# Rural Transformation: A Lesson Learned From Agropolitan Development Programs in Malaysia.

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ABSTRACT

Since last decades, the Malaysian government has applied a commendable path in transforming its socio-economic landscape and the lives of the locals, in line with its vision to become a developed region by 2020. The paper explores rural transformation implementation by presenting the socio-economic development parameters of rural poor based on agropolitan project in the East Coast Economic Region (ECER) of Malaysian Peninsula. This agropolitan project is aimed to boost positive socio-economic alteration among the poor people through commercial-agriculture related activities. The case of this research are two agropolitan projects located at Batu 8 Lepar and Runchang located in Pekan, Pahang and one agropolitan project in South Kelantan located at Gua Musang. The research conducted, aimed to explore incomes achievement and three nexus of agropolitan development goals based on economic-physical-human development accomplishment. As many as 254 agropolitan participants were selected as respondents for the questionnaire survey. The main objective is to explore their experiences after joining the projects. Mixed method approach used in this study found that agropolitan projects have given remarkable transformation to participants' life and rural development programs as a whole. Nevertheless, despite its achievement, challenges recognized by participants remain immense especially in transportation provision, technical difficulties caused by animal threat and human capital improvement. These should be addressed in more depth by Agropolitan related agencies.

**KEYWORDS** agropolitan, achievement, transformation, rural.

## 1.1 Introduction

Transformational development has been identified in the rural areas of developing countries including India (Dandekar, 1988), China (Ahmed, 1993; Cai, 1999; Su, Jiang, Zhang, & Zhang, 2011), the Philippines (Gibson, Cahill, & McKay, 2010), Zimbabwe (Kamusoko, Aniya, Adi, & Manjoro, 2009), and Ecuador (López & Sierra, 2010) and Malaysia (Katiman Rostam et all, 2006; Yahaya Ibrahim, 2009).

In Malaysia, transformation of rural development implemented by the government through the New Economic Policy called *Dasar Ekonomi Baru (DEB*). It was carried out to implement rural development by encouraging physical and non-physical improvement in the areas. This effort witnessed the process of urbanizing the remote or rural areas into more developed region. It was also aimed to overcome poverty, unemployment and migration issues. It attempted to transform rural conditions which were assumed as undeveloped; plagued by unemployment and poverty. Thus, the government tried to restructure the society through subsequent policy called National Development Policy (Dasar Pembangunan Nasional). It gradually created a more positive image of the rural areas (Mohamed Zaini Omar, 2010). The development must also involve economic activities around the growth center because it was generally influenced by economic activities of the surrounding area (Boudeville, 1966).

In his study, Gaile (1992) shows that through market-based development, small towns have become effective instruments to improve rural-urban linkages by expanding market-based agricultural activities and they stimulate non-farm employment opportunities. There is a mutual interaction between growth centers and the surrounding areas. Developmental transformation in Malaysia also witness the creation of new small town areas which were eventually established as service centers and goods providers.

Trager (1979) and Richarson (1973) finds that a service-providing marketplace is an attractive thing in keeping the rural population from migrating. It is because a new town functioning as centers that are able to serve as outlets for the distribution of farm produce of the rural population. They must also be able to serve as outlets for the distribution of consumer commodities which are not found locally. Thus the integrated agropolitan development approach which offers a wide range of economic activities providing basic facilities such as the goods and services generate the rural transformation.

The objective of this paper is to discuss some of the major transformation achieved by agropolitan approach in regard to economic, physical, and human development in the areas studied.

### 1.1 **Agropolitan projects as tools of transformation**

Agropolitan project under East Coast Economic Region (ECER) covers several areas including states of Kelantan, Terengganu, Pahang and Mersing at Johor. ECER serve as a catalyst to achieve the status of developed regions by 2020, in line with the national aspirations of Malaysia. Vision of ECER is derived from three important features-distinctive, dynamic and competitive. While poverty eradication programs have been designed to eradicate extreme poverty by 2010 , Agropolitan activities involving the local

poor in the non- farm and non- farm sectors through transformation of Physical, economic and human development process.

