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Strategic Initiatives

Budget 2023 Strategies: Developing a MADANI Nation

Charting ahead towards Malaysia MADANI, the Government has outlined major shifts that the country must undertake based on the MADANI framework to rise again as an Asian Tiger. Under this framework, the Government will take a comprehensive approach to promote unity in diversity as well as transparency and good governance in all aspects of the country's development. The framework will

focus on building Malaysia as a resilient and prosperous nation based on far-sighted policies that mobilise human, technological and natural resources efficiently. The MADANI's six thrusts consist of sustainability (*keMampanan*), prosperity (*kesejAhteraan*), innovation (*Daya cipta*), respect (*hormAt*), trust (*keyakiNan*), and care and compassion (*Ihsan*). These thrusts will guide the country towards stability, economic recovery, the well-being of the rakyat, as well as upholding integrity within an inclusive society under the concept of *Wahdatul Fikr* (unity of thought) through an effective public service delivery system.

INFORMATION BOX 1.1

MADANI for a Better Malaysia: An Empowering Vision and Policy Framework for Action

Introduction

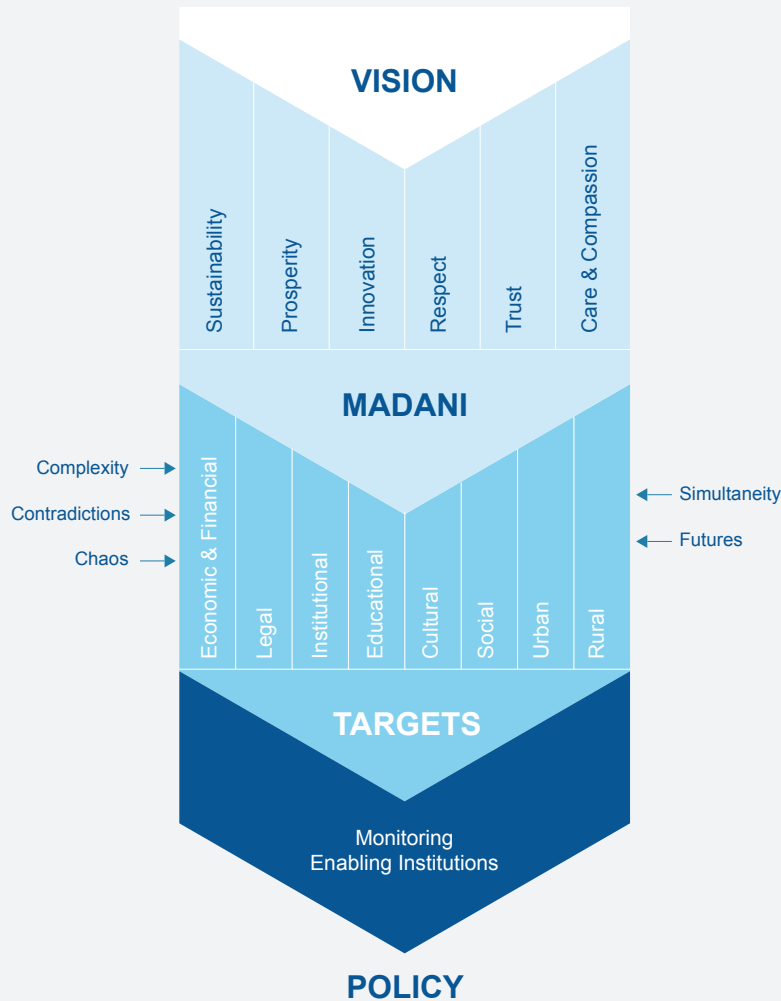
YAB Dato' Seri Anwar Ibrahim, the 10th Prime Minister of Malaysia launched the MADANI policy framework, "Membangun Negara MADANI: Visi dan Kerangka Dasar Reformasi" on 19 January 2023. The concept of MADANI is visualised through a civilised and developed nation in terms of thinking, spirituality and infrastructure. It can be further articulated by the specific letters M.A.D.A.N.I., namely sustainability (*keMampanan*), prosperity (*kesejAhteraan*), innovation (*Daya cipta*), respect (*hormAt*), trust (*keyakiNan*), and care and compassion (*Ihsan*). The combination of the six key drivers form the framework towards the development of a sustainable and prosperous nation where inclusivity and equality are embraced to achieve a just Malaysian society.

