



The Importance of Good Land Governance in Enhancing National Competitiveness

| 28 August 2018 | 8.30 am – 10.30 am | INSTUN | Malaysia Productivity Corporation |

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About MPC



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Nat'l Competitiveness



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Malaysia's experience



About MPC & Productivity



Driving Productivity of the Nation

MPC 's Journey

- **National Productivity Council was established in 1962 as a joint project between the United Nations Special Fund and the Federal Government, with the International Labour Organisation acting as its executing agency.**
- **In 1966, the National Productivity Council (Incorporation) was established as an autonomous body.**
- **This act was subsequently amended as the National Productivity Corporation (Incorporation) in 1991.**
- **With effect from 21st February 2008, in keeping with the expanded role of the corporation, National Productivity Corporation (NPC) is officially known as Malaysia Productivity Corporation.**



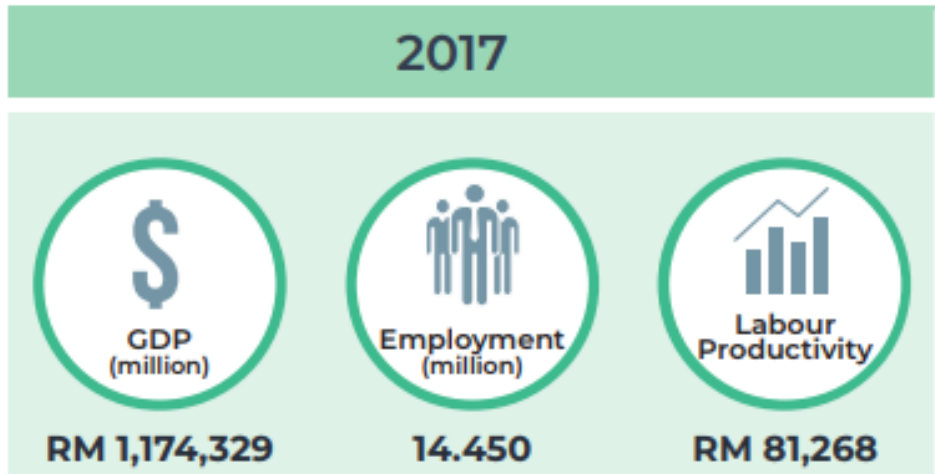
Productivity: What is it, Why it Matters

Productivity is about:

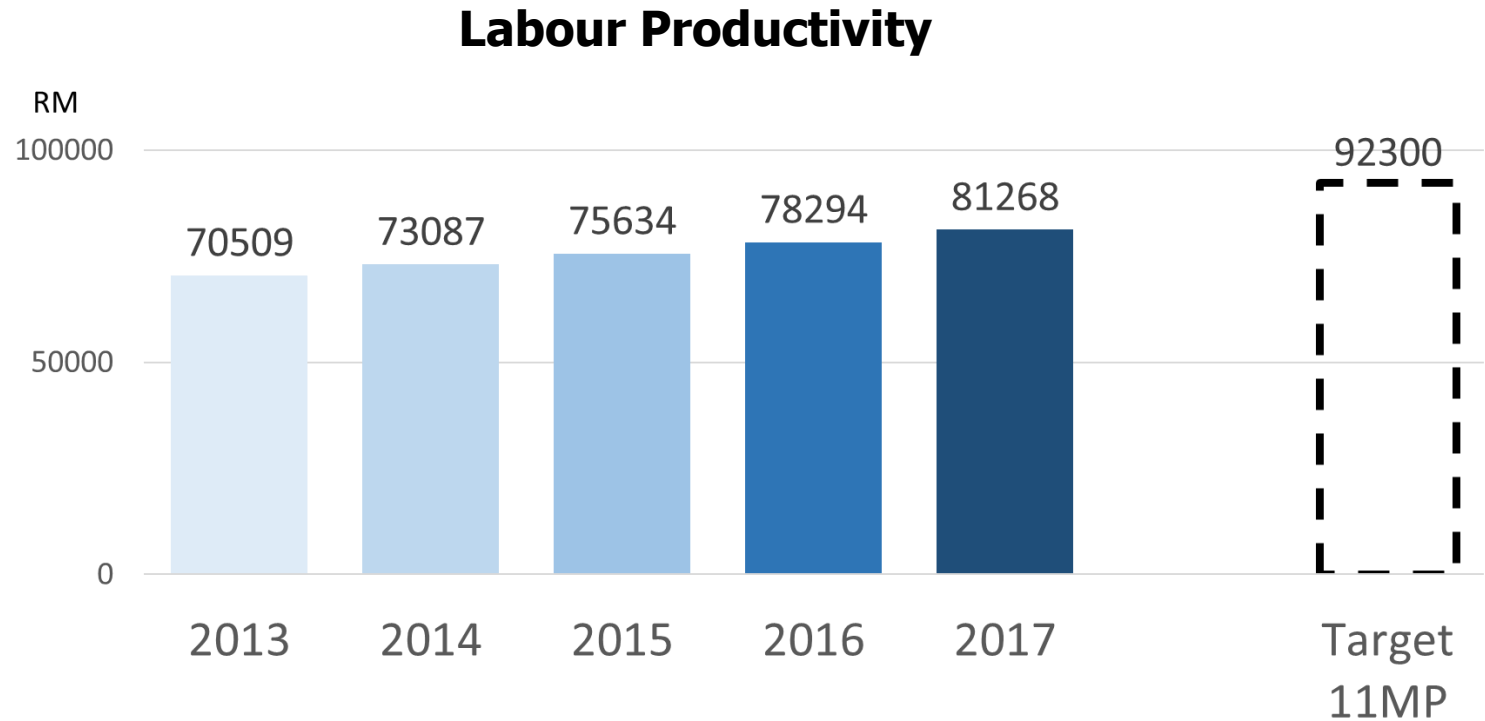
- **Working *smarter*, not working *harder***
- **More output by better combination of inputs, via:**
 - **new ideas**
 - **technological innovations**
 - **new business models**
 - **more efficient resource allocation.**

Productivity is crucial for potential output

Productivity is Growing, But Far Too Slowly



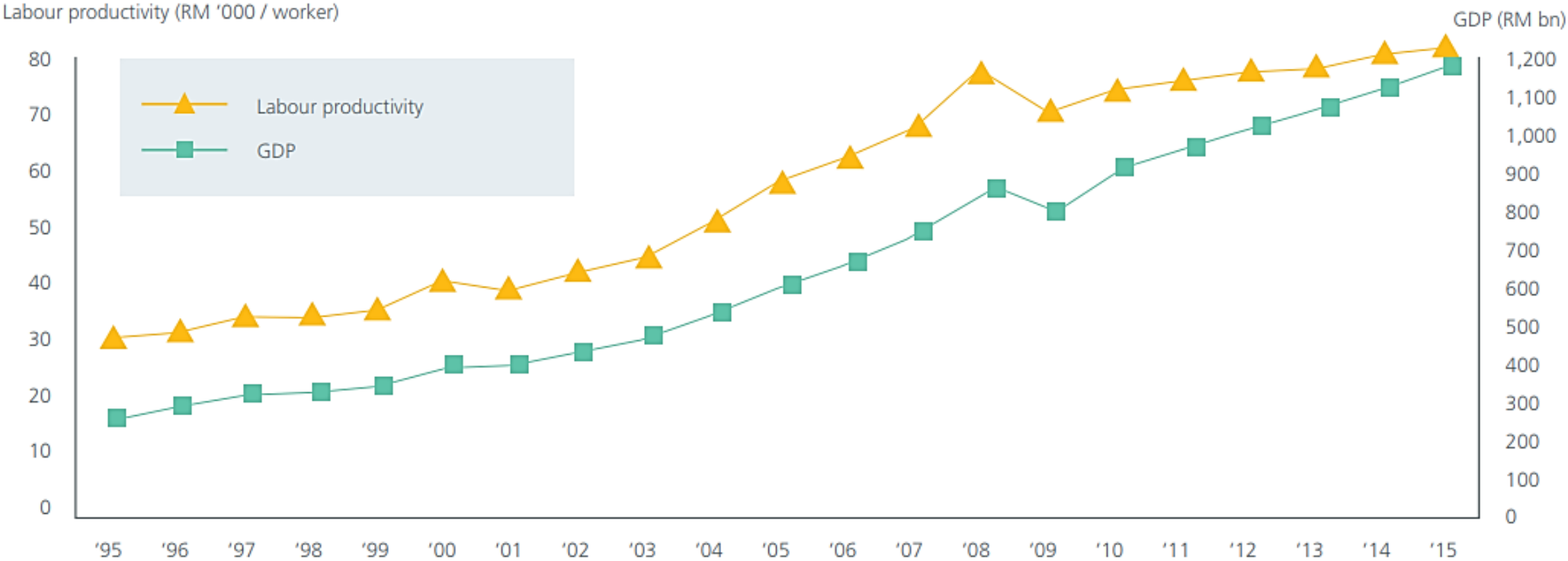
Source: Department of Statistics, Malaysia



