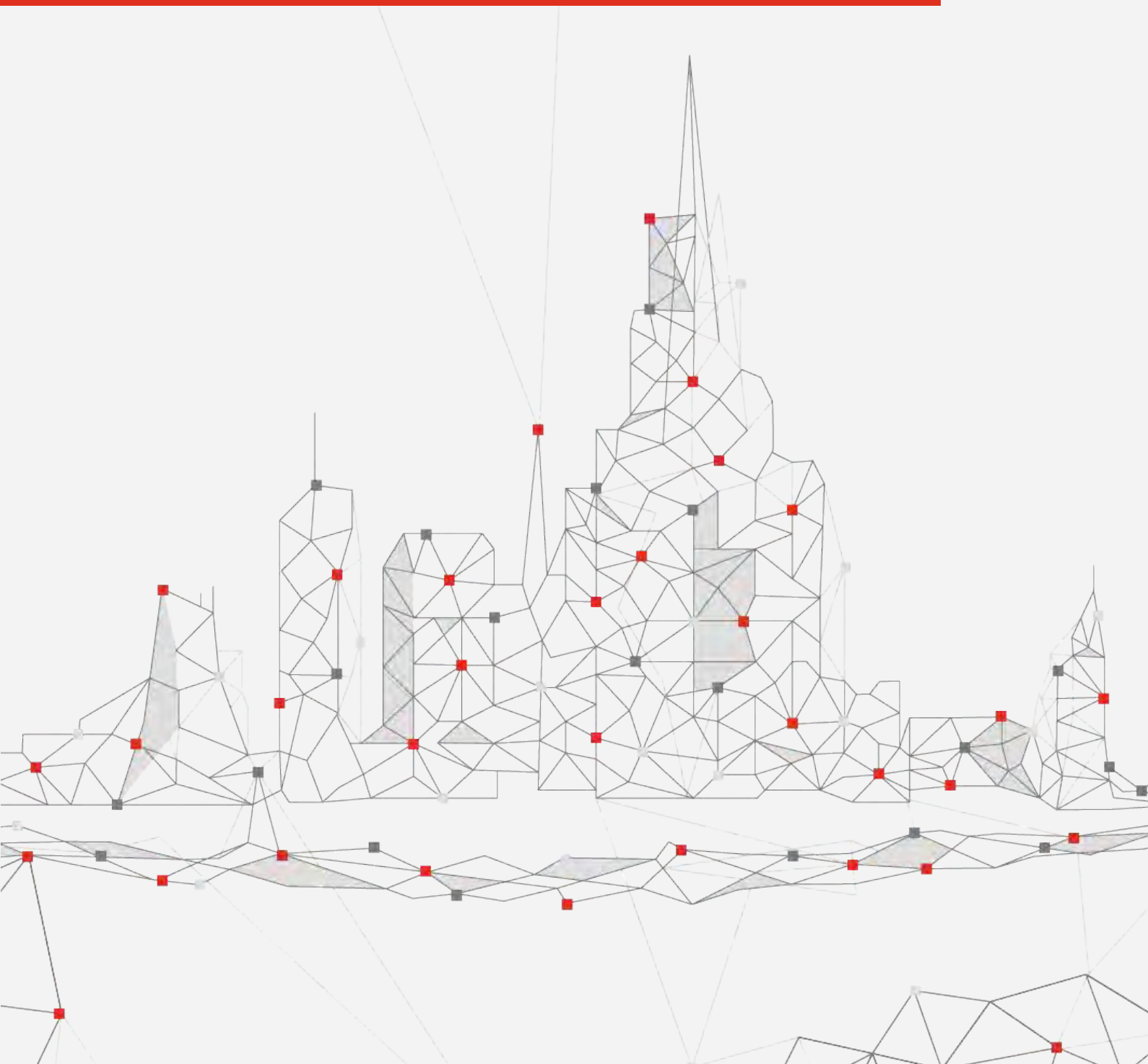


Restart Malaysia

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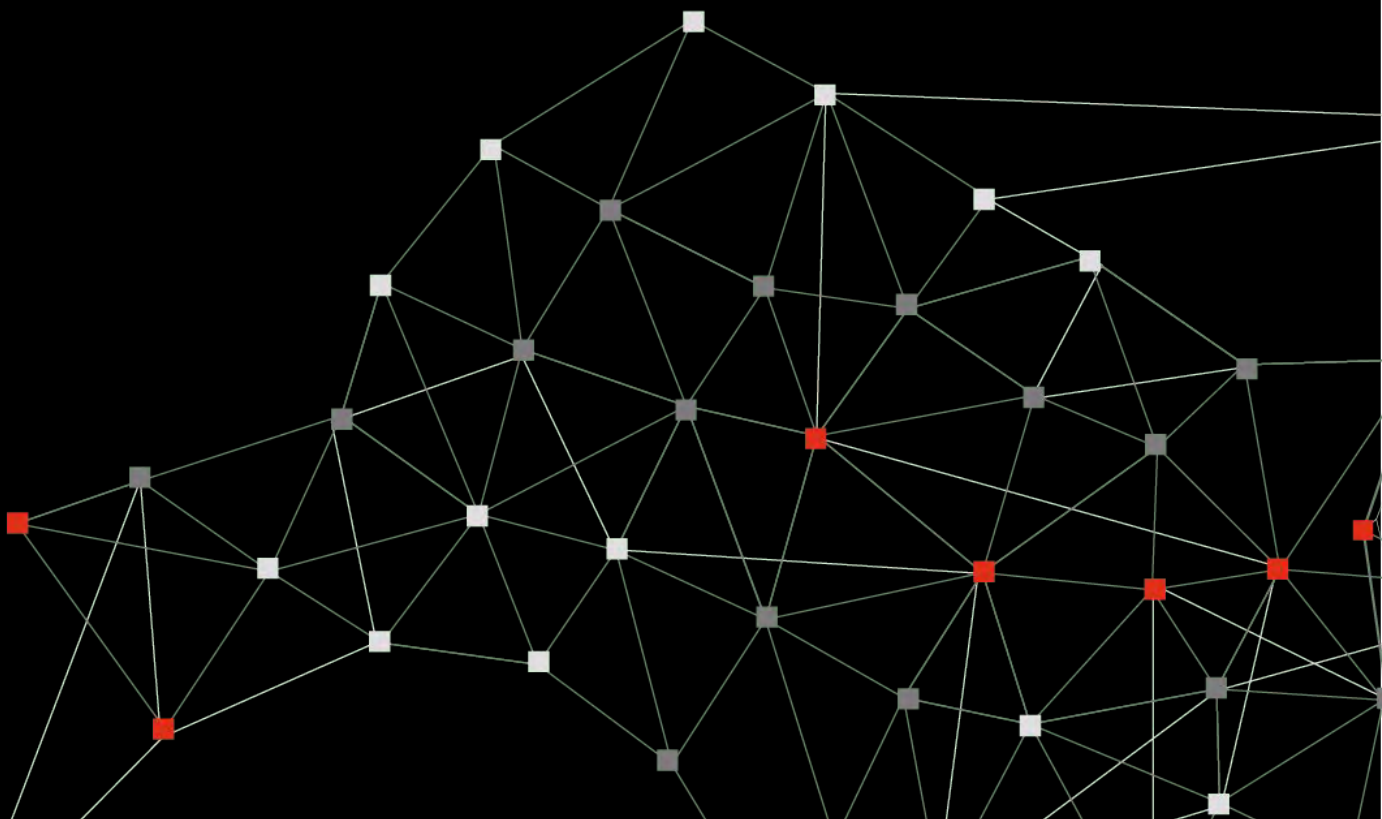


“

There have been as many plagues as wars in history. Yet always plagues and wars take people equally by surprise.

”

The Plague, a novel by Albert Camus



Executive summary

The COVID-19 outbreak is not only a threat to people's lives and safety. It has also adversely affected the Malaysian economy, businesses and people's livelihoods. As Malaysia emerges from its Movement Control Order (MCO) with the gradual easing of restrictions, the questions on most business leaders' minds are how they can restart Malaysia and what they can do to restore businesses and protect jobs.

The government has made some commendable efforts to protect public health and the economic wellbeing of its people as part of efforts to flatten the curve of the pandemic. However, more needs to be done beyond short term measures, in addressing the medium and longer term implications of COVID-19 to the nation. This is where businesses can play a role not only in providing feedback or advice but also working with the government to get the country back on its feet.

Building trust is a key step. People, businesses and public authorities need to have the confidence and trust that recovery is achievable through collaboration, information and communication. COVID-19 is an unprecedented crisis, with no past experiences to guide us.

Hence, it will require firstly, a collaborative effort from various stakeholders (public authorities, businesses and people) to find a way for the country to recover. A siloed way of operating will not work. Secondly, there is a need for real time data and information so that all parties can make informed decisions. It also helps to learn from the experiences of other countries. Thirdly, clear communication is needed to allow stakeholders to understand each other's concerns, including the difficult decisions that need to be made and carried out efficiently.

This publication aims to help set the direction for this collaborative effort, emphasising the need to start with the end in mind. These end goals include saving and rebuilding our lives, jobs and businesses. Underlying this would be the following priorities, which are addressed in the different sections of this publication:

- **Economy and finance**
- **International affairs and security**
- **Infrastructure**
- **Society and living together**
- **Education**



Economy and finance

Fundamental to the economy and finance is the need to restore private consumption and global supply. Private consumption accounted for 59% of the country's GDP in 2019, according to Bank Negara Malaysia (BNM). It is important to rebuild consumer confidence and trust, so that the rakyat will feel safe to venture out of their homes and spend money. This includes making testing kits widely and freely available on top of contact tracing and isolation of infected individuals.

Both the government and the business community need to work together to realise these priorities.

Priorities - Government	Priorities – Business community
<ol style="list-style-type: none">1. Increased and easy access to liquidity for companies that are in distress or are facing cash flow issues2. Reassess regulations to provide a safe harbour for companies with liquidity issues3. Rebuild consumer confidence and trust4. Guide companies to find their way towards (crisis) operations as quickly as possible5. Establish top-down situational awareness for the recovery of the Malaysian economy6. Reskill and upskill the workforce7. Equip the unemployed8. Targeted stimulation of the demand side through government-directed initiatives and programmes9. Rapidly expand digital solutions for the interface between administration and business10. Measures to prevent working from home (WFH) arrangements from being a hindrance11. Revisit government pump priming plan given limited resources	<ol style="list-style-type: none">1. Prepare supply chains and supplier portfolio for restart2. Establish occupational health and safety measures in companies and create inhouse medical structures3. Strengthen internal crisis communications within the company and expand digital cooperation4. Rethink and adapt the “modus operandi” for working together and interacting with customers5. Maintain and strengthen customer loyalty through confidence-building measures6. Establish more cashless / contactless payments in gastronomy, retail and transport7. Create incentives for flexible contractual and working time models8. Establish flexible childcare options9. Invest in continuous upskilling and reskilling of current workforce

International affairs and security

On the global supply front, there is a need to cooperate in terms of international affairs and security as the Malaysian economy relies heavily on exports, accounting for 64% of the country's GDP in 2019, according to BNM. Among the priorities:

Priorities - Government	Priorities – Business community
<ol style="list-style-type: none">1. Support the ramp-up of international and regional trade financially and administratively2. Strengthen ASEAN integration in critical areas3. Strengthen national cyber security capacities4. Leverage the ASEAN network to improve disaster control and civil protection5. Set visible signs of international solidarity in alliances and for developing countries	<ol style="list-style-type: none">1. Reduce default risks along international value chains2. Strengthen cyber security in companies

Infrastructure

With current measures to contain the pandemic underway, the challenge now is to make public and private infrastructure crisis-resistant for the future. Among the measures that need to be taken into consideration are:

Priorities

1. Intelligent management of capacities in close cooperation between government and industry
2. Develop and promote alternatives to relook 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
5. Invest in faster broadband and mobile coverage

Society and living together

Despite the opening of the economy, we still need to remain vigilant as there is a possible threat of a new wave. To safeguard society, we will need to:

Priorities

1. Promote pandemic-resistant cohabitation
2. Ease restrictions step-by-step in a consistent and controlled manner
3. Strengthen transparency and sharing of information

Education

The delayed opening of schools and education institutions could hamper opportunities for growth and development. This may also result in stress among both students and teachers as they grapple to complete the education syllabus. Ramping up the education system quickly will be important.

