

# COVID-19

## Getting Malta Back to Work

7 MAY 2020

“*There have been as many plague epidemics in the world as wars. Yet plague and war always catch people off guard.*”

---

- Albert Camus

The coronavirus pandemic presents us with challenges such as most of us haven't had to face in our lifetimes. Since its first outbreak in Wuhan, China a few months ago we have all witnessed how this virus is highly contagious to the extent that it is now wreaking havoc across the globe. Alas, the World Health Organisation and other leading health authorities have indicated that an effective vaccine is at least 12 months away. In the absence of such a vaccine, almost all countries in the world have had no other option but to shut down their economies to halt the spread of the virus.

Malta is no exception. Since mid-March we have adopted a semi-lockdown approach whereby all persons aged 65 and over as well as persons considered to be vulnerable from a health perspective (e.g. cancer patients, heart conditions, pregnant women) are required to remain indoors. All non-essential economic activities related to retail and leisure were closed to the public and business organisations have been encouraged to promote teleworking. Where this is not possible, social distancing measures are required. Fines are being imposed wherever groups above prescribed legal notice limits are found to be assembled together.

These drastic measures are fortunately showing results. Last week our health authorities announced that Malta had effectively reached the end of the **initial containment phase**. With the number of active cases consistently on the decline, the transmission rate for the virus is now estimated to be well below 1, thereby implying that its spread amongst the community has been brought under control. As from this week (4 May) Malta commences its coordinated return to the **'new normal' phase** with some non-essential economic activities such as non-food retail commerce being allowed to operate once again on condition that strict social distancing and the use of face masks are introduced.

Inevitably, after weeks of restrictions the question of how to proceed to the next step is now raised. How do we revive the economy? Should more public life be allowed, or should we still wait? And how can all this be achieved without triggering a second wave of the pandemic? The answers to these questions involve extremely difficult considerations. That is why the "reanimation" of Malta must be carried out with caution. It needs to be well reflected and prepared. The top priority remains the health protection of the population. Through this paper we would like to contribute to this important discussion by making a number of concrete proposals to this end.

One thing is for sure: the exit must be well coordinated and follow a comprehensive exit strategy. For this, key conditions must be fulfilled: the continued decline of active cases, an adequate number of intensive care beds and sufficient testing capacity, as well as the availability of digital tools. These decisions are to be made by national leaders, who have to weigh together the health and socio-economic risks.

However, the business sector can and should present its view of things; it should provide guidance on which measures it considers feasible and appropriate. In the following paper, considerations from both "worlds" will be presented, which in the end serve one overriding goal: to manage Malta's restart with combined forces.

It is worth looking at other countries, especially those that are already in a controlled exit phase or planning one. Due to demographic and economic differences, as well as different pandemic patterns, it is not possible to derive general recommendations for action from this, yet they can provide suggestions for upcoming decisions locally.

Countries like China or South Korea, for example, have adopted an approach to control the spread through intensive testing and isolation (“hammer and dance”). They rely primarily on individual digital control, especially for contact

tracing. Such measures are subject to high hurdles in Europe, due to data privacy considerations. Other countries, such as Sweden or Singapore, have initially followed a more moderate line, before realising that this was not enough; and they now feel compelled to take more drastic measures.

The following is an overview of a selection of strategies and restart measures adopted by other countries. One notes in particular the measures being undertaken in Cyprus given its similarities to Malta in terms of size, geography and economic activity.

Testing tracking Strategies	Lockdown procedures and restart measures
<div> Denmark</div> <ul style="list-style-type: none"><li>Current total cases to total tests ratio is 4.0%.</li><li>Distribution of self tests vs stationary tests based on symptom severity.</li><li>Tracking through COVIDmeter.</li></ul>	<ul style="list-style-type: none"><li>14 April: Opened day care centres and primary schools to ensure that parents can work.</li><li>20 April: Green light to reopen a number of professionals including hairdressers, tattooists and psychologists.</li><li>Mid-May: Reopening of restaurants, theatres.</li><li>Social distancing rules remain in place - gatherings of more than 10 people are still prohibited.</li></ul>
<div> Cyprus</div> <ul style="list-style-type: none"><li>Current total cases to total tests ratio is 1.4%.</li><li>Set out to test 20,000 frontline workers in April.</li><li>Tracking through mobile application COVTracer.</li></ul>	<ul style="list-style-type: none"><li>4 May: Restrictions on movement eased- maximum 3 daily excursions outside.</li><li>4 May: Public sector workers back to offices, retail shops reopen (with the exception of malls or department stores).</li><li>4 May: Churches allowed to resume services but congregations will be limited to 10 people until 1 June.</li><li>11 May: Schools to reopen for graduating students.</li><li>18 May: Team sports resume - but locker rooms will remain off-limits.</li><li>21 May: Restaurants, hair and beauty salons to reopen.</li><li>1 June: Reopening of public beaches, museums, libraries. Sea ports will also then be allowed to start operating although no cruise ship passengers will be allowed to disembark.</li><li>No mention of when airports will become fully operational in the tourism- reliant country. A ban on all flights remains in effect until May 17 (Tourism directly accounts for 13% of the east Mediterranean island nation's GDP).</li></ul>
<div> UK</div> <ul style="list-style-type: none"><li>Current total cases to total tests ratio is 15.5%.</li><li>Government to launch mass tests and roll out a contact-tracing program after weeks of criticism that the government was falling behind in two areas seen as vital to stemming the coronavirus.</li></ul>	<ul style="list-style-type: none"><li>The UK has not yet met the five tests, according to British experts in health and economics to ease the lock-down measures:<ol style="list-style-type: none"><li>ensure the NHS can cope.</li><li>report a sustained and consistent fall in daily death rates.</li><li>report a decrease in the rate of infection to a manageable level.</li><li>confident with testing capacity and supply of PPE to meet demand.</li><li>confident that any relaxation of restrictions would not risk a second wave.</li></ol></li></ul>
<div> Austria</div> <ul style="list-style-type: none"><li>Current total cases to total tests ratio is 55.9%.</li><li>App-based location tracking of confirmed infected persons on a voluntary and anonymous basis.</li></ul>	<ul style="list-style-type: none"><li>Strict lockdown and exit restrictions, including a ban on interaction with persons outside one's household.</li><li>Face mask requirement and capacity restrictions in shops and public transport.</li></ul>

Testing tracking Strategies



South Korea

- Current total cases to total tests ratio is 1.7%.
- High test volumes- approx. 200,000 persons per day in over 600 test centres.



Malta

- Current total cases to total tests ratio is 1.3%.
- Mass testing and contact tracing with a testing rate ranked amongst highest globally.
- Recent launch of symptoms app.
- Rapid testing kits could be made available to a wide-range of people.

Lockdown procedures and restart measures

- No lockdown but comprehensive digital monitoring of location, credit card payments and mobile data.
- Regular announcements in public spaces: appeal for social distancing and use of face masks.

- No comprehensive lockdown except for persons aged 65+ and vulnerable persons. Closure of non-essential retail outlets. Social distancing measures and fines for 4+persons.
- 4 May: Reopening of some non-essential services and shops subject to use of facial masks and limited access. Groups gathering limited to 4 persons. Resumption broader medical services.
- No announced plans for reopening of schools, churches, museums. Likewise decision for reopening of air/sea ports postponed.
- Government announced that it is preparing a structured plan for a gradual easing of businesses restrictions to contain COVID-19.

