



SHARED
PROSPERITY
VISION
2030
STRATEGIC PLAN

SHARED
PROSPERITY
VISION

2030

STRATEGIC PLAN

Framework of SHARED PROSPERITY VISION 2030

15 GUIDING PRINCIPLES

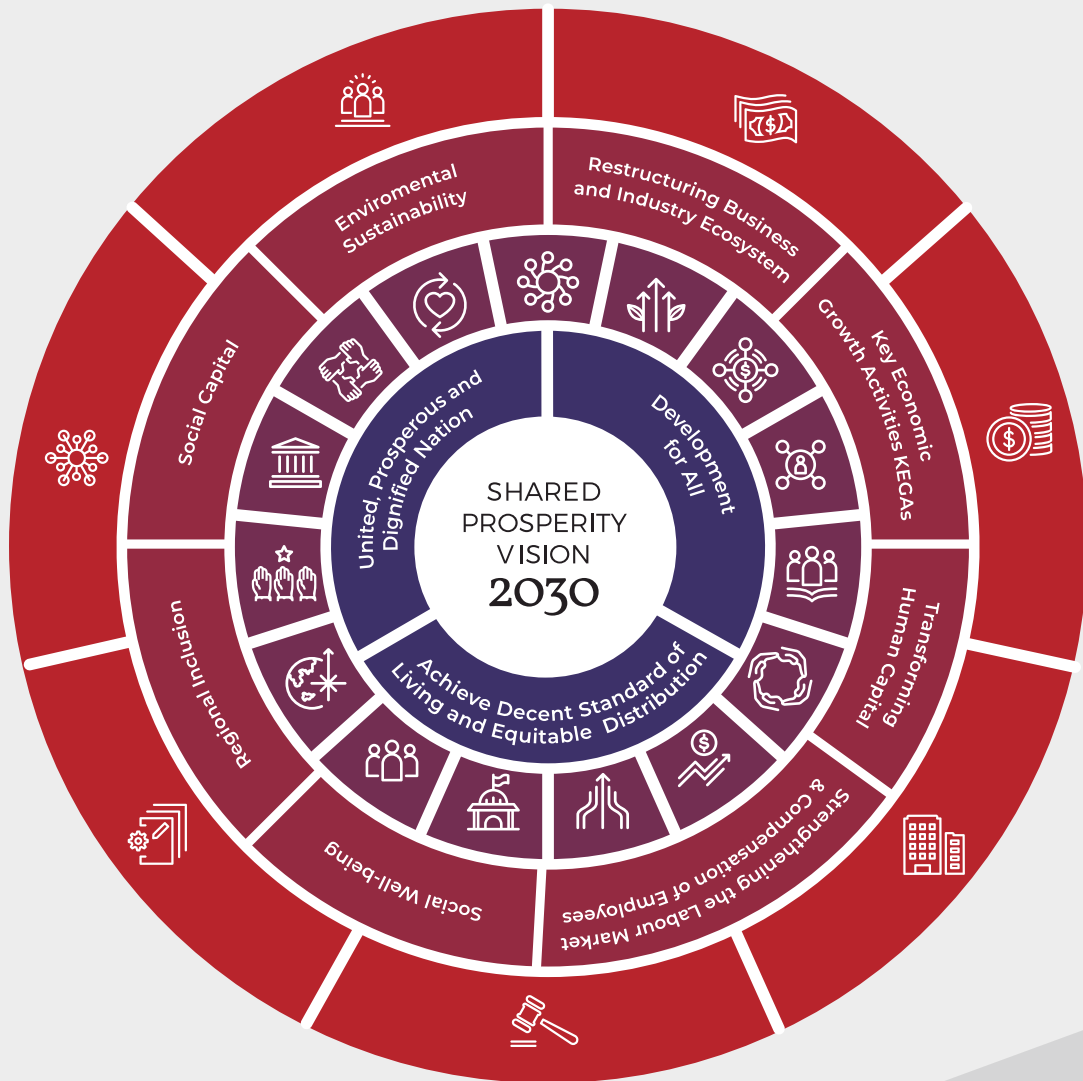


8 STRATEGIC THRUSTS



7 ENABLERS





- OBJECTIVES
- GUIDING PRINCIPLES
- STRATEGIC THRUSTS
- ENABLERS

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Executive Summary

The Shared Prosperity Vision 2030 (SPV2030) Strategic Plan aims to provide action plans for strategic recommendations under SPV2030. As SPV2030 will be implemented through the Twelfth (12MP) and Thirteenth (13MP) Malaysia Plans commencing from 2021, this Strategic Plan will identify action plans that need to be prioritised.

The SPV2030 Strategic Plan focuses on three key areas:

1. Developing guidelines and framework on how to achieve the SPV2030 primary aim of creating a Decent Standard of Living (DSL) for the *Rakyat*
2. Refining strategies and detailing the actions plans to implement SPV2030
3. Ensuring sustainability of SPV2030 for the next ten years by recommending key structural reforms, providing key communication strategies and analysing the socioeconomic impact of COVID-19

The preparation of SPV2030 Strategic Plan includes the following process:

- Reanalysing the Strategic Thrust and Enabler with Subject Matter Experts through Focus Group Discussions
- Engaging relevant ministries and agencies to reassess the strategy recommendations under SPV2030
- Conducting research, analysis and benchmarking studies (the country and report referred to will be indicated wherever relevant) to provide strategic action plans and identify key stakeholders to implement the action plans

This document also takes the opportunity to feature box articles specifically created to briefly inform and analyse selected topics relevant to SPV2030.



Below is the structure of the SPV2030 Strategic Plan:

COMPONENTS	CHAPTERS
<p>PART I: ACHIEVING A DECENT STANDARD OF LIVING</p> <p>Part I intends to provide guidance and directions to attain its primary aim of achieving a decent standard of living (DSL) for all the <i>Rakyat</i> by 2030. Part 1 will illustrate the computation of a DSL and provide guidance on implementation and monitoring of SPV2030 strategies to achieve the desired DSL.</p>	<p>Chapter 1: Measuring Decent Standard of Living</p> <p>Chapter 2: Towards an Outcome-Driven Government.</p>
<p>PART II: TURNING SPV2030 INTO ACTION</p> <p>Part II details the action plans for strategy recommendations enlisted under SPV2030 Strategic Thrust, Enabler and Bumiputera Outcomes. Based on the outcome of the Focus Group Discussions, this Part will reposition Enabler 8, Sustainability as a Strategic Thrust renamed Environmental Sustainability. This will change the number of Strategic Thrust from seven to eight and Enabler from eight to seven. This Strategic Plan will also enhance Strategic Thrust 2 - Key Economic Growth Activities (KEGA) by providing justifications and strategy recommendations of the newly revised KEGA.</p> <p>This Part will also expand the Polarity Management under SPV2030 to include key issues and challenges and strategy recommendations for each target group.</p>	<p>Chapter 3: Strategic Thrust</p> <p>Chapter 4: Enablers of Shared Prosperity</p> <p>Chapter 5: Bumiputera Outcomes</p> <p>Chapter 6: Polarity Management</p>
<p>PART III: SUSTAINING SPV2030 DELIVERY</p> <p>Part III focuses on three areas that include ensuring sustainability of SPV2030 delivery by prioritising key structural reforms to ensure seamless implementation of SPV2030, communicating SPV2030 to every layer of the <i>Rakyat</i> and, managing the economic and social impact of COVID-19 on SPV2030.</p>	<p>Chapter 7: Structural Reform and Revitalisation of the Government</p> <p>Chapter 8: Communication Plans</p> <p>Chapter 9: Managing the Impact of COVID-19 on SPV2030</p>

Sustainable Development Goals (SDGs)

Among the elements that are still lacking in the SPV2030 is benchmarking our initiatives as much as possible to the global indicators, especially the Sustainable Development Goals (SDGs).

SUSTAINABLE DEVELOPMENT GOALS		ST1	ST2	ST3	ST4	ST5	ST6	ST7	ST8
1: NO POVERTY						○			
2: ZERO HUNGER						○			
3: GOOD HEALTH AND WELL-BEING			○			○			
4: QUALITY EDUCATION	○	○	○			○			
5: GENDER EQUALITY			○						
6: CLEAN WATER AND SANITATION						○			○
7: AFFORDABLE AND CLEAN ENERGY	○	○							○
8: DECENT WORK AND ECONOMIC GROWTH	○				○				
9: INDUSTRY, INNOVATION AND INFRASTRUCTURE	○	○							
10: REDUCED INEQUALITY					○		○		
11: SUSTAINABLE CITIES AND COMMUNITIES	○	○				○	○	○	○
12: RESPONSIBLE CONSUMPTION AND PRODUCTION		○			○				○
13: CLIMATE ACTION									○
14: LIFE BELOW WATER									○
15: LIFE ON LAND									○
16: PEACE AND JUSTICE STRONG INSTITUTIONS			○	○				○	
17: PARTNERSHIPS TO ACHIEVE THE GOAL	○						○		

Even though the SPV2030 is aligned to the Sustainable Development Goals (SDGs), the detailed connectivity is not well captured to reflect that Malaysia has adopted the 17 interlinked goals of the SDGs in the SPV2030. SDGs were set by the United Nations General Assembly in 2015 and are intended to be achieved by 2030. It was designed as a blueprint to achieve a better and more sustainable future for all.

Malaysia has established an enabling environment through the following initiatives:

- Establishing a multi-stakeholder, participatory governance structure
- Conducting several national SDG symposiums and focus group sessions to promote awareness and participation of stakeholders
- Conducting studies on data readiness and gap analysis
- Formulating a National SDG Roadmap to guide the implementation of the 2030 Agenda and the SDG

Further studies on best practices in embracing and implementing the 17 SDGs systematically and measurably for Malaysia are being proposed to be conducted and integrated in the SPV2030, as well as in the 12MP and 13MP. This includes:

- Localising the SDG at sub-national (state) levels by replicating the national multi-stakeholder governance structure, under social capital and sustainability.
- Establishing the right mechanism in mobilising resources and funding besides leveraging on the importance of incentives and subsidies. This can be achieved through partnerships with stakeholders including crowdsourcing, social entrepreneurship, Corporate Social Responsibility (CSR) programmes, as well as public sector funding under 12MP and 13MP.
- Establishing an Integrated Data Centre that can strengthen data readiness and filling data gaps to develop a comprehensive dataset for SDG implementation.





PART I
ACHIEVING A DECENT STANDARD OF LIVING

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CHAPTER 1

Measuring Decent Standard of Living

CHAPTER ONE

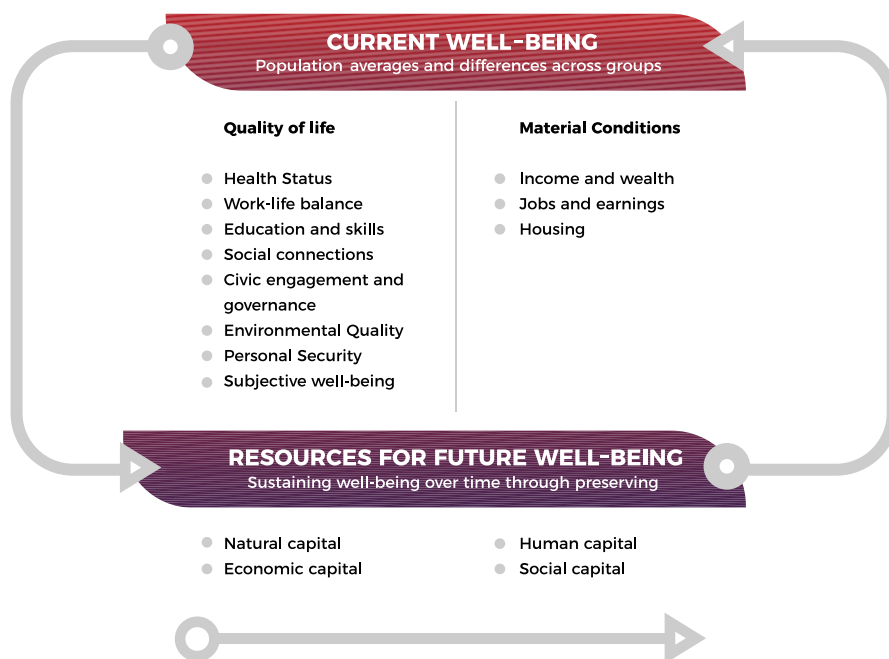
Measuring Decent Standard of Living

The primary aim of Shared Prosperity Vision 2030 is to provide a Decent Standard of Living (DSL) to all Malaysians, where everyone is 'financially sufficient to meet basic needs, capable to participate in community, family and social activities, and able to lead a meaningful and dignified life.' In Malaysia, the requirements for a Decent Standard of Living are only a guideline to afford a minimum acceptable standard of living, unlike the minimum wage, which is a legally binding obligation. The determination of a Decent Standard of Living is based mainly on cost-of-living concerns. The minimum wage, on the other hand, considers other additional factors such as its effects on employment and job creation given that it is a legislated requirement.

Benchmarking of Well-being Indicators

Societal progress is about improvements in the well-being of households. Hence, assessing the improvement in well-being requires the evaluation of both the functioning of the economic system and the diverse experiences and living conditions of households. The Organisation for Economic Co-operation and Development (OECD) has devised the Framework for Measuring Well-being and Progress (Figure 1.1) based on the recommendations made in 2009 by the Commission on the Measurement of Economic Performance and Social Progress to have a more comprehensive measure of well-being. The framework is built around three distinct domains: material conditions, quality of life and, sustainability, with each having their relevant dimensions.

Figure 1.1: OECD Framework for Measuring Well-being and Progress



Source: <https://www.oecd.org/statistics/measuring-well-being-and-progress.html>






Living Wage









A living wage is the minimum income necessary for a worker to have a Decent Standard of Living. International Labour Organisation (ILO) recognises that receiving a living wage is a fundamental human right (ILO, 1919) and endorses the living wage into a broader concept of decent work that aims for work in conditions of freedom, equity, security and human dignity.

The Global Living Wage Coalition defines living wage as the "remuneration received for a standard workweek by a worker in a particular place sufficient to sufficiently afford a Decent Standard of Living for the worker and her or his family. Elements of a Decent Standard of Living include food, water, housing, education, healthcare, transport, clothing, and other essential needs, including provision for unexpected events' (Anker and Anker, 2017). Aotearoa, New Zealand Living Wage Movement, defined living wage as 'the income necessary to provide workers and their families with the basic necessities of life' (King and Waldegrave, 2012).

Internationally, there are multitudes of living wage standards and components. Figure 1.2 below shows the components of selected living wage indicators globally.

Figure 1.2: Living Wage Indicators Globally

Country	Organisation	Component
 Global	Global Living Wage Coalition	Food, Water, Housing, Education, Healthcare, Transportation, Clothing, and other essential needs, including provision for unexpected events
 Global	Wage Indicator Foundation	Food expenses (taking national food preferences into account), Housing expenses (assessing the quality of housing), Travel expenses, Education and Healthcare expenses, as well as Employment rates and Family characteristics in the local context
 Global	Decent Living Energy Project	Nutrition, Shelter, Living Conditions, Clothing, Healthcare, Air Quality, Education, Information and Communication, Mobility, Freedom to Gather or Dissent
 Asia	Asia Floor Wage Alliance	Food per day plus other essential living costs such as Healthcare, Housing, Clothing, Childcare, Transportation, Fuel, and Education.
 Australia	New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians	Housing, Education, Recreation, Personal Care, Health, Transport, Household Goods and Services, Clothing and Footwear, Food

Country	Organisation	Component
 New Zealand	Living Wage Movement Aotearoa	Food, Clothing and Footwear, Rent, Household Energy, Household Contents and Services, Health, Transport, Communication, Recreation and Culture, Education, Miscellaneous Goods and Services, other Expenditure
 Vietnam	Living Wage Report	Food, Housing, Transport, Healthcare, Education, Provisions for unexpected events
 USA	Living Wage Calculator	Food, Childcare, Health, Housing, Transportation, Taxes, other necessities,
 USA	What We Need to Get By	Housing, Food, Transportation, Healthcare, other necessities
 United Kingdom	Joseph Rowntree Foundation (Minimum Income Standard)	Food, Housing, Transport, Healthcare, Household Goods, Personal Items, Childcare, and Computing Technologies
 Malaysia	<i>Komponen Utama Gaji Kehidupan Wajar</i>	Food, Transport, Housing, Recreational activities, Employees Provident Fund (EPF) pay ins, Taxes, Savings, Healthcare
 Malaysia	EPF (<i>Belanjawanku</i>)	Food, Healthcare, Housing Transport, Personal Care Utilities, Social Participation, Ad hoc, Childcare, Discretionary expenses
 Malaysia	Bank Negara Malaysia	Food, Healthcare, Housing Transport, Personal Care Utilities, Social Participation, Childcare, Discretionary expenses



Construction of a Minimum Income Threshold for A Decent Standard Of Living

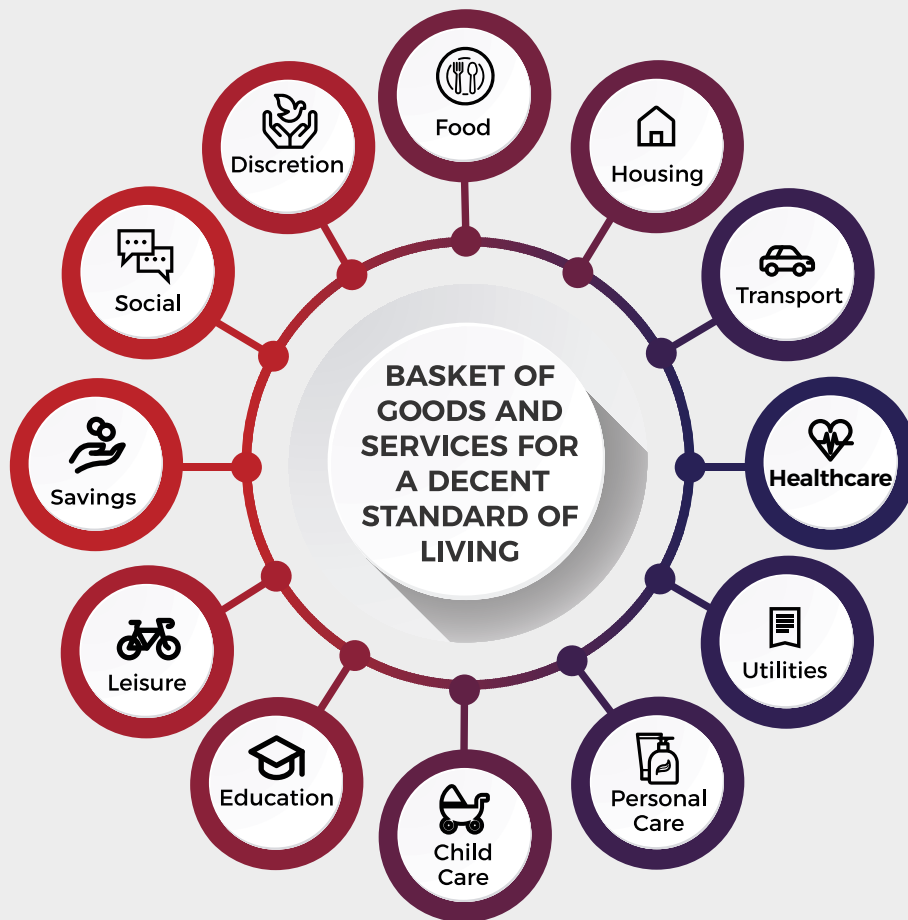
The Shared Prosperity Vision 2030 indicates that a Decent Standard of Living is a level of life where a household is financially sufficient to meet basic needs, capable of participating in the community, family and social activities, and able to lead a meaningful and dignified life.

The construction of a minimum income threshold for the Decent Standard of Living involves three main steps:

1. The first step is where the basic needs and the broad areas of expenditure are identified.
2. In the second step, the market basket of goods and services required to satisfy those needs are specified and these items are then priced.
3. In the third and last step, the resulting amounts are then added up to derive the total minimum required income from achieving a decent standard of living.

The figure below shows the basket of goods and services that constitute a typical measurement for a Decent Standard of Living as inspired by past literature.

Figure 1.3: Basket of Goods and Services for a Decent Standard of Living



The selected items in Figure 1.3 are in accordance with article 25(1) of Universal Declaration of Human Rights (UDHR), which states that:

"Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in the circumstances beyond his control."

and article 24 of UDHR which states that:

"Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay."



Computation of an Income Threshold for a Decent Standard of Living

The construction of the framework and computation of income to meet the Decent Standard of Living do not cater to individuals or households that have specific needs. This means that not everyone who has more than the threshold income that satisfies a Decent Standard of Living is able to achieve an acceptable standard of living. However, those who fall below the standard of living are unlikely to meet the decent standard.

Prices of items used in the computation of a Decent Standard of Living are either average of prices from surveys and reports or approximations based on surveys and reports. Even after differentiating the prices by states, the prices in urban and rural areas within the state may differ.

The Decent Standard of Living threshold computed is a dynamic threshold and would evolve over time as the cost of living and consumer behaviour changes.

The table on Item and Value and Calculation summarises the items included in each Decent Standard of Living calculation as well as the main assumptions:

Item	Value and Calculation
Food	<p>This covers the monetary value of food containing the recommended nutrient intake required for members of a household with moderately physical active level.</p> <p>This is assumed that a single adult consumes 30% of food at home and 70% of their foods away from home. The ratio is reversed for a person with a family.</p> <p>The cost of eating out is 30% higher than home-cooked food.</p> <p>Calculation is appropriated for the size of household, location and age of child.</p>
Housing	<p>The cost of housing is based upon rent payable based on monthly mortgage payments for a house. The price is assumed to be 70% of the median house price in the state.</p> <p>The median house price by state is from National Property Information Centre (NAPIC). With the median house price, this paper converts it to a mortgage for 30 years with 4.5% interest rate.</p>
Transportation	<p>The covers all costs of owning a car and a motorcycle including fuels, maintenance cost, as well as installment payment for the car loan.</p> <p>Each household with a household size of four is assumed to have one car and one motorcycle.</p> <p>The car is assumed to be a 1,300cc Proton Saga and motorcycle is one with an engine capacity of 150cc.</p> <p>The cost of fuel is assumed to be calculated with a distance travelled of 82km and fuel price of RM2.2/l. Cost of toll within Kuala Lumpur is assumed to be RM5/day.</p> <p>For those not using public transportation, the RM100 unlimited travel pass plus occasional taxi or e-hailing is assumed to be borne.</p>
Education	<p>Government fully funds early childhood education with heavily subsidised public higher education. Majority of the costs are therefore absorbed by the government.</p> <p>Relevant costs of education therefore are calculated based on items such as school accessories.</p>
Healthcare	<p>Like education, most of the cost of healthcare is borne by the government.</p> <p>It is still assumed that a household would perform several visits to a private clinic at least or once a year.</p>

Item	Value and Calculation
Social Participation	The acceptable minimum includes the cost of visiting family and friends during festive seasons as well as having the ability to occasionally purchase gifts for family members.
Savings	The minimum amount of savings is 30%. 11% comes from EPF member's contribution, 12% from employer's contribution and 7% of savings in other forms of investment.
Leisure	Household expenditure on leisure includes the amount of money spent on vacation as well as money spent on a personal hobby.
Childcare	This paper assumes childcare mainly involves the childcare fees for nursery and childcare services.
Personal Care	<p>The budget for personal care expenses is derived from Consumer Price Index (CPI) and Household Expenditure Survey (HES).</p> <p>Items include toothbrushes, combs, razors, deodorant, shampoo, bath soaps, toothpaste, toilet paper, tissue paper, sanitary napkins, face powder, lotion and haircut.</p>
Utilities	<p>Utilities consist of expenditure on telephone or mobile plans, internet, water, electricity, gas and other fuels and, miscellaneous services.</p> <p>This study uses the median spending on utilities in the HES and prices advertised by telecommunication companies.</p>
Discretionary	Expenses include items such as insurance, contributions to parents and include one-off or ad hoc consumption which can include clothing and footwear, furniture and household appliances and donations to religious or charitable institutions in HES.



Decent Standard of Living

Figure 1.4 shows the estimated income needed to achieve a Decent Standard of Living by state. The highest income threshold to achieve a Decent Standard of Living is Kuala Lumpur followed by Selangor, Johor and Pulau Pinang, while states with the lowest threshold are Kedah, Kelantan and Melaka.

Figure 1.4: Income Threshold for a Decent Standard of Living (RM)

	Single	Single with car	Married, without child	Family of Four	Family of Four (Baby)	Median HH Income 2016
 Malaysia	1,880	2,380	4,769	5,769	5,919	5,228
 Johor	1,936	2,436	5,085	5,985	6,135	5,652
 Kedah	1,802	2,302	4,552	5,452	5,602	3,811
 Kelantan	1,805	2,305	4,562	5,462	5,612	3,079
 Kuala Lumpur	2,061	2,661	5,725	6,625	6,975	9,073
 Labuan	1,903	2,403	4,956	5,856	6,006	5,928
 Melaka	1,805	2,305	4,562	5,462	5,612	5,588
 Negeri Sembilan	1,815	2,315	4,603	5,503	5,653	4,579
 Pahang	1,815	2,315	4,603	5,503	5,653	3,979
 Perak	1,811	2,311	4,586	5,486	5,636	4,006
 Perlis	1,815	2,315	4,603	5,503	5,653	4,204
 Pulau Pinang	1,880	2,380	4,862	5,762	5,912	5,409
 Putrajaya	1,851	2,351	4,748	5,648	5,798	8,275
 Sabah	1,906	2,406	4,965	5,865	6,015	4,110
 Sarawak	1,906	2,406	4,965	5,865	6,015	4,163
 Selangor	1,949	2,499	5,227	6,127	6,277	7,225
 Terengganu	1,850	2,350	4,741	5,641	5,791	4,694

Figure 1.5: Decent Standard of Living Budget for a Representative Market Basket (RM)

	Single	Single with car	Married, without children	Family of Two	Family of Two (Baby)
Food	500	500	900	1,800	1,550
Housing	state	state	state	state	state
Transportation	300	800 ± toll	970 ± toll	970 ± toll	970 ± toll
Healthcare	30	30	60	100	100
Utilities	100	100	300	350	350
Personal Care	70	70	150	200	200
Child Care	-	-	-	-	600 ±
Education	30	30	60	120	90
Leisure	100	100	200	250	250
Savings	200	200	400	400	400
Social Participation	150	150	200	200	200
Discretionary or One-off	150	150	300	400	400

Strategic Action Plan

Wage level that is guided by the Decent Standard of Living (DSL) threshold will benefit not only the employees, but also the employers and the economy. A Decent Standard of Living improves health and morale at work, supports healthy child growth and development, reduces barriers to social inclusion, and improves the overall quality of life. Besides, it improves productivity, increases employee loyalty, and decreases costs associated with absent staff, training, and recruitment. A living wage will also lead to an increase in consumer buying power, which should help grow the economy.

To achieve a Decent Standard of Living:

Action Plan	
1	Set a DSL income threshold to compute the minimum level of income needed to provide a DSL at the state level.
2	Re-examine the wages paid by employers, whether the wages are fair as the computed state level minimum incomes for a DSL shows that in many states the minimum level to achieve a DSL is much higher than the states median household income.
3	Reform a one-size-fits-all minimum wage policy to address the differences in the threshold income. The minimum wage should be tied to a percentage of the DSL income threshold.
4	Re-examine the threshold of relative poverty, at least for the more developed states to ensure the low-income group in these states are not discriminated.
5	Conduct an annual computation of DSL due to the dynamic nature of the DSL threshold to provide a true guide of living cost.
6	Provide mandate to compute the DSL to the Department of Statistics Malaysia (DOSM).

CHAPTER 2

Towards An Outcome-Driven Government

Towards An Outcome-Driven Government

There is a growing demand by the *Rakyat* for improved government services and more equitable sharing of our nation's wealth. To meet these demands, the government need to adopt an outcome or impact-driven approach versus output driven. Governments in many countries such as Australia, Korea and the Netherlands have adopted the Outcome-Driven Government approach (ODG) to measure their performance. Nearer to home, Vietnam is also known for its Outcome-Driven approach. By adopting ODG, a more traditional public administration approach must be reviewed to allow for a new performance framework which focuses on the following:

1. A results-oriented approach based on performance agreements between the different levels of public management, inclusive of Key Results Indicators (KRIs).
2. A growing responsibility on how performance is realised at lower levels of public management mandated to tactical and operational management levels.
3. A shifting focus from budget and financial oriented information to more meaningful operations and outcomes.

The Shared Prosperity Vision 2030 is developed based on the ODG framework. It is a call for action to address several

fundamental issues and to take advantage of opportunities such as new technological breakthroughs and disruptive business models which can be exploited for the betterment of the nation. The critical success factors for achieving the Shared Prosperity Vision 2030 include the following:

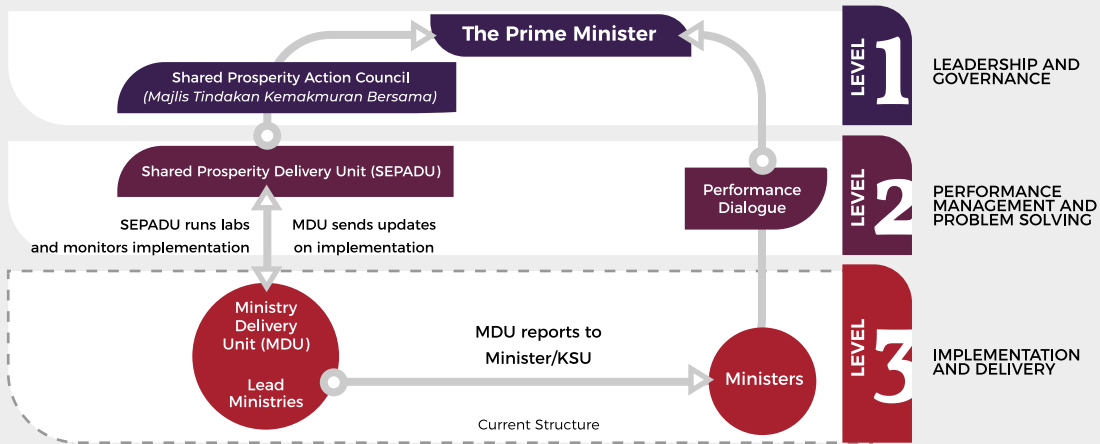
1. Shaping organisational models that focus on public interest.
2. Placing a high priority on administrative and management integrity.
3. Having a strong focus on transparency in acting and decision making.
4. Measuring the realisation of policy goals and derived targets constantly.

Governance Structure

The delivery of the Shared Prosperity Vision strategic plans will be governed by the Shared Prosperity Action Council, chaired by the Prime Minister of Malaysia. A newly established organisation called the Shared Prosperity Vision Delivery Unit (SEPADU) under the Prime Minister's Department will be responsible for managing the implementation of the Shared Prosperity Vision on a day-to-day basis. SEPADU plays a critical role in coordinating and ensuring alignment of all the strategic thrusts and initiatives under the Shared Prosperity Vision 2030.

The following is the organisation structure of the Shared Prosperity Vision 2030.

Figure 2.1: The Shared Prosperity Vision 2030 Governance Structure



The following table outlines the roles and responsibilities of the various levels of governance.

LEVEL	COMPONENT	ROLES AND RESPONSIBILITIES
1. Leadership and Governance	<ul style="list-style-type: none"> The Prime Minister Shared Prosperity Action Council (<i>Majlis Tindakan Kemakmuran Bersama</i>) 	<ul style="list-style-type: none"> Establish an agreed-upon Key Result Indicators (KRI) on Shared Prosperity outcome for ministers, ministries and agencies. Provide advice and recommendations in achieving SPV2030 outcome according to the KRIs. Present a tri-annually monitoring and assessment KRI report to the committee and designated Ministers, Ministries and Agencies. Organise a tri-annual Ministers' briefing and consultation with the Prime Minister.
2. Performance Management and Problem Solving	<ul style="list-style-type: none"> Shared Prosperity Delivery Unit (SEPADU) Ministers 	<ul style="list-style-type: none"> SEPADU is the key strategic planning, coordinating, and monitoring agency to achieve the SPV2030 outcomes. Ministers will be responsible and accountable to the KRIs and facilitate problem-solving discussions at the performance dialogues with the Prime Minister.
3. Implementation and Delivery	<ul style="list-style-type: none"> Ministry Delivery Unit (MDU) 	<ul style="list-style-type: none"> MDUs should not be newly established units for the ministries. Every ministry should leverage their existing internal project management platform to perform the MDU functions as highlighted in the diagram.

The Shared Prosperity Vision to Action (SPV2A) Framework

The Shared Prosperity Vision 2030 will be supported by an actionable framework called SPV2A Framework. The following is the SPV2A framework that will govern the development and the delivery of the strategic plans outlined in this document. The framework is like the Objectives and Key Results (OKR) methodology that is adopted by Intel and Google.

SPV2A comprises of seven (7) components that are depicted in the diagram below:

Figure 2.2: SPV Delivery Framework

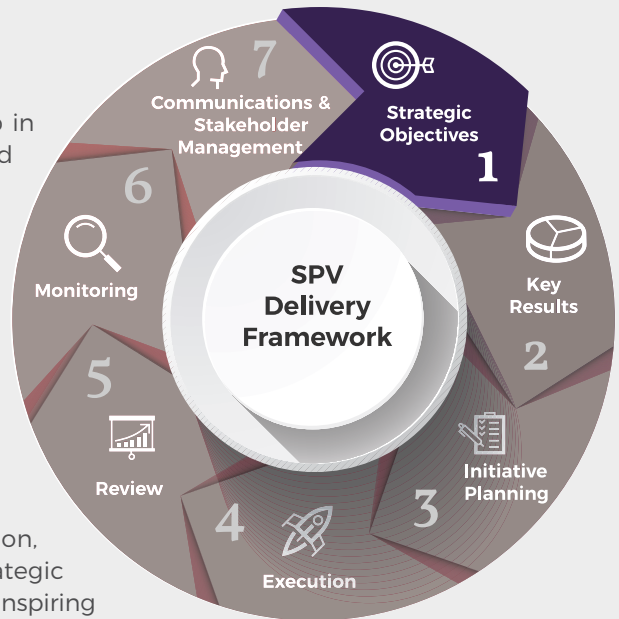


1. Strategic Objectives

Defining the strategic objective is the first step in the SPV2A framework. Every strategic thrust and enabler need to start with the identification of the pain points or challenges that need to be addressed and opportunities that need to be exploited. At the highest level, an example of a fundamental issue that SPV wishes to address is the income disparity between races. A strategic planning document of a strategic thrust may focus on addressing the pain points, exploiting opportunities or both. This process is also referred to as 'situational analysis'.

Strategic Objectives provide a sense of direction, focus or priority of the Strategic Thrust. A strategic objective is a forward-looking statement and an inspiring statement. It is not expected to have numerical targets in the description.

In the SPV2030, the strategic objectives have been identified as follows:

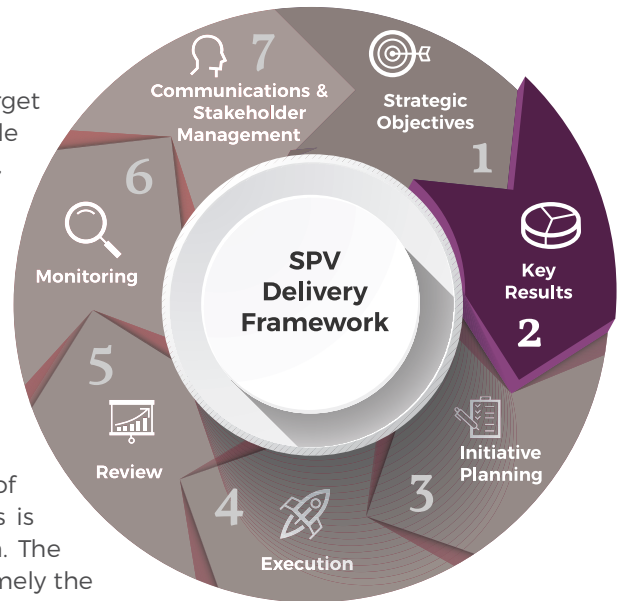




2. Key Results

Key Results comprises of a matrix and a target value. It must be measured on a 0-100% scale or any numerical unit (e.g. Ringgit amount, percentage and items).

At the national level, SPV2030 provides a broad sense of direction of where we should be heading as a nation. However, the measure of success of the SPV2030 is quantified by the Key Results. To know whether we have accomplished what we set out to achieve or whether we are moving in the right direction, we must have a way of systematically measuring our progress. This is where Key Result Indicators (KRI) comes in. The SPV KRIs are broken into two categories, namely the Final Key Results (FKR) and Leading Key Results (LKR).



Final Key Results (FKR)

FKR measures results or the end outcomes of SPV in 2030. While achieving the end outcomes of SPV2030 is the ultimate measure of success, we should not fall into the trap of over-focusing on them as they are lagging indicators.

The process of finalising the key results will be an interactive one where the Shared Prosperity Action Council may propose the initial critical results at the country level. The implementation agencies must validate these key results to ensure they are ambitious and realistic. Implementation agencies and ministries may counter propose new key results targets that they believe are realistic and achievable.

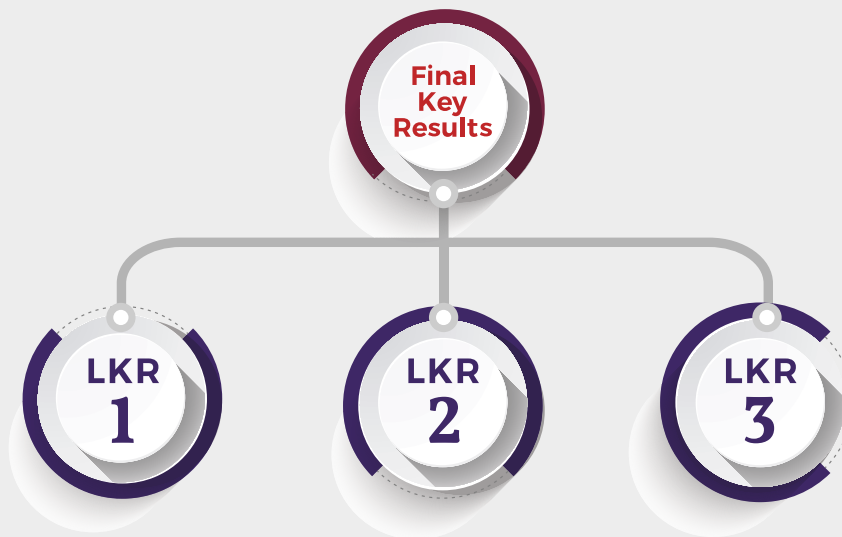
Figure 2.3: Key Results Top-Down, Bottom-Up Process



Although FKR is essential because it defines the goals that we need to achieve, they are not actionable. FKR does not tell us what we need to do to achieve them. FKR must be supported by Leading Key Results, as explained in the following section.

Leading Key Results (LKR)

FKR must be supported by leading key results (LKR). LKR is a measure that drives the end outcomes. They provide information that is actionable by us. SPV2030 LKR will include the measure of processes and activities that we plan to undertake. Improvement of SPV2030 LKR will eventually flow through to the achievements of the FKR. Although SPV2030 LKR are not the ultimate goals, they enable us to predict and influence future outcomes. Therefore, monitoring them will be one of the main focal points of this framework. The following diagram illustrates the relationship between FKR and LKR.



KEY RESULTS SMART TEST

Both FKR and LKR must satisfy the SMART criteria. SMART stands for Specific, Measurable, Attainable, Relevant, and Time-Bound. The following are some questions that must be asked to determine whether KRI has the SMART criteria.

- Specific: Is this KRI too broad, or is it defined and specific?
- Measurable: Can we easily quantify this measure in the form of % scale or numerical values?
- Accountable: Is there a specific person or group that is responsible for achieving the target?
- Realistic: Is our measurement practical and pragmatic?
- Time-Bound: Is there a clear timeline or a specific date for the KRI to be attained?



3. Initiative Planning

Action plans are either decisions, policies or initiatives that enable us to achieve the KRI. Since it is a strategic document, it must be endorsed or validated by relevant Subject Matter Experts. Every strategic plan must include the following components:



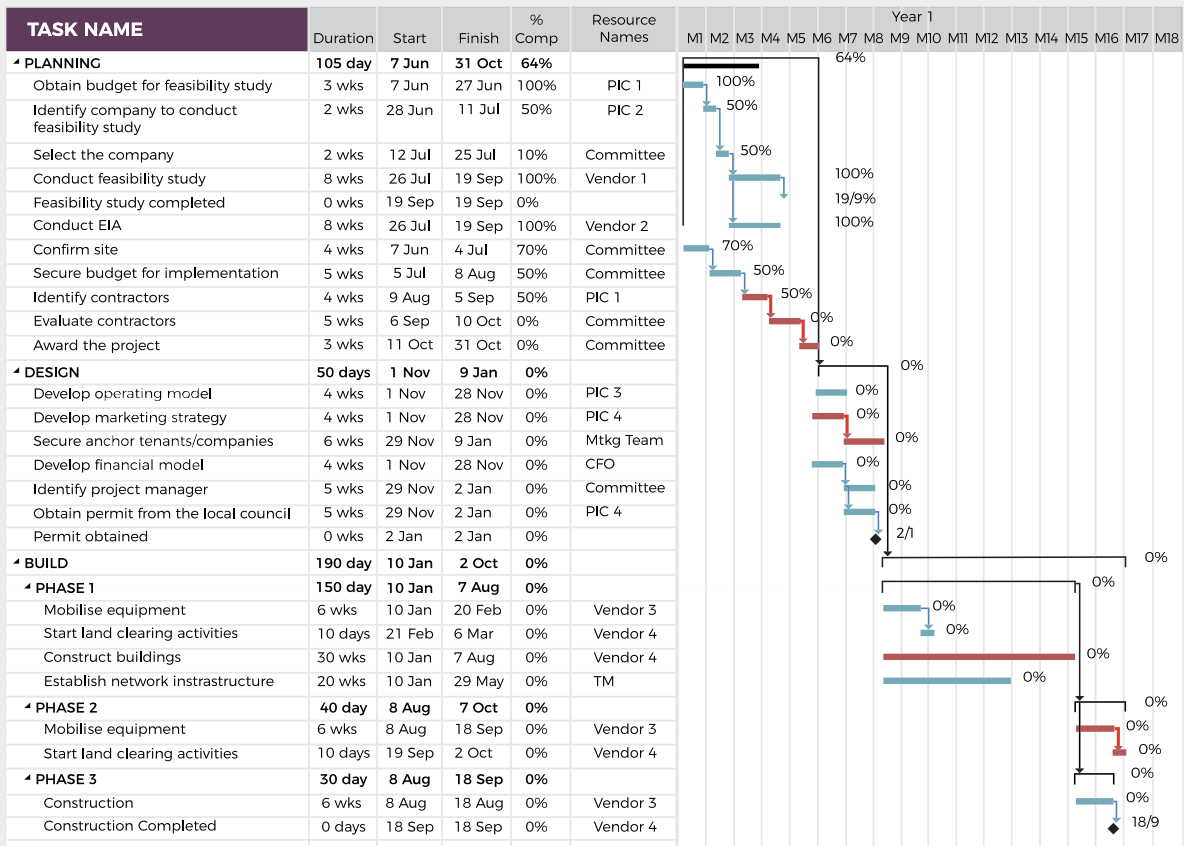
Project Governance and Organisation	Scope Management	Risk and Issue Management	Communications and Stakeholder Management
Quality Management	Financial Management	Knowledge Management	Schedule Management

To execute SPV2030 initiatives, all the plans will have the corresponding detailed plans at the three feet level. Otherwise, the initiatives will not be actionable, and monitoring will be a challenge. In its most basic form, a three feet plan details a high-level strategy into a set of tasks that can be assigned to an individual or a group of people with specific start and end dates. A comprehensive three feet plan should include the following:

- Task name
- Start date
- End date
- Duration
- The person-in-charge
- Dependencies on other tasks
- Percentage of Completion

The following is an example of a three feet plan:

Figure 2.4: An Example of a Three Feet Plan





4. Execution

All the three feet plans that were developed (refer to the Initiative Planning section) must be carried out by the relevant agencies. There must be evidence that the plans are being carried out and the milestones are met.

The implementation agencies must mobilise resources and perform all the work that is specified in the three feet plan. A project manager must be assigned to ensure clear accountability for each project or initiative. Some of the initiatives that have been completed may lead to the creation of a new service or product. SEPADU will work with the project team to identify the new owner of the initiative that will deliver the services or products on an ongoing basis. The new owners may be the existing agencies or new agencies formed.



5. Review

One of the main functions of SEPADU is to review the progress and performance of the various strategic thrusts. The review process is an integral part of SPV2030 management. If a milestone is not achieved or some of the tasks are behind schedule, SEPADU will assess the root cause of the problems. These problems will then be grouped into two categories:



Implementation Planning

In this category, the milestones or deadlines are not met due to execution issues for example, project manager’s incompetencies, stakeholders’ lack of support or, technical issues. These implementation issues must be resolved by the team or escalated to SEPADU where necessary. SEPADU may then escalate the issue to the Shared Prosperity Action Council, for resolution.

Planning Issues

This issue is more fundamental compared to the implementation issues because the problem lies with the planning of the project. It is likely that the implementation plan or project duration is too aggressive, or the targets set for the projects are unrealistic. Some issues may require project schedules to be adjusted. In a more adverse case, the KRI may need to be reviewed.

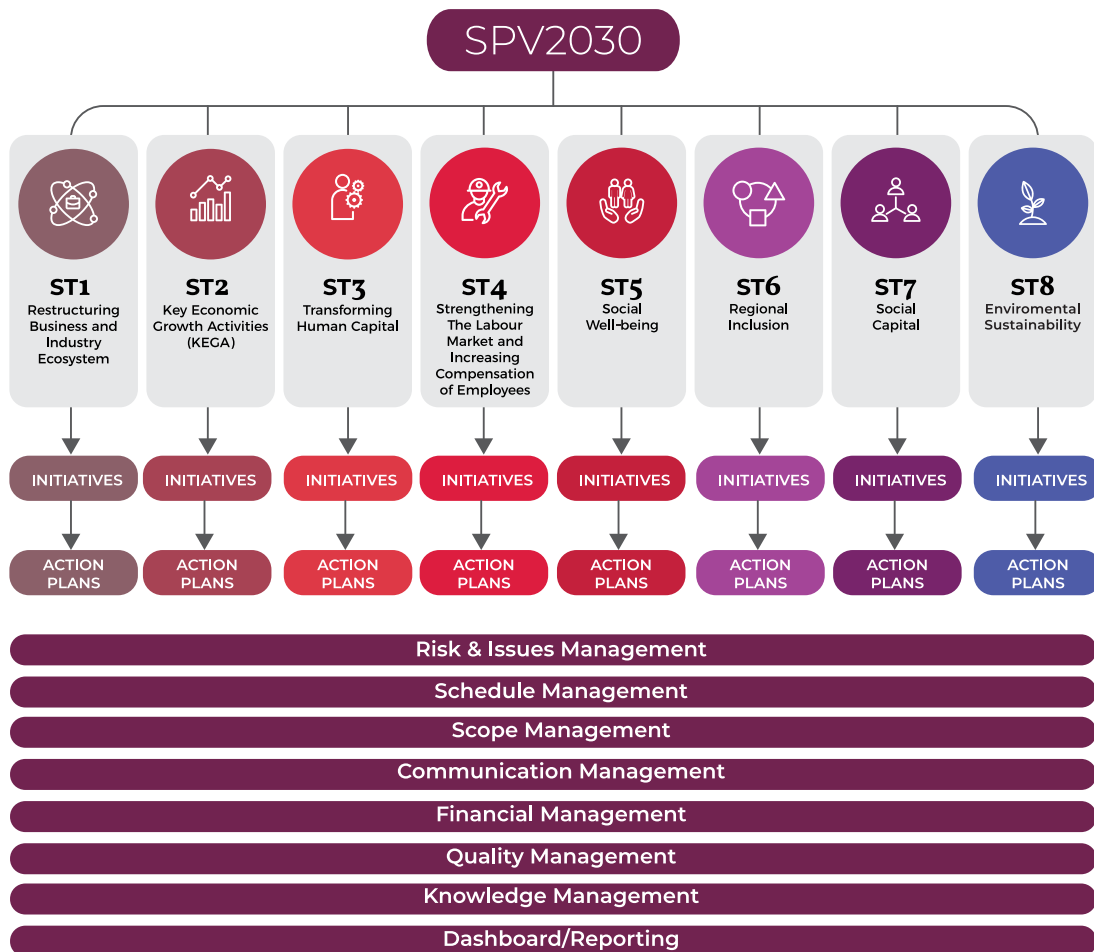


6. Monitoring

SEPADU is responsible for monitoring the implementation of SPV2030 initiatives periodically. Figure 2.5 illustrates the various levels of monitoring that are required.



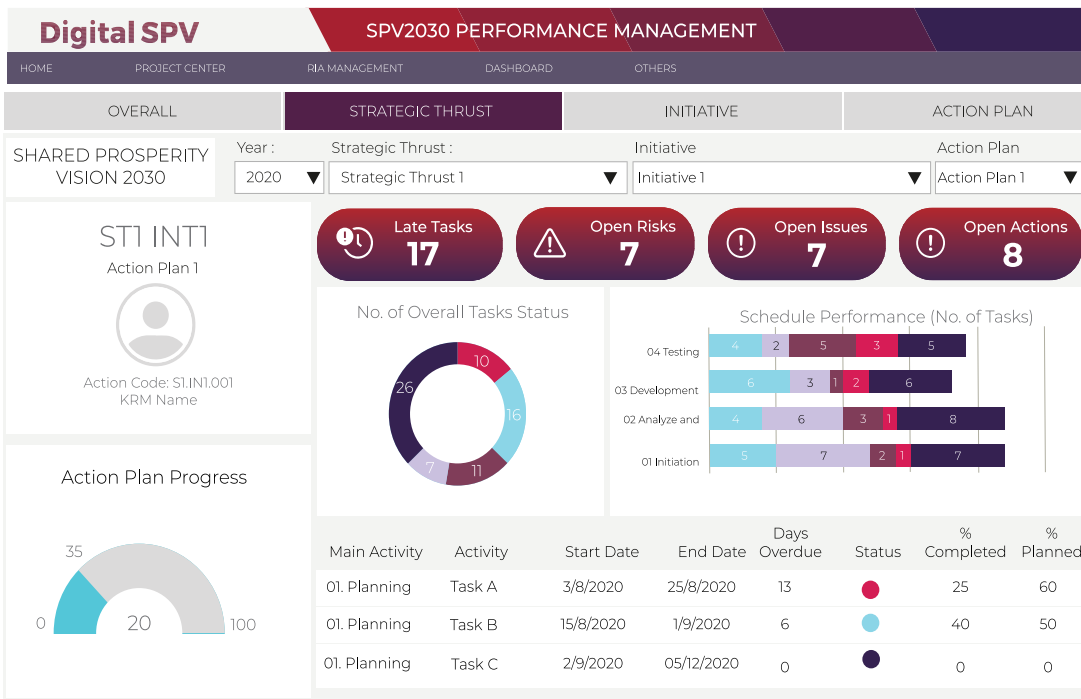
Figure 2.5: Levels of Monitoring



Monitoring Systems (Digital SPV)

The strategic importance of SPV2030 compels SEPADU to establish a monitoring system that can help the government control and manage the implementation of the strategic initiatives for all the strategic thrusts. The following are examples of SPV2030 dashboards that will be available from the systems. The systems will be accessible to the strategic thrust and enabler teams and relevant stakeholders to obtain updates of the progress of the SPV2030 and for the MDUs to update their progress.





7. Communications and Stakeholder Management

Many stakeholders will be impacted by SPV2030. They include the *Rakyat*, civil servants, leaders of the implementing agencies and members of the parliament. There must be constant communication with the stakeholders on the progress of the various initiatives towards achieving the KRI.

SEPADU is expected to engage with the stakeholders more efficiently and effectively by streamlining and consolidating all project communications at the national level. SEPADU can also help optimise engagements and interactions with common stakeholders.



Strategic Action Plan

Key action plans for SEPADU to commence the implementation and monitoring of SPV2030:

Action Plan	
1	Formalise and provide mandate to SEPADU as the sole monitoring and coordinating agency.
2	Expand targets (KRI) to various areas.
3	Coordinate engagements with all ministries and agencies at federal and state levels to set the KRI (FKR and LKR) based on the recommended action plans in this Strategic Plan.
4	Develop and operationalise the monitoring mechanism for implementation.
5	Collaborate with DOSM to operationalise a proper infrastructure for consolidation and effective application of data in line with SPV2030 goals of formulating data-driven policies.

