



**社会经济研究中心**  
**SOCIO-ECONOMIC**  
**RESEARCH CENTRE**

**The Mid-Term Review of Twelfth Malaysia Plan  
2021-2025 (MTR of 12MP)**

**Sustainable, Prosperous, High-Income Nation**

11 September 2023

# Key agenda



**MTR of 12MP: Sustainable, Prosperous, High-Income Nation**



**Macroeconomic Performance and Targets**



**MTR of 12MP: Strategies and Initiatives**



**SERC's Commentaries**

# The Mid-Term Review of Twelfth Malaysia Plan 2021-2025

- The Mid-Term Review of the 12th Malaysia Plan (MTR of 12MP), 2021-2025, which is the main policy document to realise the aspiration of ‘Ekonomi MADANI: Memperkasa Rakyat’, was unveiled to take stock of the progress achieved half-way through its implementation period. This was followed by reassessment of the goals, enablers and game changers as well as socio-economic targets set in the original 12MP.
- Since the 12MP was launched, far more has happened to the global and domestic economy, than could have been reasonably anticipated. Medium-term prospects for the global and domestic economic conditions are clouded by scarring effects from the COVID-19 pandemic, increasing economic complexities, geo-economic fragmentation and rivalries in advanced economies, as well as the ever-worsening climate change impact.
- Additionally, domestic structural macroeconomic challenges that need to be addressed, namely fiscal constraints, weak private investment, low labour productivity and technology adoption, inefficiency in the implementation of development projects, and lack of effective governance in the budget resource allocation.



- The plan offers a **comprehensive coverage of the Unity Government's future directions and economic policies with the theme: Sustainable, Prosperous, High-Income Nation, centering on institutional reforms, sustainability, inclusiveness and environment.** It covers various areas, including economy, social and politics, incorporating the strategies and initiatives as outlined in the National Energy Transition Roadmap (NETR) and New Industrial Master Plan (NIMP) 2030.
- The planning document contains **17 Big Bolds and 71 Main Strategies and Initiatives** (Original plan: Three themes, four policy catalysts and 14 game changers) across the key enabler and three main focuses: Strengthening sustainability, Building prosperous society, and Achieving high-income nation. National income per capita in current terms is projected to increase by 4.6% pa in 2023-2025 to RM61,000 (US\$14,250) in 2025. By 2030, national income per capita is expected to reach RM85,115.
- The MTR of 12MP is an important pillar in the journey towards a more inclusive, dynamic, and competitive Malaysia: (a) Raising the ceiling through creating a high-value economy, better technological content as well as attracting world class foreign investments; and (b) Raising the floor through ensuring a fair and equitable distribution of income to all.



# Issues and Challenges during the MTR of 12MP

## Slow Structural Economic Transition

- Lack of high value-added activities
- Inadequate quality investment
- Slow adoption of advanced technology and digitalisation
- Lack of facilitative business ecosystem
- Low productivity
- Lack of skilled talent

## Limited Fiscal Space

- Narrow revenue base
- Inefficient subsidies allocation
- Ineffective management and monitoring of the Federal Government expenditure
- Poor management and monitoring of debt and liability

## Disruption in Global Supply Chain

- Slower exports growth
- Deeper fragmentation among economies
- Low leverage on trade agreements

## Elevated Inflation

- High global commodity prices
- Shortage in food supply
- Volatility of exchange rate

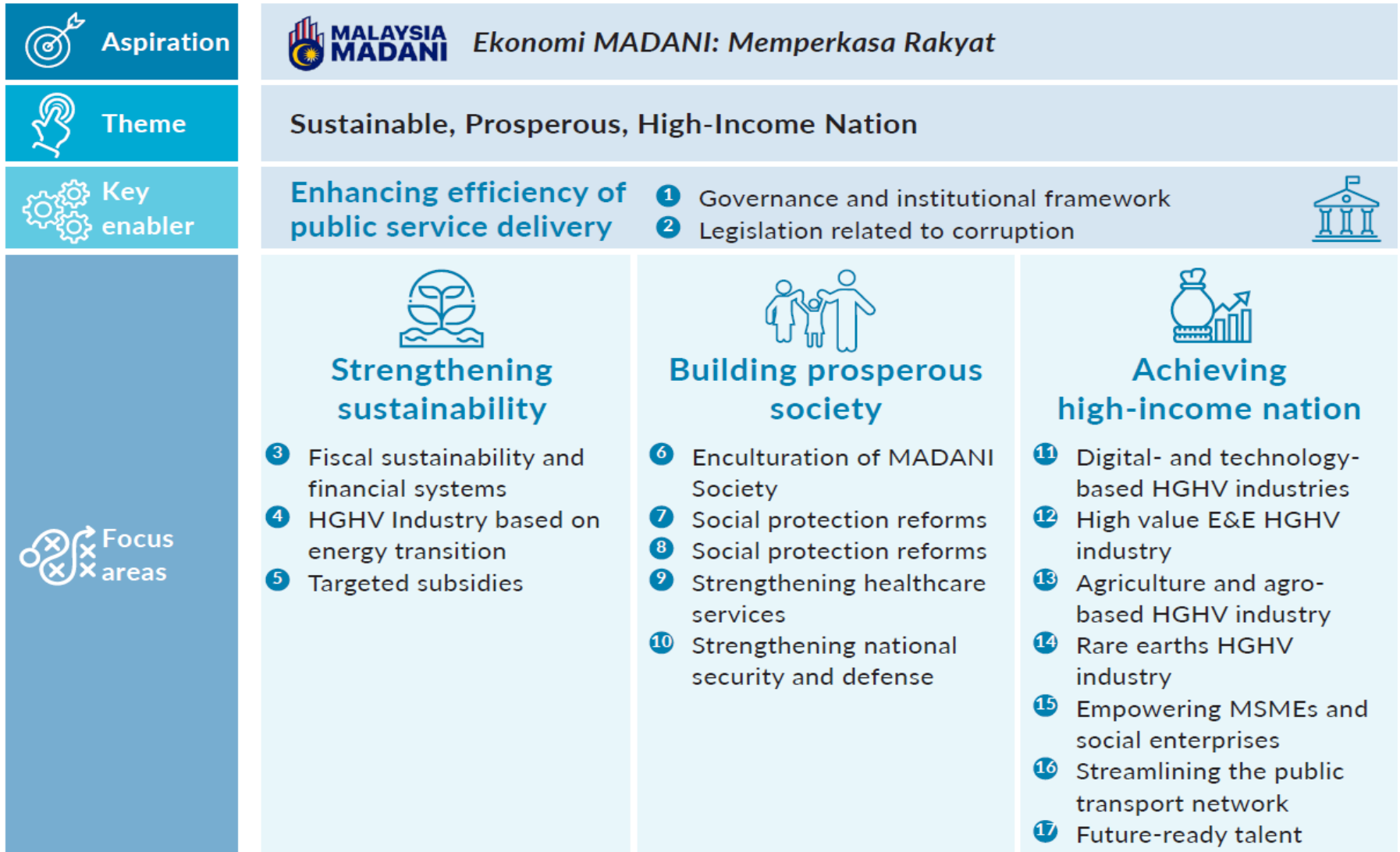
## Risks of Population Dynamics

- Risk of slower economic growth
- Risk of declining working age population
- Increase in fiscal burden, including cost of healthcare, long-term care and social protection

## Continued Growth Disparity between Regions and States

- Ineffectiveness in maximising development opportunities in regions and states, including border areas
- Inadequate basic infrastructure in less developed states
- Lack of private sector participation in subregional cooperation

# 17 Big Bolds to Catalyse Socio-economic Development through One Key Enabler & Three (3) Focus Areas



Note: Please refer to Appendix 1 for the 71 main strategies and initiatives of respective Big Bolds.

# A Comparison: 12MP vs. MTR of 12MP

## 12MP

A PROSPEROUS, INCLUSIVE, SUSTAINABLE MALAYSIA  
(1 Game Changer)



### Theme

- Resetting the economy (**2 Game Changers**)
- Strengthening security, wellbeing, and inclusivity (**4 Game Changers**)
- Advancing sustainability (**2 Game Changers**)



### Enablers

- Developing future talent (**1 Game Changer**)
- Accelerating technology adoption and innovation (**2 Game Changers**)
- Enhancing connectivity and transport infrastructure (**1 Game Changer**)
- Strengthening the public service (**1 Game Changer**)

**3** Themes, **4** Enablers, **14** Game Changers

## The Mid-Term Review of 12MP

SUSTAINABLE, PROSPEROUS, HIGH-INCOME NATION



### Focus Area

- Strengthening sustainability (**3 Big Bolds**)
- Building prosperous society (**5 Big Bolds**)
- Achieving high-income nation (**7 Big Bolds**)



### Enabler

- Strengthening efficiency of the public service delivery (**2 Big Bolds**)

**3** Focus Areas, **1** Enabler, **17** Big Bolds, **71** Initiatives

# The 12MP Report Card – Average Performance

12MP has shown positive progress, but efforts need to be intensified to achieve goals across various dimensions

## Selected targets achievement



GDP growth exceeded original target expanded by 5.9% per annum



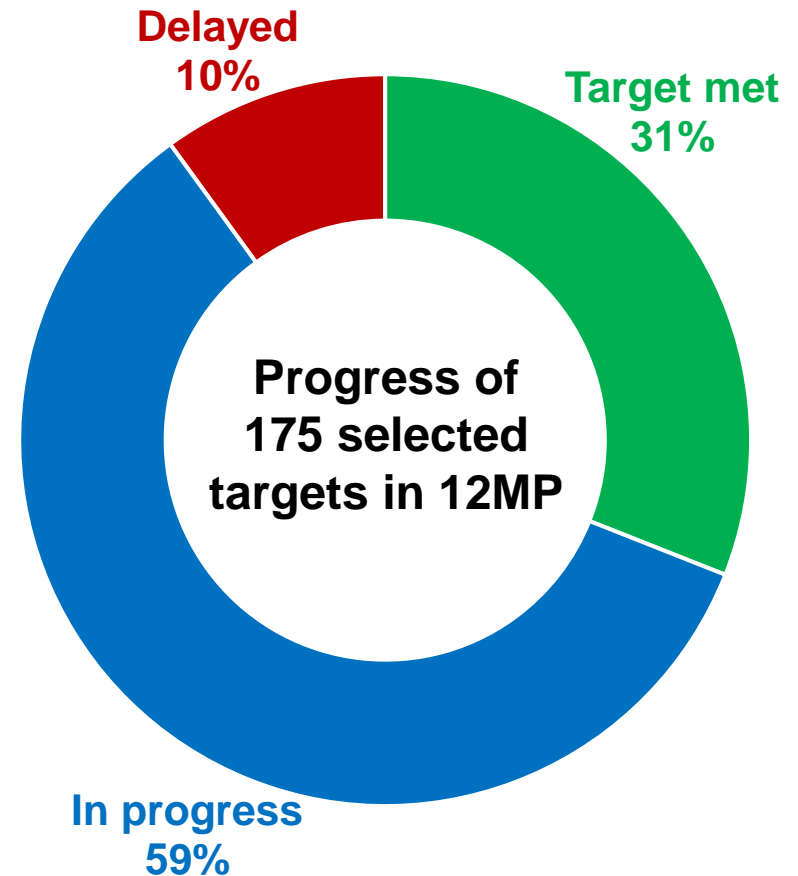
Malaysian Well-Being Index rose by 1.3% per annum, supported by strong economic and social progress



Renewable Energy installed capacity reached 24.3% in 2022, and is on schedule to reach the targeted 31% by 2025



38th placing in the Government Efficiency Sub-Index in the IMD World Competitiveness Yearbook













# Macroeconomic Performance and Targets



# Multidimensional Goals 2021-2025

	12MP Target (Original)	Performance	12MP Target (Revised)	
 GDP growth per annum	4.5% to 5.5%	5.9% (2021-2022)	5.0% to 6.0%	▲
 Labour productivity growth per annum	3.6%	3.7% (2021-2022)	3.7%	▲
 Average monthly household income by 2025	RM10,065	RM8,479 (2022)	RM10,065	▬
 GHG emissions intensity to GDP by 2030*	45% reduction	In progress <sup>^</sup>	45% reduction	▬
 GNI per capita by 2025	RM57,882	RM52,968 (2022)	RM61,000	▲
 Compensation of employees of GDP by 2025	40%	32.4% (2022)	40%	▬
 GDP per capita gap by 2025	1:2.5 (Central : Sabah)	1:1.9 (Central : Sabah) (2022)	1:1.9 (Central : Sabah) 1:2.1 (Central : Eastern)	▼
 Malaysian Wellbeing Index growth per annum	1.2%	1.3% (2021)	1.4%	▲

\* Based on emissions intensity in 2005. ^ Latest data will be published in the Biennial Transparency Report Malaysia in 2024.

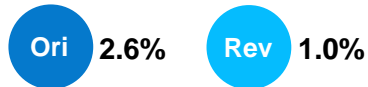
# Key Macroeconomic Targets: New vs. Old

## Investment

Average Growth of Real Private Investment



Average Growth of Real Public Investment



Average Private Investments in Current Prices (per year)

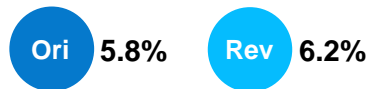


Average Public Investments in Current Prices (per year)

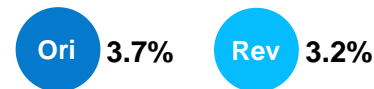


## Consumption

Average Growth of Real Private Consumption



Average Growth of Real Public Consumption



## International Trade

Average Growth of Gross Export



Trade Balance



Current Account the Balance of Payment



## Unemployment

Unemployment Rate



## Inflation

Average Annual Inflation



## Fiscal Balance

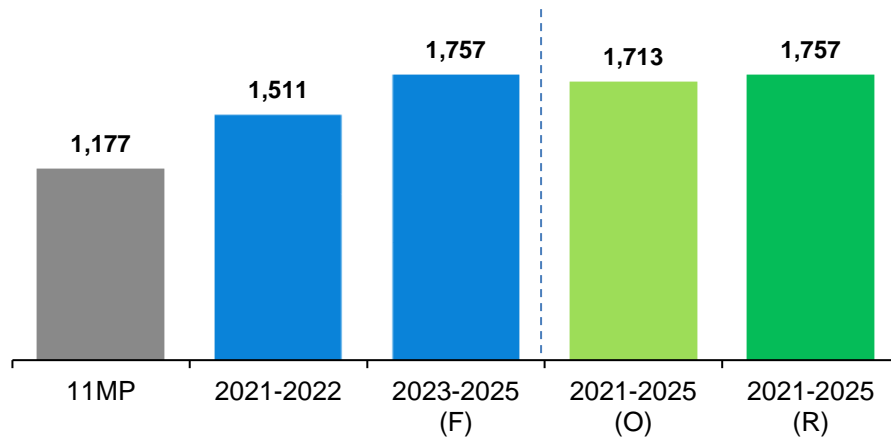
% of Fiscal Balance to GDP



# The Economy will Grow by 5.0%-5.5% pa in 2023-2025

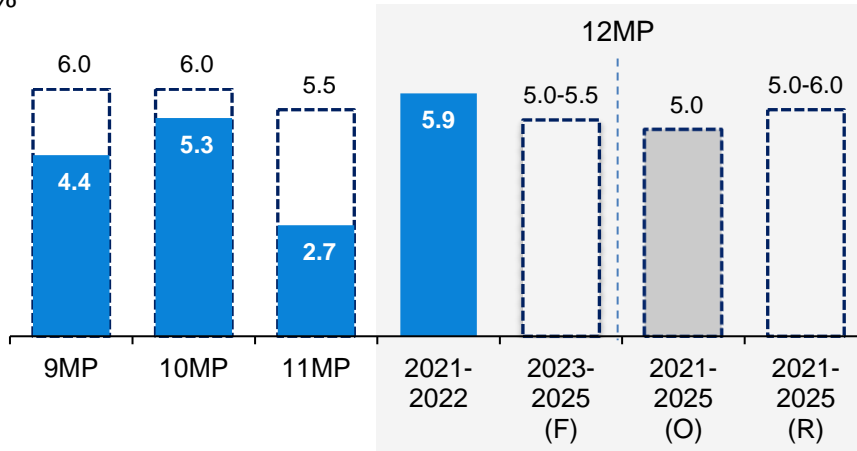
## Gross Domestic Product (GDP)

RM bil



## Average annual GDP growth rate

%



9MP (2006-2010)

10MP (2011-2015)

11MP (2016-2020)

12MP (2021-2025)

Base year = 2010 for 9MP and 10MP

Base year = 2015 for 11MP and 12MP

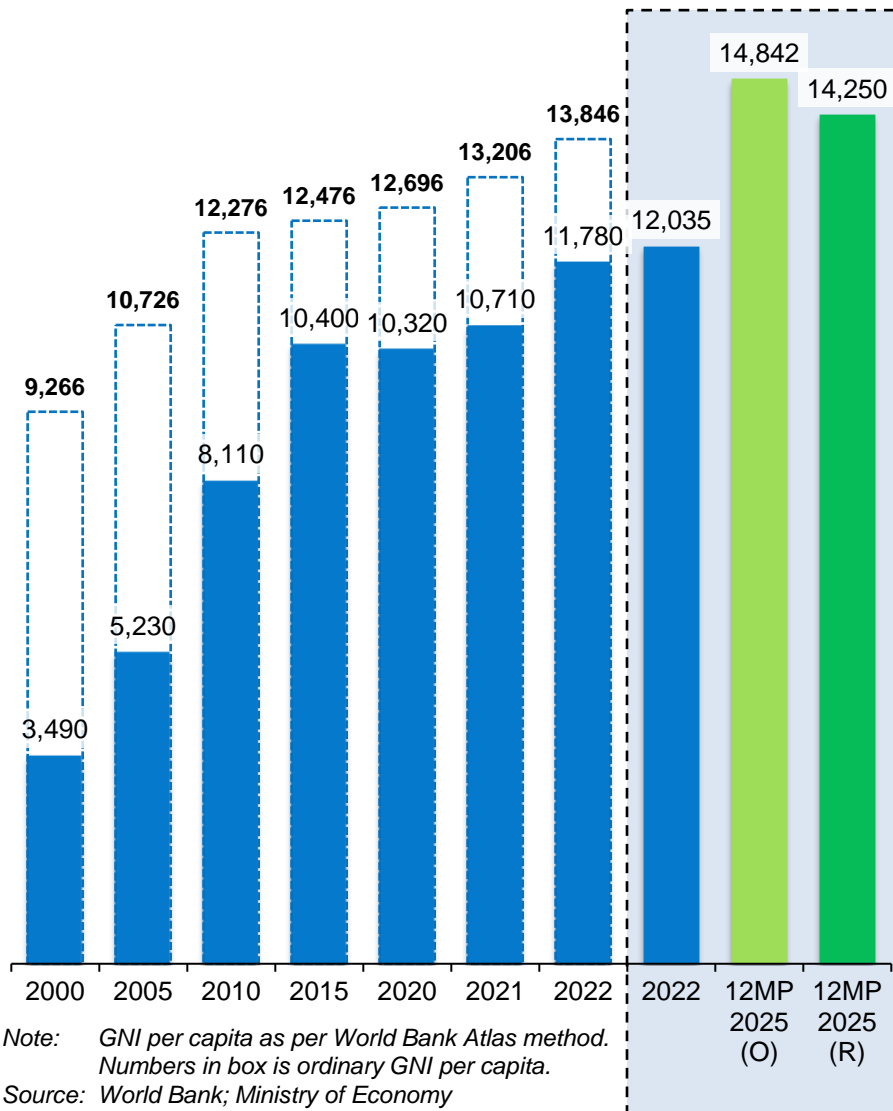
Source: Ministry of Economy

- The Malaysian economy is expected to grow between 5.0% and 5.5% per annum (pa) in 2023-2025, driven by domestic demand, particularly private sector expenditure.
- The services and manufacturing sectors will remain as the main sources of growth, while the construction sector is expected to rebound, contributed by stronger growth in the civil engineering and residential building subsectors. The agriculture and mining and quarrying sectors are expected to grow moderately.
- Private consumption is anticipated to increase by 6.1% pa, buoyed by improvement in labour market conditions (unemployment rate to reach 3.3% in 2025 vs. 3.9% in 2022).
- Private investment is expected to grow by 6.4% pa, supported by faster implementation of new and ongoing projects across key economic sectors. The catalysts for private investment will come from the implementation of National Energy Transition Roadmap and New Industrial Master Plan.

