

Chapter 9

1AZAM Programme for Economic Development, Malaysia

9.1 Context

Malaysian women and girls have enjoyed equal opportunities with men and boys in terms of access to basic social services since the country's independence in 1957, achieving significant progress in socioeconomic areas (UNDP 2007). Malaysia has also achieved gender parity in primary, secondary and post-secondary education, including at the university level (WEF 2012). However, in spite of such progress, at least 500,000, and as many as 2.3 million, Malaysian women are 'absent' from the labour market (defined as the number of women working or looking for work as a share of all working-age women) (World Bank 2012). Women lag behind men in labour participation (46.1 per cent of women were part of the workforce in 2010, compared with 78.7 per cent of men) (UNDP 2012). Poverty in women-headed households persists, with these households being at the very bottom of income distributions. Furthermore, urban women-headed households in 2009 had a higher probability of being poor than urban male-headed households and rural women-headed households. Lack of childcare facilities and support for working mothers adversely impact the participation of women in the social and economic development of the country (KPWKM 2003).

Malaysia's National Vision Policy 2001–10 recognised the need to provide access to employment opportunities to women without any gender bias, thereby promoting equal opportunity between men and women:

Women's economic participation has to be enhanced through the provision of greater access to training and retraining, more extensive use of flexible working hours, the provision of crèches as well as facilities to enable them to work from home. Entrepreneurship among women will be promoted actively by providing greater access to information, financial and technical resources.

(KPWKM 2003)

9.2 Key institutional actors

The Ministry of Women, Family and Community Development was set up in February 2001, thereby creating the institutional and administrative framework to support implementation of plans and policies to increase the participation of women in the workforce. The 1AZAM programme, introduced in 2010 by the Malaysian government, was spearheaded by the ministry as an income-generation programme. 1AZAM, for 'Akhiri Zaman Miskin' in Malay, means 'to eradicate poverty' (Dahlan, Jaafar, Hassan, Kamaruzzaman and Iqbal 2014). The Ministry of Women, Family and

Community Development collaborated with two other ministries, Agriculture and Human Resources and Malaysia's largest microcredit organisation, *Amanah Ikhtiar Malaysia* (AIM) to implement the programme.¹ AIM provides financial assistance to poor households to enable them to undertake viable economic activities, and hence increase their household income. 1AZAM is a special initiative of the National Key Result Areas (NKRA), aimed at freeing low-income households from poverty.

9.3 Theory of change

1AZAM is a specific economic empowerment programme to support low-income households² by providing them with training and exposure, and enhancing their skills to secure employment, set up micro-enterprises providing services or goods, and increase income from agriculture by engaging in cultivation of short-term cash crops and co-operative farming. 1AZAM was created to support low-income people to be independent and thereby enable them to better move out of poverty. Although the programme does not exclusively focus on women, it was developed based on the realisation that women entrepreneurs face a number of constraints in establishing and growing their businesses. About 80 per cent of the establishments in Malaysia are micro-enterprises, whose financing does not attract the attention of the financial institutions, especially commercial banks (Hassan, Rahman, Bakar, Mohd and Muhammad 2013). Studies of Asian countries indicate that the majority of women-owned enterprises remain micro-businesses; in Malaysia's case, this figure is 88 per cent (UN ESCAP 2013). The Government of Malaysia initiated 1AZAM to specifically address some of these constraints, so that women in Malaysia can play a more active economic role and contribute to faster economic recovery.

9.4 Social institutions and discriminatory norms

Formal laws, policies and accountability: The Ministry of Women, Family and Community Development formulated the second National Policy on Women and the Plan of Action on the Advancement of Women, which were approved by the government in 2009. The Plan of Action identifies women's participation in the economy as one of 13 priority sectors. The objective of the 'Raising the Living Standards of Low-Income Households National Key Result Areas' (LIH NKRA) initiative of the government is to support low-income groups through the delivery of direct assistance, training and financial support. LIH NKRA is delivered primarily through the 1AZAM flagship programme, which is designed to lift low-income households out of poverty via employment, entrepreneurship, agricultural activities and services. Although not an exclusive target, the programme has a strong focus on women from low-income households.

Access to resources and opportunities: 1AZAM is not intended to provide one-off welfare support, but instead strives towards sustainability and economic independence for target groups. It has its roots in the need for Malaysia to reduce poverty by helping poor people access financial services and resources, appropriate training and exposure. The programme specifically targets women, so that they are able to start and build their businesses. It provides financial capital, guidance and

networking platforms for entrepreneurs. The government also undertakes skills-building programmes that help entrepreneurs bring their products to market; this includes advisory services related to packaging, branding and marketing of products.

Informal cultural norms and exclusionary practices: As more and more women own enterprises and move from traditional methods of financing their business (i.e. loans from relatives) to more formal ways of procuring finance (from banks), and as women begin to own property and equipment, this is creating a new culture of women's ownership.

