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**WORLD BANK GROUP**  
Inclusive Growth & Sustainable Finance  
Hub in Malaysia

# ANNUAL REPORT

## Financial Year 2022

JULY 2021 - JUNE 2022

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# ANNUAL REPORT

Financial Year 2022

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## **About the World Bank Group Inclusive Growth & Sustainable Finance Hub in Malaysia**

The World Bank Group (WBG) and the Government of Malaysia agreed in December 2019 to extend the operation of the WBG's Hub in Kuala Lumpur for an additional five-year period from FY21-25. The new name for the Hub is the World Bank Group Inclusive Growth and Sustainable Finance Hub in Malaysia, which come into effect on July 1, 2020.

This new name reflects the development ambitions of Malaysia to achieve inclusive growth, greater shared prosperity, and developed nation status; and to retain its global leadership role in the area of sustainable finance. Toward achieving this aim, the Hub will continue to serve as a platform for: incubating and generating innovative policy solutions with global impact; sharing expertise and global experience in support of Malaysia's development goals; disseminating development experiences and organizing South-South learning activities; and producing cutting-edge economic research and global public goods.



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# Abbreviations

4P	Pantawid Pamilyang Pilipino Program
ADTEC	Advanced Technology Training Centre
AIBIM	Association of Islamic Banking and Financial Institutions Malaysia
APCCSID 2021	Asia Pacific Conference on Curriculum Studies and Instructional Designing
APRACSI	Asia Pacific Research Association on Curriculum Studies, Inc
APROCEI	Association of Professional in Curriculum and Educational Instruction
ASA	Advisory Services and Analytics
ASEAN	Association of Southeast Asian Nations
BARMM	Bangsamoro Autonomous Region of Muslim Mindanao
BNM	Central Bank of Malaysia
BPMB	Bank Pembangunan Malaysia Berhad
BPS	Business Pulse Survey
CCIA	Climate Change Institutional Assessment
CCPT	Climate Change and Principle-based Taxonomy
CEQ	Commitment to Equity
CIAST	Centre for Instructor and Advanced Skills Training
CLIAR	Country-Level Institutional Assessment and Review
CMP3	Capital Market Masterplan 3 (2021-2025)
COL	Critical Occupations List
COP26	The 26th session of the Conference of the Parties
COVID-19	Coronavirus disease 2019
CPAT	Carbon Pricing Assessment Tool
CPIA	Country Policy and Institutional Assessment
CRM	Customer Relationship Management
CSC	Critical Skills Monitoring Committee
DFI	Development Finance Institution
DOSM	Department of Statistics Malaysia
DPL	Development Policy Loans
DRR-PFM	Disaster Resilient and Responsive Public Financial Management
EAP	East Asia and Pacific
EAPCE	East Asia and Pacific Chief Economist
EAPCEO	East Asia and Pacific Chief Economist's Office
ECCE	Early Childhood Care and Education
ECE	Early Childhood Education
EPF	Employees Provident Fund
EPS	Employment Permit System

EPU	Economic Planning Unit
ESG	Environmental, social, and governance
FCI	Finance, Competitiveness & Innovation
FRA	Fiscal Responsibility Act
FY	Financial year
GDP	Gross domestic product
GFLP	Green Finance Leadership Program
GGP	Governance Global Practice
GIFF	Global Islamic Financial Forum
GLIC	Government-linked investment company
GoM	Government of Malaysia
GP	Global Practice
GST	Goods and Services Tax
GVC	Global value chain
HFC	Hydrofluorocarbon
HiFY	High-frequency survey
HQ	Headquarters
IBE-UNESCO	UNESCO International Bureau of Education
ICMA	International Capital Market Association
ICOM	International Council of Museums
ICSID	International Centre for Settlement of Investment Disputes
IDEAS	Institute for Democracy and Economic Affairs
IDEP	International Day for Eradication of Poverty
IDS	Institute for Development Studies
ILMIA	Institute of Labour Market Information and Analysis
IMF	International Monetary Fund
IRB	Inland Revenue Board
IWG	Industry Working Group
JC3	Joint Committee on Climate Change
JDKM	Royal Malaysian Customs Department
JPA	Public Service Department
KASA	Ministry of Environment and Water
KeTSA	Ministry of Energy and Natural Resources
KIP	Kigali Implementation Plan
KPWKM	Ministry of Women, Family, and Community Development
KRI	Khazanah Research Institute
MAFI	Ministry of Agriculture and Food Industries

MaGIC	Malaysian Global Innovation and Creativity Centre	PIP	Program Indonesia Pintar
MAMPU	Malaysian Administrative Modernisation and Management Planning Unit	PIT	Personal income tax
MAPECE	Malaysia Association of Professional Early Childhood Educators	PKH	Program Keluarga Harapan
MAVCAP	Malaysia Venture Capital Management	PMI	Partnership for Market Implementation
MDEC	Malaysia Digital Economy Corporation	PSD	Private Sector Development
MEDAC	Ministry of Entrepreneurship Development and Cooperatives	PSDC	Penang Skills Development Centre
MEM	Malaysia Economic Monitor	RAIF	Royal Award for Islamic Finance
MIDA	Malaysian Investment Development Authority	RAS	Reimbursable Advisory Services
MIFC	Malaysia International Islamic Financial Centre	REP	Returning Expert Programme
MITI	Ministry of Trade and Industry	RMK-12	Twelfth Malaysia Plan
MOE	Ministry of Education	RPB	Research & Policy Brief
MOF	Ministry of Finance	SCMO	Strategic Change Management Office
MOHE	Ministry of Higher Education	SDG	Sustainable Development Goal
MoSTI	Ministry of Science, Technology and Innovation	SEAMEO SEN	Southeast Asian Ministers of Education Organization Regional Centre for Special Educational Needs
MOT	Ministry of Transport	SEDIA	Sabah Economic Development and Investment Authority
MPC	Malaysia Productivity Corporation	SEEDS	Sustainable Exchange Development Series
MPI	Multidimensional Poverty Index	SME	Small and medium enterprise
MPO	Macro Poverty Outlook	SOCSCO	Social Security Organisation
MRV	Monitoring, Reporting, and Verification	SOE	State-owned enterprise
MTEFF	Medium-term fiscal framework	SP	Social Protection
MTI	Macroeconomics, Trade and Investment	SPJ	Social Protection and Jobs
MWFCD	Ministry of Women, Family and Community Development	SRI	Sustainable and Responsible Investment
MyCC	Malaysia's Competition Commission	SSBs	sugar-sweetened beverages
MyCT	Malaysia Consumption Tax	SUSENAS	National Socio-Economic Survey
NCD	Non-communicable disease	TA	Technical Assistance
NCDC	National Child Data Centre	TADAT	Tax Administration Diagnostic Assessment Tool
NCDRC	National Child Development and Research Centre	TC	Technical Committee
NDC	Nationally Determined Contribution	UK IBEP TF	United Kingdom Improving Business Environment for Prosperity
NGO	Non-governmental organizations	UNDP	United Nations Development Programme
NIA	National Investment Aspiration	UNESCO	United Nations Educational, Scientific and Cultural Organization
NPL	Non-performing loans	UNHCR	United Nations High Commissioner for Refugees
OSA	Office Support Agreement	UPEN	State Economic Planning Unit
PcoP	Planning Community of Practice	UPSI	Sultan Idris Education University
PCS	Protestant Church in Sabah	VBI	Value-based Intermediation
PEB	Poverty and Equity Brief	WBG	World Bank Group
PER	Public Expenditure Review	WDR2021	2021 World Development Report

# Executive Summary





# Looking Back



## Knowledge for Development

The World Bank Hub's knowledge and research work spans multiple themes, drawing on multisectoral, integrated analytics and research that reflects the development priorities of Malaysia, the region, the Bank, and the wider development community.

## FY22 Year in Review

This FY22 Annual Report marks the second annual review under the second phase of the five-year Office Support Agreement (OSA 2.0) between the Malaysian Government and the World Bank Group.

The Hub's priorities and work program reflects its mandate to marshal global experience and expertise to support Malaysia's development priorities; leverage Malaysian development experiences and policy innovations for the benefit of other countries; and generate research as global public goods as well as to benefit the people of Malaysia.

The report highlights the progress and outcomes achieved by the World Bank Group Inclusive Growth and Sustainable Finance Hub (the Hub) for the fiscal year (FY) July 2021 to June 2022, and presents the priority areas and plans by the Hub for the coming fiscal year July 2022 to June 2023.

This annual review covers a period where Malaysia and countries around the world were still grappling with the

impact from the second year of the COVID-19 pandemic, partial lockdowns, vaccination drives, and providing relief and support to affected households and businesses. The war in Ukraine has had a global impact, and Malaysia was not spared from the sharp increase in global commodities prices and supply chain disruptions. Additionally, Malaysia launched the 12th Malaysia Plan in September 2021 with a comprehensive masterplan toward achieving a high-income

## EXECUTIVE SUMMARY

Looking Back: FY22 Year in Review

and developed nation status. The country also announced its net-zero carbon emissions ambition as early as 2050 at the launch of the 12<sup>th</sup> Malaysia Plan (RMK-12).

These crises and policies pose a new challenge to economic policymaking, as they compelled policymakers to provide immediate responses and short-term measures to revive growth, while balancing long-term priorities and reforms needed for fiscal sustainability, building resiliency, boosting competitiveness, and greener growth.

These critical developments have also influenced the Hub's work programs priorities, the type of outputs ranging from webinars, just-in-time advisory services, policy notes to in-depth reports; and the way we collaborate engage with stakeholders and deliver our research and knowledge-sharing activities.

This fiscal year saw active engagement and work delivery across various Hub teams reflecting the focus of the Hub – Inclusive Growth and Sustainable Finance.

## Inclusive Growth

The COVID-19 pandemic has had substantial adverse impacts on the lives of many Malaysians, increasing poverty from 5.6% in 2019 to 8.4% in 2020 as reported by official statistics. With concerns that the recovery may be uneven, it is imperative that appropriate policies are put in place to avoid exacerbating the situation further, and to protect the disadvantaged and vulnerable

**As a response to the pandemic and to providing real-time analysis to the Government of Malaysia, high-frequency surveys to monitor the impact of COVID-19-related shocks to households and firms** were conducted. Three rounds of COVID-19 High-Frequency (HiFy) individual/households phone surveys were conducted. These nationally representative surveys provided information on the impact of (and recovery from) the pandemic on employment and income, access to services, and social safety nets. Four rounds of the Business Pulse Survey were implemented and analyzed to show how firms in Malaysia reacted to the COVID-19 crisis and the adaptation mechanisms they used (including increased digitalization). Malaysia is part of the regional household-firm level analysis that the World Bank is undertaking to better understand the impact of COVID-19 and compare policy responses at the regional level. This study aims to provide inputs to countries for policymaking and lessons learned as the region enters into a more stable phase of recovery.

**Productivity-driven growth and private sector competitiveness** will be the primary drivers for Malaysia to transition to a more innovation-based growth model, generate jobs, and increase incomes and economic growth. **The flagship report on Digitalizing SMEs to boost competitiveness** aims to analyze the opportunities that inclusive digital platforms can create to strengthen the competitiveness of SMEs, and the potential obstacles limiting this. Stakeholder consultations were jointly organized with MyDigital to solicit feedback from the private and public sectors on the policy recommendations. The study findings and feedback received have informed the implementation of the MyDigital Blueprint.

The study on **Early-stage Financing and SME Program Review** in conjunction with the regional flagship report on "The Innovation Imperative for Developing East Asia" were launched during the **Innovation-Led Growth in Malaysia** event on March 24, 2022 by Y.B. Dato' Sri Mustapa Mohamed, Minister in the Prime Minister's Department (Economy) and Manuela V. Ferro, World Bank's Regional Vice President for East Asia and Pacific.

A core focus of FY22 is the ongoing **Fiscal Management Work Program** to support Malaysia's medium-term reform efforts to rebuild fiscal space in the post-pandemic period, and to sustainably finance its transition to high-income status. It includes a **Public Expenditure Review (PER)** for Malaysia, its first since 2011, aimed to provide an analysis of prevailing fiscal position and to identify potential reform opportunities to (i) improve the efficiency and equity of public expenditure by improving civil service spending and delivery, (ii) strengthening the outcomes of public education and health spending, and enhancing the targeting of social assistance programs; and (iii) promote low-carbon and climate-resilient development through reforms to tax and expenditure policies, and by fostering green and inclusive public investment. Work is well underway; and the PER will be completed in FY23 with the aim to have the findings available in time for Budget 2023.

## Sustainable Finance

**Sustainable and inclusive finance plays a crucial role in supporting the achievement of the national commitments for the Sustainable Development Goals (SDGs).** As nations begin to recover from the COVID-19 pandemic and face heightened global risks, climate change and social development have continued to gain importance in the policy agenda.



World Bank partnered with BNM to develop and launch the flagship report **'An Exploration of Nature Related Financial Risks in Malaysia'**, launched in March 2022. Malaysia is one of the most biodiverse countries in the world and it will be important to measure the impact of nature-related risks on the banking sector, sectoral lending exposures and identify key areas for action to mitigate these risks.

**Malaysia is now spearheading global practices in developing taxonomies** by taking a holistic approach to sustainability, ensuring that the social component, which has risen in importance and visibility following the COVID-19 pandemic, is given its due consideration. Securities Commission launched the public consultation paper for the **principles-based Sustainable and Responsible Investment Taxonomy (SRI Taxonomy)** for the Malaysian capital market which brings two new components – social and transition aspects – into taxonomies. World Bank supported SC as lead technical expert. The draft taxonomy, once finalized, will enable easier identification

of sustainable activities by issuers and investors alike, mitigating greenwashing risks, reducing transaction costs, and improving market transparency. In turn, this improved market environment for sustainability is expected to increase the appeal of Malaysian capital market instruments to both local and international investors.

The World Bank prepared the report **'Understanding Competition Dynamics in Retail Banking in Malaysia'** for BNM. This confidential diagnostic report provides recommendations for achieving market dynamism and innovation in the financial sector and was presented to the Financial Development Working Group with several of its recommendations included in the Financial Sector Blueprint 2022-2026. It also provided a baseline for understanding the structure and dynamics of the Malaysian market prior to the arrival of digital banks, an area of technical support in the prior fiscal year with the goal of increasing inclusion to segments with limited access to traditional financial services. The World Bank also prepared an **evaluation of the 2011-2020 Malaysian financial inclusion strategy**.



## HIGHLIGHT

## Malaysia Economic Monitors

## Overview

**The Malaysia Economic Monitor (MEM) continues to serve as an important platform for policy dialogue with the Malaysian authorities and has a high profile in the country.** Now reaching its 13<sup>th</sup> year of publication, the semi-annual MEM has become a key contributor to evidence-based policy analysis on the key challenges that Malaysia will need to overcome to become a high-income, inclusive, and sustainable economy with shared prosperity.

**The series comprises two semi-annual reports, typically released in December and June, each structured around two parts:** (a) a review of recent economic developments and the World Bank's macroeconomic outlook; and (b) a thematic chapter zooming in on a topic that is a critical challenge to Malaysia's achievement of shared prosperity; and where the World Bank can leverage its expertise and the work produced through the Hub.

MALAYSIA  
ECONOMIC  
MONITOR

DECEMBER 2021

## Staying Afloat

### Malaysia Economic Monitor (December 2021): Staying Afloat

**Part 1 of the December 2021 MEM looked at Malaysia's initial stage of economic recovery as the country gradually emerged from the worst wave of the pandemic.** In addition, Part 1 of this MEM analyzed the Government's Budget 2022 measures and how it would impact the Government's fiscal standing. Related to that, the report emphasized the importance of a properly designed and implemented Fiscal Responsibility Act (FRA) which the Government plans to announce in 2022. Such an Act, if properly designed and implemented, should establish a

path for medium-term fiscal consolidation. The report also proposed that efforts to increase revenue collection need to be accelerated, with a clear implementation timeline. In particular, consideration should be given to broadening the tax base, by reviewing and streamlining exemptions on personal income tax and by enhancing the consumption tax framework.

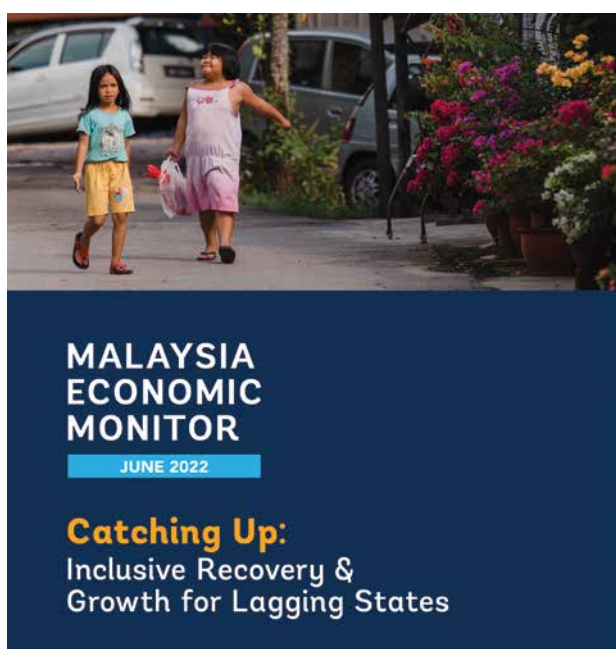
**The special thematic topic for this edition, Staying Afloat focused on the issues affecting households, particularly vulnerable households in Malaysia.** The analysis leveraged the results of the first two rounds of the World Bank's COVID-19 Household Monitoring Survey (HiFy), as well as various ongoing work at the Hub. It looked at the issues and challenges that were faced by lower- and middle-income households in Malaysia in three key areas; employment and income, social protection (SP), as well as education. The focus on households as a special topic for the December 2021 MEM complemented the analysis in the June 2021 edition on the private sector, *Weathering the Surge*.

**The pandemic has exacerbated existing challenges faced by poor and vulnerable Malaysians.** Lower-income, less educated, and young workers were more likely to be exposed to employment disruptions. Moreover, informally employed workers (who do not receive contributions to either the Employees Provident Fund (EPF) or the Social Security Organisation (SOCSO) from their current employer) faced structural vulnerabilities, including irregular income and precarious terms of employment, greater exposure to shocks, and incomplete insurance against risks. The pandemic has also underscored the long-standing weaknesses in Malaysia's social protection system, emphasizing the need for a robust and shock-responsive social protection system. Despite the various pandemic-related assistance, a significant share of those who are eligible did not receive any assistance. Findings from both rounds of the HiFy survey showed that about a quarter of lower-income households had missed out on various government assistance programs during the crisis. On the education front, the pandemic has widened existing learning gaps between children in Malaysia. Results from the HiFy survey highlighted that children from low-income families were less likely to engage in home-learning activities during the pandemic.

**To ensure Malaysia fulfills its growth potential in the next coming years, it is a critical and opportune time for the country to address pre-existing gaps as well as newly emerged challenges from the crisis.** In the short term, policy measures should be geared towards maintaining financial support for poor and vulnerable Malaysians, and establishing a more inclusive social



insurance framework. With widening learning disparities, short-term policy measures should also focus on mitigating further learning losses, especially for socioeconomically disadvantaged children. In the longer-term, Malaysia should take steps to reform the social protection system to make it: (i) more broad-based and robust, (ii) progressively targeted, (iii) poverty and inequality reducing, (iv) shock-responsive, and (v) efficient. Finally, the Government needs to build a more inclusive, effective, and resilient education system that is capable of responding to future shocks.



### Malaysia Economic Monitor (June 2022): **Catching Up – Inclusive Growth and Recovery in Lagging States**

**Part 1 of the June 2022 MEM analyzed Malaysia's macroeconomic developments as the economy continued to stay on a recovery momentum.** The edition also highlighted several findings from the Bank's own analysis, which informed some of the policy recommendations. This includes the pace of monetary normalization, which should be gradual to support economic recovery. On the fiscal front, results from the Bank's simulation exercise indicated that the path for medium-term fiscal consolidation should firstly be gradual to avoid disruptions to economic recovery. Secondly, expenditure-driven consolidation is preferred over revenue-driven consolidation, given its implications for short-term growth. However, given rigidity in government spending, where nearly 68% of operating expenditures are committed expenditures, fiscal consolidation should strike a balance between raising revenue collection and achieving spending efficiency.

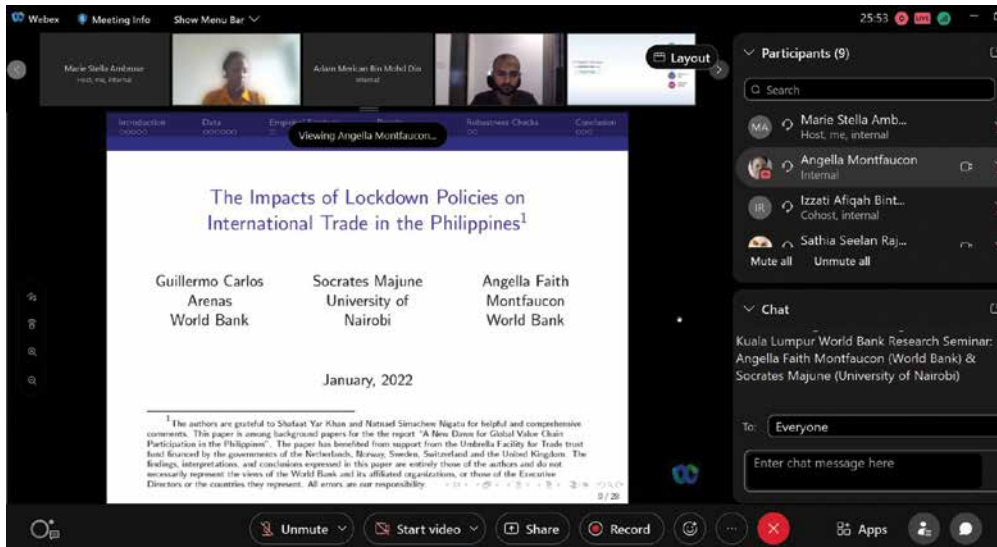
**The June 2022 MEM special topic casted a spotlight on the development challenges in lagging states; namely, Kedah, Perlis, Kelantan, Sabah, plus Sarawak** - by measure of lowest average income/highest poverty rate. There is enormous variation in development among states in Malaysia. For example, the average nominal income in Penang was 26% higher than the national average; by contrast, in Kelantan it was only 32% of the national average. The pandemic has also shed a clearer light on disparities across geographic areas. Households in East Malaysia and Northern Peninsula regions experienced slower progress in regaining employment or income compared to those in other regions. Absolute poverty rate in four states within these regions; namely, Sabah, Sarawak, Perak, and Kedah, are also higher than the national poverty rate in 2020. Echoing these findings, the World Bank's Business Pulse Survey (BPS) found that the largest share of firms expressing the need for continued support are in East Malaysia and among small firms.

**Despite many similarities, there are some differences among lagging states.** Care must therefore be taken to not generalize among lagging states, as each state also has its own development challenges. In that light, among the lagging states, Sabah stands out the most, and Part 2 presents a detailed case study of Sabah, which has regressed from a leading to a lagging state. The case study leveraged on the findings from the Hub's work on Sabah's growth diagnostics, done in collaboration with the State Economic Planning Unit (UPEN) and the Institute for Development Studies (Sabah).

**In the lagging states, immediate policy action ought to focus on poverty alleviation.** Not only are poverty rates in lagging states the highest in the nation, but they also rose the fastest following the COVID-19 pandemic. Alleviating poverty in the short term will require an increase in cash transfers. However, for the lagging states to catch up and to eradicate poverty in the long run, economic growth in those states must continuously expand faster than the national economy and create higher-quality jobs. To boost and sustain high growth rates, the fundamental drivers of growth – physical capital, human capital, and aggregate productivity – in these states must be enhanced. Long-term poverty reduction and eradication will require improved access to education and adequate skills to compete for well-paid employment. In addition, measures to ease national-level constraints, such as increasing the nation's fiscal space and enhancing the investment promotion framework, will play a major positive role in supporting economic prosperity in the lagging states.

# FY22 Key Activities

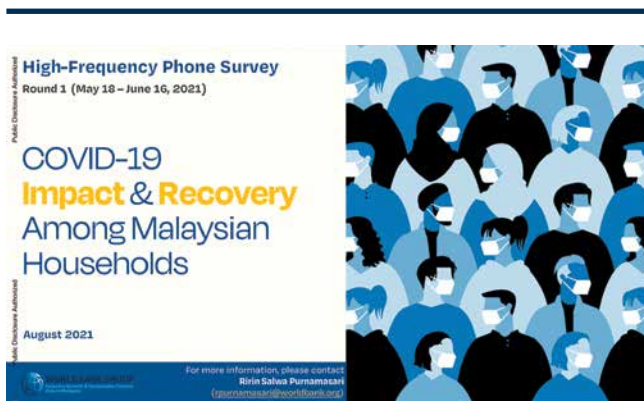
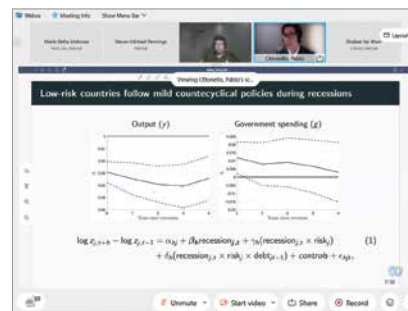
(JULY 2021 – JUNE 2022)



**SEPTEMBER 2021 - MAY 2022**

**East Asia & Pacific Chief Economist Research Center, Research Seminar Series**

A series of e-seminars focusing on various research topics such as vulnerability of jobs to COVID-19 in Malaysia; the effects of different methods of reserve accumulation on sovereign spread; and the impacts of lockdown policies on international trade. On average, around 30 people attended each e-seminar, with attendees from MOF, MOH, DOSM, KRI, BNM, SEACEN, ASB, academia, and policymakers.



**SEPTEMBER - OCTOBER 2021**

**Dissemination of HiFy survey findings with government counterparts**

HiFy survey findings were presented and discussed with key government counterparts, including EPU, BNM, and KPWKM.



**OCTOBER 2, 2021**

**Addressing Students' Individual Needs in Shared School Settings Conference**

The Education Task Team Lead presented at the Asia Pacific Conference on Curriculum Studies and Instructional Designing (APCCSID 2021) Symposium I, attended by 190 education professionals, part of a conference jointly organised by SEGi University Malaysia, University of Malaya, IBE UNESCO, APRACSI, and APROCEI.

**OCTOBER 15, 2021**

**Conference on International Day for the Eradication of Poverty (IDEP)**

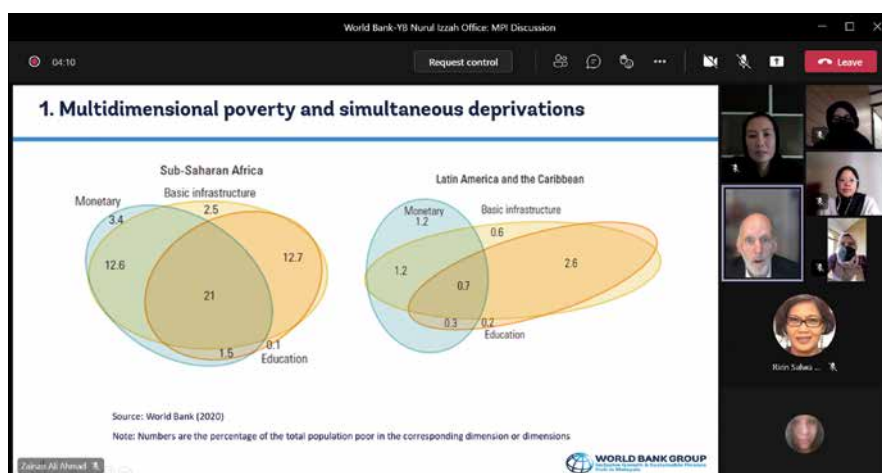
Co-organized with Yayasan Sejahtera and UNDP Malaysia, the conference incorporated five plenary sessions with keynote presentations and panel discussions involving more than 450 registered participants and nearly 1,000 unique views during the one-day event. The Minister in the Prime Minister’s Department (Economy), Y.B. Dato’ Sri Mustapa Mohamed, delivered the keynote address.



**OCTOBER 18, 2021**

**Islamic Finance and 12MP**

A webinar on “Achieving the Goals of the 12<sup>th</sup> Malaysia Plan: How Can Islamic Finance Contribute?” organized in partnership with the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) and supported by the Malaysia International Islamic Financial Centre (MIFC). Over 200 participants from more than 10 countries representing governments, financial sector institutions, regulatory bodies, research entities, and the private sector connected.



**OCTOBER 22, 2021**

**Online discussion with Member of Parliament for Permatang Pauh**

The Poverty team also had a discussion on MPI with the Member of Parliament for Permatang Pauh, Y.B. Nurul Izzah, following the publication of the Permatang Pauh Multidimensional Poverty Index Report in October 2021.



**OCTOBER 25, 2021**

**Sustainable Exchange Development Series (SEEDS): Malaysia**

SEEDS is a series of webinars that feature good policy and regulatory practices, as well as sustainable finance products and services. These peer-to-peer knowledge exchange events provide valuable and timely information to policymakers, allowing them to consider the learnings for innovation within their own markets. The first one in October is the Developments in Sustainable Finance in ASEAN. Almost 300 participants from more than 20 countries dialed-in.



**OCTOBER 27-28, 2021**

**Special education training**

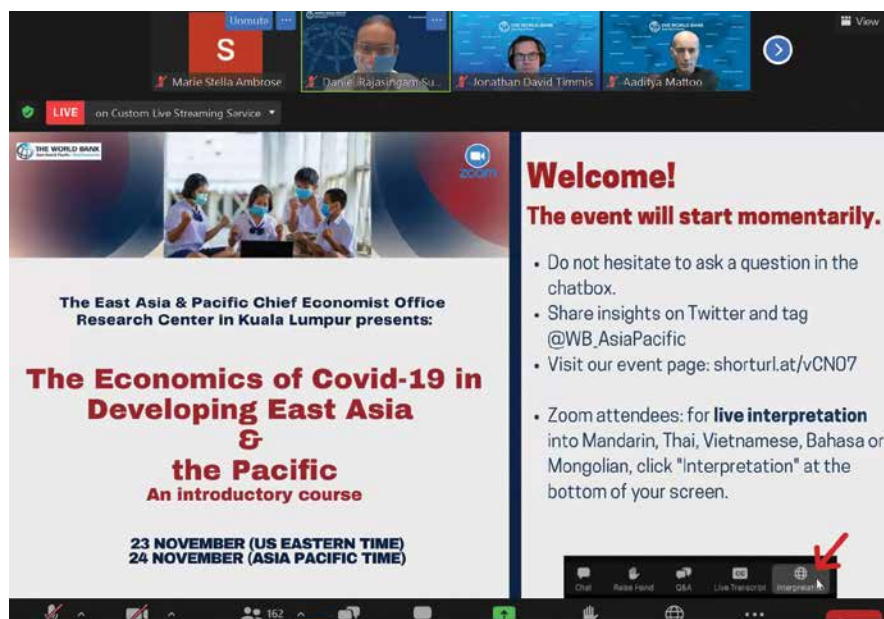
The Education Task Team Lead conducted a 10-hour training for special education teachers from 11 EAP countries. Training was arranged by SEAMEO SEN, with the topic being “Teaching Strategies for Teachers of Students with Visual Impairments and Learning Disabilities”.

**NOVEMBER 22, 2021**

**Virtual Symposium on ‘Building Blocks for a High-Performance Aged Care System’**

The fourth symposium on aged care was co-hosted with EPU and KPWK. The session centered on the priorities of aged-care policies and programs in the 12<sup>th</sup> Malaysia Plan, as well as key building blocks as a framework for a high-performance aged care system.





**NOVEMBER 24, 2021**

**E-seminar on the Economics of COVID-19 in Developing East Asia & Pacific: An Introductory Course**

The first ever course on COVID-19 for the region aimed to help attendees understand what has happened over the past two years. The course covered the conceptual and empirical analysis that is accessible to economics students, economists, researchers, and others with an interest in the field. Close to 500 participants joined online from Malaysia, China, the Philippines, Indonesia, and many other countries in the region.

**DECEMBER 7, 2021**

**Sustainable Exchange Development Series (SEEDS) : Thailand**

Almost 300 participants from 25 countries representing governments, financial sector institutions, regulatory bodies, research entities, academia, embassies, and other key stakeholders from the private sector registered for this event.



**DECEMBER 2021 - MARCH 2022**

**Partnership for Market Implementation**

During the preparation of the PMI Readiness Support Plan, the task team organized technical working group and bilateral meetings regarding the carbon pricing instruments in general, and findings and recommendations of the assessment, by inviting the key ministries (Ministry of Finance-MOF, Ministry of Environment and Water-KASA, and other line ministries) and the target private sector players with the government's approval.



**DECEMBER 21, 2021**

**Launch of the 25th Edition of the Malaysia Economic Monitor - "Staying Afloat"**

This edition of MEM focused on how the pandemic has affected low-income households as well as vulnerable groups. The analysis leveraged the results of the first two rounds of the World Bank's COVID-19 Household Monitoring Survey (HiFy), as well as various existing work at the Hub on social protection and education. The official address was delivered by Minister in the Prime Minister's Department (Economy), Y.B. Dato' Sri Mustapa Mohamed.



**JANUARY 27, 2022**

**Majalah Didik Education TV cooperation**

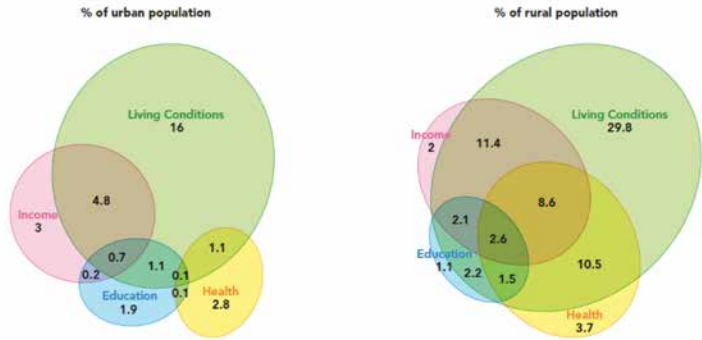
Cooperation with Impact Hub KL and Design for Change Malaysia in a production of four School TV episodes. "Majalah Didik" is an edu-reality documentary series featuring stories for change from students in the schools of Malaysia.

**JANUARY 27, 2022**

**Roundtable discussion on MPI Policy Note with EPU**

The Poverty team, in coordination with EPU, conducted a roundtable discussion about the World Bank’s policy note on MPI in Malaysia. The roundtable also discussed how to take full advantage of the potential utility of the MPI in policymaking, in line with the RMK-12 for anti-poverty programs.

**Need to unpack the MPI for clues on how to “end poverty in all its forms” (SDG 1)**



Source: World Bank staff calculations using HHS data from DOSM

**MARCH 15, 2022**

**Report launch: Exploring Nature-Related Financial Risks in Malaysia**

The virtual launch event showcased the new joint Bank Negara Malaysia - World Bank report on Exploring Nature-Related Financial Risks in Malaysia. Malaysia’s experience as a “megadiverse” emerging nation provides an opportunity to see how nature-related risks can be assessed and opportunities considered to improve economic and nature-related outcomes. The webinar was opened by the Central Bank Governor, Tan Sri Nor Shamsiah as well alongside Ndiame Diop, Country Director for World Bank. Keynote was done by Sylvie Goulard, 2<sup>nd</sup> Deputy Governor, Banque de France, and 1,000 participants registered from 45 countries with over 875 having attended.



**MARCH 17, 2022**

**Sabah State Education Department visit**

The Education Task Team Lead visited Sabah State Education Department Head Senior Assistant Directors and headmasters in Kota Kinabalu to discuss the current relevant educational development trends and needs in Sabah.

