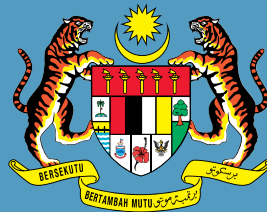


MID-TERM REVIEW

TWELFTH MALAYSIA PLAN

2021-2025

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



Rukun Negara

Our nation, Malaysia, being dedicated:

to achieving a greater unity of all her peoples;

to maintaining a democratic way of life;

to creating a just society in which the wealth of
the nation shall be equitably shared;

to ensuring a liberal approach to her rich and
diverse cultural traditions; and

to building a progressive society which shall be
oriented to modern science and technology.

We, her peoples, pledge our united efforts
to attain these ends guided by these
principles:

*KEPERCAYAAN KEPADA TUHAN
KESETIAAN KEPADA RAJA DAN NEGARA
KELUHURAN PERLEMBAGAAN
KEDAULATAN UNDANG-UNDANG
KESOPANAN DAN KESUSILAAN*

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TWELFTH MALAYSIA PLAN

2021-2025

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PROSPEROUS, HIGH-INCOME



“ 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. ”



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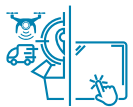


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Introduction

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.



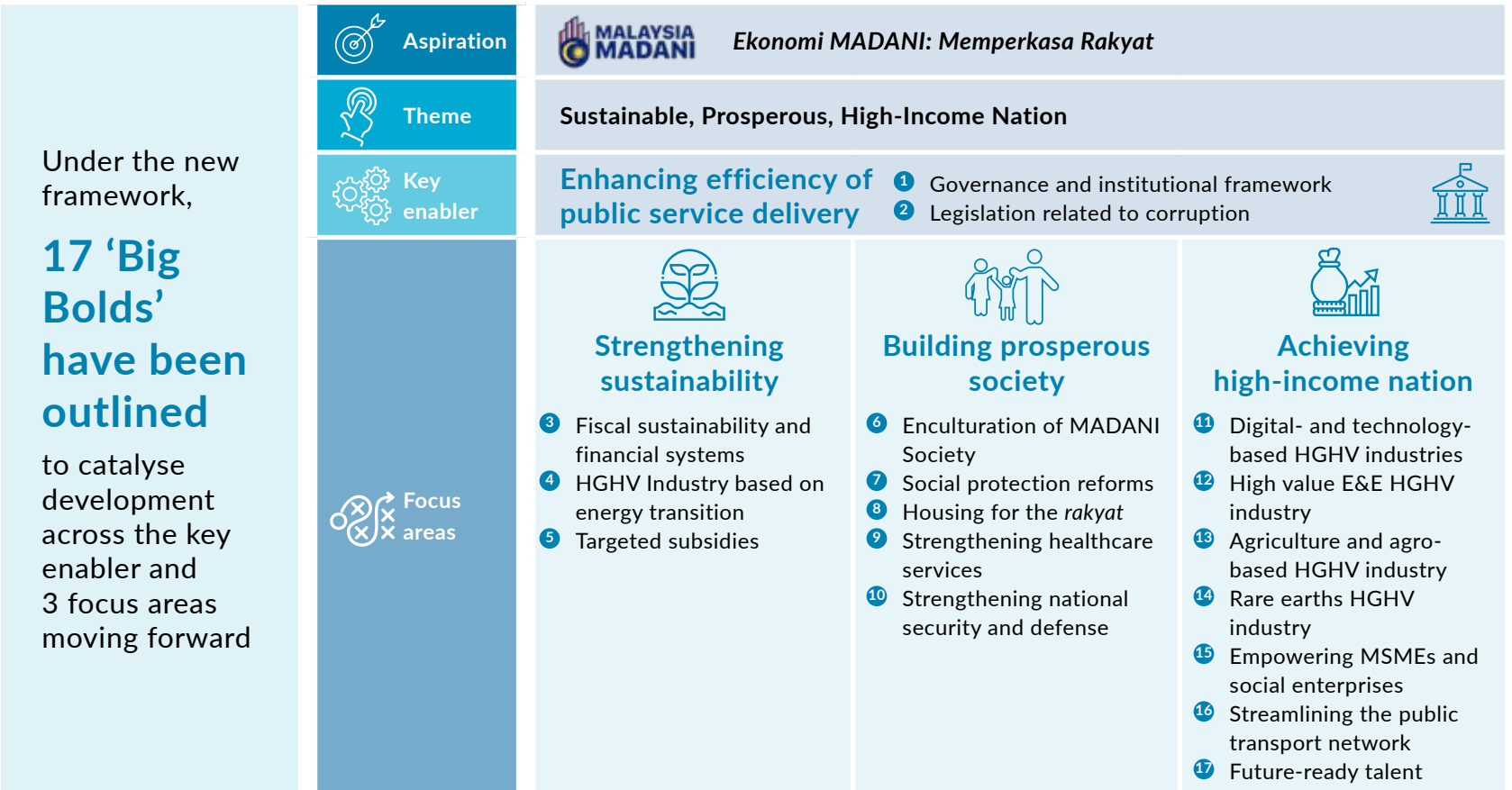
Malaysia MADANI and the Mid-Term Review

Malaysia MADANI launched in January 2023 with the aspiration to develop Malaysia as a civilised nation. It focuses on six core values, namely *kemampanan*, *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










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
 Governance and Institutional Framework	<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
 Legislation Related to Corruption	<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
 Fiscal Sustainability and Financial System	<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
 HGHV Industry Based on Energy Transition	<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
 Targeted Subsidies	<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
 Enculturation of MADANI Society	<ul 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
 Social Protection Reform	<ul 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
 Housing for the <i>Rakyat</i>	<ul 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
 Strengthening Healthcare Services	<ul 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
 Strengthening National Security and Defence	<ul 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
 Digital- and Technology-Based HGHV Industry	<ul 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
 High Value E&E HGHV Industry	<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


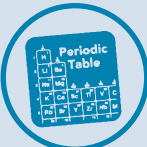



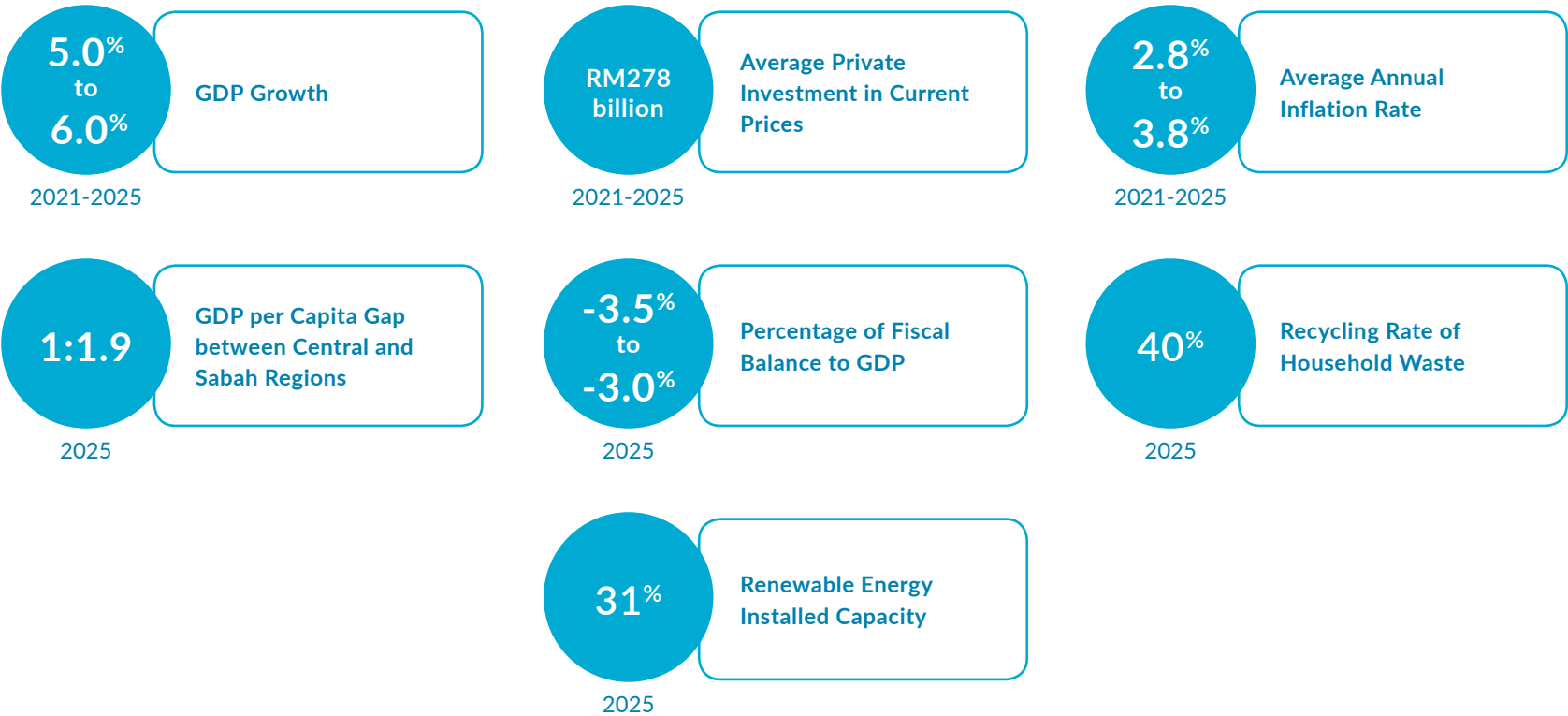
Big Bold	Main Strategies/Initiatives
 <p>HGHV Agriculture and Agro-Based Industry</p>	<ul style="list-style-type: none"> • Strengthening modernisation in the agriculture sector through private investment to accelerate adoption of smart farming technology • Diversifying agro-based industries to reduce 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 HGHV 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

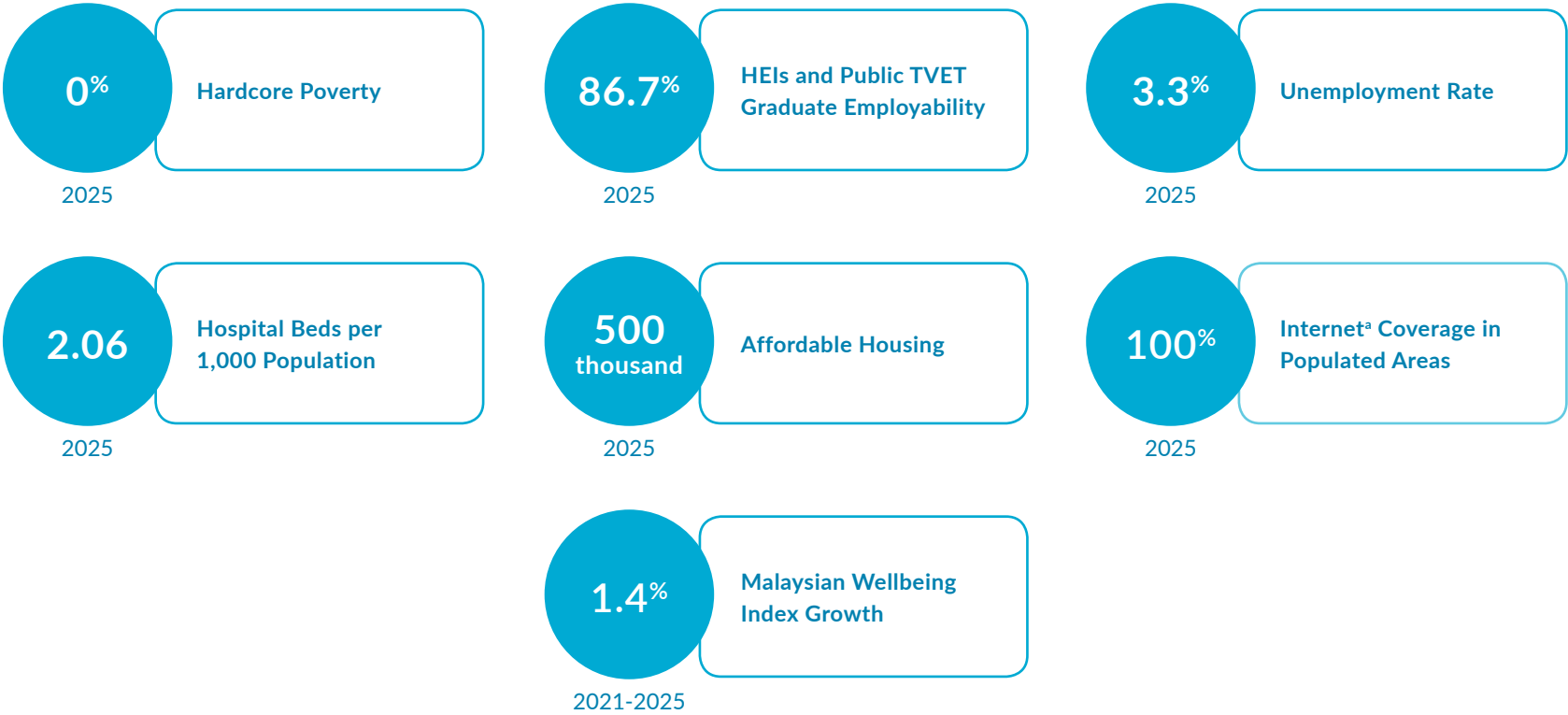
Exhibit O-3

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

Strengthening Sustainability

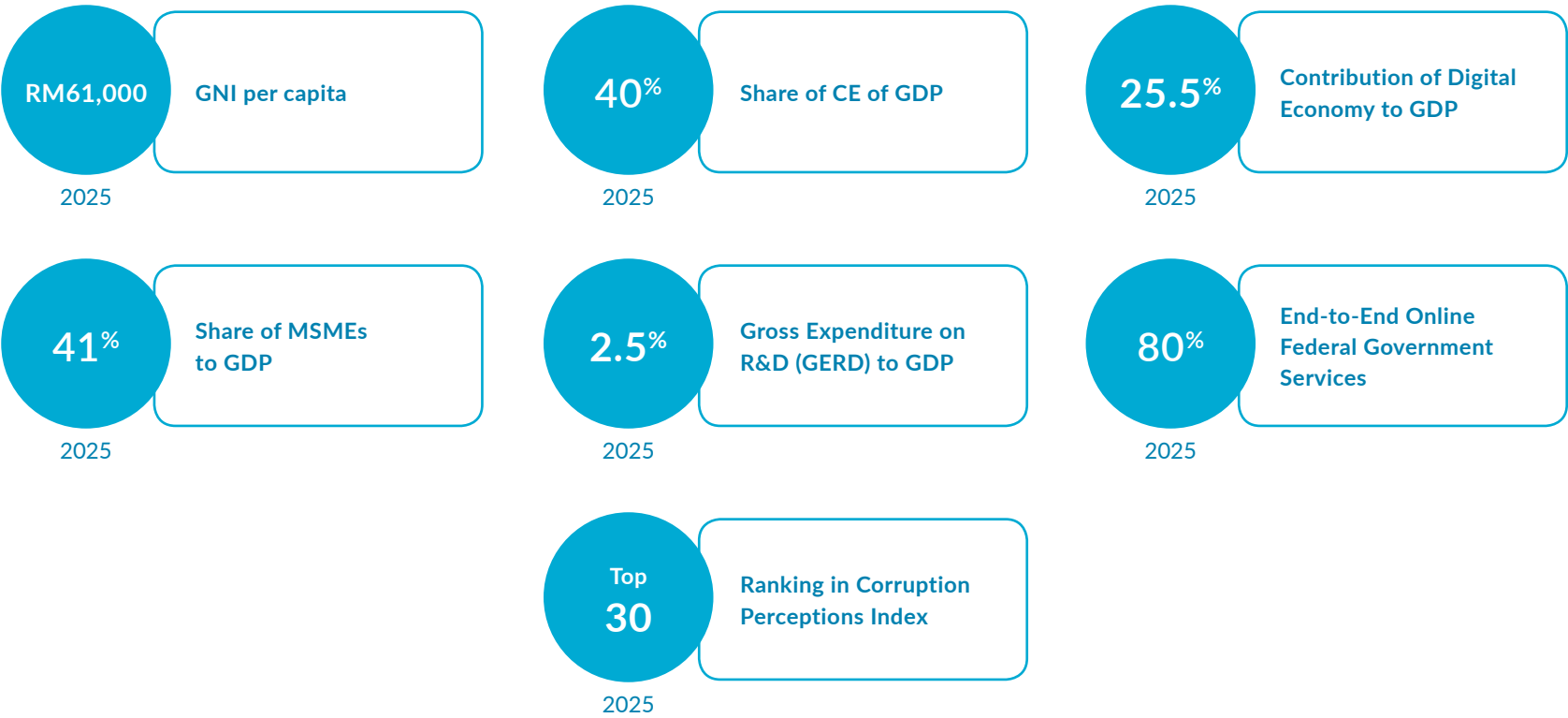


Building a Prosperous Society



Note: ^aInternet 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 GHV 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.



Chapter

1



Future-Proofing Economy

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Introduction

During the review period of the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan), the average annual growth rate of the national gross domestic product (GDP) increased by 5.9%, higher than the original target of between 4.5% and 5.5% per annum, despite a challenging environment. The Malaysian economy rebounded and recorded a remarkable growth of 8.7% in 2022 as compared to 3.3% in 2021, in line with the recovery of the world economy. Labour market conditions also improved, leading to an increase in employment. The current account of the balance of payments (BOP) remained in surplus, supported by strong external demand. In addition, the Federal Government fiscal deficit continued to narrow. The wellbeing of the *rakyat* improved as reflected by the Malaysian Wellbeing Index (MyWI) in 2021, in line with the economic progress. Meanwhile, domestic inflation was elevated due to higher global commodity prices, but remained manageable. Despite the overall positive performance, global and domestic issues and challenges remain. Global risks include geopolitical tensions, global trade and supply chain disruptions as well as higher commodity prices and inflation. On the domestic front, among the issues include slow structural economic transition, continued growth disparity between regions and states, and limited fiscal space.

Moving forward, to future-proof the economy, emphasis will be given on economic transformation by enhancing competitiveness and ensuring sustainable growth. Efforts will be intensified in accelerating structural economic reforms, strengthening external trade in the global supply chain, optimising economic potential of regions and states, and managing inflation. In addition, strengthening fiscal governance, expanding revenue, retargeting subsidies and enhancing budget management as well as improving debt and liabilities management will also be emphasised towards enhancing fiscal sustainability and credibility. The Government will continue to emphasise on economic growth, inclusivity and sustainability towards achieving the aspiration of '*Ekonomi MADANI: Memperkasa Rakyat*' and becoming a high-income nation.

Progress, 2021-2022

World Economy

The world economy grew by 4.9% per annum during the review period, indicating global economic recovery from the aftermath of the COVID-19 pandemic. The recovery was supported by the implementation of economic stimulus packages, rollout of vaccination programmes and reopening of economies worldwide. Emerging markets and developing economies grew by 5.4% per annum, while advanced economies rose by 4%. Growth in advanced economies was led by the United States (US), driven by greater business fixed investment as well as research and development spending. World trade expanded by 7.9% per annum, mainly supported by stronger performance of emerging markets and developing economies. Meanwhile, world inflation increased by 6.7% per annum, following prolonged Russia-Ukraine conflict and high commodity prices.

Domestic Economy

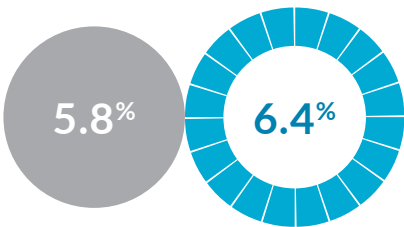
During the review period, potential output expanded by 3.8% per annum. The GDP grew by 5.9% per annum, contributed by better labour productivity growth of 3.7% per annum. Private sector remained the driver of growth supported by accommodative monetary and expansionary fiscal policies. Labour market conditions improved, returning to full employment level. Higher labour demand contributed to better salaries and wages, particularly in the manufacturing and services sectors. However, inflation elevated to 3.3% in 2022. Gross national income (GNI) per capita in current prices was higher at RM52,968 (US\$12,035) in 2022 compared with RM42,838 (US\$10,191) in 2020. The overall wellbeing of the *rakyat* improved, supported by better progress in both economic and social aspects. During the review period, seven out of the 12 macroeconomic targets were achieved, four are on track, while the remaining one is lagging, as shown in *Exhibit 1-1*. In addition, four out of the eight multidimensional goals were achieved, as shown in *Exhibit 1-2*.



Exhibit 1-1

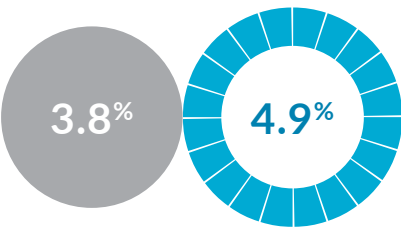
Performance of Selected Macroeconomic Targets

Consumption and Investment



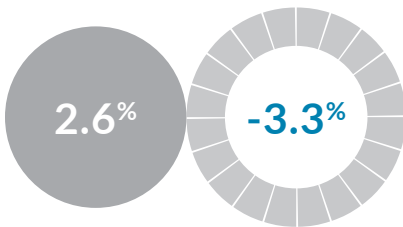
2021-2025 2021-2022

Average Growth of
Real Private Consumption



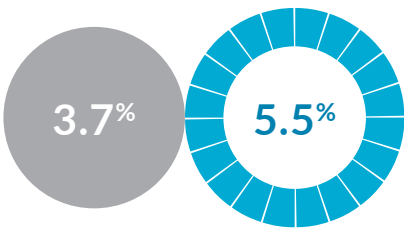
2021-2025 2021-2022

Average Growth of
Real Private Investment



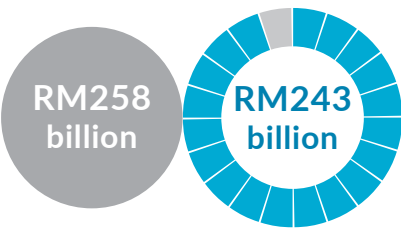
2021-2025 2021-2022

Average Growth of
Real Public Investment



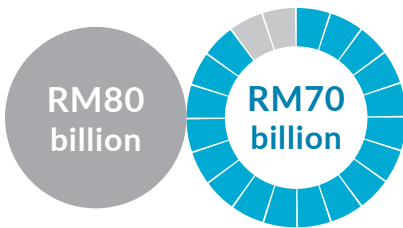
2021-2025 2021-2022

Average Growth of
Real Public Consumption



2021-2025 2021-2022

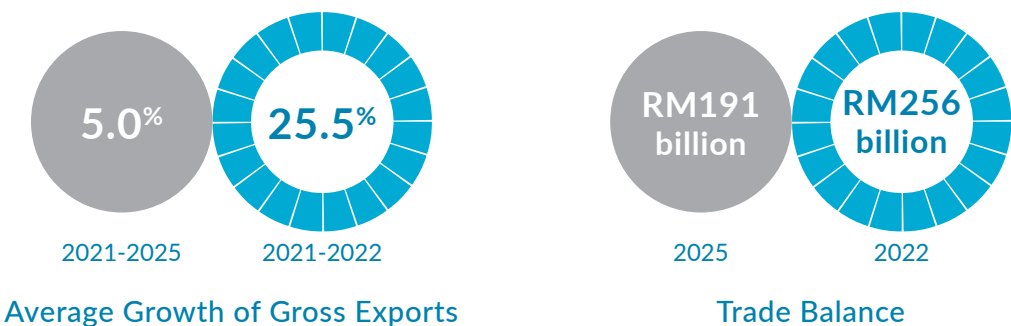
Average Private Investment
in Current Prices



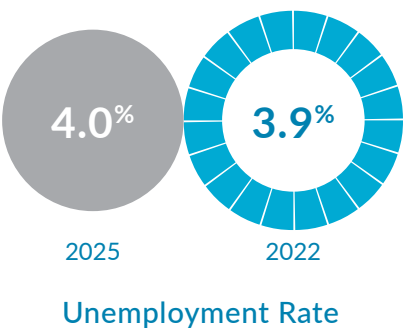
2021-2025 2021-2022

Average Public Investment
in Current Prices

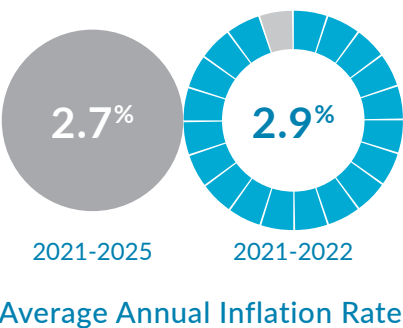
International Trade



Unemployment



Inflation



Fiscal Balance

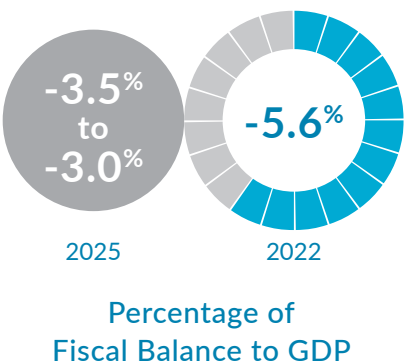
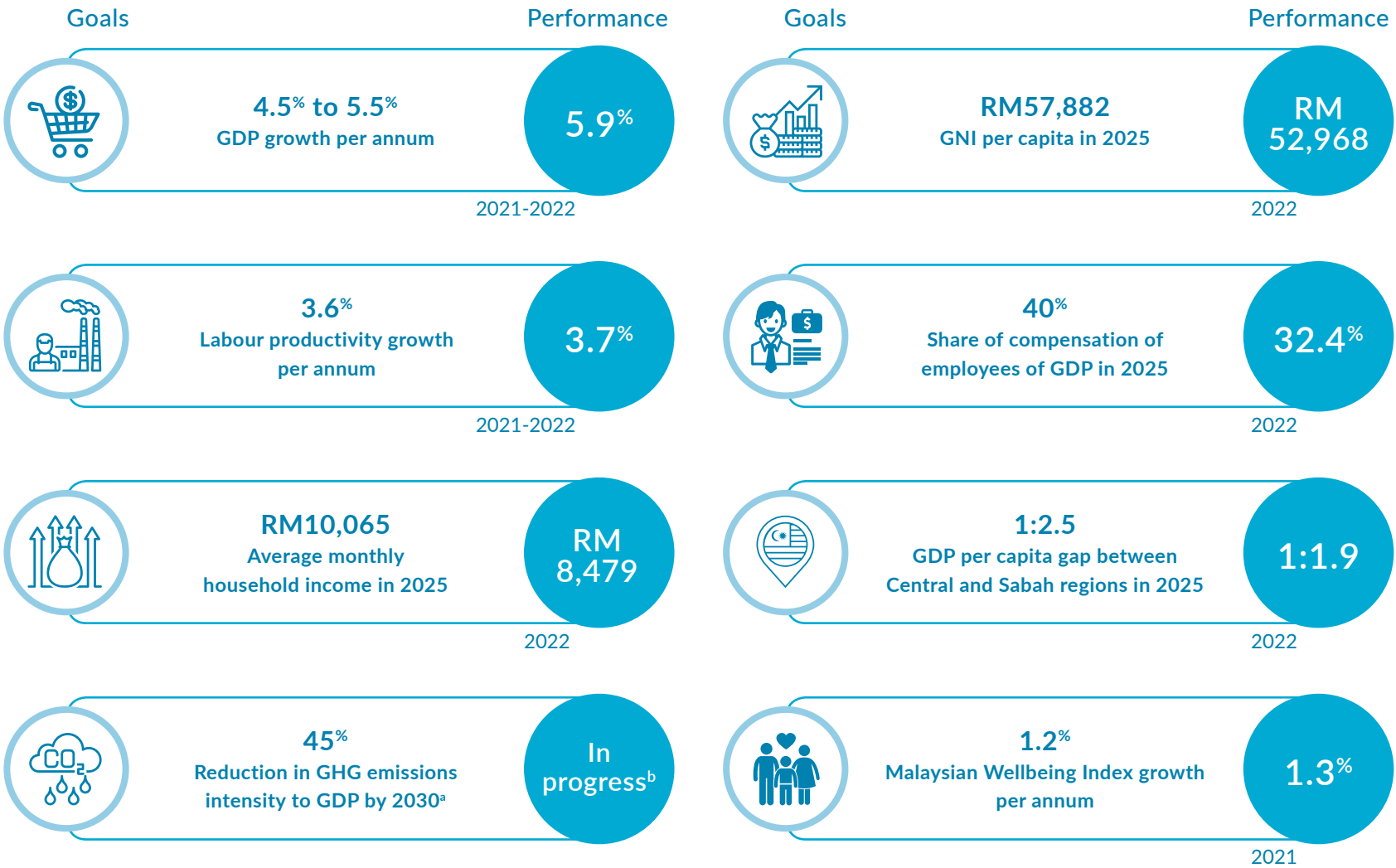


Exhibit 1-2

Performance of Multidimensional Goals



Notes: ^a Based on emission intensity in 2005.

^b Latest data will be published in the Biennial Transparency Report Malaysia in 2024.

Achievement of Key Economic Indicators, 2021-2022



Productivity

- Average contribution of multifactor productivity (MFP) to GDP stood at 36.9%
- Labour productivity per worker increased by 3.7% per annum to RM95,858 in 2022 from RM89,179 in 2020
- Labour productivity in the manufacturing sector surged by 5.4% per annum, supported by higher external demand
- Share of compensation of employees (CE) of GDP registered 32.4% in 2022 with the services sector remaining as the largest contributor



Aggregate Demand

- Private consumption grew by 6.4% per annum, contributed by pent-up demand, improved labour market conditions and continued policy support
- Private investment increased by 4.9% per annum or an average of RM243 billion per year in current prices, supported by the acquisition of new machinery and equipment (M&E) and continued investment in physical structures
- Public consumption rose by 5.5% per annum, driven by higher spending on supplies and services
- Public investment contracted by 3.3% per annum. Average public investment recorded RM70 billion per year in current prices, mainly from infrastructure projects, such as the East Coast Rail Link, Electrified Double Track Gemas-Johor Bahru and Pan Borneo Sabah and Sarawak Highways
- Net exports contracted by 2.5% per annum, as imports growth outpaced exports due to strong household spending and higher investment activity



Sectoral Output

- Services sector expanded by 6.5% per annum, led by stronger growth in consumer-related activities
- Manufacturing sector increased by 8.8% per annum, driven by robust demand for electrical and electronics (E&E) products
- Mining sector grew by 1.8% per annum, supported by higher natural gas production
- Agriculture sector contracted marginally by 0.02% per annum, due to weaker oil palm output
- Construction sector declined by 0.2% per annum, attributed to slower activity in the civil engineering and residential building subsectors



Gross Domestic Product by State

- All states recorded positive growth with two states growing higher than national GDP
 - Pulau Pinang grew by 10% and Selangor by 8.5%, driven by the services and manufacturing sectors
- Selangor, Federal Territory (FT) of Kuala Lumpur, Johor, Sarawak and Pulau Pinang remained as the top five contributors of GDP, constituting 67%



International Trade and Balance of Payments

- Gross exports grew by 25.5% per annum, driven by E&E, petroleum and chemical products
- Gross imports increased by 27.1% per annum, following higher demand of intermediate goods for the manufacturing sector and capital goods for investment activities
- Current account remained in surplus at RM55.1 billion or 3.2% to GNI in 2022, supported by the substantial surplus in the goods account



Federal Government Financial Position

- Fiscal deficit as percentage to GDP reduced to 5.6% in 2022, attributed to proactive fiscal reforms and better debt management
- Share of Federal Government revenue to GDP increased to 16.4% in 2022
- Operating expenditure (OE) grew by 14.2% per annum to RM292.7 billion in 2022
- About 94% of the RM144.6 billion development expenditure (DE) allocation was spent
- Federal Government debt stood at RM1,079.6 billion or 60.3% to GDP in 2022



Inflation and the Labour Market

- Average inflation rate increased to 2.9% per annum, mainly attributed to higher food and non-alcoholic beverages, restaurants and hotels as well as transport components
- Labour market conditions improved further with employment growth at 2.2% in 2022
- 327.6 thousand new jobs created with unemployment rate of 3.9% in 2022



Malaysian Wellbeing Index

- MyWI grew by 1.3% from 117.7 points in 2020 to 119.2 points in 2021
 - Economic wellbeing subcomposite index increased by 1% to 127.2 points, due to better income and distribution, improved communication and higher quality education
 - Social wellbeing subcomposite index improved by 1.4% to 114.7 points, attributed to governance, culture and public safety components

Issues and Challenges

During the review period, various measures were undertaken to strengthen economic resilience. Nevertheless, downside risks emanating from global and domestic fronts remain. Among the domestic issues and challenges include slow structural economic transition, disruption in global supply chain, continued growth disparity between regions and states, elevated inflation and limited fiscal space. In addition, the changing population dynamics continue to remain a challenge for economic growth, as shown in *Box 1-1*.

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

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

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

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

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



Box 1-1

Socioeconomic Development for an Aged Nation

Malaysia towards an Aged Nation

Population ageing is a global phenomenon in which older persons constitute a high percentage of the total population. Following the demarcation adopted by the United Nations World Assembly on Ageing in Vienna 1982, older persons are defined as individuals aged 60 years and above. Based on this definition, Malaysia will become an aged nation in 2030 when the share of older persons reaches 15% of the total population. Meanwhile, the United Nations defines the ageing level of a nation into three categories, namely as ageing nation when the population aged 65 and above reaches 7% of the total population, aged nation at 14%, and super-aged nation at 20%. Based on this definition, Malaysia became an ageing nation in 2021 and is expected to become an aged nation by 2044 (World Bank, 2023). The Malaysian population by age group is as shown in Figure 1.

The transition period of 23 years towards an aged nation for Malaysia is at a faster pace if compared with most Organisation for Economic Co-operation and Development (OECD) countries, which took about 50 to over 100 years. However, the transition period is of a similar pace to the People’s Republic of China, Japan and Republic of Korea. In moving towards aged nation, Malaysia is expected to face several challenges such as slower economic growth, declining labour force participation, lower

productivity, insufficient retirement saving, higher fiscal commitment, rise in non-communicable diseases (NCDs) and impact on long-term care (LTC) and social protections.

Economic and Fiscal Implications

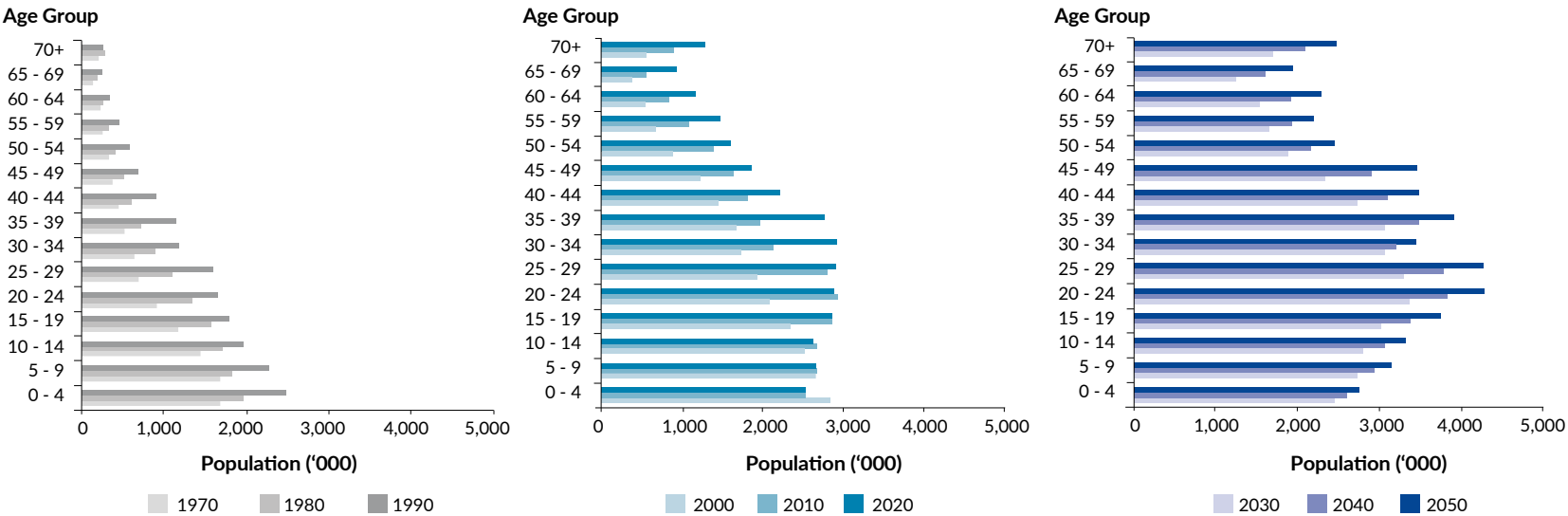
Declining Labour Force Participation

The total fertility rate (TFR) decreased from 4.9 births per woman in 1970 to 1.6¹ in 2022 and expected to reduce further in the future. Meanwhile, the proportion of those below the working age population declined from 45% to 23% in the same period, and this may influence economic and productivity growth. The decline in the working age population will increase demand from industries to hire foreign labour.

Insufficient Retirement Saving

Sufficient retirement savings are crucial for older persons to sustain their quality of life and wellbeing. Older persons with insufficient savings are vulnerable and face difficulties to obtain essential services, such as utilities, healthcare and LTC. In addition, higher cost of living and lack of family support increase the probability of older persons falling into poverty. The savings during the working years will enable the older persons to draw down it for consumption at retirement age. In 2022, about 52% of Employees’ Provident Fund (EPF) members have savings of less than RM10,000, whereas 22% have less than RM1,000. Meanwhile, out of 15.7 million members, only 8.4 million members have active accounts. This low savings level indicates that most Malaysians will be vulnerable at the older age.

Figure 1
Malaysia: Population by Age Group, 1970-2050



Source: Department of Statistics Malaysia

¹ Preliminary data.

Higher Fiscal Commitment

Government spending on public healthcare, especially age-related expenditures is estimated to be at 4.3% to GDP in 2050 (World Bank, 2023). This will lead to higher fiscal commitment in providing healthcare services and assistance for the elderly. Meanwhile, older persons without sufficient savings and social protection are at greater risk of poverty, therefore increasing the need for Government assistance. The lower labour force participation and rising number of retirees may reduce Government revenue from labour income, limiting the Government expenditure in funding social services and causing fiscal challenges and budget deficit. In 2022, tax revenue from individual workers contributed about 16% to total tax revenue. In addition, as life expectancy increases, the pension payment will continue to be a pressure on Government expenditure, which is projected to reach 4.4% to GDP by 2050.

Social Implications

Increase in Intergenerational Gap

Changing the mindset, culture and behaviour in society is among the main challenges in preparing the country towards an aged nation. In this regard, the increase in the intergenerational gap may influence the changes in values within society, including the value of respect and compassion for the elderly. Besides, the intergenerational relationships and support between generations are deteriorating in line with modernisation and technological advancements. Furthermore, low emphasis on education in gerontology may hamper the efforts to bridge the intergenerational gap.

Impact on the Healthcare System

Wellbeing of the *rakyat* has improved as a result of advancement in healthcare and medical innovation. However, the rapid increase in NCDs such as diabetes, heart disease and cancer, poses a challenge to the healthcare system, particularly on NCDs prevention and management among older people. In addition, there are also new challenges in meeting the specific needs of older people, such as dementia, palliative care, frailty and mental health. Without healthcare reforms, an increasing older population will pose a significant pressure on the healthcare system.

Impact on Long-Term Care

A rising share of older people and smaller family size will increase the need to expand the formal aged LTC system. As the number of young workers and women participating in the labour force increase, providing informal care for the elderly becomes a challenge, which may result in the increase of older persons living alone or being abandoned. In addition, limited public financing, inadequate human resources as well as unclear standards for attracting, retaining and incentivising professionals and care workers create a stumbling block to a sustainable LTC system.

Inadequate Coverage of Social Protection

The need to provide adequate social protection for the *rakyat* continues to be a challenge as the population ages and life expectancy increases. These include the challenges of reducing the inclusion and exclusion errors

in social assistance disbursement as well as expanding the coverage of contributory for retirement income, especially for women and informal workers, including unpaid carers. Insufficient retirement savings and inefficient financial management will affect the income security, which may increase the probability of older people to fall into poverty.

Preparing towards an Aged Nation

In addressing the risks and challenges of population ageing, a national ageing blueprint will be developed to mitigate risks and capitalise on potential opportunities. The blueprint will outline policies, strategies and action plans in preparing towards a healthy, productive and inclusive aged nation.

Economic Opportunities

In promoting older persons to remain in the workforce, incentives will be given to employ older workers with flexible working arrangements and provide a senior citizen-friendly working environment. Experienced older persons with soft skills and expertise will be able to continue contributing to the economy, and this will promote intergenerational learning. In addition, technology and digitalisation will be further enhanced and leveraged to increase the opportunity for older people to continue working. Furthermore, to balance the labour market following the shrinking of the working age population, a comprehensive foreign labour policy will be improved to ensure adequate labour supply in sustaining economic growth.

The care economy will be leveraged to create an inclusive, efficient and sustainable LTC industry. The creation of a conducive market ecosystem will attract private investment, provide quality care and boost the participation of women in the labour market. In addition, investment in research, development, commercialisation and innovation (R&D&C&I) will be promoted to enhance silver economy, especially in the production of elderly-friendly products and services. Meanwhile, progressive taxes on unhealthy products will be explored to promote healthy ageing.

Social Wellbeing

Long-term intervention as well as suitable policies and incentives will be strengthened to slow down the declining fertility rates in addressing the low population growth rate. Intergenerational gaps will be reduced, while noble values, such as respect, compassion and responsibility will be further fostered among younger generations. A comprehensive action plan will be developed to strengthen and transform healthcare service delivery and promote healthy longevity, particularly for the elderly. In addition, an LTC policy that incorporates traditional family support into community-based care will be explored to provide better care for the elderly. This effort will increase the opportunity for women to participate in the labour market. Meanwhile, the national social protection system will be reformed by harmonising social assistance, social insurance and labour market intervention to ensure a holistic protection and leaving no one behind. Inclusive affordable housing will also be provided through retirement villages to foster cohesive communities and create a liveable environment. Provision of infrastructure and basic amenities will also be improved to cater for the needs and comfort of the elderly.

Way Forward, 2023-2025

In the remaining Twelfth Plan period, efforts will be intensified in accelerating structural economic reforms, strengthening external trade in the global supply chain, optimising economic potential of regions and states, and managing inflation. In addition, strengthening fiscal governance, expanding revenue, retargeting subsidies and enhancing budget management as well as improving debt and liabilities management will also be emphasised towards enhancing fiscal sustainability and credibility. These strategies will propel Malaysia in achieving a high-income nation and ultimately becoming among the top 30 economies in the world.

World Economic Outlook

World economy is projected to grow by 3.1% per annum in the remaining Twelfth Plan period, driven by emerging markets and developing economies, particularly the People’s Republic of China. Meanwhile, the US economy will lead growth among advanced economies, as shown in *Table 1-1*. World trade is expected to moderate by 3.1% per annum, attributed to several factors that have dampened global demand. High inflation and cost of living, tighter monetary policy, global banking system turmoil, geopolitical tensions, resurgence of COVID-19 cases and emergence of a new global health threat are expected to weigh on world economic outlook.



Table 1-1
World Economic Outlook,
2021-2025

Item	Average Annual Growth Rate, %		
	Actual	Outlook	
	2021-2022	2023-2025	2021-2025
World Output	4.9	3.1	3.8
Advanced Economies	4.0	1.6	2.6
Emerging Market and Developing Economies	5.4	4.0	4.6
World Trade	7.9	3.1	5.0
World Consumer Prices	6.7	5.3	5.8
Commodity Prices			
Nonfuel ¹	16.9	-2.3	5.4
Crude Oil	51.9	-11.4	9.9
Crude Oil Price (US\$ per barrel) ²	82.8	69.7	74.9

Notes: ¹ Average based on world commodity import weights.

² The average of UK Brent, Dubai Fateh and West Texas Intermediate crude oil prices.

Source: International Monetary Fund, World Economic Outlook (April and July 2023)

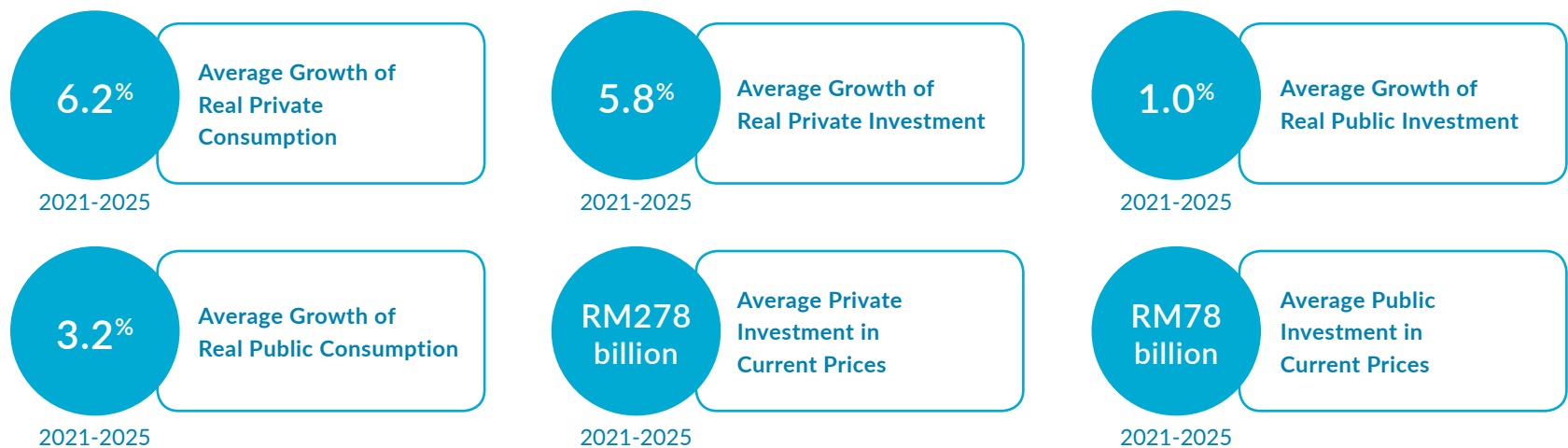
Domestic Economic Outlook

Potential output is projected to expand between 5.5% and 6% per annum, attributed to higher productivity. The economy is expected to grow between 5% and 5.5% per annum driven by domestic demand, particularly private sector expenditure, as shown in *Exhibit 1-3*. Private consumption is anticipated to increase at an average annual rate of 6.1%. The increase will be supported by improvement in labour market conditions with the economy to remain in full employment and inflation rate is expected to remain manageable. On the supply side, the services and manufacturing sectors will remain as the main sources of growth. Meanwhile, the construction sector is expected to rebound supported by stronger growth in the civil engineering and residential building subsectors. GNI per capita in current prices is projected to increase by 4.6% per annum to RM61,000 (US\$14,250) in 2025, as shown in *Exhibit 1-4*.

Exhibit 1-3

Selected Macroeconomic Targets

Consumption and Investment



International Trade



Unemployment



Inflation



Fiscal Balance

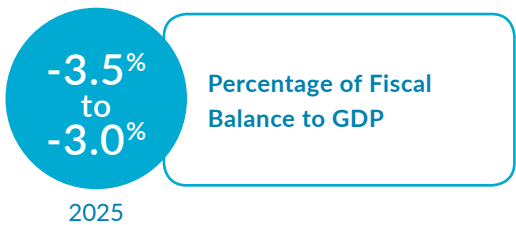
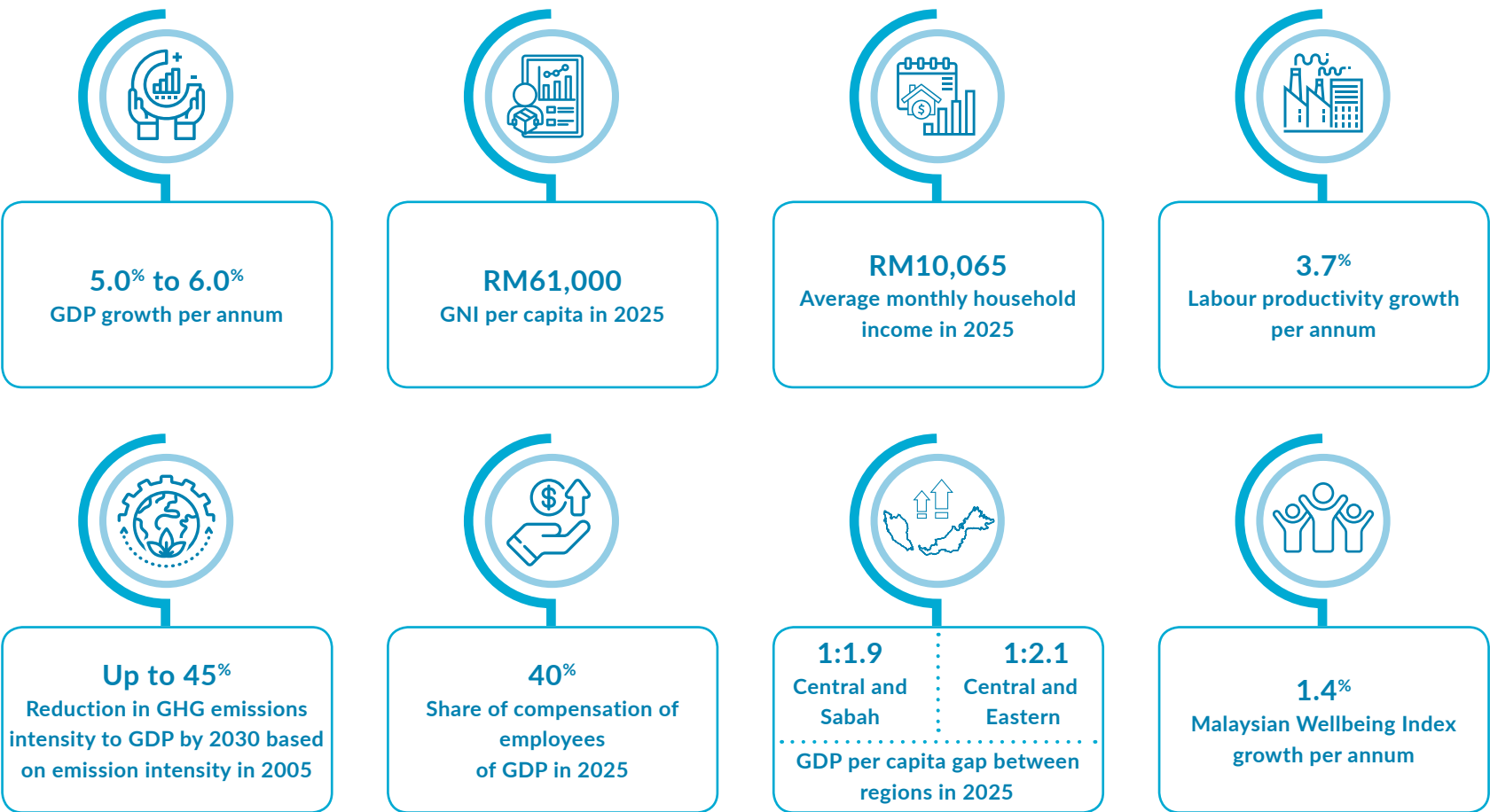


Exhibit 1-4
Multidimensional Goals, 2021-2025



Accelerating Structural Economic Reforms

Intensifying High Value-Added Activities

Sectoral reforms will be accelerated by boosting the high growth high value (HGHV) industries related to energy, technology and digitalisation, E&E, agriculture and agro-based, and non-radioactive rare earths. These five HGHV industries have been identified as part of the Big Bolds in the Mid-Term Review of the Twelfth Plan. The implementation of the reform through these Big Bolds is expected to support the targeted growth of all sectors.

The services sector is expected to grow at an annual average rate of 5.7%, particularly led by consumer-related activities such as in retail trade, accommodation, and food and beverage subsectors, as shown in *Table 1-2*. In this regard, strategic measures will be intensified to expedite the recovery of the tourism industry, rejuvenate the creative industry and strengthen the development of halal industry in optimising the potential of these industries. Efforts will also be undertaken to increase the contribution of the modern services subsector by focusing on the ICT services industry and leveraging on financial technology, as one of the initiatives under the Big Bold Digital- and Technology-based HGHV Industry. In addition, strategies will be enhanced to elevate sustainable financing, including Islamic finance. Meanwhile, the electricity subsector will be enhanced by increasing renewable energy (RE) capacity with the target of 31% in 2025, in line the Big Bold HGHV Industry based on Energy Transition. In this regard, emphasis will be given on increasing uptake of solar, hydropower, and bioenergy as well as expediting development of new and nascent energy resources, particularly hydrogen.



Table 1-2
Gross Domestic Product by Kind of Economic Activity

Item	Average Annual Growth Rate, %		
	Progress	Revised Target	
	2021-2022	2023-2025	2021-2025
GDP	5.9	5.0~5.5	5.0~6.0
Agriculture	-0.02	2.7	1.6
Mining and Quarrying	1.8	3.1	2.6
Manufacturing	8.8	4.9	6.4
Construction	-0.2	6.7	3.9
Services	6.5	5.7	6.0

The manufacturing sector is expected to grow by 4.9% per annum. Priority will be given to accelerate the transition towards new sources of growth within the sector, particularly in E&E. Measures will be undertaken to intensify the production of high value-added and complex products by fostering advanced front-end manufacturing activities and strengthening the overall ecosystem, particularly in integrated circuit (IC) design, IC packaging, wafer fabrication, embedded system, testing service and design engineering. These are part of the initiatives under the Big Bold High Value E&E HGHV Industry. Efforts will also be undertaken on strengthening knowledge-intensive industries, including the M&E, petroleum as well as chemicals and chemical products to support the growth. In addition, low carbon mobility initiative will be enhanced through production and installation of energy-efficient vehicles, including electric and hybrid vehicles. Environmental, social and governance (ESG) adoption will be promoted to achieve the aspiration of net-zero greenhouse gas (GHG) emissions as early as 2050.

The agriculture sector is projected to grow moderately by 2.7% per annum, mainly due to continuously low production of crude palm oil. Greater efforts will be undertaken to transform the agrofood subsector as one of the initiatives under the Big Bold HGHV Agriculture and Agro-Based Industry. Measures will be undertaken to promote investment and increase productivity of the agrofood subsector by utilising smart farming technologies, increasing high value crops and optimising food production areas. The implementation of these measures is expected to increase the share of agrofood subsector to approximately 57% of the total agriculture value-added in 2025 towards achieving food security.

The construction sector is expected to grow at an annual average rate of 6.7%, mainly driven by the civil engineering and residential building subsectors. Acceleration of public infrastructure projects will continue to support the growth of this sector. In addition, the development of affordable housing in strategic locations under several initiatives, including *Residensi Wilayah*, *Program Perumahan Rakyat* and *Perumahan Inklusif MADANI* will accelerate growth in the residential buildings subsector. Efforts will be intensified to expand the implementation of Industrialised Building System and Building Information Modelling to increase productivity. The implementation of the Government Green Procurement (GGP) Works initiative will also be expanded to promote utilisation of green construction products and foster sustainable growth.

The mining sector is expected to grow by 3.1% per annum, mainly driven by the increase in natural gas production. In this regard, efforts will be undertaken to boost production from the new facilities and projects in the pipeline to support growth. In addition, measures will be undertaken to enhance policy framework and develop a new business model to promote growth in the rare earths industry as one of the initiatives under the Big Bold Rare Earths HGHV Industry.

Attracting Higher Quality Investment

Private investment is expected to grow by 6.4% per annum or an average of RM301 billion per year in current prices, supported by faster implementation of new and ongoing projects across key economic sectors. Efforts will be intensified to promote technology-linked investment in HGHV industries, including E&E, smart farming and RE. In addition, firms will be encouraged to increase investment in M&E to expand capacity and productivity. Furthermore, existing investment initiatives will be reviewed to attract quality investment, which utilise frontier technologies and offer technology transfer. The private sector will be encouraged to intensify green investment in business operations and premises, including for the development and utilisation of RE sources.

The ecosystem and regulations to enable more effective public service delivery and facilitate ease of doing business will be further strengthened through the Special Task Force to Facilitate Business (PEMUDAH). In addition, a comprehensive review and reform of investment policies, including on incentives and institutions will be undertaken under the National Investment Aspirations. In this regard, emphasis will be given to attract quality investment that promote 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. Meanwhile, the Government will facilitate greater

involvement of higher learning institutions, research institutes and the private sector to accelerate research, development, commercialisation and innovation (R&D&C&I) activities. These initiatives will attract higher quality investment, particularly focusing on advanced technology.

Public investment is expected to grow by 3.9% per annum or an average of RM83 billion per year in current prices attributed to the Federal Government DE and capital expenditure by non-financial public enterprises. The Government will continue to implement programmes and projects to expand the productive capacity of the economy. These projects include the opening of new high-tech industrial estates in Kimanis and Kota Belud, Sabah and Chuping Valley Industrial Area in Perlis, as well as expansion of Samajaya High-Tech Park in Sarawak and Tok Bali Industrial Park in Kelantan, besides the construction of Central Spine Road and implementation of *Pelan Jalinan Digital Negara* (JENDELA).

Boosting Productivity

Efforts will be intensified to accelerate productivity in enhancing quality growth. MFP is expected to contribute 42.8% to GDP growth, with labour productivity growth of 3.8% per annum in the remaining Plan period. The collaboration between the government, private sector and academia will be strengthened to further increase productivity at the national, state, sectoral and enterprise levels. The planning mechanism at the national level will be improved by enhancing the governance of the productivity council and related committees to enable better monitoring of the Malaysia Productivity Blueprint (MPB) targets. Meanwhile, the ecosystem at the state, sectoral and enterprise levels will be strengthened. In order to ensure agility, efficiency and effectiveness of regulations, the establishment of MyMudah units will be expanded at all levels of governments as well as business associations.

Efforts will be undertaken to address talent mismatch, boost labour productivity and improve income, which is expected to increase the share of CE of GDP at 40% in 2025 and eventually at 45% within 10 years. These efforts will be further supported by the introduction of a progressive wage model, which is a crucial policy tool to accelerate wage growth. Meanwhile, demand-driven talent development as well as upskilling and reskilling programmes will be intensified. In addition, measures will be implemented to strengthen R&D&C&I activities. The productivity gap between large firms and micro, small and medium enterprises (MSMEs) will be narrowed by adopting technology and digitalisation. Access to financing will also be improved in supporting innovation and skills development. The successful initiatives under the existing productivity nexus will be replicated for the new nexus.

Strengthening External Trade in the Global Supply Chain

Improving Exports Potential

Gross exports is projected to moderate by 3.7% per annum, in line with the global trade prospects. The expected economic recovery of major trading partners will support Malaysian exports, despite global headwinds and geopolitical conflict. In this regard, trade and investment will be enhanced by leveraging trade agreements. The National Trade Blueprint (NTBp) will focus on improving export facilitation, enhancing export capacity and expanding market access to ensure conducive trade ecosystem. Concerted efforts will be undertaken to enhance participation in the global supply chain, advance regional integration and strengthen industrialisation initiatives. Meanwhile, Malaysian products and services will be promoted globally to increase exports market. In addition, 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 electricity exchange system to enable RE trading.

Reducing Imports Reliance

Gross imports is projected to grow by 3.6% per annum due to steady increases of intermediate and capital goods in supporting manufacturing and investment activities. Focus will be given to enhance domestic industries and create higher demand for locally produced goods to reduce reliance on imported goods. In this regard, existing import policies will be reviewed, particularly to ensure food security and safety as well as boost agrofood production. Overall, trade balance is projected to reach RM290 billion in 2025.

Sustaining Current Account Surplus of the Balance of Payments

The current account of the BOP is expected to remain in surplus at 2.5% to GNI in 2025 contributed by the continued surplus in the goods account and lower deficit in the services account. The improvement in the services account will be supported mainly by higher travel receipts following aggressive tourism promotions. Greater emphasis will be placed on improving the income accounts by encouraging repatriation of profits by Malaysian companies abroad and reducing the outflow of remittances.

Optimising Economic Potential of Regions and States

Accelerating Socioeconomic Development

In the remaining Twelfth Plan period, growth of the regions and states is expected to be within target. Economic potential of the regions and states will be further strengthened to attract more quality investment in niche areas by promoting adoption of advanced technology in the upstream and downstream activities. In this regard, Federal and state regional development agencies will be encouraged to streamline development priorities by leveraging uniqueness and available resources in each state. In addition, 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.

Leveraging Opportunities from Subregional Cooperation

Subregional cooperation will be leveraged to optimise economic potential and attract investment into the subregions. Priority will be given to enhance economic activities within the subregions by providing better infrastructure and facilities. In addition, cross-border trade activities will be intensified through a more active participation of local stakeholders, especially the private sector. The socioeconomic development in border areas will be increased by improving security facilities and developing border towns. These will contribute in narrowing the growth disparity and increase the wellbeing of the *rakyat* in the regions and states.

Managing Inflation

Containing Price Pressure and Easing the Burden of the Rakyat

Inflation is expected to be between 2.8% and 3.8% per annum, attributed to the gradual implementation of a targeted subsidy, stronger domestic demand and improvement in the labour market. 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. In addition, concerted measures will be undertaken in addressing price issues to improve purchasing power and wellbeing 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 implementation of targeted programmes, including the introduction of progressive wage.

Strengthening Enforcement and Consumer Awareness

Monitoring of price control will be intensified, particularly during festive seasons to ensure fair price and avoid profiteering activities. Data-driven mindset will be inculcated to help consumers make better decisions. Consumer awareness will continue to be emphasised to ensure that consumer rights are protected. This include advocating greater consumerism and providing access to information on best and competitive prices of goods and services through various platforms. In addition, consumer related associations and civil society organisations will be empowered.

Improving Federal Government Financial Position

Strengthening Fiscal Governance

Fiscal management will be strengthened by establishing a legislation on fiscal responsibility. This is one of the initiatives under the Big Bold Fiscal Sustainability and Financial System. Efforts will be intensified to expand revenue base, streamline tax reliefs, reduce leakages and spending wastages as well as improve debt management. In addition, Medium Term Revenue Strategy (MTRS) framework will be developed to increase Government revenue, review tax incentives and encourage data sharing among government agencies. Expenditure efficiency will be improved by retargeting subsidy, developing a single window budget application and enhancing the effectiveness of Public Expenditure Review (PER). Furthermore, the Debt Management Committee will be reactivated to monitor the management of debt and liability. In addition, efforts will be undertaken to develop new acts on debt and procurement as well as review public private partnership (PPP) guideline. These

measures will strengthen fiscal governance and widen fiscal space towards achieving a fiscal deficit target between 3.5% and 3% to GDP by 2025.

Expanding Revenue

Revenue management will be enhanced to enable better collection, as one of the initiatives under the fiscal Big Bold. The initiatives that will be implemented include widening the tax base as well as adopting technology and digitalisation, among others by diversifying tax resources as well as introducing a special voluntary tax disclosure programme and an electronic invoicing system. In addition, enforcement activities will be intensified to enhance tax compliance and curb leakages. These initiatives are expected to enhance revenue towards achieving fiscal deficit target.

Retargeting Subsidies and Enhancing Budget Management

Measures will be undertaken to ensure prudent fiscal spending. A more targeted subsidy mechanism will be identified to ensure the right target groups benefit from Government assistance. In this regard, a comprehensive household database, *Pangkalan Data Utama* (PADU), as one of the initiatives under the Big Bold Targeted Subsidy, will be developed as central reference for assistance targeting. Meanwhile, implementation of development projects will be monitored thoroughly to reduce spending leakages and wastages. The basic DE will be increased to at least 60% of the total annual DE allocation. Efforts will be undertaken to repurpose unutilised funds of government-linked companies (GLCs) and statutory bodies to optimise available resources. This will ensure efficiency of public expenditure and optimisation of resources for development purposes.

Improving Debt and Liabilities Management

Measures will be implemented in improving debt and liabilities management. In this regard, focus will be given in diversifying debt portfolio and realigning the debt issuance schedules of Government and GLCs. In addition, assessment of risks and liabilities exposure on the commitments of government guarantees and PPP projects will be improved. These measures will ensure debt remains manageable and liabilities exposure contained towards fiscal sustainability and credibility.

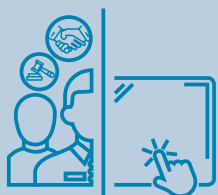
Conclusion

During the review period of the Twelfth Plan, the economy increased by 5.9% surpassing the original target. Despite the overall positive performance, domestic issues and challenges remain, such as slow structural economic transition, disruption in global supply chain and limited fiscal space. In the remaining Twelfth Plan period, macroeconomic strategies will focus on accelerating structural economic reforms, strengthening external trade in the global supply chain, optimising economic potential of the regions and states, and managing inflation. In improving Federal Government financial position, efforts will be undertaken to strengthen fiscal governance, expand revenue, retarget subsidies and enhance budget management as well as improve debt and liabilities management. Concerted efforts and effective implementation of these strategies and initiatives will contribute in future-proofing economy towards achieving the aspiration of '*Ekonomi MADANI: Memperkasa Rakyat*' and becoming a high-income nation.



Chapter

2



Enhancing Efficiency of Public Service Delivery

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Introduction

Malaysia remains steadfast in its commitment to transform and improve the public service delivery to meet the higher expectations of the *rakyat*. During the review period of the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan), the Government has embarked on several strategies to enhance the quality of the public sector by investing in the development of human capital, accelerating digitalisation, emphasising on good governance, and enhancing budgeting and project management. Despite these efforts, the Government continues to face issues and challenges in governance, human capital, digitalisation, and budget and project management. In line with the Government's vision to rebuild trust, and strengthen integrity and transparency, a standard of governance on leadership and decision-making will be refined to instil the values of sustainability, prosperity, innovation, respect, trust and compassion.

Moving forward, good governance principles such as accountability, transparency and inclusivity will be further emphasised in ensuring public services are delivered with higher integrity. Focus will also be given in developing agile human capital that aims to equip civil servants with imperative knowledge and capabilities to deliver high-quality and efficient public services. Furthermore, adoption of digital technologies and innovative solutions will drive a more seamless and accessible public service delivery experience to the *rakyat*. The institutional and business framework will also be strengthened in enhancing the efficiency of public service. The Government will improve the effectiveness and efficiency of budget and project management to optimise resource allocation and achieve development outcomes. Implementation of these initiatives with the adoption of the whole-of-nation approach will enhance the public service delivery in providing exceptional services to the *rakyat*.

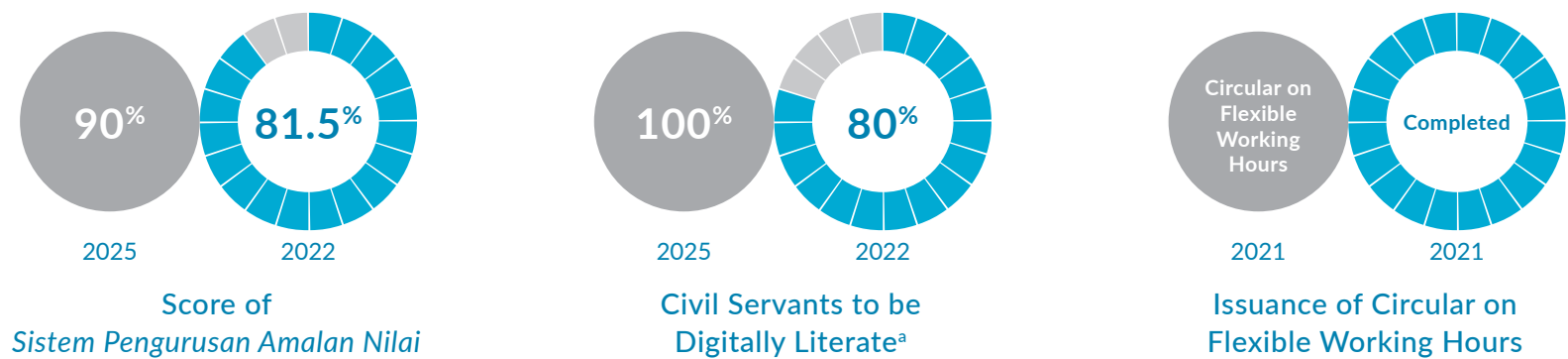
Progress, 2021-2022

A total of 10 targets were set in the effort to strengthen public service delivery. Out of the 10, two targets were achieved, three are on track, while the remaining five are lagging during the review period as shown in *Exhibit 2-1*.

Exhibit 2-1

Performance of Selected Targets

Developing High-Performing Civil Service

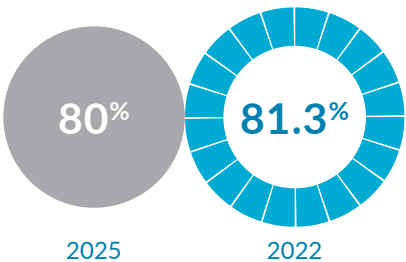


Advancing Whole-of-Government Approach

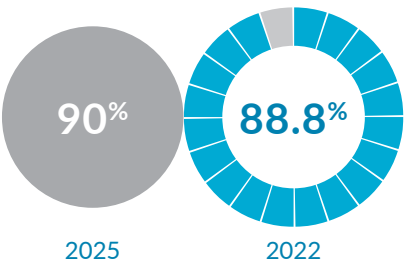


Note: ^a Based on pilot study by Institut Tadbiran Awam Negara.

Advancing Whole-of-Government Approach

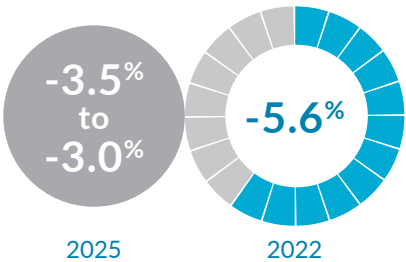


End-to-End Online
Federal Government Services

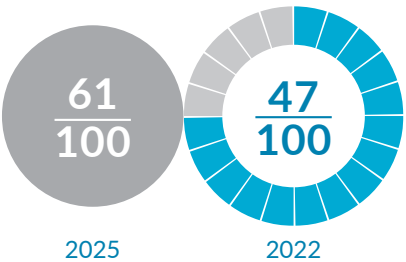


Local Authorities
Achieve 4-Star Rating

Enhancing Budgeting and Project Management



Percentage of Fiscal Balance
to GDP



Minimum Score in
Open Budget Index of the
International Budget Partnership

Achievement by Priority Area



Priority Area A: Developing High-Performing Civil Service

Strategy A1: Transforming the Public Service	
Enhancing Human Resource Management	<ul style="list-style-type: none">• Four guidelines¹ related to human resource management issued to government agencies in 2022• Digital literacy of civil servants<ul style="list-style-type: none">◦ Pilot study on digital literacy completed in 2021◦ The digital literacy programme started in 2022
Strategy A2: Developing Future Leaders	
Improving Process in Recruiting and Retaining Talent	<ul style="list-style-type: none">• <i>Kajian Keberkesanan Pelaksanaan Dasar Waktu Bekerja Fleksibel Dalam Perkhidmatan Awam</i> completed in 2022• MyPerformance module incorporated into Human Resource Management Information System (HRMIS) in 2022
Priming Premier Leaders in the Public Service	<ul style="list-style-type: none">• 54 out of 57 agencies submitted succession plans• The Public Services Commission improved the screening and selection mechanism for three Managerial and Professional service schemes
Inculcating Good Ethics	<ul style="list-style-type: none">• Guideline on <i>Sistem Pengurusan Amalan Nilai 2.0</i> (second edition) issued• A report on <i>Kajian Keberkesanan Intervensi Nilai</i> completed in November 2022
Enabling Continuous and Comprehensive Learning and Talent Development	<ul style="list-style-type: none">• 475 Chief Digital Officers (CDOs) appointed• Fourth Industrial Revolution (4IR) courses ranging from internet of things, blockchain and cyber security implemented by <i>Institut Tadbiran Awam Negara</i>• 27 officers participated in cross-fertilisation programme

¹ Panduan Pembangunan Pembelajaran Secara Dalam Talian, Panduan Pengajaran dan Pembelajaran Secara Dalam Talian Melalui Penggunaan Teknologi Maklumat dan Komunikasi (ICT), Panduan Pelaksanaan Pakej Latihan and Panduan Penyediaan Kajian Impak Latihan.



Priority Area B: Advancing Whole-of-Government Approach

Strategy B1: Improving Government Administration and Operational Efficiency

Improving Government Administration

- *Jabatan Perkhidmatan Awam* undertaken a feasibility study on the introduction of a public service act

Streamlining Institutions

- 50% of the Sandbox Technology Programme initiatives for public service implemented

Fostering Efficiency in Public Service Delivery

- Guidelines on implementation of key performance indicators (KPIs) for top Government official reviewed in 2022
- 27 agencies from ministries cluster and six agencies from central agencies cluster implemented assessment based on Malaysia Government Performance Index
- Licensing, financial management, enforcement and complaint management criteria introduced as new indicators in *Sijil Penarafan Bintang-Pihak Berkuasa Tempatan* in 2022

Strengthening Collaboration and Coordination among Stakeholders

- Specific platforms on the Sustainable Development Goals and poverty eradication programmes involving civil society organisations (CSOs), private sector, higher education institutions, state governments and local communities established
- The National Centre for Governance, Integrity and Anti-Corruption conducted various engagement sessions including a town hall and Bribery BUSTER (*Rasuah BUSTER*) programme

Expanding Digitalisation Initiatives

- 208 federal and 465 state agencies offered e-payment options
- *Sistem Pengurusan Aduan Awam* is being enhanced with chatbot and smart mobile application, and cloud computing

Strengthening Open Data Governance

- A circular on *Dasar Perkhidmatan Pengkomputeran Awan Sektor Awam* issued in 2021
- A circular on *Dasar Perkongsian Data Sektor Awam* issued in 2021

Strategy B2: Enabling Better Decision-Making and Innovation	
Enabling Quality Decision-Making	<ul style="list-style-type: none"> • Five Behavioural Insights pilot studies completed in 2022 • 30 ministries and agencies utilised the Unified Public Consultation platform to conduct engagement with stakeholders • <i>Pangkalan Data Perlindungan Sosial</i>, a central data repository for social assistance established in 2022
Promoting Greater Innovation	<ul style="list-style-type: none"> • A study on innovation best practices to accelerate innovation among civil servants carried out in 2022
Strategy B3: Strengthening Governance Ecosystem	
Upholding Integrity, Transparency and Neutrality at All Levels	<ul style="list-style-type: none"> • 661 Organisational Anti-Corruption Plan (OACP) documents, comprising of 232 at the federal and 429 at state levels developed
Improving the Electoral System	<ul style="list-style-type: none"> • The Constitution (Amendment) Act 2019 [Act A1603] relating to minimum voting age from 21 years old to 18 years old came into force on 15 December 2021
Digitalising Court Information Management System and Process	<ul style="list-style-type: none"> • Six new modules² developed in the <i>e-Kehakiman</i> system
Enhancing Corporate Governance in State-Owned Enterprises and Statutory Bodies	<ul style="list-style-type: none"> • <i>Prinsip Tadbir Urus Baik bagi Syarikat Pelaburan Kerajaan</i> launched in April 2022

² *eDenda*, *eExecution for Bailiff*, *ePlead Guilty*, *eRekod Rayuan*, Long Call Solution and Statistics based on Offense.



Priority Area C: Enhancing Budgeting and Project Management

Strategy C1: Reviewing Budgeting Framework and Process

Enhancing Budgeting Transparency and Aligning Priorities

- Pre-Budget Statement published for the year 2021 and 2022
- The basic development expenditure (DE) allocated to the six less developed states exceeded 50% target

Introducing Value at Entry (VAE)

- VAE (Acquisition Categorisation (ACAT), Value Management Strategic (VMS), *Gerbang Nilai 0* (GN0)) imposed as a requirement for new physical project applications in 2022

Developing a Legal Framework in Government Procurement

- The Domestic Review Procedure introduced to improve complaint management on government procurement in 2022

Strategy C2: Improving Effectiveness of Project Implementation

Improving Project Delivery Mechanism

- The *Jawatankuasa Tertinggi Pemantauan RMKe-12*, chaired by the Prime Minister established in 2021
- *Garis Panduan Penyediaan Kajian Separuh Penggal Rancangan Malaysia Kedua Belas (KSP RMKe-12)* and *Permohonan Projek Pembangunan Tahun 2024-2025* was issued in 2022
- 130 projects reviewed by *Jawatankuasa Kerja Penilaian Outcome* in 2021 and the achievement of outcomes based on the four categories
 - Significantly Exceed Target: 55 Projects
 - Exceed Target: 43 Projects
 - On Target: 22 Projects
 - Below Target: 10 Projects

Strengthening MyProjek

- MyProjek enhanced in 2022 to incorporate states' priority list of projects
- Various systems such as Public Sector Comparator, Integrated Government Financial Management Accounting System (iGFMAS) and *Sistem Pengurusan Tanah Persekutuan dan Pembahagian Pusaka* (MyeTaPP) integrated with MyProjek from 2021

Issues and Challenges

Efforts were undertaken to strengthen public service delivery efficiency and effectiveness in meeting the rising expectations from the *rakyat* and stakeholders. Nevertheless, the improvements are still insufficient to deal with the ongoing issues and challenges. In this regard, main issues and challenges which need to be addressed are weak governance, constraints in human capital development, low adoption of digital technology, and unconducive environment for organisation and business. Furthermore, limited fiscal space and inefficient project management also need to be addressed.

Weak Governance

- Ambiguity in implementing policy and legislation
- Limited enforcement capacity and low compliance rate
- Misconduct and corruption

Low Adoption of Digital Technology

- Underutilisation of MyGovernment portal for online services
- Lack of data sharing
- Lack of commitment to support digital transformation
 - Low appointment of CDO at federal and states agencies
 - Slow development of digital enterprise architecture (EA) in public sector organisations

Limited Fiscal Space and Inefficient Project Management

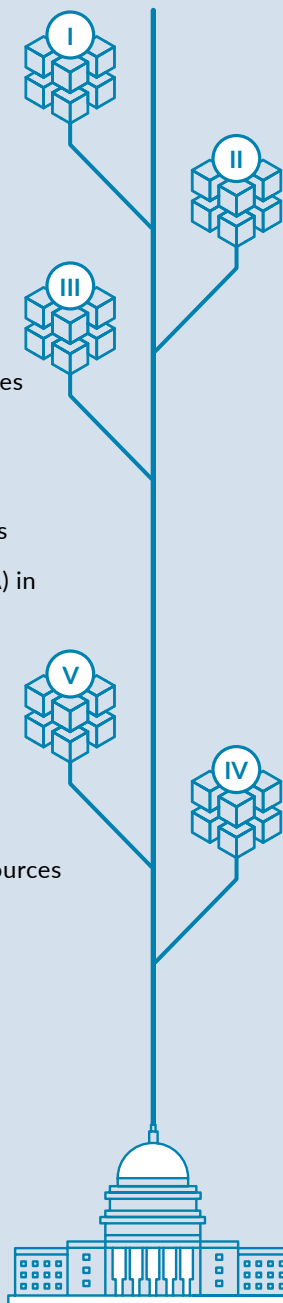
- Insufficient sources of revenue and narrow revenue base
- Mistargeted subsidies causing inefficient allocation of resources
- Insufficient allocation of basic development expenditure
- Leakages in procurement process mainly due to direct negotiations
- Lack of comprehensive evaluation for off-budget projects
- Resources constraint for infrastructure and public utilities maintenance
- Ineffective project management

Constraints in Human Capital Development

- Limitation in competency-based postings
 - Challenges in identifying competency gap among officers due to unavailability of job specification data
- Ineffective management of leadership talent pool due to incomprehensive implementation of Public Service Leadership Model, and lack of data profiling and succession plan for civil servants
- Insufficient data to extrapolate trends on digital literacy among civil servants
- Lack of required skills among persons with disabilities (PWDs) to be appointed in the civil service

Unconducive Environment for Organisation and Business

- Overlapping structures and functions of ministries and agencies
- Unfavourable business environment
 - Ineffective business facilitation



Way Forward, 2023-2025

During the remaining Twelfth Plan period, the Government will continue to focus on providing efficient and effective public service delivery through the whole-of-government approach. This will be undertaken by enhancing value-based governance, enriching human capital, accelerating digital transformation, and strengthening institutional and business framework for improved public service delivery efficiency. In addition, efforts in improving the effectiveness and efficiency of budget and project management will be strengthened to ensure a more transparent public service delivery that meet the expectation of *rakyat*.



Focus Area A: **Enhancing Value-Based Governance**

Strategy A1:

Improving Accountability and Transparency

Strategy A2:

Strengthening and Acculturating Integrity in Public Service



Focus Area C: **Accelerating Digital Transformation**

Strategy C1:

Improving End-to-End Online Services Performance

Strategy C2:

Boosting Data Sharing

Strategy C3:

Facilitating Change and Digital Innovation



Focus Area E: **Improving the Effectiveness and Efficiency of Budget and Project Management**

Strategy E1:

Strengthening Budget Management

Strategy E2:

Improving the Effectiveness of Project Management



Focus Area B: **Enriching Human Capital in the Civil Service**

Strategy B1:

Streamlining Job Placement

Strategy B2:

Priming Premier Leaders

Strategy B3:

Improving Competency of Civil Servants

Strategy B4:

Increasing Participation of Persons with Disabilities in Public Service



Focus Area D: **Strengthening Institutional and Business Framework**

Strategy D1:

Reviewing Structure and Function

Strategy D2:

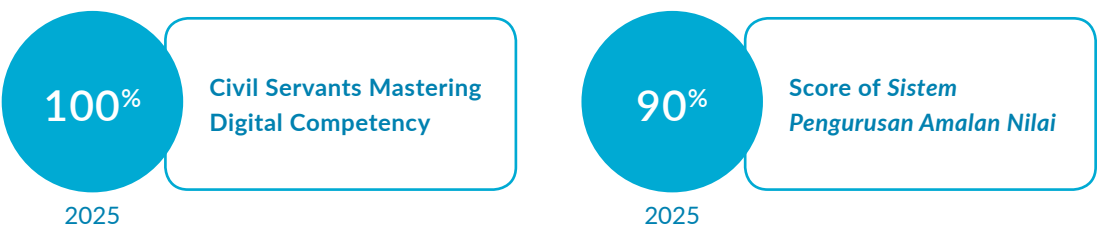
Enhancing Ease of Doing Business

Selected Targets, 2021–2025

Enhancing Value-Based Governance



Enriching Human Capital in the Civil Service



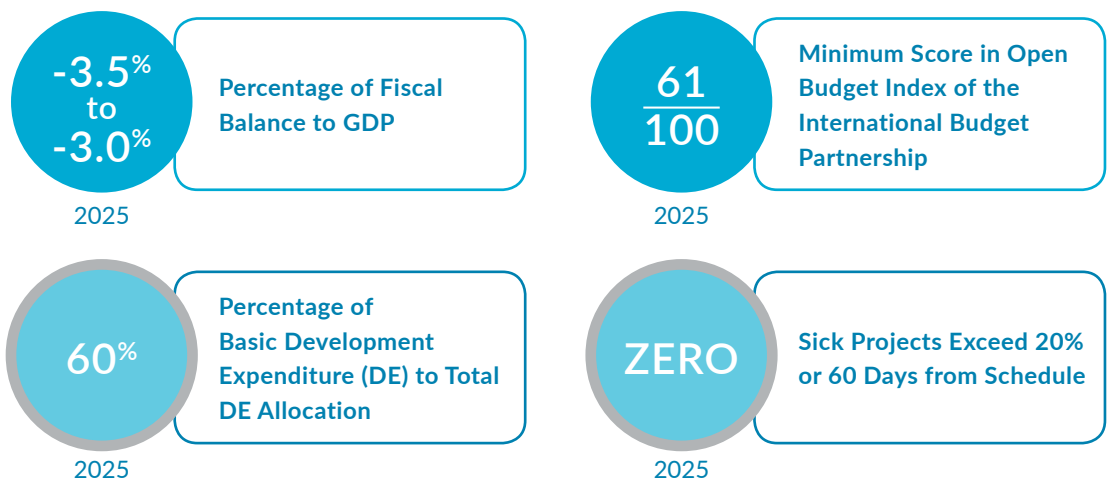
Accelerating Digital Transformation



Strengthening Institutional and Business Framework



Improving the Effectiveness and Efficiency of Budget and Project Management



Focus Area A: Enhancing Value-Based Governance

In line with efforts towards a corrupt-free government, it is imperative to ingrain value-based governance that incorporates integrity, accountability and transparency in the public service to realise the whole-of-nation approach. Thus, public service underpinned by respect, trust and compassion will boost economic growth and the well-being of the *rakyat*. Two Big Bolds, namely Governance and Institutional Framework, and Legislation related to Corruption will be realised in enhancing value-based governance. The two strategies to be implemented are improving accountability and transparency as well as strengthening and acculturating integrity in public service.

