

# EMERGING RURALITY IN MALAYSIA: THE ADAPTATION OF FELDA MODEL

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## ABSTRACT

*The Federal Land Development Authority (FELDA) model appears in many aspects to be a successful example of a rural development program in Malaysia. FELDA eventually rehabilitated more than 115 000 families of settlers in its active years of land opening. Together with its settlers, FELDA has managed to overcome significant challenges that came along over more than sixty years of its establishment. Yet today, the model appears fragile, and its future seems insecure. Upcoming vital issues and challenges threaten the sustainability of these settlement programmes in their endeavour to realise Malaysia's rural development agenda. This article seeks to look at the emerging rurality in Malaysia and how the FELDA model is adapting to the settlers' new demographic, social, and economic conditions, especially with the changing landscape of urbanisation, out-migration of the second and third generation of settlers and socio-economic conditions in Malaysia. This article also illuminates the issues and challenges faced by FELDA and its settlers and throws some light on the programme introduced by FELDA to develop its settlers' social and economic qualities and related insights from both studies locations; FELDA Bukit Goh, Pahang and FELDA Tenggara, Johor. This article found that FELDA is currently facing a rural exodus where the next generation of settlers is exiting the scheme. The upward social mobility of the settlers' children, especially in education, has led to their out-migration to the urban areas in the quest to find higher-paid employment. It is suggested that the adaptation programmes introduced in the model need to be mobilised to the fullest extent. It is not impossible to make the next generation committed to the programme as the community of FELDA has the advantage of being closely related to the management.*

**Keywords:** FELDA, land settlement, out-migration, rural development, rural exodus.

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## INTRODUCTION

The Federal Land Development Authority (FELDA) was established on 1 July 1956, under

the Land Development Ordinance of 1956, for the development of land and relocation of the rural poor, to eradicate poverty through oil palm and rubber cultivation. In addition to assisting the participants or the "settlers" of their settlement program, FELDA also carries out land development and agricultural projects, as well as industrial and commercial social economy projects that can generate their own income to support various development through a variety of businesses (FELDA, 2022). FELDA settlement programme established the 'complete whole' system by providing all the amenities and support to enhance the livelihood of the settlers in terms of financial, economic, educational and spiritual matters. Settlers' self-development is stressed by providing social and community development programmes

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covering all aspects of the settlers' lives. As stated by Graham *et al.* (1984), FELDA has not only opened up large tracts of land to profitable crops but also created a widespread scatter of 'urban villages' in which settlers and their families lead lives that differ markedly from the traditional ways of the village. Today, FELDA continues to play a major role by providing adequate and modern facilities on the schemes, ensuring the next generation of settlers are well educated to enhance their socio-economic and quality of life and ensuring the schemes can generate various economic activities as well as bridging the gap between urban and small urban areas.

Nevertheless, as with any other land development agency, FELDA faced various shortcomings in its initial years of establishment. Lee and Tengku (2006) stated that FELDA was not that proficient at the beginning. FELDA encountered several limitations, inadequacies and problems during its initial years of establishment. Still, with experience, FELDA came up with various specific guiding principles for its settlement programme that best suited the situation and local scene. Throughout the years as the 'manager' of the settlements, FELDA and its settlers have managed to overcome the numerous challenges that came along and successfully rehabilitated the lives of more than 112 000 families of settlers (FELDA, 2022). For the most part, settlers' post-settlement lives have been better as they have managed to pay off their resettling loans and obtained the title to their residential and agricultural land. However, some looming key issues and challenges threaten the long-term viability of these settlement programmes in their efforts to realise Malaysia's rural development agenda.

FELDA came into the scene of rural and agricultural development at about the same time as the independence of Malaysia. FELDA's objectives of allocating the land for the rural poor and improving the socio-economic well-being of the settlers were coordinated with the New Economic Policy (NEP, 1970-1990) strategies. They became one of the major agrarian reform programmes during the NEP period. FELDA programme established a "complete whole" system by providing all the amenities and support to improve the livelihood of the settlers and their families in terms of financial, economic, educational and spiritual matters. Settlers' self-development is stressed by providing social and community development programmes covering all aspects of the settlers' lives. By the end of the NEP period in 1990, FELDA initiatives had lifted over 122 000 families (equal to over one million people) out of poverty. They enabled a generation of landless Malays to become rural middle-class (Ragayah, 2014).

Malaysia effectively diversified and altered its economy from an agriculturally-based to a manufacturing- and services-based economy in the second half of the NEP period. These sectors have become the backbone of the Malaysian economy, creating many job opportunities. As Malaysia continues to grow, the agriculture sector shrunk to make way for industrialisation. Both sectors continue to contribute immensely to the economy, with manufacturing contributing 24.3% and services contributing 57.0% in 2021 (Department of Statistics, 2022). On the other hand, the agriculture sector shrunk to only 7.1%. Manufacturing and services sectors attracted job seekers established in the more developed part of Malaysia or urban areas. Vast job opportunities prompted people from the less developed states to the more progressive states and rural areas to urban areas. Due to Malaysia's developing economy, significant cultural and social changes impact rural people's decisions, especially the youth. FELDA is facing the same trend as any other rural area with the out-migration of its youth to the city.

This paper focuses on the sustainability of the FELDA model, especially with the changing landscape of urbanisation, out-migration of the second and third generation of settlers and socio-economic conditions in Malaysia and how FELDA is coping with this contradiction and use its resources to help the settlers become independent. Therefore, this paper aims to look at the emerging rurality in Malaysia and how the FELDA model is adapting to settlers' new demographic, social and economic conditions.

