

**EXECUTIVE SUMMARY
MID-TERM REVIEW**

TWELFTH MALAYSIA PLAN

2021-2025

**MALAYSIA MADANI: SUSTAINABLE,
PROSPEROUS, HIGH-INCOME**

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“ The Mid-Term Review of the Twelfth Malaysia Plan (MTR of the Twelfth Plan) is a commitment by the Government to realise the reforms demanded by the rakyat, in line with the aspiration of Malaysia MADANI. ”

Foreword

The **Mid-Term Review of the Twelfth Malaysia Plan (Twelfth Plan)** is a firm assurance of the Government to realise the needed reforms desired by the *rakyat*, with full efforts in translating the aspiration of **Malaysia MADANI** based on *Ekonomi MADANI*. In this context, the last two years of the implementation of the Twelfth Plan will be an important and critical point in ensuring continuous planning to accelerate development by elevating the dignity of the nation and empowering the *rakyat*. It covers various areas, including economy, social and politics, which need to be adapted to the shared aspiration of Malaysia MADANI, a vision and direction encompassing aspects of justice, diversity, harmony, and progress.

The remaining two years also offer opportunities for the Unity Government to undertake bold, proactive and innovative actions to embrace the aspiration of the *rakyat* and face the challenges that have afflicted the country ever since. Hence, '*Ekonomi MADANI: Memperkasa Rakyat*' outlines a number of priorities and focuses on economic development that will certainly improve the wellbeing of the *rakyat* and propel Malaysia's economy forward.

Through this initiative, Malaysia strives to reach a higher level of development, in ensuring that every individual feels the positive impact of economic growth and social development. Therefore, the Mid-Term Review of the Twelfth Plan is an important pillar in the journey towards a more inclusive, dynamic, and competitive Malaysia, of which the interests and wellbeing of the *rakyat* are given top priority.

In order to accomplish this agenda, we are required to immediately take the necessary and important steps in developing Malaysia as a leader in the Asian economy as well as emphasising the importance in improving the governance to restore confidence in the system and government.

In the effort to become the leader of the Asian economy, we need to transform the economic structure, increase investment competitiveness and expand the market to the ASEAN region. The source of economic growth will also be diversified by focusing on economic activities that have large spillover effects. Strengthening the competitiveness of local firms, from start-ups to listed companies, supported by a competitive capital market will be able to create more successful local companies.

Steps to reform and expand Islamic finance will be accelerated for Malaysia to be a leader in the global Islamic economy. In addition, micro and small enterprises as well as the informal sector will be mainstreamed to generate higher income. Efforts to accelerate green growth in ensuring climate resilience and increasing productivity of the land use for food security will assure economic sustainability.

The Government aim to improve the standard of living of the *rakyat* will be realised through the provision of better social protection and comprehensive healthcare services, better employment opportunities, higher compensation of employees, reform of the education system and human resource development as well as the provision of affordable housing. In addition, the provision of better facilities, including public transport, water and electricity supply as well as broadband services will pave more equitable opportunities to improve the quality of life of the *rakyat*.

The Government also needs to regain the trust of the *rakyat* by ensuring good governance in the national administration, public institutions and upholding of democratic principles. *Insaniah* values will be strengthened by upholding the principles of accountability and aspects of integrity. These values should be enculturated by each and every *rakyat* to support our noble commitment in building a new plan for Malaysia.

I would like to express my heartfelt appreciation and gratitude to all that have contributed ideas and efforts in the preparation of this Mid-Term Review of the Twelfth Plan. Numerous consultations have been held with various stakeholders, including ministries, agencies and state governments as well as the private sector and MADANI civil society organisations to ensure that comprehensive strategies and initiatives are developed and implemented.

Let us together make a commitment to achieve the Mid-Term Review of the Twelfth Plan agenda with the theme '**Malaysia MADANI: Sustainable, Prosperous, High-Income**'. Indeed, this initiative is not easy to be implemented. *Insya-Allah*, with utmost commitment from all of us based on the Malaysia MADANI approach, success will definitely be ours.

ANWAR IBRAHIM
Prime Minister
Putrajaya

11 September 2023

Preface

The Mid-Term Review of the Twelfth Malaysia Plan (MTR of the Twelfth Plan) with the theme of '**Malaysia MADANI: Sustainable, Prosperous, High-Income**' is the main policy document of the Unity Government in realising the aspiration of '**Ekonomi MADANI: Memperkasa Rakyat**'. The MTR of the Twelfth Plan is the starting point towards the effort in addressing major economic challenges of the nation, namely disparity in development and income, limited fiscal space and slow structural transition of the economy.

During the review period, 2021-2022, Malaysia has accomplished remarkable socioeconomic progress despite weathering global and domestic challenges. Moving forward, the country needs to be more resilient in facing risks and uncertainties of the global economy besides accelerating structural transition and narrowing socioeconomic development gaps. Therefore, it is imperative to review the policies and strategies of the Twelfth Plan in ensuring Malaysia remains on the growth trajectory.

The framework of the MTR of the Twelfth Plan outlines strengthening efficiency of public service delivery as the key enabler. This will involve efforts to improve governance, among others, include institutional framework as well as legislation related to corruption and rent-seeking. The MTR of the Twelfth Plan also highlights three main focus, namely strengthening sustainability, building prosperous society and achieving high-income nation.

A total of 17 Big Bold measures are introduced covering important strategies and initiatives that will serve as the main catalyst in accelerating the efforts to reform the socioeconomic development of the nation in line with the Malaysia MADANI aspiration. Among the Big Bold measures include developing high growth high value (HGHV) industries, enhancing fiscal sustainability, retargetting subsidies, accelerating energy transition, advancing digitalisation and technology through GovTech as well as empowering micro, small and medium enterprises (MSMEs). Meanwhile, reforming social protection, acculturating MADANI society, improving access to healthcare services, housing and public transportation as well as reforming labour market and wages towards ensuring future ready talent are also part of the Big Bold initiatives.

The participation of all in preparing the MTR of the Twelfth Plan exemplifies the spirit of shared responsibility among the *rakyat*. In realising these reforms and Big Bold measures, all parties including the government, private sector, civil society organisations and the *rakyat* need to work together in accelerating the implementation of policies and strategies of the MTR of the Twelfth Plan. *Insya-Allah*, with tireless effort and the spirit of togetherness, we can achieve the aspired goals.

RAFIZI RAMLI
Minister of Economy
Putrajaya

11 September 2023

“ A total of 17 Big Bold measures are introduced covering important strategies and initiatives that will serve as the main catalyst in accelerating the efforts to reform the socioeconomic development of the nation in line with the Malaysia MADANI aspiration. ”



Introduction

The Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan), is a medium-term plan with the objective of achieving 'A Prosperous, Inclusive, Sustainable Malaysia'. During the review period of 2021-2022, Malaysia registered commendable socioeconomic development despite several global and domestic challenges. Nevertheless, these challenges need to be addressed in ensuring the targeted outcomes are achieved. Thus, a review of targets, policies and strategies of the Twelfth Plan is imperative in ensuring Malaysia remains on the right growth trajectory.