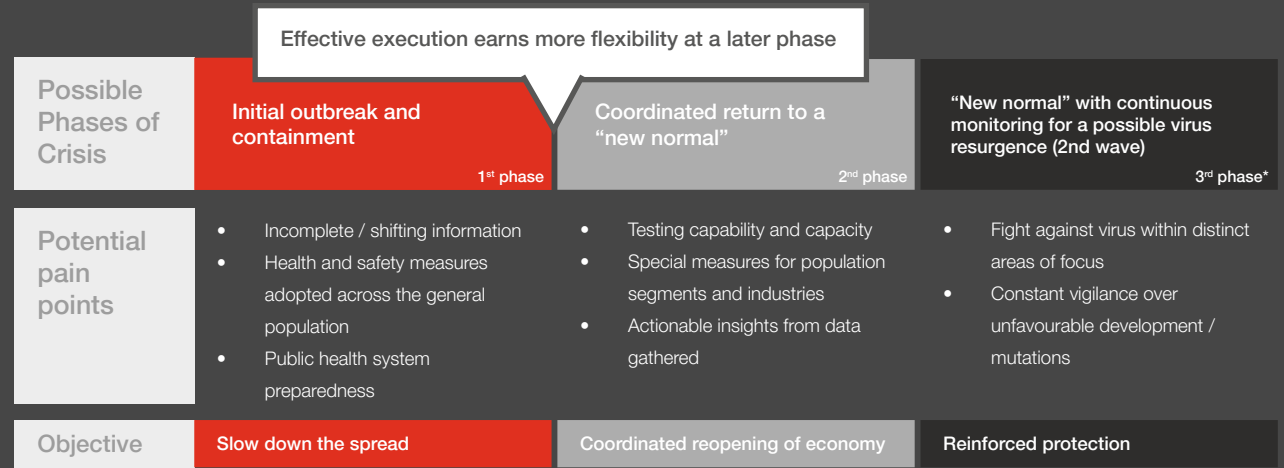
As already evidenced from the measures being implemented this week, we recommend a risk-adapted exit strategy for Malta that gradually eases and dynamically adjusts the restrictions. At the same time, we consider it crucial to leave the phase of blanket bans as quickly as possible in order to avoid further economic damage. Three questions play a central role in considering what such a dynamic approach might look like:

- How relevant is the respective economic sector, including its companies, institutions and infrastructure, for the economic cycle and for society?
- Can protection, hygiene and testing measures be implemented successfully? Can the social distancing requirements be maintained?
- Is it possible to use digital solutions for contact tracking (so-called “corona apps”) without violating data protection and personal rights?

We believe that measures should first be eased in those sectors that are particularly critical and relevant and in which at the same time effective protection is possible and contact intensity is low. In order to ensure this, clear and uniform guidelines on minimum distances, tests, contact tracking via apps and a few other points are needed as soon as possible.

Our overall health and economic success will very much depend on how well we manage ‘the dance’ within **the third phase of reinforced protection** whereby we will need to have a robust framework in place to fight any flare-up of the virus should any successive waves of the virus re-ignite. In this regard, it would appear from recent public statements that the re-opening of our air and sea ports will be one of the last measures to be considered. We need to be ready first.

Naturally, such decisions on this must be made by those responsible at our national level in consultation with its EU partners. We do not want to anticipate these decisions, but merely provide some thought-provoking considerations.



\* Hotel California phase: The truth is that nobody knows what will happen and it is a trial & error process. All evidence and news from medical research is that the vaccine is probably 12 to 18 months away, which means a prolonged period until we exit the crisis and return to normality.

# Return to Work

## Malta at a Glance

We have outlined our considerations into five thematic areas and presented them in summary below. They are primarily, but not exclusively, addressed to key stakeholders within Government and / or representatives of the business community.

### Economy and Finance

#### Considerations - Government

1. Extend stimulus package assistance to other sectors of the economy
2. Increased and easy access to liquidity for companies in distress
3. Introduce further guidelines in a consolidated manner to enable impacted businesses to recommence 'new normal' operations with a 'long term' view as quickly as possible
4. Perform comprehensive situational awareness for the recovery of the Maltese economy
5. Target stimulation of the demand side through state-directed programmes
6. Rapidly expand digital solutions to further facilitate interaction between Government administration and businesses

#### Considerations – Business community

1. Validate supply chain resilience
2. Establish occupational health and safety measures in companies and create in-house medical structures
3. Strengthen internal crisis communication within the company and expand digital cooperation
4. Rethink and adapt operating measures for working together and interacting with customers
5. Maintain and strengthen customer loyalty through confidence-building measures
6. Establish more cashless / contactless payment in gastronomy, retail and transport
7. Create incentives for flexible contractual and working time models
8. Establish flexible childcare options

### International Affairs and Security

#### Considerations - Government

1. Support the ramp-up of international trade financially and administratively
2. Strengthen European Sovereignty in critical sectors
3. Coordinate measures with European member states to expedite freedom of movement across national borders
4. Prioritise coordination in the procurement of protective clothing throughout Europe
5. Strengthen national Cyber Security capacities

#### Considerations– Business community

1. Reduce default risks along the international value chains
2. Strengthen cyber security in companies

### Infrastructure

#### Considerations

1. Intelligent management of capacities in close cooperation between government and industry
2. Develop and promote alternatives that level out central infrastructure services
3. Establish test and control infrastructure on a broad scale in public spaces
4. Establish protection and hygiene measures in public spaces

### Society and Living together

#### Considerations

1. Promote pandemic-resistant cohabitation
2. Ease restrictions step-by-step in a controlled manner
3. Reimagining the workplace
4. Strengthening transparency in daily cohabitation

### Education

#### Considerations

1. Reopening of schools in the summer months
2. Expand remote schooling and online formats suitable and available on short notice
3. Develop a corona concept for educational institutions
4. Upskill the workforce to address COVID-19 changes to the business landscape





Focus area:

# Economy and Finance

**Like in any other country, the coronavirus pandemic will have a material effect on the small and open Maltese economy. Projections for the nation's GDP for 2020 vary, with the IMF anticipating an annual decline of 2.8%, compared to Fitch who are projecting a contraction of 5.9%. Meanwhile, on 29 April Government announced its own economic projections, pointing to a 5.4% shrinkage of GDP in 2020, along with a deficit of 7.4%.**

The general consensus is that the local economy is headed for a recession this year, with 2021 being the year of recovery. Of course, the hope is that this is more of a “V-scenario” rapid recovery, rather than a “long U” protracted recession, with recovery being pushed towards the medium-term. The negative outlook for 2020 becomes all the more stark when contrasted with the relatively robust economic performance in recent years, as GDP in 2018 and 2019 grew by 7.3% and 4.4% in real terms.

Data released from the National Statistics Office in April already shows signs of rising unemployment. This increase was broad-based across all occupations, from clerical workers to machine operators and professionals. Going forward it is very likely that such levels are to increase significantly.

The economic effects of the pandemic are both on the supply-side and demand-side. On the one hand, partial lockdown measures implemented by government such as social distancing and remote working have a negative effect on economic operators' supply chains and production capacity – leading to a contraction of aggregate supply. At the same time, measures such as the closure of outlets imply a massive demand shock, given that consumers cannot spend money on entertainment, at shops, at bars and at restaurants, implying a sharp decline in aggregate demand across various sectors of the economy. This is further compounded by the fact that air and sea ports are closed, effectively eliminating tourism. In turn, the effect of lower nationwide consumption would likely lead to a decline in business's appetite for investment, implying a negative shock in another major component of national output. The risks to the economy could be amplified if overexposed firms (and individuals) are pushed to a position of not being able to pay mortgages and other commitments, thereby increasing pressure on the financial system.

Given this backdrop of potential real-world risks to the economy, Government's timely intervention is crucial to safeguard jobs and prop-up the economy in the immediate short-term. The measures announced in March certainly go some way to addressing the most hard-hit sectors, such as wholesale, retail, accommodation, restaurants, vehicle rentals and leasing, tour operators, travel agencies, transport companies and personal services, amongst others. For example, Government has committed to finance €800 per month per full-time employees' to business within the aforementioned sectors. The same amount will also be paid to those who are self-employed in those sectors. Furthermore, Government will be financing €160 per month of employees' salaries in sectors which were deemed to have been less impacted, such as parts of wholesale, manufacturing, retail, warehousing and information. These measures are over and above tax deferrals and bank guarantees announced around mid-March, as well as an increase in unemployment benefits and other benefits to parents and vulnerable people who have to stay at home as a consequence of COVID-19.

Besides shoring up unemployment in the immediate-term, another crucial aspect determining the economy's resilience will be liquidity. The ECB has already put into place measures to increase the level of liquidity sloshing around the eurozone economy, hopefully translating into more accessible financing for local businesses. In fact, on 18 March the ECB launched its €750bn Pandemic Emergency Purchase Programme (PEPP), a new temporary asset purchase programme of private and public sector securities to counter the “serious risks to the monetary policy transmission mechanism and the outlook for the euro area” posed by the outbreak and escalating diffusion of the coronavirus. In addition, the ECB has also announced collateral easing measures, in order to ensure that “banks remain reliable carriers of monetary policy and continue lending to the real economy”.



