MEDIA STATEMENT

YB TENGKU DATO' SRI ZAFRUL TENGKU ABDUL AZIZ
MINISTER OF FINANCE

41st LAKSANA REPORT

IMPLEMENTATION OF PRIHATIN, PENJANA AND KITA PRIHATIN

18 February 2021

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِيْمِ

INTRODUCTION

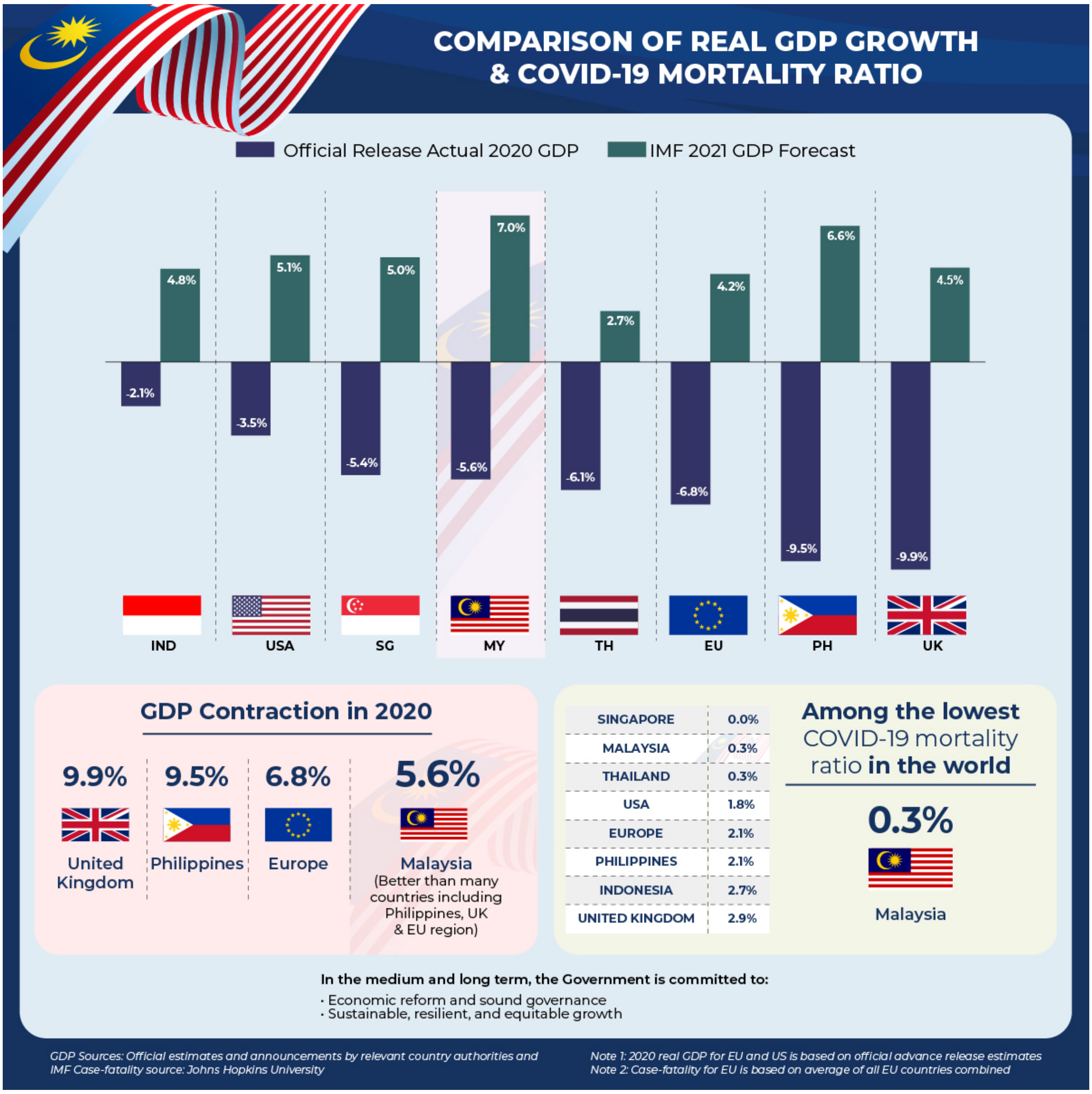
1. **This 41st LAKSANA report** will touch on the implementation status of Budget 2021, PERMAI, PENJANA and KITA PRIHATIN, as well as reviews of current issues. The ongoing implementation status of the PRIHATIN initiative can be referred to in Appendix 1.

