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IMPLEMENTATION BLUEPRINT

2022–2026





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IMT-GT IMPLEMENTATION BLUEPRINT 2022–2026

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY



IMT-GT VISION 2036

Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) is envisioned to be an **integrated, innovative, inclusive, and sustainable** subregion by 2036. The subregion's long-term plan, **IMT-GT Vision 2036**, is being operationalized through four successive five-year Implementation Blueprints (IBs). **IB 2022–2026** is the second medium-term strategic and action plan toward realizing the vision.

Four Successive Five-Year Implementation Blueprints



FORMULATION OF IMPLEMENTATION BLUEPRINT 2022–2026: A PARTICIPATORY PROCESS

IB 2022–2026 was developed through extensive stakeholder consultations to ensure a high level of ownership. A participatory process was applied in which all key stakeholders were given the venue to shape the IB into a strategic yet actionable plan.

Implementation Blueprint 2022–2026 Formulation Process

14th IMT-GT Strategic Planning Meeting	National Workshops	Regional Workshop	Task Force Meeting	Special Senior Officials' Meeting for IB 2022–2026	15th IMT-GT Strategic Planning Meeting	Editorial Process by ADB	28th IMT-GT Ministerial Meeting	14th IMT-GT Summit
April 2021	2, 6, 14 July 2021	3 Sept 2021	19 July 2021, 21 Sept 2021, 25 Nov 2021	25 Jan 2022	31 Mar – 25 May 2022	26 May 2022	16 Sept 2022	10 Nov 2022
Outcome: Concept note of IB 2022–2026 was presented and endorsed	Outcome: collected data from in-country stock-taking	Outcome: collected data from subregional stock-taking for refinement of IB Interim Report	Outcome: Formulation of IB Draft Document and the Strategic Frameworks	Outcome: SOs approval of IB Strategic Frameworks and further guidance on refinement of final draft of IB document	Outcome: SO's approval of final draft IB and familiarisation of IB Strategic Frameworks and its inclusion to WGs' workplan		Outcome: Endorsement of IB 2022–2026 by IMT-GT Ministers	Outcome: Adoption and launching of IB 2022–2026 by IMT-GT Leaders

IB = Implementation Blueprint, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle,
Source: Centre for IMT-GT Subregional Cooperation.

KEY ELEMENTS OF IMPLEMENTATION BLUEPRINT 2022–2026: ENSURING CONTINUITY AND CONSISTENCY

Like its predecessor, IB 2022–2026 adopts **three mutually reinforcing guiding approaches** of IMT-GT Vision 2036:

- project-centric approach toward greater regional integration,
- project-specific and location-specific regulatory reforms, and
- spatial approach to regional development

There are eight strategic pillars or focus areas (consistent with the IMT-GT Vision 2036 document, the terms strategic pillar and focus area are used interchangeably throughout this IB) under IB 2022–2026 to support Vision 2036. These strategic pillars or focus areas are earmarked to produce the most significant economic and social impact on the subregion during 2022–2026. The Digital Transformation Pillar is a new addition to the IB.



Agriculture &
Agro-Based
Industry



Tourism



Halal Products &
Services



Transport
Connectivity



Trade & Investment
Facilitation



Environment



Human Resource
Development



Digital
Transformation

IB 2022–2026 will continue to place the **private sector and local governments** at the heart of IMT-GT's cooperation agenda. It will continue to accelerate a strategic shift toward a **results-based monitoring and evaluation (M&E) system** as set out in the IMT-GT Project Manual.

CHARTING THE NEXT STEPS

While preserving the basic IB structure is important, the rapidly changing economic and social landscape has compelled the IMT-GT to carefully consider its current development priorities. The process involves (i) assessing its achievements so that it may continue to build on them, (ii) defining the challenges that limit its performance so that these challenges may be effectively overcome, (iii) identifying emerging growth opportunities in the subregion and beyond so that it may be able to promptly reposition and repurpose to leverage them, and (iv) repositioning to stay focused on what is foundational to the long-term development of IMT-GT.

The IMT-GT was on its way to achieving several ambitious macro-level targets set out in IB 2017–2021. There was also significant progress in moving forward the IMT-GT cooperation agenda through projects, building external partnerships, and strengthening IMT-GT institutions.

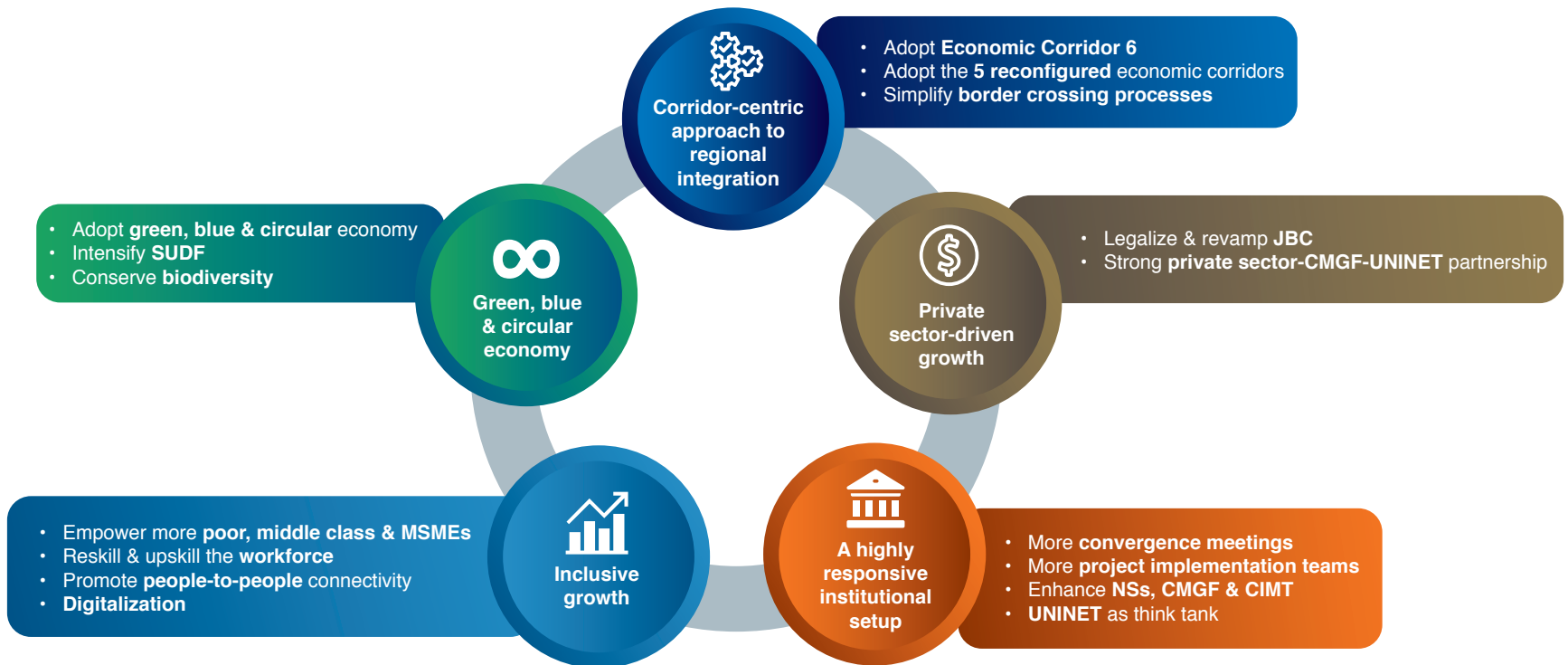
IB 2022–2026, on the other hand, faces a drastically different macroeconomic environment and social landscape from the start, resulting from the unprecedented disruptions brought about by the **COVID-19 pandemic**.

Besides, the IMT-GT needs to face up to the following **internal weaknesses**: (i) lack of trade integration; (ii) lack of private sector participation; (iii) lack of cross-sectoral coordination and facilitation; (iv) lack of mainstreaming of the results-based project management system; and (v) lack of project funding.

To ensure a quick and sustained post-pandemic recovery, IMT-GT must be able to seize the **growth opportunities** generated by **emerging megatrends** such as the rise of the consumer class, increasing pace of regional economic integration, Fourth Industrial Revolution (4IR), and greater urgency for climate action and biodiversity conservation.

Given the fast-changing economic and social landscape discussed above, **IMT-GT needs a fresh medium-term strategic framework** to guide its cooperation over the next 5 years and beyond. Adopted by the 27th IMT-GT Ministerial Meeting held on 6 August 2021, this strategic framework (below) **provides the context for the formulation of IB 2022–2026's overall and focus area (sectoral) strategies and actions, bringing them into sharper focus, addressing what really matters for the post-COVID-19 pandemic period.**

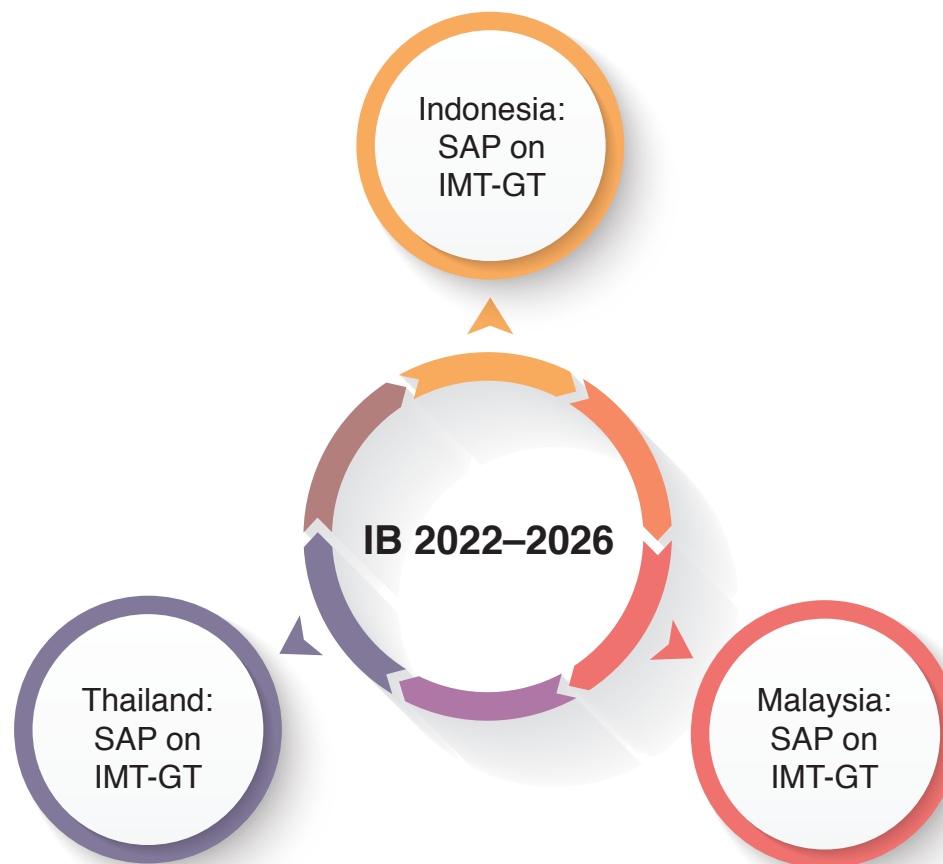
Strategic Framework of Implementation Blueprint 2022–2026



Accompanying the strategic framework are the following three **game-changing initiatives that aimed at transforming how IMT-GT operates:**

- Adopt EC 6 and incorporate the states of Johor, Pahang, and Terengganu in Peninsular Malaysia as an integral part of the IMT-GT.
- Legalize and revamp the Joint Business Council (JBC), including its national chapters.
- Member countries are encouraged to adopt a national strategic action plan (SAP) for subregional cooperation to better coordinate the implementation of IB 2022–2026 at in-country level. However, this is not a requirement but on a need basis.

National Strategic Action Plans on IMT-GT



The Strategic Framework of IB 2022–2026 is designed **to accelerate the realization of IMT-GT Vision 2036. It is aligned with 9 of the 17 Sustainable Development Goals (SDGs)** and four of the five Broad Strategies of the 2020 **ASEAN Comprehensive Recovery Framework (ACRF)**.

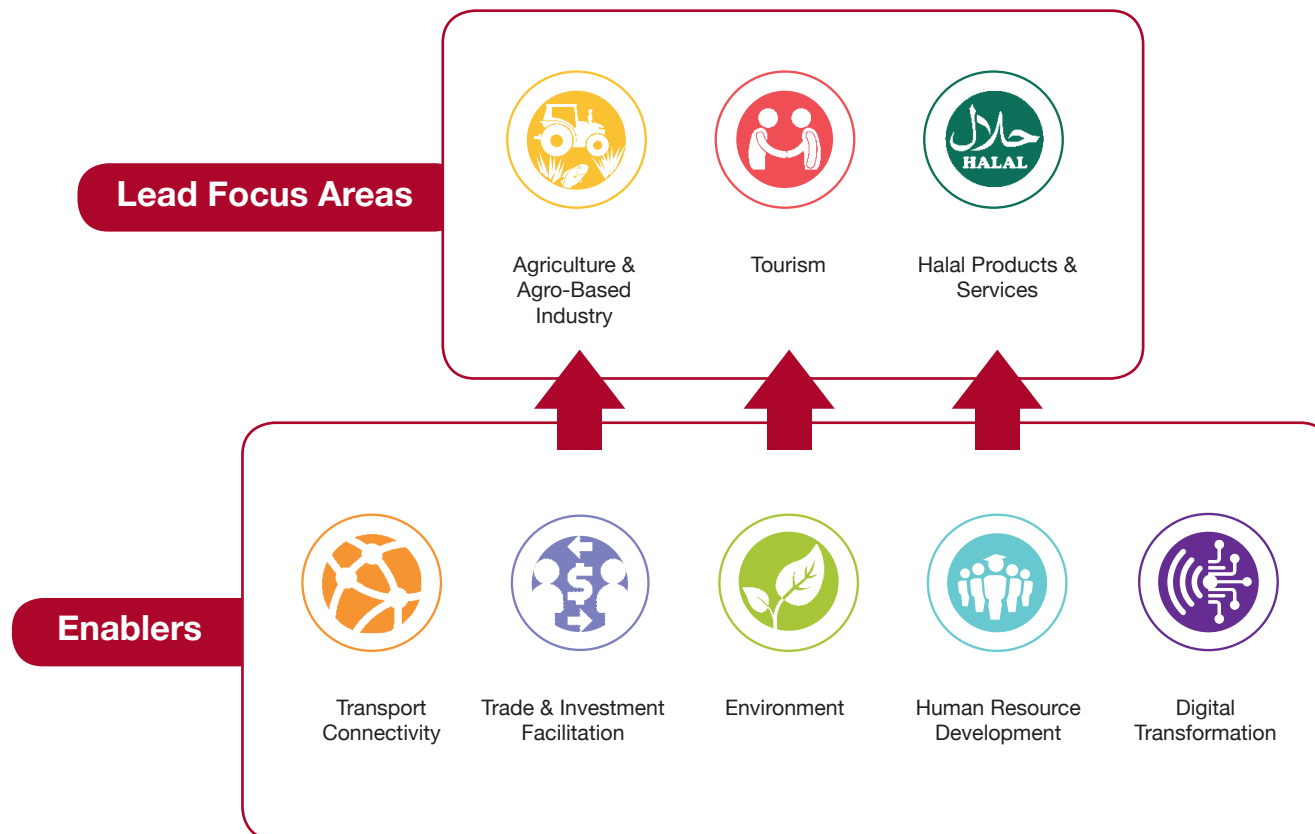
Aligning Implementation Blueprint 2022–2026 with IMT-GT Vision 2026, Sustainable Development Goals, and ASEAN Comprehensive Recovery Framework

IB 2022–2026: Strategic Directions	IMT-GT Vision 2036	Sustainable Development Goals (SDGs)	ASEAN Comprehensive Recovery Framework
Corridor-centric approach to regional integration	<ul style="list-style-type: none"> Integration Innovation Inclusivity 	<ul style="list-style-type: none"> Goal 8: Decent work and economic growth Goal 9: Industry, innovation, and infrastructure Goal 10: Reduced inequalities 	<ul style="list-style-type: none"> Broad Strategy 3: Maximizing the potential of intra-ASEAN market and broader economic integration
Private sector-driven growth	<ul style="list-style-type: none"> Integration Innovation 	<ul style="list-style-type: none"> Goal 8: Decent work and economic growth Goal 9: Industry, innovation, and infrastructure 	<ul style="list-style-type: none"> Broad Strategy 3: Maximizing the potential of intra-ASEAN market and broader economic integration
A highly responsive institutional set up	<ul style="list-style-type: none"> Integration 	<ul style="list-style-type: none"> Goal 17: Partnership for the goals 	<ul style="list-style-type: none"> Broad Strategy 3: Maximizing the potential of intra-ASEAN market and broader economic integration
Inclusive growth	<ul style="list-style-type: none"> Inclusivity 	<ul style="list-style-type: none"> Goal 8: Decent work and economic growth Goal 10: Reduced inequalities 	<ul style="list-style-type: none"> Broad Strategy 2: Strengthening human security Broad Strategy 4: Accelerating inclusive digital transformation
Green, blue, and circular economy	<ul style="list-style-type: none"> Sustainability Inclusivity 	<ul style="list-style-type: none"> Goal 11: Sustainable cities and communities Goal 12: Responsible consumption and production Goal 13: Climate action Goal 14: Life below water Goal 15: Life on land 	<ul style="list-style-type: none"> Broad Strategy 5: Advancing toward a more sustainable and resilient future

LEAD FOCUS AREAS AND ENABLERS

Three focus areas—agriculture and agro-based industry, tourism, and halal products and services—have been earmarked to spearhead IMT-GT’s cooperation and integration efforts over the IB 2022–2026 period. The three focus areas will be supported by five other focus areas that act as enablers: transport connectivity, trade and investment facilitation, environment, human resource development, and digital transformation. The Focus Area on Digital Transformation is a new addition to the IB.

Lead Focus Areas and Enablers



FOCUS AREA STRATEGIC FRAMEWORK

Each focus area is guided by a **focus area strategic framework**, which consists of the focus area's **goal(s), objectives, and strategies**. The framework illustrates the strategic direction of the respective focus areas. Each objective is assigned one or more **specific, measurable, achievable, relevant, and time-bound (SMART) indicators** to measure progress over time.

An Action-Oriented Plan

An action plan accompanies every focus area. It translates each focus area strategy into priority actions and specifies the expected timelines for implementing the actions. A majority of the actions fall into two broad groups:

- **Actions to be implemented during the first half of IB 2022–2026.** These actions aim to ensure a rapid and sustained **post-COVID-19 pandemic recovery**.
- **Action to be implemented throughout the IB 2022–2026 period.** These actions aim to enhance **the fundamentals critical for the longer-term development of IMT-GT**.

THE LEAD FOCUS AREAS: SPURRING RECOVERY AND PROPELLING GROWTH

Agriculture and Agro-Based Industry



The Focus Area on Agriculture and Agro-Based Industry is designed to achieve the following goals of IMT-GT Vision 2036: (i) sustainable, inclusive, and innovative agriculture sector; and (ii) competitive, innovative, and advanced industrial base. To achieve these goals, IMT-GT will strive **to improve the sustainability and innovation of its agriculture sector; establish priority agro-based industries (palm oil and rubber-based industries, among others); and adopt green, blue, and circular economy models in the development of its agriculture and agro-based industry.**

To realize the **objectives**, the Working Group on Agriculture and Agro-Based Industry will implement **three key strategies**:

- Undertake collaborative projects to promote sustainable and knowledge-intensive agricultural practices.
- Develop priority agro-based industries, such as food, rubber, palm oil, medicinal plants, palm-based biomass, and “superfruits” (high-nutrition and high-value fruits), using, among others, cross-border value chain and economic zones as the key tools.
- Integrate green, blue, and circular economy concepts into the agricultural supply chains of IMT-GT.



Tourism

Over the IB 2022–2026 period, the IMT-GT aims to become a top tourist destination that is sustainable, inclusive, and competitive. More specifically, the focus area plans to achieve the following three outcomes: **(i) safely reopened tourism sector with sustained growth; (ii) well-developed and connected priority thematic cross-border tourism circuits; and (c) enhanced sustainability, inclusivity, and competitive advantages of the subregion as a tourist destination.**

To realize the objectives, the Working Group on Tourism will undertake **five major strategies**:

- Facilitate a safe reopening for the tourism sector.
- Encourage domestic and subregional tourism and transform the tourism sector into high-end and low-density tourism (as opposed to mass and low-cost tourism).
- Improve the connectivity between the subregion's strategic areas to support selected thematic cross-border tourism circuit development.
- Enhance the sustainability, inclusivity, and competitive advantages of the subregion as a tourist destination.
- Market the subregion as a single tourism destination.

Halal Products and Services



This focus area will continue to **build on the Islamic economy ecosystems**. Special attention will also be given to **leveraging the IMT-GT platform to penetrate the global halal market**. This focus area aims to realize the following objectives by 2026:

- greater global acceptance of halal standards among IMT-GT member countries,
- a larger pool of technical experts and professionals in halal-related industries,
- halal export-oriented small and medium-sized enterprises (SMEs),
- more halal manufacturers and service providers, and
- better access of consumers to halal products and services.

To realize the goal and objectives, the Working Group on Halal Products and Services will undertake the following **nine priority strategies**:

- Facilitate and promote national halal logos, standards, and certification schemes for halal products and services.
- Facilitate and conduct joint promotion of national halal logos and undertake collaborative actions to promote recognition of halal products and services of member countries.
- Develop a halal curriculum to produce a larger pool of technical experts and professionals in halal-related industries.
- Exchange halal expertise.

- Encourage more collaboration between halal SMEs and large local corporations and multinationals.
- Promote halal-related trade promotional events within IMT-GT.
- Provide halal knowledge to industry players.
- Improve the efficiency of the halal certification process.
- Cross-sectoral collaboration in information access.

THE ENABLERS: FACILITATING INTEGRATION

Transport Connectivity



The focus area on transport connectivity will play its part in supporting the growth of the IMT-GT economy through promoting seamless, inclusive, sustainable, safe, and secure transport services and networks. To this end, the working group will strive to achieve the following objectives (outcomes):

- seamless interstate transport operation in IMT-GT,
- greater people mobility within IMT-GT,
- better air linkages with increased flight capacity and frequency,
- enhanced maritime connectivity, and
- greater transport infrastructure capacity.

To realize the objectives, the working group will implement the following **five key strategies**:

- Finalize and implement the ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST).
- Finalize and implement the ASEAN Framework Agreement on the Facilitation of Cross-Border Transport of Passengers by Road Vehicles (CBTP).
- Implement the 2018 Revised IMT-GT MOU on Air Linkages.
- Enhance maritime connectivity, including improving container throughput and promoting Ro-Ro ferry services and cruise shipping.
- Intensify the implementation of the physical connectivity projects (PCPs) in the six ECs.

Digital Transformation



This focus area aims to support IMT-GT to comprehensively use digital technologies and information and communication technology (ICT), which is vital for inclusive and competitive economic growth. To attain the goal, the Working Group on Digital Transformation will seek to deliver four key objectives:

- accelerating inclusive digital transformation,
- increasing digitally enabled cross-border commerce,
- enhancing competitiveness through 4IR technologies, and
- enhancing ICT and digital connectivity.

To achieve the objectives, the Working Group on Digital Transformation will implement **four priority strategies**:

- Promote digital commerce, digital transformation of micro, small, and medium-sized enterprises (MSMEs), reskilling and upskilling for employment, and creating opportunities.
- Promote and fast-track the implementation of the relevant initiatives and programs of the 2019 ASEAN Agreement on E-Commerce.
- Leverage 4IR technologies for business efficiency and productivity.
- Improve and upgrade ICT and digital infrastructure and services.

Trade and Investment Facilitation



The focus area aims to promote IMT-GT to be a trade and investment-friendly subregion by 2026. It seeks to deliver three main outcomes (objectives):

- minimizing disruption to cross-border trade;
- increasing in trade and investment; and
- establishing a network of interconnected and competitive economic zones.

To achieve the outcomes, the Working Group on Trade and Investment will implement the following **five key strategies**:

- Increase transparency by sharing information on new trade and trade-related measures that have been introduced in response to the COVID-19 pandemic.
- Establish a coordinated approach to support initiatives that facilitate cross-border trade.
- Operationalize the IMT-GT Framework of Cooperation on Customs, Immigration, and Quarantine (CIQ).
- Establish baselines on intra-IMT-GT trade and foreign direct investment (FDI) inflows to the selected special economic zones (SEZs) or economic zones for performance monitoring.

Adopt the “coopetition approach” for SEZ development as recommended by the Asian Development Bank (ADB) Study on Special Economic Zones in the Indonesia–Malaysia–Thailand Growth Triangle: Opportunities for Collaboration.

Environment



IMT-GT aims to be an international showcase of sustainable urban development and a role model in natural resource management and biodiversity conservation. There are two specific objectives in IMT-GT’s environmental cooperation agenda: **(i) more IMT-GT cities will adopt and implement the Sustainable Urban Development Framework (SUDF) and Green City Action Plan (GCAP); and (ii) IMT-GT’s natural capital, such as the adjacent national parks, other protected areas, and migratory species, are effectively managed and conserved under subregional cooperative efforts.**

To realize the goal and objectives, the Working Group on Environment will implement **three main strategies**:

- Adopt and implement the SUDF and Action Plan.
- Undertake coordinated efforts for the sustainable management of the natural resources in IMT-GT, such as forests, water, and wildlife.
- Enhance collaboration in the management and restoration of adjacent ecosystems (e.g., watersheds, and breeding grounds and migration routes of animals).

Human Resource Development



This focus area aims to have a competitive workforce, enhanced labor mobility, improved labor market efficiency, and strong people-to-people connectivity by 2026. To this end, the Working Group on Human Resource Development (WGHRD) will work toward delivering the following outcomes:

- improved workforce competitiveness,
- synchronized competency skill standards, and
- efficient labor market information sharing.

To achieve the goal and objectives, the WGHRD will implement **four main strategies**:

- Implement demand-driven skills training.
- Undertake capacity building and knowledge exchange.
- Pilot skills competency recognition in selected professions in IMT-GT.
- Enhance labor mobility through an IMT-GT labor market information sharing system.

FLAGSHIP PROJECTS AND PHYSICAL CONNECTIVITY PROJECTS: IMPETUS FOR TRANSFORMATION AND BACKBONE FOR INTEGRATION

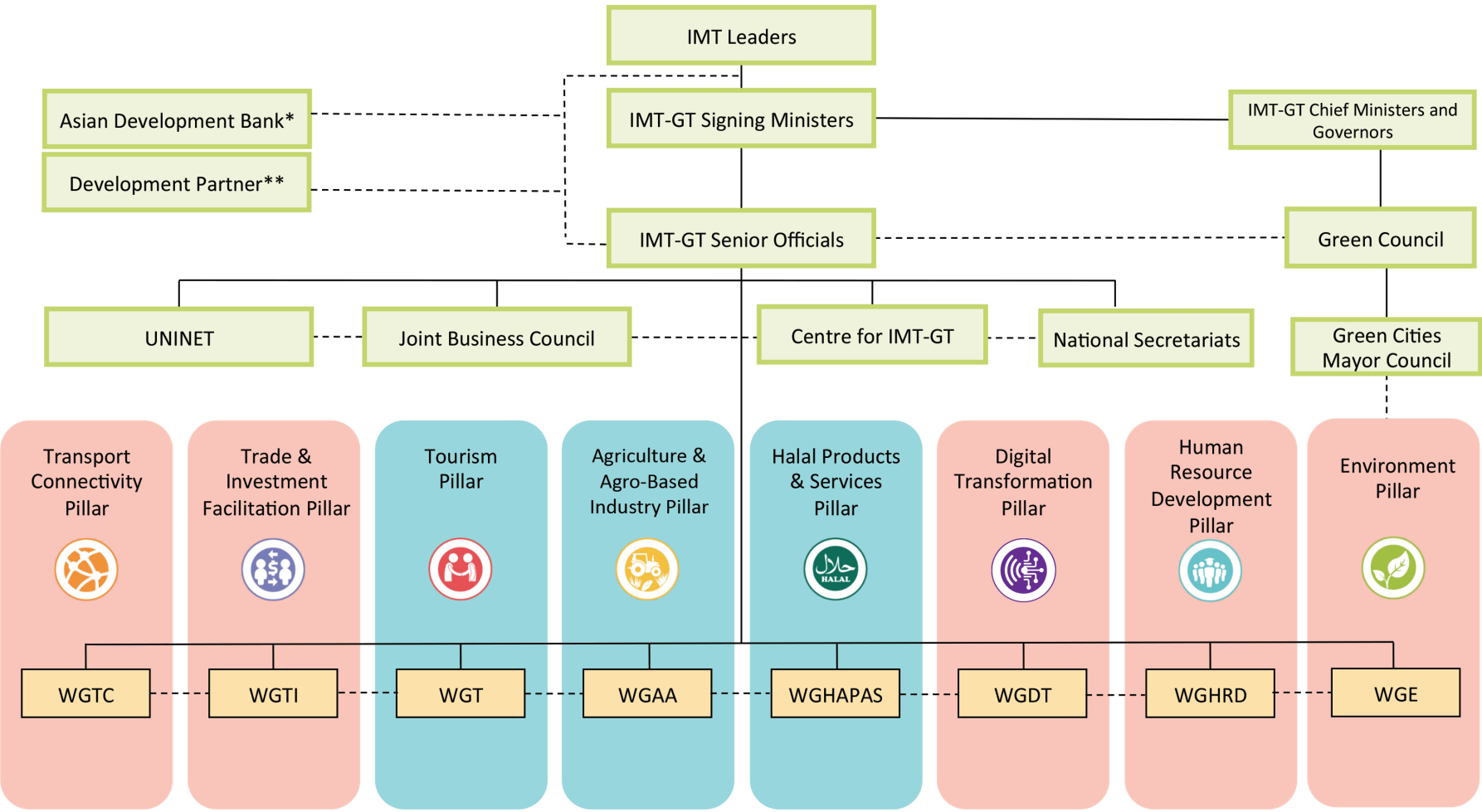
To give impetus to the implementation of IB 2022–2026, the IMT-GT has identified **16 flagship projects**. They are to lead the transformation in IMT-GT and accelerate the realization of IMT-GT Vision 2036. IMT-GT will continue to accord high priority to implementing **physical connectivity projects (PCPs)**. PCPs are the backbone of integrating IMT-GT and the Master Plan on ASEAN Connectivity. They are especially critical for the success of the corridor-centric approach to regional integration as advocated under IB 2022–2026.

INSTITUTIONAL SETUP: DELIVERING RESULTS

IB 2022–2026 aims to put in place **a highly responsive institutional setup** in IMT-GT by **building on the key strengths of the existing institutional structure**. Some refinement, however, will be made to further enhance project delivery and the cohesiveness of IMT-GT bodies—e.g., the elevation of the University Network (UNINET) as an IMT-GT think tank and the creation of the Working Group on Digital Transformation. IB 2022–2026 stresses the need to have **more frequent convergence meetings to ensure closer cross-sectoral collaboration and the creation of more project implementation teams (PITs) for effective project delivery**. IB 2022–2026 underscores the role of the Centre for IMT-GT Subregional Cooperation (CIMT) in **integrative planning and as convenor of convergence meetings**.

IB 2022–2026 aims to further mainstream the **results-based project management system** as advocated under the **IMT-GT Project Manual**. This is to ensure the strategies and actions of IB 2022–2026 are translated into realistic, sound, and implementable projects. To secure adequate **funding for projects**, the CIMT will adopt a holistic and systematic approach toward raising project funds, covering the following mutually reinforcing strategies: (i) mainstreaming results-based project development and management, (ii) devoting adequate resources for partnership building, and (iii) staying persistent and strategic in raising project funds.

Institutional Setup of IMT-GT



* Appointed by IMT-GT member countries

** Granted by IMT-GT Signing Ministers

ABBREVIATIONS

4IR	Fourth Industrial Revolution	MOU	memorandum of understanding
AAGR	average annual growth rate	MSMEs	micro, small, and medium-sized enterprises
ACRF	ASEAN Comprehensive Recovery Framework	NCER	Northern Corridor Economic Region
ADB	Asian Development Bank	PCP	physical connectivity project
AEC	ASEAN Economic Community	PIT	project implementation team
AFAFIST	ASEAN Framework Agreement on the Facilitation of Inter-State Transport	PPP	purchasing power parity
ASEAN	Association of Southeast Asian Nations	R&D	research and development
BCP	border crossing point	SAP	strategic action plan
CBTP	Cross-Border Transport of Passengers by Road Vehicles	SDG	Sustainable Development Goals
CIMT	Centre for IMT-GT Subregional Cooperation	SEZ	special economic zone
CIQ	customs, immigration, and quarantine	SMART	specific, measurable, achievable, relevant, and time-bound
CMGF	Chief Ministers and Governors' Forum	SMEs	small and medium-sized enterprises
COVID-19	coronavirus disease 2019	SOM	senior officials' meeting
DEEP	Danish Energy Efficiency Partners	SUDF	Sustainable Urban Development Framework
EC	economic corridor	UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ESG	environmental, social, and governance	UNESCO	United Nations Educational, Scientific and Cultural Organization
FDI	foreign direct investment	UNINET	University Network
GCAP	Green City Action Plan	WGHRD	Working Group on Human Resource Development
GCMC	Green Cities Mayor Council	WGHRDEC	Working Group on Human Resource Development, Education and Culture
GDP	gross domestic product		
GHG	greenhouse gas		
GT	Growth Triangle		
HRD	human resource development		
IB	Implementation Blueprint		
ICT	information and communication technology		
IGES	Institute for Global Environmental Strategies		
IMT	Indonesia–Malaysia–Thailand		
IMT-GT	Indonesia–Malaysia–Thailand Growth Triangle		
IPA	investment promotion agency		
IsDB	Islamic Development Bank		
JBC	Joint Business Council		
M&E	monitoring and evaluation		

NOTE: “\$” refers to United States dollars.



CHAPTER 01

ABOUT INDONESIA-MALAYSIA-THAILAND GROWTH TRIANGLE AND ITS VISION

INDONESIA–MALAYSIA–THAILAND GROWTH TRIANGLE

Established in 1993, the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) provides a regional framework for accelerating the economic transformation of its member provinces and states. The IMT-GT initiative plays a vital role in **narrowing the development gaps** within the overall context of the national and subregional economies.

IMT-GT not only promotes **private-sector-led growth** but also places **subnational governments** at the heart of its efforts to accelerate subregional economic and social development.

IMT-GT seeks to attain **regional economic integration** based on the **economic complementarities** of its member provinces and states. Differences in structures and costs of both inputs and outputs across the participating provinces and states have given rise to positive transboundary flows in trade and investment.

The economic complementarities are enhanced by the geographical proximity and close historical, cultural, and linguistic ties of the member provinces and states. IMT-GT Vision 2036 demonstrated the existence of economic complementarities among the participating territories of IMT-GT. The economic actors in the subregion explored and exploited these complementarities with some degree of success.¹

The subregion is **also the main building block of the ASEAN [Association of Southeast Asian Nations] Economic Community (AEC)**. The IMT-GT serves as an effective **platform for fast-tracking the implementation of ASEAN agreements and initiatives**. This is because, compared with ASEAN, IMT-GT has a smaller membership and is lighter institutionally.

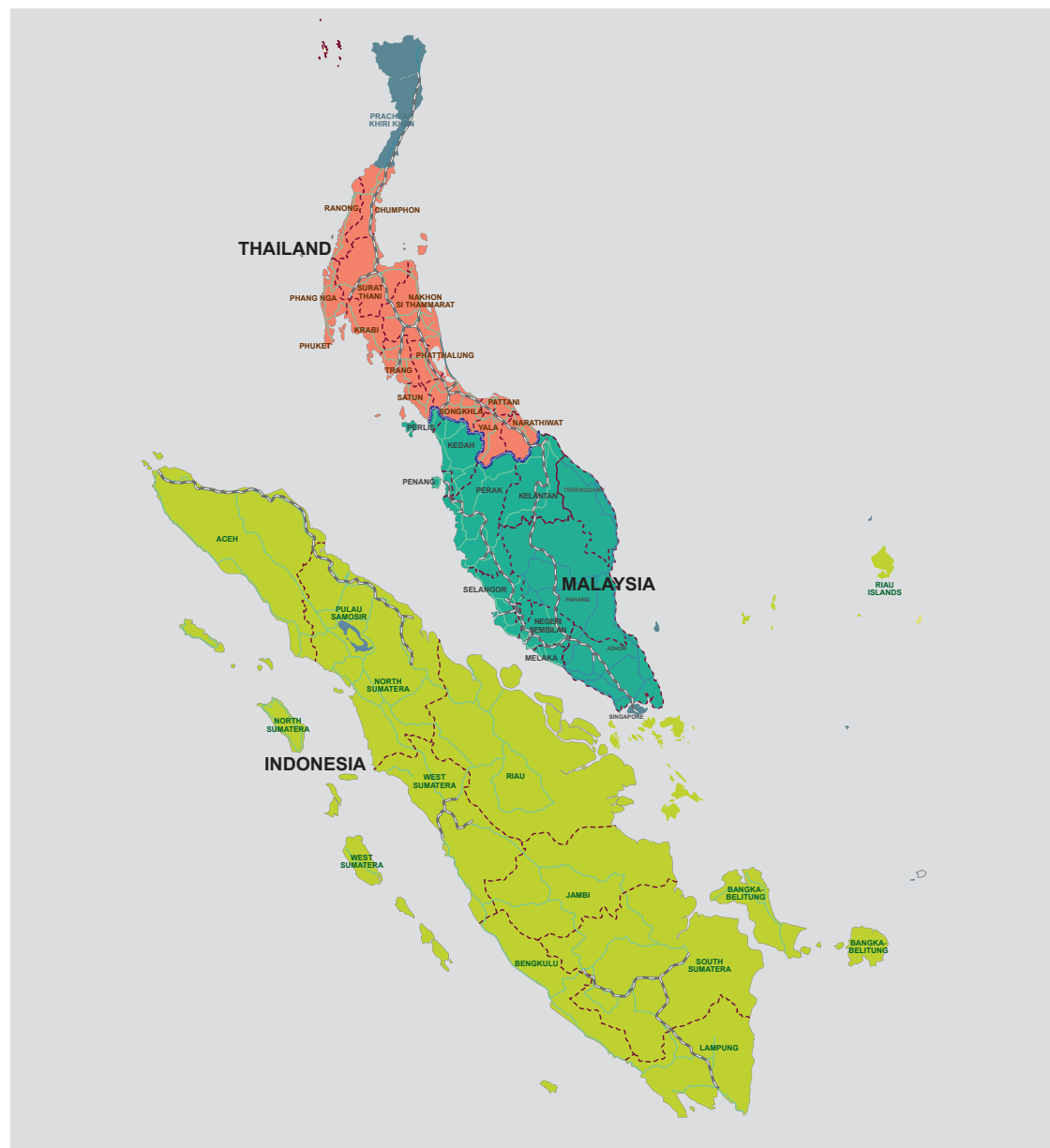
¹ IMT-GT Vision 2036.

KEY FACTS

IMT-GT comprises 10 provinces of Sumatra, Indonesia (Indonesia-GT), 11 states in Peninsular Malaysia (Malaysia-GT), and 14 provinces in the southern region of Thailand (Thailand-GT), as listed below and shown in the Map of IMT-GT. The total land area of IMT-GT is about 683.3 thousand square kilometers.³

- Indonesia: Aceh, Bangka Belitung, Bengkulu, Jambi, Lampung, North Sumatra, Riau, Riau Islands, South Sumatra, and West Sumatra
- Malaysia: Johor, Kedah, Kelantan, Melaka, Negeri Sembilan, Pahang, Penang, Perak, Perlis, Selangor, and Terengganu⁴
- Thailand: Chumphon, Krabi, Nakhon Si Thammarat, Narathiwat, Pattani, Phang Nga, Phatthalung, Phuket, Ranong, Satun, Songkhla, Surat Thani, Trang, and Yala

Map 1: IMT-GT



IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.
Source: Centre for IMT-GT Subregional Cooperation.

³ Calculated based on data from Centre for IMT-GT Subregional Cooperation (CIMT). 2021. IMT-GT at a Glance: A Statistical Information Brief; and Department of Statistics Malaysia.

⁴ During the 13th IMT-GT Summit held in October 2021, the Prime Minister of Malaysia announced that Johor, Pahang, and Terengganu (states in Peninsular Malaysia) would become new members of IMT-GT.

IMT-GT VISION 2036

IMT-GT's vision is to be an **integrated, innovative, inclusive, and sustainable** subregion by 2036, as outlined in the IMT-GT Vision 2036 document adopted by the 10th IMT-GT Summit held in Manila in April 2017. To realize the vision, the subregion focuses on delivering **three priority goals**:

- sustainable, inclusive, and innovative agriculture sector;
- competitive, innovative, and advanced industrial base; and
- sustainable, inclusive, and competitive cross-border tourism.

IMT-GT adopts the following **three mutually reinforcing approaches** to ensure the subregion's success:

- project-centric approach toward greater regional integration,
- project-specific and location-specific regulatory reforms (joint debottlenecking effort), and
- spatial approach to regional development.

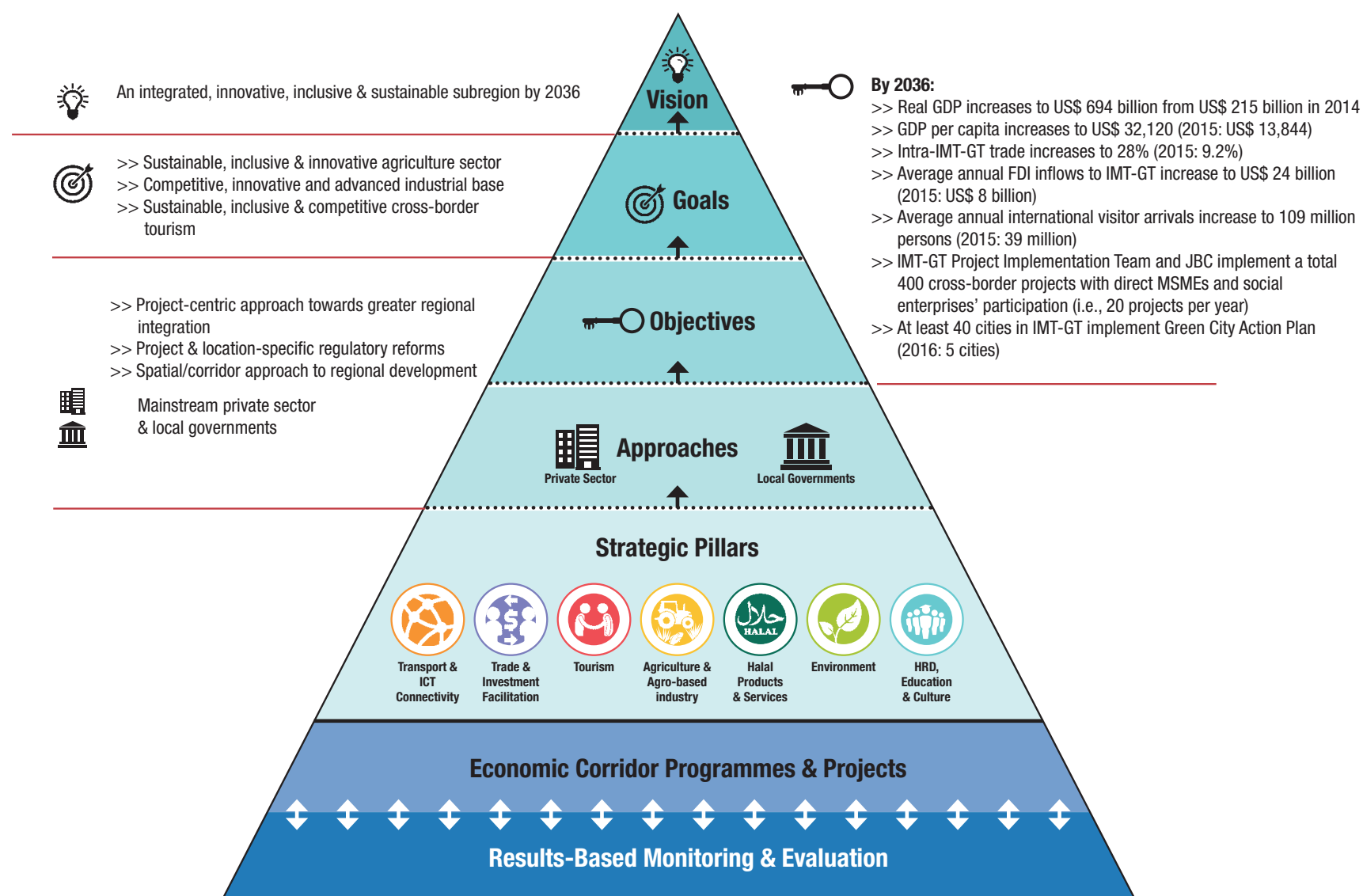
IMT-GT places the **private sector and local governments** at the heart of its efforts to accelerate subregional economic and social development. These two key stakeholders will take strong ownership and be the main drivers of IMT-GT projects. Together with the local community, they will be the direct beneficiaries of IMT-GT projects.

The following **eight strategic pillars to support Vision 2036** have been carefully identified as key focus areas that could produce the most significant economic and social impact on the subregion during 2017–2036: (i) agriculture and agro-based industry, (ii) tourism, (iii) halal products and services, (iv) transport connectivity, (v) trade and investment facilitation, (vi) environment, (vii) human resource development (HRD), and (viii) digital transformation.² To accelerate the strategic shift toward results, IMT-GT will mainstream the **results-based monitoring and evaluation (M&E) system** as outlined in the IMT-GT Project Manual.

