



NEWSLETTER

MARCH 2024 VOLUME 8

MESSAGE FROM THE CEO

Dear esteemed members,

We are happy to share with you some updates on the recent activities and programmes undertaken by the institute. Our first forum for the year was organised on 12th March on "Sarawak as a High Income State" where we had Dr. Nurhani Aba Ibrahim, our member from UiTM Kota Samarahan, and Ms. Ivy Lim from the Sarawak Economic Planning Unit, sharing their insights and perspectives on the topic.

In line with the subject matter covered in the forum, we are also sharing a feature on poverty by Dr. Yuen Kok Leong, Senior Research Officer of SDI where he highlights the complexity of the issue and the need for comprehensive datasets and approaches in addressing this perennial social issue. Similarly, with the aim to provide a better understanding of current development agenda in the State, we are sharing a write up in simpler layman's language on carbon trading under the "Do you know" column.

Under research, we are pleased to share the current status updates for 3 on-going research projects: Master Plan for Community Development in the Resettlement Areas 2050: Batang Ai, Bakun, Murum and Bengoh, P-Hailing Riders in Sarawak: An Exploratory Visual Study, and Multiple Indicators of Poverty: A Case Study in Kuching. The project on "Mapping the Ecosystem of Sarawak's Digital Entrepreneurship Initiatives" is now completed and members interested in the full report can contact the secretariat for a copy. Status updates are also provided for the projects on Cultural Resource Mapping and Sarawak Civil Service – Administration and Development: Reflections and Reminiscences over 60 Years.

We also held the 46th SDI Board of Directors' Meeting to discuss the strategic transformation plan, budget and activities for 2024. Other happenings highlighted include the Greater AZAM Chinese New Year Gathering 2024 and Berbuka Puasa with ASFa members.

Last but not least, I would like to take this opportunity to wish our Muslim members a blessed and joyous Raya celebration. Selamat Hari Raya Aidilfitri.

Lelia Sim
CEO

NEWSLETTER HIGHLIGHTS

Message from the CEO

Feature - Poverty: A Perennial Social Issue

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Completed Research

Activities



Selamat Hari Raya
Aidilfitri

FEATURE - Poverty: A Perennial Social Issue

By Dr. Yuen Kok Leong, Senior Research Officer, SDI

As a research institute focusing on development, one of the SDI's focuses that doesn't seem to 'go away' is Poverty. While new research areas such as Environmental Sustainability and Digital Inclusivity appeared as new and attractive domains for our empirical inquiries, poverty remained a classical 'unsolvable' issue, one that we cannot turn our eyes away from.

The predicament could be comprehended by looking at how economists define poverty; through the concepts of absolute and relative poverty. Stated simply, absolute poverty is poverty where people are 'really poor' while relative poverty is when they are 'poorer than their neighbours'. Absolute poverty is measured strictly by income, through Poverty Line Income (PLI) which in turn is derived from Consumer Price Index (aggregation of prices of goods and services). When you are absolute-ly poor, you cannot afford your basic daily needs. On the other hand, relative poverty indicates how someone is not getting the same pie as his or her fellow citizens, denying them from participating actively in society.¹ Relative poverty focuses on inequality in income distribution and is measured through Gini coefficient, which indicates how the pie size differs between the "haves" and the "have-nots".

Poverty can never go away as a social issue because even when absolute poverty is managed well, i.e. most citizens have their needs met, relative poverty will always exist. The ideal condition is when absolute poverty is absolutely eradicated and to focus on your relatives' relative poverty (terrible pun, we know). Thus, one of the easy tell-tale signs of the general wealth of a territory is whether its governing bodies are concerned with either absolute or relative poverty. By that account, Malaysia and Sarawak still seemingly have much to do to address both types of poverty.

Sarawakian districts have been ranked amongst the nation's poorest. Pakan was listed as the poorest Malaysian district in 2019 with RM2,760 household income average. Presently, Pusa is identified as one of the poor districts in 2023 to be targeted for Ministry of Economy's People's Income Initiative.² In an ironic twist, as one of the nation's regions with highest incidence of poverty, Sarawak is also one of its top GDP contributors. Sarawak appeared to be the third poorest behind Sabah and Kelantan (see figure below). A quick glance at the statistics revealed a clue: Sarawak's mean income is larger than its median. DOSM³ noted that the median and mean income for Sarawak are RM 4,544 and RM5,959 (for year 2019); and