The following measures are crucial:

Priorities

1. Reopen schools in stages - start with pre-school facilities, primary and lower secondary schools
2. Expand remote schooling and online formats that can be made available at short notice
3. Develop proper safeguards for educational institutions
4. Adopt a uniform concept to support students sitting for exams and finishing their studies
5. Enhance expansion of web-based trainings to replace physical teaching

In conclusion, perhaps there are no overarching solutions for the COVID-19 pandemic. What's certain is we can't just flip a switch and go back to our old ways of doing things. COVID-19 will remain a global challenge for some time to come, and further waves of infection may be likely to occur in Malaysia if mitigation measures are not implemented and observed adequately.

Nothing tests trust quite like a pandemic. People and businesses are relying more than ever on the government to continue safeguarding their health and rebuild the economy. Which means it's crucial on all fronts, to strengthen trust through cooperation, sharing of information and understanding.

It is only when we work together through a phased and coordinated approach between the various parties involved that we can effectively address the issues posed by COVID-19.

Beginning of the restart journey

The COVID-19 pandemic presents us with challenges that are largely uncharted. Almost all countries in the world have shut down their economies to halt the spread of the virus.

Malaysia, too, has taken strict measures and imposed social distancing, which fortunately is showing results, with a flattening curve, and the recent implementation of the Conditional Movement Control Order (CMCO) that comes with a gradual easing of restrictions.

After weeks of restrictions under the earlier Movement Control Order (introduced in mid March 2020), several pertinent questions on how to move forward as a country are worth considering as it gradually opens up:

- When will the country fully start up again?
- How can we revive the economy?
- Should more public life be allowed, or should we still wait?
- How can all this be achieved without triggering a second wave of the pandemic?

The answers to these questions involve some difficult considerations. This emphasises the need for Malaysia's "reanimation" to be carried out with caution, in order to earn the trust of the people. It needs to be well reflected and prepared. The top priority remains protecting the health of the population.

Our aim, through this paper is to contribute to this discussion by making several concrete proposals.

One thing is for sure: the exit must be done in a coordinated fashion and follow a well thought out exit strategy.

For this to happen, several key conditions must be fulfilled:

- The decline of "active cases",
- An adequate number of intensive care beds and sufficient testing capacity
- The availability of digital tools.

These decisions need to be made by the government, who have to take into account various health and socio-economic risks. However, the business sector can and should present its view of the situation. Businesses can provide guidance or feedback on which measures they consider feasible and appropriate.





In this paper, considerations from both "sides" will be presented, which serves one overriding purpose: to manage Malaysia's restart through various aspects of society and the economy.

It is worth looking at other countries, especially those that are already in the controlled exit phase or are 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 these experiences, yet they can provide suggestions for Malaysia.

Countries like China or South Korea for example, have tried to control the spread by intensive testing and isolation, followed by longer term efforts to contain the virus until there is a vaccine (the hammer and dance approach). They rely primarily on individual digital control, especially for contact tracing.

Other countries, such as Sweden or Singapore, initially took a more moderate approach, before realising that this was not enough, prompting them to take more extensive measures. The following table provides an overview of a selection of strategies and measures adopted by other countries.



	Test and tracking strategies	Lockdown procedure and restart measures	Economic and financial affairs
Denmark 	<ul style="list-style-type: none"> • Distribution of self-tests vs. stationary tests based on symptom severity 	<ul style="list-style-type: none"> • Ensured parents can work by opening creches, kindergartens and schools up to grade 5 • Extension of other protective measures by four weeks, e.g. closure of restaurants, theatres, etc. until mid-May 	<ul style="list-style-type: none"> • State compensation up to a limit of 90% of wages
Austria 	<ul style="list-style-type: none"> • Location tracking, based on app, of confirmed infected persons on a voluntary and anonymous basis 	<ul style="list-style-type: none"> • Strict lockdown and exit restrictions, including a ban on interaction with people outside your own household • Face mask requirement and capacity restrictions in supermarkets and public transport 	<ul style="list-style-type: none"> • Bridge financing for tourism related businesses, SMEs and one-man businesses • Time off work, continued payment of salary for special care
South Korea 	<ul style="list-style-type: none"> • High test volumes: approx. 20,000 persons per day in over 600 test centres including contact persons, building visitors 	<ul style="list-style-type: none"> • No lockdown, but comprehensive digital monitoring of location, credit card payments and mobile data • Regular announcements in public space: appeal for social distancing and use of face masks 	<ul style="list-style-type: none"> • Income subsidy to persons in quarantine • Temporary tax reduction for contactless payment transactions
PR China 	<ul style="list-style-type: none"> • High test volumes • Comprehensive smartphone-based tracking and health scoring 	<ul style="list-style-type: none"> • Access restrictions based on health controls • Construction of hospitals and temporary alternatives within a few weeks; separate locations for patient admission depending on symptom severity 	<ul style="list-style-type: none"> • Comprehensive government sector-specific support, especially technology, SMEs • Payment of pandemic-related personnel costs

To avoid further economic losses, the government announced measures to carefully reopen almost all sectors of the economy from 4 May 2020, with strict health-related standard operating procedures in place.

Activities involving body contact will remain closed such as entertainment outlets, night clubs, exhibitions, Ramadan food bazaars, contact sports (e.g. football) and religious mass gatherings. Restaurants can operate but maintaining physical distancing is required.

Schools will remain closed and the mass exodus ahead of the Hari Raya Aidilfitri holidays to hometowns is barred. Meanwhile, efforts will be taken to upgrade the capabilities of public healthcare services to face possible COVID-19 scenarios.

Even as Malaysia moves to open for business, these are unprecedented times. Three questions play a central role in operationalising the reopening of the economy:

- How is the economic sector, including companies, institutions and infrastructure, coping amidst the subdued economic landscape, and what is its impact on society?
- Can protection, hygiene and testing measures be implemented? Can distancing requirements be maintained?
- Is it possible to use digital solutions for contact tracing (COVID-19 apps) without violating data protection and personal rights?



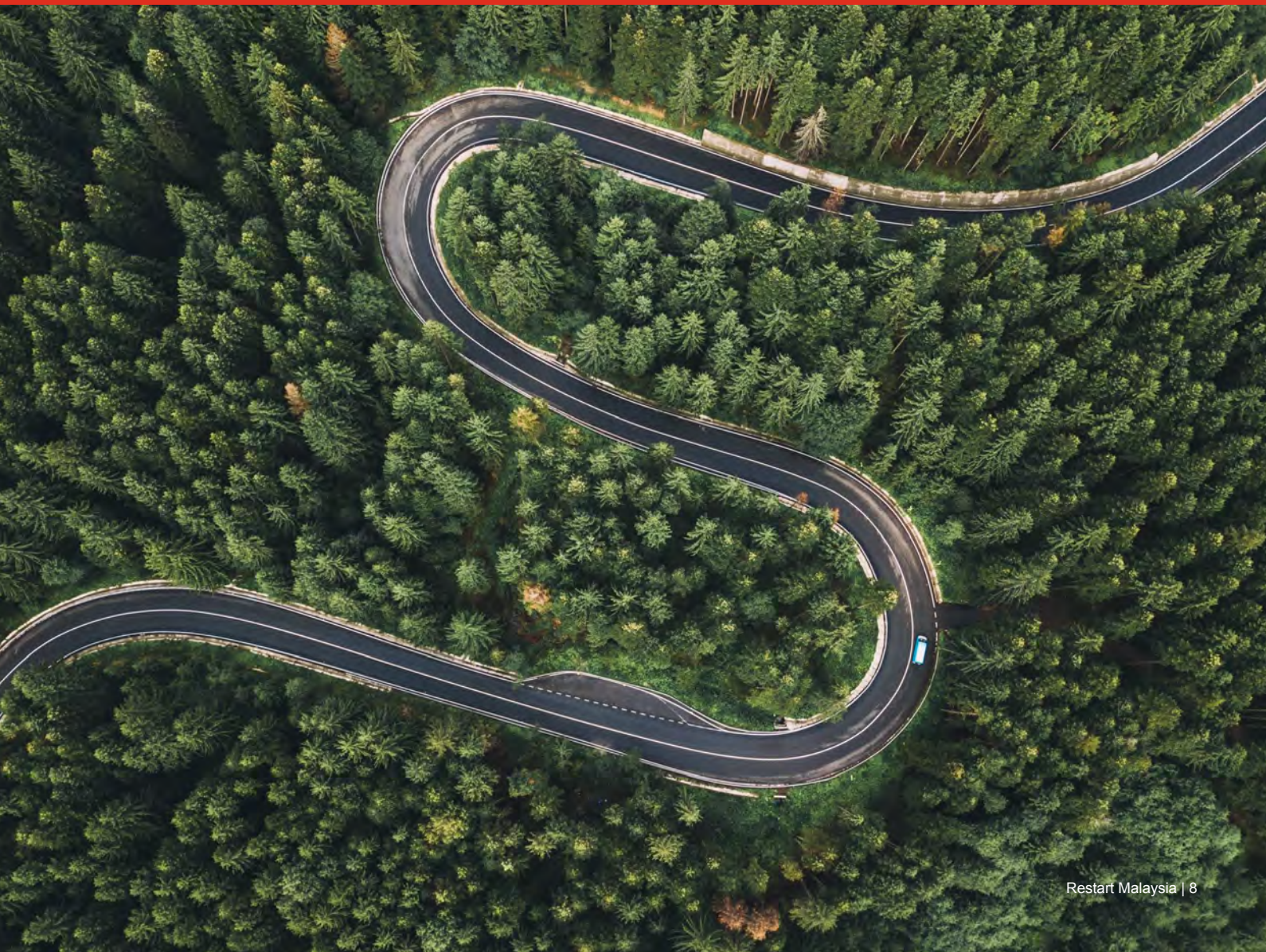
The move taken by the government is a step in the right direction to heal the economy. The next step is to consider easing of restrictions in areas that are not opened such as schools, entertainment, body contact sports and travelling.

Meanwhile, a risk-adapted approach to dynamically adjust the restrictions is recommended to control the spread of COVID-19.

Besides making testing freely and widely available, continued measures are also needed to ensure effective protection and social distancing. In order to facilitate this, clear and uniform guidelines on minimum distances, tests, contact tracing via apps and other precautionary measures are needed as soon as possible.

Decisions on this need to be made by those responsible at federal, state and local government level. We do not want to make predictions on those decisions. However, we hope to provide some recommendations through this paper.

At the end of the day, for Malaysia to restart in an inclusive manner, decisions and measures implemented need to be anchored on building trust in society so that the reopening of Malaysia can be fully embraced by our people.



Economy and Finance

The COVID-19 pandemic has dramatic consequences for the Malaysian economy: GDP is expected to contract 0.2% at its worst or grow 0.5% at its best in 2020, compared to a 4.3% growth in 2019, according to Bank Negara Malaysia (BNM).

Unemployment is likely to rise, as are credit defaults. The outlook ranges from V-scenarios with a relatively rapid recovery to a "long U" with a protracted recession.

The suspended production of goods and services, combined with a slump in demand is not only affecting the manufacturing sector, but other sectors such as long-distance transport, travel agencies, and the hotel and restaurant industry. In view of these circumstances, short term measures must be effective to secure liquidity.

Business groups are also experiencing turbulence, for example: What happens when first-, second- and third-tier suppliers 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? And how do companies handle refinancing with a higher leverage through government-financed credit programmes? Economic dangers are looming, which must be closely monitored and to which we must react quickly.

In the coming months, exports are likely to decline even more sharply than currently forecasted, due to – among other reasons - increasing re-nationalisation of production, borders remaining closed and foreign trade law expected to be tightened up. 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 backdrop, the government needs to 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, there is a need to counter deflationary tendencies resulting from weaker demand due to the increase in short term work and unemployment.



Priorities - Government

1. Increased and easy access to liquidity for companies that are in distress or are facing cash flow issues

The PRIHATIN economic stimulus package outlines various measures to ease the burden of the rakyat affected by the COVID-19 outbreak, especially households and businesses. The measures are intended to provide relief to the rakyat in terms of income assistance. Businesses receive aid in terms of capital funds and cash flow to sustain their businesses and retain their workers.

The Ministry of Finance through LAKSANA (Unit for the Implementation and Coordination of National Agencies on the Economic Stimulus Package) is tasked to monitor that the PRIHATIN package worth RM260 billion will reach the rakyat swiftly. The federal government needs to work with all state governments, in ensuring all assistance provided by the government reaches the targeted group as planned.