² The strategic pillars have been revised (see Chapter 2 for the reasons for the revision).

GUIDING FRAMEWORK

Figure 1: Guiding Framework of IMT-GT Vision 2036



FDI = foreign direct investment, GDP = gross domestic product, HRD = human resource development, ICT = information and communication technology, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, JBC = Joint Business Council, MSMEs = micro, small, and medium-sized enterprises.

Source: IMT-GT Vision 2036.

IMT-GT was home to about 92.5 million people⁵ in 2021, equivalent to 24.9% of the population of Indonesia–Malaysia–Thailand (Figure 2). In the same year, IMT-GT had a labor force of 46 million, accounting for 23.9% of IMT’s labor force (Figure 3).

Figure 2: IMT-GT’s Share of Total IMT Population, 2021 (%)

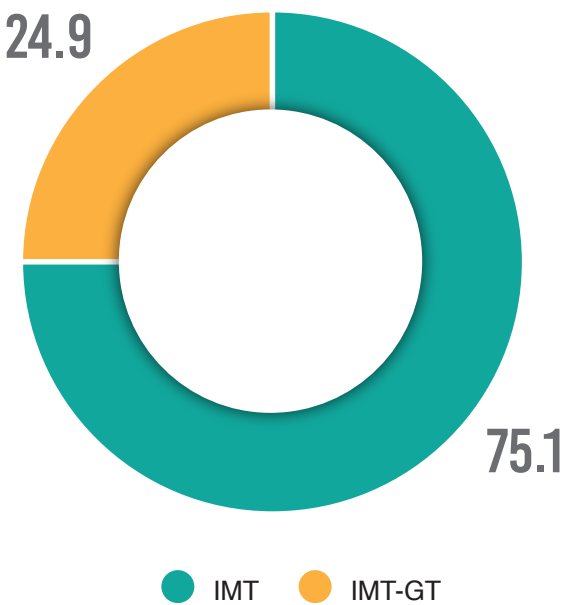
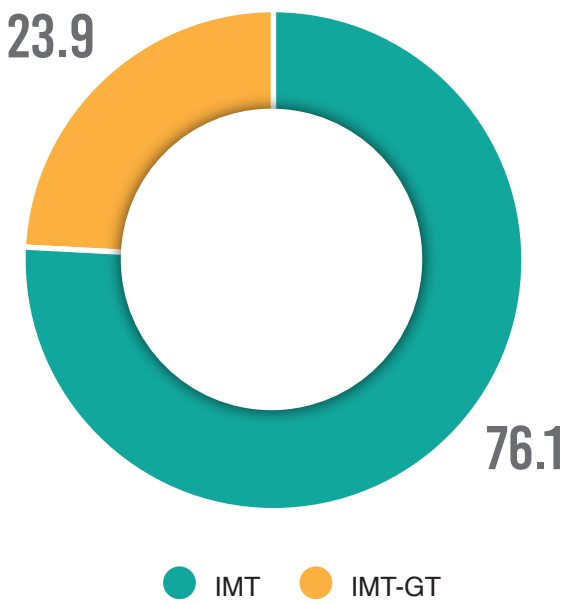


Figure 3: IMT-GT’s Share of Total IMT Labor Force, 2021 (%)



IMT = Indonesia–Malaysia–Thailand, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.
Sources: Calculated based on data from Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*; Department of Statistics Malaysia; and ASEAN Secretariat. 2021. *ASEAN Statistical Yearbook 2021*.

In 2020, the IMT-GT trade in goods valued at \$470 billion accounted for about 43% of the total IMT trade (Figure 4) and 18% of the ASEAN trade (Figure 5). The IMT-GT economy constitutes roughly 23.0% in 2020 of the combined economies of IMT (Figure 6) and about 14.55% of ASEAN’s gross domestic product (GDP) in 2020 (Figure 7).

⁵ Centre for IMT-GT Subregional Cooperation.

Figure 4: IMT-GT's Share of Total IMT Trade in Goods, 2020 (%)

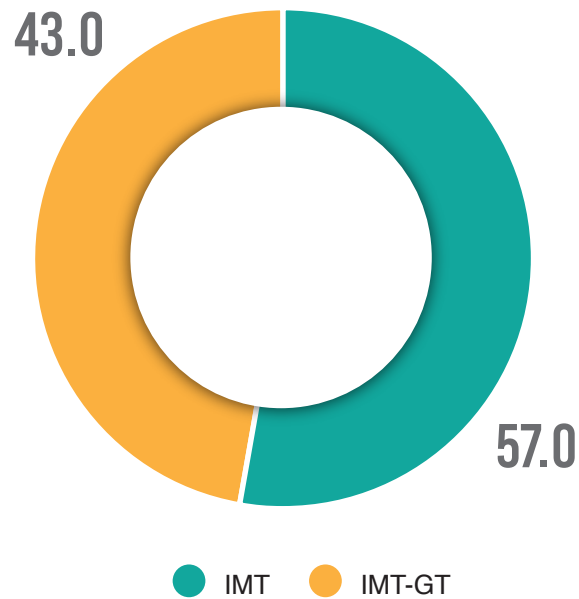


Figure 5: IMT-GT's Share of Total ASEAN Trade in Goods, 2020 (%)

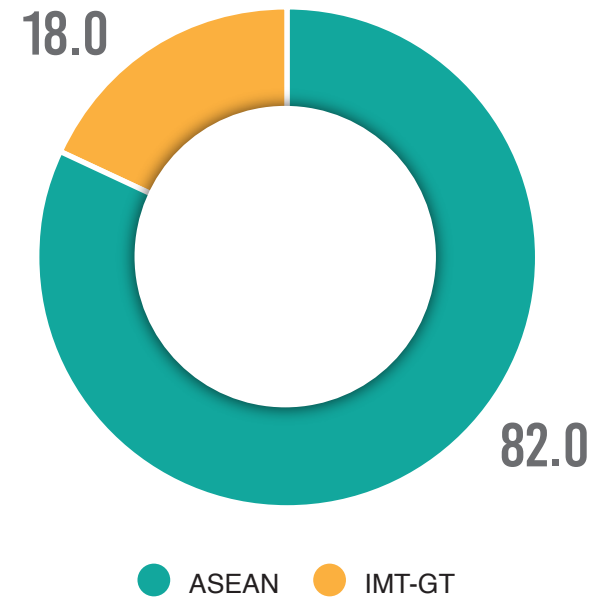


Figure 6: IMT-GT's Share of Total IMT Gross Domestic Product, 2020 (%)

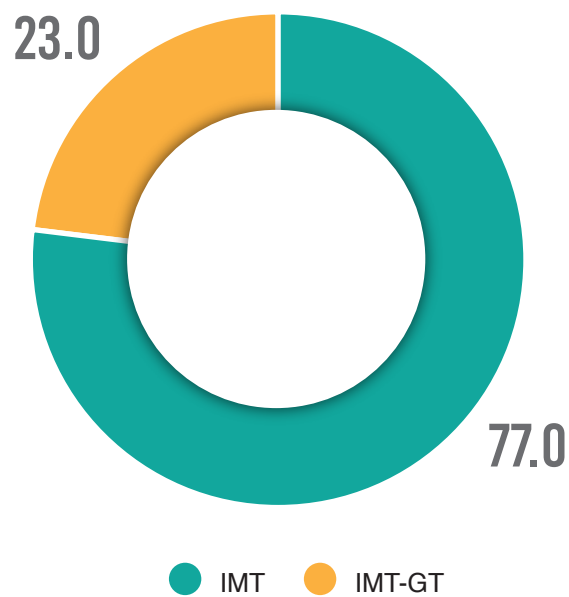
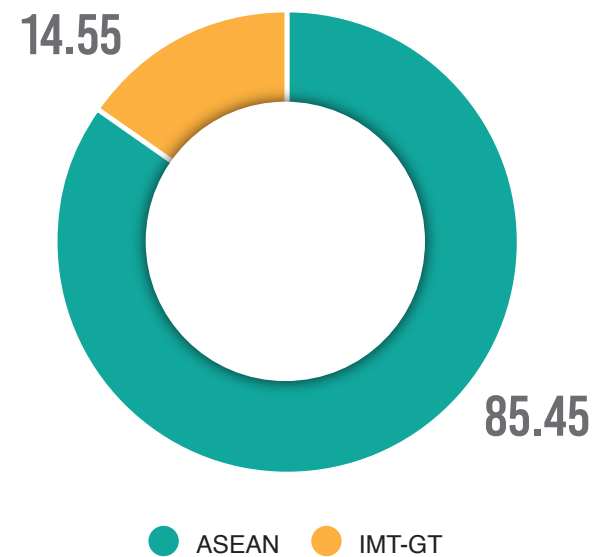


Figure 7: IMT-GT's Share of Total ASEAN Gross Domestic Product, 2020 (%)



ASEAN = Association of Southeast Asian Nations, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

Note: It does not include the gross domestic product (GDP) of Johor, Pahang, and Terengganu. 2020 data were not available at the time of writing (February 2022).

Source: Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.



CHAPTER 02

**AN OVERVIEW OF
IMPLEMENTATION BLUEPRINT 2022–2026**

FORMULATION OF THE IMPLEMENTATION BLUEPRINT 2022–2026: STAKEHOLDER INPUT IS CRUCIAL

The IMT-GT IB 2017–2021 expired in December 2021, and a new IB is therefore needed to guide the IMT-GT cooperation over the next 5 years (2022–2026). Developing IB 2022–2026 started in April 2021 (Figure 8) through extensive stakeholder consultations to ensure a high level of ownership of the medium-term plan. In particular, a participatory process was applied in which all key stakeholders were given a venue to shape the IB into a strategic yet actionable plan.

The IB 2022–2026 Study Team and the Centre for IMT-GT Subregional Cooperation (CIMT) Subregional Cooperation, i.e., the IB project's executive agency, consulted more than 600 key stakeholders during April–September 2021. The consultations were mostly done through a series of online sectoral working group meetings, national secretariat meetings, task force meetings on IB 2022–2026,⁶ senior officials' meetings (SOMs), ministerial retreat, and ministerial meeting. During these meetings, views and inputs of the national and subnational governments, subregional bodies, partner organizations, private sector, academia, and civil society were sought. With the support of the national secretariats, the study team members also conducted national workshops and focus group discussions at the national and provincial/state levels.

As part of the participatory approach to the IB preparation process, online surveys targeting both the public and private stakeholders were carried out at the subregional⁷ and national⁸ levels from June to July 2021. The surveys enabled the team to capture feedback from various stakeholders.

⁶ The task force comprises IMT-GT technical experts and key policy makers. It provides strategic guidance and technical input to the IB formulation process.

⁷ Targeted the working group and the Joint Business Council (JBC) members.

⁸ Targeted the national and provincial government officials and the JBC members in Indonesia.

Figure 8: Implementation Blueprint 2022–2026 Formulation Process



IB = Implementation Blueprint, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle,

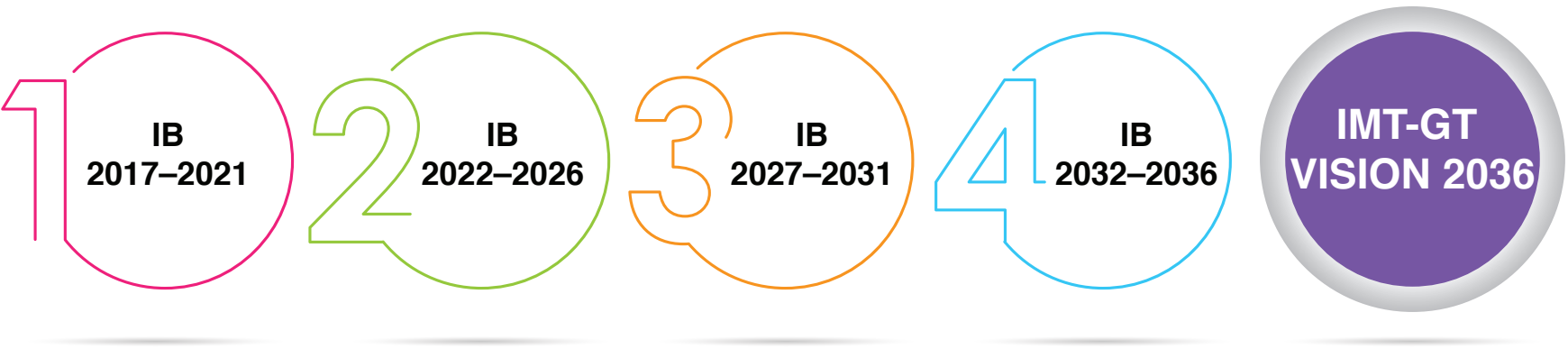
Source: Centre for IMT-GT Subregional Cooperation.

KEY ELEMENTS OF IMPLEMENTATION BLUEPRINT 2022–2026: ENSURING CONTINUITY AND CONSISTENCY

The IMT-GT Vision 2036 is being operationalized through four successive five-year IBs (Figure). IB 2022–2026 is the second medium-term strategic and action plan to achieve the IMT-GT’s long-term and priority goals. The key characteristics and structure of IB 2022–2026 are similar to its predecessor, IB 2017–2021, including the guiding approaches, strategic pillars/focus areas, key stakeholders, economic corridor (EC) approach, and results-based project management system.

Member countries are acutely aware of the rapidly changing economic and social landscape in the subregion. Moving forward, IMT-GT needs to constantly reinvent itself to stay relevant, resilient, and competitive. While IB 2022–2026 must continue to build on the key strengths and achievements of IB 2017–2021, it must also **find new ways to stay ahead of the curve and gain a competitive edge**. Such consistencies are important so that the contribution of each of the four successive five-year IBs toward realizing Vision 2036 can be systematically monitored and evaluated. For this purpose, IB 2022–2026 will track and monitor the same set of objectives and corresponding indicators,⁹ as illustrated in Figure 10.

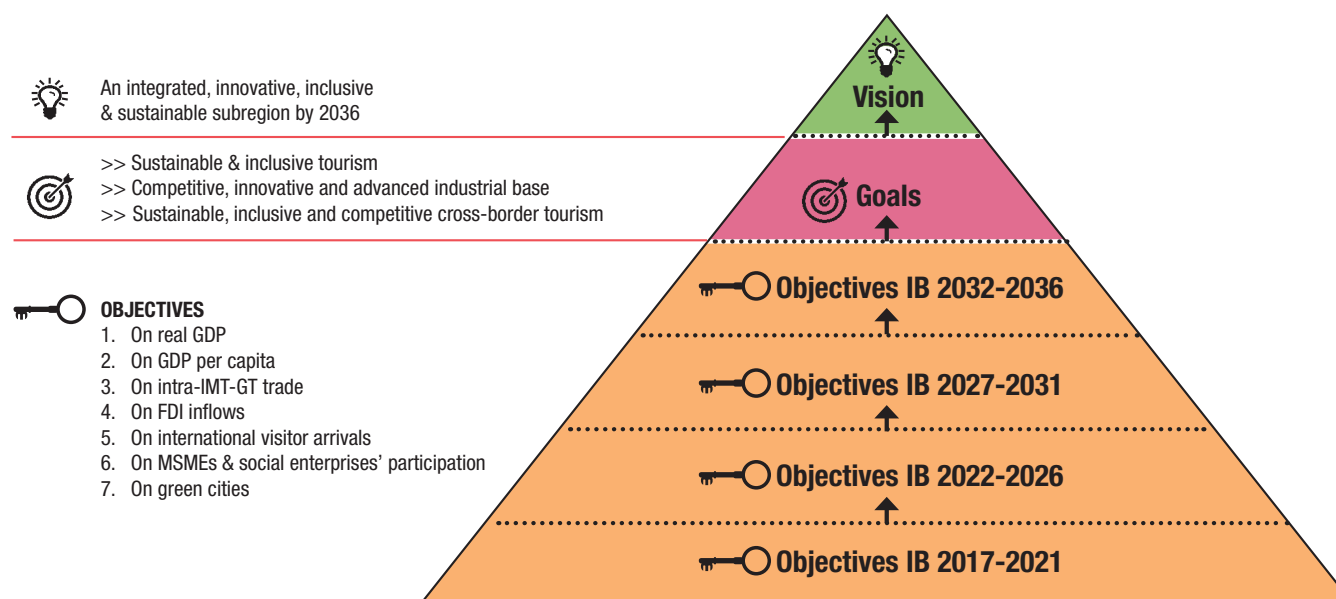
Figure 9: Four Successive Five-Year Implementation Blueprints



Source: IMT-GT Vision 2036.

⁹ Due to data limitations, some changes have been made to the selection of indicators (see Chapter 3).

Figure 10: Four Successive Implementation Blueprints with the Same Set of Objectives and Indicators



FDI = foreign direct investment, GDP = gross domestic product, IB = Implementation Blueprint, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, MSMEs = micro, small, and medium-sized enterprises.

Source: IMT-GT Vision 2036.

IB 2022–2026 will also continue to uphold the main thrusts and key features of IB 2017–2021. Like its predecessor, IB 2022–2026 adopts the **three mutually reinforcing guiding approaches** of IMT-GT Vision 2036:

- project-centric approach toward greater regional integration,
- project-specific and location-specific regulatory reforms, and
- spatial approach to regional development.

The first approach emphasizes the need to identify and implement catalytic projects that are scalable, replicable, and sustainable to propel IMT-GT to the next level of regional economic integration.

The second approach underlines the importance of instituting project-specific and/or location-specific **rules and regulatory changes** to accelerate project implementation. This may take place between designated port pairs or between border city and town pairs.

The third approach is in line with the **EC development approach** that aims at maximizing the economic network externalities of the IMT-GT ECs by improving physical connectivity, addressing software deficits, infusing innovation, and creating cross-border value chains.

Seven **strategic pillars**, also known as key **focus areas**, in IB 2017–2021 support Vision 2036. A new focus area has been added to IB 2022–2026, i.e., digital transformation,¹⁰ bringing the total focus areas to eight (Figure 11). These focus areas are earmarked to produce the most significant economic and social impact on the subregion during 2022–2026.

Figure 11: Eight Focus Areas of Implementation Blueprint 2022–2026



HRD = human resource development.

Source: Centre for IMT-GT Subregional Cooperation.

Similar to the previous blueprint, IB 2022–2026 will continue to place the **private sector and local governments** at the heart of IMT-GT's economic, social, and environmental cooperation agenda. These two key stakeholders will be encouraged to take strong ownership of and be the main drivers of IMT-GT projects. Together with the local community, they will be the direct beneficiaries of IMT-GT projects.

IB 2017–2021 initiated a strategic shift toward a **results-based project management system** as set out in the IMT-GT Project Manual. IB 2022–2026 aims to accelerate this shift. The system is expected to enhance IMT-GT project identification, formulation, selection, implementation, and monitoring and evaluation (M&E) processes.¹¹

¹⁰ Chapter 9 discussed in detail the reasons behind the creation of the Digital Transformation Focus Area as well as the adjustments made to the Human Resource Development Focus Area, among others.

¹¹ Chapter 9 provides a detailed discussion on the results-based project management system and its benefits.

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CHAPTER 03

CHARTING THE NEXT STEPS

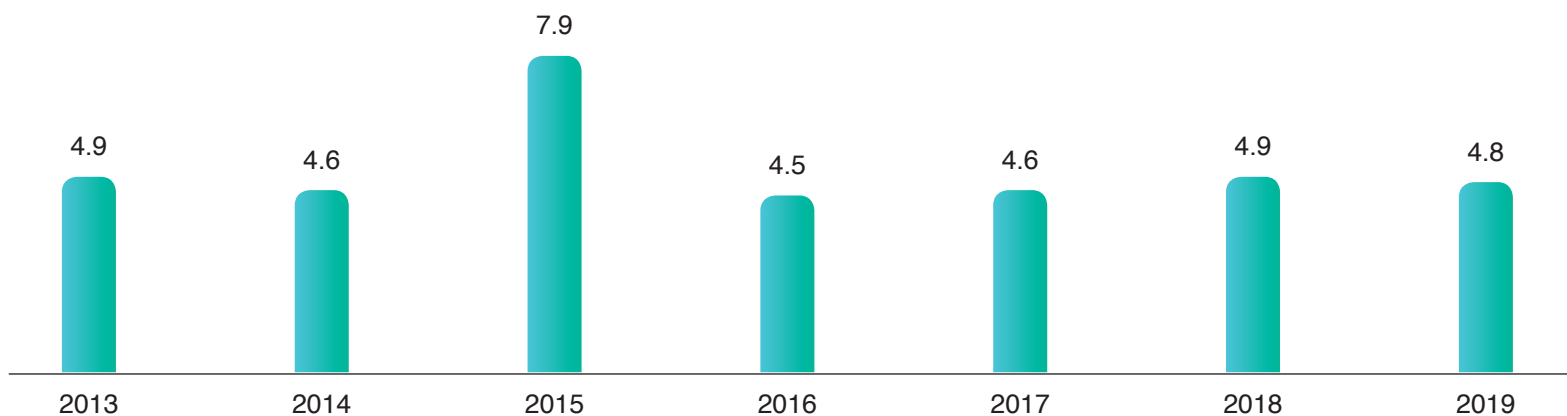
REVIEWING THE PERFORMANCE OF IMPLEMENTATION BLUEPRINT 2017–2021

IMT-GT must determine its current position before it can confidently chart the path forward. For this purpose, it is necessary to assess the subregion's performance in recent years, particularly during the IB 2017–2021 period. Special attention is given to identifying its strengths and weaknesses that provide valuable lessons for formulating IB 2022–2026.

SUSTAINED GROWTH FOR MOST OF THE 2010S

The IMT-GT leaders adopted the IMT-GT Vision 2036 and IB 2017–2021 at the 10th IMT-GT Summit Meeting in Manila in April 2017. It was a time when the subregion enjoyed a sustained economic expansion, with real GDP growing at an average rate of 5.3% per year during 2013–2017. The subregion's real GDP continued to expand at a healthy pace of 4.9% in 2018 and 4.8% in 2019 (Figure 12).

Figure 12: Growth of Gross Domestic Product in IMT-GT, 2013–2019



IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

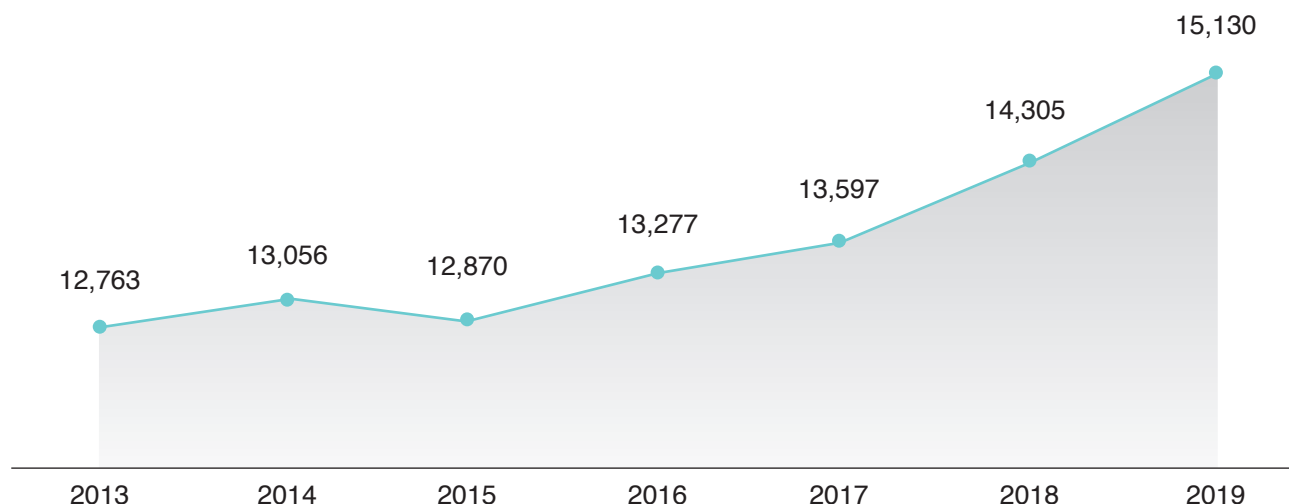
Notes:

1. The gross domestic product (GDP) is calculated at constant purchasing power parity (PPP) in 2011 international dollars.
2. It does not include the real gross domestic product (GDP) of Johor, Pahang, and Terengganu. 2020 data were not available at the time of writing (February 2022).

Source: Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

In tandem with the sustained GDP growth, the subregion's GDP per capita increased from \$12,763 in 2013 to \$15,130 in 2019 (Figure 13).

Figure 13: Gross Domestic Product per Capita in IMT-GT, 2013–2019



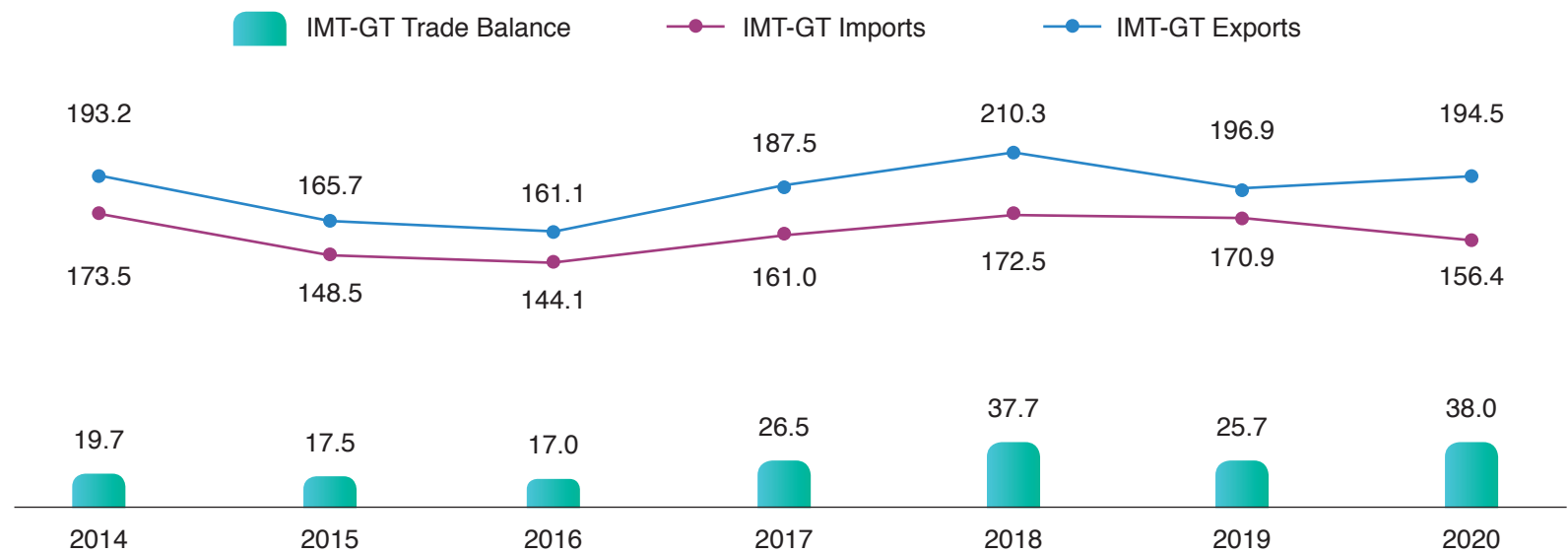
IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

Notes:

1. The gross domestic product (GDP) per capita is calculated at current purchasing power parity (PPP) \$.
 2. It does not include the GDP per capita of Johor, Pahang, and Terengganu. 2020 data were not available at the time of writing (February 2022).
- Source: Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

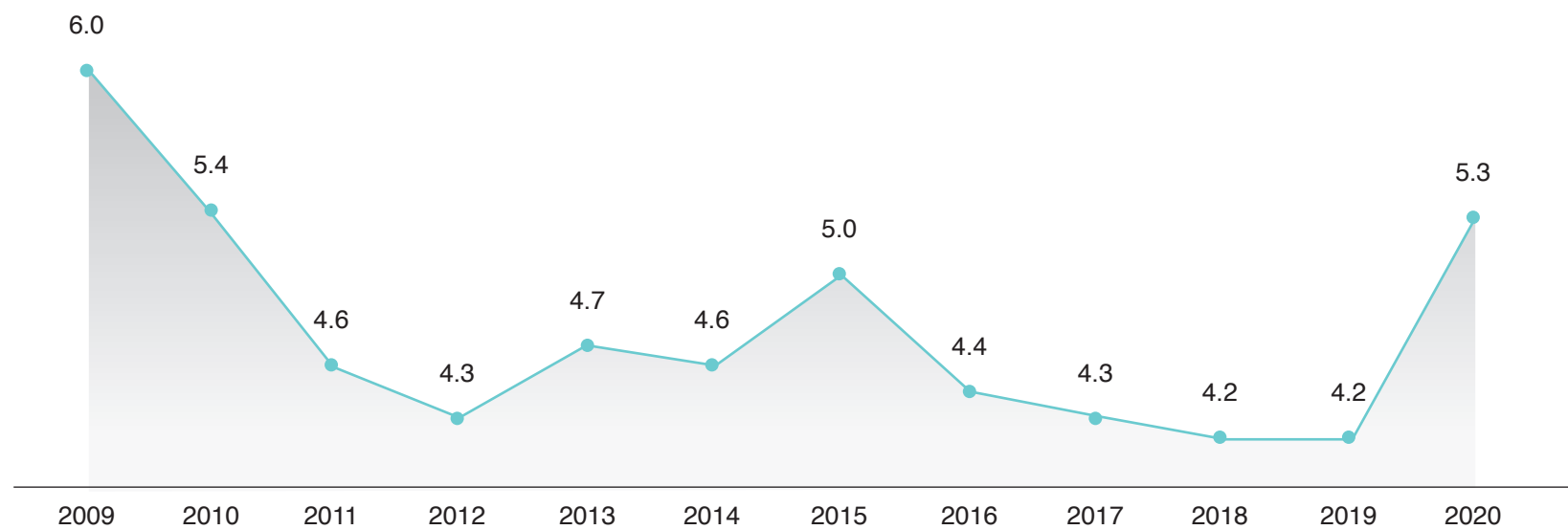
IMT-GT performed admirably for the most part of the 2010s, with its key economic and social indicators showing improvements, including (i) positive trade balances, as exports outpaced imports throughout 2014–2020 (Figure 14); (ii) a general downward trend in unemployment rates, from 6.0% in 2009 to 4.2% in 2019 (however, the unemployment rate went up to 5.3% in 2020 due to the dampening effect of the coronavirus disease 2019 (COVID-19) pandemic on the subregion's economy) (Figure 15); and (iii) a steady decline in the incidence of poverty, from 13.9% in 2007 to 8.6% in 2019 (Figure 16).

Figure 14: IMT-GT Trade in Goods, 2014–2020 (\$ billion)

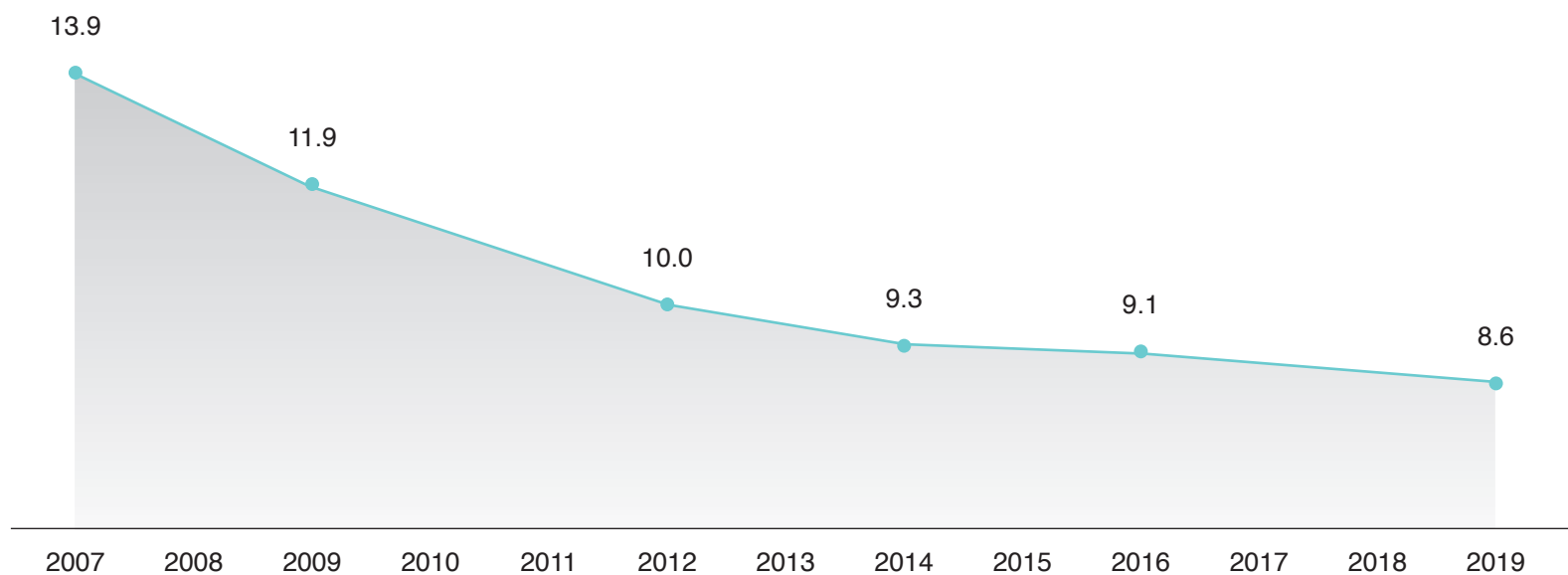


IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.
Note: It does not include the trade data of Johor, Pahang, and Terengganu.
Source: Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

Figure 15: Unemployment Rates in IMT-GT, 2009–2020 (%)



IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.
Note: It does not include the trade data of Johor, Pahang, and Terengganu.
Source: Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

Figure 16: Poverty Incidence of IMT-GT, 2007–2019 (%)

IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

Notes:

1. It does not include the poverty incidence in Johor, Pahang, and Terengganu.

2. 2020 data were not available at the time of writing (February 2022).

Source: Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

IMPLEMENTATION BLUEPRINT 2017–2021: A STRONG START TOWARDS IMT-GT VISION 2036

PROGRESS AGAINST THE MACRO/HIGH-LEVEL TARGETS OF IMPLEMENTATION BLUEPRINT 2017–2021

This section examines the progress made by IMT-GT during the IB 2017–2021 period by analyzing the key macro/high-level targets. This section also describes why it is not feasible to maintain Indicator 1 (on real GDP values) of the IMT-GT Vision 2036 for IB 2022–2026, largely because it is technically challenging to aggregate the real GDP values across member provinces and states.

IB 2017–2021 is the first leg in the journey toward realizing the IMT-GT Vision 2036. It was off to a good start in implementing the vision, as shown in progress made in achieving the macro/high-level targets set forth in IB 2017–2021. IB 2017–2021 aimed to achieve seven key macro-level targets, as measured by the following seven indicators:

Indicator 1	Real GDP increases to \$299 billion by 2021 from \$215 billion in 2014 (Box 1)
Indicator 2	GDP per capita increases to \$16,974 by 2021 from \$13,844 in 2015
Indicator 3	Intra-IMT-GT trade increases to 11.5% of total IMT trade by 2021 from 9.2% in 2015
Indicator 4	Average annual foreign direct investment (FDI) inflows to IMT-GT increase to \$11 billion by 2021 from \$8 billion per annum (5-year average) during 2011–2015
Indicator 5	Average annual international visitor arrivals increase to 52 million persons by 2021 from 39 million in 2015
Indicator 6	IMT-GT project implementation team (PIT) and Joint Business Council (JBC) implement a total of 100 cross-border projects with direct micro, small, and medium-sized enterprises (MSMEs) and social enterprises' participation during 2017–2021 (i.e., 20 projects per year)
Indicator 7	At least 10 cities in IMT-GT implement Green City Action Plan (GCAP) by 2021 (2016: 5 cities)

Figure 17 to Figure 21 show how far IMT-GT has achieved those targets to date.

BOX 1: DISCONTINUE MEASURING INDICATOR 1 (REAL GROSS DOMESTIC PRODUCT VALUES)

One of the main objectives of Indicator 1 (real GDP values) is to measure the size and strength of the IMT-GT's internal market. However, there are challenges in aggregating the different real GDP values of IMT-GT member provinces and states because the Indonesian real GDP is computed using 2010 as a base year, while Malaysia uses 2015 as the base year. Thailand, on the other hand, calculates its real GDP using chain volume measure. Such data are usually expressed in national currency.^a

Given that compatible real GDP data are not readily available, discontinuing monitoring Indicator 1 has been decided during the Third Task Force Meeting for IB 2022–2026 held in November 2021.

Notwithstanding, the second indicator (GDP per capita at current PPP \$) can, to a significant extent, indicate the strength (not size) of the IMT-GT's internal market, i.e., by demonstrating the purchasing power of its people (the higher the GDP per capita, the stronger their ability to purchase). This indicator, coupled with data on the total population, will still provide a good indication of the size of the internal market.

GDP = gross domestic product, IB = Implementation Blueprint, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, PPP = purchasing power parity.

^a See ASEAN Secretariat. ASEANStatsDataPortal. <https://data.aseanstats.org/indicator/AST.STC.TBL.2> (accessed 1 February 2022). The IMT-GT at a Glance: A Statistical Information Brief provides only the real GDP growth rates and not real GDP values.

Source: Centre for IMT-GT Subregional Cooperation.

For Indicator 2 on GDP per capita, IMT-GT achieved 89.1% of the target as of 2019 (Figure 17). This is good progress. However, for IMT-GT to fully attain the target, it will have to continue a similar growth trajectory for 2020 and 2021, which is highly unlikely due to the COVID-19 pandemic.

Figure 17: Indicator 2—Gross Domestic Product per Capita in IMT-GT



IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

Notes:

1. The gross domestic product (GDP) per capita is calculated at current purchasing power parity (PPP) \$.
2. 2020 data were not available at the time of writing (February 2022).

Source: Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

For Indicator 3 (intra-IMT-GT trade of total IMT trade), it is no longer possible to determine the progress made due to the unavailability of data (Box 2).

BOX 2: AN ALTERNATIVE TO INDICATOR 3 (INTRA-IMT-GT TRADE)

An alternative to Indicator 3 (intra-IMT-GT trade) is needed for IB 2022–2026. Indicator 3 was meant to measure the level of integration of the IMT-GT economy, particularly in trade. It is an important target since IMT-GT is envisaged as an integrated subregion by 2036. IMT-GT can keep track of this target by monitoring cross-border trade flows at key border crossing points (BCPs) and main ports along the major IMT-GT economic corridors (ECs).

As a start, the Bukit Kayu Hitam BCP (Malaysia)–Sadao BCP (Thailand) in EC 1 and Padang Besar BCP (Malaysia)–Padang Besar BCP (Thailand) in EC 2 are the obvious choices, given their prominent role in handling intra-IMT-GT trade, as highlighted in the 2021 Asian Development Bank (ADB) Review and Assessment of the IMT-GT Economic Corridors: Integrative Report (see the excerpts below).

Economic Corridor 1:

Bukit Kayu Hitam BCP (Malaysia)–Sadao BCP (Thailand)

- About two-thirds of total trade at the border in Thailand goes through the Sadao BCP
- The Bukit Kayu Hitam BCP accounted for 68% of total exports from Malaysia to Thailand and 77% of total imports

Economic Corridor 2:

Padang Besar BCP (Malaysia)–Padang Besar BCP (Thailand) (for road and rail)

- Exports via road in Padang Besar contributed about one-fourth to Malaysia's total border exports

For intra-IMT-GT maritime trade, IMT-GT may monitor the import and export data of the following ports, among others:

- Port of Belawan (Indonesia)
- Palembang (Indonesia)
- Dumai, Riau (Indonesia)
- Port Klang (Malaysia)
- Penang Port (Malaysia)

While the goal is to keep track of the trade flows at all the BCPs and seaports of the six IMT-GT ECs, collecting and compiling such data can be technically challenging and laborious. Therefore, the recommendation is to start with the abovementioned BCPs and seaports. More BCPs, seaports, and even airports (for air cargo) can be added to the list when a reliable and cost-effective subregion-wide data collection mechanism is in place.

IB = Implementation Blueprint, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.
Source: ADB. 2021. *Review and Assessment of the IMT-GT Economic Corridors: Integrative Report*.

For Indicator 4 (average annual FDI inflows to IMT-GT increase to \$11 billion), IMT-GT achieved the target set, receiving an average of \$11.6 billion in FDI inflows per year during 2017–2020 (Figure 18). Given the outlook for global FDI, IMT-GT should be able to maintain a similar level of performance in 2021.¹²

¹² The United Nations Conference on Trade and Development (UNCTAD) projected that global FDI flows would bottom out in 2021 and recover some lost ground, with an increase of about 10%–15%, though this would still leave FDI some 25% below the 2019 level. See UNCTAD. 2021. *World Investment Report 2021: Investing in Sustainable Recovery*. New York, New York.

Figure 18: Indicator 4—Average Annual Foreign Direct Investment Inflows to IMT-GT, 2017–2020 (%)



IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.
Source: Calculated from data obtained from Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

For Indicator 5 (average annual international visitor arrivals), IMT-GT was able to attract an average of 43 million international visitors per year during 2017–2019 (Figure 19). This is nine million short of the target (52 million). Since tourism has been one of the hardest-hit industries by the COVID-19 pandemic, IMT-GT is set to miss the target by the end of 2021.

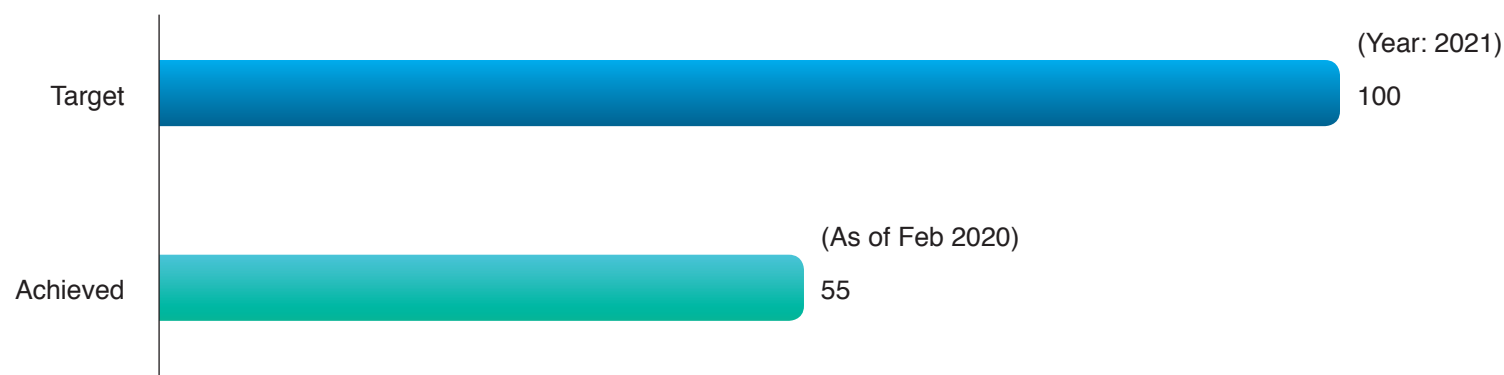
Figure 19: Indicator 5—Average Annual International Visitor Arrivals, 2017–2019 (million persons)



Source: Calculated from data obtained from Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

For Indicator 6 (cross-border projects with direct MSMEs and social enterprises' participation), IMT-GT achieved 55% of the target as of February 2020 (Figure 20). However, this may be underreporting given the difficulty in tracking projects of this nature since not all the cross-border projects are monitored by IMT-GT bodies such as the Centre for IMT-GT Subregional Cooperation (CIMT) and working groups. Also, unless a comprehensive survey is carried out by the CIMT yearly, it would be hard to know how many MSMEs and social enterprises are actually investing in cross-border projects. Here, the CIMT monitored only the implementation of physical connectivity projects (PCPs) and the involvement of MSMEs and social enterprises in these projects. In reality, MSMEs and social enterprises may also get involved in non-PCPs without reporting to IMT-GT bodies like the CIMT, the JBC, and working groups. Going forward, the CIMT and the JBC can enhance their respective project monitor and evaluation systems for more accurate measurement of the indicator.¹³

Figure 20: Indicator 6—Cross-Border Projects with Direct Micro, Small, and Medium-Sized Enterprises and Social Enterprises' Participation (%)



Source: Centre for IMT-GT Subregional Cooperation. 2021. *Review Implementation Blueprint 2017–2021*.

For Indicator 7 (number of GCAP implemented), IMT-GT exceeded the target as of February 2020, reflecting the subregion's strength in undertaking such an initiative (Figure 21).

¹³ IMT-GT bodies such as the CIMT and the JBC can only monitor those cross-border projects (and the number of MSMEs participating in the projects) that they are aware of or reported to them by the project implementers. However, not all the cross-border projects are reported to them. Businesses may involve in cross-border projects without reporting to the CIMT or the JBC. An enhanced JBC with a large membership base consisting of MSMEs, small and medium-sized enterprises (SMEs), and large corporations coupled with a robust monitoring system should help improve the monitoring of this indicator. See Section 9.1 and Section 9.2 in Chapter 9 on the recommendations to enhance the JBC and to implement a robust IMT-GT project monitoring and evaluation (M&E) system, respectively.