MADANI Policy Framework

The six drivers of the framework will be embedded with the eight essential elements related to economic and financial; legal; institutional; educational; social; cultural; urban; and rural to navigate the country in weathering complexity, contradictions, and chaos of post-normal times. The MADANI policy framework will ensure simultaneity of actions by all stakeholders in the spirit of transparency and cooperation that encompass potential future challenges and opportunities. The overall interaction among the drivers, essential elements and various dimensions is shown in Figure 1.1.

In addition, the language, values, and culture of Malaysia are the heart of this policy framework which recognises the right of every citizen and encourages a social and cultural norm to enhance inclusiveness.

FIGURE 1.1. MADANI Policy Framework



Source: Institut Darul Ehsan and The Centre for Postnormal Policy & Futures Studies

MADANI Key Drivers

The definition, vision and target of each key driver are as follows:

Sustainability (*keMampanan*) aims to ensure continuity of resources in fulfilling present needs without compromising future generations' requirements, which involves an ongoing process and collective effort of all Malaysians to respect and balance the rights of individuals, society as well as

nature. Sustainability includes the natural environment, rural and urban communities, as well as families and individuals. Moreover, sustainability in cultural matters as well as social and individual behaviour, respectively, need to be endorsed and promoted.

Prosperity (*kesejahteraan*) is intended to promote a balanced and sustainable economic growth through the empowerment and inclusiveness of society with due regard for the holistic well-being of the rakyat, communities and the nation. It also draws on the Islamic concept of *al-falah* (success, happiness and well-being) which comes from spiritual fulfilment and self-improvement by following the commands of God. This concept will be balanced in the pursuit of prosperity premised on respect for others while applying continuous innovation in the society.

Innovation (*Daya cipta*) is poised to build a culture of innovativeness within the society and uplift the nation in being an active contributor in the digital and technological revolutions. Innovation is also a continuous and evolutionary process that empowers citizens' creativity with infrastructures that support the innovation ecosystem. This culture is a game changer to enhance the nation's competitiveness, deliberately and ethically, while releasing the dynamic potential of the society in shaping a more desirable future.

Respect (*hormat*) is intended to forge a mutual, respectful and just society dedicated to inclusivity, equality, integrity, and human dignity. This will entail courtesy, politeness, and modesty, as the basis for civic behaviour and the foundation of civilisation. Respect is the founding principle of treating others with honour which emphasises on human rights and non-reciprocity. Therefore, every member of the society must be able to grant respect to each other towards greater cohesion as a nation.

Trust (*keyakinan*) is a commitment in dignifying transparency and restoring confidence between the Government and the rakyat, in efforts to redevelop and fortify the national cohesion among society as well as all organisations in building a better future. The concept of trust that is envisaged can be viewed from the aspects of faith (*kepercayaan*) and the principle of reciprocity (*pertanggungjawaban*). As the nation needs to move forward by overcoming socio-economic barriers and hurdles, trust must be honoured and inculcated within the society.

Care and Compassion (*Ihsan*) will nurture a society that empowers all citizens to support the vulnerable groups in acquiring basic needs through adequate provisions of social welfare assistance, nutritious food and affordable housing as well as quality healthcare. The concept emphasises a larger social responsibility for each other with empathy, honesty and a desire to elevate the socio-economic stature of all members of society.