REVIEW OF CURRENT ISSSUES

A. ECONOMIC RESILIENCE SUPPORTED BY SUSTAINABLE STRATEGIES

2. In 2020, Malaysia's Gross Domestic Product (GDP) contracted by 5.6%. This contraction is better than the initial projections by international organizations such as the International Monetary Fund (-5.8%), the World Bank (-5.8%) and the Asian Development Bank (-6.0%). Malaysia's performance is also better compared to other countries in the region such as Thailand (-6.1%) and the Philippines (-9.5%); and other countries such as the United Kingdom (-9.9%).

3. We have also successfully limited the number of deaths due to the COVID-19 outbreak at a ratio of 0.3%, or in the lowest 5% category worldwide. The effectiveness of the Government's measures to curb the spread of the COVID-19 pandemic has also been recognised by the international credit rating agency, Moody's. This is evident through the affirming of Malaysia's rating at A3 with a stable outlook, in January this year. Moody's also expects that the spread of the COVID-19 will not have a lasting impact on the country's economic structure. Thus, the current and subsequent wave of contagion will only delay, and not hinder the economic recovery of the country towards a higher and more sustainable growth path.



4. Moody's Analytics, in an economic note titled *Trade Links Key to APAC Recovery* announced on February 17, also said that Malaysia and Singapore were in the best position to reap the benefits of global growth by 2022. The firm explained that both countries took precautionary measures for opening borders to enable travel, apart from being among the most active countries in terms of fiscal support policy for their respective economies since last year. Moody's Analytics also stated that Malaysia is one of the countries that will benefit from the growing trade demand by China, based on 2020 trade with Malaysia which grew in double digits in percentage points.

5. Whatever the situation may be, the Government is ready to support our people and businesses' continuity. The Ministry of Finance has also just published its Fourth Quarter 2020 financial report (https://www.mof.gov.my/pdf/ekonomi/suku-tahunan) The report clarified that as at end-2020, the Federal Government's debt position, based on its statutory limit comprising Malaysian Government Securities (MGS), Malaysian Government Investment Issues (MGII) and Malaysia Islamic Treasury Bills (MITB), was at 58% of GDP, which is below the fixed statutory limit of 60% of GDP. As such, the

Government still has the fiscal space to continue helping the rakyat, support businesses and strengthen the Malaysian economy, InsyaAllah.

B. BUDGET 2021: RECOVERY PLAN & ECONOMIC GROWTH DRIVER

6. Budget 2021 is different from previous years' budgets. I would like to share that when the 2021 Budget was drafted, it was formulated based on four main thrusts namely: (a) Encourage private consumption; (b) Drive high quality investment; (c) Empower economic enablers and (d) Enhance sustainable development. At that time, the Ministry was of the opinion that classifying measures based on target beneficiary groups (People, Business & Economy) was the right call based on the "What's in it for me?" philosophy, particularly when the COVID-19 infection rate was increasing daily. This (beneficiary-based) method enables the *rakyat* and businesses to focus directly on benefits appropriate to them and their businesses.

7. As a reminder, the 2021 Budget was tabled as follows:

Objectives	Strategies	Examples of Measures
1: Rakyat's Wellbeing	1. COVID-19 Pandemic and Public Health 2. Safeguarding the Welfare of Vulnerable Groups 3. Generating and Retaining Jobs 4. Prioritising the Inclusiveness Agenda 5. Ensuring the Wellbeing of the Rakyat	• Temporary Measures to Reduce the Impact of Coronavirus 2019 (COVID-19) 2020 Act • Improving Financial Assistance • Alleviating the Rakyat's Cost of Living • Assistance to Farmers and Fishermen • PenjanaKerjaya Incentives • Reskilling & Upskilling • Malaysia Short Term Employment Programme (MYSTEP)
2: Business Continuity	1. Driving Investments 2. Strengthening Key Sectors 3. Prioritising Automation and Digitalisation 4. Enhancing Access to Financing	• Investment in Key Sectors • Improving the Business Environment • Science, Technology and Innovation • Locally Manufactured Products • Micro Credit Financing

