



# Enabling Investments Into the Malaysian Care Economy





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## TABLE OF CONTENTS

|                                                                                     |    |
|-------------------------------------------------------------------------------------|----|
| ABOUT THE REPORT                                                                    | 5  |
| FOREWORD BY MINISTER OF WOMEN, FAMILY AND<br>COMMUNITY DEVELOPMENT                  | 6  |
| FOREWORD BY RESIDENT REPRESENTATIVE OF MALAYSIA,<br>SINGAPORE AND BRUNEI DARUSSALAM | 7  |
| CARE AND THE ECONOMICS BEHIND IT                                                    | 8  |
| STRENGTHENING THE POLICY AND REGULATORY ENVIRONMENT                                 | 18 |
| CARE WORK AND CARE WORKERS                                                          | 26 |
| FINANCING THE CARE ECONOMY                                                          | 31 |
| KEY TAKEAWAYS                                                                       | 37 |

# About the Report

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This report summarizes the findings and recommendations made in a longer report “MALAYSIAN CARE ECONOMY: LANDSCAPE ANALYSIS” which was commissioned by the United Nations Development Programme Country Office for Malaysia, Singapore and Brunei Darussalam and United Nations Development Programme Bangkok Regional Hub (BRH).

The lead author is Haniza Khalid, assisted by Umi Zakiah Norazman and Nornazwah Hasan Basri. This report would not have been possible without the close cooperation of UNDP colleagues from the BRH gender team in particular, Koh Miyaoi and Tshering Choden, and at the Country Office; Manon Bernier, Jessie Cheah Swee Neo, Izza Izelan, Alizan Mahadi, Herlianna Naning, Nurulnabillah Ahmad Hijazu, David Tat Ui Tan.

The report has benefited from the insights and experiences of various care-providing companies, as well as care researchers and practitioners across the country, whose work and observations were captured through media or private interviews with the author.

# About UNDP

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UNDP works in about 170 countries and territories, helping to eradicate poverty, reduce inequalities and exclusion, and build resilience so countries can sustain progress. As the UN’s development agency, UNDP plays a critical role in helping countries achieve the Sustainable Development Goals. UNDP aims to help expand care systems as a human right, human need, and collective responsibility, while changing social norms and regulations to shift responsibilities and the relationship between the paid and unpaid care worlds.



# FOREWORD

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I wish to thank United Nations Development Programme Malaysia for publishing this report, a timely and relevant publication which is in line with Government's commitment to develop the care industry in Malaysia.

Ministry of Women, Family and Community Development (MWFCD) appreciates the thought-leadership and work that has gone into the writing of this report, contextualising the care industry from a financing and investment perspective in Malaysia. This report establishes that care and care work should be recognized as a profession and an industry on its own right, as doing so would have invaluable impact upon both women and men's lives and careers, improve the quality of care delivered to those most in need, create a healthy and cohesive communal society and ultimately contribute to the growth of the economy.

This correlates with the MWFCD on-going effort, guided by the MADANI Economy Framework under the Prime Minister Anwar Ibrahim leadership. Amongst others, the concept propounds that growth and development must be attained through an overarching approach and context, through a humane economy which prioritises the needs of the people, especially the poor and vulnerable communities. As such, it is pertinent that steps are taken today to plan and be prepared, given Malaysia is expected to be an ageing nation by 2030.

MWFCD is committed to develop the Care Industry, and the inauguration of the Care Industry Action Plan Development Lab in Malaysia on 13 May 2024 is a first step in this direction. The Action Plan which is due to be published in September 2024, will identify the priorities and actions to be taken in order to produce skilled or professional carers whose role would be to care for the elderly, persons with disability and children.

It is my fervent hope that this report on 'Enabling Investments into the Malaysian Care Economy' would be an added resource to complement the Ministry's work to upgrade the care profession. It forms the nexus for further discussions on how we could co-create an environment where care and care industry can grow and flourish, within a broader environment with supportive infrastructure including financing and incentives, policies and laws, and public, private and philanthropy players may come together to form a suitable model befitting the nation's context.



**YB Dato' Sri Hajah Nancy Binti Shukri**

Minister of Women, Family and Community Development

# FOREWORD

7

When we set off on this journey, what caught our eye to begin with, were some striking facts about the Malaysian socio-economic landscape, such as the number of women not in the labour force. Women's labour force participation rate – LFPR – is a shade over 56% (men are at 83%). Two other data points underpin the above. More women graduate colleges and universities than men. And for a near-high-income country, this is a remarkably low LFPR for women. This sparked a line of query in our minds, and we started to look at what could be some policy fixes that could address this apparent challenge.

As we looked deeper, we found that 65% of women that dropped out of the workforce cited the raising of a family as their primary reason; 48% cited the absence of work-life balance; 38% mentioned that they dropped out to care for a family member; and 35% cited that childcare was too expensive.

We further found that while there is a gap of about 18% in labour force participation between men and women in the younger age groups (25-24 years), the participation gap between men and women increases significantly to nearly 48% in the older cohort of women (45-54 years). This could shed light on why there are fewer women in senior positions in government and in the corporate world.

There were also differences based on educational attainment (women with tertiary education drop out less); and a gap between women in urban and rural areas – 61% of urban women were outside the labour force due to homemaking or care responsibilities, whereas 69% of rural women were out of the workforce for the same reasons.

There was also a link to household income with ramifications for the GNI (gross national income) of the country – households where both women and men worked had 61% more income in urban settings, and nearly 74% more income in rural areas. This could be then one of the levers of change in the overall economy, as Malaysia essays toward becoming a High Income Country.

Other linkages became self-evident as we went along. For example, as Malaysian society ages, the need for elderly care is likely to increase. Similarly, it was clear that the lack of an affordable and quality childcare ecosystem was holding women back from the workforce.

At this time our work pivoted to looking at the care economy. What would it take to arrest or reverse these trends of the 'invisible women'? What enabling policies need to be in place? What partnerships and investments would be necessary to stimulate the participation of women in the labour force, while addressing the factors that lead to drop-outs? What role could the private sector play? Our interest in the role of the private sector was further piqued, when a UNDP-MITI (Kementerian Pelaburan, Perdagangan dan Industri) investor mapping exercise revealed that the care economy is a potential sector where there are gainful returns to be made on investments, while contributing positively to achieving the SDGs (sustainable development goals).

With our partners, the NCWO (National Council of Women & Organisations Malaysia) and the Ministry of Women, Family and Community Affairs (Kementerian Pembangunan Wanita, Keluarga dan Masyarakat), we set off on a series of dialogues and consultations, and eventually put together this body of work which examines these issues at some length. And we make some suggestions for the way forward.

We believe this is a timely piece of work, in light of the priorities of the Government of Malaysia. A team of UNDP staff and external experts, Ministry colleagues, civil society colleagues and academia have contributed to this work.

We hope our readers will find the report useful, but more importantly, that it will help create a positive momentum toward the creation of an ecosystem of sustainable care.

**Niloy Banerjee**

Resident Representative  
Malaysia, Singapore and Brunei Darussalam  
UNDP



# CARE AND THE ECONOMICS BEHIND IT

## The Heart of the Matter

Care is a basic human right and providing care for those who cannot care for themselves is vital to human health and social welfare. The COVID-19 pandemic exposed the fragility, inadequacy, and inefficiencies in global care infrastructure, and underlined the need for governments to partner with private and philanthropic entities in order to meet the increasing and varied demands for care from the population.

In 2023, the UN designated 29 October as the International Day of Care and Support. The decision was part of efforts to raise awareness of the crucial role of care work in society. Currently, around 380 million people work in the care sector globally, and projections are that this will increase significantly in the future as demand for care services grows. However, there is already a shortage of care workers, and factors such as poor wages and conditions are a continuing problem, opening the way for a potential care crisis.

Today, millions of older persons, children, and persons with disabilities remain confined to institutions, as a primary form of government provision of care in many countries. Those outside of institutions struggle with issues such as the unequal burden of care, lack of care options and skills needed for specific care types, changes in family forms and challenges brought by urban-rural migration, rapid ageing trend, unsuitable home and public infrastructure for care, and lack of care-sensitive labour market policies. Together, the social and economic impacts of poor care-relevant policies and infrastructure on childcare, eldercare, and disability care, and on caregivers themselves are staggering.

“ Demand for care, paid or unpaid, is increasing; and if it remains unmet, it will likely cause negative effects on every level of the government and society. ”







## A New Vision for Care

Today, conversations about care revolve around a new vision of care that starts at a point much earlier than when the care is needed (e.g. concepts such as preventive care, healthy ageing, early intervention technologies, nutrition guidelines and various forms of therapies).

The new vision also emphasizes a non-institutional approach to care, thus compelling a strong market for care-at-home solutions to be available. This market for at-home care solutions is expected to grow in parallel with the market for private care facilities (e.g. assisted living facilities, day care centres), as the traditional care method become increasingly inadequate or as households become more discerning about their choices of care solutions.

Most importantly, the new vision of care recognizes the importance of various actors working together in meeting the need for care through shared societal responsibility i.e. amongst men and women, amongst families and communities, and amongst the private sector (or the market), not-for-profit organizations and the government.

Barriers to private sector participation must be examined and steps must be taken to minimize them. In other words, the government's role should shift towards setting the stage effectively for private suppliers to scale up.

*A thriving private Care Economy will allow the government to focus its resources on*

- (i) enhancing access to care for those who cannot pay for the care they need;*
- (ii) providing the most underproduced care goods or services;*
- (iii) putting in place sufficient regulations and monitoring capacity to ensure that benefits from the Care Economy can indeed be realized and shared amongst the population.*

## What is an Investment White Space?

In the UNDP SDG Investor Map methodology, an investment white space refers to an investment area that serves a strong development need in the specific national context but has yet to benefit from a robust policy framework and political momentum. As such, there has not been significant private sector participation in the sector, and/or the existing private market is made up of mostly small and micro enterprises. This situation could imply that truly viable business models are scarce within the current set of circumstances, and that the market cannot attract sufficient levels of supply despite clear signals of a strong demand.