It is crucial to ensure red tape and access to funds does not prevent supply-side activity from restarting, otherwise there is a risk that we will face an inflation surge. In particular, there may be supply-side constraints due to disruptions in value chains.

This can be done through digitally supported checking and control routines (e.g. use of eKYC (electronic Know Your Customer) to verify the identity of applicants, and assessing the risks of possible illegal intentions).

This allows the eligibility criteria to be checked transparently and the funds to be allocated to those businesses 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.

It is important that the funds serve as a relief for small and medium-sized enterprises (SMEs) and not for public companies with liquidity or a bailout. In the United States, the government plans to audit relief loans intended for small businesses that were adversely affected by the COVID-19 after news that large companies took funds from the programme sparked outrage.

Furthermore, Government Linked Companies (GLCs) or Government Investment Linked Companies (GLICs) can play a role as champions to coordinate actions and activities to promote economic recovery, especially to provide liquidity to SMEs. One potential role for the champion is to facilitate coordinated public-private efforts so that supply chain finance initiatives can be implemented successfully to provide a significant financing deficit at a reduced overall cost to the economy.

2. Reassess regulations to provide a safe harbour for companies with liquidity issues

Government relief allocations alone will not be sufficient on a broad scale to sustainably support sectors such as retail, gastronomy or tourism as well as people from the lower and middle income groups. Economic recovery and reform plans will be required, in conjunction with potential further legal adjustments.

For example, the United Kingdom (UK) is introducing changes to its insolvency and wrongful trading rules aimed at helping businesses affected by the current crisis to continue to trade through the exceptional circumstances that they currently face. Closer to home, Singapore has drafted a new act called COVID-19 (Temporary Measures) Act while Australia has amended its insolvency rules.

In Malaysia, businesses through their various associations are calling for an urgent enactment of a COVID-19 Act like the UK and Singapore, to address the risk of insolvency and protect companies against collapse. This can be done by reviewing and amending the Insolvency Act or introducing a new temporary act to provide short term relief to business owners.

We also need to take into account the fact that there are still companies with excess taxes paid that have not been refunded, including the goods and services tax (GST). It is critical that the refunds can be done quickly and seamlessly. GST audits can be performed after the refunds have been made. Separately, various companies have asked to be allowed excess corporate income taxes paid against future instalments. This could be permitted immediately.

The rules for group relief could be made less stringent and restrictive. The sharing of tax losses of companies was introduced to encourage entrepreneurs to take risks. It is critical that we invigorate entrepreneurialism, which is a natural strength of Malaysians.

Loss carry back provision could be introduced to allow companies access to immediate liquidity. In this regard, losses from the current year will be allowed to be offset against the immediate preceding year of assessment to reduce the tax liability. It is important that the rules are made easy to be met. This was previously done during the 2009 global financial crisis.

Meanwhile, banks have rapidly provided forbearance on a range of debts and obligations throughout the crisis, including loan moratorium and lower interest rates. This will help to ease asset quality pressures in the financial system in the short term, however, careful and judicious management is necessary to ensure that impaired loans continue to provide new funding for growth.

In addition to shorter term measures, we need to also consider introducing new measures to reinvigorate investments into Malaysia. Digitisation, Industry 4.0 and research and development must be a national priority, and more effective tax incentives should be introduced to encourage both small and large businesses to invest in these areas. Any tax incentives introduced should again be simple and beneficial to businesses, both large and small. We don't want to make the process too complicated or the rules too difficult to comply with which will make it difficult for companies to apply.



3. Rebuild consumer confidence and trust

Based on a survey by the Department of Statistics Malaysia, COVID-19 has put a significant dent on household spending. The survey found that the average monthly household expenditure has fallen 55% from RM6,317 to RM2,813 during the Movement Control Order (MCO).

With private consumption accounting for 59% of the Malaysian GDP in 2019 according to BNM, it is crucial for the government to focus on rebuilding consumer confidence to pre-MCO levels.

As there is no cure for COVID-19, consumers would only go out and spend if they trust the government has taken effective measures to stamp the spread of the virus. They also need to know that there are minimum standards which businesses need to enforce to safeguard consumer safety, for instance at food outlets.

The key to building consumer trust is to make COVID-19 testing widely and freely available, including encouraging employers to ensure that their workers undergo screenings, and to communicate positive cases in a transparent manner. This helps to reassure the people that their health and safety is being taken care of, and they have access to information that they can trust. Without this, we cannot effectively perform contact tracing and mitigate the spread of the virus.

4. Guide companies to find their way towards (crisis) operations as quickly as possible

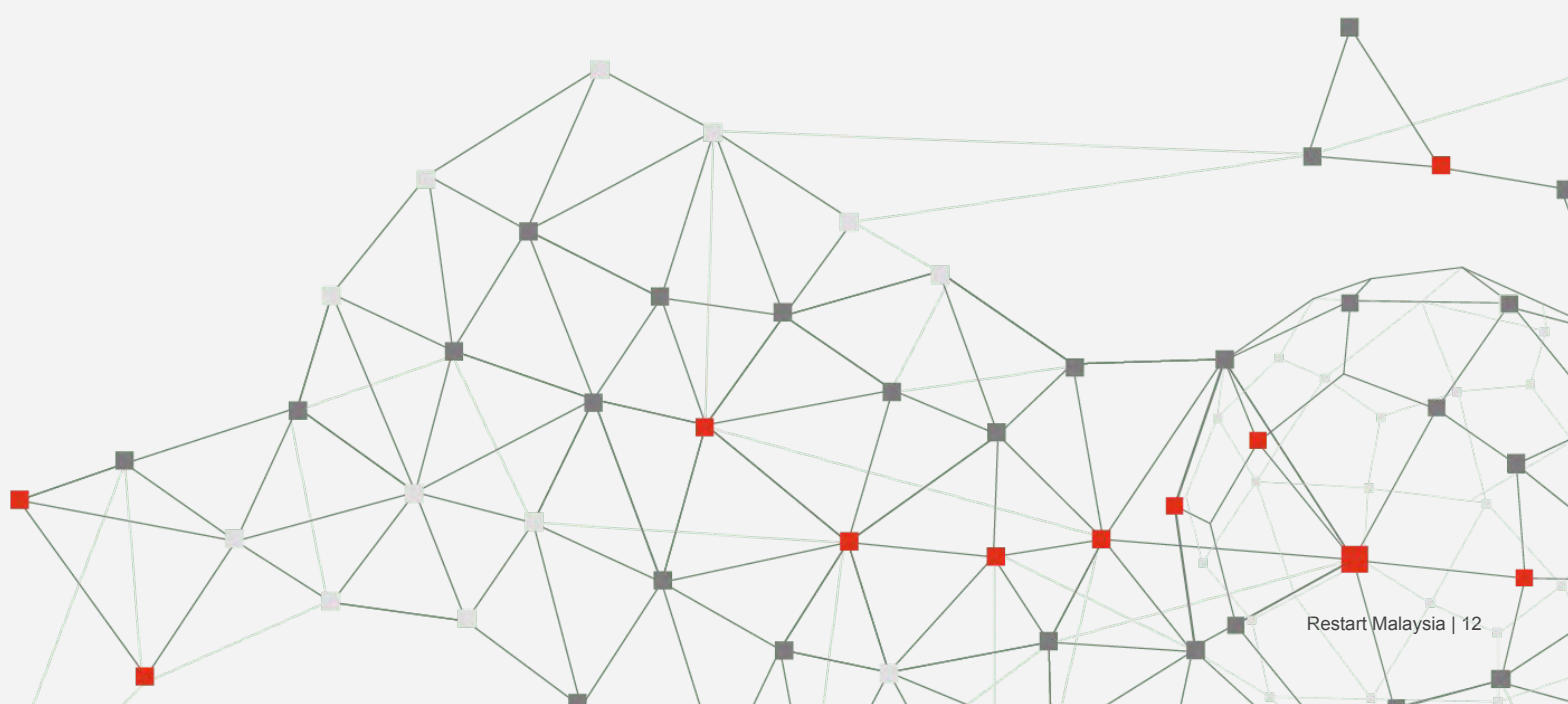
Managing a crisis requires clear guidelines. In order to make the situation as simple as possible for companies, the federal, state and local governments could agree on uniform guidelines. These must cover both occupational health and safety in companies (e.g. protection of risk groups) and requirements for opening business in public areas (e.g. distance regulations, specific opening hours for high risk groups and hygiene regulations, such as the obligation to wear protective masks).

In addition, a timetable for opening the remaining closed activities such as schools, entertainment and travelling need to be planned and shared so that companies and their infrastructural environment can prepare for future adjustments.

This also includes additional checklists for the remaining closed activities from the Ministry of Health (MoH) on how the protection against infection can be effectively guaranteed and how new infections can be dealt with (e.g. reporting to health authorities).

Suitable institutions (health and certification authorities, Klinik Kesihatan, private clinics, etc.) must be mandated at short notice to monitor the measures. To do so, they must be provided with the necessary capacities.

While this will set guidelines for an immediate restart, it is also important to critically question the resilience of every company in order to be properly prepared for the "management of a new wave".



5. Establish top-down situational awareness for the recovery of the Malaysian economy

Measures need to be taken to monitor the opening and recovery of the economy to address conflicting objectives or outcomes that might arise from the various initiatives undertaken.

Only through close monitoring is it possible to react to new problems quickly and with agility.

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. A holistic (digital) assessment of the situation is needed in order to manage the restart of the economy based on such criteria in a comprehensive and orderly manner.

To this end, the Economic Action Council has been established as an immediate step to address economic woes. It comprises leading representatives from government and business, which would accompany the process of restarting transparently in close consultation with government institutions, chambers and associations (leading associations for municipalities, cities and townships; Chambers of Industry and Commerce; other related associations, etc.)

Another area to remain vigilant is the increasing social and wealth gap as the pandemic is exposing a divide in the workforce. For instance; well-compensated, knowledge economy workers may find it easier to be transitioned to remote working, while those in low-paying jobs that can't be done remotely may be facing risks such as income loss or increased exposure to the virus¹.

As the pandemic is pushing for rapid digital adoption in the private sector, this could further drive the divide. New protection measures need to be considered to provide for a more inclusive society as we recover and rebound from the pandemic.

6. Reskill and upskill the workforce

Malaysia needs to reskill its existing workforce as well as the next generation of workers as the country faces a fundamental shift in the skills required of employees. This is where educational institutions can play a role in nation building. Businesses are relying on their digital workforce more than ever in competing for customers.

Further measures need to be put in place, by both the industry and the government, to rapidly develop the skills we need to grow post-pandemic.

Among the critical skill sets to be developed is technical-scientific expertise as well as the application of soft skills and aptitudes (flexibility, sharing, an ability to cope with change)².

The Malaysian workforce needs to be employed, productive and equipped with the right skills if we are to reboot the economy effectively.

¹ strategy + business, 2020, 'COVID-19 could shift our economic focus from growth to distribution'

² PwC, 2020, 'Digital skills - Rethinking education and training in the digital age: Digital skills and new models for learning'

7. Equip the unemployed

Unemployment is top of mind for governments across the world. To address this challenge, the government may need to address workplace reform to keep employers competitive to help them rebound from the crisis, particularly small and medium enterprises. Building a secondary or tertiary education system that can fill skills gaps and assist the unemployed will be crucial.

Measures can also be taken to enhance the Employee Insurance System (EIS), apart from the Wage Subsidy Programme (WSP) that has been introduced. Among the measures that can be considered:

- Strengthen contributory to the insurance scheme
- Enhance access to the insurance scheme
- Consider accessing the insurance scheme to cover upskilling or reskilling needs to improve employability

Another area of unemployment to focus on is to reduce the particularly high youth unemployment rate. Governments and businesses will need to expedite digital upskilling to equip people for the jobs of tomorrow.

8. Targeted stimulation of the demand side through government-directed initiatives and programmes

Demand must be stimulated in the short term through targeted financial incentives - for example through programmes to promote mobile working (e.g. encouraging companies to pay for employees' work from home (WFH) expenses, ergonomic solutions, etc by allowing double tax deduction or additional capital allowance, if these are borne by employers).

This also includes the expansion of broadband in structurally weak regions in order to create the conditions for comprehensive mobile and remote work. If these programmes do not take effect, Malaysia faces the risk of not generating sufficient demand when the economy gets a boost which may inevitably delay consumption decisions despite falling prices.

In the retail and gastronomy sectors, measures (loan moratorium, rent subsidies, etc.) must take effect quickly so that businesses can be sustained in both large and small cities.

