

Hosted by ISIS Malaysia

PRAxis

3-4 Oct '22 | Kuala Lumpur



BUILDING
A BETTER
MALAYSIA



Event Programme

Day 1

3rd October 2022

0930 - 0940	Welcoming remarks by ISIS Malaysia chief executive Herizal Hazri
0940 - 1055	Session 1 - 2023 outlook: rosy or risky?
1055 - 1110	Refreshments (15 mins)
1110 - 1220	Session 2 - Human cost of climate crises
1230 - 1340	Lunch
1345 - 1405	Keynote address by Minister in the Prime Minister's Department Datuk Seri Mustapa Mohamed
1410 - 1520	Session 3 - Career, care and woes
1520 - 1535	Refreshments (15 mins)
1535 - 1645	Session 4 - How do we spur the creative economy?
1645	End of Day 1

Day 2

4th October 2022

0930 - 1040	Session 5 - Towards a safer digital future
1040 - 1050	Refreshments (10 mins)
1050 - 1200	Session 6 - Resilience: building back better
1200 - 1400	Lunch wrap-up - Building back more sustainably: Future pathways for Malaysia
1400	End of Day 2



PRAXIS 2022 Building a better Malaysia

In the third year of the pandemic, much has changed. Across the world, borders have reopened while domestically, Malaysia's economy is at pre-crisis levels.

Yet, as Malaysia lives with Covid-19 in the endemic phase amid hope and certainty, the global environment is becoming increasingly turbulent.

The crosswinds of geopolitical conflict, climate and energy crises, and the pandemic's legacy of inequality threaten to derail Malaysia's development.

Our aim is to convene policymakers, researchers, civil society and the private sector to examine how to build upon the Covid-19 recovery and pave the way towards a sustainable, resilient and better Malaysia.



Welcoming remarks



Herizal Hazri

Chief Executive
ISIS Malaysia

0930-0940 | 3 Oct

Session 1 2023 outlook: rosy or risky?

As we move into 2023, Covid-19 risks are receding in major economies. Yet, other risks are mounting, including rising energy prices, inflation and supply chain issues. Geopolitical risks like conflict and regional political stability also show no signs of abating.

What are the emerging risks for Malaysia and Asean in 2023? How can policymakers prepare?

0940-1055 | 3 Oct

Moderator



Alizan Mahadi

Senior director (research)
ISIS Malaysia

Speakers



Prof Evelyn S. Devadason

Faculty of Economics
and Administration
Universiti Malaya



Nadia Jalil

Regional head,
group economics &
market analysis
CIMB



Prof Aries A. Arugay

Department of Political Science
University of The Philippines
Diliman
The Philippines



Welcoming remarks

Bismillahirrahmanirahim

Assalamualaikum warahmatullahi wabarakatuh, selamat pagi and good morning to all.

ISIS-PRAXIS partners – Konrad-Adenauer-Stiftung (KAS Malaysia), Employees Provident Fund (EPF) and Astro Awani.

Esteemed board members

Distinguished guests

Ladies and gentlemen,

1. Welcome to PRAXIS 2022. This year, I have the privilege of welcoming participants and panellists physically after two years of Covid-19 and the disruptions that followed the pandemic.

2. The theme at this year's conference reflects our changing times. "Building a better Malaysia" not only looks at the devastation of the pandemic but also adopts a hopeful tone. Change remains a constant and, at this juncture, we need to ensure that the building blocks for a better future are in place to weather challenges ahead.

3. The PRAXIS conference aims to equip analysts, researchers, business leaders and policymakers with information-rich analyses to assist in their corporate planning, growth strategies, as well as in designing and shaping policies. To achieve this, we must connect policy knowledge with the business of those present today. As we say at the start of every PRAXIS conference: "knowledge without practice is useless and practice without knowledge is dangerous".

4. This has always been the guiding principle of the PRAXIS conference since its inception. The word "praxis" itself is defined as the point at which thought turns into action when theory becomes practice and when

knowledge transforms into implementation.

5. As we convene today, I hope that the spirit of praxis will both ground and guide our discussions to empower bold and inclusive future-forward action.

Distinguished guests

Ladies and gentlemen,

6. Six months into endemicity, Covid-19 remains far from over. The country's most vulnerable have only been pushed further into the margins, losing their livelihoods and incomes. Inequality has increased, undermining opportunities for social mobility and deepening the gap between the haves and have-nots. This is not just affecting us in Malaysia but the world over.

7. Amid this, we are now seeing waves of change and tumult in the global order. We are dealing with rising inflation, geopolitical tensions and unrest, a growing energy crisis and the ravages of climate change. The global economic outlook appears bleak, with headwinds indicating dampening growth.

8. In Asia, the engines of growth continue to chug along but the region's economy cannot run away from external forces. But there are reasons to remain optimistic. This year, Malaysia ratified the Regional Comprehensive Economic Partnership (RCEP), entering one of the world's largest free-trade agreements alongside 15 regional countries. It is this cooperation and agreement that could be the key to ensuring we weather the uncertainty building on the horizon.

9. As such, the national endeavour towards an inclusive recovery has never been more urgent. This recovery will need to be wide-ranging, extending far beyond GDP growth. The recovery needs to uplift all industries, sectors and regions, while helping the most vulnerable and marginalised. We need to not only build



back better but also build a more resilient Malaysia.

10. More importantly, recovery cannot come at the expense of the environment. The threats of climate change and biodiversity loss have only grown in weight and urgency. We cannot deny that the world is in the throes of a climate crisis, and both decisive and effective mitigation and adaptation policies must be taken immediately.

11. Certainly, amid the gloom and doom, there have been glimmers of hope. Malaysia has reopened its borders. Exports are rising. The labour market continues to recover.

12. It is against this backdrop of change that we look forward to Friday's Budget 2023. With the convening of experts today, I believe PRAXIS is coming at an opportune time and will serve as an important barometer for Malaysia's renewal plans.

13. The effort towards building a better Malaysia is not limited to the government. Each year, we remind that all players have a stake in nation-building, be it those in the C-suite or the man on the street. It is not only a remit of our democratic duties but also part of a wider contribution to determine the future of our nation.

