

MALAYSIA MY SECOND HOME (MM2H): A Review of Current Implementation & Growth Potential

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BACKGROUND: Overview of the MM2H Programme

The Malaysia My 2nd Home programme (MM2H) is actually a year 2002 rebranded effort of the pioneer 'Silver Hair' scheme. The 'Silver Hair' scheme was initially launched in 1996 to promote Malaysia as a choice destination for foreigners and pensioners wishing to retire in a lower-cost, warmer-clime location away from the frigid winters of Europe and other countries. The number of participants was lower than expected due to some constraints and conditions regarded as barriers to the adoption of the programme.

The latest phase of the MM2H scheme implementation, beginning in 2002 marks a shift in policy to relax residency and other prerequisites for interested applicants. The Government sees the MM2H programme as a means to tap into the pool of financially-independent foreign retirees whose settlement in Malaysia is a contribution to the local economy.

Under the revised scheme, foreign retirees 50 years old and above could now qualify for participation in the programme with as little as a confirmed RM10,000 monthly income and are entitled to purchase local property priced at RM250,000 and above without needing to obtain prior approval from the Foreign Investment Committee (FIC). There has been a concomitant relaxation of visa duration, with the allowed length of stay increased to 10 years per period of application.¹

While the 'Silver Hair' and rebranded MM2H programme has been touted as a 'one-of-a-kind' scheme that offers unique quality-living options for financially independent foreign retirees to pursue a retirement lifestyle abroad, the reality is that overseas retirement schemes are not entirely new to the present generation of Europeans and North Americans.

Retirees from wealthier countries in Western Europe like the UK and Germany as well as Americans, often consider moving permanently to warmer, cheaper countries not too far away from their original home base. In this regard, Brits may select Spain or Portugal in Southern Europe, while Americans prefer Costa Rica or Panama as viable destinations for a comfortable retirement in nearby Central America.

More recently, the Japanese and Koreans have shown interest in retiring to warmer and cheaper locations with the necessary medical facilities and lifestyle infrastructure. Besides the Southeast Asian countries, Australia has also been promoting itself to the East Asian countries with similar retirement or settlement options.

PENANG: A Choice Retirement Destination in the Far East?

The recent resurgence of Asian destinations as premier retirement locales accompanies the rapid opening up of global travel and the flourishing international tourism industry. It is reasonable to expect the interest in foreign retirement options to increase as global tourism and leisure travel become more affordable and widespread.

¹Detailed application criteria for the MM2H programme may be found at <http://www.knightfrank.com/malaysia/en/documents/MalaysiaMySecondHomeProgramR3.pdf>

Alongside traditional Southern European and Central American / Caribbean destinations, countries like Thailand, the Philippines and Malaysia now appear on the list of countries that offer some form of government-sponsored second home programme aimed at capturing a slice of the lucrative market of retirees looking for a new home base overseas.

The MM2H programme is in direct competition with other regional destinations, not just in the actual features of the retirement-home schemes offered by the various ASEAN destinations, but also in the area of general quality of life indicators that underpin the consideration of locations selected by prospective applicants.

These quality of life indicators are often reflected in statistics that rate world and regional cities according to economic and socio-environmental factors like political stability, air quality, infrastructure & services, etc. as illustrated in Table 1 compiled by ECA International, a global membership organization for human resources providing online data, software solutions and advice to companies worldwide.



Table 1: Asian Locations Showing Most Significant Improvement in Living Standards

Location	Asia rank 06/07 (02/03)	Global rank 06/07 (02/03)
Singapore - Singapore	1 (1)	1 (1)
Japan - Kobe	2 (2)	4 (10)
Japan - Tokyo	3 (5)	10 (33)
Japan - Osaka	3 (3)	10 (16)
Hong Kong - Hong Kong	5 (4)	23 (18)
Macau - Macau	6 (10)	56 (80)
Taiwan - Taipei	7 (8)	58 (63)
Thailand - Bangkok	8 (9)	60 (68)
Malaysia - Kuala Lumpur	9 (7)	63 (60)
Malaysia - Georgetown	10 (12)	74 (99)

Source: <http://www.eca-international.com/>

It is interesting to note that Georgetown (Penang), despite the many complaints locally, has performed well against other Asian cities, being ranked as having the 10th highest living standard in Asia. This is an improvement over the 12th place ranking it received in 2002/2003, and with its global ranking of 74th place, Penang still makes it into the top 100 out of the 254 international locations covered in the 2006/2007 survey.