Some companies in these sectors are adopting digital platforms to obtain orders and utilise delivery services and payment platforms for business continuity. Hence there is a need to enhance digital infrastructure and provide an SME Digital Toolkit to enable SMEs to reskill themselves.

The government needs to urgently look into current restrictions on claiming capital allowance on certain software costs. In particular, the cost of adopting digital platforms could be given additional tax incentives (e.g. an automatic 200% capital allowance for all types of digitisation expenses without limit). Indirect costs like withholding tax on royalties paid to non-residents could be allowed tax deduction if borne by local companies, according to the Malaysian Investment Development Authority (MIDA).

9. Rapidly expand digital solutions for the interface between administration and business

Time-consuming bureaucratic procedures with manual checks need to be replaced digitally so that companies and, in some cases, employees themselves can easily deal with repetitive administrative acts.

Investments should be made in digital infrastructure and tools for modernisation of government operations and processes as well as effective service delivery, especially through enhanced mobility capability.

In this regard, efforts can be intensified by introducing strategic roles to accelerate digital innovation in each government entity and to build the interdisciplinary technical knowledge and data analytics skills of civil servants.

There are already various possibilities (robotics process automation, chatbots, digital online assistants, video chats, etc.), which can be implemented as soon as possible. Hence, investment in upskilling and reskilling civil servants is needed.

10. Measures to prevent working from home (WFH) arrangements from being a hindrance

Millions around the globe are now working remotely to mitigate the spread of COVID-19 and to keep services uninterrupted during the lockdown period. This could be a permanent shift, especially with the risk of new COVID-19 outbreaks in the future, as seen with SARS, MERS and now COVID-19.

Although the WFH model has helped people and businesses remain resilient during the pandemic, there are shortcomings that need to be managed. These include employee burnout due to the blurring of work and personal life, lack of motivation in the absence of team interaction, and mental health issues brought about by social isolation. Other concerns are internet disruptions from overloaded systems and laws that may prevent or hinder WFH, for instance those that require stamping or restrictions on operations).

It is important for the government and businesses to document people's WFH experiences. It will help uncover best practices, address shortcomings and draw out new incentives. As WFH could be a new norm going forward, this can help make the shift a success and usher the workforce into the digital age.

11. Revisit government pump priming plan given limited resources

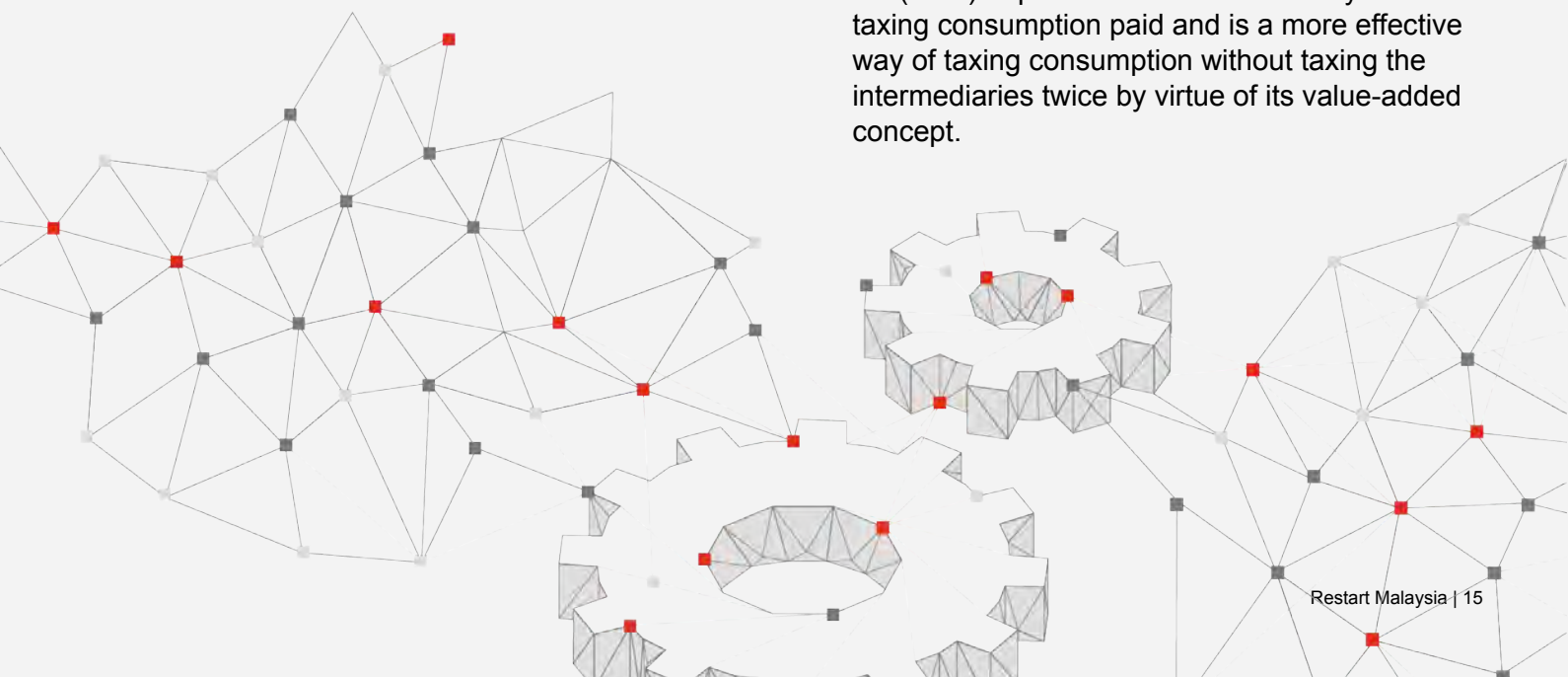
The pandemic and the economic crisis that follows has forced governments across the world to increase their expenditure and borrowings. However, given Malaysia's fiscal constraints, the government may want to relook at its expenditure and financing plans to respond to the crisis.

While the immediate priority of the stimulus expenditure was to save lives and ease the financial burden of the lower income group and SMEs, this is not sustainable in the medium and long term. It is not feasible for the government to adopt the stimulus measures it provided in the last two financial crises (1997 and 2008).

The government should consider stretching its spending to not only stimulate the economy but to build future capabilities and infrastructure that will enable the adoption of Industry Revolution 4.0. This includes investing in 5G infrastructure, upgrading bandwidth, adopting cloud-based applications and upskilling the workforce.

On the financing side, the government can consider raising money needed in light of the pandemic by issuing "Rakyat Bonds", which are low coupon but tax free and medium tenure, taking a cue from the war bonds issued by the US government during World War 2. This would allow the government to raise money from retail sector sources, while limiting the impact of crowding-out of private investments in other parts of the economy.

Another approach to funding is to reconsider whether to bring back the goods and services tax (GST). It provides a broad-based system of taxing consumption paid and is a more effective way of taxing consumption without taxing the intermediaries twice by virtue of its value-added concept.



Priorities - Business community

1. Prepare supply chains and supplier portfolio for restart

The manufacturing sector is highly affected by the COVID-19 impact due to its supply chain disruptions. Digitisation of supply chains could reduce the impact and may accelerate the rebound for the production period. The key factor governing how quickly these manufacturing sectors recover will be the ability of companies to re-mobilise complex multi-country supply chains, which in turn depends on their supply chain mapping and risk management processes.

Supply chains in the manufacturing industry need to be tested and prepared for restarting at an early stage by means of a trial run. In addition, an up-to-date overall picture of all suppliers and supply chains is needed in order to be able to react better to changes at short notice.

Existing processes for stockpiling critical goods could be drawn up to make it easier to cope with any possible new disruptions. Checking the resilience of value chains and supply chains in terms of a mandatory stress test could become a fundamental component of future business models.

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

It is essential to adapt occupational safety measures to the COVID-19 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 high risk groups, as best as possible.

In addition, it is worth considering isolation facilities at 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 has already developed antibodies.

This requires appropriate company medical structures, which are worth being set up as part of a long term plan, 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 cafeteria, the "open space" office or at the assembly line.

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

Similar to the government level, companies also need COVID-19 task force teams that are able to ensure transparent corporate and crisis communications 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.

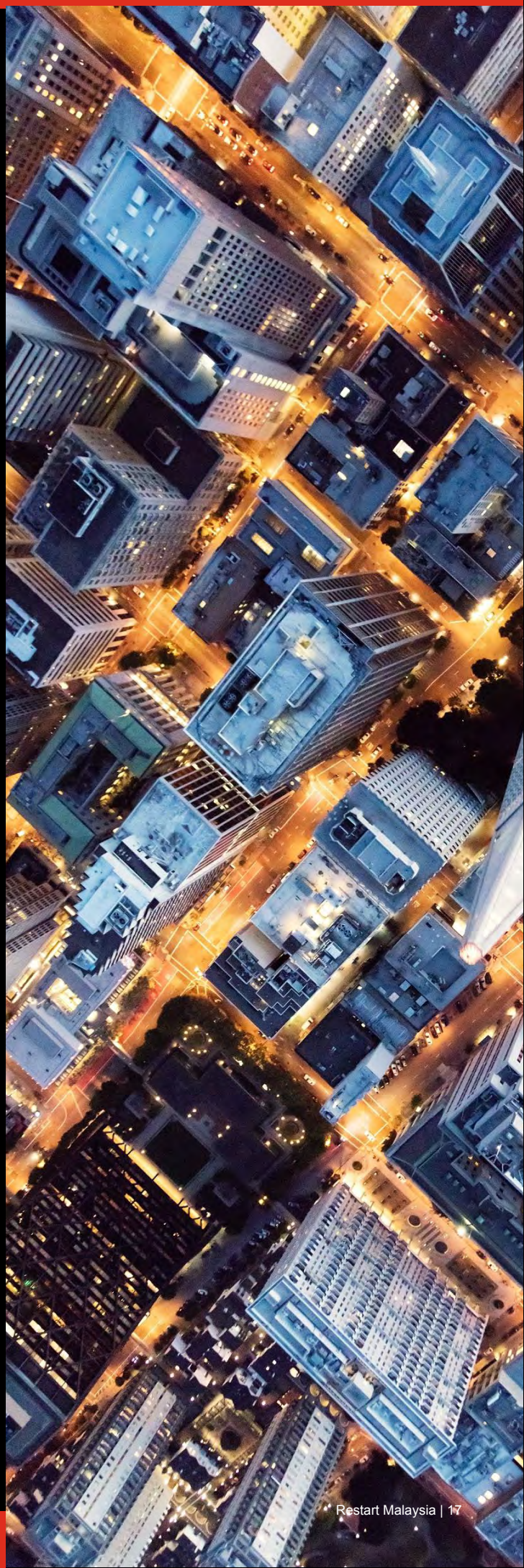
In order to simplify this, smartphone applications can be adapted and introduced in a company-specific way to collect data, send messages and help, as well as warnings (also see section 'Society and Living Together').

At the same time, an overall picture needs to be drawn, regarding sick leave, substitution plans, flexibilisation of operative work deployment, and also paying attention to the way risk groups are dealt with or if working capital requirements are met.

All this forms the basis for a coordinated restart, as the care and health protection of employees is a top priority. This is where crisis management teams headed by the CEO can play an important role in the restart initiative.

Many companies have already taken the exercise to evaluate their work in regards to what has to be done on the premises and where remote solutions are possible. This process should continue, even when measures are relaxed. To this end, digital forms of cooperation can be further expanded, e.g. in virtual spaces or the corresponding enablers (IT infrastructure, remote access, VPN/network) and specifically promoted initiatives (e.g. through tax incentives).

In recent weeks, many employees have gone through a steep learning curve in the use of digital means of communication. 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 the “modus operandi” 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. These concern:

- The infrastructure in companies. workplaces, meeting rooms, cafeterias, conference rooms, etc. have to be redesigned, so that the prescribed distance can be maintained.
- 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. The 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 are already major changes in customer interaction.

Even if restrictions are gradually relaxed, they will remain in place for a long time to come. This applies, for example, to visitor density in sales rooms (for example in Austria: reopening with a maximum sales area of 400 sqm, one customer per 20 sqm, and entrance controls). Other measures include recommended (or when appropriate) compulsory wearing of masks, provision of disinfection facilities, greater distances in restaurants or the increase in "take away" offers.

These measures are absolutely necessary to enable retail and gastronomy to gradually restart their business activities and to prevent industries from collapsing.