The Mid-Term Review (MTR) of the Twelfth Plan, 2023-2025 encompasses revised policies and strategies towards achieving the aspiration of '*Ekonomi MADANI: Memperkasa Rakyat*' that will regain honour and dignity of the rakyat as well as building Malaysia as an advanced and prosperous nation. The MTR of the Twelfth Plan is based on the theme '**Sustainable, Prosperous, High-Income Nation**'. Enhancing efficiency of public service delivery is the key enabler that will accelerate the implementation of three main focus areas, namely strengthening sustainability, building a prosperous society and achieving a high-income nation. A total of 17 Big Bolds are introduced as catalytic strategies in accelerating the move towards achieving the targeted outcomes. The MTR of the Twelfth Plan document consists of eight main chapters, with a chapter on Overview as well as Beyond 2025 chapter as a prelude to the Thirteenth Malaysia Plan, 2026-2030. The ultimate goal of the MTR of the Twelfth Plan is to ensure that no one is left behind from reaping the benefits of socioeconomic development and have equal access to opportunity in increasing the standard of living as well as in providing a bright future for generations to come, regardless of ethnicity, location, gender and socioeconomic background.

Progress, 2021-2022

Economic Performance

During the review period, the gross domestic product (GDP) growth surpassed the target expanding by 5.9% per annum, led by improved labour productivity and private sector activities. Private investment increased by 4.9% per annum supported by acquisition of machinery and equipment (M&E). Labour market conditions improved, leading to higher productivity growth of 3.7% per annum, with unemployment rate at 3.9% in 2022. Meanwhile, average inflation rate increased to 2.9% per annum. In terms of external trade, gross exports grew by 25.5% per annum driven by an increase in demand for the electrical and electronic (E&E), petroleum and chemical products. Gross imports expanded by 27.1% per annum on account of continuous demand for intermediate, capital and consumption goods. The current account remained in surplus at RM55.1 billion or 3.2% to gross national income (GNI) in 2022, supported by substantial goods surplus. The Federal Government fiscal deficit as a percentage of GDP narrowed from 6.2% in 2020 to 5.6% in 2022. Meanwhile, GNI per capita was higher at RM52,968 (US\$12,035) in 2022 from RM42,838 (US\$10,191) in 2020. The wellbeing of the *rakyat*, as reflected by the Malaysian Wellbeing Index (MyWI) in 2021, also improved in line with the economic progress.

Efforts to strengthen economic resilience through the implementation of various measures were hampered by headwinds emanating from global and domestic fronts. Global challenges include geopolitical tensions, global trade and supply chain disruptions as well as higher commodity prices and inflation. Meanwhile, domestic issues include slow structural economic transition, continued growth disparity between regions and states, and limited fiscal space. In the remaining Twelfth Plan period, measures will be undertaken to address these persistent issues in boosting the economic growth.

Review of Themes and Policy Enablers of the Twelfth Malaysia Plan

The Twelfth Plan was anchored on the implementation of three key themes, namely resetting the economy, strengthening security, wellbeing and inclusivity as well as advancing sustainability. Four catalytic policy enablers, namely developing future talent, accelerating technology adoption and innovation, enhancing connectivity and transport infrastructure as well as strengthening the public service supported the implementation of these themes.



Theme 1: Resetting the Economy



The theme on resetting the economy focused on **restoring the growth momentum and propelling the growth of strategic and high impact industries as well as micro, small, and medium enterprises (MSMEs)**. Efforts were undertaken to rejuvenate the economy by boosting productivity growth, expanding export markets, strengthening the effectiveness of financial intermediation ecosystem, enhancing the role of industrial estates and food production areas as well as improving governance and policy. In boosting productivity growth, focus was given to, among others, strengthening the planning, evaluation and monitoring mechanisms as well as scaling up green practices. Meanwhile, measures to enhance the contribution of eight strategic and high impact industries as well as boost capabilities of entrepreneurs and enterprises were undertaken. Strategies implemented to accelerate the development of strategic and high impact industries include boosting E&E industry in moving up the value chain, reenergising the tourism industry and intensifying smart farming activities. Additionally, strategies to boost entrepreneurs and MSMEs capacities and capabilities were implemented by creating innovative and sustainable entrepreneurs as well as a conducive and holistic entrepreneurial ecosystem.

A total of 38 targets were set under the theme, with 15 of the targets were achieved, 20 are on track, while the remaining three are lagging. Measures to strengthen economic sectors affected by COVID-19 pandemic have succeeded in several areas during the review period. These include improvement in productivity growth of the manufacturing sector at 5.4% per annum, and services sector at 3.6% as well as higher exports in manufacturing sector at RM1,304.7 billion in 2022, mining sector at RM117.3 billion, agriculture sector at RM120.9 billion and construction sector at RM6.1 billion. In addition, for strategic and high impact industries, export value of E&E products reached RM593 billion in 2022, average growth of domestic visitors increased by 10.8% per annum, while exports of halal products registered a value of RM59 billion in 2022. Meanwhile, digitalisation rate among MSMEs reached 98.1%. Despite these achievements, the economy is still lagging behind regional peers in terms of competitiveness due to slow structural economic transition. Lacklustre performance of economic sectors and industry development, lack of competitiveness, impediments in the financial sector and ineffective management of industrial estates and food production areas as well as MSMEs inability to scale up and stay competitive continue to hamper the growth momentum.

Theme 2: Strengthening Security, Wellbeing and Inclusivity



Theme 2 focused on strengthening security, wellbeing and inclusivity. In ensuring **national security and sovereignty**, measures were undertaken towards providing a conducive environment for economic activities and safe living as well as ensuring a dignified and resilient nation. The main strategies include safeguarding national sovereignty and intensifying efforts in crime prevention, rehabilitation and emergency preparedness as well as improving the welfare of personnel. By the end of 2022, index crime cases recorded 147 cases per 100,000 population, better than the target. Meanwhile, the remaining two targets are on track. Despite the continuous measures undertaken to ensure security and sovereignty, some challenges remain and need to be addressed. The challenges include the increased risk in cross border crime, lack of enforcement at border areas, increased threats on country's sovereignty, escalation losses in cybercrime and lack of coordination in disaster management.

