



Impact Entrepreneurial Ecosystem in Southeast Asia

A SHELTERTECH ACCELERATOR SCOPING STUDY



Terwilliger Center for
Innovation in Shelter



UNLOCK IMPACT

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**Terwilliger Center for
Innovation in Shelter**



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Abbreviations

ACE	ASEAN Centre of Entrepreneurship	CMP	Community Mortgage Program
ACE	African Clean Energy	CRC	Conditional Registration Certificate
ADB	Asian Development Bank	CSIE	Centre for Social Innovation and Entrepreneurship
AIM	Agensi Inovasi Malaysia	CSIP	Centre for Social Initiatives Promotion
AKPF-DLP	Abot-Kaya Pabahay Fund Developmental Loan Program	CSO-SEED	Strengthening Civil Society Participation in Social Enterprise Education and Development Programme
ANDE	Aspen Network for Development Entrepreneurs	CSR	Corporate Social Responsibility
ANGIN	Angel Investment Network Indonesia	CWEA	Cambodia Women Entrepreneurs Association
ASEAN	Association of Southeast Asian Nations	DFAT	Department of Foreign Affairs and Trade
AVPN	Asian Venture Philanthropy Network	DFI	Development Finance Institution
B2B	Business to Business	DFID	Department for International Development
B2C	Business to Consumer	DNES	Da Nang Business Incubator
BEA	Building Efficiency Accelerator	DOST	Department of Science and Technology
BFT	Build for Tomorrow	DOST-PCIEERD	DOST-Philippine Council for Industry, Energy, and Emerging Technology Research and Development
BoP	Bottom of the Pyramid	DTI	Department of Trade and Industry Philippines
C4D	Capital 4 Development	DUHD	Department of Urban and Housing Development
CCF	Central Co-operative Fund	EDB	Economic Development Board
CDC	Council for the Development of Cambodia	EME	Emerging Market Entrepreneurs
CFS	Community Foundation of Singapore	EPIC	Extraordinary People Impacting Communities
CIA	Central Intelligence Agency	ESG	Environmental, Social and Governance
CIESF	Cambodia International Education Support Foundation	FDI	Foreign Direct Investment
CIV	Centro de Innovacion a la Vivienda	FLPP	Fasilitas Likuiditas Pembiayaan Perumahan
CJCC	Cambodian-Japan Cooperation Centre		
CLC	Centre for Liveable Cities		
CLMV	Cambodia, Laos, Myanmar and Vietnam		

FMCG	Fast-Moving Consumer Goods	MaGIC	Malaysian Global Innovation and Creativity Centre
FPT	Financing and Promoting Technology	MAIN	Manila Angel Investors Network
FSSI	Foundation for a Sustainable Society, Inc.	MasSIVE	Malaysia's Social Inclusion & Vibrant Entrepreneurship
GAP	Global Accelerator Program	MBI	Mekong Business Initiative
GCTISD	Global Centre for Technology, Innovation, and Sustainable Development	MCV	Mercy Corps Ventures
GDP	Gross Domestic Product	MDF	Medium-Density Fibreboard
GEF	Global Environment Facility	MED	Ministry of Entrepreneur Development
GHB	Government Housing Bank	MEDA	Mennonite Economic Development Associates
GIIN	Global Impact Investing Network	mLab	Mobile Applications Laboratory
GSB	Government Savings Bank	MoC	Ministry of Commerce
HDB	Housing Development Board	MSME	Micro, Small and Medium Enterprise
HIPs	High Impact Programmes	MSP	Mekong Strategic Partners
HNWI	High-Net-Worth Individuals	MVP	Minimum Viable Product
ICT	Information and Communications Technology	NATIF	National Technology Innovation Fund
IFC	International Finance Corporation	NGO	Non-Governmental Organisation
IHC	Imperial Homes Corporation	NUS	National University of Singapore
IIX	Impact Investment Exchange	NVPC	National Volunteer & Philanthropy Centre
IMC-SDG	Inter-Ministry Committee on SDGs	OJK	Financial Services Authority (Indonesia)
IPP	Innovation Partnership Programme	OREEI	One Renewable Energy Enterprise Inc.
ISIP	Innovation for Social Impact Partnership	P2P	Peer-to-Peer
KPI	Key Performance Indicator	PARMS	Philippines Alliance for Recycling and Material Sustainability
KWAP	Kumpulan Wang Persaraan	PhilDev	Philippine Development Foundation
LDCs	Least Developed Countries	PHP	Philippine peso
LGUs	Local Government Units	PII	Private Impact Investor
LLP	Limited Liability Partnership	PLUS	Platform Usaha Sosial
LPG	Liquefied Petroleum Gas	PPP	Public-Private Partnership
M&As	Mergers and Acquisitions		

PRESENT	Poverty Reduction Through Social Entrepreneurship Bill	SIX	Social Impact Exchange
R&D	Research & Development	SME	Small and Medium-sized Enterprise
raiSE	Singapore Center for Social Enterprise	SOF	Social Outcome Fund
RIE	Research, Innovation and Enterprise	SPOs	Social Purpose Organisations
RISE	Regional Investment Support for Entrepreneurs	SRI	Socially Responsible Investment
RUPP	Royal University of Phnom Penh	SSB	Sustainable Singapore Blueprint
SADIF	Smart Axiata Digital Innovation Fund	STA	ShelterTech Accelerator
SALT	Sustainable Alternative Lighting	TBN	Transformational Business Network
SDG	Sustainable Development Goal	TCIS	Terwilliger Center for Innovation in Shelter
SDSN	Sustainable Development Solutions Network	THB	Thai Baht
SE.A	Social Enterprise Accreditation	TMT	Technology, Media and Telecom
SEAF	Small Enterprise Assistance Fund	TSEO	Thai Social Enterprise Office
SEC	Securities and Exchange Commission	TYPN	Thai Young Philanthropist Network
SeDAM	Social Enterprise Development Association Myanmar	UNCDF	United Nations Capital Development Fund
SES	Synergy Efficiency Solutions	UNDP	United Nations Development Programme
SET	Stock Exchange of Thailand	UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
SETTHSI	Thailand Sustainability Investment Index	UNICEF	United Nations Children's Fund
SEV	Social Enterprise Ventures	USAID	United States Agency for International Development
SGBs	Small and Growing Businesses	USD	United States Dollar
SGX	Singapore Exchange	VCCI	Vietnam Chamber of Commerce and Industry
SIAP	Social Innovation Acceleration Program	VSV	Vietnam Silicon Valley
SIDA	Santa Clara Integrated Development Association	WASH	Water, Sanitation & Hygiene
SIFEM	The Swiss Investment Fund for Emerging Markets	WWF	World Wildlife Fund

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Executive Summary

Southeast Asia as a region is poised to be one of the largest economic blocs globally with a combined population of 640 million. Recent years of consistent economic development has sparked a growth in entrepreneurship across the region, accelerated by a young and tech-savvy population and increased government support for private sector growth, high foreign direct investment inflows, urbanisation, and technological advances.

Impact Ecosystem: The ecosystem for social or impact entrepreneurship is steadily growing in the region with an increasing number of entrepreneurs, intermediaries, and impact capital providers. Impact investment capital of over USD 12 billion has been deployed in the region by both private impact investors and development finance institutions, with microfinance seeing the most active investments. Impact entrepreneurs address some of the most intractable social and environmental challenges and the success of these enterprises are key to achieving sustainable development across the globe, and especially in the developing markets, like Southeast Asia.

Affordable Housing: Secure, adequate, and affordable shelter for all is key to sustainable development. Today, 22% of the region's population lives in cities of more than 200,000 inhabitants – an additional 54 million people are expected to move to cities by 2025. This rapid urbanisation is creating huge demand - adequate and affordable shelter for all is integral to achieve the Sustainable Development Goals. The unmet demand brings a huge opportunity for investors and entrepreneurs alike.

Shelter Entrepreneurship: Entrepreneurs addressing shelter are seen to be most actively in sectors such as tech – fintech or property tech - and clean energy, though they may not be addressing the affordable segment, currently. Many enterprises solving gaps in the affordable housing space, such as sustainable and cost-effective construction materials, are still in early stages of the business – product development or early customer traction – and have not yet been scaled. Shelter enterprises have therefore struggled to attract capital from impact investors due to the lack of visible successes of the regional shelter enterprise models, coupled with a perception that the models are hard to scale. With the right financial and capacity-building support – to test and validate these models – they could see more success. Shelter enterprises across the region are also perceived to be riskier by investors as it is still a new sector – growth potential and exit strategies are still not established for institutional impact investors to become interested.

Programmes like *ShelterTech Accelerator* (from Habitat for Humanity) have a key role to play in the ecosystem to bring the right expertise and support to early-stage shelter enterprises – so they can scale their models to meet the unmet needs. Bringing together key stakeholders, like impact investors, financial institutions, market partners, and research & development facilities will be key to growing entrepreneurship and innovations in the shelter sector.

