

THE TUN ISMAIL ALI CHALLENGE

Application Questions

- i. You are required to prepare an essay of not more than 500 words and a summary slide as the answer to the application question.
- ii. There are TWO choices of questions and you are required to only answer ONE question.
- iii. Your essay and summary slide will be assessed based on your justification, clarity of thought process, practicality and also the novelty of your solution.
- iv. Please save your essay in PDF format with the file name as name_question number_essay or teamname_questionnumber_essay (e.g. goteam_1_essay).
- v. The application must be uploaded through the online form.
- vi. Application closes at 5pm Malaysian time on 27 June 2019.

Question 1: Sustainable Financing

Preamble

The concept of sustainable financing, defined as any form of financial service that integrates environmental, social and governance (ESG) into business or investment decisions, has gained significant global traction over the past decade. As at end-2016, the Global Sustainable Investment Alliance (GSIA) reported that 26% of all global assets were considered 'socially responsible investments' and adhered to the ESG requirements. For Malaysia, various initiatives to support this agenda have already been announced by the Ministry of Energy, Science, Technology, Environment and Climate Change. Furthermore, the government is also expected to introduce a green financing roadmap in 2019, with the objective of propelling Malaysia to become a green financing hub. Other notable developments include Bank Negara Malaysia joining the Central Banks and Supervisors Network for Greening the Financial System (NGFS). Despite these novel initiatives, the financial sector could also play a more prominent role in encouraging sustainable financing.

Application Task

To propose policies aimed at encouraging sustainable financing (e.g. ways to finance green technology and infrastructure projects) not just in terms of the intent of the investment, but also in terms financial products that could be offered.

Areas of consideration

- What are some of the international best practices of sustainable financing that could be implemented in Malaysia?
- What is the role of the financial sector in driving the sustainable finance agenda?
- Are there any other measures that can be introduced to make sustainable finance more mainstream and wide-reaching?

Selected Readings for Application Question

Introduction to green finance	https://www.thegef.org/sites/default/files/events/Intro%20to%20Green%20Finance.pdf
New Multi-stakeholder Initiative launched to drive sustainable finance	http://www.wwf.org.my/?26525/New-Multi-stakeholder-Initiative-launched-to-drive-excellence-in-sustainable-finance
Financing Green Growth in Malaysia: Enabling Conditions and Challenges	https://www.aidic.it/cet/17/61/261.pdf
ASEAN Green Finance: State of the Market	https://www.climatebonds.net/files/reports/asean_sotm_18_final_03_web.pdf
Sukuk going green: Malaysia continues to drive innovation	http://www.mifc.com/index.php?ch=28&pg=72&ac=187&bb=uploadpdf
Malaysian Government to launch green financing roadmap in 2019	https://themalaysianreserve.com/2018/11/28/govt-to-launch-green-financing-roadmap-in-2019/

Question 2: New Growth Areas

Preamble

For most developing economies, including Malaysia, the main engines to growth are the manufacturing and services sectors. Since independence, Malaysia's economy has seen a four-fold shrinking of the agriculture sector's contribution to GDP (30% in 1971 to 8% in 2018) and a doubling of the share of the manufacturing sector (12% in 1971 to 23% in 2018). Concurrently, the services sector has also been assuming an increasing share of GDP and is currently the largest sector in the Malaysian economy - accounting for 55% of GDP. However, the focus on services and manufacturing sectors does not mean growth opportunities in the other sectors of the economy should be ignored. With innovation and technology as an enabler, new growth areas in sectors beyond services and manufacturing could play a bigger role in enhancing Malaysia's growth potential.

Application Question

Looking beyond what is already being done to develop new growth areas in Malaysia, what are the other untapped growth opportunities that Malaysia should consider in charting a more inclusive economic development plan?

Areas of Consideration

- Should Malaysia's economic focus remain on the services and manufacturing sectors? Would diversification or enhancements of the services and manufacturing sector itself present a better opportunity to facilitate inclusive growth going forward?
- What would be the necessary policies or projects taken to tap new growth opportunities (infrastructure development, incentives, etc)?
- What are the roles of the public or private sector in driving and financing these policy initiatives?

Selected Readings for Application Question

Industry4WRD: National Policy on Industry 4.0	https://www.miti.gov.my/miti/resources/National%20Policy%20on%20Industry%204.0/Industry4WRD_Final.pdf
Competitive priorities in Malaysian service industry	https://www.emeraldinsight.com/doi/pdfplus/10.1108/17515631211286100
Unlocking Malaysia's Digital Future	http://www.bnm.gov.my/files/publication/ar/en/2017/cp04_003_box.pdf
Policy-induced premature deindustrialisation in a high-income aspirant: Malaysia	https://voxeu.org/article/policy-driven-premature-deindustrialisation-malaysia
Stimulating digital innovation for growth and inclusiveness	http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DSTI/ICCP(2015)18/FINAL&docLanguage=En
Rethinking Investment Incentives	http://www.bnm.gov.my/files/publication/qb/2017/Q3/p3_ba1.pdf