Distinguished guests

Ladies and gentlemen,

14. For making this year's PRAXIS conference a success, and on behalf of ISIS Malaysia, I would like to take this opportunity to extend our sincere appreciation to the distinguished speakers for their contributions today.

15. To our sponsors – the Konrad-Adenauer Stiftung, Employees Provident Fund and Astro Awani – our heartiest gratitude for partnering with us again this year.

16. Last, but not least, I would like to thank all of you for being with us this morning and I look forward to engaging with all of you.

17. Thank you.



SESSION 1

2023 outlook: rosy or risky?

The session focused on the emerging risk factors that will impact on economic growth and recovery in 2023. The discussions touched on the economy's exposure to global events, tabling of Budget 2023 and Asean's in role facilitating regional economic development.

Professor Evelyn S Devadason opined that a slowdown is imminent, both on the global and domestic front. She noted that major economies, such as the United States, China and the European Union, are already exhibiting signs of a recession. As a highly open economy, Malaysia is exposed to recessionary risks posed by these much larger economies. However, Malaysia's status as a net commodity exporter will help to buffer recessionary impacts given the strong and continued demand for liquefied natural gas (LNG) by international markets.

Nadia Jalil echoed the sentiment, stating that a global recession will have knock-on effects on Malaysia's economy, given the integration of many businesses into global value chains (GVCs). She added that certain economies have begun showing signs of de-globalisation and decoupling as a result of protracted geopolitical tensions. While the risk of Malaysia's economy being forcefully decoupled by larger economies remains low, we must still prepare for it.

On Asean, Professor Aries A Arugay commented that any economic outlook for the region must be juxtaposed with the current geopolitical landscape. He noted that there is currently a strong rivalry between major superpowers and that the Indo-Pacific region is the main theatre. Asean will continue to face headwinds in 2023, which will stunt its growth and recovery prospects. To address such issues, Arugay called for greater unity between Asean member economies. This is to ensure that Asean can act in concert against major challenges facing the region going forward. He is hopeful that Indonesia, as the chair for 2023, will be able to reunite each member economy and strengthen the Asean identity.

Nadia said with the "new normal", Malaysians should not be content with things going back to pre-pandemic ways. Instead, she hopes that systems can be put in place, society reshaped and economic resiliency enhanced to ensure that Malaysia can be built back better. One measure she suggested is for greater discussions between key stakeholders on how the Malaysian government should practise fiscal prudence.

Extending from this, Devadason hoped that Budget 2023 would be expansionary given heightened risk of economic slowdown in 2023. However, she is mindful that the government's capabilities to provide an expansionary budget are limited because of the constrained fiscal space. The government must find a way to balance fiscal pressures with prudence.

In their closing remarks, panellists expressed cautious optimism over Malaysia's growth and recovery prospects for 2023. Amid the many geopolitical uncertainties, the economy is expected to fare much better than others, comparatively.



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3-4 Oct '22 | Kuala Lumpur

Session 2

Human cost of climate crises

Climate disasters push the most vulnerable in society further into the margins. Malaysia has been no stranger to such disasters, with floods becoming a regular occurrence for coastal communities and vulnerable groups, such as the Orang Asli.

With erratic weather patterns on the rise in Malaysia, taking stock of the communities that will be most negatively impacted by the climate crisis is key.

It is important for Malaysia to look at how policies can cushion the worst effects of a climate disaster and delve into climate adaptation and mitigation policies for the future.

1110-1220 | 3 Oct

Moderator



Ahmad Afandi

Senior analyst
ISIS Malaysia

Speakers



Ili Nadiyah

Co-founder
Klima Action Malaysia



Assoc Prof Dr Yanti Rosli

Lecturer
Universiti Kebangsaan
Malaysia (UKM)



**Lakshmi Lavanya
Rama Iyer**

Head of Policy and
Climate Change
WWF Malaysia

Keynote address



Datuk Seri Mustapa Mohamed

Minister in the Prime Minister's Department

1345-1405 | 3 Oct



SESSION 2

Human cost of climate crises

Ahmad Afandi began the session by highlighting the urgency of the topic with the continuous natural disasters that have occurred in recent times bringing with them major human costs. He brought attention to the fact that for too long mitigation has been the main approach for dealing with these issues without focusing on adaptation as well.

After the opening, the speakers were asked about their views on the outlook and challenges in the next decade with regard to the climate crisis' impacts on humans. Lakshmi Lavanya stressed that we are not on the right path and the worries about the future are already happening. She focused on two main aspects. First, the need for social cohesion, which is difficult due to systemically built-in inequalities. Further, our entrenched mind-set has resulted in the idea of winning together not being a part of the psyche and that requires a change. However, without social cohesion, progress cannot be made to battle the climate crisis. Second, we need to be humble and question our terraforming (modifying the environment to suit the needs of humans) approach. In sum, we must question our belief that we humans can continue to lord over nature.

Ili Nadiah stressed that some perspectives are missing in the climate discourse, especially on the issues of security and environmental degradation. There needs to be a new security foundation built on peace, equality and justice. She linked the challenges of the climate crises with the need for the enjoyment of substantive human rights that we currently do not have. Without these important human rights, society cannot build resilience to fight the climate crisis.

Dr Yanti Rosli spoke about her research into vulnerable communities of Pulau Gaya in Sabah with the specific focus on children and their perspectives. She noted that children are impacted differently depending on where they are located, while climate change also showed a gender bias among children.

Afandi then asked each speaker a specific question, starting with Lavanya on what the national priorities and strategies should be for climate crisis.

In Lavanya's view, there is a need to look at the issues comprehensively and in an integrated manner because climate policies cannot be seen in isolation but holistically. Further, ecological problems cannot be ignored as we are also facing a biodiversity crisis. She reiterated the need to focus on adaptation and mitigation while stressing that it can no longer just be a top-down approach, as a bottom-up one must also be part of the process.