Priority areas implemented in improving **wellbeing** consist of enhancing healthcare service delivery, increasing the supply of quality affordable housing, leveraging sports in building an active nation and strengthening unity for a prosperous nation. Strategies for healthcare include implementation of measures in combating non-communicable diseases, strengthening healthcare programmes for older persons and digitalising healthcare services. Meanwhile, in increasing the supply of quality affordable housing, among the efforts undertaken were to improve access to affordable housing and ensure inclusive housing. Strategies to leverage sports include promoting sports for active and healthy living, and developing sports industry. Measures undertaken in strengthening unity consist of programmes to promote *rakyat* in embracing diversity as an asset and building a more tolerance society. A total of nine targets were set to enhance the wellbeing of the *rakyat*. From these, two were achieved, five are on track, while the remaining two are lagging. The hospital beds per 1,000 population was 2.07 in 2022, exceeding the target of 2.06 in 2025, while the National Unity Policy was formulated. Despite various measures undertaken, several issues and challenges remain and need to be addressed. Among the issues identified include wider disparities in healthcare, lack of quality and affordable houses as well as untapped sports potential in building an active society. In addition, issues related to unity include lack of cross-ethnic social interactions and low comprehension of the Federal Constitution and *Rukun Negara*.

In **addressing poverty and building an inclusive society**, focus was given to address poverty and narrow inequality from a multidimensional perspective, empower B40, support the M40 and achieve an equitable outcome for *Bumiputera*. In addition, priority was given to enhance development of *Orang Asli* community and empower specific target groups. In addressing poverty and inequality, strategies implemented include increasing income and uplifting the standard of living of the poor. Meanwhile, in empowering B40, among the strategies undertaken were to increase income and improve access to basic services. In supporting the M40 towards inclusive society, strategies implemented involved encouraging participation in health and employment protection schemes as well as increasing home ownership. In addition, strategies to achieve an equitable outcome for *Bumiputera* include increasing the resilience and sustainability of *Bumiputera* businesses and optimising Malay Reserve Land and waqf instruments. Two strategies were executed in enhancing the development of *Orang Asli* community, namely strengthening education and accelerating their socioeconomic development. In empowering specific target groups, strategies were geared towards advancing children wellbeing and aged population as well as empowering women. A total of 18 targets were set in addressing poverty and building an inclusive society. Out of these targets, 15 are on track while three are lagging. The efforts to build an inclusive and more resilient society were not spared from challenges, notably the adverse impact of the COVID-19 pandemic on the livelihood of low-income households as well as eroding purchasing power as a result of rising cost of living. Other challenges include the prevalence of pockets of poverty, vulnerability of the B40 and M40 groups, inequitable *Bumiputera* socioeconomic outcomes, lagging development of *Orang Asli* community and social deprivation of specific target groups.

In **improving regional balance and inclusivity**, measures were undertaken towards optimising regional economic potential, developing sustainable cities and transforming rural areas. Strategies implemented to optimise regional economic potential include attracting quality investment and enhancing subregional cooperation. Meanwhile, strategies to develop sustainable cities include promoting effective urban planning and governance as well as prioritising green and resilient urban development. Efforts to transform rural areas were intensified by accelerating the provision of infrastructure and services as well as diversifying and boosting economic activities. A total of 24 targets were set towards inclusive regional development. From these, nine were achieved and the rest are on track. Despite vigorous efforts to ensure regional balance and inclusion, development gap between regions and states as well as urban and rural areas remain. Among key issues and challenges are imbalance development, low level of urban resilience, development constraints in rural areas and ineffectiveness in leveraging opportunities from subregional cooperation.

Measures undertaken in **enhancing socioeconomic development in Sabah and Sarawak** include solidifying provision of infrastructure, optimising economic potential, improving access to social services, enhancing inclusive development and strengthening cooperation between the Federal Government and state governments. The provision of infrastructure and connectivity for both states were extended to facilitate economic activities and enable better service delivery. Strategies implemented to optimise economic potential include reenergising economic activities, advancing rural development and promoting green growth. Meanwhile, efforts were undertaken to improve access to education, healthcare services and affordable housing. Focus was given to enhance inclusive development by addressing poverty and diversifying sources of income as well as advancing socioeconomic development of *Anak Negeri Sabah* and *Bumiputera Sarawak*. In strengthening the cooperation between the Federal Government and state governments, strategies undertaken include establishing a supportive ecosystem for cooperation and enhancing collaboration among authorities. A total of 19 targets were set, of which one was achieved and 18 are on track. The coverage of access to clean and safe water for Sarawak was 99.1% in 2022, exceeding the target of 98%. Although various efforts were undertaken, socioeconomic development in Sabah and Sarawak continue to face challenges, such as lack of basic infrastructure as well as gaps in economic development and standard of living.



Theme 3: Advancing Sustainability



Theme 3 focused on **advancing green growth**, enhancing energy sustainability and transforming the water sector through the whole-of-nation approach. Various strategies were undertaken in advancing green growth for sustainability and resilience. In implementing a low carbon, clean and resilient development, among the strategies were strengthening actions towards a low carbon nation, accelerating circular economy and encouraging sharing of responsibility in pollution prevention. Meanwhile, in managing natural resources efficiently, measures undertaken include conserving the ecosystems and enhancing conservation of water resources. Efforts on strengthening the enabling environment were also emphasised through scaling-up green financing and promoting green investments as well as instilling sense of ownership and shared responsibility. A total of nine targets were set in advancing green growth. One of the targets was achieved, while the remaining five are on track and three are lagging. The government green procurement for selected green products and services recorded 27.8%, exceeding the 25% target. Despite various efforts undertaken, challenges in addressing climate change and environmental degradation as well as loss of biodiversity and unsustainable use of natural resources continue to persist. In addition, low implementation of sustainable development goals (SDGs) and low adoption of environmental, social and governance (ESG) as well as ineffective governance remain a challenge.

During the review period, measures were undertaken to **enhance energy sustainability** for all. Concerted efforts were undertaken in enhancing the energy sector, ensuring sustainable and progressive oil and gas subsector as well as enhancing the electricity subsector. Five targets were set in ensuring sustainable energy. Two of the targets were achieved, while the remaining three are in progress. The National Oil & Gas Services and Equipment (OGSE) Industry Blueprint, 2021-2030 was launched in 2021 and the National Energy Policy, 2022-2040 in 2022. However, there are challenges that need to be addressed pertaining to global climate change pressure, lack of integrated plan and strategies in accelerating energy transition, impediments in the oil and gas industry as well as low deployment and adoption of renewable energy (RE).

Priority was given on **transforming the water sector** to ensure water security. In this regard, focus was given on empowering people, ensuring sustainable financing and developing sustainable infrastructure with cost-effective technology. A total of five targets were set in transforming the water sector. Out of these targets, four are on track while one is lagging. Major obstacles that impeded the transformation of the water sector were lack of collaboration, lack of data driven decision-making, poor governance, weak financial capability as well as ageing and outdated infrastructure.