Figure 21: Indicator 7—Number of Cities in IMT-GT Implementing the Green City Action Plan (%)



IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.
Source: Centre for IMT-GT Subregional Cooperation.

Besides the macro/high-level achievements, there have been other signs of progress made by IMT-GT during the IB 2017–2021 period. Some of the notable achievements include the following:

- IMT-GT implemented 96 projects during the IB 2017–2021 period, staying true to the project-centric approach of Vision 2036.
- Many IB 2017–2021 strategies were operationalized through projects. This represents a clear departure from the previous IMT-GT IB and Roadmap, in which inadequate strategy-project fit was a concern.¹⁴ This improvement may be attributed to the inclusion of an action plan under each of the focus area strategic framework. The action plan was introduced in IB 2017–2021 to help translate the focus area strategies into priority and time-bound actions.
- The numerous knowledge-sharing and capacity building projects implemented since 2017 have further reinforced a sense of “IMT-GT Community,” going beyond government officials, among local business communities, universities, research organizations, youth organizations, and civil society.
- IMT-GT has shown institutional maturity, solidarity, and flexibility in dealing with the rapidly changing social and economic landscape. Its responses to the COVID-19 pandemic were collective and prompt, such as empowering MSMEs through digitalization opportunities as well as stepping up its effort to address climate change under the Sustainable Urban Development Framework (SUDF) 2019–2036 and GCAPs.
- IMT-GT continues to build on its unique advantages from the geographical proximity and close historical, cultural, and linguistic ties of the participating provinces and states through the mainstreaming of a spatial approach to regional development as advocated under IMT-GT Vision 2036. This is evident in the commissioning of the Asian Development Bank (ADB)-supported Review and Assessment of the IMT-GT Economic Corridors and Study on a Collaborative Approach to Special Economic Zones Development and Cooperation in IMT-GT, as well as the ongoing investments in PCPs.

¹⁴ Both the IMT-GT Roadmap for Development 2007–2011 and IMT-GT IB 2012–2016 did not have any accompanying sectoral action plan, hence a relatively inadequate strategy-project fit (see CIMT 2015).

- IMT-GT has been intentional in its effort to be a valued building block of the ASEAN [Association of Southeast Asian Nations] Economic Community (AEC). Revision of the IMT-GT Memorandum of Understanding (MOU) on Air Linkages in 2018 is a step toward fast-tracking the implementation of the ASEAN Multilateral Agreement on the Full Liberalisation of Passenger Air Services in the subregion. Similarly, the proliferation of GCAPs across many cities in IMT-GT has provided the impetus for implementing the Master Plan on ASEAN Connectivity 2025.
- A new working group (Working Group on Environment) and sub-working groups (Sub-Working Group on ICT and Sub-Working Group on Customs, Immigration, and Quarantine [CIQ]) were formed during the IB 2017–2021 period,¹⁵ providing extra institutional support and resources to advance certain specialized cooperation agenda. At the same time, convergence meetings were held to address cross-cutting issues, and project implementation teams (PITs) were created to accelerate project implementation.
- IMT-GT JBC's commitment to strengthen its organizational structure is a step in the right direction and will go a long way to promote private sector participation in IMT-GT. Similarly, the plan to further mainstream the chief ministers, governor forum, and local government units in IMT-GT cooperation is a welcome development.
- The CIMT has stepped up its role to initiate and implement regional programs, projects, or activities including PCPs, rising above its traditional role of a regional coordinator and facilitator. For example, the CIMT is one of the proponents of the following: (i) Danish Energy Efficiency Partners (DEEP) and Danish Energy Management, (ii) IMT-GT Capacity Building on Halal Industry: Strengthening SMES' Capacity for Halal Market, (iii) Solid Waste Management Project in Collaboration with Padang City, and (iv) IMT-GT Webinar Race to Recovery—Promoting Sustainable Energy in the Subregion: Exploration and Utilisation of Low-Medium Geothermal Resources for Greenhouse Gas (GHG) Reduction. Based largely on its in-house M&E capacity, the CIMT conducted the review of IB 2017–2021.
- IMT-GT has made inroads in expanding its partnership with international organizations (e.g., United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and Institute for Global Environmental Strategies [IGES]), the private sector (e.g., DEEP), and academia and research organizations via University Network (UNINET) while enhancing its engagement with the existing ones (e.g., ADB, ASEAN Secretariat, and International Council for Local Environmental Initiatives).
- ADB continued to be an important development partner and regional advisor to the IMT-GT, providing cutting-edge policy and technical advisory and valuable technical assistance at strategic and operational levels. IMT-GT also expanded its reach and forged new partnerships by leveraging ADB's vast regional and global networks.

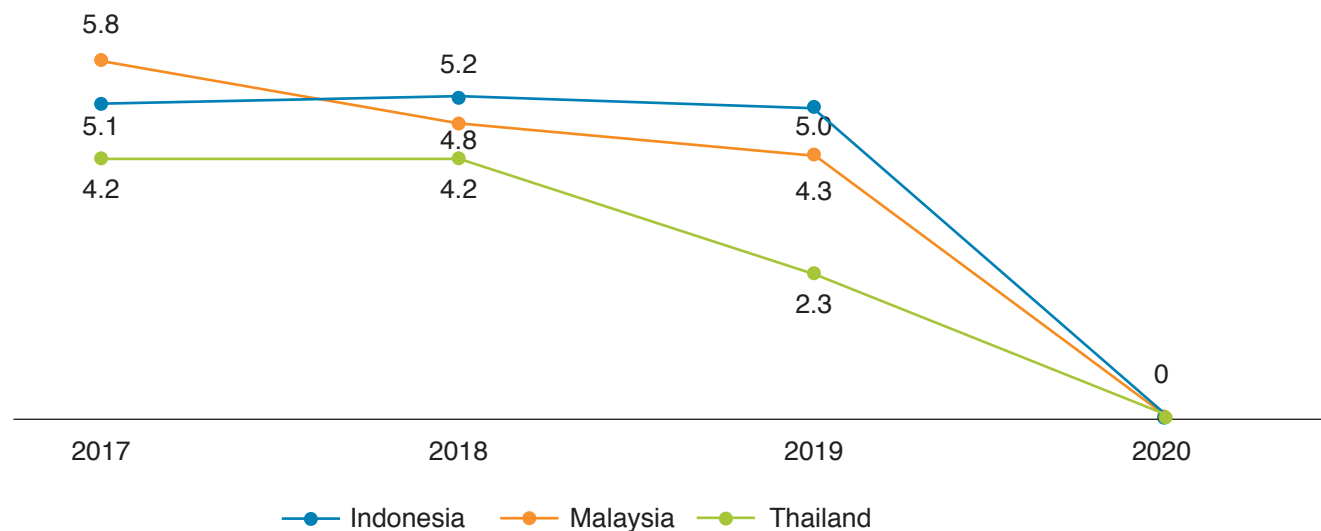
In summary, IB 2017–2021 was formulated in an environment where things were generally improving. The subregion was on its way to achieving several ambitious macro/high-level targets set out in IB 2017–2021. There was also significant progress in moving forward the IMT-GT cooperation agenda through projects, building external partnerships, and strengthening IMT-GT institutions. IB 2022–2026, on the other hand, faces a drastically different macroeconomic environment and social landscape from the start, resulting from the unprecedented disruptions brought about by the COVID-19 pandemic.

¹⁵ The Working Group on Environment was formed in the 2019 Senior Officials' Meeting (SOM), with its meeting held in 2021, while the Sub-Working Groups on ICT and CIQ were created in the 2017 SOM.

THE CURRENT SETTING: DEALING WITH THE DISRUPTIONS OF COVID-19

COVID-19 began to spread in Indonesia–Malaysia–Thailand (IMT) in the first quarter of 2020,¹⁶ creating a massive public health crisis and inflicting severe economic losses. The pandemic has significantly disrupted the near to medium-term economic outlooks of the three countries, sending them into a recession in 2020 (Figure 22).

Figure 22: Real Gross Domestic Product Growth Rate of IMT, 2017–2020 (%)



IMT = Indonesia–Malaysia–Thailand.

Source: World Bank. World Development Indicators. <https://data.worldbank.org/indicator/> (accessed 1 February 2022).

With the rolling out of mass vaccination programs and various containment measures across these countries since early 2021, there is optimism that the economies of IMT may begin to recover during the early part of the IB 2022–2026 period. However, given the virus' unpredictable trajectory, the road to recovery is likely to be uneven.¹⁷

¹⁶ Indonesia reported its first confirmed COVID-19 case on 2 March 2020. The first COVID case appeared in Malaysia in early February 2020, and a local lockdown was imposed in March. In Thailand, the first confirmed COVID-19 case was reported on 13 January 2020. Source: International Monetary Fund. Policy Responses to COVID-19. <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>.

¹⁷ The IMT-GT leaders acknowledged that the ongoing inoculation against COVID-19 in all three IMT-GT member countries offered hope of returning to normality. But they also realized that the fight against the pandemic was not over. Source: Joint Statement of the 13th IMT-GT Summit, 28 October 2021.

IMT-GT's member provinces and states have not been spared from the global pandemic. Various measures taken by the members of IMT-GT to contain the spread of COVID-19, such as the closure of international borders, have severely limited the movement of goods and people across the subregion.

Exacerbating the situation are other global trends that predated the pandemic, such as the fragmentation of regional supply chains stemming from the United States–People's Republic of China trade tension and the rapidly declining global FDI flows.

Unlike its predecessor, IB 2022–2026 is being formulated in an environment full of uncertainty and widespread pessimism about the outlook of the subregion. Notwithstanding, the pandemic has given IMT-GT a once-in-a-lifetime chance to reset and build back better¹⁸ and stronger. To deal with a crisis of this proportion, IMT-GT must carry out any post-COVID-19 pandemic recovery measures boldly, decisively, and swiftly.

Going forward, IMT-GT must do the following:

- Define the challenges that limit its performance so that these challenges may be effectively overcome.
- Identify emerging growth opportunities in the subregion and beyond so that it may be able to promptly reposition and repurpose to leverage them.
- Stay focused on what is foundational to the long-term development of IMT-GT.

¹⁸ In the context of post-COVID-19 pandemic recovery, “build back better” means doing more than getting economies and livelihoods quickly back on their feet. It involves implementing recovery policies that aim at triggering investment and behavioral changes, reducing the likelihood of future shocks and increasing society's resilience to them when they do occur. Central to this approach is a focus on well-being and inclusiveness. See Organisation for Economic Co-operation and Development. 2020. Building Back Better: A Sustainable, Resilient Recovery after COVID-19. OECD Policy Responses to Coronavirus (COVID-19). 5 June. <https://www.oecd.org/coronavirus/policy-responses/building-back-better-a-sustainable-resilient-recovery-after-covid-19-52b869f5/>.

DEFINING THE CHALLENGES

IMT-GT needs to recognize and clearly define the challenges before confidently moving forward. These challenges may be classified into five broad categories:

- lack of trade integration,
- lack of private sector participation,
- lack of cross-sectoral coordination and facilitation,
- lack of mainstreaming of the results-based project management system, and
- lack of project funding.

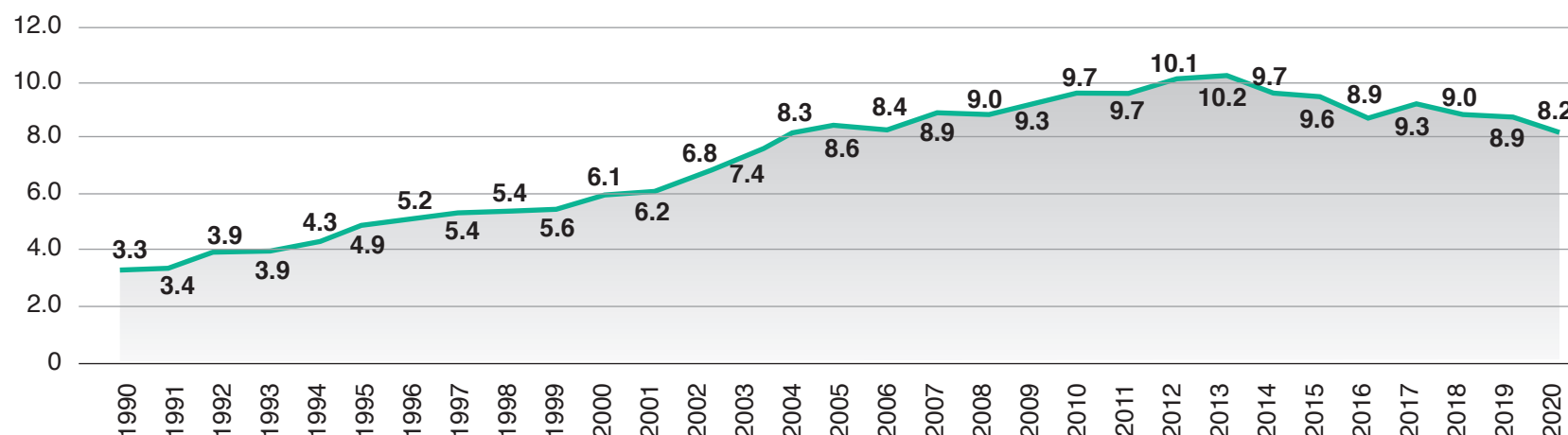
LACK OF TRADE INTEGRATION

IMT-GT Vision 2036 defines “integrated IMT-GT” as a subregion characterized by (i) seamless movement of goods, services, capital, and skilled labor and business persons; (ii) integrated trade and production networks along the priority ECs and beyond; and (iii) MSMEs and social enterprises as an integral part of regional and global value chains.¹⁹

Among the key indicators for measuring the level of integration of the IMT-GT economy are intra-IMT-GT trade, intra-IMT-GT FDI inflow, and intra-IMT-GT visitor arrivals. However, all these data are currently not available. This section uses intra-IMT trade as a proxy to gauge the level of intra-IMT-GT trade integration. As shown in Figure 23, intra-IMT trade (trade in goods) remained in the single digits for the most part since the 1990s. In 2020, the figure stood at 8.2%, signifying that trade between IMT accounted for only a small percentage of the total trade of the three countries (in other words, 91.8% of the trade was with non-IMT countries).

¹⁹ This is also in line with the economic integration goal of the ASEAN Economic Community (AEC), which is to be a single market and production base (See ASEAN Secretariat. 2021. Mid-Term Review of the AEC Blueprint).

Figure 23: Intra-IMT Trade



IMT = Indonesia–Malaysia–Thailand.

Source: Asian Development Bank, Asia Regional Integration Center.

This trend is supported by the following findings of the 2021 ADB-supported Review and Assessment of the IMT-GT Economic Corridors:

- Cross-border trade at Thailand's border crossing point (BCP) with Malaysia increased moderately at an average of 3% during 2015–2018. Cross-border trade at Malaysia's BCP with Thailand increased minimally at an average of 0.6% during 2015–2018.
- The share of North Sumatra's total trade with Malaysia is relatively small, around 6.5% in 2014, and decreased to 4.5% in 2018. Overall, North Sumatra's total trade with Malaysia decreased by 9.5% on average during 2014–2018.
- North Sumatra's exports to Thailand contributed less than 1% to North Sumatra's total trade volume during 2014–2018.
- Trade at the BCPs in Wang Prachan–Wang Kelian and Betong–Pengkalan Hulu are relatively small.²⁰

²⁰ ADB. 2021. Review and Assessment of the IMT-GT Economic Corridors: Integrative Report.

The above discussion has shown that IMT-GT member countries have yet to effectively optimize their underlying complementarities and comparative advantages to boost intra-IMT-GT trade. Their similar factor endowments (hence similar products are produced) may not always encourage intra-IMT-GT trade. However, as their economies become more developed and industrialized, increases in intra-industry trade and intra-firm trade should boost the intra-trade figures.²¹ There is no strong evidence suggesting this has taken place in IMT-GT. The IMT-GT Vision 2036 attributed the low level of intra-IMT-GT trade to administrative, technical, and regulatory barriers. This is in line with the findings at the ASEAN level in which the ASEAN Secretariat cited nontariff barriers as the main factor impeding closer ASEAN economic integration.²² The major nontariff barriers affecting intra-regional trade identified by the ASEAN Secretariat are customs surcharges, technical measures and product characteristic requirements, and monopolistic measures.

The limited level of intra-IMT trade implies a low level of interdependence among the three economies. This, in turn, has limited their ability to work together to mitigate the negative economic impacts of the COVID-19 pandemic.²⁴

Overall, there is insufficient growth momentum from its current project portfolio to spur the subregion toward deeper economic integration. Most IB 2017–2021 projects and activities are knowledge sharing, capacity building, studies, dialogues, and research and development (R&D). These projects and activities are primarily voluntary and nonlegally binding. Some have a strong in-country focus rather than a subregional or cross-border focus. In other words, these projects are not designed to facilitate the movement of goods and services across the border and are not meant to create intra-IMT-GT trade and investment. Naturally, they have had only limited impact on the subregion's economic integration goal.

Nevertheless, it is important to continue these projects during the IB 2022–2026 period as they will help strengthen the foundation critical for IMT-GT to advance toward deeper regional integration. The right project mix must be established so that IMT-GT will not be out of sync with ASEAN in terms of becoming a single market and production base as envisaged under the ASEAN Economic Blueprint 2025.

²¹ Intra-industry trade involves the exchange of similar products belonging to the same industry (e.g., foodstuffs, automobile), while intra-firm trade refers to cross-border trade between multinational companies and their affiliates. Both result from the growing “internationalization” of production systems, which increasingly involve vertical trading chains spanning countries, each specializing in a particular stage of production. Source: Organisation for Economic Co-operation and Development (OECD). 2002. Intra-Industry and Intra-Firm Trade and the Internationalisation of Production. In OECD Economic Outlook No. 71. <https://www.oecd.org/economy/outlook/2752923.pdf>.

²² ASEAN Secretariat. 2021. Mid-Term Review of the ASEAN Economic Community Blueprint 2025.

²³ ASEAN. Non-Tariff Barriers. <https://asean.org/non-tariff-barriers/>.

²⁴ In 2020, in its submission to the ASEAN leaders of recommendations to deal with the COVID-19 pandemic, the ASEAN Business Advisory Council acknowledged that the very limited level of intra-ASEAN trade (around 24% of total ASEAN trade) was shown to be inadequate to help the region deal with the global impact of the pandemic. Despite ambitions to turn ASEAN into a single market and production base and boost intra-ASEAN trade, the region's failings to advance its own economic integration agenda have left it ill-equipped to weather storms such as the COVID-19 pandemic, resulting in a negative economic impact that is likely to get deeper and longer than it needed to be. Source: ASEAN Business Advisory Council Malaysia. 2020. A Pathway towards Recovery and Hope in ASEAN. <http://aseanbac.com.my/2020/10/15/a-pathway-to-recovery-and-hope-in-asean/>.

A key program to support IMT-GT's economic integration agenda is the EC development program. However, IMT-GT is still at an early stage of corridor development, focusing mainly on building and upgrading transport infrastructure linking key growth centers along the existing corridors. As there are still significant missing air, land, and maritime trade links along and between these corridors (footnote 20),²⁵ the subregion faces challenges in advancing to higher stages of corridor development. Furthermore, the lack of a detailed IMT-GT EC development strategy means efforts to develop the existing five corridors are often not well coordinated. Without a sharp spatial focus, it is difficult to anchor projects for maximum economic network externalities.

MSMEs represent a significant proportion of the IMT-GT economy. While they may be important drivers of the national economies, many do not have the capacity and resources to embark on large-scale cross-border trade and investment activities. In addition, the lack of simplified cross-border processes and procedures hampers the promotion of transboundary value chain creation.

LACK OF PRIVATE SECTOR PARTICIPATION

The JBC is the regional body designated to facilitate and promote the private sector's participation in IMT-GT, but the JBC has not been able to fulfill the role effectively. Only a handful of the 96 projects implemented under IB 2017–2021 are private sector-initiated projects.

Presently a loosely organized entity without any legal status, the JBC has undermined its (i) internal organizational strengths, (ii) role as a regional coordinating and advocacy body on behalf of the business community, (iii) ability to recruit new members and broaden its membership base, (iv) ability to fundraise, and (v) ability to enter into formal contract and partnership with member governments and partners.

More fundamentally, under the IMT-GT cooperation framework, there is no dedicated IMT-GT investment incentive scheme.²⁶ Hence, the private sector has no compelling reason to utilize the IMT-GT platform to advance their commercial interests. Beyond financial incentives, investors are looking for investor-focused services. However, the working groups are not designed to provide such services, as they are more of a coordinator and facilitator.

²⁵ P. Srivastava. 2011. Regional Corridors Development in Regional Cooperation. ADB Economics Working Paper Series. No. 258. Manila: Asian Development Bank.

²⁶ For example, no such scheme is found on the websites of the investment promotion agencies in IMT-GT.

LACK OF CROSS-SECTORAL COORDINATION AND FACILITATION

Joint coordination and facilitation of at least two member countries is necessary for a cross-border project to yield its desired results. The process is complex as it involves the national and subnational governments of at least two member countries. Such a complicated undertaking requires strong political commitment, mutual trust, and effective coordination and facilitation of all the parties involved. To be effective, these agencies must have a shared goal of wanting to deliver the best outcomes for the subregion through a particular project. They must also have efficient internal and external work processes and communication systems.

In reality, this is hard to come by, given the system's lack of convergence meetings and PITs. These two mechanisms are critical for ensuring robust cross-sectoral coordination and collaboration, from project planning to implementation. Consequently, projects under the three lead focus areas (agriculture and agro-based industry, tourism, and halal products and services) received limited support from the four focus areas that acted as enablers (transport and ICT connectivity; trade and investment facilitation; environment; and human resource development, education and culture). This lack of cross-sectoral coordination and collaboration is manifested through the IB 2017–2021 projects, which are essentially sectoral.

The national secretariats are essential in facilitating interagency collaboration, including being the coordinators and policy advisors of in-country convergence meetings and PIT meetings. It demands time and resources from the national secretariats to effectively initiate, drive, and follow through on the cross-sectoral collaboration processes. Most national secretariats find it challenging to devote full-time to IMT-GT matters since the IMT-GT cooperation initiative is just one of the several portfolios they hold, as per stakeholder inputs and observations of the IB 2022–2026 Study Team.

The private sector is encouraged to adopt a business or entrepreneurial approach toward advancing IMT-GT projects through the PIT platform. However, there is not enough PIT in the system for that to happen.

LACK OF MAINSTREAMING OF THE RESULTS-BASED PROJECT MANAGEMENT SYSTEM

IMT-GT Vision 2036 calls for **mainstreaming a results-based project management system** across the IMT-GT's project identification, formulation, selection, financing, implementation, and M&E processes. This system is prescribed in the IMT-GT Project Manual,²⁷ which was approved by the IMT-GT Ministerial Meeting in 2016.

²⁷ The manual was developed by ADB and is available at IMT-GT. <https://imtgt.org/download/>.

To date, the mainstreaming process is still far from complete. In general, project proponents—e.g., working groups, the JBC, the Chief Ministers and Governors’ Forum (CMGF) members—in the subregion do not have sufficient capacity to produce project concepts and proposals that comply with the guidelines in the IMT-GT Project Manual. In fact, not all of them are aware of the existence of the Project Manual. Owing to this lack of credible project concepts and project proposals, **the IMT-GT Project Appraisal Committee consisting of three national secretariats and the CIMT** has hardly met (Box 3).²⁸ This has a cascading effect across the entire IMT-GT project cycle,²⁹ resulting in a suboptimal approach and process in project identification, formulation, selection, financing, implementation, and M&E.

BOX 3: ROLE AND FUNCTIONS OF THE IMT-GT PROJECT APPRAISAL COMMITTEE

The Project Appraisal Committee is one of the critical links of the IMT-GT project cycle. It is mandated to perform the following functions:

- Review and oversee IMT-GT project development processes.
- Appraise project concepts.
- Appraise project proposals.
- Make recommendations to the working groups on whether to adopt a project concept.
- Make recommendations to the senior officials’ meeting on whether to approve a project proposal.

In other words, the committee is designed to help formalize the inclusion of projects within the subregional project delivery system, ensuring that only cross-border projects or scalable and replicable projects are approved for implementation. This process is critical to ensure that all the approved projects receive due support from the member governments in their implementation.

IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

Source: IMT-GT. 2016. *IMT-GT Project Manual*. <https://www.adb.org/sites/default/files/related/19769/imt-gt-project-manual-2016.pdf>.

LACK OF PROJECT FUNDING

Many projects have a strong in-country focus and are **heavily dependent on government funding**, including PCPs and most of the projects coordinated by the working groups, as per stakeholder inputs and analysis by the IB Study Team. The proponents of such projects must be knowledgeable about their respective national budget funding cycles and processes. But this is not always the case, leaving projects unfunded and not implemented. Competition for government funds has become more intense following the COVID-19 pandemic.

²⁸ To ease scheduling and optimize the committee members’ time, the committee should hold back-to-back meetings with regular national secretariats’ meetings.

²⁹ See Chapter 9 for the explanation of the IMT-GT Project Cycle.

IDENTIFYING GROWTH OPPORTUNITIES

IMT-GT operates in a dynamic environment. To ensure a quick and sustained recovery, the subregion must seize the growth opportunities generated by emerging megatrends, including the rise of the consumer class, increasing pace of regional economic integration, Fourth Industrial Revolution (4IR), and greater urgency for climate action and biodiversity conservation.

The COVID-19 pandemic has temporarily disrupted some of these megatrends while, at the same time, accelerating the others. All in all, IMT-GT needs a fresh approach to stay relevant and competitive in the new normal.

RISE OF THE CONSUMER CLASS

This megatrend is characterized by rapid urbanization across ASEAN, accompanied by a rising middle-class population who can make discretionary purchases. This, in turn, is likely to spur intra-ASEAN trade³⁰ and intra-IMT-GT trade. While the COVID-19 pandemic has weakened this trend, it is likely to get back on its growth path over the medium term once the pandemic is over. There are many middle or lower-middle-income provinces and states in IMT-GT, signifying that there is still room for upward mobility.

REGIONAL ECONOMIC INTEGRATION

Albeit slowly, the ASEAN economy has become more integrated, as shown by the increase in intra-ASEAN trade (Figure 24). The IMT economies have followed this broad trend (Figure 25).

ASEAN has also become more integrated with ASEAN+3 economies,³¹ as depicted by the rising trade share with these economies from 48% in 1998 to 59% in 2020 (Figure 26). This demonstrates the outward orientation of the ASEAN economy.

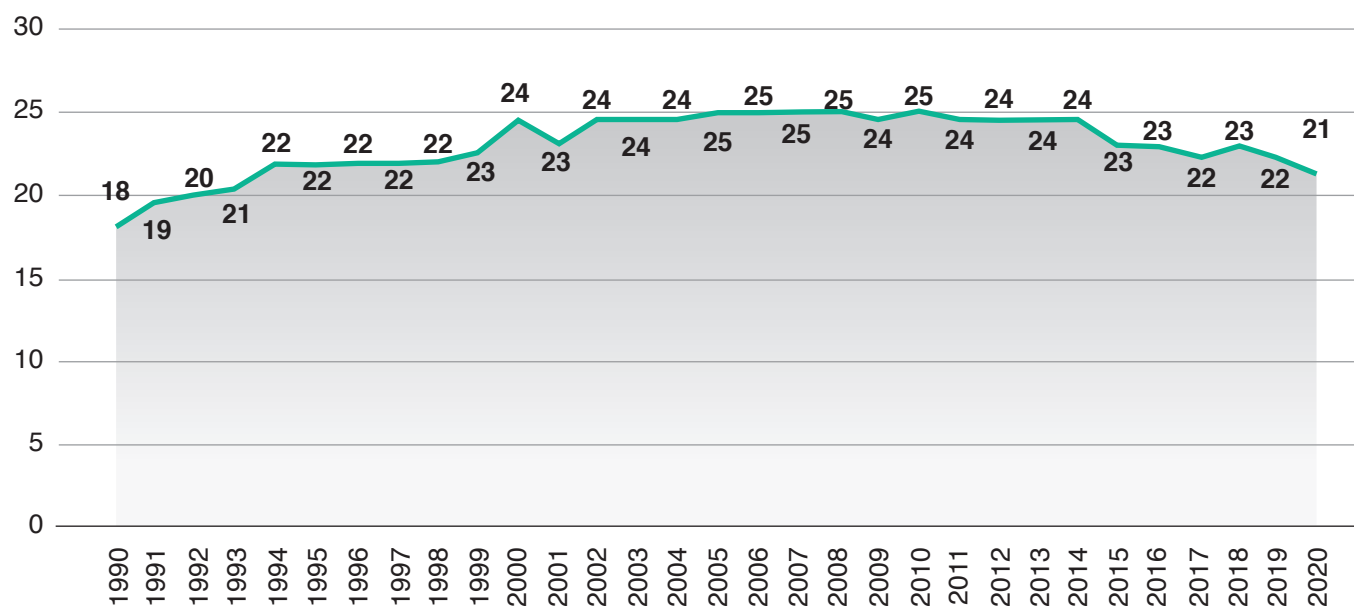
The conclusion of the Regional Comprehensive Economic Partnership Agreement in November 2020 is expected to add impetus to the ASEAN economic integration agenda, both intra-ASEAN and extra-ASEAN. The partnership member countries account for about 30% of the global GDP and 30% of the world population.³² This new trade pact will expose IMT-GT to new export markets and new sources of investment.

³⁰ ASEAN Secretariat. 2021. Mid-Term Review of the ASEAN Economic Community Blueprint 2025; ASEAN Secretariat. 2015. Master Plan of ASEAN Connectivity 2025.

³¹ Created in 1997, ASEAN+3 consists of ASEAN, Japan, the People's Republic of China, and the Republic of Korea.

³² ASEAN Secretariat. 2022. The RCEP Agreement Enters Into Force. 1 January. <https://asean.org/rcep-agreement-enters-into-force/>.

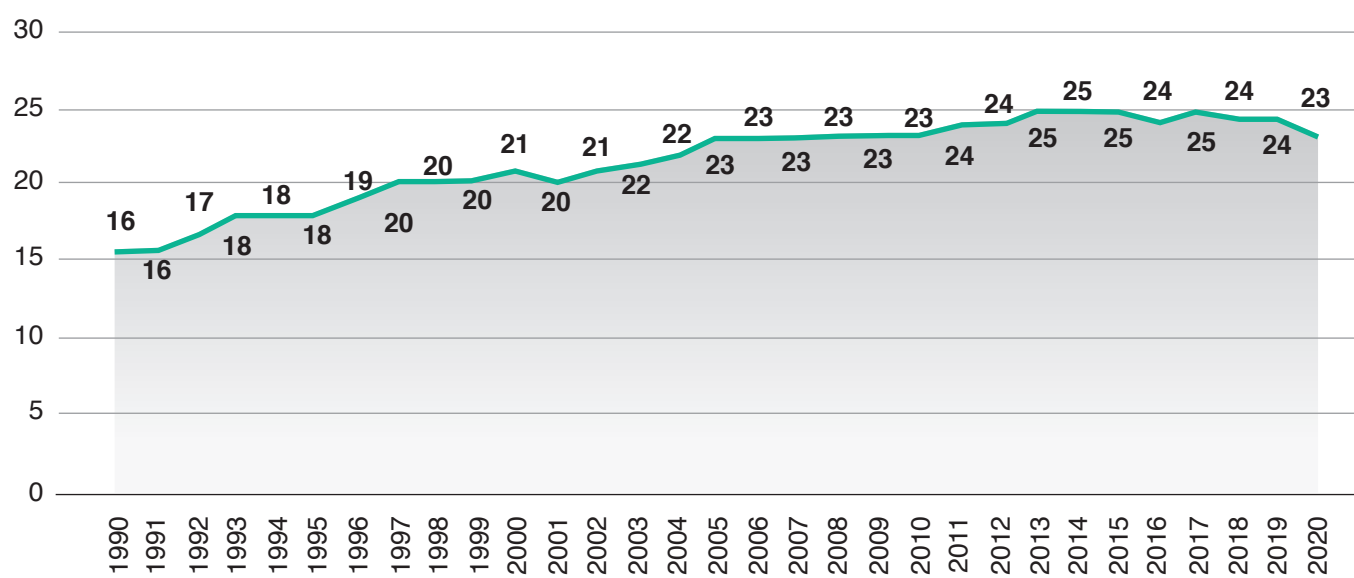
Figure 24: Intra-ASEAN Trade (%)



ASEAN = Association of Southeast Asian Nations.

Source: Asian Development Bank, Asia Regional Integration Center.

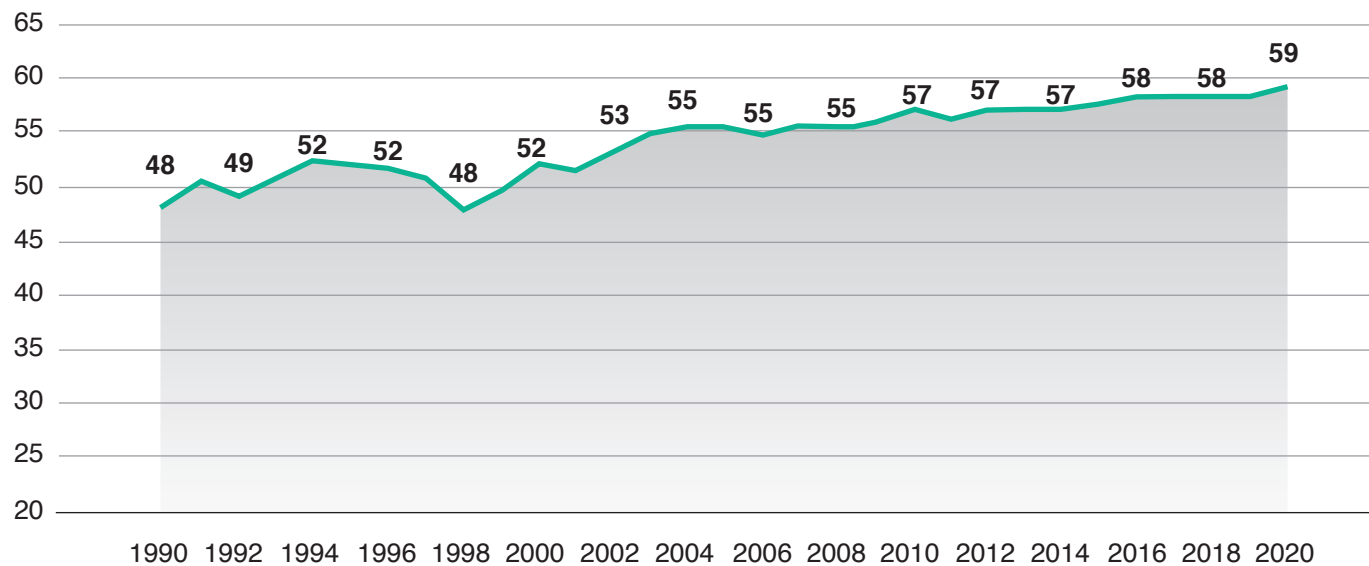
Figure 25: Trade between IMT and ASEAN (%)



ASEAN = Association of Southeast Asian Nations, IMT = Indonesia–Malaysia–Thailand.

Source: Asian Development Bank, Asia Regional Integration Center.

Figure 26: Trade between ASEAN and ASEAN+3 (%)



ASEAN = Association of Southeast Asian Nations.
Source: Asian Development Bank, Asia Regional Integration Center.

INFRASTRUCTURE DEVELOPMENT

ASEAN is pushing for greater regional connectivity under the Master Plan on ASEAN Connectivity 2025, necessitating significant investment in transportation, telecommunication, and energy infrastructure, among others. At the IMT-GT level, the rolling out of PCPs, including those under the EC development program, SUDF, and GCAPs, has offered a multiyear, multibillion dollar investment opportunity.

ACCELERATION OF FOURTH INDUSTRIAL REVOLUTION

The 4IR is unfolding fast across the globe, opening new growth opportunities in many fields. The imposition of the extended lockdowns, strict quarantine requirements, and social distancing protocols following the COVID-19 pandemic have hastened the uptake of 4IR technologies. The ASEAN digital economy is projected to grow significantly, adding an estimated \$1 trillion to regional GDP over the next 10 years. For the internet market alone, ASEAN is the fastest growing market in the world, with 125,000 new users coming onto the internet every day.³³

³³ World Economic Forum. Digital ASEAN. <https://www.weforum.org/projects/digital-asean>.

GREATER URGENCY FOR CLIMATE ACTION AND BIODIVERSITY CONSERVATION

The COVID-19 pandemic has heightened the awareness that the crisis is closely linked to climate change and biodiversity loss, stemming from man's destructive relationship with nature.³⁴ A new sense of commitment to be part of the solution for nature has resulted in greater urgency for climate action and reversing biodiversity loss,³⁵ leading to greater investment in environmental protection and conservation through sustainable consumption and production efforts, and proactive climate resilience measures. This shift in investment strategy represents a new market opportunity for both the private and public sectors.

³⁴ Organisation for Economic Co-operation and Development. 2020. Biodiversity and the Economic Response to COVID-19: Ensuring a Green and Resilient Recovery. 28 September. <https://www.oecd.org/coronavirus/policy-responses/biodiversity-and-the-economic-response-to-covid-19-ensuring-a-green-and-resilient-recovery-d98b5a09/>.

³⁵ See International Monetary Fund Blog. 2021. What COVID-19 Can Teach Us about Mitigating Climate Change. 9 July. <https://blogs.imf.org/2021/07/09/what-covid-19-can-teach-us-about-mitigating-climate-change/>; ASEAN Centre for Biodiversity. 2020. ASEAN Calls for Nature's Conservation to Prevent Future Pandemics. <https://environment.asean.org/asean-calls-for-natures-conservation-to-prevent-future-pandemics/>; World Health Organization. 2021. COP26 Special Report on Climate Change and Health: The Health Argument for Climate Action. 11 October. <https://www.who.int/publications/i/item/9789240036727>.



CHAPTER 04

STRATEGIC FRAMEWORK OF IMPLEMENTATION BLUEPRINT 2022–2026 AND GAME-CHANGING INITIATIVES

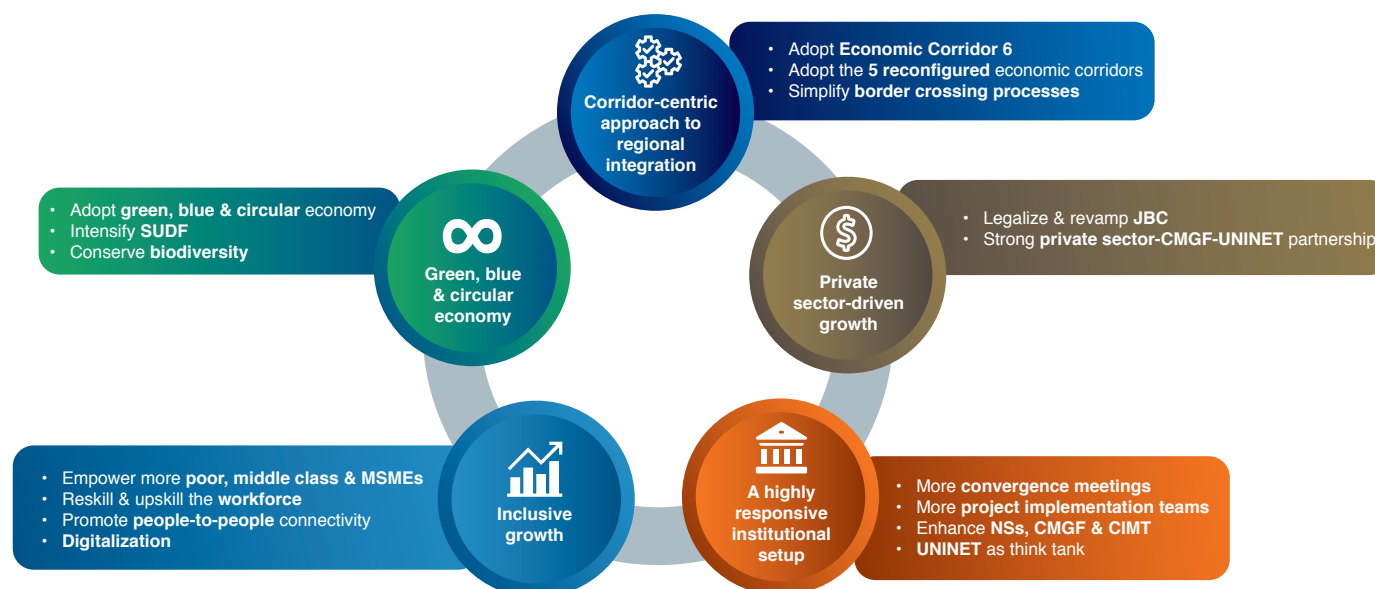
SHARPENING THE STRATEGIC FOCUS AND ACCELERATING INSTITUTIONAL REFORMS

Having assessed its recent performance, defined its challenges, and identified the emerging growth opportunities, IMT-GT needs a fresh medium-term strategic framework to guide its cooperation over the next 5 years and beyond. This strategic framework **provides the context for formulating focus area (sectoral) strategies and actions** under this IB. It helps **bring these strategies and actions into sharper focus, addressing what really matters after COVID-19**.

Essentially, these new batch of focus area strategies and actions must be able to help IMT-GT leverage the achievements of IB 2017–2021, address its identified issues and challenges, and capitalize on the growth opportunities brought about by megatrends.

Accompanying the strategic framework are three **game-changing initiatives aimed at transforming how IMT-GT operates**. These initiatives, if implemented fully, are expected to significantly alter the conventional ways of cooperation in IMT-GT, leading to the early realization of IMT-GT Vision 2036. The strategic framework (Figure 5) was adopted by the 7th IMT-GT Ministerial Retreat and 27th IMT-GT Ministerial Meeting held on 6 August 2021.

Figure 27: Strategic Framework of Implementation Blueprint 2022–2026



CIMT = Centre for IMT-GT Subregional Cooperation, CMGF = Chief Ministers and Governors' Forum, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, JBC = Joint Business Council, MSMEs = micro, small, and medium-sized enterprises, NS = national secretariat, SUDF = Sustainable Urban Development Framework, UNINET = University Network.

Source: Asian Development Bank.

The Strategic Framework of IB 2022–2026 comprises **five** strategic components:

- corridor-centric approach to regional integration;
- private sector-driven growth;
- a highly responsive institutional setup;
- inclusive growth; and
- green, blue, and circular economy.

STRATEGIC COMPONENT 1: CORRIDOR-CENTRIC APPROACH TO REGIONAL INTEGRATION

This component adopts the five reconfigured economic corridors (ECs) as recommended by ADB following its recent study on IMT-GT ECs. The study observed that the existing ECs are largely single corridors independent of each other with limited economic network externalities. The existing ECs are reconfigured to connect to more nodes to overcome the limitation. These nodes are capital cities, BCPs, commercial nodes, maritime gateway ports, tourism nodes, and/or interlink nodes (footnote 20) (Box 4). Essentially, each reconfigured EC is linked with two or more nodes in other ECs, enabling them to function as a network rather than as single corridors.

These networked corridors, coupled with the newly introduced EC 6 (below), are set to change the mobility pattern for goods and people as they bring about access to a larger and more diverse base of inputs and broader markets for diverse outputs. Furthermore, they are expected to generate network effects that induce regional production networks, resulting in spillover effects on the economy in terms of trade, investment, and employment (footnote 20).

To optimize the effects, member countries should focus on (i) developing links to arterial trade and transport routes as well as secondary borders; (ii) enhancing multimodal connectivity (road–rail connectivity to ports); (iii) improving land and sea-based trade facilitation; (iv) organizing spatial development under an IMT-GT-wide approach; (v) coordinating EC planning with emphasis on interlink nodes at the local levels; and (vi) intensifying value chain initiatives to generate trade in intermediate goods. The reconfigured ECs are shown in Maps 3 – 8 (footnote 20).

BOX 4: CLASSIFICATION OF NODE

The Asian Development Bank (ADB) study classifies nodes into the following:

- Capital city—the main urban and administrative center in a province or state; the area is compact, transit-oriented, and densely populated, and with high concentrations of residential, employment, retail, and key services
- Border crossing point (BCP)—the point where border areas between two countries in the corridor converge and where customs, immigration, and quarantine (CIQ) facilities are provided to enable the entry and exit of goods across the borders
- Commercial node—an area with a high concentration of economic activity, such as industrial parks, special economic zones (SEZs), and distribution centers; usually accompanied by redevelopment around the area that includes residential, retail, and services facilities
- Maritime gateway port—an area for the transport of cargo and/or passengers to external markets/destinations comprising a land domain (the port's region and its locality) and the maritime domain (which services ships for global trade)
- Tourism node—an area with a medium to high density of tourists having the full range of facilities, services, and amenities, usually part of a cluster of destinations where tourists can engage in various activities beyond visiting a single attraction or tourist site
- Interlink nodes—located at points where two or more transit routes or travel modes intersect; it could be a city, a BCP, or a transport hub (i.e., where passengers and cargo are exchanged between vehicles and/or between transport modes such as train stations, airports, seaports, etc.)

Source: ADB. 2021. *Review and Assessment of the IMT-GT Economic Corridors: Integrative Report*.

Map 2: The Five Existing IMT-GT Economic Corridors




EC = economic corridor.
Source: Asian Development Bank. 2021. Review and Assessment of the IMT-GT Economic Corridors: Integrative Report.