Ili was asked how to prepare society for adaptive capacity. She responded by stating that the predicament for people at local and regional levels may be significantly different and thus, an adaptive capacity has to be a bottom-up initiative that meets the top-up approach halfway. Further, the respective states have an obligation to improve procedural protection.

Yanti was asked to comment on how we can ensure that climate policies considered children. She commented that children are still not being represented and their representation is crucial as they need to be heard and listened to.

The Q&A session provided some important insights. Lavanya pressed the point that for environmental issues, the public can play a role by taking action and speaking out during planning processes. She ended her remarks by highlighting that we need to move beyond being caught up with measuring a country's progress by just looking at GDP numbers.

Ili suggested the need for a gender focal point for environmental matters. She added that other important steps included focusing on constitutional reform as greater democracy and climate action go hand in hand. Yanti added that there needs to be proper climate education for children.



Keynote address

Introduction

Bismillahirrahmanirrahim

Yang Berusaha Encik Herizal Hazri, chief executive of ISIS Malaysia, esteemed board members of ISIS Malaysia, Excellencies,

Distinguished delegates of PRAXIS 2022, ladies and gentlemen,

Assalamualaikum warrahmatullahi wabarakatuh, good afternoon,

1. Firstly, let me congratulate the Institute of Strategic and International Studies (ISIS) Malaysia for organising its flagship PRAXIS conference and to the partners, Konrad-Adenauer-Stiftung, Employees Provident Fund and Astro Awani.

2. It is a pleasure to be invited once again to deliver the keynote address and to open PRAXIS 2022. When I delivered the keynote last October, the country was still in the midst of opening up its social and economic sectors.

3. The theme of last year's PRAXIS was "Recovering Malaysia", which was aligned with the primary objective of the government to recover as quickly as possible from the effects of the pandemic.

4. Indeed we have fared better than others, but the setbacks to our socio-economic wellbeing cannot and should not be understated.

5. If last year was focused on recovery – this year is about looking beyond that, towards building a more resilient future. This year's theme, "Building a better Malaysia", perfectly captures the government's focus on graduating the country to high-income status by the end of 2025.

Global and Malaysian recovery

Ladies and gentlemen,

6. Globally, growth is expected to decelerate to 3.2% this year and 2.9% in 2023, partly due to geopolitical challenges and as governments gradually phase out their fiscal and monetary support.

7. As was the case during the pandemic, this slowdown will also be unequal in its impact. The IMF forecasts that growth in advanced economies will be 2.5% in 2022 and 1.4% in 2023. Meanwhile, growth in emerging and developing economies is only expected to be 3.9% in 2023.

8. What this means is that recovery will be uneven between advanced and emerging economies.

Ladies and gentlemen,

9. We transitioned to endemicity in April this year, following a very successful national vaccination programme, the fruits of which we are, alhamdulillah, now reaping. As you know, our economy grew 5% in Q1 and 8.9% in Q2 2022. That means in the first half of 2022, the economy grew by 6.9%.

10. Our labour market is also showing positive momentum. In July, the size of our labour force saw a continued uptick, with an increase of 3.3% year-on-year to 16.6 million. Furthermore, the unemployment rate has gone down to 3.7%, which is close to the rate pre-pandemic.

11. Malaysia remains an attractive destination for foreign investors. Our FDI reached RM41.7 billion in the first half of 2022. Compare this to the whole of 2021, where our FDI was only RM48.1 billion.

12. In terms of trade, August 2022 represented the 19th consecutive month of double-digit growth,



with exports rising 48.2% and imports increasing by 67.6% year-on-year. The total trade growth of 56.7% was primarily driven by gains in manufacturing, mining and agriculture.

Challenges ahead

Ladies and gentlemen,

13. The path remains challenging and all the gains so far have been hard fought. Nonetheless, we can allow ourselves some room for optimism as we are on track to full recovery.

14. But internal and external challenges continue to pose deep uncertainty. Let me highlight a number of key challenges and outline some of the government's strategies in navigating these challenges.

Inflation

15. Chief among those challenges is inflation. Make no mistake, we are not unique in this as all governments are grappling with the task of reining in rising costs across the board. The IMF forecasts that global inflation will reach 6.6% in advanced economies and 9.5% in emerging markets and developing economies this year. This is largely due to a trifecta of reasons: (i) supply disruptions; (ii) higher energy and commodity prices; and (iii) increased consumer demand amid economic reopening.

16. Against this backdrop, Malaysia's inflation at 4.7% in August is low by international standards. Overall, we are in a relatively better position compared with our regional peers and other economies where the prices of essential goods have spiralled.

17. Our relatively moderate inflation can be attributed to the government's decisive interventions, through the enforcement of price ceilings and the largest amount of subsidies in our history. Nonetheless, as an open economy, we cannot be fully insulated from global inflationary pressures and a rise in prices is inevitable.

Supply chain disruptions

Ladies and gentlemen,

18. The second challenge that we are facing concerns supply chain disruptions. As a country that has been synonymous with trade since the early kingdom of Malacca, any disruption to global trade will pose challenges to our economic outlook. Before the pandemic, the primary risk to supply chains had to do with the US-China trade war.

19. Over the past two years, the various policies implemented to reduce the spread of Covid-19 by governments worldwide meant long queues of ships waiting to unload their goods, containers left unattended and much higher freight costs.

20. Some of these issues have been resolved today but bottlenecks remain. For example, the war in Ukraine, manpower shortages in many parts of the world and China's zero Covid policy add to the stress. Cargo vessels continue to arrive outside of their designated berthing windows, which pose challenges to our port operators. This, to me, highlights the fragility of global supply chains in the face of disruptions at the country level.

21. Compounding this is the large number of products which incorporate components or materials that are either sophisticated or complicated to make. This means that substituting components or locating alternative sources is easier said than done.

22. But as with all challenges, there also lies opportunities.

23. The Malaysian Investment Development Authority (MIDA) has initiated the supply chain facilitation programme to assist both domestic and foreign companies to address global supply chain disruptions. This includes supporting companies in outsourcing their manufacturing activities to domestic companies and promoting domestic investment, while encouraging the adoption of automation and other fourth industrial revolution technologies.