The SDG Investor Map for Malaysia (2023) found that while the Care Economy is highly aligned to the social and development needs of the country, most of the population's care burden has been borne by the family members or over-stretched government agencies.

With greater market competition and innovation, in the long run private care solutions will settle at a more affordable price point. At the same time, access to care will be enhanced, use of technology and the level of quality and range of care options available can be multiplied.

## Role of the Care Economy in a Nation's Development

The Care Economy entails a diversified range of products and productive work to deliver direct and indirect care necessary for the physical, psychological, and social well-being of primarily care dependent groups such as children, the elderly, disabled, and ill, as well as for prime-age working adults.

Strengthening the Care Economy through investments and social solutions can have a plethora of positive effects on people's lives and the economy. More broadly, a healthy and thriving Care Economy is related to the achievement of a range of Sustainable Development Goals or SDGs, not limited to:

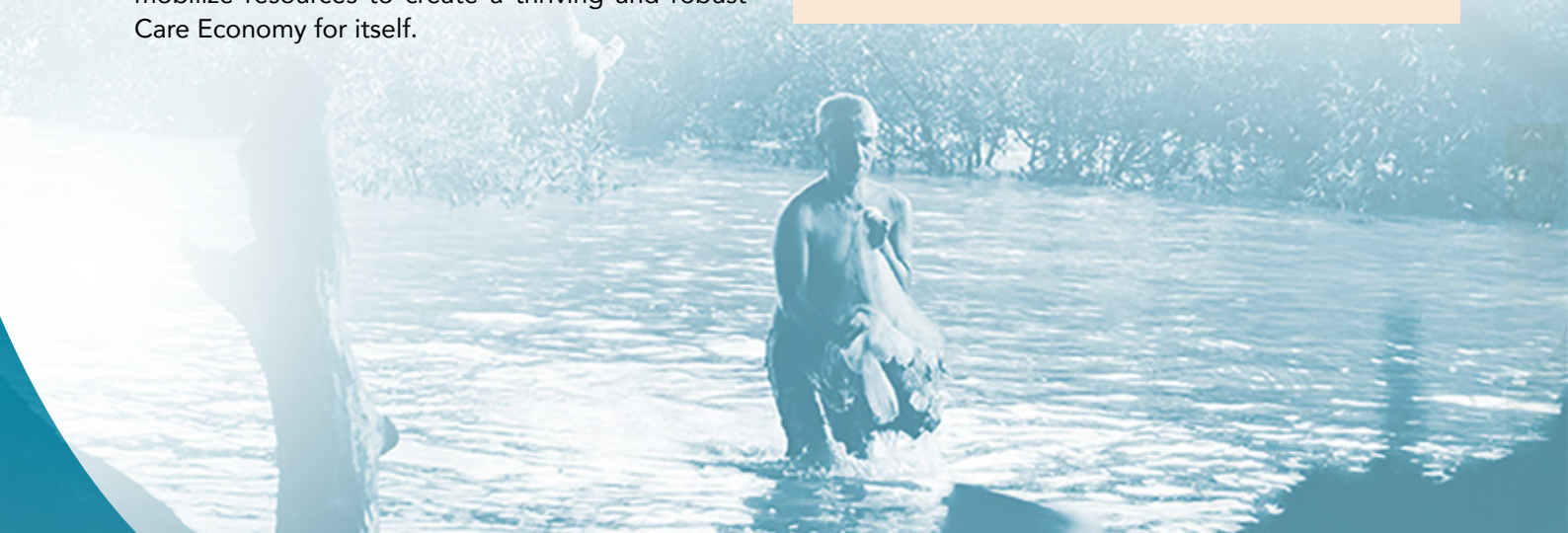


The 2030 Agenda calls for the development and strengthening of universal care policies and services based on the recognition of the right to care for all and the design of comprehensive care systems from a gender, intersectional, inter-cultural and human rights perspective. Provision of care and support services creates benefits that accrue to the direct users of care (families and the care recipients), while at the same time benefitting employers and the society at large. The 'social good' nature of care means that a country should not hesitate to mobilize resources to create a thriving and robust Care Economy for itself.

UNDP's Malaysian Care Economy: Landscape Analysis report shows that increasing public sector investment in the Care Economy can generate high impacts on the Gross Domestic Product (by 6%) and employment rate (by 9%) and income (by 11%). Among sectors that will benefit most are: education, health, and professional services. Meanwhile, the private sector's investment in the Care Economy outside of school and hospital-based settings can bring forth more demand for social work activities, communication and consumer electronic devices, retail/wholesale trading sector; and personal care services. In a nutshell, growth of the Care Economy has an expansionary impact on the overall economy. This in itself provides a new class of argument or justification to complement other arguments in support of the Care Economy such as gender equality, ageing, PWDs and other concerns. The Care Economy can now be easily seen as a new source of economic growth, with a long-term prospect of building a Care Economy hub in the country capable of meeting regional demands for quality care.

### An Investment, Not A Cost

Public or corporate investment to catalyse a robust care system must be viewed as an investment instead of a sunk cost spending, not unlike public spending on railways, ports and bridges which enables commercial activities for the economy to prosper. A variety of empirical approaches used to test the development outcomes of a Care Economy expansion has shown that there are positive economic returns to the country in the form of economic growth (Gross Domestic Product), job creation, and income levels.





## Care and Gender Economic Inequalities

In most societies, care work is considered a natural responsibility of women and girls. This disproportionate distribution of unpaid care responsibility, based on biased social norms and gender stereotypes, has the unintended effect of restricting women's opportunity to pursue educational, economic and employment goals outside of their homes. The resulting associated costs in the form of forgone wages and opportunities for women and girls amplify gender inequalities in the Malaysian society.

The World Bank's 2019 report "Breaking Barriers Toward Better Economic Opportunities for Women in Malaysia" estimated that the long-run GDP per capita could increase by 6.5% if the gender gap in self-employment and entrepreneurship were closed. Since more women are opting for self-employment (mostly in the informal economy), removing barriers to more productive economic roles for women would be critical.

Female Labour Force Participation Rate (LFPR) in Malaysia stands at 56.3% as of September 2023 while male LFPR is 83.0%. In absolute terms, there are 6.52 million women in the labour force compared to 10.3 million men, although women represent 47.8% of the population.



Older women were even less likely to participate in the labour force than their younger counterparts - either they did not return to the labour force after giving birth or were caring for frail/ill family members.

The female LFPR rate is lowest amongst women with primary or no formal education, meaning at lower income levels (as this is closely correlated with educational attainment), less educated women might find it difficult to afford good quality childcare, thus they decide to stay at home.

Almost 2.1 million (41.1%) of the women outside of the labour force are of prime ages, between 25 - 54 years old, compared to 11% (or 0.2 million) of men in the same age group.

For 61% of women in urban areas and 68.8% in rural areas who are outside the labour force, their main reason is often housework or family responsibilities. This trend can reflect the dearth of satisfactory and affordable care options - despite the relatively higher wages typically earned in the urban economy - that households can take advantage of to enable more women to stay in the labour force.

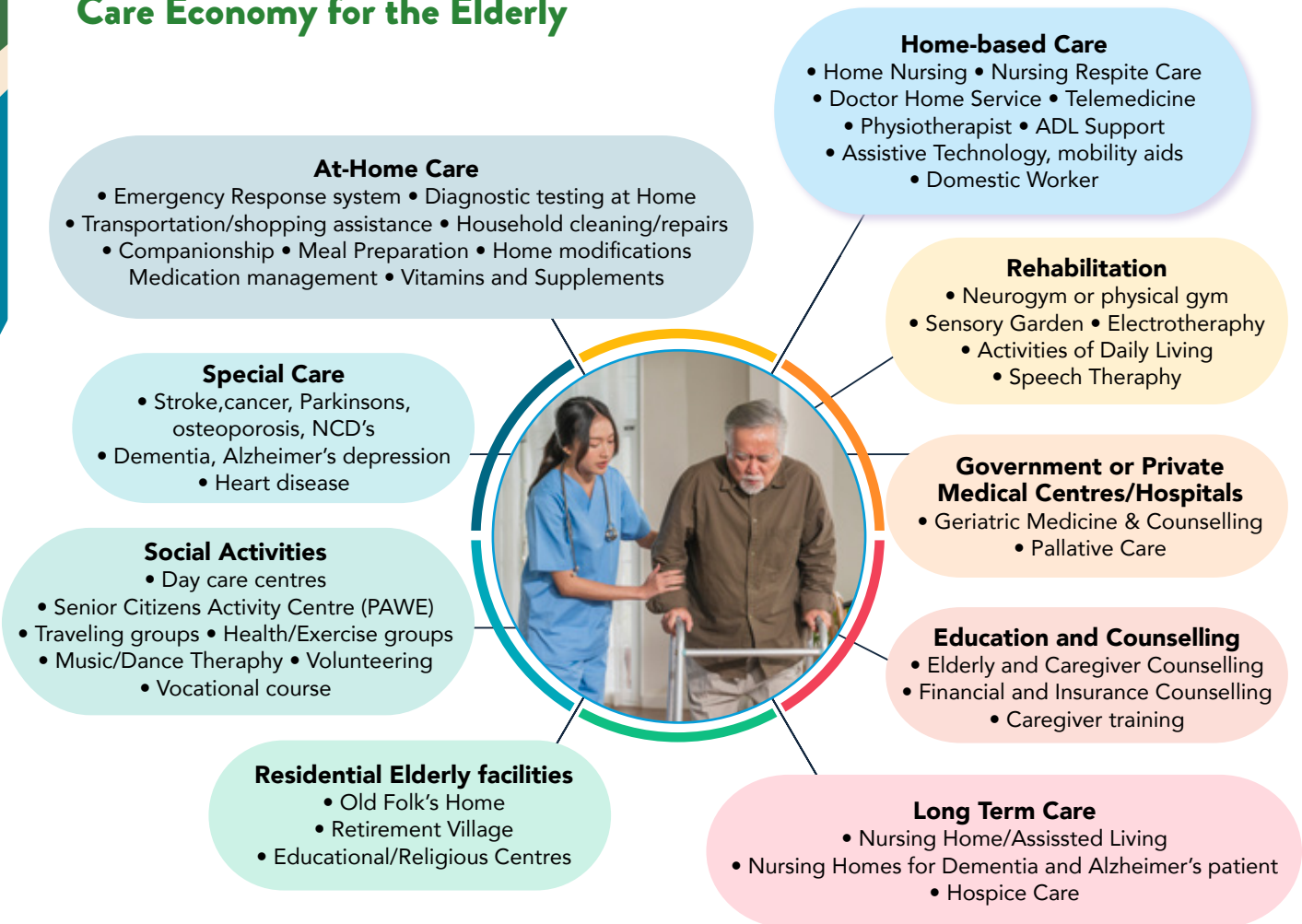
Women who bear the brunt of unpaid care work may also be less willing to have children, particularly if they anticipate inadequate support for caregiving responsibilities. This can lead to declining birth rates for the country and will accelerate ageing trends and its associated effects.