Map 3: Reconfigured Economic Corridor 1


RECONFIGURATION OF EC 1

EXTENDED SONGKHLA-PENANG MEDAN


**SOUTHERN THAILAND-NORTHERN MALAYSIA-
NORTH SUMATRA**



Develop downstream products for agriculture, fisheries and mining for increased valued-added exports through **Kuala Tanjung** and **Sibolga**.



Focus on development of border areas and **Penang Port** as key maritime gateway for exports to international markets.



Strengthen the agriculture base in the southern Provinces with the addition of three provinces **Chumphon, Surat Thani** and **Patthalung**.



EC = economic corridor.

Source: Asian Development Bank. 2021. *Review and Assessment of the IMT-GT Economic Corridors: Integrative Report*.

Map 4: Reconfigured Economic Corridor 2

RECONFIGURATION OF EC 2

STRAITS OF MALACCA

ANDAMAN- STRAITS OF MALACCA



Expand northward to Phang Nga and Krabi to develop land and sea connectivity along the Andaman Sea

- Phang Nga
- Krabi
- Thammalang Port (Satun)
- Kantang Port (Trang)



Develop industrial areas adjacent to its two major ports aligned with the NCER strategy

- Batu Kawan (Penang)
- Pengkalan Hulu, Kamunting, Lumut and Ipoh (Perak)
- Kuah Town and Langkawi (Kedah)
- Tanjung Bruas Port (Malacca)



EC = economic corridor, NCER = Northern Corridor Economic Region.

Source: Asian Development Bank. 2021. Review and Assessment of the IMT-GT Economic Corridors: Integrative Report.

Map 5: Reconfigured Economic Corridor 3

RECONFIGURATION OF EC 3



Development Plan for Sumatra

- Growth corridors on the east coast
- Equalization corridor on the west coast and southeastern part
- Development of value chains between the eastern, western and southeastern provinces by leveraging on the Trans-Sumatra Toll Road connecting all capitals.

TRANS-SUMATRA

BANDA ACEH-MEDAN-PEKAN BARU-PALEMBANG

ACEH

- * Banda Aceh
- * Arun Lhokseumawe

WEST SUMATRA

- * Padang

JAMBI

- * Jambi City

NORTH SUMATRA

- * Medan
- * Belawan
- * Sei Mangkei
- * Kuala Tanjung

SOUTH SUMATRA

- * Palembang
- * Tanjung Api

BENGKULU

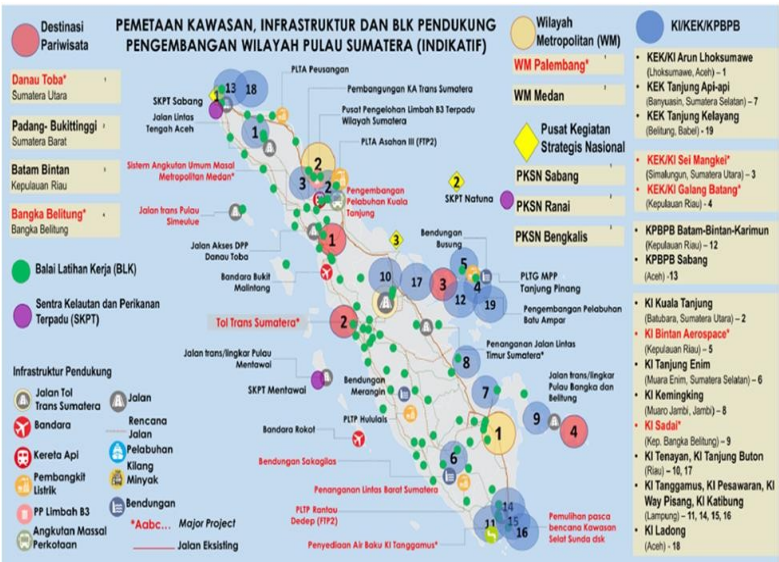
- * Bengkulu

RIAU

- * Pekanbaru
- Dumai
- Tanjung Buton

LAMPUNG

- * Bandar Lampung
- * Bakauheni Port



EC = economic corridor.
Source: Asian Development Bank. 2021. Review and Assessment of the IMT-GT Economic Corridors: Integrative Report.

Map 6: Reconfigured Economic Corridor 4

STRAITS OF MALACCA

ANDAMAN- STRAITS OF MALACCA



RECONFIGURATION OF EC 4

ADDITIONAL NODES IN RIAU PROVINCE

- Rupert Island : exploit tourism potential through linkages with Malacca especially for cruise tourism
- Sri Junjungan Port: the designated port for the RoRo Ferry Service with Tanjung Bruas Port

WEST SUMATRA

- West Sumatra/Padang: promote value chains with the western coast facing the Indian Ocean

ADDITIONAL NODES IN RIAU PROVINCE
JOHOR and NODES

- Johor State: being developed as a regional and innovation hub; will be traversed by two high impact railway projects
- Port of Tanjung Pelepas: the railway line that runs through PTP is directly linked to the national rail grid which connects Singapore and the southern area of Thailand
- Johor Port (Pasir Gudang) - the largest palm oil terminal in the world; hub for metals, fertilizer and cement.

EC = economic corridor, NCER = Northern Corridor Economic Region.

Source: Asian Development Bank. 2021. Review and Assessment of the IMT-GT Economic Corridors: Integrative Report.

Map 7: Reconfigured Economic Corridor 5



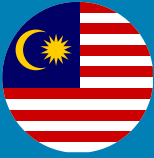
RECONFIGURATION OF EC 5

RANONG-PHUKET-ACEH

SOUTHWESTERN THAILAND-NORTHERN SUMATRA-NORTHWESTERN MALAYSIA



Generate synergies with Thailand in the Andaman Sea to create the demand for maritime services that could benefit Sabang and Aceh

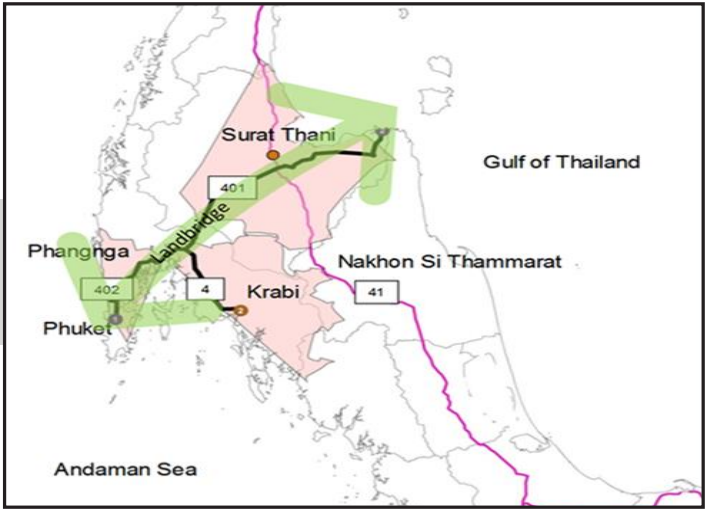


Tap into the tourism opportunities in the corridor through the Sabang-Phuket-Langkawi (SAPHULA) tourism triangle



Support the development of inland tourism network between the Gulf of Thailand and the Andaman Sea

KRABI
PHANGGA
LANGKAWI



Source: Asian Development Bank. 2021. Review and Assessment of the IMT-GT Economic Corridors: Integrative Report.

This component **adopts Economic Corridor 6 (EC 6)**, a recommendation ADB made in the same study. EC 6 involves 13 provinces and states, from Pattani, Thailand in the north to Lampung, Indonesia in the south. EC 6 incorporates the **states of Johor, Pahang, and Terengganu in Malaysia as an integral part of IMT-GT** (Box 5).

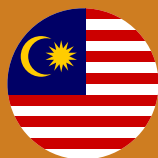
Map 8: Reconfigured Economic Corridor 6

PROPOSED ROUTE FOR EC6

EC6: 17 STATES AND PROVINCES



- Pattani
- Yala
- Narathiwat



- Kelantan
- Terengganu
- Pahang
- Perak
- Selangor
- Negeri Sembilan
- Malacca
- Johor*



- South Sumatra
- Bengkulu
- Jambi
- Lampung
- Riau Islands
- Bangka Belitung



This component stresses the need to prioritize the development of the six ECs over the next 5 years to optimize the available resources and accelerate economic integration. It guides IMT-GT bodies to redirect and reprioritize their resources to programs and projects that contribute strongly to regional economic integration and corridor development.

It involves efforts to intensify the implementation of **PCPs** (e.g., transport, ICT, digital, power, waste management, water supply, etc.) across the six ECs. The PCPs form the backbones of the corridors. Developing multimodal transport routes along the six ECs will be accelerated, focusing on rail and maritime connectivity. Building second-generation road links will enlarge the hinterlands of the main ports and better connect the growth nodes.

Beyond improving physical connectivity, greater attention will be given to **simplifying and streamlining border crossing processes** for seamless movement of people, goods, and vehicles along the corridors. For without such interventions, the corridors may remain fragmented.

To transform the corridors from transport-centric to dynamic ECs, **cross-border value chains and special economic zones (SEZs) and economic zones** along the corridors will be promoted.

Map 9: IMT-GT Reconfigured and Proposed Economic Corridors

**EC 1**

North Sumatra, Penang, Kedah, Perlis, Songkhla, Nakhon Si Thammarat, Chumphon, Surat Thani, and Phatthalung.

EC 2

Perlis, Perak, Penang, Selangor, Kedah, Malacca, Krabi, Phang Nga, Trang, Yala, and Satun.

EC 3

Aceh, North Sumatra, Riau, West Sumatra, Jambi, South Sumatra, Bengkulu, and Lampung.

EC 4

Riau, West Sumatra, Malacca, and Johor.

EC 5

Aceh, Kedah, Ranong, Phuket, Krabi, and Phang Nga.

EC 6

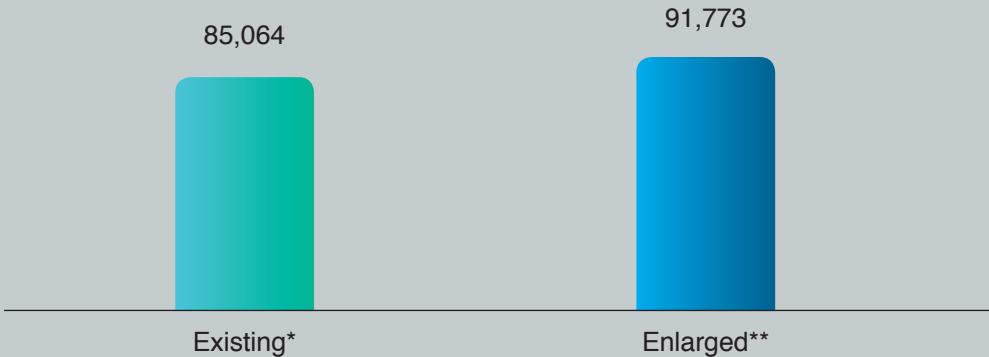
South Sumatra, Riau Islands, Bangka Belitung, Kelantan, Terengganu, Pahang, Perak, Selangor, Malacca, Johor, Pattani, Yala, Narathiwat.

BOX 5: GAME CHANGER 1-ADOPTS ECONOMIC CORRIDOR 6 AND INCORPORATES THE STATES OF JOHOR, PAHANG, AND TERENGGANU IN MALAYSIA AS AN INTEGRAL PART OF IMT-GT

The incorporation of Economic Corridor (EC) 6 will enable Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) member provinces in Thailand and member states in Malaysia better connect with South Sumatra, Riau, Riau Island, Bangka Belitung, and Bengkulu Island (and vice versa), allowing for greater optimization of economic complementarities between them.

The inclusion of Johor, Pahang, and Terengganu will immediately add 6.7 million people to the subregion, bringing its total population to 91.8 million.

Figure 28: Total Population—Existing and Enlarged IMT-GT



Notes:

* 2019. Source: Centre for IMT-GT Subregional Cooperation. 2020. IMT-GT at a Glance: A Statistical Information Brief.

** Added Johor, Pahang, and Terengganu, which had a combined population of 6.7 million in 2020.

Source: Department of Statistics Malaysia.

Incorporating EC 6 will mean adding Johor Bharu, the capital city of Johor and a dynamic city in the south of Peninsular Malaysia, to IMT-GT. It will also bring IMT-GT closer to Singapore, a primary growth node in the Association of Southeast Asian Nations (ASEAN) and a global high-tech hub.

An expanded IMT-GT, both in terms of its physical coverage and market size, will put it on the radar of potential investors from the Regional Comprehensive Economic Partnership member states and beyond.

STRATEGIC COMPONENT 2: PRIVATE SECTOR-DRIVEN GROWTH

This component advocates private sector-driven growth. This will be done by **legalizing and reforming the IMT-GT Joint Business Council (JBC)**. The goal is to elevate the JBC to be on par with or even better than similar regional business councils such as the ASEAN Business Advisory Council. The enhanced JBC will lead in promoting and facilitating the participation of the private sector in IMT-GT (Box 6).

Building strong partnerships between the business community and local governments is another focus of this component. To this end, **investment promotion agencies (IPAs)** operating in member provinces and states will be **mainstreamed under the Chief Ministers and Governors' Forum (CMGF) framework**. These IPAs will be entrusted to be the main providers of investor-focused services. They will lead in promoting intra and extra-IMT-GT investment.

The IMT-GT University Network (UNINET) is now formally recognized as IMT-GT's think tank. **UNINET will play an active role as a subregional think tank for the private sector and as the JBC's knowledge partner**. Under these and other related arrangements, strong university–industry collaboration will be established.

BOX 6: GAME CHANGER 2—LEGALIZE AND REVAMP JOINT BUSINESS COUNCIL

The legalization of the Joint Business Council (JBC) should happen at the regional level (for Indonesia–Malaysia–Thailand Growth Triangle [IMT-GT] JBC) and national level (for the national chapters of the JBC). At the same time, the governing, management, and operations structures of the JBC (both regional and national) should be radically transformed. The aim is to make the JBC an effective private sector focal point fully capable of providing a wide range of cutting-edge business, secretariat, and advocacy services to the business community. The JBC should also be highly capable of initiating cross-border projects. A legalized and enhanced JBC should have a permanent regional secretariat with a team of dedicated full-time professional staff and a chief executive officer. The outcomes of these initiatives should further enhance the private sector's potential as IMT-GT's engine of growth, accelerating the departure from the current public sector-led model.

Source: Asian Development Bank.

STRATEGIC COMPONENT 3: A HIGHLY RESPONSIVE INSTITUTIONAL SETUP

This component entails building a highly responsive institutional setup by conducting **more results-orientated convergence meetings** between working groups for effective cross-sectoral facilitation and creating **more project implementation teams (PITs)** for effective project implementation.

The role of the national secretariats will be strengthened to enable them to **act as “integrators,” providing effective integrative planning at the national and subnational levels.** Essentially, the national secretariats serve as the secretariat and coordinator for all in-country public sector IMT-GT-related initiatives. Although the lead ministries and agencies in implementing the IB projects are represented in the working groups, much of the ground-level implementation of these projects is undertaken in each member country. The national secretariat, therefore, plays a crucial coordinative and facilitative role in the IB implementation. Given the cross-sectoral nature of the IB projects, the role of the national secretariats in undertaking integrative planning cannot be overemphasized.

The CIMIT’s role as convenor and facilitator of convergence meetings and PITs at the subregional level will be further strengthened. Similarly, the **CIMIT’s role in initiating, advising, coordinating, facilitating, implementing, and monitoring and evaluating**³⁶ IB 2022–2026 programs and projects will be enhanced.

The CMGF is crucial in ensuring effective project delivery at the provincial, state, or local level. It also plays a key role in soliciting, consolidating, and elevating local development interests to the national governments for support. To further empower the CMGF to perform these roles, Indonesia and Malaysia will consider establishing their respective **CMGF secretariats**, drawing on the best practices of the CMGF Secretariat in Thailand.³⁷

The 27th IMT-GT Ministerial Meeting on 6 August 2021 agreed to designate **UNINET as an IMT-GT think tank.** Under IB 2022–2026, UNINET will be strategic and intentional in engaging and partnering with the CMGF, working groups, the JBC, national secretariats, the CIMIT, development partners, and other stakeholders to build a knowledge-based community in IMT-GT.

³⁶ As in line with Article 6.4C of the Agreement on the Establishment of CIMIT (2013).

³⁷ The following are among the good practices of the CMGF Secretariat in Thailand-GT: (i) it has a clear mandate from the Central Government of Thailand to support and empower the local governments of Thailand-GT; (ii) located in Songkhla Province, the secretariat is physically close to the local governments and the private sector of Thailand-GT; (iii) it has a relatively formalized mechanism to reach out to the local governments and local businesses as well as a system to consolidate the local governments’ positions for elevation to the Central Government of Thailand and IMT-GT official meetings; (iv) it serves as a central depository for Thailand-GT; (v) it conducts structured trainings for local governments, such as in areas of developing project proposals for submission to relevant IMT-GT forums and national government; and (vi) it monitors the implementation progress and evaluates the impacts of Thailand-GT projects. Source: IMGT-GT Vision 2036.

This strategic component emphasizes the need for every **member country to adopt a national strategic action plan (SAP) for subregional cooperation to streamline internal processes for effective subregional engagement** (Box 7). The success of IMT-GT with a highly responsive institutional setup hinges greatly on the adoption of this initiative.

While member countries are encouraged to adopt a national SAP for subregional cooperation, it is not mandatory. Some member countries may already have a similar plan in place.

BOX 7: GAME CHANGER 3—MEMBER COUNTRIES TO DEVELOP AND IMPLEMENT THEIR RESPECTIVE NATIONAL STRATEGIC ACTION PLANS FOR SUBREGIONAL COOPERATION

Rationale

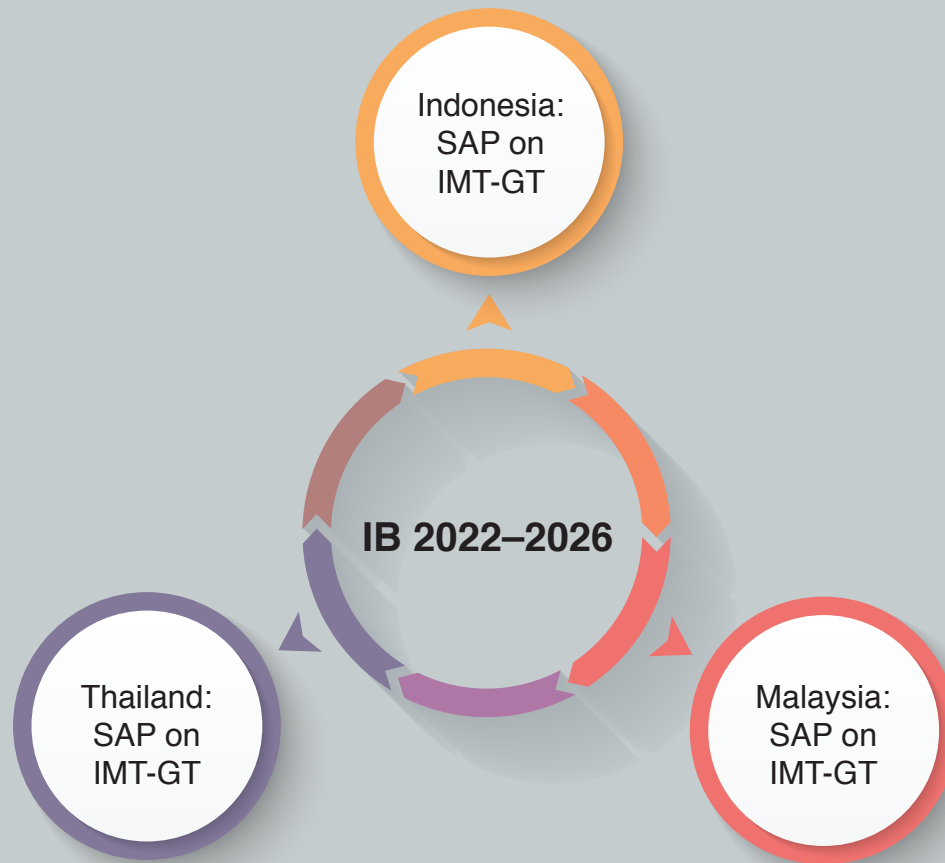
At the national level, there is **a lack of a clear national goal and strategic direction to guide the involvement of in-country stakeholders in Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT)**. As a result, national and provincial/state agencies and local businesses have varying degrees of understanding and appreciation of IMT-GT.

While it is generally accepted that IMT-GT should adopt a project-centric approach toward subregional cooperation and integration, there is no specific national strategy to guide the execution of the approach. Potential project proponents find it challenging to align their project objectives with relevant national strategies to ensure adequate government support.

The absence of an explicit national strategy on subregional cooperation discourages in-country stakeholders from making serious and long-term investment commitments in the subregion. Hence, there is an urgent need for a national strategic action plan (SAP) for subregional cooperation (Figure) to **guide the involvement of the public and private stakeholders in IMT-GT systematically and help them navigate through the complex subregional institutional setup and engagement processes**. Feedback from the stakeholders throughout this study has confirmed this need.

Implementation of the three SAPs is expected to **further enhance the institutional coherence and responsiveness** of IMT-GT.

Figure 29: National Strategic Action Plans on IMT-GT



With the technical support from the Asian Development Bank (ADB), Malaysia has already started formulating its national SAP.

Objectives

This national SAP for IMT-GT aims to outline **clear strategic directions and actions** to systematically promote the participation of in-country stakeholders in subregional cooperation programs and projects.

More specifically, **the national SAP shall guide individual member countries in effectively executing the Implementation Blueprint (IB) 2022–2026 and capitalizing on the growth opportunities offered under the IB.**

The national SAPs should have a planning horizon of 5 years, i.e., from 2022 to 2026, to coincide with IB 2022–2026. Implementation of the national SAPs is expected to achieve the following outcomes:

- Member countries' involvement in IMT-GT is guided by clear national objectives and strategies.
- The coordination and communication between the ministries, agencies, and provincial/state authorities involved in IMT-GT are enhanced.
- The private sector would be more active in driving the IB 2022–2026 implementation.
- Strong project facilitation and delivery system are in place.
- Stakeholders are more well-versed with the IMT-GT project identification and planning cycle and processes.
- More resources are needed for IMT-GT projects.

Proposed Template for Developing a National SAP for Subregional Cooperation

The following table provides a template for developing the national SAP. Each strategy should be accompanied by specific **action(s)**, which should be time-bound and with a designated lead and supporting bodies.

Proposed Template for Developing a National SAP for Subregional Cooperation

Objective (Outcome)	Strategy
In-country public and private stakeholders are guided by clear national objectives and strategies.	<ul style="list-style-type: none"> • Developing a national SAP for IMT-GT that supports national development priorities • Securing high-level political commitment and mandate to implement the SAP
Coordination and communication between national and subnational governments involved in IMT-GT are enhanced.	<ul style="list-style-type: none"> • Creating in-country project implementation teams (PITs) for projects that require cross-sector government facilitation • Enhancing horizontal coordination and communication through conducting in-country convergence meetings regularly • Empowering the national secretariat and units within the provincial/state agencies responsible for IMT-GT initiatives through capacity building and allocation of more human and financial resources

Objective (Outcome)	Strategy
The private sector plays a more active role in driving subregional initiatives.	<ul style="list-style-type: none"> • Developing, with private sector participation, a list of pipeline projects/ investable projects for implementation under IB 2022–2026 • Improving ease of doing business for investors through streamlined processes and clear regulations • Providing customized incentives and tailored support to investors • Promoting in-country economic corridor (EC) development to align with the IMT-GT ECs • Promoting special economic zones (SEZs) and economic zones along the ECs • Legal registration of the national chapters of the Joint Business Council (JBC) • Mainstreaming provincial and state investment promotion agencies (IPAs) under the Chief Ministers and Governors' Forum (CMGF) framework
Strong project facilitation and delivery system are in place.	<ul style="list-style-type: none"> • Ensuring strong and consistent leadership at the working group level (i.e., national representatives at various working groups) • Enhancing the technical capability of working groups through greater involvement of technical/specialized agencies, University Network (UNINET) members, etc. • Addressing cross-sectoral project implementation issues through in-country PITs • National secretariat to have a robust monitoring and evaluation (M&E) system for effective adaptive management decisions
Stakeholders are well-versed with the subregional project identification and planning cycle and processes.	<ul style="list-style-type: none"> • Conducting training on the IMT-GT Project Manual
Funds for subregional projects are adequate.	<ul style="list-style-type: none"> • Addressing the stakeholders' knowledge gaps on the national budget cycle • Diversifying funding sources through guidance to the Centre for IMT-GT Subregional Cooperation (CIMT)

STRATEGIC COMPONENT 4: INCLUSIVE GROWTH

Strategic Component 4 underlines the importance of promoting inclusive growth, one of the main approaches to counter the adverse impacts of the COVID-19 pandemic. This will be done through (i) **empowering the IMT-GT's rural and urban poor, middle class, and MSMEs** for inclusive growth post-COVID-19 pandemic; (ii) **reskilling and upskilling the IMT-GT's workforce** to capitalize on growth opportunities arising from megatrends; (iii) **promoting upward mobility of individuals**; and (iv) **accelerating the adoption of digitalization**.

Under IB 2022–2026, **UNINET will continue to play a key role in promoting inclusive growth through cultural exchange programs such as university carnivals, student/youth exchange programs, and sports events**. Such cultural exchange programs will not only enhance people-to-people connectivity but also help build a strong IMT-GT community identity.

STRATEGIC COMPONENT 5: GREEN, BLUE, AND CIRCULAR ECONOMY

This strategic component emphasizes adopting a green, blue, and circular economy model toward subregional cooperation and integration. This facilitates the subregion to **build back better** post COVID-19 pandemic.

Adopting such a development model is also in line with individual member counties' commitments to decarbonize their economies and halt global biodiversity loss. Adopting this model will also open new markets and investment opportunities, as well as create green jobs.

Many global supply chains begin in IMT-GT, from resources and food such as rubber and palm oil to manufactured goods such as semiconductors and rubber-based products. Transforming these supply chains to be climate-friendly will place the subregion and companies at a competitive advantage. This is because global customers increasingly demand doing business with firms whose climate goals are aligned with those of the Paris Agreement.³⁸

Under this component, IMT-GT member countries will collaborate to **promote cross-border value chains anchored on circular economy principles** (eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature)³⁹; **intensify the implementation of Sustainable Urban Development Framework (SUDF) and Green City Action Plans (GCAPs)**; **promote sustainable urban transportation**; **promote sustainable consumption and production**; **protect and conserve the subregion's biodiversity and ecosystem services**; and **promote environmental, social, and governance (ESG) investment** for net-zero carbon emissions and biodiversity conservation.

³⁸ Bain, Microsoft, and Temasek. 2021. Southeast Asia's Green Economy 2021 Report: Opportunities on the Road to Net Zero. <https://www.bain.com/globalassets/noindex/2021/green-economy/bain-microsoft-temasek-sea-green-economy-2021-report-road-to-net-zero-main.pdf>.

³⁹ Ellen MacArthur Foundation. Circular Economy Introduction: Finding a Common Language—the Circular Economy Glossary. <https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/glossary>.

Table 1 summarizes the five strategic components of the Strategic Framework of IB 2022–2026.

Table 1: Five Strategic Components of the Strategic Framework of Implementation Blueprint 2022–2026

Strategic Component	Description
1: Corridor-Centric Approach to Regional Integration	<ul style="list-style-type: none">• Adopt the reconfigured economic corridors (ECs) for greater impact.• Adopt EC 6 and incorporate Johor, Pahang, and Terengganu as an integral part of Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) (Game Changer 1).• Intensify the implementation of physical connectivity projects.• Simplify and streamline border crossing procedures and processes.• Create and expand cross-border value chains to optimize economic complementarities.• Promote special economic zones (SEZs) and economic zones.
2: Private Sector-Driven Growth	<ul style="list-style-type: none">• Legalize and revamp the Joint Business Council (JBC) (Game Changer 2).• Build strong partnerships between the business community and provincial/state governments.• Mainstream investment promotion agencies (IPAs) operating in member provinces and states under the Chief Ministers and Governors’ Forum (CMGF) framework.• Promote University Network (UNINET) as a think tank for the private sector and knowledge partner of the JBC.
3: Highly Responsive Institutional Setup	<ul style="list-style-type: none">• Conduct more results-orientated convergence meetings between working groups for effective cross-sectoral facilitation.• Create more project implementation teams (PITs) for effective project implementation.• Enhance national secretariats to be effective integrators.• Strengthen the Centre for IMT-GT Subregional Cooperation (CIMT) to be an effective convenor and facilitator of convergence meetings and enhance its role in initiating, advising, coordinating, facilitating, implementing, and monitoring and evaluation (M&E).• Ensure that Indonesia and Malaysia will establish their respective CMGF secretariats.• Designate UNINET as an IMT-GT think tank.• Adopt a national strategic action plan (SAP) for subregional cooperation (Game Changer 3), where appropriate.

4: Inclusive Growth

- Empower the rural and urban poor; middle class; and micro, small, and medium-sized enterprises (MSMEs).
- Reskill and upskill IMT-GT's workforce to capitalize on growth opportunities.
- Promote upward mobility of individuals.
- Accelerate the adoption of digitalization.
- Allow UNINET to continue playing a key role in promoting inclusive growth through cultural exchange programs such as university carnivals, student/youth exchange programs, and sports events.

5: Green, Blue, and Circular Economy

- Promote cross-border value chains that are anchored on circular economy principles (eliminate waste and pollution, circulate products and materials at their highest value, and regenerate nature).
- Intensify the implementation of the Sustainable Urban Development Framework (SUDF) and Green City Action Plans (GCAPs).
- Promote sustainable urban transportation as well as sustainable consumption and production.
- Protect and conserve the subregion's biodiversity and ecosystem services.
- Promote environmental, social, and governance (ESG) investment for net-zero carbon emissions and biodiversity conservation.

Source: Centre for IMT-GT Subregional Cooperation.

ALIGNMENT WITH THE IMT-GT VISION 2036, SUSTAINABLE DEVELOPMENT GOALS, AND ASSOCIATION OF SOUTHEAST ASIAN NATIONS COMPREHENSIVE RECOVERY FRAMEWORK 2020

The Strategic Framework of IB 2022–2026 is designed to **accelerate the realization of IMT-GT Vision 2036**. For example, implementing the corridor-centric approach to regional integration (Strategic Component 1) shall ensure an investment strategy that prioritizes the six economic corridors (ECs), including the economic zones and growth nodes in the corridors. The investment strategy shall accelerate the industrial clustering effect and maximize economic network externalities along and beyond the corridors, which, in turn, will promote **integration, innovation, and inclusive development**, as per IMT-GT Vision 2036. Moreover, adopting green, blue, and circular economy models (Strategic Component 5) will steer IMT-GT toward the build back better recovery path, thereby further mainstreaming the **sustainable and inclusive** development goals of IMT-GT Vision 2036.

The Strategic Framework of IB 2022–2026 is broadly aligned with 9 of the 17 **Sustainable Development Goals (SDGs)** adopted in 2015 by the United Nations General Assembly for 2030. The nine SDGs are the following:

- SDG 8:** Decent work and economic growth;
- SDG 9:** Industry, innovation and infrastructure;
- SDG 10:** Reduced inequalities;
- SDG 11:** Sustainable cities and communities;
- SDG 12:** Responsible consumption and production;
- SDG 13:** Climate action;
- SDG 14:** Life below water;
- SDG 15:** Life on land; and
- SDG 17:** Partnerships for the goals.

The economic network externalities and effects generated under **Strategic Component 1** (corridor-centric approach to regional integration) are expected to spur IMT-GT toward a more sustained and inclusive economic growth path, creating new jobs along the way and contributing to achieving SDG 8 (decent work and economic growth). Furthermore, through intensifying the implementation of PCPs, simplification and streamlining of border crossing procedures and processes, expansion of cross-border value chains, and promotion of special economic zones (SEZs) and economic zones, Strategic Component 1 will contribute to SDG 9 (industry, innovation and infrastructure) and SDG 10 (reduced inequalities).

Strategic Component 2 (private sector-driven growth) focuses on enhancing the JBC; building strong partnerships between the business community, UNINET, and provincial/state governments; and mainstreaming investment promotion agencies (IPAs) under the CMGF framework. Implementation of Strategic Component 2 is expected to bring about a more market-oriented and bottom-up approach to subregional cooperation, contributing to the realization of SDG 9 (industry, innovation and infrastructure) and SDG 10 (reduced inequalities).

Strategic Component 3 (a highly responsive institutional setup) emphasizes enhancing cross-sectoral and inter-agencies coordination and collaboration at the subnational, national, and subregional levels. It contributes to SDG 17 (partnerships for the goals), which refers to the need for cross-sector and cross-country collaboration in pursuit of the SDGs by 2030.

Strategic Component 4 (inclusive growth) underlines the need to empower the rural and urban poor, middle class, and MSMEs; reskill and upskill IMT-GT's workforce to capitalize on growth opportunities; promote upward mobility of individuals; accelerate the adoption of digitalization; and implement cultural exchange programs. These efforts are expected to contribute to SDG 8 (decent work and economic growth) and SDG 10 (reduced inequalities).

Strategic Component 5 (green, blue, and circular economy) focuses on accelerating climate actions and biodiversity conservation actions in IMT-GT, covering the promotion of sustainable cross-border value chains; implementation of SUDF; promotion of sustainable consumption and production; protection and conservation of biodiversity and ecosystem services; and promotion of ESG investment. The implementation of Strategic Component 5 is expected to contribute to SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production), SDG 13 (climate action), SDG 14 (life below water), and SDG 15 (life on land).

The Strategic Framework of IB 2022–2026 is also aligned with four of the five broad strategies of the **ASEAN Comprehensive Recovery Framework (ACRF)** adopted at the 37th ASEAN Summit on 12 November 2020.

Strategic Component 1 (corridor-centric approach to regional integration) represents a deliberate attempt to accelerate regional integration by enhancing connectivity and promoting cross-border production networks and industrial clusters along the six designated ECs. It focuses on increasing cross-border trade and investment by improving the service performance and interoperability of the corridors. The end result would be a more integrated IMT-GT that appeals to domestic and foreign investments. Strategic Component 2 (private sector-driven growth) reinforces Strategic Component 1 by making the private sector the main driver of IMT-GT projects including EC projects. Strategic Component 3 (a highly responsive institutional setup), on the other hand, provides a robust and responsive institutional setup crucial for moving IMT-GT to a higher level of economic integration.

Overall, **Strategic Components 1, 2, and 3** align with Broad Strategy 3 (maximizing the potential of the intra-ASEAN market and broader economic integration) of the ACRF, which focuses on priorities that intensify intra-ASEAN trade and investment and establish ASEAN as a competitive market. Among others, Broad Strategy 3 emphasizes the opportunity to maximize the potential of the internal market to boost recovery from the impact of the pandemic.

Strategic Component 4 (inclusive growth) underlines the importance of protecting and promoting the well-being of the vulnerable groups (e.g., rural and urban poor, middle class, and MSMEs), empowering them through reskilling, upskilling, and adoption of digitalization. This is consistent with Broad Strategy 2 (strengthening human security) of the ACRF, which puts the welfare of people at the core of the recovery framework by bolstering the protection and empowerment of all people and communities during COVID-19 recovery and beyond. Strategic Component 4 is also in alignment with Broad Strategy 4 (accelerating inclusive digital transformation) of the ACRF, which calls for ASEAN member states to leverage the momentum and imperative of digital transformation and seize the enormous opportunities presented by digital technologies to boost the economy and improve society in the post-COVID-19 world.

Strategic Component 5 (green, blue, and circular economy) calls for building back better through promoting an economy that is low-carbon, resource efficient, and socially inclusive. This is consistent with Broad Strategy 5 (advancing toward a more sustainable and resilient future) of the ACRF, which underscores ASEAN's commitment to developing a recovery framework that is durable, long-lasting, and inclusive, capable of safeguarding the region's natural resources, social fabric, and the prosperity of its people.

Table 2 summarizes how each of the strategic components of the Strategic Framework of IB 2022–2026 is aligned with the IMT-GT Vision 2026, SDGs, and ACRF.

Table 2: Aligning Implementation Blueprint 2022–2026 with IMT-GT Vision 2026, Sustainable Development Goals, and ASEAN Comprehensive Recovery Framework

IB 2022–2026: Strategic Directions	IMT-GT Vision 2036	Sustainable Development Goals (SDGs)	ASEAN Comprehensive Recovery Framework
Corridor-centric approach to regional integration	<ul style="list-style-type: none"> • Integration • Innovation • Inclusivity 	<ul style="list-style-type: none"> • Goal 8: Decent work and economic growth • Goal 9: Industry, innovation, and infrastructure • Goal 10: Reduced inequalities 	<ul style="list-style-type: none"> • Broad Strategy 3: Maximizing the potential of intra-ASEAN market and broader economic integration
Private sector-driven growth	<ul style="list-style-type: none"> • Integration • Innovation 	<ul style="list-style-type: none"> • Goal 8: Decent work and economic growth • Goal 9: Industry, innovation, and infrastructure 	<ul style="list-style-type: none"> • Broad Strategy 3: Maximizing the potential of intra-ASEAN market and broader economic integration
A highly responsive institutional set up	<ul style="list-style-type: none"> • Integration 	<ul style="list-style-type: none"> • Goal 17: Partnership for the goals 	<ul style="list-style-type: none"> • Broad Strategy 3: Maximizing the potential of intra-ASEAN market and broader economic integration
Inclusive growth	<ul style="list-style-type: none"> • Inclusivity 	<ul style="list-style-type: none"> • Goal 8: Decent work and economic growth • Goal 10: Reduced inequalities 	<ul style="list-style-type: none"> • Broad Strategy 2: Strengthening human security • Broad Strategy 4: Accelerating inclusive digital transformation
Green, blue, and circular economy	<ul style="list-style-type: none"> • Sustainability • Inclusivity 	<ul style="list-style-type: none"> • Goal 11: Sustainable cities and communities • Goal 12: Responsible consumption and production • Goal 13: Climate action • Goal 14: Life below water • Goal 15: Life on land 	<ul style="list-style-type: none"> • Broad Strategy 5: Advancing toward a more sustainable and resilient future

ASEAN = Association of Southeast Asian Nations, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

Source: Centre for IMT-GT Subregional Cooperation.

PURSUING THE LONG-TERM GOALS WITH RESOLVE

IMT-GT strives to deliver three priority subregional goals, as identified in IMT-GT Vision 2036: (i) sustainable, inclusive, and innovative agriculture sector; (ii) competitive, innovative, and advanced industrial base; and (iii) sustainable, inclusive, and competitive cross-border tourism. To measure the progress toward achieving these long-term goals, IMT-GT Vision 2036 sets forth the following macro/high-level indicators (Box 8):

- Indicator 1: Real GDP increases to \$694 billion by 2036 from \$215 billion in 2014
- Indicator 2: GDP per capita increases to \$32,120 by 2036 (2015: \$13,844)
- Indicator 3: Intra-IMT-GT trade increases to 28% of total IMT trade by 2036 (2015: 9.2%)
- Indicator 4: Average annual FDI inflows to IMT-GT increase to \$24 billion by 2036 (2015: \$8 billion)
- Indicator 5: Average annual international visitor arrivals increase to 109 million persons by 2036 (2015: 39 million)
- Indicator 6: IMT-GT PIT and JBC implement a total of 400 cross-border projects with direct MSMEs and social enterprises' participation by 2036 (i.e., 20 projects per year)
- Indicator 7: At least 40 cities in IMT-GT implement GCAP by 2036 (2016: 5 cities)

BOX 8: MONITORING THE MACRO/HIGHER-LEVEL INDICATORS

Indicator 1 on real GDP values will no longer be measured due to the unavailability of compatible data. Similarly, due to the unavailability of intra-IMT-GT trade data, the CIMT and Sub-Working Group on Trade, Investment, and Tourism Database are developing an alternative to Indicator 3 on Intra-IMT-GT trade.

In view of this, IB 2022–2026 focuses on measuring five of the original seven indicators, as follows:

- GDP per capita at current PPP \$ in IMT-GT;
- average annual FDI inflows to IMT-GT in \$ billion;
- average annual international visitor arrivals in million persons;
- number of cross-border projects with direct MSMEs and social enterprises' participation; and
- number of Green City Action Plans implemented.

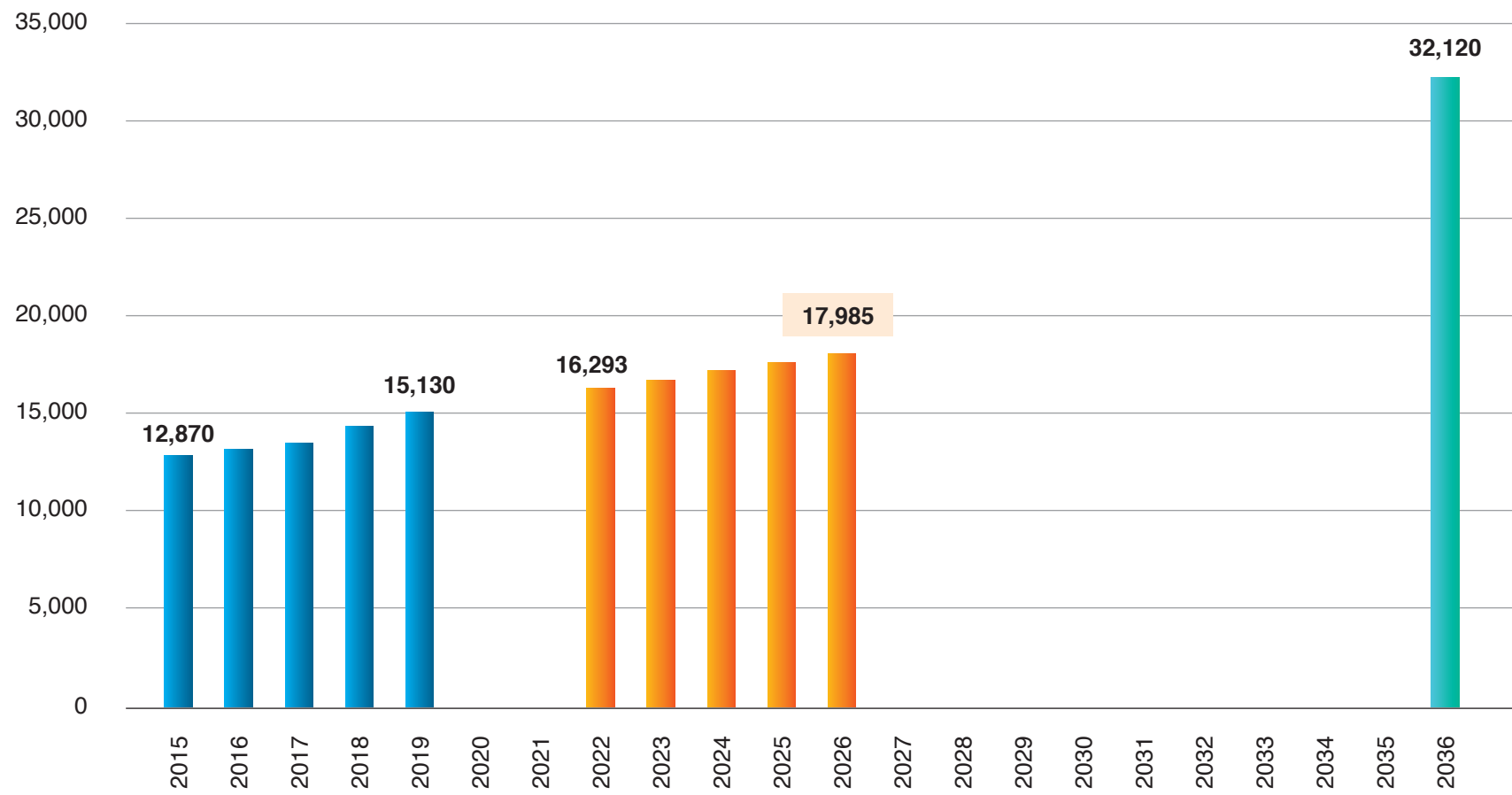
The alternative to Indicator 3 on intra-IMT-GT trade will be added to IB 2022–2026 once available.

IB 2022–2026 is the second medium-term plan for attaining these 20-year goals. Guided by the clear, bold, and innovative strategies of IB 2022–2026, IMT-GT is determined to realize its goals. To track and monitor the subregion’s progress toward achieving the long-term goals, IB 2022–2026 sets out the following macro/high-level indicators:

- GDP per capita at current purchasing power parity (PPP) \$ in IMT-GT increases to \$17,985 by 2026 (2019: \$15,130);
- average annual FDI inflows to IMT-GT increase to \$16 billion by 2026 (2017–2019: \$11 billion per annum [3-year average]);
- average annual international visitor arrivals increase to 50 million persons by 2026 (2017–2019: 43 million per annum [3-year average]);
- IMT-GT PIT and JBC implement a total of 100 cross-border projects with direct MSMEs and social enterprises’ participation by 2026 (i.e., 20 projects per year during the 2022–2026 period); and
- at least 10 cities in IMT-GT implement GCAP during the 2022–2026 period (as of February 2020, 11 IMT-GT cities implemented the GCAP).

Respectively, Figure 30, 31, and 32 depict the indicators on GDP per capita, average annual FDI inflows, and average annual international visitor arrivals, illustrating their past performances, projected trajectories under IB 2022–2026, and the 2036 targets adopted by the IMT-GT Vision 2036.

Figure 30: Indicator on Gross Domestic Product per Capita in IMT-GT – Past Performance, Projected Trajectories under Implementation Blueprint 2022–2026, and 2036 Targets (\$)



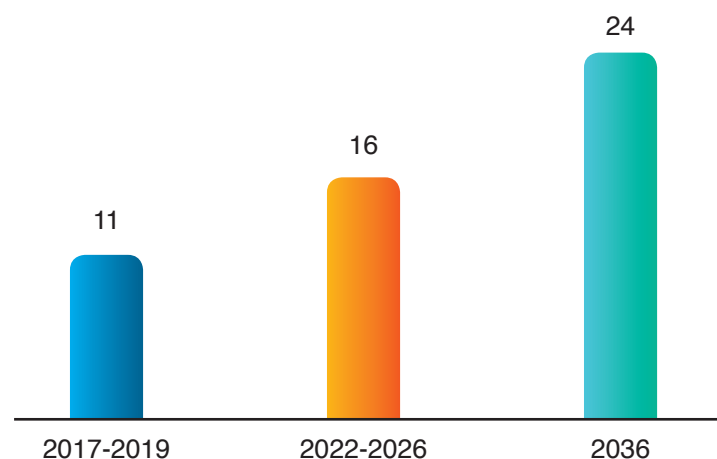
IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

Notes:

1. The gross domestic product (GDP) per capita is calculated at current purchasing power parity (PPP) \$.
2. The blue bars show the past performance. The orange bars are projections for Implementation Blueprint (IB) 2022–2026. The green bar is the 2036 targets of the IMT-GT Vision 2036.
3. The value of \$17,985 was projected using an average annual growth rate (AAGR) of 2.5%. It was assumed that due to the adverse impact of the COVID-19 pandemic on the IMT-GT economy, the AAGR for the IB 2022–2026 period would be lower than the normal (business-as-usual) rate of 3.5%.

Source: Calculated data from Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

Figure 31: Average Annual Foreign Direct Investment Inflows to IMT-GT—Past Performance, Projection for Implementation Blueprint 2022–2026, and 2036 Targets (\$ billion)



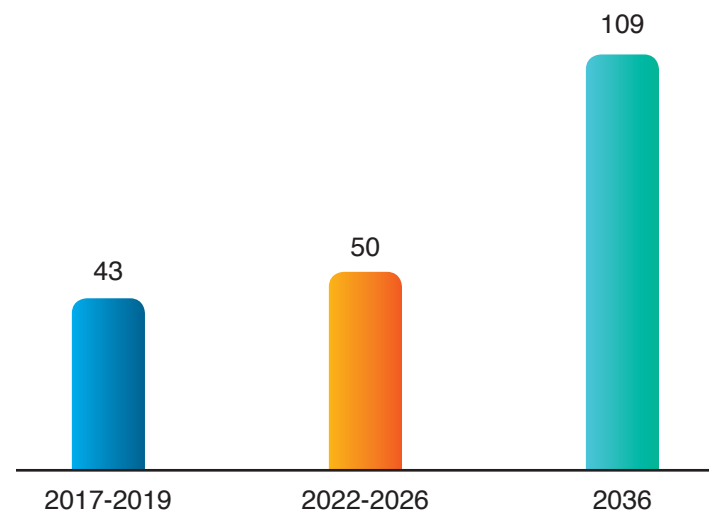
IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

Notes:

1. The blue bar shows the past performance under Implementation Blueprint (IB) 2017–2021 (3-year average, based on the latest available data). The orange bar is a projection for IB 2022–2026 (5-year average). The green bar is the 2036 targets adopted by the IMT-GT Vision 2036.
2. The value of \$16 billion was projected using an average annual growth rate (AAGR) of 4%. It was assumed that due to the adverse impact of the COVID-19 pandemic on global foreign direct investment (FDI) flows, the AAGR for the IB 2022–2026 period would be at 4%, i.e., lower than the normal (business-as-usual) rate of 7.5%.

Source: Calculated data from Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

Figure 32: Average Annual International Visitor Arrivals—Past Performance, Projection for Implementation Blueprint 2022–2026, and 2036 targets (million persons)



Notes:

1. The blue bar shows the past performance under Implementation Blueprint (IB) 2017–2021 (3-year average; based on the latest available data). The orange bar is a projection for IB 2022–2026 (5-year average). The green bar is the 2036 targets adopted by the IMT-GT Vision 2036.
2. The figure of 50 million international visitor arrivals was projected using an average annual growth rate (AAGR) of 3%. It was assumed that due to the adverse impact of the COVID-19 pandemic on international travels, the AAGR for the IB 2022–2026 period would be at 3%, i.e., lower than the normal (business-as-usual) rate of 6%.

Source: Calculated data from Centre for IMT-GT Subregional Cooperation. 2021. *IMT-GT at a Glance: A Statistical Information Brief*.

For the indicator of the implementation of cross-border projects, a strengthened JBC is expected to contribute meaningfully to achieving this target. Also, more PITs should be formed and activated under IB 2022–2026, which will complement the JBC's effort.

For the indicator of the implementation of GCAP, this target of at least 10 cities is consistent with Indicator 1.1 of the Focus Area on Environment, which was agreed upon by the Working Group on Environment (see Chapter 7).



CHAPTER 05

FOCUS AREAS: LEADS AND ENABLERS

FOCUS AREAS: LEADS AND ENABLERS

Three focus areas—agriculture and agro-based industry, tourism, and halal products and services—have been earmarked to spearhead IMT-GT’s cooperation and integration efforts over the IB 2022–2026 period. Identified as lead focus areas, they represent the sectors/industries in which IMT-GT has clear comparative and competitive advantages.

These three focus areas continued to be the most promising focus areas to propel IMT-GT toward post-COVID-19 recovery and longer-term development. This is partly due to their sheer size and the many multiplier effects that they can bring. For example, agriculture and agro-based industry is a major source of employment and a significant contributor to the IMT-GT’s GDP. The agriculture sector alone contributed 21% of the GDP of Thailand-GT and Indonesia-GT in 2019.⁴⁰ Agribusiness was the third-largest contributor to the Northern Corridor Economic Region (NCER) in Malaysia-GT, making up 9.2% of the region’s GDP in 2018.⁴¹ Tourism is one of the largest industries in the IMT-G, attracting an average 43 million international visitors per year during 2017–2019.⁴² The provinces/states in the IMT-GT are tourism-dependent economies, in which tourism-related services ranging from air travel, tours, events, cruises, hotels, restaurants, and retail are the major sources of income and employment. The industry is expected to bounce back post-COVID-19 pandemic. The halal products and services focus area in IMT-GT has enjoyed steady growth with an increasingly sophisticated and competitive halal ecosystem.

The three focus areas will be supported by five other focus areas that act as enablers: transport connectivity, trade and investment facilitation, environment, human resource development, and digital transformation.



Source: Centre for IMT-GT Subregional Cooperation.

⁴⁰ National Statistical Office of Thailand and Statistics Indonesia.

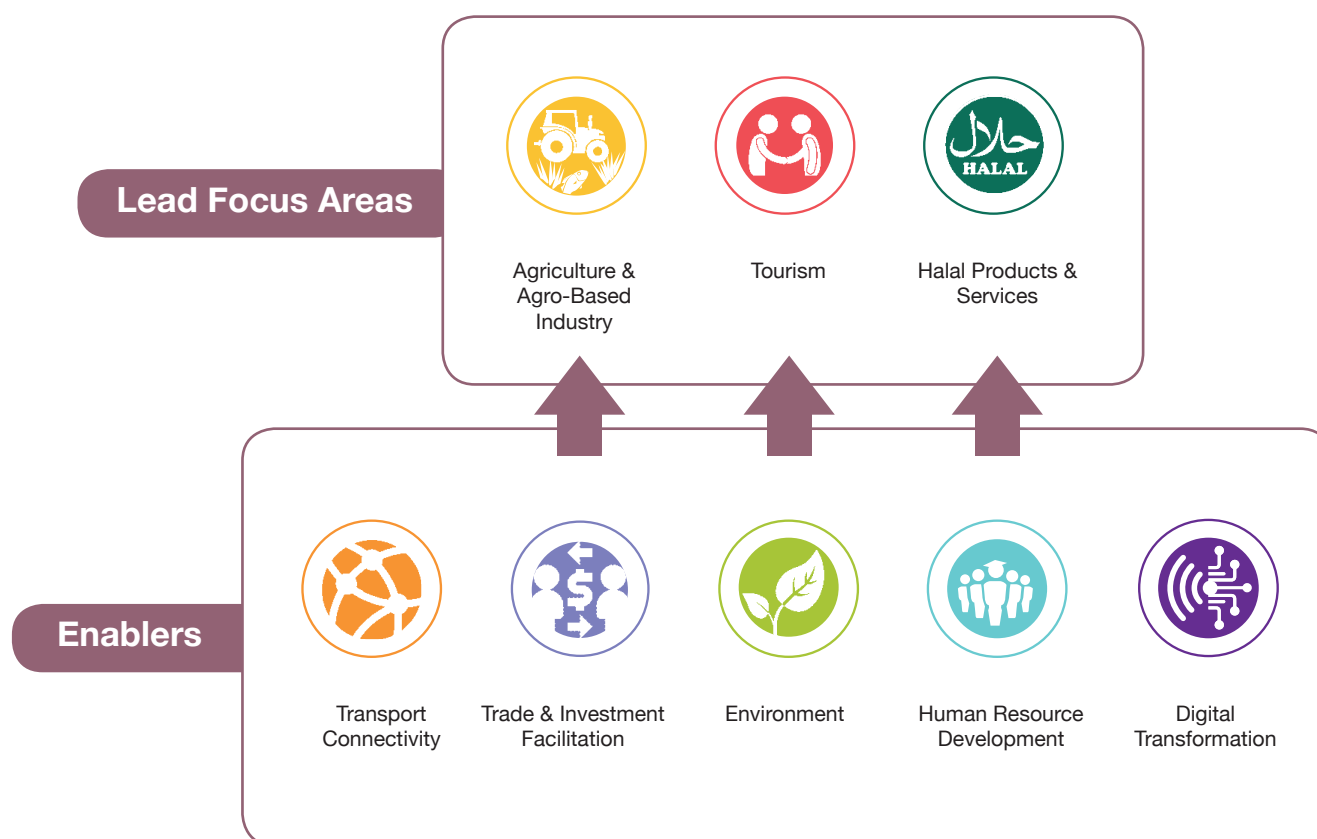
⁴¹ NCER. NCER Priority Sectors: Agribusiness. <https://www.ncer.com.my/invest-in-ncer/ncer-priority-sectors/agribusiness/>.

⁴² CIMT. 2021. IMT-GT at a Glance: A Statistical Information Brief.

Economic actors under the lead focus areas are physically involved in producing, trading, and marketing goods and services and in mobilizing funds, technology, and human capital for said economic activities. They are the private sector players, from multinational corporations to micro, small, and medium-sized enterprises (MSMEs) and government-linked corporations/state-owned enterprises (footnote 1).

Economic actors under the enablers support and empower the private sector and wider community to grow and thrive by providing a facilitative and conducive environment. These actors are the central governments (ministerial meeting, senior officials' meeting [SOM], national secretariat); line ministries (working groups); provincial and state governments; and local authorities (Chief Ministers and Governors' Forum [CMGF]). They are the main bodies that drive the project- and location-specific regulator reforms, involving actively in the debottlenecking of administrative, technical, and regulatory barriers that impede the cross-border flow of goods, services, investment, people, and vehicles. These bodies also identify the capacity gaps of economic agents and help them overcome those gaps through capacity building programs (footnote 1).

Figure 33: Lead Focus Areas and Enablers



Source: Centre for IMT-GT Subregional Cooperation.

SCOPE OF THE FOCUS AREAS

The **Focus Area on Agriculture and Agro-Based Industry** covers a range of resource-based economic activities (upstream, midstream, and downstream), specifically agriculture, fisheries, and livestock.

The **Focus Area on Tourism** includes tourism development and promotion.

The **Focus Area on Halal Products and Services** encompasses all halal-promoted economic activities.

The **Focus Area on Transport Connectivity** covers transport facilitation and transport infrastructure development.

The **Focus Area on Trade and Investment Facilitation** comprises (i) trade and investment facilitation, and (ii) trade in goods and services and investment.

The **Focus Area on Environment** covers climate mitigation and adaptation, with a special focus on (i) sustainable urban development; and (ii) sustainable management of natural resources, and biodiversity protection and conservation.

The **Focus Area on Human Resource Development** covers developing and upgrading IMT-GT workforce skills and improving labor mobility through, among others, information sharing, awareness raising, capacity building, knowledge exchange, and technology transfer.

The **Focus Area on Digital Transformation** encompasses digital infrastructure, digital innovation, e-commerce, and digital literacy and skills.

FOCUS AREA STRATEGIC FRAMEWORK

Each focus area is guided by a **focus area strategic framework**, which consists of the focus area's goal(s), objectives, and strategies. The framework illustrates the strategic direction of the respective focus areas.

Each objective is assigned one or more **specific, measurable, achievable, relevant, and time-bound (SMART) indicators** to measure progress over time.

The eight focus area strategic frameworks were developed based on a larger framework, i.e., the **Strategic Framework of IB 2022–2026** (see Chapter 4), particularly its five strategic components:

- corridor-centric approach to regional integration,
- private sector-driven growth,
- a highly responsive institutional setup,
- inclusive growth, and
- green, blue, and circular economy.

AN ACTION-ORIENTED PLAN

An action plan accompanies every focus area. Projects will be identified and developed under each action. The action plan translates each focus area strategy into priority actions and specifies the expected timelines for implementing the actions. This process builds a truly action-oriented IB 2022–2026 plan. The action plan also acts as a bridge between strategies and projects and is designed to ensure a strong strategy–project fit.

Most of the actions fall into two broad groups:

- Actions to be implemented during the first half of IB 2022–2026. These are actions aimed at ensuring a rapid and sustained post-COVID-19 pandemic recovery (e.g., actions to ensure a smooth opening of borders).
- Action to be implemented throughout the IB 2022–2026 period. These are actions meant to enhance the fundamentals critical for the longer-term development of IMT-GT (e.g., capacity building, infrastructure development).



CHAPTER 06

**LEAD FOCUS AREAS: SPURRING RECOVERY AND
PROPELLING GROWTH**



FOCUS AREA ON AGRICULTURE AND AGRO-BASED INDUSTRY

CURRENT STATE OF PLAY

Economic Importance

The agriculture sector and agro-based industry are among the mainstays of the IMT-GT economy. In 2019, 21% of the GDP of Thailand-GT and Indonesia-GT came from the agriculture sector (footnote 40). In the NCER in Malaysia-GT, where four IMT-GT member states (Kedah, Penang, Perak, and Perlis) are located, the agribusiness made up 9.2% of its GDP in 2018 (footnote 41).

The COVID-19 pandemic has highlighted the important role of the agriculture sector in ensuring adequate and stable food supplies through international trade.⁴³ Furthermore, the sector's role in keeping rural poverty in check through employment generation during the pandemic cannot be overemphasized.

Challenges

Labor shortages have affected the sector, especially in Thailand and Malaysia. This issue has been around for a while now due to migration from rural to urban areas and population aging. The COVID-19 containment measures have further aggravated the labor supply problem.⁴⁴ Disruptions have extended to the whole agricultural supply chain—production, processing, distribution, retailing, and consumption of agricultural products.

Opportunities

The impact of the pandemic on food security, through disruptions of the supply chains, has underscored the need to invest in sustainable agriculture and food system as well as in strengthening cross-border food value chains. There are also investment opportunities in building high-value agro-based industries for value creation and increasing incomes of farmers and agricultural workers.⁴⁵

⁴³ Food and Agriculture Organization of the United Nations (FAO). 2021. Food Outlook: Biannual Report on Global Food Markets. Rome. June.

⁴⁴ See World Bank. 2021. Aging and the Labor Market in Thailand. 22 June. <https://www.worldbank.org/en/country/thailand/publication/aging-and-the-labor-market-in-thailand>; International Labour Organization. 2013. Thailand: A Labour Market Profile. Bangkok. https://www.ilo.org/asia/publications/WCMS_205099/lang--en/index.htm; and Department of Statistics Malaysia. 2020. Labour Market Review Malaysia, Fourth Quarter 2020.

⁴⁵ ASEAN Secretariat. 2020. ASEAN Comprehensive Recovery Framework. Jakarta.

SCOPE AND GOALS

The scope of the Focus Area on Agriculture and Agro-Based Industry covers the upstream, midstream, and downstream activities of agriculture, fisheries, and livestock.

Essentially, the agricultural activities fall under the economy's primary sector. They include farming and harvesting crops; fishing; breeding, raising, and harvesting fish; and rearing, feeding, and managing animals.

The agro-based or agro-industry aspect of this focus area, on the other hand, represents the subset of the manufacturing sector that processes raw materials and intermediate products derived from agriculture, fisheries, and livestock. The agro-based industry also forms part of the broader concept of agribusiness that includes suppliers of inputs to the agriculture, fisheries, and livestock sectors and distributors of food and nonfood outputs from agro-industry.⁴⁶

This comprehensive scope of coverage aims to capture the development potential of the wide range of agricultural products in IMT-GT and promote trade (IB 2017–2021). On a broader scale, it is designed to achieve the following goal of IMT-GT Vision 2036—a sustainable, inclusive, and innovative agriculture sector. Besides, it is designed to at least partially realize another priority goal of IMT-GT Vision 2036, i.e., a competitive, innovative, and advanced industrial base.

⁴⁶ FAO and United Nations Industrial Development Organization (UNIDO). 2009. Agro-Industries for Development

OBJECTIVES, STRATEGIES, AND ACTIONS

To achieve these goals, IMT-GT will strive to improve the sustainability and innovation of its agriculture sector; establish priority agro-based industries (palm oil and rubber-based industries, among others); and adopt green, blue, and circular economy models in the development of its agriculture and agro-based industry.

To realize these objectives, the Working Group on Agriculture and Agro-Based Industry will implement three key strategies:

- Undertake collaborative projects to promote sustainable and knowledge-intensive agricultural practices.
- Develop priority agro-based industries such as rubber, palm oil, medicinal plants, palm-based biomass, and “superfruits” (high-nutrition and high-value fruits), using, among others, cross-border value chain and economic zones as the key tools.
- Integrate green, blue, and circular economy concepts into the agricultural supply chains of IMT-GT.

To operationalize the strategies, the working group will implement the following nine priority actions:

- Develop and implement collaborative projects on research and development (R&D), capacity building, knowledge exchange, and technology transfer.
- Exchange best practices for promoting young and small farmers to support the food supply chain. Implement the relevant recommendations of the ADB-supported (i) Study on Special Economic Zones in the Indonesia–Malaysia–Thailand Growth Triangle: Opportunities for Collaboration, and (ii) Review and Assessment of the IMT-GT Economic Corridors.
- Conduct an in-depth study on identifying investment opportunities in cross-border agricultural value chains in each IMT-GT EC.
- Attract the private sector to capitalize on the investment opportunities identified in the in-depth study.
- Adopt and promote the Superfruits Project as a flagship project.
- Support the Working Group on Trade and Investment in promoting the Rubber Cities Project.
- Identify and implement joint programs on promoting the integration of green, blue, and circular economy concepts into the agricultural supply chains of IMT-GT (e.g., sustainable certification programs).
- Identify and implement joint projects on cross-border sustainable value chains with MSMEs’ participation.

Table 3 summarizes the objectives, strategies, and action plans of the Focus Area on Agriculture and Agro-Based Industry.

Table 3: Strategic Framework and Action Plan of the Focus Area on Agriculture and Agro-Based Industry, 2022–2026



Focus Area: Agriculture and Agro-Based Industry

Scope

- Agriculture, fisheries, and livestock
- Upstream, midstream, and downstream

Goal (Impact)

- A sustainable, inclusive, and innovative agriculture sector
- A competitive, innovative, and advanced agro-based industry

Objective (Outcome)	Strategy	Action Plan	Timeline
<p>1. Sustainability and innovation in the agriculture sector are improved.</p> <p>Indicator 1.1: By 2026, at least 5 farmers (people or private companies involved in cultivating land or crops or raising animals such as livestock or fish) have adopted sustainable and/or knowledge-intensive agricultural practices promoted by WGAA.</p> <p>Note: The said agricultural practices should be as much as possible based on the FAO's 5 key principles of sustainability for food and agriculture:</p> <ul style="list-style-type: none"> • Increase productivity, employment, and value addition in food systems. • Protect and enhance natural resources. • Improve livelihoods and foster inclusive economic growth. • Enhance the resilience of people, communities, and ecosystems. • Adapt governance to new challenges. <p>(Source: FAO. 2018. Transforming Food and Agriculture to Achieve the SDGs. Rome.)</p>	<p>S.1.1 Undertake collaborative projects to promote sustainable and knowledge-intensive agricultural practices</p>	<p>A.1.1.1 Develop and implement collaborative projects on R&D, capacity building, knowledge exchange, and technology transfer.</p> <p>A.1.1.2 Exchange best practices for promoting young and small farmers to support the food supply chain.</p>	<p>2022–2026</p> <p>2022–2023 (post-pandemic recovery)</p>

Objective (Outcome)	Strategy	Action Plan	Timeline
<p>2. Priority agro-based industries are well established.</p> <p>Indicator 2.1: At least 6 agro-industrial hubs/zones (2 in each member country) with an IMT-GT focus are developed by 2026.</p> <p>Note: These agro-industrial hubs/zones are part of the subregional supply chains. For example, they may be subregional product development centers, suppliers of intermediate products, processing centers, distribution centers, etc. They may be newly established hubs/zones and/or existing hubs/zones that have been further developed, expanded, or upgraded.</p>	S.2.1 Develop priority agro-based industries (e.g., rubber, palm oil, medicinal plants, palm-based biomass, superfruits [high-nutrition and high-value fruits]) using, among others, cross-border value chain and economic zones as the key tools.	<p>A.2.1.1 Implement the relevant recommendations of the ADB-supported (i) Study on a Collaborative Approach to Special Economic Zones Development and Cooperation in IMT-GT, and (ii) Review and Assessment of the IMT-GT Economic Corridors.</p> <p>A.2.1.2 Conduct an in-depth study on identifying investment opportunities in cross-border agricultural value chains in each of the IMT-GT ECs.^a</p> <p>A.2.1.3 Attract the private sector to capitalize on the investment opportunities identified in A.2.1.2.</p> <p>A.2.1.4 Adopt and promote the Superfruits Project as a flagship project.</p> <p>A.2.1.5 Support the Working Group on Trade and Investment in promoting the Rubber Cities Project.</p>	<p>2022–2026</p> <p>2022</p> <p>2023–2026</p> <p>2022</p> <p>2022</p>
<p>3. Green, blue, and circular economy^b models are featured strongly in developing the agriculture and agro-based industry.</p> <p>Indicator 3.1: Every year, 6 new private enterprises (2 from each member country) adopt the green, blue, and circular economy model in their intra-IMT-GT or cross-border supply chains.</p>	S.3.1 Integrate green, blue, and circular economy concepts into the agricultural supply chains of IMT-GT.	<p>A.3.2.1 Identify and implement joint programs on promoting the integration of green, blue, and circular economy concepts into the agricultural supply chains of IMT-GT (e.g., sustainable certification programs).^b</p> <p>A.3.2.2 Identify and implement joint projects on cross-border sustainable value chains with MSMEs' participation.</p>	<p>2022–2026</p> <p>2022–2026</p>

EC = economic corridor, FAO = Food and Agriculture Organization of the United Nations, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, MSMEs = micro, small, and medium-sized enterprises, R&D = research and development, WGAA = Working Group on Agriculture and Agro-Based Industry.

Notes:

- ^a The ADB-supported Study on a Collaborative Approach to Special Economic Zones Development and Cooperation in IMT-GT (version 2021) and Review and Assessment of the IMT-GT Economic Corridors (version 2020) underlined the potential opportunities and challenges of establishing cross-border rubber and palm oil value chains in IMT-GT. However, the two studies did not conduct a value chain analysis as it was beyond their terms of reference. The former study proposed that IMT-GT should position itself as an investment destination for the food, palm, and rubber industries. It called for commissioning a study for a comprehensive mapping of value chains with stages, actors, products, processes (raw material, imports, exports, and consumption), institutional structure, support industries, and services for each stage. The latter study recommended that such an analysis be conducted not only from the perspective of the value chain processes but also from a spatial perspective. A.2.1.2 is a follow-up to ADB's recommendations.
- ^b The 7th IMT-GT Ministerial Retreat on 6 August 2021 adopted the green, blue, and circular economy approach to regional integration. A.3.2.1 will attempt to integrate this approach into the upstream, midstream, and downstream activities of the agriculture, fisheries, and livestock sectors.
- The United Nations Environment Programme (UNEP) defines the green economy as low carbon, resource efficient, and socially inclusive. See UNEP. Green Economy. <https://www.unep.org/regions/asia-and-pacific/regional-initiatives/supporting-resource-efficiency/green-economy>. The FAO's Greening the Economy with Agriculture Initiative seeks to contribute to the implementation of the green economy with a particular emphasis on food security. It refers to (i) ensuring the right to adequate food as well as food and nutrition security in terms of food availability, access, stability, and utilization; and (ii) contributing to the quality of rural livelihoods while efficiently managing natural resources and improving resilience and equity throughout the food supply chain. See FAO. 2021. Food Outlook: Biannual Report on Global Food Markets. Rome. June.
 - The concept of a "blue economy" is based on the premise that healthy and sustainable ocean ecosystems are more productive and a must for sustainable ocean-based economies. The goal of the blue economy initiative is to achieve sustainable use of living aquatic resources and sustainable growth of regional aquaculture to enhance food and nutrition security by meeting increasing regional and world demand for fish, aid poverty alleviation, and encourage economic development in the region. See FAO. 2016. Asia and the Pacific's Blue Growth Initiative. <http://www.fao.org/family-farming/detail/en/c/1238765/>.
 - A circular economy is an economic approach that aims to reduce both the use of raw materials in the production chain and the waste generated. It is based on principles of sustainable production by reusing waste to create new products, reducing the pollution or environmental impact of production, and regenerating natural systems. See FAO. 2020. Circular Economy in Indonesian Agricultural Sector. <http://www.fao.org/agroecology/database/detail/en/c/1296037/>.

Source: Centre for IMT-GT Subregional Cooperation.



FOCUS AREA ON TOURISM

CURRENT STATE OF PLAY

Economic Importance

Tourism is one of the largest industries in the IMT-GT. On average, the subregion was able to attract an impressive 43 million international visitors per year during 2017–2019 (footnote 42). Many member provinces/states in the IMT-GT are tourism-dependent economies in which tourism-related services ranging from air travel, tours, events, cruises, hotels, restaurants, and retails are the major sources of income and employment. Among the top tourism-dependent economies are Medan, Palembang in Indonesia-GT; Penang and Melaka in Malaysia-GT; and Krabi, Phang Nga, and Phuket in Thailand-GT.

Challenges

The COVID-19 pandemic has caused a sudden stop in tourism flows and a significant contraction in economic activity. The tourism industry has been especially affected by the COVID-19-induced border closures and travel bans, resulting in businesses shutting down and widespread unemployment. Low-skilled workers, informal workers, and MSMEs involved in tourism services are among the most severely hit. Given the virus' unpredictable trajectory, the tourism industry's recovery is expected to be sluggish over the next few years.

Opportunities

The crisis offers an opportunity for IMT-GT to transform its tourism industry from mass and low-cost to high-end and low-density tourism.⁴⁷ It is also an opportune time to promote domestic tourism over the short to medium term as international travel is still constrained due to the Covid-19 pandemic. Over the longer term, international arrival shall improve if IMT-GT continues mainstreaming sustainable and inclusive tourism based on the green, blue, and circular economy concept.

⁴⁷ Low-density tourism involves the promotion of more sustainable tourism with a lower ecological footprint. (A. Babii and S. Nadeem. 2021. Tourism in a Post-Pandemic World. IMF News. 26 February. <https://www.imf.org/en/News/Articles/2021/02/24/na022521-how-to-save-travel-and-tourism-in-a-post-pandemic-world>). High-end tourism involves initiatives to attract high-end clientele, focusing on increasing visitor numbers with more spending power (Oxford Business Group. Thailand Builds Its Image as a High-End Tourism Destination. <https://oxfordbusinessgroup.com/analysis/quantity-and-quality-efforts-promote-country-high-end-destination>).

For IMT-GT member governments to achieve a resilient post-pandemic recovery, it is imperative to (i) increase investments in enhancing the competitiveness, quality, and variety of tourism offerings (e.g., through upgrading tourism infrastructure, upskilling and reskilling workers, and digitalizing business operations); and (ii) strengthen collaborations to position the subregion as a single tourism destination (e.g., through thematic cross-border tourism circuit development). Tourism operators, training institutions, and ICT service providers, among others, may factor in all these development in their respective marketing strategies and investment plans, thereby ensuring a rapid structural transformation and recovery of the industry once the pandemic is under control.

IMT-GT can also count on ADB's support in reviving its tourism sector guided by the ADB-supported IMT-GT tourism strategic framework. In this connection, implementing integrated plans for key IMT-GT tourism destinations will be fast-tracked to enhance the livability of cities by improving mobility, creating healthier public spaces, and adopting green design principles.

SCOPE AND GOALS

The scope of the Focus Area on Tourism covers tourism development and promotion. Over the IB 2022–2026 period, the goal of IMT-GT is to become a top tourist destination that is sustainable, inclusive, and competitive.

OBJECTIVES, STRATEGIES, AND ACTIONS

More specifically, the focus area plans to achieve the following four major objectives (outcomes):

- The tourism sector is safely reopened with sustained growth.
- Priority thematic cross-border tourism circuits are well-developed and connected.
- The sustainability, inclusivity, and competitive advantages of the subregion as a tourist destination are enhanced.
- IMT-GT is a single tourism destination.

To realize the objectives, the Working Group on Tourism will undertake five major strategies:

- Facilitate a safe reopening for the tourism sector.
- Encourage domestic and subregional tourism and transform the tourism sector into higher-quality and low-density tourism (as opposed to mass and low-cost tourism).
- Improve the connectivity between the subregion's strategic areas to support selected thematic cross-border tourism circuit development.
- Enhance the sustainability, inclusivity, and competitive advantages of the subregion as a tourist destination.
- Market the subregion as a single tourism destination.

To operationalize the strategies, the Working Group on Tourism will implement 15 key actions:

- Share information on national tourism recovery plans and exchange best practices in terms of safe reopening for the tourism sector (e.g., best practices in encouraging domestic tourism, prioritizing tourism employees for vaccination, and implementing health protocols).
- Based on the relevant ASEAN health and safety guidelines and initiatives (e.g., ASEAN vaccine passport, ASEAN Travel Corridor Arrangement), develop and implement pilot unilateral, bilateral, or trilateral projects that aim to restore the subregion's tourism industry.
- Develop key tourism destination(s) and niches to increase tourism receipts.
- Regularly provide input to transport service providers on improving connectivity between the subregion strategic areas.
- Hold regular convergence meetings with the Working Group on Transport Connectivity to ensure consistent planning and development of new air, land, and sea route connections.
- Hold regular convergence meetings with the Working Group on Digital Transformation on improving digital connectivity in key destinations.
- Develop and implement joint work plans with the Working Group on Transport Connectivity and Working Group on Digital Transformation.
- Raise the standards of tourist facilities, services, and destinations through investment in infrastructure, upskilling, and reskilling of workers; digitalization; etc.
- Adopt and implement the ASEAN Common Competency Standards for Tourism Professionals.
- Collaborate with Sub-Working Group on Trade, Investment, and Tourism Database and Working Group on Digital Transformation to improve the database and create data analytics on tourism demand and supply.
- Implement projects to increase community engagement in tourism supply chains in circuits.
- Enhance and promote digitalization and digital applications to disseminate tourism information in IMT-GT.
- Prepare IMT-GT Tourism Marketing Strategy and 2-year rolling promotion plan.
- Initiate packaging and promotion activities that feature IMT-GT as a single tourism destination, including activities to operationalize the memorandum of understanding (MOU) between Toba Caldera United Nations Educational, Scientific and Cultural Organization (UNESCO) Global Geopark, Indonesia; Langkawi Geopark UNESCO Global Geopark, Malaysia; and Satun UNESCO Global Geopark, Thailand.
- Undertake circuit/route destination product improvement and diversification programs.

Table 4 presents the Strategic Framework and Action Plan 2022–2026 of the Focus Area on Tourism. It has incorporated all the relevant recommendations of the IMT-GT Tourism Strategic Framework 2017–2036, a long-term plan to guide the development of the tourism sector in IMT-GT.

Table 4: Strategic Framework and Action Plan of the Focus Area on Tourism for Implementation Blueprint 2022–2026

Focus Area: Tourism			
<div>Scope</div> <ul style="list-style-type: none">Tourism development and promotion <div>Goal (Impact)</div> <ul style="list-style-type: none">Sustainable, inclusive, and competitive cross-border tourism			
Objective (Outcome)	Strategy	Action Plan	Timeline
<div>1. The tourism sector is safely reopened with sustained growth.</div> <div>Indicator 1.1: Annual tourist arrivals at the following selected IMT-GT tourist destinations are back at the pre-pandemic (2019) level by 2024.</div> <ul style="list-style-type: none">Indonesia: Batam & BintanMalaysia: LangkawiThailand: Phuket province & Krabi province	S.1.1 Facilitate a safe reopening for the tourism sector.	A.1.1.1 Share information on national tourism recovery plans and exchange best practices in terms of safe reopening for the tourism sector (e.g., best practices in encouraging domestic tourism, prioritizing tourism employees for vaccination, and implementing health protocols).	2022–2023
	S.1.2 Encourage domestic and subregional tourism and transform the tourism sector into higher-quality and low-density tourism (as opposed to mass and low-cost tourism).	A.1.1.2 Based on the relevant ASEAN health and safety guidelines and initiatives (e.g., ASEAN vaccine passport, ASEAN Travel Corridor Arrangement), develop and implement pilot unilateral, bilateral, or trilateral projects that aim to restore the subregion’s tourism industry.	2022–2024
		A.1.2.1 Develop key tourism destination(s) and niches to increase tourism receipts.	2020–2024

Objective (Outcome)	Strategy	Action Plan	Timeline
<p>2. Priority thematic cross-border tourism circuits are well-developed and connected.</p> <p>Indicator 2.1: At least three cross-border tourism routes are developed and operationalized by 2026 (i.e., one route per member country).</p>	S.2.1 Improve the connectivity between the subregion's strategic areas to support selected thematic cross-border tourism circuit development.	<p>A.2.1.1 Regularly provide input to transport service providers on improving connectivity between the subregion's strategic areas.</p> <p>A.2.1.2 Hold regular convergence meetings with the Working Group on Transport Connectivity to ensure consistent planning and development of new air, land, and sea route connections.</p> <p>A.2.1.3 Hold regular convergence meetings with the Working Group on Digital Transformation on improving digital connectivity in key destinations.</p> <p>A.2.1.4 Develop and implement joint work plans with the Working Groups on Transport Connectivity and Digital Transformation.</p>	<p>2022–2026</p> <p>2022–2026</p> <p>2022–2026</p> <p>2022–2026</p>
<p>3. The sustainability, inclusivity, and competitive advantages of the subregion as a tourist destination are enhanced.</p> <p>Indicator 3.1: Number of certified sustainable accommodation establishments registered increases by 15 every 2 years.</p> <p>Indicator 3.2: Total annual international arrivals to IMT-GT increase from 42.7 million persons in 2019 to 43.0 million persons by 2026.</p> <p>Indicator 3.3: Domestic arrivals of Indonesia-GT increase from 59.4 million trips in 2019 to 61 million trips by 2026; domestic arrivals of Malaysia-GT increase from 125.3 million persons in 2019 to 126.5 million persons by 2026; and domestic arrivals of Thailand-GT increase from 25.7 million persons in 2019 to 27 million persons by 2026.</p>	S.3.1 Enhance the sustainability, inclusivity, and competitive advantages of the subregion as a tourist destination.	<p>A.3.1.1 Raise the standards of tourist facilities, services, and destinations through investment in infrastructure, upskilling and reskilling of workers, digitalization, etc.</p> <p>A.3.1.2 Adopt and implement the ASEAN Common Competency Standards for Tourism Professionals.</p> <p>A.3.1.3 Collaborate with Sub-Working Group on Trade, Investment, and Tourism Database and Working Group on Digital Transformation to improve the database and create data analytics on tourism demand and supply.</p> <p>A.3.1.4 Implement projects to increase community engagement in tourism supply chains in circuits.</p> <p>A.3.1.5 Enhance and promote digitalization and digital applications to disseminate tourism information in IMT-GT.</p>	<p>2022–2026</p> <p>2023–2026</p> <p>2022–2024</p> <p>2022–2026</p> <p>2022–2026</p>

Objective (Outcome)	Strategy	Action Plan	Timeline
4. IMT-GT is a single tourism destination. Indicator 4.1: Number of visitors who are aware of the IMT-GT circuit/route destination products increases from x% in 2024 (baseline) to y% in 2026 (target).^a	S.4.1 Market the subregion as a single tourism destination.	A.4.1.1 Prepare IMT-GT Tourism Marketing Strategy and 2-year rolling promotion plan.	2022 & 2024
		A.4.1.2 Initiate packaging and promotion activities that feature IMT-GT as a single tourism destination, including activities to operationalize the MOU between Toba Caldera UNESCO Global Geopark, Indonesia; Langkawi Geopark UNESCO Global Geopark, Malaysia; and Satun UNESCO Global Geopark, Thailand.	2022–2023
		A.4.1.3 Undertake circuit/route destination product improvement and diversification programs.	2022–2026

ASEAN = Association of Southeast Asian Nations, GT = Growth Triangle, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, MOU = memorandum of understanding, UNESCO = United Nations Educational, Scientific and Cultural Organization.

^a Note: The Working Group on Tourism, with support from the Centre for IMT-GT Subregional Cooperation, will conduct an online survey in 2024 to determine the baseline and target in 2026.

Source: Centre for IMT-GT Subregional Cooperation.



FOCUS AREA ON HALAL PRODUCTS AND SERVICES

CURRENT STATE OF PLAY

Strengths

IMT's Islamic economy ecosystems continue to develop. Malaysia currently leads the overall Global Islamic Economy Indicator rankings for the eighth consecutive year. Indonesia has moved up in overall rankings, occupying the fourth position. In Indonesia, the halal certification requirement for all halal products since 2019 has led to significant growth in the halal food, pharma, and cosmetics sectors. Thailand, termed as a promising country, has also made significant progress in the overall ranking due partly to the improvement in its awareness credentials in Islamic finance and opportunities in halal travel offerings.⁴⁸

Challenges

Investments in the Islamic economy fell sharply following the COVID-19 pandemic, dropping by 13% to \$11.8 billion in 2019–2020 from \$13.6 billion in 2018–2019. The impact of the pandemic is felt across all sectors, with the travel sector being hit the hardest (footnote 48). Reflecting this impact, Malaysia's export return for halal products was said to be short of RM20 billion from the initial target, recording RM31 billion in 2020.⁴⁹

At the IMT-GT level, the halal markets are not well integrated due to a lack of a harmonized certification system. There are also domestic issues facing the development of the halal industry in IMT-GT, such as shortages of expertise and skilled workers and a lack of capacity and resources among the MSMEs to adopt digitalization.⁵⁰

Opportunities

Muslims spent \$2.02 trillion in 2019 on food, pharmaceuticals, cosmetics, modest fashion, travel, and media. Though the pandemic may have a dampening effect on spending, consumer spending in Islamic economy sectors is forecast to rebound by the end of 2021, with the market size reaching \$2.3 trillion by 2024 (footnote 48). Global spending on halal food and beverage is forecast to hit \$1.38 trillion by 2024. Other potential growth sources are tokenization of Islamic bonds within Islamic fintech, supply chain shifts, food security investments, nutraceutical demand, domestic tourism, and accelerated digital transformations (footnote 48).

⁴⁸ DinarStandard. 2020. 2020/21 State of the Global Islamic Economy Report: Thriving in Uncertainty.

⁴⁹ Halal Development Corporation Berhad, Malaysia.

⁵⁰ Input given by the Working Group on Halal Products and Services during the stakeholder consultation exercises conducted in June–August 2021. Similar challenges were also reported in IB 2017–2021.

Based on the findings of an online survey and feedback from members of the Working Group on Halal Products and Services, it appears that the existing Strategic Framework of the Focus Area on Halal Products and Services has been serving IMT-GT well, particularly in guiding member countries in enhancing their Islamic economy ecosystems. Reflecting this is the commitment of member countries to meet the outcome indicators set out in the 2017–2021 Strategic Framework of the Focus Area. In fact, member countries overachieved four of the five outcome indicators.

SCOPE AND GOALS

The scope of the Focus Area on Halal Products and Services covers all halal-promoted economic activities. Its goal is to enhance trade and investment in halal products and services. The Working Group on Halal Products and Services will continue to build on the Islamic economy ecosystems. Special attention will also be given to leveraging the IMT-GT platform to penetrate the global halal market.

OBJECTIVES, STRATEGIES, AND ACTIONS

IMT-GT will continue to enhance its trade and investment in halal products and services over the next 5 years. More specifically, IB 2022–2026 aims to realize the following five main objectives by 2026:

- greater global acceptance of IMT-GT member countries' halal standards,
- a larger pool of technical experts and professionals in halal-related industries,
- halal export-oriented small and medium-sized enterprises (SMEs),
- more halal manufacturers and service providers, and
- better consumer access to halal products and services.

To realize the objectives, the Working Group on Halal Products and Services will undertake the following nine priority strategies:

- Facilitate and promote national halal logos, standards, and certification schemes for halal products and services.
- Facilitate and conduct joint promotion of national halal logos and undertake collaborative actions to promote recognition of halal products and services of member countries.
- Develop a halal curriculum to produce a larger pool of technical experts and professionals in halal-related industries.
- Exchange halal expertise.
- Encourage more collaboration between halal SMEs and large local corporations and multinationals.
- Promote halal-related trade promotional events within IMT-GT.
- Provide halal knowledge to industry players.
- Improve the efficiency of the halal certification process.
- Promote cross-sectoral collaboration in information access.

These nine strategies will be operationalized through 14 actions:

- Conduct joint projects on expanding the cross-border halal supply chains and networks by leveraging science and technology.
- Improve access to the global market by participating in trade and investment promotion initiatives organized by multilateral development finance institutions, multilateral organizations, and regional and international business organizations.
- Initiate a collaboration among universities and educational institutions.
- Get accreditation of the contents of the syllabus on the halal curriculum.
- Undertake trilateral exchange of staff/experts.
- Promote participation of large local corporations and multinational corporations in providing industry best practices.
- Initiate MOU for signing by selected large local corporations and multinational corporations.
- Develop programs on transferring and sharing best practices.
- Recommend competitive incentives for large local corporations and multinational corporations in assisting halal SMEs.
- Leverage existing halal trade promotional events such as the Indonesia Halal Expo, Malaysia International Halal Showcase, Thailand Halal Assembly, World Halal Products Exhibition, etc. to promote halal products and services by SMEs in IMT-GT member countries.
- Provide training, consultancy, and preaudit services for halal best practices to prepare SMEs for actual certification processes.
- Promote the online application of halal certification.
- Promote an online database on halal raw materials.
- Link/integrate and disseminate information through an online platform.

Table 5 sets out the Strategic Framework and Action Plan of the Focus Area on Halal Products and Services.

Table 5: Strategic Framework and Action Plan of the Focus Area on Halal Products and Services, 2022–2026

Focus Area: Halal Products and Services			
Scope <ul style="list-style-type: none"> All halal-promoted economic activities 			
Goal (Impact) <ul style="list-style-type: none"> Enhanced trade and investment in halal products and services 			
Objective (Outcome)	Strategy	Action Plan	Timeline
1. Greater global acceptance of IMT-GT member countries' halal standards Indicator 1.1: Collectively, member countries can export to at least 5 new halal markets by 2026.	S.1.1 Facilitate and promote national halal logos, standards, and certification schemes for halal products and services.	A.1.1.1 Conduct joint projects on expanding the cross-border halal supply chains and networks by leveraging science and technology.	2022–2026
	S.1.2 Facilitate and conduct joint promotion of national halal logos and undertake collaborative actions to promote recognition of halal products and services of member countries.	A.1.2.1 Improve access to the global market by participating in trade and investment promotion initiatives organized by multilateral development finance institutions, multilateral organizations, and regional and international business organizations.	2022–2026
2. A larger pool of technical experts and professionals in halal-related industries Indicator 2.1: Halal technical experts and professionals increase to 110,000 persons by 2026 (there were 68,247 persons as of August 2021).	S.2.1 Develop a halal curriculum.	A.2.1.1 Initiate collaboration among universities and educational institutions.	2022–2023
		A.2.1.2 Get accreditation of the contents of the syllabus on the halal curriculum.	2023–2024
	S.2.2 Exchange halal expertise.	A.2.2.1 Undertake trilateral exchange of staff/experts.	2022–2026
		A.2.2.2 Promote participation of large local corporations and multinational corporations in providing industry best practices.	2022–2026

Objective (Outcome)	Strategy	Action Plan	Timeline
3. Halal export-oriented SMEs Indicator 3.1: Number of halal export-oriented SMEs increases to 14,000 by 2026 (there were 8,919 SMEs as of August 2021).	S.3.1 Encourage more collaboration between halal SMEs and large local corporations and multinationals. S.3.2 Promote halal-related trade promotional events within IMT-GT	A.3.1.1 Initiate MOU for signing by selected large local corporations and multinational corporations. A.3.1.2 Develop programs on transferring and sharing best practices. A.3.1.3 Recommend competitive incentives for large local corporations and multinational corporations in assisting halal SMEs. A.3.2.1 Leverage existing halal trade promotional events such as the Indonesia Halal Expo, Malaysia International Halal Showcase, Thailand Halal Assembly, World Halal Products Exhibition, etc. to promote halal products and services by SMEs in IMT-GT member countries.	2022–2026 2022–2023 (post-pandemic recovery) 2022–2024 (post-pandemic recovery) 2022–2024 (post-pandemic recovery)
4. More halal manufacturers and service providers Indicator 4.1: Number of certified halal manufacturers and service providers increases to 460,000 by 2026 (there were 431,888 providers as of August 2021).	S.4.1 Provide halal knowledge to industry players. S.4.2. Improve the efficiency of the halal certification process.	A.4.1.1 Provide training, consultancy, and preaudit services for halal best practices to prepare SMEs for actual certification processes. A.4.2.1 Promote the online application of halal certification. A.4.2.2 Promote an online database on halal raw materials.	2022–2026 2022–2026 2022–2024
5. Better consumer access to halal products and services Indicator 5.1: Number of visitors utilizing digital applications increases by 6% by 2026 (utilization rate was above 5% as of August 2021).	S.5.1. Promote cross-sectoral collaboration in information access.	A.5.1.1 Link/integrate and disseminate information through online platform.	2022–2026

IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, MOU = memorandum of understanding, SMEs = small and medium-sized enterprises.

Source: Centre for IMT-GT Subregional Cooperation.



CHAPTER 07

THE ENABLERS: FACILITATING INTEGRATION



FOCUS AREA ON TRANSPORT CONNECTIVITY

CURRENT STATE OF PLAY

Progress Made in Transport Infrastructure Development and Air Transport Cooperation

The Working Group on Transport Connectivity performed commendably in coordinating and facilitating the implementation of the transport-related physical connectivity projects (PCPs) during the IB 2017–2021 period.

The 27th IMT-GT Ministerial Meeting held on 6 August 2021 acknowledged that 14 of 48 PCPs had been completed while the remaining were still ongoing. The implementation of the PCPs has contributed to the expansion and upgrading of transport infrastructure across IMT-GT. These PCPs formed the backbone of the IMT-GT economic corridors (ECs).

The working group has also made progress in promoting air transport cooperation through updating and amending the 1995 IMT-GT MOU on Expansion of Air Linkages in 2018. The amended MOU has already been ratified by the three IMT-GT member countries.

Challenges in Advancing Transport Facilitation Initiatives

However, there was limited progress in the operationalization of the ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST) and the ASEAN Framework Agreement on Facilitation of Cross-Border Transport of Passengers by Road Vehicles (CBTP) in IMT-GT. Some member countries needed more time to complete their respective domestic processes to get the two agreements ratified. There were also regulatory and infrastructure challenges in advancing the Dumai–Melaka Ro-Ro ferry service.

Way Forward

Notwithstanding the challenges, the Working Group on Transport Connectivity is determined to step up its effort to operationalize the AFAFIST and CBTP, as well as the Dumai–Melaka Ro-Ro ferry service during the IB 2022–2026 period.

Given the transformative nature of the AFAFIST and CBTP, the working group is fully aware that implementing the two agreements will lower transport costs and ensure freer movement of goods, people, and vehicles across the subregion. The fast-track implementation of the AFAFIST and CBTP in IMT-GT will make the subregion a significant building block of the ASEAN Economic Community (AEC) since the two agreements have yet to be operationalized at the ASEAN level.

The Dumai–Melaka Ro-Ro ferry service is critical to the success of the IMT-GT EC 6, a new corridor that aims to connect member provinces in Thailand and member states in Malaysia with South Sumatra, Riau, Riau Island, Bangka Belitung, and Bengkulu Island (and vice versa).

The Working Group on Transport Connectivity is committed to reviving the existing air links and exploring the establishment of new air links to support IMT-GT toward post-COVID-19 pandemic recovery. It is responsible for monitoring the progress of the PCPs under its purview, while the Centre for IMT-GT Subregional Cooperation (CIMT) acts as the subregional monitoring and evaluation (M&E) unit of the PCPs and central depository of the PCPs data.⁵¹

SCOPE AND GOALS

The scope of the Focus Area on Transport Connectivity covers transport facilitation and transport infrastructure development. The focus area will play its part in supporting the growth of the IMT-GT economy through promoting seamless, inclusive, sustainable, safe, and secure transport services and networks (goal).

OBJECTIVES, STRATEGIES, AND ACTIONS

Under IB 2022–2026, the Working Group on Transport Connectivity will strive to achieve the following objectives (outcomes):

- seamless interstate transport operation in IMT-GT,
- greater people mobility within IMT-GT,
- better air linkages with increased flight capacity and frequency,
- enhanced maritime connectivity, and
- greater transport infrastructure capacity.

To realize the objectives, the Working Group on Transport Connectivity will implement the following five key strategies:

- Finalize and implement the AFAFIST.
- Finalize and implement the ASEAN CBTP.
- Implement the 2018 Revised IMT-GT MOU on Air Linkages.
- Enhance maritime connectivity, including improving container throughput and promoting Ro-Ro ferry services and cruise shipping.
- Intensify the implementation of the PCPs in the six ECs.

⁵¹ Other relevant working groups could take care of those PCPs according to their specializations. In this regard, CIMT may coordinate with the working groups in overseeing the progress of PCPs.

These strategies will be operationalized through 12 actions:

- Accelerate the ratification of the AFAFIST.
- Operationalize the AFAFIST in IMT-GT subregion.
- Accelerate the ratification of the ASEAN CBTP.
- Operationalize the ASEAN CBTP in IMT-GT subregion.
- Revive the existing air links based on the IMT-GT MOU on Air Linkages.
- Explore the establishment of new air links based on the IMT-GT MOU on Air Linkages.
- Review the IMT-GT MOU on Air Linkages for better air connectivity by 2026.
- Develop and implement programs on enhancing the hardware and software aspects of maritime connectivity.
- Prioritize the implementation of Dumai–Melaka Ro-Ro project.
- Mobilize resources for the implementation of the PCPs.
- Facilitate cross-border movement of the project implementation team (PIT) for joint projects.
- Promote the service quality of the existing transport infrastructure and introduce new PCPs, covering climate-resilient PCPs and second-generation infrastructure projects, to enhance the interconnectedness of the ECs including with the growth nodes.

Table 6 summarizes the objectives, strategies, and actions of the Focus Area on Transport Connectivity.

Table 6: Strategic Framework and Action Plan of the Focus Area on Transport Connectivity, 2022–2026

Focus Area: Transport Connectivity			
Scope <ul style="list-style-type: none"> Transport facilitation and transport infrastructure development 			
Goal (Impact) <ul style="list-style-type: none"> The growth of the IMT-GT economy is supported by seamless, inclusive, sustainable, safe, and secure transport services and networks. 			
Objective (Outcome)	Strategy	Action Plan	Timeline
1. Seamless interstate transport operation in IMT-GT	S.1.1 Finalize and implement the AFAFIST.	A.1.1.1 Accelerate the ratification of the AFAFIST.	2022–2023
Indicator 1.1: At least 10 permits are issued to transport operators under the AFAFIST.		A.1.1.2 Operationalize the AFAFIST in IMT-GT subregion.	2024
2. Greater people mobility within IMT-GT	S.2.1 Finalize and implement the ASEAN CBTP.	A.2.1.1 Accelerate the ratification of the ASEAN CBTP.	2022–2024
Indicator 2.1: At least 10 permits are issued to transport operators under the CBTP.		A.2.1.2 Operationalize the ASEAN CBTP in IMT-GT subregion.	2024
3. Better air linkages with increased flight capacity and frequency	S.3.1 Implement the 2018 Revised IMT-GT MOU on Air Linkages.	A.3.1.1 Revive the existing air links based on the IMT-GT MOU on Air Linkages.	2022–2023 (post-pandemic recovery)
Indicator 3.1: Up to 3 existing air links based on the 2018 IMT-GT MOU on Air Linkages are revived by 2024.		A.3.1.2 Explore the establishment of new air links based on the IMT-GT MOU on Air Linkages.	2022–2026
Indicator 3.2: At least 1 new intra-IMT-GT air link is established by 2026		A.3.1.3 Review the IMT-GT MOU on Air Linkages for better air connectivity.	2026

Objective (Outcome)	Strategy	Action Plan	Timeline
<p>4. Enhanced maritime connectivity</p> <p>Indicator 4.1: Annual international sea cargo throughputs handled by 6 selected IMT-GT seaports are back at the pre-pandemic (2019) level by 2025.</p> <p>The 6 seaports are Belawan Port and Kuala Tanjung Port (Indonesia), Port Klang and Penang Port (Malaysia), and Songkhla Deep Seaport and Na Klua Seaport at Trang Province (Thailand).</p> <p>Indicator 4.2: The Dumai–Melaka Ro-Ro ferry service is operationalized by phases starting end of 2024.</p> <p>Indicator 4.3: The current cruise destinations available within the IMT-GT subregion are revived by 2026 (base year: 2019, i.e., pre-COVID-19 pandemic).</p>	<p>S.4.1 Enhance maritime connectivity, including improving container throughput and promoting Ro-Ro ferry services and cruise shipping.</p>	<p>A.4.1.1 Develop and implement programs on enhancing the hardware and software aspects of maritime connectivity.</p> <p>A.4.1.2 Prioritize the implementation of Dumai–Melaka Ro-Ro project.</p>	<p>2022–2026</p> <p>2022–2026</p>
<p>5. Greater transport infrastructure capacity</p> <p>Indicator 5.1 (by 2026):</p> <ul style="list-style-type: none"> • 8 PCPs in Indonesia-GT are completed or partially completed. • 5 PCPs in Malaysia-GT are completed or partially completed. • At least 13 PCPs in Thailand-GT are completed or partially completed. 	<p>S.5.1 Intensify the implementation of the PCPs in the 6 ECs.</p>	<p>A.5.1.1 Mobilize resources for the implementation of the PCPs.</p> <p>A.5.1.2 Facilitate cross-border movement of the PIT for joint projects.</p> <p>A.5.1.3 Promote the service quality of the existing transport infrastructure and introduce new PCPs, covering climate-resilient PCPs and second-generation infrastructure projects, to enhance the interconnectedness of the ECs including with the growth nodes.</p>	<p>2022–2026</p> <p>2024–2026</p> <p>2026</p>

AFAFIST = ASEAN Framework Agreement on the Facilitation of Inter-State Transport, ASEAN = Association of Southeast Asian Nations, CBTP = Cross-Border Transport of Passengers by Road Vehicles, GT = Growth Triangle, EC = economic corridor, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, MOU = memorandum of understanding, PCP = physical connectivity project, PIT = project implementation team.

Source: Centre for IMT-GT Subregional Cooperation.



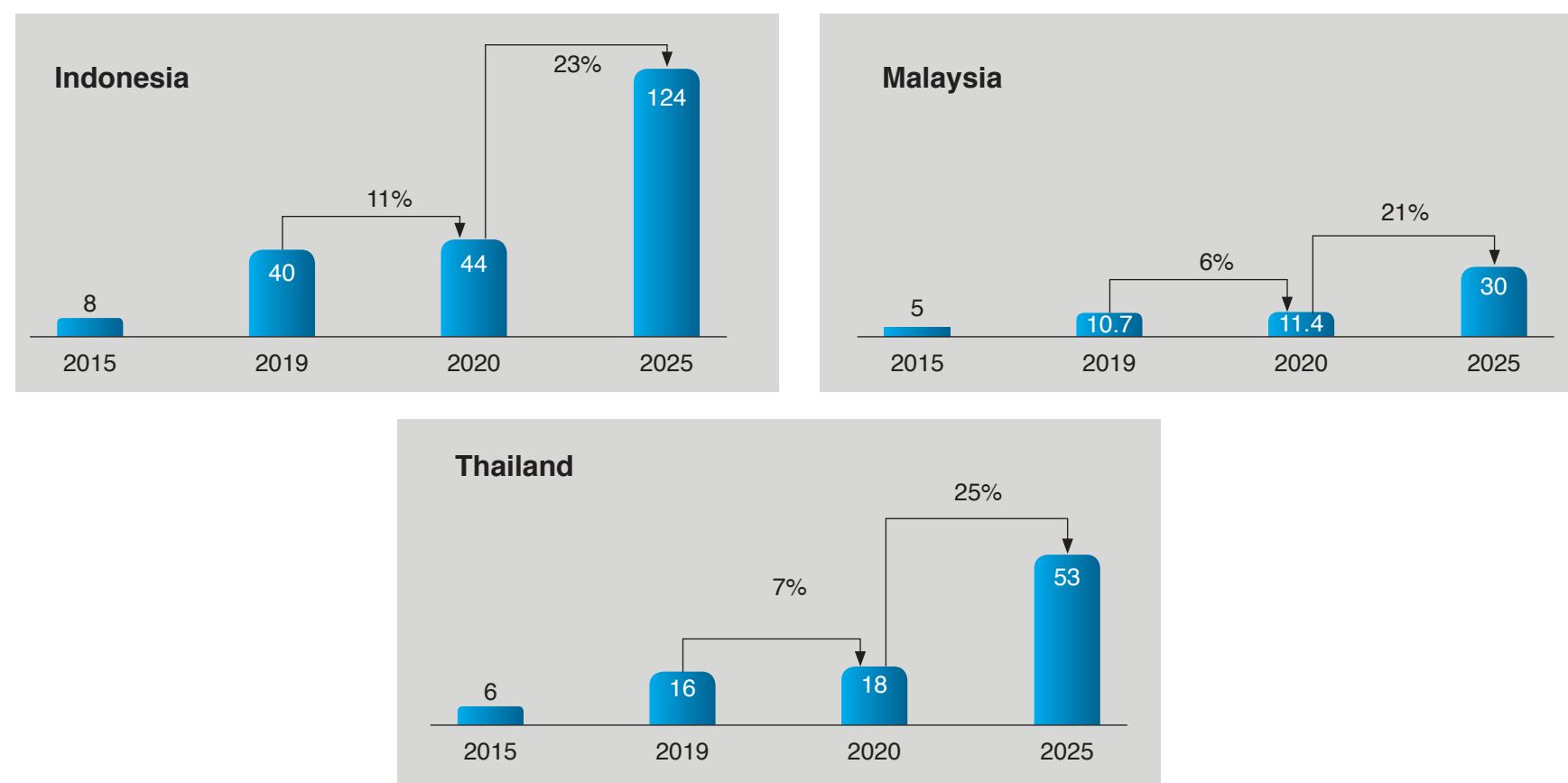
FOCUS AREA ON DIGITAL TRANSFORMATION

CURRENT STATE OF PLAY

Opportunities

The ASEAN digital economy is projected to experience significant expansion, adding an estimated \$1 trillion to regional GDP over the next 10 years. For the internet market alone, ASEAN is the fastest-growing market in the world, with 125,000 new users coming onto the internet every day.⁵² ASEAN has put in place the AEC Blueprint 2025, Masterplan on ASEAN Connectivity 2025, and the e-ASEAN Framework Agreement to capitalize on the growth opportunities ahead. At the IMT level, the digital economy is projected to follow a similar trajectory, growing by double digits from 2020 to 2025 (Figure 34).⁵³

Figure 34: Digital Economy in Indonesia–Malaysia–Thailand (\$ billion)



Source: Google, Temasek, and Bain. 2020. *e-Economy SEA. Resilient and Racing Ahead: Southeast Asia at Full Velocity*. November.

⁵² World Economic Forum. Digital ASEAN. <https://www.weforum.org/projects/digital-asean>.

⁵³ Google, Temasek and Bain, e-Economy SEA 2020.

Challenges

To achieve digital transformation, ASEAN member states should face the following barriers: (i) lack of digital literacy among end users, (ii) lack of infrastructure investment, (iii) lack of a harmonized approach across ASEAN, (iv) limited coverage of broadband services, and (v) regulatory barriers to trade in digital services. Some significant challenges facing the MSMEs in accessing digital services include (i) lack of digital skills, (ii) high prices, (iii) lack of relevant services and content, and (iv) lack of available connectivity.⁵⁴

IMT-GT, a subset of ASEAN, faces the same opportunities and challenges in developing its digital economy.

The subregion has agreed to establish a new Focus Area on Digital Transformation to support its digital adoption and transformation agenda. For this purpose, the Sub-Working Group on ICT Connectivity has been made a full-fledged working group to become the Working Group on Digital Transformation to take on the role of an enabler of digitalization.

SCOPE AND GOAL

The scope of the Focus Area on Digital Transformation covers digital infrastructure, digital innovation, digital commerce, and digital literacy and skills. Its goal is to support IMT-GT to comprehensively use digital technologies and ICT, which is vital for inclusive and competitive economic growth.

OBJECTIVES, STRATEGIES, AND ACTIONS

To attain the goal, the Working Group on Digital Transformation seeks to deliver four objectives:

- accelerating inclusive digital transformation,
- increasing digitally enabled cross-border commerce,
- enhancing competitiveness through Fourth Industrial Revolution (4IR) technologies, and
- enhancing ICT and digital connectivity.

The first objective aligns with Broad Strategy 4 (Accelerating Inclusive Digital Transformation) of the ASEAN Comprehensive Recovery Framework (ACRF). It entails immediate effort to promote e-commerce, digital transformation of MSMEs, reskilling and upskilling for employment, and creating job opportunities.

The second objective involves, among others, efforts to fast-track the implementation of relevant ASEAN initiatives. These efforts may include implementing projects aiming to operationalize the 2019 ASEAN Agreement on E-Commerce for greater digitally enabled cross-border trade.

⁵⁴ ASEAN Secretariat. 2021. ASEAN Digital Master Plan 2025. Jakarta.

The third objective is to enhance competitiveness through 4IR technologies such as mobile technology, big data, the Internet of Things, and cloud technology for business efficiency and productivity.

The fourth objective focuses on implementing modern ICT and digital infrastructure, particularly along the six IMT-GT ECs.

To achieve these objectives, the Working Group on Digital Transformation will implement four priority strategies:


- Promote digital commerce, digital transformation of MSMEs, reskilling and upskilling for employment, and creating opportunities.
- Promote and fast-track the implementation of the relevant initiatives or programs of the 2019 ASEAN Agreement on E-Commerce.
- Leverage 4IR technologies for business efficiency and productivity.
- Improve and upgrade ICT and digital infrastructure and services.

The Working Group on Digital Transformation will implement the following eight actions to operationalize the above strategies:

- Develop and improve the competencies of MSMEs actors through training soft skills, expanding the digital workforce, promoting entrepreneurial spirit, and understanding digital entrepreneurship.
- Reskill and upskill for employment, including digital skills, and create opportunities for greater digital inclusion and accessibility.
- Implement and upscale the IMT-GT E-commerce Platform and IMT-GT Mall with MSMEs' participation.
- Enhance relevant initiatives or programs developed based on the 2019 ASEAN Agreement on E-Commerce, including those that strongly focus on facilitating seamless trade and innovation (e.g., digital platforms), enabling seamless digital payments, broadening the digital talent base, and fostering entrepreneurship.
- Promote the exchange of knowledge, capabilities, innovations, and best practices.
- Develop and implement pilot projects based on 4IR technology.
- Leverage homegrown technologies across member countries.
- Invest in ICT infrastructure projects, particularly improving ICT connectivity along the priority ECs.

Table 7 highlights the Strategic Framework and Action Plan of the Focus Area on Digital Transformation.

Table 7: Strategic Framework and Action Plan of the Focus Area on Digital Transformation, 2022–2026

Focus Area: Digital Transformation 			
Scope <ul style="list-style-type: none"> Digital infrastructure, digital innovation, digital commerce, and digital literacy and skills 			
Goal (Impact) <ul style="list-style-type: none"> Comprehensive use of digital technologies and ICT for inclusive and competitive economic growth 			
Objective (Outcome)	Strategy	Action Plan	Timeline
1. Inclusive digital transformation is accelerated Indicator 1.1: Number of businesses that have been able to transform themselves due to the e-commerce training program (inclusive reskill and upskill of SMEs/MSMEs) increases.	S1.1 Promote digital commerce, digital transformation of MSMEs, reskilling and upskilling for employment, and creating opportunities.	A.1.1.1 Develop and improve the competencies of MSMEs actors through training soft skills, expanding the digital workforce, promoting entrepreneurial spirit, and understanding digital entrepreneurship. A.1.1.2 Reskill and upskill for employment, including digital skills, and create opportunities for greater digital inclusion and accessibility.	2022–2026 (accelerate implementation in the 1st year as a post-pandemic recovery effort) 2022–2026 (accelerate implementation in the 1st year as a post-pandemic recovery effort)
2. Increases in digitally enabled cross-border commerce Indicator 2.1: At least 1,000 SMEs/MSMEs have conducted business transactions via the IMT-GT E-commerce Platform and IMT-GT Mall by 2023.	S.2.1 Promote and fast-track the implementation of the relevant initiatives or programs of the 2019 ASEAN Agreement on E-Commerce.	A.2.1.1 Implement and upscale the IMT-GT E-commerce Platform and IMT-GT Mall with MSMEs' participation. A.2.1.2 Enhance relevant initiatives or programs developed based on the 2019 ASEAN Agreement on E-Commerce, including those that strongly focus on facilitating seamless trade and innovation (e.g., digital platforms), enabling seamless digital payments, promoting secure and trusted e-commerce, broadening the digital talent base, and fostering entrepreneurship.	2022–2026 2022–2026

Objective (Outcome)	Strategy	Action Plan	Timeline
3. Enhanced competitiveness through 4IR technologies Indicator 3.1: Number of businesses that benefited from subregional 4IR projects increases from x% in 2022 (baseline) to y% in 2026 (target).^a	S.3.1 Leverage 4IR technologies for business efficiency and productivity.	A.3.1.1 Promote the exchange of knowledge, capabilities, innovations, and best practices. A.3.1.2 Develop and implement pilot projects based on 4IR technology. A.3.1.3 Leverage homegrown technologies across member countries.	2022–2026 2022–2026 2022–2026
4. Enhanced ICT and digital connectivity Indicator 4.1: Broadband coverage in all member provinces and states increases to 100% by 2026.	S.4.1 Improve and upgrade ICT and digital infrastructure and services.	A.4.1.1 Invest in ICT infrastructure projects, particularly improving ICT connectivity along the priority economic corridors.	2022–2026

4IR = Fourth Industrial Revolution, ICT = information and communication technology, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, MSMEs = micro, small, and medium-sized enterprises, SMEs = small and medium-sized enterprises.

^a The Working Group on Digital Transformation in IMT-GT member countries will conduct an online survey by Q3 2022 to determine the baseline and annual target to achieve up to 2026.

Source: Centre for IMT-GT Subregional Cooperation.



FOCUS AREA ON TRADE AND INVESTMENT FACILITATION

CURRENT STATE OF PLAY

Progress

During the IB 2017–2021 period, IMT-GT established a solid foundation for future streamlining of border crossing procedures and processes. Through the negotiations and finalization of the Framework of Cooperation (FOC) in Customs, Immigration, and Quarantine (CIQ) Procedures to Facilitate Cross-Border Movement of Goods and People, common areas were identified for closer collaboration in relation to trade facilitation. The conduct of the IMT-GT and Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA) Joint Time Release Study on Cargo Clearance and Trade Document Requirement at selected IMT-GT ports has contributed to the understanding of the strengths and weaknesses of those ports in facilitating IMT-GT trade. Local businesses in IMT-GT continued to make their presence felt in international markets by organizing some trade fairs. The publication of the IMT-GT statistical booklets has helped policy makers make informed decisions.

Challenges

While the trade and investment facilitation projects mentioned above are important and necessary, they are not robust enough to effectively remove the administrative, technical, and regulatory barriers to intra-IMT-GT trade. For example, there is insufficient momentum from the project portfolio of the Working Group on Trade and Investment to effect significant reform to the existing CIQ rules, procedures, and processes. IMT-GT needs to step up efforts to simplify and streamline the current border crossing processes and procedures to promote intra-IMT-GT trade. Such effort is also critical to minimize the impact of supply chain disruptions stemming from various movement restriction measures that aim at containing COVID-19. There is also insufficient joint effort by the working group to make IMT-GT an attractive investment destination.

Way Forward

In line with the directives of the 27th IMT-GT Ministerial Meeting held on 6 August 2021, the Working Group on Trade and Investment will incorporate post-COVID-19 recovery objectives, strategies, and actions into the Strategic Framework of the Focus Area on Trade and Investment Facilitation.

The Focus Area on Trade and Investment Facilitation is positioned to play an active role in supporting the lead focus areas—agriculture and agro-based industry, tourism, and halal products and services—toward a sustained and resilient post-COVID-19 pandemic recovery.

To implement the corridor-centric approach to regional integration as promoted in IB 2022–2026, the Working Group on Trade and Investment will intensify its effort toward simplifying and streamlining border crossing procedures and processes of main entry points along the IMT-GT ECs.

The Working Group on Trade and Investment will adopt transformative actions for implementation under the Framework of Cooperation in CIQ, which is currently being finalized. It will also give due attention to attracting domestic and foreign direct investment (FDI) to special economic zones (SEZs).

Where appropriate, it will strive to operationalize the “coopetition approach” (collaboration and competition) for SEZ development.⁵⁵ The approach is underpinned by the effort to implement the six IMT-GT ECs effectively; promote cross-border value chains; improve branding and marketing of the subregion; improve the attractiveness of SEZs by fostering sustainable economic zones including logistics parks and incorporating sustainability criteria in site selection; and improve spillovers through promoting goods and services required by SEZs, linking IMT-GT companies to global value chains and promoting investment in skills, technologies, R&D, and infrastructure in the wider economy (footnote 55).

SCOPE AND GOALS

The scope of the Focus Area on Trade and Investment Facilitation covers (i) trade and investment facilitation, and (ii) trade in goods and services and investment. Its goal is to make IMT-GT a trade and investment-friendly region by 2026.

OBJECTIVES, STRATEGIES, AND ACTIONS

This focus area seeks to achieve three main objectives (outcomes):

- Minimize disruption to cross-border trade.
- Increase trade and investment.
- Establish a network of interconnected, competitive economic zones.

To achieve the outcomes, the Working Group on Trade and Investment will implement the following five key strategies:

- Increase transparency by sharing information on trade and trade-related measures introduced in response to the COVID-19 pandemic.⁵⁶

⁵⁵ A. Aggarwal. 2022. Special Economic Zones in the Indonesia–Malaysia–Thailand Growth Triangle: Opportunities for Collaboration. Manila. Asian Development Bank.

⁵⁶ The measures are introduced mainly by trade agencies that are members of the Working Group on Trade and Investment.

- Establish a coordinated approach to support initiatives that facilitate cross-border trade.
- Operationalize the IMT-GT Framework of Cooperation in CIQ.
- Establish baselines on intra-IMT-GT trade and FDI inflows to the selected SEZs and economic zones for performance monitoring.
- Adopt the coopetition approach for SEZ development as recommended by the ADB Study on Special Economic Zones in the Indonesia–Malaysia–Thailand Growth Triangle: Opportunities for Collaboration.

To operationalize the five key strategies, the Working Group on Trade and Investment will undertake four main actions:

- Implement the following trade facilitation actions in a coordinated and collaborative manner:
 - Notify trade facilitation measures according to the World Trade Organization commitment, the CIMT, and other bodies upon request.
 - Undertake coordination of border, domestic, and cross-border border agencies.
 - Conduct collaboration for the expedited clearance of emergency supplies.
 - Implement risk management measures to prioritize the clearance of imports and exports when it comes to low-risk critical supplies.
 - Allow trusted traders or authorized economic operators to be granted expedited clearance.
 - Introduce the e-registration of travel documents.
 - Make special arrangements for the movement of essential workers and traders at border crossings.
 - Expedite the movement of persons with a valid COVID-19 certificate.
 - Develop guidelines on the prevention and control of COVID-19 for border crossing officials and transport crews.
- Implement the following actions, among others, at priority entry/exit points in the IMT-GT ECs: (i) coordinated one-stop border management; (ii) promotion of e-customs; and (iii) specific trade facilitation measures to fast-track the goods clearance process, such as:
 - risk management system,
 - advance ruling,
 - enhanced customs and other government agencies coordination,
 - accreditation of reliable traders in accordance with the SAFE Framework principles (i.e., the Authorized Economic Operator Scheme), and
 - customs trade outreach initiatives to the private sector.
- Conduct time release studies and stakeholder consultations.
- Operationalize the coopetition approach for SEZ development through joint projects, where appropriate, and with strong participation of the private sector.

Table 8 summarizes the objectives, strategies, and actions of the Focus Area on Trade and Investment Facilitation

Table 8: Strategic Framework and Action Plan of the Focus Area on Trade and Investment Facilitation, 2022–2026



Focus Area: Trade and Investment Facilitation

Scope

- Trade and investment facilitation
- Trade in goods and services and investment

Goal (Impact)

- IMT-GT is a trade and investment-friendly region.

Objective (Outcome)	Strategy	Action Plan	Timeline
<p>1. Minimized disruption to cross-border trade</p> <p>Indicator 1.1: By December 2024, six designated port of entry (two in each Member Countries) have reported that their clearance times for imports are back to, if not better than, the pre-pandemic level (i.e., as compared to the average clearance times of the same ports in 2019).^a</p> <p>Indonesia: Belawan Port and Palembang Port Malaysia: Bukit Kayu Hitam and Port Klang Thailand: Sadao</p>	<p>S.1.1 Increase transparency by sharing information^b on trade and trade-related measures introduced in response to the COVID-19 pandemic.</p> <p>S.1.2 Establish a coordinated approach to support initiatives that facilitate cross-border trade.</p>	<p>A.1.1.1 Implement the following trade facilitation actions in a coordinated and collaborative manner:</p> <ul style="list-style-type: none"> • Notify trade facilitation measures according to World Trade Organization commitment to the CIMA and other bodies upon request. • Undertake coordination of border, domestic, and cross-border border agencies. • Conduct collaboration for the expedited clearance of emergency supplies. • Implement risk management measures to prioritize the clearance of imports and exports when it comes to low-risk critical supplies. • Allow trusted traders or authorized economic operators to be granted expedited clearance. • Introduce the e-registration of travel documents. • Make special arrangements for the movement of essential workers and traders at border crossings. • Expedite the movement of persons with a valid COVID-19 certificate. • Develop guidelines on the prevention and control of COVID-19 for border crossing officials and transport crews 	<p>2022–2023 post-pandemic recovery)</p>

Objective (Outcome)	Strategy	Action Plan	Timeline
<p>2. Increase trade and investment</p> <p>Indicator 2.1: Trade values at the following main entry points increase at an average rate of at least 5% per annum during the IB 2022–2026 period.</p> <p>1. Indonesia: Belawan Port (North Sumatra) and Palembang Port (South Sumatra)</p> <p>2. Malaysia: Bukit Kayu Hitam (Kedah) and Port Klang (Selangor)</p> <p>3. Thailand: Sadao (Songkhla)</p> <p>Indicator 2.2: FDI inflows to the following SEZs/economic zones grow at an average annual rate of 10%:</p> <p>1. Indonesia: Sei Mangkei SEZ, and Batam Free Trade Zone and Free Port Authority</p> <p>2. Malaysia: NCER and ECER</p> <p>3. Thailand: Songkhla Special Economic Development Zone</p>	<p>S.2.1 Operationalize the IMT-GT Framework of Cooperation in CIQ.</p>	<p>A2.1.1 Implement the following actions, among others, at priority entry/exit points in the IMT-GT economic corridors: (i) coordinated one-stop border management; (ii) promotion of e-customs (cross-border e-commerce)^c; and (iii) specific trade facilitation measures to fast-track the goods clearance process, such as</p> <ul style="list-style-type: none"> • risk management system, • advance ruling, • enhanced customs and other government agencies coordination, • accreditation of reliable traders in accordance with the SAFE Framework principles,^d and • customs trade outreach initiatives to the private sector.^e 	2022–2026
<p>3. A network of interconnected, competitive SEZs</p> <p>Indicator 3.1: At least 3 new SEZs (1 in each member country) with an IMT-GT focus are developed by 2026.^f</p>	<p>S.2.2 Establish baselines on intra-IMT-GT trade and FDI inflows to the selected SEZs/economic zones for performance monitoring.</p>	<p>A.2.2.1 Conduct time release studies and stakeholder consultations.</p>	2022–2026
	<p>S.3.1 Adopt the coopetition (collaboration and competition) approach for SEZ development, as recommended by the ADB study.^g</p>	<p>A.3.1.1 Operationalize the coopetition approach for SEZ development through joint projects, where appropriate, and with strong participation of the private sector.</p>	2022–2026

IB = Implementation Blueprint, CIQ = customs, immigration, and quarantine, ECER = East Coast Economic Region, FDI = foreign direct investment, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, NCER = Northern Corridor Economic Region, SEZ = special economic zone.

Notes:

^a Clearance time for imports is the average time taken from when the goods arrive at the port of entry until the time they are claimed from customs. The designated ports of entry may be seaports or border crossing posts in IMT-GT.

^b The sharing of information shall be based on the spirit and practices outlined in the IMT-GT Framework of Cooperation in CIQ Procedures to Facilitate Cross-Border Movement of Goods and People.

^c Cross-border e-commerce is defined by the World Customs Organization as “All transactions which are effected digitally through a computer network (e.g., the internet), and result in physical goods flows subject to Customs formalities.”

^d This refers to the Authorized Economic Operator (AEO) of the WCO SAFE Framework.

^e It refers to trade outreach initiatives. The targeted stakeholders may include local businesses and the trading community. The objective is to bring clarity and transparency to the IMT-GT’s trade facilitation system, including its CIQ rules, regulations, procedures, and operational mechanisms.

^f These SEZs are part of the subregional supply chains—they may be subregional product development centers, suppliers of intermediate products, processing centers, etc. They may be newly established SEZs and/or existing SEZs that have been further developed, expanded, or upgraded.

^g The approach is underpinned by efforts to implement the six IMT-GT economic corridors (ECs) effectively; promote cross-border value chains; improve branding and marketing of the subregion; improve the attractiveness of SEZs by fostering sustainable economic zones including logistics parks and incorporating sustainability criteria in site selection; and improve spillovers through promoting goods and services required by SEZs, linking IMT-GT companies to global value chains and promoting investment in skills, technologies, research and development (R&D), and infrastructure in the wider economy.

Source: Centre for IMT-GT Subregional Cooperation.



FOCUS AREA ON ENVIRONMENT

CURRENT STATE OF PLAY

Progress

The IMT-GT's environmental cooperation initiative has evolved from promoting sustainable agricultural practices (driven by the Working Group on Agriculture and Argo-Based Industry and the Working Group on Environment) during the IB 2012–2016 period to implementing green cities programs (driven and coordinated by the Chief Ministers and Governors' Forum [CMGF] with support and facilitation of the CIMT) under IB 2017–2021.

During the 25th IMT-GT Ministerial Meeting held in September 2019, the Working Group on Environment was established to spearhead the environmental cooperation agenda of IMT-GT. The working group held its first meeting on 7 July 2021.

The working group has adopted comprehensive terms of reference, covering

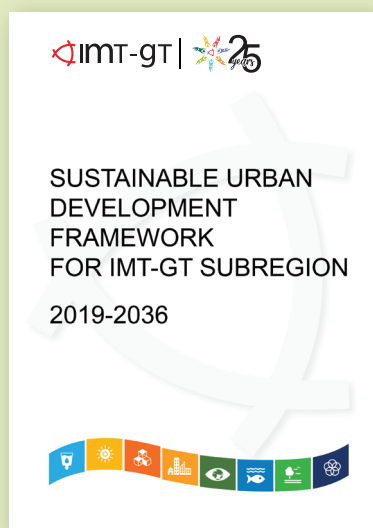
- any matter related to the responsibilities of the respective ministries of environment or institutions of IMT-GT members;
- low-carbon economy including, but not limited to, sustainable urban development and promotion of renewable energy, energy efficiency, and green mobility; and
- sustainable management of natural resources, and biodiversity protection and conservation.

The above development reflects the commitments of the IMT-GT to mainstreaming environmental considerations in its cooperation agenda.

To date, IMT-GT has implemented the following environmental projects, among others: (i) Formulation of the IMT-GT Sustainable Urban Development Framework (SUDF) and Action Plan 2019–2036, (ii) Formulation of the IMT-GT Integrated Green Urban Transport Plan, (iii) Regional Green Cities Conference and related forums, and (iv) Implementation of Green Cities Action Plans in selected cities.

Box 9 summarizes the Sustainable Urban Development Framework for IMT-GT Subregion, 2019–2036.

BOX 9: SUSTAINABLE URBAN DEVELOPMENT FRAMEWORK FOR IMT-GT SUBREGION 2019–2036



IMT-GT Vision 2036 calls for implementing Green City Action Plans (GCAPs) in at least 40 IMT-GT cities. The Sustainable Urban Development Framework (SUDF) for IMT-GT Subregion 2019–2036 serves as a steering document for identifying, preparing, implementing, and monitoring such GCAPs. The SUDF guides the development of a green city network across IMT-GT, enabling the implementation of coherent actions that align with local, provincial, national, regional, and international priorities. The following table delineates all interventions suggested as part of the SUDF action plan.

Infrastructure Interventions (2019 –2036)	Planning Interventions (2019–2023)	Awareness-Building Measures (2019 –2023)	Suggested Infrastructure Interventions ^a
<ul style="list-style-type: none"> • Shift to electric mobility • Installation of solar photovoltaic systems • Energy-efficient buildings • Implementation of LED streetlights • Solid waste processing facilities (waste-to-energy, composting, and biomethanation) • Increase in tree cover • Restoration of wetlands 	<ul style="list-style-type: none"> • Comprehensive mobility plan • Greenhouse gas (GHG) emissions inventory • Local Biodiversity Strategy Action Plan 	<ul style="list-style-type: none"> • Education for sustainable development <ul style="list-style-type: none"> - eco schools - eco campuses 	<ul style="list-style-type: none"> • Sanitary/controlled landfill for solid waste • Solar water heating and cooking • Nonconventional transport system • Public bike sharing • Waste recycling industry • Supervisory control and data acquisition (SCADA) • Nonrevenue water reduction • 24x7 water supply • Introducing compatible agriculture and horticulture species • District cooling systems

^a To start after 2023—post phase 1 completion.

Source: Asian Development Bank.

IMT-GT has enhanced its partnership with ADB, International Council for Local Environmental Initiatives, and ASEAN Secretariat in moving forward with its environmental cooperation agenda. It has forged new partnerships with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Institute for Global Environmental Strategies (IGES) Centre Collaborating with UNEP on Environmental Technologies, and Danish Energy Efficiency Partners (DEEP), among others.

Challenges

While the IMT-GT has made headway in delivering its green city-related strategies, there appears to be no significant progress made with respect to its natural resources management and biodiversity conservation strategies.

As there is no concrete joint or cross-border project proposal in the pipeline for these strategies, the newly established Working Group on Environment may have to double its efforts to create projects to move those strategies forward.

Opportunities

The COVID-19 pandemic has resulted in greater urgency for climate action and for reversing biodiversity loss. Member countries' experience with the COVID-19 pandemic may have heightened the awareness that climate change and biodiversity loss, slow as they may be, will significantly impact humanity.

The pandemic has offered lessons for dealing with the environmental crisis, i.e., addressing it will require no less than a collective and coordinated international effort. IMT-GT provides a strategic platform for such an international effort. Member countries may leverage this platform to solicit technical and funding support from multilateral organizations and international development agencies.

The pandemic has highlighted multiple environmental, social, and governance challenges. At the same time, heightened awareness among businesses and commitments by governments have seen an increase in environmental, social, and governance (ESG) investing. This global shift in investment strategy should compel enterprises in IMT-GT to review their business models for sustainable and inclusive growth.

This shift in investment strategy and the increasing trend toward sustainable consumption and production present new market opportunities for the private sector and a new source of growth.

Moving forward, it is necessary to incorporate the 27th IMT-GT Ministerial Meeting and 7th Ministerial Meeting Retreat's environment-related decisions:

- Adopt a green, blue, and circular economy as one of the key strategic components of IB 2022–2026.
- Intensify the implementation of the IMT-GT SUDE.

- Ensure the working group collaborates with the IMT-GT Green Council, IMT-GT Green Cities Mayor Council (GCMC), and the CMGF to accelerate the implementation of SUDF.
- Implement joint projects on climate change mitigation and adaptation.
- Establish transboundary ecological corridors and collaborate in managing shared ecosystems (terrestrial and marine).

It is also necessary to integrate the existing IMT-GT Sustainable Urban Development Framework (SUDF) and Action Plan 2019–2023 with IB 2022–2026. The SUDF was developed and adopted during the IB 2017–2021 period. However, it is not yet an integral part of the IB. Integrating the SUDF in IB 2022–2026 will ensure a streamlined and focused approach toward sustainable urban development in IMT-GT.

IMT-GT's environmental cooperation agenda will be implemented based on the green, blue, and circular economy principles to support the subregion to build back better.

SCOPE AND GOALS

The scope of the Focus Area on Environment covers climate mitigation and adaptation with a special focus on (i) sustainable urban development; and (ii) sustainable management of natural resources, and biodiversity protection and conservation. Its goal is to make IMT-GT an international showcase of sustainable urban development and a role model in natural resource management and biodiversity conservation.

OBJECTIVES, STRATEGIES, AND ACTIONS

There are two specific objectives in the IMT-GT's environmental cooperation agenda:

- More IMT-GT cities shall adopt and implement the SUDF and its accompanying action plan.
- IMT-GT's natural capital—adjacent national parks, other protected areas, and migratory species—is effectively managed and conserved under subregional cooperative efforts.

To realize the objectives, the Working Group on Environment will implement three main strategies:

- Adopt and implement the SUDF and action plan.
- Undertake coordinated efforts for the sustainable management of IMT-GT's natural resources such as forests, water, and wildlife, among others.
- Enhance collaboration in the management and restoration of adjacent ecosystems (e.g., watersheds, and breeding grounds and migration routes of animals).

The Working Group on Environment will implement the following actions to operationalize the SUDF and action plan:

- Implement awareness-building measures such as education for sustainable development, eco schools, and eco campuses.
- Implement planning interventions to cover comprehensive mobility plan, greenhouse gas (GHG) emissions inventory, and Local Biodiversity Strategy Action Plan.
- Implement the following infrastructure interventions:
 - shift to electric mobility,
 - installation of solar photovoltaic systems,
 - energy-efficient buildings,
 - implementation of LED streetlights,
 - solid waste processing facilities (waste-to-energy, composting, and biomethanation),
 - increase in tree cover, and
 - restoration of wetlands.
- Create an online platform for sharing and learning sustainable urban environmental management.

Next, two main actions operationalize the sustainable management of the natural resources:


- Develop subregional strategic frameworks or plans for the sustainable management of the subregion's natural resources.
- Implement joint projects to foster healthy oceans and blue economies.

Lastly, under the strategy of enhancing collaboration in the management and restoration of adjacent ecosystems, the Working Group on Environment will implement three key actions:

- Develop and implement joint programs on maintaining and enhancing environmental integrity, such as spatial planning for conservation, biodiversity conservation, habitat restoration, sustainable consumption and production, mitigation of transboundary pollution, and sustainable financing for conservation, among others.
- Establish transboundary ecological corridors and collaborate in managing shared ecosystems (terrestrial and marine).
- Exchange good practices on sustainable environmental management.

Table 9 summarizes the objectives, strategies, and actions of the Focus Area on Environment.

Table 9: Strategic Framework and Action Plan of the Focus Area on Environment, 2022–2026

Focus Area: Environment 			
Scope <ul style="list-style-type: none"> Climate mitigation^a and adaptation^b with a special focus on sustainable urban development Sustainable management of natural resources, and biodiversity protection and conservation Goal (Impact) <ul style="list-style-type: none"> IMT-GT as an international showcase of sustainable urban development and a role model in natural resource management and biodiversity conservation 			
Objective (Outcome)	Strategy	Action Plan	Timeline
1. More IMT-GT cities adopt and implement the SUDF and the accompanying action plan. Indicator 1.1: At least 10 cities in IMT-GT implemented the SUDF and action plan by 2026.	S.1.1 Adopt and implement the SUDF and action plan.	A.1.1.1 Implement awareness-building measures: <ul style="list-style-type: none"> education for sustainable development eco schools eco campuses 	2022–2026
		A.1.1.2 Implement the following planning interventions: <ul style="list-style-type: none"> comprehensive mobility plan GHG emissions inventory Local Biodiversity Strategy Action Plan 	2022–2026
		A.1.1.3 Implement the following infrastructure interventions: <ul style="list-style-type: none"> shift to electric mobility, installation of solar photovoltaic systems, energy-efficient buildings, implementation of LED, streetlight, solid waste processing facilities (waste-to-energy, composting, and biomethanation), increase in tree cover, and restoration of wetlands. 	2022–2026
		A.1.1.4. Create an online platform for sharing and learning sustainable urban environmental management.	2022–2026

Objective (Outcome)	Strategy	Action Plan	Timeline
<p>2. IMT-GT's natural capital—adjacent national parks, other protected areas, and migratory species—is effectively managed and conserved under subregional cooperative efforts.</p> <p>Indicator 2.1: Subregional frameworks, strategic plans, and mechanisms are in place for cooperative and coordinated management and conservation of key natural resources and biodiversity by 2026.</p>	S.2.1 Undertake coordinated efforts for the sustainable management of the natural resources in IMT-GT, such as forests, water, and wildlife, among others.	A.2.1.2 Implement joint projects to foster healthy oceans and blue economies.	2022–2026
	S.2.2 Enhance collaboration in the management and restoration of adjacent ecosystems (e.g., watersheds, and breeding grounds and migration routes of animals).	A.2.2.1 Develop and implement joint programs on maintaining and enhancing environmental integrity, such as spatial planning for conservation, biodiversity conservation, habitat restoration, sustainable consumption and production, mitigation of transboundary pollution, and sustainable financing for conservation, among others.	2022–2026
		A.2.2.2 Establish transboundary ecological corridors and collaborate in managing shared ecosystems (terrestrial and marine).	2022–2026
		A.2.2.3 Exchange good practices on sustainable environmental management.	2022–2026

IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, SUDF = Sustainable Urban Development Framework.

Notes:

^a Mitigating climate change is about reducing the release of greenhouse gas (GHG) emissions that are warming our planet. Mitigation strategies include retrofitting buildings to make them more energy efficient; adopting renewable energy sources like solar, wind, and small hydro; helping cities develop more sustainable transport such as bus rapid transit, electric vehicles, and biofuels; and promoting more sustainable uses of land and forests. Source: Global Environment Facility. Climate Change Mitigation. <https://www.thegef.org/topics/climate-change-mitigation>.

^b Adaptation refers to changes in processes, practices, and structures to moderate potential damages or to benefit from opportunities associated with climate change. Adaptation can range from building flood defenses, setting up early warning systems for cyclones and switching to drought-resistant crops, to redesigning communication systems, business operations, and government policies. Source: United Nations Framework Convention on Climate Change (UNFCCC). What Do Adaptation to Climate Change and Climate Resilience Mean? <https://unfccc.int/topics/adaptation-and-resilience/the-big-picture/what-do-adaptation-to-climate-change-and-climate-resilience-mean>.

Source: Centre for IMT-GT Subregional Cooperation.



FOCUS AREA ON HUMAN RESOURCE DEVELOPMENT

CURRENT STATE OF PLAY

Progress

The Working Group on Human Resource Development, Education and Culture (WGHRDEC) plays a key role in enhancing the human capital in IMT-GT. During the IB 2017–2021 period, the working group conducted capacity building programs focusing mainly on (i) technical and vocational education and training, and (ii) strengthening of technical competency skills. The working group also played a part in strengthening the cooperation between training centers and educational institutions in the subregions, contributing to knowledge sharing and people-to-people connectivity.

The IMT-GT University Network (UNINET) leveraged the WGHRDEC to expand its influence and networks. The signing of the UNINET Charter in 2017 had further institutionalized UNINET as a subregional body and formalized its cooperation agenda. To date, 27 public universities are members of UNINET. The 27th IMT-GT Ministerial Meeting held on 6 August 2021 welcomed the UNINET's proposal to expand its membership to private universities and to function as a think tank for IMT-GT. UNINET has not only contributed to building a knowledge-based community in IMT-GT but also enhanced the subregion's social cohesiveness through varsity carnivals and sports programs.

Following the 27th Ministerial Meeting's decision, UNINET is now a standalone subregional body, acting primarily as an IMT-GT think tank and the main subregional body to drive cultural cooperation. With that, the Focus Area on Human Resource Development, Education and Culture has been renamed Focus Area on Human Resource Development. Accordingly, the WGHRDEC has become Working Group on Human Resource Development (WGHRD).

Challenges

The WGHRDEC has made good progress in advancing the Superfruits Project in collaboration with the private sector. However, this engagement is narrowly focused on the Superfruits Project only. Overall, the working group does not have a strong and expansive relationship with the private sector. As a result, it faces challenges in designing capacity building projects that meet the industry's specific needs.

The lack of engagement and convergence meetings with the working groups responsible for the lead focus areas (agriculture and agro-based industry, tourism, and halal products and services) has compounded the problem.

Most working groups do not have much labor market information to share with the WGHRDEC. They do not have much in-depth knowledge about the industry's capacity building needs due partly to the lack of private sector participation in the IMT-GT processes. Consequently, the WGHRDEC faces challenges in providing demand-driven skills trainings.

Opportunities

The COVID-19 pandemic has, among others, accelerated the adoption of digital technology, necessitated countries to collaborate in building supply chain resilience, and resulted in greater urgency for climate action.⁵⁷

The path to the new normal shall see greater demand for capacity building programs that focus on, among others, (i) promoting digital skills and literacy, (ii) introducing technical and vocational education and training, (iii) reskilling and upskilling for employment, (iv) enhancing MSMEs' capacity to participate in regional value chain, (v) improving trade facilitation, (vi) promoting circular economy approach, (vii) applying green infrastructure solutions, and (viii) fostering climate financing. The WGHRD will seek to establish its niche to meet those emerging capacity building needs.

SCOPE AND GOAL

The scope of the Focus Area on Human Resource Development covers:

- developing and upgrading IMT-GT workforce skills; and
- improving labor mobility through, among others, information sharing, awareness raising, capacity building, knowledge exchange, and technology transfer.

This focus area aims to have a competitive workforce, enhanced labor mobility, improved labor market efficiency, and strong people-to-people connectivity by 2026.

⁵⁷ According to the European Environment Agency, "Environmental degradation increases the risk of pandemics. COVID-19 emerged and escalated through the complex interplay between drivers of change, such as ecosystem disturbance, urbanisation, international travel and climate change." It also notes, "The pandemic has shown that our societies have immense potential for collective action and change when faced with a perceived emergency." European Environment Agency. COVID-19: Lessons for Sustainability? <https://www.eea.europa.eu/publications/covid-19-lessons-for-sustainability>. The 2021 United Nations Climate Change Conference's Special Report on Climate Change and Health proposed "a set of priority actions from the global health community to governments and policy makers, calling on them to act with urgency on the current climate and health crises." World Health Organization. 2021. COP26 Special Report on Climate Change and Health: The Health Argument for Climate Action. Geneva. p. viii. <https://www.who.int/publications/i/item/9789240036727>.

OBJECTIVES, STRATEGIES, AND ACTIONS

The WGHRD will work toward delivering the following objectives (outcomes):

- improved workforce competitiveness,
- synchronized competency skill standards, and
- efficient labor market information sharing.

To achieve the objectives, the WGHRD will implement four main strategies:

- Implement demand-driven skills training.
- Undertake capacity building and knowledge exchange.
- Pilot skills competency recognition in selected professions in IMT-GT.
- Enhance labor mobility through an IMT-GT labor market information sharing system.

To operationalize the strategies, the WGHRD will implement the following actions:

- Commission an independent comprehensive study, with the involvement of IMT-GT think tank and private sectors, to identify training programs based on the needs of the industry in IMT-GT, taking into account the dynamics of the labor market under the new normal.
- Implement the recommendations of the above study through detailed action plans, workshops, etc.
- Develop and implement capacity building and knowledge exchange programs on enhancing workforce competitiveness.
- Conduct training of trainers of the vocational training centers.
- Identify suitable professions in the ASEAN Mutual Recognition Arrangements as pilot projects.
- Upscale the pilot implementation of the skills competency recognition in more professions.
- Conduct capacity building on utilizing the labor market information sharing system via digital platforms.
- Conduct information sharing for labor market information.

Table 10 summarizes the objectives, strategies, and actions of the Focus Area on Human Resource Development.

Table 10: Strategic Framework and Action Plan of the Focus Area on Human Resource Development, 2022–2026

Focus Area: Human Resource Development			
Scope <ul style="list-style-type: none"> Developing and upgrading IMT-GT workforce skills and improving labor mobility through, among others, information sharing, awareness raising, capacity building, knowledge exchange, and technology transfer Goal (Impact) <ul style="list-style-type: none"> A competitive workforce, enhanced labor mobility, improved labor market efficiency, and strong people-to-people connectivity 			
Objective (Outcome)	Strategy	Action Plan	Timeline
1. Improved workforce competitiveness Indicator 1.1: At least 100 trainees and trainers are upskilled and certified by accredited vocational training centers in IMT-GT by 2026.	S.1.1 Implement demand-driven skills training.	A.1.1.1 Commission an independent comprehensive study, with the involvement of IMT-GT think tank and private sectors, to identify training programs based on the needs of the industry in IMT-GT, considering the dynamics of the labor market under the new normal.	2022 (post-pandemic recovery)
		A.1.1.2 Implement the recommendations of the above study through detailed action plans, workshops, etc.	2023–2026
	S.1.2 Undertake capacity building and knowledge exchange.	A.1.2.1 Develop and implement capacity building and knowledge exchange programs on enhancing workforce competitiveness.	2023–2026
		A.1.2.2 Conduct training of trainers of the vocational training centers.	2023–2026
2. Synchronized competency skill standards Indicator 2.1: Two competency skill standards are synchronized and implemented.^a	S.2.1 Pilot skills competency recognition in selected professions in IMT-GT.	A.2.1.1 Identify suitable professions in the ASEAN Mutual Recognition Arrangements as pilot projects.	2022–2023
		A.2.1.2 Upscale the pilot implementation of the skills competency recognition in more professions.	2024–2026
3. Efficient labor market information sharing Indicator 3.1: IMT-GT labor market information system is utilized via digital platforms.	S.3.1 Enhance labor mobility through an IMT-GT labor market information sharing system.	A.3.1.1 Conduct capacity building on utilizing the labor market information sharing system via digital platforms.	2022–2026
		A.3.1.2 Conduct information sharing for labor market information.	2023–2026

^a The two competency skill standards refer to two types of jobs.
Source: Centre for IMT-GT Subregional Cooperation.



CHAPTER 08

**FLAGSHIP PROJECTS: IMPETUS FOR
TRANSFORMATION, AND PHYSICAL CONNECTIVITY
PROJECTS: BACKBONE FOR INTEGRATION**

FLAGSHIP PROJECTS

Flagship projects have been identified to give impetus to the implementation of IB 2022–2026. They are identified to lead the transformation in IMT-GT and accelerate the realization of IMT-GT Vision 2036.

DEFINITION

Flagship projects are defined as notable, high-impact, and transformative projects. They could be disruptive (open new markets and/or significantly raise value, create jobs, eradicate poverty, improve environmental protection) or set a new direction (e.g., substantially shift the current way of production or consumption). These key criteria have guided the selection of the flagship projects.

Additionally, a flagship project must meet the following basic criteria outlined in the 2016 IMT-GT Project Manual:

- It addresses a priority objective of a subregional plan or agreement.
- It responds to an identified need of IMT-GT (i.e., a need-based project).
- It complements other projects that have been undertaken to support the implementation of the subregional plan.
- It is consistent with national development objectives of at least one IMT-GT member country.

A flagship project may be a collaborative/joint project, i.e., it requires the combined commitment and effort of more than one member country (e.g., cross-border infrastructure project); or a national project that contributes to subregional development (e.g., expansion of a seaport in a member country, which, once completed, will play a key part in facilitating intra-trade in IMT-GT).

SELECTION PROCESS

The flagship projects were developed in close consultation with national and provincial/state levels stakeholders of IMT-GT. Prioritization criteria were applied to select 16 flagship projects out of an initial list of 39 project proposals for IB 2022–2026.

LIST OF THE FLAGSHIP PROJECTS

The flagship project list is shown below. Annex 1 elaborates on the flagship projects.

Working Group on Transport Connectivity

- Second Bridge Link across Golok River at Sungai Golok, Narathiwat, Thailand–Rantau Panjang, Kelantan, Malaysia

Indonesia

- Sei Mangkei Rubber City (North Sumatra)
- Halal Industrial Hub (Riau Islands)
- IMT-GT Tourism Village Forum (South Sumatra)
- IMT-GT Business Centre Implementation (Riau)
- Integrated Waste Management Facility (North Sumatra)
- Mutual Recognition of Skill Process Alignment to ASEAN Guiding Principles (WGHRD, the Ministry of Manpower)

Malaysia

- Langkawi Integrated Green Transportation Plan, Kedah
- Ipoh Smart City, Perak
- Thematic Industrial Park—Kedah Rubber City
- Urban-ACT: Integrated Urban Climate Action for Low-Carbon & Resilient Cities in Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT)
- Superfruits Initiative, Perlis, Kedah, Penang, Perak

Thailand

- Smart Farmer Technology Smart Choice for Young Farmer
- Palm Oil Cooperation
- Halal Blockchain
- IMT-GT Rubber Cities Project (Songkhla)
- Double-Track Rail Linking between Hat Yai–Padang Besar

The flagship projects are selected with the clear intention of operationalizing a particular set of focus area strategies under IB 2022–2026. Table 11 summarizes the alignment of the flagship projects with those focus area strategies.

Table 11: Alignment between Flagship Projects and Focus Area Strategies of Implementation Blueprint 2022–2026

Flagship Project	Focus Area and Strategy
Second Bridge Link Across Golok River at Sungai Golok, Narathiwat, Thailand–Rantau Panjang, Kelantan, Malaysia	Focus Area: Transport Connectivity Strategy: S.5.1 Intensify the implementation of PCPs in the six economic corridors
Halal Industrial Hub (Riau Islands)	Focus Area: Halal Products and Services Strategy: S.1.1 Facilitate and promote national halal logos, standards, and certification schemes for halal products and services
IMT-GT Tourism Village Forum (South Sumatra)	Focus Area: Tourism Strategy: S.1.2 Encourage domestic and subregional tourism and transform the tourism sector into higher-quality and low-density tourism
IMT-GT Business Centre Implementation (Riau)	Focus Area: Digital Transformation Strategy: S1.1 Promote digital commerce, digital transformation of MSMEs, reskilling and upskilling for employment, and creating opportunities
Integrated Waste Management Facility (North Sumatra)	Focus Area: Environment Strategy: S.1.1 Adopt and implement the SUDF and action plan
Mutual Recognition of Skill Process Alignment to ASEAN Guiding Principles (WGHRD, the Ministry of Manpower)	Focus Area: Human Resource Development Strategy: S.2.1 Pilot skills competency recognition in selected professions in IMT-GT
Langkawi Integrated Green Transportation Plan , Kedah	Focus Area: Environment Strategy: S.1.1 Adopt and implement the SUDF and action plan
Ipoh Smart City, Perak	Focus Area: Digital Transformation Strategy: S.4.1 Improve and upgrade ICT and digital infrastructure and services
Thematic Industrial Park—Kedah Rubber City	Focus Area: Agriculture and Agro-Based Industry Strategy: S.2.1 Develop priority agro-based industries (e.g., rubber, palm oil, medicinal plants, palm-based biomass, superfruits [high-nutrition and high-value fruits]) using, among others, cross-border value chain and economic zones as the key tools
Urban-ACT: Integrated Urban Climate Action for Low-Carbon & Resilient Cities in IMT-GT	Focus Area: Environment Strategy: S.1.1 Adopt and implement the SUDF and action plan
Superfruits Initiative, Perlis, Kedah, Penang, Perak	Focus Area: Agriculture and Agro-Industry Strategy: S.2.1 Develop priority agro-based industries (e.g., rubber, palm oil, medicinal plants, palm-based biomass, superfruits [high-nutrition and high-value fruits]) using, among others, cross-border value chain and economic zones as the key tools

Smart Farmer Technology Smart Choice for Young Farmer	Focus Area: Agriculture and Agro-Industry and HRD Strategy: S.1.1 Undertake collaborative projects to promote sustainable and knowledge-intensive agricultural practices
Palm Oil Cooperation	Focus Area: Agriculture and Agro-Industry and HRD Strategy: S.1.1 Undertake collaborative projects to promote sustainable and knowledge-intensive agricultural practices
Halal Blockchain	Focus Area: Halal Products and Services Strategy: S.5.1. Promote cross-sectoral collaboration in information access
IMT-GT Rubber Cities Project (Songkhla)	Focus Area: Agriculture and Agro-Based Industry Strategy: S.2.1 Develop priority agro-based industries (e.g., rubber, palm oil, medicinal plants, palm-based biomass, superfruits [high-nutrition and high-value fruits]) using, among others, cross-border value chain and economic zones as the key tools
Double-Track Rail Linking between Ha Yai–Padang Besar	Focus Area: Transport Connectivity Strategy: S.5.1 Intensify the implementation of the PCPs in the six economic corridors

ASEAN = Association of Southeast Asian Nations, HRD = human resource development, ICT = information and communication technology, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, PCP = physical connectivity project, SUDF = Sustainable Urban Development Framework, WGHRD = Working Group on Human Resource Development.

Source: Centre for IMT-GT Subregional Cooperation.

PHYSICAL CONNECTIVITY PROJECTS OF THE IMT-GT IMPLEMENTATION BLUEPRINT 2022–2026

To enable the IMT-GT to achieve its Vision 2036, the IMT-GT leaders at the 10th IMT-GT Summit in 2017 committed to the implementation of projects worth a total of \$47 billion to further develop the physical connectivity in the subregion.⁵⁸ These projects covered roads, railways, and bridges; inland transport (inland container depots, distribution centers, etc.); customs, immigration, and quarantine (CIQ) facilities; environment and urban development (e.g., water supply, power supply, renewable energy, energy efficiency, waste management, etc.); and general economic zones and SEZs (e.g., industrial parks, rubber cities, science parks, halal parks). These projects were called physical connectivity projects (PCPs) and formed an integral part of IB 2017–2021.

IMT-GT will continue to accord high priority to the implementation of PCPs. PCPs are the backbone of integrating IMT-GT. They are especially critical for the success of the corridor-centric approach to regional integration as advocated under IB 2022–2026. Annex 2 provides detailed information about the PCPs. Box 10 describes the differences between PCPs and flagship projects, and Box 11 talks about a potential flagship project for IMT-GT.

BOX 10: DIFFERENCES BETWEEN FLAGSHIP PROJECTS AND PHYSICAL CONNECTIVITY PROJECTS

Some flagship projects are selected from the existing list of PCPs, e.g., the Second Bridge Link across Golok River at Sungai Golok and Rubber Cities Project. While **the PCPs focus mainly on developing physical connectivity, the flagship projects can either be a nonphysical infrastructure project or have a mixture of policy intervention, capacity building, and physical infrastructure building.** For example, the project on Mutual Recognition of Skill Process Alignment to ASEAN Guiding Principles is not a physical infrastructure project, but rather one that focuses on capacity building and standardization of IMT-GT competency standards. The project on the IMT-GT Tourism Village Forum, on the other hand, has a mixture of capacity building and physical infrastructure development. The Rubber Cities projects involve developing physical infrastructure and simplifying related trade and investment policies, rules, and processes.

Many **PCPs have a relatively long gestation period.** For example, the Sumatra Toll Road Project (Indonesia) and East Coast Railway Link (Malaysia) are likely to stretch over multiple IBs. The **implementations of the FPs, on the other hand, are expected to complete and bring about significant outcomes within the IB 2022–2026 period.**

ASEAN = Association of Southeast Asian Nations, IB = Implementation Blueprint, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, PCP = physical connectivity project.

Source: Centre for IMT-GT Subregional Cooperation.

⁵⁸ IMT-GT. IMT-GT Physical Connectivity Project 2017–2021. <https://imtgt.org/physical-connectivity-project/>.

BOX 11: POTENTIAL FLAGSHIP PROJECT FOR IMT-GT—A SUMMARY

Project Name: Marine Aquaculture, Reefs, Renewable Energy, and Ecotourism for Ecosystem Services (MAR2E3S) (ADB Technical Assistance)

Objective: To facilitate future investment in sustainable ocean economy development through two main activities: (i) assessing prospects for IMT-GT to commercialize marine resources (including energy, seafood, and tourism) and identifying potential investment projects in selected IMT-GT countries; and (ii) engaging stakeholders and managing knowledge on mechanisms to facilitate large-scale investments and accelerate financing of selected projects. The project is aligned with UN SDG 7 on affordable and clean energy and SDG 14 on life below water. It is also aligned with the following focus areas' strategies of IB 2022–2026.



Strategies of the Focus Area on Agriculture and Agro-Based Industry

- S.3.1 Integrate green, blue, and circular economy concepts into the agricultural supply chains of IMT-GT
- S.1.1 Undertake collaborative projects to promote sustainable and knowledge-intensive agricultural practices

Strategy of the Focus Area on Environment

- S.1.1 Adopt and implement the Sustainable Urban Development Framework for IMT-GT Subregion 2019–2036 and accompanying action plans (climate mitigation and adaptation with a special focus on sustainable urban development)

Strategy of the Focus Area on Tourism

- S.3.1 Enhance the sustainability, inclusivity, and competitive advantages of the subregion as a tourist destination

Impact and Outcome

IMT-GT's capacity in optimizing marine resource value, creating new industries for export growth, and regenerating the marine environment improved. The project will have the following outcome: investments to promote regenerative marine business are mobilized.

Implementation

Cross-sectoral approach with multi-stakeholder involvement, a convergent approach



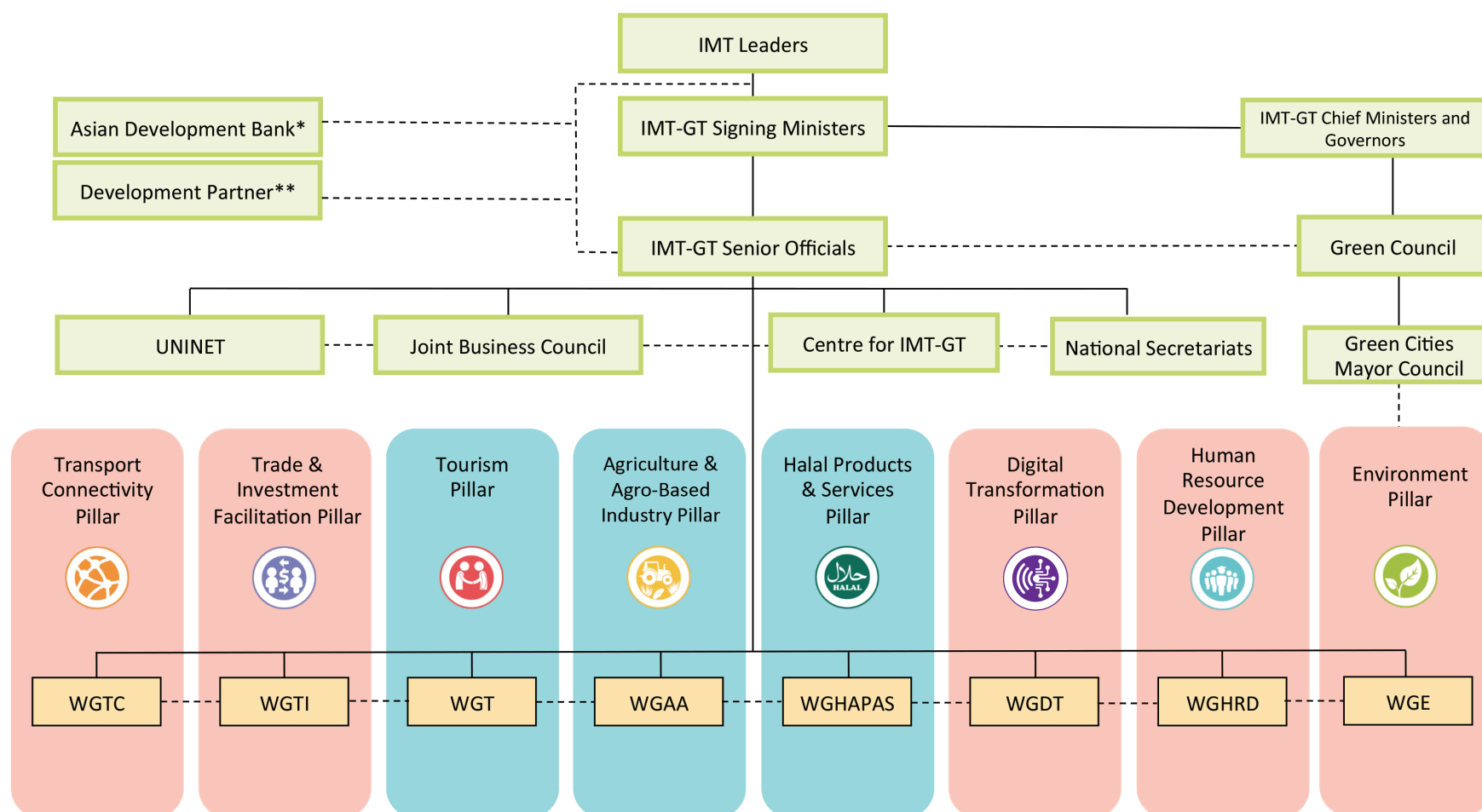
CHAPTER 09

INSTITUTIONAL SETUP: DELIVERING RESULTS

INSTITUTIONAL ARRANGEMENTS

IB 2022–2026 aims to put in place a highly responsive institutional setup in IMT-GT by building on the key strengths of the existing institutional structure (Figure 35). Some refinement, however, will be made to further enhance the cohesiveness among the IMT-GT bodies and improve project delivery. The key IMT-GT bodies, their key roles, and main functions are described below.

Figure 35: Institutional Setup for IMT-GT Implementation Blueprint 2022–2026



IMT = Indonesia–Malaysia–Thailand, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, UNINET = University Network, WGAA = Working Group on Agriculture and Agro-Based Industry, WGDT = Working Group on Digital Transformation, WGE = Working Group on Environment, WGHAPAS = Working Group on Halal Products and Services, WGHRD = Working Group on Human Resource Development, WGT = Working Group on Tourism, WGTC = Working Group on Transport Connectivity, WGTI = Working Group on Trade and Investment.

Notes:

* Appointed by IMT-GT member countries

** Granted by IMT-GT signing ministers

Source: Centre for IMT-GT Subregional Cooperation.

LEADERS' SUMMIT

Role and Responsibilities

The IMT-GT Leaders' Summit is the subregion's highest decision-making body. It discusses and creates policies for the subregion. It fosters consensus on IMT-GT issues such as economic growth and social development and provides overall policy guidance on subregional cooperation and integration. It helps to coordinate all the relevant policy areas among IMT-GT member countries and ensure smooth implementation of IB 2022–2026.

MINISTERIAL MEETING

Role and Responsibilities

The IMT-GT Ministerial Meeting provides overall guidance and advice on implementing IB 2022–2026. It also helps address key issues and challenges of common interests and sets policy directions to achieve the goals and objectives of IB 2022–2026. The ministerial meeting retreat provides a useful platform for the IMT-GT ministers to candidly discuss major concerns and issues facing the implementation of IB 2022–2026 and exchange views on possible solutions.

CHIEF MINISTERS AND GOVERNORS' FORUM

Role and Responsibilities

The Chief Ministers and Governors' Forum (CMGF) provides policy inputs to and collaborates closely with the senior officials' meeting (SOM) and ministerial meeting for effective implementation of IB 2022–2026 at the provincial/state level. The CMGF sensitizes local governments in IMT-GT on the goals, objectives, strategies, programs, and projects of IB 2022–2026. It also builds awareness among local governments and businesses about the opportunities and direct and indirect benefits of IB 2022–2026. Given its close interaction with local stakeholders, the CMGF is strategically positioned to promote bottom-up projects.

The Way Forward

IB 2022–2026 underscores the need to attract more private investment to accelerate private sector-led growth. To this end, the CMGF will give special attention to **strengthening the partnership between the local governments and the business community**. Where possible, the CMGF will endeavor to offer customized or targeted fiscal and non-fiscal incentives to attract investors with reduced bureaucracy and more efficient application and approval processes. More specifically, the CMGF will leverage **investment promotion agencies (IPAs)** operating in member provinces and states and work closely with national IPAs. These IPAs will be entrusted **as the main providers of investor-focused services** to cover every stage of the investment life cycle—promotion, entry and establishment, retention and expansion, and linkages and spillovers.

The establishment of the **IMT-GT Green Council** in 2016 under the CMGF framework has given further impetus to the green city initiative in IMT-GT. The adoption of the SUDF document by the IMT-GT leaders at the 12th IMT-GT Summit held in 2019 and the creation of the **Green Cities Mayor Council (GCMC)** in 2020 have further reinforced the subregion's commitment to promoting sustainable urban development, of which the green city initiative is also an integral part.

Chaired by the chief ministers or governors of member states and provinces, **the Green Council reports to the CMGF. The Green Council coordinates closely with SOM to ensure high-level policy support from national governments and partner organizations (e.g., ADB) for advancing the SUDF agenda at the subnational level.**

The GCMC reports directly to the Green Council. It is the implementation arm of the Green Council, focusing on identifying, planning, managing, and **implementing SUDF projects at the subnational level**. The GCMC is also mandated to take the **lead role** in driving the **Green City Action Plan (GCAP) implementation at the local or city level**.

To fulfill its mandates, **the GCMC is supported by the Working Group on Environment**. The Working Group takes a **subregional approach (as opposed to the GCMC's subnational or city-level approach)** to implementing the SUDF and action plan. The Working Group on Environment helps put in place a **subregional policy environment** conducive for the GCMC members to advance their respective SUDF goals and objectives. It also **coordinates and facilitates** the implementation of SUDF and action plan **at the IMT-GT level**.

Therefore, **the GCMC and the Working Group on Environment have distinct roles in moving forward the SUDF and green city agenda**, as described in Table 12.

Table 12: Distinct Roles and Responsibilities of the Green Cities Mayor Council and Working Group on Environment in Implementing the Sustainable Urban Development Framework and Action Plan

Role and Responsibilities, Reporting and Interfacing	Green Cities Mayor Council	Working Group on Environment
Leadership and influence	<ul style="list-style-type: none"> In-country, province or state, and local or city level 	<ul style="list-style-type: none"> Subregional level and national level (via the related national line ministries and national secretariats)
Main responsibilities	<ul style="list-style-type: none"> Implementing SUDF projects (including GCAP projects) at the local or city level Attracting national and local investment or funding for SUDF projects 	<ul style="list-style-type: none"> Putting in place a subregional policy environment that is conducive for the GCMC members to advance their respective SUDF agenda Coordinating, facilitating, or implementing SUDF projects that involved at least two member countries Attracting investment and multilateral funding support for SUDF projects Aligning the IMT-GT SUDF initiative to the ASEAN Sustainable Urbanisation Strategy (ASUS) of the Master Plan on ASEAN Connectivity (MPAC) 2025
Focus	<ul style="list-style-type: none"> In-country, unilateral, stand-alone Achieving national agenda 	<ul style="list-style-type: none"> Cross-border (bilateral and trilateral) Taking a subregional economic corridor approach, i.e., promoting a network of green cities across IMT-GT and optimizing synergistic relationships between various SUDF projects Achieving the IMT-GT cooperation agenda
Reporting and interfacing (e.g., through attending working group, convergence, and PIT meetings)	<ul style="list-style-type: none"> Reporting directly to Green Council Interfacing with the Working Group on Environment 	<ul style="list-style-type: none"> Reporting directly to SOM Interfacing with GCMC

ASEAN = Association of Southeast Asian Nations, GCAP = Green City Action Plan, GCMC = Green Cities Mayor Council, PIT = project implementation team, SOM = senior officials' meeting, SUDF = Sustainable Urban Development Framework.
Source: Centre for IMT-GT Subregional Cooperation.

SENIOR OFFICIALS' MEETING

Role and Responsibilities

The IMT-GT SOM determines the implementation priorities and provides directions and advice on IB 2022–2026 to ensure coordination and integration of its guiding approaches, key measures, and strategies. The SOM also oversees the overall implementation of the measures and strategies of IB 2022–2026, both in terms of timeliness and effectiveness.

The success of IB 2022–2026 is, to a significant extent, hinged on IMT-GT's ability to respond effectively to cross-cutting issues and challenges. In this light, **the SOM provides high-level oversight to encourage cross-sectoral collaboration and fosters shared responsibilities** across the IMT-GT bodies.

The SOM interfaces and engages with senior representatives of partner organizations and key industry leaders to forge strategic partnerships with these entities and personalities and solicit resources, expertise, and technology crucial for effectively implementing the measures and strategies.

NATIONAL SECRETARIATS

Role and Responsibilities

The national secretariats support the senior officials in operationalizing IB 2022–2026. They act as national focal points for coordinating IB 2022–2026 programs and projects. The national secretariats ensure that IB 2022–2026 programs and projects are included and prioritized in the national and subnational development plans and receive adequate policy and funding support from national governments. They involve the provincial/state governments, private sector, and other IMT-GT stakeholders in project identification, planning, and implementation in accordance with the bottom-up approach advocated under IMT-GT Vision 2036.

The Way Forward

IB 2022–2026 underlines the role of the national secretariats in **supporting integrative planning, providing cross-sectoral solutions, and ensuring robust national governments–subnational governments and central agencies–line agencies coordination and collaboration**. Such measures will lead to **a coherent and cohesive national approach** toward IMT-GT participation.

During the IB 2022–2026 period, national secretariats will play a role in coordinating and providing policy recommendations for national-level working groups' convergence meetings (if any). In general, national working groups as project implementers normally have a responsibility to convene the convergence meeting with relevant stakeholders by themselves.

WORKING GROUPS

Role and Responsibilities

The working groups serve as the implementing arms of the Senior Officials' Meetings in their respective focus areas and are mandated to coordinate and facilitate the implementation of programs and projects of their respective focus areas. The working groups encourage the private sector's active participation in working group-related projects and activities. They also support the private sector in leading project identification and implementation. There are eight working groups under IB 2022–2026:

- Working Group on Agriculture and Agro-Based Industry,
- Working Group on Tourism,
- Working Group on Halal Products and Services,
- Working Group on Transport Connectivity,
- Working Group on Digital Transformation,
- Working Group on Trade and Investment,
- Working Group on Environment, and
- Working Group on Human Resource Development.

Box 12 discusses the connection between the Working Group on Digital Transformation and the Working Group on Transport Connectivity.

BOX 12: WORKING GROUPS ON DIGITAL TRANSFORMATION AND TRANSPORT CONNECTIVITY

The **Working Group on Digital Transformation** has evolved from the Sub-Working Group on ICT Connectivity created in 2017. The sub-working group was formerly part of the Working Group on Transport and ICT Connectivity. The decision to promote the Sub-Working Group on ICT Connectivity to be a full-fledged working group has gained momentum following the COVID-19 pandemic. It is a strategic move as digitalization shall underpin the post-pandemic recovery, and, in the long run, digital transformation will enhance IMT-GT's competitive advantage. It is also a pragmatic move since the synergistic relationship between the Working Group on Transport Connectivity and the Sub-Working Group on ICT Connectivity appeared to be waning. This decision has necessitated an additional Focus Area on Digital Transformation, which serves as an enabler, given the cross-cutting nature of digital technology. The Working Group on Transport and ICT Connectivity was renamed **Working Group on Transport Connectivity**.

The **Working Group on Human Resource Development** was formerly called the Working Group on Human Resource Development, Education and Culture (WGHRDEC). Pursuant to the decision of the 27th IMT-GT Ministerial Meeting held on 6 August 2021, **the IMT-GT University Network (UNINET)** would leave the WGHRDEC to become an independent body reporting directly to SOM. The WGHRDEC was renamed Working Group on Human Resource Development (WGHRD) to reflect its core functions and role.

The Way Forward

Convergence Meeting

The eight focus areas are inextricably linked, and many IMT-GT projects are cross-sector that require the facilitation and coordination of multiple working groups. The success of a project under one focus area is contingent on one or more projects in other focus areas. For instance, the success of an IMT-GT tourism project (under the Focus Area on Tourism) is dependent on air connectivity (Focus Area on Transport Connectivity) and the availability of workers with the required skill sets (Focus Area on Human Resource Development). IB 2022–2026 thus calls for closer cross-sectoral collaboration between the working groups. **More convergence meetings will be held to accelerate project implementation during the IB 2022–2026 period.**

The Centre for IMT-GT Subregional Cooperation (CIMT) is the convenor of subregional level convergence meetings. Under the convergence meeting arrangement, working groups may discuss policy, regulatory, technical, and administrative matters that contribute to the effective and prompt implementation of IB 2022–2026 projects. Depending on project requirements, **the CMGF or local government representatives, the Joint Business Council (JBC), and UNINET** are also encouraged to participate in convergence meetings. Their participation will add credence to the meeting.

Project Implementation Team

The working groups are mandated to coordinate and facilitate project implementation. However, they are not designed to lead project implementation, as they usually meet only once or twice a year, leaving projects unattended between meetings. The project implementation team (PIT), a project implementation entity created under the working group structure, was introduced in IB 2017–2021 to address this gap. Its main purpose is to improve project implementation. **While the convergence meeting focuses on project coordination and facilitation, the PIT deals with the project implementation's operational and technical aspects.**

The PIT has a finite life span in keeping with a project's implementation phase. Not all projects will need a PIT, and the working groups will decide what project will need one. In general, cross-sectoral projects that demand the involvement of multiple agencies in their implementation phase will require a PIT.

PIT member composition may vary from project to project. Private sector and local government representatives who are part of the project's implementation process may be PIT members. To ensure clear accountability for specific deliverables, a PIT must prepare **implementation plans, set benchmarks, and develop indicators for monitoring project results**. Each team member's role and responsibilities will be clearly defined and agreed upon by the members.

The CIMT is the convenor of subregional level PIT meetings. **More PITs will be created under IB 2022–2026 to ensure speedy and effective project implementation.**

IMT-GT UNIVERSITY NETWORK

Role and Responsibilities

The IMT-GT UNINET was established in 1996 and initially comprised eight universities in the network.⁵⁹ During the IB 2017–2021 period, UNINET leveraged the WGHRDEC to expand its influence and networks. The signing of the UNINET Charter in 2017 had further institutionalized UNINET as a subregional body and formalized its cooperation agenda. To date, 27 public universities are members of UNINET. UNINET aims to expand its membership to private universities in IMT-GT over the IB 2022–2026 period.

UNINET has also strengthened its engagement with the private sector by offering scientific and technological expertise to the Superfruits Project, and inculcating entrepreneurship through the IMT-GT UNINET Business Model Canvas and Rising Star Agri-Food Innovation Challenge 2021 projects.

The Way Forward

Acknowledging the UNINET's **growing role, expanding network, and in-depth local knowledge**, the 27th IMT-GT Ministerial Meeting held on 6 August 2021 had agreed for UNINET to be an independent **think tank for IMT-GT**. Moreover, the decision to designate UNINET as a subregional think tank was, to a certain extent, prompted by the need to overcome the current shortages of high-quality data and analysis on the subregion. UNINET is expected to fill this gap, playing its part to ensure a continuous flow of sound information and analyses critical for sound policy making.

Essentially, UNINET will support the senior officials, national secretariats, the CIMT, the JBC, working groups, and other subregional stakeholders in policy planning and decision-making by providing independent evidence-based analyses and recommendations.

⁵⁹ IMT-GT. UNINET Background. <https://imtgt.org/uninet/>.

UNINET will position itself as an **active knowledge provider, producing high-quality, objective, and timely analysis** in subregional economic cooperation and integration, socioeconomic development, governance, etc. Working closely with the CIMT and the CMGF, UNINET will actively engage in dialogue with decision makers at the subregional, national, and provincial/state levels to contribute meaningfully to the IMT-GT's policy discussion and formulation processes.

Being an official IMT-GT think tank will place UNINET in a privileged and advantageous position to compete for IMT-GT-related **advisory service and consulting contracts**. This will open a **potential source of funding** that might contribute to UNINET's long-term financial sustainability.

Besides its think tank role, in line with the 2017 UNINET Charter, UNINET will continue to focus on expanding its **collaborative partnership with institutions of higher learning** across the subregion and **promoting social and cultural exchanges through education and sports**. All this will contribute to stronger people-to-people connectivity and greater social cohesiveness in IMT-GT.

CENTRE FOR IMT-GT SUBREGIONAL COOPERATION

Role and Responsibilities

The CIMT's role is to **initiate, advise, coordinate, facilitate, implement, monitor, and evaluate** IB 2022–2026 programs and projects, in line with its mandate stipulated under Article 6.4C of the Agreement on the Establishment of the CIMT (2013). To carry out these roles, the CIMT is guided by the following core principles:

- **Facilitate reciprocity.** The CIMT should make reciprocity credible and feasible so that IMT-GT may optimize gains from IB 2022–2026 programs and projects.
- **Inclusivity and impartiality.** The CIMT should adopt a participatory approach toward facilitating the implementation of IB 2022–2026 to ensure the priority interests of all parties are taken care of and the benefits of regional cooperation and integration programs and projects are optimized and equitably shared among the member countries.

The Way Forward

IB 2022–2026 calls for **empowering the CIMT to be an effective subregional integrator**, capable of identifying the interdependence of work across the focus areas and executing effective **integrative (i.e., cross-sectoral) project planning, facilitation, and implementation**. The CIMT needs such technical skills to be an effective **convenor and facilitator of convergence meetings and PITs**. This role is also critical for the CIMT to initiate projects that aim at pilot-testing ASEAN agreements/programs in IMT-GT since ASEAN agreements/programs are becoming more cross-sectoral.⁶⁰

The CIMT plays a key part in ensuring **results-based monitoring and evaluation (M&E)** as an integral part of IMT-GT project proposals. It implements M&E requirements of all IMT-GT projects in close collaboration with the project implementers. It reports the M&E results to SOM, working groups, and national secretariats and ensures the results are fed back into operation for improvements in future project designs. The CIMT, being the focal and integral structure throughout the IMT-GT project M&E processes,⁶¹ will further enhance its M&E role during the IB 2022–2026 period.

Beyond project-level M&E, the CIMT also undertakes **higher-level results-based M&E**, focusing on the macro-level indicators as outlined in Chapter 4. The CIMT's role also includes monitoring and evaluating IMT-GT's overall performance through conducting mid-term reviews of the past and future IBs.

The CIMT Advisory Committee members are also the IMT-GT senior officers. Hence, the CIMT receives high-level commitment and strong political support from IMT-GT member countries in performing the above tasks. However, the CIMT faces the following challenges: (i) lack of in-house expertise to meet the expanded sectoral area and convergence initiatives, and (ii) inability to attract the best talents in IMT-GT for the jobs partly because its current remuneration packages are not particularly competitive as compared with those offered by similar regional organizations and the private sector. For the CIMT to perform the above tasks effectively, it will optimize its existing resources including its accumulated financial reserves. The CIMT will also pitch project proposals to SOM through the CIMT Advisory Committee for funding on a project basis.

JOINT BUSINESS COUNCIL

Role and Responsibilities

The IMT-GT JBC acts as the private sector's focal point with a clear mission to encourage the private sector to pursue trade and investment opportunities in IMT-GT.

⁶⁰ ASEAN is increasingly focused on cross-sectoral and cross-pillar collaboration. The three pillars of the ASEAN Community are the ASEAN Political Security Community, ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community. ASEAN Secretariat. 2021. Mid-term Review of the AEC Blueprint.

⁶¹ IMT-GT. 2016. IMT-GT Project Manual. <https://www.adb.org/sites/default/files/related/19769/imt-gt-project-manual-2016.pdf>.

The Way Forward

As outlined in Chapter 4, IB 2022–2026 aims to accelerate private sector-driven growth. This will be done by legalizing the JBC, which will begin from its national chapters. This is a critical first step toward elevating the JBC to be on par with similar regional business councils.

The next step is to radically transform the governance, management, and operations structures of the JBC (both subregional and national). The aim is to make JBC an effective private sector focal point that is fully capable of providing a wide range of cutting-edge business, secretariat, and advocacy services to the business community. For this purpose, JBC will establish a permanent regional secretariat with a team of dedicated full-time professional staff and a Chief Executive Officer.

The enhanced JBC will lead in promoting and facilitating the participation of the private sector in IMT-GT. It is also expected to be highly capable of initiating and monitoring cross-border projects. The JBC will also step up its policy advocacy role on behalf of the business community in IMT-GT.

ASIAN DEVELOPMENT BANK

Role and Responsibilities

The Asian Development Bank (ADB) has been involved in the IMT-GT initiative since its inception and has been a regional development partner and advisor since 2007. ADB will continue to play the roles, providing policy, advisory, and technical assistance at strategic and operational levels.

The Way Forward

ADB will support implementing IB 2022–2026 in close collaboration with the working groups, national secretariats, the CIMT, and other subregional mechanisms and strengthen partnership building and resource mobilization, especially for projects.

ASEAN SECRETARIAT

Role and Responsibilities

IMT-GT will continue to align its strategies to ASEAN main goals and objectives to ensure its role as a meaningful building block of the ASEAN Economic Community (AEC).

The Way Forward

IMT-GT bodies, especially the CIMT, will work closely with the ASEAN Secretariat, which can keep IMT-GT abreast of the latest policy development in ASEAN and play a key part in supporting IMT-GT to link up with ASEAN dialogue partners and other external partners.

DEVELOPMENT PARTNERS

Role and Responsibilities

IMT-GT has made progress in expanding its partnership with international organizations (e.g., United Nations Economic and Social Commission for Asia and the Pacific [UNESCAP], Institute for Global Environmental Strategies [IGES], Islamic Development Bank [IsDB]); private sector (e.g., Danish Energy Efficiency Partners [DEEP]); and academia and research organization (via UNINET) while enhancing its engagement with the existing ones (e.g., ADB, ASEAN Secretariat, and the International Council for Local Environmental Initiatives).

The Way Forward

IMT-GT will continue to build on these partnerships and forge new ones including the ASEAN dialogue partners.

PROJECT MANAGEMENT AND DELIVERY SYSTEM

GREATER CLARITY ON PROJECT CYCLE: FROM PROJECT IDENTIFICATION TO MONITORING AND EVALUATION

To ensure effective project planning and delivery, IB 2022–2026 aims to further mainstream the **results-based project management system** as advocated under the ministerial meeting-endorsed **2016 IMT-GT Project Manual**. This is to ensure the strategies and actions of IB 2022–2026 are translated into realistic, sound, and implementable projects.

