What will recovery look like in post-COVID-19 Malaysia? What are the priority issues Malaysia must address to ensure an equitable and sustainable recovery?

As hopes for a rapid COVID-19 recovery grow in some parts of Asia, new questions are emerging about the sustainability and direction of the region’s growth trajectory. More attention is turning to the impact of the COVID-19 pandemic on the Asia’s high rates of inequality, rising levels of poverty and continued degradation of the region’s air, water and forest resources.

According to the UN Economic and Social Commission of Asia and the Pacific (ESCAP), the Asia-Pacific region is currently on track to achieve less than 10 percent of the Sustainable Development Goal targets. Maternal mortality is up in 14 countries in the region and 71 million more children face poverty. Unemployment increased by 15 million people. In total, the disappearance of jobs, reduced working hours, and other Movement Control Order impacts on business activity, translated into US $1 trillion in lost income. Meanwhile, cities in Asia and the Pacific produced 154 to 280 tons more medical waste per day than before the pandemic.

In the wake of these and other grim statistics, civil society is demanding more action to address inequitable access to health care, discrimination against women, unsafe working conditions and environmental destruction. Business is being asked to shoulder some of the burden of the recovery and to engage in more responsible business practices. This is particularly true in Malaysia where the business sector has been a key partner in the global emergency response to COVID-19, while also presenting significant risks to public health and to workers’ safety and well-being.

This issue brief unpacks five priorities for Malaysia as the country moves into the recovery period. As such, the brief seeks to stimulate dialogue on appropriate responses from the government and the business sector. As the country embarks on the development of a National Action Plan on Business and Human Rights, this is a critical moment for Malaysia to assess these and other socio-economic challenges wrought by COVID-19. These challenges include:

1. **ADDRESSING THE RISE OF THE ‘GIG ECONOMY’ AND THE ABSENCE OF SOCIAL INSURANCE**

2. **PROTECTION OF THE HEALTH AND WELL-BEING OF MIGRANT WORKERS, REFUGEES AND ASYLUM SEEKERS**

3. **JOB LOSS AND BARRIERS TO LABOUR FORCE RE-ENTRY FOR WOMEN WORKERS**
1. THE RISE OF THE GIG ECONOMY AND THE ABSENCE OF SOCIAL INSURANCE

Due to the impact of COVID-19, businesses have been forced to change the way they produce and deliver goods and services, often with negative repercussions for low-wage employees. Today, independent work, including so-called ‘gig economy’ jobs (temporary positions for short-term work), has become a defining feature of Malaysia’s labour landscape.

In the first six months of the pandemic, UNDP conducted a Rapid Household Income Survey to assess the impact of COVID-19 on households prior to, and during, the first Movement Control Order, covering 6,500 respondents. Based on the findings, 40 per cent of respondents had their income reduced by more than half when the movement restrictions were put in place. During the worst of the pandemic, high-wage workers experienced a ‘V-shaped’ recession that lasted a few weeks, whereas low-wage workers experienced job losses that persisted for many months. These job losses have hit Malaysians particularly hard, as employment-based social protection schemes are not common, covering only about half of all employees.

There are now efforts to encourage unemployed Malaysian youth to take up low-paying jobs traditionally occupied by migrant workers, though without much initial success. Instead, youth are turning to jobs in the gig economy, few of which offer medical, retirement or social protection guarantees.

Gig workers tend to fall outside of existing regulatory frameworks due to the inherent nature of time-bound and non-salaried contract work with no formal obligations from employers to provide social support. The burden of health care coverage, care for accidents sustained while at work, and retirement benefits will instead be carried by the worker, or by the State. Left unaddressed, this will likely result in increased levels of inequality and diminished sustainable development gains.

2. PROTECTION OF THE HEALTH AND WELL-BEING OF MIGRANT WORKERS, REFUGEES AND ASYLUM SEEKERS

There are an estimated 2 to 5.5 million migrants living in Malaysia, many of which are undocumented. The COVID-19 pandemic has reportedly had a disproportionate impact on the health and well-being of this vulnerable group.