Introduction

Globally, 1.6 billion people live in substandard housing conditions. Habitat for Humanity believes that there is an opportunity to bring together entrepreneurial minds to reduce the housing deficit.

The Terwilliger Center for Innovation in Shelter (TCIS) was launched by Habitat for Humanity in 2016 with the aim to help housing markets better meet the needs of low-income households. It achieves this by working towards mobilising investment capital into the housing sector, facilitating and advising housing market actors and companies, and sharing knowledge around affordable housing.

ShelterTech is a shelter - focused accelerator developed by the Terwilliger Center to identify, nurture, and accelerate startups and early-stage companies that are bringing solutions to the market for low-income households. Through ShelterTech, the Terwilliger Center and its partners work to connect entrepreneurs working in the housing space with mentorship, business support, ecosystem connections, funders, and industry expertise to support the scalability of their products and services. The Terwilliger Center launched ShelterTech Accelerator (STA) in 2017 in Mexico, and in 2018 in Kenya and India, to support the shelter startup ecosystem in these countries.

In 2020, the Center plans to launch the first regional STA focused on accelerating shelter startups and scale-ups in the Southeast Asia region – an industry and region ripe for disruption with new products and services emerging, and an opportunity to build a business case for low-income housing while creating linkages between different stakeholders in the shelter ecosystem.

Scope of study

In order to design this regional accelerator, Terwilliger Center has engaged the services of Unlock Impact to study the impact entrepreneurial ecosystem in Southeast Asia. The scope of the research is to:

1. Identify the nature, diversity, and magnitude of the current entrepreneurial ecosystem for
2. affordable housing and shelter-adjacent sectors;
3. Identify and understand the root causes that indicate why entrepreneurs have difficulties in accessing capital;
4. Complete an initial evaluation of key stakeholders and their willingness and capacity to trial market innovation for affordable housing; and
5. Identify opportunities for implementation that could lead to establishing partnerships to promote sustainable and scalable impact to address owner-driven construction deficits in the informal economy.

Countries



CAMBODIA



INDONESIA



MALAYSIA



MYANMAR



PHILIPPINES



SINGAPORE



THAILAND



VIETNAM

Timeline



In this study, Unlock Impact has sought to:

1. **Identify opportunities and constraints for entrepreneurs working in shelter and adjacent sectors:** What are the trends in acceleration/incubation? Where and how are the innovators organising? How do they connect in these geographies?
2. **Identify opportunities and constraints for investors in the context of affordable housing:** What are the leverage points? Who are the amplifiers in the sector? Who is funding this work? What is trending?
3. **Understand the experiences of the accelerators in Kenya and India:** What was the selection criteria of companies and how did they recruit? What was the curriculum and design of the programme delivered? What were the takeaways, overall, on what worked and what did not?
4. **Present recommendations on the design of the accelerator:** What are the key challenges and opportunities in each country? What are the gaps in funding, networks, knowledge, and skills that a regional accelerator could address?
5. **Present recommendations for potential partnerships with ecosystem players:** Who are the key stakeholders within each country who could partner with different aspects of the programme? Who are the regional players who could provide strategic input and access?

Assumptions

The regional STA aims to identify and support market-based solutions in the shelter and shelter-adjacent sectors; therefore, Unlock Impact has applied the same parameters and assumptions while conducting this ecosystem study.

Market-based models: We have scouted and studied business models that are for-profit and market-based. This means that it has customers with the ability and willingness to pay for a product or service, with the potential to result in eventual profit and profitability of the business, and therefore implying being investible.

We have also focused on solutions with an estimated potential to scale, which means increased reach and reduced unit costs, leading to greater returns for investors.

Market: Market-based models require customers with an ability – even if limited – to purchase the service or the product. In the countries we studied – with the exception of Singapore – there are still substantial parts of the population who live below the poverty line, for whom government intervention and support will be required. Instead of the absolute poor, this study (and the planned accelerator) is focused on solutions that will benefit lower- and middle-income groups – people with some basic purchasing power who can translate the benefits of these solutions to improve their and their families' quality of life with more immediacy.

Sectors: While Habitat for Humanity works in the space of housing or shelter (used interchangeably), ShelterTech, which is the branded identity for Habitat's platform, supports tech or innovation in certain areas, which is the focus of this study as well:

1. Core housing materials that make up roofs, floors, and walls
2. Water and sanitation systems that address access at a household or community level
3. Energy solutions that address needs at a household or community level
4. Solutions that address mobility
5. Solutions, such as fintech, that bring tech into shelter products and services

Key Terms

Social enterprise or impact enterprise: Through this study, we identify and focus on social enterprise or impact enterprises – defined as enterprises with a for-profit, market-based model that is solving a social or environmental problem. We have excluded not-for-profit models in line with the assumptions mentioned above.

Impact investment and impact investors: For the purpose of this study, we have applied the definition as stated by the Global Impact Investment Network (GIIN) – impact investments are investments made with the intention to generate positive, measurable, social, and environmental impact alongside a financial return. Impact investors make investments that: 1. intentionally contribute to positive, social, and environmental impact; 2. use evidence and impact data in investment design; 3. manage impact performance; and 4. contribute to the growth of impact investing.¹

Private Impact Investors (PIIs): PIIs encompass a range of investor types, including fund managers, family offices, foundations, banks, pension funds, and others that channel private capital into impact investments.

Development Finance Institutions (DFIs): DFIs are government-backed financial institutions that provide finance to the private sector for investments promoting development. The DFIs may make direct impact investments providing large amounts of capital both through direct (to enterprises) and indirect investments, such as funding impact investment funds.

¹ *Impact Investing: Core Characteristics*, Global Impact Investing Network, 2018. Accessed 12 January 2020 https://thegiin.org/assets/Core%20Characteristics_webfile.pdf

Methodology

The project team collected and analysed both quantitative and qualitative data and information through a multi-pronged approach.



Desk research: Our desk research focused on understanding and gathering data for the context of the countries' economies, social and development indicators, and the state of the entrepreneurial ecosystems. We have drawn data and analysis from recent regional ecosystem studies conducted by the GIIN, AVPN, and Aspen Network for Development Entrepreneurs (ANDE) networks – these are key reports that were developed through detailed studies. In addition to these reports, several news articles, case studies from business schools, and published reports on tech startup ecosystems were reviewed.

Direct stakeholder Interviews: Over the course of three months, we conducted 81 interviews – 20 with investors, 34 with intermediaries, and 27 with enterprises. The investors included impact investors, some focused on shelter-related solutions; the intermediaries were a combination of incubators, accelerators, and other capacity-building service providers; the enterprises were mostly early-stage, with some being revenue-generating and poised for growth.

Stakeholder roundtable discussion: A meeting and workshop with key stakeholders was held at AVPN Southeast Asia 2020 conference in Bali for validation of initial findings from the research as well as gathering additional insights and inputs on accelerator design. More than 30 stakeholders participated in the discussion and provided recommendations, which have been included in this report.

Feedback from Global STA programmes: The project had detailed discussions and collected feedback and analysis from Habitat for Humanity teams in India and Kenya who ran accelerator programmes.

Briefings: The project team met on a weekly basis to debrief on research and share insights gathered to ensure that the country studies are comparable, and learnings were shared to ensure an accurate reflection of insights gathered.



