



**KEMENTERIAN PEMBANGUNAN
USAHAWAN DAN KOPERASI**
Ministry of Entrepreneur Development and Cooperatives

PRESS RELEASE

MEDAC UNVEILS RM100 MILLION FCLO RECOVERY PROGRAMME

Kuala Lumpur, 29 June 2021 – The Ministry of Entrepreneur Development and Cooperatives (MEDAC) will utilise the RM100 million allocation from the PEMULIH Package for a special recovery programme to help micro enterprises in the non-essential sector or the First Close, Last to Open (FCLO) category severely affected by the lockdown.

Minister Dato Sri Dr. Haji Wan Junaidi Tuanku Jaafar said The FCLO Recovery Program is designed to provide an end-to-end solution for the affected FCLO operators – comprising structured advisory and consultation, coaching and training, financing and progress monitoring.

The program, a collaboration between MEDAC and two of its agencies TEKUN Nasional and National Entrepreneurship Institute (INSKEN), will provide up to RM10,000 micro financing and benefit around 10,000 FCLO entrepreneurs.

To kick-start the programme, he said MEDAC has identified around 1,400 FCLO entrepreneurs to participate under this programme from 14 non-essential businesses including post-natal, spa and wellness, homestay, sports and recreation and many more.

“To put it simply, this is a hand-holding recovery programme. This is not just about giving them money to help their business. This is a tailor-made recovery plan for the participants. We will talk to them, identify their problems, prescribe the required solutions, provide them with the required financing and monitor their progress,” he told reporters via a virtual conference, here, today.

Based on surveys conducted by MEDAC, as well as the many engagements it had with the representatives from the MSME sector, it is found that the FCLOs are clearly in dire situation and most are unsure of their future.

Dr. Wan Junaidi said since the first round of Movement Control Order (MCO) last year until now, the FLCOs are only able to operate for around five to six months, and many are now uncertain of their future, if the lockdown continues, as they only have cash reserves to sustain their operations for the next three to six months.

The non-essential entrepreneurs FCLOs, which accounts for almost 90 per cent of the country's MSME sector, are businesses providing non-essential products and services such as spa and wellness, entertainment, event management, sports and fitness, beauty and grooming and many more.

"We need to help these FCLO business operators. If they close shop, it will mean that approximately 4 million Malaysians will be made jobless – that is indeed a high number of unemployment for a country with a population size of around 30 million.

"This is something not to be taken lightly. The socio-economic impact is indeed frightening. Assuming that these 4 million workers have an average of three dependents, it will also mean that another 12 million people will also be affected from this. This is just a conservative assumption the actual numbers could be higher," he said during a virtual Press conference, here, today

Based on a survey finding by MEDAC, more than 60 per cent of the entrepreneurs in the FCLO sub-sector are in the B40 category, with very little savings and do not have any employment benefit. More than 90 per cent of these entrepreneurs have no insurance and 70 per cent have no safety nets to fall back on should they lose their jobs.

Meanwhile, Dr Wan Junaidi said MEDAC had also made a proposal to the Ministry of Finance (MOF) to relax the current regulation concerning bankruptcy for the MSMEs whose business have been badly affected by the lockdown order.

He said since most MSMEs are unable to operate their business, many are struggling to pay their loans and other financial commitments and bills, thus making them highly at risk of slipping into insolvency.

"I was informed that many of those on the brink of bankruptcy are women entrepreneurs. Once they are placed under that category, it is difficult for them to get out of it. My worry, this would further aggravate the society's wellbeing as well as mental health issue.

"Due to COVID-19, I believe we are now operating in an unusual condition and therefore would require unconventional solutions. I hope MOF would be able to assist us on this particular issue as well," he added.

MINISTRY OF ENTREPRENEUR DEVELOPMENT AND COOPERATIVES