Strategy A1

Improving Accountability and Transparency

Strategy A2

Strengthening and Acculturating Integrity in Public Service

Strategy A1: Improving Accountability and Transparency

Strengthening Accountability in Political Donation

A new legislation on political donation will be enacted to regulate any form of contribution made by individuals and special interest groups. This donation will not be confined to only during elections. The legislation will be governed by an independent body to ensure all political parties, politicians, election candidates and political agents are accountable to the rule of law. This law will forbid funding from any foreign entity for the purpose of political activities and further improve the transparency in the political donation.

Improving Public Complaints Management

In the remaining Twelfth Plan period, an ombudsman act will be enacted and an ombudsman body introduced. The ombudsman act will improve enforcement, increase transparency and efficiency in addressing public complaints. Meanwhile, the ombudsman body will be empowered to ensure that public complaints are duly addressed and resolved.

Enhancing the Function of National Audit

The Audit Act 1957 [Act 62] will be amended by expanding the duties of the Auditor General (AG) to audit companies in which the Government has interest in the form of guarantees, investments and loans guaranteed by the Government. The amendment will also restrict AG from being involved in any activities or committees at federal or state levels. The role of AG as an independent, transparent and professional entity will be further strengthened to be on par with the standards of Independence of Supreme Audit Institutions and International Organization of Supreme Audit Institutions.

Improving Beneficiary Ownership Reporting Mechanism

Provision on beneficial ownership will be reviewed in the Companies Act 2016 [Act 777] and incorporated in the Limited Liability Partnership Act 2012 [Act 743], in line with the best practices and international standards. These revised and new provisions will emphasise on the beneficial ownership reporting framework by defining the ownership of share and control in company management as well as updating information and submitting annual statements to the company registrar. The implementation of this initiative will further enhance transparency in both private and public sectors. These revised and new provisions will be tabled in the Parliament during the remaining Twelfth Plan period.

Strengthening the Function of the National Anti-Financial Crime Centre

The National Anti-Financial Crime Centre (NFCC) will be strengthened to coordinate the management of confiscated and disenfranchised property. This involves the amendment of the National Anti-Financial Crime Centre Act 2019 [Act 822] and other laws under the purview of relevant ministries and agencies. In addition, NFCC will outline the proper guidelines and develop relevant database to facilitate planning and monitoring to address financial leakages and crime.

Strategy A2: Strengthening and Acculturating Integrity in Public Service

Introducing a Comprehensive Governance Act for Public Sector

A governance act will be introduced to provide a comprehensive governance framework across ministries and agencies in supporting the whole-of-government approach. In this regard, a study will be conducted to evaluate the suitability in enacting the act. This study will also identify the need of establishing an independent body in governing and monitoring the direction of the proposed act.

Profiling Corruption Traits

A pilot project using criminogenic profiling will be conducted through collaborative efforts between selected agencies and public universities. The profiling will determine the corruption tendency of an individual. The outcome of this pilot project will determine the use of criminogenic profiling as one of the tools to profile corruption traits in the public service.

Developing Integrity Instruments

A pilot study will be conducted to measure the level of integrity in leadership for the purpose of career development using the leadership integrity profile instrument. In addition, health check instruments on integrity will be developed to measure the level of good governance compliance among civil servants. The Malaysia Governance Index will also be developed as an indicator to measure the national governance performance.

As part of the legislation related to corruption Big Bold initiatives, a new integrity plan with the core values of MADANI will be introduced in cultivating humanistic values and attitude. A new anti-corruption plan will also be introduced that serves as a guideline to all public and private institutions on issues related to integrity, governance and corruption. In addition, a new legislation on anti rent-seeking will be explored in promoting transparency and economic efficiency.



Expanding the Integrity Awareness Programme

The importance of integrity through multi-layered public awareness campaigns in cultivating integrity culture within societies will be carried out through various programmes. The Enforcer Integrity Module training programme will be extended to all relevant ministries and agencies. Additionally, a Corruption Risk Management Training Module will be developed as an online learning programme through the *e-Pembelajaran Sektor Awam* portal.

A Community Integrity Building (CIB) programme, implemented in seven selected local authorities³, will be expanded to more local authorities. The CIB programme is designed to nurture a responsible behaviour within the local communities. The implementation of this programme will also improve integrity within the local authorities and society.

³ Dewan Bandaraya Kuching Utara, Majlis Bandaraya Melaka Bersejarah, Majlis Bandaraya Subang Jaya, Majlis Perbandaran Sibu, Majlis Daerah Hulu Terengganu, Majlis Daerah Limbang and Majlis Daerah Matu & Daro.

Focus Area B: Enriching Human Capital in the Civil Service

Enriching human capital enables civil servants to embrace a high-performance culture to meet the rising expectations of the *rakyat*. In this regard, the Government needs to invest in the development and enrichment of civil servants. The strategies to be implemented are streamlining job placement, priming premier leaders, improving competency of civil servants and increasing participation of PWDs in the public service.

Strategy B1 Streamlining Job Placement

Strategy B2 Priming Premier Leaders

Strategy B3 Improving Competency of Civil Servants

Strategy B4 Increasing Participation of Persons with Disabilities in Public Service



Strategy B1: Streamlining Job Placement

Enhancing Competency-Based Placements

Job specification (JS) that describes knowledge, skills level, capabilities and competencies requirements for each position will be introduced in every agency. The existence of JS will complement the current job description for each position which will enhance competency-based placements. Thus, the Government will be able to identify manpower requirements, and develop subject matter experts and leadership programmes. In addition, data profiling of civil servants will be enhanced to enable the heads of agencies to assess, identify and groom future leaders based on competencies.

Strategy B2: Priming Premier Leaders

Developing Future Leaders

Efforts will be intensified to develop future leaders in the public service. The concept of “leaders create leaders” will be introduced to ensure an effective transition of leaders in an organisation and will be incorporated in the *Sistem Pemantauan dan Penilaian Petunjuk Prestasi Utama* for heads of agencies. Elements of coaching and mentoring will be enhanced to develop outstanding leadership skills and personality traits. In addition, a standardised leadership and management module will be introduced to all schemes of service.

Strategy B3: Improving Competency of Civil Servants

Improving Fundamental Competencies

The assessment process and tools for competencies will be improved to further enhance skills and competencies required in preparing future ready civil servants. Learning modules including emerging technology, and problem-solving and communications skills, will be continuously improved for all levels of civil servants. These modules will inculcate good interpersonal skills to better serve the *rakyat*. The upskilling and reskilling programmes will also be enhanced through a systematic assessment, based on the Digital Government Competency and Capability Readiness framework to address competency gap among civil servants.

Strengthening Digital Competency

Measures will be undertaken to ensure civil servants to be digitally savvy. In this regard, the CDOs will be tasked to achieve the target of all civil servants are digitally competent in 2025 as one of the KPIs. Competency assessments will be implemented in all government agencies. Meanwhile, engagement sessions on the guidelines and measuring tools of digital competency assessment will be carried out.

Implementing Behavioural Insights

Behavioural Insights (BI) plays a pivotal role in enabling policy makers to gain better understanding on human behaviour, hence enhancing the efficacy of policy-making. Efforts will be continued in advancing the implementation of BI in policy-making by developing local talents among civil servants. Awareness programmes will continue to be carried out at the federal and state levels. The integration of BI into policy-making will enable incorporation of evidence and insights from social sciences that are not only effective but also be able to address the diverse needs of the *rakyat*. The incorporation of BI into policy-making will also fosters a more citizen-centric governance model.



Strategy B4: Increasing Participation of Persons with Disabilities in Public Service

Enhancing the Readiness of Persons with Disabilities

The Government will continue to encourage more participation of the PWDs in the public sector. Skills training programmes will be implemented to enhance the skills and readiness of PWDs to be employed in the public service through collaboration with relevant agencies and CSOs. Through this approach, PWDs will be equipped with specific skills and competencies that are aligned with the current and future requirements of the public service.

Focus Area C: Accelerating Digital Transformation

Swift changes in digitalisation create an urgent need to accelerate digital transformation in enhancing the efficiency of public service delivery. In this regard, the Government will accelerate digitalisation initiatives through Government Technology (GovTech) to modernise public service delivery that stresses on the importance of universally accessible citizen-centric public service. A description on GovTech in Malaysia is as shown in Box 2-1. GovTech is one of the initiatives under the Big Bold Digital-and Technology-Based Industry. Under this Big Bold, the implementation of the National Digital Identity will also be expedited. In addition, strategies on improving end-to-end (E2E) online services performance, boosting data sharing, and facilitating changes and digital innovation will be implemented.

Strategy C1

Improving End-to-End Online Services Performance

Strategy C2

Boosting Data Sharing

Strategy C3

Facilitating Change and Digital Innovation

Strategy C1: Improving End-to-End Online Services Performance

Strengthening Digital Services

The Government will continue to strengthen digital services by encouraging the use of Government Service Catalogue. This Catalogue will provide a clear guide of categories for Government services⁴ and serve as the basis for ministries and agencies to meet the requirement of online services. The usage of this Catalogue will enhance the quality and efficiency as well as increase the percentage of E2E online services in the public sector.

Strategy C2: Boosting Data Sharing

Developing Data Repository on Households

A socioeconomic data repository on households, known as *Pangkalan Data Utama* (PADU) will be developed to facilitate distribution of a more targeted subsidy and assistance. PADU is an initiative under the Big Bold Targeted Subsidies. Near real-time micro data on individuals such as demography, income and social assistance will be captured in this platform as a reference to government agencies. In addition, PADU will provide access to enable individuals to review and update personal data. In this regard, the Government will ensure data confidentiality and security are protected.

Strengthening Regulatory Framework on Data Sharing

The introduction of Omnibus Act will govern data sharing and cloud storage. This act will enable the revision of agency internal regulations and policies in supporting data sharing and digitalisation requirements. In addition, impact studies on the implementation of *Dasar Perkongsian Data Sektor Awam* and the National Data Sharing Policy will be conducted to identify gaps in implementation and the effectiveness of these policies in encouraging data sharing. Engagement at the federal and state levels will continue to be conducted, focusing on awareness and value creation of data sharing.

Strategy C3: Facilitating Change and Digital Innovation

Improving the Effectiveness of Change Management in Organisations

The appointment of the CDOs is to accelerate digital transformation and promote digital-driven work culture across all ministries and agencies by referring to *Panduan Pengurusan Perubahan Sektor Awam*. CDO will be responsible to spearhead initiatives on digital technology, data governance and digital literacy in organisation. Continuous efforts will be undertaken to ensure CDOs will be appointed in all federal and state agencies. In addition, awareness and promotion programmes will be targeted for all levels, especially top management to expedite digital transformation agenda.

Expanding the Development of Enterprise Architecture

In ensuring efficiency and effectiveness of business operations, all ministries and agencies will be urged to develop EA. Public Sector Enterprise Architecture Master Plan will serve as the main guideline for ministries and agencies in aligning business and technology strategies. In this regard, an assessment on the effectiveness of adopting EA in the public sector will be carried out.

Driving Creativity, Innovation and Value to the Rakyat

Rangka Tindakan Inovasi Sektor Awam will serve as a policy in promoting creativity and innovation in public service. In this regard, a circular on this innovation policy will be issued. Ministries and agencies will be encouraged to adopt the existing value creation concept through customers engagement sessions in ensuring satisfaction and seamless experience to the *rakyat*. In addition, the development of service delivery application systems by ministries and agencies will incorporate expectations and needs of the *rakyat*.

⁴ The service categories are based on government-to-business (G2B), government-to-citizen (G2C), government-to-employee (G2E) and government-to-government (G2G).

Box 2-1

Driving Transformation Through Govtech



What is GovTech?

Government Technology (GovTech) is a whole-of-government approach to public sector modernisation. GovTech emphasises on three aspects, namely universally accessible citizen-centric public service, digital government transformation as well as simple, efficient and transparent government systems. GovTech initiatives are reshaping the operations of the government and interactions with the citizen, leading to a more empowered and participatory society.

GovTech initiatives facilitate governments to modernise service delivery by leveraging on emerging technology. It enables the government to adopt data-driven decision-making and optimise resource allocation as well as provide current information and online services to the stakeholders. Adoption of technology is becoming more important post pandemic to ensure uninterrupted service delivery. Hence, more countries are advancing GovTech to enhance governance and service delivery, promote citizen participation and address socioeconomic challenges.



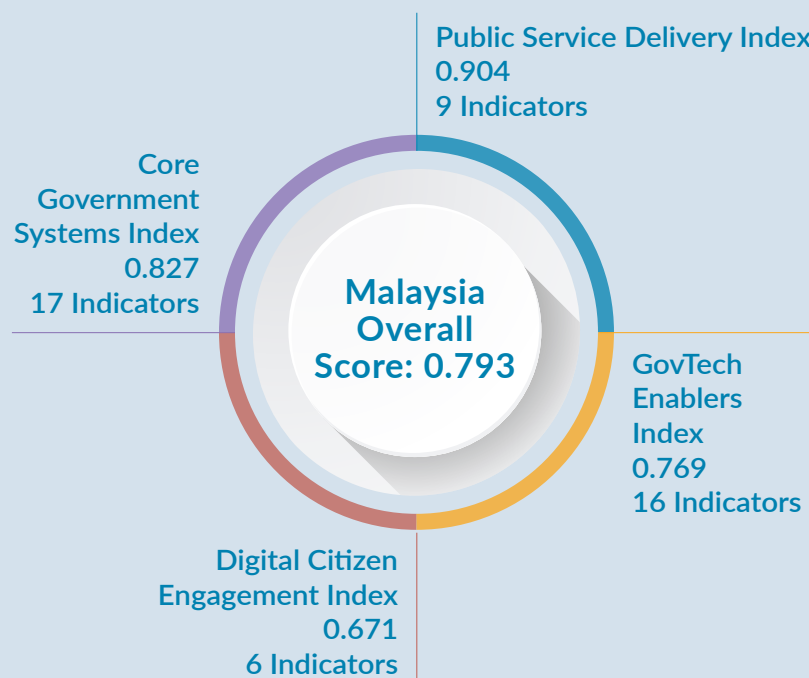
GovTech Maturity Index

GovTech Maturity Index (GTMI) is an assessment tool developed by the World Bank to measure the adoption of GovTech. GTMI measures the state of four GovTech focus areas in 198 economies using 48 key indicators. The four GovTech focus areas are Core Government Systems, Public Service Delivery, Digital Citizen Engagement and GovTech Enablers.

In 2022, Malaysia was placed as one of the GovTech leaders in group A scoring 0.793, above average score of 0.552 for 198 economies based on the GTMI as shown in Figure 1. Out of the four focus areas, Malaysia showed excellent performance in the Public Service Delivery Index and Core Government Systems Index. This achievement is a result of several key digital Government programmes, such as the MyGovCloud, the Malaysia Government Central Data Exchange, core public finance management systems and the MyGovernment online service portal.

Figure 1

Malaysia Score in GovTech Maturity Index (GTMI) 2022



Source: GTMI Report 2022, World Bank



The Malaysia GovTech Landscape

Malaysia has started early in introducing electronic government through flagship applications under the Multimedia Super Corridor in 1996. Since the commencement, the implementation of flagship applications faced issues and challenges that slowed down the progress. Rapid development of digital technologies has changed economic landscape which enticed the Government to embark on a new digitalisation agenda. The Government formulated the Malaysia Digital Economy Blueprint which outlines strategies and initiatives to accelerate the growth of digital economy. Six strategic thrusts were identified in which the first thrust is to drive digital transformation in the public sector. In this regard, the Government has expedited implementation of various existing and new GovTech strategies and initiatives. Some notable initiatives based on GTMI focus areas implemented by the Government include:

1. Core Government Systems

GovTech initiatives improve interoperability and enable shared digital platforms through whole-of-government approach. In this regard, the Government introduced the Public Sector Enterprise Architecture Master Plan as a guideline for ministries and agencies to leverage technology in improving service delivery efficiency. In addition, the Government established cloud platforms, namely MyGovCloud@PDSA and Government Hybrid Cloud which are available for government entities. These platforms enable ministries and agencies to leverage scalable and secure infrastructure, and facilitate the hosting of digital services and applications.

2. Public Service Delivery

GovTech initiatives aim to streamline administrative processes, reduce bureaucracy and enhance service efficiency. Online portals and digital services enable the *rakyat* to access Government services easily and conveniently, saving time and effort. Notably, federal agencies such as the Ministry of Local Government Development, the Immigration Department of Malaysia and the Road Transport Department Malaysia have played a pivotal role in ensuring seamless accessibility, resulting in record high user satisfaction. In addition, the Government also recognises the value of data from public participation in making informed decision. The Open Data Initiative, spearheaded by the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), promotes data sharing with the public. This initiative encourages transparency, accountability, and citizen engagement by providing access to government data for research, analysis, and innovative solutions. Portals such as the MyGovernment and the Government Open Data have provided accessibility to online government services and comprehensive datasets.

3. Digital Citizen Engagement

GovTech platforms provide avenues for public participation, encourage feedback, and promote collaboration between the Government and the *rakyat*. These platforms foster trust, inclusivity and a sense of public ownership, leading to a more responsive and *rakyat*-centric policies. The Unified Public Consultation, *Sistem Pengurusan Aduan Awam* and continuous engagement by respective ministries and agencies through various social media platforms with the *rakyat*, serve to provide feedback, opinions and policy discussions.

4. GovTech Enablers

The Government has been actively driving digitalisation agenda across sectors through various enablers such as the Malaysia Digital Economy Blueprint, the National Fourth Industrial Revolution (4IR) Policy and *Pelan Strategik Pendigitalan Sektor Awam*. The implementation of 4IR policy is supported by the deployment of 5G technology that enables faster and more reliable connectivity in adopting emerging technologies such as artificial intelligence, internet of things and big data analytics. In addition, the Government will implement Omnibus Act to facilitate data sharing across ministries. These enablers have provided a conducive ecosystem in implementing GovTech initiatives efficiently and effectively.



The Need for Coordinated Strategy and Governance

Currently, GovTech initiatives are being implemented by various agencies resulting in suboptimal outcomes. It is imperative to adopt a well-coordinated and holistic approach through GovTech in accelerating modernisation of public service delivery. This requires a centralisation of planning, coordination and monitoring of GovTech initiatives in line with the whole-of-nation approach. In this regard, GovTech Malaysia will be established. In addition, the Government will provide a conducive environment to implement GovTech initiatives. Concerted efforts will be undertaken in streamlining EA, improving digital competency in the public sector as well as providing the supportive digital infrastructure. Furthermore, awareness and willingness to change among civil servants is pivotal in ensuring the success of GovTech. As Malaysia embraces GovTech, the Government will further harness the potential of advanced technology in creating a more efficient and *rakyat*-centric government, ultimately paving the way for a digitally empowered nation.

Focus Area D: Strengthening Institutional and Business Framework

Firm institutional and business frameworks are vital in ensuring the efficiency and effectiveness of public service delivery. In this regard, concerted measures will be undertaken to strengthen the institutional framework in reducing bureaucracy. Meanwhile, the Government will also provide a more favourable business environment by focusing on ease of doing business. The implementation of these measures will unlock significant benefits, such as increased productivity, improved service quality and greater satisfaction of the *rakyat*.

Strategy D1

Reviewing Structure and Function

Strategy D2

Enhancing Ease of Doing Business

Strategy D1: Reviewing Structure and Function

Streamlining Structure and Function of Ministries and Agencies

The Government will continue to enhance efficiency of public service by further reviewing and streamlining the structure and functions of ministries and agencies as one of the Big Bold initiative of governance and institutional framework. This initiative will reduce overlapping and clearly define functions of agencies in the public sector. Efforts will be undertaken by conducting engagement sessions with relevant ministries and agencies to re-evaluate the existing roles and functions. In addition, measure will be undertaken to review existing laws and outdated legislations. In addition, the Government will also strengthen the roles and functions of agencies responsible for legislature as well as management of whistleblower protection.

Empowering the Special Task Force on Agency Reform

The governance and institutional framework Big Bold initiatives also emphasised efforts in enhancing the role of the Special Task Force on Agency Reform (STAR). This task force is specifically designed to improve effectiveness and efficiency of public service delivery in line with aspirations and emphasis on MADANI. Among the key initiatives planned include expediting the upgrading of dilapidated schools, adoption of cashless payment methods and improving ease of doing business.

Strategy D2: Enhancing Ease of Doing Business

Promoting Favourable Business Ecosystem

Procedures and regulations that are burdensome will be simplified, while that of outdated will be reviewed to improve governance and administrative procedures. Approval committees as well as procedures for business registration and obtaining permits and licenses will be streamlined to reduce time and cost. The investor protection mechanism will be strengthened and corporate governance practices will be promoted through enforcement of existing regulations. Additionally, efforts will be undertaken to enhance transparency as well as provide clear and reliable mechanisms for dispute resolution. Meanwhile, initiatives for digital innovation will be introduced to accelerate adoption of digital technologies among ministries and agencies. These initiatives will ensure a business-friendly governance and regulations, which will attract more investments and technology startups.

A new framework to identify and encourage continuous improvements in developing business enabling environment for ease of doing business will be adopted by Malaysia in 2024. In this regard, Malaysia will participate in Business Ready (B-READY) project that assesses competitiveness of business environment of the country. The assessment will focus on regulatory framework, public service and efficiency with introduction of indicators to assess business and investment climate throughout the life cycle of businesses. Adoption of digital technology and environmental sustainability are among the aspects that will be captured in the assessment.

Focus Area E: Improving the Effectiveness and Efficiency of Budget and Project Management

The Government remains committed to improve effectiveness and efficiency of budget management to enhance fiscal sustainability. In addition, existing measures will be enhanced, while new measures will be introduced to ensure effective project management. These improvements will accelerate project implementation as well as provide direct benefits to the *rakyat*.

Strategy E1

Strengthening Budget Management

Strategy E2

Improving the Effectiveness of Project Management

Strategy E1: Strengthening Budget Management

Improving Revenue Generation and Retargeting Subsidy

The Government will implement Big Bold Fiscal Sustainability and Financial System to maximise national revenue generation by diversifying tax resources, broadening tax base as well as adopting digitalisation and technologies. In congruent with this initiative, an electronic invoicing system will be introduced in phases and a rule based on two pillar approach will be implemented to address base erosion of tax and profit shifting. These measures are expected to prevent tax avoidance by eligible individuals and cross-border tax evasion by companies. In addition, a special voluntary disclosure programme will be implemented to encourage declaration of unpaid taxes and underestimated or erroneous tax declaration. Moreover, excess funds⁵ under federal statutory bodies and Government-linked companies will be repurpose for development programmes and projects.

⁵ Unutilised financial resources in the form of cash and cash equivalents originating from government allocations.



Initiatives under the Big Bold targeted subsidies will focus to establish a more targeted subsidy framework under PADU. At the initial stage, emphasis will be given to subsidies for electricity, diesel and petrol. Savings from subsidies retargeting will be utilised to fund socioeconomic projects and programmes, benefitting the *rakyat*.

Reprioritising Development Expenditure

The basic DE allocation will be increased to at least 60% of the total annual DE allocation, compared to the current 50%. This will provide more opportunities for the implementation of people-centric, strategic and high-impact projects. Towards this end, the Government will ensure that the distribution of DE allocations has an impact on economic growth as well as improve regional balance, in line with the development aspirations.

Enhancing Procurement Legal Framework

The policy on government procurement will continue to emphasise on open tendering option to ensure an efficient and transparent procurement as well as cost-effective project implementation. For this purpose, the fiscal sustainability and financial system Big Bold initiative on accelerating the formulation of the government procurement act will be implemented to improve the procurement system. In addition, the Government will amend the Financial Procedures Act 1957 [Act 61] to incorporate clauses on procurement practises including direct negotiation practises to better manage procurement process.

Establishing a Single Window Mechanism

Efforts will be undertaken in enhancing the off-budget projects' assessment including Public-Private Partnership (PPP) project through a single window mechanism to improve development project planning, decision-making and monitoring. In this regard, MyProjek system will serve as a single window to manage all development projects. In addition, the implementation and financing models for PPP projects will be reviewed to introduce the Public-Private Partnership Master Plan 2023-2032 that provides a new policy direction based on the user-pay model.

Enhancing Maintenance of Government Assets

A more sustainable mechanism to finance the maintenance of assets will be explored, among others through adopting a strategic procurement model based on the principle of life cycle cost to extend asset lifespan in the long run. This mechanism will include initiatives on exploring the usage of PPP user-pay model and establishing a special fund for maintenance. In this regard, a guideline will be issued to enable a more sustainable management of national assets and facilities.

Strategy E2: Improving the Effectiveness of Project Management

Improving Project Planning and Implementation

The project planning stage will be improved by enhancing the MyProjek system to integrate the VAE process, which includes ACAT, VMS and GN0 to verify project requirements, viability and costs. The MyeTaPP system will also be integrated with the MyProjek system to ensure land is available and free from any encumbrances. Meanwhile, emphasis will be given to prioritise the use of land in the land bank rather than acquiring new land.

A more effective implementation of projects and costs through a decentralised approach will be adopted as one of the initiatives under the Big Bold fiscal sustainability and financial system. As such, the implementation of small-scale projects such as village roads, public toilets and drainage as well as maintenance and repair of dilapidated schools and clinics will be accelerated. In this regard, exemption from existing rulings under the Treasury Instruction (AP) 182 which requires technical departments, namely Department of Public Works and Department of Irrigation and Drainage to be the implementing agencies for all federal projects, will be continuously reviewed in allowing ministries and agencies as well as state and local governments to implement small-scale projects without having to refer to the technical departments. In addition, *Inisiatif Kemudahan Rakyat* will be promoted for the public to apply small-scale projects directly to all ministries and agencies.

Extension of time for projects will be monitored and managed in a more stringent manner to minimise delay and reduce cost overrun. Provision under the Malaysian Construction Industry Development Board Act 1994 [Act 520] and circulars on government procurement with regard to registration, appointment and termination of contractors will be strengthened. An operational readiness and outcome delivery assessment mechanism will be strengthened to assess all completed development projects. In addition, projects that failed to takeoff for a protracted period will be cancelled to address the issue of delay in project implementation.

Conclusion

During the review period of the Twelfth Plan, various transformative efforts have been implemented in the public sector to strengthen service delivery by developing high-performing civil service, advancing whole-of-government approach and enhancing budgeting and project management. Nonetheless, the public sector continues to face challenges in areas of good governance, talent development, digital technology adoption, organisational and business environment as well as project management. Moving forward, the public service will remain as the enabler through a whole-of-nation approach, in achieving the aspirations of Malaysia MADANI. The Government will further strive to attain high-performing public services by enhancing value-based governance, enriching human capital, accelerating modernisation through digital transformation, strengthening institutional and business framework as well as improving the effectiveness and efficiency of budget and project management. These efforts will be essential in realising the theme of 'Sustainable, Prosperous and High-Income' in the remaining Twelfth Plan period.



Chapter

3



Boosting Economic Resilience for a Sustainable Growth

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Introduction

During the review period of the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan), implementation of the theme on resetting the economy has been focusing on restoring the growth momentum and propelling the growth of strategic and high impact industries as well as micro, small and medium enterprises (MSMEs). These measures to strengthen economic sectors affected by COVID-19 have succeeded in achieving better growth in several areas. Progress has also been recorded, among others, in increasing productivity growth of construction and services sectors, improving growth of exports in construction, mining, agriculture and manufacturing sectors, strengthening financial intermediation ecosystem and increasing utilisation rate of dedicated food production areas. In addition, continuous growth of strategic and high impact industries has been achieved while digitalisation rate among MSMEs has increased. However, Malaysia is seen lagging behind regional peers in terms of competitiveness due to lack of significant structural economic reforms. Lacklustre performance of economic sectors and industry development, and lack of sectoral competitiveness, impediments in the financial sector and lack of effective management of industrial estates and food production areas as well as inability of MSMEs to scale up and stay competitive are among the issues that need to be addressed.

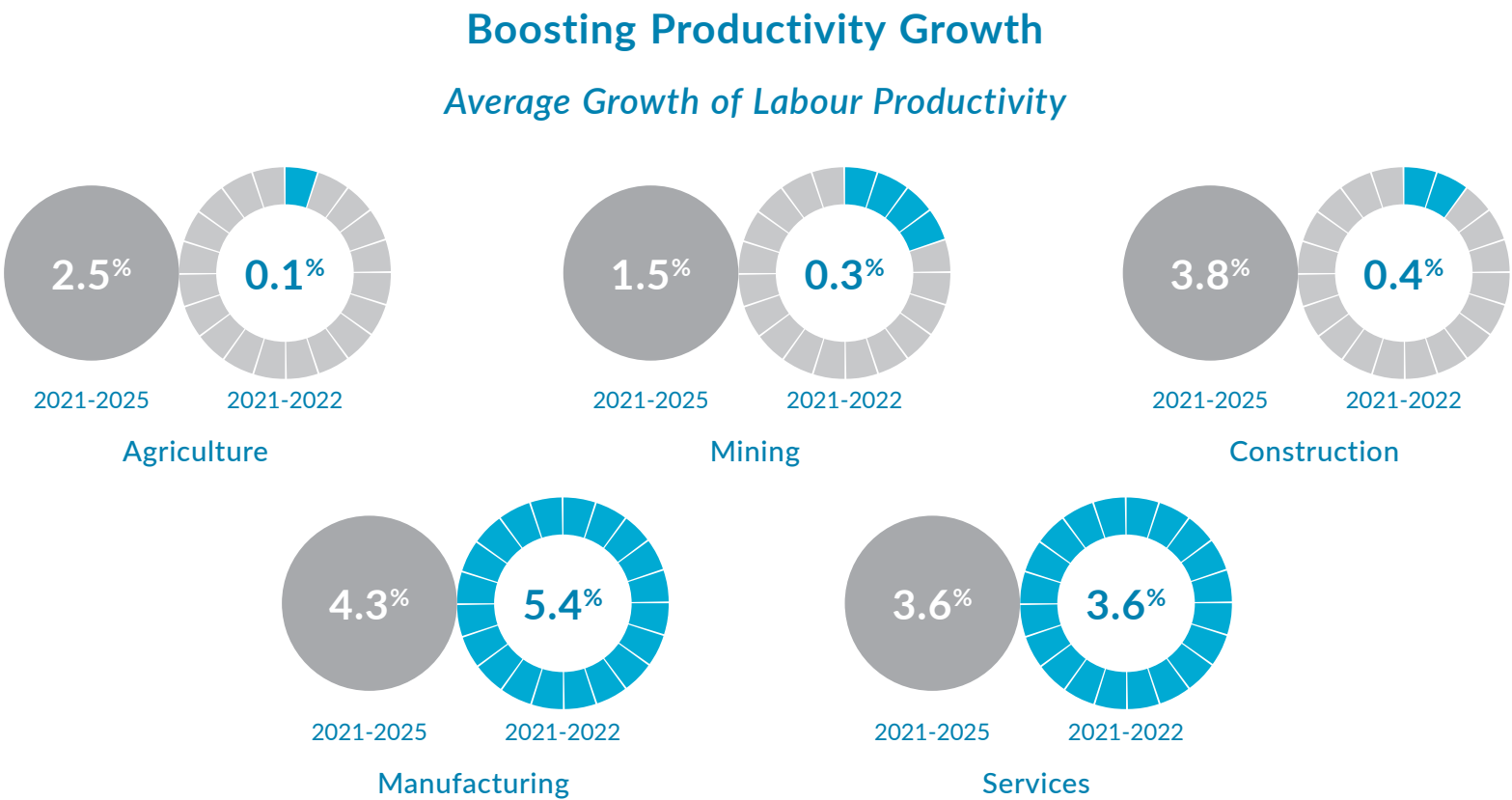
In the remaining Twelfth Plan period, measures will be undertaken to spearhead structural reforms, enhance competitiveness as well as rebuild a sustainable and globally oriented economy. Malaysia aims to be a regional leader in high growth high value (HGHV) industries. In this regard, focus will be given on strengthening sectoral and strategic industries resilience, driving competitiveness for sustainable growth, boosting the efficacy of the financial support and strategising industrial estates and food production areas. Breaking the barriers for MSMEs to scale up will be given priority to boost the growth and increase contribution to the economy. These include accelerating MSMEs supply chain integration into domestic and global value chain. Successful implementation of these measures will contribute in achieving high income, competitive and resilient economy for a sustainable growth towards becoming top 30 economies in the world.

Progress, 2021-2022

In the Twelfth Plan period, a total of 38 targets were set under the theme of resetting the economy. 15 of the targets were achieved, 20 targets are on track, while the remaining three targets are lagging during the review period, as shown in *Exhibit 3-1*.

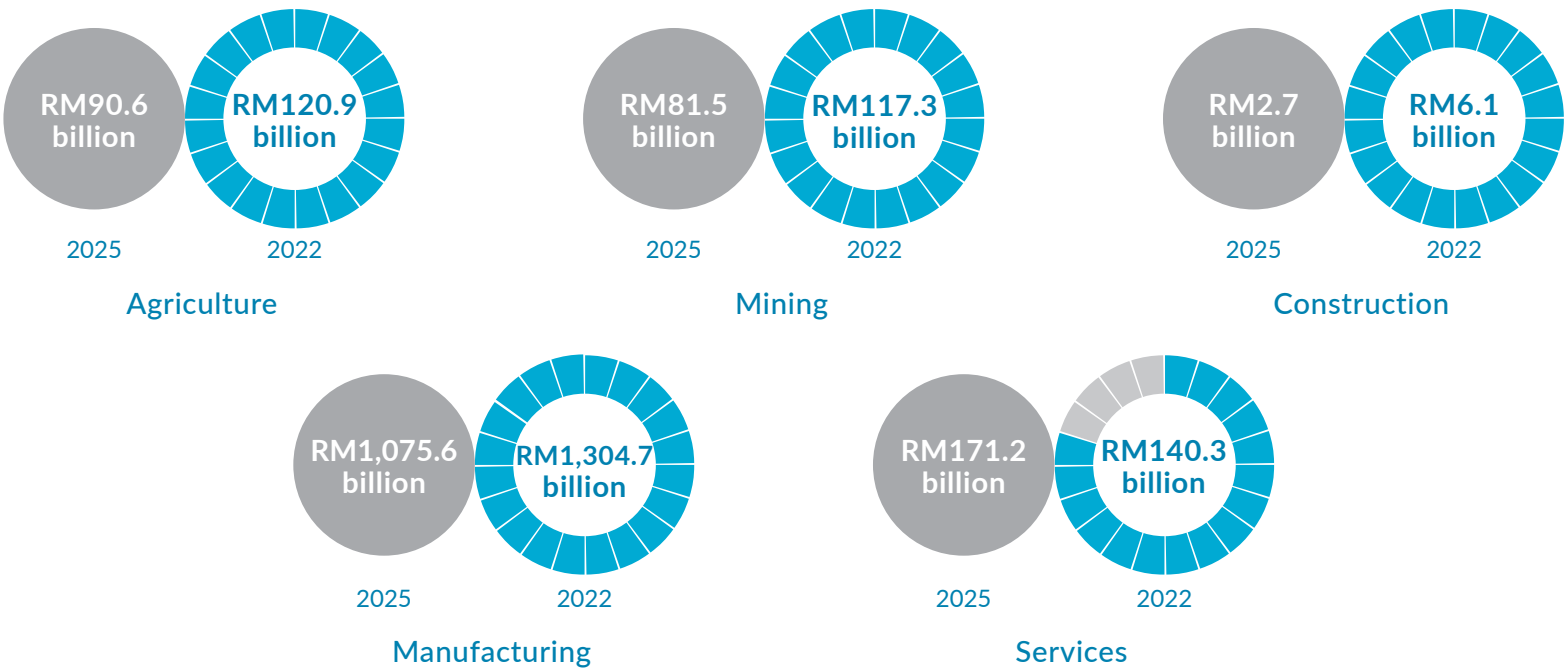
Exhibit 3-1

Performance of Selected Targets

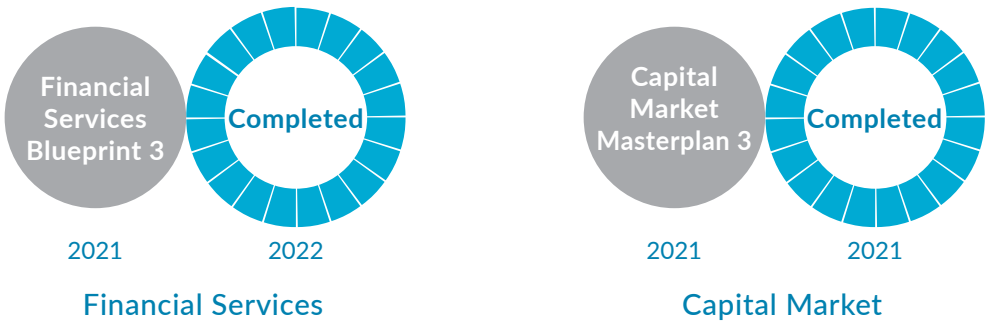


Expanding Export Markets

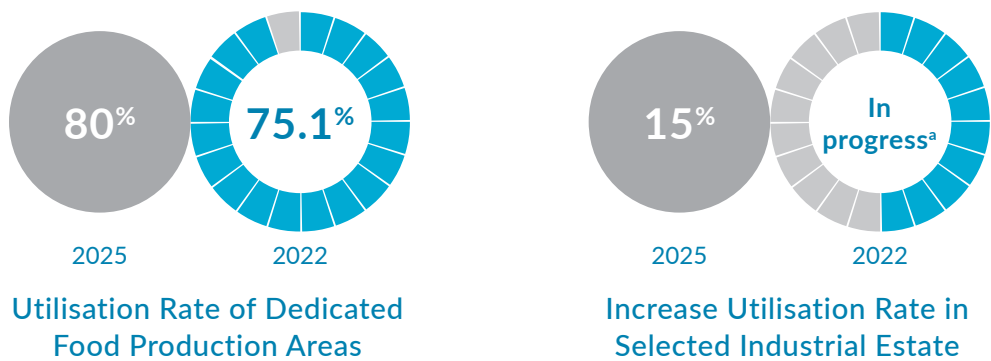
Total Exports



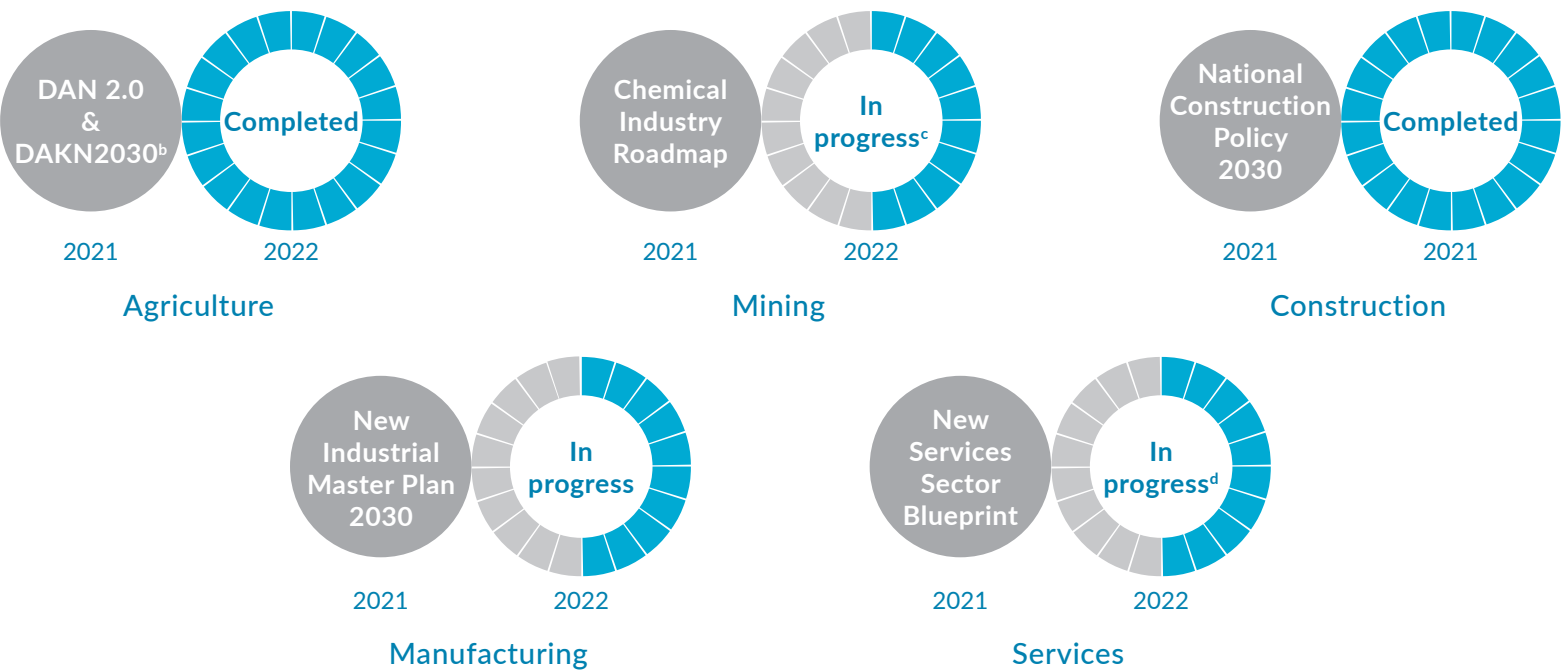
Strengthening the Effectiveness of Financial Intermediation Ecosystem



Strengthening the Role of Industrial Estates and Food Production Areas

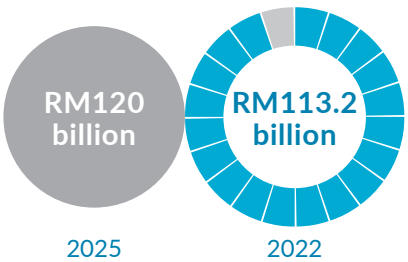


Improving Governance and Policy

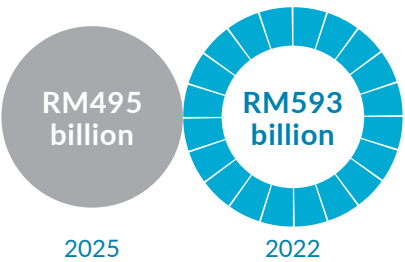


Notes: ^a Will be reported by MIDA in early 2024.
^b National Agrofood Policy 2021-2030 (DAN 2.0) and National Agricommodity Policy 2021-2030 (DAKN2030).
^c Chemical Industry Roadmap is expected to be launched in 2023.
^d Selected services subsectors will be incorporated in the New Industrial Master Plan 2030.

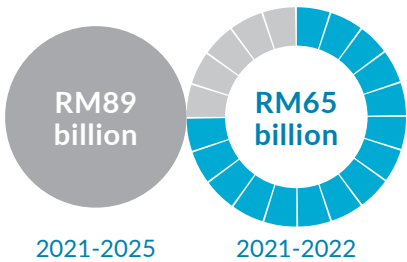
Accelerating the Development of Strategic and High Impact Industries



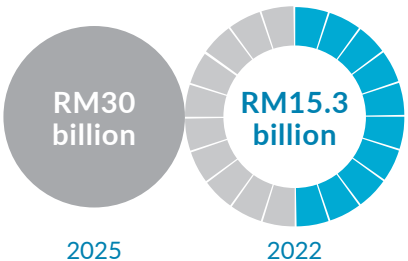
Value Added of Electrical and Electronics



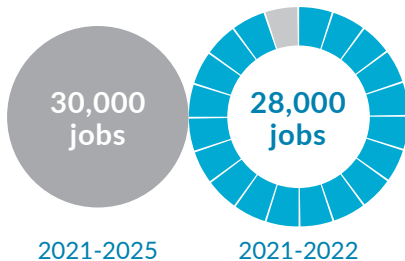
Export Value of Electrical and Electronics Products



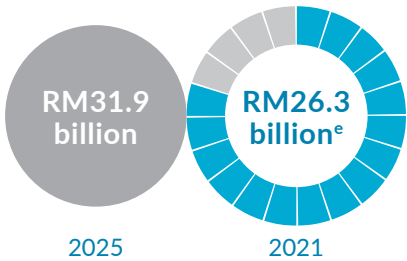
Total Approved Investment of Global Services



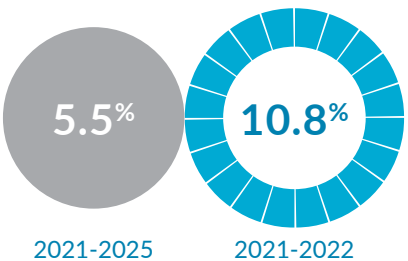
Revenue from the Aerospace Industry



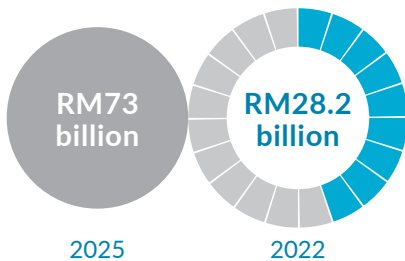
Job Opportunities Created in the Aerospace Industry



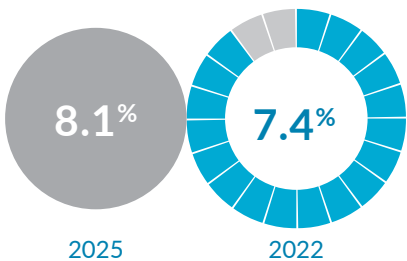
Contribution of Creative Industry to GDP



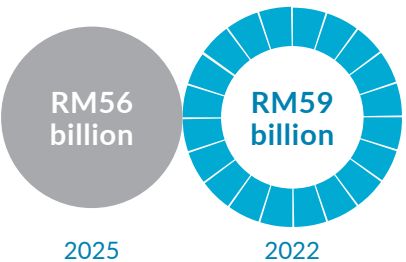
Average Growth of Domestic Visitors



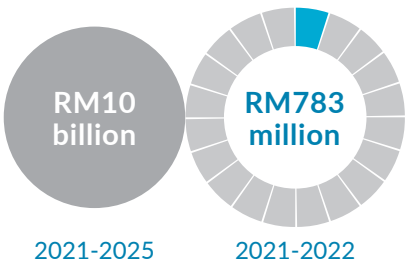
Total Inbound Tourist Expenditure



Contribution of Halal Industry to GDP



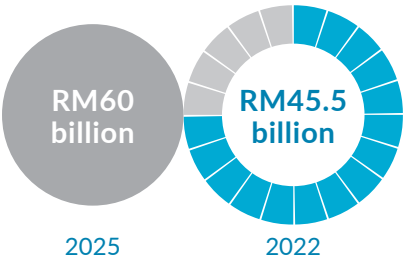
Export Value of Halal Products



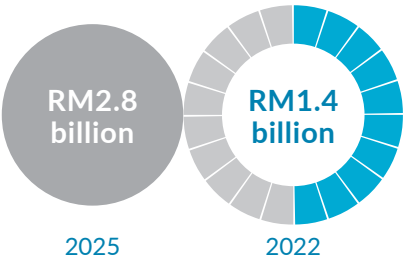
Total Approved Investment in Biomass Industry

Note: ^e The contribution of the Creative Industry to GDP is based on preliminary data.

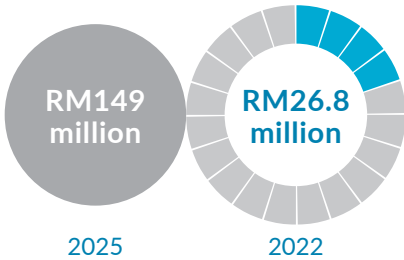
Boosting Capabilities of Entrepreneurs and Enterprises



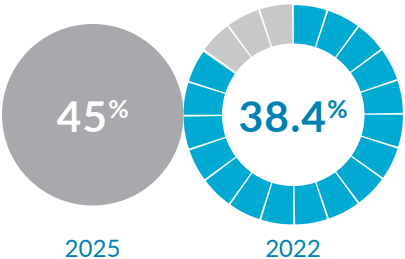
Revenue of Cooperatives



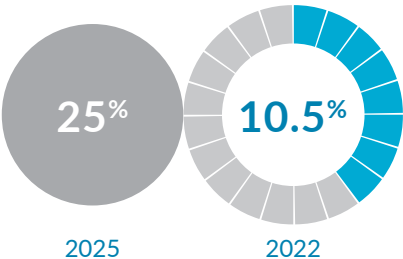
Revenue of *Pertubuhan Peladang Kawasan* (PPK)



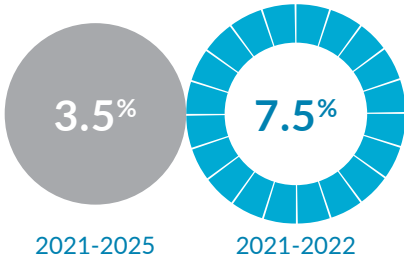
Revenue of *Persatuan Nelayan Kawasan* (PNK)



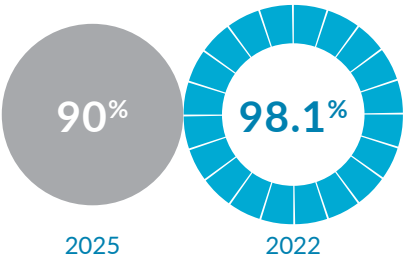
Share of MSMEs to GDP



Share of MSMEs to Exports



Average Growth of Labour Productivity of MSMEs



MSMEs to Digitalise Business Operations

Achievement by Priority Area



Priority Area A: Boosting Productivity Growth

Strategy A1: Moving up the Value Chain	
Improving Operational and Production Process	<ul style="list-style-type: none"> 13 Agrofood Parks equipped with modern farming facilities 8,479 hawkers and small traders adopted multi-channel payment gateways under the Retail Digitalisation Initiative 122 companies approved for matching grants of RM44.5 million under the Industry4WRD Intervention Fund
Increasing High Value-Added Activities	<ul style="list-style-type: none"> 11 high sea vessels modernised for deep and high sea fishing Six pilot projects on road and bridges using advanced materials and innovative technologies implemented Six premium wellness packages amounting to RM6.9 million through partnerships between hotels and private hospitals which offer premium services introduced in 2022
Accelerating Talent Development	<ul style="list-style-type: none"> Four collaborative training programmes between universities and industries for the construction sector conducted and benefitted 1,268 students 2,085,950 participants trained in the upskilling and reskilling programmes of the Human Resource Development Corporation
Strategy A2: Strengthening Financial Capability	
Enhancing Incentives and Financial Assistance	<ul style="list-style-type: none"> 92.7% of RM1 billion of <i>Dana Jaminan Makanan</i> disbursed RM251.2 million of the Domestic Investment Strategic Fund disbursed RM68.5 million of the High Impact Fund disbursed
Introducing New Financing Mechanism and Incentives for Technology Adoption	<ul style="list-style-type: none"> 61% of RM60 million of the Agrofood Value Chain Modernisation Programme fund disbursed
Strategy A3: Scaling Up Successful Productivity Nexus	
Expanding the Coverage of Productivity Nexus	<ul style="list-style-type: none"> The Construction and Built Environment Productivity Nexus and the Logistics Productivity Nexus established in 2022
Enhancing Effectiveness of Productivity Nexus Initiatives	<ul style="list-style-type: none"> 114 projects implemented under the 11 Productivity Nexus Industry Digital Roadmap for Engineering and Industry Digital Roadmap for Legal formulated by the Professional Services Productivity Nexus (PSPN)

Strategy A4: Scaling Up Green Practices

Accelerating the Adoption of Green Practices among Industries

- 2,679 farms certified with MyGAP certification
- 5.6 million hectares oil palm planted areas certified with Malaysian Sustainable Palm Oil (MSPO) as at end 2022
- MSPO awareness programmes
 - 326 sessions of *Hari Bertemu Pelanggan/Kaunter Bergerak* MSPO involving 11,799 smallholders
 - 132 MSPO certification briefings involving 7,965 smallholders
- 52% of mines and quarries attained at least 3 stars based on the Sustainability Rating of the Mining Sector in 2022
- 783 applications approved under the Green Investment Tax Allowance (GITA) and the Green Income Tax Exemption (GITE)

Enhancing Implementation Mechanisms for Green Practices

- Designs for 29 construction projects assessed using the Green Rating Assessment
- 4,577 green products and services received the MyHijau Mark recognition
- RM30 million disbursed under the Sustainable and Green Biz Financing Scheme



Priority Area B: Expanding Export Markets

Strategy B1: Improving Market Efficiency

Connecting Suppliers and Consumers through Digital Platforms

- 8,906 agropreneurs and 7,823 products registered in the AgroBazaar Online platform with a total transaction of RM10,188,121

Positioning Malaysia as a Regional Logistics Hub

- 33 logistics companies, including 21 local companies accredited as Authorised Economic Operator

Strategy B2: Empowering Industry to Compete in the Domestic and Global Markets

Scaling Up Capacity and Capability of Industry Players

- One consortium established under the PSPN and two projects secured in Timor Leste
- The National Oil & Gas Services and Equipment (OGSE) Industry Blueprint 2021-2030 completed in 2022
- RM8.5 million apportioned to 36 companies under the OGSE Development Grant

Strategy B3: Strengthening Trade Facilitation

Leveraging Trade Agreements

- The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) entered into force on 29 November 2022
- Regional Comprehensive Economic Partnership (RCEP) Agreement entered into force on 18 March 2022
- Negotiations on Indo-Pacific Economic Framework commenced in 2022

Intensifying Marketing and Exports Promotion

- 18 franchise companies with a potential investment of RM689.9 million participated in trade missions
- 16 products by MSMEs placed in the local and foreign supermarkets operating in Malaysia under Access to Retail Programme
- 2,080 companies with a potential sale of RM91.8 billion utilised market expansion grants



Priority Area C: Strengthening the Effectiveness of Financial Intermediation Ecosystem

Strategy C1: Transforming the Financial Ecosystem to Meet Future Economic Needs

Promoting Innovation and Competitiveness to Enhance Efficiency

- Implemented future-proof key financial infrastructure
 - Increased e-payment adoption, from 170 transactions per capita in 2020 to 291 in 2022
 - Expanded cross-border payment linkages with Thailand, Indonesia and Singapore using QR code
- Enhanced pathways for new digital innovation
 - Five licenses awarded for digital banks
 - Live-testing of five new Regulatory Sandbox applications
 - Enabled approximately 10 million digital account openings in the financial sector through the Electronic Know-Your-Customer initiative
- RM30 million Digital Innovation Fund established in 2022

Facilitating More Financing across Business Life Cycle

- Enhanced financing needs for small and medium enterprises (SMEs) and the underserved segment
 - Total financing through BNM's Fund for SMEs increased RM8 billion, from RM23.1 billion in 2020 to RM31.1 billion in 2022
 - Growth of non-debt financial solutions, with RM475 million of CAKNA scheme applications approved as at end 2022, from RM21 million as at end 2021
- Review of liberalisation of equity crowdfunding and peer-to-peer frameworks facilitated 7,218 MSMEs to raise more than RM4.4 billion
 - Continued co-investments through the Malaysia Co-Investment Fund (MyCIF)
 - Increased fundraising limits and widened scope of permitted issuers
 - Opened registration for new players
- Enhanced public market efficiency through streamlining of the Access, Certainty, Efficiency (ACE) Market listing process

Strategy C2: Enhancing the Resilience and Governance of the Financial System

Strengthening Safeguards for Financial Stability

- More than 2.8 million customers including SMEs benefitted from loan repayment assistance in 2021
- Strengthened consumer safeguards against improper advice and mis-selling
 - Policy documents on Bancassurance/Bancatakaful as well as Prudent and Professional Conduct by Financial Advisers issued
- Malaysia re-elected to the International Organization of Securities Commissions (IOSCO) Board
- More collaborative approach to financial safeguards through the signing of the IOSCO Asia Pacific Regional Committee Multilateral Memorandum of Understanding for Supervisory Cooperation in 2022

Enhancing Good Governance in the Financial Sector

- Intensified efforts to strengthen cyber security resilience
 - Industry-wide key measures to combat financial scams implemented
 - The National Scam Response Centre established
- Strengthened domestic institutional fund practices
 - Principles of Good Governance for Government-Linked Investment Companies (GLICs) released
 - Malaysian Code for Institutional Investors 2022 updated
- Bursa Malaysia Listing Requirements Rules on board quality, transparency and diversity amended in 2022

Strategy C3: Promoting a Sustainable and Inclusive Financial System

Promoting the Islamic Finance Agenda

- The Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guides for the first and second cohorts issued
- Islamic Capital Market products and services expanded through the issuance of the Sustainable and Responsible Investment linked (SRI-linked) and expansion of Waqf-Featured Fund Frameworks

Advancing the Financial Inclusion and Literacy Agenda

- Access to financial services enhanced through the expansion of bank agents, with 96.2% of *mukim* served as at end 2022 from 95% as at end 2020
- The Malaysian Financial Literacy and Capability Index improved from 57.1 points in 2018 to 59 in 2021
 - Sustained efforts in elevating financial literacy through the Financial Education Network (FEN)
- Continued holistic approach in protecting and empowering investors through various education outreach programmes and social media engagements

Enhancing Sustainable Financial Services

- Enhanced climate resilience of the financial sector
 - The Climate Change and Principle-based Taxonomy rolled out
 - Standards and frameworks on climate risk management practices issued
 - The Principles-based Sustainable and Responsible Investment Taxonomy for the Malaysian Capital Market issued in 2022
 - The Climate Data Catalogue published as a reference for the financial sector in 2022
- Greening Value Chain Programme and NaviGate: Capital Market Green Financing Series launched



Priority Area D: Strengthening the Role of Industrial Estates and Food Production Areas

Strategy D1: Achieving Balanced Industrial Estates Development

Improving Industrial Estates Distribution for Balanced Development

- Economic Accelerator Projects promoted along the East Coast Rail Link (ECRL)
 - Malaysia-China Kuantan International Logistics Park at ECRL Kuantan Port City Station
 - Integrated sustainable industrial township at Kapar ECRL Station
- RM17.6 million disbursed to 10 existing industrial estates for upgrading basic infrastructure in Kelantan, Perak, Pulau Pinang, Sarawak, Selangor and Terengganu



Priority Area E: Improving Governance and Policy

Strategy E1: Strengthening Coordination and Collaboration

Enhancing the Effectiveness of Existing Mechanism

- The establishment of MyMudah unit in all government agencies approved in 2021

Strategy E2: Strengthening Policies and Legislation

Developing New and Reviewing Existing Policies for Sectoral Development

- New Investment Policy launched in 2022
- National Agricommodity Policy 2021-2030 launched in 2022
- National Agrofood Policy 2021-2030 launched in 2021
- National Construction Policy 2030 launched in 2021
- Natural Gas Roadmap Study completed in 2021



Priority Area F: Accelerating the Development of Strategic and High Impact Industries

Strategy F1: Boosting Electrical and Electronics Industry in Moving Up the Value Chain

Strengthening the Electrical and Electronics Industry Ecosystem for Higher Value Chain

- The Electrical and Electronics Roadmap: Technology Development 2021-2030 launched in 2022
- 180 students participated in MOHE-INTEL Elite Internship Programme in the field of chip design

Promoting High Adoption of Technology

- Seven SMEs benefitted from the Vendor Development Programme to adopt 4IR technologies

Uplifting the Development of Talent and Capability	<ul style="list-style-type: none"> Industry4WRD electrical and electronics (E&E) talent development programmes <ul style="list-style-type: none"> 242 instructors and 54 master trainers in selected 4IR technologies trained under the Training of Trainers (ToT) programmes 84 trainees involving 15 employers from the E&E industry trained under the RiSE4WRD programmes 467 employers registered and 2,608 jobseekers hired within the E&E industry through MYFutureJobs in 2021
Enhancing Research and Development as well as Design and Development	<ul style="list-style-type: none"> RM500 million matching grant allocated for research and development (R&D) in E&E industry RM147.4 million venture capital funding allocated for investments in high growth and high technology companies
Strategy F2: Enhancing Competitiveness of Global Services	
Enhancing Talent and Capability of Global Service Providers	<ul style="list-style-type: none"> 2,844 high-value job opportunities offered with investment amounting to RM2.8 billion
Strategy F3: Establishing a Sustainable Aerospace Industry	
Developing a Sustainable Aerospace Ecosystem	<ul style="list-style-type: none"> National Aerospace Industry Corporation Malaysia incorporated in 2022 RM500 million matching grants allocated for R&D in aerospace industry
Venturing into Sustainable Energy	<ul style="list-style-type: none"> Sustainable Aviation Energy Task Force established in 2021 Sustainable aviation fuel from the refining of used cooking oil tested on two commercial flights
Strategy F4: Maximising the Potential of the Creative Industry	
Upskilling Talent to Match Industry Needs	<ul style="list-style-type: none"> 15 companies and 124 participants trained in Creator Studio in 2022 Malaysia Creative Capacity Enhancement Programme developed in 2021 22 Technical & Vocational Education and Training (TVET) programmes offered by <i>Akademi Seni Budaya dan Warisan Kebangsaan</i> (ASWARA) as at end 2022
Strengthening Product Development and Promotion	<ul style="list-style-type: none"> Digital Content Fund expanded for the music industry in 2022
Strategy F5: Re-energising the Tourism Industry	
Restoring Tourist Confidence	<ul style="list-style-type: none"> 850 tourism industry players trained under the Malaysia Virtual Experience programme in 2022 The Tourism Accommodation Digital Roadmap developed in 2022
Enhancing Quality of Products and Services	<ul style="list-style-type: none"> 11 workshops and 21 visits conducted for tourism package development

Enhancing Sustainability of Tourism Products	<ul style="list-style-type: none"> Malaysia Travel, an interactive digital brochure mobile application launched in 2022
Strengthening the Malaysia Brand and Marketing Strategies	<ul style="list-style-type: none"> <i>Sayangi Malaysia</i> campaign commenced in 2022 521,448 seats sold for domestic and international flights in 2022 Strategic cooperation between Tourism Malaysia with Emirates Airline and Qatar Airways in 2022
Intensifying Domestic Tourism	<ul style="list-style-type: none"> 29,198 packages amounting to RM9.6 million sold during eight <i>Jualan Cuti-Cuti Malaysia</i> roadshows in 2022
Strategy F6: Fostering Competitiveness of Inclusive Halal Industry	
Uplifting the Development of Halal Talent	<ul style="list-style-type: none"> 102 individuals obtained <i>Sijil Kemahiran Malaysia</i> through four halal National Occupational Skills Standards (NOSS) as at end 2022 Five higher education institutions (HEIs) participated in halal talent development programmes in 2022
Accelerating Halal Industry Development	<ul style="list-style-type: none"> 110 companies benefitted from the Halal Home Grown Champion programme, generating RM328.7 million sales in 2021
Improving Halal Product Competitiveness	<ul style="list-style-type: none"> Malaysia halal products penetrated into 17 countries as at end 2022
Positioning Malaysia as a Global Halal Hub	<ul style="list-style-type: none"> RM15.9 million potential halal investment recorded in 2022 A framework of <i>Wakaf-Usahasama</i> developed in 2022
Strategy F7: Intensifying Smart Farming Activities	
Accelerating the Adoption of Modern Technologies	<ul style="list-style-type: none"> Geospatial information systems for improvement of operational efficiency adopted by FELDA
Enhancing Participation of Technology Providers	<ul style="list-style-type: none"> 43 smart farming technologies identified for adoption
Empowering Local Communities	<ul style="list-style-type: none"> 12,570 individuals involved in community farming
Strategy F8: Realising the Potential of Biomass Industry	
Developing Local Technology through Research, Development, Commercialisation and Innovation (R&D&C&I)	<ul style="list-style-type: none"> 25 companies involved in developing local technology in biomass industry Research projects to produce sustainable aviation fuel (SAF) from bio-materials commenced in 2021

Accelerating the Development of High Value-Added Products and Services	<ul style="list-style-type: none"> • Six R&D projects related to biomass implemented • Oil Palm Based Beef Cattle Feed Pellet Formulation, an innovative biomass product produced in 2022 • Two memorandum of agreements signed for biomass initiatives <ul style="list-style-type: none"> ○ Evaluating oil palm empty fruit bunch for moulded pulp packaging products ○ Producing activated carbon from bamboo and oil palm biomass for heavy metal removal from wastewater and carbon dioxide absorption
Promoting Utilisation of High Value-Added Biomass Products	<ul style="list-style-type: none"> • A social awareness programme on biomass products held at the National Seminar on Palm Oil Milling, Refining, Environment and Quality 2022



Priority Area G: Boosting Capabilities of Entrepreneurs and Enterprises

Strategy G1: Creating Innovative and Sustainable Entrepreneurs	
Enhancing Entrepreneurship Development Programmes	<ul style="list-style-type: none"> • 441 programmes benefitting 1.6 million MSMEs implemented
Promoting Innovation-Driven Entrepreneurs	<ul style="list-style-type: none"> • Business Accelerator Programme 3.0 supported 525 companies • Malaysia Commercialisation Year initiative commercialised 151 MSMEs R&D products • Productivity improvement programmes <ul style="list-style-type: none"> ○ RM3 billion of operational cost saving achieved under the Productivity Improvement Through Innovation ○ 6,000 companies adopted technology through the Digital Technology Adoption Programme
Strategy G2: Promoting Inclusive Participation through Micro, Small and Medium Enterprises, Cooperatives and Agriculture-Based Associations	
Increasing MSMEs Contribution to the Economy	<ul style="list-style-type: none"> • 29 anchor companies offered business opportunities to 1,288 registered vendor companies in vendor development programme • 22 companies benefitted from <i>Program Peningkatan Industri Strategik dan Syarikat Berprestasi Tinggi</i> (PRESTIGE) matching grant for technology adoption and market expansion • 865 companies received financial incentives under the eTrade 2.0 programme
Increasing Market Access and International Trade Opportunities	<ul style="list-style-type: none"> • <i>Program Promosi Pasaran Tempatan dan Antarabangsa</i> for timber sector generated RM13.7 million sales in 2022 • <i>Program Tanaman Baharu Kenaf</i> generated RM5.6 million sales in local and international markets in 2022 • 1,647 MSMEs benefitted from <i>Program Pembangunan UDA</i> in 2022 • 338 MSMEs participated in the Global Linkages SME Programme (GLOSMEP)

Capitalising Cooperatives, Agriculture-Based Associations and Social Enterprises in Developing Entrepreneurs	<ul style="list-style-type: none">● Malaysia Social Entrepreneurship Blueprint 2030 launched in 2022● A New Accreditation Framework for social enterprises introduced in 2022● 48 social enterprises with value of total sales turnover of RM100 million accredited in 2022● 279 <i>Pertubuhan Peladang Kebangsaan</i> (PPK) and 103 <i>Pertubuhan Nelayan Kebangsaan</i> (PNK) established as at end 2022
Strategy G3: Creating a Conducive and Holistic Ecosystem for Entrepreneurship	
Enhancing Governance, Regulations and Institutional Roles	<ul style="list-style-type: none">● <i>Majlis Pembangunan Usahawan, Koperasi, Penjaja dan Peniaga Kecil Peringkat Daerah</i> established in 2022
Improving Access to Financing	<ul style="list-style-type: none">● 70,463 entrepreneurs benefitted from RM1.1 billion micro financing offered in 2022● <i>Program Intervensi Peluang Kedua</i><ul style="list-style-type: none">○ 664 MSMEs assisted in financial restructuring○ 40 MSMEs participated in an intensive mentoring programme

Issues and Challenges

During the review period, measures to restore the economic growth momentum have made some progress in several areas. However, several issues and challenges continue to hamper efforts in resetting the economy towards greater resilience. Notable issues and challenges, which need to be addressed are lacklustre performance of economic sectors and industry development, lack of sectoral competitiveness, impediments in the financial sector, lack of effective management of industrial estates and food production areas as well as inability of MSMEs to scale up and stay competitive.

Lacklustre Performance of Economic Sectors and Industry Development

Economic Sectors

- Slow transition towards high value-added activities
- Lack of significant structural economic reforms

Electrical and Electronics Industry

- Shortage of highly skilled front-end design engineers and researchers
- Limited local R&D activities and mostly focused on back-end manufacturing activities
- Low investment in automation, new technology and innovation

Aerospace Industry

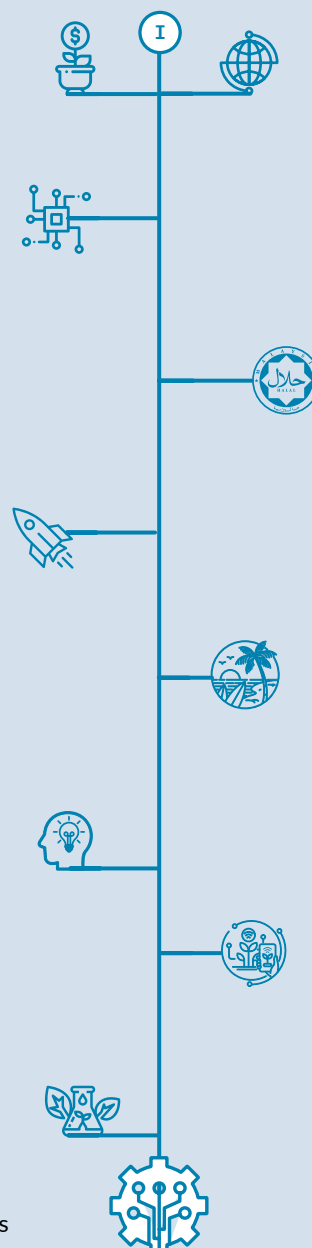
- Absence of framework in developing new integrated aerospace clusters
- Insufficient skilled talent to meet industry requirements
- Constraints and complexities of regulatory requirements

Creative Industry

- Lack of coordination and monitoring on initiatives and programmes
- Lack of integrated database
- Lack of awareness, interest and support for career advancement

Biomass Industry

- Inconsistent supply of biomass feedstock
- Lack of access to financing for smallholders and industries



Global Services

- Deterrents in attracting investments
 - Lack of energy support to operationalise data centres
 - Unattractive tax incentives
- Lack of tracking and monitoring mechanisms on priority areas

Halal Industry

- Lack of talent
- Overlapping functions of agencies
- Lack of integrated database
- Dependency on traditional industry and export markets

Tourism Industry

- Lack of technology adoption and slow transition towards digital marketing
- Outdated and incomprehensive laws and regulations
- Unsustainable tourism

Smart Farming

- Limited access to financing for technology adoption
- Lack of interest and awareness among youth
- Lack of collaboration between technology providers and farmers

Lack of Sectoral Competitiveness

- Low technology and digital adoption
 - Low acceptance of the Malaysian Health Data Warehouse (MyHDW) system among private healthcare institutions
 - Absence of a comprehensive and real-time database on Small and Medium Professional Practices (SMPPs)
 - Absence of a centralised and digitalised farmers database
 - Lack of technology adoption in controlling high post-harvest losses
 - Lack of motivation to adopt advanced technology and readiness to migrate to Industry 4.0
- Insufficient and incompetent workforce in the construction sector
- Absence of supply chain management system in the manufacturing sector
- Inadequate governance framework
 - Absence of guidelines for environmental, social and governance (ESG) adoption
 - Outdated policy in mineral development
 - Lack of low carbon financing incentives in agriculture sector
 - Lack of planning and coordination in development of gas market
 - Inefficient management of incentives
- Inadequate market expansion
 - Low market penetration and non-uniformity in ways of doing business
 - Lack of efforts in leveraging on free trade agreements (FTAs) by SMPPs
 - Low stakeholder participation in developing and commercialising premium wellness packages

Lack of Effective Management of Industrial Estates and Food Production Areas

- No centralised coordinating body on industrial estates
- Limited farm size for economies of scale



Impediments in the Financial Sector

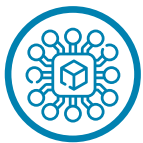
- Slow state of technological readiness
 - Slow implementation of infrastructure enablers impedes technological adoption
 - Shortage of skilled workforce with technology capabilities
 - Heightened risk of cyber incidences and financial scams
- Slow transition towards green and sustainable practices
 - Lack of policy clarity at the national level on net-zero objectives
 - Low participation of companies towards low carbon transition
 - Lack of financial assistance and incentives
- Challenges in strengthening Malaysia position as a global Islamic financial centre
- Continuous gaps in financial literacy and awareness
 - Gaps in terms of product knowledge, financial numeracy and planning for long-term financial goals
 - Low levels of digital literacy and awareness of cyber hygiene

Inability of MSMEs to Scale Up and Stay Competitive

- Inadequate policies and initiatives in scaling up MSMEs
- Disruptions in the supply chain and poor linkages
- Lack of awareness and framework on ESG adoption
- Lack of coordination and monitoring on initiatives and programmes
- Financing constraints
 - Fragmented sources
 - Limited access to scale up
 - Lack of alternative financing
- Low awareness and limited investment in digitalisation and emerging technologies
- Shortage of skilled workforce

Way Forward, 2023-2025

In the remaining Twelfth Plan, measures will continue to be undertaken in resetting the economic sectors towards greater resilience. This will be implemented by strengthening sectoral and strategic industries resilience, driving competitiveness for sustainable growth, and boosting the efficacy of the financial support. Efforts will be continued to strategise industrial estates and food production areas as well as breaking the barriers for MSMEs to scale up.



Focus Area A: Strengthening Sectoral and Strategic Industries Resilience

Strategy A1:

Accelerating Structural Economic Reforms

Strategy A2:

Elevating Electrical and Electronics Industry

Strategy A3:

Diversifying Global Services

Strategy A4:

Accelerating Aerospace Industry Growth

Strategy A5:

Rejuvenating Creative Industry

Strategy A6:

Boosting the Recovery of Tourism Industry

Strategy A7:

Creating a Robust and Diversified Halal Industry

Strategy A8:

Intensifying Smart Farming Activities

Strategy A9:

Realising the Potential of Biomass Industry



Focus Area C: Boosting the Efficacy of the Financial Support

Strategy C1:

Advancing Technological Adoption

Strategy C2:

Elevating Sustainable Financing

Strategy C3:

Strengthening Malaysia as a Global Islamic Financial Centre

Strategy C4:

Increasing Financial Literacy and Awareness



Focus Area D: Strategising Industrial Estates and Food Production Areas

Strategy D1:

Enhancing Industrial Estates and Food Production Areas



Focus Area B: Driving Competitiveness for Sustainable Growth

Strategy B1:

Enhancing Technology Adoption and Digitalisation

Strategy B2:

Elevating Talent Acquisition

Strategy B3:

Strengthening Value Chain

Strategy B4:

Improving Governance Mechanism

Strategy B5:

Expanding Export Markets



Focus Area E: Breaking the Barriers for MSMEs to Scale Up

Strategy E1:

Unleashing the Potential of MSMEs, Cooperatives, Agriculture-Based Associations and Social Enterprises

Strategy E2:

Integrating MSMEs into Domestic and Global Supply Chain

Strategy E3:

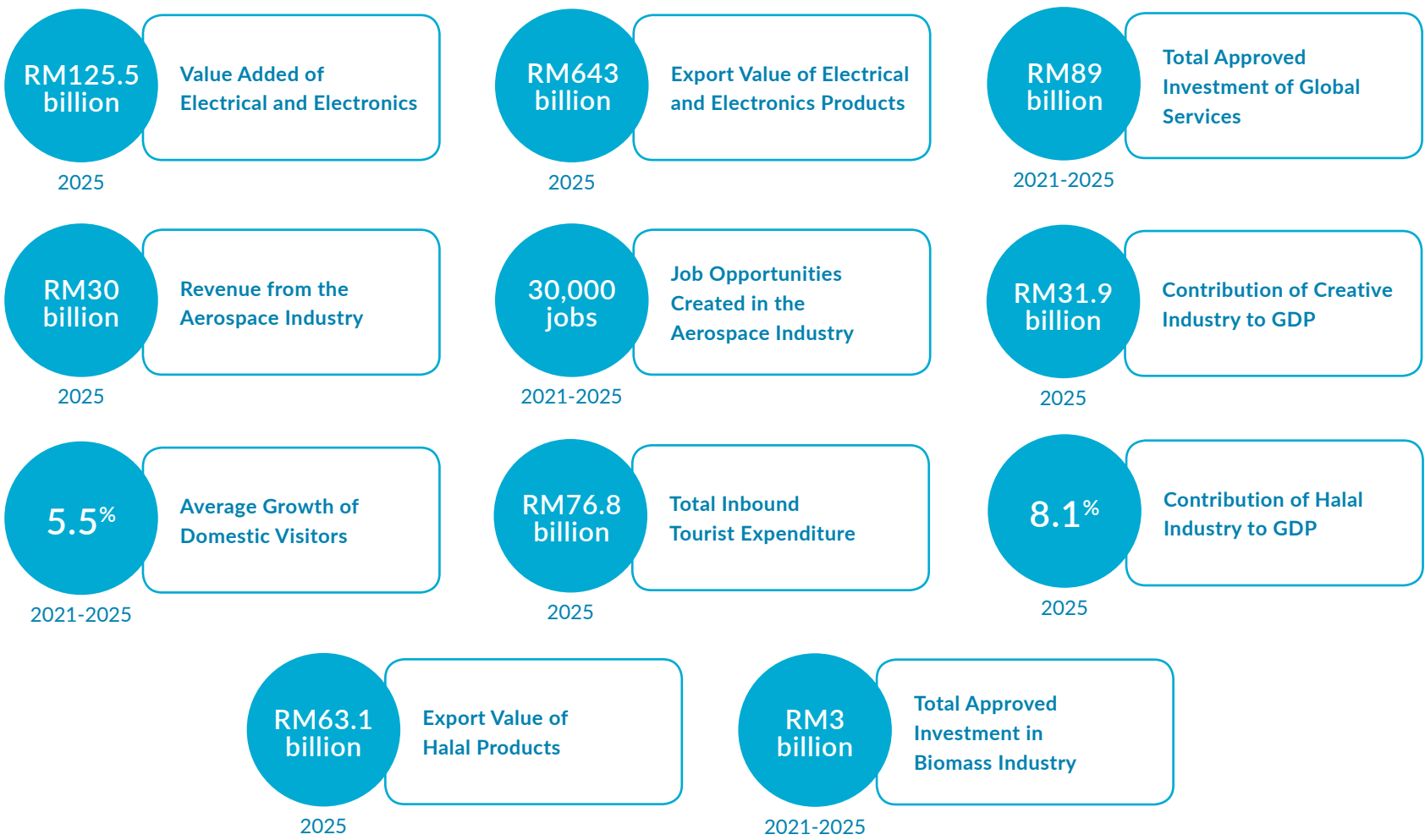
Improving Accessibility of Financing and Capacity Development Programmes

Strategy E4:

Accelerating Productivity Growth among MSMEs

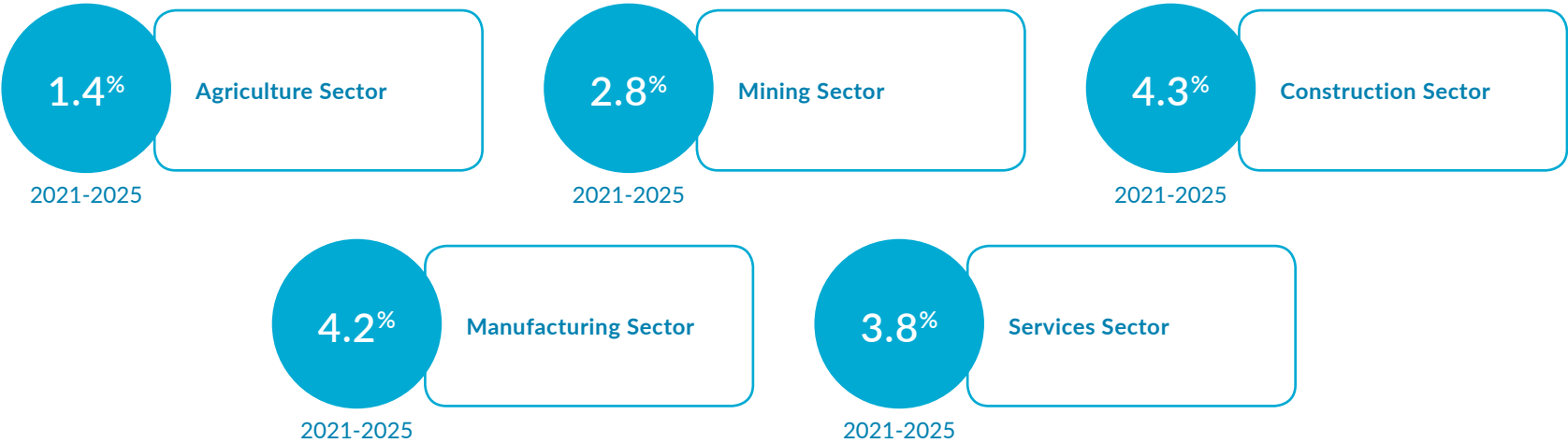
Selected Targets, 2021-2025

Strengthening Sectoral and Strategic Industries Resilience

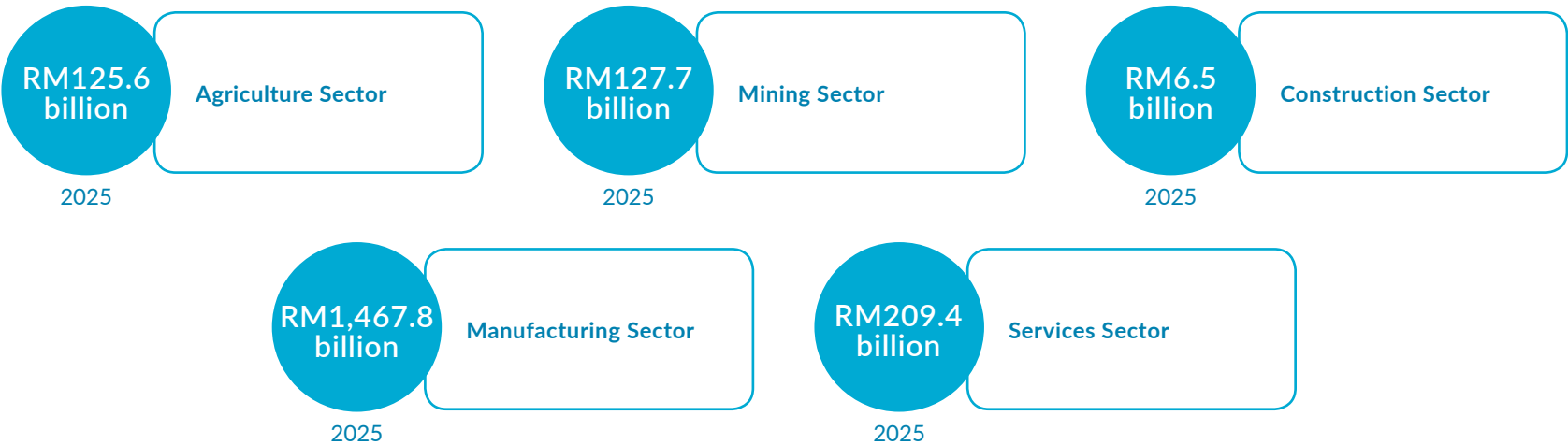


Driving Competitiveness for Sustainable Growth

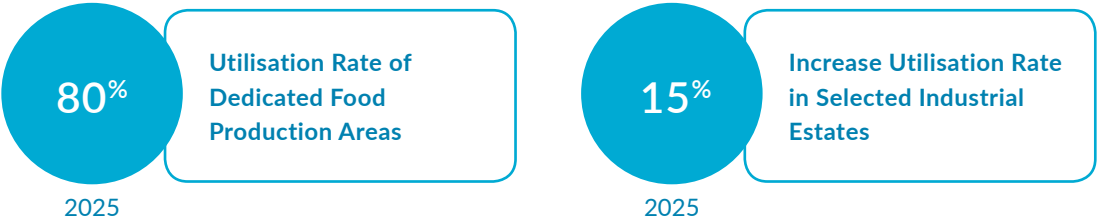
Average Growth of Labour Productivity



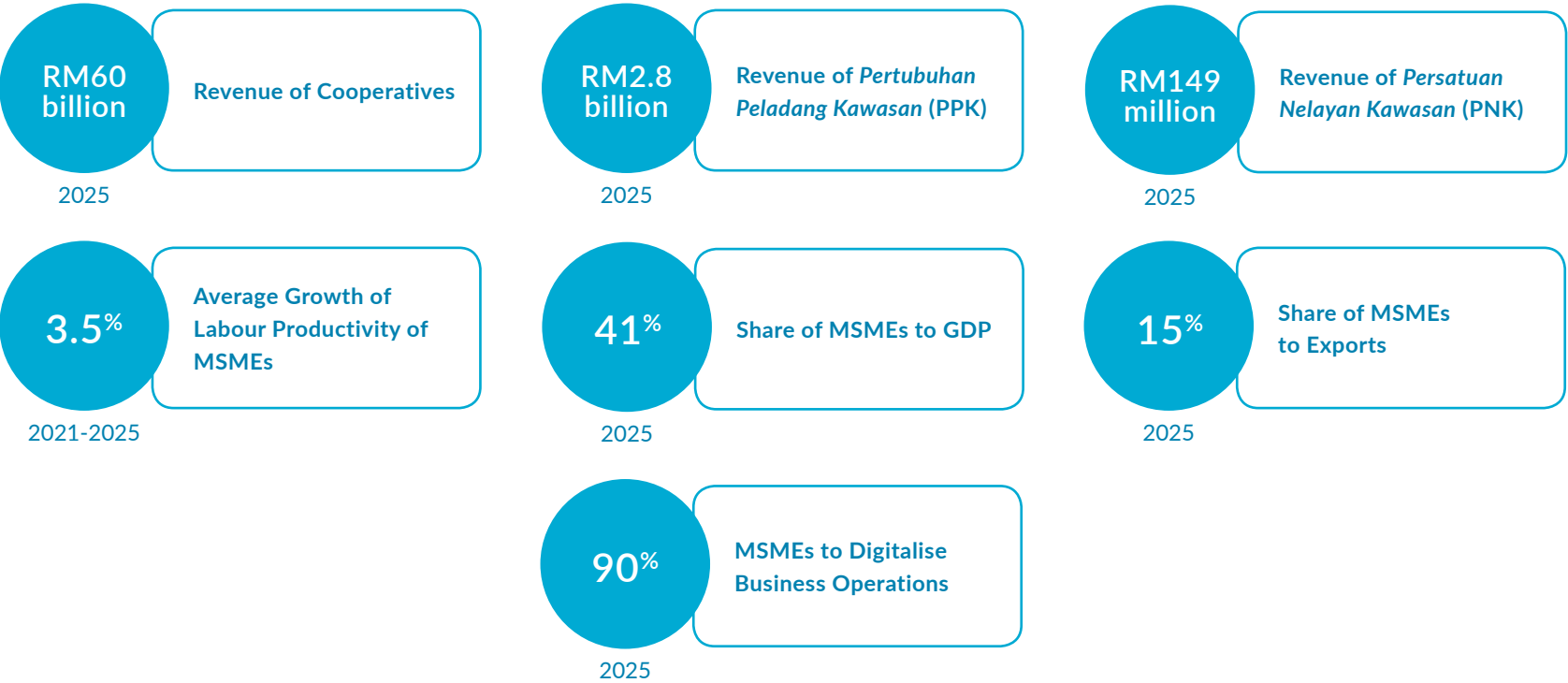
Total Exports



Strategising Industrial Estates and Food Production Areas



Breaking the Barriers for MSMEs to Scale Up



Focus Area A: Strengthening Sectoral and Strategic Industries Resilience

The development of economic sectors will focus on strengthening industries competitiveness to adapt to new global supply chain and generate economic growth. Future ready talent, technology adoption and innovation, quality investment on high-value activities and products, market expansion, governance and enabling ecosystem will be emphasised for improvement. Thus, strategies will be implemented by accelerating structural economic reforms and enhancing the growth of strategic industries. These include elevating E&E industry, diversifying global services, accelerating aerospace industry growth, rejuvenating creative industry, boosting the recovery of tourism industry, creating a robust and diversified halal industry, intensifying smart farming activities and realising the potential of biomass industry.

