



*Sharing the Malaysia experience:  
an outcome-first approach*

**AVPN Asia Policy Forum**

*“Enabling the Growth of Social Economy in Asia”*

**HONG KONG**

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**Agensi Inovasi Malaysia**

**MALAYSIA**

# About Agensi Inovasi Malaysia

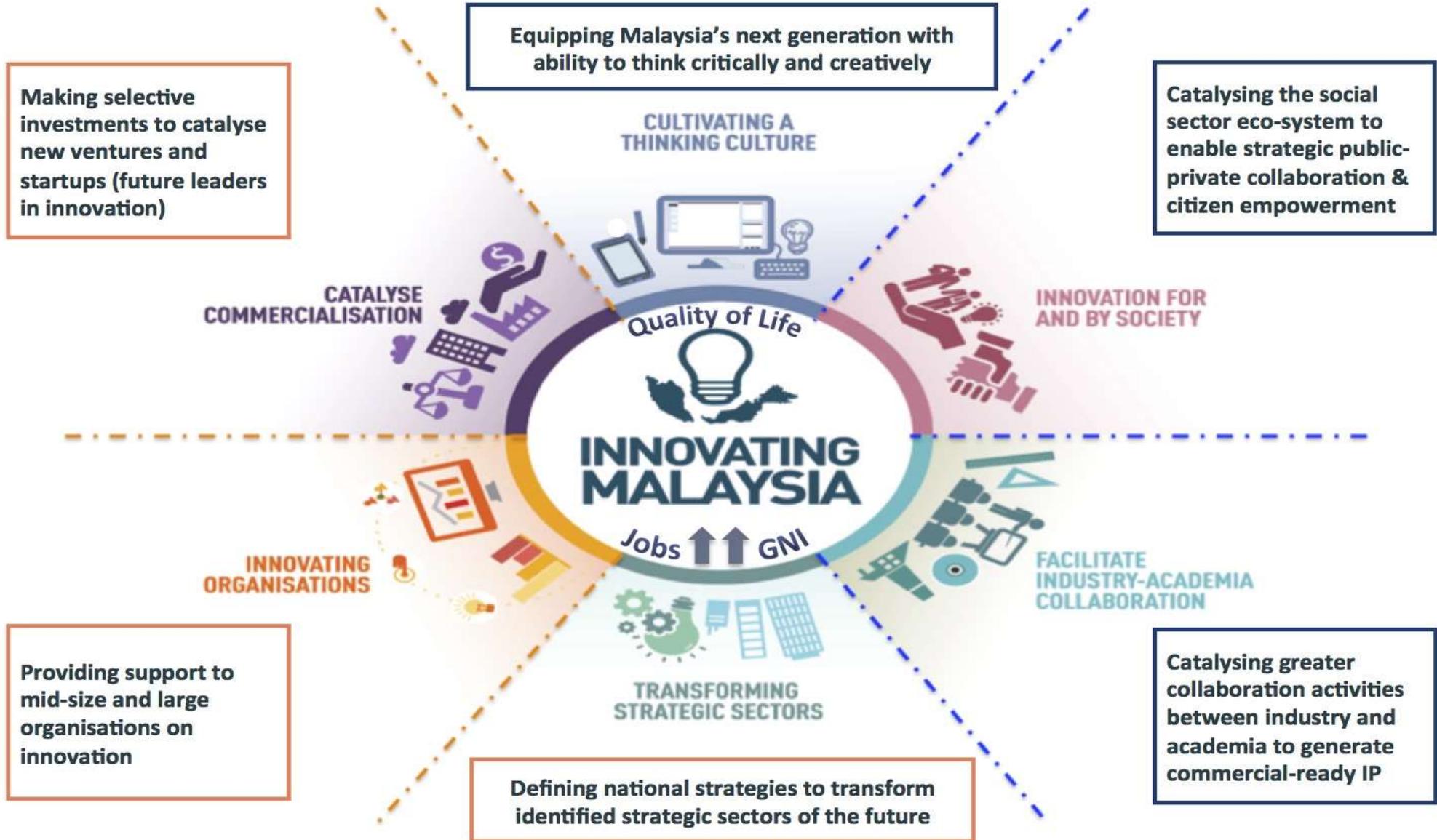


***Established by  
Act of Parliament  
in December 2010***

## **AIM is led by a Governance Council chaired by the Prime Minister of Malaysia**

- Prime Minister
- Minister in the Prime Minister's Department for Agency Inovasi Malaysia
- Minister in the Prime Minister's Department for Economic Planning Unit
- Minister of Higher Education
- Minister of Science, Technology and Innovation
- Minister of International Trade and Industry
- Minister of Domestic Trade, Cooperatives and Consumerism
- Minister of Finance II
- Chief Secretary to the Government
- CEO of Performance Delivery Unit
- Managing Director of Khazanah Nasional Berhad
- Founder & President of Limkokwing University of Creative Technology
- President of International Association of Universities
- Science Advisor to the Prime Minister
- Group Chief Editor & Executive Director of The Star Publications
- Chairman of Salam Foundation Malaysia
- CEO of Agensi Inovasi Malaysia

# About Agensi Inovasi Malaysia



# Malaysia's 5-year national plan 2016-2020 ...



Innovation as a “game changer” ...