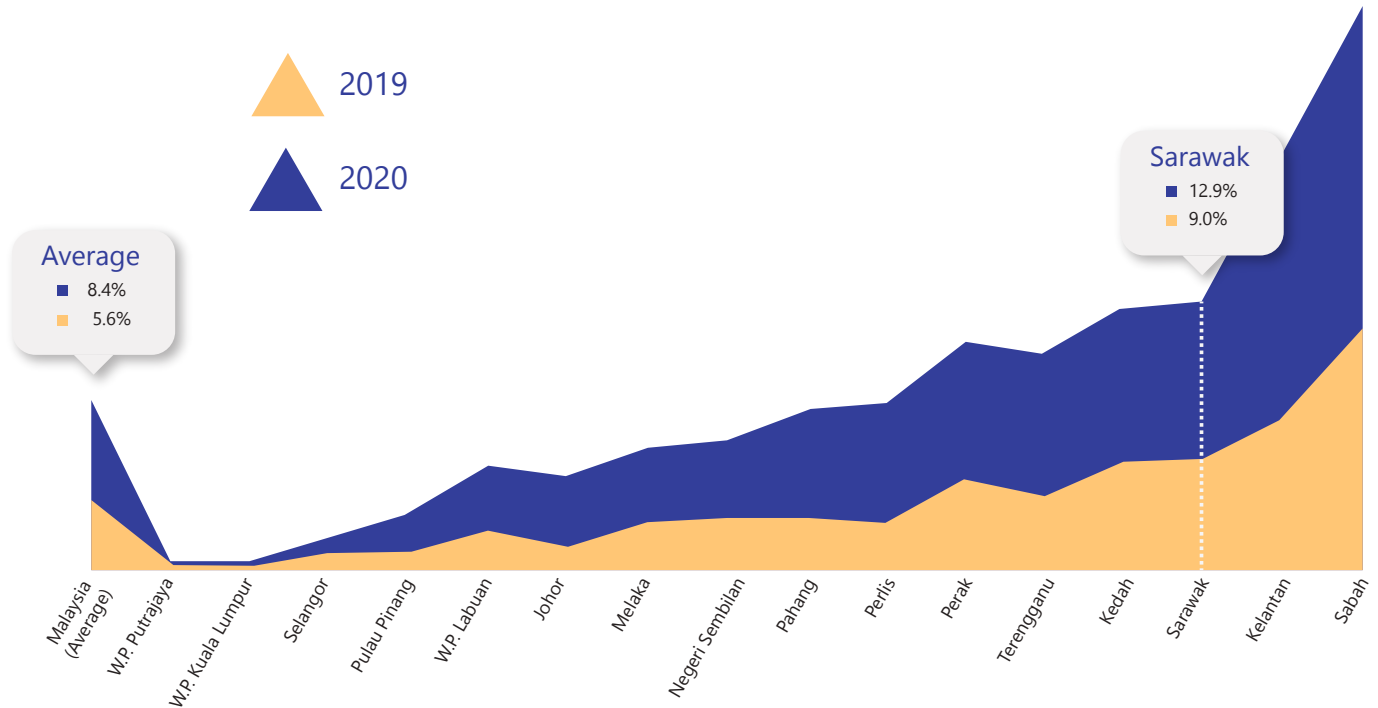
¹ ILO defines relative poverty as "circumstances in which people cannot afford actively to participate in society and benefit from the activities and experiences that most people take for granted"

² <https://www.malaymail.com/news/malaysia/2023/03/06/economy-ministry-to-reach-out-to-20-poorest-districts-for-new-income-boost-initiative/58248>

³ <https://www.dosm.gov.my/portal-main/release-content/household-income-estimates-and-incidence-of-poverty-report-malaysia-2020>



RM3,831 and RM5,087 (for year 2020) respectively, consistently indicating a higher mean. DOSM statistics for the same years denoted an increase in absolute poverty from 9.0 to 12.9 per cent compared to the national average of 5.6 and 8.4 per cent for 2019 and 2020 respectively.



Incidence of Absolute Poverty by State, Malaysia, 2019 and 2020 (DOSM 2021)

The longevity of poverty issues is in part shaped by its complexity- there is no one universal solution to poverty issues. While the government’s policy to set minimum wage is welcomed to address workforce’s income, the policy is still ambiguous as to how those paid based on piecework, commissions or trip could be remunerated with the implementation of the order,⁴ exposing some workforce segments to the cracks in the policy.⁵ Locally in Sarawak, the government under the Ministry of Women, Childhood and Community Wellbeing Development (KPWK) is looking to set up a cash-plus programme to tackle child poverty.⁶ The variety of government policies to tackle poverty incidences amongst different segments of the population requires comprehensive data to ensure its inclusivity and its subsequent aid delivery. Policymaking requires objective empirical data which necessitate innovative data collection methods.