24. My message here is that in wanting to build a better Malaysia, we must seek out these opportunities when and where they arise. As for the government, we continue to play an aggressive and facilitative role to help transform opportunities into real growth.

Digitalisation

25. The third challenge that we are facing in building a better Malaysia is not new – digitalisation. Attaining this is of utmost importance, as it goes without saying that the future is digital. On top of the promise of the potential of IR 4.0 technologies, I am sure none of you need reminding of the importance these digital services and solutions have played over the past two years.

26. Regardless, digital adoption rates have been unequal among our businesses. We have some companies adopting cutting edge digital technologies while others remain completely analogue. Explaining the low end of the spectrum is the continued lack of access to adequate infrastructure, concerns over cybersecurity, lack of awareness, gaps in digital skills and financial constraints – particularly among the MSMEs.

27. Addressing this will be key to ensure that the promise and benefits of the digital economy are felt by all, and that we attain a digital economy that contributes 25.5% to GDP by 2025.

28. To that end, we introduced the Digital Economy Blueprint in February last year. This is an initiative which symbolises the aspirations of the government to transform the country into a digitally driven, high-income nation and a regional leader in the digital economy.

Environmental sustainability

Ladies and gentlemen,

29. All these challenges, while pressing, pale in comparison to the issue of climate change. Should business continue as usual, we risk living in a planet where the hot becomes hotter, the wet gets wetter and the cold gets colder.

30. We can feel for ourselves the consequences of a worsening climate. As of August, nearly 700,000ha in Europe have already been destroyed by fires. Pakistan has been, to borrow the words of the United Nations' secretary-general, hit by a "monsoon on steroids", leading to loss of lives in the thousands and impacting 33 million people. Meanwhile, the Arctic icecaps continue to melt, while ocean levels continue to rise in both levels and temperatures. Nearer to home, we have had our problems in Jerai, Baling, as well as the floods that hit Selangor late last year.

Plans for the future

Ladies and gentlemen,

31. Moving forward, we must continue to strive for a prosperous, inclusive and sustainable Malaysia. To that end, it is important to strive for a better balance between the twin objectives of developing our country's economy and sustainability. The days where the environment comes second to development are long gone.

32. This is why the environment and environmental considerations featured prominently in the 12th Malaysia Plan. With one of the three themes dedicated to "advancing sustainability", all policies under the plan were structured to achieve sustainable growth, with a focus on equitable wealth distribution, the wellbeing of the rakyat and environmental sustainability.

33. I am personally pleased that here in Malaysia, the Economic Planning Unit (EPU) is the focal point of sustainable development. As EPU is the principal government agency responsible for planning national development, it clearly highlights how economic growth and sustainability are not mutually exclusive. For your information, the government has set up the SDG centre in the EPU to strengthen and better coordinate the implementation of all 17 SDGs. This centre will be fully operational in about two months.

34. We hope to see a nationwide shift to more sustainable economic practices and lifestyles that value this country's natural endowments and environmental health. We will also promote green growth to allow us to



move towards a low-carbon nation, while promoting a more sustainable use of natural resources.

35. These are but some of the challenges that must be surmounted to build a better Malaysia. While many of the solutions suggested and adopted by the government may appear great on paper, the key is in the implementation and delivery. They are by no means easy but I trust that with the collective wisdom of all Malaysians, we will be able to chart an equitable, meaningful and sustainable way forward. Insha-Allah.

36. With that, bismillahirrahmanirrahim – in the name of God, the Most Gracious, the Most Merciful – I am pleased and honoured to declare PRAXIS 2022 open.

37. I wish all delegates a fruitful conference and I look forward to hearing your ideas on building a better Malaysia.

Wabillahitaufig walhidayah.

Wassalamualaikum warrahmatullahi wabarakatuh.

Thank you.



Session 3

Career, care and woes

Prior to Covid-19, women worldwide were already facing a crisis of care. The imposition of lockdowns and movement restrictions during the pandemic only exacerbated this, with women taking on the bulk of care work and other household duties.

Malaysian women have not been spared, with Labour Force Survey results indicating that household and family duties have been cited as one of the key reasons for remaining outside the labour force.

Malaysia stands to benefit from an improved and accessible early childcare and education (ECCE) system as well as conducive gender-sensitive labour policies. Adapting these policies to the exigencies of the pandemic will also be a key priority.

1410-1520 | 3 Oct

Moderator



Lee Min Hui
Analyst
ISIS Malaysia

Speakers



Assoc Prof Dr Lydia Foong
Dean
SEGi University
& Colleges



Shazana Agha
Head of research
Women's Aid
Organisation



Mahuran Saro Sariki
Vice-president
TalentCorp



SESSION 3

Career, care and woes

This session reflected on the “crisis of care” exacerbated by the Covid-19 pandemic and the challenges faced by women, who are most often the default care workers of inherent family systems. Various issues, such as lack of quality, accessible and affordable childcare and retaining women in the workforce, were addressed and discussed. Session moderator Lee Min Hui set the context of the discussion, highlighting how in order to “build back better” holistically and inclusively, the “woes” of care work must first be tackled with sustainable, long-term solutions. This will not only ensure that family members who require care (such as children and the elderly) receive quality care but also empower women to continue pursuing their careers with no disruptions.

Assoc Prof Dr Lydia Foong began her remarks by quoting Unicef’s definition that “the true measure of a nation’s standing is how well it attends to its children”. Foong further highlighted that the early childhood care and education (ECCE) structure and system in Malaysia are highly complex with different ministries and agencies dealing with different aspects of childcare. In Malaysia, from birth to six years of age, childcare is managed by two separate ministries (from 0-4 years, the Ministry of Women, Family and Community Development and thereafter, the Education Ministry). This arrangement alone has led to several complications with regard to registration of childcare centres and efficient resource allocation.

