



Foreign, Commonwealth
& Development Office



Country Level Event

Malaysia

14 and 16 December 2021

UKBEAG
UK Built Environment Advisory Group

UN HABITAT
FOR A BETTER URBAN FUTURE



Introduction

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The Malaysia Country Level Event formed part of the Strategic Capacity Development Component being delivered by the UK Built Environment Advisory Group (UKBEAG) in collaboration with UN Habitat, in support of the FCDO Global Future Cities Programme. The programme for the country level event was developed in collaboration with the FCDO, UN Habitat, the Delivery Partner and City Stakeholders and was informed by the findings of a Capacity Needs Assessment that was undertaken by City Stakeholders earlier in the year.

The aim of the event was to build upon the momentum of the programme and to draw on the experience of a range of subject matter experts to consider some of the issues to be addressed as the projects move from design to implementation. The event was delivered in three parts, the first part opening with a series of short presentations from city stakeholders to help promote wider awareness of the projects and their importance. This was followed by two workshop sessions which drew on the findings of a Capacity Needs Assessment that was undertaken earlier in the year. The first workshop considered what it takes to deliver a successful integrated transport system while the second built on this to consider what each stakeholder needs to do in order to deliver effective outcomes. Each workshop session was preceded by a pair of short presentations from a range of Subject Matter Experts. The contributions from the Subject Matter Experts were informed by the six topics which formed part of the Thematic Programme that had been delivered earlier in the year, namely:

- 1 Integrated & Inclusive Planning
- 2 Governance & Collaboration
- 3 Evidence-based Design & the Effective use of Data
- 4 Project Finance & Procurement
- 5 Implementation & Enforcement, Monitoring & Evaluation
- 6 Leadership & Change Management

The purpose of this document is to serve as a summary of the main contributors and the principal matters discussed.



Effective integrated planning works at all scales (i.e. national, regional, district and local) and needs to be inclusive (i.e. it should address the needs of all stakeholder groups, including vulnerable and marginalised groups and communities). To achieve this, it will typically include provision for a range of consultative and/or participatory planning activities.

Event Overview

Tuesday
14 December

Part I, Framing & Knowledge Sharing

- 1.1 Welcome & Introductions**
Welcome by UKBEAG and Link to the 6 key themes of the UKBEAG Capacity Development Programme and the findings of the Capacity Needs Assessment. Opening remarks by HE Charles Hay, British High Commissioner to Malaysia
- 1.2 Framing Presentation 1**
Datuk Johan Mahmood Merican, Director of the National Budget Office at the Ministry of Finance gave a presentation on the 12th Malaysian Plan & the National Budget.
- 1.3 Discussion and Q&A**
- 1.4 Short City Presentation, Iskandar:**
Senior Vice President at the Iskandar Regional Development Authority, Mrs Kamisha Mohd Ghazali. Kamisha gave a short presentation on the Implementation Strategy for Smart Integrated Mobility Management System (SIMMS) and Evidence-Based Urban and Transport Planning, lessons learnt & key challenges.
- 1.5 Short City Presentation, Melaka**
Mr Muhammad Shahrul Hafidz, Principal Assistant State Secretary in the Melaka Economic Planning Unit gave a short presentation on Melaka Mobility Plan, lessons learnt & key challenges
- 1.6 Discussion and Q&A:**
Inc. reflections from SME's and DP on potential barriers and next steps
- 1.7 Key Takeaways & Concluding Remarks**

Thursday
16 December

Part II, Workshop 1, Integrated Transport, From Policy to Practice

- 2.1 Mr Chris Lane**, Head of Transport Innovation, *Transport for West Midlands* gave a presentation on focussing on integration in practice: (addressing operational aspects of integrated public transport systems inc integration of private sector operators)
- 2.2 Ms Victoria Delbridge**, Head of Cities that Work, *International Growth Centre* gave a short framing presentation on Fiscal Incentives.
- 2.3 Discussion of issues raised**
- 2.4 Key takeaways**

Part III, Workshop 2, Delivering Effective Outcomes: Focusing on next steps

- 3.1 Ms Victoria Delbridge**, Head of Cities that Work, *International Growth Centre* gave a presentation focussing on Governance & Collaboration and 'what does good look like?'
- 3.2 Dr Nick Goodwin**, Director of International Programmes, Asia Pacific, *Behavioural Insight Team* gave a presentation on focusing on Changing Behaviours (Public & Private Sector), aligning standards and accelerating modal shift.
- 3.3 Discussion of issues raised**
- 3.4 Concluding remarks and next steps**



Principal Matters Discussed

The following provides a summary of the principal matters discussed during the Global Future Cities' Malaysia Country Level event. With transport-focussed interventions in both Iskandar and Melaka, the emphasis was on delivering effective outcomes in mobility, particularly with financing and fiscal incentives, as well as using behavioural insights for change.