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 are banned for at least the next few months, organisers need to consider what concepts could be applied when taking into account the principle of "social distance". Digital channels are recommended as substitutes for which checklists are needed to ensure the highest level of safety for visitors everywhere (also see the section '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 behavior.

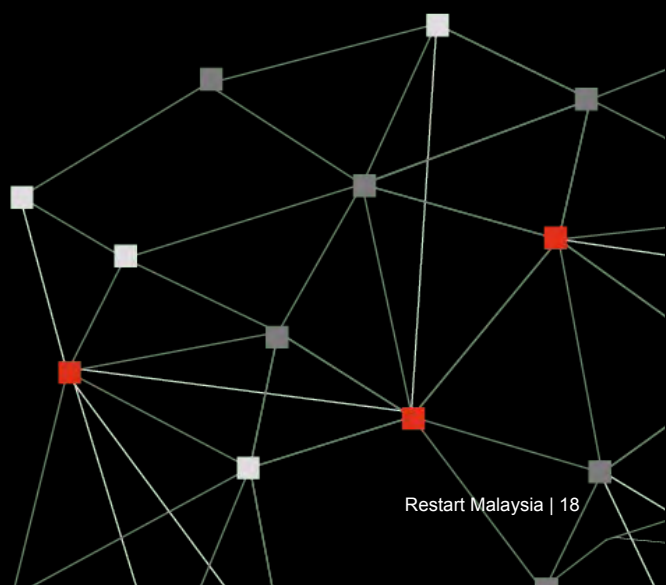
It might take years to change this again (e.g. decrease in long-distance travel, decreasing demand for concerts, events, etc.). This requires creativity, as it is important to maintain customer loyalty and trust especially under changed conditions.

For the severely affected gastronomic businesses, partnerships with online delivery companies and/or prioritisation of risk groups on apps are recommended.

The tourism industry, which contributes significantly to the country's GDP, has also been adversely impacted. Initiatives like the recently cancelled "Visit Malaysia Year 2020" could be revisited, allowing businesses to play a role in reinventing the tourism experience. They can consider creating a more agile and customer-oriented industry - encouraging and incentivising new business models to thrive in the new environment.

Travellers will demand increased flexibilities and have shorter forward booking horizons. To meet such demands, industry players will need to:

- Reduce fixed costs to allow increased flexibilities.
- Increase the use of sharing economy platforms.
- Leverage industry collaboration to create an integrated value proposition for tourists.



6. Establish more cashless / contactless payments 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, targeted incentives for cashless acceptance (e.g. temporary exemption from service tax for 3 months). These industries can also encourage or in some cases, make it a requirement for cashless payments outside of basic supply situations (e.g. snack machines).

In parallel, the banking sector could support by actively informing customers about online banking, tools for expenditure overview and management as well as modern payment procedures - especially those that have had little or no users so far.

7. Create incentives for flexible contractual and working time models

As the restart globally, including Malaysia, is being done gradually in waves, interactions between different sectors and areas of society need to be considered.

As schools are closed and, will possibly remain so for a longer time than individual sectors, employees with children will 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 options

The reconciliation of family and career has taken on a new urgency with the COVID-19 pandemic.

Employers who offer appropriate models are not only better prepared for the reboot phase, but also more attractive than their competitors. In addition to the possibility of working from the home office, this includes care services in company-owned daycare centres and other support programmes for families.

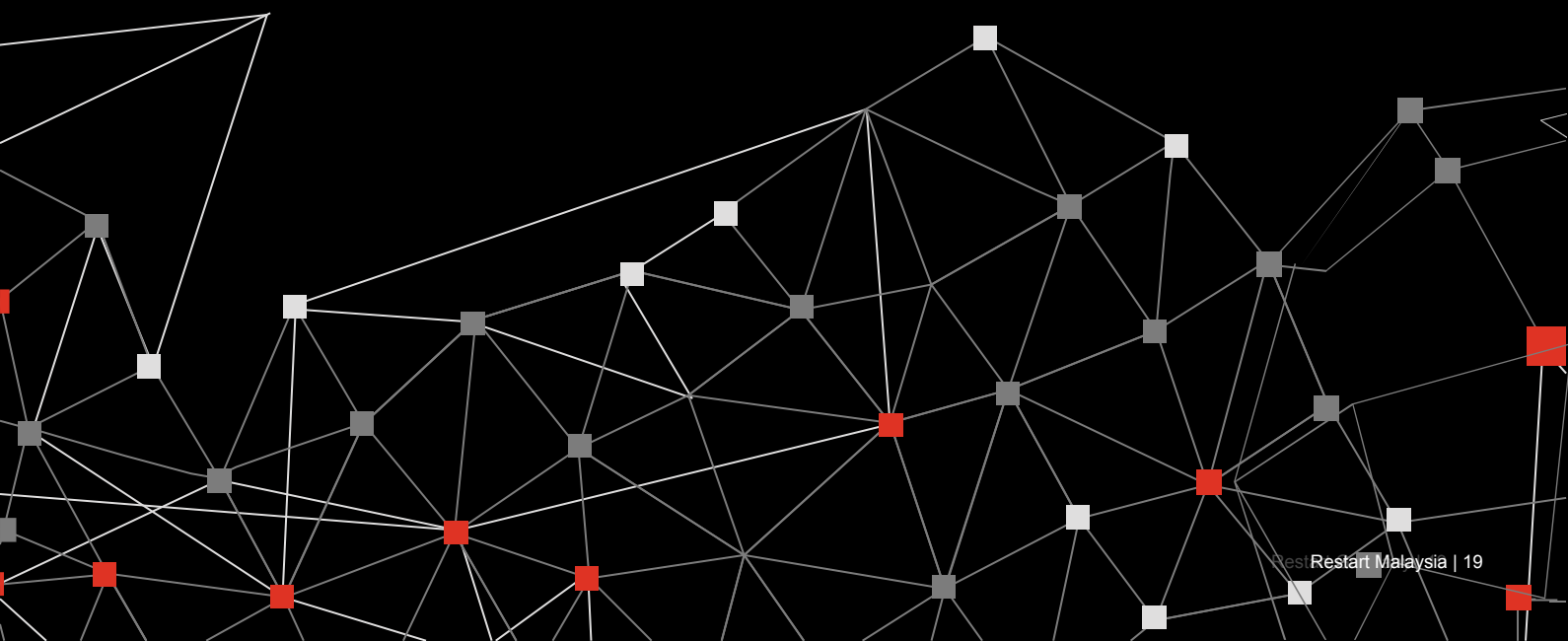
Anyone who can offer a modern and flexible range of services has a headstart in the competition for the best talent.

9. Invest in continuous upskilling and reskilling of current workforce

In adapting to the new ways of working, corporations need to think about reskilling and upskilling their existing workforce.

Businesses need to adopt the fundamentals of creating a digital-ready mindset that focuses on lifelong learning, cross-functional ways of working and problem-solving.

For example, in the construction sector, the need to utilise technology that replaces the 3Ds (Dirty, Dangerous, Difficult), is accelerated with the need for social distancing to ensure the safety of workers. The need to speed up business adaptability and reskilling is crucial in determining the survival of businesses, particularly the SMEs.





International Affairs and Security

Compared to previous challenges such as the global financial crisis, the COVID-19 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, 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, air traffic has slumped by up to 60% compared to the previous year. Also (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 potential decline in world trade of up to one third (worst case scenario) predicted by the World Trade Organization (WTO) presents a subdued outlook for Malaysia's economy. A rapid recovery may be possible, but measures must be multilaterally coordinated.

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. Limited safety and lack of conformity with data protection regulations for some digital applications are also concerns.

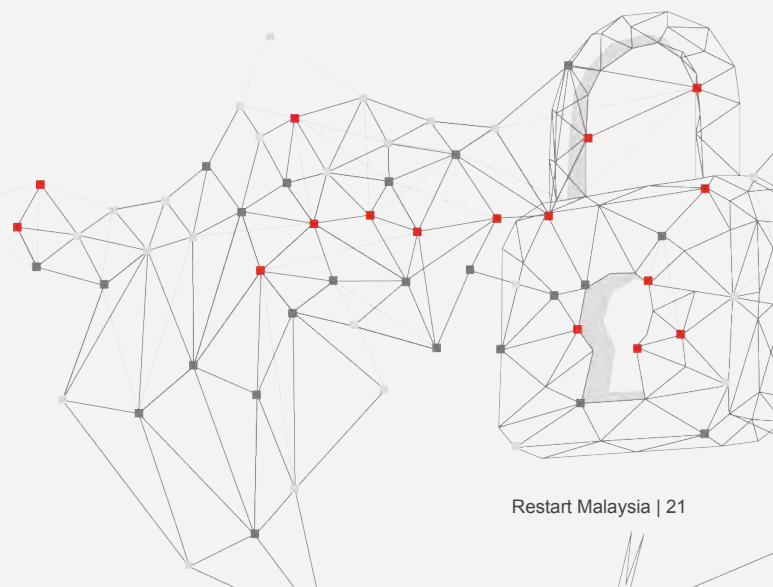
The shift of life to the digital world has resulted in a significantly increased use of online media.

Statistics from the Malaysian Communications and Multimedia Commission show increased internet traffic (e.g. +23.5% in Malaysia during the first week of the Movement Control Order, and +8.6% during the second week). This has led to a rise in potential damage caused by cyber crime, including illegal trade, phishing attacks and disinformation campaigns.

Closely interconnected countries too have difficulties with cross-border cooperation. This applies to Malaysia despite individual friendly gestures, such as the cross-border movement of thousands of Malaysians working in Singapore.

Border closures, entry bans, and uncoordinated national measures are some of the current issues governments are grappling with. 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. However, regional and international cooperation are crucial to ensure resilience against the pandemic and to revive economic growth. For example, when China was fighting the initial outbreak in February 2020, they had the support and help of the world. Today, when the world is in lockdown, China is sharing its experiences and helping the world with medical supplies.



Priorities - Government

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

To jumpstart the economy, there is a need to realise our potential to plug into global value chains and strengthen key export sectors like electrical and electronics, medical devices, tourism, chemicals, food and agricultural products.

Malaysia together with the rest of ASEAN will also need to start looking at unlocking regional trade due to the shift of globalisation to regionalisation and localisation. This is brought about not only by COVID-19 and rising protectionist sentiments but also the adoption of Industry 4.0. As companies look to reshore their operations and recalibrate their supply chains, ASEAN countries will need to diversify their growth strategies to cater to both developed countries and developing economies within the region.

In order to rebuild confidence and to revive global production chains, especially among small and medium-sized enterprises, government credit guarantees for exports could be extended for a limited period. Administratively, the interruptions of the transport of goods at borders could be minimised. This can be achieved, for example, by providing single tracks or through the relaxation of driving bans. In addition, border controls to countries with similar testing strategies and low virus spread rates could be gradually lifted (e.g. Thailand and Vietnam).

These include looking at industry and trade regulations as well as a holistic government approach to supporting industry development, promoting investments and trade, and funding growth. In particular, speed of approvals and actions within agreed parameters and a can-do attitude among industry players is imperative.

2. Strengthen ASEAN integration in critical areas

As COVID-19 knows no boundaries, investing in a collective strategy regionally is vital in fighting the war on COVID-19. Leaders of ASEAN and ASEAN+3 (China, Japan and South Korea) met virtually on 14 April 2020 to boost cooperation to curb the spread of COVID-19 and mitigate the economic fallout.

This includes keeping trade routes open to protect food supplies and medical equipment, the development of a post-pandemic recovery plan and a proposed COVID-19 ASEAN Response Fund.

Another field of action could be to create an open and secure standard in data protection regulations for digital collaboration solutions.

In addition, an ASEAN-wide standard for voluntary COVID-19 tracking apps can be helpful to re-establish freedom of movement in the South East Asia region as soon as possible. The success of these initiatives will be possible through a process moderated by ASEAN.

It's important to follow through on these initiatives in order to make a significant impact on the ground. One of the key challenges facing multilateral cooperation is the issue of competing interests faced within the ASEAN group that needs to be resolved.

With Malaysia's Director-General of Health being recognised as among the world's leading doctors in the fight against COVID-19 by China Global Television Network, this presents an opportunity for the government to take a leadership role in driving some of these key ASEAN integrated initiatives.

In addition, as Malaysia is the host of APEC 2020, the government can shape the APEC Leaders meeting agenda to champion some of the ASEAN initiatives to the wider APEC region - helping to drive both a regional and international integrated response to the COVID-19 health and economic impact.