Shazana Agha provided a policy perspective to the discussion by presenting an overview of the Women’s Aid Organisation’s (WAO) work targeted at improving policies related to care work. She spoke about the importance of paternity leave to encourage an equal distribution of care work in households and shared briefly about the WAO’s campaign work on paternity leave in the private sector, in partnership with the Ministry of Human Resources. Shazana also stressed how it is crucial that women are protected against discrimination in the workplace in the light of several accounts of job terminations because of

pregnancy. Policies must assure that women are safe at the workplace from all forms of harassment and include gender responsive budgeting, as these contribute to retaining women at the workplace.

Mahuran Saro Sariki highlighted that the main reasons women take a break from their careers are to either raise a family, care for a family member or because childcare is too expensive. Mahuran shared that a part of TalentCorp’s mandate is to enhance women participation in the workforce and encourage a seamless re-entry into the workforce after these “forced breaks” to which they are sometimes subjected.

With the imminent Budget 2023, the panellists shared their wish lists and thoughts on what is urgently necessary when it comes to care work, childcare and women in the workforce. Foong reiterated the utmost importance of the budget to increase support for the childcare industry by subsidising centre providers.

There is also a need for greater coordination between agencies to make best of money spent on ECCE. Mahuran hoped that the budget would be more mindful of retaining talent in the workforce and recognise the importance of initiatives that encourage talent retention such as flexible-work arrangements (FWA). Shazana stressed that Budget 2023 and future budgets should allocate funds for monitoring implementation and uptake of gender-sensitive policies.



Session 4

How do we spur the creative economy?

The concept of a creative economy extends beyond the contribution of the fine arts. Broadly, the creative economy involves industrial design, innovation and the creation of new products and knowledge.

However, Malaysia's creative economy potential has not been fully tapped - with a contribution of only about 2% of GDP, lower than international benchmarks of about 5%-6% of GDP.

At the same time, innovation has also been weighed down by a lack of talent and originality of industrial design, according to World Intellectual Property Organisation. Given these challenges, how can we make the Malaysian economy more creative, innovative and productive?

1535-1645 | 3 Oct

Moderator



Eddin Khoo
Senior fellow
ISIS Malaysia

Speakers



Junady Nawawi

Group CEO
MyCreative Ventures



Izan Satrina

Senior director
Think City



Mahadhir Aziz

CEO
Malaysia Digital Economy
Corporation (MDEC)



Ambika Sangaran

Co-founder
Mereka



SESSION 4

How do we spur the creative economy?

The state of the creative economy in Malaysia can be summed up as having “abundance of talent with lack of economy”. The creative economy share of the total economy has been small – less than 2% and had been static for years.

However, the figures are deceiving and many of the misinformation, along with problems and challenges faced by creative economy, stem from a lack of understanding of what constitutes a creative industry. For many in Malaysia, creative economy refers to digital economy when in fact there are 21 sub-sectors.

“At the heart of the creative economy is the creative and cultural industries (CCI), which operate at the crossroads of arts, culture, commerce and technology” and the sub-sectors ranging from architecture, performing arts, publication, crafts, film, fashion, game and animation.

The diversity and informal nature of some sub-sectors of the creative economy make it difficult to capture the full extent and impact of the creative industry. For example, about 80% of creative economy manpower are freelancers and some operations are not registered owing to their small size and are considered side income, thus making it difficult for the Department of Statistics to track all the players in the industries. This gives the impression that the creative economy is stagnant and smaller than what it actually is.

The cross-section of organisations that are part of the creative economy are diverse and include organisations, such as Think City, whose mission is to ensure cities are “more people-friendly, resilient and liveable”. Think City’s urban renewal project reversed the brain drain in Penang through improving the quality of life in areas such as George Town.

Mereka, on the other hand, through its training programme, nurtures and promotes social entrepreneurship. Among the social entrepreneurs it assisted are Tenoti, a group of

women weavers in Sarawak; Urban Hijau, a Kuala Lumpur-based organisation that uses permaculture to transform urban food system and lifestyle; and Native Discoverer, a community-based tourism venture involving indigenous community.

Possibly the most visible success story of creative economy in Malaysia is the animation sector, given the recent successes of home-grown anime at home and abroad. These include award-winning series, critical acclaim and box office successes of *Upin dan Ipin*, *Ejen Ali* and *Boboiboy*. In a 2020 report, Malaysia Digital Economy Corporation (MDEC) estimated the animation industry to be worth RM567.85 million.

There were some discussions on the question whether centralisation will help spur the creative economy. There were arguments for both sides – centralisation makes the process easier as a one-stop centre while spreading responsibility across multiple ministries and agencies allow for better customisation, given the diverse nature of the creative economy. Regardless, there was agreement all around on the need for a consistent, cohesive and strong commitment on the part of the government in assisting the creative economy. Assistance should also take into account both the supply and demand aspects of creative economies and more importantly, strong governance and transparency should prevail, particularly in funding.

More needs to be done for the creative economy as it has a huge potential and appeal. There is also a need to correct the misperception of the creative economy that it is a niche, applicable only to those with talent. Its full potential can not only create opportunities across other sectors of the economy but as a potent soft culture tool that puts Malaysia in the next level of limelight.



Session 5

Towards a safer digital future

As internet technology becomes more ubiquitous and makes further headway into our daily lives, the amount of data generated will only increase.

Questions surrounding data privacy, protection, notification, access, ownership and use will correspondingly become more pertinent along with the need for better infrastructure, cybersecurity and policies underpinning the data ecosystem.

What can the public and private sectors do to introduce and uphold safeguards for data management? Can regulation be synonymous with the benefits of the data economy while preserving user autonomy or will it stifle innovation?

0930-1040 | 4 Oct

Moderator



Farlina Said
Senior analyst
ISIS Malaysia

Speakers



Dr Rachel Gong
Deputy director of research
Khazanah Research Institute



Mazmalek Mohamad
Personal data protection
commissioner
Communications and
multimedia ministry



Fabian Bigar
CEO
Strategic Change Management
Office (MyDIGITAL)
Economic Planning Unit



SESSION 5

Towards a safer digital future

Farlina Said began the session by highlighting that with the increase in internet penetration throughout the country, policies have been launched under the National Cybersecurity Strategy 2020-2024 to deal with the new issues that will arise. Further, rapid digitalisation will also lead to potential online harm. Thus, her first question was to ask the panellists what their biggest challenges were to realising Malaysia's future in the digital space.

