



FOREWORD



**PRIME MINISTER
MALAYSIA**

The year 2021 has been difficult and challenging for Malaysia. Along with the rest of the world, we are still battling the impact of COVID-19 on our people and businesses, particularly economic losses and decline in the *rakyat's* well-being due to containment measures. We have also seen how the pandemic has impacted the Government's financial position, with our fiscal deficit rising to 6.2% of GDP in 2020, deviating from our consolidation trajectory. Consequently, not only are we forced to defer the country's goal of becoming a high-income, inclusive, and developed economy by 2020, we are also faced with the risk of long-term economic scarring, undermining decades of what we have developed in terms of competitiveness, productivity, national wealth, and socioeconomic inclusivity, among others.

Following the proclamation of a public health and economic emergency ("Emergency Ordinance") by KDYMM Seri Paduka Baginda Yang di-Pertuan Agong in January 2021, the Government took swift actions and rolled out several bold steps to contain the socioeconomic fallout from the pandemic. These include decisive policy interventions, such as redirecting and reprioritising budget resources towards additional assistance and stimulus packages. Packages that were launched to enable timely, effective, and efficient management of a fast-evolving virus began with PERMAI in January, followed by PEMERKASA in March, PEMERKASA Plus in May and later PEMULIH in June, all with a combined value of RM225 billion.

Immediately after the launch of PEMULIH, the Government also unveiled the National Recovery Plan (NRP), which is a comprehensive strategy to exit the pandemic in a safe and systematic manner, based on a phased approach and backed by data and science. This has since placed the country firmly on its recovery path, enabling us to effectively build on green shoots of recovery achieved in the second quarter of this year. Once we secured vaccine supplies, the acceleration of our National COVID-19 Immunisation Programme (PICK) – which helped us register one of the world's fastest vaccination rates – played a key role in bringing down the number of positive cases and most importantly, the serious ones.

Alhamdulillah, we are now close to completing the full vaccination of the entire adult population and have expanded PICK to include young adults to facilitate a safe resumption of our education segment. Overall, our ongoing policy support aimed at building resiliency and adaptability to the new normal will provide a foundation for us to rebound quickly and emerge from this crisis with better capabilities for growth. To this end, the Government has been mindful of managing its finances responsibly and

prudently, guided by the principles of transparency and accountability. I would like to reassure the *rakyat* and business community that the country's fiscal position remains intact, backed by a well-regulated financial system.

Even as we go through recovery in 2022, we must think beyond the span of 12 months, to firmly place the nation on a much stronger footing in the medium and long term. Hence, the Government is committed to push for more refined, targeted policies to drive economic recovery, rebuild resilience and catalyse reforms. To achieve that, the 2022 Budget is formulated to address both near-term economic revitalisation efforts, as well as medium-term rebuilding and reform strategies which will bring to life the aspirations espoused in the Twelfth Malaysia Plan (12MP). As much as the Government's short-term policies are important to drive our socioeconomic recovery in 2022, it is equally critical that we strengthen the foundations of longer-term institutional and fiscal reforms for rebuilding our resilience post-pandemic, so that we are ready to face any similar major setback in the future.

Fiscal accountability goes beyond responsible spending of revenue and ensuring sufficient development budget for socioeconomic growth. It is also about transparency and inclusivity of the budgeting process, as well as empowering institutions to address leakage and corruption. On the former, for the first time in Malaysia's annual budgeting history, a Pre-Budget Statement in August as well as four Public Consultation Papers were issued in September 2021. The four papers were on improving Government procurement; improving cash assistance programmes; reviewing of tax incentives; and drafting the Fiscal Responsibility Act. On the latter, the Government has launched the National Anti-Corruption Plan, which aims to improve the accountability of law and enforcement agencies; enhance the efficiency and responsiveness in public service delivery; and promote integrity in business.

In the past 19 months or so, the Government has repeatedly proven that despite our tight fiscal space, we delivered as best as we could to, among others, save jobs, support employers, implement mass vaccination and help the vulnerable put food on the table. However, when it comes to strengthening our fiscal position, ultimately it depends on a sustained economic recovery, which must be driven based on a whole-of-nation approach. This can be achieved via a more holistic collaboration between the Government and the private sector, non-governmental organisations, community leaders and the *rakyat* themselves. Together, we must capitalise on Malaysia's strong fundamentals in the form of skilled human capital; sound institutional and policy framework; abundant natural resources as well as our extraordinary will and indomitable "*Keluarga Malaysia*" spirit to rebuild our economic and fiscal resilience, so we can grow *and* face any future challenge head-on.

Moving forward, we must look beyond ethnic and religious lines, or even political ideology, to cut out the white noise and 'hear' the voices that represent the true Malaysian soul: *this* is the foundation of our strength and collective narrative to help this nation heal. This is also the least we can do to honour all our frontliners, who reflect the true essence of the Malaysian caring spirit by risking their lives daily for the lives of their fellow Malaysians. *Insyah-Allah*, if we work and advance together every step of the way, we *will* recover from the challenges of this pandemic and in due time, we *will* claim true victory.



DATO' SRI ISMAIL SABRI BIN YAAKOB
29 October 2021