F: Forecast; O: Original target; R: Revised target

# Malaysia is Approaching High-income Nation Status

■ GNI per capita (current US\$)    □ High income threshold



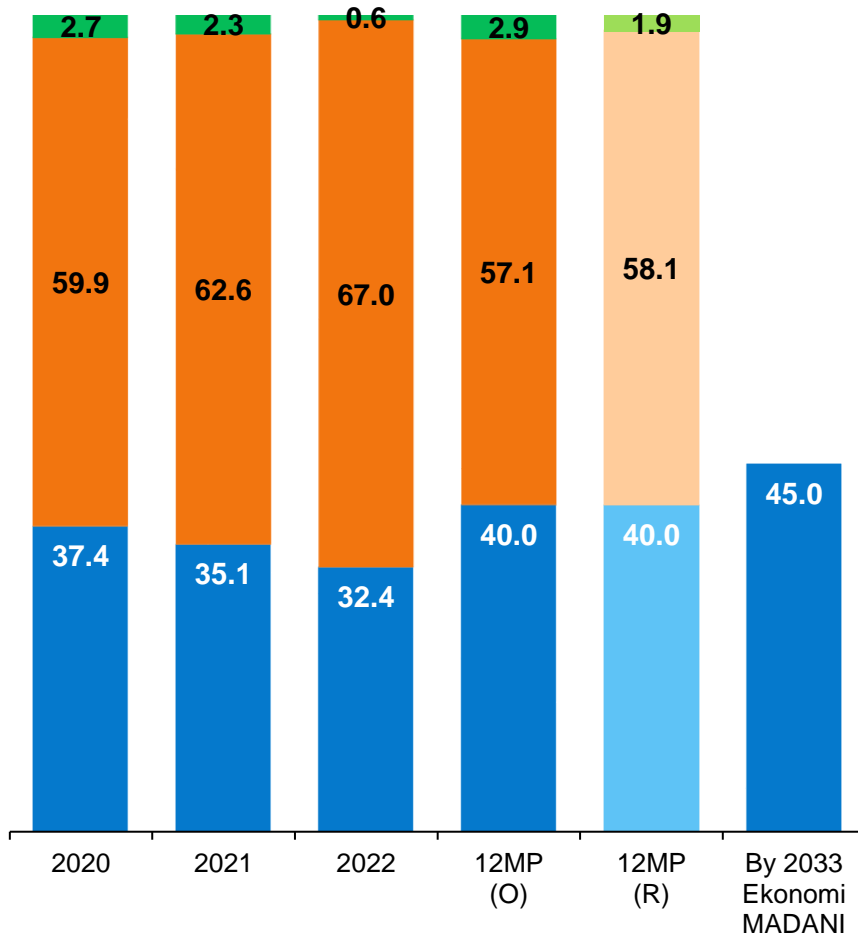
- Malaysia has been trapped in the upper-middle income status since 1992. One of the main focuses of the MTR of 12MP is to drive Malaysia towards attaining a high-income nation status. Minister of Economy has indicated that Malaysia could leap into high-income nation by 2028.
- Under the MTR of 12MP, the GNI per capita in current terms is projected to increase by 4.6% pa in 2023-2025 to RM61,000 (US\$14,250) in 2025.
- By 2030, GNI per capita is expected to reach RM85,115.

O: Original target; R: Revised target

# CE-to-GDP Ratio Target at 40% by 2025

## GDP by income approach % share to GDP

- Compensation of employees
- Income of capital owners
- Tax less subsidies



- Efforts will be undertaken to address talent mismatch, boost labour productivity and improve the employees' income.
- Progressive wage model, a crucial policy tool to accelerate wage growth will be introduced as part of the Big Bold Future Ready Talent to complement the minimum wage policy.
- Demand-driven talent development as well as upskilling and reskilling programmes will be intensified.
- The National Employment Returns (NER) survey will also be revived to identify trends in wages, employment and skills, including on gig workers.

Source: DOSM; Ministry of Economy

O: Original target; R: Revised target

# Sources of Economic Growth by Supply and Demand Side

	11MP	2021-2022	2023-2025 (F)	12MP (O)	12MP (R)	
<b>GDP by economic sector, % pa</b>						
Manufacturing (24.1%)	3.2	8.8	6.4	5.7	4.9	
Services (58.3%)	3.8	6.5	5.7	5.2	6.0	
Agriculture (6.6%)	0.3	0.0	2.7	3.8	1.6	
Mining and Quarrying (6.4%)	-2.1	1.8	3.1	2.6	2.6	
Construction (3.5%)	-0.6	-0.2	6.7	-0.2	3.9	
<b>GDP growth by expenditure category, % pa</b>						
<b>Private</b>	Consumption (60.2%)	4.8	6.4	6.1	5.8	6.2
	Investment (15.3%)	1.2	4.9	6.4	3.8	5.8
<b>Public</b>	Consumption (13.2%)	3.1	5.5	1.7	3.7	3.2
	Investment (4.4%)	-7.9	-3.3	3.9	2.6	1.0
<b>External demand</b>	Real Exports (74.6%)	0.3	16.5	2.2	5.8	7.7
	Real Imports (69.1%)	0.4	18.5	2.1	6.1	8.3

Figure in parenthesis denotes % share of GDP in 2022.

Source: DOSM; Ministry of Economy

F: Forecast; O: Original target; R: Revised target

# Where is the Growth Coming From?

Services and manufacturing sectors remain as the main sources of growth.



## **Services** (2023-2025F: 5.7% pa; 2021-2025F: 6.0% pa)

- Consumer-related activities such as in retail trade, accommodation, and food and beverage subsectors. Strategic measures will be intensified to accelerate the growth of tourism, creative and halal industries.
- Other focused areas include ICT services industry by leveraging on financial technology; sustainable financing including Islamic finance; and renewable energy.



## **Manufacturing** (2023-2025F: 4.9% pa; 2021-2025F: 6.4% pa)

- Priority will be given to accelerate the transition towards new sources of growth within the sector, particularly in the high growth high value (HGHV) industries, namely electronics and electrical products, machinery and equipment, petroleum as well as chemicals and chemical products.
- Low carbon mobility initiative through production and installation of energy-efficient vehicles, including electric and hybrid vehicles.





### **Agriculture** (2023-2025F: 2.7% pa; 2021-2025F: 1.6% pa)

- Dragged by low production of crude palm oil.
- Promote investment and increase productivity of the agrofood subsector by utilising smart farming technologies, increasing high value crops and optimising food production areas.



### **Mining and quarrying** (2023-2025F: 3.1% pa; 2021-2025F: 2.6% pa)

- Increase in natural gas production.
- Boost production from new facilities and projects in the pipeline.
- Enhance policy framework and develop a new business model to promote growth in the rare earths industry.



### **Construction** (2023-2025F: 6.7% pa; 2021-2025F: 3.9% pa)

- Driven by the civil engineering (acceleration of public infrastructure projects) and residential building subsectors (development of affordable housing in strategic locations under several initiatives).
- Expand the implementation of Industrialised Building System and Building Information Modelling. Government Green Procurement (GGP) Works initiative will be expanded to promote utilisation of green construction products.

# Attracting Higher Quality Investment



## Private investment

2023-2025F: 6.4% pa

2021-2025F: 5.8% pa

- Promote technology-linked investment in high growth high value (HGHV) industries, including E&E, smart farming and renewable energy (RE). Firms will be encouraged to increase investment in M&E to expand capacity and productivity.
- Existing investment initiatives will be reviewed to attract quality investment, which utilises frontier technologies and offers technology transfer.
- Comprehensive review and reform of investment policies, including on incentives and institutions, emphasis will be given to quality investment that promotes the development of complex products and services, that create skilled and high-paying jobs. Firms will be encouraged to invest in advanced technologies, such as blockchain, artificial intelligence and big data analytics.
- The Government will facilitate greater involvement to accelerate research, development, commercialisation and innovation (R&D&C&I) activities.



## Public investment

2023-2025F: 3.9% pa

2021-2025F: 1.0% pa

- Implement programmes and projects to expand the productive capacity of the economy, include:
  - Opening of new high-tech industrial estates in Kimanis and Kota Belud, Sabah
  - Chuping Valley Industrial Area in Perlis
  - Expansion of Samajaya High-Tech Park in Sarawak and Tok Bali Industrial Park in Kelantan
  - Construction of Central Spine Road
  - Implementation of Pelan Jalinan Digital Negara (JENDELA).

# Development Projects Planned in MTR of 12MP

## New transportation projects:

- Expansion of Bus Rapid Transit (BRT) services and city buses, including in Johor Bahru and the Klang Valley
- Upgrading of the Senai-Desaru Highway
- Phased expansion of the North-South Expressway (from Yong Peng to Senai Utara)
- Construction of the Sarawak-Sabah Link Road II
- Construction of Phase 1B of the Pan Borneo Highway (Sabah)
- Penang Light Rail Transit (LRT) Transit Project
- Expansion of Penang International Airport
- Reconstruction of Sultan Abdul Aziz Shah Airport, Subang
- Upgrading of the East-West Highway from Gerik, Perak to Jeli, Kelantan
- Upgrading of the road from Tanah Rata to Kea Farm, Cameron Highlands, Pahang

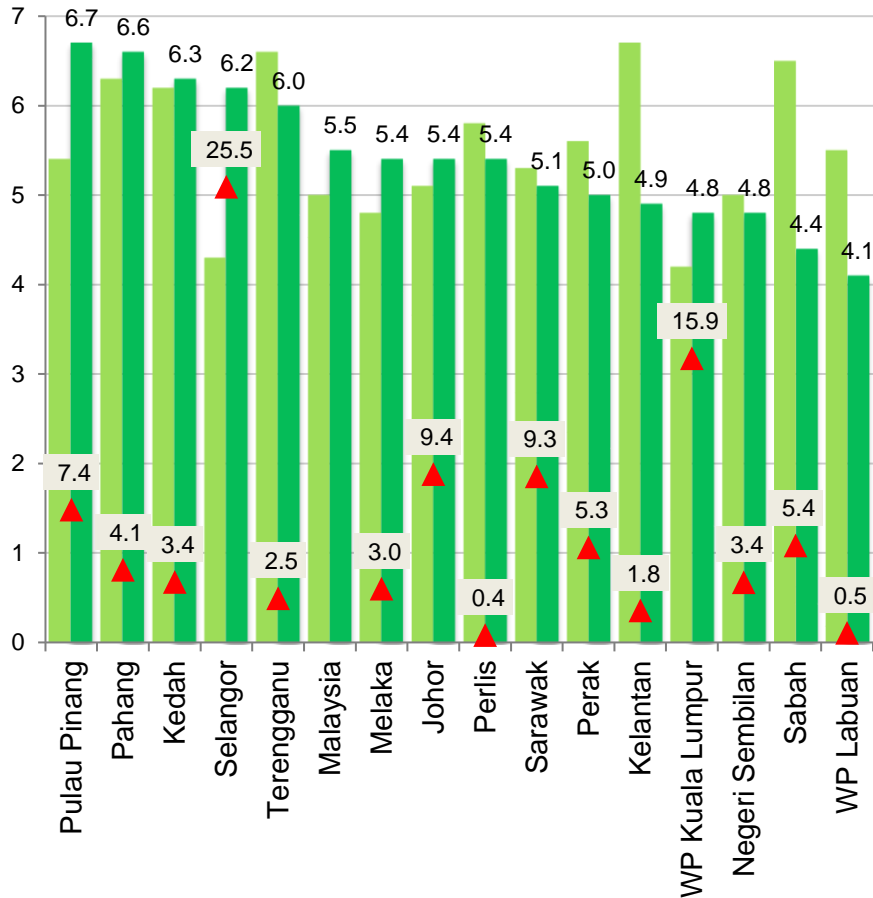
## New projects and programmes:

- Road construction from Kampung Geddes through Sungai Kelai to FELDA Palong, Jempol, Negeri Sembilan
- Road construction from Kuala Linggi to Ayer Molek, Masjid Tanah, Alor Gajah, Melaka
- Road construction from Kampung Kuala Sungai Udang to Pantai Murni, Yan, Kedah
- Shortcut road construction from Bukit Sagu to Bukit Kuin, Kuantan, Pahang
- Second Phase of Perak Rural Road Connectivity Project
- Rural Entrepreneurship Strengthening Support Program (SPKLB) 2.0
- Rural Community Capacity Building Program



# Narrowing Growth Disparity Among the Regions and States

**GDP growth by state**    ■ Original target    ■ Revised target    ▲ % Share  
Average (%)



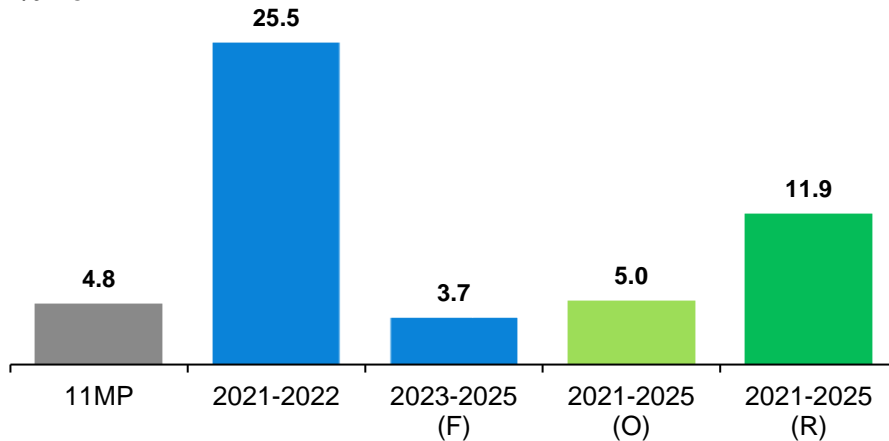
Note: Total share not add-up to 100% due to supra state, which covers production activities that beyond the centre of predominant economic interest for any state. Share of GDP refers to year 2022.

Source: DOSM; Ministry of Economy

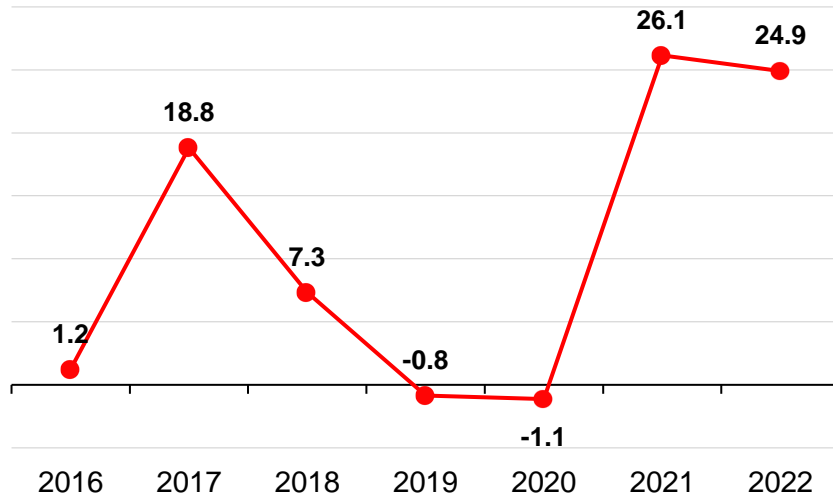
- The economic potential of the regions and states will be further strengthened to attract more quality investment in niche areas by promoting the adoption of advanced technology in the upstream and downstream activities.
- Federal and state regional development agencies will be encouraged to streamline the development priorities by leveraging uniqueness and available resources in each state.
- Basic infrastructure provisions in less developed states will be scaled-up and talent development programmes will be intensified to ensure equal development opportunities and improve regional balance.
- Subregional cooperation will be leveraged to optimise economic potential and attract investment into the subregions.
- Cross-border economic activities will be intensified to promote development in these states.

# The Strengthening of Exports Potential

Gross Exports  
% YoY



% growth

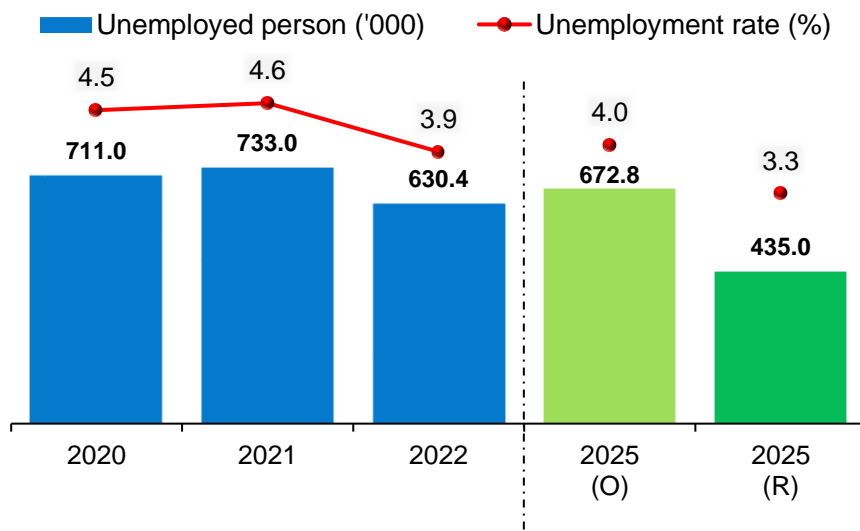
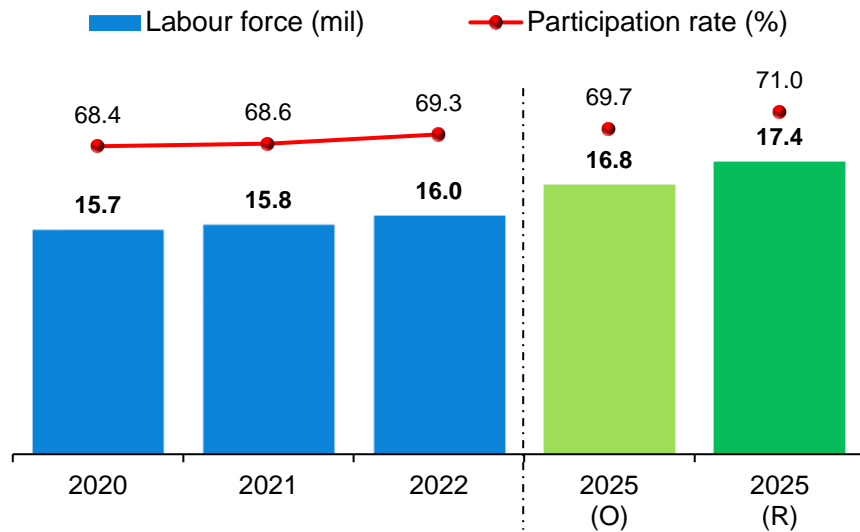


Source: DOSM; Ministry of Economy

- The expected economic recovery of major trading partners will support Malaysian exports amid global headwinds and geopolitical conflict.
- Trade and investment will be enhanced by leveraging free trade agreements, including RCEP and CPTPP.
- The National Trade Blueprint (NTBp) will focus on enhancing a conducive trade ecosystem - improving exports facilitation, enhancing exports capacity and expanding market access.
- Concerted efforts will be undertaken to enhance participation in the global supply chain, advance regional integration and strengthen industrialisation initiatives. Malaysian products and services will be promoted globally to increase exports market.
- A framework for establishing Malaysia as a regional gas market hub will be incorporated in the natural gas roadmap. Efforts will also be undertaken in developing an electricity exchange system to enable RE trading.

F: Forecast; O: Original target; R: Revised target

# Reforming the Labour Market



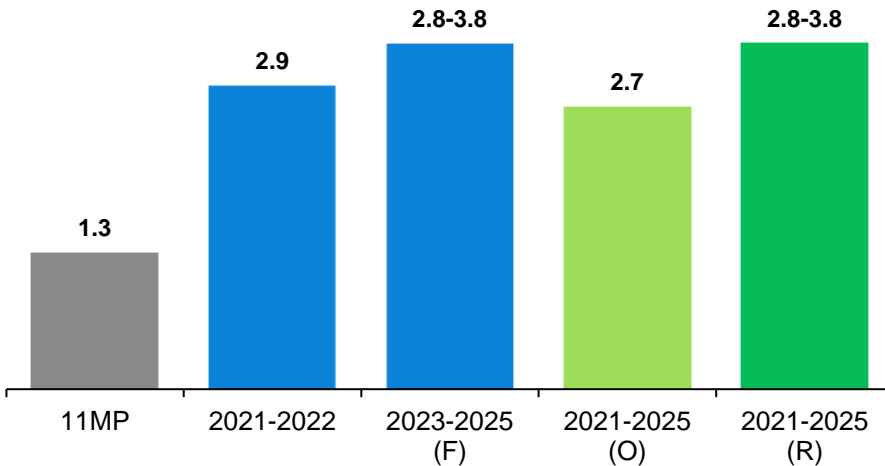
Source: DOSM; Ministry of Economy

- A dynamic **national skills framework** will be developed to tackle skills mismatch and complement the **Critical Occupations List (COL)**. This framework will provide comprehensive and current information on skills required by the industries.
- An initiative will be introduced to encourage employers to hire those **aged 60 years and over** to tackle the labour shortage and at the same time, prepare the country as an aged nation.
- Efforts to increase the **female labour force** participation rate by facilitating the setting up of childcare centres by employers. Existing tax incentives and guidelines on childcare centres will be streamlined.
- Employers will be encouraged to hire **former inmates and paroled prisoners**, including to participate in the Academy in Industry (Aii) programme.
- **Refugees** in the country will be allowed to work in certain sectors, while waiting for the relocation to the third world countries. Data on refugees will be consolidated to ensure smooth implementation in hiring refugees.