Dr Rachel Gong shared how Khazanah Research Institute (KRI) has been doing research into digital landscape and explained how she would conceptualise the risk along two axes. The first focuses on the front-end, which is mainly what is seen online, and back-end, which focuses on data systems, with the other axis being social-technical. When combined, this results in a framework that looks at the digital landscape from "front-end social", "front-end technical", "back-end technical" and "back-end social" perspectives.

Elaborating on the "back-end social" specifically, which focuses on what we do with data collection and storage and the main focus of the session, Gong highlighted that the government has taken action with the Personal Data Protection Act (PDPA) but it is important to keep up to date. Another important point is that data must not be seen or treated as if they are the same as, for example, meteorological data would differ from financial data. Further, cybersecurity measures are not just for the government to work on, businesses have to be part of the dialogue and set standards while civil society organisations can also help educate the public. In sum, an all-of-society approach is required.

Fabian Bigar pointed out that digital is no longer just the realm of IT as everything is on digital platforms now and thus the responsibility of every agency. There is a Digital Economy Blueprint with six thrusts and several initiatives. Besides that, the private sector has offered to assist. He stressed that it is important for the private sector to be

involved in order to help educate their staff and promote further public awareness.

Mazmalek Mohamad commented that the PDPA is not a completely comprehensive act as it is only for commercial transactions, which is one of its limitations. He elaborated on the issues with PDPA, focusing on the responsibility of data users, highlighting that SME data users are unfamiliar with the act.

Most SMEs do not have any privacy notice, which is one of the most challenging parts to fight cybersecurity. He cited the example of medical frontliners as an industry to follow as frontliners in private hospitals are not allowed to bring in their handphones or have internet connection and if there is any attempt to go online, the system will disable automatically. Lastly, he shared his frustrations with agencies and companies not putting aside budgets for cybersecurity and only relying on anti-virus software.

Gong echoed Mazmalek's views that costs need to be looked into by companies and proper risk analysis be conducted to understand the need for and drive home the importance of having cybersecurity protection. She encouraged companies to ask what sort of data they really need to collect, as opposed to just collecting as much as possible, since the more data is collected the greater need there is to protect it. Lastly, she encouraged further transparency and reporting on incidents of breaches as the public needs to know both the risks involved and consequence when breaches occur.

While Mazmalek opined as to what new amendments need to be made to PDPA, it should be compulsory for every agency to appoint a data protection officer (DPO) which would facilitate communications with relevant authorities. A notification system needs to be introduced whereby if there is a data breach, the organisation can fill up a specific form within 72 hours as this will help authorities acting on the breach.



Session 6

Resilience: building back better

1050-1200 | 4 Oct

Covid-19 has laid bare the importance of protecting the most vulnerable.

In times of crises, more inclusive social protection will create macroeconomic stability and safeguard the welfare of Malaysian families and workers.

As we move into the endemic phase, what policy steps can we take to make Malaysia more resilient to shocks while safeguarding the welfare of vulnerable groups? How can we prepare better for future crises?

Moderator



Prof Emeritus Datuk Norma Mansor

Director
Social Wellbeing Research Centre
Universiti Malaya

Speakers



**Edmund Cheong
Peck Huang**

Chief strategy &
transformation officer
Social Security
Organisation (Perkeso)



**Dr Amanina
Abdur Rahman**

Economist
World Bank Malaysia



Dr Lee Hwok Aun

Senior fellow
ISEAS-Yusof Ishak Institute

Lunch wrap-up

Building back more sustainably: future pathways for Malaysia

1200-1400 | 4 Oct



Alizan Mahadi

Senior director (research)
ISIS Malaysia



SESSION 6

Resilience: building back better

The session discussed the policy measures that must be implemented to ensure the resiliency of Malaysia's economy against future shocks. The discussions touched on safeguarding the welfare of vulnerable groups, challenges faced by the informal economy and the need to leverage on data to ensure agile and suitable initiatives.

Professor Emeritus Datuk Norma Mansor opened the session by addressing how the Covid-19 pandemic revealed the gaps within Malaysia's social protection framework. She highlighted how the lack of information, such as knowing which groups required immediate access to social assistance and which did not, resulted in a less efficient approach towards implementing social-protection mechanisms during the early stages of the pandemic (i.e. blanket cash handouts rather than targeted initiatives).

Dr Amanina Abdur Rahman commented on how the pandemic helped raise awareness of the importance of resilient social-protection mechanisms. She applauded the government for its speedy response but noting that more needs to be done to enhance these initiatives. She suggested that the government ensure certain social-protection frameworks be put in place. The first being a social-assistance framework (i.e. cash transfers) to help the most vulnerable cope with immediate and near-term challenges stemming from structural break. The second being social-protection mechanisms (i.e. employment insurance) to alleviate financial challenges in the medium term. Last, labour market policies (i.e. human capital development programmes) to ensure livelihood security in the long term.

Edmund Cheong recalled how Perkeso, at the end of 2019, was already preparing to deal with the potential risk of pandemic impacting on the economy and its people. Perkeso implemented a multi-stage approach rolling out its social assistance payments to safeguard workers throughout the pandemic. Cheong also noted the trend towards the gig economy. He expressed concern over

this as most informal economy workers are not covered under instituted social protection nets.

Dr Lee Hwok Aun spoke about how Malaysia can be built back better by leveraging on data to generate agile and resilient social-protection mechanisms. To facilitate this approach, Lee suggested that a consolidated database be built containing key information, such as which groups are particularly susceptible to economic shocks, what kind of social assistance they require and which agencies can respond most suitably. He hopes that such a database can be built and updated continually to ensure that Malaysia is ready to face future crises.

In closing, panellists emphasised that the provision of social assistance in Malaysia is severely fragmented and that something must be done soon to safeguard the welfare of citizens before Malaysia experiences another economic crisis.