Malaysia’s historically heavy reliance on migrant workers precipitated the added vulnerabilities caused by the pandemic, especially as demand for medical supplies skyrocketed. The resulting pressure on the Malaysian medical supply industry exacerbated pre-existing forced labour risks, which included: 1) poor living and working conditions; 2) excessive overtime; 3) unpaid wages; and 4) insufficient attention to workplace safety.

In April 2020, the United Nations Country Team conducted a rapid needs assessment of the impact of the pandemic on vulnerable populations, including migrants. Of civil society organizations (CSOs) and community leaders, 84 percent reported that many migrant workers had experienced a temporary loss of income, creating a critical dependency on other means of support such as emergency aid or donations. Furthermore, over half of CSOs reported that migrant workers were unable to access health care during this time, because of the high costs of medical care for foreign citizens or the increased fear of arrest or detention due to their immigration status.
3. JOB LOSS AND BARRIERS TO LABOUR MARKET RE-ENTRY FOR WOMEN WORKERS

Women are bearing the brunt of the socio-economic fallout of COVID-19. According to a recent UN Women study, 40 percent of all employed women—510 million women globally—work in the retail, tourism, medical and other sectors which have been hit hard by the pandemic. In 2018, almost a third of employed women in Malaysia were in service and sales. Thus, the pandemic and measures to prevent its spread likely drove a disproportionate increase in women’s unemployment, as compared to men, while decreasing women’s overall working hours. The Institute of Strategic and International Studies (ISIS) in Malaysia reports that despite women only making up 39 percent of all employed workers, they made up almost 66 percent of the total unemployment in the second quarter of 2020. Younger women, in fact, experienced an average rate of unemployment 5.6 times higher than the overall rate.

More women than men work in informal, insecure, or lower paid employment, with informal, insecure or lower-paid employment with little to no social protection and have limited access to social services, including much-needed psychosocial support. A joint report by UNFPA and UNICEF in Malaysia indicated that low-income, female-headed households have higher rates of unemployment at 32 percent compared to the average for total heads of households, rendering them exceptionally vulnerable. Low-income, female-headed households also registered lower rates of access to employment-based social protection. Alarmingly, 57 percent of female heads of households are not protected by Malaysia’s Employer’s Provident Fund (EPF).

Women are also burdened by greater care and domestic responsibilities than men. A study involving women from Australia, Malaysia, Sri Lanka and Viet Nam suggested that gendered burdens have escalated since COVID-19 for those women working in the service sector and unpaid care.

Further, UNDP’s ‘How We Worked From Home’ report revealed that Malaysian women between the ages of 35 and 44 were most likely to report increased difficulties in domestic responsibilities as a result of working from home.

The alarming increase in the number of COVID-19 infections in plantations, factories and construction sites recently provoked a more expansive policy approach to immunizing migrant workers. In February 2021, the Malaysian government announced its offer of free COVID-19 vaccinations to millions of migrant workers under the National Immunisation Programme, in a move that was applauded by CSOs and migrant worker activists, though challenges persist.

Box 1. Over 5,000 COVID-19 positive cases linked to migrant worker clusters

The poor conditions of migrant worker housing and a lack of social distancing measures in the workplace continue to fuel Southeast Asia’s COVID-19 crisis.

Malaysia faced a surge of clusters of COVID-19 infections among its own migrant population, particularly in its labour-intensive sectors. While many affected companies in Malaysia are currently finding ways to address this issue, overcrowding in living quarters remains a key challenge.

There is also an emerging systemic problem of regular migrant workers becoming undocumented since the start of the pandemic. Due to this, many have had to “borrow money from family or friends in their home countries, getting into more debt, or depend on NGOs”, as reported by a migrant worker leader based in Kuala Lumpur.
women and girls intensified. In Malaysia, stay-at-home orders have led to an increase in gender-based and domestic violence, as survivors spend extended and isolated time with their abusers. The Women’s Aid Organization (WAO) reported a 44 percent increase in hotline calls and enquiries on domestic violence between February and March 2020, shortly after the Movement Control Order began. Women who have faced job losses also face increased vulnerabilities as they become financially dependent on their abusers and they are often the main caregivers of their families. Higher rates of domestic violence experienced during Movement Control Order periods also limit Malaysian women from returning to the workforce and will likely diminish livelihood opportunities for themselves and their children, with lifelong implications.

