



NARROWING DISPARITY

**SAFEGUARDING EQUALITY
IN PROSPERITY**



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In enhancing inclusiveness towards an equitable society, the Government has continued to focus on addressing the needs of identified target groups, including the Bumiputera. Since the launch of the New Economic Policy (NEP) in 1971, various initiatives were implemented in support of the Bumiputera agenda to uplift living standards and reduce socio-economic imbalances. The incidence of poverty among Bumiputeras has since declined from 64.8% in 1970 to 0.5% in 2016 and the mean monthly gross household income of Bumiputeras has increased from RM172 in 1970 to RM6,267 in 2016.

Despite this progress, the participation of Bumiputeras in the economy is still low, therefore, continuous efforts are required to ensure more equitable access for Bumiputeras to economic opportunities. In this regard, the Government through TERAJU has mobilised and spearheaded the implementation of the Narrowing Disparity SRI, adopting "growth with equity distribution" as a key principle to ensure inclusive planning and balanced economic growth.

This SRI has paved the way for the development of the Bumiputera community and the implementation of the Bumiputera Economic Transformation Roadmap (BETR) 1.0 in 2011 has been able to address the fundamental issues faced by the Bumiputera community in a holistic manner with the goal of catalysing Bumiputera wealth. Thus far the results have been encouraging, enabling the creation of business, employment and education opportunities for the Bumiputera community. As of 2017, through the initiatives carried out under BETR 1.0, a total of RM122.2 billion business opportunities have been created for the Bumiputera.

On 19 April 2017, the YAB Prime Minister launched the Transformasi Kesejahteraan Bumiputera (TKB) as an expansion of BETR 1.0. While BETR 1.0 was more focused on wealth creation, the TKB is aimed at uplifting the well-being of Bumiputera across all aspects of their lives. The Bumiputera Economic Council (Majlis Ekonomi Bumiputera, MEB) provides the necessary guidance on policies and initiatives to implement the TKB. Its initiatives are steered towards placing more emphasis on women, youth and Bumiputera in Sabah and Sarawak.

The Government is also committed towards enabling Bumiputera companies to penetrate international markets. In this regard, RM100 million has been allocated for TERAJU to implement various export programmes for Bumiputera SMEs. TERAJU International, an arm to facilitate Bumiputera exporters and connect them to the global arena, was launched in 2017 and will serve to strengthen the competitiveness of Bumiputera companies through integral capacity-building in the international market.

As we move forward, emphasis must be placed on transforming the mindset of the Bumiputera community to reduce their dependency on financial assistance and enhance their competitiveness through capability and capacity-building as well as innovation. It is only in this way that we will be able to achieve sustainable improvements in the well-being of Bumiputera.

EMPOWERING HUMAN CAPITAL

Education development and skills improvement are essential elements to continuously uplift the Bumiputera community's share of wealth and participation in the economy. In this area, Yayasan Peneraju Pendidikan Bumiputera (Yayasan Peneraju) is the body mandated to increase the quality, quantity and relevance of Bumiputera talent. This is in accordance with the Government's effort to catalyse the creation of skilled jobs in line with Malaysia's transformation into a high-income nation. RM419 million was allocated, through both Government and private funding, for three core programmes under Yayasan Peneraju, namely Peneraju Skil, Peneraju Profesional and Peneraju Tunas. After more than five years in operations, Yayasan Peneraju has enrolled 17,700 scholars via more than 205 intervention programmes. From this total, 3,900 scholars were enrolled under Peneraju Tunas, 10,300 scholars under Peneraju Skil and another 3,500 scholars enrolled under Peneraju Profesional.

“After more than five years in operations, Yayasan Peneraju has enrolled 17,700 scholars via more than 150 intervention programmes.”