Policy Enabler 1: Developing Future Talent



In **developing future talent**, priority was given to realign the labour market and enhance talent development at all levels. Among the key strategies implemented in realigning labour market were promoting higher compensation of employees (CE) and labour participation as well as strengthening the labour market support system. Meanwhile, in developing future-ready talent, emphasis was given to raise the quality of education and training programmes, leverage emerging technology, ensure equitable learning outcomes and address overlapping issues in governing TVET programmes. A total of nine targets were set in developing future talent. From these nine targets, two were achieved, six are on track, while one is still lagging. Labour productivity per worker recorded an average growth of 3.7% during the review period, above the target of 3.6%. The rate of graduate employability in HEIs and public TVET institutions achieved 90.2% in 2022, exceeding the target of 85%. However, issues and challenges in talent development persist, which include inefficient labour market and less conducive education ecosystem.

Policy Enabler 2: Accelerating Technology Adoption and Innovation



Focus was given in boosting digitalisation and advanced technology. Among the strategies implemented were providing an enabling environment for the growth of the digital economy, expanding digitalisation, strengthening capacity and capability in research & development & commercialisation & innovation (R&D&C&I) as well as gearing up for the adoption of Fourth Industrial Revolution technologies. A total of 20 targets were set, three exceeded the targets, 16 are in progress while one is still lagging. The three that had exceeded the targets were contribution of eCommerce to GDP at 13% in 2021, compared to target of 10.5%, percentage of internet users at 97.4% compared to 90% and speed of mobile broadband at 116 megabits per second (Mbps) compared to 100 Mbps. Despite the progress, issues and challenges persist in boosting digitalisation, R&D&C&I and advanced technology. These include unfavourable digital economy ecosystem, ineffective R&D&C&I resource utilisation, slow progression of technological advancement and wider digital exclusion.

Policy Enabler 3: Enhancing Connectivity and Transport Infrastructure



In **enhancing efficiency of transport and logistics infrastructure**, emphasis was given on ensuring integrated, affordable, reliable, and seamless people mobility, driving transport and logistics industry towards competitiveness, and strengthening institutional and regulatory framework. The strategies implemented for people mobility include improving overall accessibility of public transport and encouraging behavioural shift from private to public transport. Meanwhile, various efforts were carried out in enhancing efficiency of services, leveraging digitalisation, improving governance and promoting green initiatives to drive competitiveness of the transport and logistics industries. A total of seven targets were set and during the review period, four targets were achieved, one is on track, while two are still lagging. The public transport ridership in the Greater Kuala Lumpur/Klang Valley recorded an average growth of 6.9%, the air transport passengers increased by 104.3% and cargo handling via rail increased by 32.1%. In addition, Malaysia was ranked 26th out of 139 countries in the World Bank Logistics Performance Index Report 2023, achieving the top 30 target. Despite these achievements, challenges remain in enhancing efficiency of transport and logistics services, including inadequate data, ineffective governance, inadequate connectivity and infrastructure, insufficient maintenance and inefficient port community system.

Policy Enabler 4: Strengthening the Public Service



In strengthening the **public service delivery**, efforts were focused on developing high-performing civil servants, advancing whole-of-government approach, and enhancing budgeting and project management. Among measures undertaken were improving human resource management, government administration and operational efficiency, streamlining institutions, strengthening governance including integrity and transparency as well as enhancing effectiveness of project implementation. A total of 10 targets were set, of which two were achieved, two are on track and the remaining six are still lagging. The Circular on Flexible Working Hours in the Public Service was issued in 2021, while the total of end-to-end Federal Government online services achieved 81.3% in 2022, exceeding the target of 80%. However, various issues and challenges remain, which include weak governance, constraints in human capital development and digitalisation, unconducive environment for business, limited fiscal space and inefficient project management.












Malaysia MADANI and the Mid-Term Review

Malaysia MADANI launched in January 2023 with the aspiration to develop Malaysia as a civilised nation. It focuses on six core values, namely *kemampuan, kesejahteraan, daya cipta, hormat, keyakinan* and *ihsan*. This aspiration is supported by eight imperative elements, namely economy, legal, institution, education, culture, society, urban and rural. Three strategic thrusts were introduced, namely advancing sustainability of national economy, reforming institution and governance, and upholding social justice.

The framework of '*Ekonomi MADANI: Memperkasa Rakyat*' is then introduced on 27 July 2023 as a platform to restore the honour and dignity of the country. The main emphasis is to restructure the Malaysian economy towards becoming a leader in the Asian economy. The aspiration of the Malaysia MADANI and the framework of '*Ekonomi MADANI: Memperkasa Rakyat*' are the pillar for the MTR of the Twelfth Plan that eventually will benefit the rakyat to lead a better quality of life. The MTR framework with the theme **Sustainable, Prosperous, High-Income Nation**, is as shown in *Exhibit O-1*. This theme is supported by key enabler of **enhancing efficiency of public service delivery** and three main focus, namely **strengthening sustainability, building prosperous society, and achieving high-income nation**.

Exhibit O-1






Framework of the Mid-Term Review of the Twelfth Malaysia Plan







<p>Under the new framework,</p> <p>17 'Big Bolds' have been outlined</p> <p>to catalyse development across the key enabler and 3 focus areas moving forward</p>	 Aspiration	 Ekonomi MADANI: Memperkasa Rakyat		
	 Theme	Sustainable, Prosperous, High-Income Nation		
	 Key enabler	Enhancing efficiency of public service delivery		1 Governance and institutional framework 2 Legislation related to corruption 
	 Focus areas	 <p>Strengthening sustainability</p> <ul style="list-style-type: none"> 3 Fiscal sustainability and financial systems 4 HGHV Industry based on energy transition 5 Targeted subsidies 	 <p>Building prosperous society</p> <ul style="list-style-type: none"> 6 Enculturation of MADANI Society 7 Social protection reforms 8 Social protection reforms 9 Strengthening healthcare services 10 Strengthening national security and defense 	 <p>Achieving high-income nation</p> <ul style="list-style-type: none"> 11 Digital- and technology-based HGHV industries 12 High value E&E HGHV industry 13 Agriculture and agro-based HGHV industry 14 Rare earths HGHV industry 15 Empowering MSMEs and social enterprises 16 Streamlining the public transport network 17 Future-ready talent

The MTR of the Twelfth Plan identifies 17 Big Bolds to catalyse the socioeconomic development in the remaining period. Details on the Big Bolds are as shown in *Exhibit O-2*. These Big Bolds will be implemented through at least 71 strategies and initiatives across the key enabler and the three main focuses. The progress of these Big Bolds will be monitored based on various selected targets and 21 of the targets are as shown in *Exhibit O-3*.

