



THIRTEENTH MALAYSIA PLAN

2026-2030

MELAKAR SEMULA PEMBANGUNAN



Rukun Negara

Our nation, Malaysia, being dedicated:

- to achieving a greater unity of all her peoples;
 - to maintaining a democratic way of life;
 - to creating a just society in which the wealth of the nation shall be equitably shared;
 - to ensuring a liberal approach to her rich and diverse cultural traditions; and
 - to building a progressive society which shall be oriented to modern science and technology.
-

We, her peoples, pledge our united efforts to attain these ends guided by these principles:

KEPERCAYAAN KEPADA TUHAN
KESETIAAN KEPADA RAJA DAN NEGARA
KELUHURAN PERLEMBAGAAN
KEDAULATAN UNDANG-UNDANG
KESOPANAN DAN KESUSILAAN

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THIRTEENTH MALAYSIA PLAN

2026-2030

MELAKAR SEMULA PEMBANGUNAN

Foreword

The Thirteenth Malaysia Plan, 2026-2030 (Thirteenth Plan) with the theme **Melakar Semula Pembangunan** is the new resolve of the Government through a solid and comprehensive planning in refining and translating the grand aspiration of the **Ekonomi MADANI**. The Thirteenth Plan will serve as the beacon of change, to assist the *rakyat* in facing increasingly complex and pressing challenges, particularly viewed from lenses of the shifts in global economic and geopolitical landscapes, rising cost of living, sluggish wage growth, transition towards aged nation, degradation of environmental quality and the relentless harsh impacts of climate change.

The Thirteenth Plan is not an ordinary Government plan, instead it is a manifestation of the aspiration of the *rakyat*, anchored on the Maqasid Syariah principles. As such, efforts to raise the floor in elevating the living standards of the *rakyat* that fulfil the humane rights will be prioritised. In realising this aspiration, a social system that ensures a decent and dignified life will be built not only focusing on access to and attainment of material wellbeing, but also emphasising on the spiritual foundation, *insaniah* values and intellectual excellence of every *rakyat*.

Good governance, which is transparent, timely and thorough, anchored on MADANI principles is a prerequisite in ensuring moral and political responsibilities are shouldered with utmost accountability. Effective governance is a key administrative imperative that must not be viewed merely as a policy complement, but as a vehicle to ensure that the wealth of the nation is distributed fairly and equitably to the *rakyat*, regardless of background.

In attaining a developed nation status by 2030, it is a must for the economic growth to be propelled in developing the country, as in raising the ceiling. Hence, efforts will be focused on advancing economic complexity

through the shift to value creation based on digitisation and artificial intelligence. Culture of innovation will also be nurtured in diversifying the production of high-value “Made by Malaysia” products. This aspiration will be supported through talent development initiatives across diverse fields, ranging from science and technology to arts and creative. This development agenda will also uphold the environmental sustainability commitments, symbolising the bonding and pledge of the nation to protect the earth as entrusted by the God and the future generations.

Apart from strengthening domestic development, Malaysia continues to expand its presence at the international stage in the pursuit to realise the aspiration of becoming a leading economy in the Southeast Asia. In this regard, the nation must stand out as a main destination for quality and high-value investment, including in artificial intelligence, semiconductors and renewable energy industries. The steadfast commitment of the Government to drive the global Islamic economy will be sustained through the expansion of Islamic finance products and the strengthening of the halal industry. International cooperation ties will also be intensified to explore new markets and broaden access to the global market.

I would like to extend my utmost appreciation to all parties who have tirelessly contributed to the formulation of the Thirteenth Plan. Although the journey was challenging—often testing the resolve and thought—this planning was successfully developed through collective wisdom, consultation, and consensus involving all stakeholders. It stands as a clear testament of our shared devotion to this beloved nation. Nevertheless, it must be emphasised that a plan of this magnitude can only take shape and be realised through the ideas, sweat, energy, cooperation, and collective strength of all stakeholders and ministries, working in synergy and embodying the true spirit of teamwork. This is the true spirit of the MADANI.

In conclusion, let us together march with willpower and determination in making the Thirteenth Plan agenda a success. Insya-Allah, with steadfast efforts and dedication to restructure national development in its shape and form, I believe this aspiration will carve a new history and deliver glorious success in uplifting the dignity, thereby creating a dignified and renowned civilisation.

ANWAR IBRAHIM

Prime Minister
Putrajaya

31 July 2025



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Introduction

The 'Ekonomi MADANI: Memperkasa Rakyat' framework was introduced in 2023 aimed at restructuring the economy to elevate the status and dignity of Malaysia towards becoming a leading economy in the Southeast Asia region. The implementation of the development agenda during the second half of the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan), focused on efforts to realise the aspirations of the Ekonomi MADANI. During this period, socioeconomic development recorded positive progress, supported by the introduction of more than 40 major policies and initiatives, the enactment and amendment of more than 80 legislation as well as the implementation of more than 50 high-impact projects, giving direct benefits to the *rakyat*. This development, along with efforts initiated during the Twelfth Plan, contributed to robust economic growth and better quality of life for the *rakyat*, amidst various challenges at the global and domestic levels.

The Thirteenth Malaysia Plan, 2026-2030 (Thirteenth Plan), with the theme '**Melakar Semula Pembangunan**', represents continuous commitment of the Government in realising the aspirations of the Ekonomi MADANI. The national development for the upcoming five years will be based on a comprehensive transition towards digitalisation and advanced technologies, particularly artificial intelligence (AI), as well as the development of a social system anchored on *insan* MADANI with a united society under the whole-of-nation approach. The restructuring of the economy based on technology and the establishment of a strong social system are the main elements in building a sovereign and dignified nation-state. This transition requires integrated planning and action to boost economic growth akin to raising the ceiling, uplift the living status of the *rakyat* akin to raising the floor and strengthen service delivery towards excellent governance.

Efforts to accelerate the economy will be intensified by accelerating structural change, propelling inclusive and sustainable growth, enhancing balanced development among regions and of rural areas as well as expanding economic integration at the global level. In addition, living status of the *rakyat* or social mobility will be enhanced to empower the *rakyat* in addressing the burden of the cost of living, reengineer social system anchored on *insan* MADANI and improve quality of life. In establishing excellent governance, MADANI administration will focus on efforts to strengthen integrity and accountability, enhance the efficiency of public service delivery as well as improve fiscal management. These efforts will contribute towards a better livelihood of the *rakyat*, healthy planet as well as sovereign and dignified nation that is recognised at the global stage.

National Socioeconomic Achievement, 2021-2025

Macroeconomic Highlights

The world economy and trade recorded strong growth, despite facing a complex and dynamic environment during the 2021 to 2024 period. Global economic growth expanded at 4.2% per annum, driven by stronger performance of emerging markets and developing economies at 5% per annum. High demand for goods and commodities from this economic group also contributed to boost world trade growth at 5.3% per annum. In addition, world inflation increased at 6.4% per annum, mainly due to rising commodity prices and geopolitical conflicts, disrupting global supply chains. World economic growth is expected to moderate in 2025, due to continued geopolitical uncertainty and tariff war initiated by the United States (US).

During the first four years of the Twelfth Plan, national gross domestic product (GDP) grew at 5.2% per annum. This growth was driven by domestic demand, particularly the private sector spending. On the supply side, growth was led by the services, manufacturing and construction sectors. The labour market improved with

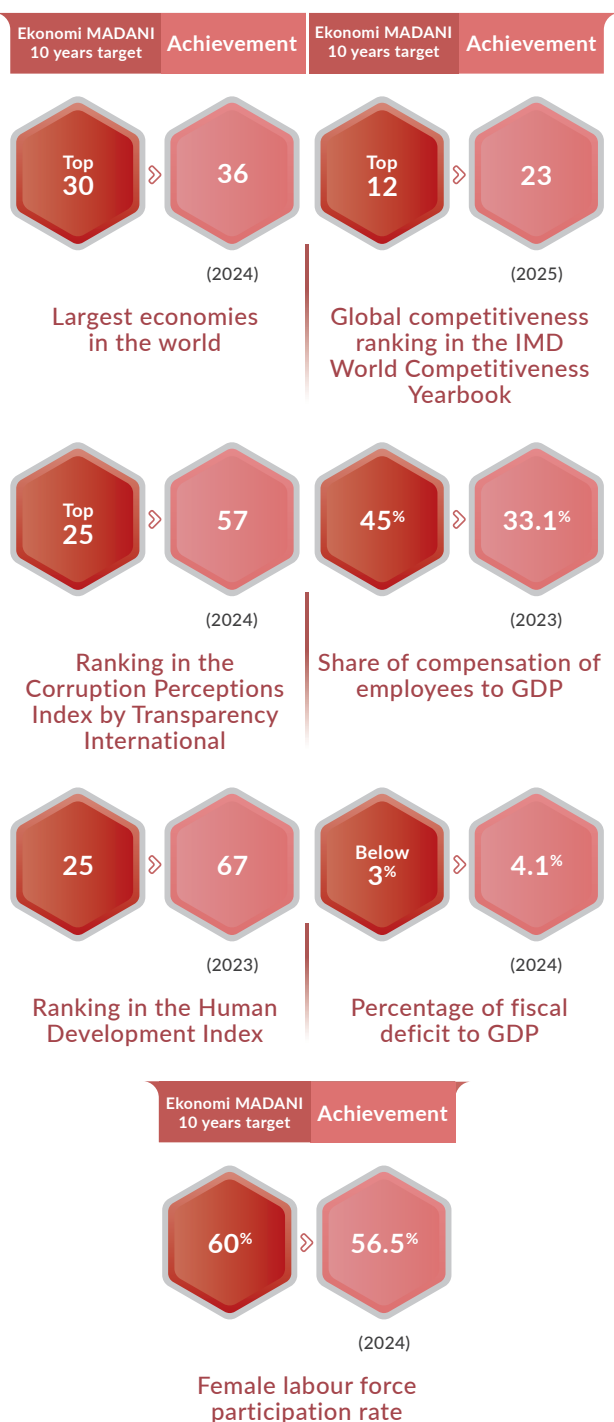
the unemployment rate returning to full employment, while inflation remained manageable at an average rate of 2.5% per annum during the 2021 to 2024 period and moderated further to 1.2% in May 2025. The gross national income (GNI) per capita increased to RM54,793 or US\$11,974 in 2024, compared with RM42,838 or US\$10,191 in 2020. The implementation of the Ekonomi MADANI framework during the second half of the Twelfth Plan contributed to the strong economic achievements.

Achievement of the Ekonomi MADANI

Malaysia attained the 36th position as the largest economy out of 183 countries in 2024, approaching the target to be in the top 30. The global competitiveness ranking of the country also improved, leaping 11 spots to 23rd position in 2025, compared with 34th in 2024 in the IMD World Competitiveness Yearbook. The share of compensation of employees (CE) to GDP reached 33.1% in 2023, compared with the target of 45%. The percentage of fiscal deficit to GDP recorded 4.1%, while the female labour force participation rate reached 56.5% in 2024. However, the positions of Malaysia in the Human Development Index and the Corruption Perceptions Index (CPI) still lagged behind and require greater efforts.



Target and Achievement of the Ekonomi MADANI



Raising the Ceiling: Restructuring the Economy

During the Twelfth Plan period, efforts to restructure the economy focused on developing the economic sectors, expanding markets, increasing competitiveness, scaling up micro, small and medium enterprises (MSMEs) and empowering the third sector. Overall, the services sector showed strong performance with a value-added growth of 6% per annum during the 2021 to 2024 period. The export value of the services sector reached RM242.9 billion in 2024, compared with RM93 billion in 2020. The growth of this sector was contributed by the information and communication as well as transportation and storage subsectors, which grew at 7.6% per annum. The wholesale and retail trade as well as food & beverage and accommodation subsectors, expanded at 6.7% per annum. The tourism industry showed full recovery, contributed by the surge in spending by international tourists from RM12.7 billion in 2020 to RM102.2 billion in 2024, with the increase in international tourist arrival to 25 million. The number of domestic visitors also increased, expanding at 18.6% per annum during the 2021 to 2024 period.

The manufacturing sector recorded a growth of 5.6% per annum during the 2021 to 2024 period. The export value of this sector reached RM1.3 trillion in 2024, compared with RM849.5 billion in 2020. This performance was supported by the implementation of progressive industrial policies, particularly the New Industrial Master Plan (NIMP) 2030 and the National Semiconductor Strategy (NSS) that promote investment, automation and integration in the global supply chain. The electrical & electronics subsector contributed the largest share of 30.2% to the value added of the manufacturing sector in 2024 and grew at 7.6% per annum during the 2021 to 2024 period. The petroleum, chemical, rubber and plastic products subsector expanded at 4% per annum, followed by the food, beverages and tobacco subsector at 4.9% per annum during the same period.

The agriculture sector grew at 1.1% per annum during the 2021 to 2024 period, supported by the implementation of the National Agrofood Policy 2021-2030 and the

National Agricommodity Policy 2021-2030. The export value of this sector reached RM105.7 billion in 2024, compared with RM71.7 billion in 2020. The agrofood subsector continued to be the main contributor, grew at 2.1% per annum with the share to value added reached 53.5%, while agricommodity declined to 45.1% in 2024. Production of fruits increased at a rate of 3.5% per annum, while vegetables at 3% and livestock at 2.2%. The agricommodity subsector declined marginally at 0.1% per annum during the 2021 to 2024 period, attributed to lower crude palm oil and rubber production. However, the export value of palm oil and palm oil-based products increased to RM79.2 billion in 2024, growing at 10.9% per annum during the 2021 to 2024 period.

The construction sector continued to record encouraging performance with a growth rate of 5.6% per annum during the period of 2021 to 2024. This sector was mainly supported by contributions of the civil engineering subsector at 28.1%, specialised construction activities subsector 26.6% and non-residential buildings subsector 24.5%. The construction of public infrastructure, particularly upgrading of airports and construction of highways also contributed to the growth of this sector. Among the airport infrastructure projects implemented include the expansion of the Lapangan Terbang Miri, Sarawak and the Lapangan Terbang Tawau, Sabah as well as the terminal expansion of the Lapangan Terbang Sultan Ismail Petra, Kelantan. In addition, highway construction includes the Damansara-Shah Alam Elevated Highway (DASH), the Sungai Besi-Ulu Kelang Elevated Highway (Suke), the Setiawangsa-Pantai Expressway (SPE) and the West Coast Expressway (WCE).

The mining and quarrying sector recorded a slower growth of 1.5% per annum during the period of 2021 to 2024. This performance was due to the reduction in demand for crude oil and uncertainties in the global market post COVID-19 as well as low domestic production. The export value of this sector reached RM102.8 billion in 2024, compared with RM58.4 billion in 2020. The natural gas subsector contributed 54.5% to total value added, with exports of liquefied natural gas (LNG) recorded RM60.8 billion in 2024, compared with RM38.2 billion in 2021. The crude oil and condensate

subsector contributed 35.7% to the value added in 2024, with exports value increased to RM28.6 billion, compared with RM20.1 billion during the same period.

During the 2021 to 2024 period, investment totalling RM1.29 trillion was approved, increased at 23.1% per annum. Of this total, 56.7% was contributed by foreign direct investment (FDI), while the remaining 43.3% from domestic direct investment (DDI). Investment in the services sector accounted for 52.5% of the total investment, while the manufacturing sector contributed 42.7% during the same period.

The national competitiveness showed improvement, partly resulting from investment to increase productivity and innovation. Labour productivity grew at 2.7% per annum during the period of 2021 to 2024, contributed by increased labour efficiency and adoption of advanced technology. In addition, Malaysia recorded a better performance in the Global Innovation Index (GII), from 36th position in 2021 to 33rd in 2024. This achievement was supported by improvements in several indicators, particularly percentage of graduates in the fields of science and engineering as well as exports of high-technology and creative products. The gross expenditure on R&D (GERD) to GDP also increased from 0.95% in 2020 to 1.01% in 2022, driven by the private sector spending that increased from RM4.61 billion to RM9.33 billion.

Various initiatives were implemented to integrate MSMEs into domestic and global supply chains, focusing on technology, digitalisation, financial support and market expansion. The performance of MSMEs improved with contribution of 39.1% to GDP and 12.2% to total exports in 2023. The participation of the third sector, including cooperatives, social enterprises and agricultural-based associations in socioeconomic development activities of the *rakyat* also continued to increase. The revenue from cooperative business activities increased to RM68.1 billion in 2024 from RM41.5 billion in 2020. As of 2024, a total of 56,964 target groups received social benefits valued at RM213 million through the implementation of initiatives under the Malaysia Social Entrepreneurship Blueprint 2030.

Raising the Floor: Improving Living Status of the *Rakyat*

During the Twelfth Plan period, various efforts were implemented in building a nation-state as well as enhancing the wellbeing of the *rakyat* and sustainability of the environment. Building of a nation-state showed positive result based on the improvement in the National Unity Index score from 0.567 in 2018 to 0.629 in 2022. The Malaysian Wellbeing Index (MyWI) also recorded an annual increase of 1.3% from 2021 to 2023, attributed to improvements in several components such as health, transportation as well as entertainment and recreation. In addition, a total of 179,769 units of affordable houses were built, while 312,591 units were approved and at various construction stages as at March 2025. The National Ageing Blueprint 2025-2045 was also approved in 2025 as a guide to comprehensively prepare in facing challenges of an aged nation.

The enrolment of SPM or equivalent school leavers into Technical and Vocational Education and Training (TVET) programmes increased significantly, reaching 53.6% in 2024, compared with 31.3% in 2020. However, the performance of Malaysian students in the Programme for International Student Assessment and the Trends in International Mathematics and Science Study remained below the international averages. The target of having two local universities ranked among the top 100 of the QS World University Rankings has not been achieved, with only one public university was in this group.

The rate of graduate employability improved to 89.8% in 2023, compared with 84.4% in 2020. The national labour market was more stable, with the labour force participation rate increased to 70.6% and the

unemployment rate declined to 3.2% in 2024. However, the skills-related underemployment rate remained high at 36.1% attributed to mismatch between talent supply and demand. The CE to GDP ratio recorded a marginal increase to 33.1% in 2023. The minimum wage was increased to RM1,700 and the full implementation of the Progressive Wage Policy (DGP) was commenced in 2025 in the efforts to raise salaries and wages of workers. In addition, a total of 34 government-linked investment companies (GLICs) and government-linked companies (GLCs) had also committed to support the national wage reform agenda by implementing a decent minimum monthly salary of RM3,100 in 2025, benefiting 153,000 workers.

Malaysians earned better income in 2024¹, with mean monthly household income increased to RM9,155 compared with RM7,901 in 2019. The incidence of absolute poverty stood at 5.8% in 2024, compared with 5.6% in 2019. This performance was better than the poverty incidence in 2020, which reached 8.4% as a result of the COVID-19 pandemic. In addition, the Malaysian Youth Index score improved to 73.59 in 2024, indicating better wellbeing of youth. The female labour force participation rate also improved to 56.5% in 2024, compared with 55.1% in 2020. Efforts to balance economic development among the regions also showed positive progress through the improvement of infrastructure and basic amenities, including the provision of rural roads, clean and safe water supply, electricity supply as well as telecommunication networks.

Efforts to enhance environmental sustainability showed positive achievement. The rate of greenhouse gas (GHG) emissions intensity to GDP, based on emissions intensity in 2005, decreased by 37.1% in 2021², on the right track to achieve the target of reducing the rate by 45% in 2030.

¹ Refers to preliminary data of the Household Income & Expenditure Survey (HIES) 2024, Department of Statistics Malaysia.

² Refers to the latest official data used by the Ministry of Natural Resources and Environmental Sustainability in the Malaysia First Biennial Transparency Report, submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in December 2024.

The household waste recycling rate also improved to 37.9% in 2024, compared with 30.6% in 2020. In addition, a total of 16% of terrestrial and inland water areas were conserved as of 2024, compared with 10% in 2018.



Strengthening Good Governance: Enhancing the Efficiency of Public Service Delivery

Various policies and legislation as well as strategies and initiatives were implemented to enhance the efficiency of public service delivery. In this regard, policies formulated during the Twelfth Plan period include the Public Sector Digitalisation Strategic Plan 2021-2025, the National Anti-Corruption Strategy 2024-2028,

the Public-Private Partnership Master Plan 2030 and the National Social Policy 2030. Various new legislation were introduced, including the Public Finance and Fiscal Responsibility Act 2023 [Act 850], the Data Sharing Act 2025 [Act 864] and the Government Service Efficiency Commitment Act 2025 [Act 867]. In addition, amendments to several existing acts were passed, including the Police Act 1967 [Act 344] and the National Wages Consultative Council Act 2011 [Act 732].

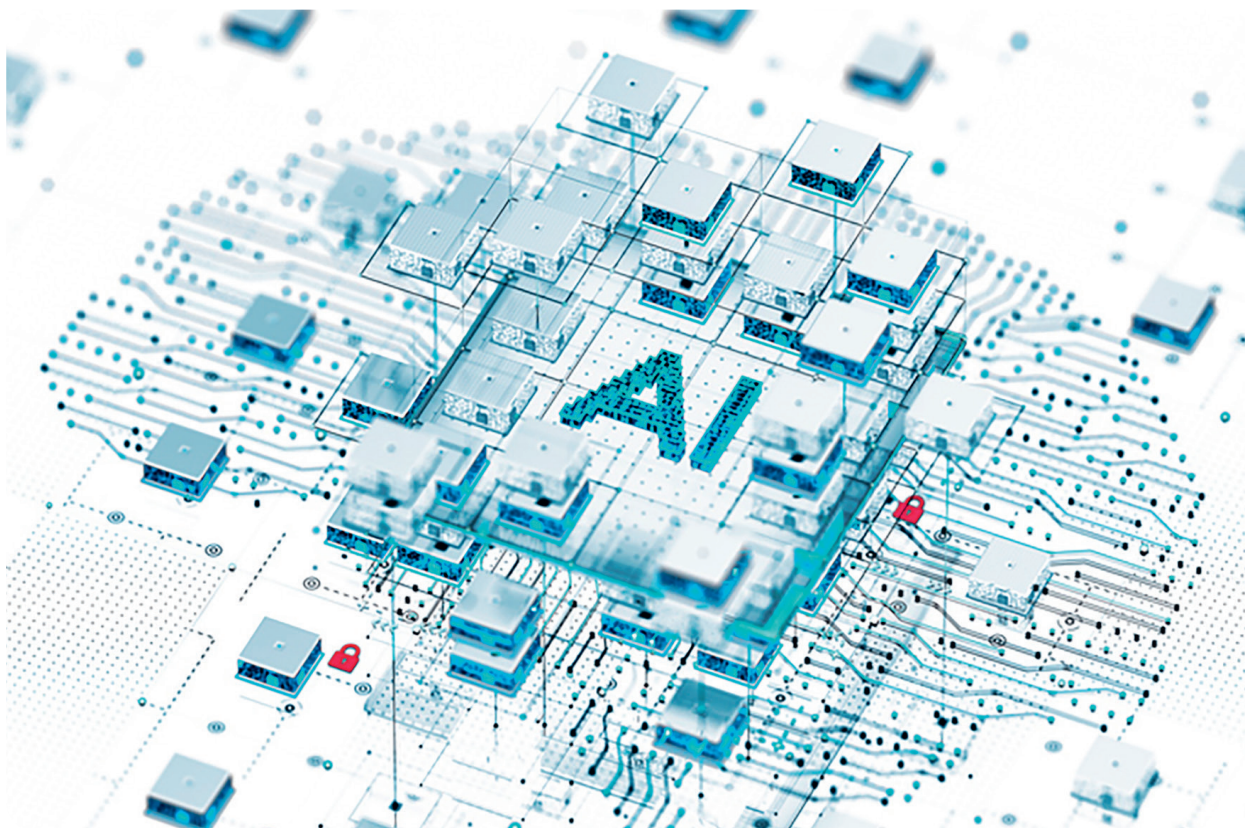
The financial position of the Federal Government also improved, with the fiscal deficit narrowing to 4.1% in 2024, compared with 6.2% in 2020. The end-to-end online services of the Federal Government reached 88.7% in 2024, from 75.8% in 2020. In addition, a total of 96.7% of local authorities (PBTs) achieved a 4-star rating and above in 2024, indicating improvements in service delivery at the local government level. The performance of Malaysia in the Government Efficiency sub-index under the IMD World Competitiveness Ranking improved to the 25th position in 2025, rising nine places within a year. Malaysia remained in category A of the GovTech Maturity Index in 2022, reflecting the successful implementation of public service digitalisation.

The implementation of strategies to strengthen national security and defence also recorded commendable achievements. Malaysia was ranked 13th in the Global Peace Index (GPI) in 2025, compared with 20th position in 2020. The index crime cases that stood at 164 cases per 100,000 population in 2024, reflected continuous commitment in preventing crimes. In addition, the National Disaster Risk Reduction Policy 2030 and the Arahan NADMA No. 1: Dasar dan Mekanisme Pengurusan Bencana were developed as main references in the efforts to further enhance disaster management efficiency at all levels.

Towards Malaysia 2030

The Thirteenth Plan is a continuation of the Ekonomi MADANI policy, which was introduced during the MTR of the Twelfth Plan. The focus of the Thirteenth Plan will be anchored on the three main thrusts of the Ekonomi MADANI framework, namely raising the ceiling, raising the floor and strengthening good governance. Efforts to raise the ceiling will be focused on restructuring the economy towards positioning Malaysia among the leading consumption powerhouses in the world. The initiative to raise the floor will emphasise on improving the living status of the *rakyat* towards achieving a decent life

anchored on the *insan* MADANI. Strengthening of good governance will be focused on enhancing integrity and accountability aspects as well as increasing the efficiency and effectiveness of service delivery. In realising the aspirations of the Ekonomi MADANI, policy priorities and strategies of the Thirteenth Plan are formulated by taking into account opportunities from mega trends and domestic challenges that affect the economic prospects of the country. In addition, digital transformation and the use of AI technology will serve as the foundation in implementing priorities and strategies of the Thirteenth Plan towards positioning Malaysia as one of the main AI nations in the world.



Box 1-1

Malaysia as an AI Nation

Malaysia aspires to become an inclusive and sustainable **AI nation** by 2030, serving as a regional hub for digital technology production in innovation creation as well as the production of 'Made by Malaysia' products and services. This aspiration is aligned with the **Kerangka Ekonomi MADANI: Memperkasa Rakyat** aimed at enhancing economic growth in **raising the ceiling**; uplifting the living status of the *rakyat* in **raising the floor**; and **strengthening good governance**. An AI nation refers to a country with AI-technology integrated holistically as the main thrust in socioeconomic development, national administration and daily lives of the *rakyat*.

The transition towards an AI nation is a reform through systematic digitalisation and requires the development of an inclusive and ethical AI ecosystem based on advanced technologies. As a nation based on AI, various strategic benefits will be derived, particularly in strengthening the competitiveness and sustainability of the country through increased productivity, efficiency and innovation across sectors. In realising the aspiration for Malaysia to be an AI nation, AI-based solutions will be integrated into all key sectors, such as the manufacturing, agriculture, services, health, education, finance, security and defence, housing, urban as well as public service.

Raising the Ceiling

The transition towards an AI nation based on innovation and technology is able to increase quality investment and boost industrial growth, thus advancing economic complexity that generates high spillover value for the nation. The production of high-value products and services using local technology will also create opportunities to generate skilled jobs and strengthen competitiveness of the country at the international level.

Wider adoption of AI and other advanced technologies throughout the entire industry value chain will increase efficiency, innovation and local competitiveness.

The application of AI such as in integrated automation, predictive analytics and robotic systems is able to increase the production of high-value products and services.

In the agriculture sector for example, AI can be applied for high-precision crop monitoring, real-time weather forecasting and planning for more sustainable resource utilisation. The deployment of robotic technology in oil palm plantations will improve productivity and reduce dependency on foreign workers.

In the renewable energy (RE) industry, AI-based predictive analytics capabilities can be utilised to provide a more accurate projection of energy demand and supply, which in turn can optimise smart grid management as well as enhance operational efficiency and RE infrastructure provision.

The establishment of AI-based incubation centres, research hubs and sandbox within the research, development, commercialisation and innovation (R&D&C&I) ecosystem will facilitate the development and testing of local solutions. This approach is further supported by the usage of advanced simulation modelling, which can accelerate new technology creations as well as enhance the efficiency and effectiveness of the overall innovation process.

National labour market challenges related to demand and supply mismatch can be addressed through the integration of AI across various talent planning and development mechanisms. AI applications in forecasting talent needs and skills through workforce analytics, performance and cognitive ability data analysis, as well as succession planning and internal mobility systems, enable talent providers and industries to identify talent requirements and individual potential more accurately.

Raising the Floor

Society that adopts AI and other advanced technologies across various aspects of life is able to actively engage in inclusive socioeconomic activities without leaving

anyone behind for greater social mobility. In addition, the *rakyat* empowered with knowledge and skills related to AI and advanced technologies will be capable of contributing expertise and skills in multiple fields to achieve a decent and dignified life. The use of AI technology in various aspects of life, such as education, health, planetary health preservation and safety, can elevate the living status of the *rakyat*.

The role of AI in education as a catalyst for more agile, inclusive and effective learning system can enhance the teaching and learning experience that is tailored to the needs of students. The adoption of AI enables students to leverage interactive platforms and better access to information resources to improve learning outcomes. In addition, through learning data analytic, AI assists educators in identifying strengths and weaknesses of students more accurately as well as enables early intervention and targeted support.

The implementation of the national health digitalisation agenda can enhance the effectiveness of healthcare services. AI enables more accurate early diagnosis and treatment customisation based on the needs of the patients through big data analytics capabilities. In hospital administration, AI can be leveraged for the management of treatment schedules, utilisation of facilities and medical equipment as well as patient flow, thus reducing waiting times and improving service quality as well as optimising resources.

In the aspect of preserving the planetary health, the adoption of AI enables more accurate and real-time monitoring of air and water quality as well as smart waste management. AI technology can increase green technology innovation to accelerate the transition towards a low-carbon and more sustainable economy. The use of AI can also enhance the efficiency, precision as well as effectiveness of disaster preparedness and response. AI is utilised in forecasting disaster, assisting in the management of relief logistics, resource distribution and evacuation centres, detection of affected areas and assessments of infrastructure damages as well as optimising recovery plans.

AI technology plays an important role in the efforts to strengthen national security and defence. AI is applied in facial recognition and biometric systems to enable fast and accurate digital identity verification. AI-based monitoring systems also facilitate automated surveillance in physical border areas through the usage of drones, smart cameras and sensors, capable of providing early warnings to the authorities. AI is used to detect cyber threats in real time, allowing for immediate response to potential attacks.

Strengthening Good Governance

Digitalisation of government services, through empowerment of the GovTech based on principles of excellent governance will enable the establishment of a digital government ecosystem that connects not only government to government, but also government to the *rakyat* and the business community. The implementation of digitalisation under the GovTech, which mainstreams the adoption of advanced technologies, such as AI, the internet of things and augmented reality, will enhance the efficiency and effectiveness of public service delivery, making it more transparent, timely and thorough.

The mainstreaming of the GovTech will create a comprehensive digital government service system across the lifespan of the *rakyat*, from cradle to grave in facilitating the matters concerning the *rakyat* and business community, regardless of location, including those in the rural and remote areas. The widespread adoption of AI by all government agencies, including front line agencies, enforcement agencies, security agencies and research agencies will ensure transparent, timely and thorough services. Thus, application of AI in the public service will enable the *rakyat* to receive fast services and accurate information as well as enable daily activities and business transactions to be conducted online within a safe and trusted digital ecosystem.

The adoption of AI in the government administration also offers reform in data driven decision making through real time information analysis. For example, the adoption of big data analytics in legal institutions will be able to

help judges and magistrates in making more accurate rulings based on a comprehensive analysis of past case facts. AI can also strengthen integrity and accountability of the national administrative system when the risks of non-compliance, malpractices or abuses of power are detected at an early stage.

AI Nation Development Framework

The AI nation development framework, as shown in *Exhibit 1*, maps the AI nation development ecosystem to the three thrusts of the Ekonomi MADANI, namely raising the ceiling, raising the floor and strengthening good governance. This framework is based on three objectives and is further outlined into five key elements in the development of the AI ecosystem, as follows:



Developing policy

The aspiration to establish an AI nation requires a clear direction that can serve as a reference for all stakeholders. In this regard, the *Pelan Tindakan AI Kebangsaan 2030* will be introduced as the basis for AI planning, development, implementation and innovation. This element aims to ensure that the national AI ecosystem evolves in line with changes in technology.



Strengthening talent development

The availability of adequate skilled talent across all fields and at various levels is important for the success of the AI nation aspiration. AI literacy will be nurtured at an early stage of education. Talent development and specialisation programmes, including certification, upskilling and reskilling will be strengthened. Collaboration among the public sector, industry and academia will be intensified to equip local talent with skills in advanced technologies.



Enhancing digital and data infrastructure

Comprehensive and robust digital and data infrastructure is the foundation in supporting a sustainable and competitive AI ecosystem. The provision of digital infrastructure and infostructure, such as data centres, cloud computing and internet connectivity, particularly high-speed connectivity will be enhanced to support the extensive adoption of AI, including in the rural areas. In addition, expansion of the integrated data repository will facilitate access and sharing of information as well as support more accurate decision-making process.



Building digital trust

Digital trust is essential to ensure the safe and ethical usage of AI technology. Digital trust will be enhanced to build public confidence in AI through literacy and cybersecurity. National digital trust and data security strategies will be launched with the aim to ensure the national digital ecosystem remains resilient, ethical and safe for the *rakyat*, businesses and government.



Enhancing strategic investment

Strengthening of AI ecosystem requires financial, technological and expertise supports from various parties, including the private sector. Public-private partnerships will be intensified to increase strategic AI-related investment through project and investment matchings. These efforts will involve all stakeholders, including government-linked companies, multinational corporations and academia. In addition, the quadruple helix model will be leveraged to encourage innovation in resource management.

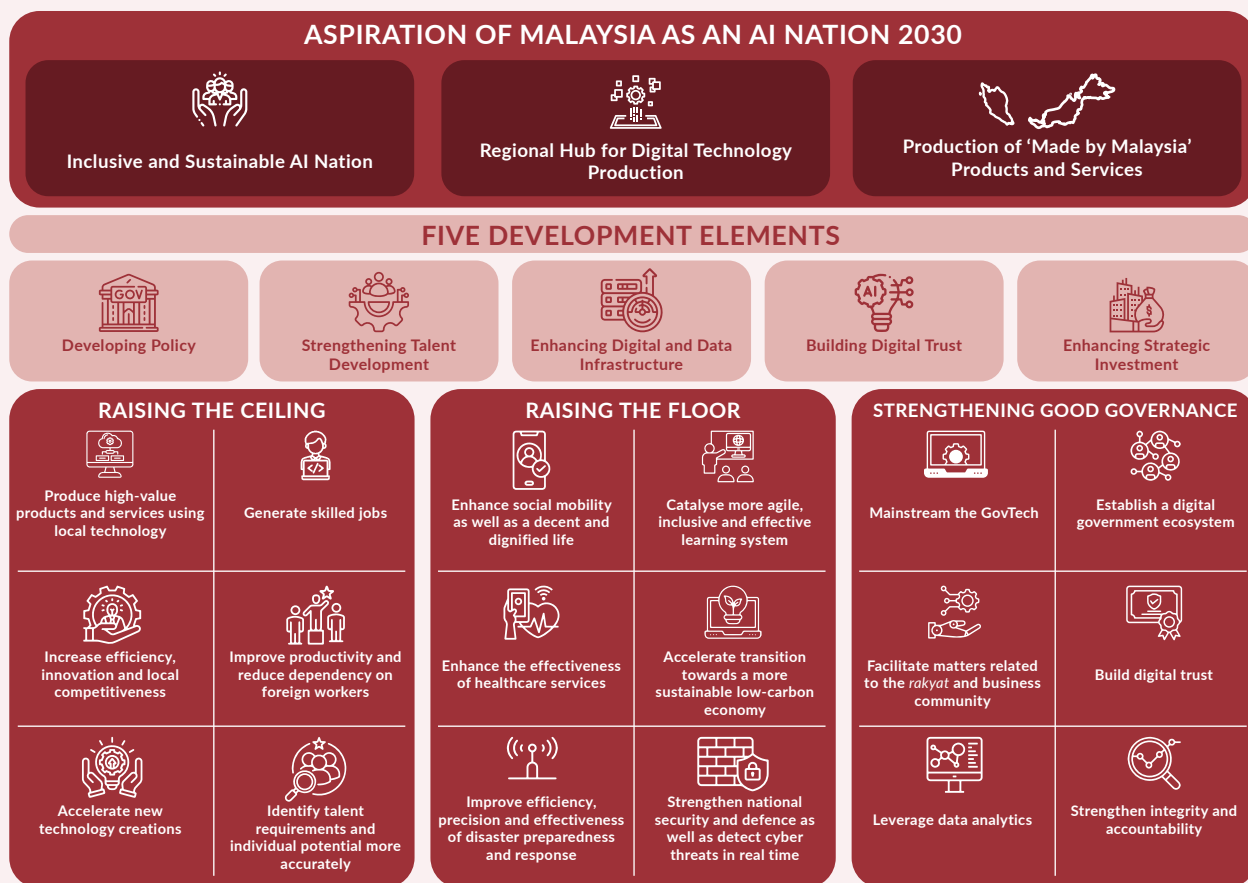
Conclusion

Malaysia, as an AI nation driven by advanced technologies, requires transformation by all parties, including the *rakyat* and business community. Emphasis on the five

key elements in the AI nation framework which focuses on inclusive and sustainable development will position Malaysia as a regional hub for digital technology production, capable of producing 'Made by Malaysia' products and services.

Exhibit 1

AI Nation Development Framework



Source: Ministry of Economy and Ministry of Digital

Mega Trends and Domestic Challenges

Large-scale changes at the global level or mega trends will significantly impact, not only economic growth, but also the wellbeing of the *rakyat*. Changes in the dominance and landscape of economic blocs, uncertainties in world trade policies, disruptive technology developments, shifts in demographic structure and the planetary health crisis are potential threats that need to be addressed. However, at the same time, these mega trends also create opportunities that can be leveraged by the country. The tariff war initiated by the US in 2025, exert pressure to the world and should be addressed strategically in reducing its impact to the economy. The country still faces domestic issues and challenges, such as slow structural change of the economy, low level of quality investment, slow adoption of technology, limited fiscal space, high dependency on imports as well as inefficient labour market. Low social mobility and the climate change crisis also impact the wellbeing of the *rakyat* and environmental ecosystem.

Global Economic Prospect

The national economic growth prospect is closely related to the global economic environment, which is expected to moderate during the Thirteenth Plan period due to various challenges. Based on projection by the International Monetary Fund, the world economic output is expected to increase at 3.1% and trade at 3% per annum during the 2026 to 2030 period, as shown in *Table 1*. This growth will be driven by emerging markets and developing economies at a rate of 4% per annum. Rapid economic growth, particularly in South America, Africa, the Middle East and the Eastern Europe will create new trade and investment opportunities at the global level. Reciprocal measures by other countries following the imposition of trade tariffs by the US are expected to affect the world trade. In addition, ongoing geopolitical tensions, such as between Russia and Ukraine as well as Israel and Palestine, and the uncertainty of conflicts

between India and Pakistan as well as Iran and Israel are expected to disrupt global supply chains as well as increase costs of production and prices of goods.

Table 1
World Economic Prospect, 2026-2030

Item	Average Annual Growth Rate, %
	Thirteenth Plan 2026-2030
World Output	3.1
Advanced Economies	1.6
Emerging Markets and Developing Economies	4.0
World Trade	3.0
World Consumer Prices	3.3
Advanced Economies	2.1
Emerging Markets and Developing Economies	4.1
Commodity Prices	
Nonfuel ¹	0.2
Crude Oil	-0.6
Crude Oil Price (US\$ per barrel) ²	63.6

Notes: ¹ Average growth of prices based on world commodity import weights.

² Average crude oil prices of UK Brent, Dubai Fateh and West Texas Intermediate.

Source: International Monetary Fund, World Economic Outlook (April 2025)

National Economic Prospect

Economic prospect for Malaysia will be influenced by development in the global environment as well as implementation of socioeconomic policies and strategies during the Thirteenth Plan period. Uncertainties in the US trade policy and reciprocal actions by other economies are expected to affect Malaysia during the first half of the Thirteenth Plan period. In this regard, the national potential output³ is expected to expand between

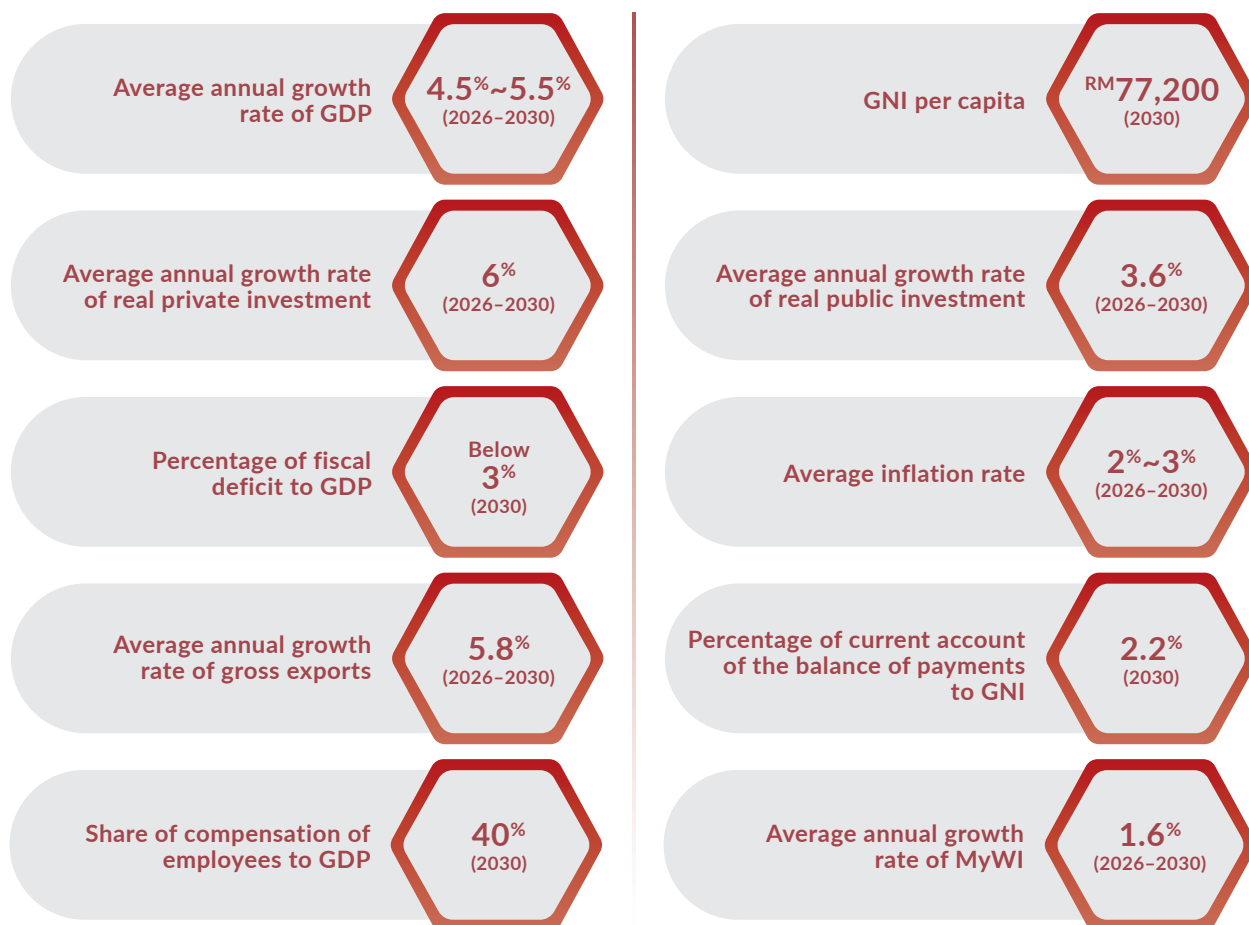
³ Refers to the maximum level of output that an economy can sustain without causing inflationary pressures.

4.7% and 5.7% per annum, supported by higher multifactor productivity growth. GDP growth is targeted between 4.5% and 5.5% per annum, driven by domestic demand, particularly private consumption and investment as well as supported by the external sector that remains positive. The services, manufacturing and construction sectors continue to be the main sources of growth, contributed by the transition to a value creation-based economy. This growth is also driven by the implementation of policies and strategies, particularly the NIMP, NETR and NSS introduced during the first two years of the Ekonomi MADANI implementation.

This projected growth will enable Malaysia to achieve GNI per capita of RM77,200 in 2030 and surpass the threshold value of the high-income economy.

Macroeconomic Targets

A total of 10 macroeconomic targets are set in the efforts to reshape development by propelling economic growth, enhancing the wellbeing of the *rakyat* and strengthening good governance during the Thirteenth Plan period, as follows:



Raising the Ceiling: Accelerating Structural Change of the Economy

The economic structure of the nation has transitioned from an agricultural-based to industrial and services, moving towards a value creation-based economy. In expediting this transition, emphasis will be given on strategies to advance economic complexity⁴, strengthen growth that is inclusive, sustainable and balanced as well as expand trade networks at the global level. All these strategies will contribute towards achieving the aspiration of Malaysia to become a high-income nation by 2030 and among the 30 largest economies in the world, ten years after the implementation of the Ekonomi MADANI.

Advancing Economic Complexity

Emphasis will be given on efforts to advance economic complexity through the creation of more high-value 'Made by Malaysia' products and services. In this regard, efforts will be undertaken to strengthen the ecosystem that include the adoption of advanced technology and digitalisation, increase research, development, commercialisation and innovation (R&D&C&I) activities and productivity as well as strengthen competitiveness and global networks. Focus will also be given to increase quality investment, improve business environment and empower talent.

Efforts to enhance the adoption of advanced technology and digitalisation will be intensified through the implementation of the National Science, Technology and Innovation Policy, the National Fourth Industrial Revolution (4IR) Policy and the Malaysia Digital Economy Blueprint. Measures to develop a comprehensive AI ecosystem based on cutting-edge technology will be implemented towards positioning Malaysia as an inclusive and sustainable AI nation. In this regard, the Pelan Tindakan AI Kebangsaan 2030 will be introduced. The R&D&C&I investment model will be improved to increase high-value research as well as the creation

and commercialisation of intellectual property (IP) through the provision of research facilities and targeted incentives. In addition, the national productivity growth will continue to be increased by strengthening the ecosystem, which include aspects of policy and governance improvements, financing coordination and talent development.

Measures will be undertaken to strengthen an investor-friendly ecosystem to attract higher quality investment, particularly in supporting production of 'Made by Malaysia' products and services. Private investment will be enhanced to encourage more FDI and DDI in high growth high value (HGHV) industries and high-impact strategic sectors. The shift towards knowledge-based private investment will be accelerated through the provision of more targeted and competitive incentives as well as alternative financing. In addition, investment in potential industries to generate long-term value that adopt environmental, social and governance (ESG) principles will be strengthened to broaden access to domestic and global markets. These efforts are expected to increase private investment growth at 6% per annum, with an average value of RM417.9 billion per year and continue to be the main driver of investment during the Thirteenth Plan period.

Public investment, which comprises development expenditure by the Federal Government, state governments, local governments, statutory bodies and non-financial public corporations (NFPCs), is expected to increase at 3.6% per annum or an average of RM112.9 billion per year during the Thirteenth Plan period. A total of RM430 billion will be allocated in this plan period to finance the implementation of the Federal Government development programmes and projects. The projects that will be implemented include infrastructure, infostructure, public transportation, construction of schools, hospitals and affordable housing projects as well as flood mitigation and capacity building programmes. Investment in the national development will also be supported through the implementation of

⁴ Refers to the ability of a country to produce and export a variety of high-value products and services that are more complex and sophisticated with a high level of knowledge and skills.

projects by GLCs, including the Government-linked Enterprises Activation and Reform Programme (GEAR-uP) under the GLICs with an allocation amounting to RM120 billion. In addition, the implementation of the development projects under the public-private partnership (PPP) will be enhanced, involving private sector financing projected at RM61 billion during the Thirteenth Plan period.

The development of future-ready talent across the learning continuum will be intensified to produce creative and innovative skilled talent in accelerating economic transformation. This talent will be nurtured as early as at the primary school level by giving exposure to Science, Technology, Engineering and Mathematics (STEM)-based activities as well as digital skills, including AI. Academic programmes in higher education institutions will be strengthened in line with industrial needs, particularly for the HGHV industries and high-impact strategic sectors. In this regard, TVET programmes will also be mainstreamed to support industrial talent needs, including in strategic investment locations. The implementation of the Academy in Industry (ADI) programme will be intensified to increase local workforce participation and certification. These efforts are expected to increase the average growth of labour productivity at 3.6% per annum during the Thirteenth Plan period.

Propelling Inclusive and Sustainable Growth

Inclusive and sustainable growth will be propelled by advancing economic complexity in the HGHV industries and high-impact strategic sectors. The implementation of strategies and initiatives under the NIMP, NETR, NSS, Natural Gas Roadmap as well as the Hydrogen Economy and Technology Roadmap will be intensified to support efforts in creating more high-value 'Made by Malaysia' products and services. In this regard, focus will continue to be given in exploring new sources of growth, such as industries within the energy transition as well as the green economy, blue economy, orange economy and circular economy. In addition, the roles of MSMEs and the third sector will be empowered to increase contribution to socioeconomic development.

The services sector development will continue to be intensified, focusing on strengthening of the existing strategic industries and exploring of new higher-value industries. The tourism industry will be enhanced through the development of high-value and sustainable tourism products and destinations, among others through the establishment of potential tourism investment zones. In addition, the development of other strategic industries will include efforts to revitalise the global services industry, enhance the Islamic financial services industry, strengthen the halal industry and intensify the efficiency of the retail and logistics industries. The local creative industry or orange economy will be invigorated through the production of local creative works with high commercial value, including those based on arts, cultural and heritage assets, in line with the aim in making Malaysia a regional and global market leader.

The green economy development will be focused on implementing strategies and initiatives under the NETR, among others by exploring electricity generation using nuclear energy, expanding the use of hydrogen as fuel as well as implementing carbon capture, utilisation and storage (CCUS) initiatives and facilitating carbon trading. The competitiveness and flexibility of the energy market will be enhanced through the utilisation of renewable energy sources, such as energy storage and smart grids as well as hydro hybrid floating solar. In addition, the implementation mechanism of the circular economy will be improved by encouraging compliance to ESG principles, particularly through plastic sustainability as well as the management of scheduled and solid wastes. All these initiatives are expected to contribute to the growth of the services sector, which is targeted at 5.2% per annum during the Thirteenth Plan period.

The manufacturing sector will continue to be intensified through efforts in boosting the electrical and electronics (E&E) subsector, particularly by reforming the semiconductor industry to enhance the production of high value high technology (HVHT) products. Strategic collaborations with global semiconductor companies will be strengthened through technology and IP centric investment model. World-class local champions in creating integrated circuit design will be developed to increase production

capabilities of HVHT products. Emphasis will be given to accelerate technology creation and production of 'Made by Malaysia' products, such as chemical products, pharmaceuticals and medical devices, high-value halal and agro-based products, sports equipment as well as electric and aerial vehicles. All these efforts are expected to support growth of the manufacturing sector at 5.8% per annum during the Thirteenth Plan period.

The development of the agriculture sector will be intensified to ensure food supply security and the production of high-value agricultural commodities. Large-scale agrofood production, including paddy cultivation will be increased through improvement in irrigation and drainage system, implemented through PPP. The production of livestock products, vegetables and fruits will be enhanced by developing quality crop varieties and breeds as well as animal feed. The capture fisheries and aquaculture industries will also be enhanced through the adoption of advanced technologies, including AI. In addition, the competitiveness of the agricommodity subsector will be strengthened by improving local sustainability certification standards for palm oil, rubber and timber as well as introducing standards for kenaf, cocoa and pepper. Rubber and oil palm replanting by smallholders will be expanded to increase productivity and income. These efforts are expected to contribute to the growth of the agriculture sector at 1.5% per annum during the Thirteenth Plan period.

Private sector investment in the non-residential building subsector, including the construction of the third terminal at Pulau Carey and Westports 2 container terminal as well as development of the Perlis Inland Port will support growth of the construction sector, which is expected to grow at 5% per annum during the Thirteenth Plan period. The development of the third regasification terminal and construction of high-impact public transport infrastructure, such as the Penang Mutiara Light Rail Transit, the Sabah Pan Borneo Highway and the Sarawak-Sabah Link Road project will also underpin the growth of the construction sector. In addition, the construction sector will be modernised by prioritising the usage of advanced technologies, such as the Industrialised Building System and the Building Information Modelling in residential building construction, including the development of affordable homes and housing in Kota MADANI.

The mining and quarrying sector is expected to expand at 2.8% per annum, supported by increase in natural gas and crude oil production. In this regard, efforts to strengthen the natural gas supply industry will be undertaken to position Malaysia as a leading regional gas trading hub. In addition, efforts to accelerate in the development of rare earth elements (REE) industry as a new source of growth will be given emphasis through international cooperation in developing local REE mining technology.



Focus will be given to scale up MSMEs in strategic high-impact industries through extensive involvement in supply chains and higher value-added activities. Efforts will be undertaken to accelerate digitalisation and adoption of ESG principles as well as to provide sandbox platforms in enabling MSMEs adapt to the changes in the market and technology. The whole-of-nation approach with stakeholder collaboration will be expanded to introduce disruptive business models in encouraging MSMEs to produce specialised products and services, based on customer needs. Efforts will also be intensified to provide comprehensive support for small and medium enterprises, such as export incentives as well as trade and investment promotions to enhance the capabilities and competitiveness of local companies in the global market.

Financing mechanisms for MSMEs will also be improved through sustainable financing methods, such as tiered financing and targeted financing. Bumiputera entrepreneurship programmes will be enhanced by providing continuous support to enterprises according to business development stages based on a relay race concept. Focus will also be given on efforts to enhance the capabilities of the third sector in driving sustainable development of the social economy by strengthening financial capacity and capability as well as participating in the inclusive business model. Market access through the 'Buy Social' campaign will be expanded to increase the visibility of the third sector.