Source of data: Malaysian Department of Statistics (DOSM) Labour Force Survey.

“ A sound, affordable and reliable Care Economy contributes to improved labour productivity of workers, particularly those with care responsibilities, by giving them a better work-life balance. ”

## BREAKING DOWN THE CARE ECONOMY

### Care Economy for the Elderly



#### Case Study: How Japanese Companies are Viewing Opportunities in the Care Economy

Start-ups are inventing 'age-tech' products to support living at home care needs. Tokyo-based LifeHub's wheelchair can raise its user to a standing position and can ascend stairs and escalators; or Aba's mattress-odour sensor is able to make toileting care more efficient.

R&D to develop products that help seniors cope with infirmity. Tokutake's line of Ayumi shoes, for instance, are designed not only to combat knee and hip pain but also to help prevent users from slipping and falling.

Companies are delivering products and services to the customer's doorstep in a new way too. Benry Corporation provides dozens of services in seniors' homes, from cleaning air conditioners to weeding. 7-Eleven Japan offers meal-delivery services catering to seniors.

Helping the elderly remain connected and active. Kozocom, for instance, developed Kozo SNS Village, a social-networking site for people 50 and over who want to share and talk about their hobbies. Club Tourism offers trips with special themes, such as photography or history, specifically for seniors. Medical-checkup and rehabilitation services are often combined with day-care services and culture classes to help older people build new relationships.



## Care Economy for the Young

### Early Childhood

#### Birth & Child-care

- Creche
- Day care centres
- Playgroup
- Confinement care
- New parents training
- Au-pair
- Domestic worker

#### After-hours care

- Overnight care
- Evening care
- Babysitting

#### Books and Educational Products

- Educational Toys
- Books
- Baby friendly furniture
- Rental services
- Recycling or pre-loved

### School-going Children

#### Food & Transportation

- Meal preparation (home/school)
- School bus
- Kids Taxi
- Rental of car seat and other accessories

#### After-school Programs

- Academic Tutoring
- Transit care
- Sports Coaching
- Music, Drama and Arts
- Computers and Coding

#### Special Needs

- Attention Deficit Disorder (ADD) / Attention Deficit Hyperactive Disorder (ADHD)
- Autism Spectrum Disorder (ASD)
- Cerebral Palsy
- Dyslexia
- Developmental Delay
- Down Syndrome
- Intellectual Disability
- Physical Impairment
- Hearing/Visual Impairment
- Mental Health



### Case Study: Re:Play Project

The Re:Play project based in Subang Jaya is essentially based on the principle Recycle and Upcycle for Play. The aim of the project is to enable accessible childcare, education, as well as the nurturing of the mental and emotional well-being of children and their families. The project creates a Circular Economy for the toy industry - connecting manufacturers, distributors, plastic recycling stakeholders and families who have excess stock, returns or preloved toys that Play Unlimited can collect, clean, sort, and repack to be sent to marginalized communities.



The effort also prevents at least 100 tons of toys (90% of which are hard to recycle PVC) from ending in the landfill. The Re:Play Project consists of the following three main components:

- (i) Toy Hub (ii) Toy Shoppe and; (iii) Toy Library.

The project demonstrates the value of private-community partnership in providing inclusive care options in society.



## Care Economy for Adults with Special Needs

### Physical/Biological

- Allergies and asthma
- Limb difference, loss and replacement
- Juvenile and Chronic Athiritis
- Multiple Sclerosis
- Cerebral Palsy
- Epilepsy

### Developmental

- Down Syndrome
- Autism Spectrum Disorder
- Dyslexia

### Sensory-impairment

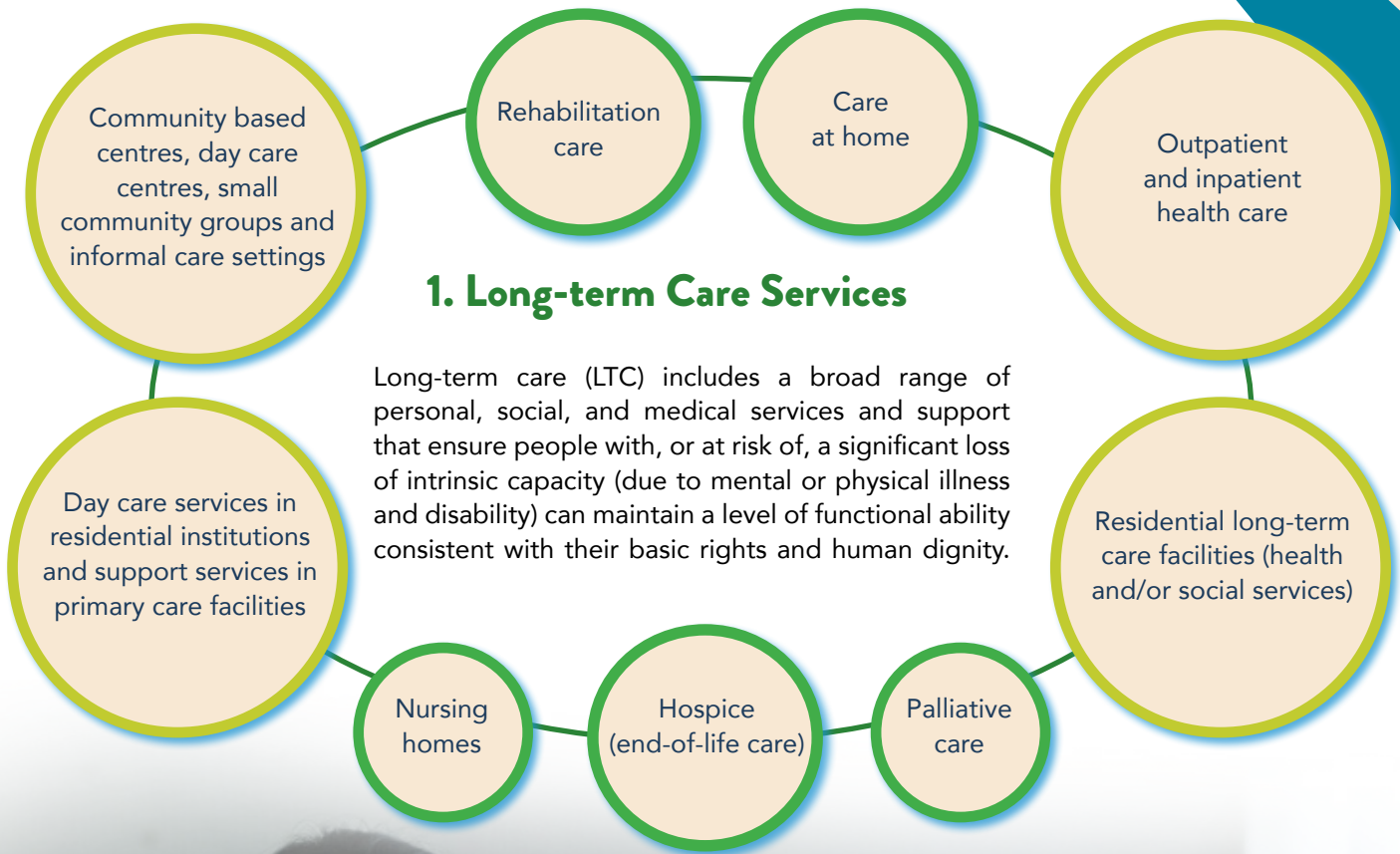
- Sight impaired
- Hearing impaired

### Behavioral/emotional

- Anxiety and Depression
- Suicidal intentions
- Disassociation
- Bipolar Personalities
- Social and peer group therapies



## WAYS CARE IS DELIVERED



## 2. Assistive Technology in Care

WHO defines Assistive Technology (AT) as the application of organized knowledge and skills related to assistive products, including systems and services. Longer life expectancy, increase in the number of non-communicable disease (NCD) patients and people with (physical or mental) disability, and smaller nuclear family size all contribute to greater demand for AT.



### Personal & Mobility Aids

- Adjustable beds & bed rails, waterproof mattress
- Walker, cane, wheelchair, stairlift, scooters
- Walk-in bathtub/shower, toilet safety rail, seat riser
- Ramps for wheelchairs
- Adequate lighting, kitchen aids



### Safety & Monitoring

- Medical alert systems
- Fall detection devices
- Health monitors
- Talking clocks
- Door alarms
- Stove shut-off systems
- GPS tracker

### Communication Aids

- Amplified phones
- Hearing aid
- Visual enhancement
- Voice command & speech generating devices
- Touch tone telephone



### Digital Technology

- Home automation
- Online service booking
- Telehealth
- AI-based personal reminders
- Activity and fitness monitoring programs





### 3. Digital Healthcare

#### Current Trends

- Habit tracking apps to help people quit smoking; manage symptoms of anxiety, depression, eating disorders, post-traumatic stress, or insomnia; and more.
- Self-management apps involve receiving medication reminders or tracking heart rate, breathing patterns, blood pressure, and so forth to help them monitor their progress and receive feedback.
- Cognitive remediation apps help people with serious mental illnesses who have distorted or extreme negative thinking and self-beliefs.
- Illness management and supported care apps provide additional support by allowing people to interact with support groups and trained health care professionals.