**Report Launch: Exploring Nature-Related Financial Risks in Malaysia**  
March 15, 2022 (Tuesday) 10am - 12pm (MYT) Register now: [bit.ly/nbfrlaunch](https://bit.ly/nbfrlaunch)

**Speakers:**  
 - **Opening Remarks:** Tan Sri Nor Shamsiah binti Mohd Yunus (Governor, Bank Negara Malaysia); Dr. Ndiame Diop (Country Director for Brunei, Malaysia, Philippines and Thailand, World Bank Group)  
 - **Keynote Address:** Sylvie Goulard (Second Deputy Governor, Banque de France)  
 - **Special Address:** Dr. Rafael del Villar (Chief Advisor to the Governor, Banco de Mexico)  
 - **Global Efforts by Regulators on Nature-Related Risks:** Nick Rabins (Professor in Practice, Sustainable Finance, London School of Economics)  
 - **Call to Action:** Tan Sri Dr. Jemilah Mahmood (Professor and Director, Sunway Centre for Planetary Health)

**Panel Discussion: The Next Frontier in Nature Financing**  
 - Dr. Ma Jun (President, Institute of Finance and Sustainability, China)  
 - Dr. Henry Chan (Conservation Director, World Wide Fund for Nature, Malaysia)  
 - Paul Milton (Head of Stewardship, Asia Pacific, BNP Paribas Asset Management)  
 - Syed Mohazri Syed Hazari (Chair, Interim working group for the establishment of the Malaysia Platform for Business and Biodiversity)  
 - Moderator: Datin Seri Sumita Rajakumar (Founder, Climate Governance Malaysia)

**Program:**  
 - 10am - 10.10am: Opening Remarks  
 - 10.10am - 10.20am: Keynote Address  
 - 10.20am - 10.35am: Presentation of Key Results  
 - 10.35am - 10.45am: Special Address  
 - 10.45am - 11.45am: Panel Discussion  
 - 11.45am - 11.55am: Global Efforts by Regulators on Nature-Related Risks  
 - 11.55am - 12.00pm: Call to Action

**Virtual Symposium: International Labor Mobility**  
March 23, 2022 (Wednesday) 9am - 12.05pm (MYT)

**MARCH 23, 2022**

**Virtual Symposium on International Labor Mobility**

The symposium on labor mobility was jointly organized with the Ministry of Human Resources with support from the Korea-World Bank Partnership Facility. The session aimed to improve understanding on international labor mobility, including job matching in international labor markets and managing labor mobility during the COVID-19 crisis, with a focus on the Republic of Korea’s Employment Permit System (EPS).





MARCH 19, 2022

### Education Leadership training

The Education Task Team Lead conducted a two-hour training for Malaysian State Education department officials, as a part of the Applied Leadership Programme for School Transformation arranged by Edvolution.



MARCH 23, 2022

### Sustainable ExchangeE Development Series (SEEDS): Korea

The third installment of SEEDS focused on the carbon market trading or emissions trading system. The event was jointly organized by the Inclusive Growth and Sustainable Finance Hub in Malaysia and the Seoul Center for Finance and Innovation. The webinar was conducted in Korean and English, and attracted 363 registered participants from 20 countries (predominantly from the Philippines, Malaysia, Thailand, Indonesia, and the Republic of Korea). The participants were from the financial industry (including central banks, regulators), government, and private sector.

MARCH 24, 2022

### Innovation-led Growth in Malaysia

This public session aimed to discuss the importance of innovation-led growth in the current economic context for Malaysia, and what policy initiatives could help strengthen this from the perspective of the institutional landscape and the financing ecosystem. The event generated a great deal of interest, with over 450 registrations from over 20 countries.



MARCH 30, 2022

### Launch of the Preparation of the Malaysia Kigali HFC Phasedown Plan

This was the first physical workshop for the Hub since the pandemic began, with a total of 200 participants representing government bodies and the private sector connecting virtually or physically attending the hybrid launch workshop held in Putrajaya in person. The workshop served to sensitize HFC importers, associations, and manufacturers of HFC-using products and applications on the preparation of Malaysia's first Kigali Implementation Plan (KIP) in close cooperation by the Department of Environment and World Bank.

## EXECUTIVE SUMMARY

### FY22 Key Activities



**MARCH 28, 2022**

#### TVET Visit

The World Bank Hub team visited the Centre for Instructor and Advanced Skills Training and the Advanced Technology Training Centre to discuss current vocational training issues in Malaysia.



Malaysia Preschool Education Review Lab

**MARCH 30-31, APRIL 1, 2022**

#### Preschool Education Review Lab

The preschool education lab brought together 80 participants from ministries and key preschool education institutions to discuss the best ways to ensure universal enrolment and access in high quality preschool services among 4+ and 5+-year-old children.



**MAY 11-19, 2022**

#### Supporting MOF's Tax Policy Reform: Analyzing Malaysia's Consumption Tax Gap

The World Bank delivered four training sessions on the design and functionality of the GST Gap Model to 15 officers from the Malaysia Consumption Tax Unit of the MOF and the Royal Malaysian Customs Department. The training ranged from conceptual to practical guidance on the development of a GST Gap Model with synthetic data. It helped equip participants with the requisite understanding of the structure of a GST Gap Model, how each of its components interacts, the inputs required for the model, and how they can be used to compute both potential and actual GST amounts to determine the GST gap.



**MARCH 28-30, 2022**

#### Mission to Kota Kinabalu, Sabah

The World Bank team traveled to Kota Kinabalu to participate in meetings with the Institute for Development Studies and the Sabah Economic Planning Unit, and presented findings from the report on growth and development in Sabah. Meeting participants provided comments and suggestions.

Through its technical assistance program, the World Bank supported SEDIA on investment promotion capacity building, which has led to the establishment of the investment promotion unit in Sabah. SEDIA organized a site visit to one of its projects in Mapan Mapan, a fishing village located in Pitas, a district with the second-highest poverty rate in Sabah. SEDIA built affordable houses for 20 households in a fishing community, and provided training on sea cucumber farming.

**MAY 12, 2022**

#### East Asia & Pacific: NPL Resolution, Insolvency and SMEs in Post-COVID-19 times

The workshop provided a forum to take stock of the economic effects of the COVID-19 crisis so far in the EAP region, focusing on the economy's financial sector and vulnerable sectors particularly smaller enterprises. The primary objective of the workshop is to share experiences and lessons from other countries to identify good practices in prudential supervision and regulation and a robust enabling environment for Non-Performing Loan resolution, and to facilitate private sector participation.





**MAY 18-19, and JUNE 7, 2022**  
**Malaysia Preschool Training**  
**Parts 1 and 2**

Two segments of the three-day training for (Day 1) 123 participants; (Day 2) 61 MOE officials, State Education Department officials, and preschool stakeholders, were organized by the World Bank Education Global team from Washington. The training addressed the issue of early childhood education quality, as well as the topic of leveraging adaptive learning to improve early-grade reading, especially its application in the Malaysian setting.

**Virtual Workshop**  
**Global Best Practices**  
**in Social Safety Nets Reform**

June 14, 2022 (Tuesday) 2.30pm - 5.30pm REGISTER: bit.ly/SSNworkshop

**WORKSHOP PROGRAM**

**Session 1: Enhancing Social Protection System in Malaysia**

**Officialled by**  
**YB Dato' Sri Mustapa bin Mohamed**  
Minister  
Prime Minister's Department (Economy)

**YBhg. Datuk Dr. Zunika binti Mohamed**  
Deputy Director General (Policy)  
Economic Planning Unit,  
Prime Minister's Department

**Session 2: Global Best Practices in Social Safety Net Reform: Country Experiences**

**Welcoming remarks**  
**Yasuhiko Matsuda**  
Country Manager for Malaysia  
World Bank Group

**Elini Andriopoulos**  
Head of Unit of Experts in  
Employment,  
Social Security,  
Welfare, and Social Affairs,  
Greece

**George Paniteros**  
Directorate for the  
Fight against Poverty  
Ministry of Labor  
and Social Affairs,  
Greece

**Zhang Wei**  
Deputy Director General  
Department of  
Social Assistance,  
Ministry of Civil Affairs  
(MOCA), China

**Nick Lattimer**  
Acting Branch Manager,  
Participation and Supplementary  
Payments Branch,  
Department of Social Services,  
Services Australia

**Wan Yi Shin**  
Consultant  
Social Protection  
and Jobs  
World Bank Group  
(Moderator)

**Session 3: Reflections on Malaysia's experience: Reform Priorities for Social Safety Nets**  
with additional reflections from earlier speakers from Australia, China, Greece

**Closing Remarks**  
**Ronald Upenya Mutasa**  
Practice Leader,  
Human Development,  
Brunei, Malaysia,  
Philippines, Thailand  
World Bank Group

**YBhg. Datuk Dr. Maslah  
binti Che Yusoff**  
Secretary-General  
Ministry of Women, Family  
and Community Development

**YBhg. Datuk Haji Ruji  
bin Haji Ubi**  
Director General  
Implementation  
Coordination Unit,  
Prime Minister's  
Department

**YBhg. Datuk Johan  
Mahmood Merican**  
Deputy Secretary-General  
of Treasury (Policy)  
Ministry of Finance

**Ugo Gentilini**  
Global Lead  
for Social Assistance  
World Bank Group

**Yeshodhan Ghorpade**  
Senior Economist  
Social Protection  
and Jobs  
World Bank Group  
(Moderator)

**Q&A Session and Open Discussion**  
Moderated by Alyssa Farha Jasmin, Consultant, World Bank Group

**JUNE 14, 2022**

**Virtual Workshop on 'Global Best Practices in Social Safety Nets**

The virtual workshop on Global Best Practices in Social Safety Nets Reform was co-hosted with the Economic Planning Unit, with a focus on lessons learned from Greece, China and Australia. The workshop had high-level participation from multiple government agencies, including the Ministry of Finance, Ministry of Women, Family and Community Development and Implementation Coordination Unit. The workshop garnered over 170 participants online.



**MAY 26, 2022**

**Consultative Workshop on Digital Transformation in Malaysian Agri-Food System**

The workshop is intended to provide an interactive platform for all the agencies to exchange knowledge, ideas, and innovative approaches that will help the upcoming Agriculture Digital Transformation RAS that the World Bank will be undertaking for MAFI and EPU. It was attended by 44 participants from MAFI, EPU, MDEC, and some private sector companies.

**MALAYSIA ECONOMIC MONITOR**  
JUNE 2022

**Catching Up:**  
Inclusive Recovery &  
Growth for Lagging States

**WORLD BANK GROUP**  
Inclusive Growth & Sustainable Finance  
Partners in Malaysia

**JUNE 16, 2022**

**Launch of the 26<sup>th</sup> Malaysia Economic Monitor June 2022 Edition - Catching Up: Inclusive Recovery & Growth for Lagging States**

The MEM launch event was co-hosted with the Sabah Institute for Development Studies and the World Bank as an in-person event in Kota Kinabalu. Minister in the Prime Minister's Department (Economy), Y.B. Dato' Sri Mustapa Mohamed, provided the opening remarks and the Chief Minister of Sabah, Y.A.B. Datuk Seri Haji Hajiji bin Haji Noor, delivered the welcome speech.







## THEMATIC AREA 1

# Supporting Inclusive Growth

### SUB-THEMES

#### 1. Growth and Inclusion

- Macroeconomics, Trade and Investment
- Poverty and Equity

#### 2. Private Sector Competitiveness

#### 3. Human Capital Development

### Development Objective

Malaysia will likely transition to high-income country status in the next few years. The extent to which growth is sustainable and inclusive will be a key focus of Government policies. The COVID-19 pandemic poses a new challenge to economic policymaking, raising questions about the resilience of Malaysia's economy and the nature of growth in the post-pandemic era.

The Inclusive Growth pillar will consist of knowledge and research work related to growth and inclusion, private sector competitiveness, and human capital development.

The Hub teams aim to support Malaysia's shared prosperity agenda and provide impactful development lessons for countries seeking to make similar development journeys through innovative work on inclusive growth, private sector competitiveness, and human capital development.





THEMATIC AREA 1

SUB-THEME 1

# Growth and Inclusion

## Overview

Two World Bank Group Practices contribute to the work under this large sub-theme: Macroeconomics, Trade and Investment; and Poverty and Equity. The objective of the work is to support Malaysia's long-standing ambition to achieve equitable economic growth, and to share the country's own experience with other countries harboring similar aspirations.

With this objective in mind, the Hub's teams working under this theme: (i) conduct policy analysis and provide advisory services for the Malaysian Government in the areas of macroeconomic and fiscal management, shared prosperity, and poverty reduction; (ii) share Malaysia's inclusive growth and development experience with other countries and stakeholders; and (iii) support capacity building in the area of economic modeling, statistical analysis, and survey methods.

# FY22 Looking Back

(JULY 2021 – JUNE 2022)

## Macroeconomics, Trade and Investment (MTI)

Prudent macroeconomic management has been at the core of Malaysia's transition from low- to upper-middle-income status, and will continue to be critical as the country navigates the post-COVID-19 economic landscape, a volatile external environment shaped by changing geopolitics, and as it looks toward the next stage of the transition to a high-income and developed economy.

### Macroeconomics and Growth

The year under review saw, as per usual practice, the preparation of two editions of the **Malaysia Economic Monitor**. The December 2021 edition, which was titled **Staying Afloat**, updated Malaysia's macroeconomic outlook in light of the COVID-19 shock to the economy, focusing on the impact of the pandemic on households and vulnerable Malaysians. This MEM featured various new analyses, for example, when quantifying the impact on public revenues if Malaysia moved to a potential GST 2.0, and in analyzing findings from the second round of the World Bank's High-frequency survey (HiFY) on households, which took place between October-November 2021. One relevant finding was that as many as 66% of households in

the low-income group were unable or only partially able to cover their monthly basic needs using their own resources and the government assistance they had received. This has implications for design of social protection systems, a key priority area for the Government.

The forthcoming June 2022 edition, titled **Catching up: Inclusive Recovery & Growth for Lagging States**, will (a) present new analysis on the pace and modality of fiscal consolidation and debt management, and (b) present sub-national growth diagnostics with a focus on Sabah. This draws on the **Sabah Growth and Development Study**, which was completed last FY in partnership with the State Economic Planning Unit. It assessed the key challenges and opportunities that the state faces, with a particular emphasis on human capital development, investment and productivity climate, and center-local fiscal relations.

As is typically the case, the team disseminated the MEMs across Malaysia and engaged with state-level authorities, universities, think tanks, and the private sector. The World Bank team also engaged in significant public and media commentary on the economic impact of the COVID-19 crisis, and policy options for relief and recovery.





## THEMATIC AREA 1: SUPPORTING INCLUSIVE GROWTH

Sub-Theme 1: Growth and Inclusion

### Fiscal Management

A core focus of FY22 was the ongoing **Fiscal Management Work Program** to support Malaysia's medium-term reform efforts to rebuild fiscal space in the post-pandemic period, and to sustainably finance its transition to high-income status. It includes a **Public Expenditure Review (PER)** for Malaysia, its first since 2011, aimed to provide an in-depth analysis of Malaysia's prevailing fiscal position and to identify potential reform opportunities to (i) improve the efficiency and equity of public expenditure by improving civil service spending and delivery, strengthening the outcomes of public education and health spending, and enhancing the targeting of social assistance programs; and (ii) promote low-carbon and climate-resilient development through reforms to tax and expenditure policies, and by fostering green and inclusive public investment. Work is underway; however, because of issues with data access and quality, the PER will be completed in FY23.

The team also currently providing several **tax policy reform technical assistance and advisory services** to MOF as part of the Fiscal Management Work Program. Among these are the development of the **Malaysia Personal Income Tax Policy Microsimulation Model** and detailed analysis on the scope, tax rates, and the relief system of the current personal income tax framework in Malaysia, with the aim to enhance its progressivity and contribute to higher revenue mobilization. Other engagements under the tax policy reform support programs include (i) the development of the **Consumption Tax Gap Model** to inform the potential reinstatement of the Goods and Services Tax (GST) in Malaysia; (ii) **Health Tax Policy Analysis** to provide policy recommendations to further strengthen progress toward Malaysia's non-communicable disease (NCD) prevention targets with respect to tobacco, alcohol, and sugar-sweetened beverages (SSBs); and (iii) the **Application of Behavioral Insights** to increase tax acceptance and compliance.

### Budget 2022 Engagement



The World Bank continues to provide a series of suggested policy measures to the government's budget process, as well as analytical support on macroeconomic modelling, long-term growth modeling, and analysis of potential output, as well as significant post-budget event commentary.

In the latest Budget 2022, several of the fiscal-related recommendations made by the Hub matched with those in the budget:

1. To raise the debt limit further. A few weeks prior to the Budget announcement, the government revised the debt limit to 65% of gross domestic product (GDP) from 55% of GDP.
2. To undertake a more gradual fiscal consolidation. This was reflected in the revision of the fiscal deficit in the medium-term fiscal framework (MTFF) to about 5.0% of GDP until at least 2024, from the previous target of 4.5%.
3. To widen the personal income tax (PIT) base by including investment income, income from abroad, and foreign-earned income. This was in part reflected in the new measure to tax foreign income.

Additionally, other measures such as provision of free or more accessible and affordable child-care were in tandem with the recommendations provided by the Hub to MOF, and were also mentioned in the Budget.





With resources from the Prosperity Fund, the team concluded its policy dialogue with the Ministry of Trade and Industry (MITI) to enhance **Malaysia's Investment Policy and Promotion Framework** in line with the National Investment Aspirations (NIAs). As part of the core working group (comprising BNM, World Bank Group, and Malaysian Investment Development Authority or MIDA) supporting MITI on the operationalization of the NIAs, the team provided extensive inputs to inform the development of the New Investment Policy in FY22. The public document (expected to be released in 2022) will outline several national-level initiatives to enhance Malaysia's investment framework in line with the recommendations from the joint BNM – World Bank study on Modernizing Malaysia's Investment Framework.

On subnational investment policy and promotion, the WBG team provided extensive **institutional development support to the Sabah Economic Development and Investment Authority (SEDIA)** in FY22 with the aim to enhance its capacity on proactive investment promotion and investor services. These included provision of detailed recommendations on the structure, mandate, functions, and

size of the new investment promotion unit; capacity-building activities to help establish investment promotion operations such as investor inquiry handling, sector targeting, and investor outreach; and support for the development of key systems and tools such as an investment promotion website, social media capability, standard operating procedures, and investor information and Customer Relationship Management (CRM) systems.

FY22 also saw the World Bank supporting Malaysia's net-zero emissions climate ambitions. The World Bank Group team supported the Government of Malaysia (MOF, KASA, Ministry of Energy and Natural Resources (KeTSA), MITI, Ministry of Transport (MOT), and other line agencies) in preparing a **Partnership for Market Implementation (PMI) Readiness Support Plan** to obtain trust fund support over a three-year period. The PMI support will provide a **well-considered and broad-based foundation for readying Malaysia for a successful and meaningful carbon pricing instrument implementation** to attain its Nationally Determined Contribution and other long-term mitigation goals.

## Poverty and Equity

The COVID-19 pandemic has had substantial adverse impacts on the lives of many Malaysians. In addition to increasing poverty from 5.6% in 2019 to 8.4% in 2020 as reported by official statistics, the World Bank's phone-based survey in May/June 2021 revealed that COVID-19 has impacted the welfare of Malaysians unequally, pushing existing inequalities to the forefront. With concerns that the recovery may also be uneven, it is imperative that appropriate policies are put in place to avoid exacerbating the situation further, and to protect the disadvantaged and vulnerable. Given the rapidly evolving pandemic, timely and granular information about the pandemic's impact on households is needed to inform policymaking processes as the crisis unfolds.

In this spirit, one main activity of FY22 was the continuation of **COVID-19 High-Frequency (HiFy) Phone Survey**. Two additional rounds of the HiFy survey were conducted in October/November 2021 and April/May 2022. Designed

as a longitudinal (panel) study, the surveys recontacted the same individuals/households throughout the three rounds, allowing for a more robust analysis of the dynamics of the well-being of Malaysian households during the pandemic. These nationally representative surveys provided valuable information on the impact of (and recovery from) the pandemic on employment and income, access to services, and social safety nets.

The two additional rounds of HiFy surveys show a promising recovery from the crisis across the board since the second half of 2021. However, recovery was slower among poor and vulnerable groups. Although the economy is projected to rebound in 2022, poor and vulnerable people now seem less resilient to withstand future shocks, especially with the recent increase in socioeconomic inequalities.

The team disseminated the findings from the HiFy surveys through several channels. Firstly, the HiFy findings

## Roundtable Discussion on Multidimensional Poverty



The World Bank presented policy note on Malaysia's current Multidimensional Poverty Index (MPI) to EPU, joined by the Department of Statistics Malaysia (DOSM). The note suggests that Malaysia's current MPI sets too low a standard to be very useful for policies and programs. The deprivation thresholds in the current MPI need to be upgraded to better match Malaysia's current living standards and state of development. The RMK-12 is a crucial opportunity to upgrade the MPI and unleash its potential to inform the poverty eradication policy in the country.

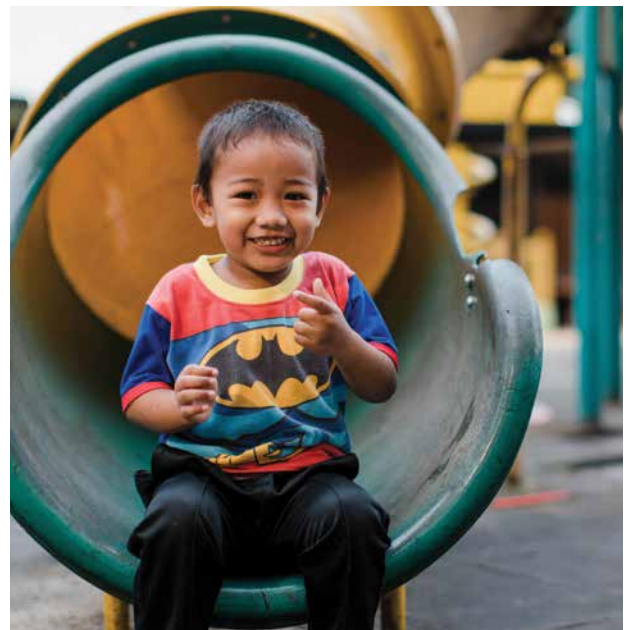
The roundtable discussed the Government's plan to update and operationalize the MPI in the context of RMK-12, including the need for good access to microdata in order to be able regularly update the analysis and adequately reformulate the index. In the meeting, the EPU conveyed its interest in World Bank participation in a newly established working group on the poverty eradication agenda, joined by other policymakers, international and local researchers, and academia. The establishment of the working group reflects the country's strong commitment to improving the well-being of its people and becoming more inclusive, as laid out in the RMK-12.

were **presented and discussed** with key government counterparts, including the Economic Planning Unit (EPU), the Central Bank of Malaysia (BNM), and the Ministry of Women, Family, and Community Development (KPWK). Findings from the HiFy surveys were also prominently presented in the **December 2021 MEM, Staying Afloat**. In close collaboration with the MTI, Social Protection and Jobs (SPJ), and Education teams, the team led the second part of the MEM, leveraging results from the HiFy survey on the impact of the COVID-19 pandemic on low- and middle-income households, particularly on employment and human capital. The panel discussion of this MEM special topic involved experts from the government, public, and private sectors, providing a wide platform to discuss reforms for developing robust and shock-responsive social protection and education systems. To provide a comprehensive view on the impact of the pandemic on both households and business, a deep-dive study integrating results from the Malaysia's HiFy survey and Business Pulse Survey is being conducted in collaboration with the Finance, Competitiveness & Innovation (FCI) team, which will feed into the **East Asia and Pacific (EAP) COVID-19 regional report** (forthcoming). In the relative vacuum of reliable timely data and information about COVID-19 impacts and recovery, the HiFy survey results will serve as an important public good. We are developing a website for the **COVID-19 Observatory** for Malaysia, featuring online access to various outputs from the HiFy surveys, such as detailed slide books, blogs, and briefs from each survey round. The anonymized survey data are also made publicly available for further analysis and use by the government, the research community, and the public. In collaboration with the EPU, the team is also preparing a note/op-ed summarizing the findings from the HiFy findings.

Overall, the findings of the HiFy survey are expected to provide near-real-time insights and promote evidence-based policymaking, which will help develop effective responses that ensure inclusive recovery and promote resilience in the face of a rapidly changing situation.

Another highlight of the year was the engagement on the **MPI**. In January 2022, the team, in coordination with the EPU, conducted a roundtable discussion about the World Bank's policy note on MPI in Malaysia. The roundtable also discussed how to take full advantage of the MPI's potential use in policymaking for anti-poverty programs, in line with the RMK-12. Following the roundtable discussion and other discussions on the MPI and RMK-12, the World Bank has been invited to join the Technical Committee for Poverty Alleviation Policy led by the EPU. In November 2021 the team also had a discussion on MPI with the Member of Parliament for Permatang Pauh, following the publication of the Permatang Pauh Multidimensional Poverty Index Report in October 2021.

To commemorate the **annual End Poverty Day**, the team, in collaboration with Yayasan Sejahtera and UNDP Malaysia, successfully organized a virtual conference, the International Day for Eradication of Poverty (IDEP) 2021, in October 2021, themed "*Bersama, Sejahtera!* Learning, Innovation and Partnerships: Key to Poverty Eradication." The conference incorporated five plenary sessions with keynote presentations and panel discussions, involving more than 450 registered participants and nearly 1,000 unique views during the one-day event. The Minister in Prime Minister's Department (Economy), Y.B. Dato' Sri Mustapa Mohamed, delivered a keynote address, alongside prominent speakers and panelists - including experts from the World Bank's Human Development, SPJ, Education, and Poverty and Equity Global Practices. As part of the event, the team also participated in a media engagement with the BFM radio station, discussing the topic "How do we reverse pandemic-induced poverty?" providing insights from the HiFy findings and MPI analysis results.



Other activities in FY22 include commencing Malaysia's first **Commitment to Equity (CEQ)** analysis as part of Public Expenditure Review's chapter on Improving Tax and Spending Equity, engaging with government counterparts toward **building a strategic partnership**, particularly on the data agenda (with DOSM) and poverty eradication initiatives (with EPU), contributing a section on Poverty and Inequality of Part One of the **June 2022 MEM**, and releasing the biannual **Macro Poverty Outlook (MPO) and Poverty and Equity Brief (PEB), October 2021 and April 2022 editions**.



IN FOCUS

# End Poverty Day 2021

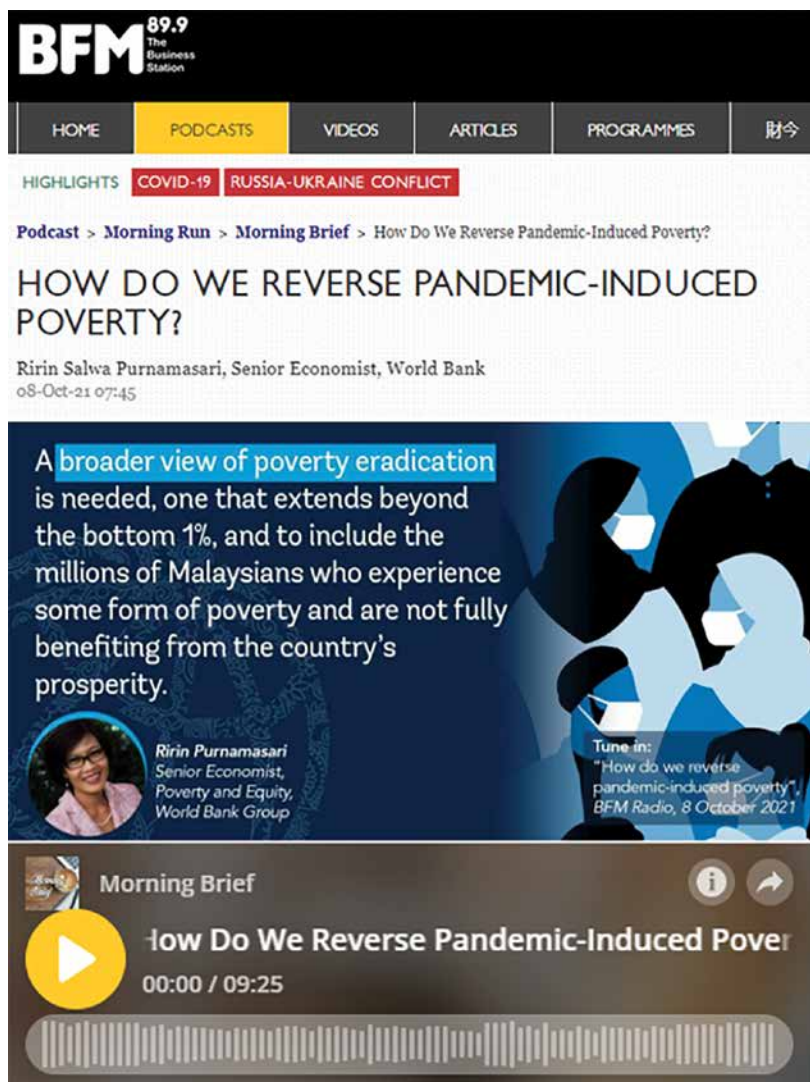
Toward greater learning, innovation, and partnership to eradicate poverty

For the End Poverty Day 2021, a virtual conference themed “Bersama, Sejahtera! Learning, Innovation and Partnerships: Key to Poverty Eradication” was held on October 15th and joined by various public and private sector experts. The conference included five plenary sessions with keynote presentations and panel discussions around the topics of multidimensional poverty, social protection, learning and innovation, youth empowerment, and partnerships for inclusive transformation. The one-day event attracted over 450 registered participants and nearly 1,000 unique views.

Economic contraction during the pandemic has led to employment, income, and learning losses, which have forced millions into poverty and exacerbated socioeconomic inequalities around the world. Despite Malaysia’s great progress in poverty reduction over the past 50 years, the pandemic has left deep scars especially for poor and vulnerable Malaysians who were hit hard by multiple lockdowns.

The incidence of poverty in Malaysia rose substantially during the pandemic, with an increase in the number of poor households by nearly 60%. The poor and vulnerable are also expected to face longer-term ramifications despite the recent economic recovery. Therefore, poverty eradication efforts are needed to create innovative solutions and strategies to help communities recover and rebuild their livelihoods.

It is vital to take a whole-of-society approach, leveraging effective partnerships and knowledge sharing to find novel solutions to alleviate poverty. Moreover, such collaborative efforts are needed at not just the national and local levels, but also at the global and regional levels to share knowledge, experience, and form strategic partnerships to eradicate poverty and build resilience among poor and vulnerable communities. The discussion on poverty eradication focused on measurement and monitoring beyond income poverty alone, as poverty is multidimensional, and one may be deprived in multiple ways simultaneously at a given time. With more relevant indicators and appropriate thresholds, policymakers will be able to design and



implement more effective anti-poverty policies that may overlap in different areas including health, education, living standards, and income.

Against the backdrop of the pandemic, the discussion on social protection emphasized the need for an enhanced system that can adapt to the changing world of work, particularly for poor and vulnerable

**IDEP 2021**  
International Day for Eradication of Poverty  
**CONFERENCE**  
15 OCTOBER 2021  
8.45am - 4.30pm

**OPENING PLENARY**

Welcome Address

Opening Keynote Address

Y.B. Tan Sri Faizah Mohd Tahir  
Chairman, Dewan Pemuda

Mr. Nikolaj Baerentzen  
Resident Representative,  
Malaysia National Government,  
Malaysia (UNEP) Malaysia,  
Singapore and Brunei Darussalam

Dr. Yasuhiko Matsuda  
Country Manager for Malaysia,  
World Bank Group

**Social Protection a Key Driver for Alleviating Poverty**

Y.B. Dato' Sri Mustapa Mohamed  
Minister in the Prime Minister's  
Department (Economy)

Dr. Stephen Todd  
Regional Social Policy Specialist,  
Development Partners,  
Panama

Dr. Achim Schellhorn  
Policy Leader for Major Development  
for Inclusion and Employment, World Bank Group,  
Panama

Dr. Vashishthan Shanmugam  
Senior Specialist,  
World Bank Group,  
Malaysia

groups, such as women and older workers. This could be achieved by deepening social assistance through a broadly targeted social pension framework, further improving the delivery of social assistance programs, and strengthening the coverage and adequacy of social assistance to those most in need.

Another key highlight from the conference was the discussion on learning and innovation, including a reimagining of education by harnessing technology and adopting a more blended approach to learning. This was a unique opportunity for policymakers to rethink Malaysia's education system to provide better learning experiences and quality for both students and teachers.

The End Poverty Day 2021 conference was co-hosted by the World Bank team, together with Yayasan Sejahtera and UNDP Malaysia. The Minister in Prime Minister's Department (Economy), Y.B. Dato' Sri Mustapa Mohamed, delivered a keynote address, alongside prominent speakers and panelists from the public and private sectors, non-profit organizations, academics, and the World Bank. Other key partners include the media, such as BFM radio station and news outlets (Astro Awani, Bernama, and The Sun Daily).

**IDEP 2021**  
International Day for Eradication of Poverty  
**CONFERENCE**  
15 OCTOBER 2021  
8.45am - 4.30pm

**Multidimensional Poverty & Inclusive Development**

PLENARY 2  
10.20am - 11.10am

Keynote Speaker

Cik Yana Karim  
Vice of the Community  
Co-founder, Bold Space

Dr. Haniza Khalid  
Senior Development Economist,  
UNEP Malaysia, Singapore  
& Brunei Darussalam  
Panelist

Dr. Kenneth Simler  
Senior Economist,  
World Bank Group  
Panelist

Puan Shareen Shariza  
Dato' Abdul Ghani  
Chief Executive Officer,  
Yayasan Sejahtera  
Moderator

**CAPTURING THE RESULT STORIES THROUGH PICTURES AND MULTIMEDIA**

**Special Keynote Address:**

<https://youtu.be/c-VwvrMJzI>

**Opening Plenary:**

[https://youtu.be/OBtMRCb\\_aRk](https://youtu.be/OBtMRCb_aRk)

**Plenary 2:**

<https://youtu.be/3quyMslbJac>

**Plenary 3:**

<https://youtu.be/poedVBBMkbc>

**Plenary 4:**

<https://youtu.be/Cu0Ji6Eqj8I>

**Plenary 5:**

[https://youtu.be/GLCaALu\\_1s4](https://youtu.be/GLCaALu_1s4)

**Media coverage:**

- BFM Podcast 1
- BFM Podcast 2
- BERNAMA
- Astro Awani
- The Sun Daily

**IDEP 2021**  
International Day for Eradication of Poverty  
**CONFERENCE**  
15 OCTOBER 2021  
8.45am - 4.30pm

**Learning & Innovation a Catalyst to Nation Building**

PLENARY 3  
11.15am - 12.25pm

Keynote Speaker

Dr Jomo Kwame Sundaram  
KRI Senior Adviser,  
Khasanah Research Institute

Tan Sri Azman Mokhtar  
Chairman of the Board,  
Universiti Teknologi Malaysia  
Panelist

Ms. Azlina Kamil  
Education Specialist,  
UNICEF Malaysia  
Panelist

Dr. Alja Maarit Rinkinen  
Senior Education Specialist,  
World Bank Group  
Panelist

Mr. Chan Soon Seng  
Chief Executive Officer,  
Teach For Malaysia  
Moderator

# FY23 Moving Forward

(JULY 2022 – JUNE 2023)

## Macroeconomics, Trade and Investment

### Overview

As Malaysia transitions to high-income country status, the extent to which growth is sustainable and inclusive will be a key focus of policy. The COVID-19 pandemic and fast-changing geopolitics pose new challenges to economic policymaking, raising questions about the resilience of Malaysia's economy and the nature of growth in the post-pandemic era.