## METHODOLOGY

This study is conducted in two FELDA schemes; Bukit Goh, Pahang and Tenggaroh, Johor. This study uses a combination or mixed method that includes both quantitative and qualitative approaches to inquire about data in the field. 323 settlers responded to the survey using a prepared questionnaire of which 125 respondents are from FELDA Bukit Goh and 198 respondents are from FELDA Tenggaroh. For the quantitative approach, descriptive analysis is used to report the results. For the qualitative approach, unstructured interviews with five respondents were conducted to aid in the exploration of specific issues concerning settlers' adaption to new demographic, social and economic conditions.

## BACKGROUND OF THE STUDY LOCATION

Principally, every FELDA scheme applied a similar system: A group of settlers managed by its own

scheme's management office. However, each scheme has its own unique structures ranging from the management of a settlers' development committee, the way farms are operated, management of schemes' cooperatives, and so forth. Both of the study sites were chosen due to their own distinct features that are exclusive to that particular scheme. To begin with, Bukit Goh is a far more mature scheme than Tenggaroh, as the oil palm holding is expected to be replanted for the second time by 2022. Every settler in Bukit Goh received their land ownership title for their residential and oil palm lands. In Tenggaroh, at the time of the field visit, not all received the land ownership title. Both schemes also have a distinctive style of farm management, where all the settlers opted to self-manage the oil palm holdings while most of the settlers in Tenggaroh handed their holdings to be managed by FELDA. Therefore, the current study explores the evolution of FELDA settlers as they experienced the changes in their socio-economic conditions and adaptations under different landscapes. Another fascinating angle to investigate is FELDA's policies and programmes that did not work well for the settlers.

## RESULTS

The findings in this paper are organised around two main themes: 1) The Results of Over 60 Years of Land Settlement: What Are the Relevant Issues and Challenges?, and 2) Addressing The New Rural Context: The FELDA Model Between Adaptation and Transformation. The themes examine the issues and challenges of the FELDA model due to the emerging rurality in Malaysia and the FELDA response in adapting to the settlers' new demographic, social and economic conditions.

### The Results of Over 60 Years of Land Settlement: Pertinent Issues and Challenges

For decades, settlers have been side by side with FELDA through so many ups and downs. It was, more or less, a trial-and-error effort from both parties to ensure the program's objectives were met. Tengku *et al.* (1977) said, "The settlers are the nucleus of the FELDA land development and settlement program. They become not only the reason for development but also the means of development." FELDA has aided the country's objective of eradicating poverty by improving the socioeconomic well-being of the settlers. FELDA settlement programme is a 'complete whole' system that provides all of the amenities and support to enhance the livelihood of not only the settlers but also their families. While it had tremendously changed the lives of its settlers,

FELDA faced several issues that may jeopardise the sustainability of this programme, especially in this present day.

As the decades went by, each FELDA settlement's settings also changed as settlers aged and their children became adults. FELDA is facing the same trend as other rural areas with the out-migration of its youth to the city. In Malaysia, the rural population has been declining for decades, which is concerning (Figure 1). In 1970, the rural population accounted for about 72% of the total population and steadily declined to 38% in 2000, 29% in 2010 and 25% in 2020 (Department of Statistics, 2022). By 2030, the rural population in Malaysia is projected to decrease to 20% (The World Bank, 2021). This declining pattern has given rise to matters related to social and economic development in rural areas. This issue is also not uncommon in FELDA. In FELDA, with the out-migration of settlers' children from the settlements, FELDA is facing a shortage of young workforce to manage and work in settlers' agricultural holdings particularly working on their father's farm. It appears that settlers' children lack interest in working on their father's farm. Hence, settlers and their families currently choose to have their agricultural holdings managed by FELDA or its subsidiary company, FELDA Technoplant (FTP). When a smallholding is managed by FELDA, there are no management fees while there are incurred cost of RM12 per acre per month for the farm that is managed by FELDA Technoplant (FTP), of which FELDA subsidises RM2 per acre per month.

In some other FELDA settlements, settlers opted to manage it themselves by hiring workers, mostly foreign workers. Usage of foreign labour on FELDA settlements became inevitable as the pioneer settlers aged and the second generation was largely uninterested in engaging in agricultural work or rural life.

Previous studies by Marsitah (1991) mentioned the unemployment of the second generation in the settlements and FELDA's failure to draw the second generation to get involved in agricultural work. Second-generation issues are viewed as a major impediment because they threaten the program's sustainability. After all, second generations or these young generations are drawn to job opportunities outside the scheme and the attractiveness of the urban area. Urban areas' greater opportunities have made agriculture and rural living less appealing to younger generations (Alias, 2008). The study by Ghazali (1988) shows that there has been considerable out-migration from the schemes by the settlers' children, with few wanting to stay on and manage their parent's agriculture holdings. The majority of the settlers' children migrating out of the settlements went on to work in manufacturing and the service industry. A later study by Lee and

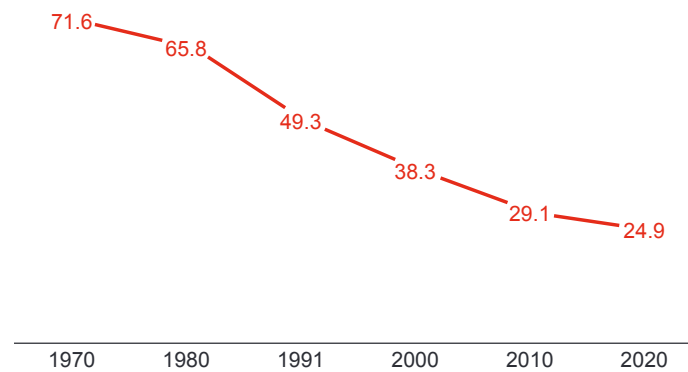


Figure 1. Percentage of the rural population in Malaysia (1970-2020).