Amanina suggested that key stakeholders consolidate their initiatives onto a single platform, which will enable beneficiaries to access easily social-assistance mechanisms most suited to their needs. She noted that some degree of separation is required, of course, to ensure agencies maintain operational sovereignty.



Lunch wrap-up

Building back more sustainably: future pathways for Malaysia

Herizal Hazri, chief executive of ISIS Malaysia

ISIS-PRAXIS partners; Miriam Fischer, director of Konrad-Adenauer-Stiftung (KAS Malaysia), Employees Provident Fund (EPF) and Astro Awani, esteemed board members, distinguished guests,

Ladies and gentlemen,

Adapting to a changing global landscape

1. We are now coming to a close for PRAXIS 2022. I am aware that I stand between you and your lunch, but after a day and a half of intensive conferencing, I thought it would be a good opportunity for all of us to reflect on our deliberations, as building back a better Malaysia, of course, does not end here.

2. This year's PRAXIS was held in a challenging environment. Many were optimistic that by now, as vaccination rates have increased, as economies have opened up, that we would be on a relatively smooth path to recovery. However, the challenging global environment persists and there are many difficult choices for every nation, including Malaysia, to make to ensure that we balance short-term needs with long-term goals.

3. But now we certainly know that what is constant is change. The pandemic and recent geopolitical challenges highlight that while some things remain the same, there are some issues that have changed, evolved or accelerated during the pandemic. As a trading nation, achieving economic resilience will require us to adapt to this uncertain global landscape.

4. For example, we have seen the acceleration in climate action, including the urgency in the transition of energy systems towards renewable and low-carbon technologies. We have also seen how inclusive development, or rather the lack of it, impacted on the most vulnerable communities and segments of society

disproportionately in the face of crises. The pandemic has exacerbated issues such as those faced by women having to choose between a career and childcare. We have seen how some of the most vulnerable communities fall between the cracks, with insufficient welfare support at the height of the pandemic.

5. Nonetheless, crises also offer opportunities. They offer us real-world evidence to further understand and crystallise some of the challenges we face. The funds committed to our recovery can be aligned to desired outcomes and pathways. If done properly, it can be a watershed moment, a short circuit, in achieving a better Malaysia.

6. It is with this thinking that we, at ISIS Malaysia, have focused our work on the strategic areas that will impact on the nation's future. This includes ensuring economic resilience (including food and energy security), climate change, women's economic empowerment, the digital economy and social protection. PRAXIS 2022 was conceptualised along these lines and towards building a discourse on how to build a better Malaysia.

Key trends, risks and recommendations

Ladies and gentlemen,

7. I would not be able to do justice to the rich discussions that were held but allow me to provide a brief recap of the sessions we had.

8. The first session of PRAXIS 2022 focused on the macroeconomic landscape of 2023, asking the question of whether the outlook is risky or rosy. With the geopolitical challenges faced and recessions in major economies projected, virtually all the panellists concurred that the outlook was risky and uncertain. This will be impacted by continued geopolitical tensions, including the Ukraine war, development and policies on the energy crisis, tighter global financial conditions and even



renewed Covid-19 outbreaks. Fiscal space is also limited, which will undermine efforts to aid the underserved and underrepresented. But the panellists remain hopeful that Malaysia's status as a net exporter of commodities will greatly assist in bolstering economic resilience given continued demand in the short term. However, in the longer term, we should remain vigilant as the outlook can be described as cautiously optimistic at best, with further uncertainties to be expected.

9. Session two discussed the human cost of climate crises – a relevant topic in our time as we grapple with the effects of flooding in Malaysia. The panellists raised social cohesion as an important factor in building climate resilience. They also stressed that solutions for adaptation cannot be designed through a one-size-fits-all approach but is specific to the needs of various communities and demographics. Without a bottom-up approach and stronger collaboration across different stakeholders, vulnerable communities will continue to be put at risk with graver consequences down the line. Ultimately, climate change is a systemic issue that requires systemic intervention, including relooking and rethinking our dominant economic model and framing of the issue altogether.

10. The third session looked at supporting women's economic empowerment with childcare. It questioned if the recovery from the pandemic has truly been inclusive given the lack of investment in care undermining women's participation in the labour force. Across the board, the panellists concurred that childcare was not simply a woman's issue but a family issue, one that affects everyone in society. What is needed is enhanced policy attention, government coordination and above all, improvements in affordability, accessibility and quality childcare for every Malaysian. With the upcoming budget, the panellists echoed hopes for greater resources for early childhood care and education for both public and private systems.

11. Session four saw a discussion on the creative economy, particularly on spurring the industry towards greater growth. As it stands, the panellists suggested that the industry remains somewhat "untracked", with the outputs of the creative economy not fully captured by

the Department of Statistics. The panellists also agreed that the supply side is healthy, with various grants, funds and incentives being made available by the government, yet domestic demand has not fully picked up yet. They concurred that a "True North" for the creative economy needs to be identified, and this will anchor the policy framework, incentive structure and initiatives in the coming years.

12. The penultimate session, session five, focused on building a safer digital future. The panellists acknowledged that the digitalisation process is proceeding smoothly, with more and more SMEs adopting digital practices. However, the legal and policy frameworks regulating data need to be updated. For example, current policy gaps mean that only certain types of data transactions are covered under the ambit of the Personal Data Protection Act, and this may lead to suboptimal results. They suggested a mix of policy updates while reminding users to be more mindful of the types of data shared online.

13. Last but certainly not least, session six aptly closed with a discussion on social resilience. Panellists agreed on how the pandemic laid bare the strengths and weaknesses of our existing social protection mechanisms – providing us with a crucial opportunity for review. On the positive side, they noted how there is now an increased awareness on the need for social protection mechanisms, with assistance being able to be delivered faster to the most vulnerable within our society. Yet, they also acknowledged challenges in coverage of assistance, especially due to inconsistencies in data and those in the informal sector and others that may be left out of these assistance programmes. What is needed is to prime these mechanisms during times of surpluses to ensure that sufficient capital is available during times of crises.