Enhancing Balanced Regional Development and Strengthening Rural Development

Emphasis will be given in optimising the economic development potential of less developed and rural areas to enhance balanced development between regions. In this regard, focus will be given in expanding access to basic infrastructure and services to attract more investment in the rural areas and accelerate economic integration, including in Sabah and Sarawak. In addition, the efficiency of urban development and management will be given focus to address the challenges of urban sprawl and accelerate urbanisation in land settlement areas. Sustainable, smart and inclusive urban development based on the concept of transit-oriented development

zones will also be expanded. The competitiveness of communities in settlement areas of the Federal Land Development Authority (FELDA) and the Federal Land Consolidation and Rehabilitation Authority (FELCRA) as well as the regional development authorities (LKWAs), will be increased through investment in education and TVET, particularly for the second and third generations.

Efforts will be undertaken to intensify economic activities through the development of rural investment hubs that leverage geospatial intelligence and big data analytics. In addition, the development of corridors and specialised production hubs will be explored to leverage the local economic potential, such as the Kerian Integrated Green Industrial Park (KIGIP), the Kulim Hi-Tech Park (KHTP), the Kota Kinabalu Industrial Park (KKIP) and halal industrial parks. The development focus will also be given to attract foreign investors in HGHV industries and high-impact strategic sectors, explore new sources of growth outside the Klang Valley, Pulau Pinang and Johor as well as expand productivity programmes based on locality.

Expanding Trade Networks at the Global Level

The engagement at the international level is crucial for Malaysia to attract investment into strategic sectors and strengthen cooperation with trading partners to enhance economic growth. In this regard, global trade networks will be expanded to strengthen economic integration, increase production and competitiveness of 'Made by Malaysia' products and services, explore new markets as well as intensify the promotion of trade and investment. In ensuring the effective implementation of strategic trade policies and initiatives, the National Trade Blueprint 2.0 will be introduced. Efforts will also be intensified to address the challenges of tariff wars initiated by the US through continuous negotiations and facilitation of trade process.

Focus will be given to strengthen economic integration through participation and commitment of Malaysia in free trade agreements (FTAs) as well as the resumption of negotiation between Malaysia and the European Union. The involvement of Malaysia in existing FTAs, among others, include the Regional Comprehensive Economic Partnership (RCEP), the Comprehensive and Progressive

Agreement for Trans-Pacific Partnership (CPTPP) and the Malaysia-Türkiye Free Trade Agreement (MTFTA) will be enhanced to expand markets and strengthen trade relations. In addition, participation of Malaysia as a BRICS partner country and as a member of the Association of Southeast Asian Nations (ASEAN) will continue to be leveraged to reduce dependency on existing trade partners. New markets, such as the countries in South America, Africa, the Middle East and Eastern Europe will also be explored to expand access to global market that will boost trade growth. Trade cooperation with subregional countries through the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) and the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) platforms will be strengthened. In addition, the development of the Johor-Singapore Special Economic Zone (JS-SEZ) will be enhanced to expand economic and investment cooperation with countries in the region.

Efforts will be amplified to reduce reliance on imported goods by increasing local production. The diversification policy on sources of food imports and agricultural

inputs will also be improved to reduce dependency on certain countries. In this regard, the production of paddy and other food crops, fisheries and livestock will be increased to improve the self-sufficiency ratio of the nation. A mechanism to establish the sustainability of imported products will be developed to ensure resilience of downstream industries. Emphasis will also be given on commercialisation of R&D outputs to enhance the capacity of local companies, including in the digital economy, food processing, pharmaceuticals, fast-moving consumer goods and the defence industry to participate in export markets.

These efforts will increase gross exports growth, estimated at an annual rate of 5.8% during the Thirteenth Plan period. Based on the strategy to reduce import dependency, gross imports are projected to moderate at 6.1% per annum, compared with 14.4% during the first four years of the Twelfth Plan. In addition, the trade balance is expected to remain positive with a value of RM116.3 billion, while the current account of the balance of payments is projected to remain in surplus of 2.2% to GNI in 2030.



Raising the Floor: Uplifting Living Status of the Rakyat

Inclusive and responsive social development will continue to be prioritised in the efforts to uplift living status, akin to raising the floor. Efforts will be intensified in addressing the burden of the cost of living, reengineering the social system anchored on *insan* MADANI, enhancing quality of life as well as empowering targeted groups towards achieving a decent life. Implementation of strategies and initiatives in raising the floor during the Thirteenth Plan are expected to maintain the full employment level and increase the share of compensation of employees to 40% to GDP by 2030. In addition, these strategies and initiatives will also contribute towards achieving the 25th position in the Human Development Index and 60% of the female labour force participation rate, 10 years after the introduction of the Ekonomi MADANI.

Addressing the Cost of Living

Quality of life and income are key benchmarks in measuring the wellbeing of the *rakyat*, particularly relating to the cost of living, poverty and income inequality. Focus will be given on initiatives to reduce the costs incurred in obtaining food supplies, healthcare services, housing, education, utilities and public transportation in reducing the financial burden of the *rakyat*. In addition, measures to increase income of the *rakyat* through wage increment and provision of targeted social assistance will be implemented. This two-pronged strategy will ensure that the cost of living is contained, while income and quality of life of the *rakyat* are enhanced.

Efforts to address the rise in food costs will be undertaken holistically by improving infrastructure, strengthening the food supply chain and retail sector as well as providing platforms to enhance price transparency. Enforcement measures will be intensified, while relevant acts will be reviewed to curb price manipulation activities. In addition, initiatives to offer goods and services,

particularly food products at reasonable prices, such as the Program Jualan RAHMAH MADANI will be expanded to cover more suitable localities, especially in rural areas.

Healthcare services will be improved through the Rakan KKM initiative as an option for private companies to access paid services at public healthcare facilities. Health insurance or *takaful* products will also be introduced, enabling the *rakyat* to benefit from services of the private healthcare and Rakan KKM at reasonable prices. The construction and upgrading of government hospitals and clinics nationwide will also be implemented to provide better healthcare services.

The provision of more quality affordable housing for the low- and middle-income groups in urban areas will be enhanced through the implementation of the Program Residensi MADANI and the Program Residensi Rakyat. In addition, the rent-to-own scheme will be expanded and existing affordable home financing schemes will be improved to assist less capable *rakyat* in owning a house. Access to education and skills development, including TVET, will continue to be strengthened through targeted assistance on fee, tuition and scholarship to ensure students from low-income groups remain in the learning continuum. The education loan schemes will be reviewed to be more targeted, focused and sustainable. A single national platform will be established to facilitate the management of contributions and sponsorships.

The implementation of various targeted initiatives will be intensified to reduce transportation costs. These initiatives include improving the quality and frequency of public transport services, such as expanding routes as well as increasing the number of buses and trains. In addition, the Time of Use Scheme introduced in 2025 and energy efficiency incentives will be continued to encourage more efficient electricity usage and reduce the costs to consumers. The provision of basic utilities, such as clean water supply, electricity and broadband coverage in rural areas will also be expanded.

A comprehensive wage adjustment will be implemented, including periodic reviews of the minimum wage, determination of starting salaries for graduates, including TVET graduates as well as full implementation of the DGP. The private sector will also be encouraged to offer minimum decent wage in ensuring workers earn salaries that commensurate with the cost of living. As for the public sector, the Government remains committed to continue the implementation of the Sistem Saraan Perkhidmatan Awam, which began in 2024 to ensure that the salaries of the civil servants attain a decent wage level. In addition, the Government is committed to continue implementing targeted programmes in addressing the cost of living pressures. This commitment includes the provision of cash assistance and the implementation of targeted subsidies, such as the Sumbangan Tunai Rahmah (STR), the Sumbangan Asas Rahmah (SARA) as well as welfare assistance schemes for children, senior citizens and persons with disabilities (PWDs). In this regard, the identification of target groups will be improved, including through the net disposable income approach.

The design and implementation of income-generating programmes, such as the Inisiatif Pendapatan Rakyat, the Program Pemerkasaan Ekonomi Komuniti Bandar and the Skim Pembangunan Kesejahteraan Rakyat will be streamlined to enhance effectiveness in addressing poverty. Entrepreneurship programmes will continue to be strengthened by enhancing skills training, technology adoption and digitalisation as well as financial supports. A more innovative alternative sources of financing, such as social impact funds, islamic social financing and corporate social responsibility will be explored and expanded.

Reengineering Social System Anchored on *Insan MADANI*

Building of a nation-state that upholds sovereignty and dignity requires the development of a strong social system anchored on *insan MADANI* and national identity. In this regard, emphasis will be given on efforts in nurturing the *rakyat* with spiritual values, humane aspects and a strong self-identity as well as building a just, harmonious, respectful and united society. The development of *insan MADANI* will focus on reforming the education system and instilling the spirit of nationalism. The creation of a just and progressive society will emphasise on efforts to strengthen integration and unity, promote goodwill and foster a culture of volunteerism.

Education reform will serve as the backbone in instilling humane aspects, encompassing *insaniah* and ethical values as well as social and societal relations. This reform will focus on improving educational outcomes by increasing the quality of teaching and learning content, raising competencies of teachers and strengthening governance as well as enhancing investment in education across the learning continuum. In this regard, preschool education will be made compulsory at the age of five, while primary education will begin at the age of six. The adoption of the national preschool curriculum will be made mandatory for all early childhood education institutions. In addition, in primary schools, the English language will be part of the language of learning and communication for level one students and the learning of additional languages will be expanded. Focus will also be given to encourage learning in STEM and TVET streams as an alternative pathway for students.

Box 1-2**National Social System
Anchored on *Insan* MADANI**

The real progress of a nation not solely lies in economic strength but is also measured by the civilisation of the society, characterised by profound knowledge, *adab* and spirituality. As a diverse nation rich in cultural diversity, heritage and beliefs, Malaysia has demonstrated the capability to drive economic development in a harmonious, stable and progressive manner. However, the challenges of globalisation, rapid advancement in technology, uncertainties in the economy, changes in demography and social structure as well as deterioration of humane values in the society, require a national development approach that is more inclusive, *rakyat-centric* and value-based. Malaysia is committed to reshape the national development that demands a balance between physical achievements and strong disposition of individual and society towards building a nation-state with a social system anchored on *insan* MADANI.

Building of a nation-state will be manifested through strengthening of a social system to be anchored on holistic humane values, justice, noble values and universal spiritual principles. The strong **social system** is formed from a complementary synergy among the key components, namely individual, society, business community and government. The development of *insan* and society to strengthen a comprehensive social system will involve efforts to nurture *insan* and future generations based on the principles of Maqasid Syariah.

The individual who complements the system is one who is balanced in terms of intellect, moral and action as well as able to be nurtured based on the six core values of the Malaysia MADANI. This individual, the ***insan* MADANI** is knowledgeable, virtuous, of integrity, responsible and has strong self-identity, spiritual and humane values as well as innovative skills. This individual is also active in social engagements and prioritises the public above

personal interest. This *insan* represents a *rakyat* who is responsible and acts as catalyst for a culture of diligence, moderation and harmony in a diverse society as well as serves as the foundation in building a MADANI society.

The MADANI society is a society that upholds the principles of justice, respects diversity in religion and culture, lives in unity and harmony as well as embraces inclusivity in all aspects of life. The society is concerned about the environment and adopts consensus in developing a community that is ethical, harmonious and progressive as well as cares for the environment.

The business community in the MADANI framework is a catalyst for innovation capable of driving economic growth, empowering workers by developing human capital as well as supporting sustainable development by taking into consideration social and environmental impacts. This community does not solely prioritise profits but also focuses on justice and social responsibility, practises efficiency values, creativity and inclusivity as well as upholds fair and transparent business ethics. This community is not merely a local champion, but capable of competing at the global level. A people-oriented disposition, forward-looking and agile in adapting to any changes form the foundation for the ability of this community to contribute to the sustainable wellbeing of the *rakyat*.

The Government upholds governance principles of integrity, transparency, just and effectiveness in fulfilling the responsibilities to the *rakyat* and the nation. The Government has to be inclusive, responsive and *rakyat-oriented*, by anchoring on administrative efficiency, moral integrity as well as social justice as the basis of leadership.

The formation of a national social system anchored on *insan* MADANI will contribute to the renaissance of a civilised nation-state with a society that is knowledgeable as well as has high moral, spiritual and humane values. This nation-state is not only prosperous, progressive and sustainable, but also capable of being an example at the international stage.

The competency and efficiency of educators will be enhanced through improvement in the mechanism for recruitment of teachers from various open sources as well as introduction of a continuous teaching professional development programme. In addition, the revision of promotion system for teachers and a feasibility study on cross-placement and -mobility between various professions will be conducted to provide a more competitive career pathway. The restructuring of roles and functions of agencies will be implemented to centralise education governance of preschool to secondary school, as well as pre-university to higher education in improving effectiveness of education delivery. Measures will be undertaken to enact a new act related to early childhood education, strengthen the regulatory mechanism for alternative education and implement a pilot project in granting autonomy to universities. Investment in education will also be increased to improve educational facilities and sponsorship.

Efforts to enhance the inculcation of *adab*, spiritual values and humane aspects, including based on the principles of Maqasid Syariah as well as reinforce the spirit of patriotism will be intensified to develop *insan MADANI*. In this regard, appreciation of the Rukun Negara and the Federal Constitution will be strengthened to ignite the spirit of nationalism. Integrated training modules that combine nationhood components and basic military training will be improved to foster strong self-identity. The production of creative works and content that showcase patriotism and national identity will also be intensified.

The implementation of more comprehensive social integration and interaction programmes will be enhanced and governance related to unity will be strengthened to develop a just and progressive society. Programmes and initiatives such as the Sejahtera Komuniti MADANI (SejaTi MADANI), the Kembara Perpaduan Malaysia MADANI, the Program Flagship Semarak Perpaduan as well as the Sekolah Angkat MADANI will be expanded to ignite the spirit of nationalism among the *rakyat*. In addition, a harmony charter of Malaysia will be developed as the main reference to strengthen inter-religion and inter-racial relations and harmony.

The role of stakeholders, including local leaders, media practitioners and civil society organisations (CSOs) will be empowered to serve as agents of unity. Participation of the *rakyat* in voluntary and sports activities will be intensified to inculcate the spirit of unity and solidarity. The excellence of national athletes at the international level will continue to be enhanced to uplift the image of the country and foster a sense of pride among the *rakyat*. In addition, effective diplomacy and international relations will be intensified to strengthen the position and positive image of Malaysia in the global arena.

Enhancing the Quality of Life of the Rakyat

Access to quality basic needs, such as food, shelter, education, employment, healthcare services, environment as well as a robust safety and defence system, is crucial in ensuring a decent living and strengthening the wellbeing of the *rakyat*. In this regard, the quality of life of the *rakyat* will be enhanced through efforts to strengthen food security, implement housing, healthcare and labour reforms, safeguard planetary health, enhance security and defence as well as prepare for an aged nation. Food security will be fortified by boosting local food production, diversifying countries of import sources and strengthening the food supply chain. Efforts will also be focused on increasing access to nutritious and balanced food to improve the health of the *rakyat* and address malnutrition issues, particularly among children.

Reform of the healthcare financing system will be implemented to provide better services options for the *rakyat* and ensure inclusive and sustainable national healthcare services. Emphasis will be given on strengthening primary healthcare and prevention of non-communicable diseases (NCDs). The digitalisation of health information management will be enhanced through the development of a data-sharing platform between the public and private sectors as well as the outsourcing of electronic medical record systems that adopt AI technology. In addition, the security of domestic medicine and medical devices will be strengthened to ensure national preparedness in facing global health crises and reduce dependency on imported products.

Housing reform will focus on increasing the supply of quality, liveable and inclusive houses, improving access to financing as well as strengthening the efficiency of housing regulation and management. Efforts to empower communities in rural areas and settlement schemes, including in Sabah and Sarawak, will be implemented through the improvement of infrastructure and basic facilities, social amenities as well as housing. The construction and upgrading of basic facilities, such as schools, health clinics, community centres, sports facilities and multipurpose halls as well as the provision of infrastructure and broadband coverage will be expanded. In addition, capacity and capability enhancement programmes for target groups, particularly youth and rural entrepreneurs as well as second and third generations in the FELDA, FELCRA and LKWs will be intensified. The development of smart and sustainable cities will be strengthened to ensure an inclusive urbanisation process and meet the needs of the *rakyat*. In this regard, the Kota MADANI in Putrajaya will be developed as a pioneer model for the future urban development, providing social amenities and economic opportunities within an integrated ecosystem.

Efforts will continue to be enhanced to safeguard the planetary health, among others by improving climate change and environmental management, strengthening flood mitigation and adaptation as well as preserving and conserving biodiversity. The implementation of the circular economy will be invigorated and waste management will be strengthened through improvement in policy, enhancement of regulation and implementation mechanisms as well as provision of modern infrastructure. The construction of waste-to-energy plants will be expanded through public-private partnerships to support the policy of prohibiting the opening of new landfill sites. In addition, centralised coordination of waste management under a dedicated agency will be explored. Alternative method for waste management using the refuse, reduce, reuse, recycle and recovery (5R) approach will also be promoted.

Initiatives to reduce disaster risks will also be strengthened, including by improving the early warning system and accelerating the implementation of

the Rancangan Tebatan Banjir (RTB) projects. In this regard, collaboration with all stakeholders, including state governments and local authorities will be enhanced to ensure the successful implementation of the RTB projects. In addition, the public safety and national defence will be strengthened by improving the readiness of security and defence assets, empowering capabilities and competencies of personnel as well as enhancing border control. The management of criminal offenders and undocumented migrants will be improved and strategic cooperation among various enforcement agencies will be intensified to enhance public safety and security. Efforts will be continued to combat cybercrime and the related threats by improving infostructure and infrastructure as well as strengthening enforcement and legislation.

The preparation towards an aged nation will be strengthened to ensure Malaysia is ready in various aspects, particularly in the management of economy and fiscal, development of talent, skills and education, expansion of social protection as well as strengthening of health and long-term care services. This preparation will also consider the need to review acts related to retirement age and enact new legislation concerning re-employment to increase the participation of older workers in the labour market. A more inclusive social protection system will be introduced and more comprehensive programmes and support services for older persons will be expanded. In addition, more age-friendly infrastructure will be provided to meet the requirements of population dynamics.

Labour market reform will also be accelerated to create a more dynamic, competitive and sustainable employment ecosystem to increase income. In this regard, the role of the National Wages Consultative Council will be expanded to include all matters pertaining to salaries. Measures will be undertaken to reduce reliance on foreign workers by setting the number of foreign workers to total workforce at an average of 10% in 2030 and up to 5% in 2035. The recruitment rate by sector will be based on the needs for workers in the dirty, dangerous and difficult (3D) category. In addition, the Multi-Tier Levy Mechanism will be implemented in 2026.

This measure will create employment opportunities and enhance skills of local talent, leading to better salaries. Talent development programmes will be improved with active industry involvement to match labour supply and demand. Worker protection and welfare will also be enhanced through improvements in management of savings for retirement and strengthening of occupational hazard protection schemes.

Empowering Target Groups

Social justice is the foundation for a sustainable and comprehensive economic growth to ensure no one is left behind from the national development progress. In this regard, focus will be given in increasing equitable opportunities to enable the *rakyat* to lead a better life. Implementation of the Bumiputera empowerment agenda will be intensified through the whole-of-nation approach to increase Bumiputera participation, ownership and control. In this regard, the Bumiputera empowerment units in all ministries as well as capacity building programmes and financing support of the Bumiputera-mandated agencies, state economic development corporations and LKWs will be strengthened. The standard of living of the Orang Asli community will also be enhanced by introducing an action plan for the development of Orang Asli and amending the Aboriginal Peoples Act 1954 [Act 134]. In addition, a customary council will be established to increase the leadership effectiveness of the Orang Asli community.

The socioeconomic development of the Anak Negeri Sabah and the Bumiputera Sarawak will continue to be strengthened through initiatives such as human capital empowerment, infrastructure and basic amenities improvement as well as the provision of support to enable the development of Native Customary Rights (NCR) land. The quality of life of Indian households, particularly the low-income earners will be enhanced through the implementation of initiatives and programmes based on the Malaysian Indian Blueprint and the Indian Community Action Plan. These initiatives include education, talent development, provision of career opportunities, financing facilities, entrepreneurship support as well as targeted programmes to improve infrastructure

and basic amenities, including to repair houses. The socioeconomic development of Chinese households, particularly the low-income earners in the Kampung Baru will also be enhanced through the implementation of entrepreneurship and tourism activities based on the Kampung Baru Development Master Plan as well as the provision of support to upgrade public infrastructure and facilities.

Focus will also be given on efforts to improve the wellbeing of specific target groups, such as children, youth, men and women as well as the older persons and PWDs. Child development will focus on improving access to education, health and social protection. In addition, youth development will be strengthened through the enhancement of skills, talent and entrepreneurship as well as the introduction of a focused intervention mechanism and a comprehensive support. The roles and responsibilities of men and women in the socioeconomic development of the nation will be strengthened to create a more inclusive, progressive and balanced society. The involvement of PWDs will be increased through collaboration with the private sector in providing equal opportunities for this group to lead a more meaningful life. The family institution will also be strengthened through the inculcation of familial values and responsibilities among family members, particularly of the child towards the parents. The provision of parenting education as well as counselling and support services related to reproductive health will also be emphasised.

Strengthening Good Governance: MADANI Governance

Good governance is the pillar of national administration in ensuring equitable distribution of wealth to enhance the wellbeing of the *rakyat* and economic growth. During the Thirteenth Plan period, the MADANI Government will continue the efforts to strengthen integrity and accountability, increase efficiency of public service delivery as well as enhance fiscal management. The whole-of-nation approach, through collaboration between the *rakyat*, businesses, CSOs and governments, will be adopted to increase efficiency and effectiveness

of public service delivery. Efforts to strengthen the good governance is expected to contribute towards achieving the aspirations of the Ekonomi MADANI for Malaysia to be in the top 25 of the CPI and top 12 in the ranking of the IMD World Competitiveness Yearbook as well as reducing the fiscal deficit to be below 3% to GDP.

Strengthening Integrity and Accountability

The principles of integrity and accountability among civil servants, including Members of the Administration are among the important aspects in enhancing the efficiency of public service delivery as well as improving the confidence and trust of the *rakyat* towards the Government administration. In this regard, the implementation of initiatives under the National Anti-Corruption Strategy, 2024-2028 and the CPI Special Task Force will be intensified to address corruption issues and improve the position of the country in the CPI. The role of the Integrity Unit will also be strengthened to curb corruption in the public sector, with emphasis on initiatives based on behavioural insights approach towards developing civil servants with integrity and accountability.

Checks and balances mechanism in the public service will be strengthened to enhance accountability and transparency of the Government administration. In this regard, the monitoring and performance evaluation mechanism of ministries will be streamlined through the introduction of outcome-based indicators that are aligned with selected macroeconomic indicators and direct reporting to the Prime Minister. The comprehensive monitoring approach and governance structure of the Thirteenth Plan will be further improved through the development of a monitoring system for the Pelan Pelaksanaan Dasar RMK13, known as MyRMK. This system will be integrated with other monitoring systems, such as under the Ministry of Finance, Implementation Coordination Unit, Prime Minister's Department (ICU, JPM), Unit Pantau MADANI (PMU), Performance Acceleration Coordination Unit (PACU) and Pusat SDG Negara (PSN). The performance of the Thirteenth Plan will also be monitored by the Cabinet as the highest level to ensure accountability and transparency in the implementation of development programmes and projects.

Enhancing the Efficiency of Public Service Delivery

The public service reform agenda will be implemented by improving service delivery based on the principles of *ILTIZAM* as well as strengthening the GovTech and the ecosystem of the social economy. Through the *ILTIZAM*, efforts will be intensified to reduce regulatory burdens, enhance governance and talent capacity of the public sector as well as restructure institutions. Mandatory reviews of regulatory instruments on a regular and periodic basis as well as the One In-One Out Policy will be implemented to ensure the effectiveness of these instruments. A guideline on regulatory burden deduction will be encouraged to be adopted at the state and PBT levels.

Efforts in improving legislation and enforcement will be implemented through the review of existing acts and enactment of new acts. The development of competency and expertise will be given emphasis to ensure civil servants remain relevant, competitive and responsive towards current needs. Institutional restructuring will also be intensified by implementing rationalisation of the government departments and agencies as well as government-owned companies in phases.

The strengthening of GovTech which focuses on adoption of advanced technologies including AI, enhancement of digital governance as well as capacity building will be intensified to create a digital government ecosystem that is transparent, agile and holistic towards becoming an AI nation. In this regard, the government digital transformation will continue to be strengthened through implementation of the *Pelan Tindakan AI Kebangsaan 2030* to develop a digital society, economy and government. The enterprise architecture (EA), which also encompasses creation of a secure cloud infrastructure will be developed to enhance digitalisation of government services. A single gateway will also be developed to better facilitate the *rakyat*, business community and government in accessing various services provided, including through the usage of MyDigital ID. Governance of digitalisation and development of digital talent will also be strengthened in improving the efficiency and effectiveness of public service delivery. Aspects of cyber security as well as data sharing and integration will continue to be emphasised to ensure a secured and trusted public service digitalisation ecosystem.

Efforts to create a comprehensive social economy ecosystem will be strengthened to mainstream the third sector in addressing socioeconomic issues of the *rakyat*. In order to ensure the development of a holistic ecosystem that fulfils current needs, a social economy policy will be developed and existing policies, acts and action plans related to the third sector will be reviewed. In addition, measures will be undertaken by rationalising agencies to centralise governance of the third sector in enhancing the effectiveness of the sector in the national socioeconomic development.

Strengthening Fiscal Management

Fiscal management will be strengthened in improving the fiscal space to support a sustainable economic growth. Good governance practices, based on accountability, transparency and efficiency under the Public Finance and Fiscal Responsibility Act 2023 [Act 850] will be adopted in public finance management. Government revenue collection will be enhanced through phased roll-out of the electronic invoicing system by 2026 to increase the digitalisation of tax collection. In addition, the expansion of the tax base under the Medium-Term Revenue Strategy (MTRS), such as the implementation of the global minimum tax (GMT) and the periodic review of the sales and services tax (SST) will be undertaken to enable the provision of more facilities and assistance for the wellbeing of the *rakyat*. Expenditure efficiency

will be improved through the implementation of a more targeted subsidies and assistance as well as prudent debt management.

Fiscal management efficiency will also be enhanced through a project management reform involving more systematic monitoring and evaluation. Cost control mechanism will be improved by incorporating key elements in cost calculation, including life cycle costs. The implementation of PPP projects will be rationalised by focusing on user-pay model to provide options of services for the *rakyat*. The implementation of all these fiscal consolidation efforts is expected to reduce the fiscal deficit to be below 3% and ensure that the debt level will not exceed 60% to GDP.

The Thirteenth Plan Framework

The Thirteenth Plan will continue the aspirations of the Ekonomi MADANI to achieve the goals of raising the ceiling by propelling the economic growth of the nation, raising the floor by uplifting the living status of the *rakyat* and strengthening good governance by enhancing government service delivery. In addition, the Thirteenth Plan also sets the objective of positioning Malaysia as a nation with credible leadership and diplomacy at the international level. The policies and initiatives designed to realise these aspirations are structured under four main pillars, as follows:

Box 1-3

The Thirteenth Plan Framework

The Thirteenth Plan with the theme ‘**Melakar Semula Pembangunan**’, sets the socioeconomic development objectives through three dimensions, namely **High-Income and Sustainable Nation, Quality and Inclusive Lives** as well as **Sustainable Environment**. The theme is selected based on the various reforms to be introduced in the Thirteenth Plan to restructure the socioeconomic development of the nation. This restructuring has to be implemented taking cognisance of the needs to accelerate the transition to a

value creation-based economy in a sustainable environment as well as to strengthen spiritual and *insaniah* values in building a strong social system anchored on *insan* MADANI.

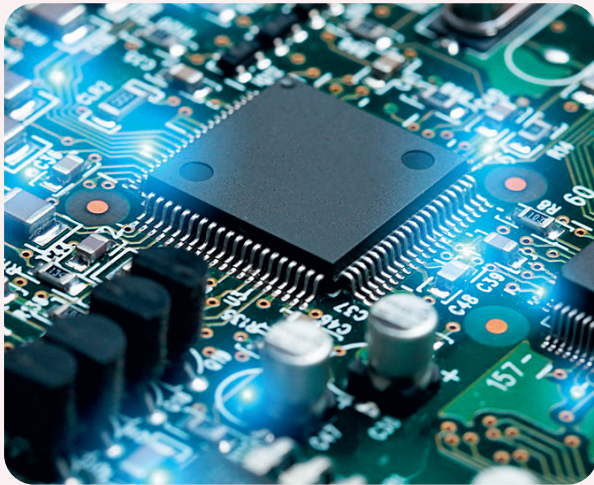
The formulation of the Thirteenth Plan is based on four pillars, namely Advancing Economic Complexity, Enhancing Social Mobility, Accelerating the Implementation of the Public Service Reform Agenda as well as Enhancing Wellbeing of the *Rakyat* and Environmental Sustainability. In this regard, comprehensive and significant strategies and initiatives under each of these pillars are aligned with the seven aspirations of the Ekonomi MADANI, as shown in Exhibit 2.

Exhibit 2

The Thirteenth Malaysia Plan Framework, 2026-2030

The **Thirteenth Plan** framework is mapped to realise the Ekonomi MADANI aspirations

EKONOMI MADANI Mempersembahkan Rakyat		Theme: MELAKAR SEMULA PEMBANGUNAN							RMK13						
Long-Term Goals & Objectives		3 Dimensions													
		High Income and Sustainable		Quality and Inclusive Lives			Sustainable Environment								
		4 Pillars & 27 Priorities													
		A. Advancing Economic Complexity		B. Enhancing Social Mobility			C. Accelerating the Implementation of the Public Service Reform Agenda			D. Enhancing Wellbeing of the Rakyat and Environmental Sustainability					
Raising the Ceiling A Leading Economy in Asia		1. Propelling of HGHV Industries and High-Impact Strategic Sectors Growth		1. Education Reform			1. Improvement of Government Service Delivery Based on ILTIZAM Principles			1. Building of a Nation-State					
Strengthening Good Governance Public Sector Reform		2. Strengthening of Green Economy		2. Labour Market Reform			2. Strengthening of GovTech towards Government Services Transformation			2. Preparation towards an Aged Nation					
Raising the Floor Uplifting of the Living Status of the Rakyat		3. Invigoration of Blue Economy		3. Strengthening of Inclusive Development from a Multidimensional Perspective			3. Enhancement of Good Governance			3. Health Reform					
		4. Fortification of Food Security		4. Elevation of the Socioeconomic Status of Target Groups			4. Project Management and Fiscal Reforms			4. Housing Reform					
		5. Strengthening of R&D&C&I Ecosystem		5. Balancing of Regional Economic Growth and Strengthening of Rural Development			5. Strengthening of the Ecosystem of Social Economy in Mainstreaming the Third Sector			5. Strengthening of Security and Defence					
		6. Enhancement of National Productivity and Competitiveness								6. Preservation of Planetary Health					
		7. Strengthening of Flood Mitigation and Adaptation								7. Strengthening of Disaster Management					
		8. Improvement of Public Transport Infrastructure Availability													
		9. Scaling Up of MSMEs													
		10. Empowerment of Third Sector													
1 Top 30 largest economies in the world		1 2 3 4 5 6 7		1 2 3 4 5 6 7			1 2 3 4 5 6 7			1 2 3 4 5 6 7					
2 Top 12 in global competitiveness															
3 Top 25 in the Corruption Perceptions Index															
4 Increase compensation of employees to 45%															
5 Top 25 in the Human Development Index															
6 Fiscal deficit below 3% to GDP															
7 60% female labour force participation rate															



Pillar A: Advancing Economic Complexity

In line with the thrust of the Ekonomi MADANI to raise the ceiling, efforts to advance economic complexity form a pillar in accelerating the structural transition towards a high-value economy based on innovation and technology as well as in developing the industries to be more competitive in facing global challenges. Under this pillar, emphasis will be placed on efforts to propel the HGHV industries and high-impact strategic sectors and strengthen the green economy, blue economy, orange economy and circular economy. Priority will also be given to fortify food security, strengthen flood mitigation and adaptation, improve the availability of public transport infrastructure as well as empower MSMEs and the third sector. Focus will also be given to increase the productivity and competitiveness of firms, industries and sectors through the adoption of advanced technologies and digitalisation as well as strengthening of the R&D&C&I ecosystem towards making Malaysia an inclusive and sustainable AI nation. The implementation of strategies and initiatives under this pillar will accelerate the transition to a complex economic structure and foster a culture of creativity, in line with the aspiration to make Malaysia a consumption powerhouse that produces 'Made by Malaysia' products and services.

Pillar B: Enhancing Social Mobility

Efforts to enhance social mobility enable the *rakyat* to benefit from the economic growth spillover and improve the position in social hierarchy, in line with the thrust of the Ekonomi MADANI to raise the floor. Under this pillar, focus will be given on the efforts to reform education and labour market, strengthen inclusive development from multidimensional perspectives, improve the socioeconomic level of the target groups as well as balance economic progress between regions and strengthen rural development. Education reform will be the foundation in developing a national social system anchored on *insan* MADANI. Labour market reform aims to support the structural transition to a high-value economy and subsequently increase salaries and wages towards achieving a decent living. Measures to improve the socioeconomic status of the target groups and accelerate economic growth in less developed and rural areas aim to achieve a balanced and inclusive growth. The implementation of strategies and initiatives under this pillar will contribute to the development of future-ready talent and an efficient labour market, the provision of equitable opportunities as well as the formation of a sovereign and dignified nation-state.



Pillar C: Accelerating the Implementation of the Public Service Reform Agenda

The public service reform agenda forms the pillar in creating an administrative system that is responsive to the needs of the *rakyat*, in line with the thrust of strengthening good governance under the Ekonomi MADANI. In this regard, focus will be given on efforts to improve service delivery based on the ILTIZAM principles, mainstream the GovTech and enhance good governance. Priority will also be given to legislative reform, project management efficiency, fiscal consolidation as well as strengthening of the social economy ecosystem in mainstreaming the third sector. The priority will also involve strengthening of integrity and accountability across the entire national administrative system to enhance confidence and trust of the *rakyat*. The implementation of all the strategies under this pillar through the whole-of-nation approach will drive the reform of the public service to become more transparent, timely and thorough.

Pillar D: Enhancing Wellbeing of the *Rakyat* and Environmental Sustainability

Efforts in enhancing the wellbeing of the *rakyat* and environmental sustainability will be the pillar to achieve inclusive and sustainable socioeconomic development objectives, in line with the thrust of the Ekonomi MADANI to raise the floor. Focus will be given to efforts in building a nation-state, enhancing preparation towards an aged nation, reforming health and housing sectors, strengthening security and defence, preserving planetary health as well as improving disaster management. The implementation of strategies under this pillar will strengthen social harmony, political stability and economic progress to form a strong social system with a society that is just, harmonious, respectful and united. The provision of basic needs for the people, including liveable homes, quality healthcare and a safe and sustainable environment will contribute to uplift the quality of life for the *rakyat* and the development of a resilient and prosperous society. Holistic preparation towards an aged nation will ensure the country is ready in various aspects. Effective diplomacy and enhanced international cooperation will elevate positive image of Malaysia at the global stage.

Conclusion

The Thirteenth Plan, with the theme '**Melakar Semula Pembangunan**' is a commitment to restructure socioeconomic development in accelerating the national economic growth, uplifting the living status of the *rakyat* and strengthening good governance towards realising the aspirations of the Ekonomi MADANI. The national development during the Thirteenth Plan period will be supported by a comprehensive transition towards digitalisation and advanced technologies, particularly AI as well as the development of a social system anchored on *insan* MADANI, with a society that is equitable, harmonious, respectful and united. These efforts will accelerate the shift towards a value creation-based economy, enhance positive influence and image of the nation at the global stage as well as ensure the *rakyat* lead more prosperous lives and the environment is sustainable.



CHAPTER 2



ADVANCING ECONOMIC COMPLEXITY

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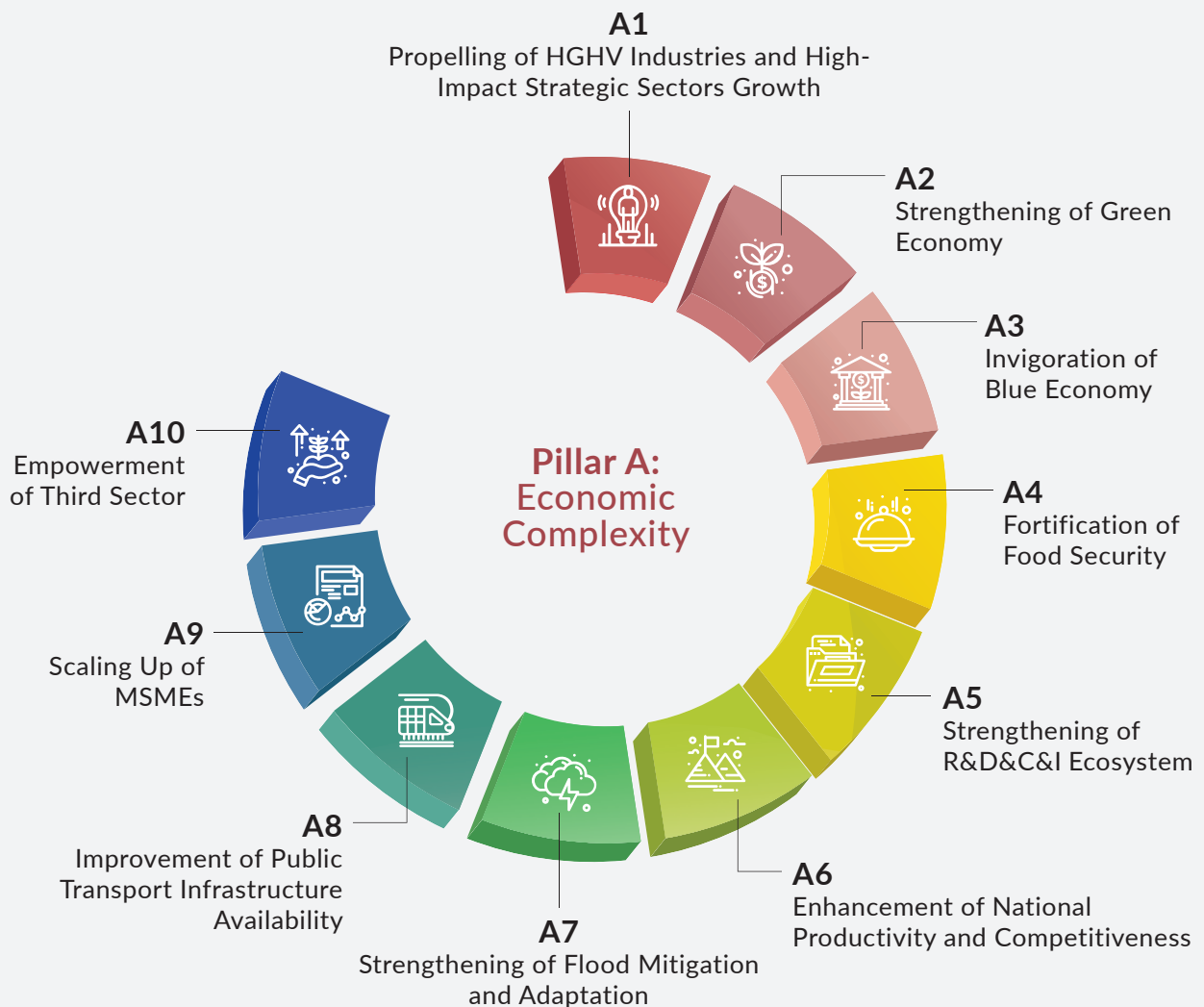
Introduction

Malaysia needs to shift to a value creation-based economy by advancing economic complexity to enhance economic competitiveness and sustainability, as well as upholding the humane values. Efforts will be focused towards restructuring the economy of the country and elevating the status of the *rakyat*, in line with the thrusts of the Ekonomi MADANI to raise the ceiling, strengthen governance and raise the floor in realising the aspirations of empowering the *rakyat*. This transition will inculcate innovation culture, in line with the aim to transform Malaysia into a consumption powerhouse that produces 'Made by Malaysia' products. In this regard, strategies and initiatives to raise the ceiling will be focused on developing strategic sectors and industries, strengthening ecosystem and empowering industry players. The development of strategic sectors and industries will be focused on efforts to propel high growth high value (HGHV) industries, high impact strategic sectors as well as the green economy, blue economy and orange economy. The development and adoption of artificial intelligence (AI) and other advanced technologies will be accelerated and expanded as a foundation in the efforts to advance economic complexity. In raising the floor, efforts will also be focused, among others, on strengthening of food security. Measures to enhance the ecosystem that supports good governance will include, among others research, development, commercialisation and innovation (R&D&C&I), productivity, flood mitigation and adaptation as well as public transport infrastructure. The roles of micro, small and medium enterprises (MSMEs) as well as the third sector will be strengthened to play a greater role in economic growth.

During the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan) period, various achievements were recorded in the efforts to regenerate growth and enhance economic resilience towards achieving high-income nation status. However, several structural issues and challenges persist that need to be addressed with a more holistic and pragmatic approach to advance economic complexity. Such issues include limited innovation and investment in technology, slow productivity growth, low adaptation of sustainable practices as well as limited capability of MSMEs and the third sector to participate in global value chains.

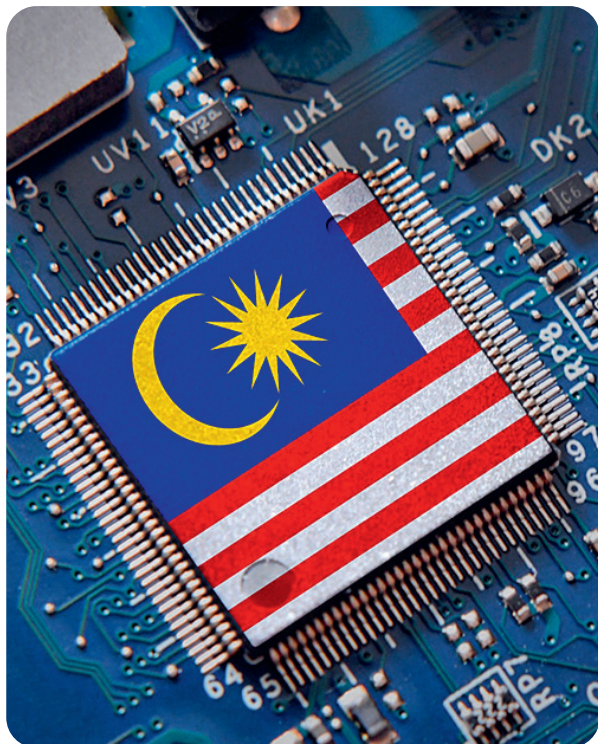
Ten Priorities of Economic Complexity

During the Thirteenth Malaysia Plan, 2026-2030 (Thirteenth Plan) period, efforts to advance economic complexity in enhancing economic competitiveness and sustainability will be implemented through 10 priorities, namely:



A1: Propelling of HGHV Industries and High-Impact Strategic Sectors Growth

Rapid development of HGHV industries and high-impact strategic sectors is essential to ensure sustainable and competitive economic growth as well as creation of high-quality job opportunities. Thus, various policies and initiatives were introduced, among others, those related to industrialisation, digitalisation, energy transition, semiconductor and mineral industries as well as agrofood, agricommodity and financial services subsectors. Nonetheless, the structural shift of HGHV industries and strategic sectors continues to lag and has yet to reach full potential due to low productivity growth and existing investment models that are not anchored on advanced technologies, including AI and intellectual property (IP). In addition, bureaucratic constraints, coordination issues and limited availability of local skilled talent, financing and market access, as well as immature R&D&C&I ecosystem also pose challenges in developing these industries and strategic sectors.



Objective

The advancement in growth of the HGHV industries and strategic sectors is able to increase the creation of high economic spillover. The production of 'Made by Malaysia' products and services will position Malaysia among the AI nations and the major consumption powerhouses in the world. As a result of this transition, the *rakyat* will be able to seize opportunities arising from the creation of new high-income jobs, and subsequently increase social mobility in the efforts to raise the floor. Industry players will also have the opportunity to reap benefits from the involvement along the value chains, including at the global level.

Achievement of the Twelfth Plan

Efforts to develop HGHV industries in the Twelfth Plan which focused on five priorities, namely energy transition, technology and digital, high-value electrical and electronics (E&E) industry, agriculture and agro-based industry as well as rare earth elements (REE), recorded several achievements. The New Industrial Master Plan (NIMP) 2030 was introduced in 2023 to drive the industrial sector transformation of the country towards achieving the aspirations of the Ekonomi MADANI by emphasising advancement in technology, sustainability and deeper integration into the global value chains.

The National Energy Policy, 2022-2040, the National Energy Transition Roadmap (NETR) and the NIMP 2030 were launched to support the Low Carbon Nation Aspiration 2040. A total of 10 flagship projects and 50 NETR initiatives are being implemented, with projected outcomes exceeding the targets in the aspects of job opportunities, investment commitments and reduction in greenhouse gas (GHG) emissions. Among the flagship projects currently being implemented are the Hydro Hybrid Floating Solar in Kenyir, Terengganu, the Biofuel Hub in Pengerang, Johor and the Community Solar in Bandar Elmina, Selangor. In line with the initiatives to enhance green mobility, an autonomous rail transit project based on hydrogen technology was introduced in Sarawak, and mobile hydrogen refuelling station in

the Federal Territory of Putrajaya is in operation. In addition, the National Energy Transition Facility (NETF), a financing facility amounting to RM2 billion was launched to support energy transition-based initiatives.

The Malaysia Digital Economy Blueprint was introduced in 2021 to accelerate digital transformation and inclusivity. As of 2025, digital investment amounting to RM77.2 billion was realised, exceeding the target of RM70 billion. A total of 52 touchpoints per 1,000 users were recorded, exceeding the target of 36 touchpoints. Among the touchpoints that facilitated the *rakyat* in making digital payments include the electronic funds transfer at point of sale terminals and QR codes.

The National Semiconductor Strategy (NSS) was launched in 2024 to support the implementation of the NIMP 2030. A strategic partnership with a global semiconductor company valued at US\$250 million was signed as part of the high value high technology (HVHT) semiconductor industry flagship programmes. Additional investment of RM46.5 billion for strategic projects was realised, comprising RM30 billion for wafer fabrication, RM8 billion for AI chip production and RM8.5 billion for high-tech substrates integrated circuit production. These initiatives are catalyst for the development of high-tech value chains and creation of a more sustainable local IP.

The agriculture sector recorded a growth of 1.1% per annum during the period from 2021 to 2024, supported by 2.1% annual growth in the agrofood subsector. In 2024, this sector recorded an export value of RM105.7 billion. Labour productivity growth in this sector increased at 0.9% annually, from RM53,116 per employee in 2020 to RM55,005 in 2024. The processing of more downstream products successfully increased the value added of the agro-based industry to RM83 billion in 2024. In addition, a business model of the REE industry for the entire value chain was developed and the mapping was expanded to cover 100 square kilometres of potential areas to propel the development of this industry in Malaysia. The introduction of the Third National Mineral Policy in 2025, among others, aimed to drive the development of the local REE industry along the value chain.

The high-impact strategic sectors also recorded improvement. The tourism industry rebounded, showing resilience during the Twelfth Plan period. Foreign tourist spending surged to RM102.2 billion in 2024, compared with RM86.1 billion in 2019, surpassing pre-COVID-19 pandemic performance with an annual growth rate of 3.5%. The halal industry contribution to gross domestic product (GDP) stood at 7.7% in 2024 with a value of RM149 billion, compared with 7.6% in 2021, while halal export value reached RM61.8 billion, compared with RM36.6 billion during the same period.

The National Biomass Action Plan 2023-2030 was introduced to develop the biomass industry. Total investment in the biomass industry increased to RM1 billion as at June 2024. In addition, the Sports Satellite Account which provides comprehensive statistics was established in 2024 to support the development of the sports industry as a new source of growth. In 2022, this industry contributed RM19.6 billion in gross value added, compared with RM17.5 billion in 2021. The digital creative industry generated an income of RM6.3 billion with total exports of RM850 million and provided more than 11,000 jobs in 2022.

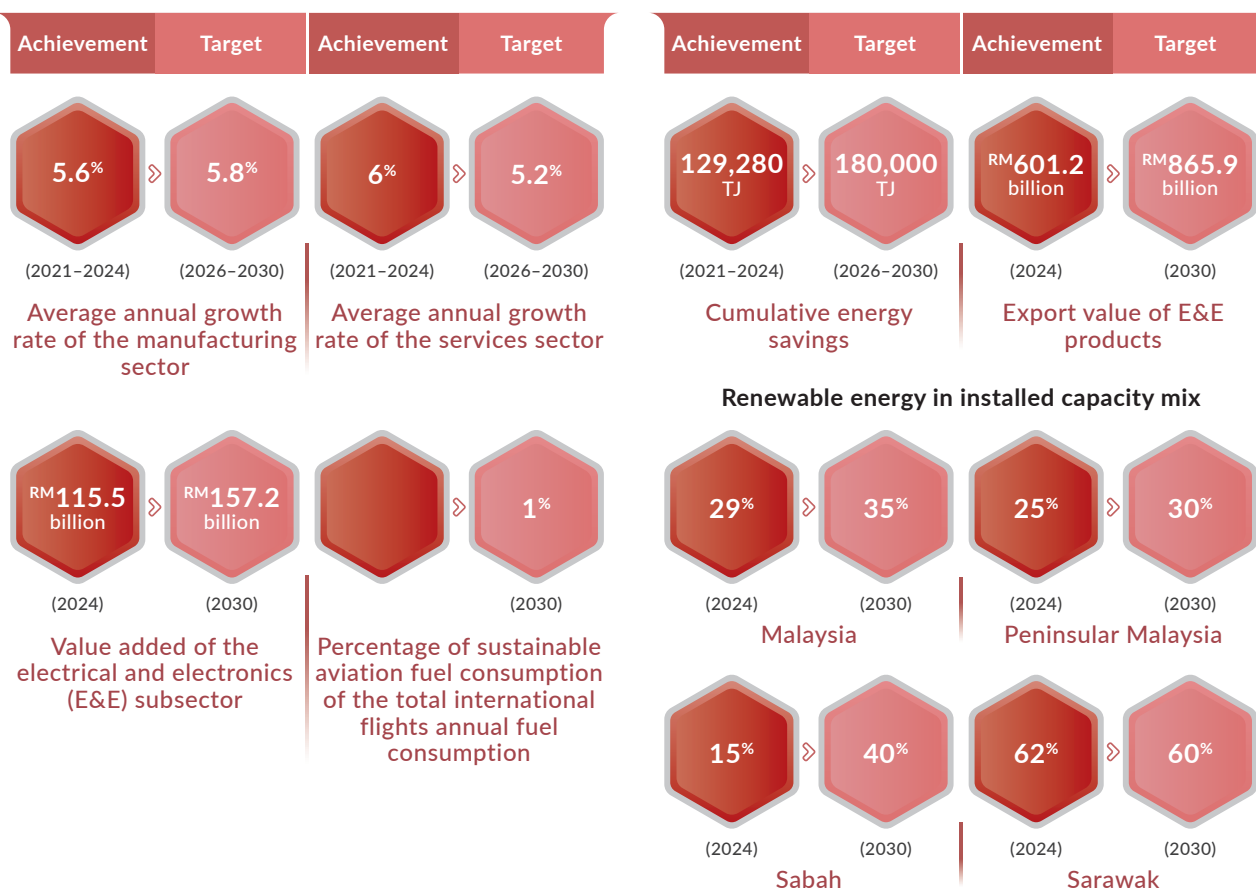
The capital market recorded strong performance in 2024, with total value reached RM4.2 trillion, growing at an annual rate of 5.4% during the period from 2021 to 2024, supported by growth in the segments of equity, bond and alternative market instruments. In line with this performance, the venture capital (VC) and the private equity (PE) markets recorded significant growth, with total committed funds amounting to RM24.7 billion in 2024, a substantial increase compared with RM0.3 billion in 2020. Under the implementation of the Capital Market Masterplan 2021-2025, various initiatives were introduced, including the Catalysing Access for MSMEs and MTCs to the Capital Market: 5-Year Roadmap (2024-2028), the National Sustainability Reporting Framework, the Practical Guide on Venture Capital and Equity as well as the VC Golden Pass. In addition, the NIMP 2030 Strategic Co-Investment Fund amounting to RM3.3 billion was approved to increase capital resources and create alternative financing to fund strategic and high-impact projects as well as the Mission-Based Projects identified under the NIMP 2030.

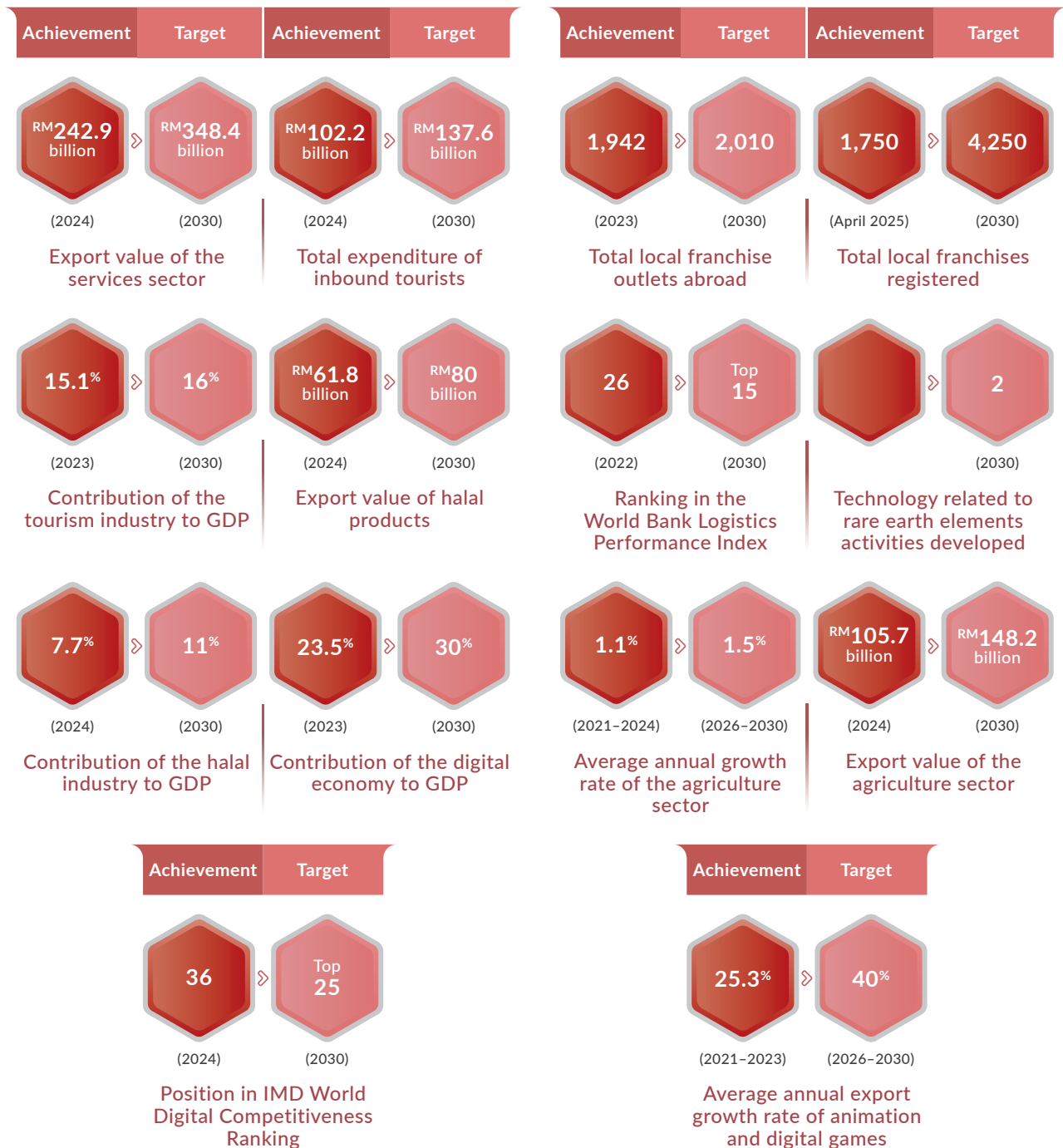
The Islamic banking industry continued to record positive growth with a higher contribution to total financing, from 41% in 2020 to 46.6% in 2024. The takaful industry also provided bigger share to total net contributions, from 18.2% to 23.9% during the same period. The

involvement of Malaysia as an international gateway for Islamic finance was strengthened through various collaborations under the Malaysia International Islamic Finance Centre (MIFC) Leadership Council.

