

Persidangan Permulaan Rancangan Malaysia Ketiga Belas (RMK13)

**5-6 September 2024
Movenpick Hotel and Convention Centre, KLIA**

Dianjurkan oleh:



Kementerian Ekonomi

ABSTRACT

This report summarises the key conclusions and takeaways of the *Persidangan Permulaan Rancangan Malaysia Ketiga Belas* (RMK13) held at Movenpick Hotel and Convention Centre on 5-6 September 2024.

ACKNOWLEDGEMENTS

The report was prepared by the Rapporteur Team for the *Persidangan Permulaan* RMK13 (Annex 2) that consisted of representatives from various divisions while the key takeaways was prepared by the World Bank Group (WBG) and representatives from the International Cooperation Division. The team wishes to thank the moderators, speakers and participants of the Conference and the WBG for their valuable support. Special gratitude goes out to the Rapporteur Team for the *Persidangan Permulaan* for their time and effort in preparing the respective session reports that formed the basis of this report and to the WBG for preparing the key takeaways. All materials pertaining to the Conference (including speakers' biodata and presentations) can be found at <https://rmk13.ekonomi.gov.my/persidanganpermulaan/>

I. EXECUTIVE SUMMARY

Background

1. The *Persidangan Permulaan* RMK13 is a platform that brings together experts and stakeholders to share views, issues, challenges and stimulate ideas that can steer the direction and way forward in the development of the RMK13. This platform also utilises the knowledge and experience of local and international speakers in contributing to the formulation of the country's socioeconomic development plan for the next five (5) years.
2. The Malaysia Plan is a policy document that plays an important role in driving the country towards robust economic growth and socioeconomic development. As such, RMK13 will be developed with the aim of making Malaysia a developed country where her people achieve well-being in life, that includes various aspects in economy, social, environment and governance.
3. The RMK13 dimensions and priority areas will be harmonised with the concept of Malaysia Madani, especially in addressing substantive issues and strengthening the foundation for resilient and prosperous socioeconomic development.
4. As its predecessor, the Twelfth Malaysia Plan (RMK12), including the Mid-Term Review (MTR) of the Eleventh Malaysia Plan and the MTR of RMK12, the RMK13 will also be aligned with 2030 Agenda for Sustainable Development to reflect Malaysia's commitment in supporting SDGs through the implementation of policies, programmes/ projects. Among the important areas under the 2030 Agenda are eradicating hardcore poverty; building a peaceful, just and inclusive society; creating conditions for sustainable, inclusive and sustained economic growth; providing decent work for all; and ensuring protection of the environment and natural resources.
5. The content of RMK13 will be formulated through an extensive engagement (*Sesi Libat Urus* – SLU), which will be held subsequently with various stakeholders, including ministries, state governments, the private sector and civil society organisations (CSOs), as well as online engagements with the public.
6. The Malaysia Plan's development process often commence with a *Persidangan Permulaan* to kick-start the discussion in mapping the nation's priorities, strategies and initiatives. The *Persidangan Permulaan* for RMK13 was held on 5-6 September 2024 at Movenpick Hotel and Convention Centre. The presentations and discussions centred on three (3) dimensions, namely (i) **Quality and Sustainable Living (*Hidup Berkualiti dan***

Mampan), (ii) **High and Equitable Income (*Pendapatan Tinggi dan Saksama*)**; and (iii) **Sustainable Environment (*Alam Sekitar Lestari*)**. In addition, these 14 priorities were also the focus of the presentations and discussions :

- (i) High Growth High Value (HGHV) and Strategic Sectors;
- (ii) Silver Economy;
- (iii) Regional Food Basket;
- (iv) Green Economy;
- (v) Blue Economy;
- (vi) Earth Health;
- (vii) Labour Market Reform;
- (viii) Health Reform;
- (ix) Public Transport;
- (x) Education Reform;
- (xi) GovTech;
- (xii) Development Expenditure Reform;
- (xiii) Decent Life; dan
- (xiv) Regional Development

7. The conference deliberated new ideas and policy initiatives with people-centric elements via panel discussions, presentations and keynote addresses by prominent speakers in their respective areas of expertise.

II. INTRODUCTION

Keynote Address

8. The keynote address was delivered by **YB Rafizi Ramli**, Minister of Economy. In his address, the Minister highlighted the economic pivots diversification undergone by Malaysia through the Malaysia Plans, from commodity exporter to manufacturing driven. The third pivot yet to materialise is consumption powerhouse. In RMK13, the planning will also take into account of the nation's development beyond five years, which envision Malaysia until 2040.

9. YB Minister stressed **the importance of transforming Malaysia as a consumption powerhouse**. An economy that is primarily driven by the people will be the most important determinant of a long-term trajectory and growth rate. By boosting domestic demand, Malaysia can kickstart a virtuous economic cycle. Higher private consumption creates more jobs across all sectors in retail, services, and manufacturing. This translates to lower unemployment and higher disposable income. The increase in savings helps to localise investments into better public infrastructure such as healthcare and education. A healthier and better educated people creates a more productive society. One that reinvests in lifelong talent development and stems brain drain. It creates the capacity to design and innovate. Shaping an economy that is more resilient to fluctuations in global markets, trade disputes, and geopolitics.

10. However, marrying a traditionally trading-based economy with greater consumption not only diversifies the economy but mitigates risks. To invoke this, a commitment to radical reform is necessary for the RMK13. Creative ideas and inputs from all stakeholders, especially the public forms an integral part in policy formation. This would be a challenging task and reforms are necessary. It is significant for government to ensure accurate **sequencing of policies and to roll out reforms in pocket sizes instead of producing a large blueprint**. This would allow the Government to manoeuvre and adapt to citizen's feedback.

11. An early example of this is the approach to labour market reform. Before jumping into creating higher value jobs, or focussing on unemployment, it is known that the most pressing issue was stagnating wages. The rollout of the Progressive Wage Policy tackles this with an incentive and productivity-linked mechanism. By solving this node first, policy discussions on TVET or gig economy are suddenly productive.

12. Thus, the Ministry of Economy will be organising a series of engagement sessions and focus groups in all 13 states across Malaysia known as *Madani Mendengar*, to gather public thinkers, private players, and everyday people to listen to constructive feedback.

Discourse on Global Economic Prospects

13. This was presented by Prof. Jeffrey Sachs, Director of the Centre for Sustainable Development at Columbia University and President of the UN Sustainable Development Solutions Network (UN SDSN).

14. The Prof. spoke on the economic development of Malaysian from the international perspective. The world economy is moving at an accelerated phase supported by exponential boom of technology, particularly in digital and green economy. Malaysia and ASEAN will be the central part of that change. Even though there are many complexities in the world scene, such as geopolitical, conflicts and tensions, he believes the years ahead will be positive for economic and social improvement.

15. But the main thing for the next plan and the next quarter century is Malaysia poised not only for 2030 but towards 2050. It is about Malaysia positioning in the rapid changing world. The demonstration of the rapid advancement in digital technology, computer languages and models, incorporating Artificial Intelligence (AI) manifested in every aspects of our lives and every sector of the economy. The power of technology is so astounding that it produces major advances in economic and social lives. The production and usage of technology is a central part of the national strategy. New technology will be the global driver for economic changes, especially in capital, investment, and search for value change.

16. The second factor is the need for transformation sustainability. The happenings around the world in 2022 and 2024 is enormous and historic, and beyond the period of civilization, comparatively. This is evident in the rise of the average temperature and global warming beyond the industrial period, that was in the 19th century. Heat waves, droughts, floods, storms and other kind related incidences are more frequent and rapid. The world has yet to make decisive advance in decarbonising the energy systems or in addressing the land use changes, which are the major human drivers of the change. Beside the digital transformation, what is needed is green transformation. As Malaysia's dependency on fossil fuel is high, particularly in the production and consumption, major transformation is necessary in how Malaysia deploys energy for domestic use and strategies for further development of the fossil fuel sector.

17. The third obvious transformation is the regional transformation, which is highly favourable to Malaysia as there is a continued shift of the world economy to Asia, especially to East Asia. Asia now constitutes of 53% of output and will be the fastest growing region in the next 25 years. Malaysia is in the heart of all these happenings. China will continue to develop rapidly, excel in green and digital technologies, and as well as producers of these technologies for the next 25 years.. While, India will become a huge market, particularly in trade and investment partner. Malaysia's success is based on integration with the Chinese and Indian economy, together with the success of ASEAN as an integrated market economy, infrastructure, environmental, energy, fisheries and so forth. Malaysia is well-positioned to be a strong regional player, a leader in ASEAN and as Malaysia will be helming the leadership of ASEAN in 2025, this certainly can help ASEAN in setting the right direction.

18. Prof. deliberated on how to take advantage of these technologies forces and turn into green economy, which regional transformation is crucial. Government public investment is paramount in achieving sustainable development. For labour, Government has a critical role to play, ensuring highest quality of education and health of the population and highest quality of infrastructure. This places an emphasis on the Government's role in next 5-years, or 25-years ahead.

19. Prof. emphasised the importance for Government to set priorities during these periods. The crucial priority is to develop the skills of the young people of Malaysia. Quality education will be the most determinant factor in transforming the global economy. Prof Jeffrey referred to the OECD education ranking, which places countries such as China, South Korea, Hong Kong, Viet Nam and Singapore in the top list. Malaysia has to make a strong effort to provide a world-class education, having vigorous science, technology, engineering and Science, Technology, Engineering, and Mathematics (STEM) curriculum particularly when they are still young

20. Further, the Government's strong commitment in promoting science and technology through national investment efforts. Besides this, a strong support for science and university fund, and the linkages of all these universities with the world-class universities to create a rich scientific environment. He referred to Singapore's achievement, derived from quality education, investment research and development that has been central in its success and attainment of high Gross Domestic Product (GDP) income. Government also has to ensure the health of the population to have good nutrition and healthy upbringing of young children. Prof. Jeffrey highlighted the relatively high stunting problem and under nourishment that still persists in some parts of Malaysia that still need to be addressed.

21. The Government also need to make major investment in technological transformation. Malaysia has yet to have a sound scale-out plan for energy decarbonisation. ASEAN need to take this as a central focus, especially Malaysia during the Chairmanship of ASEAN for 2025. It is not only about energy system transformation but being part of the new green industrial system. China by far is the largest producer of Electric Vehicle (EV) and Malaysia need to be part of that value chain. In addition, ASEAN also needs a green power grid. In this regard, huge amount of work is still required, more in physical power investment and distribution.

22. Malaysia still has a major challenge in land transformation, namely deforestation, degradation of the marine areas, over fishing, and constant push back on palm oil production and sustainability. In 2025, Brazil will host the climate summit top-30 in Belem, the Amazon. As the host, Brazil aims to establish a global forest fund for the sustainability of the rainforest. This is where ASEAN and Brazil should work closely by bringing the strategies together and in mobilising the global funding to support sustainability for Malaysia's rainforest and ecosystem, and South East Asia, in general.

23. The fifth transformation is to ensure cities are sustainable, productive, greener, digital, less automobile dependency, ultimately as a core part of an investment programme.

24. Lastly, the emphasis is on underlying digital platform. Public services and system, and the service economy will be digitally-based, ensuring availability of the 5G technology, reaching the whole population of Malaysia.

25. It is important to set goals that are clear, bold, understandable by the public, ambitious, yet achievable and inspiring. Extremely important is to set such goals for 2030, 2040 and 2050 to determine the timeline on how Malaysia will undertake its development journey in the next 25-years, how this will be achieved, with high-level of environmental sustainability, prosperity, inclusion in all its dimension and integration together with ASEAN, China and India.

Pembentangan Rancangan Malaysia Ketiga Belas:Bagaimana kita mencoraknya...