**Translating innovation to wealth**

**Enterprise innovation**

- Strengthening the governance mechanism
- Enhancing demand-driven research
- Strengthening industry-academia collaboration through intermediaries
- Promoting private financing of research, development, commercialisation, and innovation

**Social innovation**

- Strengthening collaboration through a whole-society approach
- Developing a social financing model
- Promoting higher order thinking skills to develop a dynamic society

**ELEVENTH MALAYSIA PLAN 2016-2020**  
ANCHORING GROWTH ON PEOPLE



# Government alone can't solve social problems . . .

. . . nor can civil society

- Government action alone is not enough, for many systemic social problems
- **Remedial action** by government *or* civil society?

*or*

**Preventive intervention** by both government *and* civil society





# Key focus areas

...transformation of a Social Economy

- 1) Multi-sector Collaboration**
- 2) Data, Evidence and Measurements**
- 3) Social Investment model**
- 4) Social Development ecosystem**

# Key focus areas

... for transformation of the non-profit sector

- 1) Multi-sector Collaboration**
- 2) Data, Evidence and Measurements
- 3) Social Investment model
- 4) Social Development ecosystem

# Social Public-Private Partnership

... government and private sector align resources to support the social sector



## GOVERNMENT

- Innovation Agency
- PPP Unit

*PPP prevalent in infrastructure development, now applied to social development*



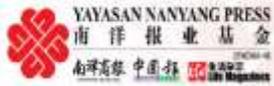
## PRIVATE SECTOR

- Corporations
- Foundations

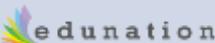
*Corporation going beyond CSR to collaborate systematically*



# Social PPP is a model for multi-sector collaboration

No.	SPOs	SOCIAL PROJECTS	PRIVATE FUNDERS	IMPACT
1		A sign language education games app for hearing impaired and mute community		<ul style="list-style-type: none"> <li>Improve communication between the deaf and mute with normal individuals as well as improving sign language learning experiences for them.</li> </ul>
2		Free online tutoring programme for Visually Impaired and other children and youths with physical disabilities		<ul style="list-style-type: none"> <li>Develop and Implement 100% access free iLearn virtual tuition for PWDs</li> </ul>
3		Introduce Science, Technology, Engineering and Mathematics (STEM) learning in 10 schools		<ul style="list-style-type: none"> <li>Equip students with the right skillsets i.e Digital making skills and Soft skills</li> </ul>
4		Creating library for autism children in Melaka		<ul style="list-style-type: none"> <li>Develop new skills and improve sensitivity to the environment and learning among autistic children</li> </ul>
5		Introduce activities and programmes in urban low-cost housing areas in Johor Bharu		<ul style="list-style-type: none"> <li>Establish a new community centre targeted on learning for underprivileged children, women, youth and elderly people</li> </ul>
6		Provide job opportunity to single mothers from the lower income bracket to balance financial independence and motherhood		<ul style="list-style-type: none"> <li>Train 15 single mothers to bake and employ them at child friendly kitchens with a minimum salary of RM1,200 per month</li> </ul>

# Social PPP is a model for multi-sector collaboration

No.	SPOs	SOCIAL PROJECTS	PRIVATE FUNDERS	IMPACT
7		Collective impact model where a leading NGO focuses on backbone support for other NGOs	 	<ul style="list-style-type: none"> <li>Increased awareness and involvement amongst corporate leaders to be part of the collective impact initiative.</li> </ul>
8		Youth upskilling for school leavers by an NGO which focuses on motivational and attitudinal approach	  	<ul style="list-style-type: none"> <li>Increased in the number of youth employability with an average salary of RM1,500.</li> </ul>
9		School retention programme where NGOs collaborate on innovative programmes for after-school support	 	<ul style="list-style-type: none"> <li>Increased in Maths and English proficiency and reducing the burdens of the teachers.</li> </ul>
10		Scalable, commission-based telemarketing job for visually-handicapped persons		<ul style="list-style-type: none"> <li>Increased self-esteem, language &amp; communication skills as well as IT skills of persons with disabilities (PWDs) and having a stable income of RM1,000 and above per month.</li> </ul>

# Key focus areas

... for transformation of the non-profit sector

- 1) Multi-sector Collaboration
- 2) Data, Evidence and Measurements**
- 3) Social Investment model
- 4) Social Development ecosystem

# Social Progress Assessment

... measuring impact

What SPA sets out to do . . .

- Identify the value chain of costs for key social issues
- Identify the unit cost of social services that government incurs
- Develop a database of cost indicators for social issues

Rationale of SPA . . .

- Encourage enhancements of existing social services
- Encourage innovative solutions
- Greater impact with less resources



# Social Progress Assessment

... identified 7 manifestations of social issues

## Why these target segments?

- 1. Most prone to being left behind due to low upward economic mobility.
- 2. Social services may not reach certain poor pockets of society.
- 3. Higher likelihood of falling victims to criminal activities, exploitation and other social ills.