Source: Department of Statistics, Malaysia

Labour productivity growth has slowed down compared with GDP growth

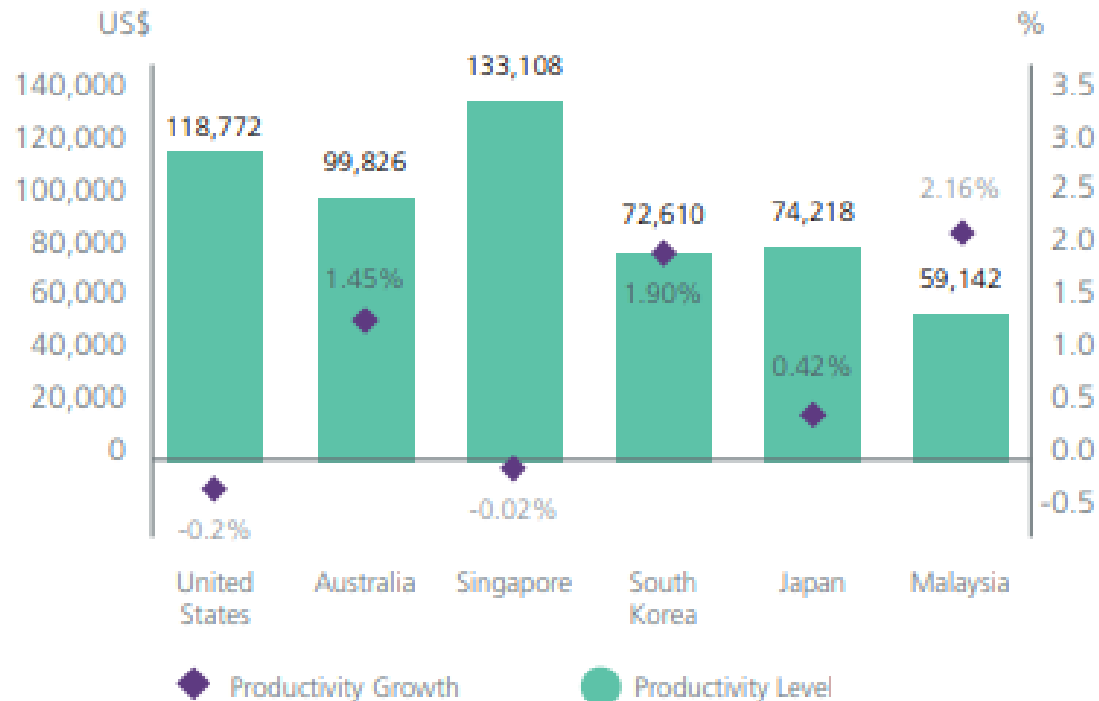
Malaysia's GDP growth against Malaysia's labour productivity growth (1995-2015)



Source: Economic Planning Unit and Department of Statistics Malaysia.

Malaysia is falling behind in productivity competitiveness

Level of Productivity and Growth, 2016
(Malaysia and Selected Developed Countries)



1. 2015 price level with updated 2011 PPPs.

Source: The Conference Board.

Ranking of Countries by Labour Productivity Per Hour Worked in USD (2016)

Rank	2009	2016
1	Norway	Luxembourg
2	Luxembourg	Norway
3	Belgium	Ireland
...
10	Switzerland	Switzerland
11	Sweden	Sweden
12	Austria	Singapore
13	Finland	Austria
14	Singapore	Australia
...
17	United Kingdom	Spain
19	Spain	United Kingdom
...
45	Malaysia	Malaysia
46	Uruguay	Russian Federation
50	Mexico	Mexico
51	South Africa	South Africa

Source: The Conference Board

Productivity challenges faced across sectors

Talent

More cohesive efforts needed to meet the demand of the future economy, by building a strong pipeline of skilled workers and gradually reducing reliance on low-skilled workers



Technology

Investments in technology and digitalisation, and industry adoption, need to be accelerated and supported. Stronger collaboration between industry and academia is essential for greater innovation and industry-relevant R&D



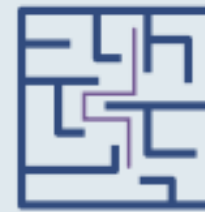
Incentive Structure

Incentives and other financial support need to be directly linked to productivity to incentivise enterprises to improve efficiency and performance



Business Environment

Regulatory hurdles need to be reduced, and regulations interpreted and applied with greater consistency, to improve ease and reduce cost of doing business for enterprises



Productivity Mindset

Higher level of awareness and understanding of the importance and benefits of productivity needed at enterprise level, along with guidance on how to measure and track productivity



Strategies aimed at addressing challenges impeding productivity growth across sectors



NATIONAL



SECTOR



ENTERPRISE

Thrust

1. Building Workforce of the Future
2. Driving Digitalisation and Innovation
3. Making Industry Accountable for Productivity
4. Forging a Robust Ecosystem
5. Securing a Strong Implementation Mechanism

Productivity Nexus

1. Electrical and Electronics
2. Chemicals and Chemical Products
3. Retail and F&B
4. Machinery and Equipment
5. Tourism
6. Agro-food
7. ICT
8. Professional Services
9. Private Healthcare

Enterprise Productivity Programme



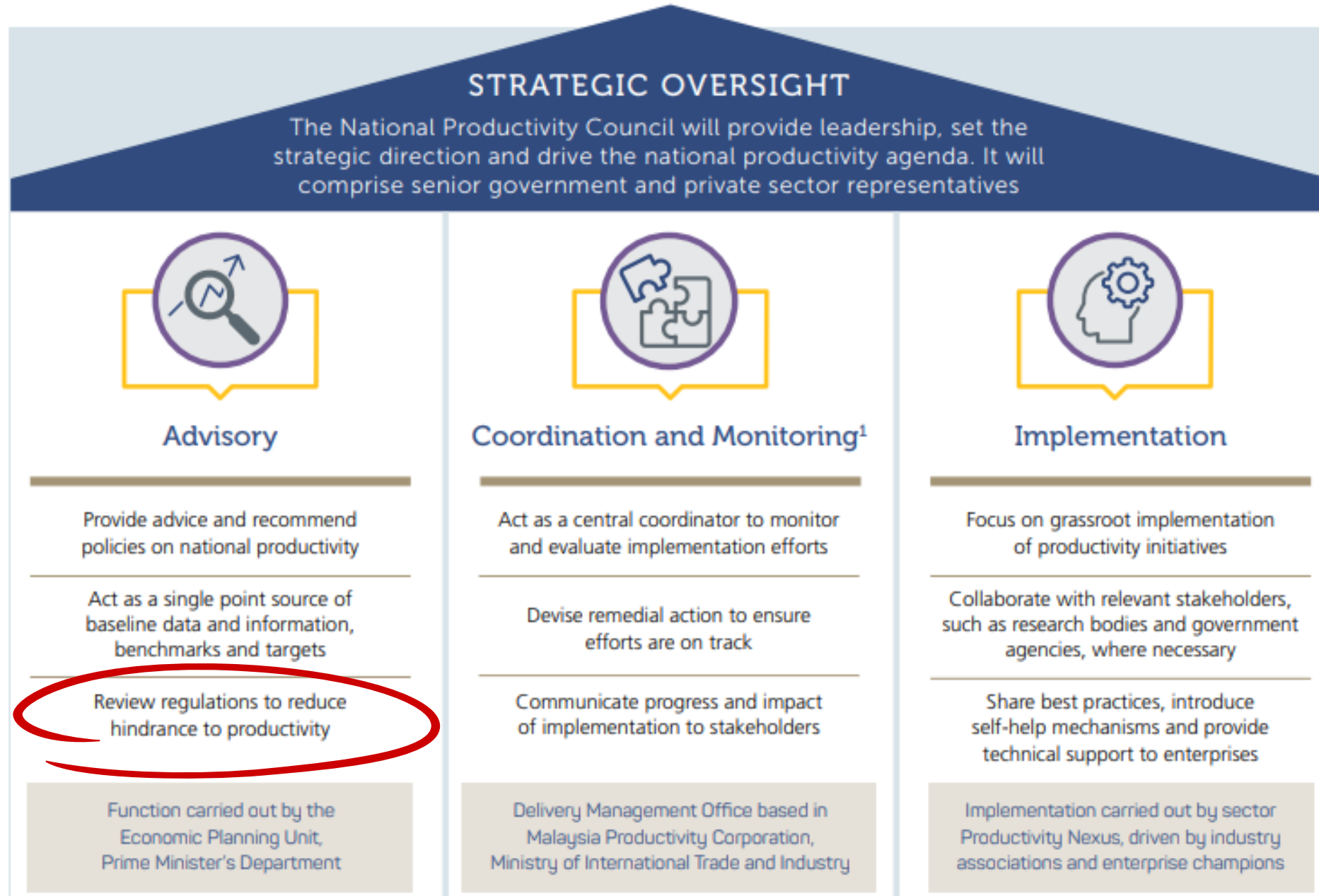
Comprehensive Enterprise Productivity Diagnostic