#### Future Growth Areas

- Mental awareness monitoring and programme.
- Personalized wellness programme.
- AI-based tools for personalized reminders (medication or routine checks).
- Personalized or advanced wearable device and connected apps.
- Hardware/software tools allowing to capture, understand, produce a lot of signals: speech, sounds, gestures, shapes, forces.
- Generate Big Data that allows governments or companies to analyze and model events or predict the future for care needs using AI-deep learning.



# STRENGTHENING THE POLICY AND REGULATORY ENVIRONMENT

## 1. Setting a National Roadmap for Care

Malaysia does not have a national roadmap for how the social care sector should be delivering high-quality and coordinated care yet. Part of the vision is how the government can develop an attractive and formalized programme of continual professional development for all primary caregivers, as well as create a conducive set of incentives to stimulate Public-Private-Philanthropy partnerships (PPPPs) in care provision. Adaptation to ageing, for example, requires a rethinking - at the federal, state and local levels - about how the society will want to live and work in the future. Policies and incentives must be made to reshape educational and social values, security safety nets, intergenerational relationships, family dynamics, and employment conditions.

### Case Study: Singapore’s Living Life to the Fullest - 2023 Action Plan for Successful Ageing

Since the Action Plan for Successful Ageing in 2015, Singapore has seen a concerted effort to empower the elderly to age actively across multiple areas. A refreshed Action Plan was launched in 2023 built on three themes:

- Empower the elderly to take charge of their physical and mental well-being through preventive health, active ageing programmes and care services.
- Enable the elderly to continue contributing their knowledge and expertise by enhancing the learning, volunteerism and employment landscape.
- Support the elderly to age in the community within an inclusive built environment and digital landscape, while staying connected to society and their loved ones.

### Case Study: Australia’s Home and Community Care Act 1985

The Act spells out the arrangement between the state, local governments and community organizations to develop a comprehensive range of integrated home and community care for persons who are at risk of premature or inappropriate long-term residential care, including (i) frail or at-risk aged or younger disabled persons, and their carers. Services covered in the Act are: home help or personal care, home maintenance or modification, food, community respite care, transport, community paramedical service and nursing, assessment or referral, education or training for service providers and users, palliative care; as well as information, co-ordination or care provided to the care recipients.

## 2. Expanding Community and Home-based Care

The purpose of community comprehensive support centres at the local level would be to help people access care services efficiently. The centres, established at each municipality and managed professionally to connect people with government or private nurses, mental health professionals, occupational therapists and care support specialists, as well as domestic helpers. The centres generally cost less to operate than full-fledged care institutions while able to serve a larger number of people.

### Case Study: Somerset Micro-enterprise Project, England

An innovative model for care was used for the most rural parts of West and South Somerset, which allowed older or disabled residents to receive care in the comfort of their homes. Somerset Council raised an initial investment of £75,000 a year beginning in 2014 and worked with a social enterprise called Community Catalysts. The latter helped launch a **care micro-provider** initiative, where local people start and run small, independent enterprises offering care and support in their local area. The project also demonstrated how families can save on cost of care as they are delivered by local micro enterprises.

Micro-providers typically support people through personalised, flexible and responsive support and care for children, the disabled and the elderly, managing their homes and daily needs, providing companionship at home or when going out of the house. For one to participate in the project, an enterprise must have fewer than eight paid or unpaid workers and is totally independent of any larger organization.



To date, impact created by the project include:

- 1,250 new community micro-enterprises developed.

- Half of these providers offer personal care services, including for special needs individuals; the rest offer home-help type of services including support, companionship, domestic help, gardening, cleaning, trips out, transport.

- 30,000 hours of care a week are now delivered by community micro-enterprises in Somerset to 6,000 people.

Source: <https://www.somerset.gov.uk/social-care-and-health/somerset-micro-enterprise-project/>

- Care-recipients are well-supported at home or in the community by people from their neighbourhood.

- Support is co-designed. Creative people on both sides of the care equation find ways to do things differently.

- People can work locally, earn an income and make a positive difference.

- People and families know good support is available. As a result, patients come home earlier from hospital, or need not travel to hospitals as much.

- People stay connected to their community, contributing to it and avoid loneliness.

- Money is saved since the cost of care delivered by the community micro-enterprises is cheaper than large companies.

### 3. Encouraging Novel Approaches in Care Design and Delivery

Most long-term care facilities still run on traditional models of assisted living or nursing homes, where the design and activities in the centre do very little to encourage its residents to be productive and active. Companies should be encouraged to apply innovative concepts of institutional care, emphasizing on forming authentic human relationships between the caregivers, residents and the society around them. These approaches not only allow but encourage the care recipients to maintain a healthy and productive live, depending on their capacity, in a realistic, socially safe and stimulating environment.

#### Case Study: Share Kanazawa, Japanese Retirement Community

Share Kanazawa is a unique elder village nestled in the mountains of Kanazawa, Japan, about a two-hour train ride from Tokyo. Elderly residents live out the remainder of their lives here alongside students who volunteer there for reduced rent. The Share Kanazawa Main Hall is designed so that as one enters the hall, he can see the centre of Kanazawa town. The LTC community follows the Buddhist philosophy in their daily lives, and thus food is produced by themselves to be shared amongst residents.

There is a large facility room used as an elderly day care centre. The main hall is used for teaching lessons, but it also houses a kitchen that delivers meals to the residents who live alone and require assistance even if they are not part of the LTC community. Individual residents are given tasks depending on their capabilities, based on the philosophy **'instead of everyone needing care, everyone gets care while giving care to others'**.

Source: <https://thisismodernaging.com/amazing-japanese-retirement-home-and-senior-living-that-you-will-want-to-live-in-now/>

#### Case Study: De Hogeweyk Dementia Village, Netherlands

De Hogeweyk is an assisted living village specifically designed for elderly people with dementia. Here, residents within these centres freely live seemingly normal lives, with access to restaurants, shops, hairdressers, cinemas, clubs and courtyard gardens. Hogeweyk is made up of 23 houses of 6-7 residents offering seven different lifestyles chosen to reflect the most common Dutch home environments. The village is a gated model village in Weesp,

Netherlands, designed to benefit from using all-day reminiscence therapy and that the residents are more active and require less medication. The staff or caregivers wear normal daytime clothing rather than clinical clothing and fit into a role that the people living with dementia are likely to be comfortable with. This allows caregivers to support residents with middle and late-stage forms of dementia in the most effective way possible.

Source: <https://hogeweyk.dementiavillage.com>



## 4. Partnering with Large Players in the Care Economy

High net worth families are pulling out all the stops to give their loved ones the best care possible in their advanced age. Large conglomerates are strategically tapping into this segment of the Care Economy. Some might say that this will only contribute to widening inequalities in care, but their presence should not be viewed negatively. Large players often set the standard for quality in any industry. They undertake extensive research on customers' preferences and needs (as seen in the curation of services and lifestyles offered and in the training of their care workers). They develop a system of vendors and supply chain where small businesses can participate in. In an industry which otherwise would have a very steep learning curve, smaller players are able to grow quickly by learning from the experience of the larger players. Smaller players are also flexible enough to create strategies to provide niche, personalized, localized and less expensive alternatives to consumers with different budget sizes and needs.

### Case Study: Sunway's Natural Progression into the Care Economy

Sunway Group was founded in 1974 as a property development company. From its first project Sunway City Kuala Lumpur, turning a tin-mining wasteland into an integrated smart and sustainable township to the conglomerate it is today, with core interests in real estate, construction, education, healthcare, retail, and hospitality. The Group presents an example of how a private sector's Care Economy investment was motivated by the need to design and create value propositions that suits the market's age-specific needs.

The latest offering from the Group is Sunway Sanctuary, a premium Senior Living facility, located at Sunway City in Subang Jaya, providing residents with a wide range of services and amenities available within walking distance. The Sanctuary's Independent Living Units are offered at starting price of RM8,050 per month, while its assisted living starts from RM8,850 per month. The Sanctuary is built adjacent to Sunway Medical Centre, a 724-bed private hospital, one of the eight medical centres owned by the group. For those preferring to receive care at home, Sunway Home Healthcare has one of the most comprehensive range of services: home and community nursing, doctor home services, home physiotherapy and rehabilitation, palliative care, telemedicine and home medical supplies/equipment.

“ Formalizing creates a level playing field for all business operators (in terms of costs and responsibilities) and creates a stronger confidence level amongst the public towards the Care Economy industry as a whole. ”



## 5. Formalizing Care-related Enterprises

Formalizing unregistered care-related enterprises can lead to better access to finance, both critical in providing quality care levels and good working conditions for their staff. The government can facilitate this shift by introducing specific measures (or a one-stop agency) to facilitate registration and regulatory requirements for new firms, renewal of permits, training and accreditation, tax registration, reporting and electronic payment of taxes, and staff compensation packages. Punitive measures may be introduced to address non-compliance and lack of proper reporting and transparency. The case study below highlights the effect of policy incentive (which can be used to encourage formalization) in helping the country meet its universal pre-school objectives.

### Case Study: Hong Kong's Free Quality Kindergarten Educational Policy

In 2017, the Hong Kong government introduced the Free Quality Kindergarten Educational Policy (FQKEP), which enables all children to receive free pre-primary education through funding offered directly to kindergartens/centres. These policy reforms reflect the government's marked increase of its financial investment in pre-primary education to promote high-quality education and social justice. Access to kindergarten education has been high for several decades because of government funding and Hong Kong's small geographical size and excellent transport links. A free market economy wherein operating early childhood services is profitable ensures the supply meets the demand.