3: Economic Resilience	1. Expansionary Budget 2. Development Agenda under the 12th Malaysia Plan 3. Enhancing the Role of GLC and Civil Society 4. Ensuring Resource Sustainability 5. Civil Service	• Expenditure with High Multiplier Effect • Sustainability of Government's Revenue • Transport Infrastructure Development • Balanced Regional Development • Alternative Service Delivery • Sustainable Development Agenda • Sustainable Finance • Strengthening of the Public Service Delivery

For further details on Strategesi and Measures for Objectives 1, 2 & 3, please visit – https://belanjawan2021.treasury.gov.my/manfaat/

8. Nonetheless, it is clear that the 2021 Budget indeed serves as an economic stimulus and recovery plan with 205 initiatives to protect the *rakyat* and ensure business and economic continuity. Various measures of the 2021 Budget have already begun to be implemented.

OBJECTIVE 1: The *Rakyat's* Wellbeing

Strategy 1 – COVID-19 Pandemic and Public Health

9. In the 2021 Budget, a total of RM1 billion had been allocated for COVID-19 related public health service needs, including for Personal Protection Equipment (PPE), reagents, consumables and a one-off allowance for frontline staff. Through the PERMAI Assistance Package, the Government has also increased the allocation by RM3.25 billion for the Government Vaccination Programme and various other public health needs.

10. To this end, the National Covid-19 Immunisation Programme (PICK) which was recently launched by the YAB Prime Minister on 16 February 2021 is the main thrust for our recovery from the Covid-19 pandemic. With Phase 1 of the vaccination process expected to begin in February, we are targeting 500,000 frontline workers to be vaccinated by April 2021. We hope that the vaccination of more than 80% or 27 million of our population over the coming year will help drive our economic recovery . For more information, please visit the website: https://www.vaksincovid.gov.my/pdf/Program_Imunisasi_COVID-19_Kebangsaan.pdf.

Strategy 2 – Safeguarding the Welfare of the Rakyat

11. The Government is always sensitive to the basic daily needs of the vulnerable and those most affected by the COVID-19 pandemic. This can be seen from these most recent decisions:

    i. Announcement on 11 February on the removal of conditions for the Employees Provident Fund's (EPF) i-Sinar to make it easier for members to withdraw from their Account 1 savings. This measure is expected to help the people alleviate some current challenges due to the COVID-19 pandemic. To this end, the Government has also discussed with the EPF on facilitating the approval process for withdrawal, especially for those who had submitted their applications, and those whose applications are currently being processed. This will involve changes to the EPF system, which will require some time. Time is also needed to freeze transactions for a short duration to enable the EPF system to credit the 2020 dividend payment into its members' accounts the dividend announcement at end-February.

    ii. Announcement on 14 February on the extension of the closing date for new registrations and updates for the PRIHATIN Rakyat (BPR) assistance. The previous registration period from 15 January 2021 to 15 February 2021 has been extended to 25 February 2021. This is to ensure that the BPR will be channeled to those who are truly eligible.

Strategy 3 – Generating and Retaining Jobs

12. The government is aware that cash assistance alone is never sufficient. As such, under the strategy of Generating and Retaining Jobs, steps that have been taken through close cooperation between the Government and the industry. These include:

    i. The creation of the MyFutureJobs portal https://www.myfuturejobs.gov.my/, which is a one-stop centre and the main reference point for employment-related initiatives. There are more than 200,000 job opportunities available for job seekers with candidate and industry matching process. Additionally, this portal serves as a one-stop centre for information and access to employment-related initiatives that include re-skilling and upskilling programmes, advisory services as well as current employment-related programmes.

    ii. The Ministry of Human Resources National PenjanaKerjaya Carnival 2021 is scheduled to take place from 23 to 26 February 2021. The carnival is an online event that will bring together employers from all over the country for interview sessions to hire new employees. Interested participants can register via the link https://careerfair.perkeso.gov.my.

iii. Creation of more than 160,000 new jobs for 2021 through committed investments, which will be monitored by the Ministry of International Trade and Industry and its agency Malaysian Investment Development Authority (MIDA).

