Assalamualaikum warahmatullahi wabarakatuh and salam sejahtera,

1. First of all, I would like to thank the Institute for Development Studies (IDS) and Kingsley Strategic Institute (KSI) for inviting me to address this forum The New Sabah - New Challenge, New Realities, New Opportunities. I am honoured and it is a pleasure to be with every one of you in this forum.

Towards Inclusive and Sustainable Development in Sabah, Fulfilling Hopes

2. When it comes to sustainable development, we often associate it with environmental sustainability. However, the concept is actually much broader, and this can be seen through the introduction of 17 Sustainable Development Goals 2030 (SDG 2030) by the United Nations. SDG 2030 is a development frame work that is determined on enhancing equity and inclusiveness, protecting the environment and long-term sustainability.

3. I like to understand sustainable development as development goals that improve welfare and quality of life for everyone from an economic, environmental, social and political perspective.

4. Current economic events associated with the escalation of trade wars between the United States and China, the prolonged Brexit crisis and slower than expected slowdown in China, continue to consume the minds of policy makers and academics around the world including Malaysia.

5. This reflects the global nature of these events along with their significant economic and social implications. Some countries have implemented short solutions whilst undermining the long-term challenge of sustainable economic development.

A socially comprehensive development

6. Reducing inequalities of income and enhancing inclusive development is a vital aspect in promoting sustainable economic development. The state has made notable progress in reducing poverty, with the latest poverty rate stood at 2.9% in 2016 down from 4% in 2014, however much is still needed to be done. We are aiming to bring
down the poverty rate further, below 1% by the year 2020. This target can be achieved by improving the basic rural infrastructures and also through efforts by the state and the federal government in implementing various programmes and poverty eradication projects.

7. Inequality in opportunity is also another key aspect that we need to undertake. Unequal distributions of physical assets, unequal access to financial services, market places, education, health and sanitation hamper our effort in raising the living standards. Preventing widening inequality is imperative to support medium-term growth otherwise it may cause social tension and unhappiness amongst the population.

8. Therefore the need to introduce policies towards more inclusive growth is more crucial than ever before. These policies should include (i) more efficient use of public expenses to reduce inequality through greater allocation on health and education targeted to lower-income households; (ii) improving logistic and communication networks between urban and rural areas and; (iii) measures to increase employment growth such as supporting the growth of micro, small and medium enterprises.

(off-the-cuff remarks: need to realise how best to share wealth and responsibilities; time to ensure wealth and responsibilities are shared; Sabah generates considerable income for the nation but in rural areas there are still people living in poverty; we aim to bring down the poverty rate to ensure people have access to whatever they need.)

Environmentally sustainable development

9. According to the Bruntland Commission, environmental sustainability is the core for sustainable development. It basically means development that meets the needs of the current generation without compromising the needs of the future generation.

10. With this in mind, on the 3rd of December 2018 last year the State Government has launched The Sabah Forest Policy 2018 for the benefit of the people and protecting the environment while ensuring that Sabah economic growth is sustainable. Among the goals of the policy includes maintaining at least 50% of Sabah land mass under forest reserves, achieving a No Nett Loss/Net gain of forest and biodiversity and also to ensure that 30% of Sabah land area are thoroughly protected by the year 2025. The policy also aims to promote the participation of local communities and social society in forest management.

11. I would also encourage establishing partnership between the public-private sector in promoting environmentally sustainable growth. This partnership is necessary in attracting investment, technologies and expertise from the private sector. The State Government cannot do it alone; we still need the support from the private sector that has the means and experience in development growth.

Digital economy - Industry 4.0
12. In 2018, we heard about many new innovations such as Blockchains Technology, big data, artificial intelligent, and the internet of things (IoT). I am sure more new innovations will continue to be introduced this year onwards.

13. Therefore, we need to recalibrate our economic agenda and planning accordingly; this is essential especially for entrepreneurs, Business and SMEs. Digital technologies continue to influence business and individuals these days and their relevance in the business sector is vast and widespread. Digital transformation through digital technologies improves the business sector by boosting growth opportunities and creates more employment.

14. According to SME Corp Malaysia, in 2017 SMEs in Malaysia represent 98.5% of the total business establishment, contributing 66% of total employment and 37.1% of Malaysia Gross Domestic Product (GDP). It also shows that area with better broadband connectivity has a higher productivity rate. Based on this statistic, the need for digital transformation of the SMEs is crucial and necessary if we want to grow the economy, improve productivity and increase employment opportunities.