Exhibit O-2

17 Big Bolds and 71 Main Strategies and Initiatives

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

Big Bold	Main Strategies/Initiatives
 <p data-bbox="326 378 508 430">Enculturation of MADANI Society</p>	<ul data-bbox="578 335 1550 465" style="list-style-type: none"> • Developing a progressive society • Building self-identity based on <i>Rukun Negara</i> • Fueling the spirit of nationalism and unity through the flagship <i>Kembara Perpaduan</i> programmes • Developing <i>insan MADANI</i> by inculcating the elements and values of <i>Maqasid Syariah</i> • Enhancing inclusive participation in sports
 <p data-bbox="326 560 508 612">Social Protection Reform</p>	<ul data-bbox="578 534 1550 638" style="list-style-type: none"> • Strengthening the national social protection system through a life-cycle approach • Formulating guidelines on informal workers for more comprehensive social protection • Expanding the <i>Inisiatif Pendapatan Rakyat</i> (IPR) programme to cover the hardcore poor, poor and B40 to increase income
 <p data-bbox="326 751 491 803">Housing for the Rakyat</p>	<ul data-bbox="578 743 1263 821" style="list-style-type: none"> • Accelerating the transition from ownership concept to shelter • Introducing attractive and sustainable housing financing packages • Harnessing the potential of retirement villages
 <p data-bbox="326 942 534 994">Strengthening Healthcare Services</p>	<ul data-bbox="578 916 1333 1020" style="list-style-type: none"> • Strengthening the financing of health protection • Expanding the MADANI medical scheme • Introducing leasing mechanism for the procurement of health equipment • Establishing a national institute of mental health
 <p data-bbox="326 1116 508 1203">Strengthening National Security and Defence</p>	<ul data-bbox="578 1107 1454 1211" style="list-style-type: none"> • Enhancing national border security • Strengthening readiness and capabilities in managing security threats • Establishing Prison Incorporated as a coordinator in improving prisoner rehabilitation programmes
 <p data-bbox="326 1307 526 1394">Digital- and Technology-Based HGHV Industry</p>	<ul data-bbox="578 1281 1463 1420" style="list-style-type: none"> • Accelerating digitalisation through Government Technology (GovTech) • Accelerating National Digital Identity implementation • Implementing national-level digital leadership and upskilling programme • Strengthening tech start-up ecosystem - focusing on angel investors and seed funding • Strengthening the INNOVATHON programme as a platform to promote innovation



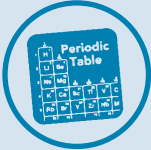



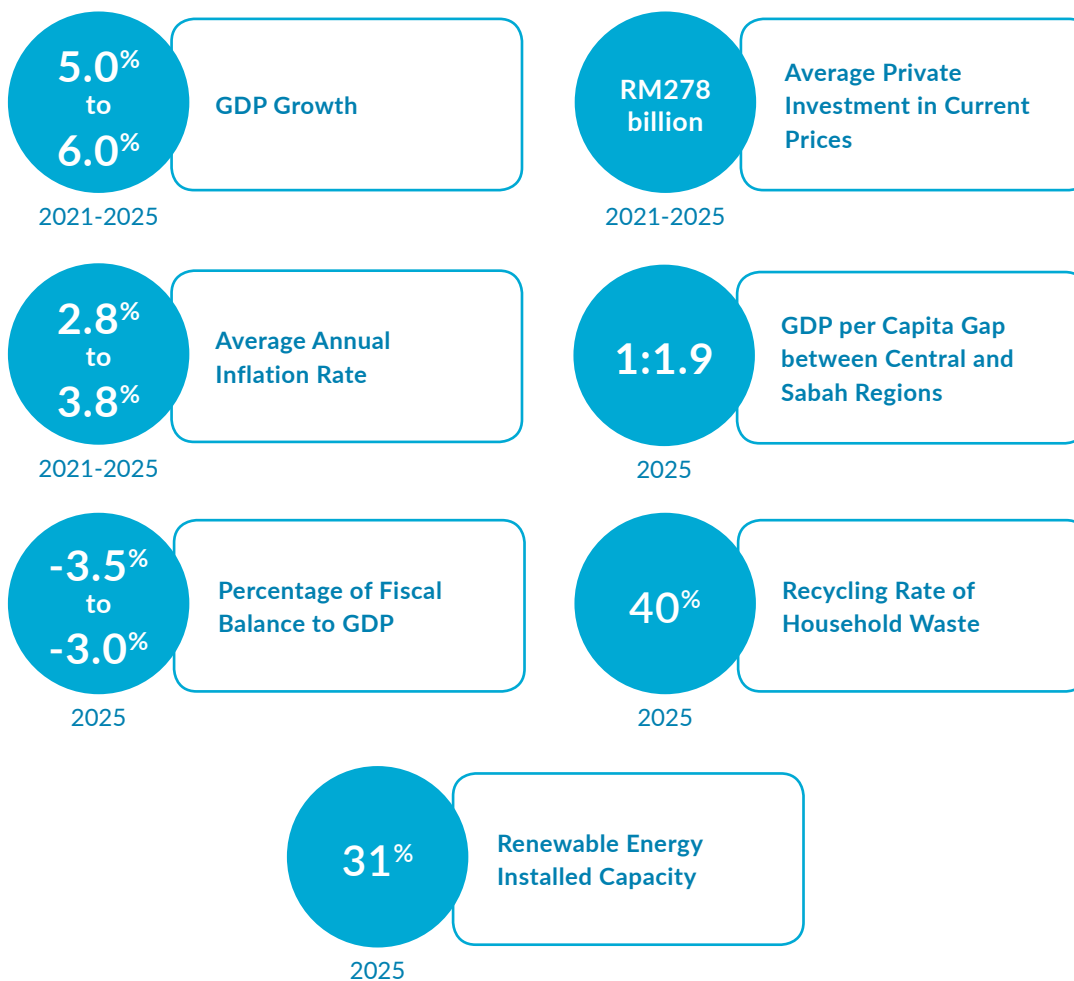
Big Bold	Main Strategies/Initiatives
 <p>High Value E&E GHV Industry</p>	<ul style="list-style-type: none"> • Strengthening front end manufacturing ecosystem to accelerate industry transition towards higher value chain • Emphasising on high value added activities in integrated circuit design, engineering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