26. YBhg. Datuk Dr. Zunika Mohamed, Deputy Secretary-General (Policy) presented the *Pembentangan Rancangan Malaysia Ketiga Belas:Bagaimana kita mencoraknya* proposed the way forward in formulating the RMK13. In her presentation, the Deputy Secretary-General (Policy) addressed the mega trends that affects the world and its society in the future, which are (i) changes in dominance and the landscape of the economic bloc; (ii) future technological and digital advances; (iii) demographic changes

related to aging, migration and polycrisis, and quality of life; and (iv) earth's health crisis, including climate change biodiversity and renewable energy.

27. At the domestic level, structural issues also need attention, particularly economic development, well-being of the *rakyat*, environmental sustainability and governance to attain the MADANI Economy goal. Despite the global shocks, the Malaysian economy performed moderately during the RMK12 period. A more robust performance is achievable with the implementation of strategies and action plans, and the 17 Big Bolds outlined in the MTR of RMK12.

28. Over the years numerous socioeconomic development policies and strategies have been implemented, starting with the First Malaysia Plan to the existing RMK12. The RMK13 will continue the policy and planning agenda, aligned to the MADANI Economy goals through a new orientation with various reforms that are more radical and have a significant impact. However, the implementation will be more challenging considering the dynamics of the global environment and domestic issues. Moreover, the preparation period for RMK13 is shorter than before and this requires high commitment from all stakeholders. Furthermore, RMK13 requires an approach that have larger and transformative impact, especially in planning scope, governance, development expenditure distribution and structural issues.

29. The preliminary proposed focus areas of RMK13 would include the following:

- (i) HGHV & Strategic sectors
- (ii) Silver Economy
- (iii) Blue Economy
- (iv) Green Economy
- (v) Fiscal reforms
- (vi) Third Sector Deployment
- (vii) Housing Reforms
- (viii) Planetary Health
- (ix) Public Transport
- (x) Decent Living
- (xi) Progressive Society
- (xii) Regional Balance
- (xiii) Education Reform
- (xiv) Health reform
- (xv) GovTech
- (xvi) Public Sector Efficiency
- (xvii) Financing for Growth
- (xviii) Labour Market Reform

(xix) Regional Food Basket

30. RMK13 not only targets short-term objectives, but also sets long-term targets and goals beyond 2040, with a long-term aspiration in the following:

(xx) A productive and dignified life;

(xxi) Inclusive and sustainable development by providing a talent competitive with a salary progressive and more standard of living;

(xxii) Malaysia as the driver for regional economic leader;

(xxiii) Low carbon footprint through the use of natural resources;

(xxiv) Good and efficient governance with accountability, integrity, and transparency in making important decisions; and

(xxv) High participation in HGHV industry focusing on advanced technology.

31. Given the scope of RMK13 and rising challenges discussed above, the involvement of all parties is important in developing a more holistic and inclusive RMK13 framework. The Ministry of Economy will arranging a series of consultation with federal ministries, state government, members of Parliament, international bodies, CSOs, academia and public to gather input for the RMK13 formulation.

III. DISCUSSIONS AND DELIBERATIONS

SESSION 1: ECONOMIC AND FISCAL REFORMS

MODERATOR: Ms. Aina Zahari, Director of Corporate Strategy, Bursa Malaysia

Panel Discussion I: Deglobalisation and Sustaining Malaysia's Competitiveness

Panellists:

- (i) YBrs. Dr. Mohd Afzanizam Abdul Rashid
Chief Economist, Bank Muamalat Malaysia Berhad

- (ii) YBhg. Tan Sri Dato' Soh Thian Lai
President of ASTEEL Group Berhad, Federation of Malaysian Manufacturers

Background

32. The global trend toward deglobalisation is being driven by increasing geopolitical tensions, disrupted supply chains, and a rise in economic nationalism. As a small and open economy, Malaysia must strike a balance between maintaining global engagement and strengthening resilience against the risks posed by deglobalization.

Impact of the Deglobalisation

33. South East Asian economies are benefiting from the trend of deglobalization. However, the long-term impact remains uncertain. Malaysia must remain mindful of this trend and adopt a neutral stance in the ongoing power struggle between the United States and China.

34. To maintain its competitiveness, Malaysia should focus on enhancing labour productivity by supporting progressive wage initiatives. This approach allows for the development of each employee's capabilities, enabling employers to mentor and guide workers in increasing their productivity.

Recommendation/Way Forward

35. The education system needs improvement with a focus on STEM to spark greater interest among students, particularly as the curriculum becomes more challenging.

Meanwhile, enhancing talent and skills requires increased investment in human capital, particularly in STEM education and digital literacy.

36. In addition, there also a need to commercialize research in order to strengthen the link between academia and industry, ensuring Malaysia remains competitive in global markets.

37. Reducing regulatory burdens can be achieved by streamlining the regulatory framework to eliminate unnecessary constraints, while fostering a business-friendly environment entails reducing bureaucratic hurdles and increasing transparency, which will attract investment and support the growth of Small Medium Enterprises (SMEs).

38. Meanwhile, encouraging the private sector to adopt competitive practices is essential for promoting long-term competitiveness as well as to support the capital market amid deglobalization, adopting Environmental, Social, and Governance (ESG) practices will be critical.

Summary

39. Malaysia can navigate deglobalisation challenges by strategically leveraging FTAs, engaging in international groupings, building resilient supply chains, positioning as a manufacturing hub, and maintaining a non-aligned stance.

40. It can also enhance competitiveness through talent development, technological advancement, a business-friendly environment, and reduced regulatory burdens will ensure Malaysia remains resilient and attractive in the global economy.

Optimising Fiscal Policy for Development and Inclusivity by Dr. Mastura Abdul Karim, Undersecretary, Fiscal and Economics Division, Ministry of Finance

Background

41. Over the years, the fiscal policy continues to support growth while remaining accommodative during crisis. The Malaysian economy had a record of fiscal surplus back in the 1990s (before 1997). Following a series of economic crises that started with the 1998 Asian Financial Crisis, SARs (2003), the Global Financial Crisis (2009), and the COVID-19 pandemic (2020), the Malaysian economy has recorded a deficit since then Reforms have started since 2023 and have continuously pursued to rebuild the fiscal buffer.

42. In RMK12, despite the slowdown during the COVID-19 pandemic in 2020 which saw a dip in fiscal deficit over GDP at 6.2%, the fiscal condition improved to a smaller deficit of 4.3% in 2024 due to government commitment to fiscal consolidation over the years.

Issues and Challenges

43. The economic stimulus packages and increased government borrowing have prolonged the expansionary stance, thereby reducing fiscal space and long-term sustainability.

44. One of the major structural issues faced by Malaysia is the declining revenue from tax collection, as compared to the global average. In terms of the percentage tax revenue over GDP, Malaysia is below the average of developing countries of 15% and the OECD average of 35%.

45. It was observed that the Federal Government Debt to GDP ratio has continuously increased after every crisis. The ratio of government debt level in Malaysia has surged in 2023 and 2024, reaching above 60%, while the A-rated average is 52%. Meanwhile, the Malaysia Debt Service Charges (DSC) over revenue stood at 16.5%, far above the A-rated average of 5%.

Recommendation/Way Forward

46. Under the new MADANI Framework, new targets are set to improve fiscal sustainability by implementing a Medium-Term Revenue Strategy (MTRS) to minimise revenue leakages and broaden tax base; expenditure optimisation measures including further subsidy rationalisation, streamlining, and consolidation of agencies; and strengthening the Government Procurement Act.

47. The importance of the Fiscal Responsibility Act (FRA) 2023 is outlined to ensure fiscal policy remains supportive of growth while pursuing gradual fiscal consolidation and unlocking greater space for productive spending. The targets of FRA 2023 are as follows:

- Fiscal deficit (% share of GDP) below -3%;
- Annual Development Expenditure not less than 3% of GDP;
- Medium-Term Fiscal Balance not more than -3% of GDP;
- Medium-Term Debt Level not more than 60% of GDP; and
- Financial Guarantees not more than 25% of GDP.

48. Towards achieving long-term fiscal sustainability, FRA 2023 will focus on greater accountability of the Minister of Finance; clear fiscal targets; fiscal policy committee; comprehensive reporting; fiscal risk management; and intergenerational equity.

Summary

49. Fiscal policy always in support of growth to preserve macroeconomic stability, while remains accommodative in the event of crisis. However, continuous expansionary stance does affect fiscal sustainability hence might affect government ability to support the economy in turbulent time. Therefore, reforms have started since 2023 and will be continuously pursued to rebuild fiscal buffer while ensuring its sustainability in medium and long term. In addition, policy formulation will adhere to Ekonomi MADANI framework and provisions under Public Finance and FRA 2023.

SESSION 2 - EDUCATION REFORM

MODERATOR: Ms. Hazami Habib, Chief Executive Officer, Academy of Sciences Malaysia

Panel Discussion II: Unleashing Potentials: Shaping the Next Era of Education

Panellists:

- (i) Professor Emerita Datuk Dr. Asma Ismail FASc. Vice-Chancellor, IMU University
- (ii) Prof. Mushtak Al-Atabi, Provost and Chief Executive Officer of Heriot-Watt University, Malaysia
- (iii) Dr. Tara Beteille, Lead Economist and Human Development Programme Leader, World Bank Brunei, Malaysia, and the Philippines

Background

50. The history and evolution of Malaysia's education landscape began in the post-colonial era and continued through the post-independence period. Our education system transformed from a fragmented and racially segregated structure into a unified national system in 1961, when Malay was introduced as the medium of instruction. This period also saw the establishment of higher education institutions, including universities and vocational schools, alongside the development of the National Philosophy of Education.

Issues and Challenges

51. The 2022 Programme for International Student Assessment (PISA) results indicate poor learning outcomes, highlighting the urgent need to improve the quality of education. The issue of graduate mismatch persists, suggesting that essential soft skills, such as critical thinking and digital literacy, remain insufficient.

52. Additionally, there has been a significant decline in the number of students pursuing STEM fields, and teachers' capacity building is inadequate to meet the demands of these changes. Foundational skills, such as literacy and numeracy, are critical, as 42% of primary school children in Malaysia struggle with reading comprehension.

Recommendation/Way Forward

53. We are transitioning into the cognitive era, where technological advancements are shifting the focus from cognitive labor to emotional labor. This shift emphasizes the importance of purpose, ethics, relationships, empathy, self-motivation, and awareness in education skills that are difficult to quantify. As a result, education must move away from a one-size-fits-all model to better accommodate the diverse needs of learners.

54. There is also a need for clear and achievable targets for successful interventions, which should primarily focus on supporting teachers to excel and effectively use data to guide their strategies and decision-making.

55. To shift our focus beyond merely enhancing graduate employability, we must prioritize the development of well-rounded and adaptable individuals. This approach aims to equip students with the skills necessary to navigate an increasingly uncertain and dynamic future, where the ability to adapt to change is just as important as traditional employment qualifications.

56. In the context of this evolving landscape, it is essential to strengthen a comprehensive set of skills, including soft skills, smart skills, and sharp skills. As we transition from a traditional knowledge-based economy to a more humanity-centric economy, fostering these skills will enable individuals to thrive in collaborative environments and leverage technology effectively while maintaining a strong ethical foundation.

57. Furthermore, it is crucial to establish clear and achievable targets within our education system, particularly ensuring that all children are proficient in reading and writing by the end of grade 3. Setting these specific benchmarks will provide a measurable

framework for educators and policymakers, ensuring that foundational literacy skills are prioritized and that every child has the opportunity to succeed from an early age.

58. Lastly, we must work to inculcate a strong sense of purpose and self-awareness in students, guiding them to recognize their unique strengths and values.

59. Talented individuals (humanity-centric) will need to possess soft skills (the ability to communicate effectively with others), intelligent skills (skills developed in collaboration with other humans), and sharp skills (skills developed in partnership with digital technologies).