Forging a Robust Ecosystem



Addressing regulatory constraints and developing a robust accountability system to ensure effective implementation of regulatory reviews by ministries and agencies

How MPC drives productivity of the nation?





exercise

Let's start by sharing your views on “productivity”

- ① Register on pollev.com/zahidismail397 using your smartphone or tablet browser
- ② Answer the test question “What is your name?”
- ③ Answer the question what “productivity” means to you? By choosing and typing one word from the selection provided below.

Work harder

Innovation

Regulatory Reform

Work smarter

New business model

Output

- ④ See views across today's audience shared live

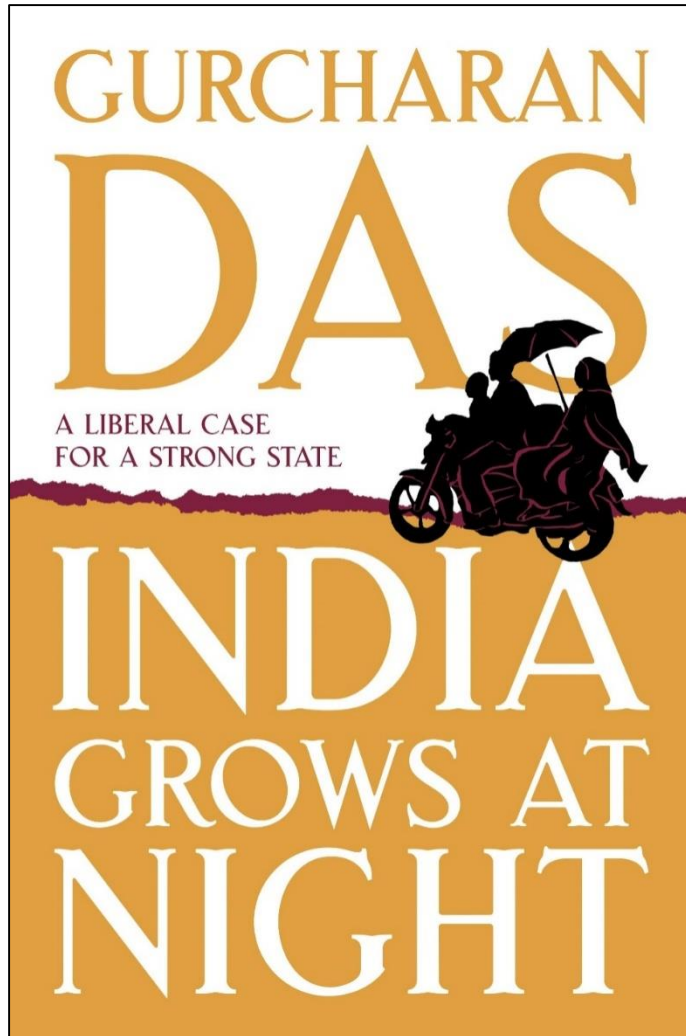


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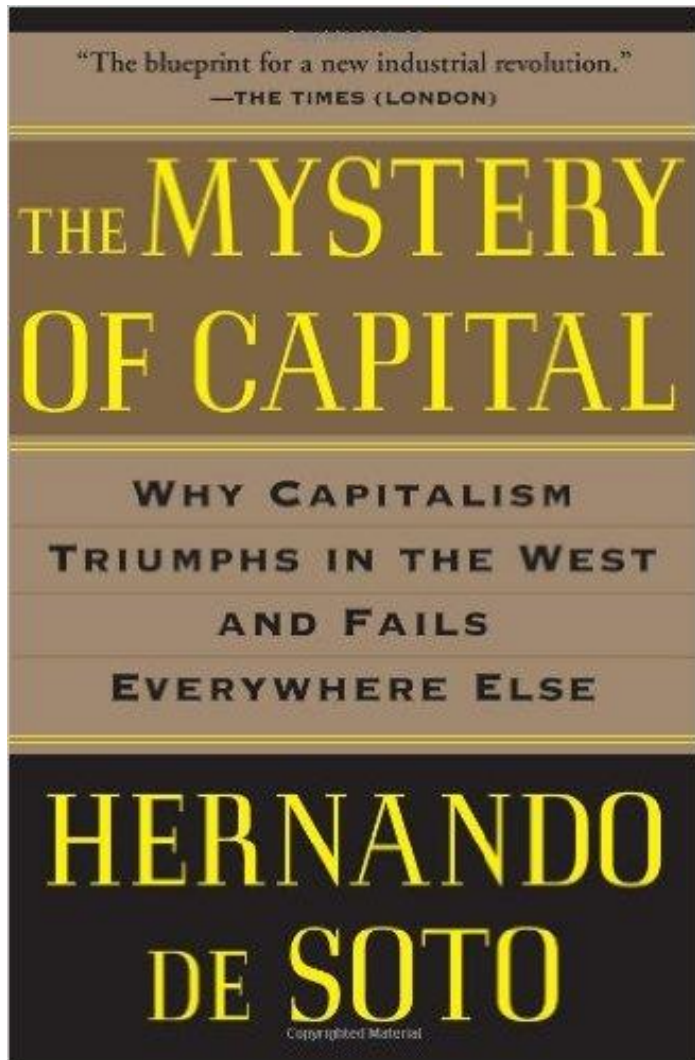
Good Land Governance



“India grows at night...

...when the government sleeps”

Jul, 2013



“... capitalism’s success in the West depends largely on a formal system of documented property—the key to unlocking capital.”

Jan, 2000

GOVERNANCE AND DEVELOPMENT

FILE COPY

A MYTH EXPLODED

Sustainable development:
A question of survival

Discouraging results
of deregulation

Officer calls for
accountability

Botswana's success
due to good governance

Good government
aid for new democracies

**"Total misuse of
Government power"**

Nuevo secretario de
Descentralización
y Reforma del Estado

Córdoba: cuatro
policías detenidos
por corrupción



A WORLD BANK PUBLICATION

Foreword

Good governance is an essential complement to sound economic policies. Efficient and accountable management by the public sector and a predictable and transparent policy framework are critical to the efficiency of markets and governments, and hence to economic development. The World Bank's increasing attention to issues of governance is an important part of our efforts to promote equitable and sustainable development.

This booklet, based on the work of a 1991 Bank task force, addresses the issues of governance that fall within the Bank's mandate. I endorse the main messages of the booklet and encourage wider discussion and debate of the important issues it raises.