In the local context, the threats of increased market volatility and lower liquidity will be further mitigated through the Malta Development Bank COVID-19 Guarantee Scheme (CGS), whereby a Guarantee Fund of €350 million has been allocated by Government for the purpose of guaranteeing loans granted by commercial banks in Malta to meet new working capital requirements of businesses facing cash flow disruptions due to the effects of COVID-19.

However, despite the authorities' best efforts to date, there is no escaping the reality that some local businesses are facing challenges even larger than those faced during the Financial Crash a decade ago. What happens when suppliers in the manufacturing industry are no longer able to deliver or become insolvent? When international value and supply chains collapse in the event of a short-term restart of production, even from European countries such as Spain or Italy?

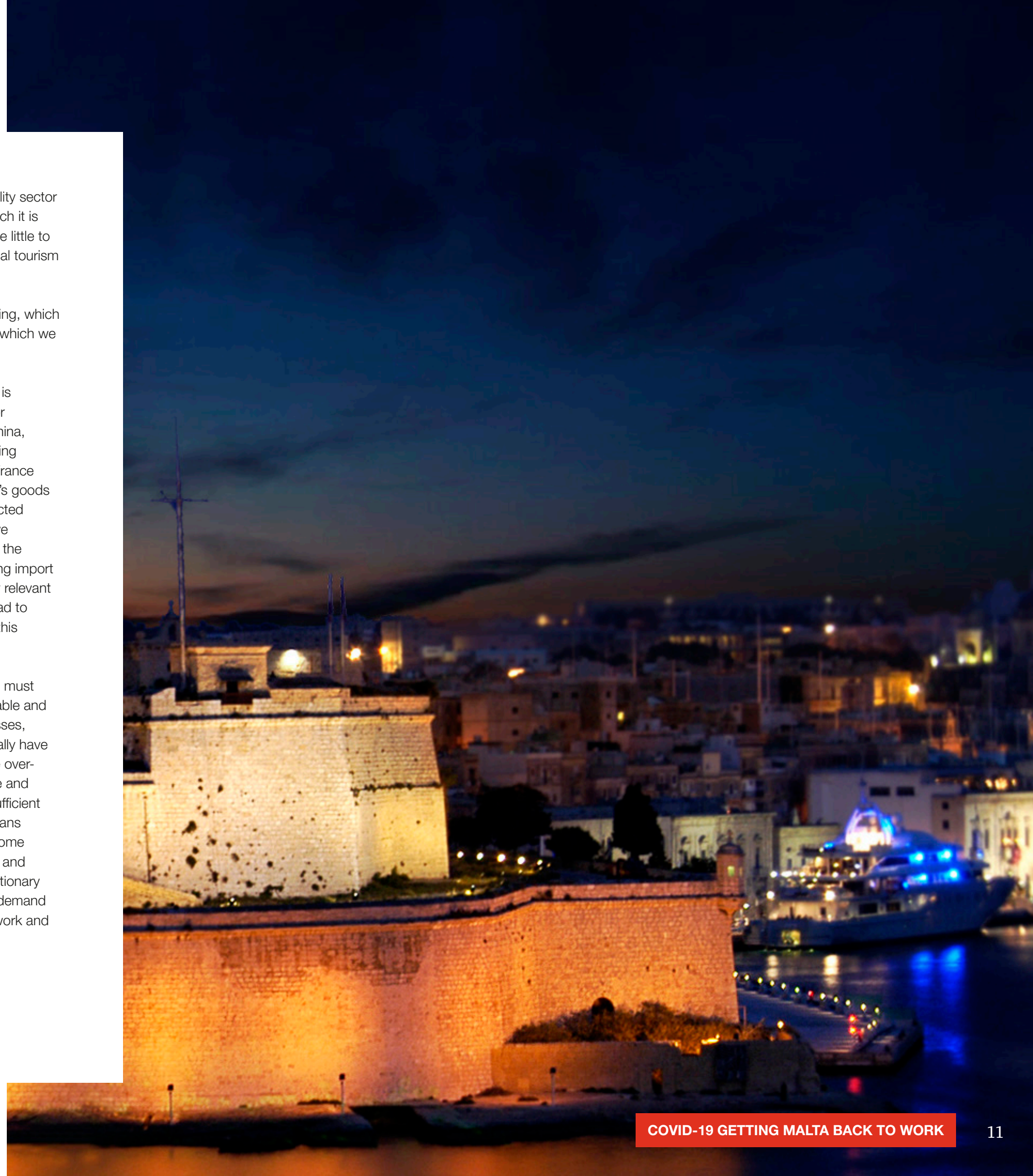
What measures will companies that have raised financing through bond issues undertake in order to find the cash to meet their obligations to investors in 2020 and 2021? How will the sharp decline in demand for rental property affect the local real estate market and construction industry? What effect will the general decrease in consumption levels around the economy have on business's allocation to marketing and advertising, and how will this then affect media outlets, marketing firms and design companies?

How will businesses in the hospitality sector stay afloat during a summer in which it is increasingly likely that Malta will see little to no tourists? To what extent will local tourism prop-up this sector in the interim?

Here, economic dangers are looming, which must be closely monitored and to which we must react quickly.

Tourism is not the only export that is at risk. In the likely event that major economies such as the US and China, as well as our main European trading partners such as Germany, Italy, France and the UK enter recession, Malta's goods and services exports can be expected to decline significantly – irrespective of how successfully Malta handles the pandemic. Furthermore, the existing import dependency on many systemically relevant products and supply chains will lead to rethinking and gradually reducing this dependency, as well.

Against this background, the state must support the economy in a sustainable and consistent manner so that businesses, especially smaller ones which usually have little equity capital, do not become over-indebted through credit assistance and become insolvent. This requires sufficient liquidity. On the one hand, this means a compensation for the loss of income caused by the current restrictions, and on the other hand to counter deflationary tendencies resulting from weaker demand due to the increase in short-time work and unemployment.





## 1. Extend stimulus package assistance to other sectors of the economy

The Malta Chamber of Commerce, Enterprise and Industry has been putting forward its proposals to Government to expand the financial assistance measures to include sectors that were not covered by the announced stimulus package in March.

As we now transition out from the phase 1 containment phase certain sectors of the economy may experience a pick up in economic activity. Other sectors such as tourism and English Language schools for instance will remain in abeyance until such time that our air and sea ports resume operations and passenger activity picks up. Going forward therefore financial assistance needs to be tweaked. In this regard Government needs to reassess how different economic sectors (e.g. maritime shipping) are faring and if needs be revise and/or expand the allocation of financial support.

## 2. Increased and easy access to liquidity for companies in distress

The COVID-19 Guarantee Scheme issued by the Malta Development Bank should be

helpful in facilitating access to finance for businesses facing cash flow disruptions due to the effects of COVID-19. The government should consider increasing the guarantees for commercial bank loans in terms of this scheme from the current 90% up to 100%.

In addition, the scheme currently in place for the deferral of the payment of certain taxes and social security contributions should be extended and possibly strengthened by other instruments offering a temporary reduction or deferral of indirect tax costs (e.g. lower excise duties on e.g. electricity/water etc., stamp duty on insurance policies etc.).

In general, the following rule should apply: severely affected companies that are demonstrably in a state of financial distress due to COVID-19, are to be given preference in terms of assistance and support measures by, among others, processing applications according to certain criteria, e.g. the amount of previous profits, existing capital reserves or the number of workers.

Experience shows that there can be material risk of misuse of subsidies, especially those for immediate aid. The responsible entities must thus ensure that the funds actually reach the right recipients. This can be done by means of digitally supported checking and control routines that allow the eligibility criteria to be checked transparently and the funds to be allocated to those businesses and companies that had a demonstrably

functioning business model prior to the pandemic, or where the pre-crisis level cannot be reached for the foreseeable future due to substitution effects.

However, it is anticipated that these allocations will not be sufficient on a broad scale to sustainably support certain sectors such as retail, gastronomy or tourism. For these sectors, additional liquidity programmes and subsidies are required, in conjunction with further legal adjustments (e.g. insolvency legislation).

## 3. Introduce further guidelines to enable impacted businesses to recommence 'new normal' operations in the longer term

Maltese legislation already provides for the general duty of every employer to ensure the health and safety of workers at all times in every aspect related to work, and related to this, for the requirement to make such appropriate arrangements for the effective planning, organisation, control, monitoring and review of the preventive and protective measures, taking into consideration the nature of the activities and the size of the undertaking.