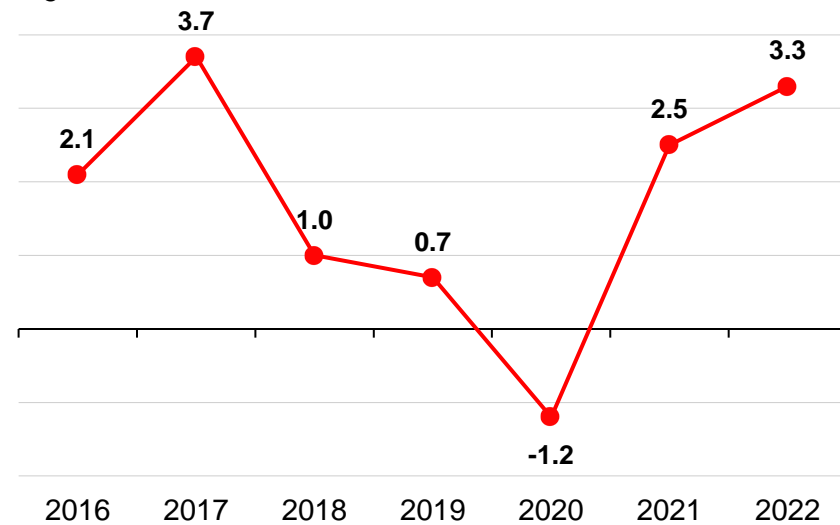
O: Original target; R: Revised target

# Managing Price Pressure to Ease Cost of Living

Inflation  
%



% growth



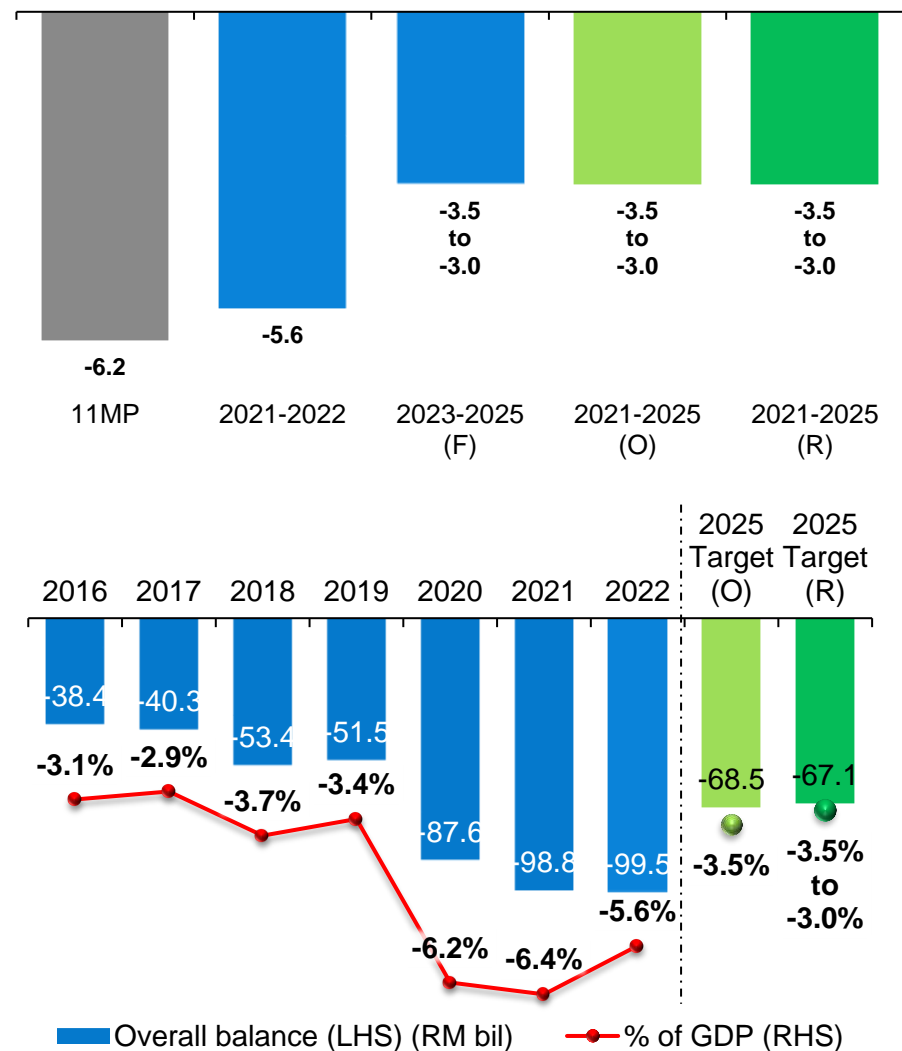
Source: DOSM, Ministry of Economy

- Inflation is expected to be between 2.8% and 3.8% per annum in 2023-2025, attributed to the gradual implementation of a targeted subsidy, stronger domestic demand and improvement in labour market conditions.
- Efforts will be strengthened to contain inflationary pressures by increasing the stocks of various food items as well as improving distribution efficiency in ensuring undisrupted supply.
- Concerted measures will be undertaken in addressing price issues to improve purchasing power and well-being of the rakyat, especially vulnerable groups. In easing the burden of the rakyat, the existing mechanism will be reviewed by providing a comprehensive and inclusive social protection system.
- Measures will be undertaken to develop an integrated database to improve subsidy targeting mechanism, streamline delivery channels and enable the implementation of targeted programmes, including the introduction of a progressive wage model.

F: Forecast; O: Original target; R: Revised target

# Fiscal Consolidation Path Remains on Track

Fiscal deficit  
% of GDP



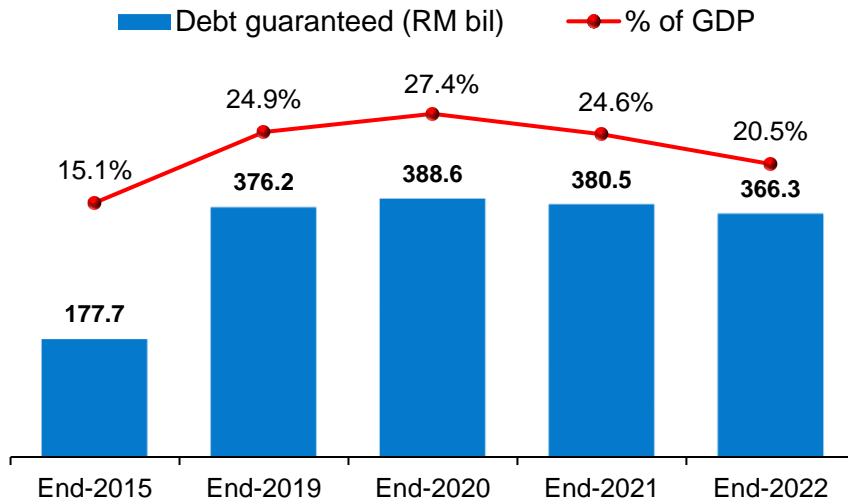
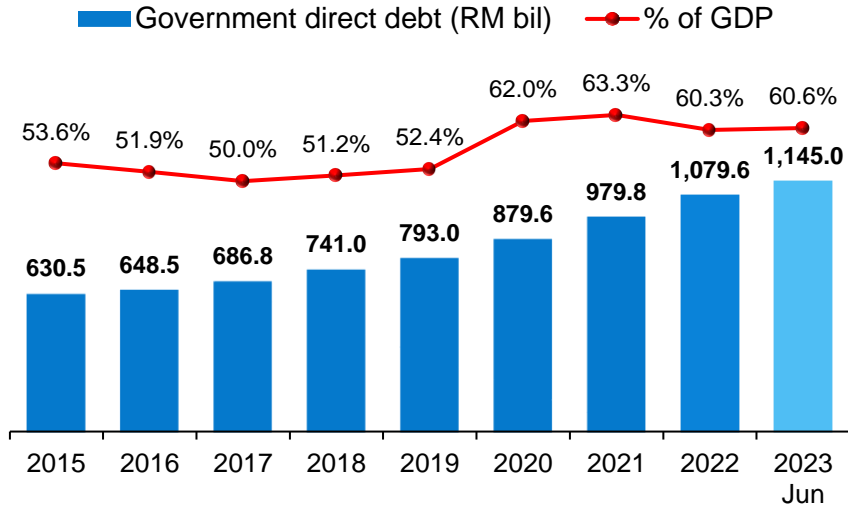
Source: BNM; Ministry of Economy

- The target for fiscal deficit remained unchanged, in line with Ekonomi MADANI, which aims to achieve a fiscal deficit of 3% or better within the next 10 years.
- Fiscal management will be improved by establishing legislation on fiscal responsibility as well as developing new Acts on debt and procurement.
- Revenue management will be improved by widening the tax base as well as adopting technology and digitalisation to enable better collection.
- Efforts will be undertaken to implement targeted subsidies as one of the Big Bold in ensuring the right target groups benefit from the assistance provided as well as ensuring prudent fiscal spending.
- PADU – Central Database hub will be leveraged as a central reference system for assistance targeting based on household disposable income. Among the subsidies include electricity, diesel and petrol as well as other social assistances.

F: Forecast; O: Original target; R: Revised target



# Greater Efforts Needed to Contain Government Debt Level



Note: Liabilities in 2015 cover government guarantee only.

Source: BNM, MOF

- The Debt Management Committee will be reactivated to monitor the management of debt and liabilities.
- Efforts will be undertaken to develop new Acts on debt and procurement as well as review the Public Private Partnership (PPP) guideline.
- Focus will be given to diversifying the debt portfolio and realigning the debt issuance schedules of Government and GLCs.
- Assessment of risks and liabilities exposure on the commitments of government guarantees and PPP projects will be improved.

- The emphasis on the enhancement of public service delivery efficiency and strengthening of efficiency in implementation and monitoring is commendable. These strategies will be supported by two Big Bolds, namely Governance and Institutional Framework as well as Legislation related to Corruption. The strengthening the institutional structure of ministries and agencies as well as enhancing the role of the Special Task Force on Agency Reform (STAR) to enhance efficiency of the public service delivery.
- Public delivery services shape people's trust in and expectations of government. An efficient delivery system will make it easy and more transparent for the people and businesses to deal with the government. The business community will need efficient, fast and accurate services so that the cost can be lowered and competitive.
- The ceiling of Development Expenditure will be raised by RM15 billion to RM415 billion from the original allocation's RM400 billion for the 12MP. With only RM135.9 billion or 34% of total original allocation already spent in 2021-2022, and the estimated spending of RM93.0 billion in 2023, a balance of at least RM90 billion annually will be allocated in 2024-2025.
- Given the fiscal constraints, resource allocation must also address the fundamental issues of effective governance of public spending and timely implementation of projects so that the economic multiplier effects will be felt. In this regard, the Government can consider the approaches involve improving the cost-effectiveness of government administration and efficiency in the implementation of projects in addition to cost savings. Mandatory cost-effectiveness could be introduced for public sector projects, and political programmes could be evaluated ex ante more often.

## SERC's Commentaries (cont.)

- The Government must institutionalise the results-oriented approaches to budgeting and management of the Budget allocation for Ministries, moving the focus of decision-making in budgeting away “How much allocation can the Ministry get?” towards “What can the Ministry achieve with this allocation?”. Ministry of Finance can use performance results to hold ministries and agencies accountable for performance as well as to improve performance.
- There has been non-disclosure on details on the development budget allocations since the 10MP in 2021. This was due to the two-year rolling plan approach, which was introduced to enable a more effective review of the prioritisation of programmes and projects based on the current financial position of the Government. That said, an indicative allocation of development expenditure by Ministry and state, subjecting to annual Budget's allocation would serve as a good reference for market analysis. Additionally, there are no indicative amount of the project value in the list of development projects and programmes mentioned in the speech.
- On the fiscal sustainability governance framework, the Government shows its commitment to introduce the Fiscal Responsibility Act (FRA) in October's Parliament sitting and also will accelerate the drafting of Government Procurement Act (GPA). We hope that the Government to make good on their promises without delays. These Acts have been postponed several times since mooted in 2018. The medium-term budgetary stability framework must be governed and regulated by fiscal rules.
- On the targeted subsidies rationalisation, there are lack of details on how to implement it despite many proposals have been put forward. It was disclosed that the trial run of PADU, which combines the socio-economic information of every household in the country to streamline the implementation of targeted subsidies will be conducted in November 2023 before making being accessible to the public in January 2024 for personal information verification.

## SERC's Commentaries (cont.)

- It's time to roll out the targeted subsidy rationalisation in stages and sequence it on a measured pace based on the principle of needs and income to minimise significant and wider impact on households and businesses, to be accompanied by giving a one-off cash assistance for the affected households. Prices of subsidised goods and services will be gradually raised to allow manageable impact on inflation and cost of living pressure.
- On the broadening of revenue base, the plan was silent on reintroduction of consumption tax akin to GST. Instead, the Capital Gains Tax (CGT) will be introduced in January 2024. This is not surprising as the proposed introduction of CGT on non-listed shares of corporates was announced in the 2023 Budget. The CGT tax mechanism is now ready for implementation. We are concerned that the CGT would stifle start-up and entrepreneurship development and there is no guaranteed that the CGT will not extend to cover other assets class down the road.
- The fiscal consolidation path continues. The MTR of 12MP maintained a fiscal deficit reduction target between -3.0% and -3.5% of GDP in 2025 from estimated -5.0% of GDP in 2023 (-6.2% of GDP in 2020). This means a reduction of between 1.5% pts and 2.0% pts reduction in 2024-2025. We expect the fiscal deficit to reduce further to 4.0%-4.5% in the tabling of 2024 Budget on 13 October 2023.



## SERC's Commentaries (cont.)

- On the macro targets, the revised GDP growth target of 5.0%-5.5% for 2023-2025 (5.0-6.0% in 2021-2025) appears on the high side. We estimate real GDP to grow by 3.8% this year, weighed by falling exports and the normalisation of consumer spending. Hence, it means that real GDP growth would have to expand by between 4.5% and 5.8% annually in 2024-2025, which could prove challenging given the projected moderate global growth in 2024.
- Both the services (5.7% pa in 2023-2025) and manufacturing sectors (6.4% pa in 2023-2025) will remain as the main sources of growth, while the construction sector is expected to rebound by 6.7% pa in 2023-2025, contributed by stronger growth in the civil engineering and residential building subsectors. The agriculture, mining and quarrying sectors will grow by 2.7% pa and 3.1% pa respectively in 2023-2025.
- Private consumption, which has increased by 5.1% in 1H 2023, is projected to increase by 6.1% pa in 2023-2025 (6.4% pa in 2021-2022), supported by stable labour market conditions and better income growth. The unemployment rate is projected to improve significantly to 3.3% in 2025 from 3.9% in 2022.
- Private investment, which had grown by 4.8% in 1H 2023, is projected to increase by 6.4% pa in 2023-2025 (4.9% pa in 2021-2022), looks feasible if we manage to attract high inflows of quality FDI and drive more domestic direct investment. Nominal private investment would amount to RM328.4 billion or 15.2% of GDP in 2025 (RM222.3 billion or 15.7% of GDP in 2020). We see positive catalysts to boost private investment coming from the catalytic projects in the NETR and the impactful high growth high-value industries identified in NIMP. The Government remains committed to enhance investment climate and conducive business environment, including ease of doing business to make Malaysia an attractive investment destination.

# SERC's Commentaries (cont.)





- Inflation is expected to increase by between 2.8% and 3.8% per annum in 2023-2025 (2.8%-3.8% in 2021-2025), attributed to the gradual implementation of a targeted subsidy, stronger domestic demand and improvement in labour market conditions. We caution that inflation pressures could flare up given the risk of supply shocks as well as changes in domestic policies concerning price subsidy and ceiling price controls. Business cost pressures, including employment costs could emanate from the implementation of a multi-tiered levy and Progressive Wage Model, along with still elevated cost of domestic and imported inputs.
- Gross exports, which had expanded strongly by 25.5% in 2021-2022 have declined by 5.9% in Jan-Jul 2023, are projected to increase by 3.7% pa in 2023-2025. This will be supported by the expected economic recovery of major trading partners, trade expansion leveraging on RCEP and CPTPP as well as a conducive trade ecosystem to facilitate exports, enhance export capacity and expand market access.



# Key Enabler, Big Bolds, Major Strategies and Initiatives



# Achieving a Sustainable, Prosperous, High-Income Nation

	Chapter	Description	Focus Area	Strategy	Initiative	Big Bold	
	<b>Key Enabler</b>	<b>2</b>	<b>Enhancing efficiency of public service delivery</b>	<b>5</b>	<b>13</b>	<b>30</b>	<b>2</b>
	<b>Focus Area 1</b>	<b>Strengthening sustainability</b>	<b>4</b>	<b>12</b>	<b>34</b>	<b>3</b>	
	8	Advancing sustainability	4	12	34		
	<b>Focus Area 2</b>	<b>Building prosperous society</b>	<b>18</b>	<b>50</b>	<b>112</b>	<b>5</b>	
	5	Progressing towards regional balance	5	13	38		
	6	Building an inclusive and more resilient society	8	23	45		
	7	Enhancing unity, defence, security and wellbeing	5	14	29		
	<b>Focus Area 3</b>	<b>Achieving high-income nation</b>	<b>10</b>	<b>39</b>	<b>96</b>	<b>7</b>	
	3	Boosting economic resilience for a sustainable growth	5	23	56		
	4	Strengthening key enablers towards high-income economy	5	16	40		

- Note:
1. The chapters above are grouped based on their relevance to the respective focus areas.
  2. Please refer to Appendix 2 for the full list of focus areas, strategies and initiatives by chapter.



# Key Enabler: Enhancing Efficiency of Public Service Delivery

2 Big Bolds

## Chapter 2: Enhancing Efficiency of Public Service Delivery

5 Focus Areas, 13 Strategies, 30 Initiatives



### Overviews

Despite the efforts on several strategies to enhance public service quality, the Government continues to face issues and challenges in **governance, human capital, digitalisation, and budget and project management**.

Therefore, there is a commitment to consistently provide efficient and effective public service delivery **through a whole-of-government approach** to address these issues.



#### Focus Area A:

Enhancing Value-Based Governance



#### Focus Area B:

Enriching Human Capital in the Civil Service



#### Focus Area C:

Accelerating Digital Transformation



#### Focus Area D:

Strengthening Institutional and Business Framework



#### Focus Area E:

Improving the Effectiveness and Efficiency of Budget and Project Management



## Key salient points

- To restore Malaysia's image – **Governance and Institutional Framework & Legislation Related to Corruption** (governed by an independent body).
- To introduce a corruption-free governance guide to all entities – **Public Sector Governance Act & Integrity Plan**.
- **A Special Task Force for Public Sector Reform (STAR)** to streamline the public service machinery.
- A digital transformation of services through **Government with Advanced Technology (GovTech)**.
- **Integration of information about job seekers among the disabled in MyFutureJobs**, with a target of 1% disabled people in public service.
- **An Ombudsman act and body** to improve public complaints management.
- Several pilot studies to **profile corruption traits in public service and measure the level of integrity in leadership for career development**.



## SERC's comments

- Elevating the quality of public services delivery and fortifying government's integrity as well as weeding out corruption are important to accelerate the economic development and business activities . These strategies have the potential to instil greater confidence among the public and businesses by fostering an efficient, transparent, and user-friendly interaction with government services.
- The business community, in particular, seeks efficiency, promptness, and precision in services to enable cost competitiveness. Therefore, it is imperative that the government enhances its implementation capacity to ensure the timely and cost-effective execution of development programs and projects.
- Strengthening the planning, coordination, and implementation units are essential to raise the efficiency levels, thus expediting the implementation and generating broader economic benefits for the nation.

- **The Malaysia Governance Index will continue to be developed** as an indicator to measure the national governance performance.
- **Development of job specification (JS) for each position in every agency** to identify manpower requirements.
- The appointment of the Chief Digital Officers (CDOs) to accelerate digital transformation, **with a target of all civil servants being digitally competent in 2025 as one of the KPIs.**
- **The implementation of an electronic invoicing system in phases**, with a rule based on a two-pillar approach to address base erosion of tax and profit shifting.



## SERC's comments

- The government should prioritise quality over quantity. Address the issue of businesses being mandated to submit hard copies of documents even after online submissions, a practice that undermines the advantages of digitalisation.
- There is pressing need to enhance the functionality of government's websites and applications, focussing on user-friendliness and safeguarding data privacy. Counter cybersecurity threat must be of utmost priority, with the enactment of regulations or Acts as well as enforcement to safeguard the responsible usage of data and information.
- While encouraging the participation of persons with disabilities (PWDs) in the public sector through skills training programs, equal emphasis should be placed on ensuring their unfettered access to workplaces.
- Prioritising the creation of facilities tailored to the unique needs of PWDs is of paramount importance, alongside with broader efforts to diversify the workforce, taking into consideration of gender and age inclusivity within the public sector rather than solely private sector.

# Selected Targets under Key Enabler (Chapter 2)

## Enhancing Value-Based Governance

 New Target




## Enriching Human Capital in the Civil Service



## Accelerating Digital Transformation

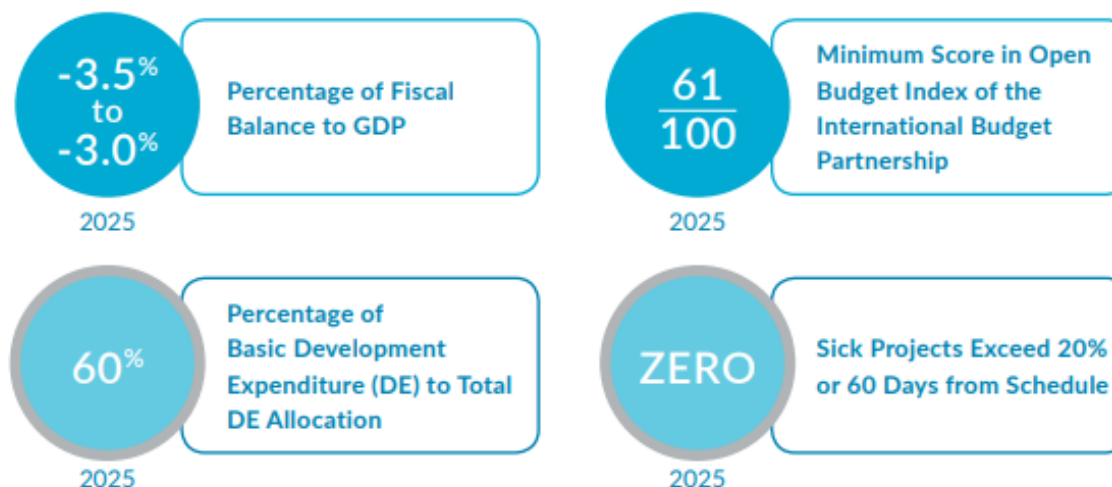


## Strengthening Institutional and Business Framework

 New Target



## Improving the Effectiveness and Efficiency of Budget and Project Management



## Chapter 8: Advancing Sustainability



### Overviews

Climate change and environmental degradation are still the top priorities that require considerable efforts in alignment with international commitments, such as reducing carbon emissions by 2050.

Chapter 8 will emphasise the efforts to advance environmental sustainability while accelerating the energy transition. Focus will also be given to advance the implementation of Sustainable Development Goals (SDGs) and adoption of Environment, Social and Governance (ESG) principles.