Tengku (2006) noted that 13 061 professionals among settlers' children entailed jobs such as doctors, engineers, accountants, chemists, pilots, and other professionals. Socio-economic programs carried out in the FELDA settlements scheme had contributed to an unintended effect of generating rural-to-urban migration among the settlers' children as settlers' children became well-educated and migrated to urban areas. While thousands of settlers' children have left the schemes to find employment elsewhere, yet, there have also been others who chose to remain in the settlements.

In general, the second generation of settlers has experienced an upgrade in their socio-economic and well-being. However, most of the settlers' children or the second generation have left the settlements to seek employment outside the settlements or expand the family after marriage. The educational support they received has also massively changed their lives as they can find well-paid and professional jobs, mainly in urban areas. Figure 2 and 3 illustrate the level of education of the second generation of settlers in FELDA Bukit Goh and FELDA Tenggara. In Bukit Goh and Tenggara, more than 40% and 55% of them have finished their secondary education, respectively. Meanwhile, more than 20% and 30% of the second generation in Bukit Goh and Tenggara have received tertiary education. The higher level of education gives them opportunities to work in semi-professional and professional jobs. Another reason for out-migration is that not every settler family, especially larger settler families with many children, could make ends meet on the yields of their agricultural holdings. Once divided among the children, the revenue from the agricultural holding is insignificant to support the household expenses. As a result, the second generation would seek employment, either within or outside of the settlements, and some job opportunities would lead to out-migration. Furthermore, commonly after marriage, the children would move out as it might be overcrowded to remain. Figure 4 and 5 demonstrated the out-migration of the second

generation in FELDA Bukit Goh and FELDA Tenggara. Both settlements show that more than 70% of the second-generation settlers have moved out from the settlement.

With the departure of the second generation of settlers searching for better-paying employment outside the settlements, the FELDA settlements scheme has been left with an ageing population of settlers. Even with higher palm oil or rubber prices, oil palm and rubber planting are not likely to persuade them to return to farming. In the FELDA settlements scheme with ageing settlers, the service of migrant labour is widely relied upon. The growing use of foreign labour (mostly Indonesian) marks the maturing stage of the settlements as their service is sought after as the original settlers aged and are not fit to do physical work, and the second generation is not interested in working in the holding or rural life. This scenario changes the way the settlers' agricultural holdings are managed. There are several options available depending on the collective decision made by the management of the FELDA scheme office. Settlers may manage the holdings themselves by hiring workers or letting FELDA or its subsidiary company, FELDA Technoplant (FTP), do so.

Settlers were responsible for working in their rubber or oil palm holding after they moved into the settlements. After the first replanting of rubber or oil palm, collective decisions are made among the settlers and the local FELDA office concerning the agriculture holding operations. Due to certain limitations for settlers to work in their holdings due to ageing and history of illnesses, letting FELDA manage settlers' holdings is made. FELDA would undoubtedly want the operations to be uniform and centralised to encourage collective work wherever necessary. However, some settlers believed that they should independently manage their holdings, especially when they had received land ownership. Through discussion between both parties, a particular decision on the management method was made that best suited the interests of the settlers.

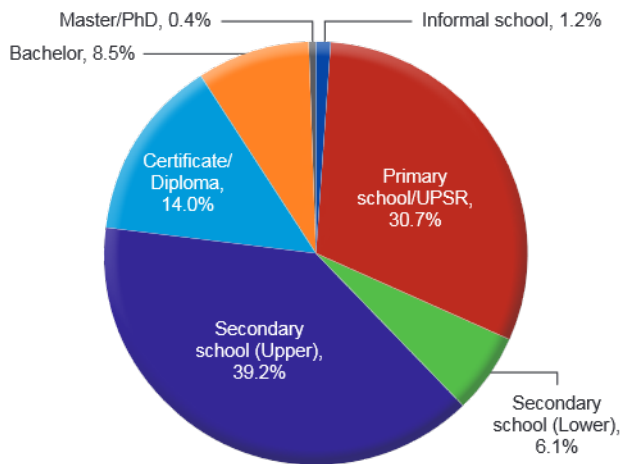


Figure 2. Level of education of FELDA second generation in FELDA Bukit Goh.

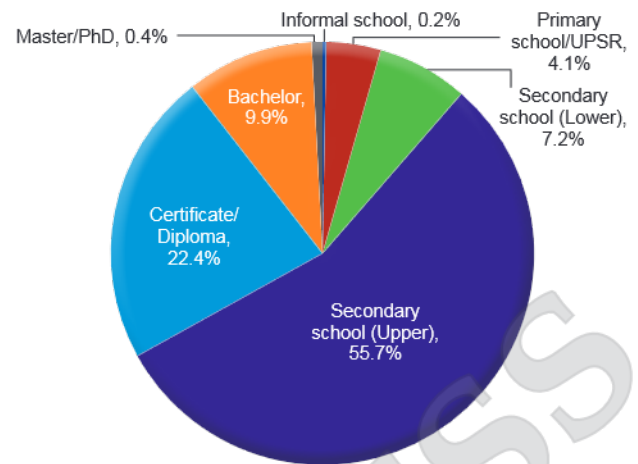


Figure 3. Level of education of FELDA second generation in FELDA Tenggaroh.

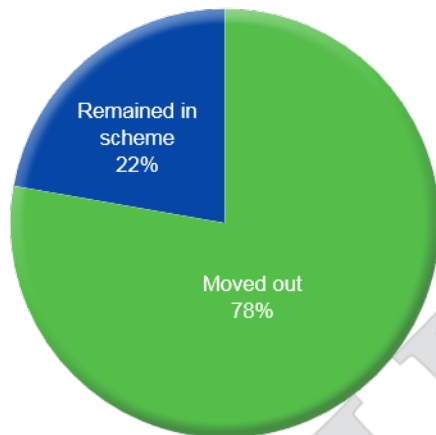


Figure 4. Out-migration of second generation settlers in FELDA Bukit Goh.