In this regard, some specific guidance has already been issued by the Occupational Health and Safety Authority in the wake of COVID (e.g. 'Recommended measures for places of work', 'Getting ready for COVID-19 – occupational health and safety considerations' etc) as well as mitigation matters and mandatory conditions issued by the Ministry For Health (i.e. 'Mitigation measures – COVID-19 Transition phase; Mandatory conditions for Retail Outlets').

This said, it may be appropriate for the government to issue renewed uniform and consolidated guidance to employers to provide on how such general obligations translate in practice in these unprecedented circumstances particularly to facilitate an organised and safe return to business in the longer term, not only for retail outlets but also for other businesses (such as large number of offices who have shifted in varying degrees to teleworking). In addition, there should be an early timetable for a gradual ramp-up so that businesses and their infrastructural environment can prepare for future adjustments. They should also address how protection against infection can be effectively managed in a longer term. While such guidelines are intended for an immediate restart, national health authorities will also need to critically question the resilience of every company in order to be properly prepared for the "management of a second wave".



#### 4. Perform comprehensive situational analysis for the recovery of the Maltese economy

The strategic approach for getting Malta's economy back on its feet will inevitably be based on various factors such as infection spread, psychological and social criteria pertinent to consumers and the public in general, and the dependence on value and supply chains. This is very likely to imply the need to address conflicting objectives.

In the short term, protective measures and a gradual loosening of restrictions will run in parallel. Only through close monitoring is it possible to react to new problems quickly and in an agile manner. However, the quality of the underlying epidemiological data requires sustained improvements, especially in the data collection of broad-based tests, although these will hardly be feasible in the short term.

In order to manage the "restart" of the economy based on such criteria in a comprehensive and orderly manner, a holistic (digitally-enabled) situational analysis would be needed.

To this end, the Malta Council for Economic and Social Development, supported by appropriate expertise, would be the appropriate forum to discuss such analysis and advise government accordingly.

#### 5. Target stimulation of the demand side through state-directed initiatives and programmes

Demand could be stimulated in the short term through targeted financial incentives such as a fresh renewal of the old car scrappage scheme announced recently to stimulate buying new electric vehicles. Such demand could be further enhanced through the provision of free charging stations. Other initiatives could include programmes to promote mobile working (e.g. by providing tax incentives on expenditure on IT infrastructure and internet connections, extending the current aid scheme for businesses introducing teleworking arrangements for their employees, reduced tax rates for activities in the home office), incentivising upskilling of employees through remote means, allowing for enhanced income tax deductions for upgrading systems to allow for contactless payments and electronic payments.

If these programmes do not take effect, Malta faces the risk of not generating sufficient demand when the boost of the economy sets in, thus shifting consumption decisions into the future despite falling prices. In the retail and gastronomy sectors, measures (carry back of tax losses, rent subsidies, etc.) must take effect quickly so that retail centres and entertainment areas do not lose their attractiveness and do not run the risk of becoming completely orphaned. Local councils and Government agencies can also play an important role in supporting this restart, by rationalising and simplifying their processes when dealing with requests from businesses and also by reducing applicable fees for their services (e.g. trade permits).

#### 6. Rapidly expand digital solutions to further facilitate interaction between Government administration and businesses

The Government needs to accelerate its digital service offering to both businesses and citizens rapidly through the implementation of innovative technologies. Prior to the COVID-19 crisis the Government had launched 'Mapping Tomorrow', its strategic plan for the digital

transformation of public administration and in parallel embarked on several initiatives (e.g. CONvErGE project) to realise the objectives of such a plan. However, this COVID crisis has exposed the need for government leadership to prioritise the development and adoption of new technologies such as Artificial Intelligence (AI) and Robotics to ensure an effective provision of public services going forward. Time-consuming bureaucratic procedures that are carried out in a manual manner must continue being replaced with an optimised digital equivalent. Such a digital alternative will allow businesses and, in some cases, employees themselves to easily avail themselves of services (such as applying for short-time work benefits, tax incentives, permits etc.) in a more rapid manner with less administrative burden. Government should therefore consider to itself implement and in parallel facilitate the implementation within the private sector of such innovative technologies. There are already various potential possibilities and use cases such as AI-powered Virtual Health Assistants, Multilingual Eligibility Checker Chatbots, Patrol Drones in Public Places, 3D Printed PPE, Intelligent Automation for Employee Risk Assessment, Digital Learning Platforms, AR/VR enabled touristic experiences and other innovative technologies which should be implemented as soon as possible to help smoothen the transition back to work.



## 1. Validate supply chain resilience

Over the past few weeks of semi-lockdown our manufacturing industry has continued to operate, albeit under very difficult circumstances. Furthermore, the pressures on demand and supply chain management are not likely to abate in the short to medium term.

Industry players need an up-to-date overall picture of all suppliers and supply chains in order to be able to react better to changes at short notice. Existing processes for stockpiling critical goods should be drawn up to make it easier to cope with any possible new disruption. Checking the resilience of the value chains as well as the supply chains in terms of a mandatory stress test could become a fundamental component of future business models.

## 2. Establish occupational safety measures in companies and create inhouse medical structures

It is essential to adapt occupational safety measures to the corona pandemic. This involves access controls to limit the number of people in a building, mandatory fever detection, the control of room occupancy rates, or the use of health apps on company mobile phones in order to protect staff and customers, especially risk groups,

as best as possible. In addition, isolation facilities must be set up in companies, so that employees can be physically separated from the rest of the workforce if necessary. Companies can also help to provide testing capacities to determine whether someone is infected or already developed antibodies. This requires appropriate company medical structures, which must be created if not already in place. Clear responsibilities and dedicated contact persons are particularly important in occupational health and safety, as they are responsible for offering medical care where it is needed, for example in the canteen, the “open space” office or at the assembly line.

## 3. Strengthen internal crisis communication within the company and expand digital cooperation

Similar to government and public sector bodies, private sector companies also need corona task force teams that are able to ensure transparent corporate and crisis communication by using both analogue (e.g. notice boards) and digital channels for this purpose. A monitoring and reporting system of corresponding key figures, infections and immunisation is already established in most companies. In order to simplify this, smartphone applications can be adapted and introduced in a company-specific way to collect data, send messages and help, as well as warnings (see also Society and Living Together).

At the same time, an overall picture has to be drawn, regarding sick leave, substitution plans, flexibilisation of the operative work deployment, but also paying attention to the way risk groups are dealt with or if the working capital requirements are met. All this forms the basis for a coordinated restart, as the care and health protection of the employees is the top priority. Crisis management teams headed by the CEO should take over control here.

Many companies have already taken the exercise to evaluate their work in regard of what has to be done on premise and where remote solutions are possible. This process should continue, even when measures are relaxed. To this end, the digital forms of cooperation should be further expanded, e.g. in virtual spaces or the corresponding enablers (IT infrastructure, remote access, VPN/network) and specifically promoted (e.g. through tax incentives). In recent weeks, many employees have gone through a steep learning curve in the use of digital means. This development needs to be further stimulated by online training and courses. Experience shows that employees accept training courses best when they are directly tailored to their function and role in the company.

## 4. Rethink and adapt operating measures for working together and interacting with customers

Where physical presence is required, adjustments are inevitable. Many companies are already working intensively on short-term changes. This concerns (1) the infrastructure in the companies. Workplaces, staff rooms, canteens, conference rooms, etc. have to be redesigned, so that

the prescribed distance can be maintained. It concerns (2) concepts for staff scheduling, so that fewer people are in a room at the same time, such as the rotating use of office space or the grouping of employees (Team A, Team B). The topic of working at home is on top of the agenda again: however, home office strongly influences the corporate culture and must be accompanied in parallel and with a high degree of integration. Models of virtual breaks, online leisure activities and sports programmes must become an integral part of corporate culture. There have already been major changes in customer interaction (3). Even if the restrictions are gradually relaxed, they will remain in place for a long time to come. This applies, for example, to the visitor density in showrooms (e.g. Austria: reopening with max. 400 sqm sales area, one customer per 20 sqm, entrance controls), the recommended or, where appropriate, compulsory wearing of masks, the provision of disinfection facilities, greater distances in restaurants or the increase in “take away” offers.