3. Strengthen national cyber security capacities

The role of the National Cyber Security Agency (NACSA) as the national lead agency for cyber security matters in the country needs to be strengthened. While NACSA develops and implements national level cyber security policies and strategies, it is also protecting Critical National Information Infrastructure. NACSA's role can be further enhanced to protect public institutions against cyber attacks and above all to secure remote access to sensitive data.

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 allow for early detection of disinformation campaigns (i.e. fake news) and prompt communication with recipients.

4. Leverage the ASEAN network to improve disaster control and civil protection

The pandemic has revealed gaps in disaster and civil protection in many countries and international alliances. This may partly be because reserves were reduced after a prolonged period of peace, not least as a confidence-building measure.

However, the current situation shows that the level of logistical, medical and generally material capacity is not high enough. Concerted action needs to be taken at the ASEAN level to address this, as such crises - especially in connection with security policy conflicts - threaten the existence of our economy, our state and our people.

Among the commitments from the ASEAN+3 leaders meeting in April 2020 was to develop a post-pandemic recovery plan to share lessons learned, restore ASEAN's connectivity, tourism, normal business and social activities, and prevent potential economic downturns.

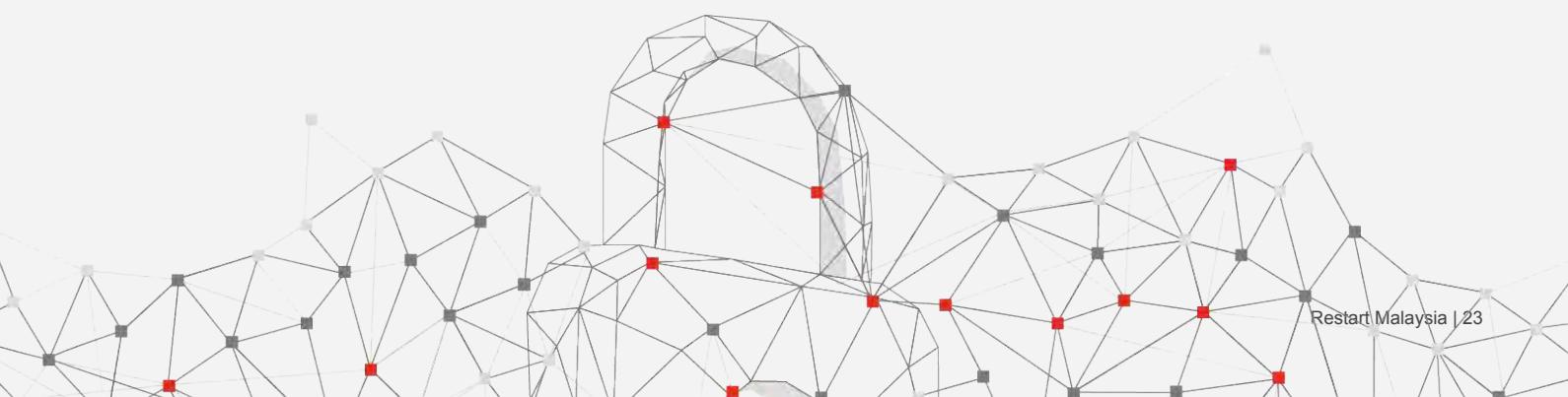
With the rescheduling of the ASEAN Summit to the end of June 2020, some details of the joint government recovery plan can be developed and shared. It can provide a framework to strengthen coordinated action (including the conduct and evaluation of military exercises). Consequently, ongoing reform processes and initiatives in ASEAN could be examined, to balance the interaction between civil protection and disaster management.

5. Set visible signs of international solidarity in alliances and for developing countries

There has been an initial knee-jerk reaction amongst ASEAN countries towards the restriction of cross border movement of goods during the first wave of COVID-19. However, these countries have begun to realise the need for collaboration to allow trade to flow, including critical goods such as medical supplies and food produce, and accompanying services like financial and logistical support.

ASEAN governments have taken the first step towards this in April 2020 at the Special ASEAN Summit on COVID-19, and hopefully, more visible and joint implementation in the region can be seen at the next ASEAN Summit in June as well as with other international alliances. This includes financial, medical and logistical support to less developed member countries.

The ASEAN Summit could also expand their collaboration to include overall trade in goods and services. Going forward, the ASEAN market of over 600 million people would be more important to local businesses as US and Europe markets become less viable due to the shift of globalisation to regionalisation and localisation as discussed earlier.



Priorities - Business community

1. Reduce default risks along 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 could be identified where possible and buffers can be built up in advance. In many globalised sectors such as the automotive industry, an institutional assessment of the ecosystem takes place – including assistance to key suppliers through original equipment manufacturers (OEMs).

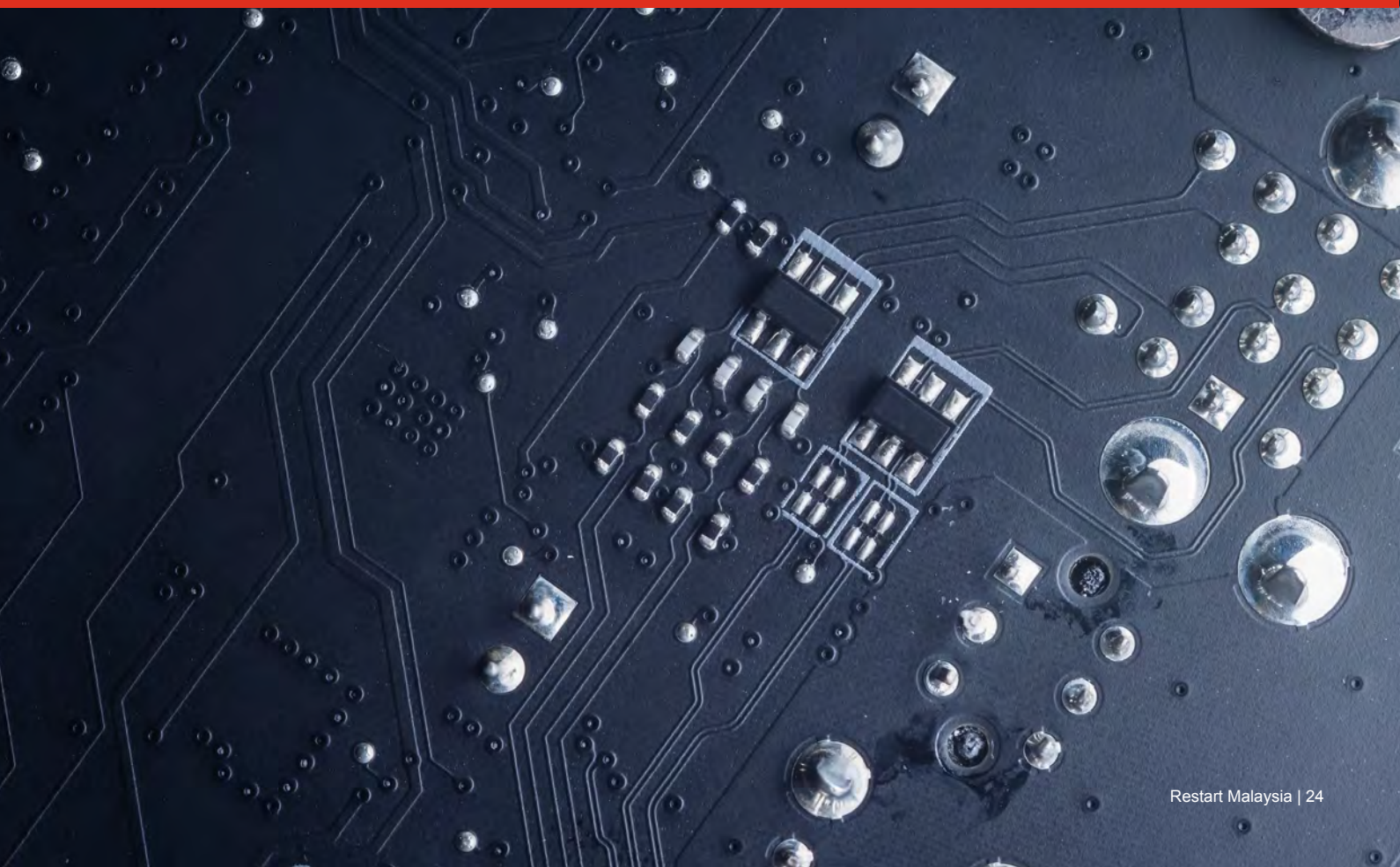
Such models can also be adapted for other industries with a similar critical degree of cross-linking. In particular, companies dealing with critical infrastructure should develop medium to long term fallback scenarios to enhance the resilience of their supply chains.

2. Strengthen cyber security in companies

The rapid shift of work to the home office has 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 cyber security requirements, appropriate IT infrastructure and suitable cyber security architecture are required. This takes into account that 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.



Infrastructure

Current measures to contain the pandemic are proving to be 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 industry, the food industry, transport and traffic are functioning at satisfactory levels despite staffing constraints.

Even information technology and telecommunications are able to cope with the increased traffic, which is partly due to the increase in home office work. While the number of cyber attacks has increased significantly, the awareness of authorities and companies has also been sharpened.

Nevertheless, it is worth pointing out that there are single instances of inadequate broadband coverage in certain regional areas, with blatant consequences for "cut-off" companies as well as for networking in the healthcare sector. This has resulted in considerable deficiencies in digital communication.

Due to early preparatory measures taken, the Malaysian healthcare system is also comparatively robust, at least in the short term. At the same time, drastic official measures, structural staff shortages and system-critical supply shortages for protective

equipment and medicines have to be accepted by providers and patients, e.g. the postponement of partly elective, partly critical treatments in the ambulatory as well as stationary sector. This will almost certainly result in a long term deterioration in the death rate, as well as worsen the financial situation of many hospitals and healthcare providers.

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 three essential fields of action:

- Flexible overarching capacity management in public (and private) infrastructure provision, as demand for health, transport or utility services reacts according to changing circumstances
- At the same time, central infrastructure and supply systems need to be relooked in order to be able to adapt more flexibly and quickly to specific local needs and situations.
- Arguably, the only way to achieve this is through large scale, coordinated testing, control and hygiene measures in public areas and companies.

Priorities

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

For any kind of infrastructure, the government needs to 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. It is crucial that data from various agencies can be utilised, facilitating intergovernmental agency data sharing.

Potentially, this can be done by allowing the aggregated data that is already within the government ecosystem to be accessed by the private sectors to encourage better responses and innovation.

Ultimately, the key objective is to foster an open data environment which includes information sharing and dissemination. One can think of the increasing utilisation of local transport capacities due to the gradual resumption of economic activity, but also of the demand for certain (COVID-19 independent) health services.

The consideration of risk groups and regional infection levels requires a complex interlocking of restrictions and target group-specific measures. It is up to the government at various levels to manage these capacities accordingly.

It is best to closely involve business representatives as well as setting up steering committees that are responsible for decisions and have access to detailed real-time information.

This includes, among other things, securing adequate supply of medical equipment, supplies, test kits, drugs, availability of intensive care beds and ready-for-action medical and nursing staff. Continuously investigating the need for protective equipment is also important.

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

Various infrastructure providers are currently suffering financially, caused by a lack of customers, lost revenues or limited production capacities. Substantial bridge financing used to maintain these critical structures (e.g. hospitals with high specialisation) will enable the economy to start up again.

In principle, it is necessary to examine the infrastructural, material and personnel security reserves, which the government and NGOs reserve for disaster situations.

We also need to consider the capacity of the police, armed forces and civil defence force which could reach their limits if additional measures are required to control the spread of the pandemic. They will need to quickly mobilise, adjust their response and coordinate their resources in order to effectively utilise their manpower.

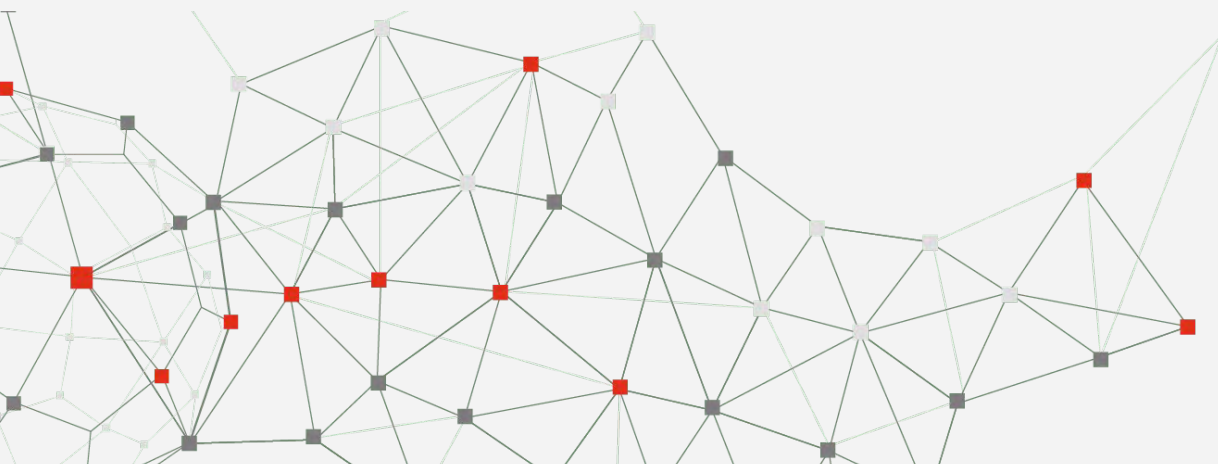
2. Develop and promote alternatives to relook central infrastructure services

Within the healthcare system, far-reaching opportunities arise from digitally supported doctor-patient communication in the form of tele-consultation hours. They can be used for prescribing medication or telemonitoring chronic diseases (beyond COVID-19) outside the usual structures, and could be of great benefit. In addition, it is worth at least considering the establishment of stationary auxiliary hospitals to care for people with complex medical needs, given the immense expenses involved in the conversion of regular care providers.

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 improve the safety of medical staff (e.g. installation of patient locks, decoupling/separating individual wards or residential areas in nursing homes, air-conditioning technology upgrades, etc.). In addition, hospitals and clinics are increasingly investing in the procurement of essential equipment, pharmaceuticals and medical technology.

Beyond healthcare, considering the rapidly declining cargo handling (transport restrictions, international buyer competition), the functioning of supply chains and distribution points needs to be maintained through tactical local supply, logistics and production networks for all sectors, graded according to criticality.

Financial support for trade hubs such as ports, rail terminals or associated distribution centres can also be considered.



3. Establish test and control infrastructure on a broad scale in public spaces

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. Easily accessible test centres in public places, such as railway stations, bus stations, schools, shopping centres, pharmacies, medical centres, office complexes or in front of production facilities may be best suited for this purpose. The rapid application of COVID-19 antibody-based tests to find out who's already immune to the virus is also important. 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 the MySejahtera app, which allows users to perform health self-assessment on themselves and their families, and Bluetooth-based "real-time" notification systems. Used together with other communication methods, app-based location monitoring can be useful in enhancing the effectiveness of detection measures. In addition, quarantine centres or hotels can be set up.

4. Establish protection and hygiene measures in public spaces

In order to prevent a new outbreak of the pandemic, a standard sanitary and hygiene equipment - similar to that in China - is necessary. This means, for example, that protective masks and hand disinfectants can be made available in schools, trains, buses, bus stops, entrances, elevators and supermarkets.

Where the proportion of risk groups is high, additional preventive measures are essential. This includes, for example, public infrastructure that can be disinfected with the help of cleaning robots or ultraviolet light.

This also includes special arrangements for nursing homes, such as designated teams that can 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 creates confidence in the medium term. Data and knowledge gained can serve to better counter a future wave of the pandemic.

5. Invest in faster broadband and mobile coverage

With COVID-19, it is important for employees to be able to effectively continue working from home. Fast reliable broadband is a key enabler to make this happen.

There is room for the government and telco players to improve connectivity and network performance to allow businesses to continue remote working effectively. For example, it was reported that a surge in bandwidth usage has caused 4G download speeds to drop by a third during the second week of the MCO according to the Malaysian Communications and Multimedia Commission (MCMC). With enhanced network performance, the government can also seize this opportunity to further propel digital adoption across the economy.



Society and Living Together

It would not be practical 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 new wave will impact living together substantially - and most likely until a vaccine is available.

The great challenge is to balance effective controls and far-reaching interference with personal rights. The collateral damage that 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 e.g. among the elderly, and existential fears, especially among people who work in the field of entertainment, culture or sports, must be kept as small as possible.

Considerable efforts are needed to overcome the crisis. And this will only work if all societal stakeholders, government agencies, companies, associations and even volunteers work together.

Priorities

1. Promote pandemic-resistant cohabitation

A number of restrictions will continue to shape our coexistence for a while – public life will be accompanied by protective measures in the foreseeable future. All measures must be designed to provide special protection for risk groups - an appropriate gradation e.g. to protect nursing homes or specific contact restrictions and self-protection measures for risk groups are possible and necessary. These include (also see the section 'Infrastructure'):

- Adaptations in public spaces to facilitate minimum distances, e.g. by new cycle paths, distance markings on park benches, or the wearing of face masks and the availability of disinfection facilities, the supply of which must be carried out centrally. Contact restriction measures will continue to apply at home and in public.
- These adjustments shall be accompanied and reinforced by campaigns on the need for physical distance, strict hygiene measures, hygienically sensitive behavior and self-quarantine in case of symptoms (in agreement with measures taken by employers).
- Failure to comply with social distancing requirements must be stringently sanctioned and backed up by appropriate legal specifications and clear communications, as it is expected that it will take months before meetings in larger groups can be allowed. This can be compensated by a gradual increase in customer traffic, which can be made possible again in compliance with strict hygiene and distancing regulations - e.g. in restaurants, in retail, and also in clubs and associations.

- A higher degree of social acceptance of the new rules of living together is needed; information campaigns will help to contain lack of stability and loss of control. Communications need to be transparent and honest, aimed at striking a balance between crisis awareness, compliance with measures and social cohesion. At the same time, it is necessary to appeal to the responsibility of each individual again. This is best done through public announcements, not only via mainstream and social media, but also in public places such as bus stops or train stations (e.g. as in South Korea) or in a targeted manner via digital applications.
- Associations, charitable institutions and non-profit organisations that promote social togetherness and stability in a variety of ways should also receive significant public and financial support. Dissemination of these offers of assistance needs to be accompanied by communication wherever possible. This also includes repeated and clearly communicated appreciation and respect for all employees in the health and care sector.

2. Ease restrictions step-by-step in a consistent and controlled manner

For the gradual normalisation of everyday life, a coordinated and controlled step-by-step plan is necessary. This plan must take the further development of the pandemic into account and be combined with appropriate health policy measures. In order to get the buy-in of the entire population and to avoid unfavourable "comparisons" between states and municipalities, the easing measures should be uniform and coordinated nationwide.

At the same time, a continuous analysis should be made of how the changes affect infections and, if necessary, adjustments should be made. An institutionalised scientific advisory council backed by the federal government can serve this purpose. In the medium term, the knowledge gained must serve to better counter a future wave of pandemics.

3. Strengthen transparency and sharing of information

According to current expert opinion, there is no easy way to collect and evaluate digital information to further contain infections and control measures (also see the section 'Infrastructure'). It is therefore important to develop and distribute smartphone apps immediately, which can calculate the risk of infection and send out appropriate warnings. The recently launched MySejahtera mobile app may serve these purposes. The benefits of these apps should be made available to citizens from as many sides (government, health associations, promoters, companies, etc.), preferably by means of concerted and coordinated campaigns that reach different target and age groups.

Another approach is to use community data in identifying hotspots without identifying individuals. AI algorithms can be used to analyse big data from hundreds of thousands of sources. Not only would this help in detecting an outbreak; this data can help government agencies create community-level strategies such as changing the layout of a park to reduce congestion.

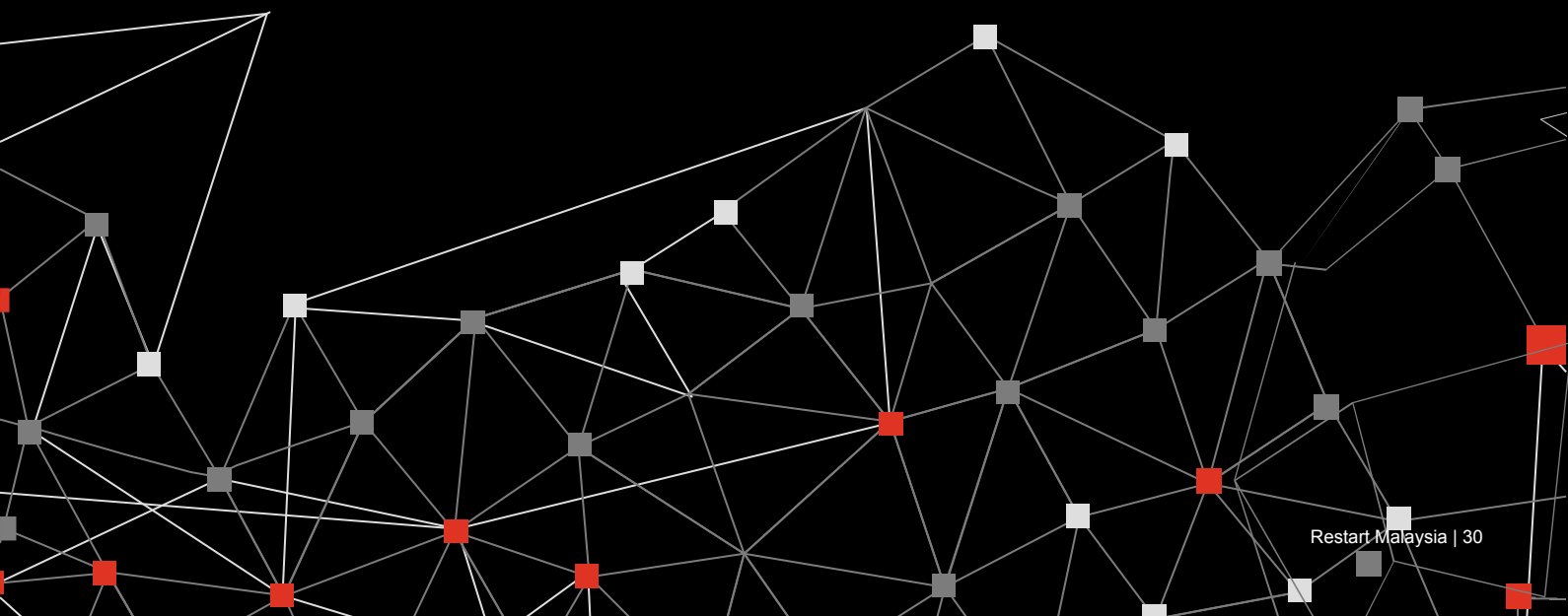
A data protection-compliant means of warning of infections is needed, but this has to be done with caution to avoid undesirable social discrimination. In this way, voluntary measures for self-quarantine can be initiated at an early stage. Generally accepted and scientifically recognised risk classifications (including voluntary notification of symptoms) 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, as provided by the Ministry of Health, 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 high risk groups, as they are especially endangered in the event of an infection.

Special importance is also attached to targeted, site-specific information. These may allow warnings to be sent out as soon as a gathering of people has reached a critical point. Similar programmes have already been developed in the wake of the "Tabligh Cluster" here in Malaysia. The important thing here is to communicate transparently to the citizens as an aid and as a measure for their own protection. This promotes social acceptance through communication in line with data protection regulations that do not encroach on the privacy of the citizen.

To encourage citizens to 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 through a uniform data standard.



Education

From daycare centres to universities: currently, all educational institutions in Malaysia have suspended their regular operations. The care of the approximately 2.9 million children under 12 years of age (pre-school and primary school students) is mainly taken care of by their parents. In some cases, this leads to absences from work, severe psychological stress, the endangerment of (early) child development and reduces equal opportunities for children.

The current situation shows once again how significant the differences in digitisation and how different the possibilities for alternative forms of care are. All this varies not only between the states, but also from school to school and from university to university.

This makes it difficult to switch to digital learning offerings in some places. Moreover, teachers are often not sufficiently trained for digital teaching. Occasionally, their approach to digital teaching is limited to sending teaching material by email and receiving completed tasks later.

Supervision and IT support often rests on the shoulders of volunteering teachers. There are predetermined breaking points in transition classes, e.g. between primary and secondary schools, but the range and quality of digital teaching often varies from subject to subject, and from teacher to teacher. The longer the current restrictions last, the more the gap between different educational institutions grows.