PENJANA (National Economic Recovery Plan)

13. The PENJANA initiatives are categorised into three objectives, namely **Empowering the People**, **Propelling Businesses**, and **Stimulating the Economy**

PENJANA OBJECTIVE 1: EMPOWERING THE PEOPLE

14. **Phase One Wage Subsidy Program (PSU 1.0):** As of 30 September 2020, the closing date of PSU 1.0, a total of **322,177 employers and 2.64 million employees** had received PSU benefits under PRIHATIN and PENJANA. As of 5 February, approved wage subsidy applications had reached **RM12.763 billion.**

PSU 1.0

Date As Of	Amount Approved* (RM billion)	No. of Employees* (million)	No. of Employers*
5 February	**12.763****	**2.640**	**322,177**
29 January	12.757**	2.640	322,177
25 December	12.682**	2.640	322,177
27 November	12.524**	2.640	322,177
30 October	12.255	2.639	322,175
25 September	11.930	2.633	321,633
28 August	10.383	2.620	320,440
31 July	8.995	2.582	318,258
26 June	7.074	2.455	307,518
29 May	4.018	2.197	286,338
24 April	1.606	1.452	207,237

** cumulative amount*

*** The number of employers and employees has reached its maximum. However, since payments are made in phases, amount approved will continue to rise. Payments in phases is done to ensure that only eligible enterprises receive the subsidy.*

15. **The Hiring Incentive and Training Assistance Programme:** As of 5 February, a total of **130,871 employees** had secured employment through this program. Among the key industries and sectors that employ workers include manufacturing as well as wholesale and retail. For more information, do visit (https://www.perkeso.gov.my/186-penjana/803-program-insentif-pengambilan-pekerja-dan-bantuan-latihan.html)

Date As Of	Category of People Who Secured Jobs				Amount*
	< 40 years	40 – 60 years	Apprentices	OKU	
5 February	**105,250**	**17,591**	**7,536**	**494****	**130,871**
29 January	105,160	17,586	7,534	548	130,328
25 December	102,623	17,394	7,417	1,344	128,778
27 November	72,505	11,370	5,808	1,247	90,930
30 October	56,315	8,743	4,724	331	70,113
25 September	34,476	5,456	3,782	284	43,998
28 August	18,354	3,266	2,818	178	24,616

**Cumulative Amount*

*** The decrease compared with the previous week is due to certain employers who wrongly selected the category of employees prior to the actual applications.*

16. **Reskilling and Upskilling Programme:** As of **5 February**, a total of **133,301 participants had been approved** to participate in the programmes provided. The list of courses that were requested can be seen through the Ministry of Finance link. In addition, applicants can also visit the websites of Government agencies as listed below, to obtain information on the courses offered.

No.	Ministry/ Agency	Programme / Scheme / Initiative
1.	**Human Resource Development Berhad (PSMB)** (www.penjanahrdf.com.my)	*SME Development*
		Industrial Revolution 4.0 (IREV4.0)
		Place & Train
		Gerak Insan Gemilang (GIG)
		B40 *Development*
2.	**Ministry of Entrepreneur Development and Cooperatives (MEDAC)**	INSKEN *Business Training*
		Micro Connector Programme
3.	**Majlis Amanah Rakyat (MARA)** (http://penjana.mara.gov.my/)	Safety Special Module and Health Care In The New Normal Environment
		Building Internal Entrepreneur Capabilities by Engaging e-Commerce Bespoke Program (e-entrepreneur) -Training e-Commerce Platform
		Building Capabilities and Providing Jobs Through Competencies / Short Courses Program

		Building Capabilities and Providing Jobs Through Industry Boot Camp
		Building Internal Entrepreneur Capabilities by Engaging e-Commerce Bespoke Program (e-entrepreneur) -Bespoke
4.	**East Coast Economic Region Development Council (ECER)** (https://www.ecerdc.com.my/penjana/Website/index.html)	*ETEP Enhanced Train& Place* (PENJANA)
5.	**Northern Corridor Implementation Authority (NCIA)** (https://www.ncer.com.my/jomkerja_jomniaga/)	JomNiaga@NCER
		JomKerja@NCER
6.	**Ministry of Tourism, Arts and Culture Malaysia (MOTAC)**	Community Skills Development
7.	**Kementerian Pengajian Tinggi (KPT)** (https://great.mohe.gov.my)	Gig Economy Programme
		Entrepreneurship Programme