### 1.2.1 Agropolitan Project under ECERDC

ECER agropolitan is an integrated rural development project with the ultimate goal to eradicate extreme poverty among the local people . This program aims not only to improve the lives of the participants, but also to boost job opportunities and income for them. Considered as a regional development approach, with strength centered on the resources of each country, the method implement two methods such as relocation method and " in situ ". The relocation method is the Pekan agropolitan while the other one is based on 'in situ' which is in south Kelantan . The projects are conducted in a sustainable way and integrated with three sectors inclusive of agriculture, agro-based activities and rural industries. This development is supported by the main growth centers of the main and secondary economic activities and extra efforts to support growth of jobs and income for the rural people. The agropolitan project involves the direct participation of the government agencies, the private sector, universities and NGOs (ECERDC, 2012).

### 1.2.3 Agropolitan Project Location under the ECER

Four projects have been initiated as agropolitan projects in the East Coast Region of Malaysian peninsular which are located at South Kelantan, North Kelantan Besut-Setiu in Terengganu and in Pekan, Pahang. For this study, pekan Agropolitan dan South Kelantan were chosen.

#### 1.2.3.1 Pekan Agropolitan and South Kelantan Agropolitan

Pekan Agropolitan in South Pahang, is implemented in three locations, namely Batu 8 in Lepar, Runchang and Tanjung Batu. The main economic activities are sheep-rearing (in batu 8 and Runchang) and oil palm (in Tanjung Batu). Secondary activities such as chicken-rearing and downstream livestock activities which provide extra income to the participants. The project is developed from 2009 to 2015 and the impelementing agency is The Federal Land Development Authority (FELDA). At Runchang, the pilot project of Pekan Agropolitan, is to assist the indigenous people (orang asli) to earn better incomes. In 2011, 102 indigineous people participated in the project, and are rearing 3000 sheep in 35 APUs (Animal Production Units). While in South Kelantan Agropolitan, which is located in Gua Musang, is designed to assist up to 3,000 hardcore poor. The development of the project, which first commenced in 2009 and shall continue up to2016, consists of the resettlement of participants into new homes and the cultivation of 9,900 hectares of oil palm plantation. Oil palm is the primary crop while secondary crops include bananas and cocoa. The implementing agency for this project is the South Kelantan Development Authority (KESEDAR).

Agropolitan participants were selected from the poor people data base namely E-Kasih and E-tegar. Participants are given monthly allowance of RM 750.00 to replant and manage oil palm estates and RM 250 to plant cocoa. This means they get a monthly income of RM 1000.00. Each home owner is given the responsibility to cultivate and manage 300 cocoa trees at the house backyard.

In the future, the project would involve the participation of 1,600 families, including indigenous people to create 4,000 jobs and to boost household income from RM1, 000 to RM2, 000 in the first three years and up to RM5, 000 up to 2019 (ECERDC, 2011).

Chart 1.1 Facilities development in Agropolitan Area.