These measures are absolutely necessary in order to enable retail and gastronomy to gradually restart their business activities and to prevent or absorb existential crises of entire industries. For this purpose, tailor-made and industry-specific procedures have to be developed, especially in medium-sized businesses (e.g. hairdressing salon versus retail trade). Large scale events are also an integral part of our life. Even if they will probably not be permitted to be held for at least the next two months, organisers must already consider what concepts could be applied when taking into account the principle of “social distance”, which digital channels are recommended as substitutes and which checklists are needed to ensure the highest level of safety for visitors everywhere (see also Society and Living Together).



## 5. Maintain and strengthen customer loyalty through confidence-building measures

More than ever, the customer perspective is becoming the focus of entrepreneurial activity, especially when it comes to stimulating demand in the short term to compensate for the current lack of consumption. This is due to an expected long-term structural change in demand behaviour. It might take years to change this again (e.g. decrease in long-distance travel, decreasing demand for concerts, events, etc.). This requires creativity, as it is important to maintain customer loyalty and trust even under changed conditions. For the severely affected gastronomic businesses, partnerships with online delivery companies and/or app-based prioritisation of risk groups are already commonplace and need to be enhanced.

## 6. Establish more cashless / contactless payment in gastronomy, retail and transport

Cashless and contactless payment transactions should be promoted, in particular through increased payment convenience (e.g. increased contactless limit), simplified payment confirmation (weakening of the double authentication requirement under PSD2), targeted incentives for card acceptance (e.g. temporary VAT advantage), a requirement for cashless payments (or at least an end to the discrimination against cash as the only legal tender), and the permission of purely cashless payment options outside

of basic supply situations (e.g. snack machines). In parallel, the banking sector could support by actively and specifically informing customers about online banking, tools for expenditure overview and management as well as modern payment procedures - especially those who have been little or no users so far.

## 7. Create incentives for flexible contractual and working time models

As the restart is likely to be gradual and in waves, interactions between different sectors and areas of society need to be taken into account. As schools are closed and, at least in part, will possibly remain so for a longer time than individual sectors, employees with children continue to need flexible working time models. This is also necessary, as in the event of new infections entire classes may have to be sent back into quarantine.

## 8. Establish flexible childcare option

The reconciliation of family and career has taken on a new urgency with the Corona pandemic. Employers who offer appropriate models are not only better prepared for the reboot phase, but also more attractive than its competitors. In addition to the possibility of working from home office, this includes care services in company-owned daycare centers and other support programs for families. Anyone who can offer a modern and flexible range of services here has a head start in the competition for the best talent.





Focus area:

# International Affairs and Security

Compared to previous challenges such as the global financial crisis, the corona pandemic is considered a “symmetrical shock”, as it affects all countries and sectors.

Spread and progression depend on international linkages (especially trade flows and tourism), national framework conditions (especially health systems and relevant infrastructure ) and the selection and effective implementation of government measures. These often include travel restrictions which have a strong impact on the tourism industry. According to flight statistics, global air traffic has dropped 55% in March 2020 as compared to March 2019. Furthermore, international trade is experiencing declines, not only because of closed shops and the massive drop in demand, but also because of restrictions on international imports and exports.

The World Trade Organization (WTO) are predicting a potential decline in world trade of up to one third (worst case scenario). A rapid recovery is considered possible, all of which is dependent largely on the longevity of the crisis and the effectiveness of policy responses throughout the world.

Some companies in China have already returned to their pre-pandemic production levels. However, there is often a lack of international buyers for the products and some retailers will only survive the crisis in a weakened state, if at all. Global supply chains and export bans have revealed critical dependencies in many areas, as the shortage in protective clothing proves.

The shift of life to the digital world, resulting in a significantly increased use of online media and increased internet traffic leads to a rise of potential damage caused by cyber-crime, including illegal trade, phishing attacks and disinformation campaigns.

With COVID-19 gravely affecting every nation, even closely interwoven countries have difficulties with cross-border cooperation. The bigger picture is characterised by border closures, entry bans, uncoordinated national measures and blame sometimes being placed on other countries. Many countries have taken a long time to recognise the pandemic as such. International organisations have also lost valuable time before common approaches and initiatives have been taken. On a large scale, the national view continues to dominate. In contrast, China has increasingly shown an activity that challenges our western system: ranging from complete closures to the rapid construction of temporary hospitals. These act as a counter-image to the heterogeneous western world, which appears anything but united.



## 1. Support the ramp-up of international trade financially and administratively

In order to rebuild confidence and to revive global production chains, especially among small and medium-sized enterprises, Export Credit Guarantees should be introduced to support local exporters to minimise their risks. Administratively, the interruptions of the transport of goods at the borders should be minimised. A way in which to ease operations is to digitalise a number of processes such as the ability to electronically upload and access all documentation related to imports and exports, as well as the issuance of freeport terminal gate passes. This will limit the need for human contact and speed up processes to allow for a more effective and efficient system. Furthermore, measures that have been taken to ensure safety while continuing to operate during these extraordinary times must continue. Such measures include: cleaning and sanitising all ports and terminals daily, conducting

thermal on-site screening throughout checkpoints and onboard cargo vessels, fumigating all equipment, screening of employees and crew for symptoms such as body temperature, cough and shortness of breath by onsite medics, social distancing, use of PPE (mask, gloves and safety glasses) and maintaining hygiene practices.

## 2. Strengthen European sovereignty in critical sectors

The pandemic has shown that Europe should strengthen its sovereignty in some areas. For example, there is a lack of sufficient capacity to produce protective clothing and basic medical supplies. As a result, there is considerable dependence on Asian markets, which currently need their own products and no longer supply them in sufficient quantities. Another field of action could be to create GDPR-compliant, open and secure standards for digital collaboration solutions. All this requires a process moderated by the European Union, to (1) define critical sectors based on

uniform criteria (e.g. sourcing from a few regional focal points in non-EU countries) and to identify pain points (e.g. bottlenecks during a pandemic). In addition, it is necessary to (2) specify the measures to be taken to achieve a certain level of sovereignty in each critical sector.

## 3. Coordinate measures with European member states to expedite freedom of movement across national borders

EU-wide standards for voluntary “corona tracking apps” can be helpful to re-establish the freedom of movement in the Schengen area as soon as possible. This way, infection routes across borders can be traced in a DSGVO-compliant manner. This is of particular relevance to our island economy that is heavily dependent on passenger flows in and out of the country’s air and sea ports particularly in those sectors dealing with tourism, financial services and gaming. In the short to medium term, it is likely that a one size fits all approach will not be achievable. Should this be the case, Government could consider bi-lateral arrangements with other countries and/or regions that have low transmission rates thereby creating tourism corridors along the lines being considered by Australia and New Zealand at present.

## 4. Prioritise coordination in the procurement of protective clothing across Europe

The EU instrument of the Joint Procurement Agreement (JPA) should continue to be used to procure urgently needed products, such as protective clothing efficiently and effectively. Malta has in fact already joined the EU joint procurement process for PPEs, laboratory reagents and tests and ventilators. Furthermore, to improve cooperation within the EU, it is important to expand trade and travel opportunities for important trading and alliance partners, including North America.

## 5. Strengthen national Cyber Security capacities

The Malta Critical Information Infrastructure Protections Unit within the Malta Critical Infrastructure Protection Directorate, must be strengthened to protect public institutions against cyber attacks and above all to ensure secure remote access to sensitive data, in conjunction with Malta Information Technology Agency (MITA). There is also a need for information and communication initiatives on cyber security, aiming to increase the awareness of potential dangers, such as industrial espionage. Finally, strategies need to be developed and instruments used to ensure that disinformation campaigns are detected early and recipients are informed promptly.



## 1. Reduce default risks along the international value chains

It is now necessary for companies to re-evaluate their procurement strategy. To counteract short-term uncertainties, continuous end-to-end risk assessments should be carried out by national and international suppliers. To avoid potential supply chain disruptions, alternative suppliers should be identified where possible and buffers should be built up in advance. Companies especially dealing with critical infrastructure should develop medium to long-term fallback scenarios with resilient supply chains.