4 Focus Areas, 12 Strategies, 34 Initiatives



#### Focus Area A:

Accelerating the Implementation of Low Carbon, Clean and Resilient Development



#### Focus Area B:

Managing Natural Resources More Efficiently



#### Focus Area C:

Advancing the Implementation of Sustainable Development Goals and Adoption of Environmental, Social and Governance Principles



#### Focus Area D:

Strengthening the Enabling Environment

## Environment Sustainability

- **A drafting of legislation on climate change** to regulate the implementation of policies.
- **A comprehensive framework** to accelerate the transition to a cyclical economy.
- A study on carbon price to assess the national readiness to implement **a carbon tax and carbon trading system.**
- **Reform the water industry model across the country** to address issues such as non-productive water (NRW).
- **Exploration of suitable areas** for the abstraction of underground water resources.
- **Review the Act** related to the water pollution.
- **The establishment of the National Geological Disaster Centre** to improve the efficiency of disaster response.
- **Revise the National Disaster Management Policy** to strengthen preparedness and improve capacity in disaster management.



## SERC's comments

### Environmental Sustainability

- The environmental issues invariably carry substantial physical and transition risks, impacting both economic productivity, business activities and public health. The MTR of 12MP has addressed the urgent need for energy transition and other measures in tackling climate change, environmental degradation and biodiversity.
- The adoption of a circular economy model is of paramount importance. This transition necessitates a profound shift in mindset, a change that requires dedicated long-term educational efforts.
- The circular economy should serve as the cornerstone of environmental policies, with a dedicated focus on critical concerns such as climate change and biodiversity loss. Tackling climate change alone provides only a medium-term solution, whereas addressing the root cause of unsustainable development calls for systemic and enduring changes.

- **Special enforcement** to protect the endangered Malayan tiger species.
- Expand the implementation of the Sustainable Development Goals (SDGs) **at the local and state levels.**
- **Development of policy and regulatory framework related to Environment, Social and Governance (ESG) principles** to encourage SMEs to adopt practices.

### Fiscal Sustainability

- **The implementation of Fiscal Sustainability and Financial Systems** to broaden the tax base, diversify tax sources, and improve taxation administration.
- The implementation of **the Capital Gains Tax in 2024.**
- **Formulation of Pangkalan Data Utama (PADU)** to facilitate the distribution of targeted subsidies, with the initial priorities on electricity, diesel and petrol.
- **A fiscal deficit target of 3.5% of GDP** or better.
- **Review the public-private cooperation (PPP) policy** to ensure the project's implementation.



### SERC's comments

- Sustainable Development Goals (SDGs) and Environmental, Social, and Governance (ESG) principles have emerged as potent drivers of business growth, particularly in the context of international trade, where ESG reporting holds great significance.
- Recognising the initial hurdles faced by small businesses, it is laudable that the government aims to promote ESG reporting, especially among SMEs. Nonetheless, any implementation should adopt a phased approach, with readily accessible resources and comprehensive guidelines available on a centralised platform to facilitate seamless adoption.
- Digitalisation should assume a pivotal role in monitoring and advancing environmental progress. The ability to make informed, data-driven decisions, as ecosystems and biodiversity data system is commendable. It is imperative for the government to proactively harness data systems for proactive decision-making rather than solely on retrospective analysis. Furthermore, sharing this data across government departments and agencies is essential to inform policy and decision development comprehensively.



## Key salient points:

- Several strategic plans/frameworks to be formulated:
  - (a) A long-term low emissions development strategy (LT-LEDS) and a nationally determined contributions (NDC) roadmap** – enhance mechanisms for climate action.
  - (b) A regulatory framework on the governance of carbon capture, utilisation and storage (CCUS)** – includes a regime to coordinate the implementation at national and state levels, with a coordination unit.
  - (c) A natural gas roadmap** – address the challenges of energy security, affordability and sustainability.
  - (d) A circular economy policy framework for the manufacturing sector.**
  - (e) A national adaptation plan** – includes five priority areas, namely public health, agriculture and food security, forestry and biodiversity, water resources and security, as well as infrastructure and cities.
  - (f) A national framework for protected areas** – include the gazettelement of new protected areas.
  - (g) A national ESG policy framework** – provide clear direction on ESG implementation among stakeholders.



## SERC's comments

### Fiscal Sustainability

- Fiscal constraints, exacerbated by mounting debt and liabilities require policy interventions. Efficient and effective resource allocation holds the key to addressing fundamental issues related to public spending governance and timely implementation of project.
- Achieving cost savings and enhancing cost-effectiveness should be prioritised. The introduction of mandatory cost-effectiveness evaluations for public sector projects and more frequent ex-ante evaluations of political programs could contribute to these goals.
- To foster a results-oriented budgeting approach, the government must institutionalise the focus on outcomes rather than allocations. Shifting the focus from "How much allocation can the Ministry secure?" to "What can the Ministry achieve with this allocation?" is essential. The Ministry of Finance should utilise performance results to hold ministries and agencies accountable while driving performance improvement.

## Low carbon

- **The development of the online trading platform for the Bursa Carbon Exchange (BCX)** to enable trading of standardised carbon credit contracts.
- **Government Green Procurement (CGP)** will be expanded to the construction sector.
- **Introduction of the electricity exchange systems** for RE trading.
- **Construction of liquefied natural gas storage in Johor.**

## Environmental resilience

- **A national chemical governance committee** – address the gaps in current chemical-related acts and guidelines.

## Natural resources

- **Electronic permit system** for the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- **A system on fisheries resources** that consolidates data on marine ecosystems and biodiversity in 2025.



## SERC's comments

- On the targeted subsidy rationalisation, the Government will decide the mechanism and timeline of implementation after the trial run of PADU in November 2023, which is designed to streamline the implementation of targeted subsidies through the consolidation of socio-economic information. The public will access to PADU in January 2024 for personal information verification and if the database testing is reliable, it will be used to implement the targeted subsidy based on needs and income.

- **Ratify the Nagoya-Kuala Lumpur Supplementary Protocol on Liability and Redress by 2025**, with a comprehensive regulatory framework and an effective system for biosafety management.
- **Development and implementation plans for geopark** will be introduced to further develop geoparks in Malaysia.
- **Periodically review the water and sewerage tariffs** according to market segments.

### SDGs and ESG principles

- **A guideline with the 11 themes developed by Bursa Malaysia** for ESG disclosure to encourage SMEs on ESG reporting.
- **A centralised sustainability reporting platform** to assist in streamlining reporting by multinational corporations, publicly listed companies and companies along the supply chains.
- **Introduction of the electricity exchange systems** for RE trading.

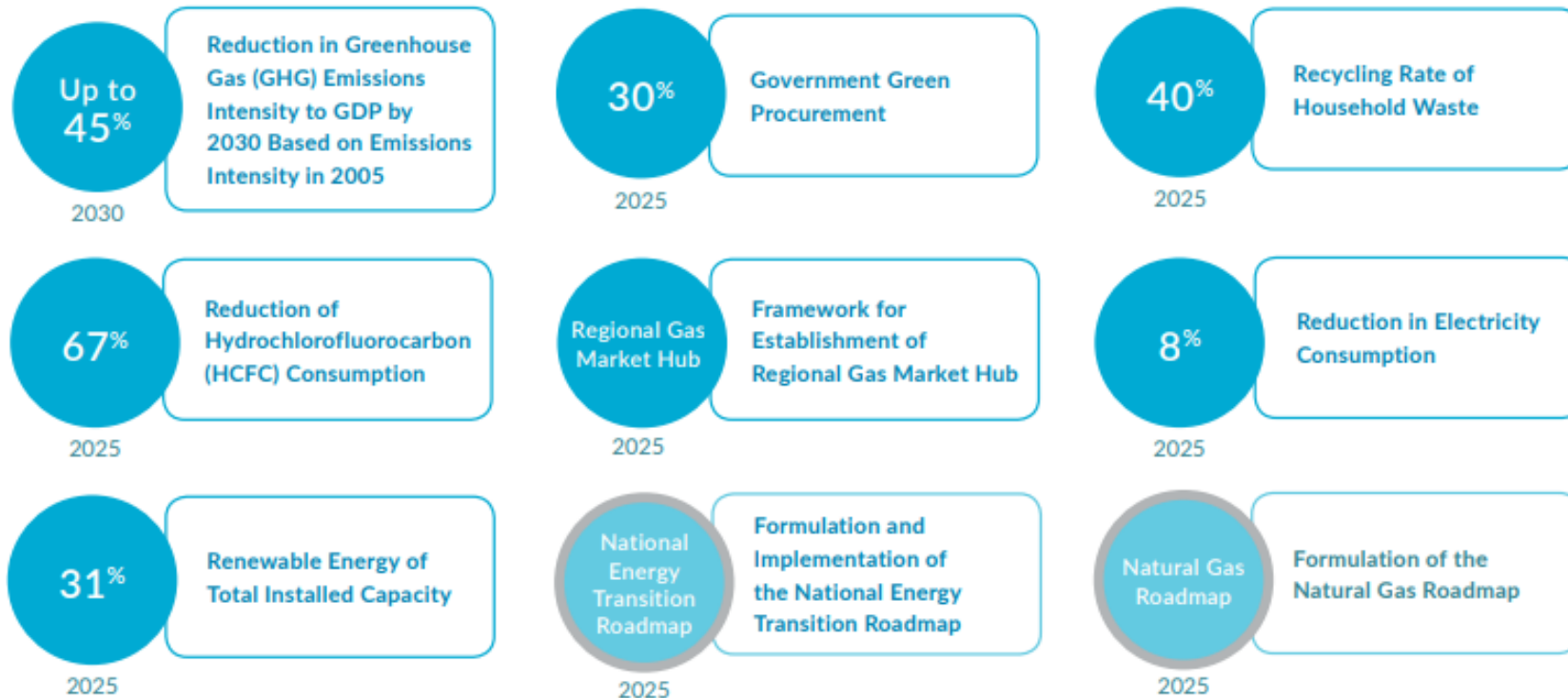


### SERC's comments

- The rollout of targeted subsidy rationalisation should be in stages and on a measured pace to minimise significant impacts on households and businesses. Offering one-off cash assistance to affected households can help alleviate immediate challenges. Gradual adjustments to the prices of subsidised goods and services should be made to manage inflation and cost of living pressures.
- On revenue base expansion, the plan remains silent on the reintroduction of a consumption tax akin to GST. Instead, the Capital Gains Tax (CGT) is set to be introduced in January 2024, in line with the 2023 Budget's announcement of introducing CGT on non-listed corporate shares. While the CGT mechanism is now ready for implementation, concerns linger about its potential impact on startup and entrepreneurship development. Additionally, there remains lingering concern whether the CGT might eventually widen to include other asset classes in the future.

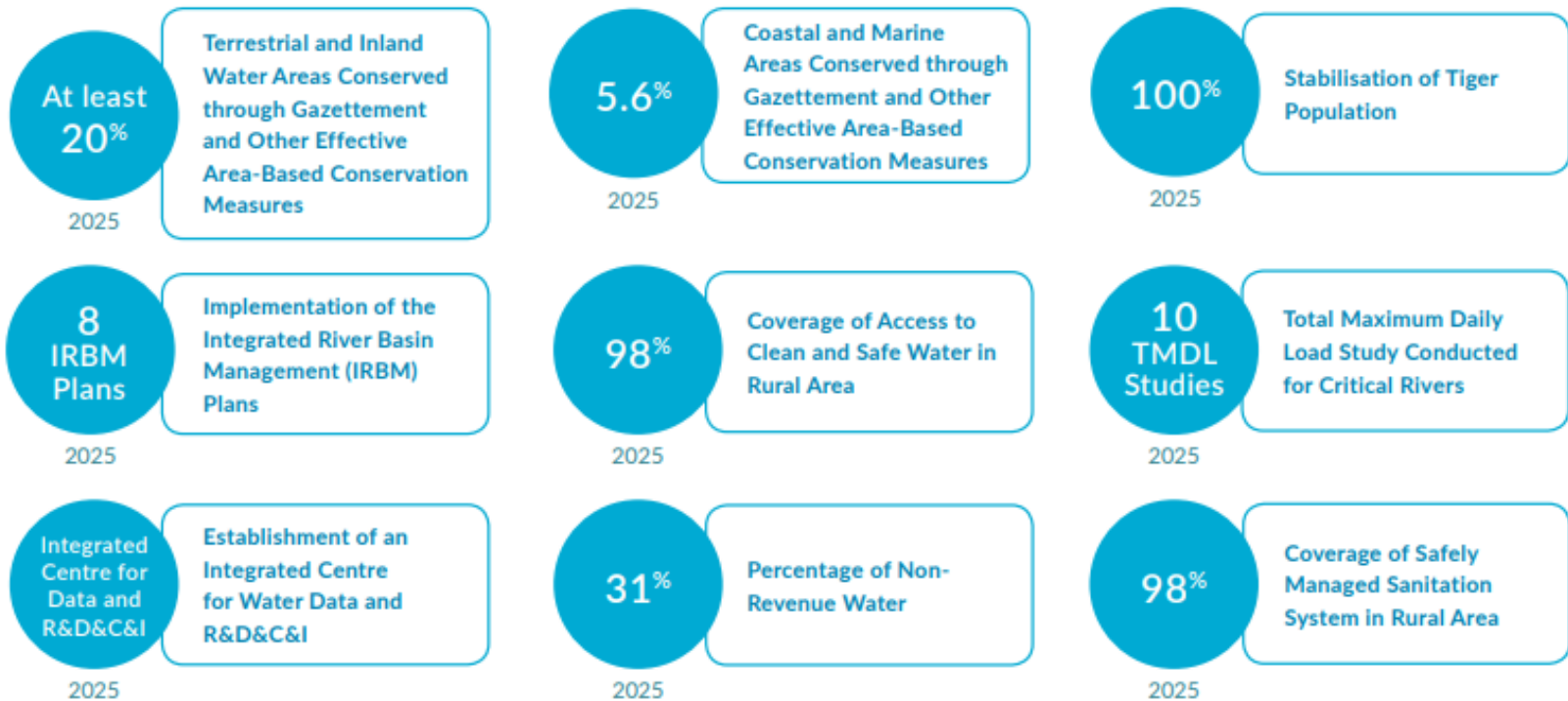
# Selected Targets under Focus Area 1 (Chapter 8)

## Accelerating the Implementation of Low Carbon, Clean and Resilient Development



 New Target

## Managing Natural Resources More Efficiently



## Strengthening the Enabling Environment



Chapter 5: Progressing towards Regional Balance

Chapter 6: Building an Inclusive and More Resilient Society

Chapter 7: Enhancing Unity, Defence, Security and Wellbeing



## Overviews

There is an ongoing need to address the existing developmental disparities between regions, states, and rural and urban areas to establish a more balanced regional landscape.

Chapter 5 will focus on bolstering regional economic potential, expediting sustainable urban and rural development, and intensifying subregional cooperation. A special emphasis will be placed on furthering the development of Sabah and Sarawak.

5 Focus Areas, 13 Strategies, 38 Initiatives



### Focus Area A:

Enhancing Regional Economic Potential



### Focus Area B:

Accelerating Sustainable Urban Development



### Focus Area C:

Intensifying Rural Development



### Focus Area D:

Optimising Opportunities from Subregional Cooperation



### Focus Area E:

Intensifying Development in Sabah and Sarawak

Chapter 5: Progressing towards Regional Balance

Chapter 6: Building an Inclusive and More Resilient Society

Chapter 7: Enhancing Unity, Defence, Security and Wellbeing



## Overviews

Household vulnerability has grown due to the COVID-19 pandemic and polycrisis, encompassing geopolitical conflicts and climate change. As a result, progress toward inclusive and sustainable development has been somewhat hampered especially for the poor, B40, M40, Bumiputera, Orang Asli and other specific target groups.

Chapter 6 will explain the multidimensional approach to addressing poverty and inequality, upholding the 'leaving no one behind' principle.

8 Focus Areas, 23 Strategies, 45 Initiatives



### Focus Area A:

Addressing and Preventing Poverty



### Focus Area B:

Empowering Vulnerable Households



### Focus Area C:

Facilitating M40



### Focus Area D:

Narrowing Inequality



### Focus Area E:

Achieving an Equitable Outcome for Bumiputera



### Focus Area F:

Enhancing Development of Orang Asli Community



### Focus Area G:

Empowering Specific Target Groups



### Focus Area H:

Strengthening Policy and Service Delivery

Chapter 5: Progressing towards Regional Balance

Chapter 6: Building an Inclusive and More Resilient Society

Chapter 7: Enhancing Unity, Defence, Security and Wellbeing



## Overviews

Unity, defence, security and wellbeing are all elements that need to be enhanced in order to elevate the quality of life for any society.

To achieve this, chapter 7 outlines the implementation for strengthening unity, ensuring national security and sovereignty, enhancing healthcare, increasing affordable housing and leveraging sports for socioeconomic development.

5 Focus Areas, 14 Strategies, 29 Initiatives



### Focus Area A:

Strengthening Unity for a Prosperous Nation



### Focus Area B:

Ensuring National Security and Sovereignty



### Focus Area C:

Enhancing Healthcare Service Delivery



### Focus Area D:

Increasing the Supply of Quality and Affordable Housing



### Focus Area E:

Leveraging Sports in Building an Active Society



## Key salient points:

### **Increasing regional economic potential**

- An industrial policy will emphasise regional economic potential based on geography
- An allocation of RM1.1 billion for the period of 2023-2025 for basic infrastructure improvements, security facilities, and cross-border activities particularly for economic activities across the Perak, Perlis, Kelantan, Kedah, Sabah and Sarawak national borders
- Rural development focusses on narrowing the income ratio gap by empowering them with the provision of services and infrastructure, leveraging on rural economy, and strengthening the service delivery system\*
- Sabah development:
  - Relaxation of procurement regulations
  - Transfer of powers to monitor gas production (Jan 2023)
  - Transfer of powers to monitor electricity (Jan 2024)
- Sarawak development:
  - Energy production transition to hydrogen and CCUS
- Repairs of dilapidated schools and building of new healthcare facilities in Sabah and Sarawak



### **SERC's comments**

- The economic imbalances between different regions have for a long time been perpetuated by the lack of infrastructure development. The government is heading in the right direction with the decision to address mobility issues and upgrading/building new infrastructure.
- However, in order to further improve the attractiveness of cross-border economic activities, the government needs to foster an outward-looking entrepreneurship mindset amongst the businesses in these states.
- The government needs to study the strengths and weaknesses of respective rural areas in order to design a balanced regional development plan. A one-size-fits-all approach will not be successful. The concept of comparative advantage should be applied.

\* The list of programmes and projects is listed in the earlier slide.

## Key salient points:

### **Closing the inequality gap**

- RM1.5 billion for projects and programs to improve income
- Poverty eradication programs will continue. There are specific programs for Bumiputera Sarawak, Bumiputera Sabah, Chinese, and Indian (MITRA)
- Social protection will be strengthened via the Social Protection Reformation which will be studied for improvement
- Bumiputera businesses to receive funding support from 16 Bumiputera government agencies
- Companies Act 2016 and Limited Liability Partnership Act 2012 to be reviewed to ensure shares are not secretly transferred
- Bumiputera agencies (MARA, TERAJU, EKUINAS) will receive KPI to improve aid delivery system
- Introduction of RM300 special incentive for Rahmah Health Contribution for those above 65 years
- Building of 12 hemodialysis centres in all FELDA areas
- National Youth Economic Empowerment Plan to be launched to further address youth unemployment and the informal sector
- Rakan Muda will be revived



### **SERC's comments**

- The progressive wage model is a good measure to increase wages while improving productivity. However, it should be decoupled from the minimum wage model as the cost of living in different regions in the country differs and would primarily benefit employees from areas incurring lower cost of living. Employers would be greatly affected as cost of employment would increase, even though the region is supposed to have low operating cost.
- Ethnicity based welfare programs should be eliminated. It should be replaced with socioeconomic based welfare programs that target those below the poverty line regardless of ethnicity.
- Welfare aid should only be delivered by government machinery without any political affiliation, including elected representatives.
- The government should decentralise the poverty line to follow the state level poverty line. Using the PADU database to identify specific ranges that constitute poverty for specific regions. The poverty lines should then be updated accordingly.

## Key salient points:

### **Improving welfare and cultivating a MADANI society**

- Islamic basic understanding will be cultivated for Muslims while values, culture and morality will be cultivated for all Malaysians
- Improve healthcare quality with Healthcare White Paper with a 15-year plan
- 1,200 dilapidated clinics will be upgraded between 2023-2025
- Government to consider renting medical equipment to ensure the people receive quality treatment from high tech equipment, including the introduction of electronic medical records for systematic records
- Expand the MADANI Medical Scheme and establish Mental Health Institution
- National Aging Action Plan will be developed to facilitate Malaysia's aging nation status
- New geriatric centres will be established
- Private Healthcare Facilities and Services Act 2018 will be finetuned and enforced in 2025
- The 'rent to buy' scheme will be widened for housing
- MADANI Inclusive Housing will be developed for main cities in KL, Selangor and Penang
- RM40 million for sports associations to organise events



### **SERC's comments**

- The government should incorporate civic studies into the cultural and moral studies. The moral studies as it stands is memorisation-based rather than cultural cultivation. Civic studies would be beneficial as it would encourage students in school to be aware about current issues while educating the next generation about their political and civic rights.
- The healthcare system is still overburdened with high overhead cost and understaffed. The introduction of new healthcare facilities will need to be staffed with additional healthcare workers. However, with the increasing cost of healthcare globally, the government has to find alternative sources of income to fund the public healthcare sector.
- The aging society in Malaysia needs a good quality of life even after retirement. Finding ways to keep them active could encourage them to avoid a sedentary lifestyle that could lead to other health problems. As much as Rakan Muda is a good initiative for the youth, the government should introduce similar programs for the elderly people as well that includes aged-appropriate activities.