*Source: Responsive Policymaking and Implementation: From Equality to Equity A Case Study of the Hong Kong Early Childhood Education and Care System*

## 6. Strengthening the Regulatory Space

There is a need for standardization of licensing requirements for all child, special needs and aged care facilities across local councils. Improvements in the Childcare Centres Act 1984 (CCCA) and Childcare Centres Regulations 2012 (CCCR), along with establishment of measures for increased safeguarding of child protection are important for strengthening the industry. There are four different types of childcare businesses, all governed by separate sets of regulations. Likewise for aged care facilities: Care Centres Act (Act 506) 1993, Private Healthcare Facilities and Services Act (Act 586) 1998 and 2016 revision; Private Aged Healthcare Facilities and Services Act (Act 802) 2018 (which is not gazetted yet).

“ Improvements and greater clarity regarding the legal environment will help facilitate business planning and investments, for the simple reason that regulatory uncertainty causes project revenue risk, which reduces business viability, investment levels, private sector interest and innovation. ”

## 7. Setting Quality Assurance and Enforcement Capacities

There must be a standard process that supports the delivery of health and/or social services (e.g. making available learning loops/feedback regarding quality in residential care facilities, and assessment of partnerships between health and social services providers). Another aspect worth considering is institutionalizing quality assurance by partnering with independent entities (NGOs, association of registered care centres, local authorities as well as consumer associations) while expanding the enforcement capacities by relevant authorities.

### Case Study: Scotland's Care Inspectorate

The Care Inspectorate is the independent scrutiny, assurance, and improvement support body for regulated care services in Scotland. The Inspectorate's work is based on Scotland's Health and Social Care standards which describe what the public should expect from a regulated care service. It continuously gathers information about regulated services from a range of sources and uses the information to support staff development and to improve organizational practice. Complaints about care service are usually resolved as close to the point of service delivery as possible, which entails direct service action or investigation by the LTC provider. The Care Inspectorate uses four pathways to reach a complaint resolution.

- (i) Intelligence: used for lower-risk complaints and complaints where there is not enough information to proceed.
- (ii) Direct service action: used for straightforward or simple matters where people are unsatisfied with their experiences, and the Inspectorate intervenes quickly with a care service to achieve a positive outcome.
- (iii) Investigation by the care provider: this is where the risk assessment suggests the issue is suitable for the complaint to be investigated using the service's own complaints procedure.
- (iv) Investigation by the Care Inspectorate: this is where risk assessment identifies more serious complaints and they directly conduct an investigation.

Source : <https://www.careinspectorate.com/>

## 8. Reducing Parallel and Multi-layered Governance for Businesses

Parallel and multi-layered governance means a significant portion of the care enterprise's time is taken up by non-care work. Care-related businesses such as childcare-preschool operators often suffer double or multiple administrative burdens - filling out paperwork, permit renewals, health and staff training requirements at different government agencies. The consequence is that most operators must dedicate additional staffing and expenses to navigate the various administrative matters, which affects their already thin profit margins considerably. To ensure care is delivered in a way that maximizes **coverage, adequacy, quality and affordability**, it would be crucial that steps are taken to remove the operator's pain points and excessive red tape.

### Case Study: Hong Kong Early Childhood Education and Care (ECEC) Governance

Despite its split-phase and split-governance ECEC system, the government has introduced initiatives to improve coordination of ECEC services across different government departments. For example, an inter-ministerial and interdisciplinary comprehensive child development service for children involves four different government departments/units. This combined service promotes early identification of children with special needs, and the provision of timely support to these children and their families.

Source: *Responsive Policymaking and Implementation: From Equality to Equity - A Case Study of the Hong Kong Early Childhood Education and Care System*



## 9. Information, Information, Information

The Care Economy can only benefit people if the people are aware of the types of services available and the list of their providers. Families' first and main obstacle in accessing care is not knowing where, what and how to obtain the right care at the right time and at the right place. Lack of properly presented or catalogued information about services causes much anguish and delay in decision-making, especially in acute needs cases. A good information platform will also allow efficient comparison of 'apples to apples' (providers offering the same set of services), fee structure or listing of past consumer feedback regarding quality of services.

## 10. Recognizing Care as One of the Country's Essential Services

Care service facilities such as childcare, preschools and assisted living facilities incur large electric and water bills every month since they are charged commercial tariff rates. They must also spend regularly on staff certification and training (safety, meal preparation, First Aid), streamlining supplies (food, books and learning aids), premise modifications and licensing/permit charges. If money can be saved from reduction in operational costs such as these, the money can be used to support growth and quality, preventing unnecessary insolvencies or can be directed towards increasing staff salaries.

## 11. 'Place-making' in Every City and Village

Local authorities can work with the private sector or foundations to fund place-making initiatives. Place-making starts when people collectively reimagine and reinvent public spaces to maximize community interactions. In the context of care, place making goes beyond promoting better urban design-it should aim to provide comfortable places and opportunities for the old, the young and the disabled to enjoy public spaces.



### Case Study: Age-friendly City Initiatives from Japan

#### Akita, Japan

The population of Akita City makes it one of the oldest cities in the country, and according to current projections, more than 35% of the overall 300,000 population will be 65 years or older in 2025. Among the initiatives rolled out together with private sector participation were:

- One-Coin Bus Project, which made public transport easier to use as a means to encourage senior citizens to go out of their homes and participate actively in society.
- City Partner programme, where close to 100 private organizations and companies voluntarily registered as Age-Friendly Partners in a PPP model. Examples of changes introduced in the city: installation of more public benches, greater number of older people employed by partner entities, and even the addition of more Automated External Defibrillators (AED) in offices and neighbourhoods.

#### Yasu City

The city in Shiga Prefecture has built a network of partners to monitor consumer safety for the citizens and share information about tactics scammers use to defraud the elderly. The local government works with public health centres, clinics, police, banks, retail stores, and civil societies to disseminate information to the public and monitor at-risk individuals.

## 12. Increasing Access to and Use of Assistive Technology and Digital Healthcare

At the national level, there should be a well-designed Roadmap charting out the ways the government can work with its partners to increase digitization, as well as the availability of assistive technology (AT). Low-quality versions of AT devices tend to break down easily and must be replaced often. Hence, the longstanding AT challenge is making available affordable, durable and efficient products. This will in the long run save the country money (when the devices are provided/subsidized by the government) and keep costs of care low for families paying for their own AT devices. On the other hand, digitalization benefits caregiving and management of care through:

- (i) improved quality and continuity of care across different health providers and levels of care with the implementation of telehealth; and
- (ii) its ability to reduce routine administrative tasks and automate important business duties like invoicing and staff workload management through the use of care management softwares in hospitals or care institutions.

### Case Study: Tajikistan National Action Plan for Assistive Technology

Tajikistan has a national action plan on rehabilitation and for scaling up access to AT, supported by the WHO. The Government signed the Convention on the Rights of Persons with Disabilities in March 2018, spelling out amongst others, Tajik government's commitment to increase its people's access to AT. In 2016, the multisectoral National Programme on Rehabilitation of Persons with Disabilities 2017–2020 was adopted. Free assistive products are to be provided by the State Enterprise of Orthotics and Prosthetics.

A national list of 30 priority Assistive Products include items such as wheelchairs, hearing aids and prosthetics. Today, over 7000 products of 23 different types have been procured, and distributed to the National Orthopaedic Centre and four ongoing pilots in primary health centres. Other measures in the Action Plan include:

- increasing access to high-quality assistive products by increasing government funding
- increasing awareness and enhancing knowledge among stakeholders on assistive product and their benefits
- establishing maintenance and repair facilities
- training staff in delivery of assistive technology services
- improving procurement by expanding the range and increasing the quality of assistive technology.

A new project launched in January 2023 aimed to expand the reach of AT to 15,000 people and their families by 2028. The Tajik government has already quadrupled its AT budget in recent years, from \$200,000 to \$850,000, and is dedicated to developing a National Assistive Technology Centre. The capacity of the market to provide locally produced AT products and services has also increased significantly over the last few years, and the range of AT products has expanded to include prosthetics and orthotics services.

Source: <https://www.who.int/europe/news/item/17-02-2023-who-helps-tajikistan-to-strengthen-rehabilitation-services-and-assistive-technology->

# CARE WORK AND CARE WORKERS



## The Care Workforce as an Enabler

Care work is broadly defined as consisting of activities and relations involved in meeting the physical, psychological and emotional needs of adults and children, the elderly and individuals with disabilities or special needs. It follows that the type of care work delivered and the skill-set required for each of the varied needs will be different from one another. Yet the general public's perception is that care work is simply a natural extension of one's social roles or functions at home and therefore the caregiver does not require extensive value-adding training or equipment to perform his/her tasks.

Care work is also often discussed according to the caregiver's status: **unpaid or paid**. A substantial amount of care work is performed on an unpaid basis in the domestic sphere (household production). An estimation by the International Labor Organization (ILO) (2018) shows that unpaid care work for household production entails 16.4 billion hours of work time annually (equivalent of approximately 2 billion jobs, assuming an 8-hour work day). Three quarters of these unpaid work hours is performed by women.

Care work that is performed on a paid basis are usually in the public or market spheres, in health care and social services, education, domestic and personal services. According to ILO (2018), the estimated size of the paid Care Economy corresponds to 381 million jobs around the world, or 11.5% of global employment. Two thirds of paid care workers in the paid care sector are women.

### ILO's '5R Framework for Decent Care Work'

#### Recognize

Initiatives that increase visibility and recognition of paid and unpaid care domestic activity as "productive" work that creates real value and contributes to economies and societies.

#### Reduce

Products and initiatives that reduce the time and burden of unpaid care and domestic work.

#### Reward

Products, services and initiatives that ensure that care and domestic workers are paid fairly and can progress in their careers, providing them with financial reward and security.