Consciousness of women and men: Many of the women on low incomes who are involved in micro-enterprises in Malaysia have poor business sustainability due to low confidence and business skills. Participation by women in 1AZAM has increased their confidence and ability to grow their businesses. It is also likely to change men's perception regarding women's role in the economy.

9.5 Strategies

In 2010, the Government of Malaysia launched 1AZAM as one of its initiatives under the NKRA to raise the living standards of low-income households in efforts to make Malaysia a high-income country by 2020. The programme aims to equip the poor and extreme poor with the means to increase their income, and to create jobs through a mixture of employment and entrepreneurship (social enterprise and productive welfare) (PEMANDU 2010). 1AZAM aims for programme participants to generate monthly revenues between RM760 (US\$176) and RM2,300 (US\$533) (KPWKM 2015). It also addresses the gap between availability of, and access to, financial services by making use of the eKasih database to select the needy.³

1AZAM provides opportunities for poor families to enhance societal well-being through the generation of income by giving them opportunity in four areas:

- i. **Job placements (AZAM Kerja):** It is an initiative that aims to support individuals living in poverty with no work experience or very limited work experience, to secure job placements by providing training in skills that enable them to obtain suitable employment (e.g. as a waitress, fast food restaurant worker or hotel worker).
- ii. **Creating small business enterprises (AZAM Niaga):** It helps in establishing small businesses, such as food and drink, kiosks, retail and handicraft businesses, by providing appropriate training and microcredit financing.
- iii. **Creating small service providers (AZAM Khidmat):** This programme creates employment opportunities by equipping participants with appropriate knowledge, skills and exposure to initiate small service-based businesses, for example, providing spa therapy or reflexology.
- iv. **Agriculture (AZAM Tani):** The Ministry of Agriculture and Agro-based Industry was chosen to be a champion for AZAM Tani, and all departments and agencies under the ministry became implementing agencies for this programme. Activities included distributing agriculture project inputs in the form of grants,

training and technical advice to participants in the 'poor' and 'extremely poor' categories. Under this programme, opportunities are created in the agricultural sector by, for example, facilitating co-operative farming schemes, and promoting cash crops and livestock farming.

The programme was implemented nationwide in phases. The pilot programme was initiated in the Iskandar Regional Development Authority, or Iskandar Malaysia, Johor, at the end of January 2010, before being replicated in Sabah and Sarawak (PEMANDU 2010). 1AZAM received support from several other state agencies to help identify participants and for implementation of the programme in Sabah and Sarawak (PEMANDU 2010). The needs analysis carried out for 1AZAM indicated AZAM Tani to be the preferred programme of most of the low-income households, followed by AZAM Niaga, AZAM Kerja and AZAM Khidmat. In Peninsular Malaysia, Sabah and Sarawak, certain groups such as estate workers, fishermen and rural farmers were targeted for participation in the programme (PEMANDU 2010).

In October 2010, the Ministry of Women, Family and Community Development introduced *Elaun Bulanan Sementara*, a temporary cash-assistance programme, to meet its target of reducing the number of very poor households (44,643) to zero by the end of the year. Under the programme, 21,062 extremely poor households were eligible for cash assistance, which was provided under 1AZAM to be redeemed at post offices. The programme was intended to run only into 2011 for selected household heads or members of their family who participated in 1AZAM. Since the intent was to make households self-sustaining from January 2011, *Elaun Bulana* would be discontinued if a participant dropped out of the programme.

9.6 Outcomes to date

As a result of government policies and a more conducive environment, the participation rate of Malaysian women in the labour force increased from 46.8 per cent in 2010 to 49.5 per cent in 2012 and 52.4 per cent in 2013 (UN Women 2015). Furthermore, women's entrepreneurship has offered an important pool of resources to support Malaysia's economic growth and personal prosperity (Siong-Choy 2007).

From January 2011 to December 2014, a total of 173,445 participants were registered with 1AZAM nationwide. Since its inception in 2010 until December 2013, 1AZAM has benefited 140,296 recipients, of which 91,290 (or 65 per cent) were women. The programme has also successfully developed a total of 5,300 new women entrepreneurs, who receive a minimum income of RM3,500 (US\$900) per month (monitored over three consecutive months) (KPWKM 2015).

A simple microcredit scheme enabling women to start entrepreneurial initiatives, the programme provides business capital financing, guidance and support services, as well as a networking platform for entrepreneurs. Further to this, the government provides a platform and necessary assistance for participants to enhance their skills and diversify their products for the commercial market. Continuous monitoring, including giving advice on packaging, branding and marketing of products, is also provided for participants.

Box 9.1 1AZAM in action

‘A participant of the 1AZAM programme, Prema Rajoo, shared that she had been in the spice business since 1962, but after joining the programme she could easily access loan facilities and procure equipment to mix spices at home. Prema was able to expand her business, and export spices to Japan, the United States and England. At 53, Prema was able to improve the quality of her family’s life and could buy her own house and car.’

