

Budget 2026 Reaffirms Venture Capital's Role in Advancing Malaysia



Malaysia's Budget 2026, marking the start of the 13th Malaysia Plan (RMK-13), continues the Ekonomi MADANI framework and shifts Malaysia from subsidy-driven spending to purposeful investment. It focuses on the building of future industries, with key commitments to semiconductors, energy transition, digitalisation, and startups through capital that is responsible, performance-based, and outcome-driven.

Catalytic capital is investment that enables innovation and attracts private participation while maintaining governance and accountability. It turns public policy into measurable market outcomes.

Undertaking this change requires investment in the high growth, high value (HGHV) startups who will shape tomorrow's innovation driven economy. Startups currently contribute RM1 billion to Malaysia's GDP, with 82,000 jobs created.

The combined allocation under KWAP's Dana Perintis and Jelawang Capital has increased from RM550 million to RM750 million, strengthening Malaysia's venture ecosystem and reflecting confidence in the country's institutional capacity to manage capital with discipline. This increase also underscores our shared role in developing fund managers, attracting regional partners and backing innovation that builds industries, creates quality jobs and advances economic complexity for future generations.

To further encourage investment, the government also plans to enhance VC tax incentives for 10 years through special tax rates and dividend tax exemptions. This initiative also supports the Malaysian Venture Capital Roadmap (MVCR) 2024-2030, for

which Jelawang Capital serves as the Secretariat, ensuring that national policy and market execution remain connected.

VC’s Role in Nation Building

As part of Khazanah’s Dana Impak, Jelawang Capital supports national priorities by strengthening Malaysia’s venture ecosystem to secure Malaysia’s economic competitiveness over the long term.

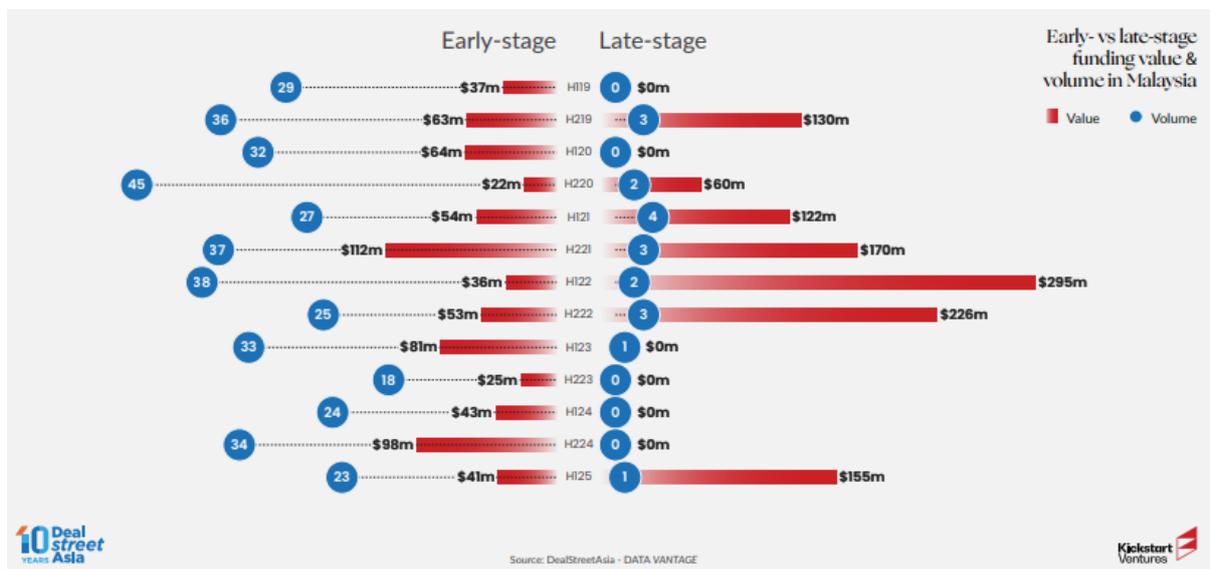
In his keynote address at the recent Khazanah Megatrends Forum, Prime Minister Datuk Seri Anwar Ibrahim stressed the importance of securing Malaysia’s long term economic resilience through purposeful investment. When governance and capital discipline align, venture investment becomes a tool of nation-building.

“Khazanah’s investments in strategic sectors, from semiconductors and green technology to startups through Jelawang Capital, reflect an understanding that resilience depends on depth and breadth.”

“By nurturing the local venture capital ecosystem, Khazanah strengthens Malaysia’s capacity to innovate from within, reducing dependence on external cycles.”

The Current State of Malaysia VC: Where Jelawang Capital Steps In

A recent report by DealStreetAsia and Kickstart Ventures highlights existing challenges in the Malaysian VC ecosystem. Early-stage deal counts have been trending down since 2022, as part of what DealStreetAsia calls a “long winter in Southeast Asia’s funding startup cycle”. In Southeast Asia overall, VC dealmaking has slowed to its weakest point in more than six years.



Source: Southeast Asia Startup Funding Report: H1 2025, DealStreetAsia, 11 September 2025

However, there are bright spots. Capital deployment has been more selective but substantial, suggesting that fund managers are waiting to back start-ups with strong fundamentals and scalable models. This underscores the need for strong institutional anchors that can provide stability and maintain confidence in the market. This is where Jelawang Capital's steps in through the Emerging Fund Manager's Programme (EMP) and the Regional Fund Managers' Initiative (RMI).

By institutionalising governance and risk taking, we are cultivating discipline, enabling our fund managers to better support their investee companies. A disciplined venture approach ensures that risk is calculated, and value creation sustained. This builds a pathway for long-term growth, where patient capital allows Malaysian innovators to refine their products, scale responsibly and create enduring businesses.

The managers under the EMP and RMI have gone beyond ideation to the execution phase, with several funds now initiating capital calls and ready to deploy.

What This Means for the Ecosystem

Budget 2026 reinforces our role under Dana Impak as stewards of responsible institutional capital. Venture capital is not only about financing startups but about building the structures, institutions and talent that sustain innovation for future generations.

Through discipline and purpose, Jelawang Capital will continue contributing to Malaysia's progress **as A Nation That Creates**.