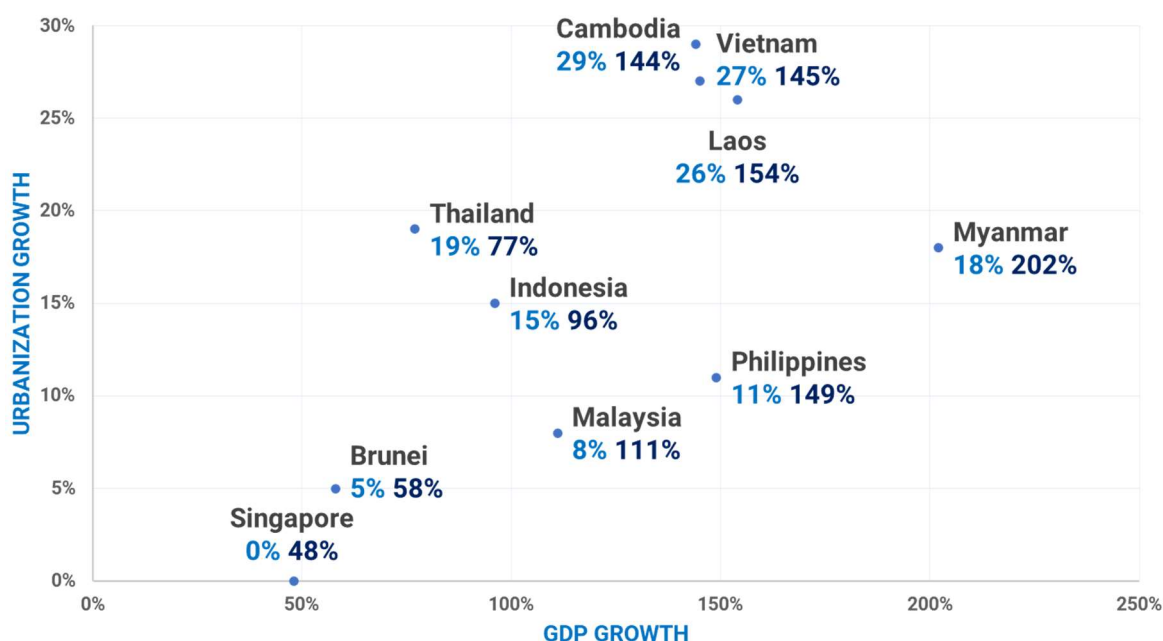
OVERVIEW OF THE SOUTHEAST ASIAN REGION

Context

The Southeast Asian region, typically identified as the Association of Southeast Asian Nations (ASEAN) region, is diverse and one of the fastest growing regions in the world. If ASEAN were a single country, it would already be the seventh-largest economy in the world, with a combined Gross Domestic Product (GDP) of \$2.8 trillion in 2018. It is projected to rank as the fourth-largest economy by 2050.²

The region's population encompasses 643 million people in ten nations as diverse as Lao P.D.R., an agricultural country, and Singapore, a gleaming city-state with one of the world's highest standards of living.³ With its favourable demographics, well-educated and industrious workforce, rich endowment of natural resources, cultural and geographic linkages to the most important growth engines of the world and advanced infrastructure, the region is well-poised to sustain rapid progress.⁴

Projected Gross Domestic Product (GDP) and Urbanization Growth: 2019 - 2033



Source: *GDP and Urbanization Growth: International Monetary Fund and UN World Urbanization Prospectus, 2019 - 2033 data*⁵

² *Understanding ASEAN*, McKinsey Industry Report, Accessed 12 December 2020

<https://www.mckinsey.com/industries/public-sector/our-insights/understanding-asean-seven-things-you-need-to-know>

³ Manu Bhaskaran, *Maintaining Momentum: Future of Southeast Asia*, Finance and Development, IMF, September 2018

⁴ *How Tech will transform SE Asia*, World Economic Forum, 2018, Accessed 14 December 2019

<https://www.weforum.org/agenda/2018/09/this-is-how-technology-will-transform-southeast-asia/>

⁵ *'ASEAN Matters for America/America Matters for ASEAN'*, East West Centre, US-ASEAN Business Council Inc., 2019

Income and poverty levels are changing rapidly: Income growth has remained strong since 2000, with average annual real gains of more than 5%. Some member nations have grown at a torrid pace: Vietnam, for example, took just 11 years (from 1995 to 2006) to double its per capita GDP from USD 1,300 to 2,600. Extreme poverty is rapidly receding. An estimated 36 million people in the region still live below the international poverty line as of 2017, with almost 90% of these people live in Indonesia or the Philippines. According to a development report released by the ASEAN, noted, that extreme poverty in the region dropped to 7% as of 2013 from a high of 17% in 2005.⁶

SDG Progress in Southeast Asia



Source: *SDGs Progress in South-East Asia (Findings from Assessments)*, UNESCAP, *The 3rd South-east Asia Forum on Implementation of the Sustainable Development Goals*, October 2019⁷

Rapid Urbanisation: Urbanisation and consumer growth move in tandem, and ASEAN’s cities are booming. Today, 22% of ASEAN’s population lives in cities of more than 200,000 inhabitants – and these urban areas account for more than 54% of the region’s GDP. An additional 54 million people are expected to move to cities by 2025. Interestingly, the region’s midsize cities have outpaced its megacities in economic growth. Nearly 40% of ASEAN’s GDP growth through 2025 is expected to come from 142 cities with populations between 200,000 and 5 million.

⁶ ASEAN-China-UNDP Report on Financing the Sustainable Development Goals (SDGs) in ASEAN, ASEAN Secretariat, 2017, Accessed 05 December 2019
<https://asean.org/launched-publication-on-financing-the-sustainable-development-goals-in-asean/>

⁷ Dayyan Shayanni, *SDGs Progress in South-East Asia: Findings from Recent Assessments*, The 3rd Southeast Asia Forum on Implementation of the SDGs, October 2019, Accessed 12 January 2020
https://www.unescap.org/sites/default/files/Session%201_SDG%20Progress%202019_DS.pdf

Growing consumer demand: According to McKinsey and Company, there are already some 67 million households in ASEAN states are part of the 'consuming class', with incomes exceeding the level at which they can begin to make significant discretionary purchases. These numbers could go up to around 163 million households by 2030, which will make ASEAN a pivotal consumer market globally. Increases in per capita income are expected to usher a dramatic rise in demand for a vast range of goods and services.⁸

Highly export-driven: ASEAN is the fourth-largest exporting region in the world, accounting for 7% of global exports. In recent years, ASEAN countries have diversified exports - Vietnam specialises in textiles and apparel, while Singapore and Malaysia export electronics. Thailand has established itself as a leading vehicle and automotive-parts exporters. While other countries have built export industries around natural resources - Indonesia is the world's largest producer and exporter of palm oil, the largest exporter of coal, and the second-largest producer of cocoa and tin. While Myanmar is just beginning to open its economy, it has large reserves of oil, gas, and precious minerals. The Philippines has established a thriving business-process-outsourcing industry, also exports manufactured and agricultural products.⁹

Growing Digital Economy: ASEAN's Digital Economy is projected to exceed USD 240 billion by 2025 with 914 million active mobile connections, almost 1.5 times its population, ASEAN is the world's fastest-growing internet market.

Regional Entrepreneurial Ecosystem

Along with the growth of Southeast Asian economies, entrepreneurship has been on the rise. Driven by a young and tech-savvy population, and increased government support for private-sector growth, high foreign direct investment (FDI) inflows, urbanisation, and technological advances have reshaped the region. There is an increasing number of new enterprises entering sectors such as e-commerce, financial technology, hospitality, and agri-processing. The tech startup ecosystem is booming – for example, Southeast Asia's technology-driven startups raised close to USD 6 billion in more than 332 deals during just the first half of 2019, with fintech, healthcare, and logistics sectors demonstrating solid growth, according to a recently published funding report by Singapore-based venture capital firm, Cento Ventures.¹⁰

⁸ Kapil Joshi and Ali Potia, *Shaping the future of consumption in ASEAN*, McKinsey and Company, 2017

⁹ Vinayak HV, Fraser Thompson, and Oliver Tonby, *Understanding ASEAN*, McKinsey Insights, McKinsey & Company, 2018, Accessed 20 December 2019

<https://www.mckinsey.com/industries/public-sector/our-insights/understanding-asean-seven-things-you-need-to-know>

¹⁰ Dipen Pradhan, *Funding: Southeast Asia's Tech Startups Raised Close to US\$6 Bn in H1 2019*, Entrepreneur, 3 September 2019 <https://www.entrepreneur.com/article/338976>

Impact Entrepreneurship Ecosystem

The ecosystem for impact entrepreneurship is also steadily growing in the region with an increasing number of entrepreneurs, intermediaries, and impact capital providers. Private Impact Investors (PIIs) have deployed around USD 904 million through 225 direct deals, while Development Finance Institutions (DFIs) have deployed around USD 11.3 billion through 289 direct deals,¹¹ with a significant percentage of this capital going to microfinance. However, other sectors like fintech, agriculture, and clean energy are also attracting investment.

Today, impact entrepreneurship ecosystems in each of the countries in the region are at different stages of maturity, while the impact investing market remains highly fragmented across the region.

More regional than locally based investors. Many of the impact investment firms take a regional approach and have a multi-country focus – some choose to base their headquarters in Singapore, for example. While some of them have local representatives, many investors do not have local presence and therefore incur high costs of sourcing, due diligence, and increased time in closing deals. Local presence enables better deal flow and facilitates stronger deal pipeline partnerships. However, this is gradually changing as local capital is getting interested in impact investing – there is an increasing trend of local investors, especially in countries like Indonesia where local investor networks with a focus on impact are becoming active.

Gaps in early-stage risk capital in the market. While some early-stage PIIs are active in the region, major gaps in seed-stage impact capital remain. Deals below USD 500,000 are rare. Local impact capital players are new and few, thus a gap of USD 50,000 to 250,000 remains for early-stage entrepreneurs who need capital that can absorb the risk of testing and validating models.