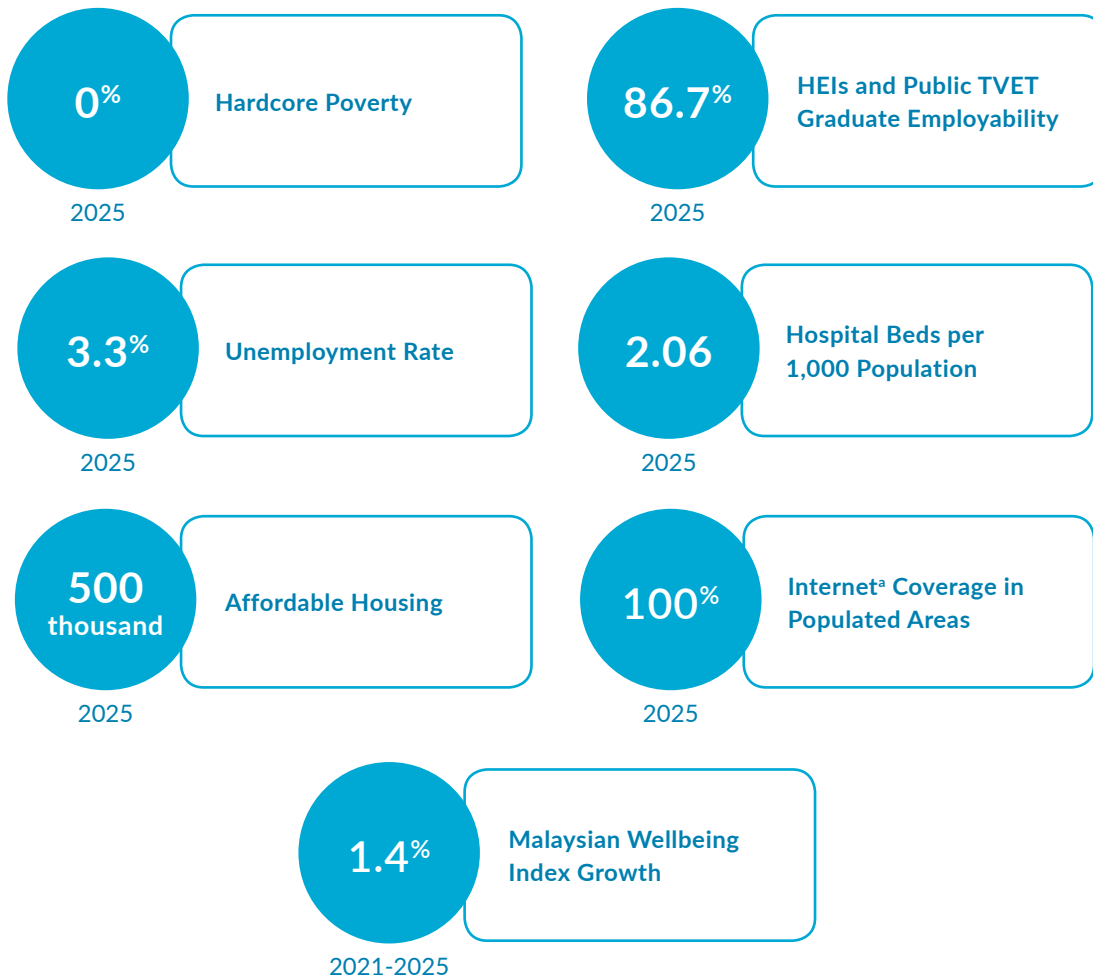
Exhibit O-3

Selected Targets of the Mid-Term Review of the Twelfth Malaysia Plan

Strengthening Sustainability

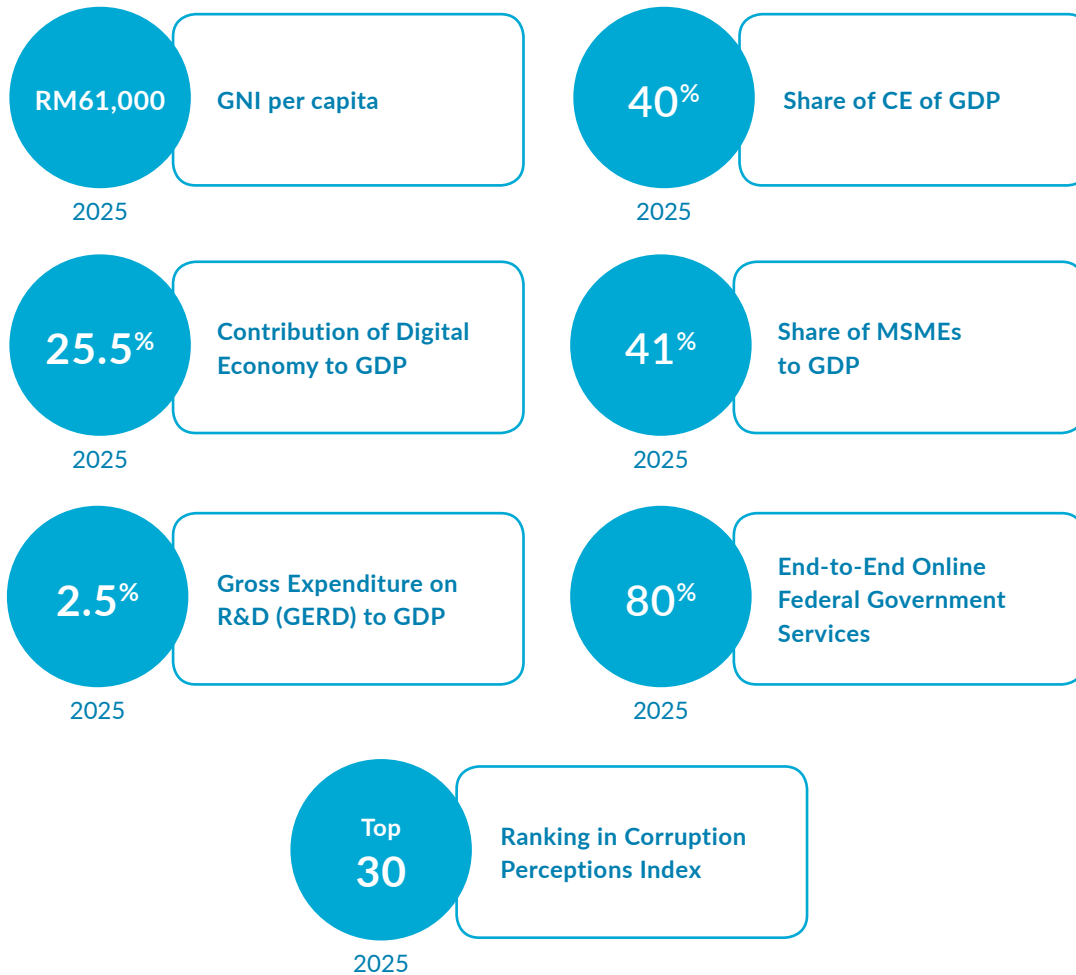


Building a Prosperous Society



Note: ^a Internet Includes WiFi and 4G.

Achieving High-Income Nation



Way Forward, 2023–2025

Macroeconomic Prospect

During the remaining period of the Twelfth Plan, the economy is expected to grow between 5% and 5.5% per annum driven by domestic demand, particularly contributed by private sector expenditure. Efforts will be intensified to improve labour productivity, which is estimated to grow at 3.8% per annum. The increase will be supported by improvement in labour market conditions with the economy to remain in full employment. The expected improvement in the labour market will contribute towards achieving the target share of CE of GDP at 40% in 2025 and eventually at 45% within 10 years. GNI per capita in current terms is projected to reach RM61,000 (US\$14,250) in 2025. Meanwhile, inflation rate is expected to remain manageable between 2.8% and 3.8% per annum. On the supply side, the services and manufacturing sectors will remain as the main sources of growth. In addition, higher growth in the civil engineering and residential building subsectors are expected to support recovery of the construction sector. The continuous economic growth will pave the way towards Malaysia achieving a high-income nation and becoming among the top 30 economies in the world.

