

A nighttime photograph of the Kuala Lumpur skyline, featuring the Petronas Twin Towers as the central focus. The towers are illuminated with warm lights, and their reflection is visible in the water below. The surrounding city is also lit up, with various skyscrapers and buildings visible against the dark sky. The sky is a deep blue with some clouds and stars.

Understanding the Malaysian Social Enterprise Landscape

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- “Pepper Labs is an accredited social enterprise driving inclusive growth through sustainable economic empowerment and digital transformation.” •

Founding Member (Malaysia Chapter)





We Believe In

Our Social Enterprise Accreditation (SE.A) certifies our social impact, just allocation of resources, and operational and financial sustainability.



Statement of Purpose

We believe in using capacity building to enrich lives and create **sustainable digital and economic empowerment** for an inclusive growth.



Core Principles

A commitment to building strong and sustainable communities to drive social innovation in accordance with the **United Nations' Sustainable Development Goals**.



Development Goals

To initiate collaborations centred around a common purpose and shared goals and to embrace change and constantly innovate to increase social impact.



“We believe in helping under-served community to take control of their livelihoods through employment and micro-entrepreneurship...”




AID *with* DIGNITY & CREATE OPPORTUNITY

Let's Get to Know Each of Our Business Models

- Name
- Social Enterprise
- Impact Purpose + Target Group
- Motivation (*Story-telling*)