The Growth and Inclusion sub-theme will provide for analytical and advisory support in areas such as monitoring of macroeconomic trends, analysis of both the drivers of growth and productivity and the distribution of the proceeds of growth, prudent fiscal and debt management, and the adoption of appropriate trade, investment, digital, and competition policies. One important addition compared to previous years will be a climate pillar, work on which commenced in FY22.

The overall aim of the activities under this sub-theme will be to contribute to the debate, with evidence-based analyses and cross-country experiences, regarding the challenges and opportunities that Malaysia faces as it seeks to transition into high-income country status, while ensuring that growth is both sustainable and shared. The Hub aims to support Malaysia's policymakers as they make decisions.

### FY23 Priority Activities

The **MEM** will continue to be a core focus of the Hub's engagement in Malaysia, published twice per year and presenting an integrated picture of economic and structural policy issues. Special topics will continue to be identified in a collaborative manner, with elements from the high-income transition report providing one set of source material. The MEM will also be an important tool to support high-frequency monitoring and analysis of the impact of the COVID-19 pandemic on Malaysia's economy.

The **PER** is also expected to be completed and launched in early FY23.

Ongoing policy support is expected to continue in support of the **13<sup>th</sup> Malaysia Plan**. This will include continued just-in-time advice, guidance, and knowledge-sharing on economic policy issues in the context of the COVID-19 pandemic. The Hub will continue to provide on-demand support on **macroeconomic modeling** to both MOF and EPU.

If Malaysia is successful in securing approval for its Partnership for Market Implementation (PMI) proposal, major new work will commence in the first half of FY22 to support the Government's assessment, design and preparatory activities for carbon pricing. The support will include **carbon pricing impact assessment** (based on the Carbon Pricing Assessment Tool (CPAT) and other existing assessments), development of a comprehensive and robust Monitoring, Reporting, and Verification (MRV) and registry system, policy design of the carbon tax and a domestic crediting mechanism, and stakeholder engagement and capacity building. MOF will be the lead Ministry, in close coordination with KASA, as well as EPU, KeTSA, MITI and other concerned ministries and agencies.





# Poverty and Equity

## Overview

The Poverty and Equity team will continue to provide analytical and advisory support to Malaysia's poverty eradication and data agenda. As the country is determined to stay the course in its transition into a high-income economy, while aiming to achieve the Shared Prosperity Vision by 2030, the focus will be on promoting inclusive growth and building greater resilience toward future shocks. The overall aim of the activities under this sub-theme is contributing to policy design and implementation based on evidence and cross-country experiences.

## FY23 Priority Activities

As Malaysia transitions into becoming a high-income country, **monitoring the standard of living** of Malaysians should go beyond focusing only on extreme poverty. Instead, this requires setting higher and more appropriate benchmarks to reflect the country's high-income status for the Government to design and implement appropriate policies and programs. The team will continue to engage in policy debates and discussions on poverty measurement, as well as the design and implementation of anti-poverty policies and programs. Continuing via one strategic avenue initiated at the end of FY22, the team will contribute through participation and support in the three Technical Committees (TCs) for Poverty Alleviation Policies led by the EPU, including the TCs for poverty alleviation policy, poverty measurement, and the review of income group categories in Malaysia. At the Government's request, the team's engagement in this activity could include providing technical assistance on improving the measurement and monitoring of poverty in both monetary and non-monetary aspects.

Good quality, frequent, and granular data that is relevant, interoperable, and transparent are essential for tracking indicators that measure the outcome of socioeconomic development and enhancing evidence-based policymaking. The World Bank will continue supporting **Malaysia's data agenda** to strengthen the national statistical system, improve the overall quality of data, statistics, and information, as well as expand public access to microdata to increase data usage for better monitoring and evaluation of government policies and programs. In this context, DOSM, as the National Statistical Authority, is building a statistical data warehouse as part of the modernization of statistics effort. In the latest bilateral meeting with the World Bank in May 2022, DOSM

requested potential technical support from the Bank on this effort in the next coming months. Other related activities in supporting data agenda and DOSM in FY23 could include: (a) knowledge-sharing sessions between the World Bank, DOSM, and relevant agencies, based on findings of the 2021 World Development Report (WDR2021), *Data for Better Lives*; (b) hands-on workshops with DOSM staff for technical capacity building, including learning from the World Bank's Microdata Library team to improve data quality and accessibility while respecting the right to privacy; and (c) technical assistance for the implementation of Malaysia's Open Data Initiative 2023.

With Malaysia's ambition to become a high-income and build an equitable economy, work on **supporting the Shared Prosperity Vision 2030 and 12<sup>th</sup> Malaysia Plan 2021–2025** remains a top priority in FY23. Ongoing work on the **CEQ analysis** is expected to continue in FY23 in support of the PER chapter on improving tax and spending equity, in collaboration with MTI and SPJ teams. The report is planned to be completed by end of September 2022 and shared with the Ministry of Finance just in time for the upcoming Budget 2023. Following discussions of the CEQ results and in response to the Government's request, the team will develop a fiscal microsimulation tool that allows for analysis of different reform scenarios, such as different fiscal impacts of new revenues or spending, and its outcomes on poverty and inequality as a whole. This could also involve technical capacity building for Ministry of Finance staff.

Other activities in FY23 will include preparing updates for the semi-annual MPO and PEB, regular contributions to the MEM, organizing event(s) to commemorate annual End Poverty Day, and supports to the overall Hubs and other country teams.



THEMATIC AREA 1

SUB-THEME 2

# Private Sector Competitiveness

## Overview

Malaysia is likely to make the transition from an upper-middle-income economy to a high-income economy within the next few years, despite the COVID-19-induced recession in 2020. However, the transition to high-income country status raises a number of questions regarding the speed of Malaysia's growth, its quality, and its sustainability.

Productivity-driven growth and private sector competitiveness will be the primary drivers for Malaysia to transition to a more innovation-based growth model, generating jobs, increasing incomes and economic growth. The private sector plays a crucial role in achieving this as governments around the world actively seek effective ways to improve competitiveness, enhance the investment climate, and boost the volumes and value of trade, especially in light of the ongoing pandemic that has created economic pressures with firms being forced out of business and the consequent loss of livelihoods and jobs.

This work program will support Malaysia's private sector development agenda through the delivery of high-quality analytics and dialogue with key stakeholders to inform policymaking on topics to foster firm level productivity and competitiveness, innovation, technology adoption, and sectoral and industry specific analysis.

# FY22 Looking Back

(JULY 2021 – JUNE 2022)

**Malaysia may transition to high-income country status in the next few years.** However, the COVID-19 pandemic poses a new challenge to economic policymaking. With higher fiscal policy constraints as a result of the pandemic, and a need to rebuild policy strategies to achieve Malaysia's high-income target, private sector-led economic development will be crucial for Malaysia to sustain its growth trajectory.

The **Private Sector Competitiveness** work program aims to enhance private sector competitiveness and productivity in Malaysia by promoting industry development, innovation, and entrepreneurial development. Efforts to achieve this objective will consist of innovative capacity-building activities, policy reform assistance, and knowledge-sharing activities in these areas of focus with other countries. In addition, the program also aims to contribute to the debate, with evidence-based analysis and cross-country experiences, regarding the challenges and opportunities that Malaysia and other developing countries face, especially as they recover from the impacts of COVID-19 and work to achieve goals of increasing private sector activity and economic growth.

This work stream has been enhanced through the strength of existing, valuable partnerships with key counterparts such as the MOF, EPU, MITI, MIDA, SME Corp, Malaysia Digital Economy Corporation (MDEC), Malaysia Productivity Corporation (MPC), as well as agencies such as the Malaysian Global Innovation and Creativity Centre (MaGIC), CRADLE Fund, Malaysia Venture Capital Management (MAVCAP), and Penang Skills Development Centre (PSDC).

In FY21-22, the guiding theme for this work program has been centered on **Malaysia's development vision of achieving a knowledge-intensive high-income country status.** This would require **increased productivity growth** with **private sector innovations** and **job creation** through boosting entrepreneurship and small and medium enterprise (SME) growth. Moreover, there is also an inherent need to emphasize the **strengthening of sectoral growth** and **structural transformation.** An analysis of productivity constraints and the state of digitalization, especially among smaller enterprises, was carried out to develop and disseminate transformative recommendations.

As a response to the pandemic and to providing real-time analysis to Government of Malaysia (GoM), the high-frequency and micro-monitoring of the impact of COVID-19-related shocks to firms has been very successful. Weekly

monitoring of real sector trends was and is being provided to MOF using big data resources. The work on COVID-19 monitoring using real-time data and Business Pulse Survey (BPS) findings have been extremely informative for the authorities, and have served to inform just-in-time policy design for the relevant stakeholders. Moreover, four rounds of the **Business Pulse Survey for Malaysia were implemented and analyzed** to show both how firms reacted to the COVID-19 crisis and the adaptation mechanisms they used (including increased digitalization) in response to the crisis. The third round was implemented in July 2021, when the country experienced its worst surge of COVID-19 cases, and the results were presented and discussed with the EPU and MOF through special dissemination sessions. The fourth round was completed in April 2022 to capture firms' recovery as the economy reopened, exploring issues around winding down of assistance and policy options were proposed that are more aligned with firms' sentiments for medium-term recovery.

Building on the BPS survey, Malaysia is part of the **regional household-firm level analysis** that the World Bank is undertaking to better understand the impact of COVID-19 and compare policy responses at the regional level. The regional study aims to provide inputs to countries for policymaking and lessons learned as the region enters into a more stable phase of recovery.

One of the main strategies for firms to cope with the COVID-19 crisis has been the increase in digitization and accessing digital platforms. The COVID-19 crisis has thus put the digital agenda at the forefront of private sector growth and resilience strategies. The pandemic has notably changed consumer behaviors and accelerated the shift toward e-commerce, due to the enforcement of mobility restrictions, closure of brick-and-mortar establishments, and social distancing. In light of this, the team's flagship report on **Digitalizing SMEs to boost competitiveness** aims to analyze the opportunities that inclusive digital platforms can create to strengthen the competitiveness of Malaysian SMEs, and the potential obstacles limiting this. The study provides an overview of the current digitalization level among firms in Malaysia, analyzes the institutional framework and supporting programs, and discusses the regulatory and legal framework governing the digital economy. Stakeholder consultations with both the private and public sectors aimed at soliciting feedback on the proposed policy recommendations in the draft report were jointly organized with MyDigital (Strategic Change Management Office of the EPU) in March and April 2022. Analysis framed by the



## THEMATIC AREA 1: SUPPORTING INCLUSIVE GROWTH

### Sub-Theme 2: Private Sector Competitiveness

diagnostic, institutional, and regulatory pillars, and the valuable feedback obtained through the consultations, informed the proposed policy recommendations. These policy recommendations have been fine-tuned in order to strike an optimal balance between policy frameworks to ensure an orderly development of the digital economy with sufficient safeguards in place, as well as address the needs of the private sector in terms of the institutional and regulatory foundations to provide a solid foundation for further growth in this space. Both the study findings and the feedback received during the stakeholder consultations have been useful to inform the implementation of the MyDigital Blueprint. In particular, the more nuanced analysis of current government programs and identification of specific regulations and legislation that require updating to strengthen the operational landscape for SMEs in the digital economy have been very significant takeaways from the collaboration thus far.

As the country moves into an endemic phase of the pandemic and the focus shifts to rebuilding livelihoods, reinvigorating business activities, as well as the creation of new ones. After a successful round of private sector consultations at the end of FY21, a final round of stakeholder consultations was conducted in the first half of FY22 with key industries and regulators including the Securities Commission of Malaysia, BNM, EPU, MOSTI, and MOF, to finalize the note on **Early-stage Financing for Entrepreneurship Development**. From these private and public sector consultations collectively, policy recommendations have been refined. The intent is to better reflect the balance between regulatory effectiveness and business dynamism, and address the funding gaps put forth through the analysis in the ideation stage, as well as early-stage series funding rounds.

Additionally, recognizing that productivity-enhancing policies for SMEs in Malaysia are critical for inclusive growth, the team completed the first ever **Program Efficiency Review of all SME programs**. This work was done in close collaboration with SME Corp. and Ministry of Entrepreneurship Development and Cooperatives (MEDAC). The aim of the work was to inform future policymaking that can facilitate productivity-enhancing reforms that enable SMEs to compete effectively in the global market, which is essential for future growth. The findings of the study were discussed at the SME Corp Management team and the SME Corp. Board where members included EPU, MOF, MEDAC, and private sector representatives.

The study on **Early-stage Financing** and **SME Program Review** in conjunction with the regional flagship report on **"The Innovation Imperative for Developing East Asia"** were launched during the **Innovation Led Growth in Malaysia event** on March 24, 2022 by Y.B. Dato' Sri

Mustapa Mohamed, Minister in the Prime Minister's Department (Economy) and Manuela V. Ferro, World Bank's Regional Vice President for East Asia and Pacific. Nearly 400 participants dialed in over Webex and Facebook Live, and a total of 14 news articles covered the event. The event generated awareness that Malaysia needs urgent structural reforms to increase the productivity level among its firms in line with the high-income economy agenda. The study on early-stage financing has led to proposed consultations with the Securities Commission of Malaysia to operationalize the policy recommendations, and the SME Program Review has led to a Reimbursable Advisory Services (RAS) request on conducting a program review of all programs around automation, digitalization, and technology adoption.

As Malaysia positions itself for the next phase of its development beyond the pandemic, there is a renewed need to look at **tourism as a sector that revitalizes growth prospects** as well as provides sources of job creation and local economic development. In the first half of FY22, the World Bank in conjunction with Think City (a leading think tank in urban studies and heritage conservation) organized a closed-door roundtable on Culture Based Local Economic development. This roundtable brought together a diverse group of stakeholders from the Federal Government, international organizations (such as the International Council of Museums (ICOM) and the United Nations Educational, Scientific and Cultural Organization (UNESCO)), as well as local organizations such as Penang Heritage Trust and Yayasan Hasanah. The World Bank moderated the panel discussion as well as presented the latest thinking around demand-driven policy to revive tourism activities and the required investments for this. A summary note of key discussion points and takeaways was prepared jointly with Think City for MOF. Based on discussions with key stakeholders such as Services division in EPU, Ministry of Tourism and Tourism Malaysia, it was proposed that the tourism policy note focus on providing recommendations on developing a niche in eco-tourism.

In line with the need to have a sustainable and resilient recovery and with the commitments made by Malaysia at the recently concluded 26<sup>th</sup> session of the Conference of the Parties (COP26), an engagement to provide **Technical Assistance (TA)** to MITI and EPU on establishing a framework for **Eco-Industrial Parks** is proposed. To initiate this engagement, the World Bank presented at the SIRIM-MITI webinar entitled: Eco-Industrial Parks as A Catalyst for Circular Economy in early November 2021. The World Bank shared global experiences to design and implement these frameworks and offered technical assistance to Malaysia to integrate effectively into possibly new and reconfigured global value chains (GVCs) (that require greener and more sustainable production processes).

## Digitalizing SMEs to boosting competitiveness



Following the World Bank's "**Malaysia's Digital Economy: A New Driver of Development**" report in 2018 that found that Malaysian firms generally are not able to fully capitalize on the digital economy, the "**Digitalizing SMEs to boosting competitiveness**" study aims to deepen the analyses by identifying the opportunities that inclusive digital platforms can create to strengthen the competitiveness of Malaysian SMEs, and the obstacles limiting the adoption of digital technology.

The report provides recommendations for Malaysia to establish a strong and integrated policy framework to drive assistance programs with better **Monitoring and Evaluation** mechanisms. Firms can also benefit from greater customization for the assistance programs to promote digitalization among SMEs, which are distinguished by different regions. The report also suggests updating the regulatory and legislation framework to provide better safeguards and security for industry and consumers, which enhances confidence of users of digital technology overall.

The work started in the second half of FY21 and with the completion of the institutional survey analysis and regulatory stakeholder feedback, as well as a thorough diagnostic of the digital economy with an emphasis on digital platforms in Malaysia, this has culminated into a draft report for stakeholder consultations. The draft recommendations have been presented and discussed with MyDigital Corp, the Economic Planning Unit's Strategic Change Management Office (SCMO) spearheading the implementation of the MyDigital blueprint. Following the discussion with MyDigital, the preliminary findings and policy recommendations were presented at a two-part private sector dialogue series on March 1 and March 10 opened by Y.B. Dato' Sri Mustapa Mohamed, Minister in the Prime Minister's Office (Economy), followed by two-part public sector sessions on Apr 6-7. Both sessions were jointly organized with MyDigital Corp. This was followed by a series of public sector consultations with key ministries and agencies involved in digital economy development in the country. These discussions not only provided integral feedback for the completion of the final report, but also helped to inform MyDigital Corp on the relative success of the key focus areas in their first year of the MyDigital Blueprint's implementation, and recalibrate strategies within the Blueprint, and inform the direction of Phase 2 (2023-2025) implementation of the blueprint.

# FY23 Moving Forward

(JULY 2022 – JUNE 2023)

## Overview

As Malaysia emerges from the depths of the COVID-19 pandemic, initiatives planned for the FY22-23 Private Sector Development (PSD) work program will aim to focus on supporting economic recovery momentum, as the economy transitions into a phase of endemicity. Economic growth momentum and the recovery of private sector entrepreneurial activities look to be on firmer footing as international borders reopen, helping to facilitate the greater ease of labor and capital movements, as well as a much-anticipated return of tourism activities. Policy initiatives at this stage of Malaysia's economic development will require steadfast concentration on ensuring that fundamental drivers of growth will remain robust and on track to provide the necessary support for the country to achieve high-income status during the course of OSA 2.0. For this to happen, enhancements to the institutional and regulatory frameworks are required to achieve greater levels of competitiveness. Moreover, it is imperative that ongoing efforts to mobilize private sector resources and stimulate an innovation-led growth economy be put high on the development agenda.

The proposed **Private Sector Development** work program FY23 will consist of key activities guided by the high-income targets set out in Malaysia's 12<sup>th</sup> Malaysia Plan (2021-25) and grouped under three main pillars supporting Malaysia's aspirations to achieving high-income nation status. These are:

1. **Prosperity** – driven by technology and innovation in order to achieve greater levels of competitiveness and productivity, especially for MSMEs as a potential new driver of growth.
2. **Inclusivity** – focusing on a fair and equitable distribution of income as economic development progresses, including the need to narrow geographical disparities.
3. **Sustainability** – to ensure the next phase of economic development incorporates essential aspects to ensure long-term sustainable economic growth, such as low-carbon activities and the efficient management of natural resources.







## FY23 Priority Activities

Activities to support the **Prosperity** pillar of the high-income agenda will aim to foster innovation for productive growth through a **Technical Assistance on Innovation Policy Support Instruments** - aimed at providing hands-on training to policy officials from MOSTI, MITI, and EPU to enhance effectiveness and efficiency of publicly funded innovation grants and initiatives – as well as another **Technical Assistance on the Operationalization of recommendations proposed in the Early-Stage Financing Report** in conjunction with the Securities Commission aimed at spurring on more entrepreneurial activities and create more home-grown start-ups. This work will be closely coordinated with the work on Capital Markets being proposed under the Finance Program for Advisory Services and Analytics. Another branch of the Prosperity pillar will focus on policies to attract high-value investments through the support of **the implementation of the National Investment Aspiration (NIA) framework** with TA to MIDA, an ongoing engagement and initially funded with the United Kingdom Improving Business Environment for Prosperity (UK IBEP TF).

Under the **Inclusivity** pillar, Private Sector Development's main activities will aim to support MSMEs and overall entrepreneurship in order to enhance inclusive growth and business dynamism. The work on COVID-19 monitoring using real-time data and BPS findings have been extremely informative for the authorities and have served to inform just-in-time policy design for the relevant stakeholders at the height of the pandemic. With ongoing interest from MOF, BNM, and EPU, especially as the economy enters a phase of endemicity, the team aims will to conduct more agile, shorter, and more frequent **Business Pulse Surveys** to help monitor the pulse of the private sector. More just-in-time information available for MOF/EPU/BNM will greatly enhance their abilities to make fiscal as well as trade policy

adjustments in the post-COVID-19 environment. Apart from the BPS, the work derived from the Advisory Services and Analytics on SME digitalization will provide the foundation for MDEC as inputs into the proposed **Digital Roadmap for SMEs**, which will facilitate the implementation of the Malaysia Digital Blueprint. Rounding up the programs supporting this pillar and as a follow-up to the work undertaken under the IBEP program, initiatives to **support Malaysia's Competition Commission's capabilities to identify and monitor anti-competitive actions of dominant digital platform players**, especially in the areas of supplier and customer protection, will be undertaken. This activity aims to provide a basis for regulatory actions on digital platforms to ensure that supplier and consumer welfare are at par with international standards.

Finally, there will be two main streams of work supporting the Sustainability pillar in the Private Sector Development work program for FY23, concentrating on supporting private sector resilience to climate change and supporting eco-tourism development. Drawing upon "The Resilient Industries Framework" and working alongside EPU, MOF, and BNM as key stakeholders, a **Malaysia-centric framework to mainstream disaster and climate change considerations into industrial development plans and investments** can be developed. This Framework is proposed to comprise three main levers; namely, policies, industry infrastructure, and financial instruments, with the aim to enhance the momentum in creating greener industry in Malaysia, with an accompanying resilient supply chain that enhances the competitiveness of Malaysian industry in more volatile GVCs. Lastly, based on the consumer research initiated, a **Tourism strategy note** will be finalized to provide inputs into a medium-term strategy for the tourism industry in Malaysia, through the incorporation of new and developing consumer interests and needs in this area, as well as a focus on how **eco-tourism** can be better incorporated into this medium-term tourism narrative.



THEMATIC AREA 1

SUB-THEME 3

# Human Capital Development

## Overview

Improvements to the performance of Malaysia's social protection, jobs, and education system will play an important role in developing human capital, which in turn is a key enabler of inclusive growth, one of the three pillars of the World Bank's engagement in Malaysia from FY21 to FY25. In the rapidly changing world, the wealth of nations in general and of upper-middle- and high-income countries in particular has become closely tied to human capital. Consequently, a greater focus on developing human capital, including building and strengthening knowledge, competencies, and skills, enhancing opportunities for productive employment, and enabling access to effective protection against shocks, risks, and transitions in the labor market and over the life cycle, are needed to achieve high rates of inclusive economic growth in a rapidly evolving context.

# FY22 Looking Back

(JULY 2021 – JUNE 2022)

## Social Protection and Jobs

### Context

Over the past two years, the Malaysian labor market has experienced considerable vulnerability and volatility. Following multiple waves of COVID-19 infections (and ensuing restrictions on mobility and economic activity) beginning from March 2020 to April 2022, the economic and social impacts of the pandemic have been severe. The pandemic resulted in considerable losses of jobs and closures of business, and despite a marked increase in COVID-19 assistance spending, many poor and vulnerable households experienced financial difficulties and adopted harmful coping strategies. The pandemic has exacerbated poverty (from 5.6% in 2019 to 8.4% in 2020)<sup>1</sup> and inequality (from 40.7 in 2019 to 41.1 in 2020 as measured using the Gini index),<sup>2</sup> leaving several sections of society vulnerable. Although recent months have experienced an increase in labor force participation (69% in Q1 of 2022, the highest since the pandemic) and a slightly decreasing level of unemployment (4.1% in Q1 2022 from as high as 5.1% in Q2 2020), indicating green shoots of recovery, addressing the needs of the poor and vulnerable community segments who were most affected during the pandemic will remain among the foremost economic priorities. Besides addressing any reversals in human capital due to the pandemic's impacts, structural labor market and social protection issues will continue to require concerted attention. The World Bank's engagement on social protection and jobs issues has therefore focused on both imminent priorities as well as longer-term structural issues.

### Key activities in FY22

The core activities for FY22 included studies on **informal employment**, **skills development**, and **diaspora engagement**, along with symposia on critical topics including **aging and elderly care** as well as **social safety nets reform**.

At the request of the Economic Planning Unit (EPU) in the Prime Minister's department, a study on **Informal Employment in Malaysia** is currently underway. The study

focuses on defining and measuring the extent of informal employment in Malaysia, understanding its correlations and impacts on the economy and households, as well as developing policy reform proposals and recommendations for enhancing the protection and productivity of informal workers. The study relies on a combination of data sources, including quantitative analysis of national household and labor force surveys, online and phone surveys, qualitative assessments, literature reviews, and stakeholder interviews. When completed, the study will result in a comprehensive report on understanding informal employment in Malaysia, as well as policy notes on enhancing the protection and productivity of informally employed workers. In addition to the EPU, this study involves deep engagement with the EPF, SOCSO, MDEC, as well as other public and private sector agencies. Delays in accessing primary as well as secondary data have resulted in some delays for the study, but their imminent resolution should enable a completion of this study in FY23.

In partnership with TalentCorp Malaysia, a study on **Strengthening the Critical Occupations List and Leveraging the Malaysian Diaspora** has been completed in FY22. This study will support TalentCorp's Malaysia's engagement with the Malaysian diaspora, through the development of heatmaps of Malaysians in Australia, Canada, the United Kingdom, and the United States, as well as an assessment of the Returning Expert Programme that incentivizes the return of high-skilled Malaysians residing abroad, with the aim of benefitting the Malaysian economy through their skills and experience, and also contributing to 'brain circulation.' The study drew on interviews with key stakeholders of the program, and analysis of administrative data to suggest potential areas for strengthening program design, such as changes to eligibility conditions. This study also entailed updating the evidence base on the global footprint of the Malaysian diaspora, by generating diaspora heat maps, and analyzing the characteristics of Malaysians living abroad. The study also draws on a unique survey of Malaysians living in Singapore. In addition, the study reviewed and assessed the use and application of the Critical Occupations List to skills development programs and policies, and proposed recommendations for reform.

<sup>1</sup> Department of Statistics Malaysia. 2021. Household Income Estimates and Incidence of Poverty Report 2020.

<sup>2</sup> *ibid.*



## THEMATIC AREA 1: SUPPORTING INCLUSIVE GROWTH

### Sub-Theme 3: Human Capital Development



This component builds on several engagements on devising, applying, and updating the Critical Occupations List undertaken by the World Bank in previous years. The findings and recommendations from the report have been accepted by the technical and steering committees established by TalentCorp to oversee the study, and several recommendations will be incorporated to strengthen the Returning Expert Programme and the Critical Occupations List.

Part 2 of the December 2021 edition of the **Malaysia Economic Monitor**, *'Staying Afloat'* was on the impact of the COVID-19 pandemic on poor and vulnerable Malaysian households. The analysis included a special focus on households with members working in informal

employment, and highlighted the greater degree of hardship and vulnerability they face, both in terms of the precarity of employment conditions as well as unmet needs for social protection. This has drawn attention to the need for greater systems reform in social protection and the need for adaptive and inclusive social safety net systems, which are clear topics for further exploration in our engagement in FY23 and beyond.

**'Skills for Inclusive Growth in Malaysia'**, a comprehensive report on skills development, was launched in FY22 and will be completed in FY23. The report will assess the supply of skills (including the structure of the education system and curricula, assessment of cognitive, socioemotional, and digital skills, and returns to skills), and the demand

for skills (across types of skills, and over time, especially in light of wider labor market trends and transitions). It will also assess labor imbalances (by occupation and sector, assessing underemployment), and recommend policy interventions for optimizing workforce and skill planning (including the language of instruction, review of Critical Occupations List, and skills-related inequalities). The report will draw on primary and secondary data analysis, literature reviews, and stakeholder consultations. In FY22, two draft chapters of the skills report were produced; these will be used for seeking feedback from stakeholders including the Ministry of Human Resources, the Institute of Labour Market Information and Analysis (ILMIA), the EPU, the Ministry of Education, as well as private sector agencies and industry bodies for finalization. Full access to the required data will also enable timely completion of the report in FY23.

A **Knowledge Exchange Forum on International Labor Mobility** was organized in March 2022 to improve the understanding of labor mobility, including job matching in international labor markets and managing labor mobility during the COVID-19 crisis. The Forum brought together relevant officials and other stakeholders from Malaysia and the Republic of Korea, to share their knowledge and experience in managing labor mobility between origin and destination countries. The forum was jointly organized by Malaysia Ministry of Human Resources and the World Bank, with support from the Korea-World Bank Group Partnership Facility. The Forum was effective in enhancing the understanding of low-skilled labor mobility, in particular on the bilateral labor mobility systems which employ government-led job matching practices. It involved a deep-dive on the Republic of Korea's Employment Protection System (EPS) – to learn about the system and understand EPS employers' preferences about EPS workers, as well as their responses to the COVID-19 crisis. The forum was attended by over 30 target participants comprising officials from Malaysia and the Republic of Korea, as well as representatives from embassies in Malaysia, academia, international organizations, and civil society.

Following the report '*A Silver Lining – Productive and Inclusive Aging for Malaysia*' launched in October 2020, knowledge-sharing events in the form of **symposia on themes related to aging and aged-care** such as aged-care financing, the building blocks of an aged-care system, and the Silver Economy have been organized in FY22, with other topics proposed for FY23. The team has closely collaborated with various government counterparts including the Ministry of Health, the Malaysia Productivity Corporation, the Ministry of Human Resources, and the private sector. The symposia have been successful in raising awareness about the need for policy action to respond to the medium- and long-term impacts of demographic changes.

Across a range of countries, a robust social protection system (including strong social assistance programs/safety nets) has enabled economic growth to be accompanied by sustained decreases in poverty and inequality, enhanced resilience of poor and vulnerable people to a range of shocks, accelerated human capital development, and forged strong links with productive employment. Malaysia's current social protection programs cover substantial segments of the Malaysian population and provide much-needed support to poor and vulnerable people. However, as was evident during the COVID-19 pandemic, Malaysia's social assistance programs require several critical reforms to enable it to contribute fully to a sustained transition to high-income status and inclusive growth. Chief among the reform challenges for Malaysia's social assistance programs are those pertaining to the strategic direction, adequacy of financing, coordination of fragmented programs, targeting, and the trade-off between coverage and adequacy of social assistance benefits. The social assistance reform experience of several upper-middle- and high-income countries can be illustrative and very valuable to inform Malaysia's reforms. A **workshop on 'Global Best practices in Social Safety Nets Reform'** was organized in partnership with EPU in June 2022. The workshop was a valuable forum, to identify the main opportunities for – and challenges to – Malaysia developing a robust social safety net system, and distil lessons from global experience and best practice to inform ongoing discussions in Malaysia. The workshop involved detailed experience-sharing from leading social protection programs in high-income countries including Greece, China, and Australia.

The World Bank produced a **report on the Employability of Rohingya Refugees in Malaysia**, drawing on a combination of qualitative, and (UNHCR-)administrative data analysis. The report summarizes the livelihoods and skills profiles of Rohingya refugees, assesses the barriers they face in accessing work, as well as their aspirations, and makes policy recommendations for enhancing their employability, and thereby contributions to the Malaysian economy.

The World Bank also participated in several forums and workshops on social protection in Malaysia, including the **Khazanah Nasional Dana Impak Silver Industry Roundtable** organized by Khazanah Nasional Berhad, the **APEC Workshop on Social Protection to the Digital Platform Economy** organized by SOCSO, a Focus Group Discussion organized by the Institute for Democracy and Economic Affairs (IDEAS) on '**Enhancement of Malaysia's Cash and Other Social Assistance Programs for Budget 2022**', and a session on '**The Future of Jobs and Re-skilling the Workforce**' as part of the MyFintech Week organized by BNM.

## Education

### Context

As part of the larger Strengthening Human Capital program, education is a key component of supporting economic growth, improving the quality of life, as well as ensuring equitable and sustainable development for the country. With the COVID-19 pandemic entering its second and third year in FY22, countries began to regain stability and normalcy. Schools started reopening again after a long period of closure, albeit with new and improved standard operating procedures. Addressing learning loss is a national agenda in many countries, Malaysia included, with comprehensive programs to measure and mitigate the losses that have occurred from the school closures.

The World Bank education team continued to work in close collaboration with the MOE to support the Government in achieving the goals set in the Malaysia Education Blueprint, and the Malaysia Plans. To ensure continuity in the work from the previous year, the activities in FY22 were aimed at deepening the working relationship, the support provided, and widening the number of stakeholders involved. To complement capacity-building workshops, the team also explored other more interactive and consensus-building strategies to engage stakeholders in the work.

### Key activities in FY22

One of the focus areas of FY22 was preschool education, as early childhood learning lays an important foundation for social and cognitive development in future years. Preschools were also severely affected by the COVID-19 pandemic and school closures, resulting in a drop in enrolment, widening gap in students from different socioeconomic status, learning loss, and impact on socioemotional well-being, among others.

As part of this work, a Preschool Review process was undertaken using a three-step multistakeholder engagement strategy. Through the Preschool Survey, Stakeholder Interviews, and the Preschool Education Review Lab, inputs and insights from key stakeholders across ministries and the private sector were solicited and synthesized in the Preschool Education Review. The Review aims to support MOE's target to ensure universal enrolment in preschool among 4+ and 5+-year-old children, and to improve the quality of preschools to ensure access to affordable, high-quality early childhood education for all. Given the breadth and depth of this process, the MOE and other important stakeholders in preschool education were consulted and collaborated to ensure the work is supported and will produce meaningful outcomes.





**Following the Preschool Education Review process, a three-day online training was organized by the World Bank Group’s Education Global teams from Washington, D.C.** The focus of the training was on Preschool Education, and it aimed to support MOE and other key preschool stakeholders in rising the quality of preschool education and addressing the learning crisis caused by the pandemic.

It focused on exploring strategies and tools for measuring Early Childhood Education (ECE) quality and introducing the benefits of adaptive learning particularly on improving early grade reading. This was done by presenting different approaches and innovative technological tools, reviewing existing evidence, and discussing the practical implementations in Malaysian preschool settings.

## Preschool Education Lab

**As part of the Preschool Education Review, a three-day Preschool Education Review Lab was held from March 30 to April 1, 2022, aimed at bridging multisectoral stakeholders, deep diving into the key issues faced by the sector, and collectively outlining recommendations to resolve them.** The virtual lab brought together more than 80 participants from various preschool-related organizations and agencies from both the public and private sectors, all of whom offered varying perspectives and experiences. The Lab participants agreed in a plenary session on the priority areas before breaking out into groups to discuss the selected priority areas, identify the issues and roadblocks, and develop recommendations that accounted for the views of all the stakeholders. The findings of the lab were presented by the participants to management representatives from both the MOE and the World Bank on the final day of the lab.