Target

A total of 24 selected targets are set to propel HGHV industries and high impact strategic sectors during the Thirteenth Plan period, as follows:





Strategy

Propelling of HGHV industries and high impact strategic sectors as a driver of growth will focus on various areas. In this regard, development and adoption of advanced technologies based on AI will be emphasised. Efforts for HGHV industries will focus on reforming the semiconductor industry, accelerating energy transition, developing the REE value chain, diversifying high-value agriculture products, strengthening development of the digital economy as well as leveraging science, technology and innovation (STI). The development of high impact strategic sectors will emphasise efforts to expand the air transport industry as well as strengthen the tourism, halal and creative industries. In addition, global services (GS), finance, distributive trade, logistics and sports industries will be invigorated. The propelling of HGHV industries and high impact strategic sectors will be implemented through 18 strategies, as follows:

Strategy A1.1: Reforming Local Semiconductor Industry

Malaysia is the sixth largest semiconductor exporter in the world. In order for Malaysia to be a competitive high-tech semiconductor hub in line with the NSS, a bold step needs to be taken to reform this industry. In this regard, various strategic collaborations under the NSS will be implemented with global and local semiconductor companies along the value chain to accelerate the industry transition to produce more complex and high-value products. The implementation of these collaborations will be based on a technology and IP centric investment model, with the active involvement of government-linked investment companies, that prioritises local companies as strategic partners and acquisition mechanism of high-tech companies. These initiatives are expected to produce world-class local champions in integrated circuit design, elevate the capability in producing HVHT 'Made by Malaysia' products and increase skilled talent.

The investment ecosystem will be strengthened by integrating the circular economy and AI-based digitalisation in domestic supply chains. Investment incentives and financing will prioritise IP-based investment as well as alternative financing, such as credit guarantee and venture capital to accelerate the transition to more targeted and competitive knowledge-based investment. Skills training programmes conducted fully in industry will be further expanded to increase invention capacity, driven by quality talent. This measure also aims to meet the needs of 700,000¹ skilled workers by 2030 in the manufacturing sector and manufacturing-related services subsector, including in the Kerian Integrated Green Industrial Park, the Kulim High Technology Park and the Johor-Singapore Special Economic Zone.

Strategy A1.2: Strengthening the Natural Gas Supply Industry

The natural gas supply industry will continue to be strengthened in order to be more sustainable and future-proof in supporting the energy transition. The Natural Gas Roadmap will be implemented to ensure supply security, optimise the value of domestic natural gas resources as well as increase private investment. In this regard, among the initiatives that will be undertaken include strengthening cooperation in trade and infrastructure development with the Association of Southeast Asian Nations (ASEAN) member states to achieve the aim of positioning Malaysia as a leading regional gas trading hub. Construction of the third regasification terminal will begin in 2026 and is expected to commence operation in 2027 to meet the increasing demand for natural gas in the Peninsular Malaysia. In addition, planning, development and governance of the natural gas industry at national and regional levels will be coordinated.

Strategy A1.3: Enhancing Electricity Supply

An electricity market system based on a more innovative mechanism will be established to ensure quality and reliable electricity supply services. The development

¹ Refers to the targets in the New Industrial Master Plan 2030 (NIMP 2030).

of this new mechanism will focus on transparent and viable generation procurement, the development of an independent grid system and the establishment of a market operator towards liberalising the electricity supply industry. The deployment of smart meters will be expanded to enable consumers to fully leverage the Time of Use electricity tariffs scheme, which was introduced in July 2025 to promote more cost-efficient electricity consumption. The competitiveness of the energy market will be enhanced through the utilisation of various renewable energy (RE) sources and new technologies, such as participation of self-consumption generators. The grid flexibility will be strengthened through the implementation of battery energy storage systems and smart grid as well as the development of electricity supply infrastructure. In addition, energy demand management will be strengthened through the introduction of the second national energy efficiency action plan and thermal energy efficiency guidelines as well as the expansion of energy efficiency labelling for industrial sector equipment.

Strategy A1.4: Increasing Access to Green Electricity Supply

The supply of reliable green electricity will be strengthened by increasing the diversity and availability of sources. Supply initiatives based on third-party access, such as the Corporate Renewable Energy Supply Scheme, will be enhanced as among the methods in obtaining new RE-based resources regardless of locality. The implementation of the Community Renewable Energy Aggregation Mechanism will enable RE generation under the open grid access concept through the collective installation of solar photovoltaic systems on rooftops of residential premises. In addition, green electricity interconnection project between Vietnam, Malaysia and Singapore to transmit RE will be implemented, supporting the ASEAN Power Grid vision in establishing a resilient, sustainable and interconnected energy market between countries. In line with the aspiration of Sarawak as the RE hub based on hydropower, grid interconnection project from Sarawak to Peninsular Malaysia will be implemented.

Strategy A1.5: Introducing Nuclear Energy as a Source of Clean Electricity

The nuclear energy development programme for electricity generation as a clean energy source in the national energy mix will be implemented and is expected to begin operation in 2031. MyPOWER Corporation will serve as the Nuclear Energy Programme Implementing Organization, responsible for the governance of the national nuclear programme, in accordance with the International Atomic Energy Agency. This entity will coordinate the implementation of communication, education and public awareness (CEPA) programmes, investment in new infrastructure, strengthening of research and development (R&D) and expert training as well as international cooperation on nuclear energy.

Strategy A1.6: Developing the Entire REE Value Chain

The development of the REE industry will be accelerated by improving the entire ecosystem as well as intensifying activities along the value chain. Focus will be given to develop local capacity, particularly in mining technology as well as in refining and separation of REE, through strategic collaborations with foreign countries. In this regard, REE raw materials will be restricted solely for domestic use to develop potential midstream and downstream industries.

Priorities will be given to the development of local talent as well as provision of infrastructure with advanced technology, and comprehensive financing and incentives to enhance the competitiveness of the industry. In addition, a more precise and detailed mapping mechanism will be deployed to expedite the development of REE resources inventory. Policies and governance will be improved to increase efficiency and transparency of the REE industry management as well as ensure fair distribution of benefits to all stakeholders. Collaboration and coordination between the Federal and state governments will also be strengthened and enforcement will be enhanced to support sustainable development of the REE industry, thus protecting the environment and ensuring resource sustainability.

Strategy A1.7: Advancing Agrofood and Agricommodity Subsectors

The development of agrofood and agricommodity subsectors will be accelerated by focusing on efforts to increase high-value production, productivity and technology adoption, intensify R&D&C&I as well as expand markets. Large-scale farming of high-value products such as durian, pineapple, seaweed, bird's nest, floriculture and ornamental fish will be encouraged to meet market demand. In addition, efforts to diversify agro-based products will be intensified through strategic collaboration with the private sector and universities to increase innovation in producing high-value products. These include sustainable products, such as B20 and B30 biodiesel blends, construction materials, wood products and fibre-based textiles as well as cosmetics and personal care products, bioceuticals and processed foods.

Focus will be given on providing integrated infrastructure and improving the provision of incentives to be more targeted and based on performance to enhance implementation effectiveness. Efforts to enhance productivity through smart farming will be expanded by adopting modern technologies, such as internet of things, drones and big data analytics. The adoption of technologies, which include rapid freezing, retort sterilisation and high-pressure processing will be increased to produce safe and quality food products. In addition, the use of robotic technology in oil palm plantations to reduce dependency on foreign workers will be implemented on a pilot basis.

Investment in R&D&C&I to produce agricultural inputs that are resilient to diseases and weather conditions as well as high-yield will be increased through collaboration with industry. The commercialisation of R&D outputs by public research agencies will be increased to provide greater benefits to target groups. These efforts will

increase local capability and reduce dependency on raw material imports. In addition, export trial initiatives and targeted promotions will be implemented to explore and expand international markets.

The agricommodity replanting programmes, particularly for oil palm and rubber smallholders, will be expanded to increase productivity and income of smallholders, as well as the export value of the nation. In addition, to strengthen the implementation of circular economy, focus will be given in leveraging the use of agricultural waste within the agricommodity subsector value chain such as oil palm fronds, empty fruit bunches, fallen rubber leaves and cocoa pods. In this regard, the use of technology and innovation in producing high-value products from biomass such as bioenergy, biocomposites, biopellets and compost fertiliser will be intensified. The adoption of environmental, social and governance (ESG) principles among industry players will be strengthened to ensure sustainable, resilient, and ethical development of the sector in line with global requirements.

Strategy A1.8: Strengthening Development of Digital Economy

The development of the digital economy will be strengthened by focusing on enhancing the ecosystem, operational efficiency and policy implementation as well as infrastructure provision. The ecosystem to position Malaysia as a regional producer of digital technologies, particularly AI, will be improved through initiatives related to data, testing and matching platforms as well as cyber defence capabilities. A national data bank will be established as a centralised comprehensive information repository to facilitate a wider and safer sharing. The usage of digital twin² as virtual sandbox will be increased to support innovation simulation. In addition, a hyper personal platform will be developed to facilitate the matching of demand and supply between businesses and local technology solution providers. The cyber defence

² Refers to a digital copy of a physical object, system or process that encompasses its characteristics, behaviours and performances (ISO/IEC 30173:2023).

capabilities of the country will also be strengthened through a post-quantum cryptography migration plan to protect the national critical information infrastructure and ensure the continuity of business operations.

The Pelan Tindakan AI Kebangsaan 2030 will be introduced as a main reference to accelerate and expand adoption of AI in driving economic growth and enhancing national competitiveness. The development and adoption of AI holistically across strategic sectors will be intensified to increase productivity. In this regard, the aspects of AI governance and ethics as well as digital trust will also be emphasised in ensuring that AI development and adoption are implemented responsibly and safely. In addition, AI talent development will be strengthened through upskilling and reskilling programmes to meet the needs of the industry for the workforce.

Digital infrastructure will be improved to enhance internet access, mainly high-speed connectivity. Business digital identity will also be introduced to accelerate secured access to financing services and international markets. Implementation of the Rangka Tindakan Ekonomi Perkongsian will be intensified through solid governance that includes impact and outcome-based monitoring and evaluation.

Strategy A1.9: Expanding Air Transport Industry

The air mobility³, as one of the high-impact strategic sectors will be expanded by adopting advanced technologies in the creation and production of aerial vehicles as well as by integrating the usage within the national transportation network. In this regard, a comprehensive air mobility roadmap will be formulated with the focus on development of the Unmanned Aircraft Traffic Management System as well as usage of unmanned aircraft system (UAS) technology and advanced air mobility (AAM) system to strengthen the

transportation network. The ecosystem for 'Unmanned Valley' or a controlled airspace zone will be established through collaboration with industry players to accelerate the adaptation to UAS and AAM technologies. This ecosystem will be equipped with latest infrastructure and facilities as well as a legal framework that support research, testing and commercialisation activities. This initiative will accelerate the development of air mobility, create skilled jobs and unlock opportunities for local companies to explore high-impact markets extensively.

Decarbonisation initiatives will be intensified in ensuring sustainable development of air transport, in line with the aspiration of Malaysia to be the ASEAN hub for sustainable aviation. In this regard, the Malaysia Aviation Decarbonisation Blueprint will be implemented to reduce carbon footprint of the air transport industry. The readiness of the industry ecosystem to shift towards sustainable transport, including the adoption of sustainable aviation fuel (SAF) and low-carbon aviation fuel as well as the development of SAF-related infrastructure will be assessed. In addition, efforts to decarbonise ground handling services will be enhanced, which include providing more electric vehicle charging stations and photovoltaic panels to generate RE as well as creating more green landscapes.

The expansion of the air transport industry will be strengthened through strategic investment by local airline companies to increase flight operations within Malaysia and to international destinations. In this regard, the acquisition of 178 new aircrafts until 2030 will be implemented to expand seating capacity and passenger handling volume. In addition, flight frequencies and routes to ASEAN countries will be increased to support the growing activities in tourism, trade and foreign investment, which will accelerate the expansion of the industry.

³ Refers to the aerial movement of people or goods using advanced and efficient transport technologies, either fully or semi-automated.

Strategy A1.10: Enhancing High-Income and Sustainable Tourism

The development of a high-income and sustainable tourism industry will focus on efforts in establishing specific tourism zones, maintaining the sustainability of tourism products as well as leveraging art, cultural and heritage assets. Potential tourism investment zones will be developed as a strategic measure to provide new tourism products that can attract more domestic and international investors. This initiative will be implemented through collaboration between the Federal Government, state governments, the private sector and cooperatives. As at June 2025, a total of 43 potential sites were identified for the implementation of this initiative. Physical connectivity through land, sea and air as well as digital connectivity will be enhanced to support the development of the zones. In addition, tourism initiatives based on homestay programmes will be strengthened to increase income-generating opportunities, particularly for rural population.



Measurement and monitoring of sustainability of tourism areas will be introduced in the effort to ensure selected national tourism destinations meet international standards. A comprehensive impact assessment based on the ESG principles through this mechanism will be utilised to develop appropriate mitigation actions. The recognition of these sustainable tourism destinations will be leveraged to promote, attract investment and support the development of local communities.

The art, cultural and heritage assets will be revitalised with new innovations to catalyse the tourism industry development and promote the development of the orange economy. Latest technologies, such as augmented reality (AR) and virtual reality will be leveraged in developing creative content to enrich and enhance tourist experience. In this regard, collaboration with state governments will be intensified to upgrade key historic and heritage sites, including the Archaeological Heritage of Lenggong Valley in Perak, the Sungai Batu and the Lembah Bujang archaeological sites in Kedah, the Gua Bewah in Terengganu as well as the Warisan KL⁴. Collaboration with various stakeholders will also be implemented to promote heritage-based tourism packages and trails.

Strategy A1.11: Strengthening Halal Ecosystem

The national halal ecosystem will be transformed to increase productivity and boost contribution of the halal industry to GDP and export, thus maintaining Malaysia as a global halal leader. A halal commission will be established as a single entity responsible for halal governance and development. Among the roles of this commission are to coordinate and facilitate the needs of the industry, promote investment as well as be a reference centre and hub for standards of the global halal industry. In addition, programmes to expand market of halal products and services to international level will be strengthened to support upscaling of local small and

⁴ Refers to a strategic initiative based on the Kuala Lumpur Local Plan 2040, that leverages arts, culture and heritage as the thrust of urban regeneration and national identity, to revitalise heritage-based tourism in Kuala Lumpur.

medium enterprises (SMEs) in the halal industry. The role of halal industrial park will be enhanced to facilitate the development of a high-value halal industry.

A legislation will be formulated to standardise halal guidelines, regulations and procedures at the Federal and state levels, complementing the establishment of the commission. The main focus of the harmonisation involves matters related to certification, auditing, promotion and enforcement of halal logo. This legislation is critical to resolve various issues that hinder the development of the halal industry as well as streamline the roles and functions of 198 agencies involved.

Strategy A1.12: Invigorating High-Value Global Services Industry

The development of the GS industry will focus on attracting quality investment with high spillover effects, such as in the development of global technology centres and the Single Family Office Management Company⁵ as well as R&D and exploration of sophisticated products. Local professional service providers will be encouraged to collaborate with foreign investors in enhancing competitiveness and penetrating the services value chain at the global level. Infrastructure, basic facilities and incentives will be provided through collaboration with various stakeholders in attracting foreign investors to invest outside of the Klang Valley, Pulau Pinang and Johor. Enforcement of green and sustainable practices will also be strengthened to ensure the GS industry players comply with existing legislation and guidelines.

Strategy A1.13: Strengthening the Orange Economy Ecosystem

The local creative industry ecosystem will be strengthened to enhance competitiveness of the orange economy through the production of creative works with high commercial value. The success of several local animation

companies proves that local content is able to penetrate the international market and create brands that are recognised in the region. In this regard, the development of highly skilled and dynamic creative talent aligned with technological changes will be enhanced, including through collaboration with TVET institutions to meet market demand. Private sector-driven financing will also be improved to support the industry growth. An integrated approach through collaboration with all stakeholders will be intensified to strengthen the entire creative industry value chain. These measures will be able to propel 'Made by Malaysia' creative content in line with the aspiration for the nation to become a leader in the regional and global markets.

Strategy A1.14: Advancing Financial Services Industry

The financial services industry will be advanced through enhanced data sharing, digitalisation and expansion of financial products. Financial data sharing will be augmented, particularly through the use of a more supportive and innovative alternative data⁶. The potential of new technologies, such as digital asset, blockchain, asset tokenisation and central bank digital currencies as well as expansion of sandbox will be explored to drive digital innovation. Efforts will continue to be intensified to improve digital financial literacy as well as encourage the adoption of digital banking services among the *rakyat*. The offering of financial products specifically tailored for vulnerable groups, such as the B40 group, older persons and persons with disabilities will be expanded to ensure all segments of the *rakyat* have equitable access to financial services. In addition, the blended financing mechanism will be enhanced to enable businesses to access various sources of capital in mitigating investment risks.

The fourth capital market masterplan will be developed to drive a more inclusive and resilient capital market transformation, as well as to enhance innovation and

⁵ Refers to an entity that provides exclusive management services to the Single Family Office Instrument wholly owned, either directly or indirectly, by one or more individuals, that performs functions such as investment management, administrative services and other related activities for the benefit of family members.

⁶ Refers to non-traditional information, such as spending patterns, digital transactions and utility bill payments, used to assess the financial capability or creditworthiness of individuals or businesses.

regulatory efficiency. The masterplan will focus on efforts to increase capital formation and mobilisation to support the national agenda. The Islamic capital market will continue to be strengthened through the application of Maqasid Shariah concept to create a sustainable, inclusive and ethical investment ecosystem in line with the principles of the Ekonomi MADANI. Focus will also be given on efforts to strengthen the VC and PE market ecosystem through activities such as facilitating fund establishment and enhancing fund raising capability.

Efforts will be strengthened to maintain the position of Malaysia as a global leader in Islamic finance through initiatives under the Financial Sector Blueprint, 2022-2026 and the new capital market masterplan. Collaboration in the international Islamic finance market will be strengthened with a more structured approach through the MIFC Leadership Council. In addition, the offering of Islamic financial solutions will be expanded into investment and trade activities along the halal supply chain. Green financing for the halal industry will be expanded to encourage adoption of green practices in businesses.

Strategy A1.15: Enhancing Efficiency of Retail Industry

The retail industry, which is the largest contributor to the distributive trade subsector, will be expanded to the international level. Capacity building initiatives and assistance to participate in trade missions and establish businesses abroad will be improved. A study will be undertaken to improve the Franchise Act 1998 [Act 590] and assess the feasibility of implementing a self-regulatory system. This study aims to identify measures to reduce bureaucracy and regulatory burden as well as increase competitiveness of franchise businesses. In addition, efforts will be intensified to accelerate digitalisation among small and medium retailers to enhance competitiveness and resilience as well as scale up businesses. Retailers will also be supported through the implementation of targeted programmes to enhance capacity and capability, strengthening of supply chain and improvement in access to need-based financing.

The Price Control Order Regulations 1980 will be amended in mandating traders to display unit pricing in addition to the retail price. This amendment will ensure transparency and promote healthy competition among traders. This measure also allows consumers to compare prices between different brands and quantities more accurately. Advocacy programmes will be intensified to raise awareness and assist consumers to make smarter decisions as well as prevent price manipulation by traders.

Strategy A1.16: Increasing Efficiency of Logistics Industry

The logistics supply chain management will be modernised by strengthening the monitoring to increase efficiency in the movement of goods. In this regard, efforts will be undertaken to ensure that the industry monitors in real-time the status of goods movement throughout the delivery process. The real-time data collected will assist in planning the optimal routes for goods movement and managing inventory more effectively to increase the productivity of the industry. In addition, measures will be undertaken to ensure that majority of the cargo movements shift from utilising roads to rail transport system by increasing train capacity and services frequency. The track usage rate for cargo rail operations is expected to increase from 6% in 2025 to 13% in 2030 through this initiative. Standards and specifications for warehouses as well as a national warehouse inventory website will also be developed to facilitate business and enhance competitiveness towards achieving the goal of becoming a logistics hub in the Asian region.

Logistics support facility such as fulfilment centres offering warehousing, cold chain, order processing and online delivery services will be developed. The industry will be encouraged to provide training for gig workers to enhance skills in meeting the industry demand. In addition, a study will be conducted to identify structural issues and challenges as well as gaps in the achievement of Malaysia compared with the top five countries in the World Bank Logistics Performance Index report.

The study will also provide action plans as well as monitoring and performance evaluation mechanism to increase the efficiency and competitiveness of the national logistics industry.

Strategy A1.17: Developing National Sports Industry

Efforts will be intensified to develop the domestic sports industry as a new source of economic growth. These initiatives include developing a supportive ecosystem for sports industry, such as access to better financing and incentives as well as introducing 'Made by Malaysia' sports products in the global market. The R&D&C&I activities will be scaled up to increase the development of competitive and high-value sports products and services.

Strategy A1.18: Mainstreaming Science, Technology and Innovation

Efforts to mainstream STI in socioeconomic development will be intensified to ensure a competitive and sustainable economy. A more flexible collaborative model with various local and international counterparts will be explored to attract investment in accelerating technology transfer and promoting innovation. Awareness and understanding on the application of STI, including the adoption of AI technology, among industry players will also be increased through targeted CEPA implementation. A pilot project based on the blueprint developed by the industry will be implemented to ensure the science, technology, engineering, and mathematics (STEM) talent meet the industry need. This pilot project will also provide AI-based interactive learning tools for STEM talent.

A2: Strengthening of Green Economy

Malaysia is committed to achieve the target of 45% reduction in GHG emissions intensity to GDP in 2030 based on the emissions intensity in 2005. In this regard, sustainable development will be enhanced by

strengthening the green economy, which emphasises sustainability compliance as a prerequisite to penetrate global markets and attract new foreign investment. In the Twelfth Plan, focus was given to the development of policies, legislation and governance related to carbon emission reduction as well as enhancement of the green market ecosystem and access to global markets. Various challenges remain in driving the green economy development, particularly a less viable green market ecosystem that constraints investment and competitiveness of industry players.

Objective

Strengthening of the green economy will increase investment in the development of new low carbon industries as well as expand the exports of high value green products and services. Industry players will have the opportunity to be actively involved in more complex green economic activities, which will position Malaysia on a sustainable and competitive economic trajectory. These efforts will benefit the *rakyat* through the creation of new skilled and high-paying job opportunities.

Achievement of the Twelfth Plan

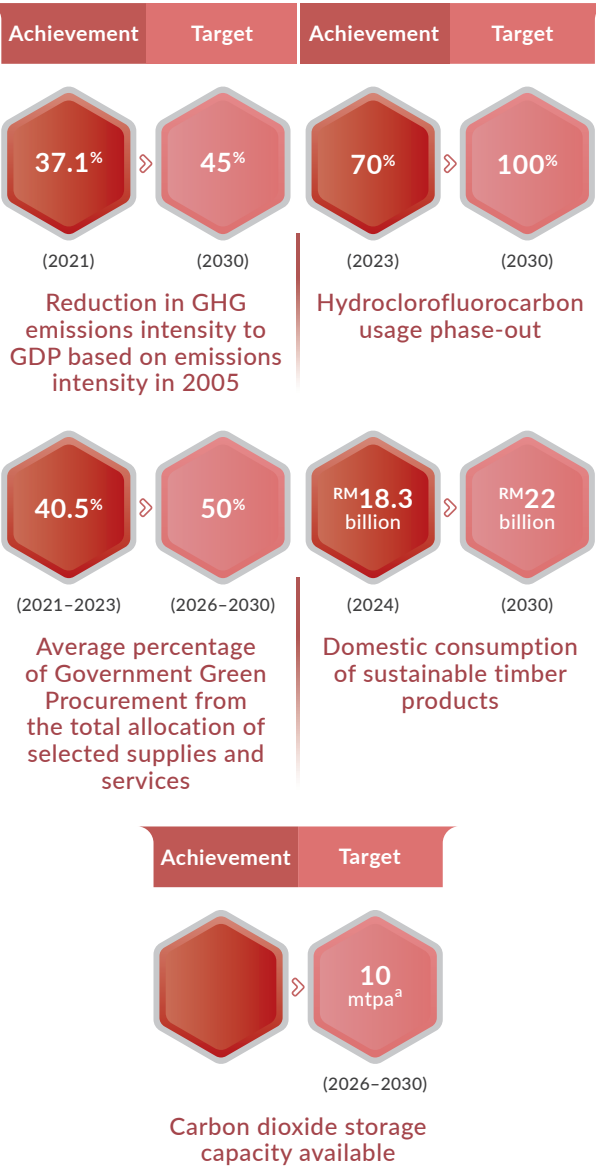
The implementation of various initiatives in developing the green economy during the Twelfth Plan period recorded several achievements. The reduction in GHG emissions intensity to GDP based on emission intensity in 2005 reached 37.1% in 2021. The reduction of hydrochlorofluorocarbons usage reached 70% in 2023, earlier than the target of 67% by 2025. The Government Green Procurement (GGP) nearly doubled, reaching 40.5% and exceeded the target. In addition, domestic consumption of sustainable timber products rose to RM18.3 billion in 2024 compared with RM17.0 billion in 2021. The Bursa Carbon Exchange conducted the first Malaysian carbon credit auction in 2024, which involved the sales of carbon credits totalling more than 20,000 tonnes of carbon dioxide equivalent from the Kuamut Rainforest Conservation Project, Sabah.

The Carbon Capture, Utilization and Storage (CCUS) Bill 2025 was also passed in March 2025 to regulate CCUS industry activities as a new source of economic growth. These activities involve the capture, transport, use and permanent storage of carbon dioxide (CO₂). The National Carbon Market Policy was introduced in 2025 to provide a comprehensive roadmap for the implementation of carbon market mechanisms through compliance and voluntary basis in Malaysia.



Target

Five selected targets are set in the efforts to strengthen the green economy during the Thirteenth Plan period, as follows:



Note: ^a Refers to million metric tonne per annum

Strategy

During the Thirteenth Plan period, the implementation of the agenda to strengthen the green economy will be intensified in ensuring economic resilience and environmental sustainability. The green economy growth initiatives will be based on existing policies, particularly the NETR, the NIMP 2030 and the Hydrogen Economy and Technology Roadmap. In this regard, four strategies are identified in the efforts to strengthen the green economy, as follows:

Strategy A2.1: Facilitating Carbon Trading

Carbon trading in compliance with the carbon reduction commitment under the United Nations Framework Convention on Climate Change will be intensified through the implementation of a national carbon market policy and enactment of a legislation related to climate change. A carbon emission trading scheme will be established as a mechanism to facilitate carbon trading. This measure will increase investment in carbon credit projects, ensure market stability and stimulate the adoption of low carbon technologies by various industries. In addition, provision of incentives and regulatory compliance for the implementation of carbon credit projects will be streamlined at the Federal and state levels. Carbon emission measurement and progress monitoring of the GHG reduction targets in the energy sector will be strengthened to ensure more effective planning and mitigation action plan. In this regard, a comprehensive national energy outlook report will be produced as a main reference on future carbon emission trend.

Strategy A2.2: Boosting CCUS Industry

The implementation of CCUS initiatives as a new source of economic growth which began in the Twelfth Plan period will be intensified to support the development of the green economy and the low-carbon economy. The regulatory and governance framework will be enhanced to enable the implementation of CCUS initiatives in a comprehensive and effective legal ecosystem. In

addition, CCUS activities will be included as part of the green investment and financing taxonomy to facilitate industry participation. The R&D&C&I activities will be strengthened, particularly to identify appropriate and cost-effective technologies through strategic collaborations between research institutions and industry players.

Bilateral agreements on CO₂ cross-border transportation activities with Japan, the Republic of Korea and Singapore will be signed in the efforts to position Malaysia as a leader in CCUS initiatives in the Asia-Pacific region. In addition, a pilot CO₂ capture project in the iron and steel industry will be implemented in Kemaman, Terengganu and the utilisation of CO₂ sourced from the capture activities will be explored. The participation of SMEs, including oil and gas services and equipment (OGSE) companies across the CCUS value chain will be encouraged. The development of local talent and expertise will be enhanced through technology transfer by undertaking strategic collaborations with foreign countries.

Strategy A2.3: Enhancing Green Financing Access

Access to green financing will be enhanced through the strengthening of SMEs project viability, participation of more private financing providers and introduction of new financing programmes. Capacity building programmes for SMEs in designing viable green projects in order to access existing financing, such as the Low Carbon Transition Facility, Green Technology Financing Scheme 5.0 and Sustainable Green Biz Financing will be intensified. Blended financing under NETF will be increased through collaboration between implementing agencies and private financing partners to accelerate energy transition projects. A platform for blended financing will be introduced to facilitate aggregation and disbursement of funds. In addition, new green financing programmes that support decarbonisation efforts through energy efficiency, RE generation, waste management and low-carbon technologies adoption, particularly in the manufacturing sector, will be explored.

Strategy A2.4: Fostering Demand and Supply of Green Products

Efforts to foster domestic demand for green products and services will be enhanced through green procurement and green city initiatives. In this regard, the GGP Works guideline will be enforced to complete the Government green procurement scopes, encompassing supplies, services and works. State governments and PBTs will be encouraged to expand the implementation of the GGP. In addition, the transformation of cities to be more sustainable will be accelerated through increased usage of RE and energy efficiency, green mobility as well as smart landscapes. Green products and services supply chains will be strengthened through improvement in green certification and capacity building of related industries to support green market initiatives.

Focus will be given to greening the agricommodity supply chain to increase the competitiveness of Malaysian products in the global market and safeguard the domestic market ecosystem. Local standards for sustainability certification will be improved for palm oil, rubber and timber, and sustainability certification for other agricommodity products such as kenaf, cocoa and pepper will be introduced. Efforts to increase the traceability of agricommodity products along the supply chain will be implemented through the usage of advanced technology. In addition, a mechanism to set the environmental sustainability of imported agricommodity products will be developed to ensure resilience of downstream industries.

A3: Invigoration of Blue Economy

Malaysia, as a maritime nation, has the potential to develop the blue economy in driving the economic complexity of the country. Measures to develop the blue economy were initiated through sustainable use of natural resources in the marine and coastal areas as well as the inland water ecosystem. However, the development is constrained by issues and challenges

due to lack of a supportive ecosystem, encompassing the aspects of policy, legislation and governance as well as investment and financing supports.

Objective

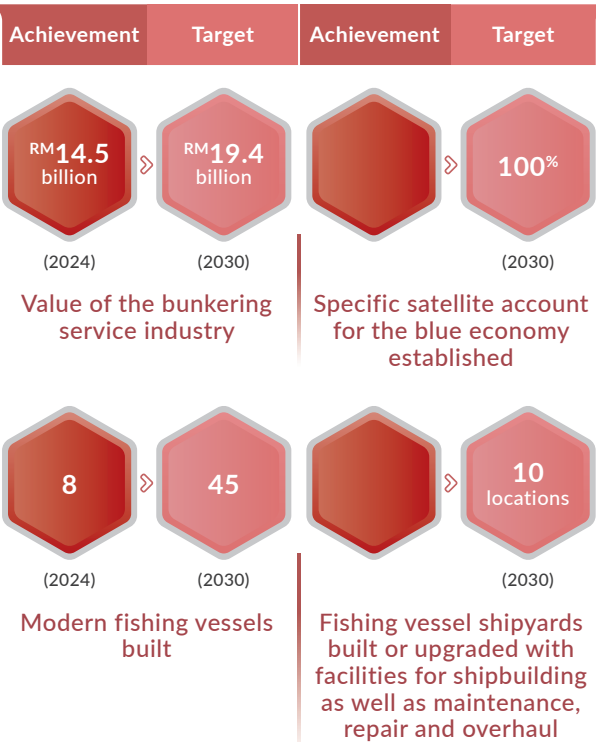
The invigoration of the blue economy will enable industry players to explore new high-value investment and markets by leveraging natural resources of the country to compete globally. Sustainable marine biodiversity provides opportunities for the *rakyat* across generations to reap the benefit from diverse resources in generating income and improving quality of life towards decent living. The development of strategic blue economy industries will spur new economic activities, strengthen competitiveness and contribute to the economic growth as well as position Malaysia as a leader in this region.

Achievement of the Twelfth Plan

During the Twelfth Plan period, various strategies and initiatives were implemented to increase blue economy activities in the national development. The national ports remained competitive, contributed by the increased container handling capacity, mainly those in Port Klang, Tanjung Pelepas and Pasir Gudang. Container handling also increased from 25,973,000 twenty-foot equivalent units (TEUs) in 2020 to 29,863,000 TEUs in 2024. The marine tourism industry recorded recovery in tourist arrivals with the increase in the number of visitors to marine parks throughout Malaysia, from 20,000 visitors in 2021 to 586,000 in 2024. The value added of the fisheries subsector increased by 1.2% per annum during the period from 2021 to 2024, from RM11.3 billion in 2020 to RM11.8 billion in 2024. In addition, 5.4% of marine areas were gazetted as marine protected areas as of 2024. The Malaysia Blue Economy Blueprint was introduced in 2025 to holistically drive the development of the blue economy strategic sectors for the period from 2025 to 2030. Malaysia also chaired the ASEAN Coordinating Task Force on Blue Economy (ACTF-BE) Meeting and organised the ASEAN Blue Economy Forum, in 2025 in conjunction with the ASEAN chairmanship.

Target

Four selected targets are set in the efforts to invigorate the blue economy during the Thirteenth Plan period, as follows:



Strategy

The blue economy development will be governed sustainably to enhance economic growth, strengthen community wellbeing as well as protect marine, coastal and inland water ecosystems for the benefits of the present and future generations. Focus will be given on efforts to strengthen the blue economy ecosystem and spur the growth of selected strategic industries as well as preserve treasures and sustain biodiversity. Three strategies are identified in the efforts to invigorate the blue economy, as follows:

Strategy A3.1: Strengthening Blue Economy Ecosystem

The blue economy ecosystem will be strengthened by improving policy, legislation and governance. A comprehensive ocean policy will be developed to manage and govern national maritime activities in a unified manner. The implementation of this policy will be supported by developing a marine spatial plan. The formulation of a policy and legislation on the extraction of minerals with great economic potential in the seabed will also be explored. In addition, the management of the Federal ports will be enhanced through a comprehensive review of existing acts to avoid duplication of roles and responsibilities of the port authorities. A policy to strengthen the national shipping industry, including by increasing the ship operations of local companies will be formulated to reduce dependency on foreign ships. In this regard, 136 new ships will be acquired by local companies of which are expected to generate more than 840,000 gross tonnage in 2030.

Legislation and governance related to pollution management and prevention will be strengthened to improve coordination, efficiency and effectiveness of measures in protecting the marine and coastal ecosystems. In addition, policies and guidelines related to blue carbon will be developed, and a trading platform will be explored to enable the implementation of blue carbon credits as a new source of economic growth. In this regard, initiatives of mapping potential locations

of high CO₂ absorption and developing a blue carbon credits assessment mechanism will be explored. Data and information on the blue economy will be integrated through the development of blue accounting to facilitate comprehensive and coordinated planning, development and monitoring. A marine bioprospecting profile bank will also be established to encourage R&D&C&I in boosting the blue economy activities.

Strategy A3.2: Enhancing Growth of Blue Economy Strategic Industries

Efforts to enhance the growth of the blue economy will focus on several main industries, such as shipbuilding and ship repair (SBSR), logistics, including ship-to-ship activities, fisheries and aquaculture, coastal and maritime tourism as well as blue RE. The strengthening of the national SBSR industry will prioritise efforts in attracting investment to improve capacity in green shipping and local bunkering activities. This improvement will involve the formulation of a regulatory framework to coordinate governance and expand the use of green fuels, as well as the upgrading of bunkering infrastructure at major ports by the private sector. In addition, port infrastructure will be strengthened to support the growth of the blue economy through the development of more advanced, efficient and sustainable terminals. In this regard, the capacity of Port Klang will be increased through the construction of the third terminal at Pulau Carey and the development of the Westports 2 container terminal. These terminals will also adopt sustainable practices to support low-carbon maritime trade. Port capacities in Sabah and Sarawak will also be increased to support economic growth.

Sustainable capture fisheries and aquaculture industries will be revitalised through the establishment of integrated fisheries hubs equipped with ports and logistics facilities that support activities along the value chain. The construction and upgrading of integrated fishing vessel shipyards, that include facilities for shipbuilding as well as maintenance, repair and overhaul, will be encouraged at these hubs. In this regard, incentives and supports will be provided to increase the capacity and contribution

of the national fisheries industry. In addition, the aquaculture industry will be strengthened through the development of quality brood stocks and seedlings, adoption of innovation and advanced technology as well as increased investment opportunities to produce high-value outputs.

Coastal and island tourism products will be strengthened to improve sustainable tourism destinations. Tourism products that do not comply with international sustainable standards based on the International Network of Sustainable Tourism Observatories will be improved to support the development of the blue economy. The potential of the blue RE industry will be assessed through the exploration of technology viability, project feasibility and required investment. Among the technologies to be explored include ocean thermal energy conversion and offshore floating solar. In addition, OGSE activities will be diversified, particularly through the collaborative networks between OGSE and blue RE industry players at the domestic and international levels in increasing expertise and workforce.

Existing financial incentives will be strengthened, and sustainable blue economy funding and financing, such as blended financing mechanisms will be explored to support the growth of strategic blue economy industries. The adoption of advanced technology in the marine industry will be expanded, particularly for the modernisation and automation of fishing, shipping and port activities as well as marine bioprospecting screening. The use of technology and innovation will also be given focus in ocean waste management, environmental conservation and blue carbon initiatives. In addition, collaboration at the regional level in various fields will be intensified, encompassing R&D&C&I activities, technology transfer, expertise sharing and talent development. Blue economy hub will be developed in potential states such as Kelantan, Perak, Sabah and Terengganu to attract investment in strategic blue economy industries. Local experience and expertise in strategic industries will be recognised and leveraged to attract youth participation in blue economy activities that offer high income.

Strategy A3.3: Preserving Treasures and Maintaining Biodiversity Sustainability

Efforts in preserving treasures and maintaining the sustainability of biodiversity will continue to be strengthened to ensure sustainable growth of the blue economy. The enforcement of the Fisheries Act 1985 [Act 317] will be tightened to curb illegal and excessive fishing activities, particularly in the South China Sea. In this regard, the regulatory capacity of enforcement agencies will be increased through the enhancement of assets and human resource as well as the improvement in terms of methods and areas of enforcement. The Act 317 will also be amended to combat illegal, unreported and unregulated fishing activities as well as address the deterioration of the national fisheries resources. The *tagal* or *tagang* system practiced in Sabah and Sarawak will be expanded to the Peninsular Malaysia to ensure sustainability of inland fisheries resources. Strategic collaborations with the private sector, non-governmental organisations (NGOs) and local communities will continue to be strengthened in the implementation of programmes on waste management and recycling on islands as well as coastal cleaning. Efforts will also be intensified to encourage providers of tourism amenities and facilities in adopting the latest technology to manage energy, water and waste sustainably.



A4: Fortification of Food Security

Fortification of food security is a strategic measure to ensure national resilience. Various policies and initiatives were and are being implemented to enhance the competitiveness of the agrofood subsector. However, the nation still faces several global issues and challenges, such as climate change, supply chain disruptions and geopolitical uncertainties, which require more comprehensive actions to ensure basic food supply is always sufficient, safe and easily accessible by the *rakyat*.

Objective

Strengthening of food security enables the *rakyat* to always have access to sufficient, safe and nutritious food supply at reasonable prices regardless of location. The food supply chain efficiency allows farmers, livestock breeders, fishermen and agro-based industry entrepreneurs to optimise resources as well as increase productivity and yield. A resilient food supply chain will ensure food security and reduce the cost of living burden of the *rakyat*, as well as improve readiness of the nation in facing any crisis that affect the security and wellbeing of the *rakyat*. The commitment to ensure food availability requires cooperation of all stakeholders through the whole-of-nation approach.

Achievement of the Twelfth Plan

During the Twelfth Plan period, the agrofood subsector continued to be the largest value-added contributor to the agriculture sector at 53.3%, compared with the agricommodity subsector at 45.3% in 2024. The Agriculture Census 2024 was conducted to ensure comprehensive agricultural data is available for policy planning and implementation. The National Food Security Blueprint was introduced in 2025 to ensure the food supply of the country is resilient and sustainable as well as meets the needs of the *rakyat*. The Program Gelombang Padi: SMART Sawah Berskala Besar Ala Sekinchan was implemented, covering an area of 1,516 hectares to increase the self-sufficiency ratio (SSR) and reduce dependency on rice imports. The Program Penanaman Padi Lima Musim Dalam Tempoh Dua Tahun

was implemented from first season of 2023 to first season of 2025, involving 419 paddy farmers on 443 hectares of land. This programme successfully increased average paddy yield to 5.0 metric tonnes per hectare per season, compared with 3.8 metric tonnes per hectare prior to the programme.

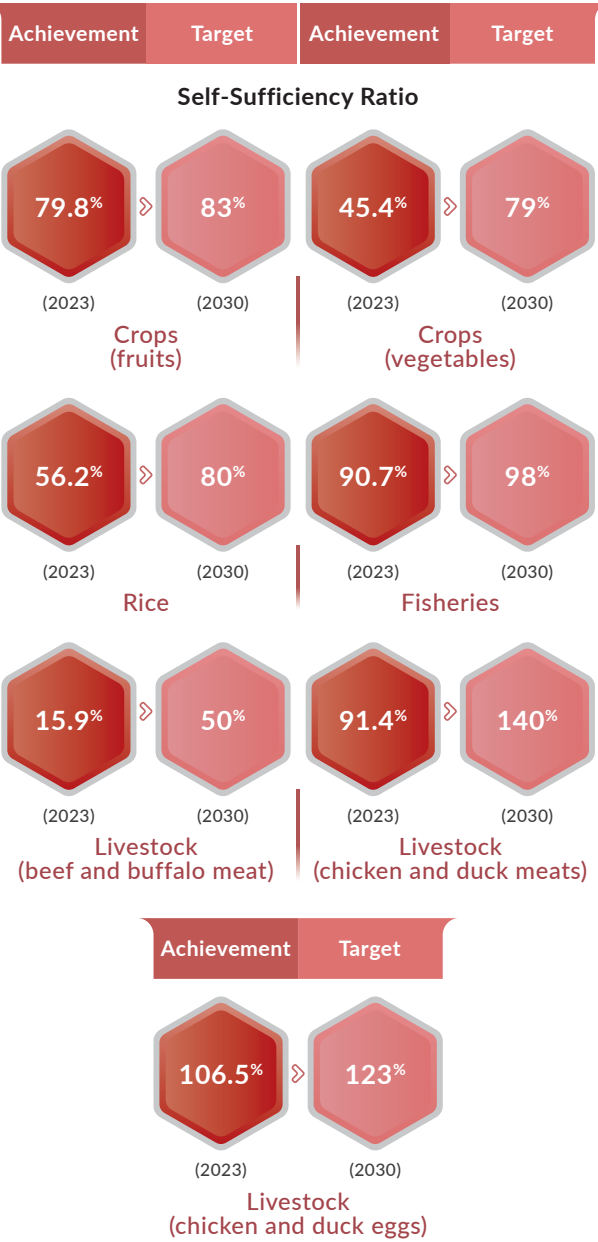
The introduction of the ‘Sekali Tanam, 3 Kali Tuai’ concept successfully increased the pineapple farm areas to 18,275 hectares and the total export of pineapple products to 42,368 metric tonnes in 2024. Three new onion varieties developed through local research, namely the BAW-1, BAW-2 and BAW-3, were planted across 60.58 hectares, yielded 48.29 metric tonnes. In addition, the grain corn industry for animal feed was expanded with the development of 1,252 hectares of planted area with production totalling 6,656 metric tonnes.

A total of 815 startup entrepreneurs benefited from the Program Daya Maju Usahawan Geran Agropreneur Muda in 2024. As at April 2025, a total of 7,295 Program Jualan Agro MADANI were organised, involving 4.28 million visitors. In addition, the Malaysian Agrofood Regulatory and Enforcement Agency was established in 2025 with the responsibility to comprehensively regulate and enforce the entire national agrofood subsector value chain.



Target

A total of 11 selected targets are set in the efforts to fortify food security during the Thirteenth Plan period, as follows:





Strategy

During the Thirteenth Plan period, focus will be given to strengthen food security in ensuring the nation is safeguarded against any supply shocks and disruptions. In this regard, efforts will be intensified to ensure food production capacity is increased and food supply accessible by the *rakyat* is safe and nutritious. Three strategies are identified for implementation, as follows:

Strategy A4.1: Expanding Food Production

The national food production capacity will be increased by focusing on large-scale farming to meet the needs of the *rakyat* and leverage international market potential. In this regard, a stretch of corridor in the east coast states of the Peninsular Malaysia as well as in Sabah and Sarawak will be developed as food production hubs, which will subsequently drive rural economic growth. Efforts to increase paddy cultivation will continue to be intensified through the implementation of public-private partnership programmes, such as in the Muda area of Kedah and Perlis. This programme encompasses

comprehensive infrastructure development, including improvements to irrigation and drainage system as well as the application of smart farming. In addition, the Inisiatif Pendapatan Rakyat involving agricultural entrepreneurs will be enhanced by improving the implementation model, diversifying agricultural activities and increasing the utilisation of idle lands.

The productivity and quality of production will be improved by intensifying R&D&C&I activities and smart farming through collaborations among farmers, research institutions and industries. Initiatives will focus on technology transfer in the production of high-yielding and resilient crop varieties and breeds, the use of modern machinery and planting methods as well as soil treatment. The use of underutilised crops, such as tubers, legumes and high-protein plants, as alternative food sources will be explored by encouraging more R&D&C&I activities.

Efforts to increase the SSR of food commodities will continue to be intensified through the implementation of several main programmes such as the Program Pemerkasaan Agromakanan Negara, the Program Agropreneur Nextgen and the Program Pengganda30. In this regard, more young agropreneurs will be mobilised to participate in large-scale and modern agricultural activities through the provision of more targeted incentives. In ensuring the national food resources are optimally utilised, collaboration between food operators and traders as well as civil society organisations (CSOs) will be intensified to minimise wastage and promote zero waste concept.

Strategy A4.2: Enhancing Food Supply Security

The security of food supply will be enhanced through the diversification of import sources and the strengthening of risk management. The implementation of import sources diversification policy will be improved in reducing dependency on a few selected countries to avoid supply disruptions. The entry process of food supply,

which include import permits and certification as well as inspection at entry points, will be strengthened to address food safety risks. In this regard, collaboration with the authorities of exporting countries will be intensified, and the use of modern technology and digitalisation will be expanded. Focus will also be given towards efforts in addressing post-harvest losses issues through efficiency enhancement along the supply chain, encompassing methods in harvesting, storing and transporting agricultural produce.

Enforcement of existing import regulations, including those under the Food Act 1983 [Act 281], the Malaysian Quarantine and Inspection Services Act 2011 [Act 728] as well as the Plant Quarantine Act 1976 [Act 167] will be increased. The roles of agencies involved in food security encompassing production, price control, logistics, marketing and safety will be strengthened to ensure the national food supply is sufficient. A targeted agricultural disaster protection scheme will be introduced to reduce losses due to disasters. Strategic collaboration with private insurance providers will be explored to ensure operators of various agricultural activities are provided with maximum coverage.

Strategy A4.3: Strengthening Food Supply Chain

The food supply chain will be strengthened through improvements in infrastructure, enhancement of the retail sector, establishment of platforms for price transparency and comprehensive enforcement of regulation. The availability of marketing infrastructure, encompassing collection, processing, packaging and distribution centres, as well as logistics facilities and digital services, will be increased through collaboration with the private sector. The small- and medium-scale retailers will also be empowered to increase participation in the agrofood marketing hubs that will be introduced. In addition, a price and supply repository system will be developed to provide information in real-time to ensure price transparency along the supply chain. The enforcement of the Price Control and Anti-Profitteering

Act 2011 [Act 723] and the Competition Act 2010 [Act 712] will be intensified by leveraging data from this repository to curb price manipulation activities.

A5: Strengthening of R&D&C&I Ecosystem

Activities on R&D have been emphasised since the Fifth Malaysia Plan, 1986-1990 in the efforts to modernise the economy through the transition from activities based on agricultural commodity to industrialisation. The commercialisation and innovation aspects have been given emphasis since the Eleventh Malaysia Plan, 2016-2020 to address challenges of the Fourth Industrial Revolution and leverage opportunities to generate wealth through innovation. The immature R&D&C&I ecosystem needs to be strengthened in achieving the national aspirations towards creating 'Made by Malaysia' products and services, which requires the development and adoption of advanced technologies including AI and AR. This measure requires immediate actions in addressing several challenges, such as limited financing and investment, low value creation from IP and weak governance.

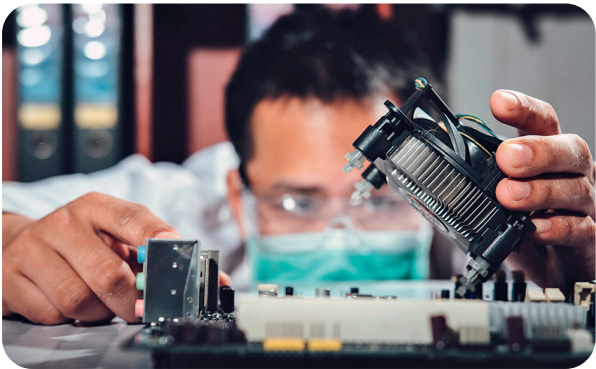
Objective

Enhancement and strengthening of R&D&C&I ecosystem will advance economic complexity, ensure environmental sustainability and improve the wellbeing of the *rakyat*, in line with efforts to raise the ceiling and strengthen governance. The creation of high-value products and services through R&D&C&I will increase exports and competitiveness of local companies as well as generate high-income job opportunities. These efforts will contribute in nurturing innovation culture towards achieving top 20 in the Global Innovation Index ranking. Thus, collaboration among all stakeholders, including public agencies, the private sector and research institutions at various levels based on the whole-of-nation approach needs to be intensified to achieve this goal.

Achievement of the Twelfth Plan

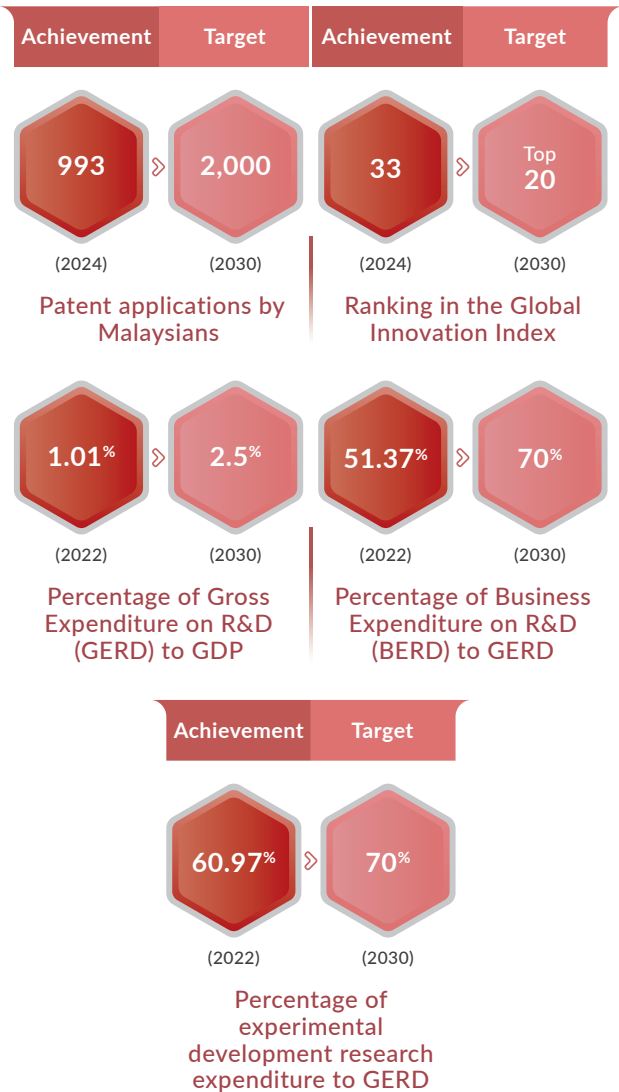
During the Twelfth Plan period, several initiatives were implemented to strengthen the R&D&C&I ecosystem. The Malaysia Science Endowment (MSE) matching fund initiative was introduced in 2024 to provide funding on cost sharing basis between government to government or to companies. As at April 2025, the MSE successfully attracted the interest of 18 countries and 206 companies. In addition, a total of 242 projects were matched under the Industry Matching Programme while another 16 projects under the Malaysia Partnership and Alliances in Research. The PhDPreneur programme, which was introduced in 2024 to increase the commercialisation of research outputs, successfully attracted the interest of 100 doctorate graduates.