## Key salient points:

### **Strengthening national security and defence**

- Bolster and modernize the military
- Government to have G2G engagement to procure military equipment and not via agents
- Upgrading of control and monitoring systems across various borders, including Sabah and Sarawak bordering Indonesia
- Combatting cybercrimes

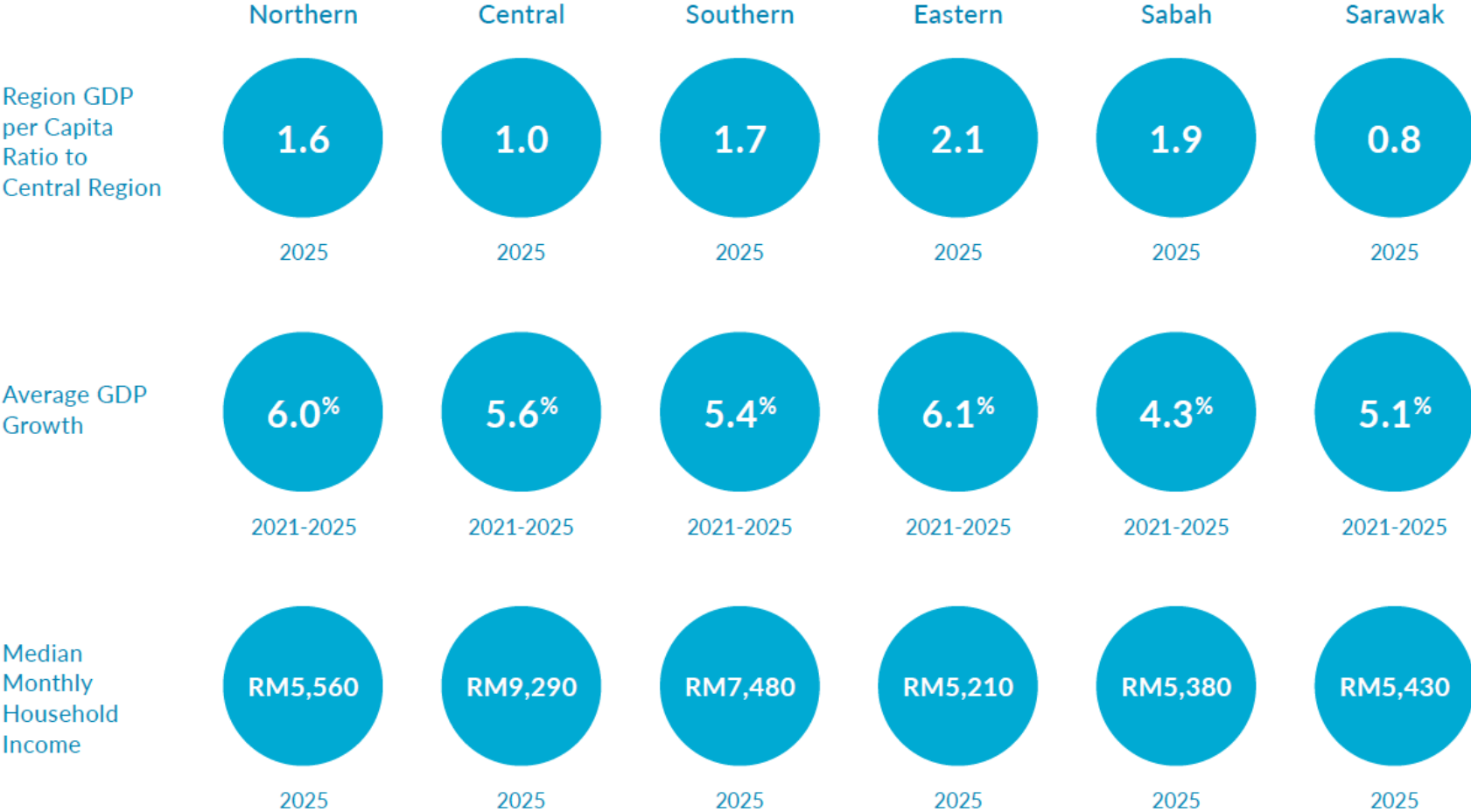


### **SERC's comments**

- Malaysia is ranked 5<sup>th</sup> in the International Telecommunication Union's (ITU) Global Cybersecurity Index 2020, while 22<sup>nd</sup> in the National Cyber Security Index (NCSI). Although high in the ranks of these indexes, Malaysia scored low for the Incident and Crisis Management category. The government needs to ramp up efforts to produce extensive guidelines for the telecommunication industry to follow through and impose hefty fines for non-compliance.

# Selected Targets under Focus Area 2 (Chapter 5)

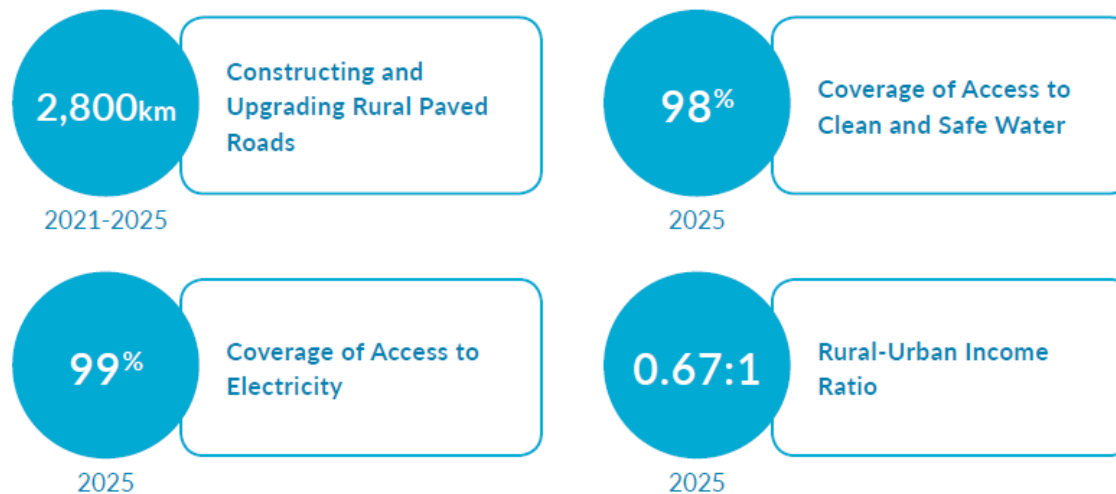
## Enhancing Regional Economic Potential



## Accelerating Sustainable Urban Development

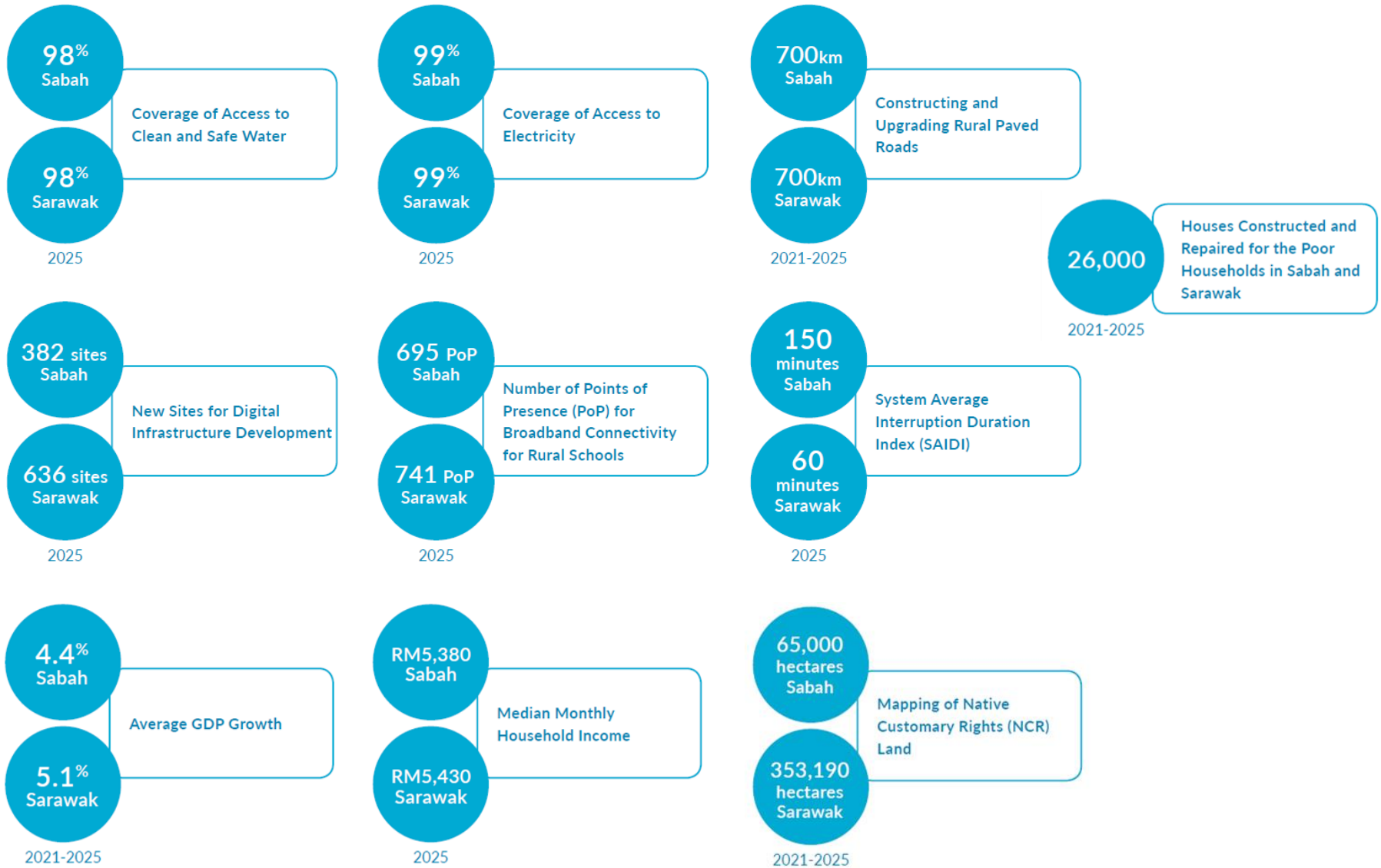


## Intensifying Rural Development



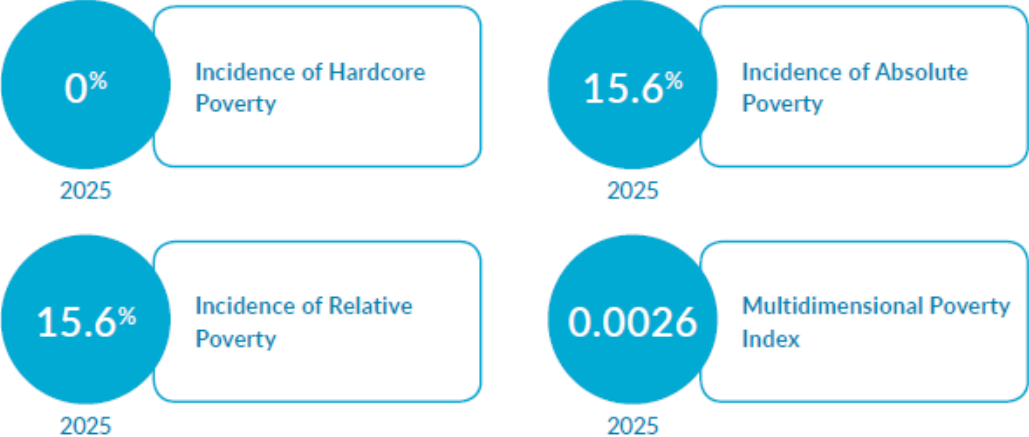
 New Target

## Intensifying Development in Sabah and Sarawak

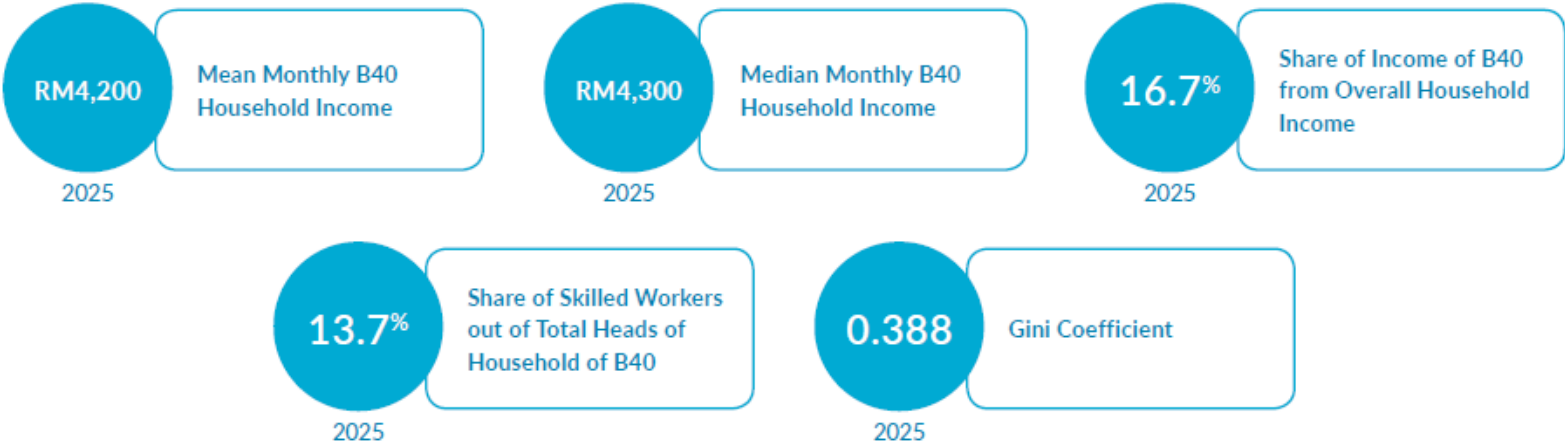


# Selected Targets under Focus Area 2 (Chapter 6)

## Addressing and Preventing Poverty

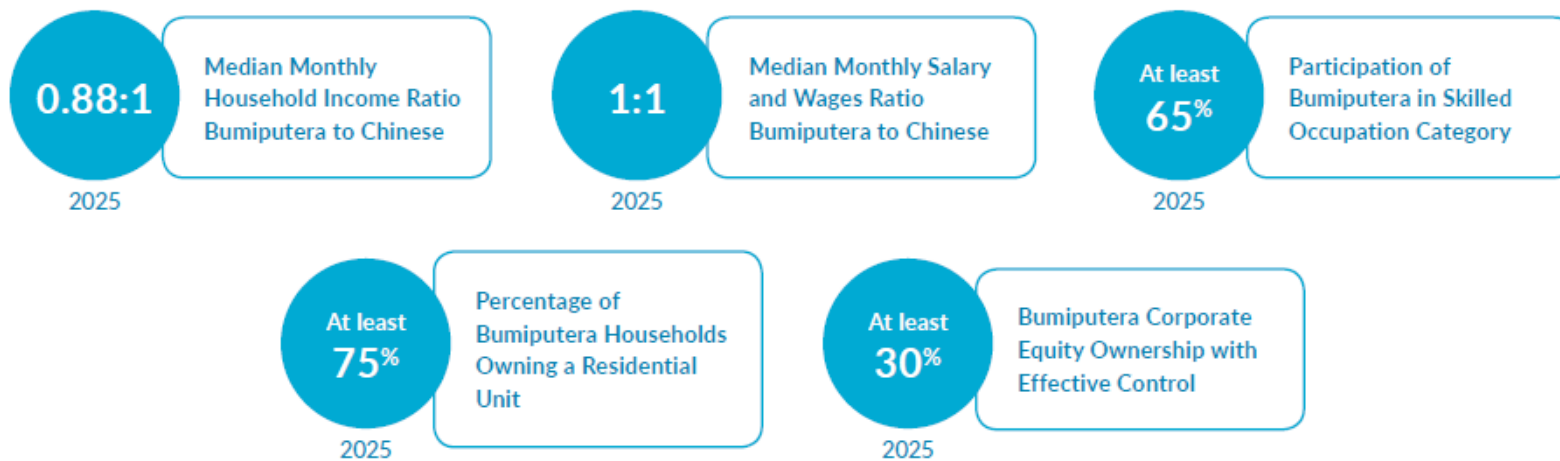


## Empowering B40 and Narrowing Inequality

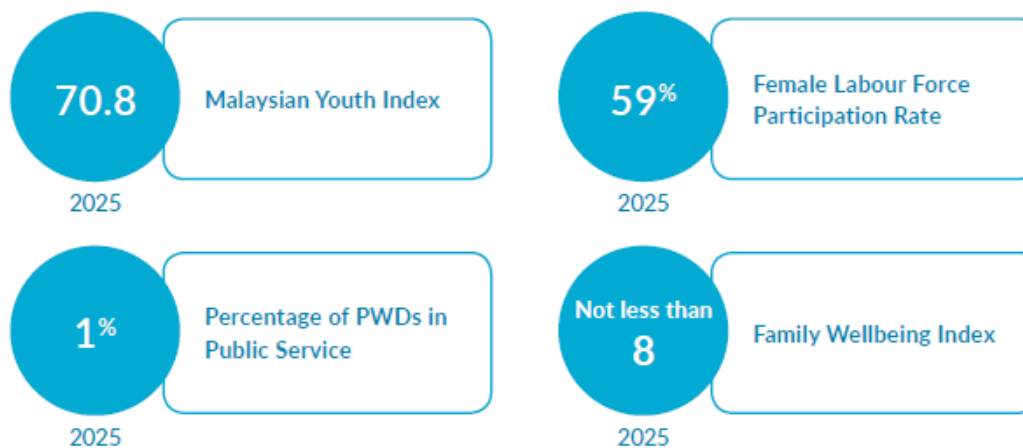




## Achieving an Equitable Outcome for Bumiputera

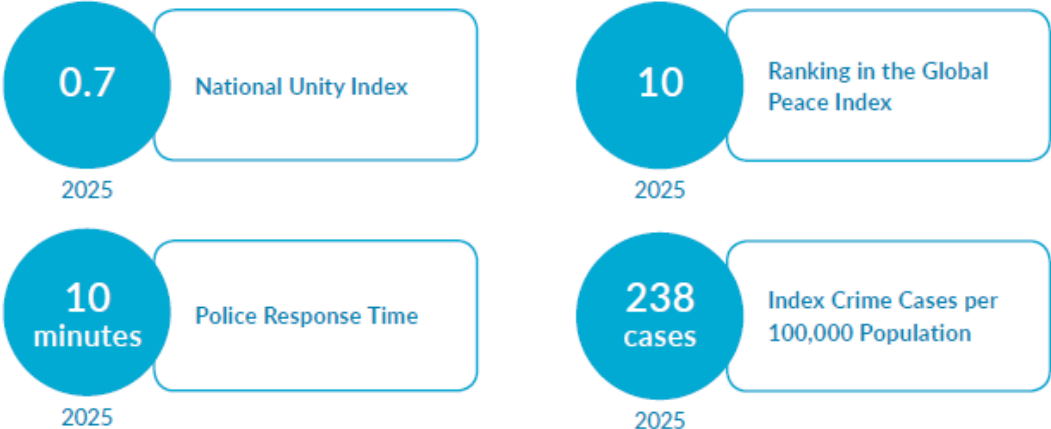


## Empowering Specific Target Groups

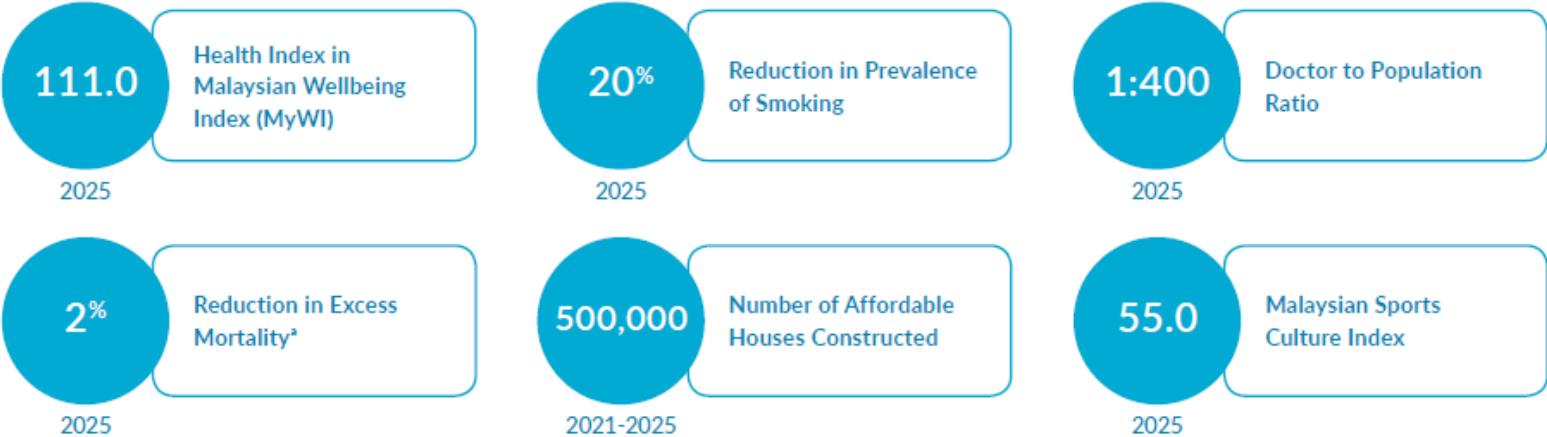


# Selected Targets under Focus Area 2 (Chapter 7)

## Upholding Unity, Defence and Security



## Enhancing Wellbeing



## Chapter 3: Boosting Economic Resilience for a Sustainable Growth

## Chapter 4: Strengthening Key Enablers Towards High-Income Economy



### Overviews

During the Twelfth Malaysia Plan review, the focus was on restoring economic growth by supporting key industries and micro, small, and medium enterprises (MSMEs), but competitiveness challenges persisted.

