

MDEC and CIMB Islamic Sign MoU Providing RM25 Million to Scale AgTech Pilot

- *The partnership will enable farmers to step into the future of digital agriculture utilising AI, IoT and BDA*
- *Offering affordable profit rate in agricultural financing facilities, the agriculture industry in Malaysia is set to receive a timely boost*

Cyberjaya, 2 April 2021: The Malaysia Digital Economy Corporation (MDEC) and CIMB Islamic Bank Berhad (“CIMB Islamic”) today signed a memorandum of understanding (MoU) on extending an extensive micro-financing programme with an allocation of RM10 million as an initial funding package to catalyse Digital Agriculture Technology (Digital Agtech) in Malaysia. This allocation has the potential to be increased to RM25 million as the programme progresses.

MDEC, a long-time proponent of digitalising the agriculture sector, via a public-private partnership with the Pertubuhan Peladang Kawasan Kuala Langat (PPKKL), initiated a pilot project in 2018 to spur yield and quality of crops utilising the latest technologies. It has seen farmers adopting an Internet of Things (IoT)-enabled fertigation system that helped them reduce monthly fertiliser usage by 20 percent, lower monthly manpower requirements by 25 percent and increase the overall quality of yield (Grade A chillies) by up to 90 percent.

The culmination of this joint-effort, the MoU signed today with CIMB Islamic, will enable this initiative to go nationwide at scale and thereby contributing to the nation’s food security and sovereignty. The facility will lower the access barrier for Malaysian farmers to embark on the digitalisation journey and spur the growth of the agriculture sector for overall improvement, advancement and optimisation.

Current key Digital AgTech initiatives by MDEC, such as the eLadang programme, had successfully benefitted 548 participants as of December 2019. Of this, 78 farmers have utilised digital farming technology, leading to 20 percent increase in productivity and 30 percent income increment as well as a reduction in operating cost by 30 percent. Three digital labs were also formed to train, certify and drive digital technology adoption in farming.

“For 2020, going digital had been a major focus for businesses. This critical juncture is important, not just for businesses, but in sectors such as agriculture. This is a significant milestone for both MDEC and CIMB Islamic as they introduce and provide access to next-gen technologies like IoT, Artificial Intelligence (AI) and Big Data Analytics to farmers, bringing the agro-sector into the digital realm. This is in line with the industry’s 30 percent expected growth rate for productivity. Now this sector can quickly adopt digital technologies as part of Malaysia’s drive to propel forward the digital economy aligned with MyDIGITAL. This collaboration is the next step to digitally transform the agriculture sector on a national level,” said YB Dato’ Saifuddin Abdullah, Minister of Communications and Multimedia.

The MoU marks a new chapter in MDEC’s push in agricultural innovation to encourage the adoption of the latest digital methods, such as AI, IoT and Big Data Optimisation, to increase crop yield and quality. The partnership with CIMB Islamic will offer affordable profit rate in agricultural financing facilities at 3.5 percent per annum. This will not only benefit the current crop of farmers but also encourage more youngsters to break into this business.

With the proliferation of the use of digital technology in the agriculture sector, an estimated 30 percent increase in job opportunities will be created by 2025 in this sector. Wide usage of Digital AgTech will also drive more youths into this sector, most of whom will be needed to manage and run these innovations. Under the MDEC eLadang pilot project, 70 percent of 548 participants trained up to December 2019 in Digital AgTech hail from the Under-40 age group.

“The MDEC and CIMB Islamic collaboration will provide another growth avenue for farmers as they embrace the digital economy and gain even more relevance in this new era of disruption. It will also serve to encourage more youngsters to till this field and form the next crop of Malaysia’s agricultural industry. The support enables farmers to go digital and further reinforces the potential opportunities that the agriculture sector offers, especially with talent up-skilling and digital growth. This is certainly



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complementary with the Agrofood Value Chain Modernisation Programme that had been introduced in Budget 2021,” added YB Datuk Seri Dr Ronald Kiandee, Minister of Agriculture and Food Industries.

Both ministers were in attendance to witness the signing of the MoU between MDEC and CIMB Islamic. The signatories for both parties include Surina Shukri, CEO, MDEC and Ahmad Shahrman Mohd Shariff, CEO, CIMB Islamic.