The TVET Transfer Technology IR4.0 programme, which provided a special funding to Technical and Vocational Education and Training (TVET) institutions for R&D&C&I activities, was introduced in 2024. The Program Dana Inovasi dan Kajian Sosial and the Projek Rintis Pengkomersialan Inovasi Sosial were also introduced to encourage innovation that benefit the society. In increasing public awareness and interest in innovation activities, the INNOVATHON, a reality TV programme, which was produced in 2024 successfully attracted more than 1,000 participants and garnered over 26 million views. The inaugural Festival Idea Putrajaya 2024 successfully attracted over 100,000 visitors, including international participants from 86 countries.



Target

Five selected targets are set in the efforts to strengthen the R&D&C&I ecosystem during the Thirteenth Plan period, as follows:



Strategy

Strengthening of the R&D&C&I ecosystem will focus on efforts to establish a more efficient as well as progressive investment and incentive model, in addition to reforming IP policies. Measures will also be undertaken to enhance the development of skilled and future-proof talent as well as ensure better governance. Four strategies will be implemented during the Thirteenth Plan period, as follows:

Strategy A5.1: Improving R&D&C&I Investment Model

The R&D&C&I investment model will be improved by providing research facilities and targeted incentives to increase investment and high-value researches. Renowned companies interested in investing in Malaysia will be offered designated areas to build research facilities through cost-sharing in higher education institutions (HEIs) and government research institutes (GRIs). In this regard, a comprehensive guideline on the implementation method and cost-sharing model will be developed. Internationally renowned researchers will be incentivised to conduct research in Malaysia by providing access to facilities and grants, constructing specialised laboratories as well as offering opportunities for collaboration with local partners. International research centres in selected fields will also be developed through a resource-sharing model with foreign parties. In addition, an incubation centre, research hub, and AI sandbox will be established to enable the country to transition into an AI solutions producer. The Policy and Guidelines on Industrial Collaboration Programme in Government Procurement will also be improved by setting more stringent requirements to ensure companies carry out R&D&C&I activities involving local researchers and centres of excellence.

Strategy A5.2: Increasing the Intellectual Property Value Creation

The role of IP as a foundation in value creation to advance economic complexity will be strengthened by increasing commercialisation, leveraging IP as an asset and improving management efficiency. The

commercialisation of high-value IP owned by public HEIs and GRIs will be increased. In this regard, the business model for generating returns from IP will be enhanced as a guidance for these institutions. The policy on IP ownership resulted from government-funded researches will be reviewed in encouraging researchers to commercialise IP. A pilot project on collateralisation of IP, backed by government, will be implemented to increase access to commercialisation financing. In addition, online IP bidding and trading mechanism will be introduced to increase commercialisation and link researchers to potential investors.

The conditions for granting of incentives to investors will be improved by incorporating elements of creation and registration of new IP in Malaysia. The management of IP registration and approval will be strengthened through more international collaborations under the Patent Prosecution Highway and the ASEAN Patent Examination Cooperation programme. Policies and legislation related to regulation of IP valuation profession will be explored to ensure the credibility of valuation reports. Guidelines on the recruitment and career prospects of technology transfer officers at public HEIs and GRIs will also be developed.

Strategy A5.3: Ensuring Talent Readiness in R&D&C&I

Talent in R&D&C&I will be nurtured since primary school through exposure to scientific research and technology development activities by leveraging AI and AR in STEM-based co-curricular activities. The development of R&D skills among students will be enhanced through the implementation of specific learning programme based on local problems involving researchers in collaboration with state governments and the private sector. In addition, the Human Resources Development Fund will be utilised to develop specific training programmes related to R&D to be implemented by HEIs together with industry players, including for placement of researchers in the industry. Structured training related to management of fund, finance and project will also be strengthened to enhance the capability of research managers in the public and private sectors.

Strategy A5.4: Enhancing R&D&C&I Governance

The governance of R&D&C&I will be enhanced by improving planning and monitoring mechanisms, refining programme approaches as well as restructuring GRI functions and roles. A specific satellite account will be developed to strengthen evidence-based planning, monitoring and impact assessment of R&D&C&I investment. A periodic megatrend analysis report using the foresight approach will also be produced as guidance and reference for the implementation of R&D&C&I activities.

The R&D&C&I programme approach will be strengthened through the introduction of the national mission-based research programmes that emphasise on applied and experimental development research. The programme will combine researchers from GRIs, HEIs and industries based on niche⁷ areas and to be led by relevant ministries. The R&D moonshot programmes involving selected projects will be implemented across ministries to explore creation of disruptive technologies, including those related to AI. The rationalisation of the roles and functions of all GRIs will also be carried out to ensure a more lean and efficient structure. This measure will be supported by introducing a rating system to assess the effectiveness of GRIs and implementing performance-based budgeting. A national action plan on the enhancement of R&D&C&I infrastructure management will be formulated to increase efficiency of R&D assets utilisation.

A6: Enhancement of National Productivity and Competitiveness

Productivity plays an important role in advancing economic complexity to strengthen the competitiveness and economic growth of the nation. The ability of firms, industries or sectors to increase productivity depends on various factors, including the capability to compete

healthily in the market. Efforts to improve productivity were enhanced through the implementation of the Malaysia Productivity Blueprint (MPB) since 2017. The enforcement of the Act 712 by the Competition Commission has created a market environment that promotes healthy competition. However, there are still challenges in boosting productivity, necessitating more comprehensive and integrated actions. These challenges include the slow transition towards higher value-added activities, limited adoption of advanced technologies and low levels of R&D&C&I activities. High concentration of investment in infrastructure development and gaps in governance also contributed to the slow productivity growth. In addition, the existing legal framework is incapable of providing a comprehensive ecosystem to support healthy competition.

Objective

Strengthening of national productivity and competitiveness in the efforts to raise the ceiling and strengthen governance will generate greater spillover of economic values for individuals, firms and the nation. This will benefit the *rakyat* through the creation of skilled and high-income job opportunities, thus increasing social mobility. Firms, including MSMEs, will be able to compete fairly and openly in the local and global value chains, thus generating higher profits. Productivity improvements at various levels will strengthen the position of the country in the IMD World Competitiveness Yearbook and support the aspiration for Malaysia to become a consumption powerhouse.

Achievement of the Twelfth Plan

During the Twelfth Plan period, labour productivity growth improved to 2.7% per annum, compared with 1.2% during the period from 2016 to 2020, primarily contributed by the construction and manufacturing sectors. The implementation of the MPB through 14

⁷ Refers to economic fields with a high multiplier effect in the production of goods and services, particularly industries related to high-value E&E, aerospace, chemicals, machinery and equipment, digital and information technology, pharmaceuticals and medical devices as well as palm oil- and rubber-based products.

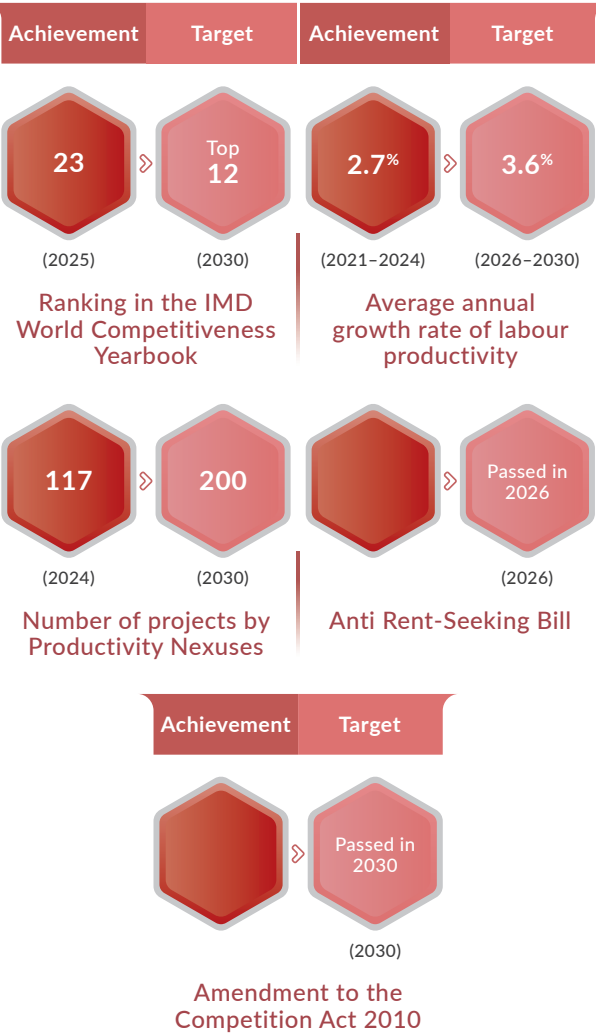
industry-based productivity nexuses demonstrated satisfactory achievements. Three private hospitals with height exceeding 12 storeys were built under the Private Healthcare Productivity Nexus initiative⁸, which optimised cost and utilisation of resources. The initiative under the Chemical and Chemical Products Productivity Nexus was able to expedite the processing time for limestone export license applications, from between four to six months to only between five to six weeks in 2024. Five new productivity nexuses were established, namely the Construction and Built Environment, Logistics, Pharmaceuticals, Aerospace and Automotive to increase productivity growth in the related industries.

During the Twelfth Plan period, more than 3,000 companies adopted modern management practices based on the Malaysia Business Excellence Framework. A total of 6,728 companies participated in training programmes to accelerate technology adoption and digitalisation during the same period. A total of 44 cases related to anti-monopoly agreements and abuse of dominant positions were investigated under the Act 712, out of which 25 cases were successfully resolved, resulting in penalties amounting to RM571.1 million.



Target

Five selected targets are set in the efforts to enhance productivity and competitiveness during the Thirteenth Plan period, as follows:



⁸ Refers to the Handbook on Technical Design Reference for Disaster Preparedness in Setting Up New High-Rise Private Hospitals, developed by the Ministry of Health Malaysia in collaboration with the Private Healthcare Productivity Nexus.

Strategy

Enhancement of productivity and competitiveness will be the main pathway to accelerate sustainable and value creation-based economic growth in the Thirteenth Plan. Focus will be given on efforts to spur productivity growth and strengthen the competition ecosystem. Details of the two strategies are as follows:

Strategy A6.1: Boosting National Productivity Growth

The national productivity growth will continue to be enhanced through the strengthening of an ecosystem encompassing improvements in policy and governance, streamlining of financing and development of talent. A comprehensive productivity framework and roadmap will be developed to improve competitiveness at the firm, industry and sectoral levels. In addition, the functions and roles of productivity related institutions will be rationalised to strengthen planning, monitoring and regulatory oversight of productivity enhancement interventions. In this regard, a new legislation will be enacted, and the existing regulatory mechanism will be improved. A firm-level productivity screening programme, which evaluates the capability and efficiency of business processes will be introduced to facilitate policy interventions and provision of targeted support. The roles of the productivity nexus will also be strengthened through the implementation of specific locality-based programmes, which involve collaboration with research institutions and subject matter experts.

Firms will be encouraged to enhance productivity through the wide adoption of AI, such as smart systems, predictive analytics, and strategic automation to drive operational and production efficiency. Emphasis will be given on efforts to redesign work processes, optimise information flow, and intensify smart collaboration between humans and technology. In addition, strengthening of productivity and competitiveness will be made as an important criteria in the provision of financing for MSMEs. Various grants and funds will also be streamlined to avoid overlapping.

Emphasis will be given on improving labour productivity through the full implementation of the Progressive Wage Policy which commenced in 2025. The communication, education and awareness programme on productivity mindset as well as changes in work culture among firms will be implemented.

Strategy A6.2: Strengthening Competition Ecosystem

The competition ecosystem will be strengthened through the provision of a more comprehensive and effective competition legislation. In this regard, all industries including communications and multimedia, civil aviation as well as energy will be regulated under a single competition legislation. This measure will involve the amendment to the Act 712 and other related legislation. These amendments will enhance regulatory effectiveness, including preventing abuse of dominant position in the market.

A comprehensive and integrated legislation related to rent-seeking will be introduced. This legislation, among others will include the definition and scope of rent-seeking, enforcement mechanism and the responsible regulatory agency. The introduction of a distinct legislation will enable execution of stern legal action, ensuring rent-seeking activities are curtailed more effectively.

A7: Strengthening of Flood Mitigation and Adaptation

Flood disasters not only impact on the wellbeing of the *rakyat* significantly but also affect business continuity, subsequently undermine the competitiveness and economic sustainability of the nation. Various measures were implemented, including structural and non-structural approaches to address flood disasters nationwide. However, issues and challenges persist, particularly related to complexity of flood infrastructure development that is very costly as well as uncoordinated adaptation measures and governance.

Objective

Strengthening of flood mitigation and adaptation will increase the national resilience against disasters. The implementation of more comprehensive, integrated and innovative strategies will be able to reduce the risks and impacts of flood disasters, thus safeguarding the wellbeing of the *rakyat*, ensuring business continuity and sustaining national competitiveness. These efforts will also indirectly reduce the financial burden of the government as well as support sustainable economic development and ensure the *rakyat* live a decent life.

Achievement of the Twelfth Plan

During the Twelfth Plan period, a total of 17 flood mitigation projects were successfully completed, which provide protection to approximately another 154,000 residents living across an area of 74 square kilometres. A special allocation of RM500 million on a reimbursement basis was approved in 2022 to mitigate flash floods in the Federal Territory of Kuala Lumpur. In addition, a special allocation of RM220 million was provided in 2024 to upgrade drainage systems and maintain retention ponds nationwide.

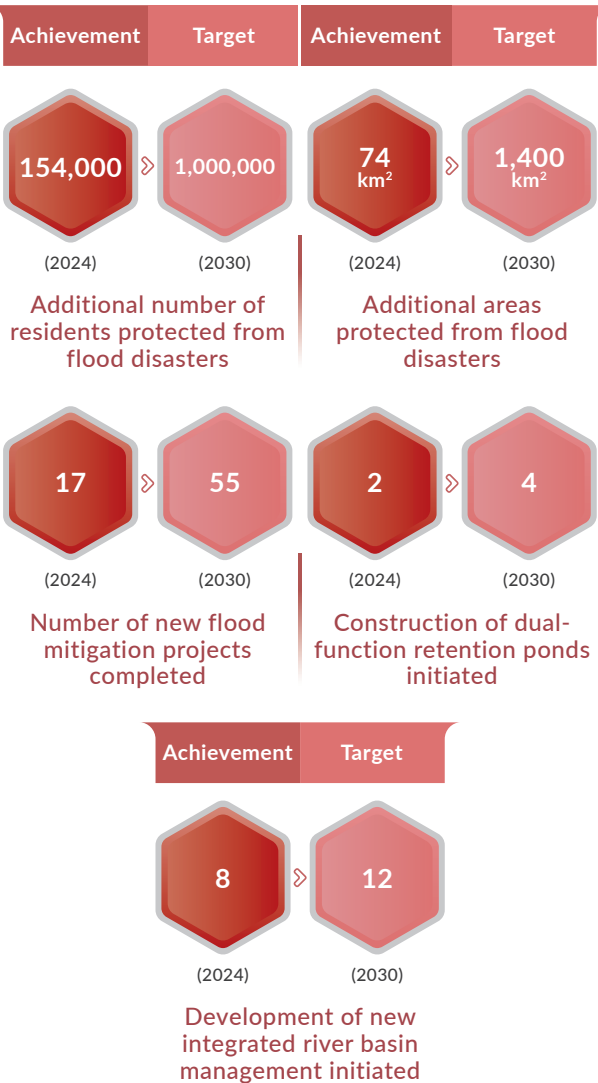
Flood mitigation efforts were further strengthened through the implementation of 43 high-priority flood mitigation (TBBT) projects since 2024, with a total allocation of RM12 billion. Among the flood mitigation projects being implemented include the Rancangan Tebatan Banjir (RTB) Kota Bharu in Kelantan, the RTB Sungai Langat and the Dual-Function Retention Pond from Sungai Klang to Sungai Rasau in Selangor, the RTB Sungai Tepoh and Banggol Air Lilih Kuala Nerus in Terengganu, as well as the Pembangunan Lembangan Sungai Bersepadu (PLSB) Sungai Skudai in Johor. A special task force was also established to improve the implementation mechanism of flood mitigation projects, including the Projek PLSB Sungai Golok in Kelantan with a total cost of RM3 billion.

An allocation of RM600 million was provided in preparation for flood disasters in 2025. Vulnerable groups affected by floods were also given assistance through post-flood recovery funds, including flood aid

amounting to RM16.7 million to ease the burden of farmers. Contributions amounting to RM35.8 million from 23 private companies were received in 2024 through the Dana Ihsan MADANI for flood victims nationwide, reflecting the commitment of all stakeholders in the efforts to strengthen flood mitigation and adaptation through the whole-of-nation approach.

Target

Five selected targets are set in the efforts to strengthen flood mitigation and adaptation during the Thirteenth Plan period, as follows:





Strategy

Strengthening of flood mitigation and adaptation will continue to be prioritised in the efforts to safeguard the wellbeing of the *rakyat* and enhance the sustainability of the national economy. Measures will be undertaken to accelerate the development of flood mitigation infrastructure, incorporate alternative approaches for flood adaptation and management as well as strengthen governance mechanism. In this regard, three strategies are identified to be implemented, as follows:

Strategy A7.1: Expediting Flood Mitigation

Holistic flood mitigation efforts across the country will be expedited through the enhancement of planning, development and maintenance of the required infrastructure. The flood mitigation planning mechanism will be improved, particularly in terms of design and land acquisition process, in the efforts to expedite the implementation of flood mitigation. An integrated information system related to drainage and stormwater network based on the Geographic Information System will be developed to enhance the efficiency of flood mitigation infrastructure management.

The implementation of 43 TBBT projects, particularly in key economic and high-density areas, will be accelerated by allocating special funds, establishing a dedicated TBBT

implementation team and close monitoring through coordination meetings, chaired by the Chief Secretary to the Government. Among the flood mitigation projects to be expedited are the RTB Bandaraya Kuching in Sarawak, the RTB Lembangan Sungai Johor and the RTB Lembangan Sungai Muar in Johor, the RTB Lembangan Sungai Pahang in Pahang, the RTB Baling in Kedah, the RTB Sungai Likas in Sabah, as well as the RTB Sungai Trolak in Perak. The flood early warning system that uses AI technology in major river basins will also be strengthened and expanded under the TBBT initiative with a total cost of RM398 million to ensure more accurate and timely forecasts and warnings as well as increase society preparedness.

A more innovative and responsive approach will be introduced to enhance the efficiency of flood management. Existing water catchment areas, such as old mines and recreational lakes will be leveraged to be flood retention ponds as an immediate measure to accommodate water overflow, particularly in high-risk areas. In addition, the development of multifunction infrastructure for flood mitigation, generation of hydroelectric power, provision of alternative water supply and recreational activities will be explored to optimise benefits for the *rakyat* and support economic development.

Strategy A7.2: Adopting Innovative Approach in Flood Adaptation

The implementation of flood-adaptive building concepts, such as the construction of floating houses and buildings with high pillars as well as the use of flood-proof materials, will be enhanced to reduce the impact in high-risk areas nationwide. Sustainable nature-based solutions will be intensified to reduce flood management costs in the long term. In addition, the development of cities based on disaster-proof concept will be expanded to enhance resilience against flood risks. In this regard, a sponge city guideline encompassing methods for flood risk reduction as well as water retention and absorption capacity enhancement will be developed as a main reference for PBTs to support sustainable urban development.

Immediate interventions in the form of financial assistance and microcredit will be provided to accelerate the recovery process and reduce the financial burden of MSMEs. In this regard, financial institutions and non-bank financial institutions will be encouraged to provide post-flood financing scheme and insurance coverage. The introduction of affordable insurance schemes will be explored in increasing access of vulnerable groups to post-flood financial protection.

Strategy A7.3: Strengthening Governance Mechanism

The governance related to planning, development and maintenance of flood mitigation infrastructure and drainage systems, water catchment areas and river pathways will be strengthened. Land use planning will be improved to be more systematic, and the enforcement of development standards will be intensified to increase resilience against flood risks. The cooperation of all relevant stakeholders, including the state governments regarding the cost of land acquisition, will be strengthened to ensure the successful implementation of the RTB. In addition, a recovery plan for flood-affected infrastructure will be developed to expedite access to supplies and resumption of disrupted economic activities. The role of the Central Disaster Management Committee will also be strengthened to ensure an integrated, efficient, fast, and effective coordination. Strategic collaborations among all stakeholders will be strengthened to ensure more integrated and effective flood management, including through the implementation of the Community-Based Disaster Risk Management Programme.

A8: Improvement of Public Transport Infrastructure Availability

An efficient public transport system will facilitate seamless movement of goods and people, thus supporting socioeconomic improvement of the *rakyat*. During the last two decades, focus was given in enhancing transportation infrastructure to improve availability, efficiency and reliability of services. However, several issues need to be urgently addressed, particularly in the Klang Valley and major cities. These issues include lack

of seamless and fragmented connectivity, suboptimal usage, high dependency on the Government funding as well as ineffective governance.

Objective

Improved availability of transport infrastructure will enhance the efficiency, viability and reliability of public transport services. These efficient services will enable seamless and safe movement of the *rakyat* at reasonable cost in ensuring a decent living. In addition, the review of fares and costs will improve the financial sustainability of public transport operators. The shift from usage of private vehicles to public transport will reduce the carbon footprint and fiscal burden of the Government. Efficient public transport services will support sustainable socioeconomic development.

Achievement of the Twelfth Plan

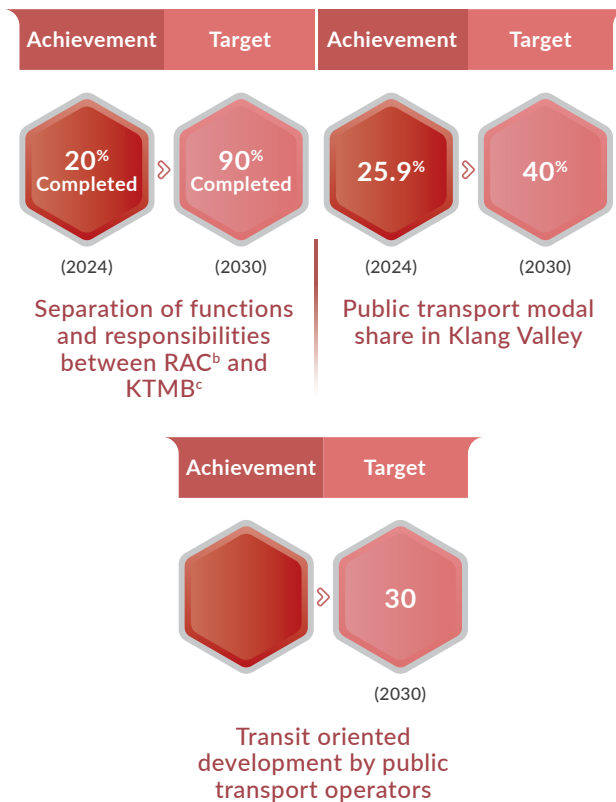
During the Twelfth Plan period, public transport services continued to show improvement, resulting from the implementation of various strategies and initiatives that focused on mobility of the *rakyat*. Public transport ridership in the Greater Kuala Lumpur/Klang Valley recorded an average annual growth of 18.6% for the period from 2021 to 2024. The frequency of city bus services in 2024 also increased by 35% as compared with 2021. Public transport services was further improved through the additional procurement of 250 electric buses and 310 diesel buses during the period from 2024 to 2025. In addition, the Demand-Responsive Transit (DRT) services, which was introduced in 2022 was expanded to cover over 33 zones in the Klang Valley with 300 vans in 2025. The DRT was made available to fulfil the needs of short distance travel and increase accessibility to areas with limited access to existing services.

Efforts to encourage the usage of public transport services were continued through the sales of 2.7 million MY50 travel passes and introduction of special passes for students and persons with disabilities for the Shuttle Timuran as well as the KTM Komuter in the Klang Valley and northern sectors. In addition, a sum of RM245.3 million was annually allocated for the

continuation of the Stage Bus Service Transformation Scheme. The Gemas-Johor Bahru Electrified Double Track and the Mass Rapid Transit Putrajaya Line projects were completed, while the Gombak Integrated Terminal began operation in 2025.

Target

Three selected targets are set in the efforts to provide sustainable, integrated and reliable public transport services during the Thirteenth Plan period, as follows:



Notes: ^b Railway Assets Corporation (RAC)
^c Keretapi Tanah Melayu Berhad (KTMB)

Strategy

Continuous improvements in public transport services are important to facilitate seamless movement of people in carrying out daily activities, and thus contribute to the economic growth. Focus will be given to efforts in reducing dependency of operators on the Government funding, accelerating transit oriented development (TOD), improving infrastructure and support facilities as well as enhancing efficiency of rail governance and operations. Four strategies are identified to improve public transport infrastructure availability during the Thirteenth Plan period, as follows:

Strategy A8.1: Enhancing Financial Sustainability of Public Transport Operators

The financial sustainability of public transport operators will be enhanced to provide competitive and reliable services without continuously depending on the Government funding. In this regard, a review mechanism to set appropriate public transport fares will be identified based on the study findings of the Pelan Strategik Pengangkutan Awam Lembah Klang. In addition, the introduction of special electricity tariffs for public transport will be explored to reduce operational costs.

Strategy A8.2: Encouraging Transit Oriented Development

The implementation of TOD will be accelerated through strategic collaboration between public transport operators and the private sector in potential areas. In this regard, focus will be given on TOD implementation in Kuala Lumpur, Selangor, Negeri Sembilan, Johor and Pulau Pinang as well as a few other strategic locations. Among the TODs to be implemented during the Thirteenth Plan period include along the alignments of the Penang Mutiara Light Rail Transit (LRT) and the East Coast Rail Link (ECRL). The implementation of TOD through the integration of residential, commercial and recreational areas with public transport network will provide facilities for public transport users, apart from generating returns on investment and enhancing the financial sustainability of operators.

Strategy A8.3: Improving Public Transport Infrastructure and Support Facilities

Investment in public transport infrastructure and facilities will be increased to expand public transport network and improve comfort of users. The construction of public transport infrastructure to complete the rail network in high-density areas in the Klang Valley will be continued towards achieving the target of 40% modal share in 2030. In this regard, the LRT3 project with 37 kilometres of rail network will be completed during the Thirteenth Plan period. In addition, the integration and expansion of the public transport network will be enhanced through the operationalisation of the ECRL and the Rapid Transit System (RTS) Link, expected to be completed during the Thirteenth Plan period. The number of passenger trains will be increased through leasing arrangements to optimise rail track capacity and improve mobility of the *rakyat*. The findings from the Feasibility Study for the Transborneo Railway Project in Sabah and Sarawak, which is currently being conducted, will form the basis for the implementation of the physical project and the development of the railway system in these states.

The first- and last-mile connectivity will also be improved to be more integrated to accelerate the shift to public transport. The availability of buses with better service frequency and consistency in major cities will be enhanced, particularly during peak hours. Infrastructure and support facilities at the stations and park-and-ride areas will also be upgraded based on pedestrian-friendly and lifestyle hubs for the comfort of public transport passengers.

Strategy A8.4: Restructuring Governance and Operations of Rail Transport

The governance of rail-based public transport will be restructured to improve the efficiency of agencies responsible for regulation, asset ownership and operations. Efforts will be continued to fully implement the separation of functions and responsibilities between asset owners and rail operators. The use of tracks through a multi-rail operator mechanism and the imposition of

track charges will be explored to enable more services to be offered to passengers and encourage more freight transportation via rail.

A9: Scaling Up of Micro, Small and Medium Enterprises

The continuous efforts in the development of MSMEs reflect the significance of these enterprises as a pillar of the national economy. In line with the high-income nation aspiration, various initiatives were implemented in scaling up MSMEs and increasing adoption of the ESG principles to ensure business continuity and sustain competitiveness. The growth impact of MSMEs was evident through contributions to GDP, exports, employment and productivity. However, the rapid pace of the global and domestic economic development as well as the pressure to comply with the sustainability requirements continue to pose new challenges to the growth of the MSMEs. These challenges include low participation in global value chains, limited adoption of the ESG principles, reliance on low value-added activities, and low productivity. In addition, a less supportive financing ecosystem further hindered the scaling up of MSMEs.

Objective

Scaling up of MSMEs will create local business entities with high innovative capability and value added as well as able to compete in domestic and global markets. The rapid growth of the MSMEs will provide more new job opportunities and higher income for the *rakyat* in line with the efforts to raise the ceiling. In addition, large-scale enterprises will have the opportunity to undertake activities that promote economic complexity, thus contributing to the achievement of high-income nation status.

Achievement of the Twelfth Plan

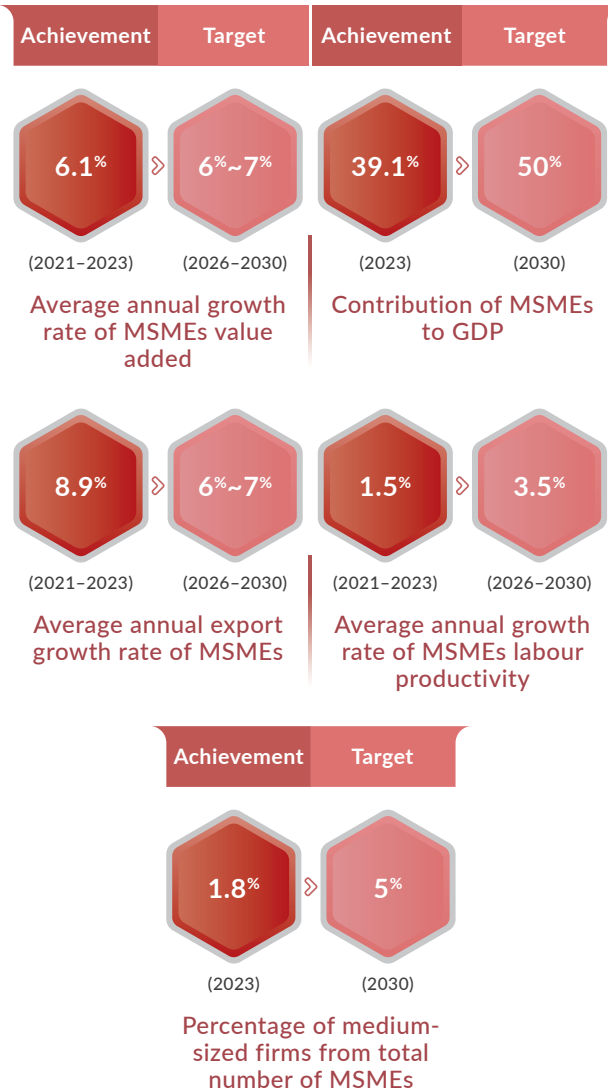
Various initiatives were implemented to strengthen the position of MSMEs, including through participation in domestic and global supply chains, the adoption of technology and digitalisation to increase productivity

and competitiveness. A total of RM115 billion was allocated during the Twelfth Plan period to finance 1,350 MSME empowerment programmes, involving 3.7 million participants. The number of small enterprises increased by 36.8% to 314,456 firms in 2023, from 229,876 in 2020, while the medium-sized enterprises recorded an increase of 8.5%, from 18,289 to 19,839 during the same period. In addition, the National ESG Strategic Plan (NESP) was introduced in 2025 to facilitate the adoption of existing ESG framework and guidelines, such as the i-ESG and the National Sustainability Reporting Framework across all sectors of the economy.



Target

Five selected targets are set in the efforts to scale up MSMEs during the Thirteenth Plan period, as follows:



Strategy

Scaling up of MSMEs will be intensified to enable these enterprises assume a greater role in the national socioeconomic development as well as ensure a more significant contribution to economic growth. In this regard, focus will be given on strengthening business models and enhancing the ecosystem to support the transition towards higher value-added activities. During the Thirteenth Plan period, two strategies will be implemented to scale up MSMEs, as follows:

Strategy A9.1: Strengthening MSME Business Model

MSME businesses will be strengthened through the introduction of new approaches involving collaboration with government-linked companies (GLCs) and adoption of disruptive business models, enhancement of operational efficiency as well as greater adoption of the ESG principles. Capable MSMEs will be given a larger role in selected sectors dominated by GLCs. In this regard, a comprehensive study on supply chain will be conducted to identify opportunities, gaps and suitable areas for MSME involvement. In addition, the role and establishment mandate of GLCs in empowering MSMEs will be explored, including expanding GLC business models to involve MSMEs in the supply chains and higher value-added activities.

Disruptive business models will be introduced in encouraging MSMEs to shift from mass generic production to large-scale customised production. Mindset transformation programmes will be expanded and sandbox platforms will be provided in enabling MSMEs to adapt to dynamic changes in market and technology. Targeted support programmes in the form of expert advisory services and enhancements of the management structure will be developed to improve operational efficiency, productivity and competitiveness of potential companies. Digital transformation will also be accelerated by providing access to digital platforms,

including market intelligence and affordable AI-based analytics platform. The phased transition of SMEs in adopting the ESG principles based on the NESP will be accelerated through the implementation of more training and mentoring programmes, driven by anchor companies in the supply chain.

Strategy A9.2: Improving MSME Ecosystem

The MSME ecosystem will be improved with a provision of a comprehensive legislation to regulate MSME development. The various definitions of MSMEs will be standardised to ensure support programmes designs are more targeted based on the potential and size of enterprises. The financing mechanisms of MSMEs will be streamlined, shifting from grant-based approach to sustainable financing, such as tiered and targeted financing. Eligible MSMEs will be offered loans based on a tiered financing model, which sets varying interest rates or conditions depending on loan amount. Targeted financing facilities will be provided to support innovative businesses and high value-added activities in priority and potential industries. Funding from insurance and takaful companies will be explored and guarantee schemes under the Syarikat Jaminan Pembiayaan Perniagaan will be fully leveraged. In addition, anchor companies in business supply chains will be encouraged to facilitate SMEs access to financing for the adoption of ESG principles.

A10: Empowerment of Third Sector

As the main driver of the social economy, the third sector plays a crucial role in humanising enterprises⁹ to address social issues and enhance the socioeconomic status of the *rakyat*. The development of the third sector was initiated through the cooperative movements and NGOs, supported by various initiatives, including funding, subsidies, incentives and tax exemptions. At present, the private sector is involved in supporting the third

⁹ Refers to a business approach that prioritises humane values such as empathy, ethics, belief as well as the wellbeing of employees and the community, rather than focusing solely on profit.

sector through various activities, such as corporate social responsibility programmes as well as support services for health, education and social mobility. However, the third sector players continue to face various structural challenges that limit the capability to grow sustainably. Among the challenges include limited funding sources, weak organisational management and administration, low visibility as well as limited participation in inclusive business.

Objective

Capability enhancement of the third sector players will drive the development of sustainable social economy. Organisations that undertake non-profit oriented activities will be able to shift towards activities that solve social problems through more inclusive economic approaches in order to raise the floor as well as support better social development of the country. Companies will conduct businesses based on inclusive business model that will generate profit, while contributing to social needs. Target groups, particularly low-income households and vulnerable communities will benefit from opportunities to generate income and from the provision of support services.

Achievement of the Twelfth Plan

During the Twelfth Plan period, development of the third sector, comprising social enterprises, cooperatives and agriculture-based associations was focused on entrepreneurship development. The cooperatives total revenue increased to RM68.1 billion in 2024, compared with RM41.5 billion in 2020. A total of 56,964 individuals from the target groups received social benefits valued at RM213 million through the implementation of the Malaysia Social Entrepreneurship Blueprint 2030. The implementation of the Inclusive Business Value Chain Development Initiative Programme successfully attracted 10 companies, involving 417 participants in business value chains.



Target

Three selected targets are set in the efforts to develop the third sector as the main driver of the social economy during the Thirteenth Plan period, as follows:



Strategy

The development of the third sector will be strengthened through the whole-of-nation approach to ensure this sector becomes the main driver of growth for inclusive and sustainable social economy. Focus will be given on efforts to strengthen resilience and enhance visibility of the third sector as well as amplify participation of companies in inclusive business. Details of the three main strategies identified are as follows:

Strategy A10.1: Strengthening Resilience of Third Sector Players

Efforts will be focused on enhancing capacity and financial capability of the third sector players. Capacity building programmes for the third sector players will focus on the provision of training and advisory services, enhancement of skills related to organisational management and administration as well as strengthening of mentor-mentee programmes. In addition, the third sector players will be encouraged to adopt the ESG practices in the efforts to improve competitiveness of the organisation.

Alternative financing sources such as social *sukuk*, crowdfunding, zakat and waqf will be explored to increase funds and reduce direct dependency on the government. Collaboration among government agencies will be enhanced to ensure equitable and transparent distribution of financing sources. In addition, blended financing models will be expanded to mitigate investment risks, and non-profit based organisations will be encouraged to explore activities that will generate own income in enhancing financial sustainability.

Strategy A10.2: Enhancing Visibility of Third Sector

Efforts to enhance visibility of the third sector will be intensified through integrated promotional and marketing activities of products and services. Opportunities for the third sector to participate in the government and GLC procurements in supplying products and services will be explored. Market access will also be expanded through the 'Buy Social' campaign that will support 'Made by Malaysia' initiative. In addition, business matching and marketing activities through e-commerce platforms will be encouraged through public and private strategic collaborations. Initiatives through social recognition and incentive for parties that support the third sector activities will also be improved to invigorate the social economy.

Strategy A10.3: Amplifying Participation of Companies in Inclusive Business

The sustainability of the third sector businesses will be enhanced through participation of companies in inclusive business model. An inclusive business blueprint will be developed to establish a supportive ecosystem in facilitating companies that provide economic opportunities for the third sector in the value chain. Strategic collaboration among GLCs, multinational companies, NGOs, CSOs, social enterprises, cooperatives and the government will also be intensified to support companies participating in inclusive business. In addition, targeted incentives, including grants and financing support will be introduced for companies that either conduct inclusive business or provide funds to parties adopting inclusive business model.

Conclusion

Malaysia has transitioned from a resource-based economy to the one based on manufacturing and services. Challenges and opportunities arising from megatrends pave the way for the nation to strengthen capabilities and competitiveness by focusing on accelerating innovation and adopting advanced technology as well as developing future-ready talent. Thus, the Thirteenth Plan will focus on pivoting towards a value creation-based economy anchored on AI nation by advancing economic complexity. This transition will inculcate the innovation culture, in line with the aspiration to position Malaysia as a consumption powerhouse that produces 'Made by Malaysia' products.



CHAPTER 3



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Introduction

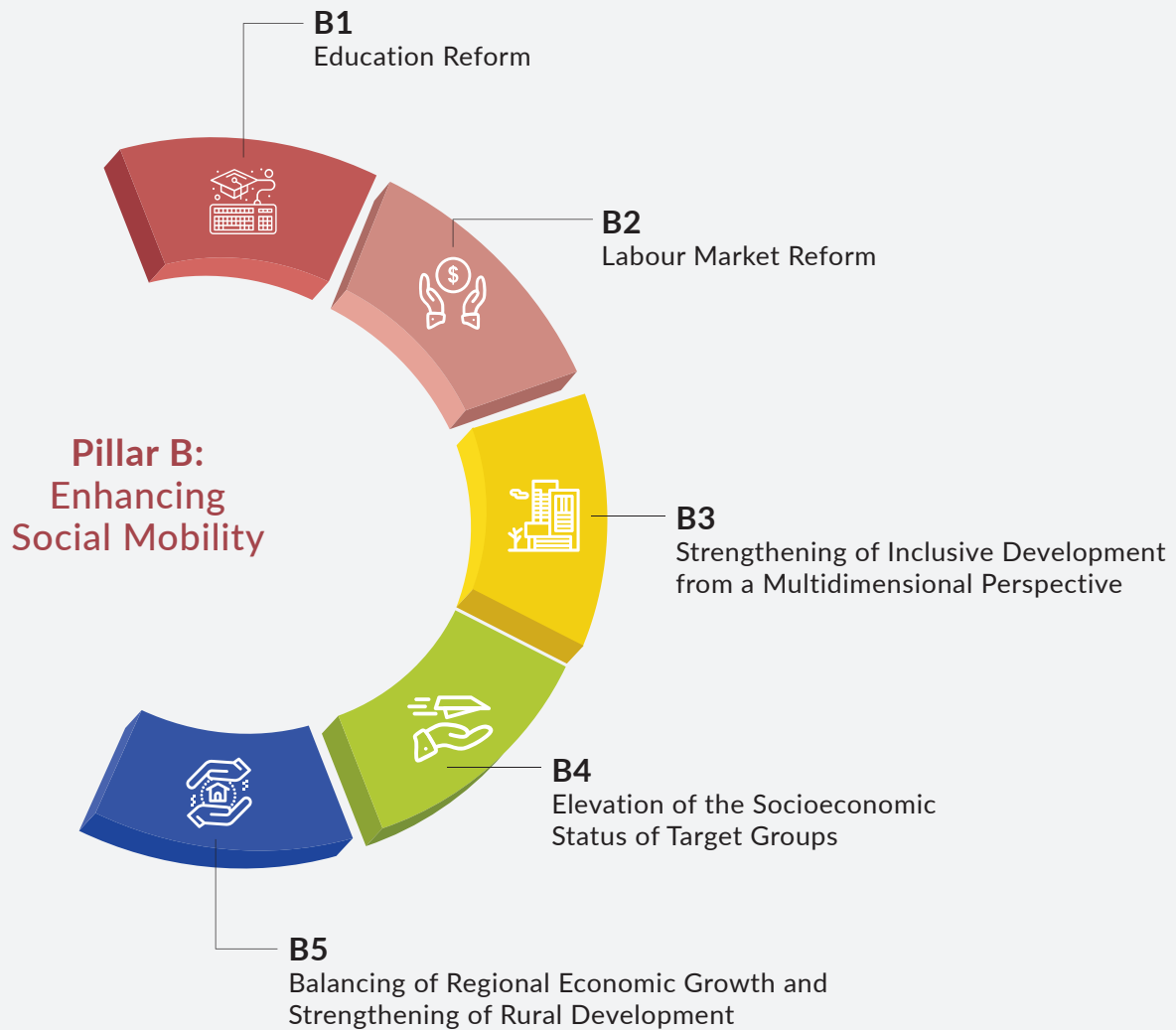
The socioeconomic development in Malaysia has always emphasised the enhancement of social mobility¹, which is the ability of the *rakyat* to move to a better level in the social hierarchy. The Thirteenth Malaysia Plan, 2026-2030 (Thirteenth Plan) will revamp the strategies to enhance social mobility by ensuring equal opportunities through the whole-of-nation and inclusive approaches to achieve the aspirations of the Ekonomi MADANI. In this regard, the strategies to be introduced are aligned with the thrusts of the Ekonomi MADANI, namely raising the floor, raising the ceiling and strengthening good governance. Priority will be given to the implementation of major transformations, particularly by reforming education and labour market, strengthening inclusive development as well as elevating the socioeconomic status of target groups in the efforts to raise the floor. Measures to strengthen the Technical and Vocational Education and Training (TVET) ecosystem and to balance regional economic development will be intensified to raise the ceiling. These major transformations will be complemented by efforts to strengthen governance. These strategies aim to support the *rakyat* in facing the rising cost of living, ensure a decent living and establish a social system anchored on *insan* MADANI.

Although various achievements were recorded during the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan), several social mobility indicators remain at a low level, which require strengthening measures that are continuous and bold. The performance of the country in the Harmonised Learning Outcome in 2020 was only at a fair level against the substantial investment in education annually. The rate of new graduate employed stood at only 67.9% and the contribution of compensation of employees to the gross domestic product (GDP) was 33.1% in 2023. In addition, the *rakyat* continues to face issues related to poverty, inequality, inadequate social protection and rising cost of living. The effectiveness of service delivery and programme design for target groups has also been suboptimal. Efforts to bridge the development gap between regions and states as well as between rural and urban areas have yet to meet the intended targets.

¹ Refers to the changes in individuals' socioeconomic status, either in comparison to their parents (intergenerational mobility) or throughout their lifetime (intragenerational mobility) (World Bank Group, World Development Report 2024: The Middle-Income Trap (2024)).

FIVE PRIORITIES FOR SOCIAL MOBILITY

During the Thirteenth Plan period, focus will be given to enhance social mobility through five priorities, namely:



B1: Education Reform

The education system in Malaysia has undergone various phases of change. Several education policies were introduced to narrow the gaps resulting from the laissez-faire and divide-and-rule policies implemented by the British. The post-independent education system underwent numerous transformations with the introduction of the National Education Philosophy and various acts, aimed to develop the potential of each individual through a holistic and integrated approach. Access to primary education has reached universal level. However, in general, there remains shortcomings in terms of quality and outcomes at different levels of education. Among the issues and challenges identified include the need to streamline related policies and acts across all levels of education, improve governance as well as address student dropouts along the learning continuum.

Objective

A holistic education reform requires the commitment of all stakeholders, including parents, students, educators, society and the private sector, to be with the Government via the whole-of-nation approach in strengthening the national education system across the learning continuum. This reform will raise the floor and strengthen the governance in line with the aspirations of the Ekonomi MADANI to establish a social system anchored on *insan* MADANI. This effort will also nurture Malaysians who are knowledgeable, creative, outstanding, morally upright, highly confident and responsible as well as capable of achieving personal wellbeing and contributing to the harmony and prosperity of families, communities and the nation. The reform will also shape future-ready talent in meeting the needs of the industry and supporting structural changes as well as enhancing national competitiveness towards a value creation-based economy.

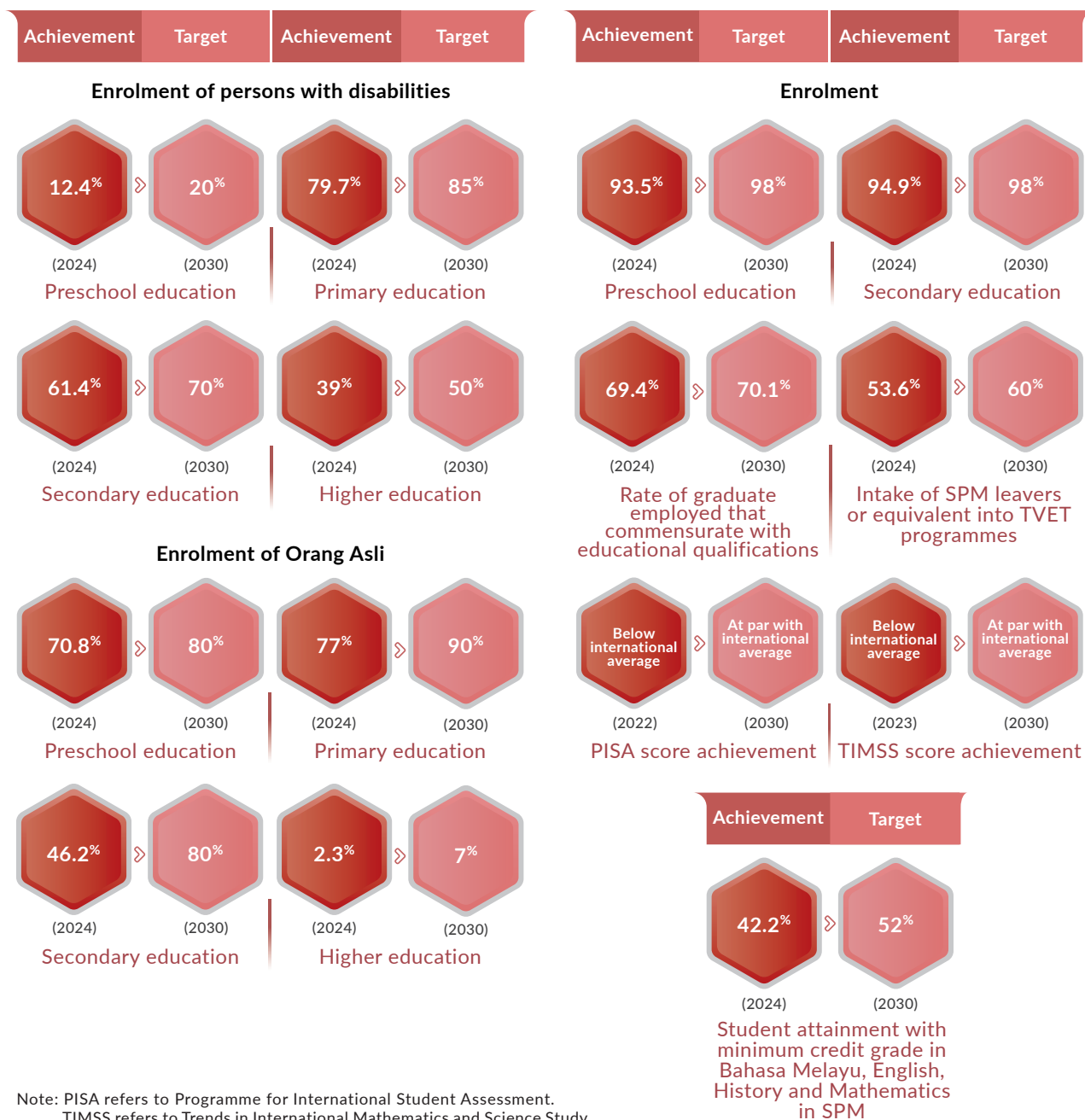
Achievement of the Twelfth Plan

During the Twelfth Plan period, education development was focused on enhancing access to and quality of education. A total of 102 new school projects were approved during the Twelfth Plan period to provide better access to education. In 2024, enrolment reached 93.5% for preschool and 94.9% for secondary school, nearly achieving the universal enrolment rate of 95%. The Digital Education Policy at school level and the Higher Education Digitalisation Plan were also introduced to strengthen capability of students and educators in mastering latest technologies, such as artificial intelligence (AI), big data and the internet of things. In addition, *karamah insaniah* was inculcated among students, with emphasis on moral and character building in producing a resilient and competitive generation.

The quality of higher education continued to improve, with one public university remained among the top 100 in the QS World University Rankings and four public universities among the top 200. The graduate employment rate reached 92.5%, while the TVET graduate employment rate reached 95.6% in 2024. The National TVET Council was strengthened to serve as the sole coordinator in the development of TVET talent, in line with the aspirations of the Ekonomi MADANI. The National TVET Policy 2030 was introduced in 2024 as an effort to strengthen the TVET ecosystem and ensure TVET institutions offer programmes that meet industry needs. In addition, the Sistem Pengurusan Integrasi Kemahiran Malaysia was developed to integrate TVET data across various ministries as well as enable streamlining of student admission applications through one channel and implementation of a single rating system for TVET programmes.

Target

A total of 15 selected targets are set in the efforts to reform the national education system during the Thirteenth Plan period, as follows:



Note: PISA refers to Programme for International Student Assessment.
TIMSS refers to Trends in International Mathematics and Science Study.
SPM refers to Sijil Pelajaran Malaysia.
TVET refers to Technical and Vocational Education and Training.

Strategy

Education reform is the pillar to numerous structural changes targeted in the Thirteenth Plan and one of the major transformations. This reform focuses primarily on enhancing student skills, competencies of teachers as well as the quality of educational content for teaching and learning. Eight strategies will be implemented to reform the national education during the Thirteenth Plan period, as follows:

Strategy B1.1: Strengthening Governance

Governance at all levels of the education system will be strengthened through several major shifts. The education governance at all levels, from preschool to secondary as well as pre-university and higher education, will be realigned to enhance the effectiveness of education service delivery. A new act will be enacted to regulate early childhood education, and measures will be undertaken to strengthen the regulatory mechanism for alternative education. A national education council, responsible for coordinating, monitoring and identifying interventions, will be established to ensure a progressive and world-class national education system. A pilot project to give autonomy to universities will also be implemented to improve financial sustainability and competitiveness of higher education institutions. Internationalisation of public higher education institutions will also be strengthened by amplifying international collaboration, improving academic programmes and expanding the implementation of twinning programmes to increase the institution competitiveness at the global level.

Strategy B1.2: Rationalising Functions and Roles of Education Institutions

The functions and roles of education institutions will be rationalised to optimise resources and enhance the quality of national education. This strategy will be implemented through initiatives such as restructuring the functions and roles of all education institutions in enhancing the competencies of educators to remain relevant to the current educational needs. This

rationalisation will involve strengthening of collaborative networks among institutions in undertaking continuous professional development training as well as research and innovation.

Strategy B1.3: Enhancing Education Outcomes

Education outcomes will be enhanced through the implementation of a comprehensive transformation. Early childhood education or preschool will be made compulsory at the age of five to optimise early cognitive development. The adoption of the national curriculum for preschool education, which emphasises the inculcation of *karamah insaniah* values, character building, critical thinking and life skills will be made compulsory to all institutions of early childhood education. In this regard, the enforcement of the Education Act 1996 [Act 550] will be strengthened. Primary education will begin at the age of six, in line with international practices. The English language will be adopted as part of the language of learning and communication for level one students, while the learning of an additional language will be expanded in primary schools to enhance language proficiency in early schooling years. The school curriculum will be enhanced with the emphasis on the aspects of nationhood, socioemotional, fundamental literacy skills and digital, in addition to entrepreneurship, finance and sustainability.

The availability of education for students with special educational needs will be expanded nationwide, from preschool to secondary level. This measure aims to enhance access to education for these students in ensuring that no one is left behind. Studies will be conducted to determine the optimal school hours, assess the effectiveness of specialised schools as well as improve the educational model for gifted and talented students in enhancing overall education outcomes.

A mandatory paid internship scheme will be introduced to improve graduate outcomes. This scheme also aims to encourage small and medium enterprises to

accommodate university students for industrial training. The demand driven-based learning model will be expanded by increasing collaboration between public universities and the private sector through certification of skills and work experience.

Strategy B1.4: Improving Assessment and Evaluation of Learning

Learning assessment and evaluation will be improved to enhance the quality of national education to be on par with international achievements. A study will be undertaken to assess the effectiveness of the school assessment and evaluation system. In addition, a new graduate outcome assessment will be introduced to address skills and competency mismatches, thereby curbing graduate underemployment issues.



Strategy B1.5: Enhancing Competency and Efficiency of Educators

Efforts to enhance the competency and efficiency of educators will be implemented comprehensively as part of the commitment to improve education quality. The mechanism for recruitment of teachers will be enhanced to secure the best teaching talent from various sources. A continuous professional development programme for teachers, akin to practices in other professions will be introduced to ensure teachers are competent and equipped with the latest knowledge in line with current needs.

Primary school teachers will be trained to be capable of teaching all foundation subjects for level one students. However, the subject of Islamic Education can only be taught by qualified Islamic Education teachers. A study will be undertaken to assess the feasibility of cross-placement and -mobility of various professions to enhance competencies of educators and secure the best talent. The promotion system for teachers will be reviewed to provide a more competitive career pathway, on par with other professions.

Strategy B1.6: Improving Education Investment

Investment in education will be improved to optimise the Government spending. The provision of educational facilities, including preschools, will be strengthened in accordance with learning needs. Construction of schools will be instituted as one of the requirements under the Development Order for large scale housing projects in expediting the provision of educational facilities based on local needs. The construction of vertical school will be increased to address the issues of overcrowded school and lack of suitable sites. Furthermore, community-based schools will be expanded for the Orang Asli community, residents of longhouses and population in remote areas. This approach will increase the accessibility of education by the target groups with low cost implication.

Education sponsorships by the Government and government-linked companies (GLCs) will be improved to ascertain that fields of sponsorship are aligned with the actual needs of the nation and address the issue of talent migration. In addition, priority will be given to Malaysians pursuing postgraduate studies at local higher education institutions. The education loan scheme under the Perbadanan Tabung Pendidikan Tinggi Nasional will be reviewed to be more targeted, focused and sustainable. A single national platform for education sponsorships and contributions will also be established to enhance the efficiency and transparency in managing education financing. This platform will facilitate contributions from parents, alumni, community, industry and the private sector.

Strategy B1.7: Strengthening Lifelong Learning

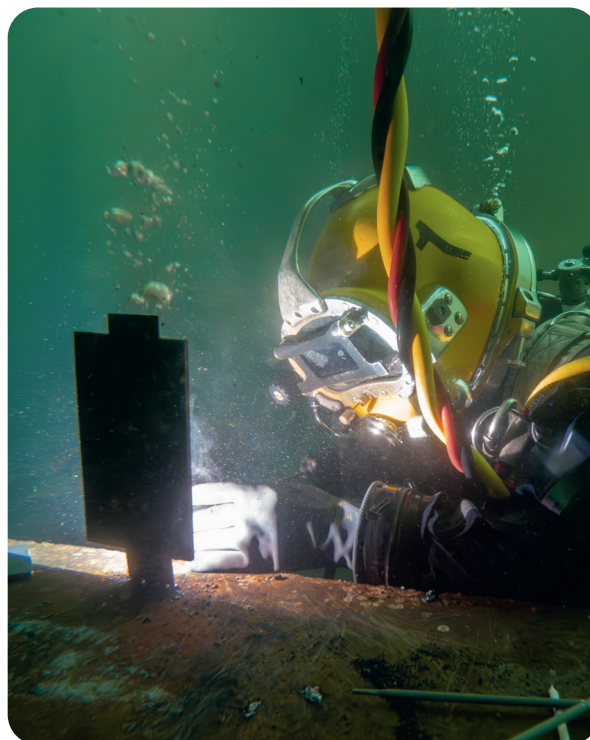
Lifelong learning (LLL) will be strengthened in preparation towards Malaysia becoming an aged nation by 2043. Older persons in the third age will be offered LLL programmes through the Third Age University concept. Public facilities such as sports centres and libraries will also be utilised for the implementation of LLL initiatives, including self-learning and peer-to-peer learning to optimise usage of resources. In addition, the related governance will be improved to mainstream LLL as an integral part of the national education system.

Strategy B1.8: Strengthening the TVET Ecosystem

TVET governance will be strengthened by establishing the TVET Commission as a dedicated entity to regulate TVET institutions and monitor strategies and initiatives under the National TVET Policy. A study to formulate a TVET act will also be conducted to improve TVET governance. The expansion of skill certification levels under the Malaysian Skills Certification System will be implemented by amending the National Skills Development Act 2006 [Act 652] in elevating TVET to be on par with the academic pathway in the national higher education system. In addition, a TVET institution rating

system will be developed to ensure that the quality of the programmes aligns with industry needs as well as optimal allocation of funding.

TVET programmes will be strengthened in line with the industry needs. In this regard, TVET programmes offering will take into account investment in high growth high value (HGHV) industries and strategic sectors as well as advanced technologies. This effort will support talent development requirements in strategic investment areas, such as the Johor-Singapore Special Economic Zone (JS-SEZ), the Kulim Hi-Tech Park (KHTP), and the Kerian Integrated Green Industrial Park (KIGIP). Thus, collaboration between public TVET institutions and the industry will be intensified through sharing of expertise and latest technologies, including AI and curriculum development as well as upskilling and reskilling programmes for TVET instructors. In addition, TVET programmes will also be expanded to *tahfiz* and *huffaz* students.





B2: Labour Market Reform

The existence of a competitive labour market is vital to support economic growth. Labour market competitiveness has improved through the introduction of various policies on labour, employment and social protection. However, gap between demand and supply of talent persists, leading to skills mismatch and skills-related underemployment. In addition, continuous reliance on low-skilled foreign workers hampered the adoption of technology. This issue induced a ripple effect in the labour market, including the dominance of low-skilled and -wage jobs, wage distortions as well as slow productivity growth.

Objective

Labour market reform aims to create a more dynamic, competitive and sustainable employment ecosystem, in line with the aspirations of the Ekonomi MADANI

to raise the floor and ensure a decent life. The success of this reform requires close collaboration between the Government, employers and workers. A competitive labour market will create more high-paying skilled job opportunities for the local talent, provide skilled workforce needed by the industries as well as enhance the productivity and economic growth of the nation.

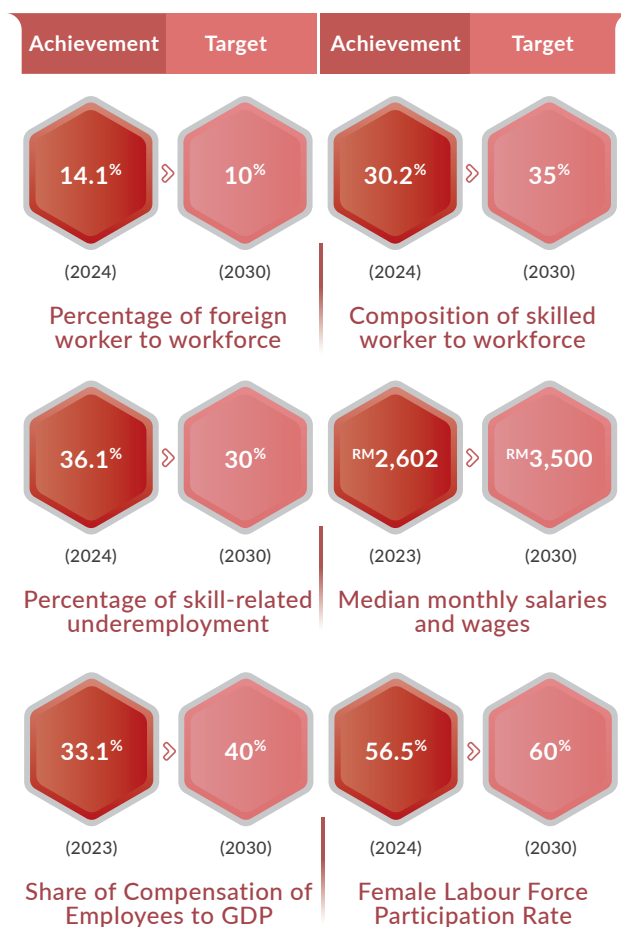
Achievement of the Twelfth Plan

The national labour market improved, with the unemployment rate declined to 3.2% in 2024, compared with 4.5% in 2020. Composition of skilled workers increased from 29.6% in 2020 to 30.2% in 2024. The Progressive Wage Policy (DGP) White Paper was tabled in Parliament in 2023 and a pilot project involving 756 employers was implemented in 2024. Full implementation of the DGP commenced in early 2025, with a target participation of 50,000 workers. The Minimum Wage Order (PGM) was revised twice during the Twelfth Plan period. The first revision involved an increase of the minimum wage from RM1,200 to RM1,500, effective May 2022, while the second revision involved the increase to RM1,700 effective February 2025. Efforts to improve salary of workers successfully increased the median monthly salaries and wages to RM2,602 in 2023, from RM2,076 in 2020.

The Multi-Tier Levy Mechanism (MTLM), which sets different levy rates for every sector based on dependency levels of foreign workers was approved in 2024. This measure is expected to create skilled job opportunities for the local talent through a shift to automation and mechanisation. In addition, the Academy in Industry (ADI), a programme based on industry demand, was implemented since 2023 to increase the participation of the local workforce. A total of 20,088 participants registered to join ADI programme as of 2024. The upskilling and reskilling programmes under the Human Resource Development Corporation succeeded in training a total of 3,886,470 workers from 2021 to 2024.

Target

Six selected targets are set in the efforts to reform the national labour market during the Thirteenth Plan period, as follows:



Strategy

Labour market reform is imperative in addressing structural weaknesses in the economy. A significant reduction of low-skilled foreign workers is a crucial approach towards strengthening a technology- and value creation-based economy. Six strategies will be implemented to reform the labour market during the Thirteenth Plan period, as follows:

Strategy B2.1: Reducing Dependency on Foreign Workers

Efforts to reduce dependency on foreign workers, particularly semi-skilled workers, will continue to be implemented to enhance the national competitiveness and address challenges related to low wages and productivity. The number of foreign workers is targeted to be reduced significantly to an average of 10% of the workforce in 2030 and 5% in 2035. This reduction will take into account sector-specific needs, particularly workers in the dirty, dangerous and difficult (3D) category. In this regard, the MTLM will be implemented in 2026 to support efforts in reducing dependency on foreign workers. Additional levies collected from the implementation of MTLM will be channelled to a trust fund, which will be established to encourage automation and mechanisation. The requirements for issuance of the Visit Pass for Temporary Employment (PLKS) will also be tightened, including the eligibility criteria to change employers and sectors, prohibition from doing business and imposition of shorter employment period. In addition, application for foreign workers will be required to go through a clearing house that will be established to facilitate matching of participants in the ADI programme before approval. These measures will ensure local workers are given priority to fill up job vacancies.

The availability of comfortable accommodation close to the workplace is among the key factors influencing jobs selection among local workers. Initiatives will be introduced to encourage employers to provide more accommodation facilities for local employees as a measure to increase participation of local workforce. In addition, acts and regulations related to the provision of accommodation or housing benefits will be reviewed to ensure the welfare and safety of workers as well as to increase productivity of the local workforce.

Strategy B2.2: Accelerating Holistic Wage Adjustment

Efforts to accelerate wage adjustment holistically will be undertaken to reduce wage gap and improve compensation of employees. The role of the National Wages Consultative Council will be enhanced to include coordination of all matters related to wage. This measure will enable the determination of starting salaries for graduates, including TVET graduates, as well as regulation of salary guidelines compliance aspects in the DGP implementation. In addition, a periodic revision of the minimum wage will take into account the living wage to ensure workers receive salaries that are commensurate with the cost of living. The e-MASCO portal will also be enhanced as a comprehensive employment information platform, including information on wages, which will be a source of reference for employees and stakeholders.

A negotiation platform for micro, small and medium enterprises will be developed to increase bargaining power of employees, particularly related to wage increment. This effort aims to safeguard the welfare of workers, despite not joining trade unions. The holistic wage adjustment is vital in ensuring that workers benefit from a more equitable economic share and competitive wage offerings.

Strategy B2.3: Streamlining Supply and Demand of Workforce

An accurate and effective matching between the supply and demand of workforce is crucial in ensuring the provision of talent is in accordance with industry needs. The dual-system mechanism based on the supply and demand of workforce will be expanded to ensure the provision of workforce is aligned with the skills required by industry. The implementation of the ADI based on industry demand will be enhanced in enabling workers to obtain the highest academic qualification instead of only the Malaysian Skills Certificate and Professional Diploma.

The national workforce planning will be enhanced through rationalisation of various workforce platforms into a single platform. All information related to supply, including training and talent readiness, as well as demand of workforce will be streamlined through this platform. This effort will enable coordination of all training and skills programmes to be implemented in an integrated and comprehensive manner. In addition, a specific mechanism will be introduced to measure the effectiveness of skills training. This mechanism, among others, will assess productivity of workers post skills training.

Strategy B2.4: Enhancing the Wellbeing of Employees

An adequate retirement saving is essential to safeguard the welfare of employees during old age. Therefore, a better mechanism to ensure continuous income after retirement will be explored. This mechanism will enable the Employees Provident Fund (EPF) contribution to be separated into two components, which are retirement savings and pension. Through this effort, employees will be able to withdraw a portion of the savings, as well as receive monthly pension at retirement age.

Social protection for all workers will be strengthened to ensure a more comprehensive coverage, including the risks of job loss and accidents. Specific legislation will be enacted to guarantee the welfare of gig workers, including the right to work in a safe, healthy and conducive environment. Protection against employment-related accidents will be improved, including those that occur outside working hours and non-work related. Rehabilitation and recovery services under the Social Security Organisation (SOCSO) will also be expanded to enable workers who are involved in accidents receive necessary treatments and return to work.

Initiatives that emphasise work-life balance will continue to be expanded in enhancing the wellbeing of employees. Flexible work arrangements, which allow employees

to adjust work schedules in accommodating personal needs will continue to be encouraged. This measure will help in reducing psychosocial risks and improving productivity as well as ensuring employees remain in the more secured formal sector.

Strategy B2.5: Increasing Participation of Older Persons, Women and Persons with Disabilities

The transition into an aged nation requires immediate adjustments in the labour market. In this regard, measures to increase the participation of older persons, women and persons with disabilities (PWDs) will be intensified as part of the initiatives to improve the labour market. Amendment to the Minimum Retirement Age Act 2012 [Act 753] and introduction of a legislation related to re-employment with more flexible terms will be implemented to provide productive older workers with options to remain in the labour market.

The ADI programme will be expanded to also focus on the participation of older persons, women and PWDs. In addition, initiatives related to equitability and inclusivity in the labour market will be improved by introducing a programme to recognise companies that hire older persons, women and PWDs. Existing programmes, including those organised by social enterprises (SEs), will be expanded to encourage participation of older persons, women and PWDs in the digital economy.

Initiatives to facilitate women returning to the labour market will be enhanced in increasing the female labour force participation rate. In this regard, the implementation of policies related to flexible work arrangements and career-matching programmes will be strengthened, while the provision of childcare facilities at the workplace will be expanded. In addition, upskilling and reskilling programmes, specifically for women

seeking re-employment will be introduced in building a more inclusive and responsive labour market.

Strategy B2.6: Improving Labour Management

Management related to labour will be improved in line with the dynamics of the labour market. Labour laws and regulations will be reviewed to strengthen the implementation of policies related to labour and human capital development. The capacity and competencies of labour officers will also be enhanced to support the enforcement of related laws and regulations. In addition, the adoption of AI in and digitalisation of the labour system and infrastructure will be expanded to enhance service delivery.

B3: Strengthening of Inclusive Development from a Multidimensional Perspective

Malaysia has progressively strengthened inclusive development in tandem with the national economic development. Various policies and initiatives have been and are being implemented to provide equitable opportunities in addressing cost of living, increase the income of the *rakyat*, narrow inequality gaps and holistically enhance wellbeing of the *rakyat*. Efforts to strengthen inclusive development towards improving social mobility continue to face multidimensional challenges. These challenges not only limited to slow income growth, but also encompass issues related to inequality of opportunities, including in accessing education, healthcare and housing, as well as in wealth creation. Pockets of poverty still exist, while social protection remains incomprehensive and less effective. In addition, existing approaches and design of intervention programmes are hampered by challenges in terms of effectiveness and sustainability.

Objective

The strengthening of inclusive development from a multidimensional perspective based on life cycle aims to create equitable opportunities in enhancing social mobility and the wellbeing of the *rakyat*. These outcomes are aligned with the Ekonomi MADANI thrust to raise the floor in assisting the *rakyat* to cope with the rising cost of living burden. Thus, enabling the *rakyat* to have a decent and dignified life anchored on *insaniah* values. These efforts require close collaboration between the government, the private sector, civil society and the *rakyat* through the whole-of-nation approach.



Achievement of the Twelfth Plan

During the Twelfth Plan period, several selected socioeconomic indicators showed positive progress. The mean monthly household income increased from RM7,901 in 2019 to RM9,155 in 2024². The Multidimensional Poverty Index declined from 0.0110 to 0.0050. The Gini coefficient, which measures income inequality, continued to narrow from 0.407 to 0.390. The incidence of absolute poverty stood at 5.8% in 2024, compared with 5.6% in 2019. This achievement is better compared with the poverty incidence in 2020, which reached 8.4% due to the COVID-19 pandemic.

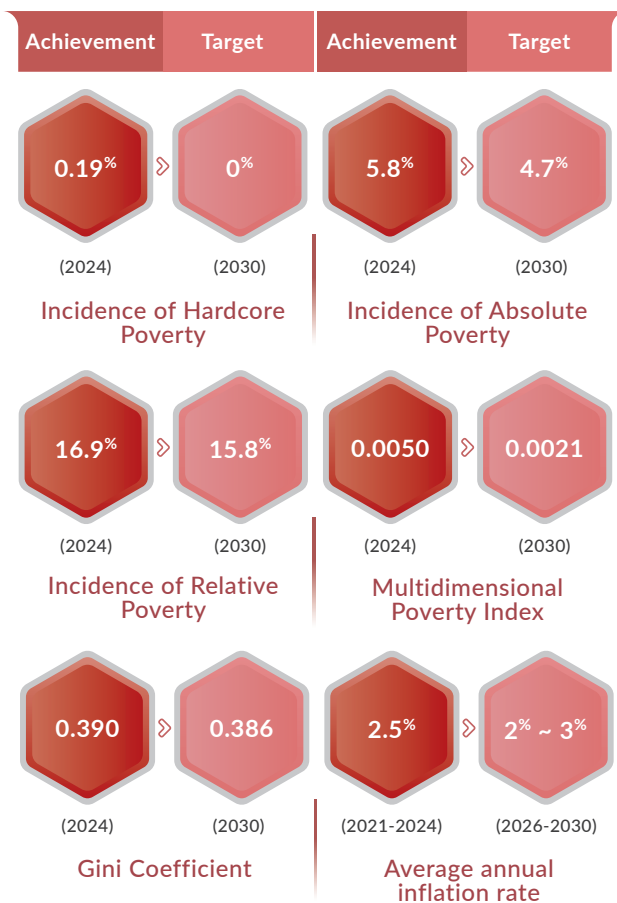
In line with the Government commitment to eradicate hardcore poverty, social assistance and income generating initiatives such as the Sumbangan Tunai Rahmah (STR), targeted subsidies and the Inisiatif Pendapatan Rakyat (IPR) were introduced. In 2025, a total of 8.5 million households received the STR assistance, of which 5.4 million households also received the Sumbangan Asas Rahmah. In addition, as at June 2025, a total of 6,171 households participated in the IPR programme, of which 442 participants under the Pembasmian Miskin Tegar successfully earned income above the food Poverty Line Income. Furthermore, 1,877 participants of IPR-INTAN and IPR-INSAN succeeded in increasing the monthly income to more than RM2,000.

Various initiatives were also implemented under the National Action Council on Cost of Living, such as the Program Payung RAHMAH MADANI, the Bantuan Awal Persekolahan, festive seasons price control scheme as well as the enforcement and monitoring of goods prices to reduce the cost of living burden. The Cost of Living Index and the Basic Expenditure of Decent Living were introduced as guidance for household financial planning. The Pangkalan Data Utama (PADU) was launched in January 2024 as a centralised repository of individual and household profiles to support data driven socioeconomic planning.

² Refers to preliminary data from the Household Income and Expenditure Survey 2024, Department of Statistics Malaysia.

Target

Six selected targets are set in the efforts to strengthen inclusive development from a multidimensional perspective during the Thirteenth Plan period, as follows:



Note: Preliminary data from the Household Income and Expenditure Survey 2024, Department of Statistics Malaysia.

Strategy

Inclusive development from a multidimensional perspective will be strengthened to enhance social mobility and cohesion. Strategies will continue to focus on efforts to strengthen the management of the cost of living, address poverty, narrow inequalities as well as improve social protection. In this regard, four strategies are identified to strengthen inclusive development, as follows:

Strategy B3.1: Strengthening Efforts in Managing Cost of Living

Managing the cost of living burden is the main agenda to enhance the wellbeing of the *rakyat*. This requires an integrated approach encompassing various aspects, particularly income and expenditure. The income aspect includes opportunities to generate sustainable income through education, employment and entrepreneurship. The expenditure aspect includes control of production costs and retail prices as well as security of basic supplies and services. The Thirteenth Plan focuses on efforts in addressing the rising cost of living as stipulated in strategies and initiatives across priority areas.

As a comprehensive effort to strengthen the planning, implementation and monitoring of strategies in addressing the cost of living, a new national cost of living action plan will be introduced, among others, focusing on stabilising prices of goods and services as well as managing subsidy. A comprehensive enforcement will be implemented by integrating the scope of enforcement in the entire supply and distribution chains to curb profiteering and anti-competitive practices. In addition, initiatives to sell goods and services at reasonable prices, such as the Program Jualan RAHMAH MADANI will be expanded to other suitable localities, particularly in the rural areas.

Empowerment and advocacy of consumer rights will be further strengthened with the introduction of the Consumerism Action Plan 2030, which will detail out the National Consumer Policy 2.0. This action plan will cover aspects such as strengthening of governance, empowerment of consumer, sustainable consumption practices, fairer marketing as well as enhancement of technology adaptation through digitalisation and AI. These efforts will inculcate consumers who are cognisant of each individual rights.



Strategy B3.2: Addressing Poverty

Integrated efforts will continue to be intensified to eradicate poverty by creating equitable opportunities in multidimensional perspectives, including education, healthcare and standard of living. A comprehensive national policy will be formulated to provide direction and new approaches in addressing multidimensional poverty. The PADU will be the source of reference in identifying target groups in the implementation of intervention comprising social assistance and poverty programmes to minimise inclusion and exclusion errors.

Education is a fundamental enabler to gain equal opportunities in addressing poverty and enhancing social mobility. Efforts will be focused on improving access to education, right from early childhood care and education up to higher education. In addition, continuous interventions will be intensified to prevent student dropouts, including the expansion of targeted assistance on fees, tuition and scholarship. Training and skills programmes for target groups will also be matched with suitable job opportunities to ensure sustainable increase in income.

Good health is closely linked to the ability to enhance self-potential, capacity and productivity. Therefore, healthcare services for poor households will be improved through the life cycle approach, starting from prenatal stage to end of life. In this regard, health protection and care programmes, such as the First 1,000 Days of Life initiative, the Rehabilitation Programme for Malnourished Children and the MADANI Medical Scheme will be enhanced and expanded.

The quality of dwellings as well as access to adequate utilities and basic services are essential components in ensuring a good standard of living. In this regard, housing assistance programmes will be continued based on needs, including the construction of new and repair of dilapidated houses, particularly for hardcore poor households. In addition, the provision of infrastructure such as supply of clean water and electricity as well as broadband coverage will be enhanced in rural areas to enable access to necessary basic services and facilities.

Targeted social assistance will be continued, including cash and equipment assistance for capacity building and entrepreneurship to enable households exit poverty. In addition, the design and implementation of income-generating programmes, such as the IPR, the Program Pemerkasaan Ekonomi Komuniti Bandar (PEKB) and the Skim Pembangunan Kesejahteraan Rakyat (SPKR) will be improved to enhance effectiveness. The behavioural insights approach will be adopted in determining the programme design and target group to ensure achievement of programme outcomes. More innovative alternative sources of financing based on the whole-of-nation approach will be explored and expanded. These sources include social impact fund, new public-private partnership model, Islamic social financing and corporate social responsibility.

Strategy B3.3: Narrowing Inequality

Inequality of opportunity will have a compounding effect at every stage in the life cycle and increase the risk of disparities. Efforts to narrow disparities across various dimensions will be intensified through the implementation of initiatives for household to generate income, including provision of job opportunities and entrepreneurship development as well as implementation of policies related to labour market. The identification of target groups for social assistance and targeted subsidies will be improved. Among the methods to be explored is based on the Net Disposable Income (NDI)³. The use of NDI as the eligibility threshold is fairer compared to the classification based on gross household income according to B40, M40 and T20 income groups. In addition, a prosperity gap indicator will be introduced to complement the existing inequality measurement.

Access to quality and lifelong education and skills training, including TVET will be enhanced to improve the employability of household members, particularly of the low-income group. In addressing skills mismatch and inequality of access in the labour market, job matching policy will be strengthened through the expansion of targeted active labour market support system. The implementation of DGP will be expanded and periodic review of the PGM that takes into account changes in the cost of living will be continued in narrowing the salary and wage gaps.

Income generating programmes, such as the IPR, PEKB and SPKR will be expanded with improved programme designs to ensure maximum outcomes. In addition, the implementation models for micro-entrepreneurship, cooperatives and SEs will be strengthened to boost income generation, particularly in localities with high poverty incidence and in remote areas. Participation in the digital economy and the sharing economy will also be

encouraged to enhance the involvement of low-income households in income generating activities through the use of technology.

Strategy B3.4: Improving Social Protection

The social protection reform initiated under the Mid-Term Review of the Twelfth Plan will be continued in the Thirteenth Plan, focusing on strengthening social protection holistically. In this regard, the National Social Protection Policy will be formulated to ensure the scope of protection for the *rakyat* is inclusive and comprehensive. In addition, the retirement system and social security protection frameworks, including the registration mechanisms and coverage of mandatory contribution under the EPF and SOCSO schemes will be enhanced.

B4: Elevation of the Socioeconomic Status of Target Groups

Various policies and initiatives have been and are being implemented to elevate the socioeconomic status of target groups, including the Bumiputera, Orang Asli, Anak Negeri Sabah, Bumiputera Sarawak as well as low-income households within Chinese and Indian communities. Focus is also given to specific target groups, namely children, youth, PWDs and family. Strengthening of the roles and responsibilities of men and women will also be emphasised in the national socioeconomic development.

Key challenges in uplifting the socioeconomic status of the target groups include low levels of competitiveness and capacity, limited access to financing as well as service delivery and programme designs that do not meet the needs of the target groups. The Bumiputera, in particular, continue to face limited capacity to increase participation, ownership and control in the economy. Children continue to face issues related to unhealthy development and growth, including new threats arising

³ Refers to the measurement of household income based on the difference between disposable income and the Basic Expenditure of Decent Living.

from exposure to technology. The youth continue to encounter social mobility and capability constraints to pursue a decent living. As for PWDs, awareness among parents on the needs for special education, access to job opportunities and protection from any forms of discrimination remains low. In addition, availability of universally designed infrastructure is still limited.



Objective

Elevation of the socioeconomic status of the target groups will ensure development and livelihood, protection as well as meaningful participation in socioeconomic development. This strategic approach requires continuous commitments of all stakeholders, right from the government, the private sector, civil society to each individual involved. The implementation of this initiative is to empower the target groups in line with the principle of leaving no one behind, aligned with the thrust to raise the floor in achieving the aspirations of the Ekonomi MADANI.

Achievement of the Twelfth Plan

During the Twelfth Plan period, Bumiputera participation in the socioeconomic development continued to improve. The mean monthly household income of Bumiputera increased from RM7,093 in 2019 to RM8,232 in 2024. A total of 73.4% of households owned at least one residential unit in 2022, compared with 73.7%

in 2019. Nevertheless, this rate is an improvement over the 73% recorded in 2021 due to the COVID-19 pandemic. The Bumiputera Economic Transformation Plan 2035 (PuTERA35) with the theme More Meaningful Bumiputera Participation, Ownership and Control was launched in August 2024, aimed to uplift the status and dignity of the Bumiputera. In addition, the Bumiputera investment institutions were consolidated to enhance governance efficiency in realising the Bumiputera empowerment agenda more effectively.

Various efforts were implemented to intensify the socioeconomic development of the Orang Asli, encompassing capacity building, income generation as well as provision of infrastructure and basic facilities. A total of 13 Comprehensive Special Model School 9 (K9) were built, while one K9 school was upgraded to K11 to enhance the education and human capital of the Orang Asli. In addition, a total of 2,044 participants involved in the redevelopment of Orang Asli plantations, covering a total area of 4,411 hectares to increase household income. As at June 2025, a total of 27 villages, covering 2,716 hectares were gazetted as Kampung Orang Asli, 229.7 kilometres of rural access roads constructed, 33 villages supplied with electricity and 222 villages had access to supply of alternative treated water.

The socioeconomic indicators in Sabah improved, with the mean household income of Anak Negeri Sabah increased from RM5,087 in 2019 to RM5,836 in 2024. A total of 3,067 participants were trained in the production of handicraft products under the Anak Negeri Sabah Special Programme. As at June 2025, a total of 68,765 hectares of Native Customary Rights (NCR) land were surveyed, involving 36,368 beneficiaries for the implementation of income generating activities.

The socioeconomic indicators in Sarawak also improved, with the mean household income of Bumiputera Sarawak increased from RM4,930 in 2019 to RM5,909 in 2024.

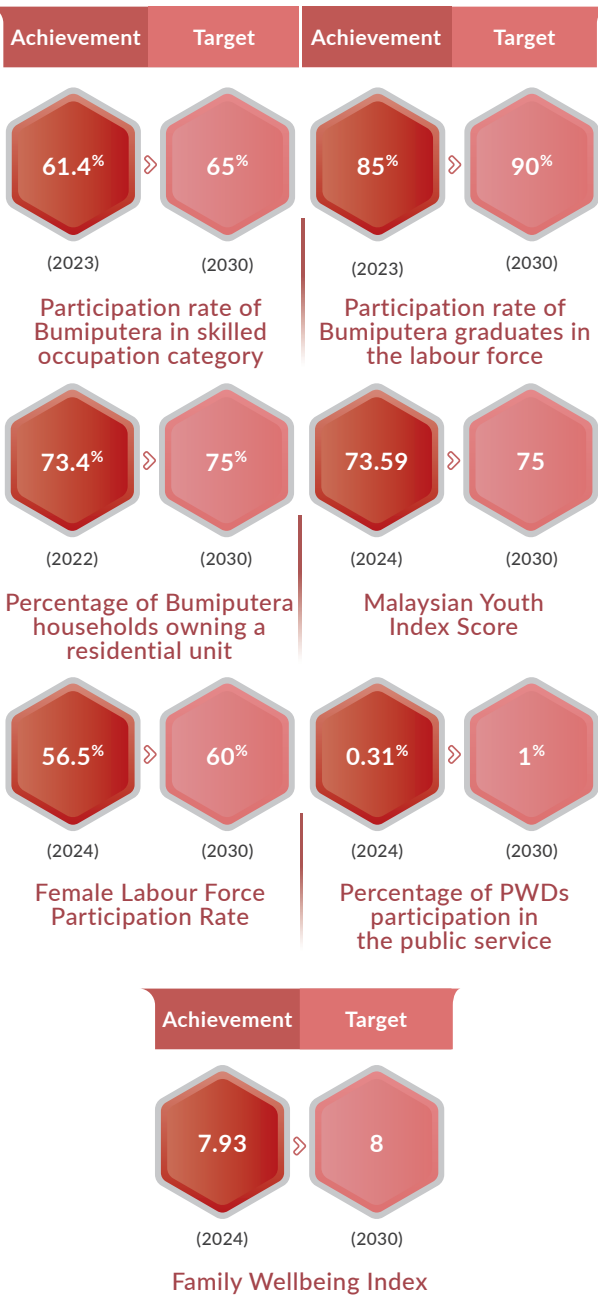
As at December 2024, a total of 5,106 participants from low-income households were trained in agriculture under the Bumiputera Sarawak Special Programme, enabling participants to cultivate food and commodity crops covering 71 hectares in various locations. As at December 2024, a total of 15,458 land titles involving 25,601 hectares of land were issued, benefitting 22,457 Bumiputera Sarawak.

The socioeconomic status of various target groups has improved through strengthening of governance as well as the implementation of specific programmes and initiatives under the Twelfth Plan. The National Social Policy 2030 was launched in October 2024 as the main social policy in setting the national social development direction to address social issues holistically through the whole-of-nation approach. The new Dasar Kanak-Kanak Negara was launched in November 2024 to ensure the voices of children are heard and considered in all decisions that affect the future of the children. Amendment to the Evidence of Child Witness Act 2007 [Act 676] was enforced in March 2025, in addition to the establishment of the Department of Children Development in September 2023 to strengthen the protection of children.

The Youth Socioeconomic Empowerment Plan 2030 was launched in November 2024 to enhance the quality of life and wellbeing of youth. The wellbeing of youth improved based on the increase in the Malaysian Youth Index score from 68.30 in 2020 to 73.59 in 2024. In addition, the female labour force participation rate increased from 55.1% in 2020 to 56.5% in 2024, reflecting the effectiveness of policies and initiatives in improving female participation in the labour market. The participation of PWDs in the public service recorded a marginal increase, from 0.29% in 2020 to 0.31% in 2024, below the 1% target. The increase in the Family Wellbeing Index from 7.72 in 2019 to 7.93 in 2024 indicated strengthening of family institutions.

Target

Seven selected targets are set in the efforts to improve the socioeconomic status of the target groups during the Thirteenth Plan period, as follows:



Strategy

Efforts to elevate the socioeconomic status of the target groups will continue to be focused through expansion in access to education and jobs, greater participation in entrepreneurship and economic activities as well as improvement in infrastructure. Bold and radical strategies will focus on efforts to enhance social mobility and the wellbeing of the target groups. In this regard, 10 strategies are identified for implementation during the Thirteenth Plan period, as follows:

Strategy B4.1: Increasing More Meaningful Bumiputera Outcomes

The commitment to successfully implement the Bumiputera empowerment agenda will be continued. In this regard, the role of Bumiputera empowerment unit in all ministries will be strengthened to support the Bumiputera agenda as a national agenda, particularly in the implementation and monitoring of 132 initiatives under the PuTERA35. The strengthening of this unit will enhance the socioeconomic status of the Bumiputera through more meaningful participation, ownership and control, without marginalising other races.

The entrepreneurship programmes capable of creating values and upscaling Bumiputera enterprises will be expanded to ensure a more meaningful contribution to the national economy. In this regard, the entrepreneurship programmes will be realigned based on the mandates of Bumiputera agencies to enhance productivity, competitiveness and scalability of Bumiputera enterprises in domestic and international markets. The scaling-up programme based on the concept of a relay race will be expanded to provide continuous support to Bumiputera enterprises at every level of business development, starting from the micro level to public listing stage. Bumiputera enterprises will also be given opportunities to leverage HGHV as well as advanced technologies sectors and industries, including the halal industry. In this regard, the participation of

GLCs, government-linked investment companies and private companies will be intensified in supporting the Bumiputera development agenda to create more business owners among Bumiputera professionals.

Strategy B4.2: Enhancing the Quality of Life of the Orang Asli Community

The quality of life of the Orang Asli community will continue to be improved through the implementation of an action plan and amendment to relevant legislation. In this regard, an action plan for Orang Asli development will be implemented to strengthen policies and governance as well as to improve the design of development programmes to be more inclusive. Service delivery will be improved through amendment to the Aboriginal Peoples Act 1954 [Act 134]. In addition, a customary council will be established to reform the governance of Orang Asli community traditional leadership in enhancing the efficiency of the Penghulu or Batin.

The talent development of the Orang Asli community will be strengthened by improving access to education and TVET, including schooling assistance and scholarships. In the efforts to accelerate socioeconomic development, the redevelopment of oil palm and rubber plantations, as well as land survey will be continued, and entrepreneurship development through cooperatives and SEs will be expanded. The wellbeing of the Orang Asli community will be improved through the provision of housing, infrastructure and basic amenities such as roads, water and electricity as well as telecommunications.

Strategy B4.3: Developing the Socioeconomy of Anak Negeri Sabah and Bumiputera Sarawak

The socioeconomic development of Anak Negeri Sabah and Bumiputera Sarawak will continue to be strengthened by accelerating economic growth and community development. Among the initiatives to be implemented include talent empowerment, infrastructure and basic amenities improvement as well as NCR land

survey, gazettment and issuance of titles. In addition, business opportunities for the Anak Negeri Sabah and Bumiputera Sarawak will be expanded through the provision of commercial premises and access to financing.

An integrated economic framework and action plan at the state level will be introduced to guide the socioeconomic development of these target groups. Efforts will also be undertaken to improve coordination between the Federal and state agencies. These efforts will improve the effectiveness in implementing the socioeconomic development policies and programmes.

Strategy B4.4: Enhancing the Quality of Life of the Chinese Community

Efforts to enhance the quality of life of the Chinese community, particularly the low-income households nationwide in facing the challenges of the cost of living will be strengthened. In this regard, the socioeconomic development of low-income residents in the Kampung Baru will be implemented based on the Kampung Baru Development Master Plan. Opportunities for residents to participate in business and entrepreneurial activities, including in the potential tourism industry, will be enhanced through the improvement of existing financing schemes. In addition, support to further strengthen socioeconomic development will be continued to improve the living standards and reduce inequality among the residents.

Infrastructure and public amenities will be upgraded to improve the socioeconomic wellbeing of the residents, including older persons and youth in the Kampung Baru. In addition, hawker sites will be made available and enhanced to support socioeconomic improvement. Furthermore, efforts to upgrade tourism facilities will be implemented to ensure the local tourism industry remains competitive and sustainable.

Strategy B4.5: Improving the Quality of Life of the Indian Community

Efforts to improve the quality of life of the Indian community, particularly the low-income households nationwide will be enhanced. Initiatives and programmes to improve the social mobility of this community will be implemented based on the Malaysian Indian Blueprint and the Indian Community Action Plan. These initiatives and programmes encompass education and talent development aspects, including STEM and TVET as well as job opportunities. Focus will be given to improve the quality of life through the provision of targeted programmes, including upgrading infrastructure and basic amenities as well as repairing of houses.

Measures will also be undertaken to strengthen the economic, entrepreneurial and social development aspects, increase housing opportunities as well as improve the governance of the Indian community, including at the community level. The implementation of these initiatives and programmes will be based on existing mechanisms, such as micro-financing facilities and entrepreneurship support, which will be further strengthened for greater inclusivity. The use of AI technology and digitalisation will be expanded to ensure accurate targets and maximum outcomes.

Strategy B4.6: Enhancing Children Wellbeing

The wellbeing of children will be enhanced in developing the nation future generation, with a focus on improving governance and nutritional needs as well as ensuring equitable access to education and comprehensive social protection. A holistic framework for the development of children and the management of children wellbeing as well as a guideline on safety and disaster risk reduction for children will be developed. These improvements in governance will ensure children are able to grow healthily, safely and with dignity.

The Thirteenth Plan will continue to prioritise efforts in addressing nutritional imbalances among children and pregnant women, such as malnutrition and obesity. In this regard, the First 1,000 Days of Life initiative will be strengthened to ensure physical and cognitive development of children is emphasised since conception. In addition, implementation of the planning work for the National Strategic Plan to Combat the Double Burden of Malnutrition Among Malaysian Children, 2023-2030 will be intensified through the whole-of-nation approach.

Efforts will be intensified to ensure that all children, including those with special needs are able to complete compulsory education in a fair and equitable manner. This is essential as a foundation to provide opportunities for each individual to compete fairly in enhancing social mobility. In addition, the opinions of children will be considered in decision-making process at various levels, including in the Children Representative Council, as a measure to build a responsive and competitive future generation.

Comprehensive protection of children against all forms of negligence, abuse, exploitation, discrimination and violence will be strengthened to ensure that children are not separated from the family without reasonable cause. More effective enforcement of the Online Safety Act 2024 [Act 854] will strengthen the protection of children from cyber threats. In addition, a new progressive policy will be explored to introduce age limit on gadget usage in mitigating the risks of negative impacts on mental and emotional development of children.

Strategy B4.7: Developing Capable, Competitive and Thriving Youth

Youth development will be focused on the aspects of economic empowerment and wellbeing enhancement as well as shaping future youth to build capable and competitive successive generations in increasing social mobility. Efforts will be intensified to increase youth involvement in strategic economic sectors, including

the digital economy, green economy, blue economy, circular economy and silver economy to diversify youth income sources. In this regard, skills development programmes will be enhanced to provide future-ready talent. In addition, career development opportunities will be strengthened with the assurance of micro-credential programmes to enable youth to increase skills while working. Youth participation in entrepreneurship and business will be enhanced to provide new job opportunities for the community.



The wellbeing of youth will continue to be focused in ensuring youth have solid foundation towards a stable life. In this regard, the introduction of *amanah saham belia* will be explored to encourage long-term investment and savings culture among the younger generation. In addition, integrated financing will be explored, including loan facilities for first home ownership with more flexible interest rates. Financial management education will be strengthened comprehensively to increase the level of financial literacy among youth. The implementation of these initiatives will enable youth to become financially literate, achieve long-term financial stability, reduce the cost of living burden and improve social protection.

A youth tracer initiative will be introduced as a focused intervention mechanism in identifying and providing comprehensive support to youth at transition phases⁴

⁴ Refers to the transition period in youth life, including from schooling to higher education or employment phases, from adolescence to adulthood phases, or from singlehood to family phases.

and dropouts. Youth leadership will be strengthened through the implementation of capacity building and public policy programmes, advocacy training as well as involvement in community-based initiatives to produce credible, progressive and value-based successive leaders. The Rakan Muda time bank initiative will be explored as an innovative approach in fostering volunteerism, enhancing skills and expanding social networks among youth.

Strategy B4.8: Strengthening Role and Responsibilities of Men and Women in National Socioeconomic Development

Empowering the roles of men and women in national development will be prioritised as a strategic measure towards building a more inclusive, progressive and balanced society. In this regard, gender impact assessment in national development will be implemented, and gender audit evaluation of high impact programmes and projects will be introduced to mainstream equitable access and active participation, particularly for women. A national action plan on women, peace and security will be developed, particularly to protect women in the defence, security and public safety sectors. The star rating system will be expanded to recognise private companies that encourage and retain women participation in the workforce. In addition, the leadership capacity and capability of women will be enhanced through the introduction of academy and hub for empowerment, mentoring, advancement and support for women.

Efforts will be implemented to address domestic violence comprehensively through a public-private partnership mechanism. Active participation of all parties through this partnership will expedite the provision of protection, psychological support, legal services and other forms of support for domestic violence victims. In addition, a one-stop portal and mobile application related to women will be developed as platforms to facilitate access to information, support and assistance on various issues, such as health, employment, rights of women and domestic violence. The implementation of these

initiatives will enhance access to more efficient public services as well as foster an inclusive and peaceful society.

Efforts will be undertaken to strengthen the roles and responsibilities of men, as more competitive and progressive heads of family as well as agents of community development and social change. Strengthening of character and spirituality of men as heads of household will be prioritised through various initiatives to enhance the roles of men as leaders, protectors, advocates and educators as well as breadwinners of the family. These roles will also be supported through continuous efforts to empower women in building happy families. This initiative will also encompass efforts to uplift men as trustworthy, compassionate and responsible society leaders. In addition, the role of Kafe@Teen will be expanded as an interactive platform in shaping positive, ethical and visionary teenagers. At the school level, the *karamah insaniah* approach will be emphasised in the syllabus to ensure the development of self-identity and inculcation of noble values at an early stage.

Strategy B4.9: Enhancing Wellbeing of Persons with Disabilities

Efforts in enhancing the wellbeing of PWDs will be prioritised to ensure this group lives equitably. The Garis Panduan Perancangan Reka Bentuk Sejagat (Universal Design) will be enforced while a standardised star rating guideline by local authorities (PBTs) will be developed in providing a holistic disability-friendly infrastructure. This effort will improve PWDs access to various facilities and services as well as enable this group to live independently.

PWDs have a huge potential to contribute to the national socioeconomic development with provision of opportunities and sufficient support. Efforts will be undertaken to expand the Program Kerjaya Terlindung in collaboration with the private sector for industrial training placements of PWDs, enabling this group to enhance relevant skills and receive income. Continuous efforts will be intensified to increase PWDs participation in the

public service in achieving the target of 1% participation in 2030. In addition, the involvement of PWDs in decision-making process will be mainstreamed to ensure the needs of this group are taken into consideration in the planning of government policies and programmes.

Strategy B4.10: Strengthening Family Institution

Building a prosperous society starts with strong family institutions. In this regard, a national agenda on KASIH Keluarga Negara will be introduced to strengthen support for family institutions. This effort will be supported by fostering the values of love and affection in families through campaigns, educational programmes and collaboration with civil society organisations. The inculcation of familial values and responsibilities of children will also be emphasised. In addition, support services will be intensified to strengthen marriage institutions, provide parenting education and counselling services as well as assist families in overcoming life challenges. Research in the fields of family and reproductive health will be increased to identify the dynamics of families in preparation towards an aged nation.



B5: Balancing of Regional Economic Growth and Strengthening of Rural Development

Balanced economic development among regions and strengthening of rural development are crucial in ensuring benefits for the rakyat are equitable, comprehensive and inclusive to enhance social mobility. Since post-independence, the substantial development gaps between regions have been narrowed with the implementation of policies and large allocation of resources for rural development and urbanisation. The shift of emphasis to focused development based on corridor and economic zone has further reduced development disparities between regions. However, amidst current development and challenges, emphasis needs to be continued in addressing issues that restrain upward social mobility, including lack of investment in the rural areas, uncontrolled urban sprawl and governance inefficiency. In addition, opportunities for economic integration through inter-regional and sub-regional cooperation must be fully leveraged to support a more balanced development.

Objective

Balanced and inclusive economic development will contribute in the efforts to raise the ceiling towards achieving the aspirations of the Ekonomi MADANI. In this regard, enhancement of social mobility through creation of more jobs and income generating opportunities, more vibrant rural development and sustainable urbanisation, as well as the provision of quality infrastructure and services, will enable the rakyat to attain better wellbeing. Strengthening of the ecosystem that supports and stimulates investment outside of the existing focus areas, particularly in the rural areas will enable industries to access available resources at optimum cost. A better economic development will enhance the competitiveness of the nation towards becoming a leading regional economic hub.

Achievement of the Twelfth Plan

Several measures were undertaken in the Twelfth Plan to optimise the economic development potentials in various regions, among others, developing sustainable urbanisation, transforming the rural areas and providing basic infrastructure facilities. In this regard, a total of RM82.4 billion was allocated to the six less developed states as part of the efforts to bridge the development gaps between states. As of 2024, a total of 113 cities were recognised as sustainable cities in the efforts to invigorate sustainable development at the local level. In addition, a total of nine cities successfully developed the Green City Action Plans through the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) and the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) platforms.

The implementation of the Rural Development Policy emphasised on increasing the access of the *rakyat* in the rural areas to infrastructure and social facilities on par with urban areas. In this regard, rural development was further enhanced with the improvement of basic infrastructure, namely the coverage of access to clean and safe water reached 97.5% and electricity supply increased to 98%, while 2,436 kilometres of rural roads constructed. As at December 2024, nine out of 11

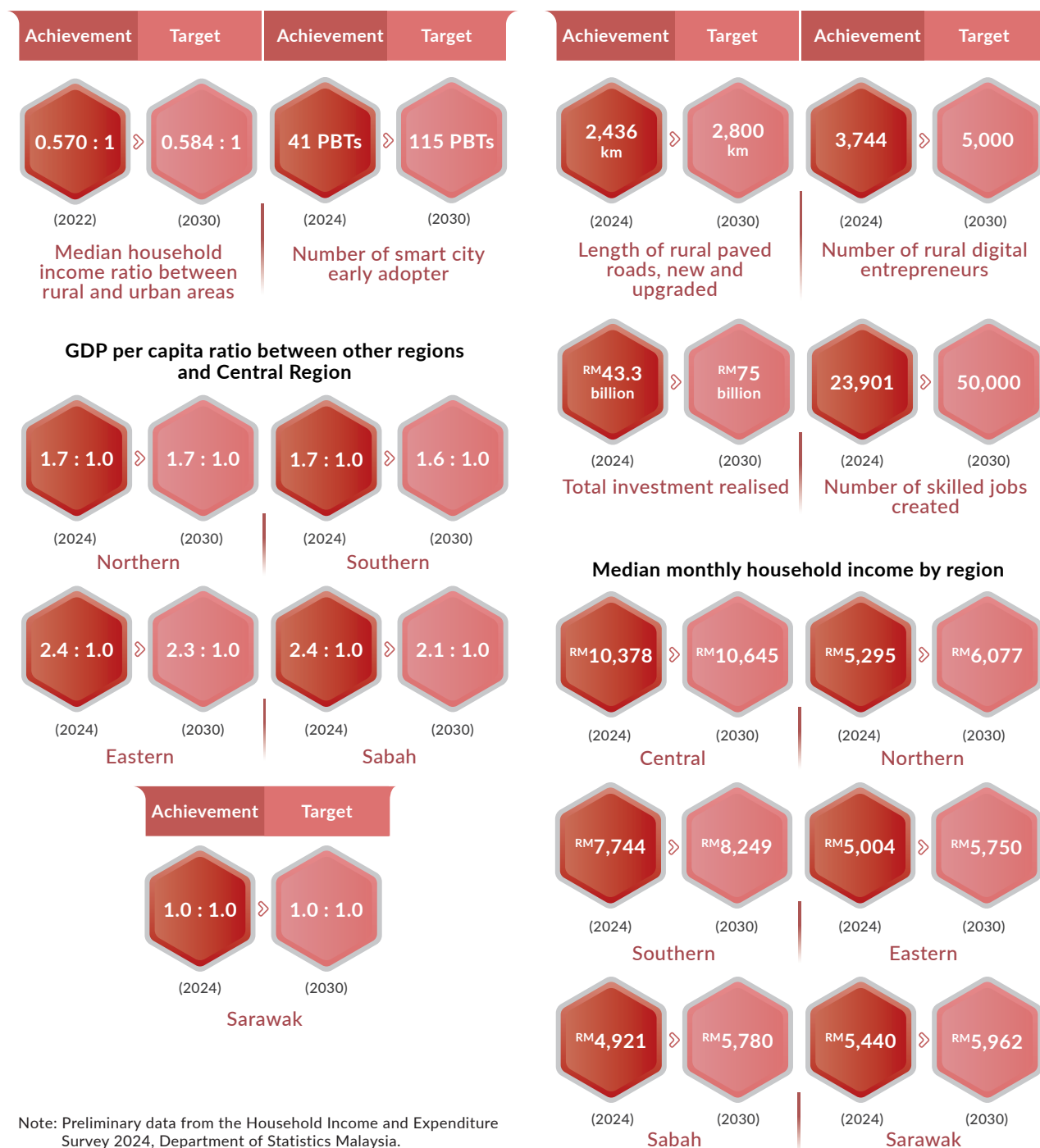
work packages for the Pan Borneo Highway project in Sarawak and four out of 35 work packages for the Pan Borneo Highway project in Sabah were completed. A total of 148.9 kilometres out of 233 kilometres of the West Coast Expressway were constructed during the same period. In addition, facilities and infrastructure in nearly 4,000 schools were upgraded to increase access to education in the rural areas. The implementation of the Jalinan Digital Negara programme to increase internet access in populated areas achieved 98.7%. High-impact investment was successfully brought out of the focused areas, such as to the Chuping Valley Industrial Area and Perlis Inland Port in Perlis, KIGIP in Perak, KHTP in Kedah and Tok Bali in Kelantan through regional development initiatives.

The JS-SEZ joint agreement was signed in January 2025, involving the development of 11 high-impact economic sectors in six districts in Johor covering an area of 3,588 square kilometres. The expansion of industrial areas, particularly the Kota Kinabalu Industrial Park in Sabah and the Samalaju Industrial Park in Sarawak, provided opportunities for greater investment in these two states. An allocation amounting to RM1 billion was approved for the development of Sabah-Sarawak-Kalimantan border areas.



Target

A total of 17 selected targets are set in the efforts to balance economic growth among regions and strengthen rural development during the Thirteenth Plan period, as follows:



Note: Preliminary data from the Household Income and Expenditure Survey 2024, Department of Statistics Malaysia.

Strategy

Focus will be given on efforts in promoting economic activities and investment in less developed areas, improving urban development management and increasing access to infrastructure facilities and services. In addition, efforts will be undertaken to accelerate economic integration and enhance regional development governance. Four strategies are identified to narrow economic development disparities among regions and strengthen rural development during the Thirteenth Plan period, as follows:

Strategy B5.1: Accelerating the Development of Less Developed Areas

Efforts will be intensified to attract investment based on local resource suitability to optimise the economic potentials of less developed areas, particularly in the rural areas. In this regard, rural investment hubs will be developed by utilising geospatial AI and big data. Large-scale investment in specialised industries, including rare earth elements (REE), will be encouraged based on resource advantages of the regions. In addition, local talent will be empowered through collaboration between training institutions, including TVET institutions and industry in ensuring rural workforce is equipped with skills that can support industrial growth. Development in the border areas will be further intensified by improving basic infrastructure, enhancing security facilities and diversifying local economic activities. In this regard, access to the border areas will be improved through bilateral cooperations, among others, between Malaysia and Thailand with the upgrading of Rantau Panjang, Kelantan-Sg. Kolok, Narathiwat, Thailand Bridge, as well as Malaysia and Indonesia with the planning of the Kalabakan to Simanggaris road project.

Road development under the Thirteenth Plan will also be focused on connecting major roads to underserved areas to provide better road connectivity and support a more balanced regional development. The completion of the Central Spine Road, which covers the stretch from Bentong, Pahang to Kuala Krai, Kelantan will provide economic spillover benefits to the *rakyat* in the east

coast of Peninsular Malaysia. In addition, the Sarawak-Sabah Link Road Project, the Trans Borneo Highway Project and the subsequent packages for the Pan Borneo Highway Project in Sabah will be completed. The project to upgrade the North-South Expressway (PLUS) Juru-Sg. Dua Section in Penang will be implemented to ease mobility and access to the northern region. The ongoing Senai Utara-Machap Section PLUS Expressway Widening Project will further boost economic and investment activities in the southern region. Focus will also be given to road safety aspects by upgrading infrastructure, including the installation of street lights and traffic lights, in addition to the expansion of speed limit monitoring.

Efforts to empower the community in planned settlement areas, particularly the second and third generations will be implemented, including in the aspects of improvement in basic infrastructure, social amenities and housing as well as capacity building. In this regard, the projects to be implemented include upgrading of village roads, drainage and irrigation systems as well as water supply, particularly in the settlements of the Federal Land Development Authority (FELDA), Federal Land Consolidation and Rehabilitation Authority (FELCRA) and regional development authorities (LKWJs). Biodiversity conservation, renewable energy initiatives and effective solid waste management will be explored in those areas to support the zero carbon agenda of the nation. In addition, investment in education and TVET as well as support for young entrepreneurs and in addressing social issues will be given focus to nurture a new generation that is competitive and progressive. The FELDA and FELCRA communities will also be encouraged to participate in international collaborations such as the IMT-GT and the BIMP-EAGA to open up new market opportunities.

The digital ecosystem in the rural areas will be strengthened to provide access and opportunities for rural communities to participate in the digital economy. Digital skills of entrepreneurs in managing operations and marketing of local products will be enhanced through strategic collaboration with various

agencies to empower the entrepreneurs. Tax exemption incentive on e-commerce transactions of products by rural entrepreneurs will also be explored. In addition, Jabatan Kemajuan Masyarakat resource centres in areas without community digital centre facility will be upgraded to be digital hubs.