60. Therefore, education should adopt a humanity-centered approach, balancing knowledge with character development to prepare compassionate, ethical, and future-ready leaders for both public and corporate sectors. Tackling today's existential challenges requires independent thinking, creativity, kindness, and authenticity, with actions driven by genuine purpose rather than superficial motives.

SESSION 3: LABOUR MARKET REFORM

MODERATOR: Ms. Aina Zahari, Director of Corporate Strategy, Bursa Malaysia

Panel Discussion III - Future Talent Direction in Fulfilling High-Income Country Goals

Panellists:

- (i) Mr. Thomas Mathew
Group Chief Executive Officer, TalentCorp

- (ii) Dr. Mathew Dornan
Senior Economist, Social Protection and Jobs, World Bank Malaysia

- (iii) Dr. Akiko Sakamoto
Senior Specialist on Skills and Employability, International Labour Organization (ILO) Bangkok, Regional Office for Asia & the Pacific

Driving Malaysia's Talent Strategy – Mr. Thomas Mathew

Background

61. There are several challenges that engulf the current situation in Malaysia's talent ecosystem:

- (i) The number of high-skilled jobs does not grow in proportion to the increasing number of graduates (diploma and degree) in Malaysia;
- (ii) Mismatch of skill level between an individual's qualification and a job's requirement;
- (iii) The unemployment rate among youth (15-24 years) is high but will fall significantly throughout; and
- (iv) Low female labour force participation. Female labour force participation rate is at 56.2% in 2023 compared to 55.8% in 2022. Only 30.5% of women are at skilled level occupation in 2023 compared to 35.9% in 2022.

Recommendations/Way Forward

62. As such for Malaysia to progress, issues related to talent development must be addressed. The following are recommended:

- (i) Labour Market Information (LMI) infrastructure needs to be enhanced strengthened.
 - Enhancing Employment Forecasting.
 - Supporting Data-Driven Policymaking.
 - Addressing Skills Mismatches.
 - Boosting Regional Employment Planning.
- (ii) Quadruple Helix Stakeholders.
 - Talent, industry, institution/academia and government must work together to foster a collaborative ecosystem for future workforce readiness.
- (iii) Developing future skill framework.
 - For example, to include the impact of AI, digital and green economy on the Malaysian workforce, and identify the skills, training programmes and pivoting strategies required to address the impact.

Skills and Malaysia's Labour Market – Dr. Mathew Dornan

Background

63. Concerns were raised about the challenges related to skills, productivity, and income. As Malaysia becomes a high-income nation, having the right skills is crucial for effectively utilising technology to enhance productivity. This increase in productivity can then lead to economic growth and higher incomes.

Issues and Challenges

64. Skill-related underemployment is high and rising, which reflects an underutilisation of labour/skills, particularly among women and the informally employed workers. There are several factors that contribute to skill-related underemployment:

- (i) Failure of the economy to create sufficient high-skilled employment to absorb new graduates; and
- (ii) The skills acquired through the education system may not meet the needs of employers – which is why employers report skills shortages.

Recommendation/Way Forward

65. To increase Labour Force Participation Rate (LFPR) particularly among women with lower levels of education and older person as Malaysia's ages and its working age population shrinks. Alternatively, to increase incomes through more high productivity employment. A flexible workforce that is encouraged and supported to reskill and upskill as needed. This emphasizes the importance of lifelong learning and supported by strong foundational skill.

Continuity and re-orientation in skills development for inclusive growth - Dr. Akiko Sakamoto

Background

66. There should be structural challenges in the labour market as Malaysia produces highly educated workforce, but lags behind in creating high-skilled jobs to support the market demand. Similarly, the labour market needs to respond to the diversified skill requirement to attain an inclusive growth.

Issues and Challenges

67. The structural challenges faced by the labour market:

- (i) High-skilled jobs are increasing but at a slow rate of 29% in 2022, 27% in 2016 and 26% in 2011.
- (ii) Underemployment rates remain significant with 37% of workers with tertiary education working in semi-skilled or low-skilled jobs (Jan. 2024).
- (iii) Jobs are concentrated in semi-skilled categories (58% in 2022).
- (iv) New form of work on the rise with 26% of Malaysia's workforce (4 million freelancers) work in the gig economy in 2020. 38% of Malaysians who are currently employed full-time are considering joining the gig economy within the next year.
- (v) Work transition needs to be supported for laid-off workers in the shift to a greener economy.

Recommendation/Way Forward

68. The recommendations are:

- (i) Skills as a driver for high skills job creation:
 - Workers' skills are a key solution for industry upgrading and value addition – to create high-income economy.
 - The division between the training sector and business sector remains; demand and supply of skills not sufficiently aligned or integrated.
 - A shift away from viewing skills development largely as a supply side issue, to greater focus on creation of demand for high skilled jobs.
 - Investment in skills development needs to be integrated with industry and business strategy.
 - Industry leadership in skills and Technical and Vocational Education (TVET) is critical – institutional mechanisms such as Secondary School Certificates (SSCs) provide good practice.

(ii) Skills and TVET system as enabler for re/upskilling and lifelong learning for all – working on less familiar terrains:

- Skilling not only for new entrants but also for existing workers.
- Increased importance of workplace as a place of learning.
- Embracing different learning modalities, and to meet diverse learning needs, supporting new work modality and the vulnerable.
- Offering flexible learning pathways to enable re/up-skilling and lifelong learning - progression from skills/TVET to higher education, Micro credentials, Recognition of Prior Learning (RPL).
- Increased importance on creating enabling environment - timely and integrated labour market information and skills needs, with support of bigdata and AI and financing support (for example individual learning accounts).
- Skills-based wage system, effective employment services.

(iii) Skilling for the future skills, including technical and non-technical:

- Responding to new skills needs: green and digital skills.
- Increased importance of non-tech skills to navigate increasingly uncertain labour market, for example the ability to learn, take initiatives, adaptable, sense-making, analytical and problem-solving skills, generic STEM skills. Besides this learner-centred approach to training becomes important to develop those non-technical skills.
- Trainers' skills upgrading (and career development) are critical.
- Continued importance of investing in skills of semi-skilled workers for incremental innovation, improved productivity and quality improvement.

SESSION 4: STRENGTHENING WELLBEING AND SUSTAINABLE MOBILITY

MODERATOR: Ms. Manon Bernier, UNDP Resident Representative a.i. for Malaysia, Singapore and Brunei Darussalam

Panel Discussion IV - Demographic Change – Preparing Malaysia Towards an Aged Nation

Panellist:

- (i) Dr. Phillip O’Keefe
Professor of Practice and Director of Ageing Asia Hub, Centre for Excellence for Population Ageing Research (CEPAR), University of New South Wales, and Consultant to the World Bank
- (ii) Emeritus Professor Datuk Dr. Norma Mansor
Director of Social Wellbeing Research Centre (SWRC), University of Malaya
- (iii) Dr. Yap Wei Aun
Chief Executive Officer, Health Transformation Office, Ministry of Health
- (iv) Ms. Yap Siew Eng
Recruitment Director, Hire Seniors

Ageing Society and Silver Economy - Dr. Phillip O’Keefe

Background

69. By 2043, Malaysia projected to be an aged society and reach super-aged status only 12 years later. A big driver for this incident is rapid fertility decline. Ageing is also happening at much lower income levels than in OECD countries (OECD countries: 125 years - long time to adjust. At the same time, the “silver” or “longevity” economy presents new economic opportunities. The silver or longevity economy reflects the economic contributions of older persons.

Issues and Challenges

70. The issues and challenges are:

- (i) Demographic transition leads to a falling working age population share, lower economic growth and rising age-related public spending in the absence of policy reforms.
- (ii) The transition will contribute around a third of Malaysia's total GDP decline till 2050 in a no-change scenario.
- (iii) Fiscal pressures of ageing are substantial, including for public debt.
- (iii) Without offsetting policies, societal ageing will also increase overall inequality in Malaysia.
- (iv) Inequality rises as cohorts age in Malaysia. Resulting over time in higher overall inequality as older cohorts account for higher population share:
 - by 2043 – inequality projected to be 5.4% higher as result of ageing of the population.
 - by 2056 – inequality would be 8.5% higher due to ageing.

71. Key Areas for Policy Attention Where Ageing Present Challenges and Opportunities:

- (i) Macroeconomics and fiscal policy. Ageing lowers economic growth through declines in working age population & productivity growth. Fiscal spending and revenues are also affected.
- (ii) Employment, skills and education. Decline in the working age population will impact the labour market, highlighting the need to maximise labour force participation, human capital and productivity across the life cycle.
- (iii) Financial and social protection at older ages. Challenge of ensuring adequate financial protection at older ages becomes more acute – highlighting the importance of inclusive social insurance & social assistance systems across the life cycle.
- (iv) Healthy longevity across the life course. Greater longevity is a triumph but creates new challenges to manage NCDs, sustain functioning and social connection with age and navigate end-of-life with dignity.
- (v) Building an inclusive long-term care system. To fill care gaps and meet increasing care needs, growing need for systematic development of inclusive

LTC systems built on home- and community-based care and public-private partnerships

Recommendation/Way Forward

72. The recommendations are:

- (i) Importance of progressive tax, transfer and subsidy policies. OECD countries practice these policies.
- (ii) Silver Economy or longevity economics reflect the economic contribution.
- (iii) repurposing the common business, for example in Japan - infant diapers/adult diapers.
- (iv) Aging issues: we are moving from nice things to do to essential things.

73. The policies should take a lifecycle approach which covers cross-cutting themes inclusive of gender equity, social inclusion & norms, age-friendly cities, silver economy and cross-sectoral governance.

Social Protection Reform - Emeritus Professor Datuk Dr. Norma Mansor

Background

74. As we are facing the ageing nation, retirement income is important for the ageing population that is increasing in Malaysia. As reported, the Malaysian median age is 30 years old while Singaporean is 44 years old. So, it is not too late for Malaysia to prepare for a better life for the aged nation. As stated in The United Nation, the retirement income should be 40% of the country reference income, as recommended by the World Bank.

75. The social protection coverage of Malaysians for retirement is relatively low and the percentage of elderly receiving pensions is also limited. Only 60% coverage for the labour force while 42% coverage of adults working age for retirement.

76. Lack of post-retirement products resulted in many Malaysians not receiving a continuous income to support their lives after retirement. Malaysia is 1 of 6 countries (out of over 190 countries) with a Defined Contribution (DC) plan that does not mandate monthly contributions within the country's legal framework.

Issues and Challenges

77. There are challenges in social protection including:
- (i) 30% of the labour force is not covered under the legal framework. Insufficient multiple layer of income that is unable to support lifecycle needs.
 - (ii) No main policy on social protection due to fragmented policies and programmes, also lack of coordination among the key agencies.
 - (iii) Low coverage among vulnerable groups including children, women, disabled people and older person. Also, the self-employed and informal sector are not in the formal structure of social protection.
 - (iv) Insufficient multiple layer of income that is unable to support lifecycle needs.
 - (v) Mismatched labor forces that industry needs and labour supply are not well-equipped with necessary skills.
 - (vi) Disparate database which data collection remains isolated with no interface among the social security service providers.
 - (vii) Fiscal sustainability due to narrow revenue base.
 - (viii) 6.1 million (36%) of the labour force not covered under the legal framework for formal employment.
 - (ix) There are 3 gaps of coverage for pension and retirement. Out of 24 million adult population, 7.2 million are outside the labour force, 0.6 million are unemployed and 4.0 million are informal workers

Recommendation/Way Forward

78. Multi-tier income as the policy recommendation for social pension. Tier 0: Old age allowance called *Elaun Warga Emas* (EWE) dan *Bantuan Warga Emas* (BWE) is a tax finance scheme. This tier redirects partial savings from petrol subsidy rationalisation towards improving Tier 0. The policy recommendation for social protection are:

- (i) Old-Age Allowance is a tax financed scheme for age 65 and above that affluent tested, excluding elderly from the T10-20 income group. This near

universal approach with low benefits, which will not disincentive participation into contributory scheme.