### List of Participating Institutions and Agencies in the Preschool Education Review Lab:

Public Sector	Private Sector, NGOs and Associations
<ol style="list-style-type: none"> <li>1. Ministry of Education (MOE)</li> <li>2. Ministry of Higher Education (MOHE)</li> <li>3. Ministry of Women, Family and Community Development (KPWKM)</li> <li>4. Ministry of Finance (MOF)</li> <li>5. Economic Planning Unit, Prime Minister’s Department (EPU)</li> <li>6. Ministry of Rural Development</li> <li>7. Department of National Unity and Integration (JPNIN)</li> </ol>	<p><b>Associations, Councils &amp; NGOs:</b></p> <ol style="list-style-type: none"> <li>1. Early Childhood Care and Education (ECCE) Council</li> <li>2. Malaysia Association of Professional Early Childhood Educators (MAPECE)</li> <li>3. Kindergarten Association of Sabah</li> <li>4. Childline Foundation Malaysia</li> <li>5. PACOS Trust</li> </ol> <p><b>Teacher Training Providers</b>  <b>Preschool Operators</b>  <b>Subject Matter Experts</b></p>

**The Lab discussed two pillars and two enablers that were arrived at after careful analysis of issues and concerns raised by stakeholders through the Preschool Survey and Stakeholder Interviews.** Discussions were anchored upon the two main government-set targets of achieving universal preschool enrolment and having all preschool teachers obtain a minimum diploma in ECCE in Malaysia. Achievement of the two targets depends on two main pillars; (1) improving **Access** to preschool education to enable every child to have an equal head start in education, and (2) enhancing the **Quality** of preschool education to ensure students obtain optimal learning outcomes. Discussions on the Access pillar were broken down into two priority areas: Increasing enrolment of compulsory preschool education, and Fee assistance and other subsidies. The Quality pillar, on the other hand, was organized into four priority areas: Minimum qualification for preschool teachers, Teacher and school leaders’ capability, Nutrition and health, and Curriculum. Two cross-cutting enablers were also discussed, namely (1) **Governance**, including the harmonization of ECCE licensing and provision, and (2) **Financing**. Equity considerations were also present across both pillars. These pillars and enablers, as well as the findings from the lab, form the main inputs for the Preschool Education Review Report.

## Preschool Education Training



**Following the Preschool Education Review, a three-day online training (May 18-19, 2022 and June 7, 2022) was carried out.** The training was organized and facilitated by the Malaysia Hub's Education team, and carried out by the World Bank Group's Global Education Practice and Global EdTech Teams from Washington, D.C. The focus of this training was on Preschool Education, and it aimed to support MOE and other key preschool stakeholders in rising the quality of preschool education and addressing the learning crisis caused by the pandemic. The goal was to facilitate participants' active engagement, and to encourage them to apply the knowledge and examples to their own work.

**The training covered two themes; (1) Early Childhood Education Quality and (2) Improving Early Grade Reading.** The first theme, (1) *Early Childhood Education Quality*, was covered over two sessions, *Why and How to Measure Early Childhood Education Quality*, which was held on May 18, 2022, and *An Introduction to ECE Classroom Observation Tools and Teach ECE*, which was held on May 19, 2022. The sessions enabled participants to learn and discuss the key aspects and benefits of quality early childhood education (ECE), as well as introduced tools for measuring the quality of a country's ECE system (including the World Bank's freely available tool, Teach ECE), and explored the adaptability of these tools to the Malaysian context. The second theme, (2) *Improving Early Grade Reading*, covered the topic of *Leveraging Adaptive Learning to Improve Early Grade Reading*, and was held on June 7, 2022. The session helped participants explore innovative technological features to promote early grade reading and gain practical know-how to implement these technologies in the Malaysian setting.

**During the three days, the training was attended by 158 preschool education stakeholders, including policymakers, public and private sector officials, preschool teachers, and business owners from MOE, District Education Offices, PADU, ECCE Council, universities, preschools, and schools.** According to the feedback survey, the training proved to be beneficial for the participants. They scored the relevance of topics to be 4.7 on the scale of one to five. Also they rated the content being applicable to their work, acquiring new ideas and improving the understanding of the topic, as well as the overall usefulness and quality of the training to be 4.6.

When asked how the participants' organization could benefit from the training, and which are the activities that participants intend to carry out in the future, answers included using the knowledge gained in their work, sharing information with colleagues, relooking the current tools and practices, adapting them and finding new ones, as well as improving skills, methodology and teaching and learning processes.

**A series of six thematic seminars were held in FY21; based on that, a Seminar Series Summary Report was prepared to draw together the key messages and suggestions that arose.** The report combines research findings, best practices, country examples, lessons learned, and development proposals in the areas of learning environments and digitalization, inclusive education, teachers, curricula, and stakeholder cooperation. This includes synthesized information from the pre-reading packages, keynotes, thematic seminar notes, and workshop discussion outcomes. The report will support MOE to prepare and implement both short- and long-term policy reforms, and to respond to COVID-19 related challenges. It also builds the foundation for future development targets and engagements between the Hub and MOE.

**Joint work with SPJ as well as MTI sectors continued with the of drafting the Skills report and the Malaysia Tax and Public Expenditure Review.** The Skills report seeks to provide an overview of the current state of skills in Malaysia in relation to labor market trends, external factors, as well as the changing nature of work. It assesses the supply of skills, the demand for skills, labor imbalances, and policy interventions. In this regard, the team drafted the chapter for the supply of skills, focusing on the structure of the education system and curricula, as well as the assessment of cognitive, socioemotional, and digital skills, covering preschool education through tertiary education. The Public Expenditure Review includes a chapter on education, with focus on education spending, outcomes, and efficiency. The team worked alongside the MTI team to collaborate closely with government counterparts such as MOF, MOE, and MOHE to obtain important data in order to prepare a

comprehensive analysis on education budget, expenditure, and outcomes.

**The team also worked with the MTI sector in preparing the December 2021 MEM issue “Staying Afloat”, which has a focus on education.** The chapter on education highlighted the learning loss that has occurred as a result of the pandemic, and the widening learning gap between children. It concluded with recommendations on short-term measures such as targeted remedial interventions and prioritizing socioemotional well-being support, and long-term measures such as enhancing training for teachers and principals to deliver more individualized learning, and improving the accessibility and quality of digital learning.

**Several meetings with key stakeholders were held to strengthen cooperation between World Bank Group and education stakeholder groups and organizations in Malaysia.** This included MOE and especially the Educational Policy Planning and Research Division’s units. Other stakeholder groups in addition to the ones the team worked with on activities mentioned earlier were the Sabah State Education Department, Bangsar Pudu District Education Office, Institut Aminuddin Baki, Southeast Asian Ministers of Education Organization Regional Centre for Special Educational Needs (SEAMEO SEN), University of Malaya, Australian High Commission, Innovation Lab, Edvolution, Cempaka Schools Malaysia, Design for Change Malaysia, SEGi University, Connecting-Dots Learning, Embassy of Finland in Malaysia, and Impact Hub. This cooperation is an important foundation to the work that the Bank Group does in education, as it provides context, alignment, and relevance to the work.





IN FOCUS

## Strengthening collaboration with key stakeholders in education

By facilitating discussions and collaboration with stakeholders in government, private sector, and NGOs in preschool education in Malaysia

**Despite efforts to expand and improve preschool education in Malaysia, longstanding issues of access and quality remain and continue to grow.** The Malaysia Education Blueprint (2013-2025) set targets to achieve universal preschool enrolment and for all preschool teachers to obtain a minimum diploma in ECCE by 2020, but these goals remain unachieved, with longstanding obstacles that have yet to be resolved.

**There was a need for stakeholders in the preschool education sector to come together to discuss issues and brainstorm ideas.** The multiple parties involved in the sector, which include policymakers, public and private sector preschool operators, public and private sector teacher training providers, and NGOs, often operate in silos, resulting in difficulties to overcome challenges that are intertwined and affect one or more parties at the same time.

**The Bank's three-day Preschool Education Review Lab from March 30 to April 1, 2022 was the first time that preschool education stakeholders in Malaysia came together to discuss the sector's issues in a decade.** The virtual Lab successfully convened more than 80 participants from various preschool-related organizations and agencies from both the public and private sectors, and provided an interactive and engaging platform for the exchange of insights, cooperation, and consensus-building on preschool-related issues.

**The Lab provided unique and significant value-add to the Preschool Education Review Report, and is expected to continue doing so for future engagements in this sector.** The main inputs of the Review stemmed from the findings of the Lab, including detailed information on the issues that preschool education stakeholders face in expanding access and improving quality of preschool services, as well as practical, implementable potential solutions to these issues. These bottom-up inputs were developed through three days of intense brainstorming, during which participants reflected with each other on the main issues and collaboratively outlined potential next steps to overcome them. This process ensured that the inputs were carefully deliberated, accounted for the perspectives of all the parties involved, and were agreed

upon by the multisectoral participants, many of whom have been a part of the preschool system for many years. Among the top recommendations that arose from the Lab were a consensus on making preschool education in Malaysia compulsory, the setting up of a taskforce to coordinate efforts to improve preschool education, easing licensing requirements, and making preschool availability and teacher training more accessible for students and teachers in remote or hard-to-reach areas.

**The Lab also proved beneficial for the participants in helping them gain a better understanding of the issues from various perspectives, acquire new ideas, and build their networks.** Through the feedback survey, 100% of the participants thought that the Lab improved their understanding of the preschool education issues faced in Malaysia, while 96% said that the Lab helped them acquire new ideas. On a scale of one to five, all of the participants rated the usefulness of the Lab between four and five. When asked on the type of activities that participants intend to carry out going forward as a result of the Lab, answers include to bring forward the Lab's learnings to higher management and colleagues for deliberation, and to engage further with ECCE stakeholders in future discussions.

**The Lab, alongside the to-be-published Preschool Education Review Report, has jumpstarted conversations among the relevant stakeholders on how to improve preschool education in Malaysia, and is a launching pad for further engagement and syndication.** The Review Report has been drafted and is set to launch in early FY23, after which that World Bank will conduct a high-level preschool seminar to discuss policy and implementation options going forward. The Bank also plans to engage the public through videos and other materials to raise awareness regarding the importance of early schooling in Malaysia. The rich and diverse knowledge and insights gained from the Lab's discussions are expected to be enormously beneficial in carrying out these activities and ensuring that they yield the best outcomes. The lessons learned, as well as the momentum created from the Lab, will also be advantageous for the Bank's future engagement with counterparts on related issues.

# FY23 Moving Forward

(JULY 2022 – JUNE 2023)

## Social Protection and Jobs

### Overview

As Malaysia emerges from the COVID-19 pandemic, its anticipated acceleration towards high-income status, fueled further by global economic recovery, will entail several changes and adjustments in income distribution and the labor market. Social protection will be central to smoothen this process of adjustments; to protect households and individuals against poverty, inequality, and the effects of shocks; promote human capital accumulation; and enable productive employment that guarantees the best use of human resources. The objective for Malaysia's social protection system, therefore, would be to respond to these emerging priorities in a manner that is best suited to a high-income nation that places a strong emphasis on the inclusion and protection of the poor and vulnerable. These priorities will be reflected in the World Bank's engagement on social protection in Malaysia in FY23.

### FY23 Priority Activities

In FY23, the World Bank will work on a new **Study on The Adoption of Automation and Digitalization Technology in Malaysia**, and its effects on foreign and national workers. At the request of EPU, the study has been conceptualized to study the performance of several technology adoption programs, the barriers to technology adoption, and the effects of technology adoption on domestic and foreign workers' employment. The study will attempt to develop policy recommendations for enhancing technology adoption in Malaysia as a means of promoting productivity-led growth. At present, the final details of the scope of the study are being agreed upon between EPU and the World Bank.

The ongoing economy-wide **Malaysia Tax and Public Expenditure Review** conducted by the World Bank will include a prominent focus on social protection topics. Specifically, the Review will include an analysis of spending equity, focusing on the incidence of social assistance programs using the CEQ framework. This will also be an opportunity for identifying opportunities for consolidating

social assistance programs for maximum impact, and subsequently informing policy engagement on social assistance reform.

Drawing on the PER, past studies on social protection in Malaysia, as well as the social safety nets reform workshop organized in June 2022, the World Bank would seek to deepen its engagement on **social safety nets reform** in Malaysia through a combination of **workshops and policy notes**. Following the first workshop on global best practices in social safety nets reform in June 2022, stakeholders' inputs will be sought on special interest topics with social safety nets – such as targeting, social assistance financing, integration of social assistance programs, and delivery systems improvements. The World Bank will also develop a **policy note assessing the current status of Active Labor Market Programs, and Public Employment Services**, as part of the SP architecture of the country, and enlist priorities for enhancing their design and implementation. Potential partners for this endeavor could include the EPU, the Malaysia SP Council, KPWKM, as well as MOF.

The World Bank will continue its engagement on **aging and aged care** in Malaysia, through a combination of theme-specific symposia, and relevant studies building on past engagement. Topics of focus could include the silver economy, provision of elderly-care services, credentialing of service providers, and pensions reform.

The world Bank will conclude the report, **'Skills for Inclusive Growth in Malaysia'** in FY23. In addition to preliminary chapters that have been drafted in FY22 on the demand and supply of skills, in FY23 the focus will be on understanding labor imbalances and skills mismatches, developing policy recommendations for skills development, and seeking stakeholder engagement and feedback on drafts of the report before finalization. Upon finalization, the report will be used effectively for engagement through widespread as well as targeted dissemination.

The ongoing study on **Informal Employment in Malaysia** will also be completed in FY23. Comprising in-depth data analyses (from primary and secondary data, both quantitative and qualitative), stakeholder interviews, and literature

## THEMATIC AREA 1: SUPPORTING INCLUSIVE GROWTH

### Sub-Theme 3: Human Capital Development

reviews, the report will present a comprehensive overview of the current status of informal employment in Malaysia, the opportunities and challenges posed by emerging forms of informal employment such as in the gig economy, and policy recommendations to enhance the protection and productivity of informally employed workers. The final report will be accompanied by stakeholder engagement and dissemination events, as well as companion outputs in the form of policy briefs/notes and workshops. The report is expected to result in a substantial contribution to the understanding of informal employment in Malaysia, as well as of policy options to protect informal workers.

In FY23, the World Bank will continue its engagement with the United Nations High Commissioner for Refugees (UNHCR) on the livelihoods and economic integration of refugees in Malaysia, through the analysis of a survey of refugees and host communities in Malaysia. The study is supported by a grant from the World Bank-UN Joint Data Centre on forced displacement.

Building on the longstanding **engagement with TalentCorp**, resulting most recently in a study on **“Strengthening the Critical Occupations List and Leveraging the Malaysian Diaspora”** in FY22, the World Bank will seek to build upon this activity with relevant follow-ups emanating from the recommendations of the FY22 report, as well as related analyses of labor market and skills development initiatives/ indicators.

**Stakeholders:** The World Bank continues to engage closely on the topic of social protection and jobs with a wide range of government stakeholders including the EPU, MOF, DOSM, Ministry of Human Resources, KPWKM, TalentCorp Malaysia, ILMIA, MDEC, Malaysia Social Protection Council, MPC, Human Resource Development Fund, KPWKM. Outside of government, key stakeholders include civil society, academia, think tanks, and private sector agencies.

## Education

### Overview

**Education is the key to develop Malaysia’s human capital and transition towards a high-income economy.**

As part of the Hub’s second phase of operation, the Education OSA 2.0 program in FY23 will support the MOE to improve the quality of education provision, by critically reviewing the education system and strengthening its delivery capacity. This will continue through high-quality policy analysis, strategic stakeholder engagement, sharing of global experience and expertise, capacity building, and dissemination of Malaysia’s development experiences and policy initiatives.

**The Hub will continue to provide analytical and advisory support toward the achievement of Malaysia Education Blueprint 2013-2025 initiatives in its final phase of implementation, as well as the RMK-12.** The goal is to support the Malaysian authorities to ensure good governance, improve public sector effectiveness and productivity, promote government transparency and accountability, and ultimately strengthen education delivery and achieve better learning outcomes for students.

**Building on the successful delivery of the FY22 work program, the FY23 work program will continue to**

**emphasize stakeholder engagement and strategic planning.**

- **Stakeholder engagement:** The MOE will remain the main government counterpart in the Hub’s education work. Closer cooperation and advisory support will be extended to two selected state education departments, one in East Malaysia and one in Peninsular Malaysia. A wide range of working methods for cooperation will be used, including in-person networking and relationship building events.
- **Strategic planning:** The Hub will support the Government in the development of the next Education Blueprint. Outcomes of the Hub’s research and activities as well as key initiatives planned in the Malaysia Education Blueprint 2013-2025 will be evaluated to support the Government in strategizing its long-term planning.

In addition to the deliverables, education team will contribute towards influencing policy reforms by finding options for engagement with stakeholders, publishing blogs and opinion articles, as well as participating in events as trainers and keynote speakers.



## FY23 Priority Activities

**Post-preschool Education Review engagement** will support the MOE to prioritize recommendations, strategize implementation plans, and work with multisectoral, public, and private stakeholders to implement ambitious policy changes proposed through the Review. A Public, high-level seminar involving the MOE, public and private agencies, local stakeholders, and regional experts will be held to highlight the policy recommendations. The Hub will provide advisory support to the MOE's taskforces and working groups to plan for and roll out these recommendations. A set of promotional videos will be produced to raise awareness among parents, educators, policymakers, and the public about the importance of early schooling on individual life outcomes and wider societal gains.

**Strategic support will be provided for state education departments, focusing on enhancing teachers and school leaders' competence and efficacy.** Two states will be identified for the work program. A survey and interviews will be conducted among teachers and school leaders to identify challenges in leadership and administration, and teaching and learning in schools, and to gauge the effectiveness of the guidance and support they receive. The Hub will work with the selected state education departments to sieve through the data collected to identify evidence for development areas. A follow-up discussion lab will be held to seek solutions and implementation strategies to support good leadership in schools and effective pedagogical practices in classrooms.

**In the two states identified, a review of student well-being will also be conducted to understand student well-being in the states,** involving a deep dive into the risk factors and mediating factors, exploring best practices from various education systems, and offering intervention recommendations to safeguard students' well-being within schools and beyond. Data will be collected from teachers and school leaders about student well-being in the post-pandemic context. Multiagency discussion at the state level will be held to explore integrated solutions and implementation strategies to create a positive school climate and support student well-being. This work program will support the Malaysian government by collecting new data on student well-being – a topic that has remained unexplored – and testing new approaches at the local level.

**A meta-analysis of the outcomes of key initiatives in the Malaysian education sector will be conducted.** This include analyzing the implementation progress, output, and outcome of the Hub's past recommendations, the Malaysian Education Blueprint, and the Malaysia Plans against its key indicators. Good practices in the Malaysian education



sector will be identified for dissemination and scaling. This information will guide the Government's long-term strategic planning for human capital development for the future, and the development of the next Education Blueprint.

**The Skills for Inclusive Growth Report** led by SPJ GP will highlight the importance of skills development in the continuum of education to equip school-leavers with current and relevant skills that are in demand in the workplace. The Report recognizes that skills development starts in early years, builds up over years, and lasts for a lifetime. **The Malaysia Tax and Public Expenditure review** led by the MTI sector will include a chapter on education. Public expenditure on education in Malaysia has been costly relative to its educational outcomes, suggesting opportunities for efficiency gains. These two reports will be finalized in FY23.

**The Hub will work closely with the ministries, state education departments, and a wide range of stakeholders.** Cooperation between federal and local education offices, different levels of education providers, and research will be essential. The series of work programs in FY23 will involve targeted personnel from ministries, state- and district-level departments and agencies, the next line of successors, as well as key stakeholders from other agencies. This ensures the impact and sustainability of the program work, and increases the chances for policy reform to take place.





## THEMATIC AREA 2

# Promoting Sustainable and Islamic Finance

### SUB-THEMES

1. Sustainable Finance for Climate Action
2. Resilient and Inclusive Financial Sectors
3. Islamic Finance for Sustainable Development

### Development Objective

Under OSA 2.0, the World Bank will collaborate with key Government counterparts and other financial sector stakeholders to further the goal of a sustainable, inclusive, and resilient Malaysian financial sector. Sustainable finance is an increasingly important tool to support Malaysia's vision of shared prosperity and achievement of its Sustainable Development Goal (SDG) commitments. Efforts to catalyze environmentally and socially beneficial funding, expanding the outreach and quality of financial services, and strengthening the capacity of the financial system to cope with financial stress will span both conventional and Islamic financial instruments.

The World Bank Group's Hub teams aim in innovative ways to catalyze in Malaysia and other countries through greater sustainable finance towards urgent climate action; to strengthen financial inclusion and resilience outcomes; and to leverage Islamic finance to promote sustainable development.





THEMATIC AREA 2

SUB-THEME 1

# Sustainable Finance for Climate Action

## Overview

Sustainable and inclusive finance plays a crucial role in supporting the achievement of the national commitments for the SDGs. As nations begin to recover from the COVID-19 pandemic and face heightened global risks, climate change and social development have continued to gain importance in the policy agenda. Malaysia needs to recover from the impact of COVID-19 in an environmentally and socially sustainable manner, while navigating increasingly complex economic and geopolitical developments, to ensure an equitable growth trajectory. The financial sector continues to play an essential role in supporting this transition by catalyzing financial flows for sustainability.

# FY22 Looking Back

(JULY 2021 – JUNE 2022)

Malaysia continues its leadership role in sustainable finance, including in Islamic sustainable finance. The country's historical achievements showcase best practices in introducing sustainability into mainstream finance—from the world's first green sukuk in 2017, to the 2021 draft Sustainable and Responsible Investment (SRI) Taxonomy that incorporates social and transition elements into a proposed taxonomy for financial markets.

## Technical Assistance on Policy and Regulatory Aspects of Sustainable Finance

The World Bank continued its technical support for sustainable finance initiatives in the policy and regulatory space in Malaysia with various counterparts. The World Bank supported the Securities Commission in the development of the draft **SRI Taxonomy**, incorporating novel social and transition elements that pushed forward the frontier of best practices on the scope of taxonomy coverage. The public consultation paper on the SRI Taxonomy was published in December 2021 (see Box).

As part of the World Bank's continuing efforts to support BNM in preparing Malaysia's financial sector to manage environmental and climate risks, the World Bank and BNM partnered to develop the report **An Exploration of Nature-Related Financial Risks in Malaysia**, launched in March 2022. This report was the product of a close collaboration between BNM and the World Bank, including workshops for BNM technical and managerial staff on concepts, methodology, and findings. This exploratory study mapped sectoral lending exposures to ecosystem services to assess physical and transition risks that could affect banks in Malaysia and identified key areas for action to better understand and mitigate these risks (see Box).

## Creating Knowledge and Building Capacity on Sustainable Finance in Malaysia and Globally

The World Bank debuted a new series of peer-to-peer webinars featuring discussions of best practices in the legal and regulatory environment to support the development

of sustainable finance, as well as discussions on innovative sustainable financial products and services. The Sustainable ExchangeE Development Series (SEEDS) webinars promoted knowledge exchange and fostered greater engagement on sustainable finance among policymakers and practitioners in the Association of Southeast Asian Nations (ASEAN) region. There were six SEEDS webinars: Malaysia (covering innovative developments on sustainable banking), Thailand (covering blockchain bonds for sustainability); South Africa and Nigeria (focused on innovative developments in sustainable Islamic finance), Republic of Korea (featuring the challenges of developing carbon trading markets), and ASEAN (focusing on the ASEAN taxonomy). The SEEDS events attracted more than 560 participants, with the majority comprising industry players (60%) and regulators and policymakers (30%) in the region.

These webinars were important inputs to the **Sustainable Finance in Emerging East Asia report**, which is a key research element of the Hub during FY22. The report analyzes the state of sustainable financial markets and the supporting policy frameworks in five key ASEAN markets (Indonesia, Malaysia, the Philippines, Thailand, and Vietnam). The report compares developments in the region with selected benchmark markets. It is expected that the report will be officially launched in the 1st half of FY23 (September – November 2022).

The World Bank also actively contributed to numerous other knowledge-sharing and capacity-building **events focused on a domestic audience**. For example, the World Bank has continued to engage with key state-linked entities on the topic of sustainable finance, including with Petronas, via knowledge-sharing discussions and a capacity-building webinar. The World Bank also actively participated in several events showcasing Malaysia's experiences to wider audiences, such as the CFA Institute Alpha Summit Asia Pacific. Of particular interest was Malaysia's experience in developing Islamic finance and sustainable finance, as well as the incorporation of social elements in the SRI Taxonomy. Interest in having Hub-based experts share knowledge on sustainable finance topics came from countries within and beyond the EAP zone, such as Egypt, Kazakhstan, the Philippines, and Turkey.



IN FOCUS

# Exploring Nature-Related Financial Risks in Malaysia

## Measuring the impact of nature-related risks on the banking sector

**SYNOPSIS:** A collaboration between BNM and the World Bank explored how to measure the impact of nature-related risks on the banking sector. This exploratory study mapped sectoral lending exposures to ecosystem services to assess physical and transition risks that could affect banks in Malaysia and identified key areas for action to mitigate these risks.

**CHALLENGE:** What are the linkages between nature and the banking sector in Malaysia, which is one of the countries with the most biodiversity in the world? How can one measure the impact of nature-related risks on the banking sector? In 2021, a World Bank report, *The Economic Case for Nature*, estimated that the deterioration of ecosystem services such as those of forests, fisheries, and pollinators could result in a 6% annual loss of Malaysia's GDP by 2030. The negative impact on the economy could pose a threat to the stability of Malaysia's financial system. Identification and quantification of nature-related financial exposures are thus key to mitigating these risks.



**RESPONSE:** The World Bank supported BNM's efforts to enhance surveillance capacity and improve regulatory and supervisory guidance to the financial sector, through identification and management of risks related to the loss of ecosystem services, biodiversity, and natural assets. The exploratory study was focused on bank lending exposures, given its predominant role in financial intermediation in Malaysia. Using data on dependencies from the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) database, the report mapped the sectoral lending exposures to ecosystem services to assess the extent of nature-related physical and transition risks. Four areas of action were outlined in the report, i) raising awareness and dialogue, ii) capacity building, iii) strengthening risk identification macroeconomic surveillance, and iv) consideration of supervisory and regulatory expectations.

**RESULTS:** This exploratory study indicates that Malaysian banks are substantially exposed to nature-related financial risks due to their financing of ecosystem services exposed to physical and/or transition risks. About 54% of commercial lending from Malaysian banks, amounting to RM398 billion, are currently exposed to financial risks arising from changes in the country's natural environment (physical risk). Meanwhile, future changes in policy, technology, and consumer preferences responding to nature loss (transition risks) could increase this exposure to about 87% of commercial lending from Malaysian banks, amounting to RM639 billion. The report provided a first assessment of exposures of Malaysian banks and actions to increase awareness and support mitigation. The report, which is the first of its kind in the region, has generated global interest with 875 people attending the report launch, 2000+ downloads in the two months since its release, and other countries expressing interest in similar assessments.

**MOVING FORWARD:** Further sessions are expected in collaboration with BNM focused on outreach to other government agencies and a broader set of financial industry participants to generate awareness and policy discourse. The report has been discussed in government agencies and is expected to be discussed at the Joint Committee on Climate Change (JC3).



## IN FOCUS

## Malaysia's SRI Taxonomy

Mainstreaming social and environmental components for the capital markets



**SYNOPSIS:** The launch of the public consultation paper for the principles-based SRI Taxonomy for the Malaysian capital market by the Securities Commission brings together two novel components – social and transition aspects – into taxonomies. The SRI taxonomy merges them with the more traditional environmental component for a comprehensive guide to sustainability for the Malaysian capital market. This groundbreaking work, which the World Bank prepared as lead technical expert, yields a more comprehensive set of standards for sustainability than observed in most previous taxonomies, which focused primarily on an environmental or green component. Malaysia is now

spearheading global practices in developing taxonomies by taking a holistic approach to sustainability, ensuring that the social component, which has risen in importance and visibility following the COVID-19 pandemic, is given its due consideration.

**CHALLENGE:** Are global, regional, and domestic sustainable sukuk and bond issuance guidelines sufficient to inform and guide investors and issuers alike in embracing sustainability? The various thematic bond principles issued by the International Capital Market Association, such as the Green Bond Principles, the Social Bond Principles, and the Sustainability Bond

## THEMATIC AREA 2: PROMOTING SUSTAINABLE AND ISLAMIC FINANCE

### Sub-Theme 2: Resilient and Inclusive Financial Sectors

Guidelines, have provided guidance for capital market participants globally for years. The ASEAN Green Bond Standards, ASEAN Social Bond Standards, and ASEAN Sustainability Bond Standards, issued in 2017 and 2018, coupled with Malaysia's own SRI Sukuk Framework issued in 2019, have provided additional guidance for market players in Malaysia. However, these standards are voluntary and can leave uncertainty about which projects qualify as sustainable. Mitigating this uncertainty while hampering greenwashing risks with the issuance of a taxonomy would facilitate greater engagement by market players, both issuers and investors alike. This fosters greater market transparency, raising the profile of Malaysian capital markets as global markets embrace sustainability more enthusiastically and investors prefer sustainable investments.

**RESPONSE:** The World Bank engagement with the Securities Commission began with a discussion of the need for a taxonomy that encompasses not just the traditional environmental components of climate change mitigation and adaptation, but also other environmental components such as biodiversity and the circular economy. Going beyond environmental considerations required addressing social components, an innovative move that was in line with national aspirations but proved to be a challenging endeavor, as social taxonomy development lagged far behind environmental taxonomy development globally. In addition, it was important to include transition principles to ensure a holistic approach in the proposed taxonomy. Finally, it was crucial to ensure that the taxonomy meshed seamlessly with existing regulations, while enhancing the value proposition of Islamic capital market instruments. The SRI Taxonomy project was led by the Securities Commission, with an Industry Working Group (IWG) as the key counterpart of the Securities Commission. The World Bank Group Inclusive Growth and Sustainable Finance Hub in Malaysia was the Lead Technical Expert in the IWG, with representatives from the local stock exchange, asset and fund management companies, investment banks, asset owners, and other sustainable finance specialists.

The draft taxonomy, published in the consultation paper, takes into consideration the level of development of the Malaysian capital market, the nascent sustainable finance market, and the readiness of investors, issuers, and broader financial market participants. To do so, the taxonomy used a principles-based approach that will evolve as markets develop. The issuance of



the consultation paper aims to raise awareness and acceptance by key stakeholders in the domestic capital markets, encouraging them to provide feedback to the Securities Commission to nurture a greater sense of ownership and foster adoption of the principles.

**RESULTS:** The draft taxonomy, once finalized, will enable easier identification of sustainable activities by issuers and investors alike, mitigating greenwashing risks, reducing transaction costs, and improving market transparency. In turn, this improved market environment for sustainability is expected to increase the appeal of Malaysian capital market instruments to both local and international investors. The draft taxonomy has also placed Malaysia at the leading edge of taxonomy development with the incorporation of social aspects. While the final taxonomy has yet to be published, numerous developing countries have sought to learn from Malaysia's experience in developing such a comprehensive sustainable taxonomy.

**MOVING FORWARD:** The World Bank will continue to support the Securities Commission in the finalization of the SRI Taxonomy, which is a living document to be enhanced and expanded as technologies, capabilities, and requirements evolve.



# FY23 Moving Forward

(JULY 2022 – JUNE 2023)

## FY23 Priority Activities

For sustainable finance-related analytics and support, the team will prepare an **analytical report on the role of finance in supporting a more just and equitable transition** as requested by BNM. Another priority task is the validation of the **Data Catalogue on Climate Data** for the Malaysian financial sector, a collaboration with the JC3. This is a key step in strengthening data availability on sustainability to support greater transparency and enhance the adoption of sustainability practices in the financial sector.

The World Bank also plans to continue its **engagement with policymakers** on the implementation of the recommendations of FY22 work on two fronts: (i) the management of nature-related financial risks; and (ii) the release and implementation of the SRI Taxonomy. The proposed new analytical work on the role of finance for a just transition may also inform and provide some guidance to policymakers on further directions for the taxonomy. The World Bank will also continue exploratory discussions with key stakeholders BNM, Securities Commission, and Bursa Malaysia, on the development of a **blockchain-based**

**sukuk sustainable instrument** to widen the investor base in a sustainable Islamic marketplace.

As part of our continuing **knowledge-sharing and capacity-building activities**, dissemination of the **Sustainable Finance in Emerging East Asia report** is planned for early FY23. Work is also underway to partner with the Beijing Institute of Finance and Sustainability to host the 2022 edition of the Green Finance Leadership Program (GFLP) in Kuala Lumpur. This conference brings together global players in sustainable finance to discuss experiences, challenges, and innovative solutions. The GFLP will be scheduled concurrently with the 2022 edition of the Sustainable and Inclusive Finance Forum. Collectively, these events represent a week of sustainable finance knowledge exchanges for a global, regional, and domestic audience. In addition, collaboration with the Securities Commission on Islamic finance will continue in FY23 with plans for a joint Securities Commission-World Bank conference on Islamic finance, with a strong focus on opportunities in Islamic sustainable finance following the rapid developments in the global sustainable finance markets.







THEMATIC AREA 2

SUB-THEME 2

# Resilient and Inclusive Financial Sectors

## Overview

Sustainable and inclusive finance are important tools to achieve SDG commitments and shared prosperity. This sub-theme focuses on the objective of strengthening financial inclusion and resilience outcomes in Malaysia and other developing countries.

The work program will support efforts to enhance access to and quality of financial services, focusing on the bottom 40% of the population (B40). These efforts will be focused on Malaysia with additional engagements to support knowledge transfer to other developing countries. Activities consist of a mix of “just-in-time” technical outputs, along with analytical reports to support medium-term goals in financial sector development, and capacity-building and convening activities for counterparts to build knowledge in key areas.

# FY22 Looking Back

(JULY 2021 – JUNE 2022)

The World Bank worked to support an enabling environment where financial inclusion and stability provide a foundation to accelerate inclusive growth. Building on the strategic priorities of the Malaysian authorities outlined in the RMK-12 and the Financial Sector Blueprint 2022-2026, the World Bank supported efforts to enhance market dynamism and access to finance. At the same time, efforts to enhance resilience of the financial sector continue in the context of unwinding pandemic relief measures and managing global volatility.

The World Bank prepared the report **'Understanding Competition Dynamics in Retail Banking in Malaysia'** for BNM. This confidential diagnostic report provides recommendations for achieving market dynamism and innovation in the financial sector and was presented to the Financial Development Working Group with several of its recommendations included in the Financial Sector Blueprint 2022-2026 (see Box). It also provided a baseline for understanding the structure and dynamics of the Malaysian market prior to the arrival of digital banks, an area of technical support in FY22 with the goal of increasing inclusion to underserved segments. The report discusses the relevance and experience of open banking in several countries to enhance competition and improve the quality of

services, and follow-up technical support is being provided in this area.

The World Bank also prepared an **evaluation of the 2011-2020 Malaysian financial inclusion strategy** to provide insights and lessons for the new strategy under development. The evaluation includes a review of available data and applicable benchmarks for individuals and MSMEs. It also draws lessons from the prior strategy and good international practices, focusing on the identification of vulnerable segments and targets, the role of technology, and monitoring and evaluation of progress made in financial inclusion.

Technical assistance was also provided to support **the effectiveness of Development Finance Institutions (DFIs)**. The World Bank provided support to Bank Pembangunan Malaysia Berhad (BPMB), Malaysia's infrastructure development DFI, in improving its developmental outcomes. At the request of BPMB, the Bank Group reviewed BPMB's progress in applying its project prioritization and performance measurement framework, developed with the Bank Group through a 2019-2020 RAS. This included both an assessment, a review of the application of the current performance measurement framework (both



## Enhancing Market Dynamism in the Retail Banking Sector

**CHALLENGE:** The digital financial services landscape has evolved globally, with new types of financial institutions entering markets, and COVID-19 shifting consumer behavior towards the adoption of digital financial services to meet their needs in a safe and contactless manner. How will these shifts affect the banking sector in Malaysia? The retail banking sector plays a critical role in the efficient allocation of funds in the Malaysian economy—being heavily interconnected with virtually all other economic activities, with consumers and businesses using banking services to make payments, save and borrow money, manage liquidity, and obtain funds for investments.

**RESPONSE:** The World Bank prepared an analysis of competition dynamics in the retail banking sector in Malaysia. The World Bank also provided technical advisory support to BNM as it developed the digital banks' licensing framework. Engagements also included the delivery of technical notes which detailed various models in digital banking used in the G20, supervisory and regulatory challenges, and practical issues to be addressed such as novelty and technology risks, as well as consumer protection and financial literacy. Peer knowledge exchanges were organized with countries like the Republic of Korea and South Africa, where digital banks have been operational for longer.