SDI is exploring how it can aid government policies by planning a series of research centring around but not limited to poverty issues in Sarawak. One possible endeavour is by measuring Sarawakian poverty through Multidimensional Poverty Index (MPI)⁷ by taking account of the various deprivations beyond income-based indicators. While being poor in Kuching meant the lack of social support due to migration-led isolation from extended families, being poor in Baram meant the lack of access to basic needs such as water supply and electricity. Measurements such as MPI provides a checklist to diagnose all possible deprivations in ensuring that no one is left behind. The multifaceted diagnosis from MPI contributes by identifying particular deprivations faced by particular communities in which government aid, such as the cash plus programme mentioned, can be accurately targeted.

⁴[https://lom.agc.gov.my/ilims/upload/portal/akta/outputp/1730859/PUA%20140%20\(2022\).pdf](https://lom.agc.gov.my/ilims/upload/portal/akta/outputp/1730859/PUA%20140%20(2022).pdf)

⁵<https://asklegal.my/p/are-freelancers-in-malaysia-protected-by-law>

⁶<https://www.theborneopost.com/2023/03/31/sarawak-to-study-unesf-child-poverty-indicators-to-improve-services-says-fatimah/>

⁷<https://hdr.undp.org/mpi-2022-faqs>

PAST EVENT

Forum on Sarawak as a High Income State

12th March 2024

Virtual talk via ZOOM application

The forum was organised with the aim to provide a better understanding on the State’s high income status and its relation to the targets set under the PCDS 2030. The speakers for the forum were Ms. Ivy Lim, Division Head, Macroeconomic Planning Division, Sarawak Economic Planning Unit, who presented on ‘Sarawak as a Developed and High-Income State’ and Dr. Nurhani Aba Ibrahim, Senior Lecturer, Economics Department, Faculty of Business Management, Universiti Teknologi MARA (UiTM) and member of SDI who presented on ‘The Evaluation of Indicators Used for a High Income or Developed Economy’.



Ms. Ivy highlighted the State’s targets which include RM282 billion Gross Domestic Product, RM15,000 median household income and to contribute to Malaysia’s GHG Emissions reduction of 45%. She also shared on Sarawak’s Development Strategies in the areas of economic restructuring, modernisation and efficiency and household income. One of the key focuses of Sarawak’s Development Strategies is infrastructure development.

PCDS 2030 Targets		
<p>Economic Prosperity</p> <p>RM282 billion Gross Domestic Product (GDP) by 2030</p>	<p>Social Inclusivity</p> <p>RM15,000 median household income by 2030</p>	<p>Environmental Sustainability</p> <p>Contribute to Malaysia’s GHG Emissions reduction of 45%</p>
Latest Status		
<p>RM140 billion GDP in 2022</p>	<p>RM4,978 median household income in 2022</p>	<p>Baseline Determination in Progress</p>

Initiatives Taken



Dr. Nurhani presented on the difference between a developing economy and developed economy, and evaluation and measurement indicators used for a high income and developed country. She discussed in detail the 3 key evaluation and measurement indicators, namely Gross Domestic Product (GDP) per capita, Gross National Income (GNI) per capita, and Human Development Index (HDI) together with Inequality-adjusted HDI (IHDI). She mentioned that currently HDI is only calculated at the country level and not all countries utilise IHDI.

Key Differences	Developing Economy	Developed Economy
Income Levels	Lower per capita income compared to developed economies. Often characterized by a significant proportion of the population living in poverty.	Higher per capita income and overall wealth. A smaller percentage of the population lives in poverty.
Industrial Structure	Relies heavily on agriculture and low-skilled labor. Limited diversification into other sectors.	Diversified economy with a strong presence in services, manufacturing and technology. High levels of innovation and specialization.
Infrastructure and Technology	Basic infrastructure may be lacking or underdeveloped. Limited access to advanced technology.	Well-established infrastructure (roads, utilities, communication networks). High adoption of cutting-edge technology.
Education and Healthcare	Uneven access to quality education and healthcare. Higher illiteracy rates and lower life expectancy.	Comprehensive education systems and advanced healthcare services. Higher literacy rates and longer life expectancy.
Standard of Living	Lower living standards, inadequate housing, and sanitation challenges. Income disparities between urban and rural areas.	Higher living standards, better housing, and improved sanitation. More equitable distribution of resource.
Global Influence and Trade	Less influential on the global stage. May rely heavily on exports of raw materials.	Significant global influence in politics trade and culture Diverse, export portfolio, including high-value goods and services.
Environmental Impact	May face challenges related to environmental degradation and resource depletion.	Strives for sustainable practices and environmental conservation.