- (ii) Contributory National Pension (CNP) is based on the principle of solidarity with high redistributive elements. CNP is providing flat rate monthly pensions for life upon reaching the minimum retirement age. CNP is fully-funded Defined Benefit Scheme financed by contributions from employers, employees and self-employed.

79. The policy recommendation for social protection for self-employment are:

- (i) Labour market:
 - Pro-productivity measures to promote a competitive labour market.
 - Need proper and adequate legislation to ensure decent work (i.e. adequate salary & social protection coverage) for platform and gig workers.
 - Proactive job-matching by Public Employment Services (PES) to reduce mismatch.
 - Enhance upskilling and reskilling mechanisms.
 - Promote competition in the platform industry.
- (ii) Social Protection:
 - Compulsory tax identification.
 - Mandatory Employee Provident Fund (EPF) for platform workers.
 - Improve registration for contributory schemes. Reduce administrative hassle.
 - Enhance data availability on platform workers and sharing between agencies.
 - Strengthen financial literacy.

Mental Health and Health Transformation - Dr. Yap Wei Aun

Background

80. Historically, ageing is a health sector success and Malaysians now can expect to live a long living life. It is a sector that we should encourage and scale up. Malaysia's ageing sector started off very well after independence due to huge investment, i.e. developments of public clinics attributed to the early success of RMK. Now, Non-communicable disease (NCD) has become more prominent and needs to be prevented and controlled.

Issues and Challenges

81. Ageing impacts key building of the health system. Dependency ratio became less favourable due to the huge ageing population and thus reducing the labour force. Many are unable to cover their health expenses. It also produces health workforce issues whereby healthcare workers may themselves become caretaker at home. Ageing results in multi morbidities. Older people are frail and have a higher vulnerability to health problems and are less likely to adhere to medications. Mobility and transport will also be challenging.

Recommendation/Way Forward

82. High performing health system that caters all age groups and vice versa. We need a health system that proactively promotes prevention and rehabilitation. Managing NCD is critical to healthy ageing. Nutrition and mental health pose huge opportunities.

83. Transitional care. Home care, immediate care setting is critical due to frailty of older person. Specific packages for care at home should be introduced. Usage of technology should be promoted. Introduce family healthcare in communities.

84. Scale up investment in areas once older ages take over without overmedicalizing old age. Investment in vaccination and prevention should be encouraged. Additional role of care industry should be encouraged to ensure older person in Malaysia remain productive and able to sustain their life.

Labour Market in Ageing Society - Ms. Yap Siew Eng

Background

85. Opportunity for productive life from the industry perspective. It is a collaboration with industry, corporate and company to provide the jobs to senior citizens as a stop gap/temporary replacement. The success rate is more than 80% for the senior programmes conducted by the company.

Issues and Challenges

86. The challenges are:

- (i) still lack of support from industry that can offer the jobs.

- (ii) stigma that a lot of retiree do not want to get back to work.
- (iii) perception of employees that that seniors are slower, health issues and not good with technology.

Recommendation/Way Forward

87. It is recommended the following:

- (i) to offer jobs as advisor to senior citizens, not full salary as they still want to contribute.
- (ii) need to persuade individually to encourage the senior to contribute/works.
- (iii) awareness of the senior to participate in the jobs sector.
- (iv) change of mindset to accept that senior worker can contribute to workforce.

Sustainable Mobility: Pioneering Public Transport Solutions for Malaysia's Future by Ms. Aishah Daniyal, Executive Secretary, Malaysia Zero Emission Vehicles Association (MyZEVA)

Empowering Malaysia's shift to sustainable mobility

Background

88. Why choose Electric Vehicle (EV)?

- (i) Real carbon reduction: 12% carbon reduction from petrol.
- (ii) High-skilled automotive industry: rebooting the automotive ecosystem.
- (iii) Empowering Rakyat towards green: combating global warming.
- (iv) Monetize the excess power capacity: leverage the parking spots for EV charging bay.
- (v) Vehicle-to-X technology: allows for efficient usage of solar energy.
- (vi) Huge potential on used EV battery: EV battery repurposed for energy storage.

89. Past and Current Prices of EVs:

- (i) Less accessible to the average consumer: Most EVs price above RM250,000. In 2023, significant price reductions, with some models available at RM100,000.

90. Future Outlook:

- (ii) Local manufacturers are expected to introduce affordable EV models: More consumers to consider EVs.

Issues and Challenges

91. The Malaysian government aims to establish 10,000 charging bays by 2025. Until Q2 2024, only 2,606 EV charging available in Malaysia. Government has outlined EV charging targets for each state, but all regions are lagging behind. For example, 4,000 chargers are targeted in Selangor, but currently only 876 are available. Malaysia's ratio charger to EV is 1:11, lagging behind Singapore (1:5) and Thailand (1:6.7).

Recommendation/Way Forward

92. Multi-ministerial committee consists of National EV Steering Committee (NEVSC) and National EV Task Force (NEVTF). Additionally, Government to continue extending support for EV's ecosystem by giving quick approval to local authority for charging facility, others are duty exemption, tax allowance, rebate and deduction.

SESSION 5: SHAPING DEMAND AND SUPPLY TOWARDS IMPROVING FOOD SECURITY

Keynote: Striking the Right Balance between Supply and Demand to Strengthen Food Security, YBhg. Datuk Azah Hanim Ahmad, Deputy Secretary General (Policy), Ministry of Agriculture and Food Security

Background

93. There are six (6) key drivers influencing food system as follows:

- (i) Demographic that are population growth: 33.4 mil (2023) vs 36.9 mil (2030) and Longer life expectancy: 71.2 years (1991) vs 73.4 years (2022).
- (ii) Political and Institutional - governance public policies and conflicts/crisis.

- (iii) Biophysical and environmental - climate change, pest and diseases, scarcity of natural resources and soil quality and water availability.
- (iv) Social and cultural influences – urbanisation and shift in dietary patterns.
- (v) Technology, innovation and infrastructures - modern innovation in food systems, mechanization and automation and research and development.
- (vi) Economic and market - rising disposable income, food prices volatility and food prices volatility

Issues and Challenges

94. Initiatives to strengthen agriculture sector (PINTAR INITIATIVES – 5 STRATEGIES):

- (i) Capacity development and infrastructure.
- (ii) Institutional reform and governance.
- (iii) Research & Development & Commercialization & Innovation (R&D&C&I).
- (iv) Technology, mechanisation and automation.
- (v) Expansion of collaborative network.

Recommendation/Way Forward

95. The following are recommended:

- (i) Strengthening Data - executing the 2024 agriculture census to strengthen national agricultural statistical system.
- (ii) Developing Malaysian Food Security Indicator - development of national food security indicators to measure the country's level of food security.
- (iii) Addressing Food Loss and Food Waste - implementing strategies in reducing food loss and food waste, that contribute to a more sustainable and resilient food system.

Panel Discussion I - Shaping Demand and Supply Towards Improving Food Security

MODERATOR: Prof. Dr. Ir. B.T. Hang Tuah Baharudin, Deputy Vice-Chancellor (Industry and Community Relations), Universiti Putra Malaysia (UPM)

Panellists:

- (i) Dr. Paavo Eliste
Agriculture Regional East Asia and Pacific Manager, World Bank
- (ii) YBhg. Tan Sri Dato' Sri Dr. Ismail Bakar
Chairman, Johor Plantations Group Berhad
- (iii) YBhg. Dato' Adnan Pawanteh
Chairman Federation of Malaysian Manufacturers (FMM) Malaysian Food Manufacturing Group (MAFMAG) and Executive Director, Group Corporate Affairs of Nestlé (Malaysia) Berhad

Shaping Demand and Supply Towards Improving Food Security - Dr. Paavo Eliste

Background

96. The global food system needs attention but long-term challenges are daunting. How do we feed people without using more land while lowering emissions, improving climate resilience, reducing water stress and biodiversity loss, and lifting the extreme poor who work in the food system out of poverty. The food system that helps deliver by 2030 are:

- (i) Healthy economy (inclusive incomes, jobs and livelihoods).
- (ii) Healthy people (secure and safe food and nutrition).
- (iii) Healthy planet (environmentally sustainable practices).

Issues and Challenges

97. The identified challenges are:

- (i) Mis-match of food supply and demand:
 - Addressing evolving food preferences – from staple food to a more diverse food (Malaysian households spend about 3 times more on fruits and vegetables and more than 2 times on bread and other cereals than on rice).
 - 1/3 of Malaysian households cannot afford a nutritious diet.

- (ii) Low farm income in smallholder sector:
 - Overuse of fertilizers has not sustained productivity gains in staple food (average staple food yield only 4.2 tons/ha compared to 5.8 ton/ha in Vietnam and 6.8 tons/ha China).
 - Rural areas have a larger share of the population among the bottom 40%.
 - Aging farmer population (avg. 53 years) with small and fragmented land holdings.

- (iii) Increasing environmental footprint:
 - Climate change is estimated to negatively affect yields of major crops in Malaysia - rice yields could be reduced by up to 31% within decade.

Recommendation/Way Forward

98. The following are recommended:

- (i) Enhancement of agrifood policies to facilitate sectoral transformation:
 - Shift the strategic focus of public investments on enhancing productivity, farm income, nutrition outcomes, environmental sustainability, consistent with the government's priorities.
 - Support diversification to include new agro-based marketing and industrial activities that can broaden the income sources of rural households.
 - Address structural constraints for changing farm scale and service delivery (i.e mechanisation).

- (ii) Mainstreaming of Digital Agriculture Technologies as driver for transformation:
 - Focus on innovation: institutional and technological, including digital agriculture technologies.
 - Focus on capacity constraints:
 - Individual: human capital development, especially to reduce digital divide; and
 - Institutional: innovation systems, learning mechanisms/tools.

- (iii) Promote climate resilience and green agriculture as an opportunity for transformation:
- Low emission agriculture – lower input cost without compromising yields, reduced natural resource use, increased farm incomes and lower Green House Gas (GHG) emissions.
 - Support development of green agriculture value chains, and establishment of related infrastructure and regulatory standards.
 - Emergence of carbon standards in high income countries will drive the shift towards lower-emissions product categories; lower-emissions producers; and lower-emissions techniques.

Shaping Demand and Supply Towards Improving Food Security - YBhg. Tan Sri Dato' Sri Dr. Ismail Bakar

Issues and Challenges

99. The identified challenges are:

- (i) How to execute policies properly, for example *Dasar Agro Makanan* (DAN 2.0) – implement good policies to result in high productivity.
- (ii) Treat agriculture policies same treatment as other strategic industries (food security as national agenda) – Government Link Companies (GLC) to invest in technologies to make it accessible to farmers.
- (iii) Reduce import bill. value of import is greater than export for agrofood. Interdependency of import is high. Hope in the future we can improve our balance of trade.
- (iv) Research and Development (R&D) – should looking into the whole supply chain (agriculture input availability).
- (v) Dedicated arable land but still cannot achieve high quality and productivity (*72 Taman Kekal Pengeluaran Makanan* - TKPM all over Malaysia).

Recommendation/Way Forward

100. The recommended measures are:

- (i) Aim to produce sustainable products.

- (ii) Focusing on downstream products.
- (iii) High premium products for the food security

Industry adoption towards change in demand related to nutrition and sustainability - YBhg. Dato' Adnan Pawanteh

Background

101. Health and nutrition continue to be one of the top priorities amongst Malaysians due to high awareness of health, Malaysia is starting to become an aging population and average life expectancy continue to increase.