Strategy B5.2: Improving Urban Development and Management

The efficiency of urban development and management will be given focus to address the challenges of urban sprawl, a dense population as a result of rural-urban migration and traffic congestion. Development of smart cities will be promoted through compliance to smart city indicators under the Sustainable Cities and Communities standards. Efforts will be intensified to

achieve the target of 115 PBTs rated as early adopters of smart cities in 2030. Infrastructure development characterised by smart and innovative as well as safe technologies will be prioritised to improve quality of life, resource efficiency and urban competitiveness. the Kota MADANI in Putrajaya will be developed as a pioneer of the future urban model through an urban development approach based on values, sustainability and wellbeing of the *rakyat*.

Sustainable and inclusive urban development will be enhanced through the expansion of transit-oriented development (TOD) zones, which integrate housing, commercial and recreational components with the public transportation system. The implementation of TOD will be complemented with the provision of safe and easily accessible pedestrian and micromobility pathways as well as support facilities at terminals and stations. In addition, cooperation between the Federal and state governments will be strengthened to coordinate land use planning in TOD zones and set a residential quota that comprises of 30% affordable houses, of which 20% priced below RM300,000 and 10% priced below RM150,000.

Focused development in urban areas will be implemented through demarcation of urban growth boundaries to control urban sprawl and optimise land use. In addition, measures to enhance the efficiency of urban management and services as well as the preservation of green areas, including the development of sustainable landscape and tree planting to address the issue of rising temperature will be emphasised. In this regard, efforts will also be undertaken to revive the socioeconomic activities in selected cities, including in the Federal Territory of Labuan through the implementation of strategic projects. The competitiveness and functionality of cities will be improved by merging adjacent small- and medium-sized towns to increase urban hierarchy. In addition, the focus of development will include measures to accelerate urbanisation in the planned settlement areas, particularly the FELDA, FELCRA and LKW areas.

Strategy B5.3: Enhancing Efficiency of Regional Development Planning and Governance

The Malaysia Development Composite Index (IKPM), as a comprehensive measurement tool, will be leveraged to identify development gaps at the regional, state and district levels. The IKPM consists of five components, namely physical and spatial, economy, social, environment and governance. This index will also serve as a guide in formulating more accurate, effective and comprehensive development strategies towards narrowing the disparities among regions.

The functions and roles of state economic development corporations (PKENs) and LKWs will be strengthened to boost economic growth of states, particularly to increase the Bumiputera participation, ownership and control in the economy. In this regard, PKENs and LKWs will be encouraged to venture into high-value economic activities, including HGHV industries and high-impact strategic sectors. PKENs and LKWs will also be encouraged to improve business plans and business models to strengthen investment strategies, as well as financial and talent capabilities in spearheading state economic activities, including in developing resources and assets owned, such as land banks and REE.

The planning of basic rural infrastructure provision will be strengthened through the development of a comprehensive masterplan and infrastructure mapping. This planning also includes the need for the provision of sites for cemetery and other basic amenities. These masterplan and mapping will serve as main references, including by state governments, in planning for the development of rural roads as well as water and electricity supplies in a structured and systematic manner. Provision of services in the rural areas will be improved to be on par with those in urban areas to reduce rural-urban migration.

A consolidated rural information will be developed by integrating database of ministries and agencies, in line with the whole-of-government approach. In this

regard, the Spatial Characteristics of Rural Malaysia System will be comprehensively used as an integrated spatial database for rural development planning. This initiative will ensure the management and planning of rural development are more efficient and structured.

Rural leadership will be empowered to enhance community-driven governance of rural development. In this regard, the Jawatankuasa Pembangunan dan Keselamatan Kampung (JPKK), JPKK Persekutuan and JPKK Orang Asli will be strengthened through leadership capacity building and digital skills programmes. These efforts will nurture dynamic, progressive and digitally literate rural leaders.

Strategy B5.4: Strengthening Economic Integration

Investment activities in the Greater Kuala Lumpur, Negeri Sembilan and Melaka as a large-scale economic cluster will be intensified to boost economic growth as well as create jobs and entrepreneurship opportunities across sectors and industries. Potential local companies will be nurtured as local champions to strengthen the domestic supply chain ecosystem. The development of this cross-state economic cluster will drive economic complexity towards becoming a high-income nation.

The development of JS-SEZ will be realised through economic collaboration and joint investment promotion. This effort will be supported by strengthening the one-stop centre in facilitating ease of doing business and adopting latest technology applications for seamless cross-border mobility as well as developing skilled local talent. The sub-regional initiatives under the IMT-GT and the BIMP-EAGA cooperations will be strengthened to improve integration and sustainability of economic development. The cross-border economic development will be enhanced through the private sector active participation. The establishment of special economic zones focusing on specific sectors, including food production zone will be explored based on the potential and requirement of each area.

Conclusion

During the Thirteenth Plan period, efforts will be focused in enhancing social mobility to build a dignified MADANI society with *insaniah* values. Priorities will be given in implementing education and labour market reforms, strengthening of inclusive development from a multidimensional perspective, elevation of the socioeconomic status of the target groups as well as balancing of regional economic growth and strengthening of rural development. The implementation of these strategies will contribute to the achievement of the aspirations of the Ekonomi MADANI in raising the floor, raising the ceiling and strengthening governance towards sustainable economic growth and propel Malaysia to be a progressive, renowned and prosperous nation.





CHAPTER

4



ACCELERATING THE IMPLEMENTATION OF THE PUBLIC SERVICE REFORM AGENDA

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Introduction

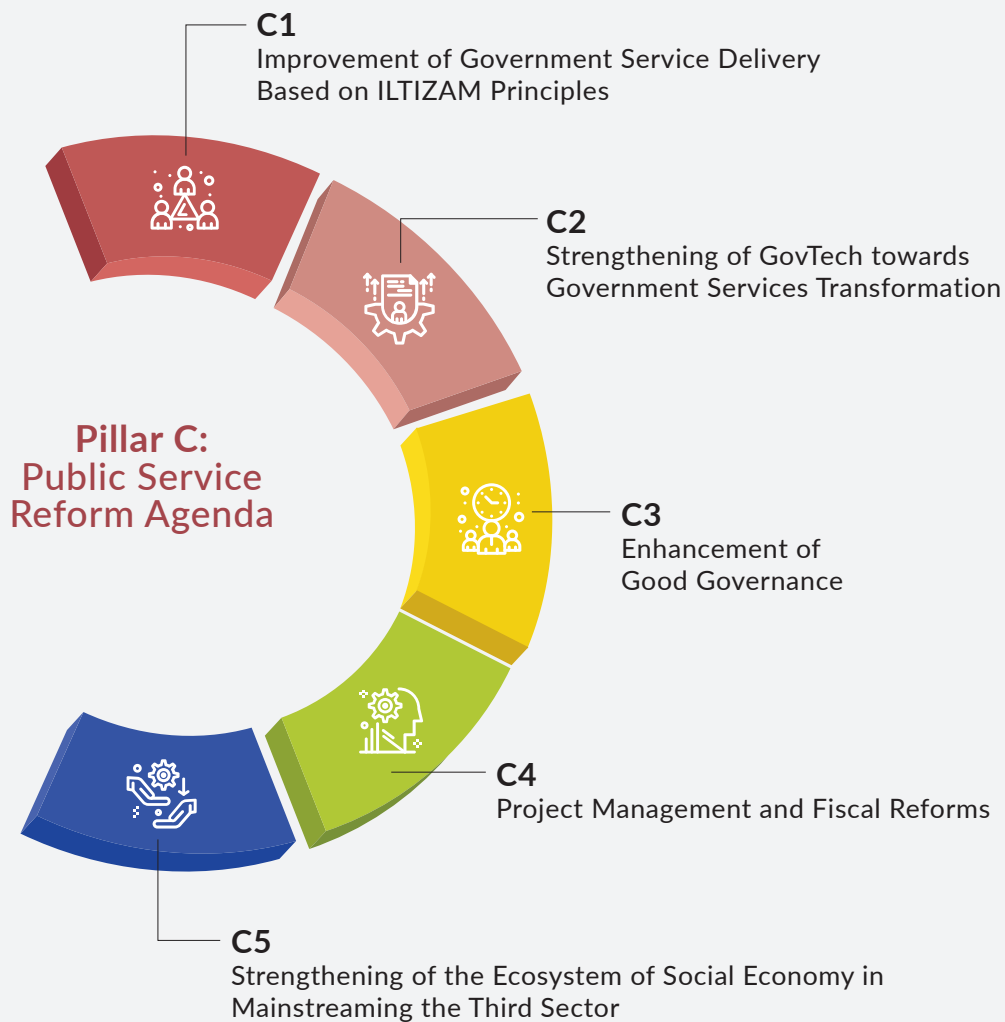
The public service reform is a prerequisite in realising the aspiration of Malaysia towards a responsive and *rakyat*-oriented administration system by emphasising on good governance. Under the Thirteenth Malaysia Plan, 2026-2030 (Thirteenth Plan), good governance as one of the thrusts in the Ekonomi MADANI will be strengthened, aligned with the thrusts of raising the floor and raising the ceiling. In this regard, the implementation of strategies and initiatives will be focused on enhancing government service delivery based on *ILTIZAM*¹ principles and strengthening GovTech by mainstreaming artificial intelligence (AI) and other advanced technologies. Emphasis will also be given to enhance governance, reform project management and fiscal as well as strengthen the ecosystem of social economy. This reform agenda will improve the efficiency and effectiveness of public service delivery to be more transparent, timely and thorough in fulfilling the needs and expectations of the *rakyat*.

Various achievements were recorded during the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan) period in enhancing the efficiency of public service delivery. Nevertheless, there are still issues and challenges that require immediate attention and action. The performance of Malaysia in the Government Efficiency Index under the IMD World Competitiveness Yearbook rose nine places to the 25th position in 2025. This accelerated performance needs to be maintained in supporting the targeted achievement of top 12 in the global competitiveness as sets in line with the aspirations of the Ekonomi MADANI. In the United Nations e-Government Development Index, Malaysia ranked at the 69th position in the online services sub-index in 2024 compared with 53rd in 2022, which requires a holistic action. In addition, the ranking of Malaysia in the Corruption Perceptions Index (CPI) remained at 57th position in 2023 and 2024 due to various governance issues. Poor planning and implementation of projects as well as weaknesses in social assistance delivery mechanisms are the main challenges in the national budget management.

¹ Refers to the efficiency of services, structural reforms as well as responsibility in governance and regulatory effectiveness.

Five Priorities of the Public Service Reform Agenda

During the Thirteenth Plan period, focus will be given on the efforts to reform the public service through five priorities, as follows:



C1: Improvement of Government Service Delivery Based on ILTIZAM Principles

Various measures were undertaken to enhance government service delivery, such as accelerating digitalisation, reducing bureaucracy in business processes and procedures, restructuring institutions as well as improving the remuneration system and talent capabilities. These measures improved the efficiency and productivity of government agencies as well as fulfilled the needs and expectations of the *rakyat*. However, changing ecosystem and rising expectations of the *rakyat* remain key challenges in delivering more responsive, efficient and accessible government services.

Objective

The enhancement of government service delivery based on the ILTIZAM principles aims to ensure that the *rakyat* and the business community benefit from quality, efficient and effective government services. Strengthening of good governance through structural reform that is implemented based on four major shifts will ensure regulatory instruments remain relevant. The



revolution of work processes and procedures based on three major shifts will facilitate matters related to the *rakyat* and business community, boost productivity and optimise public sector resources.

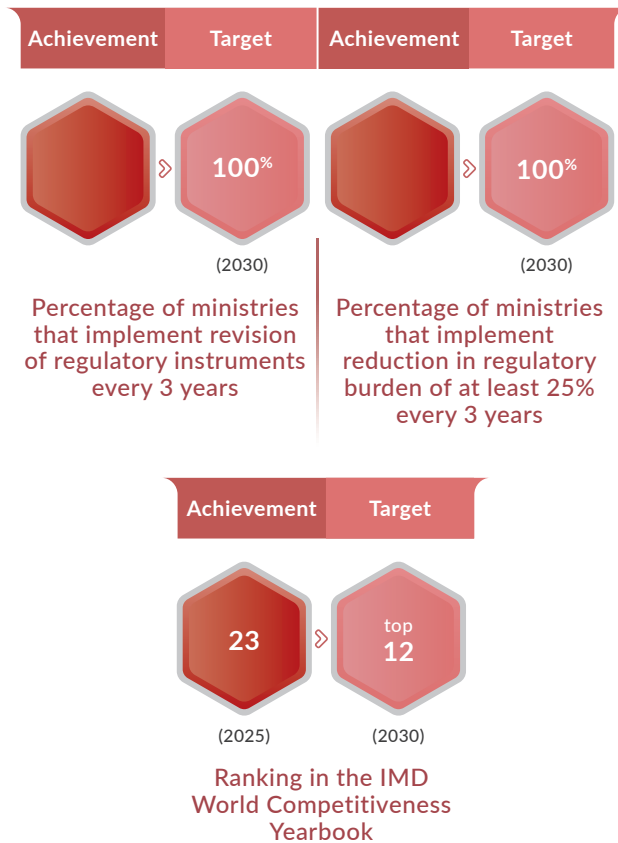
Achievement of the Twelfth Plan

During the Twelfth Plan period, various initiatives were implemented to improve government services, benefiting the *rakyat* and the business community. The Special Task Force on Agency Reform (STAR), established in March 2023, served as the primary platform for the implementation of the public service reform agenda. Among the key achievements of the STAR were the reduction of waiting time at government hospitals and immigration counters as well as the expedited implementation of dilapidated school development projects. The Pekeliling Am Bilangan 3 Tahun 2024: Pelaksanaan Reformasi Kerenah Birokrasi and the Pekeliling Am Bilangan 4 Tahun 2024: Pelaksanaan Uji Kaji Peraturan were also introduced in November 2024 as references to ensure the implementation of initiatives in improving government services is effective and fulfils the needs of the *rakyat*.

The Government Service Efficiency Commitment Act 2025 [Act 867], one of the initiatives under the structural reform, was approved and gazetted in 2025 to enhance the quality, efficiency and effectiveness of government services. The role of the PEMUDAH as a platform to facilitate public-private sector collaboration was strengthened to support the implementation of the ILTIZAM. The implementation of the Kulai Fast Lane by the Kulai Municipal Council in Johor reduced processing time for industrial building permit approvals, while the introduction of a single system, the Xpats Gateway expedited expatriate application process, thus providing a positive impact on the national economy.

Target

Three selected targets are set in the efforts to enhance government service delivery based on the ILTIZAM principles during the Thirteenth Plan period, as follows:



Strategy

The provision of *rakyat*-oriented public services will be realised by implementing structural reform through enforcement of the Act 867. Priority will be given on efforts to ease regulatory burden that hampered the *rakyat* and business community as well as facilitate the transition towards smart service delivery. Three strategies will be implemented to increase productivity

and efficiency of public service, wellbeing of the *rakyat* as well as competitiveness of the nation. Each strategy is detailed as follows:

Strategy C1.1: Implementing Regulatory Instrument Review

Mandatory review of regulatory instruments² will be undertaken periodically and within a stipulated time to ensure the instruments remain relevant and in line with current development and needs. In tandem with efforts to control the number of regulatory instruments, the One In-One Out policy will be implemented, mandating the abolishment of one existing instrument that is irrelevant prior to introducing a new one. The involvement of the *rakyat* and business community will be intensified to ensure the review is accurate and effective.

Strategy C1.2: Reducing Regulatory Burden

A guideline on regulatory burden reduction will serve as a reference to ensure a reduction of at least 25% every three years is achieved. State governments will be encouraged to adopt the guideline at state and local authority levels. The whole-of-nation approach will be expanded to ensure a holistic participation of the *rakyat* and business community.

Strategy C1.3: Strengthening the Implementation Performance of ILTIZAM

Service performance rating will be strengthened by improving the criteria and expanding to all levels of government to evaluate the effectiveness of service delivery. In this regard, the guideline related to rating criteria and the provision of incentive will be standardised and improved. In addition, the implementation performance of the ILTIZAM will be tabled periodically in the Parliament as a manifestation of continuous commitment by the government in providing the best services to the *rakyat* and business community.

² Refers to subsidiary legislation, any directive, circular, guideline, procedure, work process or any other form of administrative instrument.

C2: Strengthening of GovTech towards Government Services Transformation

The government electronic services went through several improvements, starting with the development of the Multimedia Super Corridor in 1996. These improvements were continued with the implementation of *rakyat*-centric digital government in 2020 under the e-Gov 3.0 initiative. Efforts in digitalising the public service delivery were expanded through the introduction of the GovTech initiatives encompassing the aspects of AI and other advanced technologies, such as internet of things, blockchain, big data and augmented reality. However, there are still issues that need to be addressed, including the systems that are developed in silos and not user-friendly as well as a significant gap in the public sector digital talent capacity. Weakness related to interconnectedness of systems and alignment of business processes of agencies in implementing digital initiatives and long-term planning also poses challenges in strengthening digitalisation of service delivery.

Objective

Strengthening of public service digitalisation through the GovTech that is anchored on good governance will be able to connect the government, the *rakyat* and business community towards developing an AI nation. The enhancement on GovTech that emphasises technology adoption, value co-creation as well as capacity building will support the creation of a dynamic and competitive digital government ecosystem based on advanced technologies, particularly AI. By 2030, all aspects of administrations and services will be connected with transparent and agile digital technologies. The strengthening of these digitalisation efforts will benefit the *rakyat* and business community as well as improve transparency and trust in government services.

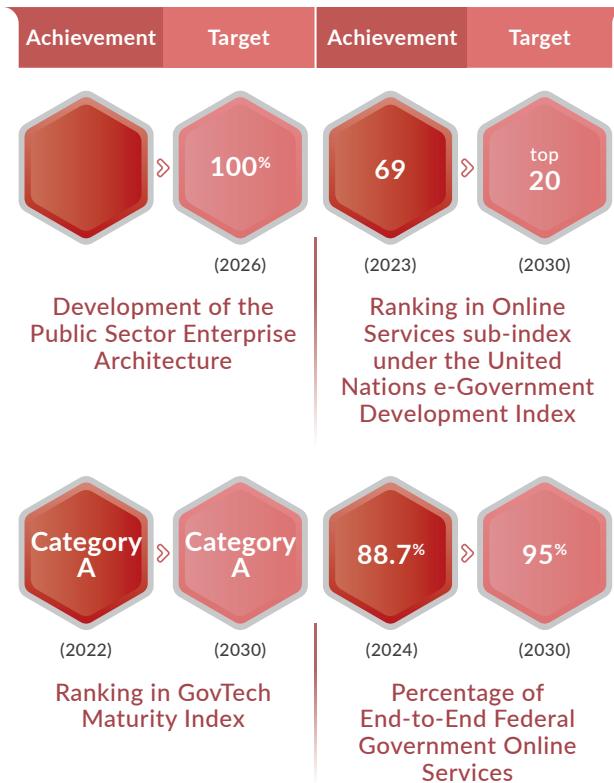


Achievement of the Twelfth Plan

During the Twelfth Plan period, various achievements were recorded in the efforts to enhance digitalisation of public service delivery in tandem with the changes in technology. The Malaysia Digital Economy Blueprint, 2021-2030, the National Fourth Industrial Revolution (4IR) Policy, 2021-2030 and the Public Sector Digitalization Strategic Plan, 2021-2025 were developed as guidance to continue the efforts towards developing a digital government. The implementation of the Malaysia National Artificial Intelligence Roadmap, 2021-2025 and the establishment of the National AI Office in December 2024 further reinforced the commitment towards a digital government. The number of online services offered to the *rakyat* continued to increase, exceeded 14,273 services as at December 2024. Out of this, end-to-end Federal Government online services increased to 88.7% in 2024, from 81.5% in 2022. The MyDigital ID initiative was introduced in November 2023 as a digital identity verification system to facilitate online access with just a single sign-on. Malaysia also successfully remained in category A, GovTech Maturity Index in 2022. The Data Sharing Act 2025 [Act 864] was gazetted in February 2025 to ensure a more systematic, secured and holistic data sharing.

Target

Four selected targets are set towards achieving the goal of transforming government services through the GovTech during the Thirteenth Plan period, as follows:



Strategy

The transformation of the government service delivery system by strengthening the GovTech under the Thirteenth Plan is in line with the aspiration to develop Malaysia as a high-income nation, driven by technology and digital. Strategies will focus on improving services and business processes, strengthening digital governance and enhancing digital talent development towards a digital government. The details of each strategy are as follows:

Strategy C2.1: Improving Digitalisation of Government Services and Business Processes

Digitalisation of government services and business processes will be improved by focusing on the development of an enterprise architecture³ (EA). This effort will include the development of sovereign cloud in integrating digital services and AI adoption as a catalyst in public service reform. Emphasis will also be given on the efforts in integrating digital services as well as transitioning towards full digitalisation. The development of public sector EA will be expedited to streamline the overall service delivery system and ensure value for money to the government. In addition, EA development at the ministerial level, including departments and agencies, will be implemented based on the public sector EA to reduce redundancy of systems and applications in government services.

Government digital services will be streamlined to reduce redundancy and development of systems in silos as well as establish a transparent and fair system. In this regard, in line with the ITIZAM principles, a public sector single gateway based on the Government as a Platform model will be developed to enable the government, the *rakyat* and business community to access various services. This initiative will leverage big data analytics capabilities in enhancing service quality. In addition, integration and interoperability of government service systems will be strengthened comprehensively to optimise existing resources. The implementation of initiatives under the Pelan Tindakan AI Kebangsaan 2030 will enhance the effectiveness of service delivery, expedite decision making process based on data as well as strengthen cyber security.

Government administration matters will be improved through adoption of advanced technologies by all ministries, particularly AI application in various sectors such as security, health and education. In addition, the transition to full adoption of digital

³ Refers to a comprehensive framework that plans as well as streamlines organisation structures, business processes, information systems and technologies by aligning business objectives with technology resources to facilitate digital transformation and innovation in the public service.

documents will be implemented in stages. This effort will be pioneered through pilot projects by several ministries in 2026.

Strategy C2.2: Strengthening Governance in Digitalisation

The evaluation mechanism of national applications will be improved, including assessment on satisfaction level of the *rakyat* pre-, during and post-implementation to enhance the efficiency of government digital services. A specific platform will be developed for technology practitioners to channel opinions and suggestions for improvement. In addition, sludge audit⁴, which is one of behavioural insights (BI) approaches, will be introduced as a national assessment tool to reduce red tape and increase satisfaction of the *rakyat*. The GovTech initiatives will also emphasise data transparency aspect in strengthening governance. In this regard, data transparency in the democracy system will be improved by re-delineation of electoral boundaries using big data analytics to address risks related to gerrymandering⁵. Strengthening of digital governance will establish an ecosystem that supports digital government transformation and increase participation of the *rakyat* towards improving public service delivery.

Strategy C2.3: Enhancing Digital Talent Development

Digital talent development will be enhanced to produce knowledgeable, skilled and experienced civil servants in line with advancement in technology. In this regard, civil servants at all levels, especially young officials will be given exposure and intensive training in digital and AI as well as other focus areas related to megatrends. In addition, the information technology service scheme will be enhanced through the empowerment of talent and expansion of the job scopes to encompass digitalisation as a whole, beyond the field of information and communications technology.

C3: Enhancement of Good Governance

The national administration based on the Parliamentary Democracy system emphasises good governance to ensure transparency in the policy implementations, in line with efforts towards a corrupt-free nation. Despite achieving various improvements, shortcomings continue to persist in the governance related to administration and service management. Issues and challenges such as overlapping functions and roles, leakages as well as misconduct and corruption are among factors affecting the performance of public service delivery that need to be addressed holistically.

Objective

The implementation of all national policies based on good governance, in line with the Ekonomi MADANI framework, will create a more dynamic, progressive



⁴ Refers to a structured assessment that identifies, evaluates and eliminates red tape, particularly in government administration.

⁵ Refers to an approach undertaken to re-delineate electoral boundaries for political interests.

and pragmatic public sector that fulfils the needs and expectations of the *rakyat* and business community. The outcomes of these efforts will also optimise resources and increase national competitiveness to achieve the aspiration of Malaysia in becoming a high-income and corrupt-free nation. The objective in strengthening good governance requires steadfast commitment at all levels of government administration to ensure the *rakyat* is served in a transparent, timely and thorough manner.

Achievement of the Twelfth Plan

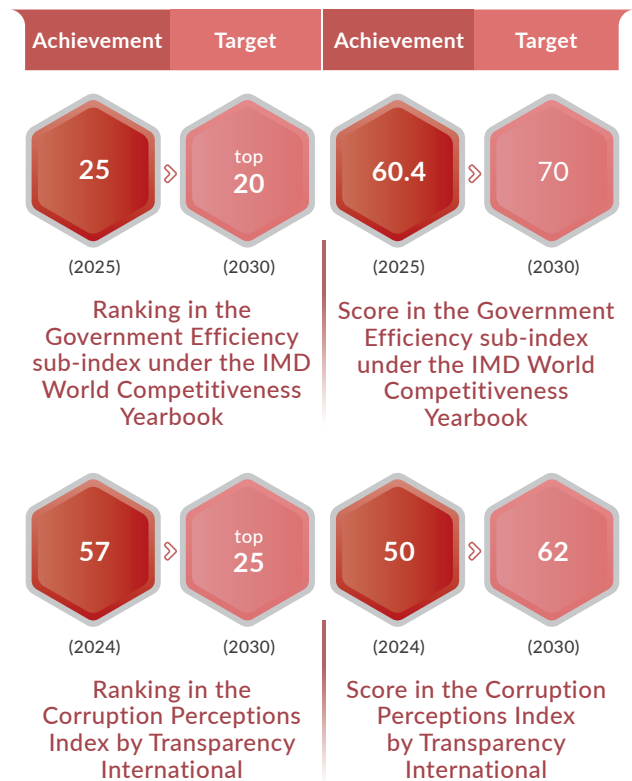
During the Twelfth Plan period, various initiatives were implemented to strengthen the governance ecosystem as well as improve the efficiency of the public service delivery. The National Anti-Corruption Strategy, 2024-2028 (NACS) was launched in May 2024 as a continuity of and improvement to the National Anti-Corruption Plan, 2019-2023. The CPI Special Task Force was also established in October 2024 in spearheading efforts to improve performance of Malaysia to be in the top 25 in 2033. In addition, in the period of 2024 to 2025, more than 80 bills, including amendments to the existing acts were passed to fulfil current needs and further enhance governance. These amendments include the Companies Act 2016 [Act 777], the Limited Liability Partnerships Act 2012 [Act 743] and the Audit Act 1957 [Act 62], which were passed in 2024 to combat leakages by emphasising integrity, accountability and transparency aspects. The amendments to the Administration of Islamic Law (Federal Territories) Act 1993 [Act 505] and the Syariah Court Civil Procedure (Federal Territories) Act 1998 [Act 585] as well as the introduction of the Parliamentary Service Bill 2025, which highlighted the aspects of management and administration, were also passed in the same year. Emphasis was also given on anti rent-seeking aspect through the drafting of a bill that is expected to be tabled in the Parliament in 2026.

The initiative to address red tape based on the BI approach indicated some success through the implementation of 22 case studies. The BI capacity development programme was introduced and as of

2024, a total of 333 civil servants were recognised either as BI talent, practitioners or leaders. The Agenda Reformasi Perkhidmatan Awam (ARPA), launched in September 2024, signified the commitment of the Government towards improving the efficiency of public service delivery. Among the achievements under ARPA initiatives include the mobilisation of 227 Community Nurses and 611 members of the Royal Malaysia Police in delivering government services to the *rakyat*.

Target

Four selected targets are set in enhancing governance during the Thirteenth Plan period, as follows:



Strategy

The enhancement of good governance based on noble values plays an important role in improving the efficiency of public service delivery as well as increasing trust and confidence of the *rakyat* in government administration.

Efforts will be intensified with the emphasis on the aspects of integrity and accountability as well as checks and balances in the public service. In addition, rationalisation of functions and roles of ministries and agencies as well as development of human resource in the public sector will also be prioritised. In achieving the objective to create a more dynamic, progressive and pragmatic public sector, four strategies are identified, as follows:

Strategy C3.1: Strengthening Integrity and Accountability

The integrity and accountability of civil servants, including Members of the Administration, will be strengthened to develop *insan MADANI* in ensuring a more transparent, efficient and effective government service delivery. In this regard, the performance monitoring and evaluation mechanism for all ministries will be improved by introducing specific outcomes that will be aligned with selected macroeconomic performance indicators. In supporting this effort, ministry performance mechanism will be developed to enable direct reporting to the Prime Minister and a national outcome performance dashboard accessible by the *rakyat* will be introduced.

The implementation of initiatives under the NACS and the CPI Special Task Force will be intensified in addressing corruption issues to improve the ranking of the country

in the CPI. The role of the Integrity Unit (UI) in all government agencies will be enhanced in combatting corruption with emphasis on the implementation of initiatives based on the BI approach to drive behavioural change among civil servants. In addition, the UI will be established in all local authorities by 2027 to curb wrongdoings as well as violation of a code of conduct and ethics at the agency level.

The awareness on the importance of integrity culture among civil servants, including Members of the Administration will also be improved to reduce the risk of corruption becoming widespread in government administration. Thus, efforts in enculturating integrity practices will be intensified through the implementation of various targeted awareness and behaviour intervention programmes as well as integration of teaching and learning modules. Targeted awareness campaigns will also be implemented to improve *insaniah* values and develop noble character. In addition, implementation of these initiatives will be expanded to include government-linked companies and the private sector.

Strategy C3.2: Reforming Legislation and Institution

Legislation and institutional reforms will be implemented to strengthen the national legislation system for Malaysia to be a fair and just nation. In this regard, the checks and balances mechanism will be strengthened through amendments to the existing acts and the enactment



of new acts. In addition, a study will be conducted to ensure expeditious implementation of the separation of powers between the Attorney General and the Public Prosecutor.

Efforts in standardising several legislation and regulations will be undertaken to improve the government delivery system at all levels. Focus will be given in reviewing legislation to ensure the harmonisation of jurisdiction between the Syariah and Civil Courts. A study will be conducted in assessing the needs to enact a remuneration act for the *Syarie* Judge and establish a special commission for syariah judicial appointment in uplifting the dignity and independence of the Syariah judiciary.

The adoption of the Town and Country Planning Act 1976 [Act 172] will be extended to Sabah and Sarawak to strengthen the national spatial planning through the National Physical Plan, which comprises physical, economic, social and environmental development aspects. This measure aims to ensure land use development planning is standardised across the country. Planning and management of land use and coastal area will be improved to ensure sustainability of environment, balanced ecosystem as well as safety and wellbeing of communities. In this regard, a guideline on planning and management as well as a coastal inventory will be developed to ensure Planning Permission process is regulated more effectively.

Strategy C3.3: Accelerating the Rationalisation of Functions and Roles of Ministries and Agencies

Efforts to rationalise the functions and roles of ministries and agencies will be accelerated in reducing resource redundancy and wastage. The consolidation of the Malaysian Government missions and agency representatives abroad, which piloted in the economic sector will be expanded to other sectors. The rationalisation of government departments and agencies as well as state-owned enterprises (SOEs) in phases will be intensified. In this regard, the roles and

responsibilities of civil servants will also be improved through the restructuring of job functions and work procedures in line with technology development towards enhancing the quality and productivity of public service. The management and utilisation mechanisms of the Federal Government facilities, including quarters and public training institutions will be improved to ensure optimal sharing and usage.

Strategy C3.4: Enhancing Public Sector Human Resource Development

The public sector human resource development will be enhanced to produce more competitive and future-proof civil servants. Thus, the development of competencies and expertise will be strengthened by upskilling and reskilling as well as improving leadership quality and professionalism to ensure civil servants remain relevant and dynamic. Efforts in ensuring career pathways and flexible placement based on the field of job interest will also be intensified to motivate and increase productivity. The mechanism in ensuring career pathways through the expansion of flexible grade posts will be improved to retain talent and expertise, particularly in the areas of research, education and learning as well as policy formulation. The management of the Kelompok Bakat Terbaik Perkhidmatan Awam will also be improved in developing the best talent by the field of job interest. In addition, option for transfer of appointment will be introduced in providing civil servants with flexibility to change the service scheme according to expertise and job interest.

Policies related to retirement benefits and privileges of Members of the Administration and civil servants will also be reviewed to determine the best value for money. The assessment on the need to shift from a pension-based to a contribution-based remuneration schemes for all Members of the Administration and civil servants will be implemented through the establishment of the Royal Commission of Inquiry. These policy transformations on retirement benefits will strengthen fiscal sustainability of the nation in the long term.

The management of support services for civil servants, including in the aspects of psychology and counselling will be improved in ensuring civil servants are able to perform the duties with healthy mind and body. In this regard, the psychology services will be expanded and made available at the Urban Transformation Centres in facilitating civil servants to access counselling services. In addition, the mental health policy will be implemented in the public sector to provide support services required by civil servants. A study to assess job satisfaction levels will be conducted and a civil servant happiness index will be introduced as a guidance to identify initiatives in strengthening the public sector human resource development.

C4: Project Management and Fiscal Reforms

Measures to ensure the efficient management of public finance in addressing the challenge of prolonged fiscal deficit were intensified since 1998, post the Asian Financial Crisis. These efforts contributed in stabilising the Federal Government financial position and enabled the implementation of public investment for national socioeconomic development. However, there are several structural issues that need to be addressed, which require holistic actions. Issues related to weaknesses in development project planning and implementation resulted in delays, cost overruns and outcomes that missed the targets. The continued fiscal deficit position and dependency on limited revenue sources reduced fiscal flexibility. Emphasis on privatisation methods that were not based on user-pay also added-up to long-term financial commitments.

Objective

Governance reform in the aspects of planning and implementation of government projects will improve public financial management efficiency and reduce leakages, in line with the thrust of good governance under the Ekonomi MADANI. Through this measure, the *rakyat* will benefit from the provisions

of more quality infrastructure and public facilities. The provision of quality infrastructure and services that are transparent, timely and thorough will also attract investors to start businesses, thus supporting economic growth. Emphasis on the implementation of privatisation projects based on user-pay will provide alternative quality infrastructure and help in reducing the financial commitment of the Government. The fiscal consolidation that will be continued in the Thirteenth Plan enable the achievement of a stable fiscal position and more sustainable debt targets, as well as the enhancement of the competitiveness of the country.

Achievement of the Twelfth Plan

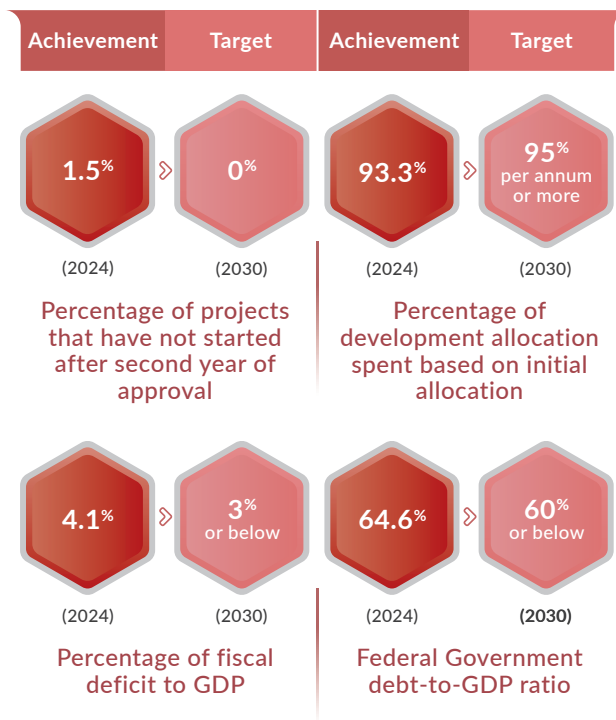
During the Twelfth Plan period, several improvement measures were implemented to strengthen project management and budgeting as well as fiscal consolidation. These measures include drafting of the Government Procurement Bill, introduction of the Life Cycle Cost Guidelines Version 2.0 for public asset management, enhancement of the MyProjek system as well as introduction of value at entry (VAE) assessment. Based on monitoring through VAE Online system, project implementation issues were reduced from 30.1% in 2021 to 14.5% in 2024.

The introduction of the Inisiatif Kemudahan Rakyat since June 2023, enabled the *rakyat* to benefit from the implementation of 2,181 high-impact small projects through direct request. The Public-Private Partnership Master Plan 2030 (PIKAS 2030) was launched in September 2024, and the single window mechanism was introduced through the MyProjek system in 2025 to also incorporate submission of privatisation projects. In addition, the Public Finance and Fiscal Responsibility Act 2023 [Act 850] was passed to enhance transparency in fiscal management and the introduction of the electronic invoice system contributed to the increase in government revenue collection. Measures to review sales tax rate and the expansion of the scope of services tax beginning

July 2025 aimed at strengthening the national economy as well as improving assistance to the *rakyat* and public service delivery.

Target

Four selected targets are set in implementing development project management reform and fiscal consolidation during the Thirteenth Plan period, as follows:



Strategy

Several strategies were identified to reform development project management and accelerate fiscal consolidation in improving efficiency of project governance and public financial management. These efforts include improving effectiveness of project implementation and cost control as well as strengthening public-private partnership (PPP). Fiscal consolidation and improvement in Government revenue will be continued to strengthen the fiscal position of the country. Details of each strategy are as follows:

Strategy C4.1: Improving the Effectiveness of Development Project Planning and Implementation

A new and holistic development project management mechanism will be introduced to enable a more strategic and effective planning and implementation. In this regard, a strategic planning team with specific skills will be established in every ministry and a strategic planning module will be developed to enhance the competency of civil servants in development project management. Turnkey as well as design-and-build project implementation models will also be improved and expanded, with more stringent cost control. In addition, multi-purpose infrastructure projects will be prioritised in the Thirteenth Plan to optimise usage of resources. Prospect of allocating part of spaces in large-scale high-rise residences for public facilities, such as schools and health clinics, will be explored to ensure housing development and provision of facilities are undertaken concurrently and in an integrated manner.

The use of the Federal land bank will be maximised for development of the Federal projects through the improvement of land management procedures. In this regard, land acquisition process will be centralised under the Department of Director General of Lands and Mines. In addition, implementation of projects of public interest, such as schools and health clinics will be offered to private property developers to reduce issues related to abandoned and undeveloped surrendered land by developers.

Strategy C4.2: Developing Cost Control Mechanism

An evaluation mechanism for strategic development projects will be established to improve control over development project costs. In this regard, a study will be conducted to identify the best cost control model, taking into consideration key elements in project cost calculation, including life cycle costs. In addition, strategic projects with costs exceeding RM300 million will be evaluated in a more rigorous and

comprehensive manner to ensure value for money. The Public Sector Comparator database will be improved to be more up-to-date and comprehensive, based on the life cycle cost concept and in comparison, with the implementation cost by the private sector. The Building Information Modelling will be made mandatory for projects above RM10 million to enhance project planning and implementation efficiency. In addition, the use of the Industrialised Building System will be expanded, particularly in the construction of public housing.

Strategy C4.3: Strengthening Public-Private Partnership

The implementation of PPP projects will continue to be strengthened based on the PIKAS 2030, focusing on user-pay model in the provision of infrastructure facilities and services as alternatives for the *rakyat*. Approvals of new PPP projects that involve the Government financial commitments will be subjected to the scopes and allocation threshold under the Thirteenth Plan. In addition, PPP governance will be enhanced, including through the introduction of a specific legislation related to PPP. The VAE process as an initial screening of PPP project applications will also be undertaken to ensure only viable, strategic and implementation-ready projects are considered.

Strategy C4.4: Accelerating Fiscal Consolidation

Less urgent and low-impact expenditure will be minimised to achieve the fiscal deficit target of below 3% in 2030. Targeted and phased subsidy rationalisation will also be implemented to reduce the financial commitment of the Government. In addition, the Federal Government guarantees on loans by the SOEs will be closely monitored to reduce the risk of Government contingent liabilities. Measures to realise a lean public sector will be accelerated to save operating costs and improve effectiveness of service delivery.

Strategy C4.5: Enhancing Revenue Collection

Efforts will be enhanced to reduce dependency on petroleum related revenues. In this regard, the expansion of the revenue base will continue to be undertaken, including through the revision of the rate and scope of the sales and services tax, the implementation of a global minimum tax and the introduction of carbon tax. In addition, the collection system will be enhanced by optimising the tax incentives to be closely correlated with investment outcomes. Measures to enhance the efficiency of tax administration will also be continued through the digitalisation of the revenue collection system in order to reduce leakages and increase the taxpayer compliance level.



C5: Strengthening of the Ecosystem of Social Economy in Mainstreaming the Third Sector

The development of social economy⁶ that is driven by the third sector, including players from micro, small and medium enterprises, cooperatives, non-governmental organisations and civil society organisations has contributed in improving the socioeconomic status of the *rakyat*. This success was supported by funding sourced from government, private companies and the *rakyat*, including in the form of funds, donations, zakat, waqf and *sadaqah*. Nevertheless, high dependency on government funds and weaknesses in the ecosystem have impeded the potential of social economy development as well as restricted the roles that the third sector should have played. The absence of clear policies and guidelines, constraints in legislation as well as weaknesses in governance and regulation are among the structural challenges which contributed to weaknesses in the ecosystem, and need to be addressed effectively.

Objective

The setting of a clear policy direction as well as establishment of an integrated and holistic ecosystem support for the social economy, anchored on the thrust of good governance will enable the mainstreaming of the third sector as an important contributor to the socioeconomic development of the country. The *rakyat*, as the target group, will have greater opportunities in enhancing social mobility by participating directly in economic activities together with the third sector players in line with the efforts to raise the floor. The *rakyat*, as the third sector player, will also contribute in solving local social issues, such as poverty, education dropout and limitation in care services. The outcomes of these measures will enhance service delivery that is transparent, timely and thorough, as well as optimise the distribution of assistance to the *rakyat*.

Achievement of the Twelfth Plan

During the Twelfth Plan period, development of the social economy focused on enhancing the capacity of the third sector as a catalyst in implementing economic activities for economic growth. The National Social Policy 2030, the National Entrepreneurship Policy 2030 and the Malaysia Social Entrepreneurship Blueprint 2030 were introduced in setting the direction of social economy development. During the period of 2022 to 2024, a total of 382 companies and organisations were accredited as social enterprises, with a total social impact value amounting to RM213 million. In addition, there were a total of 16,284 cooperatives with a strength of 7.18 million members, contributing RM68.1 billion in revenue in 2024.

Target

Three selected targets are set in the efforts to develop a comprehensive social economy ecosystem during the Thirteenth Plan period, as follows:



⁶ Refers to economic activities that focus on solving social problems or improving wellbeing of the society.



Strategy

Efforts to establish a comprehensive and facilitative social economy ecosystem will be undertaken to enable the third sector players to continue scaling up and enhancing competitiveness as well as play a greater role, particularly in addressing socioeconomic issues of the *rakyat*. In this regard, focus will be given on establishing a comprehensive policy and legislation as well as strong governance. The details of the three main strategies identified are as follows:

Strategy C5.1: Formulating Social Economy Policy

A policy on social economy will be formulated to provide direction for the development of a comprehensive and facilitative ecosystem. In addition, existing policies and action plans will be reviewed and aligned to ensure no overlaps and fulfil the current needs of the third sector players inclusively. An action plan will be developed to expand social economy activities, based on an inclusive business model⁷.

A guideline encompassing all aspects of procedures and regulations, including mechanisms for monitoring and reporting will be developed to enhance the capability of the third sector players. A comprehensive database will also be established to enable effective impact analysis and reporting of social economy. Communication, education and public awareness activities will be intensified to increase awareness and foster greater involvement of organisations and the *rakyat* in the social economy activities.

Strategy C5.2: Formulating Legislation and Strengthening Regulation of Social Economy

Inclusive legislation and regulations will be established, encompassing rules, licensing, auditing, resource allocation, oversight and enforcement aspects. In addition, existing acts and regulations related to the oversight of business activities will be streamlined and realigned. These efforts will improve the business environment in supporting the development of the third sector players as well as addressing issues related to fraud and misuse of funds donated by the public.

Strategy C5.3: Strengthening Governance of Social Economy Development

The governance of social economy development will be strengthened to enable the third sector to play a more effective role in the national development. Measures will be undertaken to rationalise relevant agencies in centralising governance and strengthening the management of the third sector. In this regard, the existing coordination function for social economy development at the Federal and state levels will be reviewed and streamlined.

⁷ Refers to businesses that provide goods, services and livelihoods on a commercially-viable basis to those groups at the base of the economic pyramid, making the groups either as consumers (customers), producers, suppliers, distributors or retailers in the value chain of companies' core business.

Conclusion

During the Thirteenth Plan period, the public service reform will be continued by mainstreaming digitalisation in ensuring the public sector is more dynamic, progressive and pragmatic towards a digital government to meet the needs of the *rakyat* and business community. This reform agenda is a strategy anchored on the thrust of good governance as well as support efforts to raise the floor and raise the ceiling towards achieving the aspirations of the Ekonomi MADANI. In this regard, focus will be given on improving service delivery based on the *ILTIZAM* principles and strengthening the *GovTech* by mainstreaming advanced technologies, including AI. In addition, enhancing of governance, reforming of project management and fiscal as well as strengthening of social economy ecosystem will be emphasised in realising this reform. The implementation of these initiatives is expected to create a more efficient, inclusive and competitive public service delivery, thus strengthening the trust of the *rakyat* and supporting more sustainable economic growth.



CHAPTER

5



ENHANCING WELLBEING OF THE RAKYAT AND ENVIRONMENTAL SUSTAINABILITY

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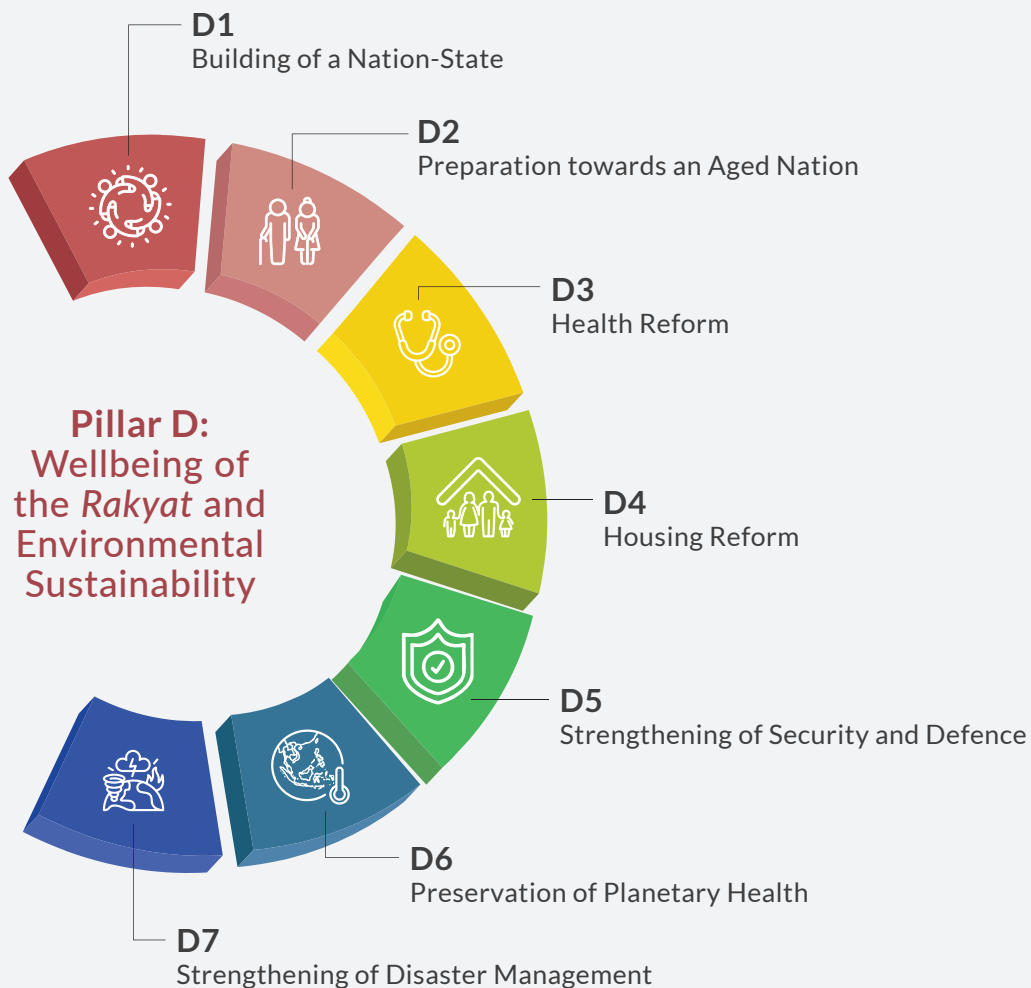
Introduction

The wellbeing of the *rakyat* and environmental sustainability will continue to be the main foundations during the Thirteenth Malaysia Plan, 2026-2030 (Thirteenth Plan). The focus towards achieving inclusive and sustainable socioeconomic development is in line with the thrusts of raising the floor and strengthening governance under the Ekonomi MADANI framework. In this regard, efforts will be intensified in building a nation-state with Malaysians that uphold humane values with noble character, enhancing preparedness towards an aged nation as well as reforming health and housing. These efforts, among others, aim to address the cost of living burden as well as strengthen the social system to be based on *insan* MADANI. In addition, efforts to strengthen public security and defence as well as preserve the planetary health and enhance disaster management will also be given focus to ensure a decent living. The implementation of these initiatives will enable the *rakyat* to have a more prosperous life in a sustainable environment, in line with the aspirations of the Ekonomi MADANI.

Various progress were achieved during the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan) period. However, there are still structural issues that need to be addressed, such as the social deficit that poses risk of creating racial, religious and political polarisation as well as lack of preparedness towards an aged nation. In addition, the rising costs of healthcare and lack of quality affordable houses, continue to burden the *rakyat*. The ever-changing threats to security and public safety will also adversely impact the harmony and stability of the nation. The climate change crisis as well as inefficient and fragmented disaster management remain as major challenges that need to be addressed comprehensively.

Seven Priorities for Wellbeing of the *Rakyat* and Environmental Sustainability

During the Thirteenth Plan period, focus will be given in enhancing wellbeing of the *rakyat* and environmental sustainability through seven priorities, as follows:



D1: Building of a Nation-State

Malaysia has undergone various phases of socioeconomic development since independence. Social development, particularly in building a sovereign and dignified nation-state has also been emphasised to ensure harmony, peace and stability of the nation, apart from efforts to strengthen economic growth. These efforts have been intensified subsequent to the emphasis given on MADANI values in inculcating the *rakyat* with strong self-identity, firm spirituality, humane values and noble character. Unity, based on the principles and values set forth in the Federal Constitution and the Rukun Negara, is regarded as the main foundation in building the national identity. In addition, sports development and *rakyat* participation in sports activities are leveraged as a mechanism to build a healthy society as well as foster spirit of unity and a sense of belonging in the community.

There are challenges in building a nation-state that need to be addressed collectively and persistently. These challenges include lack of appreciation of the

Federal Constitution and the Rukun Negara principles, deterioration of noble values and self-identity as well as weakened social interaction due to technology advancements that have transformed means of communication. The ongoing efforts to reinstate the strong stance of Malaysia at the global level need to be further intensified. In addition, the *rakyat* participation in sports is still at a moderate level.

Objective

The building of a nation-state based on national integration and identity, patriotism, moral value as well as an active and healthy society aims at developing a social system anchored on *insan* MADANI that ensures social harmony, political stability and economic progress. This measure will enhance pride of the *rakyat*, self-identity and patriotism towards the nation. In addition, the positive image of Malaysia as a diverse, peaceful, stable and progressive nation is upheld, and the country becomes a leader and main driver in shaping a global discourse that advocates a more balanced and equitable new world order.



Achievement of the Twelfth Plan

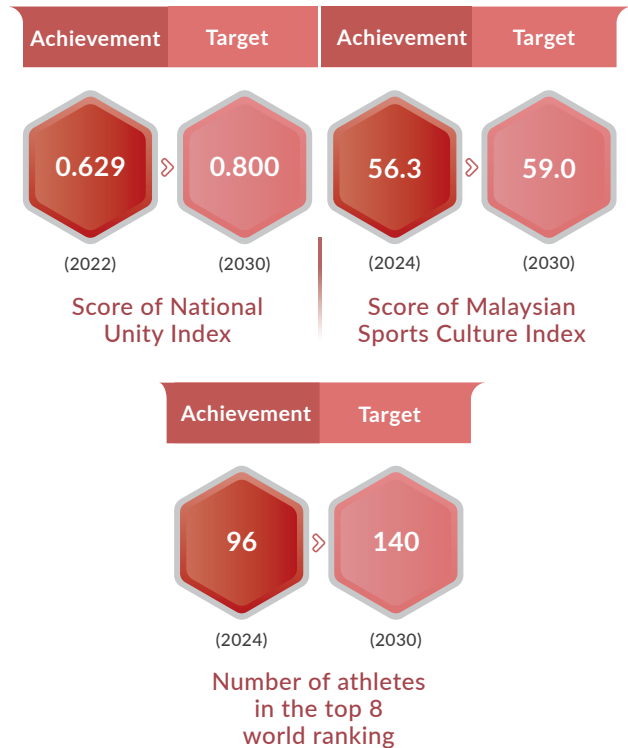
During the Twelfth Plan period, various initiatives implemented in the efforts to build a nation-state have shown positive outcomes. The national unity strengthened as reflected by the increase in the National Unity Index score from 0.567 in 2018 to 0.629 in 2022. The *Kerangka Membangun Malaysia MADANI* was introduced in 2023 as a reference in implementing programmes and activities towards nurturing a MADANI society. The implementation of the *Pelan Pemerkasaan Kepimpinan Komuniti Rukun Tetangga 2021-2030* and the *Agenda Kerja Komuniti Rukun Tetangga* enhanced community safety and harmony as well as strengthened the role of the Rukun Tetangga through voluntary activities.

The ASEAN Chairmanship in 2025 served as a platform for Malaysia to champion the principle of ASEAN centrality. The Kuala Lumpur Declaration on ASEAN 2045, which constitutes a commitment to build an inclusive, resilient and people-centred regional community was signed during the 46th ASEAN Summit in June 2025. In addition, Malaysia was recognised as a BRICS partner country in January 2025, enabling the country to make meaningful contributions in advancing the Global South agenda. Malaysia also actively involved in advocating global peace and the human rights of oppressed groups, such as the Palestinians.

The outstanding achievements of national athletes at the world level, not only enhanced the image of the country but also raised a sense of pride and patriotism, as well as increased the *rakyat* participation in sports activities. The implementation of athlete development programmes, including the Podium Programme, enabled the national contingent to win two bronze medals at the Olympic Games Paris 2024 and two gold, two silver and one bronze medals at the Paris 2024 Paralympic Games. The sports culture among the *rakyat* showed positive progress, as reflected by the increase in the Malaysian Sports Culture Index score from 52.0 in 2021 to 56.3 in 2024.

Target

Three selected targets are set in the efforts to build a nation-state during the Thirteenth Plan period, as follows:



Strategy

Building of a nation-state is the main foundation in ensuring a nation that is harmony and stable, thus enabling a more seamless, inclusive and sustainable socioeconomic development. In this regard, the roles of politicians, religious leaders, media practitioners, civil society organisations (CSOs), non-governmental organisations (NGOs), community leaders and influencers will be strengthened as agents of unity. Sports associations, private companies, NGOs and communities will also be encouraged to promote and organise sports and community activities. During the Thirteenth Plan period, five strategies are identified to accelerate the building of a nation-state, as follows:

Strategy D1.1: Strengthening National Integration and Unity

National integration and unity will be strengthened in the efforts to build a Malaysia nation-state that is peaceful and prosperous based on unity in diversity. A harmony charter of Malaysia will be developed as a main guidance in fostering inter-religion and inter-racial relations and harmony in Malaysia. The implementation of more comprehensive social integration and interaction programmes will be enhanced by leveraging various platforms, including social media and digital games. In addition, programmes focusing on building a nation-state will be intensified to strengthen the national spirit and solidify the Malaysian identity.

Governance related to unity will be strengthened to improve the unity ecosystem. The role of politicians, media practitioners, academia, NGOs and CSOs in instilling harmony will be enhanced by facilitating sharing of accurate information with the *rakyat*. The Institut Kajian dan Latihan Integrasi Nasional will be upgraded as a centre of excellence in broadening research and training activities related to unity.

Strategy D1.2: Strengthening Patriotism and National Identity

Efforts will be intensified to produce creative works and content that showcase patriotism as well as project national identity and self-identity to ignite the spirit of nationalism among the *rakyat*. An index to measure the level of patriotism will be developed as a guide in designing more comprehensive and effective programmes and interventions. Appreciation of the Rukun Negara and the Federal Constitution will be enhanced through various education and awareness initiatives in ensuring these principles continue to be valued and upheld by the *rakyat*. In addition, the inculcation of *adab*, spiritual values and humane aspects, including based on the principles of Maqasid Syariah, as well as the enculturation of integrity and volunteerism will be strengthened to develop *insan* MADANI and MADANI society that live in harmony within a more cohesive social system.

The implementation of the Program Latihan Khidmat Negara will be further improved through integrated training modules that combine nationalism and basic military training components to increase patriotism and self-identity that upholds the core principles of the Rukun Negara.

The national heritage will continue to be treasured in enhancing patriotism and strengthening the national identity. Malaysian artefacts abroad will be acquired to ensure the precious national treasures are preserved and valued by the *rakyat*. In addition, digitalisation efforts will be intensified to preserve and expand access to the national treasures. Library, archive and museum services will be enhanced in the efforts to increase awareness and preserve information related to the national heritage.

Strategy D1.3: Strengthening Effective Diplomacy and Image of Malaysia at the International Stage

Effective diplomacy in international relations will be intensified to strengthen the position and positive image of Malaysia at the global stage. Efforts will be enhanced to expand the involvement of the country in international cooperations, including through soft power and by showcasing the uniqueness of Malaysia to the international society. In addition, initiatives such as establishing strategic networks and participating in international art, culture and heritage exhibitions will be expanded. The humanitarian values of the *rakyat* will also be promoted to the international community, domestically and abroad.

Strategy D1.4: Increasing Involvement of the Rakyat in Sports Activities

Sports will continue to be an important medium to foster a sense of belonging within a society, in addition to promoting a healthy lifestyle. In this regard, all segments of society, including children, youth, women, persons with disabilities (PWDs) and older persons will also be encouraged to participate in sports activities. In addition, sports associations, private companies,

NGOs and communities will be empowered with bigger roles in organising various sports and fitness activities. Access to sports facilities will also be expanded by ensuring the facilities are of quality and available to all segments of society, particularly in the rural areas.



Strategy D1.5: Elevating Sports Excellence at the World Level

Measures to enhance the excellence of national athletes at the international level will continue to be intensified in boosting the image of the country and thus fostering a sense of pride among the *rakyat*. More sports training centres will be equipped with modern facilities, enabling athletes to be trained in various disciplines and specialisations using training modules based on the latest sports science and technology. The training management of high-performing athletes will be improved by providing flexibility for athletes to personally choose coaches, training venues, competition types and sports science support modules. The hosting of the 2027 Southeast Asian (SEA) Games in Malaysia will be leveraged to enhance the national excellence as well as expand involvement of society in sports and voluntary activities.

D2: Preparation towards an Aged Nation

Malaysia became an ageing nation in 2021 when the population aged 65 and above reached 7% of the total national population. This transition is mainly attributed

to the increase in life expectancy and decline in fertility rates of the population. Efforts were implemented at various life cycle stages in facing this transition and further enhancing the wellbeing of the *rakyat*. Among the measures undertaken include improvements in social protection and healthcare services, provision of job opportunities and age-friendly infrastructure as well as enhancement in skills and education.

Malaysia is projected to become an aged nation in 2043, however there are shortcomings in the preparation to face this demographic shift. Challenges identified include an uncondusive long-term care (LTC) ecosystem, shrinking labour force, rising old-age dependency ratio as well as declining quality of future-ready talent. In addition, high fiscal burden for the provision of healthcare, social assistance and appropriate infrastructure as well as insufficient social protection coverage and financial savings continue to pose structural challenges that need to be addressed urgently.

Objective

Thorough preparation towards an aged nation will ensure the *rakyat* are able to lead decent, healthy, productive and dignified lives as well as capable of continuously contributing to the national socioeconomic development. Business communities will be able to seize opportunities arising from the development of care economy as a new source of economic growth. Integrated approaches in driving socioeconomic development will position Malaysia as a more competitive, prosperous and inclusive aged nation.

Achievement of the Twelfth Plan

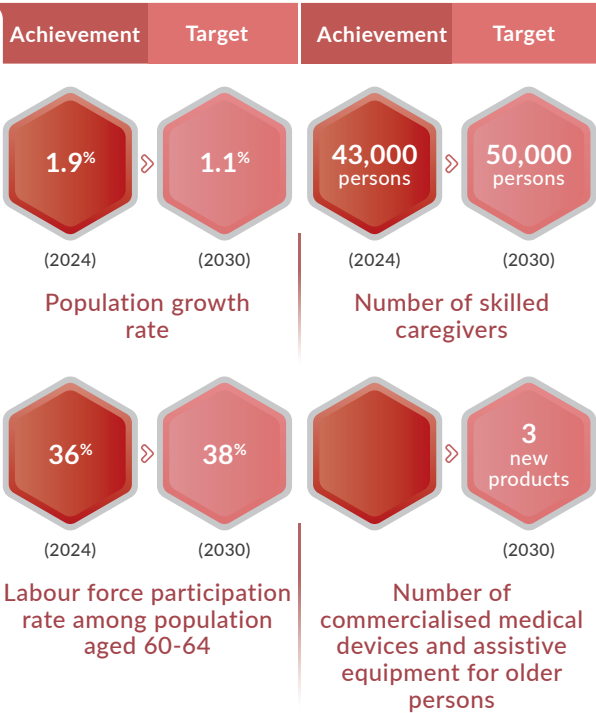
During the Twelfth Plan period, various initiatives were implemented to address the challenges of an ageing population, encompassing social support and healthcare programmes as well as upskilling and expanding job opportunities. An additional tax incentive was introduced for employers that provide leave benefits for caregiving in the period from 2025 to 2027. In addition, the Flexible Work Arrangements Guidelines was launched in December 2024 as a reference to provide flexibility for employees and assist employers in optimising resources

and costs. In addition, the National Ageing Blueprint 2025-2045 (NAB) was approved in 2025 as a guideline in addressing the ageing nation challenges holistically.

The care and community services sector was strengthened to provide quality services for children, children with special needs, PWDs and older persons. In 2024, a total of 8,000 caregivers in this sector received the Malaysian Skills Certificate. Efforts to enhance the wellbeing of older persons were expanded through lifelong learning programmes at health clinics, benefitting 41,400 older persons from 2021 to 2024. The implementation of programmes at 190 Pusat Aktiviti Warga Emas (PAWE) also benefitted 57,839 older persons. The monthly cash assistance for the older persons, which was increased from RM350 to RM500 in 2024 and subsequently to RM600 in 2025, improved the income of 154,000 older persons. The development of the National Subfertility Centre was approved in 2024 to expand access to modern fertility treatment as well as fertility-related research and expert training.

Target

During the Thirteenth Plan period, four selected targets are set as part of the preparatory efforts in transitioning towards an aged nation, as follows:



Strategy

Preparation towards an aged nation is among the focus areas that will be given priority in the Thirteenth Plan. This preparation will be intensified by establishing a sustainable LTC ecosystem, strengthening the labour market, skills and education, aligning fiscal priorities and improving social protection as well as enhancing the wellbeing of older persons. Four strategies are identified to be implemented during the Thirteenth Plan period, as follows:

Strategy D2.1: Establishing a Sustainable Long-Term Care Ecosystem

Legislation and governance related to LTC will be introduced to develop a sustainable LTC ecosystem. Legislation related to LTC will be enacted to streamline policies and regulations across agencies as well as ensure LTC services are of quality, easily accessible and affordable. In this regard, a specific entity will be identified to regulate the care ecosystem, including care centres for children, PWDs and older persons as well as religious learning centres that provide residential facilities. Local authorities (PBTs) will be encouraged to develop action plans in expanding the provision of LTC services at the local level.

Focus will be given to improve service quality and professionalism of LTC talent through the provision of standards and skills enhancement for caregivers and care workers. In this regard, national standards for the care profession as well as training modules for home- and community-care will be developed. Efforts in streamlining training and certification will be intensified in collaboration with various stakeholders based on the whole-of-nation approach. In addition, the provision of social protection and other benefits for caregivers and LTC workers, including informal caregivers will be improved. Incentives will be introduced for the Technical and Vocational Education and Training (TVET) students undergoing industrial training in the field of LTC to attract higher youth participation.



Home- and community-care for children, PWDs and older persons will be expanded to increase access to healthcare and welfare services as well as education. Mobile care services and the Home Help Services Programme for those requiring care assistance will be enhanced. In addition, community-based domiciliary and palliative domiciliary care services with the involvement of families and local communities will also be introduced to provide physical and emotional support to patients and families.

The quality care services industry will continue to be developed for Malaysia to be a regional LTC services hub. Industry players, particularly the micro, small and medium enterprises (MSMEs) will be encouraged to explore the potential in the care economy as a new source of growth. In addition, a LTC insurance scheme will be explored to provide a structured and sustainable protection.

Strategy D2.2: Preparing the Labour Market, Skills and Education

The labour market will be strengthened to ensure a more responsive labour ecosystem in line with the demographic shifts in the preparation towards an aged nation. In this regard, labour-related act and regulations will be reviewed. The Minimum Retirement Age Act 2012 [Act 753] will be revised to introduce legislation related to reemployment post-minimum-retirement age.

The proposal to increase the mandatory retirement age of civil servants based on service schemes will be studied to enable the revision of the Pensions Act 1980 [Act 227]. The adoption of the Guidelines on the Implementation of Flexible Work Arrangements will also be encouraged to provide flexibility for employees with difficulties to work under the existing work arrangements.

Education will be strengthened in preparation for an aged nation, which requires changes in content, method and learning processes. Educational syllabus will be improved to be more dynamic in considering the need for changes in the future. Skills development will be intensified and the TVET curriculum will be expanded to include ageing-related fields. In addition, lifelong learning will be enriched through wider access to and opportunities for flexible training programmes, such as micro-credentials, recognition of prior learning as well as upskilling and reskilling to increase career mobility.

Strategy D2.3: Aligning Fiscal Priorities and Improving Social Protection

Measures to align fiscal priorities will be undertaken to optimise the government financial resources, ensuring better provision of social services and infrastructure in the preparation for an aged nation. Renovation and development of premises in compliance with the Garis Panduan Perancangan Reka Bentuk Sejagat will be facilitated and more age-friendly infrastructure will be provided in collaboration with the private sector. In addition, to reduce the burden of the government in providing healthcare services, legislative interventions will be implemented to curb the rising prevalence of cardiovascular diseases and non-communicable diseases (NCDs). These interventions include regulating the usage of trans fats, salt and sugar in food production.

Improvement of the social protection system to be more comprehensive and inclusive will be implemented to enhance the effectiveness of assistance and efficiency of public spending. Focus will be given on efforts to reform the Employees Provident Fund (EPF) scheme in

ensuring sustainable retirement and sufficient savings. In this regard, the separation of EPF contributions into two components, namely retirement savings and pension scheme will be explored. A dedicated digital platform will be developed to encourage recurring cash transfers from children to parents to ensure post-retirement livelihood and strengthen the role of family institution.

Strategy D2.4: Enhancing the Wellbeing of Older Persons

Measures will be undertaken to enhance the wellbeing of older persons in ensuring dignified livelihood. Specific legislation related to older persons will be enacted, encompassing the aspects of equitable protection, welfare and participation in the society. In addition, access to more comprehensive support programmes and services will be expanded, comprising healthcare services as well as community-based care and support. Older persons activities based on the PAWE concept will also be expanded to areas independent of PAWE facilities.

Volunteer services for older persons will be intensified through the involvement of community and CSOs to strengthen intergenerational and community bonding. In this regard, existing facilities, such as multipurpose halls, as well as sports and community centres will be utilised as hubs to undertake centralised social activities. This initiative will be supported through the development of an integrated tracking system which adopts smart technologies to monitor the safety of older persons, particularly those at risk of suffering from deterioration of cognitive function.

A one-stop centre to provide technology-based solutions for ageing society will be established through collaboration between local industry experts and researchers. This centre will focus on the production and commercialisation of medical devices, assistive equipment and nutritional food supplements for older persons. This effort will enhance the potential of Malaysia as a global technology hub for the development of support systems using advanced technology and latest innovation, which also benefit older persons.

D3: Health Reform

Health reform is the prerequisite towards the establishment of an equitable, sustainable and resilient national health system. The Twelfth Plan initiatives were implemented based on the Health White Paper, which laid a solid foundation in reforming the national health system in a comprehensive and structured manner. Although the *rakyat* generally attained a good health status, the health sector still faces various issues, including medical inflation which affects the quality of healthcare services delivery. In addition, access to quality and affordable healthcare services still needs to be improved. The rise in communicable diseases and NCDs due to unhealthy lifestyles coupled with an ageing population has also increased the burden on the national public health system.

Objective

During the Thirteenth Plan period, health reform will enable the *rakyat* to have equitable access to affordable and quality healthcare services, towards achieving decent living. Government allocation will be optimised by implementing proactive and innovative approaches in health financing, such as through outsourcing of high-value services and diversifying funding sources. This health reform will enhance the competitiveness of local industry players in producing pharmaceuticals and medical devices by strengthening the national regulatory system.

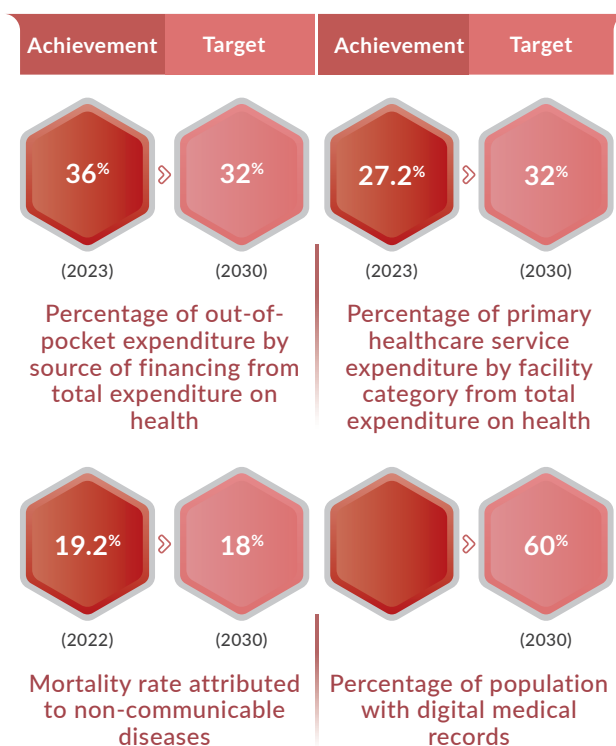
Achievement of the Twelfth Plan

During the Twelfth Plan period, the delivery of healthcare services was improved to raise the health status of the *rakyat*. The health component index under the Malaysian Wellbeing Index rose to 112.6 in 2023. As of mid 2025, cardiology services in public hospitals were strengthened with the operationalisation of 24 invasive cardiology laboratories. During the period of 2021 to 2025, a total of RM936.86 million was allocated to upgrade, renovate and repair 2,215 dilapidated clinics, and a total of RM11.95 billion was allocated for

the implementation of 255 hospital upgrading projects nationwide. In addition, healthcare services for older persons were enhanced by integrating seven hospitals with 20 health clinics. As at June 2025, a total of 2,485 out of 4,042 private clinics registered under the Skim Perubatan MADANI remain active in providing healthcare services for the underprivileged *rakyat*.

Target

Four selected targets are set in the efforts to ensure an equitable, sustainable and resilient national health system during the Thirteenth Plan period, as follows:



Strategy

Health reform will focus on the efforts to improve health financing structure and governance, intensify health promotion and awareness activities as well as strengthen the healthcare services delivery. Focus will also be given on efforts to improve health digitalisation

as well as enhance security of medicine and medical devices. Five strategies are identified in implementing health reform during the Thirteenth Plan period, as follows:

Strategy D3.1: Reforming Health Financing and Governance

Health financing system will be reformed to enable the *rakyat* to access better healthcare services. The Rakan KKM initiative will be expanded as an option for private companies and insurance policyholders to obtain paid services at public health facilities. Eligible target groups will continue to receive quality healthcare services from all public health facilities.

Standardised base health insurance or *takaful* products managed by the private sector will be introduced to enable the *rakyat* to access private health and the Rakan KKM services at a reasonable rate. The development of these products will factor in international best practices, guided by the value-based healthcare paradigm. This measure aims to ensure protection is affordable and accessible lifelong.

The establishment of a national health fund and the development of a strategic purchasing platform will be explored in the efforts to modernise the national health financing system. In addition, pro-health taxation



mechanism will be expanded to high-risk products, such as tobacco, electronic cigarettes, vape and alcohol. The implementation of these measures will encourage more comprehensive behavioural change.

Access to quality healthcare services will be enhanced through the outsourcing of services requiring high investment through more public-private partnerships. These services include diagnostic imaging, elective surgical procedure and virtual specialist consultation. In this regard, an inclusive financing model and a suitable cost-sharing mechanism will be developed.

Strategy D3.2: Strengthening Health Promotion and Security

Integrated cross-sectoral policies and promotional programmes will be strengthened to build a health-literate society towards reducing the risk of NCDs. In addition, health security will be strengthened to safeguard the *rakyat* and the economy from health threats. A grading system will be implemented through a mandatory front-of-pack labelling to reduce sugar and salt content in food and beverage products. This measure will empower the *rakyat* to choose healthier options.

The threat of emerging or re-emerging diseases as well as other public health threats will be curbed through the implementation of a national health security capacity strategic framework, in line with the requirements of the International Health Regulations 2005. Efforts will be intensified in eradicating, eliminating and ending 12 infectious diseases, such as polio, malaria, tuberculosis and leprosy by 2030, in accordance with the targets set by the World Health Organization (WHO). In addition, initiatives to mainstream healthcare to be comprehensive and equitable based on the 'Health in All Policies' concept will be implemented through cross-sector collaboration.

Strategy D3.3: Enhancing the Healthcare Services Delivery Ecosystem

The healthcare services delivery ecosystem will be enhanced in preparation towards an aged nation. A high-level policy coordination committee will be formed to coordinate and monitor the needs of healthcare workforce, involving various related ministries and agencies. In addition, a national-level professional development framework will be developed to ensure human resource management system is responsive to the needs of the *rakyat*. The health talent capability of the country in precision medicine will be improved by enhancing research, innovation and commercialisation. Health research institutions will be strengthened as centres of excellence for clinical research in the Southeast Asia region to spearhead precision medicine.



The health legislative framework will be updated to take into consideration demographic changes, evolving disease epidemiology and technology advancements. For this purpose, the act related to organ and tissue transplantation will be improved, and a mental capacity

bill will be drafted. These measures will ensure that the national health system is ethical, centred on human rights and able to safeguard the wellbeing of the *rakyat* holistically.

The provision of health facilities based on the cluster concept for integrated care will be expanded to include transitional care. In this regard, more existing cluster hospitals will be integrated with health clinics which provide primary healthcare services. This initiative will help expand comprehensive healthcare services, particularly for the elderly and rural population.

Strategy D3.4: Improving Digitalisation of Health Information Management

The digitalisation of health information management will be enhanced to ensure sharing of health information is more integrated, secure and reliable, in line with the GovTech agenda. A digital health information sharing platform will be developed to enable either public or private healthcare services providers across institutions and states to deliver quality services to the *rakyat*. In addition, outsourcing of the electronic medical record system by all government health facilities will further improve the management of health information of the *rakyat* through the usage of big data, artificial intelligence (AI) and emerging technologies.

Strategy D3.5: Strengthening Medicine and Medical Devices Security

The capability of the country as an independent producer of pharmaceutical products and medical devices as well as the efficiency of logistics in product distribution will be enhanced to ensure preparedness of the country in facing global health crises. Local pharmaceutical and medical devices manufacturers will be encouraged to increase production capacity, capability and infrastructure to reduce dependency on imported medicine and medical devices. In addition, the national pharmaceutical regulatory system will be improved based on WHO standards to ensure a comprehensive pharmaceutical production ecosystem.

The Dana Pembangunan dan Penguatan Penghasilan Vaksin Negara and the Latihan Program Vaksin programme will be enhanced to strengthen research and development as well as talent in local vaccine production. In addition, the participation of the country in the networks of the international pharmaceutical product ecosystem will continue to be expanded to elevate the national capability in producing quality and safe pharmaceutical products for the *rakyat*. These networks include the Coalition for Epidemic Preparedness Innovations, the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use and the International Vaccine Institute.

A pharmaceutical product tracking and traceability system will be developed to ensure efficient, effective, safe, responsive and resilient pharmaceutical logistics management. This digitalisation effort will enable the *rakyat* to have continuous access to safe and quality pharmaceutical products. In addition, improvement in logistics efficiency will support the growth of the local pharmaceutical industry.

D4: Housing Reform

Housing reform will ensure the *rakyat* have access to quality and affordable homes in a healthy and safe environment. This commitment is realised through the implementation of various strategies and initiatives, including the construction of affordable housing that fulfils humane needs, maintenance programmes, provision of funds and financing incentives as well as improvement of housing management. Nevertheless, there are structural issues that continue to pose challenges in the provision of houses needed by the *rakyat*. The rise in house prices that outpaced the increase in household incomes as well as gaps in planning and coordination resulted in mismatch between housing demand and supply. In addition, limited access to housing financing contributed to low home ownership.

Objective

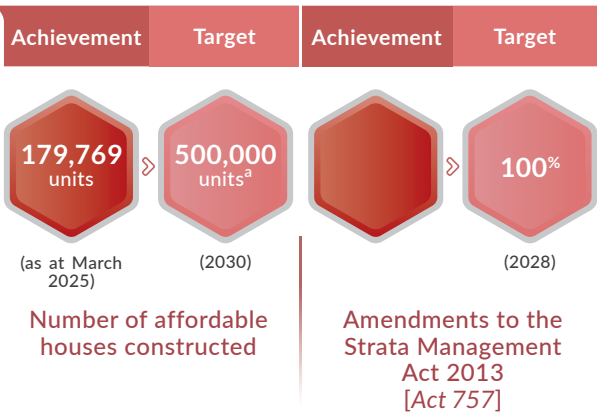
During the Thirteenth Plan period, housing reform aims to enhance the sustainability of the housing ecosystem in providing liveable, quality and inclusive homes that are affordable for all segments of society. New approaches to be introduced will offer opportunities for real estate industry players, particularly among the small and medium enterprises to increase capacity, scale and competitiveness. A shift in focus towards a new financing and ownership model based on rent-to-own (RTO) will enhance the ability of the *rakyat* to own houses. The aim to enable the *rakyat* to have a decent living will only be achieved through cooperation of all stakeholders, including state governments, the private sector, financial institutions and industry representatives.

Achievement of the Twelfth Plan

During the Twelfth Plan period, the provision of affordable housing was increased with the completion of 179,769 units as at March 2025, of which is 36% of the targeted 500,000 units of affordable houses. In addition, a total of 312,591 units of affordable houses were approved and at various stages of construction. As at 31 December 2024, financing amounting to RM17.86 billion was approved under the Skim Jaminan Kredit Perumahan and benefitted 76,664 borrowers. The rebranding of the Program Perumahan Rakyat as the Program Residensi Rakyat was implemented in August 2024, aimed at enhancing the design, specification and features of housing to be more liveable, integrated and sustainable as well as of better quality. Maintenance programmes for low- and low-medium-cost stratified housing, including elevator replacements, benefitted 150,218 residents in 46,365 houses.

Target

Two selected targets are set in the efforts to undertake the national housing reform during the Thirteenth Plan period, as follows:



Note: ^a includes at least 70% completion

Strategy

Housing reform is among the priorities in the Thirteenth Plan to address the cost of living in enhancing the wellbeing of the *rakyat*. This reform will focus on efforts in increasing the supply of quality, liveable and inclusive housing, enhancing access to financing as well as strengthening the housing regulatory and management efficiency. Three strategies are identified to be implemented during the Thirteenth Plan period, as follows:

Strategy D4.1: Increasing the Provision of Quality, Liveable and Inclusive Housing

The provision of quality housing for the *rakyat* will be increased through improvements in planning, restructuring of governance and enhancement of construction methods as well as the optimal use

of resources. This housing reform aims to provide one million affordable houses within 10 years. In this regard, a single national housing agency will be established through the rationalisation of all Federal housing agencies to plan, coordinate and manage the provision of affordable houses. An integrated housing information repository will be developed as a single reference in planning, implementing and monitoring of public housing programmes through the integration of all housing systems at the Federal and state levels.

The transition to a construction system that utilises the Industrialised Building System (IBS) technology on a large-scale basis and a wider usage of the Building Information Modeling (BIM), particularly for affordable houses, will be accelerated. These efforts will be supported through the establishment or selection of a government-linked company or a private entity that will be responsible in building IBS infrastructure nationwide, including in Sabah and Sarawak. These initiatives will optimise costs in the long-term and expedite construction timelines.

The use of the Federal Lands Commissioner, Malay Reserve and waqf lands will be expanded through collaboration between various parties to increase

the provision of affordable housing. This provision will also be intensified through the redevelopment of dilapidated and abandoned areas, in line with the introduction of legislation under the act related to urban renewal. The construction of houses based on the build and sell concept on a risk-sharing basis will be made mandatory through amendment to the Housing Development (Control and Licensing) Act 1966 [Act 118]. This approach will address abandoned houses issues and increase accountability of developers. The amendment to the Act 118 will also improve regulation on mixed housing development as well as strengthen the role of the housing tribunal.

Strategy D4.2: Increasing Home Ownership

Home ownership approach through the RTO scheme will be expanded to provide opportunities for households lacking initial deposit and ineligible to obtain commercial financing. A new model of the RTO scheme will be introduced to establish a mechanism to provide a more flexible and affordable rental system. A proposal to establish a housing consortium to ensure a more efficient and sustainable management of the RTO scheme will be explored.

Existing affordable home financing schemes will be improved, including in terms of setting interest rates at certain interval and financing periods which will enable more target groups to purchase a first home. In addition, long-term financing or rental schemes for older persons will be introduced as a preparation towards an aged nation. An act related to residential tenancy will also be introduced to ensure fair protection for tenants and homeowners.



Strategy D4.3 Improving Housing Regulatory and Management Efficiency

Housing regulatory and management efficiency will ensure inclusive, safe, resilient and sustainable homes to ascertain the wellbeing of residents. In this regard, legislation related to public housing governance will be enacted to improve efficiency and effectiveness of public housing management. The establishment of moratorium period and mechanism in reselling of subsidised houses in the open market will be included in this legislation to ensure the provision of affordable housing is sustainable. These measures will enable improvement of the mechanism in setting tenancy rate and maintenance fees based on actual costs. The appointment of third parties, such as accredited and licensed building management agencies or companies, will also be implemented to ensure effective and systematic housing management and maintenance.

Initiatives to resolve strata ownership issues will be explored in ensuring buyers of stratified housing unit are no longer entrapped with the difficulties in obtaining ownership and protected by the law. Amendments to the Act 118 will make mandatory transfer of strata titles from developers to buyers upon the delivery of vacant possession. The Strata Management Act 2013 [Act 757] and the Strata Titles Act 1985 [Act 318] will be amended to separate the jurisdiction between ownership and management in the efforts to strengthen the management of stratified buildings. In addition, housing developers will be encouraged to comply with the Standard Perumahan Kebangsaan CIS 26: 2019 during the planning and construction phases to ensure the provision of quality houses and maintenance are undertaken periodically for the safety and durability of buildings. Coordination among the relevant departments and agencies will be strengthened to enable the



implementation of this standard is monitored effectively. Housing developers will also be encouraged to obtain the Green Building Index certification in ensuring sustainable, energy-efficient and eco-friendly buildings.

State governments will be encouraged to implement price control on affordable houses through the state housing policy to ensure that the selling prices are in line with household incomes and local needs. A construction cost index by type of houses will be developed as a guide to ensure house prices are more reasonable and transparent. In addition, state governments will be empowered to implement public housing projects, including through the introduction of a bulk public housing procurement mechanism. In order to strengthen the effectiveness of financial management in public housing provision, the existing housing fund, the Kumpulan Wang Amanah Program Perumahan Rakyat Dimiliki will be improved. This measure will enable the source of the fund to be expanded, including through proceeds from reselling of subsidised houses which can be repurposed for the provision and maintenance of affordable housing. The implementation of these initiatives will ensure the *rakyat* are able to live in quality and affordable houses.

D5: Strengthening of Security and Defence

Strengthening of security and defence is fundamental in ensuring peace in the country and wellbeing of the *rakyat*. Various policies and initiatives were implemented to safeguard national security and sovereignty. However, several challenges persist, which need to be addressed holistically, including cross-border security threats, cybercrime, narcotics abuse, inadequate security infrastructure and assets as well as issues related to the welfare of security personnel and veterans.

Objective

Strong public security and national defence will ensure the nation is always prepared and capable of handling various threats and crises that are becoming more complex in order to ensure decent living. Sustained peace will allow the business community to conduct economic activities in a safe environment, thus contributing to the economic growth of the nation. Peace will also foster patriotism among the *rakyat* and serve as a foundation in building a nation-state and a social system anchored on *insan MADANI*.

Achievement of the Twelfth Plan

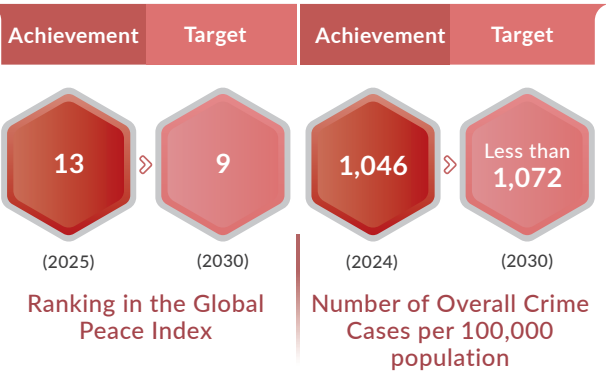
During the Twelfth Plan period, efforts to strengthen security and defence were focused on enhancement of legislation, upgrading and modernisation of assets as well as readiness and the welfare of security personnel. The Security Offences (Special Measures) Act 2012 [Act 747] was amended in 2024 to update procedures and improve the definition of security offences as well as strengthen the special security blueprint. The Malaysian Border Control and Protection Agency Act 2024 [Act 860] was passed to establish the Malaysian Border Control and Protection Agency (AKPS) as the single enforcement agency at the entry points of the country.

In order to strengthen border control, a total of RM1.2 billion was allocated to various agencies to implement programmes and projects at the border areas of the country. Among the projects implemented include the comprehensive modernisation of assets through AI technologies such as biometrics, thermal radar, smart baggage scanners and AI drones at the entry and exit points of the country. The procurements of strategic assets, among others the Light Combat Aircraft, the Unmanned Aerial System and the Maritime Patrol

Aircraft as well as the Littoral Mission Ship have been and are being implemented to enhance defence readiness. Malaysia also attained the 13th position in the Global Peace Index (GPI) in 2025, compared with the 19th position in 2023, ranked the country among the safest in the region. The crime index ratio for 2024 recorded 164 cases per 100,000 population, achieving the 2025 target of 238 cases ahead of time.

Target

Two selected targets are set to strengthen security and defence during the Thirteenth Plan period, as follows:



Strategy

Strategic efforts and comprehensive approaches will be continued to address challenges related to public safety and security threats that are increasingly complex. In this regard, focus will be given on efforts to enhance public safety and security, uphold the national sovereignty, enhance the welfare of security personnel as well as improve the management and rehabilitation of crime offenders. Emphasis will also be given on initiatives to adopt advanced technologies and digitalisation as key enablers in strengthening security and defence. Four strategies are identified for implementation during the Thirteenth Plan period, as follows:

Strategy D5.1: Enhancing Public Safety and Security



Efforts in crime prevention and crises preparedness will be strengthened to enhance public safety and security. Strategic cooperation among various enforcement agencies will continue to be intensified through integrated operations and targeted patrols in preventing crime. The usage of AI technologies, such as smart scanners, video analytics and automated monitoring systems, will be leveraged in the operational tasks of the public safety and security agencies to enhance service efficiency to the *rakyat*. The implementation of educational programmes, advocacy and campaigns will be continued to instil public awareness on crime risks and the necessary safety measures to be undertaken. Prevention programmes on crimes, including drug abuse will also be intensified in collaboration with all stakeholders. In addition, abandoned urban areas will be redeveloped to curb crime and urban safety benchmarks will be introduced to measure the level of public safety.

Community-based voluntary activities in crime prevention will continue to be encouraged through strategic collaboration between enforcement agencies and the private sector, NGOs, CSOs and local communities. The utilisation of safety digital applications by the public in reporting suspicious incidents directly to the authorities will also be increased. The implementation of these initiatives will promote active involvement of society in maintaining public safety.

Efforts to combat cybercrime will continue to be intensified through improvement in infostructure and infrastructure, strengthening of enforcement and legislation, enhancement of international cooperation as well as development of local expertise. Educational programmes and awareness campaigns through social media and digital platforms will be expanded to increase public awareness on the risks and protective measures against cybercrime. The role of the National Scam Response Centre as a one-stop centre will be strengthened to address online financial fraud more effectively.

Crisis management will be strengthened through improvement in the policies and standard operating procedures (SOPs) as well as enhancement of capacity. In this regard, periodic joint training by security agencies will be intensified to ensure a coordinated and fast response. Asset management will be improved to enhance the capability and effectiveness of security agency operations.

Strategy D5.2: Upholding National Sovereignty

National sovereignty will be upheld through the strengthening of defence, border control and enforcement operations, as well as the development of the defence industry ecosystem. Effective diplomacy will be expanded through closer international cooperation. Emphasis will continue to be given on strengthening the Future Forces to be more integrated, agile and focused. This approach will ensure high interoperability

leveraging advanced technologies. In this regard, the land mobility asset enhancement programme of the Malaysian Armed Forces will be implemented to ensure assets availability and a more systematic maintenance. International defence cooperation will also be enhanced as part of the effective diplomacy strategy to safeguard national sovereignty. Malaysia will also continue participating in peacekeeping missions under the mandate of the United Nations.

The national border control will be enhanced through the strengthening of security posts in the north of Peninsular Malaysia, Sabah and Sarawak, as well as through full-scale operation of the AKPS at all national entry points. In addition, existing assets and immigration processes will be improved through the application of AI, digitalisation and automation to reduce congestion and increase control at the national entry points. The role of all enforcement agencies will be streamlined by optimising resource utilisation to increase effectiveness of efforts in combating smuggling and human trafficking activities as well as maritime security threats.

The national defence industry ecosystem will be further developed to reduce dependency on foreign technology and expertise. The development of this industry will be driven by the implementation of the National Defence Industry Policy, focusing on research, development, commercialisation and innovation (R&D&C&I) in the field of advanced technology. This measure will support efforts to diversify new sources of growth and increase creation of 'Made by Malaysia' products to make the country more competitive and independent in the field of defence.

Control over illegal immigrants (PATI) will be strengthened in a comprehensive and integrated manner through collaboration among related agencies. Key approaches to be implemented include enhancing enforcement operations, deportation and border control, closing of illegal routes as well as adopting surveillance technologies extensively. In addition, the existing integrated immigration system will continue to be strengthened to enhance the efficiency in managing foreigners.



Strategy D5.3: Enhancing the Welfare of Security Personnel

Efforts to enhance the welfare of security personnel who are in service and retired will be intensified through provision of better homes, healthcare services and social support. The provision of quarters for security personnel will be expedited through several strategic approaches, including public-private partnership and grouped leasing initiatives. In this regard, the existing guideline for the provision of quarters will be reviewed to reduce the cost per unit without compromising quality and quantity of quarters. In optimising resources, unoccupied quarters of other services will also be offered to security personnel. In addition, the Satu Anggota Satu Rumah programme will be expanded to provide home ownership opportunity for more personnel, including a provision of 15% quota for army veterans.

Social support assistance programmes will be improved to ensure the welfare of army veterans and families are always safeguarded. These programmes include skills training under TVET, entrepreneurship and modern agriculture to enhance the employability of retired personnel. All of these efforts will improve the wellbeing of personnel and as gratitude to army veterans to continue contributing their best to the nation.

Strategy D5.4: Improving the Management and Rehabilitation of Crime Offenders

Efficient and effective management and rehabilitation of crime offenders are crucial in ensuring adherence to human rights principles, enculturation of spiritual values and humane aspects as well as providing a second chance to return to the society. In this regard, the capacity of basic infrastructure will be improved by developing, upgrading and modernising prison facilities. The implementation of alternative punishment through community works and community rehabilitation programmes will also be expanded. In supporting these initiatives, latest technologies, including electronic monitoring devices will be used to enable a more systematic surveillance and tracking. The facilities

at immigration detention depots will be improved to ensure the safety and welfare of officers and detainees are well protected. The programme for deporting PATI with the cooperation of relevant embassies will be enhanced to reduce overcrowding and operational cost of detention depots.

The issues of addiction to drugs and prohibited substances in society will be addressed more effectively through the enhancement of prevention, treatment and rehabilitation programmes as well as enforcement. The rehabilitation support system for addicts and individuals who abuse drugs will be strengthened through the implementation of more comprehensive and integrated rehabilitation programmes, involving all relevant agencies. These efforts aim to provide opportunities for addicts to permanently quit addiction, subsequently recontribute meaningfully in the society.

D6: Preservation of Planetary Health

Preservation of planetary health emphasises the correlation between the importance of safeguarding human health and the natural ecosystem. This effort is crucial in supporting sustainable economic growth anchored on good governance as well as ensuring the livelihood of the current and future generations. Various policies and initiatives were introduced to ensure continuous preservation of planetary health. However, the climate change crisis remains as a major challenge, which requires a comprehensive and inclusive immediate action. Development activities implemented unsustainably impact natural ecosystems and destroy biodiversity. The increase in waste also deteriorates the quality of environment.

Objective

Preservation of planetary health will ensure continuous conservation of the environment and natural resources as well as sustainable economic development. Thus, a healthy planet will ensure clean environment, preserved biodiversity and secured economic resources, which

enable the implementation of sustainable economic activities. A sustainable business ecosystem resulting from circular economy activities will enable industry players to enhance capabilities to compete in domestic and global markets. The *rakyat* in turn, will attain a decent, healthy and meaningful life, as a result of a healthy planet and sustainable economy.

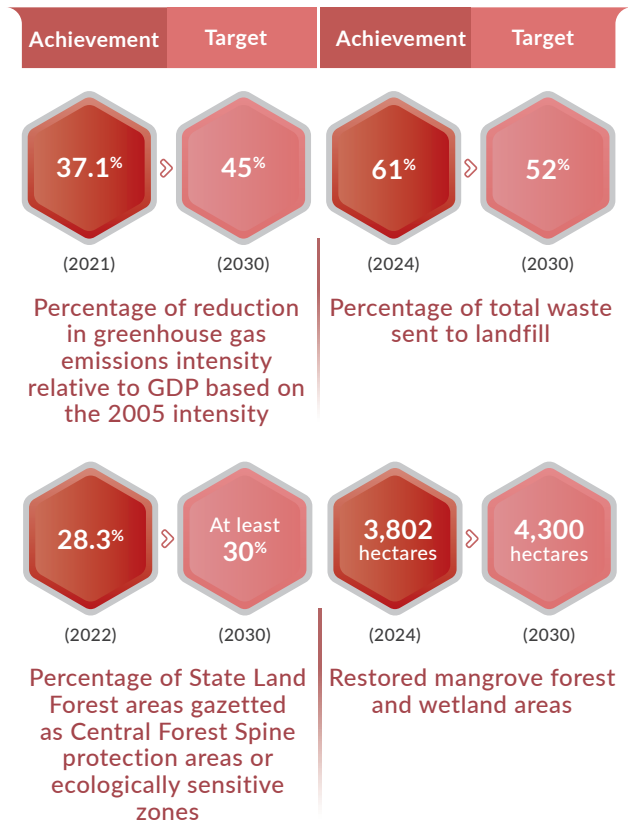
Achievement of the Twelfth Plan

Various efforts in preserving planetary health showed commendable achievements during the Twelfth Plan period. The greenhouse gas (GHG) emissions intensity relative to GDP, based on the 2005 intensity baseline, reduced by 37.1% in 2021. This achievement is in line with the target to reduce GHG emissions intensity by 45% in 2030. The household recycling rate increased to 37.9% in 2024 from 35.4% in 2023. As of 2024, 16% of terrestrial and inland water areas were conserved. In addition, the implementation of the Greening Malaysia Programme through the 100 Million Trees Planting Campaign achieved the target in 2024, in the efforts to raise awareness on the importance of green cover and forest areas as well as to improve the ecosystem and biodiversity of the country.

Several policies and legislations were formulated in the efforts to address the impact of climate change and enhance natural resources management. Among the policies include the National Climate Change Policy 2.0 and the National Policy on Biological Diversity 2022-2030. The National Forestry Act 1984 [Act 313] was amended in 2022 to improve administration, management and conservation of forest. The Long-Term Low Emissions Development Strategy of Malaysia was developed to achieve the national net-zero target by 2050. The Malaysia First Biennial Transparency Report was submitted to the United Nations Framework Convention on Climate Change in 2024 in fulfilling the national climate reporting obligation. In addition, the National Greenhouse Gas Centre was established in 2022 to strengthen the governance of sustainable development.

Target

Four selected targets are set in the efforts to preserve planetary health during the Thirteenth Plan period, as follows:



Strategy

Preserving planetary health is a prerequisite for the sustainable socioeconomic development of the country. In this regard, focus will be given to efforts in addressing issues related to climate change and environment, enhancing the conservation and preservation of biodiversity, as well as strengthening the implementation of the circular economy and waste management. Three strategies are identified to preserve planetary health, as follows:

Strategy D6.1: Strengthening Climate Change and Environmental Management

The management of climate change and environment requires robust policies and legislation, structured implementation mechanisms and innovative approaches. The National Adaptation Plan will be introduced to address climate change threats in various areas, including agriculture and food security, forestry and biodiversity as well as public health. A specific legislation on climate change will also be enforced to regulate the implementation of climate action initiatives comprehensively. In addition, a pilot project to measure embodied carbon¹ in the construction of public infrastructure will be implemented to reduce GHG emissions in the construction sector.

The national carbon market policy will be implemented to facilitate carbon trading, either through compliance or on voluntary basis. The Forest Carbon Offset, as a national carbon credit instrument based on local needs and capabilities, will be developed to facilitate trading of carbon credit from the forestry sector. The Forest Conservation Certificate, as a non-market green financing instrument, will be expanded to encourage financing by the private sector in implementing forest conservation and protection activities. Blue carbon initiatives for mangrove and wetland areas will also be explored to enhance efforts in mitigating climate change and protecting coastal areas from flood and erosion threats.



¹ Refers to the total GHG emissions throughout the life cycle of the construction process, including activities related to extraction and processing of raw materials, transportation to the construction site, construction, maintenance as well as disposal.

Measures to preserve environment will be enhanced by strengthening and enforcing legislation related to environment and chemical management. Regulations under the Environmental Quality Act 1974 [Act 127] will be reviewed to improve enforcement efficiency. Existing legislation and awareness programmes related to greywater management at premises of discharge will be strengthened. An integrated management system will be developed to monitor the full life cycle of chemicals, starting from the point of entry into the country or local production to disposal. These initiatives will be the basis for Malaysia to ratify the Stockholm Convention and the Minamata Convention in reducing negative impacts on human health and the environment.

Initiatives to reduce non-revenue water and raw water consumption, as well as diversify the sustainable use of reclaimed water will continue to be implemented. Focus is also given to the development of innovative, water-efficient, and competitive local water technologies, particularly in water treatment and recycling systems, as well as in the management and smart monitoring of water resources and services. These efforts are part of the Water Sector Transformation Plan 2040 to strengthen the sustainability and resilience of the national water sector.

The management of climate change and environment requires a supportive and inclusive ecosystem. In this regard, communication, education and public awareness aspects incorporating behavioural insights, such as green lifestyle campaign will be strengthened to accelerate societal behavioural change. R&D&C&I activities will be intensified through strategic collaboration among various stakeholders, including industry players and research institutions to enhance environmental sustainability. In addition, technical assistance through cooperation with various stakeholders as well as international financing, such as the Global Environment Facility, the Green Climate Fund and the Adaptation Fund, will be leveraged. Data-driven interventions and decision-making processes will be facilitated through improved sharing of and access to a more integrated information.

Strategy D6.2: Enhancing Biodiversity Conservation and Preservation

Conservation and preservation of biodiversity will be enhanced, encompassing measures to strengthen development planning and implementation as well as improve policies, legislation and governance. Emphasis will be given in managing human-wildlife conflicts as well as preserving forest treasures, flora and fauna in risk areas through enhancement of development planning at all levels of government. The adoption of nature-based solutions in biodiversity conservation, such as restoration of mangrove forest area and rehabilitation of coral reef will be expanded.

More key biodiversity and protected areas, such as national parks, Ramsar sites, biosphere reserves as well as mangrove and peat swamp forests will be gazetted to preserve the balance and sustainability of the natural environment. Enforcement through an integrated operation model will be strengthened to combat any forms of crimes related to flora and fauna. This measure will ensure illegal activities, such as flora and fauna trafficking, forest encroachment as well as the release of invasive alien species, which harm the local ecosystems are reduced.

Strategy D6.3: Enhancing Implementation of Circular Economy and Improving Waste Management

Efforts to enhance the circular economy and improve waste management will be intensified by strengthening policies, regulations and implementation mechanisms as well as providing modern infrastructure. Legislation related to the circular economy across sectors will be enacted to regulate activities along the value chain, from production to disposal. In addition, mechanisms for the adoption of the circular economy will be improved, comprising sustainable plastics, management of biomass and scheduled waste, development of local sustainable aviation fuel and the expansion of extended producer responsibility. Blended financing and appropriate tax incentives to encourage food waste treatment at source will also be expanded to include commercial, industrial and institutional sectors.



Solid waste management will be improved through transition to a more integrated, high-tech and sustainable approach, supported by modern recycling infrastructure, including material recovery facilities. Community involvement will be strengthened through various initiatives, such as the expansion of the Program Komuniti Sifar Sisa, the implementation of the pay-as-you-throw scheme as well as the establishment of buy back and smart recycling centres. Solid waste management services in rural areas will be improved through collaboration among district offices, PBTs and local communities. In addition, a proposal for a centralised waste management coordination under a dedicated agency will be explored.

A policy to prohibit the opening of new landfills will be implemented to accelerate the circular economy and improve waste management. The construction of waste-to-energy plants to reduce reliance on landfill will be expanded through public-private partnership. In addition, efforts will be focused on rehabilitation of existing landfill sites and promotion of alternative waste management approaches, such as composting, biomass processing and implementing the 5R². A national radioactive waste repository centre, equipped with

storage, treatment, conditioning and disposal facilities will also be developed to manage radioactive waste in a safer and more sustainable manner.

D7: Strengthening of Disaster Management

Disasters, particularly natural disasters, if not efficiently managed, will pose significant impacts on the wellbeing of the *rakyat* and environmental sustainability. Various policies and initiatives were introduced to reduce the impact of disasters on the lives of the *rakyat* and the continuity of economic activities. However, disaster management is becoming more challenging due to the increase in frequency and complexity of disasters.

Objective

Measures to further strengthen disaster management are able to increase the level of preparedness and accelerate response, thus ensuring the wellbeing of the *rakyat* is always safeguarded. An inclusive and integrated disaster management is able to reduce disaster risks and impacts as well as increase efficiency in resource use. Industry players have the ability to continue business operations and only bear a minimal cost of damage to business assets. Increased preparedness and fast response through strengthening of governance will elevate confidence of the *rakyat* and business communities that their safety and properties are always protected.

Achievement of the Twelfth Plan

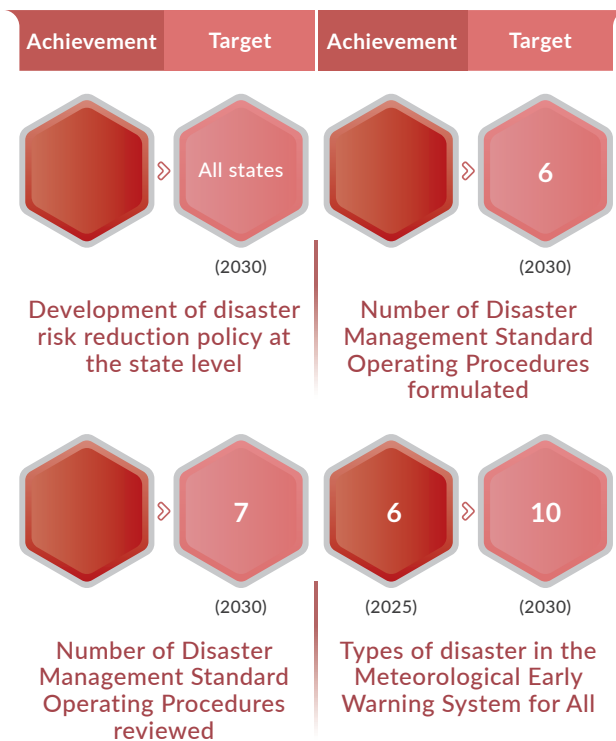
During the Twelfth Plan period, various efforts undertaken to increase climate change and disaster resilience had assisted the *rakyat* to be better prepared for unexpected situations. The National Disaster Risk Reduction Policy 2030 and the Arahan NADMA No. 1: Dasar dan Mekanisme Pengurusan Bencana were developed in 2024 as key

² Refers to the approach of refuse, reduce, reuse, recycle and recovery.

references for disaster management. The meteorological warning system was improved in the effort to provide early information on weather warning to all stakeholders. Cooperation on disaster management at international level, including ASEAN through the Sendai Framework for Disaster Risk Reduction 2015-2030 global platform was strengthened with the involvement of various agencies in joint training exercises. A total of 577,107 head of households affected by disasters, such as floods, landslides and headwater surge incidents received the Bantuan Wang Ihsan amounting to RM578.4 million in the period from 2021 to 2024.

Target

Four selected targets are set in the efforts to strengthen disaster management during the Thirteenth Plan period, as follows:



Strategy

Disaster management is among the main components in ensuring the wellbeing of the *rakyat* and sustainability of the environmental. In this regard, focus will be given to the efforts in increasing the efficiency of disaster mitigation governance, planning and coordination as well as the preparedness of security agencies in handling disasters. Two strategies are identified in strengthening disaster management, as follows:

Strategy D7.1: Increasing Governance Efficiency

Measures to increase governance efficiency in disaster risk management will be implemented by strengthening policies, strategies and administration as well as adopting advanced technologies. The implementation of Disaster Risk Reduction Policy will be expanded to states and PBTs as a guide for disaster risk management. Action plans for disaster risk management will be incorporated as part of the Local Plan to increase the resilience of populated areas and municipalities. The governance of Kumpulan Wang Amanah Bantuan Bencana Negara, including the guideline will be improved to expedite post-disaster response processes.

Nature-based solutions will be adopted to reduce impact of disasters due to climate change. In addition, geological and underground utility mapping will be intensified to improve safety of the *rakyat*. The Meteorological Early Warning System for All will be improved to increase national disaster preparedness. The adoption of Climate Disaster Resilience Index will be expanded to evaluate key components of urban resilience in enhancing the capability of cities in disaster management.

Strategy D7.2: Increasing Disaster Preparedness and Support Programmes

Effective disaster management requires involvement of the entire ecosystem, including SOPs, personnel preparedness, asset modernisation and support programmes. Existing SOPs will be streamlined to enhance coordination among all relevant agencies. In addition, joint training exercises involving various agencies will be intensified to ensure fast and integrated responses. Asset modernisation will also be continued

to increase capability and effectiveness of operations. The design of selected public infrastructure will be customised as multi-purpose disaster shelters, and the use of existing infrastructure will also be expanded. Support programmes, including provision of counselling services will also be expanded to assist disaster victims in resuming normal life post-disaster. The involvement of all stakeholders, including the private sector, CSOs, and NGOs, under the whole-of-nation approach will be intensified to provide support to communities affected by disasters.



Conclusion

During the Thirteenth Plan period, continuous efforts will be undertaken to address key issues and challenges that undermine the wellbeing of the *rakyat*, particularly the cost of living burden and environmental sustainability. Priority will be given to building a nation-state that foster humane values among the *rakyat* as well as preparing towards an aged nation that ensure the *rakyat* continue to contribute to the socioeconomic development of the country. Focus will also be given in health and housing reform, strengthening of security and defence, preservation of planetary health as well as improvement in disaster management to raise the floor and strengthen governance. All of these efforts will propel Malaysia towards becoming a sovereign and progressive nation-state that is recognised on the world stage, in line with the aspirations of the Ekonomi MADANI. The *rakyat* will live a healthier, more productive and dignified life in a clean environment and conserved natural resources.