Equity deals are increasing. The most popular instrument for impact investors previously has been debt; now the number of equity deals are increasing, but mainly at later stages (above USD 500,000) – a positive indicator of the confidence among investors to get exits from these deals.

Gender lens is the new emerging trend. DFIs and PIIs are beginning to support and invest with a gender lens. Many investors having begun investing with the lens or plan to adopt a gender lens shortly – supporting both women-led businesses and those impacting women, as well looking at gender compositions within organisations, and in decision making. We can expect to see more impact fund managers and donors that invest with a gender lens in the next few years.

¹¹ *The Landscape for Impact Investing in Southeast Asia*, Global Impact Investor Network (GIIN), Intelicap Advisory Services, August 2018.

Increasing number of local intermediaries. A positive sign of a growing ecosystem is the increasing number of local incubators, accelerators, and support organisations. For example, a programme run by the Australian Government Frontier Incubators to train and support local intermediaries (more than 30 were selected) highlighted this trend by demonstrating that there is a demand from the entrepreneurs for further support within local ecosystems.

Key Challenges

Even as the ecosystem grows, some challenges remain and will need to be addressed as the ecosystem evolves in the immediate future.

Only a few exits in the impact investing sector, so far. The lower number of exits in Southeast Asia, as compared to its counterparts in South Asia or Africa, does increase the risk perception of the region. This may change for the better as many of the first impact funds in the region have deployed their first funds and are expecting more exits in the next couple of years.

Lack of ‘investible’ pipeline across the region. Many investors across the region share the challenge of finding a pipeline of enterprises for investment at the right ‘investible’ stage. This demonstrates the inherent disconnect between the capital available in the market and the stage the enterprises are in. Though many enterprises may fit with the impact ‘mandate’ of the funds, in many cases they do not meet the requirements of being ‘investment ready’.

Entrepreneurs lack knowledge of navigating impact investment space. Many entrepreneurs lack the networks and knowledge to negotiate term sheets and navigate impact investment deals. This gap means that many entrepreneurs struggle to close deals with institutional investors and access growth capital.

Lack of networks to market partners for early-stage enterprises. Impact entrepreneurs at the early stages struggle with limited access to market – whether its replicating to a new geography or connecting to market partners who can help accelerate scale. This lack of networks continues to be a barrier as they grow their companies, and hence incubators and other intermediaries can play a key role to mitigate this challenge.

Key Opportunities

The growing number of players demonstrates the energetic growth that the region’s impact entrepreneurship ecosystem is experiencing.

Strong recognition of impact models as alternative to traditional development strategies. Across the impact sector, market-based models that create social impact are widely acknowledged as a sustainable and scalable alternative that is complementary to traditional development models. This

positive acknowledgement has led to support from philanthropic organisations, corporates, and government. The support for the sector is set to grow further as more and more companies succeed in the region.

Diversification of impact sectors, impact thesis. Majority of impact investment capital has gone to microfinance and clean energy. While this is expected to continue, there are new funds that are being set up with an impact mandate around issues like climate, circular economy, urbanisation, and so on, which indicates that the capital is looking for new, high-potential sectors.

Urgent unmet need for blended financing instruments to absorb more risk at the early stages. Southeast Asian enterprises who are at the early stages of testing and validating their model have a difficult time accessing capital that can absorb the risk at the stage they are in; many such enterprises end up bootstrapping or closing down due to lack of risk capital at the right time. There is a huge opportunity in the market for blended financing instruments that have a higher risk appetite to support companies at this early stage.

Sharing data and information more openly on deals, exits, and impact of enterprises is the need of the hour. Given the nascent stage of the ecosystem, there are many perceptions and misconceptions around raising capital and success of impact enterprise models. It is important for players to come together in the local ecosystem to share information and learnings more openly. More transparent data on deals and exits can boost the ecosystem and allow all actors to actively deal with existing gaps more collaboratively.

Impact Entrepreneurship in Affordable Housing

According to the UN, globally there are 1.6 billion people living in inadequate housing, one billion of whom reside in slums and informal settlements.¹²

The demand for affordable housing is often described as a housing deficit, data and numbers typically tracking those who have a home or do not. Solutions to the affordable housing deficit are traditionally government-funded, developer-led, large-scale social housing projects with uniform dwellings, vastly different from the informal settlements they aim to replace. Social housing projects certainly play an important role in addressing the deficit but, realistically, no amount of government and development sector funding can solve the housing crisis which also has a qualitative element.¹³

¹² Affordable housing key for development and social equality, UN says on World Habitat Day, United Nations, 2 October 2017, Accessed 23 March 2020
<https://news.un.org/en/story/2017/10/567552-affordable-housing-key-development-and-social-equality-un-says-world-habitat>

¹³ Jennifer Cineli-Oomen and Jessan Catre, From the bottom up: better household-led solutions are the key to affordable housing, Habitat for Humanity, Blog series, 2019.

Government subsidies or grants are often not enough to cover the costs, and families need to find bridge financing to meet their needs. Roughly two-thirds of low-income households globally struggle to put a roof over their heads, incrementally building their homes, adding to their dwellings as and when resources allow. Due to its informal nature and inherent challenges, this sector is typically ignored by traditional construction product suppliers and service providers.¹⁴

While government and non-profit solutions are necessary for the absolute poor, impact-driven, innovative market-based models can play a huge role in addressing the unmet needs of low-income households.

Who are the target customers for shelter enterprises in the affordable segment?



Homeowners in the low-income, affordable segments aspire to improve their homes but are severely constrained by the lack of funds. Some rely on savings and money from family members and relatives to pay for home repairs and improvements albeit over long periods of time. While there is home improvement financing available from microfinance institutions, cooperatives, or non-governmental organizations, most households do not access this.

¹⁴ ibid

Lacking access to formal financing channels, and information on how to build properly and select better materials suited to their needs, hundreds of millions of families build their homes incrementally, over years, even decades, as and when they can afford it.

This means that low-income households continue to live in dwellings in poor condition, in need of immediate repair or upgrade, or in need of continuous upkeep. A Habitat for Humanity survey of low-income households in the Cebu province of the Philippines showed that none of the homeowners sought professional design advice or project oversight from an engineer or architect when undertaking repairs and reconstruction, and overall construction quality was poor due to inferior design and workmanship.¹⁵

As urbanization across Southeast Asia continues at a rapid pace, according to a 2019 UNESCAP estimate, there will be 1.2 billion new urban residents in the region by 2050.¹⁶ The impact on resource and infrastructure management, disaster risk and inequality could substantially disrupt growth.

Intervention by governments alone cannot resolve the huge gap already identified. For example, in the Philippines, the government has identified that they can only address as much as 20% of the gap; there is an urgent need for individual private players to come in with solutions that address the gaps. The affordable housing market has varied needs and a variety of solutions are needed across the value chain.

Entrepreneurial Activity in Affordable Housing

In Southeast Asia, social enterprise models have been gaining traction in sectors like agriculture, fintech and clean energy, evidenced by the impact investment activity as mentioned in the above sections. However, while there are models emerging in affordable housing and shelter-adjacent sectors, it is yet to see radical innovations or highly scalable models.

¹⁵ *Bahay, Buhay: A survey of owner-driven housing construction practices, financing modalities and aspirations for a resilient home in disaster-prone areas in Cebu Province, Philippines*, Terwilliger Center for Innovation in Shelter, November 2018.

¹⁶ *The Future of Asian and Pacific Cities 2019: Transformative Pathways Towards Sustainable Urban Development*, UNESCAP, 2019, Accessed 18 March 2020.
<https://www.unescap.org/publications/future-asian-and-pacific-cities-2019-transformative-pathways-towards-sustainable-urban>

Where can impact-driven enterprises play a role?

There are several areas of intervention that market-based models can serve beyond the traditional housing projects.

Some of them are identified below:



Innovative, cost-effective ways to improve and maintain homes

Modular units, innovative, smart designs, new construction materials and solutions to improve quality of life, affordable energy solutions, water solutions



Alternatives to housing ownership and rental models

Disruptive solutions like shared housing, mobile housing, innovative spaces like container dormitories, quality but affordable rentals.



Solving challenges in value chain for housing

Marketplaces, connecting reliable service providers, financing or fintech solutions, access to reliable information on construction

Shelter Enterprises in Southeast Asia

This report aims to identify enterprises across the focus countries with products and services to address the affordable housing segment. This includes both enterprises with a clear impact mandate and those enterprises that have the potential to move down-market, to lower-income segments. Across the region, the stage and scale of enterprises varies vastly.