Strategy A1 Accelerating Structural Economic Reforms

Strategy A2 Elevating Electrical and Electronics Industry

Strategy A3 Diversifying Global Services

Strategy A4 Accelerating Aerospace Industry Growth

Strategy A5 Rejuvenating Creative Industry

Strategy A6 Boosting the Recovery of Tourism Industry

Strategy A7 Creating a Robust and Diversified Halal Industry

Strategy A8 Intensifying Smart Farming Activities

Strategy A9 Realising the Potential of Biomass Industry

Strategy A1: Accelerating Structural Economic Reforms

Transforming Manufacturing Sector

The manufacturing sector will be shifted towards smart manufacturing through advanced 4IR technology, skilled talent, high value-added activities and compliance to ESG to achieve industries resilience and stay competitive globally. The New Industrial Master Plan 2030 will provide a pathway in transforming the manufacturing sector. Measures will be undertaken to develop a robust supply chain and strengthen company readiness to adopt effective solution through market-proven technology. These measures will be spearheaded by MNCs and large local companies with related vendors and supported by private sector financing.

Accelerating Services Sector

In accelerating the services sector, efforts will be undertaken to boost tourism activities by encouraging the utilisation of digital technologies and streamlining regulations. The increase in tourism activities will have a trickle-down effect to other subsectors such as retail trade, food and beverage as well as accommodation. Furthermore, measures will be implemented to drive modern services subsectors¹ by enhancing digitalisation and strengthening collaboration among stakeholders. A comprehensive database on the professional services will be developed by consolidating and maintaining real time data. This initiative will be undertaken through collaboration among government agencies and industry players. Meanwhile, public-private partnership will be strengthened in improving medical facilitation and promoting private healthcare services. These efforts will enhance the competitiveness, thus accelerate the services sector.

¹ Consists of information & communication, finance & insurance, business services, private health services and private education services subsectors.

Elevating Construction Sector

In the construction sector, efforts will be undertaken to emphasise green building practices in addressing the sustainability concerns. The adoption of advanced material and construction technology will be further pursued to reduce energy consumption and operating costs. Meanwhile, workers will be trained to acquire necessary skills for the changing demands of the construction industry. These efforts will elevate the sector to be more efficient, environmentally conscious, and technologically advanced with skilled workforce.

Advancing Agriculture Sector

In the agriculture sector, focus will be shifted to strengthening food security and improving competitiveness of the agricommodity subsector. This will be achieved by intensifying smart farming activities across all subsectors including accelerating adoption of technologies, attracting talent, increasing participation of technology providers as well as expanding farm size to boost domestic production. Particular attention will also be given in embracing sustainable practices and adopting mechanisation and automation in plantation subsector to promote activities that combine sustainability and productivity. Specific efforts will be concentrated towards strengthening selected subsectors under agrofood, namely paddy, fruits and vegetables, fisheries and ruminant towards food security, as shown in Box 3-1.



Box 3-1 Strengthening Agrofood towards Food Security

Enhancing Domestic Production

The agrofood subsector remains important to ensure food security in Malaysia. According to Food and Agriculture Organisation of the United Nations, food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food. Despite increased local production, the supply of agrofood is still unable to meet local demand. This underpin the need for higher productivity to ensure food availability. According to data from the *Kajian Perancangan Guna Tanah Kawasan Sumber Makanan Negara*, land use for agrofood activities in the Peninsular Malaysia is at 0.9 million hectares in 2021. This constituted 16.3% of the 5.4 million hectares agricultural land in the Peninsular Malaysia, while the balance of 4.5 million hectares are for agricommodity, as shown in Table 1. Areas for paddy and fruits cultivation made up more than 70% of the total agrofood land use. The land use for agrofood is estimated to increase by 1.2% by 2025, contributed mainly by the increase in areas for vegetables and aquaculture. However, paddy areas are estimated to decrease by 1.4% in the same period.

Figure 1
Agriculture Land Use, 2021

Sector	Land Use (Hectares)
Overall Agriculture	5,356,141.1
Agricommodity	4,485,146.7
Agrofood	870,994.4
Paddy	378,840.7
Fruits	206,391.0
Vegetables	29,993.3
Livestock	29,932.8
Aquaculture	23,062.1
Other crops	202,774.5

Source: PLANMalaysia

In order to increase local production, the agrofood subsector needs to be transformed towards technologically driven, yet sustainable and resilient. Food availability relies on self-sufficiency that requires capital, manpower, technology, and efficient management to ensure higher productivity in food production. In the remaining Twelfth Plan period, emphasis will be given, particularly to subsector-specific strategies in order to boost productivity growth and address issues faced by the related subsectors.



Paddy

Demand for rice is expected to increase from 2.9 million metric tonnes in 2020 to 3.2 million metric tonnes in 2025. Production of rice is expected to reach above 3 million metric tonnes by 2025 with a total parcel area of 427,894 hectares. Measures will be undertaken to consolidate small paddy field, ensure adequate irrigation and drainage infrastructure as well as introduce new high yielding varieties and subsidies based on performance.



Fruits and Vegetables

Production of fruits and vegetables will be increased to meet domestic and export market demand. Focus will be on non-seasonal fruits and highland vegetables. The average self-sufficiency ratio (SSR) of fruits is expected to reach 106.5% in 2025 as compared to 100.2% in 2020, while the average SSR for vegetables is expected to reach 95.1% in 2025 as compared to 90.9% in 2020. Efforts will be focused on increasing productivity by developing fruit and vegetable clusters, rehabilitating of farms, strengthening contract farming arrangements and widening adoption of modern technologies. These will ensure consistent supply of fruits and vegetables.



Fisheries

In line with the *Dasar Agromakanan Negara 2021-2030 (DAN 2.0)*, focus will be given to reduce pressure on marine fisheries by increasing contribution of aquaculture to total fisheries production, from 20% in 2020 to 30% or 650,000 metric tonnes in 2025. In achieving this target, emphasis will be given in adopting modern equipment such as electronic feeding system, sensors and monitoring system that will enable fast and accurate decision making, reduce input wastages and prevent spread of diseases. These will improve overall productivity without compromising the quality of fish produce.



Ruminant

Efforts to enhance productivity of the ruminant subsector remain as a challenge partly due to low adoption of technology, high operation cost and limited economies of scale. Strategies will be concentrated to increase SSR of beef from 27.7% in 2020 to 50% in 2025, mutton from 16.1% to 30% and fresh milk from 64% to 100%. Focus will also be given on intensifying research in genetic enhancement and breeding techniques, improving feed formulations, strengthening dairy facilities as well as consolidating small-scale ruminant farms.

Redesigning the agrofood subsector requires not only shifting farm practices, adopting advanced technology and enhancing productivity, but also strengthening the ecosystem to facilitate the transformation. The end goal is to establish a resilient, inclusive, competitive and sustainable agrofood subsector in mitigating any future food security crisis.

Rejuvenating Mining Sector

The mining sector will be transformed towards sustainability and low carbon aspiration through advanced technology adoption as well as talent and holistic ecosystem development. In this regard, the oil and gas subsector will emphasise on future-proof digital transformation to achieve cost competitiveness along the value chain. Meanwhile, the adoption of carbon capture and storage (CCS) will unlock new investment opportunities in CCS-related activities and substantively reduce emissions in the oil and gas production.

The mineral subsector will be repositioned to be more competitive and sustainable. In this regard, detailed mapping of non-radioactive rare earths element (NR-REE) resources and a comprehensive business model which integrates the upstream, midstream and downstream of non-radioactive rare earths industry will be developed. These efforts are part of the initiatives under the Big Bold Rare Earths HGHV Industry. The business model will guide the development of a responsible mineral industry and become a new source of economic growth.

Strategy A2: Elevating Electrical and Electronics Industry

Establishing Pool of Future-Ready Talent

Local talent development programmes will be scaled up through strategic collaboration among relevant ministries and agencies, training institutions and industry to establish pool of future ready talent in E&E industry. Emphasis will be given on producing skilled talent in niche areas through harmonisation of curriculum and training modules that meet the industry needs. Efforts will be undertaken to increase front-end design engineers and enhance capability of researchers to attract foreign investors in conducting R&D activities in Malaysia.

Grooming Local Electrical and Electronics Companies as Leading Players in Front-End Activities

Local companies will be nurtured in front-end manufacturing activities to become major players in the global E&E value chain. The front-end manufacturing ecosystem will be enhanced to accelerate industry transition towards higher value chain, particularly in integrated circuit (IC) design, IC packaging, wafer fabrication, embedded system, testing service and

design engineering. These initiatives are part of the Big Bold High Value E&E HGHV Industry. In addition, specific investment missions will be organised for major players to attract quality investment prioritising on advanced technology into the country.

Strategy A3: Diversifying Global Services

Attracting High Quality Investments

Policies in attracting quality investments will be developed to attract talent, improve ease of doing business and facilitate energy requirement for the setting up of data centres. In this regard, a collaboration between the Federal Government and state governments will be strengthened to support the policy implementation. The existing tax incentives will be reviewed to be more systematic, flexible and investor friendly.

Establishing a Database for Global Services

A database for global services industry will be developed to enable data sharing among stakeholders. This database will provide end-to-end data with regards to the supply chain ecosystem, including classification codes for global services companies. In this regard, tracking and mapping on the priority areas will be undertaken through close coordination between the Federal Government and state governments to accelerate investment in global services.

Strategy A4: Accelerating Aerospace Industry Growth

Developing Framework for Aerospace Clusters

A framework will be formulated to serve as a point of reference in planning and developing new integrated aerospace clusters. This framework will support in achieving a balanced industry growth across five core areas, namely maintenance, repair and overhaul (MRO), aerospace manufacturing, engineering and design capabilities, research and technology, and human capital, as well as across regions. Greater engagement with relevant stakeholders will be undertaken towards the formulation and adoption of this framework, thus enabling a strategic promotion of the local aerospace industry capabilities.

Enhancing Training for Future Ready Talent

Talent gap in the aerospace industry will be addressed through training enhancement programmes by leveraging centre of excellence (COE). This involves introducing new modules, improving existing programmes and continuously developing trainers in the industry. An apprenticeship programme at the COE will also be implemented through a structured project that will enable industry-led skills mapping. These measures will address the specific skills required by the industry, investors, and the changes in technology.

Facilitating Maintenance, Repair and Overhaul

Administrative procedures for customs duties exemption on eligible MRO parts and components will be reviewed to be more simplified and facilitative in reducing cost of doing business. List of spare parts and components eligibility for duties exemption will also be reviewed to standardise the tax treatment at entry points. These measures will allow for a more simplified custom procedures for MRO in attracting investment and strengthening industry competitiveness.

Strategy A5: Rejuvenating Creative Industry

Strengthening Creative Industry Environment

Efforts will be undertaken to strengthen coordination and monitoring mechanism in aligning initiatives and programmes among ministries and agencies of creative industry. In this context, a study to strengthen the ecosystem of creative industry will be pursued. In addition, the establishment of creative industry satellite account will facilitate better policy planning and monitoring. Meanwhile, centralised big data analytics for creative industry will be developed to consolidate data from various sources. These measures will facilitate data driven initiatives, optimisation of resources and better monitoring of creative industry.

Producing Quality Creative Talent

Programmes to increase awareness on creative career pathways will be introduced. In addition, industry bridging programme with local and global digital content studios will be intensified to produce a creative talent pool. Furthermore, a feasibility study on the establishment of accreditation scheme for creative industry will be undertaken to recognise skills of the industry players.

Strategy A6: Boosting the Recovery of Tourism Industry

Driving Digitalisation

The usage of digital technologies in the tourism industry such as cashless payment systems, self-check-in applications and online bookings will be encouraged to reduce reliance on manual operations. In addition, tourism service providers, particularly in rural areas, will be trained to adopt digital technology in promoting products and services. Training on content creation and digital marketing will be provided to homestay operators in reaching out to a wider segment of the tourist market. Meanwhile, data derived from digital applications will be utilised to analyse tourist behaviour for better marketing and promotion strategies.

Improving Regulatory Framework

The Tourism Industry Act 1992 [Act 482] will be reviewed to ensure that the legislation and related regulations continue to be relevant, in line with the current development of the tourism industry and technological advancement. A collaborative effort among Federal and state agencies, as well as industry players will be enhanced to develop a legislative framework to govern the short-term rental accommodation entities and online travel agencies. These measures will ensure safety and interest of consumers are well protected and promote level playing field. In addition, Malaysia Tourism Excellence (MaTEx) certification, an industry-led initiative, will be reviewed to promote self-regulation in enhancing quality of tourism products and services.

Promoting Sustainable Tourism

The adoption of carrying capacity and limits of acceptable change in sensitive ecotourism sites will continue to be encouraged. Existing fee structure will be reviewed in reflecting actual costs of conservation and management incurred by the government to increase awareness on sustainable tourism among tourists. Nature-based tourism (NBT) will be promoted to capture high-value travellers, who usually stay longer and spend more, and have smaller environmental footprint. New tourist products and sites will be identified and developed to diversify offerings, disperse tourists and reduce overcrowding at environmentally sensitive tourism sites. Meanwhile, existing promotional and marketing strategies will be shifted to position Malaysia as a premier NBT destination, leveraging the beautiful landscape as well as diverse and rich cultural and heritage assets.

Strategy A7: Creating a Robust and Diversified Halal Industry

Ensuring Sustainability of Halal Talent

A proactive role will be undertaken in providing industry-specific training and certification programmes through the halal occupational framework. This initiative will also include the establishment of halal related NOSS and the development of an e-learning portal. Through this effort, the number of competent halal professionals and experts will be increased to support future development of the halal industry.

Improving Coordination among Stakeholders

The initiatives in the Halal Industry Master Plan 2030 will be implemented to better support the halal business ecosystem. In this regard, the implementation will involve better coordination among stakeholders, particularly in streamlining policy and legislation, enhancing infrastructure and logistics as well as improving processes and procedures. Better coordination will ensure a holistic development of the halal industry.

Leveraging Digitalisation

A halal digital platform will be established to serve as a centralised hub for halal-related data and services. This platform will facilitate application for certification, auditing and monitoring, and the exchange of data across the supply chain. In addition, public will easily get access to information with regard to halal certified products and services.

Strengthening the Position of Malaysia in the Global Market

Industry players will be encouraged to explore and tap potential new markets for halal products and services, in advancing Islamic economic development. In this regard, trade promotion will be expanded through new and existing programmes to penetrate non-traditional market and increase the demand for halal products and services. Meanwhile, standards for new halal products such as medical devices, modest fashion and pharmaceuticals will be developed to attract potential global traders. These efforts will boost halal exports, penetrate new markets, and position Malaysia in the forefront of the global halal market for these high-value products.

Strategy A8: Intensifying Smart Farming Activities

Facilitating Financing for Smart Farming

Access to financing for the agriculture sector will be further expanded to accelerate adoption of smart farming. In this regard, a comprehensive information on financing will be made available in a single platform. Through this platform, a mechanism to matchmake financing capabilities of farmers with suitable technology will be introduced to facilitate application. In addition, adoption of smart farming technology through private investment will be encouraged as one of the initiatives under the Big Bold HGHV Agriculture and Agro-Based Industry.

Attracting Talent in Modern Agriculture

Participation of youth in the agriculture sector will be intensified through dedicated apprenticeship programmes in collaboration with industry players. In this regard, promotion programmes will be targeted towards various career opportunities in the agriculture sector. In addition, financial assistance and training will be expanded to young agropreneurs venturing into activities related to production of food crops, livestock and fisheries as well as agro-based industry.

Facilitating Technology Providers

Technology providers will be encouraged to conduct complimentary on-site demonstration with farmers. In addition, incentives will be provided to technology providers based on technology capacity to boost productivity of farmers. This measure will encourage greater adoption of smart farming technology among farmers.

Strategy A9: Realising the Potential of Biomass Industry

Accelerating the Development of Biomass Feedstock Hub

Collaboration with the private sector will be intensified to establish biomass feedstock hub in ensuring a provision of more efficient aggregation and pre-treatment facilities. In addition, sharing of industry knowledge and best practices among players will be facilitated through training and transfer of technology. These efforts will accelerate the development of the hub and ensure sustainable supply of biomass feedstock.

Enhancing Financing and Investment Incentive

Special financial products will be introduced in collaboration with financial institutions to meet the needs of the biomass industry. Meanwhile, access to existing financing and incentives related to green initiatives will be better facilitated to accelerate growth of the biomass industry. These efforts will further promote investment in the biomass industry and accelerate the transition to a more sustainable and low carbon economy.

Focus Area B: Driving Competitiveness for Sustainable Growth

Competitiveness coupled with productivity growth will be pertinent in unlocking economic advancement, improving living standards, and fostering sustainable development. Five strategies will be undertaken in the remaining Twelfth Plan period, namely enhancing technology adoption and digitalisation, elevating talent acquisition, strengthening value chain, improving governance mechanism and expanding export markets. These efforts will foster innovation, drive better performance in productivity, improve competitiveness, as well as enhance economic growth and wellbeing of the *rakyat*.

Strategy B1

Enhancing Technology Adoption and
Digitalisation

Strategy B2

Elevating Talent Acquisition

Strategy B3

Strengthening Value Chain

Strategy B4

Improving Governance Mechanism

Strategy B5

Expanding Export Markets

Strategy B1: Enhancing Technology Adoption and Digitalisation

Enhancing Data Integration for Private Healthcare

The private healthcare institutions will be encouraged to utilise the MyHDW system. This initiative will provide an integrated, interoperable and comprehensive data for healthcare services. The system will assist private hospitals in identifying specific services to be provided across the country, thus enable *rakyat* to get access to quality healthcare services.

Establishing Registry of Farmers

A registry on farmers, location, size of land, yield, types of produce and assistance received will be established. The registry will support improvement in decision making on allocation of assistance from output-based to outcome-based including rationalisation of subsidy. In this regard, the collection of the information through the Agriculture Census in 2024 will provide a comprehensive data for this registry.

Sustaining Indigenous Natural Gas Supply

As the upstream regulator, PETRONAS will continue to collaborate with industry players in enhancing adoption of advanced technologies in the upstream sector to unlock mature gas resources. These technologies, including the Enhanced Oil Recovery and High Pressure High Temperature, will be adopted for deepwater and marginal fields. Furthermore, the digitalisation of field operations will be further enhanced to improve supply chain and ensure lower cost of production. In addition, the deployment of CCS technology will provide opportunities to continue monetising depleted fields and enhance new investment in oil and gas services and equipment (OGSE) activities.

Accelerating Adoption of Advanced Technologies

The manufacturing sector will be transformed by adopting advanced technologies of Industry 4.0. New conditions in manufacturing licensing approval will be introduced to accelerate technology adoption. In addition, adoption of these technologies will be a prerequisite to apply for Government incentives. These measures will be a transformation catalyst for smart manufacturing and contribute towards improving production efficiency, lowering greenhouse gas (GHG) emissions and supporting supply chain resilience.

Strategy B2: Elevating Talent Acquisition

Accelerating Talent Development

The Academy in Industry (Ail) programme, as one of the initiatives under the Big Bold Future Ready Talent, will be a platform for greater government and industry collaboration. Ail will be implemented in all high-impact industries to boost productivity growth. Digital matching of applicants with potential employers according to the demand-based approach will be undertaken to encourage more participation. The participants of Ail will be trained according to the level of qualifications and skills. Focus will be given to industries with high productivity, competitive salary and wages, significant mismatch and high shortage of skilled workers.

In developing talent for the construction sector, *Akademi Binaan Malaysia* will be transformed into an international TVET institution offering training on high demand industrial skill sets such as Building Information Modelling (BIM), advanced IBS and the use of drone technology. Meanwhile, training programmes related to construction technology and innovation will be expanded to include courses on roads and highways as well as rails and slopes. This initiative will create a pool of skilled workers to meet the industry demand and increase the number of accredited subprofessionals. The implementation of these initiatives will continue to boost productivity growth in ensuring the sustainability of the construction sector.

Strategy B3: Strengthening Value Chain

Enhancing Supply Chain Management

The domestic supply chain will be enhanced by leveraging technological advancements, including track and trace using blockchain data and predictive analysis. The supply chain mapping exercise will be undertaken to increase sectoral integration and facilitate decision making. These measures will contribute to the development of a robust supply chain management system to support domestic and global value chain. These will also mitigate any disruptions to business operation and limit its impact to the economy.

Minimising Post-Harvest Losses

The productivity potential will be increased by focusing on minimising post-harvest losses. In this regard, the requisite support and infrastructure facilities along the supply chain will be improved. A comprehensive Surveillance and Intervention Supply Demand Agrofood (SISDA) system will be utilised to monitor the supply and demand of agrofood along the supply chain.

Intensifying Mechanisation and Automation

Efforts will be intensified to advance technology integration in farming operations of agricommodity subsector, including application of robotics, drones, AI and digitalisation. Adoption of technologies in the upstream activities will attract local workers to involve in farming operations, which is synonymous with 3D (dirty, dangerous and difficult) jobs. These cutting-edge technologies have the potential to revolutionise traditional farming practices, thus increasing productivity levels, while reducing dependency on labour. These efforts will drive the agricommodity subsector towards greater competitiveness and sustainability.

Strategy B4: Improving Governance Mechanism

Strengthening Policy Framework for Mineral Development

The National Mineral Policy 2 will be reviewed, as one of the initiatives under the rare earths Big Bold, to drive the development of the mineral industry holistically based on sustainable and responsible principles. The review will emphasise on R&D&C&I and set the directions on the development of five strategic minerals, namely NR-REE, bauxite, tin, silica and kaolin. The revision of the policy will contribute in enhancing growth of the mineral industry as targeted under the National Mineral Industry Transformation Plan 2021–2030.

Expanding the Coverage of Productivity Nexus

The Productivity Nexus will be expanded to several other industries to improve programmes at the sectoral level. In this regard, close collaboration with industry associations will be further undertaken to establish the nexus governing committee to develop productivity improvement initiatives. In addition, the role of existing nexus will be strengthened to support the transformation of the manufacturing sector, including in high value E&E industry and specialty chemicals manufacturing. The expansion of nexus will accelerate development of skilled talent, adoption of technology and productivity growth.

Enhancing Adoption of Green Practices

The adoption of ESG in the manufacturing sector will be enhanced to achieve the aspiration of net-zero GHG emissions as early as 2050. In this regard, a guide on the implementation and improvement of ESG practices within organisations will be developed. The guide will specify the requirements on establishing, maintaining, reviewing and improving ESG practices.

A national OGSE sustainability roadmap will be developed to promote adoption of sustainability practices among OGSE companies. Simplified sustainability reporting standards, specifically designed for small and medium-sized OGSE enterprises will be formulated to enhance transparency, consistency, and comparability of ESG reporting across all OGSE companies. This initiative will encourage more OGSE companies to comply with sustainability practices and be eligible for competitive financing.

Sustainable green practices in the agriculture sector will be intensified. In this regard, a baseline study will be conducted to develop a low carbon agriculture modelling, pioneering on the paddy subsector. The study will recommend solutions to reduce carbon footprints, as one of the initiatives under the agriculture Big Bold, as well as formulate verification framework to assess carbon credit.

Efforts will be intensified to strengthen enforcement and expand acceptance of industry standards, such as the Malaysian Sustainable Palm Oil (MSPO), Malaysian Timber Certification Scheme (MTCS), and Malaysian Sustainable Natural Rubber (MSNR). Plantation subsector will be further encouraged to enhance the adoption of the ESG principles, towards achieving a low carbon and climate-resilient economy. These initiatives will enhance sustainability practices in the agricommodity subsector and reinforce Malaysia's position as a responsible global player.

Formulating National Natural Gas Roadmap

The competitiveness of domestic gas market will be boosted to encourage trading activities and leverage opportunities to be a regional gas market hub. In this regard, a national natural gas roadmap will be developed which comprises short-, medium-, and long-term strategic directions of the gas industry as well as a framework for establishing Malaysia as a regional gas market hub. Meanwhile, a delivery unit will be established to strengthen coordination among stakeholders and drive the implementation of the roadmap.

Strategy B5: Expanding Export Markets

Facilitating Market Penetration

A collaboration with trade commissioners from various countries will be established to educate and facilitate local businesses in penetrating foreign markets. This collaboration will enable local businesses in gaining information on international markets and fostering relationships with foreign partners. In addition, a structured monitoring and evaluation

mechanism will be developed to assess current programmes to ensure significant impact at international level, including the Enhanced Franchise Development Programme and Access to Retail Programme.

The SMPPs will be encouraged to form consortiums in leveraging the FTAs. These consortiums will offer a comprehensive set of customised services to improve business competitiveness. This initiative will provide more opportunities for SMPPs to venture into new international markets.

Private hospitals and hotels will be encouraged to establish more strategic partnerships in developing and commercialising premium wellness packages nationwide. In addition, advanced technology in the areas of health, such as genomics, predictive analysis and precision medicine will be incorporated into the wellness packages. These initiatives will create a niche market and promote Malaysia as a preferred medical tourism destination.

Focus Area C: Boosting the Efficacy of the Financial Support

The Government remains committed to ensure the financial sector is robust to provide support for economic growth. Measures will be undertaken in boosting the efficacy of the financial sector to create a strong, stable and progressive financial system. These include advancing technological adoption, elevating sustainable financing, strengthening Malaysia as a global Islamic financial centre as well as increasing financial literacy and awareness.

Strategy C1

Advancing Technological Adoption

Strategy C2

Elevating Sustainable Financing

Strategy C3

Strengthening Malaysia as a Global Islamic
Financial Centre

Strategy C4

Increasing Financial Literacy and Awareness

Strategy C1: Advancing Technological Adoption

Embracing Digitalisation to Enhance Competitiveness and Transparency

Measures will be undertaken to allow greater technological adoption by improving critical ecosystem enablers and shared infrastructures as well as removing impediments to data accessibility. Efforts will also be made to further foster innovative digital solutions and deepen the FinTech ecosystem through liberalisation of alternative financing avenues as well as enhancement of targeted capacity building and talent development programmes. In addition, greater cost transparency will be promoted to address medical claims inflation for a more sustainable insurance and takaful for medical and health. These initiatives will support the development of an innovative financial sector, benefitting consumers through more diverse options, better customised services and lower cost.

Preparing Future Talent

The talent ecosystem will be further developed with strong industry-led initiatives to prepare the workforce of the future with the right skillsets and competencies. In this regard, the roles of industry associations, training providers and professional bodies will be strengthened in identifying talent development and skills needed to future-proof the workforce of the financial sector. These initiatives will address the growing needs for a workforce with strong digital skills and acumen to be in line with the financial sector transformation.

Reducing Cyber Risks and Combatting Financial Scams

Efforts will continue to be undertaken to enhance digital literacy and cyber hygiene practices among financial consumers to protect from online threats. Collaboration with industry associations, law enforcement agencies and government bodies will be pursued in raising cyber security awareness among consumers to protect data and digital devices. In order to support greater technology adoption and ensure consumer protection, a regulatory framework on management of technology risks for capital market entities will be rolled out as guidance in improving cyber resilience. Measures will be undertaken to safeguard and strengthen cyber security ecosystem in the financial industry by promoting standardisation in cyber resilience terminology at the national level as well as facilitating specialised cyber

security training and certification. Reforms to better protect consumers will also be accelerated by enacting consumer credit act and amending the Personal Data Protection Act 2010.

Strategy C2: Elevating Sustainable Financing

Aligning Incentives

A comprehensive study will be undertaken to review and streamline government incentives to benefit more domestic investors. Matching grants will be gradually reduced and replaced with other incentives, including interest rate subsidy. This measure will ensure a conducive and competitive investment ecosystem. Financial incentives for the construction sector will be strengthened to cover every stage in the ecosystem, from planning to demolition, to promote advanced technology adoption. In this regard, companies investing in BIM, IBS-related machinery and equipment as well as construction technology and innovation will be given priority to receive financial incentives.

Advancing Sustainable Financing and Strengthening Ecosystem for ESG

Strong inter-agency collaboration will be pursued to ensure alignment of financial sector response with the national strategy to achieve net-zero GHG emission targets. This includes calibrating fiscal incentives to encourage green financial solutions and new instruments. Internal competence and awareness within the financial sector will be enhanced to promote sustainability in the financial operations.

Initiatives will be undertaken to extend current engagements and capacity building within the financial sector to consider nature-related financial risks in implementing strategies and actions as well as identify opportunities in strengthening climate resilience. In the capital market, the Sustainable and Responsible Investment (SRI) strategic priorities will be identified to ensure a more conducive SRI ecosystem. The technical screening criteria for key economic sectors will be developed with the establishment of the SRI Taxonomy Plus Standards. Meanwhile, relevant guidelines will be amended to incorporate ESG into advisory services of financial planners and unit trust consultants. In addition, a guidance on ESG considerations and due diligence for investments in private markets and alternative capital market segments will be introduced.

Strategy C3: Strengthening Malaysia as a Global Islamic Financial Centre

Strategising Development for Islamic Finance and Capital Market

Initiatives will be undertaken to promote greater penetration of retail and institutional investors into the Islamic fund management industry. A framework will be introduced to expand the breadth and depth of Islamic fund management products as well as promote greater awareness of the Islamic finance. The Islamic finance ecosystem in Malaysia will be strengthened by establishing the Malaysia International Islamic Financial Centre (MIFC) Leadership Council, modernising Shariah contract applications to drive impactful innovations as well as strengthening ecosystem enablers to advance Islamic economic development. These efforts are part of the initiatives under the Big Bold Fiscal Sustainability and Financial System.

The entire ecosystem with a strong industry leadership will be aligned to realise the full potential of Islamic finance and further promote 'value-based growth', characterised by progressiveness, sustainability and inclusivity. A guide to promote the application of *Maqasid al-Shariah* principles in the capital market will be introduced to achieve a balance between economic development and societal good, in alignment to the Malaysia MADANI aspiration. This guide will effectively include ESG elements into assessment criteria of the Shariah screening, provide a source of reference to stakeholders and promote growth of SRI instruments.

Strategy C4: Increasing Financial Literacy and Awareness

Enhancing the Role of the Financial Education Network

The role of FEN to improve financial education initiatives will be enhanced by enlarging strategic partnerships, improving awareness through digital platforms and establishing a research ecosystem. In addition, the FEN Programmatic Roadmap will be further pursued to elevate the financial capability of consumers, aligned with the National Strategy for Financial Literacy 2019-2023. These initiatives are crucial to empower and protect consumers.

Focus Area D: Strategising Industrial Estates and Food Production Areas

The role of industrial estates and food production areas is important for a balanced industrial growth and attracting investment. Measures will be undertaken to better plan, coordinate and manage IEs and FPAs. In this regard, focus will be given on enhancing industrial estates and food production areas as growth catalysts.

Strategy D1

Enhancing Industrial Estates and Food Production Areas

Strategy D1: Enhancing Industrial Estates and Food Production Areas

Developing a Guideline for Industrial Estates Planning and Management

A guideline will be developed to streamline industrial estates management. A Geographical Information System based dashboard will be developed as a tool to map the development of industrial estates. The utilisation rate of industrial estates will be monitored effectively through this dashboard. These measures will enhance industrial estates management and assist potential investors in identifying suitable locations for investment.

Expanding Farm Size for Economies of Scale

The farm size of dedicated food production areas will be expanded for economies of scale to ensure better adoption of modern technologies and optimise operational costs. A comprehensive mechanism in financing and managing the food production areas will be formulated through collaboration between the Federal and state governments. In addition, utilisation of fragmented land belonging to smallholders will be managed through collaboration between farmers with farmers associations and cooperatives. Meanwhile, implementation of *Program Inisiatif Usahawan Tani* (INTAN) under *Inisiatif Pendapatan Rakyat* (IPR) will be expanded and agro-based industry will be diversified as two initiatives under the agriculture Big Bold.

Focus Area E: Breaking the Barriers for MSMEs to Scale Up

Focus will be given in ensuring MSMEs stay competitive and resilient by breaking the barriers to grow and scale up. Several areas will be strengthened to achieve the set targets, particularly in increasing productivity and exports. Therefore, efforts in unleashing the potential of MSMEs including cooperatives, agriculture-based associations and social enterprises, integrating MSMEs into domestic and global supply chain, improving accessibility to financing and capacity development programmes, and accelerating productivity growth among MSMEs will be undertaken. These measures will ensure MSMEs regain the growth momentum, and stay vibrant and progressive.



Strategy E1: Unleashing the Potential of MSMEs, Cooperatives, Agriculture-Based Associations and Social Enterprises

Adopting a Targeted Approach in Scaling Up MSMEs

Policies will be targeted to ease access to financing, skills and technology in scaling up MSMEs. These policies will increase efficiency of the enterprises and industries that have the potential to grow. Efforts will be undertaken to strengthen and consolidate growth-facilitating assistances

to scale up firms, including for smart ventures among the industries as one of the initiatives under the Big Bold Empowering MSMEs and Social Enterprises. The scaling up of MSMEs will accelerate productivity to achieve inclusive growth and enable businesses to evolve and grow.

Transforming Cooperatives, Agriculture-Based Associations and Social Enterprises as Catalysts for Socioeconomic Growth

Continuous efforts will be undertaken to strengthen and advance cooperatives and agriculture-based associations as well as informal sector. These efforts include creating a more inclusive ecosystem and comprehensive value chain as well as enhancing the capacity of these entities to grow and increase competitiveness. Measures will also be undertaken to enhance the social enterprise landscape to move it from its current nascent stage to the entrepreneurial mainstream. Therefore, strategic programmes will be conducted to promote innovation in social entrepreneurship projects through collaboration between the academia and industry, as another initiative under the MSMEs Big Bold. In addition, impact measurement tools will be introduced to ensure a sustainable social enterprise business model. These will enrich cooperatives and agriculture-based associations as well as mainstream social enterprises and informal sector to become catalyst for socioeconomic growth.

Strategy E2: Integrating MSMEs into Domestic and Global Supply Chain

Accelerating Integration of MSMEs into the Supply Chain

The integration of MSMEs into domestic and global supply chain through business linkages, supply chain financing and use of trading houses will be further promoted, as one of the initiatives under the MSMEs Big Bold. In this regard, market expansion of highly competitive MSMEs into the ASEAN and global markets will be facilitated through export assistance and trade advisory services such as on quality accreditation, certification requirements and procedural guidance. Meanwhile, participation of MSMEs in the Government procurement and domestic supply chain of large enterprises as well as multinational companies will be intensified through the creation of demand driven products and services. These measures will ensure effective participation in the supply chain in accordance with the changing global trends, as shown in Box 3-2.

Box 3-2

Strengthening MSMEs Position in the Global Supply Chain

MSMEs must participate effectively in the global supply chain, which links firms across countries for greater market access, new technology adoption, lower cost of production and an efficient business operation to increase their growth productivity and competitiveness. Role of MSMEs is critical in building a strong base of suppliers to support the growth of targeted industries in the country. Availability of a strong local supply base will make anchor companies less susceptible to move elsewhere in search of lower costs. Meanwhile, dynamic local suppliers among MSMEs help the buyers become more innovative and move up their value chain.

However, participation of MSMEs in the global supply chain is minimal due to the poor production linkages with larger firms. Findings of MSME Survey 2023 by SME Corporation Malaysia indicates that these linkages were weakest in the production and supply of output, where only 20.8% of MSMEs supply products and services to large firms in Malaysia. This finding suggests that large firms are likely inclined towards importing inputs while maintaining a poor backward linkage with MSMEs.

Poor participation of MSMEs in the supply chain is attributed to various deficiencies that affect their competitiveness such as not offering the product and services required by buyers, unable to meet specific request of customers, low quality products and services and low cost competitiveness

compared to imports. Building a healthy and robust supply chain ecosystem will increase the resilience of the domestic economy. Measures proposed to increase MSMEs participation in global supply chain include:

- Provision of targeted assistance for MSMEs to increase exports through market intelligence, capacity building as well as enhancement of supply chain financing and guarantee schemes;
- Implementation of supplier development programmes including specific accreditation and certification assessment to build the capacity of the MSMEs;
- Creation of proactive measures through broadcasting requirements on local sourcing by foreign investors prior to realisation of investments; and
- Development of a structured and holistic ESG ecosystem for MSMEs to increase their value proposition in the domestic as well as global supply chain.

Strong participation of MSMEs in the supply chain will transform firms into high-growth entities, characterised by higher concentration of knowledge and technology. Simultaneously, resources will be reprioritised for better distribution of funding assistance. Increasing the number of these entities will result in high value-added to the economy as well as high-paying jobs in the future.



Facilitating Compliance to ESG Requirements

A comprehensive framework comprising guidelines, standards, incentives and financial assistance will be developed to accelerate the adoption of ESG. MSMEs will be equipped with the knowledge and understanding on ESG through capacity development programmes and information sharing platforms. ESG compliance will accelerate participation of MSMEs in domestic and global green supply chains.

Strategy E3: Improving Accessibility of Financing and Capacity Development Programmes

Promoting Alternative Financing

Market-based financing such as venture capital, equity crowdfunding and peer-to-peer financing will be promoted as one of the initiatives under the MSMEs Big Bold. In addition, efforts will be undertaken to encourage institutional investors to invest in MSMEs through financial instruments, such as mutual funds, hedge funds and pension plans. Continuous efforts will be undertaken to facilitate access to financing for MSMEs with limited financing options. Among others, alternatives to traditional collateral-based lending, namely collateral registries and intellectual property monetisation will be further promoted.

Streamlining Information on Capacity Development Programmes

In reducing fragmentation and duplication of MSME programmes, the SME Integrated Plan of Action (SMEIPA) will be enhanced to ensure better planning, tracking, monitoring and assessment. Specific programmes will

be implemented to educate MSMEs on the alternative financing processes, associated benefits, risks and typical deal structure. These efforts will enable MSMEs to obtain suitable and necessary capacity development programmes and timely assistance in scaling up operations.

Strategy E4: Accelerating Productivity Growth among MSMEs

Capitalising on Technologies and Digitalisation

The MSMEs will be facilitated in capitalising on technologies and digitalising business operations, as one of the initiatives under the MSMEs Big Bold, to improve productivity and become more competitive. A national business digital adoption index will be established to measure the adoption rate amongst the various sizes of businesses. In addition, efforts will be continued to facilitate greater involvement of HEIs, research institutes and industries to accelerate R&D and innovation activities.

Attaining Critical Talent in Supporting Business Growth

Efforts to increase skilled talent and upskill existing talent will be intensified through the development of a MSMEs talent management framework. Measures will be undertaken to identify new needs of MSMEs as well as encourage collaboration between MSMEs with HEIs and industry experts in developing and harmonising training modules. These modules will focus on strengthening human capital development within the MSME workforce. Meanwhile, MSMEs will also be facilitated to conduct upskilling and reskilling training through Ail programme. These efforts will address critical talent gaps and skills mismatches to support business growth.

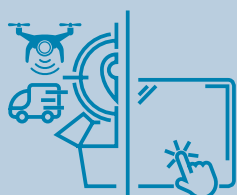
Conclusion

During the review period of the Twelfth Plan, various measures have been implemented in resetting the economy. These measures have recorded progressive growth in several areas in restoring the growth momentum of economic sectors and propelling the growth of strategic and high impact industries and MSMEs. Nonetheless, the economy has not fully recovered from the impact of COVID-19 and still lagging behind in terms of competitiveness due to lack of significant structural economic reforms. In the remaining Plan period, the focus will continue on boosting economic resilience for a sustainable growth. Strategic measures will be implemented in spearheading structural reforms by strengthening sectoral and strategic industries resilience, driving competitiveness for sustainable growth, boosting the efficacy of the financial support, strategising industrial estates and food production areas and breaking the barriers for MSMEs to scale up. These strategies will be the catalyst towards transforming Malaysia as a regional leader in HGHV in achieving the aspiration of '*Ekonomi MADANI: Memperkasa Rakyat*'.



Chapter

4



Strengthening Key Enablers towards High-Income Economy

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Introduction

During the review period of the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan) focus was given on developing future talent, boosting digitalisation and advanced technology as well as enhancing efficiency of transport and logistics infrastructure in supporting economic growth. The strategies and initiatives for talent development contributed towards realigning the labour market and developing future-ready talent. Meanwhile, various initiatives were undertaken in advancing the digital economy, mainstreaming digitalisation for inclusive development, accelerating research, development, commercialisation and innovation (R&D&C&I) as well as capitalising advanced technology potential to improve national competitiveness and resilience. In enhancing efficiency of the transport and logistics services, measures were introduced to improve people mobility, industry competitiveness, and institutional and regulatory framework. However, challenges remained and hampered the realisation of national targets and commitment to achieve sustainable economic growth.

In the remaining Twelfth Plan period, emphasis will be given to reform labour market, reshape talents for future of work, strengthen the digital economy ecosystem, and optimise the potential of R&D&C&I and escalate the advancement of technology. Meanwhile, efforts will be intensified to build resilient transport and logistics infrastructure. These efforts will further strengthen the key enablers in achieving a high-income nation, building upon the aspirations of '*Ekonomi MADANI: Memperkasa Rakyat*' and the 2030 Agenda for Sustainable Development (2030 Agenda).

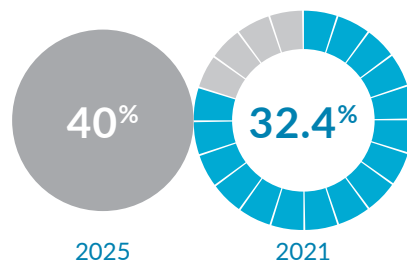
Progress, 2021-2022

In the Twelfth Plan, a total of 36 selected targets were identified in developing future talent, boosting digitalisation, and advanced technology as well as enhancing efficiency of transport and logistics infrastructure. During the review period, nine targets were achieved, 22 are on track, while five are still lagging. The performance of these targets is as shown in *Exhibit 4-1*.

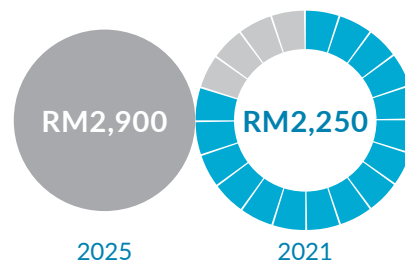
Exhibit 4-1

Performance of Selected Targets

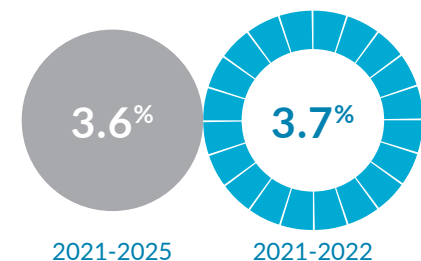
Developing Future Talent



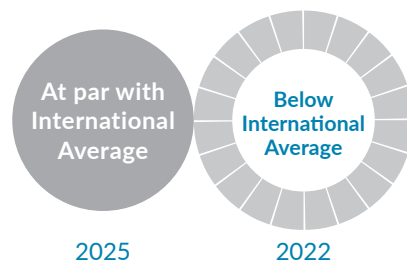
Share of Compensation of Employees to GDP



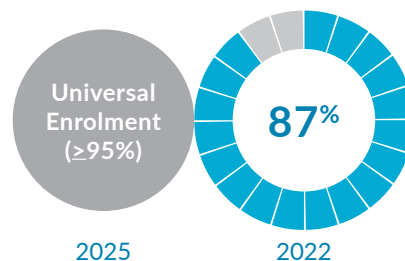
Monthly Median Salaries and Wages



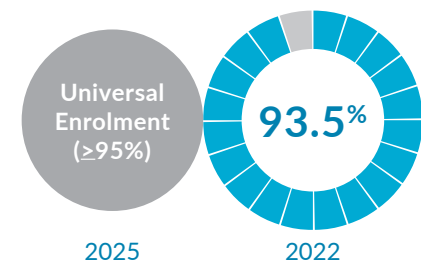
Average Growth of Labour Productivity



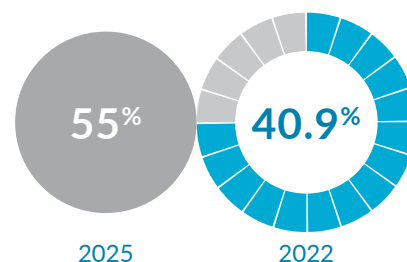
PISA and TIMSS Score



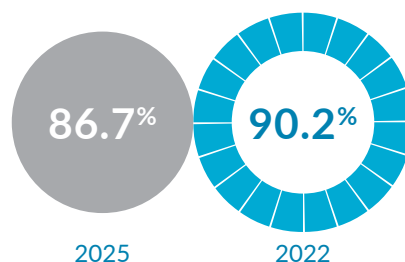
Enrolment of Preschool Students



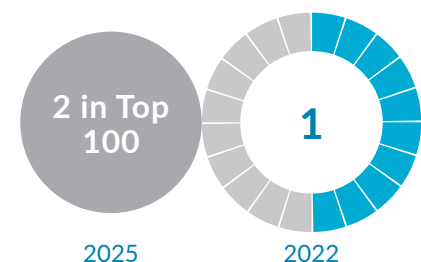
Enrolment of Secondary School Students



Intake of SPM Leavers or Equivalent into TVET Programmes

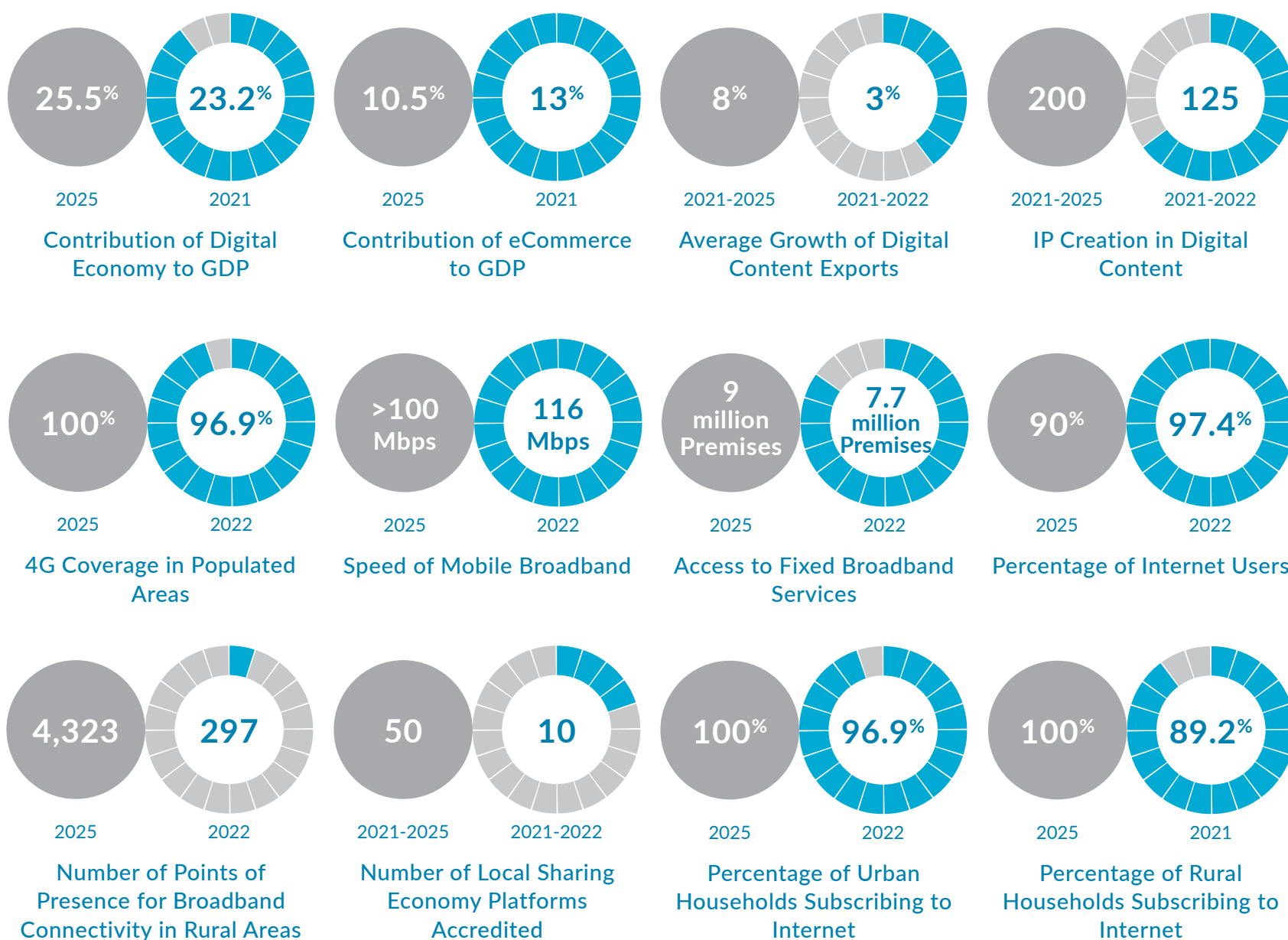


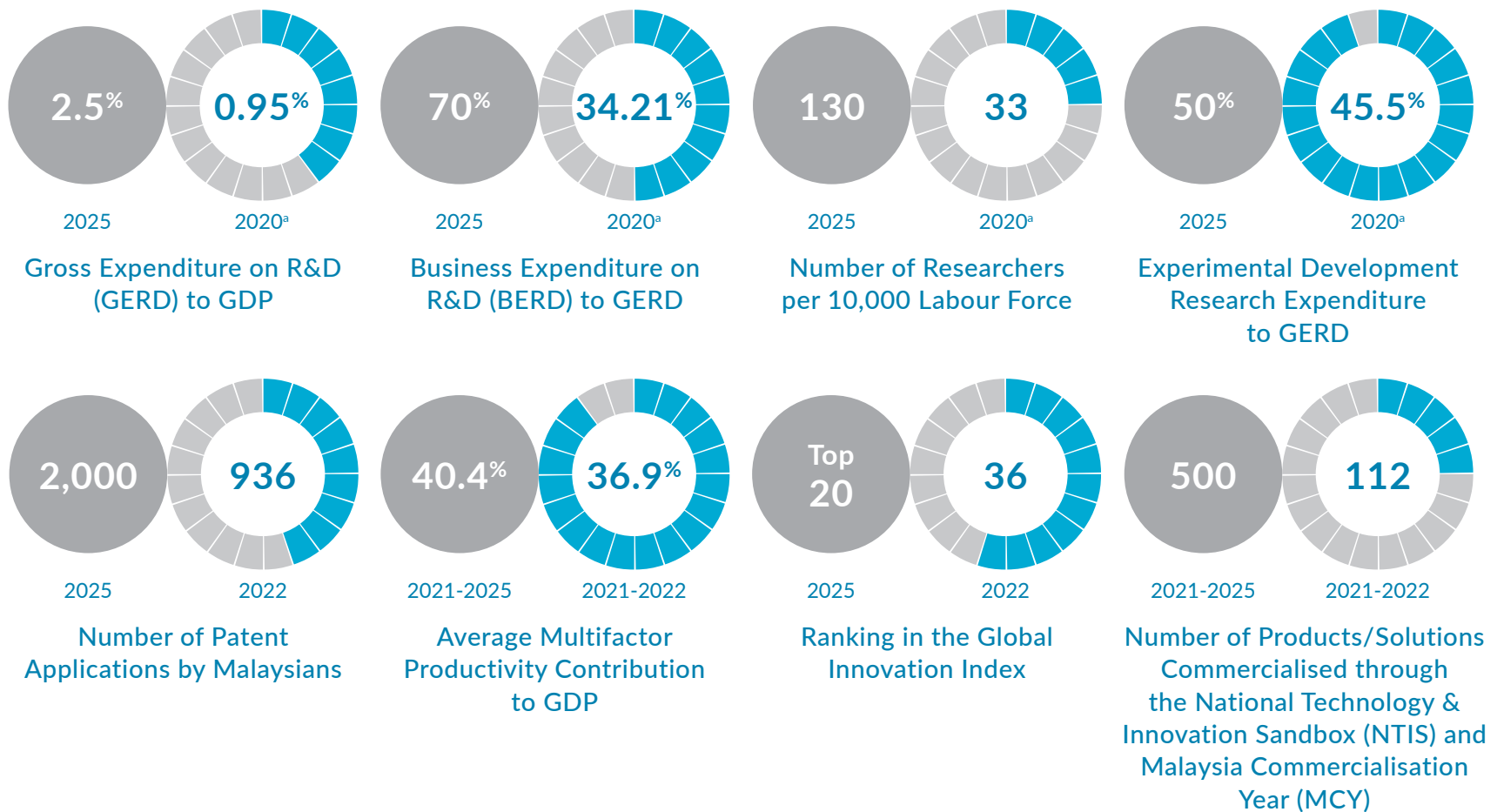
Graduate Employability from HEIs and Public TVET Institutions



Public Universities in Top 100 of the QSWUR

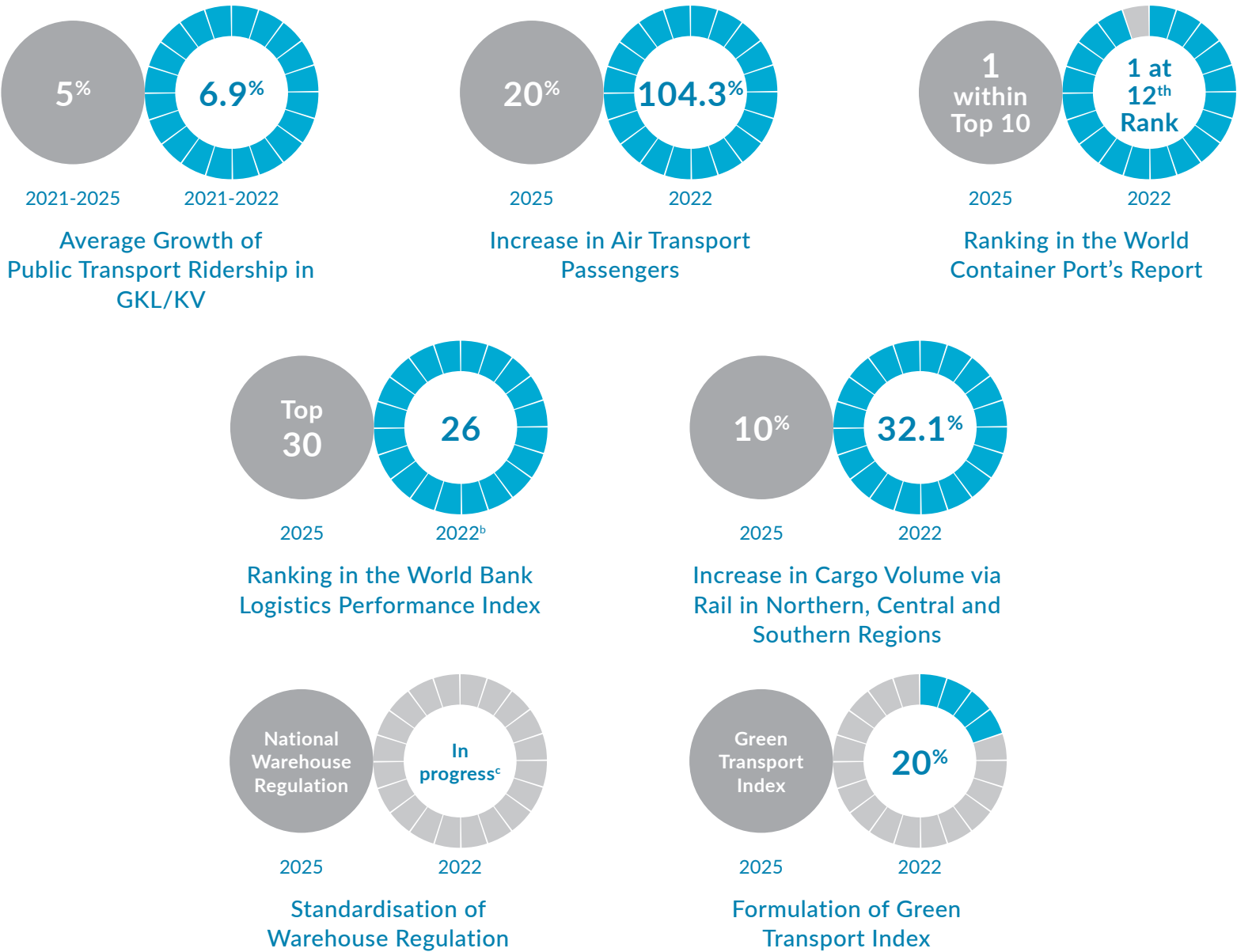
Boosting Digitalisation and Advanced Technology





Note: ^a According to the latest data obtained from National Survey of Research and Development (R&D) in Malaysia 2021.

Enhancing Efficiency of Transport and Logistics Infrastructure



Notes: ^b Based on the ranking reported in the World Bank Logistics Performance Index 2023.
^c Discussion on standardisation of warehouse regulation among industries and agencies is still ongoing.

Achievement by Priority Area



Priority Area A: Realigning the Labour Market for Inclusive and Sustainable Growth

Strategy A1: Promoting Equitable Compensation of Employees and Labour Participation

Strengthening Labour Market

- Amendments to the Employment Act 1955 [Act 265] completed in 2022
- The Industrial Harmony Index increased to 78.9% in 2022

Facilitating Labour Force Participation

- Composition of skilled workers increased to 29.6% in 2022
- The Housewives' Social Security Scheme implemented in 2022

Strategy A2: Strengthening the Labour Market Support System

Promoting Responsive Workforce Training

- 2,085,950 workers trained in the Human Resource Development Corporation upskilling and reskilling programmes

Addressing Labour Displacement due to COVID-19 Pandemic

- 282,326 new jobs created and 1,021,667 individuals assisted in jobs placements under the Retention and Generation of Jobs programmes



Priority Area B: Developing Future-Ready Talent

Strategy B1: Raising the Quality of Education

Improving Learning Outcomes

- 88 projects to reconstruct dilapidated school buildings completed
- 18 new schools built

Promoting a Flexible Higher Education System

- The Guide to Entrepreneurship Integrated Education introduced in 2022

Strengthening Assessment Approach

- Alternative Assessment in Higher Education: A Practical Guide to Assessing Learning published in 2022

Strategy B2: Enhancing TVET Programmes and Governance

Strengthening Technical and Vocational Education and Training (TVET) Programmes

- 20,190 trainees benefitted from the National Dual Training System, a collaboration between TVET institutions and industries
- The Centre for Instructor and Advanced Skill Training recognised as a Centre of Excellence for TVET Instructors in 2021
- 37 TVET institutions adopted the Teaching Factory model

Improving TVET Governance

- The establishment of TVET Collaboration Hub and the Government-Industry TVET Coordination Body approved in 2022



Priority Area C: Advancing Digital Economy

Strategy C1: Providing an Enabling Environment for the Growth of the Digital Economy

Streamlining Digital Governance

- MyDIGITAL Corporation established in 2021
- The Sharing Economy Committee established in 2022

Boosting Trade through eCommerce

- 1,126,047 micro, small and medium enterprises (MSMEs) onboarded eCommerce as at 2022

Expanding the Sharing Economy

- 13,398 digital freelance and gig workers trained in 2022

Strengthening Cyber Security

- 80 MSMEs undergone cyber security assessment under *Program Galakan Pemerkasaan Keselamatan Siber Malaysia*

Strategy C2: Strengthening Provision of Digital Infrastructure and Services

Ensuring Equitable Access

- Communication services gazetted as a public utility in 2021
- 5G network technology launched in 2021
- 5G coverage in populated areas reached 47.1% as at end 2022

Strategy C3: Developing Future-Ready Digital Talent

Nurturing Future-Ready Digital Talent

- 64,694 students participated in the digital making activities in 2022

Strategy C4: Positioning Malaysia as the ASEAN Digital Centre

Digitalising Micro, Small and Medium Enterprises (MSMEs) to Broaden Market Access

- 90 new start-ups based in Malaysia Digital Hub in 2022
- 200 local MSMEs exported digital solutions in 2022
 - 24 with export revenue above RM20 million



Priority Area D: Mainstreaming Digitalisation for Inclusive Development

Strategy D1: Expanding Digitalisation

Facilitating Digital Opportunities

- 911 *Pusat Ekonomi Digital* (PEDi) includes
 - 874 rebranded from *Pusat Internet Komuniti*
 - 37 newly established

Creating More Online Business Ventures

- 21 active local sharing economy platforms validated in 2022



Priority Area E: Accelerating Research, Development, Commercialisation and Innovation

Strategy E1: Strengthening Capacity and Capability in Research, Development, Commercialisation and Innovation

Streamlining National Science, Technology and Innovation Priority Areas

- 37% of the initiatives under the National Science, Technology and Innovation Policy Action Plan implemented
- The National Nanotechnology Policy and Strategy 2021-2030 developed in 2021
- The National Biotechnology Policy 2.0 and National Nuclear Technology Policy 2021-2030 developed in 2022
- The National Vaccine Development Roadmap developed in 2021

Strengthening Funding for Research, Development, Commercialisation and Innovation (R&D&C&I)

- The inaugural Malaysia Innovates Summit, involving seven ministries organised in 2022
- The R&D&C&I category in *MyProjek* system introduced in 2022
- The MyR&D portal, a one-stop platform for R&D&C&I funding developed in 2022

Translating Research and Development as well as Intellectual Property into High Value-Added Products

- Malaysian Research Accelerator for Technology and Innovation (MRANTI) established in 2021
- *Dasar Pengkomersialan Harta Intelek dan Reka Cipta Dibiayai Kerajaan 2021-2025* introduced in 2021

Strategy E2: Nurturing Quality Talent in Science, Technology and Innovation

Increasing Supply of Quality Talent in Science, Technology and Innovation	<ul style="list-style-type: none"> 294 science, technology and innovation (STI) experts participated in the Researcher-Industry Scientific Exchange (RISE) programme 93% of 5,000 job seekers employed by the participating companies under the Upskilling for Deeptech & Futureskills programme in 2022
Championing Effective and Fun Non-Formal Science, Technology, Engineering and Mathematics Learning	<ul style="list-style-type: none"> 2.5 million participants benefitted from the implementation of STI enculturation programmes 15 edutainment activities, supported by 21 strategic partners and 21 professional astronomers implemented under the Big Bang Astronomy programme in 2021
Increasing Effectiveness of Communication and Awareness Programmes	<ul style="list-style-type: none"> e-estidotmy, a virtual platform in creating innovative and inquisitive minds on science, technology, engineering and mathematics (STEM) among students introduced in 2021



Priority Area F: Capitalising on Advanced Technology Potential

Strategy F1: Gearing up for the Fourth Industrial Revolution

Seizing Economic Growth Opportunities Arising from the 4IR	<ul style="list-style-type: none"> 25 initiatives under Phase 1 of the National Fourth Industrial Revolution (4IR) Policy implemented Technology roadmaps developed in 2022 <ul style="list-style-type: none"> The National Advanced Material Technology Roadmap 2021-2030 The National Blockchain Roadmap 2021-2025 The Artificial Intelligence Roadmap 2021-2025 The National Robotics Roadmap 2021-2030 The Electrical and Electronics (E&E) Roadmap: Technology Development 2021-2030
Creating a Conducive Ecosystem to Harness the Potential of the 4IR	<ul style="list-style-type: none"> Existing sandbox ecosystem expanded to include digital internet of things (IoT), smart cities and healthtech in 2022 One unicorn company created, while six soonicorn companies identified as at end 2022 The Malaysia Startup Ecosystem Roadmap (SUPER) 2021-2030 launched in 2021 4,136 users and 2,717 start-up companies registered in the MYStartup portal



Priority Area G: Ensuring Integrated, Affordable, Reliable and Seamless People Mobility

Strategy G1: Improving Overall Accessibility of Public Transport

Integrating Transport Modes

- PULSE application, an integrated journey planner, upgraded in 2022
 - 290,020 downloads
 - 78,047 active users

Enhancing First- and Last-Mile Connectivity

- RAPID Mobility, an alternative community based public transportation, introduced in 2022

Encouraging Transit Oriented Development

- Kajang 2 Station complemented with mixed development completed in 2022

Strategy G2: Encouraging Behavioural Shift from Private to Public Transport

Propelling Public Transport as the First Choice of Travel

- 1.4 million unlimited MY50 monthly travel passes sold in 2022
- Passengers of Electric Train Service (ETS) increased to 3.3 million in 2022



Priority Area H: Driving Transport and Logistics Industry to Enhance Competitiveness

Strategy H1: Enhancing Efficiency of Services

Upgrading Aviation Systems and Equipment

- The Kuala Lumpur Air Traffic Control Centre and Kota Kinabalu Flight Information Region completed in 2022

Implementing Preventive Maintenance

- Six pilot projects using advanced materials and innovative technology completed in 2022

Strategy H2: Leveraging Digitalisation in Services

Developing a Centralised Database

- *Peta Geospatial Fasilitas Logistik dan Jaringan Pengangkutan* (MyLogistik) application launched in 2021



Priority Area I: Strengthening Institutional and Regulatory Framework

Strategy I1: Improving Governance	
Strengthening Coordination among Stakeholders	<ul style="list-style-type: none">• <i>Jawatankuasa Penilai Projek Logistik</i> established in 2022• A Single Border Agency Nucleus Team established in 2021• Sharing of prime movers and semi-trailers within a group of companies is allowed since 2021
Developing National Warehousing Regulation	<ul style="list-style-type: none">• Guidebook on Starting Warehousing Business in Malaysia launched in 2021
Restructuring the Model for Highway Development	<ul style="list-style-type: none">• 19 highway concession agreements reviewed
Strategy I2: Promoting Green Initiatives	
Implementing the Low Carbon Mobility Blueprint	<ul style="list-style-type: none">• Exemption on motor vehicle licence fee for full electric vehicles from 2022 to 2025



Issues and Challenges

During the review period, various measures were undertaken to strengthen talent development, digitalisation and advanced technology growth, transport and logistics infrastructure. However, issues and challenges still persist and need to be addressed. These include inefficient labour market, unconducive education ecosystem, unfavourable digital economy ecosystem, challenges in accelerating R&D&C&I and advancing technology as well as gaps in supporting the growth of transport subsector and logistics industry.

Inefficient Labour Market

- Shortage of workers
- Low wages
- Increasing skills-related underemployment
- High dependency on foreign workers
- Lack of social protection for workers

Unfavourable Digital Economy Ecosystem

- Ineffective governance and coordination
- Uneven progress in digital infrastructure
- Lack of digital talent development
- Extended digital exclusion has widened inequality

Gaps in Supporting the Growth of Transport Subsector and Logistics Industry

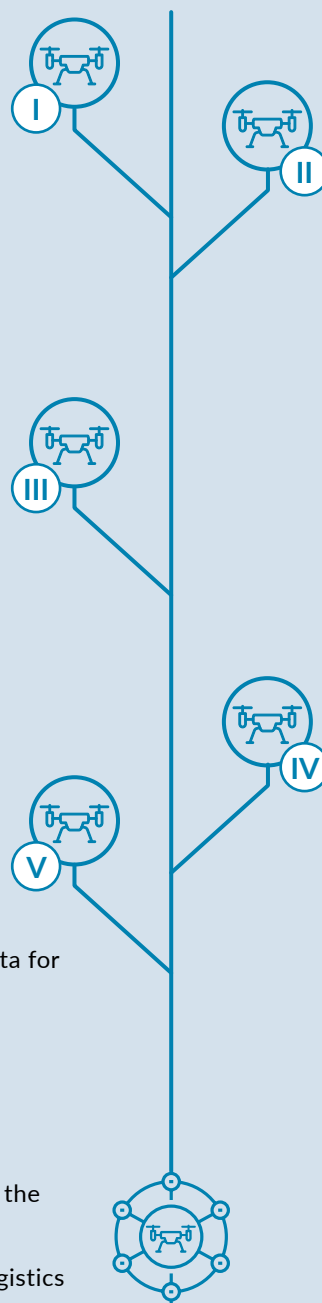
- Inadequate current and real-time passenger mobility data for public transportation
- Ineffective transport governance
- Inadequate connectivity and transport infrastructure
- Insufficient maintenance of transport infrastructure
- Absence of synchronisation and standardisation among the port community systems
- Lack of awareness and understanding on sustainable logistics

Unconducive Education Ecosystem

- Insufficient technical and soft skills elements in STEM curriculum
- Lack of critical thinking, creative learning, and problem-solving skills aspects in the training and teaching methods at school
- Fragmented higher education institutions (HEIs) ecosystem in term of synergy between public and private HEIs, digitalisation plans, new programmes offerings and research focuses
- Duplication of TVET programmes and fragmented data
- Lack of industry participation

Challenges in Accelerating R&D&C&I and Advancing Technology

- Ineffective R&D&C&I resource utilisation
- Decreasing private investment in R&D&C&I activities
- Overlapping and conflicting priorities among Government Research Institutes (GRIs) and HEIs
- Low commercialisation of intellectual property (IP)
- Insufficient technology creators and developers
- Unpreparedness of industry to adopt new technology
- High costs for development and adoption of technology



Way Forward, 2023-2025

In the remaining Twelfth Plan period, focus will be given on strengthening key enablers in accelerating the momentum of economic growth. Measures will be undertaken to reform labour market, reshape talents for future of work, strengthen the digital economy ecosystem, optimise the potential of R&D&C&I and escalate the advancement of technology, as well as build resilient transport and logistics infrastructure. The implementation of these measures will boost the economy in achieving a high-income nation.



Focus Area A: Reforming Labour Market

Strategy A1:

Improving Labour Market



Focus Area C: Strengthening the Digital Economy Ecosystem

Strategy C1:

Enhancing Digital Governance

Strategy C2:

Building a Conducive Digital Infrastructure

Strategy C3:

Boosting the Growth of Digital Industries

Strategy C4:

Enhancing Future-Ready Digital Talent

Strategy C5:

Expanding Digital Inclusivity



Focus Area B: Reshaping Talents for Future of Work

Strategy B1:

Strengthening Education Initiatives and Character Building

Strategy B2:

Boosting Higher Education Excellence

Strategy B3:

Enhancing TVET Ecosystem



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

Strategy D1:

Scaling Up R&D&C&I Activities

Strategy D2:

Elevating Adoption of Advanced Technologies



Focus Area E: Building Resilient Transport and Logistics Infrastructure

Strategy E1:

Improving Passenger Mobility Data

Strategy E2:

Strengthening Transport Governance

Strategy E3:

Enhancing Connectivity and Transport Infrastructure

Strategy E4:

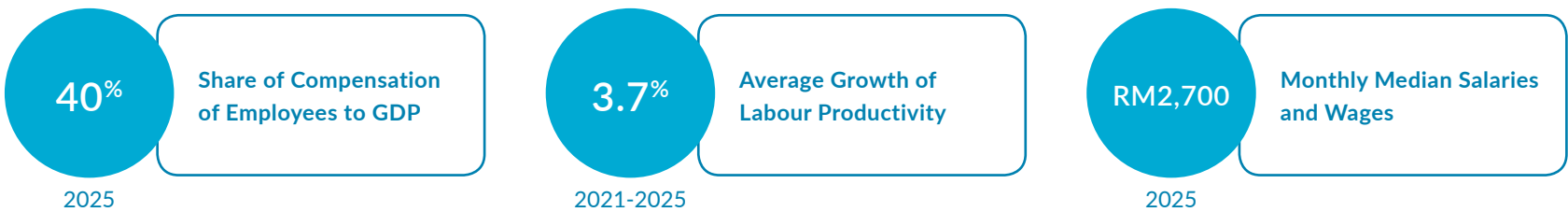
Improving Infrastructure Maintenance

Strategy E5:

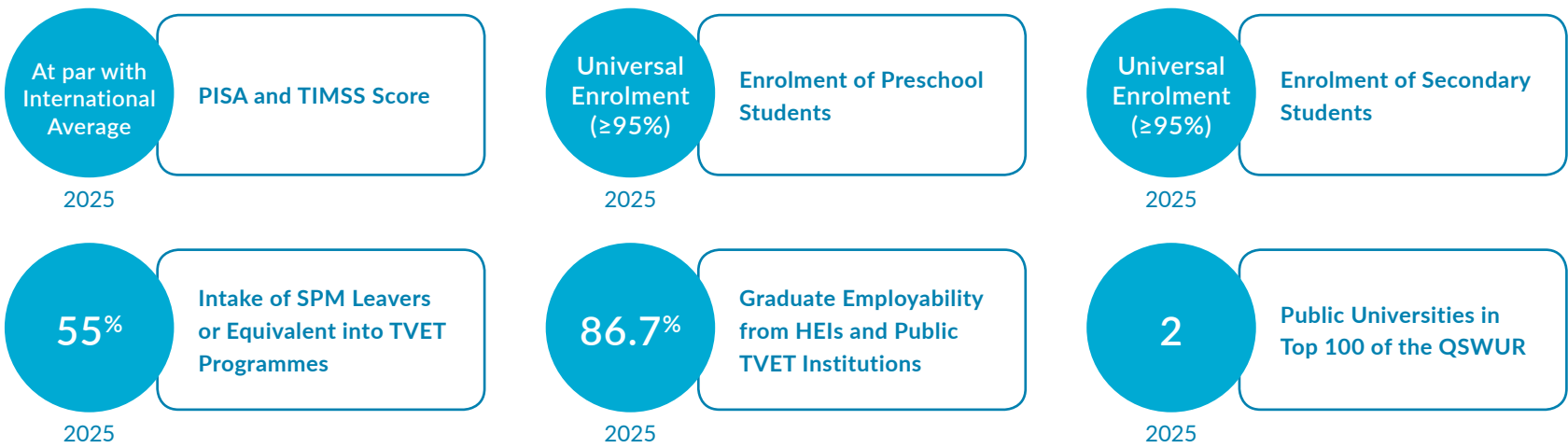
Increasing Competitiveness of Logistics and Trade Facilitation

Selected Targets, 2021-2025

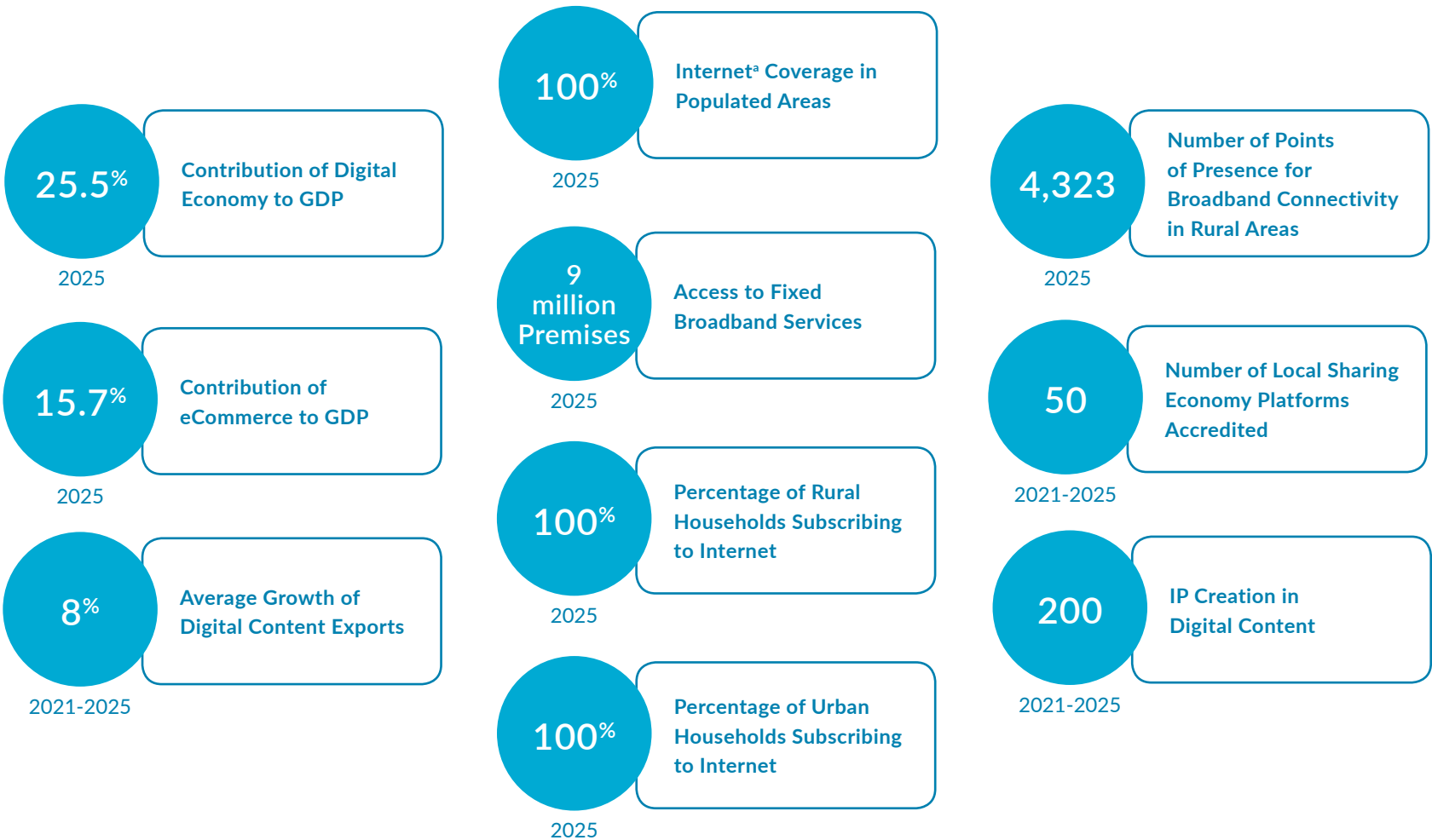
Reforming Labour Market



Reshaping Talents for Future of Work

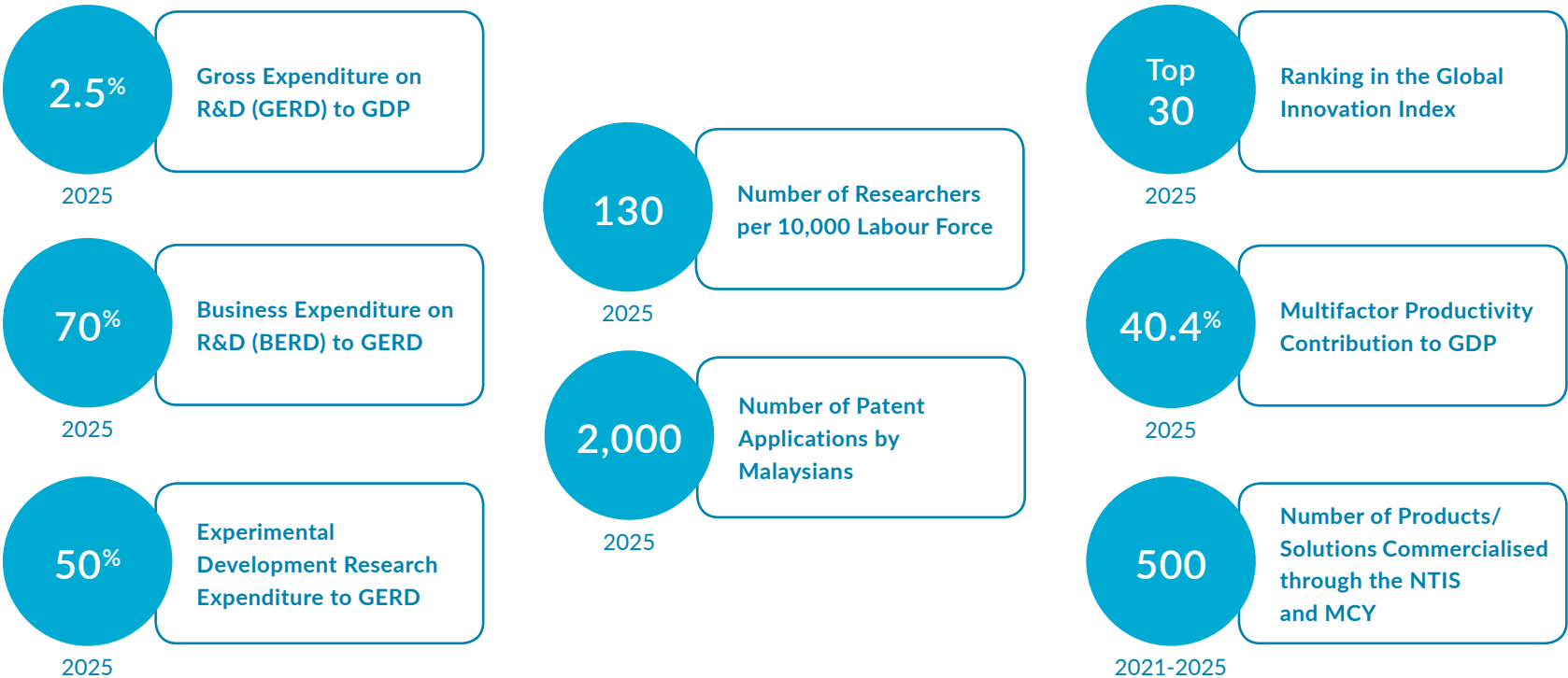


Strengthening the Digital Economy Ecosystem

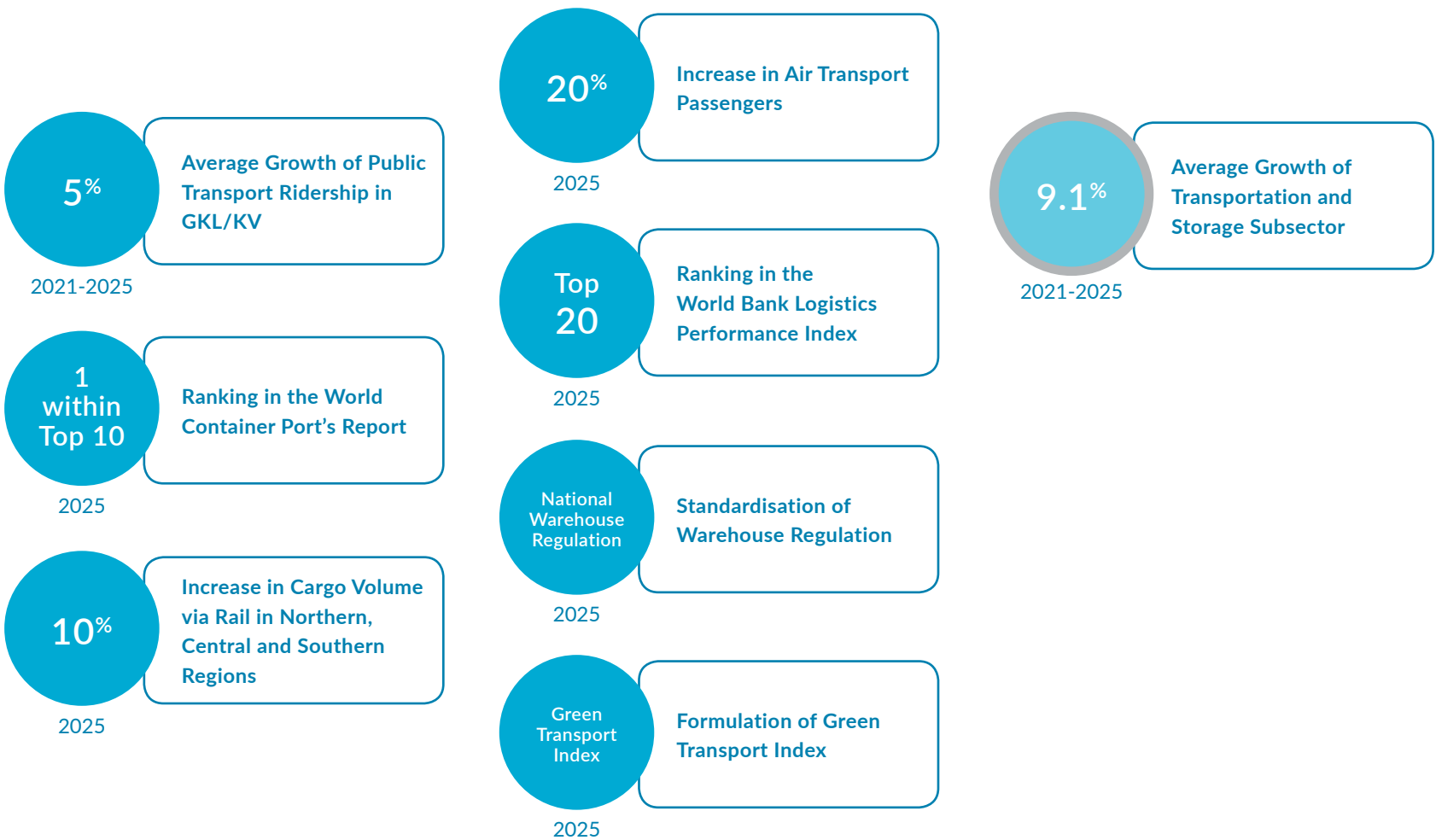


Note: ^a Internet includes WiFi and 4G.

