

2015 FFTC-MARDI International Seminar:
Policy on Land For Agriculture Projects in Malaysia for the
Young Agropreneur through Blue Ocean Strategy

Mohd Arif bin Adenan, Darshini Subramaniam & Shafril Izham bin Mohd Aminudin
Young Agropreneur & National Blue Ocean Strategy Unit
Ministry of Agriculture and Agro-based Industry
Malaysia

1.1 Background

Youth involvement in the agriculture sector has been the most deliberated topics today. With rapid development, the current challenge for the governments of both developed and developing countries are the lack of participation among youth in agricultural activities. This has a direct effect on the countries growth and development, which is evidently fuelled by various components in a nations economy. For, a sustainable growth and development of the nation depends very much on the strengths and capabilities of its human resources, which are needed to generate and sustain the livelihood of the nation and its people. When one important aspect such as youth involvement is low, imbalances exist, hampering developments.

In Malaysia, the youth represents a total of 43.8% of the 30.5 million populations. Out of the 43.8%, a total of 60% are involved in the Malaysian workforce. If the figures were to be segregated in accordance to the respective sectors, agriculture would only represent 20% or less of the total youth in the workforce.

Various reasons have been identified for this poor response; among which is the perception of the younger generation on the agriculture sector. To most educated youth today, agriculture especially traditional farming is an unattractive preposition. This is further contributed to the ways in which agriculture has been practiced over the years by the older generation. To these youth, agriculture reflects a poor social status

and as a result they seek for seemingly better alternatives and opportunities in the urban sectors. Thus, many of the rural youth are migrating to cities in search of a more lucrative opportunity, be it an unskilled job than to pursue a career in the agriculture sector.

This large-scale migration of youth to urban areas has sparked concerns among the policy makers in Malaysia as it affects the development of rural areas as well as the future of the agriculture sector in these areas. The migration has brought about a big impact in which there is an imbalance in the age distribution of smallholder farmers especially among the rural population in Malaysia. The current average age of rural farmers is 60 but this figure has seen a slight drop since the introduction of government policies related to youth employment through various initiatives.

1.2 Government Policies in addressing the problem

In just 5 years, Malaysia is expected to achieve a developed and high-income nation status. To materialize the aspirations of the government by year 2020, more opportunities of engagement has been created especially in tackling the core issue of youth participation in agriculture. Policies have been formulated to respond effectively to the changing conditions, which aims in placing the younger generation at the center of Malaysia's growth and development. This has been done by first recognizing the problems faced by urban and rural youth such as the availability of land for agriculture projects, guidance and skill building, financial constraints and so on. All of which have been and gradually addressed through suitable interventions and policy implementations, which will be discussed in the following paragraphs.

1.2.1. Young Agropreneur Programme

Among the first few initiative to address the problems of youth participation in agriculture is through the establishment of the Young Agropreneur Programme in September 2013. This programme led by the Young Agropreneur and National Blue Ocean Strategy Unit, Ministry of Agriculture and Agro-Based Industry is targeted at Malaysian youth between the ages of 18 to 40 years old. The programme facilitates the

involvement of the targeted group in entrepreneurship based on agricultural activities, which comprises sectors such as fisheries, crops, livestock, marketing, technology and innovation, as well as agro-tourism and agro-based industry.

The main aim of the programme is to change the negative perception on agriculture, encourage and instill interest among the Malaysian youth as well as boost their participation in the sector. By implementing the programme, the government hoped to address not just the issues of youth participation in the agriculture sector but also reduce the unemployment rates among youth while developing the rural areas of Malaysia.

To date, the Young Agropreneur Program has proven to be a success in not just developing entrepreneurs but also boosting the involvement of the younger generation in the field of agriculture. Since its establishment, the young agropreneur programme has a total of 3,963 youth registered as aspiring agropreneurs with the numbers increasing yearly. Out of that, more than 2,000 agropreneurs have undergone technical and financial trainings with MOA and its agencies such as Malaysian Agricultural Research and Development Institute (MARDI), Federal Agricultural Marketing Authority (FAMA), Department of Fisheries, TEKUN and AgroBank.