**RESULTS:** A series of policy recommendations for enhancing market dynamism and encouraging competition in the banking sector were provided through the report and presented at BNM's Financial Development Working Group. Several of these recommendations appear in Malaysia's Financial Sector Blueprint 2022-2026. In addition, five digital bank licenses were issued in May 2022, following the issuance of the licensing framework in December 2020.

project prioritization and performance measurement narrative), as well as recommendations to enhance the existing framework. In addition, several knowledge-sharing events were held during the year, including workshops on performance measurement and sustainability for Malaysian DFIs, Agrobank Berhad, and SME Bank Berhad. The Bank also collaborated with the Association of Development Financial Institutions Malaysia's Global DFI Forum as part of their program to improve the effectiveness of DFIs' technical and institutional capacity building.

Other contributions towards **capacity building in Malaysia and regional knowledge events**. This included World Bank co-organized panel sessions at BNM's MyFintech Week. It also included support to BNM on the World Bank International Centre for Settlement of Investment Disputes (ICSID) ASEAN Workshop on Investment Law and Dispute Settlement for the 10 ASEAN members. Six sessions were provided, sharing an overview and legal foundation of investor-state dispute settlements and key observations on the latest developments; and running through the structure of a typical international investor agreement and key concepts used in agreements.

The team prepared and disseminated the report '**Non-Performing Loans in East Asia and the Pacific: Practices and Lessons in Times of COVID-19**', which discusses

the quality of loan portfolios, vulnerabilities surrounding credit markets, and recommendations for financial sector authorities to address the potential build-up of non-performing loans (NPLs). The policy dialogue centered around challenges faced by financial sector regulators in addressing NPLs, peer countries exchange of their respective practices, and tools available for resolution of NPLs and insolvencies. A follow-up engagement on 'Non-Performing Loans Resolution, Insolvency and Small Medium Enterprises in post-COVID-19 Times' delved into a topic of relevance to many countries, as borrower relief measures enacted to mitigate the worst impacts of the pandemic wind down. Organized jointly with the World Bank Seoul Center in the Republic of Korea, this session discussed the rise in NPLs, the importance of efficient NPL resolution for SMEs, the economy, and the financial sector. Possible reforms of national insolvency frameworks, including simplified procedures for SMEs and out-of-court restructuring schemes, were also discussed.

The **Malaysia Financial Sector Monitor**, which analyzes vulnerabilities in Malaysia complementing regional monitoring activities, was also launched. This bi-annual report assesses trends and financial sector vulnerabilities in the banking sector and capital markets, as well as relevant policy developments.



# FY23 Moving Forward

(JULY 2022 – JUNE 2023)

## Overview

Support will be provided in line with goals articulated in strategic documents such as the Financial Sector Blueprint 2022-2026, including funding for economic transformation, digitalization and elevating the well-being of households and businesses through financial inclusion, and supporting the overall goals of prosperity and inclusion outlined in the RMK-12. Activities will contribute to post-pandemic recovery and support resilience of the financial system, which is paramount for economic growth.

## FY23 Priority Activities

Priorities for FY23 will be to develop an enabling environment for a more inclusive and dynamic financial sector to support growth. This includes technology and data to expand access and use by underserved segments, as well as use of financial services for income generation. A key area of support will be to the development of an enabling **open data framework for banking and financial services** in Malaysia, with the

goal of increasing access to data to reduce information asymmetries, fostering market contestability, empowering consumers, and promoting financial inclusion.

The team will also support the development of a **new national financial inclusion framework** through analysis of new global benchmark data on financial inclusion, with a focus on understanding changes in the use of digital financial services in the last five years, and support to policy recommendations to improve access channels for individuals and SMEs underserved by the financial system. Ongoing policy support will continue to enhance the performance of Malaysian DFIs, with the goal of supporting **economic transformation** as articulated in the Financial Sector Blueprint 2022-2026.

On the financial stability side, support will include just-in-time advice, guidance, and knowledge sharing as global risks increase. **Monitoring of financial vulnerabilities** will continue in the form of a bi-annual report and regional dialogue on common challenges encountered by regulators.





THEMATIC AREA 2

SUB-THEME 3

# Islamic Finance for Sustainable Development

## Overview

World Bank efforts in the Islamic finance thematic area will leverage Malaysia's position as a world leader in Islamic finance to improve understanding of Islamic finance and its linkages to the real sector, to generate awareness, and to build consensus amongst different stakeholders in Islamic finance and collaborate with BNM and all key stakeholders to focus on developing knowledge to further the deployment of Islamic financing solutions to support the SDGs and mitigating the impacts of COVID-19.

The work program will comprise of activities which will be carried out in partnership with BNM, Securities Commission (SC), and local financial institutions, Islamic Financial Stability Board, International Center for Education in Islamic Finance, and the International Shariah Research Academy. The various activities will also emphasize the use of Islamic finance solutions for medium-term COVID-19 recovery.

# FY22 Looking Back

(JULY 2021 – JUNE 2022)

Malaysia's financial regulators continue to support efforts that solidify Malaysia's position as a global hub for Islamic sustainable finance. The Capital Market Masterplan 3 (2021-2025) (CMP3) issued by the Securities Commission, and more recently the Financial Sector Blueprint (2022-2026) released by BNM, outline key strategies and initiatives that will advance Islamic finance's role in facilitating Malaysia's recovery post-pandemic and deepening the Islamic sustainable financial market.

The World Bank continued to provide technical assistance in greening Islamic finance by supporting the development of the second cohort of Value-based Intermediation (VBI) **sectoral guides for manufacturing, construction, and infrastructure** sectors. The sectoral guides are intended to facilitate financial institutions in developing a credit risk assessment framework that incorporates environmental, social, and governance (ESG) considerations. The sectoral guides provide guidance on the identification of key ESG risk criteria and examples of risk measurement metrics relevant to the sector. In relation to this initiative, additional technical support was provided to the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) in assessing the implementation progress of VBI and sustainability initiatives by Islamic banks to be featured in a forthcoming report. The assessment is intended to identify gaps and areas of improvement, and potential next steps to address them.

**Islamic Finance and the Development of Malaysia's Halal Economy's report (forthcoming)** is the core knowledge product under the Islamic finance pillar for this financial year (see Box). This report, requested by BNM, explores the role of Islamic finance in supporting the development of Malaysia's *halal* economy by assessing the funding ecosystem for the *halal* economy in Malaysia and globally. The report includes a set of recommendations for stakeholders to optimize the use of Islamic finance.

**The Royal Award for Islamic Finance (RAIF) Impact Challenge Prize 2022 is another key project supporting BNM and the Securities Commission in FY22.** The World Bank provided technical expertise to support BNM

and Securities Commission in co-organizing the newly introduced prize under the bi-annual RAIF. The Impact Challenge Prize 2022 aims to bring greater recognition to innovative Islamic finance solutions that can improve economic and social resilience of vulnerable communities globally. The theme for the inaugural prize is Advancing the Sustainability Agenda: Strengthening Economic and Social Resilience of Financially Impacted Communities through Islamic Finance. The prize attracted diverse solutions and applications from around the world. A total of 25 short-listed applicants were selected to participate in a six-week accelerator program, which offers them the opportunity for mentoring and further technical assistance to further sharpen their solutions. The finalists will also be given the opportunity to participate at the Global Islamic Financial Forum (GIFF) 2022 in October.

**A series of Islamic finance webinars** were organized in partnership with BNM, Securities Commission, Malaysia International Islamic Financial Centre (MIFC), and AIBIM. A World Bank report, *Islamic Trade Finance: An Opportunity for Malaysia*, that was completed in the last financial year was launched in August 2021. The report, which has since been downloaded more than 800 times, discusses policy, regulatory and institutional elements, and opportunities and challenges to expand the use of Islamic trade finance. Analysis and findings from the report has helped to inform BNM's strategy on Islamic trade finance in the Financial Sector Blueprint 2022-2026. In addition, in October 2021, a virtual panel session was organized in conjunction with the launch of RMK-12 to discuss the role of Islamic finance. Under the Plan, Islamic finance has been described as one of the key enablers, particularly to support efforts in accelerating growth in sustainable and green economy, social protection of vulnerable groups, funding for SMEs, and *halal* industry.

The World Bank also organized a knowledge-sharing series to share relevant Malaysian experiences to support **Bangsamoro Autonomous Region of Muslim Mindanao (BARMM)** Government officials on the roles of government-linked investment companies (GLICs), DFIs and *waqf* and *zakat* in supporting economic development agenda.



## Enhancing Islamic Finance for the Development of Malaysia's *Halal* Economy



**CHALLENGE:** How can Islamic finance be enhanced to support the development of Malaysia's *halal* economy? What are the challenges faced by *halal* enterprises in using Islamic finance? The *halal* industry is an important economic sector that contributed to 7.5% of Malaysia's GDP in 2020. Under RMK-12, 2021-2025, one of the key strategies to boost Malaysia's economic growth is by enhancing the competitiveness of the *halal* industry to capture a more significant share of the global *halal* market. While Islamic finance is part of the broader *halal* economy, unofficial data from BNM suggested that use of Islamic finance by *halal* businesses is relatively low. Assessing the issues and challenges the *halal* industry faces in integrating with Islamic finance is crucial, especially to strengthen Malaysia's position as a global hub for Islamic finance.

**RESPONSE:** The World Bank undertook the study requested by BNM to fill the gap in the research area relating to the financing needs of *halal* businesses at different stages of their development. The study also drew on global examples of innovative financing products that can be adapted to Islamic financing for the *halal* industry. The World Bank closely collaborated with BNM, which provided data and analysis of bank financing to *halal* businesses. Engagement with key government agencies such as the Halal Development Corporation, and Jabatan Kemajuan Islam Malaysia was conducted to obtain further insights on the *halal* ecosystem and linkages to Islamic finance. The final report (forthcoming) explores both demand and supply-side factors of the *halal* industry funding ecosystem and provides a set of recommendations for stakeholders in Malaysia to optimize the use of Islamic finance.

**RESULTS:** The goal of this analysis is to identify gaps in the financing needs of *halal* businesses and support improvements in current strategies and policy design. The report highlights the need to better integrate Islamic financing strategy with the overall *halal* economy development strategy and explores public-private partnerships to facilitate innovative financing solutions. While the recommendations focus on Malaysia, they may also be relevant for other developing economies where the *halal* industry and Islamic finance are relevant. The World Bank intends to collaborate with BNM to disseminate the report, as well as conduct policy outreach sessions at the upcoming GIFF 2022.

# FY23 Moving Forward

(JULY 2022 – JUNE 2023)



## Overview

The World Bank will continue to support Malaysia in positioning itself as a global hub for Islamic finance, fostering the goals of sustainability and inclusion. Future activities will align to key strategies outlined in the Financial Sector Blueprint 2022-2026 and CMP3, as well as RMK-12, which aim to advance the impact of Islamic finance through value-based initiatives and sustainable and green recovery.

## FY23 Priority Activities

**To support sustainability, the World Bank will continue its support for greening Islamic finance and provide technical assistance in developing the next batch of VBI Sectoral Guides.** The third cohort of the VBI Sectoral Guides will include agriculture, transportation and storage, and waste management sectors. The sectoral guides complement BNM's Climate Change and Principle-based Taxonomy (CCPT) by providing guidance on ESG risk considerations that can help determine the classification of assets based on the categories specified in the CCPT.

**The report on Islamic finance instruments to support decarbonization** will be the core analytical activity for FY23. With support from BNM, the study will examine the existing Islamic finance ecosystem, and identify gaps and areas of improvement to advance the use of shariah-compliant instruments for funding the transition to low-carbon economy. In addition, the World Bank will provide technical assistance to BNM to improve the program management of social finance programs during COVID-19, developing guidance to facilitate impact monitoring and reporting, particularly those using Islamic finance.

The World Bank will continue to partner with key stakeholders to deliver **knowledge exchange and facilitate policy dialogue** on Islamic finance. This would include the forthcoming publication and dissemination of the "Islamic Finance and the Development of Malaysia's Halal Economy" study, and sessions on Islamic finance to influence the dialogue at meetings such as the GIFF 2022, the WB-IMF annual meetings, and the Securities Commission-Oxford Centre for Islamic Studies Roundtable.







## THEMATIC AREA 3

# Strengthening Governance

### SUB-THEMES

- Strengthening Public Sector Institutions
- Enhancing Public Sector Productivity
- Strengthening Public Finance and Transparency

### Development Objective

The World Bank Governance Global Practice (GGP) supports client countries to build capable, efficient, open, inclusive, and accountable institutions. The ability of governments to effectively provide public services, support an environment that generates jobs and growth, address market failures, and engage citizens is more important than ever given the COVID-19 pandemic. Countries with strong institutions are more resilient, facilitate private sector growth, reduce poverty, deliver high-quality services, and earn the confidence of citizens. Emerging lessons from the immediate response point to the need to adapt models of government operations, service delivery, and interactions with citizens, which include several GovTech options. At the same time, it is important for the government to also pay close attention to the risk of corruption with the easing on rules, procedures, and other control mechanisms when expediting their responses to the crises.

The World Bank Group's Hub teams aim to enhance governance outcomes in Malaysia and other countries through its cutting-edge work on productivity in the public sector, planning and public financial management, and transparency in government institutions and operations.

# FY22 Looking Back

(JULY 2021 – JUNE 2022)

**The quality of Malaysia’s institutions plays a central role in its aspirations to become a high-income, developed nation.** Institutional strengthening, and governance reform, support structural policy changes that generate growth in quality jobs through economic diversification and higher productivity. This is particularly relevant for countries like Malaysia that are struggling to adjust to new sources of growth after reaching middle-income levels. In tackling governance challenges, Malaysia can benefit from the global experience of other upper-middle-income countries that have converged toward high-income status. Their reform trajectories suggest that a wide range of deep institutional reforms such as strengthening checks-and-balances, promoting greater independence and competition in media markets, and building effective public integrity and anticorruption institutions, create a level playing field among firms and enable contract enforcement and more efficient resource allocation, thereby contributing to long-term productivity gains and growth.

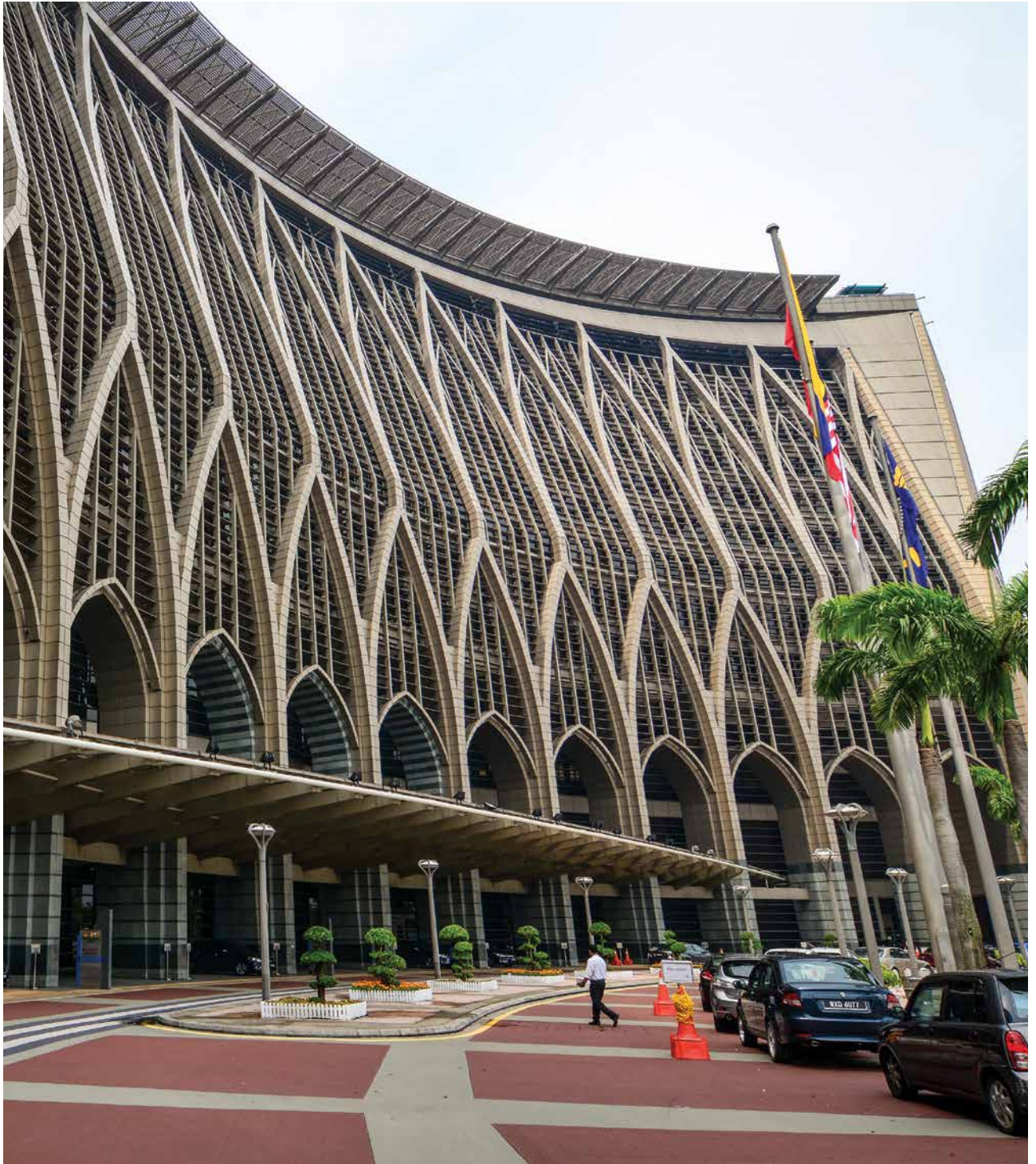
In the year under review, a large part of the program under the Strengthening Governance sub-theme focused on providing analytical and advisory support in the following areas (i) Public Sector Productivity; and (ii) **wage bill analysis** - as a contribution to the **Public Expenditure Review** prepared by the Hub under the Growth and Inclusion sub-theme. The team also engaged in a **stocktaking exercise of the Governance program**, in close collaboration with government counterparts. A short description of each activity and progress to date is included below.

**Public sector productivity:** this task was conceived in response to the request made by MOF to the World Bank to bring international expertise and undertake an empirical analysis to assess public sector productivity across a selection of ministries, departments, and agencies. This ASA was conceived as “frontier” work to contribute to global research in the field, while providing a systematic empirical analysis on the drivers of public sector productivity in Malaysia, and offering context-specific policy recommendations to MOF, in light of Malaysia’s effort to transition to high-income country status. The analysis draws on the conceptual framework developed by the World Bank Bureaucracy lab, which combines macro-level analysis of inputs and outputs (defining the public sector production function) with micro-level analysis (using survey data) to identify the drivers of productivity at the agency level. Key outputs under this ASA include: (a) a Note on **‘Public Sector Productivity: Reform, Drivers and Measurement’**; (b) a

Policy Note on **‘A Fresh Approach to Understanding and Enhancing Public Sector Productivity in Malaysia’**, also published as a feature article in the Economic Outlook 2022; (c) a **macro-level assessment of public sector productivity in selected ministries** (ongoing, to be completed by June 2022); (d) a **pilot survey targeting the Inland Revenue Board (IRB)** (ongoing, to be completed by September 2022); and (e) a short **Policy Note for Budget 2023**, building on the findings from the public sector productivity assessment (to be completed by August/September 2022).

**Wage bill analysis:** this task was conceived as a core chapter for the **Public Expenditure Review** to provide an in-depth analysis of Malaysia’s prevailing fiscal position, and to identify potential reform opportunities to improve the efficiency and equity of public expenditures, while containing civil service costs. The wage bill chapter provides an empirical assessment of the quality of public sector employment and compensation practices as they contribute to the overall wage bill expenditures, with the objective of improving civil service spending and delivery in a fiscally constrained environment. The wage bill diagnostic builds upon a microlevel conceptual framework that combines the use of survey and administrative data sources to estimate the quality of public sector employment and compensation policies across six dimensions: (i) the robustness of the wage bill planning process; (ii) the strength of wage bill controls; (iii/iv) the level and distribution of public sector employment; and (v/vi) the incentives, equity, and competitiveness of the wage structure. The analysis concludes with recommendations for targeted and politically feasible reforms that make explicit the trade-offs in managing compensation policies. Work is underway; however, because of issues with data access and quality, the wage bill analysis (and the PER) will be completed in FY23.

**Stocktaking exercise of the Governance program:** The team organized several rounds of consultations (both internal in the Hub, and external with technical counterparts and national stakeholders across government ministries and agencies) to take stock of the progress made under the Governance program. The overall objective of the stocktaking exercise was to explore opportunities to recalibrate and adapt the Governance program in Malaysia to recent changes in national priorities and explore new engagement opportunities on this basis. Bilateral meetings have been organized with the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), EPU, the Public Service Department (JPA), and MOF, as



well as with local think tanks and NGOs such as IDEAS and Transparency International, among others. The consultation process is ongoing and will inform the finalization of the program for FY23. The team is also working on a background note to review **Southeast Asia Planning Community of Practice (PCoP)** key outcomes and results-to-date. The regional peer-learning network was established under OSA

1.0, with support from the EPU's top leadership, to facilitate knowledge exchange among government officials in the region around reforms and challenges faced in conducting development planning. The background note is intended to inform discussion with the client on alternative scenarios for the recalibration of PCoP's thematic focus in the future.



# FY23 Moving Forward

(JULY 2022 – JUNE 2023)

## Overview

As Malaysia transitions to high-income country status, the extent to which the GoM makes progress in strengthening the quality of its institutional capital across levels of government will be a key focus of the Governance sub-theme. The COVID-19 crisis and the economic recovery poses new challenges, bringing institutional strengthening to the forefront of the policy debate. In Malaysia, as in the rest of the world, the fight against COVID-19 has made institutions far more central and visible to ordinary citizens. Citizens are experiencing directly the role those public institutions play in ensuring the continuity of government services, managing the health crisis, and preparing for the economic recovery. The crisis has offered evidence that a functioning state and effective government are crucial to manage shocks. The economic recovery thus offers a unique opportunity to support efforts to “build back better”, by supporting public sector modernization and promoting inclusive, transparent, and accountable institutions.

Analytical work and policy support is expected to continue in support of RMK-12. This will include continued just-in-time advice, analytical and advisory support, and knowledge sharing on selected institutional strengthening and governance reform initiatives that are aligned with national priorities and instrumental to support the country’s effort to promote growth and inclusion. Changes in government demands and country context might trigger a shift in priorities that might require recalibrating priorities and focus on new activities. Given this context, the Governance program will be ‘flexible’ and ‘modular’ by design, with activities that evolve at different paces, and intermediate deliverables to get feedback from authorities and test appetite for more comprehensive analytical work. The program will also follow a client-oriented and ‘problem-driven’ approach that either support incremental reform initiatives (where there is strong demand from the government), or support initiatives that can help expand the reform space, building the coalition to support the reform process. From a governance perspective, expanding the reform space also implies exploring networks and collaboration with entities outside government, such as local think tanks, civil society organizations, and academia, including stakeholders at the subnational level.

## FY23 Priority Activities

**An important innovation and contribution of this year’s program will be a more explicit focus on governance analytics and benchmarking analysis to identify institutional gaps that set Malaysia apart from comparators.** For Malaysia to converge with high-income countries, it is important to close gaps in governance and institutional capacity—along with access to global capital markets, and efforts to address public good challenges, such as climate change. This approach is in line with the emphasis on institutional strengthening found in the World Bank’s COVID-19 crisis response approach (World Bank 2020c).<sup>3</sup> A systematic and evidence-based assessment of progress in institutional strengthening is therefore imperative to support Malaysia’s long-term goal of building the institutional capital needed to unlock the country’s growth potential. To inform the policy dialogue on institutional strengthening and assist the government in selecting priority reform areas, the team will undertake a **country-level institutional benchmarking exercise** adopting a novel approach maximizing use of international governance indicators (Box 1).

Following the completion of the **Public Sector Productivity Assessment** and the **pilot survey for IRB**, knowledge exchange and dissemination activities will be carried out, targeting policymakers and other key stakeholders within and outside of Malaysia. This work will be framed in the context of the discussions for modernizing the public services and improving public sector performance, which have been ongoing for the last few years and identified by the GoM as strategic area of collaboration with the Hub.

The team will also continue exploring options with government on how best to recalibrate the thematic areas of focus of **Planning Community of Practice (PCoP)**. Potential areas of interest include knowledge exchange and cross-learning on how development planning institutions around the region have been adapting to remain relevant and effective in delivering long-term economic goals, as well as dealing with economic shocks and crises. A discussion about the evolving role of strategic long-term planning approaches and of planning agencies, and the necessary

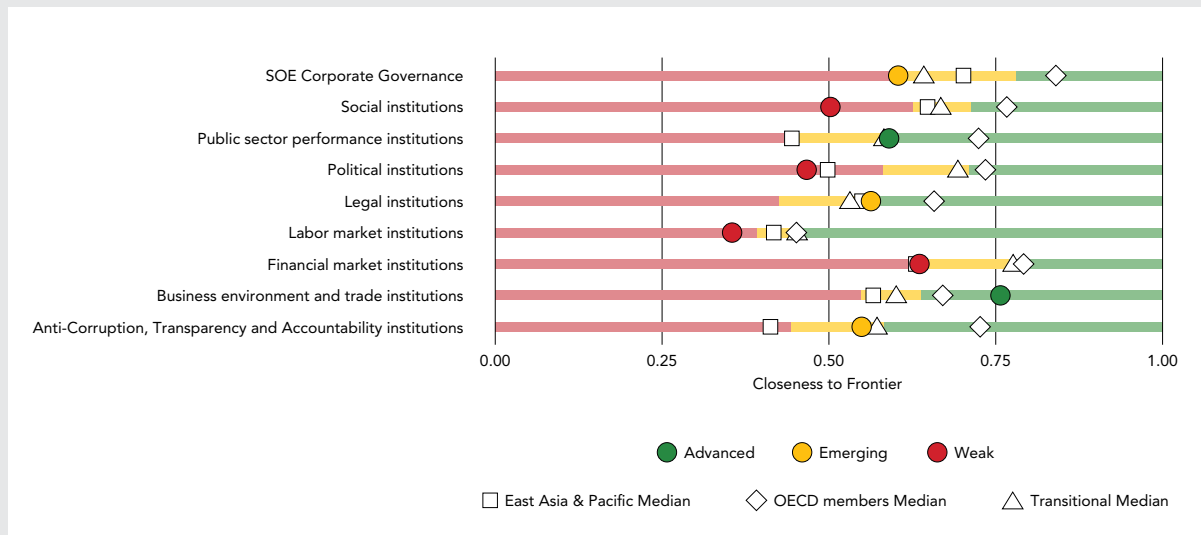
<sup>3</sup> The crisis response approach paper is organized around four pillars. Pillar 4 focuses on strengthening policies, institutions, and investments to rebuild better.

## Mapping the quality of institutional capital in Malaysia - an institutional benchmarking exercise

The “Country-Level Institutional Assessment and Review” (CLIAR) methodology provides a structured, focused, and flexible diagnostic tool, combined with a data-driven approach, to benchmark the quality of a country’s institutional capital vis-à-vis a set of comparator countries. **The CLIAR** is designed as both an **analytical and filtering device**. As an **analytical device**, it helps policymakers to undertake a comprehensive yet time- and cost-efficient benchmarking exercise of the country’s institutional profile to empirically identify and map its main institutional strengths and weaknesses. As a **filtering device**, the CLIAR can help teams select a subsample of institutional themes and areas that require in-depth analysis, contributing to make policy dialogue on institutional and governance reform more coherent and integrated.

Following the CLIAR methodology, the team is undertaking an institutional benchmarking exercise to empirically map a country’s main institutional strengths and weaknesses through a comparative perspective, across a set of nine institutional clusters. The benchmarking analysis follows the selection of comparator countries identified in the “Aiming High” report (World Bank 2021)<sup>4</sup>. **A desk review ‘Institutions at a glance’ report** will be available and shared with the client in Q1 FY23. Preliminary findings are shown in Figure 1 below. Malaysia’s overall performance relative to the set of comparator countries shows a mixed picture. On the one hand, Malaysia exhibits an ‘advanced’ institutional capital in public sector performance - which reflects, however, a mixed performance when looking at sub-indicators - as well as business environment and trade institutions. In contrast, it reflects a ‘weak’ institutional capital for social, political, labor market, and financial market institutions. In other institutional functions (including anti-corruption, transparency and accountability institutions, as well as legal institutions and corporate governance of SOEs) the quality of institutional capital appears as ‘emerging’.

**FIGURE 1: Benchmarking institutional capital in Malaysia: summary of findings, by institutional cluster**



**Source:** World Bank elaboration using the CLIAR methodology (World Bank 2022).

**Note:** The bar reflects the simple average of the score for all sub-indicators included in a given institutional cluster. For each cluster, the x-axis shows the “closeness to the frontier” (length of the bar), which captures the gap between a Malaysia’s performance and the best performer among countries for which data are available (global frontier). The large circles show Malaysia’s performance. The traffic-light coloring indicates areas where the largest institutional gaps exist in Malaysia relative to comparator countries, as follows: red = weak institutional capital (bottom 25%); yellow = emerging institutional capital (25%–50%); green = advanced institutional capital (top 50%). See World Bank (2022) for a detailed discussion of the methodology as well as descriptions and sources of indicators for each institutional cluster. OECD = Organisation for Economic Co-operation and Development; SOE = state-owned enterprise.

<sup>4</sup> Accordingly, there are three sets of comparative countries, East Asia & Pacific representing regional peers, OECD representing aspirational peers, and transitional peers (See World Bank 2021: 20-21).



partnerships between the public and private sector to bring about structural change in that context, will aim to spark a debate on these topics. This is relevant given the significant role planning agencies play within this region in strategic planning and setting medium- to long-term development priorities.

Three important additions compared to previous years will be (i) a cross-cutting focus on the governance of climate change (starting with a **climate change institutional assessment** and moving to more targeted diagnostics based on client demand) (ii) a more explicit effort to support **'governance in sectors'** (with activities to be defined as

opportunities arise, in coordination with sector teams) and (iii) a more proactive engagement on **subnational governance**, targeting selected thematic areas based on client demands.

### Governance of Climate Change

The work on the **Climate Change Institutional Assessment (CCIA)** will be a new important activity under the program. Climate change poses particularly difficult challenges for policymakers. It demands action across all sectors of the economy and society, requiring coordinated action among



multiple government and non-government stakeholders. The extended time frame over which climate impacts will unfold requires an ability to plan, implement, and sustain a credible policy commitment over multiple political cycles. To address these challenges, countries, including Malaysia, will need to strengthen their institutional capital. A **Policy Report on Strengthening Institutions for Climate Change** will be prepared in the context of the broader country work on climate and be used to inform policy discussions with MOF, EPU, and other relevant stakeholders, and promote engagement with other state and non-state actors.

Subject to client demand, the team will explore opportunities to complement the CCIA diagnostic with just-in-time diagnostics on specific areas of interest, including (but not limited to): (i) **Policy Note on Green budgeting** reflecting best global experience and policy implications for Malaysia; and (ii) a **Disaster Resilient and Responsive Public Financial Management assessment (DRR-PFM)** to identify opportunities for reforms to laws, regulations, policies, and systems that can strengthen a country's capacity to manage disaster-related risks and sustain PFM functions after natural disasters.

## Governance in Sectors

On the **wage bill analysis**, the team will continue dialogue with MOF to get access to microlevel payroll data and more granular labor force survey data (beyond the variables already shared). Access to such data can substantially improve the team's ability to model public and private sector labor markets, and answer questions on the equity and competitiveness of public sector wages. Likewise, accessing expenditure data at the subnational level can provide better measures of the quality of public expenditures across regions.

Building on the findings from the pilot survey with IRB, the team will also continue the policy dialogue with IRB and aim to identify new opportunities to support **Tax Administration reform**. Options might include more targeted diagnostics (including, but not limited to, the Tax Administration Diagnostic Assessment Tool (TADAT) or the World-bank DIAMOND tax assessment) to improve IRB performance in mobilizing domestic revenues.

The team will also continue the collaboration with the poverty team and private sector specialists to explore opportunities to push for Open Data initiatives in areas directly relevant for private sector growth and firm productivity (**Open Data for Business**).

On the issue of **fuel subsidy reform**, the team is considering producing a **Political Economy analysis of fuel subsidy**

**reforms**, to complement technical advisory work provided by the Hub in this area, in collaboration with energy specialists and the Chief Economist's office.

## Subnational Governance

The State Government of Sarawak has requested technical assistance from the World Bank to conduct a review of the **governance of SOEs in Sarawak**. This is part of the state government SOE transformation efforts. The team is partnering with IDEAS for the implementation of this task, and is preparing the groundwork to launch the study, with a scoping mission to be undertaken in June 2022. The technical assistance is divided into two stages, with the first stage focused on the review of institutional, regulatory, and administrative frameworks for a selection of SOEs. A **policy report on the corporate governance of SOEs in Sarawak** will be produced during FY23. The final report will include a detailed roadmap of the main institutional and policy changes required to move ahead the reform agenda.

The team will also explore opportunities of collaboration with the Ministry of Finance and identify potential analytical and advisory work on **intergovernmental fiscal transfer systems and performance-based grants**, (including ecological transfers), in close collaboration with the macroeconomic team.

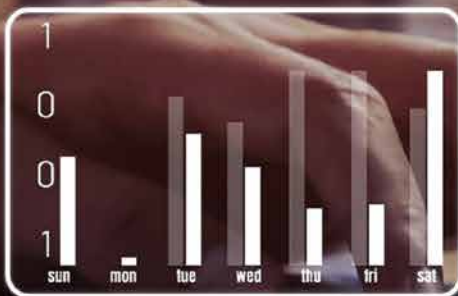
**Important Note for the reader:** *The Governance program presented above will be subject to a prioritization exercise following a consultation process, in close collaboration with Government authorities and other relevant stakeholders.*



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# East Asia and Pacific Chief Economist (EAPCE) Research Center

## Development Objective

The goal for the World Bank's research group in Malaysia is to become a center of intellectual leadership on economic development of regional and global significance. It has three main mandates: to produce original research on development economics, to contribute to policy analysis and dialogue around the world, and to promote a community of researchers in Malaysia, neighboring countries, and Asia in general. Under OSA 2.0, the research group in Malaysia will be integrated with the chief economist unit of the East Asia and Pacific region.



# FY22 Looking Back

(JULY 2021 – JUNE 2022)

The EAPCE Research Center in Malaysia aims to be a center of intellectual leadership on economic development of regional and global significance. It has three main mandates: to produce original research on development economics, to contribute to policy analysis and dialogue around the world, and to promote a community of researchers in Malaysia, neighboring countries, and Asia in general.

In FY22, July 2021 to June 2022, EAPCE Research Center **published four articles in academic journals and two working papers**. These publications include topics such as unemployment and child maltreatment during the COVID-19 pandemic; trade response to anticipated tariff changes; and international reserves and central bank independence. The response and academic discussions from these articles and other research papers stock have been impressive with over 17,000 downloads and close to 700 citations just this FY. Of the total readers, 21% were from the EAP region.

The Research & Policy Brief (RPB) series is EAPCE Research Center's flagship product established in 2016. The goal of the RPB is to merge basic research and policy concern. The RPB has allowed researchers to disseminate applied lessons and policy guides quickly in response to crises. The RPB once again became one of the most-used tools for discussions relating to the pandemic, with six out of nine RPBs produced focusing on different aspects of the pandemic. The RPB series has over 58,000 downloads and around 350 citations this FY.