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



Building Resilient Transport and Logistics Infrastructure



Focus Area A: Reforming Labour Market

In the remaining Twelfth Plan period, focus will continue to be given in reforming the labour market. Thus, emphasis will be given in improving the labour market by raising wages, tackling skills mismatch, addressing labour shortages, implementing multi-tier levy and improving the welfare of workers. The implementation of all these initiatives will lead to a stronger labour market as well as competent and skilled workforce in meeting industry demand and improving the wellbeing of the workers.

Strategy A1

Improving Labour Market

Strategy A1: Improving Labour Market

Raising Wages

A progressive wage model will be introduced as part of the Big Bold Future Ready Talent as a complement the minimum wage policy. Engagements with stakeholders will be carried out in formulating a suitable mechanism to implement the progressive wage model. The National Employment Returns (NER) survey will also be revived to identify trends in wages, employment and skills including on gig workers. A better wage system will contribute towards achieving a decent living standard and reducing brain drain in the long run.

Tackling Skills Mismatch

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 industries. The first phase is expected to be completed in 2023. The COL will also be enhanced to identify critical occupations at the regional and state levels. These measures will help to improve continuous upskilling and reskilling programmes, as part of the future talent Big Bold in meeting the requirements of the industries, which are crucial in reducing underemployment.

Addressing Labour Shortages

An initiative will be introduced to encourage employers to hire those aged 60 years and over. This will help to tackle the labour shortage and at the same time, prepare the country as an aged nation. Efforts will be undertaken to increase the female labour force participation rate by facilitating the setting up of childcare centres by employers. In this regard, existing tax incentives and guidelines on childcare centres will be streamlined.

Efforts will be undertaken to encourage employers to hire former inmates and paroled prisoners, including to participate in the Academy in Industry (AiI) programme. In addition, refugees in the country will be allowed to work in certain sectors, while waiting for relocation to third countries. Data on refugees will be consolidated to ensure smooth implementation in hiring refugees.

Implementing Multi-Tier Levy

An action plan, which includes implementing multi-tier levy mechanism and promoting automation and mechanisation will be developed to ensure the number of foreign workers does not exceed 15% of the total workforce. The implementation of the action plan will increase upskilling and reskilling opportunities for local workers and reduce the dependency on foreign workers. Meanwhile, continuous review of sectors permitted to hire foreign workers will be undertaken as a complement to the implementation of multi-tier levy mechanism. This measure is another initiative under the future talent Big Bold.

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 to improve the welfare of the workers. The scheme aims to narrow the gap in providing social coverage for workers. In response to increased opportunities in the gig economy which transformed the employment landscape, guidelines of informal workers will be developed, and subsequently enable classification of gig workers as employees. This is one of the initiatives under the Big Bold Social Protection Reform. In addition, efforts in introducing a mandatory contribution for retirement savings for informal worker will be explored. These measures will enable workers to benefit from more comprehensive social protection.

Focus Area B: Reshaping Talents for Future of Work

Quality education is crucial in ensuring that talent produced meets future of work and is versatile in adapting to changes. In the remaining Twelfth Plan period, emphasis will be given in reforming the education system to elevate the quality of education and leverage emerging technologies. Among the measures to be undertaken include strengthening education initiatives and character building, boosting higher education excellence and enhancing TVET ecosystem. These measures will improve access as well as enhance the delivery of education and training, in line with the 2030 Agenda.

Strategy B1

Strengthening Education Initiatives and Character Building

Strategy B2

Boosting Higher Education Excellence

Strategy B3

Enhancing TVET Ecosystem



Strategy B1: Strengthening Education Initiatives and Character Building

Improving STEM Curriculum and Teachers Capability

Efforts will be undertaken to increase the enrolment of students in STEM. In this regard, new STEM curriculum embedded with digital technologies will be introduced to prepare students in embracing 4IR. Meanwhile, training and teaching methods for teachers in critical thinking, creative learning, and problem-solving will be further enhanced to develop skills of students for the future.

Enhancing Inculcation of Karamah Insaniah among Students

Efforts to enhance the development of human capital MADANI through the inculcation of *Karamah Insaniah* among students will be expanded. This will emphasise on the aspects of behavioural and self-development in building character among students to produce a generation that manifests resilience and competitiveness. The inculcation of *Karamah Insaniah* among students will be implemented through the teaching and learning methods (PdP) in and outside the classroom.

Strategy B2: Boosting Higher Education Excellence

Creating a Synergy among HEIs

A framework will be created to harmonise the ecosystem of higher education, by aligning programmes offered by all HEIs with national aspirations. Towards this purpose, an extensive stock taking of programmes offered will be undertaken and this information will be clustered based on national aspirations and niche areas. Under this framework, public HEIs will be anchoring at least one national priority and complemented by programmes offered in private HEIs. The framework will also outline a more robust mechanism in assessing programmes offered by private HEIs.

Digitalising Vetting Process of New Programmes

A digitalised system will be developed to enhance the effectiveness of the vetting process for new programmes offered by public universities. The system will be integrated with related databases, which include job forecasts, international programme offerings and accredited programmes. This effort is expected to address skill mismatch at the source, thus minimising the number of bridging courses.

Introducing a Comprehensive Digitalisation Plan

A comprehensive digitalisation plan for public HEIs will be developed. The plan will comprise six focus areas, namely governance, academic excellence, digital competency, digital infrastructure and infostructure, research and innovation as well as digital acculturalisation. Among the salient features of this plan is the definition of a smart campus with milestones for digitalising teaching and learning, security, transportation, accommodation and other related components.

Encouraging Social Innovation and Research on Building Just Society

The involvement of HEIs in projects that provide innovative solutions for community related problems will be promoted. In addition, HEIs will be encouraged to expand social research pertaining to respect, equality,



multiculturalism, religious traditions as well as history of the nation to foster care and compassion, in line with Malaysia MADANI aspiration. These initiatives will enable HEIs to assume a more active role in empowering community and building a just society.

Strategy B3: Enhancing TVET Ecosystem

Strengthening TVET Governance

A single rating system for TVET programme will be established to ensure a standard evaluation across all TVET providers. In addition, *Sistem Pengurusan Integrasi Kemahiran Malaysia* (MySPIKE) will be expanded to integrate TVET data across ministries for better and accurate projection of TVET graduates. As a result, these measures will improve the quality of the TVET programmes and graduates.

Expanding Strategic Collaboration

The Industry Lead Body (ILB) will be empowered to expand industry driven training, which will increase recognition of TVET graduates for job placement. ILB will also drive the development of a skilled workforce in accordance with the National Occupational Skills Standards. Strategic collaborations between public TVET institutions and industries will continue to be pursued through industry placement in aligning skills to meet industry needs. Additionally, upskilling and reskilling programmes will be expanded to equip TVET instructors with skills that are in line with emerging technology as well as improve social and cross-disciplinary skills.

Focus Area C: Strengthening the Digital Economy Ecosystem

In the remaining Twelfth Plan period, efforts will be intensified to strengthen the ecosystem for the development of digital economy. The strategies include enhancing digital governance, building a conducive digital infrastructure, boosting the growth of digital industries, enhancing future-ready digital talent and expanding digital inclusivity. These measures will foster innovation and contribute to socioeconomic development towards building a digitally-inclusive nation.

Strategy C1
Enhancing Digital Governance
Strategy C2
Building a Conducive Digital Infrastructure
Strategy C3
Boosting the Growth of Digital Industries
Strategy C4
Enhancing Future-Ready Digital Talent
Strategy C5
Expanding Digital Inclusivity

Strategy C1: Enhancing Digital Governance

Streamlining Roles and Functions of Ministries and Agencies

Efforts will be undertaken to strengthen initiatives and improve monitoring mechanisms in aligning the roles and functions of ministries and agencies. In this regard, integration of data on programmes related to the digital economy from multiple ministries and agencies will be implemented. Measures will be undertaken to align digital economy programmes offered by the Federal and state governments in optimising resources.

Bolstering Regulations and Guidelines

Existing regulations and guidelines will be reviewed to meet the current global trends and to enhance the resilience of digital economy. For this purpose, a bill will be tabled in order to address cyber security issues and management. A regulatory framework for sharing economy will also be established to effectively support the evolving industry. In addition, a standard on eCommerce will be introduced to build trust and credibility of the platforms.

Strategy C2: Building a Conducive Digital Infrastructure

Enhancing Digital Infrastructure and Connectivity

Government-owned lands and buildings will be prioritised to accelerate the development of telecommunication infrastructure. Additionally, the gazettment of the Uniform Building By-Laws (UBBL) Amendment 1984 by state governments to support the policy of communication services as a public utility will be expedited. Establishment of *Jawatankuasa Penyeragaman Kos Caj dan Fi Pembangunan Infrastruktur Komunikasi* to standardise charges and fees nationwide will encourage more people to leverage internet access and reap the benefits of digital economy. Meanwhile, steps will be taken to increase Wi-Fi hotspots and access points in public areas for better internet connectivity and mobility. Audit and enforcement activities based on the Mandatory Standards for Quality of Service will be increased to improve the quality of access to wireless broadband services.

Strategy C3: Boosting the Growth of Digital Industries

Offering Better Opportunities in the Digital Economy

Priority will be given in providing incentives for existing validated platforms to attract more sharing economy businesses to apply for validation. Concomitant with the need for sustainable development, digital technology companies will be supported to develop and deploy digital solutions, which addresses environmental, social and governance (ESG) challenges. Meanwhile, the rapid development of metaverse will be incorporated into the current digital content ecosystem.

Strategy C4: Enhancing Future-Ready Digital Talent

Fostering Digital Leadership

Efforts will be undertaken to enhance awareness on the importance and advancement of digital technology among top managers and leaders. In accelerating digital adoption, leadership programmes will be introduced to



mould more digital savvy leaders from industries as one of the initiatives under the Big Bold Digital- and Technology-Based Industry. Meanwhile, leaders within education system will be further exposed to the latest digital trends and talent requirements.

Enhancing Digital Infrastructure

Laboratories and classrooms will be equipped with digital devices to provide a more conducive and attractive digital learning environment. Additionally, cloud computing will be promoted to assist educators in administration processes, for example, in accessing educational information, sharing teaching resources and undertaking academic assessment effectively. A standard operating procedure will also be established to support the 'bring your own device' approach in assisting the teaching and learning process in schools.

Improving Digital Capacity and Capability

Upskilling programmes in collaboration with industry players, as one of the initiatives under the digital and technology Big Bold, will be implemented to address the demand for high-skilled digital talent. Furthermore, a structured

guideline for digital technology internship placement in the industry will be established. Digital training and assessments for educators will also be conducted regularly to ensure quality and competency in teaching digital and technology related subjects. Awareness programmes on the digital and emerging technology for counsellors in the education system will be provided to enable counsellors to advise and encourage students to pursue digital or technology-based careers.

Inculcating Interest in Technology among Students

Interest in developing digital and creative content will be inculcated for all students in school through more hands-on and engaging activities. Student empowerment through programmes designed 'by students for students' using digital platforms will be introduced. Subsequently, *Reka Bentuk dan Teknologi*, *Asas Sains Komputer* and *Sains Komputer* subjects will be offered in English to students in the dual language programme for Mathematics and Science. Digital and technology related clubs such as robotics, coding, and digital content will be added in the co-curricular list of activities to inculcate interest among students. In this regard, competitions at national and school levels will be expanded. Consistency and continuity in implementing these measures will contribute towards producing quality digital talent.

Strategy C5: Expanding Digital Inclusivity

Improving Digital Adoption

The Malaysia Digital Inclusiveness Index (MyDID) will be developed to measure digital divide and enable targeted policy prescriptions, including resource allocation and talent development. Earmarked programmes will be identified to increase digital literacy and enhance trust in achieving wider digital adoption, particularly among vulnerable groups. Concurrently, a pre-requisite digital adoption requirement for businesses will be introduced to complement existing campaigns for society to go cashless. Meanwhile, in order to uphold the safety and security of transactions and activities in digital healthcare, the end-to-end requirements for enabling digital signature will be pursued. Additionally, knowledge sharing programmes will be initiated for teachers in remote areas to emulate successful teaching practices in selected developing countries with limited infrastructure. These measures will further enhance digital inclusion¹, while improving digital adoption.

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

In the remaining Twelfth Plan period, focus will be given on optimising the potential of R&D&C&I and escalating the advancement of technology to accelerate economic growth. In this regard, two new strategies will be implemented, namely scaling up R&D&C&I activities and elevating adoption of advanced technologies. The implementation of these strategies are essential in ensuring an exponential progression to a high technology and high-income nation, which is characterised by higher productivity and increased competitiveness.

Strategy D1

Scaling Up R&D&C&I Activities

Strategy D2

Elevating Adoption of Advanced Technologies

Strategy D1: Scaling up R&D&C&I Activities

Reprioritising R&D&C&I Niche Areas

Selected niche areas for R&D&C&I will be streamlined based on the 10-10 MySTIE framework for government funding consideration. This will ensure optimum return on investment of all government funded R&D&C&I programmes and projects. Efforts will also be undertaken to strengthen and support R&D for the selected niche areas by establishing an alliance comprising of experts, business associations and professional bodies. Meanwhile, a cross-institutional mobility programme will be introduced to support GRIs and HEIs in scaling up the selected research activities.

Restructuring of R&D&C&I Governance

The Research Management Unit (RMU) will be restructured and empowered as an independent agency entrusted in managing allocations for public-funded R&D&C&I programmes and projects. An effective monitoring system based on a unique research identification tag will be developed to improve management of R&D&C&I programmes and projects. In addition, research funding will be streamlined based on technology readiness level and ecosystem readiness. Existing policy will be reviewed to increase investment of government-linked companies (GLCs) in local R&D&C&I activities and talent development. A cost sharing voucher programme will be introduced to enable doctorate graduates to commercialise research outputs by establishing start-ups.

Waqf for R&D will be introduced to increase the contribution of companies and individuals in R&D&C&I activities. In order to improve flexibility and performance of GRIs, efforts will be undertaken to review structure, scale and operating model. Meanwhile, a platform will be developed for leasing of research equipment, facilities and technology to optimise utilisation of resources in GRIs and HEIs.

Generating Maximum Value-Added from Intellectual Property

Technology Transfer Offices (TTOs) in GRIs and HEIs will be leveraged to strengthen capacity and capabilities in research and commercialisation. TTOs will be supported by specialised talent in technology transfer, IP management and IP valuation to accelerate commercialisation activities

¹ Affordable, quality, safe and secure access to digital technologies and services, including connectivity, for everyone to better lives.

and encourage collaboration among GRIs, HEIs and industries. The policy on IP will be reviewed to enhance the national IP ecosystem that will proliferate technology ownership, adoption and transfer. Meanwhile, IP assets will be leveraged in the assessment to secure funding in encouraging commercialisation and innovation activities.

The existing scope and key performance indicators of the Malaysia Commercialisation Year 2.0 (MCY 2.0) programme will be reviewed based on best practices to allow more products to qualify for nominations. In addition, collaboration among stakeholders through the Innovation Acceleration Network under the National Technology and Innovation Sandbox (NTIS) initiative will be enhanced to support marketing of local R&D technology. In relation to this, measures will also be undertaken to enhance brand intervention and market validation studies by businesses to ensure the product is well positioned in the market.

Strategy D2: Elevating Adoption of Advanced Technologies

Enhancing Innovation and Indigenous Technological Development

Focus will be given to develop sufficient and competent STI talent pool towards enhancing innovation as well as indigenous technological creation and development. For this purpose, strategic collaboration with relevant stakeholders will be strengthened to allow thorough assessment and address STI talent needs effectively. Additionally, efforts to improve the performance of selected key indicators in the Global Innovation Index (GII), such as the Programme for International Student Assessment (PISA) scales in reading, mathematics and science as well as tertiary enrolment in STEM will be given priority. In this regard, the Inter-Agency Global Innovation Index Competitiveness Monitoring Committee (JIPGII) will be established to monitor and recommend intervention measures to enhance the innovation ecosystem.

Efforts will be intensified to attract more participation into INNOVATHON, a reality TV programme that inspires the *rakyat* to capitalise their ideas through competition. INNOVATHON, as one of the initiatives under the digital and technology Big Bold, is in line with one of the core values of Malaysia MADANI which emphasises and encourages innovation. The programme, as shown in Box 4-1, will be implemented annually with greater collaboration from industry and strategic partners. In addition, a social innovation policy will be introduced to provide long-term strategies in implementing social

innovation through latest science and technology. These measures are expected to increase talent in the science and technological sphere, who will eventually become technopreneurs.

Continuous efforts will be undertaken to create five local or homegrown unicorns by 2025. These will include providing start-ups with access to mentors, connecting with investors regionally and globally, and assisting in market expansion. In addition, the start-up ecosystem and connection to other innovation hubs around the world will be strengthened to facilitate cross-border collaboration, connectivity and market access. A start-up convention will also be held to promote technopreneurship and innovation.

Boosting the Commercialisation of Technology

Efforts will be intensified to nurture ideas into products and services by leveraging the role of technology commercialisation accelerator in bringing together key stakeholders including start-ups. In this regard, innovation hubs that provide 4IR-ready infrastructure and integrated facilities for innovators as well as entrepreneurs will be optimised to further strengthen the start-up ecosystem. These measures are expected to attract foreign and domestic direct investment in elevating advanced technology and boosting economic growth.

Enhancing 4IR Ecosystem

The newly established Centre for the Fourth Industrial Revolution Malaysia, the first in ASEAN, will serve as a platform in providing insights from policy experts and global best practices in the areas of digital transformation, GovTech and energy transition. The centre will also provide technical support for pilot projects, knowledge transfer and 4IR talent development in positioning Malaysia as a 4IR Innovation Hub. In this regard, the centre will bring together Government, business leaders, academia and experts through a global network. Meanwhile, a comprehensive review on existing initiatives outlined under the Malaysia Digital Economy Blueprint and the National 4IR Policy will be undertaken to identify gaps and strengthen implementation.

Strengthening Venture Capital Ecosystem

Efforts will be undertaken to streamline venture capital funding mechanism to develop a sustainable venture capital ecosystem as one of the initiatives under the digital and technology Big Bold, focusing on angel investors and seed funding. In this regard, a five-year venture capital roadmap will be developed to promote entrepreneurship and innovation. Additionally, this measure will further support the implementation of SUPER 2021-2030 and signify the importance of research and innovation to transform the domestic economy, and thus accelerate economic growth.

Box 4-1

INNOVATHON - A Reality TV Show on Innovation

The Ministry of Economy initiated an edutainment programme to mainstream innovation in the format of a reality TV show, known as INNOVATHON. The programme was launched on 14 April 2023 in collaboration with the Ministry of Science, Technology and Innovation together with ASTRO. This reality TV show aims to mainstream innovation, while fostering and enculturing science and technology, especially among the younger generation.

INNOVATHON provides Malaysian innovators, entrepreneurs and individuals a platform to pitch ideas, prototypes and products. The TV show is divided into three segments namely, physical and online audition, grooming and mentoring session as well as pitching and selection of winners. The physical audition was held in six cities, from 8 May to 17 May 2023, attracting a

total of 1,033 innovative projects covering various areas such as agriculture, health and engineering. These projects were pitched by students from schools, higher education institutions and TVET institutions as well as academicians and entrepreneurs.

The 56 contestants selected for the seven episodes were supported in the form of exposure to Intellectual Property legislation as well as business and product development consultation during the programme. The final five winners in the grand finale were given cash prizes up to RM245,000 and grant worth up to RM1 million to support these innovation-based entrepreneurs in various stages of business development.

The first season has been beneficial in creating awareness to attract more innovators to come forward with creative ideas that could potentially be commercialised. Moving forward, INNOVATHON will be expanded into serial TV programme to scale up home-grown technologies and contribute towards innovation-led growth.



Focus Area E: Building Resilient Transport and Logistics Infrastructure

In the remaining Twelfth Plan period, concerted efforts will be undertaken to build resilient transport and logistics infrastructure. In this regard, five new strategies will be introduced, namely improving passenger mobility data, strengthening transport governance, enhancing connectivity and transport infrastructure, improving infrastructure maintenance as well as increasing the competitiveness of logistics and trade facilitation. The implementation of these strategies will address the needs of the *rakyat*, industries and global market as well as support efforts to boost economic growth.



Strategy E1: Improving Passenger Mobility Data

Redesigning Public Transport System with Data-Driven Approach

A study will be undertaken to identify transport modal share as well as passenger trends and behaviour to better understand travel demand and needs. Meanwhile, a collaboration between the public transport authority and telecommunication service providers will be established to leverage real-time data on spatial distribution of passengers. In addition, the usage

of big data analytics will be explored to determine factors influencing passenger needs and transport demand. Strengthening mobility data to be comprehensive and real-time, as one of the initiatives under the Big Bold Strengthening Public Transport Network will support the redesigning of public transport system in meeting travel demand.

Strategy E2: Strengthening Transport Governance

Providing Conducive Ecosystem to Support the Drone Industry

An enabling environment to foster the growth of Unmanned Aircraft System (UAS) industry will be provided by improving regulations and formulating new policies. A comprehensive UAS traffic management system will also be developed to allow monitoring and enforcement on drone activities. In addition, capacity building programmes will be implemented to support the adoption of the technology.

Improving Maritime Competitiveness

A national port blueprint comprising a comprehensive port policy and implementation plan will be developed to propel the growth of the blue economy. In addition, port services will be improved to attract more collaboration among port operators and shipping alliances as well as open up new investment and trade opportunities. The expansion of Westports container terminal will increase cargo handling capacity to handle ultra large container ship and further strengthen Port Klang as a regional transshipment hub. This initiative will contribute RM55.3 billion to the economy and create more than 6,000 job opportunities in the logistics industry.

Advancing Implementation of Green Transportation

The formulation of Green Transport Index will be expedited towards the implementation of green transportation. In this regard, a green transport committee will be established to coordinate and harmonise the various rules and regulations in the transport subsector. In addition, human capital development will be strengthened to provide extensive support in governing green transport. The implementation of these measures will contribute towards achieving the aspiration of net-zero greenhouse gas emissions as early as 2050.

Efforts will be undertaken to advance green aviation by improving air traffic management, as one of the initiatives under the public transport Big Bold. In this regard, the efficiency of aircraft movements will be enhanced to minimise aircraft fuel consumption and emissions. In addition, air traffic control system and equipment will be upgraded to maximise aircraft performance and the use of airspace. These efforts will reduce fuel burn as well as noise and air pollution affecting airports and the airspace.

Strategy E3: Enhancing Connectivity and Transport Infrastructure

Strengthening First- and Last-Mile Connectivity

Efforts will be intensified to improve first- and last-mile connectivity in Greater Kuala Lumpur/Klang Valley. In this regard, the Bus Rapid Transit (BRT) and intracity bus services will be expanded to increase accessibility and connectivity from origin to final destination. This initiative is part of the public transport Big Bold. In addition, the frequency of buses will be improved, while the routes will be realigned to minimise passengers travelling time. The implementation of these efforts will enhance public transport efficiency, reduce dependency on private vehicles and subsequently, contribute towards increasing public transport ridership.



Upgrading Airport Infrastructure

Airport infrastructure will be upgraded to increase accessibility and connectivity in improving mobility of people and goods. The expansion of Penang International Airport will cater the increase of passenger movements and improve air connectivity. Meanwhile, Sultan Abdul Aziz Shah Airport, Subang will be upgraded under the Subang Airport Regeneration Plan (SARP), which will also comprise of infrastructure for aerospace and business aviation as well as terminal expansion. The SARP will contribute RM216.6 billion to the economy, as well as creating more than 8,000 high-income jobs.

Enhancing Roads Infrastructure

Roads infrastructure will be further enhanced with the construction of new alignment and upgrading of existing roads to improve connectivity and support economic development. In this regard, the construction of the new phases of Sabah Pan Borneo Highway and Sarawak-Sabah Link Road as well as the Trans Borneo Highway will connect major roads in Sabah and Sarawak. Furthermore, the Senai-Desaru Expressway and the North-South Expressway in Johor will be upgraded. These developments worth RM27 billion will enhance roads connectivity and support economic growth.

Strategy E4: Improving Infrastructure Maintenance

Strengthening Transport Maintenance

Upgrading projects involving existing road and rail infrastructure will be prioritised to manage the growing needs for maintenance works. Additionally, the monitoring mechanism on scheduled road and rail maintenance will be strengthened. Meanwhile, the use of advanced materials in maintaining roads will be further expanded to extend the life span of selected roads as well as to reduce maintenance cost. The capacity of the agencies on maintenance works for rail assets and air navigation equipment will be enhanced in the efforts to reduce reliance on contractors.

Strategy E5: Increasing Competitiveness of Logistics and Trade Facilitation

Establishing a Single Platform for Port Community

A single platform will be established to connect federal ports in providing fast and transparent access to industry players. The platform will function as a central database to facilitate end-to-end information flow and serve as a one-stop portal for maritime regulatory and port services transactions. The system will also enable the Government to carry out evidence-based planning in improving competitiveness of logistics services.

Encouraging Green Initiatives

Efforts will be undertaken to develop an internationally recognised green logistics certification system to encourage logistics service providers to adopt green supply chain best practices. The Government will also provide support for green supply chain initiatives such as green design and purchasing, reverse logistics as well as route and load optimisation. In addition, new incentives will be explored to encourage the adoption of green technology by logistics service providers.

Conclusion

During the review period of the Twelfth Plan, emphasis was given in developing future talent, boosting digitalisation and advanced technology as well as enhancing efficiency of transport and logistics infrastructure. Even though several targets were achieved, issues and challenges still remain and need to be addressed. In the remaining Twelfth Plan period, new strategies will be introduced to strengthen the key enablers in achieving a high-income nation. Efforts will be intensified on reforming labour market, reshaping talent for future of work, strengthening the digital economy ecosystem, optimising the potential of R&D&C&I and escalating the advancement of technology, as well as building resilient transport and logistics infrastructure. The new strategies aim to create efficient labour market, expedite talent development, advance digital economy, boost innovation and technology advancement as well as spur sustainable transport and logistics services, building upon the aspiration of '*Ekonomi MADANI: Memperkasa Rakyat*'.



Chapter

5



Progressing towards Regional Balance

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Introduction

Regional balance and inclusion are pertinent to ensure equitable socioeconomic development. During the review period of the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan), measures were undertaken to optimise regional economic potential, develop sustainable cities, transform rural areas, and enhance socioeconomic development of the less developed states, including Sabah and Sarawak. Nevertheless, the challenges to narrow development gaps among regions and states as well as rural and urban areas still persist and need to be addressed towards achieving regional balance.

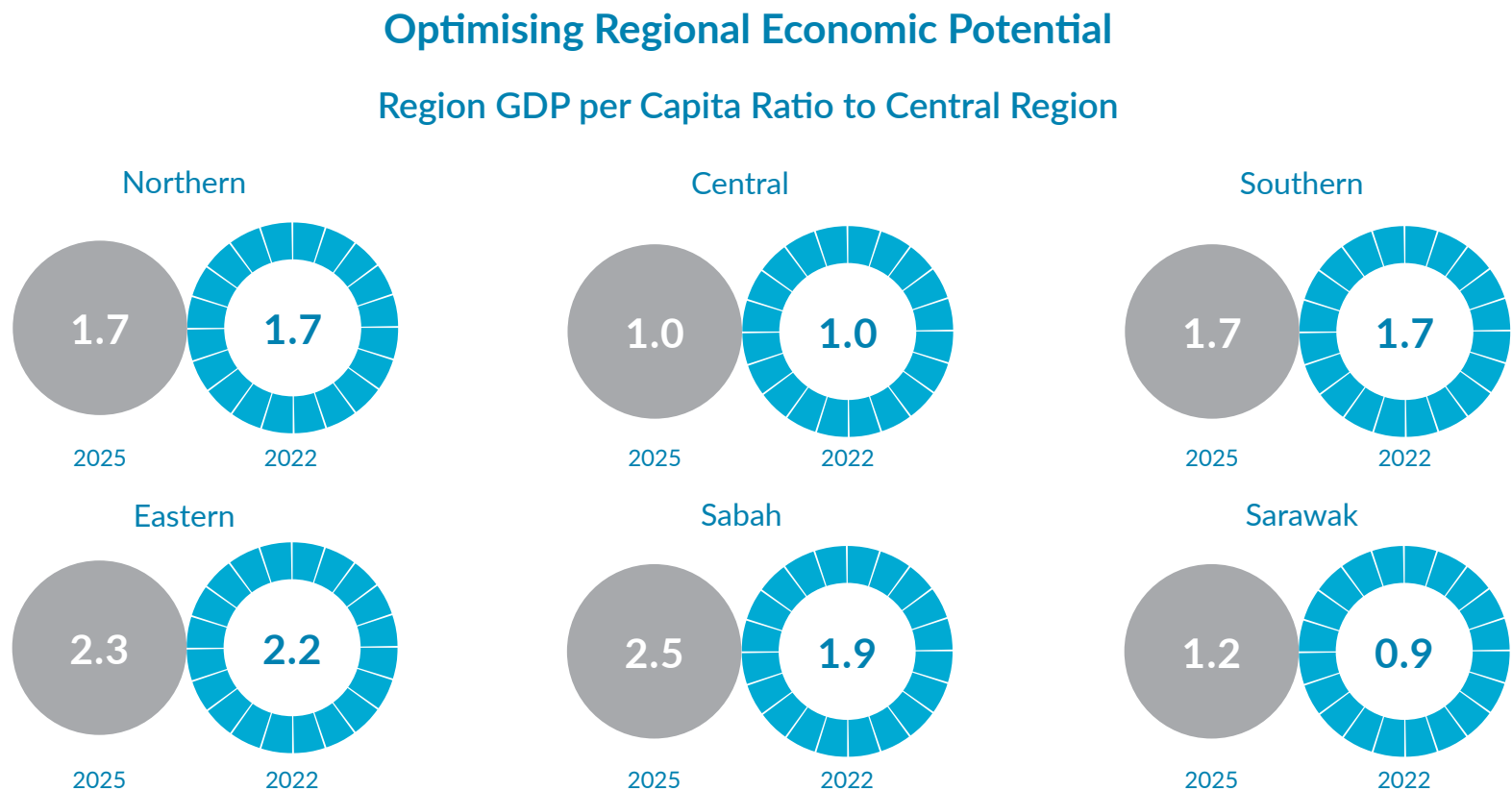
In the remaining Twelfth Plan period, focus will be on enhancing regional economic potential, accelerating sustainable urban development and intensifying rural development. In addition, optimising opportunities from subregional cooperation and intensifying development in Sabah and Sarawak will also be given emphasis. These efforts will reduce imbalances among regions and states, while promoting equitable growth and enhancing the wellbeing of the *rakyat*. Measures will also be undertaken to accelerate the implementation of green growth initiatives, particularly in Sabah and Sarawak in pursuing socioeconomic development and environmental sustainability.

Progress, 2021-2022

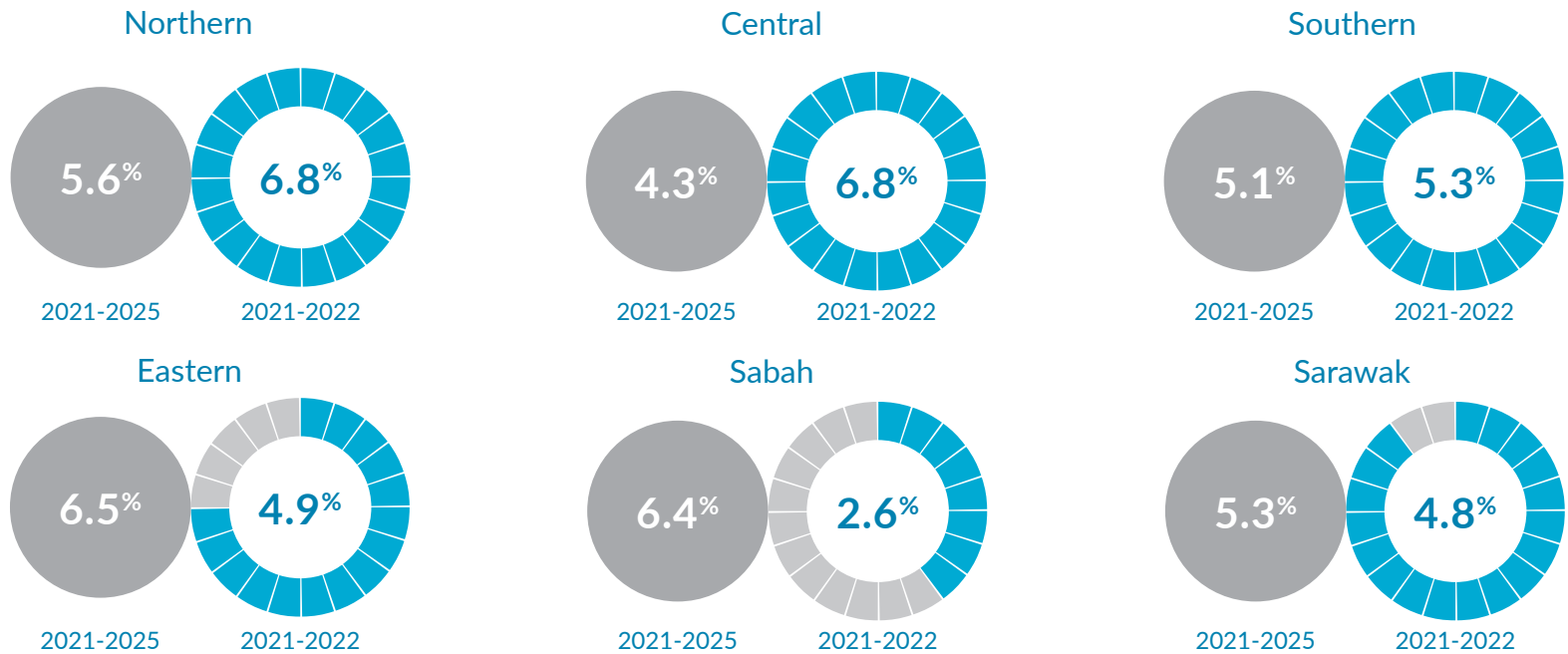
A total of 43 targets were set in the effort to improve regional balance and inclusion, including enhancing socioeconomic development in Sabah and Sarawak. Out of the 43, 10 targets were achieved and 33 are on track during the 2021-2022 period. The performance of these targets is as shown in *Exhibit 5-1*.

Exhibit 5-1

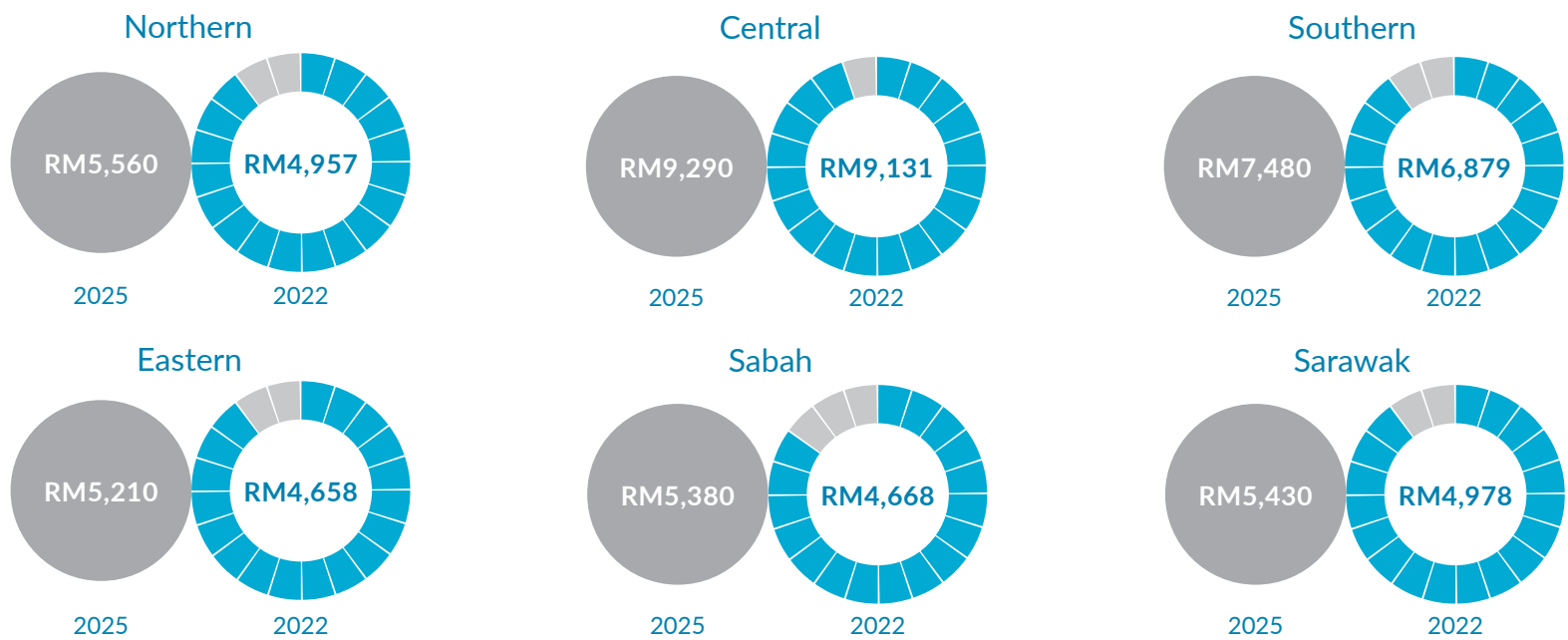
Performance of Selected Targets



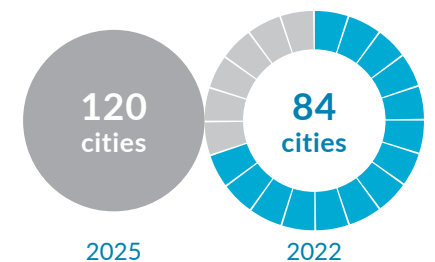
Average GDP Growth



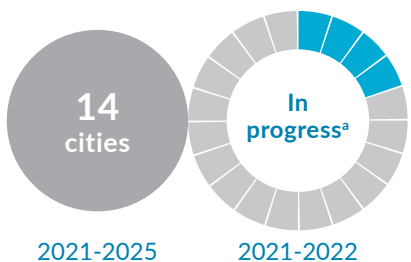
Median Monthly Household Income



Developing Sustainable Cities

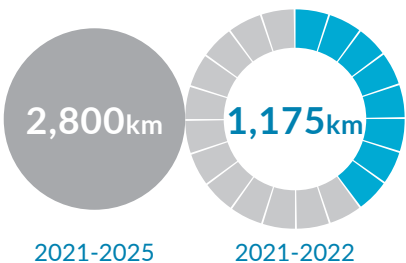


Achieve Sustainable City Status based on MURNInets

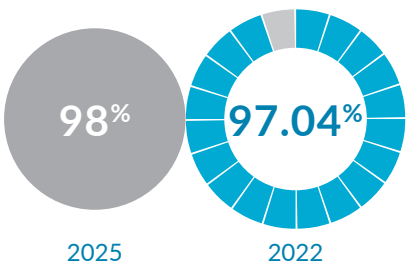


Implement Green City Action Plan (GCAP) under IMT-GT and BIMP-EAGA Platforms

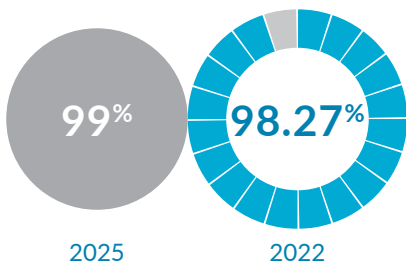
Transforming Rural Areas



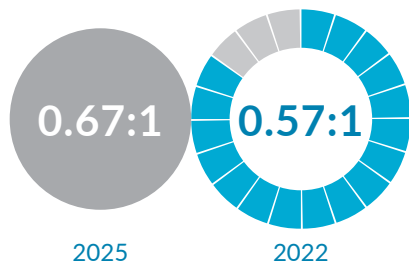
Constructing and Upgrading Rural Paved Roads



Coverage of Access to Clean and Safe Water



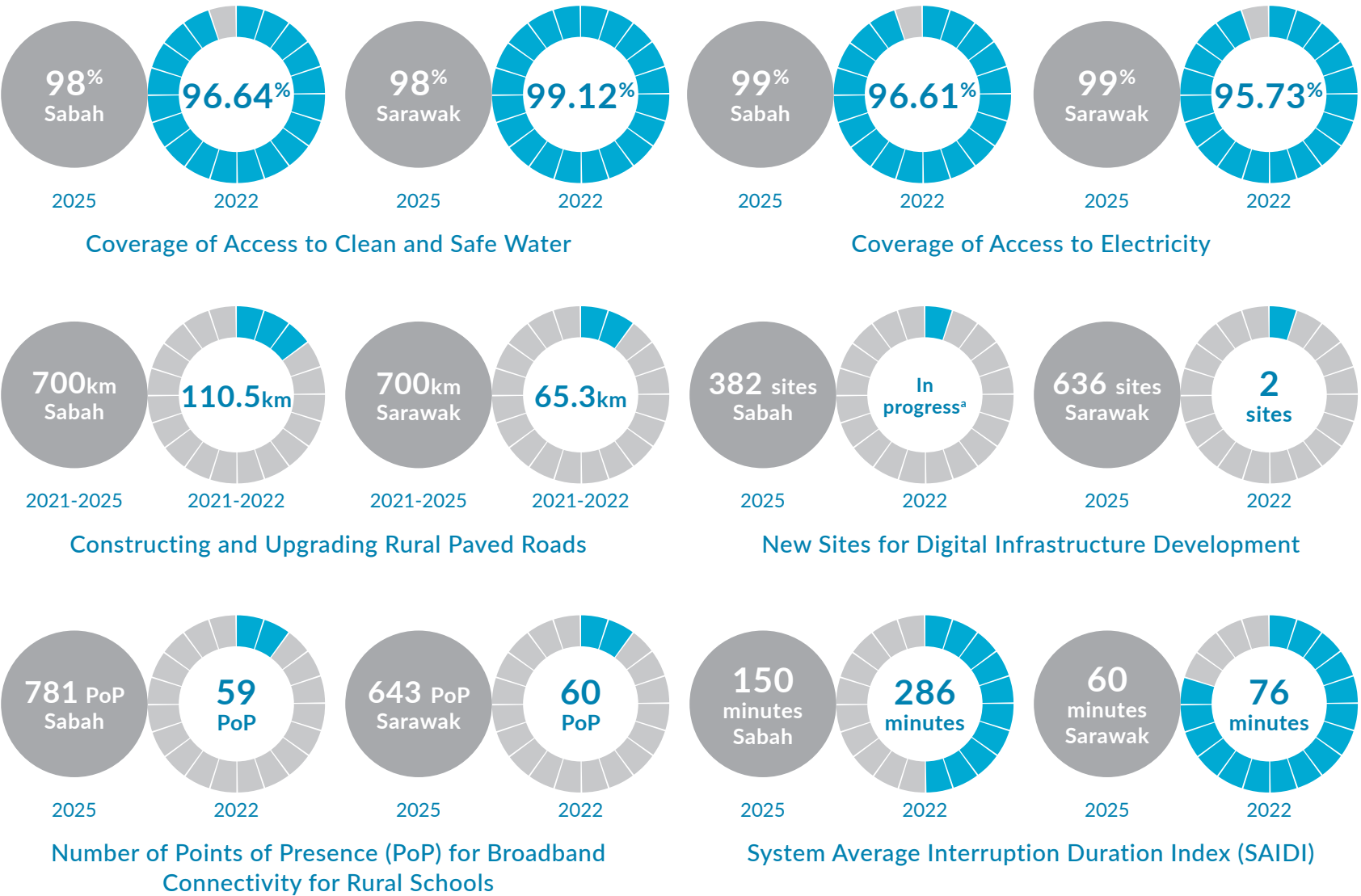
Coverage of Access to Electricity



Rural-Urban Income Ratio

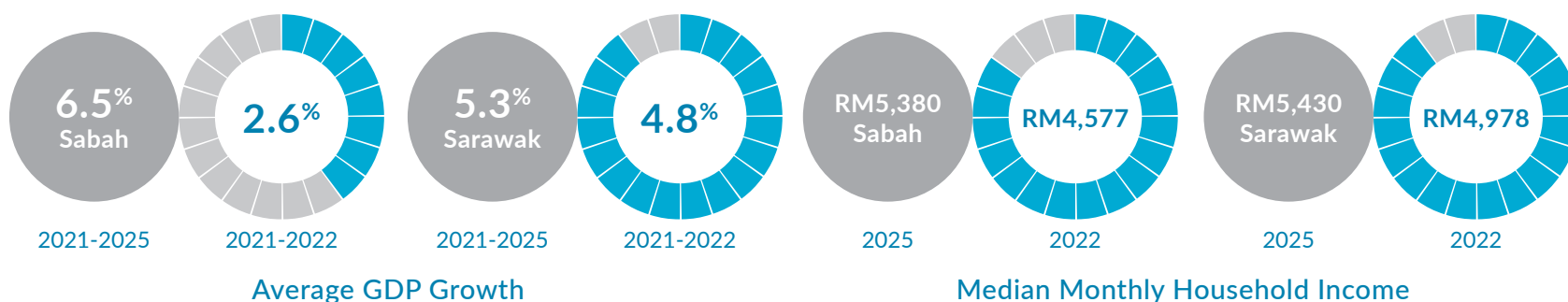
Note: ^aGCAP initiated in three cities, namely, Kota Bharu, Kuching and Langkawi.

Solidifying Provision of Infrastructure

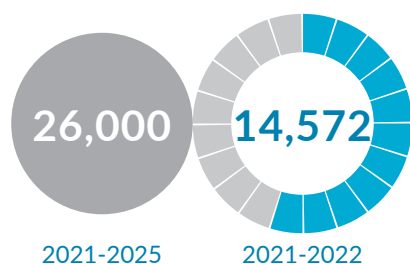


Note: ^aIn the process of getting site approval.

Optimising Economic Potential

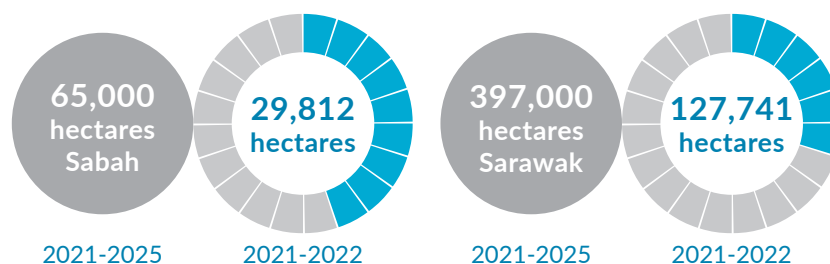


Improving Access to Social Services



Houses Constructed and Repaired for the Poor Households in Sabah and Sarawak

Enhancing Inclusive Development



Mapping of Native Customary Rights (NCR) Land

Achievement by Priority Area



Priority Area A: Optimising Regional Economic Potential

Strategy A1: Accelerating Development Based on Key Growth Nodes and Hotspot Area	
Promoting Economic Activities of Key Growth Nodes and Hotspot Areas	<ul style="list-style-type: none"> Sabah Development Corridor (SDC) Blueprint 2.0, 2021-2030 completed in 2022
Strategy A2: Attracting Quality Investment	
Focusing on High Value-Added, Advanced Technology and Knowledge-Intensive Activities	<ul style="list-style-type: none"> RM100.4 billion investment in five regional economic corridors (RECs), realised as at 2022 <ul style="list-style-type: none"> Iskandar Malaysia (IM) - RM23.2 billion East Coast Economic Region (ECER) - RM5.6 billion Northern Corridor Economic Region (NCER) - RM65.2 billion Sarawak Corridor of Renewable Energy (SCORE) - RM2.7 billion Sabah Development Corridor (SDC) - RM3.7 billion
Strategy A3: Improving the Business Ecosystem	
Intensifying Talent and Entrepreneurship Development	<ul style="list-style-type: none"> 214,888 jobs and 48,973 entrepreneurship opportunities created in five RECs <ul style="list-style-type: none"> IM - 77,626 jobs and 7,504 entrepreneurship opportunities ECER - 27,413 jobs and 6,238 entrepreneurship opportunities NCER - 51,503 jobs and 35,231 entrepreneurship opportunities SCORE - 49,685 job opportunities SDC - 8,661 job opportunities
Strategy A4: Enhancing Strategic Collaboration and Coordination	
Prioritising Development Allocation for Less Developed States	<ul style="list-style-type: none"> RM28.7 billion or 51.3% of the total basic development expenditure (DE) allocated to the six less developed states
Strategy A5: Enhancing Cooperation under IMT-GT and BIMP-EAGA	
Strengthening Cross-Border Economic Activities and Value Chains	<ul style="list-style-type: none"> Nine Physical Implementation Projects (PIPs) in Sabah, Sarawak and Labuan completed in 2022



Priority Area B: Developing Sustainable Cities

Strategy B1: Promoting Effective Urban Planning and Governance

Strengthening Urban Development Planning	<ul style="list-style-type: none"> 47 of the 64 initiatives in the Second National Urbanisation Policy (NUP2) implemented Urban profiling for 281 cities completed through <i>Kajian Penentuan Sempadan Bandar</i>
Promoting Sustainable and Smart City Approach	<ul style="list-style-type: none"> 127 out of 155 local authorities adopted the Malaysian Urban-Rural National Indicators Network for Sustainable Development (MURNInets) 12 local authorities developed smart city action plans
Improving Coordination and Governance Mechanisms	<ul style="list-style-type: none"> Implementation of Sustainable Development Goals (SDGs) <ul style="list-style-type: none"> Five Cities Roadmaps developed Two Voluntary Local Reviews (VLR) published

Strategy B2: Fostering Sustainable Urban Economy

Encouraging the Growth of Economic Activities in Cities	<ul style="list-style-type: none"> 8,479 businesses benefitted from the Retail Sector Digitalisation Initiative Programme 1,734 participants benefitted from the <i>Program Pemerkasaan Ekonomi Komuniti Bandar</i>
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Strategy B3: Prioritising Green and Resilient Urban Development

Strengthening Waste Management	<ul style="list-style-type: none"> 260,360 premises involved in the waste separation enforcement exercise 5,717 recycle waste facilities provided to local authorities, civil society organisations (CSOs), recycling businesses and factories
Promoting Green Mobility	<ul style="list-style-type: none"> 902 public charging stations for electric vehicles (EVs) installed nationwide Usage of the Planning Your Lifestyle Efficiently (PULSE) mobile application in assisting public transport commuters increased from 44,520 in 2021 to 56,520 in 2022
Enhancing Urban Biodiversity	<ul style="list-style-type: none"> 7,637.5 hectares of land gazetted as open space in urban area

Strategy B4: Building Sustainable Urban Society

Improving Liveability and Inclusiveness	<ul style="list-style-type: none"> 108,373 units of <i>Rumah Mampu Milik</i> (RMM) constructed
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Priority Area C: Transforming Rural Areas to Bridge Development Gap

Strategy C1: Accelerating the Provision of Infrastructure and Services

Enhancing Basic Services

- 10 villages involved in the *Komuniti Sihat Pembina Negara* Programme
- 3,644 new houses built and 23,270 houses repaired under the *Program Bantuan Rumah*

Improving Connectivity and Mobility

- 2.6 million rural passengers benefitted from *Majlis Amanah Rakyat* stage buses services
- 13,203 rural entrepreneurs benefitted from 4,388 activities under *Program Pemerkasaan Pusat Komuniti Desa* (PKD)

Strategy C2: Diversifying and Boosting Economic Activities

Optimising Land Use for Rural Economy

- 17 projects under the *Program Bersepadu Pembangunan Ekonomi Kampung* commenced in 2021
- 2,083 projects conducted under the *Program Pembangunan Peneroka*

Re-energising Rural Cottage Industries

- 153 village cooperatives leveraged to operate rural cottage industries
- Three rural ecotourism projects undertaken
 - *Kompleks Pelancongan Warisan Tanjung Balau*, Kota Tinggi, Johor completed in 2022
 - *Kompleks Pelancongan Warisan Pulau Tanjung Surat*, Kota Tinggi, Johor and *Kompleks Pelancongan Taman Herba*, Tasik Kenyir, Terengganu commenced in 2021

Strategy C3: Improving Governance

Streamlining Delivery System

- 20,726 village profiles recorded and updated in the *Sistem Profil Kampung Peringkat Nasional* (SPKPN)



Priority Area D: Solidifying Provision of Infrastructure

Strategy D1: Extending the Provision of Infrastructure

Improving the Provision of Basic Infrastructure

- Construction progress of the Pan Borneo Highway
 - 92% in Sarawak
 - 74% of Phase 1A in Sabah

Strategy D2: Extending the Provision of Connectivity

Enhancing Rural Air Services

- RM190.85 million in 2021 and RM182.09 million in 2022 allocated as subsidies for Rural Air Services (RAS)



Priority Area E: Optimising Economic Potential

Strategy E1: Re-energising Economic Activities

Modernising Agriculture Sector

- RM39 million funds approved, benefitting 75 farmers in Sabah and Sarawak

Enhancing the Services Sector

- RM4 million worth of tour packages sold in over 10 international tourism roadshows and exhibitions through collaboration between local tourism players in Sabah and Sabah Tourism Board in 2022
- The Malaysian Productivity Corporation in Sarawak completed the study on business registration reform in 2022

Accelerating the Construction Sector

- Two testing laboratories for cement and ready-mixed concrete products, each in Sabah and Sarawak, have been operating since 2022
- 48 upskilling and reskilling programmes in Sabah and 98 in Sarawak accredited

Strategy E2: Advancing Rural Development

Re-energising Rural Economic Activities

- 900 farmers at 90 locations in Sabah and 556 farmers at 54 locations in Sarawak implemented smart and clustered farming, utilising idle land

Providing Access to Online Businesses

- 15 PKD in Sabah and six PKD in Sarawak have provided access and facilities for online businesses
- 118 *Pusat Ekonomi Digital* (PEDI) in Sabah and 133 PEDI in Sarawak have provided digital entrepreneurship courses

Strategy E3: Accelerating Urban Development

Improving Development Potential of Cities

- 14 out of 48 initiatives in the City Competitiveness Master Plan (CCMP) Kota Kinabalu implemented
- Three out of 13 initiatives in the CCMP Kuching implemented

Upgrading Urban Services

- One city in Sabah achieved sustainability status, while 25 other cities achieved medium sustainability status based on MURNInets assessment

Strategy E4: Promoting Green Growth

Conserving Natural Capital

- Totally Protected Area within the Heart of Borneo
 - Sabah: 1,459,181 hectares in 2021 from 551,879 hectares in 2007
 - Sarawak: 554,280 hectares in 2021 from 362,860 hectares in 2007



Priority Area F: Improving Access to Social Services

Strategy F1: Improving Access to Education	
Improving Access to Education and Training	<ul style="list-style-type: none">88 projects on the reconstruction of dilapidated school buildings categorised as level six and seven in the School Building Condition Index
Enhancing Industry Collaboration Network	<ul style="list-style-type: none">4,392 trainees attended National Dual Training System programme in Sabah and SarawakThe Teaching Factory model has been rolled out to five pilot TVET institutions in Sabah and Sarawak, specialising in the field of electrical, mechanical, and oil and gas, benefitting 717 students
Strategy F2: Improving Access to Affordable Housing	
Increasing the Supply of Affordable Housing for Targeted Groups	<ul style="list-style-type: none">516 units out of 1,300 <i>Rumah Mesra Rakyat</i> (RMR) in Sabah completed414 units out of 1,200 RMR in Sarawak completed
Strategy F3: Enhancing Security and Public Safety	
Enhancing Border and Maritime Security	<ul style="list-style-type: none">Integrated forces to control the border have been mobilised under the National Task ForceFour Littoral Mission Ship, three Helicopter Operation Maritime and six Fast Interceptor Craft operationalised



Priority Area G: Enhancing Inclusive Development

Strategy G1: Addressing Poverty and Diversifying Sources of Income

Alleviating Poverty through the Provision of Basic Infrastructure and Services

- 7,053 units of houses constructed and repaired in rural and urban areas in Sabah
- 7,519 units of houses constructed and repaired in rural and urban areas in Sarawak
- Two Passenger Landing Facilities (PLF) projects under *Program Khas Bumiputera* (PKB) Sarawak, completed in Nanga Sejiran, Kapit and Sungai Kut, Dalat
- Tambunan Native Court completed under *Program Khas Anak Negeri* (PKAN) Sabah
- 39.3 kilometres farm roads paved under PKB Sarawak

Increasing and Diversifying Sources of Income

- 33 hectares of land planted with durian, banana and pineapple, involving 33 participants under PKB Sarawak

Strategy G2: Strengthening *Anak Negeri Sabah* and *Bumiputera Sarawak*

Improving Employability and Promoting Entrepreneurship

- 57 skills training programmes implemented involving 741 participants under PKAN Sabah
- 35 human capital development programmes consisting of 33 courses and two study tours implemented, involving 1,555 participants under PKB Sarawak
- Eight community colleges in Sabah and six in Sarawak offered 1,601 lifelong learning programmes, benefitting 29,767 students



Priority Area H: Strengthening Cooperation between the Federal Agencies and State Governments

Strategy H1: Establishing a Supportive Ecosystem for Cooperation

Reviewing the Rights of Sabah and Sarawak

- Three out of 10 projects on electrification under the Sabah Special Project Delivery Unit completed in 2022
- *Jabatan Kerja Raya* (JKR) Sabah and Sarawak authorised as the technical agencies to implement Federal projects worth RM50 million and below

Prioritising Development Allocation for Sabah and Sarawak

- RM10.3 billion or 18.4% of the total basic DE allocated to Sabah
- RM8.2 billion or 14.6% of the total basic DE allocated to Sarawak

Issues and Challenges

Development gap between regions and states as well as urban and rural areas remain despite vigorous efforts to improve regional balance and inclusion. Among the key issues and challenges are imbalanced development, low level of urban resilience, developmental constraints in rural areas and ineffectiveness in leveraging opportunities from subregional cooperation. In addition, challenges in development of Sabah and Sarawak continued to hinder progress. Failure to address these issues will further widen development gap between areas and contribute to regional development imbalances.

Imbalanced Regional Development

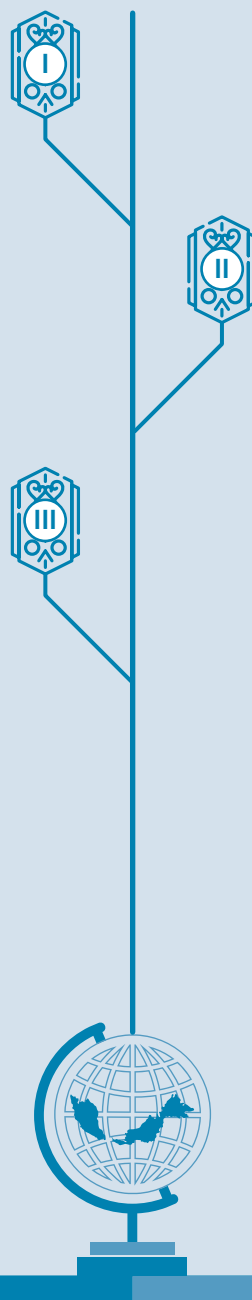
- Low adoption of the national strategic spatial planning policies in developing identified growth areas
- Insufficient investment in niche areas and high value-added activities
- Fragmented regional development planning and overlapping roles between Federal and state agencies

Developmental Constraints in Rural Areas

- Insufficient basic rural infrastructure and amenities
- Limited access to basic government and private sector services
- Lack of socioeconomic opportunities
- Lack of community involvement in the maintenance of rural infrastructure
- Poor training quality for grassroots leadership
- Untapped potential of idle land

Low Level of Urban Resilience

- Challenges in addressing climate change
 - Low adoption of green practices
 - Inefficient urban planning and governance
 - Slow development of smart city
- Challenges in uplifting wellbeing of urban communities
 - Rising cost of living and urban poverty
 - Lack of access to affordable housing
 - Inefficient public transportation



Ineffectiveness in Leveraging Opportunities from Subregional Cooperation

- Subregional cooperation
 - Insufficient infrastructure accessibility and connectivity
 - Lack of collaboration and coordination among stakeholders
- Development in border areas
 - Fragmented border areas development
 - Slow socioeconomic development in border areas
- Security aspects
 - Limited assets and security manpower to control border areas
 - Increasing risks from illegal activities and incursion at the border

Challenges in Development of Sabah and Sarawak

- Lack of basic infrastructure and connectivity
- Inadequate digital infrastructure
- Slow economic growth
 - Challenges in survey and mapping of Native Customary Rights (NCR) land
 - Lack of quality investment
 - Lacklustre promotion for tourism activities
 - Lack of high value-added activities in gas industry
 - Low adoption of technology in agriculture practices
- Overdependency to fossil fuels and lack of balance in energy mix
- Challenges in advancing green growth initiatives
- Challenges in providing quality education
 - Increasing number of dilapidated schools
 - Lack of learning facilities for children with special needs
 - Inadequate teaching and learning skills
 - Increasing number of dropout students in remote areas
- Limited access to affordable housing and healthcare services
- Inefficient public service delivery
 - Varied charges and fees for the construction of telecommunication infrastructure by agencies and local authorities
 - Delay in obtaining permit and site approval from the state governments and agencies, local authorities and state-related companies
 - Uncoordinated development of gas industry



Way Forward, 2023-2025

In the remaining Twelfth Plan period, focus will continue to be given on regional balance and inclusion for wider distribution of socioeconomic benefits. This will be undertaken by enhancing regional economic potential, accelerating sustainable urban development, intensifying rural development, optimising opportunities from subregional cooperation and intensifying development in Sabah and Sarawak. These measures will promote better economic growth in all regions and improve wellbeing of the *rakyat* in rural and urban areas.



Focus Area A: Enhancing Regional Economic Potential

Strategy A1:

Intensifying Regional Development at Potential Growth Areas

Strategy A2:

Leveraging on Federal and States Agencies Cooperation



Focus Area B: Accelerating Sustainable Urban Development

Strategy B1:

Strengthening Development towards Resilient Cities

Strategy B2:

Promoting Wellbeing of Urban Society



Focus Area C: Intensifying Rural Development

Strategy C1:

Expanding the Provision of Infrastructure and Services

Strategy C2:

Unlocking Rural Economic Potential

Strategy C3:

Strengthening Governance



Focus Area D: Optimising Opportunities from Subregional Cooperation

Strategy D1:

Leveraging Cooperation under IMT-GT, BIMP-EAGA and JMCIM

Strategy D2:

Accelerating Border Development



Focus Area E: Intensifying Development in Sabah and Sarawak

Strategy E1:

Enhancing the Provision of Infrastructure

Strategy E2:

Optimising Economic Potential

Strategy E3:

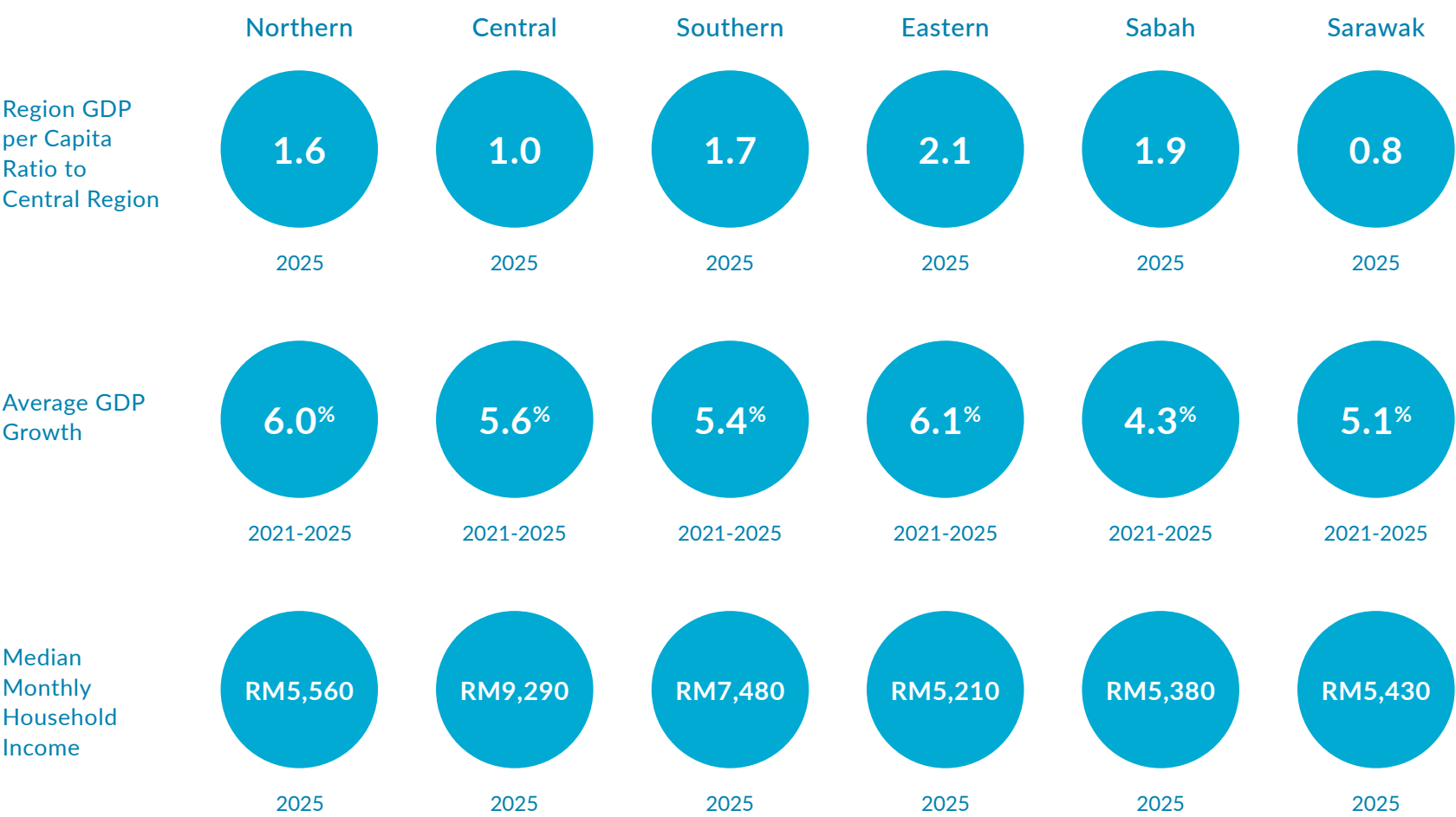
Improving Wellbeing of the *Rakyat*

Strategy E4:

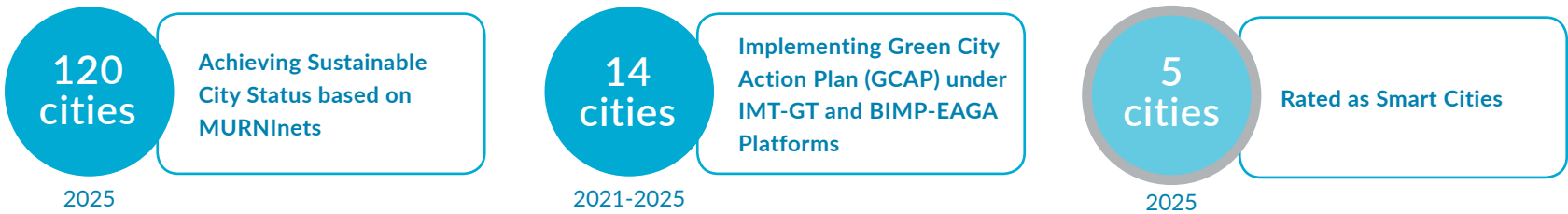
Strengthening the Whole-of-Government Approach

Selected Targets, 2021-2025

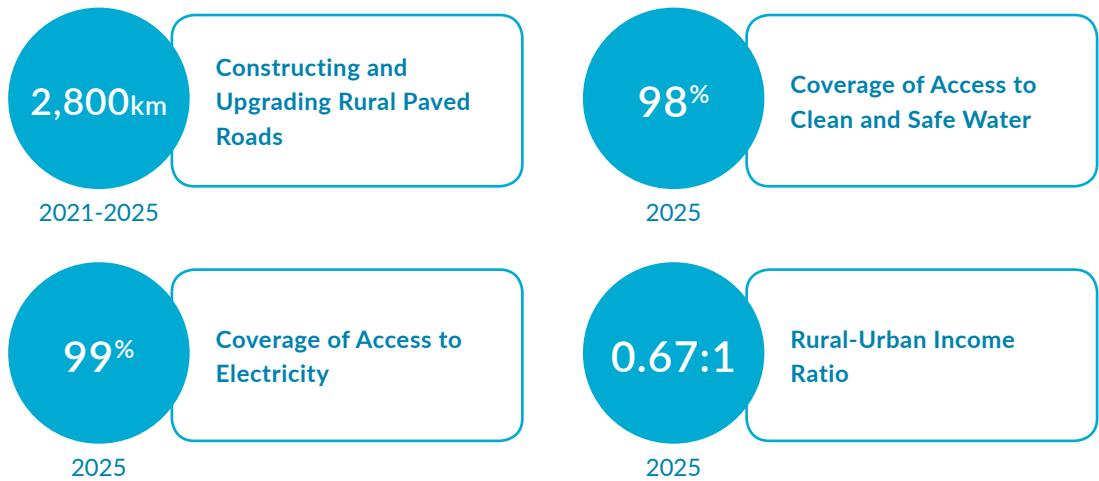
Enhancing Regional Economic Potential



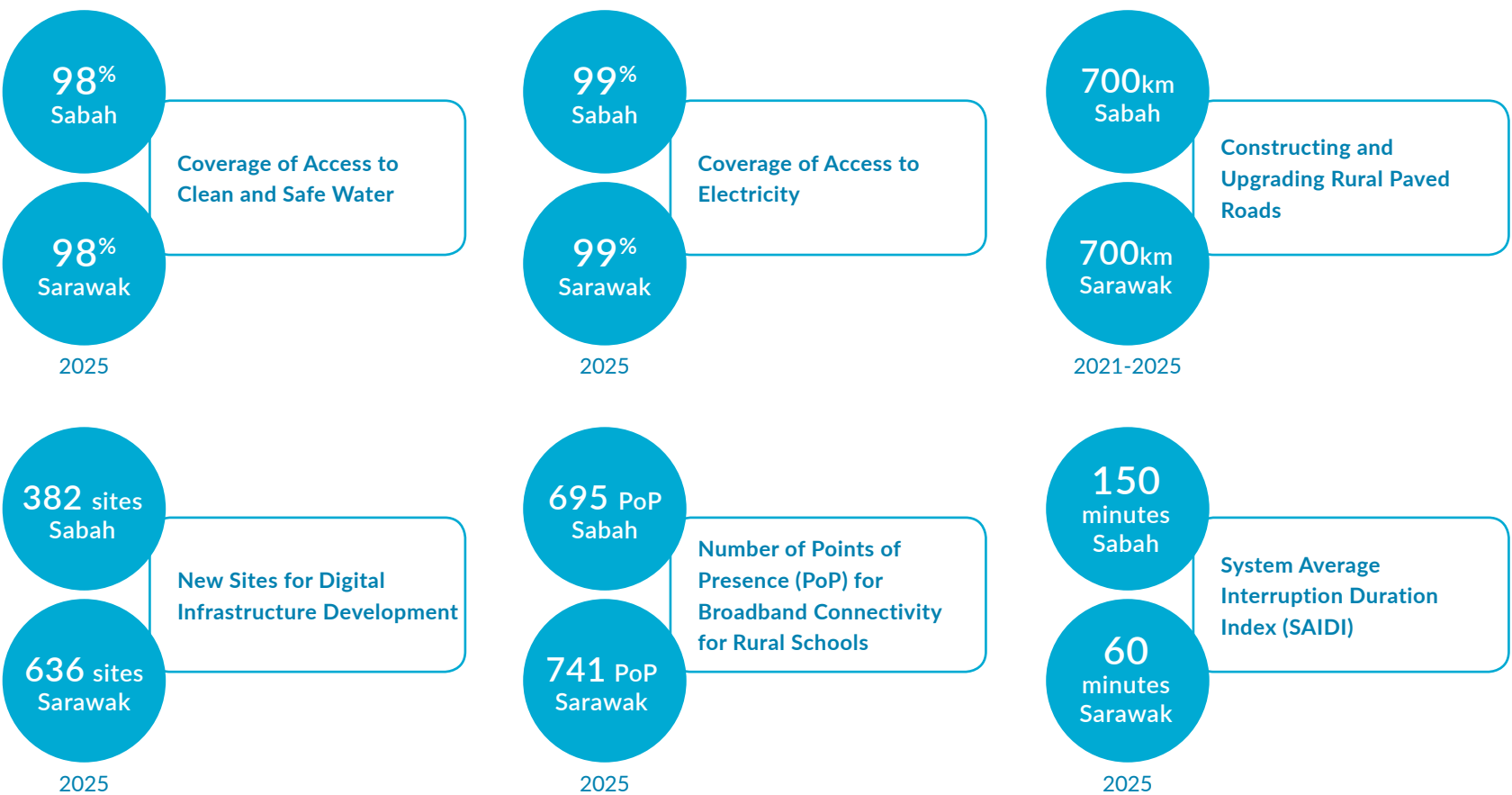
Accelerating Sustainable Urban Development



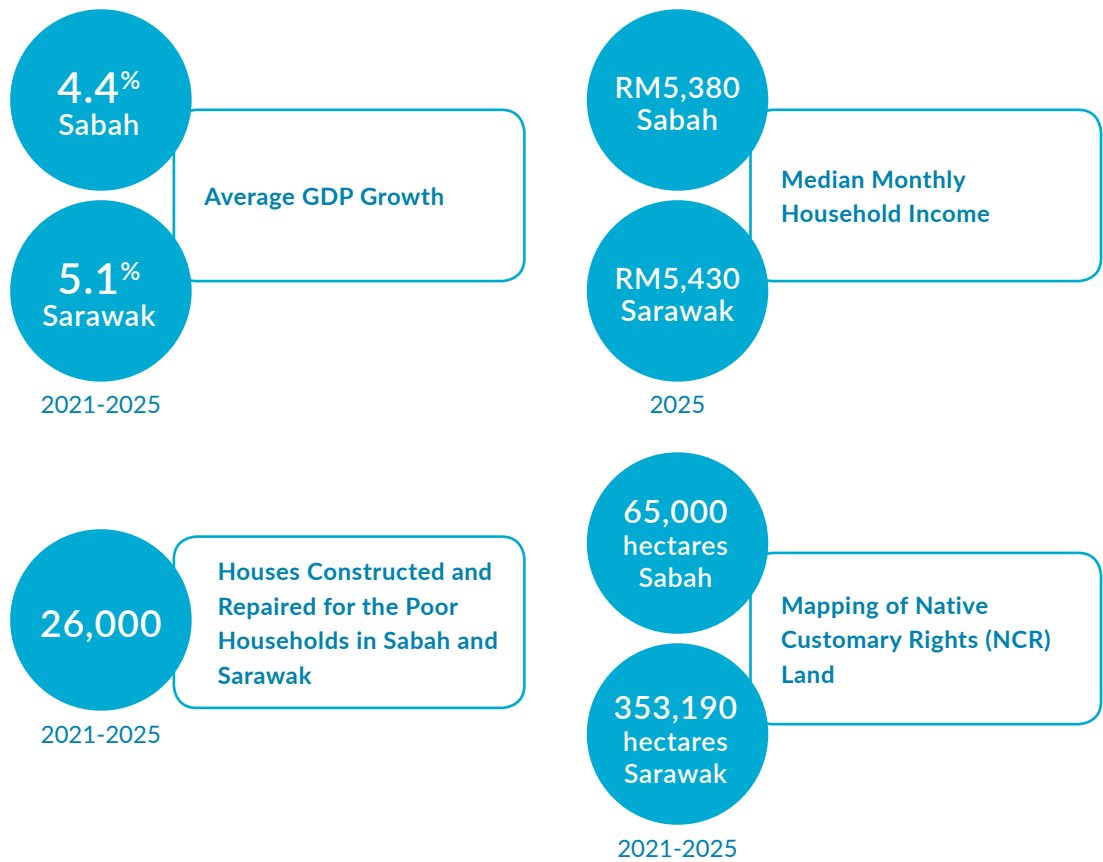
Intensifying Rural Development



Intensifying Development in Sabah and Sarawak



Intensifying Development in Sabah and Sarawak



Focus Area A: Enhancing Regional Economic Potential

Efforts to narrow inter- and intra-regional imbalances will continue to be pursued as a priority by boosting regional economic potential. Measures will be undertaken to intensify regional development in potential growth areas and leverage Federal and states agencies cooperation. In this regard, emphasis will be given to accelerate strategic development in the growth areas and entice quality investment in boosting regional growth within the remaining Twelfth Plan period.