Under the Young Agropreneur Programme, a 30% In-Kind Contribution Grant is given to agropreneurs to establish their businesses. The selected agropreneurs will receive trainings in administration, financial/ marketing, technological as well as assistance in the form of equipment's and raw materials. Fast track credit loans from Agrobank and TEKUN Nasional are also offered to eligible agropreneurs to cover the 70% cost in sustaining their respective business. Financial institution such as TEKUN Nasional, does not just function as a financing body in Malaysia but also plays a key role in entrepreneur development by supporting prospective businesses. Similar to Grameen Bank in Bangladesh, which provides credits without any collateral, TEKUN Nasional offers quick financing facilities to budding or existing entrepreneurs to kick-start and expand their businesses. It serves as a catalyst in the development of small-scale businesses, which previously had no access to financial assistance as well as a proper platform to network or expand their respective businesses.

The ministry has set a target of 1000 new agropreneurs each year and has thus far successfully achieved the target set out. The ministry's current target is developing young agropreneurs that are able to sustain their business with recognized global standards and are able compete in international markets.

Through this programme a vast number of young entrepreneurs have been nurtured in sectors such as farming, fisheries and agro based industry products to name a few. The ministry has identified well-established anchors and sectors that have outstanding achievements namely, Nuralis Agro Farm for poultry farming; Perfect Agro and Hot Burger for agro based products such as burger meat; Bee Park for honey bee farming, Nick's Fried and Rolled Ice Cream to name a few. These anchor companies are currently assisting the ministry in promoting, developing and training young entrepreneurs in the respective sectors by providing startup packages. The focus on such startups are to attract more involvement of youth while the projects are mostly fast income with shorter period of implementation that are in demand among the urban youth population.

1.2.2. National Blue Ocean Strategy (NBOS)

NBOS 3: Idle Land

While the Young Agropreneur Programme tackles the issue of developing youth entrepreneurs in agriculture, the government also introduced a new initiative in 2012 through the National Blue Ocean Strategy (NBOS)¹, to address issues such as idle land for agriculture development under the NBOS 3 initiative. Among the problems faced by farmers in Malaysia is the lack of land for agriculture purposes. Majority of the

¹ National Blue Ocean Strategy NBOS inspired by Professor W. Chan Kim and Renée Mauborgne provides a creative and systematic way in creating high value at low cost, rapid execution and sustainability of projects. Originally a business strategy, it was adapted and implemented by the Malaysian Government since 2009 to assist with the many government's transformation programs. There are currently 10 NBOS initiatives, which involve the collaboration of more than 80 ministries and agencies in crafting and implementing creative and transformative initiatives under NBOS. For example, rural infrastructures are built more quickly, youth volunteers are mobilized for the development efforts of the nation and the urban and rural areas to benefit from greater access to economic opportunities, social and education.

lands available are converted into housing developments and bigger profitable projects especially in urban cities. To address this problem, the NBOS 3 initiative looks into the utilization of government lands under the respective ministries² around Malaysia for high value economic activity. Projects conducted under the NBOS 3 are focused on high tech agriculture projects and development of incubator centers to train youths, army veterans, prisoners and so on.

To date, the Ministry of Agriculture and Agro-based Industry with the cooperation of the Ministry of Defense and Ministry of Home Affairs are developing agriculture projects in land under the ownership of both ministries. A number of projects have kick started such as the Rock Melon Fertigation in Mukim Labu, Sepang and Mukim Air Baniang, Jelebu helmed by the Malaysian Agricultural Research and Development Institute (MARDI) with implementations done by identified private companies.³ The workforce involved in the project consists of graduates of agricultural colleges and institutions in Malaysia, army veterans, prisoners and the poor under the eKasih programme. For the rockmelon project in Sepang, a total of 18 youth and 35 veterans are currently undergoing trainings on rock melon cultivation, harvesting and other practical trainings.