#### Redistribute

Services and initiatives that:

- 1) Redistribute care work from individuals to public and private sector entities, and
- 2) Redistribute care and domestic work within the household

#### Representation

Promote freedom of association for care workers and employers.  
Promote social dialogue and strengthen the right to collective bargaining in care sectors.  
Promote the building of alliance between trade unions representing care workers and civil society organizations representing care recipients and unpaid carers.



## 1. Assessing Caregivers' Needs and Making Sure They are Met

Essentially, by mapping and measuring care-giving burdens, stakeholders (at the family, healthcare provider, local community and government domains) may be able to develop interventions to alleviate the caregiver burnout as far as possible. There are different types of support e.g. caregiver counselling, professional training, self-help groups, ambulant nursing services or technology and AI-assisted care devices, depending on the caregiver. Some families engage respite care providers to give short-term relief for primary caregivers, giving them time to rest, travel, or spend time with other family and friends.

### Case Study: Assessing Caregivers' Needs

Despite everything that has been mentioned, a proper assessment of caregivers' emotional well-being, work demands (being mostly an all-round support to the care-recipient), time devoted to different elements of care-giving and care costs burdens has never really been done in Malaysia. For example, the Oberst Caregiving Burden Scale <sup>1</sup>, which is a 15-item questionnaire that rates caregiving tasks based on type, time spent and difficulty of tasks, is widely used to measure caregiver burden.

The Screen for caregiver Burden <sup>2</sup> is a longer survey which measures perceived distress associated with care-giving tasks, whereas the Studying the Costs of Parental Expenses <sup>3</sup> (SCOPE) exercise measures time spent performing specific care-giving activities. The calculated total time spent care-giving is then used to find the opportunity costs (in currency) of family caregivers. Needs of caregivers caring for individuals with mental health issues can be measured by using questionnaires such as caregivers' Needs Assessment for Schizophrenia <sup>4</sup>. The questions cover caregivers' perceptions of needs related to communication and planning with health and social service professionals, assistance in care-giving tasks and financial support.

Examples of national survey data which have care-giving as a focus include Canada's General Social Survey on caregiving and care receiving, the Caregivers' UK annual survey of caregivers, the Australian Survey of Disability, Ageing and Caregivers, the Household, Income and Labour Dynamics in Australia Survey, the United States' Caregiving in the U.S. and the U.S. Behavioural Risk Factor Surveillance System.

### Case Study: United Kingdom's Caregivers Legal Provisions and Action Plan

The UK Care Act 2014 requires the government to deliver a wide range of sustainable high-quality care and support services, including support for unpaid caregivers. The government is required to undertake a caregiver's assessment of any caregiver who appears to have a need for support in executing their duties e.g. accommodation in a care facility or care and support at home or in the community; counselling and other types of social work; goods and facilities; information, advice and advocacy.

If a caregiver is assessed as having needs that are eligible for support, then the government has a legal duty to meet these needs on request from the caregiver and to draw up a support plan on a case-by-case basis. The local authority can provide services itself or arrange services through another organization. Depending on their financial situation, the caregiver may have to contribute toward or pay the full cost of the services.

Source: [www.legislation.gov.uk](http://www.legislation.gov.uk)

1 Oberst, M. T., Thomas, S., Gass, K., & Ward, S. (1989). Caregiving demands and appraisal of stress among family Caregivers. *Cancer Nursing*, 12, 209–215.

2 Vitaliano PP, Russo J, Young HM, Becker J, Maiuro RD. The screen for Caregiver burden. *Gerontologist*. 1991 Feb;31(1):76-83. <https://pubmed.ncbi.nlm.nih.gov/2007478/>

3 Genereaux, D., Bansback, N., & Birch, P. (2016). Development and pilot testing of a tool to calculate parental and societal costs of raising a child with intellectual disability. *Journal of Intellectual and Developmental Disability*, 41(1), 11–20. <https://doi.org/10.3109/13668250.2015.1087479>

4 Wancata, J., Krautgartner, M., Berner, J., Scumaci, S., Freidl, M., Alexandrowicz, R., & Rittmannsberger, H. (2006). The "Caregiver's needs assessment for Schizophrenia": An instrument to assess the needs of relatives caring for schizophrenia patients. *Social Psychiatry and Psychiatric Epidemiology*, 41(3), 221–229. <https://doi.org/10.1007/s00127-005-0021-3>

## 2. Supporting Unpaid Caregivers Financially

Financial support such as care allowance, paid leave or in kind such as vouchers, respite services, social insurance contributions, or unpaid care leave are essentially to ensure that the unpaid caregivers are able to meet his or her own needs and wants. The perception that care-giving is primarily a personal 'labour of love' and that caregivers already receive positive non-material benefits from care-giving is a major reason why it is very difficult for the Malaysian public to conceptualize care-giving as a deliberate productive activity and therefore has an opportunity cost. Opportunity cost represents the potential benefits that a person misses out on when choosing one alternative use of his time or talent over another.

Cash-for-care assistance disbursed by JKM may constitute one form of financial support for the unpaid care-giving. However, the quantum is relatively too small to allow outsourcing any type of care service, or compensate for income forgone or reduced while taking on full-time care work. Nonetheless, cash-for-care policies does hold a transformative potential if sufficiently large in value, to provide families options when selecting the type of care they want to receive. Finland, Sweden and the United Kingdom's system for cash-for-care benefits has shown to substantially improve disabled people's independent living, for instance by enabling them to employ personal assistants.



### Case Study: Caregiver's Allowance, UK

Caregiver's Allowance is a benefit for people who are providing regular and substantial care to somebody who is not able to look after themselves on a daily basis, i.e. for 35 hours a week or more. Caregiver's Allowance is a taxable benefit that forms part of a person's taxable income. Caregiver's Allowance is paid at a standard rate for the person making the claim. The 2023/2024 Caregiver's Allowance rate is £76.75 a week. This caregiver benefit is administered as a means- tested benefit.

This also means that there is no cap on how much a person can earn from work while still being entitled to Caregiver's Allowance. The caregiver can choose to be paid weekly in advance or every four weeks. A person is not eligible to receive caregiver's allowance or a lower amount if already receiving the following benefits; state pension, contributory employment and support allowance, contribution-based jobseeker's allowance and maternity allowance.

## 3. Legal Protection for Care Workers

Care-related international labour standards provide a framework that can advance transformative gender equality and promote good-quality care work. They address the structural barriers faced by individuals – mainly women – with care needs and responsibilities and provide guidance for achieving decent work for all. It is therefore of paramount importance that Malaysia embeds elements of care-related international labour standards which are relevant for care work and care workers into its care policies. Regulating the profession of social work (the Malaysian Social Work Profession Bill) is critical to inform the public of social work's professional standards, expectations (qualifications and competencies), and consequences for non-compliance. The end result is recognition of social work as a valued profession, ultimately encouraging recruitment and retention. Migrant care/domestic workers issues must be resolved urgently: false or absence of work permits and proper training, excessive working hours, unpaid overtime, low wages, restricted movement of the migrant workers and the absence of a dispute resolution mechanism that can protect both the employer and the migrant workers' rights fairly, amongst others.

## 4. Using Technology to Reduce Time and Burden of Caregiving

Digital health and digital technologies are disrupting how we think about the health and well-being of older adults around the world. Funding for innovations and commercialization will help push the envelope on what is possible in care, both at care facilities and at home. In addition, the ability to capture and share health care data, will help enable a coordinated care plan that does not burden the caregiver. Technology helps to direct caregivers to the right services, training as well as communication channels and support.

## 5. Designing Work-Proof and Interdisciplinary Training for Care Workers

Care education is becoming more interdisciplinary, with courses covering a wide range of topics such as psychology, sociology, gerontology, childcare pedagogy, business administration, marketing and finance. This approach helps caregivers develop a more holistic understanding of the caregiving industry. Another important enabler is to get employers to offer apprenticeships and traineeships, and for the trainees to receive funding support for the costs of such training.

### Case Study: Portable Care Certificates, UK

The Care Certificate was introduced in April 2015, following the Cavendish Review (2013), which proposed common training standards for healthcare assistants and social care support workers, with a certificate, written in plain English, to reduce complexity and make it easier to ensure a fundamental standard of training in social care. While the certificate is not mandatory to work in the care sector, but it is used by most care businesses when recruiting and assessing members of staff. It is made up of 15 care certificate standards that define the knowledge, skills and behaviours that are expected from people performing different roles in health and social care. In order to obtain the certificate, the individual will need to undergo physical or online training (around 12 weeks), and then will be assessed by a Care Quality Commission (CQC) Care Certificate Assessor. The Care Certificate is designed to be 'portable', i.e. it can be taken by a care worker from one employer to another.

*Source: Skills for Care, United Kingdom*

## 6. Minimizing Care Worker Turnover Rates

The rising number of care-related social enterprises and private sector investments have resulted in job creation and multiple work opportunities in Malaysia. However, high employees' turnover rates could adversely impact the daily organizational operations and finances given the high costs incurred in selecting and training new recruits. Care workers tend to resign due to low manager support, heavy workloads, and low compensation and other issues mentioned in earlier sections of the chapter. Just as in any other industry, company HR practices must seriously examine factors contributing to turnover intention and address them. This is critical to

- (i) minimize employee turnover, and
- (ii) the loss of competent workers and improve staff retention.



## 7. Developing a Training Strategy for the Care Economy

In order to meet the demands for qualified care practitioners in the future, the government needs to raise its ambition in terms of graduate numbers and range of offerings to include more nuanced, market-oriented, professional study programmes. Flexible study modes and collaboration with Community Learning Centres and professional certification providers (universities and colleges) are promising avenues to explore. Paper qualification will also help facilitate a more reasonable career pathway planning and progression for the care worker.

For existing or aspiring individuals in the Care Economy space in Malaysia, care-related training currently can be found in a number of settings and modalities. Refer to the Landscape Analysis report for a comprehensive illustration of the four types of course provisions.