Priorities

1. Reopen schools in stages - start with pre-school facilities, primary and lower secondary schools

It seems sensible to reopen early educational institutions such as daycare centres, kindergarten, primary schools and lower secondary schools first, as digital teaching formats are the least able to compensate for the lack of personal support at these stages of learning. In addition, this is the greatest relief for the parents.

Such a step-by-step approach has recently been recommended by the Leopoldina National Academy of Sciences. With this step, Denmark starts a controlled relaxation in the reopening of schools, which is a psychologically important measure. It is important to ensure that appropriate protective measures are also taken by educators and teachers and that people with risk potential are not exposed for the time being.

2. Expand remote schooling and online formats that can be made available at short notice

The Malaysian government is calling for a "digitisation push", especially in the educational sector. The current situation is a wake-up call for the Malaysian education and higher education landscape to respond to a nationwide, sustainable digitisation push. Schools need to 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 at schools, without mature digital learning platforms and to provide sufficient server capacities. There should be intensive cooperation with the providers of e-learning platforms and software providers in order to make teachers fit for digital teaching quickly and in a targeted manner, e.g. in online training courses.

To make it possible to teach an entire school class virtually, it takes more than individual internet skills. It also requires finding practicable solutions for data protection regulations, so that a balance is found between sensible digital teaching and an acceptable (though perhaps not perfect) level of data protection. IT support from the business world should also be used to complement the role of teachers.

What is also required is a pool of digital learning materials that is available nationwide, to which universities and schools have access to digital formats for taking examinations as well as participation/performance records.

A support fund can be set up for the acquisition of internet-compatible equipment (e.g. laptops or tablets suitable for homeschooling) for students from socially disadvantaged families.

3. Develop proper safeguards for educational institutions

A stringent and plausible concept is needed to restart schools in a safe and controlled manner. At the initial stages, online and face-to-face teaching could take place in parallel and in waves - the necessary IT infrastructure needs to be set up for this to be effective.

Children in need of daycare should be given priority in regards to face-to-face teaching. For this purpose, a detailed protection concept (in accordance with MoH specifications) could be designed. Different elements can 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 seats and staggered break times are also necessary. Hygiene equipment can also be adapted; dispensers for hand disinfection at entrances need to be made available; taking the temperature of students at the school entrance is an option worth considering (as practiced in Taiwan).

In order to guarantee the distance rules in school buses, it's necessary to organise additional transport capacity, e.g. by using coaches that are not currently needed or by staggering school start times.

New rules must also be developed for students in halls of residence i.e. hostels and dormitories. Conceivable are compulsory tests, stricter hygiene regulations (cleaning runs etc.) and pandemic plans for building units etc. The safety of teachers, some of whom belong to high risk groups, needs to be taken into consideration.

Education and higher education institutions need to prepare themselves for the fact that some students - as well as the teacher - cannot be physically present due to individual quarantine and treatment. Therefore, a hybrid concept of physical presence and virtual formats is recommended. Universities in particular need to cope with higher streaming and data volumes.

In view of this, our educational institutions need a short term and an accelerated push for digitisation, possibly by expanding the Malaysia Research and Education Network (MyREN). Sufficient funds could be made available as quickly as possible to support the appropriate hard and soft infrastructure needed.

4. Adopt a uniform concept to support students sitting for exams and finishing their studies

Equal opportunities for young people must be provided across states. In addition to the major national examinations i.e. STPM, SPM, PT3 and UPSR, other final examinations, application deadlines and the start of the academic calendar for universities, vocational training and semester times must also be coordinated.

In response to the hiring freezes of many companies during the COVID-19 pandemic, a concept for the preventive combating of youth unemployment must be developed.

A package of measures could include financial incentives for companies that employ young professionals or provide for temporary government aid payments beyond the end of studies.

5. Enhance expansion of web-based trainings to replace physical teaching

With COVID-19, the need for training and further education in companies has increased.

For example, the virus makes it necessary to learn and internalise new guidelines; moreover, physical distance can make "learning on the job" more difficult. It is therefore necessary to digitise and modularise further education and training courses as quickly as possible.

The COVID-19 crisis shows how important it is to take social aspects into account - and to enrich formal learning, for example through casual chat formats.



Conclusion

COVID-19 calls for vigorous action to protect the health of the population in the best way possible. At the same time, as we shift our focus to reopen the Malaysian economy, the current restrictions on fundamental rights as well as social and economic life need to be gradually eased. We have put forward a series of (individual) proposals on how this can be done and what needs to happen to restart Malaysia through this paper. Each of these recommendations carry varying degrees of weight in terms of their effect, but all of which are important for an overall approach.

The Malaysian government has taken concrete steps to protect public health and the economic wellbeing of its people and business against the pandemic. Some notable examples are:

- Conducting testing, contact tracing and Enhanced Movement Control Order to screen, isolate and treat COVID-19 cases

- Clear and transparent communication of new COVID-19 cases to the public and issuance of guidelines to stamp the spread of COVID-19
- Relief funds to ease the financial burden of low to medium income households and SMEs
- Moratorium on bank loan repayments to support individuals and businesses to manage their liquidity
- Conditional opening of the economy to minimise the impact of economic losses

As we reopen the Malaysian economy, existing measures will need to be adapted and new steps considered as we move to address the short, medium and long term impact of the pandemic.

Here are 10 measures from the five fields of action that can be considered as priority first steps. We assume that this will be done in stages, coordinated across Malaysia as far as possible and according to common standards.

1 2 3 4 5

Secure liquidity and address cash flow problems: These include measures to amend the Insolvency Act, coordinate public-private efforts to adopt Supply Chain Financing, leverage digital technology to distribute funds to the target audience (correctly and quickly) and provide additional tax relief measures to unlock cash flow for businesses. **(Economy and Finance section)**

Build trust and consumer confidence: To put the economy on the path towards recovery, it is important to reassure consumers that it is safe to go out, travel, socialise and spend money. This can only be done if testing is widely and freely available, which will allow for effective tracing and isolation of infected individuals. **(Economy and Finance section)**

Prevent fraud: This includes the prevention of fraud and misuse of subsidies through digitally supported controls. Equally important is the need to strengthen cyber security capabilities amongst public institutions and businesses, facilitate secure remote access to sensitive data, and communicate and create awareness of cyber security threats. **(International Affairs and Security section)**

Support international trade chains: To support global supply chain movements, the government's export guarantee schemes should be temporarily extended. Border controls to countries with similar testing strategies can be phased out gradually. **(Economy and Finance section)**

Increase ASEAN integration: Strengthen ASEAN cooperation to keep trade routes open, protect food supplies and medical equipment. There is also a need to follow through on the initiatives to develop a regional post-pandemic recovery plan and establish the COVID-19 ASEAN Response Fund. **(International Affairs and Security section)**

6 7 8 9 10

Adapt infrastructure to the COVID-19 crisis: It is crucial to foster an open data environment, which includes information sharing and dissemination amongst various public and private sector organisations to coordinate and respond to the spread of COVID-19. In public spaces, there is a need to establish testing infrastructure on a broad scale; and protection and hygiene measures. **(Infrastructure section)**

Relieve existing infrastructure: Where possible, existing infrastructure should be relieved through alternative (digital) models. E.g. in the healthcare and food sectors through telemedicine and in logistics via new distribution delivery networks such as auctioning of seafood via Facebook Live. The government could look into creating incentives for this. **(Infrastructure section)**

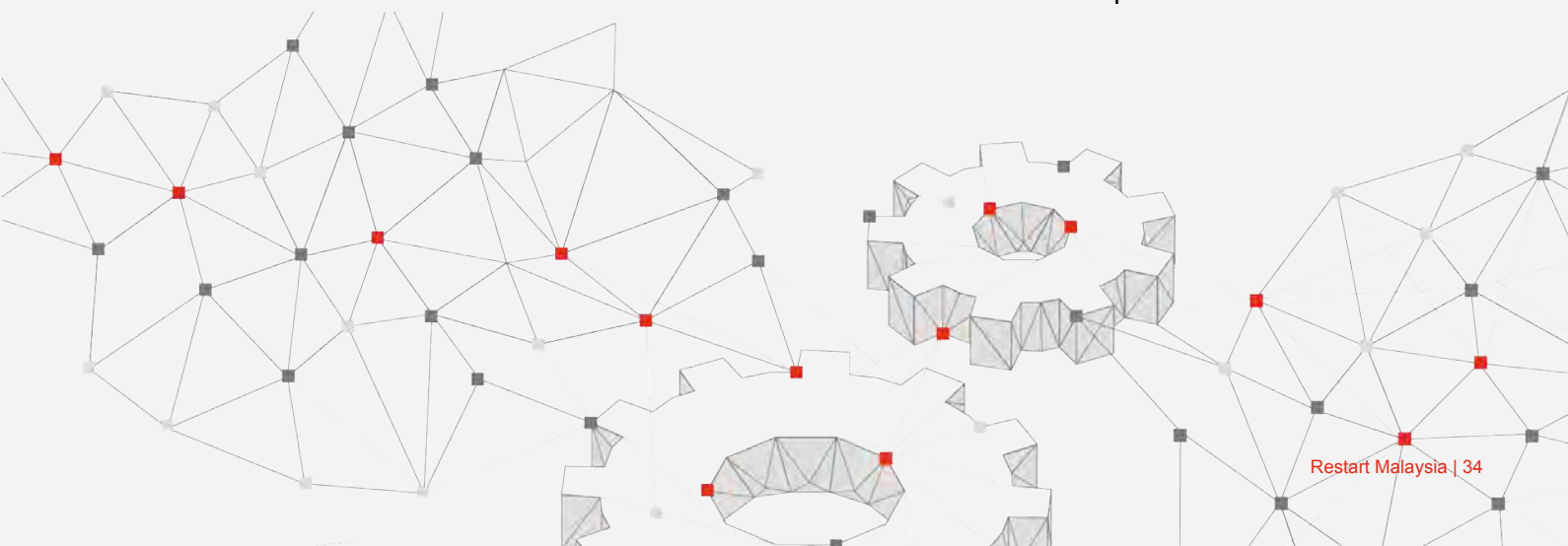
Adjustments of public spaces: As the pandemic is far from over, we will have to live with many restrictions over a prolonged period of time. To keep these measures simple and clear for easy adoption, public spaces should be adapted in a highly visible way to facilitate minimum distances, for example in public transport, parks, schools, shopping centres and office complexes. **(Society and Living Together section)**

Use of apps: To further contain the pandemic, convenient access to digital information is needed e.g. 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 section)**

Ramp up the education system quickly: Educational institutions, on a phased basis starting especially with pre-schools and lower primary schools, should reopen. To do this safely, protection concepts, including distance rules should apply, to complement online and face-to-face teaching. The existing and future workforce will need to be upskilled as both the private and public sector will be relying on the digital workforce to remain competitive. **(Education and Economy and Finance sections)**

While we have come far as a nation in our collective efforts to flatten the curve, it is becoming increasingly clear that there are no overarching solutions for the COVID-19 pandemic. We can't just flip a switch and go back to our old ways of doing things. COVID-19 will remain a global challenge for some time to come, and further waves of infection may be likely to occur in Malaysia if mitigation measures are not implemented and observed adequately.

There is therefore a constant need for action for the foreseeable future through Public-Private Partnerships. While the public sector has taken the lead to save lives, jobs and businesses, collaborative efforts need to continue between the public and private sector. No single body has the necessary resources, capabilities and answers to address these unprecedented challenges. These efforts will only be successful if they are anchored on trust. It is in this spirit of partnership and trust that the restart can succeed with much promise.



Contacts



Dato' Mohammad Faiz Azmi

Executive Chairman, PwC Malaysia
+60 3-2173-0867
mohammad.faiz.azmi@pwc.com



Sridharan Nair

Managing Partner, PwC Malaysia
+60 3-2173-1064
sridharan.nair@pwc.com



Nurul A'in Abdul Latif

Markets Leader, PwC Malaysia
+60 3-2173-0935
nurul.ain.abdul.latif@pwc.com



Soo Hoo Khoon Yean

Assurance Leader, PwC Malaysia
+60 3-2173-0762
khoon.yean.soo.hoo@pwc.com



Patrick Tay

Deals Partner, Economics and
Policy, PwC Malaysia
+60 3-2173-0604
patrick.se.tay@pwc.com



Mohd Arif Ibrahim

Government and Public Sector
Leader, PwC Malaysia
+60 3-2173-0666
mohd.arif.ibrahim@pwc.com



Marina Che Mokhtar

Deals Director, Economics and
Policy, PwC Malaysia
+60 3-2173-1699
marina.che.mokhtar@pwc.com