SPV2030 Strategic Plan Proposed Timeline (2021-2025)

ACTIVITY	2021				2022				2023				2024				2025				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Establish Delivery System																					
Operationalise tools and process	—	—	▶																		
Establish implementation plan	—	—	▶		—	—	▶		—	—	▶		—	—	▶		—	—	▶		
Establish KRI and performance review		—	—	▶		—	—	▶		—	—	▶		—	—	▶		—	—	▶	
Align plans and budgets			—	—	▶		—	—	▶		—	—	▶		—	—	▶		—	—	▶
Governance Councils and Meetings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	▶
Implementation Group Discussion																					
Pre-Group Discussion/Study	—	▶			—	▶			—	▶			—	▶			—	▶			
Group Discussion	—	—	▶		—	—	▶		—	—	▶		—	—	▶		—	—	▶		
Communications																					
Strategic Communications planning	—	—	▶																		
Communication implementation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	▶
Deliver on SPV2030 KRIs																					
Implementation and Delivery	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	▶



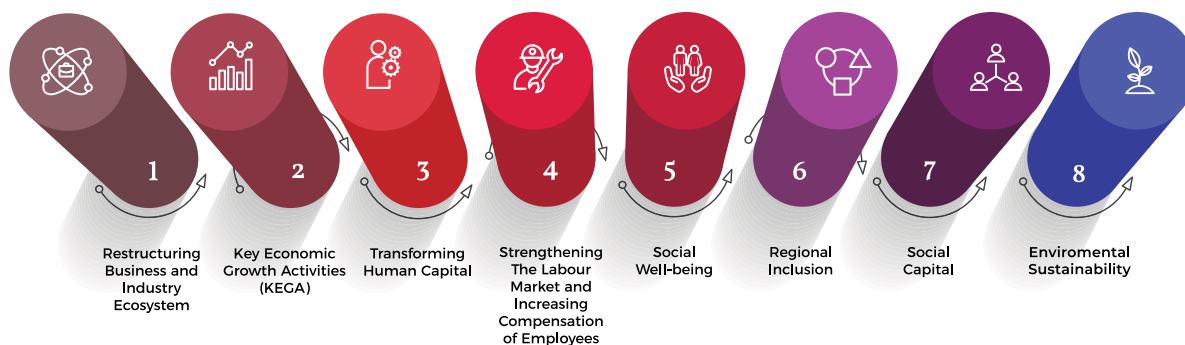
PART II
TURNING SPV2030 INTO ACTION



CHAPTER 3
SPV2030 Strategic Thrust

CHAPTER THREE

SPV2030 Strategic Thrusts



In this Chapter, key stakeholders and action plans are identified for each Strategic Thrust. Based on the outcome of the Focus Group Discussions, this Part will reposition Enabler 8, Sustainability, as a Strategic Thrust and renamed Environmental Sustainability. This will change the number of Strategic Thrusts from seven to eight and Enablers from eight to seven. Benchmarking exercise was also conducted for the recommended action plans and indicated wherever relevant. The eight (8) Strategic Thrusts of SPV2030 are:

STRATEGIC THRUST 1

- Restructuring Business and Industry Ecosystem

STRATEGIC THRUST 2

- Key Economic Growth Activities (KEGAs)

STRATEGIC THRUST 3

- Transforming Human Capital

STRATEGIC THRUST 4

- Strengthening The Labour Market and Increasing Compensation of Employees

STRATEGIC THRUST 5

- Social Well-Being

STRATEGIC THRUST 6

- Regional Inclusion

STRATEGIC THRUST 7

- Social Capital

STRATEGIC THRUST 8

- Environmental Sustainability

For Strategic Thrust 2 - Key Economic Growth Activities (KEGA), the structure will be slightly different to address the gaps identified after further analysis and calibration. Comprehensive elaboration is required to justify the selection of KEGAs, and calibration.



STRATEGIC THRUST 1

RESTRUCTURING BUSINESS AND INDUSTRY ECOSYSTEM

Through the restructuring of the business and industrial ecosystems, business circuits in Malaysia will become more productive with high adoption of digital technology, and greater involvement of entrepreneurs in new industries, while promoting the business ecosystem in Malaysia to be a highly valued and competitive ecosystem. The income of SME entrepreneurs is also expected to increase in line with the strong ecosystem.

The key ministries identified to drive this Strategic Thrust (but not limited to) are:

- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of International Trade and Industry
- Ministry of Human Resources
- Ministry of Higher Education
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of Science, Technology and Innovation
- Ministry of Energy and Natural Resources

Strategic Action Plan

There are fourteen (14) strategy recommendations under this Strategic Thrust proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation 1	Identify and map out anchor companies in high value-added business and industry supply chains to enable SMEs to venture into related downstream industries.
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Action Plan		Benchmarking
1	Develop a centralised database and sector analysis based on Fourth Industrial Revolution (4IR) catalytic sectors such as Electrical and Electronics (E&E), Mechanical and Electrical (M&E), Chemical and two high growth sectors which are Medical Devices and Aerospace. This could be done by working closely with private sectors and government agencies that may have existing data like MaGic for start-ups at all levels and producing a comprehensive report.	US Small Business Administration



Strategy Recommendation II

Intensify the cooperation between large companies and SMEs through industrial, cluster-based business associations by encouraging large companies to use input products or services from SME.

Action Plan		Benchmarking
1	Increase collaboration between SMEs and large companies through Vendor System and Anchor Company Model: <ul style="list-style-type: none"> Large companies will invest in new high technologies and automation. SMEs will participate in downstream activities to create local champions in the industry. 	A Comparative Study on Development of Small and Medium Enterprises (SMEs) in Japan and Malaysia
2	Further strengthen SMEs with capabilities to improve business operations that generate high quality products and services through technology adoption.	Saudi Journal of Business and Management Studies
3	Ensure that SMEs is able to hire technical experts on high growth industries.	-
4	Scale up microenterprises (comprising 76% of all SME establishments in Malaysia) of small and medium by providing access to finance, availability of adequate infrastructure, and skilled talents.	Indian MSME: Breaking barriers in MSMEs scaling-up – some lessons from the world
5	Conduct a survey on the impact of the COVID-19 crisis on SMEs indicating severe disruptions and causing concerns among small businesses.	Small Business Coronavirus Impact Poll, MetLife and the U.S. Chamber of Commerce



Strategy Recommendation III

Strengthen the supply chain and developing SME vendors to drive growth.

Action Plan		Benchmarking
1	Increase the adoption of technology and automation which leads to innovation and the creation of competitiveness in SMEs.	Small and Medium Enterprises: Critical Problems and Possible Solutions (International Business Management 2017)
2	Strengthen SMEs' human capital through upskilling training programmes to enhance production capacity.	OECD SME and Entrepreneurship Outlook 2019
3	Ensure a regulatory mechanism is in place.	OECD SME and Entrepreneurship Outlook 2019
4	Improve the incentives to encourage participation from SMEs.	OECD SME and Entrepreneurship Outlook 2019



5	Conduct a monitoring and evaluation framework to observe the impact of introducing Entrepreneur Education and Skills Development to continuously modify the entrepreneurship curriculum and programmes to suit the changing economic environment and student needs. This includes knowledge on the broader market interest and opportunity discovery capabilities.	A Study on the Effectiveness of Entrepreneurship Education Programmes in Higher Education Institutions: A Case Study of Korean Graduate Programmes
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Strategy Recommendation IV	Review, rationalise and improve entrepreneurship development programmes including guiding Bumiputera companies to be more competitive.
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Action Plan		Benchmarking
1	Create a high-level platform to steer and speed up the development of Bumiputera socio-economy as part of the national agenda. The Bumiputera Prosperity Council (<i>Majlis Kemakmuran Bumiputera</i> - MKB) platform is created to empower the socio-economic development of the Bumiputeras. The Council is chaired by YAB PM, and members are relevant Ministers, the Chief Secretary of the Government, Heads of Government Linked Companies (GLCs) and Bumiputera business leaders.	-
2	Ensure all regulatory regime and monitoring mechanisms are in place to evaluate the effectiveness of the programme (Key Performance Indicator).	Key Performance Indicators' Effects on Public Sector Infrastructure Project Efficiency in Grenada
3	Strengthen the implementation of the Bumiputera Vendors' Development Programme (VDP) to boost local business sectors. This can be done by: <ul style="list-style-type: none"> • Increasing participation of new anchors from GLCs, MNCs, PLCs, vendor champions and private companies. • Creating multiple-tiered vendors among Bumiputera. • Expanding key potential areas from high-growth industry sectors such as aerospace, automotive, rail, renewable energy, medical devices, biotechnology and halal industry. 	National Entrepreneurship Policy
4	Intensify collaboration and knowledge sharing among research institutions and Bumiputera SMEs. (Quadruple Helix Model comprising the Government, University, Enterprise and Society).	A quadruple helix model of entrepreneurship, innovation and stages of economic development (Review of International Business and Strategy)
5	Conduct a comprehensive study on the supply chain of certain strategic sectors to identify the extent of anti-competition practices. This is to ensure fair competition in the market place.	Bumiputera Economic Transformation Roadmap 2.0



6	Establish a platform for Bumiputera SMEs to support state owned enterprises overseas expansion by collaborating with technology partners or global players to enhance Bumiputera SME capability, innovation, market access, as well as to upskill Bumiputera talents.	Mid Term Review of 11th Malaysian Plan
7	Strengthen education by collaborating with various stakeholders and conduct training programmes at the secondary level on science, technology, engineering and mathematics (STEM). The programmes aim to inculcate interest and enable Bumiputera students to acquire STEM-related knowledge and skills, especially in the advent of the Fourth Industrial Revolution (4IR). This will increase Bumiputera participation in high paying jobs.	Mid Term Review of 11th Malaysian Plan

Strategy Recommendation V	Increase the involvement of SMEs in the digital economy to produce high value-added innovation and intellectual property.
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Action Plan		Benchmarking
1	Provide financial assistance and collaborative initiatives for SMEs to embrace technology, particularly elements of Industry 4.0.	National Policy on Industry 4.0
2	Upgrade the capacity and capability of SMEs in digital infrastructure.	The digital economy, GVCs and SMEs (WTO 2019)
3	Introduce financial assistance that is targeted at technology adoption, such as: <ul style="list-style-type: none"> • Explore R&D support through subsidies or contract grants. • Support for technological application development such as Patent fee reductions, loan guarantees, capital investment loans and loans for facilities. 	SME 4.0: The Role of Small and Medium-Sized Enterprises in the Digital Transformation (Springer Link, 2020)
4	Create a platform for entrepreneurial cluster and investors (venture capitalist) in order to meet specific needs of innovation-driven and high-tech start-ups.	SME and Entrepreneurship Outlook (OECD 2018)
5	Encourage more collaboration between SMEs and local universities to develop programmes that produce the right type of labour pool.	SME 4.0: The Role of Small- and Medium-Sized Enterprises in the Digital Transformation (Springer Link, 2020)
6	Group SMEs into clusters (consortium-innovation network of the SMEs).	The Italian SME Experience and Possible Lessons for Emerging Countries, United Nations Industrial Development Organisations (UNIDO)
7	Empower the Academy of Science Malaysia (ASM) as advisor for matters related to science, engineering, technology, and innovation.	-



8	Strengthen Cybersecurity regulation and framework to secure SME products and Intellectual Properties (IP).	Cybersecurity, Innovation, Internet Economy (US Department of Commerce 2011)
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Strategy Recommendation VI	Expand high value-added manufacturing activities and services.
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Action Plan		Benchmarking
1	Identify opportunities for localisation and to develop local capability for import substitution - 'homegrown' cutting edge technologies.	National Policy on Industry 4.0
2	Increase localisation of robot manufacturing to reduce cost.	The digital economy, GVCs and SMEs (WTO 2019)
3	Adopt new technologies as in the Internet of Things (IoT), Big Data Analytics (BDA) and Artificial Intelligence (AI) to produce higher value-added products.	National Policy on Industry 4.0
4	Include new high value-added products in their promoted list for incentives to attract manufacturers to diversify into these products.	Facilitating Access to finance (OECD)
5	Develop industrial roadmaps for catalytic sectors: E&E, Chemical and M&E to drive growth and development of existing sub-sectors, as well as new and emerging sectors in light of future industries.	Mid Term Review of 11th Malaysian Plan



Strategy Recommendation VII	Develop programmes that cover all levels of technology and automation in line with the Fourth Industrial Revolution (4IR) to generate new innovations.
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Action Plan		Benchmarking
1	Strengthen the Centre of Excellence for Future Industry (CoEFI) as a Living Laboratory. This serves as a hub that is user centred, with an open innovation ecosystem, often operating in territorial context, integrating concurrent research and innovation processes within public-private people partnership.	Centres of Excellence and Capacity Building: from Strategy to Impact (Oxford University Press, 2017)
2	Continue with the implementation of Anchor Development Programme where GLCs, MNCs and LLCs, as anchor companies will lead and mentor vendor development programmes to enhance their supply chain.	Analysing a manufacturer's returns from supplier development programmes (Science Direct 2017)
3	Establish the Research Management Agency (RMA - MEA) to maintain alignment and focus on sectoral Manufacturing Innovation Centres (MICs).	Translating Innovation to Wealth, 11th Malaysian Plan

Strategy Recommendation VIII	Develop online information-sharing platforms for companies, products and services to ensure existing and new enterprises remain relevant in the market.
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Action Plan		Benchmarking
1	<p>Establish a centralised data centre to intensify monitoring and assessment of outcome and impact (National Entrepreneur and SME Development Council).</p> <p>The role of the establishment is to:</p> <ul style="list-style-type: none"> • Conduct analysis and generate information on programmes, quantity and quality of entrepreneurs, gaps and opportunities, new market opportunities and existing trends of entrepreneurship activities in the country. • Evaluate and monitor results, impacts and outcomes. <p>Recommend action and policy enhancement.</p>	<p>National Entrepreneur and SME Development Council</p> <p>National eCommerce Strategic Roadmap</p>

Strategy Recommendation IX	Enhance innovation for the creation of local-based content products, to create new opportunities and brands through collaboration and Research and Development (R&D) with institutions of higher education and research centres.
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Action Plan		Benchmarking
1	Improve productivity in manufacturing by prioritising the local R&D products for government purchases, and by creating an operation definition and certification to define the local R&D products.	Malaysian Productivity Blueprint
2	Strengthen the Public Private Research Network (PPRN) by developing smart partnership between the industry and researchers.	Translating Innovation to Wealth, 11th Malaysian Plan

Strategy Recommendation X

Strengthen governance of public funds related to research, development, commercialisation and innovation (R&D&C&I) to ensure better returns on investment.

Action Plan		Benchmarking
1	<p>Establish a central governing body for applied R&D:</p> <ul style="list-style-type: none"> • To empower the Academy of Science Malaysia (ASM) to establish the Research Management Agency (RMA) as an advisor to the government in allocating R&D&C&I funding. • RMA will manage allocations of research funding based on an efficient and transparent selection of proposals and evaluation of results to reform and modernise public research institutes based on an assessment of their mission, competencies and governance. • RMA will act as a clearing house to ensure project proposals are in line with the national priority areas. <p>Review existing programmes to eliminate overlapping, supply-driven issues and reduce low impact programmes.</p>	<p>Translating Innovation to Wealth, 11th Malaysian Plan</p> <p>Assessing the Effectiveness of Private Research Institutes, World Bank</p>

Strategy Recommendation XI

Enhance the implementation of knowledge sharing and technology transfer programmes.

Action Plan		Benchmarking
1	Increase system integrator capabilities using advanced technology in manufacturing processes.	The Smart Factory: Responsive, adaptive and connected manufacturing (Deloitte)
2	Implement the Anchor Development Programme (MNC as anchor company will mentor development programmes on supply chains).	Analysing a manufacturer's returns from supplier development programmes (Science Direct 2017)

Strategy Recommendation XII	Focus on better quality investments especially in Information and Communication Technology (ICT) and other machinery and equipment.
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Action Plan		Benchmarking
1	Establish a funding database which needs to be well maintained.	Malaysia Investment Performance Report 2018 UK's Investment Demonstration Projects (Fit4Finance)
2	Attract overseas high companies to set up their R&D centres in Malaysia.	Stimulating Business investment in Innovation , Innovation and Science Australia



Strategy Recommendation XIII	Review incentives to be more objective and productivity-based.
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Action Plan		Benchmarking
1	Review the existing incentive structure and align programmes with clear targets and outcomes, as indicated in Malaysia Productivity Blueprint.	Malaysia Productivity Blueprint.
2	Intensify performance-based incentives with clear key performance indicators, validity period and exit policy to increase productivity and spur innovation among manufacturers.	Malaysia Productivity Blueprint.
3	Redesign incentives to attract quality investments, promote automation, increase the number of multi-skilled workers and enhance sustainable manufacturing.	Best Practices in Investment for Development Case Studies in FDI (UNCTAD 2011)



Strategy Recommendation XIV

Expand and improve the development of local supply chain programmes.

Action Plan		Benchmarking
1	Establish and strengthen policies in giving preference to source products and services from local raw materials and innovations. At the same time to set quality standards as required, for the government to procure local products.	Buying Local: Tools for Forward-Thinking (Institutions, Columbia, LOCO BC, and ISIS Research Centre at the Sauder School of Business, 2013)
2	Consider the concept of production network where second and third tier SME suppliers produce products for the first-tier suppliers, who serve anchor companies directly in the value chain.	A Comparative Study on Development of Small and Medium Enterprises (SMEs) in Japan and Malaysia



Government-Linked Companies (GLCs)

Government-Linked Companies (GLCs) are important entities in spurring the Malaysian economy and have contributed a lot in fueling the nation's growth. The function of GLCs however, is not well captured in the SPV2030's document, especially on how they could contribute their best in driving Malaysia to achieve SPV targets by 2030.

As GLCs have a huge presence in the economy, accounting for 42% of the total market capitalisation of the stock exchange, a clear policy on these entities is essential. GLCs also play an important role in achieving social objectives as demonstrated during this pandemic when they were mobilised as part of the government's 'ecosystem' to support vulnerable groups, especially post COVID-19.

In achieving the SPV targets, an in-depth study on the GLCs should be conducted. A framework to boost GLCs functions in driving and contributing to the overall growth of the country, accompanied by rising incomes and improvement in the quality of life (including for lower-income groups), could be established. This shall cover, but not limited to;

1. The need to restructure and reform the GLCs, especially due to the sheer number of such organisations,
2. Re-assessment on GLCs' level of participation in corporate Malaysia and the synergies with the private sector, particularly towards empowering entrepreneurs,
3. The expansion of the GLCs to spur growth by creating more opportunities for employment, enabling entrepreneurs to scale up their businesses and to bring in foreign direct investment to accelerate domestic growth,
4. The need for GLCs to co-exist and healthily compete in a space where they should compete on a level playing field, and not to crowd out and directly compete with the private sector, especially in non-strategic businesses,
5. Enhancement of productivity and talent development, especially by leveraging on technology,
6. Increasing transparency between GLCs and the government
7. The needs to have a specific agency to monitor the activities and performance of the GLCs.

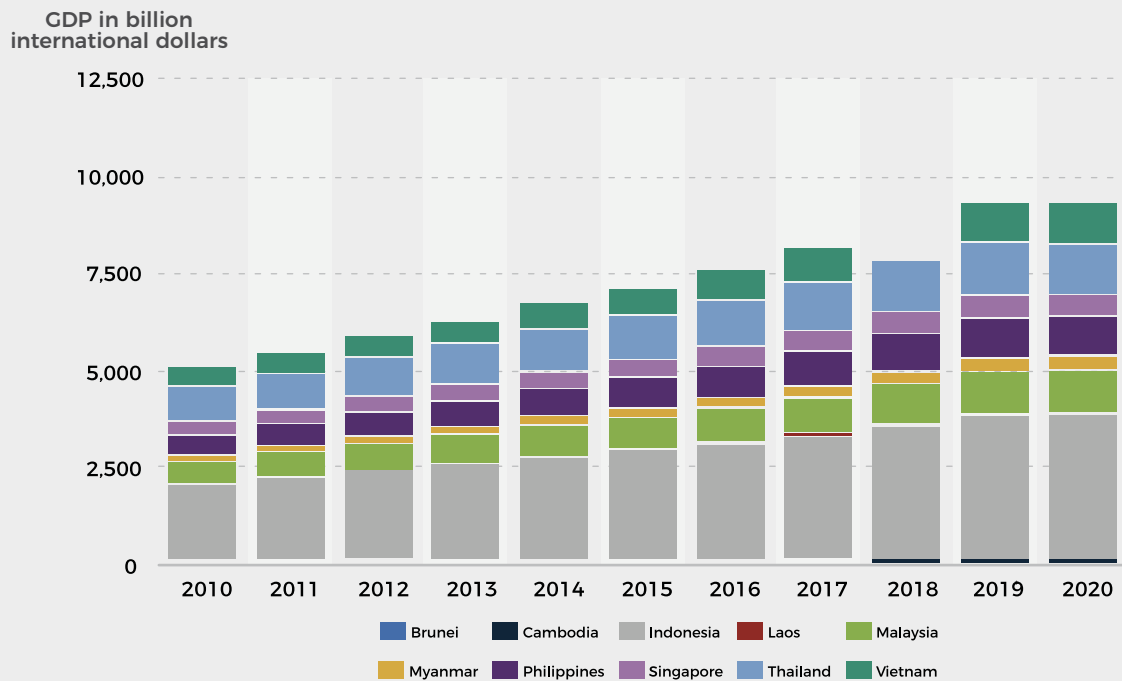


STRATEGIC THRUST 2

KEY ECONOMIC GROWTH ACTIVITIES (KEGAs)

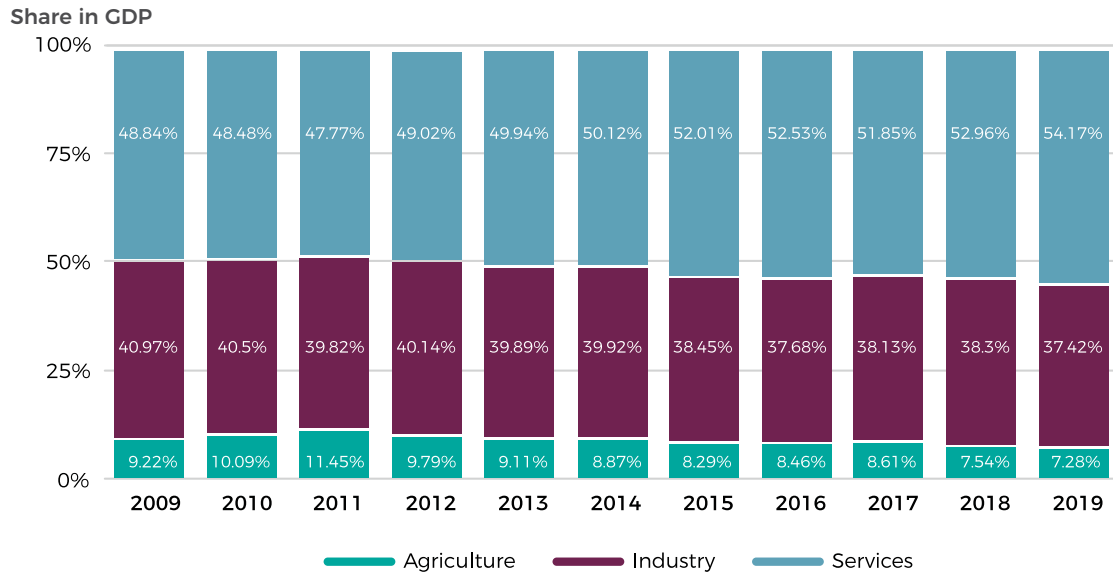
The Key Economic Growth Activities (KEGAs) have been introduced in SPV2030 as the activities to boost the Malaysian economy. Over the last decade, the Malaysian economy has been seen to be slower than many other Asian countries, indicating that economic growth has yet to reach its full potential.

Figure 3.1: Gross Domestic Product (GDP) of The Association of Southeast Asian Nations (ASEAN) Countries from 2010 to 2020 (in Billion International Dollars) Indicates That Malaysian GDP Has Grown at A Slow Rate with The Current Economic Activities



Source: Statista, 2020

Figure 3.2: GDP Contributors for Malaysia



Source: Statista, 2020

The diversity of products and services in Malaysia as well, has yet to reach an optimum level and the reliance on commodity-based exports is relatively high. Industries in Malaysia have also been clustered in the Low Value-Added Category due to the low adoption of high technology.

These are among the key contributors to the low Compensation of Employees (CE) to GDP in Malaysia, as it affected directly on:

1. The number of high value-added jobs available in Malaysia
2. The number of skilled workers in Malaysia (Malaysian labour market is still dominated by 72.8% semi and low-skilled workers), as the most of the industries in Malaysia are still operating in conventional ways
3. The excessive influx of foreign labour, as the country's economic activities are labour-intensive, impacting wages, unemployment, and living standards of native low-skilled workers (foreign labour is cheaper and willing to work extra hours with low pay)

KEGAs will not be ignoring the development of existing economic activities such as oil and gas, manufacturing, electrical and electronic goods, and other services. It is introduced to uplift the current economic activities with advanced solutions, as well as to push forward a few other activities that are believed to be able to expedite the growth of the Malaysian economy, within the next ten years.

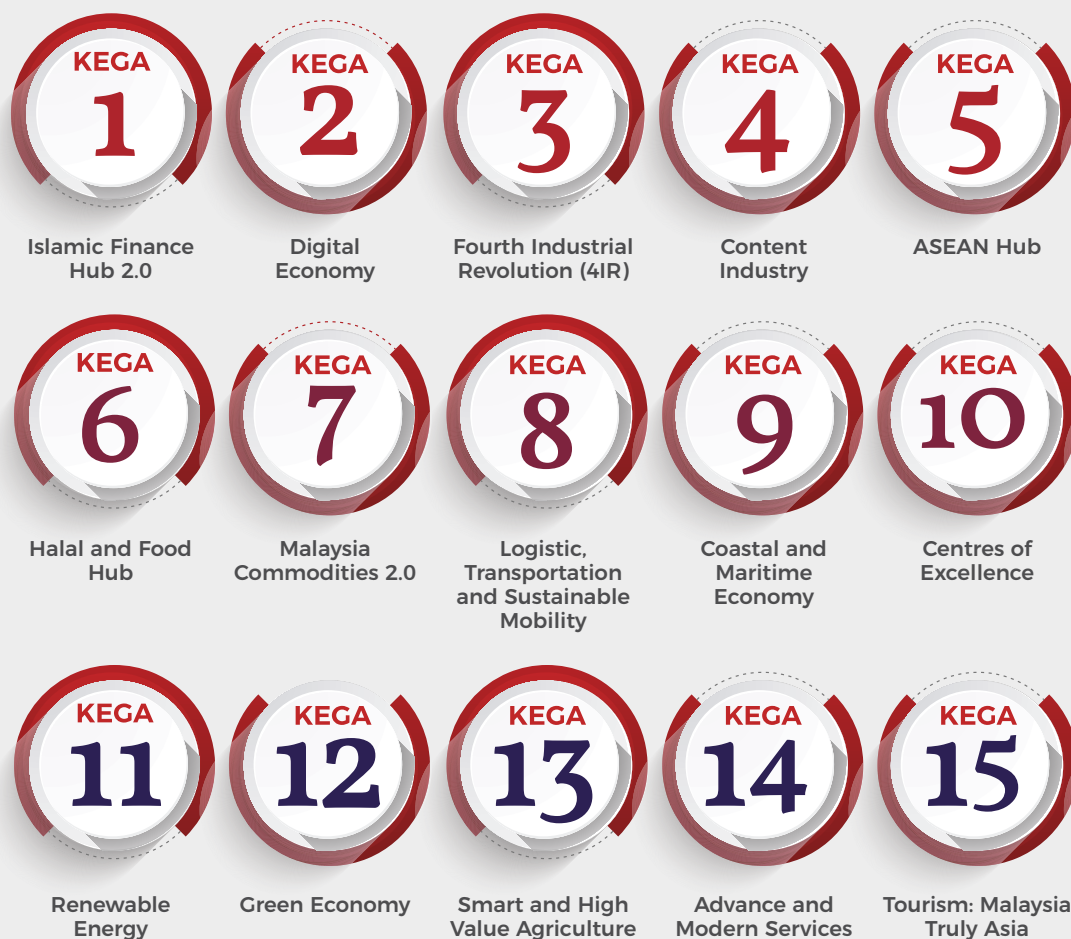
Development of new economic activities will continuously be nurtured, for the future of the country.

Structure of the KEGAs

There are a lot of economic activities happening in Malaysia. The varieties, however, have slowed down the growth of the economy in the country as there is no focus on pushing the economic activities to reach its full potential.

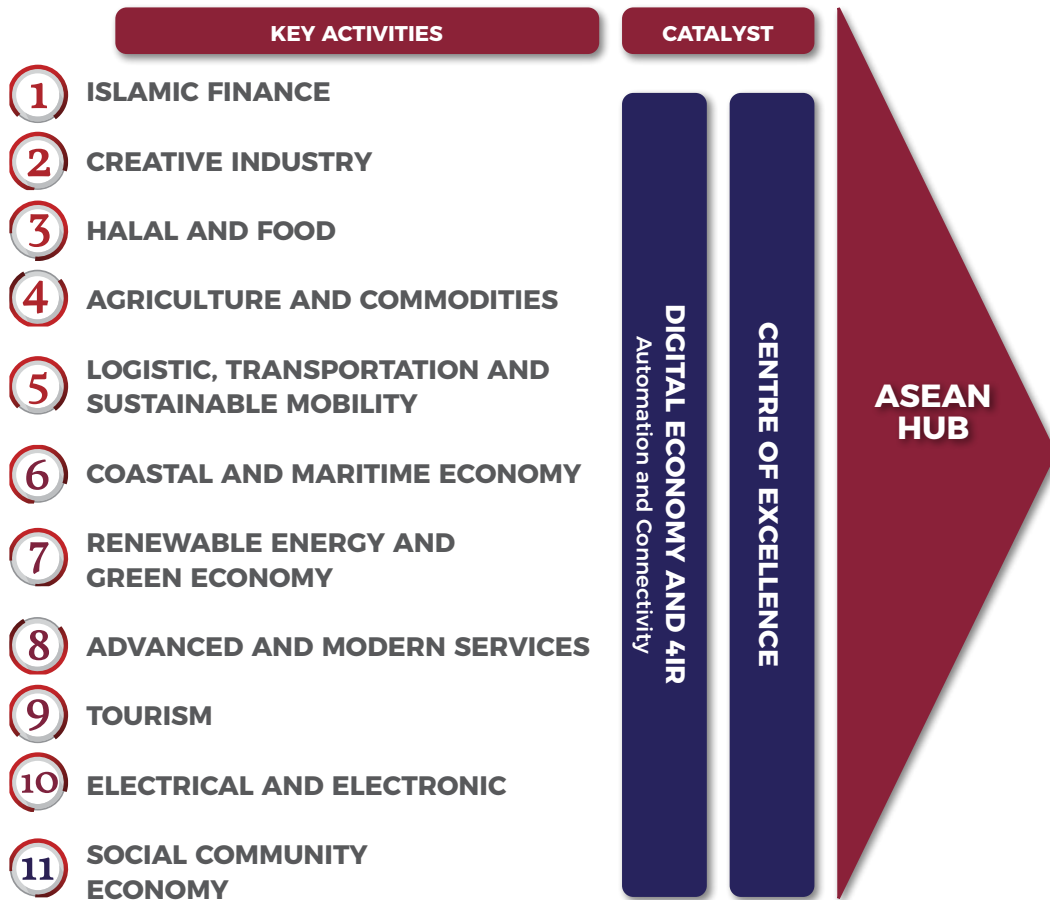
Fifteen (15) KEGAs have been introduced in the SPV 2030's document launched by the government on the 5th of October 2019 to boost the growth of the economy.

Figure 3.3: 15 KEGAs Introduced in The SPV2030 Launched on the 5th October 2019



The structure, however, is proposed to be re-arranged in streamlining the activities and the focus for the stakeholders with additional two (2) new KEGAs to be concentrated on.

Figure 3.4: New Proposed Structure of KEGAs



The new structure of KEGAs will be focusing on eleven (11) main activities, two (2) catalysts, and a target for Malaysia to be the ASEAN hub in the selected key economic activities.

The introduction of KEGAs is to:

1. Refine the scope to stimulate the country's economy, so that the target of making Malaysia a high-income country, and a major ASEAN industry hub, is successfully achieved by 2030.
2. Focus on adding value to the key activities and ensuring maximum potential is achieved.
3. Focus on high value-added products and services.

Strategy Recommendations

Strategy Recommendation I	The task to drive and monitor the growth of each KEGA is to be handled by separate entities to ensure a balanced direction and a forward move.
Strategy Recommendation II	KEGAs are to be in line with the State's economic priority and talent development planning.
Strategy Recommendation III	Focus and prioritise each KEGA according to its needs. Focusing on recovery post-COVID-19 (2021-2023), first before focusing on sustainable growth and income (2024-2030), and some can be directly pushed to boost the Malaysian economy.
Strategy Recommendation IV	Identified Ministry/Ministries and driving Agency/Agencies for each KEGA is to be empowered in coming up with the list and type of high impact subsectors to be focused on, in achieving SPV2030 target by 2030.
Strategy Recommendation V	A strong local defence and security industry is to be developed so that investors will have more confidence in the strength of the country's security.
Strategy Recommendation VI	More incentives are needed to strengthen upstream activities in all sectors.
Strategy Recommendation VII	Under each KEGA, focus will be on industries that require skilled talents, so that our unemployment rate can be reduced tremendously. Currently, the highest unemployment rate in Malaysia comes from the educated group (Diploma holders and above).

The Strength of the Selected KEGA

The selected KEGAs have their strengths and purposes in pushing Malaysia to achieve the SPV2030 targets.

KEGA 1 ISLAMIC FINANCE

The key ministries identified (to drive this KEGA (but not limited to) are:

- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of Finance
- Ministry of International Trade and Industry
- Ministry of Human Resources
- Ministry of Higher Education

JUSTIFICATIONS
GLOBAL TRENDS
<ul style="list-style-type: none"> • The Islamic Finance (IF) industry's total net worth has ballooned to USD 2.19 trillion between 2018 and 2019, with a recent growth of around 6.9%. The industry has shown notable developments in financial products in the past decade. This shows the strong demand for Islamic Financing around the world, not just within the Muslim community. • Recent studies have shown that within the Muslim population, 20%-40% voluntarily avoid conventional microfinance due to their preference for Islamic Financing.
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> • Thomson Reuters ranked Malaysia as the most developed Islamic Finance market in the world based on Islamic Finance Development Indicator (IFDI) values. Malaysia ranked first with a total of 430 global funds, followed by Saudi Arabia (203), Luxembourg (202), and Pakistan (180). • Malaysia's IF has shown a healthy growth. It has been rated A-/Stable. Islamic banks' financing grew by 11% in 2018 (2017: 9.3%), outpacing that of conventional banking's 3.3%, underpinned by the banks' sustained 'Islamic First' strategy - where banks offer new customers Islamic products over conventional ones, and a supportive regulatory environment. These factors should continue to support Islamic financing growth in the near term. • IF governance in Malaysia has shown an impressive enabling environment and is lauded for qualities which are: <ul style="list-style-type: none"> * Clarity * Certainty * A level playing field * Confidence
WAY FORWARD
<ul style="list-style-type: none"> • Malaysia to lead the global Islamic Fintech.
PROPOSED STRATEGIC PLAN
<ul style="list-style-type: none"> • Improve the coordination among stakeholders. • Enhance facilitation opportunities for the industry to grow faster. • Leverage Malaysia as a complete value chain for Islamic Financing from Sukuk to Fintech. • Empower the Halal Hub ecosystem in Malaysia with Islamic fintech for import and export activities.

KEGA 2 CREATIVE INDUSTRY

The key ministries identified to drive this KEGA (but not limited to) are:

- The Economic Planning Unit
- Ministry of International Trade and Industry
- Ministry of Human Resources
- Ministry of Higher Education
- Ministry of Entrepreneur Development and Cooperatives

JUSTIFICATIONS
GLOBAL TRENDS
<ul style="list-style-type: none"> • The global creative industry has a market size that is expected to reach USD 107B by 2026, with growth at a Compound Annual Growth Rate (CAGR) of 14.3% from 2019 to 2026. • This shows a very strong momentum in the industry due to the change in demography, consumer tastes, and the proliferation of affordable technology.
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> • The creative industry already contributes about 1.6% to Malaysia's GDP. • The Malaysian animation industry was worth RM567.86 million (USD 187.7 million) and employed over 3,000 people in 2016. • There are now over 100 homegrown studios that have produced more than 20 original Intellectual Properties and have seen their work travel to more than 120 countries, with an export value of RM132 million (over USD 32.2 million). • There are 372 studios in Malaysia that are directly involved in various stages of development and production and are creating 11,150 jobs.
WAY FORWARD
<ul style="list-style-type: none"> • Malaysia to be the ASEAN Hub for the creative industry.
PROPOSED STRATEGIC PLAN
<ul style="list-style-type: none"> • Integrating Malaysian culture with the tourism sector. • Improving the coordination among stakeholders. • Enhancing facilitation opportunities for the industry to grow faster. • Moving up the value chain for Content IP creation for 'Media Mix' strategy. • Enhancing collaboration between the Academia and Industry experts in providing (MCQ) accreditation for gaming development. • Leveraging on the Malaysian ecosystem to encourage upstream activities for content such as certification and coding.

The key ministries identified to drive this KEGA (but not limited to) are:

- The Prime Minister’s Department
- The Economic Planning Unit
- Ministry of International Trade and Industry
- Ministry of Human Resources
- Ministry of Entrepreneur Development and Cooperatives

JUSTIFICATIONS
GLOBAL TRENDS
<ul style="list-style-type: none"> • The global Halal industry is estimated to be worth around USD 2.3 trillion (excluding Islamic Finance). Growing at an estimated annual rate of 20%, the industry is valued at about USD 560 billion a year making it one of the fastest-growing consumer segments in the world. • The global halal market of 1.8 billion Muslims is no longer confined to food and food-related products. The global Halal food market size is poised to grow by USD 655.1 billion during 2019-2023.
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> • Malaysia’s annual Halal exports would reach an estimated RM50 billion (before COVID-19). • Malaysia is ranked as No. 1 Halal-friendly holiday destination globally for 2018. • The halal industry is forecast to contribute 7.4% to the country’s GDP by the year 2020. • Malaysia was the pioneer in establishing Halal laws and remains a force in matters relating to global halal certification. • United Nations has even cited Malaysia as a benchmark for the Halal food industry.
WAY FORWARD
<ul style="list-style-type: none"> • Malaysia to be the Global Halal Hub, and continuously leading and expanding the market. • Focus to be given on the downstream activities, to increase demand for agriculture activities in Malaysia.
PROPOSED STRATEGIC PLAN
<ul style="list-style-type: none"> • Increase the workforce for Halal industry, in meeting international demands. One of the methods is by training those with in-depth religious knowledge to take up the roles of providing Halal certification. • Focus food security on increasing the local supply and getting good nutrition for all. • Move up the value-chain for mid to upstream activities in Malaysia, for example, food scientists for taste and colouring). • Fully leverage on technology, such as IoT and 4IR.

KEGA 4 AGRICULTURE AND COMMODITIES

The key ministries identified to drive this KEGA (but not limited to) are:

- The Economic Planning Unit
- Ministry of International Trade and Industry
- Ministry of Human Resources
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of Science, Technology and Innovation

JUSTIFICATIONS
GLOBAL TRENDS
<p>Palm oil:</p> <ul style="list-style-type: none"> • The Global market value was estimated at 74.6 million tons in 2019 and is projected to register a volume based CAGR of 2.3% from 2020 to 2027. Asia Pacific countries such as Malaysia and Indonesia are the top producers, accounting for more than 80% of the global production. <p>Rubber:</p> <ul style="list-style-type: none"> • The Global market size was valued at USD 40.77 billion in 2019 and it is projected to reach USD 51.21 billion by 2027. <p>Smart Agriculture:</p> <ul style="list-style-type: none"> • The global market size was estimated to be worth USD 13.7 billion in 2020 and is projected to reach USD 22.0 billion by 2025. It is expected to grow at a CAGR of 9.8% from 2020 to 2025.
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> • Exports of commodity products for the first six months of 2020 recorded a revenue of RM63.7 billion or 14.2% of the country's total export earnings. <ul style="list-style-type: none"> * 51.8% from palm oil * 27.9% from rubber * 15.1% from timber * 4.9% from cocoa * 0.3% from others • Compared to high-income countries that employ an average of 5% farmers in the agriculture sector, Malaysia lags behind with the employment of 11% farmers. The agro-food trade balance remains in deficit. For the year 2020, Malaysia is projected to import RM57.7 billion worth of Agriculture products, an increase of 15% compared to 2018. The COVID-19 pandemic has greatly raised the awareness of food security and sovereignty, which leads to the increasing potential for Malaysia to boost local supply.
WAY FORWARD
<ul style="list-style-type: none"> • For Malaysia to have a balanced focus between domestic consumption (security and sovereignty) and export-import (trade dimension) - food inclusivity. • For Food security and sovereignty to be the key agenda, Malaysia is to achieve the target of 100% Self Sufficiency Level (SSL) rather than staying at merely 60 to 70% SSL, at least for crucial supply such as paddy.

PROPOSED STRATEGIC PLAN

- Increase the adoption of smart farming.
- Produce more downstream products from traditional commodities to generate higher returns and growth of new industries.
- Address the technological capability and requirement challenges for KEGA 3 (Halal and Food) and KEGA 4 (Agriculture and Commodities).
- Focus on strengthening the local supply chain post COVID-19, and reduce Malaysian reliance on foreign supply.
- Expedite the process of technology adoption by farmers, the focus on either:
 - Grouping the small-sized farmers within their community, to make it worthwhile for them to utilising advanced technology. The grouping will also help in increasing the volume of supply, in meeting the demand or,
 - Appointing external parties, to provide services to the group of farmers.
- Acquire the necessary certification to make it more worthwhile, such as the Malaysian Sustainable Palm Oil (MSPO) certification. Certification would allow small farmers' products to be eligible for local and international market. It will also train them to acquire best practices which will help to increase their yield and reduce related issues.
- Conduct more ministry-led activities to help the farmers in increasing their source of income.
- Establish centres with facilities for packaging and processing to help SMEs grow their business without increasing cost or affecting affordability.
- Adopt a systemic and comprehensive method to view all of the resources that accrued from the production of commodities.
- Empower livestock industrial players in Malaysia to value-add by exploring different types of livestock.
- Reduce dependency on subsidy, by promoting an assurance of security through insurance in the event of flood and natural disaster. A regulatory push or approach is needed, coupled with risk management to encourage real work to be put into farming activities, and farmers to be accountable for it.
- Boost the Malaysian agriculture online marketplace Agrobazar, under Federal Agricultural Marketing Authority (FAMA) to be at par with other online platforms like Shopee and Lazada).
- Establish a platform that will promote fair trade and healthy competition by reducing the monopolistic and monopsony power in both supply and demand.
- Increase local R&D and skilled workers to support the ground work.
- Improve data collection related to the industry.
- Empower rural and indigenous communities to explore agriculture models pertaining to cooperatives and small holders' development with focus on agro-forestry projects such as vegetable growing, fruit trees, animal husbandry, bees and honey.
- Harmonise functions among agencies in reducing bureaucracy, so that the focus on farmers and the industry could be improved.
- Promote sustainable agriculture activities and food community platform for rural development.
- Implement mandatory certification for the forestry and timber industry, as what has been implemented in Sarawak, to ensure a continuous supply of timber and access to premium markets.

KEGA 5 TRANSPORTATION, LOGISTICS AND SUSTAINABLE MOBILITY

The key ministries identified to drive this KEGA (but not limited to) are:

- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of Transport
- Ministry of International Trade and Industry
- Ministry of Human Resources
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of Science, Technology and Innovation

JUSTIFICATIONS
GLOBAL TRENDS
<ul style="list-style-type: none"> • The global logistics market is anticipated to reach USD 12,256 billion by 2022 with a CAGR of 3.48% from 2016 to 2022. • China is actively and aggressively expanding upon global logistics infrastructure with its BRI and opening up a massive opportunity for other countries to also use and improve upon these infrastructures.
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> • The Malaysia freight and logistics market is expected to witness a CAGR of 11% during 2019. • China and Malaysia resumed construction of East Coast Rail Link (ECRL) Malaysia which has shown a rapid growth, contributing 3.5% to Malaysia's gross domestic products in 2017 with a value of RM48.8 billion, adding 6.6% to the services sector. • Malaysia's strategic location, modern transport infrastructure, knowledgeable workforce, and advanced IT infrastructure has made the country an interesting value proposition for investors to continue making Malaysia their first choice for investment.
WAY FORWARD
<ul style="list-style-type: none"> • Focusing on integrated, sustainable, and affordable TLSM to create new economic centres in the aerospace, automotive, and shipbuilding industries.
PROPOSED STRATEGIC PLAN
<ul style="list-style-type: none"> • Adopt and execute in full the 'first and last mile' concept, the key to sustainable urban transport. • Improve safety aspects for the users of the transportation system in Malaysia. • Assist the aerospace industry to recover as soon as possible after being badly impacted by COVID-19. • Focus on the growth activities of other land and maritime transportation. • Focus on e-commerce adoption, post-COVID-19. • Improve the country's logistic performance, in terms of efficiency and uniformity of enforcement, especially at the Free Commercial Zones (FCZ).

KEGA 6 COASTAL AND MARITIME ECONOMIES

The key ministries identified to drive this KEGA (but not limited to) are:

- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of Transport
- Ministry of International Trade and Industry
- Ministry of Human Resources
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of Science, Technology and Innovation

JUSTIFICATIONS
GLOBAL TRENDS
<ul style="list-style-type: none"> • The global value of goods transported by sea is expected to grow to a total value of USD 68.5 trillion by 2050. • Economic activity in the ocean is expanding rapidly, driven primarily by developments in the global population, economic growth, trade, and rising income levels, climate changes, environment, and technology. However, an important constraint on the development of the ocean economy is the current deterioration of its condition.
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> • Malaysia's maritime contribution to the GDP is about 20% (includes oil and gas). • Malaysia is rich in marine life biodiversity, easing its adoption and research into biotechnology. Overall, the biotechnology industry is projected to contribute USD 75B to Malaysia's economy by 2020. • Economically, coral reef-related businesses in Malaysia are worth approximately USD 635 million annually (in food, fisheries, tourism, and pharmaceuticals).
WAY FORWARD
<ul style="list-style-type: none"> • Develop Malaysia's vast and strategic coastal and maritime areas as the new economic centres, achieving its full potential and contributing to Malaysia's GDP, while the natural resources are well rehabilitated. • Conduct a reformation of the coastal and maritime sectors in terms of governance, enforcement, and functions.
PROPOSED STRATEGIC PLAN
<ul style="list-style-type: none"> • Develop and implement an integrated national ocean or maritime policy such as a Marine Spatial Plan and an Integrated Coastal Zone Management (ICZM) policy that addresses, among others, the interface between land and sea uses. • Form and appoint an inter-agency coordinating department for the maritime sector to address the overlapping functions. • Improve on communication and coordination between Ministries and Agencies responsible in looking after ocean related sectors – data sharing including resources among agencies to be improved. • Update and implement related laws and ordinances, mapping of maritime baseline and the Exclusive Economic Zone (EEZ), as well as in enhancing the efficiency of enforcement at the sea. • Establish and implement policies and regulations on marine research activities, including bio-piracy by foreigners in our waters and marine environmental management. • Identify, analyse and document marine natural capital and its users have data on the major items to focus on and how to avoid unsustainable development. • Create synergistic collaboration among government and coordinating bodies regarding regional intervention to address marine litter and ocean plastics, that could affect the growth of coastal and maritime economy in the future.

KEGA 7 RENEWABLE ENERGY AND GREEN ECONOMY

The key ministries identified to drive this KEGA (but not limited to) are:

- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of Transport
- Ministry of International Trade and Industry
- Ministry of Human Resources
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of Science, Technology and Innovation

JUSTIFICATIONS
GLOBAL TRENDS
<ul style="list-style-type: none"> • USD 3.40 trillion to be invested globally in Renewable Energy by 2030 (including USD 2.72 trillion in wind and solar). • By 2030, 54.1% of installed capacity will be renewable (including hydropower), and 37.9% will be a combination of solar and wind. • In 2030, the green economy would represent 10% of the global market value. • In 2018 the green economy represented 6% of the global stock market, or around USD 4 trillion, coming from clean energy, energy efficiency, water, waste, and pollution services.
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> • Malaysia has a lot of hydro energy potential due to its unique geographical advantage. The Government has shown great commitment towards Renewable Energy (RE) in the past and the present, through Incentive-Based Regulation, Feed-in Tariff, and Large Scale Solar Programmes. • Its potential in the solar industry is its biggest one. It is strategically placed near the equator, so solar irradiation is very intense. • Biomass has great potential for renewable energy in Malaysia, due to the high level of production of palm oil waste and wood waste. • Malaysia leads the way as the first issuer of a green Islamic bond. The development of green sukuk products could propel Malaysia to be the no.1 Islamic green technology financier in the world. • We are also the fourth largest Photovoltaic (PV) manufacturer in the world with the sixth largest PV employment in the workforce, globally.
WAY FORWARD
<ul style="list-style-type: none"> • Malaysia to become a reference point in ASEAN, as well as a hub for RE and Green Economy (GE) manufacturing activities, products, and skilled workers supplies. • A net zero carbon future for Malaysia to be achieved by 2050.

PROPOSED STRATEGIC PLAN

- Prioritise local technology such as solar, hydro and hydrogen for local use, considering local weather suitability. It will also help to grow more of local SMEs in the industry.
- Push the Government for at least 50% Malaysian-made technology and 10% local technologies, to be adopted and utilised for any contract.
- Enforce public procurement for green technologies by local companies to encourage more players in the sector, thus growing the industry and increasing consumptions in the next 5-10 years.
- Focus on food waste management, as we are producing about 33 thousand tons of food waste (including organic and agricultural waste per day) that goes to landfills.
- Look at other technologies related to RE and GE areas such as smart meter, communications for electricity and water and other utilities, under this KEGA. Similarly, for other areas like Enhanced Environmentally Vehicle (EEV) and other Smart Transportation System.
- Further explore nuclear technology for its potential in many industries including agriculture, oil and gas (in non-destructive evaluation), environment, manufacturing, energy, rubber, food, and medical products. As we have the capacities and capabilities for this technology to be further developed and utilised in all sectors through Nuclear Malaysia.
- Decentralise electricity supply so it would be cheaper and more efficient to install renewable energy options for communities, rather than build in powerlines. It will improve efficiency and costs less for consumers. It is also an excellent idea to reduce greenhouse gas (GHG) emissions.
- Give sufficient training to the community on how to maintain the installed RE.
- Develop more sustainable solar farms.
- Give more incentives for the use of alternative energies.
- Reduce carbon footprint of buildings in Malaysia through:
 - embracing energy efficiency as a core design philosophy and applying passive and active designs,
 - retrofitting building systems in existing buildings to increase operational efficiency and reduce costs,
- Explore locally generated RE sources to be explored for installation.

ALIGNMENT OF THE NATIONAL ENERGY POLICY (NEP) (2021-2040) WITH SPV2030

The National Energy Policy (NEP) that is currently under development and, expected to be launched in early 2021 has made the SPV2030 as the reference point for forward looking national socio-economic aspirations.

NEP highlighted the importance of the energy sector to support the Key Economic Growths Activities (KEGAs) under the SPV2030, directly and indirectly. The aspiration of the NEP is for the Energy sector to become a catalyst for socio-economic sustainability to achieve the shared prosperity. The key focus are:

Macroeconomic Resilience

Catalyse strong economic growth and fiscal health anchored on sources of sustainable competitive advantage.

Social Equitability

Ensure fair and equitable distribution of costs and benefits from Energy Transition and Energy Resources.

Environmental Sustainability

Drive environmental sustainability to future-proof national economy and to improve living standards of Malaysians.



KEGA 8 ADVANCED AND MODERN SERVICES

This KEGA will be driven by all ministries on the services provided under their purview

JUSTIFICATIONS
GLOBAL TRENDS
<ul style="list-style-type: none"> Chinese modern service industry shares around 40% of GDP. However, the world average level has already reached 67%. Developed countries generally attained over 71%, whereas developing countries' average is about 45%.
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> The services industry as a whole, accounted for 57.3% of GDP in 2019. Traditional services accounted for 41% of GDP, increasing to 44% of GDP over the period from 2011 to 2016. Modern services, however, stood still at 14% of GDP - very small. Healthcare travel grew from RM914 million in 2015 to RM1.5 billion in 2018 with an increase of more than 36% of healthcare traveller arrivals to 1.2 million in 2018. The professional services sub-sectors had contributed RM29.8 billion to GDP in 2018.
WAY FORWARD
<ul style="list-style-type: none"> Malaysian services to be modernised and diversified in line with technological advancement and future market demand.
PROPOSED STRATEGIC PLAN
<ul style="list-style-type: none"> Promote healthcare as one of the most important services in KEGA. A healthy population is key to economic growth. Hence it needs to be given more attention. Apart from focusing on Healthcare tourism, the Government needs to also focus on reducing the number of people going to hospitals by providing enough nutrition and efficient healthcare services, as it will help the country with cost savings, in the long run. This can be accelerated through social protection - the social safety net. Encourage the adoption of automation among manufacturers and manufacturing-related services.