Pathways for a better Malaysia

14. Each of the sessions highlighted some of the key trends and, more importantly, what we need to do to address these strategic challenges. It laid out some of the pathways that we can consider towards crafting a better Malaysia.



15. Broadly, in an age of crises, it highlighted the need for Malaysians to anticipate the multitude of risks we face, whether geopolitical, economic or environmental. This requires having good foresight and tools to scan the horizon and develop pathways to address multiple scenarios of the future. Governance in the 21st century has to be agile to address these uncertainties.

16. To address climate change, the global transition in energy systems and towards strengthening climate action offers Malaysia opportunities to craft our own unique pathway for a low carbon and resilient future. While strategies on reducing emissions should continue, there is an urgent need for expanding the discourse towards addressing climate action strategically, including how it affects areas such as trade, economy and security. Furthermore, we have to carefully craft the process of the transition and ensure that it is just and inclusive.

17. The acceleration of the digital economy also offers a huge potential for Malaysia as almost everything is connected to the digital realm. If implemented strategically, it can have a multiplier effect on the economy and society, such as through emerging sectors and dynamic areas, as we have seen from what can be achieved in the creative economy. However, for Malaysia to be on a path of Industry 4.0 or even Society 5.0, there is a need to enhance human capital to match these demands.

18. Towards inclusive development, the need for agility in the need to address an uncertain future landscape extends to social protection. There is a need for livelihoods to be protected to cope with times of crises as well as in facing the major transitions of our time, such as those related to sustainability and digital transformation. As we are focused on recovery, this provides an opportunity of shifting social protection to focus on long-term interventions rather than short-term social assistance and increase its coverage including the informal sectors. Also, there is a real need to enhance investments in the care economy. These actions will not only enhance inclusivity but will also increase productivity.

19. These pathways, if planned and initiated properly, can contribute towards achieving a better Malaysia that

is more inclusive, resilient, prosperous, and therefore, sustainable. While they require much further thought and discussion, I believe that PRAXIS 2022 has contributed to the discourse as a way forward by providing a space for interaction and exchange.

20. But the conversation does not end here. In many of the sessions, there was a sense that we need to continue this conversation. There was also a sense that Malaysia is at an important juncture, and there is a need – as the honourable minister, Datuk Seri Mustapa Mohamed highlighted – for creativity and courage. I would like to take this opportunity to invite any partners, friends or colleagues to continue the journey with us at ISIS Malaysia, to continue to share ideas, or even find concrete ways in how we can collaborate with the aim of finding creative and bold ways to build a better Malaysia.

Closing remarks

Distinguished guests, ladies and gentlemen,

21. Before I end, on behalf of ISIS Malaysia, I would like to take this opportunity to show my gratitude to our partners, Konrad-Adenauer-Stiftung and Miriam Fischer, Employees Provident Fund and Astro Awani, for making PRAXIS 2022 possible.

22. I would like to, once again, express my appreciation to all the brilliant panellists for their input and for the thought-provoking sessions we had in the last two days.

23. I also would like to thank my colleagues at ISIS Malaysia who have worked tirelessly to organise this event and allowing us all a space for exchanging our ideas.

24. And last but not least, thank you to all of you for your participation in PRAXIS 2022 and contributing to the discussions in building a better Malaysia.

On that note, thank you for your kind attention and I declare PRAXIS 2022 closed.

Terima kasih and enjoy your lunch!

PRAXIS 2022 partners

Building a better Malaysia

Konrad-Adenauer-Stiftung (KAS)

Konrad-Adenauer-Stiftung (KAS) is a German non-profit, non-governmental and independent think-tank present in more than 120 countries. KAS Malaysia facilitates a platform for dialogue among all stakeholders and across various topics, such as good governance, sustainable and economic development and international security dialogue.

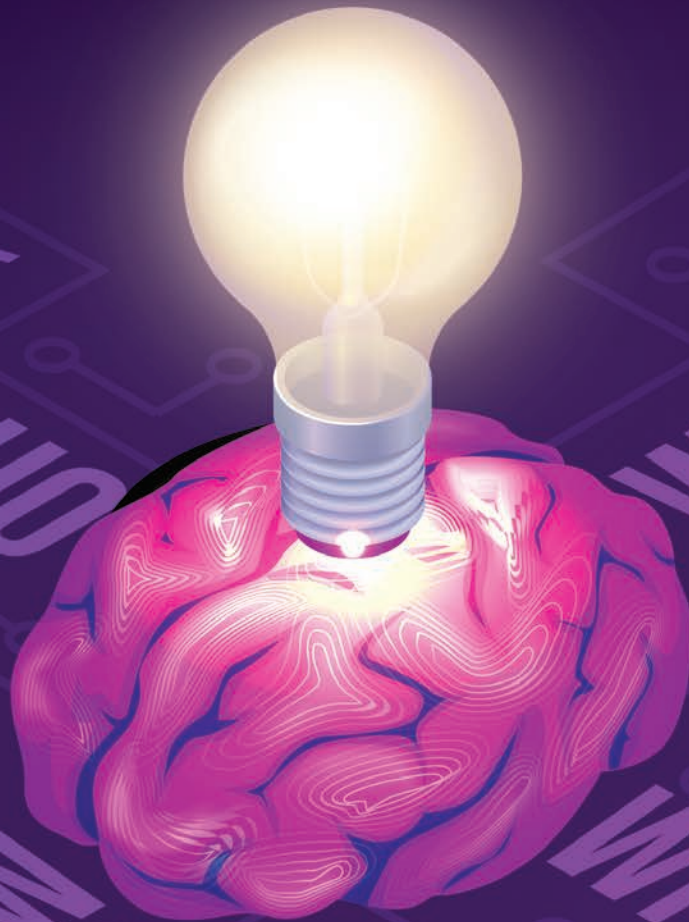
KAS provides analyses and forums for exchange, contributing actively to international cooperation and understanding. PRAXIS 2022 is organised in partnership with ISIS Malaysia.



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