed for Sabah which preserves its physical environment and its rich biodiversity. Sabah must take measures to avoid ending up as "Palm Oil Island". This requires making conscious political choices in the context of a long-term vision for the state and ensuring beneficial utilization and sustainability of its natural resources.

Local universities have a role to play in scientific environmental research, and in providing knowledge from such research to help overcome community and local environmental challenges. There is a need to more actively market Sabah as a world-class ecotourism destination. Costa Rica is a good model of a country that has adopted sustainability as the core of its development strategy, and has become a global leader in ecotourism. A Costa Rica-Sabah knowledge sharing network could be established to examine ways for rewarding local communities to help preserve the environment.

Targeting the poor: the urban and the rural poor have differing needs. The plight of the rural poor depends in particular on the ups-and-downs of the agricultural sector, and the level of infrastructural development. In many parts of rural Sabah, infrastructure and communications are seriously under developed, and do not support market linkages for the poor. The plight of the urban poor depends on how they connect with the market economy. If a person has adequate income, without access to basic social services, s/he is still poor. There should be a comprehensive assessment of the differing needs of Sabah's urban and rural poor, including how to overcome service-delivery problems of remoteness and relative inaccessibility.

There are many approaches for defining poverty. The new methodology adopted in the 9th Malaysia Plan for measuring poverty-line income has the advantage that it takes into

account differences of prices in different locations, as well as differences in household size. Lists of the numbers of poor persons can be misleading for planning purposes as they may quickly become outdated. An individual can move into poverty due to several factors, including loss of employment, fluctuations in agricultural prices and natural disasters.

Relationships between federal and state government: relationships between the federal and state government need to be improved, such that there is better cooperation on development projects. There is sometimes a disconnect between federal policy and state implementation. Currently there appears to be coordination problems with project implementation and project expenditures – more expenditures need to be targeted towards Sabah’s rural areas. Implementation of poverty alleviation programmes should be depoliticized, and synergies more effectively exploited.

The role of partnership in development programmes: successful development requires more than the expertise and energy of a single agency. Partnerships should include, inter alia, NGOs and corporate agencies. Corporations are critical in development as they can share their technology, expertise and management capacity with local communities. The best form of CSR is when a company brings real expertise to a community’s challenges. The role of universities is also important. As part of university programmes of teaching and research, students could usefully participate in community projects as many want to make a contribution to development.

Annex I: Panelists

- Prof. Jeffrey Sachs, *First Holder of the Royal Professor Ungku Aziz Chair, Centre of Poverty and Development Studies, University of Malaya.*
- Dr. Richard Leete, *Resident Representative for UNDP Malaysia, Singapore and Brunei Darussalam.*
- Y.B Datuk Seri Joseph Pairin Kitingan, *Deputy Chief Minister/ Minister of Rural Development, Sabah.*
- Prof. Dr. Norma binti Mansor, *Dean of the Faculty of Economics and Administration, University of Malaya.*
- Y.B. Tan Sri Datuk Seri Panglima Simon Sipaun, *Vice-Chairman, SUHAKAM*
- Associate Prof. Dr. Sulochana Nair, *Director, Centre for Poverty and Development Studies, University of Malaya.*
- Mr. Mat Noor Nawawi, *Director, Distribution Section, Economic Planning Unit*
- Ms. Claudia Lasimbang, *Coordinator, PACOS.*