Strategy A1

Intensifying Regional Development at Potential Growth Areas

Strategy A2

Leveraging on Federal and States Agencies Cooperation

Strategy A1: Intensifying Regional Development at Potential Growth Areas

Enhancing Development in Identified Growth Areas

The Fourth National Physical Plan (NPP4) will be optimised to boost development in the identified growth areas. In this regard, business ecosystem will be further enhanced to facilitate ease of doing business and attract quality investment. Meanwhile, talent development programmes will be intensified to retain skilled workers from talent migration. These measures will foster economic activities that contribute towards balanced regional development.

Attracting Investment in Niche Areas

The Federal and states regional development agencies will be encouraged to streamline development priorities by leveraging strengths, uniqueness and available resources in each region. Efforts will continue to be undertaken in promoting advanced technology in the upstream and downstream activities. In this regard, the Chuping Valley Industrial Area, a high-impact project in the northern region, will focus on four main clusters, namely green manufacturing, halal industries, renewable energy generation and automotive. Meanwhile, Tok Bali Industrial Park, another high-impact project in the eastern region will focus on downstream activities in

manufacturing as well as oil and gas. Incentive packages will also be enhanced to attract investment, particularly in the less developed areas. In addition, a special financial zone will be established in Iskandar Malaysia to attract foreign investors and skilled workers to reside in Malaysia. These initiatives will create more employment and entrepreneurship, thus enhancing socioeconomic development in the region.

Strategy A2: Leveraging on Federal and States Agencies Cooperation

Solidifying Cooperation and Collaboration

Cooperation between Federal and state agencies will continue to be strengthened to address fragmented development. In this regard, the regional economic corridors authorities will continue to play an essential role in accelerating investment in the region. These will include facilitating development approvals across multiple agencies as well as solving land issues and other related matters to ensure committed investment are realised. In addition, the overlapping role of key agencies at the Federal and state level will be streamlined for better development planning and coordination. The implementation of these initiatives will contribute towards a stronger cooperation and collaboration among Federal and state agencies.

Prioritising Development in Less Developed States

Efforts to narrow the development gap in the less developed states will be continued to ensure more equitable socioeconomic development. The industrial development based on geographical factors will be encouraged to reduce regional development gaps. In this regard, priority will continue to be given by allocating at least 50% of the total basic DE for the less developed states, especially for the states of Kelantan and Terengganu. Cross-border economic activities will be intensified to promote development in these states.



Focus Area B: Accelerating Sustainable Urban Development

Efforts will be undertaken to address rapid urbanisation and climate change impacts on cities towards accelerating sustainable urban development. In the remaining Twelfth Plan period, emphasis will be given on strengthening development towards resilient cities and promoting wellbeing of the urban society. These measures will contribute towards better quality of life in cities aligned with the goals of the 2030 Agenda.

Strategy B1

Strengthening Development towards
Resilient Cities

Strategy B2

Promoting Wellbeing of Urban Society

Strategy B1: Strengthening Development towards Resilient Cities

Providing a Resilience-Enabling Environment

The adoption of *Pelan Induk Saliran Mesra Alam* (PISMA) will be emphasised to address flood prone urban areas. In this regard, the land use planning in state structure plans and local plans will be aligned with PISMA towards improving the drainage system in urban areas to reduce major flood occurrence. In addition, relevant state governments and local authorities will be encouraged to adopt the National Coastal Zone Physical Plan 2 to ensure better protection and management of coastal areas. Meanwhile, efforts to accelerate green practices in cities will continue to focus on improved enforcement of waste separation at source and promotion of the reduce, reuse and recycle (3R) initiative.

Improving Implementation of Low-Carbon Development

The implementation of low-carbon development among local authorities will be encouraged towards reducing greenhouse gas emission. In promoting energy efficiency, efforts will be undertaken to increase the

adoption of the Low Carbon Cities Framework and enhance capacity of local authorities. Strategic cooperation and coordination among the Federal Government, state governments, local authorities, private sector and civil society organisations (CSOs) will be strengthened in championing low-carbon agenda to reduce the impact of climate change.



Enhancing Urban Planning and Governance Efficiency

The third national urbanisation policy will be formulated as a comprehensive urban planning policy by addressing the impact of climate change, COVID-19 pandemic, and growing urban dwellers' needs and evolving businesses landscape in urban areas. This policy will guide local authorities to identify new potentials of cities. In addition, *Kajian Penambahbaikan Penyediaan Rancangan Pemajuan* will improve the formulation of development plans for a better and dynamic urban planning. Meanwhile, the first phase implementation of Malaysia Urban Observatory (MUO) system will contribute towards a comprehensive database on urban planning. The MUO will facilitate local authorities in planning, monitoring and governing cities.

Promoting Smart City Development

Measures will be undertaken to accelerate the recognition of smart cities, based on the Sustainable Cities and Communities-Indicators for Smart Cities (MS ISO 37122:2019) standard. This effort will enable local authorities to improve service delivery and attract more investment. During the remaining Twelfth Plan period, at least five cities are targeted to be recognised as smart city early adopters.

Improving Urban Biodiversity

Efforts on improving urban biodiversity will continue to be pursued to support green growth. The recreational areas and urban landscaping in new township development will be revitalised to improve cities image

and enhance liveability. In addition, community-based urban farming programmes will be leveraged to support food security while reducing carbon footprint. The implementation of these measures will contribute towards improving the quality of life in urban areas.

Strategy B2: Promoting Wellbeing of Urban Society

Intensifying Efforts in Addressing Urban Poor

Efforts will be undertaken to address poverty incidence in urban areas. The implementation of the *Program Inisiatif Pendapatan Rakyat* (IPR), which also covers the hardcore poor, poor and low-income households in urban areas will focus on empowering relevant households to increase the ability to generate sustainable income. Efforts will also be undertaken to develop entrepreneurs and provide skill trainings. These measures will improve the wellbeing of the urban society.

Improving Access to Affordable Housing and Transportation

The implementation of *Program RMR*, *Residensi Wilayah* and PPR will be expedited to increase the supply of affordable housing. Collaboration with financial institutions to provide attractive and sustainable housing financing packages will be pursued. Meanwhile, more transit-oriented development and provision of efficient public transportation will improve access to transportation in major cities.

Accelerating Sustainability of Cities

The adoption of the MURNInets system by local authorities in Sabah and Sarawak will be accelerated to promote sustainable cities. Efforts on SDGs localisation will be emphasised to promote sustainability elements into urban development. In this regard, more local authorities will be supported in the preparation of the SDGs VLR to showcase achievements in realising sustainable development agenda.

Focus Area C: Intensifying Rural Development

Narrowing development disparity between urban and rural areas is crucial towards achieving a more equitable and sustainable economic growth. In this regard, efforts will be undertaken to expand the provision of infrastructure and services, unlock rural economic potential and strengthen governance. These strategies will contribute towards improving rural-urban income disparity from 0.57:1 in 2022 to 0.67:1 in 2025.

Strategy C1

Expanding the Provision of Infrastructure and Services

Strategy C2

Unlocking Rural Economic Potential

Strategy C3

Strengthening Governance



Strategy C1: Expanding the Provision of Infrastructure and Services

Increasing Provision of Rural Infrastructure

The existing initiatives in expanding provision of infrastructure such as roads, as well as electricity and water supply, including through alternative systems such as solar hybrid, tube well and rainwater harvesting will continue to be implemented. In this regard, the remaining 1,625 kilometres of roads will be constructed and upgraded. Meanwhile, access to water supply coverage will be expanded to achieve 98% and that of electricity to 99%. Maintenance culture will be cultivated among community to ensure long-term rural infrastructure sustainability, among others, by providing courses to enhance necessary skills. Collaboration between CSOs, private sector, higher education institutions and rural community will be further fostered. In addition, a portal will be created to enable online lodging of complaints on damaged and deteriorated infrastructures.

Improving Waste Management

Rural community-based solid waste and sanitation management programmes will be implemented through collaborative work with CSOs and private sector. In addition, recycling activities will be encouraged among rural population to raise environmental awareness. These efforts aim to empower rural communities to improve waste management and ensure preservation of the environment.

Enhancing Connectivity and Mobility

Access to internet will be further improved in enhancing connectivity in rural areas. In this regard, broadband coverage under *Pelan Jalinan Digital Negara* (JENDELA) will be expanded to ensure the target of 100% internet coverage in populated areas by 2025 is met. Efforts will also be undertaken to rejuvenate public transportation services that were impacted by the COVID-19 pandemic.

Strategy C2: Unlocking Rural Economic Potential

Maximising Land Use for Rural Economy

Community-based modern agricultural activities to optimise idle land will be increased. In this regard, suitable land in rural areas will be identified and utilised for agricultural activities under *Inisiatif Usahawan Tani* (INTAN), one of the components under IPR. Assistance will be provided for infrastructure costs, agricultural inputs, training and technical advisory services. This initiative will be implemented through collaboration with reputable off-takers.

Efforts to increase income of rural farmers will be intensified under the additional agricultural activity programme. In this regard, agricultural inputs, such as seeds and fertilisers as well as advisory services will be provided to support farmers in venturing into additional agricultural activities. Large scale and high value farming, such as plantation of durian, avocado and pineapple will also be encouraged.

Business premises, such as shophouses, food courts and kiosks will be constructed and upgraded for rural entrepreneurs. Meanwhile, incubators for start-ups will be provided with a supportive ecosystem, including mentoring, research and development facilities and shared business equipment. These measures will create job opportunities and foster entrepreneurship, thus unlock rural economic potential.

The natural landscapes and biodiversity as well as cultural heritage and traditional way of life in rural areas will be preserved to promote rural tourism. Hence, rural tourism products will be improved by leveraging the

availability of land, proximity to natural endowments and rural heritage. The implementation of these initiatives will create more job opportunities and increase the income of rural community.

Strengthening Rural Cottage Industries

Efforts will be undertaken to further utilise PKD as the hub to promote and market rural cottage products. Digital economy will be leveraged to promote rural cottage products for better market access. Meanwhile, rural cottage entrepreneurship programmes will be enhanced by improving contractual agreement and imposing minimal participating fees to instil accountability, responsibility and commitment of entrepreneurs. In addition, capacity development programmes, including digital skills will be enhanced for rural entrepreneurs to expand market access, domestically and internationally.

Rural entrepreneurial ecosystem will be improved to increase business capacity in rural areas. In this regard, development training, business development programmes, financing facilities and business support services will be further enhanced. Meanwhile, efforts will be intensified in developing rural entrepreneurs through various initiatives and programmes, in line with the needs of the local industry.

Marketing for agro-based products will be strengthened, while financial assistance, microcredit and loan programmes for agricultural activities will be improved. In addition, cooperation with private sector on agricultural activities will be promoted to achieve economies of scale. These efforts will boost rural economy and generate more income of the rural community.

Strategy C3: Strengthening Governance

Enhancing Training for Rural Leadership

Leadership training courses for rural leaders at grassroots level will be enhanced by benchmarking with other recognised leadership programmes for a better training content. Digital courses will also be offered to improve the quality of grassroots leadership. Meanwhile, government premises will be optimised as learning centres for rural leadership training courses.

Enhancing Rural Delivery System

The SPKPN will be upgraded and integrated with the Spatial Characteristics of Rural Malaysia System (S-CHARMs) to be a more user-friendly system. The integration will include geographic information database as well as analytical capability of spatial information of villages and public facilities. These efforts will provide a more interactive and centralised database for better rural development planning.

The PKD Mobile will be introduced to expand the existing services offered in PKD, particularly in remote areas. Among the facilities provided include mobile counters for government services such as renewal of vehicle road tax, issuance of birth certificate and application of identity card. Meanwhile, private sector services will include banking, courier and postage services. This initiative is to ensure rural population will have better access to various services.

Focus Area D: Optimising Opportunities from Subregional Cooperation

Subregional cooperation, Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA), and Malaysia-Singapore Joint Ministerial Committee for Iskandar Malaysia (JMCIM) platforms will be leveraged to optimise development opportunities in border areas. Meanwhile, development at potential border areas will be accelerated by enhancing socioeconomic development as well as security and public safety of the areas. These measures will attract quality investment and contribute towards an inclusive regional development.

Strategy D1

Leveraging Cooperation under IMT-GT, BIMP-EAGA and JMCIM

Strategy D2

Accelerating Border Development



Strategy D1: Leveraging Cooperation under IMT-GT, BIMP-EAGA and JMCIM

Optimising Subregional Cooperation

Subregional cooperation will be optimised to accelerate economic development, environmental conservation and cultural exchange. In this regard, the cooperation and collaboration among local stakeholders will be intensified in achieving common objectives and economies of scale. These collaborative initiatives will overcome barriers and facilitate better negotiations in attracting investment.

Focus will be given on developing and enhancing infrastructure within subregions, including transportation networks, electricity grids, telecommunication facilities and border check points. Emphasis will also be given to streamline trade and investment facilitation and reduce trade barriers. In addition, investment in human capital development will be intensified.

Strategy D2: Accelerating Border Development

Enhancing the Potential of Socioeconomic Development at Border Areas

Measures will be undertaken to accelerate development of areas bordering Thailand and Kalimantan, Indonesia. These encompasses the provision of basic infrastructure, enhancement of security facilities and development of border towns to optimise cross-border economic activities. In this regard, *Kajian Sempadan Antarabangsa Malaysia-Thailand* and *Kajian Pembangunan Ekonomi di Sempadan Sabah* as well as existing development master plan of Sarawak will be the basis for a comprehensive border planning of the respective border areas.

Enhancing Security and Public Safety

Efforts will continue to be undertaken in enhancing border security towards creating safe border environment, especially the porous areas in Sabah and Sarawak. In this regard, more security posts will be set up, while frequency of patrolling and monitoring will be intensified to strengthen border controls. Remote sensor site in Sabah will be upgraded, while new facilities will be developed in Sarawak to address potential threats. In addition, the Immigration, Custom, Quarantine and Security complex at selected entry points will be constructed and upgraded to ensure effective enforcement at the border.

Focus Area E: Intensifying Development in Sabah and Sarawak

The development in Sabah and Sarawak will continue to be a priority towards achieving balanced regional development. Efforts will be intensified to uplift the socioeconomic development in both states. Greater focus will be given to enhance the provision of infrastructure, optimising economic potential, improve the wellbeing of the people, and strengthen the whole-of-government approach. In addition, growth opportunity for Sabah and Sarawak will be based on green economy. These efforts will promote inclusive development and improve wellbeing of the *rakyat* in Sabah and Sarawak.

Strategy E1 **Enhancing the Provision of Infrastructure**

Strategy E2 **Optimising Economic Potential**

Strategy E3 **Improving Wellbeing of the *Rakyat***

Strategy E4 **Strengthening the Whole-of-Government Approach**



Strategy E1: Enhancing the Provision of Infrastructure

Improving the Provision of Basic Infrastructure

Road infrastructure development in Sabah and Sarawak will focus on connecting major roads to underserved areas. In this regard, new alignment and upgrading of existing roads, especially in urban areas will be implemented, in line with the Highway Network Development Plan Sabah and Sarawak 2040. In addition, construction and upgrading of rural roads will be continued to improve connectivity.

Rural electrification will be intensified to complement the state electricity grid system. Alternative systems, such as solar hybrid, solar photovoltaic and small hydro will be enhanced in remote areas. In addition, supply to the Sabah grid will be further strengthened through the interconnection with Sarawak grid, scheduled in 2024.

In ensuring water security, the resources capacity will be enhanced through optimisation of technology to explore alternative sources, such as underground water, lake and rainwater. Meanwhile, efforts to improve water supply in rural areas will be intensified, including the provision of alternative resources for a wider coverage. These measures will ensure adequate water supply and improve coverage of clean and safe water.

The upgrading and development of airports and Short Take-Off and Landing (STOLports) will be prioritised based on safety, security and convenience of the air passengers. In this regard, Bario STOLport will be upgraded by expanding the runway for aircrafts to take-off and land with maximum passenger load. The expansion of airports and STOLports in Sabah and Sarawak will ensure safety compliance by the airlines and provision of sufficient facilities, in line with the National Airports Strategic Plan.

Digital infrastructure will continue to be provided in the remaining locations in Sabah and Sarawak under JENDELA. The construction of telecommunication infrastructure will be expedited by prioritising government-owned land or buildings. Continuous efforts in providing Points of Presence in areas surrounding schools will be undertaken to improve broadband connectivity.

Strategy E2: Optimising Economic Potential

Accelerating the Development of Native Customary Rights Land

Development of the NCR land based on an integrated land development approach will be further strengthened through cooperation among federal agencies, state governments and the private sector. In addition, survey

and mapping exercises of the NCR land will be expedited to facilitate state governments in gazetting and granting land titles. These initiatives will enable NCR land development and create more income generating opportunities for *Anak Negeri Sabah* and *Bumiputera Sarawak*.

Boosting Aerospace Industry

Efforts in promoting sustainable aviation activities in Sarawak will focus on developing sustainable aviation fuel (SAF) made from algae. Collaboration with various parties will be forged to further accelerate SAF development and ecosystem integration in Sarawak. This collaboration will charter the path to develop algae production technology for SAF. Meanwhile, the development of aerospace industry in Sabah will continue to focus on intensifying maintenance, repair and overhaul activities and enhancing skills training at the aerospace centre of excellence.

Promoting High Technology and Sustainable Industrial Estate

A more conducive investment ecosystem will be established, which includes developing new and optimising existing industrial estates to enhance competitiveness and attract investors. Focus will be on opening of new high-tech industrial estates in Kimanis and Kota Belud in Sabah as well as upgrading of the Samajaya High-Tech Park in Kuching, Sarawak towards attracting high-value investments and adopting sustainable practices. These three industrial estates will be the high impact projects identified to boost economic growth in Sabah and Sarawak.

Reinvigorating Economic Activities in Regional Economic Corridors

The implementation of SDC Blueprint 2.0 will emphasise on building a more accommodative business ecosystem in facilitating the needs of investors in Sabah. Focus will also be given to intensify the implementation of main activities identified, namely tourism, agriculture, manufacturing and logistics services. Meanwhile, efforts will be continued to leverage the abundant natural resources to attract quality investment in the region, particularly in energy intensive industries. In broadening the industrial and economic activities in SCORE area, measures will be undertaken to improve the provision of basic infrastructure and enhance ease of doing business. In this regard, the Samalaju Industrial Park will be one of the high impact projects identified to boost economic growth in Sarawak. This project will focus on heavy and energy intensive industries, such as steel, aluminium, glass as well as oil and gas.

Revitalising Tourism Industry

Coordinated promotional activities will be intensified to attract foreign and domestic tourists to visit Sabah and Sarawak, leveraging the nature, culture and heritage diversity. In addition, efforts will be intensified to

re-establish direct routes and improve international flight connectivity to major airports in Sabah and Sarawak. The aim is to restore routes and seating capacity to the pre-pandemic level. New routes and markets will be continuously established to boost tourist arrivals.

Enhancing Deployment of Renewable Energy

Efforts will be focused to accelerate the energy transition and increase the share of renewable energy in Sabah and Sarawak. In this regard, the development of large scale solar, small hydroelectric and bioenergy will be enhanced, while the deployment of large scale solar and battery energy storage system will be implemented in Sabah. Meanwhile, hydrogen plant and large scale hydroelectric for local and export markets will be developed in Sarawak. These efforts will support the aspiration of achieving net-zero greenhouse gas emissions as early as 2050.

Optimising Natural Gas Resources

The natural gas resources will be optimised through the implementation of strategies outlined in the Sabah Gas Masterplan and Sarawak Gas Roadmap. Strategies under the Sabah Gas Masterplan include monetisation of gas resources to enhance investment in the production of petrochemical derivatives and support gas demand growth from industrial and commercial segments. Meanwhile, the Sarawak Gas Roadmap will emphasise on enhancing the growth of petrochemical industry and exploring new gas fields through collaboration between PETRONAS and Petroleum Sarawak Berhad.

Accelerating Green Growth

Measures will be undertaken to accelerate the implementation of green growth initiatives in Sabah and Sarawak. In this regard, the existing government green procurement of products and services will be expanded to the construction sector to elevate the green market. Meanwhile, the implementation of carbon capture, utilisation and storage (CCUS) initiative will be a new source of economic growth and generate high value investment. The implementation will require the formulation of regulatory framework in governing CCUS holistically and coordinating the deployment of CCUS at the state level. Additionally, the development of local industries in green technology, such as in the production of hydrogen and bioenergy, will be intensified to support green and low carbon development.

Efforts will also be continued to restore degraded forest and gazette more protected areas in Sabah and Sarawak. Advanced technology will be utilised in consolidating data of natural resources to improve the planning, development, management and conservation of the natural ecosystem as well as strengthen the protection of the natural assets. Furthermore, implementation of sustainable development goals and adoption

of environmental, social and governance in business practices will be intensified to promote green and sustainable growth. These efforts will create competitive advantages and further advance the implementation of green economy initiatives in Sabah and Sarawak.

Improving Productivity in Agriculture Sector

Efforts will be continued to promote wider adoption of high-tech farming methods in the agriculture sector, such as Big Data Analytics, Artificial Intelligence and Internet of Things. In Sabah and Sarawak, focus on smart farming will continue to be given in paddy, aquaculture and palm oil production. These efforts will enhance productivity in the agriculture sector and contribute to economic development in both states.

Strategy E3: Improving Wellbeing of the Rakyat

Enhancing Access to Education

In enhancing access to education in Sabah and Sarawak, Comprehensive Special Model School 11 (K11) will be established to reduce the number of dropout students from Form 3 to 4 and to provide access until 11 years of schooling (Standard 1 to Form 5). In addition, more dilapidated schools at scale seven based on the School Building Condition Index will be replaced. Centre for children with special needs will also be established in Sabah and Sarawak to ensure children with autism receive early intervention and education. Focus will also be given to develop teaching and learning skills among the teachers through adapting and understanding local culture in rural and remote areas. Meanwhile, facilities and infrastructure including digital infrastructure in schools and education offices will be improved.

Improving Access to Housing

The Government will continue to intensify initiatives in providing quality and decent houses for poor and low-income households through affordable housing programmes. A total of 26,000 dilapidated houses will be repaired and rebuilt under *Program Bantuan Rumah* to improve living condition of the poor in Sabah and Sarawak. In addition, state governments will be encouraged to provide more affordable houses to benefit more poor, low- and middle-income households.

Expanding Access to Healthcare Services

Care services for older persons in health clinics and hospitals will be integrated, while the Private Aged Healthcare Facilities and Services Act 2018 will be enforced. In addition, invasive cardiac laboratories in public hospitals will be developed in phases to reduce morbidity and mortality

due to heart disease. School dental services will also be expanded to school teachers, staffs and families, in line with the Universal Health Coverage for Oral Health WHO (WHA74.5). Meanwhile, the development of *Makmal Kesihatan Awam dan Makmal Keselamatan & Kualiti Makanan* in Kuching, Sarawak will commence in 2023. A regional blood centre will also be built in Sabah to enhance transfusion services for the state, the Federal Territory of Labuan and the northern region of Sarawak. *Skim Perubatan MADANI* will continue to be implemented to enable people with limited financial capability in obtaining services from private healthcare providers. This effort will reduce congestion in public healthcare facilities.

Strategy E4: Strengthening the Whole-of-Government Approach

Enhancing Collaboration in Providing Digital Infrastructure

Collaboration between the Federal Government and state authorities will be further strengthened to streamline policies, procedures and initiatives on digital infrastructure development. In addition, *Jawatankuasa Penyeragaman Kos Caj dan Fi Pembangunan Infrastruktur Komunikasi* will further strengthen the mechanism in standardising charges and fees at state and local authority levels for construction of telecommunication infrastructure. These efforts will expedite the provision of digital infrastructure and enhance service delivery.

Improving Service Delivery

The functions of agencies at Federal and state levels will be streamlined to facilitate development in Sabah and Sarawak. The delegation of authority to JKR Sabah and Sarawak for projects worth up to RM50 million will better facilitate the implementation of development projects in the states. In addition, the transfer of regulatory powers pertaining to the electricity supply in Sabah, commencing in 2024, will enable the Sabah State Government assuming control over the regulation of electricity supply. This measure will facilitate better planning in electricity industry in Sabah.

Strengthening the Development Planning of Natural Gas Industry

The Sabah Gas Masterplan and Sarawak Gas Roadmap will be consolidated as part of a national natural gas roadmap. This national roadmap will streamline gas industry planning and optimise the utilisation of natural gas resources nationwide. This will provide a comprehensive strategic direction of the gas industry in supporting energy transition in Malaysia.

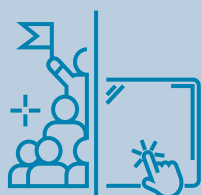
Conclusion

During the review period of the Twelfth Plan, various measures were undertaken to optimise regional economic potential, develop sustainable cities, transform rural areas, and enhance socioeconomic development of the less developed states, including Sabah and Sarawak. Even though several targets were achieved, there are issues and challenges that need to be addressed. In the remaining Twelfth Plan period, efforts will continue to be focused on enhancing regional economic potential, accelerating sustainable urban development, intensifying rural development and optimising opportunities from subregional cooperation. In addition, development in Sabah and Sarawak will be intensified to bridge the gap and reduce disparities. The implementation of these initiatives will support the aspiration of '*Ekonomi MADANI: Memperkasa Rakyat*' in enhancing society sustainability and creating a more balanced development in the urban and rural areas.



Chapter

6



Building an Inclusive and More Resilient Society

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Introduction

Inclusive and sustainable development remain as principles of socioeconomic planning in Malaysia to improve the wellbeing of the *rakyat*. During the review period of the Twelfth Malaysia Plan, 2021-2022 (Twelfth Plan) efforts in addressing poverty from a multidimensional perspective, inequality and cost of living were intensified to promote equitable economic participation. These efforts were aimed to uplift income and standard of living of the poor, B40¹, M40², Bumiputera, Orang Asli and specific target groups in building an inclusive society. Nevertheless, adverse effects from the COVID-19 pandemic and polycrisis³, including geopolitical conflicts and climate change, have exposed households to greater vulnerability and thus partly hindered the progress of achieving inclusive and sustainable development.

Moving forward, greater efforts will be undertaken in building an inclusive and more resilient society. Strategies will continue to focus on addressing poverty and inequality from multidimensional perspective, raising income and improving wellbeing of the poor, vulnerable households, M40, Bumiputera, Orang Asli and specific target groups. In addition, policy and service delivery will be strengthened. Implementation of these measures upholds the inclusive principle of 'leaving no one behind' in line with '***Ekonomi MADANI: Memperkasa Rakyat***' and the 2030 Agenda for Sustainable Development (2030 Agenda).

¹ Bottom 40% household income group. B40 monthly household income at the national level is below RM5,250 based on the Household Income and Expenditure Survey 2022 (HIES 2022).

² Middle 40% household income group. M40 monthly household income at the national level is between RM5,250 and RM11,820 (HIES 2022).

³ A cluster of related global risks with compounding effects, such that the overall impact exceeds the sum of each part (World Economic Forum, 2023).

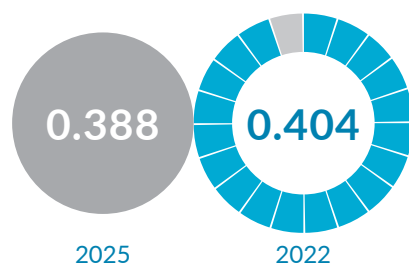
Progress, 2021-2022

In addressing poverty and building an inclusive society, 18 targets were set in the Plan period. Out of these targets, 15 were on track while the remaining three were lagging during the review period. The performance of these targets is as shown in *Exhibit 6-1*.

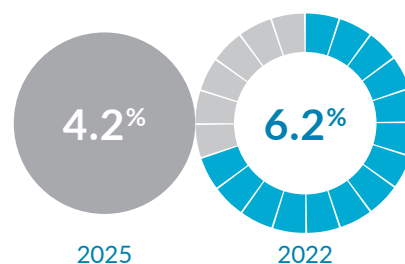
Exhibit 6-1

Performance of Selected Targets

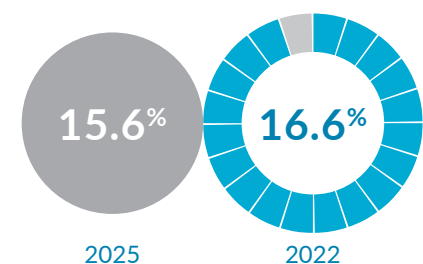
Addressing Poverty and Narrowing Inequality



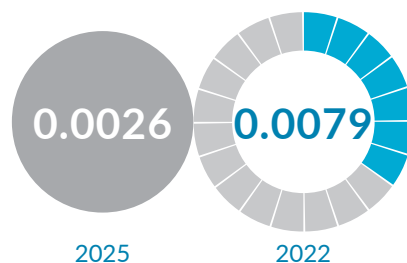
Gini Coefficient



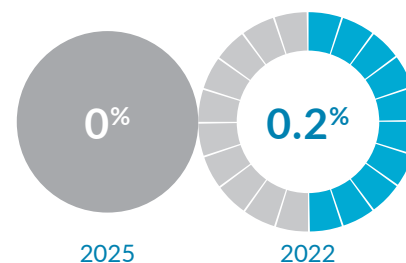
Incidence of Absolute Poverty



Incidence of Relative Poverty

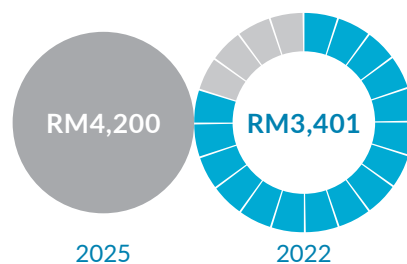


Multidimensional Poverty Index

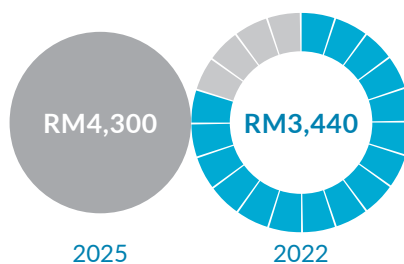


Incidence of Hardcore Poverty

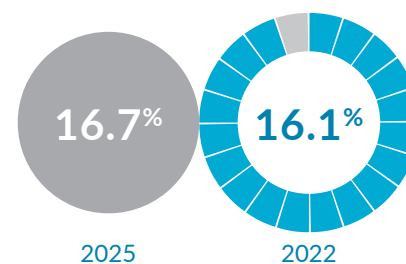
Increasing Income and Standard of Living of B40



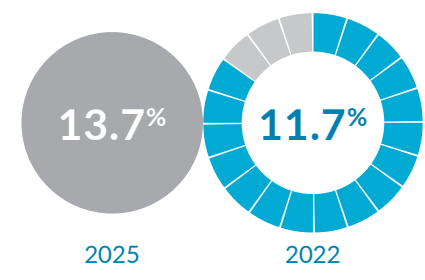
Mean Monthly B40 Household Income



Median Monthly B40 Household Income

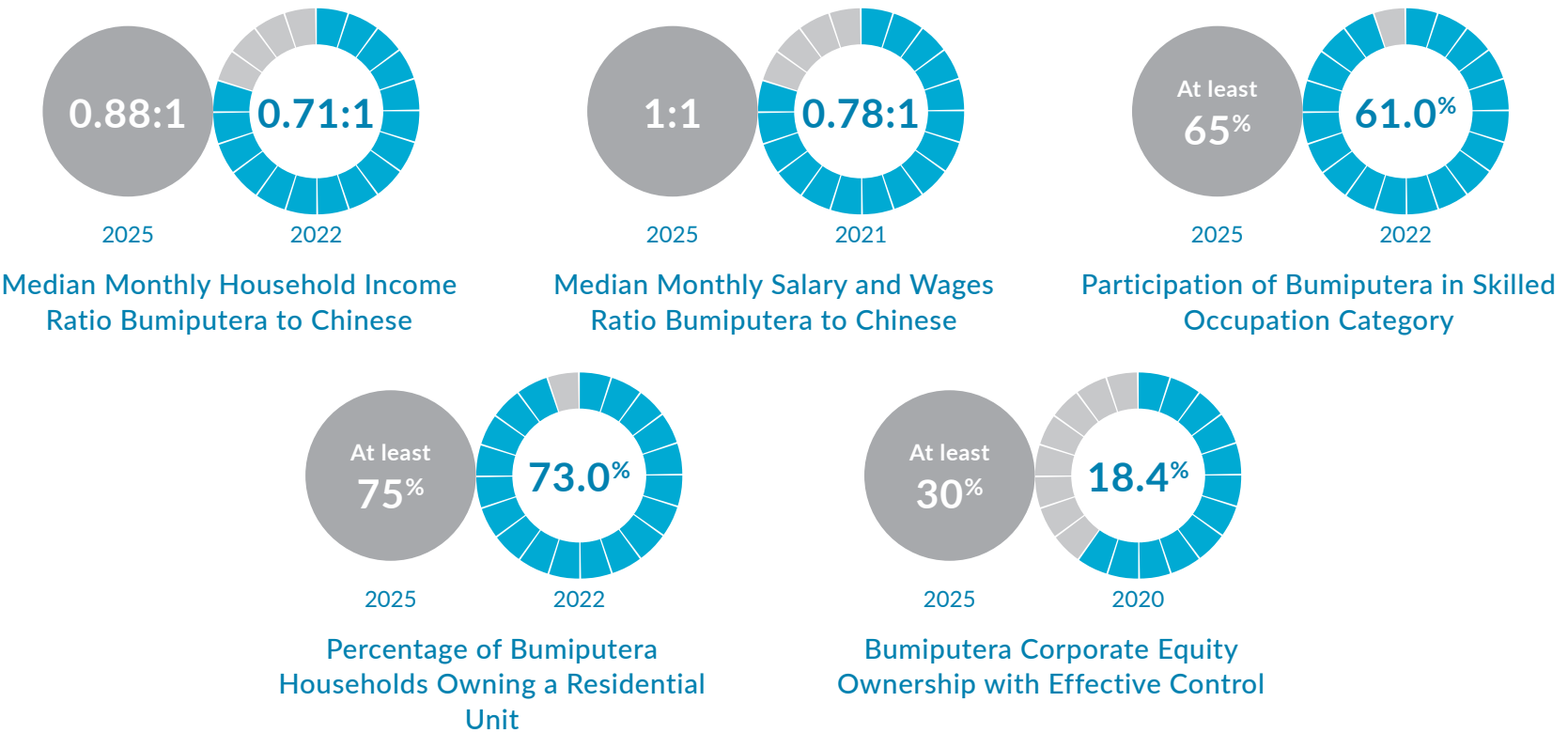


Share of Income of B40 from Overall Household Income

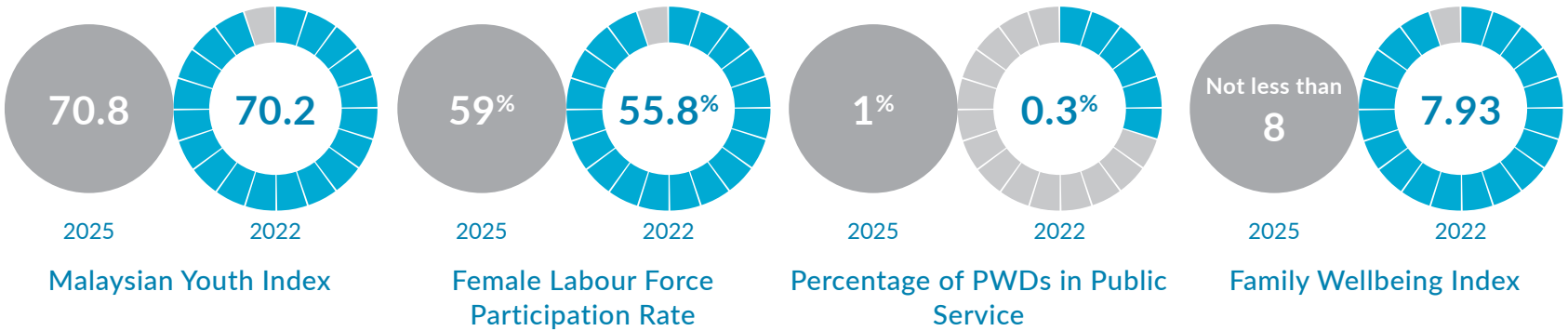


Share of Skilled Workers out of Total Head of Households of B40

Achieving an Equitable Outcome for Bumiputera



Empowering Specific Target Groups



Achievement by Priority Area



Priority Area A: Addressing Poverty from a Multidimensional Perspective and Empowering B40

Strategy A1: Increasing Income of Low-income Households

Uplifting and Diversifying Sources of Income

- 1,734 participants in urban areas completed entrepreneur programmes under *Program Pemerkasaan Ekonomi Komuniti Bandar*
- 1,352 participants in rural areas benefitted from *Program Peningkatan Pendapatan*
- 3,246 participants attended *Program Latihan & Keusahawanan*
- 3,700 participants attended *Kursus Keusahawanan Digital*
- 3,652 entrepreneurs received assistance under *Program Pembangunan Perniagaan Usahawan Mikro*
- 100,100 entrepreneurs received a total of RM1.65 billion from TEKUN Financing Programme
- Cash Assistance
 - *Bantuan Prihatin Rakyat* - 8.5 million recipients, RM6.5 billion disbursed in 2021
 - *Bantuan Prihatin Nasional 2.0* - 11 million recipients, RM7 billion disbursed in 2021
 - *Bantuan Khas COVID-19* - 11 million recipients, RM4.6 billion disbursed in 2021
 - *Bantuan Keluarga Malaysia* - 8.7 million recipients, RM7.8 billion disbursed in 2022
 - Assistance under the Department of Social Welfare (JKM) - 519,000 recipients, RM2.4 billion disbursed in 2021 and 530,000 recipients, RM2.4 billion disbursed in 2022

Promoting a Whole-of-Nation Approach in Addressing Poverty

- *Program Pembasmian Miskin Tegar* (BMT)
 - 1,656 recipients
 - 103 recipients recorded higher income after four months joining the programme
- *Program Usahawan Sosial Hebat*
 - 6,074 beneficiaries involved in 30 social enterprises (SEs)

Strategy A2: Improving Access to Essential Services

Improving Provision for Quality Education and Skills Training

- *Biasiswa Kecil Persekutuan*
 - 124,848 students, RM104.2 million disbursed in 2021
 - 179,563 students, RM142.7 million disbursed in 2022
- 4,031 students from B40 households benefitted under *Program Bantuan untuk Pendidikan (BUDI) Maktab Rendah Sains MARA (MRSM)*
- 60.2% of MRSM intake offered to students from B40 household in 2022
- 16,594 students from B40 households in 70 *sekolah berasrama penuh* (SBP) or 36.6% from total students
- RM4.6 billion new loan approved for 162,463 students by *Perbadanan Tabung Pendidikan Tinggi Nasional*
- 56,900 students from B40 families received education loan from *Majlis Amanah Rakyat* (MARA)
- 35,320 trainees from B40 households received scholarships to undergo training in technical and vocational education and training (TVET) institutions under Ministry of Rural and Regional Development

Improving Healthcare Services

- 10 health clinics built and 271 clinics of various types upgraded in 2021
- Seven health clinics and three dental clinics built, and 379 clinics of various types upgraded in 2022
- 4,895 outreach programmes on health implemented in underserved areas in 2021 and 7,770 in 2022
- 268,887 heads of household (KIR) of hardcore poor and poor registered in eKasih system covered by *Skim Insurans Kesejahteraan Rakyat*
- 101,673 participants underwent health screening under *Skim Peduli Kesihatan untuk Kumpulan B40 (PeKa B40)* in 2021 and 275,560 participants in 2022

Strategy A3: Uplifting Standard of Living

Improving Basic Amenities and Infrastructure

- 7,492 households benefitted from *Projek Rintis Pengurusan Sisa Pepejal*

Upgrading Living Conditions

- *Projek Baik Pulih Rumah di Bandar*
 - 1,579 houses repaired in 2021
 - 2,044 houses repaired in 2022
- *Projek Perumahan Rakyat Termiskin* in rural areas
 - 23,270 houses repaired
 - 3,644 houses built
- 108,373 units of *Rumah Mampu Milik* built

Elevating Standard of Living of Low-Income Chinese Households	<ul style="list-style-type: none"> • RM2.1 million loan disbursed to 36 entrepreneurs under <i>Skim Pinjaman Khas Penduduk Kampung Baru Cina</i> (PKBC) • 761 houses refurbished under <i>Program Bantuan Baik Pulih Rumah</i> in <i>Kampung Baru</i> • 787 public amenity projects completed in <i>Kampung Baru</i>
Elevating Standard of Living of Low-Income Indian Households	<ul style="list-style-type: none"> • 164,059 individuals benefitted from 72 human capital development programmes • 3,468 entrepreneurs received RM72.2 million from <i>Skim Pinjaman Usahawan Masyarakat India</i> under TEKUN
Strategy A4: Strengthening Service Delivery Mechanism	
Enhancing the Service Delivery System	<ul style="list-style-type: none"> • Poverty Units established at federal, state and local authority levels • Social assistance data involving 167 programmes and 13.7 million profiles consolidated into the <i>Pangkalan Data Perlindungan Sosial</i> (PDPS)
Improving Poverty Measurement and Policy Implementation	<ul style="list-style-type: none"> • A study to improve the national Multidimensional Poverty Index (MPI) commissioned in 2022 • A study on measuring and addressing poverty commissioned in 2022 • A framework to review household income group category developed in 2022
Strategy A5: Addressing Cost of Living	
Managing Pressure on Prices	<ul style="list-style-type: none"> • RM11.1 billion spent on subsidies for petrol, diesel and LPG in 2021 and RM50.8 billion in 2022 • RM1.8 billion spent on subsidies on price of chicken and eggs • RM9.8 billion spent on subsidies for electricity • RM4.6 billion spent on subsidies for cooking oil • Price control of selected items during festive seasons • RM400 million spent on Community Drumming programme • 5.7 million consumers benefitted from <i>program jualan murah</i> in 2022 • 1.65 million number of price enforcement inspections as at end 2022 • 1,910 cases recorded involving misappropriation of subsidised and price-controlled items valued at RM26.1 million • The Financial Education Network (FEN) Strategic Plan on financial literacy developed in 2021 • 273,274 first-time home buyers accessed <i>Rumahku</i>, an online home financing module to make informed decision as at end 2022
Strengthening Social Protection for All	<ul style="list-style-type: none"> • A study to strengthen social protection policy commissioned in 2022 • <i>Skim Keselamatan Sosial Suri Rumah</i> introduced in 2022



Priority Area B: Supporting the M40

Strategy B1: Boosting Income of the M40

Incentivising Participation of M40 in Income Generating Activities

- 1% reduction in tax rate for taxable income range between RM50,000 to RM70,000 starting 2021
- Income tax relief
 - Expanded to include approved course fees for upskilling and self-enhancement limited up to RM1,000
 - Limit for fees upskilling and self-enhancement course increased from RM1,000 to RM2,000 in 2022

Strategy B2: Improving Access to Quality and Affordable Education

Incentivizing Early Childhood Care and Education, and Financing for Higher Education

- Extension of income tax relief
 - Up to RM3,000 on fees paid to approved childcare centres and kindergarten in 2022
 - Up to RM8,000 on net annual savings in *Skim Simpanan Pendidikan Nasional*

Strategy B3: Encouraging Health and Employment Protection

Promoting Health and Employment Insurance

- RM500 additional lifestyle tax relief of related to sports activity in 2022
- Up to RM7,000 expansion of income tax relief for Employees Provident Fund (EPF) contributors starting with 2022 assessment in order to include voluntary contributors from the private sector and civil servants under pension scheme

Strategy B4: Increasing M40 Housing Ownership

Facilitating Ownership of Affordable Homes

- Limit on value of first time residential property purchase eligible for full stamp duty exemption on instrument of transfer and loan agreement is increased up to RM500,000 for sales and purchase agreement completed until 2025
- *Inisiatif Pembiayaan Perumahan Malaysia*
 - 48,449 first-time house buyers benefitted from *Skim Rumah Pertamaku* with amount of financing of RM12 billion
 - 6,726 first-time house buyers with no fixed income benefitted from *Skim Jaminan Kredit Perumahan* with amount of financing of RM1.3 billion
- 16,334 units of affordable housing for M40 built under PR1MA, *Residensi Wilayah* and *Kediaman SPNB*



Priority Area C: Achieving an Equitable Outcome for Bumiputera

Strategy C1: Improving Governance

Improving Governance of Bumiputera Institutions and Mandated Agencies

- *Unit Pemerkasaan Agenda Bumiputera* (UPAB) established in all ministries in 2022
- *Kajian Impak Agensi-Agensi Bermandat Bumiputera* completed in 2022

Enhancing Transparency of Ownership

- The Companies Act 2016 and Limited Liability Partnership Act 2012 reviewed on disclosure of beneficial ownerships

Strategy C2: Strengthening Education and Empowering Human Capital

Increasing Bumiputera Participation in Certified Professional Programmes

- 20,901 participants enrolled in *Peneraju Tunas*, *Peneraju Skil* and *Peneraju Professional* programmes under *Yayasan Peneraju Pendidikan Bumiputera* (YPPB)

Improving the Quality of Skills Programmes

- Employability rate of TVET graduates under MARA institutions in 2022
 - German-Malaysia Institute: 98%
 - Universiti Kuala Lumpur: 97%
 - Institut Kemahiran MARA: 93%
 - Kolej Kemahiran Tinggi MARA: 91%
 - GIATMARA: 81%

Increasing Access to Education

- Two new MRSMs with a total of 1,500 student-capacity commenced operation in 2022

Strategy C3: Increasing Wealth Creation and Resilience of Bumiputera Businesses

Enhancing Bumiputera Micro, Small and Medium Enterprises (MSMEs) Participation in the Strategic High Impact and Emerging Economic Sectors

- RM294.6 million equity investment by VentureTECH in 27 Bumiputera companies involved in green, emerging and biotechnology industries as at end 2022
- Agreement between Agrobank and *Unit Peneraju Agenda Bumiputera* (TERAJU) on environmental, social and governance fund for Bumiputera SMEs signed in 2022

Enhancing Capacity and Capability of Bumiputera Entrepreneurs

- 2,219 entrepreneurs benefitted from *Program Pensijilan Usahawan* MARA
- Four new commercial premises under UDA Holdings built with cost of RM19 million
- 1,392 entrepreneurs benefitted from initiatives under UDA Holdings with cost of RM3.26 million
- 9,539 companies and 13,500 entrepreneurs benefitted from *Program Premis Perniagaan* and *Program Pembiayaan Keusahawanan* under PUNB as at end 2022
- Rent-to-Own (RTO) scheme under PUNB introduced in 2022



Priority Area D: Enhancing Development of Orang Asli Community

Strategy D1: Strengthening Education

Improving Education of Orang Asli

- Eight schools upgraded to Comprehensive Special Model School 9 (K9) in 2022
- 10,996 secondary school students received cash assistance under *Skim Bantuan Galakan Pendidikan* in 2022
- 1,446 students at tertiary level received scholarships
- 1,385 participants attended *Program Masuk U*
- 780 participants enrolled in TVET institutions

Strategy D2: Accelerating Socioeconomic Development of Orang Asli

Formulating Comprehensive Socioeconomic Development Plan for Orang Asli

- A study on the Orang Asli socioeconomic development commissioned in 2022

Increasing Income of Orang Asli

- 450 households from 12 Orang Asli villages participated in hardcore poverty eradication programme
- 934 participants benefitted from *Bantuan Input Pertanian*
- 599 participants benefitted from *Projek Ladang Masyarakat Orang Asli*
- 104 entrepreneurs received *Geran Bantuan Usahawan* amounting to RM668,000
- 77 Orang Asli trained under *Program Latihan Keusahawanan*

Expanding Basic Infrastructure, Amenities and Services for Orang Asli

- 56 villages connected with new roads
- 125 clean water supply projects completed
- 20 villages benefitted from electricity supply projects
- 81 new houses built and 558 repaired

Improving Leadership

- 375 participants benefitted from *Program Literasi Fungsian Orang Asli*



Priority Area E: Empowering Specific Target Groups

Strategy E1: Advancing Children Wellbeing

Strengthening Governance for Children Development and Protection

- 3,113 childcare centres registered as at end 2022
- 3,013 children benefitted from childcare centre subsidies
- 1,427 children benefitted from 37 registered institutions for children as at end 2022

Strategy E2: Building Dynamic, Resilient and Competitive Youth

Strengthening Youth Development and Participation

- 83,269 participated in leadership and volunteerism programmes
- 496,770 benefitted from programmes under FEN
- 2,649,691 participated in healthy and active lifestyle programmes
- 13,047 participated in entrepreneurship programmes

Strategy E3: Empowering Women

Promoting Gender Equality

- Women participation in top-level management
 - 38.2% in the public sector
 - 25.8% in the private sector
- 540,438 women entrepreneurs benefitted from RM4.9 million financing under *Amanah Ikhtiar Malaysia*, *TEKUN Nasional* and MARA

Enhancing Legal Protection

- Anti-Sexual Harassment Act 2022 [Act 840] gazetted in 2022
- 131,048 women benefitted from *Klinik Literasi Undang-Undang*

Strategy E4: Increasing the Wellbeing of Aged Population

Enhancing Care and Support for Older Persons

- 283 caregivers for older persons obtained Malaysian Skills Certification
- 245,415 older persons benefitted from lifelong learning programmes at health clinics
- 53,241 older persons benefitted from programmes at *Pusat Aktiviti Warga Emas*
- 6,950 older persons benefitted from the Home Help Service programme

Strengthening Social Protection

- *Bantuan Warga Emas*
 - 140,447 benefitted from cash assistance
 - The amount raised from RM350 to RM500 monthly in 2022
- 6,924 participants benefitted from intergeneration programmes as at end 2022

Strategy E5: Empowering Persons with Disabilities

Ensuring Inclusiveness of Persons with Disabilities

- 633,653 persons with disabilities (PWDs) registered as at end 2022
- Exemption of licence fee for motor vehicles owned by PWDs since 2022
- *Bantuan Penjagaan OKU Terlantar/ Pesakit Kronik Terlantar*
 - 26,904 caregivers benefitted from cash assistance
 - The amount raised from RM350 to RM500 monthly

Strategy E6: Strengthening the Family Institution

Building Strong Family Institution

- 176,940 participants benefitted from programmes on parenting skills, family values, marriage education and psychosocial aspects
- 716,140 individuals benefitted from reproductive and social health programmes and services such as *saringan kesejahteraan*, pap smear and mammogram
- The Employment (Amendment) Act 2022 [Act A1651] incorporated amendments
 - Maternity leave increased from 60 to 98 days
 - Paternity leave increased from three to seven days



Issues and Challenges

During the review period, with various efforts undertaken to address poverty and build an inclusive society, several progress were recorded. However, issues related to persistence of poverty, multifaceted inequality and vulnerabilities in the B40 as well as challenges faced by the M40 continue to exist. Furthermore, inequitable Bumiputera socioeconomic outcomes, lagging development of Orang Asli community, social deprivation of specific target groups and ineffective delivery ecosystem remain a challenge.

Persistence of Poverty

- Prevalence of multidimensional poverty
- High dependency on cash transfer
- Low participation in insurance schemes
- Lack of sustainable and scalable poverty eradication programme

Challenges Faced by the M40

- Slow income growth amidst rising cost of living
- Constraints for upward social mobility
- Lack of access to affordable housing

Inequitable Bumiputera Socioeconomic Outcomes

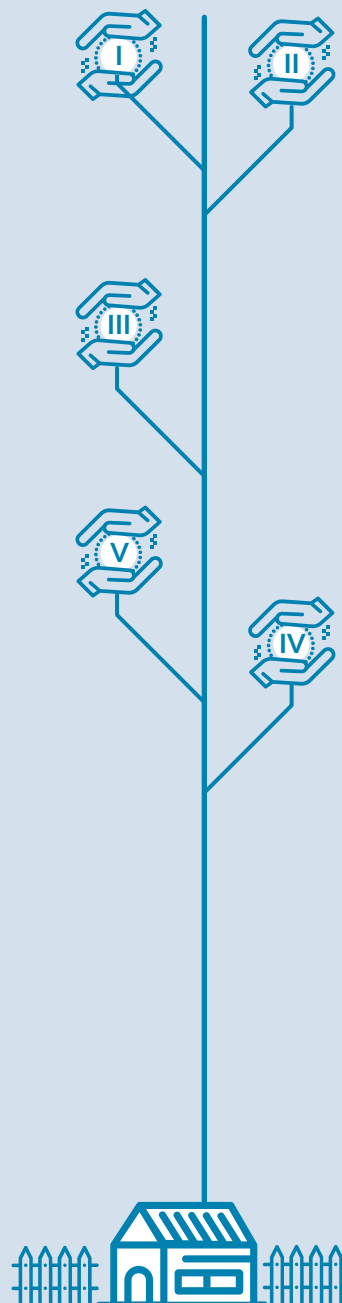
- Declining savings among Bumiputera
- Low competitiveness among enterprises
- Lack of capacity and capability to scale up businesses
- Slow wealth creation
 - Diminishing size of Malay Reserve Land
 - Untapped potential of *waqf*
- Low Bumiputera participation in skilled jobs
- Slow growth of Bumiputera equity ownership
- Weak implementation and coordination
 - Overlapping programmes
 - Ineffectiveness in implementing sectoral policy

Vulnerability of the B40

- Lack of income protection
- Lack of employment opportunities
- Limited access to affordable housing
- Rising cost of living
- Challenges of households in *Kampung Baru*
 - Underutilisation of microcredit facility
 - Ineffectiveness of *Jawatankuasa Pembangunan dan Keselamatan Kampung* and *Majlis Pengurusan Komuniti Kampung*
- Challenges of low-income Indian households
 - Lack of capacity and capability
 - Persistence of social issues

Multifaceted Inequality

- Disparity between household income groups exists
- Inequalities of opportunities and outcomes as well as intergenerational mobility persist
- Incomprehensive social protection
- Low financial literacy



Social Deprivations of Specific Target Groups

- Insufficient interventions in child development and protection
- Emerging challenges in managing ageing society
- Persistent challenges in developing youth
 - High bankruptcy
 - Inadequate democratic literacy
- Lack of support towards the needs of PWDs
- Lack of support system for women to fully participate in the labour market
- Increasing trend of family-related issues



Lagging Socioeconomic Development of Orang Asli Community

- High poverty incidence
- Ineffective governance
- Low education and skill levels
- Lack of socioeconomic opportunities

Ineffective Delivery Ecosystem

- Ineffective targeting mechanism based on income group classification
- Ineffective implementation and monitoring mechanism with unclear exit policy



Way Forward, 2023-2025

The Mid-Term Review of the Twelfth Plan focused on building an inclusive and more resilient society through multidimensional perspective to achieve a just society or “*masyarakat Malaysia yang adil*”⁴. In the remaining Twelfth Plan period, integrated efforts will be undertaken in addressing and preventing poverty, empowering vulnerable households and facilitating M40 on needs basis. Focus will also be given to achieve an equitable outcome for Bumiputera, enhance development of Orang Asli community and empower specific target groups. In addition, measures to narrow inequality and strengthen service delivery will be emphasised.



Focus Area A Addressing and Preventing Poverty

Strategy A1:

Increasing Income of the Poor

Strategy A2:

Improving Standard of Living and Access to Essential Services



Focus Area C Facilitating M40

Strategy C1:

Enhancing Income Generation

Strategy C2:

Improving Health and Employment Protection, and Access to Housing



Focus Area B Empowering Vulnerable Households

Strategy B1:

Enlarging Economic Opportunities and Protection

Strategy B2:

Improving Access to Basic Services

Strategy B3:

Elevating Socioeconomic Status of Low-Income Chinese and Indian Households



Focus Area D Narrowing Inequality

Strategy D1:

Improving Access to Opportunities

Strategy D2:

Strengthening Social Protection

⁴ Book excerpt from *Membangun Negara MADANI: Visi dan Kerangka Dasar Reformasi* (2022)



Focus Area E Achieving an Equitable Outcome for Bumiputera

Strategy E1:

Strengthening Service Delivery

Strategy E2:

Scaling Up Bumiputera Businesses

Strategy E3:

Increasing Bumiputera Wealth Creation

Strategy E4:

Empowering Human Capital and Enhancing Financial Literacy

Strategy E5:

Ensuring Sustainable Corporate Equity Ownership



Focus Area F Enhancing Development of Orang Asli Community

Strategy F1:

Accelerating Socioeconomic Development

Strategy F2:

Strengthening Education as a Catalyst for Development



Focus Area G Empowering Specific Target Groups

Strategy G1:

Advancing Wellbeing of Children

Strategy G2:

Building Dynamic, Resilient and Competitive Youth

Strategy G3:

Empowering Women

Strategy G4:

Increasing the Wellbeing of Aged Population

Strategy G5:

Empowering Persons with Disabilities

Strategy G6:

Strengthening the Family Institution



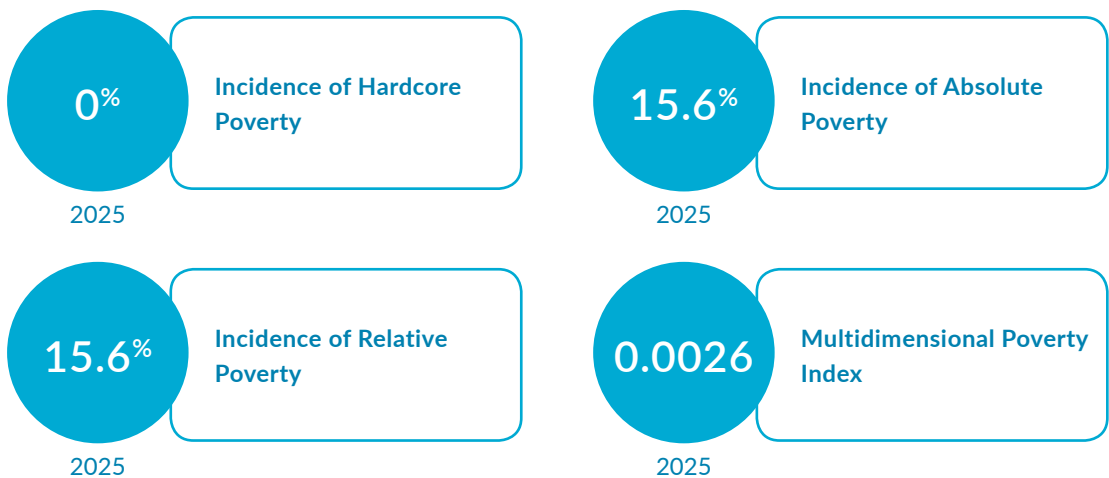
Focus Area H Strengthening Policy and Service Delivery

Strategy H1:

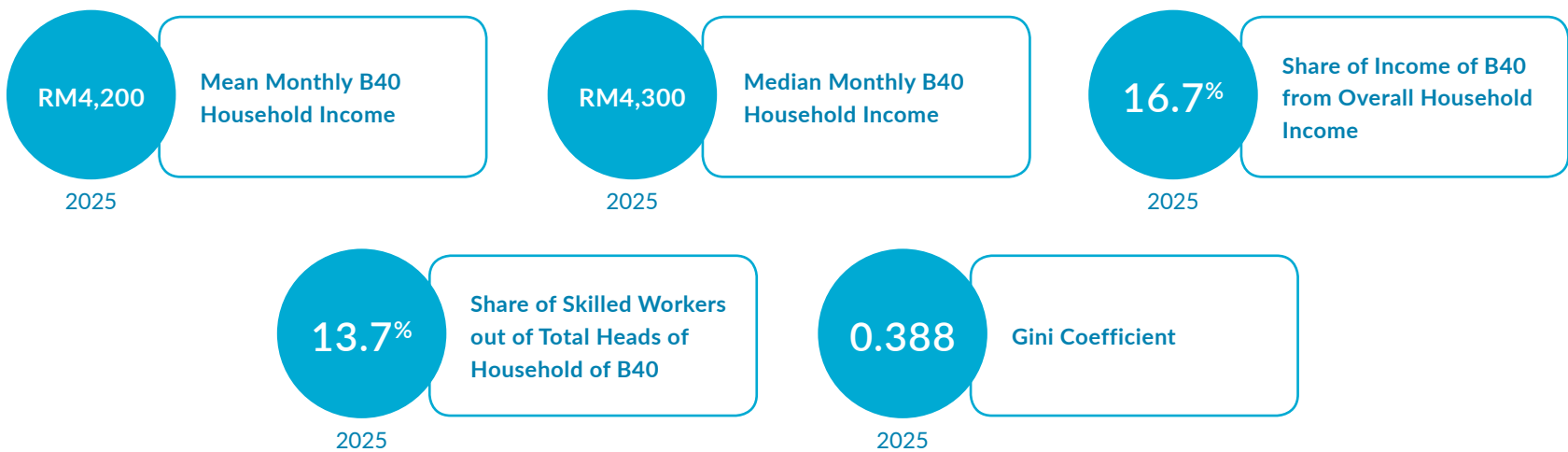
Enhancing Socioeconomic Policy

Selected Targets, 2021-2025

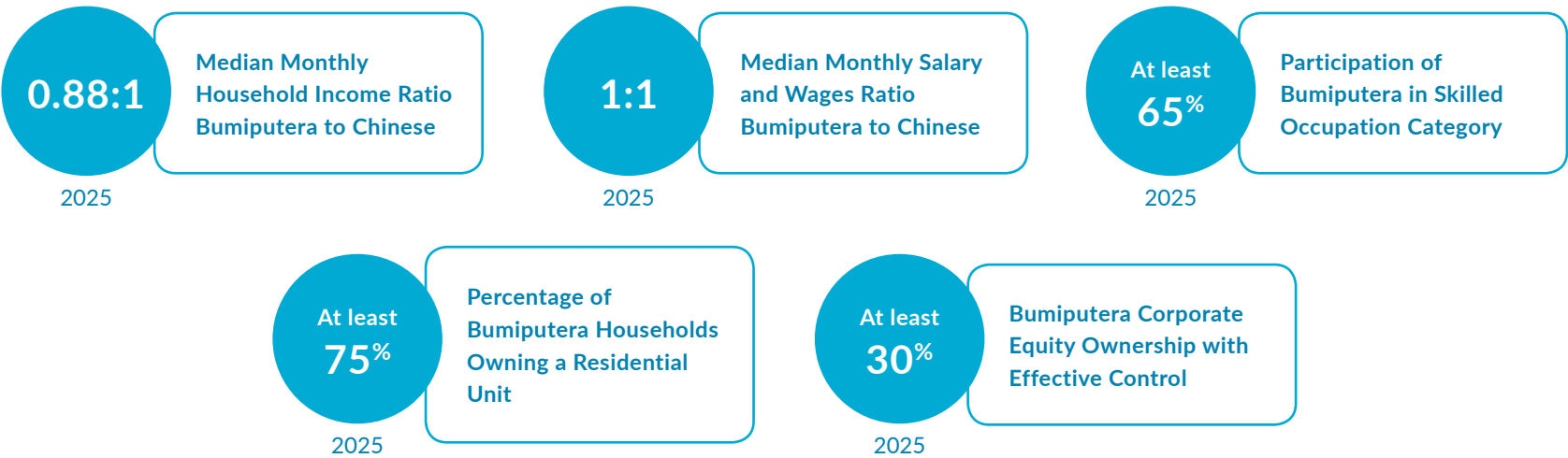
Addressing and Preventing Poverty



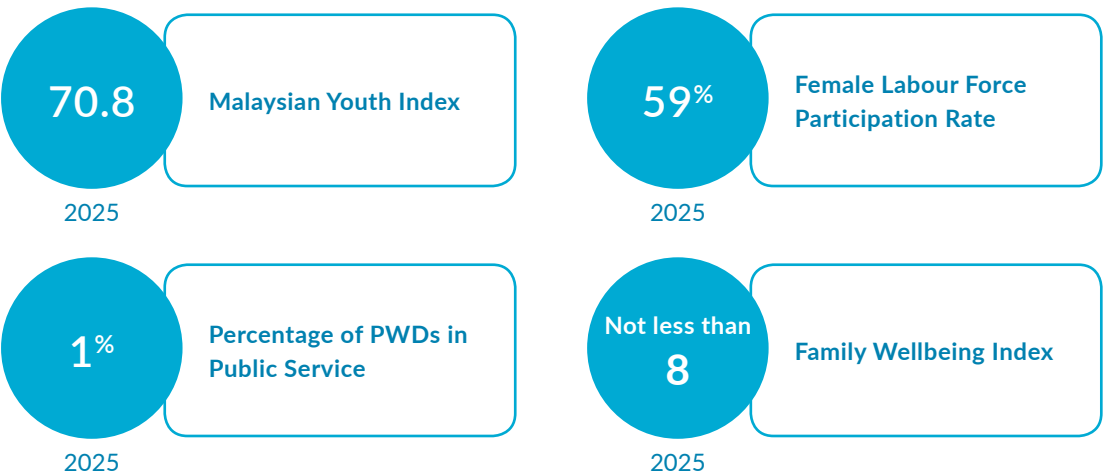
Empowering B40 and Narrowing Inequality



Achieving an Equitable Outcome for Bumiputera



Empowering Specific Target Groups



Focus Area A: Addressing and Preventing Poverty

Measures to address poverty will not only focus on reduction but also on prevention aspect. Multidimensional perspective will continue to be emphasised in tackling various deprivations. In this regard, strategies consist of increasing income as well as improving standard of living and access to essential services for urban and rural poor will be undertaken. Analysis on Poverty Line Income (PLI) and absolute poverty before and after the COVID-19 pandemic is shown in Box 6-1.

Strategy A1 Increasing Income of the Poor

Strategy A2 Improving Standard of Living and Access to Essential Services



Box 6-1

Poverty Line Income and Absolute Poverty: Pre- and Post-COVID-19

Background

Poverty eradication has been emphasised in Malaysia's socioeconomic development. This strategy has been embedded in all policies and development plans since the New Economic Policy, 1971-1990. The Twelfth Malaysia Plan, 2021-2025 continues to focus on addressing poverty and strengthening inclusivity in line with the principle of leaving no one behind.

Malaysia measures poverty based on absolute, relative and multidimensional methods. Absolute poverty is measured based on cost of basic needs. Meanwhile, relative poverty refers to household income in proportion to national median monthly household income. Multidimensional poverty takes into account income and non-monetary dimensions, including education, health and standard of living in measuring deprivations.

Absolute Poverty

Absolute poverty is a condition where household income is insufficient to cover for the cost of basic needs by using the Poverty Line Income (PLI) measurement. The PLI refers to the total monthly household income needed for food and non-food requirements by every household member to live a healthy and active life. Two components of PLI are food PLI and non-food PLI. Food PLI is based on optimum food requirements and healthy eating for the amount of nutrition needed for each member of the household. Meanwhile, non-food PLI is based on spending pattern of the bottom 20 percent household income group (B20) on 146 non-food items, including clothing, transport, communication, education, health, housing, utilities and

household appliances. A household is categorised as absolute poor if the income is below the overall PLI. Meanwhile, a household is hardcore poor if the income is less than food PLI. The value of the overall PLI depends on caloric needs, household demography (size, age and gender), location, price of goods and services, and the availability and options of products by different needs. Thus, the average PLI varies between states and strata (urban and rural).

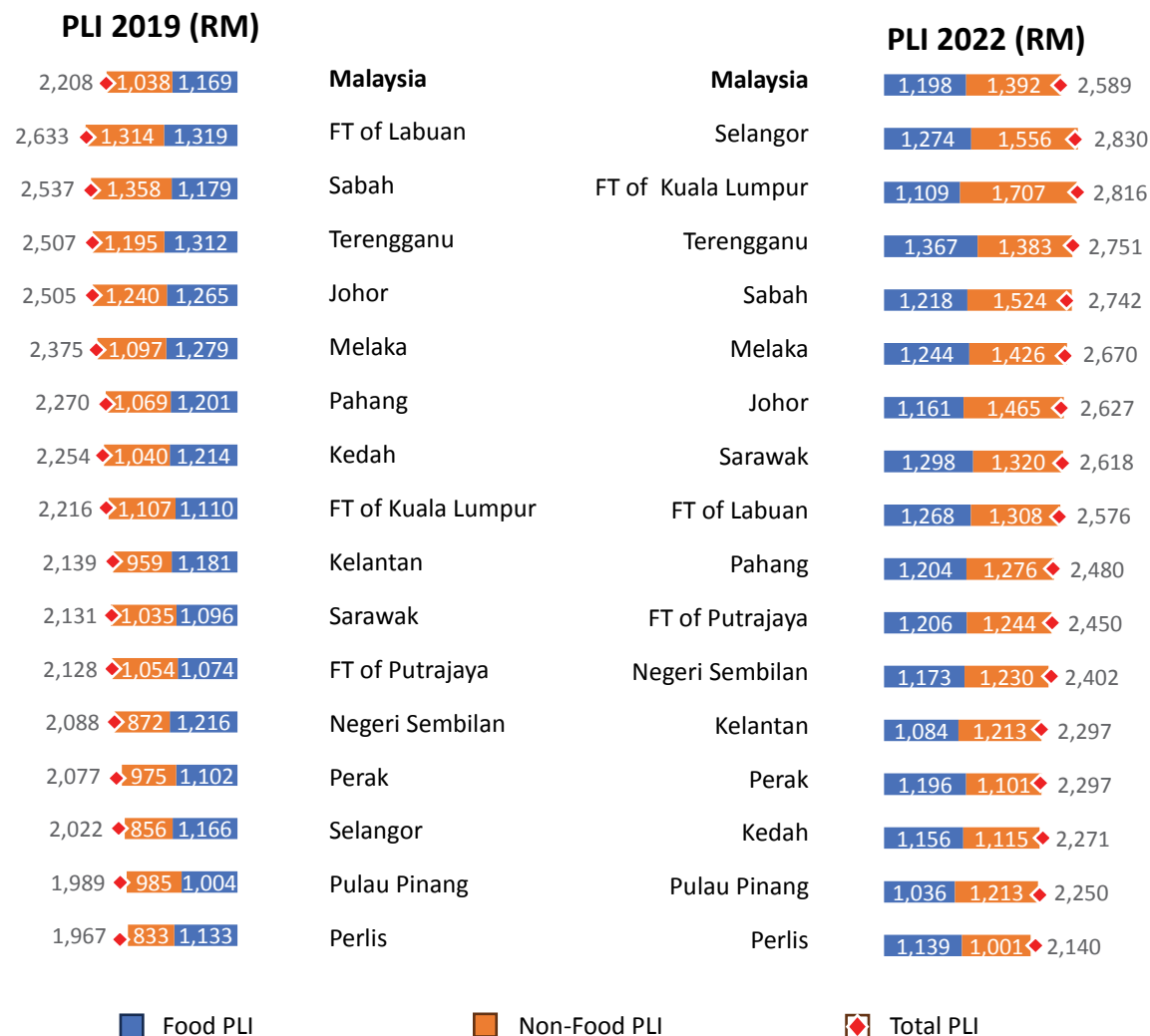
The PLI value is updated twice in five years through the Household Income and Expenditure Survey (HIES). Meanwhile, the PLI methodology will be reviewed taking into account changes in consumption pattern, current calorie requirements and cost of basic needs.

PLI and Poverty Trends: Pre- and Post-COVID-19 Pandemic

HIES 2022 was conducted from January to December 2022, involving about 90,000 samples of 7.9 million Malaysian households from the 2020 Census. Based on HIES 2022, the overall PLI post-COVID-19 pandemic at national level was RM2,589 in 2022, which is 5.3% higher than RM2,208 recorded in 2019, pre-COVID-19 pandemic. Seven states registered higher PLI than the national average, with the Federal Territory (FT) of Kuala Lumpur as the highest at RM2,816 (2019: RM2,216).

Meanwhile, food PLI showed a marginal increase to RM1,198 in 2022 from RM1,169 in 2019. Eight states recorded food PLI higher than the national average, with Terengganu being the highest at RM1,376 (2019: RM1,312). As for non-food PLI, five states surpassed the national average, with the FT of Kuala Lumpur registered highest non-food PLI at RM1,707 (2019: RM1,107). The overall values of PLI by state for 2019 and 2022 are shown in *Figure 1*.

Figure 1
PLI by State, 2019 and 2022

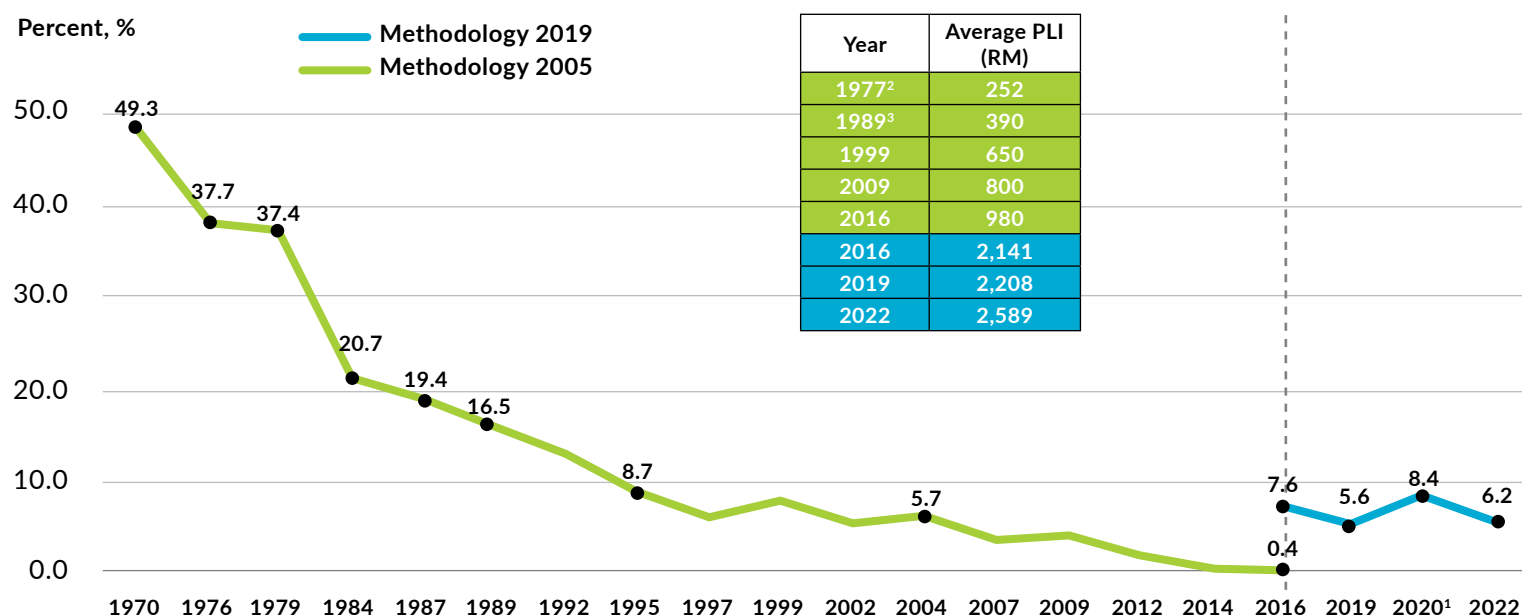


Note: Total PLI value may differ due to rounding.
Source: Department of Statistics Malaysia

Malaysia managed to reduce incidence of absolute poverty from 49.3% in 1970 to 0.4% in 2016, as shown in *Figure 2*. The PLI in 2016 was RM980 by using 2005 methodology. The PLI methodology was revised in 2019 to better reflect current socioeconomic needs in tandem with level of development, which resulted in a higher PLI of RM2,208. The incidence of absolute poverty decreased from 7.6% in 2016 to 5.6% in 2019 by using the PLI 2019 methodology. This decreasing trend indicated a sustained effort in poverty alleviation.

Figure 2

Time Series of PLI and Incidence of Absolute Poverty, 1970–2022



Notes: ¹ Household Income Estimates and Incidence of Poverty, 2020.

² PLI 1977 for Peninsula Malaysia.

³ PLI 1989 onwards at national level.

Source: Department of Statistics Malaysia

The COVID-19 pandemic and the Movement Control Orders (MCOs) reversed the poverty reduction trend in Malaysia. In general, the COVID-19 pandemic and MCOs as well as other socioeconomic challenges have affected income, thus elevated incidence of poverty and exacerbated the overall state of deprivations. The incidence of absolute poverty increased from 5.6% in 2019 to 8.4% in 2020⁵. However, the trend normalised with the incidence decreased to 6.2% in 2022. Similarly, incidence of hardcore poverty that increased from 0.4% in 2019 to 1% in 2020, decreased below the pre-pandemic level to 0.2% in 2022. The average monthly household income declined from RM7,901 in 2019 to RM7,089 in 2020 and recorded an increase to RM8,479 in 2022, which is higher than the pre-pandemic level. The decrease in incidence of poverty and increase in income were due to the reopening and recovery of the economic and social sectors.

In terms of location, incidence of absolute poverty in urban areas increased from 3.8% in 2019 to 4.5% in 2022, while in rural areas decreased from 12.4% to 12.1% during the same period. Meanwhile, incidence of hardcore poverty showed a downward trend for both urban and rural areas. Although incidence of poverty in the urban areas is lower than that of rural, the number of urban poor is larger as 75.5% of households resided in urban areas in 2022.

All states indicated an increase in incidence of absolute poverty except the FT of Putrajaya between 2019 and 2020. Meanwhile, all states excluding the FT of Kuala Lumpur recorded a decrease in incidence of absolute poverty between 2020 and 2022. High poverty incidences persist in the less developed states, particularly Sabah at 19.7% in 2022 (2019: 19.5%), Kelantan at 13.2% (2019: 12.4%) and Sarawak at 9.0% (2019: 10.8%).

⁵ Based on the Household Income Estimates and Incidence of Poverty Report 2020 published by the Department of Statistics Malaysia.

The FT of Kuala Lumpur recorded significant increase in incidence of absolute poverty from 0.2% in 2019 to 0.4% in 2020, and to 1.4% in 2022, in contrast with the poverty incidence trend. Further analysis indicates that this was partly contributed by the rising prices of items in the non-food PLI for FT of Kuala Lumpur, from RM1,107 in 2019 to RM1,707 in 2022. This implies the resurgent of pockets of poverty in urban areas.

Conclusion

Malaysia's efforts in poverty eradication and inclusive development have shown remarkable progress. However, the COVID-19 pandemic brought about unprecedented challenges, leading to an increase in poverty rates in 2020. Poverty rates began to decrease in 2022 following economic recovery post-COVID-19 pandemic, supported by the various poverty eradication programmes and projects. Moving forward, it is important to sustain and address existing disparities in ensuring the wellbeing of the rakyat is continuously improved. The development of *Pangkalan Data Utama* (PADU) will facilitate the Government's efforts in eradicating poverty evidence-based interventions.

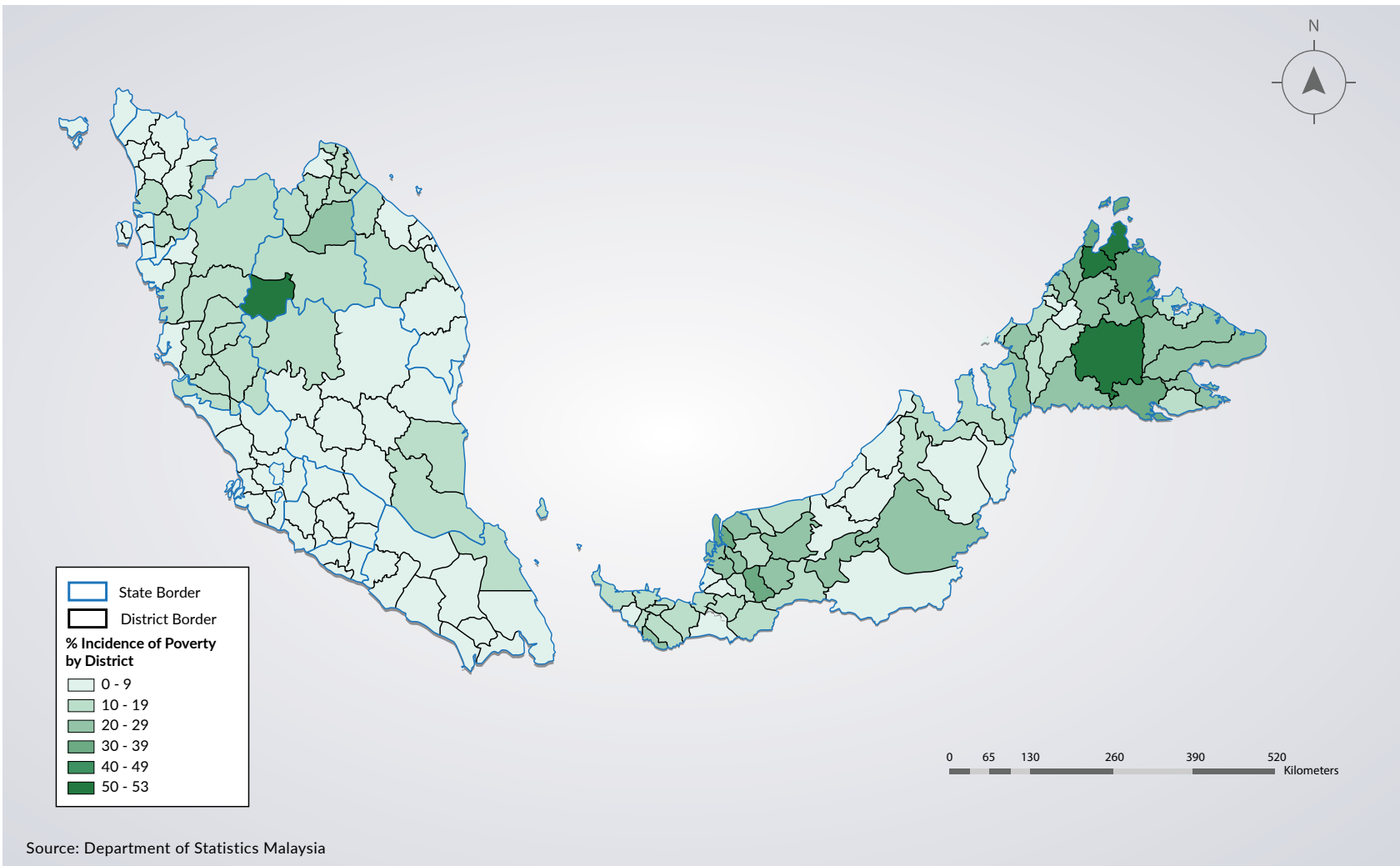
Strategy A1: Increasing Income of the Poor

Uplifting, Diversifying and Protecting Income

Income generating programmes undertaken by various agencies that help the poor become economically independent will be further enhanced. The *Inisiatif Pendapatan Rakyat* (IPR) programme, which commenced in 2023, will be intensified to complement existing poverty eradication programmes and initiatives. These programmes will enable the poor to diversify sources of income on sustainable basis, thus safeguarding this group from falling back into poverty trap. In protecting income of poor households, affordable insurance or takaful schemes will be introduced. Greater focus will be given on districts with the highest incidence of poverty, as shown in *Exhibit 6-2*.



