

Implementation will determine success or failure of Najib's plan
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Implementation is the key to the success of the government's Economic Transformation Programme (ETP).

ECMLibra Investment Research said, while it awaits details of the Entry Point Projects (EPP) and business opportunities which would be revealed on Sept 21, it is positive that the government is taking proactive steps towards transformation, both economically and politically.

ECMLibra was referring to an analyst briefing on the ETP organised by the Performance Management and Delivery Unit (Pemandu), under the Prime Minister's Department, earlier this week.

Senator Idris Jala went to great lengths to share with the analyst community, the progress made so far, on the formulation of the ETP which will be formally revealed to the public on Sept 21.

The key takeaways from the briefing are, National Key Economic Area (NKEA) projects will achieve GDP growth of six percent, NKEA projects which would contribute 73 percent of gross national income (GNI) by 2020, 92 percent of project funding would come from the private sector and only eight percent from the public sector.

In addition, 3.3 million jobs would be created with 131 EPPs and 60 business opportunities, having been identified for implementation.

The 12 NKEAs are expected to be the primary drivers to achieve GDP growth of at least six percent per annum over the next 10 years and which will result in the achievement of a developed nation status by the year 2020 with GNI per capita of at least US\$15,000.

The 12 NKEAs comprise of 11 economic sectors and one geographical area, namely Greater Kuala Lumpur.

Among the NKEAs, Greater KL will contribute the largest GNI impact of US\$121.8 billion through the implementation of 10 EPPs and one business opportunities.

From the sectoral dimension, the top three sectors in terms of GNI impacts are oil, gas and energy, financial services and palm oil with incremental GNI of US\$45.8 billion, US\$41.8 billion and US\$39.2 billion respectively.

Need to attract private investments

The key to success in implementing the projects under NKEAs, ECMLibra Investment Research said, is on how to attract the required private sector investments.

With government funding just eight percent of the required investment, the government needs to provide investment incentives on a targeted approach and that's exactly what Malaysian Investment Development Authority (MIDA) will be doing, once its corporatisation plan is completed.

So far, of the 131 EPPs which require US\$216 billion investments, there are already US\$37 billion in committed investments and another US\$10 billion with partial commitment from named investors.

The ETP is not a high-level plan. This had been stressed by Idris throughout the briefing, according to ECMLibra.

It comprises of detailed programmes which can be implemented immediately.

Amendments to three Acts

While the detailed programmes for the 12 NKEAs will drive economic growth, the government, through the National Economic Advisory Council (NEAC), has also formulated eight strategic reform initiatives (SRIs) which act as enablers for the government's economic transformation agenda.

One of the things the government is doing as part of its SRIs is the designation of MIDA as a one-stop agency to promote investments in the country.

Towards this end, it hopes to complete amendments to three Acts needed to realise its corporatisation plans, by the first quarter of 2011.

The Acts involved are the MIDA Act, the Promotion of Investment Act and the Income Tax Act.

Coming back to the NKEAs, Pemandu envisages that a total investment of US\$444 billion will be required to undertake the 131 EPPs and 60 business opportunities.

While the initiatives are government-driven, funding for these projects will largely come from the private sector.

Only eight percent of the investment or US\$34 billion will be funded directly by the government while the remaining 92 percent or US\$410 billion will be funded by the private sector.

Note that, of the 92 percent private sector funding, 32 percent will come from government-linked companies (GLCs).

- Bernama