



RAISING LIVING STANDARDS OF LOW-INCOME HOUSEHOLDS



**FORGING INCLUSIVE  
TRANSFORMATION**



**YB DATO' SRI ROHANI ABDUL KARIM**

Minister of Women, Family and Community Development

Low poverty levels signal a healthy and thriving nation. As a key agenda under the NTP and in line with the country's transformation into a high-income nation, the Government is committed to improve income equality by ensuring economic inclusion of low-income households and eliminating poverty. Since the implementation of this NKRA, Malaysia has recorded a stunning reduction in poverty to just 0.4% in 2016 against almost 4% in 2009.

This has been contributed by programmes such as 1Akhiri Zaman Miskin (1AZAM), which seeks to encourage entrepreneurship among low-income households to improve their income. Currently, 100,420 individuals, who account for 91% of all monitored participants to date, have recorded an increase in income by at least RM300 in any three month period of the assessment year. Furthermore, results from the 1AZAM 2016 Outcome Assessment Study commissioned by the Ministry of Women, Family and Community Development (MoWFCD) showed that the number of 1AZAM participants who were categorised as "poor" decreased from 89.17% in 2009 to 58.69% in 2016, a reduction of 30.48%.

Successful 1AZAM participants are further empowered by the Beyond 1AZAM programme, which enables further business expansion by providing training and entrepreneurship support, access to micro and small business financing and additional mentorship. The programme was launched in 2015 with 1,511 participants and has now recorded a total of 5,674 participants.

Additionally, the e-Rezeki and e-Usahawan programmes, launched in 2016 and 2017, respectively, enable participants to earn additional income through digital platforms and provide them with access to opportunities in the digital world especially in digital economy.

The journey to eradicate poverty is never easy and I applaud all partner agencies who have taken proactive roles in assisting the country's most vulnerable communities. Their relentless support has resulted in new and improved opportunities for the B40 group to break the cycle of poverty. With challenges along the way, the Government will continuously embrace innovation and technological advances to realise the objectives of this NKRA.

## PROVIDING LOW-INCOME HOUSEHOLDS WITH INCOME GENERATING OPPORTUNITIES

One of the main KPIs for the 1Akhiri Zaman Miskin (1AZAM) programme is to increase the monthly earnings of programme participants, the progress of which is measured by comparing the participants' incomes before and after receiving the various types of support provided by the programme. Participants are considered to have benefited from the 1AZAM programme if their earnings increase by a minimum of RM300 in any three month period of the assessment year. In 2017, 5,708 out of the targeted 5,150 participants successfully increased their earnings by at least RM300, bringing the total number of successful participants to 100,420 since 2012.

Successful 1AZAM participants are further empowered through the Beyond 1AZAM programme, a follow-up programme for successful 1AZAM

participants that is designed to expand their businesses through further training, entrepreneurship support, access to micro and small business financing and additional mentorship. This year, 695 participants were involved in the Beyond 1AZAM programme, all of whom went on to successfully increase their income by at least 20%. In total, 5,674 participants have undergone the Beyond 1AZAM programme, a significant increase from the initial number of 1,511 participants when the programme launched in 2015.

Be that as it may, the quantitative achievements from the KPIs alone are not a full measure of the desired outcome, as the real objective of the initiative is to produce self-sufficient participants who will diligently commit to the 1AZAM programmes and subsequently will be able to lift themselves out of poverty and are prepared to face the unpredictable and challenging realities of the business world. Programme implementers thus play a key role in providing support, motivation and direction to the participants to guide them towards a globally competitive mind-set and to ensure that participants build the confidence to pursue new avenues once they have graduated from the 1AZAM and Beyond 1AZAM programmes.



Distribution of 1AZAM programme equipments in Kapit, Sarawak.



## LEVERAGING TECHNOLOGY TO BREAK THE CYCLE OF POVERTY

The Government has identified Digital Economy as a key agenda to drive the country forward beyond its high-income aspirations. To ensure inclusiveness and that citizens from all backgrounds will benefit from this agenda, it is critical that low-income households are provided access to digital platforms which can create income-generating opportunities and act as a gateway to global business.