FY22 was an active year of providing input and support to other units at the World Bank. The group was active in contributing inputs to the EAP Economic Update October 2021 and April 2022 on the COVID-19 vaccination situation, constraints, and strategies in the EAP countries; the Malaysia Economic Monitor, December 2021 on Malaysia's E&E export during the pandemic; the Malaysia Economic Monitor, June 2022 for the main chapter on external development; and the Report on Sustainable Finance in Selected Markets in Southeast Asia. Additionally, the team also provided comments for the Global Economic Prospect, January & June 2022; World Development Report, 2022; Indonesia Fiscal Reform Development Policy; Indonesia Human Capital Development Policy Loan; Fiji Recovery and Resilience Second Development Policy Operation; the HDCE Flagship report titled "The COVID-19 Pandemic and Human Capital: Evidence on Effects and Guidance for Policy Responses"; and the Debt DC Paper Outline (Make Debt Work for Development).

## Research Community Building

With the rise of the Delta variant, COVID-19 was still affecting the economy in Malaysia as well in the region in FY22. This made it challenging for the team to organize physical events; as a result, all events were done fully online.

In FY22, EAPCE Research Center managed to organize and host 15 formal seminars despite this challenge. On average, 27 people joined the seminar via teleconferencing and webcasting. The seminar series covered a diverse array of topics, the most popular during the season being the vulnerability of jobs to COVID-19 in Malaysia; the effects of different methods of reserve accumulation on sovereign spread; the impacts of lockdown policies on international trade; fiscal stimulus under sovereign risk; and the role of an independent central bank to accumulate international reserves. Topics revolving around macroeconomic concerns seem to be of most interest to participants. The discussion in the seminars allowed for pertinent and timely policy debate.



The "half-baked" seminar series is jointly hosted with the EAPCE Office in Washington, D.C. The series serves as a platform for researchers to receive comments, criticisms, and suggestions at the early stages of their research. The "half-baked" seminars consist of a smaller audience of 16 people connected online on average. In FY22, EAPCE Research Center hosted four "half-baked" seminars. Topics were diverse, from the assessment of gendered impacts of the pandemic on the labor market, to the study of air pollution and child's well-being.



**The East Asia & Pacific Chief Economist Office  
Research Center in Kuala Lumpur presents:**

# **The Economics of Covid-19 in Developing East Asia & the Pacific**

**An introductory course**

**23 NOVEMBER (US EASTERN TIME)  
24 NOVEMBER (ASIA PACIFIC TIME)**

In November 2021, the team along with the East Asia and Pacific Chief Economist Office in Washington, D.C. organized an E-seminar on the Economics of COVID-19 in Developing East Asia & Pacific. The event featured speakers who are experts in various areas: Aaditya Mattoo (Chief Economist), Andrew Mason (Deputy Chief Economist), Ergys Islamaj (Senior Economist), Francesca di Nicola (Senior Economist), Tobias Pfutze (Senior Economist), Shafaat Yar Khan (Economist), Agustin Samano Penalzoa (Economist), and Jonathan Timmis (Economist). The course explored various aspects of the pandemic, covering a conceptual and empirical analysis accessible to a wide range of groups, from students to researchers who were interested in the field. The course aimed to help understand what had happened over the past two years: the whys, what to expect, and what can be done. Topics included: 1) Economy-wide impact: The macroeconomics of the pandemic and implications for

macro policy; 2) Firms and Technology: The microeconomics of firms in crisis, recovery & growth; 3) Households: The microeconomics of labor markets, education, health & inequality; and 4) Globalization: The international economics of trade and supply chains in goods & services. Over 460 people joined the event online.

In November 2021, the team had a meeting with the National Child Development Research Centre (NCDRC) team from Sultan Idris Education University (UPSU). The NCDRC administers the National Child Data Centre (NCDC) that has Malaysia's data on childcare centers or "taska", as well as development data of children enrolled in the childcare centers. During the meeting, discussions on potential collaborative work on the topic of early childhood care and education took place.



## IN FOCUS

## Unemployment and Child Maltreatment during the COVID-19 Pandemic in the Republic of Korea

Disruptions in Child Welfare Services Should be Avoided to Prevent Underreporting of or Delayed Responses to Suspected Cases



Risk factors for child maltreatment have been exacerbated during the COVID-19 pandemic, especially due to economic downturns leading to parental job losses and poor mental health. This study showed that the risk of child maltreatment during the first year of the COVID-19 pandemic was significantly associated with male unemployment in the Republic of Korea using fixed effects regressions. It suggests that interventions to prevent child maltreatment would need to be designed considering potential pathways from economic shocks, especially male unemployment, to child maltreatment.

**INTRODUCTION:** Violence against children is a global health issue with long-term effects. Longitudinal studies show how experiences of maltreatment in childhood affected behaviors in adulthood. For instance, Jonson-Reid et al. analyzed data following more than 3000 children in the United States for 15 years, and showed that chronic child maltreatment was significantly associated with perpetration of child maltreatment and poor mental health in adulthood (Jonson-Reid et al., 2012). Another study by Skinner et al. examined survey data of around 300 children followed for more than 30 years in the United States, and showed that physical, sexual, and emotional abuse

in childhood had direct and indirect effects on mental health and behavioral problems, such as alcohol and substance use, in adolescence and adulthood (Skinner et al., 2016). At the community and societal level, risk factors include neighborhood characteristics, especially poverty and unemployment (Farrell et al., 2017; Morris et al., 2019). Economic uncertainty, measured by unemployment rate and the Consumer Sentiment Index, was a significant risk factor for child abuse and neglect (Schneider et al., 2017). Child maltreatment was also significantly inversely associated with the employment rate of men (Cherry & Wang, 2016; Lindo et al., 2018).

### ASSESSING CHILD MALTREATMENT DURING THE COVID-19 PANDEMIC:

Recent studies have shown that some risk factors for child maltreatment have been exacerbated during the COVID-19 pandemic (Grierson, 2020; Zhang, 2020; Lee et al., 2021; Wong et al., 2021). In this study, unemployment rate – overall and by gender – was focused as a risk factor for child maltreatment during the COVID-19 pandemic in the Republic of Korea. Particularly, this study assessed whether there was an increase in child maltreatment during the COVID-19 pandemic as compared to the previous four years, and then evaluated whether unemployment was associated with child maltreatment. The monthly excess number of hotline calls related to child maltreatment during the COVID-19 pandemic was estimated for each province. Fixed effects regression was then used to examine the relationship between the excess number of hotline calls and unemployment rate.

**RESULTS:** The average excess number of hotline calls was significantly negative in the early stage of the pandemic, but became significantly positive afterwards except for some months with averages not statistically different from zero (Figure 1). The fixed effects regression showed that in relation to the excess number of hotline calls, overall unemployment rate was insignificant; male unemployment was significant for three alternative dependent variables out of four and slightly significant for the remaining one; and female unemployment had the opposite sign to male unemployment, and was significant for the dependent variables based on the historical average but insignificant for those based on the historical time trend.

The significant fall in the excess number of hotline calls in the early stage of the pandemic can be related

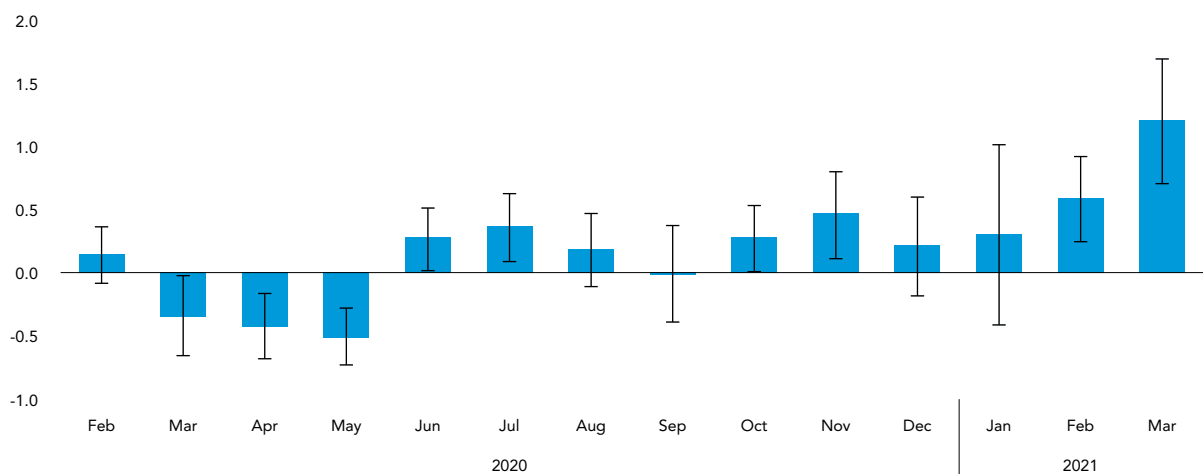


to intensive restriction measures on mobility, which led to school closures and disruptions in child welfare services. Specifically, in the first half of 2020, the beginning of the school semester was delayed and classes were replaced by online teaching in most schools, thereby opportunities for teachers to identify child maltreatment cases declined. Also, at-risk household visits have decreased or were replaced by investigation through phone calls due to the increase of COVID-19 cases. Disruptions or changes in child protection services during the COVID-19 pandemic have been often observed in developing and developed countries (Katg et al., 2021). Although few studies have been conducted to examine the associations between child maltreatment and unemployment by gender as described in the Introduction, the findings of this study are consistent with the previous studies in that an increase in male unemployment is significantly associated with an increase in the risk of child maltreatment (Cherry & Wang, 2016; Lindo et al., 2018).

This study has limitations. First, due to the lack of monthly data on actual child maltreatment cases, the monthly number of hotline calls related to child maltreatment was used as a proxy. This posed a limitation because it might include calls for falsely

reported cases, redundant reporting, or not necessarily reporting cases; it also does not include reported cases through other channels such as calls to Child Protection Centers. Second, this study used data at the province level. Therefore, the findings do not explain how the relationship between unemployment and child maltreatment can vary depending on contextual factors within the household. For instance, although male unemployment is significantly associated with an increased risk of child maltreatment, if a female caretaker has a stronger bargaining power within the family or an unemployed male has a capability to cope with financial difficulties, the likelihood of child maltreatment may decline. Third, the time horizon in this study spanned over the first year and two months since the first COVID-19 case was confirmed. The relationship between unemployment and child maltreatment may evolve differently as the pandemic is prolonged, because policies for reporting and responding to violence against children could be amended to better suit for the pandemic situation. Lastly, although different fixed effects were included to minimize biases due to omitted variables, there is still a possibility that time-varying variables at the monthly level that are potentially related to child maltreatment might be omitted, which will bias the estimators in the regressions.

**Figure 1. Excess hotline calls related to child maltreatment per 10,000 children during the COVID-19 pandemic.**



Source: Authors' calculation.

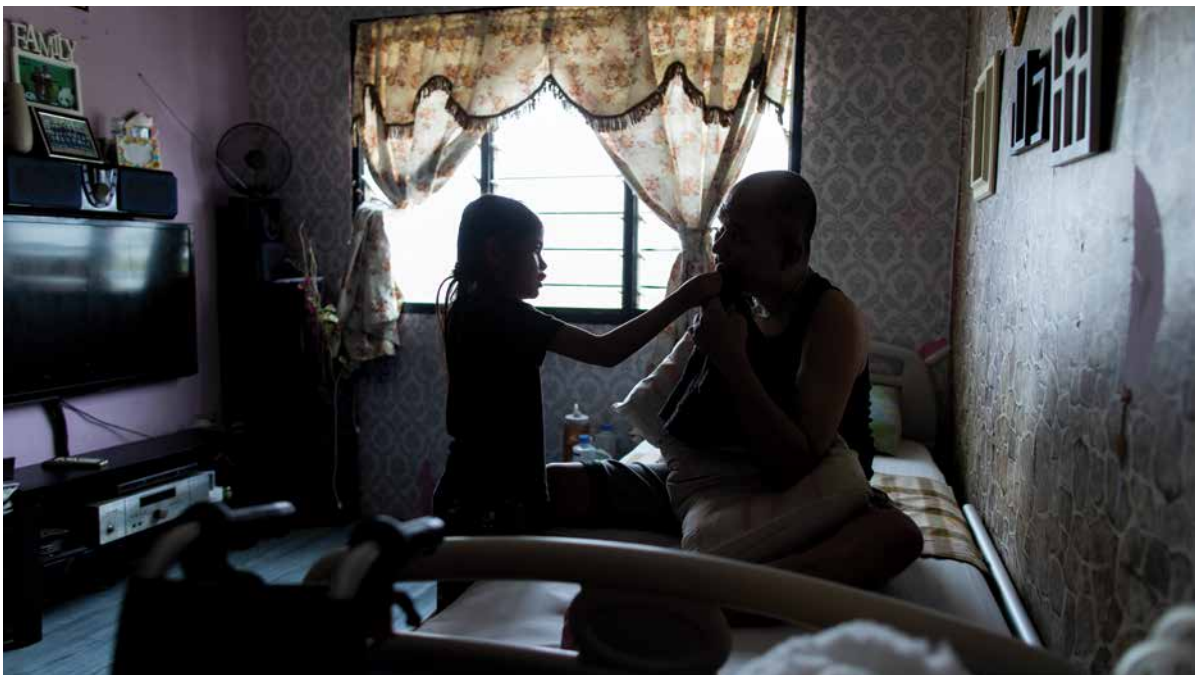
Note: The bars show the averages of the province-level excess hotline calls. The ranges present the 95% confidence intervals (CIs). For 95% CIs, t-value was used considering the small sample size (16 provinces): 95% CI = average ± t(SD/4), t = 2.131 (df = 16-1). SD = standard deviation.

**Authors:** Young Eun Kim, East Asia and Pacific Chief Economist Research Center

## IN FOCUS

## The Pandemic's Extensive Reform Agenda: How Can the Development Community Contribute?

The Beliefs Policymakers Hold Concerning the Functioning of the Economy and the Way They Learn from Past Experiences Influence Policy Choice



The COVID-19 crisis requires policy reforms on many fronts, from debt sustainability to climate-smart recovery. This Research & Policy Brief draws on theory and empirical evidence to explore the opportunities for the international development community to support policy and institutional reform. While budget support is important to close financing gaps, the Brief argues that high-quality analytical work and policy dialogue may be needed for sustained reform success. Although political institutions determine public policy, the Brief cautions that supporting changes in the political system may lead to unintended consequences.

### INTRODUCTION

The COVID-19 pandemic also laid bare an extensive policy reform agenda. There is a need to build back better and greener, with climate-smart policies to support a sustainable recovery (Esteveao 2020). With more than half of all low-income countries in debt distress or at high risk of it, debt concerns must be addressed

(World Bank 2022). Furthermore, the pandemic has pushed about 100 million more people into extreme poverty (living on less than US\$1.90/day) (World Bank, 2021). Making progress in eradicating poverty requires dealing with the effects of the pandemic. Relatedly, the COVID-19 crisis has shown the importance of building social protection systems, to make sure no one is left behind.

Policies are therefore needed to build more resilient and equitable health and education sectors. Thus, with an increased role of the state (EBRD 2020), there is a need for good governance reforms and a resizing of the public sector in a post-pandemic world. International financial institutions such as the World Bank, the regional development banks, and the International Monetary Fund (IMF) play a leading role in supporting policy reform (Clemens and Kremer 2016). This Research & Policy Brief discusses the opportunities and limits for the international development community to support

policy reform. The focus is on four dimensions of support: conditional financing, policy dialogue, analytical work, and political institutions.

**DIMENSIONS OF SUPPORT**

**Conditional Financing (in Times of Crisis)**

To support policy change, donor agencies typically transfer financial resources to the recipient country’s budget, conditional on meeting certain reform actions. While the provision of financing may not trigger sustained reform, there are theoretical arguments why the carrot of budget support may be more effective in times of crisis (see, for example, Drazen and Grilli 1993; Alesina, Ardagna, and Trebbi 2006).

Cross-country empirical work suggests that crises do offer an opportunity for reform. Figure 1 presents the point estimates and confidence intervals for the impact of World Bank Development Policy Lending (DPLs) on the quality of economic policy, as measured by the economic management cluster in the World Bank’s Country Policy and Institutional Assessment (CPIA) database. Figure 1 (a) indicates that World Bank policy lending has a positive impact on the quality of economic policy in developing countries, providing evidence that external policy support can contribute to welfare-improving reform. Interestingly, when limiting the sample to countries going

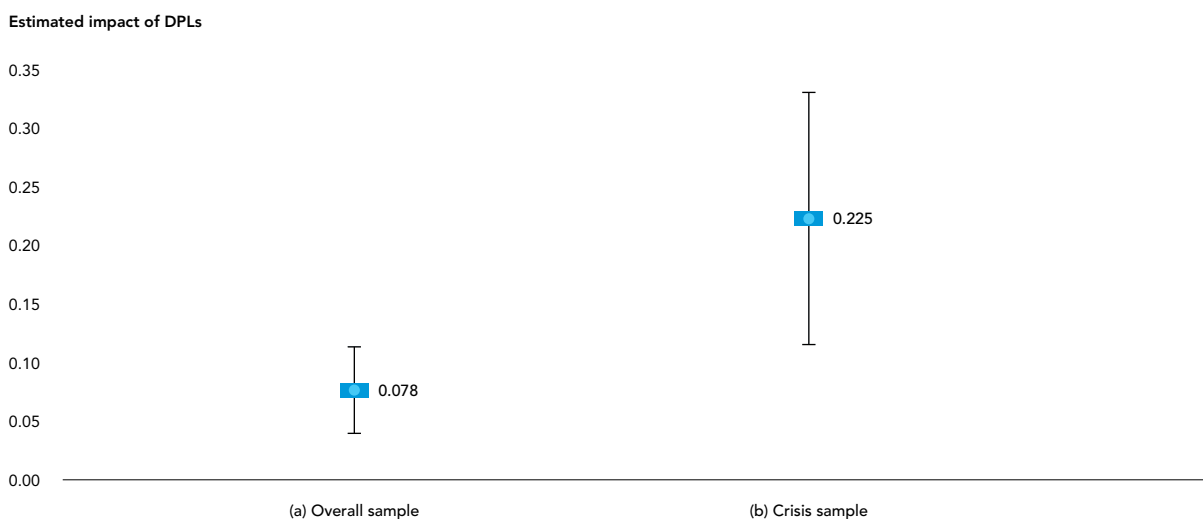
through a deep economic crisis, the coefficient on DPL lending almost triples (see Figure 1 (b)).

**Policy Dialogue and Belief Change**

Policy dialogue is a crucial ingredient for reform success has the potential to build commitment on the side of the recipient (see, for example, Devarajan, Dollar, and Holmgren 2001). Policy dialogue may build ownership for reform through belief change. A burgeoning literature convincingly shows that the beliefs policymakers hold concerning the functioning of the economy and the way they learn from past experiences influence policy choice (see, for example, Mukand and Rodrik 2018). A related line of research shows that beliefs can be influenced through policy dialogue (Della Vigna and Gentzkow, 2009).

Receivers of information tend to respond more positively when they are more uncertain and when the information conveyed is credible. The COVID-19 pandemic has dramatically increased uncertainty, therefore raising the importance of policy dialogue as an instrument for supporting reform. Government officials appreciate policy advice more when they have had a work history with the development institution that provides the information. Custer et al. (2015) report. However, it is important to note that information exchange and

**Figure 1. The policy impact of World Bank Development Policy Lending in Non-Crisis vs. Crisis Countries**



Source: Authors’ own estimations based on Moll and Smets (2020).  
 Note: Coefficient estimates and 95% confidence intervals presented. Higher coefficients indicate greater policy impact of DPLs. Results are based on a fixed-effects regression analysis. The dependent variable is the CPIA cluster A&B average, an indicator that measures the quality of macroeconomic and structural policies. The variable of interest is a dummy coded 1 if a country received DPL financing with at least one economic policy action. The overall sample consists of 75 aid-receiving countries. The regression sample covers the 2005–15 period. The crisis sample consists of the overall sample limited to countries with a per-capita growth contraction of at least 3.5% (one standard deviation below mean growth). For more detail on the model and estimation method, see Moll and Smets (2020).



communication do not always help in changing beliefs. Cognitive limitations and behavioral biases may prevent people from updating their beliefs (World Bank 2015).

### **Analytical Work and Research**

Credible information may help in changing policymakers' beliefs, triggering policy change. Such information is often generated through analytical work and research—knowledge products in which development institutions such as the World Bank invest heavily. There is empirical evidence on the contribution of analytical work for policy reform (Hjort et al., 2021). Sound evidence about the costs and benefits of policy reform can also be used to reduce uncertainty regarding the winners and losers of reform (Majumdar and Mukand 2004).

However, many countries may lack the capacity to generate the evidence necessary to design sound policies. When countries lack such technical expertise, external agents may provide assistance. There is also increasing evidence to suggest that participatory analytical work is more effective. Country experiences in Malaysia and Vietnam have shown that civil servants are more likely to buy in to reform proposals if they take part in analytical work (such as public expenditure reviews, tax diagnostics, and growth analyses), and fully understand the evidence base associated with different policy choices. It is important to note that in some reform areas, the body of theory is well-established and backed by broad expert consensus, while in other reform areas—such as public sector governance—local context and behavioral norms play an important role, making it crucial to customize policy support and the evidence backing it. This implies that transplanting best practices to other cases may not always be a good idea (Rodrik 2008; Pritchett, Woolcock, and Andrews 2013).

### **Supporting Change in Political Institutions**

A large body of theoretical and empirical literature convincingly shows that broad political representation promotes investments in the common good, regardless of who holds power. This in turn incentivizes political leaders to build fiscal capacity and implement growth-enhancing policies (Besley and Persson, 2011). Given the importance of inclusive political institutions, the donor community may make resources available to support changes in the political system of recipient countries. For instance, Africa's third wave of democratization in the early 1990s was heavily supported by the

development community (van de Walle 2001). However, supporting political change without taking into account general equilibrium effects can be counterproductive. This is because institutions are the result of a complex interplay of many social agents, who are simultaneously restricted by them while trying to change them in their favor. At best, only marginal improvements can be expected.

### **DISCUSSION**

While budget support remains an important instrument to close financing gaps, financial transfers in and by themselves are not the most effective methods for sustained reform. Two other ways to incentivize policy reform include accession to a club and aid tournaments (Mattli and Plumper, 2002; Zinnes, 2009). As the development community acquires a seat at the policy dialogue table, it is important to understand the beliefs that policymakers hold and find ways to influence beliefs. This may involve exploiting the non-informative dimensions of influencing: that is, a common work history or the persuasive power of trusted experts. Furthermore, development agencies often organize study tours to expose policymakers in recipient countries to new environments and possibilities. Recent research by Stegmann (2018) indicates that such approaches may indeed help in transforming beliefs.

There is a need for further research on this topic. First, deeper investigation on the highlighted dimensions to influence policy reform is necessary. While advances have been made to elicit beliefs in laboratory settings, finding out the views of policymakers during policy discussions may not be straightforward. Second, in addition to the four dimensions discussed, other factors also influence policy choice. For instance, cultural traits are related to policies and institutions (Alesina and Guiliano, 2015). Political unrest—fueled by an emotional reaction to unfair treatment—influences policy (Passarelli and Tabellini, 2017). Legitimacy and citizen communication play an important role in the success of reforms (Khemani 2017). Relatedly, the interplay between media markets and political competition shapes public policy (Stromberg, 2004). Identity politics can determine voter behavior and policy choice (Mukand and Rodrik, 2018). Future research should investigate the extent to which the development community can build on these (and other) factors to successfully support policy reform.

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**Authors:** Lodewijk Smets and Richard Record, Macroeconomics, Trade and Investment Global Practice, World Bank

## IN FOCUS

## The Role of Existing Social Protection Programs in Alleviating Poverty Caused by Large-Scale Negative Shocks

Cash transfer programs are found to be effective in terms of encouraging consumption and reducing poverty rates when households face a large negative shock.



The deep global recession induced by COVID-19 is putting at risk the gains in poverty reduction made over the past three decades. The ability of existing social protection programs to prevent a permanent increase in poverty is thus of obvious importance. This Brief provides evidence by examining the performance of cash transfer programs in Indonesia and the Philippines following two recent natural disasters. The analyses show statistically and economically significant effects of these cash transfer programs on reducing poverty rates.

**INTRODUCTION:** Social protection programs are used to help beneficiary households cope better with adverse life events. Cash transfer programs, by providing an income floor, are at least partially designed to prevent a negative transitory shock from throwing a household into permanent destitution. The poverty trap could extend to the next generation if the household also had to drastically reduce food consumption or withdraw children from school to cut costs or add income earners. The existing literature focuses mostly on the ability of cash transfer programs to mitigate household-

level shocks. This Brief focuses on the performance of existing social protection policies in the context of an aggregate shock, which is a largely underexplored topic. The results fill a gap in the existing literature by providing the first estimates on the actual protection provided by social protection programs in the context of aggregate shocks.

**ESTIMATING THE PERFORMANCE OF CASH TRANSFER PROGRAM FOLLOWING AGGREGATE SHOCKS:**

This brief examines the performance of social protection programs in the context of natural disasters in two different countries: Typhoon Yolanda which swept the Visayas in the Philippines and also affected some areas in Luzon and Mindanao in 2013; and a 2018 earthquake and tsunami in the central part of the island of Sulawesi in Indonesia. In both cases, the only available data are pooled cross-sections (that is, in each time period a different random sample of households can be observed). Surveys were completed shortly before and a few months or a few years after the event.

To assess whether existing social protection programs helped limit the damage suffered from these events, results are presented for a triple-differenced specification. The analysis compares the change in the outcome between the period before and after the

natural disaster for beneficiary households in affected areas to those in all the other groups. The analysis also accounts for average changes in outcomes in each municipality or district that are unrelated to beneficiary status or the disaster. This allows the causal effect of the program to be isolated.

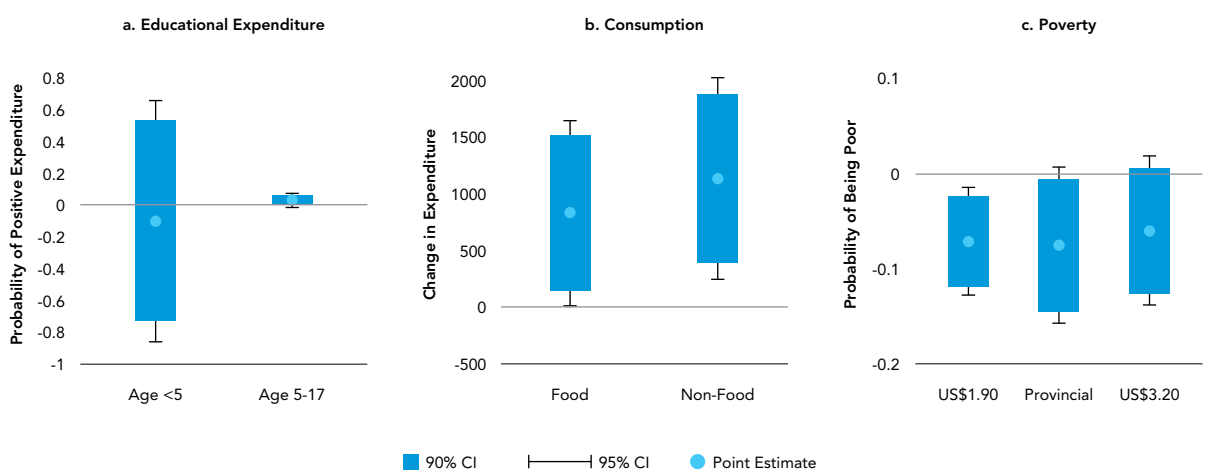
**RESULTS**

**Yolanda in the Philippines, 2013**

Typhoon Yolanda affected a population of more than 16,000,000 and destroyed 489,613 houses, leading to total losses of more than US\$1.8 billion. The social protection program, Pantawid Pamilyang Pilipino Program (4P) pays households ₱500 per month as a health benefit, plus ₱300 monthly for ten months each year for each of up to three children attending school. Beneficiaries must comply with health and educational conditionalities to receive the benefit. The data used in this analysis comes from the 2012 and 2015 rounds of the Family Income and Expenditure Survey. The sample is limited to households with at least one member under the age of 18 and less than an estimated ₱50,000 in per capita income.

The estimates (see Figure 1) show that as a result of the 4Ps program for households affected by the typhoon: 1) for those with only pre-school aged children, the estimated effect on education expenditure is slightly

**Figure 1. While the impact of the program on educational expenditure for households affected by the typhoon is unclear, it increased food and non-food consumption and reduced overall poverty**



**Note:** CI = confidence interval. Panel (a) considers households with children up to age 5 and school-aged children (5-17). Panel (c) uses three different poverty lines, US\$ 1.90, Provincial and US\$ 3.20. Expenditure is in Philippine Pesos (₱).



insignificantly negative; and those with school-aged children are more likely to have positive expenditures; 2) food consumption is increased by an estimated ₱831 and non-food consumption by ₱1,134 among beneficiaries; and 3) the probability of being poor is estimated 7.14 percentage points lower for affected households who enrolled in the program.

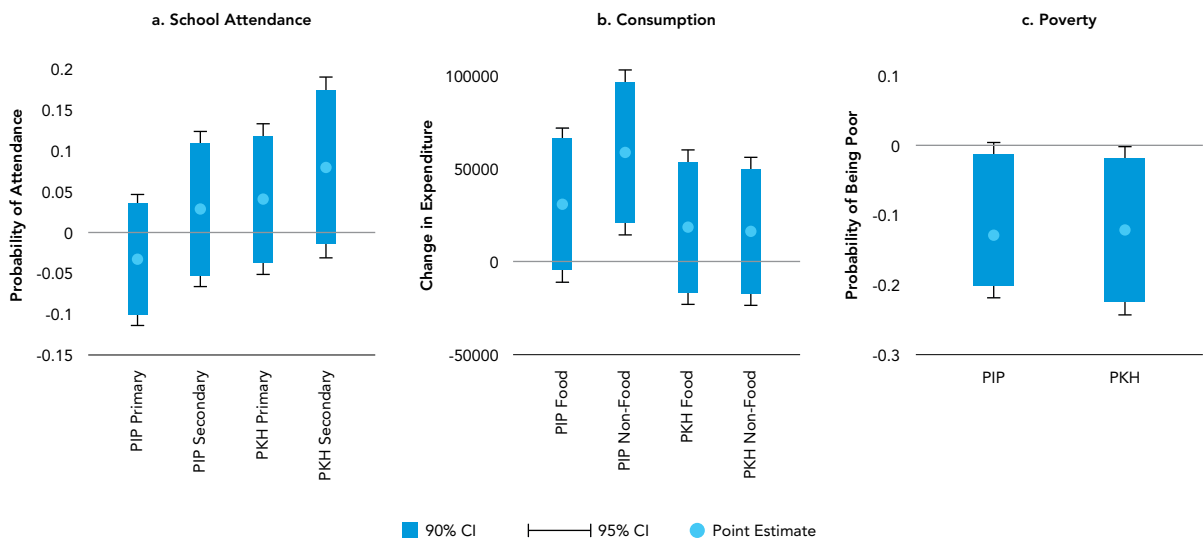
**The Sulawesi Earthquake and Tsunami, 2018**

The 2018 earthquake and tsunami in Indonesia caused major damage in the city of Palu, Donggala, and Sigi. Two cash transfer programs are used in mitigating negative shocks on households: Program Indonesia Pintar (PIP) and Program Keluarga Harapan (PKH). PIP provides direct monetary transfers to poor students to lower their net costs of access to education. PKH pays benefits for up to nine years to households with minor children if certain educational and health conditionalities are met. The data used in this analysis come from 2018 and 2019 rounds of Indonesia’s National Socio-Economic Survey (SUSENAS). This brief restricts the sample to those with total per capita expenditures of less than Rp1.5m.

The results (see Figure 2) show that firstly among affected households under PIP and PKH no statistically significant impact can be found on school attendance. Secondly, both PIP and PKH have a positive impact on food consumption, though insignificant. A significant strong positive effect on non-Food consumption can only be found in PIP. Lastly, PIP and PKH are similarly efficient in reducing poverty. In the absence of the social protection programs, a significant proportion of beneficiary households (10.5% for PIP, and 12% for PKH) would have found themselves below the poverty in the aftermath of the earthquake.

**CONCLUSION:** The two empirical case studies on Typhoon Yolanda in 2013 and the Sulawesi earthquake in 2018 provides several insights. Most importantly, both analyses show statistically and economically significant effects of cash transfers on poverty status. The cash transfer programs examined have larger effect on non-food consumption relative to food consumption. This suggests that social protection programs, if they do their jobs, do provide some protection against aggregate shocks to income.

**Figure 2. The program had no significant impact on school attendance. One program helped families with food and particularly non-food consumption. Both programs helped reduce poverty.**



Note: CI = confidence interval, PIP = Program Indonesia Pintar, PKH = Program Keluarga Harapan. Expenditure is in Rp.

Author: Tobias Pfitze, East Asia and Pacific Chief Economist Research Center

# FY23 Moving Forward

(JULY 2022 – JUNE 2023)

## Overview

The Research Center in Malaysia is committed to its objective of expanding its reach beyond Malaysia to include other countries in the EAP region. At the beginning of 2022, countries in the region appear to be on the path of sustained recovery. While the region is weathering the lingering effects of the COVID-19 pandemic two years into it, new global events have taken place. These events include the war in Ukraine, the financial tightening in the United States, and the structural slowdown in China. These shocks are likely to magnify existing difficulties that firms and people were facing due to the pandemic. Firms that were struggling will be met with new supply and demand disruptions, while households will fall back into poverty as prices rise and purchasing power decreases. These are some of the challenges that economies in the region will have to face.

## FY23 Priority Activities

To strengthen the links between the group and regional peers, the Research Center will continue its effort in creating a South-South network of think tanks, research centers, and universities to collaborate on research projects, participate in dissemination activities, and generally learn from each other. The group plans to host virtual meetings with its network of researchers to involve them more in the group's planned activities.

Knowledge generation has been at the forefront of the Research Center, as it is one of the team's mandates to produce original research. In addition to various ongoing research by each expert in the team, a new programmatic flagship series have been initiated together with the team in headquarters (HQ). The series will include different themes: i) Education; ii) Health: Primary Health Care; iii) Early Child Development/Childcare; iv) Participation and Progression in Global Value Chains; v) Innovation; and vi) Fiscal Policy. The reports will contain broader analysis on subject matter meant to inform policymakers, as well as to add value to existing knowledge.

The Research Center plans to engage in more policy dialogs with counterparts in the region while contributing more to analytical cross-support to the country's operation. For the

coming FY, the team will start on a joint report with a new counterpart, UPSI, focusing on early childhood care and education in Malaysia.

The World Bank's strength lies in combining lending projects with rigorous research, and there is still room for more projects to undergo economic evaluation in the region. The Research Center would like to explore and identify potential lending project that are suitable for impact evaluation. Currently, there are two potential collaborations on impact evaluation, first is the clean cookstove project in Lao PDR, and second is the land titling program in the Philippines.

EAPCE Research Center will continue to disseminate original research and build a community of researchers, through concrete and meaningful activities below:

- **A seminar series.** This would be thematically diverse and include more policy-oriented seminars with topics relevant to Malaysia and the region. Features both local and international speakers and could be jointly organized with partner institutions.
- **Additional series of online events.** This will be based on the work of the new programmatic flagship. Online events may take different forms; for example, a workshop, a seminar, or a course presented by the team along with colleagues from HQ team.
- **A program of training courses/workshops by visiting scholars.** This will be interactive learning and training on topics related with development economics and research methodologies or based on topic suggestions by our counterparts. It will take place over the span of several days. This would allow international researchers from different part of the banks, mainly from EAPCEO in HQ, to visit and contribute to the Malaysian Hub.
- **Report launch/relaunch.** EAP's main report(s) such as the EAP Economic Updates will be launched here in Kuala Lumpur.
- **A "half-baked" seminar series.** As part of our effort to promote the community of research in Malaysia and in the region, this would occur based on the submission of interest by research counterparts.
- **Research Policy and Briefs.** This is a resource accessible

to many as it bridge between formal scholarship and development policy and practice. The topics for the series will address some of the problems or topics raised by local and regional counterparts.