CHAPTER

6



MONITORING OF THE THIRTEENTH MALAYSIA PLAN

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THE THIRTEENTH PLAN 6-3
MONITORING FRAMEWORK

Monitoring Mechanism 6-3

Monitoring Governance 6-4

CONCLUSION 6-7

Introduction

The Thirteenth Malaysia Plan, 2026-2030 (Thirteenth Plan) provides the direction for the nation in achieving the aspirations of the 'Ekonomi MADANI: Memperkasa Rakyat' framework. The Thirteenth Plan with the theme 'Melakar Semula Pembangunan' will be anchored on four pillars, namely Advancing Economic Complexity, Enhancing Social Mobility, Accelerating the Implementation of the Public Service Reform Agenda as well as Enhancing Wellbeing of the *Rakyat* and Environmental Sustainability in supporting efforts to achieve the aspirations. Under these four pillars, a total of 27 priority areas and specific targets are put forward to guide the implementation of strategies and initiatives as well as monitor the achievement of the Thirteenth Plan. Several key issues that undermine the monitoring effectiveness are identified, such as incomplete data and information as well as weaknesses in performance reporting and coordination of intervention across ministries. In this regard, the monitoring mechanism will be improved to enable a more transparent, systematic, comprehensive and effective monitoring of the Thirteenth Plan with the commitment from all levels of government, the private sector and civil society organisations.

The Thirteenth Plan Monitoring Framework

The Thirteenth Plan monitoring framework will be improved by establishing specific monitoring mechanism and governance structure. The monitoring mechanism will involve the development of the Pelan Pelaksanaan Dasar (PPD) for the Thirteenth Plan and the PPD monitoring system, MyRMK. The Thirteenth Plan governance structure will leverage several existing committees, which will be improved in terms of roles and membership. The enhancement of the governance structure is to ensure the monitoring of the Thirteenth Plan based on PPD will support the achievement of the set targets. The Thirteenth Plan monitoring framework will also involve coordination of existing monitoring mechanisms under the ministries and central agencies, such as the MyBelanjawan under the Ministry of Finance (MoF) and the MyProjek under the Implementation Coordination Unit, Prime Minister's Department (ICU, JPM). In addition, coordination will also involve the Unit Pantau MADANI (PMU), the Performance Acceleration Coordination Unit (PACU) and the Pusat SDG Negara (PSN). In this regard, the monitoring of the Sustainable Development Goals (SDGs) will be improved through the development of a national monitoring and evaluation mechanism that is aligned with the initiatives of the Thirteenth Plan.

Monitoring Mechanism

The improvement of the monitoring mechanism through PPD will involve preparation of a specific document based on the Thirteenth Plan framework, development of a monitoring system and strengthening of the roles as well as responsibilities of all ministries and agencies in preparing inputs as well as reports periodically. The PPD document will prescribe the strategies and initiatives to be implemented by all ministries and agencies identified as lead or implementing entities. Each strategy and initiative will have key performance indicator with clear outputs, outcomes and timelines. In addition, each strategy will also be aligned with the aspirations of the Ekonomi MADANI.

The MyRMK system, currently being developed internally by the Ministry of Economy will be accessible to all stakeholders to facilitate reporting and monitoring. This system will provide a well-structured workflow to align planning, update implementation progress and generate monitoring report. The database and information generated from this system will facilitate a more accurate decision-making process in formulating intervention measures and in planning for national development policies.

The Thirteenth Plan PPD reporting through MyRMK system will be undertaken by all ministries, departments, agencies, state governments and local authorities based on lead or implementor roles on a quarterly basis. This periodic reporting will enable integrated and comprehensive monitoring as well as systematic implementation of intervention and adjustment. A reporting guideline will also be made available to facilitate the roles of ministries and agencies in preparing comprehensive reports based on specified timelines.

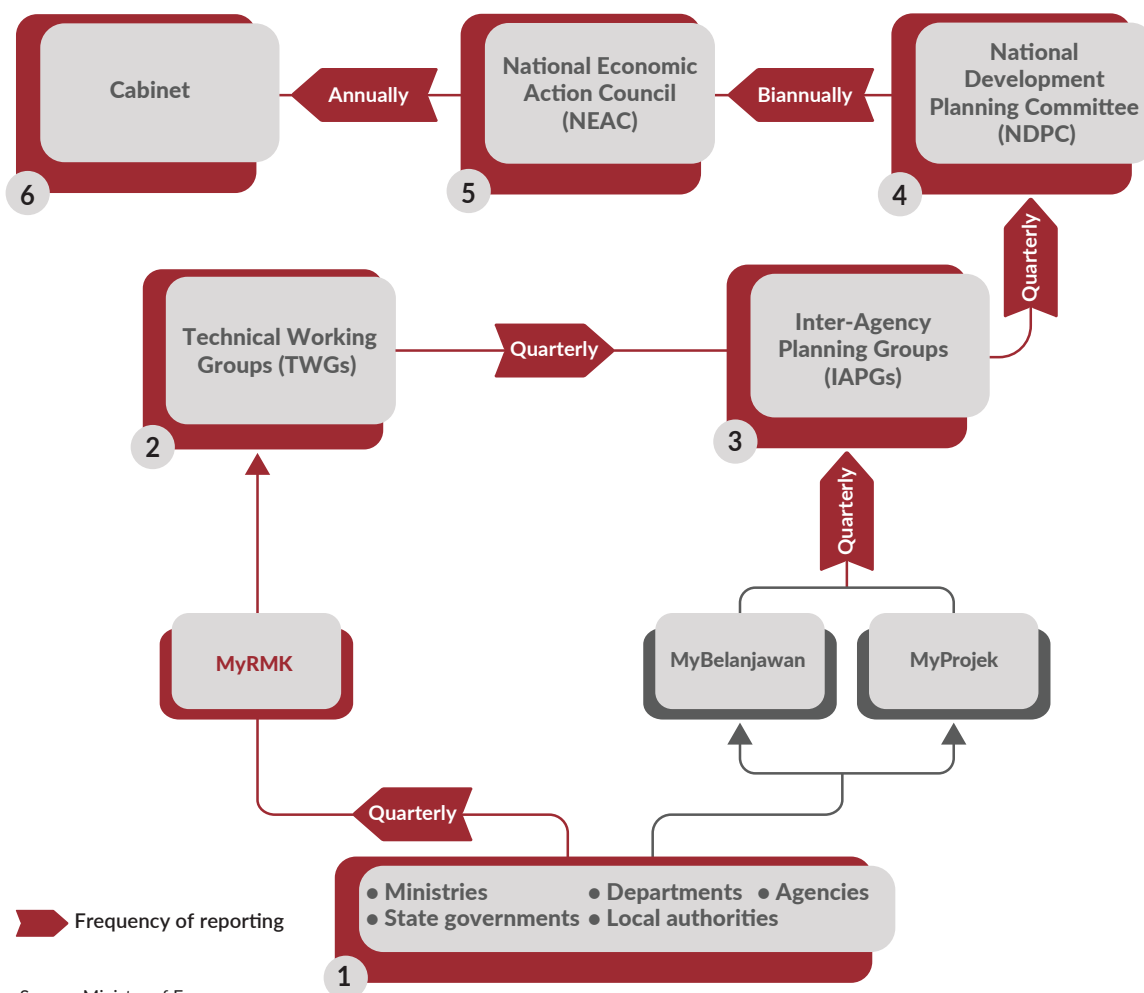


Monitoring Governance

The establishment of a comprehensive Thirteenth Plan monitoring governance framework based on existing committees will optimise resources, avoid duplication of functions and increase monitoring effectiveness. As a whole, the Thirteenth Plan will be monitored at various levels, starting from the Technical Working Groups (TWGs) Committees to the Cabinet as the highest level. The governance framework of the Thirteenth Plan monitoring is as shown in *Exhibit 6-1*.

The functions and roles of units or divisions in ministries responsible for coordination as well as monitoring will be strengthened to be the focal point in coordinating the preparation and reporting of the PPD. These units or divisions will be encouraged to adopt an internal monitoring culture in identifying weaknesses as well as implementing comprehensive and systematic improvements. The focal points will also be responsible in preparing reports to the committees at the technical level periodically.

Exhibit 6-1: The Governance Framework of the Thirteenth Plan Monitoring



The monitoring of the Thirteenth Plan at technical level will be implemented through the expanded roles of two existing committees established by the Ministry of Economy, namely TWGs and Inter-Agency Planning Groups (IAPGs). The TWGs will be assigned additional responsibilities at the planning level to coordinate details of the PPD based on priority areas, including designation of lead and implementing ministries and agencies. This role will enable the TWGs to monitor in detail the performance of ministries and agencies based on input from MyRMK system. The performance of the Thirteenth Plan and proposed interventions to address issues and challenges in the implementation of PPD will be presented to the IAPGs on a quarterly

basis. The IAPGs will also be assigned additional role in finalising the details of PPD by pillars, including setting clear output targets within specified timelines and coordinating strategies and initiatives across ministries. In addition, the IAPGs will be responsible in reporting the Thirteenth Plan performance to the National Development Planning Committee (NDPC) on a quarterly basis. The IAPGs meetings will also discuss issues raised through the monitoring mechanisms of the MyBelanjawan, the MyProjek and the SDGs as well as issues monitored under the PMU and the PACU. In this regard, the IAPGs will also be represented by relevant agencies, including the National Budget Office (NBO), the PMU, the PACU and the PSN.



Monitoring at the highest level of senior government officials will be undertaken by the NDPC, which is responsible in formulating and coordinating matters related to socioeconomic policy. The NDPC serves as a platform to deliberate and endorse appropriate intervention before being escalated to the National Economic Action Council (NEAC). The performance of the Thirteenth Plan will be presented at the NDPC meetings on a quarterly basis.

The involvement of the NEAC in the governance framework of the Thirteenth Plan monitoring is imperative, given the role of the Council as an economic advisory and consultative body to the Cabinet in addressing national economic issues. In this regard, achievements of the Thirteenth Plan will be presented in the NEAC meetings biannually to finalise appropriate interventions. The Thirteenth Plan implementation report will also be tabled to the Cabinet annually, which comprises implementation progress, achievement of outcomes, issues and challenges as well as proposed solutions that require policy decisions.



Conclusion

The monitoring of the Thirteenth Plan will be implemented comprehensively through enhancement of the monitoring mechanism and strengthening of governance at all levels. The development of the PPD and MyRMK system will facilitate all stakeholders in assuming respective roles to monitor in a transparent, systematic, comprehensive and effective manner. Strengthening of governance through active involvement of ministries, departments, agencies and state governments will ensure the Thirteenth Plan achieves the aspirations of the 'Ekonomi MADANI: Memperkasa Rakyat'.





CHAPTER

7



MAKING MALAYSIA MADANI A REALITY: ASPIRATION 2040

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An Inclusive and Progressive
Economy 7-4

A Healthy and Resilient Planet 7-5

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ASPIRATION

2040

Introduction

Malaysia has remained among the developing nations with a per capita income approaching that of advanced nations for the past 29 years. Majority of the *rakyat* enjoy rising standard of living with the availability of modern housing and infrastructure as well as ability to broadly access healthcare services, education and other basic amenities. Social mobility is at a moderate level, underpinned by access to medium-high income employment opportunities and more competitive wages compared to several neighbouring countries.

The socioeconomic development will be continued in enabling the nation to achieve progressive and sustainable advancement, adapting to the changes in the global landscape, which is complex, dynamic and interconnected. This development is not the responsibility of the government solely but also demands the commitment of all other stakeholders, including the private sector, the third sector, community leaders and the *rakyat* in general. The development focus is not limited to the aspect of economic growth, but also includes the enhancement of good governance, creation of a just society and protection of planetary health.

The outcomes and benefits of development will be partly reaped in the short term, while the remaining will only be achieved in the long term. In this regard, the next 15 years will be a suitable time frame for us to clearly witness the major impacts of the socioeconomic planning that begins today. In 2040, we anticipate Malaysia succeeded in making meaningful changes that will benefit all.

ASPIRATION 2040

A Just Society



In 2040, Malaysia as a nation-state has the *rakyat* that live as a just society. This society upholds the principles of the *Rukun Negara*, is united, subscribes to *insaniah* values as well as embraces diversity of religion, ethnicity and background. The commitment in ensuring a safe and peaceful life is shared together. Every individual in the society enjoys a dignified life with equal opportunities, able to access quality healthcare and education as well as remains productive in the old age.

Every *rakyat* practices virtuous moral values, mutual respect and tolerance, while always fostering the spirit of unity in living as a society. Local communities create an inclusive environment to support society members in need of assistance without neglecting the vulnerable groups. In addition, the society acts as a unit to support social changes in shaping a nation-state.

The **private sector** contributes to social equality through the implementation of inclusive business practices. Companies offer equal employment opportunities as well as pay fair and reasonable wages. Companies also share responsibility with the *rakyat* in addressing local social

issues by participating in the social economy in ensuring the formation of a just society. In addition, companies voluntarily contribute to the society through corporate social responsibility initiatives that are independent of government incentives.

The **government** ensures social equality for the *rakyat* by formulating comprehensive social development policies and legislation. The government is also responsible in ensuring equitable distribution of resources based on the needs of the *rakyat*. A comprehensive lifelong social protection system is provided to ensure the target groups are able to lead dignified lives.

An Inclusive and Progressive Economy

Individuals and society play a vital role in creating an inclusive economy by actively participating in economic activities and prospering local businesses. Individuals form the future-proof human capital and always strive to contribute efforts and high level of expertise in various sectors. In addition, individuals with a strategic mindset constantly seek and create opportunities through entrepreneurship to generate value, income and wealth. The society acts as an agent of change, shouldering shared responsibility in inculcating innovation culture and supporting domestic economic activities.

Companies in Malaysia continuously upgrade their capacity and capabilities to strengthen competitive advantage in the global market as well as dare to venture into new potential industries. Companies also actively collaborate with research institutions and investors to develop disruptive products and services in creating value that generate high returns. Employers offer progressive and fair salaries, create employee-friendly working

environment and arrangement as well as invest early to continuously identify and develop talent and skills in increasing labour productivity.

The **government** serves as a responsive facilitator in strengthening the economic ecosystem, enabling all economic agents to assume their respective roles efficiently and effectively. The government also sets clear, consistent as well as appropriate policies and strategic directions to enable all stakeholders make accurate decisions, aligned with the national economic development vision. The government is also responsible in ensuring the availability of comprehensive, integrated and quality infrastructure and public facilities to meet the needs of businesses, society and the *rakyat* in undertaking economic activities. In addition, government supports, such as financing, incentives and targeted programmes, are continuously improved to ensure inclusivity and address shortcomings that exist in the economy.

In 2040, Malaysia, as a developed nation with its own values and principles, practises a free market system, becomes a prime destination for global investment and leads the regional market. Industries in Malaysia are recognised as producers of advanced technologies created through R&D&C&I by the *rakyat*. This success stems from a transition to a more complex economy, enabling the production of high-value products along the global value chain. This transition also provides equal opportunities for skilled local talent to continuously raise productivity, which is duly rewarded with progressive wages.



A Healthy and Resilient Planet

In 2040, our collective commitment and efforts in mitigation and adaptation succeeded in lessening the impacts of climate change towards a more sustainable, cleaner and healthier planet. Malaysia leads efforts to address the climate change crisis at the global level through its commitment and achievements in energy transition as well as preservation and conservation of the environment and biodiversity. The national economic development is driven by the activities of the green economy, blue economy and circular economy that maximise resource efficiency and maintain environmental sustainability. The society has high awareness of the importance of protecting the planet and embracing sustainable lifestyles.



Every **individual** plays a vital role in protecting planetary health by embracing environmentally sustainable practices and lifestyles, such as reducing waste, adopting recycling and using energy resources prudently. Society also uses natural resources efficiently, cares for their surroundings, prioritises green mobility and chooses eco-friendly products. In addition, society at every level takes responsibility in nurturing a culture of love for the environment, that is inculcated since childhood and ingraining this culture as part of the societal identity.

The **private sector** adopts sustainable production and consumption practices, including investing in low-carbon technologies, increasing the use of renewable energy as well as embracing the circular economy concept to protect planetary health. Companies reduce carbon footprint by enculturating the principles of environmental, social and governance (ESG) as standard practices in business activities and operations. Companies, in collaboration with communities also actively lead environmental and natural resource management efforts as well as implement conservation programmes. In addition, the third sector also plays an active role in preserving and conserving biodiversity endowment by introducing innovations to resolve local issues.

The **government** continues to ensure the formulation of policy and legislation across sectors prioritises environment and sustainable use of resources, while the introduction of intervention mechanisms is able to motivate all stakeholders in transitioning towards sustainable practices. The government also plays an active role at the international level in voicing the stance of Malaysia on environmental management and biodiversity preservation through various negotiation and collaboration platforms.

Good Governance

Individuals and society play an active role in the democratic process and national socioeconomic development. As members of society, every individual always strive to foster a sense of belonging in contributing towards the development, harmony and peace of the country for shared wellbeing. The *rakyat* is free and responsible in expressing constructive views through appropriate channels, based on the principles of accountability, integrity and transparency. In addition, the *rakyat* and society, including local leaders, serve as the eyes and ears in ensuring an effective checks and balances mechanism in the national administration.

The **private sector** practises corporate governance that is transparent, ethical, inclusive and in line with ESG principles. Companies also strengthen corporate governance through openness in reporting. Companies actively develop talent and capability as well as share best practices as exemplars in ensuring continuous improvement in governance.

The **government** leads good governance by strengthening policies and legislation as well as implementing best practices comprehensively at all levels. Relevant government institutions are granted authority, capability and independence to perform their functions without interference from any vested parties. Data and information of public interest are shared openly to enable the *rakyat* to assess the efficiency and effectiveness of government administration. Leaders at all levels have high credibility and integrity as well as uphold the principle of serving the nation and the *rakyat*, independent of benefits and rewards from the positions.

In 2040, Malaysia maintains its position among the top 12 countries in the global competitiveness aspect and ranks within the top 20 in the corruption prevention aspect. Good governance, anchored on the principles of supremacy of the Constitution, rule of law, accountability, integrity and transparency, is upheld by all, whether individuals, business operators or national administrators. A mature democracy fosters confidence and trust in government leadership and institutions as well as enables the *rakyat* and society to actively participate in the decision-making process.



Conclusion

Malaysia in 2040 will be a developed nation with a just society and the economy that is inclusive and progressive, prioritising planetary health as well as upholding good governance. This aspiration demands steadfast commitment and synergy from all stakeholders, namely individuals, society, the private sector and the government. The Thirteenth Malaysia Plan, 2026-2030 anchored on the Malaysia MADANI framework, represents continuous efforts towards achieving this aspiration.



Appendix



APPENDIX

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Table 1

**Gross Domestic Product by Expenditure Category, 2020–2030
(at constant 2015 prices)**

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Private Expenditure	1,013,400	1,033,605	1,142,583	1,195,115	1,273,594	1,756,365	5.7	5.6
Consumption	802,747	817,103	910,364	952,397	1,000,999	1,368,586	5.5	5.5
Investment	210,653	216,502	232,219	242,719	272,595	387,780	6.5	6.0
Public Expenditure	250,243	252,950	267,069	279,546	297,284	379,837	4.6	3.9
Consumption	179,721	190,210	200,948	207,808	217,563	278,577	4.9	4.1
Investment	70,522	62,740	66,121	71,738	79,721	101,260	3.8	3.6
Net Exports	87,070	83,578	82,344	64,077	69,941	71,237	-5.8	2.0
Exports of Goods and Services	830,157	984,094	1,126,873	1,038,085	1,124,259	1,421,000	6.9	4.1
Imports of Goods and Services	743,087	900,516	1,044,529	974,008	1,054,317	1,349,764	8.1	4.3
Gross Domestic Product	1,346,249	1,390,882	1,516,503	1,570,142	1,650,305	2,195,116	5.1	4.5 – 5.5

Notes: ¹ Data for 2025 is an estimate by Ministry of Economy.
The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 2

**Gross Domestic Product by Expenditure Category, 2020–2030
(at current prices)**

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Private Expenditure	1,087,709	1,129,876	1,288,384	1,373,607	1,481,099	2,313,887	7.8	7.9
Consumption	865,450	898,359	1,034,028	1,102,875	1,174,092	1,823,756	7.7	7.8
Investment	222,259	231,517	254,356	270,732	307,007	490,131	8.2	8.3
Public Expenditure	258,274	262,894	280,907	298,310	321,134	449,423	6.0	5.4
Consumption	183,869	195,707	208,446	218,331	231,196	327,150	6.2	5.7
Investment	74,405	67,186	72,461	79,980	89,938	122,273	5.4	4.8
Net Exports	90,325	111,973	129,071	86,904	102,790	146,200	2.8	7.1
Exports of Goods and Services	873,477	1,093,895	1,378,618	1,252,717	1,378,518	1,924,246	10.6	5.9
Imports of Goods and Services	783,152	981,922	1,249,547	1,165,812	1,275,728	1,778,046	11.4	5.8
Gross Domestic Product	1,418,491	1,548,701	1,794,893	1,824,019	1,932,291	2,894,025	7.6	7.2
Gross National Income	1,389,971	1,506,548	1,737,950	1,768,358	1,866,181	2,820,503	7.4	7.3
Gross National Income Per Capita								
RM	42,838	46,247	53,151	52,942	54,793	77,289	6.1	6.0
US\$	10,191	11,162	12,077	11,608	11,974	17,470	4.6	6.5
Inflation, %	-1.2	2.5	3.3	2.5	1.8	2.0–3.0	2.6	2.0–3.0
Unemployment, %	4.5	4.6	3.9	3.4	3.2	3.0	-	-

Notes: ¹ Data for 2025 is an estimate by Ministry of Economy.
The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 3

**Gross Domestic Product by Kind of Economic Activity, 2020–2030
(at constant 2015 prices)**

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Agriculture	99,109	98,843	100,164	100,393	103,458	113,412	1.2	1.5
Mining and Quarrying	92,879	93,717	97,004	97,537	98,432	112,915	1.1	2.8
Construction	53,616	50,839	53,455	56,663	66,580	93,938	6.5	5.0
Manufacturing	307,606	336,724	364,226	366,793	382,034	522,309	5.1	5.8
Services	777,693	795,116	884,870	930,363	980,110	1,327,570	5.8	5.2
Electricity, Gas and Water	37,950	39,021	40,399	41,487	42,983	55,712	3.8	4.0
Wholesale, Retail Trade, Food & Beverage and Accommodation	265,100	266,308	309,838	328,732	343,662	459,973	6.3	5.0
Transport and Storage, Information and Communication	131,281	137,203	154,728	165,804	176,028	243,574	7.2	5.6
Finance, Insurance, Real Estate and Business Services	154,869	159,192	172,367	175,463	187,399	260,084	5.0	5.7
Government Services	124,699	131,482	137,784	144,593	151,515	202,018	5.2	4.7
Other Services	63,795	61,910	69,755	74,286	78,523	106,209	4.9	5.5
Plus : Import Duties	15,346	15,642	16,784	18,392	19,692	24,971	6.0	4.0
Gross Domestic Product	1,346,249	1,390,882	1,516,503	1,570,142	1,650,305	2,195,116	5.1	4.5 ~ 5.5

Notes: ¹ Data for 2025 is an estimate by Ministry of Economy.
The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 4

**Gross Domestic Product Based on Income, 2020–2030
(at current prices)**

Item	RM million					Average Annual Growth Rate, %	
	Actual				Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2030	2021–2025 ¹	2026–2030
Compensation of Employees	529,996	543,375	578,719	603,270	1,157,610	5.3	11.1
Gross Operating Surplus	849,920	968,984	1,204,175	1,181,981	1,663,822	9.0	4.9
Taxes Less Subsidies	38,575	36,342	11,009	37,653	72,593	5.4	7.6
Gross Domestic Product	1,418,491	1,548,701	1,793,903	1,822,904	2,894,025	7.6	7.2
Share to GDP, %							
Compensation of Employees	37.4	35.1	32.3	33.1	40.0	-	-
Gross Operating Surplus	59.9	62.6	67.1	64.8	57.5	-	-
Taxes Less Subsidies	2.7	2.3	0.6	2.1	2.5	-	-

Notes: ¹ Data for 2024 and 2025 are estimates by Ministry of Economy.
The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 5

**Gross Domestic Product by State and Kind of Economic Activity, 2020–2030
(at constant 2015 prices)**

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Johor								
Agriculture	16,857	16,883	17,426	17,205	17,934	19,640	1.5	1.6
Mining and Quarrying	658	587	649	692	771	1,081	2.2	8.1
Construction	4,176	3,418	3,961	4,465	6,374	7,416	9.1	2.8
Manufacturing	38,651	40,727	42,948	44,165	46,000	65,498	4.7	6.2
Services	66,406	68,360	76,217	80,329	85,161	113,107	5.6	5.4
GDP	128,074	131,243	142,734	148,554	158,017	208,928	4.9	5.1
GDP Per Capita	33,861	36,465	41,114	41,847	44,762	64,117	-	-
Kedah								
Agriculture	5,518	5,669	5,665	5,510	5,728	6,283	1.3	1.3
Mining and Quarrying	112	103	114	122	118	158	1.5	5.6
Construction	1,113	1,019	1,204	1,600	1,422	2,413	9.7	6.4
Manufacturing	13,619	14,465	15,633	15,138	16,135	22,459	4.2	6.0
Services	25,434	25,925	28,065	29,206	30,310	42,431	5.4	5.1
GDP	46,042	47,505	51,031	51,877	54,036	74,169	4.7	5.1
GDP Per Capita	22,701	23,597	26,100	26,387	27,268	39,999	-	-
Kelantan								
Agriculture	5,818	5,869	5,703	5,609	5,764	6,517	0.6	1.7
Mining and Quarrying	342	353	393	428	463	553	5.5	4.4
Construction	396	401	430	465	562	863	7.8	8.4
Manufacturing	1,234	1,260	1,299	1,265	1,293	1,927	4.2	5.0
Services	17,374	17,866	19,096	19,854	20,534	28,885	5.1	5.3
GDP	25,188	25,782	26,965	27,658	28,651	38,792	4.2	4.7
GDP Per Capita	14,956	15,590	16,588	16,914	17,368	25,196	-	-

Table 5

**Gross Domestic Product by State and Kind of Economic Activity, 2020–2030
(at constant 2015 prices)–cont.**

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Melaka								
Agriculture	4,584	4,517	4,524	4,706	4,656	5,308	0.9	2.0
Mining and Quarrying	59	55	61	65	70	85	2.7	4.6
Construction	992	896	972	1,035	1,352	1,543	6.8	2.3
Manufacturing	15,322	15,835	16,905	16,951	17,588	24,966	4.5	5.5
Services	19,970	20,508	23,062	24,028	25,171	33,455	5.9	4.7
GDP	41,030	41,872	45,590	46,850	48,929	65,506	4.8	4.7
GDP Per Capita	42,880	44,571	50,262	53,688	54,553	78,288	-	-
Negeri Sembilan								
Agriculture	3,319	3,304	3,315	3,131	3,438	3,811	0.7	2.1
Mining and Quarrying	200	186	207	226	214	287	2.0	5.4
Construction	1,370	1,365	1,454	1,367	1,492	2,120	4.2	4.7
Manufacturing	16,761	17,962	19,394	19,628	20,399	28,100	4.9	5.7
Services	23,822	24,360	26,274	27,463	28,656	38,963	5.0	5.1
GDP	46,336	47,787	50,962	51,912	54,322	73,480	4.3	5.2
GDP Per Capita	41,292	44,478	49,877	51,702	53,928	77,677	-	-
Pahang								
Agriculture	13,001	13,006	13,951	14,129	15,312	15,810	2.5	1.5
Mining and Quarrying	614	507	572	629	604	745	0.2	3.8
Construction	1,352	1,601	1,596	2,271	2,564	3,658	16.3	4.9
Manufacturing	12,246	12,990	13,745	14,039	14,531	19,653	4.3	5.4
Services	27,597	27,285	31,928	33,862	35,536	47,793	5.9	5.4
GDP	54,885	55,440	61,844	64,967	68,669	87,808	5.0	4.6
GDP Per Capita	38,022	41,304	47,387	46,085	49,617	69,374	-	-

Table 5

**Gross Domestic Product by State and Kind of Economic Activity, 2020-2030
(at constant 2015 prices)-cont.**

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021-2025 ¹	2026-2030
Pulau Pinang								
Agriculture	2,049	2,000	2,091	2,194	2,197	2,314	1.5	0.9
Mining and Quarrying	139	130	144	154	162	177	2.6	2.3
Construction	2,234	2,521	2,746	3,379	3,865	5,561	14.2	5.1
Manufacturing	41,627	46,768	54,188	53,893	56,063	72,601	5.6	5.9
Services	45,979	47,080	52,543	55,674	58,433	78,229	5.8	5.2
GDP	92,691	99,124	112,355	115,952	121,496	159,926	5.8	5.4
GDP Per Capita	55,783	59,934	69,779	72,532	76,033	105,847	-	-
Perak								
Agriculture	11,430	11,769	11,440	11,675	12,094	13,156	1.4	1.4
Mining and Quarrying	432	402	453	494	480	619	2.5	4.8
Construction	2,057	1,919	2,066	2,016	2,248	3,207	4.0	5.1
Manufacturing	14,156	15,453	15,606	15,952	16,769	23,817	4.7	5.9
Services	46,137	47,323	50,857	52,441	54,579	78,326	5.2	5.6
GDP	74,264	76,901	80,474	82,638	86,239	119,234	4.5	5.2
GDP Per Capita	31,633	34,382	37,147	37,026	38,996	57,277	-	-
Perlis								
Agriculture	1,088	1,024	1,056	1,089	1,121	1,259	0.6	2.4
Mining and Quarrying	30	29	31	33	34	38	2.3	2.5
Construction	151	151	152	155	181	213	3.8	3.3
Manufacturing	444	468	489	484	491	654	3.5	4.4
Services	4,032	4,120	4,358	4,463	4,608	6,638	4.6	5.6
GDP	5,785	5,867	6,216	6,338	6,549	8,942	4.0	4.9
GDP Per Capita	21,117	21,523	23,163	24,138	24,695	34,154	-	-

Table 5

**Gross Domestic Product by State and Kind of Economic Activity, 2020–2030
(at constant 2015 prices)–cont.**

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Selangor								
Agriculture	4,721	4,950	4,931	4,578	4,880	5,444	1.3	1.5
Mining and Quarrying	755	708	797	833	931	1,031	3.2	3.1
Construction	18,665	17,474	18,145	19,870	22,502	33,812	6.4	5.8
Manufacturing	95,114	107,456	117,274	119,671	125,784	165,620	5.7	5.7
Services	200,127	205,430	233,979	248,307	263,947	341,982	6.3	4.8
GDP	326,805	344,103	385,809	406,623	432,116	565,279	6.3	5.0
GDP Per Capita	48,591	52,054	59,882	62,696	65,907	90,679	-	-
Terengganu								
Agriculture	2,903	2,752	2,658	2,830	2,941	3,085	0.1	1.1
Mining and Quarrying	176	178	197	208	236	248	4.8	2.2
Construction	1,080	1,106	1,147	1,166	1,370	1,635	5.1	3.3
Manufacturing	11,862	12,984	14,061	14,084	14,628	19,564	5.2	5.0
Services	17,943	18,201	19,320	19,917	20,710	29,021	4.6	5.3
GDP	33,994	35,236	37,392	38,219	39,922	53,611	4.5	4.8
GDP Per Capita	29,508	30,937	32,295	31,163	32,442	46,404	-	-
Sabah								
Agriculture	12,798	12,518	12,549	12,628	12,205	13,825	0.4	1.2
Mining and Quarrying	19,936	20,574	20,455	19,535	18,551	24,841	-0.9	5.4
Construction	2,197	2,368	2,517	2,490	2,958	3,737	7.2	3.8
Manufacturing	6,042	5,931	5,780	6,033	6,103	9,402	3.1	5.9
Services	36,597	37,369	40,605	42,413	44,209	67,706	5.6	7.1
GDP	77,840	79,000	82,176	83,363	84,303	120,135	3.1	5.8
GDP Per Capita	24,657	29,997	35,893	31,235	30,605	48,200	-	-

Table 5

**Gross Domestic Product by State and Kind of Economic Activity, 2020–2030
(at constant 2015 prices)–cont.**

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Sarawak								
Agriculture	14,907	14,466	14,731	14,984	15,059	16,817	0.7	1.7
Mining and Quarrying	28,591	27,875	29,911	29,868	31,098	34,575	1.3	2.5
Construction	4,082	4,490	4,706	5,125	6,082	8,127	9.7	4.7
Manufacturing	33,428	37,092	39,229	37,696	38,190	57,033	5.1	5.9
Services	46,160	47,315	51,912	54,612	57,264	78,881	5.7	5.4
GDP	127,556	131,594	140,917	142,704	148,200	196,090	4.2	4.6
GDP Per Capita	55,907	65,750	81,233	72,283	73,426	105,577	-	-
FT of Kuala Lumpur²								
Agriculture	2	2	2	1	1	2	-2.5	3.3
Mining and Quarrying	138	134	148	154	158	194	2.5	4.4
Construction	13,589	11,966	12,209	11,111	13,454	19,398	2.3	5.0
Manufacturing	5,733	5,978	6,297	6,412	6,689	9,116	5.1	4.4
Services	194,204	197,979	220,354	231,366	244,152	332,194	6.0	5.1
GDP	217,447	219,884	241,185	250,267	265,758	362,611	5.4	5.0
GDP Per Capita	108,985	112,184	127,182	131,165	136,365	188,986	-	-
FT of Labuan								
Agriculture	115	117	122	126	129	144	2.2	2.3
Mining and Quarrying	0	0	0	0	0	0	0.0	0.0
Construction	163	143	148	148	156	235	-0.1	7.7
Manufacturing	1,368	1,354	1,377	1,382	1,373	1,898	2.1	4.6
Services	5,910	5,997	6,299	6,428	6,840	9,961	5.1	5.6
GDP	7,613	7,650	7,980	8,123	8,559	12,322	4.5	5.4
GDP Per Capita	80,602	81,588	85,401	83,841	87,003	163,813	-	-

Notes: ¹ Data for 2025 is an estimate by Ministry of Economy.² Includes FT of Putrajaya.

The added total may differ due to rounding.

GDP per capita refers to value at current prices.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 6

**Gross Domestic Product by Region, 2020–2030
(at constant 2015 prices)**

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Southern Region	128,074	131,243	142,734	148,554	158,017	208,928	4.9	5.1
Johor	128,074	131,243	142,734	148,554	158,017	208,928	4.9	5.1
Northern Region	218,782	229,397	250,075	256,806	268,320	362,271	5.1	5.2
Kedah	46,042	47,505	51,031	51,877	54,036	74,169	4.7	5.1
Pulau Pinang	92,691	99,124	112,355	115,952	121,496	159,926	5.8	5.4
Perak	74,264	76,901	80,474	82,638	86,239	119,234	4.5	5.2
Perlis	5,785	5,867	6,216	6,338	6,549	8,942	4.0	4.9
Eastern Region	114,067	116,458	126,201	130,845	137,242	180,211	4.7	4.7
Kelantan	25,188	25,782	26,965	27,658	28,651	38,792	4.2	4.7
Pahang	54,885	55,440	61,844	64,967	68,669	87,808	5.0	4.6
Terengganu	33,994	35,236	37,392	38,219	39,922	53,611	4.5	4.8
Central Region	631,619	653,645	723,546	755,652	801,124	1,066,877	5.7	5.0
Melaka	41,030	41,872	45,590	46,850	48,929	65,506	4.8	4.7
Negeri Sembilan	46,336	47,787	50,962	51,912	54,322	73,480	4.3	5.2
Selangor	326,805	344,103	385,809	406,623	432,116	565,279	6.3	5.0
FT of Kuala Lumpur ²	217,447	219,884	241,185	250,267	265,758	362,611	5.4	5.0
Sabah Region	85,453	86,650	90,156	91,486	92,861	132,457	3.2	5.8
Sabah	77,840	79,000	82,176	83,363	84,303	120,135	3.1	5.8
FT of Labuan	7,613	7,650	7,980	8,123	8,559	12,322	4.5	5.4
Sarawak Region	127,556	131,594	140,917	142,704	148,200	196,090	4.2	4.6
Sarawak	127,556	131,594	140,917	142,704	148,200	196,090	4.2	4.6

Notes: ¹ Data for 2025 is an estimate by Ministry of Economy.² Includes FT of Putrajaya.

The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 7

Merchandise Trade, 2020–2030

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Gross Exports	983,827	1,241,022	1,550,009	1,426,199	1,507,683	2,089,104	9.8	5.8
Agriculture	71,724	98,093	120,903	94,818	105,664	148,243	10.0	5.1
Mining	58,414	69,757	117,346	106,078	102,832	125,346	10.5	5.4
Manufacturing	849,498	1,068,431	1,304,668	1,216,283	1,288,783	1,801,936	9.7	6.0
Others	4,191	4,740	7,092	9,020	10,405	13,579	24.6	1.5
Gross Imports	800,481	987,344	1,293,811	1,211,044	1,370,842	1,972,827	12.9	6.1
Retained Imports	615,852	758,323	965,836	895,910	1,077,386	1,588,126	13.7	6.3
Capital Goods	90,733	103,823	120,231	128,743	166,833	252,522	14.5	7.2
Intermediate Goods	429,190	545,801	706,551	620,607	748,895	1,104,783	13.6	6.4
Consumption Goods	74,134	83,893	104,017	104,118	117,410	157,826	10.2	5.6
Others ²	21,794	24,805	35,036	42,442	44,247	72,995	23.4	3.2
Imports for Re-exports	184,630	229,021	327,975	315,134	293,456	384,701	9.9	5.4
Total Trade	1,784,308	2,228,366	2,843,821	2,637,243	2,878,526	4,061,931	11.2	6.0
Share to GDP, %	125.8	143.9	158.4	144.6	149.0	140.4	-	-
Trade Balance	183,345	253,678	256,198	215,155	136,841	116,277	-10.4	1.9

Notes: ¹ Data for 2025 is an estimate by Ministry of Economy.² Dual use goods, goods not elsewhere stated and transactions below RM5,000.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 8

Balance of Payments, 2020–2030

Item	RM million					
	Actual					Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030
Goods and Services, net	90,325	111,973	129,071	86,904	102,790	146,200
Goods, net	137,486	177,634	187,275	130,897	114,462	159,491
Exports	780,511	1,005,841	1,237,226	1,057,736	1,135,655	1,575,821
Imports	643,024	828,206	1,049,951	926,839	1,021,193	1,416,329
Services, net	-47,161	-65,661	-58,204	-43,993	-11,672	-13,291
Transportation	-27,427	-31,863	-34,194	-32,005	-30,197	-41,392
Travel	-7,569	-14,857	-1,188	17,279	37,379	52,679
Other Services	-11,551	-18,037	-22,147	-28,532	-18,210	-23,260
Government Transaction n.i.e. ¹	-614	-904	-675	-736	-644	-1,318
Primary Income, net	-28,520	-42,153	-56,943	-55,661	-66,111	-73,522
Compensation of Employees	-8,061	-6,659	-7,339	-8,140	-9,941	-12,100
Investment Income	-20,459	-35,494	-49,603	-47,521	-56,170	-61,422
Secondary Income, net	-2,714	-9,642	-14,905	-11,195	-8,963	-9,251
Current Account Balance	59,091	60,178	57,223	20,048	27,716	63,427
% to GNI	4.3	4.0	3.3	1.1	1.5	2.2

Table 8

Balance of Payments, 2020–2030–cont.

Item	RM million				
	Actual				
	2020	2021	2022	2023	2024
Capital Account, net	-419	-469	-454	-259	-8
Capital Transfers	-242	-204	-226	-118	123
Non-Produced Non-Financial Assets	-178	-264	-227	-141	-131
Financial Account, net	-77,396	16,242	8,533	-7,150	-4,928
Direct Investment	3,111	31,065	12,593	8,473	17,664
Abroad	-10,170	-19,373	-62,825	-30,147	-33,862
In Malaysia	13,281	50,438	75,417	38,619	51,526
Portfolio Investment	-49,584	18,802	-50,114	-36,528	-84,140
Other Investment	-31,330	-31,375	48,267	24,784	58,734
Public Sector	-324	-178	-268	-245	-226
Private Sector	-31,006	-31,197	48,535	25,029	58,960
Balance on Capital and Financial Account	-77,815	15,774	8,079	-7,408	-4,936
Net Errors and Omissions	-572	-30,266	-11,943	-33,140	-7,038
Overall Balance	-19,297	45,686	53,359	-20,500	15,742
BNM International Reserves, net	432,244	486,793	503,285	520,753	520,156
Months of Retained Imports	8.6	7.7	5.2	5.4	5.0

Notes: ¹ n.i.e. - not included elsewhere.

Numbers are calculated according to Balance of Payments Manual 6 (BPM6).

Source: Bank Negara Malaysia, Department of Statistics Malaysia and Ministry of Economy

Table 9

Malaysian Wellbeing Index, 2020–2030

Item	Index					Average Annual Growth Rate, %	
	Actual				Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2030	2021–2025 ¹	2026–2030
Economic Wellbeing	123.9	125.2	130.0	130.7	143.6	1.5	1.4
Income and Distribution	115.4	118.1	129.0	128.9	137.4	2.0	1.5
Working Life	123.8	125.4	125.3	124.5	141.2	0.9	1.8
Transport	124.9	123.4	131.6	134.7	154.3	2.4	1.9
Communication	126.0	128.5	129.2	129.4	138.7	0.9	1.0
Education	129.4	130.6	134.8	135.9	146.4	1.4	1.1
Social Wellbeing	112.7	113.1	115.1	116.0	130.6	1.3	1.7
Health	115.2	112.2	111.7	112.6	128.8	0.4	1.9
Housing	118.5	118.7	118.4	118.2	133.9	0.7	1.8
Environment	104.9	106.9	110.3	106.0	132.9	1.4	3.4
Family	98.5	99.2	100.2	102.4	111.3	1.3	1.2
Social Participation	130.9	129.4	129.3	130.8	144.9	0.6	1.5
Public Safety	132.6	137.0	129.3	127.6	139.9	0.1	1.0
Culture	92.2	89.4	95.7	101.4	115.6	2.7	1.9
Entertainment and Recreation	106.7	102.7	122.5	125.2	136.6	3.8	1.2
Governance	115.2	122.5	118.7	119.9	131.5	1.4	1.3
Malaysian Wellbeing Index	116.7	117.4	120.4	121.3	135.2	1.4	1.6

Notes: ¹ Data for 2024 and 2025 are estimates by Ministry of Economy.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 10

**Labour Productivity by Kind of Economic Activity, 2020–2030
(at constant 2015 prices)**

Item	RM million						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Agriculture	53,116	52,756	53,826	53,584	54,762	58,814	0.7	1.3
Mining and Quarrying	1,259,637	1,249,966	1,277,878	1,278,721	1,287,906	1,533,303	0.7	3.3
Manufacturing	120,550	128,618	133,937	131,147	134,532	170,976	2.7	4.4
Construction	38,322	36,696	38,668	40,555	47,223	64,754	6.2	4.6
Services	84,480	85,150	91,002	92,504	94,152	116,699	3.0	3.5
Overall	89,179	90,968	96,211	96,914	99,265	122,745	2.9	3.6

Notes: ¹ Data for 2025 is an estimate by Ministry of Economy.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 11

Federal Government Financial Position, 2020–2030

Item	RM million					
	Actual					Thirteenth Plan Target
	2020	2021	2022	2023	2024	2026-2030
Revenue	225,072	233,752	294,357	314,959	324,618	1,820,606
Operating Expenditure	224,600	231,516	292,673	311,267	321,509	1,808,308
Current Balance	472	2,236	1,684	3,692	3,109	12,298
Gross Development Expenditure	51,360	64,257	71,574	96,091	84,012	430,000
Less: Loan Recoveries	1,259	992	1,407	1,007	1,737	6,251
Net Development Expenditure	50,101	63,265	70,167	95,084	82,275	423,749
COVID-19 Fund	38,019	37,711	30,979	-	-	-
Overall Balance	-87,648	-98,740	-99,462	-91,392	-79,166	-411,451
% to GDP	-6.2	-6.4	-5.5	-5.0	-4.1	< -3.0 ¹

Notes: ¹ At end of period.

Source: Ministry of Economy and Ministry of Finance

Table 12

Median Monthly Household Gross Income by Strata and State, 2012-2024

Item	Median Monthly Household Gross Income, RM					
	2012	2014	2016	2019	2022	2024 ^p
Malaysia	3,626	4,585	5,228	5,873	6,338	7,064
Strata						
Urban	4,238	5,156	5,860	6,561	7,243	8,219
Rural	2,372	3,123	3,471	3,828	4,094	4,520
State						
Johor	3,650	5,197	5,652	6,427	6,879	7,744
Kedah	2,633	3,451	3,811	4,325	4,402	4,737
Kelantan	2,276	2,716	3,079	3,563	3,614	4,026
Melaka	3,923	5,029	5,588	6,054	6,210	6,836
Negeri Sembilan	3,575	4,128	4,579	5,005	5,226	5,545
Pahang	3,067	3,389	3,979	4,440	4,753	4,983
Pulau Pinang	4,039	4,702	5,409	6,169	6,502	7,342
Perak	2,665	3,451	4,006	4,273	4,494	4,652
Perlis	2,387	3,500	4,204	4,594	4,713	4,880
Selangor	5,353	6,214	7,225	8,210	9,983	11,089
Terengganu	3,034	3,777	4,694	5,545	5,878	6,500
Sabah	2,860	3,745	4,110	4,235	4,577	4,861
Sarawak	3,047	3,778	4,163	4,544	4,978	5,440
FT of Kuala Lumpur	5,847	7,620	9,073	10,549	10,234	10,758
FT of Labuan	5,063	5,684	5,928	6,726	6,904	7,447
FT of Putrajaya	6,486	7,512	8,275	9,983	10,056	11,088

Notes: Data is based on Malaysian citizens.

^p Refers to Household Income and Expenditure Survey (HIES) 2024 preliminary data.

Source: Department of Statistic Malaysia and Ministry of Economy

Table 13

Employment by Kind of Economic Activity, 2020–2030

Item	'000 person						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Agriculture	1,866	1,874	1,861	1,874	1,889	1,928	0.4	0.2
Mining and Quarrying	74	75	76	76	76	74	0.4	-0.5
Manufacturing	2,552	2,618	2,719	2,797	2,840	3,055	2.4	1.3
Construction	1,399	1,385	1,382	1,397	1,410	1,451	0.3	0.4
Services	9,206	9,338	9,724	10,058	10,410	11,376	2.7	1.6
Total Employment²	15,096	15,290	15,762	16,201	16,625	17,884	2.1	1.3

Notes: ¹ Data for 2025 is an estimate by Ministry of Economy.² Labour Productivity publication uses both establishment and household approach.
The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Table 14

Employment by Skills Category and Major Occupational Group, 2020–2030

Item	'000 person						Average Annual Growth Rate, %	
	Actual					Target	Twelfth Plan	Thirteenth Plan Target
	2020	2021	2022	2023	2024	2030	2021–2025 ¹	2026–2030
Skilled	4,473	4,766	4,670	4,929	5,237	6,259	4.4	2.5
Managers	847	726	729	781	831	929	1.0	0.9
Professionals	1,994	2,113	2,041	2,194	2,244	2,452	2.3	1.9
Technicians and Associate Professionals	1,632	1,926	1,900	1,954	2,161	2,879	8.2	3.6
Semi-Skilled	8,912	8,688	9,203	9,268	9,559	10,015	1.4	0.9
Clerical Support Workers	1,290	1,565	1,572	1,601	1,663	1,486	3.2	-0.3
Service and Sales Workers	3,561	3,546	3,854	3,836	3,824	3,670	0.7	-0.1
Skilled Agricultural, Forestry, Livestock and Fishery Workers	897	694	741	720	798	1,241	2.4	4.3
Craft and Related Trade Workers	1,453	1,298	1,414	1,437	1,613	2,132	4.9	2.9
Plant and Machine Operators and Assemblers	1,710	1,585	1,623	1,674	1,663	1,486	-2.5	-0.3
Low-Skilled	1,711	1,836	1,889	2,004	1,829	1,610	-0.4	-0.8
Elementary Occupations	1,711	1,836	1,889	2,004	1,829	1,610	-0.4	-0.8
Total Employment²	15,096	15,290	15,762	16,201	16,625	17,884	2.1	1.3

Notes: ¹ Data for 2025 is an estimate by Ministry of Economy.² Labour Productivity publication uses both establishment and household approach. The added total may differ due to rounding.

Source: Department of Statistics Malaysia and Ministry of Economy

Glossary

ACRONYM	DEFINITION
3D	dirty, dangerous and difficult
4IR	Fourth Industrial Revolution
5R	refuse, reduce, reuse, recycle and recovery
AAM	advanced air mobility
ACTF-BE	ASEAN Coordinating Task Force on Blue Economy
ADI	Academy in Industry
AI	artificial intelligence
AKPS	Malaysian Border Control and Protection Agency
AR	augmented reality
ARPA	Agenda Reformasi Perkhidmatan Awam
ASEAN	Association of Southeast Asian Nations
BERD	business expenditure on research and development
BI	behavioural insights
BIM	Building Information Modelling
BIMP-EAGA	Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area
BRICS	Brazil, Russia, India, China, and South Africa
CCUS	carbon capture, utilisation and storage
CE	compensation of employees
CEPA	communication, education and public awareness
CPI	Corruption Perceptions Index
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSOs	civil society organisations
DASH	Damansara-Shah Alam Elevated Highway
DDI	domestic direct investment
DGP	Progressive Wage Policy
DRT	Demand-Responsive Transit
E&E	electrical and electronics
EA	enterprise architecture
ECRL	East Coast Rail Link
EPF	Employees Provident Fund
ESG	environmental, social, and governance
FDI	foreign direct investment
FELCRA	Federal Land Consolidation and Rehabilitation Authority
FELDA	Federal Land Development Authority
FTAs	free trade agreements

ACRONYM	DEFINITION
GBI	Green Building Index
GDP	gross domestic product
GEAR-uP	Government-linked Enterprises Activation and Reform Programme
GERD	gross expenditure on research and development
GGP	Government Green Procurement
GHG	greenhouse gas
GII	Global Innovation Index
GLCs	government-linked companies
GLICs	government-linked investment companies
GMT	global minimum tax
GNI	gross national income
GPI	Global Peace Index
GRIs	government research institutes
GS	global services
HEIs	higher education institutions
HGHV	high growth high value
HLO	Harmonised Learning Outcome
HVHT	high value high technology
IAPGs	Inter-Agency Planning Groups
IBS	Industrialised Building System
ICU, JPM	Implementation Coordination Unit, Prime Minister's Department
IMT-GT	Indonesia-Malaysia-Thailand Growth Triangle
IP	intellectual property
JS-SEZ	Johor-Singapore Special Economic Zone
KHTP	Kulim Hi-Tech Park
KIGIP	Kerian Integrated Green Industrial Park
KKIP	Kota Kinabalu Industrial Park
KPIs	key performance indicators
KTMB	Keretapi Tanah Melayu Berhad
LKWs	regional development authorities
LNG	liquefied natural gas
LRT	Light Rail Transit
LTC	long-term care
MIFC	Malaysia International Islamic Finance Centre
MoF	Ministry of Finance
MPB	Malaysia Productivity Blueprint
MSE	Malaysia Science Endowment
MSMEs	micro, small and medium enterprises
MTFTA	Malaysia-Türkiye Free Trade Agreement

ACRONYM	DEFINITION
MTLM	Multi-Tier Levy Mechanism
MTRS	Medium-Term Revenue Strategy
MyWI	Malaysian Wellbeing Index
NAB	National Ageing Blueprint, 2025-2045
NACS	National Anti-Corruption Strategy, 2024-2028
NAIO	National AI Office
NBO	National Budget Office
NCDs	non-communicable diseases
NCR	Native Customary Rights
NDI	Net Disposable Income
NDPC	National Development Planning Committee
NEAC	National Economic Action Council
NESP	National ESG Strategic Plan
NETF	National Energy Transition Facility
NETR	National Energy Transition Roadmap
NFPCs	non-financial public corporations
NGOs	non-governmental organisations
NIMP 2030	New Industrial Master Plan (NIMP) 2030
NRW	Non-Revenue Water
NSS	National Semiconductor Strategy
OGSE	oil and gas services and equipment
PACU	Performance Acceleration Coordination Unit
PBTs	local authorities
PGM	Minimum Wage Order
PIKAS 2030	Public-Private Partnership Master Plan 2030
PISA	Programme for International Student Assessment
PKEN	state economic development corporations
PLKS	Visit Pass for Temporary Employment
PLSB	Pembangunan Lembangan Sungai Bersepadu
PMU	Unit Pantau MADANI
PPD	Pelan Pelaksanaan Dasar
PPP	public-private partnership
PSN	Pusat SDG Negara
PuTERA35	Bumiputera Economic Transformation Plan 2035
PWDs	persons with disabilities
R&D	research and development
R&D&C&I	research, development, commercialisation and innovation
RAC	Railway Assets Corporation
RCEP	Regional Comprehensive Economic Partnership

ACRONYM	DEFINITION
RE	renewable energy
REE	rare earth elements
RTB	Rancangan Tebatan Banjir
RTO	rent-to-own
RTS	Rapid Transit System
SAF	sustainable aviation fuel
SARA	Sumbangan Asas Rahmah
SBSR	shipbuilding and ship repair
SDGs	Sustainable Development Goals
SE	social enterprise
SejaTi MADANI	Sejahtera Komuniti MADANI
SMEs	small and medium enterprises
SPE	Setiawangsa-Pantai Expressway
SSR	self-sufficiency ratio
SST	sales and services tax
STAR	Special Task Force on Agency Reform
STEM	science, technology, engineering, and mathematics
STI	science, technology and innovation
STR	Sumbangan Tunai Rahmah
SUKE	Sungai Besi-Ulu Kelang Elevated Highway
TBBT	high-priority flood mitigation
TEUs	twenty-foot equivalent units
Thirteenth Plan	Thirteenth Malaysia Plan, 2026-2030
TIMSS	Trends in International Mathematics and Science Study
TOD	transit oriented development
TVET	Technical and Vocational Education and Training
Twelfth Plan	Twelfth Malaysia Plan, 2021-2025
TWGs	Technical Working Groups
UAS	unmanned aircraft system
UI	Integrity Unit
US	United States
VAE	value at entry
WCE	West Coast Expressway
WHO	World Health Organization

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