In addition to providing education opportunities for the Bumiputera community, Yayasan Peneraju also focuses on instilling greater discipline, ethics, self and social awareness, besides strengthening work-relevant soft skills and providing on-the-job training to further prepare their scholars for the working world. This includes closer engagement with the industry to ensure graduates are equipped with relevant skills. In the future, Yayasan Peneraju aims to develop and implement programmes for new target areas which require intervention such as the religious education stream, workforce for emerging industries and technologies as well as providing programmes specifically for selected groups such as the Orang Asli, asnaf (Zakat recipients) and prison inmates.



Entrepreneurship development program conducted by INSKEN.

Currently, a large number of Bumiputera companies are involved in low-value projects due to their lack of capacity and capabilities. In an effort to boost the size and capabilities of Bumiputera companies, INSKEN, a unit under TERAJU, has played an important role in developing the capacity of Bumiputera companies and ensuring that the companies are on par with the competitors in the market. As of 2017, 325 businesses have registered a minimum revenue increase of 10%, exceeding the target of 300 businesses through the INSKEN500 programme. In total, 28,330 entrepreneurs have benefitted from 1,109 programmes implemented nationwide in collaboration with various federal and state entities.

On the corporate front, in 2017, INSKEN collaborated with Talent Corporation Malaysia Berhad (TalentCorp) and Unit Perancang Ekonomi Negeri Sabah (UPEN Sabah) to conduct the Sabah GLC Talent Development Programme which aims to develop human capital among those holding senior management positions in Sabah. These individuals are placed within selected national GLCs where they are trained for six months to gain a better understanding of best practices in GLCs. The programme also enables knowledge and technology transfer among GLCs in organisational development and project implementation and delivery.

As the Secretariat to the GLC Talent Development Programme, TalentCorp is responsible for implementing and monitoring this programme, including strategising the best way to develop top talent, setting the selection criteria and matching the candidates with suitable GLCs through profile assessment. In September 2017, two Sabah GLC Talent Development Programme candidates started their six-month training in two GLCs, Khazanah Nasional Berhad and TERAJU.



BOOSTING THE BUMIPUTERA ECONOMY

In 2017, RM80.47 billion worth of business opportunities were created for Bumiputera companies through two feeder programmes – the Facilitation Fund and the Carve-out & Compete programme. Through the Facilitation Fund, RM14.44 billion in private investments have been generated from RM1.7 billion in financing approvals for 455 companies and 538 projects. Under the Carve-out & Compete programme, two projects identified in 2017 – the LRT3 expansion project and the Pan Borneo Sabah Highway project – carved out RM7.12 billion and RM3.9 billion worth of works, respectively, to be awarded to Bumiputera companies. Since 2012, a total of RM66.03 billion in contract value has been carved out for Bumiputera companies via the Carve-out & Compete programme.

To increase Bumiputera involvement in mega infrastructure projects, RM500 million has been made available for local contractors under the “Program Pembiayaan Kontraktor Pan Borneo Highway” (PPKPBH). The funds are made available in collaboration with SME Bank, RHB Islamic and Credit Guarantee Corporation.

Meanwhile, to ensure efficient use of Government funding, TERAJU had introduced the use of Government funding as collateral to be leveraged by financial institutions to provide financing to qualified companies. This financing is provided

through programmes such as the TeraS Fund, the Business Expansion Fund, Bumiputera SME Equity Fund and the Bumiputera Technology Fund. As a result, from an initial Government funding of RM444 million, Bumiputera companies have received RM1.62 billion in financing, equivalent to a financing multiplier of 3.65 times against a target of three times.

Nonetheless, there has been found to be a low take-up rate of the funds as there appears to be lack of awareness among companies of the availability of the programmes. In an effort to address this, TERAJU regularly engages with its financing partners to undertake awareness programmes.