Some key examples are:

Countries	Sectors	Example of an Enterprise
Philippines	Construction Materials, alternate housing for urban workers, energy	Green Antz
Indonesia	Energy, Construction, Water	Nazava
Cambodia	Water, Sanitation	Atec Biodigesters
Malaysia	Construction materials, new housing models	Affordable Abodes
Myanmar	Energy	SolarHome
Singapore	Construction materials, Property tech*	Billion Bricks
Vietnam	Property tech*, fintech, water	FinHome
Thailand	Energy, Water	

***Not targeted at affordable segment**

Opportunities

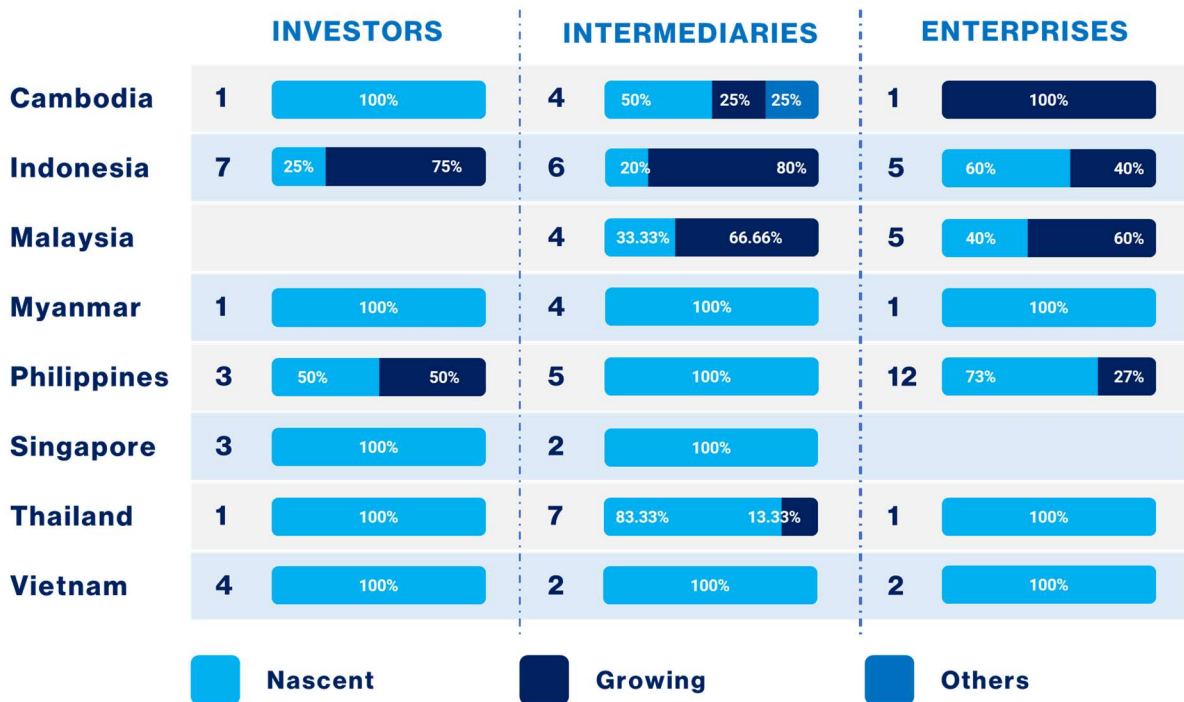
There are clear opportunities to grow and scale companies in energy, water and technology (FinTech and PropTech) sectors across the region. Both water and energy are seen as vital utilities that still are not accessible easily to everyone and technology overall is a fast-growing sector following developed market trends, where startups are seeing more investments in technology companies.

One of the big gaps that will also appear very quickly with increased housing is waste management. For example, Indonesia's waste management banks are growing in number, but other countries in the region will have to follow suit soon. We also expect to see an opportunity for property tech players who are now focused on mainly high-income customers, to replicate or adapt their models for the aspiring middle and low-income customers.

WHAT DO THE ECOSYSTEM PLAYERS HAVE TO SAY?

As part of the research, we conducted 81 interviews with different stakeholders - investors, intermediaries, and shelter enterprises in the region.

Maturity of Impact Entrepreneurial ecosystem



Gaps in Non-Financial Support



What Shelter entrepreneurs had to say?

Activity in ShelterTech



LOW COST HOUSING



CONSTRUCTION MATERIALS



ENERGY



FINTECH



CONSTRUCTION SOLUTIONS

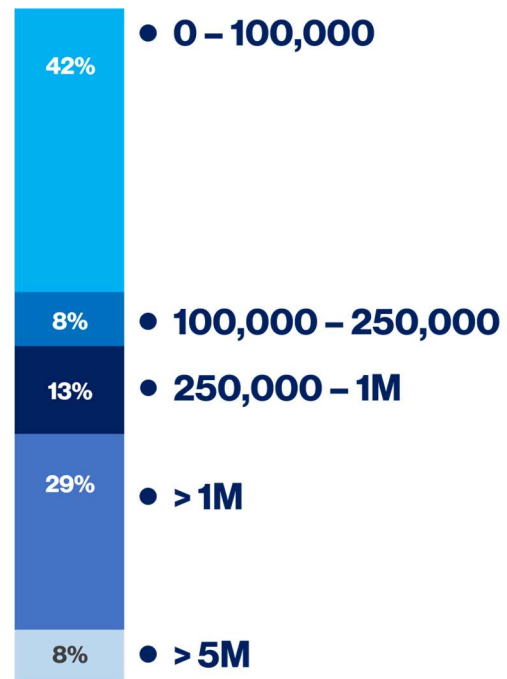


PROPTech

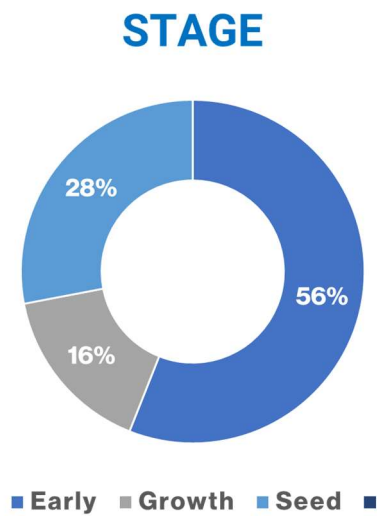


WATER & SANITATION

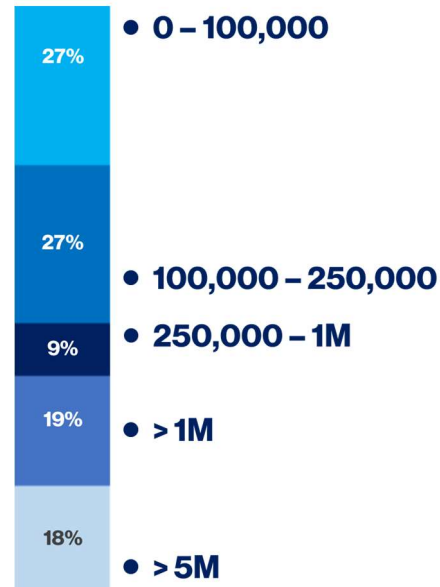
Range of Funding Ask



What investors had to say?



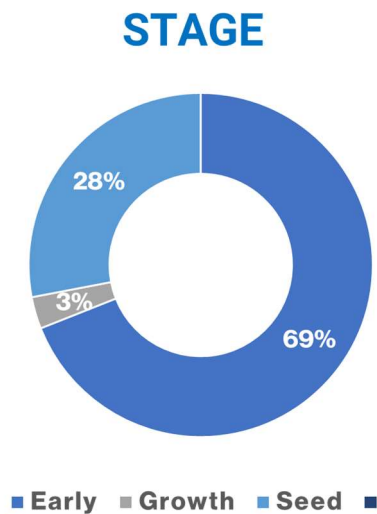
Range of Funding Ask



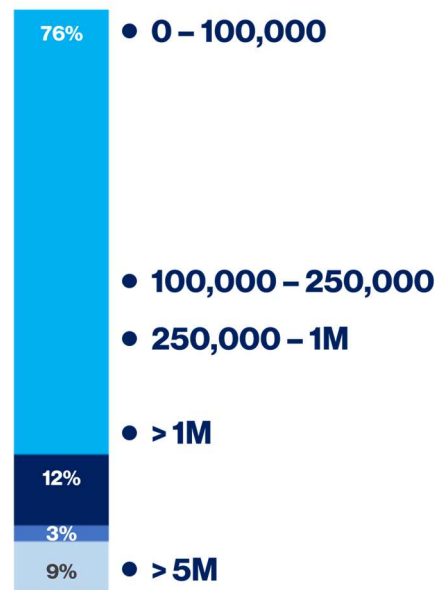
Sectors Supported

- ✂ Affordable Housing
- ✂ Agriculture
- ✂ Artificial Intelligence & Data
- ✂ Clean Energy
- ✂ Climate Action and Environment
- ✂ Consumer
- ✂ E-commerce
- ✂ Education & Employment
- ✂ Enterprise Solution
- ✂ Financial Inclusion
- ✂ Gender
- ✂ Health
- ✂ Human Resources
- ✂ Internet of Things
- ✂ Livelihood and Poverty Alleviation
- ✂ Logistics
- ✂ Manufacturing
- ✂ Media
- ✂ Medtech
- ✂ Mobile Platforms
- ✂ Nutrition
- ✂ PropTech
- ✂ Social Networking
- ✂ Software as a Service
- ✂ WASH
- ✂ Waste Recycling
- ✂ Women Empowerment

What intermediaries had to say?