Enhancing Efficiency of Public Service Delivery

In the remaining Twelfth Plan period, the Government will focus on enhancing value-based governance by improving accountability and transparency as well as strengthening and acculturating integrity in public service. These strategies will be supported by two Big Bolds, namely Governance and Institutional Framework as well as Legislation related to Corruption. In this regard, initiatives that will be implemented include 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. In addition, efforts in enriching human capital in the civil service will be implemented through priming premier leaders and improving competency of civil servants.

In line with the whole-of-nation approach, digital transformation will also be accelerated by improving end-to-end online services and boosting data sharing. In addition, the modernisation of the public service will be undertaken through the Government Technology (GovTech), which include universally accessible citizen-centric public services,

digital government transformation as well as simple, efficient and transparent government systems. Under the GovTech, implementation of the National Digital Identity will be accelerated. These are among the initiatives under the Big Bold Digital- and Technology-Based Industry. Meanwhile, under the Big Bold Targeted Subsidies, *Pangkalan Data Utama* (PADU) will also be developed as a data repository to support accurate and transparent distribution of targeted subsidies and assistance in addressing the socioeconomic issues at individual household level. Institutional and business framework will also be strengthened by reviewing structure and function of ministries and agencies as well as enhancing ease of doing business.

The Government will also prioritise on improving the effectiveness and efficiency of budget and project management for better service delivery. In this regard, through the Big Bold of Fiscal Sustainability and Financial System, the Government will expedite the enactment of procurement act, improve revenue generation and optimise surplus funds of federal statutory bodies and Government-linked companies. These initiatives will drive the efforts in strengthening sustainability, building a prosperous society and achieving high-income nation.

Main Focus Areas

Three main focus areas outlined in the MTR of the Twelfth Plan are strengthening sustainability, building a prosperous society and achieving high-income nation. Each focus area is complemented with comprehensive strategies and initiatives to address the identified key issues and challenges. The implementation of these focus areas will ensure Malaysia remains on the right growth trajectory towards achieving the aspiration of '*Ekonomi MADANI: Memperkasa Rakyat*'.

Strengthening Sustainability

The MTR of the Twelfth Plan will continue to focus on strengthening sustainability by boosting economic growth, enhancing fiscal sustainability and accelerating transition towards a future-proof economy. Efforts will be intensified in accelerating structural economic reforms, strengthening external trade in the global value chain, optimising economic potential of regions and states, and managing inflation. In this regard, measures will be undertaken to strengthen competitiveness and productivity. Priority will be given to accelerate the development of new sources of growth, particularly in high growth high value (HGHV) industries. In addition, focus will be given to attract more quality investment in technology-based industries to spur sectoral growth and create high-paying jobs.

In enhancing fiscal sustainability, emphasis will be given to strengthen fiscal governance, expand revenue base, retarget subsidies and enhance budget management as well as improve debt and liabilities management towards achieving fiscal deficit target between 3.5% and 3% to GDP in 2025. Fiscal management will be improved by establishing a legislation on fiscal responsibility as well as developing new acts on debt and procurement. In addition, 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. In this regard, PADU 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.

The energy transition presents significant opportunities for Malaysia to unlock the green growth potential. This transition include transformation towards HGHV Industry Based on Energy Transition as one of the Big Bolds. In this regard, a national energy transition roadmap will be implemented to accelerate the development of RE sources such as solar, bioenergy and hydrogen. Meanwhile, an electricity exchange system to enable cross-border RE trading, capitalising on rising regional RE demand, will be created, while the preparation of the regulatory framework for carbon capture, utilisation and storage (CCUS) will be accelerated. In addition, towards achieving aspiration of a net-zero greenhouse gas emissions as early as 2050, a long-term low emissions development strategies (LT-LEDS) will be formulated and a carbon pricing mechanism will be implemented. Pursuing a just energy transition is an integral part of economic restructuring, employment creation, economic growth and sustainable development.

In advancing sustainability, climate change and other environmental challenges will be addressed, including in the energy and water sectors. In accelerating the implementation of low carbon, clean and resilient development, strategies will be focused on, among others accelerating transition to circular economy and encouraging sharing of responsibility in pollution prevention. In managing natural resources efficiently, emphasis will be given to conserve natural ecosystems as well as strengthen water management. Efforts will be intensified to accelerate SDGs implementation and ESG adoption. Measures in

strengthening the enabling environment will be focused on strengthening sustainability governance as well as instilling sense of ownership and shared responsibility.

Building a Prosperous Society

The efforts to build an inclusive and more resilient society will be pursued during the remaining Plan period in building a prosperous society. In addressing and preventing poverty, efforts will be intensified towards increasing income and improving standard of living. Measures to empower vulnerable households include enlarging economic opportunities and protection, as well as improving access to basic services. The M40 will be further facilitated to increase income and access to housing as well as improve health and employment protection. Improving access to opportunities and strengthening social protection are pivotal in narrowing inequality. Meanwhile, strategies to scale up businesses and increase wealth creation will be intensified to ensure equitable outcome for *Bumiputera*. Emphasis will be placed on accelerating socioeconomic development for *Orang Asli* community. Strategies to empower specific target groups include enhancing wellbeing of children and aged population as well as gender empowerment.

Social Protection Reform will be undertaken as one of the Big Bolds to improve efficiency and effectiveness in assisting the poor and vulnerable. This reform will be implemented holistically at the Federal and state levels. In this regard, social protection system will be strengthened, taking into account different risks and vulnerabilities faced by individuals through a life-cycle approach.

Main strategies in maintaining peace and stability include safeguarding national sovereignty as well as intensifying efforts in crime prevention and rehabilitation. These strategies will be supported through the implementation of the Big Bold Strengthening National Security and Defence. Initiatives under this Big Bold include enhancing national border, strengthening readiness and capabilities in managing security threats as well as establishing Prison Incorporated as a coordinator in improving prisoner rehabilitation programmes. Meanwhile, among the measures that will be intensified in strengthening unity include encouraging the *rakyat* to embrace diversity as a national asset. Measures to develop *insan MADANI* by inculcating the elements and values of *Maqasid Syariah* principles and progressive society are among the initiatives under Big Bold Enculturation of MADANI Society. In addition, building self-identity based on *Rukun Negara* and efforts in fuelling the spirit of nationalism and unity through *Kembara Perpaduan* flagship programmes

as well as measure in enhancing inclusive participation in sports will also be implemented under this Big Bold. In addition, strategies will be undertaken to revive sports activities and develop sports industry in building an active society.

Strengthening Healthcare Services is one of the Big Bolds that will be implemented to enhance the wellbeing of the *rakyat*. Leasing of medical equipment will be introduced as a bold move to ensure availability of best medical equipment, in terms of function, maintenance and performance in providing effective healthcare services. This initiative will also address the issue of high cost in procuring and replacing medical equipment due to rapid advancement of technology.