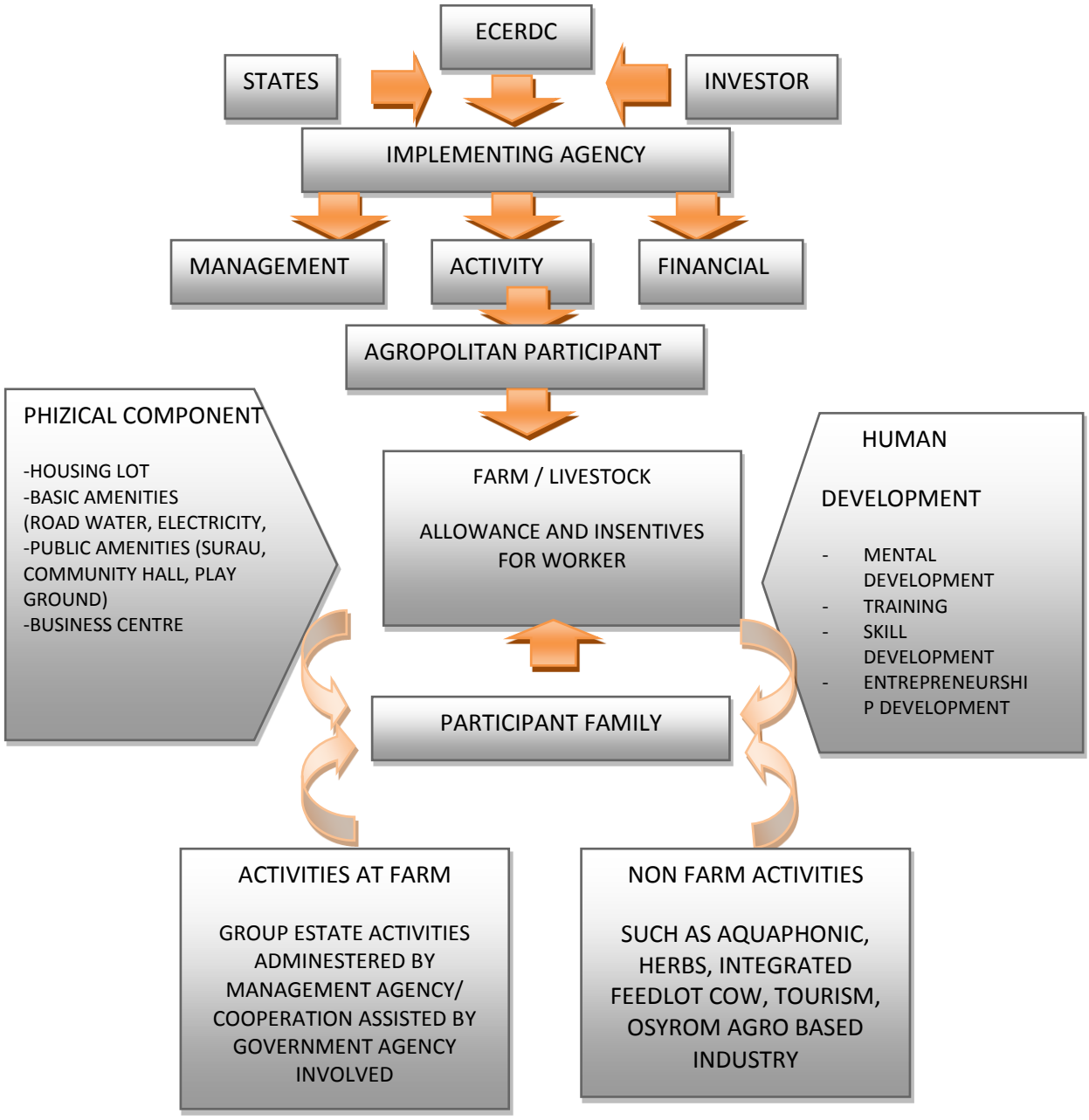


Chart 1.2 Agropolitan mechanism at ECERDC

## 1.2 Research Methodology

A field survey using questionnaires was carried out in April to June 2012 both at Pekan, Pahang, and Gua Musang, South Kelantan. It employed 254 agropolitan participants chosen randomly to explore their experiences after joining the projects. The participants

were 20 years of age or older. The achievement of economic, physical and human Development transformation which are the aims of agropolitan goals were examined.

