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HOME /

Creating a Social Impact Movement

Ash Center Lee Kuan Yew Fellow, a social innovation leader in Malaysia, will continue to address societal problems with people-first policies after graduation.

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Malaysia's population is aging. Today, nine percent of the population is over the age of 60. By 2030, 14 percent will be over 60 and by 2050, 23.5 percent. At the same time, new technology is increasingly dominating the workplace. Computer and software skills are critical to being a part of Malaysia's competitive economy. Elderly unable to retire, and lacking these skills, are increasingly isolated and cut off from the job market.

The Malaysian Social Progress Assessment reports the Malaysian government will spend about ~25,000 ringgit ($6,274) a year supporting just one elderly person with public assistance and often shelter. Hope Worldwide Malaysia, a social-purpose organization, runs courses to train older citizens in modern technologies, improving their employment prospects. Given the funds to scale, this programming could have a profound social impact, and at the same time save the government millions of the ~502 million ringgit ($126 million) spent each year on elderly assistance.

"Six years ago," says Eddie Razak, Lee Kuan Yew Fellow '18, "social innovation wasn't understood in Malaysia." Razak was most recently the executive vice president at the Malaysian Innovation Agency (Agensi Inovasi Malaysia), which created the Malaysian Social Progress Assessment, a guide that helps measure the value of social investments. Though he "stumbled into government," Razak is now arguably one of the social impact movement's leaders in Malaysia.

Inspired by volunteer work, Razak, a former financial executive, joined the Malaysian Innovation Agency in 2012. Immediately, he was struck with two profound questions, why is innovation centered on technology and not people? And why have we not thought of social progress as a driver for economic growth? Asian countries are generally focused on economic development as a driver for larger socioeconomic change, but in Razak's assessment, this strategy alone does not work. He quickly drew the conclusion that another form of capital — social capital — can solve problems that economic growth doesn't always reach.

"Social capital is about how people have relationships with one another, how they support one another, and how people actually solve problems for each other," says Razak. "It is about building a better nation but getting society involved in that. It's not government directing what is best."

Drawing on his financial background, Razak's first instinct was to look at social impact through social investment. "Impact can be scaled up if the right investment goes into it," says Razak. At the Innovation Agency, Razak helped lead the charge on two social investment tools.

The first of these tools, a social public-private partnership fund, operates as a matching fund between government and private-sector contributions. Foundation or NGO dollars are matched by public monies to enable collaboration and expand the amount of investment in initiatives with social impact. The second tool is the Social Outcome Fund (SOF), a payment-for-outcomes fund, which attracts investors interested in finding and implementing solutions to pressing societal issues. Investors, be they individuals, foundations, or commercial firms, are incentivized to contribute funds by a guaranteed return from the government if the intervention is proven successful. The marker for success is government cost-savings, around one and half times the investment cost.

While the SOF might sound similar to popular social impact bonds, the key difference is that units of government who receive cost savings aren't on the hook for financing the returns. The SOF, currently valued at 3 million ringgit (about US $750,000), serves as a central facilitation fund for local governments from across the country, that do not have to finance returns themselves with their already tight budgets.

Razak will graduate from the Lee Kuan Yew School of Public Policy at the end of July after a placement in the Prime Minister of Singapore's office.

With the successful launch of these investment tools, Razak wanted to expand his public policy knowledge and explore areas outside of finance that could benefit from social impact work. In 2016, Razak's passion for social impact brought him to the Lee Kuan Yew School of Public Policy at the National University of Singapore and then to Harvard Kennedy School as a Lee Kuan Yew Fellow.

While in Cambridge, Razak connected with the Social Innovation and Change Initiative at HKS and other experts on social impact. He dedicated his time on campus to meeting with professors from a range of disciplines that touch on social innovation. He advises others to do the same, "If you just attend classes, you're only scratching the surface of knowledge at HKS. You should actually seek out experts and schedule an appointment with them."

Razak credits his classmates for helping him truly expand his view on what's possible within social impact policy. Speaking of a classmate focused on social impact analytics, he said, "Without coming to HKS, I wouldn't have known about those capabilities."

Razak will graduate from the Lee Kuan Yew School of Public Policy at the end of July after a placement in the Prime Minister of Singapore's office. After that, he hopes to continue his work in social impact policy. "I'm interested to see whether I can help policymakers in other countries to shape their thinking around what kind of frameworks they can create to foster social impact," he says, "Whether this is in Malaysia or other countries in Asia."