The supply of quality and affordable housing will be increased by improving access and providing inclusive affordable housing. Big Bold Housing for the *Rakyat* will be implemented by shifting the emphasis from ownership to shelter. The Rent-to-Own programme will be expanded to increase access to housing, while collaboration with financial institutions will be pursued to provide attractive and sustainable housing financing packages. In addition, focus will be given to ensure inclusive housing that will benefit older persons. The implementation of various measures to promote greater social harmony as well as safe, conducive and healthy living for the *rakyat* will contribute in building a prosperous society.

Achieving High-Income Nation

Measures to boost economic resilience will be undertaken to achieve high-income nation. Focus will be given on strengthening sectoral and strategic industries resilience, driving competitiveness for sustainable growth, boosting the efficacy of the financial support as well as strategising industrial estates and food production areas. In addition, breaking the barriers for MSMEs to scale up will also be emphasised to boost the growth and increase contribution to the economy. Structural economic reforms will be accelerated with the aim to become a regional leader in HGHV industries. In this regard, High Value E&E HGHV Industry will be given emphasis as one of the Big Bolds by prioritising on high value-added activities and quality investments. Focus will be given on implementation of HGHV Agriculture and Agro-Based Industry Big Bold, including through initiatives to accelerate modernisation with the involvement of private investment in adopting smart farming technology and promote low carbon agriculture.

The non-radioactive rare earths industry will be developed holistically as one of the initiatives under the Big Bold Rare Earths HGHV Industry

to maximise its contribution to the economy. In supporting this, several initiatives will be undertaken including revising the National Mineral Policy 2 and developing a comprehensive business model for the rare earths. In addition, R&D&C&I activities will be enhanced to develop and promote high value midstream and downstream local rare earths products.

In driving competitiveness for sustainable growth, measures will be undertaken in enhancing technology adoption and digitalisation, elevating talent acquisition, strengthening value chain and improving governance mechanism. Meanwhile, the efficacy of the financial support will be boosted, particularly by strengthening Malaysia as a global Islamic financial centre, which is one of the Fiscal Sustainability and Financial System Big Bold initiatives. In addition, industrial estates and food production areas will be enhanced as growth catalyst. In this regard, implementation of *Program Inisiatif Usahawan Tani* (INTAN) under *Inisiatif Pendapatan Rakyat* (IPR) will be expanded and agro-based industry will be diversified as initiatives under the agriculture Big Bold.

Measures to break the barriers to scale up MSMEs will be undertaken by integrating MSMEs into domestic and global supply chain as well as accelerating MSMEs productivity growth. Social enterprises will be encouraged to venture into innovative social entrepreneurship projects. These strategies are part of the Big Bold initiatives of Empowering MSMEs and Social Enterprises. These measures will contribute in achieving high-income, competitive and resilient economy for a sustainable growth.

Measures will be undertaken to strengthen key enablers in accelerating economic growth, namely talent, technology, R&D&C&I and digitalisation as well as transport and logistics infrastructure. The labour market will be reformed to improve efficiency. Efforts for reshaping talent for future of work will include strengthening education initiatives and enhancing TVET ecosystem. A Future-Ready Talent is one of the Big Bolds, complemented with continuous upskilling and reskilling programme as well as introduction of Academy in Industry programme. These measures will lead to a stronger labour market and ensure the talent produced meets industry requirements.

A progressive wage model will be introduced to accelerate wage growth and address the issue of low share of CE to GDP. In addition, an action plan will be developed to ensure the number of foreign workers does not exceed 15% of the total workforce. This plan will include implementing a multi-tier levy mechanism and promoting automation and mechanisation. The implementation of the action plan will increase upskilling and reskilling opportunities for local workers and reduce

dependency on foreign workers. In improving the welfare of workers, a social protection scheme that covers injuries of employees outside working hours and not related to employment will be introduced. In addition, guidelines for informal sector workers, which include classification of gig workers as employees, will be developed.

Priority will be given in boosting the growth of Digital- and Technology-Based HGHV Industry as one of the Big Bolds. An enabling ecosystem will be enhanced by establishing digital inclusive policies and building conducive infrastructure. In addition, efforts will be intensified to scale up R&D&C&I activities and elevate advanced technology. In this regard, measures will be undertaken to attract more participation into INNOVATHON programme, which encourages innovation among the *rakyat*. The venture capital ecosystem will also be strengthened, focusing on angel investors and seed funding to promote entrepreneurship and innovation. These measures will establish a dynamic ecosystem that fuels socioeconomic development, the creation of an inclusive society and global competitiveness.

Greater emphasis will be given on building resilient transport and logistics infrastructure. Among the strategies that will be implemented include strengthening governance and connectivity, improving maintenance as well as increasing the competitiveness of logistics and trade facilitation.

In this regard, the Big Bold Strengthening Public Transport Network is introduced to provide better accessibility and connectivity. Initiatives that will be implemented under this Big Bold include expanding the Bus Rapid Transit (BRT) and intracity bus services, strengthening passenger mobility data, facilitating better movements of people and goods as well as implementing green aviation. The implementation of these efforts will improve people mobility, increase industry productivity and fulfill the needs of global market.

Greater focus will be given in promoting regional balance and inclusivity by enhancing regional economic potential, accelerating sustainable cities and rural development as well as optimising opportunities from subregional cooperation. Measures to enhance regional economic potential will include attracting quality investment in niche areas. Rural development will be intensified by expanding the provision of infrastructure and services, and unlocking local economic potential. Opportunities from subregional cooperation will be optimised to accelerate development in the border areas. Meanwhile, the development of Sabah and Sarawak will be accelerated by intensifying economic activities and improving access to basic infrastructure. These efforts will reduce imbalances among regions and states, while promoting equitable growth and inclusivity as well as enhancing the wellbeing of the *rakyat*.



Conclusion

The MTR of the Twelfth Plan highlights the progress for 2021-2022, outlines issues and challenges that need to be addressed as well as pave the way for 2023-2025 towards a sustainable, prosperous and high-income nation. During the review period, economic growth was commendable despite the challenging environment. The implementation of all development initiatives will need to be accelerated in ensuring domestic and global challenges are addressed effectively. The successful implementation of the 17 Big Bolds is imperative in driving the achievement of the set targets, in line with the **'Ekonomi MADANI: Memperkasa Rakyat'** aspiration.



For further information refer to:

Secretary General
Ministry of Economy
Menara Prisma
No. 26, Persiaran Perdana, Precint 3
Federal Government Administrative Centre
62675 Putrajaya
MALAYSIA

<https://www.ekonomi.gov.my>

T: 603-8000 8000

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W: www.printnasional.com.my
E: cservice@printnasional.com.my
T: 603-9236 6895
F: 603-9222 4773