Lewis T. Preston
President
The World Bank
April 1992

GOVERNANCE AND DEVELOPMENT

FILE COPY



A WORLD BANK PUBLICATION

Legislative, Executive & Judiciary

regulations

Definition of governance:

“the manner in which power is exercised in the management of a country's economic and social resources for development”



WITH GREAT
POWER
COMES GREAT
RESPON-
SIBILITY

Elements of Good Governance – Comparative Analysis

Elements	World Bank	IDA	AsDB	AfDB	UNDP	WGI	TFA	Total
Accountability	√	√	√	√	√	√	√	7
Transparency	√	√	√	√	√		√	6
Participation		√	√	√	√	√	√	6
The rule of law		√			√	√		3

International Development Association (IDA)
The Asian Development Bank (AsDB)

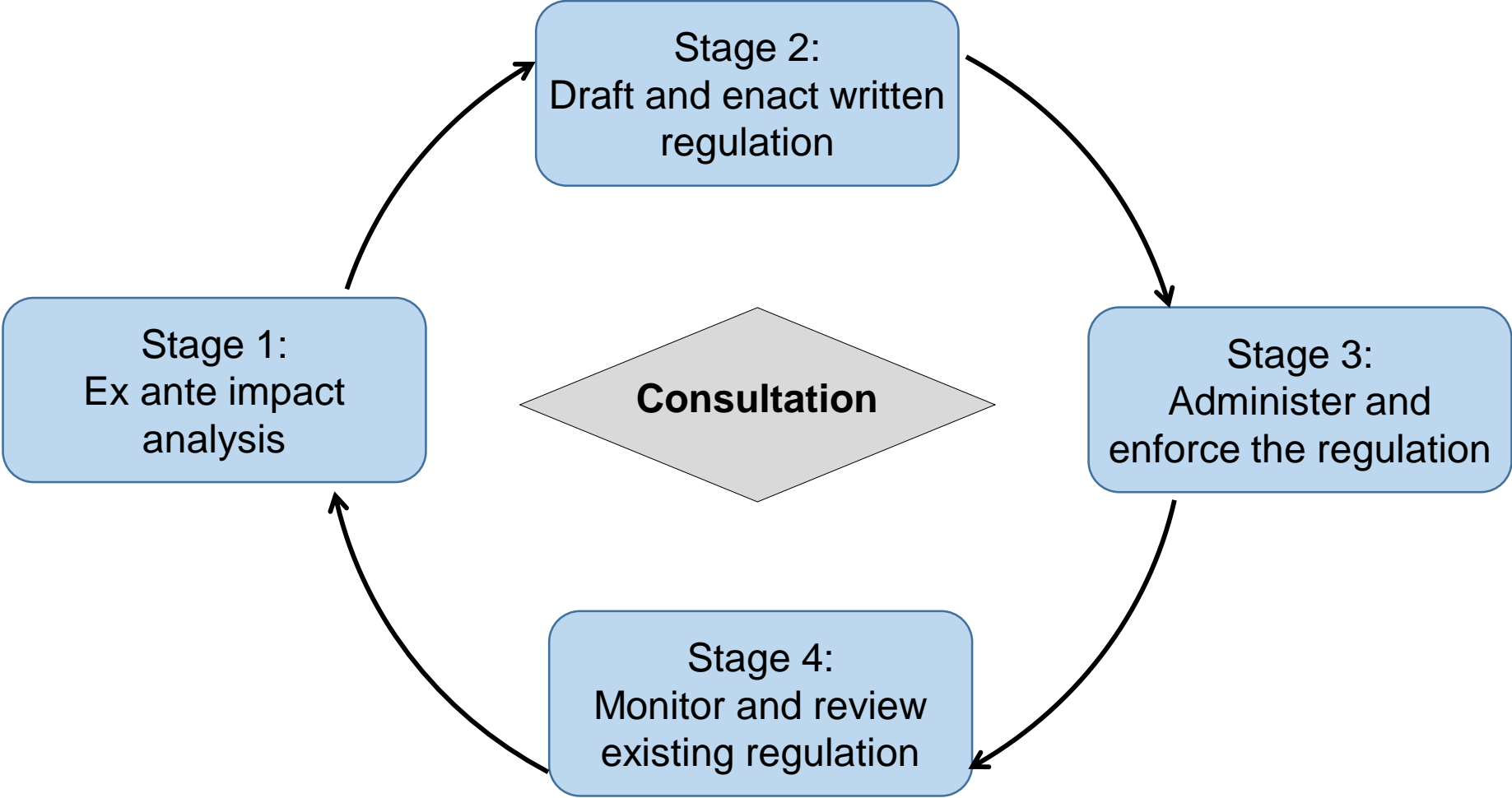
The United Nations Development Programme (UNDP)
The African Development Bank (AfDB)

The Worldwide Governance Indicators (WGI)
Trade Facilitation Agreement (TFA)

Elements of Good Governance – descriptions

Accountability	Transparency	Participation	The rule of law
At the micro level it requires that managers of implementing agencies be accountable for operational efficiency	Information should be made available to the general public and there should be clarity as to rules and regulations	Government should give stakeholders the opportunity to improve the design and implementation of public Policies	A fair, predictable and stable legal framework is essential so that businesses and individuals may assess economic opportunities and act on them without fear of arbitrary interference

Regulatory Cycle



The World Bank Ease of Doing Business framework

Doing Business: Topics

Starting a Business

Dealing with Construction Permits

Getting Electricity

Registering Property

Getting Credit

Protecting Minority Investors

Paying Taxes

Trading Across Borders

Enforcing Contracts

Resolving Insolvency

“The **DOING BUSINESS** project provides objective measures of business regulations for local firms in 190 economies and selected cities at the subnational level”

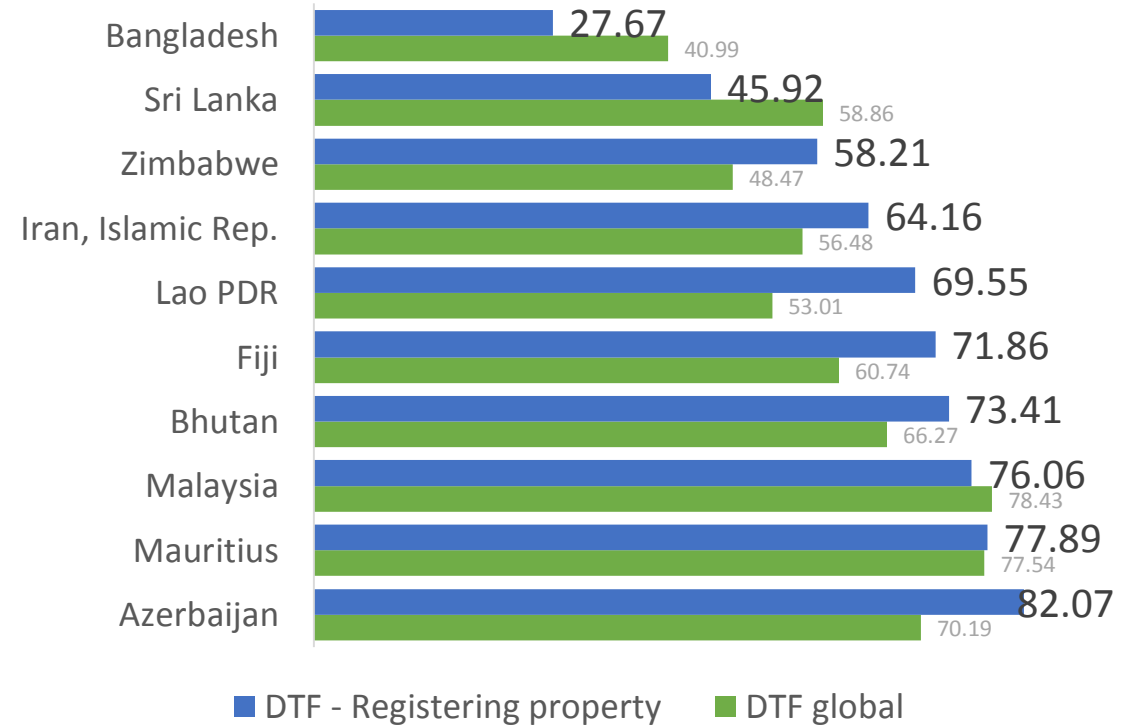
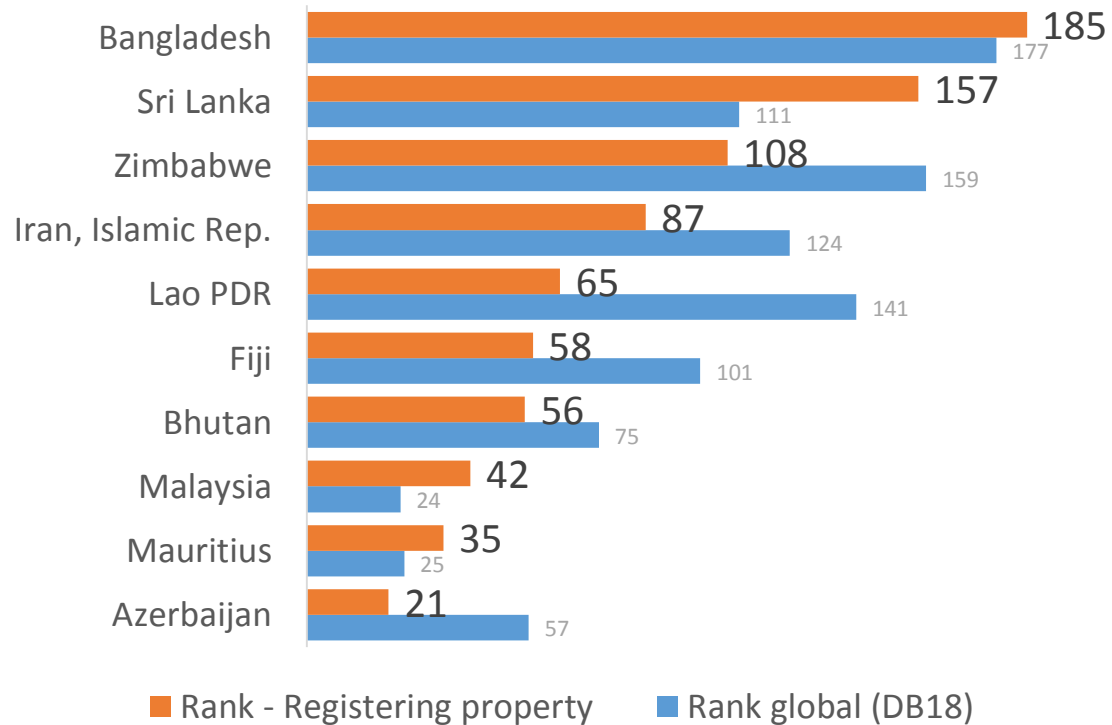