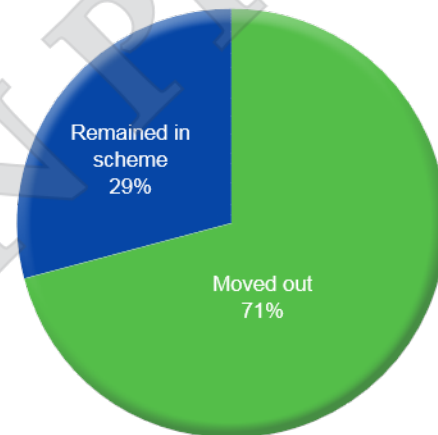


Figure 5. Out-migration of second generation settlers in FELDA Tenggaroh.

In FELDA Bukit Goh and FELDA Tenggaroh, there is a distinct setting on the way settlers' agricultural holdings are managed. In FELDA Bukit Goh, settlers independently operate their oil palm holding by hiring local contractors or independent labours. Independent labours are mostly foreign, originating from Indonesia. Local contractor companies are owned mainly by FELDA settlers and their children. However, these contractors also rely on using foreign labours to carry out the work. Local contractors and independent labourers hired by settlers only execute activities such as harvesting, weeding and fertilising activities. However, the transportation of palm oil fruits to the nearest palm oil plant is mainly handled by the FELDA Bukit Goh settlers cooperative. The cooperative will liaise with the FELDA office in terms of the record of the production of each holding and the final settlers' monthly revenue. On the other hand, settlers' oil

palm holdings are managed by FELDA Technoplant in FELDA Tenggaroh. Interviews conducted with settlers in FELDA Tenggaroh revealed the motivations of the settlers to hand over their farm management to the FELDA Technoplant. Certain reasons have been reported, primarily due to old age, health problems, and lack of financial ability to maintain the farm operations. Other motivations are the children's desire to hand over the farm to the FELDA Technoplant as the children are not interested in working on their parent's farm and it is easier to leave the management of the farm under the care of the company. Nonetheless, certain settlers chose not to join the majority by cultivating their farms independently by hiring local contractors and independent workers.

Other pertinent issues include social problems, such as drug abuse among the FELDA youth, that are widely reported through the media. Although these topics were raised during the interviews with

respondents, they were not thoroughly investigated in this study. However, scientific evidence from Khor *et al.* (2015); Mohd Khairi (2017) and Hisham *et al.* (2010) studies indicate that drug abuse poses severe threats to FELDA vision as it leads to other social issues, such as criminal behaviour and health problems.

### Addressing The New Rural Context: FELDA Model Between Adaptation and Transformation

As an agency that cares for its settlers' welfare and socio-economic status, the FELDA transformation plan aims to improve the quality, well-being and high income of all settlers and the new generation of FELDA through sustainable programmes. *Figure 6* depicts selected FELDA achievements and programmes implemented to ensure the model's relevance. FELDA settlers and their next-generation well-being have extensively improved compared to their former life before entering the scheme. Established programmes have helped increase settlers' incomes, and improve family health, and education. Furthermore, FELDA is now taking a more effective step in implementing the adaptation and transformation program towards the transition to a new FELDA model after more than six decades of its inception. Nevertheless, the task is much more challenging as it focuses on developing the second generation of settlers. This section presents and discusses several selected initiatives adopted by FELDA to adapt to the new rural context and settlers situation.

**Education.** Success in promoting the education of the second generation in the FELDA schemes or the settlers' children has increased the aspiration levels, which can often be better achieved through out-migration to higher-paid urban jobs, a situation that becomes a deep concern to the sustainability

of the FELDA model. However, education is an important aspect that needs to be provided to the settlers' children to ensure they receive the same level of education as their counterparts in the urban areas. The establishment of the FELDA settlements scheme would come with educational establishments such as kindergartens and primary schools. For secondary schools, depending on the number of students, a secondary school would be established, or the students would go to school at the other nearby FELDA settlements scheme or outside localities. Selected high achiever students from FELDA schemes are also being placed in premier secondary schools in the urban areas, as FELDA established several residential hostels in Kuala Lumpur, Kuantan and Johor Bharu. In 2018, more than 400 settlers' children were placed in this program (FELDA, 2020). In addition, with the support of MARA (People's Trust Council), FELDA established the FELDA Trolak MARA Junior Science College (MRSM FELDA), which could accommodate up to 1050 students. Equipped with hostel facilities, the student recruitment policy to MRSM FELDA is 80% from the children of settlers and FELDA staff, while the remaining 20% is from the public.

Significant achievements in education have been observed. In 2018, 67.3% of the 7190 settlers' children passed their UPSR (Primary School Achievement Test) examinations (FELDA, 2020), a rate slightly higher than the rural passing rate of 63.2% and almost surpassing the national passing rate of 67.4%. In the secondary school assessment, SPM (Malaysia Certificate of Education), the national average grade received by FELDA settlers' children in 2018 is 5.33, an increase of 0.1 from the previous year of 5.34 (FELDA, 2020). Out of 7571 candidates in FELDA, 90.1% managed to receive the certification. However, the national GPN recorded a better average of 4.89, a slight difference of 0.44 compared to FELDA's GPN.