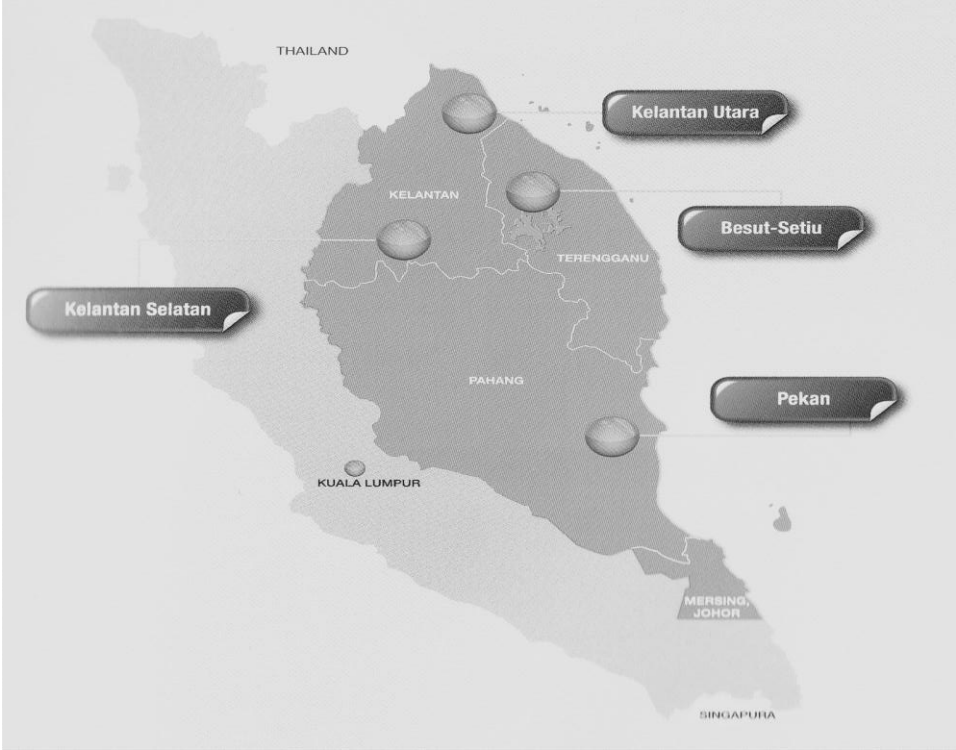


Chart of 1.2 : Location of Agropolitan Project under ECERDC
Source : ECERDC (2009)

### 1.3 Analysis and Discussion.

The Agropolitan project implemented by the ECER, contributed to the remarkable progress of the rural transformation. The participants' statements, were classified into several categories namely socio-economic aspects, physical and human development.

#### 1.3.1 Transformation achievements

The following are the effects of agropolitan projects.

Table 1.1 : Economic progress

| Income | | | | Notes |
|---|---|---|---|---|
| Before | % | After | % | |
| < 300 | 29% | < 300 | 0 | There is no participant with income less than RM 300.00 monthly found |
| RM 301-600 | 64% | RM 301-600 | 6% | This income bracket declined to about 58% |
| RM601-900 | 5% | RM601-900 | 30% | Income increased by 25% |
| RM901-1200 | 2% | RM901-1200 | 62% | Income increased by 60% |
| RM1201-1500 | 0 | RM1201-1500 | 3% | Income increased by 3 % |
| Total | 100 | | 100 | |

*Table 1.1 and chart 1.3 shows the participants economic improvement in a monthly basis income comparison before and after joining the agricultural project. Class income is classified into five categories.*

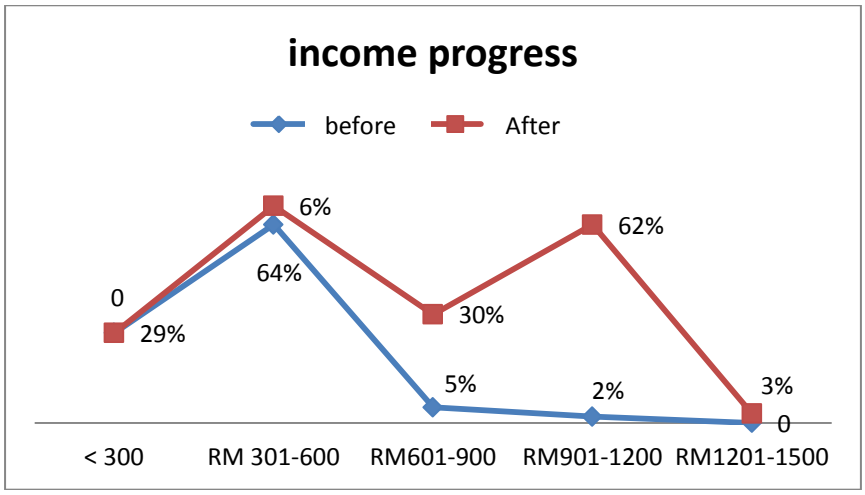


Chart 1.3 : Income progress after joining agropolitan project

Significant income progress occurred in two income brackets; from RM 601-900 (increased by 25 percent), from RM 901 to 1200 (increased by 60 percent).Whereas at income bracket of RM1201 to RM 1500 only increased by 3%. Substantial changes also seen in the income category of RM 301-RM 600 which shows the disappearance of people with very low income. The economic capability of participant in regard of income participant boosted and as a larger impact, the poverty reduced by the implementation of Agropolitan Projects under ECERDC agencies.