“This public-private collaboration marks an important milestone in our continuing efforts to digitally empower the Malaysian economy. By harnessing the power of the latest advancements offered by AI, IoT and BDA, we can build a vibrant AgTech ecosystem to increase productivity and quality with competitive cost of production, increase farmers’ income and making farming enticing for the youths. This also ensures we safeguard our food security, safety and sovereignty, alleviating our reliance on food importations. In fact, through our pilot project, crop yield has seen a 22 percent quality improvement and an overall reduction of operations cost by 30 percent. Income has also seen a 33 percent hike. With the partnership with CIMB Islamic today, we can bring this initiative nationwide and immediately modernise our agriculture sector and create opportunities for many in line with the Malaysia Digital Economy Blueprint (MyDIGITAL) and Malaysia 5.0,” said Datuk Wira Dr Hj. Rais Hussin Mohamed Ariff, Chairman, MDEC.

Through the MoU, CIMB Islamic will extend funding support and incentives to aid digital transformation of the agriculture sector through Digital AgTech adoption at scale. CIMB will also continue to support MDEC as well as to progressively collaborate with relevant industry partners to elevate the use of AI, IoT and BDA in farming.

“CIMB Islamic is pleased to expand its support and contribute to the development of the B40 farming community. By leveraging technology, we are able to help these farmers succeed with Digital AgTech. This collaboration with MDEC with an initial group of 500 participating farmers will not only improve their economic status, but also brings refreshed vibrancy and industry attractiveness to youths who will be farmerpreneurs of tomorrow, boosting the future prospects of Malaysia’s agricultural sector. The execution of the programme captures the larger CIMB Group’s spirit of innovation and harnessing digitalisation whilst also prioritising value-based intermediation (VBI) through practices that generate positive and sustainable impact to the economy, community and environment,” said Ahmad Shahrman Mohd Shariff, CEO, CIMB Islamic.

“The support from MDEC and CIMB is vital for farmers and the agriculture sector. When we launched the Digital Agtech pilot programme with MDEC, the goal was to ensure technology is easily accessible to PPKKL farmers. Four years on, we not only see more farmers embracing these new innovations, but youths also joining the industry as they see the opportunities and growth potential that this sector has to offer. The support to digitalise agriculture enables farmers improve their operational processes expand their digital capabilities and update their current skillsets,” said Haji Dr Abdul Razak Kasbollah, Chairman, PPKKL.

Through this partnership, MDEC and CIMB Islamic will continue to advocate and validate digitalisation across the agriculture sector. This includes engaging and further enabling the supply and demand ecosystems; key stakeholders; industry players; as well as end-users and consumers within the entire marketplace.

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About Malaysia Digital Economy Corporation (MDEC)

Malaysia Digital Economy Corporation (MDEC) is a government agency under the purview of the Ministry of Communications and Multimedia Malaysia entrusted to lead Malaysia’s digital economy forward.



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Incorporated in 1996 to oversee the development of the MSC Malaysia initiative, MDEC's primary mandate today is to accelerate the growth of digitally-skilled Malaysians, digitally-powered businesses and digital investments in Malaysia. MDEC is focused on creating inclusive, high-quality growth through the nationwide digitalisation initiatives that are in line with the Government's Shared Prosperity Vision 2030 and firmly establishing Malaysia as the Heart of Digital ASEAN.

#LetsBuildTogether #DigitalMalaysiaForward

To find out more about MDEC's Digital Economy initiatives, please visit us at www.mdec.my or follow us on: Facebook: <https://www.facebook.com/MyMDEC/> Twitter: @mymdec

About CIMB

CIMB is one of ASEAN's leading banking groups and Malaysia's second largest financial services provider, by assets. Listed on Bursa Malaysia via CIMB Group Holdings Berhad, it had a market capitalisation of approximately RM43.5 billion as at 31 December 2020. It offers consumer banking, commercial banking, wholesale banking, transaction banking, Islamic banking and asset management products and services. Headquartered in Kuala Lumpur, the Group is present in all 10 ASEAN nations (Malaysia, Indonesia, Singapore, Thailand, Cambodia, Brunei, Vietnam, Myanmar, Laos and Philippines). Beyond ASEAN, the Group has market presence in China, Hong Kong, India, South Korea, the US and UK.

CIMB has one of the most extensive retail branch networks in ASEAN with 668 branches and around 34,000 employees as at 31 December 2020. The Group's investment banking arm is one of the largest Asia Pacific-based investment banks, while it offers comprehensive research coverage of around 950 stocks in the region via its CGS-CIMB joint venture. CIMB is also the 92.5% shareholder of Bank CIMB Niaga in Indonesia, and 94.8% shareholder of CIMB Thai in Thailand.

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