MADANI Supporting Dimensions

In the efforts of ensuring policies continue to cope with emerging issues, the interwoven relationships of the six MADANI drivers and the essential elements required for each driver, need to be incorporated into all relevant policies. The exercise needs analysis of, among others, the existing structures, systems and ideas that can be reviewed and enhanced as well as the many different potential outcomes in ensuring the effectiveness of this policy framework. Nevertheless, the implementation of these essential elements will need to address challenges and opportunities that will be encountered in the new era.

Each driver as well as any subsequent policy action and its implementation must be constantly monitored, evaluated and reviewed. These processes must be done through the utilisation of the government machineries and the latest technologies. In ensuring the success of policy framework implementations, the enabling institutions need to be strengthened while continuously involving the stakeholders.

Conclusion

The MADANI policy framework will empower all Malaysians in their vast diversity and create an equal and inclusive platform for a whole-of-nation approach to embrace the future to attain common goals. The framework is an integrated and holistic initiative where all six key drivers are interrelated within a network of actions that support the success of overall policy implementation. By casting a foundation in sustainability, a caring and compassionate society, a revived culture of respect guided by mutual trust, with the spirit of true innovation will move the nation towards prosperity.

Sustainability (KeMampanan)

Sustainability is key for future well-being

The triple threats faced by the world, namely the impacts of climate change, the emergence of new highly infectious variants of COVID-19 as well as the ongoing geopolitical conflicts are expected to further increase global inflation that could potentially hamper economic growth. Improper management of natural resources will also put future generations at risk. In ensuring the country's economy continues to be resilient in facing future challenges, Malaysia needs to strengthen various aspects of sustainability within the national economic development agenda.

The disruption of food production due to extreme weather events, increasing energy and import costs as well as limitations in transboundary mobility and accessing imported food supplies will have far-reaching impacts on livelihoods and businesses. In addressing this, the Government will continue to give special attention and priority to food security in ensuring constant staple food accessibility to the rakyat. Continuous efforts are being taken to improve the entire food-chain network including factors of production as well as

the stages of processing, distribution and preparation with a focus on ensuring food safety.

The National Food Security Policy (2021 – 2025) provides a comprehensive guide for the relevant authorities to strive towards ensuring that the country's food resources are sufficient for every citizen. Among the major initiatives under this Policy include intensifying efforts to increase domestic production, expanding the adoption of technology and further reducing dependency on imports. The Government is also committed to further modernise the agriculture sector to generate higher income and attract more youths to become agropreneurs. These initiatives are envisioned to minimise the risk of food security.

Through the Budget 2023, the Government continues to provide subsidies and incentives for the agriculture and fisheries industry and implement various initiatives to improve food supply including high-tech fresh agricultural produce for agrofood operators, apart from providing agro-logistics facilities. Furthermore, the Government will continue to encourage MSME technopreneurs to increase crop production and food processing through technology adoption, supported by attractive financing and funding programmes.

The changing weather patterns will increase the occurrence of natural disasters such as floods, prolonged droughts, landslides and king tide phenomenon which will have far-reaching impacts, particularly on the country's food security and the livelihoods of the rakyat at large. In this regard, the Government will undertake more efforts to address these disasters in ensuring the nation's resilience to the risk of weather patterns in the coming years.

In line with Malaysia's aspiration to achieve net-zero greenhouse gas (GHG) emissions by as early as 2050, the Government will increase efforts to mitigate the country's impact on the climate while striving towards becoming a high-income nation. These include enhancing Malaysia's natural carbon absorption as well as encouraging renewable energy uptake and increasing energy efficiency across all sectors. Furthermore, the Government will promote the carbon accounting ecosystem among all stakeholders as well as identify suitable carbon pricing mechanisms. The development of selected low-carbon industries will also be intensified including further promoting the electric vehicle industry and its supporting ecosystems.