## Target segment

Impoverished homes

Destitute persons

Forgotten members of society

## 7 manifestations of social issues

Falling prey to *abuse*



Committing *crime*



Engaging in *vice*



Quality of *living conditions*



Obstacles to *employment*



Obstacles to *quality education*



Obstacles to *quality healthcare*



# Social Progress Assessment

... identified 40 social issues

## Falling prey to *abuse*



### 1.1 Domestic abuse of women

- 1.1a Mild
- 1.1b Severe

### 1.2 Abandonment of the elderly

### 1.3 Abuse of the elderly by primary caregiver

### 1.4 Abuse of children

- 1.4a Mild
- 1.4b Severe

### 1.5 Child abandonment

### 1.6 Baby dumping

- 1.6a Scenario where baby survives
- 1.6b Scenario where baby does not survive

## Engaging in *vice*



### 2.1 Prevalence of motorcycle gangs

### 2.2 Drug abuse

- 2.2a Handled by police with jail sentence
- 2.2b Handled by police without jail sentence
- 2.2c Treated with rehab
- 2.2d Treated but no rehab

### 2.3 Drug abuse amongst youth

- 2.3a Handled by police with jail sentence
- 2.3b Handled by police without jail sentence
- 2.3c Treated with rehab
- 2.3d Treated but no rehab

## Committing *crime*



### 3.1 Child trafficking

### 3.2 Sex trafficking of women

### 3.3 Juvenile crime

### 3.4 Gangsterism

### 3.5 Prevalence of crime in urban areas

## Quality of *living conditions*



### 7.1 Obstacles to water supply and sanitation facilities in rural communities

### 7.2 Obstacles to supply of electricity in rural communities

## Obstacles to *employment*



### 5.1 Economic exclusion of people with disabilities (PWDs)

### 5.2 Insufficient income opportunities for single parents

### 5.3 Obstacles to income opportunities for elderly who cannot afford retirement

### 5.4 Exploitation in employment towards homeless people

## Obstacles to *quality education*



### 4.1 Drop-outs and "lost boys/girls" not in education, training or employment

### 4.2 Obstacles to quality early childhood education

### 4.3 Obstacles to general education among indigenous & rural communities

### 4.4 Obstacles to quality education for children with disabilities

### 4.5 Limited education opportunities for "at-risk" youths

## Obstacles to *quality healthcare*



### 6.1 Obstacles to palliative care of the aged and related conditions

### 6.2 Obstacles to diagnosis and interventions for mental and physical disabilities

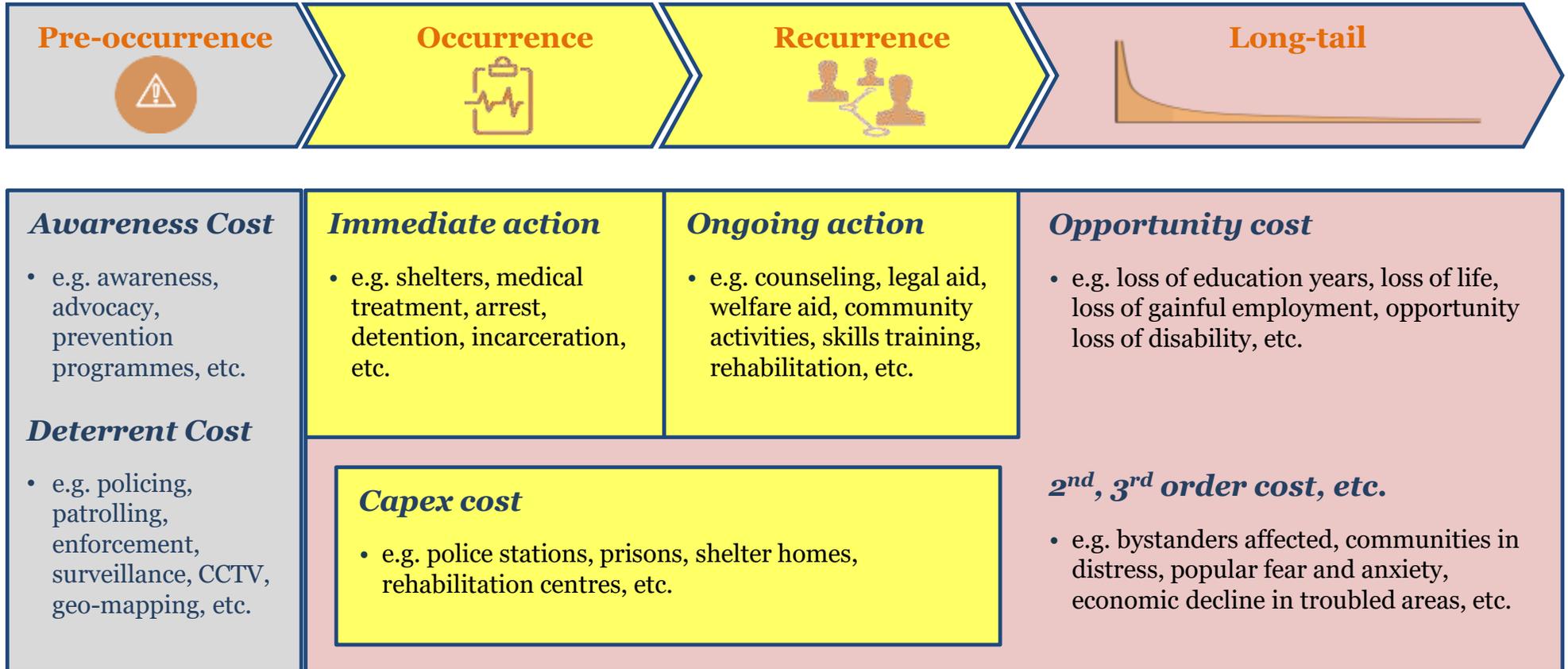
### 6.3 Quality of palliative and rehabilitative care for children with disabilities in low-income & rural areas