Exhibit 6-2
Distribution of Poverty Incidence by Districts, 2022



Improving Effectiveness in Addressing Poverty

Implementation of poverty eradication programmes will be strengthened through a whole-of-nation approach involving the public and private sectors, academia, civil society organisations (CSOs), community-based organisations (CBOs) and local communities. Community leaders will be empowered and given proper exposure to spearhead relevant in-site economic activities. This approach will optimise utilisation of resources across all stakeholders in eradicating hardcore poverty. Cash transfer programmes will be reviewed based on fiscal position of the Government and streamlined to improve effectiveness.

Registration, validation and monitoring of IPR programme will be done through online platform, in line with the digitalisation initiative of the Government. This effort will promote transparency and expand the outreach to the applicants. In addition, this will minimise inclusion and exclusion errors as well as facilitate better monitoring and evaluation processes. Summary of *Inisiatif Pendapatan Rakyat* is shown in Box 6-2.

Box 6-2

Inisiatif Pendapatan Rakyat

Background

Inisiatif Pendapatan Rakyat (IPR) was announced by the Prime Minister to eradicate hardcore poverty during the 2023 Budget Speech in the Dewan Rakyat on 24 February 2023. The Minister of Economy, on 26 February 2023 subsequently launched the first IPR programme. The implementation of IPR focuses on efforts to eradicate hardcore poverty and narrow inequality in line with the Twelfth Malaysia Plan, 2021-2025, Malaysia MADANI and Agenda 2030.

Objectives of IPR

IPR with a two-pronged strategy aims to increase income of the target groups and address structural issues including rising cost of living as well as overdependence on food imports and foreign labours. The implementation of this initiative is based on the whole-of-nation approach that involves collaboration among the Federal, state and local governments, and strategic partners including the private sector, government-linked companies (GLCs), CSOs and CBOs.

The IPR Implementation

IPR currently consists of three programmes namely, *Inisiatif Usahawan Makanan* (INSAN), *Inisiatif Usahawan Tani* (INTAN) and *Inisiatif Operator Perkhidmatan* (IKHSAN). In addition, *Inisiatif Pembasmian Miskin Tegar* (*Inisiatif BMT*) has been rebranded and integrated under IPR. These initiatives are designed to address common issues faced by the *rakyat* such as high food prices, food supply disruption, unemployment and limited marketing platforms.

INSAN

INSAN aims to promote entrepreneurship in providing quality ready-to-eat food at affordable prices. This involves providing platform to participants to market their food products using vending machines at strategic locations. Under this programme, the Government will provide assistance in the form of machine rental payments for a period of two years.

INTAN

INTAN focuses on producing strategic crops, such as chilli and grain corn in reducing dependency on imports. Under this programme, assistance will be provided in the form of agricultural inputs and modern equipment, training and technical advisory services as well as pre-harvest allowance. This programme will be implemented throughout the country through cooperation and collaboration between various parties including ministries, agencies, state governments and the private sector.

IKHSAN

IKHSAN aims to create job opportunities with a decent salary especially those involved in the 3D (dirty, dangerous and difficult) jobs, which currently employs many foreign workers. This programme aims to reduce overdependence on service providers that employ foreign workers. The Government will support part of the salary for a period of two years.

Inisiatif BMT

Inisiatif BMT is a targeted programme to eradicate hardcore poverty nationwide, mostly focused on individual approach. It aims to help hardcore poor to generate additional income through agricultural and entrepreneurial activities. Assistance given by the Government includes training, equipment and technical advice as well as marketing support by relevant agencies.

Application for participation in IPR is open to all Malaysians that meet the requirements. Application can be made via the website: www.ipr.ekonomi.gov.my. As at 14 August 2023, a total of 106,491 individuals have registered as applicants. Eligibility of the participants is vetted by crosschecking with related databases such as *Bank Data Kemiskinan Nasional* (eKasih), *Sistem Informasi Data Maklumat Masyarakat Orang Asli* (iDamak) and *Sistem Sumbangan Tunai Rahmah* (MySTR).

Strategy A2: Improving Standard of Living and Access to Essential Services

Enhancing Access to Quality Education and Skills Training

Subsidised early childhood care and education (ECCE) will be expanded to offer more affordable and high-quality childcare services. Assistance for digital learning will continue to be provided to students from low-income families. Targeted interventions, such as tuitions, scholarships and cash assistance, will be continued to reduce dropouts among students from poor households.

TVET and skill-based programmes will be promoted through job matching in collaboration with private sector to increase the take-up rate among members of poor households. In addition, the first eligible child to further study in higher education institutions (HEIs) from the poor households will be offered scholarships. This initiative aims to promote upward social mobility by enhancing knowledge and skills of the members of poor households.

Improving Health Outcome

Skim Perubatan MADANI will be implemented to enable poor households to have better access to healthcare, including from private healthcare providers. *Program Pemulihan Kanak-Kanak Kekurangan Zat Makanan* will be further improved to ensure better health outcome for children. In addition, community sports will be promoted for healthy lifestyle among poor households. Prevention and early management on diseases, especially non-communicable diseases, will be enhanced to address a health issue that is prevalent among the poor.

Uplifting Living Conditions and Basic Amenities

Provision of housing assistance programme will continue to be implemented on need-basis to build, refurbish and repair dilapidated houses in order to improve living conditions of the poor, particularly among the hardcore poor households. Basic utilities and communication services such as clean water, electricity and internet connectivity will be enhanced, particularly in remote areas. Low-income households will continue to benefit from subsidised utilities.

Focus Area B: Empowering Vulnerable Households

Several strategies will be implemented to empower the vulnerable households, particularly among the B40. Focus will be given to enlarge economic opportunities and protection, and improve access to basic services. Efforts will also be undertaken to elevate socioeconomic status of low-income Chinese and Indian households.

Strategy B1

Enlarging Economic Opportunities and
Protection

Strategy B2

Improving Access to Basic Services

Strategy B3

Elevating Socioeconomic Status of Low-Income
Chinese and Indian Households

Strategy B1: Enlarging Economic Opportunities and Protection

Enhancing Capacity and Capability

Capacity and capability of the B40 will continue to be strengthened using tailor-made and community-based programmes. Members of B40 will be further supported to pursue higher education and skills training, including micro credential programmes, in enhancing employability and entrepreneurial ability. The B40 will also be encouraged to leverage latest technology such as in automation, online marketing and digital business platforms. These initiatives will increase and diversify sources of income of the B40.

Encouraging Entrepreneurship

SEs will be leveraged to create sustainable community-based businesses, and employment and income opportunities for B40, while solving social issues and optimising local resources. In addition, inclusive business approach will be further promoted to enable B40 to participate in business value chain.

The B40 communities will also be encouraged to be involved in income generating activities through cooperatives.

The B40 will also benefit from the entrepreneurship opportunities under the IPR programme. Furthermore, the B40 will continue to be encouraged to participate in gig economy with high value-added activities, such as digital content development, knowledge-based and creative services, as an additional source of income. In addition, access to financing will be better facilitated in encouraging entrepreneurship among the B40.

Reducing Income Vulnerabilities

The B40 are urged to participate in voluntary employment insurance scheme under Social Security Organization (SOCSO) and voluntary retirement contributions under EPF to reduce vulnerabilities during economic shocks. Financial education among B40 will be strengthened to encourage responsible spending and prioritising saving. In this regard, financial awareness programmes will be intensified to prevent B40 from becoming financial scam victims. In addition, B40 will be encouraged to subscribe to life and health insurance policies.

Addressing Rising Cost of Living

The National Action Council on Cost of Living will intensify efforts in addressing rising cost of living that affects purchasing power and wellbeing of the rakyat. In this regard, targeted subsidies will be enhanced and an index to measure cost of living by localities will be developed. *Payung Rahmah* and *Jualan Terus dari Ladang* initiatives that offer affordable goods and services for consumers will be expanded to more localities.

Strategy B2: Improving Access to Basic Services

Enhancing Access to Healthcare Services

The PeKa B40 initiative, which provides financial assistance for healthcare services and medical equipment will be further promoted. Meanwhile, the potential of *waqf* and cooperatives will be optimised to support healthcare needs of B40. These include provision of health clinics, dialysis centres and ambulance services.

Addressing Housing Needs

Existing housing programmes will continue to be implemented with priority to low-income households. The RTO housing programme will be enhanced to provide better access to home ownership financing. Meanwhile, a new rental tenancy regulation will be introduced to promote rental as an alternative to home ownership.

Strategy B3 Elevating Socioeconomic Status of Low-Income Chinese and Indian Households

Elevating Standard of Living of Low-Income Chinese Households

Access to business financing facilities under PKBC will be improved by simplifying procedures and providing new loan scheme ranging from RM50,001 to RM150,000. The improvement will provide more financing modality for business expansion and income generation. An impact assessment on the financing facilities will be conducted to measure the outcome of the PKBC. Commercial activities will be promoted to create business opportunities for youth.

A study will be conducted to assess the current condition and needs of low-income Chinese households in *Kampung Baru* nationwide. The outcome of the study will facilitate in improving socioeconomic planning for this community. The roles and functions of village councils and committees will be strengthened to facilitate more effective implementation of programmes in *Kampung Baru*. Meanwhile, public amenities and services will be enhanced to improve the standard of living for the residents including the elderly. Additionally, *Kampung Baru* with tourism potential will be transformed and promoted as tourist destinations through collaboration with private sector, CBOs and other relevant stakeholders.

Elevating Standard of Living of Low-Income Indian Households

The implementation of the Malaysian Indian Blueprint and *Pelan Tindakan Masyarakat India* will be continued to enhance the wellbeing of low-income Indian households. Efforts will be directed towards improving access to quality education, including TVET and science, technology, engineering and mathematics (STEM) programmes as well as addressing the issues of low educational attainment and high dropout rates in this community. Targeted

upskilling programme will be offered to increase employability of low-income Indians. Entrepreneurship opportunities will also be enhanced through microcredit facilities. Programmes to empower women as well as address dysfunctional families and social issues among youth will be improved.

Focus Area C Facilitating M40

Concerted efforts will be intensified in improving the wellbeing of M40. Focus will be given on enhancing income generation as well as improving health and employment protection, and access to housing. These measures will contribute towards building an inclusive and more resilient society.

Strategy C1

Enhancing Income Generation

Strategy C2

Improving Health and Employment Protection, and Access to Housing

Strategy C1: Enhancing Income Generation

Boosting Income

In raising the income, emphasis will be given to promote continuous education and learning as well as upskilling and reskilling among the M40 households. Participation in entrepreneurial and sharing economy activities using digital platforms and income generating investment portfolios will be further promoted. In addition, the private sector will be encouraged to improve the wage and non-wage benefits of employees such as healthcare coverage, flexible work arrangement and childcare facilities to increase disposable income of the M40. Meanwhile, fiscal measures to increase disposable income will also be explored.

Strategy C2 Improving Health and Employment Protection, and Access to Housing

Promoting Participation in Health and Employment Insurance

The M40 will be further encouraged to subscribe health insurance, meanwhile those in informal employment are urged to contribute to employment insurance and voluntary retirement contribution. In this regard, awareness programme on benefits of the insurance protection will be enhanced. Furthermore, existing income tax reliefs on health and life insurance will be reviewed.



Providing Affordable Housing

More engagement will be undertaken with state governments and private sector to provide quality affordable housing in strategic locations, particularly in urban conurbation and transit-oriented development areas. The RTO housing programme will be strengthened to enhance access to housing by facilitating affordable monthly instalments. This will enhance liveability and wellbeing of the M40.

Focus Area D: Narrowing Inequality

Addressing inequality requires a comprehensive understanding of the current nature of inequality and a holistic approach to narrow disparities. In this regard, improving access to various opportunities and strengthening social protection will be emphasised. These strategies will contribute to address inequality of outcome to promote social cohesion and justice for all.

Strategy D1 Improving Access to Opportunities

Strategy D2 Strengthening Social Protection

Strategy D1: Improving Access to Opportunities

Enhancing Access to Opportunities for All

Basic infrastructure and services will be improved towards providing equal access to opportunities necessary for intra- and intergenerational upward socioeconomic mobility. Basic infrastructure such as electricity, water and telecommunication will be made more accessible across socioeconomic groups and geographical locations. Meanwhile, education and skills will be enhanced to increase capacity and capability. Affordable and quality healthcare will be promoted through life cycle approach.

Adopting Inclusive Economic Policy

Inclusive policy will continue to be a key pillar in socioeconomic development including by promoting investment in underserved areas and supporting MSMEs and entrepreneurship activities. In addition, policies on fair and meaningful wages as well as rights of workers will be instituted. Furthermore, investment in human capital will be enhanced to prepare for future jobs and challenges.

Improving Fiscal Measures

Progressive tax policy that ensures wealthier individuals and corporations contribute proportionately more to society will be explored in line with international best practices. In addition, efficient redistribution of resources will reduce income disparities and provide resources for social programmes. In this regard, progressive approach in implementing targeted subsidy will be adopted.

Promoting Financial Inclusion

Provision of suitable, affordable and quality financial services to all segments of society will be expanded to increase financial inclusion. Financial literacy will be enhanced among children and youth to inculcate good financial behaviour. Education programmes on investment and financial products will be intensified to promote savings and prudent financial management.

Strategy D2: Strengthening Social Protection

Formulating Policy on Social Protection

The national social protection system will be strengthened to provide targeted protections throughout the life cycle as one of the initiatives under the Big Bold Reforming Social Protection. In this regard, a collaborative study with UNDP that is being undertaken aims to strengthen social protection policy for inclusive development and growth. This study will guide in developing a coherent and inclusive national social protection policy as well as enhance architecture of PDPS. Additionally, capacity-building programmes will be conducted to strengthen technical and institutional capacity of the relevant social protection providers.

Enhancing the Malaysia Social Protection Council

The role of Malaysia Social Protection Council (MySPC) will be strengthened by harmonising and intensifying various programmes under the thrusts of social assistance, social insurance and labour market intervention. In addition, the social assistance programmes will be enhanced by improving service delivery and administration, ensuring data accuracy and eligible beneficiaries as well as enabling access to real time data. Mapping exercise

for social insurance and labour market intervention will be undertaken subsequent to that of social assistance. The completion of the mapping exercise will ensure PDPS serves as a single gateway and main reference for social protection programmes. The PDPS will be integrated with PADU to provide interoperable single data reference.

Focus Area E: Achieving an Equitable Outcome for Bumiputera

The Bumiputera agenda will remain as a national agenda for attaining fair, equitable and inclusive socioeconomic growth. Strategies include strengthening service delivery, scaling up Bumiputera businesses and increasing Bumiputera wealth creation will be implemented. Efforts will also be undertaken in empowering human capital and enhancing financial literacy as well as ensuring sustainable corporate equity ownership.



Strategy E1: Strengthening Service Delivery

Strengthening the Role of Bumiputera Mandated Agencies and Unit Pemerkasaan Agenda Bumiputera

The realignment of Bumiputera mandated agencies strategies based on their original roles and functions will ensure more effectiveness of service delivery. A shared key performance indicator (KPIs) for Bumiputera mandated agencies will be established for this purpose. Roles and functions of TERAJU will be reviewed as the lead coordinating agency for Bumiputera agenda. The role of UPAB in ministries will be strengthened to improve the effectiveness of sector regulators towards increasing Bumiputera participation in the economy.

Enhancing Governance of Bumiputera Mandated Agency

The integrity and governance of Bumiputera mandated agencies will be further strengthened through a collaborative initiative with *Institut Integriti Malaysia* (IIM). This initiative will leverage on existing training, advocacy and consultation programmes under IIM. These programmes will assist Bumiputera mandated agencies to obtain International Organization for Standardization (ISO) certifications, thus establishing credibility and gaining trust among stakeholders.

Strategy E2: Scaling Up Bumiputera Businesses

Enhancing Competitiveness of Bumiputera Enterprises

In enhancing participation and competitiveness of Bumiputera enterprises, implementation of the carve-out and compete policy for development projects will be intensified. Meanwhile, an exit policy will be implemented to facilitate transition of existing entrepreneurs to the next level, while providing opportunity to new entrepreneurs. Relevant training such as bookkeeping, business proposal writing, and cash flow management will be made mandatory for entrepreneurs applying for government funding. This training will improve skillsets of the entrepreneurs and promote proper financial management.



Bumiputera entrepreneurs will also be encouraged to leverage digital platforms and fintech for business advancement. Retail champions will be facilitated to occupy premises and operate in prime commercial areas to promote Bumiputera presence in these areas. Bumiputera cooperatives and chambers of commerce will be empowered to upscale Bumiputera businesses, thus enabling participation along the supply chain.

Penetrating Global Market

In facilitating penetration into the global market, Bumiputera entrepreneurs will be assisted in complying with international standards, including through certifications. Measures will also be undertaken to increase participation in trade promotions as well as identify new markets for Bumiputera products and services. Furthermore, Bumiputera businesses will be encouraged to leverage free trade agreements (FTAs) through collaboration between Bumiputera mandated agencies and selected multinational corporations. A study will be conducted to assess the socioeconomic impact of FTAs on Bumiputera and recommend policy interventions.

Strengthening Roles of Ministries and Agencies in Promoting Entrepreneurship

Ministry of Entrepreneur and Cooperatives Development (MECD) will be tasked as a single coordinator for entrepreneurship programmes across ministries and agencies. All entrepreneurship programmes will be realigned

to the mandates of ministries and agencies. The roles of HEIs will be strengthened in raising awareness among Bumiputera graduates from being job seekers to job creators. In addition, HEIs will be encouraged to increase the collaboration with related agencies to facilitate business continuity post-graduation.

Strategy E3: Increasing Bumiputera Wealth Creation

Reviewing Existing Policies on Malay Reserve Land

The existing policies on revocation and substitution of Malay Reserve Land will be reviewed to ensure the valuation process reciprocates with the initial land characteristics. In addition, caveats or restrictions in interest on land title will be imposed on Malay Reserve Land owned by Bumiputera mandated agencies. Furthermore, the mechanism to monitor direct and indirect transfers of Malay Reserve Land to a non-Malay interest will be improved. These measures will ensure the existing Malay Reserve Land are safeguarded.

Optimising the Potential of Waqf

Potential of waqf will be optimised as one of the initiatives under the Big Bold Empowering MSMEs and SEs. Efforts will also be intensified to undertake commercial development on potential waqf land through strategic partnership among state Islamic authorities, Bumiputera mandated agencies

and the private sector. In addition, corporate waqf entities will acquire and rent out commercial properties to Muslim Bumiputera enterprises in prime areas to generate income and increase presence of Bumiputera enterprises in these areas. Measures will also be undertaken to increase cash waqf under *Yayasan Wakaf Malaysia* to finance more socioeconomic projects.

Improving Information on Unsold Properties for Bumiputera

Information on unsold properties for Bumiputera will be made available on Unsold Property Inquiry System Malaysia, an online platform under the National Property Information Centre. This initiative will provide information to wider potential Bumiputera buyers. Furthermore, the implementation and monitoring of existing Bumiputera housing quota at state level will be reviewed to improve and facilitate home ownership.

Facilitating the Ownership of Commercial Properties

The RTO programme will be widened with involvement of more Bumiputera mandated agencies to increase Bumiputera ownership of commercial properties. In addition, collaboration among related agencies will be enhanced to undertake commercial property development in selected locations. A study will be conducted by *Pelaburan Hartanah Berhad* to explore potential investment in commercial properties in six less developed states.



Strategy E4: Empowering Human Capital and Enhancing Financial Literacy

Enhancing Employability of Huffaz, PWDs and Juveniles

Participation of Bumiputera among *huffaz*, PWDs and juveniles in skilled jobs will be increased by expanding reskilling and upskilling programmes. In this regard, TVET programmes will be leveraged to provide relevant skills set to enhance employability. In addition, implementation of nurturing and development programmes will be intensified in developing necessary soft skills.

Promoting Financial Awareness

Financial education programme will be conducted to enhance financial literacy among children from low-income Bumiputera households. Financial awareness programme will also be focused on low-income Bumiputera households. This is to encourage sufficient savings for retirement, especially through voluntary contributions in EPF.

Strategy E5: Ensuring Sustainable Corporate Equity Ownership

Accelerating Growth of Equity Ownership

High potential Bumiputera mid-market companies will be encouraged to leverage on *Dana Asas* amounting to RM100 million with a cap from RM10 million to RM30 million under *Ekuiti Nasional Berhad* to accelerate growth. Starting 2023, the maximum limit for ASB investment is increased from RM200,000 to RM300,000 to increase Bumiputera equity ownership. Awareness programmes on equity investment opportunity will be expanded to accelerate growth of Bumiputera equity ownership. Meanwhile, the Bumiputera Special Shares Programme will be reviewed to improve the effectiveness of this programme.

Focus Area F: Enhancing Development of Orang Asli Community

Efforts will be intensified towards enhancing the wellbeing of the Orang Asli community. In this regard, strategies to be undertaken include accelerating socioeconomic development and strengthening education as a catalyst for development. These efforts are envisaged to further advance development of Orang Asli community.

Strategy F1 Accelerating Socioeconomic Development

Strategy F2 Strengthening Education as a Catalyst for Development

Strategy F1: Accelerating Socioeconomic Development

Formulating Socioeconomic Development Plan

A study to formulate a comprehensive development plan to uplift the socioeconomic status of Orang Asli will be completed in 2025. The study will propose recommendations on strengthening governance and policies, formulating action plans and setting KPIs. This development plan will serve as a reference in charting the socioeconomic development of Orang Asli.

Increasing Income

Orang Asli will be encouraged to participate in commercial crops plantation such as oil palm, rubber and cocoa through replanting and expansion of existing smallholdings to increase income. In addition, Orang Asli will be facilitated to commercialise traditional handicrafts, forest produce and bee farming as additional sources of income. Microfinancing facilities and skills training will be enhanced to enable Orang Asli to venture into business



Expanding Basic Infrastructure, Services and Amenities

Efforts will be strengthened to improve the livelihood of Orang Asli by enhancing basic infrastructure, services, and amenities. The provision of clean water, electricity and telecommunication will be expanded and upgraded while housing and healthcare services will be improved. State governments will be encouraged to facilitate the provision of infrastructure for Orang Asli.

Strategy F2: Strengthening Education as a Catalyst for Development

Improving Education of Orang Asli

Measures will be intensified to improve access to ECCE, which will enable children of Orang Asli community to acquire essential skills of reading, writing and counting (3M). Additionally, innovative teaching and suitable learning methods will be adopted to improve student attendance and learning outcomes. The *Jom Belajar* programme will be realigned to cater for students to improve literacy. Meanwhile, more K9 schools will be upgraded to K11 to provide 11 years of schooling for students in remote areas. This effort will allow more Orang Asli students to pursue tertiary education, thus securing better employment opportunities.

The Bringing School to Community programme will be introduced through collaboration involving the Government, universities, and CSOs. *Kelas Komuniti* programme will be continued to ensure the adults are able to master the basic 3M skills. The ongoing educational programmes will be improved by expanding access to TVET and tertiary education.

Focus Area G: Empowering Specific Target Groups

Various initiatives will be undertaken to fulfil the needs of specific target groups in building a better inclusive society. Priority will be given in advancing wellbeing of children, building dynamic, resilient and competitive youth, and empowering women. Efforts will be intensified to increase the wellbeing of aged population, empower PWDs as well as strengthen the family institution.

Strategy G1

Advancing Wellbeing of Children

Strategy G2

Building Dynamic, Resilient and Competitive Youth

Strategy G3

Empowering Women

Strategy G4

Increasing the Wellbeing of Aged Population

Strategy G5

Empowering Persons with Disabilities

Strategy G6

Strengthening the Family Institution

Strategy G1: Advancing Wellbeing of Children

Improving Governance for Child Development and Protection

The National Child Policy will be revised to develop a more comprehensive policy, meanwhile an action plan will be formulated to ensure child survival, protection, development and participation. A child development department will be established to provide comprehensive support services to children. Special pathway for children from post-JKM institutions will be explored to ensure better education opportunities and careers through strategic collaboration involving the private sector and financial institutions. Measures to address stunting will be intensified by expanding the nutritional programme to ECCE centres. The child protection and moral officers will be strengthened in terms of role and number to ensure the safety and wellbeing of abused and neglected children. In addition, a dedicated team will be formed to eradicate child pornography and apprehend the perpetrators through collaboration with various agencies.

Strategy G2: Building Dynamic, Resilient and Competitive Youth

Strengthening Youth Development and Participation

A national plan on youth economic empowerment with the focus on enhancing youth employability will be launched in the remaining Twelfth Plan period. A study to identify the profile of youth in the not in employment, education or training (NEET) category will be conducted to mainstream this group back into the society. More programmes under the new phase of *Rakan Muda* initiatives will be organised in collaboration with various stakeholders to develop and unlock youth potential. Meanwhile, more programmes will be undertaken to enhance awareness on democratic literacy among youth. Development and sharing of granular data on youth participation in government programmes and initiatives will be made compulsory for all ministries and agencies to enable more accurate reporting, analysis and formulation of policy on youth development.

Strategy G3: Empowering Women

Strengthening Governance for Women Empowerment

Gender focal teams led by Gender Focal Point will be formed in all ministries as an effort to mainstream gender into policy development and implementation. Advocacy programmes will be intensified and a tribunal will be established under the Anti-Sexual Harassment Act 2022 [Act 840]. Meanwhile, the potential of the care industry for children, PWDs and older persons will be explored to improve the quality care required in a family. This effort will encourage more participation of women in the labour market with the aim to achieve the target of 60% participation rate within the next 10 years.

Strategy G4: Increasing the Wellbeing of Aged Population

Strengthening Care and Support for Older Persons

A legislation to ensure the rights and protection of older persons will be introduced. The geriatric development programmes and services will be intensified to meet the rising needs of older persons. Training for caregivers will be enhanced and the profession of social service workers will be recognised. A study will be undertaken to develop a blueprint on ageing society as preparation for Malaysia to be an aged nation. Meanwhile, availability of existing public facilities, particularly in rural areas will be explored as a centre to conduct activities for older person in promoting active and productive life.

Strategy G5: Empowering Persons with Disabilities

Supporting the Needs of Persons with Disabilities

The Persons with Disabilities Act 2008 [Act 685] will be amended to strengthen empowerment and increase protection of the rights of the PWDs. Public advocacy on the importance of registering the PWDs will be intensified to enable the PWDs to get services that match their needs and aid the Government in policy planning for the PWDs. Outreach programmes



will be expanded, particularly in rural areas to improve access to information on assistance and services for PWDs. In addition, the information on PWDs jobseekers will be integrated in the MyFutureJobs portal, while standard operating procedures (SOP) of recruitment in the public services will be improved to enhance employment opportunities.

Strategy G6: Strengthening the Family Institution

Building Strong Family Institution

The National Family Policy and relevant action plan will be revised in ensuring family perspective in socioeconomic development continue to be enhanced in building strong family institution. Existing pre-marital courses will be restructured to emphasise on the roles, responsibilities and rights of husbands and wives as well as the reality of marriage and family life. Post-marital courses organised by government agencies and CSOs will be improved. Meanwhile, access to reproductive health services will be expanded and the implementation of reproductive health and social education programmes will be intensified. The national family planning programme will be reviewed to strengthen quality family life. Family programmes will be intensified to inculcate noble values and aligned with core values of Malaysia MADANI.

Focus Area H: Strengthening Policy and Service Delivery

Policy and service delivery will be strengthened for holistic planning and implementation towards building an inclusive and more resilient society. Strategies on enhancing socioeconomic policy as well as integrating data for evidence-based service delivery will be undertaken. These strategies will contribute to better policy formulation and targeted assistance to improve the wellbeing of the *rakyat*.

Strategy H1

Enhancing Socioeconomic Policy

Strategy H1: Enhancing Socioeconomic Policy

Improving Policy and Measurement of Socioeconomic Outcomes

Policy and measurement of socioeconomic outcomes will be improved to better guide the planning and implementation of socioeconomic programmes for the *rakyat*. An overarching policy on addressing poverty at the national level will be formulated to promote policy coherence and coordination among ministries and agencies. In addition, the dimensions and indicators in measuring household deprivation in the MPI will be improved. Household income category will be reviewed for more accurate targeted assistance.

A study is being conducted to develop a comprehensive framework in understanding the overall extent, evolution and drivers of inequality in Malaysia. A range of inequality measurement apart from Gini coefficient will be explored. These measurements will not only focus on disparities of monetary outcome but also on broader aspects of economy and opportunities. Recommendations from this study will be used as policy formulation guidance to monitor and address inequality.

Establishing Single Data Reference

PADU, a new single database will integrate all databases including PDPS, *eKasih* and *Sumbangan Tunai Rahmah*. PADU will be used for big data analytics and evidence-based policy decision. PADU will also be used as the main reference for socioeconomic assistance that include poverty alleviation and targeted subsidy programmes.



Conclusion

During the review period of the Twelfth Plan, various efforts were undertaken to achieve more equitable development outcomes and improve the overall wellbeing of the rakyat, in line with the inclusive development principle of leaving no one behind. Key strategies implemented include addressing multidimensional poverty and inequality, enhancing purchasing power and improving standard of living. Nonetheless, issues and challenges remain, partly aggravated by the polycrisis. In the remaining period of the Twelfth Plan, efforts will be intensified to address the issues and challenges in building an inclusive and more resilient society. In this regard, strategies will be geared towards improving multidimensional wellbeing of the poor, vulnerable households, Bumiputera, Orang Asli and specific target groups. These measures are in tandem with the aspiration to elevate quality of life for the *rakyat*.



Chapter

7



Enhancing Unity, Defence, Security and Wellbeing

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Introduction

Enhancing unity, defence, security and wellbeing are paramount in pursuing inclusive socioeconomic development. During the review period of the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan), persistent efforts were undertaken in strengthening national unity, upholding the country's stability through stronger defence and security, improving healthcare, providing affordable housing and promoting active lifestyle. Despite various measures being implemented, several issues related to unity, security and public safety, healthcare, affordable housing and sports potential have hampered further progress in enhancing wellbeing.

In the remaining Twelfth Plan period, efforts will be further intensified in strengthening unity, ensuring national security and sovereignty, enhancing healthcare, increasing affordable housing and leveraging sports for socioeconomic development. The implementation of these strategies will contribute towards building a sustainable and prosperous Malaysia where inclusiveness and equality is embraced by the whole nation and ultimately elevate quality of life for the *rakyat*. This is in line with the aspiration of '*Ekonomi MADANI: Memperkasa Rakyat*' and the 2030 Agenda for Sustainable Development (2030 Agenda).

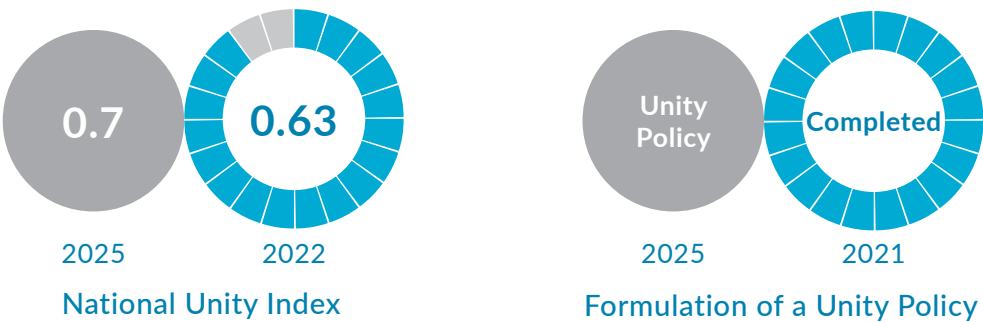
Progress, 2021-2022

A total of 12 targets were set to enhance the unity, national defence, security, and wellbeing of the *rakyat*. Three of these targets were achieved, seven targets are on track, while the remaining two still lagging. The performance of these targets is as shown in *Exhibit 7-1*.

Exhibit 7-1

Performance of Selected Targets

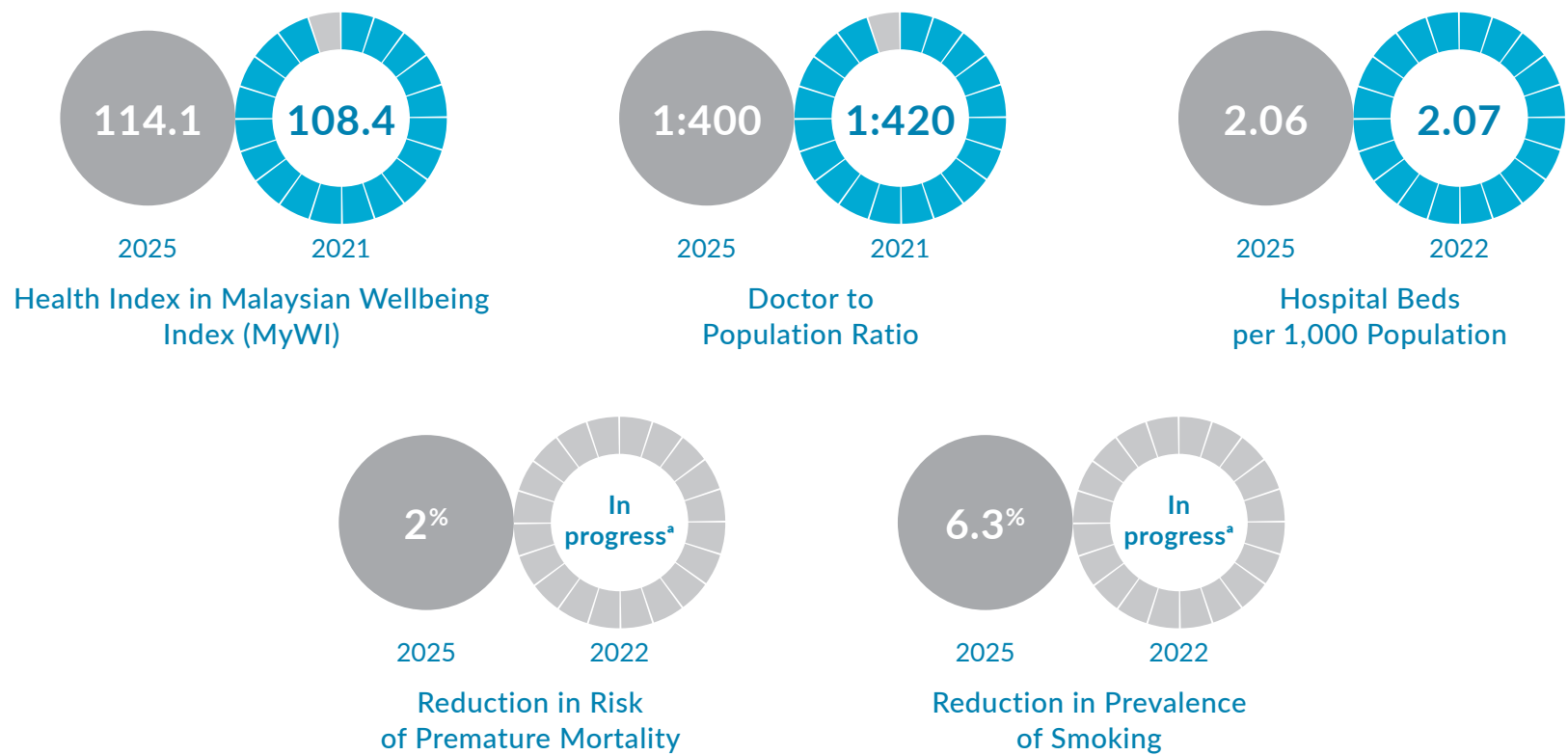
Strengthening National Unity



Ensuring National Security and Sovereignty

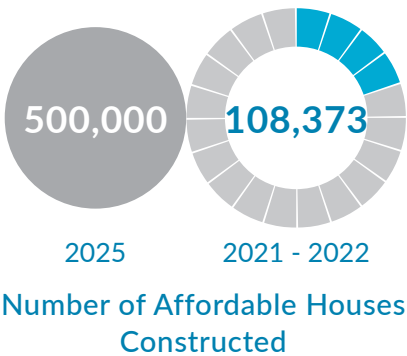


Enhancing Healthcare Service Delivery

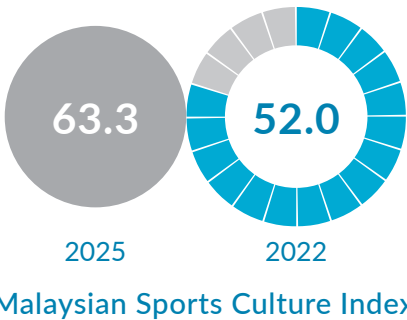


Note: ^a Latest data will be available once the National Health and Morbidity Survey is conducted in 2023.

Increasing the Supply of Quality Affordable Houses



Leveraging Sports in Building an Active Nation



Achievement by Priority Area



Priority Area A: Strengthening Unity for a Prosperous Nation

Strategy A1: Embracing Diversity as an Asset	
Promoting Social Interaction	<ul style="list-style-type: none">1,134 unity-related programmes implemented31,865 participants involved in 13,645 programmes under <i>Pelan Kepimpinan Komuniti Rukun Tetangga</i>
Capitalising Educational Platforms	<ul style="list-style-type: none">761 students attended ethnic language courses at the higher education institutions (HEIs)960 <i>Tabika Perpaduan</i> adopted the Teaching Multilingual Communication syllabus
Strategy A2: Building a More Tolerant Society	
Strengthening Patriotism and Volunteerism	<ul style="list-style-type: none">68.4% of <i>Rukun Tetangga</i> appointed youth as committee members388 programmes related to religious and cultural festivals organised by the Malaysian diplomatic missions
Strategy A3: Strengthening Governance	
Formulating Policy on Unity	<ul style="list-style-type: none">The National Unity Policy launched in 2021
Strengthening Stakeholders Collaboration	<ul style="list-style-type: none">2,792 teams of <i>Bomba Komuniti</i> established nationwide as at end 2022460 community mediators appointed



Priority Area B: Ensuring National Security and Sovereignty

Strategy B1: Safeguarding National Sovereignty

Managing Threats from Illegal Immigrants and Activities at the Border

- 26,477 persons arrested
- Assets worth RM1.09 billion seized
- 4,314 illegal immigrants detained during joint operations
- Six new Malaysian Armed Forces (ATM) security posts constructed at Sabah and Sarawak international borders

Enhancing the Defence Capacity and Capability

- 20 defence diplomacy collaborations established at the end of 2022
- Four Littoral Mission Ship, three maritime operation helicopters and six Fast Interceptor Craft operationalised

Strategy B2: Intensifying Efforts in Crime Prevention, Rehabilitation and Emergency Preparedness as well as Enhancing the Welfare of Personnel

Improving Crime Prevention Measures

- 3,066 support programmes conducted
- 2,393 media releases published

Combatting Drug Abuse and Trafficking

- 12,134 Anti-Drug Squad members in 108 districts participated in the Anti-Drug Squad Programmes
- 2,213 company representatives registered under *Program Tempat Kerja Bebas Dadah*
- 90 operations against drug abuse and trafficking carried out

Curbing Trafficking in Persons

- The amendment of the Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007 [Act 670] enforced in 2022

Enhancing Management and Operation of Prisons

- 20,043 inmates underwent the Community Rehabilitation Programme
- 1,750 inmates offered jobs upon release

Improving Emergency Preparedness

- 728,635 civil defence volunteers recruited

Enhancing the Welfare of ATM and Enforcement Personnel

- 1,081 units of *Rumah Keluarga* ATM and one polyclinic constructed

Strategy B3: Strengthening Security Governance

Strengthening the Role and Function of National Security Council (NSC)

- NSC empowered as the lead agency in security management at all levels of government through the implementation of the National Security Policy, 2021-2025

Improving Legislation on Public Safety and Security

- The Offenders Compulsory Attendance (Amendment) Act 2022 [Act A1660] enforced in 2022

Improving Coordination and Collaboration

- The Single Border Agency (SBA) Nucleus team formed in 2021

Enhancing Data Sharing and System Integration

- The Offender Management Information System version 2 (SMPPv2) operationalised in 2022



Priority Area C: Enhancing Healthcare Service Delivery

Strategy C1: Redesigning the Healthcare Service

Introducing Healthcare Policy

- 57 policies and guidelines related to health services introduced

Combatting Communicable Diseases

- The National Vaccine Development Roadmap launched in 2021
- Vaccination against COVID-19 for the population
 - 86.1% for Dose 1
 - 84.3% for Dose 2

Combatting Non-communicable Diseases (NCDs)

- 12 states implemented Human Papillomavirus tests while remaining two states will commence in 2023
- The Sugar Sweetened Beverage tax imposed in 2021
- 90.7% participants of *Program Komuniti Sihat Pembina Negara* underwent health screening in 2022

Strengthening Healthcare Programmes for Older Persons

- 236 *Klinik Desa* provided health services for the elderly in 2022

Increasing Preparedness in Handling Health Crises

- More than 85% of medication supply for the treatment of COVID-19 delivered within 30 days
- Standard operating procedures (SOPs) and preparedness plan in handling various health hazards at the international airports enforced since 2021

Ensuring Quality and Accessibility of Healthcare Services	<ul style="list-style-type: none"> 14 specialist dental services in hospital and dental specialist clinics in operation as at end 2022 216 medical and dental contract officers underwent <i>Program Latihan Kepakaran</i> in 2022 21% of the Orang Asli and Penan communities received oral healthcare services in 2022 Two buses for mobile tuberculosis x-ray screening provided, each to Sabah and Sarawak in 2022
Strategy C2: Strengthening Public Awareness	
Enhancing Health Literacy and Awareness	<ul style="list-style-type: none"> 69,009 participants enrolled in Wellness Hub programme in 2022 4,382 volunteers trained as health agents in 2022
Strategy C3: Leveraging Technology	
Digitalising Healthcare Services	<ul style="list-style-type: none"> 541 food and beverage products listed under the Healthier Choice Logo portal Health Information Exchange for Electronic Medical Record pilot project commenced operation at 11 healthcare facilities in Kuala Pilah, Negeri Sembilan in 2022
Improving Research, Development and Innovation Capacity	<ul style="list-style-type: none"> External Quality Assurance (EQA) Malaria Microscopy and EQA Mycobacteriology programmes implemented 46 research collaborations between local companies and universities established in 2022



Priority Area D: Increasing the Supply of Quality Affordable Houses

Strategy D1: Improving Access to Affordable Housing	
Increasing Access to House Financing	<ul style="list-style-type: none"> 22,196 poor and low-income households benefitted from the Rent-to-Own (RTO) housing programme 16,808 households benefitted from <i>Skim Jaminan Kredit Perumahan</i> with loan value of RM2.32 billion 158,928 unit houses with a total value of RM101.37 billion sold under the Home Ownership Campaign
Managing Housing Construction Costs	<ul style="list-style-type: none"> Four Industrialised Building System (IBS) standard design concepts comprising 43 types of affordable house designs developed Eight <i>Program Perumahan Rakyat</i> comprising 2,807 unit houses using IBS completed

Strategy D2: Enhancing Governance

Strengthening Institutional Capability in Building Affordable Houses

- Big data analytics (BDA) framework on housing completed in 2022
- The Housing Integrated Management System completed in 2022

Strategy D3: Ensuring Inclusive Housing

Adopting Best Practices in Enhancing Liveability

- 65 projects under *Program Penyelenggaraan Perumahan* for low- and medium-cost public housing completed
- 94 projects under *Tabung Penyelenggaraan Perumahan Malaysia* for low- and medium-cost private housing completed



Priority Area E: Leveraging Sports in Building an Active Nation

Strategy E1: Promoting Sports for Active and Healthy Living

Enhancing Accessibility to Sports Facilities

- 15 new sports facilities constructed
- 282 sports facilities upgraded

Strengthening Community-Based Sports Bodies

- 9,434,914 people participated in 9,413 grassroots sports enculturation programmes organised by community-based sport bodies

Promoting Inclusive Participation in Sports

- 7,352,594 people participated in National Sports Day
- 405,770 women, person with disabilities, senior citizens and Orang Asli participated in sport programmes organised for these groups, respectively

Strategy E2: Enhancing Sports Excellence

Strengthening Governance of High Performance Sports

- The National Sports Vision 2030 launched in 2021

Enhancing Athletes Performance

- Achievement of national athletes in major tournaments
 - One silver and one bronze medals in the 2020 Tokyo Olympic Games
 - Three gold and two silver medals in the 2020 Tokyo Paralympic Games
 - Seven gold, eight silver and eight bronze medals in the 2022 Birmingham Commonwealth Games
- 55 Malaysian athletes in various sports achieved top six in the world ranking as at end 2022

Improving Support Services for Sports	<ul style="list-style-type: none">22 researches on enhancing the capacity of sports science and medical services commenced in 2021
Strategy E3: Developing Sports Industry	
Improving Sports Industry Ecosystem	<ul style="list-style-type: none">RM13.7 million investment realised in <i>Ekspo Industri Sukan Kuala Lumpur 2022</i> involving 131 exhibitors and 20,000 visitorsRM16.6 million out of RM20 million allocation under <i>Skim Pembiayaan Industri Sukan</i> approved for 410 enterprises affected by COVID-19 pandemicRM230 million investment in sports products and equipment involving 70 projects approved and 4,600 jobs created
Promoting Sports Tourism	<ul style="list-style-type: none">RM5.35 million spent by 11,800 spectators during the <i>Le Tour De Langkawi 2022</i>



Issues and Challenges

Various measures undertaken during the 2021-2022 period have contributed towards strengthening national unity, upholding the country's stability, improving healthcare, providing affordable housing and promoting active lifestyle. Nevertheless, there are issues and challenges that need to be addressed to attain a sustainable and prosperous Malaysia. Among the issues are continued incidences of disunity, evolving threats to security and public safety, wider disparities in healthcare, lack of quality and affordable houses, and untapped sports potential. Failure to address these issues can impede the harmony and wellbeing of the *rakyat*.

Continued Incidences of Disunity

- Lack of cross-ethnic social interactions
- Low understanding of the Federal Constitution and *Rukun Negara*
- Lack of comprehension of the spirit of unity
- Lack of collaboration among multi-ethnic stakeholders

Wider Disparities in Healthcare

- Reversal effects of COVID-19 pandemic on health status of the *rakyat*
- Increase in the incidence of double burden diseases
- Fragmented health information systems
- Low awareness, knowledge and understanding on the basic health information
- High costs and limited care services facilities for the elderly
- Unsustainable healthcare financing
- Resource constraint to fund new healthcare infrastructure

Untapped Sports Potential

- Low adoption of healthy and active lifestyle
- Limited accessibility to sports and recreational facilities
- Low maintenance culture of sports facilities
- High dependency on Government funding among national sports associations (NSAs)
- Lack of new sports talents
- Uncoordinated and fragmented data on sports industry

Evolving Threats to Security and Public Safety

- Increase risk of cross border crime
- Lack of enforcement at border areas
- Increase threats on country's sovereignty
- Escalation losses in cybercrime
- Lack of coordination in disaster management

Lack of Quality and Affordable Houses

- Lack of affordable houses
- Fragmented housing data
- Low quality of affordable houses
- Poor maintenance culture
- Escalating housing prices
- Lack of inclusive housing



Way Forward, 2023-2025

The Mid-Term Review of the Twelfth Plan will continue to focus on efforts in upholding national unity and sovereignty as well as enhancing the wellbeing of the *rakyat* towards achieving a just society. These will be undertaken by strengthening unity, ensuring national security and sovereignty, enhancing healthcare service delivery, increasing the supply of quality and affordable houses, and leveraging sports in building an active society. These strategies will promote greater social harmony as well as safe, conducive and healthy living for the *rakyat*.



Focus Area A: Strengthening Unity for a Prosperous Nation

Strategy A1:

Embracing Diversity as an Asset

Strategy A2:

Fostering Culture of MADANI Society

Strategy A3:

Strengthening Governance



Focus Area B: Ensuring National Security and Sovereignty

Strategy B1:

Safeguarding National Sovereignty

Strategy B2:

Intensifying Efforts in Crime Prevention and Rehabilitation

Strategy B3:

Strengthening Disaster Management



Focus Area C: Enhancing Healthcare Service Delivery

Strategy C1:

Rejuvenating the Healthcare Service

Strategy C2:

Broadening Health Financing Options



Focus Area D: Increasing the Supply of Quality and Affordable Housing

Strategy D1:

Improving Access to Quality and Affordable Housing

Strategy D2:

Enhancing Governance

Strategy D3:

Providing Inclusive Affordable Housing



Focus Area E: Leveraging Sports in Building an Active Society

Strategy E1:

Reviving Sports Activities for Active and Healthy Living

Strategy E2:

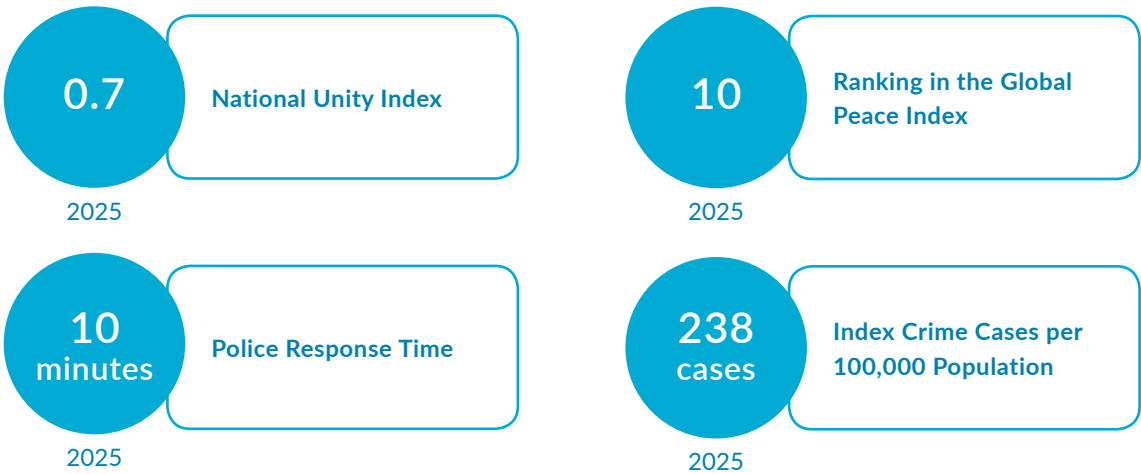
Enhancing Sports Excellence

Strategy E3:

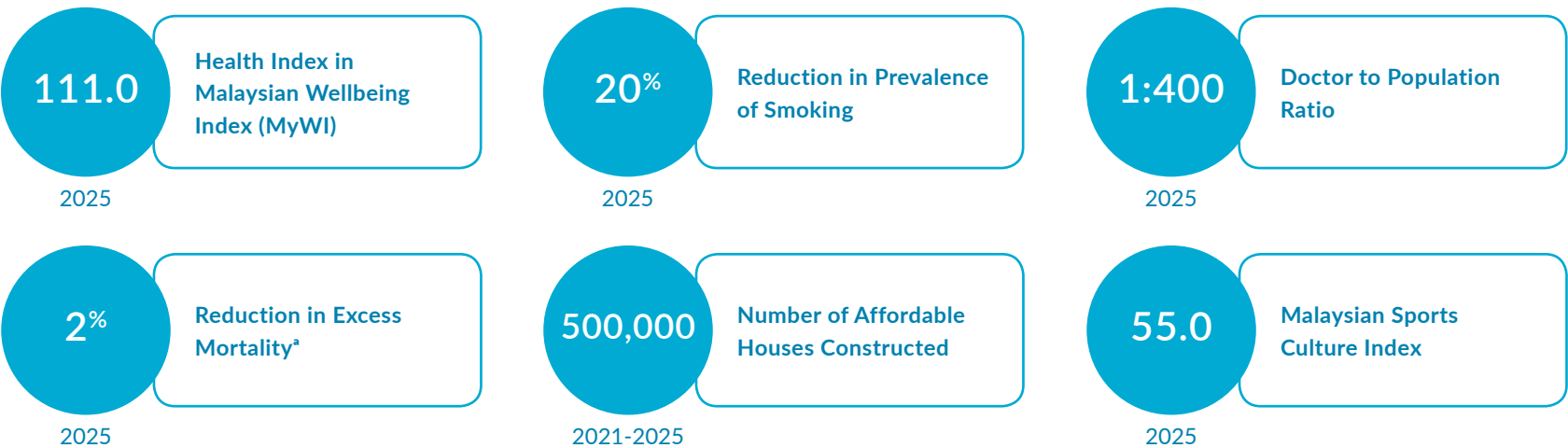
Developing Sports Industry

Selected Targets, 2021-2025

Upholding Unity, Defence and Security



Enhancing Wellbeing



Note: ^a Excess mortality is defined as the difference in the total number of deaths in a crisis compared to those expected under normal conditions.

Focus Area A: Strengthening Unity for a Prosperous Nation

Embracing the value of unity as a nation's key asset is vital in maintaining peace and stability of the nation. In this regard, measures will continue to be undertaken to embrace diversity, fostering culture of MADANI society and strengthen governance in promoting complete unity. This will contribute towards building bridges of trust for unity across multicultural, multi-ethnic and multi religion societies, that pursues sustainability with care and compassion, reinforced with respect.

Strategy A1 Embracing Diversity as an Asset

Strategy A2 Fostering Culture of MADANI Society

Strategy A3 Strengthening Governance

Strategy A1: Embracing Diversity as an Asset

Promoting Social Interaction

Programmes in promoting and advocating unity will be intensified to further strengthen social cohesion. More social interactions programmes and engagements will be organised, particularly at community level. Community mediator services will be further promoted nationwide to manage conflicts at community level. An analytical dashboard will be developed to monitor the situation of unity at community level. This information is important in improving the planning and implementation of specific programmes based on needs.

Efforts to document national history with a focus on promoting unity as a reference for the present and future generations will be intensified. In addition, the production of films, documentaries, short videos and social

media content will be increased. Communication methods to convey unity elements through the History subject in schools will be diversified, including by leveraging digital technology.

Strategy A2: Fostering Culture of MADANI Society

Developing a Progressive Society

Developing a progressive society is one of key components in Big Bold Fostering Culture of MADANI Society. In this regard, embracing *Maqasid Syariah* principles and strong noble values among society is important to develop *Insan MADANI* and a progressive society. Various parties including government agencies, HEIs, schools, private sector and civil society organisations (CSOs) will be encouraged to be more active in inculcate *Maqasid Syariah* principles and fostering noble values. Awareness campaigns and programmes on *Maqasid Syariah* principles and noble values through various platforms including social media will be implemented. Meanwhile, the *Rukun Tetangga* will be empowered as an important driver and mediator in organising community, volunteerism and nationalism programmes at the grassroots level.

Developing Self-Identity Based on Rukun Negara

Efforts to develop self-identity based on *Rukun Negara* as well as enhance unity and national spirit will be intensified to foster culture of MADANI society. In this regard, various programmes under *Kembara Perpaduan* flagship will continue to be undertaken. In addition, elements of advocacy and spirit of unity will be embedded in various Government programmes to foster a better understanding of *Rukun Negara*. *Kelab Rukun Negara* and *Sekretariat Rukun Negara* as well as *Sekolah Rukun Negara* programme will be further leveraged to raise the level of comprehension of the *Rukun Negara* principle among society particularly students and youth.

Strategy A3: Strengthening Governance

Strengthening Stakeholders Collaboration

Pelan Tindakan Perpaduan Negara will be aligned with core values of Malaysia MADANI in developing an inclusive, competence and advance society. The governance on unity will be improved to strengthen national unity. In this regard, *Majlis Penasihat Perpaduan Negara* will be reactivated and

strengthened to address unity issues, monitor policy implementation and recommend effective measures. Collaboration based on the whole-of-nation approach among the government, private sector, civil society and community-based organisations will be intensified to enhance the understanding and implementation of the National Unity Policy.

Focus Area B: Ensuring National Security and Sovereignty

National security and sovereignty are vital in ensuring better standard of living and wellbeing of the *rakyat*. Various measures will be undertaken by safeguarding national sovereignty, intensifying efforts in crime prevention and rehabilitation, and strengthening disaster management. The implementation of these strategies will contribute in maintaining peace and stability of the nation.

Strategy B1

Safeguarding National Sovereignty

Strategy B2

Intensifying Efforts in Crime Prevention and Rehabilitation

Strategy B3

Strengthening Disaster Management

Strategy B1: Safeguarding National Sovereignty

Enhancing National Border Security

Enhancing the national border security as one of the initiatives under the Big Bold Strengthening National Security and Defence will be focused by acquiring strategic military assets such as armoured vehicles, Littoral Mission Ship, helicopters and light combat aircrafts. Meanwhile, border surveillance capabilities will be strengthened through upgrading of maritime operation control centre and construction of new operation base for Malaysia Maritime Enforcement Agency. The Malaysian Maritime Sea Surveillance



System and remote sensor sites will be upgraded to enhance the capacity in identifying potential threats. In addition, the national border control system with artificial intelligence technology will be adopted to enhance the effectiveness of border control.

New military camps will be built to strengthen security at the borders. The development of the naval base in Bintulu, Sarawak will support joint operations domestically and at regional level. Enforcement and border controls will be tightened by increasing the number of ATM security posts along the borders of Sabah and Sarawak with Indonesia. The role of *Pasukan Gerakan Am* at the border posts will also be expanded to include the task of receiving reports from local communities, particularly on cross border crimes, including the intrusion of illegal immigrants and smuggling of prohibited goods. In addition, the upgrading and new establishment of Immigration Custom Quarantine and Security complex at selected entry points will ensure effective enforcement at the border in Sabah, Sarawak and northern Peninsular Malaysia. New jetty and observation tower for surveillance will be built in Perlis. *Pasukan Jabatan Sukarelawan Malaysia* (RELA) will be established at the border through a collaboration among relevant enforcement agencies. Meanwhile, hydrographic capabilities in maritime mapping will be enhanced for border security. These efforts will contribute in enhancing the readiness and capabilities in managing security threats which is one of the initiatives under the Big Bold strengthening national security.

Strategy B2: Intensifying Efforts in Crime Prevention and Rehabilitation

Combatting Cybercrime

The existing laws will be amended to improve effectiveness in combatting cybercrime activities. Efforts to mitigate the public from being victims of cybercrime will be enhanced through numerous collaborations between the public and private sectors. Cybercrime awareness programme through social media platforms will be intensified.

Intensifying Rehabilitation Programme

The Prison Incorporated will be established as one of the initiatives under the Big Bold strengthening national security to manage My Pride products by inmates. This entity will provide guidance and training to the inmates in the production of food, fabrics, woven product, handicraft and furniture. Meanwhile, Drug Dependants (Treatment and Rehabilitation) Act 1983 [Act 283] will be reviewed to ensure relevancy and effectiveness in rehabilitation. The revised law will enable drug abusers to undergo treatment instead of facing arrests and incarceration.

Strategy B3: Strengthening Disaster Management

Improving Disaster Management

A disaster management policy under the purview of the National Disaster Management Agency will be reviewed to strengthen disaster preparedness and capacity to deal with disasters. The revised policy will enhance the role of related agencies to manage pre-, during and post disaster holistically, covering the aspects of governance, enforcement, preparedness, disaster risk reduction, response, rehabilitation and redevelopment. This will also strengthen the coordination among relevant agencies at the Federal and state levels in managing disaster.

Focus Area C: Enhancing Healthcare Service Delivery

The Big Bold Strengthening Healthcare Services will be implemented to transform the healthcare service delivery. Focus will be given to rejuvenate the healthcare service and broaden health financing options in improving healthcare service delivery and quality. These will be realised by improving the healthcare system, strengthening healthcare programmes for older persons and expanding health financing. The implementation of these measures will contribute towards healthy lives, sustainable healthcare financing and better wellbeing of the *rakyat*. These will also contribute towards achieving the goal for Malaysia to be in the 25th rank in the United Nations Development Programme Human Development Index within 10 years.

Strategy C1

Rejuvenating the Healthcare Service

Strategy C2

Broadening Health Financing Options

Strategy C1: Rejuvenating the Healthcare Service

Improving the Healthcare System

Public health programmes will be improved to ensure the readiness of the country in managing crises and emerging healthcare threats. In this regard, healthcare services will be better equipped with upgraded facilities, integrated information systems and advanced medical equipment. Efforts will also be pursued to strengthen cardiology services, including provision of invasive cardiac laboratories in public hospitals. Meanwhile, measures will be undertaken to improve dental services in line with the Universal Health Coverage for Oral Health WHO (WHA74.5), through the expansion of the services to school teachers, staffs and their families. In addition, 250 schools will be assisted to fulfil the criteria of *Program Pemasyarakatan Perkhidmatan Klinik Pergigian Sekolah*. A national mental health institute will be established as part of the initiatives under the healthcare Big Bold to address mental health issues nationwide.

Digitalising Healthcare Services

The national food safety system phase 2.0 will be developed to enhance the existing information systems through data integration. This will facilitate better monitoring and auditing of food safety. The implementation of the Electronic Medical Record in public hospitals and clinics will also be expanded nationwide to ensure seamless sharing of medical records. An action plan for the Malaysian Health Data Warehouse data migration to MyGOVCloud will be developed to enable data sharing across government agencies. MyCHAMPION registration system will be upgraded for better organisation of content and activities of health volunteers in providing awareness on NCDs.

Strengthening Healthcare Programmes for Older Persons

Efforts will be undertaken to integrate care services between health clinics and hospitals to better serve the older persons in preparation for Malaysia becoming an aged nation. The Private Aged Healthcare Facilities and Services Act 2018 [Act 802] will be enforced to ensure compliance with the safety and standards requirements. In addition, new geriatric care centres will be established to provide long-term healthcare services in improving the quality of life for older persons.

Strategy C2: Broadening Health Financing Options

Strengthening Health Protection and Healthcare Financing

Health protection coverage for targeted groups will be expanded through the implementation of *Skim Perubatan* MADANI. This healthcare Big Bold initiative will cater the needs of patients with limited financial capability in seeking private healthcare services, thus reducing congestion at public healthcare facilities. Meanwhile, a new model to finance health facilities will be explored to improve accessibility to healthcare services in ensuring no one is left behind. Greater investment in developing and providing healthcare services will also be promoted.

Leasing of Medical Equipment

Efforts will be undertaken in ensuring the availability of best medical equipment for the *rakyat* through leasing option. This is part of the healthcare Big Bold initiative that will address the issue of high cost of procurement, maintenance and replacement of medical equipment due to rapid advancement in technology. This new financing option will provide better financial flexibility to acquire medical equipment with the latest technology for the benefit of the *rakyat*.

Focus Area D: Increasing the Supply of Quality and Affordable Housing

The Government will continue to play a strategic role in promoting the development of more quality and affordable houses. In line with inclusive development, focus will be given in improving access to quality and affordable housing, enhancing governance as well as providing inclusive affordable housing. These measures will contribute to the provision of adequate, quality and affordable housing, as part of the efforts in enhancing the wellbeing of the *rakyat*.

Strategy D1

Improving Access to Quality and Affordable Housing

Strategy D2

Enhancing Governance

Strategy D3

Providing Inclusive Affordable Housing

Strategy D1: Improving Access to Quality and Affordable Housing

Accelerating the Transition from Ownership to Shelter

The housing programme implemented by the Government will be guided by the concept of shelter as a basic need and human right instead of ownership. This transition is to support the Big Bold Housing for the *Rakyat*. In this regard, the role of public and private sectors will be crucial by actively participating in the provision of housing that are safe, secure, and affordable. Under this concept, the focus will be shifted from development of housing for sale to rental. Under this Big Bold, the roles and functions of *Syarikat Perumahan Negara Berhad* (SPNB) and *Perbadanan PR1MA Malaysia* (PR1MA) will be aligned to support the shift.

Increasing Supply of Affordable Housing

In the effort to ensure adequate supply of affordable housing, the regulation to limit the purchase of only one affordable house per eligible citizen will be enforced. In this regard, the housing database will be developed to enable more accurate cross-qualification screening of ownership information with relevant agencies. Meanwhile, land inventory information that integrates all information on *waqf* land will be established to identify suitable land for more affordable housing. In addition, collaboration with the state religious councils and relevant agencies will accelerate the development of affordable houses on the *waqf* land.

The regulation related to exit policy for public housing will be enforced by developing guidelines and procedures for overqualified tenants to move to appropriate housing options. In addition, the 10-year moratorium period on resale of houses will be expanded to include all public housing. Meanwhile, a comprehensive study will be undertaken to explore strategies and initiatives in managing affordable housing supply through the secondary market. The development of a national housing action plan to identify real housing needs will facilitate the provision of suitable housing.



Increasing Access to House Financing

Collaboration with financial institutions to provide attractive and sustainable housing financing packages will be pursued. The expansion of RTO programme as one of the housing Big Bold initiative will be implemented to diversify housing financing options. This programme will enable the target group to rent with an option to purchase within a stipulated rental period. First-time homebuyers will be equipped with the necessary financial knowledge to own a home through an online financial education module at *Rumahku* Portal by the Credit Counselling and Debt Management Agency. Meanwhile, a study will be conducted on the establishment of an affordable housing fund to provide alternative housing financing. The study will propose the governance structure, mechanism and source of funding. In addition, a comprehensive study will be undertaken to enhance the development of the housing industry.

Managing Housing Construction Costs

A guideline to assess and standardise the charges for land premium and compliance costs will be developed to expedite the approval of development order for affordable housing development. In addition, incentive packages for developers who obtain a score of more than 70% in the Quality Assessment System for Building Construction Works will be explored. Pre-approved plans (PAP) developed by the Construction Industry Development Board will be adopted as a standard design to expedite building plans approval by the local authorities, thus facilitating faster and more efficient construction of affordable houses. In addition, a training module will be developed in collaboration with vocational training institutions and industry associations to equip construction workers with the necessary skills in using IBS.

Strategy D2: Enhancing Governance

Strengthening Rules and Regulations for Homebuyers and Tenants

The Housing Development (Control and Licensing) Act 1966 [Act 118] will be amended to include the development of residences on commercial land such as service apartments, small office and home office, and small office virtual office to protect homebuyers. Meanwhile, a new rental tenancy act will be introduced to promote rental as an alternative to home ownership. This act will offer greater flexibility, and lower initial costs and financial risk to homeowners and tenants.

Improving Strata Housing Management

The Strata Management Act 2013 [Act 757] will be amended to further strengthen the function of Joint Management Body (JMB) and Management Corporation (MC). The amendments will include requirement for strata residences to be managed by a probationary property manager registered under the Board of Valuers, Appraisers and Estate Agents and Property Managers. This will improve building maintenance and management as well as encourage good governance. In addition, training programmes on good governance and in managing conflicts of interest will be conducted for JMB and MC to ensure efficient and accountable management of strata residences.

Strategy D3: Providing Inclusive Affordable Housing

Exploring the Potential of Retirement Village

The potential of developing retirement villages will be explored to meet the growing demand and improve the quality of life for retirees. In this regard, a study on the demand and supply for retirement villages in major cities will be carried out. The study will provide policy recommendations, including regulatory frameworks that set standards and sustainable business models to facilitate the development of retirement villages.

Creating Cohesive Community

The Government will intensify its efforts to create a more cohesive community in line with the spirit of housing for all. Planning guideline to foster a more balanced and inclusive environment will be developed to ensure that individuals with different income levels can live in the same neighbourhoods. The adoption of this guideline will support in preventing the side effects of gentrification caused by rapid development and rising property prices. In addition, the *Perumahan Inklusif* MADANI projects will be developed in major urban areas through a public-private partnership approach. The projects will adopt co-operative living arrangements, bringing together various target groups, such as older person, youth, and young family to foster inclusive housing and create a more liveable environment.

Focus Area E: Leveraging Sports in Building an Active Society

Efforts will be continued to leverage sports in building an active society. Strategies will be undertaken in reviving sports activities for active and healthy living, enhancing sports excellence and developing sports industry as a new source of economic growth. These strategies will boost the sports culture and improve Malaysia's presence at international level.

Strategy E1

Reviving Sports Activities for Active and Healthy Living

Strategy E2

Enhancing Sports Excellence

Strategy E3

Developing Sports Industry

Strategy E1: Reviving Sports Activities for Active and Healthy Living

Enhancing Inclusive Participation in Sports

Measure to increase inclusive participation in sports is one of the initiatives under the Big Bold Fostering Culture of MADANI Society. In this regard, sports programmes at the grassroots level will be intensified to increase awareness on active lifestyles and enhance inclusive participation in sports. Meanwhile, the use of the e-MYind system will be expanded to various government agencies as a platform for data collection of mass sports activities organised by these agencies. The data will provide significant information in enhancing planning for inclusive participation in mass sports programmes.

Enhancing Accessibility to Sports Facilities

Access of sports facilities in public schools, HEIs and training institutions will be expanded to the *rakyat*. In this regard, a comprehensive SOP will be developed as a guideline for administrators to facilitate the usage of these facilities. Meanwhile, public awareness will be enhanced to uphold shared responsibility in maintaining the facilities.

Strategy E2: Enhancing Sports Excellence

Strengthening Governance of High Performance Sports

The NSAs will be encouraged to diversify their funding sources by functioning as sport social enterprises. In this regard, NSAs will be more viable in generating income, and able to improve relationships with the community and reduce dependency on the Government funding. NSAs will enhance the professionalism of the management, thus encourage more sponsorship. Alternative financial sources, including corporate sponsorship will be explored to increase sports development fund. Sports related tax incentives will be revised to encourage the private sector and community involvement in sports development, such as sponsoring sports events and providing employment for former athletes. Meanwhile, national sports talent plan will be developed as a guideline for stakeholders in implementing systematic and sustainable sports talent development.

Enhancing Athletes Performance

Efforts in realising Malaysia's first Olympic Games gold medal will be further intensified. In this regard, a long term framework to incorporate the Paris 2024 and Los Angeles 2028 Olympic will be developed by the Road to Gold project team. This framework will include training, exposure to domestic and international competitions, as well as provision of coaching services, and sports science and medical services. Concerted efforts will be undertaken to develop athletes at all levels in the sports that offer many medals, such as athletic, swimming and martial art. These efforts are expected to improve Malaysia's performance in major sporting events.

Improving Support Services for Sports

Local coaches will be equipped with relevant knowledge and skills to improve the quality of athletes. In this regard, the qualification structure, schemes, monitoring and assessment will be enhanced to attract and retain best quality coaches. Capacity building programmes will be implemented to provide opportunities for youth to pursue in sports profession such as coaches, personal trainers and technical officials. The services of the National Medical Sports Centre will be expanded to the international level in generating more income to enhance the capacity of the centre in providing more support services. A satellite centre for sports science and medicine will be established in collaboration with strategic partners to expand services

and enhance knowledge on sports science and sports medicine for athletes, particularly at the early stages of development. In this regard, assessment will be undertaken to measure the ability and capacity of strategic partners as prerequisite in establishing the satellite centres.

Strategy E3: Developing Sports Industry

Establishing a Sports Industry Centre of Excellence

A Sports Industry Centre of Excellence will be established in collaboration with a selected HEI to develop the sports industry. The centre will act as a reference centre in providing knowledge and conducting research in various segments of sports industry. The centre will collaborate with stakeholders in identifying new ideas, knowledge and innovation related to sports.

Improving Database on Sports Industry

A centralised database on sports industry will be established to facilitate informed decision-making in advancing development of the industry. The database will provide information such as sports product, employment and consumer spending. This will facilitate better planning in developing the sports industry.

Enhancing Value Chain of the Sports Industry

Efforts to expand the value chain of sports industry such as event management services, journalism and broadcasting as well as sports coaching will be intensified by optimising the potential of the industry. In this regard, professional sports leagues will be expanded to various types of sports. These efforts will create more job opportunities, such as sports coaches, medical personnel and commentators as well as business opportunities for local entrepreneurs.



Conclusion

During the review period of the Twelfth Plan, continuous efforts were undertaken in strengthening national unity, upholding the country's stability, improving healthcare, providing affordable housing and promoting active lifestyle. Nevertheless, several issues and challenges still remain and need to be addressed effectively to enhance the wellbeing of the *rakyat*. In the remaining Twelfth Plan period, measures will be undertaken to further strengthen the national unity as well as ensure national security and sovereignty. In addition, priority will also be given in enhancing healthcare service delivery and providing more affordable and quality houses for the *rakyat*. Sports will be further leveraged to build an active and healthy society. These efforts portray the Government continued dedication and commitment in elevating quality of life for the *rakyat*.



Chapter





Advancing Sustainability

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Introduction

Advancing sustainability is crucial in ensuring sustainable economic growth, while protecting the environment and conserving natural resources. During the review period of the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan), several measures were undertaken to implement a low carbon, clean and resilient development, manage natural resources, strengthen the enabling environment, ensure energy sustainability and transform the water sector. Despite these efforts, various issues continue to persist, including challenges in addressing climate change and environmental degradation as well as loss of biodiversity and unsustainable use of natural resources. In addition, low implementation of sustainable development goals (SDGs) and low adoption of environmental, social and governance (ESG) as well as challenges in accelerating energy transition need to be addressed.

In the remaining Twelfth Plan period, more efforts will be focused on advancing environmental sustainability, while accelerating a just energy transition. Among the strategies are to accelerate the implementation of low carbon, clean and resilient development as well as manage natural resources more efficiently. Focus will also be given to advance the implementation of SDGs and adoption of ESG principles as well as strengthen the enabling environment. Through these efforts, it will ensure sustainable and inclusive development for planetary health, safeguard natural endowments and address environmental challenges towards achieving net-zero aspiration as early as 2050. These efforts are also consistent with the 2030 Agenda for Sustainable Development (2030 Agenda).

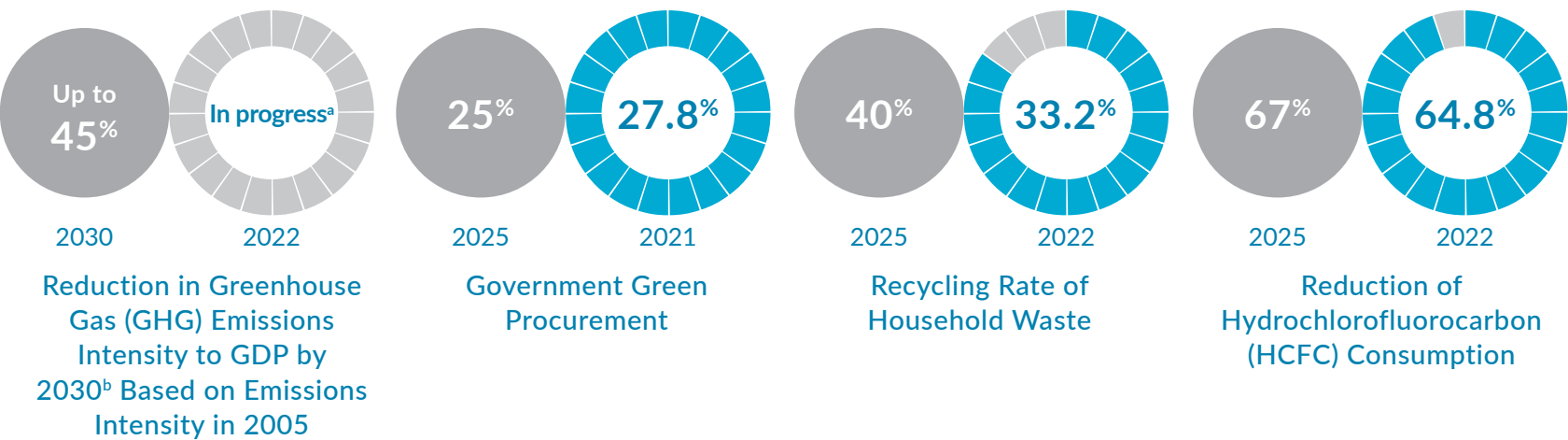
Progress, 2021-2022

A total of 19 targets were set in advancing sustainability. During the review period, three targets were achieved, while the remaining are still in progress. The performance of these targets is as shown in *Exhibit 8-1*.

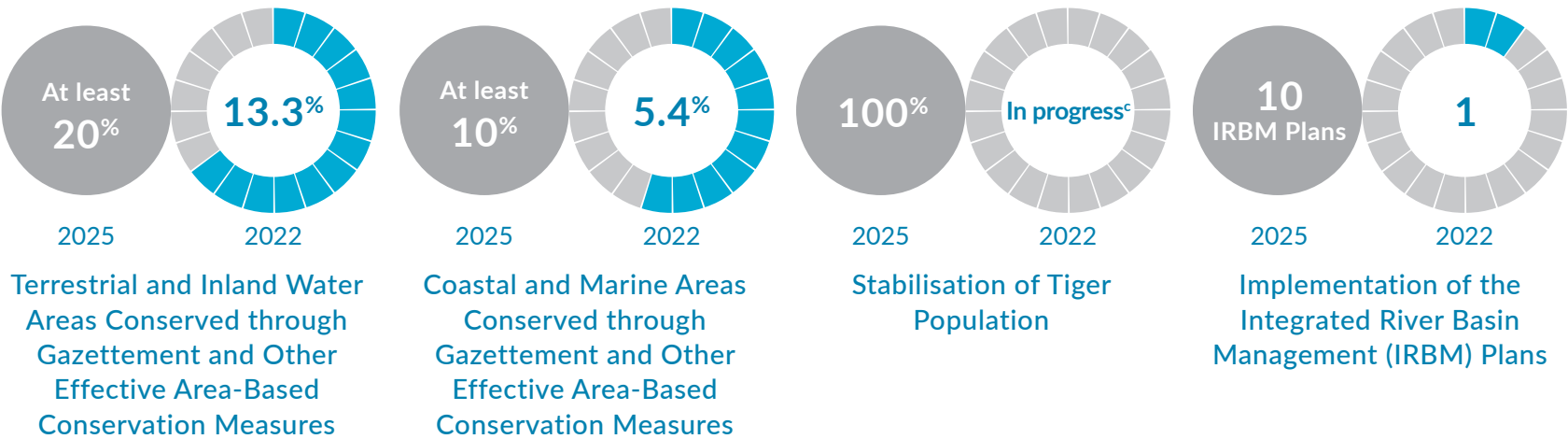
Exhibit 8-1

Performance of Selected Targets

Low Carbon, Clean and Resilient Development



Managing Natural Resources Efficiently

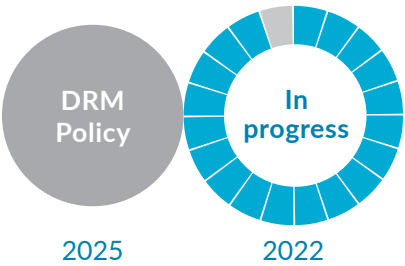


Notes: ^a Latest progress will be published in the Biennial Transparency Report Malaysia in 2024.

^b Malaysia's Nationally Determined Contribution to the Paris Agreement of the United Nations Framework Convention on Climate Change to reduce up to 45% greenhouse gas (GHG) emissions intensity to GDP by 2030 based on emissions intensity in 2005.

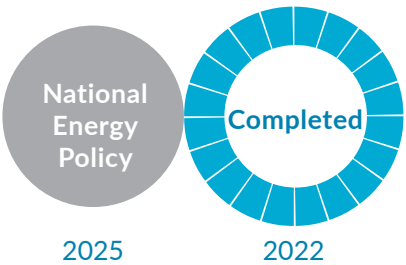
^c Malayan Tiger Population indicator will be concluded in 2025.

Strengthening the Enabling Environment for Effective Governance

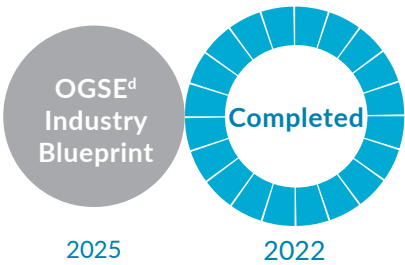


Introduction of the Policy on Disaster Risk Management (DRM)

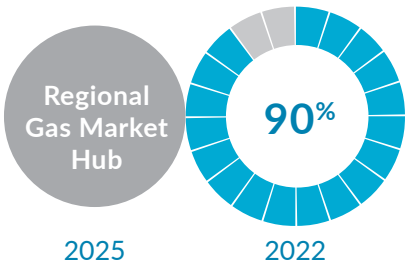
Ensuring Sustainable Energy



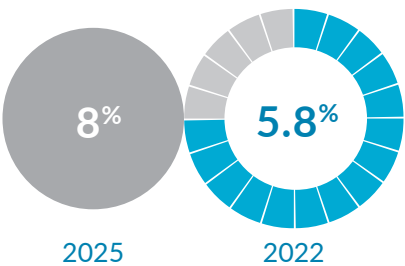
Introduction of a Comprehensive National Energy Policy



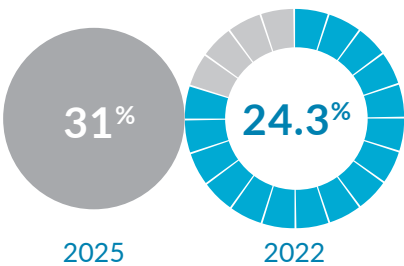
Formulation of OGSE Industry Blueprint



Framework for Establishment of Regional Gas Market Hub



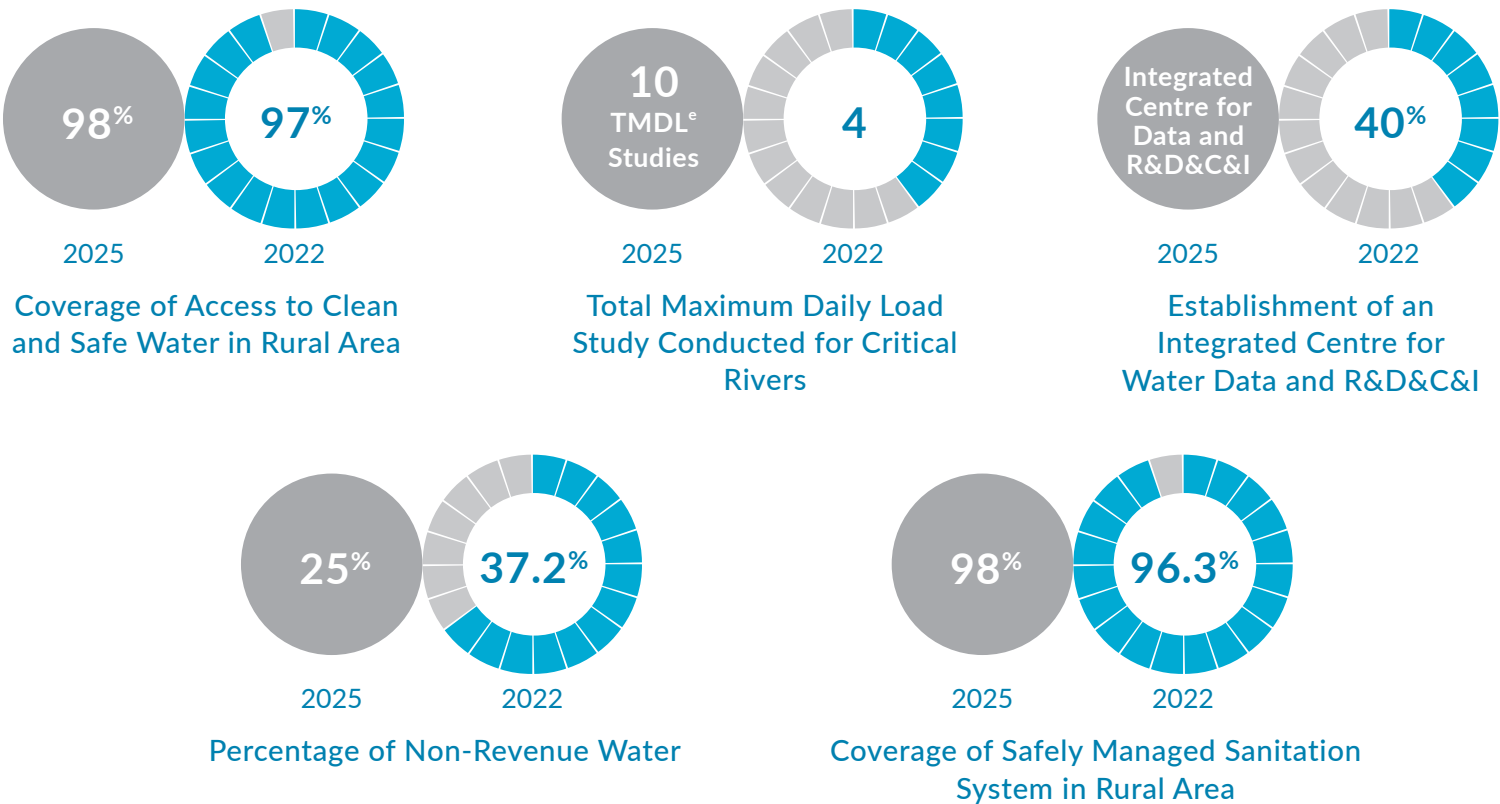
Reduction in Electricity Consumption



Renewable Energy of Total Installed Capacity

Note: ^d Oil & Gas Services and Equipment.