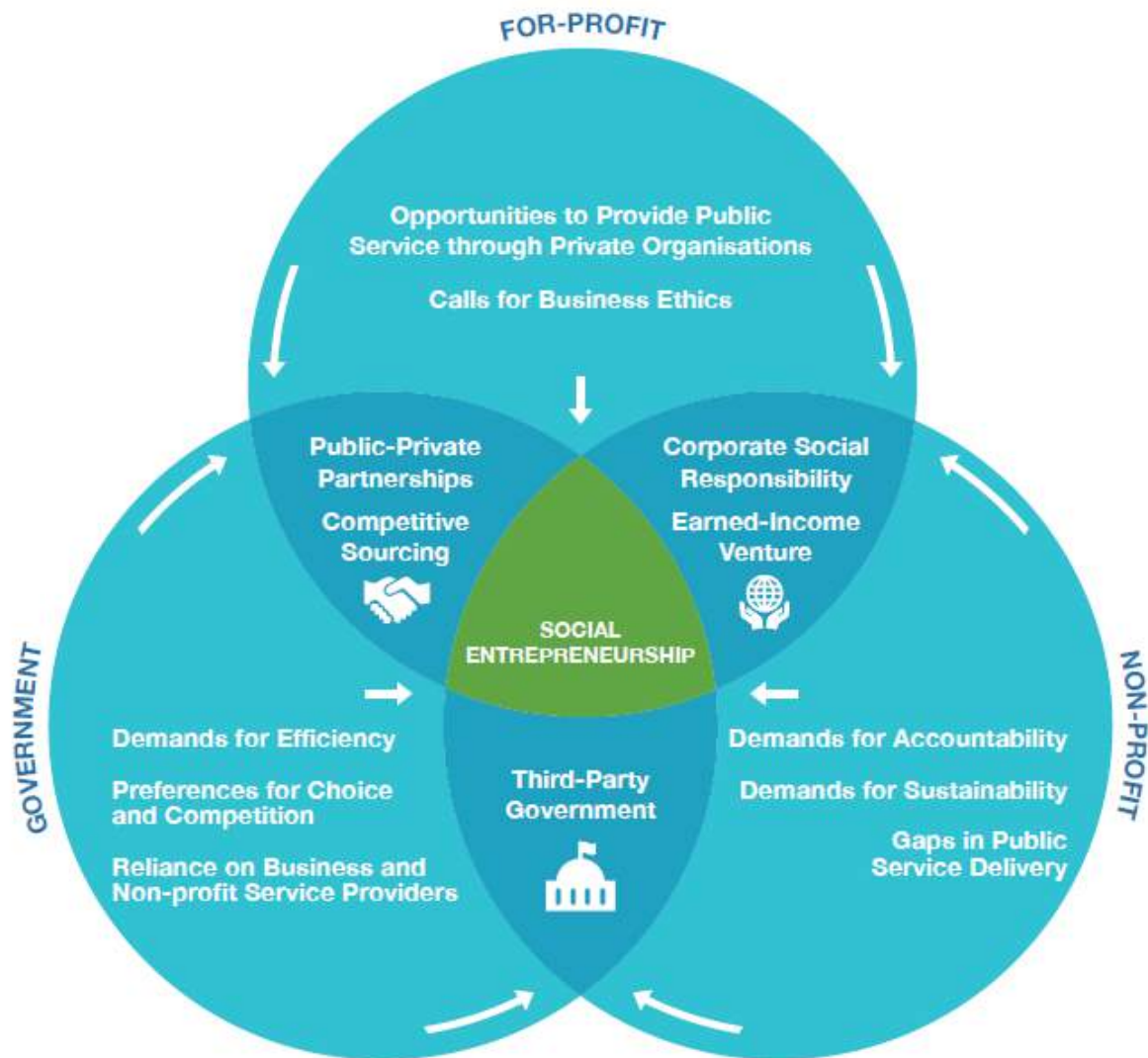


Why Transform & Empower?

Sector	Factors of a shift	Main benefits
 <p>Non-Profit</p>	<ul style="list-style-type: none"> Reducing reliance on unpredictable sources of income to sustain operations Increasing ability to scale up impact while being more cost-effective in reaching beneficiaries Expanding scope of impact beyond the current beneficiary profile 	<ul style="list-style-type: none"> Creation of reliable sources of income to help maintain or grow operations Independence and ability to utilise funding not earmarked for specific purpose Availability of funding to invest strategically in products/ services for beneficiaries
 <p>For-Profit</p>	<ul style="list-style-type: none"> Creating a distinctive capability and advantage by tapping into a traditionally 'non-viable' market Contributing more to the community through more strategic and coordinated philanthropy Attracting and retaining talent by providing an opportunity for employees to provide in-kind support 	<ul style="list-style-type: none"> Provide returns to shareholders who are increasingly more conscious about investment Establish presence and footprint in a new market through social or environmental contributions Contributing back beyond financial means, through in-kind support and capabilities
 <p>Government</p>	<ul style="list-style-type: none"> Reducing the cost of public service and goods delivery Increasing the quality of the public service and goods delivery Responding quickly to the needs of the public Reaching out to a public previously beyond reach 	<ul style="list-style-type: none"> Cost-effective means to serve the public with basic services and goods Provide more 'customer-centric' focus in terms of delivery of public service and goods Inclusive and participative form of government where all are served



Connect & Complement.



Primary Characteristics

A social enterprise is an entity which balances both impact and business in order to solve a legitimate issue through its offerings, which are driven by market needs

Business Viability

- Generates income from trading activities by offering products or services that are demanded by the market
- Sustains and grows itself through business means that are, by nature, profitable and scalable

Impact-Driven

- Exists specifically to solve a legitimate issue that is often neglected by either the public or private sector
- Exists specifically to serve a customer and beneficiary demographic that is often underserved by the market

Secondary Characteristics

A social enterprise is an entity that operates by being inclusive and transparent in its activities, while being fully accountable to its shareholders and beneficiaries

Inclusive Equity

- Ownership of the social enterprise is distributed fairly to the stakeholders who are involved in the enterprise
- Ownership of the social enterprise is fairly distributed between the shareholder, management, and beneficiary

Inclusive Governance

- Decision rights are distributed fairly to its shareholders, stakeholders, and potentially the beneficiaries
- Governed in a fair and transparent way focused on achieving the mission and objectives

Responsible & Transparent

- Accountable to the actions and consequences related to the activities of the social enterprise
- Discloses information that is accurate and timely for the purpose of informing the shareholders and beneficiaries

Fair Compensation & Returns

- Compensates its employees fairly in recognition for their role and contribution to the social enterprise
- Provides fair financial returns to its shareholders in exchange for specific impact outcomes



The Evolution

1. MAGIC launched **Social Enterprise Blueprint 2015 -2018** and administered the ecosystem development till 2018.
2. MEDAC launched **Dasar Keusahawanan Negara 2030** and **Social Enterprise Accreditation System** in 2019 and co-administered the ecosystem development with MAGIC till 2020.
3. From 2020 – 2021, MOSTI co-administered the **special allocations** under PENJANA, PRIHATIN etc. with MAGIC and MEDAC administered the **Social Enterprise Blueprint 2021 – 2030**.
4. From 2022, MEDAC administered the ecosystem development from policy perspective with the launch of the **Social Enterprise Action Plan (SEMy2030)**.
5. In 2023, MEDAC re-opened the Social Enterprise Accreditation system for application.