### 6.4 Obstacles to healthcare amongst rural communities

### 6.5 Obstacles to healthcare among the homeless community

### 6.6 Teenage pregnancy

# Types of Social Costs



As a first step, focus on **tangible direct cost to government**, to be refined further to include indirect and intangible costs

Indirect cost

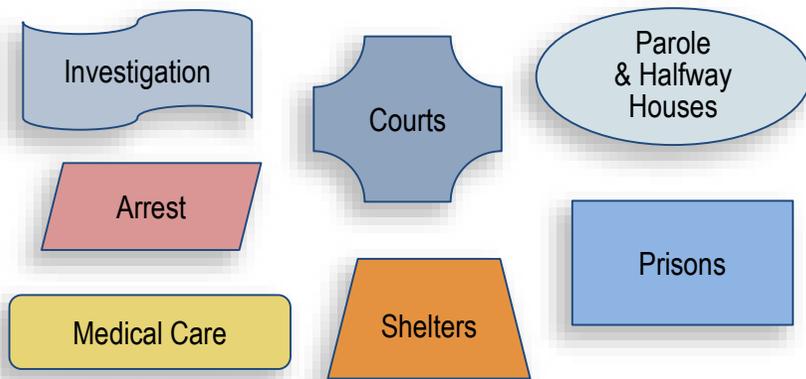
Tangible cost

Intangible cost

# The Activity Chain of Social Costs

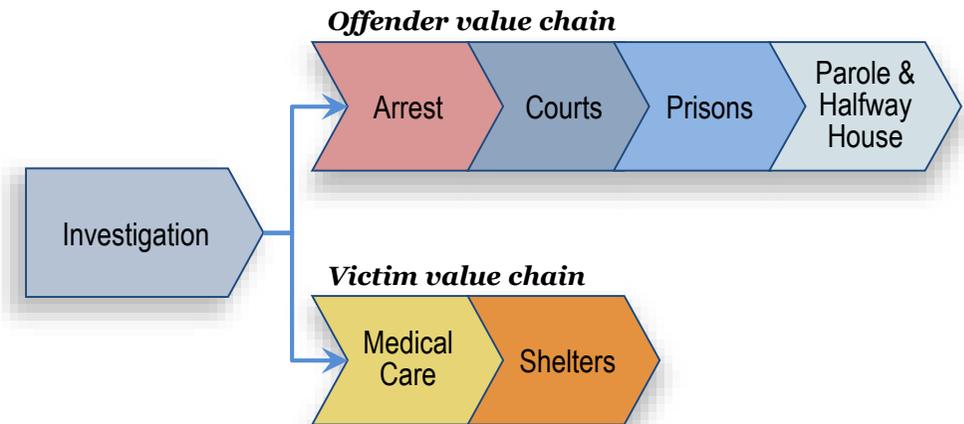
...look at the chain of costs, not individual costs

**Instead of looking at cost of social services as separate activities according to jurisdictions**



- Each ministry/agency monitors their own activities or programmes
- Related costs looked at activity or programme level
- Information resides within the ministry/agency