The need to preserve Malaysia's natural environment is even more pressing, especially in ensuring the success of addressing the impending issues. Healthy forests, soil and mangroves help reduce the impacts and occurrences of natural disasters such as floods, landslides and extreme storm surges. Conserving marine ecosystems, especially mangroves and coral reefs will contribute to increasing fish and seafood stock as well as reducing risks to food security. Increasing tree cover and preserving natural forests will strengthen the country's natural carbon absorption capabilities while supporting the net-zero emissions aspiration. Hence, the Budget 2023 will support efforts to ensure a flourishing and resilient natural environment, as a form of nature-based solutions to mitigate issues related to disasters and food security

while achieving the net-zero aspiration. Thriving natural ecosystems with rich biodiversity is imperative to all Malaysians and will be sustained for future generations.

In these endeavours, the Government will further strengthen the country's ability and capacity to optimise resources in facing these anticipated challenges while enhancing development and economic growth in a sustainable and responsible manner. These efforts will require a whole-of-nation approach to achieve a balanced development across all sectors as well as improve the well-being of the rakyat, hence ensuring a more sustainable future.

Prosperity (Kesejahteraan)

Balanced development towards prosperity

National stability is key in ensuring the country continues to prosper moving forward. Priority will be given to strengthening the well-being of the rakyat, national unity and security while maintaining a strong and resilient nation through expansionary fiscal policy, creating more quality job opportunities, enhancing productivity and strengthening national defence.

In further ensuring Malaysia's prosperity, macroeconomic stability and impactful implementation of the national development agenda will require a comprehensive fiscal policy, which focuses on achieving the intended results, supported by revenue and expenditure efficiency as well as effective risk management. Simultaneously, an expansionary fiscal stance will be continued by widening the revenue base and embarking on public spending reform, while ensuring debt sustainability to stimulate economic activities. Under the Budget 2023, the Government will pursue the medium-term revenue strategies to complement the existing MTFF.

These strategies are focused on attaining sustainable revenue collection to pace the fiscal consolidation acceleration. Furthermore, the FRA will improve fiscal transparency, accountability and governance of public finance. The combination of all these measures will create a better fiscal space that permits the Government to implement counter-cyclical measures and maintain economic resilience.

In keeping up with the evolution of technology, enhancing productivity will continue to be given due priority by the Government through research, development, commercialisation and innovation (R&D&C&I) as well as intensifying automation and digitalisation under IR4.0 and the MyDIGITAL agenda in attracting more quality investments. Meanwhile, strategies to encourage high value-added activities and digitalisation within MSMEs will be among the focus areas under the Budget 2023 to increase the competitiveness and enhance the working ecosystem. Employers, particularly MSMEs will be incentivised to enhance their digital uptake in improving business productivity. Furthermore, continuous lifelong learning through customised upskilling and reskilling initiatives will also be emphasised in the Budget 2023 to ensure more skilled and high-paying jobs, including for youths.

In increasing the income of the low-paid workers, the minimum wage for employees was revised to RM1,500 per month effective on 1 May 2022 under the Minimum Wages Order 2022 benefitting around 27% of total paid workers. This policy was supposed to be fully implemented on 1 January 2023, however, due to financial challenges faced by micro-businesses, this ruling was deferred to 1 July 2023 specifically for companies with less than five employees. Nevertheless, the policy is fundamental and vital in safeguarding workers from unduly low pay, while increasing employment demand and productivity, at par with high-income economies. Therefore, the Government will continue to explore a more decent minimum wage rate benchmarked to the current median wage or the Poverty Line Income levels.

To further improve the well-being of the rakyat, the national security will also be emphasised. The current security landscape has become increasingly complex with internal and external threats which may have high impact on the security and sovereignty of the nation. In this regard, the Budget 2023 will give due attention to national security and defence by improving border control through asset maintenance and facility upgrading. Furthermore, the cyber security ecosystem and regional cooperation on security will be strengthened to help safeguard the national interest.

Innovation (*Daya Cipta*)

Building an innovation culture to enhance competitiveness

In the dynamic world, Malaysia needs to keep abreast with the fast-changing environment, which requires a paradigm shift and innovation culture to enhance competitiveness. In this regard, the service delivery system warrants continuous improvement to be more effective, accountable and transparent. The public service delivery ecosystems will be streamlined to address redundancies and duplications of functions, including process re-engineering and digitalisation. These efforts are in line with the Government's initiatives to promote Malaysia as a strategic investment destination.

In the effort to institutionalise innovation, conglomerates will be encouraged to collaborate with the MSMEs in strengthening the whole economic ecosystem, which eventually raises the competitiveness of Malaysia's industries to compete globally. Additionally, specific measures to foster linkages and connect MSMEs with knowledge networks as well as research and development (R&D), including multinational corporations (MNCs), academia, research institutions and innovator communities, will be prioritised. Efforts to expand the use of e-payments within the community and provide training on business digitalisation, automation and

artificial intelligence for MSMEs will also be strengthened. These initiatives will encourage and incentivise the adoption of innovative processes among MSMEs.

In addition, the Budget 2023 will also focus on improving access to financing to strengthen the innovation ecosystem through better regulatory and business procedures to develop more homegrown players and attract global businesses to Malaysia. Furthermore, initiatives will be implemented to encourage businesses to adopt ESG practices and undertake more green investments to retain Malaysia as the preferred destination for high-value investment. This will in turn strengthen the integration of Malaysian companies into the global supply chain while attracting more FDI and domestic direct investment (DDI). Altogether, these efforts will accelerate the creation of high-growth local start-up companies and innovative firms that will drive Malaysia's economic transformation.

Meanwhile, the growth of high-impact and strategic industries will be accelerated to promote high-complexity, high-technology and high-value-added products as well as create more high-paying jobs and expand export markets. With an expected shift of gears by the industries, the Government will accelerate the adoption of digitalisation and technological innovation as well as enhance cyber security measures in line with the 5G rollout as an enabler of growth.

Respect (*HormAt*)

Promoting respect for national unity

Being a country with a multi-religious and multi-ethnic society, the practice of respect among the rakyat is important to strengthen national unity. The concept of *Karamah Insaniah*, respecting individual honourability and human dignity, is key to inculcate values of respect and tolerance within the society. It is essential to bring the rakyat together with a view to contributing to the prosperity

of the nation. This effort includes improving the standard of living and the socio-economic status of certain communities, especially those living in the rural areas and the vulnerable groups to promote inclusivity.

The achievement and equity participation of Bumiputera are still lagging in various aspects. In this regard, the Budget 2023 will continue to focus on increasing the involvement of Bumiputera in various socio-economic activities with high value-added and growth potential to create a more resilient and sustainable Bumiputera community.

Inequality, income gap and regional development disparity will continuously be addressed to achieve a more equitable distribution of wealth and balanced economic growth among all states. The Budget 2023 initiatives will also emphasise the upgrading of infrastructure and re-energising economic activities in rural areas as well as improving the rural-urban linkages. In the efforts of spurring vibrant socio-economic development across the country, especially in Sabah and Sarawak, sufficient resources will be provided taking into consideration the developmental needs and priorities. The implementation of existing projects or programmes will also be expedited to generate more jobs and improve income prospects in the regions.

Trust (*KeyakiNan*)

Restoring trust through greater transparency for mutual benefit

The Government accords utmost importance on strengthening the governance ecosystem at all levels to increase public trust in government institutions. Hence, initiatives will be undertaken to strengthen good governance to enhance transparency, integrity, efficiency and accountability, particularly in government procurement, the conduct of government-linked companies (GLCs) and parliamentary institutions.

At the institutional level, the elements of democracy and governance will be enhanced by institutionalising the public consultation process, publicising channels of communication and undertaking quality audits. These efforts will ensure all ministries, government institutions, businesses and corporations are aware of the new and existing policies and are committed to supporting the policy implementation.

In the meantime, the most immediate focus is to strengthen relevant institutions and legislations, including the parliamentary system as well as updating legislations, legal framework, policies and procedures in line with the current development. These measures will also apply to government procurement and state-owned enterprises to minimise the Government's exposure to risks.