KEGA 9 TOURISM

The key ministries identified to drive this KEGA (but not limited to) are:

- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of Tourism, Arts and Culture Malaysia
- Ministry of Communications and Multimedia
- Ministry of International Trade and Industry
- Ministry of Housing and Local Government
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of Science, Technology and Innovation

JUSTIFICATIONS
GLOBAL TRENDS
<ul style="list-style-type: none"> • The Asia-Pacific region will be the fastest-growing market in terms of inbound and outbound tourism with arrivals projected to increase significantly by 330 million (within two decades from 204 million in 2010 to 535 million arrivals in 2030).
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> • Tourism products contribute to about 15.2% of GDP in 2019, worth about RM86.14 billion throughout 2019. • Malaysia is amongst the most visited Asian countries. • Main tourists are from ASEAN countries, contributing to about RM43.72 billion, revenue for Malaysia for the activities. • Income generated for the country are mostly from shopping activities (33.6%), accommodation (24%), and food and beverage (13.3%).
WAY FORWARD
<ul style="list-style-type: none"> • Local content and businesses to be improved in supporting further growth of the tourism industry in Malaysia.
PROPOSED STRATEGIC PLAN
<ul style="list-style-type: none"> • Focus on e-commerce adoption, post COVID-19. • Maintain attraction and services as ASEAN's favourite destination. • The tourism industry to provide benefits to environmental rehabilitation and enhance health services as well as celebrate Malaysia's cultural diversity. • Focus on health and well-being to be among the priorities, as Malaysia is also popular for health, wellness, and beauty tourism that brings in high-value tourists. • Integration of Tourism with Cultural dimensions to be strengthened. • Sustainable community-based tourism to be strengthened, where local communities are directly involved in community based economic projects. • Introduce a new tourism platform, by integrating efforts from other industries as well as to promote the KEGA (e.g. Military tourism and Technology tourism). • The first five years to be focused on strengthening and promoting domestic tourism, to fast-track the recovery process of the industry, post COVID-19. A proper plan is required. The contribution after pandemic COVID-19 attacks is quite high despite local restrictions, indicating its potential. • Promote the development and utilisation of virtual tourism, where tourists intending to visit the country can first have a virtual experience (using VR technology) and even buy merchandise too until the country is ready to be visited physically.

The key ministries identified to drive this KEGA (but not limited to) are:

- The Economic Planning Unit
- Ministry of Science, Technology and Innovation
- Ministry of Communications and Multimedia
- Ministry of International Trade and Industry
- Ministry of Entrepreneur Development and Cooperatives

JUSTIFICATIONS
GLOBAL TRENDS
<ul style="list-style-type: none"> • Technological advancement would evolve around E&E technology contribution and supported by intelligent software (4IR - fusion of cyber-physical technologies). • Power Electronics for Electric Vehicle Market by Application (Inverter, Converter, and On-board Charger) and End Use (Automotive, Railways, Marine, and Electrically Powered Airborne Vehicles) market size was valued at USD 2.59 billion in 2018, and is projected to reach USD 30.01 billion by 2026, growing at a CAGR of 35.5% from 2019 to 2026.
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> • In 2019, the E&E sector contributed 6.3% to Malaysia's gross domestic product with export value standing at RM372. 67 billion, while approved investments for the sector amounted to RM25.7 billion or 31% of total approved investments (mostly from Singapore, the Netherlands, Japan, and Germany). • Employ about 560,000 employees (talents).
WAY FORWARD
<ul style="list-style-type: none"> • Transforming the country from just an E&E manufacturing country (small returns) to a highly value-added country with its own E&E technology and product innovation.
PROPOSED STRATEGIC PLAN
<ul style="list-style-type: none"> • Stimulate local demand. • Focus on the local market first, especially for government and company procurement for local mega projects (market-pull). • Ensure that Malaysian E&E products meet necessary requirements and have certificates regulated or required in the international market. • Sustain our competitive advantages. The need to transform the Malaysian economy via digital empowerment is no longer an option.

KEGA 11 SOCIAL AND COMMUNITY ECONOMY

The key ministries identified to drive this KEGA (but not limited to) are:

- The Economic Planning Unit
- Ministry of Science, Technology and Innovation
- Ministry of Communications and Multimedia
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of International Trade and Industry

JUSTIFICATIONS

GLOBAL TRENDS

- KEGA 11 is proposed in line with Social and Solidarity Economy developed by UN Task Force, aiming to prevent financial and food crises, climate change, persistent poverty and rising inequality.
- The social economy arises at the confluence between the business field and the social field, in that the social economy's primary aim is not profit making but stakeholders' welfare and socio-economic inclusion. Meanwhile, community economic development encourages the use of local resources that enhances economic opportunities while improving social conditions in a sustainable way.
- Meanwhile, community economic development encourages using local resources in a way that enhances economic opportunities while improving social conditions in a sustainable way.
- KEGA 11 encompasses organisations and enterprises that:
 - have explicit economic and social (and often environmental) objectives,
 - involve varying degrees and forms of cooperative, associative and solidarity relations between workers, producers and consumers
 - practice workplace democracy and self-management.

LOCAL STRENGTHS AND POTENTIAL

- Malaysia launched a National Entrepreneurship Policy on July 11, 2019. This comprises empowering the B40 group in entrepreneurship where social entrepreneurship, social enterprise and community-based economy can operate.
- Malaysia has 14,417 registered cooperatives with six million members which makes it a potential for social and community enterprises. The *Koperasi Sahabat Amanah Ikhtiar Malaysia* has 350,000 members and over RM500 million in assets. Likewise, the *Koperasi Permodalan FELDA Malaysian Bhd (KPF)* has 212 cooperatives in Felda settlements with about 261,572 members and assets worth RM2.1 billion. These assets are different from Felda Board or Felda Group Ventures (FGV).
- In early 2015 Malaysia launched the Malaysian Social Enterprise Blueprint and established a social enterprise accreditation system under MaGIC. Malaysia has about 300 social enterprises now accredited at level 1 as basic social enterprise. This is the new innovation.
- The COVID-19 pandemic has revealed the role of local communities and local economy in supporting local communities. Although the dominate mode is individual business but the community spirit of collective action and support is significant during times of crisis.

WAY FORWARD

- Malaysia to gain benefits from a new form of business capturing the triple bottom line of economics (profits for sustainability).
- Social and community enterprises in Malaysia to be recognised as part of the strategy to tackle the rising unemployment in the country, financial and food crises, climate change, persistent poverty and rising inequality.

PROPOSED STRATEGIC PLAN

- Develop and implement a national policy for greater social and community enterprise with financing and infrastructure support by existing agencies.
- Empower the Waqf concept.
- Allocate more projects to be provided to the organisations and enterprises in social and community areas.
- Strengthen tax incentives for companies and individuals acquiring products and services from the social and community enterprises.
- Include community financing (not just individual) for financing from *Tekun and Amanah Ikhtiar Malaysia*.



THE CATALYSTS

Digital Economy

The Digital Economy refers to a broad range of economic activities that use digitised information and knowledge as key factors of production.

JUSTIFICATIONS
GLOBAL TRENDS
<ul style="list-style-type: none"> • The global Digital Economy contributes between 4.5 to 15.5% of world GDP. As a share of GDP, however, the sector is the largest in Taiwan Province of China, Ireland, and Malaysia. • Digital platforms are increasingly important in the world economy. The combined value of the platform companies with a market capitalisation of more than USD 100 million was estimated at more than USD 7 trillion in 2017 – 67% higher than in 2015. • 65% of children in schools today will end up working in completely new job types that are not yet in existence.
LOCAL STRENGTHS AND POTENTIAL
<ul style="list-style-type: none"> • From 2010 to 2016, the digital economy – as defined by the government – grew by 9% per year in value-added terms, faster than overall GDP. • Malaysia is relatively ahead of the digitisation race with the e-commerce sector alone contributing 8% to Malaysia's GDP in 2018. • Already one of the fastest-growing e-commerce markets in Southeast Asia, Malaysia boasts favourable demographics to support its growing digital economy. • Malaysia has progressively moved up the value chain, becoming more closely integrated into regionally distributed production networks. • The country has also increasingly specialised in more complex tasks while shedding simpler and more labour-intensive activities to other countries. • In 2018, E&E accounts for 38% of Malaysia's exports and provides close to 800,000 jobs. Some of the ingredients that propelled the success of E&E are in place for a similar transformation of the digital economy. • Most of Malaysia's citizens are connected to the internet, and there is more than one mobile cellular subscription for each individual. On both metrics, Malaysia is close to the frontier and performs better than would be predicted by per capita income. • Government support (such as the government's Perkhidmatan e-Dagang Setempat (PeDAS) programme which is aimed at assisting rural SMEs to reach a larger consumer base through e-commerce platforms) and growing breath of affordable digital enterprise solutions could spur Malaysian SMEs to shift towards digital applications in the future. • With SMEs accounting for nearly 99% of Malaysian business establishments, their digital transformation could contribute significantly to the growth of Malaysia's digital economy.
WAY FORWARD
<ul style="list-style-type: none"> • Promote digital economy in line with cybersecurity dimensions. • Enhance facilitation for adoption. • Develop a pool of talent on Digital literacy especially in basics of Data Science, Data Visualisation, Digital Marketing, UI/UX and Visual Design. • Effectively manage environmental impacts of data centres; <ul style="list-style-type: none"> • Energy Optimisation • Carbon Footprint • Water Optimisation (for cooling purpose) • E-Waste management

Fourth Industrial Revolution (4IR)

The 4th Industrial Revolution (4IR) is a fusion of advances in emerging and disruptive technologies such as Artificial Intelligence (AI), robotics, the Internet of Things (IoT), 3D printing, genetic engineering, quantum computing, and other technologies, where physical, digital and biological worlds are connected.

JUSTIFICATIONS
<p style="text-align: center;">GLOBAL TRENDS</p> <ul style="list-style-type: none">• The global Artificial Intelligence market size is expected to reach USD 390.9 billion by 2025, with a CAGR of 46.2% from 2019 to 2025.• The global market for the Internet of Things (IoT) end-user solutions is expected to grow to USD 212 billion in size by the end of 2019. The technology reached USD 100 billion in market revenue for the first time in 2017, and forecasts suggest that this figure will grow to around USD 1.6 trillion by 2025.• Top Robotics market with COVID-19 Impact Analysis is projected to grow from USD 76.6 billion in 2020 to USD 176.8 billion by 2025; it is expected to grow at a CAGR of 18.2% during the forecast period.
<p style="text-align: center;">LOCAL STRENGTHS AND POTENTIAL</p> <ul style="list-style-type: none">• Malaysia Digital Economy Corporation (MDEC) and the Malaysian Investment Development Authority (MIDA) have been facilitating grants, giving SMEs guarantees of RM500,000, or 70% of investment costs, as an incentive to invest in automation and modernisation.• Additionally, the government has launched two high-impact initiatives – the SME Technology Transformation Fund (STTF) and the SME Go scheme for liquidity support executed by the Small Medium Enterprise Development Bank Malaysia Bhd (SME Bank) to increase the efficiency, productivity, and market penetration of SMEs, which includes the adoption of IR4.0 technologies.• Allocation of RM200 million to RM500 million from Bank Negara Malaysia's Automation and Digitalisation Facility and RM300 million from SME Bank, dedicated to helping companies in the services and manufacturing sectors.
WAY FORWARD
<ul style="list-style-type: none">• Increase end-to-end support and facilitation so that the rate of adoption is higher. Moving forward, Malaysia could achieve the target to be a high value-added country with technology.

THE NEW INDUSTRIAL MASTER PLAN 2021 - 2030 (NEW IMP) AS THE ENGINE OF GROWTH TO SUPPORT SHARED PROSPERITY VISION 2030 (SPV2030)

The success and strength of industries have historically been the bedrock of sustainable growth for any nation. Malaysia, like the rest of the world, is on a journey to discover and harness the potential of the Fourth Industrial Revolution for advancement of existing industries and creation of new ones. Despite the positive effects anticipated from the flow of new technologies, many economies will struggle to adapt to the changing landscape of their manufacturing and service sectors and remain competitive. With the disruptiveness of a Volatile, Uncertain, Complex and Ambiguous (VUCA) world, it is imperative to future-proof Malaysia's industrial development. Considering this, Malaysia needs a proactive industrial policy that anticipates future opportunities and challenges.

The New IMP would be a formal declaration by the Malaysian Government on its new industrial policy, providing a framework as well as outlining the general strategies on industrial development for the next ten years. In supporting the vision for shared prosperity, the New IMP will look beyond competitiveness; value creation, Malaysian-grown success and sustainability of the economy, and products, and services. It will lead the Malaysian industry journey towards increasing global capabilities, supply and value chain connectedness, and market competitiveness. This is through enhancing existing core strengths while leveraging on advancements in technologies, strong domestic supply chain, and eco-system support. The New IMP will not just be a catalyst for industrial development but also be the cornerstone in the realisation of Malaysia as a developed nation with high value jobs, diversification of economy and balanced national growth.



Centre of Excellence (COE)

The Centre of Excellence (COE) is a team, a shared facility, or an entity that provides leadership, best practices, research, support, and training on a focus area.

JUSTIFICATIONS
<p style="text-align: center;">GLOBAL TRENDS</p> <ul style="list-style-type: none">• Creating COE promotes knowledge sharing within an organisation and in the case of inter-organisation, it helps foster wider knowledge.• It will also empower the business to develop more upstream and downstream processes.• The COE creates a 'service' for the business to become more efficient.• The COE provides a central point of governance.• The COEs can help an organisation develop strategic capabilities by fostering the intake of new knowledge and the sharing of that knowledge enterprise-wide.
<p style="text-align: center;">LOCAL STRENGTHS AND POTENTIAL</p> <ul style="list-style-type: none">• Many MNCs in Malaysia have adopted international standards for operational quality and productivity. These companies train and equip local employees with critical knowledge in key skill areas, particularly in science and technology.• This has driven them to make Malaysia their COE to lead strategic initiatives such as training, research, and quality management in the region.• MNCs with COEs in Malaysia include Huawei, ExxonMobil, Frost & Sullivan, Goldbury, amongst others.• The government has also been actively supporting the creation of industry-academia COEs. For example, through the Higher Institution Centres of Excellence Programme, the government has provided research grants to COEs.
WAY FORWARD
<ul style="list-style-type: none">• Address the issue of COE's overlapping functions in Malaysia.• Merge some of the COEs and dictate the qualification criteria to be a COE.• Expand the role of existing COEs.• Ensure that the COEs reach the ASEAN level and are operating at global standards, so as to attract investors and boost market confidence in Malaysia as an important investment destination in ASEAN. <p>With the focused catalyst, the government shall create a conducive ecosystem to bring about Malaysia to be the chosen hub for manufacturers, creators, suppliers, and service providers, particularly in the ASEAN market.</p>

KEGA PRIMARY OUTCOME: MALAYSIA AS THE ASEAN HUB

In 2019, the estimated total GDP of all ASEAN states amounted to approximately USD 9.34 trillion, a significant increase from the previous years (Statista, 2020). ASEAN is seen as a hub for production and global trade with the fastest-growing global consumer market.

Economic expansion is expected to shift from Europe to Asia, by 2050, but the focus has been said to be on the People's Republic of China and India. Malaysia has a lot of opportunities to capitalise on the transition, which will enable the country to become the ASEAN Economic Hub and achieve its goal of becoming an Asian Tiger because Malaysia possesses many outstanding qualities. They are:

- **Access to Market**

Malaysia is in the heart of the ASEAN region of 671 million people (as of November 2020) and is equidistant between China and India, making it an ideal entry point for companies doing business in Asia's two largest markets.

- **Infrastructure and Connectivity**

KLIA is the world's 9th busiest international airport (1st half, 2020), serving about 62.3 million passengers per year in 2019 (before pandemic COVID-19 hit). It is also the world's top 30 busiest airports by cargo traffic. The Port Klang seaport, the 12th busiest port in the world, is linked by 39 operators to 300 ports globally.

- **Talent Availability**

Malaysia produces roughly about 150,000 graduates annually from various disciplines, including engineering, finance, and business administration. Malaysia has 20 public and 47 private universities.

- **Cost Competitiveness**

Malaysia has significantly lower office rental rates than Hong Kong and Singapore. Talent can cost one third to half what it would cost in comparably sized metros. Kuala Lumpur's cost of living is ranked 141 globally (2019), making it an affordable location for expatriates and local employees.

- **Competitive Tax Regime**

Malaysia offers a wide array of competitive tax incentives. Other markets have comparable or lower tax rates, but those are offset by higher business costs (74 Double Tax Agreements to mitigate cross border taxation).

In achieving the target of becoming the ASEAN Hub in 2030, the focus will be:

- Strengthening the business and industry ecosystem, human capital, and the value chain in Malaysia
- Developing quality companies that could evolve and take on the value chain, at the regional level
- Building-up competencies to add value to the value chain for businesses in Asia
- Stabilising and maintaining the politics in the country

ALIGNMENT OF THE NATIONAL INVESTMENT ASPIRATION (NIA) WITH SPV2030 THROUGH INVESTKL

InvestKL Policy Alignment measures holistic investments based on the five National Investment Aspirations (NIA) by World Bank adopted by Bank Negara for quality investments. Shared Prosperity Vision 2020 (SPV2030) focuses on Strategic Thrust 2 (Key Economic Growth Areas-KEGA) on ASEAN Hub. The Centre of Excellence has a special focus on sectors like:

1. Sustainability Economy
2. Green Economy
3. Digital Economy
4. 4IR, IoT and Robotic Automation

InvestKL has a proven track record in collaborating with other key agencies both Federal and State to identify and attract High Tech, High Value and High Impact Investments in Services. This in turn, will create high value jobs on focus economies like Digital, Technology and Innovation (4IR) industries.

Approaches:

1. Drive more Innovation and R&D based investments which enable Malaysia to be holistic in its investment promotion – not only relying on production and distributive trade but also hosting Development, Enhancement, Maintenance, Protection and Exploitation (DEMPE) activities like research, development, design and IP creation.
2. Close 'Investment Gap' to enable Malaysia to become competitive in attracting a new category of investors such as Unicorns, Tech and Industry leaders, and fast-growing companies by creating 'Experiential Centres' and Accelerator Hubs.
3. Create opportunities for foreign investors to work with universities, TVETs and research institutions on a Public-Private Partnership (PPP) model to transfer 'Knowledge' and 'Best Practices' as well as 'Technology' to future-proof Malaysians.
4. Develop a sustainable Vendor Programme in collaboration between foreign investors and local companies to facilitate the matching of capable SMEs for win-win collaborations. This is aimed to enhance linkages of foreign companies into the local ecosystem that will increase longevity and spill-over into our local economy of these investments.





STRATEGIC THRUST 3

TRANSFORMING HUMAN CAPITAL

The reform of human capital in Malaysia will, in the end, transform the workforce into a highly skilled and productive workforce. In addition, the skills of Malaysian workers will be constantly updated to meet the needs and requirements of the market.

The key ministries identified to drive this Strategic Thrust (but not limited to) are:

- Ministry of Higher Education
- Ministry of Education
- Ministry of Human Resources
- Ministry of Science, Technology and Innovation
- Ministry of Communications and Multimedia
- Ministry of International Trade and Industry
- Ministry of Domestic Trade and Consumer Affairs
- Ministry of Youth and Sports

Strategic Action Plans

There are four (4) strategy recommendations under this Strategic Thrust proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation 1	Strengthen and expand partnerships between training and industry providers, as well as professional bodies, in designing training curriculum to meet industry standards.
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Action Plan		Benchmarking
1	Co-create a robust Malaysia Skills and Qualification Framework with critical stakeholders to identify, prioritise and align essential skills requirement for Malaysia's workforce development. This includes content coordination to address supply-demand skills mismatch and other barriers to skill development.	<ul style="list-style-type: none"> • SkillsFuture, Gov of Singapore • Workforce Singapore, Gov of Singapore • Australian Qualification Framework • European Qualifications Framework, EU • National Skills Qualifications Framework, Ministry of Skill Development and Entrepreneurship, Govt of India



	Action Plan	Benchmarking
2	<p>Design and deploy one consolidated national programme focusing on the Future Workforce, including reskilling, upskilling and life-long learning programme in line with the Fourth Industrial Revolution.</p> <p>Galvanise government, non-profit organisations, business communities, schools, and civil society support to re-educate society on life-long learning and improve the image of work and professions.</p>	<ul style="list-style-type: none"> • SkillsFuture, Gov of Singapore • Workforce Singapore, Gov of Singapore • European Union Youth Guarantee, European Commission (EC) • National Career Advice Portal, Skill India Mission Operation (SIMO) • Career Pathways Toolkit, United States Department of Labour • Skills Initiative for Africa (SIFA), African Union Commission (AUC)
3	<p>Consolidate and develop a robust national portal with a highly accessible database which includes training and industry providers focusing on the 4th Industrial Revolution. This should cover course and training provider information, individual skills assessment, events and resources.</p>	<ul style="list-style-type: none"> • SkillsFuture, Singapore • Workforce Singapore, Singapore • European Union Youth Guarantee, South Africa • National Career Advice Portal, Skill India Mission Operation (SIMO), India • United States Department of Labour Career Pathways Toolkit, US
4	<p>Design, enable and intensify dual-education apprenticeship model with selected industry partners to ease the transition between education and the workforce by providing students with on-the-job skills training while they complete their formal education (differ from internship).</p>	<ul style="list-style-type: none"> • Google Career Certificates • Korean Work-Learning Dual System, Human Resources Development Service of Korea • Germany's Work-Learning System, Federal Ministry for Economic Affairs and Energy (BMWi) • Switzerland's Work-Learning Dual System



Strategy Recommendation II Strengthening quality control mechanisms to ensure that academic programmes comply with accreditation and quality standards.

Action Plan		Benchmarking
1	Intensify and empower Future of Work Advisory Council to identify existing and future skill gap in specific industry sector. This council should evaluate, review and subsequently devise relevant intervention strategies to close the gaps in respective industries.	<ul style="list-style-type: none"> • Tech Partnership Degrees, UK • Denmark's Disruption Council, Denmark • Future Economy Council, Singapore • #mydigitalmaker Movement, MDEC • Industry Advisory Council, TalentCorp
2	Strengthen and extend Malaysia Qualifications Agency (MQA) in accrediting educational programmes, beyond post-secondary or higher education for quality assurance covering organisational accreditation, accreditation of courses and continuous improvement review.	<ul style="list-style-type: none"> • SkillsFuture, Singapore • Workforce Singapore, Singapore
3	Expand and intensify academic dual-training programmes to maximise experiential teaching and learning methodology including case simulation, business exposure, job shadowing, mentorship and coaching.	<ul style="list-style-type: none"> • Germany's Work-Learning System, Federal Ministry for Economic Affairs and Energy (BMWi) • Korean Work-Learning Dual System, Human Resources Development Service of Korea • Switzerland's Work-Learning Dual System
4	Co-create and establish a robust Malaysia Skills and Qualification Framework with critical stakeholders to identify, prioritise and align essential skills requirements for Malaysia's workforce development that includes content coordination to address supply-demand skills mismatch and other barriers to skill development.	<ul style="list-style-type: none"> • SkillsFuture, Gov of Singapore • Workforce Singapore, Gov of Singapore • European Qualifications Framework, EU • National Skills Qualifications Framework, Ministry of Skill Development and Entrepreneurship, Govt of India • Skills Initiative for Africa (SIFA), African Union Commission (AUC)



Strategy Recommendation III Encourage the private sector to provide upskilling to existing employees and industrial training that suit future graduates.

Action Plan		Benchmarking
1	Existing employees - design and deploy one consolidated national programme focusing on the Future Workforce, including reskilling, upskilling and life-long learning programme in line with the Fourth Industrial Revolution and Digital Transformation. Galvanise government, nonprofits and business communities.	<ul style="list-style-type: none"> • WSG WorkForce Singapore Career Advisors Initiative
2	Existing employees - subsidise mid-career employees to upskill and reskill by providing an appropriate number of subsidies for prioritised full-time and part-time courses to close the existing or future skill gap especially in digital skills.	<ul style="list-style-type: none"> • United States Department of Labour Career Pathways Toolkit, US • World Economic Forum's Closing the Skill Gap Accelerators • SkillsFuture, Singapore • Workforce Singapore, Singapore
3	Future Employees - coordinate, incentivise and intensify community investment by key private sectors for targeted youth workforce development to establish a future digital talent pipeline.	<ul style="list-style-type: none"> • HP's National Education Technology Assessment (NETA), Intel Future Skills Programme • #mydigitalmaker Movement, MDEC
4	Future employees - shift academic programmes to an appropriate mix of classroom learning, e-learning and workplace and work-based learning to improve learning efficacy and accessibility.	<ul style="list-style-type: none"> • Singapore's SkillsFuture Work-Study Degree • Workforce Singapore
5	Future Employees - intensify adoption of dual-education apprenticeship model to ease the transition between education and the workforce by providing students with on-the-job skills training while they complete their formal education.	<ul style="list-style-type: none"> • Korean Work-Learning Dual System, Human Resources Development Service of Korea • Germany's Work-Learning System, Federal Ministry for Economic Affairs and Energy (BMWi) • Switzerland's Work-Learning Dual System



Strategy Recommendation IV

Cultivate student's interests through career counselling programmes to participate in identified critical fields.

Action Plan		Benchmarking
1	Establish a national coordinated one-stop career centre for primary, secondary and tertiary students, teachers and parents to identify their lifelong learning pathways, access information about existing and emerging industries and their necessary skillset.	• Singapore's MySkillsFuture
2	Design effective career guidance service and intensify upskilling and reskilling schools. University counsellors are to assist students in transitioning from education into the labour market.	• Singapore's MySkillsFuture





STRATEGIC THRUST 4

STRENGTHENING THE LABOUR MARKET AND INCREASING COMPENSATION OF EMPLOYEES

The Government's initiative to strengthen the labour market and the compensation structure will enhance workers' rights in Malaysia. With this, workers are able to generate enough or earn higher income to achieve better livelihood. Improving labour management also means the need to address discrimination based on race, religion, gender or age at work.

The key ministries identified to drive this strategic thrust (but not limited to) are:

- Ministry of International Trade and Industry
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of Human Resources
- Ministry of Home Affairs
- Ministry of Higher Education
- Ministry of Science, Technology and Innovation
- Ministry of Communications and Multimedia

Strategic Action Plans

There are eight (8) strategy recommendations under this Strategic Thrust proposed for SPV2030. To formulate the strategic action plans from this Strategic Thrust, an additional one (1) new strategy recommendation has been curated. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation I	Expand the implementation of the Productivity-Linked Wage System (PLWS).
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Action Plan		Benchmarking
1	Consider automatic National Wage Index increment whenever price inflation exceeds a certain percent within a given year to address high living costs in Malaysia's towns and cities.	• International Labour Organisation (ILO)
2	Intensify discussions with the industry to address the issue of rising production cost for employers which potentially lead to reduction in profit margins and potential employees headcounts. Engage and accelerate efforts through the Human Resources Development Fund (HRDF) to provide quality training and up-skilling for HR practitioners and other stakeholders under their purview. This should not just cover the technical skills needed for PLWS, but also to emphasise on transformation culture and attitude strategy to manage resistance and ensure effective adoption.	• International Labour Organisation (ILO)

Strategy Recommendation II Expanding the implementation of the Productivity-Linked Wage System (PLWS).

Action Plan		Benchmarking
1	<p>Intensify engagement with Government-Linked corporations (GLCs), Small and Medium-sized Enterprises (SMEs) in collaboration with Malaysia Productivity Corporation (MPC), SME Corporation Malaysia (SME Corporation Malaysia), Human Resources Development Fund (HRDF), Ministry of Entrepreneur Development and Cooperatives (MEDAC) and Ministry of Human Resources Malaysia to facilitate and prioritise impactful implementation in selected companies or enterprises.</p> <p>Impact analysis to be conducted at frequent timeframes, to set priorities, address any emerging challenges and identification of productivity success stories throughout the implementation period.</p>	<ul style="list-style-type: none"> • The MultiProd project, OECD • Singapore Productivity Centre, Singapore • Decoupling of Wages From Productivity, OECD • The Relation between Productivity and Compensation in Europe, European Commission
2	<p>Establish a robust benchmarking exercise to help companies benchmark their productivity and wage performance against industry peers. This will help companies to identify areas for improvements and adopt PLWS to address current and future needs.</p>	<ul style="list-style-type: none"> • The MultiProd project, OECD • Singapore Productivity Centre, Singapore • Decoupling of Wages From Productivity, OECD • The Relation between Productivity and Compensation in Europe, European Commission
3	<p>Enable and intensify effective organisational change management exercise through strategic engagement with employee unions and HR practitioners of Government-Linked Corporations (GLCs), Small and Medium-sized Enterprises (SMEs) on Productivity-Linked Wage System (PLWS) fundamentals to address common misconceptions on PLWS.</p>	<ul style="list-style-type: none"> • The MultiProd project, OECD • Singapore Productivity Centre, Singapore • Decoupling of Wages From Productivity, OECD • The Relation between Productivity and Compensation in Europe, European Commission
4	<p>Engage and accelerate efforts through the Human Resources Development Fund (HRDF) to provide quality training and upskilling for HR practitioners and other stakeholders under their purview. This should not just cover the technical skills needed for PLWS, but also to emphasise on transformation culture and attitude strategy to manage resistance and ensure effective adoption.</p>	<ul style="list-style-type: none"> • The MultiProd project, OECD • Singapore Productivity Centre, Singapore • Decoupling of Wages From Productivity, OECD • The Relation between Productivity and Compensation in Europe, European Commission



Action Plan		Benchmarking
5	Enhance collaboration between the National Productivity Council, [revived in 2019] and the National Wage Consultative Council to steer overall national productivity. Diverse membership needs to be in place to ensure holistic viewpoints and in the designing of the productivity action plans in the future.	<ul style="list-style-type: none"> • Singapore Productivity Centre, Singapore • Managing Change in OECD Governments, OECD
6	Improve information accessibility on the PLWS by consolidating and enriching guidelines for implementation, particularly on productivity measurement approaches for different sectors, occupations and roles.	<ul style="list-style-type: none"> • The MultiProd project, OECD • Singapore Productivity Centre, Singapore • Decoupling of Wages from Productivity, OECD • The Relation between Productivity and Compensation in Europe, European Commission



Strategy Recommendation III Reviewing the regulations pertaining to permitted sectors on employing foreign workers, including the registration system.

Action Plan		Benchmarking
1	Review and restructure workforce requirement by tightening the relevant entry criteria of low-skilled workers by reviewing, prioritising and setting a limited quota on permitted sectors.	<ul style="list-style-type: none"> • Skilled Immigration Act of 2020, Germany • Ministry of Manpower, Singapore
2	Address fragmented coordination among implementing agencies by streamlining the management of foreign workers through a single point of authority to reduce overlaps and inconsistencies. Strong coordination by a single point of control is critical to ensure effective strategic oversight, advisory, coordination and monitoring and implementation.	<ul style="list-style-type: none"> • Skilled Immigration Act of 2020, Germany • Ministry of Manpower, Singapore
3	Heighten focused enforcement across all sectors to abide to the maximum threshold of 15%, as announced by the Ministry of Human Resources in October 2019.	<ul style="list-style-type: none"> • Skilled Immigration Act of 2020, Germany • Ministry of Manpower, Singapore



Strategy Recommendation IV

Introduce and enforce payroll system through registered financial institutions to facilitate monitoring and management of foreign workers.

Action Plan		Benchmarking
1	<p>Harness predictive and prescriptive analytics within the payroll systems (incumbent or future) to enable structured data collection and harness data analytics in identification of suspicious patterns and anomalies for supervisory reporting and decision-making.</p> <p>Beyond monitoring and management of foreign workers, this system can also be our line of defence against money laundering activities and terrorism-financing threats.</p>	<ul style="list-style-type: none"> • Leading central banks

Strategy Recommendation V

Improve enforcement and monitor mechanisms to prevent foreign workers from leaving the permitted sectors' occupations.

Action Plan		Benchmarking
1	<p>Address fragmented coordination among implementing agencies by streamlining the management of foreign workers through a single point of authority to reduce overlaps and inconsistencies. Strong coordination by a single point of control is critical to ensure effective strategic oversight, advisory, coordination and monitoring, and implementation.</p>	<ul style="list-style-type: none"> • Skilled Immigration Act of 2020, Germany • Ministry of Manpower, Singapore

**Strategy Recommendation VI**

Review domestic investment promotion including tax-related incentives. Expand investment in R&D technology adoption in production and human capital development.

Action Plan		Benchmarking
1	<p>Review and reassess tax incentives and its renewal to measure its effectiveness.</p>	<ul style="list-style-type: none"> • International Growth Centre
2	<p>Engage with leading investment government agencies with mandate to formulate domestic investment package.</p>	

Strategy Recommendation VII Expand investment in R&D, technology adoption in production and human capital development.

Action Plan		Benchmarking
1	Strengthen readiness, knowledge and adoption of technology across sectors through strategic collaboration for R&D with leading technology agencies such as NanoMalaysia, Malaysia Digital Economy Corporation (MDEC) and others.	<ul style="list-style-type: none"> • SkillsFuture, Gov of Singapore • Workforce Singapore, Gov of Singapore • Mentorship for Accelerating Productivity (MAP), Singapore • GovTech, Singapore 
2	Intensify engagement with public and private sector stakeholders through workshops, roundtables and presentations. Focus groups and interviews with the stakeholders are also critical in the identification of productivity challenges and potential productivity enablers.	<ul style="list-style-type: none"> • SkillsFuture, Gov of Singapore • Workforce Singapore, Gov of Singapore • Mentorship for Accelerating Productivity (MAP), Singapore • GovTech, Singapore 
3	Intensify support for innovation, through education and research. Facilitate SMEs through funding, counselling, network building and international immersion programmes.	<ul style="list-style-type: none"> • Boosting Productivity in Finland, OECD • Mentorship for Accelerating Productivity (MAP), Singapore • GovTech, Singapore  
4	Design, enable and intensify dual-education apprenticeship model with selected industry partners to ease the transition between education and the workforce by providing students with on-the-job skills training while they complete their formal education (differ from internship).	<ul style="list-style-type: none"> • Google Career Certificates • Korean Work-Learning Dual System, Human Resources Development Service of Korea • Germany's Work-Learning System, Federal Ministry for Economic Affairs and Energy (BMWi) • Switzerland's Work-Learning Dual System   

Strategy Recommendation VIII (New)		Reclassify legal definition of Gig Economy workers as 'independent employees' and establish long term measures to recognise, protect and support gig economy workers.
Action Plan		Benchmarking
1	Address the inconsistencies in the use of terminology in describing gig economy workers to differentiate them from freelancers and self-employed workers. A clear distinction on platform types and non-platform types of work will enable more accurate data collection for targeted policies and future financial or social assistance.	
2	Revisit legal definition and reclassify gig economy workers as 'independent employees' and introduce a regulatory framework that governs gig economy. This is to reduce the power asymmetry that favours platform providers which subsequently leads to exploitation by platform providers.	
3	Establish a 'Contract of Agreement' between gig economy workers and platform providers.	
4	Establish and enable a Platform-to-Government (P2G) data sharing ecosystem to ensure platform providers make available gig-economy workers' data for evidence-based policy making, provision of public services and reduce monopolistic data markets.	<ul style="list-style-type: none"> • Meeting of the G20 Employment Working Group • European Commission's Business-to-Government Data Sharing
5	Establish a more robust safety net by enabling automatic enrollment of social security programmes such as SOCSO's Self Employed Social Security Scheme and EPF's i-Saraan for gig economy workers.	
6	Create massive awareness and intensify upskilling opportunities for gig economy workers to diversify their skillset and explore alternative job options. Scale up impactful programmes such as MDEC's eUsahawan, eRezeki and Go-eCommerce with higher level of funding.	



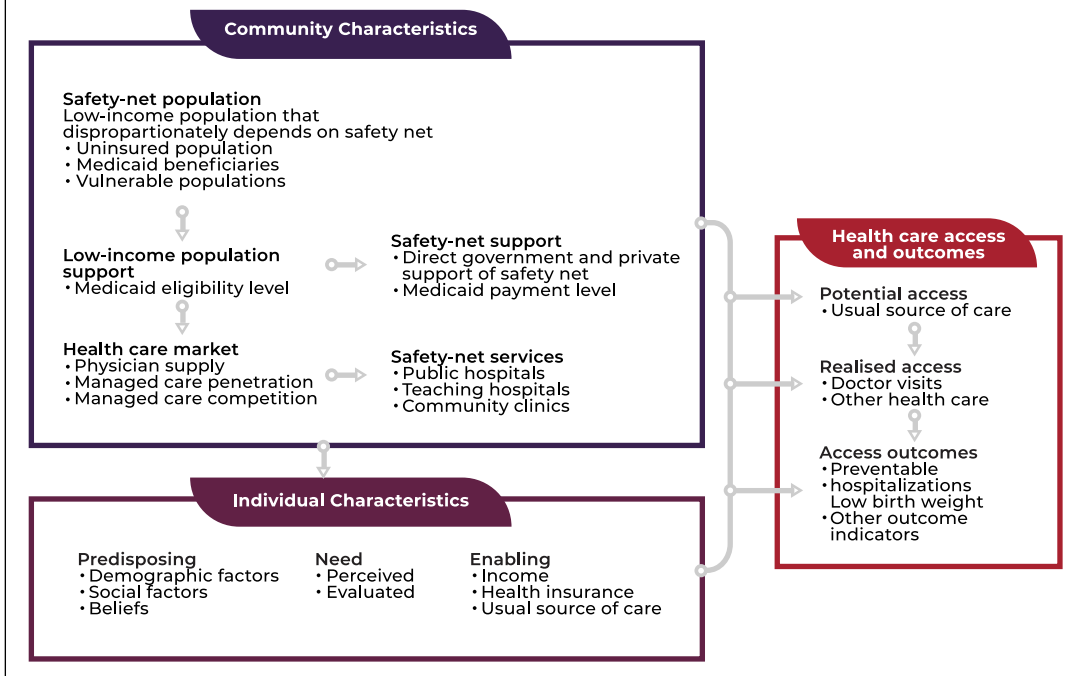
SOCIAL SAFETY NETS (SSNS) AND ITS IMPORTANCE OF POST COVID-19

Social safety nets (SSNs) are an important component of effective development strategies during the pandemic-economy for survival and sustainability, as well as when inequality persists. SSNs avoid the disparity trap in the economic shock downfall due to the pandemic. The Social and Financial aspects of SSNs could provide the sustainability of the economy with several programmes such as National Economic Recovery Plan (PENJANA) and other Human Capital Development programmes. However, the programmes need a guideline that could control, mitigate, manage, and implement thoroughly in society for sustainability. SSNs protection could cover the overall programmes in achieving the aims of SPV 2030.

SSNs are a subset of social protection programmes supported by the government that corresponds to six (6) functions;

1. Reduce chronic poverty and inequality during the pandemic-economic phase.
2. Encourage and leverage human capital investments with a focus on B40 and M40 by providing the opportunity to exit poverty, as well as for survival through sustainability programmes.
3. Enable the B40 and M40 to manage risks in a new norm from the pandemic-economic slow mobility and individual shocks.
4. Enable the B40 to manage new norm risk from systemic shocks into a good decent living.
5. Protect the B40 and M40 during the pandemic-economic reforms through several financial and human capital programmes towards achieving better social capital.
6. Protect the aged population with sustainable living through sufficient savings and a healthcare programme for the retirement period.

The conceptual framework of evaluating the safety net and other community-level factors on access and access outcome are as follows;





STRATEGIC THRUST 5

SOCIAL WELL-BEING

Once social welfare preservation initiatives are implemented, the B40 will have greater access to public facilities and opportunities to increase their incomes. Financial literacy will also increase with the implementation of money management education programmes.

The key ministries identified to drive this strategic thrust (but not limited to) are:

- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of Human Resources
- Ministry of Finance
- Ministry of Education
- Ministry of Higher Education
- Ministry of Women, Family and Community Development

Strategic Action Plans

There are six (6) strategy recommendations under this Strategic Thrust proposed for SPV2030. Throughout the research, an additional one (1) new strategy recommendation has been curated. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation I	Expand the social security system to be more integrated and comprehensive.
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Action Plan		Benchmarking
1	Prioritise on social security benefits that are most pertinent to Malaysians (healthcare, occupational accidents, diseases, minimum wage, unemployment benefits, family benefits, retirement, housing, student financial assistance, disability benefits and rehabilitation) <ul style="list-style-type: none"> • Provisions to be made using a rights-based or needs-based approach. • Prioritise aging society and vulnerable communities. 	<ul style="list-style-type: none"> • Social Security Systems Around the Globe (2014 PwC Report) 
2	Benchmark against top performing countries with high Global Social Mobility Index rankings and link this to the Sustainable Development Goals.	<ul style="list-style-type: none"> • World Economic Forum's Global Social Mobility Index • UN Sustainable Development Goals 
3	Map out existing social security benefits, current beneficiaries of social security benefits and existing providers of social security benefits - identify gaps, overlaps and synergies.	-

Action Plan		Benchmarking
4	Integrate relevant social security benefits under the purview of one umbrella organisation or provider and one overarching database.	-
5	Design or ensure delivery of cross-cutting services to the target audience based on multi-dimensional poverty indicators (MPI).	<ul style="list-style-type: none"> • UNDP Unpacking Malaysia's New PLI and MPI Findings
6	Build the capacity of public-facing District Officers who deliver the social security services to the target audience at the ground level, including staff of welfare departments, youth departments, women departments, national unity and departments. <ul style="list-style-type: none"> • Institute more in-service courses for civil servants (especially district level) that cover the UN Sustainable Development Goals and Shared Prosperity Vision 2030. 	-




Strategy Recommendation II Introduce mandatory retirement contribution scheme to workers in informal sectors.

Action Plan		Benchmarking
1	Identify informal sectors to run a pilot on the retirement contribution scheme, and engage the sectors in order to understand needs and behaviour.	-
2	Study the experiences of other countries in implementing retirement schemes for the informal sectors such as Africa and Chile.	<ul style="list-style-type: none"> • Pension Coverage and Informal Sector Workers: International Experiences (2009 OECD)
3	Explore instruments that cater for the characteristics of the informal sector, such as micro insurance, micro pension, flexible contribution schemes, flat non-contributory pension and family-based support system.	<ul style="list-style-type: none"> • Extending Pension Coverage to the Informal Sector in Africa (2019 World Bank) • Pension extension: Bringing informal workers into the retirement social safety net (Asian Development Blog)
4	Design a retirement contribution scheme with active input from selected informal sector participants then roll out and expand as appropriate.	<ul style="list-style-type: none"> • Pension Design with a Large Informal Labour Market: Evidence from Chile (2014 IZA)




Strategy Recommendation III

Review the methodology of PLI to be more relevant and to reflect current situation.

Action Plan		Benchmarking
1	This has already been completed by the Department of Statistics based on the Household Income Survey 2019 and announced to the public in July 2020. PLI is to be further refined using multi-dimensional poverty indicators beyond just income, such as education level, access to basic services and health. <ul style="list-style-type: none"> • Calculation of the PLI to be based on household disposable income rather than gross income for more accuracy. 	<ul style="list-style-type: none"> • UNDP Unpacking Malaysia's New PLI and MPI Findings 
2	PLI is to be further refined by differentiating between urban poverty and rural poverty, as the current poverty line of RM2208 is too low for urban poor and too high for rural poor.	
3	B40 can be further segmentised with more targeted assistance: <ul style="list-style-type: none"> • Bottom 2% to be assisted with cash transfers • Bottom 10% to be assisted via graduation programmes • Bottom 40% to be supported with capacity development 	
4	Use relative PLI rather than absolute PLI in identifying target audience and social assistance to be delivered.	

Strategy Recommendation IV

Promote continuous national-scaled financial awareness programmes including financial management awareness campaigns in schools and Higher Education Institutions (HEIs).

Action Plan		Benchmarking
1	Implement the National Strategy for Financial Literacy (2019-2023) and its 5 priority areas.	National Strategies for Financial Education (OECD) 
2	Adapt existing financial literacy classes (e.g. My Money & Me by Malaysian Financial Planning Council) for different audiences (schools, higher education institutions, working adults, homemakers and pensioners).	
3	Mandate compulsory financial literacy classes for schools and higher education institutions, as well as for companies as part of staff.	
4	Devise delivery methods to ensure that the financial literacy resources are accessible to and reach the informal sector and bottom layer of society.	

Strategy Recommendation V

Refine information to determine more specific categories of B40 to provide better targeted assistance.

Action Plan		Benchmarking
1	<p>Refined categories of B40 have been completed by the Department of Statistics in July 2020.</p> <p>For more refinement, move beyond categories based on just income, and include differentiation in the following:</p> <ul style="list-style-type: none"> • Single income versus multiple income household • Daily wage versus salaried worker • Household with disabled or special needs members or elders • Household with school-going members • Household with and without insurance • Isolated households (without extended family support or community support) 	-
2	<p>Update data collection methods and database to incorporate the more refined and disaggregated data</p> <ul style="list-style-type: none"> • Data collection to be done at local geographic level. • To ensure survey captures the vulnerable communities. 	-

Strategy Recommendation VI

Integrate databases to ensure assistance can be provided to the targeted groups.

Action Plan	
1	Map out existing economic assistance benefits its current beneficiaries of such benefits and existing providers and identify gaps, overlaps and synergies.
2	Assess whether the different database can be integrated based on data format, application or platforms used and sensitivity of data privacy.
3	Decide on a database format that is disaggregated by the more refined categories and criteria, and that is universal and portable across different systems and align existing databases to this format.
4	Integrate database under the purview of one umbrella organisation or provider and one overarching database, accessible to all relevant parties.

SOCIAL RISK CONCEPT AND SPV2030

The development of the social risk concept reflects the diversity of applicable domains; conceptual and methodological approaches are being specific to the natural and social sciences.

In the past, natural disasters and health problems represented a major concern for the population and for society. The evolution of humankind favoured the development of new types of social risks which are reflected in the structure of present societies that are exposed to current technology and digitalisation. The use of social media as strategic communication is not used only for social connection but also for business.

The major concern of social media is user etiquette and uncontrollable true and fake news. There is also the culture of cyberbullying that has penetrated the current society's mindset and fast becoming a social risk. The social risk study is important in human activities and the modernisation of society and should be a part of social capital in SPV2030.





STRATEGIC THRUST 6

REGIONAL INCLUSION

Once geographical inclusion initiatives are implemented, both rural and low-growth areas will enjoy improved living standards in terms of facilities and public infrastructure that play a role in facilitating growth while also enjoying more economic opportunities. Factors such as accessibility, networking, strengthening of ecosystems, logistics and other socio-economic factors such as education, health and so on will stimulate economic development, develop talent, provide more jobs and business opportunities, while fostering urban population growth.

The key ministries identified to drive this strategic thrust (but not limited to) are:

- The Prime Minister’s Department
- The Economic Planning Unit
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of Rural Development
- Ministry of Housing and Local Government

Strategic Action Plans

There are nine (9) strategy recommendations under this Strategic Thrust proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation 1	Mapping of potential economic areas for regional development planning.
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Action Plan		Benchmarking
1	Relocate industry based on local economic advantage.	Economic Corridors and regional development: The Malaysian experience 2017 - Challenges of Regional Development in Malaysia in the Globalisation Context (ResearchGate 2011)
2	Enhancing Public - Private Partnership (PPP) Programmes for regional economic development.	Public-Private Partnership System and Sustainable Development in Asia and the Pacific (United Nation Economic and social Commission for Asia and the Pacific)
3	Improving potential of major cities to accelerate regional economic growth based on City Competitiveness Master Plan (CCMP) for the four major cities, by emphasising on key focus areas (FT of KL, Johor, Kota Kinabalu and Kuching). These major cities will be developed to be more vibrant, productive and liveable to attract and retain talent and firms, while at the same time enhance urban-rural linkages and access.	Achieving a System of Competitive Cities in Malaysia (World Bank 2015)



Strategy Recommendation II

Determining measurable indicators of income growth, business progress and regional economic development in rural areas.

Action Plan		Benchmarking
1	To expand the scope in the Sistem Profil Kampung Peringkat Nasional (SPKPN) as a centralised database on profile of villages as national reference for development planning (currently under EPU). The database will include information on demographics, socio economic status, inclusivity, liveability and infrastructure to be used as the national reference for effective planning of rural development programmes and projects. Sample parameters: Job Activity, Market Connectivity, Target Industries, Labour Access, Inclusivity, Diversity, Job Access, Developability, Liveability, Market Activity and Affordability.	Economic Value Atlas: A approach to regional transportation and land use planning (Brookings, Washington)



Strategy Recommendation III

Implementing a holistic rural development action plan by taking into account ecosystem development, human resource and talent, financing, skills and entrepreneurship, logistics and communications.

Action Plan		Benchmarking
1	Improve rural organisation mechanism <ul style="list-style-type: none"> • Strengthening rural community leadership (<i>Majlis Pengurusan Komuniti Kampung</i>) • Streamlining delivery system (<i>Program Sahabat</i>) 	• National Entrepreneurship Policy
2	Include more villages to be part of <i>Program Desa Lestari</i> (PDL) and strengthen the framework to minimise the number of abandoned projects.	• National Entrepreneurship Policy
3	Upgrade digital infrastructures at <i>Pusat Komuniti Desa</i> (PKD) such as high-speed broadband and mobile services coverage to support ecommerce activities, thus leveraging on digital economy including e-wallet and e-payment facilities.	• National Entrepreneurship Policy
4	Encourage private sectors and social enterprises to participate in rural economic activities as part of CSR.	• Brokering Inclusive Business Models, UNDP
5	To intensify entrepreneurial programmes and activities to support Bumiputera, Social Focused Groups and Marginalised groups by: <ul style="list-style-type: none"> • providing education, awareness and training new skillsets for income generation. • providing early assistance for micro enterprises to set up and run businesses. 	• Entrepreneurship and supporting institutions: an analytical approach (Food and Agriculture, UN)



Strategy Recommendation IV

Develop suburban, rural areas and underutilised land to be competitive and creating more employment opportunities.

Action Plan		Benchmarking
1	Optimise rural economic activities through programmes that optimised land such as <i>Aktiviti Ekonomi Tambahan and Program Peningkatan Pendapatan</i> (by providing business space, training and skill courses, machinery and equipment and advisory - Agricultural activities).	• National Entrepreneurship Policy
2	Utilise idle land for cluster farming through programmes such as <i>Projek Bersepadu Pembangunan Ekonomi Kampung (PROSPEK)</i> and <i>Program Desa Lestari</i> .	• National Entrepreneurship Policy

Strategy Recommendation V

Develop several new pilot city models in line with the City Prosperity Index.

Action Plan		Benchmarking
1	Conduct baseline study to compile database and analysis in cities in Malaysia.	Action Planning for Cities (UN Habitat)

**Strategy Recommendation VI**

Creating new industries in rural areas to value add on existing industries and encouraging diversification of businesses apart from agricultural industry.

Action Plan		Benchmarking
1	Consider focusing more in rural tourism - Enhance tourism access, connectivity and infrastructure (Eco tourism and Heritage tourism).	Enhancing rural transport connectivity to regional and international transport networks in Asia and the Pacific (United Nations Economic and Social Commission for Asia and the Pacific - UNESCAP) To conduct baseline study to compile database and analysis of cities in Malaysia
2	Cultural and rural economy transformation of popular crafts into marketable folk art.	Handicrafts and employment generation for the poorest youth and women (UNESCO)

Strategy Recommendation VII

Develop regional economic ecosystem including enhancing entrepreneurship programmes, encouraging start-ups and boosting rural industry competitiveness to bridge urban-rural economic disparity.

Action Plan		Benchmarking
1	Strengthen digital infrastructure and high quality connectivity (high speed broadband) to support digital economy (e-wallet, e-trade, e-learning, e-sport, e-health).	-
2	Enhance skill enhancement training and capacity building programmes (industry linked enhancement training programmes to ensure marketability in labour force and to venture into entrepreneurship).	-

Strategy Recommendation VIII

Improve access to basic facilities and infrastructure in rural areas such as hospitals, health centres, schools, roads, jetties, bridges, markets and telecommunication infrastructure.

Action Plan		Benchmarking
1	Further intensify construction and upgrade of roads, construct bridges, wider electricity supply, wider water coverage and digital infrastructure, as in the Priority Infrastructure Project (PIP).	Urban - Rural Linkages (UN Habitat, 2017)
2	Adoption of new technology and construction method to ensure rapid and effective execution of rural infrastructure projects - Sustainable development	Green infrastructure in rural development, case study in Hungary (ResearchGate 2016)



Strategy Recommendation IX

Accelerate development of affordable housing for better liveability.