Efforts under BETR 1.0 have also included increasing Bumiputera corporate equity through the Skim Jejak Jaya Bumiputera (SJJJB). In 2017, two Bumiputera companies – GFM Services Bhd and Serba Dinamik Holding Bhd – were listed on Bursa Malaysia in January and February respectively. Both companies have seen their market capitalisation increase by more than 50% since then. Serba Dinamik, which raised RM2 billion from its initial public offering (IPO), has seen its market capitalisation grow to RM4.3 billion in 2017, while GFM Services raised RM162.6 million during IPO and recorded a market capitalisation of RM214.1 million in the same year.

Efforts to uplift Bumiputera should be recognised as a national agenda. In order to expand its reach nationwide, TERAJU has worked with multiple agencies to disburse the Dana Pembangunan Usahawan Bumiputera (DPUB). The agencies involved include the Northern Corridor Investment Authority (NCIA), East Coast Economic Region Development Council (ECERDC), Iskandar Regional Development Authority (IRDA), Sabah Economic Development and Investment Authority (SEDIA), Ministry of Industrial and Entrepreneurial Development Sarawak (MIED), Sedcovest Holdings Sdn Bhd, a State Government agency in Sabah, and Yayasan Sabah. Funds amounting RM15 million are allocated to each corridor for, among others, entrepreneur funding, training and the establishment of community innovation centres, infrastructure development and incubation centres. A total of RM110 million has been disbursed since 2015. To date, 11,488 entrepreneurs from these various corridors have benefitted from the various programmes under DPUB implemented across all corridors.

The Government remains inclusive in its initiatives to uplift Bumiputera and has formulated strategies to upscale Bumiputera micro-entrepreneurs. As such,



YAB Tan Sri Datuk Seri Panglima Musa Aman looking at the floor plan of Anjung Usahawan Tanjung Lipat redevelopment project.

various initiatives were developed to aid those in this segment, especially micro-entrepreneurs at the corridors with emphasis given to Sabah and Sarawak. One of the initiatives is the redevelopment of the Anjung Usahawan Tanjung Lipat with an allocation of RM13.5 million through a collaboration with Sedcovest. The 51,130 square feet building was rebuilt and given a facelift with the aim to create a centre for business that is comfortable and well-organised for Bumiputera entrepreneurs in the food & beverage, retail and services sectors. It is also hoped that the development of the surrounding areas and tourism industry in Kota Kinabalu will be further supported with the development of this business environment. Construction commenced in September 2017 and is targeted for completion in December 2018. The redevelopment project will provide business opportunities to 64 entrepreneurs within the business area and is projected to create 200 additional jobs for the locals.

Young, innovative and creative Bumiputera entrepreneurs and start-up companies are also given a chance to realise their ideas through the Skim Usahawan Permulaan Bumiputera (SUPERB). As at December 2017, 201 winners have been identified for grant allocation of RM79.8 million in collaboration with 10 agencies, namely Malaysia Digital Economy Corporation (MDEC), Perbadanan Usahawan Nasional Bhd (PUNB), Technology Park Malaysia, Malaysia Development Ventures, Malaysia Venture Capital Management Bhd (MAVCAP), Malaysian Technology Development Corporation (MTDC), Cradle Fund, Bioeconomy Corporation, MyCreative Ventures and Kumpulan Modal Perdana.

The Government is also committed to enabling Bumiputera companies to penetrate international markets. In view of this, RM100 million was allocated to implement various export programmes for Bumiputera SMEs. Following this, TERAJU launched TERAJU International in 2017 to serve as a platform to facilitate Bumiputera exporters through various programmes and connecting them to the global arena with the aim of strengthening their competitiveness in the international market.

The Bumiputera Initiative for Globalisation (BIG) programme and Bumiputera Frontier Financing (BFF) are the two flagship programmes under TERAJU International, for which RM50 million has been allocated for each programme. BIG is a collaboration between TERAJU and Malaysia

External Trade Development Corporation (MATRADE) to assist export-ready companies and other high-potential companies with competitive products to penetrate international markets. The programme is targeted to develop five global champions and 10 regional champions from different sectors.