Issues and Challenges

102. Health in Malaysia is both a risk and opportunity while the sustainable consumer is now in the majority globally, but still slightly behind in ASIA.

Recommendation/Way Forward

103. The recommended measures are:

- (i) Industry adoption:
 - Less salt/sugar (healthier choices).
 - Enrich with nutrients (enriched with positive nutrients – for example fibre, vitamins, minerals, protein etc).
 - Local heritage food and products that are affordable and pride.
 - Engagement in advocacy and educating.
- (ii) Strategise to address different markets' consumer concerns.
- (iii) Low carbon ingredients purchasing.

Ted/Talk Fireside Chat 1: Challenges and Contribution of IPR-INTAN Towards Poverty Eradication and Food Security, Mr. Mohamad Haris Kader Sultan, Chief Executive Northern Corridor Implementation Authority (NCIA)

Background

104. *Inisiatif Pendapatan Rakyat* (IPR) was announced by YAB Prime Minister in the Dewan Rakyat during Budget 2024 on 13 October 2023. The *Inisiatif Pendapatan Rakyat*

– *Usahawan Tani* (IPR INTAN) is an approach by the Ministry of Economy to alleviate poverty using modern agricultural methods and address daily economic issues for future national sustainability. The objectives of this initiative are to:

- (i) Increase the income of the B40, poor and hardcore poor.
- (ii) Monthly income of at least RM2,000.
- (iii) Experienced and capable Agriculture Companies as Strategic Partners.
- (iv) Skills Training in Farm Operations and Entrepreneurship (TVET).
- (v) Supporting the national food security agenda.

Issues and Challenges

105. IPR INTAN @ NCER as a game changer to modernize agrobusiness in NCER and to reduce poverty and contribute towards food security agenda as follows:

- (i) Identifying, recruiting and sustaining potential participants.
- (ii) Sustainability.
- (iii) Balancing the operational and technical efficiency.

Recommendations/Way Forward

106. The recommended measures are:

- (i) Income of at least RM2,000.
- (ii) *Sijil Kemahiran Malaysia* (SKM) level 3 certification in farm operation.
- (iii) Attractive incentives.
- (iv) Job opportunity for youth from local community.
- (v) Business ecosystem:
 - Offtake arrangement with wholesalers, downstream products and exporters.
 - Development of contract farmers.
 - Development of anchor companies to level up in the agribusiness value chain.
- (vi) Environmental adaptation of Environmental, Social, and Governance (ESG), circular economy (including waste management) and good practices and standards.
- (vii) Adoption of technology (IoT) and mechanization.
- (viii) Technical advice from experts/relevant agencies.

- (ix) Precision farming for better farm management, yield and quality harvest.

SESSION 6: ENVIRONMENTAL AND SUSTAINABILITY REFORMS

Keynote: Addressing Triple Planetary Crisis: Climate Change, Biodiversity Loss and Pollution, YBhg. Tan Sri Jemilah Mahmood, Pro-Chancellor of the Heriot-Watt University Malaysia and Professor and Executive Director of Sunway Centre for Planetary Health

Background

107. As the global population increases, there will be greater demand for food and energy, which will put additional strain on the planet. Climate change will profoundly affect human health, with rising CO₂ levels and sea levels contributing to a wide range of health issues, including respiratory diseases, infectious diseases, malnutrition, and forced migration due to environmental disasters.

108. Meanwhile, environmental threats are becoming the dominant global risks. However, the world is facing three emerging uncertainties: planetary change (due to human impact), the pursuit of rapid, transformative change, and increasing polarization within societies. These uncertainties pose new and dangerous challenges to global stability and environmental sustainability.

109. Therefore, the scientists must understand the planet's limits, or "planetary boundaries," to ensure a safe operating space for humanity. Currently, the cost of climate change is increasing, with floods particularly in Malaysia being a significant source of environmental and economic damage where by flooding will also result in higher death rates.

110. Hence, Malaysia is addressing these challenges by developing a National Planetary Health Action Plan by Ministry of Science and Technology. In 2019, environmental-related premature deaths in Malaysia cost RM 74.9 billion. If climate change is not mitigated, it could lead to 250,000 deaths, severe water shortages, and biodiversity loss. The Government is considering redirecting savings from petroleum subsidies toward health-related spending to address these issues.

Issues and Challenges

111. Climate change is leading to significant health and environmental issues. It stresses the emergence of new uncertainties planetary changes, societal shifts, and increasing polarization that complicate the situation. The "triple planetary crisis" (climate change, pollution, and biodiversity loss) is a major challenge for Malaysia, and the country has already crossed several planetary boundaries. Solutions to these challenges must focus not only on human health but also on ensuring the health of the planet itself.

Recommendations/Way Forward

112. The recommendations highlighted the integrating environmental sustainability into business, policy, and economic practice; promoting a holistic approach to planetary health that balances human needs with the Earth's ecological limits and the Planetary Health Annual Meeting Malaysia (PHAM2024) action items outline practical steps to achieve these goals.

113. The details are as follows:

- (i) Adopt 'Ecosystem Analysis' Model in business and policy-making for both businesses and government policies.
- (ii) Adopt the (8i) & (8R) Nature-Centric Planetary Health Framework which is this framework focuses on creating policies and strategies that prioritize the well-being of the planet.
- (iii) The "Doughnut Model" is an economic framework designed to balance human well-being (social needs) and environmental sustainability (planetary health). By adopting the Doughnut Model, Malaysia can better balance socioeconomic growth with ecological limits.
- (iv) PHAM2024 six action items:
 - measuring planetary health.
 - communicating.
 - educating.
 - building holistic governance.
 - balance business and planet health.
 - mainstreaming planetary health.

Summary

114. We must rethink and develop new approaches to create a better future. Everyone has a role to play, and we must be mindful of where we choose to invest our resources.

Panel Discussion II - Net-Zero 2050: Decarbonising for a Greener Future

MODERATOR: YBhg. Datin Seri Sunita Rajakumar, Chairperson and Director, Climate Governance Malaysia

Panellists:

- (i) YBhg. Datuk Dr. Ching Thoo a/l Kim
Secretary General, Ministry of Natural Resources and Environmental Sustainability (NRES)
- (ii) Ms. Charlotte Wolf-Bye
Vice President and Chief Sustainability Officer of PETRONAS
- (iii) Mr. Muthukumara S. Mani
Lead Environmental Economist, World Bank South East Asia

YBhg. Datuk Dr. Ching Thoo a/l Kim, Secretary General, Ministry of Natural Resources and Environmental Sustainability

Background

115. In June 2024, the National Climate Change Action Council (MTPIN), chaired by the Prime Minister, reaffirmed Malaysia's aspiration to achieve net-zero carbon emissions by 2050. As part of this commitment, the Ministry of Natural Resources and Environmental Sustainability (NRES) will establish a National Decarbonisation Committee.

116. NRES is currently drafting the National Climate Change Act (RUUPIN), which will help Malaysia meet its obligations under the UNFCCC and the Paris Agreement. This legislation will regulate the reporting of Greenhouse Gas (GHG) emissions by various stakeholders and facilitate both mitigation and adaptation efforts.

117. NRES is also developing Malaysia's policy direction on the carbon market, alongside a study by the Ministry of Finance on carbon pricing. LET-LEDS projections suggest that to effectively reduce emissions, the contribution of renewable energy must

increase to 80%, though the National Energy Transition Roadmap (NETR) currently targets 70%. The key challenge is whether Malaysia should maintain its existing Nationally Determined Contribution (NDC) target to cut GHG emissions by 45% across the economy by 2030. The NETR will play a pivotal role in supporting Malaysia's goal of achieving net-zero emissions by 2050.

118. Forest Carbon Certificate (FCC) for offset initiative while energy sector including power sector, transport and oil and gas contributes 80% emissions reducing 50% will help us reduce emissions.

Issues and Challenges

119. NRES functions is also supporting other ministries with initiatives like the CCUS bill, the aviation decarbonisation roadmap, and the National Energy Transition Roadmap (NETR).

120. On the positive side, NRES have been engaging with stakeholders including state governments, the private sector, and NGOs by ensuring that NRES understand the unique priorities of each group especially in linking policies like carbon markets and carbon pricing.

121. However, a major challenge we face is the lack of experts and manpower to effectively coordinate and execute all of this work.

122. Balancing priorities between federal and state governments on issues like land, forestry, and mining is also important. For instance, rare earths are currently a hot topic, and NRES respect state jurisdiction in this area. While NRES formulates policies through the National Mineral and Geoscience Department (JMG) and the National Mining Council chaired by the Prime Minister, mining outputs belong to the states and must be managed responsibly. It's essential to recognize and respect the roles and responsibilities of both federal and state governments and work together effectively.

Recommendations/Way Forward

123. Several strategies can be employed to achieve net-zero emissions, including introducing a carbon tax by 2028, implementing a carbon tax focused on hard-to-abate industries, and providing incentives to industries that excel in green initiatives.

124. Achieving net-zero emissions is centered around seven key objectives:

- (i) GHG emissions;
- (ii) creating jobs for the workforce;
- (iii) increasing the reliance on Renewable Energy (RE), with the RE mix needing to reach 80%, and accelerating the retirement of coal plants.
- (iv) managing high energy and material costs by balancing economic, social, and political factors.

125. Nationally Determined Contributions (NDC):

- (i) In 2021, Malaysia submitted its commitment to the IPCC to reduce emissions by 45% by 2030 compared to 2005 levels.
- (ii) The NDC is due for revision in February 2025. The question is whether to maintain the 45% target or aim for a more ambitious reduction.

Ms. Charlotte Wolf-Bye, Vice President and Chief Sustainability Officer of PETRONAS

Background

126. The emphasis is on integrating social progress and equity into public policy, particularly regarding sustainability. As energy demand is projected to grow by approximately 3% annually, the Secretary General of NRES highlights that the energy sector is a major source of greenhouse gas emissions, necessitating a shift in energy production and consumption practices.

127. The energy transition is crucial, as the sector contributes 28% to Malaysia's GDP and employs 25% of the workforce. Malaysia is committed to international agreements like the Paris Agreement and the Global Methane Pledge, which impacts PETRONAS as a national oil company (NOC) with global operations.

128. Balancing energy security, sustainability, and affordability aligns with national goals for poverty reduction and growth. Malaysia aims to cut emissions by 25% by 2030, having already reduced 90.9 million tons of CO₂ through various strategies, including enhancing energy efficiency and carbon capture.

129. Despite progress in renewable energy, the global energy mix remains heavily reliant on fossil fuels. The company stresses the need for responsible development of oil and gas while investing in renewable energy, hydrogen, biofuels, sustainable aviation fuel (SAF), and nature-based solutions to create new business opportunities and jobs.

Issues and Challenges

130. Managing the energy trilemma: Sustainable and secure energy plus low carbon energy solutions at an affordable price.

131. RE not available at scale vs fossil fuel, the world currently still depending on fossil energy.

Recommendations/Way Forward

132. PETRONAS is committed to effectively serving Malaysia and the world through its decarbonization efforts.

133. In 2024, which was recorded as the hottest year in history, energy demand is projected to increase by 3% annually. Each country must thoughtfully balance energy security with a transition to low-carbon energy solutions, investing in cleaner energy sources and enhancing energy efficiency, including carbon capture and storage (CCS).

134. While renewable energy is not yet available at scale, PETRONAS aims to create new business opportunities and jobs through green mobility and nature-based solutions (NBS). The company has set a target to achieve net-zero CO₂ emissions in its Malaysian operations by 2050, while also investing in alternative energy sources like hydrogen and biofuels.

135. Over the past decade, PETRONAS has successfully reduced 19.9 million tons of CO₂ emissions by electrifying operations, implementing CCUS, and improving operational efficiency.