Furthermore, the widespread closure of schools, coupled with a lack of day-care options provided by employers, places extra burdens on women to juggle work and life at home. This also has an overwhelming effect on another group of women, domestic workers and women migrant workers in Malaysia. Characterized by high levels of informality and the total exclusion from Malaysia’s labour laws, domestic workers face food insecurity, lost wages, dismissals, risks of gender-based violence and detention.

4. ENVIRONMENTAL POLLUTION RELATED TO PERSONAL PROTECTIVE EQUIPMENT (PPE)

The COVID-19 pandemic is driving an unprecedented demand for personal protective equipment (PPE), both in the medical sector and for personal use. In the first quarter of 2020, the global market size for disposable face masks exceeded US$74.9 billion and is expected to grow at a Compound Annual Growth Rate of 53 percent from 2020 to 2027. UNCTAD estimated that global sales in 2020 alone were US$166 billion, compared to a mere US$800 million in 2019. The increase in domestic and global demand for disposable gloves is met in part by the world’s largest rubber gloves company, who has made record profits since the outbreak.

Malaysia already faced a precarious plastic waste management problem, fueled by the global plastic waste trade, before the COVID-19 pandemic emerged. Plastic waste had been identified as a severe transboundary threat to natural ecosystems and human health. Malaysia is the leading destination for plastic waste exports from other nations, importing nearly half a million tonnes of plastic waste in six months in 2018 from just 10 source countries. Malaysia also has the highest annual per capita plastic use, at 16.78 kilograms per person, and ranks the second highest in overall generated plastic waste.

Addressing plastic pollution in the context of COVID-19 has become more complex. The current excessive use and consumption of single-use plastics—in the form of personal protective equipment such as gloves, protective medical suits, masks, hand sanitizer bottles, plastic containers for take-out food, food and polyethylene goods packages, and medical test kits—have accelerated the risks posed by plastic and micro and nano plastic debris. It is expected that an estimated 75 percent of used masks and other pandemic-related waste will either end up in landfills or the seas.

The UN Environment Programme (UNEP) has cautioned that if this large increase in medical waste is not managed effectively, uncontrolled dumping is extremely likely. Regular waste management practices have so far been insufficient, leading to inappropriate clinical waste management (CWM) strategies by governments and waste management contractors. Large volumes of medical-related plastics are now choking Malaysia’s waste management systems, as these plastics are unfit for recycling due to potential biohazards. Improperly discarded, Malaysia’s plastic waste can accumulate various toxic pollutants and pathogens on their surfaces, resulting in harmful health risks to humans and marine organisms. Plastic waste can also contaminate groundwater and soil.

Plastic recycling factories have appeared over the years, many operating without licences and using low-end technology and harmful methods of disposal. In 2020, Greenpeace reported on the long-term effects of plastic waste mismanagement and has been a vocal advocate for shutting down illegal factories. Between 2019 and 2020, the Malaysian government closed 218 plastic recycling factories for not complying with regulations. Still, more effective interventions are urgently needed. The government has recently announced the formation of the Malaysia Plastic Pact that focuses on the role of the business sector and key actors along the plastic value chain to commit to national targets through the implementation of Extended Producer Responsibility (EPR).

5. THE INCREASED VULNERABILITY OF INDIGENOUS PEOPLES

Deforestation and timber extraction activities continue during the pandemic, particularly in East Malaysia, home
to many of the country’s indigenous communities. In Sarawak alone, 80 percent of its forests have experienced degradation within the last few decades. During the lockdown, the Sarawak state government classified logging as an essential industry and permitted logging companies to continue operating. Companies sent logging crews into the state’s interior, creating a vector for the virus that is likely to be a health threat to local communities.

Importantly, while restrictions on movement have not affected logging and poaching activities, they have hampered forest conservation efforts as field teams are unable to go to the areas requiring monitoring. Greenpeace has expressed concern that companies may, in fact, take advantage of government-sanctioned lockdowns, seeing them as an unhindered opportunity to expand and clear more land.