exercise

Where is your country on World Bank Ease of Doing Business Ranking – Registering Property?

How to improve World Bank Ease of Doing Business Ranking – Registering Property in your country?

Where is your country on World Bank Ease of Doing Business Ranking – Registering Property?

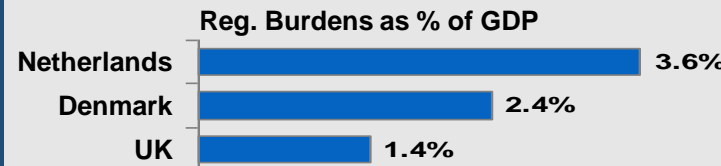


How to improve World Bank Ease of Doing Business Ranking – Registering Property in your country?

Good Governance: Why Malaysia bothers?

- **Implementing Good Governance in Malaysia could result in ~RM4Bn GDP impact**

Regulatory burdens assumed to constitute ~2.5% of Malaysia's GDP...



Malaysia's figure currently assumed to be the average of these figures (~2.5% of GDP)

...which is approximately equal to ~RM 17 billion per year

- Malaysia's GDP in 2009 was ~RM 662 billion (~USD 207 billion)
- 2.5% of GDP is ~RM 17 billion
- Regulatory burdens currently in the magnitude of ~RM 17 billion per year

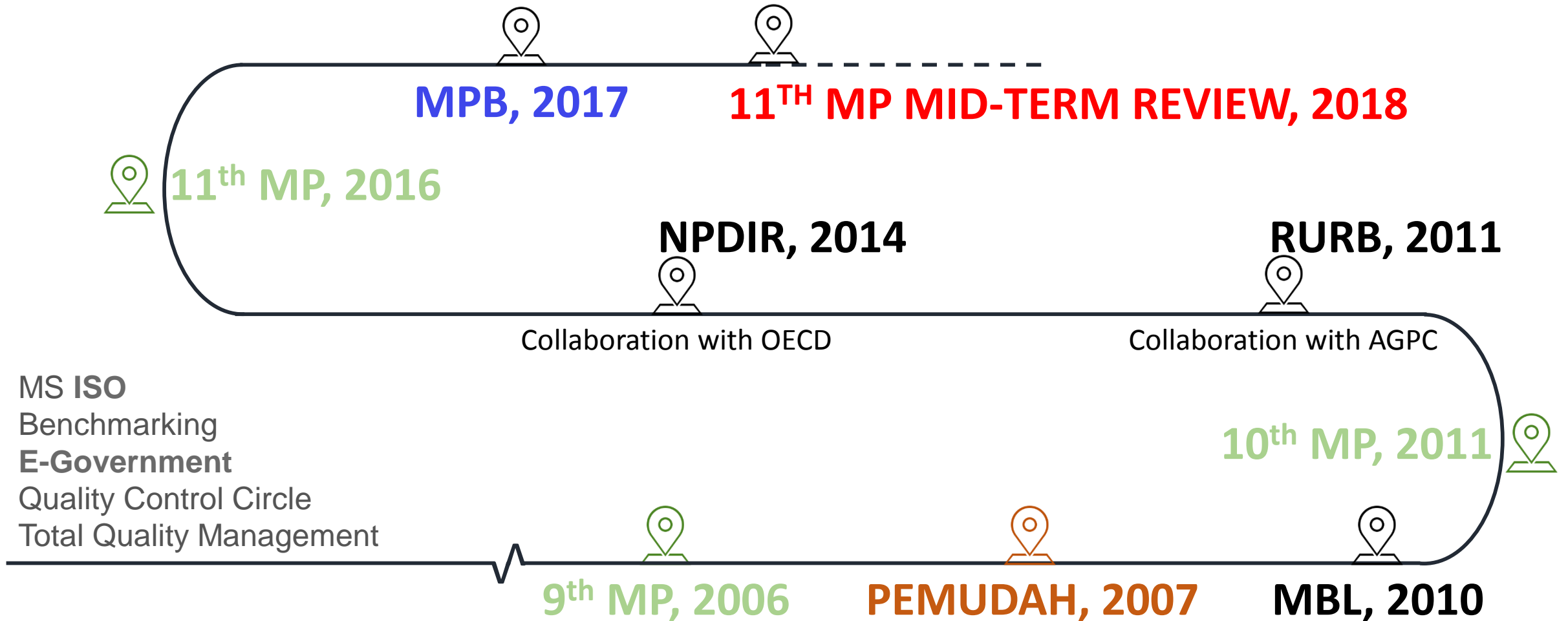
By setting up a 25% reduction target...

- Many countries set up a 25% reduction target for their regulatory burden reduction programs
- Examples of those with 25% target - Denmark, UK, Netherlands, etc.

...positive impact on the economy could reach ~RM 4 billion per year on compliance cost savings

- If Malaysia could similarly set and achieve the 25% reduction target, unnecessary regulatory costs on the economy could be reduced by ~RM 17 billion x 25% = ~RM 4 billion per year

Malaysia's journey towards good governance



MBL: Modernising Business Licensing

MP: Malaysia Plan

RURB: Reducing Unnecessary Regulatory Burdens on Business

PEMUDAH: Special Taskforce to Facilitate Business

AGPC: Australian Government Productivity Commission

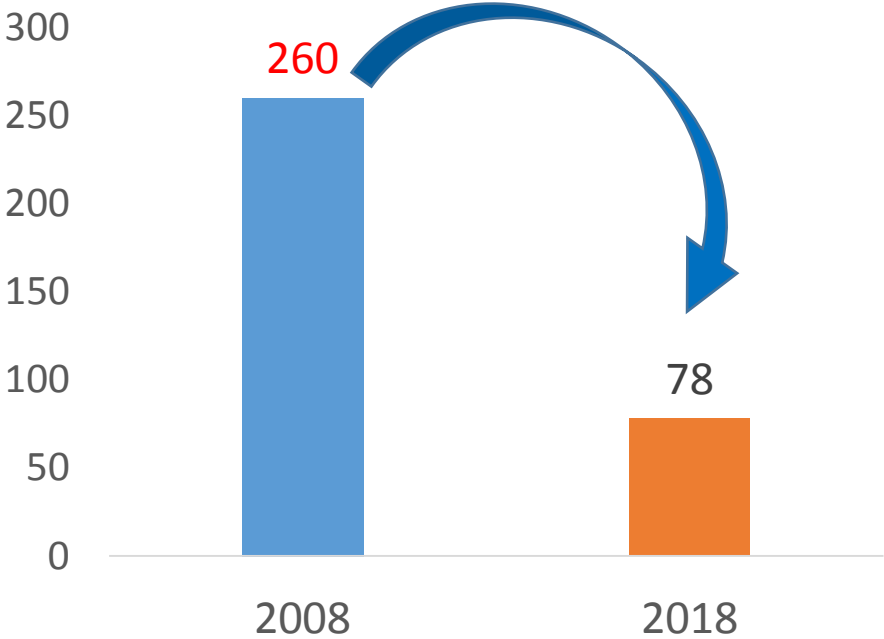
NPDIR: National Policy on the Development and Implementation of Regulations