In this connection, the approaches and processes toward **project identification, conceptualization, formulation, selection, financing, implementation, and monitoring and evaluation (M&E)** as prescribed in the Project Manual will be widely applied.

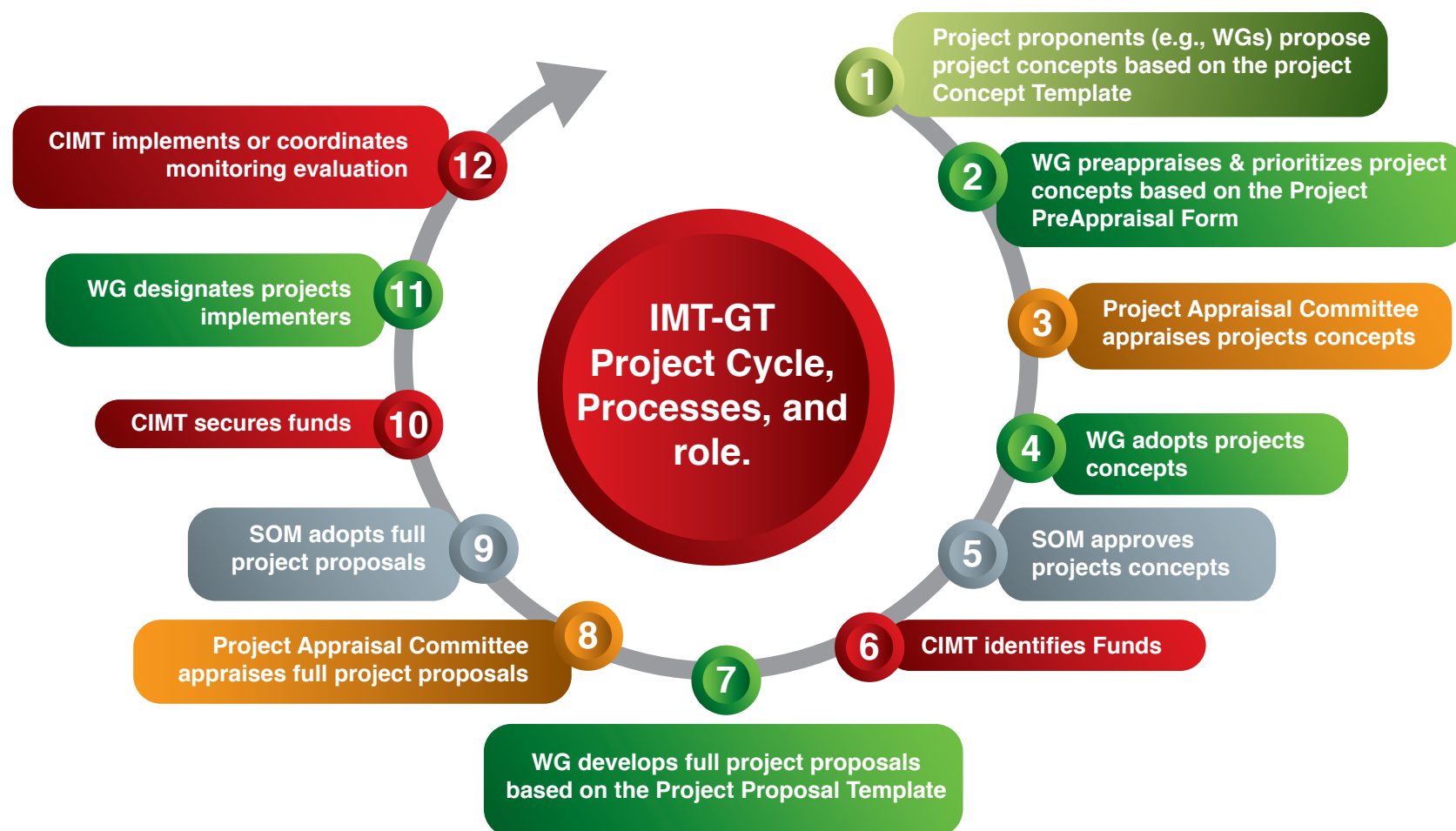
The CIMT will be empowered to pass on this knowledge and skills in the results-based project management system to key IMT-GT stakeholders such as the CMGF members and local government officials through training-of-trainers programs, among others.

But it will need more than the CIMT's effort to get the results-based project management system to take root in IMT-GT. As shown in Figure 36, the **SOM, national secretariat, and working groups** will step up and play their important part in achieving this objective.

Table 13 provides further details on the role and responsibilities of the IMT-GT bodies for IMT-GT projects.



Figure 36: Stages of the Project Cycle



CIMT = Centre for IMT-GT Subregional Cooperation, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, SOM = senior officials' meeting, WG = working group.

Source: Centre for IMT-GT Subregional Cooperation. 2016. IMT-GT Project Manual.

Table 13: Role and Responsibilities of IMT-GT Bodies for IMT-GT Projects

IMT-GT Fora	Responsibility	Authority
Senior officials' meeting (SOM)	<ul style="list-style-type: none"> • Provide policy direction to Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) for a. • Enter contract with project funders/donors for project funding. • Suggest projects and act as project proponent (on rare occasions). 	<ul style="list-style-type: none"> • Approve project proposals. • Approve funding.
Project Appraisal Committee (PAC) (consists of the national secretariats and the Centre for IMT-GT Subregional Cooperation [CIMT] as the PAC's secretariat)	<ul style="list-style-type: none"> • Review and oversee IMT-GT project development processes. • Appraise project concepts. • Appraise project proposals. • Make recommendations to the working groups on whether to adopt a project concept. • Make recommendations to the senior officials' meeting (SOM) on whether to approve a project proposal. 	<ul style="list-style-type: none"> • Endorse project concepts. • Endorse project proposals.
National secretariats	<ul style="list-style-type: none"> • Coordinate and facilitate all in-country public sector IMT-GT activities. • Advise in-country project proponents on the requirements and guidelines stipulated in this Project Manual. • Promote “bottom-up” projects, i.e., from provincial/state/local governments. 	

CIMT	<ul style="list-style-type: none">• Facilitate all project concepts and proposal endorsement processes.• Serve as the PAC's secretariat.• Submit project concepts approved by the PAC to relevant working groups for adoption.• Identify funding opportunities and assign project concepts to the correct funding source.• Assist SOM in funding negotiations with project funders/donors.• Communicate funding approval criteria and procedures of project funders/donors to working groups and project proponents.• Ensure results-based monitoring is an integral part of IMT-GT project concepts and proposals.• Submit full project proposals to project funders/donors for funding support (if such full proposals are required by project funders/donors).• Enter contract with project funders/donors for project funding.• Implement monitoring and evaluation (M&E) requirements of all IMT-GT projects in close collaboration with the project implementers.• Report the results of M&E to SOM, working groups, and national secretariats.• Ensure evaluation results are fed back into operation for improvements in future project designs.	
Working groups (project sponsors)	<ul style="list-style-type: none">• Pre-appraise and prioritize project concepts.• Adopt project concepts that are deemed relevant by the PAC.• Act as a project sponsor, i.e., takes ownership and supports the contents of the project concepts.• Designate relevant entities as project implementers.• Designate national focal points to support the project implementer in project implementation.	<ul style="list-style-type: none">• Adopt project concepts.• Designate project implementers.• Designate national focal points to support project implementation.

Project proponents (may come from the national secretariats, working groups, Chief Ministers and Governors' Forum [CMGF], CIMT, Joint Business Council [JBC], and even SOM and ministerial meeting)	<ul style="list-style-type: none"> • Develop project concepts and proposals based on the guidelines and steps stipulated in the Project Manual. • Refine and improve project concepts and proposals based on the PAC's recommendations. 	
Project Implementers	<ul style="list-style-type: none"> • Ensure project work plans are achieved within the approved budget and time frame. • Report project implementation progress to working groups (project sponsors) and IMT-GT. • Furnish the CIMT with all the information needed for results-based monitoring. 	
Special Task Forces	<ul style="list-style-type: none"> • Where necessary, special task forces may be created by the SOM or the working group to expedite and resolve relevant project issues. 	

Source: Centre for IMT-GT Subregional Cooperation. 2016. *IMT-GT Project Manual*.
<https://www.adb.org/sites/default/files/related/19769/imt-gt-project-manual-2016.pdf>.

Guided by the Project Manual, the current **results-based M&E system** will be further enhanced. All IB 2022–2026 projects will be embedded with indicators that are specific, measurable, achievable, relevant, and time-bound (SMART) for proper and credible M&E. SMART indicators will be introduced at project output, outcome, and impact levels for a robust and comprehensive M&E process. Project implementers will be required to report the status of their project performance to the working group and the CIMT regularly (e.g., half-yearly). The CIMT will be the subregional focal point of all M&E activities, implementing M&E requirements of all IMT-GT projects in close collaboration with project implementers and reporting the results of M&E to the SOM, working group, and national secretariat.

ENSURING PROJECTS ARE ADEQUATELY FUNDED

A robust project planning system that is anchored on the IMT-GT Project Manual's principles and approaches will help **secure project funding**. Presently, many IMT-GT projects have a strong in-country focus and are heavily dependent on government funding. The proponents of such projects must be knowledgeable about their respective national budget funding cycles and processes. But this is not always the case, leaving projects unfunded and not implemented. Competition for government funds has become more intense following the COVID-19 pandemic.

To overcome this problem, **IB 2022–2026 promotes projects with a strong subregional focus (instead of an in-country focus)**. Projects of this nature stand a better chance of receiving funding support from bilateral and multilateral sources (in addition to funding from the national governments).

The IMT-GT Project Manual provides guidelines on developing credible project proposals with a subregional focus. **CIMT will then be able to play its part more effectively in securing funds for project proposals that have a strong subregional focus.**

This will involve a two-step process: (i) the CIMT socializing the 2016 IMT-GT Project Manual so that project proponents can produce sound subregional project proposals based on the manual, and (ii) the CIMT marketing the project proposals to a larger pool of external partners.

It may take many months or even years of follow-up to secure the needed funding support after an initial conversation with potential partners. Therefore, IB 2022–2026 underlines the need for the CIMT to be persistent and strategic in attracting project funds. The CIMT will adopt a holistic and systematic approach toward raising project funds, covering the following mutually reinforcing strategies: **(i) mainstreaming results-based project development and management, (ii) devoting adequate resources for partnership building, and (iii) staying persistent and strategic in raising project funds.**

The 2016 IMT-GT Project Manual contains information on the **national budget cycles** of member countries. It gives a general idea to potential project proponents on project funding under the three member governments' budgetary systems. **National secretariats** are in a good position to regularly disseminate such information (including any relevant updated information on the national budget cycle) to potential project proponents.

MID-TERM AND END-OF-TERM REVIEWS OF IMPLEMENTATION BLUEPRINT 2022–2026

The mid-term review and end-of-term evaluation of IB 2022–2026 will be undertaken in 2024 and 2026, respectively. During the review and evaluation, for purposes of adaptive management, IMT-GT member countries will be allowed to update and revise IB 2022–2026.



ANNEX

ANNEX 1: FLAGSHIP PROJECTS

PROJECT MANAGEMENT AND DELIVERY SYSTEM

PROJECT TITLE: SECOND BRIDGE LINK ACROSS GOLOK RIVER AT SUNGAI GOLOK, NARATHIWAT, THAILAND–RANTAU PANJANG, KELANTAN, MALAYSIA

Project Proponent: Working Group on Transport Connectivity

Background/Rationale

A bridge crossing the Narathiwat–Kelantan border crossing point (BCP) helps facilitate the trade for the special economic zones (SEZs) in both areas. However, the bridge is currently at its capacity. Therefore, a second one next to the first will help with the large border crossing demand.

The constraint for this project is the communication problem between Thailand and Malaysia; both have not had a joint technical meeting for a long time. Some technical issues need to be discussed, e.g., the survey data from Thailand that Malaysia needs and the bridge design from Malaysia that Thailand has not received.

At this stage, it is mainly between Thailand and Malaysia to move the project forward. However, Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) can help monitor the project development or encourage either country to expedite the project.

Outcomes

This project supports IMT-GT implementation under Economic Corridor 6 in the Focus Area on Transport Connectivity. The bridge will help increase cross-border transport between Thailand and Malaysia. Therefore, it could contribute to sustainable, competitive, and inclusive cross-border tourism, which is the third goal of the three priority subregional goals for IMT-GT Vision 2036. It will also help facilitate trade between Narathiwat and Kelantan, supporting the competitive, innovative, and advanced industrial base, which is the second goal. This project will expand the capacity to conveniently transfer goods and travelers. Also, it will increase bilateral trade between Kelantan in Malaysia and Narathiwat in Thailand and nearby areas. This project will enhance the border crossing capacity, alleviating the traffic density on the first bridge.

Output

Second bridge

PROJECT TITLE: SEZ SEI MANGKEI RUBBER CITY

Project Proponent: Indonesia

Background/Rationale

Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) member countries produce 72% of the world's crude rubber. To maintain this comparative advantage, IMT-GT must use the latest innovations to add value to commodities in the three countries amid flat low price trends. This is also an effort to answer the challenges of market demand for semifinished and finished rubber-related products. The “rubber city” collaboration is expected to have a multiplier effect such as employment and increased mobility. However, the logistic cost from the special economic zone (SEZ) to the Kuala Tanjung Port is still considered high and inefficient.

This project aims to promote SEZ Sei Mangkei as an integrated production center for the rubber industry, from rubber plantation (upstream) to rubber processing industrial plant (downstream) in one place. This collaboration is expected to encourage the private sector to invest, innovate, and develop rubber industry networks.

Outcome

- Sustainable rubber industry from upstream to downstream with cost-effective advantage and efficient transportation.

Outputs

- A foreign direct investment (FDI) in rubber-related products such as block rubber, high-quality crepe rubber, and value-added derivative products such as rubber fenders for ports, rubber pads for bridge linings, and medical gloves
- Cost-effective and efficient connectivity from the SEZ to the port through environmentally friendly railway transportation
- Sufficient gas and power supply

PROJECT TITLE: HALAL INDUSTRIAL HUB

Project Proponent: Indonesia

Background/Rationale

This project aims to take advantage of the positive market opportunities for halal services and products by utilizing an established free trade zone (FTZ) in Bintan International Industrial Estate with some 18 global investors operating in the area. A total of 100 hectares of industrial land has been allocated with an investment value of \$4 million. The FTZ obtained halal industrial area certification from the Ministry of Industry and is designed to be an integrated center for halal industry activities in Sumatra and Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT). As part of Economic Corridor 6, this project will facilitate and encourage an integrated halal value chain in the subregion. This is in line with the strategic action of the Working Group on Halal Products and Services to encourage more collaboration between halal small and medium-sized enterprises (SMEs), large local corporations, and multinationals (S.3.1).

This project will take advantage of the existing halal hub in Bintan with FTZ and one-stop services advantages. Further, this project aims to facilitate micro, small, and medium-sized enterprises (MSMEs) and multinational companies in supplying raw industrial materials through village-owned enterprises or sister companies from multinational cooperation in Bintan. This project can involve the Joint Business Council (JBC) to develop feasible investment schemes, attract private partners from the member countries, and align with halal blockchain initiatives to encourage new business models in halal industries and ensure halal certification traceability.

Outcome

- Proven halal hub infrastructures readiness in Economic Corridor 6 and potential to replicate it in other cities in the subregion

Outputs

Halal facilities and services in the FTZ in Bintan International Industrial Estate:

- Industrial gas infrastructures for the food and beverages industry
- Human resources capacity in terms of halal products processing
- New business models in halal industries based on blockchain technology

PROJECT TITLE: IMT-GT TOURISM VILLAGE FORUM

Project Proponent: Indonesia

Background/Rationale

The niche project aims to conduct community-based village tourism including capacity building and sharing best practices in hospitality-related matters such as housekeeping, digital services, digital promotion, and sustainability. It is expected that cultural heritage circuits in subregions can be developed.

This project not only aims to develop tourism travel packages in the subregion, as stated in the Working Group on Tourism's strategic objectives (S.1.2 and S.4.1), but also to improve, diversify, and promote the inclusiveness of cross-border tourism routes as well as create momentum for speedy recovery in the tourism sector by emphasizing community-based tourism. This bold initiative is expected to be a starting point for village tourism in the subregion.

Outcome

- Subregion's improved attractiveness as a sustainable and inclusive tourist destination

Output

- A series of forums to share experiences and ideas (to be implemented in 2022)
- Housekeeping training, digital promotion, digital services (complied with the Association of Southeast Asian Nations [ASEAN] Guidelines) (2023)
- Carbon footprint detection (2024)
- Replicating the outputs to other villages (2024–2025)

PROJECT TITLE: IMT-GT BUSINESS CENTRE IMPLEMENTATION

Project Proponent: Indonesia

Background/Rationale

The proposed virtual business center is motivated by the need for the private sectors to obtain accurate and credible information regarding commodity trading from government agencies so that business matching, promotions, and auctions of flagship commodities can be done on a virtual 24/7 basis. The virtual business center seeks to facilitate a credible, valid, and cost-effective mapping and identification of each member country's leading commodities, products, and services, including the available supply and demand. Moreover, this platform increases efficiency by tackling brokerage costs, and the parties can know the real costs so that the objectives of economic complementarity will be easier to achieve. This aligns with the Working Group on Trade and Investment's objectives to increase transparency by sharing information on new trade and trade-related measures introduced in response to the coronavirus disease 2019 (COVID-19) pandemic (S.1.1).

Outcomes

The business center is expected to increase the volume of Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) trade. This platform provides an overview of trade statistics and other transparent information such as the availability of supplies and the existing demand level of certain commodities, products, and services. Furthermore, several existing platforms such as PaDi UKM, Tokopedia, and Alibaba will potentially integrate with this platform.

Sustainable big data on economic complementarity can be obtained by having an analytical and credible platform that is constantly updated and maintained by government agencies but utilized by private sectors, including information on the needs, both in terms of quality and quantity, of raw commodities, work-in-progress products, and finished products and services.

Outputs

- Dynamic application (web-based and mobile) for IMT-GT registered users
- Updated content from the member countries that consist of live trade statistics, recent demand for agro-based commodities, product innovations, and service offerings

PROJECT TITLE: INTEGRATED WASTE MANAGEMENT FACILITY

Project Proponent: Indonesia

Background/Rationale

Integrated waste management facilities are urgently needed to properly manage waste and hazardous waste. The project will be initiated in Medan but will be expanded to other cities including Batam and Bintan and other big cities in Indonesia Growth Triangle. This facility aligns with one of the priority project identifications listed in the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) Sustainable Urban Development Framework (SUDF) in overcoming the waste problem of each city in the subregion’s member countries. Moreover, it is also in accordance with one of the visions of the Green City Action Plan (GCAP), which is oriented toward creating sustainable cities that are green, livable, and competitive. The suitability will leverage the project’s development through acquiring technical assistance schemes or from green funds through GCAP platforms. This project aligns with the Working Group on Environment’s 2022–2026 objectives in implementing strategic action A.1.1.3 in building solid waste processing facilities.

Outcomes

Proper waste management will bring benefits to IMT-GT, especially Indonesia in terms of actual implementation of a circular economy, and Malaysia and Thailand in terms of mutual benefits in recycled and green products trading. The project can be a great game-changing role model for waste management near industrial plants and/or plantations, facilitating the proper handling of hazardous waste produced by medical, agricultural, or manufacturing sectors. This is considered to be replicated in other cities, such as Batam, that have common problems in waste management.

Outputs

- A cooperation agreement in the context of a circular economy in the subregion
- Integrated Waste Management pilot project with PT Sumatera Deli Lestari Indah (SDLi) (Joint Business Council)

PROJECT TITLE: MUTUAL RECOGNITION OF SKILL PROCESS ALIGNMENT TO ASEAN GUIDING PRINCIPLES

Project Proponent: Indonesia

Background/Rationale

The development of this project is based on the implementation of the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC) for the integration of the ASEAN market. One of the AEC's 10 frameworks is related to the Mutual Recognition Agreement (MRA) for eight employment sectors. This project is proposed to provide a basis for developing understanding and trust in national frameworks and recognizable competency certification systems within ASEAN member countries. This program aligns with the timeline and objectives of Working Group on Human Resource Development—S.2.1 pilot skills competency recognition in selected professions.

Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) and the Ministry of Manpower will establish a series of electric welding capabilities improvement training as a pilot project to harmonize quality standards in the three countries by 2022. Later, the mutual skills recognition will be extended to other areas including skills for baristas and tour guides. The initiative is intended to address problems regarding technical competency standards to ensure consistent quality among the workers.

Outcomes

- The commitment of IMT-GT member countries to refer to the ASEAN Guiding Principles (AGPs) for competency certification
- Increased level of skilled workers

Outputs

- A series of multiyear and multilevel trainings and workshops
- Adoption of AGPs into national competency systems
- Common standards for skilled workers

PROJECT TITLE: LANGKAWI INTEGRATED GREEN TRANSPORTATION PLAN, KEDAH

Project Proponent: Malaysia

Background/Rationale

Works on the Langkawi Integrated Green Transportation Plan began in January 2019 under the Asian Development Bank's technical assistance titled Unlocking Innovation for Development. In July 2019, a workshop on Langkawi Integrated Green Urban Transportation Plan was held in Kedah, where the report "Towards Green Transport Langkawi: Measures to Improve Public Transport, Walking and Cycling in Langkawi Island" was presented. The project is in line with the goals and objectives of the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) Green City Action Plan (GCAP). The State Government of Kedah and the Langkawi Development Authority have an interest in making the island "greener" (environmentally friendly) and promoting sustainable transport and tourism. Such intentions are also reflected in the Langkawi Development Plan 2030. At the national level, there is also an interest in making Langkawi a carbon-neutral island.

Outcomes

- Walking improvement
- Cycling improvement
- Cycling facilities improvement
- Walking facility improvement guidance

Outputs

Plans and projects to improve street designs, walking facilities, intersections, parking locations, bike lanes, routes, and shuttle stops

PROJECT TITLE: IPOH SMART CITY, PERAK

Project Proponent: Malaysia

Background/Rationale

The Ipoh Smart City Action Plan 2020–2030 was launched in March 2021 by the Chief Minister of Perak. The smart city initiative was started in Ipoh City because it is the state capital, from which the project will be expanded to municipal council areas such as Manjung, Taiping, and Kuala Kangsar. Perak is a state of the Northern Corridor Economic Region (NCER), and the digital economy (creative industry and global business services) is one of the state's key economic activities. The digital economy is also one of the key economic clusters of the NCER Strategic Development Plan 2021–2025.

Outcomes

The state capital will be a smart, livable, resilient, and sustainable city by 2030. It will also be an information technology-friendly city with smart solutions to overcome various urban challenges (e.g., pollution, traffic congestion).

Outputs

- UNIFI Fiber Optic Project to increase internet speed from 100 megabytes (MB) to 1 gigabyte (GB) with Telekom Malaysia
- Automatic management systems such as Park@Perak, e-Aduan, online payment, and online application
- Safe city monitoring through CCTVs
- A study to install solar panels at the Perak Urban Transformation Centre

PROJECT TITLE: THEMATIC INDUSTRIAL PARK—KEDAH RUBBER CITY

Project Proponent: Malaysia

Background/Rationale

Kedah Rubber City is the first dedicated rubber industrial park in Kedah, covering an area of 1,244 acres. It is envisioned to accelerate the development of Malaysia's rubber industry. Seven key clusters have been identified for Kedah Rubber City: (i) advanced latex products, (ii) tire and tire-related products, (iii) automotive rubber products, (iv) engineering rubber products, (v) advanced rubber materials, (vi) biotechnology, and (vii) services and support. With its open and liberal economic policies, Malaysia has free trade agreements with most of its trading partners and is a party to the Association of Southeast Asian Nations (ASEAN) Trade in Goods Agreement. Such conducive conditions allow Northern Corridor Economic Region (NCER) businesses to engage in virtually tariff-free trade. The project is a synergistic effort supported by Malaysia and Thailand to stimulate socioeconomic development in the border region. It will be developed into a "rubber corridor" that will link the region's major rubber producers in Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT).

Outcomes

The project is expected to contribute RM14.7 billion to the country's gross domestic product (GDP) and create 14,500 jobs within 15 years once completed by 2030. It is expected to strengthen the rubber value chain across the upstream, midstream, and downstream segments in the IMT-GT subregion, which will enable local small and medium-sized enterprises (SMEs) to be more competitive.

Outputs

- A dedicated and strategically located rubber industrial park supported by high-quality infrastructure
- Attractive investment incentive packages
- Talent enhancement programs

PROJECT TITLE: URBAN-ACT: INTEGRATED URBAN CLIMATE ACTION FOR LOW-CARBON AND RESILIENT CITIES IN IMT-GT

Project Proponent: Malaysia

Background/Rationale

Asia and the Pacific is predicted to undergo rapid urbanization in the following decades. This phenomenon will increase infrastructure development, energy consumption, and industrial production, leading to higher greenhouse gas (GHG) emissions. Cities will do better in terms of climate adaptation and mitigation if they are guided by an integrated (vertical and horizontal) framework for climate action. The Urban-ACT: Integrated Urban Climate Action for Low-Carbon and Resilient Cities in Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) is designed to do just that. It is aligned with the IMT-GT Sustainable Urban Development Framework (SUDF) 2019–2036. Urban-ACT provides transboundary interventions covering transport and connectivity, solid waste management, biodiversity, nature-based solutions, energy, and water efficiency, along with cross-cutting issues (GHG emission and education on sustainability). It is a 4-year Collaborative Climate Action (CCA) support program, which aims to strengthen the CCA and enhance the capacities of city governments to engage in a meaningful way in climate change dialogue and implementation across the program's countries and within the region.

Outcomes

The CCA of the participating cities is enhanced, with improved capacities in engaging in climate change dialogues and embarking on meaningful climate actions.

Outputs

- A platform for climate change dialogue and collaborative climate actions in IMT-GT
- Capacity building on climate mitigation and adaption

PROJECT TITLE: SUPERFRUITS INITIATIVE, PERLIS, KEDAH, PENANG, PERAK

Project Proponent: Malaysia

Background/Rationale

The Northern Corridor Economic Region (NCER), which encompasses the states of Kedah, Pulau Pinang, Perak, and Perlis, is one of the industry leaders in the Superfruits Initiative in Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT). It collaborates with a strategic anchor company and research institutes in developing a 25-hectare superfruit farm, one of the largest in Southeast Asia. Located in the heart of the picturesque Chuping Valley in Perlis, this initiative focuses mainly on growing fig, lemon, and gấc (perennial melon). The farm has produced over 30 metric tons of fresh produce since its inception and created job and internship opportunities for surrounding residents and students from local and foreign institutions of higher learning. Over 15 downstream products have been developed and marketed through dealers and online platforms. The productions of superfoods and superfruits are also found in Perak (specializes in Halia Bentong), Penang (lemons), Kedah (figs), and elsewhere in Perlis (figs, lemons, and gấc). The project will build on the key strengths of NCER in superfruits production, leveraging the existing strong industry–academic partnerships to expand the initiative to include more satellite farmers across IMT-GT.

Outcomes

- Close collaboration among the universities (especially Universiti Sains Malaysia and Universiti Malaysia Perlis), the industry, and communities in superfruits production
- New and expanded cross-border superfruits value chains in IMT-GT

Outputs

- Standard operating procedures, trainings, mentoring activities, and buyback arrangements (such as those implemented by Nucleus, the anchor company of the Superfruits Initiative in NCER) are in place to help foster entrepreneurs and community farmers including agrotourism players.
- Outreach activities are implemented to create more satellite farmers across IMT-GT.

PROJECT TITLE: SMART FARMER TECHNOLOGY SMART CHOICE FOR YOUNG FARMER

Project Proponent: Thailand

Background/Rationale

“Smart Farmer Technology Smart Choice for Young Farmer” project tackles a myriad of issues facing the contemporary agricultural industry. These issues include the (i) decline in average farm sizes, shifting employment trends; and (ii) ageing population, leading to a labor shortage in the sector. This is taking place amid an ever-increasing demand for global food. The project will strive for a continuous improvement process that ensures that farmers and young farmers gain long-term economic sustainability through technological advances; efficient techniques; and consistent cooperation in research, development, and innovation. The project aims to tackle and ease the impact of technical employment and its knock-on impact on the rural population.

The project aims to create long-term and broad changes within the agriculture sector of Thailand Growth Triangle (GT), increasing young farmers’ efficiency and reducing costs through technological application and research-based practices over time. Furthermore, the project aims to create high-quality and valued goods that can represent locally grown and marketed crops, promoting networks, value-chain linkages, and intra-trade among Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) nations.

Outcomes

The project will see young farmers across Thailand’s GT fully utilizing technology in smart farm management appropriately for their farms while promoting a cooperation network in the local and IMT-GT community to increase dialogue on research and development (R&D) to increase the potential for agricultural production. Furthermore, the outcome will see that local farmers can increase their productive capabilities and add value to their current and future produce. The policy will also align the farmers to “Thailand 4.0” human development policy.

Outputs

Establishing a smart farm model in Thailand’s GT will include strategies and frameworks catering to local farmers. This would be coupled with creating communication and cooperative networks among sprawling local farmers across Thailand GT’s 14 provinces. This process would be supplemented by government agencies’ educational programs to create “Young Smart Farmers,” and private sector partnerships could support the project with capital acquisition and provision to help alleviate significant issues facing contemporary farmers.

PROJECT TITLE: PALM OIL COOPERATION

Project Proponent: Thailand

Background/Rationale

Indonesia, Malaysia, and Thailand are the top three palm oil producers, amounting to roughly 90% of the world's market and 85% of its export. The Palm Oil Cooperation project ended in 2018. Although the project is completed, the project's continuation will ensure that these countries maintain a comparative advantage and competitive edge while other equatorial regions such as West Africa have begun their own initiatives in increasing investment and production capabilities. The project will also cover the multiple focus areas of the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT).

The project aims to encourage farmers' groups and institutions to use technology and innovation in processing and adding value with regard to palm oil production and to raise the quality standards and yield of palm oil products such as palm oil, palm olein, and palm kernel oil in line with market demand. The project also aims to strengthen cooperation between groups of farmers and entrepreneurs, communities with potential, and large farming groups across IMT-GT member countries to increase production efficiency while reducing production costs.

A congregation and establishment of cooperation among the oil palm farmers of Thailand Growth Triangle (GT) would greatly benefit them as plantations in Malaysia and Indonesia are 10 times the size of Thai plantations.

Outcomes

The global dominance of palm oil production by IMT-GT's member states continues while also maintaining quality and productive advantage over other palm oil-producing regions in the equatorial region such as the Americas and West Africa. Well-established cooperation networks of producers among all member states will ensure continuity in research and development (R&D) edge. The new body of knowledge exchanged will be adopted and adapted to enhance productivity and market access for palm oil in the future.

Outputs

- A formalized platform for exchanging techniques and sharing management models between members countries
- Well-established cooperation networks of producers among all member countries

PROJECT TITLE: HALAL BLOCKCHAIN

Project Proponent: Thailand

Background/Rationale

The majority of the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) population of 81 million are Muslim, and thus halal goods and services are provided. Blockchain technology is a disruptive tool and a key proponent of the IMT-GT digitalization plan; it will ensure that the goods and services included in the creation of the IMT-GT blockchain will have halal compliance and traceability throughout its supply chain. Furthermore, it has its clear advantages in improving the business models and operating processes of the industry's stakeholders through its decentralized system between all permitted parties. It eliminates intermediary costs and creates efficiency by reducing manual tasks such as easing the auditing and reporting process along with aggregating and amending data. The project encompasses many of IMT-GT focus areas and will ensure that IMT-GT is among the leading players in the Fourth Industrial Revolution.

The project aims to ensure that the goods and services included in creating the IMT-GT blockchain will have (i) halal compliance and traceability throughout its supply chain; and (ii) continuity of innovation for the IMT-GT market keeping up with the global trend, improving on business and market operations' efficiency.

Outcomes

Enhanced traceability of halal products and reduced costs for compliance with halal standards

Outputs

- Establishing blockchain prototype, implementation plan, and evaluation framework for blockchain applicability within each country
- Integrated framework for the blockchain-based halal supply chain within IMT-GT

PROJECT TITLE: IMT-GT RUBBER CITIES PROJECT (SONGKHLA)

Project Proponent: Thailand

Background/Rationale

Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) member states are the world’s foremost producers of natural rubber, producing 72% of the world’s total output. Thus, member states should encourage farmers’ groups and institutions to use technology and innovation in processing and adding value with regard to rubber production to maintain this competitive edge. The standard quality of both primary and intermediate rubber products such as block rubber, crepe rubber, and compound rubbers should be raised in line with the market demand. Conceived as a catalytic project, the “rubber city” will help spur the development of rubber related industrial clusters in Southern Thailand. It will also align with the IMT-GT framework as it could serve as a link with other rubber cities such as Kedah Rubber City through cooperation.

Promoting Songkhla Rubber City as a center for the integrated rubber processing industry supports the expansion of the innovative and environmentally friendly rubber industry. The Rubber City will also act as an important research and development (R&D) center for high-value rubber products in IMT-GT. Moreover, it will support the development of the downstream industries involved in using para rubber as a raw material for engineering or industrial products (rubber flooring, railway sleepers, and bridge necks) and medical materials (braces, rubber gloves, condoms, and saline hoses). The project also aims to promote cooperation with the private and foreign sectors to encourage discussions and, ultimately, knowledge exchange.

Outcomes

More variety of rubber products can strengthen domestic rubber and related supply chain and value chain and expand domestic rubber products’ contribution to the international supply chain and market. In this light, the expected outcomes are increased demand for domestically produced rubber, and more job opportunities and wealth distribution in Songkhla and neighboring areas.

Outputs

- Schemes and mechanisms to attract investments in the rubber industry, especially in midstream and downstream rubber products such as medical equipment
- Arrangements/schemes to encourage small and medium-sized enterprises (SMEs) to use technology and innovation to create more value added and/or differentiate existing mass rubber products

PROJECT TITLE: DOUBLE-TRACK RAIL LINKING BETWEEN HAT YAI–PADANG BESAR

Project Proponent: Thailand

Background/Rationale

The State Railway of Thailand (SRT) will develop the Hat Yai–Padang Besar double-track rail as the first electric train route to support new transport technologies and the rail transport connecting to Malaysia's railway network to promote a more convenient alternative to international air travel. The railway line stretches 45 kilometers (km) long, with an investment amount of B7,864 million. The environmental impact assessment program was approved in August 2018 but is awaiting cabinet approval as of Q4 2021. SRT must reach a conclusion with the cabinet on negotiation regarding the suitability of an electric railway for Thailand.

Completing the Hat Yai–Padang Besar double-track rail will improve logistic and tourism connectivity, and will further enhance the competitiveness of local businesses.

Outcomes

- Increased travels between Thailand and Malaysia, connecting Thailand's southern provinces to Malaysia's Northern Corridor Economic Region (NCER)
- Improved logistic and tourism connectivity, and enhanced competitiveness of local businesses

Outputs

Hat Yai–Padang Besar double-track rail

ANNEX 2: PHYSICAL CONNECTIVITY PROJECTS OF THE IMT-GT IMPLEMENTATION BLUEPRINT 2022–2026

No	Project name	Project description	Estimated project cost (\$ million)	Funding secured	Project lead
1.	Trans Sumatera Toll Road	Trans Sumatra toll road improvement and construction projects, involving 8 corridors along Lampung Province – Aceh Province.	34274	National Government	Ministry of Public Work and Housing
2.	Trans Sumatera Railway Project	Trans Sumatra Projects on new routes of railway networks along Lampung Province – Aceh Province. This new route reconstruction of land corridors aims to improve intra Sumatera connectivity.	207.19	National Government	National Government
3.	Batam Bintan Bridge Construction	Construction of the bridge that will enhance connectivity between Batam and Bintan.	0.517	Public Private Partnership (KPBU)	Ministry of Public Work and Housing
4.	Aroih Lampuyang Bridge Construction	Development of the bridge that will connect Nasi Island to Breueh Island, Pulo Aceh (Aceh Besar Regency)	20.9	National Government	BPKS Sabang
5.	Dumai - Melaka Economic Corridors Multimoda Transport Project	Upgrading port facilities to meet international standard, infrastructure improvements, adding mooring and breasting capacity, expanding the port area.	875.2	National Government	Ministry of Transportation
6.	Development of New Palembang Port in Tanjung Carat	Building infrastructure for a new deep-sea port that meets international standard.	330.5	Open for B2B for first choice or Private-Public-Partnership	Ministry of Transportation
7.	Development of Sabang Port	“International Hub” port development in Container Terminal (CT-1 and CT-3).	10	Public Private Partnership/ G to G (partly supported by RITES India)	BPKS Sabang
8.	High Scale Solar Power Plant in Riau Islands Province	Development of high scale solar power plant in Batam which is planned to be built on reservoir area.	Under calculation	Not Yet (Private Sector)	Ministry of Energy and Mineral Resources, Coordinating Ministry for Economic Affairs
9.	Batam Aero Teknik SEZ Development	Development of Maintenance, Hangar and Component Shop in Batam Aero Teknik SEZ.	86.39	National Government	National Council of Indonesia Special Economic Zone
10.	Nongsa SEZ Development	Development of optic fiber network, office park, training arcade.	348	National Government	National Council of Indonesia Special Economic Zone

No	Project name	Project description	Estimated project cost (\$ million)	Funding secured	Project lead
11.	Satria Multifunction Satellite (SATRIA-1)	construction of a communication satellite to improve the quality of public internet services through equitable connectivity throughout Indonesia, especially in 3T and border areas on planning.	446	KPBU	Ministry of Communication and Information Technology
12.	Bridge Link at Tak Bai – Pengkalan Kubor	The purpose of this bridge is to replace the existing ferry service by providing a more stable and efficient means of crossing. It will increase cross-border economic opportunities and contribute to the regional development plans for Malaysia and Thailand.	84.63	National Government	Ministry of Works
13.	Second Bridge Link at Sungai Golok – Rantau Panjang	The project will increase the capacity of the existing bridge-crossing at Rantau Panjang (Kelantan, Malaysia) – Sungai Golok (Thailand). The current bridge is a single carriageway (2-lane) concrete bridge R3 standard which can no longer accommodate the rapid growth and planned developments in the border areas and states of the two countries.	27.83	National Government	Ministry of Works
14.	East Coast Railway Link Project	The ECRL is a proposed railway line connecting Kuala Lumpur to the states of the East Coast Economic Corridor Region namely Kelantan, Terengganu and Pahang. The rail line will carry both passengers and freight from the West Coast of Peninsular and its East Coast and vice versa.	10700	National Government	Malaysia Rail Link Sdn. Bhd. (wholly owned by Ministry of Finance)
15.	Upgrading of D21 Road from Tumpat to Kota Bharu		-	-	-
16.	Perlis Inland Port (PIP)	The Perlis Inland Port is a 500-acres clearance depot for rail freight and double-tracking service to stimulate inter-modal trade flow as well as cater for trucking traffic. Other facilities include warehouse with dock levelers, reefer container facilities, yard equipment, new rail connection, customs checkpoint and clearing house and other related facilities.	33.59	-	Northern Corridor Implementation Authority (NCIA)
17.	Upgrading of Kota Bharu Airport	The project is to upgrade and expand the Sultan Ismail Petra Airport in Kota Bharu, Kelantan, as a regional hub for tourists. The project scope includes extending the 2,400m runway to 2,500m to enable bigger aircraft to land. Other scope includes expanding the size of the passenger terminal to cater up to four million passengers.	116	National Budget	Ministry of Transport

No	Project name	Project description	Estimated project cost (\$ million)	Funding secured	Project lead
18.	Melaka Dumai RoRo	The proposal on the development of the RORO Vehicle Ferry Terminal has been discussed at the Infrastructure Technical Meeting (ITG) and the 14th Indonesia-Malaysia-Thailand-Growth Triangle (IMT-GT) Joint Business Council Meeting since 2004. The original proposal for the construction of the RORO terminal in Melaka is at Kuala Linggi Jetty. However, the situation of the shallow Linggi estuary makes the location unsuitable for development and a decision has been made during the IMT-GT Governor's Level Meeting on 12-16 October 2009 in Melaka where the Port of Tanjung Bruas, Melaka (PTBM) was chosen as a new location for RORO ferry terminal development.	0	To be confirmed	
19.	Jalanan Digital Negara Plan (JENDELA) Phase 1 – (2020-2022)	JENDELA is a collaborative initiative by the government and industry players to improve the connectivity and quality of communication experience nationwide through sustainable and comprehensive infrastructure development.	Approximately 21 billion	45% from the total investment from Universal Service Provision (USP) fund, 55% from commercial investment	MCMC together with major industry players – Celcom, Digi, Maxis, U Mobile, Telekom and TIME
20.	Kedah Rubber City	The Kedah Rubber City will be a state-of-the-art, global, iconic city with world-class facilities to cater for the needs of foreign and domestic investments in rubber related products. The project was accorded National Project status by the Malaysian Government and to be and the Northern Corridor Implementation Authority (NCIA) as implementer and facilitated by Kedah State Government The development of 1,200 acres project is located in Ladang Bukit Ketapang in Padang Terap District of Kedah. The project location is connected to Penang, Alor Setar via Malaysia's North South Expressway, E1 and connected to SongKhla, Sadao via Thailand's Highway No. 4.	101.2	National Budget	Northern Corridor Implementation Authority (NCIA)
21.	The Chuping Valley Industrial Area	The Chuping Valley Industrial Area is a new industrial park covering 2,400 acres located at Lembah Chuping, Perlis. It will feature the green industries, renewable energy & halal industry. This new industry park will be supported by Perlis Inland Port (PIP) – the future modern inland gateway in the northern region which will link Southern Thailand with Malaysia.	175.08	National government/Public Private Partnership	Northern Corridor Implementation Authority (NCIA)

No	Project name	Project description	Estimated project cost (\$ million)	Funding secured	Project lead
22.	Hat Yai – Sadao Intercity Motorway	Construction of a new 71 km four-lane highway from Hat Yai, Songkhla to Malaysia Border at Sadao	1,100	Public – Private Partnership	Highways Department
23.	Double Track Rail Linking between Surat Thani – Hat Yai – Songkhla	To increase rail link capacity in southern Thailand, which will span 321 km. from Suratthani-Hat Yai-Songkhla	1,871	National government funding	State Railway of Thailand
24.	Double Track Rail Linking between Hat Yai-Padang Besar	To connect Hat Yai (Thailand), Padang Besar (Malaysia) and Ipoh (Malaysia), aims to harmonise and increase border rail link capacity with 45 km. long	263	National government funding	State Railway of Thailand
25.	New Bridge Link Across Golok River at Tak Bai, Narathiwat, Thailand – Pengkalan Kubor, Kelantan, Malaysia	To enhance connectivity with Malaysia's East Coast Economic Region (ECER) and Narathiwat Special Economic Zone	165	National government funding	Highways Department
26.	Second Bridge Link Across Golok River at Sungai Golok, Narathiwat, Thailand – Rantau Panjang, Kelantan, Malaysia	This bridge is parallel to the existing bridge, which is now full capacity. New bridge is about 116 m. long and will facilitate Narathiwat Special Economic Zone.	-	National government funding	Narathiwat province / Highways Department
27.	Highway-Bridge Linking Thammalung, Satun Province with Puyu and Bukit Putir (pre FS)	To facilitate the transport of goods and tourists along the Andaman Coast which is linked to Malaysia via Satun Province in Thailand.	2.03	Local Government Funding	Satun province
28.	Thungsong Cargo Distribution Centre, Nakhon Si Thammarat Province	Expansion capacity of cargo distribution centre in Nakorn Si Thammarat.	23.3	Local Government Funding	Nakhon Si Thammarat province / Thungsong Municipality
29.	Phuket International Airport Development Phase 2 (2019-2025)	To provide more services at Phuket International Airport.	194	Government funding	Airports of Thailand Plc.
30.	The Second Songkhla Deep Sea Port	To construct the second deep seaport as the existing has reached its full capacity.	-	-	Southern Border Provinces Administrative Center
31.	Development of Cruise Ports in Koh Samui	To construct and develop cruise ports in Koh Samui, Surat Thani	130	Government funding	Marine Department

No	Project name	Project description	Estimated project cost (\$ million)	Funding secured	Project lead
32.	Development of Cruise Terminal in Phuket Port	To construct and develop cruise ports along the Andaman Sea	-	Private Funding	Phuket Deep Sea Terminal Co., Ltd Treasury Department
33.	Ranong Port	To renovate the terminal 1 and 2 of Ranong Port. The project aims to increase its capacity.	181	Government funding	Port Authority of Thailand, Ministry of Transport
34.	Net Pacharat Broadband (2017-2019)	To increase awareness and promote the use of internet through E-Learning lesson and volunteers selective.	318	Government funding	Ministry of Digital Economy and Society
35.	5G Testbed	To apply 5G technology and facilitating the national development such as public health, agriculture, transport and tourism.	-	-	CAT Telecom Public Company Limited
36.	Songkhla Industrial Estate (Phase 1) in Songkhla Special Economic Zone	The Songkhla industrial estate (Phase 1) had been developed in the area of 248.69 acres of 248.69 acres in Songkhla Special Economic Zone in Sadao District to serve sectors such as Logistics (warehouses and distribution centres), related business to rubber industries, processed agriculture, food stuff, Halal food stuff, textiles and leathers, services and other business. This project is much in-line with government's policy to beef up the country's competitive edge and promote trade and investment. The project area will be approximately 400 acres along highway no. 4 near the border areas between Malaysia and Thailand.	92.6	Private funding	Industrial Estate Authority of Thailand

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