The pandemic has weakened environmental protection, with devastating effects on Malaysia’s indigenous peoples who are reliant on these forests for their survival. With their dwindling capacity to fight against land acquisition, this may accelerate, rather than eliminate, deforestation and peatland degradation.

### Box 2. Extraction activities considered essential during lockdown to the dismay of indigenous leaders

In March 2020, the Borneo Project reported on the Sarawak Government’s decision to issue special permits to palm oil and timber companies to operate amidst the national lockdown.

This was considered a dangerous move by the local community as they were no longer allowed to monitor potential land-grabbing and encroachment activities or provide the necessary checks and balances to ensure their forests, where they live and work, are not destroyed.

In addition to its tragic public health consequences, COVID-19 has heightened adverse impacts on or accelerated pre-existing risks for a number of vulnerable groups including youth, women, migrant workers and indigenous peoples. Furthermore, the rise in the use and poor disposal of plastics has impacted negatively on food security and waste management, with implications for all Malaysians. Below is a list of recommendations for addressing the impacts of COVID-19 with a view towards the uptake of these items in Malaysia’s upcoming National Action Plan on Business and Human Rights.

- **Youth employment and gig economy risks.** The Malaysian government should investigate and address the shortcomings of gig economy work in Malaysia, with a focus on social insurance provision. As the economy pivots to having more workers ‘on demand’, Malaysia’s youth are at a particular disadvantage. To ensure compliance with the internationally recognized right to health, the country and the business community should consider providing basic health insurance coverage and workplace accident compensation, among other benefits, to all.

- **Workplace and living conditions of workers.** Businesses should review their hiring practices and treatment of workers, including migrant workers, focusing on workplace and living conditions. In all cases, government policies for workers should comply with all ILO Fundamental Principles and Rights at Work. The pandemic has also highlighted the need to address work status in Malaysia. Undocumented migrant workers, refugees and asylum-seekers rely largely on daily wages in both formal and informal employment settings. Addressing the health and living standards of these hidden populations is required to stop the spread of infectious diseases, reduce forced labour risks, and ensure a healthy labour force.

- **Barriers to work for women.** More reskilling and upskilling programmes should be offered to women who have lost their jobs due to the pandemic and to single mothers who are facing difficulties in making ends meet. Barriers for women to enter and stay in the workforce have greatly increased due to the pandemic. Efforts to reduce these barriers, in line with the Convention on the Elimination of All Forms of Discrimination against Women, and other international instruments, must be increased.

- **Access to vaccines for all workers.** In line with the internationally recognized right to health, the Malaysian government should be applauded for ensuring free access of vaccines to all individuals in the country, regardless of nationality, employment or legal status. This is particularly important in a country with potentially
Address plastic waste. Support should be increased to initiatives such as the Malaysia Plastic Pact to identify and track the impacts of plastic on the environment and public health. Studies should be conducted to understand how and whether businesses should conduct environmental and human rights due diligence to assess risks. The government can also commit businesses to national targets through the implementation of Extended Producer Responsibility.

Timber extraction and indigenous peoples. Studies should be conducted on the impact of timber extraction during the COVID-19 period on the health and safety of indigenous peoples, and on protected forests, assessing the legality of waivers granted to timber companies during Movement Control Order periods. Where adverse impacts are found, it should be ensured that responsible companies provide remedies.

2. Ibid.
7. Stewart Nixon (East Asia Forum), “Malaysia must rethink its labour market to be truly high-income”, 6 April 2021.
8. According to a recent World Bank report, youth unemployment in Malaysia is three times higher than the headline unemployment rate. World Bank, Aiming High: Navigating the next stage of Malaysia’s development (2021).
10. Syafiqah Salim, “Covid-19: Teratai cluster linked to Top Glove workers has positive rate of 43.8%, 1,067 new confirmed cases today”, The Edge Markets, 23 November 2020.
14. Ibid.
29. Ibid.
30. Ibid.

Five Key Business and Human Rights Priorities for Malaysia’s Emerging Recovery Period 6
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