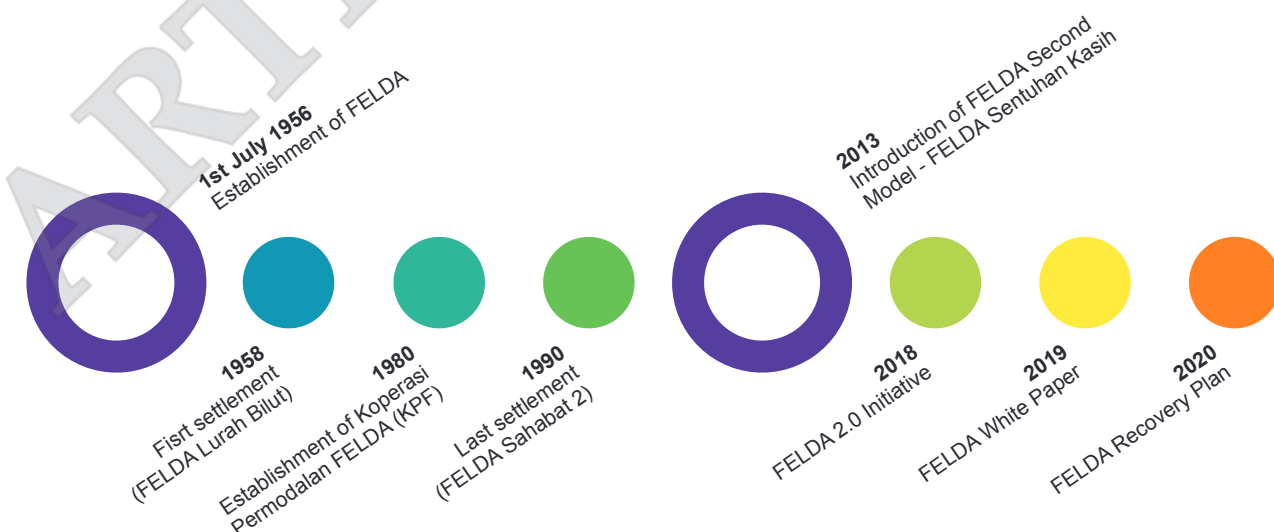


Figure 6. Selected FELDA milestones and programmes (1956-2020).

Extended assistance is also being provided to settlers' children for tertiary education through loans, subsidies and scholarships. FELDA has set up *Skim Insentif Anak Peneroka* (SIAP, Settlers' Children Incentive Scheme) as an incentive and gift to SPM achievers who successfully received offers to further their studies in public or private universities. Settlers' children who successfully obtain a place in universities and pursue either a diploma in local universities, a degree in local universities or a degree in overseas universities are awarded one-off assistance of RM500, RM1000 and RM1500, respectively and between 2004 and 2018, more than 2000 settlers' children have benefited from this incentive (FELDA, 2020). Another education assistance to assist settlers' children in continuing their tertiary education is *Skim Latihan Kemahiran FELDA* (SLKF, FELDA Training Skill Scheme). This scheme aims to ease settlers' children who enrolled in the Malaysian Skill Certificate (MSC) Program Grant with up to RM5000 being paid by FELDA for the entire course and the excess study cost will be considered as an education loan.

FELDA has fulfilled its education objectives for the settlers' next generation by providing better quality and access to education for all settlers' children. A good education has leveraged the opportunity of settlers' next generation for upward social mobility. In this sense, education is a pathway out of poverty and those who have received high-quality education have fared far better than those who don't. Yet, the well-educated second generation has to seek job opportunities outside FELDA settlements to improve their social mobility. In addition, FELDA's growing population over time demands that the second generation and beyond look for income sources and not rely solely on the farm as the family is expanding. This has resulted in the unintended effect of their out-migration to urban areas when their task is to develop the existing schemes further. In this sense, FELDA developed various programmes to encourage the second generation to remain in the schemes. The following sub-section discussed further two prominent programs to encourage the second generation of settlers to own a house within the vicinity of FELDA schemes.

**FELDA's new generation housing.** In keeping second-generation settlers in the settlements, various training and development programme aims to equip them with the required skills that would enable them to make a head start on their own. Besides the Settler Replacement Program that provides training in plantation management to the second generation of settlers that manage their parent's farm, new-generation housing projects were built in selected FELDA settlements to respond

to the second generation of settlers' needs to own a house within the vicinity of FELDA settlements. Among the objectives of new generation housing projects are: (i) to provide opportunities to FELDA second generation of settlers to remain in the settlements and help the older generation; (ii) to encourage more economic activities and development in the schemes; and (iii) to make use of any undeveloped land in the FELDA schemes efficiently and effectively. The project would be ideal for married second-generation settlers raising their own families or working nearby who prefer to remain within the settlements. The housing project built within the vicinity of FELDA settlements paves the way for nuclear family development among the second generation within the scheme (Lee and Tengku, 2006) while allowing second-generation settlers to have a house of their own and remain in the scheme.

FELDA Bukit Goh is one of the settlements involved in this project to provide affordable housing to the second generation of settlers. Two types of houses were built: 338 units of medium-low cost and 139 units of low cost (139) single-storey houses with a total housing area of 17 hectares including 4 units of shop lots. *Figure 7* depicts the dynamic relationship between Taman Bukit Goh Perdana (New Generation Housing Project) and FELDA Bukit Goh (Existing Settlement) to Kuantan, the nearest city. The housing project acts as the mitigation for the out-migration of second-generation settlers to the urban areas. Since Taman Bukit Goh Perdana was built within the vicinity of FELDA Bukit Goh, the second generation of settlers who own a house here enjoyed the privilege of staying within the vicinity of their parent's home. They also have the advantage of finding jobs and enjoying the amenities of the nearby Kuantan town, which is about 20 km away. Bukit Goh's Settlement Manager has mentioned that the housing project in Bukit Goh has enabled the second generation of settlers to have their own home. They also have the option of working on their family's oil palm holding or other settlers' holding, having a job within the scheme or being employed in the nearby town of Kuantan. Due to the demand for more housing projects for the second generation, the same project is already in the plan to be developed in Bukit Goh (Interview with the Bukit Goh's Settlement Manager, 2016).