**Look at total cost to government according to chain (and multiple chains) of costs incurred for social issues**

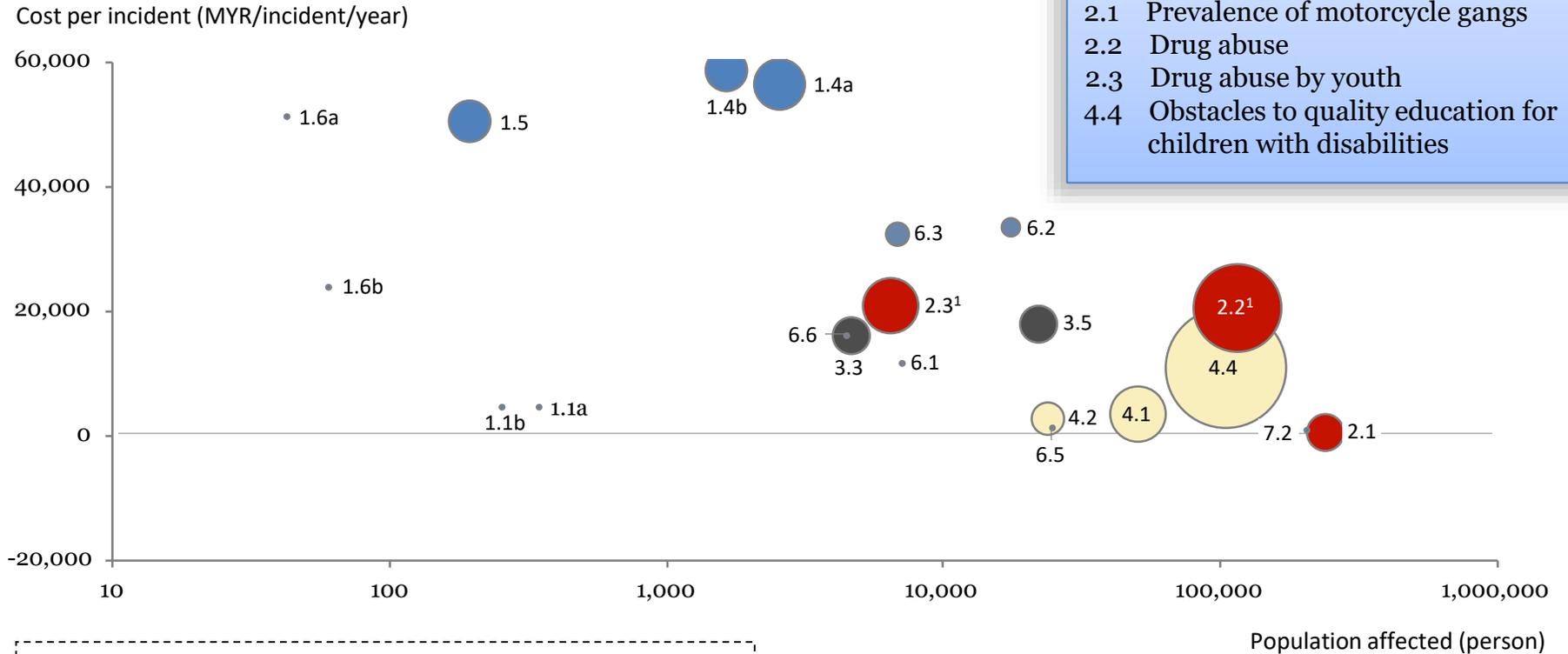


- 'Activity chain' analysis provides an end-to-end perspective on the total cost to government for each social issue
- Encourages collaborative effort across ministries/agencies in reviewing activities and programmes in terms of total costs

# Social Costs

... what is the real cost of social issues?

- Size of bubble reflects annual cost:**
- 1.4b Child abuse, severe
  - 1.4a Child abuse, mild
  - 1.6a Baby dumping
  - 1.5 Child abandonment
  - 2.1 Prevalence of motorcycle gangs
  - 2.2 Drug abuse
  - 2.3 Drug abuse by youth
  - 4.4 Obstacles to quality education for children with disabilities



**Legend**

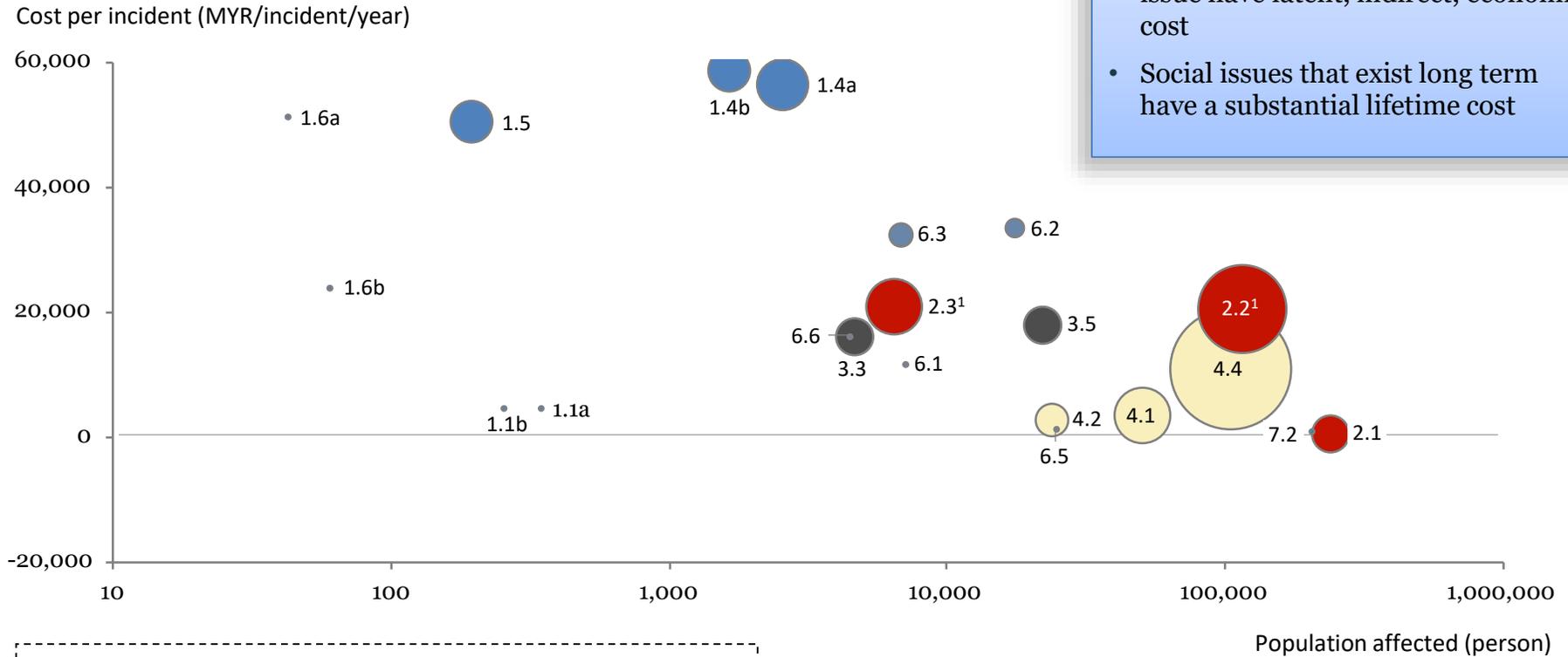
- Abuse
- Crime
- Healthcare
- RM100 million
- Vice
- Education
- Living Condition