Key Measurements (1) GDP per capita

Definition
GDP represents the total gross value added by all resident producers in the economy, divided by total population.

Analytical Classification
Classifies economies into low-income, lower-middle-income, upper-middle-income, and high-income groups.

Operational Classification
Used for lending eligibility and repayment terms.

Considerations
Reflects wealth and capacity to provide for citizens.

Key Measurements (2) GNI per capita

Definition
GDP represents the total gross value added by all resident producers in the economy.

Use
Widely used for cross-country comparisons and assessing economic growth.

Significance
It provides insights into the overall economic activity and well-being of residents.

Limitations
Does not account for income distribution, environmental impact, or quality of life.

Key Measurements (3) Human Development Index

Definitions
HDI is a metric compiled by the UNDP and used to quantify a country's "average achievement of human development."

Dimensions
Three basic dimensions of human development: a long and healthy life, knowledge, and a decent standard of living."

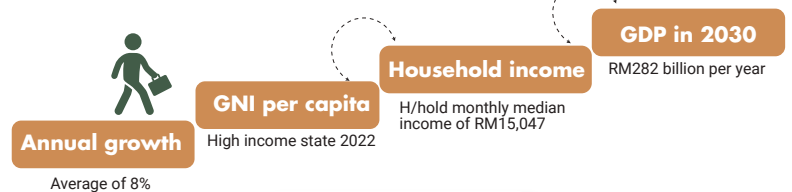
Purpose
Measures overall human development beyond just economic factors.

Limitations
Does not capture inequality within countries.

Malaysia has an HDI of 0.803 (2021) ranked at no. 62 and categorised as high human development (HDI=0.755-0.895).

She further explained that in order for Sarawak to achieve its target to be a developed State by 2030, among the pertinent matters that need to be addressed include maintaining Sarawak's annual GDP at 8%, poverty rate to be kept below 10%, increasing labour income and reducing the gap between urban and rural quality of life.

Sarawak aims to become a developed and high income state by 2030



Q&A Session

- What strategy should Sarawak employ to achieve the income threshold by the year 2030?**

"Perintah Gaji Minimum (PGM) began in 2012 to increase household income, and while many factors still need to be addressed, the State government is currently prioritizing the implementation of minimum wage."
- Why is the household income target set at RM15K, and how to achieve it?**

"We estimate the productivity level based on various factors. Promoting digital transformation is our plan to achieve this target, necessitating highly skilled and talented individuals for the newly built infrastructure. Consequently, there is a pressing need to enhance the quality of education."
- How does the Economic Planning Unit (EPU) intend to monitor various sectors of the PCDS projects?**

"The EPU utilizes a dedicated division known as the Performance Monitoring Division for this purpose. Each project is assigned with KPI to achieve, and data is collected for compilation in an Annual Report. Consequently, the monitoring process is solely outcome-based."

Among the questions asked during the question and answer session were the focus of government spending under PCDS 2030 which was on infrastructure development, the strategies put in place to achieve the targets set under PCDS 2030 e.g. median income of RM15k per household which include talent development and economic restructuring activities, and selective empirical studies on the measurements to track the targets set.

DO YOU KNOW ABOUT CARBON TRADING

Carbon is everywhere in our environment. It's in the air we breathe, the food we eat, and even in the products we use. But when we talk about carbon in the context of the carbon economy and carbon trading, we're mostly focusing on carbon dioxide (CO₂).

Sources of Carbon

When we burn fossil fuels like coal, oil, and natural gas, it releases CO₂ into the air. This happens when we drive cars or generate electricity with fossil fuels. Trees and other plants absorb CO₂ from the air during photosynthesis, but when trees are cut down or forests are cleared, the carbon stored in them is released back into the atmosphere. Certain industrial activities, such as cement production and chemical manufacturing, emit CO₂ as a by-product of their processes. Even farming practices, like rice cultivation and livestock farming, produce methane (another greenhouse gas) which contributes to carbon emissions. These sources all contribute to the CO₂ levels in the atmosphere, which in turn contribute to climate change by trapping heat and causing the Earth's temperature to rise.