Action Plan		Benchmarking
1	Establish a single entity to spearhead affordable housing initiative. Currently, various Government agencies, state agencies and private players are involved in the affordable housing initiative. This results in efforts and activities that are fragmented and uncoordinated.	<ul style="list-style-type: none"> • KOREA and Singapore - single entity and housing corporation in Korea
2	Reducing the cost of affordable housing <ul style="list-style-type: none"> • Adopting more advanced construction method. • Reduce compliance cost for affordable housing projects. 	<ul style="list-style-type: none"> • Rethinking Housing: Between State, Market and Society - Khazanah Research Institute • Housing Development Board (2011). Public Housing in Singapore.
3	Work with state authorities to identify state owned lands at highly accessible locations to build affordable homes. This is to reduce construction cost, development charges and compliance cost of developer (National Affordable Housing).	<ul style="list-style-type: none"> • National Affordable Housing, Malaysia
4	Strengthen planning, management and implementation of financial literacy among potential homeowners.	<ul style="list-style-type: none"> • Affordable Housing: Challenges and the Way Forward (Bank Negara Malaysia)
5	Study the effectiveness of financial schemes to assist owners to build homes on their own land in rural areas.	<ul style="list-style-type: none"> • Rethinking Housing: Between State, Market and Society - Khazanah Research Institute
6	Increase financial accessibility to further enhance the rental-to-own ecosystem.	<ul style="list-style-type: none"> • Rent to Buy Scheme, UK
7	Establish centralised and integrated housing information database that could improve housing data collection and enhance policy planning.	<ul style="list-style-type: none"> • National Affordable Housing, Malaysia
8	Improve rental market by strengthening the legal framework. This would also include reviews on the Residential Tenancy Act which provides legal safeguards to both landlords and tenants. The improvements would encourage demand and supply for rented houses in Malaysia. Next, is to establish the Tenancy Tribunal as an inexpensive option to resolve disputes between landlords and tenants.	<ul style="list-style-type: none"> • Rental industry in Canada, New Zealand and Australia



	Action Plan	Benchmarking
9	Utilise Waqaf and Baitumal Land for development by housing Muslim in the lower income group.	<ul style="list-style-type: none"> • Administration and Management of Waqf Land in Malaysia: Issues and Solutions (Mediterranean Journal of Social Sciences, July 2015) • Waqf Cooperative Housing Model (WCHM) as an Innovative Solution for Affordable Housing (International Journal of Innovation and Business Strategy, 2019)





STRATEGIC THRUST 7

SOCIAL CAPITAL

With the development of social capital, youth involvement in social activities will be enhanced and cooperation between the government and civil society organisations will produce a more holistic policy-based and community-based approach when there is trust among people, unity and mutual prosperity may be realised.

The key ministries identified to drive this strategic thrust (but not limited to) are:

- The Economic Planning Unit
- Ministry of Women, Family and Community Development
- Ministry of National Unity
- Ministry of Education
- Ministry of Higher Education
- Ministry of Youth and Sports
- Ministry of Housing and Local Government
- Ministry of Communications and Multimedia
- Ministry of Tourism, Art and Culture

Strategic Action Plans

There are five (5) strategy recommendations under this Strategic Thrust proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation I	Strengthen the role of the Community Based Organisation (CBO) in balancing national issues by developing national-level platforms such as town hall, national consultation councils and the establishment of the <i>Majlis Muafakat</i> .
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Action Plan		Benchmarking
1	Map out existing CBOs, Civil Society Organisations (CSO) and NGOs by mission, function and geographic coverage.	-
2	Develop unified policies for CBOs, CSOs and NGOs that are currently being handled separately by individual ministries <ul style="list-style-type: none"> • Provide a standard accreditation or a social work bill. • Formalise the social sector employment and training (certificates and diplomas). 	United Nations NGOs Accreditation
3	Engage with selected CBOs, CSOs and NGOs to understand their needs and preferred consultation methods for national-level initiatives.	CSO Sourcebook – A Staff Guide to Cooperation with Civil Society Organisations (2008 ADB)



Action Plan		Benchmarking
4	Conduct regular sessions with select CBOs, CSOs and NGOs and align those in similar areas to common goals that are in line with national priorities.	Guidelines on Civil Society Organisations' participation in Council of Europe's co-operation activities (Council of Europe)
5	Provide grants and structured training for CBOs, CSOs and NGOs in areas that are of national priority.	-
6	Mandate and ensure sufficient representation of communities in decision-making councils, committees and boards for policy and project implementation.	-
7	Implement a rights-holder approach (people who are directly impacted by the project and development) with first right of refusal rather than stakeholder approach in designing and conducting engagement.	-
8	Incentivise participation of community leaders in review of policies, strategies and programmes, as well as in project cycle and operations where possible either by appointing them as consultants or advisors.	Strengthening Participation for Development Results: An Asian Development Bank Guide to Participation (2012 ADB)
9	Establish a database of CBOs, CSOs and NGOs for ease of connection and communication, such as UN's Integrated Civil Society Organisations System (iCSO).	United Nations Integrated Civil Society Organisations (iCSO) System



Strategy Recommendation II

Foster youth involvement in community activities such as *gotong-royong* and community service as well as local economic development.

Action Plan		Benchmarking
1	Leverage on schools and higher institutions to mandate community service and community development as part of the curriculum.	-
2	Link youth with local leaders who act as positive youth development agents and encourage youth participation in volunteering activities, decision-making and mentorships.	Youth Participation in Community Development: A Case Study of Youth in Takeo Province, Cambodia (2017 University of Wellington)
3	Encourage youth-serving organisations to work collaboratively towards common goals and ensure programmes complement rather than duplicate or compete against each other.	Promoting Youth Development: Strengthening the Role of Youth Service and Community Organisations (1991 University of Nebraska)
4	Explore and implement PPP models and community-building programmes to foster youth involvement.	MaGIC Ecosystem Builders Programme



Action Plan		Benchmarking
5	Allocate seats for youth in local councils or in local economic development committees to encourage participation.	Integrating Youth into Community Development: Implications for Policy Planning (2006 Journal of Youth Development)
6	Create incentives in the form of recognition (certificates, awards and media mention) to encourage participation and add credibility to youth's future endeavours especially for scholarship applications and university applications.	-
7	Conduct outreach to low-income communities, minorities and rural youth that are often side-lined or unable to access the opportunities provided - design programs that are specific to their situation of limited resources.	-

Strategy Recommendation III

Enhance understanding and create lasting harmony among various ethnic and religious groups in Malaysia.

Action Plan		Benchmarking
1	Move away from 'divide and rule' policy to one that encourages a unified multicultural and meritocratic society.	Cultivating a Harmonious Society, Becoming One People (Singapore Public Service Department)
2	Establish a Harmony Fund that provides grants to promote education, training and research programmes that focus on ethnic peace and harmony, and go beyond tolerance of differences into embracing differences.	-
3	Ensure a balanced representation of Malaysia's diverse ethnic groups in areas such as housing, schooling and public facilities through the establishment of community centres to create common spaces for people of different backgrounds to meet, mingle and build bonds naturally.	Harmony in Diversity: an Empirical Study of Harmonious Co-Existence in the Multi-Ethnic Culture of Qinghai (2018 International Journal of Anthropology and Ethnology)
4	Encourage the development of Community Engagement programmes to strengthen ties and build trust. The programmes can prepare a community to respond in times of crisis in order to quickly marshal help and aid recovery as demonstrated during COVID-19.	Activities in promotion of racial harmony and support measures for ethnic minorities (HKSAR Government)
5	Mainstream inclusion of multi-ethnic and inter-religious discussions that are civil and informational in the public media, either via TV programmes or media features to foster learning about each other's culture and religion.	-
6	Strengthen the <i>Indeks Ketegangan Masyarakat</i> (IKM) with big data and in-depth analysis to pinpoint core issues and solutions.	-





Strategy Recommendation IV

Foster a sense of belonging by celebrating diversity and respecting differences of ideologies.

Action Plan		Benchmarking
1	Protect the rights of minorities as a safeguard to increase their sense of belonging and to ensure the Government does not implement any laws or policies which discriminate or disadvantage any race, religion or community.	-
2	Enforce a Hate Speech Act to deter provocative incidents that can potentially flare up into divisive or destructive incidents.	-
3	Empower communities to act against incidents via community mediation methods to resolve relational, community and social disputes (racism, discrimination, hate-crime and abuse) <ul style="list-style-type: none"> • Community leaders to be trained to become qualified mediators 	Singapore Community Mediation Centre
4	Conduct a public campaign calling upon Malaysians to stand up and check the surge of racism, extremism and religious bigotry and to keep building respect for one another's culture and religion.	-



Strategy Recommendation V	Strengthen education policies and various unity initiatives to ensure that the unity and integration among Malaysians are maintained.
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Action Plan		Benchmarking
1	Move away from 'divide and rule' policy to one that encourages a unified multicultural and meritocratic society.	Cultivating a Harmonious Society, Becoming One People (Singapore Public Service Department)
2	Ensure a balanced representation of Malaysia's diverse ethnic groups in schools and educational institutions as well as in the workforce to create opportunities for people of different backgrounds to meet, mingle and build bonds naturally. <ul style="list-style-type: none"> • Balance the equal opportunity and prohibition of unfair discrimination with promotion of diversity and equitable representation. 	-
3	Establish a Harmony Fund that provides grants to promote education, training and research programmes that focus on ethnic peace and harmony and go beyond tolerance of differences into embracing differences.	Harmony in Diversity: an Empirical Study of Harmonious Co-Existence in the Multi-Ethnic Culture of Qinghai (2018 International Journal of Anthropology and Ethnology)
4	Mainstream multi-ethnic and inter-religious classes, events and discussions that are civil and informational into the curriculum to foster learning about each other's culture and religion.	-
5	Encourage the development of multi-racial and multi-religious Community Engagement or Social Interaction programmes at school or educational institutions to strengthen ties and build trust.	Activities in Promotion Oof Racial Harmony and Support Measures for Ethnic Minorities (HKSAR Government)
6	Establish oversight agencies to ensure the prevention of discrimination and promotion of diversity in different work sectors, such as the Fair Employment Commission. <ul style="list-style-type: none"> • Special attention should be given to people with disabilities who may need specific legislations. 	USA's Fair Employment Practices Committee
7	Implement Unity Internship programmes that ensure a good mix and representation amongst participants to encourage mingling and collaborations.	-
8	Leverage on sports as a method to promote unity, and ensure sports are inclusive for all (including the disabled, young and old).	-



The Civil Society Organisation (CSO) and Community-Based Organisation (CBO): Policy Consultation and Partnership in Nation-Building

The Civil Society Organisation (CSO) can be defined to include all non-market and non-state organisations outside of the family in which people organise themselves to pursue shared interests in the public domain. Examples include community-based organisations and village associations, environmental groups, women's rights groups, farmers' associations, faith-based organisations, labour unions, co-operatives, professional associations, chambers of commerce, independent research institutes, and the not-for-profit media. There are many types of CSOs involved in delivering aid, including faith-based groups, trade unions, professional associations and internationally affiliated organisations with branches in many different countries. Non-Government Organisation (NGO) is a subset of CSOs.

On the other hand, the Community Based Organisation (CBO) or community organisation refers to an organisation aimed at making desired improvements to a community's social health, well-being, and overall functioning. Community organisation occurs in geographically, psychosocially, culturally, spiritually, and digitally bound communities.

In Malaysia, the role of CSO and CBO is still undervalued, and yet both organisations are vital for development, disarmament, conflict resolution, the rule of law and social wellbeing. Experience from many African nations as well as Europe, America, and Asia – provides compelling evidence that both CBO and CSO play a fundamental role in economic and social progress.

The functionality of CSO was not being captured in the SPV2030, while CBO was mentioned very lightly. Strengthening the role of CSOs and CBOs in Malaysia is very important by giving them clear mandates and functions in balancing national issues and agendas. A further in-depth study, however, needs to be conducted on this, especially in establishing a framework of collaboration model (partnership and policy consultation) for national building.

The gaps in SPV2030 document are not limited to the ones highlighted herein. The listed focus areas, however, are believed to be prioritised for Malaysia to achieve the holistic vision and all SPV targets, by 2030.





STRATEGIC TRUST 8

ENVIRONMENTAL SUSTAINABILITY

As a result of rapid development, the country is facing challenges to balance between population growth and the increasing demand for resources. Furthermore, unsustainable lifestyles and poor consumption habits are leading to overconsumption of resources and increase in residual waste production. While the Environmental Impact Assessment is important, it is only focused on specific projects and does not cover the impact of the ecosystem as a whole. A high commitment is required in acknowledging the significant value of the environment as in the economic and social sectors, and enhancing the practice of shared responsibility among stakeholders on environmental sustainability. Therefore, this Strategic Plan repositions Enabler 7, Sustainability to become Strategic Thrust 8, Environmental Sustainability.

The key ministries identified to oversee this enabler (but not limited to) are:

- The Prime Minister’s Department
- The Economic Planning Unit
- Ministry of Environment and Water
- Ministry of Energy and Natural Resources
- Ministry of Housing and Local Government
- Ministry of Domestic Trade and Consumer Affairs
- Ministry of Plantation Industries and Commodities
- Ministry of Works
- Ministry of International Trade and Industry
- Ministry of Communications and Multimedia

Strategic Action Plans

There are five (5) strategy recommendations under this Strategic Thrust proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation I	Review environmental laws and legislation by considering current issues and future challenges.
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Action Plan		Benchmarking
1	Revise standards and regulations to match international ones, or make them stricter where possible and most pertinent, to address current issues and anticipated future issues. <ul style="list-style-type: none"> • Bring climate change issues to the fore, consistent with the global move in addressing climate change collectively. • Link with the UN Sustainable Development Goals. 	<ul style="list-style-type: none"> • Environment and Climate Change Laws and Regulations 2020 (2020 ICLG) • These are the countries that have made their climate commitments law (2020 WEF) • UN Sustainable Development Goals



Action Plan		Benchmarking
2	Authorise the inclusion and consideration of environmental externalities in decision making and planning processes for both public and private sectors. These include the taxing of carbon and relevant legal pollutants, providing financial subsidies and incentives for the uptake of clean technologies, and accounting for natural capital and impacts to natural capital in decision-making processes.	<ul style="list-style-type: none"> • UK: The Green Book: Appraisal and Evaluation in Central Government
3	Set clear national environmental targets and cascade down to state and local governments, as well as private sectors. <ul style="list-style-type: none"> • Link with UN Sustainable Development Goals, Targets and Indicators. 	<ul style="list-style-type: none"> • UN Sustainable Development Goals Targets and Indicators
4	Institute stricter punishments on parties that do not adhere to the regulations.	-
5	Introduce incentives for companies to increase their accountability and efforts (reduce pollution, protect against soil pollution, increase environmental inspections, shut down or relocate heavy polluting facilities, and commit to clean energy alternatives).	-
6	Authorise that environmental performance of businesses to be made vital to social credit score, and non-compliance can result in removal of tax breaks and increased restrictions on business licenses.	-
7	Authorise regular audits of businesses (suppliers, industrial parks and partners) to maintain supply chain integrity.	-
8	Introduce incentives for individuals to increase their accountability and efforts to lower consumption, reduce waste, report on environmental abuses and conduct community-level activities.	-
9	Promote a change in thinking about corporate and institutional responsibilities regarding social sustainability (ISO 26000 guidance on social responsibility, ISO 14001 on environmental management, ISO 14064 on GHG reporting, the United Nations Global Compact (UNGC) and the Global Reporting Initiative or <i>Bursa Malaysia Sustainability Toolkit</i>).	<ul style="list-style-type: none"> • ISO 26000 Social Responsibility • United Nations Global Compact • The Global Reporting Initiative
10	Mainstream ISO 31000 (Risk Management) for corporations to examine societal and environmental risks that would impact business sustainability (operation, financial performance and reputation).	<ul style="list-style-type: none"> • ISO 31000 (Risk Management)



Strategy Recommendation II	Strengthen and coordinate the enforcement of environmental laws and legislation at various levels of government.
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Action Plan		Benchmarking
1	Give courts the jurisdiction to enforce environmental laws beyond just awarding money damages for pollution injuries.	<ul style="list-style-type: none"> • China's Evolving Environmental Protection Laws (2020 Pang Xingpu) • Environmental Rule of Law – First Global Report (2019 UNEP)
2	Allow NGOs to file environmental lawsuits against violators in the name of the greater public interest.	-
3	Ensure adequate budget and capable manpower for enforcing laws and regulations.	-
4	Map out the parties involved in enforcement of environmental laws and streamline for a more coordinated effort across different Ministries, sectors and levels (council, state, federal).	-
5	Increase access to information pertaining to environmental and natural resources including information on environmental performance, indicators and monitoring data <ul style="list-style-type: none"> • For example, concession agreements for natural resources extraction, hunting licenses, approval conditions for EIAs are to be made available and transparent in the interest of the public. 	-
6	Involve the public via legal means and other effective engagement mechanisms to report on environmental offences and abuses.	-



Strategy Recommendation III	Improve the methodology of Environmental Impact Assessment (EIA) implementation by considering the impact on the ecosystem as a whole.
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Action Plan		Benchmarking
1	Mainstream environmental sustainability in a transparent manner in all policy-making, programmes and project planning processes using appropriate and suitable tools (Strategic Environmental Assessment, Environmental Impact Assessment, Social Impact Assessment and Health Impact Assessment).	<ul style="list-style-type: none"> • China's Evolving Environmental Protection Laws (2020 Pang Xingpu) • Environmental Rule of Law – First Global Report (2019 UNEP)



Action Plan		Benchmarking
2	Review EIA laws and methodologies to strengthen the process, including addressing loopholes, ensuring transparency and effective public participation, and benchmarking against best international standards.	<ul style="list-style-type: none"> • How to improve EIA system in developing countries? A quantitative literature review (2017 IAIA) • Improving environmental impact assessment (EIA) process in Malaysia (2015 Jurnal Teknologi)
3	Provide capacity building training or courses for the updated EIA laws and methodologies to ensure implementation is aligned.	-
4	Prioritise, integrate and implement nature-based solutions in planning.	-
5	Institutionalise and conduct Strategic Environmental Assessments (SEA) in a transparent and consultative manner for policies, plans and programmes as part of mainstreaming sustainability into the planning processes.	-
6	Ensure adequate institutional arrangements of EIA and the ensuing implementation of mitigation measures.	-
7	Strengthen the implementation of Social Impact Assessment (SIA) for projects, including enhancing mechanisms and processes for engagement and greater transparency in decision making.	-
8	Strengthen enforcement and implementation of Environmental Management Plan by Department of Environment (DOE) and other relevant authorities including local authorities to ensure effective execution of Approval Conditions.	-

Strategy Recommendation IV

Maximise resource utilisation efficiency and minimise waste production through the concept of circular economy at various stages of production and consumption.

Action Plan		Benchmarking
1	Introduce policies and standards on circular economy, resource recovery and recycling, and waste reduction through a policy tool such as the Extended Producer Responsibility scheme, to incentivise the use of regenerative resources and recycled materials instead of raw materials.	<ul style="list-style-type: none"> • Circular Economy Roadmap – Malaysia’s Practice, 2020 Asia-Pacific Economic Cooperation (APEC) • Circular Economy in Malaysia (2019 Circular Economy: Global Perspective) • The Circular Economy in Detail (Ellen MacArthur Foundation) • Study on EPR Scheme Assessment for Packaging Waste in Malaysia (WWF-Malaysia, 2020) • National Cleanliness Policy • Green Technology Masterplan Malaysia • EPR legal framework analysis
2	Introduce a regulatory framework on the circular economy for businesses to seek financing and overhaul their linear business models.	<ul style="list-style-type: none"> • EU Circular Economy Action Plan
3	Introduce different business models to shift from selling products to selling services.	<ul style="list-style-type: none"> • Circular Economy; How SMEs can participate (2020 The Edge Markets)
4	Introduce different types of financing to cater for the different business models.	-
5	Encourage industry associations to play an active role to provide resources and information about transitioning to a circular economy to its members.	<ul style="list-style-type: none"> • The Circular Economy – EU and Malaysia Trade Opportunities (Circular Economy Asia)
6	Demand greater commitment and responsibility from producers and businesses through an Extended Producer Responsibility (EPR) scheme. This scheme holds producers and businesses accountable for end-of-life products and packaging management by improving their products and packaging designs, improving recyclability, reducing materials use, and utilising recycled materials.	<ul style="list-style-type: none"> • Study on EPR Scheme Assessment for Packaging Waste in Malaysia (WWF-Malaysia, 2020) • National Cleanliness Policy • Green Technology Masterplan Malaysia 2017-2030 (Waste - way forward)
7	Mainstream adoption of ISO 14040 on life cycle assessment to design product with Circular Economy principles.	<ul style="list-style-type: none"> • ISO 14040 on Life Cycle Assessment
8	Expand certification of key commodities (rubber and fisheries) and labelling processes to promote sustainable consumption.	-



Strategy Recommendation V Develop and follow a sustainable model for development.

Action Plan		Benchmarking
1	Develop a model for development that considers both societal needs and ecological boundaries to ensure long-term prosperity.	<ul style="list-style-type: none"> • The Amsterdam City Doughnut • New Zealand Living Standards Framework
2	Develop an indicator (or overhaul the Malaysian Well-being Index) for a holistic measure of progress and development (including health, well-being and sustainability) to act as the main metric by which Malaysia measures and reports progress and development.	-
3	Fully align national budgets to the Sustainable Development Goals (SDGs). Proposals should be assessed for alignment and trade-offs with SDGs and an annual impact report card should be prepared.	<ul style="list-style-type: none"> • Republic of Ghana 2019 SDGs Budget Report
4	Budget allocations should prioritise proposals that meet multiple SDG objectives and generate multiple benefits.	-



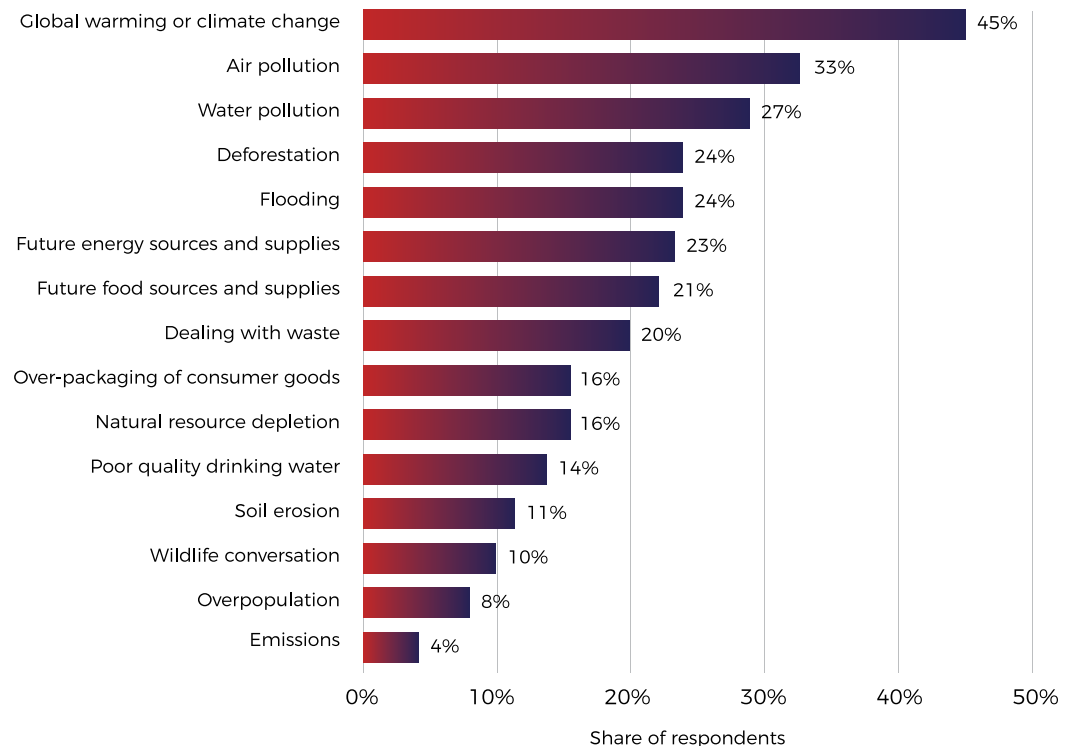
Environment and Climate Change

Although Environment and Climate Change were mentioned briefly in the SPV2030 document, both are covered in a broader scope in the SPV Action Plan proposal. A specific and extensive study on environment and climate change is proposed to be conducted and it relates to SPV2030, especially in the 12MP and 13MP. This is to better prepare Malaysia (people, places, and resources) towards environmental disaster and the impact of climate change.

Malaysia is a country with rich heritage and diverse ecosystem. Some of its historic sites have been listed as UNESCO Heritage Sites in the country. However, at present, she is facing numerous environmental threats such as air pollution, water pollution and exploitation of natural resources. Even though the Government has passed some important environmental laws and policies such as the Environment Quality Act 1974 and its Regulations 1989, the Environmental Quality Order 1989, the Protection of Wildlife Act, the National Forestry Act 1984, the Fisheries Act 1985, the National Parks Act 1980 and the International Environmental Laws, these laws and policies are not properly implemented due to issues such as non - coordination, weak enforcement and customary attitudes.

The figure below shows the results of a study by IPSOS on the most concerning environmental issues in Malaysia as of March 2019. According to the survey respondents, global warming or climate change was the leading environmental concern (45%), followed by air pollution at 33%.

Most Concerning Environmental Issues According to Citizens Across Malaysia as of March 2019



Among direct benefits to have a deep study on environment and climate change and later, integrating it well into the country's main policy include a better arrangement to avoid environmental disaster and climate change impacts (in both monetary and physical terms) from mitigation and adaptation actions. Another type of benefit from a good coverage policy on this is known as ancillary or co-benefits (and costs) of policy. For example, for a good coverage policy on GHG mitigation, co-benefits can best be defined as effects that are added to direct reductions of GHG and impacts of climate change. It is expected to be large, relative to the costs of mitigation (anywhere from 30% to over 100% of abatement costs).

The issues of coordination, weak enforcement and customary attitudes, have resulted in the weakness of the implementation of our law and policies. These could be addressed through a primary policy such as SPV2030, and make it a shared responsibility for all.





CHAPTER 4

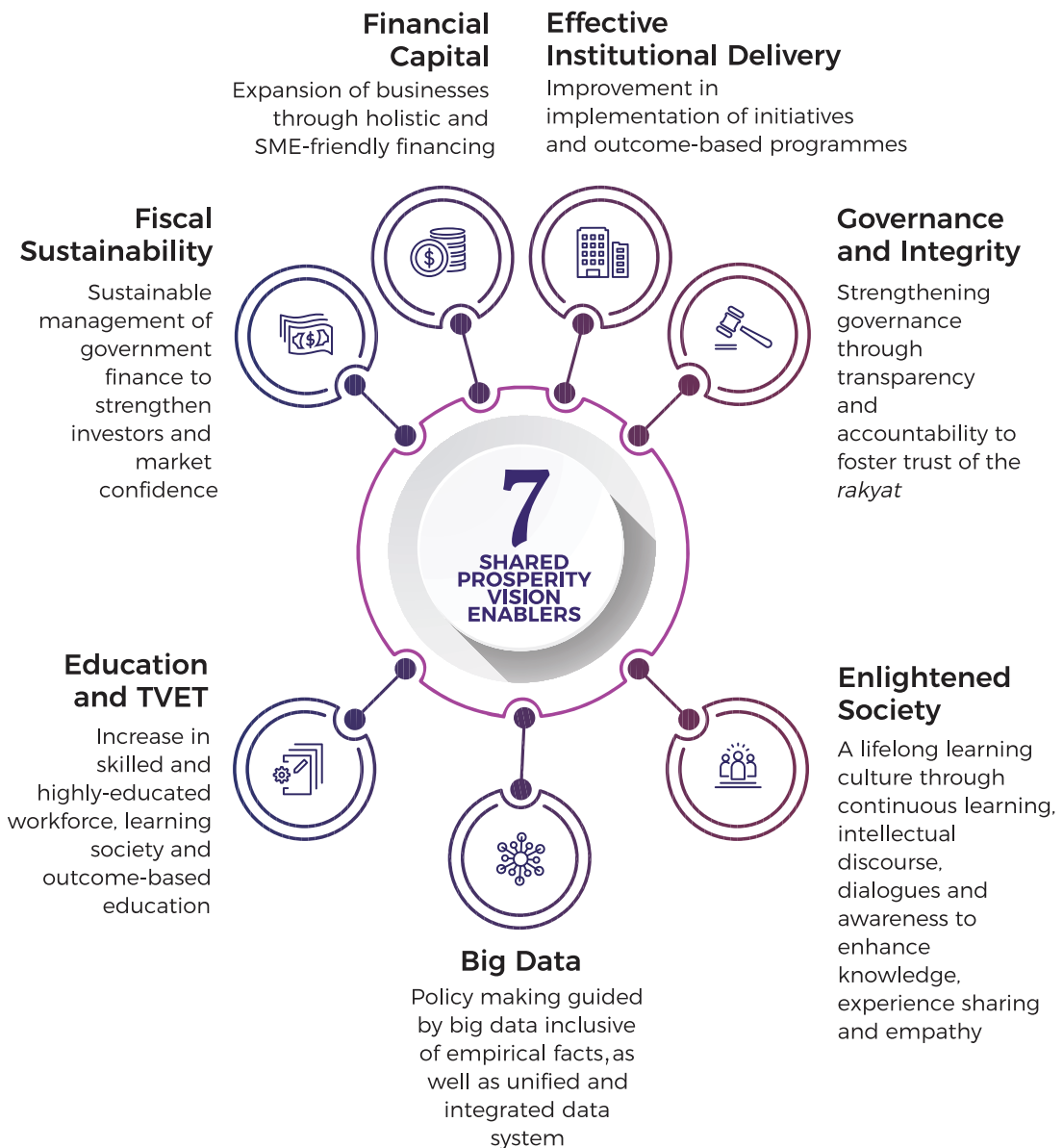
Enablers of Shared Prosperity

CHAPTER FOUR

Enablers of Shared Prosperity

CAPABILITIES, RESOURCES AND CATALYSTS CONTRIBUTING TO THE SUCCESS OF SHARED PROSPERITY VISION 2030

SEVEN (7) SHARED PROSPERITY VISION ENABLERS



In this Chapter, key stakeholders and action plans are identified for each Enabler. Benchmarking exercise was also conducted for the recommended action plans and indicated wherever relevant. SPV2030 has seven (7) Enablers:

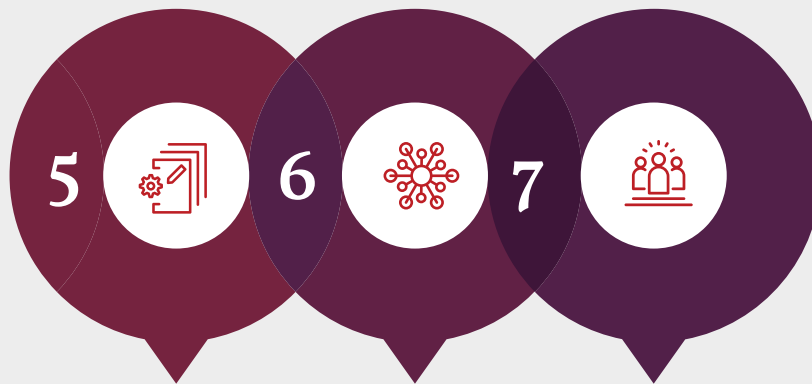


ENABLER 1
Fiscal
Sustainability

ENABLER 2
Financial
Capital

ENABLER 3
Effective
Institutional
Delivery

ENABLER 4
Governance
and Integrity



ENABLER 5
Education and
Technical and
Vocational
Education and
Training

ENABLER 6
Big Data

ENABLER 7
Enlightened
Society



ENABLER 1

FISCAL SUSTAINABILITY

The key ministries identified to oversee this enabler (but not limited to) are:

- The Prime Minister's Department
- Ministry of Finance
- Ministry of Human Resources

Strategic Action Plans

There are six (6) strategy recommendations under this Enabler proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation 1	Introduce new initiatives to increase revenue and improve tax compliance and tax efficiency as well as widening tax base.
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Action Plan		Benchmarking
1	Reform indirect taxes on goods and services to raise revenues fairly and efficiently by reintroducing Goods and Services Tax (GST) due to its transparency and ability to collect higher revenue and to hinder manipulations.	Malaysia's own experience in implementing GST in 2015 saw an increase in indirect tax revenues; India's implementation of GST in 2017
2	Introduce wealth and inheritance tax in line with the spirit of SPV2030 without burdening lower income groups.	Japan; South Korea; France; United Kingdom; United States.
3	Increase revenue by tapping into the shadow economy which accounts for approximately 21% of Malaysia's gross domestic product (GDP).	Cash payment restrictions in the European Union.
4	Ensure full employment in the country in order to increase wages by competition and subsequently increase income tax revenues.	The experience of the US and the UK suggests that reinstating the goal of full or near-full employment would be an important instrument in securing decent wage growth, reducing wage dispersion and closing the wage-output gap.



Strategy Recommendation II Strengthen government expenditure management for better transparency, especially in determining the needs for any mega project based on a cost-benefit analysis.

Action Plan		Benchmarking
1	Expand the scope of Parliamentary role in the management of government expenditure by establishing a Parliamentary Special Select Committee on Megaprojects as an oversight body before implementing any large infrastructure projects.	Australia's parliamentary committees and the equivalent committees and agencies of the United States, Canada, the Netherlands and the United Kingdom.



Strategy Recommendation III Introduce a mechanism for budgetary management and monitoring under the purview of parliament as the government's budget arbitrator

Action Plan		Benchmarking
1	Adopt a comprehensive budgetary governance approach by including the Parliament and its committees in all key stages of the budget cycle.	OECD Principles of Budgetary Governance; Open Budget Index 2019 recommendations.

Strategy Recommendation IV Set a threshold for operating expenditure.

Action Plan		Benchmarking
1	Reduce the annual increase in operating expenditure by vigorously implementing cost-saving measures across all ministries including innovating procurement and adopting a 'lean government' by cutting out waste and inefficiency.	Canadian government's effort to cut spending and increase efficiency via a comprehensive one-year Strategic and Operating Review (SOR).
2	Ensure the annual growth rate of fiscal expenditures is 2 to 3% points lower than that of revenues.	South Korea's efforts to bolster public finances, while upholding growth and services.
3	Enhance expenditure efficiency in all stages of the fiscal programme from planning to budget allocation, execution and performance evaluation for OE, for example, undertaking pre-feasibility studies for OE, introducing sunset clauses to government-funded programmes and cutting funds on ineffective programmes.	South Korea's efforts to bolster public finances, while upholding growth and services.



Strategy Recommendation V Strengthen procurement processes for supplies and services including implementation of open tenders.

Action Plan		Benchmarking
1	Develop a framework for measuring 'procurement productivity' to demonstrate the impact of strategic public procurement for better decision making including in OE.	In Finland application of the framework has highlighted the potential positive impacts of public procurement which have quantified economic benefits.
2	Establish an online platform to allow stakeholders to discuss problems, barriers and possible solutions associated with public procurement process to improve the efficiency of the federal acquisition system by identifying impactful steps.	US Chief Acquisition Officers Council



Strategy Recommendation VI Improve public sector debt management system to ensure greater integrity and responsibility.

Action Plan		Benchmarking
1	Introduce Smart Public Debt Management Policy which should be an interministerial working group effort, data-driven and expansive.	Medium-Term Debt Management Strategy (MTDS) framework developed by the World Bank and IMF
2	Introduce public 'debt clock' as a transparent way to inform the public of the country's current debt level to promote transparency.	The US National Debt Clock in New York



ENABLER 2

FINANCIAL CAPITAL

The key ministries identified to oversee this enabler (but not limited to) are:

- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of Finance
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of Human Resources
- Ministry of Domestic Trade and Consumer Affairs
- Ministry of Communications and Multimedia

Strategic Action Plans

There are six (6) strategy recommendations under this Enabler proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation 1	Introduce alternative systems for credit evaluation based on digital footprint such as online purchases, internet usage and social media.
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Action Plan		Benchmarking
1	<p>Target outcome: New alternative data-based lending model and credit evaluation, which can be achieved by way of:</p> <p>i. Government to provide monetary or non-monetary incentives to invite participation into the Financial Technology Enabler Group (FTEG)'s Regulatory Sandbox with the aim to come up with the viable SME financing model based on alternative data.</p> <p>ii. Alternative data includes:</p> <ul style="list-style-type: none"> • Structured Data: bill payments such as utilities, rent, satellite TV and online apps subscription, cloud storage subscriptions and mobile phones, as well as electronic payments such as transfers and remittances and transactional data from credit or debit cards • Unstructured Data: social media use, website traffic, email receipts, online ads performance insights, online rankings and reviews. 	<ul style="list-style-type: none"> • Regulatory sandboxes approach to facilitate alternative lending models in Australia, Hong Kong SAR, China, Indonesia, Singapore, and the U.K. • Malaysian-based GAX Finance partners with e-commerce portals such as Lelong.com.my and auto repair workshops to tap into their data.



Strategy Recommendation II

Review and improve policies to ensure successful capital financing for SMEs to address issues of classification of SMEs business categories

	Action Plan	Benchmarking
1	<p>Target outcome: A new financing policy, which can be achieved by way of:</p> <ol style="list-style-type: none">Government to draft a new regulatory framework, modelled after China, US and UK to regulate alternative data-based SME lending model.Government to explore the needs to reclassify the definitions of micro, small and medium enterprises that reflect business landscape of the post COVID-19 pandemic era. This includes adding more classification criteria such as alternative data of digital footprints.	<ul style="list-style-type: none">MSME definition revisions in 2014 by <i>Bank Negara Malaysia</i> (BNM) following the economic changes such as price inflation, structural shifts and changes in business trends

Strategy Recommendation III

Rationalise funding institutions to meet the demands of SME participation in new sectors and economic activities.

	Action Plan	Benchmarking
1	<p>Target outcome: More new financing offering from financiers (banks and non-banks), in line with the new alternative-data-based lending model and credit evaluation and new financing policy. These can be achieved by:</p> <ol style="list-style-type: none">BNM to establish a steering committee to lead the discussion towards collaborative partnership between the banking and non-banking institutions to collaborate over alternative data-based SME lending model. The non-banks include:<ul style="list-style-type: none">SME marketplace lendersTech, e-commerce, and payment giantsSupply chain platformsTELCOSFintech operatorsPeer-to-peer (P2P) lenders	<ul style="list-style-type: none">UK's largest P2P lender; Funding Circle extracts data from Santander and the Royal Bank of Scotland (RBS) in the UK (banking and payment transaction data), software firms Intuit and Sage (cloud accounting and business financial data) and H&R Block (bookkeeping, payroll, taxes and other accounting data).Singapore-based DBS Bank's entered into cross-referral agreements with Singapore-based P2P SME lending platforms Funding Societies and MoolahSense. For example, the bank refers first-time SME borrowers to the platforms and the platforms refer SME borrowers who have completed two successful loans back to DBS to access larger loans or for additional financial products.



Strategy Recommendation IV	Strengthen SMEs management support programmes with the provision of professional services at affordable fees through accounting services with resource sharing methods.
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Strategy Recommendation V	Encourage accounting firms to provide accounting training to SMEs.
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	Action Plan	Benchmarking
1	<p>Target outcome: The setting up of a shared-service one stop centre (federal and state levels) that pools the resources and expertise of the small and medium practices (SMPs) among accounting firms to support the SMEs.</p> <p>It is a two-pronged approach to not only assist the SMEs but also to provide business to the SMPs. Big accounting firms could also participate. Action plans:</p> <ol style="list-style-type: none"> i. Government to initiate a steering committee with the participation of accounting bodies in exploring the possibility of setting up a government-funded shared-service accounting services to assist with the accounting needs of the micro, small and medium enterprises and this includes support services and training. 	<ul style="list-style-type: none"> • The financial shared service centres (FSSCs) sector in Malaysia is expanding and have undergone a remarkable upswing in 2017, making them one of the fastest growing sectors in Malaysia • Another model for comparison is the establishment of the National Legal Aid Foundation (YBGK) that provides legal assistance on certain cases for all Malaysians. It is funded by the government and managed by the Bar Council.
2	<p>Clustering based on niche practice areas</p> <ul style="list-style-type: none"> • The SMPs can be divided into clusters within the shared service centre according to the industry needs (manufacturing and services). <p>Providing trainings to SMEs</p> <ul style="list-style-type: none"> • Besides providing services where the fees are subsidised by the government and SMEs will bear half or minimal cost, the SMPs could also provide basic bookkeeping training to the SMEs. The training cost can also be subsidised by the government or be leveraged and linked with HRDF. <p>Future expansion</p> <ul style="list-style-type: none"> • This shared-service model can potentially be further expanded in the future by adding other professional management support services like legal and company secretarial works, HR, and marketing. <p>Initiation phase</p> <ul style="list-style-type: none"> • There are thousands of SMEs under the assistance and supervision of government bodies overseeing SMEs and local entrepreneurs that can benefit from the services under this initiative. This could help them in getting government funding and incentives or even from private financial institutions when their financial records are in order. 	-

Strategy Recommendation VI

Encourage the transition of industrial business to scale from micro companies to SMEs and from SMEs to large corporations by easing the criteria and funding approval conditions that facilitate their expansion.

Action Plan	Benchmarking
<p>1 Target outcome: Reducing SMEs' dependency from traditional lending to alternative financing instruments, by:</p> <ul style="list-style-type: none">i. Developing efficient regulatory framework by revising the current or coming up with a new regulatory framework. This would be conducive to further stimulate the migration of SMEs from relying heavily on traditional cash-flow based lending mechanisms such as banks and Financial Institutions to alternative financing instruments that offer credit to SMEs.ii. Reintroduction of GST as the development of alternative financing instrument is also dependent on addressing information asymmetries and increasing transparency in the markets.	<ul style="list-style-type: none">• Funding Societies Malaysia's invoice financing• SSM's new legal framework for collateral registry to register security interests• Securities Commission Malaysia issued a proposed regulatory framework in 2019 explicitly covering Initial Coin Offerings (ICOs)• Kenanga Capital Islamic Sdn Bhd (KCI) and Bay Group Holdings Sdn Bhd (CapBay)'s first-in-Malaysia fully digital end-to-end online platform for entrepreneurs seeking to finance its invoices and receivables

ALIGNMENT OF THE NATIONAL ENTREPRENEURSHIP POLICY 2030 (NEP 2030) WITH SPV2030

With the key agenda to make Malaysia an outstanding Entrepreneurial Nation by 2030, the NEP 2030 has been developed in line with the Shared Prosperity Vision 2030, by focusing on establishing a strong foundation and ecosystem for Entrepreneurship development in Malaysia. Entrepreneurship is an important and strategic component in driving Malaysia towards becoming a developed and prosperous nation by 2030. Entrepreneurship can also be viewed as a social approach for Malaysia to escape the middle-income trap, while helping it become an economic axis in Asia.

Strategic Thrust 3 (Stimulating Holistic and Integrated Entrepreneurship Development) of the NEP 2030 highlights the plan to improve the country's socioeconomic status by allowing all segments of society access to entrepreneurship, to achieve SPV 2030. There are three (3) strategies and nine (9) initiatives supporting this strategic thrust:

Support entrepreneurial endeavour of Bumiputera, special focus groups and the disadvantaged

- Intensify outreach programmes to disadvantaged groups including low income households (B40), rural communities, disadvantaged people.
- Target assistance and intervention programmes to boost entrepreneurial capability and skills of Bumiputera, disadvantaged groups and special focus groups including women, youth, senior citizen and Orang Asli or Asal community.
- Create 'incubation spaces' in potential rural and economically depressed areas for aspiring new entrepreneurs.

Cooperatives as a driver to include socio-economic development

- Intensify cooperative movement for low income households (B40) and rural communities, including promoting the establishment of community-based cooperatives.
- Enhance capacity and capabilities of cooperatives in main economic sectors through wider access to programmes, assistance and business opportunities at par with SMEs.
- Transform the cooperative ecosystem landscape by undertaking a structural reform of agencies related to cooperatives and liberalising the regulatory framework for cooperatives.

Promote social entrepreneurship

- Promote awareness and better understanding of social entrepreneurship through stronger community building.
- Provide on-going support and capacity development programmes for social entrepreneurs to expand their market and business opportunities as well as scalability and sustainability of their enterprises.
- Encourage Inclusive Business (IB) model approach to benefit low income communities by including them in the value chain of big companies such as LLCs and MNCs



ENABLER 3

EFFECTIVE INSTITUTIONAL DELIVERY

The key ministries identified to oversee this enabler (but not limited to) are:

- The Prime Minister's Department
- Ministry of Communications and Multimedia
- Ministry of Finance
- Ministry of Education

Strategic Action Plans

There are three (3) strategy recommendations under this Enabler proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation I	Strengthen communication channels for the delivery of accurate and updated Government information and policies.
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Action Plan		Benchmarking
1	Adopt a 'One Government, One Voice' policy by improving internal communication within government to ensure accurate, consolidated and centralised information to avoid conflicting updates.	Government of Canada's Policy on Communications and Federal Identity
2	Promote cultural change in favour of the open government principles by utilising and maximising social media platforms to ensure information is relayed in the quickest way to general or targeted audience.	The National Security Council's announcements during MCO; OECD's Open Government Guide



Strategy Recommendation II	Foster a spirit of patriotism and loyalty for the country.
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Action Plan		Benchmarking
1	Promote public role in public sector reforms (decision making process) as a way to strengthen citizens' buy-in and improve their compliance of new reforms with a sense of belonging as a citizen of the country, which in turn can help strengthen the impact of such changes and foster citizen's loyalty.	India's government MyGov online platform invites citizens to share comments, ideas, and concerns and actually turn some ideas into real policies; the National Security Council's polls during MCO to gauge public's sentiment and deliver appropriate policies.
Action Plan		Benchmarking



2	Introduce Federal Constitution subject in schools for young adults to better understand the fundamentals of nation building and history and their rights and obligations to the country.	US federal-funded schools are required to teach US Constitution
3	Revive the National Cultural Policy initiative with the aim to develop unity organically using a holistic approach – from early education to job recruitment and town planning.	The Malaysia Education Blueprint 2013-2025; the Transmigration programme in Indonesia



Strategy Recommendation III Streamline the functions and roles of the Government.

Action Plan		Benchmarking
1	Streamline budget allocation to ensure no duplication for the same roles and functions to identify redundancy in government agencies' functions and roles.	OECD Best Practices for Performance Budgeting.
2	Establish or consolidate existing agencies that carry out similar functions (a sole border agency, a one-stop centre agency for all kinds of entrepreneurship aids), as opposed to industry-specific entrepreneurship agencies.	The U.S. Customs and Border Protection; the 2015's United States Government Accountability Office Report to Congressional Addressees on Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits.
3	Strengthen the Government's result-based management to ensure all agencies are results-driven and deliver different results.	United Nations results-based management framework





ENABLER 4

GOVERNANCE AND INTEGRITY

The key ministry identified to oversee this enabler (but not limited to) is:

- The Prime Minister's Department

Strategic Action Plans

There are four (4) strategy recommendations under this Enabler proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation I	Raise awareness on integrity and accountability aspects to curb corrupt practices.
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Action Plan		Benchmarking
1	Expand the implementation of Corruption Risk Management practice among government agencies.	New Zealand has succeeded in curbing corruption without an anti-corruption agency because it relies on other institutions to maintain its good governance; Australian standard AS 8001-2008: Fraud and Corruption Control
2	Enforce self-assessment in all public offices as part of the annual KPI by utilising staff insight into the potential weaknesses, risks and maturity of the organisation's integrity measures.	Netherland's corruption risk assessment Self-Assessment Integrity tool for the public sector organisations



Strategy Recommendation II	Strengthen the governance system as well as increasing transparency and accountability of government agencies.
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Action Plan		Benchmarking
1	Enact Government Procurement Act.	UNCITRAL Model Law on Public Procurement
2	Introduce budget-based reward and punishment for Ministries and Agencies to hold the top management more accountable.	Philippine's House committee on appropriations to separately investigate graft-ridden state agencies and slash budgets



Action Plan		Benchmarking
3	Review relevant legislations to establish easier and timely access to information for greater transparency and accountability to fight corruption more effectively.	Open Budget Index; UK Open Government National Action Plan 2016-18
4	Conduct a comprehensive study to identify barriers to good governance and weaknesses in governance and implement strategies to address these gaps.	Malaysia's National Anti-Corruption Plan 2019-2023



Strategy Recommendation III Improve monitoring and enforcement mechanisms.

Action Plan		Benchmarking
1	Introduce early monitoring and prevention measure by developing tools for integrity assessment before government recruitment such as psychometric tests and repeat tests annually or biannually after recruitment.	United States Office of Personnel Management's Integrity/Honesty Tests - a specific type of personality test designed to assess an applicant's tendency to be honest, trustworthy, and dependable



Strategy Recommendation IV Improving monitoring and enforcement mechanisms.

Action Plan		Benchmarking
1	Aggressively implement and enforce the comprehensive strategies outlined in National Anti-Corruption Plan (NACP).	National Anti-Corruption Plan (NACP)



ENABLER 5

EDUCATION AND TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING

The key ministries identified to oversee this enabler (but not limited to) are:

- Ministry of Higher Education
- Ministry of Education
- Ministry of Agriculture and Food Industries
- Ministry of Works
- Ministry of Defence
- Ministry of Youth and Sports
- Ministry of Rural Development
- Ministry of Human Resources

Strategic Action Plans

There are five (5) strategy recommendations under this Enabler proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation 1	Improve education structures and systems, especially in terms of language proficiency and learning outcomes.
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Action Plan		Benchmarking
1	Reduce bureaucratic silos among ministries to assure strategic coordination and alignment by a single governance agency or ministry to devise the strategy, redesign structure and systems to achieve intended TVET quality skills output.	<ul style="list-style-type: none"> • Vocational Education and Training in Norway, OECD • Skills-Future Singapore Agency Act 2016 • TVET Country Profile - Singapore, UNEVOC
2	Address duplication of TVET programmes by streamlining courses and defining clear distinction of target students, skills and sector to serve (supply and demand).	<ul style="list-style-type: none"> • Vocational Education and Training in Norway, OECD • Skills-Future Singapore Agency Act 2016 • TVET Country Profile - Singapore, UNEVOC
3	Align and harmonise existing competency standards and qualifications framework to establish a more robust, and improved qualification system and quality assurance to respond to IR4.0 changes in national labour markets.	<ul style="list-style-type: none"> • Vocational Education and Training in Norway, OECD • TVET Country Profile - Singapore, UNEVOC • The Future of Work Across ASEAN - The Asia Foundation, Microsoft



Action Plan		Benchmarking
4	Develop clear and effective education pathways and intensify efforts to facilitate entry of TVET graduates into universities and Industry 4.0 labour market. These efforts should cover establishing self-assessment tools, personal skill profiles and recommendation engines which focus on job and learning opportunities.	<ul style="list-style-type: none"> • Vocational Education and Training in Norway, OECD • TVET Country Profile - Singapore, UNEVOC • The Future of Work Across ASEAN - The Asia Foundation, Microsoft • The Digitisation of TVET and Skills Systems, ILO • European Skills, Competences, Qualifications and Occupations, EU • O*NET, United States • Learning for Jobs OECD Reviews of Vocational Education and Training Germany
5	Intensify and incentivise more constructive and collaborative partnerships to devise skills mapping, industry-led curriculum, apprenticeship and teaching and most importantly to provide perspective in market trends.	<ul style="list-style-type: none"> • Vocational Education and Training in Norway, OECD • TVET Country Profile - Singapore, UNEVOC • Vocational Education and Training in Australia
6	Intensify dual-education apprenticeship model with selected industry partners to ease the transition between education and the workforce by providing students with on-the-job skills training while they complete their formal education.	<ul style="list-style-type: none"> • Google Career Certificates • Korean Work-Learning Dual System, Human Resources Development Service of Korea • Germany's Work-Learning System, Federal Ministry for Economic Affairs and Energy (BMWi) • Switzerland's Work-Learning Dual System
7	Make training compulsory for Industry supervisors and trainers of apprentices in obtaining a licence to take on apprentices to ensure standardised and quality industry learning outcomes.	<ul style="list-style-type: none"> • Vocational Education and Training in Norway, OECD • International Centre for Technical and Vocational Education and Training, UNEVOC
8	Prioritise for a better and consolidated supply and demand data dashboard to identify, track, share, and interpret the flow of students through education and in the labour market. This will be instrumental in anticipating labour market trends and skills required in TVET.	<ul style="list-style-type: none"> • The Future of Work Across ASEAN - The Asia Foundation, Microsoft



Strategy Recommendation II

Strengthen physical and digital infrastructure as well as online learning platforms and modules.