- (i) Full-time academic programs at Universities
- (ii) Short-term courses offered by academic institutions
- (iii) Short-term courses managed by ministries but delivered by the private sector
- (iv) Short Terms courses delivered by private organizations or NGOs

### Case Study: Social Care Career Pathway, UK

The pathway provides a vision for care workers across all segments of social care. The pathway will provide an evidenced and recognized platform for career progression and individual learning. By setting out an incremental route to build their skills and experience, the pathway should enable our adult social care workforce and employers to be ambitious in developing and recognizing people's contribution, providing opportunities to move from novice through to specialist and practise leadership roles, and on to potentially becoming a registered practitioner. The care workforce pathway outlines the knowledge, skills, values and behaviours needed to work in adult social care as well as the learning and development options the workforce has at each role category. In reality, roles within each category may have different job titles but they can be sequenced as follows:

- role category A: new to care
- role category B: care or support worker
- role category C: supervisor or leader
- role category D: practice leader

The UK Government, with the support of corporate funding, can provide a targeted number of training spaces across all types of training providers. Care workers can be registered in a database for the public to access when looking for qualified care practitioners.

*Source: Guidance Care workforce pathway for adult social care: overview, Department of Health and SocialCare, United Kingdom.*



# FINANCING THE CARE ECONOMY

## 1. Developing a Social Compact on Financing Care

A form of social compact must be proposed, which calls for sharing the responsibility of investing in care. The inclusive social compact must also include supporting the health needs of the poor. Improvements to the Bantuan Warga Emas scheme, for instance, as the most basic social safety net for the elderly, should prioritize increasing its adequacy and reach, as well as the effectiveness of community-based care programmes for the elderly. Calls have been made in the past to benchmark cash assistance amounts against certain standards of living or existing minimum old-age pension values. To reduce exclusion and inclusion errors, ideally all cash assistance programmes should be streamlined on a fully integrated social protection platform. Complementary funding sources such as zakat, waqf, corporate foundations and private philanthropy should also be mobilized to develop/rehabilitate infrastructure for the elderly in public spaces, as well as implementation of programmes promoting healthy aging and family-based care.

## 2. Health White Paper (HWP) 2023

In the HWP, there are recommendations for designing a sustainable contributory model for health, including targeted assistance and subsidy mechanisms. The aim is to provide the population with a benefit package for a standard set of affordable fees with the same level of care, provided by public, private or non-profit healthcare sectors. The benefit package will encompass a range of evidence-based services, including promotive and preventive services, from primary healthcare up to hospital care, including potentially from digital health providers. This is a great opportunity for the different government ministries in charge of various aspects of care to work together to **include care-related services and products** (e.g. home-based or non-home-based care and assistive technology) in the benefit package. The scope of the benefit package should address the realities of ageing trends and various long-standing unmet care or rehabilitation needs of the PWDs.

The HWP also proposes that a dedicated health fund be established, and managed by the not-for-profit professional Strategic Purchaser governed by clear reporting standards and robust regulatory oversight. The latter will be critical to help improve the level of confidence of the public towards the private-driven Care Economy market. If care-related services and products are included in the benefit package, it will greatly boost pooling of health and financial risks within the population as well as higher cross-subsidization among different income groups in the population. A professionally managed and well-governed health fund will also offer better structure, transparency, and accountability in the health and care systems.



### 3. Models for Financing Care Sustainably

#### Case Studies: Three Models for Financing Care

##### 1. Tax-funded Care: Denmark

The Denmark example shows how all the three levels of government (federal, regional and local) interact to deliver health and care services in the country's universal coverage system. Public expenditures accounted for 84% of total health spending in 2016, representing 8.7% of GDP. Overall, health care expenditures including for long-term care represented 10.4% of GDP. Denmark's progressive national income tax means that individuals can be taxed up to maximum of 52% of their income. This is inclusive of municipal taxes which are set independently by municipalities. The average rate of municipal tax is 25% and is charged on taxable income.

The Danish welfare state system for care provisioning is facing the same pressures as other countries. Health expenditures are growing faster than predicted due to increased availability of new and costly technologies combined with difficulties in prioritizing, lack of productivity growth in the health care sector and a shortage of personnel, leading to wage increases, increased demand for quality in health care, increases in the share of elderly in the population and their use of the health care system, and later retirement of their adult children who could otherwise provide informal care. Current policies are leaning toward incentivizing a continued transition from hospital-based care to primary care and home-based care.

##### 2. Care through the Social Insurance Pension System: Singapore

Singapore provides universal health care coverage (UHC) to all citizens, and adopts a multi-layered system, with participation from the individual, the government, private players, and the insurance industry. Complementing the UHC, individual health care and old-age insurance schemes are built into its Central Provident Fund (CPF) system. For instance, 8% and 10.5% of the employees' monthly salary goes to the MediSave Account (MA), which can be used to pay for selected outpatient treatments, hospitalisation and day surgery expenses, rehabilitative care as well as pay insurance premiums of additional insurance plans in the CPF health care financing scheme. ElderShield is a long-term care insurance scheme targeted at severe disability, especially during old age. The scheme provides monthly cash payouts for up to 72 months to help pay out-of-pocket expenses in the event of severe disability.

CPF meets its members' old-age needs in two ways: monthly payouts and the option to make retirement withdrawals for immediate cash needs. On top of this, all members are protected by CPF Lifelong Income for the Elderly (CPF LIFE) scheme, which is a national longevity insurance annuity scheme. Members can choose from three CPF LIFE plans: Escalating, Standard, and Basic; work out the monthly payouts and premiums needed, and boost their savings by making cash top-ups and CPF transfers to their Retirement Account. Basically, longevity insurance provides protection to the members and CPF against the risk that members live longer than expected. Under the Matched Retirement Savings Scheme (MRSS) provision, a member who is 55 to 70 and have yet to meet the Basic Retirement Sum (BRS), can make cash top-ups to ensure higher retirement payouts. The Singapore Government matches every dollar of cash top-ups made to the RA account, up to a maximum grant of \$600 a year. The Silver Support Scheme (SSS) provides cash supplement to retirees who earned low incomes during their working years and therefore have relatively insufficient amount of retirement funds. Retirees who qualify for SSS need not apply for the scheme but will automatically receive their cash supplement on a quarterly basis.

### 3. Mandatory Medical and Long-term Care Insurance: Japan

The principles underlying Japan's statutory health insurance system programme are universality of coverage, financing through social insurance, freedom of choice by service users, and reliance on a private-sector driven market. The system incentivizes private-companies to invest in hospitals and clinics, particularly in the more densely populated areas. Japan has more than 8,300 hospitals, one of the highest population-to-beds ratios in the world. More than 85% of the hospitals are owned by private health companies.

Medical fees are strictly regulated by the government to keep them affordable, and revised regularly through negotiations between the Health Ministry and physicians. On top of this, the social protection system ensures that monthly and annual household out-of-pocket payments do not exceed a ceiling set for households based on their income levels. Benefits of the medical insurance scheme include hospital, primary, specialty, and mental health care and home care, covering psychological tests and therapies, pharmaceuticals, and rehabilitative activities, as well as prescription drugs.

In 2000, the government introduced a national compulsory Long Term Care insurance (LTC-i) administered by municipalities to provide care to those aged 65 and above, based on their needs. The system is part-funded by insurance premiums (mandatory to everyone aged 40 years and above), and part-funded by national and local taxation. Benefits cover services such as home care, respite care, and domiciliary care. Users are still expected to contribute a 10% co-payment towards the cost of the services.

A person's eligibility to claim the benefits is assessed based on their current cognitive, physical, and mental status. The level to which people are assigned determines the type of LTC service they receive, as well as the fee for each service in the LTC insurance system. Financial assessment is

also carried out, where the elderly person will be designated to one of the six income categories. Level 1 and 2 are for people who are on welfare assistance. Elderly who are members of households exempted from municipal taxation are assigned to Level 3 and so on.

The result of instituting these schemes is that people in Japan can access a wide range of institutional and community-based services. This risk-pooling approach could also lead to greater coverage and access to social care as it has done in Japan. Since, eligibility is universal and premiums are compulsory for all, this also means there is less stigma involved for the elderly to seek paid home-based or institution-based care services.

Nonetheless, as Japan evolves into an ultra-elderly society (the population of elderly age over 65 years will reach 35% in 2025), medical and nursing care benefit costs are expected to escalate. The Japanese Government has already implemented some important reforms—most notably a macro-indexing mechanism in the pension system with the aim of controlling the aggregate pension spending. Some of the options the government is considering or already implementing are: to introduce higher co-payments for wealthier adults, increase the country's consumption tax rate, to make the entry-level criteria for care to be stricter and to emphasize home and community-based services and delay an individual's need for assisted living for as long as possible (by keeping healthy or by continuing to be cared for by family members at home). The system already supports the family with subsidized services e.g. adult day care, home help, respite care and visiting nurses, but the rates could be increased to make the home-based options more financially attractive. This will help reduce the number of service users, while the government focuses on delivering necessary services more efficiently.



## 4. Increasing Options for Financing Own Old-age Care through Reverse Mortgage and Elderly Care Insurance

With the state of individual EPF savings and the lack of long-term care insurance in Malaysia, many elderly people struggle to find ways to survive in the face of rising inflation. In an effort to increase their incomes and remain in their homes, some turn to tapping the equity accrued in those homes via a special form of financing i.e. the reverse mortgage or purchase elderly care insurance.

Typically, homeowners use reverse mortgages to supplement their retirement income without putting any burden on their children. They can also use the payments to cover home repairs or medical expenses. A reverse purchase allows homeowners to use the proceeds from their reverse mortgage to buy a new home as a primary residence. This gives them the option to downsize, or relocate from their current home as needed. In each situation where regular income or available savings are insufficient to cover expenses, a reverse mortgage can keep the elderly from turning to high-interest lines of credit or other more costly loans. More importantly, a reverse mortgage makes it possible to stay in their homes as they age.