Range of Funding Ask



Sectors Supported

- ✂ Access To Energy
- ✂ Environment
- ✂ Affordable Housing
- ✂ Farming
- ✂ Ageing
- ✂ Financial Education And Inclusion
- ✂ Agriculture
- ✂ Fisheries
- ✂ Artificial Intelligence
- ✂ Food & Beverage
- ✂ Arts And Culture
- ✂ Food Security
- ✂ Bank & Financial
- ✂ Health & Medicine
- ✂ Blockchain
- ✂ Healthcare
- ✂ Civic Engagement
- ✂ Livelihood And Poverty Alleviation
- ✂ Clean Energy
- ✂ Logistics
- ✂ Climate Change
- ✂ Manufacturing
- ✂ Community
- ✂ Mental Health
- ✂ Construction
- ✂ Nutrition
- ✂ Creative & Arts
- ✂ SDGs
- ✂ Data
- ✂ Software
- ✂ Disaster Risk
- ✂ Telecommunications
- ✂ Education
- ✂ Textile
- ✂ Employment
- ✂ Tourism
- ✂ Energy Use
- ✂ Water, Sanitation And Hygiene
- ✂ Entrepreneurship
- ✂ Women Empowerment



Terwilliger Center for
Innovation in Shelter

Presents

ShelterTech Accelerator



ShelterTech Accelerator Global

The Terwilliger Center for Innovation in Shelter (TCIS) launched the ShelterTech Accelerator in 2017 in Mexico, and in Kenya and India in 2018 to support the shelter startup ecosystem in these countries.

The proposed regional accelerator for Southeast Asia will also build on learnings and experiences from these accelerators to develop a more robust programme for Southeast Asia.

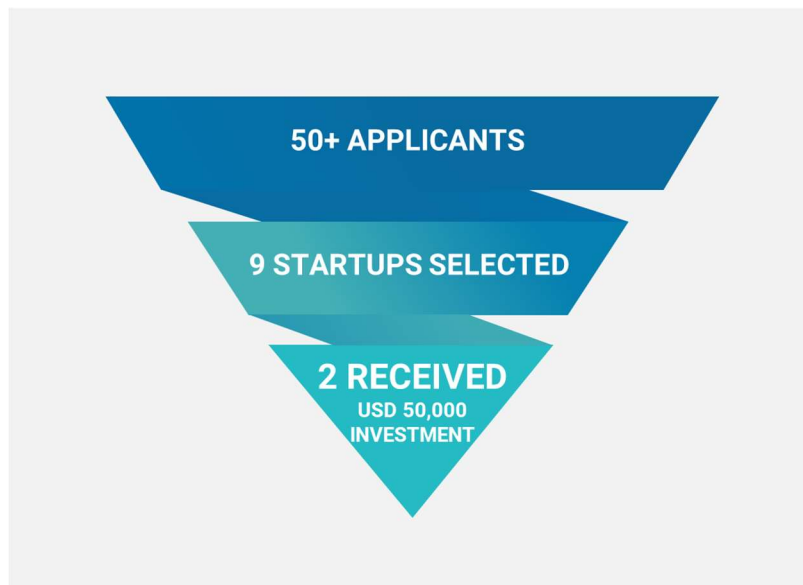
MEXICO

In Mexico, the Terwilliger Center works through the Centro de Innovación a la Vivienda (CIV), established in 2014 by Habitat for Humanity Mexico, to implement housing market-related programmes. The Terwilliger Center and CIV, partnering with Village Capital, launched ShelterTech Mexico in 2017 as a three-month accelerator focused on startups working on scalable solutions for the marginalised in water and sanitation, energy, and innovative construction materials.

Village Capital provided the methodology, designed for high-growth enterprises seeking to raise money from venture capital investors. Throughout the investment-readiness programme, companies evaluated one another – and themselves – through the lens of an investor, as they participated in a collaborative peer-driven due diligence process.¹⁷

¹⁷ Promoting Entrepreneurship and Investing in the Housing Sector, Next Billion, 2017, Accessed 12 February 2020
<https://nextbillion.net/sheltermtech-mexico-2017-promoting-entrepreneurship-and-investment-in-the-housing-sector/>

The Programme



- Nine startups selected out of over 50 applicants from across Mexico
- Over three months, participants worked on problem and vision, value proposition, market validation, business model, product and market adequacy, scale and growth, and liquidity
- There were interactions with mentors and investors in the housing sector
- Startups evaluated one another using the Village Capital peer selection methodology for investor readiness

The Companies

Two startups were identified as being the best prepared to receive an investment of USD 50,000 each and also went on to receive investment from the Terwilliger Center's Shelter Venture Fund:¹⁸

- **Energryn** has developed SOLESYTO, a solar water heating solution with the smallest ecological footprint in the world. This is particularly important in Mexico, as the country consumes the most liquefied petroleum gas (LPG) per inhabitant in the world. SOLESYTO is also designed to be lightweight so that women can carry and install it.

¹⁸ Jyoti Patel, How Impact investing is Advancing Affordable Housing, Next Billion, Modified on 24 January 2018
<https://nextbillion.net/how-impact-investing-is-advancing-affordable-housing/>

- **Vitaluz** has portable solar systems that help deliver electricity and lighting to the Mexican population not on the electric grid, but through a prepaid electricity service that is cheaper than the alternatives.

Over the next decade, we hope the companies we are working with will be some of the major players bringing solutions for the BoP. Good ideas and good entrepreneurs around the world should help power the next generation of affordable housing.

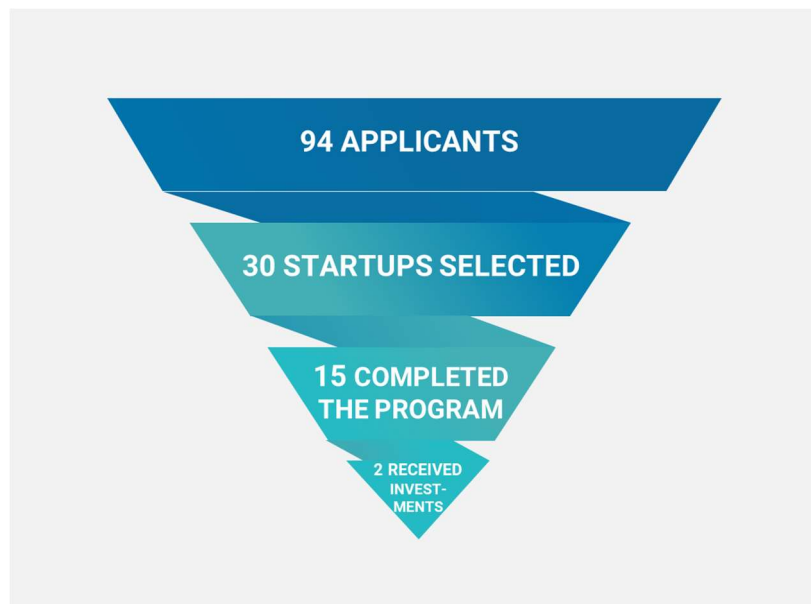
PATRICK KELLEY, GLOBAL SENIOR DIRECTOR OF THE TERWILLIGER CENTER

KENYA

Access to adequate housing for low-income households is a critical development issue facing many countries around the globe. Kenya, where housing is recognised as a basic human right in the constitution, is no exception. Approximately 61% of Kenyans live in temporary shelter or extremely low-quality housing, affecting the overall well-being of households.

The ShelterTech Accelerator Kenya was launched in November 2018 and ran till May 2019 as a six-month acceleration programme that gave startups and growth-stage companies access to expertise, networks, and a chance to win investment up to USD 50,000. Implemented by BDO East Africa in partnership with Pangea Accelerator and Strathmore University's iBiZ Africa, the programme was also supported by the IKEA Foundation and the Hilti Foundation.

The Programme



- Focus on stakeholders of the housing ecosystem or adjacent markets, but with the ability to build use cases for the affordable housing market
- A mix of 30 startups and growth-stage companies were selected out of 94 applicants
- Six-month programme kicking off with a hackathon and closing with a demo day
- In addition to individual mentoring, companies were provided expertise in intellectual property, legal, research & development clinics, as well as meeting with financial institutions.

