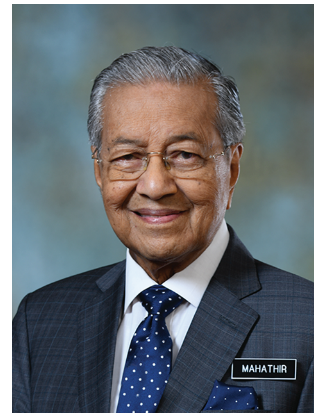


## FOREWORD

**PRIME MINISTER MALAYSIA**

The year 2020 will see the conclusion of the 11th Malaysia Plan (11MP). In place, it will also be the year the Government sets the foundation for the 12MP (2021 – 2025) that is going to be premised on the "Shared Prosperity" vision or agenda. While economic growth and dynamism must be pursued actively, disparities in economic opportunities should be addressed to create an equitable foundation for national development.

The private sector has a vital role to play in fulfilling the Shared Prosperity vision. Business-led initiatives in R&D partnerships, technology and skills transfer and infrastructure investment have the potential to spur development, support productivity, create quality jobs, strengthen skills and promote technological progress.

Furthermore, Malaysian companies must equip themselves with the right capabilities and resources to compete successfully in the age of Industry 4.0. Digitalisation is now necessary to increase productivity, reduce dependency on foreign labour and explore new high value add business models. Domestic companies should not be afraid to engage with foreign investors in mutually beneficial collaborations that will open up new markets and introduce way of doing business.

On the part of the Government, it remains committed to institutional reforms, particularly in areas related to public finances and governance, aimed at restoring public confidence in public institutions. The formation of the Parliament Special Select Committee on Budget is one of the significant moves to enhance the check and balance mechanism within the Government. The National Anti-Corruption Plan (NACP) 2019 – 2023 serves as the primary reference for all government agencies to strengthen its integrity and governance with respect to combating corruption. These initiatives are expected to boost investor confidence and improve investment climate in Malaysia.

It is essential for the Government to manage its fiscal policy effectively by finding the balance between supporting economic growth and keeping all of its debt and liabilities on a sustainable path. Resources are limited and any allocation should be optimised according to socioeconomic priorities while maintaining a comfortable fiscal space.

Several initiatives have been implemented to address issues related to public finances, including expenditure optimisation exercise, exploring new sources of sustainable revenue and ensuring effective implementation of various fiscal measures. Moreover, several committees were established to improve Government's revenue base and formulate sustainable debt management policy.

The announcement on the formation of legislations related to fiscal responsibility and government procurement will further enhance credibility and accountability of public finances. Furthermore, the Government will be fully converting to accrual-based accounting by 2021 for a more transparent disclosure of its debt and liabilities. These initiatives coupled with good governance, will create new fiscal space for countercyclical measures, if it is necessary.

In the spirit of inclusivity and shared prosperity, the Government will strive to fulfil its promised initiatives. Despite limitations and challenges, the Government will continue to safeguard the welfare of the *rakyat*.

Thank you.

DR MAHATHIR BIN MOHAMAD

11 October 2019