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### Federal govt implements four enhancements to grants, support for states

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**KUALA LUMPUR, May 6 --** – The federal government has agreed to implement four enhancements to allocations channelled in various forms of grants and support to the state governments for 2021, the Ministry of Finance (MoF) said.

In a statement today, the MoF said these included increasing the allocation of RM50 million to RM400 million under the Grant Based on Level of Economic Development, Infrastructure and Welfare (TAHAP) to all state governments.

"The increase in the allocation is for the purpose of financing Ecological Fiscal Transfer activities as an additional incentive to the state governments to ensure the sustainability of the country's biodiversity," the MoF said in a statement today.

The enhancements were announced during the virtual National Finance Council meeting today, chaired by Prime Minister Tan Sri Muhyiddin Yassin and participated virtually by chief ministers and menteris besar from all states.

Besides, the federal government also agreed to approve a contribution amounting to RM440 million to the State

Reserve Fund to assist the state governments, which are experiencing a deficit, to manage their financial affairs and implement respective development projects.

The MoF said the government was aware of the situation faced by most state governments which were facing tough times, especially in their financial management post-COVID-19.

As for the third enhancement, the National Finance Council agreed to improve the guideline for the federal government's Malaysian Road Records Information System (Marris) system, including expanding the definition of state road maintenance.

"It is hoped that this decision will give flexibility to the state governments in carrying out road maintenance work according to priority and urgency of the respective states, thus ensuring the safety of the people, especially road users," the MoF said.

The ministry said the federal government was also aware that the state governments were also experiencing a very drastic reduction in revenue post-COVID-19.

Hence, the fourth enhancement entailed providing an allocation of RM260 million to the state governments to help them implement small-scale projects at the grassroots level.

The MoF said the first distribution of RM60 million had been channelled to the states with the maximum limit for each project set at RM100,000 through a ballot method to ensure that the distribution of allocations could benefit Bumiputera small contractors fairly.

"The federal government is always committed to ensuring that the relations between the federal and state governments is always at the best level.

"Thus, the federal government hopes these grants will be fully utilised by the state governments, especially to protect the welfare and well-being of the people at all times," the MoF said.

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