The Companies

- **AHomes** provides trained artisan labour with certification to work in the construction industry for both placement and organised construction jobs.
- **Gjenge Makers Ltd** recycles waste plastic into strong and artistic construction products including paving bricks, paving tiles, and hatch and manhole covers.
- **ManPro Ltd** provides a Construction Management System (ManPro CMS) and a Tracking and Monitoring System (ManPro TMS).
- **The VLage** provides co-living spaces for corporate employees in urban areas through their digital platform.

- **Malikodi** is an easy-to-use cloud-based system that makes it easy for landlords to manage rental properties by automating payment reconciliation, property statements, tenant statements, lease expiry, with the added ability to provide the tenant with credit facilities for rent and utilities.
- **COREC** produces high quality and durable resin-bonded roofing tiles, manhole covers, plastic lumber planks, and fencing poles/posts.

We are keen to work with companies that are already targeting low-income segments. Accelerators help build a stronger entrepreneurial ecosystem especially for nascent sectors, such as affordable housing.

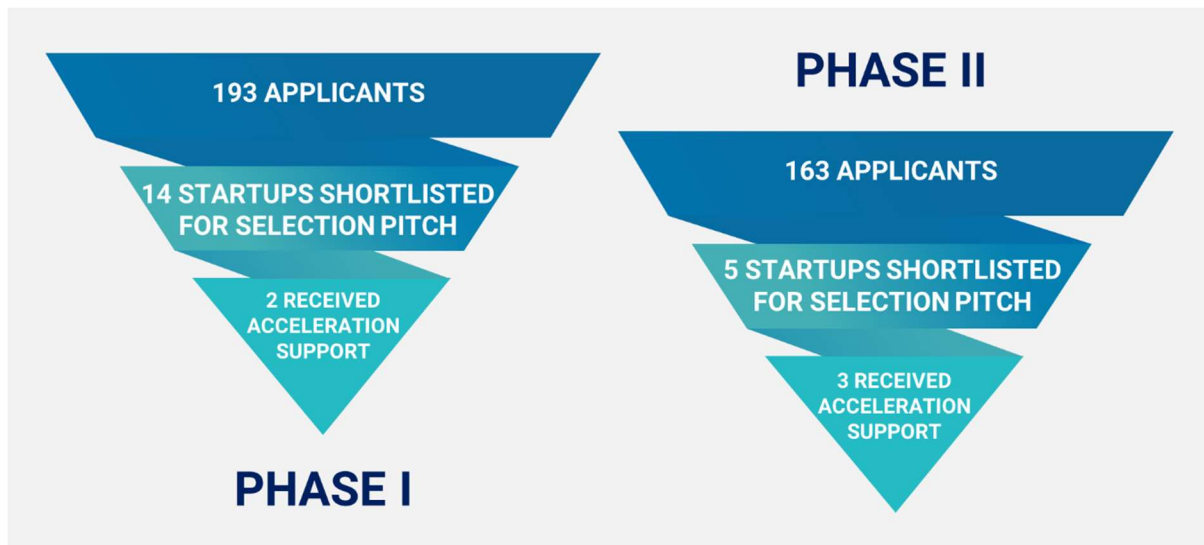
JANE OTIMA, MARKET SYSTEMS ASSOCIATE DIRECTOR, THE TERWILLIGER CENTER

INDIA

India's affordable housing challenges are unique and multi-faceted. The urban housing shortage is prominent across the economically weaker sections and low-income groups, which together constitute over 95% of the total housing shortage. In a country with a scarcity of more than 18 million houses, intervention by the government alone cannot resolve the huge gap already identified. There is a need for individual private players to come in with solutions that address the gaps in the affordable housing sector.

The Terwilliger Center and the Centre for Innovation Incubation and Entrepreneurship (CIIE) at Indian Institute of Management (IIM) Ahmedabad collaborated to identify, support, and accelerate innovations that can positively disrupt the affordable housing scenarios in India through the ShelterTech Accelerator – a two-phased programme, starting with a call for applications, selection pitch, and acceleration support, that culminated in a demo day attended by a spectrum of investors, partners and ecosystem stakeholders.

The Programme



- Two cohorts selected over nine months – four in the first phase and three in the second phase
- Bootcamps to identify value propositions and strategies to plug gaps in business plans, refine business models, and product-market fit
- Pitch refinement workshop, panel discussions for knowledge sharing, and a demo day showcase were also part of the programme
- Support provided through one-on-one interactions on milestones and identifying pain points and challenges with a number of experts

The Companies

- **Saltech Design Labs** has developed a composite material obtained by processing mix plastic waste and industrial waste, such as fly ash, quarry dust, ceramic waste, glass waste, and construction & demolition waste, which can replace cement concrete.
- **QwikSpec** is an end-to-end project site management technology platform for the infrastructure and construction industry.
- **OCEO** is a 'smart' water purifier where you pay for the water purified without having to purchase the device or pay a maintenance fee.
- **Tvasta** has developed 3D printers capable of building large-scale structures in the area of construction 3D printing.
- **Modulus** looks to address refugee housing, disaster relief, and affordable housing by designing innovative temporary structures – currently a do-it-yourself foldable cabin that can be set up anywhere, anytime in 45 minutes.

- **Kaushal Bhaav Skill Solutions** has formalised traditional construction practices through skilling and certification, particularly in a rural habitat.
- **ECOSTP Technologies** are global wastewater consultants with deep expertise in bio-engineering-based sustainable solutions in sewage treatment.

KEY TAKEAWAYS GLOBALLY

There are many learnings from the experiences of other global accelerators – collected through research as well as interviews – that can be applied while designing a regional accelerator for Southeast Asia. While some of the challenges and opportunities are region-specific, some are more widely applicable:

- Habitat for Humanity needs to be more integrated in the ecosystem to develop a pipeline and share the roadmap from the start.
- While networks, technical expertise, and mentoring are important, a funding commitment for a pilot opportunity or market access for the commercialisation of the product is important.
- Customised acceleration programme based on specific needs of the enterprises will work better than generic curriculum. Early analysis of risks and challenges can help with this.
- It would help to identify and think through the requirements that companies have at different stages and plan support accordingly.
- A smaller cohort size and startups at a similar lifecycle of business – whether early or advanced stages – help provide focussed and intensive support. This results in quicker progress towards achieving the milestones.
- Startups that came through references were a better fit for the programme.



Insights and Recommendations

Insights and Recommendations

Ecosystem Lens

Challenging perception of for-profit shelter models: A key feedback from interviews and research was the perception that shelter and/or adjacent models are inherently expensive to build and are not very scalable. This is due to the understanding of shelter purely from a housing or construction perspective; hence it is seen as being heavy on capital expenditure.

Lack of understanding of shelter 'tech' and/or adjacent sectors: Most stakeholders (investors and intermediaries) lacked clarity in understanding what is 'sheltermtech' or what are the adjacent sectors to shelter and how they create value – for example, clean energy and how it impacts shelter and benefits the customers. Or an online marketplace connecting quality suppliers for the affordable segment.

Mismatch in expectations: There is a need for a common language among impact investors and social enterprises in the sector (not only shelter but in the wider ecosystem). There seems to be a mismatch on the return on investment horizon between impact investors and the enterprises. More transparency around return expectations needs to be created – Habitat can play a role in defining the exit possibilities and return expectations for the shelter sector. However, one concern that has been raised by some interviewees is that Habitat's own fund must not distort the market with a 'subsidised approach' to exits, but rather validate what could be potential returns from shelter companies.

Need for better visibility in the market for Habitat's shelter venture fund: Most market players are not aware of Habitat's venture fund and its role. Many stakeholders sought clarity to understand Habitat's role in promoting shelter entrepreneurship and models. There is huge value in sharing the role of the venture fund and to highlight activities that demonstrates Habitat has 'skin in the game' and is walking the talk with its own funding for enterprises. This will raise investor confidence and may attract some early adopters in the market when they see an anchor role. Co-investing or partnering with existing funds to expand the mandate of funds may be possible, or for example, by funding a fund to focus on shelter.

Regional partnerships and alignment: Collaborating with regional platforms like Social Enterprise Training Hub (SETH), green certification programmes like International Finance Corporation (IFC) Edge, and other angel investment networks and stakeholder platforms like Aspen Network for Development Entrepreneurs (ANDE) and Asian Venture Philanthropy Network (AVPN), will help provide access to follow-on capital for enterprises.

Partnerships with corporates: Collaborations with local corporate social responsibility (CSR) funds could encourage local players to participate in sheltertech innovations; regional and local corporations could also provide exit potential for successful businesses.

Entrepreneur Lens

Lack of access to knowledge and facilities for research & development (R&D) and certification: Many entrepreneurs working on developing products (such as materials and tech) highlighted the key challenges as gaining access to R&D facilities, ensuring they are in line with global standards and other certifications.