*Illustration only*

# Social Costs

... highest cost, largest population, annual & lifetime cost?

- Complex social issues have multiple activity chains, thus higher costs
- Large population affected by a social issue have latent, indirect, economic cost
- Social issues that exist long term have a substantial lifetime cost



*Illustration only*

# Example of High Incident Cost

## 1.4b Abuse of children, where victim suffers severe injuries



### Quick Facts

- 4,258 reported cases of child abuse<sup>1</sup> including:
  - 1,901 neglect
  - 1,167 physically abused
  - 978 sexually abused
  - 72 emotionally abused
  - 140 others

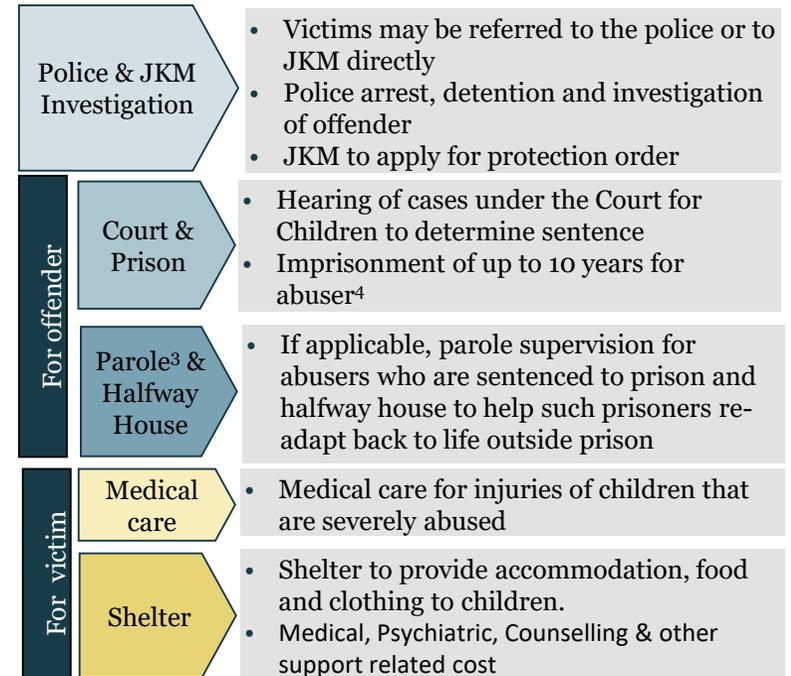
(2,591 cases for mild injuries and 1,667 cases for severe injuries)

## Background

Abuse of children include **physical, emotional, sexual abuse and/or negligent treatment**. This may take the form of causing non-accidental physical injury to the child, which may result in bruises, broken bones or even lifelong injury. Sexual abuse of children may cause bowel problems, urinary tract infections or sexually transmitted diseases. In cases of emotional abuse, parents may shame the child, terrorizing the child through accusations or even ignoring the child, causing physical issues such as delays in development, and behavioral issues such as sleep disorders. Abuse can be categorized into **two types - mild (minimal medical treatment is required) and severe (medical treatment is required)**. Current interventions to address severe cases of abuse include:

### Cost indicators

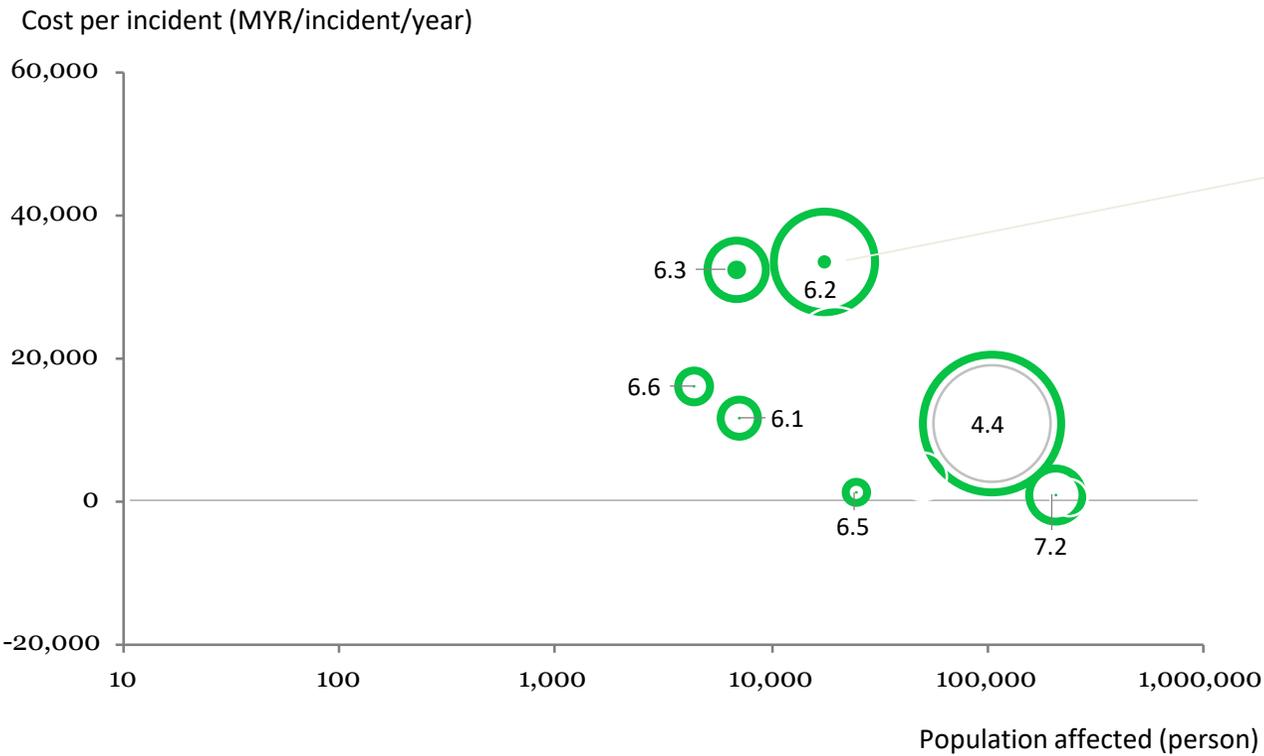
<b>Total cost per incident</b>	<b>(A)</b>	<b>:</b>	<b>RM 59,590</b>
<b>Population affected</b>	<b>(B1)</b>	<b>:</b>	<b>~16670</b>
<b>Population served</b>	<b>(B2)</b>	<b>:</b>	<b>~1667</b>
<b>Annual fiscal cost</b>	<b>(AxB2)<sup>2</sup></b>	<b>:</b>	<b>RM 99m</b>
<b>Length of incident</b>	<b>(C<sup>3</sup>)</b>	<b>:</b>	<b>up to 14 years</b>
<b>Estimated Lifetime cost</b>	<b>(AxC<sup>3</sup>)</b>	<b>:</b>	<b>~RM 590,000</b>
<b>Estimate Lifetime Cost to Gov't</b>	<b>[(AxC<sup>3</sup>)xB2]</b>	<b>:</b>	<b>~RM 984m</b>



Notes: 1. Department of Social Welfare Malaysia (2015); 2. The annual fiscal cost where applicable is the multiplication of incident cost and population served; if the statistics where they do not provide social services to all affected population, this figure will use the approximate cost incurred by gov't in providing a social service; 3. the duration shown is based on the duration of the longest activity; 4. Child Act Section 31  
 Additional Notes: based on assumption that each offender commits 5 offences on average.

# Social Costs

... identify needs of society versus expenditure by government



**Size of ring reflects need:**  
 6.2 Palliative care  
 (only 3% of needs being met)  
 • Cost to government may be deceptively low where needs of society are unmet

**Legend**

- Expenditure
- Demand for service
- RM00 million

*Illustration only*

# Social Costs

## ...key findings & takeaways



### What is happening?

- **Cost to gov't increases rapidly with duration of social services provided**
  - government spend for prison, shelter increases with the duration of stay.
- **Majority of costs falls into wages, food supplies, and welfare aids**
  - Reduce cost by leveraging on volunteers and NGOs.
- **Many social issues are inter-related in a vicious cycle**
  - issues such as drug abuse are closely linked with petty crimes and gangsterism.



### What else to keep in mind?

- **Cost may be deceptively small when gov't provides limited service coverage**
  - NGOs fulfill some of the unmet needs but with financial constraints.
- **Cost may be understated due to exclusion of intangible and indirect costs**
  - Further analysis needed to measure intangible and long-tail of 2<sup>nd</sup>, 3<sup>rd</sup> order cost, etc.



### Opportunities to improve

- **There is opportunity to replicate good innovations from government**
  - gov't has deep expertise in running drug rehab centre, knowledge can be shared with SPO-run rehab.
- **Cost of preventive programmes are lower than reactive programmes**
  - gov't could lower cost of social services delivery by focusing on preventive interventions.
- **Education aids in fostering behaviors that leads away from social issues**
  - holistic education helps nurture good values and behaviors among Malaysians, reducing social ills.