Statistics compiled by independent bodies such as ECA International carry a good measure of credibility, and would be indicative of the potential for any city rated favourably to attract world consumer markets ranging from tourism to retirement and investment. As such, it may be said that (Georgetown) Penang's competitive rating as one of the top-10 'most liveable' cities in Asia makes it well-poised to launch itself as a desirable retirement destination that could be marketed successfully under the auspices of the MM2H scheme.

But has Penang in reality been able to capitalize fully on these favourable factors to build itself up as the preferred second-home away from home for foreign retirees?

MM2H: Success Story or Failed Venture?

Since its inception in 2002, the MM2H scheme may be regarded as having enjoyed a moderate amount of success, having in the meantime undergone further fine-tuning and changes in anticipation of attracting even more applicants to the programme.

The average applicant to the MM2H scheme may vary from young-at-heart retirees who prefer a highly urban, well-connected location such as the Klang Valley to others who are attracted to the quieter pace of island-style living in places like Penang and Langkawi.

In the case of Penang, it was anticipated that foreign retirees considering Malaysia would be attracted to settle in Penang, an island state that offered a good living standard and safe environment, eclectic culture, great food, excellent infrastructure & services, comparatively low costs and a relaxed lifestyle amidst a tropical environment.

An often-quoted success story of the MM2H programme in Penang is the 'Green House' example. The story began about 7 years ago when Australian couple Alan and Pat Jones decided to visit Malaysia on a holiday. Captivated by the Penang lifestyle, they opted to settle on the island in 2005 under the MM2H scheme. An important landmark in their journey was setting up a home-base in a heritage house located at 102, Muntri Street, Georgetown, that subsequently came to be known as the 'Green House', so-called due to the soft-green-painted wooden paneling of the property's front facade.²

Since then, the Joneses have not only settled comfortably into their chosen retirement lifestyle in inner city Georgetown, but also developed a small sideline of supplying authentic Australian-themed desserts in the downtown area along with an informal free 'advisory' service rendered to newer MM2H arrivals who may need some information on the practicalities of settling down in Penang.

But is the 'Green House' experience generally reflective of the actual success rate of the MM2H programme in Penang?

In view of such questions and the need for a current evaluation of the MM2H scheme in Penang, a Round Table discussion was jointly organized at the heritage E&O Hotel, Penang in January 2008 by SERI and Henry Butcher / Malaysia Airlines (MAS).

The event brought together a panel of government agencies and press representatives, real estate developers, members of the expatriate community and academic researchers to explore the current status and challenges in implementing the MM2H programme in Penang to date.

More significantly, the discussion also focused on the relatively recent value-adding strategy of marketing Penang as a lucrative property-investment cum retirement base, rather than as a destination purely for leisure and retirement purposes.

Notwithstanding the programme's success in some areas of implementation and its potential for greater achievements, the Round Table identified the following challenges and issues that needed to be addressed to ensure the continued viability of the MM2H / property investment programme in Penang:



²Loh, P. (n.d.). *Aussie Flavours in Penang*. Retrieved March 23, 2008, from http://www.nst.com.my/Current_News/TravelTimes/article/ShoppingGourmetTrail/20071204094142/Article/index_html

Branding & Marketing

Deficiencies in marketing strategies

Penang may be said to be lacking in terms of a comprehensive and active 'destination-branding' scheme. Effective marketing strategies, the first tool in creating brand-awareness, are not in place to tap the huge market in segments that are ripe for exploitation. For example, the awareness of Malaysia and Penang's MM2H offerings is appallingly low in the UK, which supplies the global market with a sizable percentage of residents who choose to set up home overseas. This shows a failure to tap into existent resources, which in Penang's case, could be its history as the first British colonial outpost in the Far East. The historical links with Britain, a clear pre-emptive advantage, is not exploited as a tool to build up the brand-image of Penang as a desirable retirement destination.



As such, Penang should launch into the market with an intelligent 'Push Penang First' mindset. Such a drive requires a high level of collaboration which involves all the main players in the state – private sector developers, the relevant state authorities, supporting federal government agencies – to play their role accordingly. Marketing agencies should *know their high-potential markets well and act accordingly*.

The benefits of programmes like MM2H (with a focus on Penang) can be publicized not just in direct campaigns, but also via lower-cost methods, like inserting hyperlinks to MM2H websites in MAS in-flight magazines and other expatriate lifestyle publications. Other indirect methods of marketing include the dissemination of information to tourists from target countries who are vacationing in Malaysia and may be persuaded to adopt Penang as a retirement destination in the near future (i.e. the PI2H / MAS 'Golden Holidays' Packages).

Delivery of brand-promise

It was further noted that delivery of consistent brand-quality must accompany any serious branding effort. Penang's brand-image depends not only on effective and intelligent marketing strategies to publicize the state as a desirable real estate investment and retirement destination, but on maintaining a favourable socio-economic, political and cultural environment that makes the island a great place to live.

Thus, superior brand-quality and brand-recognition are achieved when the name of Penang is immediately associated with a vibrant, safe and cosmopolitan society that is an ideal base for the MM2H programme participants to set up home.

Information gaps in marketing strategy

The inconsistent coordination of information-sharing leads to information lapses, particularly in keeping the press and mass media informed of the latest developments and guidelines of the MM2H programme.

The state authorities, in liaison with developers and other key players, should coordinate the systematic release and sharing of information with the press and other media representatives, their key ally in marketing the programme more effectively.

Collaboration in marketing efforts

It was discussed that the key players representing state and federal government agencies should reevaluate their leadership and coordinating role in marketing the MM2H programme. The approach thus far has been characterized by a general 'play-by-ear' marketing style, with the politicians leading marketing and publicity campaigns for MM2H.

A better approach would be for the key players in private enterprise (primarily real estate developers) to work closely with government agencies, mutually sharing information and strategies to craft a better marketing platform led jointly by a *combination* of state and private sector players.

This would encourage the private sector, i.e. housing developers, to rise out of the backseat and take on a more proactive role in strategic efforts to capture the MM2H market, even though the MM2H programme remains a largely government-driven and government-sponsored scheme.

Language and cultural problems

The point was raised that many potential Japanese and Korean participants in the programme encountered language problems, as most of the available information in brochures, documents and the media is in either English or Bahasa Malaysia.

The language barrier is actually one of the main reasons that discourage prospective Japanese and Korean buyers from investing in the local property market, due to the daunting red tape and communicational difficulties associated with property purchases. Indeed, even the simple paying of bills and acquiring a landline telephone connection is made difficult by language problems faced by the Japanese and Korean community locally.

Local MM2H agencies could draw from the experience of property and second-home programmes in places like Hawaii and Australia that promote retirement schemes to Japanese and Koreans. The appointment of a locally-based representative or dedicated administrative agency conversant in the native language of the participants would go a long way to facilitate the sale and purchase of property and assist in the many procedures and details associated with settlement in a foreign country.



Design & Construction of Property

Lack of dedicated housing schemes for MM2H / PI2H buyers

In terms of the design and construction of homes, it was noted that very few property development schemes were specially designed to fit the demand profile of potential buyers in the MM2H category.

Most property developers proceeded with development projects that catered primarily to a range of local buyers' demands, with the bulk of MM2H participants entering the real estate market as coincidental 'overlap' purchasers of existent property.

The best-case scenario or solution would be for developers to actually incorporate and develop a portion of their projects specially catering to the MM2H / PI2H buyers.

The potential property purchasers in the MM2H group may vary greatly in profile and requirements. Factors of affordability and personal preferences come into play and could heavily influence (or complicate) the effort and decisions of MM2H property hunters looking to buy their ideal home in Penang.

The difficulty is compounded by a segment of MM2H buyers who fit the profile of long-staying vacationers rather than year-round permanent residents. These participants may only spend a few months of the year living or holidaying in Penang. Such buyers prefer to invest in properties that can be rented out or managed / serviced regularly in their absence, and there is a general shortage of residential properties and projects that cater to the needs of this group.

Well-planned neighbourhoods and a high-quality environment needed

The quality of planning and construction in the real estate sector was also mentioned and discussed. Of special concern was the generally uncoordinated nature of Malaysian real estate and property development projects, which affects even high-end properties in Penang and other high-value regions in the country.

A good example of uncoordinated development is the construction of luxury apartments on a hill slope near the beach, which are sold at premium prices due to the panoramic view of hills and sea. A buyer purchases a unit only to find construction of yet another project soon underway, that when completed would completely rob his unit of the sea view that he paid a premium amount for.

Quality and design of homes must be consistently maintained to satisfy the high expectations of expatriate buyers. A higher degree of development planning and coordination is needed to ensure the quality of the surrounding environment (in terms of views, noise-pollution factors, population density, etc.) is maintained in the longer term as promised in the pre-purchase publicity campaigns. This compliance will go a long way in building up the brand-image of Penang as a prime retirement and property investment destination.



Financial Matters

Cash collaterals

It was also pointed out that retirees, particularly those from the UK do not usually have high liquid cash reserves but instead possess high-value properties in the UK. In many cases, they are unable to show the required cash balance in the bank. There is a need for a rule change on this matter where property in lieu of cash is allowed as collateral in the MM2H application process.

Bank accounts and loans

Representatives from the MM2H service sector pointed out the need to streamline procedures for opening bank accounts and securing loans for foreigners in Malaysia.

Responses from the banking representatives indicated that bank accounts can be easily opened but applications had to be supported by the correct procedures and red tape such as referees and collaterals.

On a brighter note, the banking representatives also clarified that obtaining loans for foreigners in Malaysia is a relatively open and simple process. CIMB, for example, processes about 20-30 cases of hassle-free loans for applicants from the MM2H programme on a weekly basis. Foreigners will usually be given loans at a margin of 60-70% depending on the risk appetite of the respective financial institutions and on whether proof of income can be substantiated.

Government Policies, Regulations & Procedures

Policies

The Federal Government has done a good job to regularize and relax many procedural requirements and criteria for the MM2H programme, in support of efforts to make the scheme more attractive to a larger pool of qualified applicants worldwide. These include several landmark lowering of the criteria pertaining to property values available for purchase by foreigners as well as duration of stay permitted on visas issued to programme participants.

However, it was noted that the level of coordination among government agencies, and between government agencies and private enterprises needed to be further improved.

For example, schemes that allow investors purchasing properties in excess of RM 1 million to fast-track their application red tape and the recent ruling lifting the requirement for mandatory FIC vetting of residential properties purchased by MM2H participants should be better publicized.

Federal agencies should convey vital policy-related information to the lower levels more efficiently to enhance collaboration with the other agencies involved in implementing the MM2H scheme. At the same time, a better information-storing and tracking system should be implemented to expedite coordination and implementation of the MM2H scheme.

A basic example of where a better data management system is needed is seen in the grey area of the current programme participants' personal information and whereabouts. The Ministry is believed to be unable to locate and follow-up with the 10,000 or so participants in the MM2H scheme because they did not have local forwarding addresses at the point of application.



As such, successful participants of the programme cannot be traced after their applications are approved, and an information gap exists with regard to the outcome of their subsequent settling-in process.

Other policy areas

The state and federal governments could possibly cooperate in areas of research to improve the statistical and information databank outlining the progress and implementation of MM2H. This would allow the relevant agencies and authorities to track developing trends in the 'hot' MM2H settlement zones like the Klang Valley, Penang, etc., which can function as useful benchmarks for continued evaluation of the programme.

Case studies of countries that have successfully implemented foreign retirement schemes, like Spain and South Africa, may be profiled and evaluated for reference, learning and benchmarking purposes.

The continued liberalization of property ownership and visa regulations, together with a willingness to consider concerns like instituting a more favourable property tax rate, allowing possible part-time employment of settled foreign retirees after a period of time, expanding information outlets / centres / helpline facilities for MM2H participants and educational services for young dependents will no doubt upgrade the success and popularity of the MM2H / PI2H scheme in the future.

Conclusion

In retrospect, it was agreed that a substantial amount of streamlining in the areas of marketing and implementation needed to be undertaken to fully realize the vast potential of the MM2H programme, especially with regard to Penang.

Penang has a winning combination of factors that, given the right strategic approaches, could be exploited to promote the island state as an ideal retirement cum property investment destination.

A successful and thriving 'MM2H-in-Penang' scheme would provide a boost to the state economy, besides enhancing the 'soft-factors' that make the island a choice destination for investors, settlers and tourists.

The imperative to upgrade and enhance the implementation of the programme, as outlined in the preceding sections, is all the more important given the growing competition from Thailand, Indonesia and the Philippines that offer similar 'second-home' schemes to attract well-heeled Western and Asian retirees.

A better-implemented marketing and incentives package targeting retirees, that takes into account the myriad aspects of living-environment factors, information dissemination, infrastructure support and policy matters should enable Penang to shine as a competitive Asian destination for setting up a retirement or second home as well as a location for profitable property investments. **§ Richard Ho & Khor Hung Teik**



Gender Analysis & Economic Policy Making

Introduction

Women in Malaysia encompass approximately 46 percent of the workforce, with the increased representation due to main contributions, particularly from the export-orientated sectors.³ Globalization in the form of transformation of production patterns, accelerated technology innovation and macroeconomic policies, including structural adjustment and privatization, continue to present both opportunities and challenges for women. Even though the economic status of women has progressed because of better access to education, employment and a decrease in the poverty rate, they are nevertheless still highly vulnerable to the effects of external shocks in the economy, such as the collapse in commodity prices, changes in the terms of trade, recession and policy adjustments that have been implemented in response to these changes. This vulnerability is perhaps linked to the continued poverty and discrimination women face in the labour market and the limited access to and control of financial resources and other assets, with many women, particularly female migrant workers still trapped in low-paying and exploitative jobs.

Despite the importance of the effect of these changes, there is still a lack of awareness regarding women-related issues in economic policy-making, even though the overall level of rhetoric and apparent activity has been high. The majority of economic policies have mainly focused on distributional issues regarding ethnicity and socio-economic groups, rather than on gender-specific issues. This article addresses the importance of a gender-sensitive approach to national economic policy making, and provides an example of how this has been incorporated into Malaysia's policy formulation processes.

Gender Analysis and Its Impact on Economic Policy Making

Gender analysis is interpreted as a diagnostic tool for planners to overcome inequitable allocation of resources.⁴ This analysis underlines the differences in gender in terms of access to and control over income and resources, before taking into account the implications of these divisions and differences for project design. Information that recognizes gender and its relationship with race, ethnicity, culture, class, age, disability and other status is considered, as is information that is vital for understanding the different patterns of involvement, behaviour and activities of women in economic structures.⁵ Gender analysis is an important component of socio-economic analysis. It highlights the different conditions that both men and women face, and the implications of the policies and programs on them because of their circumstances. Such information is useful in ensuring that the different needs of both men and women are met.

³"Gender-Sensitive Data Wanting in Economic Policy Decisions", Malaysian Institute of Economic Research (MIER).

⁴Miller, C., & Razavi, S., (1998), "Gender Analysis: Alternative Paradigms", *UNDP Publication: Gender in Development*.

⁵Canadian International Development Agency (CIDA), "Equality Between Women and Men-Gender Analysis", <http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/prnEn/JUD-31194519-KBD>.

Information that is gathered during the research stage of the analysis should take into account the explicit distinctions between men and women (using sex-disaggregated data) so that policies, programs and projects can build effective actions that promote greater equity. Given that gender relationships will evolve within each context and over time, a gender analysis should be carried out within each development initiative.

A sizable portion of women's contributions to the economy continues to go unrecognized because their work does not always fall within the clear boundaries of traditional economic sectors. This is because most women work within the confines of the informal sectors and at home. As a consequence, their contribution is not accounted for, or is underrepresented in official statistics. The lack of gender analysis in economic policies results in women's perspective and precedence being left out of strategies for future development.

According to the 1999 World Survey on the Role of Women in Development, it is stated that social institutions bear and transmit gender biases even though they may not be intrinsically gender-biased themselves.⁶ Being socially constructed institutions, "free markets" also echo and emphasize gender inequalities. Also, the cost of reproducing and maintaining the labour force in any given society remains invisible so long as the scope of economic activity does not include unpaid 'reproductive' labour, i.e. taking care of the family and household. Thus, unpaid work needs to be made visible and the economic meaning of work redefined to include unpaid 'reproductive' labour.⁷ Gender analysis plays a vital role in clarifying the division of labour, distribution of work, income, wealth and productive inputs with important economic implications.



An important aspect of gender analysis in economic policy making is in terms of gender and trade.⁸ There is still a lack of gender analysis in the WTO and trade policy. According to free trade theory, the assumption is made that trade can benefit all and everyone is able to trade freely with others in the market. However, a general analysis carried out on trade indicates that this assumption does not hold true for everyone. Women carry out most of the economically-invisible 'reproductive' work. Even though activities such as these strengthen the economy and the market, and therefore trade, women are not remunerated and compensated. Gender analysis penetrates the intermediate meso level (institutions and labour market interactions and forces) and the basic micro level (firms, families units, etc.), in addition to the macroeconomic level. This in turn reveals biases in the interactions at all levels and uncovers other realities beyond macro-aggregated figures.

Also, the effects of poverty reduction for economic reform may not filter down efficiently to directly benefit women.⁹ An example would be that the benefits to poor rural farmers from increased prices of cash crops amass directly to men, but may only have a limited positive or negative impact on women, whose labour is intensified to increase production, but who are not always compensated commensurably for this additional effort, due to their lack of control or ownership of land resources.

According to the World Bank (1996), the failure to consider the systematic barriers to increased production faced by women may lead to over-optimistic assumptions about the impact of price incentives. The extent to which women are willing or able to increase their contribution to the country's economy, or to market their increased output are hindered by an array of interlocking gender-related constraints.

⁶Riley, M., (2001), "From Women in Development to Gender and Trade", *Center of Concern's quarterly newsletter CENTER FOCUS*, Issue 152.

⁷It is noted that the niche of unpaid reproductive labour traditionally filled by women is increasingly substituted by female migrant domestic workers, whose contribution frees women to seek employment opportunities outside the home.

⁸Stichele, M. V., (1998), "A Gender Analysis of Trade and WTO Rules: A Case Study of Ghana", *Transnational Institute*. http://www.tni.org/detail_page.phtml?page=archives_stichele_ghana.

⁹Baden, S., (1997), "Economic Reform and Poverty: A Gender Analysis", *Report for the Gender Equality Unit, Swedish International Development Cooperation Agency (Sida)*, Report No. 50.

These barriers include time constraints, linked to the burden of reproductive labour, lack of command over productive resources (land, capital, labour) due to limited property rights, household power relations and high market transaction costs in addition to gender biases in marketing systems, and in the provision of associated marketing infrastructure.

A summary of gender analysis questions used by Danida¹⁰ for policy making is outlined below:

Table 2: Questions for Analysis of National Policies

National Policies	Action	Examples
Is there a policy that addresses development towards gender equality and equal opportunities within a sector?	Initiate policy dialogue to broaden the agenda to reduce the gap of inequality Develop a gender sensitive sector policy Prepare and implement a plan of action for gender mainstreaming ¹¹ within the sector.	Policy dialogue and consultations with e.g Ministry of Women's Affairs or other national machineries for women, women's offices located in key planning and/or sectorial ministries or departments, NGOs, etc. Determination of economic activities of women and men respectively on subsectors.
What are the national policy priorities for investment in the sector?	Sector relevant follow-up to the Beijing Platform for Action by the responsible sector institution.	Analysis of sector investment plans specified on gender (preparation of a women's budget statement).
What are the implications of these policies and priorities on women as compared to men?	Review of sector relation regulations, policies and procedures.	Analysis of sector investment plans specified on gender (preparation of a women's budget statement).

Source: <http://www.genie.ids.ac.uk/docs/danida/instit.pdf>
Malaysia and Gender Analysis in Policy Making

There appears to be a growing trend of gender issues and women's development being taken into consideration by the Malaysian government in matters of policy formulation.¹² According to Malaysia's National Policy on Women (1989), there is a need for information on target clientele to be 'gendered-categorized' in order to enable suitable assessment by ministries and agencies utilizing their respectively approved resources and allocation.

¹⁰Danida (1999), Gender and Institutions: Guiding Questions Working Paper, Ministry of Foreign Affairs, Danida cited in Pastuer, K (2002), "Gender Analysis for Sustainable Livelihoods Frameworks, Tools and Links to Other Sources", Draft, <http://www.livelihoods.org/info/tools/pas-GENDER.rtf>.

¹¹Gender mainstreaming is about promoting gender equity in all the programs and projects of government.

¹²UNDP Report (2005), "Gender Budgeting in Malaysia", *Ministry of Women, Family and Community Development*.

This is important in order to help economic planners and implementers to ensure efficiency, equality, coordination and standardization in their development policy making. In 2004, Gender Budgeting was introduced through the Ministry of Women and Family Development (MWFD) to promote gender equality by taking into account gender issues.

Even though gender budgeting is theoretically new to Malaysia, it is relevant to the Government's overall approach to enhancing economic governance and promoting gender equality as addressed in the 8th Malaysian Plan, the Federal Constitution, and international agreements such as the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and Beijing +5. Gender budgeting is implemented for the following reasons:

- To utilize the country's human resources fully by promoting women's participation in, and contribution to economic and social life.
- To facilitate the optimization of the country's financial resources by matching budgets to plans, priority programs, and projects.
- To assist the government in the improvement of (a) prioritization, (b) planning, (c) management of implementation, (d) monitoring and evaluation and (e) impact assessment.



Gender budgeting is used to incorporate gender elements into the national budget, thus enabling the Government to modify its policies and precedence accordingly in order to realize the objective of gender equality. This budget considers gender distinctions in situations, roles, contributions and distinct needs according to budget guidelines.

It also differentiates between gender and sex when drawing up policies. Sex relates to whether one is female or male and these differences are difficult to change, thus restricting policy making. On the other hand, gender is defined as socially-constructed roles and socially-learned behaviours and expectations associated with females and males. Policies made may then modify gender stereotypes by eradicating the hindrance to women and girls taking up non-traditional training courses.

In addition, unpaid (voluntary) labour is taken into consideration in a gender budget analysis. In economic jargon, Gross Domestic Product or GDP is the combined value of goods and services produced by locals and foreigners in Malaysia for a given period in time. Unpaid labour (childbearing, bringing up children etc.) is mostly non-remunerated work and is therefore not included in the calculation of GDP. Gender budgeting, however, recognizes the contribution of labour with 'invisible' skills and encourages policy makers to check that the burden of unpaid workers is not thwarting them (especially women) from contributing to the economy.