## 2. Strengthen cyber security in companies

The rapid shift of work to the home office led to additional threats caused by cyber-attacks such as phishing and spam. It is therefore necessary to carry out continuous assessments in order to identify and ward off attacks at an early stage. To meet the increased requirements, the appropriate IT infrastructure and a suitable cyber security architecture are required. Since 90% of successful attacks are caused by human error, it is also important to be aware of the short-term necessity to improve the skills of employees through internal information campaigns and training.







Focus area:

# Infrastructure

**Current measures to contain the pandemic are proving effective. A major challenge now is to make public and private infrastructure widely crisis resistant. Supply-oriented critical infrastructure such as the energy and water, food and transport industries are functioning at a satisfactory level. Moreover, Malta's Information and Communication Technology infrastructure has responded extremely well to the sudden increase in network traffic, mainly due to the increase in remote working. Unfortunately the number of cyber-attacks globally has also increase, and the awareness of authorities and companies should have, at least, been increased.**

Due to the early preparatory measures, to date, the Maltese health care system has demonstrated it is robust. The number of isolation beds in hospitals have been increased, to enable the isolation of positive cases. These were created in non-clinical areas at Mater Dei hospital, within private medical facilities (Gozo General Hospital and St. Thomas Hospital) and within other state-owned health facilities (Boffa Hospital) which have been vacated for this purpose. Furthermore, measures have been adopted at Mater Dei to duplicate its emergency room facilities to cater for COVID-19 and non-COVID-19 persons separately with the aim of decreasing contagion between patients. There is also currently no reported immediate shortage of PPEs for use both in the testing hubs and also within medical facilities.

At the same time, official measures and staff shortages to focus resources where they are most needed had to be accepted by providers and patients, e.g. postponement of elective surgeries and elective outpatient appointments. This will almost certainly

result in a long-term deterioration in the overall health and mortality rate in the country. Health services have also been curtailed in the private sector hospitals and clinics, which if sustained could also worsen their financial situation and that of health care providers. In this regard, however, doctors and other health care professionals in the private sector currently without an income or with reduced income are being offered temporary employment in the public sector. Special attention must now be paid to the further protection of these and all other sectors critical to the system, especially during the phase of gradual return to normality. In this context, particular attention must be paid to two essential fields of action: (1) Flexible overarching capacity management in public (and private) infrastructure provision, as demand for health, transport or utility services will react according to dynamically adapted constraints. At the same time, (2) testing, control and hygiene measures are to be installed on a large scale in public areas and companies, in a coordinated and harmonised manner.



## 1. Intelligent management of capacities in close cooperation between Government and industry

For any kind of infrastructure, the country must set new standards on an epidemiological basis. This can initially lead to further restrictions and bottlenecks (e.g. access restrictions adapted to the time of day at traffic junctions, at public authorities, in retail trade or in production facilities). At the same time this results in a need to manage demand. One can think here of the demand for certain (Corona independent) health services. The consideration of risk groups and infection levels requires a complex interlocking of restrictions and target group-specific measures. It is up to the government to manage these capacities accordingly. It is best to closely involve business representatives as well to set upsteering committees that are responsible for decisions and have access to detailed real-time information.

This includes, among other things, the retention of the now established central intensive care bed register, which has increased from around 20 to 100. As from this week non-COVID healthcare services are now being restored and presumably some of these beds will need to be returned.

Other measures such as the supply of a prefabricated hospital to further increase ITU bed capacity within the hospital grounds is being considered by Government. Whilst our containment management of the first wave has been successful in reducing the transmission rate, any decision to proceed with further investment for the prefabricated hospital will need to be taken in the context of being prepared for a second (or more) wave of the pandemic, keeping in mind there is no guarantee when a vaccine will be available, if at all.

A higher demand for infrastructure services then goes hand in hand with corresponding mitigating measures or the addition of other infrastructure capacities, e.g. control systems for passengers or customers, opening up of additional supply units or the spatial division of certain groups of people in buildings.

In principle, it is necessary to examine the infrastructural, material and personnel security reserves for disaster situations. Overall, the required level of quickly mobilisable capacities needs to be adjusted and the coordinated management of resources is to be practised.

## 2. Develop and promote alternatives that level out central infrastructure services

In 2013, the Ministry for Transport and Infrastructure (MTIP) and Transport Malta (TM) came together to set up the Malta National Electromobility Platform (MNEP); a multi-stakeholder committee formed to introduce and roll out electromobility in Malta. To date, the MNEP have successfully introduced several initiatives within the Maltese market. These include alternative modes of transport such as e-scooters, e-motorcycles, shared bicycles and car sharing facilities. All of these allow for alternative means of transport in order to meet peaks in demand for transport infrastructure and to avoid capacity restrictions. The further investment into the infrastructure necessary to increase the use of these modes of transport is recommended.

In the healthcare system, on the other hand, far-reaching opportunities arise from digitally supported doctor-patient communication in the form of tele-consultation hours. Throughout the past weeks, many private GPs have shifted towards using telemedicine and

providing telephone consultations and they have been supported in their decisions by the Medical Council. The introduction of electronic prescriptions and electronic submission of sickness certification have supported these practices. This practice for prescribing medication or telemonitoring chronic diseases (beyond COVID-19) outside the usual, sometimes rigid structures, which could be of great benefit even moving forward should be retained and further expanded.

At the same time, it has become apparent in recent weeks that structural-technical adjustments in clinics and doctors' practices can quickly provide relaxation and better the safety of medical staff (e.g. decoupling/separating individual wards or residential areas in nursing homes, etc.). In addition, Government is increasingly investing in the procurement of essential equipment, pharmaceuticals and medical technology for hospitals. Considering the rapidly declining cargo handling (due to transport restrictions and international buyer competition), the functioning of supply chains needs to be maintained through tactical local supply where possible, logistics and production networks for all sectors, graded according to criticality.



### 3. Establish test and control infrastructure on a broad scale

For the sustainable containment of the pandemic, it is imperative to create a testing infrastructure that quickly identifies, isolates and monitors infected and suspected cases. To date, Malta has carried out amongst the highest number of tests per capita worldwide. However, further scaling up of testing in Malta will contribute to the mitigation of a second wave of COVID-19 cases following the easing of restrictions. For example, Luxembourg, a country with similar population size to Malta, has set the ambitious goal of testing its entire population for COVID-19 commencing this month.

Malta has, to date, set up four testing hubs. For testing to be increased, more easily accessible test centres in public places, such as schools, shopping areas, village centres, pharmacies, health centres, office hubs or in front of production facilities, are best suited for this purpose. In addition to the availability of tests, the required health care professionals, and PPE to carry out the tests, this may also require increased capacity in laboratories. The rapid application of COVID-19 antibody-based tests to find out who is already immune to the virus is important and will inevitably facilitate matters.

This must also be done independently of self-test kits. Digital applications, on a voluntary basis, as well as networked notification systems can help to identify infected and contact persons and thus relieve the burden on health authorities, e.g. through app and Bluetooth-based “real-time” notification systems. There are increasingly a number of apps coming onto the market to support contact tracing. PwC is also a key player in this space. These contact tracing apps are primarily aimed for business enterprises, hospitals, university campuses and other organisations that bring large groups of people together. As part of office policy, all staff would be obliged to wear/carry bluetooth tokens that would scan and record information on other tokens in their proximity. The platform then aggregates this data. If a suspected case occurs, the platform can then immediately analyse and identify the people at risk, and take action immediately and automatically. More importantly such data, which is GDPR compliant, would feed data into a national health management platform and thereby augment contact tracing monitoring.

Moreover, quarantine centres or hotels can be set up and, depending on the risk group, graded protective measures can be maintained, e.g. exit restrictions, if necessary supported with app-based location monitoring.

### 4. Establish protection and hygiene measures in public spaces

In order to prevent a new outbreak of the pandemic, a standard in sanitary and hygiene equipment, similar to that in Asia, is necessary. This means, for example, that protective masks and hand disinfectants must be available in schools, buses, bus stops, offices, supermarkets, building entrances, elevators, etc. Where the proportion of risk groups is high, additional preventive measures are essential.

This also includes, for example, public infrastructure that can be disinfected with the help of cleaning robots or ultra-violet light. This also includes special arrangements for nursing homes, including designated teams that carry out infection and temperature controls and are responsible for COVID-19 management. At the same time, such testing, hygiene and control measures reduce uncertainty among the population and create confidence.