# Key focus areas

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# Leading towards a Social Investment model

... getting things off the ground

## Social Impact Committee (SIC)

a 10-member advisory panel comprising upstanding leaders of corporations, institutions and charities

## Social Progress Assessment (SPA)

a database of key social issues and its costs to government

## Social Outcome Fund (SOF)

a facilitation fund that pays for outcomes and serves as exit for impact investors

## Social Impact Measurement Toolkit (SIMT)

A working guide for SPOs to self-assess, record and report on the impact of their programmes

## National Key Social Outcomes (NKSO)

Research pieces by two universities to define the big goals for the nation in terms of desired social conditions

## Social Finance Roadmap (SFR)

a blueprint for introducing a social impact investment and its ecosystem in Malaysia

## Capacity building for SPOs

Various learning events on SROI, theory of change, design thinking, impact measurement, competitions, challenges, etc.

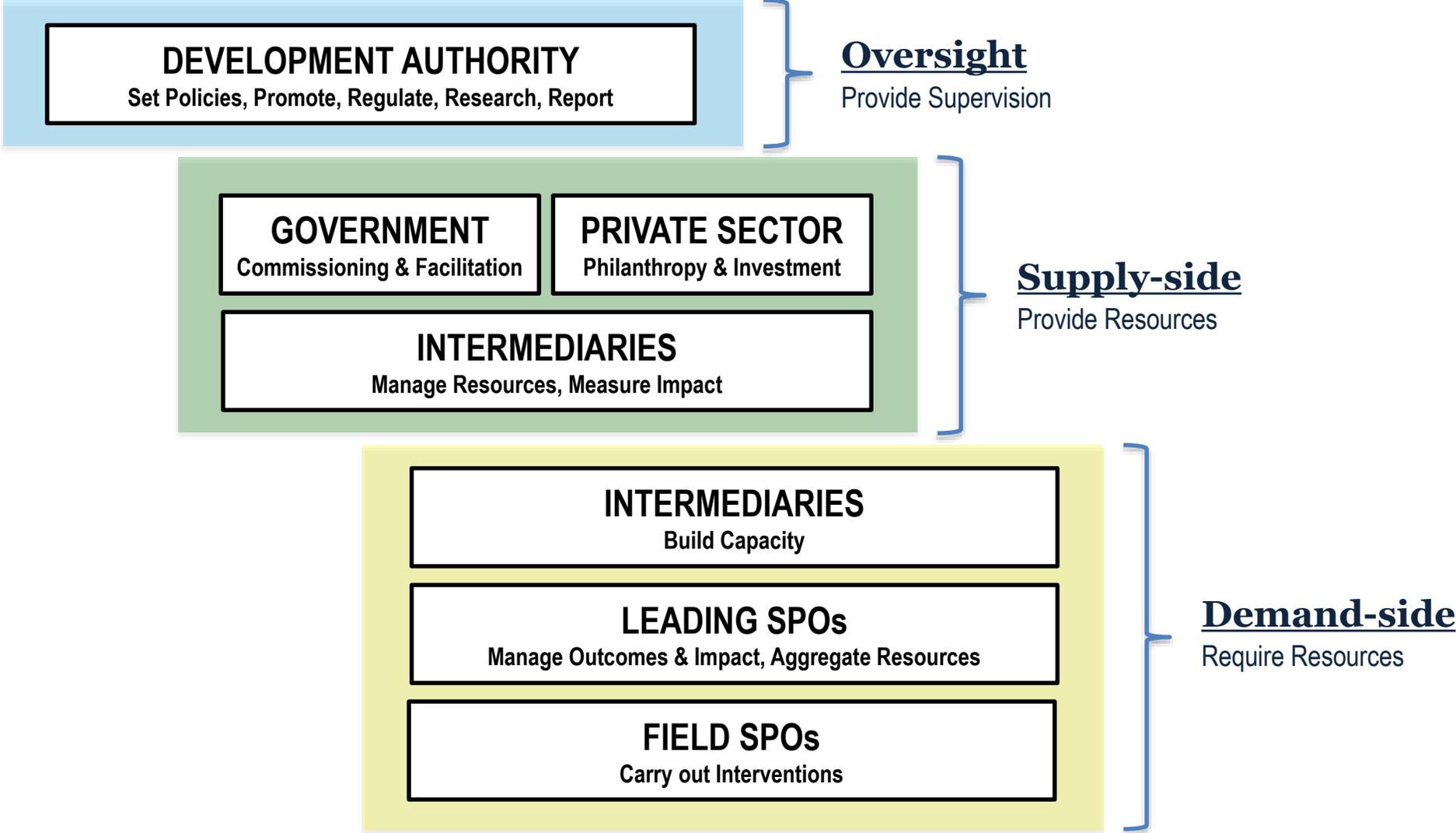


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# Social Investment ecosystem



# Aspiration

... to narrow societal gaps

- Social investment facilitates outcomes
- Social innovators are enabled and empowered to deliver impact at scale
- Social sector allies with government for greater good
- Social progress aligns with economic progress





**Thank you**