In the next phase of the plan, Malaysia will continue to prioritise structural reforms and competitiveness enhancement, with a specific emphasis on bolstering industry resilience, improving financial support mechanisms, and facilitating the growth of MSMEs. The ultimate objective is to position Malaysia as a regional leader in high-growth, high-value sectors and achieve sustainable economic growth on its path to becoming one of the top 30 economies in the world.

5 Focus Areas, 23 Strategies, 56 Initiatives



#### Focus Area A:

Strengthening Sectoral and Strategic Industries Resilience



#### Focus Area B:

Driving Competitiveness for Sustainable Growth



#### Focus Area C:

Boosting the Efficacy of the Financial Support



#### Focus Area D:

Strategising Industrial Estates and Food Production Areas



#### Focus Area E:

Breaking the Barriers for MSMEs to Scale Up

## Chapter 3: Boosting Economic Resilience for a Sustainable Growth

## Chapter 4: Strengthening Key Enablers Towards High-Income Economy



### Overviews

In the Twelfth Malaysia Plan review, efforts were made to develop talent, boost digitalization, and improve transport infrastructure. Challenges persisted in achieving economic growth, particularly skill and manpower shortages, unfavourable digital economy ecosystem, as well as gaps in technology and logistic sector.

In the upcoming plan phase, the focus will be on labour market reform, talent development, digital ecosystem strengthening, innovation, and resilient transport to attain high-income status and align with sustainable development goals.

5 Focus Areas, 16 Strategies, 40 Initiatives



#### Focus Area A:

Reforming Labour Market



#### Focus Area B:

Strengthening the Digital Economy Ecosystem



#### Focus Area C:

Reshaping Talents for Future of Work



#### Focus Area D:

Optimising the Potential of R&D&C&I and Escalating the Advancement of Technology



#### Focus Area E:

Building Resilient Transport and Logistics Infrastructure

## **Key salient points:**

### **Boosting economic growth**

- Enhancing productivity by accelerating the transition to high-value industries and embracing advanced technology while improving skilled talent.
- Enhance the business environment through improvements in business regulations, including through the MyMudah unit.

### **Accelerating structural economic reforms**

- Strengthen high-growth, high-value (HGHV) sectors and industries, encompassing five fields:
  - HGHV 1: Energy Transition-Based Industries – electric vehicle (EV) and hybrid vehicle; additional LNG storage projects at the Regasification Terminal (RGT) in Pengerang, Johor; cross-border renewable energy trade
  - HGHV 2: Technology and Digital-Based Industries – artificial intelligence; advanced materials; and quantum computing
  - HGHV 3: High-Value Electrical and Electronic (E&E) Industries – high-value upstream activities such as integrated circuit design, engineering design, and wafer fabrication will be prioritized
  - HGHV 4: Agriculture and agro-based industry – smart farming; low carbon agriculture
  - HGHV 5: Rare earth industry – upstream, midstream and downstream; revisiting National Mineral Policy



### **SERC's comments**

- Since 2022, Malaysia has seen a notable influx of high-quality FDI, thanks to the country's strategic location, skilled workforce, and government's favourable incentives conducive to foreign investment.
- As Malaysia continues to seek for high-quality investments and focuses on sectors that align with its economic transformation goals, the five identified high-growth, high-value (HGHV) industries are timely to support Malaysia to move up the value chain, which helps to lift Malaysia to become a high-income nation status.
- The MyMudah initiative, with the coordination of PEMUDAH, is a good facilitation platform to reduce the unnecessary regulatory burdens. The PEMUDAH should be empowered further in helping Malaysia to forge a better business environment. The consolidation of 31 investment promotion agencies into a lead agency together with the setting of DDI as a KPI for the investment promotion agency are expected to lift higher domestic investment to complement FDI.

## Key salient points:

### **Increasing the competitiveness of strategic sectors and industries**

- Eight segments of industry are in focus
  1. Become a leader in the international halal market and "halalan toyyiban" market
  2. Global services
  3. Global Islamic financial centre
  4. Aerospace
  5. Creative industry
  6. Tourism industry
  7. Micro, small and medium enterprises (MSMEs)
  8. Logistic and transportation infrastructure development\*
- New port development at Pulau Carey



### **SERC's comments**

- To further develop halal market, it is vital to reduce bureaucratic hurdles and expedite certification approval, which can significantly benefit businesses, enabling them to more efficiently navigate the market and expand their halal offerings. Additionally, offering financial incentives and support for SMEs seeking halal certification can further stimulate business participation and making Malaysia a more attractive hub for the halal industry.
- Post the COVID-19 pandemic, the tourism industry has not yet fully recovered. While China's tourists have started to show their interest in outbound tourism, Malaysia should grasp the opportunity by providing visa-free, at least for the next three years, to welcome these high-quality spenders to rejuvenate domestic tourism industry, which covers beyond the retail sector, accommodation, logistic, and recreational industries.

\* The list of projects is listed in the earlier slide.

## **Key salient points:**

### **Enhancing the availability of future talent**

- Progressive Wage Model
- Foreign workers policy – not exceeding 15% of the total workforce – the introduction of a multi-tiered levy mechanism (MTLM)
- 60% of women's labour force participation rate within the next 10 years
- Empowering persons with disabilities (PWDs); 1% PWD employment in the public service
- Reforming the national education system – Character education that supports the concept of human-centred (karamah insaniah) will be introduced
- Strengthening technical and vocational education and training (TVET)
- Efforts to strengthen societal culture and MADANI human capital development



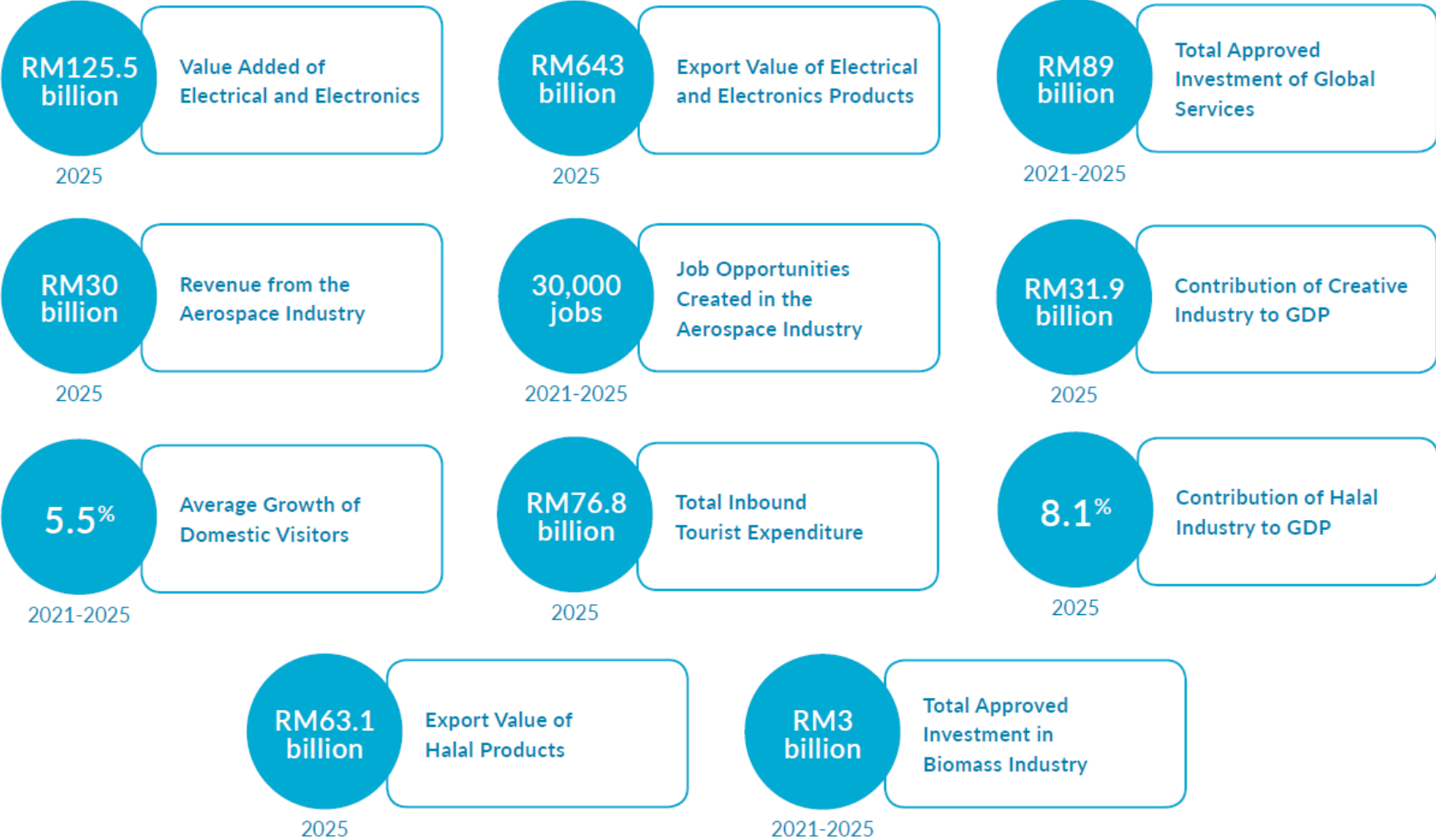
### **SERC's comments**

- Building the future proof skill set for our workforce is essential in the rapidly evolving technology-driven landscape. It empowers next generation of workforce to harness digital tools, foster innovation and sustain their competencies and agility to raise productivity and getting high paying jobs.
- The implementation of a multi-tiered levy must not be too steep as it will exert financial burden (higher employment cost) on SMEs. Hence, the MTLM for SMEs will come into effect two to three years after its implementation for large companies, allowing them a transition period to make the adjustment. Additionally, foreign worker levy collected will be used to support the employers in adopting automation and upskilling of workers.
- The implementation of the Progressive Wage Model on a voluntary basis and based on incentive approach is a positive step to encourage the productivity-linked wage system by linking the employees' performance with the skill set enhancement and productivity improvement.

\* The list of projects is listed in the earlier slide.

# Selected Targets under Focus Area 3 (Chapter 3)

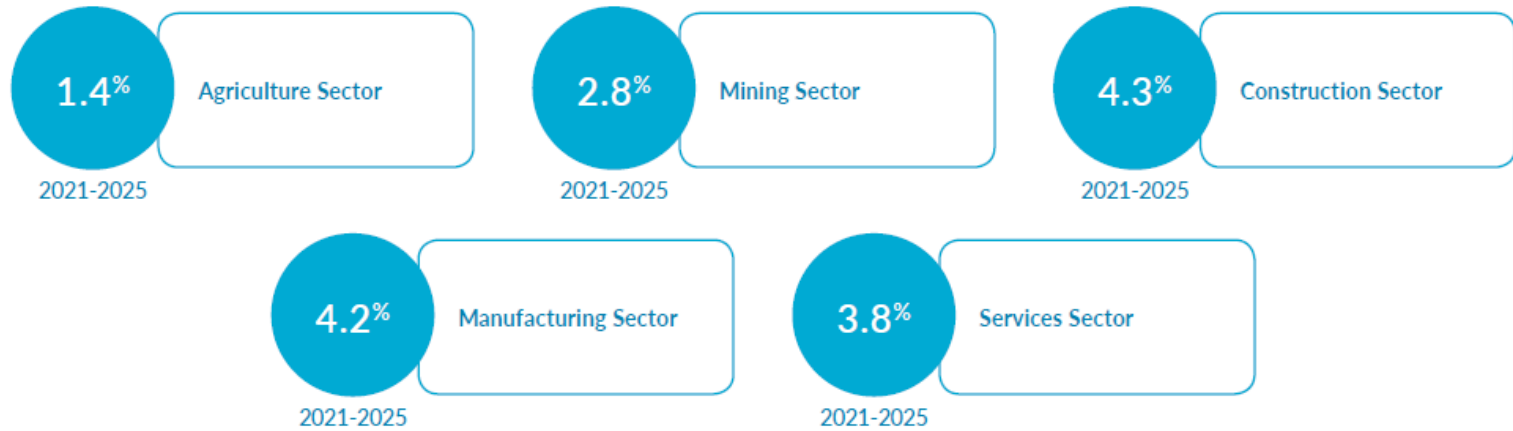
## Strengthening Sectoral and Strategic Industries Resilience



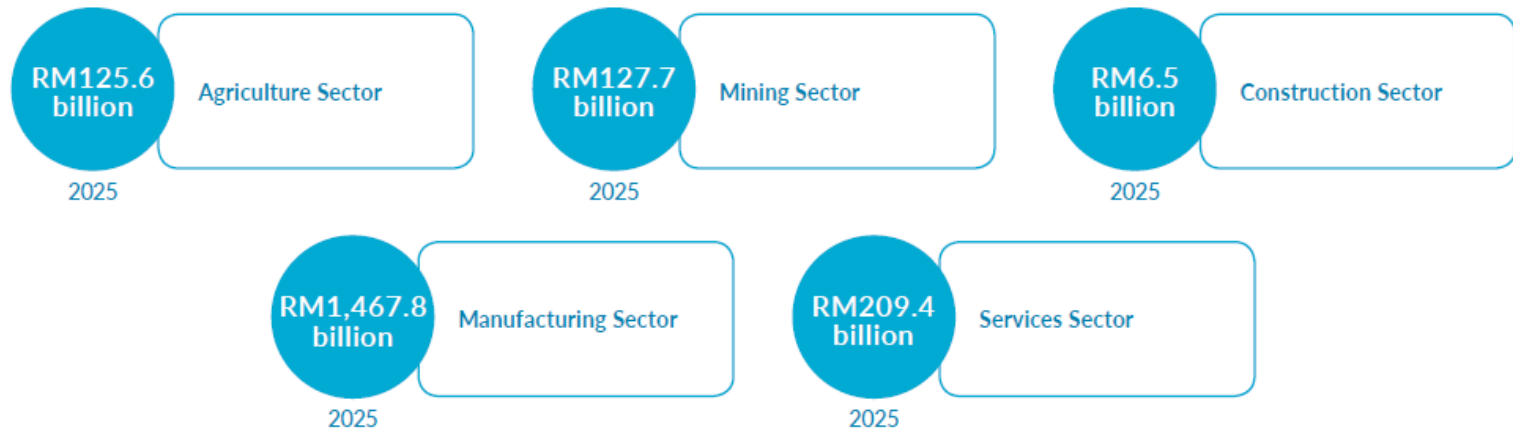


# Driving Competitiveness for Sustainable Growth

## Average Growth of Labour Productivity



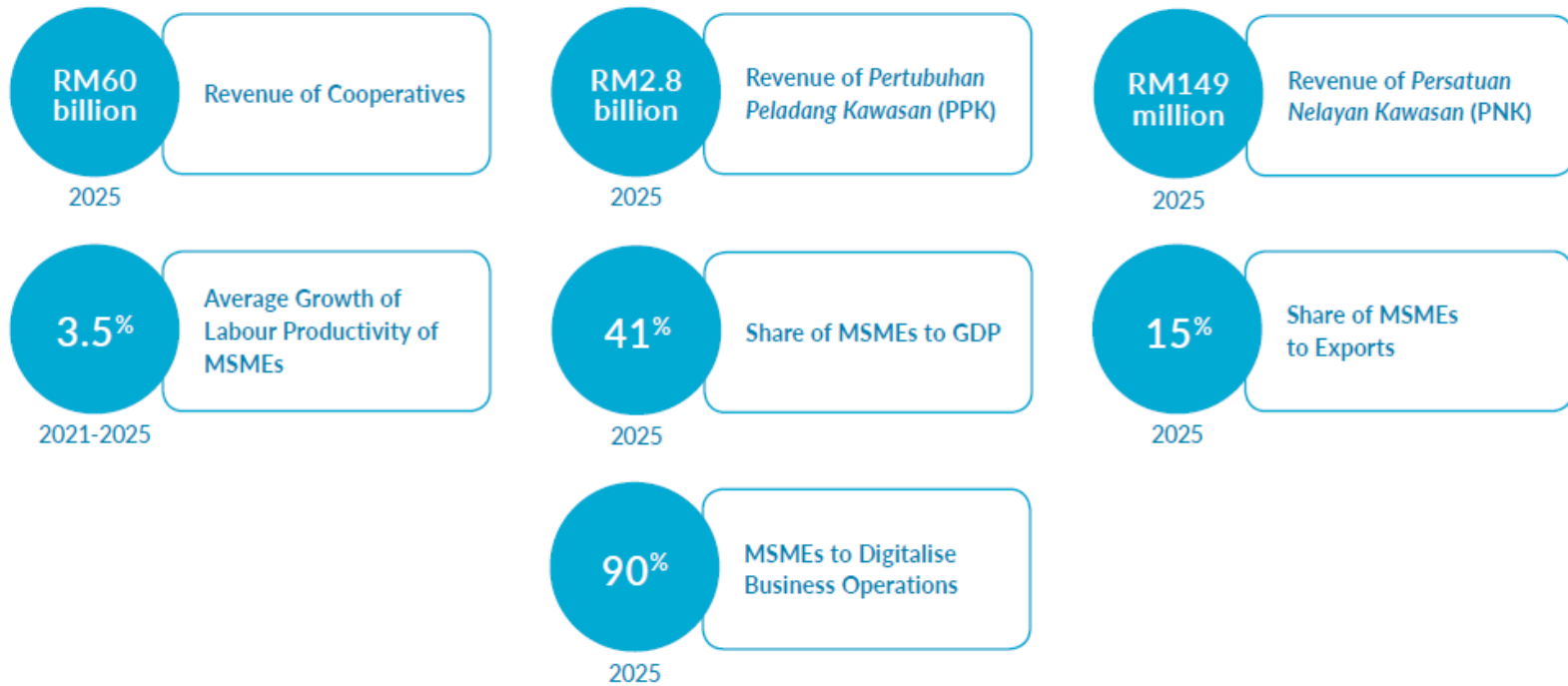
## Total Exports



## Strategising Industrial Estates and Food Production Areas



## Breaking the Barriers for MSMEs to Scale Up

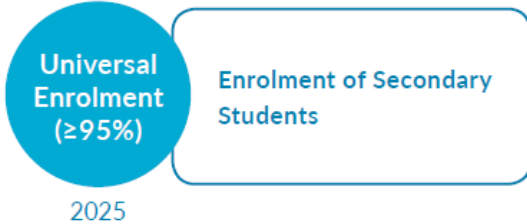
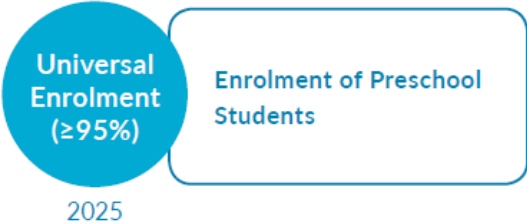