**The social enterprise budget allocations grew from RM 10 million in 2018 to RM 40 million in 2022. In 2023, RM 30 million through SME Bank and Matching Grants was allocated while strategic projects were also planned in the pipeline by MOF.*



In Malaysia, the previous definition of social enterprise is “a business entity that is registered under any written law in Malaysia that proactively creates positive social and/or environmental impact in a way that is financially sustainable.”

Moving forward, the social enterprise description for Malaysia is enhanced as follows:

A social enterprise is a registered entity under a written law in Malaysia, purpose-driven and has financially viable business model that addresses social and/or environmental challenges, aiming to achieve positive impacts to its beneficiaries and to the economy.

This definition is aligned to the global characteristics of a social enterprise:



Purpose-driven/
mission-driven



Financially viable
business

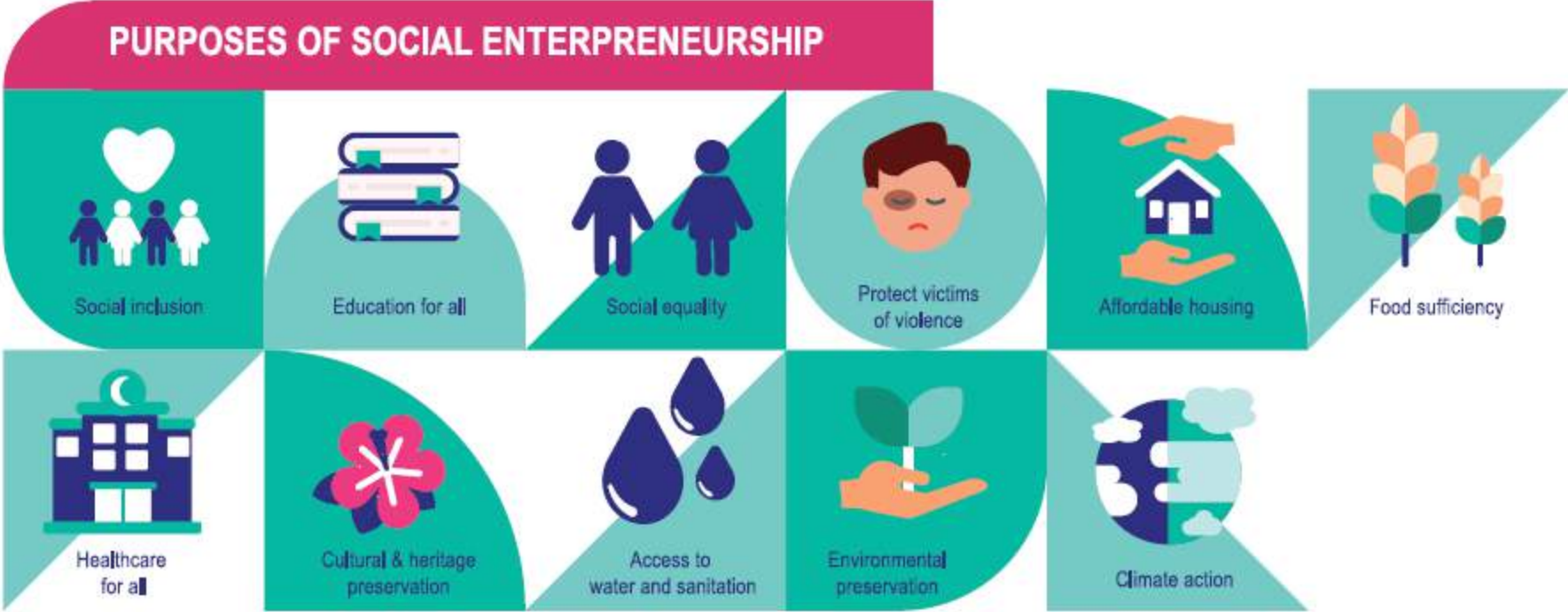


Addresses social
and/or environmental
challenges



Achieves positive
impact





TARGET GROUPS OR BENEFICIARIES



Children



Elderly



Persons With Disabilities



Homeless and Beggars



Victims Of Natural Disaster



Domestic Violence Victims



Offenders Under Community Service Orders



Victims Of Human Trafficking



Disadvantaged Youths



Vulnerable Population



Indigenous peoples



Vulnerable Families:
Single Mothers and Single Fathers



Persons With Addictions



Ex-convicts



Undocumented Persons



Poor and Hardcore Poor Individuals

Let's Fit The Definition Into Existing Social Enterprises

- Social Enterprise
- Impact Purpose + Target Group



The Accreditation

Perusahaan Sosial Asas (SE.B)

- Organisasi mestilah memenuhi **deskripsi perusahaan sosial yang berkuatkuasa di Malaysia**
- Berdaftar** dengan undang-undang bertulis di Malaysia
- Sekurang-kurangnya telah beroperasi selama **6 bulan**
- Didorong oleh **matlamat untuk menangani Sosial Dan/Atau Alam Sekitar**
- Mempunyai **kumpulan sasar yang jelas**
- ≥ 30%** hasil pendapatan diperolehi daripada aktiviti perniagaan
- Organisasi yang ingin memohon digalakkan untuk **mengikuti Kursus Asas Keusahawanan Sosial anjuran INSKEN**

Perusahaan Sosial Diakreditasi (SE.Ac)

- Organisasi mestilah **mendapat penarafan sebagai SE.B** terlebih dahulu
- Sekurang-kurangnya telah beroperasi selama **2 tahun**
- ≥ 50%** hasil pendapatan diperolehi daripada aktiviti perniagaan
- ≥ 25%** daripada keuntungan disalurkan kepada misi sosial dan/atau alam sekitar
- Mempunyai **laporan pengukuran impak Sosial Dan/Atau Alam Sekitar** yang jelas
- Tempoh sah laku – 5 tahun** daripada tarikh kelulusan

The New Allies Handbook

Initiatives to enable catalytic cooperation between governments and social entrepreneurs



Case example: How Malaysia is unlocking social innovation potential



Promote the power of the collective

Agency of social innovation

Malaysia established a government agency of social innovation under the umbrella of the Ministry of Entrepreneurship to ensure engagement of civil servants. Social entrepreneurs can reach out to this single point of contact to navigate the government.

SDG-themed circles

Malaysia runs SDG-themed circles under the prime minister office to bring together different stakeholders to exchange ideas on specific topics.

Chamber of Social Entrepreneurship

Malaysia established a Chamber of Social Entrepreneurship that unites social enterprises and advocates to get a yearly budget from the government that is subdivided.



Enable social sector models

Tiered accreditation program for social enterprises

A 3-tiered accreditation programme for social enterprises was launched. To move up a tier, you need to follow a 2-day government-supported capability building programme. Each tier is related to a different set of government benefits. Accredited SSEs get listed on a public SE platform, can participate in government procurement, get access to funding and support and join a network of Malaysia's leading social enterprises. The enterprises that reach Tier 3 get a 3-year tax exemption and tax deduction for donors.

Procurement mechanism and briefing for civil servants

Malaysia created a briefing for civil servants to guide them how to procure from social enterprises versus traditional companies. In addition, the procurement mechanism was changed such that social enterprises get priority based on their impact on SDGs.



Strengthen capabilities

Accelerator and growth program

Malaysia set up an accelerator dedicated to social innovation in partnership with the private sector. The incubator's objective is to develop young social entrepreneurs equipped with social innovation capabilities and unite them in a growing network.

Integration of social innovation in education

Malaysia engrained social innovation in their education system to raise the new generation of social entrepreneurs in universities and schools.



Provide information

Social innovation marketplace

Malaysia established a marketplace specific to social entrepreneurs where their products can be profiled. The institute running the platform pitches the products to corporates and ministries. For example, the Ministry of Finance dedicated USD 5m for social procurement.



Foster institutionalisation

Parliament SDG pilots

Malaysia allocates budget to each parliament member to run a SDG specific project together with a local NGO or social enterprise. This public-social pilot partnership successfully decentralises impact and ensures budget reaches local initiatives.

1. Many of the initiatives touch upon multiple areas
Source: Catalyst2030 member interviews

THANK YOU

*Interested parties can reach out to us for enquiries
into partnerships and collaborations.
Change starts today, and it starts with all of us!*

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