With the loosening of pandemic restrictions in Malaysia, there would be more opportunities for offline events to be held in FY23. Thus, some of the listed activities above could potentially be organized as physical events.







# Trust Funds and Reimbursable Advisory Services

Supporting Malaysia's Development Priorities

## Introduction

The World Bank Group provides tailored analytical support and technical assistance to Malaysian counterpart institutions through a RAS Framework Agreement. This Framework Agreement was recently extended for another five-year period from November 2019 to November 2024. Under this program managed directly with EPU, World Bank Group teams have shared global experience and expertise with Malaysian counterpart institutions and agencies to help address specific policy and institutional challenges.

Over the years, RAS engagements in Malaysia have covered a wide-cross section of economic sectors and development themes including work on marine transport, Doing Business, agriculture, digital economy, and firm productivity.

While the Hub's OSA-funded work program is largely 'pre-programmed' around an agreed set of thematic areas between the Malaysian Government and the World Bank Group, the RAS program operates in parallel and provides an additional mechanism for responding to new and emerging Malaysian development priorities.

Ongoing Trust Funds

# Inputs on HFC Phasedown in Malaysia



## Toward a Low-Carbon Economy

### Climate Action Highlight (update from FY21 Report)

**HFC Phase-down:** Although a relatively new signatory to the Kigali Amendment on the phase-down of global-warming hydrofluorocarbons (HFCs), Malaysia through its Department of Environment has begun preparation for the compliance phase that starts on 1 January 2024 with knowledge and analytical support from the World Bank dating back to 2018. To assist it in meeting the first obligation of a freeze on baseline consumption (the average of 2020-2022 HFC consumption plus 65% of the hydrochlorofluorocarbon (HCFC) baseline in CO<sub>2</sub> equivalent), Malaysia initiated preparation of a strategy and Kigali Implementation Plan (KIP) in FY22 with an HFC project preparation grant from the Multilateral Fund for the Implementation of the Montreal Protocol that the World Bank helped facilitate. To date, the grant has gone towards a launch workshop with key industry and public sector stakeholders, an ongoing national-level survey of annual HFC consumption from 2019 through 2021, further scenario analysis to prioritize phase-down investments, and modeling to determine feasible quota

allocation options for HFC importers. The following FY will see the emergence of the strategy and KIP, as well as the development of an HFC Phasedown Management Project to finance the first Kigali compliance phase between 2024 and 2029.



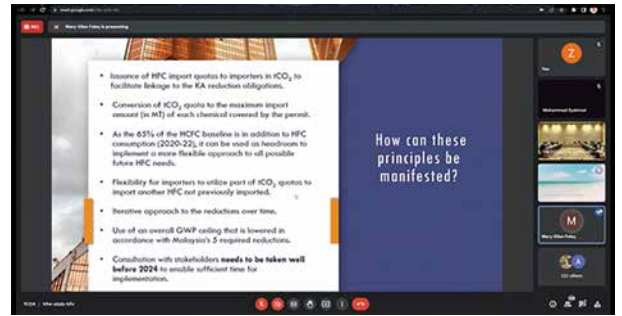


## FY22 Key Activities

**MARCH 30, 2022**

### Launch of the Preparation of the Malaysia Kigali HFC Phasedown Plan

A total of 200 participants representing government bodies and the private sector connected virtually or attended the hybrid launch workshop held in Putrajaya in person. The workshop served to sensitize HFC importers, associations, and manufacturers of HFC-using products and applications on the preparation of Malaysia’s first KIP in close cooperation by the Department of Environment and the World Bank Group. Participants listened to presentations on Malaysia’s obligations to the Kigali Amendment since ratification in 2021; when and how the 2019-21 HFC data survey will be conducted and respective reporting responsibilities; principles and options for Malaysia’s future HFC quota system; and the timetable for completing the KIP and related grant proposal by mid-FY23.



## Recently Completed RAS

# Informal Employment in Malaysia



## How can Malaysia accelerate productivity growth?

With technological advances, aging, and other factors, changes to the nature of work are challenging the notion that with development, more and more workers will transition into what has until recently been regarded as 'standard' employment relationships. As the standard employment relationship, characterized by long-term, full-time wage employment with a single employer, provides the basis for many social protection (and particularly social insurance) policies, those outside of standard employment have precarious livelihoods, and have limited protection against risks such as unemployment and disability, or access to retirement income. Many of those in non-standard employment also have low productivity and incomes. The trend of greater non-standard employment has been exacerbated by the changing nature of work, with disruptive technologies increasingly eroding existing sources of standard employment, as well as by the COVID-19 pandemic, which appears to have lasting consequences for the world of work. In Malaysia, informal employment (as defined by a lack of social insurance coverage) is very widespread –

accounting for over 30% of total employment, making it a critical topic to engage with when it comes to extending social protection coverage and enhancing productivity.

If Malaysia is to fulfill the aim of its Shared Prosperity Vision and provide a decent standard of living to all Malaysians by 2030, addressing the protection and productivity of informal employment will be key. A well-conceived and integrated strategy for the protection and productivity of all would need to be two-pronged. First, it would seek to increase the coverage of social insurance through formal employment, while improving oversight and compliance. Second, as the changing nature of work makes it unlikely that all workers will formalize, the strategy would improve the protection and productivity of informally employed workers.

Initiated at the request of the EPU, the RAS on Informal Employment in Malaysia seeks to improve the knowledge and understanding of the extent, determinants, and challenges of informal employment in Malaysia; and to develop actionable policy recommendations in order to inform EPU's policymaking and planning, with the ultimate objective being to increase informally employed workers' productivity and protection.



The study comprises detailed quantitative analyses of national survey data and administrative data, projections of the size and nature of the informal workforce, qualitative assessments, analysis of phone and internet surveys, literature reviews, and thematic spotlights. It will specifically examine definitions of – and issues relevant to – the ‘gig’ economy, drawing on national and global evidence. The RAS also includes capacity-building and training activities for officials from EPU and other relevant Government ministries and agencies of Malaysia, such as with DOSM (on enhancing the measurement of informal employment through national surveys). The study has been guided throughout by engagement with a wide range of stakeholders comprising government ministries and agencies, technical experts, and private sector representatives.

The RAS will fill knowledge gaps on informal employment in Malaysia and will provide analytical underpinnings for EPU to propose actionable policy recommendations to address the challenges associated with informal workers. Policy recommendations will be developed for the short, medium, and long term to inform policy on informal employment and economic planning, such as to the Mid-Term Review of RMK-12.

At present, in-depth assessment and analysis activities are underway and are awaiting access to some data for completion. This will be followed by the validation of findings with the EPU, finalization of the draft report, dissemination, and concurrent capacity-building activities.





## Recently Completed RAS

# Strengthening the Critical Occupations List and Leveraging the Malaysian Diaspora

RAS Study with TalentCorp, Malaysia



**Malaysia has taken great strides in building human capital in recent decades, but still has some way to go by way of developing, attracting, and retaining a highly skilled workforce that is necessary to become a high-income and developed nation.** At present, about 27% of workers in Malaysia are employed in high-skilled jobs, which is a relatively low share compared to high-income countries. For instance, countries like the Republic of Korea, Australia, and the United Kingdom each have more than 35% of their labor force employed in high-skilled jobs. Malaysia, however, has not been able to meet the target of a 30% high-skilled workforce by the year 2020.

**Skills mismatches are a persistent challenge in Malaysia, with a significant share of Malaysian firms reporting difficulty in finding employees with advanced skills.** This includes technical skills, cognitive

skills (e.g. problem solving), and social skills (e.g. leadership and communication). Despite the difficulty faced by firms in finding employees with higher levels of skills, skill-related underemployment among workers with tertiary education is also high, and has an increasing trend, rising from 32.2% in 2015 and 30% in 2016 to 34.4% in 2019.<sup>5</sup> This suggests that university graduates lack skills required by employers. To address this issue, the Critical Skills Monitoring Committee (CSC) created an annual Critical Occupations List (COL) of occupations that are middle- or high-skilled, sought-after, and strategic. The CSC is composed of TalentCorp and the Institute of Labour Market Information and Analysis (ILMIA). The first COL was produced in 2015 by the World Bank in collaboration with CSC, and has since been produced annually since.<sup>6</sup> Since its inception, six COLs have been produced, referred to as COL 2015-2020. Various stakeholders, including policymakers, training institutions,

<sup>5</sup> Skill-related underemployment in 2020 is recorded at 38.0%, although this should not be considered as part of the trend, due to the shock of the COVID-19 pandemic on employment.

<sup>6</sup> The first four COLs were produced by the World Bank as part of RAS projects.

institutions of higher education, job-seekers, and students use the COL as a source of labor market intelligence. Six years since its inception, there is a need to ensure that the COL remains effective in its objective of identifying and monitoring critical skills and needed occupations.

**Malaysia also faces the challenge of skilled emigration, with the skilled Malaysian diaspora being large and rising.** In an attempt to mitigate the challenges posed by skilled emigration, the Government of Malaysia introduced the Returning Expert Programme (REP), a program administered by TalentCorp that incentivizes the return of high-skilled Malaysians from abroad. The REP was first introduced in 2001 to address broad skills shortages in Malaysia and to spur brain circulation, with priority given to high-value-added activities in strategic industries, such as that pertaining to semiconductors, automotive, avionics, scientific instruments, and biotechnology. Since then, the priority sectors of – and the incentives provided by – the REP have changed, but the objective of incentivizing the return of high-skilled Malaysians from abroad remains the same.

**There is a need to update the evidence** based on (i) the performance and use of the COL, (ii) the efficacy of the REP’s design parameters, and (iii) the global geographical footprint of the high-skilled Malaysian diaspora. At the request of TalentCorp Malaysia, a study on Strengthening the Critical Occupations List and Engaging the Malaysian diaspora was launched and has now been completed

in FY22. This study will support TalentCorp Malaysia’s engagement with the Malaysian diaspora (particularly in the United States, the United Kingdom, Canada, Australia, and Singapore) through an assessment of the REP that incentivizes the return of high-skilled Malaysians residing abroad, with the aim of benefitting the Malaysian economy through their skills and experience, and also contribute to ‘brain circulation.’

**The study drew on interviews with key stakeholders of the program,** and analysis of administrative data to suggest potential areas for strengthening program design, such as changes to eligibility conditions.

**This study also entailed updating the evidence base on the global footprint of the Malaysian diaspora, by generating diaspora heat maps, and analyzing the characteristics of Malaysians living abroad.** The study also draws on a unique survey of Malaysians living in Singapore. In addition, the study reviewed and assessed the use and application of the COL to skills development programs and policies, and proposed recommendations for reform. This component builds on several engagements on devising, applying, and updating the COL undertaken by the World Bank in previous years. The findings and recommendations from the report have been accepted by the technical and steering committees established by TalentCorp to oversee the study, and several recommendations will be incorporated to strengthen the REP and the COL.







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APPENDICES

Appendix 1: Results Framework

# Appendix 1: Results Framework

<b>Overarching Goal:</b>	The WBG Hub in Malaysia aims to inform national policies and global development trends in the areas of inclusive growth, sustainable and Islamic Finance, and governance.
<b>End Outcomes:</b>	<ol style="list-style-type: none"> <li>1. Research papers/policy briefs are cited in publications and downloaded.</li> <li>2. Knowledge gained had influenced participants' work.</li> <li>3. Participants apply skills learnt in their work.</li> <li>4. Recommended policy and program solutions influenced or adopted by policymakers.</li> </ol>

	Unit of Measure	Target							Data Collection Method	
		FY21		FY22		FY23	FY24	FY25		
		Plan	Actual June 2021	Plan	Actual June 2022	Plan	Plan	Plan		
<b>End Outcome Indicators</b>										
<b>EO Indicator 1: Research papers and policy briefs are cited and downloaded (referenced for knowledge and work)</b>										
1) Number of times research work are cited	Number	18	909	18	1,239	16	16	16	WB teams lists in a standard template: <ul style="list-style-type: none"> <li>• New research work cited in publications, academic platforms and media</li> <li>• New research work downloaded from WB website</li> </ul>	
2) Number of times research work are downloaded from World Bank website	Number	8,775	109,409	8,775	76,292	6,750	6,750	6,750		
<b>EO Indicator 2: Knowledge gained had influenced participants work</b>										
Capture participants feedback from knowledge sharing activities where inputs are provided via a survey or feedback form, which is administered 3 to 9 months post event.	Number participants	1,365	132	1,335	53	1,370	1,210	1,250	Reflects the number and % of participants who indicated that the knowledge gained had influenced and been referenced in their work. For example, if 400 out of 500 people surveyed indicated so, then that translates to 80% of the surveyed participants.	
	% participants	74%	91%	75%	92%	73%	74%	74%		
Research	# participants	70	28	70	20	70	70	70	GP teams and collaborators administer the survey to participants, Malaysians and other countries. The survey can be done between 3 to 9 months post event. Events which are strategic, high priority or certain budget allocation, will require the survey.	
	% participants	75%	90%	75%	100%	75%	75%	75%		
Theme 1: Inclusive Growth	# participants	560	78	530	7	565	405	445		
	% participants	71%	97%	71%	88%	71%	71%	72%		
Theme 2: Sustainable Finance	# participants	600	26	600	8	600	600	600		
	% participants	73%	88	75%	89%	75%	75%	75%		
Theme 3: Governance	# participants	135	0	135	17	135	135	135		
	% participants	77%	0%	77%	100%	77%	77%	77%		
<b>EO Indicator 3: Participants apply skills learnt in their work</b>										
Measures if participants have utilized new skills acquired into their work such as in preparation of reports, policy papers, analysis, budget, or whether organization capacities have been strengthened.	Number participants	489	58	384	50	519	464	494		Reflects the number and % of surveyed participants who have applied skills learnt in their work. For example, if 400 out of 500 people indicate that they applied skills learnt in their work, then that translates to 80% of the surveyed participants.
	% participants	72%	48%	75%	94%	71%	72%	71%		
Research	# participants	34	28	34	33	34	34	34	GP teams and collaborators administer a post-learning survey to assess if participants applied what they learned and how their organizations benefited. The survey can be done between 3 to 9 months post event. Events which are strategic, high priority or minimum budget allocation will require the survey.	
	% participants	75%	90%	75%	94%	75%	75%	75%		
Theme 1: Inclusive Growth	# participants	170	30	170	9	200	145	175		
	% participants	71%	100%	71%	100%	71%	71%	71%		
Theme 2: Sustainable Finance	# participants	180	0	180	8	180	180	180		
	% participants	80%	0	80%	89%	80%	80%	80%		
Theme 3: Governance	# participants	105	0	0	0	105	105	105		
	% participants	63%	0%	0%	0%	60%	60%	60%		
<b>EO Indicator 4: Recommended policy and program solutions influenced or adopted by policymakers</b>										
Recommended policy and program influenced or adopted by policymakers as evidenced in policies, laws, regulations, or other documents, but not limited to, guidance notes, roadmaps, plans, minutes, and circulars.	Number	14	14	16	12	15	15	15		WB Hub GP teams identify the recommendations that are adopted or referenced in various government documents and lists in a standard template.
Research	Number	NA	NA	NA	NA	NA	NA	NA		
Theme 1: Inclusive Growth	Number	6	10	8	5	7	7	7		
Theme 2: Sustainable Finance	Number	5	4	5	7	5	5	5		
Theme 3: Governance	Number	3	0	3	0	3	3	3		
<b>Intermediate Outcome Indicators</b>										
<b>IO Indicator 1: Research outputs produced or published</b>										
Measures work produced, drafted, or published under the three thematic areas either for global or Malaysia's development.	Number	17	26	17	18	13	13	13	At the end of the mid-term and fiscal year, the WB Research team will list in a standard template any new research work that has been produced or drafted or published. The research team will list the research work (e.g. research papers, books, notes, and briefs) that are published under WB or peer-reviewed journals.	
Research	Number	17	26	17	18	13	13	13		
Theme 1: Inclusive Growth	Number	NA	NA	NA	NA	NA	NA	NA		
Theme 2: Sustainable Finance	Number	NA	NA	NA	NA	NA	NA	NA		
Theme 3: Governance	Number	NA	NA	NA	NA	NA	NA	NA		
	Number	NA	NA	NA	NA	NA	NA	NA		

	Unit of Measure	Target							Data Collection Method
		FY21		FY22		FY23	FY24	FY25	
		Plan	Actual June 2021	Plan	Actual June 2022	Plan	Plan	Plan	
<b>IO Indicator 2: Participants satisfied with knowledge learned</b>									
Measures participants reactions in all knowledge sharing activities (e.g. seminars, forums, conferences), as evidenced by post-event survey.	<b>Number participants</b>	1,635	3,042	1,625	885	1,948	1,450	1,455	WB Hub teams (GP, DEC) administer a survey to assess participants reactions. The indicators reflect the number and % participants who are satisfied with the knowledge exchange. Satisfaction is measured on a score of 4 or 5, on a scale from level 1 to 5.
	<b>% participants</b>	94%	91%	79%	85%	109%	79%	79%	
<b>Research</b>	# participants	20	186	20	79	20	20	20	
	% participants	75%	100%	75%	99%	75%	75%	75%	
<b>Theme 1: Inclusive Growth</b>	# participants	740	785	730	329	1,053	655	660	
	% participants	142%	96%	71%	84%	71%	72%	72%	
<b>Theme 2: Sustainable Finance</b>	# participants	700	1,946	700	477	700	600	600	
	% participants	80%	84%	91%	84%	80%	80%	80%	
<b>Theme 3: Governance</b>	# participants	175	125	175	0	175	175	175	
	% participants	80%	84%	80%	0%	80%	80%	80%	
<b>IO Indicator 3: Participants satisfied with training relevance and conduct</b>									
Measures learning value add by participants on all capacity building activities, as evidenced by post-training survey.	<b>Number participants</b>	710	235	765	907	780	695	725	The indicators reflect the number and % participants who are satisfied with the training. Satisfaction is measured on a score of 4 or 5, on a scale from level 1 to 5. For example, if 400 out of 500 people surveyed scored level 4 or 5, then 80% of the surveyed participants are satisfied. WB Hub teams administer a survey to assess if training objectives were achieved, what participants learnt and are able to do differently. The survey will also capture the participants' reactions to the learning experience.
	<b>% participants</b>	92%	45%	92%	90%	94%	84%	88%	
<b>Research</b>	# participants	60	55	60	202	60	60	60	
	% participants	75%	100%	75%	96%	75%	75%	75%	
<b>Theme 1: Inclusive Growth</b>	# participants	110	120	165	79	180	95	125	
	% participants	70%	90%	72%	75%	95%	95%	95%	
<b>Theme 2: Sustainable Finance</b>	# participants	400	0	400	30	400	400	400	
	% participants	70%	0%	70	84%	70%	70%	70%	
<b>Theme 3: Governance</b>	# participants	140	60	140	0	140	140	140	
	% participants	80%	80%	80%	0	80%	80%	80%	
<b>IO Indicator 4: Dialogs held with target policymakers/stakeholders</b>									
Measures number of engagement sessions such as dialogs, roundtables, and closed-door meetings held with target policymakers/stakeholders.	<b>Number</b>	37	54	37	113	49	33	34	WB Hub GP teams will list the meetings, dialogs, and other relevant engagement sessions held with target policymakers and stakeholders.
<b>Research</b>	NA	NA	NA	NA	NA	NA	NA	NA	
<b>Theme 1: Inclusive Growth</b>	Number	23	23	23	76	23	19	20	
<b>Theme 2: Sustainable Finance</b>	Number	9	26	9	30	9	9	9	
<b>Theme 3: Governance</b>	Number	5	5	5	6	17	5	5	
<b>IO Indicator 5: Findings are shared and discussed with broader groups of stakeholders</b>									
Dissemination events, stakeholder engagements/ communication activities.									WB Hub teams (GP, EXT) will list the broader stakeholder engagement sessions (e.g. dissemination and outreach activities), and communication outreach and awareness (e.g. media citations, download of reports)
<b>1) Stakeholders &amp; dissemination sessions</b>	<b># sessions</b>	49	70	49	53	49	46	47	
<b>2) Downloads of reports</b>	<b># downloads</b>	14,200	>43,500	14,800	55,204	14,800	14,050	14,050	
<b>Research</b>	# sessions	25	47	25	19	25	25	25	
	# downloads		>32,000		>20,000				
<b>Theme 1: Inclusive Growth</b>	# sessions	13	13	13	24	13	11	11	
	# downloads	11,500	11,500	11,500	29,635	11,500	11,250	11,250	
<b>Theme 2: Sustainable Finance</b>	# sessions	6	5	6	10	6	5	6	
	# downloads	2,500	13,907	2,500	25,569	2,500	2,000	2,000	
<b>Theme 3: Governance</b>	# sessions	5	5	5	0	5	5	5	
	# downloads	200	200	800	0	800	800	800	
<b>IO Indicator 6: Cross-cutting joint work and collaboration</b>									
Number of joint collaborations and joint work with external stakeholders (e.g. research work, co-author, joint training/seminar or conference, but not joint logistics).	<b># collaborations</b>	15	19	16	18	16	17	16	WB Hub teams list collaborations with stakeholders, either at local, regional, or global level, for any modalities i) Research work, ii) Knowledge sharing; iii) Capacity/ capability building events; iv) Analytical work for policy reforms. Collaborations could be joint ASA work such as analytics, presentations, joint delivery of seminar, training, or development of conference proceedings. However joint event logistics are not counted.
<b>Research</b>		5	7	5	5	5	5	5	
<b>Theme 1: Inclusive Growth</b>		4	4	5	6	5	6	5	
<b>Theme 2: Sustainable Finance</b>		5	7	5	6	5	5	5	
<b>Theme 3: Governance</b>		1	1	1	1	1	1	1	



## APPENDICES

### Appendix 2: List of Products and Work Delivered

# Appendix 2: List of Products and Work Delivered

## Outbound Knowledge

Theme 1: Supporting Inclusive Growth			
WHEN	TEAM LEAD	TASK NAME	DELIVERABLE NAME
Jul 10, 2020	Yew Keat Chong	Malaysia Business Environment for Prosperity	Launch of the Global Investment Competitiveness Report
July 31, 2020	Armando Heilbron	Malaysia Business Environment for Prosperity	Recommendations for the enhancement of Malaysia's investment promotion institutional framework and investor service provision
Aug 3, 2020	Gerlin Catangui	Malaysia Business Environment for Prosperity	Synthesis report - enhancing Malaysia's investment framework for sustainable growth and shared prosperity
Aug 25, 2020	Richard Record	Malaysia Growth and Inclusion	National Tax Conference 2020 - Taxing the Shadow Economy
Aug 27, 2020	Smita Kuriakose	Private Sector Competitiveness and Development	Launch of Malaysia's experience in leveraging public private dialogue in implementing Doing business reforms
Sep 25, 2020	Richard Record	Malaysia Growth and Inclusion	Support to the APEC Finance Minister's Process
Sep 29, 2020	Yew Keat Chong	Malaysia Growth and Inclusion	Launch of the EAP Economic Update (October 2020) "From Containment to Recovery"
Oct 13, 2020	Shakira Teh	Malaysia Growth and Inclusion	Policy Brief for Budget 2021
Oct 23, 2021	Rekha Reddy	Malaysia Business Environment for Prosperity	Workshop on competition considerations in the financial sector
Oct 30, 2020	Yashodhan Ghorpade	Malaysia Strengthening Human Capital Development	Series of policy notes "COVID-19 and social protection and jobs policies in Malaysia"
Nov 10, 2020	Gerlin Catangui	Malaysia Business Environment for Prosperity	Scoping of Sabah investment promotion advisory services
Nov 12, 2020	Achim Schmillen	Malaysia Promoting Productive and Inclusive Aging	Flagship report "Productive and inclusive aging in Malaysia"
Nov 19, 2020	Smita Kuriakose	Private Sector Competitiveness and Development	Assessing the Effectiveness of Public Research Institutions in Fostering Knowledge Linkages and Transferring Technology
Nov 24, 2020	Amanina Rahman	Malaysia Promoting Productive and Inclusive Aging	Report launch event "Productive and inclusive aging in Malaysia"
Nov 25, 2020	Souleymane Coulibaly	Malaysia Growth and Inclusion	ASEAN-Africa Trade Diversification Prospects
Dec 4, 2020	Maryla Maliszewska	Malaysia Growth and Inclusion	Policy Note on Estimating the Impact of the RCEP
Dec 16, 2020	Richard Record	Malaysia Growth and Inclusion	Peer Review of the 12th Malaysia Plan
Dec 16, 2020	Harry Moroz	Malaysia Strengthening Human Capital Development	Working paper "Patterns of and returns to skill requirements in Malaysia"
Dec 21, 2020	Smita Kuriakose	Private Sector Competitiveness and Development	Impacts of COVID-19 on Firms in Malaysia: Results from the 1st Round of COVID-19 Business Pulse Survey

## Theme 1: Supporting Inclusive Growth

WHEN	TEAM LEAD	TASK NAME	DELIVERABLE NAME
Jan 25, 2021	Richard Record	Malaysia Growth and Inclusion	Growth Modelling of Malaysia's Middle-Income Peers
Jan 26, 2021	Yew Keat Chong	Malaysia Tax & Public Expenditure	Development of a Tax Microsimulation Model for Malaysia
Feb 1, 2021	Sebastian James	Malaysia Growth and Inclusion	Tax Microsimulation Virtual Training Mission
Feb 4, 2021	Graciela Murciego	Malaysia Business Environment for Prosperity	Review of the legal framework for competition and merger control
Mar 16, 2021	Richard Record	Malaysia Growth and Inclusion	Launch of the Flagship Report on Malaysia's High-Income Transition
Mar 25, 2021	Graciela Murciego	Malaysia Business Environment for Prosperity	Product market regulations assessment
Mar 26, 2021	Sheau Yin Goh	Malaysia Growth and Inclusion	Launch of the EAP Economic Update (April 2021) "Uneven Recovery"
Mar 29, 2021	Richard Record	Malaysia Growth and Inclusion	Briefing to the Economic Action Council on the Aiming High Flagship Report
Mar 30, 2021	Richard Record	Malaysia Growth and Inclusion	EAC Executive Talk on Post COVID-19 Inclusive Growth
Apr 2, 2021	Yashodhan Ghorpade	Malaysia Strengthening Human Capital Development	Series of Webinars "COVID-19 and social protection and jobs policies in Malaysia"
Apr 6, 2021	Mahama Samir	Malaysia Growth and Inclusion	Policy Note on Strengthening Services Trade in the Malaysian Economy
Apr 7, 2021	Gerlin Catangui	Malaysia Business Environment for Prosperity	Enhancing Sabah's competitiveness for investment promotion
Apr 13, 2021	Robert Whyte	Malaysia Business Environment for Prosperity	Subnational investment policy and promotion training in Sabah
Apr 20, 2021	Smita Kuriakose	Private Sector Competitiveness and Development	Boosting Competitiveness in Malaysia
Apr 24, 2021	Smita Kuriakose	Private Sector Competitiveness and Development	Impacts of COVID-19 on Firms in Malaysia: Results from the 2nd Round of COVID-19 Business Pulse Survey
May 5, 2021	Rekha Reddy	Malaysia Business Environment for Prosperity	Understanding competition dynamics in retail banking
May 7, 2021	Graciela Murciego	Malaysia Business Environment for Prosperity	Identifying regulatory obstacles to competition in Malaysia
May 20, 2021	Aija Rinkinen	Malaysia Enhancing the Quality of Education	Malaysia Seminar Series in Education
May 20, 2021	Aija Rinkinen	Malaysia Enhancing the Quality of Education	Workshop on Developing the Malaysian Basic Education
May 27, 2021	Shakira Teh	Malaysia Growth and Inclusion	Aiming High Online Knowledge Series
May 28, 2021	Aija Rinkinen	Malaysia Enhancing the Quality of Education	Malaysia Education Training: Building Back Better
May 31, 2021	Mahama Samir	Malaysia Business Environment for Prosperity	Catching Up - Inclusive Growth and Development in Sabah

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### Appendix 2: List of Products and Work Delivered

Theme 1: Supporting Inclusive Growth			
WHEN	TEAM LEAD	TASK NAME	DELIVERABLE NAME
Jun 1, 2021	Dewen Wang	Malaysia Promoting Productive and Inclusive Aging	Workshop "Regulation and financing of private aged care homes in Malaysia"
Jun 15, 2021	Dewen Wang	Malaysia Promoting Productive and Inclusive Aging	Working paper "Qualitative research on aging in Malaysia"
Jun 18, 2021	Alen Mulabdic	Malaysia Growth and Inclusion	GVCs and COVID-19 Analysis
Jun 18, 2021	Kenneth Simler	Malaysia Equity and Inclusion	Note with results from COVID-19 telephone survey
Jun 18, 2021	Kenneth Simler	Malaysia Equity and Inclusion	Policy note on multidimensional poverty
Oct 15, 2021	Ririn Salwa Purnamasari	Malaysia Equity and Inclusion	Conference on International Day for the Eradication of Poverty (IDEP), in collaboration with Yayasan Sejahtera and UNDP
Oct 29, 2021	Ririn Salwa Purnamasari	Malaysia Equity and Inclusion	Dissemination of Report Findings: Multidimensional Poverty Index
Oct 29, 2021	Ririn Salwa Purnamasari	Malaysia Equity and Inclusion	HiFy Round 1: Analysis and Dissemination of the Findings
Jan 11, 2022	Soonhwa Yi	Malaysia Strengthening Human Capital Development	Report on Employability of Rohingya Refugees in Malaysia
Jan-Feb 2022	Yew Keat Chong	Subnational Investment Support	Continued institutional development support on proactive investment promotion and investor services to the Sabah Economic Development and Investment Authority (SEDIA)
Feb-Mar 2022	Yew Keat Chong	Subnational Investment Support	Involvement in the development of the MITI New Investment Policy (based on the National Investment Aspirations) as part of the core working team comprising of Malaysian Investment Development Authority (MIDA), Bank Negara Malaysia and WBG
Feb 14, 2022	Mahama Samir Bandaogo	Sabah Development Report	Briefing and dissemination of the Sabah Report (Catching Up: Growth & Development in Sabah)
Mar 23, 2022	Soonhwa Yi	Malaysia Strengthening Human Capital Development	Regional workshop "International labor mobility in East and South Asia"
Apr 12, 2022	Ririn Salwa Purnamasari	Malaysia Equity and Inclusion	HiFy Round 2: Analysis and Dissemination of the Findings
May 2022	Mahama Samir Bandaogo		Dissemination of three papers on services trade in Malaysia
Jun 7, 2022	Aija Rinkinen	Malaysia Enhancing the Quality of Education	Training on Preschool Development
Jun 10, 2022	Aija Rinkinen	Malaysia Enhancing the Quality of Education	Preschool Education Review
Jun 10, 2022	Aija Rinkinen	Malaysia Enhancing the Quality of Education	Seminar Series Summary Report
Jun 14, 2022	Yashodhan Ghorpade	Malaysia Strengthening Human Capital Development	Workshop on Global Best Practices in Social Safety Nets Reform
Jun 15, 2022	Ririn Salwa Purnamasari	Malaysia Equity and Inclusion	CEQ/PER Chapter Improving Tax and Spending Equity
Jun 17, 2022	Ririn Salwa Purnamasari	Malaysia Equity and Inclusion	HiFy Round 3: Analysis and Dissemination of the Findings



## Theme 2: Promoting Sustainable and Islamic Finance

WHEN	TEAM LEAD	TASK NAME	DELIVERABLE NAME
Oct 2, 2020	Mohamed Rozani	Catalyzing Sustainable Finance	Green Sukuk brief (dissemination)
Oct 9, 2020	Mohamed Rozani	Building Sustainable and Inclusive Financial Systems	Malaysia Sustainable and Inclusive Finance Forum
Feb 15, 2021	Mohamed Rozani	Catalyzing Sustainable Finance	AICB-IBFIM-WBG Sustainable Finance Webinar series
Apr 6, 2021	Rekha Reddy	Resilient and Inclusive Financial Sectors	Knowledge Sharing and Capacity Building to Financial Sector Regulators: FY21
Apr 22, 2021	Mohamed Rozani	Catalyzing Sustainable Finance	Malaysia Sovereign Sustainability Bond issuance (FY21)
Apr 28, 2021	Wei Zhang	Resilient and Inclusive Financial Sectors	Webinar on Asia Provident Funds Meeting Tomorrow's Challenges
Apr 28, 2021	Wei Zhang	Resilient and Inclusive Financial Sectors	Just-in-Time Policy Briefs on Financial Sector Development Challenges
May 7, 2021	Abayomi Alawode	Study on Islamic Trade Finance	Islamic Trade Finance--An Opportunity for Malaysia
May 31, 2021	Mohamed Rozani	Catalyzing Sustainable Finance	Presentations at Stakeholder Events on Sustainable Finance for FY2021
Jun 10, 2021	Abayomi Alawode	Islamic Finance for Sustainable Development	Islamic Finance Webinar Series
Jun 15, 2021	Isaku Endo	Resilient and Inclusive Financial Sectors	PFMI webinar
Jun 16, 2021	Mohamed Rozani	Building Sustainable and Inclusive Financial Systems	South-South Knowledge Transfer-FY21
Jun 17, 2021	Rekha Reddy	Resilient and Inclusive Financial Sectors	Non-Performing Loans in EAP: Practices and Lessons In Times of COVID-19
Jun 22, 2021	Rekha Reddy	Resilient and Inclusive Financial Sectors	Malaysia Competition in the Retail Banking Sector Study
Jun 22, 2021	Rekha Reddy	Resilient and Inclusive Financial Sectors	Digital Banks TA
Jun 15, 2021	Tatiana Didier	Sustainable Finance in Select Emerging Markets in Southeast Asia	Summary Report
Aug 31, 2021	Isaku Endo	Building Sustainable and Inclusive Financial Systems	Capacity Building for BARMM Officials on Malaysia's experience in Islamic Finance and Financial Inclusion
Oct 18, 2021	Abayomi A Alawode	Islamic Finance for Sustainable Development	Mohamed Rozani Bin Mohamed Osman
Dec 16, 2021	Rekha Reddy	Resilient and Inclusive Financial Sectors	Non-Performing Loans in EAP: Dissemination and Policy Dialogue
Dec 17, 2021	Tao Wang	Catalyzing Sustainable Finance	Sustainable Development TA - Climate Change and Carbon Pricing
Dec 22, 2021	Mohamed Rozani Bin Mohamed Osman	Islamic Finance for Sustainable Development	Value Based Intermediation: TA for VBI Progress Report
Jan 27, 2022	Rekha Reddy	Resilient and Inclusive Financial Sectors	Malaysia Fintech Week
Mar 11, 2022	Rekha Reddy	Catalyzing Sustainable Finance	Advisory on nature-related risks

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### Appendix 2: List of Products and Work Delivered

