

TARIKH	SELASA, 2 APRIL 2024
AKHBAR	THE STAR
TAJUK ARTIKEL	ENHANCING THE VC INDUSTRY
M/S	17
BIDANG	MOSTI
KATA KUNCI	MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION

THE STAR, TUESDAY 2 APRIL 2024 Content: starbiz@thestar.com.my



# Enhancing the VC industry

Mosti launches Malaysia Venture Capital Roadmap 2024-2030, with the aim of doubling the total funding value of the segment by 2030

**INVESTMENT**

By KIRENNESH NAIR  
kirennesh@thestar.com.my

**KUALA LUMPUR:** The Ministry of Science, Technology, and Innovation (Mosti) has launched the Malaysia Venture Capital Roadmap 2024-2030 (MVCR), with the aim of doubling the total funding value of venture capital (VC) by 2030.

In 2022, the total venture capital funding value stood at US\$758mil, with a deal count of 165, resulting in a penetration rate of 0.19%.

Malaysia Venture Capital Management Bhd (Mavcap) chief operating officer Noor Amy Ismail said the MVCR will serve as a guide for the future of venture capital and target an increase in the venture penetration rate from 0.19% in 2022 to a range between 0.25% and 0.35% by 2030.

According to her calculation, she said the aim to achieve a penetration rate of 0.35% is equivalent to a funding value of US\$1.4bil, almost double the funding value in 2022.

Noor pointed out three key strategies outlined in the MVCR to uplift the VC industry in Malaysia – improving the ease of doing business, enhancing funding accessibility, and elevating the Malaysian VC talent pool.

Acknowledging that the VC industry in Malaysia is still in its ‘nascent’ stage despite being there for over two decades, Noor emphasised the importance of continuous efforts to foster growth and development.

“Even though the (VC) market has been present for 23 years, the industry still requires greater engagement. We need more knowledge transfer and a lot more structure,” she added.

Noor also highlighted a unique aspect of Malaysia, where significant contribution of VC funding comes from the government.

She pointed out that while in 2018, the government’s contribution was 10%, it has risen to about 30% in 2022.

She attributed this shift in the local context to the lack of participation from the private sector.

She noted that this trend differs from other countries.

For example, she cited Indonesia and South Korea, where government contributions decreased from 32.8% and 6.8% in 2018 to 15.6% and 2.5% in 2022, respectively.

Noor believes the MVCR, through three key strategies and 11 strategic interventions, will be able to address these issues within the VC industry.

When asked about the very near-term target, despite working on many simultaneously, Noor highlighted the centralisation of all government funds of funds (FOF) into a national FOF.

“We are in full support of the government’s ambition. So, we are already working towards this consolidation,” she added.

She emphasised the importance of this step as it can streamline and optimise the allocation of funds, fostering greater efficiency and effectiveness in supporting venture capital initiatives.

Moreover, Noor said the MVCR will play a crucial role in fostering a vibrant ecosystem for venture capital in Malaysia.

She pointed out the lack of talent, particularly experienced fund managers, within the industry, and the absence of a proper ecosystem.

“We don’t have a proper support system, VC structure, or VC legal system, and because of this, more venture capitalists go to Singapore to access those kinds of services,” she said.

The MVCR will also address the talent pool issue by enhancing visa schemes to facilitate talent attraction.

Noor said this will involve extending the eligibility of visa applicants to a wider range of stakeholders, allowing flexibility in the eligibility criteria of visa schemes, and accelerating the processing timeline of visa schemes.

Meanwhile, Mosti minister Chang Lih Kang recognises that the VC industry plays a crucial role in supporting the development of the startup ecosystem in fostering innovation across industries that support the Malaysian economy.

“Today, the Malaysian VC sector has witnessed significant development in recent years.

“Driven by various factors including government support, a burgeoning start-up culture and increasing investor interest in the region,” he said during his speech prior to the launch.

However, he said Malaysia’s ranking in the VC and private equity country attractiveness has declined from 19 in 2022 to 20 in 2023.

“As such, Malaysia needs to rise up again and be competitive as the preferred VC hub in the region,” he said.

Chang believes MVCR presents key strategies that represent the culmination of extensive collaboration, insightful analysis and unwavering dedication from stakeholders across the ecosystem.

“It is a testament to our collective commitment to foster a thriving venture capital landscape that nurtures entrepreneurship, fuels innovation and drives sustainable growth,” he added.

Mavcap chief executive officer Shahril Anas Hasan Aziz, on the other hand, said the MVCR essentially aims to position VC as mainstream funding, rather than being perceived as an alternative.

“This roadmap signifies not just a new beginning, but a culmination of tireless effort, creativity, and innovation,” he noted.

With the launch of MVCR, Mosti and Mavcap aim to establish Malaysia as a leading hub for VC.

Set up in 2001, Mavcap is Malaysia’s largest VC fund under the purview of the Finance Ministry and Mosti.

DISEDIAKAN OLEH	PN NOR SURIANI BINTI MOHD ZIN (S44), BPM
-----------------	--