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# PEMERKASA+



*...is like extending a rope that is too short to reach the drowning victim.*

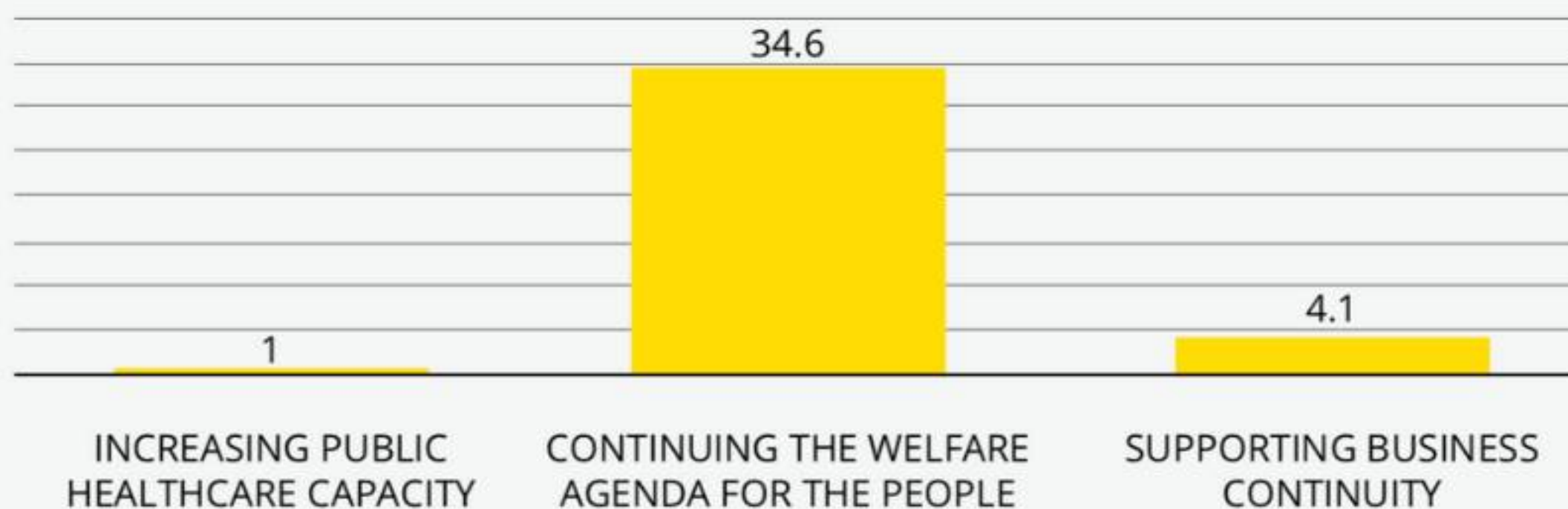
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# WHAT IS PEMERKASA+ ?

## A quick breakdown.

On May 31, The Malaysian government announced the PEMERKASA+ stimulus package covering three main areas. Totalling around RM40 billion, RM5 billion takes the form of direct government spending.

**Monetary value of PEMERKASA+ measures by thematic area (RM billions)**



Source: Author's calculations based on PMO (2021)

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# **INCREASING PUBLIC HEALTHCARE CAPACITY (RM 1 billion)**

- Upgrading ICU and related facilities for COVID-19 treatment



Our Take: The healthcare spending proposed is cosmetic at best. No substantial fiscal measures highlighted to upscale vaccination rates and improve mitigation strategies

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## **CONTINUING WELFARE AGENDA (RM 34.6 BILLION)**

- One-off assistance for B40 households through BPR
- 3-month loan moratorium for B40 households and affected SMEs
- Expanding wage subsidies



Our Take: Almost every initiative here is an extension of existing measures and it is dominated by the loan moratorium. This is a missed opportunity to be proactive rather than reactive

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# **SUPPORTING BUSINESS CONTINUITY (RM 4.1 BILLION)**

- Additional grants to SMEs
- Further microcredit financing
- One-off cash transfer to bus and taxi drivers



Our Take: The top priority should be to help SMEs weather forced closures and the drop in demand as well as preparing for a safe reopening after the lockdown – the former is small in scope and the latter is absent

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## **A FINAL LOOK**

### **How effective is PEMERKASA+?**

Long-term measures (sustainable growth financing, job creation...) are largely absent. Even as a short-run initiative, PEMERKASA+ seems hastily packaged just to allay public concerns.

Though larger in absolute size than PEMERKASA, the fiscal stimulus element in PEMERKASA+ covers only 12.5% of the package, compared to the 55% in direct government spending in PEMERKASA. This is despite the fact that Malaysia is under the strictest lockdown since March 2020.

Malaysia needs to increase spending to protect vulnerable livelihoods and businesses right now as well as to stimulate consumption and investment more broadly once infections slows down.

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