# Selected Targets under Focus Area 3 (Chapter 4)

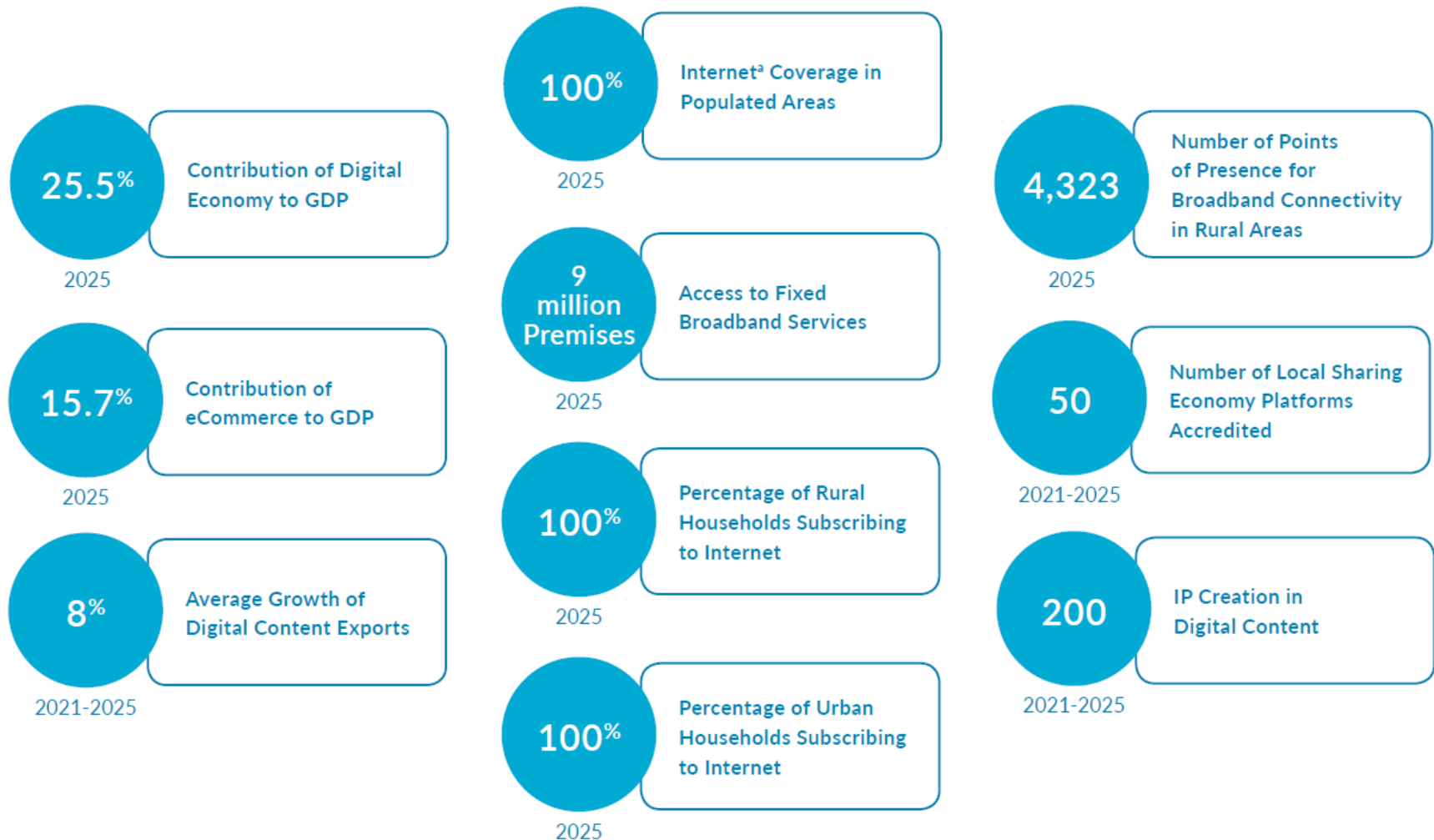
## Reforming Labour Market



## Reshaping Talents for Future of Work

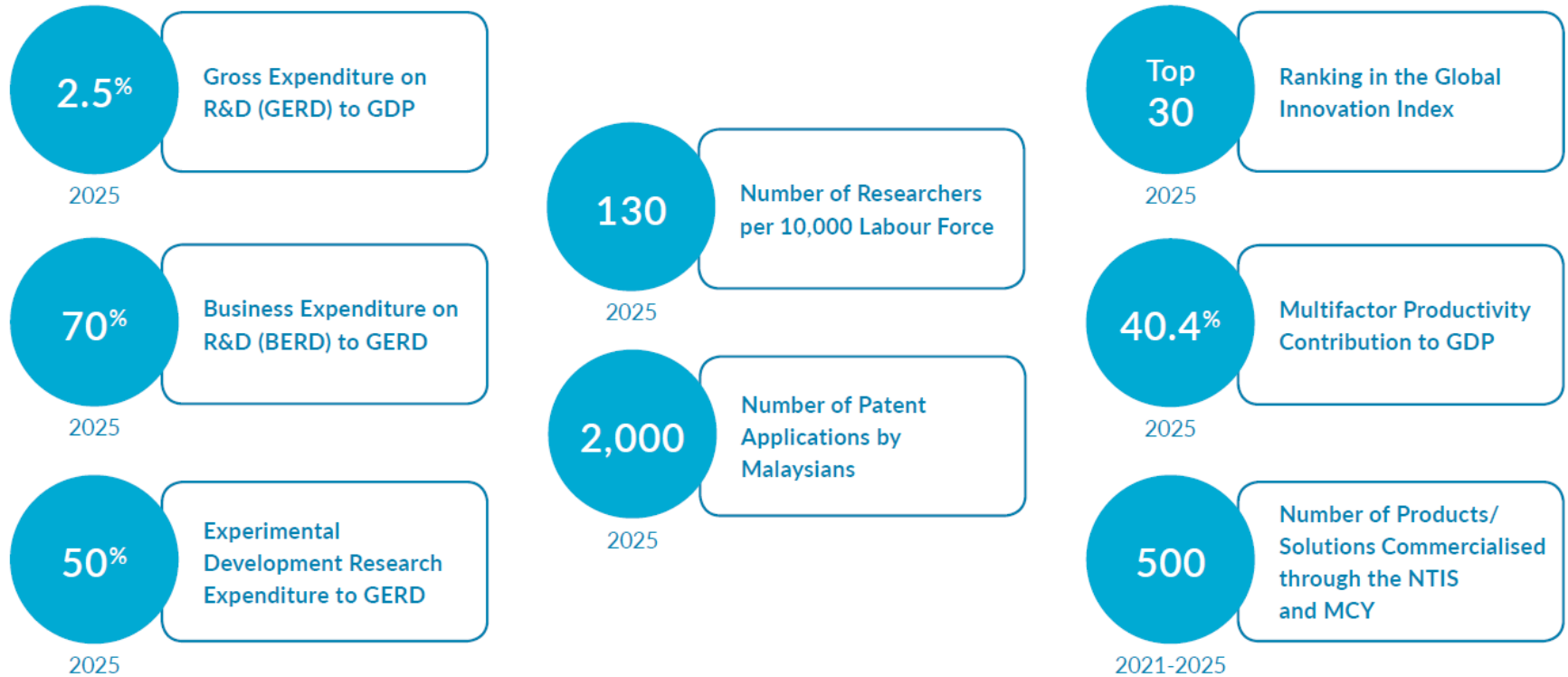


# Strengthening the Digital Economy Ecosystem

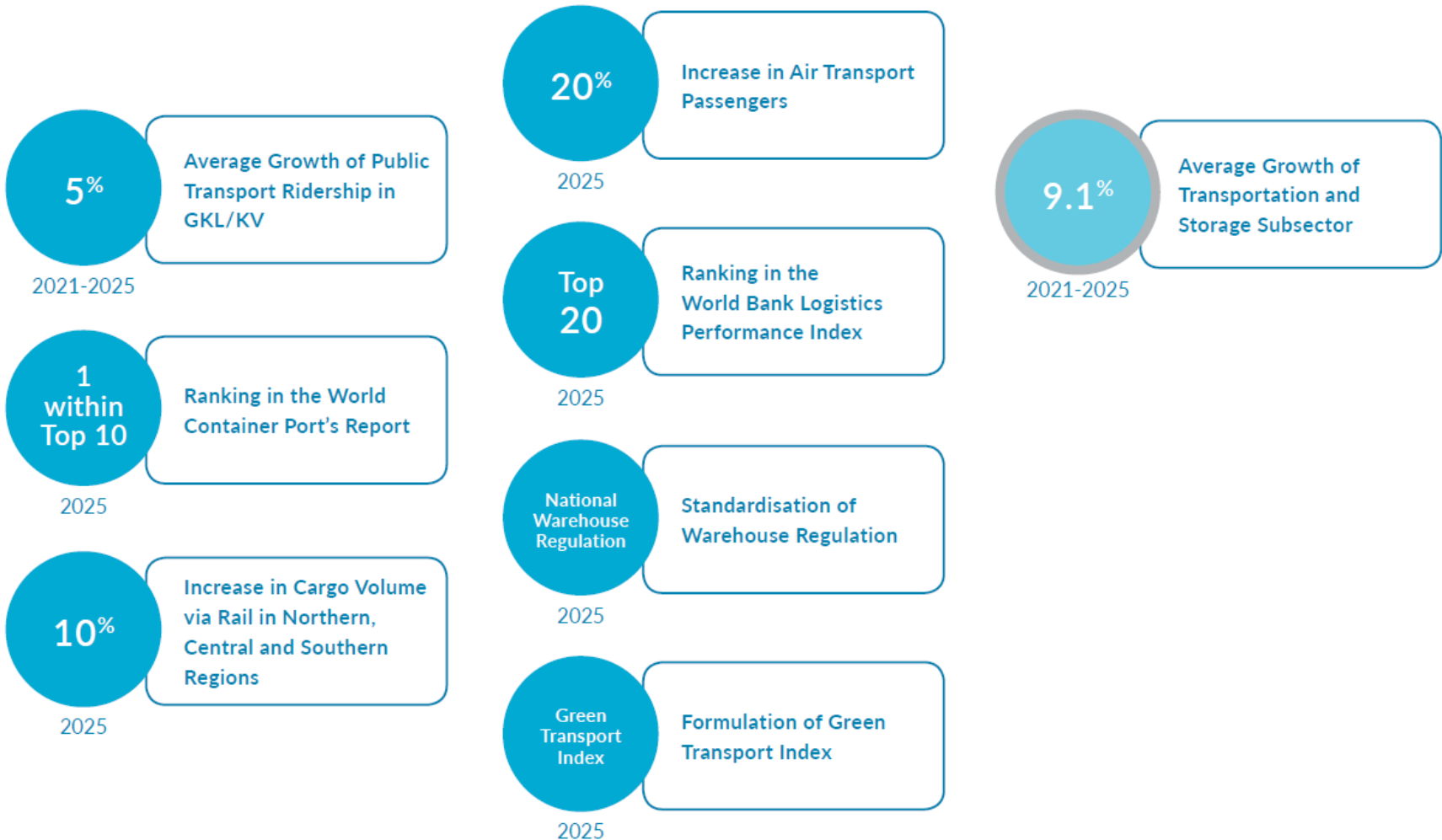


Note: Internet includes WiFi and 4G.

# Optimising the Potential of R&D&C&I and Escalating the Advancement of Technology



# Building Resilient Transport and Logistics Infrastructure





 New Target

# Malaysia Beyond 2025



Amidst uncertainties and continuous changes, Malaysia envisions to secure a sustainable future. The evolving economy and technological shifts, as well as demographic changes bring mounting challenges.

## Key concerns of the people:



### Demographic Change and Urbanisation

	As is	To be
 Population	32.7 million	36.9 million
 Urbanisation Rate	75.1%	80%



### Income

	As is	To be
 GDP	1.8 trillion	3.2 trillion
 GNI per Capita	RM52,968	RM85,115

### Climate Change

	As is	To be
 Global Warming	1.2°C	Less than 1.5°C
 GHG Reduction	29.4% <sup>a</sup>	Up to 45%

### Integrity and Effective Leadership

	As is	To be
 CPI	Ranked 61 <sup>st</sup>	Top 25
 EGDI	Ranked 53 <sup>rd</sup>	Top 30

# Transition Towards A Better Malaysia



## Just Society

Insaniah Values

Dignified Lives

Advanced  
Healthcare

Productive  
Ageing

Safe Nation



## Inclusive Economic Growth

Advanced Nation

Progressive Wages

Innovative  
Entrepreneurs

High Growth High  
Value Industries

Decent Standard  
of Living

Fiscal  
Sustainability



## Healthier Planet

Eco-friendly  
Development

Cleaner and  
Greener Nation

Conservation of  
Natural Ecosystem

Circular  
Economy



## Good Governance

Open and Efficient  
Government

Human-centred  
Policies

Transformational  
Leaders



# Appendix 1: 17 Big Bolds and 71 Main Strategies/Initiatives

Big Bold	Main Strategies/Initiatives
<b>Governance and Institutional Framework</b>	<ul style="list-style-type: none"> <li>• Strengthening governance and integrity to rebuild trust and confidence of the rakyat</li> <li>• Improving the institutional framework to enhance efficiency of public service delivery</li> <li>• Enhancing the role of the Special Task Force on Agency Reform (STAR)</li> <li>• Developing the Landslide Early Warning System (SAATR) to improve disaster management</li> </ul>
<b>Legislation Related to Corruption</b>	<ul style="list-style-type: none"> <li>• Strengthening the regulatory framework in improving accountability and transparency</li> <li>• Introducing an integrity plan based on the core values of MADANI</li> <li>• Enacting laws related to anti rent-seeking</li> </ul>
<b>Fiscal Sustainability and Financial System</b>	<ul style="list-style-type: none"> <li>• Introducing the fiscal responsibility act</li> <li>• Accelerating the drafting of the government procurement act</li> <li>• Broadening the revenue base</li> <li>• Realigning surplus funds under federal statutory bodies and Government-linked companies</li> <li>• Enhancing cost-effective project implementation</li> <li>• Strengthening Malaysia as a global Islamic financial centre</li> </ul>
<b>HGHV Industry Based on Energy Transition</b>	<ul style="list-style-type: none"> <li>• Implementing National Energy Transition Roadmap (NETR)</li> <li>• Creating electricity exchange system to enable cross-border RE trading</li> <li>• Increasing RE capacity - solar, hydro, bioenergy and hydrogen</li> <li>• Introducing natural gas roadmap</li> <li>• Accelerating the preparation of regulatory framework for carbon capture, utilisation and storage (CCUS)</li> <li>• Formulating long-term low emissions development strategy (LT-LEDS)</li> <li>• Implementing carbon pricing</li> <li>• Accelerating ESG adoption</li> </ul>
<b>Targeted Subsidies</b>	<ul style="list-style-type: none"> <li>• Retargeting all types of subsidies such as electricity, diesel and RON95</li> <li>• Developing data repository on households, Pangkalan Data Utama (PADU)</li> </ul>

Big Bold	Main Strategies/Initiatives
<b>Enculturation of MADANI Society</b>	<ul style="list-style-type: none"> <li>• Developing a progressive society</li> <li>• Building self-identity based on Rukun Negara</li> <li>• Fuelling the spirit of nationalism and unity through the flagship Kembara Perpaduan programmes</li> <li>• Developing insan MADANI by inculcating the elements and values of Maqasid Syariah</li> <li>• Enhancing inclusive participation in sports</li> </ul>
<b>Social Protection Reform</b>	<ul style="list-style-type: none"> <li>• Strengthening the national social protection system through a life-cycle approach</li> <li>• Formulating guidelines on informal workers for more comprehensive social protection</li> <li>• Expanding the Inisiatif Pendapatan Rakyat (IPR) programme to cover the hardcore poor, poor and B40 to increase income</li> </ul>
<b>Housing for the Rakyat</b>	<ul style="list-style-type: none"> <li>• Accelerating the transition from ownership concept to shelter</li> <li>• Introducing attractive and sustainable housing financing packages</li> <li>• Harnessing the potential of retirement villages</li> </ul>
<b>Strengthening Healthcare Services</b>	<ul style="list-style-type: none"> <li>• Strengthening the financing of health protection</li> <li>• Expanding the MADANI medical scheme</li> <li>• Introducing leasing mechanism for the procurement of health equipment</li> <li>• Establishing a national institute of mental health</li> </ul>
<b>Strengthening National Security and Defence</b>	<ul style="list-style-type: none"> <li>• Enhancing national border security</li> <li>• Strengthening readiness and capabilities in managing security threats</li> <li>• Establishing Prison Incorporated as a coordinator in improving prisoner rehabilitation programmes</li> </ul>
<b>Digital- and Technology-Based HGHV Industry</b>	<ul style="list-style-type: none"> <li>• Accelerating digitalisation through Government Technology (GovTech)</li> <li>• Accelerating National Digital Identity implementation</li> <li>• Implementing national-level digital leadership and upskilling programme</li> <li>• Strengthening tech start-up ecosystem - focusing on angel investors and seed funding</li> <li>• Strengthening the INNOVATHON programme as a platform to promote innovation</li> </ul>
<b>High Value E&amp;E HGHV Industry</b>	<ul style="list-style-type: none"> <li>• Strengthening front end manufacturing ecosystem to accelerate industry transition towards higher value chain</li> <li>• Emphasising on high value added activities in integrated circuit design, engineering design and wafer fabrication</li> <li>• Enhancing quality investment that prioritise advanced technology</li> </ul>

Big Bold	Main Strategies/Initiatives
<b>HGHV Agriculture and Agro-Based Industry</b>	<ul style="list-style-type: none"> <li>• Strengthening modernisation in the agriculture sector through private investment to accelerate adoption of smart farming technology</li> <li>• Diversifying agro-based industries to reduce dependency on food imports</li> <li>• Promoting low carbon agriculture practises</li> <li>• Expanding implementation of the Program Inisiatif Usahawan Tani (INTAN) programme under IPR as a strategy to strengthen food supply chain and increase income</li> </ul>
<b>Rare Earths HGHV Industry</b>	<ul style="list-style-type: none"> <li>• Developing a comprehensive business model for rare earths covering upstream, midstream and downstream</li> <li>• Preparing detailed mapping of rare earths resources in states that have potential rare earths resources</li> <li>• Revising the National Mineral Policy 2 to support and set the direction of the mineral industry including rare earths</li> <li>• Enhancing research &amp; development &amp; commercialisation &amp; innovation (R&amp;D&amp;C&amp;I) to promote local rare earths output and product</li> </ul>
<b>Empowering MSMEs and Social Enterprises</b>	<ul style="list-style-type: none"> <li>• Integrating MSMEs into domestic and global supply chain</li> <li>• Promoting alternative financing for MSMEs</li> <li>• Accelerating MSMEs productivity growth through technology adoption</li> <li>• Scaling up MSMEs through smart ventures</li> <li>• Encouraging social enterprises to venture into innovative social entrepreneurship projects</li> <li>• Optimising waqf potential for enterprise development</li> </ul>
<b>Streamlining the Public Transport Network</b>	<ul style="list-style-type: none"> <li>• Improving first- and last-mile connectivity through the expansion of the Bus Rapid Transit (BRT) and intracity bus services</li> <li>• Strengthening passenger mobility data</li> <li>• Increasing accessibility and connectivity to facilitate better movements of people and goods</li> <li>• Implementing green aviation by increasing the efficiency of air traffic management</li> </ul>
<b>Future-ready Talent</b>	<ul style="list-style-type: none"> <li>• Implementing a progressive wage policy</li> <li>• Accelerating the implementation of multi-tier levy</li> <li>• Conducting continuous upskilling and reskilling</li> <li>• Introducing Academy in Industry (Aii) programme as a government and industry collaboration platform</li> </ul>

# Appendix 2: Detailed Focus Areas, Strategies and Initiatives

		Focus Area	Strategy	Initiative
KEY ENABLER	Chapter 2	Enhancing Value-Based Governance	Improving Accountability and Transparency	<ul style="list-style-type: none"> <li>Strengthening Accountability in Political Donation</li> <li>Improving Public Complaints Management</li> <li>Enhancing the Function of National Audit</li> <li>Improving Beneficiary Ownership Reporting Mechanism</li> <li>Strengthening the Function of the National Anti-Financial Crime Centre</li> </ul>
			Strengthening and Acculturating Integrity in Public Service	<ul style="list-style-type: none"> <li>Introducing a Comprehensive Governance Act for Public Sector</li> <li>Profiling Corruption Traits</li> <li>Developing Integrity Instruments</li> <li>Expanding the Integrity Awareness Programme</li> </ul>
		Enriching Human Capital in the Civil Service	Streamlining Job Placement	<ul style="list-style-type: none"> <li>Enhancing Competency-Based Placements</li> </ul>
			Priming Premier Leaders	<ul style="list-style-type: none"> <li>Developing Future Leaders</li> </ul>
			Improving Competency of Civil Servants	<ul style="list-style-type: none"> <li>Improving Fundamental Competencies</li> <li>Strengthening Digital Competency</li> <li>Implementing Behavioural Insights</li> </ul>
			Increasing Participation of Persons with Disabilities in Public Service	<ul style="list-style-type: none"> <li>Enhancing the Readiness of Persons with Disabilities</li> </ul>
		Accelerating Digital Transformation	Improving End-to-End Online Services Performance	<ul style="list-style-type: none"> <li>Strengthening Digital Services</li> </ul>
			Boosting Data Sharing	<ul style="list-style-type: none"> <li>Developing Data Repository on Households</li> <li>Strengthening Regulatory Framework on Data Sharing</li> </ul>
			Facilitating Change and Digital Innovation	<ul style="list-style-type: none"> <li>Improving the Effectiveness of Change Management in Organisations</li> <li>Expanding the Development of Enterprise Architecture</li> <li>Driving Creativity, Innovation and Value to the Rakyat</li> </ul>

		Focus Area	Strategy	Initiative
<b>KEY ENABLER</b>	<b>Chapter 2 (cont.)</b>	Strengthening Institutional and Business Framework	Reviewing Structure and Function	<ul style="list-style-type: none"> <li>Streamlining Structure and Function of Ministries and Agencies</li> <li>Empowering the Special Task Force on Agency Reform</li> </ul>
			Enhancing Ease of Doing Business	<ul style="list-style-type: none"> <li>Promoting Favourable Business Ecosystem</li> </ul>
		Improving the Effectiveness and Efficiency of Budget and Project Management	Strengthening Budget Management	<ul style="list-style-type: none"> <li>Improving Revenue Generation and Retargeting Subsidy</li> <li>Reprioritising Development Expenditure</li> <li>Enhancing Procurement Legal Framework</li> <li>Establishing a Single Window Mechanism</li> <li>Enhancing Maintenance of Government Assets</li> </ul>
			Improving the Effectiveness of Project Management	<ul style="list-style-type: none"> <li>Improving Project Planning and Implementation</li> </ul>

		Focus Area	Strategy	Initiative
<b>STRENGTHENING SUSTAINABILITY</b>	<b>Chapter 8</b>	Accelerating the Implementation of Low Carbon, Clean and Resilient Development	Strengthening Actions towards a Low Carbon Nation	<ul style="list-style-type: none"> <li>Enhancing Mechanisms for Climate Action</li> <li>Enhancing Low Carbon Mobility</li> <li>Developing Regulatory Framework for the Implementation of Carbon Capture, Utilisation and Storage Initiative</li> <li>Expanding the Implementation of Government Green Procurement</li> <li>Formulating the National Energy Transition Roadmap</li> <li>Accelerating Adoption of Renewable Energy</li> <li>Ensuring Energy Efficiency</li> <li>Optimising Natural Gas in Energy Transition</li> <li>Enhancing Sustainability in the OGSE Businesses</li> </ul>
			Accelerating Transition to Circular Economy	<ul style="list-style-type: none"> <li>Developing Circular Economy Policy Framework</li> </ul>
			Sharing Responsibility in Pollution Prevention	<ul style="list-style-type: none"> <li>Establishing a National Chemical Governance Committee</li> </ul>
			Increasing Resilience against Climate Change and Disaster	<ul style="list-style-type: none"> <li>Formulating National Adaptation Plan</li> <li>Strengthening Flood Management</li> <li>Strengthening Disaster Management</li> </ul>