Generally

In Iskandar, the Smart Integrated Mobility Management System (SIMMS) aims to optimise the road network and improve data availability for better urban planning, while reducing congestion, greenhouse gas emissions, and air and noise pollution. The overarching goals are broad – beyond just mobility to more inclusive and lower carbon development. The pilot project, which includes citizen feedback, will provide the evidence needed to successfully scale up.

In Melaka, mobility plans for the green bus network and the heritage area are being finalised. Currently, there is a very high reliance on private vehicles. Before a modal shift to sustainable forms of transport can take place issues including poor walkability, low quality and disconnected public transport, and lack of first and last mile provision need to be addressed. One of the key challenges being faced is the complexity of transport stakeholders, with 11 private operators currently running bus services, multiple federal agencies responsible for different aspects of transport, and the need to cater to both everyday residents as well as the large upswings in demand over weekends and holidays from tourists.

Across both projects, long-term financing has been a major challenge. The Ministry of Finance presented during the session and explained that, in Malaysia, budget allocations are made to each state at the beginning of each cycle. Smaller and less developed states receive a larger share – both to modernise and diversify the economic base while strengthening and streamlining regional economic development. New projects can also be submitted to the Ministry of Finance for consideration for additional funding, provided they have a strong proposal and fit well with the overall development goals outlined in the 12th Malaysia plan.

Currently, there is no provision for local authorities to borrow in Malaysia. While investment authorities and state economic corporations have issued bonds, they are subject to central government approval, as the central government is ultimately responsible for any defaults. The Ministry of Finance can support state governments to borrow if it is properly structured with adequate funding streams to repay the debt. For example, in Melaka, the cost of a project to install more efficient lights is being repaid through energy savings. In the future, this structuring of funding streams will be an important focus of the projects.

There are also external sources of finance. UK Export Finance, with a focus on 'clean' growth, has provisions to support investments that facilitate trade and offer a sovereign guarantee that makes it easier to access financing from the private sector or the debt capital market. The UN-Habitat City Investment Facility (CIF), has an advisory platform and city investment vehicles to unlock capital flows for inclusive and sustainable projects.

Malacca
Malaysia



Key Takeaways

The key takeaways from the session include:

- Urban land use planning and transport planning are intrinsically interlinked – to achieve mobility objectives in Iskandar and Melaka, and to ensure public transit can be affordable and sustainable, there is an urgent need to contain urban sprawl and promote higher density, more inclusive development. This will require a focus on land use regulation reform.
- Fiscal incentives for transport should align with a modal shift away from private vehicle use. Congestion and emissions have huge economic costs, and therefore quantifying the savings from improved transport management should help in motivating finance. The cost of using private vehicles needs to include their cost to the city through increased taxes or interest rates on cars, reducing fossil fuel subsidies, using congestion charges and tolls, and increasing parking fees. This creates a win-win whereby congestion is alleviated, and funds are made available for investment in safe and high-quality public transit systems.
- Mobility choices are often an emotional response rather than a logical one – modal shift reforms, therefore, need to focus on the individual and what motivates them – perhaps following the EAST (Easy, Attractive, Social and Timely) approach outlined by the Behavioural Insights team. At Transport for West Midlands, the population has been segmented into personas and extensive market research was done to understand their views and behaviours. Research has also shown that targeting wealthier segments of the population in designing mobility reform can have larger impacts overall than targeting the poor, as the quality of services is often better, and it removes any stigmas associated with public transit.

Going forward

- State governments should **align projects with the 12th Malaysia plan and its key pillars** to request additional national funding. For example, positioning projects for tourism promotion or meeting climate goals is likely to increase the likelihood of finance being approved. The latter is particularly prevalent given the recent conclusion of CoP-26, with international and local funds having an increasingly large focus on sustainability. More systematic avenues to request and compete for this funding would also clarify what funding is available and how to access it.
- In building financial capacity, it was discussed that **states should start with what is in their control** – making minor adjustments to processes and systems and achieving quick-wins to showcase their ability. One example discussed was that of the 'taxpayer as a client' campaign in Kampala, which made service delivery and payment of taxes more efficient - improving the cities creditworthiness without any large national investments. Using behavioural insights can be particularly powerful here – for example, simply changing the way something is framed can make a large difference to its effectiveness.
- **Experimentation and innovation** were discussed as key parts of successful projects, which may require a culture shift across institutions. In Transport for West Midlands, there is now an entire team dedicated to innovation and trialling different approaches. The Behavioural Insights team also embed testing and evaluation into all their interventions.



The aim of the strategic capacity development component is to complement the other elements of the Global Future Cities Programme, to consider some of the barriers and enablers to sustainable urbanisation and to help achieve the programme's long-term impact.