Carbon Credits and Trading

Carbon credits can be illustrated as permits that allow a business to emit a certain amount of CO₂ or other greenhouse gases. To put into perspective, one unit of carbon credit permits the emission of one tonne of CO₂ (or the equivalent in other greenhouse gases). Companies or countries can then buy and sell these carbon credits, hence trading carbon credits or 'carbon trading'. This creates an incentive for companies to reduce their emissions because if they emit less than their allotted amount, they can sell their unused credits to other companies. Carbon trading is a way to reduce carbon emissions by putting a price on them, like a market for carbon emissions, where the goal is to encourage everyone to pollute less and invest in cleaner, more sustainable practices.

Here's a simple explanation on the mechanism of carbon trading:

First off, imagine there's a big jar representing the Earth's atmosphere, and it can only hold a certain amount of CO₂ before it starts causing problems like climate change. To keep things in check, governments or international organisations set limits on how much CO₂ countries or companies can emit. Each country or company gets a certain number of credits, like tickets, that allows them to emit a certain amount of CO₂.

Here's where the trading part comes in. Some countries or companies might find it easy to reduce their emissions, while others might struggle. So, if a company finds a way to pollute less and has leftover credits, they can sell them to another company that needs more credits to emit CO₂. Because there's a limited number of credits available, and they are valuable, the companies' big incentive is to figure out ways to pollute less. They might invest in cleaner technology, switch to renewable energy sources like wind or solar power, or make their operations more efficient.

Setting the Stage for Carbon Trading in Sarawak

In the case of Sarawak, the Government is exploring prospects of carbon trading, and several areas are being explored for carbon storage, namely in forested areas and under the seabed. The Forest Department of Sarawak is appointed to first issue carbon study permits for interested parties to study if the intended land area for carbon storage fits the criteria. Depending on the result of the study, then the issuance of forest carbon license may be applied. To date, one study permit has been issued, with several more underway, by the Government. As for storage under the seabed, the Government has given approval in principle for a licence to Petroleum Sarawak Berhad (Petros) to use 1.318 million hectares of seabed under Miri-Bintulu waters for carbon storage.

ON-GOING RESEARCH/ PROJECTS

Master Plan for Community Development in the Resettlement Areas 2050: Batang Ai, Bakun, Murum and Bengoh



The study team is currently working on development plans for two resettlement areas in Bengoh, Kuching, and Batang Ai, Sri Aman. As requested by the study Steering Committee, the team held meetings with YB Datuk Malcolm Mussen Lamoh (ADUN Batang Ai), and YB Datuk Dr. Jerip Susil (ADUN Mambong) to discuss issues, challenges, and proposed development plans for their respective areas. The objective of the meeting was to get their input and suggestions for the resettlement areas. The proposed development plans will then be submitted to Chemsain Konsultant Sdn. Bhd for comments and consolidation with other sector specialists' reports.

Publication Project on “Sarawak Civil Service (SCS) – Administration and Development: Reflections and Reminiscences over 60 Years”

Currently, the editorial team is working on the foreword and messages for the publication which will be from the Premier of Sarawak, the State Secretary and Chairman of SDI, and addition of other individuals to be interviewed. The book is targeted to be launched in July 2024.

Cultural Resource Mapping – Exploratory Project in Kuching Division

Currently, the project is in its promotion and marketing phase, with efforts going towards digital and social media promotion and marketing. CHAMPS will be available as a browser based website, and as an Android app by the end of 2024.

CHAMPS
Crowdsourced Heritage Automation Mapping Platform for Sarawak

**EMBARK ON A
LEARNING
ADVENTURE**

Expand your knowledge and
celebrate the richness of
our shared history
#MapOurCulture
#iCHAMPStlah

What do we aim to do?
Collect and map tangible and
intangible cultural heritage

What are we collecting?
Information on tangible and
intangible heritage in the form
of pictures, stories, short videos
and descriptions

Where does the MAPPING take Place?
Within Kuching Division

Kuching District Lundu District Bau District

For more
information
<https://sdi.com.my/crm/>

Try it at
<https://hf.namdrive.com/na/>

SDI Ministry of Tourism, Culture, Heritage and Performing Arts, Sarawak Kuching City

P-Hailing Riders in Sarawak: An Exploratory Visual Analysis

SDI recently held an online meeting with Unit Peneraju Agenda Bumiputera (TERAJU) to obtain lessons and insights from their previous study on p-hailing riders. TERAJU's research, conducted in the aftermath of the COVID-19 pandemic in 2021, offers valuable findings into the gig economy landscape in Malaysia. SDI's internal study is still in its early stages, focusing on participant recruitment and refining research tools. Data collection is slated to begin after the Hari Raya Aidilfitri celebration.