NBOS 6: My Kampung My Future (MKMF)

Apart from that, NBOS Initiative 6 – My Kampung My Future (MKMF) also looks into the issue of rural development and youth migration to urban areas. MOA spearheads the MKMF initiative with the cooperation of various ministries, agencies, state governments, youth movements and villagers.⁴ The main aim of MKMF is to retain youth population in rural areas while also fully utilizing existing resources such

² The ministries involved in the NBOS 3 initiative are Ministry of Agriculture and Agro-based Industry; Ministry of Rural and Regional Development; Ministry of Defense; National Anti-Drugs Agency, Ministry of Home Affairs and Local Councils.

³ *New Straits Times*, (2012). Idle Land now Yields Gold. 26 April.

⁴ MKMF is led by MOA with the collaboration of Ministry of Domestic Trade, cooperatives and Consumerism; Ministry of Rural and Regional Development; Ministry of Higher Education; Ministry of Women, Family and Community Development; Ministry of Health; Ministry of Youth and Sports; Public Private Partnership Unit (UKAS); 1 Malaysia 4 Youth (1M4U); respective state governments and villagers

as idle land and natural resources. MKMF also seeks to develop leadership potential amongst youths and to equip them with skills in agriculture sector by encouraging participation through economic and social development programmes for an estimated period of 3 to 6 months. Projects under MKMF are focused on high-value projects that will bring about the desired impact to improvise the economic development in identified rural areas. There are four components in the MKMF initiative, namely “Back to the Future in My Kampung”, “Agribusiness Competition”, “1 Kampung 1 Mission” and “Entertainment and Sports”.



Back to the Future in My Kampung

- To create high-value agriculture based economy for the youth by maintaining the existing youth and attract those who have migrated to return to their villages.



Agribusiness Competition

- To encourage creativity and innovation among youth in the agriculture business as well as creating icons among youth in agriculture sector which can be categorized as Youth Millionaires and form second generation in agriculture/ agribusiness.



1 Kampung, 1 Mission

- To create leaders among the youth by promoting the involvement of youth and Jawatankuasa Kemajuan dan Keselamatan Kampung (JKKK) during the implementation of the project and create ownership as well as a sense of belonging among the youth.



Entertainment and Sports

- To create a vibrant environment in the village which can attract youth through the implementation of community based activities, cultures, family, entertainment and sports.

Four Components of MKMF

MKMF has thus far proven to be a success in developing rural areas as well as retaining the youth population in rural villages. To date, MKMF has established various high-value projects and improvised the economic development in 6 identified rural villages by appointing anchors from each agriculture sector in the respective villages such as ornamental fish farming in Kampung Pulau Tiga, Perak; shrimp farming in

Kampung Merotai, Sabah; rock melon fertigation in Kampung Gedong, Sarawak; cattle farming in Kampung Felda Bukit Puchong, Pahang; organic rice in Kampung Durian Telor, Terengganu and vegetable farming in Kampung Perik, Kedah. In 2015, MKMF will be expended to 2 new villages in Negeri Sembilan and Johor.

Through MKMF, new entrepreneurs and existing ones are developed to achieve outstanding progress in terms of expanding their businesses as well as to increase their monthly revenue of more than RM5000. These successful entrepreneurs give back to society by contributing actively in the mentor-mentee program. Similar to the “anchor company” concept in the Young Agropreneur Programme, these entrepreneurs provide hands-on guidance, training and advice on agriculture projects to the selected mentees consisting of interested rural youths in the respective MKMF villages.

One of the successful agropreneur produced through this NBOS initiative is Miss Janaria binti Kurus a shrimp agropreneur from Kampung Merotai Besar, Tawau, Sabah. Miss Janaria started the project on a small scale with only 3 ponds and has thus far expended to 10 ponds. She develops and trains 10 mentees with each running 2 shrimp ponds under her guidance. Under this project, Miss Janaria earns a monthly revenue of RM60,000, which is a vast contrast from the initial RM7,500 monthly income before the implementation of MKMF.

Besides that, MKMF initiative also aims in utilizing existing resources such as idle lands and natural resources for the development of rural areas. A number of village expansions have been undertaken with the cooperation of State governments through this NBOS initiative such as the expansion of MKMF Kg Perik, Kedah by utilizing 150 hectare of Bukit Perangin Forest Reserve, Kedah for agriculture projects such as rockmelon plantation, chili fertigation, deer farming and lobster farming. While the project is still in the early stages of discussion, once implemented it would contribute significantly to the development of the area as well as its populations by creating more job opportunities.