Attendance

Key Stakeholders

Ministry of Finance

Ministry of Transport

Malaysian Highway Authority

Malaysian Industry-Government Group for High Technology (MIGHT)

Iskandar Puteri City Council

Iskandar Regional Development Authority (IRDA)

Johor State

Melaka Economic Planning Unit (UPEN)

Melaka City Council

Penang State

JEWEL (Johor Women's League)

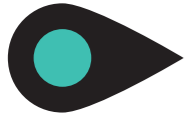
Chartered Institute of Logistics and Transport, Malacca Chapter

Subject Matter Experts

Cities that Work, International Growth Centre

Transport for West Midlands

Behavioural Insight Team



Links to Further Information

Copies of the following presentations delivered during the course of the event can be found here:
<https://tinyurl.com/7fbpda9x>

Included below are a number of links which we hope participants will find useful:

Government of Malaysia, 12th Malaysia Plan:

<https://rmke12.epu.gov.my/en>

UN-Habitat Cities Investment Facility:

<https://unhabitat.org/programme/cities-investment-facility-cif>

International Growth Centre, Efficient and effective tax administration: a case study of the Kampala Capital City Authority:

<https://www.theigc.org/wp-content/uploads/2018/11/Kampala-case-study-Dec2018.pdf>

International Growth Centre, Policy decisions for enhancing urban mobility:

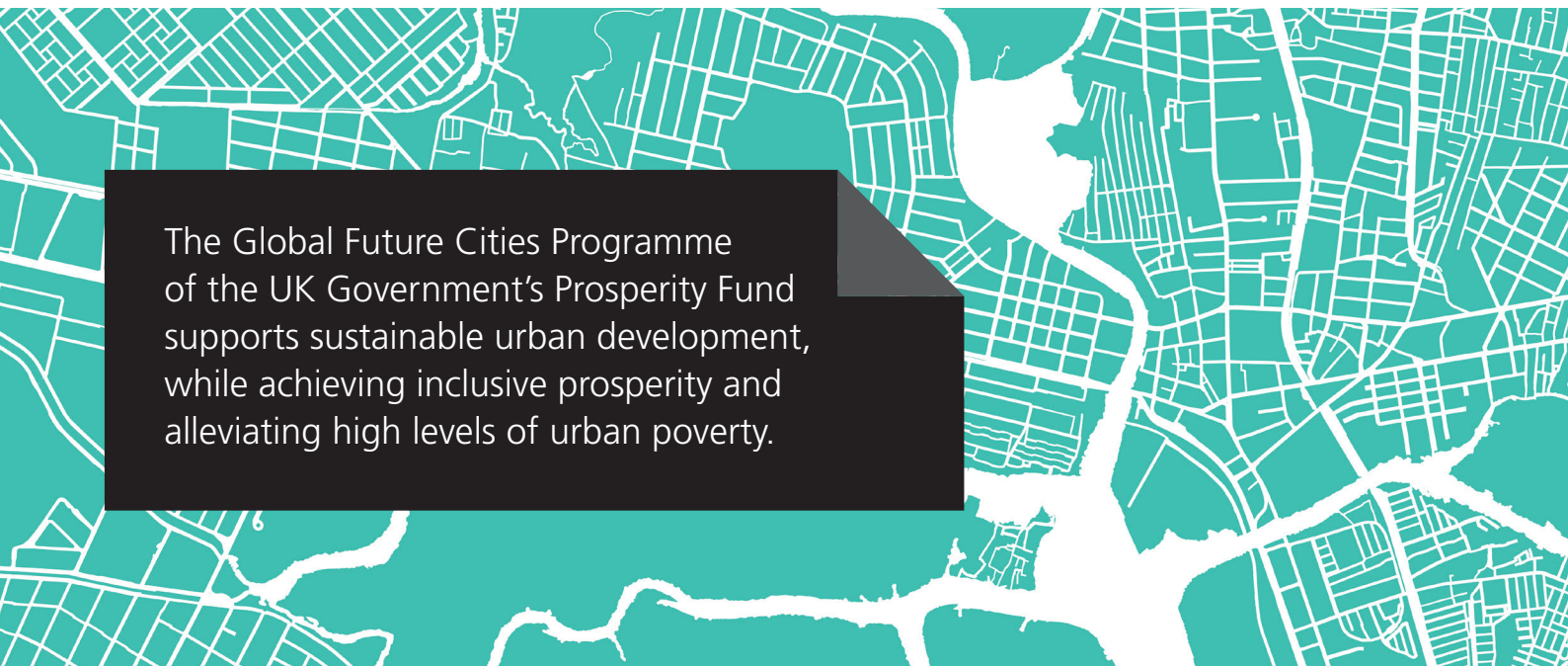
<https://www.theigc.org/wp-content/uploads/2018/05/access-to-opportunity-3-march1.pdf>

The Behavioural Insights Team, Four Simple Ways to Apply Behavioural Insights

<https://www.bi.team/publications/east-four-simple-ways-to-apply-behavioural-insights/>



For further information about the programme, please contact
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The Global Future Cities Programme
of the UK Government's Prosperity Fund
supports sustainable urban development,
while achieving inclusive prosperity and
alleviating high levels of urban poverty.