Source: The Malaysian Times (2012)

1AZAM has impacted the lives of many women entrepreneurs by enhancing existing technical skills, providing equipment for business and entrepreneurship training, and making access to loan facilities easier. It has thereby enabled them to increase their monthly incomes many times over and expand their business to larger areas (The Malaysian Times 2012).

9.7 Lessons learned and the way forward

The government recognises that access to financing facilities, training and continuous monitoring of the programme have helped participants of 1AZAM to develop and become successful entrepreneurs. However, lack of clarity of purpose among recipients, and low job opportunities or business opportunities in rural areas, pose challenges in the execution of the programme.

- **Phased implementation of programme to assess and achieve impact:** 1AZAM is divided into three distinct phases. In the first phase, the programme focussed on increasing participation by encouraging low-income individuals to register themselves with the eKasih database.

In the second phase, 1AZAM focussed on delivering income-enhancing initiatives (training, financial support) to participants. The LIH NKRA team continued to monitor 1AZAM participants post-programme, to ensure that the skills and support acquired had boosted their income levels. The benchmark of success was for the participants to raise their income by RM300 (US\$70) in any three months during the year. Monitoring and evaluation was conducted at the grassroots level. To assist in their efforts, LIH NKRA solicited the help of other federal and state agencies, such as the Ministry of Women, Family and Community Development.

The Government of Malaysia introduced a third phase in September 2014 for successful 1AZAM participants. The Beyond 1AZAM Programme aims to equip those participants who have raised their income by RM300 with advanced entrepreneurial and business skills (e.g. marketing, promotion and distribution), to help them further enhance their earning potential (PEMANDU 2014). Beyond 1AZAM’s benchmark of success is for participants to raise their incomes by a further 50 per cent.

A long-term approach, with continuous support beyond training programmes, is required to bring about changes in mind-sets and attitudes.

- **Combine access to financial capital with skills-building programmes:** One of the key success factors of 1AZAM has been the training programmes for women entrepreneurs, which have greatly assisted them in bringing their products to market. The implementation of the first phase of the programme has bolstered the need to offer such courses, and it has now become mandatory for all programme participants to take a financial literacy course.
- **Engagement of civil society and NGOs:** One of the key lessons learned from the first phase of the programme was to increase the involvement of NGOs and community-based organisations in order to make the programme more sustainable and target poverty eradication. The programme has also been fraught with allegations of corruption and improper targeting of recipients. The government aims to enrol the help of civil society organisations to help monitor 1AZAM with greater regularity.
- **Provide a second chance to failed entrepreneurs:** One of the key guidelines of the 1AZAM training programmes has been that participants show a measurable increase in post-training income. However, women often drop out because of circumstances that are beyond their control, such as low employment opportunities in rural or hard-to-reach areas. The plan for the second phase of the programme included identifying all such cases deserving of a second chance, and providing them with additional training opportunities and other assistance to continue their income-generating ventures.
- **Targeting vulnerable communities:** Although the programme has benefited a large number of women entrepreneurs, regional and ethnic disparities remain. Besides targeting women from low-income households, such programmes also need to have a specific focus on communities that are socially excluded and marginalised. In future, 1AZAM is expected to target community groups in remote areas or those belonging to neglected communities, such as the indigenous Penan and Orang Asli communities.
- **Strengthening data-collection and monitoring systems:** The eKasih system used for selection of beneficiaries has come under criticism for not being able to choose the most vulnerable. Furthermore, certain issues, such as selling equipment received by the participants, have also been brought to the fore (Malaysia Digest 2014). Detailed monitoring systems to track the status of outcomes and achievements are required to develop a better understanding of the on-the-ground realities, and also to develop alternatives to address emerging issues (PEMANDU 2010).

Notes

- 1 Developed in 1987, AIM is the biggest replication of the Grameen Bank model outside Bangladesh; it is a poverty-oriented microfinance institution that provides loans only to the poor.

- 2 Poor households have average monthly incomes of less than US\$176.50 (RM760) in Peninsular Malaysia; US\$244 (RM1,050) in Sabah; and US\$211 (RM910) in Sarawak. The ultra-poor are defined as households with average monthly incomes of less than US\$107 (RM460) in Peninsular Malaysia; US\$146 (RM630) in Sabah; and US\$136 (RM590) in Sarawak. See: PEMANDU (2010).
- 3 eKasih is a central database designed to provide a more accurate measurement of poverty headcount in Malaysia. The eKasih database is used to ensure fair distribution of assistance and to avoid overlapping of aid programmes. It identifies, tracks and monitors people who are most in need of help from LIH NKRA; 100 per cent of data of the recipients registered under 1AZAM is updated monthly in the eKasih system.

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