Focus area:

# Society and Living Together

**Current measures to fight the epidemic are associated with the severe restriction of freedom, e.g. reduced freedom of movement, contact bans, closure of businesses, banning of events, etc. Corresponding Government guidelines have been adopted for this purpose, which are being dynamically adapted.**

It would be naïve to believe that after weeks of intensive restrictions, there is a possibility of returning to a pre-pandemic life in the short term. The danger of a “relapse” and the possibility of a “second wave” will continue to impact our daily lives, until a vaccine is available. The great challenge is to balance effective controls and far-reaching interference with personal rights. Collateral damage can be caused by restrictions that exist for too long, such as polarisation of society, the feeling of being “patronised”, a possible increase in domestic violence, psychological problems, loneliness and existential fears. All of these are true to all citizens, but especially present among people who are employed in critical sectors. Although Malta has built a strong ecosystem within diversified industries which can lessen disruptive shocks, considerable efforts are needed to overcome the crisis. This will only work if all societal stakeholders including government agencies, companies, associations and society at large work together.





## 1. Promote pandemic-resistant cohabitation

A number of restrictions will continue to shape our coexistence for a while, and public life will continue to be accompanied by protective measures in the foreseeable future. All measures must be designed to provide special protection for risk groups. These may include: (1) Adaptations in public spaces to ensure minimum distances, e.g. distance markings on public benches, the wearing of face masks and the availability of disinfection facilities. Socialising within groups whether it be at ones home, in public or at a social event should continue to be restricted, as social distancing measures should be prolonged till deemed necessary. (2) Campaigns on the need for physical distance, strict hygiene measures, hygienically sensitive behaviour and self-quarantine in case of symptoms (in agreement with measures taken by employers) need to be enhanced. (3) Failure to comply with social distance requirements must continue to be stringently sanctioned and backed up by appropriate legal specifications and clear communication. An example of this is that it is to be expected that it will take months before meetings in larger groups are possible again. This can be compensated by a gradual increase in customer traffic, which can be made possible again in compliance with the strict hygiene and distance regulations - e.g. in restaurants, bars and retail outlets. (4) A higher degree of social acceptance of the new rules of living together is needed. Communication must be public, transparent and honest and

must be aimed at balancing out the crisis awareness, compliance with measures and social cohesion. At the same time, it is necessary to appeal to the responsibility of each individual. This is best done through public announcements, not only via the classic mediums and social media, but also in public places such as bus stops or in a targeted manner via digital applications. (5) Associations, charitable institutions and non-profit organisations that promote social cohesion and stability in a variety of ways should also receive significant public and financial support, and the dissemination of these offers of assistance should be accompanied by communication wherever possible. This also includes repeated and clearly communicated appreciation and respect for all employees in the health and care sectors.

## 2. Ease restrictions step by step in a controlled manner

For the gradual normalisation of everyday life, a coordinated and controlled step-by-step plan is absolutely necessary. This plan must take the further development of the pandemic into account and be combined with appropriate health policy measures. At the same time, a continuous analysis should be made of how the changes affect infections and, if necessary, adjustments should be made. The knowledge garnered throughout this process must serve to better counter a future wave of pandemics.

## 3. Reimagining the workplace

As countries and cities around the world are looking to reopen their economies, businesses are starting to envision how a return to the office will work. In light of prospects of a potential second wave of the virus spread, businesses in Malta need to be thoughtful and meticulous in how to facilitate this transition. This may involve deep cleaning facilities and reconfiguring floor layouts, as well as establishing health and safety processes and policies. Other things to consider may be, staggering work schedules, scanning temperatures upon entrance and exit, limiting lift occupancy and implementing a contact tracing tool that could help businesses quickly identify those co-workers whom an infected employee has encountered at the office, to allow for appropriate measures to be taken in real time, limiting further spread.

## 4. Strengthening transparency in daily cohabitation

According to current expert opinion, there is no way around collecting and evaluating digital information to further contain infections and control measures. It is therefore important to develop and distribute smartphone apps, which calculate the risk of infection and send out appropriate warnings. The benefits of these apps should be made available to citizens from as many sides as possible (Government, health associations, companies, etc.), preferably by means of concerted and coordinated campaigns that reach different target and age groups.

As provided for in the Pan-European Privacy-Preserving Proximity Tracing (PEPP-PT) standard, a data protection-compliant means of warning

of infections is needed, without this leading to undesirable social discrimination. In this way, voluntary measures for self-quarantine can be initiated at an early stage. Generally accepted and scientifically recognised risk classifications (including the voluntary notification of symptoms as launched recently) make the volume of testing more manageable in spite of limited capacities. An application should, in addition to such "real-time" messages, also display access to test capacities. Building on this, it is necessary under strict data protection conditions to provide the possibility to digitally evaluate anonymised test results and voluntarily donated data, or have them evaluated, for citizens, authorities and the research community.

Transparent infection and immunisation rates and other health and movement data, can make a decisive contribution to combating the crisis. Citizens should be made aware that these measures are important and need their support. This is particularly true for risk groups, as they are especially endangered in the event of infection.

Special importance is also attached to targeted, site-specific information. They enable the possibility of sending out warnings as soon as an accumulation of people has reached a critical point. The important thing here is to communicate it to the citizens as an aid and as a measure for their own protection, thus promoting social acceptance as they can be depicted in conformity with data protection regulations and do not encroach on the privacy of citizens. This can't be emphasised often enough. To ensure that citizens accept such apps as quickly as possible, it would seem sensible to develop several variations that appeal to different target groups, but which can exchange information by means of a uniform data standard, not least at European level.





Focus area:

# Education

From daycare centers to higher education institutions, currently all educational institutions in Malta have suspended regular operation. The care of the approximately 57 thousand children under 16 years of age is mainly taken care of by their parents. Online teaching is being offered on a voluntary basis by teachers, and when in place, ranges from a few hours per day to the length of a traditional school day. Others are limited to sending teaching material by e-mail and students returning the completed tasks to the teachers later. The impact of this leads to parents' absence from work, severe psychological stress, and the risk of (early) child development issues. This is further increased by differences between households and environments in which children live in. The current situation highlights the need for standard digitalisation within education in order to provide a unified alternative form of education. The digital landscape is currently disordered. It consists of various school clouds, software solutions and licenses and very different hardware equipment. This makes it difficult to switch to digital learning offerings. Moreover, teachers are often not sufficiently trained for digital teaching. Supervision and IT support often rest on the shoulders of volunteering teachers and that of the students' parents. The range and quality of digital teaching often varies from subject to subject, from teacher to teacher. The longer the current restrictions last, the more the gap between different educational institutions grows.





## 1. Reopening of schools in the summer months

Although all schools have been closed for the duration of the year, parents await news on if daycare centers and summer schools will be open for the summer months. Although 'the new normal' may consist of a hybrid between working from an office or work location, coupled with working from home, the facilitation of child care continues to be a concern for parents throughout the Maltese Islands.

Yet, although the reopening of schools will be a great relief for parents, it is paramount to ensure that appropriate protective measures are taken by educators and that people with risk potential are not exposed for the time being.

## 2. Expand remote schooling and online formats suitable and available on short notice

The current crisis has revealed how Malta needs a massive push when it comes to offering digital learning alternatives within the education sector. Last week the Education Ministry launched a website offering over one thousand lessons from kindergarten to secondary level. The lessons are designed to compliment the online learning in progress due to the school closures. They are to be offered in every subject in line with the national syllabi. This initiative is a key step in the right direction. Yet, more needs to be done for our education sector to become truly digital.

Schools must be equipped with the necessary infrastructure for remote teaching as soon as possible.

The aim is to introduce software solutions that are as uniform as possible, with mature digital learning platforms/school clouds and to provide sufficient server capacities. There needs to be joint cooperation with the providers of e-learning platforms and software providers in order to skill teachers in digital teaching in a timely and targeted manner, e.g. in online training courses. To make it possible to teach an entire class virtually, it takes more than standard internet skills. It also requires finding practicable solutions for data protection regulations, so that a balance is found between sensible digital teaching and an appropriate level of data protection. IT support needs to be also widely available. Teaching staff can no longer be left alone with this task. What is also required is a pool of digital learning materials that is available nationwide, to which all schools have access to. Formats for taking examinations as well as participation/performance records are to be further developed. A support fund should be set up for the acquisition of internet-compatible equipment (e.g. laptops or tablets suitable for homeschooling) for pupils from socially disadvantaged families. This has been a big wake-up call not only locally, but globally in regards to the need for a universal digital solution within the education sector. Here, in light of the necessity, the overdue modernisation should be undertaken as quickly as possible.