A five step approach of how gender budgeting is carried out is summarized in Table 3:

Table 3 Five-Step Approach of Gender Budget Analysis

Step	Description of Step	Budget Team
1	Describes the pre-existing situation of women and men, girls and boys (and different sub-groups such as rural/urban, age-based etc.) in the sector.	Needs/client analysis
2	Assesses the policy programs and projects in terms of gender-sensitivity, i.e. whether they address the situation described in Step 1.	Policy program
3	Assesses whether adequate financial (budgetary) and other resources (e.g. staff) are allocated to implement the gender-sensitive policy of Step 2 effectively.	Inputs
4	Monitors whether the expenditure allocated in Step 3 is spent as planned.	Outputs
5	Assesses whether the policy, together with the associated expenditure, has promoted gender equity as intended, and changed the situation described in Step 1.	Impacts/Outcomes

Source: Ministry of Women, Family and Community Development

The gender budget was piloted in mid-2003 and was chosen as the focus because it is an important policy tool for governmental processes. One of its major achievements is that Malaysia now has a blueprint for gender budget statements for both operating and development issues, outputs and outcomes.

Conclusion

Gender analysis is important because it provides a means by which governments, in dialogue with society are able to assimilate gender issues when formulating and implementing economic policies. Gender analysis promotes the complementarity of efficiency and equity by decreasing the vicinities of trade-off between equity and growth. In addition, it also strengthens the governmental process and provides a plan for promoting efficient and equitable economic policies as a fundamental element for national development. **§ Ng Ju-Ai**

International Headlines

Asia-Pacific exporters hardest hit by US financial turmoil: UN

Source: AsiaOne News, 27th March 2008, (excerpt of article from AFP)

GENEVA - ASIA-Pacific economies are entering a phase of 'heightened uncertainty' with export-led countries to be hardest hit by the ongoing financial turmoil in the United States, a United Nations report said on Thursday. 'In the worst case scenario of a recession in the US and a deeper depreciation of the dollar, the impact in much of the region would be harsh. Most vulnerable will be the exporters of high-technology products, such as electronics, to the US: Singapore, South Korea and Taiwan,' said the report outlining the economic and social situation for the region for 2008. Exporters would face a double whammy of a weakening dollar due to sharply lowered interest rates in the US, as well as slowing demand. But even with the credit crunch casting a pall over export-led economies in the region, the financial turmoil is also throwing up opportunities, the report said. 'Interest in Asia-Pacific assets may increase because of the strong growth projections for the region,' said the report by the UN Economic and Social Commission for Asia and the Pacific.



Credit crunch 'at \$1.2 trillion'

Source: BBC News, 25th March 2008

The credit crunch will globally cost \$1.2 trillion (£600bn) according to a report from the bank Goldman Sachs. The report says 40%, or \$480bn, of those losses will hit US banks, brokerages and other institutions. Goldman estimates that US financial firms have already reported losses of \$120bn since the credit crunch began. Banks made huge losses on investments backed by US mortgages. That is now hampering their ability to loan money, which threatens US economic growth. 'US leveraged institutions have written off less than half of the losses associated with the bursting of the credit bubble,' the report said. 'There is light at the end of the tunnel, but it is still rather dim,' it added. The credit crunch caused the near collapse of US investment bank Bear Stearns earlier this month. The bank's clients - worried about losses on mortgage-backed investments - started to withdraw funds, forcing it to ask for emergency funding. Days later, JP Morgan Chase announced a deal to buy the company.

Rising tide of foreigners snapping up Singapore property

Source: AsiaOne News, 27th March 2008, (excerpt of article by Kalpana Rashiwala published in *The Business Times*)

Take a walk down some of the poshest parts of Singapore and your eyes will confirm precisely what the numbers say. With its immigration-friendly policies and its growing attraction for wealthy individuals across the world, Singapore is seeing more foreigners than ever before parking their funds in private property here - especially in the Core Central Region (CCR). Singaporeans, too, are buying more private property but, in relative terms, their share is dwindling because of the foreign influx. From a 77 per cent share in the purchases of private apartments and condo units here in 2000, Singaporeans have seen their slice drop to 63 per cent in 2007, according to a study by Jones Lang LaSalle. This is their lowest share since 1995, which is as far back as the caveats captured by Urban Redevelopment Authority's Realis system go. Conversely, foreigners (including permanent residents) accounted for 29 per cent of non-landed private homes purchased here last year - nearly double their 16 per cent share seven years earlier and also their highest ever. Companies account for the remaining purchases.

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