

MALAYSIA STAY & BUILD 2023

REVITALISING MALAYSIA'S AGRI-FOOD INDUSTRY FOR FOOD SECURITY

Executive Summary



OVERVIEW

Food security remains a pressing issue across the world, and Malaysia is no exception. Policy limitations, resource constraints, diminishing arable land, smallholder livelihoods, are all part of the multifaceted challenges Malaysia must solve in its journey toward food security.

In the **Malaysia Stay & Build (MS&B) 2023** experiential leadership programme, the diverse cohort, facilitated by GIFT, has proposed the creation of a Food Security Hub (FSH) as a pilot to revitalise Malaysia's agri-food industry. This executive summary provides an overview of the FSH model and its pivotal initiative designed to incentivise farmers to boost crop production and yield surpluses for strategic stockpiling.

This document also outlines the identified policy recommendations that will contribute to the improvement of food security through investments, improved education, and the necessary systems and frameworks required. FSH could be a catalyst to positively impact the agricultural value chain, and ultimately, make Malaysia food secure.

GLOBAL TRENDS IMPACTING FOOD SECURITY

2

CLIMATE CHANGE

Climate change, marked by increased flooding, prolonged droughts, and heatwaves, significantly reduces agricultural productivity. For 2008–2018, loss from disasters accounts for 4% of potential crop and livestock production at the global level, amounting to USD 280 billion.

1

RISING POPULATION & LIMITED ARABLE LAND

Global food demand has surged by 56% in the past decade, while 40% of Earth's landmass is classified as arid regions.

3

GLOBAL SUPPLY CHAIN SHOCKS

External shocks like Covid-19 and the Russia-Ukraine war has disrupt global food production and supply. At least **19 countries** have imposed export restrictions on agricultural goods.



↑ **20% increase in global food prices**
(FAO, 2022)

THE MALAYSIAN CONTEXT

CURRENT LANDSCAPE

1.86million

people in Agriculture Sector (<10% of total workforce in Malaysia).

MYR1,780

average monthly salary for agriculture workers is below the B40 threshold of MYR4,850.



CHALLENGES TOWARDS FOOD SECURITY

1

LEGISLATION & POLICIES

- Prioritising cash crops at the expense of essential food crops.
- Subsidies focus on livelihoods, not food security.
- Government coordination issues, including overlapping roles, federal-state disconnect, and a lack of food reserve strategies beyond rice.

2

AVAILABILITY & ACCESS TO RESOURCES

- Urbanisation and industrial growth have reduced Malaysia's agricultural land to just 26.1%, primarily allocated to oil palm cultivation, limiting space for food crops.
- Insufficient R&D funding, limited credit access, rising input costs strain farmers financially, hindering adoption of modern practices and capacity increase food production.

3

AGEING WORKFORCE & DEPENDENCY ON MIGRANT WORKERS

- Average age of Malaysian farmers is 60 years old.
- Only 4% of tertiary students interested in agricultural careers.
- Heavy reliance on migrant labour to compensate for the workforce gap.



VISION

To cultivate a resilient and food-secure Malaysia, such that there is adequate food production to meet the needs of the country.



FOOD SECURITY HUB

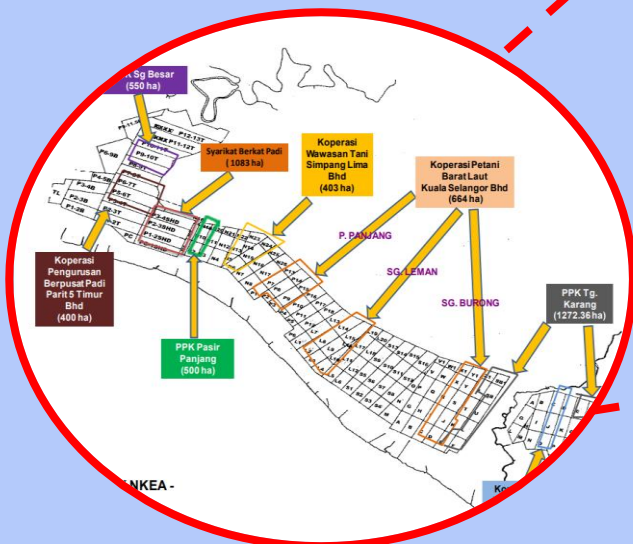
The proposed operating model centers around establishing a Food Security Hub (FSH) to transform the agricultural landscape by fostering collaboration among farmers, government, and investors. The FSH includes two key features: *"Tanam Banyak, Dapat Banyak"* (TBDB) scheme and a dedicated stockpile.