## 3. Develop a corona concept for educational institutions

As we are not aware how long this crisis will last, a stringent and plausible concept is needed to restart schools in a safe and controlled manner. Initially, the operation of online and face-to-face teaching could take place in parallel and in waves, in order to ensure the necessary IT infrastructure is set up. Children in need of daycare should have priority in regards to face-to-face teaching. For this purpose, a detailed protection concept must be designed. Different elements should be the focus of attention: classes and groups must become smaller. This can be done by dividing classes, extending the teaching hours to the afternoons and possibly also to Saturdays. Room concepts for reduced seating, room dividers between the seats and staggered break times are also necessary. Hygiene equipment must also be adapted, including dispensers for hand disinfection at entrances. Checking the children's temperature when entering the school is an option worth considering (as practiced in Taiwan). In order to guarantee the distance rules in school buses, it is necessary to organise additional transport capacity, e.g. by using coaches previously used for tourism purposes that are not currently needed or by staggering the start of school.

The safety of teachers, some of whom belong to the at-risk groups, must also be taken into consideration. Education institutions must prepare themselves for the fact that some students, as well as the teacher, cannot be physically present possibly due to the need to be quarantined or as a result of a predisposed condition. Therefore, a hybrid concept of presence and virtual formats is needed. Higher education institutions in particular need to cope with higher streaming and data volumes. For all of this, our educational institutions need a short-term and accelerated push for digitalisation, for which sufficient funds must be made available.

## 4. Upskill the workforce to address COVID-19 changes to the business landscape

COVID-19 has changed the businesses landscape in which we operate in, and as such we need to be developing new ways of working. Within the short term, businesses have been struggling to: maintain critical operations, sustain productive outputs throughout their organisations and utilise excess labour capacity outside of their critical operations. As a result, organisations are incurring higher costs than they would have been if they had invested more in a digitally-enabled infrastructure. As such, in order to ensure they continue to operate productively, organisations need to invest in upskilling their staff. Whether it be to facilitate new ways of working or to develop new skills to maximise the value of every employee.

Furthermore, there is also the need to upskill those previously employed in critical sectors in order to seek employment in a less affected sector. Although the impact on unemployment has so far been limited through Government measures, it is projected that this situation will worsen.

It is therefore recommended that Government should introduce measures for funding such employees to be upskilled or to support businesses who may be in financial difficulty to upskill their employees. Government may choose to make use of EU funding or to use national funds to upskill the workforce. In the latter case, national funds would be used rather than funds being disbursed in the form of unemployment benefits, as an appropriately skilled workforce will continue to strengthen the Maltese economy



# Conclusion

COVID-19 calls for vigorous action to protect the health of the population in the best way possible. At the same time, the current considerable restrictions on fundamental rights and the massive cuts in social and economic life must be kept to a minimum. How this can be done and where to start best is something for which we have put forward a long series of (individual) proposals, each of which carries varying degrees of weight in terms of its effect, but all of which are important for an overall approach. We highlight 10 measures from the five fields of action as priority first steps. We assume that this will be done in stages and coordinated across the Maltese islands.

1

## Secure liquidity:

Companies in distress should continue to be provided with uncomplicated funding. Apart from increasing the state guarantees for state bank loans to 100%, instruments that temporarily reduce or defer taxes and charges are particularly suitable for this purpose. (Economy and Finance)

2

## Assess and extend financial support to impacted sectors:

In easing the containment restrictions and restarting the economy not all sectors will benefit equally. Government should conduct another sectoral impact assessment and extend financial support accordingly. (Economy and Finance)

3

## Expedite freedom of movement to enable tourism corridors:

Our island economy is heavily dependent on cross border passenger flows. In the short to medium term, bi-lateral agreements with other countries and/or regions with similar testing strategies and low transmission rates may be introduced, to create tourism corridors. (International Affairs and Security)

4

## Support international trade chains:

To rebuild confidence and to revive global supply chains, export guarantee schemes should be extended and border controls with countries with similar testing strategies should be phased out gradually. (International Affairs and Security)

5

## Adapt infrastructure to the Corona crisis:

Government must provide guidelines for any kind of infrastructure, taking into account epidemiological requirements. Same applies to park benches as well as bus stops, retail outlets and restaurants. A steering committee should be set up, which can access detailed real-time information for their decisions. (Infrastructure)

6

## Relieve existing infrastructure:

Where possible, existing infrastructure should be relieved by alternative (digital) models. The following may be considered: e-scooters and e-motorcycles to reduce traffic, the introduction of telemedicine within the health sector and new delivery networks to improve logistics. The country should create incentives for this. (Infrastructure)

7

## Adjustments of public spaces:

As the pandemic is far from over, we will have to live with in what will be considered 'the new normal'. To keep restrictions simple and clear in everyday life, the public space should be adapted in a highly visible way, for example through distance markings in public transport and on public benches. (Society and Living Together)

8

## Use of apps:

To further contain the pandemic, supporting digital information is needed e.g. about new hotspots, contact persons and infection paths. Therefore, it is crucial to bring tested and internationally usable apps to the market and to convince citizens of its benefits. (Society and Living Together)

9

## Upgrade educational institutions digitally:

The Corona pandemic clearly shows how urgently schools need a digital push. They need adequate digital teaching and learning materials (software and devices), sufficient server capacities and, professional IT support. Teachers must be prepared for digital teaching through appropriate training. (Education)

10

## Upskill the workforce:

Whilst digital transformation and the employment landscape in Malta were already requiring investment in upskilling, this has been augmented as a result of COVID-19. Government should introduce measures for funding employees needing to shift job / sectors to adjust to COVID-19 impact to be upskilled or to support businesses who may be in financial difficulty to upskill their employees. (Education)



# Conclusion

It is becoming increasingly clear that there will be no overarching solution for the Corona pandemic. We can't just flip a switch and go back to our old world. The corona virus will remain a global challenge for some time to come and further waves of infection are likely to occur. There is therefore a constant need for action for the foreseeable future, which we must face. In this context, the opportunity should also be taken to further develop international goals such as the 17 Sustainable Development Goals (SDGs) of the United Nations, as they include health and well-being as an important goal.

Even in these dramatic times brought about by the pandemic, the noble side of humanity manifests itself in many facets: in the tireless commitment of doctors and nurses, in the extra shifts of delivery services, in keeping one's distance from one's friends and family, in consideration for one's neighbours - and all the other small and large gestures of togetherness. It is in this spirit and with this strength that the restart can also succeed; thoughtful but energetic.

**Let's go for it!**



**Ryan Sciberras**

*Partner Business Restructuring Services*

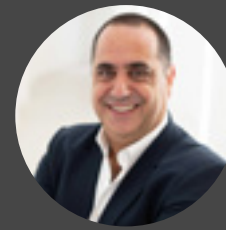
[ryan.sciberras@pwc.com](mailto:ryan.sciberras@pwc.com)



**Michel Ganado**

*Partner - Consulting*

[michel.ganado@pwc.com](mailto:michel.ganado@pwc.com)



**David Ferry**

*Partner - Government Incentives*

[david.ferry@pwc.com](mailto:david.ferry@pwc.com)



**Mark Lautier**

*Partner - Employment & Business*

[mark.lautier@pwc.com](mailto:mark.lautier@pwc.com)



**Angelique Spina**

*Senior Manager, Advisory Deals*

[angelique.spina@pwc.com](mailto:angelique.spina@pwc.com)



**Claudine Attard**

*Senior Manager, Advisory*

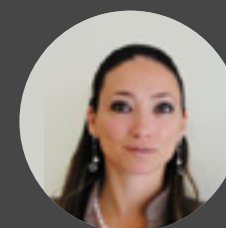
[claudine.attard@pwc.com](mailto:claudine.attard@pwc.com)



**Victoria Muscat**

*Senior Manager, Tax*

[victoria.muscat@pwc.com](mailto:victoria.muscat@pwc.com)



**Berta Pisani Bencini**

*Senior Manager, Tax*

[berta.pisani.bencini@pwc.com](mailto:berta.pisani.bencini@pwc.com)

# Contacts





Follow us on:

