



Social Innovation in South East Asia programme

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A blueprint for social enterprise in Malaysia

A new national strategy to support social enterprises to thrive has been developed through a collaboration between the British Council, the United Nations Economic and Social Commission for Asia and the Pacific, and the Malaysian government. The UK's experiences have been key in informing the best route to take.

In 2019, there were high hopes for a new certification system in Malaysia. The Social Enterprise Accreditation (S.E.A) scheme would, it was hoped, help organisations access support and opportunities so they could grow and have more impact. For instance, accredited social enterprises would find it easier to attract corporate buyers, and donors and investors would be able to claim tax deductions.

But the scheme includes some stringent requirements, and just a few hundred of the country's estimated 20,800 social enterprises have been able to complete the accreditation process.

Replacing this system with a more inclusive one was among the recommendations in a paper presented to the Ministry of Entrepreneur Development and Cooperatives

(MEDAC) in June 2020. Even if more organisations were to use the scheme, the authors of *Social Enterprise in Malaysia: Next Steps for Policy* warned, it would be 'costly and unwieldy' to implement.

That paper – a collaboration between the British Council, the UN's Economic and Social Commission for Asia and the Pacific (ESCAP) and MEDAC – is now guiding the development of an ambitious national strategy, or blueprint, that will 'unleash social and environmental impact and stimulate economic growth through social entrepreneurship', says Sri Derwina Shaharuddin, Principal Assistant Secretary in the policy and strategic planning division at MEDAC.

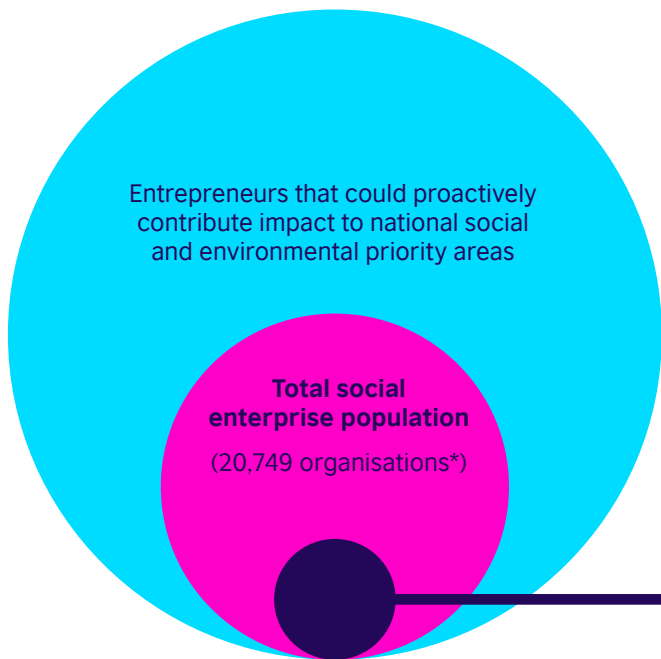
Alongside seven other recommendations in the Next Steps paper, changes to the S.E.A scheme are now being reviewed.

'We need to be more inclusive, especially because social enterprise is at a nascent stage here,' says Sri. 'We don't want policy to stifle the development of social enterprises.'

In practice, a broader definition would mean a raft of other entrepreneurial organisations that have a positive impact – inclusive businesses, co-operatives, non-governmental organisations and micro-businesses – could be categorised as social enterprises, and thus benefit from dedicated training, support and funding.



In 2019, the then Secretary General of the Ministry of Entrepreneur Development and Cooperatives (MEDAC), Datuk Wan Suraya Wan Mohd Radzi, visited social enterprise The Asli Co's stand at the ExperiENSE social enterprise marketplace, held in Kuala Lumpur



Malaysian social enterprise landscape

Only just over 300 social enterprises are registered under Malaysia's current accreditation scheme out of possibly tens of thousands of entrepreneurial organisations that could have a positive impact on the country's social and environmental challenges (Graphic from *Social Enterprise in Malaysia: Next Steps for Policy*)

*estimate from the *State of Social Enterprise in Malaysia 2018*

Registered social enterprises
(303 organisations)

Trial and error

The *Next Steps for Policy* recommendations, which also benefited from input from membership body Social Enterprise UK, drew heavily on the UK's 20 or so years of experience in this field, including specific policies like the Scottish government's social enterprise strategy.

'If you want to learn more about social enterprise, the UK is the country we look up to,' Sri says.

Tristan Ace, who until recently led the British Council's work in social enterprise and inclusive economies in Asia, points out that it is not that the UK is necessarily 'the most mature' ecosystem. Rather, it's that so many paths have been explored there – successfully or not.

'If you're trying something new in Asia, it's likely that someone in the UK has tried it too and can tell you about it,' he says.

Malaysia's government is not a total newcomer to this field. The government agency MaGIC, the Malaysian Global Innovation & Creativity Centre, was formed in 2014, and published a social enterprise blueprint for 2015-18. But before 2018, entrepreneurship was not core to government policy.

Things took a step forward when the Ministry of Entrepreneurship Development (MEDAC's predecessor) was created in mid-2018. Shortly afterwards, the British Council met the minister and highlighted its work with social enterprises. After gaining the minister's buy-in, the British Council began a formal collaboration with the Malaysian government and played a key role in pushing social enterprise up the agenda.

In mid-2019, the ministry published the *National Entrepreneurship Policy 2030*, setting out ambitions for Malaysia to become 'an outstanding entrepreneurial nation' – and specifically mentioning social enterprise.

'Malaysia has identified social entrepreneurship and cooperatives as the platform that will move forward the nation's inclusive socio-economic development agenda,' says Sri.

The British Council's partnership with the Malaysian government really took off after the publication of the *State of Social Enterprise in Malaysia* report in early 2019 (another British Council, United Nations ESCAP and MEDAC collaboration with input from Social Enterprise UK).

Its 'vast experience and vast network' made the British Council the 'perfect strategic partner', says Sri.

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The British Council's partnership with United Nations ESCAP

The British Council's policy development work on social innovation around the world includes research, policy dialogues (such as events and consultations), and direct support to governments.

In the Asia-Pacific region this work has been carried out since 2017 in partnership with United Nations ESCAP, whose member countries committed that year to using social enterprise and impact investing as a tool for inclusive development.

Compared with more ad hoc efforts in the past, governments are now taking this agenda 'very seriously and making firm commitments', says Jonathan Wong, Chief of Technology and Innovation at United Nations ESCAP. Most importantly, and where the British Council and UNESCAP partnership is having most impact, he says, 'more and more countries are putting in place legislation and blocs of countries are coming together to advocate for a common agenda'.

In 2019, for example, Thailand implemented its Social Enterprise Promotion Act; last year, economy ministers of the 10 ASEAN (south-east Asia) governments [endorsed guidelines for promoting inclusive business](#).

Next steps

Now that MEDAC has a clear blueprint, what next?

One challenge will be to streamline efforts: currently 11 ministries and agencies run social enterprise programmes. This has advantages – for example, three ministries co-lead a programme that encourages students to consider a career in social enterprise.

MaGIC now sits under the remit of the Ministry of Science, Technology and Innovation, which Sri says is a 'win-win' – it means the agency 'injects innovation into social enterprise development'. However, while the goal isn't to bring everything under one ministry, it is important to ensure programmes don't overlap, she says.

Sri says the government wants the social enterprise sector to be 'fully self-sustaining, equitable, and people-centric to empower and yield impact-driven entrepreneurs' by 2025.

This is an ambitious goal, but Jonathan Wong, Chief of Technology and Innovation at United Nations ESCAP, says the 'institutional weight' behind the blueprint will help, and the fact that Malaysia has a ministry for entrepreneurship and cooperatives – less common among other Asian countries – is 'commendable'.

Whilst a government's vision can always change in future, Wong says the social entrepreneurship agenda is 'so intertwined' with the economic, social and environmental dimensions of the Sustainable Development Goals that it is unlikely to ruffle political feathers. 'One would hope that an agenda like this is quite sector agnostic,' he says.

This article was written by Anna Patton at [Pioneers Post](#) for the British Council.

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