“TERAJU launched TERAJU International in 2017 to serve as a platform to facilitate Bumiputera exporters through various programmes and connecting them to the global arena.”

Meanwhile, BFF is a partnership between TERAJU and EXIM Bank which provides financing facilities to exporters for indirect exports, overseas contracts, projects or investment abroad for working capital and capital expenditure. Using the funds as security/collateral, EXIM Bank will provide a financing facility of RM150 million for exporters to enjoy cheaper financing from subsidised financing rates, reduction in collateral obligations for financing and access to cross-border financing products to capitalise on new business opportunities.

To push forward the Bumiputera agenda, Unit Pemerkasaan Ekonomi Bumiputera (UPEB) has been set up within Ministries to drive and lead the implement of Bumiputera agenda at the Ministerial level. These Ministries will need to carry out initiatives that promote the Bumiputera agenda with KPIs reported to MEB on a bi-annual basis to ensure all targets are achieved.

BUMIPUTERA ECONOMIC TRANSFORMATION ROADMAP 2.0

In April 2017, the BETR 2.0 Syndication Lab was held, attended by over 600 representatives from ministries, agencies, entrepreneurs, GLCs, GLICs and NGOs. A total of 46 initiatives were derived from the syndication lab, which paved the way for



the YAB Prime Minister to introduce Transformasi Kesejahteraan Bumiputera (TKB). TKB aims to introduce policy principles that will strengthen the Bumiputera agenda over the next 10 years, while focusing on programmes and initiatives to be delivered over the next five years – from 2017 to 2021.

TKB's programmes and initiatives will be guided by the following policy principles:

1. Income as the true north – achieve a mean monthly income of RM5,000 for Bumiputera over the next five years, encompassing both wage and non-wage income.
2. Creating success stories into replicable models – combination of fine-tuning existing programmes to make them more replicable, as well as complementing them with new initiatives.
3. Combining public and private financial resources to deliver greater impact – increase funding for B40.
4. Rationalisation of the delivery system – ensure that benefits are distributed amongst Bumiputera on a needs-based and equitable manner in terms of socio-economic background and gender; Bumiputera companies that are in the priority sectors are given adequate coverage.
5. Small firm-friendly policies – TERAJU will work with key Government organisations and GLCs to pilot small-firm friendly policies in specific procurement and project contexts.
6. Strengthening emphasis on women.
7. Malaysian Youth and the readiness for disruptive technology – programmes like SUPERB for the younger generation need to continue and be enhanced for the nation to be ready for the next 'game-changing' innovation.
8. The Bumiputera agenda has to be embedded in the mainstream activities of Ministries and agencies.

The approach taken by TKB for the Bumiputera transformation champions the people with the aim of elevating the status of Bumiputera. It is anchored on five areas: upscaling Bumiputera companies, empowering human capital, enhancing the competitiveness of Bumiputera, enabling social mobility and ensuring that Bumiputera transformation is comprehensive and holistic.



The BETR 2.0 syndication lab session held in April 2017.

ADOPTING THE BUMIPUTERA AGENDA ON A NATIONAL SCALE

Programmes under TERAJU have seen multiple successes and many Bumiputera companies and individuals have seen an improvement in income and quality of life due to the positive outcomes of the programmes. Thus, in the effort to ensure the sustainability of these improvements, TERAJU is continuously encouraging large and successful Bumiputera companies to adopt policies or programmes such as Carve-out & Compete or develop their own mini Vendor Development Programme.

Echoing the Government's directive which came into effect on 1 August 2017 that any company which receives procurement/contracts from the Government are required to provide training for Skim Latihan 1Malaysia (SL1M) trainees by allocating a budget of 1% of the procurement/contract value for the SL1M programme, many companies that have received funding from the Government will play their part in tackling the issue of unemployment and human capital development by taking in SL1M trainees. This will help address the issue of unemployment and create opportunities for skills development among youth.