Striking the Balance between Climate and Economic Development - Mr. Muthukumara S. Mani

Background

136. Post-Covid recovery was focusing on resetting the economy focuses and restoring the growth momentum of key economic sectors; strengthening security, wellbeing and inclusivity by enhancing defence and security, while improving healthcare, providing affordable housing, promoting an active lifestyle and fostering unity and advancing green growth as well as enhancing energy sustainability and transforming the water sector.

Issues and Challenges

137. Malaysia is at the cusp of an upper middle income to high income but stack against various challenges such as:

- (i) A slower growth rate compared to other nations that have recently attained high-income status.
- (ii) A lower proportion of high-skill employment and higher levels of inequality than other middle-income countries that have made the transition.
- (iii) Tax collection and social protection spending that are below the levels seen in OECD countries.
- (iv) Underperformance in global environmental management and governance metrics.
- (v) Existing policies and institutions that facilitated Malaysia's rise from low- to middle-income status may no longer be adequate; a shift toward knowledge-intensive and productivity-driven growth is necessary, emphasizing technology and sustainability.
- (vi) Unlike the Asian Tigers, Malaysia and other aspirants to high-income status are navigating a complex global landscape, which includes challenges such as the pandemic, global recession, potential debt crises, trade disputes, and disruptive technologies.

138. Malaysia faces significant climate vulnerabilities, including increased heatwaves, varying precipitation leading to droughts and floods, and intensified flooding that may cause shoreline erosion and coastal inundation. These impacts could reduce crop yields, raise disease occurrences, decrease water availability, and harm biodiversity, including coral reefs. Modelling suggests that early-season droughts and floods could reduce rice yields by up to 60%, while droughts may also affect rubber, palm oil, and cocoa cultivation. Without adaptation measures, production losses from major floods could reach 9% in a single year.

Recommendations/Way Forward

139. The focus is on developing necessary capabilities within the green value chain and establishing policies that address barriers through a regulatory framework that incentivizes industry participation.

140. Emphasising a Theory of Change, there is a commitment to achieving global leadership in green technology while promoting sustainable practices.

141. The approach includes incentivizing green technology and adapting to climate policies, such as implementing a carbon credit mechanism, to ensure a smooth transition and overall sustainability.

Fireside Chat II: Sustainable Solutions for a Better Future by Prof. Dato' Dr. Woo Wing Thye, Vice Distinguished Professor of Economics at University of California in Davis, and Research Professor at Sunway University

Background

142. The SDG Framework is based on three insights:

- (i) economic prosperity facilitates investment in social development and environmental protection, such as education and health programs for the poor and transitioning to renewable energy.
- (ii) sustainable economic progress requires social harmony and a healthy environment, as disruptions in law and order or ecological systems can hinder growth.
- (iii) effective management of the interplay between economic growth, social balance, and environmental health is most achievable when communities and countries collaborate, with Sustainable Development Goal 17 acting as a unifying force.

143. The three Pivots in YB Rafizi Ramli's Speech on 5 September 2024 are as follows:

- (i) 1st Pivot: First Malaya Plan 1955-1960 pivoted from colonial focus on revenue extraction and continuation of its rule to raising economic growth through investments in basic infrastructure, and agricultural development: FELDA founded in 1956.
- (ii) 2nd Pivot: Second Malaysia Plan 1971-1975 sought to make economic growth sustainable by increasing economic equality to ensure social harmony: the NEP framework and RMK13.
- (iii) 3rd Pivot: the growth engine has slowed down and the new global situation has made economic growth also dependent on climate policy and international relations.

Issues and Challenges

144. The significant decline in investment after 1998 was not caused by the NEP, as the NEP had been in place since 1970. Despite challenges such as capital flight, brain drain, and mismanagement, Malaysia maintained a high growth rate of 7.7% from 1971 to 1997.

145. However, two major negative shocks between 2001 and 2019 impacted growth: an external shock, with Foreign Direct Investment (FDI) being diverted to China following successful US-China negotiations in November 1999 regarding China's entry into the World Trade Organization (WTO), and an internal, self-inflicted blow to Malaysia's economic vitality due to a policy shift after 1998 that negatively impacted SME investment.

Recommendations/Way Forward

146. The significant decline in investment after 1998 was not caused by the NEP, as the NEP had been in place since 1970. Despite challenges such as capital flight, brain drain, and mismanagement, Malaysia maintained a high growth rate of 7.7% from 1971 to 1997.

147. Revive investment rate of the country due to:

- (i) Malaysia currently lacks access to advanced technology and global markets, making it difficult for local businesses, particularly SMEs, to innovate and grow.
- (ii) SMEs are struggling due to limited access to financing, cash flow problems, and high operating costs. Many micro-enterprises face difficulties in scaling up to become small or medium-sized businesses.
- (iii) Improve ease of access to financing to eliminate SME vicious cycle of low profitability, low productivity, low wages and labour shortage

SESSION 7: GOVERNANCE AND TECHNOLOGY TRANSFORMATION

GovTech: Delivering Service with Empathy - YBrS. Ts. Dr. Fazidah Abu Bakar, Director General, Department of National Digital

Background

148. GovTech refers to a Whole of Government (WoG) approach with the use of digital technology to improve and transform government services, enhance public sector efficiency and foster citizen engagement.

149. Aspirations of Govtech are to improve government services, enhanced transparency and accountability, enable data-driven decision making, increase citizen engagement and participation as well as greater cost efficiency and sustainability.

150. The focus will be among others are on the aspects of interoperability, public trust and citizen-centric. Govtech will be driven by a Partnerships Model with agencies, industries, academia and civil society.

151. Digital First Strategy Shift 2024-2025 is a digitalization plan that focusing and prioritising on digital channels without reducing the value of other service delivery channels by integrating digital technology in the design of government services. This plan contains six strategic thrusts including think digital mindset, data driven, citizen centric, security by design, digital governance, and talent and skill. This plan also has received 12 of achievements such as Digital Government Service Catalogue, Products and Services Cost Catalogue, and Digital Service Design Guide.

Issues and Challenges

152. The impact of the GovTech is based on the three factors:

- (i) cost optimisation will focus on how to utilise open-source solutions whenever possible to reduce licensing costs, establish shared platforms and components to avoid duplication of effort, and consider contracts that focus on delivering specific outcomes, rather than just providing technology when engaging external vendors.
- (ii) resource optimisation will automation simplifies routine tasks, freeing staff for complex issues and personalised support. The self-service portals let citizens manage requests online, reducing office visits and calls. Meanwhile, cloud

computing provides scalable, flexible, and cost-effective resources without upfront hardware investments.

- (iii) benefit realisation will focus to the human-centered design prioritises citizen needs and ease of use, especially for those with limited digital literacy. Secondly on the data-driven decision-making uses analytics to understand and improve services, thirdly on agile process to refine solutions based on feedback and lastly on integrates continuous testing and safeguards to protect against vulnerabilities and cyber-attacks

Recommendations/Way Forward

153. The significant decline in investment after 1998 was not caused by the NEP, as the NEP had been in place since 1970. Despite challenges such as capital flight, brain drain, and mismanagement, Malaysia maintained a high growth rate of 7.7% from 1971 to 1997.

154. The Government should collaborate with the private sector, academia, and civil society to leverage their expertise, gain access to innovative GovTech solutions, and share the financial burden. The implementation of the outcome-based contracts will focus on achieving desired outcomes rather than just delivering a specific solution. Next, by sharing responsibility and risk, it will encourage external vendors to take ownership of project outcomes by sharing responsibility and risk.

155. Meanwhile, the Government need to develop digital services that align with user expectations and deliver value to both users and business owners. This involves bridging the gap between user needs, business objectives, and technical feasibility, increasing the likelihood of creating digital services that resonate with their target audience and achieve the intended outcomes.

156. In addition, the Government should maintain an open communication with citizens about GovTech initiatives, including their progress and impact, to foster trust and ensure that initiatives align with public needs and expectations.

157. Therefore, effectively implementing GovTech initiatives requires cultural and organizational adjustments to support the transition especially in news technologies and ways of working.

Balancing Transformation Technology with Value-Driven Governance: The Cornerstone of Development - YBhg. Datuk Dr. Anis Yusal Yusoff, Director, Universiti of Malaya Centre for Leadership and Professional Development

Background

158. The rapid advancement of technology poses significant risks, yet it cannot be avoided. People must adapt to these changes, and the government must ensure that public policies evolve in step, playing a crucial role. These policies should be guided by core values to ensure that progress is both ethical and beneficial to society.

Issues and Challenges

159. There are five issues to be tackle as follows:

- (i) Ethical use of Artificial Intelligence (AI): there is a need to educate society on the ethical use of AI to prevent scenarios where AI could dominate or control human beings.
- (ii) Maximising local AI talent: to fully harness AI's potential, it's essential to develop local talent, improve government transparency, and empower enforcement agencies to address technology misuse.
- (iii) Human-Centric, Value-Driven Approach: technological advancements should be guided by ethical principles rather than profit, ensuring societal well-being is prioritized.
- (iv) Environmental impact of emerging technologies: technologies like green tech must be managed to prevent negative societal impacts, such as the issue of electronic waste (e-waste).
- (v) Reducing dependency on foreign technology: Encouraging local technology development will minimise reliance on foreign innovations and foster the use of local intellectual property (IP), strengthening homegrown capabilities.

Recommendations/Way Forward

160. There are eight (8) recommendations as follows:

- (i) Technology as a Tool: The impact of technology is shaped by its usage, making proper education crucial for ensuring its positive application.
- (ii) Foresight and Planning: Society must proactively prepare for future technological advancements through strategic planning.

- (iii) Indigenous Value and Tailored Solution: Culturally-Aligned Solutions: Technology should be developed in line with local cultural values, and different societal needs require tailored technological solutions which is there is no one-size-fits-all approach.
- (iv) Strict Enforcement: Punitive measures must be implemented for those who misuse technology.
- (v) Right People and Technology: Success hinges on aligning the right talent with the right technologies.
- (vi) Reducing Political Interference: Technology and policy development should be shielded from political influence.
- (vii) Ethical Nation-Building: Prioritising the ethical use of technology is essential for national development, particularly through education.
- (viii) Strong Policies: strong policies must be supported by effective implementation and accountability mechanisms.

Summary

161. The government must keep pace with technological advancements by adopting value-driven public policies that prioritise ethical use, strengthen local capabilities, ensure comprehensive education, address environmental challenges, and minimise political interference. Technology, when anchored in ethical values and supported by strong public policies, can serve as a powerful force for societal progress

Cyber Security Threat in Malaysia - Ir. Dr. Megat Zuhairy Megat Tajuddin, Chief Executive Officer, National Cyber Security Agency

Background

162. Cybersecurity threats in Malaysia have increased significantly, particularly due to the rising use of digital technologies. The digital economy is projected to contribute 25.5% to the GDP by 2025, up from the current 23%.

163. In the first half of 2024, there was a significant increase in cyber threat incidents, with a total of 1,305 reported cases. The three highest incidents were infostealer attacks, accounting for 445 incidents, followed by ransomware with 438 incidents, and attempted ransomware at 329 incidents.

164. Therefore, the Cyber Security Act 2024 (Act 854) has been officially gazetted on 26 June 2024. This legislation is a major milestone in strengthening Malaysia's cyber defenses and enhancing our resilience against emerging threats.

165. The Act 854 have been enforced on 26 August 2024 with several important features, such as the establishment of the National Cyber Security Committee; the duties and powers of the Chief Executive of NACSA; the functions and duties of the National Critical Information Infrastructure (NCII) sector leads and NCII entities; and the management of cyber security threats and incidents related to NCII. Additionally, it includes provisions to regulate cyber security service providers through licensing.

Issues and Challenges

166. Evolving cyber threats: the cybersecurity landscape is continually evolving, posing significant challenges for existing security systems to adapt effectively.