Overall achievement of My Kampung My Future

No.	MKMF Village	Achievements
1.	Kg Merotai Besar, Tawau, Sabah	<u>Shrimp Farming Project</u> Revenue before MKMF: RM7,500/ mth Revenue after MKMF: RM60,000/ mth No. of entrepreneurs developed: 44
2.	Kg Gedong, Simunjan, Sarawak	<u>Rock Melon & Chili Fertigation</u> Revenue before MKMF: RM1,700/ mth Revenue after MKMF: RM3,500/ mth No. of entrepreneurs developed: 19
3.	Kg Pulau Tiga, Kg Gajah, Perak	<u>Asam Gelugur Project</u> Revenue before MKMF: RM500/ mth Revenue after MKMF: RM8000/mth No. of entrepreneurs developed: 40
4.	Kg Perik, Kuala Nerang, Kedah	<u>Vegetable farming</u> Revenue before MKMF: RM8,000/mth Revenue after MKMF: RM33,700/mth No. of entrepreneurs developed: 33
5.	Kg Durian Telor, Besut, Terengganu	<u>Organic Rice Farm</u> Revenue before MKMF: RM4,524/ mth Revenue after MKMF: RM7,167/ mth No. of entrepreneurs developed: 43
6.	Kg Felda Bukit Puchong, Bera, Pahang	<u>Cattle Farming</u> Revenue before MKMF: RM2,000/ mth Revenue after MKMF: RM5,000/mth No. of entrepreneurs developed: 29

NBOS 7: Strategic Linkages



In June 2012, another initiative was introduced which looks into establishing linkages between the Urban Transformation Centre (UTC), Rural Transformation Centre (RTC) and Mini Rural Transformation Centre (Mini RTC). The Strategic Linkages initiative is implemented through 5 coordination points (CP) that are:

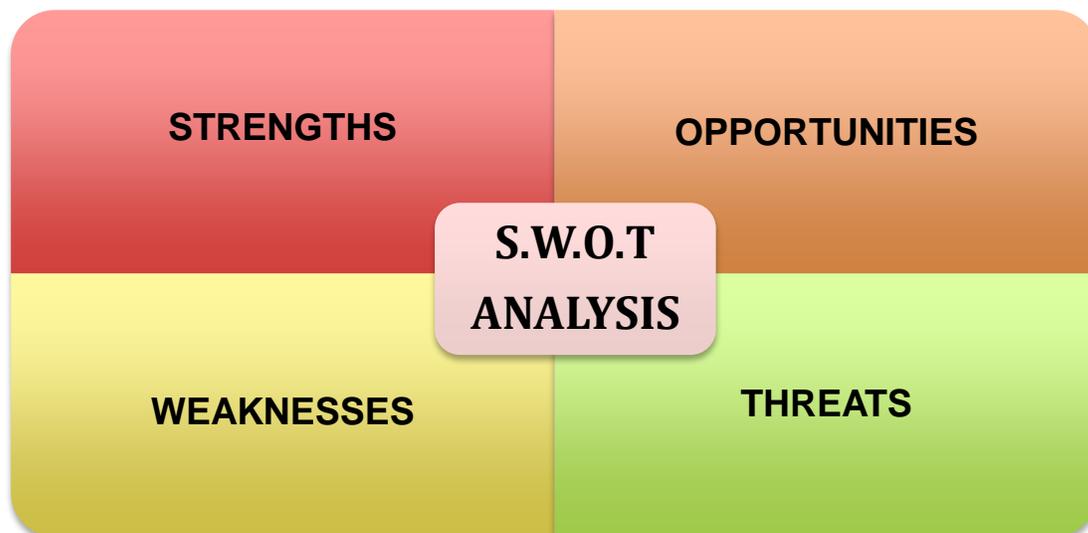
1. Coordination Point 1: Community Farming through Contract Farming
2. Coordination Point 2: Collection & Distribution Centers
3. Coordination Point 3: Agri-bazaar Portal
4. Coordination Point 4: Discounted products & KR1M products for Rural Customers
5. Coordination Point 5: Special Agri-Zones

Each coordination points are led by a MOA agency such as the Farmers' Organization Authority for CP1; Federal Agriculture Marketing Authority for CP2, CP3 and CP4; and Agricultural Research and Development Institute of Malaysia for CP5. Strategic Linkages through its coordination points, indirectly addresses the issue on land policy in Malaysia.