Transforming the Water Sector



Note: ^e Total Maximum Daily Load.

Achievement by Priority Area



Focus Area A: Implementing a Low Carbon, Clean and Resilient Development

Strategy A1: Moving towards a Low Carbon Nation	
Promoting Green and Resilient Cities and Townships	<ul style="list-style-type: none">• The National Low Carbon Cities Masterplan launched in 2021
Enhancing Green Mobility	<ul style="list-style-type: none">• The Low Carbon Mobility Blueprint 2021-2030 approved in 2021• Road tax exemption for electric vehicles (EVs) from 2022 until 2025
Expanding the Green Market and Government Green Procurement	<ul style="list-style-type: none">• Green Jobs Malaysia Portal<ul style="list-style-type: none">◦ Launched in 2021◦ 537 companies registered and 560 jobs offered as at end 2022• <i>Pekeliling Perbendaharaan Malaysia - Dasar Perolehan Hijau Kerajaan</i> (PK 1.9) enforced in 2022
Strategy A2: Accelerating Transition to Circular Economy	
Creating an Enabling Ecosystem for the Circular Economy	<ul style="list-style-type: none">• The Malaysia Plastics Sustainability Roadmap, 2021–2030 completed in 2021
Strategy A3: Promoting Sharing of Responsibility in Pollution Prevention	
Prioritising Environmental Health	<ul style="list-style-type: none">• The Hydrochlorofluorocarbon Phase-Out Management Plan Stage 2 completed in 2022
Strategy A4: Increasing Resilience against Climate Change and Disasters	
Implementing Evidence-Based and Risk-Informed Actions	<ul style="list-style-type: none">• Six Flood Hazard Maps developed for reference
Enhancing Early Warning Systems and Disaster Response	<ul style="list-style-type: none">• The Flood Forecasting and Early Warning System for 22 river basins completed in 2022
Enhancing Disaster Preparedness and Recovery	<ul style="list-style-type: none">• 14 flood mitigation projects completed• Three coastal erosion prevention and rehabilitation projects completed• 15 flood mitigation projects and five coastal erosion projects nationwide approved



Focus Area B: Managing Natural Resources Efficiently to Safeguard Natural Capital

Strategy B1: Conserving Natural Ecosystems

Enhancing Conservation Measures for Terrestrial and Inland Water Areas

- Gazettement of Permanent Reserved Forest (PRF)
 - 676.5 hectares in Pulau Pinang
 - 176.7 hectares in Perlis
 - 23.8 hectares in the Federal Territory (FT) of Kuala Lumpur
- Gazettement of Totally Protected Area within the Heart of Borneo
 - Sabah: 1,459,181 hectares in 2021 compared to 551,879 hectares in 2007
 - Sarawak: 554,280 hectares in 2021 compared to 362,860 hectares in 2007

Enhancing Conservation Measures for Coastal and Marine Areas

- 299 square kilometres of water surrounding seven islands and four rocks in Johor waters gazetted as marine parks in 2022
- 294.4 hectares of coastal areas planted with more than 342,000 mangroves and other suitable species

Mainstreaming Natural Ecosystem Science and Approaches into Development Planning

- The Master Plan for Ecological Linkages Central Forest Spine completed in 2022
- *Rancangan Fizikal Zon Persisiran Pantai Negara-2* published in 2022

Strategy B2: Protecting and Conserving Species and Genetic Resources

Strengthening Species Management and Conservation

- The National Tiger Conservation Task Force established in 2021
- 13 freshwater sanctuaries established as at end 2022
- The Malayan Tapir Conservation Action Plan approved in 2022

Strategy B3: Ensuring Sustainable Utilisation and Benefits Sharing

Strengthening Sustainable Utilisation of Natural Resources

- Five geoparks recognised as national geoparks

Enhancing Mineral Resources Management

- 52% of mines and quarries attained at least 3 stars based on the Sustainability Rating of the Mining Sector in 2022
- Three standard operating procedures (SOP) for mining activities and export of bauxite developed in 2021

Diversifying Conservation Funding

- RM70 million allocated for the Ecological Fiscal Transfer for Biodiversity Conservation in 2022
- RM16 million worth of conservation projects and activities funded by the National Conservation Trust Fund for Natural Resources as at end 2022

Ensuring Equitable Benefit Sharing from Natural Resources Utilisation

- 158 research & development & commercialisation & innovation (R&D&C&I) projects on forestry and forest biodiversity conducted in 2021
- 61 new research projects worth RM37.6 million financed through sponsorship approved in 2021

Strategy B4: Enhancing Conservation of Water Resources

Strengthening Water Resources Governance

- The National Water Balance Management System adopted in seven river basins

Addressing Water Pollution

- 489 out of 670 rivers categorised as clean based on the Water Quality Index in 2021



Focus Area C: Strengthening the Enabling Environment for Effective Governance

Strategy C1: Strengthening Environmental Governance

Improving Policy and Legislation

- The National Forestry (Amendment) Act 2022 enacted
- The Sarawak Forest (Amendment) Ordinance 2022 enacted

Strengthening Institutional Framework and Human Capital

- The National SDG Centre established in 2022
- The establishment of the National Greenhouse Gas (GHG) Centre approved in 2022

Strategy C2: Scaling-up Green Financing and Investments

Enhancing Domestic Green Financing and Investments

- The Sustainable and Responsible Investment Taxonomy developed in 2022
- The Financial Sector Blueprint 2022-2026 launched in 2022
- The Climate Change and Principle-based Taxonomy (CCPT) document introduced in 2021
- RM1 billion allocated to small and medium enterprises (SMEs) under the Low Carbon Transition Facility (LCTF) in 2022

Leveraging Bilateral and Multilateral Financing

- US\$21.9 million allocated for Malaysia under the Global Environment Facility 7
- US\$10 million granted under the Nature-based Climate Adaptation Programme for the Urban Areas of Penang Island in 2022

Enhancing Environmental Economic Instruments

- The National Guidance on International Voluntary Carbon Market Mechanisms developed in 2022
- The world's first *Shariah*-compliant voluntary carbon exchange launched in 2022

Strategy C3: Instilling Sense of Ownership and Shared Responsibility

Increasing Awareness to Steer Behavioural Change

- The Greening Malaysia Programme through the 100 Million Tree-Planting Campaign launched in 2021
- *Kampus Lestari* study completed in 2022



Focus Area D: Ensuring Sustainable Energy

Strategy D1: Enhancing the Energy Sector

Formulating a Comprehensive National Energy Policy

- The National Energy Policy, 2022-2040 (DTN) launched in 2022

Strategy D2: Ensuring Sustainable and Progressive Oil and Gas Subsector

Attracting High Value Investment in the Petrochemical Industry

- Pengerang Integrated Petroleum Complex recorded
 - RM5.1 billion committed investment
 - RM4.2 billion realised investment

Scaling Up Biofuel Usage

- The Front End Engineering Design and Detailed Engineering Design studies completed in 2022

Enhancing the Capability of Local Players in Oil & Gas Services and Equipment (OGSE) Subsector

- The National OGSE Industry Blueprint 2021-2030 launched in 2021
- RM8.5 million allocated to 36 companies under the OGSE Development Grant

Developing a Comprehensive Natural Gas Roadmap

- The Regional Gas Market Hub study completed in 2022

Strategy D3: Enhancing the Electricity Subsector

Creating a Resilient Electricity Supply Industry

- The Malaysian Electricity Supply Industry 2.0 study completed in 2022

Strengthening Electricity Supply System in Sabah

- Three out of 10 transmission projects under the Sabah Special Project Delivery Unit completed in 2022
- The System Average Interruption Duration Index for Sabah improved to 286.2 minutes/customer/year in 2022, from 332.1 minutes/customer/year in 2021

Enhancing the Grid System	<ul style="list-style-type: none"> Construction of gas-fired power plants <ul style="list-style-type: none"> The Edra Melaka Power Plant with a capacity of 2,242 megawatts (MW) completed in 2022 The Pulau Indah Power Plant with a capacity of 1,200 MW started in 2021 The construction of 500 kilovolt (kV) electricity transmission lines from Ayer Tawar-Bentong South-Lenggeng commenced in 2022
Expanding Rural Electricity Coverage	<ul style="list-style-type: none"> The rural electricity coverage as at end 2022 <ul style="list-style-type: none"> Peninsular Malaysia: 99% Sabah: 96.6% Sarawak: 95.7%
Increasing Renewable Energy (RE) Installed Capacity	<ul style="list-style-type: none"> The Green Electricity Tariff Programme introduced in 2021 The Corporate Green Power Programme introduced in 2022 9.8 gigawatt (GW) RE installed capacity available as at end 2022
Enhancing Energy Efficiency	<ul style="list-style-type: none"> RM27.5 million total rebates provided under the Sustainability Achieved Via Energy Efficiency (SAVE) 2.0 Programme in 2021 RM35.8 million total rebates provided under the SAVE 3.0 Programme in 2022



Focus Area E: Transforming the Water Sector

Strategy E1: Empowering People	
Implementing Comprehensive Awareness, Advocacy and Capacity-Building Programmes	<ul style="list-style-type: none"> Four modules on Awareness, Advocacy and Capacity-Building for academicians, businesses and industries, community, and government agencies completed in 2022
Expanding Community-Driven Conservation Programmes	<ul style="list-style-type: none"> 670 Friends of River community-driven programmes conducted as at end 2022
Strategy E2: Enhancing Capability in Data-Driven Decision-Making	
Enhancing Capacity of Water Industry Players and the Scientific Community	<ul style="list-style-type: none"> 322 Indah Water Konsortium (IWK) operational staffs received <i>Sijil Kemahiran Malaysia</i> in 2022

Strategy E3: Ensuring Sustainable Financing	
Strengthening Financial Sustainability of Water Services Providers	<ul style="list-style-type: none">Tariff adjustment for non-domestic and special category consumers in Peninsular Malaysia and the FT of Labuan came into effect in 2022
Strategy E4: Developing Sustainable Infrastructure with Cost-Effective Technology	
Adopting Alternative System for Water Services in the Rural Area and Island	<ul style="list-style-type: none">Additional 12,838 houses supplied with treated water under the Rural Water Supply ProgrammeWakaf Air fund received RM4.4 million contributions<ul style="list-style-type: none">Funded 50 projects worth RM2.2 million, benefitting 5,034 houses
Optimising Water Resources through Cost-Effective Infrastructure	<ul style="list-style-type: none">The National Groundwater Mapping and Development Project in Kedah commenced in 2021
Implementing Circular Economy in Water Sector	<ul style="list-style-type: none">Non-core businesses of IWK involving water and biosolid recycling for industrial purposes commenced in 2022



Issues and Challenges

In the review period, various measures were undertaken to enhance the sustainability of the environment, as well as energy and water sectors. Nevertheless, several issues and challenges continue to persist and need to be addressed, including climate change, environmental degradation, biodiversity loss and unsustainable use of natural resources. In addition, implementation of SDGs is still low and ESG principles are still not widely adopted in the business sector, while environmental governance is ineffective.

Challenges in Addressing Climate Change and Environmental Degradation

- Absence of integrated and comprehensive policy and regulatory framework
- Challenges to comply with international standards and regulatory requirements
- Unsustainable consumption and production patterns
- Lack of integrated plan and strategies in accelerating energy transition
- Low deployment and adoption of RE
- Lack of comprehensive planning in optimising natural gas resources
- Inadequate financing as well as R&D&C&I for sustainable practices

Low Implementation of SDGs and Adoption of ESG

- Low appreciation and awareness of SDGs
- Lack of conducive ecosystem in supporting ESG adoption by the corporate sector

Loss of Biodiversity and Unsustainable Use of Natural Resources

- Fragmented and incomprehensive policy and legislation on natural assets
- Sprawling conurbation and uncontrolled development
- Conflicting priority between development and conservation
- Ineffective natural resources management and enforcement mechanisms
- Limited understanding on the economic value of ecosystem function and services
- Insufficient alternative funding for sustainable projects

Ineffective Environmental Governance

- Lack of commitment among stakeholders
- Ineffective and unintegrated coordination and monitoring at all levels
- Ineffective communication, education and public awareness (CEPA) programmes



Way Forward, 2023-2025

During the remaining Plan period, focus will continue to be given on advancing sustainability in addressing climate change and other environmental challenges, including in the energy and water sectors. This will be undertaken by accelerating the implementation of low carbon, clean and resilient development, managing natural resources more efficiently, advancing the implementation of SDGs and adoption of ESG principles as well as strengthening the enabling environment. These strategies underscore the need to advocate the just transition principle towards a green, fair and inclusive economy, creating decent work opportunities and leaving no one behind. The energy transition will be accelerated by further reducing dependency on fossil fuels, adopting new technologies in renewables, ensuring energy supply security as well as enhancing inclusivity in the oil and gas industry. In addition, the implementation of water sector transformation will be strengthened to ensure a secure and safe water supply for the *rakyat*.



Focus Area A: Accelerating the Implementation of Low Carbon, Clean and Resilient Development

Strategy A1:

Strengthening Actions towards a Low Carbon Nation

Strategy A2:

Accelerating Transition to Circular Economy

Strategy A3:

Sharing Responsibility in Pollution Prevention

Strategy A4:

Increasing Resilience against Climate Change and Disaster



Focus Area B: Managing Natural Resources More Efficiently

Strategy B1:

Conserving Natural Ecosystems

Strategy B2:

Protecting and Conserving Species and Genetic Resources

Strategy B3:

Ensuring Sustainable Utilisation of Natural Assets

Strategy B4:

Strengthening Water Management



Focus Area C: Advancing the Implementation of Sustainable Development Goals and Adoption of Environmental, Social and Governance Principles

Strategy C1:

Intensifying the SDGs Implementation

Strategy C2:

Advancing the Adoption of Environmental, Social and Governance Principles



Focus Area D: Strengthening the Enabling Environment

Strategy D1:

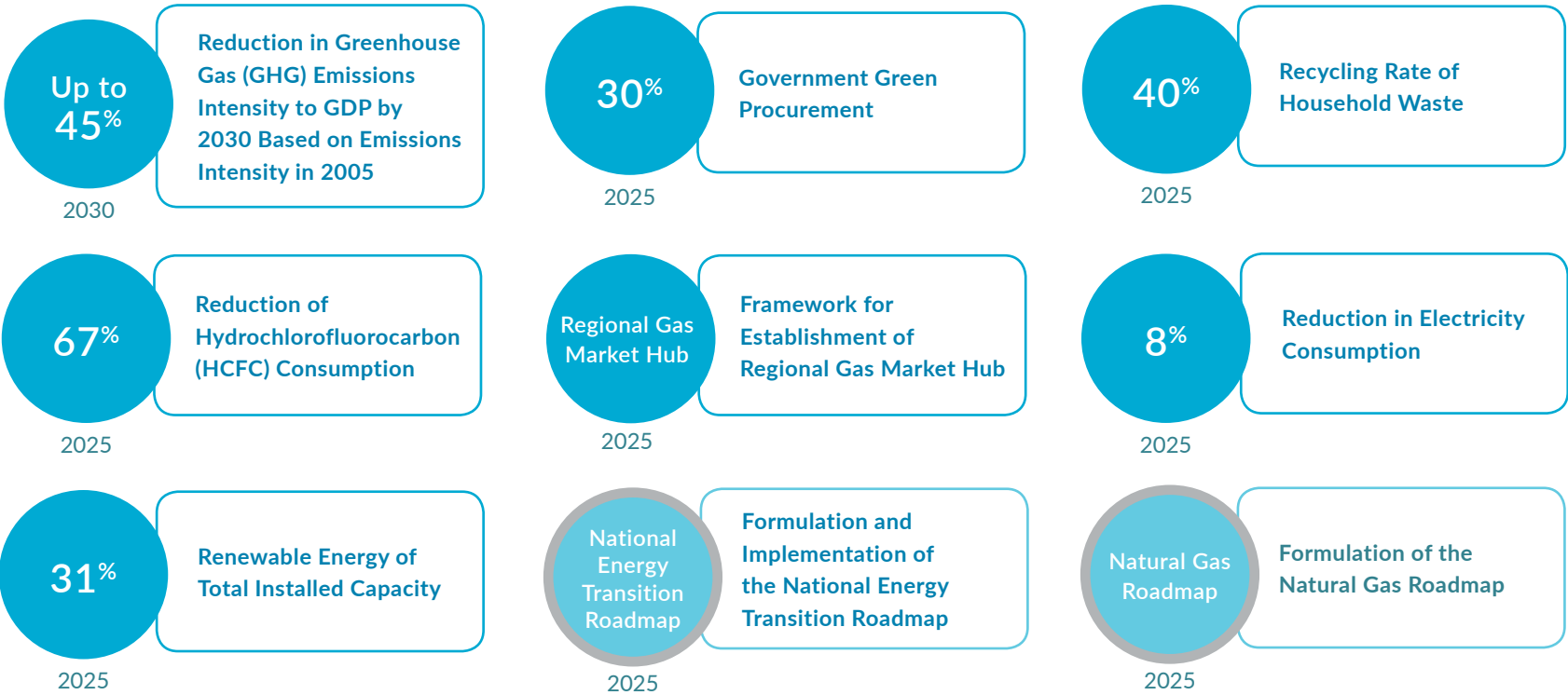
Strengthening Sustainability Governance

Strategy D2:

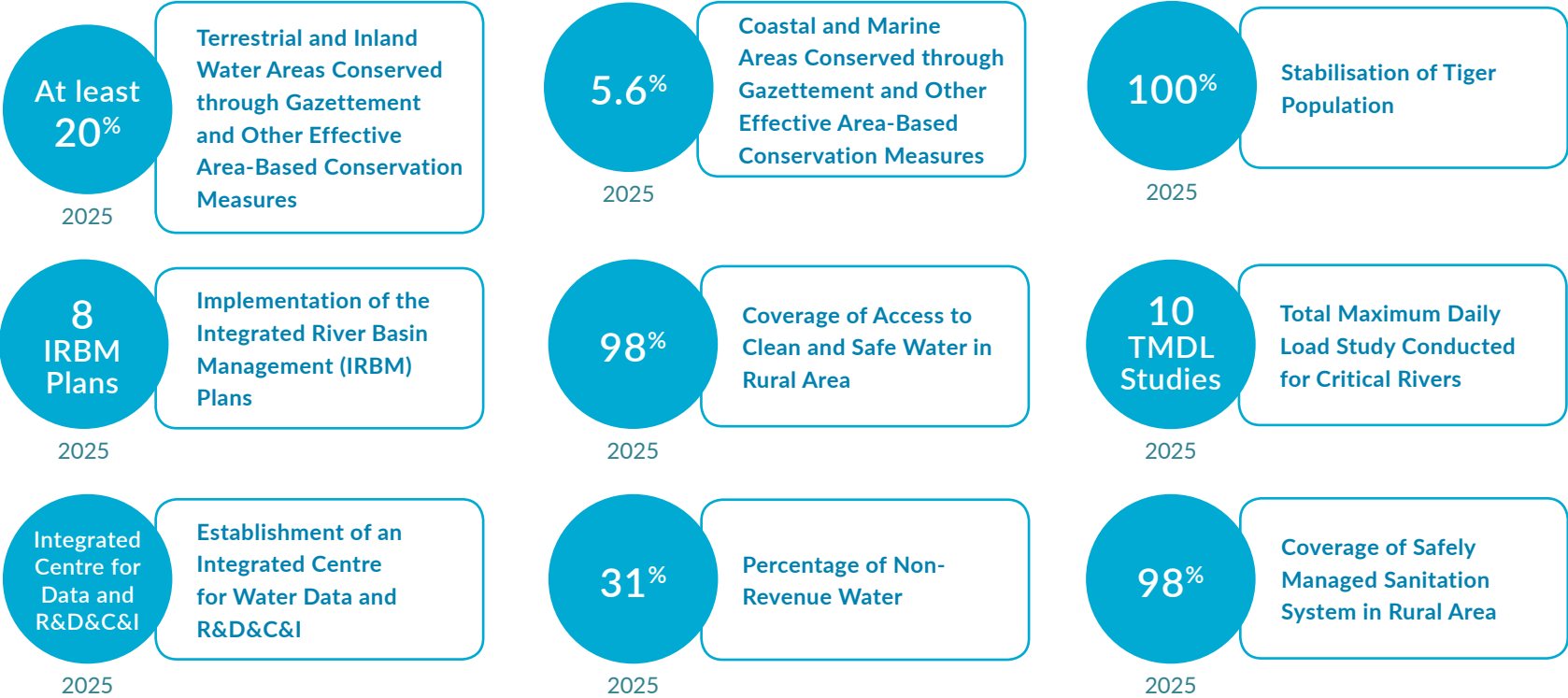
Instilling Sense of Ownership and Shared Responsibility

Selected Targets, 2021-2025

Accelerating the Implementation of Low Carbon, Clean and Resilient Development



Managing Natural Resources More Efficiently



Strengthening the Enabling Environment



Focus Area A: Accelerating the Implementation of Low Carbon, Clean and Resilient Development

It is imperative to accelerate implementation of a low carbon, clean and resilient development in ensuring planetary health and sustainable socioeconomic growth. Efforts will be undertaken in strengthening actions towards achieving a low carbon nation, accelerating transition to circular economy, sharing responsibility in pollution prevention and increasing resilience against climate change and disaster. These strategies will address environmental vulnerabilities due to the impacts of climate change and challenges related to sustainable development.

Strategy A1

Strengthening Actions towards a Low Carbon Nation

Strategy A2

Accelerating Transition to Circular Economy

Strategy A3

Sharing Responsibility in Pollution Prevention

Strategy A4

Increasing Resilience against Climate Change and Disaster

Strategy A1: Strengthening Actions towards a Low Carbon Nation

Enhancing Mechanisms for Climate Action

A long-term low emissions development strategies (LT-LEDS) and a nationally determined contributions (NDC) roadmap will be developed to enhance mechanisms for climate action. These initiatives will outline strategies and

actions needed to achieve Malaysia's climate actions targets. Through these efforts, Malaysia will be better equipped in identifying opportunities and addressing challenges in the transition towards a low carbon nation.

A feasibility study on carbon pricing, which include carbon tax and emissions trading system will be conducted. This study will provide suitable recommendations for implementation of carbon pricing. The development of LT-LEDS and carbon pricing will support the implementation of Big Bold Energy Transition-based Industry. In addition, the online trading platform for the Bursa Carbon Exchange (BCX) will be developed to enable trading of standardised carbon credit contracts. In supporting BCX implementation, efforts will be undertaken to publish a voluntary carbon market (VCM) handbook, establish a VCM directory and organise VCM awareness programmes on a regular basis. In addition, a climate change legislation that takes into account the recent development at domestic and international levels will be formulated to regulate the implementation of national climate change policies and obligations.

Enhancing Low Carbon Mobility

Measures will be implemented to expand infrastructure for EVs in increasing accessibility to EVs. In addition, local authorities will be encouraged to adhere to the Active Mobility Planning Guideline. These measures will promote low carbon transport options by consumers and the development of green transport infrastructure.

Developing Regulatory Framework for the Implementation of Carbon Capture, Utilisation and Storage Initiative

A regulatory framework in governing carbon capture, utilisation and storage (CCUS) will be developed, in line with the energy transition Big Bold. This framework will include a regime to coordinate the implementation of CCUS at national and state levels as well as address transboundary movement according to the international protocol. In addition, a coordination unit will be established to drive the planning, implementation and monitoring of CCUS. The investment value in the CCUS industry in Malaysia is expected to reach US\$200 billion within 30 years. The industry also anticipated to create up to 200,000 job opportunities per annum.

Expanding the Implementation of Government Green Procurement

In boosting green market to support sustainable growth, the implementation of the Government Green Procurement (GGP) will be expanded to the construction sector through the GGP Works initiative. In this regard, a pilot project under the GGP Works will be carried out to identify suitable mechanisms in implementing green procurement for physical projects. This initiative will spur the development of green products for the construction sector.

Formulating the National Energy Transition Roadmap

A national energy transition roadmap (NETR) an initiative under the energy transition Big Bold, is being formulated to support the operationalisation of the National Energy Policy, 2022-2040 (DTN) in decarbonising the energy sector. This initiative will contribute towards achieving the commitment of Malaysia in reducing up to 45% of GHG emissions intensity to gross domestic product (GDP) by 2030 based on emissions intensity in 2005. The NETR will enhance the competitiveness of Malaysia as the world transitions to a low carbon future through various decarbonisation pathways. The NETR implementation will give priority to high-impact flagship projects, financing, technology adoption and capacity building, while promoting policies that support net-zero commitment. The proposed flagship projects and initiatives which cover energy efficiency, RE, carbon capture and storage, hydrogen, bioenergy and green mobility are projected to attract initial investment of more than RM25 billion. A summary of the plan for a just energy transition in Malaysia is as shown in Box 8-1.



Box 8-1

Powering Malaysia's Future through Just Energy Transition

Energy is at the heart of climate agenda because it accounts for 73.2% of greenhouse gas (GHG) emissions worldwide according to the International Energy Agency (IEA). In achieving the 1.5°C frontier, IEA's pathway stated the world economy needs to consume 7% less energy than today, as the world economy is expected to expand by 40% by 2030. This requires a massive push in fossil fuels phase-down, energy efficiency and renewables. The transition away from a carbon-intensive system is difficult for many countries, including Malaysia. The reliance on coal in electricity generation, stems from it being the cheapest, relative to other sources such as natural gas and renewables.

The Twelfth Malaysia Plan has set the target to become a net-zero GHG emissions nation as early as 2050. This underscored the need for Malaysia to accelerate energy transition, while balancing the energy trilemma of security, affordability and sustainability.

The National Energy Policy, 2022-2040 (DTN) defines energy transition as a structural shift of energy systems towards cleaner sources. DTN's Low Carbon Nation Aspiration 2040 sets to transform Malaysia's primary energy supply towards clean and renewable energy (RE). With this policy, the transition is expected to occur at an accelerated pace, driven by rapid technological progress and strong climate change policies. The energy transition will be based on the principles of just, inclusive and orderly, which emphasises on opportunities for decent work for all, active community participation and effective governance.

The Government is developing a national energy transition roadmap (NETR) to operationalise the DTN and accelerate energy transition. In this regard, NETR aims to identify investment opportunities in six energy transition levers, namely energy efficiency, RE, hydrogen and ammonia, bioenergy, green mobility as well as carbon capture and storage. To date, 10 flagship projects and initiatives that are ready to be implemented have been identified. NETR will also feature key energy transition pathways, energy mix and emission reduction targets. Malaysia is an ardent proponent of just energy transition that protects the *rakyat*, creates opportunity and supports innovation, with a coordinated whole-of-nation approach.

Accelerating Adoption of Renewable Energy

Advancement in energy storage system, smart grid infrastructure and sustainable material consumption will be leveraged to optimise energy use and reduce environmental impacts. The capacity of RE sources, particularly solar, hydrogen, biomass and hydropower will be enhanced to generate clean energy as one of the initiatives under the energy transition Big Bold. In addition, feed-in tariff schemes and competitive bidding processes will be continued to attract investments in RE projects. Meanwhile, the current tariff structure will also be reformed to align with system costs, protect vulnerable segments, and reposition commercial and industrial tariffs. The tariff reform will enable increase in RE penetration, ensure cost-reflective prices and enhance economic advantage to support the Big Bold Targeted Subsidies implementation. These efforts will benefit domestic market and position Malaysia as a regional leader in green technology.

RE trading across borders is expected to expand domestic RE implementation. The share of RE in installed capacity mix will be retargeted from the original target of 40% in 2040 to 70% in 2050. An electricity exchange system for RE trading will be introduced as an initiative under the energy transition Big Bold. In addition, the expansion of RE implementation through a self-contained system will pave the way for the development of RE zones that maximise the potential of solar energy and battery storage facilities. These efforts will reduce dependency on fossil fuel-based electricity generation, create new economic opportunities and attract multinational companies, especially RE100¹ companies to operate in Malaysia. Furthermore, Malaysia will continue to leverage on the growing demand for clean and RE in the region in becoming a hub for the trading and supply of clean and RE under the ASEAN Power Grid initiative.

Ensuring Energy Efficiency

Existing policies and programmes aimed at promoting energy efficiency and implementing energy-saving measures in the industrial, commercial and residential sectors will be enhanced. Various initiatives under the National Energy Efficiency Action Plan, 2016-2025 will be further pursued, including the implementation of the Minimum Energy Performance Standards, Energy Audit Conditional Grant Programme and Building Energy Index Labelling. In addition, the legislation on energy efficiency and conservation will be enforced on high-intensity electricity users in the industrial and commercial sectors, while the energy efficiency legal framework will be strengthened.

¹ The global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity.

Optimising Natural Gas in Energy Transition

A natural gas roadmap will be formulated to address the challenges of energy security, affordability and sustainability. This roadmap, which is identified as one of the initiatives under the energy transition Big Bold will guide in optimising the value of indigenous gas resources and increasing the utilisation of natural gas resources as a cleaner alternative to reduce carbon emissions. An additional liquefied natural gas storage in Pengerang, Johor will be developed to support gas market liberalisation and supply availability. Meanwhile, availability of indigenous gas resources will be sustained by leveraging advanced technology to effectively develop marginal and deepwater gas fields, and decarbonise upstream gas production.

Enhancing Sustainability in the OGSE Businesses

A national OGSE sustainability roadmap will be formulated to promote sustainability practices and develop simplified reporting standards. More SMEs in OGSE businesses will be able to comply with ESG principles and improve the consistency and comparability of sustainability reporting for better access to competitive financing with this roadmap. Wider adoption of sustainability practices among OGSE businesses will support the climate aspirations of the oil and gas industry.

Strategy A2: Accelerating Transition to Circular Economy

Developing Circular Economy Policy Framework

In accelerating the transition towards the circular economy, an overarching framework will be developed to provide a long-term vision for the circular economy implementation. The framework will be supported by various mechanisms, particularly in the manufacturing sector, the biomass industry and solid waste management. In the manufacturing sector, a circular economy policy framework will be developed to improve the competitiveness of the industry and the marketability of the products internationally. Meanwhile, a national biomass action plan will be developed for energy and agro-based material production that will reduce reliance on fossil fuels and promote environmental sustainability. In addition, the ongoing study on circular economy for solid waste will provide strategies and action plans towards a more comprehensive solid waste management. These efforts will maximise resources efficiency and minimise waste to support green growth initiative.

Strategy A3: Sharing Responsibility in Pollution Prevention

Establishing a National Chemical Governance Committee

A national chemical governance committee will be established to address the gaps in the current chemical-related acts and guidelines to prepare for emergency response related to chemical risks at the national level as well as ensure compliance with international requirements. In promoting sharing of responsibility in pollution prevention, this committee will adopt the whole-of-nation approach to coordinate involvement of various related agencies. The committee will also facilitate the development of an integrated and holistic chemical management database. A more comprehensive approach in chemical management will mitigate risks associated with chemicals to protect human health and environment.

Strategy A4: Increasing Resilience against Climate Change and Disaster

Formulating National Adaptation Plan

A national adaptation plan will be formulated to address current and future vulnerabilities on the impacts of climate change. The plan will consist of adaptation measures in five priority areas, namely public health, agriculture and food security, forestry and biodiversity, water resources and security, as well as infrastructure and cities. These measures will bolster adaptive capacities in the priority areas and strengthen climate-resilient society.

Strategies to manage heat-related impacts, such as heat stress, heat stroke and heat exhaustion will be incorporated into the national adaptation plan. Among the initiatives to be implemented include increasing green spaces and tree coverage, improving urban planning to reduce urban heat island effect as well as evaluating all activities in managing heat-related impacts. In addition, heat action plans and early warning systems will be covered in the national adaptation plan to enhance the resilience of vulnerable communities.

Strengthening Flood Management

Flood mitigation programmes will be given greater emphasis to cover more flood-prone areas. In this regard, a study to assess the effectiveness of nature-based solutions will be conducted to identify alternatives to

structural-based approach in mitigating flood. In addition, alternative and sustainable financing for flood mitigation will be explored.

Strengthening Disaster Management

An assessment on the impact of disasters on affected groups will be conducted. In addition, the development and sharing of flood and slope hazard maps will be continued to cover more critical areas throughout the country. In this regard, a landslide early warning system (SAATR) for Federal roads will be developed to improve disaster management. Meanwhile, a national geological disaster centre will be established by expanding roles of the existing institution. Strategies to enhance community preparedness will also be developed to complement the national disaster risk reduction. Additionally, the capacity of the community response team will be enhanced to assist in the post-recovery process.

Focus Area B: Managing Natural Resources More Efficiently

Measures will be continued to manage natural resources more efficiently. New initiatives will be introduced in halting biodiversity loss and improving planetary health. In this regard, efforts will be undertaken by conserving natural ecosystems, protecting and conserving species and genetic resources, ensuring sustainable utilisation of natural assets as well as strengthening water management.

Strategy B1

Conserving Natural Ecosystems

Strategy B2

Protecting and Conserving Species and Genetic Resources

Strategy B3

Ensuring Sustainable Utilisation of Natural Assets

Strategy B4

Strengthening Water Management

Strategy B1: Conserving Natural Ecosystems

Strengthening the Management of Protected Areas

In the effort to protect Malaysia's biodiversity and conserve the ecosystem, species and genetic diversity, a national framework for protected areas will be developed to strengthen the management of the areas. This will include, among others, the gazettment of new protected areas. Meanwhile, states in Peninsular Malaysia will be encouraged to increase the forested areas to 50% by the year 2040, in line with the Fourth National Physical Plan. State governments will implement a moratorium on the approval of new forest plantation development in the PRF areas in Peninsular Malaysia for a period of 15 years.

A blueprint for marine protected areas (MPA) will be completed in 2024 to strengthen the planning for the expansion of MPA. In addition, a system on fisheries resources that consolidates data on marine ecosystems and biodiversity, including maps and spatial information will be completed in 2025. The system will facilitate the identification of potential locations for the establishment of MPA corridors.

Strategy B2: Protecting and Conserving Species and Genetic Resources

Leveraging Technology Advancement in Enforcement

The use of artificial intelligence will be explored for effective surveillance and enforcement to enhance the survival of the species, especially the endangered ones. Meanwhile, electronic permit system for the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)² in Malaysia or MyCITES will be developed. The automation of CITES processes is crucial to ensure safe trade, increase transparency as well as reduce opportunities for misconduct.

² An international agreement between governments. CITES aims to ensure that international trade in specimens of wild animals and plants does not threaten the survival of the species.

Enhancing Protection and Conservation of Species

New sanctuaries will be established to conserve the freshwater aquatic species in natural habitat, such as *kelah* and *temoleh*. In addition, the SOP for turtle management and national plan of action for endangered species will be reviewed, while Labuan Marine Park sustainable management plan will be developed by the end of 2023. Meanwhile, the Fisheries Act 1985 [Act 317] will be reviewed to include additional provisions. The review will focus on undertaking fisheries impact assessment for coastal and marine development projects as well as regulating transshipment at sea. In addition, the review will also involve improvement on marine park provisions and raise in penalties, particularly for offences related to marine habitat and species.

The National Elephant Conservation Action Plan and National Tiger Conservation Action Plan will be revised to better conserve elephants and tigers in Peninsular Malaysia. In addition, future road and highway development designs will incorporate safe wildlife crossing structures and effective ecological linkages. The National Policy for Biological Diversity will also be reviewed to align with the commitment under the Kunming-Montreal Global Biodiversity Framework.

Strengthening Biosafety Management

Malaysia aims to ratify the Nagoya-Kuala Lumpur Supplementary Protocol on Liability and Redress by 2025. In this regard, a comprehensive regulatory framework and an effective system on biosafety management will be developed. The Biosafety Act 2007 [Act 678] will be revised to enhance the effectiveness of biosafety management. This revision will address emerging issues related to advanced biotechnology, including through the labelling of living modified organisms (LMO) products. In addition, the development of MyBiosafety 2.0 system as a one-stop centre for applications, approvals and other transactions involving LMO will be completed by 2025.

Strategy B3: Ensuring Sustainable Utilisation of Natural Assets

Valuing Economic Benefits for Terrestrial and Marine Areas

The current total economic value (TEV) assessments in coastal areas along the states of Johor, Melaka, Negeri Sembilan, Pulau Pinang and Selangor will be completed in 2023. The TEV assessments will be expanded to other

states in Peninsular Malaysia in the remaining Twelfth Plan period. Similar initiative will be implemented to other natural ecosystems in the terrestrial and marine areas. These assessments will support evidence-based policy formulation in the conservation of natural ecosystem towards sustainable utilisation.

Preparing a National Forest Inventory

The sixth National Forest Inventory (NFI), which will be completed in 2024 will facilitate better planning, development, management and conservation of forest resources. In addition, a special NFI for the mangrove forest will be prepared to document the available natural assets in the forest. These inventories will also be leveraged for carbon stock assessment.

Developing Mineral Industry and Promoting Geological Heritage

The National Mineral Policy 2 will be reviewed to provide a more holistic direction to drive the mineral industry development, including non-radioactive rare earths element (NR-REE), bauxite, tin, silica and kaolin, based on sustainable and responsible principles. The review which is one of the initiatives under the Big Bold Rare Earths Industry will incorporate policies on mining activities in permanent forest reserve, environmentally sensitive areas and protected areas. It will also emphasise on R&D&C&I, another initiative under the rare earths Big Bold. It is estimated that the non-radioactive rare earths industry will create 6,550 jobs and contribute RM9.5 billion to GDP by 2025. Additionally, development and implementation plans for geopark will be introduced to further develop geoparks in Malaysia. These efforts are expected to revitalise the mineral subsectors, generate economic benefits and promote natural resources conservation.

Strategy B4: Strengthening Water Management

Improving Water Resources Governance

A holistic policy on water will be introduced, in line with the Water Sector Transformation Agenda 2040 to ensure sustainable management of water. The policy, anchoring on the source-to-source approach, will incorporate various concepts, including the circular economy and green economy in promoting the use of water resources sustainably and efficiently. Meanwhile, the governance of the IRBM will be strengthened to enable better coordination as well as accelerate and monitor the implementation of the IRBM.

Addressing Water Pollution

In managing effluent from the industries, a study on the establishment of a centralised industrial wastewater treatment plant is being conducted. The study will propose initiatives to ensure effluents from multiple sources in an industrial area are treated and released into the river from one point source. In addition, the Environmental Quality Act 1974 [Act 127] and the Water Services Industry Act 2006 [Act 655] will be reviewed. The amendment for both Acts which include new emerging environmental issues and heavier penalties, will be tabled in the Parliament in the remaining Twelfth Plan period.

Enhancing Water Security

In ensuring water security, alternative water sources from groundwater abstraction, rainwater harvesting and off-river storages will be further explored through the construction of cost-effective infrastructure. The approach for the National Non-Revenue Water Programme will be expanded and revised to deliver continuous and holistic solutions for non-revenue water reduction. The water and sewerage tariffs will be periodically reviewed according to market segments. These initiatives will strengthen financial capability of water operators in ensuring efficient, equitable and sustainable water management.

Focus Area C: Advancing the Implementation of Sustainable Development Goals and Adoption of Environmental, Social and Governance Principles

In realising the nation's aspiration to achieve net-zero GHG emissions as early as 2050, initiatives on SDGs and ESG will continue to be strengthened. Efforts will be focused on intensifying the SDGs implementation at local level. Meanwhile, measures to promote ESG adoption by businesses will be accelerated, in realising the energy transition Big Bold. A conducive ESG ecosystem will be established to accelerate ESG adoption and disclosure by businesses, particularly among SMEs. The ecosystem will include policy direction and regulatory framework as well as financial and technical support to promote sustainable business practices. These efforts will promote sustainable development for planetary health towards the attainment of the 2030 Agenda.

Strategy C1**Intensifying the SDGs Implementation****Strategy C2****Advancing the Adoption of Environmental, Social and Governance Principles**

Strategy C1: Intensifying the SDGs Implementation

Localising the SDGs

Efforts will be undertaken to empower state governments, authorities and communities at local level in localising the SDGs implementation to achieve the 2030 Agenda. The SDGs Roadmap Phase 2, 2021-2025 will guide the localisation of SDGs, while ensuring policy coherence across all levels of governments. This will intensify SDGs implementation through a comprehensive top-down and bottom-up approach at local level. The summary of the SDGs Roadmap Phase 2, 2021-2025 is as shown in Box 8-2.

Enhancing the SDGs Reporting

The SDGs reporting will be strengthened to document and highlight all initiatives undertaken by multi-stakeholders as well as serve as a guide for policy intervention and implementation by ministries and agencies. The National SDGs Progress Monitoring System, known as SDGs Dashboard will be the single data source to coordinate the compilation of data based on SDGs indicators. A mechanism to report the SDGs performance at the subnational level to the National SDG Council will be established. The SDGs achievement at the subnational level will also be presented at the United Nations High-Level Political Forum on Sustainable Development via the publication of the Voluntary Subnational Reviews (VSR) or Voluntary Local Reviews (VLR). All states will be encouraged to produce at least one VSR or VLR to strengthen SDGs localisation. All these achievements will be collated for the next Malaysia Voluntary National Review report scheduled in 2025.



Box 8-2

The Sustainable Development Goals Roadmap Phase 2

The 2030 Agenda for Sustainable Development (2030 Agenda) is a global commitment towards sustainable, resilient and inclusive development, with 17 sustainable development goals (SDGs) and 169 targets. It is a call for action to end poverty, protect the planet and ensure that all people live peaceful and prosperous lives. Malaysia is committed to the implementation of the SDGs in three phases, between 2016 and 2030. Phase 1 coincided with the Eleventh Malaysia Plan, 2016-2020 and Phase 2 with the Twelfth Malaysia Plan, 2021-2025, while Phase 3 will coincide with the next plan.

The SDGs Roadmap Phase 2 provides a clear direction on the contextualisation and implementation of the 2030 Agenda for the period of 2021-2025. This Roadmap captures efforts undertaken in the first two years of Phase 2 and will outline the initiatives in the remaining Twelfth Plan period. It provides an essential guidance to shift the economy towards a high-income, high-productivity and sustainable nation and serves as a primary reference for the SDGs implementation in Malaysia, with the emphasis on localising SDGs. In strengthening the SDGs implementation, the Roadmap provides specific action plans with clear objectives and quantitative targets, while aligning and integrating with national policies. The aspiration of Malaysia MADANI is embedded in the Roadmap Phase 2, in line with the principle of leaving no one behind.

The inputs to develop the SDGs Roadmap Phase 2 was derived from multiple stakeholders through a whole-of-nation approach, whereas the detailed mapping of the SDGs, targets, and indicators were based on existing Malaysia's development policies. The Roadmap was built upon and complements the SDGs Roadmap Phase 1, 2016-2020, the Voluntary National Reviews in 2017 and 2021, various SDGs Indicator Reports, and the United Nations Common Country Analysis.



Strategy C2: Advancing the Adoption of Environmental, Social and Governance Principles

Formulating National ESG Policy Framework

A national ESG policy framework will be formulated to provide clear direction on ESG implementation among stakeholders. The policy framework will enable coordination and acceleration of ESG disclosure among businesses as well as increase confidence among investors. The CCPT, Principles-based Sustainable and Responsible Investment Taxonomy as well as the Principles of Good Governance for Government-Linked Investment Firms will lay the groundwork in formulating this framework.

Introducing Guideline for ESG Disclosure

In encouraging and facilitating SMEs on ESG reporting, a guideline with the 11 themes developed by Bursa Malaysia will be introduced for ESG disclosure. The emissions management theme under this guideline will be made as a minimum requirement for ESG disclosure by the businesses. The introduction of a standard guideline for ESG will reduce inconsistent reporting practices and lack of comparability between businesses. In addition, companies subjected to global ESG obligation will be required to facilitate the SMEs along the local supply chain in adhering to the compliance.

Ensuring Sustainable Financing for ESG Adoption

Sustainable financing is crucial to promote ESG adoption and facilitate the growth of sustainable and socially responsible initiatives in business practices. The SMEs will be encouraged to utilise the special funding facilities for SMEs, including the LCTF as well as High Tech and Green Facility to accelerate the transition to sustainable practices. A multi-pronged outreach and communication programmes in collaboration with various stakeholders will be implemented to increase awareness on sustainable financing.

Establishing a Centralised Sustainability Reporting Platform

A centralised sustainability reporting platform will be established to assist in streamlining reporting by the multinational corporations, public listed companies and companies along the supply chains. This will allow ESG data collation towards interoperability and informed decision making for potential investment. In addition, the platform will enhance access to funding facilities for businesses, especially SMEs, enable businesses benchmarking and facilitate banks in developing suitable sustainable financing products. Initiative in driving businesses towards ESG adoption is as shown in Box 8-3.

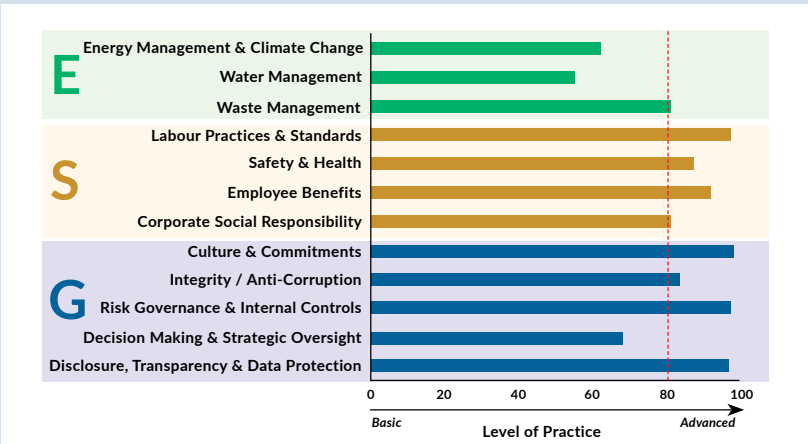
Box 8-3

Driving Businesses towards Environmental, Social and Governance Adoption as the Catalyst for a Sustainable Economy

Environmental, social and governance (ESG) is a framework that guides stakeholders to understand performance, risks and opportunities of an organisation for business sustainability. There is an increasing expectation and requirement for businesses to embrace sound ESG practices and disclosures due to issues related to climate change, social aspects of employment and demand for good governance. The extensive adoption of ESG among businesses will position Malaysia as a competitive trading partner in the international market.

A survey by UN Global Compact (UNGC) Network Malaysia & Brunei in 2022 indicated 45% of companies in Malaysia did not allocate budget for sustainability initiatives. Another survey by SME Corporation Malaysia in 2022 revealed that approximately 40% of micro, small and medium enterprises (MSMEs) were aware of ESG practices. Nevertheless, MSMEs lack information, talents and funds, with the environmental principle lagging behind social and governance principles, as shown in *Figure 1*.

Figure 1
ESG Implementation among MSMEs by Selected Indicators



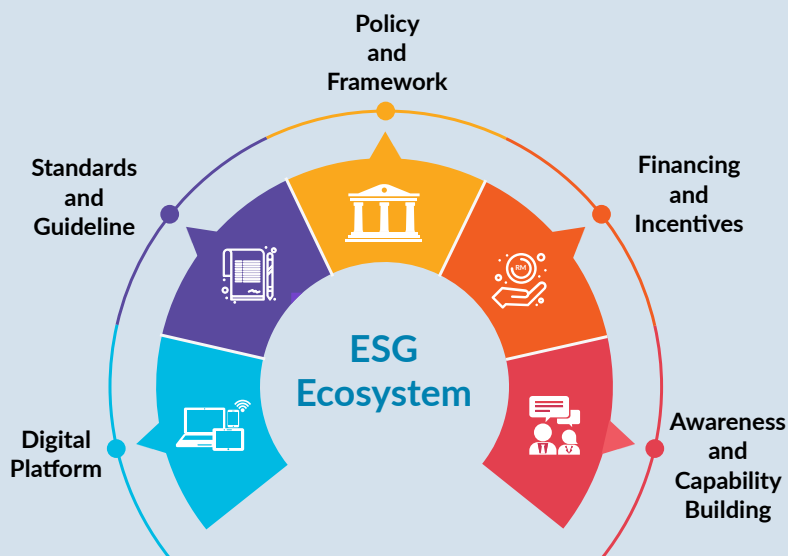
Source: SME Corporation Malaysia, 2022

The roll-out of Financial Times Stock Exchange-Russell Group (FTSE4Good) Index by Bursa Malaysia in 2014 includes ESG ratings for selected companies that demonstrate sound ESG practices. The Index currently listed 98 companies that met the stringent criteria set by FTSE Russell and consistently outperformed other counters. In addition, all 954 public listed companies (PLCs) in the Main Board and Access, Certainty, Efficiency (ACE) markets have already produced ESG disclosures. These PLCs are further required by Bursa Malaysia to comply with the enhanced sustainability disclosures by 2024 for the Main Board, followed by ACE markets in 2025.

Multinational companies and PLCs are at the forefront on ESG disclosure, while small and medium enterprises (SMEs) are still grappling with ESG adoption and disclosure. Therefore, the Ministry of Investment, Trade and Industry (MITI) is developing a national ESG industry framework for the manufacturing sector. Bank Negara Malaysia has rolled out the Low Carbon Transition Facility to support the SMEs in adopting sustainable and low carbon practices. Meanwhile, Bursa Malaysia is working with the London Stock Exchange Group to develop the Centralised Sustainability platform to facilitate greater transparency and consistency in sustainability disclosures, while providing wider access to green financing products. In addition, various initiatives including engagement and upskilling programmes are being undertaken by SME Corporation, UNGC and private sector to promote companies at all levels in preparing the ESG reports. Meanwhile, the Ministry of Economy will drive various initiatives undertaken by ministries and agencies as well as regulators and private sector in establishing a conducive ESG ecosystem, focusing on SMEs.

The commonly used ESG ecosystem is as shown in *Figure 2*. The ecosystem is based on the guiding principles, namely leveraging existing solutions with minimal efforts to transition, providing minimum common guideline for ESG disclosure, increasing utilisation of existing financing and incentives as well as establishing an internationally recognised single reference data point on ESG. This ecosystem will promote ESG compliance, which will eventually increase competitive advantage for Malaysian companies and be the catalyst for a sustainable economy.

Figure 2
Common ESG Ecosystem



Focus Area D: Strengthening the Enabling Environment

Strengthening the enabling environment is crucial for Malaysia's progress in advancing sustainability. A supportive and conducive environment will ensure the effectiveness of policies and strategies implementation. In the remaining Twelfth Plan period, strategies will be focused on strengthening sustainability governance as well as instilling sense of ownership and shared responsibility. These strategies will require collaborative efforts of various stakeholders in addressing environmental issues and challenges.

Strategy D1

Strengthening Sustainability Governance

Strategy D2

Instilling Sense of Ownership and Shared Responsibility

Strategy D1: Strengthening Sustainability Governance

Strengthening Biodiversity Governance

The establishment of a national centre of excellence on biodiversity conservation and management by enhancing the existing institution, will be explored to strengthen biodiversity governance. Meanwhile, the Malaysian Platform for Business and Biodiversity, driven by the private sector will be leveraged to encourage companies in adopting ESG for biodiversity conservation. These efforts will contribute towards fulfilling commitments under the Kunming-Montreal Global Biodiversity Framework.

Bolstering the SDGs Governance

The National SDGs Centre will continue to spearhead efforts in ensuring effective coordination and collaboration among various stakeholders in supporting the United Nations Decade of Actions to accelerate SDGs implementation in Malaysia. Under the auspices of the National SDGs Council, the working committees will be entrusted to play a more significant role in coordinating, monitoring and reporting of SDGs implementation at all levels. The implementation of SDGs will be further intensified by empowering a lead ministry to champion each goal based on respective indicators and targets. These efforts will ensure timely achievement of the 2030 Agenda.



Strategy D2: Instilling Sense of Ownership and Shared Responsibility

Intensifying Collaboration among Stakeholders

Collaboration and partnership among stakeholders will be intensified to promote collective action and shared responsibility towards environmental sustainability. This will be realised through the adoption of quadruple helix model to enable greater cooperation among the society, industry, academia and government. Cooperation and policy dialogues on sustainable development at the regional and international levels will be enhanced, while community involvement at local level will be encouraged to promote knowledge sharing and social innovation. These measures will foster a better collaborative effort in addressing and mitigating issues related to sustainability.

Enhancing Communication, Education and Public Awareness Programmes

In the remaining Twelfth Plan period, CEPA programmes on SDGs, ESG, environment, natural resources and energy transition will be further enhanced to increase public awareness, sense of ownership and shared responsibilities. This initiative will also create opportunities for businesses to grow towards sustainable economy. In order to increase awareness, enhance knowledge and skills as well as promote sustainable practices, new media will be leveraged. CEPA programmes will be carried out with the collaboration and involvement of various stakeholders, including civil society organisations, media outlets and local communities to nudge behavioural shift among the *rakyat*.

Conclusion

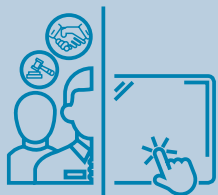
Advancing sustainability is crucial for Malaysia's long-term development and wellbeing. During the review period of the Twelfth Plan, several measures were undertaken to implement a low carbon, clean and resilient development, manage natural resources including water and strengthen the enabling environment. Despite the progress made in various areas, there are still challenges to be addressed in advancing the nation's sustainability. In the remaining Twelfth Plan period, efforts will be focused on accelerating the implementation for low carbon, clean and resilient development, managing natural resources more efficiently, advancing the implementation of SDGs and adoption of ESG principles as well as strengthening the enabling environment. These concerted efforts and effective measures will accelerate the advancement of green growth in achieving sustainable development.



The background of the image consists of several overlapping, wavy bands of different shades of blue, ranging from a light sky blue at the top to a deep navy blue at the bottom. The waves flow from the left towards the right, creating a sense of movement and depth.

Beyond

2025



Malaysia Beyond 2025

A Sustainable and Progressive Society

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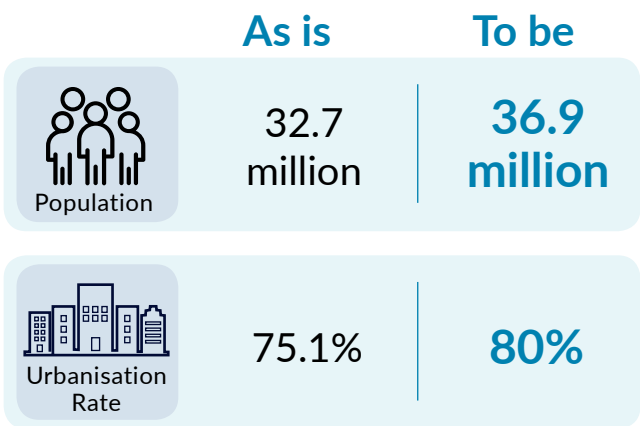
Introduction

We are living in a complex and rapidly changing world that is shrouded with uncertainties. In these unprecedented times, Malaysia is at a critical juncture. We can either rest on our laurels with our current socioeconomic conditions or strive towards building a better Malaysia together by realising the vision of ***‘Ekonomi MADANI: Memperkasa Rakyat’***. Every one of us must take bold steps and actions to become a sustainable and progressive society built on our unique culture and values as well as patriotism and togetherness to elevate the dignity and status of our nation.

Over the last six decades, the Malaysian economy has undergone a number of transformations in the pursuit of growth and prosperity. Our once agricultural-based economy has shifted towards one that is more manufacturing and services-based. Most recently, digitalisation and advanced technology as well as environmental sustainability have influenced every facet of our lives. As Malaysians live longer and fertility rates decline, we will undergo a significant demographic change that will have massive implications on how households and institutions behave and function. Rapid urbanisation and climate change will compel us to reimagine how we live and interact with our surroundings. Above all, the future will hold significant challenges in bringing forth a new generation that is ready to face what is yet to come.

This chapter builds upon the foundation that has been laid in forging Malaysia MADANI. It voices out key concerns that are at the heart of the *rakyat*. It then highlights the aspirations of the *rakyat* from all walks of life for the betterment of society and the nation for the years to come.

Key Concerns of the *Rakyat*

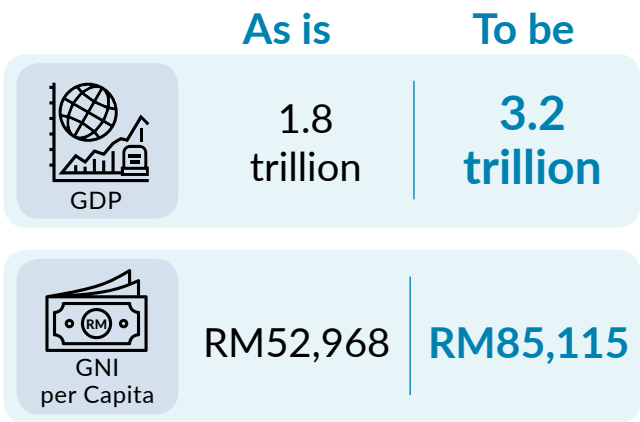


Demographic Change and Urbanisation

Malaysia’s population stands at 32.7 million people in 2022 and is expected to reach 36.9 million in 2030. Babies born in 2022 are expected to live up to 2095 with an estimated life expectancy of 73.4 years. The total fertility rate (TFR) has fallen significantly, from 4.9 births per woman in her reproductive age in 1970 to 1.6¹ in 2022. These trends have led to an increase in the proportion of Malaysians aged over 65 years, from 3.3% in 1970 to an estimated 7.3% in 2022, classifying Malaysia as an ageing nation. Unless addressed effectively, a growing silver population can induce higher healthcare costs and raise concerns surrounding old age poverty. The Government is spending approximately RM900 million a year for elderly care. Along with this, non-communicable diseases (NCDs) also show an increasing trend, placing a greater burden on Government expenditure for healthcare services. The Ministry of Health and World Health Organisation reported that in 2017 alone, a total of RM9.7 billion was spent to treat NCDs.

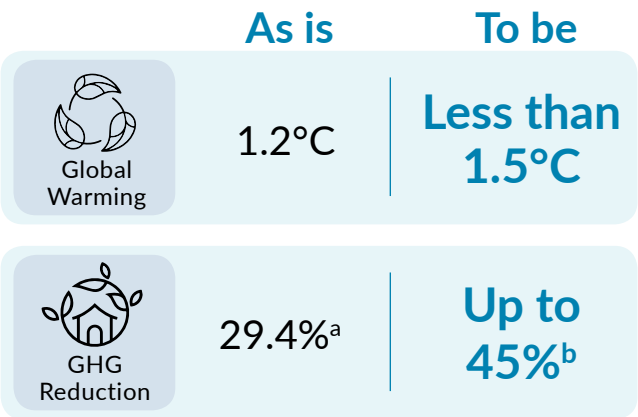
Meanwhile, the urbanisation rate in 2020 was at 75.1% and is expected to reach 80% in 2030, partly as a result of higher economic density and better infrastructure development in urban areas. This raises concerns on affordable and comfortable housing, decent cost of living and efficient transportation, among others.

¹ Preliminary data



Income

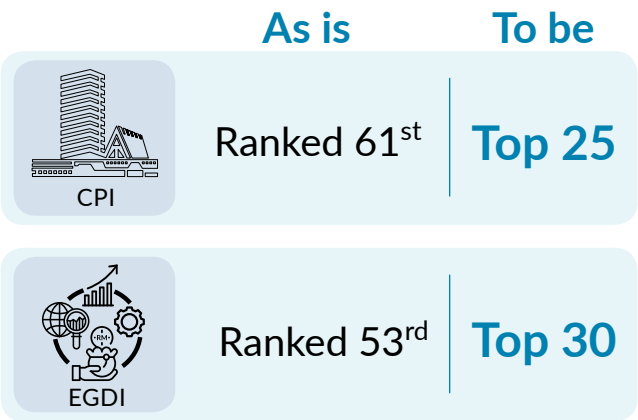
In 2022, Malaysia’s gross domestic product (GDP) was RM1.8 trillion and gross national income (GNI) at RM1.7 trillion with GNI per capita of RM52,968. However, time and again, the *rakyat* have expressed that slow improvements in their standard of living do not correspond with the stellar macroeconomic performance. By 2030, GNI per capita is expected to reach RM85,115, whereas Malaysia’s GDP is projected to reach RM3.2 trillion. As we are approaching high-income nation status, economic prosperity from this achievement must be felt to be more meaningful to the *rakyat*.



Note: ^a Greenhouse gas (GHG) emissions intensity to GDP in 2016 based on emissions intensity in 2005.
^b The nation's commitment through Malaysia's Nationally Determined Contribution to the Paris Agreement of the United Nations Framework Convention on Climate Change to reduce up to 45% GHG emissions intensity to GDP by 2030 based on emission intensity in 2005.

Climate Change

We cannot deny that the effects of climate change have become more rampant and severe in recent times. Extreme weather has not only affected the lives and livelihoods of thousands but also threatened our planetary health. Global temperatures in 2022 were around 1.2°C above pre-industrial times. Realising the importance of climate action, Malaysia has committed to reduce up to 45% of greenhouse gas (GHG) emissions intensity to GDP by 2030 based on emissions intensity in 2005. Malaysia also aspires to achieve the target of net-zero GHG emissions as early as 2050. As such, we should adopt sustainable practices in our daily lives and actively participate in the global initiative to pursue efforts in limiting the average global temperature rise to 1.5°C.



Integrity and Effective Leadership

Malaysia's rank in the Corruption Perceptions Index (CPI) has fallen from 51st out of 180 countries in 2019 to 61st in 2022. An amelioration of this situation would see Malaysia being ranked in the top 25 countries in ten years. Meanwhile, in the Government Efficiency sub-index of the IMD World Competitiveness Yearbook, Malaysia placed 29th out of 64 countries in 2023. In 2022, Malaysia ranked 53rd out of 193 countries in the UN E-Government Development Index (EGDI), and by 2030, Malaysia is expected to be in the top 30 positions. In realising the aspiration to build a better Malaysia, embedded with the core values of MADANI, our governance ecosystem must be more open and transparent spearheaded by transformational leaders.

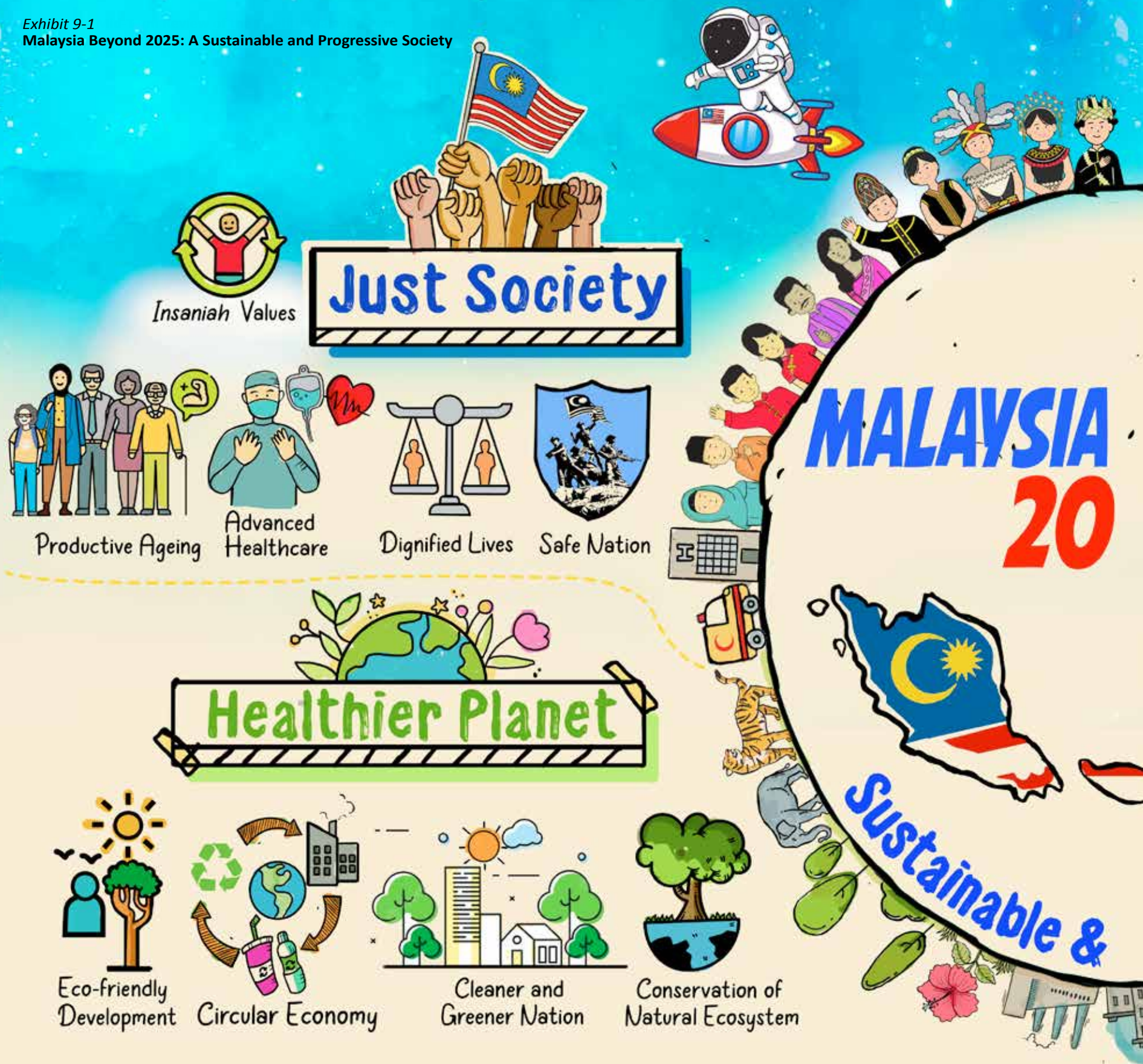
Transition towards a Better Malaysia

In the spirit of inclusivity, ideas were solicited from Malaysians from all walks of life. Their perceptions, ranging from economic prosperity to social wellbeing were analysed to chart a more meaningful pathway for Malaysia. The following aspirations were built from these findings, together with analysis on government policies and other studies.

The Beyond 2025 aspirations are clustered into four perspectives, namely just society, inclusive economic growth, healthier planet and good governance, towards achieving a sustainable and progressive society. These aspirations are in line with the MTR of the Twelfth Plan, which focuses on achieving a sustainable, prosperous, and high-income nation. The hopes of the *rakyat* will also be the basis for crafting the Thirteenth Malaysia Plan. A summary of the aspirations for the next decade is as shown in *Exhibit B-1*.



Source: The Borneo Post





Just Society

We, as Malaysians, share common universal values anchored on the *Rukun Negara*. Our strength lies in our diverse yet united society, with *insaniah*² values. We also experience safer and more peaceful lives as a result of the collective commitment of every one of us to ensure public safety. We lead dignified lives with full access to diverse opportunities, including high quality healthcare and education as well as the ability to improve our standard of living. At the same time, Malaysians age gracefully and continue contributing to the nation.

Insaniah Values

Nurturing *insaniah* values begins at home at an early age. Families as an important social unit are supported by the surrounding environment to nurture holistic growth of children towards becoming *insaniah* individuals. In addition, our communities provide a conducive ecosystem to build all the necessary characteristics. Our education system emphasises balanced development along social, emotional, mental, spiritual, physical, cognitive and intellectual aspects. Subsequently, both formal and informal education fosters, among others, the development of life skills, problem-solving and critical thinking skills. In addition, individuals are encouraged and given the support to build their own unique set of skills through continuous technical and vocational education and training to meet the escalating demands for advanced skills in high growth high value (HGHV) industries.

Safe Nation

We feel safe living in a peaceful nation. Safeguarding the homeland becomes a shared responsibility of all to ensure Malaysia remains a safe place to live. A comprehensive border security management, through the use of advanced technology, ensures the country is well-protected from any form of threats as well as upholds sovereignty and the rule of law. Improved crime index rate reflects that public safety is well protected. Reduced cybersecurity infringements strengthen confidence and trust among the *rakyat* in online activities. Meanwhile, improved rehabilitation programmes reduce the stigma toward former inmates, hence facilitate their reintegration into society. The increased perception of feeling safe among the *rakyat* makes Malaysia a country that is renowned to be a safe nation.

Dignified Lives

Everyone is treated with respect, regardless of our race, religion, gender and origin, which subsequently fosters unity. Everyone, including those from disadvantaged and vulnerable groups, feels a profound sense of belonging and is empowered for greater social mobility. Greater coverage of social protection insures us against socioeconomic risks. Additionally, we benefit from access to high quality products and services, as well as fulfilling experiences. We no longer compromise on quality when it comes to meeting our needs and wants. Enhanced rural development, sustained income generation and greater access to basic infrastructure reduce socioeconomic gaps. Smaller inequality gaps reflect that prosperity is shared more equitably among the *rakyat*.

² Individuals that possess good virtues including empathy, sincerity, humility, well-mannered and trustworthy.





Source: SCORE Sports Management Sdn Bhd

Advanced Healthcare

We enjoy accessible and affordable healthcare services of the highest quality. Digitalisation and artificial intelligence (AI)-powered techniques are leveraged to improve efficiency of healthcare services for the *rakyat*. The threats of communicable diseases and NCDs have reduced substantially, generating a healthier and productive nation as well as lowering healthcare expenditures. Meanwhile, mental health issues are addressed comprehensively without discrimination, stigma or neglect. The presence of these combined vital factors enhances the quality of life of the *rakyat*.

Productive Ageing

Malaysians enjoy better health and longevity. Older persons contribute productively towards the socioeconomic development of the country based on their capabilities. The ecosystem, including housing, working conditions, healthcare and social protection are age-friendly for older persons. Community support enables productive and active ageing. In addition, lifelong learning is well promoted for older persons to engage in activities as well as acquire new knowledge and skills, supported by digitalisation, technology and innovation.



Inclusive Economic Growth

Malaysia is truly an inclusive and advanced economy. The presence of skilled Malaysians, along with HGHV local industries, position Malaysia as a premier investment destination and global hubs. Cutting-edge technologies adopted and developed in the country increase productivity and enable domestic industries to move up the value chain. Malaysian talents are well recognised for their competitiveness and highly valued for their contributions, while the workforce enjoys progressive wages and a decent standard of living. Furthermore, innovative entrepreneurs are highly capable of introducing new products and services, creating new wealth for the country. The Government's diligent management of the economy through a fairer tax system and efficient spending enables the provision of better services to the *rakyat*.

Advanced Nation

Capitalising on our strengths as an advanced nation, we are able to maintain our competitiveness and sustainable growth. Our country is more politically stable and well connected, with greater adoption of advanced technology and digitalisation. We enjoy balanced regional development, inclusive social protection and higher firm productivity, among others. We are able to attract high quality investment and have sufficient future-ready talent. Best practices are adopted in both the public and private sectors, creating a conducive work environment, higher job satisfaction, fair career advancement and more work-life balance.

Decent Standard of Living

We lead more comfortable lives as economic benefits trickle down and are spread equitably. Living in an advanced nation, we possess stronger purchasing power, attributed to higher incomes, effective price and exchange rate management as well as stable supply of essential goods and services. Quality homes are made affordable for all income groups and can withstand the forces of nature. Most importantly, these homes are designed to accommodate the number of individuals in households. Furthermore, high quality utilities, public infrastructure and facilities, such as transportation networks, educational institutions, healthcare facilities and recreational amenities are not only adequately provided but also properly maintained.

Progressive Wages

We value fair compensation which goes beyond just wages. Employees are properly remunerated according to their respective qualifications, experience, job complexity and productivity. By being rewarded fairly, employees feel motivated and valued, leading to improved productivity, higher job satisfaction and increased loyalty. The financial freedom gained through higher disposable incomes provides greater financial security and flexibility, leading to a higher standard of living.

High Growth High Value Industries

HGHV industries drive Malaysia's robust economic growth. These industries create high value in the economy by directing businesses towards sophisticated economic activities that focus on creating unique yet ubiquitous products and services. In addition, HGHV industries unlock higher productivity, rapid technological advancements and greater economic diversification. We build a competitive ecosystem, thus attracting higher quality investments that foster more high-end research, development, commercialisation and innovation (R&D&C&I) activities. The prompt transition towards renewable and sustainable sources of energy establishes Malaysia as a focal point in the region and enables us to capitalise on opportunities centred on environmental, social and governance (ESG) principles. The benefits of HGHV industries reach beyond the economy, as these industries create employment opportunities that offer well-paying jobs, hence increase the wellbeing of the *rakyat*.

Innovative Entrepreneurs

Highly productive and digitally savvy entrepreneurs operate in a robust business environment that is seamlessly integrated into the global marketplace. As a result of proliferated commercialisation of research and development (R&D) as well as innovation activities, our country houses cutting-edge indigenous technology. State-of-the-art business and entrepreneurship education as well as continuous learning enable entrepreneurs to introduce new products, services and business practices to the market. A supportive ecosystem nurtures entrepreneurs to bring forth ground-breaking ideas and solutions for the betterment of the nation.

Fiscal Sustainability

Our economy possesses a revenue base that is broad, reflecting greater economic diversification. The tax system that is fairer for both individuals and businesses promotes high compliance. Meanwhile, efficient and prudent spending ensures lower public debt and higher reserves. The Government effectively utilises fiscal policy as a socioeconomic development tool to encourage industries with high growth potential, provide adequate soft and hard infrastructure, and deliver effective social welfare programmes, among others. With a sound fiscal position, the Government is able to mitigate economic shocks and fluctuations.



Healthier Planet

We understand the significance of our role in protecting and preserving the health of our planet in order to address the impacts of climate change. We realise that climate change poses significant threats and thus engage in concerted efforts to minimise the impact, ensuring that we are all protected. Sustainable practices and enhanced implementation of the circular economy are ingrained in our daily lives, enabling us to maximise efficient use of resources and minimise waste. The transition towards renewable and sustainable sources of energy is seamless, economical and just, resulting in minimal impacts on the environment and the *rakyat*.

Eco-friendly Development

Socioeconomic development advances in tandem with the conservation and preservation of our environment. We hold ourselves accountable for the environmental impact of physical development by venturing into initiatives, including wider adoption of carbon accounting and commitment to GHG emission reduction. In addition, ESG principles are embedded in our development to ensure the benefits extend far beyond pecuniary gains. Meanwhile, we make environmentally conscious choices, opting for sustainable practices in our daily lives, including consuming organic food and biodegradable products, energy saving appliances as well as managing and recycling waste.

Circular Economy

Our organisations and businesses are actively implementing the circular economy along the value chain, from raw materials to sanitary landfills, resulting in reduced reliance on non-renewable sources as well as boosted innovation and productivity. Our households adopt the circular economy by implementing the refuse, reduce, reuse, recycle and recovery (5R) approach and utilising resources efficiently. In addition, we are also more energy sensitive and actively play our role as consumers in supporting Malaysia's aspiration of reaching net-zero GHG emissions as early as 2050.

Cleaner and Greener Nation

Renewable and sustainable sources of energy power our economy and contribute to the reduction of GHG. Our industrial estates produce low carbon emissions and manage waste effectively. We primarily commute within and between cities by using sustainable and reliable public transport. More Malaysians embrace green transport, including new energy vehicles and micromobility. Cleaner and greener urban and rural areas are more liveable for all.

Conservation of Natural Ecosystem

Malaysians are committed to the conservation of the natural ecosystem and care for planetary health. Urban and rural developments incorporate nature-based solutions, whilst protecting habitats of flora and fauna. Our biodiversity conservation efforts serve as a reference point for researchers all over the world. The sustainable management of our coastal and marine ecosystems inspires other tropical countries in their ecological preservation efforts.



Good Governance

Malaysia practises good governance that promotes accountability, integrity and transparency as well as upholds the rule of law. Public policies are designed and implemented based on the real needs of the *rakyat*, considering the complexity and social dynamics. We develop visionary, transformational and trustworthy leaders. These leaders possess strong ethics, imbued with *insaniah* and *ihsan* values and guided by the Federal Constitution and *Rukun Negara*.

Open and Efficient Government

The Government advocates transparency on important decisions that affect the *rakyat* and the country. We respect and uphold the doctrine of separation of powers among the three branches of government, namely executive, legislative and judiciary in the spirit of a mature democracy. The Government continues to combat corruption, empower citizens, and adopt advanced technology, creating a lean and efficient administration. Rules and regulations are up-to-date, accommodating to the needs, and changing environment. In promoting an inclusive and open government, the whole-of-nation approach is widely practised. Civil servants are competent, professional and passionate in serving the nation. They are continuously provided with opportunities to enhance their skills and knowledge as well as gain exposure internally and externally to drive good governance.

Human-centred Policies

In ensuring the efficacy of policy measures, local communities are highly involved throughout the policy cycle to ensure that their respective complexities and dynamic social needs are accounted for, leaving no one behind. Policymakers at the Federal, state and local levels adopt social anthropology approaches to better understand the people they serve. Behavioural insights together with digitalisation and advanced technology are widely practised and implemented to ensure programmes and projects are well-received. The implementation of these programmes and projects are monitored and refined accordingly.

Transformational Leaders

Malaysian leaders are visionary, transformational and trustworthy. They have clear foresight and are able to communicate their ideas well. Leaders are brave enough to make bold and tough decisions for the betterment of the *rakyat* and the country. In achieving our common goals, these leaders inspire and motivate as well as emphasise the importance of upholding strong values and morals. They appreciate diversity and fairness by respecting and accommodating the various needs of the *rakyat*, without compromising the core values as stated in the Federal Constitution and *Rukun Negara*.



Conclusion

The aspirations for a sustainable and progressive society represent the collective voices of Malaysians from all walks of life. These aspirations not only focus on the transformation of the economy, but also emphasise equitable opportunities and outcomes for all. They also cover our commitment towards safeguarding planetary health. Good governance and transformational leadership are crucial towards realising the aspirations in building a better Malaysia together. Going beyond 2025, the hopes of the *rakyat* will be the starting point in crafting our medium- to long-term socioeconomic development plans.