By creating a network of interconnected FSHs, the ultimate aspiration encompasses enhancing the livelihoods of smallholder farmers, generating new job opportunities across the supply chain and ancillary services, attracting investments and young talents into agriculture and fortifying Malaysia's food security.

PILOT PROJECT LOCATION

North-West Selangor has been chosen as the pilot implementation site due to its agricultural significance.

The region boasts an existing population of farmers primarily cultivating essential food crops, particularly paddy, and possesses the necessary infrastructure. The agricultural landscape spans 95,000 hectares: 55,000 hectares for palm oil, 20,000 hectares for coconut, and another 20,000 hectares for paddy.



PROJECT PARTNER

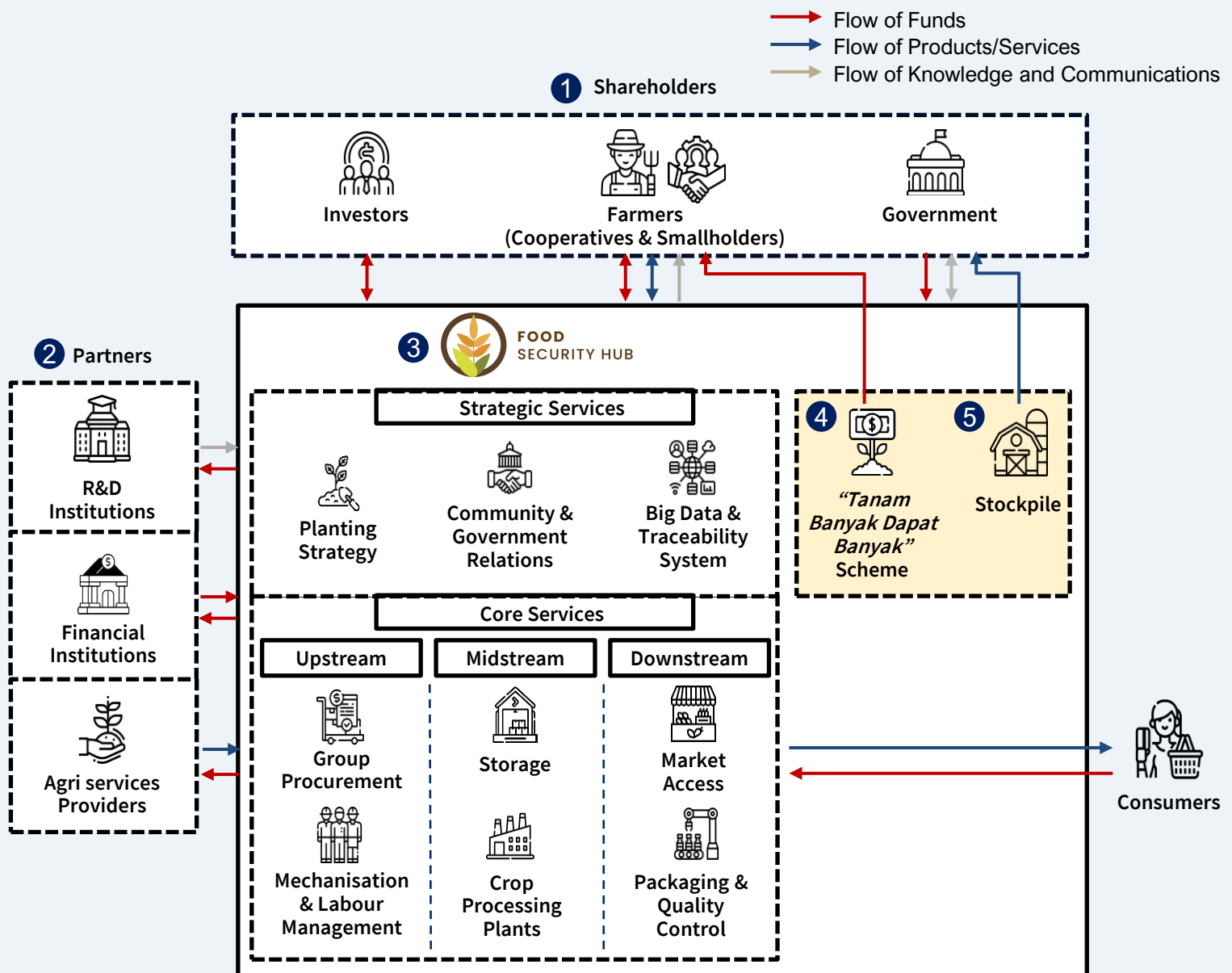


FGV Holdings Berhad, founded in 2007, is one of the world's largest producers of Crude Palm Oil (CPO), operating in 9 countries across North America, Europe and Asia. As Malaysia's leading agribusiness company, FGV is committed to playing an important role in the national food security agenda.