As such, the e-Rezeki and e-Usahawan programmes were launched in 2016 and 2017, respectively, as digital components of 1AZAM. Implemented by Malaysia Digital Economy Corporate (MDEC), both programmes propel the Government's technology-embracing approach, backed by successful case studies and positive transformation observed in high-growth nations. To especially encourage low-income households from amongst the B40 to utilise these digital platforms to raise their income above the poverty line, the Government has allowed more than one person from each household to participate in the programmes.



Ms. Sharifah binti Dun, 1AZAM participant.

### 1AZAM catalyses higher income for food stall operator

"My name is Sharifah binti Dun and I operate a food stall, Gerai Chik Pah in Desa Pandan, Kuala Lumpur. I got to know about the 1AZAM programme from friends and customers, and I chose to apply for this programme as it's an aid and not a loan. In 2013, I received the 'Pakej Gorengan' aid worth RM3,000, which includes a stall, wok, ladle, cooking oil, gas and other materials including raw materials.

The aid I allowed me to increase my menu to include fried food. My gross income increased from RM70 per day and now could even reach RM2,000. On average, my daily gross revenue is around RM1,000 and I aim for a comfortable daily gross revenue of around RM5,000 to RM6,000 per day.

In the short-term, I have a plan to get a food truck to expand my business. Once I have the food truck I would like to introduce it and spread the word about it in the "Nasi Lemak Kopi O" television programme. My long-term goal will be to have my own restaurant.

My advice to other participants of the 1AZAM programme is to please try your best to expand your business. Work hard and don't give up.

To those who wish to increase their household income, I would advise them to attempt to venture into new businesses and opportunities. We must work hard to find new opportunities so that we increase our income. If we don't look for opportunities, they would not come by itself."

## Improving the Programmes That Improve Livelihoods



**Nor Salimah Binti Musa,**  
**Head of Delivery Management**  
**Office (DMO).**

Nor Salimah Musa, Head of the Ministry of Women, Family and Community Development's Delivery Management Office (DMO) for the Raising Living Standards of Low-Income Households NKRA, is the person in charge of 1AZAM Niaga and 1AZAM Khidmat – programmes designed to lift the poor, the extreme poor and the B40 out of poverty by offering small-business starter kits and monitoring support. A total of 39,545 participants have participated in both programmes between January 2012 until November 2017.

“The core part of my work is to plan the 1AZAM Niaga and 1AZAM Khidmat Programmes based on the budget allocation received (from the Government) and ensure its effective implementation”, shares Nor Salimah. “After figuring out the allocation available for the year together with my officers, we figure out how to give them to the qualified participants effectively. We also work out the KPIs we would like to achieve for the year.

“Throughout the year, my team and I meet the participants on the ground and perform interviews with those who are interested and eligible for 1AZAM programmes. To those who are eligible,

we give out ‘starter kits’ – packages that help people to start a small scale business. The idea is for participants to receive tools, equipment and raw materials, enough for them to start operating and use the profits to pump it back into their business.”

The DMO benchmarks the success of the 1AZAM programme as the increase of household income of more than RM300. Based on an Impact-Assessment Survey conducted in 2016, almost 60% of participants achieved this.

Since taking up the role in June 2017, Nor Salimah has identified three main challenges to the current success rates: lack of an entrepreneurial mindset among participants, smaller profit potential for participants living in rural areas and poor financial management among programme participants.

“These three challenges are tricky to address, but we have some ideas to mitigate it,” she shares. “For example, we could award the packages to the persons in the family who show the highest entrepreneurial drive. That might give better business sustainability.

“As for participants in rural areas without many customers with disposable income, we have started thinking of ways to help them sell online, to do e-commerce. We have to adapt to the mentality of future customers, where they expect products and services to come to them instead of the other way around.

“To address the challenge of participants’ business sustainability due to poor money management, we have to do more beyond the current financial awareness course built in to the programmes. There are participants who had depleted their whole profit on new smartphones without earmarking a portion of the money to be reinvested in their business. This challenge can be partly mitigated by prioritising the right applicants.”



Another part of the role also involves removing as much red tape as possible so her officers can do their jobs effectively, thus serving potential 1AZAM Niaga and 1AZAM Khidmat participants better. “Our goal is to help. From time to time, I revise and improve procedures, forms and processes,” she says. Under her lead, the DMO also removed a requirement which excluded those without salary declaration slips, such as farmers and fishermen, from applying for 1AZAM Niaga and 1AZAM Khidmat programmes.