Action Plan		Benchmarking
1	Prioritise unresolved foundational educational challenges in rural areas to improve access to better quality of education. Explore affordable and highly replicable 'low-tech' options to improve access and address education gap among rural versus urban and rich versus poor students.	<ul style="list-style-type: none"> • Mexico
2	Diversify digital-related thematic programmes and courses in areas related to Artificial Intelligence, machine learning, IoT and mobile learning to better prepare the students and teachers for emerging new technologies needed by the industry.	<ul style="list-style-type: none"> • Skills-Future Singapore Agency Act 2016 • Industry Transformation Maps (ITMs), Singapore • Workforce Singapore, Singapore
3	Establish one consolidated Open Educational Resources (OER) portal to provide access to standardised, high-quality educational materials related to skills development, teaching and learning.	<ul style="list-style-type: none"> • The Digitisation of TVET and Skills Systems, ILO • Open Educational Resources (OER) for skills development, UNEVOC
4	Encourage and incentivise public-private partnerships to establish and invest in digital infrastructure to encourage the private sector to co-create and innovate with TVET.	<ul style="list-style-type: none"> • The Digitisation of TVET and Skills Systems, ILO • Vocational Education and Training in Germany

**Strategy Recommendation III**

Improve the quality and capacity of teachers to maximise student achievement.

Action Plan		Benchmarking
1	Intensify attachments or apprenticeship of TVET teachers with the industry. This should be made mandatory and part of teachers' career progression criteria.	<ul style="list-style-type: none"> • The Digitisation of TVET and Skills Systems, ILO
2	Establish long term planning on teachers upskilling and reskilling training opportunities for teachers to respond to skill gap as they emerge.	<ul style="list-style-type: none"> • Singapore's Centre for Strategic Futures
3	Establish one consolidated Open Educational Resources (OER) portal to provide access to standardised, high-quality educational materials related to skills development, teaching and learning.	<ul style="list-style-type: none"> • Open Educational Resources (OER) for skills development, UNEVOC • The Future of Work Across ASEAN - The Asia Foundation, Microsoft
4	Industry supervisors and trainers of apprentices should receive compulsory training to obtain a licence to take on apprentices in ensuring standardised and quality industry learning outcomes.	<ul style="list-style-type: none"> • Vocational Education and Training in Norway, OECD • International Centre for Technical and Vocational Education and Training, UNEVOC



Strategy Recommendation IV Encourage student enrollment in the TVET stream.

Action Plan		Benchmarking
1	Develop clear education pathways and intensify efforts to facilitate entry of TVET graduates into universities and Industry 4.0 labour market. These efforts should cover establishing self-assessment tools, personal skill profiles and recommendation engines which focus on job and learning opportunities.	<ul style="list-style-type: none"> • Vocational Education and Training in Norway, OECD • TVET Country Profile - Singapore, UNEVOC • The Future of Work Across ASEAN - The Asia Foundation, Microsoft • The Digitisation of TVET and Skills Systems, ILO • European Skills, Competences, Qualifications and Occupations, EU • O*NET, United States • Learning for Jobs OECD • Reviews of Vocational Education and Training Germany
2	Cultivate awareness and drive interest in TVET and TVET-related opportunities among all stakeholders. <ul style="list-style-type: none"> • Image rebranding - Address the negative societal perception of TVET by improving consciousness on the notions of work, labour and the idea of success. • Improve access to quality career guidance from well-qualified career counsellors in secondary schools. 	<ul style="list-style-type: none"> • Vocational Education and Training in Norway, OECD • TVET Country Profile - Singapore, UNEVOC • The Future of Work Across ASEAN - The Asia Foundation, Microsoft
3	Design effective career guidance service, intensify upskilling and reskilling schools and university counsellors to assist students in transitioning from education into the labour market.	<ul style="list-style-type: none"> • Singapore's MySkillsFuture



Strategy Recommendation V	Strengthen the infrastructure and support learning system for special needs to ensure a more inclusive learning system.
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Action Plan		Benchmarking
1	Prepare upskilling and reskilling initiatives for teachers to empower them to operate in inclusive environments with needed resources, skills and knowledge to be an inclusive TVET practitioner.	<ul style="list-style-type: none"> • Open Educational Resources (OER) for skills development, UNEVOC • The Future of Work Across ASEAN - The Asia Foundation, Microsoft
2	Prioritise and enable accessible learning environments for special needs TVET students, including physical and digital environments, curricula, learning materials and assessment.	<ul style="list-style-type: none"> • Inclusive TVET UNESCO-UNEVOC Virtual conference • Open Educational Resources (OER) for skills development, UNEVOC • The Future of Work Across ASEAN - The Asia Foundation, Microsoft
3	Establish one consolidated Open Educational Resources (OER) portal to provide access to standardised, high-quality educational materials related to skills development, teaching and learning.	<ul style="list-style-type: none"> • Open Educational Resources (OER) for skills development, UNEVOC • The Future of Work Across ASEAN - The Asia Foundation, Microsoft
4	<p>Establish initiatives to improve accessibility such as work-based learning from home and virtual apprenticeships in collaboration with industry partners.</p> <p>Introduce and leverage online digital platforms to meet the needs of a changing labour market and promote inclusivity.</p>	<ul style="list-style-type: none"> • Inclusive TVET UNESCO-UNEVOC Virtual conference • Open Educational Resources (OER) for skills development, UNEVOC • The Future of Work Across ASEAN - The Asia Foundation, Microsoft • Project-Based Learning with Webinar, Singapore
5	Develop clear and effective education pathways and intensify efforts to facilitate entry of TVET graduates into universities and Industry 4.0 labour market that cover establishing self-assessment tools, personal skill profiles and recommendation engines which focus on job and learning opportunities.	<ul style="list-style-type: none"> • Virtual Conference on Inclusive TVET, UNESCO-UNEVOC • Open Educational Resources (OER) for skills development, UNEVOC • The Future of Work Across ASEAN - The Asia Foundation, Microsoft • Learning for Jobs - OECD Reviews of Vocational Education and Training • Career Guidance in Switzerland





ENABLER 6

BIG DATA

The key ministries identified to oversee this enabler (but not limited to) are:



- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of Home Affairs
- Ministry of Communications and Multimedia
- Ministry of Finance
- Ministry of International Trade and Industry
- Ministry of Education
- Ministry of Higher Education
- Ministry of Human Resources
- Ministry of Science, Technology and Innovation

Strategic Action Plans

There are five (5) strategy recommendations under this Enabler proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:


Strategy Recommendation I

Review existing legislation and formulating policies in providing a holistic digital ecosystem.

Action Plan		Benchmarking
1	Introduce amendments that allow greater leeway on repurposing data, exemptions on consent and data mining (Personal Data Protection Act (PDPA) 2010, Communications and Multimedia Act (CMA) 1998, Consumer Credit Act (CCA) 1997).	• Singapore Smart Government 
2	Introduce single overarching statute on Cybersecurity.	• Singapore Smart Government 
3	Commission studies on reform of Statistics Act that incorporate public accessibility by design.	-

Strategy Recommendation II

Prepare new business models in developing sustainable digital infrastructure including data centres.

Action Plan		Benchmarking
1	Create Public-Private Partnership Consortium specific to Big Data.	• Big Data Value Public-Private Partnership EU 

Strategy Recommendation III Provide modules for upskilling and reskilling at training institutions and industries.

Action Plan		Benchmarking
1	<ul style="list-style-type: none"> • Consolidate existing Digital Education Hubs • Introduce credential system • Enhance existing Employer Recognition Scheme • Integrate training providers 	<ul style="list-style-type: none"> • SG Skillsfuture



Strategy Recommendation IV Establish collaboration between Government and industry to share expertise.

Action Plan		Benchmarking
1	Create Digital Innovation Hubs that allow Industries to: <ul style="list-style-type: none"> • Test before investing • Find support for investment • Access training and upskilling • Access innovation ecosystem and networking 	<ul style="list-style-type: none"> • EU Digital Innovations Hub
2	Open National Technology and Innovation Sandbox to international companies.	<ul style="list-style-type: none"> • EU Digital Innovations Hub



Strategy Recommendation V Encourage collaboration between government, industry as well as community to implement awareness programmes on the wise and effective use of data.

Action Plan		Benchmarking
1	Creation of Open Data Portal for data sets collected by public agencies made available and accessible to industries enabling participation and co-creation of citizen-centric solutions.	<ul style="list-style-type: none"> • Singapore Smart Government





ENABLER 7

ENLIGHTENED SOCIETY

The key ministries identified to oversee this enabler (but not limited to) are:

- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of Communications and Multimedia
- Ministry of Tourism, Arts and Culture
- Ministry of Finance
- Ministry of Education
- Ministry of Higher Education
- Ministry of National Unity

Strategic Action Plans

There are five (5) strategy recommendations under this Enabler proposed for SPV2030. The strategic action plans proposed for these strategy recommendations are as follows:

Strategy Recommendation I	Encourage publishers and media agencies to publish educational content with the participation from civil society and artists.
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Action Plan		Benchmarking
1	Align publishers and media agencies to support a common goal of an 'enlightened society' via a framework or plan, developed collaboratively.	-
2	Incentivise publishers and media agencies to produce and prioritise material that leads towards an enlightened society.	-
3	Provide grants for CSOs, KOLs and artists to produce material that leads towards an enlightened society, in collaboration with publishers and media agencies.	<ul style="list-style-type: none"> • 12 Influencer Marketing Examples to Power Your Influencer Campaign Planning (Influencer Marketing Hub)
4	Encourage and ease the organisation of events or campaigns by publishers, media agencies, CSOs and citizens that are in line with achieving an 'enlightened society', by providing grants or permissions to use venue and facilities.	-

Strategy Recommendation II	Formulate national media-related policies to educate the mature use of media for the purpose of education, intellectual discourse, civic learning and unity.
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Action Plan		Benchmarking
1	Enforce a 'Right to Information' Act to allow for transparency and enable citizens or civil societies to conduct checks or research.	India's Right to Information Act
2	Appoint an independent media regulator to depoliticise the media and act as a neutral party for information verification.	UK's Independent Press Standards organisation
3	Educate public on recognising the differences between fake and real news, advertising and journalistic writing, neutral and biased resources, and fake and real social media accounts through critical media literacy and historical analyses (National Cyber Security Awareness Module).	How to Combat Fake News (eCanvasser)
4	Encourage civil public debates and discussions to force people out of their echo chambers and media bubbles.	-
5	Conduct campaigns and develop public tools, such as online fact-checking website to counteract misinformation and disinformation (Malaysia ICT Volunteer, Spot & Slam campaign).	Facebook launches campaign to help people spot fake news (2020 Campaign)
6	Encourage organisations (government or private) to prepare strategies in advance of major announcements and press releases that have a significant impact or elicit a big reaction from the public to counteract the anticipated misinformation that will be generated.	A guide to anti-misinformation actions around the world (2020 Poynter)



Strategy Recommendation III	Encourage holistic societal engagement in policy or project implementation processes.
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Action Plan		Benchmarking
1	Institutionalise through appropriate legal provisions), effective public participation and engagement in policy-making, planning and implementation.	Guidelines on Civil Society Organisations' participation in Council of Europe's co-operation activities (Council of Europe)
2	Ensure sufficient representation of communities in decision-making councils, committees, and boards for policy and project implementation.	-
3	Review relevant legislations to include provisions for effective public and stakeholder participation and engagement.	-



Action Plan		Benchmarking
4	Incentivise participation of community leaders in review of policies, strategies and programmes, as well as in project cycle and operations where possible either by appointing them as consultants or advisors.	Strengthening Participation for Development Results: An Asian Development Bank Guide to Participation (2012 ADB)
5	Establish a database of CSOs for ease of connection and communication, such as UN's Integrated Civil Society Organisations System (iCSO).	United Nations Integrated Civil Society Organisations (iCSO) System



Strategy Recommendation IV Campaign to build a narrative of nation state identity.

Action Plan		Benchmarking
1	Construct or design a persuasive, relatable and representative narrative of a national identity built on a shared set of values and ideals and not on shared ethnicity or culture due to the multi-ethnic and multi-cultural nature.	<ul style="list-style-type: none"> • Nation-Building as Necessary Effort in Fragile States – Chapter 9 National Identity: A model and its content (2016 Amsterdam University press) • The Construction of National Identity in Modern Times: Theoretical Perspective (2013 International Journal of Humanities and Social Science)
2	Provide open spaces for people to raise and address concerns in order to eradicate pre-existing paranoia on race-based supremacy and replace with notions of common values and joint efforts in nation building.	-
3	Conduct campaigns and events such as annual national day parades that serve as both a ritual and a spectacle in constructing a national identity that not only celebrates the diversity but also focuses on common values and ideals.	The construction of national identity through the production of ritual and spectacle: An analysis of National Day parades in Singapore (1997 Political Geography)
4	Develop a citizenship curriculum and pedagogy that is infused across different subjects (social studies, moral education, history and geography) and levels (primary level – love Malaysia; secondary level – know Malaysia; tertiary level – lead Malaysia). Currently Unity Curriculum is only incorporated into Early Childhood curriculum and Pre-School curriculum (KSPIC); this needs to be expanded into primary, secondary and tertiary education curriculum.	Singapore's Search for National Identity: Building a Nation through Education (2013 Comparative and International Higher Education 5)
5	Reinstate nation building programmes such as National Service Training Programme (PLKN) starting at an earlier age than previously implemented which is post-secondary school.	National Service Training Programme (PLKN)



Strategy Recommendation V	Strengthen basic modules and syllabi to nurture students' ability to be analytical, critical and articulative in shaping social maturity.
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Action Plan		Benchmarking
1	Update curriculum modules to incorporate current realities: <ul style="list-style-type: none"> • Information a click-away • Less memorisation and more critical thinking, • Abundance of fake news and misinformation • Self-directed learning 	<ul style="list-style-type: none"> • Are children equipped to navigate post-truth societies? (2019 UNICEF) • What is Needed to Develop Critical Thinking in Schools? (2017 CEPS Journal)
2	Strengthen teachers and educator's understanding of critical thinking and analytical thinking and enforce pertinent knowledge in utilising these processes for and among students. This needs to be a continuous process to be embedded in all subjects and in the delivery of subjects taught and assessed. This also, should not be a one-time workshop or a mere one-year class for students.	<ul style="list-style-type: none"> • Critical Thinking (Stanford Encyclopaedia of Philosophy) • 7 Ways to Teach Critical Thinking in Elementary Education (Walden University) • Critical Thinking in Higher Education: A Pedagogical Look (2012 Theory and practice in Language Studies)
3	Encourage more experiential learning outside of the classroom such as engagement with communities and volunteering activities with NGOs.	-
4	Establish an alternative assessment system that rewards socially mature, critical and analytical behaviour, beyond just good grades in examinations (e.g. a 'Khalifah' award based on good behaviour in helping others).	-

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CHAPTER 5

Bumiputera Outcomes

Bumiputera Outcomes

Under the Bumiputera Outcomes SPV2030, five (5) key challenges to Bumiputera Outcomes were identified. In this SPV2030 Strategic Plan document, a more comprehensive elaboration will be provided on key issues and challenges, strategy recommendations and strategic action plans. A high level stakeholder mapping and benchmarking studies were done to also facilitate the implementation of the proposed strategy recommendations.

Issues and Challenges

Disintegrated Supporting Mechanism and Bumiputera Ecosystem

Programmes are not holistic and end-to-end

Many ministries and agencies conduct entrepreneurship initiatives and programmes in silo resulting in duplication of efforts and redundancy. No one is looking at the bigger picture and ecosystem. Interventions tend to be on a piece meal basis and subject to the agency's priorities and limited capabilities.

There is a lack or non-existing common KPIs between ministries and agencies. Each programme's KPIs and outcomes are usually tied to the particular organisation's KPIs making it challenging for a seamless handshake from one programme to the other. Leveraging on each other is at a bare minimum.

Structural Issues

For decades the Government has spent a lot of money on Bumiputera programmes and initiatives for conducted by various ministries and agencies. Yet, many question the success and effectiveness. There needs to be a strong political will to look back and reflect on what has and not been done successfully including the effectiveness of the role of each ministry and agency involved in the Bumiputera ecosystem to move forward and achieve intended outcomes without wasting any more funds.

Low number of Bumiputera companies in high-valued industries

Despite the affirmative actions under the National Economic Policy (NEP), National Development Policy (NDP) and National Vision Policy (NVP), inter-ethnic income disparity is still significant at the lower and higher income brackets. While many Bumiputera SMEs have been created, the majority are stuck in the 'micro' phase and has also led to adverse, albeit unintended, outcomes such as quantity rather than quality, low levels of Bumiputera entrepreneurial talents, low level competitiveness and inability to achieve 30% corporate equity target.

Many Bumiputera companies fail to innovate and offer high-value products and services as most are stuck in the old economy. Too many become just traders and generalists who fail to own their own IP.

There is a pre-conceived mindset that the shift to high-valued industries and business models require high investments and talent requirements. There is also a lack of awareness and exposure to industry trends like the 4th Industrial Revolution and latest megatrends.

Many companies are also weak in brand positioning and research, and market intelligence. Their complacency attitude leaves them lacking the flexibility and understanding of market's requirements, and are sticking to what they know best - Business As Usual (BAU).

They need to rely on more market data analysis and pivot their business model towards becoming more innovative and embracing the new trends and norms post COVID-19.

Institutions

There are currently many agencies handling the Bumiputera agenda where the job scope overlaps with each other, and not addressing the core issues'. There is no one institution looking at the bigger picture and ecosystem and the common KPIs between ministries and agencies are virtually non-existing. Each programme's KPIs and outcomes are usually tied to the particular organisation's KPIs making it challenging for a seamless handshake from one programme to the other.

Institutions are being seen as fund or grant providers with no clear tracking and impact measurement of success stories from any programmes. There are no clear and defined KPIs. Programmes and institutions are not outcome driven and capabilities remain unresolved issue.

Institutions have not been able to grasp the

end goals of affirmative action and fail to acknowledge the bigger picture.

Poor Bumiputera Database

Till today, there is a lack of reliable data on the profiles of Bumiputera SMEs, their actual situation and needs. Updated and audited data are critical to ensure correct intervention is given as sometimes the profile and offerings of the SMEs do not reconcile with their website and clientele.

Ineffective One-Stop Centres

Many agencies claim to be one stop centres but entrepreneurs find it challenging to navigate between the convoluted web of ministries or agencies in seeking advisory, facilitation, business support, market access and financing. due to the organisation's differing missions, agendas and KPIs.

Poor Tracking and Monitoring

In general, the government officers may lack the resources to monitor to properly track



the programme's delivery and utilisation of funds. They may also lack the capability and expertise to conduct proper evaluation; validation of KPIs, deliverables, outcome, impact (as they may not be Subject Matter Experts) and the capacity to follow up with the programme owner in the event of programme delay or other concerned matters.

They rely on good faith when progress reports are submitted. Audited cases still tend to be on a macro level. These poor visibilities may lead to cosmetic reports and undetected abuse of fund allocation; funds given to run Bumi programmes are used by agencies to run other programmes or unused funds are converted for other purposes.

Inadequate Outcome and Impact Assessment Mechanism

Measurement of outcomes and impact is a big challenge. Many programmes tend to be either an event or a one-off, short term programme. This results in poor continuity despite the various efforts in developing these entrepreneurs or enterprises.

Many reports claim to be outcome-based. However, the understanding of an outcome and impact is unclear that it tends to be on a superficial level and very output-based. Monitoring is also not given much focus and time resulting in the ability to measure the real outcome.

Recycling of success stories are rife, (Les Copaque, creator of Upin and Ipin is frequently quoted by various agencies as a success story). Hence evidence of intervention(s) contributes to success needs proper clarity and validation.

Poor Market Access

Bumiputera companies are known to be

over-reliant on Government contracts. As a result, they become less competitive and their products and services are not of global standards and market accredited. It does not help that there is a strong perception that Bumiputera, local Malaysian-made products and services are of low value.

There is also a lack of collaboration, networking and weak branding positioning resulting in poor synergy amongst the Bumiputera economic community. They need to learn to collaborate and not just compete.

Inadequate Business Acumen and Organisational Readiness

Bumiputera companies generally focus on short-term business goals with no mid to long term plans. As a result of being myopic, this leads to a lack of exposure to new business models, best practices, innovative approaches to fundraising and talent sourcing..

Some of the organisational challenges include:

- Bureaucracy
- Employee-related problems
- Weak internal corporate governance
- Poor participation in market places
- Poor financial controls and management
- Inadequate business and structured processes
- Inefficient project management and project delivery
- Negative social attitude

Due to these, companies are unable to scale due to low competency in organisational readiness and business acumen.

Poor Adoption to Technology

Bumiputera companies have been slow to adopt and adapt to technological advances

having the perception that the cost is too high and a mindset that it is too hard.

Funding

Bumiputera companies generally face the challenges of getting financing from commercial banks and Development Financial Institution (DFI) due to factors like lack of business and financial management skills, insufficient collateral, no proper business plans, and inferior technology adoption and know how.

There are also challenges in the funding landscape such as gaps in funding specialisation and lack of project understanding, fragmented reporting structure, lack of collaboration and coordination between Ministries and agencies, and funding performance measurements for DFIs and EDOs varies where funding provided is not associated with risk profile.

Talent Pool

There is a lack of strong Bumiputera

professionals from the industry which is a key factor inhibiting the creation of more Bumiputera companies in higher value-add areas. Some of the issues that stop Bumiputera professionals from jumping into entrepreneurship are lack of belief in personal capabilities and lack of encouragement. Also, GLCs offer rewarding and stable working environment that a majority of Bumiputera professionals are attracted to. Malaysia faces a brain drain as many of its high-skilled workers choose to work overseas. Furthermore, despite many talent development programmes conducted by the EDOs, performance of Bumiputera SMEs is still lackluster with Bumiputera SMEs being micro or small in size.

Poor Mindset

The subsidy mindset still exists amongst many Bumiputera companies. There is a high dependency on government contracts and as a result, there is complacency after reaching a certain stage. Many also become 'grantpreneurs', focusing on obtaining as many grants as possible, sometimes on the same proposals.



Many companies are not willing to invest in developmental programmes and their talent pool, instead prioritising instant rewards as opposed to delayed gratification. They tend to compete against each other even though it is not their field of expertise.

Bumiputera companies are usually CEO-centric, holding everything onto themselves, and failing to prepare for succession planning.

Absence of a strong Bumiputera Supply Chain Low Domination in Industry Supply Chains

Limited Bumiputera's Asset Capacity Supply Chain in Logistics

Successful supply chain management requires cross-integration along the chain and effective marketing strategies to meet market demand. Existing firms in the market that already have the expertise and capacity in logistics can control the logistics system and exploit opportunities in the market. This enables the firms to monopolise the supply chain in a market. However, Bumiputera firms are facing shortfalls in the aspect of logistic.

Limited Bumiputera's Financial and Capital Resources

Bumiputera prospects requiring to grow bigger in the industry are constrained by limited financial and capital resources. As they are new in the industry, the eligible amount of financing is rather low with stringent requirements for financing. Furthermore, they are confined with little assets to be pledged as collateral. Additionally, the Bumiputera entrepreneurs is constrained by poor financial track-record, incomplete financial documentation and inefficient management stated by Credit Guarantee Corporation (CIGB Holdings,

2018).

Asymmetric Business Market Information

The market information involves the supply and demand of both inputs and outputs. Mature market players usually share market information within their circle. This practice provides them with an advantage to exploit the market, while new Bumiputera entrants struggle to get quality information and incur higher transaction costs. Consequently, they are not able to capture potential markets. Bumiputera players also place higher reliance on cheap labour and dependency on government projects for the business survivor which makes them lack the capacity to compete with counterparts in the market.

Lack of Bumiputera's Family Business Inheritance to Stimulate Economy of Scale through Finance, Experience, Management, and Assets in the Long Run

Family business is a commercial body in which decision making is influenced by a



series of generation of families. It creates long term stability, trust, loyalty and shared values. The family-based entrepreneurs typically have a unique vision, mindset and exposure in the business environment. They have strong commitment, common values, and strong characters. Unfortunately, the culture of a family business is not common among the Bumiputera community. Many get involved in the business as newcomers with minimum experience and exposure. As a result, there is a small likelihood for Bumiputera to sustain in the industry.

Leadership

The Affirmative Action and Malay Rights have become a sensitive and an unresolved issue. The Malay Agenda was being used to enrich families and political connections (monopoly, proxy and Ali Baba practises). Additionally, certain Malay-based NGOs fail to dissociate themselves with Malay-majority political parties and are seen to serve political parties' own agendas. They are perceived to be non-neutral and non-partisan.

The definition of Bumiputeras has also been misused; prioritising certain races and political parties, and not including all Bumiputeras (especially Sabah and Sarawak Bumiputeras).

The current political climate has also affected the progress of the Bumiputera Agenda narrative. Many political leaderships lack experience and exposure to the policies on Bumiputera Agenda. There is a lack of understanding of the end goal of Affirmative Action policies and no deep study has been conducted on why Bumiputera SMEs contributed only less than 9% of the country's GDP, for necessary interventions to be taken.

Political Economy

The New Economic Policy (NEP) deviated from its original intention to eliminate the identification of job sectors to certain ethnicities. Poverty elimination was addressed but the deviation created a widening economic gap.

Corruption and leakages in the pretext of Bumi agenda had negated its good intention and needed outcome.

10MP and 11MP no longer include the *Bumi* Agenda, shifting instead towards achieving 'high income country' - defined by World Bank as those with gross national income (GNI) per capita of USD 12,535 or more without taking into consideration the well-being of society, equal distribution of wealth among ethnicities and racial harmony. This is further exacerbated by limited government participation and free market ideas championed by certain political quarters, NGOs funded by foreign donors and MNCs supported by alternative and mainstream media.

Perceptions

The government debt burden has made it hard for the government to deliver new greater plans. Instead, issues of cost of living, SST and halting of many procurement projects. Have become the new focus on public debate.

Race and religion issues continue to be drummed-up by certain parties and NGOs. There is still no collective clear policy and control of the *Bumi* Agenda narrative.

The idea of Affirmative Action is seen as a failed policy amongst the youth, especially from the urban areas.

Strategic Action Plan

The key ministries identified to drive this (but not limited to) are:

- The Prime Minister's Department
- The Economic Planning Unit
- Ministry of Entrepreneur Development and Cooperatives
- Ministry of International Trade and Industry
- Ministry of Finance
- Ministry of Human Resources
- Ministry of Communications and Multimedia

All action plans recommended in this Chapter will be benchmarked against the Sustainable Development Goals by United Nations.

Strategy Recommendation I

Emphasis on equality outcome driven which will ensure Bumiputera's achievement in socio-economic equality on par with other ethnic progress

Action Plan

1	<p>Harmonisation of policies and initiatives which lead to the ultimate goal of socio-economic outcomes of Bumiputera on par with other ethnicities:</p> <ul style="list-style-type: none"> • Conduct an in-depth audit exercise on previous Bumiputera initiatives and policies implemented including structural issues to identify and reflect on what has been done, what has gone wrong and right so that the failed strategies or interventions do not get repeated; ineffective solutions can be improved and successful solutions can be replicated. • Provide a renewed justification for the Bumiputera Economic Community as a whole, and identify, map and rationalise all policies and initiatives across the board. • Identify the intra-ethnic inequality, especially within the Malays and Bumiputera community, including Bumiputera Sabah and Sarawak where the differing demographics require a different approach. • Conduct rigorous independent assessments to relook and examine the impact and outcomes of current institutions and agencies handling the Bumiputera agenda. • Develop common KPIs which cut across all ministries and agencies to ensure continuity on the value chain. • Establish a stringent mechanism to determine, measure and monitor output, outcomes and impact. • Develop a 'super' Project Management Office (PMO) of high capabilities to track and monitor all programmes in areas of deliverables, economic and social impact, and fund utilisation. • Collaborate with non-Bumiputera partners on best practices and encourage sharing of expertise to achieve multi-racial synergy. • Review and identify institutional support to ensure the protection of existing Malay land interests and its future expansion - a maximum utility for the <i>Rakyat</i> and maximum value for the Bumiputera community by changing the reserved term to Malay land transformation. Political will is vital to resolve the issues with Malay Reserve Land. • Utilise Malay Land to facilitate global competitiveness and growth of Bumiputera and by creating a Bumiputera economic development corridor. • Review State Economic Development Corporation (SEDC) subsidiaries having non-Bumiputera buying equity where Bumiputera lose ownership.
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Strategy Recommendation II

Improve and strengthen existing Bumiputera socio-economic empowerment policies, strategies and initiatives.

Action Plan

1	<p>TERAJU 1.0 had been the designated oversight agency for the Bumiputera Agenda since 2011. However, TERAJU 2.0 needs to be given a higher mandate and authority to be the centralised coordination body for the Bumiputera Agenda:</p> <ul style="list-style-type: none"> • TERAJU to be given proper specification of its role. This can include being more independent and dynamic providing analysis and operating in an advisory capacity. TERAJU focuses currently on medium-sized SMEs and less on micro and small enterprises (with the exception of SUPERB recipients who tend to be more technology-based). This focus should remain, rather than being stretched thinner to cover micro and small enterprises • TERAJU needs to focus on higher order strategic and policy work: <ol style="list-style-type: none"> 1. Identify, develop, enhance and advocate current and new policies that will support the Bumiputera ecosystem 2. Develop a 10-year strategic roadmap 3. Identify and examine key strategic areas and supply chain systems to devise interventions in strategic industries for Bumiputera domination 4. Conduct research and data-driven analytics 5. Collect data from relevant stakeholders and develop a centralised Bumiputera database bank so that accurate Bumiputera data is published. 6. Coordinate, monitor and conduct impact assessment to achieve real shared prosperity and need to reduce and avoid conducting development and funding programmes to avoid duplication with other agencies. <p>TERAJU to commission independent evaluations and assessments on their internal initiatives such as TERAS, <i>Skim Jejak Jaya Bumiputera</i>, Carve-out & Compete initiative and SUPERB.</p>
2	<p>The Government needs to review and introduce new sets of indicators and data. The established indicators of inter-ethnic inequality related to Bumiputera initiatives - inter-ethnic household income disparities, representation in professional and management occupations have narrowed and may not adequately capture the ethnic dynamics that provide justification for the policy, premise and targets. Overemphasising the 30% equity target risks shining the spotlight on ownership may detract from the necessary work in cultivating entrepreneurship.</p>
3	<p>The Government needs to strengthen and expand the current Vendor Development Programme (<i>Program Pembangunan Vendor (PPV)</i>) policy currently under MEDAC:</p> <ul style="list-style-type: none"> • Expand VDP to other agencies to implement. • Make it compulsory on companies who receive government contracts to implement PPV. • Establish a national KPI for GLCs. • Increase taxation incentives on VDP via Investment Tax Allowance and Double Deduction Tax incentives. • Improve non-taxation incentives by establishing a prioritised list of vendors for trade missions, government investments and procurement, and establish a Green Lane for loans and credit guarantees. • Establish an effective and efficient exit phase for VDP participants to ensure Bumiputera enterprises have a sustainable and progressive business model. <p>Target Outcome: Increased participation in PPV programme by new Anchors and other ministries and agencies beyond MEDAC.</p>

Action Plan

4	<p>Aside from VDP, the Government to examine other tools to stimulate growth of 2nd tier SMEs either by providing value-added opportunities via investment, non-core asset divestments, outsourcing of non-core services, franchising and licensing for efficient expansion and risk sharing, amongst others.</p> <p>Target Outcome: Current PPV and TERAS programme with qualified Anchors to be expanded to include these tools to develop SMEs.</p>
5	<p>To ensure proper succession planning, the Government shall create a new breed of highly professional and committed pool of entrepreneurs within GLCs or Private Large Companies via entrepreneurship schemes and infusing business professionals into SMEs via Sweat Equity programme. UiTM's role in skilling up these new entrepreneurs and fuel professionals need to be amplified.</p> <p>Target Outcome: List of GLCs, with divested non-core assets and internal qualified staff identified to execute this programme.</p>
6	<p>The Government is to prevent leakages and occurrences of Bumiputera economic sabotage such as the prevalence of Ali Baba companies by reintroducing new legislation on economic sabotage which requires amendments on Section 20 of the MACC Act 2009. This proposal was mooted by Governance, Integrity and Anti-Corruption Centre (GIACC) in late 2018. However, it has not been pursued since then.</p> <p>Target Outcome: MACC to relook at drafting the amendments to Section 20 of the MACC Act 2009 to include economic sabotage legislation.</p>



Strategy Recommendation III

Initiatives will be implemented to ensure increased Bumiputera participation in Government procurement

Action Plan

1	The Government to make it compulsory for the national offset programme known as Industrial Collaboration Programme (ICP) under Ministry of Finance's Technology Depository Agency to have a Carve-out & Compete Bumiputera programme for their recipients to participate in ICP activities such as global market access, contract work packages, local capacity and capability development, technology commercialisation and nurturing and global standards certification.
2	Establish a structured demand generation and aggregation mechanism to leverage on TERAJU's Carve-out & Compete initiative, TDA's ICP programme and intelligence or leads.

Strategy Recommendation IV

Bumiputera Supply Chain Systems need strong empowerment and needs to be further constructed and strengthened.

Action Plan

1	<p>Conduct a study in each industry supply chain to ascertain Bumiputera's positioning so that proper strategic planning and roadmap can be developed.</p> <p>Target Outcome: A proper study to be conducted on participation of Bumiputera in supply chains and a list of 20 industries with high potential for Bumiputera to control.</p>
2	Empower Bumiputera participation in supply chains by encouraging participation of Anchor companies and 2nd tier SMEs in PPV programme. This cooperation platform will be beneficial to implement projects aimed at creating better value through resource sharing, market access and sharing of their unique selling point.
3	Increase access to finance and capital resources by enhancing existing Micro Credit Agencies to finance every activity along the Supply Chains, establishing new innovative and fundraising models like crowdfunding for financial match and brand building, and also consider revolving funds or factoring facilities to help with cashflow problems.
4	Populate the current Bumiputera database with updated data of demand entities and market-ready suppliers in various industry sectors and frequently audit it to ensure its accuracy.
5	<p>Introduce an integrated industry-led demand-supply real time fulfilment platform so informed decisions on production and market are demand-driven. This system shall leverage on the Bumiputera database of demand entities (buyers) and market-ready companies (suppliers or sellers) including other ecosystem players. This system shall also offer third party ratings to enterprises with good delivery and impactful outcomes to ease demand entities in choosing suppliers.</p> <p>Target Outcome: Establishment of a demand-supply fulfilment platform leveraging on the Bumiputera database</p>
6	<p>Identify Industry Development Organisations (IDO) to help align supply chain strategy with the industry's overall strategy to avoid wastages and reduce production costs.</p> <p>Target Outcome: Alignment report of Supply chain to each industry's roadmap.</p>
7	Identify and develop profiles of future business apprentices and next generation of entrepreneurs via alliance and collaborations with supply chain partner and implementing business transformation programme for a mindset paradigm change

Strategy Recommendation V

Further develop the Bumiputera entrepreneurship ecosystem to be holistic and sustainable, and include training and access to capital funds for businesses, research, development, commercialisation and innovation (R&D and C&I).

Action Plan

1	<p>Develop a Bumiputera Data Economy Grid; which is a national database of Bumiputera enterprise profiles which are registered, tabulated and mapped against the industry demand profile via Big Data Analytics to facilitate Portfolio Management. The benefits include access to targeted and reliable data to ensure meaningful programmes at lower costs.</p> <p>Target Outcome: Development of a Bumiputera Data Lake and Economy Grip</p>
2	<p>The Government to identify gaps of each sectorial in these areas and develop a structured end-to-end intervention programme on Bumiputera companies' transformation in the following areas:</p> <ul style="list-style-type: none">• Digitalisation - To incentivise the increased adoption of ICT among the Bumiputera economic community to enhance their business capabilities and efficiencies via free digitalisation advisory and access to affordable digitalisation services.• Emerging Industries - Government to provide incentives to set up and evolve to becoming hot digital enterprises leveraging on 4th Industrial Revolution and emerging technology and industries such as fintech (crypto-currencies), big data, artificial intelligence, IoT and eCommerce. The approaches can be 'Digital Venture' funds, incentives for big players to invest in new start-ups and incentives for large companies to setup a 'digital' division.• Next Generation Entrepreneurs - To create awareness campaigns to attract more young Bumiputeras into the Millionaires' Entrepreneur Club by promoting the idea of 'Running your Own Business' as the first priority after getting a degree and developing a mentoring and apprenticeship programme.• Market Access to Global Markets - Establish a database of global business leads, opportunities, international market intelligence, and facilitate Bumiputera enterprises to participate in the global value chain and establish footprints in other countries.• One-Stop Centre - To establish one coordinating agency to reach out to guide and facilitate entrepreneurs that has wide knowledge of all initiatives by ministries and agencies in the entrepreneurship ecosystem. It is imperative that this facilitation be free from bias in the case of the agency pushing its own agenda to meet its KPIs. The one-stop centre personnel should have a high level of product knowledge to help the entrepreneurs from being given the run-around.• R&D - Conduct policy advocacy, research, and analysis on the business landscape and Bumiputera economic participation.• Continuous awareness and upskilling - Provide awareness and training on Digital Economy and 4th Industrial Revolution to instil passion, shift mindset and business alignment towards these emerging opportunities.• Public Private Partnerships (PPP) - Value adding PPP with foreign and non-Bumiputera partners to leverage on multi race synergy to promote win-win business partnerships and achieve ethnic inclusiveness in economic activities.

	<ul style="list-style-type: none"> Energise the power of the community - Establish a digital community to communicate and collaborate with each other within states and establish a comprehensive database (Bumiputera Data Economy Grid) which will ease the sourcing for Joint Venture partners, fund raising and investments, sourcing and sales opportunities. <p>Target Outcome: Development of a structured end-to-end intervention programme on Bumiputera companies based on their gaps. Each company will have their own roadmap of interventions to progress along with their enterprise lifecycle with seamless handshakes between ministries and agencies throughout their journey.</p>
3	<p>Institutionalise the supply of Bumiputera companies via developmental programmes with structured and formalised processes to validate companies to be market ready. This can also be a launchpad towards the open market and is developmental in nature by putting the fundamentals in place, creating global mindsets, establishing good governance, upskilling and innovating new business models, products and services.</p> <p>Target Outcome: A database of market-ready and market-validated Bumiputera companies .</p>
4	<p>Conduct a feasibility study on the establishment of an Accreditation Authority to accredit Bumiputera companies of its merit and good delivery (CIDB model). This will ease the demand entities' selection of meritable companies for participation in high level national procurement and international trade missions.</p> <p>Target Outcome: Due diligence and feasibility study with proper benchmarking.</p>
5	<p>Develop a Bumiputera Data Economy Grid which is a national database of Bumiputera enterprise profiles and is registered, tabulated and mapped against the industry demand profile via Big Data Analytics to facilitate Portfolio Management. The benefits include access to targeted and reliable data to ensure meaningful programmes at lower costs.</p> <p>Target Outcome: Development of a Bumiputera Data Lake and Economy Grip.</p>



FAMA ONLINE BUSINESS MODEL

FAMA has set up three systems that are integrated to introduce new online business transactions. These three systems are ePasar Tani, eLadang Kontrak and Agrobazaar portal. ePasar Tani and eLadang Kontrak are monitored using Feedback Management System.

ePasar Tani

This system registers all *Pasar Tani* entrepreneurs that operate in all locations of *Pasar Tani* nationwide. ePasar Tani monitors daily transactions including values of sales and types of agriculture products transacted by all farmers which are markets and permanent farmers' markets. It also advertises available business lots for new entrants. Consumers may make use of the system to obtain realtime product prices. The price information is also useful for price control policy implemented by the Ministry of Domestic Trade and Consumer Affairs.

eLadang Kontrak

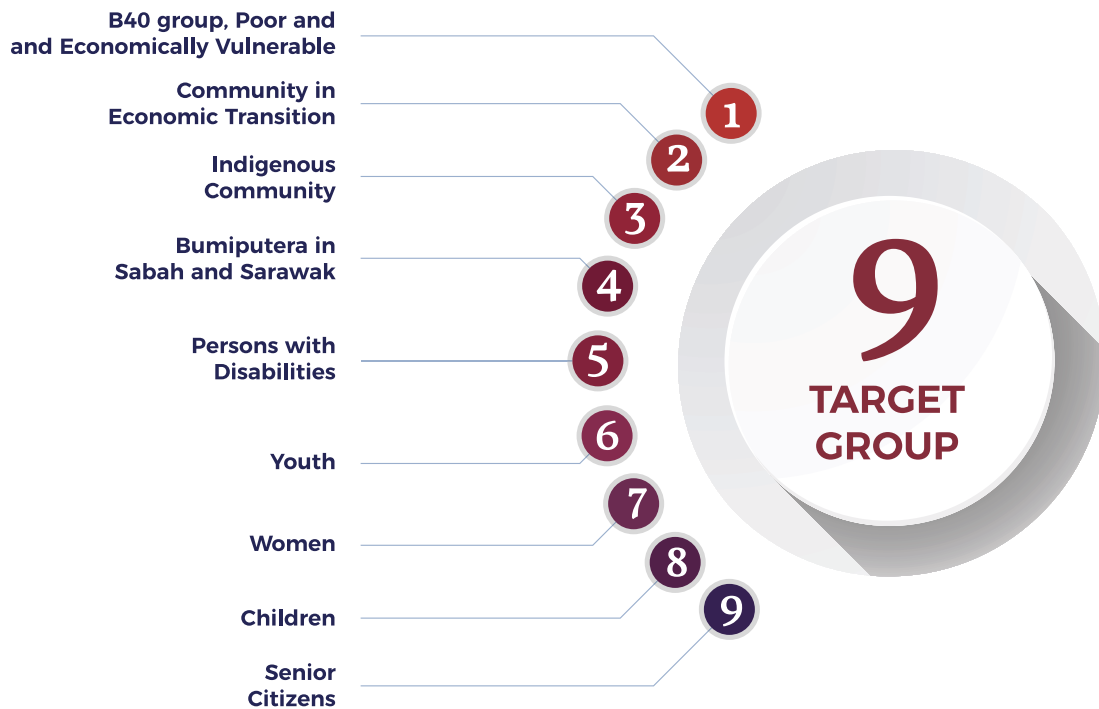
This system registers all grouped farms for contract farming programme between FAMA and farmers. This system may secure the supply of agriculture products, ensure the quality of products, promote sustainable farming among contract farmers and accelerate transfer of technology in the supply chain. The agreement in this contract farming programme includes types and variety of crops, quality and grades of products, packaging requirement and production schedule. With this information, the system may increase product traceability, ensure food supply security, increase market access for farmers and generate higher income for farmers. Market information regarding price at farms, wholesale and retail points may guide policy markers for implementation and execution.





CHAPTER 6
Polarity Management

Polarity Management



In SPV2030, certain groups will be given priority in line with its underlying concept of equality. The main goal of this prioritisation is to improve the socioeconomic status of the target groups and to ensure that no one is left behind. Hence, a Polarity Management model is recommended under SPV2030 and nine (9) target groups have been identified.

In this SPV2030 Strategic Plan document, a comprehensive elaboration will be provided on key issues and challenges and strategy recommendations. Also, high level stakeholder mapping and benchmarking studies were done to facilitate the implementation of the proposed strategy recommendations.

1 B40 GROUP, POOR AND ECONOMICALLY VULNERABLE

Key Issues and Challenges

Drying up of Residual Income

Residual income for the most destitute of our fellow citizens is limited with inadequate savings for the worst off.

Slowing Income Growth

Rate of growth in household income is moderated.

Rise of Workers without Social Protection

Rise of worker-based informality in Malaysia has posed a challenge to the Malaysian social protection system that is typically built around standard employment relationships.

Strategy Recommendations

The key ministries identified to drive this (but not limited to) are:

- Ministry of Human Resources
- Ministry of International Trade and Industry
- Ministry of Health
- Ministry of Women, Family and Community Development

Strategy Recommendation I

Introduce Productivity Linked Wage System (PLWS): With this system, wage is partially dependent upon the workers' productivity. This benefits both employers and employees.

Strategy Recommendation II

Improve Collective Bargaining Power Workers' rights: Protection and income could be better enhanced if the power of workers' unions are strengthened.

Strategy Recommendation III

Introduce Social Protection Floor: A social protection floor ensures that everyone receives a set of basic social services that a welfare system would provide, regardless of location, work-status and age.

Benchmarking

- International Labour Organisation
- Germany and European companies have workers' unions as a norm.
- ILO, WHO, UNDESA and UNICEF





2 COMMUNITY IN ECONOMIC TRANSITION

Key Issues and Challenges

Urban Poverty

As urbanisation prospers in Malaysia, the same cannot be said for the inhabitants of these cities. Urban poverty is most prevalent in the richest cities in Malaysia.

Homelessness

The existence of the homeless population is growing in tandem with urban poverty.

Strategy Recommendations

The key ministries identified to drive this (but not limited to) are:

- Ministry of Housing and Local Government
- Ministry of Federal Territories

Strategy Recommendation I

Integrate Social Urbanism and District Management: An integrated management of urban areas would lead to a more people-centric growth. A unified front of NGOs, residents, stakeholders, government bodies and individuals would develop urban areas inclusively.

Strategy Recommendation II

Housing First: Prioritise moving the homeless into permanent housing, before handling other issues.

Benchmarking

- Germany - Social City District Management
- Finland - Housing First



3 INDIGENOUS COMMUNITY

Key Issues and Challenges

High Levels of Poverty

More than half of the indigenous people are living in poverty.

Loss of Resource Rights and Land Rights

Dispossession of indigenous lands constitute the gravest threat to their way of living.

Poor Educational Attainment

Despite changes in their lifestyle from an economic standpoint, the Orang Asli has not experienced dramatic changes, at the educational level

Inferior Health Outcomes




Orang Asli faces significantly poorer health outcomes compared to a majority of the non-indigenous society.

Strategy Recommendations

The key ministry identified to drive this (but not limited to) is:

- Ministry of Rural Development

Strategy Recommendation I	Immediate gazettement of Land Titles for Orang Asli.
Strategy Recommendation II	Grant permission to Orang Asli over resource rights of their own living dominions would help them obtain economic sovereignty.
Strategy Recommendation III	Legal Reform to safeguard their rights by guaranteeing that they are enshrined in the constitution and legal framework of the country.
Strategy Recommendation IV	Development Assistance: Alternative development strategies must reflect the needs of the Orang Asli and their specific social and physical environments.
Strategy Recommendation V	Establish a tribunal for the rights of Orang Asli.

Benchmarking	
• Returning Lands to Indigenous People - Australia and USA (California).	
• Development Assistance for Indigenous People - USA, Australia, UN.	 



4 BUMIPUTERA IN SABAH AND SARAWAK

Key Issues and Challenges

Two Faces of Economic Growth

As developing states, Sarawak and Sabah have 'two faces'; one portraying economic success and the other, persisting in poverty and inequality.

High Incidence of Poverty

Economic growth in Sabah and Sarawak in the past decade has allowed it to achieve a considerable drop in absolute poverty. Nonetheless, relative poverty and income inequality are still high.

Inequality

In terms of rural-urban inequality, it is evident that the Gini coefficient for urban and rural had been reduced between 2014 and 2016. Although income inequality had narrowed in Malaysia and Sarawak, income inequality in Sabah widened between 2014- 2016.

Low Human Capital Development

The increase in unemployment does not fully utilise human capital in Sabah and Sarawak.

Limited Access to Basic Needs and Amenities

Schools and hospitals in Sabah and Sarawak are highly inaccessible, with water supply to rural areas of Sabah and Sarawak very much lacking.

Development Challenges Faced by the Orang Asal

The majority of Indigenous Malaysians lead productive, successful and rewarding lives; however, they remain significantly disadvantaged compared with other Malaysians across a wide range of socio-economic indicators.

Strategy Recommendations

The key ministries identified to drive this (but not limited to) are:

- The Economic Planning Unit
- Ministry of Rural Development
- Ministry of Works
- Ministry of Finance
- Ministry of Education
- Ministry of Housing and Local Government
- Ministry of Federal Territories
- Ministry of Environment and Water
- Ministry of Health
- Ministry of Human Resources

Strategy Recommendation I

Wealth Creation: Advance Sarawak and Sabah's overall prosperity and self-reliance, strengthen existing and emerging sectors, and increase upward mobility for many, including people, places and firms on the economic margins.

Strategy Recommendation II

Spearhead Economic Growth for Inclusive Development: Promote new growth sectors and increase the value chain of economic activities in the Brunei Darussalam - Indonesia - Malaysia - Philippines - East Asian Growth Area region.

Strategy Recommendation III

Equity in The Distribution of Wealth, Resources and Opportunities: Design and implement socio-economic policies that are geared towards managing equitable distribution and equal opportunities.

Strategy Recommendation IV

Balanced Regional Development: Shift from static regional competitiveness based on natural and geographic relevance to dynamic regional competitiveness, which is based on companies or regional institutions.



5 PERSONS WITH DISABILITIES

Key Issues and Challenges

Bias or Discrimination in Hiring People with Disabilities

Lack of understanding about the culture of people with disabilities, 'stereotyping' and the various obstacles they encounter, cause them to be marginalised in the employment market.

Transportation

Problems associated with inaccessibility in the environment are barriers that Malaysians with disabilities face. This results in difficulties for them to participate in the labour force.

Lack of Strict Policies to Address Discrimination

There are no distinctive Malaysian laws that are committed towards fighting against discrimination faced by Persons with Disabilities (PWD). The government has yet to sign the Optional Protocol to the Convention on the Rights of Persons with Disabilities (CRPD) concerning procedures for individual communication and inquiry. This indicates the lack of legal mechanism if the rights of persons with disabilities are violated.

The National Council for Persons with Disabilities has the responsibility to oversee national progress against plans and policies, but there are no penalties for non-compliance to the Persons with Disabilities Act 2008. Also, Malaysians with disabilities are unlikely to be able to bring a legal claim against the government or service providers for violation of rights.

Children with Disabilities

There is little direct protection of the rights of children with disabilities across the legislative framework. Malaysia enacted the Child Act in 2001 as part of its obligations under the UN Convention on the Rights of the Child (CRC). Although it is based on non-discrimination, the Federal Constitution and reservations in the CRC do not protect children with disabilities from discrimination. Since the PWD Act also fails to specifically reference children and young people with disabilities, there is a significant gap in the protection and promotion of their rights.

Strategy Recommendations

The key ministries identified to drive this (but not limited to) are:

- Ministry of Women, Family and Community Development
- Ministry of Human Resources
- Ministry of Works
- Ministry of Transport
- Ministry of Health

Strategy Recommendation I

Penalise discriminator by imposing stricter regulations to deter and eventually fight off discrimination at the workplace. They should be fined or even have their business licenses revoked by the authorities.

Strategy Recommendation II

Review and revise policy and legal commitments to disability-inclusion. Revise the existing Act or to enact an Anti-Discrimination Act.

Strategy Recommendation III

Review the gaps in provision and protection of children with disabilities in the Child Act and Disability Act.

Strategy Recommendation IV

Improve discourse, attitude and behaviour towards people with disabilities at the home and community levels.

Strategy Recommendation V

Support the development of a Disability Social Movement led by children and young people with disabilities.

Benchmarking

- Returning Lands to Indigenous People - Australia and USA (California).
- The United Kingdom's Disability Discrimination Act 1995 (DDA) and The Americans with Disability Act 1990 (ADA) in the United States.



6 YOUTH

Key Issues and Challenges

Low wages for entry-level positions

Young Malaysians, especially graduates, are suffering from a decline in starting salaries, and stagnant wage growth since mid-2000.

Underemployment of Youth

Although the Malaysian labour participation rate is growing, the 10.9% youth unemployment rate is below global average and comparable to other growing economies. Between 2010 and 2017, the number of tertiary graduates entering the workforce surpassed the number of jobs created for them.

Cost of Living

Malaysia's labour market has created insufficient medium and high-skilled jobs for graduates which have resulted in stagnating wages, especially for the youth and those occupying the lower-income jobs. According to *Bank Negara Malaysia* (BNM), starting salaries for those with degrees were on an average of RM2,207 and a big component of living expenses is accommodation.

Bankruptcies among Self-Employed Youth

84,805 Malaysians were declared bankrupt between 2015 and 2019. Based on the figures provided by the Insolvency Department, people below the age of 34 made up 26% of the bankruptcy cases.

Strategy Recommendations

The key ministries identified to drive this (but not limited to) are:

- Ministry of Youth and Sports
- Ministry of Human Resources
- Ministry of Works
- Ministry of Higher Education

Strategy Recommendation I Create more jobs for Malaysians.

Strategy Recommendation II Increase the growth of high skilled jobs.

Strategy Recommendation III Increase the income level by capping pay for senior management and drastically increasing the overall median pay of the lower-income group.

Benchmarking

- The Glasgow Works Youth Gateway model (United Kingdom) has sought to forge an overarching model that tackles fragmentation of funding and duplication of youth-related activity, involving genuine partnerships.
- In Glasgow (United Kingdom) for example, the Outcome-Related Funding (ORF) model whereby, providers obtained most of their funding once a young person had been supported into employment, was identified as partly responsible for competition between service providers.



7 WOMEN

Key Issues and Challenges

Low Number of Women in Leadership Positions

As of 2019, women made up only 14.4% of the Parliament and only 17.9% of ministerial positions in Malaysia. In addition, the number of women on corporate boards in public listed companies also indicate a slow upward trend.

