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## DIRECTOR GENERAL OF PLANMALAYSIA's STATEMENT ON ENVIRONMENTAL AND SOCIAL FRAMEWORK (ESF) IN WORLD BANK ANNUAL MEETINGS 2022

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October 11, 2022

### Malaysia's Regulatory Framework on Social Impact Assessment (SIA)

1. In Malaysia, environment and social aspects are always being seen as separate entities in urban planning despite they are interrelated and interconnected. However, much progress has been done since independence to strengthen these aspects in both development planning documents and regulatory framework, as well as in socio-economic and environmental policy directions by various parties.
2. **Social aspect has started to gain attention in exercising development projects and urban land use planning since 1966**, by formulating the First Malaysia Plan (for the period 1966 to 1970) and the inclusion of socio-economic surveys and formulation of special chapter in the preparation of development plans.

3. In 1998, **Federal Department of Town and Planning (PLANMalaysia)** started its first attempt to incorporate **Social Impact Assessment (SIA) in the preparation of local plan**, by developing low impact land use strategies based on outcomes from socio economic surveys.
4. In 2003, **the National Social Policy** sets the requirement of SIA in the process of planning and monitoring of both physical projects and social development program. SIA was officially recognised as **a tool to analyse the social cost benefits and certainly to achieve better social outcomes**.
5. In 2017 – The requirement of SIA was stipulated in the **Town and Country Planning Act [Act 172]** which is required to be prepared for mega infrastructure and coastal reclamation projects with huge impact to the environment and community. The approval of **SIA report with mitigation measures and management plan is required before the commencement of project**. Up to date, **about 100 projects (SIA Report) had been submitted and evaluated by PLANMalaysia**.
6. Although Malaysia's regulatory framework for social impact was considered comprehensive, **a paradigm shift is essential towards self-regulation and better internalization** of SIA by project proponents (either private or government) is needed.

7. To address these challenges, PLANMalaysia has formulated **multiple SIA Manuals and guidance notes since 2012** to support project proponents, and professional working in this field. These efforts aims to fill the current skill gaps among SIA practitioners, project proponents and other stakeholders including government agencies, and NGOs/CBAs (community-based organizations) in understanding and advocating the value of SIA. However, we **need to continue strengthening the capacities of government officials and professional working in areas such as environmental, social and governance (ESG) subjects**, by bringing international good experiences and lessons learned from other systems such as the World Bank Environmental and Social Framework, particularly in community development, indigenous peoples, stakeholder engagement and labour topics.
  
8. At the same time, it is important **to build partnership with international organizations** to face the current sustainability challenges and stay relevant and at the forefront of sustainable development, considering its benefits towards economic, social and environmental outcomes to the nation and the people.

## Strengthening Malaysia's E&S System by Leveraging World Bank ESF

9. We believe there is **no 'one-size-fits all' approach for SIA**. While local knowledge is important, regional cooperation is also crucial. Thus, we **are planning to work together with** World Bank to further strengthening our E&S system. We plan **to leverage and set World Bank Environmental and Social Framework (ESF)** as a benchmark for our E&S system and to align with our regulatory framework.
10. ESF sets an opportunity for Malaysia to review its past conventional ways of planning, by integrating both environmental and social sustainability in a holistic way, and to be part of the planning process in urban and rural development.
11. Our participation in **International Symposium on Social Impact Assessment in East Asia and The Pacific on June 7, 2022 organized by the World Bank** has given us the opportunity to form partnership with stakeholders particularly in SIA, in the face of climate change and pandemic COVID-19.
12. For this reason, PLANMalaysia supports a **joint training program with** World Bank Malaysia to exchange experiences on E&S regulatory framework from both parties. We are looking forward to the outcome of this training as a platform for Malaysia to improve our existing practice.

13. Thus, PLANMalaysia will work together with World Bank to organise a session in the upcoming **IAIA23 Conference** on “**The Implementation of SIA for Physical Development Projects**”. This session will focus on assessing social considerations through SIA, some experiences and challenges in incorporating social impact in the land use planning process.

## **Conclusions**

14. As a conclusion, through the experiences from SIA implementation in Malaysia, we recognize:
- i. the importance of **SIA as a tool to anticipate social risks and providing social cost benefit analysis (SCBA)** to support decision making in project planning approval towards the best economic, social and environmental outcomes in Malaysia;
  - ii. **World Bank’s ESF as one of the best benchmarks** for Malaysia **to improve our existing E&S regulatory framework**; and
  - iii. the importance of continuous engagement with **multiple entities and stakeholders, including project proponents, professional bodies, local community and government agencies as well as with NGOs.**



Malaysia's last message here is...

**“A continuous improvement of the existing E&S Regulatory Framework in particular SIA will be our Pledge to achieve social and environmental sustainability in line with the National Agenda of Liveable Malaysia.”**