MPB: Malaysia Productivity Blueprint

Application of Good Governance Element for regulatory excellence

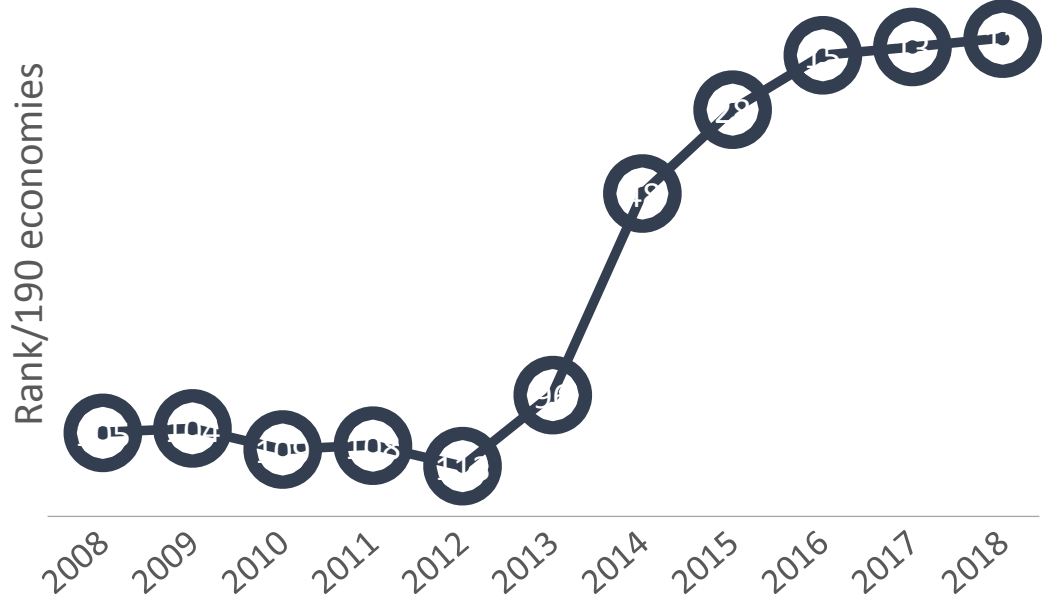
Example: Dealing with Construction Permits (DCP) in Kuala Lumpur

The process now takes **30%** of the time it did a decade ago



Doing Business Report, World Bank

Improved ranking



Doing Business Report, World Bank

Contributing factors for better DCP regulations



Accountability

Contributing factors for better DCP regulations (cont'd-2)

Participation



Contributing factors for better DCP regulations (cont'd-3)

Transparency

Official Portal of
KUALA LUMPUR CITY HALL
Agency Under Ministry Of Territories

www.dbkl.gov.my
"Ready To Contribute Towards An Excellent City"

HOME KLCH INFO **SERVICES** DEPARTMENT / UNIT KLCH MEDIA CONTACT US

KEMPEN BAYAR TUNGGAKAN SEWA GERAI PASAR DBKL

JOM BAYAR :

TERIMA BAYARAN → PERKHIDMATAN DIBEKUKAN → KEMASKINI MAKLUMAT → RUJUKAN BAYARAN ANSURAN

BILA DAN DIMANA ?

TARIKH : 01.08.2018 - 30.08.2018
TEMPAT BAYARAN : TINGKAT 4, DBKL 2
MASA : 09:00 PAGI - 05:00 PETANG

TINDAKAN ! JIKA GAGAL JELASKAN TUNGGAKAN

LESEN → BATAL LESEN → KOMPALUN → SITA → TINDAKAN MAHKAMAH → SENARAI HITAM

Home > Services > One Stop Centre (OSC) > OSC 1 Submission

OSC 1 SUBMISSION

1. Brosur
2. Template / Fee Bayaran
 - Jabatan Perancangan Bandar
 - Template / Fee Bayaran
 - Borang
 - Unit Kawalan Landskap, Jabatan Perancangan Bandar
 - Template / Fee Bayaran
 - Borang
 - Jabatan Rekabentuk Bandar & Bangunan
 - Jabatan Perancangan Infrastruktur
 - Jabatan Kejuruteraan Awam & Saliran

MAIN MENU

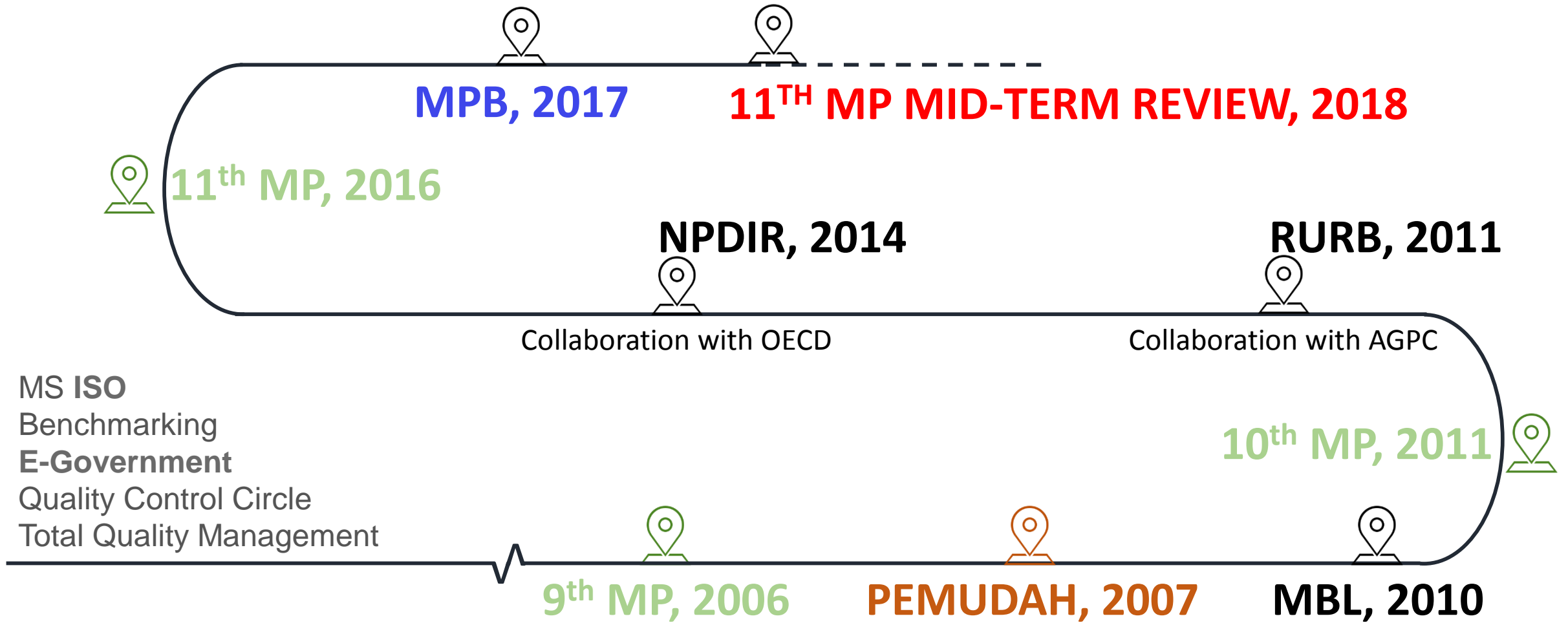
- Home
- KLCH Info
- Services
 - Customer Service
 - Public Complaint
 - Customer Service Section
 - Payment Counter
 - Payment Counter Location
 - Internet Banking
 - Revenue & Local Bills
 - One Stop Centre (OSC)
 - One Stop Centre Secretariat
 - **OSC 1 Submission**
 - KL Trax

Contributing factors for better DCP regulations (cont'd-4)