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Appendix

Appendix

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Table 1

Gross Domestic Product by Expenditure Category, 2015-2025 (at constant 2015 prices)

Item	RM million					Average Annual Growth Rate, %				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020	2021-2025	2021-2022	2023-2025	2021-2025
Private Expenditure	833,249	1,013,400	1,034,064	1,140,804	1,364,362	4.0	5.4	6.1	6.1	6.1
Consumption	635,099	802,747	817,756	908,974	1,085,249	4.8	5.8	6.4	6.1	6.2
Investment	198,150	210,653	216,308	231,830	279,113	1.2	3.8	4.9	6.4	5.8
Public Expenditure	260,295	250,243	253,942	265,928	284,191	-0.8	3.4	3.1	2.2	2.6
Consumption	154,021	179,721	191,268	199,943	210,228	3.1	3.7	5.5	1.7	3.2
Investment	106,274	70,522	62,674	65,985	73,964	-7.9	2.6	-3.3	3.9	1.0
Net Exports	88,592	87,070	83,578	82,743	91,461	-0.3	3.1	-2.5	3.4	1.0
Exports of Goods and Services	817,370	830,157	984,094	1,126,661	1,200,910	0.3	5.8	16.5	2.2	7.7
Imports of Goods and Services	728,778	743,087	900,516	1,043,918	1,109,449	0.4	6.1	18.5	2.1	8.3
Gross Domestic Product	1,176,941	1,346,249	1,390,644	1,510,939	1,757,315	2.7	4.5 ~ 5.5	5.9	5.0 ~ 5.5	5.0 ~ 6.0

Note: The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 2

Gross Domestic Product by Expenditure Category, 2015-2025 (at current prices)

Item	RM million					Average Annual Growth Rate, %				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020			2021-2025	2021-2025
Private Expenditure	833,249	1,087,709	1,128,881	1,285,698	1,675,567	5.5	8.1	8.7	9.2	9.0
Consumption	635,099	865,450	897,573	1,031,759	1,347,172	6.4	8.7	9.2	9.3	9.3
Investment	198,150	222,259	231,308	253,939	328,395	2.3	5.5	6.9	8.9	8.1
Public Expenditure	260,295	258,274	264,071	281,217	311,020	-0.2	4.1	4.3	3.4	3.8
Consumption	154,021	183,869	196,941	208,887	224,172	3.6	4.4	6.6	2.4	4.0
Investment	106,274	74,405	67,130	72,330	86,848	-6.9	3.5	-1.4	6.3	3.1
Net Exports	88,592	90,325	111,973	129,632	158,057	0.4	3.1	19.8	6.8	11.8
Exports of Goods and Services	817,370	873,477	1,093,895	1,378,452	1,572,466	1.3	6.5	25.6	4.5	12.5
Imports of Goods and Services	728,778	783,152	981,922	1,248,820	1,414,409	1.4	6.9	26.3	4.2	12.6
Gross Domestic Product	1,176,941	1,418,491	1,548,898	1,791,358	2,162,336	3.8	7.4	12.4	6.5	8.8
Gross National Income	1,144,829	1,389,971	1,506,745	1,731,944	2,079,210	4.0	7.4	11.6	6.3	8.4
Gross National Income Per Capita										
RM	36,710	42,838	46,253	52,968	61,000	3.1	6.4	11.2	4.6	7.2
US\$	9,399	10,191	11,163	12,035	14,250	1.6	8.0	8.7	5.8	6.9
Inflation, %	2.1	-1.2	2.5	3.3	-	1.3	2.7	2.9	2.8 ~ 3.8	2.8 ~ 3.8
Unemployment, % end period	3.1	4.5	4.6	3.9	3.3	-	4.0	-	-	-

Note: The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 3

Gross Domestic Product by Kind of Economic Activity, 2015-2025 (at constant 2015 prices)

Item	RM million					Average Annual Growth Rate, %				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020	2021-2025	2021-2022	2023-2025	2021-2025
Agriculture	97,539	99,109	99,000	99,073	107,209	0.3	3.8	-0.02	2.7	1.6
Mining and Quarrying	103,059	92,879	93,717	96,199	105,341	-2.1	2.6	1.8	3.1	2.6
Manufacturing	262,381	307,606	336,839	364,131	420,170	3.2	5.7	8.8	4.9	6.4
Construction	55,381	53,616	50,889	53,441	65,003	-0.6	4.2	-0.2	6.7	3.9
Services	643,883	777,693	794,552	881,310	1,041,281	3.8	5.2	6.5	5.7	6.0
Electricity, Gas and Water	31,710	37,950	39,025	40,337	46,329	3.7	4.8	3.1	4.7	4.1
Wholesale and Retail Trade, Food & Beverage and Accommodation	220,242	265,100	265,875	308,058	369,775	3.8	5.0	7.8	6.3	6.9
Transport and Storage, Information and Communication	104,360	131,281	137,292	155,375	190,315	4.7	7.2	8.8	7.0	7.7
Finance, Insurance, Real Estate and Business Services	130,064	154,867	158,927	171,810	203,154	3.6	5.7	5.3	5.7	5.6
Government Services	99,783	124,699	131,484	138,015	155,482	4.6	3.7	5.2	4.1	4.5
Other Services	57,724	63,796	61,950	67,715	76,226	2.0	3.7	3.0	4.0	3.6
Plus : Import Duties	14,699	15,346	15,646	16,785	18,311	0.9	2.8	4.6	2.9	3.6
Gross Domestic Product	1,176,942	1,346,249	1,390,643	1,510,939	1,757,315	2.7	4.5 ~ 5.5	5.9	5.0 ~ 5.5	5.0 ~ 6.0

Note: The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 4

Gross Domestic Product Income Approach, 2015-2025 (at current prices)

Item	RM million					Average Annual Growth Rate, %				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020			2021-2025	2021-2025
Compensation of Employees	412,240	529,996	544,165	579,709	864,934	5.2	8.9	4.6	14.3	10.3
Gross Operating Surplus	709,048	849,920	969,014	1,200,643	1,257,103	3.7	6.3	18.9	1.5	8.1
Taxes Less Subsidies	55,653	38,575	35,720	11,005	40,298	-7.1	8.5	-46.6	54.1	0.9
Gross Domestic Product	1,176,941	1,418,491	1,548,898	1,791,358	2,162,336	3.8	7.4	12.4	6.5	8.8
Share of GDP, %										
Compensation of Employees	35.0	37.4	35.1	32.4	40.0	-	-	-	-	-
Gross Operating Surplus	60.2	59.9	62.6	67.0	58.1	-	-	-	-	-
Taxes Less Subsidies	4.7	2.7	2.3	0.6	1.9	-	-	-	-	-

Note: The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 5

Gross Domestic Product by State and Kind of Economic Activity, 2015-2025 (at constant 2015 prices)

Item	RM million					Average Annual Growth Rate, %				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020	2021-2025	2021-2022	2023-2025	2021-2025
Johor										
Agriculture	15,610	16,857	16,980	17,304	18,178	1.5	3.2	1.3	1.7	1.5
Mining and Quarrying	476	658	587	631	855	6.7	5.1	-2.0	10.7	5.4
Construction	7,269	4,176	3,424	3,967	5,038	-10.5	2.1	-2.5	8.3	3.8
Manufacturing	32,359	38,651	40,727	42,949	52,016	3.6	5.9	5.4	6.6	6.1
Services	53,058	66,406	68,316	75,672	89,109	4.6	5.3	6.7	5.6	6.1
GDP	110,002	128,074	131,303	142,056	166,875	3.1	5.1	5.3	5.5	5.4
GDP Per Capita	30,469	33,861	36,505	41,001	48,024					
Kedah										
Agriculture	5,423	5,518	5,667	5,614	5,648	0.3	2.9	0.9	0.2	0.5
Mining and Quarrying	83	112	103	111	155	6.1	4.6	-0.3	11.6	6.7
Construction	863	1,113	1,019	1,206	1,540	5.2	4.4	4.1	8.5	6.7
Manufacturing	11,427	13,619	14,465	15,633	18,039	3.6	5.5	7.1	4.9	5.8
Services	21,465	25,434	25,933	28,024	36,724	3.5	7.3	5.0	9.4	7.6
GDP	39,550	46,042	47,511	50,937	62,498	3.1	6.2	5.2	7.1	6.3
GDP Per Capita	18,864	22,701	23,597	26,061	32,142					
Kelantan										
Agriculture	5,102	5,818	5,888	5,601	6,375	2.7	5.2	-1.9	4.4	1.8
Mining and Quarrying	229	342	353	382	435	8.3	5.3	5.7	4.4	4.9
Construction	445	396	401	480	511	-2.3	3.2	10.1	2.1	5.2
Manufacturing	1,147	1,234	1,260	1,299	1,507	1.5	5.2	2.6	5.1	4.1
Services	14,455	17,374	17,862	19,086	23,156	3.7	7.3	4.8	6.7	5.9
GDP	21,408	25,188	25,797	26,894	32,036	3.3	6.7	3.3	6.0	4.9
GDP Per Capita	12,159	14,956	15,598	16,555	19,559					

Table 5

Gross Domestic Product by State and Kind of Economic Activity, 2015-2025 (at constant 2015 prices)–cont.

Item	RM million					Average Annual Growth Rate, %				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020			2023-2025	2021-2025
Melaka										
Agriculture	4,141	4,584	4,556	4,526	4,898	2.0	3.8	-0.6	2.7	1.3
Mining and Quarrying	44	59	55	60	78	6.1	4.7	0.2	9.6	5.7
Construction	947	992	897	943	1,274	0.9	5.7	-2.5	10.6	5.1
Manufacturing	14,068	15,322	15,835	16,905	20,751	1.7	5.6	5.0	7.1	6.3
Services	16,811	19,970	20,497	22,988	26,337	3.5	4.3	7.3	4.6	5.7
GDP	36,077	41,030	41,900	45,488	53,411	2.6	4.8	5.3	5.5	5.4
GDP Per Capita	40,582	42,880	44,679	50,363	58,703					
Negeri Sembilan										
Agriculture	3,235	3,319	3,306	3,287	3,772	0.5	4.4	-0.5	4.7	2.6
Mining and Quarrying	165	200	186	201	260	3.8	4.4	0.3	9.0	5.5
Construction	1,339	1,370	1,366	1,445	1,757	0.5	5.3	2.7	6.7	5.1
Manufacturing	15,678	16,761	17,962	19,394	22,379	1.3	5.1	7.6	4.9	6.0
Services	18,951	23,822	24,352	26,195	30,064	4.7	5.0	4.9	4.7	4.8
GDP	40,186	46,336	47,783	50,840	58,575	2.9	5.0	4.7	4.8	4.8
GDP Per Capita	36,908	41,292	44,552	49,851	57,793					
Pahang										
Agriculture	11,665	13,001	13,000	13,633	15,226	2.2	4.5	2.4	3.8	3.2
Mining and Quarrying	1,311	614	507	557	691	-14.1	4.0	-4.8	7.5	2.4
Construction	2,105	1,352	1,603	1,586	1,462	-8.5	3.8	8.3	-2.7	1.6
Manufacturing	10,417	12,246	12,990	13,745	15,950	3.3	5.8	5.9	5.1	5.4
Services	23,885	27,597	27,252	31,823	42,147	2.9	7.6	7.4	9.8	8.8
GDP	49,450	54,885	55,403	61,395	75,533	2.1	6.3	5.8	7.2	6.6
GDP Per Capita	30,754	38,022	41,335	47,127	58,055					

Table 5

Gross Domestic Product by State and Kind of Economic Activity, 2015-2025 (at constant 2015 prices)–cont.

Item	RM million					Average Annual Growth Rate, %				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020	2021-2025	2021-2022	2023-2025	2021-2025
Pulau Pinang										
Agriculture	2,084	2,049	2,002	2,069	2,015	-0.3	1.3	0.5	-0.9	-0.3
Mining and Quarrying	124	139	130	140	159	2.3	4.3	0.4	4.2	2.7
Construction	2,712	2,234	2,522	2,721	2,364	-3.8	0.8	10.4	-4.6	1.1
Manufacturing	33,597	41,627	46,768	54,182	61,161	4.4	5.7	14.1	4.1	8.0
Services	38,917	45,979	47,064	52,371	61,859	3.4	5.5	6.7	5.7	6.1
GDP	78,146	92,691	99,111	112,126	128,265	3.5	5.4	10.0	4.6	6.7
GDP Per Capita	46,020	55,783	59,733	69,591	79,333					
Perak										
Agriculture	10,352	11,430	11,798	11,338	12,166	2.0	4.3	-0.4	2.4	1.3
Mining and Quarrying	354	432	402	438	536	4.1	4.4	0.6	7.0	4.4
Construction	2,578	2,057	1,920	2,038	2,152	-4.4	1.1	-0.5	1.8	0.9
Manufacturing	11,190	14,156	15,453	15,606	18,008	4.8	5.8	5.0	4.9	4.9
Services	38,628	46,137	47,314	50,742	61,760	3.6	6.0	4.9	6.8	6.0
GDP	63,176	74,264	76,923	80,213	94,680	3.3	5.6	3.9	5.7	5.0
GDP Per Capita	25,610	31,633	34,399	37,031	44,374					
Perlis										
Agriculture	1,161	1,088	1,024	1,046	1,403	-1.3	5.4	-1.9	10.3	5.2
Mining and Quarrying	32	30	29	31	35	-1.1	2.9	0.9	4.3	2.9
Construction	193	151	151	153	186	-4.9	3.2	0.6	6.7	4.3
Manufacturing	458	444	468	489	564	-0.6	4.0	5.0	4.9	4.9
Services	3,414	4,032	4,121	4,354	5,189	3.4	6.2	3.9	6.0	5.2
GDP	5,353	5,785	5,868	6,200	7,533	1.6	5.8	3.5	6.7	5.4
GDP Per Capita	21,540	21,117	21,522	23,126	28,539					

Table 5

Gross Domestic Product by State and Kind of Economic Activity, 2015-2025 (at constant 2015 prices)–cont.

Item	RM million					Average Annual Growth Rate, %				
	Actual				Revised Target 2025	Eleventh Plan 2016-2020	Twelfth Plan			
							Original Target 2021-2025	Progress 2021-2022	Revised Target	
	2015	2020	2021	2022					2023-2025	2021-2025
Selangor										
Agriculture	4,076	4,721	4,954	4,874	5,485	3.0	5.5	1.6	4.0	3.0
Mining and Quarrying	499	755	708	777	950	8.7	5.1	1.4	6.9	4.7
Construction	16,674	18,665	17,493	18,203	22,728	2.3	4.2	-1.2	7.7	4.0
Manufacturing	75,537	95,114	107,531	117,207	135,245	4.7	6.1	11.0	4.9	7.3
Services	163,967	200,127	205,213	233,125	265,852	4.1	3.6	7.9	4.5	5.8
GDP	268,825	326,805	343,983	384,871	441,857	4.0	4.3	8.5	4.7	6.2
GDP Per Capita	43,513	48,591	51,980	59,804	67,296					
Terengganu										
Agriculture	2,765	2,903	2,753	2,623	3,046	1.0	4.3	-4.9	5.1	1.0
Mining and Quarrying	146	176	178	192	208	3.8	4.3	4.5	2.7	3.4
Construction	904	1,080	1,107	1,145	1,329	3.6	4.6	2.9	5.1	4.2
Manufacturing	11,296	11,862	12,994	14,061	15,898	1.0	5.4	8.9	4.2	6.0
Services	15,965	17,943	18,190	19,280	25,073	2.4	7.8	3.7	9.2	6.9
GDP	31,124	33,994	35,238	37,309	45,564	1.8	6.6	4.8	6.9	6.0
GDP Per Capita	26,808	29,508	30,966	32,210	38,935					
Sabah										
Agriculture	14,817	12,798	12,520	12,492	13,837	-2.9	4.0	-1.2	3.5	1.6
Mining and Quarrying	18,207	19,936	20,574	20,307	22,227	1.8	3.7	0.9	3.1	2.2
Construction	2,446	2,197	2,370	2,517	2,555	-2.1	4.4	7.0	0.5	3.1
Manufacturing	6,266	6,042	5,931	5,780	6,818	-0.7	4.1	-2.2	5.7	2.4
Services	31,755	36,597	37,364	40,565	50,570	2.9	9.1	5.3	7.6	6.7
GDP	73,776	77,840	78,999	81,931	96,318	1.1	6.5	2.6	5.5	4.4
GDP Per Capita	19,830	24,657	30,022	35,766	39,808					

Table 5

Gross Domestic Product by State and Kind of Economic Activity, 2015-2025 (at constant 2015 prices)–cont.

Item	RM million					Average Annual Growth Rate, %				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020			2023-2025	2021-2025
Sarawak										
Agriculture	16,988	14,907	14,434	14,542	15,025	-2.6	2.3	-1.2	1.1	0.2
Mining and Quarrying	29,852	28,591	27,875	29,475	32,975	-0.9	2.5	1.5	3.8	2.9
Construction	3,843	4,082	4,497	4,676	4,582	1.2	3.3	7.0	-0.7	2.3
Manufacturing	32,128	33,428	37,122	39,207	42,979	0.8	5.3	8.3	3.1	5.2
Services	38,370	46,160	47,288	51,832	67,764	3.8	7.9	6.0	9.3	8.0
GDP	121,585	127,556	131,572	140,161	163,799	1.0	5.3	4.8	5.3	5.1
GDP Per Capita	45,006	55,907	66,027	80,772	93,864					
FT of Kuala Lumpur¹										
Agriculture	2	2	2	2	2	1.9	3.8	1.8	0.9	1.3
Mining and Quarrying	117	138	134	145	165	3.3	4.0	2.2	4.4	3.5
Construction	12,915	13,589	11,974	12,215	17,345	1.0	5.7	-5.2	12.4	5.0
Manufacturing	5,641	5,733	5,978	6,297	7,266	0.3	4.8	4.8	4.9	4.9
Services	159,752	194,204	197,788	218,981	248,292	4.0	4.0	6.2	4.3	5.0
GDP	180,865	217,447	219,706	239,811	275,431	3.8	4.2	5.0	4.7	4.8
GDP Per Capita	97,060	108,985	112,084	126,423	144,358					
FT of Labuan										
Agriculture	118	115	117	121	131	-0.5	5.0	2.5	2.7	2.6
Mining and Quarrying	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Construction	148	163	143	148	180	1.8	3.7	-4.6	6.7	2.1
Manufacturing	1,168	1,368	1,354	1,377	1,589	3.2	5.6	0.3	4.9	3.0
Services	4,490	5,910	5,997	6,274	7,387	5.6	5.5	3.0	5.6	4.6
GDP	5,999	7,613	7,650	7,954	9,327	4.9	5.5	2.2	5.5	4.1
GDP Per Capita	63,069	80,602	81,652	85,522	99,135					

Notes: ¹ Includes FT of Putrajaya.

The added total may differ due to rounding.

GDP per capita refers to value at current prices.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 6
Merchandise Trade, 2015-2025

Item	RM million					Average Annual Growth Rate, %				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020	2021-2025	2021-2022	2023-2025	2021-2025
Gross Exports	777,355	983,827	1,241,022	1,550,009	1,729,828	4.8	5.0	25.5	3.7	11.9
Agriculture	67,247	71,724	98,093	120,903	125,572	1.3	4.8	29.8	1.3	11.9
Mining	80,194	58,414	69,757	117,346	127,661	-6.1	7.3	41.7	2.8	16.9
Manufacturing	625,429	849,498	1,068,431	1,304,668	1,467,781	6.3	4.9	23.9	4.0	11.6
Others	4,485	4,191	4,740	7,092	8,814	-1.3	0.3	30.1	7.5	16.0
Gross Imports	685,778	800,481	987,344	1,293,811	1,439,802	3.1	5.9	27.1	3.6	12.5
Retained Imports	582,594	615,852	758,323	965,836	1,072,927	1.1	6.1	25.2	3.6	11.7
Capital Goods	95,551	90,733	103,823	120,231	135,997	-1.0	5.5	15.1	4.2	8.4
Intermediate Goods	399,526	429,190	545,801	706,551	783,523	1.4	6.5	28.3	3.5	12.8
Consumption Goods	62,430	74,134	83,893	104,017	115,001	3.5	5.4	18.5	3.4	9.2
Others ¹	25,087	21,794	24,805	35,036	38,407	-2.8	4.1	26.8	3.1	12.0
Imports for Re-exports	103,184	184,630	229,021	327,975	366,876	12.3	5.3	33.3	3.8	14.7
Total Trade	1,463,134	1,784,308	2,228,366	2,843,821	3,169,631	4.0	5.4	26.2	3.7	12.2
Share to GDP, %	124.3	125.8	143.9	158.8	146.6	-	-	-	-	-
Trade Balance	91,577	183,345	253,678	256,198	290,026	14.9	0.7	18.2	4.2	9.6

Note: ¹ Dual use goods, goods not elsewhere stated and transactions below RM5,000.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 7
Balance of Payments, 2015-2025

Item	RM million				
	Actual				Revised Target
	2015	2020	2021	2022	2025
Goods and Services, net	88,592	90,325	111,973	129,632	158,057
Goods, net	109,224	137,486	177,634	186,029	205,233
Exports	681,275	780,511	1,005,841	1,238,180	1,363,105
Imports	572,051	643,024	828,206	1,052,151	1,157,872
Services, net	-20,632	-47,161	-65,661	-56,397	-47,176
Transportation	-24,565	-27,427	-31,863	-34,045	-38,463
Travel	26,941	-7,569	-14,857	-1,156	15,488
Other Services	-22,405	-11,551	-18,037	-20,531	-23,349
Government Transaction n.i.e. ¹	-603	-614	-904	-665	-851
Primary Income, net	-32,112	-28,520	-42,153	-59,414	-83,127
Compensation of Employees	-5,595	-8,061	-6,659	-7,235	-11,362
Investment Income	-26,517	-20,459	-35,494	-52,179	-71,765
Secondary Income, net	-21,325	-2,714	-9,642	-15,120	-23,772
Current Account Balance	35,155	59,091	60,178	55,098	51,158
% to GNI	3.1	4.3	4.0	3.2	2.5
Capital Account, net	-1,136	-419	-469	-454	-
Capital Transfers	-8	-242	-204	-226	-
Non-Produced Non-Financial Assets	-1,127	-178	-264	-228	-
Financial Account, net	-55,350	-77,396	16,242	12,356	-
Direct Investment	-1,810	3,111	31,065	15,920	-
Abroad	-41,187	-10,170	-19,373	-58,633	-
In Malaysia	39,377	13,281	50,438	74,552	-
Portfolio Investment	-26,122	-49,584	18,802	-50,560	-
Other Investment	-26,755	-31,330	-31,375	49,208	-
Public Sector	-1,878	-324	-177	-268	-
Private Sector	-24,877	-31,006	-31,197	49,476	-
Balance on Capital and Financial Account	-56,486	-77,815	15,774	11,902	-
Net Errors and Omissions	-32,222	-572	-30,266	-13,641	-
Overall Balance	-53,553	-19,297	45,686	53,359	-
BNM International Reserves, net	409,117	432,244	486,793	503,285	-
Months of Retained Imports	8.5	8.6	7.7	5.2	-

Notes: ¹ n.i.e. - not included elsewhere.

Numbers are calculated according to Balance of Payments Manual 6 (BPM6).

Source: Bank Negara Malaysia, Department of Statistics Malaysia and Ministry of Economy

Table 8
Malaysian Wellbeing Index, 2015-2025

Item	Index					Average Annual Growth Rate, %				
	Actual			Estimate	Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress ¹	Revised Target	
	2015	2020	2021	2022	2025	2016-2020			2021-2025	2021-2025
Economic Wellbeing	124.1	126.0	127.2	129.3	134.4	0.3	1.1	1.3	1.3	1.3
Transport	125.1	127.2	125.8	127.3	131.0	0.3	1.6	0.04	1.0	0.6
Communication	127.6	129.4	131.1	132.8	136.5	0.3	1.2	1.3	0.9	1.1
Working Life	115.5	123.4	124.7	126.7	132.5	1.3	1.1	1.3	1.5	1.4
Income and Distribution	129.6	117.8	120.6	123.9	129.9	-1.9	0.9	2.6	1.6	2.0
Education	122.8	132.2	133.8	135.8	141.9	1.5	0.7	1.4	1.5	1.4
Social Wellbeing	111.9	113.1	114.7	116.5	122.0	0.2	1.2	1.5	1.6	1.5
Social Participation	119.3	132.8	130.9	132.1	135.7	2.2	1.8	-0.3	0.9	0.4
Environment	103.9	105.6	108.5	111.6	121.1	0.3	1.6	2.8	2.8	2.8
Health	101.7	110.4	108.4	111.7	120.5	1.6	1.4	0.6	2.6	1.8
Housing	112.7	119.6	120.8	122.4	128.0	1.2	1.3	1.2	1.5	1.4
Governance	116.9	117.7	125.7	126.5	128.9	0.1	1.2	3.6	0.6	1.8
Public Safety	119.0	134.1	138.7	139.0	140.1	2.4	1.1	1.8	0.3	0.9
Family	99.7	97.7	98.9	99.8	102.9	-0.4	1.0	1.1	1.0	1.0
Entertainment and Recreation	126.8	109.8	104.5	107.7	119.7	-2.8	0.9	-1.0	3.6	1.7
Culture	107.0	90.2	96.0	97.6	101.4	-3.4	0.8	4.0	1.3	2.4
Malaysian Wellbeing Index	116.3	117.7	119.2	121.1	126.4	0.2	1.2	1.4	1.5	1.4

Note: ¹ Ministry of Economy estimates.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 9

Labour Productivity by Kind of Economic Activity, 2015-2025 (at constant 2015 prices)

Item	RM Value Added Per Worker					Average Annual Growth Rate, %				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020	2021-2025	2021-2022	2023-2025	2021-2025
Agriculture	51,984	53,116	52,840	53,240	56,890	0.4	2.5	0.1	2.2	1.4
Mining and Quarrying	1,303,562	1,259,637	1,249,966	1,267,278	1,449,300	-0.7	1.5	0.3	4.6	2.8
Manufacturing	110,305	120,550	128,662	133,902	148,210	1.8	4.3	5.4	3.4	4.2
Construction	36,496	38,322	36,732	38,658	47,290	1.0	3.8	0.4	6.9	4.3
Services	79,095	84,480	85,089	90,636	101,770	1.3	3.6	3.6	3.9	3.8
Overall	84,114	89,179	90,952	95,858	107,170	1.2	3.6	3.7	3.8	3.7

Source: Department of Statistics Malaysia and Ministry of Economy

Table 10

Federal Government Financial Position, 2015-2025

Item	RM million					RM million				
	Actual				Revised Target	Eleventh Plan	Twelfth Plan			
							Original Target	Progress	Revised Target	
	2015	2020	2021	2022	2025	2016-2020	2021-2025	2021-2022	2023-2025	2021-2025
Revenue	219,089	225,070	233,752	294,357	316,384	1,155,194	1,227,816	528,109	904,832	1,432,941
Operating Expenditure	216,998	224,600	231,515	292,693	311,263	1,146,574	1,231,517	524,208	901,168	1,425,376
Current Balance	2,091	470	2,237	1,664	5,121	8,620	-3,701	3,901	3,665	7,565
Gross Development Expenditure	40,768	51,360	64,257	71,574	73,283	248,507	400,200	135,831	264,376	400,207
Less: Loan Recoveries	1,483	1,259	990	1,407	1,046	6,849	3,100	2,397	2,779	5,176
Net Development Expenditure	39,285	50,101	63,267	70,167	72,236	241,658	397,100	133,434	261,597	395,031
COVID-19 Fund	-	38,019	37,711	30,979	-	38,019	47,000	68,690	-	68,690
Overall Balance	-37,194	-87,650	-98,741	-99,482	-67,116	-271,057	-447,801	-198,223	-257,932	-456,155
% to GDP	-3.2	-6.2	-6.4	-5.6	-3.5~-3.0	-6.2	-3.5~-3.0	-5.6	-3.5~-3.0	-3.5~-3.0

Source: Ministry of Finance and Ministry of Economy

Table 11

Median Monthly Household Gross Income by Ethnic, Strata and State, 2009-2022

Item	Median Monthly Household Gross Income, RM					
	2009	2012	2014	2016	2019	2022
Malaysia	2,841	3,626	4,585	5,228	5,873	6,338
Ethnic						
Bumiputera	2,534	3,282	4,214	4,846	5,420	5,793
Chinese	3,643	4,643	5,708	6,582	7,391	8,167
Indian	2,853	3,676	4,627	5,428	5,981	6,627
Others	2,162	2,762	4,372	3,780	4,181	4,339
Strata						
Urban	3,435	4,238	5,156	5,860	6,561	7,243
Rural	1,836	2,372	3,123	3,471	3,828	4,094
State						
Johor	2,958	3,650	5,197	5,652	6,427	6,879
Kedah	1,966	2,633	3,451	3,811	4,325	4,402
Kelantan	1,713	2,276	2,716	3,079	3,563	3,614
Melaka	3,005	3,923	5,029	5,588	6,054	6,210
Negeri Sembilan	2,711	3,575	4,128	4,579	5,005	5,226
Pahang	2,479	3,067	3,389	3,979	4,440	4,753
Pulau Pinang	3,200	4,039	4,702	5,409	6,169	6,502
Perak	2,094	2,665	3,451	4,006	4,273	4,494
Perlis	1,832	2,387	3,500	4,204	4,594	4,713
Selangor	4,306	5,353	6,214	7,225	8,210	9,983
Terengganu	2,096	3,034	3,777	4,694	5,545	5,878
Sabah	2,066	2,860	3,745	4,110	4,235	4,577
Sarawak	2,394	3,047	3,778	4,163	4,544	4,978
FT of Kuala Lumpur	4,409	5,847	7,620	9,073	10,549	10,234
FT of Labuan	3,498	5,063	5,684	5,928	6,726	6,904
FT of Putrajaya	5,450	6,486	7,512	8,275	9,983	10,056

Note: Data is based on Malaysian citizens.

Source: Department of Statistics Malaysia

Table 12

Incidence of Absolute Poverty by Ethnic, Strata and State, 2009-2022

Item	Incidence of Absolute Poverty, %					
	2009	2012	2014	2016	2019	2022
Malaysia	3.8	1.7	0.6	7.6	5.6	6.2
Ethnic						
Bumiputera	5.3	2.2	0.8	9.7	7.2	7.9
Chinese	0.6	0.3	0.1	2.2	1.4	1.9
Indian	2.5	1.8	0.6	5.5	4.8	5.4
Others	6.7	1.5	0.9	20.5	13.5	6.5
Strata						
Urban	1.7	1.0	0.3	4.8	3.8	4.5
Rural	8.4	3.4	1.6	17.5	12.4	12.0
State						
Johor	1.3	0.9	0.0	6.2	3.9	4.6
Kedah	5.3	1.7	0.3	14.3	8.8	9.0
Kelantan	4.8	2.7	0.9	19.5	12.4	13.2
Melaka	0.5	0.1	0.1	2.6	3.9	4.2
Negeri Sembilan	0.7	0.5	0.4	6.4	4.3	4.4
Pahang	2.1	1.3	0.7	9.2	4.3	6.3
Pulau Pinang	1.2	0.6	0.3	2.2	1.9	2.0
Perak	3.5	1.5	0.7	8.2	7.3	7.5
Perlis	6.0	1.9	0.2	7.2	3.9	4.0
Selangor	0.7	0.4	0.2	0.8	1.2	1.5
Terengganu	4.0	1.7	0.6	6.8	6.1	6.2
Sabah	19.7	8.1	4.0	23.9	19.5	19.7
Sarawak	5.3	2.4	0.9	11.9	9.0	10.8
FT of Kuala Lumpur	0.7	0.8	0.1	0.8	0.2	1.4
FT of Labuan	4.3	1.1	1.1	6.8	3.1	2.5
FT of Putrajaya	0.0	0.0	0.0	0.0	0.4	0.1

Note: Starting 2016 onwards, calculation of incidence of absolute poverty was based on 2019 PLI methodology.

Source: Department of Statistics Malaysia

Table 13

Population by Age, Ethnic and Strata, 2015-2025

Item	Actual								Revised Target		Average Annual Growth Rate, %	
	2015		2020		2021		2022		2025			
	Million	% to Total	Million	% to Total	Million	% to Total	Million	% to Total	Million	% to Total	Eleventh Plan 2016-2020	Twelfth Plan 2021-2025
Total Population	31.2	100.0	32.4	100.0	32.6	100.0	32.7	100.0	34.3	100.0	0.9	1.1
Age Structure												
0-14 years	7.8	24.9	7.8	24.0	7.7	23.6	7.6	23.2	7.7	22.4	-0.5	-0.3
15-64 years	21.6	69.2	22.5	69.3	22.6	69.3	22.7	69.5	24.0	70.0	1.1	1.3
65 years and above	1.8	5.9	2.2	6.8	2.3	7.1	2.4	7.3	2.6	7.6	4.9	3.4
Ethnic												
Citizen	28.1	90.0	29.9	91.7	30.0	92.1	30.2	92.6	31.2	91.1	1.1	0.9
Bumiputera ¹	19.2	68.3	20.7	69.4	20.9	69.6	21.1	69.4	21.9	70.3	1.5	1.1
Chinese	6.6	23.6	6.9	23.2	6.9	23.0	6.9	23.2	6.9	21.8	0.3	0.0
Indian	2.0	7.1	2.0	6.7	2.0	6.7	2.0	6.7	2.2	7.0	0.0	1.9
Others	0.3	1.0	0.3	0.7	0.2	0.7	0.2	0.7	0.2	0.9	0.0	-7.8
Non-Citizen ²	3.1	10.0	2.7	8.3	2.6	7.9	2.4	7.4	3.1	8.9	-0.7	2.5
Strata												
Urban	23.2	74.3	24.4	75.1	24.5	75.3	24.7	75.5	27.1	79.1	1.5	2.1
Rural	8.0	25.7	8.1	24.9	8.1	24.7	8.0	24.5	7.2	20.9	-0.3	-2.4
Total Fertility Rate, %	2.0		1.8		1.7		1.7		1.5			
Median Age, years	27.8		29.7		30.1		30.4		30.7			
Dependency Ratio, %	44.5		44.3		44.1		43.9		44.2			

Notes: ¹ Includes Malay and other Bumiputera.² Includes permanent residents, foreign workers with work permits, expatriates and foreign students.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 14

Labour Force, Employment and Job Creation, 2015-2025

Item	Actual								Revised Target		Average Annual Growth Rate, %		Job Creation			
	2015		2020		2021		2022		2025		Eleventh Plan 2016-2020	Twelfth Plan 2021-2025	Eleventh Plan 2016-2020		Twelfth Plan 2021-2025	
	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total		Revised Target	'000 Person	% to Total	'000 Person	% to Total
Total Employment¹	13,992	100.0	15,097	100.0	15,290	100.0	15,762	100.0	16,398	100.0	1.3	1.7	1,065	100.0	1,341	100.0
Agriculture	1,876	13.4	1,866	12.4	1,874	12.3	1,861	11.8	1,884	11.5	-0.4	0.0	10	-0.9	-2	-0.1
Mining and Quarrying	79	0.6	74	0.5	75	0.5	76	0.5	73	0.4	-1.5	-0.4	-5	-0.5	-1	-0.1
Manufacturing	2,379	17.0	2,552	16.9	2,618	17.1	2,719	17.3	2,835	17.3	1.1	2.1	173	15.7	283	21.1
Construction	1,517	10.8	1,399	9.3	1,385	9.1	1,382	8.8	1,375	8.4	-2.2	0.5	-178	-10.7	36	2.7
Services	8,141	58.2	9,206	61.0	9,338	61.1	9,724	61.7	10,231	62.4	2.3	2.1	1,065	96.4	1,025	76.5
Total Labour Force	14,518		15,668		15,797		16,022		17,402		1.5	2.1				
Unemployed	450		711		733		630		435							
Unemployment rate, %	3.1		4.5		4.6		3.9		3.3							
Labour Force Participation, %	67.9		69.1		68.6		69.3		71.0							
Male	80.6		80.6		80.9		81.9		83.0							
Female	54.1		55.3		55.5		55.8		59.0							

Notes: ¹ Labour Productivity Publication uses establishment and household approach.
The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 15

Employment by Major Occupational Group, 2015-2025

Item	Actual								Revised Target		Average Annual Growth Rate, %	
	2015		2020		2021		2022		2025		Eleventh Plan 2016-2020	Twelfth Plan 2021-2025
	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total		Revised Target
Skilled												
Managers	719	5.1	808	5.4	687	4.6	712	4.6	1,197	7.3	1.2	8.2
Professionals	1,462	10.4	1,868	12.5	1,961	13.0	1,993	12.9	2,181	13.3	5.6	3.1
Technicians and Associate Professionals	1,407	10.0	1,547	10.3	1,807	12.0	1,855	12.1	2,361	14.4	3.4	8.8
Semi-Skilled												
Clerical Support Workers	1,241	8.8	1,242	8.3	1,507	10.0	1,535	10.0	1,476	9.0	1.4	3.5
Service and Sales Workers	3,189	22.7	3,632	24.3	3,612	24.0	3,763	24.4	3,280	20.0	2.1	-2.0
Skilled Agricultural, Forestry, Livestock and Fishery Workers	940	6.7	916	6.1	720	4.8	724	4.7	984	6.0	-0.7	1.4
Craft and Related Trade Workers	1,579	11.2	1,473	9.8	1,301	8.6	1,381	9.0	1,640	10.0	-2.8	2.2
Plant and Machine Operators and Assemblers	1,585	11.3	1,690	11.3	1,554	10.3	1,584	10.3	1,476	9.0	1.8	-2.7
Low-Skilled												
Elementary Occupations	1,946	13.8	1,780	11.9	1,915	12.7	1,845	12.0	1,804	11.0	-1.1	0.3
Total Employment	14,068	100.0	14,957	100.0	15,064	100.0	15,392	100.0	16,398	100.0	1.4	1.9

Note: The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 16

Employment by Skills Category and State, 2015-2025

Item	Actual								Revised Target		Average Annual Growth Rate, %	
	2015		2020		2021		2022		2025		Eleventh Target 2016-2020	Twelfth Plan 2021-2025
	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total		Revised Target
Malaysia	14,068	100.0	14,957	100.0	15,064	100.0	15,392	100.0	16,398	100.0	1.2	1.9
Skilled	3,588	25.5	4,223	28.2	4,455	29.6	4,561	29.6	5,739	35.0	3.3	6.3
Semi-Skilled	8,534	60.7	8,953	59.9	8,694	57.7	8,987	58.4	8,855	54.0	1.0	-0.2
Low-Skilled	1,946	13.8	1,780	11.9	1,915	12.7	1,844	12.0	1,804	11.0	-1.8	0.3
Johor	1,583	100.0	1,776	100.0	1,765	100.0	1,819	100.0				
Skilled	345	21.8	421	23.7	513	29.1	488	26.8				
Semi-Skilled	1,044	66.0	1,136	64.0	1,024	58.0	1,127	61.9				
Low-Skilled	194	12.2	219	12.3	228	12.9	205	11.3				
Kedah	882	100.0	915	100.0	934	100.0	965	100.0				
Skilled	161	18.2	199	21.8	249	26.7	254	26.3				
Semi-Skilled	616	69.9	617	67.5	597	63.9	615	63.7				
Low-Skilled	105	11.9	98	10.7	88	9.4	96	10.0				
Kelantan	652	100.0	681	100.0	690	100.0	714	100.0				
Skilled	109	16.8	127	18.6	160	23.2	138	19.4				
Semi-Skilled	454	69.6	463	67.9	429	62.2	446	62.5				
Low-Skilled	89	13.6	92	13.4	101	14.6	129	18.1				
Melaka	398	100.0	417	100.0	435	100.0	448	100.0				
Skilled	109	27.5	139	33.2	156	35.9	152	34.0				
Semi-Skilled	256	64.3	246	59.0	242	55.6	256	57.1				
Low-Skilled	33	8.3	32	7.7	37	8.5	40	8.9				

Table 16

Employment by Skills Category and State, 2015-2025–cont.

Item	Actual								Revised Target		Average Annual Growth Rate, %	
	2015		2020		2021		2022		2025		Eleventh Target 2016-2020	Twelfth Plan 2021-2025
	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total		Revised Target
Negeri Sembilan	469	100.0	474	100.0	468	100.0	474	100.0				
Skilled	114	24.3	149	31.4	150	32.0	166	35.0				
Semi-Skilled	290	61.9	269	56.8	261	55.9	249	52.6				
Low-Skilled	65	13.8	56	11.7	57	12.1	59	12.4				
Pahang	698	100.0	716	100.0	705	100.0	716	100.0				
Skilled	121	17.4	161	22.5	185	26.2	156	21.8				
Semi-Skilled	446	64.0	448	62.6	415	58.8	453	63.2				
Low-Skilled	130	18.6	107	15.0	106	15.0	108	15.0				
Pulau Pinang	834	100.0	833	100.0	857	100.0	874	100.0				
Skilled	243	29.2	301	36.2	310	36.2	308	35.2				
Semi-Skilled	514	61.6	471	56.6	480	56.0	506	57.9				
Low-Skilled	77	9.3	61	7.3	67	7.8	60	7.0				
Perak	982	100.0	1,043	100.0	1,043	100.0	1,067	100.0				
Skilled	209	21.3	246	23.6	270	25.9	302	28.3				
Semi-Skilled	665	67.7	677	64.9	664	63.7	645	60.4				
Low-Skilled	108	11.0	120	11.5	109	10.5	120	11.3				
Perlis	98	100.0	106	100.0	109	100.0	110	100.0				
Skilled	19	19.2	29	27.4	27	24.7	28	25.7				
Semi-Skilled	99	100.4	67	63.0	69	63.2	71	64.6				
Low-Skilled	10	9.7	10	9.6	13	12.2	11	9.8				

Table 16

Employment by Skills Category and State, 2015-2025–cont.

Item	Actual								Revised Target		Average Annual Growth Rate, %	
	2015		2020		2021		2022		2025		Eleventh Target 2016-2020	Twelfth Plan 2021-2025
	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total		Revised Target
Selangor	3,135	100.0	3,447	100.0	3,519	100.0	3,598	100.0				
Skilled	1,232	39.3	1,400	40.6	1,245	35.4	1,403	39.0				
Semi-Skilled	1,598	51.0	1,797	52.1	1,953	55.5	1,957	54.4				
Low-Skilled	305	9.7	250	7.3	321	9.1	237	6.6				
Terengganu	421	100.0	465	100.0	469	100.0	480	100.0				
Skilled	88	20.8	98	21.0	105	22.4	111	23.0				
Semi-Skilled	285	67.8	314	67.6	315	67.2	318	66.2				
Low-Skilled	48	11.3	53	11.4	49	10.4	52	10.8				
Sabah	1,771	100.0	1,870	100.0	1,857	100.0	1,876	100.0				
Skilled	244	13.8	317	17.0	329	17.7	357	19.0				
Semi-Skilled	1,035	58.4	1,149	61.5	1,055	56.8	1,057	56.4				
Low-Skilled	493	27.8	403	21.6	473	25.5	462	24.6				
Sarawak	1,215	100.0	1,262	100.0	1,278	100.0	1,313	100.0				
Skilled	224	18.4	252	19.9	296	23.1	274	20.9				
Semi-Skilled	793	65.3	815	64.6	794	62.1	831	63.3				
Low-Skilled	198	16.3	196	15.5	188	14.7	208	15.8				
FT of Kuala Lumpur	853	100.0	875	100.0	856	100.0	857	100.0				
Skilled	340	39.9	357	40.8	427	49.9	391	45.6				
Semi-Skilled	427	50.0	440	50.3	358	41.8	416	48.5				
Low-Skilled	87	10.1	78	8.9	71	8.3	51	5.9				

Table 16

Employment by Skills Category and State, 2015-2025–cont.

Item	Actual								Revised Target		Average Annual Growth Rate, %	
	2015		2020		2021		2022		2025		Eleventh Target 2016-2020	Twelfth Plan 2021-2025
	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total	'000 Person	% to Total		Revised Target
FT of Labuan	40	100.0	43	100.0	44	100.0	45	100.0				
Skilled	10	26.1	13	29.2	17	38.1	16	36.0				
Semi-Skilled	25	62.5	27	62.9	24	53.2	24	54.0				
Low-Skilled	5	11.4	3	8.1	4	8.8	5	10.0				
FT of Putrajaya	39	100.0	36	100.0	37	100.0	38	100.0				
Skilled	19	49.4	17	46.2	17	45.4	18	47.2				
Semi-Skilled	17	43.4	17	47.3	15	41.4	17	44.5				
Low-Skilled	3	7.3	2	6.5	5	12.9	3	8.3				

Note: The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 17

Students Enrolment in Education Institution, 2015-2022

Item	Actual								Average Annual Growth Rate, %	
	2015		2020		2021		2022			
	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total	Eleventh Plan 2016-2020	Twelfth Plan 2021-2022
Pre-school, 4 to 6 years old										
Government School	486,954	8.0	499,412	8.2	482,126	7.9	481,575	7.8	0.5	-1.8
Ministry of Education	198,574	3.3	208,459	3.4	207,943	3.4	207,867	3.4	1.0	-0.1
Department of Community Development	219,481	3.6	218,258	3.6	206,082	3.4	207,965	3.4	-0.1	-2.4
Department of National Unity and Integration	37,699	0.6	38,657	0.6	30,918	0.5	36,635	0.6	0.5	-2.7
Malaysia Department of Islamic Development	31,200	0.5	34,038	0.6	37,183	0.6	29,108	0.5	1.8	-7.5
Private School	346,938	5.7	340,834	5.6	303,553	4.9	289,312	4.7	-0.4	-7.9
Private	338,140	0.1	332,909	0.1	297,271	4.8	283,436	4.6	-0.3	-7.7
Muslim Islamic Youth Movement of Malaysia	8,798		7,925	0.1	6,282	0.1	5,876	0.1	-2.1	-13.9
Total	833,892	13.7	840,246	13.8	785,679	12.8	770,887	12.5	0.2	-4.2
Primary										
Government School	2,711,333	44.6	2,798,176	46.1	2,891,913	47.1	2,930,468	47.4	0.6	2.3
Government and Government Aided School (MOE)	2,683,992	44.1	2,741,995	45.2	2,766,234	45.1	2,770,015	44.8	0.4	0.5
State Religious Department	27,341	0.4	56,181	0.9	125,679	2.0	160,453	2.6	15.5	69.0
Private School	59,007	1.0	75,257	1.2	74,386	1.2	71,973	1.2	5.0	-2.2
Total	2,770,340	45.6	2,873,433	47.4	2,966,299	48.3	3,002,441	48.5	0.7	2.2

Table 17

Students Enrolment in Education Institution, 2015-2022–cont.

Item	Actual								Average Annual Growth Rate, %	
	2015		2020		2021		2022		Eleventh Plan 2016-2020	Twelfth Plan 2021-2022
	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total		
Lower Secondary										
Government School	1,349,373	22.2	1,258,910	20.7	1,287,409	21.0	1,310,611	21.2	-1.4	2.0
Government and Government Aided School (MOE)	1,290,690	21.2	1,186,023	19.5	1,215,123	19.8	1,240,969	20.1	-1.7	2.3
Malaysia Department of Islamic Development	39,648	0.7	51,766	0.9	50,535	0.8	47,951	0.8	5.5	-3.8
MARA Junior Science Colleges	19,035	0.3	21,121	0.3	21,751	0.4	21,691	0.4	2.1	1.3
Private School	82,700	1.4	79,423	1.3	76,200	1.2	87,458	1.4	-0.8	4.9
Total	1,432,073	23.6	1,338,333	22.1	1,363,609	22.2	1,398,069	22.6	-1.3	2.2
Upper Secondary										
Government	817,894	13.5	779,148	12.8	791,477	12.9	795,923	12.9	-1.0	1.1
Government and Government Aided School - Academic (MOE)	596,228	9.8	595,553	9.8	601,987	9.8	601,924	9.7	-0.0	0.5
Government and Government Aided School - Technical and Vocational (MOE)	185,244	3.0	138,909	2.3	142,677	2.3	142,102	2.3	-5.6	1.1
Malaysia Department of Islamic Development	20,603	0.3	28,570	0.5	30,800	0.5	35,202	0.6	6.8	11.0
MARA Junior Science Colleges	15,360	0.3	15,668	0.3	15,509	0.3	16,201	0.3	0.4	1.7
The Royal Military College	459	0.0	448	0.0	504	0.0	494	0.0	-0.5	5.0
Private School	42,370	0.7	51,031	0.8	42,098	0.7	43,626	0.7	3.8	-7.5
Total	860,264	14.1	830,179	13.7	833,575	13.6	839,549	13.6	-0.7	0.6

Table 17

Students Enrolment in Education Institution, 2015-2022–cont.

Item	Actual								Average Annual Growth Rate, %	
	2015		2020		2021		2022		Eleventh Plan 2016-2020	Twelfth Plan 2021-2022
	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total		
Post Secondary										
Government	171,551	2.8	171,285	2.8	174,993	2.9	163,788	2.6	-6.7	-2.2
Government and Government Aided School - Form Six (MOE)	109,493	1.8	118,211	1.9	124,624	2.0	114,393	1.8	-9.1	-1.6
Pre-University (MOE)	185	0.0	232	0.0	186	0.0	198	0.0	4.6	-7.6
Matriculation (MOE)	21,002	0.3	26,630	0.4	24,932	0.4	21,853	0.4	4.9	-9.4
Form Six (JAKIM)	4,964	0.1	5,110	0.1	3,070	0.1	2,463	0.0	0.6	-30.6
Institutes of Teacher Education (MOE)	35,907	0.6	21,102	0.3	22,181	0.4	24,881	0.4	-10.1	8.6
Private ¹	11,654	0.2	14,316	0.2	11,980	0.2	12,388	0.2	4.2	-7.0
Total	183,205	3.0	185,601	3.1	186,973	3.0	176,176	2.8	-5.9	-2.6
Overall	6,079,774	100.0	6,067,792	100.0	6,136,135	100.0	6,187,122	100.0	-0.2	1.0

Notes: ¹ Form Six/Post Secondary.

Item in brackets refers to the ministry or agency responsible for the respective educational institution.

All data provided is as of 30 June 2022. The data does not include Lower Form 6 who have yet to register on 30 June 2022.

Source: Ministry of Education

Table 18

Students Intake in Higher Education Institution, 2015-2022

Item	Actual								Average Annual Growth Rate, %	
	2015		2020		2021		2022			
	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total	Eleventh Plan 2016-2020	Twelfth Plan 2021-2022
Institutions										
Public Higher Education Institutions	218,937	42.8	206,852	55.6	219,948	57.2	222,007	56.4	-1.1	3.6
Public Universities	168,127	32.9	177,710	47.8	181,901	47.3	188,969	48.0	1.1	3.1
Polytechnics	37,971	7.4	23,743	6.4	29,318	7.6	25,170	6.4	-9.0	3.0
Community Colleges	12,839	2.5	5,399	1.5	8,729	2.3	7,868	2.0	-15.9	20.7
Private Higher Education Institutions	292,217	57.2	165,158	44.4	164,760	42.8	171,889	43.6	-10.8	2.0
Total	511,154	100.0	372,010	100.0	384,708	100.0	393,896	100.0	-6.2	2.9
Level of Study										
PhD	7,665	1.5	10,328	2.8	15,460	4.0	14,017	3.6	6.1	16.5
Master's	36,561	7.2	27,217	7.3	33,432	8.7	32,248	8.2	-5.7	8.9
Bachelor's	189,748	37.1	171,331	46.1	168,903	43.9	165,107	41.9	-2.0	-1.8
Diploma	189,995	37.2	107,382	28.9	109,137	28.4	116,833	29.7	-10.8	4.3
Certificates	51,906	10.2	10,561	2.8	17,888	4.6	17,868	4.5	-27.3	30.1
Others ¹	35,279	6.9	45,191	12.1	39,888	10.4	47,823	12.1	5.1	2.9
Total	511,154	100.0	372,010	100.0	384,708	100.0	393,896	100.0	-6.2	2.9
Fields of Study										
General Programmes	43,236	8.5	24,762	6.7	26,064	6.8	29,712	7.5	-10.5	9.5
Education	27,327	5.3	22,510	6.1	24,707	6.4	27,627	7.0	-3.5	10.8
Arts and Humanities	37,183	7.3	33,753	9.1	33,309	8.7	31,029	7.9	-1.9	-4.1
Social Sciences, Business and Law	186,530	36.5	129,341	34.8	136,732	35.5	140,515	35.7	-7.1	4.2
Science, Mathematics and Computing	56,119	11.0	49,672	13.4	50,059	13.0	55,659	14.1	-2.40	5.86
Engineering, Manufacturing and Construction	88,200	17.3	66,216	17.8	68,341	17.8	61,559	15.6	-5.6	-3.6
Agriculture and Veterinary	6,920	1.4	4,864	1.3	4,930	1.3	4,651	1.2	-6.8	-2.2
Health and Welfare	32,888	6.4	19,572	5.3	20,468	5.3	21,277	5.4	-9.9	4.3
Services	32,751	6.4	21,320	5.7	20,098	5.2	21,867	5.6	-8.2	1.3
Total	511,154	100.0	372,010	100.0	384,708	100.0	393,896	100.0	-6.2	2.9

Note: ¹ Refers to advanced diploma, matriculation, postgraduate diploma, professional and others.

Source: Ministry of Higher Education

Table 19

Students Enrolment in Higher Education Institution, 2015-2022

Item	Actual								Average Annual Growth Rate, %	
	2015		2020		2021		2022			
	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total	Eleventh Plan 2016-2020	Twelfth Plan 2021-2022
Institutions										
Public Higher Education Institutions	655,236	53.0	686,664	56.1	690,013	57.1	688,679	57.3	0.9	0.1
Public Universities	540,638	43.7	584,576	47.8	589,879	48.8	595,624	49.5	1.6	0.9
Polytechnics	96,069	7.8	85,936	7.0	84,556	7.0	77,816	6.5	-2.2	-4.8
Community Colleges	18,529	1.5	16,152	1.3	15,578	1.3	15,239	1.3	-2.7	-2.9
Private Higher Education Institutions	580,928	47.0	537,434	43.9	517,580	42.9	513,523	42.7	-1.5	-2.2
Total	1,236,164	100.0	1,224,098	100.0	1,207,593	100.0	1,202,202	100.0	-0.2	-0.9
Level of Study										
PhD	36,967	3.0	47,424	3.9	56,144	4.6	62,392	5.2	5.1	14.7
Master's	84,329	6.8	82,924	6.8	87,531	7.2	90,356	7.5	-0.3	4.4
Bachelor's	592,149	47.9	641,189	52.4	638,133	52.8	626,222	52.1	1.6	-1.2
Diploma	401,009	32.4	370,217	30.2	349,959	29.0	338,108	28.1	-1.6	-4.4
Certificates	78,208	6.3	26,766	2.2	29,742	2.5	29,767	2.5	-19.3	5.5
Others ¹	43,502	3.5	55,578	4.5	46,084	3.8	55,357	4.6	5.0	-0.2
Total	1,236,164	100.0	1,224,098	100.0	1,207,593	100.0	1,202,202	100.0	-0.2	-0.9
Fields of Study										
General Programmes	50,339	4.1	34,023	2.8	32,361	2.7	37,694	3.1	-7.5	5.3
Education	76,117	6.2	83,183	6.8	88,142	7.3	94,858	7.9	1.8	6.8
Arts and Humanities	102,540	8.3	109,315	8.9	108,327	9.0	102,967	8.6	1.3	-2.9
Social Sciences, Business and Law	430,581	34.8	433,903	35.4	427,622	35.4	425,242	35.4	0.2	-1.0
Science, Mathematics and Computing	147,038	11.9	148,850	12.2	150,151	12.4	157,701	13.1	0.2	2.9
Engineering, Manufacturing and Construction	263,972	21.4	245,494	20.1	234,244	19.4	219,124	18.2	-1.4	-5.5
Agriculture and Veterinary	21,400	1.7	14,579	1.2	14,328	1.2	14,083	1.2	-7.4	-1.7
Health and Welfare	78,278	6.3	81,148	6.6	82,171	6.8	84,500	7.0	0.7	2.0
Services	65,899	5.3	73,603	6.0	70,247	5.8	66,033	5.5	2.2	-5.3
Total	1,236,164	100.0	1,224,098	100.0	1,207,593	100.0	1,202,202	100.0	-0.2	-0.9

Note: ¹ Refers to advanced diploma, matriculation, postgraduate diploma, professional and others.

Source: Ministry of Higher Education

Table 20

Students Output in Higher Education Institution, 2015-2022

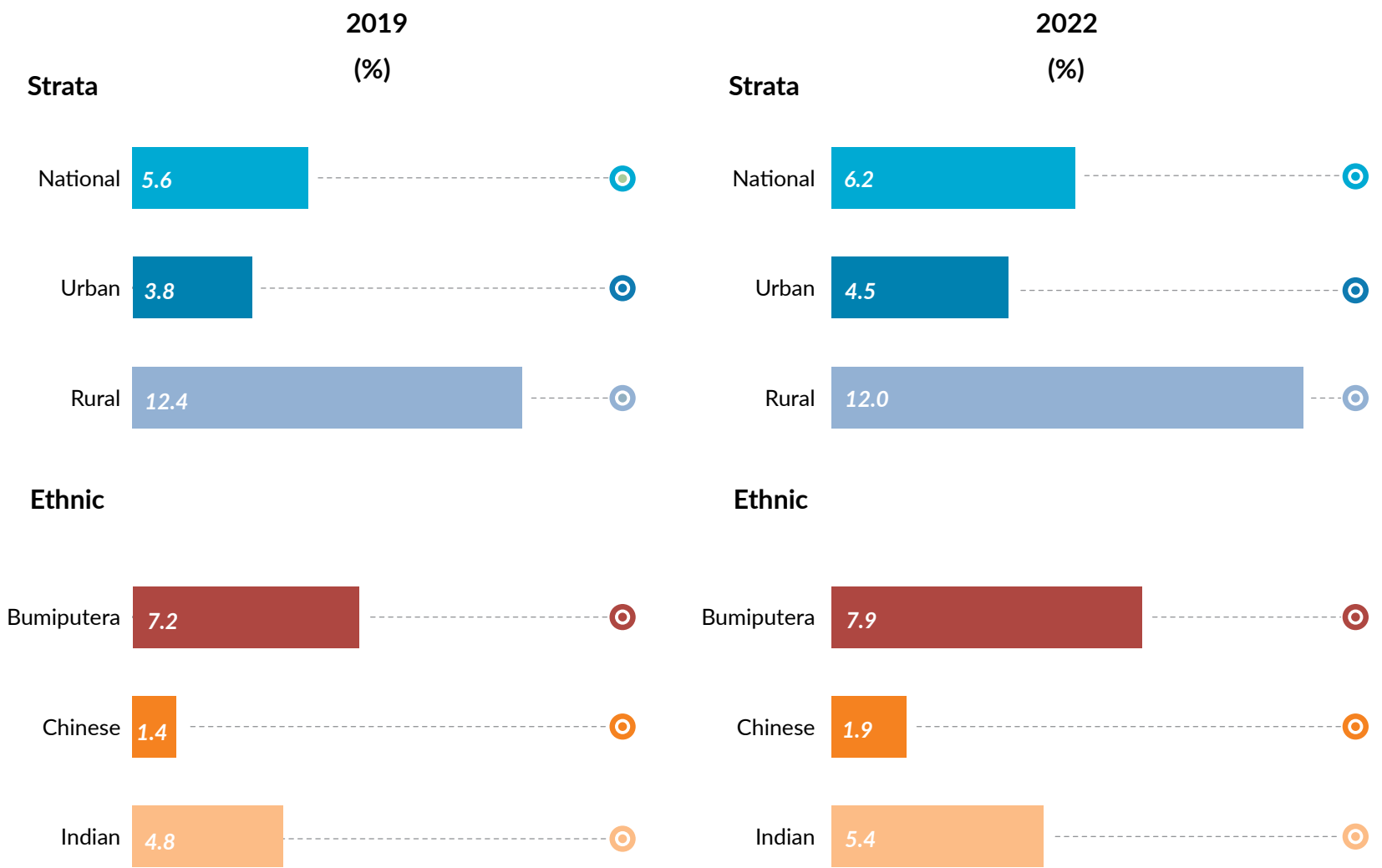
Item	Actual								Average Annual Growth Rate, %	
	2015		2020		2021		2022		Eleventh Plan 2016-2020	Twelfth Plan 2021-2022
	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total	Number of Students	% to Total		
Institutions										
Public Higher Education Institutions	155,420	53.6	150,670	59.2	194,053	59.5	183,079	58.2	-0.6	10.2
Public Universities	122,454	42.3	114,709	45.0	157,868	48.4	144,579	45.9	-1.3	12.3
Polytechnics	25,388	8.8	28,924	11.4	28,117	8.6	31,967	10.2	2.6	5.1
Community Colleges	7,578	2.6	7,037	2.8	8,068	2.5	6,533	2.1	-1.5	-3.6
Private Higher Education Institutions	134,374	46.4	104,018	40.8	132,238	40.5	131,621	41.8	-5.0	12.5
Total	289,794	100.0	254,688	100.0	326,291	100.0	314,700	100.0	-2.5	11.2
Level of Study										
PhD	3,709	1.3	3,976	1.6	4,324	1.3	4,426	1.4	1.4	5.5
Master's	19,229	6.6	17,582	6.9	22,717	7.0	23,328	7.4	-1.8	15.2
Bachelor's	117,754	40.6	110,498	43.4	147,444	45.2	147,247	46.8	-1.3	15.4
Diploma	107,476	37.1	89,715	35.2	113,061	34.7	105,505	33.5	-3.5	8.4
Certificates	33,182	11.5	9,341	3.7	16,275	5.0	14,445	4.6	-22.4	24.4
Others ¹	8,444	2.9	23,576	9.3	22,470	6.9	19,749	6.3	22.8	-8.5
Total	289,794	100.0	254,688	100.0	326,291	100.0	314,700	100.0	-2.5	11.2
Fields of Study										
General Programmes	24,101	8.3	20,049	7.9	24,264	7.4	21,502	6.8	-3.6	3.6
Education	29,871	10.3	12,683	5.0	15,035	4.6	16,427	5.2	-15.7	13.8
Arts and Humanities	19,481	6.7	23,927	9.4	25,466	7.8	22,446	7.1	4.2	-3.1
Social Sciences, Business and Law	92,315	31.9	83,428	32.8	113,809	34.9	113,641	36.1	-2.0	16.7
Science, Mathematics and Computing	30,322	10.5	29,473	11.6	38,083	11.7	37,907	12.0	-0.6	13.4
Engineering, Manufacturing and Construction	55,211	19.1	54,789	21.5	70,026	21.5	64,473	20.5	-0.2	8.5
Agriculture and Veterinary	4,119	1.4	4,151	1.6	4,230	1.3	3,662	1.2	0.2	-6.1
Health and Welfare	18,831	6.5	10,954	4.3	15,393	4.7	15,541	4.9	-10.3	19.1
Services	15,543	5.4	15,234	6.0	19,985	6.1	19,101	6.1	-0.4	12.0
Total	289,794	100.0	254,688	100.0	326,291	100.0	314,700	100.0	-2.5	11.2

Note: ¹ Refers to advanced diploma, matriculation, postgraduate diploma, professional and others.

Source: Ministry of Higher Education

Chart 1

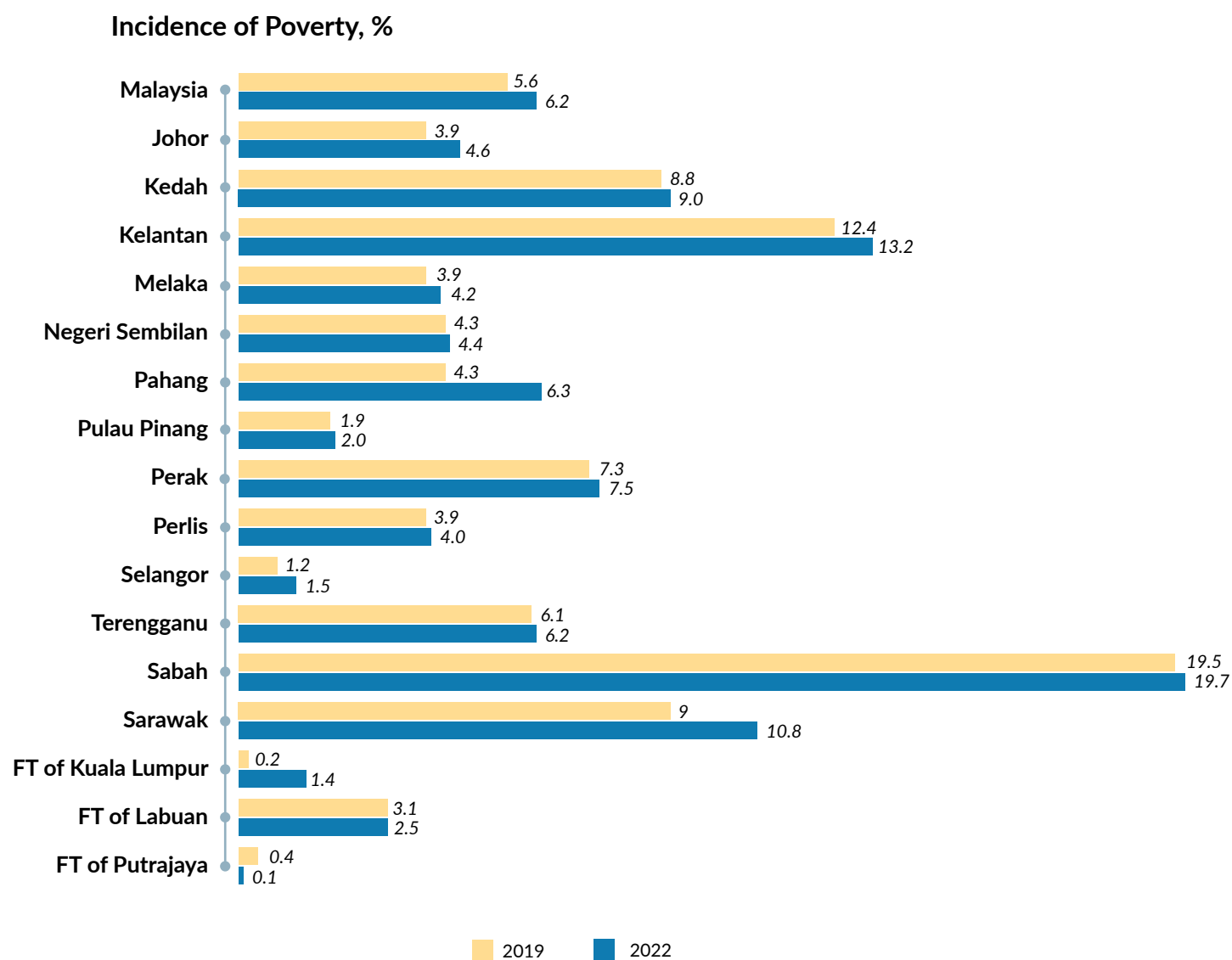
Incidence of Absolute Poverty by Strata and Ethnic, 2019 and 2022



Note: Calculation of incidence of absolute poverty was based on 2019 PLI methodology.
Source: Department of Statistics Malaysia and Ministry of Economy

Chart 2

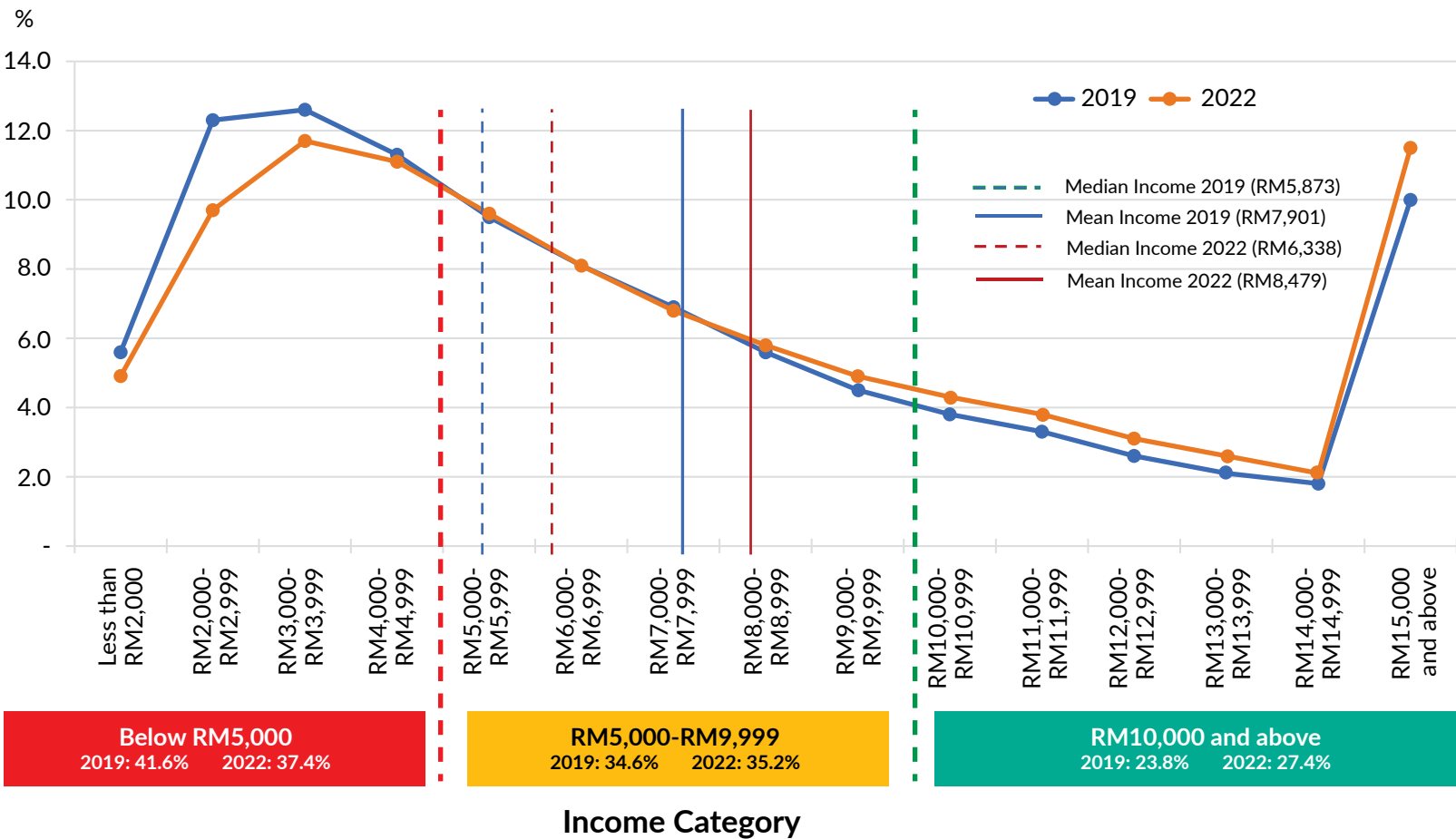
Incidence of Absolute Poverty by State, 2019 and 2022



Note: Calculation of incidence of absolute poverty was based on 2019 PLI methodology.

Source: Department of Statistics Malaysia and Ministry of Economy

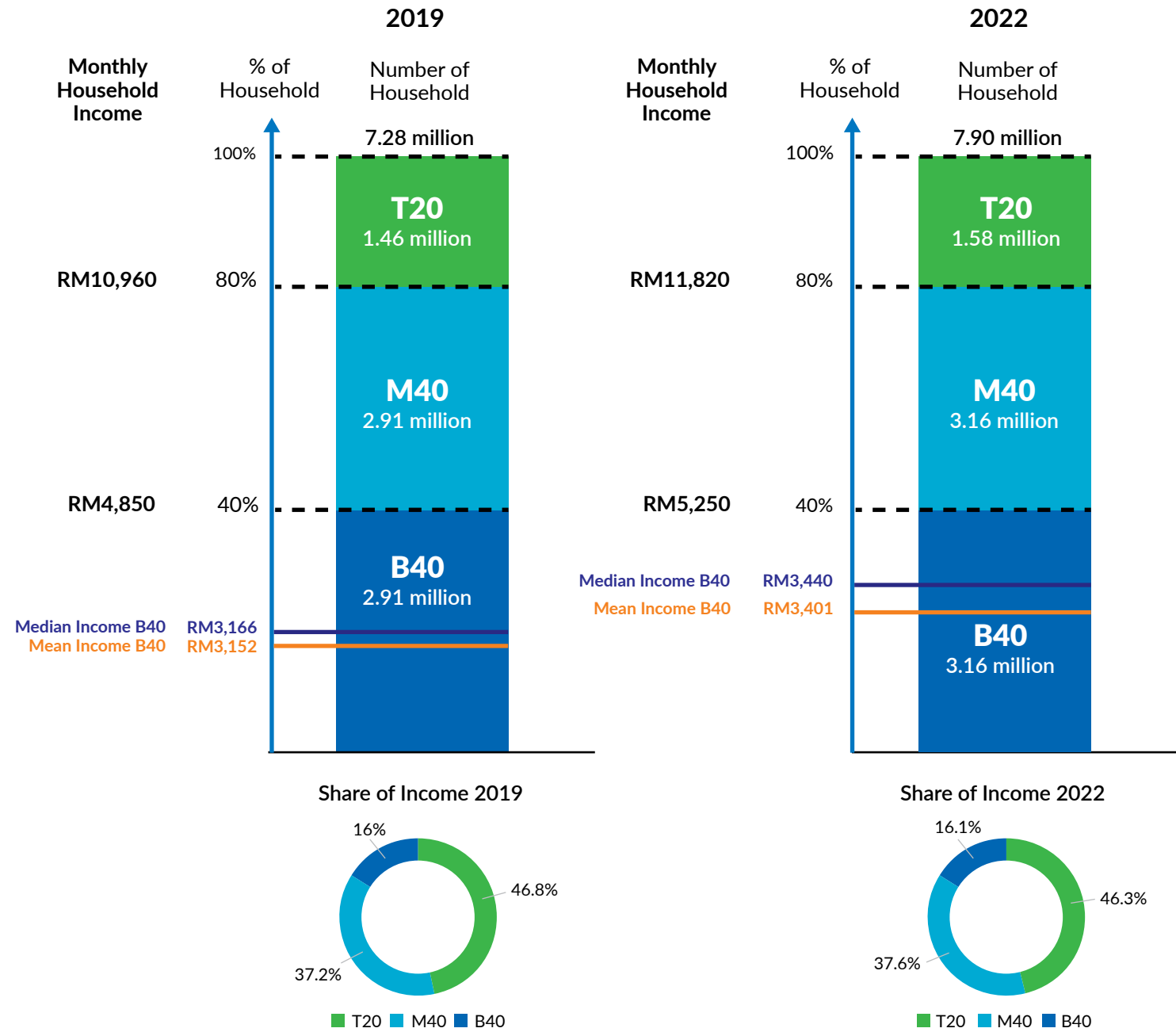
Chart 3
Percentage of Household by Income Category, 2019 and 2022



Source: Department of Statistics Malaysia and Ministry of Economy

Chart 4

National Household Income Category, 2019 and 2022



Glossary

2030 Agenda	2030 Agenda for Sustainable Development
3D	dirty, dangerous, and difficult
4G	fourth generation technology standard
4IR	Fourth Industrial Revolution
5G	fifth generation technology standard
ACAT	Acquisition Categorisation
ACE	Access, Certainty, Efficiency
Act 685	Person with Disabilities Act 2008
Act 804	Anti-Sexual Harassment Act 2022
AG	Auditor General
AI	artificial intelligence
AiI	Academy In Industry
ASB	<i>Amanah Saham Bumiputera</i>
ASEAN	Association of Southeast Asian Nations
ASTRO	All-Asia Satellite Television and Radio Operator
ASWARA	<i>Akademi Seni Budaya dan Warisan Kebangsaan</i>
ATM	Malaysian Armed Forces
B40	bottom 40% household income group
BDA	big data analytics
BERD	business expenditure on research and development
BI	Behavioural Insights
BIM	Building Information Modelling
BMT	<i>Inisiatif Basmi Miskin Tegar</i>
BOP	balance of payments
BRT	Bus Rapid Transit
BUDI	<i>Program Bantuan untuk Pendidikan</i>
BYOD	bring your own device
CBOs	community-based organisations

CCPT	Climate Change and Principle-based Taxonomy
CCS	carbon capture and storage
CCUS	carbon capture, utilisation and storage
CDOs	Chief Digital Officers
CE	compensation of employees
CEPA	communication, education and public awareness
CIB	Community Integrity Building
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COE	Centre of Excellence
COL	Critical Occupations List
COVID-19	Coronavirus disease
CPI	Corruption Perceptions Index
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSOs	civil society organisations
DAKN2030	National Agricommodity Policy 2021-2030
DAN 2.0	National Agrofood Policy 2.0 2021-2030
DE	development expenditure
DRM	Disaster Risk Management
DTN	National Energy Policy, 2022-2040
e-Kasih	<i>Bank Data Kemiskinan Nasional</i>
E&E	electrical and electronics
E2E	end-to-end
EA	enterprise architecture
ECCE	early childhood care and education
ECER	East Coast Economic Region
ECRL	East Coast Rail Link
EGDI	E-Government Development Index
EPF	Employees Provident Fund
EQA	External Quality Assurance
ESG	environmental, social and governance

ETS	Electric Train Service
EVs	electric vehicles
FELDA	Federal Land Development Authority
FEN	Financial Education Network
FPA	Food Production Areas
FT	Federal Territory
FTAs	free trade agreements
FTSE4Good	Financial Times Stock Exchange-Russell Group
GDP	gross domestic product
GERD	gross expenditure on research and development
GGP	government green procurement
GHG	greenhouse gas
GII	Global Innovation Index
GITA	Green Investment Tax Allowance
GITE	Green Income Tax Exemption
GKL/KV	Greater Kuala Lumpur/Klang Valley
GLCs	government-linked companies
GLICs	government-linked investment companies
GLOSMEP	Global Linkages SME Programme
GNO	<i>Gerbang Nilai 0</i>
GNI	gross national income
GovTech	Government Technology
GP	government procurement
GRIs	Government Research Institutes
GTMI	GovTech Maturity Index
GVC	global value chain
GW	gigawatt
HCFC	hydrochlorofluorocarbons
HEIs	higher education institutions
HGHV	high growth high value

HIES	Household Income & Expenditure Survey
HIES & BA 2019	Household Income & Expenditure Survey and Basic Amenities 2019
HIMP 2030	Halal Industry Master Plan 2030
HRMIS	Human Resource Management Information System
IBS	Industrialised Building System
IC	integrated circuit
iDamak	<i>Sistem Informasi Data Maklumat Masyarakat Orang Asli</i>
IEA	International Energy Agency
IEs	industrial estates
iGFMAS	Integrated Government Financial Management Accounting System
IIM	<i>Institut Integriti Malaysia</i>
IKHSAN	<i>Inisiatif Operator Perkhidmatan</i>
ILB	Industry Lead Body
IM	Iskandar Malaysia
Industry4WRD	National Policy on Industry 4.0
INNOVATHON	reality television show on innovation
INSAN	<i>Inisiatif Usahawan Makanan</i>
INTAN	Agro Entrepreneur Initiative
IOSCO	International Organization of Securities Commissions
IoT	internet of things
IP	intellectual property
IPR	<i>Inisiatif Pendapatan Rakyat Programme</i>
IR4.0	Fourth Industrial Revolution, or Industry 4.0
IRBM	Integrated River Basins Management
ISO	International Organization for Standardization
IWK	Indah Water Konsortium
JENDELA	<i>Pelan Jalinan Digital Negara</i>
JIPGII	Inter-Agency Global Innovation Index Competitiveness Monitoring Committee
JKM	Department of Social Welfare
JKR	<i>Jabatan Kerja Raya</i>

JMB	Joint Management Body
JMCIM	Joint Ministerial Committee for Iskandar Malaysia
JS	job specification
K11	Comprehensive Special Model School 11
K9	Comprehensive Special Model School 9
KIR	Heads of Household
KPIs	key performance indicators
KUSKOP	Ministry of Entrepreneur and Cooperative Development
kV	kilovolt
LAC	Limits of Acceptable Change
LCTF	Low Carbon Transition Facility
LMO	living modified organisms
LNG	liquefied natural gas
LT-LEDS	long-term low emissions development strategies
LTC	long-term care
M&E	machinery and equipment
M40	middle 40% household income group
MAMPU	Malaysian Administrative Modernisation and Management Planning Unit
MARA	<i>Majlis Amanah Rakyat</i>
MaTEx	Malaysia Tourism Excellence
Mbps	megabits per second
MC	Management Corporation
MCO	Movement Control Order
MCY	Malaysia Commercialisation Year
MCY 2.0	Malaysia Commercialisation Year 2.0
MDH	Malaysia Digital Hub
MFP	multifactor productivity
MITI	Ministry of Investment, Trade and Industry
MNCs	multinational companies
MoU	memorandum of understanding

MPA	marine protected areas
MPB	Malaysia Productivity Blueprint
MPI	Multidimensional Poverty Index
MRANTI	Malaysian Research Accelerator for Technology and Innovation
MRO	maintenance, repair and overhaul
MRSM	<i>Maktab Rendah Sains MARA</i>
MSMEs	micro, small and medium enterprises
MSNR	Malaysian Sustainable Natural Rubber
MSPO	Malaysian Sustainable Palm Oil
MSQoS	Mandatory Standards for Quality of Service
MTCS	Malaysia Timber Certification Scheme
MTRS	Medium Term Revenue Strategy
MW	megawatts
MyDID	Malaysia Digital Inclusiveness Index
MyDIGITAL	MyDIGITAL Corporation
MyeTaPP	<i>Sistem Pengurusan Tanah Persekutuan dan Pembahagian Pusaka</i>
myGAP	Malaysia Good Agricultural Practice
MyHDW	Malaysian Health Datawarehouse
MyLogistik	<i>Peta Geospatial Fasiliti Logistik & Jaringan Pengangkutan</i>
MyMUDAH	<i>Malaysia Mudah Unit platform</i>
MySPC	Malaysia Social Protection Council
MySPIKE	<i>Sistem Pengurusan Integrasi Kemahiran Malaysia</i>
MySTIE	Malaysian Science, Technology, Innovation and Economy
MySTR	<i>Sistem Sumbangan Tunai Rahmah</i>
MyWI	Malaysian Wellbeing Index
NACCOL	National Action Council on Cost of Living
NBT	nature-based tourism
NCDs	non-communicable diseases
NCER	Northern Corridor Economic Region
NCP 2030	National Construction Policy 2030

NDC	nationally determined contribution
NEET	not in employment, education or training
NEP	New Economic Policy
NER	National Employment Returns
NETR	National Energy Transition Roadmap
NFCC	National Anti-Financial Crime Centre
NFI	National Forest Inventory
NOSS	National Occupational Skills Standards
NSAs	national sports associations
NSC	National Security Council
NTBp	National Trade Blueprint
NTIS	National Technology and Innovation Sandbox
OACP	Organisational Anti-Corruption Plan
OE	operating expenditure
OECD	Organisation for Economic Co-operation and Development
OEMs	original equipment manufacturers
OGSE	oil and gas services and equipment
PADU	<i>Pangkalan Data Utama</i>
PAP	pre-approved plans
PDPS	<i>Pangkalan Data Perlindungan Sosial</i>
PEDi	<i>Pusat Ekonomi Digital</i>
PeKa B40	<i>Skim Peduli Kesihatan untuk Kumpulan B40</i>
PEMUDAH	Special Task Force to Facilitate Business
PER	Public Expenditure Review
PETRONAS	<i>Petroliam Nasional Berhad</i>
PIPs	Physical Implementation Projects
PISA	Programme for International Student Assessment
PISMA	<i>Pelan Induk Saliran Mesra Alam</i>
PKAN	<i>Program Khas Anak Negeri</i>
PKB	<i>Program Khas Bumiputera</i>

PLCs	public listed companies
PLF	Passenger Landing Facilities
PLI	Poverty Line Income
PNK	<i>Pertubuhan Nelayan Kebangsaan</i>
PoP	Points of Presence
PPK	<i>Pertubuhan Peladang Kebangsaan</i>
PPP	public private partnership
PR1MA	<i>Perbadanan PR1MA Malaysia</i>
PRESTIGE	Programme for Enhancement of Strategic Industry and High Growth Enterprise
PRF	Permanent Reserved Forest
PSPN	Professional Services Productivity Nexus
PTPTN	<i>Perbadanan Tabung Pendidikan Tinggi Nasional</i>
PULSE	Planning Your Lifestyle Efficiently
PUNB	<i>Perbadanan Usahawan Nasional Berhad</i>
PWDs	person with disabilities
QSWUR	Quacquarelli Symonds World University Rankings
R&D	research and development
R&D&C&I	research, development, commercialisation and innovation
RAPID Mobility	alternative community based public transportation
RCEP	Regional Comprehensive Economic Partnership
RE	renewable energy
RELA	<i>Jabatan Sukarelawan Malaysia</i>
RISE	Researcher-Industry Scientific Exchange
RiSE4WRD	programme to accelerate digital transformation journey of SMEs in manufacturing and related sectors
RMM	<i>Rumah Mampu Milik</i>
RMR	<i>Rumah Mesra Rakyat</i>
RMU	Research Management Unit
RTO	rent-to-own
S-CHARMs	Spatial Characteristics of Rural Malaysia System
SAF	Sustainable Aviation Fuel

SARP	Subang Airport Regeneration Plan
SAVE	Sustainability Achieved Via Energy Efficiency
SBA	Single Border Agency
SBP	<i>Sekolah Berasrama Penuh</i>
SDGs	Sustainable Development Goals
SEs	social enterprises
SIRIM	Standard and Industrial Research Institute of Malaysia
SISDA	Surveillance and Intervention Supply Demand Agrofood
SMEIPA	SME Integrated Plan of Action
SMEs	small and medium enterprises
SMPPs	small and medium professional practices
SMPPv2	Offender Management Information System version 2
SOCISO	Social Security Organisation
SOP	standard operation procedure
SPM	<i>Sijil Pelajaran Malaysia</i>
SPNB	<i>Syarikat Perumahan Negara Berhad</i>
SRI	Sustainable and Responsible Investment
SSPN	<i>Skim Simpanan Pendidikan Nasional</i>
SSR	self-sufficiency ratio
STAR	Special Task Force on Agency Reform
STEM	science, technology, engineering and mathematics
STI	science, technology and innovation
SUPER	Startup Ecosystem Roadmap
TCFD	Task Force on Climate-related Financial Disclosures
TERAJU	<i>Unit Peneraju Agenda Bumiputera</i>
TEV	total enterprise value
TFR	total fertility rate
TIMSS	Trends in International Mathematics and Science Study
ToT	training of trainers
TTOs	technology transfer offices

TVET	technical and vocational education and training
Twelfth Plan	Twelfth Malaysia Plan, 2021-2025
UAS	unmanned aircraft system
UBBL	Uniform Building By-Laws
UNDP	United Nations Development Programme
UNGC	UN Global Compact
UPAB	<i>Unit Pemerkasaan Agenda Bumiputera</i>
US	United States
VAE	value at entry
VCM	voluntary carbon market
VDP	Vendor Development Programme
VLR	Voluntary Local Reviews
VMS	Value Management Strategic
VSR	Voluntary Subnational Reviews
WHA74.5	Universal Health Coverage for Oral Health WHO
WHO	World Health Organization
Wi-Fi	wireless fidelity
YPPB	<i>Yayasan Peneraju Pendidikan Bumiputera</i>

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