New Generation Housing is a retort to the needs of the second generation of settlers where they can remain in the settlement and be nearby their parents while they may have jobs in the city or outside the settlements. This project is ongoing and FELDA actively develops areas within the settlements to provide housing development for the next generation. This programme, however, is

mainly focused on ensuring that the next generation of settlers own homes and property close to where they were raised. Despite this benefit, they still need to look for work, either within the settlement or elsewhere.

**FELDA Sentuhan Kasih.** FELDA sought to introduce a new model, namely FELDA Sentuhan Kasih, to solve housing and unemployment among second-generation settlers. It is a comprehensive model designed to address issues regarding the new generation of FELDA like out-migration to urban areas, unemployment, low income, unskilful and housing problem. This programme is consistent with FELDA's aspiration to have its second and third generation of settlers pursue agro-based business ventures to improve their socio-economic status (Lee and Tengku, 2006). This programme encompasses three core components; modern contemporary houses, modern integrated farming and modern infrastructure. The target group of this programme is the new generation of FELDA who presently are married, do not have a permanent income and could not afford to own a house (Table 1).

While settlers in the original FELDA model earned money from industrial crops like rubber and oil palm, participants in FELDA Sentuhan Kasih earned money from a shared 20-acre farm plot planted with high-value crops and managed by the participants' cooperative. However, Sentuhan Kasih participants are not as fortunate as the originals, who were each given a housing lot and an agricultural holding. The participants of FELDA Sentuhan Kasih are only entitled to the ownership of their house lot. At the beginning of the program, the participants of Sentuhan Kasih received a stable allowance amounting to RM1500 per month and a new house amounting to RM85 000, which was then converted to a loan. When the farming plot begins to yield, small monthly deductions are offset as repayment to FELDA for the cost of building the house and the monthly allowance.

FELDA Sentuhan Kasih is newly introduced and launched in 2014 by the then Prime Minister of Malaysia, the first Sentuhan Kasih project is in operation in FELDA Tenggara 3, Mersing, Johor. It is within the vicinity of one of the study locations. The operations integrated farming and infrastructure are managed by a cooperative

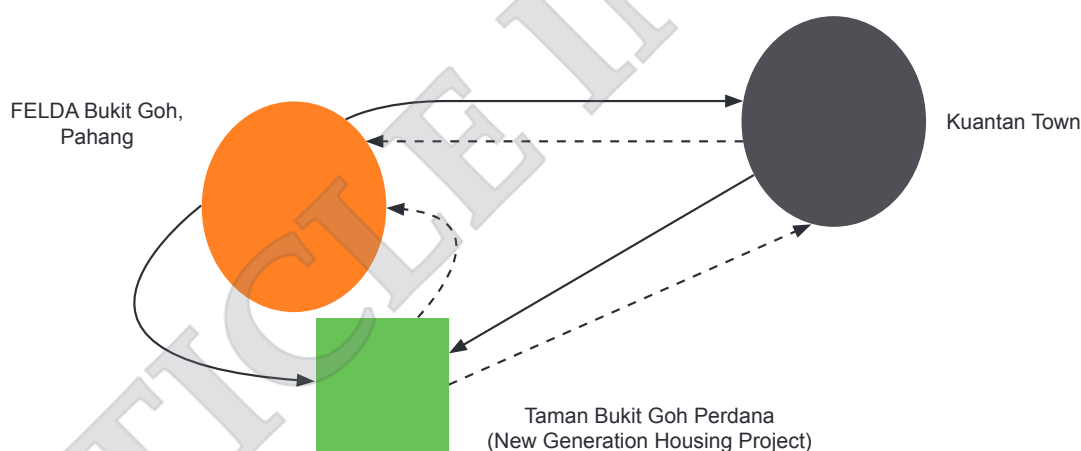


Figure 7. The dynamic relationship between Taman Bukit Goh Perdana (New Generation Housing Project) and FELDA Bukit Goh, Pahang (Existing Settlement) to Kuantan (nearest town).

TABLE 1. PARTICIPANTS' SELECTION CRITERIA TO ENTER FELDA SENTUHAN KASIH

The main conditions to be participants in FELDA Sentuhan Kasih are:
i) The applicant and spouse are citizens of Malaysia;
ii) Married;
iii) Applicant and spouse's age between 21-40 years old at the date of application;
iv) Applicant and spouse must reside and work in the schemes;
v) Household income does not exceed RM2500 per month;
vi) Applicant and spouse are not bankrupt;
vii) Non-government servant;
viii) No criminal record or involvement in any criminal case;
ix) Do not own a house; and
x) The scheme manager must support the application.

belonging to the participants and are financed through returns from this project. According to the officer in charge of the project, each of the participants in Sentuhan Kasih is a member of the cooperative with at least one member from each family. In order to ensure the project is sustainable, a cooperative is formed, comprising the management team and the participants. The cooperative's objective is to support and nurture new entrepreneurs among participants and create new industries within the communities using agricultural products or their relevant expertise. These new industries will provide more job opportunities to surrounding communities and at the same time raise the communities' income. Consequently, the future generation does not have to migrate to urban areas in order to get a job and improve their lifestyle.

For a start, the community runs many agriculture projects, such as traditional food production and farming of fruit and fish. A team of FELDA officers supervises this programme, with its main division situated in the FELDA headquarters in Kuala Lumpur. The function of the office in FELDA Sentuhan Kasih is almost similar to that in the FELDA settlements scheme. The structure of the management office includes a manager and assistant manager covering all aspects including social development, welfare and agricultural issues. Two supervisors are dedicated to conducting agricultural activities and one community officer is dedicated to handling welfare and social issues. The office acts as the 'manager' of all aspects of the programme, including the participants' welfare. As a 'manager', the office also offers advice and provides extension services to the programme's operation. Meanwhile, the Sentuhan Kasih programme participants are encouraged to be active in their community organisation or JKKP (*Jawatankuasa Perwakilan Peserta*) with the vision to empower leadership skills among the participants to become a self-reliant community in the future. This is to get the participants to participate in the programme's day-to-day administration and development. The management office highly emphasises their participation as it plans to withdraw once the participants can be independent.