***“To address the challenge of participants’ business sustainability due to poor money management, we have to do more beyond the current financial awareness course built in to the programmes.”***

The DMO also considers feedback received from its stakeholders to further optimise the implementation of the 1AZAM Niaga and 1AZAM Khidmat programmes.

An example of incorporating feedback, packages under the 1AZAM Niaga and 1AZAM Khidmat will be reduced to just 15 packages in 2018. “We started with 27 packages originally before finding out some packages were unsuitable or not as profitable to the participants. Therefore, we combined some packages, added some packages, and removed some packages. We didn’t have the kedai runcit (sundry shop) package before this, and now we do.”

Moving forward, the DMO plans to roll out a new 1AZAM programme – AZAM Belia. “Unlike 1AZAM Niaga and 1AZAM Khidmat Programmes, AZAM Belia will offer mentoring support in addition to

aid packages and monitoring,” says Nor Salimah. The pilot project will start in 2018 with 100 youths.

Stressing the importance of planning years in advance, Nor Salimah hopes to witness the multiplier effect from successful implementations of all 1AZAM programmes under her purview, that will enable 1AZAM participants to get out of poverty, leveraging the financial support provided by the Government.

The e-Usahawan is a digital entrepreneurship development programme targeted at youth and microentrepreneurs. The programme was made available online in July 2017, and by the end of 2017, 12,300 participants had joined the programme against the targeted 8,110. To date, the programme has generated a total income of RM24.3 million.

***“It is critical that low-income households are provided access to digital platforms which can create income-generating opportunities and act as a gateway to global business.”***

As the e-Usahawan programme only began operations this year, the Ministry has prioritised attracting participants to join the programme. Beginning 2018, however, the Ministry will begin monitoring the number of participants who have successfully generated income through the e-Usahawan programme, with the target set at 2,000 successful participants.

One of the challenges of the e-Usahawan initiative will be to ensure that the programme can be optimised by its participants who come from diverse backgrounds and technological literacy of various levels. Moreover, some participants are not yet fully educated on the effective strategies of online marketing. In this respect, MDEC will continue its efforts to ensure participants are given exposure



**1AZAM programme applicant verification session in Penaga, Penang.**

to technological literacy and online marketing programmes to improve their competitiveness in online entrepreneurship.

Meanwhile, the development of a digital crowdsourcing platform, the e-Rezeki platform, targeted to offer digital-based services to generate income has successfully enlisted a total of 5,898 participants, exceeding the goal of enlisting 5,000 new participants in 2017.

However, the full potential of the e-Rezeki programme has yet to be fulfilled as not all participants have been able to utilise the e-Rezeki programme as a launching pad to garner an increased income that would propel them above the poverty line. MDEC will be intensifying its efforts to educate all e-Rezeki participants on the value of maintaining the programme as a steady extra source of income.

In expanding this NKRA, MDEC expects to train 13,000-14,000 more individuals from the B40 group through both e-Usahawan and e-Rezeki programmes in 2018.



**1AZAM programme applicant verification session in Lingga, Sarawak.**



## MOVING FORWARD ▶▶

Future efforts will continue to focus on taking a holistic approach to address and alleviate the struggles faced by financially vulnerable groups in the Malaysian society. Following the Low-Income Households Lab in 2012, the Government has pushed to provide financial literacy education for 1AZAM participants, through collaboration with NGOs, universities and the corporate sector. This has elevated the lives of 5,340 citizens in 2017.

Through these efforts, those in the low-income brackets have managed to increase their income and experience a better quality of life, exemplified by those who have managed to break out of poverty thanks to 1AZAM. Some of these participants have shown exceptional growth and interest in entrepreneurship, and have since moved on to give back to the community through their capacity to create job opportunities, hence ensuring a perpetual cycle of eradicating poverty.

Additionally, the digital agenda will be a key enabler to generate income for the B40 group and eradicate poverty by bringing global business opportunities to their fingertips. To this effect, the Government has demonstrated its commitment by pledging RM100 million in the Budget 2018 to further develop both the e-Usahawan and e-Rezeki programmes. This is in line with the Government's commitment to drive the digital economy, which it expects will contribute more than 20% to Malaysia's GDP by 2020 and ensure inclusive economic growth.

---