Care and Compassion (*Ihsan*)

Enhancing social capital for better living standards

The country will be successful in every aspect of its development, particularly in terms of economics, sustainability and inclusivity, when everything is carried out with care and compassion. In ensuring that the standard of living is enhanced further, attention will be given to reduce the financial burden of the vulnerable, including the poor, the disabled and the elderly. These efforts will include increasing the supply of affordable housing and facilitate home ownership, improving access to quality healthcare services and education as well as implementing programmes to increase household income.

The Government recognises the important role of the Third Sector as a development partner in reaching out to certain members of the community. In the spirit of extending care and compassion to the rakyat, the Government will further empower non-governmental

organisations (NGOs), civil society organisations (CSOs) and the volunteerism ecosystem to participate in supporting the Government's humanity and sustainability agenda. However, in ensuring proper coordination of the efforts towards nation-building, these entities will need to demonstrate a proper governance structure while delivering specific impactful programmes.

The recent global economic development has led to higher costs of basic necessities such as food, transportation and housing. Coupled with inadequate income and low savings, these pose among the major issues faced by many households. Therefore, the Government will continue to enhance and streamline the social protection system to be more efficient and effective in its coverage and delivery to safeguard the rakyat from future shocks. Towards this end, the Malaysia Social Protection Council (MySPC) will be strengthened to coordinate safety net and social protection provisions for the targeted groups.

The Government is committed to continue undertaking social assistance programmes and ensuring the intended results are effectively achieved. To this note, efforts to enhance the existing systems must be carried out in a coordinated manner to ensure proper distribution, avoid duplication as well as increase accountability among the relevant stakeholders. Eventually, these measures will increase the efficiency of the delivery system.

From the employment perspective, proper coverage of social protection provides workers with a sufficient long-term safety net, including for the self-employed and workers in the informal sector. Nevertheless, as of October 2022, only 14% of 2.8 million self-employed workers had been contributing under the Self-Employment Social Security Act 2017 [Act 789] on a voluntary basis. Therefore, efforts will be undertaken to explore the possibility of mandatory contributions of these workers in ensuring proper protection from future uncertainties.

The Government will continue to provide sufficient resources in ensuring equal access to affordable quality healthcare as well as education and skills training at all levels. This is in line with the Sustainable Development Goals (SDG) to provide universal access to quality education and healthcare systems regardless of household income groups, regions and ethnicity.

Sufficient school infrastructure and facilities, that are safe as well as disability and gender sensitive, will be built or upgraded in ensuring the achievement of universal education, particularly at preschool and secondary education. In developing future-ready talents and ensuring all learners acquire the knowledge and skills needed for employment, the teaching and learning in education delivery system will be streamlined to improve the learning outcomes.

The healthcare delivery system will be uplifted to provide universal access to quality healthcare, especially for the poor and needy. In this regard, the Government will ensure hospitals and clinics are equipped with sufficient healthcare personnel, advanced healthcare equipment and infrastructure to further improve the quality of services as well as provide a more conducive environment in

healthcare facilities. Early detection initiatives to strengthen the healthcare system's preparedness and response to infectious disease outbreaks will be continued through effective health screening programmes. Moreover, in fostering an active, supportive and healthy lifestyle in society, awareness programmes on the importance of mental health will also be introduced to increase the quality of life for Malaysians.

Conclusion

Underpinned by the concept of MADANI in ensuring a prosperous and resilient Malaysia, emphasis will be given to strengthening the implementation of good regulations and governance at all levels. Policies, strategies and programmes for the social economic development of the country will give due focus to upholding sustainability, prosperity, innovation, trust, respect as well as care and compassion. Moving forward, the Government will take a more holistic and inclusive approach to improve and evolve Malaysia by emphasising on the importance of merging the human component with economic development to ensure a more humane economy in line with the concept of *Karamah Insaniah*.

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