Slow Growth in Female Participation in the Workforce

Female labour force participation rate progressed slowly towards meeting the 59% target because of lack of flexible working arrangements and childcare services. This continued to be the main reasons many women opted to stay out of work. Records indicate that there are 4.8 million women in the working-age category outside of the labour force because of other reasons. Besides, the mean monthly salaries of women are also 23% lower than men.

Rising Violence Cases against Women

Nowadays, reports on violence against women such as domestic violence, incest and rape as well as child abuse are on the increase daily. Statistics in 2018 showed that 62.9% violence against women were domestic violence and most of the victims were women aged 26 - 35 years old.

Poverty among Female-Headed Households






Most females in the B40 households are either self-employed, hired as low-wage workers or involved in micro-enterprises. Many of them are overly dependent on government assistance as they lack initiative to build their own capacity and capabilities. Historically, female head of households had higher poverty rate than males because they are highly vulnerable to uncertainties and shocks as many have a single source of income and almost no savings.

Strategy Recommendations

The key ministries identified to drive this (but not limited to) are:

- Ministry of Women, Family and Community Development
- Ministry of Works
- Ministry of Federal Territories

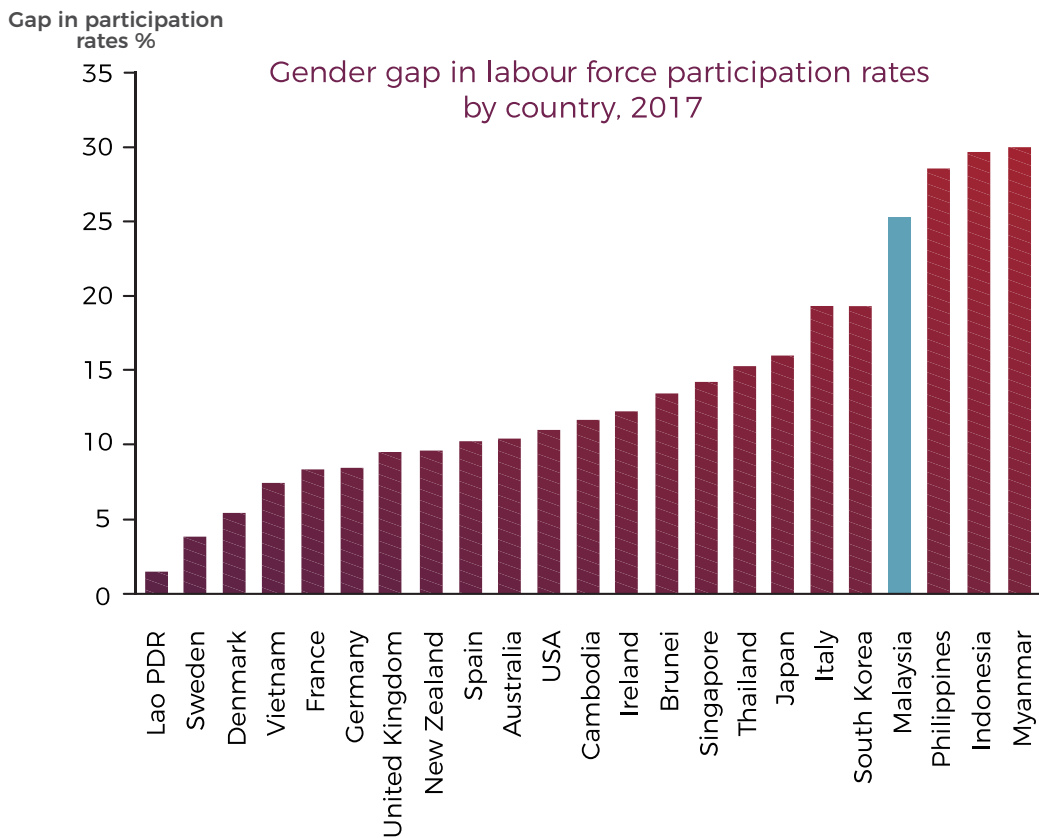
Strategy Recommendation I	Institutionalise Gender Mainstreaming Framework and Gender-Responsive Budgeting across ministries and government agencies as an instrument to close gender disparity.
Strategy Recommendation II	Leverage on gender-disaggregated data to accelerate women's inclusion in development agencies as an instrument to close gender disparity.
Strategy Recommendation III	Advocate women's leadership in politics and business.
Strategy Recommendation IV	Promote Gender Parity in the workforce by redistributing gender roles and introducing family-friendly policies, as well as expand flexible work arrangements for women.
Strategy Recommendation V	Advance women's participation in the gig economy.
Strategy Recommendation VI	Establish public bodies by sector to oversee discrimination and diversity of all forms.
Strategy Recommendation VII	Improve Women's Rights through the development of effective domestic violence laws and policies. The Government must narrow existing gaps in domestic violence issues through the enactment and effective enforcement of relevant laws and supportive policies.

Benchmarking	
• Spain's Gender Equality Law (Article 20) states that public authorities must systematically include the sex variables in their statistics, surveys or data.	
• OECD GRB Report	
• 29.5% of seats on the national parliament are held by women in the Philippines (2018).	
• Canada has 11 women in important C-suite positions across its top 10 companies.	
• 3-months paid paternity leave contributed to 72.1% FLPR in Iceland.	
• Social Protection for Informal Workers in Asia, Asian Development Bank, 2016.	
• United Kingdom (UK) - Government is helping more women into the workplace by offering flexible working and support for childcare.	
• Equal Status Act 2000-2018, Ireland	

Gender Equality

Despite the gains of women's involvement in the labour force, Malaysia's gender gap is still large compared with other ASEAN countries and a sample of OECD economies. The participation of women is also still low in board members and senior management positions, as well as in Parliamentary and Ministerial positions, in comparison to other ASEAN countries. This is why, even though it has been mentioned in the SPV2030 document, it is believed that a deeper study on this still need to be conducted, so that strong and proper measures could be developed and implemented to address the gap by 2030.

Gender Gap Comparison in Labour Force Participation Rates among 27 Countries



The Gender Gap in Malaysia

Area	Indicator	Gender Gap		Status
Education	Primary enrollment	W : 103.8%	M : 103.1%	●
	Secondary enrollment	W : 87.9%	M : 82.6%	●
	University enrollment	W : 48.3%	M : 40.3%	●
Home vs Market work	Labour force participation	W : 55.2%	M : 80.4%	●
Sectoral and Occupational Segmentation	Education sorting	W : 33.9% in Engineering		●
	Earning gap	W : 97% of M		●
	Management positions	W : 22.1%	M : 77.9%	●
	Employers	W : 18.1%	M : 81.9%	●

Source: World Bank Group's calculations based on UNESCO Institute for Statistics and Malaysian Labour Force Survey (Department of Statistics Malaysia). Notes: Data are for 2018 (labour force participation, employers), 2017 (education sorting, earnings gap, management positions), and 2016 (literacy, primary, secondary, and tertiary enrollment).



8 CHILDREN

Key Issues and Challenges

Poverty

Nowadays, many children in Malaysia suffer from poverty. The country has made significant efforts to improve the situation. UNICEF estimates that more than 72,000 children under the age of fifteen still live in difficult conditions without the means to fulfil their own basic needs. There are over 157,000 children in Malaysia who are living in poverty.

Mental Health

According to the National Health and Morbidity Survey 2019, a total of 424,000 children in Malaysia are grappling with emotional and psychological issues. They suffer from mental health problems, while as many as a quarter of Malaysian adults experience functional difficulties. Teenage girls were also reported to have high rates of suicidal ideation than boys, at 10.8% and 9.1% respectively.

Child Abuse

Child abuse is nothing new in Malaysia. Over the years, many children have faced abuse and ultimately, death. In 2012. According to the statistics from the Department of Social welfare. About 3,831 children were reported to need care and protection under Section 17 of Child Act 2001.

Child Bully

Bullying in Malaysia has become a serious problem with a startling report of eight (8) out of ten (10) surveyed claiming they have encountered bullying in schools. In conjunction with the recent World Children's Day, the nationwide survey indicated over 2,000 children below the age of eighteen were involved in bully cases.

Strategy Recommendations

The key ministries identified to drive this (but not limited to) are:

- Ministry of Health
- Ministry of Finance
- Ministry of Education
- Ministry of Youth and Sports

Strategy Recommendation I

Fight violence, abuse, neglect, maltreatment, and exploitation by developing inter-agency protocols for coordination between child protectors, police, healthcare officials, NGOs and other service providers.

Strategy Recommendation II

Prioritise Health: Provide free and equitable access to primary and preventive public health services, including inpatient and ambulatory care.

Strategy Recommendation III

Increase efforts to train more mental health professionals and ensure access to care and counseling for children is highly improved.

Strategy Recommendation IV

Uplift children living in poverty by eliminating fees and ancillary costs for attending school as well as provide education to parents on child health and child nutrition and improving the services provided at the Children's Activity Centre.

Benchmarking

- United States of America (USA)
The U.S. Government will facilitate the efforts of national governments and partners to prevent, respond to, and protect children from violence, exploitation, abuse, and neglect.
- United Kingdom (UK)
 - The government is bringing in a comprehensive, universal childcare strategy, including extended school by introducing universal free school meals.
 - The government is also helping to improve the abilities of parents through adult apprenticeships.
- France
The organisation of a free and secular public education system at all levels is a duty of the state.



9 SENIOR CITIZENS

Key Issues and Challenges

Health

The elderly are less healthy than the young, hence an increase in the proportion of the aged group is associated with an increase in the prevalence of ill health. The physical and social changes associated with ageing are combined with the debilitating effects of multiple, acute and chronic diseases. Nowadays, the number of patients with these types of diseases is expected to increase with the rise in the number of elderly population and this has important implications on the country's resources.

Health Care System

The elderly with their chronic diseases and problems require long term care. As an example, rehabilitation of the elderly patients from acute illness to help return the elderly patients to their pre-morbid function is often lacking in our hospitals. Special programmes for the aged are still lacking even though Malaysia has quite a comprehensive medical and health care services for the general population.

Aged Care

- Poor Nutritional Status and Dietary Practices
In 2019, 1 in 10, or 10.5% of older persons have muscle wasting because public awareness on health is low, especially on the need for regular exercise and dietary control.
- Limited Professionals and Trained Medical Staff
There is a significant lack of professionals and trained medical staff in the field of Geriatrics such as geriatricians, occupational therapists, physiotherapists and others.

Financial and Social Protection

Poor personal financial management and lack of retirement preparedness. Old people have poor personal financial management and are lack of retirement preparedness. 68% of active Employees' Provident Fund (EPF) members did not achieve recommended basic savings at the age of 54. In the private sector, the level of the awareness of Private Retirement Scheme (PRS) among employees is still low.

Strategy Recommendations

The key ministries identified to drive this (but not limited to) are:

- Ministry of Finance
- Ministry of Health
- Ministry of Education
- Ministry of Youth and Sports

Strategy Recommendation I	Amplify campaigns on healthy lifestyle.
Strategy Recommendation II	Institutionalise Health Education to highlight that ageing is not a disease and early intervention treatment can prevent disability.
Strategy Recommendation III	Strengthen Financial and Social Protection Collaboration between relevant ministries such as Ministry of Education and Ministry of Youth and Sports is pertinent in drawing up a comprehensive plan to incorporate financial education in the education system.
Strategy Recommendation IV	Enhance retirement coverage, adequacy and sustainability through pension system reform.
Strategy Recommendation V	Conduct regular review of retirement age in tandem with the national life expectancy.
Strategy Recommendation VI	Ramp up promotion of voluntary scheme such as the Private Retirement Scheme (PRS) to provide additional support for income layering for retirement.
Strategy Recommendation VII	Introduce a long-term care framework: Provide more financial resources and funding towards producing more human capital who are trained in providing standardised services. Establish a time-bank concept that encourages inter-generational volunteerism.

Benchmarking

- Japan
 - Promoting Elderly Health:
 - Vaccination may be especially consequential among the elderly, who are particularly vulnerable to vaccine-preventable diseases such as influenza.
 - Long Term Care Insurance:
 - Government wanted to help boost Japan's declining labour numbers and prevent women from acting as caregivers.







PART III
SUSTAINING SPV2030 DELIVERY

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CHAPTER 7

Structural Reform and Revitalisation of the Government

CHAPTER SEVEN

Structural Reform and Revitalisation of the Government

A comprehensive structural reform and revitalisation of the Malaysian government has to be done in a balanced manner. Such reforms shall touch on all three branches of the government to manoeuvre the delicate nuances in respect of the control over the powers that one branch presently has over the other.

This chapter seeks to provide a high-level overview of key challenges and issues, strategic recommendations and key action plans in respect to the proposed reforms to be carried out by the Malaysian Government in taking a step closer to the goals of SPV2030 linked to the following enablers; Enabler 3 (Effective Institutional Delivery) and Enabler 4 (Governance and Integrity).

SITUATIONAL ANALYSIS

EXECUTIVE

On the Federal level, the Malaysian executive consists of the Conference of Rulers, *Yang di-Pertuan Agong*, the Prime Minister, Cabinet and Public Services Department. For the purpose of this situational analysis, the section takes a look at two main figures namely the Prime Minister together with the appointed Cabinet and the Public Services Department.

The Prime Minister and the Cabinet

The Prime Minister and the Cabinet play an important role in the running of the country, whereby the respective Ministries led by each Minister (in the Cabinet) are the highest bodies in the federal administrative machinery. Each

ministry is responsible for formulating, planning, controlling and coordinating government policies pertaining to its functions. It is also the responsibility of the ministry to control departments and statutory bodies under it.

The general sentiment is that the Malaysian public wishes to see a strong cabinet line-up where important ministries are helmed by a competent person with the required expertise.

Public Services Department

The Malaysian Public Services Department (PSD) plays an integral role to boost public confidence in view of achieving SPV2030. Two major components here involve the level of service and delivery to the *rakyat*, as well as conducting matters with utmost integrity.

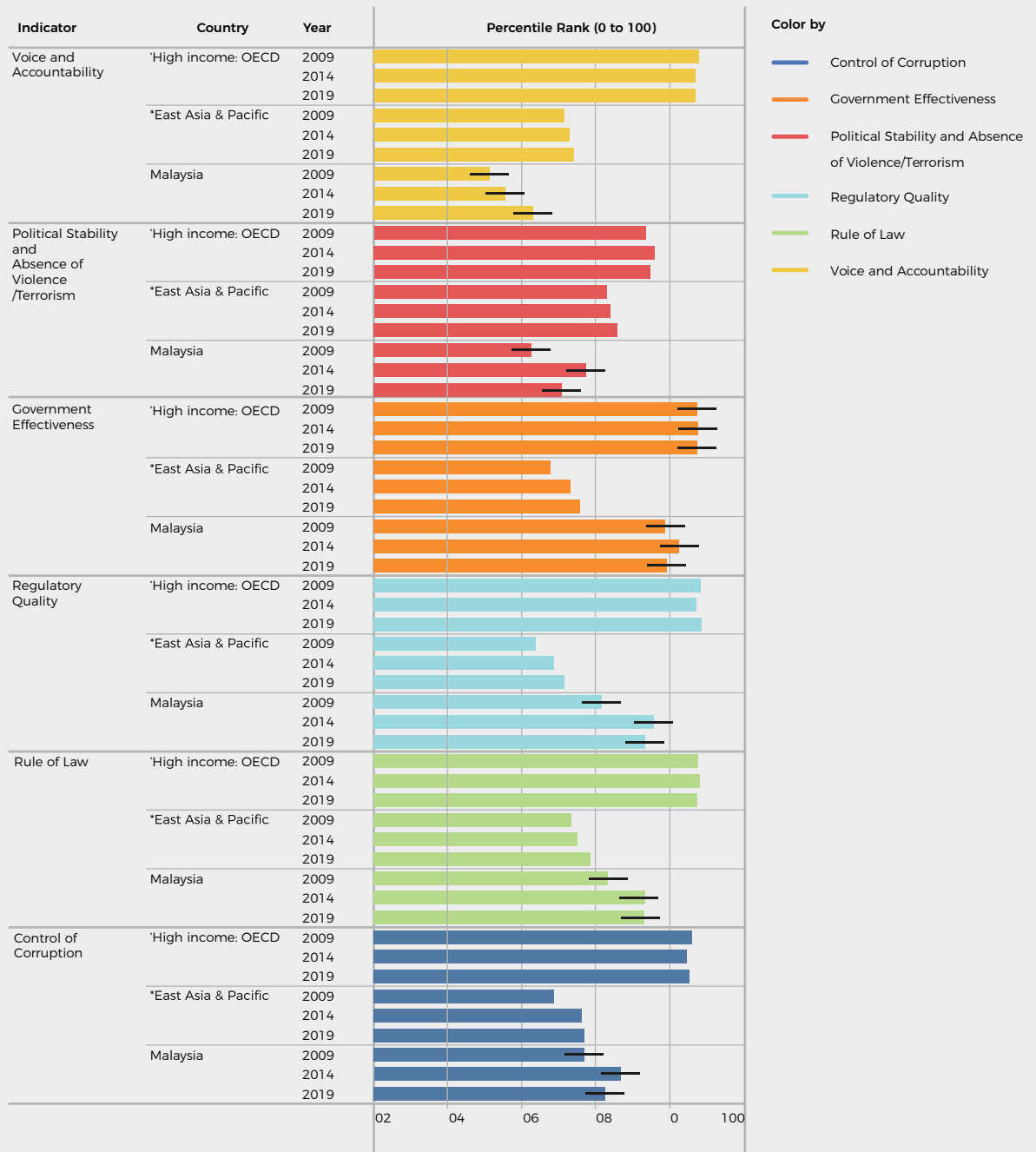
While there are various matrices to calculate the level of governance, this section refers to The Worldwide Governance Indicators (WGI), where the project reports. This individual governance indicators for over 200 countries and territories from 1996–2019, for six dimensions of governance:

- Voice and Accountability
- Political Stability and Absence of Violence
- Government Effectiveness
- Regulatory Quality
- Rule of Law
- Control of Corruption

In general, the WGI data compares Malaysia

with high-income OECD countries and the East Asia and Pacific, Malaysia's governance level is at par or better than fellow regional players, but the performance against high-income OECD countries show a widening gap. In order to achieve SPV2030, Malaysia needs to aspire to improve its PSD effectiveness to be at least at par with the high-income OECD countries.

Figure 7.1: The Worldwide Governance Indicators (WGI)



LEGISLATIVE

Prior to GE12, the ruling government had a strong showing of support controlling more than two-thirds of the Dewan Rakyat. The strong numbers translated into the ruling government being able to pass any legislation deemed to be in the best interest of the country. Given the historical context, it is not surprising that the process of making laws is looked at with no real political will for reform, up until GE14 where the Barisan National party lost its control over the Malaysian parliament.

Traditionally, the Malaysian legislative has always been viewed as a 'rubber stamp' of the executive, where more often than not (unlike western democracies), members of parliament from the same party tend to vote in Parliament in accordance to party lines.

With the change of landscape, it is evident that the *rakyat* are demanding a more robust legislative process, and the promise of reforms across the board resounds strongly with the voters.

JUDICIARY

The Malaysian judiciary is an important facet of the Malaysian government and needs to be able to exercise its power with fairness and effectiveness, without fear or favour.

Prior to the year 1988, the Malaysian judiciary was well noted in common law systems and its judges were well-known due to their ability to decide and reach decisions. These decisions were well-respected, and were the gold standard of reference by other jurisdictions.

The major occurrence which ended the golden period of the Malaysian judiciary

was the termination of the former Chief Justice of Malaysia, Tun Salleh Abas and two Supreme Court judges (the Supreme Court was the highest court in Malaysia before it was renamed the Federal Court) in the year 1988.

This was during the time where Article 121 of the Federal Constitution was amended, where Sultan Azlan Shah, former Lord President stated:

"With this amendment, it would appear that the judicial power is no longer vested in the courts, and more importantly the High Courts have been stripped of their inherent jurisdiction. The powers are now only to be derived from any federal law that may be passed by Parliament. The effect of this change may have far reaching consequences on the Separation of powers doctrine under the Federal Constitution".

There was further scandal in the year 2008 where a Royal Commission of Enquiry was convened to look at the allegation involving a video showing an advocate and solicitor together with a few businessmen making bold claims on being able to influence the appointment and promotion of judges and allegations of corruption against the Malaysian judiciary.



KEY ISSUES AND CHALLENGES

Political Will for Structural Reforms and Government Revitalisation

The main issue surrounding structural reforms and government revitalisation has always been about the political will in making the necessary reforms. The challenge is for the government to offer an attractive pathway for institutional reform that entices both sides of the divide.

As Malaysia thrusts ahead with a more disparate trend of voting, it will likely see the votes being distributed between the political actors in the country. A movement from traditional politics where parties oppose one another just because of party-lines need to evolve to a more bi-partisan approach where thought process and leadership, irrespective of where it comes from, are recognised by the ruling government.

Absence of a Central Body for Structural Reforms and Government Revitalisation

An effort as big as the SPV2030 and its subset goals relevant to this chapter, Enabler 3 (Effective Institutional Delivery) and Enabler 4 (Governance and Integrity) requires a good and reliable central body to plan, coordinate and manage the Structural Reforms and Government Revitalisation. The challenge is to strike a fine balance between having the right individuals from various stakeholders involved and ensuring proper oversight. The previous Institutional Reform Committee set up in 2018 by the government was established under the Council of Eminent Persons, reporting to the Prime Minister. There were criticisms of lack of transparency in the

process of setting up the committee and subsequent issues in the release of the recommendations of the committee.

STRATEGY RECOMMENDATIONS

EXECUTIVE (CABINET)

The Prime Minister

The Prime Minister will not hold other Ministerial posts

The progress made by the most recent governments should be continued where the leader holding the Prime Minister post shall not hold any other Ministerial post.

It is imperative for the Prime Minister to focus on leading the country and avoiding a dual-Ministerial portfolio which could open room for an abuse of power, or at the minimum, depict a negative perception of the administration.

Reduce number of Ministers and agencies under the Prime Minister's Department, and redistribute budget equitably

A comprehensive study needs to be conducted on the number of Ministers and agencies under the Prime Minister's Department (PMD), and its corresponding functions to ensure that the functions do not overlap with the other Ministries and the agencies under them. Based on the study, there should be a redistribution of the budget to other parties equitably to ensure that our administration targets the right entity to be funded that prevents a complete centralisation of power under the Prime Minister.

Appoint a Central Body to Supervise SPV2030

To resolve the issue of political will and having a centralised supervisory body to monitor the implementation of SPV2030 (in this context, the Structural Reform and Government Revitalisation), the government should consider appointing a central body to carry out functions similar to the Performance and Management Delivery Unit (PEMANDU) which was central to the Government Transformation Programme launched in 2009.

Based on a report conducted by the Centre for Public Impact, BCG Foundation, PEMANDU was considered a success story as institutional reforms were planned and implemented effectively under the oversight of the body. However, there were criticisms in terms of PEMANDU's powers, which inadvertently overlapped with various ministries and agencies. The newly created Shared Prosperity Delivery Unit (SEPADU) may exercise this function, with a focus on working together with the Economic Planning Unit (EPU) and the Implementation Coordination Unit (ICU), to coordinate the implementation with the various ministries and agencies in ensuring no duplication of roles.

Ministers And Deputy Ministers

Reviewing the Number of Ministers and Deputy Ministers

Since independence in 1957, Malaysia has had a total of 21 cabinets where the number of Ministers and Deputy

Ministers has been consistently on the high-side (except for the first four cabinets led by Tunku Abdul Rahman from 1957 to 1970). Given the patronage-based politics of Malaysia, it is not surprising that the Malaysian public remains sceptical about the size of our Cabinet, considering the fact that almost all of the leaders of the respective coalition parties are given important Ministerial and Deputy Ministerial posts.

An independent review should be carried out, taking into account our local context coupled with case studies comparing other countries adopting a similar system to Malaysia, to determine the correct size of our Cabinet and the functions that the respective Ministers will play in the administration of the country. A marked improvement in this area will reduce the cost overlap in functions suffered by the current structure and greater delivery by the government departments.

If reducing the number of Ministerial and Deputy Ministerial posts is politically impossible to achieve, a suggestion that may be adopted is the re-introduction of the Parliamentary Secretary role, which can be used to reduce the budget required for the appointment of additional Deputy Ministers.

Review the Powers of Ministers

It is vital for various legislations in Malaysia especially those involving statutory bodies, to be revised to improve governance issues in respect of the interaction between the Minister and the executive body running those entities.

At present, most Acts of Parliament establishing statutory bodies, such as *Majlis Amanah Rakyat*, Malaysia Rubber Board and Malaysian Investment Development Authority contain relevant provisions which allow for the relevant Minister to give directions, where such power is broad and unfettered. These broad powers indirectly open the possibility of micro-management of a statutory body by the Minister and creates room for unfettered government intervention, irrespective of whether it is for government business or to take care of personal interests. This, in turn, reduces the significance of the role of professionals appointed by the Minister and the body to govern the same.

The suggestion is to review the language in respect of such powers to allow for a more targeted approach when a Minister exercises his/her powers. This form of reform is a huge step in promoting good governance in line with Enabler 4 (Governance and Integrity) of SPV2030 and reduces the likelihood of Economic Sabotage.

EXECUTIVE

Diversity in the Public Services Department

Reviewing the racial, gender and age composition in the PSD to be reflective of the composition of Malaysia is important. Active policies are to be put in place to permit the rebalancing of the PSD composition. The movement to have a more representative PSD can be argued to provide a better outlook in terms of policy-making and its implementation, taking into account a more diverse overview of public administration matters.

Local Government Elections

Our local governments are responsible for a significant proportion of our public service, with a significant proportion of the state or federal budget (as applicable) allocated to run local governments. To increase accountability, credibility and transparency, the proposal is for the government to take steps to revamp the method in which the local government comes into power by way of introducing local government elections. This move will also address the lack of public participation in local governments and improve the practice of democracy on a grassroots level.

Role of the Attorney General and Public Prosecutor

Currently, the Attorney-General (AG) and the Public Prosecutor (PP) are fused. In this regard, there is an inherent conflict of interest as the AG is also the chief legal adviser to the government as well as a civil servant. We recommend the creation of a separate office for the AG and PP with the public prosecutor being granted the mandate to act autonomously in accordance with public interest. There are several countries where the office of the AG is distinct from that of the PP. This will avoid an unhealthy concentration of power in the hands of one individual.

Anti-Corruption

The suggestion is to uplift the Malaysian Anti-Corruption Commission (MACC) as a commission placed under Federal Constitution, reporting directly to the Parliament. Through this approach, it is expected that a more transparent

and robust method of appointment of the Chief Commissioner is to be introduced, an improved security of tenure for key positions in the MACC, and more independent financing for the MACC. This will provide greater independence to the MACC and reduce the likelihood of the political interference.

Police

Independent Police Complaints and Conducts Commission

Implement the suggestion in respect of the establishment of the Independent Police Complaints and Misconduct Commission (IPCMC). The IPCMC aims in increasing independence of investigations into any abuse of power or misconduct by officers of the Royal Malaysia Police (RMP) to increase public confidence in the RMP.

Independence of the Police from Political Interference

Increase Governance and Integrity of the Royal Malaysian Police (RMP), allow the RMP to be given an independent status, free from any executive interference (whether it is political in nature or otherwise). This will include the revision of the powers of the Minister in-charge of the RMP and the composition of the Police Force Commission.

Elections

The suggestions here are to reiterate and complement the *Pelan Strategik Suruhanjaya Pilihanraya Malaysia*

2019 -2023:

Election Commission

Strengthen the Election Commission by improving its administration, management of finances, structure and human capital, utilisation of technology, and delivery of services to the *rakyat*.

Electoral Roll

Improve the integrity of the Electoral Roll by implementing global best practices to improve in the voter registration process and audit process. In that regard, there are two main suggestions to be taken which will directly contribute to the improvement of the electoral roll, namely:

- i. automatic voter registration of those eligible to vote
- ii. automatic updates of voter information by linking to the National Registry Department

Conduct of Elections

The Election Commission should move towards examining alternative modes of conducting elections in view of the recent pandemic related to COVID-19. It is imperative for a study to be carried out to consider the framework in having digital elections (or partial digital elections) to future proof the conduct of elections. The digitalisation process will also bring light on cyber security issues and the purported reduction of human error, and such discussions can only be viewed positively by the

rakyat.

Creation of an Ombudsman Body

To replace the current Public Complaints Bureau with an Ombudsman body, through the legislation of an Ombudsman Act. The Ombudsman body seeks to have a more effective management of public complaints in Malaysia involving maladministration.

The term Ombudsman is derived from the Swedish word meaning 'grievance person' or 'representative or agent of the people', where the Ombudsman is appointed to safeguard the citizens against abuse or misuse of administrative power by executive.

The creation of this body would be a step in the right direction to address all public grievances against all departments and agencies. The Ombudsman body should be created to be a friend and protector to the *rakyat*, with the primary responsibility to personally enquire alleged wrongs inflicted on the man-in-the-street by a range of public authorities.

The creation of an Ombudsman body looks to improve the public service delivery and reduce the occurrences of abuse of power in the interest of the public.

LEGISLATIVE

Reform of Parliament

Process of Law Making

The process of law making can be improvised to take into account several

changes which will largely increase the transparency and integrity in which laws are passed in the Parliament. The changes shall include:

- a. Having mandatory government policy papers for any proposed bills
- b. Declassification of bills as a public document
- c. Bi-partisan committees to review bills

Integrity and Transparency

To enhance integrity and transparency of the legislature, there are several recommendations which can be considered:

- a. Speaker of the Dewan Rakyat and President of the Dewan Negara must not be from any political party or must retire from partisan politics
- b. There should be a publication stating all directorships and consultancies held by Members of Parliament
- c. The allocated time to discuss legislative matters should be increased to encourage discourse and constructive feedback between Members of Parliament.

Accountability and Answerability

This area can be greatly improved by carrying out overall improvements to increase accountability and answerability in the Parliament.

- a. Uplift the status of the Leader of Opposition to be equivalent to a Minister.
 - b. Have a bi-partisan representation in the Public Accounts Committee, with the Chairman to be preferably a Member of Parliament from the opposition party.
 - c. Expand the powers of Parliament by setting up Parliamentary Committees to approve appointments to key positions in commissions, subject to the amendment of those Acts, if so required (e.g. the Malaysian Anti-Corruption Commission, Elections Commission, Judicial Appointment Commission, National Audit Department, and Human Rights Commission).
- b. Setting up bi-partisan Parliamentary Committees to review bills and allocating a budget for a support team which shall consist of officers from the PSD and/or external consultants relevant to a particular subject matter

JUDICIARY

Appointment of Judges

Increase the independence of the judiciary, centralise the powers of appointment of judges with a body which may be known as the Judicial Appointments Commission. The commission should be separated from the executive branch of the government to avoid any interference in terms of the procedures relating to the appointment of judges in Malaysia.

Greater Checks and Balances

The government should consider amending any laws which purports to oust the power of the judiciary to conduct a judicial review over the administrative powers exercised by the executive branch of the government. The availability of such unfettered powers shall provide an avenue for additional checks and balances in line with the doctrine of separation of powers.

Law Activism

Encourage judges to develop law activism in carrying out their duties and functions. The development of law (within the boundaries of the

Improve Support and Capability of the Members of the Parliament

Effective policy making would include having the requisite support and skills built into the process of law-making. Two main suggestions would be as follows:

- a. Emphasis is placed on developing the skills of the Members of Parliament by way of an allocation of a training budget for public policy training which may include substantive topics such as regulatory economics, social engineering, etc. or skill-set topics such as public speaking, influencing, etc.

legislature) to complement the legislative body shall be a hallmark of the Malaysian judiciary, where decisions taken by judges through the application of case law greatly helps in the development and interpretation of laws.

STRATEGIC ACTION PLANS

In the introduction section, the strategic recommendations provided above are high-level recommendations, which needs to be further examined together with the relevant stakeholders for the purpose of implementation and taking into account the general objectives of SPV2030 together with Enabler 3 (Effective Institutional Delivery) and Enabler 4 (Governance and Integrity). To kick-start the efforts related to the proposed recommendations under this Structural Reform and Revitalisation of the Government chapter, we recommend for the government to carry-out the following recommendations in the first three (3) years of SPV2030:

EXECUTIVE

- Appoint a central body to supervise SPV2030
- Review the powers of Ministers
- Ensure diversity in the Public Services Department
- Create an Ombudsman Body

LEGISLATIVE

- Review the process of Law Making for agility
- Improve support for and Capability of the Members of the Parliament

JUDICIARY

- Encouraging Law Activism

The list above is merely a suggestion based on what is achievable and may be adjusted to take into account the relevant landscape prior to implementation. After a more in-depth review of the other strategic recommendations, the government of the day shall determine the order in terms of implementing the recommendations, taking into account the scenario at that time.





CHAPTER 8
Communications Plan

CHAPTER EIGHT

Communications Plan

INTRODUCTION

The purpose of a strategic communications plan is to integrate all SPV2030 programmes, public education and advocacy efforts. By planning a long-term strategy for our efforts, we will be positioned to be more proactive and strategic, instead of consistently reacting to the existing environment.

The strategic plan will help us deploy resources more effectively and strategically by highlighting synergies and shared opportunities in our various programmes and work areas. The creation and adoption of a strategic communications plan represents a significant step for any government.

For many agencies, the adoption of such a plan represents a cultural shift toward communications and a clear recognition that all the agency's efforts have a communications element.

Public education, research of grassroots, research, public advocacy, direct service and even fundraising are tasks vital to the health and success of a public programme.

Based on the principles of the Shared Prosperity Vision 2030, a strategic communications plan has the power to shift the conversation, both in terms of the credibility and status in Malaysia, and in terms of the way we work together as a team to achieve our mission and vision for our nation of '*Makmur Bersama*'.

Figure 8.1 Purpose of Strategic Communications

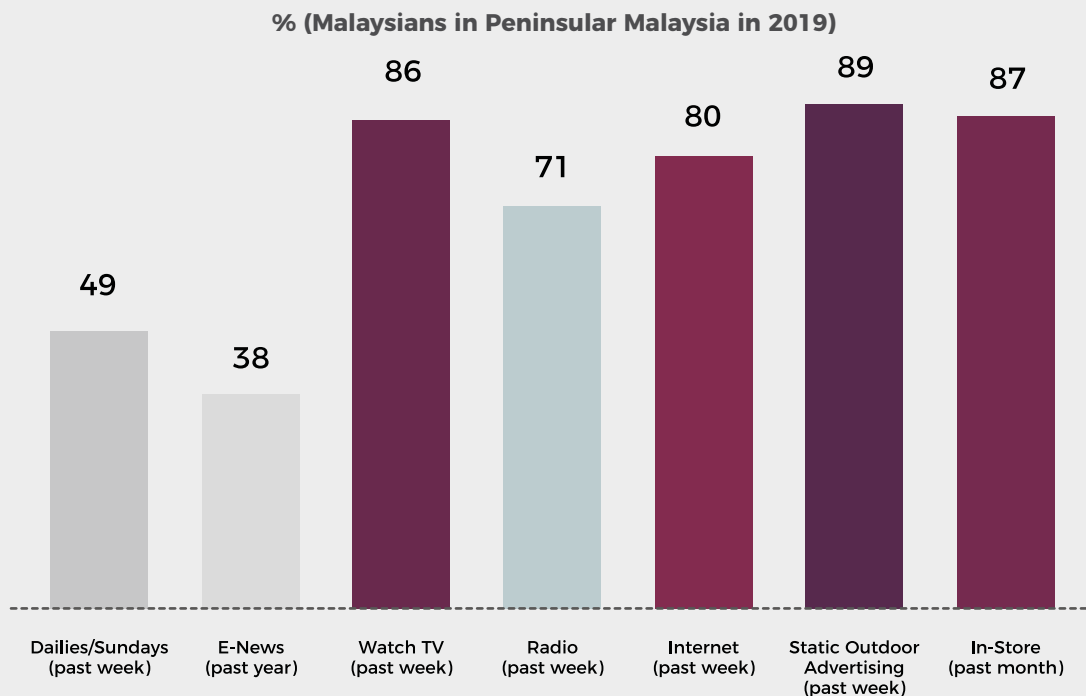


The Malaysian Media Landscape

According to a Nielsen report in 2019, Malaysia has witnessed the ripple effect of technology evolution in the media and entertainment industry in the last decade, with the magnification of internet penetration being the cornerstone of these changes. Data from Nielsen Consumer and Media View indicated that as of 2019, the *past week* internet usage at 80% and smartphone ownership at 84%, rapidly rose from 25% and 1% in 2010, respectively.

Advancement in technology and internet coverage has created a plethora of choices and media formats for consumers. In 2019, only 19% of Malaysians consumed traditional media while 81% consumed a combination of both traditional and digital media.

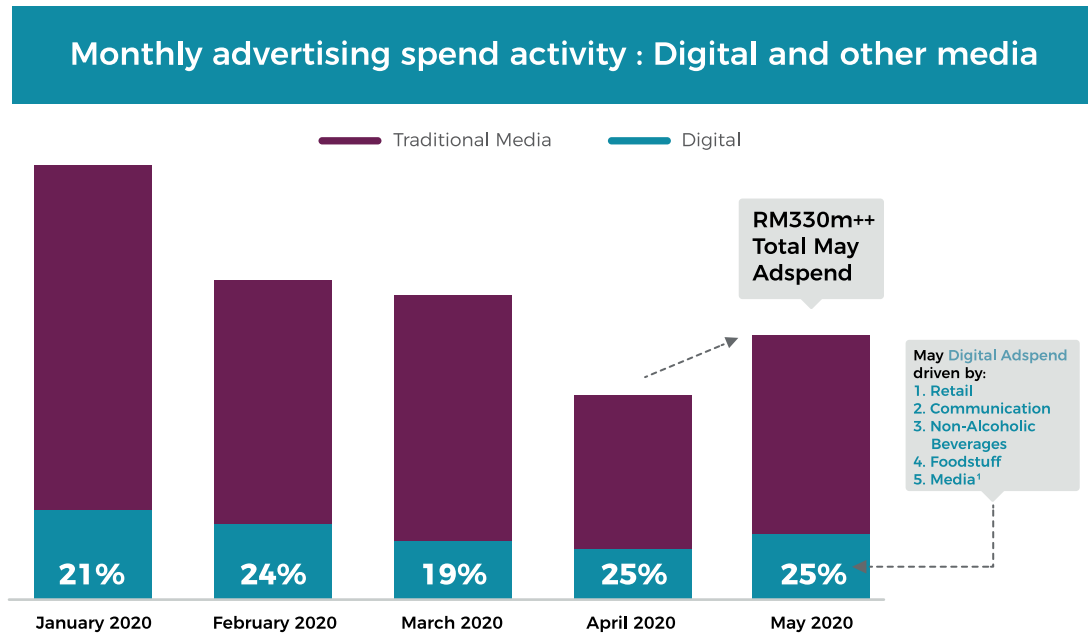
Figure 8.2: Percentage of Malaysians in Peninsular Malaysia in 2019



Source: Nielsen Consumer and Media View July 2018 - June 2019

Figure 8.3: Monthly Advertising Spend Activity (Digital and Other Media)

NIELSEN MALAYSIA



Media Types Monitored: Free-To-Air Television, Newspapers (excluding titles which were mostly not coded for in January-May 2020), Magazines, Radio, Cinema, In-Store Media, Digital
¹Cinemas were temporarily closed from March 18th 2020 to May 2020 due to the Movement Control Order regulations.
²Native ads account for approximately 70% of the 'Media' sector's digital adspend in May 2020.

Advertising spend (adspend) has begun to show signs of life after a veritable drought during the 6½-week Movement Control Order (MCO) period implemented in mid-March.

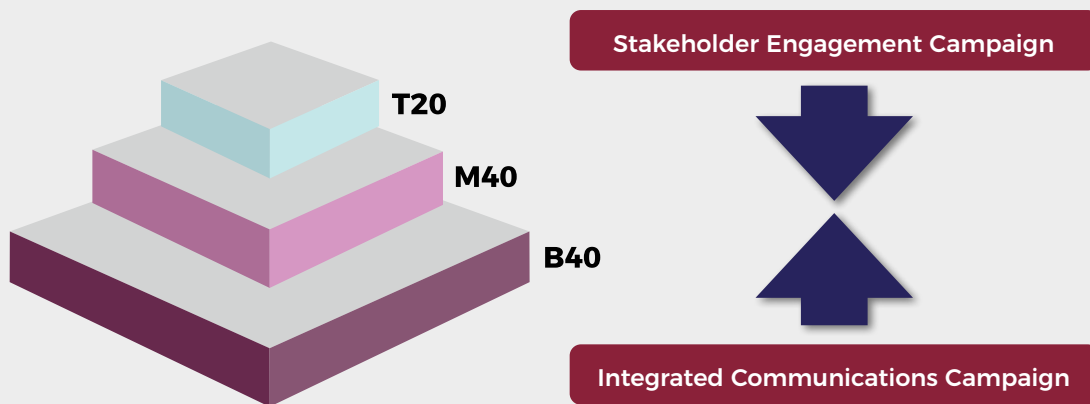
The Nielsen Malaysia data shows the slowdown in adspend and was felt across all media types, both traditional and digital. However, by May 2020, total media adspend rebounded to more than RM330 million, or an improvement of about 30% over April.

Due to the pandemic, the media landscape is unprecedentedly changing because of the loss of traffic, footfalls, and physical channels. Although the total average spending is reducing, digital media spending has increased.

A Communication Perspective

With the rise of digital channels and social media shaping the public narratives, an effective approach is Integrated Communications, integrating communication with a strategic stakeholder management plan can create a *both-ends-covered* approach. It is also important that the messaging is seen as inclusive, holistic, and encompassing. This is in line with the spirit and the values of the Shared Prosperity Vision.

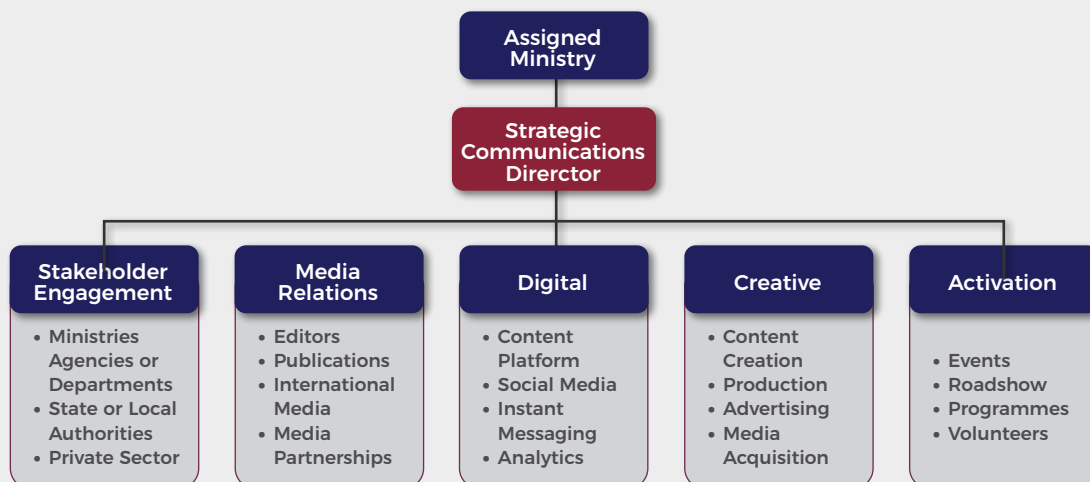
Figure 8.4: A Communication Perspective



Strategic Communications Team Setup

It is important that the public experience of the SPV brand is consistent through all the various communication channels. A strategic communication team needs to be appointed to fulfil various key channel responsibilities. The recommended organisational chart would appear as follows:

Figure 8.5: Strategic Communications Team Setup



Developing the *Makmur Bersama* Brand

Brand identity is how the *Rakyat* will perceive the vision. Without a comprehensive, well-defined brand identity, the vision might not be fully understood, resulting in a lack of embrace. Brand Identity should also not be equated to visual brand identity though marketers sometimes confuse the two.

Brand Identity includes:

- Visual Brand Identity
- Brand Voice
- Brand Values
- Brand Personality
- Brand Message

Together, these five components create the look, feel, and tone of the entire campaign. The key stages of the full brand identity process are:

Figure 8.6: Quantitative and Qualitative Research

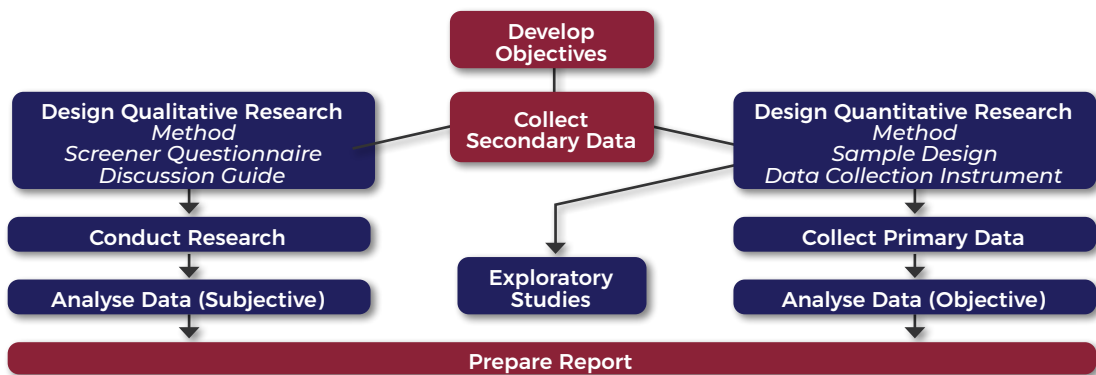
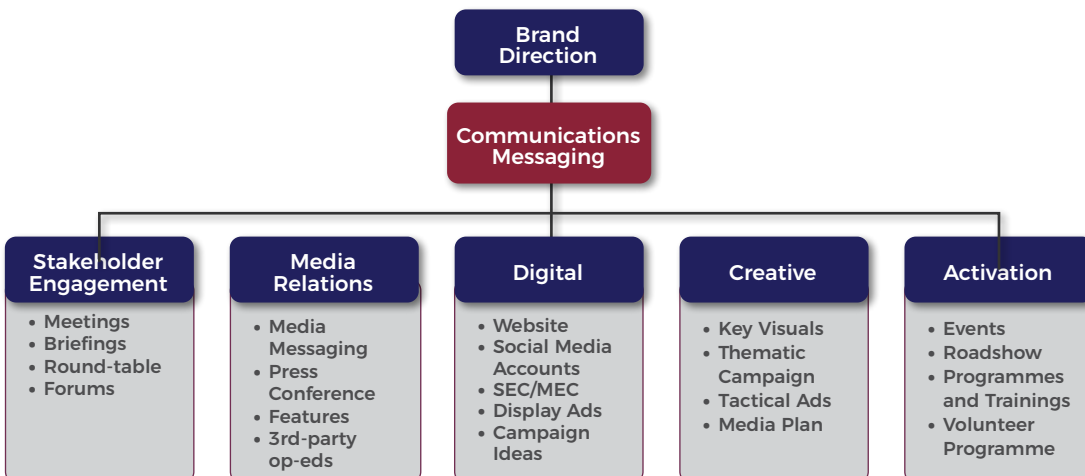


Figure 8.7: Preliminary Communications Plan (Ideate)



Once the brand direction and overall communication messaging is determined, the team will translate, expand, and elaborate tactics, ideas, and solutions according to their respective fields. The teams are to develop proposals for their channels, and cross-relate the ideas to make it cohesive and comprehensive for the entire campaign.

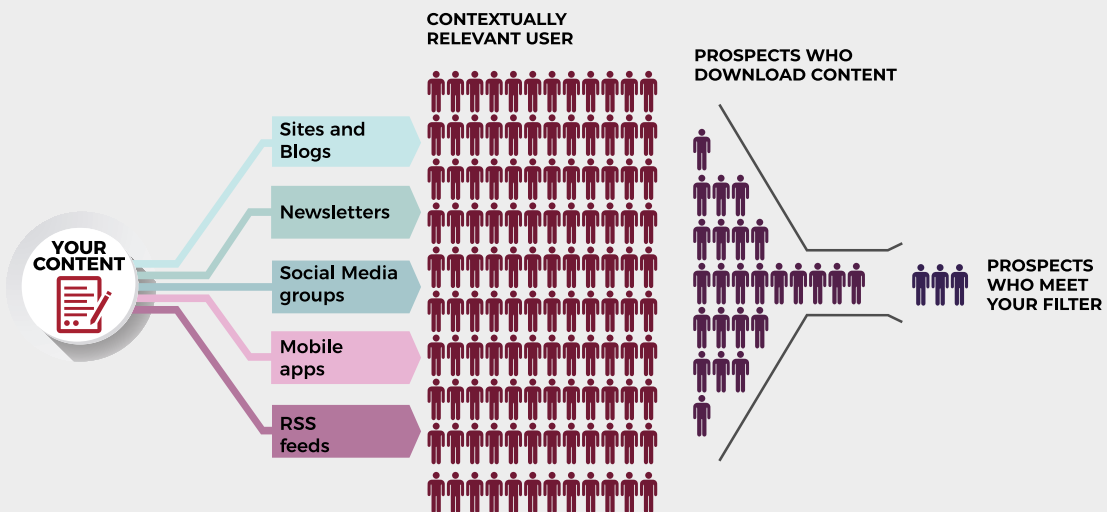
Creative Development and Production (Prototype)

Upon approval of their tactics, ideas and solutions, certain elements need lead-time to develop and produce, especially:

- Briefing documents
- Long-form articles
- Website development
- Content planning
- Film/TV/Radio production
- Pre-event planning and preparations
- Collaterals development

Stakeholders buy-ins, pre-seeding campaigns, syndication (Test)

Figure 8.8: Stakeholders Buy-Ins, Pre-Seeding Campaigns, Syndication (Test)



Once the preliminary content is finalised and approved by the stakeholders, the team will proceed to disseminate them through allied, friendly databases, especially brand internalisation, and brief related parties within the government.

Campaign roll-out

Upon completion of these tests, the campaign can be rolled out in three major phases:

Phase 1: Pre-seeding campaign (3 months prior)

In Phase 1, the key objective is to start propagating 'soft-sell' concepts, ideas, and approaches of the SPV2030, prior to the launch, to 'warm-up' the target audience to the idea before any reveal, launch or any advocacy on the brand.

The key activities for this stage could be:

- 3rd-party op-ed articles
- Features on the existing issues that SPV2030 would address
- Teaser campaigns for mainstream and digital media
- Brand internalisation among key agencies at national and state level.
- Announcements, launch invites and others.

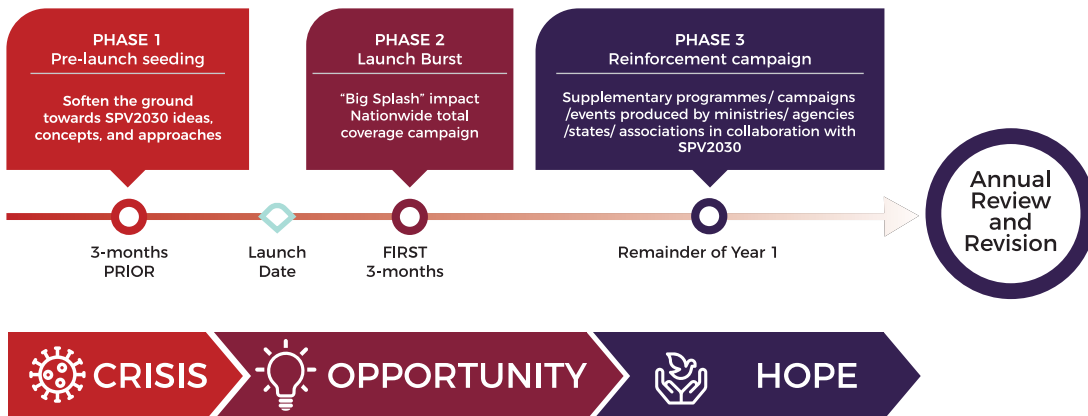
Phase 2: Launch Burst campaign (Launch + 100 days)

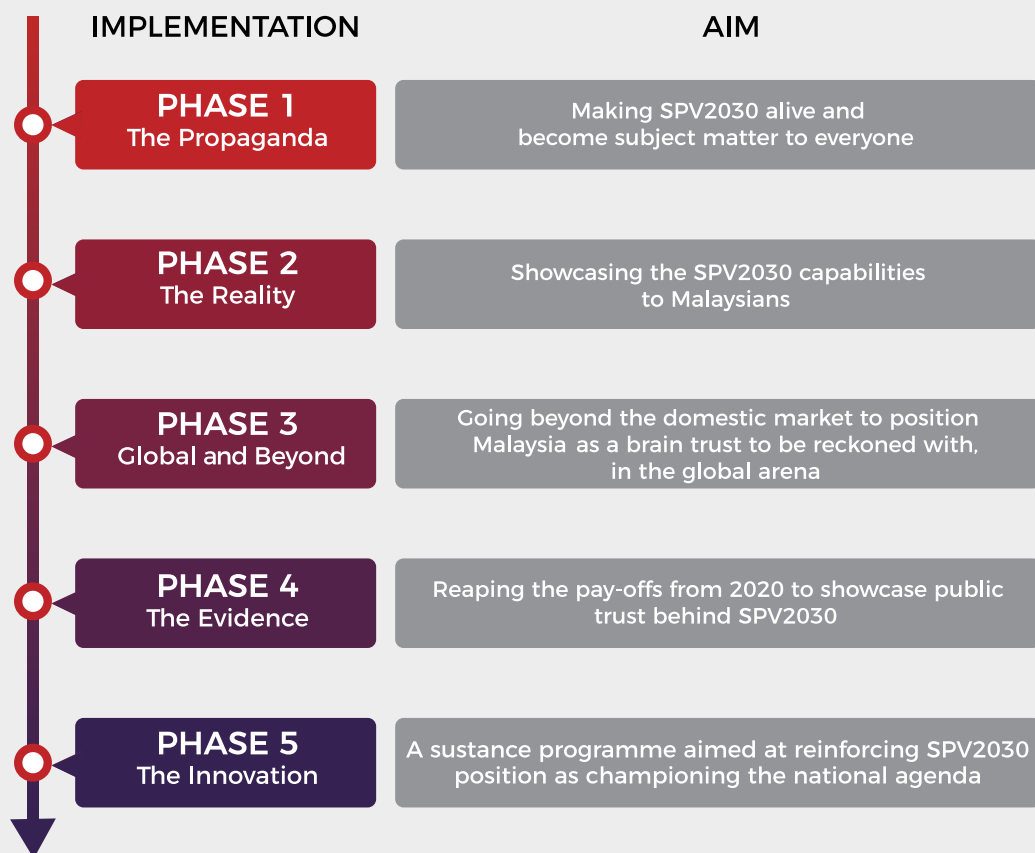
A full campaign launch that activates all channels across the board will run a full news cycle of 100 days or approximately 3 months. Most of these efforts would be directly produced by the core team in partnership with the key partners at a nation-wide level.