A further aspect of their views examined are the contribution and role of agropolitan project in transforming participants lives. Question given by openly basis. Participants are asked to net their statement by their own answer on how agropolitan transform their life. The answers then classified to three categories as from economic, physical and human development and the convenience sense established. Such question intentionally given to them to enable them think and freely answer with their own opinion.

From 254 questionaire distributed, 39 participant give no answer.
Transformation established through agropolitan projects explained in table 1.2 .
Table 1.2: Transformation existed by the agropolitan projects.

| **Transformation forms** | | **(%)** | **frequency** | **Noted (n = 254)** |
|---|---|---|---|---|
| economic Transformation | from the aspect of income enhancement | 41 | 107 | Answers also associated with the continues economic resources, increasing people involvement and enhancement of employment opportunities |
| | from the aspect of working opportunity expanded | 1.5 | 4 | |
| | from the aspect of income stability | 1.5 | 4 | |
| | from the aspect of profitable activities | 1.5 | 4 | Answers associated with higher income and profitable economic activities |

| | | | | |
|---|---|---|---|---|
| | from the aspect of poverty reduction and life upgraded | 8 | 21 | Answers associated with reducing extreme poverty, reducing the poor numbers and life |
| | Total in this segment | 53.5 % | 140 | |
| **Physical Transformation** | in aspects of settlement and housing improvement | 3.5 | 9 | It relates to answers of the new house availability, cemented house, bigger and beautiful house, and the increase of settlement |
| | in aspect of agricultural sectors | 7 | 18 | The answers associated with the availability of free land for cultivation, supply of pesticides, fertilizers, free agricultural materials, seeds and more stable plantation. |
| | Total in this segment | 10.5 % | 27 | |
| Human development transformation | Transformation consequences seen from convenience sense | 9 | 23 | The answers associated with a better life, more secure sense, easier life, more organized, more coordinated economic activity, promise the better future, and more assured life. |
| | Life advancement | 7.8 | 20 | statements associated with a people with modern life, happier society, comfort life and convenience |
| | In aspects of solidarity, life spirit enhancement and positive competitiveness | 2.7 | 7 | Answers associated with increased cooperation, activity, and positive competition and the increase of life spirit |
| | Total in this segment | 18.5 % | 50 | |
| | Total | 85.5 | | |

Table 1.2 describes the participant view of three transformations classes existed as an impact of Agropolitan presence. The first is the economic transformation form. This is most acknowledged responses of the participant (51 percent). For participant, the main effect of the agropolitan implementation was economic enhancement. This is the common notion in respect to economic issues basic need and the principles of human purposes. It supported by findings denoted in chart.1.1. Most responses are related to economic change aspects such as the existence of income enhancement, more working opportunities and profitable activities, income stability, and poverty reduction.

Huang Ping and Zhan Shaohua (2009) which examines the rural transformation in China report income increment of the rural household. It also increases the mass involvement of the society with local industries called Township and Village Enterprises (TVEs). To date , approximately 135.1 million rural people have been employed since outside the airport by the year 1996. They also prevent the mass migration of rural people to the cities. The second most stated transformation by participants is in the physical aspect namely; new houses

availability, cemented houses, bigger and beautiful houses, and the increase of settlement. Also included in the physical aspect transformation are in the agriculture sectors such as the availability of free land for cultivation, supply of pesticides, fertilizers, free agricultural materials, seeds and more stable plantation.

