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## Malaysia's Flood Mitigation Revolution

The continuous rain in Malaysia has become quite a regular affair lately. Just half an hour of rain and we are already talking about potential flash floods. Malaysia's susceptibility to heavy rains, exacerbated by urbanisation and deforestation, has strained existing drainage systems, leading to rapid water accumulation and subsequent flooding. It is a serious reminder for the importance of flood mitigation projects.

In fact, in the 12th Malaysia Plan, the federal government allocated RM22b for flood mitigation projects. Specifically, a total of 33 high-priority flood mitigation projects, costing RM11.8b, will begin implementation soon, with RM5.1b to be awarded in 2023 from Oct 2023 onwards while remaining RM6.1b to be awarded starting early 2024. Separately, RM300 million will be allocated to National Disaster Management Agency (NADMA) for flood preparedness. Several regions earmarked for these initiatives include the Sg. Pahang basin; Sg. Langat Phase 2 (Selangor); Sg. Jelai (Kuala Pilah, Negeri Sembilan); Sg. Likas (Kota Kinabalu, Sabah); Kuching Phase 2 (Sarawak); Baling Phase 2 (Kedah); and Sg. Kelantan Integrated River Basin Phase 2 (Kelantan).

With the retender of flood mitigation projects, we gather **HSS**, **GAMUDA** and **MRCB** are set to benefit with their relevant expertise and expressed interest, stand as potential contenders for these projects. **HSS** had submitted engineering design bids for 3 smaller projects (<RM200m each) and will be bidding for 4 other larger projects (>RM500m). **Gamuda** would be in a strong position to capitalise on its extensive water-infrastructure expertise to win more jobs. **Gamuda** has mooted the two-phased SMART 2 concept to deliver flood alleviation solutions in a holistic manner via the PPP 3.0 mechanism, targeting five floodprone areas in the Klang Valley (see Figure 1). **MRCB** has an established outfit that specializes in the rehabilitation and conservation of beaches and rivers and is currently undertaking the RM380m Muara Sg. Pahang Phase 3 flood mitigation project.

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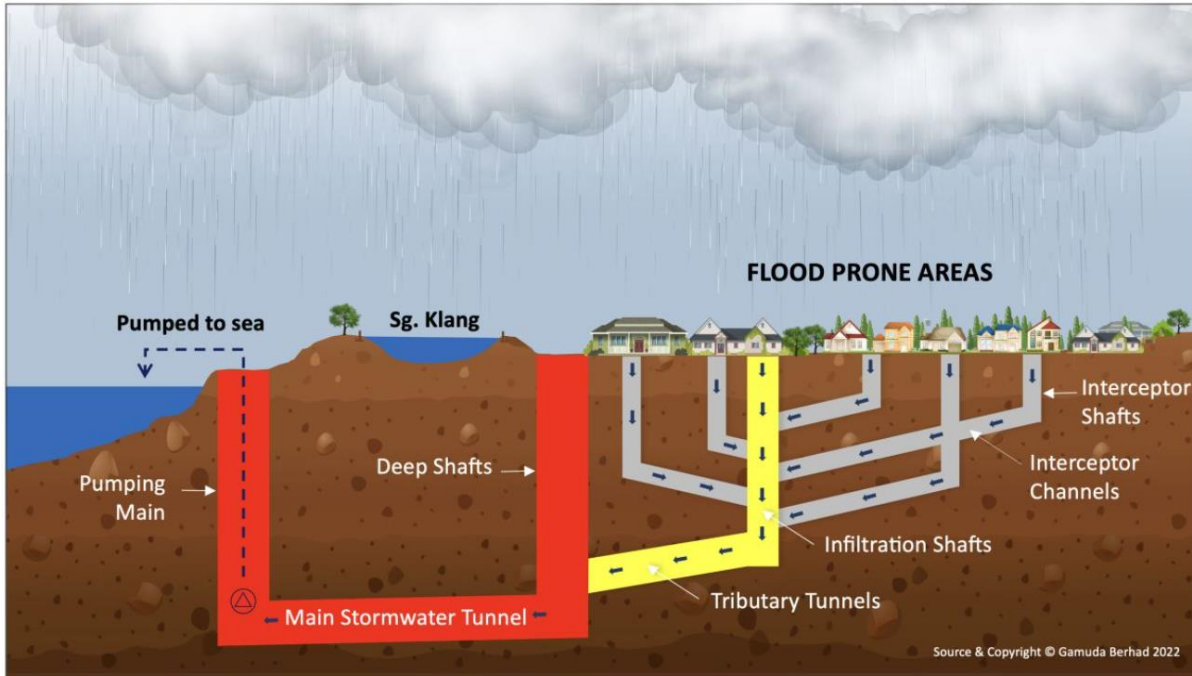
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**Figure 1: SMART 2 will absorb rainwater and surface runoff through interception and infiltration, storing water underground for regulated release to the sea later.**



Source: Gamuda

And fresh from the oven, Malaysia's Prime Minister, Datuk Seri Anwar Ibrahim, on 2 Nov 2023, has announced plans to seek expertise from the Netherlands to enhance the country's flood mitigation systems and reduce its significant flood management expenditures, which currently amount to billions of Ringgits annually. Dutch Prime Minister Mark Rutte suggested that with expertise and new technology, costs could potentially be reduced. A Department of Statistics Malaysia report revealed flood-related losses of RM622.4 million in 2022, while the sum of losses was even greater in 2021, when RM6.1 billion in losses was recorded, highlighting the pressing need for immediate and effective action.

Our investment portfolio focuses on quality companies that possess strong fundamentals, including stable earnings and a promising future outlook, and are led by capable management teams. Please click on the [link](#) to learn more or email us at [phillipmutual@phillipcapital.com.my](mailto:phillipmutual@phillipcapital.com.my) if you require any further information.

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