Paving the Horology Field in Malaysia

Horology, the study and measurement of time and the art of making time-keeping instruments, is synonymous with Swiss passion and specialty. Although Malaysia has never been known to lead this department, one man and his team are planning to change that.

“MASA Horlogerie is a Malaysia-born fine watchmaking company,” says Dr. Ahmad Syahid Mohd. Fadzil. “Established on 31 August 2015, we are the first and only Malaysian Bumiputera watchmaking company that is involved in the business of high quality, ultra-exclusive Swiss-made luxury timepiece. MASA Horlogerie is inspired by the highly acclaimed Swiss watchmaking heritage and artistry, and the aesthetically rich cultural heritage of Malaysia.”

The medical doctor by profession and self-confessed ‘horologer, designer, watchmaker and entrepreneur by passion’ is one of the winners of the prestigious Bumiputera Entrepreneurs Startup Scheme (Skim Permulaan Usahawan Bumiputera, SUPERB) programme, held under the patronship of TERAJU and the Prime Minister’s Office. The programme provides grants and funds to support Bumiputera-led startup companies with innovative and creative business ideas.

Accelerated through SUPERB

“To be honest I joined the (SUPERB) programme for the opportunity to gain professional entrepreneurial knowledge, not to win,” says Dr. Ahmad Syahid, a University Malaya graduate. “The experience I gained from the programme was truly priceless! I had the opportunity to learn about the start-up ecosystem in Malaysia, meet captains of the industry and gain knowledge and guidance from vastly experienced coaches, mentors and fellow participants.”

Local culture, International products

Dr. Ahmad Syahid is passionate in bridging the business and knowledge gap between Malaysia and Switzerland in the horology field while highlighting Malaysia’s unique heritage. MASA Horlogerie’s fine watches, which incorporates ‘Heritage Horology™



Dr. Ahmad Syahid Mohd. Fadzil, founder of MASA Horlogerie.

or ‘Horologi Warisan™’ receive domestic and international demand.

The company is currently in the midst of creating historic-themed pieces such as the Kerabat I series with the world’s first “Keris Lok 9” watch hand and “Songket Bunga Pecah 8” dial. It has also successfully established an exclusive sartorial/fashion label, the MONT/OPHIR™ which features the classical name of Gunung Ledang and its legendary gold story.

“SUPERB has provided not only a significant financial contribution, but more importantly the platform for MASA Horlogerie to be established, (plus) social networking, entrepreneurial empowering sessions, and personalised and focused mentoring. It gave us the opportunity to give back to the society, pay our best tribute towards the country, our culture and patriotic spirit through horology,” the founder



says. “The SUPERB programme had opened the path for me to explore my entrepreneurial acumen and self-potential.”

Plans for the future

Dr. Ahmad Syahid is a keen believer in giving back to society. His team is now developing a syllabus and learning materials to encourage Malaysians to be a part of the local horology movement. The company is training staff members and interns on international business administration, the business of horology as well as basic technical aspects of Swiss watchmaking. In addition, the company also plans to establish a national horological institute and a horology-tourism-based “mini Switzerland” in Malaysia, the first in Asia. The institute will feature a watchmaking school, a resource lab and a training centre.

Exemplifying his entrepreneurial spirit, Dr. Ahmad Syahid has big plans for MASA Horlogerie. “We hope to have our own certified watchmaking facility in Malaysia before 2020, so we can educate and train our own talents in this field. In 2018, we will expand our customer experience and support with a bigger gallery, an adjacent watchmaking facility under the name “Montres MASA.”



The watch designing process with a Swiss expert.

To aspiring entrepreneurs, Dr. Ahmad Syahid shared the following advice: “Knowledge, perseverance and undying passion are the rules to become successful in any field or career, as these values are the most significant motivation. When you are passionate about something that you whole-heartedly believe, you will find a solution for every problem you might encounter. Your knowledge must be apt and you should never, ever stop learning.”