17. **MY30 public transport subsidy:** As of **5 February**, a total of **RM127.74 million** had been channelled for the subscription of **751,414 unlimited monthly public transport passes** worth RM30, specifically for Malaysian citizens. As announced under the 2021 Budget, this initiative is extended to 2021 to further promote mobility and reduce the burden of public transport costs for the people. The Government hopes that with the declaration of CMCO in various states after 18 February, there will be an increase in demand for the MY30 initiative.

PENJANA OBJECTIVE 2: PROPELLING BUSINESSES

18. **TEKUN Business Recovery Scheme (TBRS):** This special scheme for Micro SMEs with a RM100 million allocation **has achieved its objective** by benefitting **14,946 Micro SMEs**. At the same time, there are still financing initiatives available under this Objective such as the **PENJANA SME Financing** and **PENJANA Tourism Sector Financing**.

19. **PENJANA SME Financing:** The Government's allocation of RM2 billion under this program prioritises SMEs that have never obtained bank loans. As of 5 February, a total of **6,613 applications had been approved** with a **total loan value of RM1.245 billion**.

Date As Of	Number of Approved Applications*	Amount Disbursed* (RM million)
5 February	**6,613**	**1,244.7**
29 January	6,507	1,231.4
22 January	6,404	1,216.1

15 January	6,139	1,180.3
8 January	6,139	1,180.3
1 Januari	5,976	1,149.1
25 December	5,764	1,122.1
27 November	5,301	1,085.7
30 October	4,488	965.5
25 September	3,351	795.3
28 August	1,615	426.2

**Cumulative Amount*

20. **PENJANA Tourism Sector Financing**: Government allocation of RM1 billion for SMEs and Micro SMEs still affected by COVID-19. As of 5 February, there were **579 applications** for this financing, and of this total **282 applications were approved** with a total financing of **RM57.1 million** (compared to 277 applications with a value of RM55.4 million in the previous week). For more information, please visit https://www.bnm.gov.my/o/covid19/FAQ%20PENJANA%20Tourism%20Financing_BM.pdf

21. **PENJANA Micro Credit Financing under Bank Simpanan Nasional (BSN):** As of 5 February, a total of **RM363.4 million** had been channelled to benefit **10,774 Micro SMEs including those in retail and services.**

Date as of	Micro SME*	Amount Disbursed* (RM million)
5 February	**10,774**	**363.4**
29 January	10,037	340.0
25 December	8,158	282.8
27 November	6,492	227.5
30 October	4,674	167.4
25 September	2,007	73.7
28 August	399	15.2

**Cumulative amount*

22. **Bumiputera Relief Financing (BRF) amounting to RM200 million by Perbadanan Usahawan Nasional Bhd (PUNB):** This special fund assistance is for Bumiputera SMEs affected by COVID-19, with financing between **RM100,000** and **RM1 million** for the SMEs involved. As of 5 February, this fund has been channelled to **548 SMEs** involving a total of **RM153.0 million** (compared to 519 SMEs with a total of RM143.8 million in the previous week). For more information, please visit https://www.punb.com.my/images/photo/BRF/Soalan_Lazim_BRF_FINAL.pdf

PENJANA OBJECTIVE 3: STIMULATING THE ECONOMY

23. **Support for Agriculture and Food Industry for farmers and fishermen:** Of the total **allocation of RM400 million**, **RM350 million** was allocated under the **Agrobank Microcredit Financing Scheme**. As of **5 February**, a total of **RM85.6 million** had been channelled under this scheme to benefit **7,723 Agricultural Micro SMEs** (compared to 7,012 Agricultural Micro SMEs with a total of RM74.5 million in the previous week). Food security is very much emphasised in the PENJANA Plan and the Budget 2021. During

my recent visit to a banana plantation in Sabak Bernam, it turned out that there are still smallholders who did not know about numerous Government assistance to grow their business. InsyaAllah, in the near future, their objective to increase manpower and use technologies such as fertigation (fertiliser + irrigation), as well as AI and drones for monitoring purposes will be achieved.