The third aspect of transformation is concerned with the human development. This includes development of physical facilities to improve the quality of human resources such as schools building, futsal courts, kindergartens. Another aspect is the involvement of government agencies in collaboration with universities such as UMK and UMT in Kelantan and Terengganu. The participants also experienced significant improvement of their livelihood. They confessed about the increased cooperation and interaction among themselves, healthy competition, increased activities and improve their spirit. They also admitted that after having joined the project life become more comfortable, having better quality and more secured life, and look forward to better future.

-Community hall and futsal court


-Agropolitan land mark

- Clinic

- mosque

- school

- Kindergarten

Chart.1.4 : physical transformation landmarks.

## 1.4 Constraints in Daily Operations

Problems faced by the agropolitan participants are explained in Table 1.3. The wild animals and insects threat, shortages of labor and capital, lack of transportation facilities and the long distance to rural centre were acknowledged as major obstacles in its implementation.

Table 1.3 : Problems faced by participants

| **Problems faced** | **Frequency** | **(%)** | **Noted (n = 254)** |
|---|---|---|---|
| Animal and insects threat | 111 | 41% | The problems faced in respect of animal threats are from pests (24%), followed by a wild boar attacks (9%), animals such as termites, insects, rodents, rats and monkeys (40%). |
| Problems related to labor and capital | 22 | 9% | In term of labor and capital, it includes lack of labor and equipment (4%) and lack of capital (3.5%) |
| Problems related to transportation | 64 | 25% | In terms of transportation, it found that 25% of participants admitted facing the problems. Specifically, the absence of transport facilities to move agro-product (12%), lack of transports (7%) and other responses are; need for trucks, lack of own vehicles, far distances and poor road system. |
| Problems related to agro-equipment | 13 | 5.1 | Answers associated with the lack of agricultural equipment, traditional tools and the lacking of equipment. |
| Technical problems associated with marketing techniques and far distance from market places | 17 | 6.7 | Answers associated with far distance from market area, lack of transportation and long distance between production centre to the market, and lack of marketing network as well as the needs to hire skilled workers to sell the products. |
| 'No problems' | 27 | 10.6 % | Statements associated with answers that all agro-product marketing done by KESEDAR and Agropolitan agents. |
| Total | 254 | | |

Table 1.3 elaborates the problems faced by participants. They found some obstacles, particularly the shortage of transportation facilities and how to move agro commodities . The absence of transportation for participants may lead to low mobility for them, because they do not have own vehicles. The low quality of transport provision service may lead to a higher need for transportation fulfillment of rural people( Dardak, 2007). While, Sagupta et al (2007) In their study have proven the positive correlation between good transport and road system and improvement of the socio-economy and welfare of the society. Table 1.2 also denotes animal threat. Animal attacks can affect the quality and quantity of the harvest. These findings are supported by Azima et al (2013) who studied agricultural process in Kuala Pilah. Attacks by pests and wild animals also contributed to the losses of the farmers by reducing both quality and quantity of total agro- products output.

## 1.4 Conclusion

Agropolitan Project implemented by ECERDC remarkably boost transformation of participanst in regard to economy, physical and human development segments. In the economic aspect there are more job opportunities, more stable incomes and poverty reduction. Furthermore, the participants confessed experiencing other forms of physical transformation that occurred in terms of larger and more beautiful houses, free agricultural land and equipment. In the human development aspect, the participant admitted having a more uplifted spirit, health competition and a more positive outlook for their future. Even so, in terms of its implementation, there are several barriers such as

lack of transport facilities, wild animal disturbances and labor shortages. The government should improve the facilities and infrastructure to ensure the transformation of both physical and non-physical aspects can be easily achieved. Means of transportation is an aspect that should be considered seriously as it regarded as one of the main barriers. Transport services provision was significantly correlated with mobility and basic needs for the community. Modern tools for participants daily activities should be provided by the agencies.

When looking at the agropolitan project approach as a rural development strategy to reduce poverty and improve the transformation, it is clear that the program has a positive impact. The success of this development approach hopefully will attract the involvement of the private sector as their corporate social responsibility to actively engage themselves in addressing the issue of poverty in the rural areas. Therefore, the strategies which emphasize on the redistribution of the benefits of development to specific target groups who are still suffering from poverty, need to be intensified.

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