Focus Area	Strategy	Initiative
Managing Natural Resources More Efficiently	Conserving Natural Ecosystems	<ul style="list-style-type: none"> <li>Strengthening the Management of Protected Areas</li> </ul>
	Protecting and Conserving Species and Genetic Resources	<ul style="list-style-type: none"> <li>Leveraging Technology Advancement in Enforcement</li> <li>Enhancing Protection and Conservation of Species</li> <li>Strengthening Biosafety Management</li> </ul>
	Ensuring Sustainable Utilisation of Natural Assets	<ul style="list-style-type: none"> <li>Valuing Economic Benefits for Terrestrial and Marine Areas</li> <li>Preparing a National Forest Inventory</li> <li>Developing Mineral Industry and Promoting Geological Heritage</li> </ul>
	Strengthening Water Management	<ul style="list-style-type: none"> <li>Improving Water Resources Governance</li> <li>Addressing Water Pollution</li> <li>Enhancing Water Security</li> </ul>
Advancing the Implementation of Sustainable Development Goals and Adoption of Environmental, Social and Governance Principles	Intensifying the SDGs Implementation	<ul style="list-style-type: none"> <li>Localising the SDGs</li> <li>Enhancing the SDGs Reporting</li> </ul>
	Advancing the Adoption of Environmental, Social and Governance Principles	<ul style="list-style-type: none"> <li>Formulating National ESG Policy Framework</li> <li>Introducing Guideline for ESG Disclosure</li> <li>Ensuring Sustainable Financing for ESG Adoption</li> <li>Establishing a Centralised Sustainability Reporting Platform</li> </ul>
Strengthening the Enabling Environment	Strengthening Sustainability Governance	<ul style="list-style-type: none"> <li>Strengthening Biodiversity Governance</li> <li>Bolstering the SDGs Governance</li> </ul>
	Instilling Sense of Ownership and Shared Responsibility	<ul style="list-style-type: none"> <li>Intensifying Collaboration among Stakeholders</li> <li>Enhancing Communication, Education and Public Awareness Programmes</li> </ul>

Focus Area	Strategy	Initiative
Enhancing Regional Economic Potential	Intensifying Regional Development at Potential Growth Areas	<ul style="list-style-type: none"> <li>Enhancing Development in Identified Growth Areas</li> <li>Attracting Investment in Niche Areas</li> </ul>
	Leveraging on Federal and States Agencies Cooperation	<ul style="list-style-type: none"> <li>Solidifying Cooperation and Collaboration</li> <li>Prioritising Development in Less Developed States</li> </ul>
Accelerating Sustainable Urban Development	Strengthening Development towards Resilient Cities	<ul style="list-style-type: none"> <li>Providing a Resilience-Enabling Environment</li> <li>Improving Implementation of Low-Carbon Development</li> <li>Enhancing Urban Planning and Governance Efficiency</li> <li>Promoting Smart City Development</li> <li>Improving Urban Biodiversity</li> </ul>
	Promoting Wellbeing of Urban Society	<ul style="list-style-type: none"> <li>Intensifying Efforts in Addressing Urban Poor</li> <li>Improving Access to Affordable Housing and Transportation</li> <li>Accelerating Sustainability of Cities</li> </ul>
Intensifying Rural Development	Expanding the Provision of Infrastructure and Services	<ul style="list-style-type: none"> <li>Increasing Provision of Rural Infrastructure</li> <li>Improving Waste Management</li> <li>Enhancing Connectivity and Mobility</li> </ul>
	Unlocking Rural Economic Potential	<ul style="list-style-type: none"> <li>Maximising Land Use for Rural Economy</li> <li>Strengthening Rural Cottage Industries</li> </ul>
	Strengthening Governance	<ul style="list-style-type: none"> <li>Enhancing Training for Rural Leadership</li> <li>Enhancing Rural Delivery System</li> </ul>
Optimising Opportunities from Subregional Cooperation	Leveraging Cooperation under IMT-GT, BIMP-EAGA and JMCIM	<ul style="list-style-type: none"> <li>Optimising Subregional Cooperation</li> </ul>
	Strategy D2: Accelerating Border Development	<ul style="list-style-type: none"> <li>Enhancing the Potential of Socioeconomic Development at Border Areas</li> <li>Enhancing Security and Public Safety</li> </ul>
Intensifying Development in Sabah and Sarawak	Enhancing the Provision of Infrastructure	<ul style="list-style-type: none"> <li>Improving the Provision of Basic Infrastructure</li> </ul>

	Focus Area	Strategy	Initiative
Chapter 5 (cont.)	Intensifying Development in Sabah and Sarawak (cont.)	Optimising Economic Potential	<ul style="list-style-type: none"> <li>Accelerating the Development of Native Customary Rights Land</li> <li>Boosting Aerospace Industry</li> <li>Promoting High Technology and Sustainable Industrial Estate</li> <li>Reinvigorating Economic Activities in Regional Economic Corridors</li> <li>Revitalising Tourism Industry</li> <li>Enhancing Deployment of Renewable Energy</li> <li>Optimising Natural Gas Resources</li> <li>Accelerating Green Growth</li> <li>Improving Productivity in Agriculture Sector</li> </ul>
		Improving Wellbeing of the Rakyat	<ul style="list-style-type: none"> <li>Enhancing Access to Education</li> <li>Improving Access to Housing</li> <li>Expanding Access to Healthcare Services</li> </ul>
		Strengthening the Whole-of-Government Approach	<ul style="list-style-type: none"> <li>Enhancing Collaboration in Providing Digital Infrastructure</li> <li>Improving Service Delivery</li> <li>Strengthening the Development Planning of Natural Gas Industry</li> </ul>
Chapter 6	Addressing and Preventing Poverty	Increasing Income of the Poor	<ul style="list-style-type: none"> <li>Uplifting, Diversifying and Protecting Income</li> <li>Improving Effectiveness in Addressing Poverty</li> </ul>
		Improving Standard of Living and Access to Essential Services	<ul style="list-style-type: none"> <li>Enhancing Access to Quality Education and Skills Training</li> <li>Improving Health Outcome</li> <li>Uplifting Living Conditions and Basic Amenities</li> </ul>
	Empowering Vulnerable Households	Enlarging Economic Opportunities and Protection	<ul style="list-style-type: none"> <li>Enhancing Capacity and Capability</li> <li>Encouraging Entrepreneurship</li> <li>Reducing Income Vulnerabilities</li> <li>Addressing Rising Cost of Living</li> </ul>
		Improving Access to Basic Services	<ul style="list-style-type: none"> <li>Enhancing Access to Healthcare Services</li> <li>Addressing Housing Needs</li> </ul>
		Elevating Socioeconomic Status of Low-Income Chinese and Indian Households	<ul style="list-style-type: none"> <li>Elevating Standard of Living of Low-Income Chinese Households</li> <li>Elevating Standard of Living of Low-Income Indian Households</li> </ul>



Focus Area	Strategy	Initiative
Facilitating M40	Enhancing Income Generation	<ul style="list-style-type: none"> <li>Boosting Income</li> </ul>
	Improving Health and Employment Protection, and Access to Housing	<ul style="list-style-type: none"> <li>Promoting Participation in Health and Employment Insurance</li> <li>Providing Affordable Housing</li> </ul>
Narrowing Inequality	Improving Access to Opportunities	<ul style="list-style-type: none"> <li>Enhancing Access to Opportunities for All</li> <li>Adopting Inclusive Economic Policy</li> <li>Improving Fiscal Measures</li> <li>Promoting Financial Inclusion</li> </ul>
	Strengthening Social Protection	<ul style="list-style-type: none"> <li>Formulating Policy on Social Protection</li> <li>Enhancing the Malaysia Social Protection Council</li> </ul>
Achieving an Equitable Outcome for Bumiputera	Strengthening Service Delivery	<ul style="list-style-type: none"> <li>Strengthening the Role of Bumiputera Mandated Agencies and Unit Pemerkasaan Agenda Bumiputera</li> <li>Enhancing Governance of Bumiputera Mandated Agency</li> </ul>
	Scaling Up Bumiputera Businesses	<ul style="list-style-type: none"> <li>Enhancing Competitiveness of Bumiputera Enterprises</li> <li>Penetrating Global Market</li> <li>Strengthening Roles of Ministries and Agencies in Promoting Entrepreneurship</li> </ul>
	Increasing Bumiputera Wealth Creation	<ul style="list-style-type: none"> <li>Reviewing Existing Policies on Malay Reserve Land</li> <li>Optimising the Potential of Waqf</li> <li>Improving Information on Unsold Properties for Bumiputera</li> <li>Facilitating the Ownership of Commercial Properties</li> </ul>
	Empowering Human Capital and Enhancing Financial Literacy	<ul style="list-style-type: none"> <li>Enhancing Employability of Huffaz, PWDs and Juveniles</li> <li>Promoting Financial Awareness</li> </ul>
	Ensuring Sustainable Corporate Equity Ownership	<ul style="list-style-type: none"> <li>Accelerating Growth of Equity Ownership</li> </ul>

Chapter 6 (cont.)

Focus Area	Strategy	Initiative
Enhancing Development of Orang Asli Community	Accelerating Socioeconomic Development	<ul style="list-style-type: none"> <li>Formulating Socioeconomic Development Plan</li> <li>Increasing Income</li> <li>Expanding Basic Infrastructure, Services and Amenities</li> </ul>
	Strengthening Education as a Catalyst for Development	<ul style="list-style-type: none"> <li>Improving Education of Orang Asli</li> </ul>
Empowering Specific Target Groups	Advancing Wellbeing of Children	<ul style="list-style-type: none"> <li>Improving Governance for Child Development and Protection</li> </ul>
	Building Dynamic, Resilient and Competitive Youth	<ul style="list-style-type: none"> <li>Strengthening Youth Development and Participation</li> </ul>
	Empowering Women	<ul style="list-style-type: none"> <li>Strengthening Governance for Women Empowerment</li> </ul>
	Increasing the Wellbeing of Aged Population	<ul style="list-style-type: none"> <li>Strengthening Care and Support for Older Persons</li> </ul>
	Empowering Persons with Disabilities	<ul style="list-style-type: none"> <li>Supporting the Needs of Persons with Disabilities</li> </ul>
	Strengthening the Family Institution	<ul style="list-style-type: none"> <li>Building Strong Family Institution</li> </ul>
Strengthening Policy and Service Delivery	Enhancing Socioeconomic Policy	<ul style="list-style-type: none"> <li>Establishing Single Data Reference</li> </ul>
Strengthening Unity for a Prosperous Nation	Embracing Diversity as an Asset	<ul style="list-style-type: none"> <li>Promoting Social Interaction</li> </ul>
	Fostering Culture of MADANI Society	<ul style="list-style-type: none"> <li>Developing a Progressive Society</li> <li>Developing Self-Identity Based on Rukun Negara</li> </ul>
	Strengthening Governance	<ul style="list-style-type: none"> <li>Strengthening Stakeholders Collaboration</li> </ul>
Ensuring National Security and Sovereignty	Safeguarding National Sovereignty	<ul style="list-style-type: none"> <li>Enhancing National Border Security</li> </ul>

Chapter 7

Focus Area	Strategy	Initiative
Ensuring National Security and Sovereignty (cont.)	Intensifying Efforts in Crime Prevention and Rehabilitation	<ul style="list-style-type: none"> <li>• Combatting Cybercrime</li> <li>• Intensifying Rehabilitation Programme</li> </ul>
	Strengthening Disaster Management	<ul style="list-style-type: none"> <li>• Improving Disaster Management</li> </ul>
Enhancing Healthcare Service Delivery	Rejuvenating the Healthcare Service	<ul style="list-style-type: none"> <li>• Improving the Healthcare System</li> <li>• Digitalising Healthcare Services</li> <li>• Strengthening Healthcare Programmes for Older Persons</li> </ul>
	Broadening Health Financing Options	<ul style="list-style-type: none"> <li>• Strengthening Health Protection and Healthcare Financing</li> <li>• Leasing of Medical Equipment</li> </ul>
Increasing the Supply of Quality and Affordable Housing	Improving Access to Quality and Affordable Housing	<ul style="list-style-type: none"> <li>• Accelerating the Transition from Ownership to Shelter</li> <li>• Increasing Supply of Affordable Housing</li> <li>• Increasing Access to House Financing</li> <li>• Managing Housing Construction Costs</li> </ul>
	Enhancing Governance	<ul style="list-style-type: none"> <li>• Strengthening Rules and Regulations for Homebuyers and Tenants</li> <li>• Improving Strata Housing Management</li> </ul>
	Providing Inclusive Affordable Housing	<ul style="list-style-type: none"> <li>• Exploring the Potential of Retirement Village</li> <li>• Creating Cohesive Community</li> </ul>
Leveraging Sports in Building an Active Society	Reviving Sports Activities for Active and Healthy Living	<ul style="list-style-type: none"> <li>• Enhancing Inclusive Participation in Sports</li> <li>• Enhancing Accessibility to Sports Facilities</li> </ul>
	Enhancing Sports Excellence	<ul style="list-style-type: none"> <li>• Strengthening Governance of High Performance Sports</li> <li>• Enhancing Athletes Performance</li> <li>• Improving Support Services for Sports</li> </ul>
	Developing Sports Industry	<ul style="list-style-type: none"> <li>• Establishing a Sports Industry Centre of Excellence</li> <li>• Improving Database on Sports Industry</li> <li>• Enhancing Value Chain of the Sports Industry</li> </ul>

Focus Area	Strategy	Initiative
Strengthening Sectoral and Strategic Industries Resilience	Accelerating Structural Economic Reforms	<ul style="list-style-type: none"> <li>Transforming Manufacturing Sector</li> <li>Accelerating Services Sector</li> <li>Elevating Construction Sector</li> <li>Advancing Agriculture Sector</li> <li>Rejuvenating Mining Sector</li> </ul>
	Elevating Electrical and Electronics Industry	<ul style="list-style-type: none"> <li>Establishing Pool of Future-Ready Talent</li> <li>Grooming Local Electrical and Electronics Companies as Leading Players in Front-End Activities</li> </ul>
	Diversifying Global Services	<ul style="list-style-type: none"> <li>Attracting High Quality Investments</li> <li>Establishing a Database for Global Services</li> </ul>
	Accelerating Aerospace Industry Growth	<ul style="list-style-type: none"> <li>Developing Framework for Aerospace Clusters</li> <li>Enhancing Training for Future Ready Talent</li> <li>Facilitating Maintenance, Repair and Overhaul</li> </ul>
	Rejuvenating Creative Industry	<ul style="list-style-type: none"> <li>Strengthening Creative Industry Environment</li> <li>Producing Quality Creative Talent</li> </ul>
	Boosting the Recovery of Tourism Industry	<ul style="list-style-type: none"> <li>Driving Digitalisation</li> <li>Improving Regulatory Framework</li> <li>Promoting Sustainable Tourism</li> </ul>
	Creating a Robust and Diversified Halal Industry	<ul style="list-style-type: none"> <li>Ensuring Sustainability of Halal Talent</li> <li>Improving Coordination among Stakeholders</li> <li>Leveraging Digitalisation</li> <li>Strengthening the Position of Malaysia in the Global Market</li> </ul>
	Intensifying Smart Farming Activities	<ul style="list-style-type: none"> <li>Facilitating Financing for Smart Farming</li> <li>Attracting Talent in Modern Agriculture</li> <li>Facilitating Technology Providers</li> </ul>
	Realising the Potential of Biomass Industry	<ul style="list-style-type: none"> <li>Accelerating the Development of Biomass Feedstock Hub</li> <li>Enhancing Financing and Investment Incentive</li> </ul>

Focus Area	Strategy	Initiative
Driving Competitiveness for Sustainable Growth	Enhancing Technology Adoption and Digitalisation	<ul style="list-style-type: none"> <li>Enhancing Data Integration for Private Healthcare</li> <li>Establishing Registry of Farmers</li> <li>Sustaining Indigenous Natural Gas Supply</li> <li>Accelerating Adoption of Advanced Technologies</li> </ul>
	Elevating Talent Acquisition	<ul style="list-style-type: none"> <li>Accelerating Talent Development</li> </ul>
	Strengthening Value Chain	<ul style="list-style-type: none"> <li>Enhancing Supply Chain Management</li> <li>Minimising Post-Harvest Losses</li> <li>Intensifying Mechanisation and Automation</li> </ul>
	Improving Governance Mechanism	<ul style="list-style-type: none"> <li>Strengthening Policy Framework for Mineral Development</li> <li>Expanding the Coverage of Productivity Nexus</li> <li>Enhancing Adoption of Green Practices</li> <li>Formulating National Natural Gas Roadmap</li> </ul>
	Expanding Export Markets	<ul style="list-style-type: none"> <li>Facilitating Market Penetration</li> </ul>
Boosting the Efficacy of the Financial Support	Advancing Technological Adoption	<ul style="list-style-type: none"> <li>Embracing Digitalisation to Enhance Competitiveness and Transparency</li> <li>Preparing Future Talent</li> <li>Reducing Cyber Risks and Combatting Financial Scams</li> </ul>
	Elevating Sustainable Financing	<ul style="list-style-type: none"> <li>Aligning Incentives</li> <li>Advancing Sustainable Financing and Strengthening Ecosystem for ESG</li> </ul>
	Strengthening Malaysia as a Global Islamic Financial Centre	<ul style="list-style-type: none"> <li>Strategising Development for Islamic Finance and Capital Market</li> </ul>
	Increasing Financial Literacy and Awareness	<ul style="list-style-type: none"> <li>Enhancing the Role of the Financial Education Network</li> </ul>
Strategising Industrial Estates and Food Production Areas	Enhancing Industrial and Food Production Areas	<ul style="list-style-type: none"> <li>Developing a Guideline for Industrial Estates Planning and Management</li> <li>Expanding Farm Size for Economies of Scale</li> </ul>

Focus Area	Strategy	Initiative
Chapter 3 (cont.)	Breaking the Barriers for MSMEs to Scale Up	<ul style="list-style-type: none"> <li>Unleashing the Potential of MSMEs, Cooperatives, Agriculture-based Associations and Social Enterprises</li> <li>Adopting a Targeted Approach in Scaling Up MSMEs</li> <li>Transforming Cooperatives, Agriculture-based Associations and Social Enterprises as Catalysts for Socioeconomic Growth</li> </ul>
	Integrating MSMEs into Domestic and Global Supply Chain	<ul style="list-style-type: none"> <li>Accelerating Integration of MSMEs into the Supply Chain</li> <li>Facilitating Compliance to ESG Requirements</li> </ul>
	Improving Accessibility of Financing and Capacity Development Programmes	<ul style="list-style-type: none"> <li>Promoting Alternative Financing</li> <li>Streamlining Information on Capacity Development Programmes</li> </ul>
	Accelerating Productivity Growth among MSMEs	<ul style="list-style-type: none"> <li>Capitalising on Technologies and Digitalisation</li> <li>Attaining Critical Talent in Supporting Business Growth</li> </ul>
Chapter 4	Reforming Labour Market	<ul style="list-style-type: none"> <li>Improving Labour Market</li> <li>Raising Wages</li> <li>Tackling Skills Mismatch</li> <li>Addressing Labour Shortages</li> <li>Implementing Multi-Tier Levy</li> <li>Improving the Welfare of Workers</li> </ul>
	Reshaping Talents for Future of Work	<ul style="list-style-type: none"> <li>Strengthening Education Initiatives and Character Building</li> <li>Improving STEM Curriculum and Teachers Capability</li> <li>Enhancing Inculcation of Karamah Insaniah among Students</li> </ul>
		Boosting Higher Education Excellence
Enhancing Ecosystem	TVET	<ul style="list-style-type: none"> <li>Strengthening TVET Governance</li> <li>Expanding Strategic Collaboration</li> </ul>

Focus Area	Strategy	Initiative
Strengthening the Digital Economy Ecosystem	Enhancing Digital Governance	<ul style="list-style-type: none"> <li>Streamlining Roles and Functions of Ministries and Agencies</li> <li>Bolstering Regulations and Guidelines</li> </ul>
	Building a Conducive Digital Infrastructure	<ul style="list-style-type: none"> <li>Enhancing Digital Infrastructure and Connectivity</li> </ul>
	Boosting the Growth of Digital Industries	<ul style="list-style-type: none"> <li>Offering Better Opportunities in the Digital Economy</li> </ul>
	Enhancing Future-Ready Digital Talent	<ul style="list-style-type: none"> <li>Fostering Digital Leadership</li> <li>Enhancing Digital Infrastructure</li> <li>Improving Digital Capacity and Capability</li> <li>Inculcating Interest in Technology among Students</li> </ul>
	Expanding Digital Inclusivity	<ul style="list-style-type: none"> <li>Improving Digital Adoption</li> </ul>
Optimising the Potential of R&D&C&I and Escalating the Advancement of Technology	Scaling Up R&D&C&I Activities	<ul style="list-style-type: none"> <li>Reprioritising R&amp;D&amp;C&amp;I Niche Areas</li> <li>Restructuring of R&amp;D&amp;C&amp;I Governance</li> <li>Generating Maximum Value-Added from Intellectual Property</li> </ul>
	Elevating Adoption of Advanced Technologies	<ul style="list-style-type: none"> <li>Enhancing Innovation and Indigenous Technological Development</li> <li>Boosting the Commercialisation of Technology</li> <li>Enhancing 4IR Ecosystem</li> <li>Strengthening Venture Capital Ecosystem</li> </ul>

Focus Area	Strategy	Initiative
Building Resilient Transport and Logistics Infrastructure	Improving Passenger Mobility Data	<ul style="list-style-type: none"> <li>• Redesigning Public Transport System with Data-Driven Approach</li> </ul>
	Strengthening Transport Governance	<ul style="list-style-type: none"> <li>• Providing Conducive Ecosystem to Support the Drone Industry</li> <li>• Improving Maritime Competitiveness</li> <li>• Advancing Implementation of Green Transportation</li> </ul>
	Enhancing Connectivity and Transport Infrastructure	<ul style="list-style-type: none"> <li>• Strengthening First- and Last-Mile Connectivity</li> <li>• Upgrading Airport Infrastructure</li> <li>• Enhancing Roads Infrastructure</li> </ul>
	Improving Infrastructure Maintenance	<ul style="list-style-type: none"> <li>• Strengthening Transport Maintenance</li> </ul>
	Increasing Competitiveness of Logistics and Trade Facilitation	<ul style="list-style-type: none"> <li>• Establishing a Single Platform for Port Community</li> <li>• Encouraging Green Initiatives</li> </ul>





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