



FOREWORD



**PRIME MINISTER
MALAYSIA**

Countries around the world have been intensifying their efforts since the beginning of 2020 to support the fight against the COVID-19 pandemic, which has led to one of history's most challenging global humanitarian and health crises. Most countries have imposed containment measures such as lockdowns and quarantines to prevent a wider outbreak, and Malaysia is no exception in implementing similar measures to protect her people. With most economic sectors closed for nearly two months, businesses and jobs are at risk. The repercussions brought about by COVID-19 have impacted businesses operations, thus affecting revenue and income streams, and subsequently impacting the livelihood of the people.

Most governments, Malaysia included, have been battling to balance both saving lives while protecting the livelihood of the people and the economy. External factors, including a slowdown in global trade and instability of crude oil prices, have also amplified the need for fiscal policy intervention to support the economic recovery. Coping with this unprecedented health and economic catastrophe was not an easy task. Nevertheless, the Government has displayed a high level of commitment with prompt unconventional-yet-dynamic policy responses executed in response to this challenging period.

The Government has steered the country through these challenging times by taking an approach focused on the 6R strategy: Resolve, Resilient, Restart, Recovery, Revitalise and Reform. On the verge of entering the fifth phase, the Government remains focused on completing the nation's journey from Restart to Recovery through the implementation of strategic economic stimulus packages and recovery plan to propel the nation's growth. Fiscal and non-fiscal measures of RM305 billion or around 20% of GDP has been injected into the economy through measures under the PRIHATIN, PRIHATIN SME+, PENJANA, and KITA PRIHATIN stimulus packages.

Over the medium term, the policy and initiatives will be formulated in the context of a 'new normal' for a post-COVID-19 environment. The 2021 Budget will continue to focus on protecting the livelihood and welfare of the people, revitalising and supporting the economy, promoting rural and regional development, enhancing the digitalisation agenda, and strengthening public service delivery. The COVID-19 pandemic has also catalysed a new norm which has forced a dramatic change in how we work and interact. Thus, it is equally important for the Government to provide an enabling ecosystem to

help workers return to work, which include incentivising technology adoption to further facilitate remote learning and working from home. While the Government assumes a key facilitative role, shaping the recovery and charting a new course for growth will require greater collaboration from all stakeholders who are leading any organisation, from corporations to institutions. Nevertheless, Malaysians have demonstrated it admirably during the nation's toughest months. Movements such as #KitajagaKita have witnessed Malaysians coming together with NGOs and companies, assisting fellow Malaysians.

As the nation adapts to these changing times, it is vital to ensure fiscal resources will be utilised to spur investments with the ultimate goal to protect the livelihood of the people, support businesses and propel the nation's economic growth. The Government believes that the current fiscal policy response is the right course of action as there has been an urgent need to ensure substantial stimulus measures and economic recovery plan are implemented expeditiously. Despite the budget deficit likely to rise in 2020, the Government is of the view that the PRIHATIN, PRIHATIN SME+, PENJANA and KITA PRIHATIN measures will be able to ensure that Malaysia has the ability and capacity to quickly rebound post-COVID recovery. Moving forward, the Government will remain focused on preserving fiscal discipline to maintain the systemic strength and accountability of public finances. The Government is also committed to enhancing institutional and structural reforms, ensuring effective delivery of public services and better governance for the long-term sustainability and resiliency of the Malaysian economy.

In these times of adversity, it is imperative that we intensify our efforts to build, maintain and enhance mutual trust and confidence for the benefit of our people. As a nation, we have faced multiple crises before, and *Alhamdulillah*, we have managed to overcome all these difficulties successfully. Our prudent and unconventional policy responses, coupled with the determination of the people to face such challenges have enabled the country to emerge stronger. Thus, I am confident that every Malaysian will remain resolute and united to provide a better and brighter future for the nation, *Insyaa-Allah*.



TAN SRI HAJI MUHYIDDIN BIN HAJI MOHD YASSIN
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