CP1: Contract Farming and CP5: Special Agri-Zones while also ensuring that all small and medium-scale agricultural production farmers are guaranteed to receive the appropriate return not just in terms of their agricultural produce but also the profit to sustain their businesses, it also provides infrastructure facilities and contract farm lands to develop their projects further. MOA agencies that lead the respective CPs' ensure proper guidance are given to the farmers to ensure good quality produces and a sustainable sector that meets the demands of the market be it local or international.

Under CP1 alone, there are currently 247 farmers participating in the contract-farming programme and this number is due to increase. Under CP5, various high-value projects are to be implemented in special agri-zones throughout the country.

1.3 S.W.O.T. Analysis



Based on the analysis, there are a number of strengths, weaknesses, opportunities and threats, which have been identified. Among them are;

1. Strengths

The key strength in which the ministry can leverage on is the adequate resources such as financial support and natural resources. Currently the central government provides support to the ministry in exploring not just the natural resources for prospective projects in agriculture and product development but also financial support. For year 2014, a total of RM4 million was allocated for young agropreneur development in the agriculture sector. Secondly, strength lies in the efficient cooperation from various ministries, agencies and private sectors in the NBOS initiative implementations. Thus far, there has not been such cooperation established which covers key areas of development and this in return has contributed to speedy implementations and high impact programmes. Thirdly, the high level of expertise on sectors such as entrepreneurship and agriculture through various agencies such as MARDI, Department of Veterinary and the Department of Fisheries Malaysia to name a few.

2. Weaknesses

The identified weaknesses include the lack of synchronization that exists between ministries and agencies on the implementation of policies. In most cases, problem lies with agencies that are ill informed on the implementation processes, which are involved on project startups or have implemented processes based on their respective internal policies without properly consulting the ministry. Apart from that, problems also exist in the engagement with participants such as inconsistency in the dissemination of information on programmes or available funding for deserving participants. Thirdly, there is insufficient research and development for the improvements of certain services to be at par with the international standards. Majority of efforts are focused on the research and development aspect of the industry but very limited on the improvement of such services especially the delivery.

3. Opportunities

Opportunities such as collaboration with other countries within ASEAN or outside the region to share its best policy practices on agriculture and entrepreneurship can assist in reaching the goals outlined. With the establishment of ASEAN Community 2015, more opportunities will arise for cooperation such as the exchange of information and

experience between academician and industrial experts on community building projects of agriculture sectors. A good example would be the SIMA-ASEAN International Forum that aims in bringing together academicians, practitioners and industrial experts to deliberate on market trends, growth sectors, challenges and opportunities in global and regional agriculture industry. That aside, cooperation between the private developers and the government on land matters could also ensure there exist a balance between land for agriculture and development purposes especially in urban cities. This would reduce the problem of lack of land availability for agriculture sector drastically and instead look at areas of collaboration where development is integrated with agriculture projects such as through urban farming on a bigger scale.

4. Threats

Despite the support from the government, there has also been a substantial amount of funding that has been reduced due to the prioritization of other equally important sectors. Therefore, projects will have to be selected based on priorities and its high value/ high impact status and less of the development of newer projects in the industry. Secondly, the establishing of cross cutting entrepreneurship policies introduced by the government would not just create redundancy but also cause confusion among practitioners and participants, hampering any efforts undertaken. Lastly, the occurrence of natural disasters would also likely be a threat to achieving the goals outlined.

1.4 Conclusion

As successful as the initiatives implemented are, there are still room for improvements for the policies undertaken by the government. There are alot more than can be done to engage the youth and further develop the agriculture sector in the country. By addressing the pertinent issues, governments would improve the agriculture sector and gradually reduce the dependency of imported goods into the country.