15. In order to achieve this goal, (i) the SMEs need to have an innovative mindset, digital strategies and required skills; (ii) while the State Government will assist in terms of supportive regulatory compliance, licensing and permits; (iii) and provide digital environment with high quality infrastructure to help the SMEs really thrive in this digital economy.

Youth Development

16. According to the Development of Human Resource for Rural Areas (DHRRA) Malaysia, youth are essential assets in nation-building. The more empowered the youths are, the more developed the country will become. Youth in Malaysia represents 45.4% of the total population in 2018.

17. Both developed and developing economies face the same challenge of creating decent and sustainable jobs for a large cohort of young men and women entering the labour market every year. Failure to successfully integrate young people into the labour market would have high consequences for the future prosperity and development of many countries.

18. As youths are filled with tremendous potential and towering ambitions, it is crucial for us to educate them and channel their energy towards productivity and community development. The awareness and capacity building programs should consist of talks on leadership skills, decision making, health, promoting education & vocational skills, interpersonal communication, unity and multiculturalism, business development, financial literacy, technology and media, self-grooming, and etc.

19. The State of Sabah, acknowledging the importance of this subject matter has developed the Sabah State Youth Strategic Development Plan 2016 – 2020 and the Sabah Youth Policy to enhance and shape the youth as future leaders and catalyst for the state’s development.
20. The Sabah State Youth Strategic Development Plan 2016 – 2020 and Sabah Youth Policy will become our guideline and reference in policies development and also in producing optimistic and dynamic youth leaders for our state.

**Tourism Sector**

21. In terms of sectoral development, tourism is one of largest, dynamic and attractive tool for economic development specifically in the developing countries. In many developing countries, tourism has assisted them to move away from a dependency on agriculture and manufacturing sector with high growth and development rates. It is positively contributing to the social and economic development of the country as a whole.

22. Tourism industry in Malaysia started in 1970's when Malaysia government developed tourism as one of development forces with several objectives such as increasing foreign exchange earnings, increasing employment and income and increasing community development. In earlier age of Malaysia tourism industry, government focused on promoting tourism in the private sector with incentives given to private sector to develop accommodation, facilities of visitor centre and encourage more participation of Bumiputera.

23. As for current performance of tourism sector, it contributes RM84.1 billion to the national economy, increased by 2.4 percent compared to RM82.2 billion in the previous year. Even though there is slight drop in international tourist arrivals, namely, from 25.9 million in 2017 to 25.8 million in 2018, the per capita expenditure of the tourists rose 2.9 percent from RM 3,166 to RM 3,257.

24. According to Tourism, Arts and Culture (MoTAC), tourists' spending was focused on the shopping segment, namely, 33.4 percent, followed by accommodation (25.7 percent) and food and drinks (13.4 percent). Malaysian handicrafts are the most popular items bought by tourists other than food.

25. According to Minister of MoTAC, Malaysia targeted the arrival of 28.1 million tourists this year involving a tourism income of RM92.2 billion and it was expected to rise to 30 million tourists and an income of RM100 billion in conjunction with the 2020 Visit Malaysia Year. In order to achieve it, we need to promote the uniqueness of our ethnicities and cultures to the world and improve the security aspect in the nation to attract more tourists to visit Malaysia. (off-the-cuff remarks: ensure plenty of job opportunities in tourism; more engagement; increase capacity of tourism sector so that Sabah becomes most progressive state for tourism in Malaysia.)

26. In Sabah context, the tourism industry will be further developed with continued effort focused on positioning Sabah as the preferred destination for ASEAN region. At the same time the industry will also promoting new tourism destination in Eastern Sabah beyond Kota Kinabalu mainly the town of Tawau, Semporna, Lahad Datu and Sandakan, which have many unique nature-based attractions as well as a historical heritage that is not found in the West Coast.
27. The industry has recorded 1.36 million international arrivals and 2.52 million domestic arrivals which increased by 10.2 percent and 2.8 percent respectively last year, or an estimated total of RM8.432 billion tourism receipts.

Conclusion

28. The Sabah State Government has faced daunting challenges and policy choices throughout its development phases. We have to find the right balance between the short-term and long-term requirement for sustainable economic development which is essential towards inclusive development of the state.

29. I like to emphasise that sustainable economic development must encompass all the aspects that I have mentioned earlier. Several key players like the government, business sector and civil society need to work together to come up with the suitable policies for sustainable economic development. Specific approach and measures need to be considered as well as there is no one size fits all approach. I am optimistic that we will be able to develop the right policies to realize sustainable economic development with the help of our very own think tank Institute for Development Studies (IDS) and other institutions like the Kingsley Institute.

With those remarks, I wish you all a fruitful and bountiful forum and hereby officially declare this forum open.

Thank you.