The Rule of Law



Malaysia's journey towards good governance



MBL: Modernising Business Licensing

MP: Malaysia Plan

RURB: Reducing Unnecessary Regulatory Burdens on Business

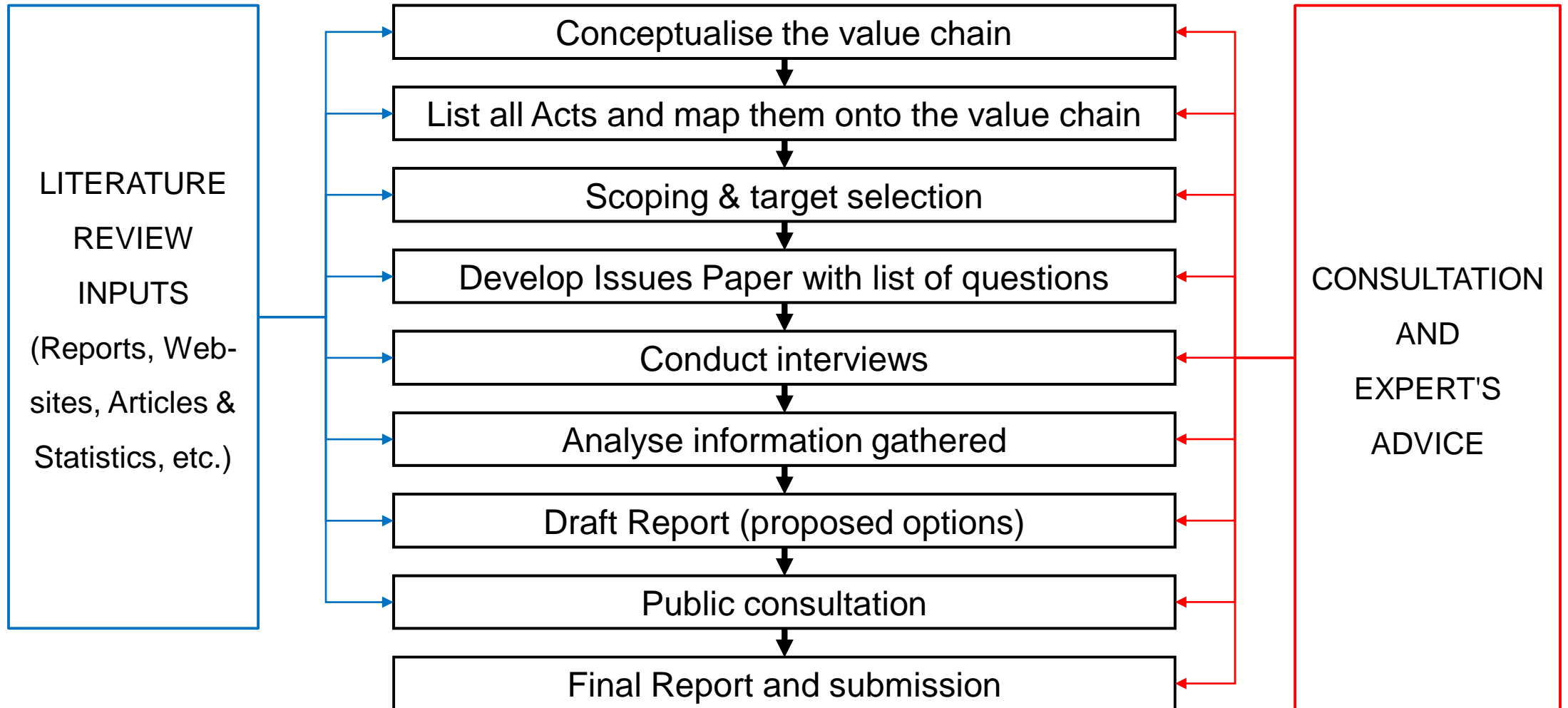
PEMUDAH: Special Taskforce to Facilitate Business

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RURB Process



Example of RURB supply chain

Farm businesses face regulations at every stage of the supply chain



Preparing
Land

- Land use and land tenure



Production

- Biosecurity
- Export control



Transport

- Biosecurity
- Export control



Marketing

- Biosecurity
- Export control
- Packaging & labelling

RURB list of questions

1. Which regulations concern you the most? Why?
2. Which regulations are the hardest to comply with? In what way?
3. Which regulations do you think are too onerous given what they are trying to achieve?
4. What do you think of the current costs involved in getting your application to maintain your business?
5. How about the application's processing time? Which exact processing stage is the most burdensome to maintaining the business?
6. Do you think there is any regulation that is not justified at all?
7. Are some regulatory requirements inconsistent?
8. Do you consider inspectors and other regulatory administrators are doing a good or a poor job? In what way?
9. Do you find inspectors and administrators are consistent in their decisions?
10. Do you find they are helpful or unhelpful in advising you how to comply? Are there any publicly available guidelines?
11. How long do regulators take to respond to applications, queries, etc.?
12. Do you have any suggestions for reducing the burden of compliance of regulations?
13. Are there any other issues you want to suggest we should cover in our review?

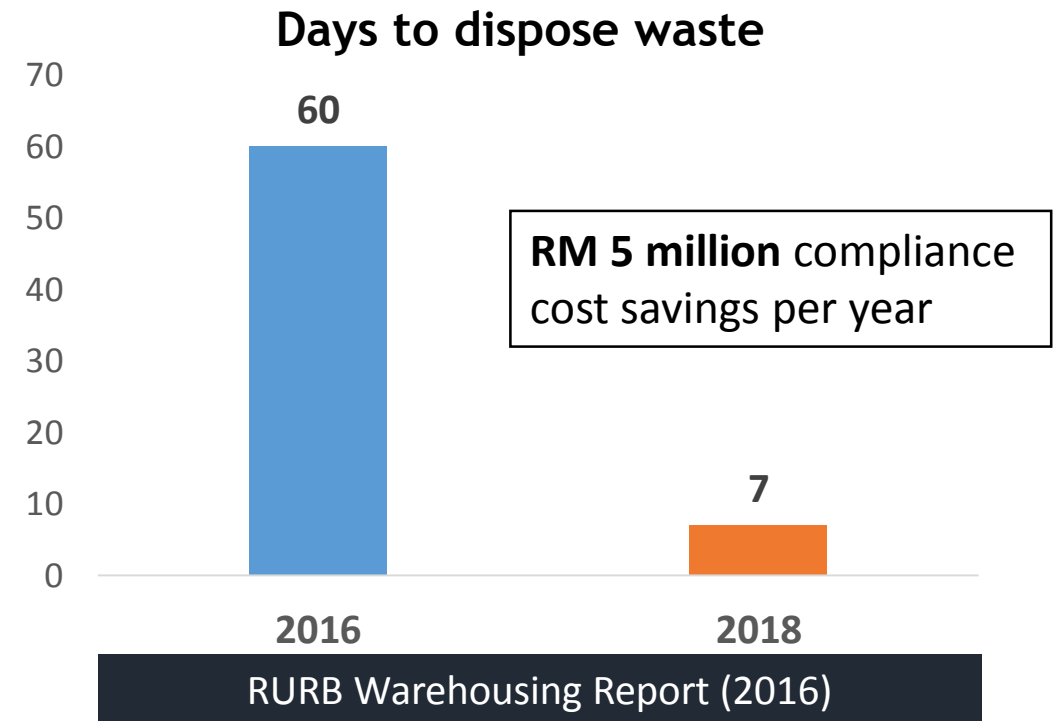
RURB Recommendation

Example of recommendation implemented



Communication with the business community on new procedure

Reduction in time taken to dispose waste for Licensed Manufacturing Warehouse (LMW) operating in Free Zone from 60 to 7 days





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National Competitiveness

What is national competitiveness?

“the set of institutions, policies and factors that determine the level of productivity of a country”