Watches produced by MASA Horlogerie.

DPUB Eases the Way Forward for Bumiputera Entrepreneurs in the ECER

Designed to address the limited access to funding and lack of capital that many Bumiputera face, the Bumiputera Entrepreneur Development Fund (Dana Pembangunan Usahawan Bumiputera, DPUB) has been overwhelmingly well-received; being the most highly sought-after programme by Bumiputera entrepreneurs in the East Coast Economic Region (ECER).

Mohd Suhaimi Ab Aziz, Project Manager of the entrepreneurship development programme in the East Coast Economic Region Development Council (ECERDC), has been involved with the DPUB from the start. "I was involved in policy planning and drafting, activity selection, budget planning, SOP development, promotion and awareness. I now manage the overall implementation of the programme," he explains.

As part of a strategic collaboration with Unit Peneraju Agenda Bumiputera (TERAJU) since August 2015, DPUB aimed to assist Bumiputera SMEs in the ECER to grow their business through four initiatives; soft loans for micro-enterprises, business equipment aid, reimbursement grants for Bumiputera investors in industrial parks and development fund for contract farmers.

“On average, entrepreneurs that received DPUB assistance increased their sales by 30% after only six months. ”

“Our strategy has been to identify Bumiputera entrepreneurs with potential to nurture their organic growth and increase their competitiveness. We also cover less-recognised industries, such as post-natal care services and home dealers of agriculture produce, which otherwise might not be considered for loans through commercial financial institutions,” Suhaimi points out.

As of December 2017, DPUB had benefited 1,630 ECER entrepreneurs, 95% of which have annual turnovers below RM300,000, with 70 percent of the entrepreneurs involved in the food and beverages (F&B) industry. “On average, entrepreneurs that received DPUB assistance increased their sales by 30% after only six months; some of them, especially in the F&B line, increased sales by more than 50%,” Suhaimi enthuses.

He also notes that the business transformation did not only improve their quality of life, but was also able to create a spill over effect in creating more jobs to the local community. “Our survey data shows that on average, each entrepreneur has created three new job opportunities, all of which are filled by locals.”

Suhaimi believes that DPUB, along with all the other human capital development and entrepreneurship programmes implemented since 2009, has successfully narrowed the economic disparity in the country, especially in the ECER. “The initiatives carried out by the Government have benefited about 11% of total households in the ECER, which is significant given that 97% of them are in the B40 group, and more than 85% are Bumiputera.”

However, he also thinks that the Government needs to encourage technology uptake by Bumiputera entrepreneurs. “The Fourth Industrial Revolution is not merely a concept; it is going to drive industry growth. We need to change entrepreneurs’ mindsets and perceptions, so that they see that technology and automation actually reduces costs through digitisation of business operations and improved efficiency. Thus, the Government should impose specific criteria regarding the use of industrial automation or ICT for Bumiputera entrepreneurs to be eligible for all assistance programmes.”



MOVING FORWARD ▶▶

In the future, TERAJU aspires to be the Centre of Excellence for Bumiputera entrepreneurs – serving to incubate, pilot and deploy replicable programmes across both the public and private sectors to further scale-up Bumiputera entrepreneurs. Programmes under TERAJU will also be geared to be more holistic and inclusive, parallel to the TKB to develop the well-being of the Bumiputera community. Emphasis will also be placed on the development of women and youth.

As the programmes for Bumiputera expand, there will be a need to streamline and transform programmes at the Ministry level where best practices and programmes from TERAJU can be adopted and Ministry programmes can be streamlined to reduce redundancy and improve efficiency in the use of resources.

TERAJU targets to launch the TKB index (Bumiputera Well-Being Index) in May 2018 which will be used to measure the achievement and effectiveness of Bumiputera policy implementation. This is crucial in ensuring the quality of the programmes carried out and identifying areas for improvement in order to continuously generate positive outcomes.