THE FOOD SECURITY HUB (FSH)

1 The core shareholders include farmers, investors, and the government. Farmers become members and co-owners of FSH via an initial membership fee. Investors inject MYR102.28 million in capital, while the government provides funding for capital expenditure of MYR23.7 million for stockpile facilities and transportation infrastructure.

2 FSH collaborates with different partners to support farmers throughout the value chain. Research and development (R&D) institutions contribute innovative farming solutions, financial institutions offer credit facilities and insurance, and agri-service providers like FGV Holdings Berhad can provide specialised services such as crop processing, packaging, and market access, optimising agricultural processes for farmers.



3 FSH, in its mission to ensure food security, relies on two pivotal components: the "Tanam Banyak, Dapat Banyak" (TBDB) Scheme, which translates to "Grow More, Earn More," and a dedicated Stockpile.

4 Under the **TBDB Scheme**, farmers receive incentives tied to their crop production levels. Specific yield targets are set for each crop and region, with rewards granted upon achieving and exceeding these targets. This scheme not only attracts farmers to join FSH but also encourages them to boost land productivity, yielding surplus harvests strategically earmarked for stockpiling.

5 Furthermore, FSH plays a vital role in establishing a **national stockpile** dedicated to staple crops. The government provides initial investment for stockpile facilities and buy-back surplus crops from FSH at fixed rates.

FSH also offers a range of essential agricultural services, generating revenue to sustain its operations. These services include group procurement, mechanisation, labour management, storage, processing, packaging, planting strategies, data-driven policy recommendations, market insights for farmers, and food traceability for consumer. By connecting farmers and leveraging economies of scale, FSH streamlines operations, reinforcing its central role in advancing agriculture.

POLICY RECOMMENDATIONS

Drawing from the identified key challenges in Malaysia's food security and the assessment of gaps within the existing policy framework, this report presents five public policy recommendations for Malaysian government's consideration.

- 1 MANDATE INVESTMENT AND CREDIT ACCESS**
Mandate DFIs and banks to invest in agriculture and food security related initiatives and enhance access to organised credit for farmers.
- 2 SET UP BUY-BACK AND STOCKPILING SYSTEM**
Implement a nationwide buy-back and stockpiling system aimed at sustaining a 90-day reserve of diverse food items. This initiative should also encompass the identification and prioritisation of essential food items beyond rice.
- 3 ESTABLISH A COORDINATED R&D FRAMEWORK**
Create an integrated agricultural R&D framework, including a national research consortium, to enhance food security and climate resilience through improved collaboration and efficiency.
- 4 INTEGRATE AGRICULTURE INTO EDUCATION**
Incorporate agricultural education into the national curriculum at all levels by linking it with subjects like science, technology, engineering, and mathematics.
- 5 IMPLEMENT A CENTRALISED DATA CENTRE**
Enforce a robust data transparency policy for the agricultural sector, harnessing Geographical Information Systems (GIS) technology to improve decision-making and advocate for sustainable practices.

POTENTIAL IMPACT

The below outlines the anticipated impact of the pilot project:

95,000

Hectares of
agricultural land



40,000

Smallholder
farmers



17% - 22 %

Improvement to farmers'
annual income





The **Global Institute For Tomorrow (GIFT)** is an independent pan-Asian think tank committed to purposeful leadership learning and partnering with clients to help them unlearn conventional wisdom and unleash organisational potential to redesign society.

The **Malaysia Stay and Build (MS&B) Programme** is GIFT's flagship experiential programme designed for young professionals from leading Malaysian organisations to think critically about the drivers of change in the 21st century and build new development models and policies that address the defining challenges for our time.

During this MS&B, participants from business, government, academia and NGOs convened in Kuala Lumpur over the course of 9 days to undertake classroom sessions, stakeholder meetings, site visits and business plan development sessions. The highlights of this proposal were presented at GIFT's Public Forum on 10 August 2023 at Kuala Lumpur, which was attended by over 100 attendees.

GIFT would like to thank **FGV Holdings Berhad** and all other organisations and individuals who put in their valuable time and efforts to make this possible.

You can download the full report [here](#).

Tomorrow Matters.

Published September 2023

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