### Case Study: Reverse Mortgage Scheme by Cagamas Malaysia

Skim Saraan Bersara (SSB) retired homeowners (aged 55 and older) can receive monthly payments which can be used for any purpose, such as medical-related expenses and other necessities to make their retirement years more comfortable. The loan must be settled upon the demise of the borrower or joint borrower, whichever occurs later but no repayment whatsoever is required during their lifetime. Any residual balance from the proceeds from sale of the property will go towards the heirs of the homeowner. The property must be owner-occupied and be homeowner's primary place of residence.

Generally, a very small percentage of the Malaysian population has private health insurance policies and have been able to use insurance reimbursements to pay for their health needs. Elderly care insurance (including for long-term institutionalized care) is currently not available in the Malaysian market. Insurance companies are wary of introducing LTC insurance due to the demographic profile: longer life expectancy but high prevalence of poor health at advanced age. Malaysia is ageing at a high rate of disability, with dementia being a major cause of disability among older Malaysians, followed by musculoskeletal and visual-hearing conditions.

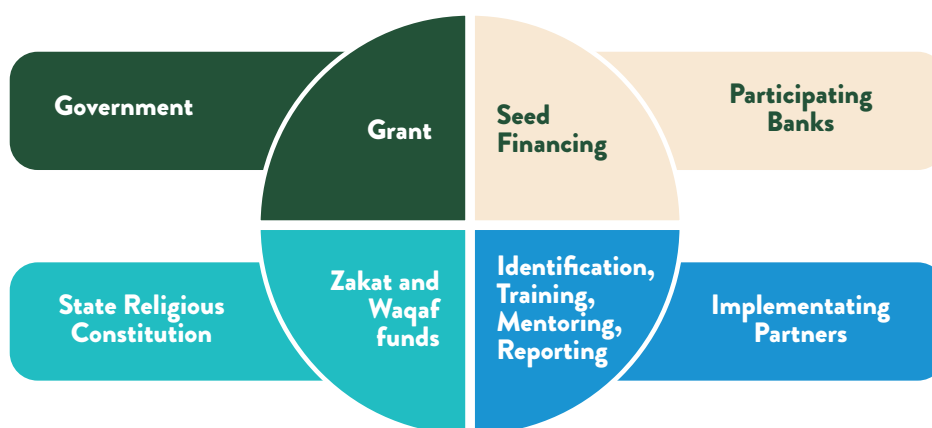
### Case Study: Private Health Insurance Australia

The Australian government puts policies in place to encourage enrolment in private health insurance. One is through a tax rebate (8.5%–33.9%, depending on age and income) and another which is an income-based penalty payment (1%–1.5%) for not having private insurance. This penalty, known as the Medicare Levy surcharge, applies only to singles with incomes above \$90,000 and families with incomes above \$180,000. Nearly half of the Australian population in 2021 (44.5%) had private hospital coverage. However, coverage varies by socioeconomic status: Private health insurance covers just one in five (22%) of the most disadvantaged 20 percent of the population, but more than 57 percent of the most advantaged population quintile.

## 5. Using Blended Finance and Micro-credit Schemes to Support Care Micro, Small and Medium Enterprises (MSMEs)

For enterprises serving low-income market segments, one funding option to consider is iTekad or models that follow its blended finance approach. iTEKAD schemes which are available at 11 Islamic banks in Malaysia are a social finance pilot programme that combines investment and financing elements with micro-SME training, business mentorship, and impact monitoring. The blended finance structure, combining government, philanthropic and commercial funds, together with more than 50 government and non-government implementation partners is a perfect example of Private-Public-Philanthropic partnership in action.

Partnership model Underlying the iTekad Scheme



Microcredit is a common form of microfinance that involves an extremely small financing amount or loans given to help individuals start or expand a small business. Microcredit is also known as ‘microlending’ or ‘microloan’. Two important and widely used microfinance facilities in Malaysia are Tekun Nasional and Amanah Ikhtiar Malaysia.

## 6. Making the Capital Market Work for Care: Venture Capital and Angel Investors

Entrepreneurs with innovative care business vision may try to look for a larger and longer funding sources. One place to look is the venture capital and angel investors space. Venture capitalists and angel investors provide initial seed money for startup businesses, usually in exchange for ownership equity in the company.

### Case Study: Naluri Life

Naluri’s integrated digital care solution combines support for physical and mental health to address multiple chronic health conditions and delivers quantifiable health outcomes. The company offers employee assistance programme consultations, performance coaching and training, as well as health improvement programmes on mental health, obesity, diabetes, hypertension and cholesterol. It is a Malaysian startup that was founded in 2017 and is currently based in Kuala Lumpur. To date, the company claims to serve more than 75 of the region’s leading employers in industries that include financial services, oil and gas, property development, telecommunications, tertiary education and aviation. Naluri offers healthcare payors effective corporate wellness solutions across Malaysia, Singapore, Thailand and Indonesia, with imminent plans for expansion into the Philippines, Hong Kong and Australia. The business has secured an impressive amount of startup funding since being founded, with the startup raising capital from 17 investors through three funding rounds.

## 7. Expanding Fiscal Incentives to Care Economy Enterprises

Fiscal incentives are used to influence the behaviours of people and firms to act in a particular way by offering financial reward or savings upon evidence of the desired behaviour. Also referred to as tax incentives, these incentives come in a variety of forms and usually involve the reduction or periodic freeze of tax payments. Various types of fiscal incentives (tax exemption, or tax deduction) can be used by care-related businesses in the existing tax system. [For a full list of tax items and investment promotion schemes, refer to the Malaysian Care Economy: A Landscape Analysis report published by UNDP Malaysia.]

Certain tax incentives in the form of double deduction for qualifying expenditures are available to boost targeted sectors in the economy. Many of them come under the health, education and care banner. Companies are eligible for a tax deduction of twice the amount incurred (i.e. 200% tax deduction of the qualifying expenditure).

| Tax exemptions applicable to care-related business in Budget 2024                                                                                                                                                                                                                                                                                                                                                     | Existing Double tax deductions                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>(i) Social Enterprises: Income tax exemption on all income for applications received by MOF from 1 January 2024 until 31 December 2025.</li> <li>(ii) Industrial Building Allowance (IBA) for senior citizens private nursing care home.</li> <li>(iii) Tax deduction under Section 44(6) for contributions to approved senior citizens private nursing care homes.</li> </ul> | <ul style="list-style-type: none"> <li>(i) Sponsorship of scholarship to student : can be used to promote care-related course and skills training.</li> <li>(ii) Employment of disabled employees.</li> <li>(iii) Employment of senior citizens, ex-convicts, parolees, supervised person and ex-drug dependents.</li> <li>(iv) Workplace Childcare Centres.</li> </ul> |

Under the Promotion of Investments Act (PIA) 1986, the main criterion for a company to enjoy tax incentives is that the company must be 'desirous' of establishing or participating in a promoted activity or producing a promoted product. Table below provides a list of incentives already in place coordinated by the Ministry of Investment, Trade and Industry (MITI) suitable to be expanded to Care Economy investors or business owners.

| Investment Promotion Schemes                                     |                                                                                   |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Pioneer Status (PS) and the Investment Tax Allowance (ITA)       | Incentives for strategic projects                                                 |
| Incentives for high technology companies                         | Incentive for Industrialised Building System (IBS)                                |
| Incentives For Research & Development (R&D)                      | Tax Exemption on Educational Equipment and Double Deduction for Approved Training |
| Incentives for small-scale companies                             | Industrial Building Allowance (IBA)                                               |
| Reinvestment allowance                                           | Incentives for Training                                                           |
| Accelerated Capital Allowance                                    | Tax incentive for angel investors                                                 |
| Automation Capital Allowance                                     | Deduction for acquiring Proprietary Rights                                        |
| Investment incentives for specific industries                    | Import Duty and/or Sales Tax Exemption                                            |
| Incentives for the Machinery and Equipment (M&E) Industry        | Incentives for the Biotechnology and Bio-based industry                           |
| Industrial Building Allowance (IBA) for employees' accommodation | Facilitation and incentives for the services sector                               |

# KEY TAKEAWAYS

Increased investment in the Care Economy can result in significant dividends, enhancing productivity, improving health, education, childcare, and elderly care, and promoting social cohesion across race, ethnicity, gender, and socioeconomic divides. It can also be proven that the depth and breadth of the Care Economy means that it has the potential to become a new source of economic growth, and job and income creation for the country. In a nutshell, by creating incentives to boost the Care Economy, the Government can create economic and social ripple effects beyond its initial intervention costs.

In the long run, increased payments and enhanced support systems for paid caregivers can translate into improved working conditions and higher incomes (ILO's Carework Recognize and Reward objectives). Families can turn to the Care Economy to outsource suitable care needs in a timely and confident manner in order to mitigate caregivers' time poverty, mental fatigue and lack of sufficient physical or emotional assistance. Increased availability of affordable care can alleviate the burden on unpaid caregivers, freeing up time for parents, enhancing their productivity at work, and has the potential to create jobs while reducing gender gaps in employment. Investing in the Care Economy can take diverse forms, and the resulting solutions can be tailored to the specific needs of the sector:

Increasing the accessibility, quality, and affordability of professional caregivers in both home-based and institutional settings, enabled by community-based or marketplace solutions.

Tapping into the Government fiscal resources in a more optimal way and using the credit and capital market to raise funding for Care Economy businesses.

Regulatory and policy frameworks can be strengthened to promote workplace practices that support employees with care responsibilities, such as offering paid leave, flexible hours, or at-home working opportunities, as well as providing facilities or additional financial assistance for kindergartens.

Technology can play a vital role in enhancing care provision, through the use of elderly care robots and smart companion robots, sensor-based tracking and warning systems, and online platforms that connect users with various care services.

Channels for knowledge sharing, legal and emotional support can be created to address the specific challenges of caregivers and those in need of care.

Increasing the accessibility, quality, and affordability of professional caregivers in both home-based and institutional settings, enabled by community-based or marketplace solutions.

Providing high quality care that people need is a sign of a civilized and healthy society and that in itself is a sufficient condition to advocate for public investment and advocacy in high quality care services.



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