

MEDIA STATEMENT

IDEAS welcomes PEMERKASA+ aid package, but calls for greater transparency in financing and procurement process

Kuala Lumpur, 4 June 2021 - The Institute for Democracy and Economic Affairs (IDEAS) welcomed the PEMERKASA+ aid package but called for greater transparency in how the package will be financed as well as its procurement process.

While commending the swift response by the government towards the financial woes of the rakyat through the PEMERKASA+ package, IDEAS called for greater transparency in terms of how the package's RM 5 billion direct fiscal injection will be financed, as well as in relation to the procurement process under the package.

IDEAS stresses that the recently implemented Full Movement Control Order (FMCO), while understandable in light of the recent spike in COVID-19 cases and the strain it has caused to Malaysia's healthcare system, must be accompanied by a holistic and long-term economic strategy in order to limit the adverse impact of the new lockdown on the country's B40 group as well as to maintain the long-term fiscal health of the country.

As noted by IDEAS CEO, Tricia Yeoh, "Given the severity of the COVID-19 situation in Malaysia right now, IDEAS welcomes the swift response by the government in helping cushion the economic fallout of the newly implemented lockdown. It should be recalled that during MCO 1.0 in early 2020, daily economic losses had reached a total of RM2.4 billion. We also welcome the fact that the PEMERKASA+ aid package provides updates on the implementation of the stimulus package, including the use of the RM 65 billion COVID-19 Fund."

However, IDEAS has called for greater transparency in terms of how the aid package's RM 5 billion direct fiscal injection will be financed, including whether it will be part of the COVID-19 Fund. While the government has indicated that the extension of the Bantuan Prihatin Rakyat (which will be released in June) will be financed through the COVID-19 Fund, it is unclear where money for the other areas of the package will come from.

As Yeoh adds, "We call for greater disclosure in this area, because if the additional RM5 billion fiscal injection is not going to come from the COVID-19 Fund, then it is incumbent on the government to explain what the implications of this injection will be on Malaysia's debt limit. As of March 2021, the debt limit has reached 58.5% of GDP."

"It should also be noted that the initiatives under the PEMERKASA+ package are not necessarily new or innovative, but simply continuations of previous government initiatives. One wonders if the range and type of fiscal assistance provided might be expanded upon if this package had gone under parliamentary scrutiny. As IDEAS has been consistently calling for since the beginning of the year, parliament should be reconvened, even if virtually."

IDEAS finally called for transparency in the procurement processes for all stimulus packages, including PEMERKASA+. IDEAS warns that this has become particularly pertinent in light of the RM 70 million that was allocated by the government towards the National COVID-19 Immunisation Programme (NIP), which included the online AstraZeneca vaccination appointment system, and the subsequent technical difficulties encountered by the system during the second opt-in on 26 May. With the public beginning to question how their tax money is being spent in relation to tackling the pandemic, it is crucial for the government to ensure transparency in the procurement process to help rebuild the trust of the public.

--- END ---

About IDEAS

The Institute for Democracy and Economic Affairs (IDEAS) is a nonprofit research institute, dedicated to promoting solutions to public policy challenges, focussing on three overarching missions – advancing a competitive economy, ensuring trust in institutions and promoting an inclusive Malaysia. IDEAS is Malaysia's first independent think tank, free of personal interests and partisan influences. For more information, visit www.ideas.org.my.

For enquiries, please contact:

Amir Ridzuan Jamaludin
Manager, Programme Secretariat
+603 2070 8881/8882
amir@ideas.org.my