## Theme 2: Promoting Sustainable and Islamic Finance

WHEN	TEAM LEAD	TASK NAME	DELIVERABLE NAME
Mar 31, 2022	Mohamed Rozani Bin Mohamed Osman	Catalyzing Sustainable Finance	CFA Society and WBG Sustainable and Responsible Investment webinar series
Apr 14, 2022	Tatiana Didier	Catalyzing Sustainable Finance	Facilitation of the development of new financial and capital market instruments
Apr 29, 2022	Rekha Reddy	Resilient and Inclusive Financial Sectors	TA inputs to Malaysia financial sector blueprint and financial inclusion strategy update
May 12, 2022	Farah Imrana Hussain	Catalyzing Sustainable Finance	Green Taxonomy
May 26, 2022	Rekha Reddy	Resilient and Inclusive Financial Sectors	Knowledge sharing and capacity building FY22
May 27, 2022	Rekha Reddy	Resilient and Inclusive Financial Sectors	TA on Strengthening DFI Performance
May 31, 2022	Mohamed Rozani Bin Mohamed Osman	Building Sustainable and Inclusive Financial Systems	Sustainable Exchange Development Series (SEEDS)
May 31, 2022	Mohamed Rozani Bin Mohamed Osman	Catalyzing Sustainable Finance	SRI Taxonomy
May 31, 2022	Isaku Endo	Islamic Finance for Sustainable Development	TA to BARMM: Technical Note on Islamic finance-Waqf and Zakat
May 31, 2022	Roselee Shah Bin Shaharudin	Resilient and Inclusive Financial Sectors	Just-in-Time TA-Financial Stability-FY22
Jun 7, 2022	Abayomi A Alawode	Islamic Finance for Sustainable Development	Islamic finance and the development of the Halal industry
Jun 8, 2022	Shahira Zaireen Binti Johan Arief Jothi	Islamic Finance for Sustainable Development	Islamic Finance Impact Challenge (TA to Bank Negara Malaysia)
Dec 30, 2022	Tatiana Didier	Catalyzing Sustainable Finance	JC3 Data Catalogue

## Theme 3: Strengthening Public Sector Management

WHEN	TEAM LEAD	TASK NAME	DELIVERABLE NAME
Sep 23, 2020	Rajni Bajpai	Strengthening Public Sector Management	Global Launch of the Anti-Corruption Report
Apr 30, 2021	Rajni Bajpai	Strengthening Public Sector Management	Knowledge and capacity building on local governance and citizen engagement
May 7, 2021	Deryck Brown	Improving Public Sector Productivity	Policy Note on Public Sector Productivity Improvements and Economic Performance
May 14, 2021	Rajni Bajpai	Strengthening Public Sector Management	Regional/Country dissemination of the Global Report on Anti-Corruption
May 18, 2021	Deryck Brown	Strengthening Public Sector Management	Support to the Planning Community of Practice
May 19, 2021	Rajni Bajpai	Strengthening Public Sector Management	EAP Launch of the Global Anti-Corruption Report
Jun 1, 2021	Deryck Brown	Strengthening Public Sector Management	Malaysia's Experience with National Development Planning (Final Output)

## Theme 3: Strengthening Public Sector Management

WHEN	TEAM LEAD	TASK NAME	DELIVERABLE NAME
Jun 15, 2021	Deryck Brown	Improving Public Sector Productivity	Note on comparative methodology/approaches to measuring public sector productivity: an international perspective
Jun 24, 2021	Rajni Bajpai	Strengthening Public Sector Management	Policy Notes on Building Capacity in the Public Service and Public Sector Institutions
Jan 21, 2022	Deryck R. Brown and Jeevakumar Govindasamy	Improving Public Sector Productivity	Meeting with Puan Zakiah, Deputy Secretary General (MOF) to discuss the next steps of the Public Sector Productivity assessment.
Feb 10-Mar 30 2022	Marco Larizza	Strengthening Public Sector Management	Meeting with the Public Sector Department (JPA): Discussion on Potential Opportunities of Collaboration on Public Sector Reform and Institutional Strengthening (Focus on capacity-building programs, PEFA training and GOVTech training)
Mar 1, 2022	Deryck R. Brown and Jeevakumar Govindasamy	Improving Public Sector Productivity	Follow up meeting with MOF technical team
Mar 3, 2022	Marco Larizza	Strengthening Public Sector Management	Follow up discussion on SOEs: WB and IDEAS
Mar 4, 2022	Marco Larizza	Strengthening Public Sector Management	Meeting with State Finance Secretary of Sarawak and team: SOEs Transformation
Mar 16, 2022	Marco Larizza	Strengthening Public Sector Management	Meeting with CEO of Transparency International Malaysia Chapter: introductory
Mar 22, 2022	Deryck R. Brown and Jeevakumar Govindasamy	Improving Public Sector Productivity	Meeting with MOF and Internal Revenue Board (IRB): To kick-off discussions on Productivity Survey
Mar 23, 2022	Deryck R. Brown and Jeevakumar Govindasamy	Improving Public Sector Productivity	Meeting with Ministry of Finance and Malaysian Investment Development Authority: To kick-off discussions on Productivity Survey
Mar 28, 2022	Marco Larizza	Strengthening Public Sector Management	Meeting with MAMPU: Reconnecting on Open Data and Digital Government (GovTech)
Mar 29, 2022	Deryck R. Brown and Jeevakumar Govindasamy	Improving Public Sector Productivity	World Bank check-in meeting with IRB: Productivity Survey
Mar 30, 2022	Marco Larizza	Strengthening Public Sector Management	Meeting with EPU on International benchmarking and governance indicators to track progress on 12th Malaysia Plan
Apr 18, 2022	Deryck R. Brown and Jeevakumar Govindasamy	Improving Public Sector Productivity	Launch of the IRB Productivity Survey
Apr 30, 2022	Marco Larizza	Strengthening Public Sector Management	Meeting with MOF (Datuk Johan) to discuss potential opportunities of collaboration on public sector reform and institutional strengthening
May 19, 2022	Marco Larizza	Strengthening Public Sector Management	Meeting with State Finance Secretary of Sarawak Office and team: SOEs Transformation
Jun 2022	Deryck R. Brown and Jeevakumar Govindasamy	Improving Public Sector Productivity	Finalizing the report on public sector productivity assessment
Jun 9, 2022	Marco Larizza	Strengthening Public Sector Management	Technical Assistance on SOE Transformation - Kick-off meeting with State Finance Secretary of Sarawak and Team and local partner (IDEAS)



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### Appendix 2: List of Products and Work Delivered

#### Hub Work Program

WHEN	TEAM LEAD	TASK NAME	DELIVERABLE NAME
Dec 15, 2020	Shakira Teh	Malaysia Economic Monitor 2020-21	Malaysia Economic Monitor "Sowing the Seeds" (December 2020 edition)
Jun 22, 2021	Shakira Teh	Malaysia Economic Monitor 2020-21	Malaysia Economic Monitor "Weathering the Surge" (June 2021 edition)
Mar 28-30, 2022	Yew Keat Chong, Mahama Samir Bandoago, and Alyssia Thien Nga Maluda	Malaysia Economic Monitor (Pre-mission)	Mission to Kota Kinabalu, Sabah. Meetings with the Institute for Development Studies (Sabah), the Economic Planning Unit (Sabah), and visited the site of a project implemented by the Sabah Economic Development and Investment Authority (SEDIA) in Pitas, Sabah
Jun 16, 2022	Apurva Sanghi and Shakira Binti Teh Sharifuddin	Malaysia Economic Monitor	Launch of the Malaysia Economic Monitor in Sabah, Catching Up: Inclusive Recovery & Growth in Lagging States featuring YB Dato' Sri Mustapa Mohamed, Minister in the Prime Minister's Department for Economic Affairs and Datuk Seri Panglima Haji Hajiji bin Noor, Chief Minister for Sabah.

#### BMPT Tasks

WHEN	TEAM LEAD	TASK NAME	DELIVERABLE NAME
Mar 22, 2021	Anjali Acharya	Rethinking Plastics: Support for ASEAN Region and Select Countries on Marine Plastics	Market Study for Malaysia: Plastics Circularity Opportunities and Barriers
Jun 14, 2021	Anjali Acharya	Rethinking Plastics: Support for ASEAN Region and Select Countries on Marine Plastics	Final Draft of Malaysia's Circular Economy Roadmap
Jun 15, 2021	Arun Kolsur	Systemically Strengthening Public Procurement in the Philippines, Malaysia and Thailand	Final Report of assessment of the Malaysia public procurement system
Jun 17, 2021	Anjali Acharya	Rethinking Plastics: Support for ASEAN Region and Select Countries on Marine Plastics	Malaysia: Framework for Determining Appropriate Technology and Solutions for Plastic Waste on Small and Remote Islands

## EAP Chief Economist Research Center

EAPCE Research Center Seminars			
DATE	SPEAKERS	AFFILIATION	PAPER
Jul 16, 2020	Mahama Samir Bandaogo	World Bank	Escaping the Middle-Income Trap: Long-Term Growth Scenarios for Thailand
Aug 6, 2020	Guillermo Vuletin	World Bank	Can automatic government spending be procyclical?
Sep 10, 2020	Alistair Dieppe, Gene Kindberg-Hanlon	European Central Bank and World Bank	Global Productivity: Trends, Drivers, and Policies
Sep 24, 2020	Elizaveta Perova	World Bank	In the light of what they know: how do local leaders make targeting decisions?
Oct 8, 2020	Alvaro Pedraza & Claudia Ruiz	World Bank	Banking Sector Performance During the COVID-19 Crisis
Oct 15, 2020	Gonzalo Salinas	IMF	Proximity and Horizontal Policies: The Backbone of Export Diversification and Complexity
Nov 5, 2020	Tobias Pfütze	World Bank	The Welfare Effects of Mobile Broadband Internet: Evidence from Nigeria
Nov 11, 2020	Norman Loayza	World Bank	Recovery from the Pandemic across the World: Balancing Short-term and Long-term Concern
Nov 26, 2020	Yu Cao	World Bank	Financial Constraints, Innovation Quality, and Growth
Dec 3, 2020	Tristan Reed	World Bank	Long-run Returns to Impact Investing in Emerging Market and Developing Economies
Dec 10, 2020	Steven Pennings & Arthur Mendes	World Bank	One Rule Fits All? Heterogeneous Fiscal Rules for Commodity Exporters When Price Shocks Can Be Persistent: Theory and Evidence
Dec 17, 2020	Daniel Gerszon Mahler	World Bank	Lives and Livelihoods: Estimates of the Global Mortality and Poverty Effects of the COVID-19 Pandemic
Jan 7, 2021	Titan Alon	University of California San Diego	The Impact of COVID-19 on Gender Equality
Jan 14, 2021	Kei-Mu Yi	University of Houston	Trade Integration, Global Value Chains, and Capital Accumulation
Jan 21, 2021	Shafaat Yar Khan	World Bank	How Does Trade Respond to Anticipated Tariff Changes? Evidence from NAFTA
Feb 4, 2021	Kosali Simon	Indiana University	Determinants of Disparities in COVID-19 Job Losses
Feb 18, 2021	Teresa Molina	University of Hawaii	Globalization and Female Empowerment: Evidence from Myanmar
Feb 25, 2021	Ernest Liu	Princeton University	International Friends and Enemies
Mar 4, 2021	Amanina Abdur Rahman, Achim Schmillen	World Bank	From Farms to Factories and Firms: Structural Transformation and Labor Productivity Growth in Malaysia
Mar 18, 2021	Yongsung Chang	Seoul National University	Equilibrium Tax Rates under Ex-ante Heterogeneity and Income-Dependent Voting

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### Appendix 2: List of Products and Work Delivered

EAPCE Research Center Seminars			
DATE	SPEAKERS	AFFILIATION	PAPER
Mar 25, 2021	Gerton Rongen and Peter Lanjouw	Vrije Universiteit Amsterdam and Amsterdam Institute for Global Health and Development, Vrije Universiteit Amsterdam	Trends in Malaysian poverty and income dynamics: do regional inequalities trump ethnic disparities?
Mar 30, 2021	Natasha Kang	University of British Columbia	Modeling Long Cycles
Mar 31, 2021	Rasim Mutlu	University of Lausanne	Macroprudential vs. Monetary Policies for Dollarized Economies
Apr 1, 2021	Amina Enkhbold	University of Toronto	Monetary Policy Transmission, Bank Market Power, and Wholesale Funding Reliance
Apr 8, 2021	David McKenzie	World Bank	Small Business Training to Improve Management Practices in Developing Countries: Reassessing the Evidence for “Training Doesn’t Work”
Apr 8, 2021	Agustin Samano	University of Minnesota and Federal Reserve Bank of Minneapolis	International Reserves and Central Bank Independence
Apr 10, 2021	Ichiro Sugimoto	SOKA University	Living Standards of Chinese Opium Smokers in Colonial Singapore
Apr 14, 2021	Yunsang Kim	Georgetown University	Distributional Effects of Exchange Rate Stabilization in Emerging Markets
Apr 22, 2021	Christopher Alexander Hoy	World Bank	Improving tax compliance without raising revenue: Evidence from population wide randomized controlled trials in Papua New Guinea
May 6, 2021	Woan Foong Wong	University of Oregon	Export Markets and Long-Run Industry Adjustment: State, Private, and Foreign Firms in Vietnam
May 27, 2021	Carlos Vegh	Johns Hopkins University	How much do macroeconomic disasters increase the gains from financial integration?
Jun 10, 2021	Leora Klapper	World Bank	Learning to Navigate a New Financial Technology: Evidence from Payroll Accounts
Sep 9, 2021	Alessandro Barattieri	University of Québec Montréal (UQAM)	Self-Harming Trade Policy? Protectionism and Production Networks
Sep 30, 2021	Amanina Abdur Rahman and Alyssa Farha Jasmin	World Bank	The Vulnerability of Jobs to COVID-19: The Case of Malaysia
Oct 7, 2021	Xuan Li	Hong Kong University of Science and Technology	Spillover Demoralization of Workplace Unfairness: Evidence from Chinese Schools
Oct 21, 2021	Yatang Lin	Hong Kong University of Science and Technology	Expanding Footprints: The Impact of Passenger Transportation on Corporate Locations
Oct 28, 2021	Pablo Ottonello	University of Michigan	Fiscal Stimulus under Sovereign Risk
Nov 11, 2021	Diana Conteras Suarez	University of Melbourne	The Consequences of Child Marriage in Indonesia
Nov 18, 2021	Devaki Ghose	World Bank	Road Capacity, Domestic Trade and Regional Outcomes
Nov 25, 2021	Yogita Shamdasani	National University of Singapore	Climate Change and Labor Reallocation: Evidence from Six Decades of the Indian Census
Dec 2, 2021	Agustin Samano	World Bank	International Reserves and Central Bank Independence



## EAPCE Research Center Seminars

DATE	SPEAKERS	AFFILIATION	PAPER
Jan 13, 2022	Angella Faith Montfaucon	World Bank	The Impacts of Lockdown Policies on International Trade in the Philippines
Feb 17, 2022	César Sosa-Padilla	University of Notre Dame	Does It Matter How Central Banks Accumulate Reserves? Evidence from Sovereign Spreads
Mar 3, 2022	Illenin O. Kondo	Federal Reserve Bank of Minneapolis	Borrowing in the Shadow of China
Mar 17, 2022	Seonghoon Kim	Singapore Management University	Do COVID-19 Stimulus Payments Stimulate the Economy? Evidence from Card Transaction Data in South Korea
Apr 21, 2022	Thanyporn Chankrajang	Chulalongkorn University	Trade and Temples: Conditional Impact of Globalisation on Rural Development in Siam from 1870 to 1914 -- The Role of Local Canal Infrastructure
May 5, 2022	Dany Jaimovich	University of Talca	Ethnic Diversity and Forest Commons

## EAPCE Research Center Half-Baked Seminars

DATE	SPEAKERS	AFFILIATION	PAPER
Nov 24, 2020	Duong Trung Le (co-author: Ritam Chaurey)	World Bank (Johns Hopkins SAIS)	Rural Infrastructure Development and Economic Activity
Dec 15, 2020	Elizaveta Perova (co-authors: Ervin Dervisevic and Maria Lo Bue)	World Bank (United Nations University-WIDER)	Maternal Employment and Children's Outcomes: Evidence from Indonesia
Jan 26, 2021	Yu Cao and Francesca de Nicola (co-author: Aaditya Mattoo)	World Bank	Innovation at risk of a bamboo curtain
Feb 9, 2021	Shafaat Khan (co-authors: Ergys Islamaj and Aaditya Mattoo)	World Bank	The Long-run Effects of Export Restrictions
Feb 23, 2021	Tobias Pfütze	World Bank	The Effect of Basic Health Insurance for the Poor on Adult Mortality Risks: Mexico's Seguro Popular
Mar 30, 2021	Yu Cao (co-author: Lisa Yao Liu)	World Bank (Columbia Business School, Columbia University)	Trust in Regulators and Product Market Access
Apr 13, 2021	Hillary C. Johnson and Forest Brach Jarvis (with Aries Arugay, Aletheia Donald, and Aletheia Valenciano)	World Bank (University of the Philippines Diliman, World Bank, and University of the Philippines)	Authority by Choice: Unpacking the links between decision-making and autonomy in the rural Philippines
Apr 27, 2021	Jonathan David Timmis and Tim DeStefano	World Bank and Harvard Business School	Firm Digital Adoption during COVID-19
May 11, 2021	Hillary Johnson and Elizaveta Perova (co-authors: Massimiliano Cali and Nabil Rizky Ryandiansyah)	World Bank	The Economic Competitiveness Impacts of Preschools
May 25, 2021	Ergys Islamaj (co-author: Fabiola Saavedra Caballero)	World Bank	An Investigation of Productivity Measures in East Asia
Jun 8, 2021	Young Eun Kim	World Bank	The Potential of Gender Parity in Education and Labor Market Participation for Economic Growth around the World

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## EAPCE Research Center Half-Baked Seminars

DATE	SPEAKERS	AFFILIATION	PAPER
Oct 5, 2021	England Rhys Can (with Elizaveta Perova and Sarah Reynolds)	World Bank and University of Berkeley	Earning to Earn: Public Works Programs and Women's Agency
Dec 7, 2021	Francesca de Nicola and Duong Trung Le	World Bank	Air pollution and Child Wellbeing: Do Policy Interventions Matter? Evidence from China
Dec 14, 2021	Ergys Islamaj	World Bank	On consumption risk sharing: some evidence from East Asia and the Pacific region
Jan 25, 2022	Daniel Halim, Sean Hambali, and Ririn Salwa Purnamasari	World Bank	Assessing the Gendered Impacts of COVID-19 on Indonesia's Labor Market

## EAPCE Research Center Research & Policy Briefs

DATE	AUTHORS	AFFILIATION	PAPER
Jul 2020	Mahama Samir Bandaogo	World Bank	Fiscal Rules in Times of Crisis
Aug 2020	Stewart Nixon	Crawford School of Public Policy, Australian National University & Faculty of Economics and Administration, University of Malaya	Global Integration Is More Important than Ever to Contain the Economic and Health Fallout and Exit the COVID-19 Pandemic Crisis
Sep 2020	Norman V. Loayza, Apurva Sanghi, Nurlina Shaharuddin, Lucie Johanna Wuester	World Bank	Recovery from the Pandemic Crisis : Balancing Short-Term and Long-Term Concerns
Oct 2020	Sharmila Devadas, Young Eun Kim	World Bank	Exploring the Potential of Gender Parity to Promote Economic Growth
Jan 2021	Ergys Islamaj, Duong Trung Le, Young Eun Kim	World Bank	The Spread of COVID-19 and Policy Responses
Feb 2021	Tristan Reed, William Waites, David Manheim, Damien De Walque, Chiara Vallini, Roberta Gatti and, Timothy B.Hallett	World Bank, University of Edinburgh, University of Haifa, World Bank, Boston Consulting Group, World Bank and, Imperial College London	Five Ways that COVID-19 Diagnostics Can Save Lives: Prioritizing Uses of Tests to Maximize Cost-Effectiveness
Feb 2021	Facundo Abraham, Juan J. Cortina and Sergio L. Schmukler	World Bank	The Boom in Corporate Borrowing after the Global Financial Crisis: Different Tales from East Asia and Latin America
Feb 2021	Fabien Clavier and Francis Ghesquiere	World Bank	Leveraging Digital Solutions to Fight COVID-19 : Lessons from ASEAN Countries
Mar 2021	Pierre Bachas	World Bank	Targeting Tax Enforcement Efforts on Larger Firms: A Necessary Distortion?
Mar 2021	Erhan Artuc	World Bank	Distributional Effects of International Trade : Misconceptions about Losses and Gains
Apr 2021	Francesca de Nicola, Aaditya Mattoo, Jonathan Timmis, and Trang Thu Tran	World Bank	Productivity in the Time of COVID-19 : Evidence from East Asia and Pacific
May 2021	Ergys Islamaj, Franz Ulrich Ruch, and Eka Vashakmadze	World Bank	Demand and Supply Dynamics in East Asia during the COVID-19 Recession
May 2021	Ergys Islamaj, Franz Ulrich Ruch, and Eka Vashakmadze	World Bank	Demand and Supply Dynamics in East Asia during the COVID-19 Recession
Aug 2021	Alyssa Farha Jasmin and Amanina Abdur Rahman	World Bank	Does Elderly Employment Reduce Job Opportunities for Youth?

## EAPCE Research Center Research & Policy Briefs

DATE	AUTHORS	AFFILIATION	PAPER
Aug 2021	Mamta Murthi and Tristan Reed	World Bank	Policy Actions to Increase the Supply of COVID-19 Vaccines in the Short Term
Sep 2021	Tobias Pfutze	World Bank	The Role of Existing Social Protection Programs in Alleviating Poverty Caused by Large-Scale Negative Shocks
Oct 2021	Aneesa Arur, Ergys Islamaj, Young Eun Kim, Duong Trung Le, Aaditya Mattoo, and Aparnaa Somanathan.	World Bank	Managing Long COVID in East Asia and the Pacific
Nov 2021	Yu Cao	World Bank	How Financial Market Development Can Encourage Innovation Activity
Dec 2021	Mahama Samir Bandaogo	World Bank	Why Central Bank Independence Matters
Feb 2022	Lodewijk Smets and Richard Record	World Bank	The Pandemic's Extensive Reform Agenda: How Can the Development Community Contribute?
Mar 2022	Young Eun Kim, Tonny Brian Mungai Muthee, and Aneesa Arur	World Bank	COVID Vaccination in East Asia and the Pacific: Situations and Constraints
May 2022	Undral Batmunkh and Tobias Pfutze	World Bank	Temporary Price Controls as a Second-Best Option to Control Sudden Spikes in the Prices of Basic Necessities

## EAPCE Research Center Journal Articles and Publications

DATE	AUTHORS	AFFILIATION	PAPER
May 2020	Lay Lian Chuah, Norman V. Loayza and Ha Nguyen	World Bank	Lay Lian Chuah, Norman V. Loayza and Ha Nguyen. 2020. Is Resource Misallocation Leading To Productivity Gaps In Malaysia's Manufacturing Sector? The Singapore Economic Review Vol. 65, No. 05, pp. 1213-1235
Mar 2021	Young Eun Kim and Norman V. Loayza	World Bank	Kim, Young Eun, and Norman V. Loayza. 2021. "Economic loss from COVID-19 fatalities across countries: a VSL approach." Applied Economics Letters, pp. 1-7.
Apr 2021	Young Eun Kim	World Bank	Kim, Young Eun. 2021. "Determinants of childhood vaccination in Nagaland, India: a cross-sectional study with multilevel modelling." BMJ Open 2021;11:e045070. doi: 10.1136/bmjopen-2020-045070
Jul 2021	Sharmila Devadas, Ibrahim Elbadawi, and Norman V. Loayza	Bank Negara Malaysia, Economic Research Forum, and World Bank	Devadas, Sharmila, Ibrahim Elbadawi, and Norman V. Loayza. 2021. "Growth in Syria: Losses from the War and Potential Recovery in the Aftermath." Middle East Development Journal.
Nov 2021	Shafaat Yar Khan and Armen Khederlarian	World Bank	Khan, Shafaat Yar, and Armen Khederlarian, 2021. "How Does Trade Respond to Anticipated Tariff Changes? Evidence from NAFTA", Journal of International Economics, Vol 133
Dec 2022	Young Eun Kim	World Bank	Young Eun Kim, 2021, Unemployment and child maltreatment during the COVID-19 pandemic in the Republic of Korea, Child Abuse & Neglect, Dec 30
Forthcoming	Samano Penalzoza, Agustin	World Bank	Samanor, Agustin, 2022. "Reservas internacionales en modelos de deuda soberana* (International reserves in models of sovereign debt)", Cuadernos Económicos de ICE n.o 103 · 2022/I



## APPENDICES

### Appendix 2: List of Products and Work Delivered

EAPCE Research Center Working Papers			
DATE	AUTHORS	AFFILIATION	PAPER
Jun 2020	Subal C. Kumbhakar, Norman V. Loayza, Vivian Norambuena	State University of New York, World Bank, World Bank and University of Chile	Kumbhakar,Subal C.; Loayza,Norman V.; Norambuena,Vivian.2020. International Benchmarking for Country Economic Diagnostics : A Stochastic Frontier Approach (English). Policy Research working paper;no. WPS 9304. Washington, D.C. : World Bank Group.
Jun 2020	Hyeok Jeong	World Bank	Jeong, Hyeok. 2020. Productivity Growth and Efficiency Dynamics of Korean Structural Transformation (English). Policy Research working paper; no. WPS 9285. Washington, D.C. : World Bank Group.
Jun 2020	Yoonsoo Lee	World Bank	Lee, Yoonsoo. 2020. Long-Term Shifts in Korean Manufacturing and Plant-Level Productivity Dynamics (English). Policy Research working paper; no. WPS 9279. Washington, D.C. : World Bank Group.
Jun 2020	Sharmila Devadas, Jorge Guzman, Young Eun Kim, Norman Loayza and Steven Pennings	World Bank	Devadas, Sharmila; Guzman, Jorge P.; Kim, Young Eun; Loayza, Norman V.; Pennings, Steven Michael. 2020. Malaysia's Economic Growth and Transition to High Income: An Application of the World Bank Long Term Growth Model (LTGM) (English). Policy Research working paper; no. WPS 9278. Washington, D.C. : World Bank Group.
Nov 2020	Francesca De Nicola, Ha Nguyen, Norman V. Loayza	World Bank	De Nicola,Francesca; Nguyen,Ha Minh; Loayza,Norman V..2020. Productivity Loss and Misallocation of Resources in Southeast Asia (English). Policy Research working paper;no. WPS 9483 Washington, D.C. : World Bank Group.
Feb 2021	George Alessandria, Shafaat Yar Khan, Armen Khederlarian	World Bank	Alessandria,George; Khan,Shafaat Yar; Khederlarian,Armen.2021. Taking Stock of Trade Policy Uncertainty: Evidence from China's Pre-WTO Accession (English). Policy Research working paper;no. WPS 9551 Washington, D.C. : World Bank Group.
Mar 2021	Shafaat Yar Khan, and Armen Khederlarian	World Bank, University of Rochester	Khan,Shafaat Yar; Khederlarian, Armen.2021. Inventories, Input Costs, and Productivity Gains from Trade Liberalizations (English). Policy Research working paper;no. WPS 9564 Washington, D.C. : World Bank Group.
Mar 2021	Valerie Cerra, Ruy Lama, Norman V. Loayza	International Monetary Fund, International Monetary Fund, World Bank	Cerra,Valerie; Lama,Ruy; Loayza,Norman V.2021. Links between Growth, Inequality, and Poverty : A Survey (English). Policy Research working paper;no. WPS 9603 Washington, D.C. : World Bank Group.
Apr 2021	Shafaat Yar Khan and Armen Khederlarian	World Bank, University of Rochester	Khan,Shafaat Yar, Khederlarian,Armen. 2021. How Does Trade Respond to Anticipated Tariff Changes ? Evidence from NAFTA (English). Policy Research working paper;no. WPS 9646 Washington, D.C. : World Bank Group.
Nov 1, 2021	Samano Penalzoza, Agustin	World Bank	Samano Penalzoza, Agustin. 2021. International Reserves and Central Bank Independence (English). Policy Research working paper, no. WPS 9832 Washington, D.C.: World Bank Group.
Jul 21, 2021	George Alessandria, Shafaat Yar Khan, Armen Khederlarian, Kim J. Ruhl, and Joseph B. Steinberg	University of Rochester and NBER, World Bank, University of Rochester, University of Wisconsin–Madison and NBER, University of Toronto	Trade-Policy Dynamics: Evidence from 60 Years of U.S.-China Trade (English). Policy Research working paper, no. WPS 9741 Washington, D.C.: World Bank Group.

## EAPCE Research Center Books and Book Chapters

DATE	AUTHORS	AFFILIATION	PAPER
Dec 15, 2021	Valerie Cerra, Ruy Lama, and Norman V. Loayza	International Monetary Fund, International Monetary Fund, and World Bank	Cerra, Valerie, Ruy Lama, and Norman V. Loayza. 2021. "Links between Growth, Inequality, and Poverty: A Survey." In <i>How to Achieve Inclusive Growth</i> , Oxford: Oxford University Press.

## EAPCE Research Center Speaking Engagements

DATE	PRESENTER	EVENT	HOST INSTITUTION	SPEAKING STATUS	LOCATION	PRESENTATION TITLE
Jul 1, 2021	Yu Cao	2021 China Meeting of the Econometric Society	The Econometric Society	Presenter	Virtual	Financial Frictions, Innovation Quality and Growth
Aug 1, 2021	Shafaat Yar Khan	European Economic Association Annual Congress	European Economic Association	Presenter	Webinar	Taking Stock of the Trade Policy Uncertainty: Evidence from China's Pre-WTO Accession
Oct 16, 2021	Shafaat Yar Khan	Empirical Investigations in International Trade Conference	F.R.E.I.T.	Discussant	Purdue University	Quantitative Effects of Trade Shocks Under Global Supply Chains
Oct 24, 2021	Shafaat Yar Khan	Stockman Conference	University of Rochester	Presenter	University of Rochester	The Aggregate Effects of Supply Chain Delays
Feb 17, 2022	Shafaat Yar Khan	Hong Kong Online Trade Seminar	Hong Kong University	Presenter	Virtual	Trade Policy Dynamics: Evidence from 60 years of US-China Trade
Mar 25, 2022	Shafaat Yar Khan	NUS Econ-LKYSPY-YaleNUS Joint Trade Seminar	National University of Singapore	Presenter	Virtual	Trade Policy Dynamics: Evidence from 60 years of US-China Trade
Jun 29, 2022	Shafaat Yar Khan	Society of Economic Dynamics Annual Meeting	Society of Economic Dynamics	Presenter	University of Wisconsin-Madison	The Aggregate Effects of Supply Chain Delays

## EAPCE Research Center Online Articles

DATE	PLATFORM	AUTHORS	TITLE	LINK
May 1, 2022	VoxChina	George Alessandria, Shafaat Khan, Armen Khederlarian, Kim Ruhl, Joseph Steinberg	Trade-Policy Dynamics: Evidence from 60 Years of US-China Trade	<a href="http://www.voxchina.org/show-3-276.html">http://www.voxchina.org/show-3-276.html</a>

**APPENDICES**

## Appendix 3: Hub Staffing FY22/23

# Appendix 3: Hub Staffing FY22/23

NO	NAME	GLOBAL PRACTICE AREA	ROLE
1	Dr. Ndiame Diop	Country Management Unit	Country Director
2	Dr. Yasuhiko Matsuda	Country Management Unit	Country Manager
3	Tan Mei Ling	Country Management Unit	Senior Country Operations Officer
4	Dr. Apurva Sanghi	Macroeconomics, Trade & Investment	Lead Economist
5	Shakira Teh Sharifuddin	Macroeconomics, Trade & Investment	Senior Economist
6	Chong Yew Keat	Macroeconomics, Trade & Investment	Economist
7	Dr. Mahama Abdel Samir Bandaogo	Macroeconomics, Trade & Investment	Economist
8	Alyssia Thien Nga Maluda	Macroeconomics, Trade & Investment	Analyst
9	Dr. Ririn Salwa Purnamasari	Poverty & Equity	Senior Economist
10	Zainab Ali Ahmad	Poverty & Equity	Economist
11	Smita Kuriakose	Finance, Competitiveness & Innovation	Senior Economist
12	Dr. Ting Kok Onn	Finance, Competitiveness & Innovation	Private Sector Specialist (Seconded)
13	Kristina Fong Siew Leng	Finance, Competitiveness & Innovation	Private Sector Specialist
14	Rekha Reddy	Finance, Competitiveness & Innovation	Senior Financial Sector Specialist
15	Dr. Tatiana Didier Brandao	Finance, Competitiveness & Innovation	Senior Economist
16	Mohamed Rozani Mohamed Osman	Finance, Competitiveness & Innovation	Senior Financial Sector Specialist
17	Dr. Roselee Shah Shaharudin	Finance, Competitiveness & Innovation	Financial Sector Specialist (Seconded)
18	Shahira Zaireen Johan Arief Jothi	Finance, Competitiveness & Innovation	Financial Sector Specialist (Seconded)
19	Ahmad Hafiz Abdul Aziz	Finance, Competitiveness & Innovation	Financial Sector Specialist
20	Uma Rajoo	Finance, Competitiveness & Innovation	Financial Sector Specialist
21	Dr. Marco Larizza	Governance	Senior Public Sector Specialist
22	Jeevakumar Govindasamy	Governance	Public Sector Management Specialist
23	Carmen Loo	Governance	Public Sector Management Specialist
24	Elena Zafrul	Governance	Public Sector Analyst
25	Dr. Yashodhan Ghorpade	Social Protection & Jobs	Senior Economist
26	Dr. Amanina Abdur Rahman	Social Protection & Jobs	Social Protection Economist
27	Alyssa Farha Jasmin	Social Protection & Jobs	Social Protection Analyst
28	Nurlina Shaharuddin	Social Protection & Jobs	Social Protection Analyst
29	Dr. Aija Maarit Rinkinen	Education	Senior Education Specialist
30	Tham Yin Yee	Education	Education Analyst



NO	NAME	GLOBAL PRACTICE AREA	ROLE
31	Liew Suet Li	Education	Education Analyst
32	Dr. Tobias Pfitze	East Asia & Pacific Chief Economist Unit	Senior Economist
33	Dr. Young Eun Kim	East Asia & Pacific Chief Economist Unit	Economist
34	Dr. Yu Cao	East Asia & Pacific Chief Economist Unit	Economist
35	Dr. Shafaat Yar Khan	East Asia & Pacific Chief Economist Unit	Economist
36	Dr. Agustin Samano Penalosa	East Asia & Pacific Chief Economist Unit	Economist
37	Izzati Afiqah Ab Razak	East Asia & Pacific Chief Economist Unit	Research Analyst
38	Adam Merican Mohd Din	East Asia & Pacific Chief Economist Unit	Research Analyst
39	Eleanor Gomez	Country Management Unit	Executive Assistant
40	Louinna Mary Shalina James	Country Management Unit	Program Assistant
41	Marie Stella Ambrose	Country Management Unit	Program Assistant
42	Ruzita Ahmad	Country Management Unit	Program Assistant
43	Minisha Deepu	Country Management Unit	Program Assistant
44	Liew Li Shen	Country Management Unit	Program Assistant
45	Shanta Anna Anthony Vincent	Country Management Unit	Program Assistant
46	Arifurrahman Rusman	Country Management Unit	Program Assistant
47	Joshua Foong Chee Yan	Country Management Unit	External Affairs Officer
48	Daniel Rajasingam Subramaniam	Country Management Unit	External Affairs Officer
49	Dina Ahmad Murad	Country Management Unit	External Affairs Officer
50	Andrea Estefania Aguilar Crespín	Country Management Unit	Senior IT Specialist
51	Sathia Seelan Rajandran	Country Management Unit	IT Specialist
52	Reka Palianiappan	Country Management Unit	Receptionist
53	Ahmad Jamizi Hamdan	Country Management Unit	Office Support
54	Siti Arwaniya Amir	Country Management Unit	Office Support
55	Muhamad Fazlan Sulaiman	Country Management Unit	Office Support



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