Multiple Indicators of Poverty: A Case Study in Kuching

The research instrument for the study has been completed. The research team is currently arranging several visits to the target communities to familiarize themselves and establish contacts.

COMPLETED RESEARCH

Mapping the Ecosystem of Sarawak's Digital Entrepreneurship Initiatives

The collaborative research between SDI and the University of Technology Sarawak (UTS) is now complete. This study mapped 50 digital entrepreneurship initiatives (DEIs) from both federal and Sarawak state governments, yielding significant findings. The initiatives were categorized into various domains (policy, culture, support, market, human capital, and finance) and according to their target entrepreneur groups (startups, MSMEs, rural, technology, public, and special groups). The distribution trend of initiatives among these groups was analyzed. It was discovered that while there are numerous human capital training programs aimed at rural entrepreneurs, there is a lack of funding for their participation in digital entrepreneurship. Funding in digital entrepreneurship heavily favors the technology and innovation group. Interestingly, there are no DEIs targeting persons with disabilities (OKU) among the special groups. The research also identified challenges and improvement suggestions through interviews with DEI initiators and beneficiaries. The research report will be shared with relevant policymaking and implementing agencies and through SDI's social media channels.



ACTIVITIES

Courtesy Visit to ISuRE

25th January 2024

The Institute of Sustainable and Renewable Energy (ISuRE), UNIMAS

The secretariat paid a courtesy visit to the Institute of Sustainable and Renewable Energy (ISuRE), Universiti of Malaysia Sarawak (UNIMAS) to gain insights on environmental sustainability issues and activities in Sarawak. ISuRE showcased a variety of research projects, including on advanced waste treatment, waste-to-energy technology, greenhouse gas inventory, and renewable energy. ISuRE is actively involved in circular economy initiatives and community-based sustainability programs, such as renewable energy from hydrogen production in Kampung Assum, Padawan. Their past projects included a solar energy project for the enhancement of smoked shrimp production by the local community of Kampung Igan and the Darul Naim Mosque in Petra Jaya. ISuRE's low-carbon roadmap, which includes a greenhouse gas inventory for the UNIMAS campus, was one of UNIMAS' 2024 highlights in terms of carbon reduction initiatives. The visit also explored potential opportunities for future partnerships with SDI, particularly in the areas of engaging local communities for long-term success in sustainability efforts while maintaining environmental sustainability and pursuing green economy growth, in line with the objectives of PCDS 2030.



Greater AZAM Chinese New Year Gathering 2024

17th February 2024

Dewan Asajaya, Grand Margherita Hotel, Kuching



The gathering was held to celebrate the Chinese New Year with over 100 guests comprising staff and members within the Greater AZAM, AZAM Young Souls, AZAM Toastmasters, students from YAKIN Sarawak and the media fraternity. Among the programmes for the celebration were several games based on Chinese culture which allowed attendees to get to know their fellow members better and further livened up the gathering. Angpao was also given to the 20 students from YAKIN Sarawak who attended the gathering.

46th SDI Board of Directors' Meeting

29th February 2024
AZAM Conference Room

The meeting was attended by YBhg. Datuk Amar Jaul Samion, Chairman, YBhg. Datu Buckland Bangik, YBhg. Datu Antonio Kahti Galis, and YBhg. Datu Ik Pahon Joyik while YBhg. Dato Sri Dr. Haji Wan Lizozman Wan Omar attended the meeting virtually via Zoom application.

Among the items discussed were SDI's strategic transformation plan, budget and activities planned for 2024.



Berbuka Puasa with ASFa Members

22nd March 2024
Borneo Convention Centre Kuching (BCCK)

The AZAM Sarawak, SDI, Faradale Media-M, and Faradale Holdings (ASFa) staff and family enjoyed an iftar (breaking of fast) meal together during the Ramadan season at the BCCK.