Phase 3: Reinforcement campaign (3-month cycle campaigns)

After the initial launch burst period, the campaign should trickle down to state and local parties with support programmes, campaigns, events co-produced by these groups with advice, consultation and reinforcement from the core strategic communications team.

Figure 8.9: Reinforcement Campaign





Strategic Action Plan

Action Plan	
1	Audit and review the existing assets and complete the developing of the SPV2030 Brand Identity on the target audience, with consideration of the socio-economic effects of the recent pandemic.
2	Set up the core strategic communications team.
3	Kick-start the brand development process.
4	Initiate communications research exercise.
5	Begin planning, ideation and stakeholder engagement for buy-in.
6	Prepare for launch campaign and initiate pre-seeding.

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CHAPTER 9

Managing the Impact of COVID-19 on SPV2030

CHAPTER NINE



Managing the Impact of COVID-19 on SPV2030

BACKGROUND

The world is currently experiencing a deadly infectious disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), called coronavirus disease 2019 (COVID-19). As early as November 2020, ¹the COVID-19 outbreak has affected 218 countries, with 50,782,607 confirmed positive cases and 1,262,751 deaths.

Given the rapid spread of COVID-19, countries across the world have adopted several public health measures intended to prevent its spread, including social distancing and lockdown. As part of the social distancing measures, businesses, schools, community centres, and non-governmental organisations (NGOs) are forced to close down, mass gatherings prohibited, and lockdown measures imposed in many countries as well as, allowing travel only for essential needs and business. The goal is that through social distancing, countries will be able to 'flatten the curve' and reduce the number of new cases related to COVID-19 from one day to the next in order to halt exponential growth and hence reduce pressure on medical services.

The spread of COVID-19 is expected to result in a considerable slowdown of economic activities. According to an early forecast of the International Monetary Fund (IMF), the global economy would contract by about 3% in 2020. The contraction is expected to be of far greater magnitude than that of the 2008-2009 Global Financial Crisis. However, in its latest update (June 2020), ²IMF revised the forecast to 4.9% contraction in 2020. The report cites four major reasons for the updated forecast:

- i. A vigorous effort to curb spreading of coronavirus by persistence in social distancing activities.
- ii. Lower economic activity during lockdowns.
- iii. Steeper decline in productivity amongst firms which have opened for business.
- iv. More significant uncertainty.

The adverse economic effects may vary by the stringency of the social distancing measures like lockdowns and related policies, its length of implementation, and the degree of compliance. The pandemic and government intervention may lead to mental health distress, increased economic inequality and poverty, and significantly affect some socio-demographic groups adversely.

In Malaysia, the pandemic has an intensified damaging effect on the economy and the *rakyat's* social well-being. The primary sources of economic disruption in Malaysia are due to two conditions. The first is a rapid spread of COVID-19 in a global economy, and the second is an imposed movement control measures to cope with the spread of COVID-19.

Before the partial lockdown measures in Malaysia, the virus outbreak in China's mainland disrupted a circle of supply and demand that have reverberated across the globe. Commodity exporters faced a decreasing price of products as Chinese demand shrink, while global manufacturers had to deal with output cuts because China industries at specific places were locked down in the red zone areas.

1. COVID-19 Coronavirus Pandemic retrieved from <https://www.worldometers.info/coronavirus/>

2. World Economic Outlook, IMF, 2020



In Malaysia, the effects of these global shocks may be calamitous. From a macro perspective, the economy is affected by global supply and demand. The industry in Malaysia has become deeply integrated into the global production networks. More than a quarter of Malaysia-China trade (about US \$20 billion in 2018) is made up of intermediate components, precisely the kind of products that get affected the most when global supply chains are disrupted.

While it is essential in impeding the new coronavirus outbreak in Malaysia, the Movement Control Order (MCO) measures will have devastating economic and social costs. The closure of businesses and services, and the travel and movement controls will have outsized impacts on business activities and investments. These adverse effects on businesses operation will be even more pernicious as businesses affected by the temporary closures will be at high risk of facing a hard time processing the capital, such as output and employment, and maintaining the cash flow as their revenue dwindles. This can have knock-on effects on the entire economy, leaving businesses operating at a minimum level, reducing working hours, cutting wages, and laying off workers. This situation has also affected

the demand side by dampening household purchasing power as income shrinks.

In this regard, the SPV2030 will see the impact of the pandemic crisis on the national economy in terms of national production by industry in Malaysia, industry performance in international trade, financial liquidity in the market and SME performance. The social effect of this crisis is also burdening the people, especially the low-income group.

This chapter presents some preliminary estimates of the cost of the lockdown caused by the COVID-19 outbreak. The goal is not to be definitive about the virus outbreak, but rather to provide information about a range of possible economic costs of the disease. Moving with time, the probability of any of these scenarios and the range of plausible alternatives are highly uncertain. The severity of the current pandemic outbreak in Malaysia will cause the Government to re-enact a stricter movement control, which will in turn, disrupt economic activities.

A range of policy responses will be required both in the short term as well as in the coming years. In the short term, central banks and any stakeholders in these matters

need to make sure that disrupted economies continue to function while vaccines are developed. In the face of real and financial stress, the government's role is critical. While cutting interest rates is a possible response for central banks, this remains a multifaceted crisis that will require monetary, fiscal and health policy responses. The optimal policy to face a pandemic in this condition is a combination of loosening monetary policy to minimise the supply shock as well as social insurance. Quarantining control and banning large scale social interaction are adequate response. Wide dissemination of acceptable hygiene practices can be a low cost and highly effective responses that can reduce the extent of contagion and therefore reduce the social and economic cost.

Experts have warned and continue to warn that COVID-19 will continue to pose a threat to the lives of millions of people with potentially significant disruption to an integrated world economy. The idea that any country can be an island in an integrated global economy is malfunctioned by the latest outbreak of COVID-19. Stability of political, public health and domestic economic development is essential in the next two or four years.

Malfunction of economy kills poor people, but the outbreak of COVID-19 shows that if diseases are generated in poor governance due to overcrowding, poor public health and unstable political sense, they can kill people of any socioeconomic group in any society. Rebuilding the nation is not about hitting the top performance by any agents in the economy but bringing all Malaysians forward with a mechanism for minimising the risk of inequality for the society that is left behind in the country's recovery and development phase.

The situational analysis clearly illustrates that the sustainability and robustness of the country's economic growth is at a minimum edge with the largest contributing sectors experiencing a downturn during the crisis compared to other sectors. In Shared Prosperity Vision 2030 (SPV2030), the planning and implementation of economic development emphasises sectors that can add value and able to minimise the risk of recession during emergencies such as the spread of COVID-19. This can be done by focusing on investment in high technology, modern economic activity, and a strong supply chain ecosystem.

Key Macro Perspective

1. The important service and manufacturing sectors are the most exposed to high risks during the pandemic. They suffer the highest loss in output compared to other sectors.
2. The simulation showed that 750 thousand workers will lose their jobs due to the pandemic. Although the government has provided various incentives and stimulus packages to minimise job retrenchments, the simulated job loss could be a guide to policymakers in identifying the most affected sectors.
3. The outbreak of the pandemic has caused countries worldwide to impose movement restrictions and to close their international borders. Thus, reduction in the transport and travel sectors is expected.
4. The high percentage of job loss for skilled and semi-skilled workers should raise awareness for policymakers to ensure policies are driven towards minimising this impact.
5. SMEs are struggling to survive. The major reasons cited are; lack of financial

access to the assistance provided by the government and lack of proper documentation. It is vital to ensure that SMEs survive as they employ around two-thirds of the total work force in the country.

Key Micro Perspective:

1. Although incidence of unemployment improved, it is still higher compared to pre-COVID-19 situation. The type of jobs available in the market are also not compatible with around 250,000 graduates entering the labour force every year. The graduates will likely be underemployed, hence underpaid. This situation was already bad even before the pandemic.
2. The level of household debt is increasingly worrying especially during and after the lockdown. Debt increase is not for investment but to meet the daily needs of households, especially in the B40 group.
3. Households with no savings and the urban poor are severely affected. Poverty rate among this community has definitely increased.
4. Among the self-employed, the situation is even worse. It is very difficult for the urban poor and self-employed to re-start their own businesses.
5. Aiming to reduce fiscal deficit as early as next year will be irresponsible. There is still enough room for the government to spend for the *rakyat* and to worry less about the higher deficit and the self-imposed debt-to-GDP. Singapore for instance, is targeting to reach 15.6%³ of deficit by the end

of 2020. As highlighted in the earlier section, our direct fiscal spending out of total GDP is still considerably lower compared to our neighbours.

ECONOMIC SITUATIONAL ANALYSIS

GROSS DOMESTIC PRODUCT (GDP)

It is obvious that the economic performance has been largely affected by the pandemic crisis as most industries could not manoeuvre by maximising resources such as raw materials, workforce, and capital. The agricultural industry and the services industry received a tremendous blow, with most of the industry's activities minimised due to cautions of the spread of COVID-19. Activities in the services industry, such as tourism, hospitality and aviation are amongst the worst affected.

Developed and non-developing countries are experiencing negative growth. Various international agencies have given the impression that global economic performance will contract above -5% to -10% due to this pandemic. The World Bank explained that the global economy would shrink by 5%, and this shrinkage will deteriorate people's income, ultimately increasing the risk of poverty globally. According to the IMF, ⁴Malaysia's economic growth will be at -6.0% because of the Government's Movement Control act, minimising Malaysia's economic activity. Bank Negara Malaysia explained that the country's economy would contract between -3.5% to -5.5% by 2020⁵.

3. Singapore Treasury, *Fortitude Budget*.

4. *World Economic Outlook: A Long and Difficult Ascent*, 2020 Oct, IMF

5. *BNM Annual Report 2019, Economic & Monetary Review 2019, and Financial Stability Review 2nd Half 2019*, BNM

To indicate the impacts of the COVID-19 outbreak, the simulation will be based on two different scenarios (best-case scenario and worst-case scenario) with four sectoral categories (varying operability rate), as shown in Figure 9.1.

- **The 'best-case scenario' is where the simulation assumes that the economy is currently in the recovery process for most sectors (except few service sectors), and production is expected to be back to equilibrium from September onwards.**
- **The 'worst-case scenario' is where the simulation assumes that Malaysia has another outbreak wave in October that causes the Government to impose another round of movement control from October till December.**

- From the 'best-case scenario', this study estimates that the GDP and employment will decrease from the baseline by 4.5% and 5.0%, respectively (Figure 9.1). This is equivalent to GDP loss of RM64 billion and job loss of 753,000.
- The 'worst-case scenario' expected GDP to contract by 7.2% and employment reduction by 7.9%, which is equivalent to GDP loss by RM102 billion and job loss by around 1.2 million.
- The huge reductions in the 'worst-case scenario' compared to the 'best-case scenario' is due to the drastic production reduction scenario from October to December, implemented in this study for the 'worst-case scenario'.

Figure 9.1: Simulation Outcome Summary

Scenario	Indicators	Changes (%)	2019 Level	Expected 2020	Loss
Best-case scenario	GDP (RM million)	-4.5%	1,421,454	1,357,521	63,933
	Employment	-5.0%	15,073,400	14,320,568	752,832
Worst-case scenario	GDP (RM million)	-7.2%	1,421,454	1,319,045	102,409
	Employment	-7.9%	15,073,400	13,888,940	1,184,460

Sources: Institut MASA, 2020

Figure 9.2 shows the simulated annual value-added growth for the year 2020, by major sector. From the table:

- Only the first quarter has positive growth, which is contributed by the manufacturing and services sectors.
- The highest value-added drop was recorded in the second quarter. This is highly due to strict movement control order enacted by the government to curb the pandemic outbreak.
- The third quarter shows a moderate recovery as most sectors are back to business.
- In the last quarter, although the growth value is negative, it is the lowest negative value compared to the second and third quarters.

Figure 9.2: Simulated Quarterly Value-Added Growth for 2020

Major Sector	2020Q1	2020Q2	2020Q3	2020Q4	2020
Agriculture, Forestry and Fishing	-3.1%	1.1%	1.6%	-0.6%	-0.3%
Mining and Quarrying	-1.0%	-18.2%	-4.4%	-0.6%	-6.0%
Manufacturing	0.8%	-11.8%	-2.1%	-0.6%	-3.4%
Construction	-6.2%	-38.7%	-8.8%	-0.5%	-13.6%
Services	2.2%	-12.6%	-4.2%	-3.5%	-4.5%
Total Economy	0.7%	-13.0%	-3.5%	-2.2%	-4.5%

Sources: Institut MASA, 2020

The unemployment rate for 2020 will be around 8.1%. This is a drastic increase from the previous year (3.3%). The unemployment rate under the 'worst-case scenario' is far larger, at 10.9%. These rates are obtained based on current scenarios where the reduction in output will cause a proportionate reduction in the input used, and thus, more labour is unemployed. However, **it is essential to note that the Malaysian Government has taken several fiscal measures (such as the wage subsidy policy) that have helped improve its financial capacity and led to a lower workforce reduction. Thus, this study's unemployment rate may serve as the potential rate if there are no government support policies.**

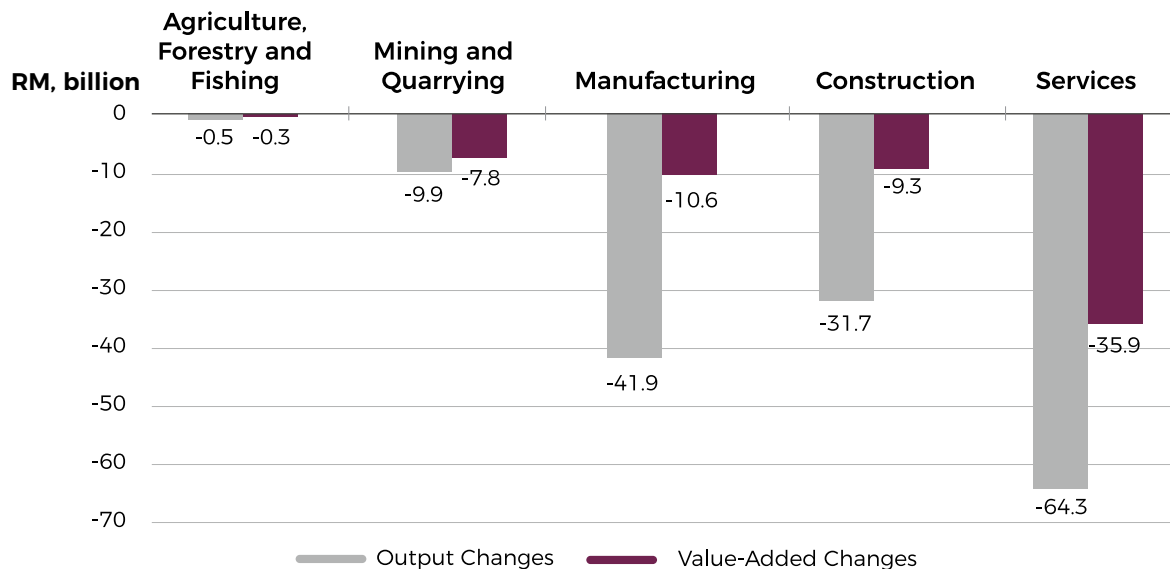
Figure 9.3: Estimated Unemployment Rate for 2020

Scenario	Unemployed	Unemployment Rate (%)
Best Case	1,261,032	8.1
Worst Case	1,692,660	10.9

Sources: Institut MASA, 2020

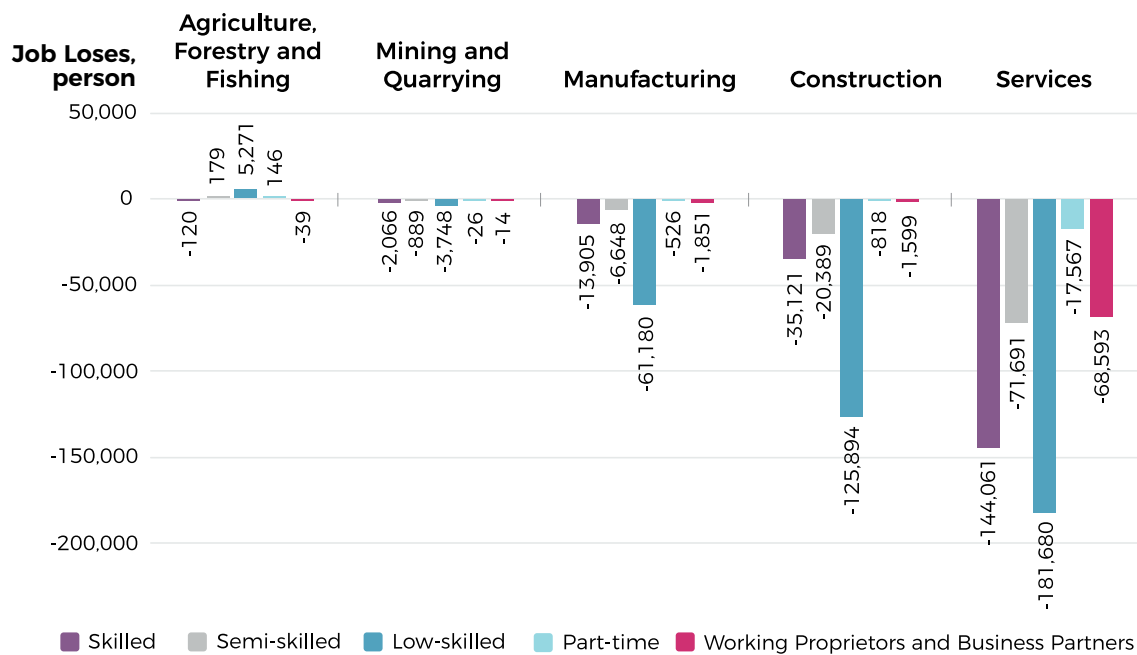
To understand the accumulated sectoral impact, the simulation has aggregated the output and value-added loss by major sectors as shown in Figure 9.4. From the figure, we can see that all major sectors have negative impacts, and services sectors show the highest loss in both output (RM64.3 billion) and value-added (RM35.9 billion). This is due to earlier assumptions that certain service sectors are unable to reach equilibrium. In addition, the higher value-added contribution from the service sectors also contributed to significantly higher losses. Aside from service sectors, manufacturing sectors also shows a huge reduction in output by RM41.8 billion and value-added by RM10.6 billion.

Figure 9.4: Output and Value-Added Loss by Major Sectors



Sources: Institut MASA, 2020

Figure 9.5: Job Loss by Skills Level



The study further disaggregates the job loss by skills level and the major sector as shown in Figure 9.5.

Simulation results show that:

- The service sectors have the highest job loss, which is dominated by low-skilled (181,680) and skilled (144,061) workers. These two levels of skills also have the highest job loss in other major sectors.
- The least affected workers are in the mining and quarrying sectors. While agriculture, forestry and fishing sectors recorded positive job creation impact.

The job loss share is illustrated in Figure 9.6, and the percentage of job loss by the level of skills is shown in Figure 9.7. From the job loss share, it can be seen clearly that low-skilled workers have the highest number of job loss (367,231). However, from the percentage of job loss, skilled and semi-skilled workers have the highest percentage loss, by 5.4%.

Figure 9.6: Job Loss Share

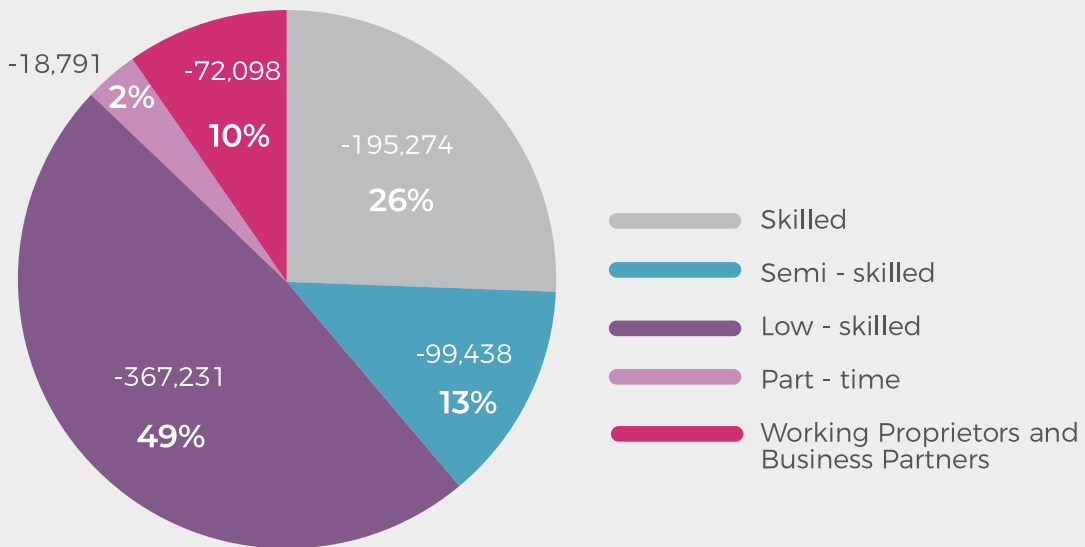


Figure 9.7: Percentage of Job Loss by Skills Level

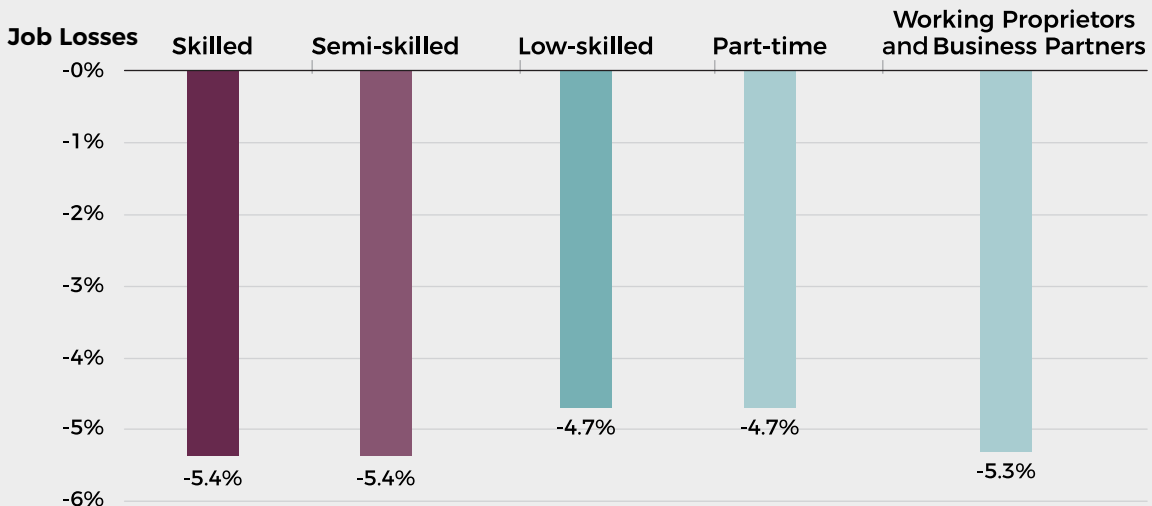


Figure 9.8 shows the previous estimates conducted by various national and international institutions on the impact of the recent pandemic outbreak on Malaysia's economic growth. Overall, the growth rate obtained in this study for the best-case scenario (-4.5%) is within the range of the previous estimations. Hence, this can support the idea that the current study analysis is not far stretched.

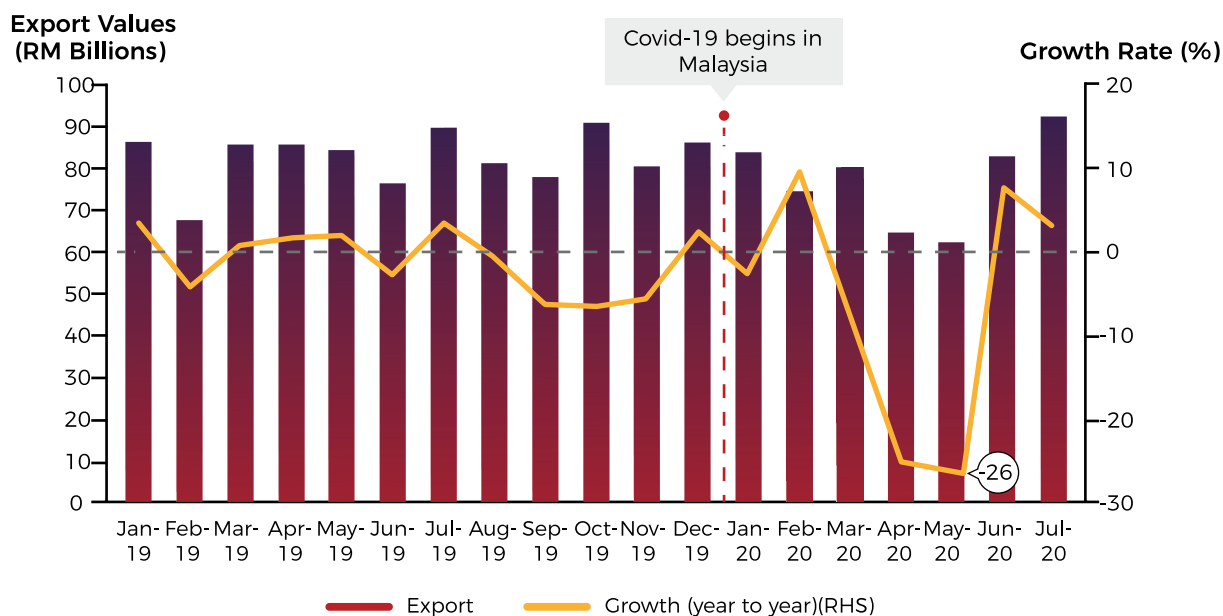
Table 9.8: Previous Estimates on The Impact of COVID-19 on Malaysia GDP

Institutions	2020 GDP Growth
IMF	-6.0%
World Bank	-4.9%
BNM	-3.5% to -5.5%
Kenanga	-5.9%
The Economist	-8.0%

TRADE, SPV AND COVID-19

According to the United Nations Conference on Trade and Development (UNCTAD, 2020),⁶ global merchandise trade fell 5% in the first quarter and a 27% in the second quarter. This further intensifies the magnitude of impacts on international trade flow from the recent pandemic.

Figure 9.9: Malaysia Export Values and Export Growth Rate from January 2019 till July 2020



Sources: Department of Statistics Malaysia, 2020

⁶ The Covid-19 shock to developing countries: Toward a 'whatever it takes' programme for the two-thirds of the world's population being left behind. UNCTAD, 2020.

As can be seen from Figure 9.9, exports have decreased drastically. As an active trading nation among the top 30 export countries, Malaysia's total exports dropped 26% in May 2020 and reached the lowest growth in 11 years, which further reiterates the severe impact of the COVID-19 pandemic on the export performances. Despite the colossal reduction, it also shows that Malaysia's exports have shown recovery signs since June 2020. This can be attributed to the lower number of cases and the easing of movement restriction policies that allowed most economic sectors to reopen, contributing to higher production and export capacity. However, the positive impacts are not mutual for all sectors, as some sectors are still decreasing. This is because, aside from those sectors that are vital goods during the current pandemic, such as food sectors and rubber glove products, the implications of higher outbreak severity on most sectors are still not clear. The severity impact of Covid-19 has attracted policymakers and researchers' attention to understand how it affects economic performances.



TRADE, INFECTION, AND CASES OF COVID-19

The most exciting variables in this study are those related to the Covid-19 outbreak. The outcome summary helps to understand the overall impact on sectoral exports. Following are examples:

- The articles of apparel and clothing accessories (SITC 84) have positive coefficient for the dummy variable, which means that during Covid-19 outbreak, SITC 84 has higher export.
- The increase in export is due to the higher demand for rubber gloves that are crucial during the current COVID-19 outbreak. Hence, the positive impact is expected.
- No significant impact is found from the number of new positive cases and death cases.
- The existence of current pandemic and not severity is what leads to higher export for SITC 84.
- For live animals, the dummy variable has a positive impact, which means higher demand for live animals (food) during the current outbreak.
- When the number of positive cases increases in Malaysia, export for live animals decreases. This can be explained from the distortion of production activity in Malaysia.

The number of new cases and death cases also reported a negative net impact, and this means that the higher severity of the outbreak in Malaysia distorts the production process and eventually reduces exports. Similarly, the net positive impact from the number of new cases and death cases in trading partners shows disruption in their domestic production and, thus, higher dependence on exported goods, leading to higher export in Malaysia's specific sectors.

Table 9.10: Outcome Summary

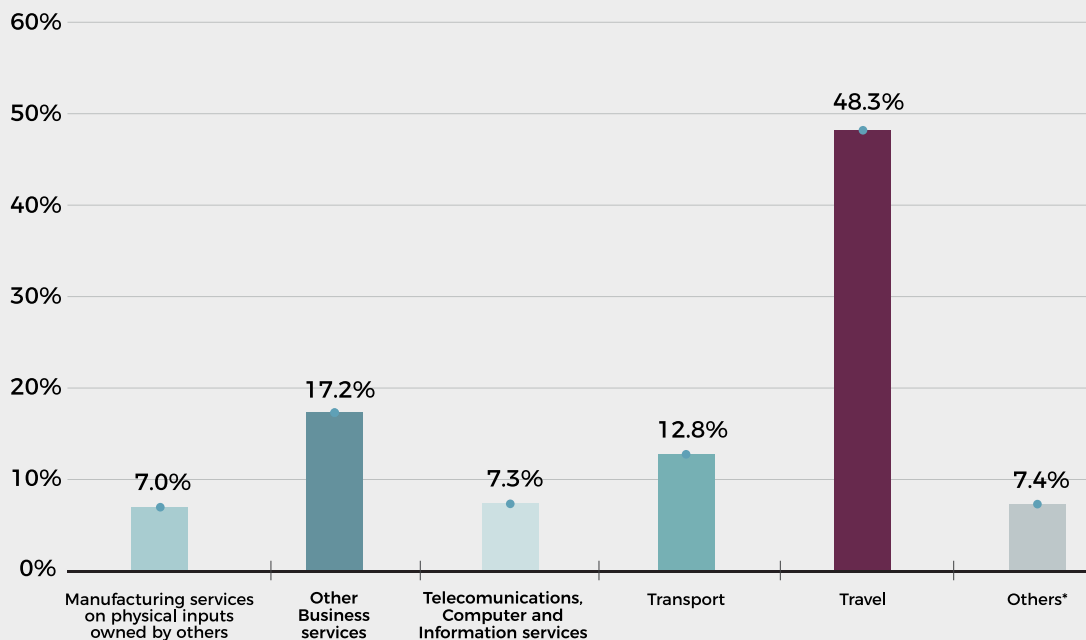
Code	Description	Dummy	InCasei	InCasej	InDeathi	InDeathj
0	Live animals	+	-	+		
1	Meat and preparations			+		
2	Dairy products and eggs	-				
4	Cereals and cereal preparations		-	+		
7	Coffee, tea, cocoa, spices					+
8	Feeding stuff for animals	+				
12	Tobacco and tobacco manufacture	-	-	+	-	
21	Hides, skins, and fur skins	-	+	-		
22	Oilseeds and oleaginous fruit	+	-	+		+
23	Crude rubber	-				
25	Pulp and wastepaper		-	+		+
29	Crude animal and vegetable materials		+	-		
41	Animal oils and fats	-				
42	Fixed vegetable oils and fats	-	-	+	-	+
51	Organic chemicals				-	
53	Dyeing, tanning and colouring materials		+	-		-
55	Oils and perfume materials				+	-
56	Fertilisers, manufactured				+	-
61	Leather, leather manufactures	-		-		
66	Non-metallic mineral manufactures					+
68	Non-ferrous metals	-				-
69	Manufactures of metals					+
71	Power generating machinery and equipment	-				-
72	Machinery specialised for particular industries	+			+	
74	General industrial machinery and equipment		-	+	-	+
78	Road vehicles	-				
79	Other transport equipment	-			-	
81	Sanitary, plumbing, heating, lighting	+				
82	Furniture	+	-	+	-	+
84	Articles of apparel and clothing accessories	+				
85	Footwear				-	
88	Photographic equipment and supplies, optical goods	-				
89	Miscellaneous manufactured articles		-	+	-	+
93	Special transactions	-				
96	Coin		-	+		
97	Gold				-	+
	Net	-	-	+	-	+

Notes: + denotes positive and significant relationship, while - denotes negative and significant relationship.

Apart from the trade in goods, the trade in services also impacts these pandemic attacks. Figure 9.11 shows the sectoral details and export share in 2019. The travel sectors dominate the services exports for Malaysia.

Figure 9.11: Sectoral Export Share in 2019.

Export Share



On the estimation, it shows that COVID-19 pandemic existence and severity have negative impacts on the construction, transport, and travel services exports.

- The existence of Covid-19 has caused the export for construction, transport, and travel services to be reduced by 29%, 27%, and 96%, respectively.
- 1% increase in the infection rate of Covid-19 has caused the export for these sectors to deteriorate in the range from 0.08% to 0.9%.
- 1% increase in the severity of Covid-19 that is represented by the number of new cases and death cases will cause the services export for these sectors to reduce by 0.03% to 0.4%.

The negative impact obtained in this study is justified as the recent pandemic has caused countries worldwide to impose movement restrictions and to close their international border. Thus, reduction in the transport and travel sectors are expected. Meanwhile, for the construction sectors, depletion in the global demand and economic growth has caused the construction services to distort. Furthermore, to curb the current pandemic, restrictions of entry for foreign labour have been imposed by the Malaysian government and this has also contributed to the reduction in construction sectors.

Table 9.12: Overall Outcome Summary

No.	Description	Export Share in 2019	COVID-19 Impact
1.	S2: Construction	1.6%	Negative
2.	S5: Insurance and Pension services	0.9%	Positive
3.	S10: Telecommunications, Computer and Information services	7.3%	Positive
4.	S11: Transport	12.8%	Negative
5.	S12: Travel	48.3%	Negative

Notes: S represents sectors aggregation based on Department of Statistics Malaysia.

Two sectors show positive impact from the pandemic. They are insurance and pension services and telecommunications, computer, and information services. During the Covid-19 outbreak:

- Export for insurance and pension services increased by 41% while the export for telecommunications, computer and information services increased by 12% from the infection rate.
- 1% increase in infection rate in the trading partner, will lead to 0.08% and 0.11% increase in services export for both sectors, respectively.

The number of new cases and death cases have significantly lowered positive impact on bilateral export for both sectors. Figure 9.12 shows the overall outcome summary. The positive findings obtained in this study are justified as the Covid-19 pandemic has caused a worldwide health crisis, and this has led to a higher demand for insurance services. Meanwhile, movement control imposed by the government has led to a paradigm shift in the way business is conducted and the way consumers get their products, as most have moved towards online transactions including conducting meetings. Thus, higher dependence on telecommunications, computer and

information services have contributed to the increment in the services export for this sector.

SME AND COVID-19

According to Department of Statistics Malaysia (DOSM)⁷, the financial structure of most SMEs involved are 79.8% working capital, 42.4% withdrawal improvement and 41% asset purchase. Given the global nature of the crisis, its severity, and uncertainty about recovery, many businesses especially small companies with no collateral, may not raise new funds to control the situation. This is especially with the cash flow, until business conditions stabilise. This fear may explain that many businesses will close completely.

During a crisis such as COVID-19, SMEs' reliance on bank financing and the inability to raise other sources of funds in a short period will cause SMEs to face the issue of lack of financial liquidity. This is a significant concern for policymakers. If most SMEs quit operations, efforts to curb the economy from recession will fail because workers who are currently laid off or unemployed will be unemployed in the long run; the financial cycle will be disrupted and banks will suffer

7. Economy census 2016: Profile of Small & Medium Enterprise, DOSM

huge losses due to the underperformance of loan payment, increasing fiscal costs. Therefore, overcoming this lack of SME liquidity is essential to ensure economic recovery.

STATUS OF SME

During the pandemic, most firms experienced financial liquidity problems where:

- Half of the total firms were able to last for 1 to 2 months.
- Only 4.7% were able to operate for up to six months from the time of the restraining order.
- 3 out of 10 SMEs could operate because they are classified as essential service.

This is because firms must bear their liability to continue operations during movement restrictions. The biggest challenge that firms must bear is:

- Payment of employee salaries of 76.6%
- Shortage of customers of 65.5%
- Payment of rent of 61.4%

From the workforce perspective, firms have taken various measures to minimise the risk of unemployment and reduce financial burden. Out of 100 firms, 35 firms gave paid leave to employees, 33 firms changed the workplace structure to work from home, and only 4 firms carried out layoffs. Firms' responses as to their needs are:

- 83.1% agrees to financial assistance or subsidies.
- 67% agrees to tax deductions.
- 39.1% agrees to deferment of loan repayments.

SURVIVAL OF SME

The Government has steered the country through these challenging times by focusing



on six key stages: Resolve, Resilience, Restart, Recovery, Revitalise and Reform. The Government took action to relax the movement control order by reopening the economic sector based on the 6 R steps. By implementing this, the Government has now entered the Recovery step, that will focus on the recovery of each sector, focusing on the people and enterprises, and stimulating the economy. The Government has introduced a national economic recovery plan called (PENJANA).

In PENJANA's planning, the Government's focus is on restoring the country's labour and enterprise. The provision of subsidised salaries intensifies the recovery of the labour market and enterprises. This plan can be described as having a two-pronged outcome, which are minimising the risk of unemployment or loss of income sources,

and keeping enterprises operating to strengthen economic activities. PENJANA also provides financial assistance to all types of enterprises, from micro to medium. This programme has helped enterprises pay employees. Financial assistance is definitely necessary to ensure enterprises remain in the economic activity.

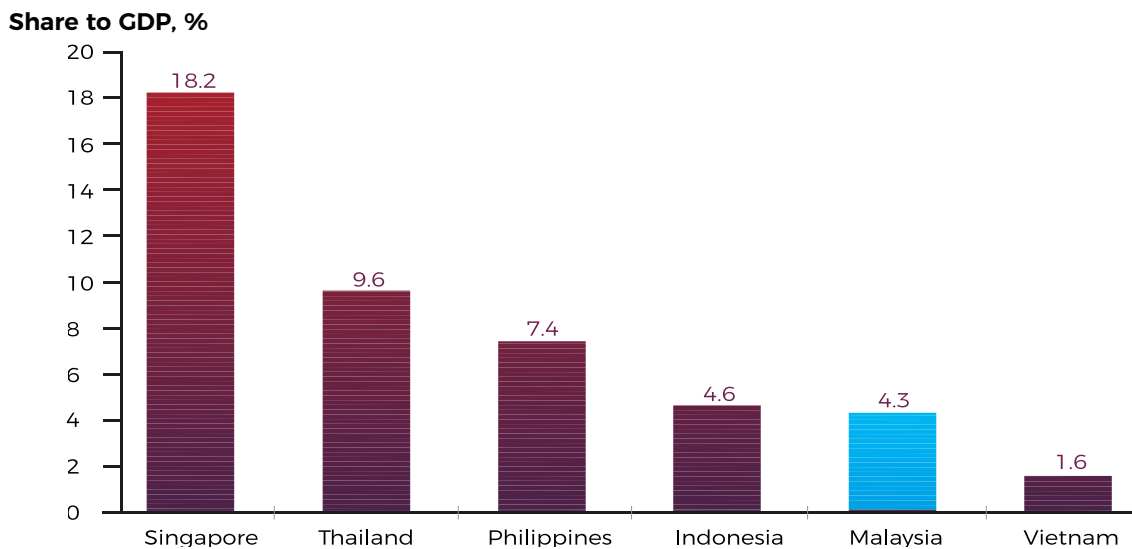
As of October, 2020⁸, approximately RM930.4 million loans have been disbursed to 4,176 SMEs which have never received loan approvals from Malaysia's financial institutions before. Micro-enterprises are the ones provided with financial assistance schemes to revive their business. A total of 15,351 micro-enterprises received a total of RM210.7 million in financial assistance. However, such assistance cannot protect all SMEs in the economic ecosystem in Malaysia. Studies conducted in identifying the status of SMEs after the relaxation of the movement control order showed that more than ¼ SMEs in Malaysia would decide to close their operations. The SME association

explained that about 20% of the 1,713 SME members would decide to close their operations, and only 27% would retain their financial resources by the end of 2020⁹. For different sectors such as the Wholesale and retail sub-sector, about 51,000 retail stores would last for only four to five months and would eventually close their operations¹⁰. In the Klang Valley area alone, 5% of tenants in shopping malls had to close their operations since the MCO. Retail Group Malaysia (RGM) explained that in their sub-sector, sales revenue would be reduced by 8.7% this year.

FISCAL SPACE AND COVID-19

The narrow space faced by enterprise entrepreneurs has complicated the country's economic situation. The assistance and strategies provided by the Government cannot provide space for enterprises to try to survive. This is because the Government does not provide a large fiscal spending space compared to other countries. This can be seen in Figure 9.13 below.

Figure 9.13: Fiscal Stimulus Measure on GDP (%) by Selected Countries



Sources: Ministry of Finance (MOF), 2020 and other finance agencies

8. 27th LAKSANA Report, MOF

9. SMEs still struggling with cash-flow issues, retrieved <https://www.theedgemarkets.com/article/smes-still-struggling-cashflow-issues>

10. Over 50,000 retailers to close by early next year, retrieved <https://themalaysianreserve.com/2020/10/12/over-50000-retailers-to-close-by-early-next-year/>

The fiscal space provided by the Government is relatively low compared to neighbouring countries. This narrow space has caused the assistance and plans made to not impact the target significantly. This situation has affected every agent's resilience, and affordability in the economy.

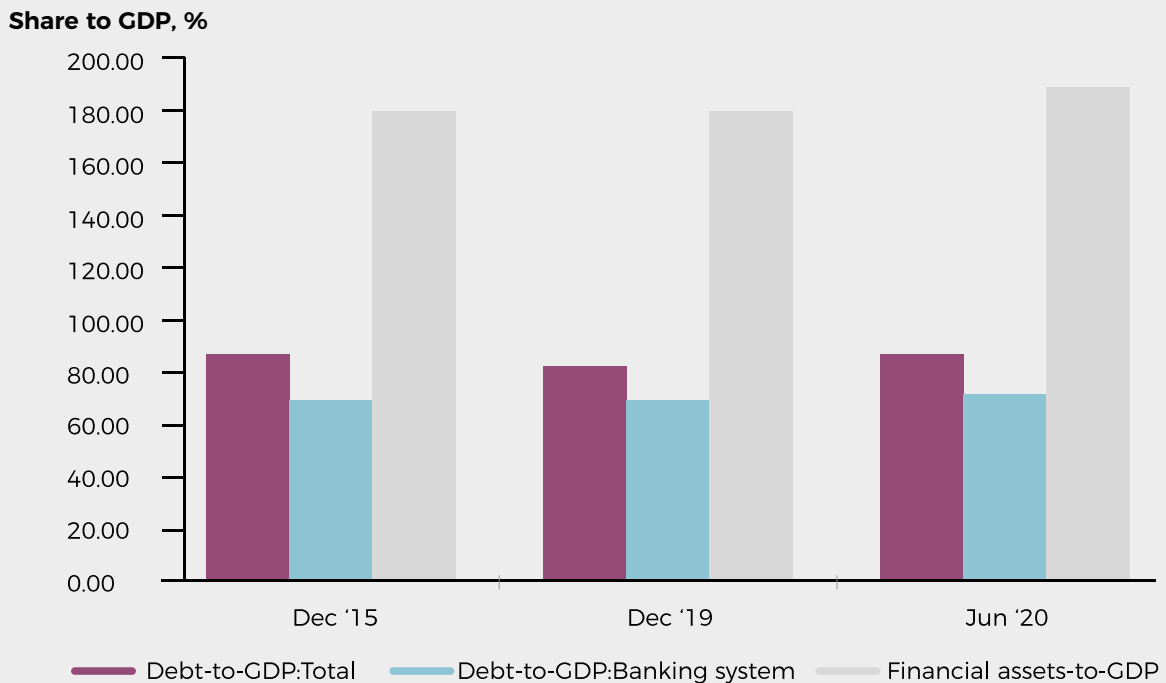
FINANCING AND COVID-19

The use of capital resources such as raw materials and employment by the industry that is not fully led has created a reduction in output resulting in the decrease of industry value-add throughout the duration of the lockdown. This, in turn has caused a supply shock and its effect continues to be in consumption and investment activities. Globally, the value of financial assets is

falling, while there is a surge in bond yields amid rising vulnerabilities in the global corporate credit market and an abrupt reversal in portfolio flows.

Financial status between business and household entrepreneurs is an important perspective in the Shared Prosperity Vision 2030. The level of financial health among business entrepreneurs is increasingly critical during the lockdown. The Government's planning in helping to ease the burden of entrepreneurs has helped them plan cash flow. However, the initiative can only give them a chance to survive during the lockdown. Household debt-to-GDP increased from 82.9% of total GDP to 87.5% as shown in Figure 9.14 below.

Figure 9.14: Key Ratios in Household Sector, Selected Time



Sources: Bank Negara Malaysia

Household debt increased on personal finance from 0.4% last year to 0.7% this month. Other debt such as housing, investment in securities and credit card usage decreased from 4.4%, 0.4% and 0.1% to 3.9%, -0.3% and -0.3% respectively. Household debt in the household income group below RM3000 increased higher than other household groups. Debt growth for the household group increased by 9.5% from December 2019. This trend clearly shows that during the implementation of the lockdown, the low-income group continues to make personal loans to reduce and struggle the burden during the implementation.

Figure 9.15: Annual Growth of Debt by Household, First Half 2020



Sources: Bank Negara Malaysia

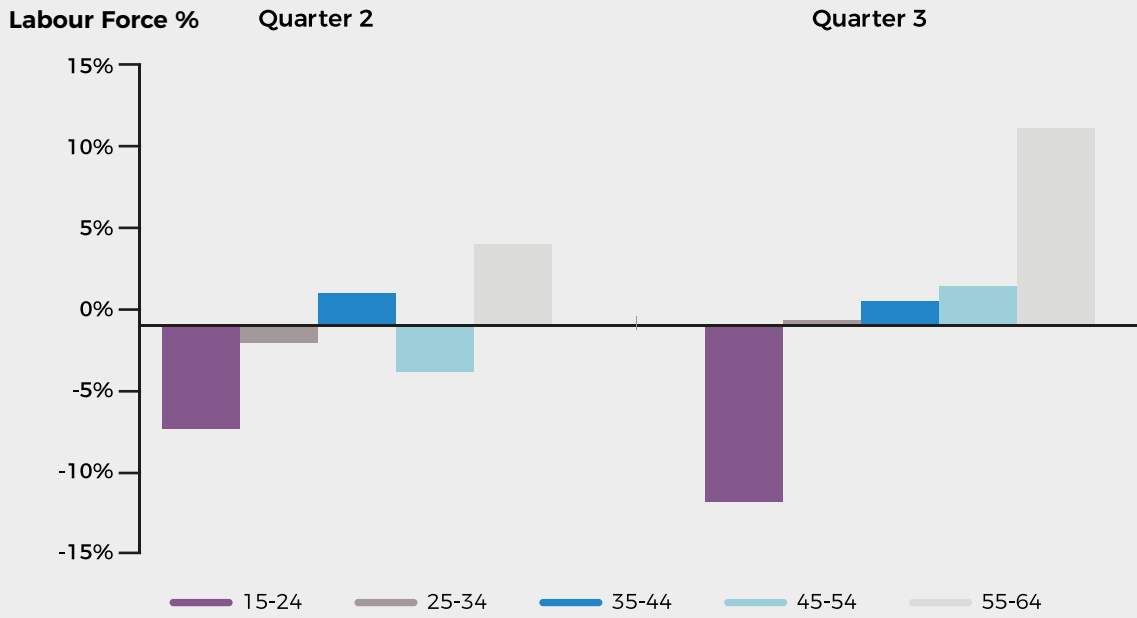
IMPACT OF COVID-19 ON LABOUR MARKET

The effects of this pandemic have clearly affected the economy, threatening its production performance. Malaysia's industries are minimising resource utilisation and investments to increase their efficiency and production level. This causes them to reduce the number of employees, reduce operating costs, and not create new jobs. Job loss affects future income due to disruption, lost productivity, lack of skills associated with prolonged unemployment, and loss of opportunities to build human capital in the workplace and the future.

THE TREND OF LABOUR FORCE AMID COVID-19

Based on the labour report for the third quarter of 2020, there has been a trend of declining labour in Malaysia, as shown in Figure 9.16. Overall, labour growth decreased moderately. Within the second quarter of 2020, the labour force decreases only -1.3% in the second quarter and continued decreasing by about -0.4% in the third quarter of 2020 compared to the second and third quarters of 2019. By age, the labour force aged 15 to 24 experienced a downward trend with labour growth of continued to decline to 4.9% in the second quarter and keeps declining to -11.5% in the third quarter of 2020 compared the second and third quarters of 2019.

Figure 9.16: Labour Force by Age Group, Quarterly, 2020 Malaysia



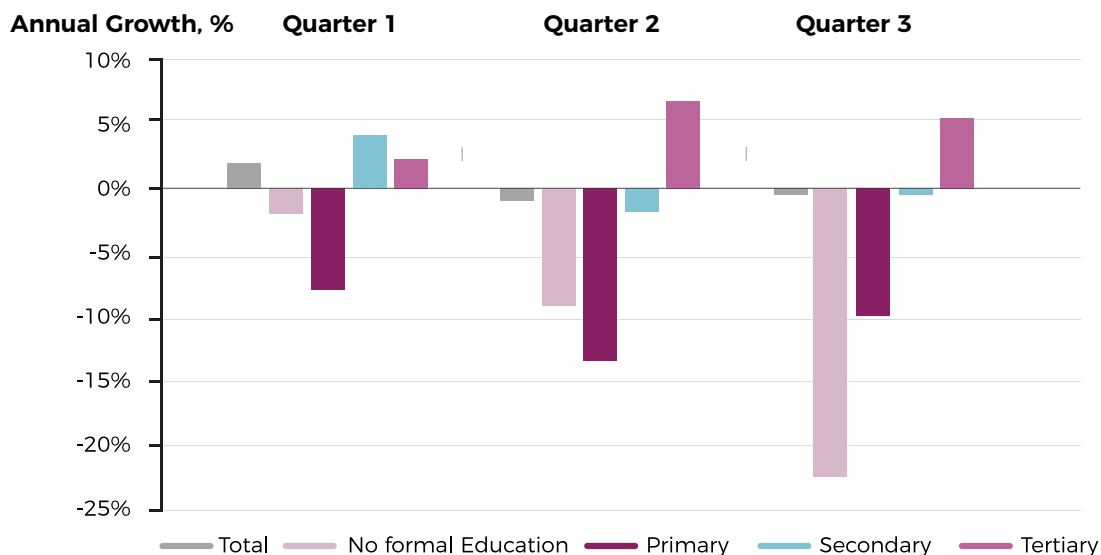
Sources: Department of Statistics Malaysia, 2020



Employed persons experienced a negative impact because of this lockdown. The impact started in the second quarter of 2020, where, employed person decreased by -0.4% compared to the second quarter of 2019, as shown in the figure below. Looking at the educational attainment:

- The workforce with Primary education decreased from -13.6% and continued to decline to -9.9%, respectively, in the second and third quarters of 2020 compared to the previous year.
- Employed persons with tertiary education status experienced a positive increase within the second and third quarters of 2020 increased by 6.3% and 5.8%, respectively, compared to the previous year.