167. Credential theft and unauthorized access: hacktivist groups are utilising stolen credentials to infiltrate systems.

168. High impact of ransomware: Ransomware attackers are employing double extortion techniques, which present a substantial threat to organisations.

169. There is need for stronger legal frameworks: with the mandatory implementation of the Cybersecurity Act 2024 (Act 854) set for August 2024, Malaysia is strengthening its regulatory framework; however, challenges related to enforcement and compliance persist.

Recommendations/Way Forward

170. The Government needs to invest and strengthen cybersecurity measures to allocate resources toward improving cybersecurity infrastructure, tools, and practices.

171. The organisations must identify threats and determine the measures by actively monitor for potential threats, assess vulnerabilities, and implement specific protective actions to minimise the impact of these threats. Besides that, improving proactive measures, such as early threat detection and rapid response systems also important to enhancing cybersecurity capabilities.

172. Meanwhile, strengthening legal measures by enforcement of the Cybersecurity Act 2024 and licensing of cybersecurity service providers will ensure that there is a legal framework to govern cybersecurity practices.

173. Effective protection requires cooperation between the government, private organizations, and individuals to create a trusted and secure digital environment.

Information sharing, joint strategies, and combined efforts can strengthen defenses against cyber threats.

174. Critical asset management focuses on identifying and safeguarding national infrastructure that is essential to the functioning of the country (such as energy grids, financial systems, and healthcare services). Protecting these assets from cyberattacks is crucial for national security and stability.

Summary

175. Cyber threats are continuously evolving alongside advancements in technology, and it is requiring cybersecurity measures to be adaptable and responsive. This issue reflects the government's strong dedication to safeguarding the integrity, confidentiality, and availability of the nation's digital infrastructure. Thus, achieving a safe and reliable digital environment demands need a collaboration from multiple stakeholders and balancing the promotion of technological progress for Malaysians with vigilance against potential threats.

Fireside Chat: INNOVATHON Inspires - Mr. Yavinash Naidu and Mr. Navaneetha Krishna, PUTRA UAV, 2nd Place Winner, INNOVATHON Programme Season 1

Background

176. The INNOVATHON Platform was used to explore and further develop the talent to design and patented a unique drone frame kit made from PALF (pineapple leaf fiber) in the green UAV industry specifically developed for aircraft damage inspection for Malaysian Airlines.

177. The INNOVATHON experience shifted the perspective from being a student to becoming an entrepreneur, highlighting the potential for students to drive innovation and sustainability in their future careers.

178. The benefit received from the INNOVATHON platform are as follows:

- (i) Established a company dedicated to the green UAV industry, taking a significant step toward sustainable innovation in the drone sector.
- (ii) Expanded into various industries, including textiles, automotive, furniture, and food packaging, offering eco-friendly solutions. Natural fibers, in forms

such as raw, treated, woven, and non-woven, were used to create lightweight, strong, and sustainable alternatives to synthetic materials.

- (iii) Introduced a model where 1 kg of fiber is priced between \$13–15 USD, supporting local farmers by providing a source of income through the sale of natural fiber waste, effectively turning waste into wealth.
- (iv) Launched the PALF EduDrone in Tanjung Sedili, Johor, as part of a STEM program aimed at enhancing educational experiences in science, technology, engineering, and mathematics.
- (v) Attracted national and international attention, selling 10 EduDrone units to local schools and 10 PALF Fibre Frame kits to the robotics sector in the United States.

Issues and Challenges

179. Developing innovative materials, such as natural fibre composites, requires substantial research and development investment which is a high R&D costs. Meanwhile, sourcing high-quality, consistent natural fibres at competitive prices is a challenge. Variations in climate, farming practices, and geographical location can the quality of fibers, making it difficult to ensure a stable supply chain. It is also the challenges to transitioning from small-scale prototypes to mass production while maintaining high affect quality However, convincing consumers and industries to adopt natural fiber-based frames instead of traditional synthetic materials can be an uphill battle.

180. Therefore, there is a need to navigating the regulatory landscape and ensuring compliance with safety standards to ensure their products comply with a range of safety and environmental regulations, which can vary by region and industry.

Recommendations/Way Forward

181. Government support, industry collaboration and supportive ecosystem is the main factors to assist young innovators by,

- (i) providing funding, creating (i) supportive policies, education and innovation hubs.
- (ii) offering mentorship, forming strategic partnerships, providing corporate venture capital, and organising innovation challenges.

- (iii) facilitating networking opportunities, granting access to global markets, and promoting continuous learning initiatives.

Summary

182. Young innovator in Malaysia plays a key role in advancing Malaysia's growth and promoting sustainable development. They have to create an impact to enhance the quality of life for citizens and inspire the next generation of innovators. They also can leverage the diversity by fostering innovation through the strong support and partnerships with the government and industry to build a thriving innovation ecosystem.

IV. CLOSING

Key takeaways

183. The key takeaways were presented Mr. Che Kodir Baharum, Director of Social Services Division. The key points according to the sessions as follows:

SESSION 1: ECONOMIC AND FISCAL REFORMS

1. Positioning Malaysia as an International Manufacturing Hub for industries like electronics, pharmaceuticals, and renewable energy can attract FDI and drive growth.
2. Upgrading talent and skills by investing in human capital, especially in STEM education and digital literacy to drive innovation and productivity.
3. Acquire cutting edge technology by prioritising technological advancements and fostering innovation ecosystems and supporting R&D to maintain competitiveness in global markets.
4. Governance reforms by implementing the Public Finance and Fiscal Responsibility Act 2023 and National Anti-Corruption Strategy, 2024- 2028.
5. Expenditure optimisation measures including further subsidy rationalisation, streamlining, and consolidation of agencies.

SESSION 2: EDUCATION REFORM

1. The education system needs to shift from a one-size-fits-all model to one that can better cater to the diverse needs of learners.
2. Soft skills, smart skills and sharp skills will become more important with the shift from a traditional (knowledge-based) economy to a knowledge (humanity-centric) economy).
3. Foundational skills such as literacy and numeracy are crucial.
4. Focus on supporting teachers to teach well as they are the biggest resource for the education system e.g. the Dual Teacher Model in China.
5. Collect, share, and use data to measure progress and learning outcomes; take a data-driven approach to identify and address challenges e.g. the case of TeachFX in the United States.
6. Successful interventions to set clear and doable targets, focus on helping teachers do their best, and use data.

SESSION 3: LABOUR MARKET REFORM

1. Skills are important given their impact on productivity and income (wages). Significant skills-related underemployment results in many graduates earning wages below their qualification level.
2. As Malaysia becomes a high-income economy, it should prioritise the development of high-quality employment, with coordinated support for both labour (skills) supply and demand (the creation of such jobs).
3. To prevent skills mismatches, collaboration is key. The fast pace of industry change is widening the gap between talent availability and demand. Rapid industry changes demand a dynamic approach to talent development, where academic institutions must align with industry needs.
4. The government's role is pivotal, but it requires active participation from academia and industries to effectively address human resource challenges.
5. The need for a skill development system that supports lifelong learning, reskilling, and upskilling to cater to adapt to an ever-changing employment landscape, which includes technological advancements, demographic shifts due to an aging society, and the transition towards more environmentally sustainable industries.
6. Requires a learner-centered approach in training programs to develop both technical and non-technical skills, ensuring adaptability and resilience in the workforce

SESSION 4: STRENGTHENING WELLBEING AND SUSTAINABLE MOBILITY

1. Silver economy presents new opportunities through the increased contributions of older persons, many of whom are still active and can contribute to society with their experience.
2. Propose a multi-tier pension framework be established to address the low coverage of the population.
3. There is a need to develop a high-performing health system that caters to all age groups across the life course, to develop transitional care, and to scale up specific investments to preserve more health and independence among older persons.
4. A health system that proactively promotes prevention and rehabilitation.

SESSION 5: SHAPING DEMAND AND SUPPLY TOWARDS IMPROVING FOOD SECURITY

1. Mismatch of food demand and supply stemming from urbanization, demographic changes, and evolving food preferences.
2. Malaysia's way forward includes; strengthening of data, development of Malaysian food security indicator, and addressing food loss and food waste.

3. Potential solutions to modernize Malaysia agrifood industry is by enhancement of policies to facilitate sectoral transformation, mainstreaming Digital Agriculture Technologies as driver for transformation, and promote climate resilience and green agriculture as an opportunity for transformation.
4. Sustainable growth and enhancement of food security could be driven by technology, capital and labour to increase productivity, R&D, Technology, IoT, AI, 4IR - incentives/matching grants to GLCs/companies and Food Security Fund.

SESSION 6: ENVIRONMENTAL AND SUSTAINABILITY REFORMS

1. Deploying carbon pricing instruments to incentivize the transition with the particular emphasis on looking at highly energy intensive industries such as iron, cement sectors etc.
2. Country Climate Development Report could identify the pathways for Malaysia by answering the questions: how can Malaysia capture growth opportunities? What are the needed capabilities? What are the barriers? What policies and strategies are needed.
3. Proposed actions include adopting green technologies, innovating and meeting standards, adapting to climate policies, and investing in resilient infrastructure.

SESSION 7: GOVERNANCE AND TECHNOLOGY TRANSFORMATION

1. Develop digital services strategically, meet user expectations, and deliver value to both users and the business owner.
2. Invest in training and support to help staff embrace new technologies and ways of working.
3. Develop technology-driven, human-centric public policies that prioritize ethical use, education, and indigenous innovation.

Closing Remarks

184. The closing remarks were delivered by YBhg. Dato' Luqman bin Ahmad, Deputy Secretary General (Macro), Ministry of Economy. He emphasised the significance of the conference as a platform for sharing ideas, addressing opportunities and challenges, and building a prosperous future for Malaysia.

185. He also highlighted that the RMK13 is a key document in ensure there is a balance between economic growth, social development, environmental sustainability, and governance. The discussions during the conference focused on global challenges such

as economic uncertainty, climate change, and technological shifts, offering insights into how Malaysia can navigate these changes.

186. Moving forward, the ideas discussed would serve as a foundation for developing strategies and action plans, coordinated through various working groups. The success of RMK13 would require collaboration from the government, private sector, and civil society, with the ultimate goal of turning plans into real actions that benefit the nation.

187. To conclude, he stressed that the true success of nation's development is determined by how effectively these plans are implemented for the present and future generations.