<https://www.weforum.org/agenda/2016/09/what-is-competitiveness/>

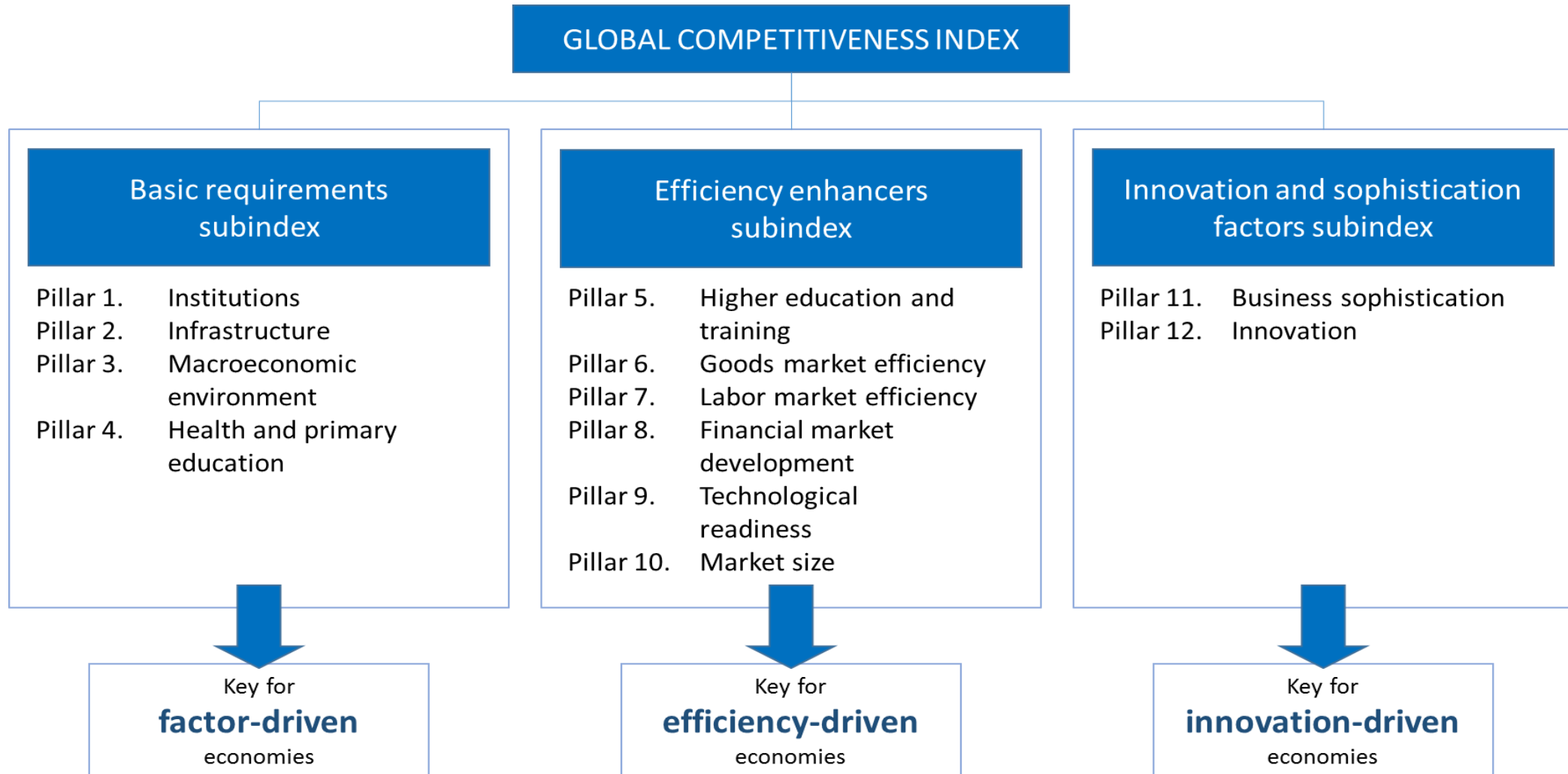
"Competitiveness is the extent to which a country is able to foster an environment in which enterprises can generate sustainable value."

<https://www.imd.org/wcc/world-competitiveness-center-mission/Overview/>

Why should we care about it?

- Rising competitiveness means rising prosperity
- Competitive economies are those that are most likely to be able to grow more sustainably and inclusively
- Greater profitability
- Improving the welfare and living standards of people

The Global Competitiveness Index framework



The IMD World Competitiveness Yearbook framework

National Competitiveness



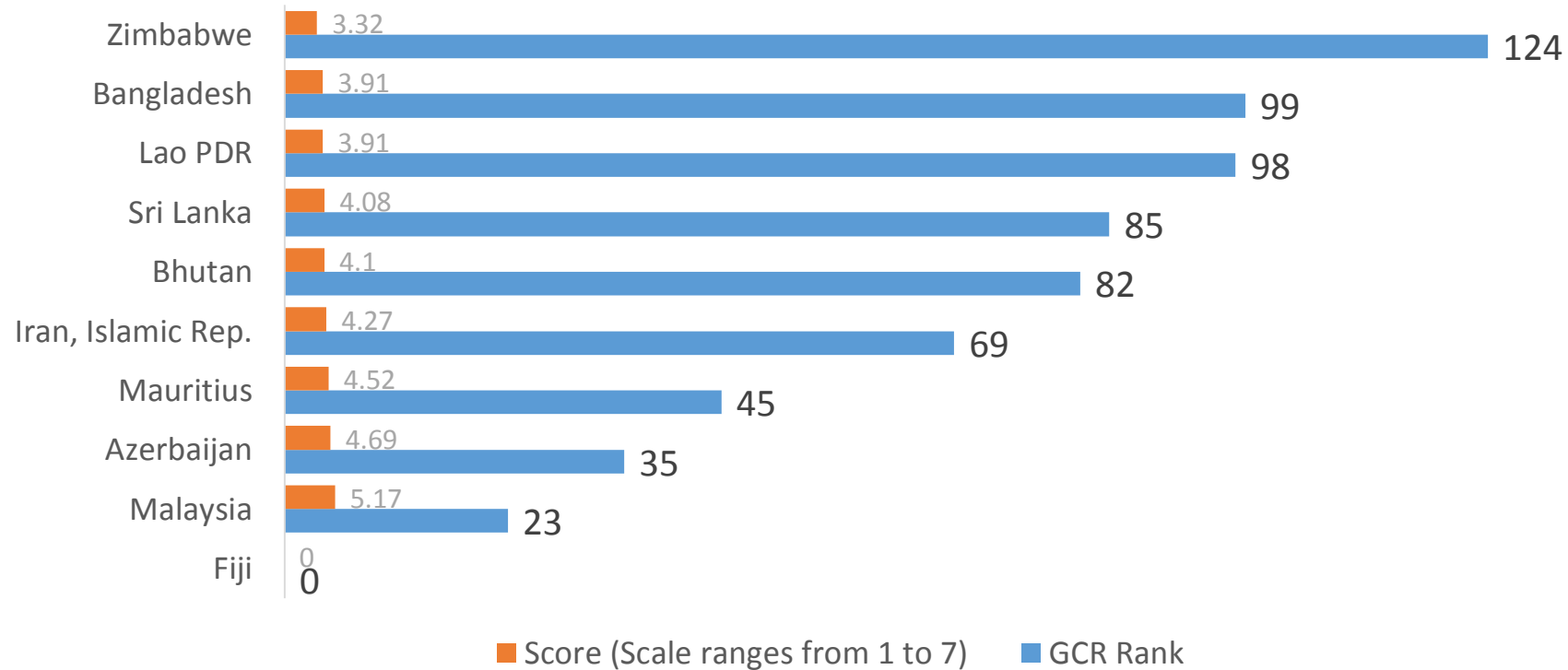


exercise

Where is your country on Global Competitiveness Index 2017-2018?

How to improve your ranking/performance in the Global Competitiveness Index 2017-2018?

Where is your country on Global Competitiveness Index 2017-2018?



How to improve your ranking/performance in the Global Competitiveness Index 2017-2018?



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4 Malaysia's Experience

Case study: Land Registration in Sarawak, Malaysia (2006 – 2009)



Activity name: **Think-pair-share**

Time: **20-30 minutes**

Participants must be paired into teams of two.

Case study: Land Registration in Sarawak, Malaysia (2006 – 2009)

PRINCETON UNIVERSITY
Deepa Iyer

Innovations for Successful Societies



INNOVATIONS FOR
SUCCESSFUL SOCIETIES

EMPOWERING OPERATIONAL STAFF:

LAND REGISTRATION IN SARAWAK, MALAYSIA, 2006 - 2009

SYNOPSIS

From 2006 to 2009, Sudarsono Osman, director of the Land and Survey Department in Malaysia's Sarawak state, worked to make land registration processes more efficient by empowering operational staff. Before Osman's tenure, registration processes were complex, and citizens waited anywhere from a day to a year to obtain registered titles. Osman challenged the registrars at the Kuching land registry, Sarawak's busiest, to develop and implement improvements that would become templates for the rest of the department. The Kuching registrars streamlined application forms, created a queuing system, facilitated crosschecking of information, simplified complicated procedures, reorganized the workplace and stringently monitored employees. By early 2009, the Kuching registry had eliminated its backlog of 1,736 titles and achieved 100% single-day registration. Osman extended Kuching's initiatives to each of the department's 10 other divisional registries, holding superintendents accountable by systematically evaluating their registries' progress. By December 2009, the department had erased its backlog and achieved 98%-100% single-day registration across its 11 divisional registries.

Deepa Iyer drafted this policy memo on the basis of interviews conducted in Kuching, Malaysia, in March 2011. Case published September 2011.

Questions for discussion

- i. What's the problem?
- ii. What's the cause of the problem?
- iii. How could the problem have been avoided?
- iv. What are the possible solutions to the problem?
- v. What can you learn from this scenario?



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