Figure 9.17: Annual Growth of Employed Person by Educational Attainment, (Q-o-Q), 2020



Sources: Department of Statistics Malaysia, 2020

The impact of the lockdown caused by the pandemic affects the workers and directly impacts employers and the self-employed. In the first quarter of 2020:

- The number of employers increased by 2.2%, but that number decreased by -12.3% and continues to decline by about -24.4% in the second and third quarter of 2020 compared to the previous quarter.
- The first, second and third quarters of 2020 there is a decrease by -5.7% and -6.0%, and continues decreasing to -3.6% respectively compared to the previous quarter for the self-employed.

The percentage shows that employers are most affected than the self-employed, but the absolute value shows a different perspective. 97,125 employers had to close their business operations in the second quarter, but 17,955 self-employed people had to close their operations in the first quarter of 2020. The number of self-employed who closed their operations declined to 11,400 in the second quarter compared to the first and second quarters of 2019. The diminishing trend continues in the third quarter and employers who closed operations was about 69,356 compared to the self-employed at 55,046. This is compared to previous years. This portrays that the self-employed are heavily impacted during the pandemic compared to employers.

Figure 9.18: Employed Persons by Status in Employment, (Q-o-Q), 2020 (%)

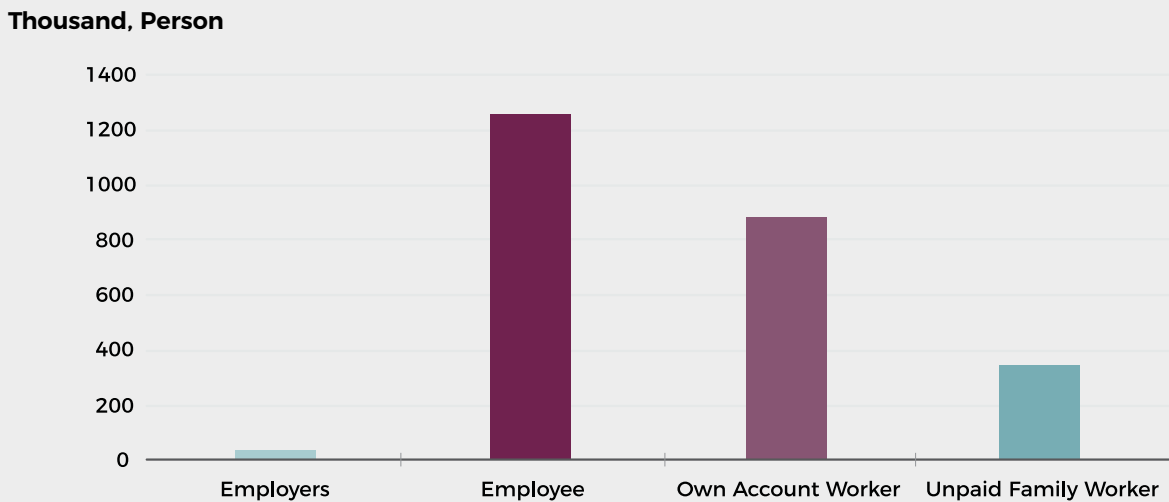


Sources: Department of Statistics Malaysia, 2020

THE VULNERABLE COMMUNITY IN THE LABOUR FORCE

In addition, the labour market has workers who mobilise their energy in the informal sector. They work in businesses or enterprises that do not formally register with any legislature in Malaysia.

Figure 9.19: Informal Employment 2019



Sources: Department of Statistics Malaysia, 2020

From figure 9.19:

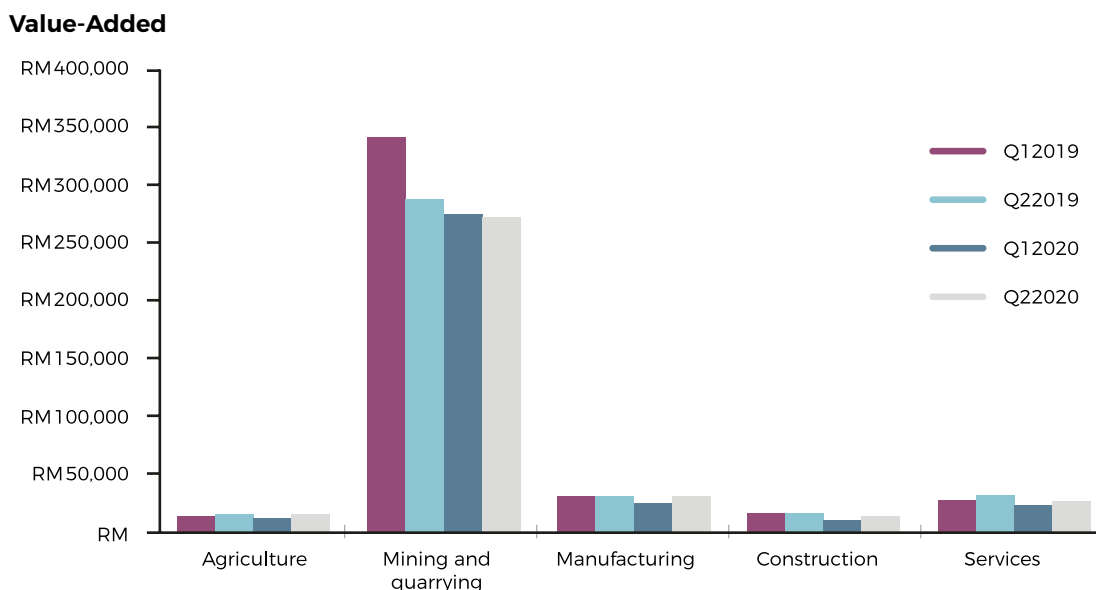
- 3 out of 10 informal employment are self-employed.
- 5 out of 10 informal employment are employees.
- 6 out of 8 informal self-employed are in urban areas compared to rural areas.
- 9 out of 10 informal employees are classified as semi and low-skilled workers.
- 2 out of 4 semi and low-skilled informal employees are employed in urban areas.

Informal workers are classified as a vulnerable community as they are not covered by any worker protection programme such as contribution into Employees Provident Fund (EPF) and Social Security Organisation (SOCSO). Hence, those in the vulnerable community are highly exposed to economic risk compared to protected workers, whether they work in economic units which are formal enterprises, informal enterprises or households or whether they own the business or are employees.

LABOUR PRODUCTIVITY

In the second and third quarters of 2020, labour productivity declined drastically. In the second quarter of 2020, the onset of the catastrophe has caused labour productivity to decline by -16.0% compared to the previous year. The catastrophic impact continued to affect labour productivity with a decrease, to -2.2.0 in the third quarter of 2020 compared to the previous year. At that time, labour productivity decreased by RM3,712 per person to RM529 per person to the national economy's added value compared to the previous year.

Figure 9.20: Value-added per Employment by Economic Activity, (Q-o-Q), 2020



Sources: Department of Statistics Malaysia, 2020

Concerning sectoral labour productivity:

- Construction, Mining and Quarrying: received a negative impact of -40.8 and -17.1 in the second quarter and plunged to -10.2 and -4.6% in the third quarter.
- Manufacturing and Services: received minimal negative impact than the construction, mining and quarrying sector with a decrease of -17.3 and -15.7, respectively, in the second quarter. The Services decreased by -3.9 and manufacturing productivity labour got back into the track with a positive growth of 3.6 respectively in the third quarter.
- Agricultural: increase by 1.6% in the second quarter and is already in the recovery phase with an increase in labour productivity of 0.3% in the third quarter of 2020.

Regarding sub-sectors:

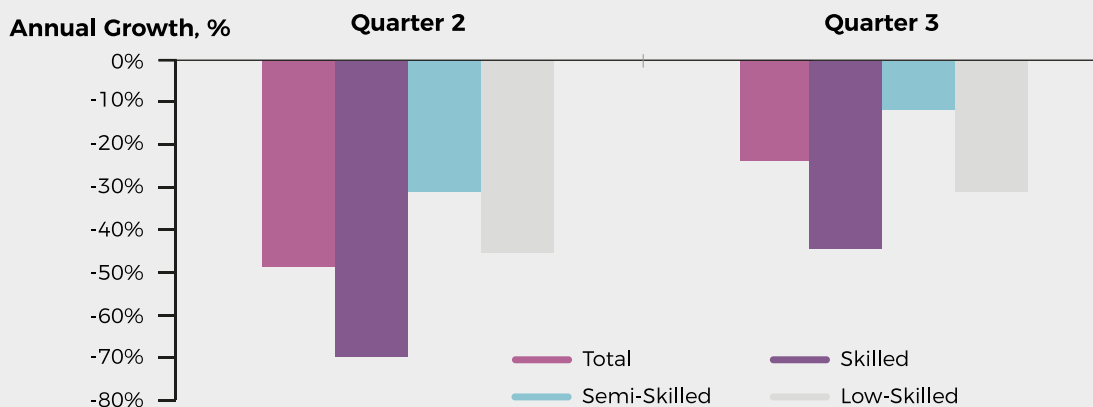
- Textile, Clothing and Leather products and Non-metallic mineral product: received a significant impact from this pandemic attack with a decrease in labour productivity of -40.0 and -39.9 respectively in the second quarter and onwards, decreased by -7.2% and -6.5% in the third quarter of 2020.
- Accommodation, Food and Transport, and Storage sub-sectors: experienced a decrease in labour productivity per value plus a drastic decline. In the second quarter, respectively, productivity decreased by -39.4 and 44.4. In the second quarter, the decline was -27.9% and -16.0%.

JOB CREATION

Low production performance by the economic sector workforce resulted from a minimum operation amongst the industry due to the lockdown. The economic sector minimised its operations and decided not to create any jobs during the pandemic.

Overall, creating a job in the first and second quarters of 2020 is less encouraging than last year. In the second quarter of 2020, the creation of skilled jobs decreased by -70% and continued to decrease by -43% compared to the previous quarter. The creation of semi and low-skilled jobs only decreased by -31% and -44% in the second quarter, respectively but continued to decline in the third quarter by -11% and -30%. An absolute reduction in skilled jobs was the highest at 4,500 job reduction, compared to semi and low jobs at only 1,600 and 900 jobs in third quarter of 2020.

Figure 9.21: Jobs Creation by Different Occupational Groups, (Q-o-Q)



Sources: Department of Statistics Malaysia, 2020

Two sectors play an essential role in the Malaysian economy, namely manufacturing and services, limiting new positions and exceptionally skilled jobs.

For the manufacturing sector, the second and third quarters saw creation of jobs decreased by -4% and rebounded to a positive growth of 50% compared to the previous quarter.

- Skilled jobs decreased by -77% and -8% in the second and third quarters compared to semi and low-skilled jobs which increased in the second quarter of 45% and 33%, and in the third quarter there were increases of 33% and 14% respectively compared to the previous quarter.
- Skilled jobs decreased by 100 positions compared to semi and low-skilled positions, which increased by 3000 and 100 respectively, in the third quarter of 2020.

The situation is similar in the manufacturing subsector, where there are sub-sectors which are incapable to generate new skilled positions during this pandemic.

- High-tech intensive sectors are electrical, electronics and optical products that are incapable of creating skilled positions in the third quarter of 2020.
- Skilled jobs decreased by -75% in the second quarter and decreased by -25% in the third quarter, semi-skilled positions increased 140% and 69% in second and third quarters of 2020 compared to previous years. For low-skilled position, there is no growth between the second and third quarters of 2020.

In the service sector, skilled and semi-skilled experienced a high decline compared to low-skilled jobs in the second and third quarters of 2020, respectively.

- Skilled and semi-skilled jobs decreased by -67% and -70% in the second quarter and continued to decline in the third quarter by -42% and -45%.
- Low-skilled jobs decreased by -78% in the second quarter and bounced back to positive growth with 33% increase in the third quarter of 2020 compared to the previous year. During that time, the sector lost the ability to create 5,300 jobs, of which -56.6% and -49.0% were skilled and semi-skilled jobs in third quarter of 2020.

Job creation in the modern and High-tech intensive sub-sectors in services such as information and communication, shows a decline in the third quarter of 2020.

- In the second quarter of 2020, job creation in skilled position decreased -60% compared to quarter previous years. The third quarter shows a decline in skilled positions as there is a decrease of -33% compared to the same quarter in the previous year. The sub-sector lost the ability to create 200 skilled positions in the third quarter of 2020.



JOB VACANCY AND JOB SEEKERS

The labour market does not give job seekers chances to fill job vacancies. A trend from 8 years ago show low-skilled and semi-skilled market dominated the job vacancy as shown in figure 9.22. The labour force who are seeking for jobs are mostly youth with tertiary education, as shown in figure 9.23.

Figure 9.22: Number of Registered Vacancies by Occupation

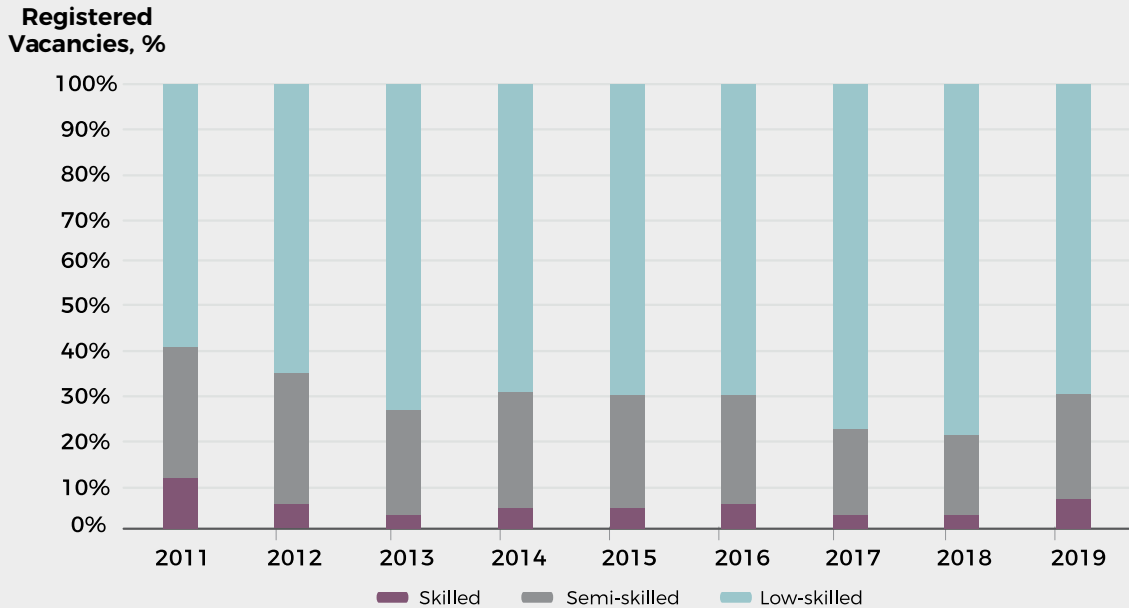
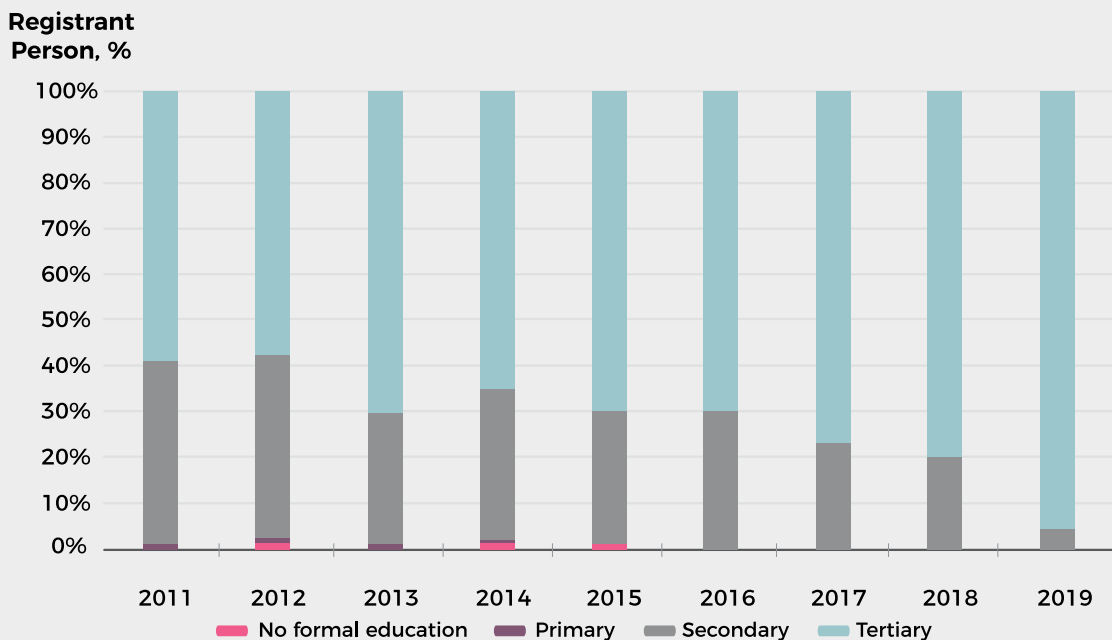


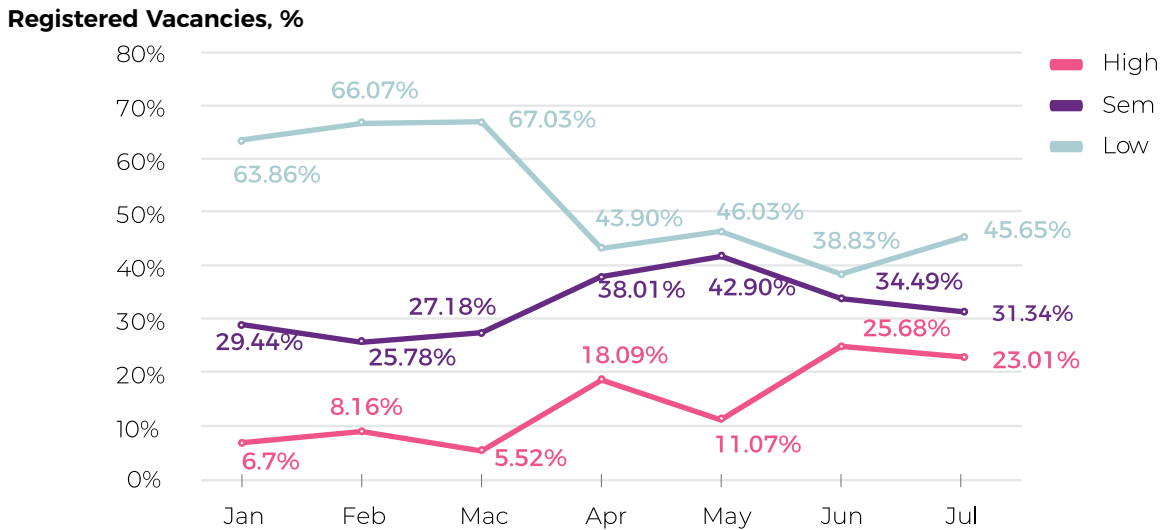
Figure 9.23: Active Registrant by Education Level



During the pandemic, the number of job vacancies in the high skilled job category shows a positive sign, but the positions are not sufficiently supplied to the job seekers, as shown in the figures.

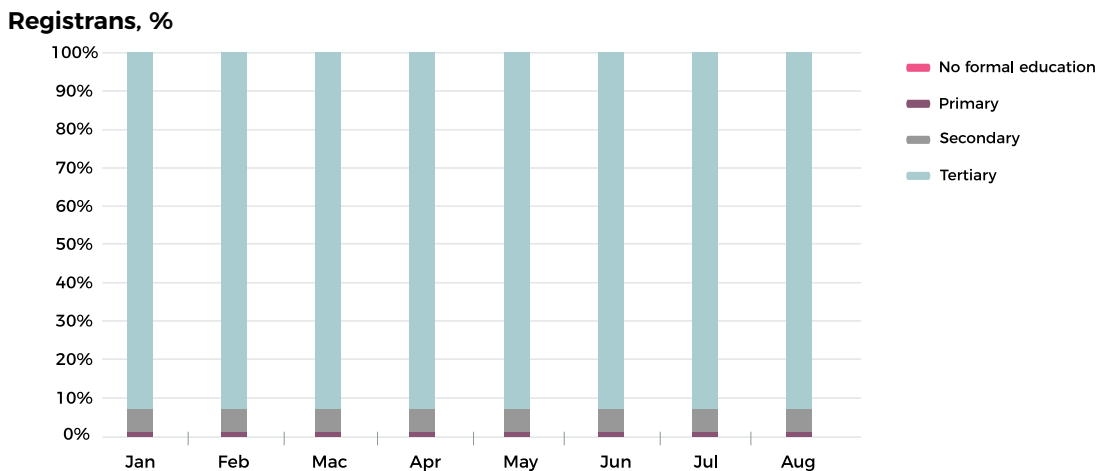
Based on the diagrams, most existing jobs in the market are still dominated by jobs that require low and medium skills. This does not match the number of job seekers as shown in the figure below. The low-skilled jobs still dominated the total job vacancies throughout the months in 2020.

Figure 9.24: Number of Registered Vacancies by Occupation, Monthly 2020



Based on the diagram above, 8 out of 10 people who are actively looking for work are those who have Tertiary education compared to other levels of Education. This trend shows that the most hired jobseekers in the current market have SPM qualification¹¹. This is consistent with the SOCSO report and numbers presented above. This clearly shows that vacancy and job creation are not in line with the job seekers' education level. It further complicates the problem of unemployment and potentially further burdens the mismatch in the Malaysian labour market.

Figure 9.25: Number of Active Registrants and Percentage by Educational Level, 2020



Sources: Department of Statistics Malaysia, 2020

11. Loss of employment 8/2020 by Social Security Organisation (SOCSO)

UNEMPLOYMENT AND UNDEREMPLOYMENT

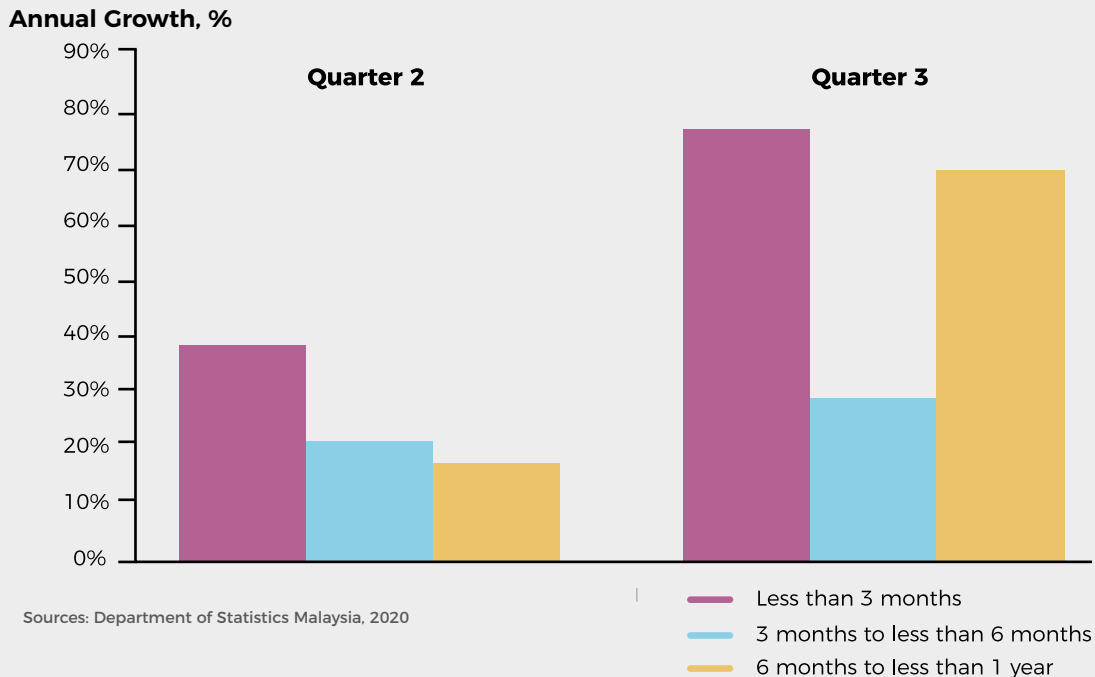
The inability of the economic sector to create new jobs affects unemployment in the country. In the third quarter of 2020:

- The unemployment rate increased to 4.7% in Q2 2020 compared to 3.3% in the same quarter the previous year.
- The Youth unemployment rate is even higher at 12.6% in Q2 2020. It is the highest ever recorded since 2017.
- The unemployment rate among males remained higher than women at 4.7% and 4.6%, respectively, during Q3 2020.

From the unemployment perspective, the number of unemployed workers from six months to a year increased from the second quarter of 2020 to the third quarter of 2020. In the second quarter, the number of unemployed workers in that category increased by 18.6% and continued to increase by 70.5%. This situation clearly shows that many job seekers have not obtained places in the labour market before and during the pandemic. This will be complicated as the number of unemployed workers within less than three to six months increased by more than half in the second quarter compared to the first quarter.



Figure 9.26: Active Unemployed Persons by Duration of Unemployment, Malaysia, (Q-o-Q), 2020

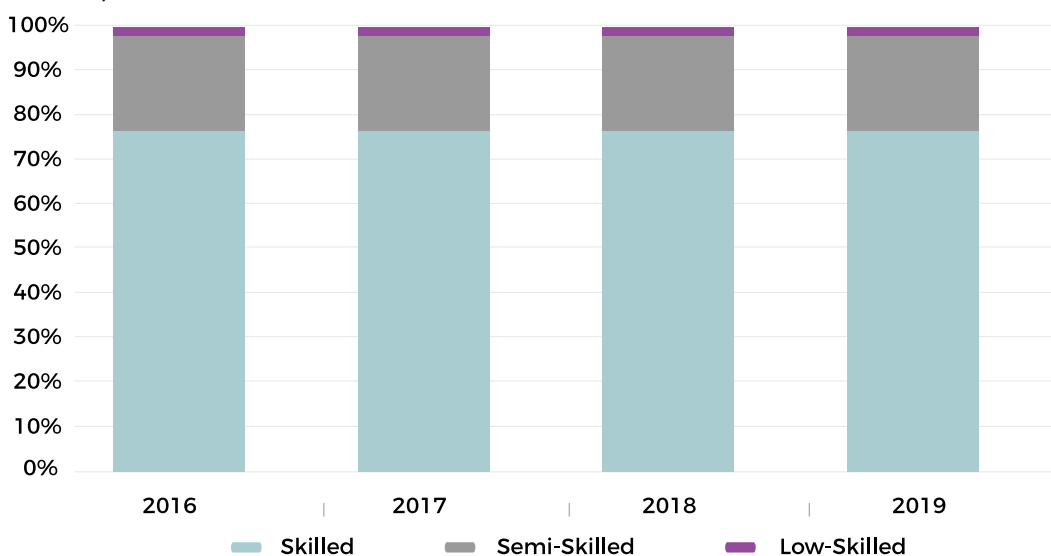


INCIDENCE OF UNDEREMPLOYMENT

Labour market problems during the pandemic are not only seen in the scope of unemployment. A more complicated problem is underemployment.

Figure 9.27: Employed Graduates by Skill Level, Malaysia, 2016 - 2019

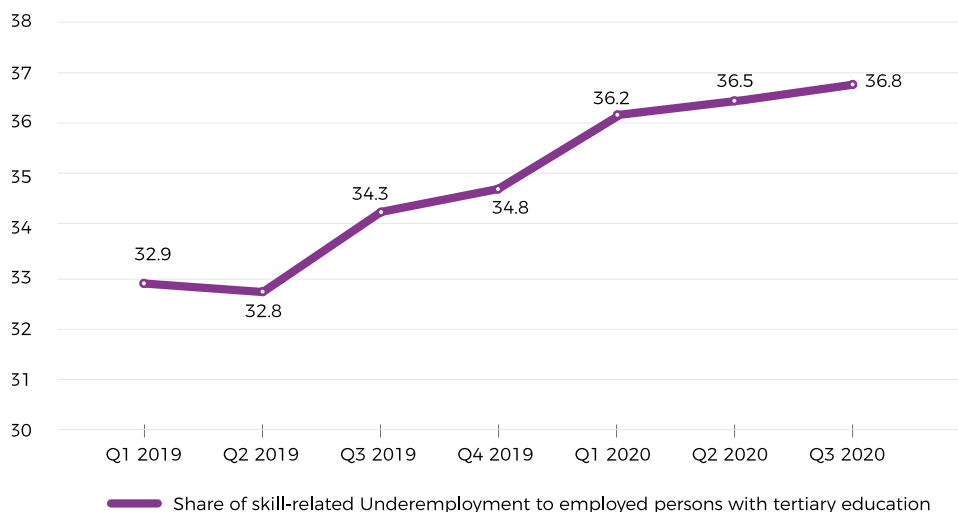
Graduates, %



Based on the diagram above, the employed graduates are in good condition with most of them working in highly skilled jobs. However, the number of graduates working in the medium and low-skilled jobs grew to 12.2% and 18.9%, compared to skilled jobs which increased by 5.1%. From 2016-2019 the proportion of underemployed also increased from 22.9% to 26.7%.

Figure 9.28: Share of Skill-Related Underemployment to Employed Persons with Tertiary Education (%)

Employed Persons, %



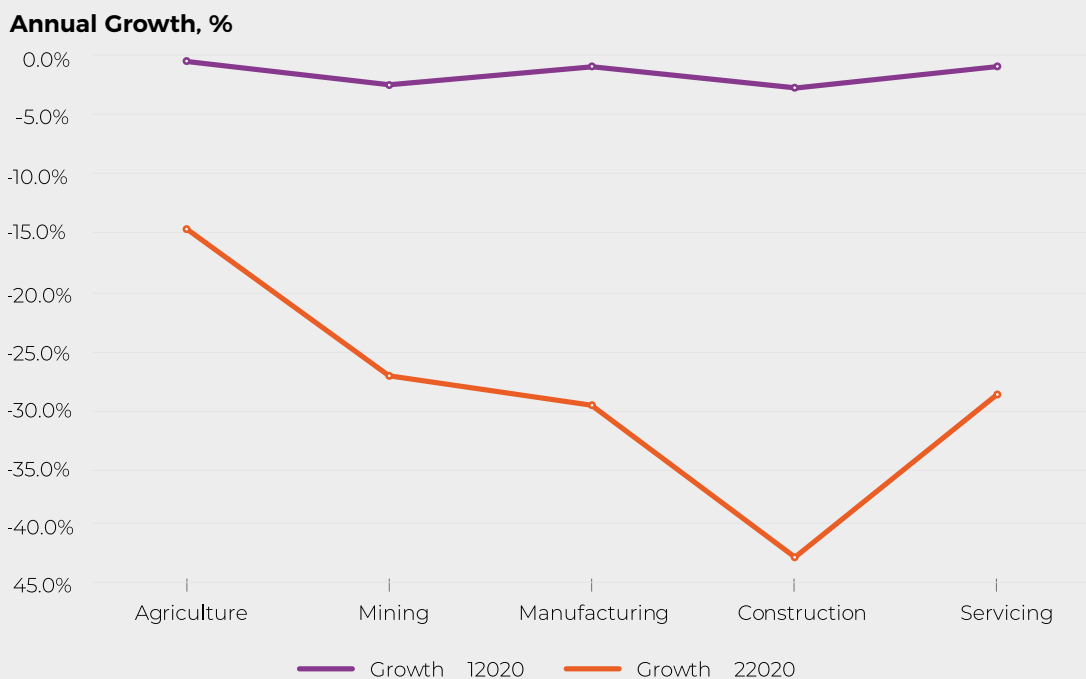
Sources: Department of Statistics Malaysia, 2020

Based on the quarter basis, there is a significant increasing trend in underemployment from the first quarter of 2019 to the third quarter of 2020. The incidence of underemployment in the first quarter of 2019 was at 32.9% of total employed persons who hold tertiary education, and the figure increased to 36.8% in the third quarter of 2020. This clearly shows that the problem of underemployment is becoming more serious amongst graduates. The focus on new job development by the government to create high-skilled jobs is therefore crucial.

IMPACTS ON SALARY

The salary receipt is closely related to working hours. During the pandemic, not only were some workers laid off by their employers, but their working hours were also decreased. In the first and second quarters, working hours decreased by -1.4% in the first quarter and continued to decline by -28.2%. This indicates that workers' salaries also decreased.

Figure 9.29: Growth of Wage by Quarter, (Q-o-Q)



Sources: Institut Masa Depan Malaysia and Department of Statistics Malaysia

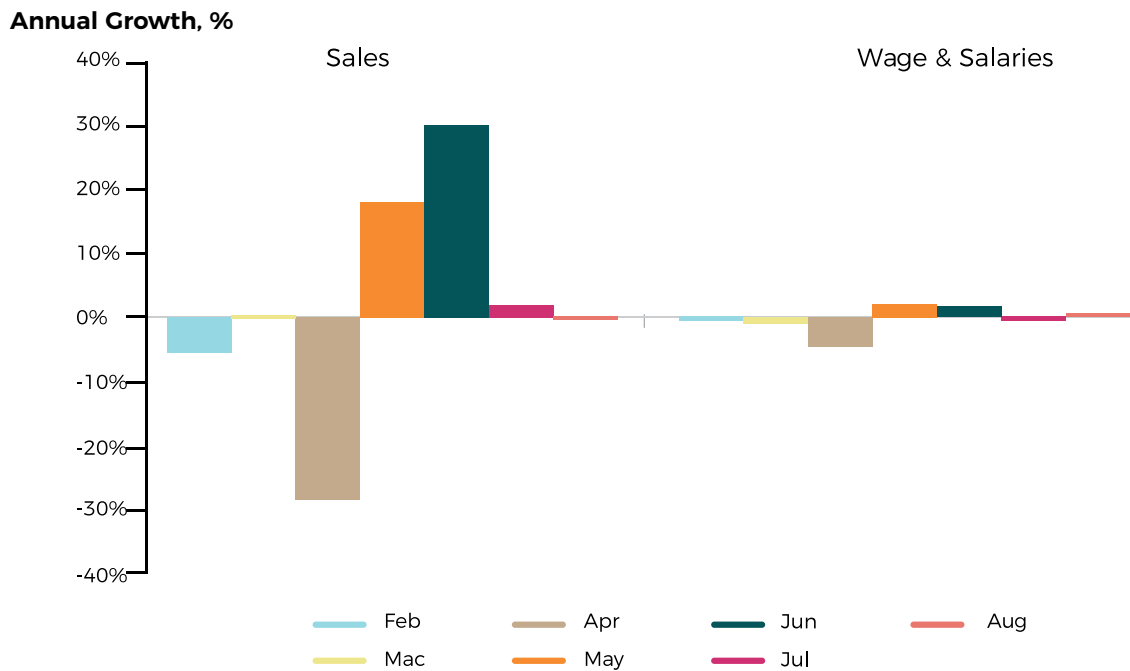
This effect has caused workers to lose wages during the first and second quarters of 2020. There is a difference in terms of effect in different economic sectors:

- The Construction sector experienced a significant impact on salary reduction compared to other sectors. In the second quarter of 2020, the wage reduction in the construction sector was by -42.7%, and continued to increase with an added -3.7%.
- The Agricultural sector has had minimal impact relative to other sectors during the pandemic. In the second quarter of 2020, the sector's workforce experienced only a salary reduction of -14.4% and continued to decline by -1.2.4% compared to the previous quarter.

Monthly, the salaries and wages of workers in the manufacturing sector experience an uncertain salary growth trend. As in the figure below, during the implementation of the MCO, sales growth in the manufacturing sector decreased by about 1/3 of total sales in February to April 2020, but salaries and wages decreased at a minimum pace by 10% during the months. After the relaxation of the MCO:

- Sales in this sector began to increase, especially in May and June, increasing by 17.8% and 29.7% respectively.
- The sales performance did not show any improvement, in fact started to decline in July and August with a minimal growth of 1.8% and -0.4% respectively.
- The momentum of growth differs from sales, looking at the salary and wage perspective for these months. The highest increase of salaries and wages was at only 1.8% in May, and in the following months, growth was stagnant.

Figure 9.30: Growth of Sales and Wage and Salaries in Manufacturing, M-o-M, 2020



Sources: Department of Statistics Malaysia, 2020

HOUSEHOLD AND COVID-19

The situation has affected the economic situation of households in Malaysia. The implementation of the lockdown has affected three areas which are income, expenditure, and well-being. Since the Government issued the MCO, the impacts are outlined below:

Income and COVID-19

- 3 in 4 faced difficulties to raise RM1,000 in time of emergency (BNM).
- 800,000 households will fall into poverty if they lose RM700 from their income.
- 1 in 4 heads of households has been laid off where staff laying off has increased five times in numbers compared to the national average.
- In the self-employment perspective, 46.6% of self-employed have lost their jobs.
- about half of the households feel their income has decreased between the months of May and September. This is influenced by the fact that most of them suffer from retrenchment and pay cut. For self-employment, it is difficult to restart their business.
- 4 out of 10 employed households in urban areas do not have worker protection such EPF or SOCSO.
- 7 out 10 employed households with a member or members with disabilities also do not have any worker protection.
- In terms of poverty, 1 out of 2 is living below the absolute poverty line, and as for children, half of them live in absolute poverty.
- 4 out of six households have no savings and 1 out 2 in this situation is not covered by EPF or SOCSO.
- Even if a household has savings, the savings has decreased by about 35%.

Expenses and COVID-19

Loss of employment, loss of income, and even loss of savings affect household

expenses. During the MCO:

- Households have reduced their spending on Education, mobility and food by 84%, 39% and 4%, respectively. In the scope of nutrition, households have changed their diet due to financial constraints during this situation.
- 7 out of 10 households claimed that they faced difficulties in meeting their essential expenses.
- Simultaneously, households reduced their spending on fruits by 40% and snacks by 62%. Households earning less than RM2000 have fewer protein sources compared to high-income groups.
- Post MCO, however showed a significant growth with expenditure increasing by 29%.
- About 1 in 3 spend less on protein, partly due to higher prices.

Household Well-Being and COVID-19

- In Education, 1 in 5 parents claimed that his/her child/children has/have lost interest in school.
- It is important to foster education and avoid the children from being left behind. It has to be noted that 60% of households find it difficult to pay for tuition.
- 8 in 10 households have no access to computers for online learning.
- Most households disagree with online learning platform because 3 in 5 said they lack facilities such as internet, computer, or tablets.
- In terms of mental health, the most affected are female households, with 29% of them feeling depressed or experiencing extremely unstable emotions.
- 1 in 2 female households are worried about not having enough money to buy food or pay for their children's education.
- 3 in 10 female households claimed that they are experiencing tension and depression among family members.

SOCIAL SITUATIONAL ANALYSIS

THE SECOND WAVE OF COVID-19

The second wave of Covid-19 in the post-state election of Sabah saw the rate of infection touch 1000 cases per day, at the national level at 50,000 cases and globally at 50 million cases. Thus, to break the spread of the virus, MCO and banning traveling across state borders in the country are being imposed. Financial hardships were apparent across the income groups, with the B40 and small businesses most affected.

Good Governance and Ethnic Relations Prevailed

Studies by Prof Dr. Syed Arabi Idid of the Islamic International University and distinguished Prof Dr. Shamsul Amri Baharuddin of *Universiti Kebangsaan Malaysia*, on the impacts of the pandemic of COVID-19 to larger society in the months of April to May 2020 showed that the confidence placed on the government to manage the pandemic is high. Even with the economic fall-out being felt and inter-state movement ban being declared, they still saw good ethnic relations in the country.

National Cohesive and Narrative Pervade the Diverse Society

Even before the COVID-19 pandemic, a study (Shamsul 2020) in early 2020 shows that our society is socially cohesive. The diverse Malaysian population has high sense of belonging, inclusivity, participation, recognition, legitimacy and equality as part of this nation. Even the ethos of *Bangsa Malaysia* was highly developed, in which all domains and items recorded beyond 90% of agreement. The study also shows that the narratives of the nation are not

black-white, dichotomous or of a binary discourse, as portrayed by the politicians when competing for political influence and votes.

ENTERING THE THIRD WAVE OF COVID-19

This study on moments of unity was conducted in the second stage of the MCO in the months of September and October 2020 (Mansor 2020).

Generally, the findings show that national unity and sparks of moments of unity are well embedded in the society. These phenomena are supported by the prevalence of cross-cutting social ties and social relationship that transcend ethnic and religious boundaries. In the community, people are active and involved in multi-ethnic membership associations such as the parent-teacher, *rukun tetangga*, residence, welfare, cultural, sport, economics and education. These associations and community engagements have brought them together. Even in the ethnic and religious-based associations, their welfare programmes do share and benefit others beyond their ethnic and religious boundaries.

Such cross-cutting social ties and relations are made possible by the low level of ethnicity found in the study as a significance to behavioural choices. As individuals, Malaysians see their ethnic, cultural, linguistic and religious identities with pride that define their self-worth and destiny. Despite such concern of ethnicity by Malaysians, they give precedence to the stability in the society and progress of the country.

However, the ethnic boundaries are observed to be thickening. This reflects a growing concern of ethnic risks as they relate to other groups in the larger society.

12. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_746368.pdf

This shows that their self-interests might be socially excluded as they compete with others pertaining to business, education, job, promotion and even among friends and neighbours.

In summary, the research data from the four studies above and supported by the relevant research data to strengthen the discussion on The Impact of COVID-19 to SPV2030's Third Objective are presented below:

Unity

The nation-building process as reflected by the good ethnic relations, the continuous sparks of the moments of unity, the national ethos and narrative of *Bangsa Malaysia* are well-placed in the nation. The Global Peace Index of 2020 ranked Malaysia the 20th out of 167 countries globally and our best position was in 2011 at 19th of world ranking.

However, the ethnic boundaries, irrespective of ethnic origins, are thick and fraught with ethnic risks. This phenomenon needs to be explained by analysing the larger society as Malaysia is facing a pandemic and made worst by the unresolved political crisis arising out of a hung Parliament since General Election of 2018 that lead to a second regime changes from Barisan Nasional to Pakatan Harapan and Perikatan Nasional, as the ruling government of the day.

Social Well-Being

The waves of pandemic Covid-19 encountered an increase on the fear of infection and economic fall-outs such as wage cut, growing unemployment, business failures, falling back of the mortgage payment and, depletion of personal savings are affecting all income and social strata in the society.

A study that replicates *Indeks Perpaduan Nasional* (IPNas) of 2018 shows that the domains of governance and development, cross-cutting social relations, national ethos and social cohesion record relatively higher percentages of support to the domains constructed in 2020. However, the value of National Cohesion was relatively lower from $R^2=0.567$ in 2018 to $R^2=0.546$ in 2020 due to the fear of infection of COVID-19 and the deepening political crisis that do not augur well, in strengthening harmony, national cohesion and stability of the nation. In analysing the Index of Social Tension Malaysia (*Perpaduan 2020*) it showed that the index was low in 2018 but increased relatively higher in 2019 and fell to a low 0.8 in the first quarter of 2020. Thus, the reading shows that it is not the change of regime from Barisan Nasional to Pakatan Harapan as the main issues of concern (with a reading of 0.70 in January 2018 to 1.40 in December 2018). Instead, it is the governance and development culture of the Pakatan Harapan government that was rejected by the Malaysian populace as it climbed to a climax in May 2019 and returned to normalcy in March 2020 at 0.80.

National Stability (Pandemic and Politics)

Despite the pandemic or the political crisis, the society continuously experienced a nationally cohesive co-existence as a *Bangsa Malaysia*. The threat of Covid-19 infection being broadcasted daily and the announcements of the latest Movement Control Order (MCO) and Enhanced Movement Control Order (EMCO) declared, or the uncertainties arising out of the changing coalitions among the parliamentarians may see a new Prime Minister being appointed. The diverse populace, whatever the outcome, would be more concerned with their own economy and survival.

Thus, the economy, life sustenance and the country proceeds unimpeded, irrespective of the elite contestation in the political arena. This shows that the prevalence of the culture of modernity and acceptance in the society from Perlis to Sabah, supported by various studies are well grounded in the nation. Data over the decades on social cohesion, ethos of *Bangsa Malaysia*, social stress and social alignment do support the country in harmonious, peace and stability. However, these data show that there are pockets of problems prevailing in the society that need to be identified.

The social cohesion data from 2012 to 2020 show that the diverse society are experiencing an annual strengthening of social cohesion and co-existence even though around 20% to 30% informed that they are being marginalised, socially excluded and not being given a fair share. The data on the ethos of *Bangsa Malaysia* from 2002 to 2020 are observed to be developed from a moderately high 80% to a high 90% of acceptance. Across the years, all ethnic groups scored the same patterns of percentage with the Chinese often fluctuating, relative to others on the dimension of loyalty, commitment, and shared history of the nation. The study in 2016 show a new pattern in which the non-Muslim *Bumiputera* are sliding in terms of acceptance, relative to the Malay, Muslim *Bumiputera* and Indians. On the overall, the data show that the ethos of *Bangsa Malaysia* is developed across years of study.

The Index of Social Stress Malaysia (JPNIN) of 2008 to 2019 indicate that inter-group differences that led to misunderstanding, hate speeches, demonstrations, clashes, and conflicts do take place but falling from a high 27.9% in 2008 to 9.2% in 2016 and relatively rising again to 18.7 in 2019.

In studying the ethnic alignment it may show a dark side to how we are organising ethnic and religious differences. The three decades of studying ethnic alignment from 1990-2020 that measure the ability to relate to other ethnic groups in Malaysia, show that the ethnic boundary of Malaysians is still weak and the concern of ethnic preference is secondary to the basis of their actions. However, the pattern of increasing ethnic preference is also observed over the years which mostly takes place during election period. The political campaigning that mobilised ethnic and religious dimensions do create trauma and fear of others in the society.

STRATEGY RECOMMENDATIONS

These three longitudinal studies show that good governance and development that are delivered justly and inclusively to the populace will narrow ethnic boundary, reducing social stress, and strengthening social cohesion and the national collective consciousness of the bonds as a *Bangsa Malaysia* among Malaysians. Election and political campaigning that politicised ethnic and religion are detrimental to harmony and national stability. The Government should enact a law that punishes individual and organisations that resort to hate speeches as their means in obtaining political influences and votes.



CONCLUSION

Conclusion

The Shared Prosperity Vision 2030 has been at the core of our government's policies since its inception on the 9th of October 2019. Its main purpose is to ensure that we close the economic gaps within our society and holistically grow our country to become a united, prosperous, and developed nation. More importantly, this prosperity needs to be fairly and equitably effect and impact all Malaysians regardless of income level, ethnicity, or geography.

The recent COVID-19 global pandemic is the first major challenge that SPV2030 had to overcome, seeing its crippling effect on many major industries around the world, and deeply affecting the average Malaysian with sudden, unforeseen circumstances plaguing their everyday lives.

This SPV2030 Strategic Plan through extensive research, various discussions, meetings, dialogues, forums, focus groups and even town hall sessions aim to refine, clarify and crystallise the aspirations of SPV2030 as the government's main aspiration, eventually achieving a Decent Standard of Living for all Malaysians.



GLOSSARY

ABBREVIATIONS

4IR	Fourth Industrial Revolution
ADB	Asian Development Bank
AI	Artificial Intelligence
AIDS	Acquired Immunodeficiency Syndrome
ASEAN	Association of Southeast Asian Nations
B40	Bottom 40% Household Income Group
BIMP-EAGA	The Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area
BMWi	Bundesministeriums für Wirtschaft und Energie (The Federal Ministry for Economic Affairs and Energy of Germany)
BNM	Bank Negara Malaysia
CAGR	Compound Annual Growth Rate
CBO	Community Based Organisation
COE	Centre of Excellence
CoEFI	Centre of Excellence for Future Industry
COVID-19	Coronavirus Disease 2019
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DFI	Development Financial Institution
DOSM	Department of Statistics Malaysia
DSL	Decent Standard of Living

E&E	Electrical & Electronics
EC	European Commission
EDO	Entrepreneurship Development Organisation
EIA	Environmental Impact Assessment
EPF	Employees' Provident Fund
EPR	Extended Producer Responsibility
EPU	Economic Planning Unit
EU	European Union
FAMA	Federal Agricultural Marketing Authority
FELDA	Federal Land Development Authority
GDP	Gross Domestic Product
GE	Green Economy
GE	General Election
GHG	Greenhouse Gas
GLC	Government-Linked Company
GST	Goods and Services Tax
HIV	Human Immunodeficiency Virus
HKSAR	Hong Kong Special Administrative Region
HR	Human Resources
HRDF	Human Resources Development Fund
ICLG	International Comparative Legal Guide
ICP	Industrial Collaboration Programme
iCSO	Integrated Civil Society Organisations

ICT	Information Communication Technology
ICU	Implementation Coordination Unit
ILO	International Labour Organisation
IMF	International Monetary Fund
IMP	Industrial Master Plan
IoT	Internet of Things
IP	Intellectual Property
IR4.0	Industry Revolution 4.0
ISO	International Standards Organisation
IT	Information Technology
KEGAs	Key Economic Growth Activities
KL	Kuala Lumpur
KOLs	Key Opinion Leaders
KPI	Key Performance Indicator
KRI	Key Result Indicator
LKR	Leading Key Results
LLC	Limited Liability Company
M&E	Mechanical and Electrical
M40	Middle 40% Household Income Group
MACC	Malaysian Anti-Corruption Commission
MaGIC	Malaysian Global Innovation & Creativity Centre
MAP	Mentorship for Accelerating Productivity

MCO	Movement Control Order
MCQ	Multiple Choice Question
MDEC	Malaysia Digital Economy Corporation
MDU	Ministry Delivery Unit
MEA	Ministry of Economic Affairs
MEDAC	Ministry of Entrepreneur Development and Cooperatives
MIC	Manufacturing Innovation Centres
MNC	Multinational Corporation
MOF	Ministry of Finance
MOH	Ministry of Health
MOSTI	Ministry of Science, Technology and Innovation
MPI	Multi-Dimensional Poverty Indicators
MSME	Micro, Small and Medium Enterprises
MSPO	Malaysia Sustainable Palm Oil
NEP	National Energy Policy
NEP2030	National Entrepreneurship Policy 2030
NGOs	Non-Government Organisations
NIA	National Investment Aspirations
ODG	Outcome Driven Government
OECD	Organisation for Economic Co-operation and Development

OER	Open Educational Resources
P2P	Peer-to-Peer
PEMANDU	Performance and Management Delivery Unit
PENJANA	Pelan Jana Semula Ekonomi Negara (National Economic Recovery Plan)
PEP	Public Employment Programme
PLC	Public Limited Company
PLI	Poverty Line Income
PLWS	Productivity-Linked Wage System
PM	Prime Minister
PMD	Prime Minister's Department
PMO	Prime Minister's Office
PP	Public Prosecutor
PPP	Public – Private Partnership
PPV	Program Pembangunan Vendor
PSD	Public Service Department
PWDs	Persons with Disabilities
R&D	Research and Development
R&D&C&I	Research, Development, Commercialisation and Innovation
RE	Renewable Energy
RM	Ringgit Malaysia
RMA	Research Management Agency

RMP	Royal Malaysia Police
SDGs	Sustainable Development Goals
SEA	Strategic Environmental Assessment
SEPADU	Shared Prosperity Delivery Unit
SG	Singapore
SIA	Social Impact Assessment
SITC	Standard International Trade Classification
SMART	Specific, Measurable, Attainable, Relevant and Time-Bound
SME	Small and Medium Enterprise
SOCSSO	Social Security Organisation
SOR	Strategic and Operating Review
SPM	Sijil Pelajaran Malaysia
SPV2030	Shared Prosperity Vision 2030
SPV2A	Shared Prosperity Vision to Action
SSL	Self Sufficiency Level
SSNs	Social Safety Nets
SST	Sales and Services Tax
STEM	Science, Technology, Engineering and Mathematics
SUPERB	Skim Usahawan Permulaan Bumiputera
TEKUN	Tabung Ekonomi Kumpulan Usaha Niaga
TERAJU	Unit Peneraju Agenda Bumiputera

TERAS	Program Syarikat Bumiputera Berprestasi Tinggi
TVET	Technical and Vocational Education and Training
UDHR	Universal Declaration of Human Rights
UK	United Kingdom
UN	United Nations
UNCITRAL	The United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNEVOC	International Project on Technical and Vocational Education
UNICEF	United Nations International Children's Emergency Fund
USA	United States of America
USD	United States Dollar
UX/UI	User Experience or User Interface
VDP	Vendor Development Programme

VR	Virtual Reality
WASH	Water, Sanitation and Hygiene
WEF	World Economic Forum
WGI	The Worldwide Governance Indicators
WHO	World Health Organisation
WKB2030	Wawasan Kemakmuran Bersama 2030
WWF	World Wildlife Fund
YAB	Yang Amat Berhormat
YBGK	Yayasan Bantuan Guaman Kebangsaan (National Legal Aid Foundation)

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