However, after three years, 14 participants have left the programme or requested to leave the programme due to several reasons. Among the reasons are drug abuse and divorce (Interview with the supervisor of FELDA Sentuhan Kasih, 31<sup>st</sup> July 2017). Some interviewees have mentioned drug abuse as a problem in FELDA settlements. However, it is impossible for us to have information about its extent and level in comparison to the whole country. Even though the participants' selection to enter the Sentuhan Kasih Programme requires a drug screening test and no participant is a user, at the

following random screening after the programme started, few cases were detected (Interview with the supervisor of FELDA Sentuhan Kasih, 31<sup>st</sup> July 2017). As for divorcees, one of the main conditions to be the participants is to be married. Hence, automatically, when participants have divorced, they are not eligible to be in the programme any longer. The said issues might hamper the intensification of the program. Action to solve these issues needs to be taken so that the objectives of this programme could be accomplished. *Table 2* explains further the settings of the FELDA Sentuhan Kasih programme in Tenggara, Johor and inside stories from an interview with the project supervisor.

This model may be perceived as an improvement of the New Generation Housing but with additional agricultural areas jointly managed by the participants as a cooperative for income. The unique feature of this project is that it is self-sustainable, which means if the cooperative could operate with a promising return on investment and generate sufficient profits, the participants could benefit from it and receive a stable amount of income. By implementing this project, not only will the new generation of FELDA enjoy the benefit, but the nearby population will also taste the spillover benefit of this project. However, like any other newly introduced programme, Sentuhan Kasih would face plentiful challenges in its pathway to success.

**FELDA 2.0 initiative.** Over time, FELDA retort to the needs of the settlers' next generation by introducing various programmes. FELDA is now taking a more effective step in implementing the innovation and transformation program that has been started in 2010 as a symbol of the transition to the new FELDA model after more than six decades since its inception. Apart from the New Generation Housing and FELDA Sentuhan Kasih that give settlers' next-generation opportunities to be a part of their father's legacy, FELDA had come out with FELDA 2.0 initiative (*Table 3*). It is an initiative to transform and give a new look to the 317 FELDA land schemes in the country. The new initiative is focused on creating a FELDA community that is smart and sustainable, and resilient in terms of the economy and environment.

FELDA White Paper was introduced in 2019 as a new model for managing settlers' land through land rental for a reasonable period. This model is said to resolve the demographic issues of the settlers and the absence of economies of scale. The introduction of this new model will enable the settlers' land to be consolidated and cultivated efficiently. Economies of scale can reduce operating costs and increase productivity. FELDA is determined to develop skilled and innovative new settlers to improve income through agricultural and livestock activities

**TABLE 2. INSIDE STORIES OF FELDA SENTUHAN KASIH PROGRAMME IN TENGGAROH, JOHOR, 31 JULY 2017**

According to the project supervisor, FELDA Sentuhan Kasih in Tenggaraoh, Johor attracted more than 2000 applicants, but only 100 people were selected to participate. Among the criteria to be chosen is that the participant must be a native of FELDA Tenggaraoh (second or third generation of FELDA Tenggaraoh settlers) and earn less than RM3000 per month. Although 103 houses were built, only 100 participants were selected. The remaining three houses are used to create a kindergarten, and the remaining two houses are used as visitor's lodging (homestay) to generate income for the participants' cooperatives. The rental for the homestay per night is around RM250 to RM300, depending on the season. This programme received its first participant in October 2013.

FELDA Sentuhan Kasih in Tenggaraoh, Johor, covers an area of 55 acres, of which 27 acres consist of an agricultural area. The participants need to be involved in agriculture activities with working hours from 7 am to 2.30 pm from Sunday to Thursday. In this programme, the participants consist of males and females (30% males and 70% females). Their spouses who are not working in the programme are also encouraged to have a job to supplement the family income. Participants are divided into groups of ten, and each group is called a block. The females are usually assigned to work in the greenhouse while the males are assigned to work that needs extra physical strength, such as planting fruit trees, farm maintenance and aquaculture farming. Apart from these activities, there are also activities such as broiler poultry farming. The block would be rotated so that each participant would receive enough exposure to various agriculture skills. Since this community runs these agriculture projects, a cooperative was set up to responsibly manage the activities and incomes. There is also off-farm and non-farm income from the production of agriculture by-products, homestay rental, shop lot rental, facilities rental (multipurpose hall and meeting rooms), and night market site rental.

For the time being, the participants receive an allowance of about RM1000 monthly after a deduction for housing loan payments. Like the settings of the original settlers, the participants would obtain the ownership title to the house after 25 years of the repayment period. However, FELDA will retract the monthly allowance once the projects under the cooperative could produce sufficient monthly income to the participants.

The supervisor also mentioned that at the beginning of the programme, a consultant was hired by FELDA to develop this area and provide training and exposure to the participants. However, the contract was not renewed due to specific issues, and the project was handed over to FELDA. When this interview was done, the FELDA site office in Sentuhan Kasih was still restructuring the organisation of works and activities that would benefit the participants to improve income. He further added that their roles in managing the participants are not permanent. The aspiration for this programme is that the participants would obtain enough skills in agriculture works and cooperative management to be independent.

**TABLE 3. FELDA 2.0 INITIATIVE**

The FELDA 2.0 is an initiative to transform and give a new look to the 317 FELDA land schemes in the country. The new initiative is not only focused on creating a FELDA community that was smart and sustainable but also resilient in terms of the economy and environment. FELDA 2.0 is an initiative that emphasises an 'open and communicable' strategy or approach that brings a surge in the FELDA community that suits the current technological facilities and fulfilled future aspirations.