Prepared by:
INTERNATIONAL COOPERATION DIVISION
Ministry of Economy
27 September 2024

**Question & Answer Session
Persidangan Permulaan RMK13**

SESSION 1: ECONOMIC AND FISCAL REFORMS

Panel Discussion I: Deglobalisation and Sustaining Malaysia's Competitiveness

Q1: How is Malaysia's performance compared to other countries in ASEAN region in enhancing competitiveness through talent development? (Slido)

A: Malaysia is ranked 28th in Economic Complexity Index compared to Thailand (23rd) and Singapore (5th). It is an indicator that Malaysia has structural issues that need to be addressed through better policy making. (Dr. Mohd Afzanizam, Bank Muamalat Malaysia)

A: Malaysia still has competitive edge and produce talented graduates as Singapore still poaches Malaysia talents. As such, we need to ensure our graduates skills continues to match with industrial needs. (YBhg. Tan Sri Dato'Soh Thian Lai, Federation of Malaysian Manufacturers)

Q2: The productivity of firms is very much driven by foreign and large firms, we have a dual economy, where SMEs lag behind. What can the government do to help? (Slido)

A: Since companies pay a lot of levies to hire foreign workers, a National Automation Fund should be set up and allow companies to access the funds. Malaysia has invested heavily into infrastructure such as 5G, but not readily available to be utilised in terms of coverage and access. The government should look to incentivise the industry like double tax deduction to induce the companies to adopt new technologies. (YBhg. Tan Sri Dato'Soh Thian Lai, Federation of Malaysian Manufacturers)

SESSION 2: EDUCATION REFORM

Panel Discussion II: Unleashing Potentials: Shaping the Next Era of Education

Q1: Compared with other countries, education investment is not in capital assets but in the labour assets for schools and universities. However, in Malaysia, we have many things to do with talent and education and radical reforms in schools and universities. What are the top 3 program design intervention scales down to see the outcome? (YB Rafizi Ramli)

A: The solution involves improving education and scaling it up from mediocre education. In Malaysia, we have success stories in both schools and universities due to our national curriculum, which promotes unity. However, the proposed idea is to operate public schools more like private schools, which requires several actions to be taken in the future. (Prof. Mushtak Al-Atabi, Heriot-Watt University)

A: The need for a transformation in education, acknowledging that a one-size-fits-all approach is insufficient. There is a call for curriculum changes with disruptive technology shaping the school landscape. Embracing technology with creativity and innovation can facilitate purposeful learning. We need to facilitate, inspire, and motivate learners as we deal with intangibles as the whole nation and society approach to handle the changes. Again, we need to nurture children to be human first. (Prof. Emerita Datuk Dr. Asma Ismail, IMU University)

A: Things are moving quickly; we must get the foundational skills right. We suggest early childhood education to be given a priority; we must go beyond innovation to produce human talent for higher education. (Dr. Tara Beteille, World Bank)

SESSION 4: STRENGTHENING WELLBEING AND SUSTAINABLE MOBILITY

Panel Discussion IV: Demographic Change – Preparing Malaysia Towards an Aged Nation

Q: How can Malaysia tap into the growing silver economy to become a key driver of GDP growth, and which sectors are poised to benefit most?

A: Care economy expanded through AI usages, service economy, care services for infants, teenagers and care services for older persons. Need to see through the affordability gaps and services that connected the dot, such as through social media.

Q: What strategic investments are needed and adapt Malaysia's health infrastructure to cater to increasing demand for geriatric and care services?

A: Invest in people and train people to be geriatrician. Invest in affordable care, to make care be affordable not only for elderly and also their family members. Connect the dots which connect people to allied health services.

Q: How can Malaysia tap into the growing silver economy to become a key driver of GDP growth and which sectors are poised to benefit the most?

A: Manufactures and IT companies are among that offers certain jobs that are suitable for senior citizens. Depend on how to utilise the skill of the senior citizens.

SESSION 5: SHAPING DEMAND AND SUPPLY TOWARDS IMPROVING FOOD SECURITY

Panel Discussion I: Shaping Demand and Supply Towards Improving Food Security

Q: As Malaysia prepares to implement the 13th Malaysia Plan, what are the key priorities or 'wish list' items that industry players in agriculture, such as Johor Plantations Group, believe should be included to drive sustainable growth and enhance food security? (Slido)

A: The equation of a traditional Cobb-Douglas production will answer the question. Where $Y = AK^a L^b$ where K is capital, and L is labor. There are two other types of production functions: Leontief and perfect substitutes. The productivity output needs:

- 1. Technology, capital & labor to increase productivity;*
- 2. R&D, Technology, IoT, AI, 4IR - incentives / matching grants to GLCs / companies; and*
- 3. Food Security Fund (Tan Sri Dato'Sri Dr. Ismail Bakar)*

SESSION 6: ENVIRONMENTAL SUSTAINABILITY

Panel Discussion II: Net Zero 2050: Decarbonising for a Greener Future

Q1: How significant is the impact of behavioural changes on reaching Net Zero Emission? (Slido)

A1: - Coal fire plant must be retired than planned – higher utility bill
- Move faster to EV adoption
- Infrastructure is not ready and investment cost will be passed down to consumer
- Low carbon economy has cost implication
- Use less resources – buy water saving technology (YBhg. Datuk Dr. Ching Thoo, Secretary General, NRES)

Q2: Where we are going to go?

A2: - Balanced energy security and produce O&G responsibly.

- Focus on the 3 tenets:*
 - New cleaner energy solution*
 - Net zero carbon emission*
- Foster just transition aligned with SDG*
- All tools need to be used to decarbonise – including CCUS where possible*

- Also assisting customers to decarbonise by providing CCS as services
- Focus on future skills, community (**Ms. Charlotte Wolf-Bye, PETRONAS**)

Q3: How other country decarbonising effectively ?

A3: 1,500 climate policies being studied and found that no single policy works on its own. There is a need a collaboration between government and industry as well as policy needs an agile model.

Q4: congratulations on celebrating the 50th anniversary of PETRONAS' establishment. Now that we understand the disruptive nature of carbon, what is PETRONAS' views and plans in moving forward?

A4: We must all be proud of PETRONAS' achievements and look forward to a sustainable future for the next 50 years of producing oil and gas responsibly. There are 3 tenets guiding PETRONAS' decarbonisation strategies namely oil and gas production with less emission, new business in alternative and cleaner energy solutions and net zero emission. We are focusing not only on reducing emission but also thriving with nature and fostering just transition in alignment with sustainable development. PETRONAS is proud to be part of NETR through 3 flagship projects on hydrogen, SAF and CCUS.

*There many ways to reduce GHG emission, we cannot just pick one. Instead, we must use all in the toolbox. For instance, the customers' derived emission from products sell by PETRONAS provides the opportunity to storage carbon. Nature and biodiversity are also key to net zero approach. As a company, PETRONAS is committed to net zero but for the emissions which cannot be reduced, we will offset with high quality carbon credits. We have been cooperating with MFF and Forestry Cooperation of Sarawak for local project generation as well as working on the possibility in defining NBS guided by the Global Biodiversity Framework under the Montreal Protocol. On just transition, we will be focusing on future skills guided by human rights. In sum, sustainability is truly at the heart of our work in PETRONAS. (**Ms. Charlotte Wolf-Bye, PETRONAS**)*

Q5: What are you seeing in other countries, how are they decarbonising effectively? (Slido)

A5: There is real research by the Postdam Institute for Climate Impact Research that has unveiled the first comprehensive global evaluation of 1500 climate policy measures from 41 countries across six continents. The unprecedented study provides a detailed impact analysis of the wide range of climate policy measures implemented over the last two decades. The findings reveal a sobering reality: many policy measures have failed to achieve the necessary scale of emission reductions. Only 63 cases of successful climate policies, leading to average emission reductions of 19% were identified. The key

characteristic of these successful cases is the inclusion of tax and price incentives in well-designed policy mixes.

A glaring observation was that no single policy work on its own. 3 elements are critical for successful climate policy and there are incentives, carbon pricing mechanism and regulation. We need a combination of policies for instance the phase out of coal in the UK, reduce transport emission in US and cut agriculture emission in China. We also need to learn from others on what has worked and what has not. Conducive policies are important because climate change is policy driven but policy needs to involve and evolve with technology. Hence, we need an agile model which we may be unused to so we must work closely than before. (Ms. Charlotte Wolf-Bye, PETRONAS)

Q6: CCDR is important tool, however many countries depend on fossil fuel for energy. Carbon sinks in Malaysia is contributing. How to balance?

A6: CCDR is an important tool to help with national agenda. But so much of the region depend on fossil fuel to move, play, work in daily life. Where trade competitiveness is at stake, how to strike a balance between climate and development? Tensions between decarbonisation and development. We cannot divorce poverty eradication without talking about a livable planet. (Mr. Muthukumara S.Mani, World Bank)

LIST OF PERSON IN-CHARGE AND RAPORTEURS

BIL.	NAME	DIVISION	TASK	SESSION/ TOPIC
1.	YBr. Dr. Wan Farisan bin Wan Sulaiman	BEM	<i>Person in-charge</i>	Session 1: Economic and Fiscal Reforms Panel Discussion 1: Deglobalisation and Sustaining Malaysia's Competitiveness Optimising Fiscal Policy for Development and Inclusivity
2.	Ms. Tan Bee Sim	BEM	Rapporteurs	
3.	Ms. Phang Yoke Hong	BEM	Rapporteurs	
4.	Mr. Radin Muhammad Fawwaz bin Muhammad Farhan	BIP	Rapporteurs	
5.	Mr. Kelvin Vinod a/l Kaneson	BIP	Rapporteurs	
6.	YBhg. Datin Dr. Syahira binti Hamidon	BPMI	<i>Person in-charge</i>	Session 2: Education Reform Panel Discussion II: Unleashing Potentials: Shaping the Next Era of Education
7.	Ms. Amelia Lee Sze Chui	BPMI	Rapporteurs	
8.	Ms. Kamilah Syakura binti Kamin	BPMI	Rapporteurs	
9.	Mr. Mohd Shihabuddin bin Muhktar	BPMI	<i>Person in-charge</i>	Session 3: Labour Market Reform Panel Discussion III: Future Talent Direction in Fulfilling High-Income Country Goals
10.	Puan Nurul Aainaa binti Mohamed Nasir	BPMI	Rapporteurs	
11.	Encik Mohd Khairul Muadzim bin Hashim	BPMI	Rapporteurs	
12.	Ms. Halina binti Yahaya	BPS	<i>Person in-charge</i>	Session 4: Strengthening Well Being and Sustainable Mobility Panel Discussion IV: Demographic Change – Preparing Malaysia Towards an Aged Nation Sustainable Mobility: Pioneering Public Transport Solutions for Malaysia's Future
13.	Ms. Marlina binti Mohd Lazim	BPS	Rapporteurs	
14.	Mr. Muhamad Hafiz bin Zainudin	BPS	Rapporteurs	
15.	Ms. Malathy Narayanan	BINFRA	Rapporteurs	
16.	Mr. Muhammad Siddiq Farouq bin Md. Noor	BINFRA	Rapporteurs	
17.	YM Engku Zakir Hussein bin Syed Abdullah	BTANI	<i>Person in-charge</i>	Session 5: Shaping Demand and Supply towards Improving Food Security Keynote: Striking the Right Balance between Supply and Demand to Strengthen Food Security
18.	Mr. Muhamad Aziyan bin Hussim	BTANI	Rapporteurs	
19.	Ms. Mahfuzah binti Mohid	BTANI	Rapporteurs	
20.	Mr. Mohd Azam Aidil bin Ab Aziz	BTANI	Rapporteurs	

BIL.	NAME	DIVISION	TASK	SESSION/ TOPIC
				<p>Panel Discussion I: Shaping Demand and Supply Towards Improving Food Security</p> <p>Fireside Chat: Challenges and Contribution of IPR-INTAN towards Poverty Eradication and Food Security</p>
21.	Ms. Noor Hidayu binti Hashim	BEASSA	<i>Person in-charge</i>	<p>Session 6: Environmental and Sustainability Reforms</p> <p>Keynote: Addressing Triple Planetary Crisis: Climate Change, Biodiversity Loss and Pollution</p> <p>Panel Discussion II: Net Zero 2050: Decarbonising for a Greener Future</p> <p>Fireside Chat: Sustainable Solutions for a Better Future</p>
22.	Ms. Nik Nor Aiza binti Nik Abdul Aziz	BEASSA	Rapporteurs	
23.	Ms. Nur Ayuni binti Zainal Abidin	BTE	Rapporteurs	
24.	Mr. Ng Win Foon	BTE	Rapporteurs	
25.	Mr. Radin Shah Izuan bin Radin Mohd Hambali	BKE	<i>Person in-charge</i>	<p>Session 7: Governance and Technology Transformation</p> <p>GovTech: Delivering Service with Empathy</p> <p>Balancing Transformation Technology with Value Driven</p> <p>Governance: The Cornerstone of Development Cyber Security Threat in Malaysia</p> <p>Fireside Chat: Innovathon Inspires</p>
26.	Ms. Joanita binti Sulaiman	BKE	Rapporteurs	
27.	Mr. Suhaidi bin Amin	BKE	Rapporteurs	
28.	YBrs. Dr. Shaminea a/p Sri Tharan	BIPST	Rapporteurs	