24. **Sales tax relief for passenger vehicles:** The sales tax incentive includes 100% exemption for locally assembled cars (CKD) and a 50% reduction for fully imported models (CBUs). As at **5 February**, the value of sales tax relief utilised stood at **RM232.96 million** (compared to RM201.51 million in the previous week). **As announced, the Government has agreed to extend this tax incentive until 30 June 2021**, as a measure to further boost the automotive sector and the country's economic activities.

KITA PRIHATIN (Kerangka Inisiatif Tambahan Khas PRIHATIN)

25. **Wage Subsidy Programme (PSU 2.0):** As of **5 February**, a total of **RM770.31 million** had been channeled to **65,398 employers** to continue operating and maintain employment for **534,183 employees**. Further details are as follows:

PSU 2.0

Date As Of	Amount Disbursed* (RM million)	Number of Workers* (million)	Number of Employers*
5 February	**770.31**	**534,183**	**65,398**
29 January	741.16	518,793	64,345
25 December	418.67	420,193	51,022
27 November	239.73	307,420	39,203

**Cumulative Amount*

CLOSING

26. The Government has always been vigilant and prudent against any potential risks to the country's growth prospects, especially in terms of public health. The government will continue to do its best to curb the COVID-19 pandemic and ensure that the economic recovery process can continue. In the medium and longer term, the Government remains committed to economic reforms and sound governance, as well as focused on policies that will ensure sustainable, resilient, and equitable growth.

YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz
Minister of Finance
Ministry of Finance Malaysia
18 Februari 2021

APPENDIX 1 – PRIHATIN ACHIEVEMENTS

OBJECTIVE 1: PROTECTING THE RAKYAT		
1.	**i-Lestari Withdrawal Scheme under the Employees Provident Fund (EPF)**	As of **5 February 2021, cumulative withdrawal stood at RM16.96 bilion** and involved **5.12 million recipients** (compared to RM16.24 billion involving 5.11 million recipients in the previous week). Retirement planning is crucial, and the people are encouraged to utilise the free **Retirement Advisory Service (RAS)** provided by EPF. Information on this free service can be found at: https://www.kwsp.gov.my/ms/member/retirement-advisory-service
2.	**Frontliners Allowance**	a. As of **5 February 2021**, **a total of RM484.85 million had been channelled based on 1,453,454 claims** (compared to RM482.98 million involving 1,445,596 claims in the previous week) comprising doctors, nurses and other medical personnel directly involved in the management and containment of the COVID-19 pandemic. b. This special allowance e is also extended to members of the military, police, customs, immigration, firemen, members of the Civil Defense Force as well as RELA members who are directly involved in implementing the Movement Control Order (MCO).

OBJECTIVE 2: SUPPORTING BUSINESSES		
3.	**SME Soft Loans Funds Administered by Bank Negara Malaysia (BNM)**	As of **5 February 2021**, the total number of applications approved by local banks and accepted by SMEs is **RM11.63 billion** which will benefit **24,628 SMEs.** This amount includes Special Relief Facility (SRF), Automation & Digitalisation Facility (ADF), All-Economic Sector Facility (AES) and Agrofood Facility (AF) funds.

SME Soft Loans Funds	Approved and Accepted Amount* (RM billion)	Number of SMEs*
5 February	**11.63**	**24,628**
29 January	11.60	24,613
25 December	11.29	24,012
27 November	11.13	23,711
30 October	10.87	23,305
25 September	10.67	22,984
28 August	10.3	22,440
July	9.6	21,410
June	8.4	19,539
May	6.9	16,833
April	1.5	3,636

**Cumulative Amount*

Although the SRF funds have been fully utilised, SMEs can still apply for available funding schemes under the BNM Funds such as **ADF**, **AES** and **AF**. SMEs can also acquire other funding via the **imSME platform** via the link https://imsme.com.my/portal/en/ that will help match the required funding by SMEs with multiple financial institutions.