FELDA Lurah Bilut was chosen as the pioneer for the programme due to its significance to the history of FELDA as the first settlement that was opened in 1958 for a land development programme in clusters for agriculture in the country. The valley in the Titiwangsa Range had undergone rapid development with various facilities, in fact in November last year it was recognised as the first land scheme which had become a smart town through the Bilut Digital Valley, which was a pioneer project under the FELDA 2.0 initiative.

which use new technologies such as smart farming and precision agriculture. In implementing this model, the government has agreed to allocate RM1 billion for a period of four years to implement this new idea. The development planning under FELDA White Paper will surely change the scene of the initial model. However, little is known about FELDA White Paper's direction since Malaysia's government shifted again in March 2020. With the newly changed government, the focus of the FELDA initiative for the model sustainability is hoped to favour the settlers and their generation.

## DISCUSSION

FELDA has helped a generation of landless people become 'rural middle-class' smallholders, with four hectares of oil palm or rubber smallholding and some investment holdings. Most of them

who were once deprived labourers, agriculture workers or unemployed had now each possessed their own residential and agricultural land. FELDA has managed to fulfil the initial objective of its establishment, providing "land for the landless, jobs for the jobless". It is a very relevant development programme for developing rural Malaysia; a social enterprise designed to be settler-centric. FELDA carries a significant role to support Malaysia's emerging economy by providing adequate and modern facilities in the settlements, ensuring the next generation of settlers received a good education, enhancing the socio-economic and quality of life and ensuring the schemes can generate various economic activities as well as bridging the gap between urban and small urban areas.

Yet, as the economy of Malaysia transitions from an agrarian economy to a more diversified economy that concentrates more on industrialisation, upcoming vital issues and

challenges are confronting the sustainability of these settlement programmes in its endeavour to realise Malaysia's rural development agenda. FELDA is currently facing a rural exodus where the next generation of settlers is exiting the scheme. The upward social mobility of the settlers' children, especially in education, has led to their out-migration to the urban areas in the quest of finding higher-paid employment. As the next generation is not interested in agricultural work, the ageing settlers need to depend on foreign labourers to work in their rubber or oil palm holdings.

Out-migration of the next generation of settlers is a deep concern to the sustainability of the FELDA model, as it should be their task to contribute to the scheme's development. FELDA has introduced various innovative programmes to adapt to the new rural context and settlers' situation while at the same time encouraging the next generation to remain within the vicinity of the schemes. A programme such as the New Generation Housing responds to the settlers' next generation's need for housing. Still, this project only limits them to just own a house within the vicinity of the place where they grew up. Aside from that advantage, they still need to seek employment either in the settlement or outside. However, the bright side of this programme is that the next generation is attracted to remain in the schemes with the extra benefits of owning their own house at a subsidised value.

Another programme, the FELDA Sentuhan Kasih programme is deemed a new model of FELDA. However, it has different settings as the pioneer model of providing the settlers with housing lots and agriculture holdings. In the Sentuhan Kasih model, the participants would only receive the ownership of house lots after a period of 25 years of repayment. Instead of working on rubber or oil palm holdings, the participants need to work on integrated farming projects. A cooperative consisting of Sentuhan Kasih's participants was set up to manage the economic activities. The unique feature of this project is that it is self-sustainable, which means if the cooperative could operate with a promising return on investment and generate sufficient profits, the participants could benefit from it and receive a stable amount of income.

FELDA and its settlers need to face certain challenges to formulate the ideal programme to protect the sustainability of the FELDA model. The programmes introduced need to be mobilised to the fullest extent and it is not an impossible task to make the next generation committed to the programme as the community of FELDA has the advantage of being closely related to the management. Therefore, the current and future programmes should also integrate the aspirations of the next generation of settlers while supporting Malaysia's policy of supporting a more diversified rural economy.

## CONCLUSION

This paper has addressed the following objectives: Looking at the emerging rurality in Malaysia and how the FELDA model adapts to settlers' new demographic, social and economic conditions.

During its more than 60 years of existence, FELDA encountered several limitations, inadequacies, and problems; however, with experience, FELDA was able to develop some specific guiding principles for its settlement programme that best suited the local context and national policies. As Malaysia's economy transformed from an agriculture-based economy to a more industrialised economy, FELDA has also evolved in keeping with the situations and policies of the country. In the past, FELDA relied on land opening to provide land-owning opportunities to the rural poor. Unfortunately, today there is no more land to be opened. FELDA must adapt by implementing a different approach, especially towards settlers' next generation, to ensure the FELDA model's continuous social and economic stability. FELDA's development programme introduced in the later years was based on evolving needs of the settlers, especially their next generation, more suited to the new demographic background of the community and its social and economic conditions.

Today, the settlers and their families have experienced upward social mobility. The next generation of settlers had the chance to receive a proper education. Well-educated settlers' next generation experience social mobility, but not by having jobs within or around the schemes. They have to move to more urbanised areas to find professional or well-paid jobs. The out-migration of settlers' next generation from the settlements led to a shortage of young workforce to manage their family agricultural holding and remain in the settlement. In this sense, the extension programme and approach introduced has to prioritise and integrate the aspirations of settlers' next generation. Despite several programmes that have been introduced, it would take some time for the programmes to be fully-fledged due to the multiple challenges that may be encountered along with their implementation before an ideal model could be finalised.

FELDA and its settlers need to face certain challenges to formulate the ideal programme to protect the sustainability of the FELDA model. The programmes introduced need to be fully mobilised. It is possible to make the next generation committed to the programme as the community of FELDA has the advantage of being closely related to the management. Therefore, the current and future programmes should also integrate the aspirations of the next generation of settlers while

supporting Malaysia's more diversified rural economy. Most importantly, the programmes must appeal to the next generation like the original FELDA model once did to their parents.

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