Becoming ‘investment ready’: Shelter entrepreneurs find it challenging to attract venture capital or impact investment capital as they may not be seen as scalable or a fit with the typical mandates of funds. They do not have the right language or positioning to become mainstream. It is important for the enterprises to position themselves as models that create scalable impact (and of course build models for scale), which is in line with the market demand.

There is an urgent need and demand, but enterprises cannot find the risk capital: While many stakeholders agreed that housing enterprises can have huge impact as they create impact at scale, they also identified a need for strong risk capital to help these companies implement their models. From a market demand perspective, Southeast Asia has huge potential – there is no reason why the models cannot scale and grow their footprint. However, the challenge is that it requires bigger ticket sizes of investment to get the scale, and that is not available in the early stages when the risk is higher.

Investor Lens

Sheltertech’s fit within existing investment and impact thesis: A barrier that many shelter entrepreneurs may face is the fit with the investment thesis and impact thesis of funds. As the thesis is based on which funds are set up and drives their funding deployment, if shelter enterprises do not fit into that, their pool of funding will be significantly small. It is important for the impact that shelter enterprises create to have a broader set of metrics and articulation to meet these theses.

Gender lens adoption: Most impact funds are applying a gender lens or starting to measure gender-smart metrics in their investments. Globally, donors and funders are also beginning to align with a gender lens as an approach to projects.

What is the potential for the shelter sector across the Southeast Asian region?

Just as each country in the region is at a different point of the impact sector growth curve, so are the sectors. The most nascent shelter models seem to be innovative construction materials and technologies, as these are mostly at the pilot or pre-commercialization stage, unless they are a division of long-established private enterprises within the countries.

The sectors seeing rapid growth across most countries are:



Tech
Fintech, Proptech



Clean Energy

For example, Indonesia and Vietnam are growing rapidly on the tech front, while Thai and Indonesian energy sectors have seen immense growth. The challenge is that companies driving it are startups or private enterprises where impact is not the primary focus, and there is definitely very little association with affordable housing. However, a number of the startups that were interviewed did focus on making their products and services affordable and agreed that housing could be a sector they could expand into provided they had sufficient support.

Emerging sectors and opportunities across the region

INDONESIA



Fintech



Energy



Waste Banking

In Indonesia, growing models in the adjacent sectors of fintech (like Gradana), energy, and waste banking could have the potential to expand into other markets.

VIETNAM



Proptech

Vietnam has an active market for proptech; some of their models that are now exclusively focused on high-income segments could be adapted to the middle- and low-income groups.

SINGAPORE



Real Estate



Proptech

Singapore is a strong market for real estate and prop tech companies and many of them have expanded to other countries in Southeast Asia. Some of these successful companies could be encouraged to test products on lower income communities in other developing economies in the region. Singapore is a strong hub for investors and many corporates and institutions who could be strong partners for shelter companies are based here.

MYANMAR



Clean Energy

Myanmar has an active clean energy sector with many up and coming enterprises; it is a market that may be ripe for anyone looking to bring a successful model from another country.

MALAYSIA



Affordable Housing

Malaysia has a few examples of successful affordable housing companies (such as EPIC and H2GO) that could be replicated in other countries throughout the region.

PHILIPPINES



**Property
Marketplaces**



**Temporary
Housing**



**Construction
Materials**

In the Philippines, due to the country's vulnerability to disasters, a number of shelter enterprises are focused on this issue, including building more resilient construction materials. Due to the growing urban population and density in the capital city Manila and other cities, a few models around temporary housing have emerged. The Philippines is also a high potential market for property marketplaces targeted at middle- and low-income segments.

THAILAND



**Property
Development**

In Thailand, there is an opportunity for enterprises to work with property developers who are already targeting low-income segments, but the sector needs more outreach to attract more entrepreneurial activity.

Key Recommendations for Terwilliger Center for Innovation in Shelter (TCIS) and Habitat for Humanity

- **Create a platform or an innovation hub** (regionally or globally) to bring together all stakeholders interested in the sector – such as enterprises, investors, and market partners – to highlight successes, pipeline, and opportunities. The hub shall
 - a) create a network of players to bring visibility to those working in the space and in what capacity;
 - b) share knowledge and tools with practitioners;
 - c) facilitate connections among the parties, entrepreneurs-investors, and entrepreneurs-facilities;
 - d) enable transfer or replication of technology or knowledge; and
 - e) help enterprises find the right opportunities for funding, mentoring, technical assistance, and so on.
- **Enable stronger networking** for entrepreneurs with intermediaries, mentors, and investors – this is a must for better market access and growth for enterprises. Create opportunities for facilitating such partnerships regionally or locally within countries through, for example, in-person meetups or a demo day.
- **ShelterTech Accelerator (STA) is a strong opportunity to replicate innovations** from one market to another; Habitat can be a key facilitator for this with its global presence.
- **Risk capital as part of the programme** is key to make it more attractive for enterprises to join the programme.
- There is a need for **case studies on successful business models** in sheltertech for impact investors to see and glean ways to emulate. An annual report with successful and/or failed cases could be a product of the shelter Innovation Hub.
- **Aligning Sustainable Development Goals (SDGs) with innovations in sheltertech** could be another way to encourage investment. Many green construction materials offer lower carbon footprint, which could be highlighted to attract investments from impact funds.

Key Recommendations for ShelterTech Accelerator

Approach

Risk Capital: It is important to provide risk capital as part of accelerator for testing and validation of models to demonstrate proof points to investors. This will also encourage quality applicants and help put the regional accelerator above the fray of other programmes in the region. The ticket size for such funding is dependent on stage – however, at least USD 20,000-50,000 is recommended to be given as part of the programme to encourage shelter enterprises to conduct lean experiments targeting the customer segment during the programme duration.

Stage: Majority of the shelter enterprises the scoping study identified were in the early stages – models are still in the pilot stage or the testing and validating stage; the number of companies at the scaling stage were few. STA Kenya faced challenges of having companies at varied stages in one programme. It is important to consider this before finalising the stage of the enterprises. Given the supply of entrepreneurs in the region, the stage focus could range from testing and validating stage (with early revenues) to ready-to-scale (at least one proven revenue stream and potential for growth) – this could demonstrate to investors that there is a pipeline of shelter enterprises coming through the accelerator with some demonstrated proof points for the model.

Gender Lens: Given the changing ecosystem, it will be important for Habitat and TCIS to adopt a gender lens as it is proven to be a key metric to measure impact holistically. This will also enable STA stakeholders to align with the impact mandate of the larger ecosystem of donors, funders, and investors. The STA pipeline could also attract gender lens investors if such a strategy is adopted.

Value chain or ecosystem focus: Scaling up solutions in shelter may work best with an ecosystem of solutions – an approach to the portfolio could be trying to select different type of solutions under sheltertech.

Replication of models: As the pipeline for enterprises that are serving the middle- to low-income segments might be lower in number in the shelter space, there is an opportunity to bring successful models from other parts of the world that can be applied here. STA could look at facilitating and incentivising companies in India or other markets to come to the region.

Long-term approach: Running a programme like STA over a multiple-year horizon is an important way to ensure that there is a steady pipeline and for investors to take it seriously.

Customised Incubation approach: As enterprises that will be selected for STA will be at different stages of growth, it is important that the programme is not cookie-cutter classroom-based but rather agile and responsive to the needs of the enterprises. A combination of classroom-learning and intense incubation support based on growth milestones, will be most value adding for enterprises.

Design and Support

- STA must position its acceleration support with **a deep focus on sector or domain expertise**, as part of offering for shelter enterprises, as a key differentiator.
- **Access to market partners and R&D facilities with leading shelter or real estate corporate partnerships** will be highly valued and will attract quality applications from entrepreneurs with potential for scale.
- **Customized or bespoke programming and support, with a key focus on shelter**, is ideal given the stage and challenges of Southeast Asian enterprises over purely curriculum-based programmes.
- **Habitat team (including venture fund representatives) should be integrated into the programme**, from selection to programme delivery to mentoring, rather than taking a purely outsourced or hands-off approach. Habitat team's expertise and networks will present great value addition for early-stage enterprises and will be perceived as a unique value proposition.
- **Focus on bringing Habitat's sheltertech expertise in validating models** will be key. This should be facilitated through a strategic intervention as part of the programming with experts drawn from Habitat's fieldwork and/or market partners.
- **Strong sectoral market and technology partnerships** that are relevant to sheltertech will help differentiate the accelerator programme from other regional ones.
- **Investor connections need to be more tailored based on enterprise needs**. It is important to engage investors earlier on in the programme rather than wait till demo day. TCIS team should curate and develop a pool of investors (angel, institutional, and philanthropic) who could be matched based on the need of the enterprises in the cohort.

- **Investment readiness must be a key element of programming** as it is lacking in many local programmes and can be a value addition for STA – a focus on helping shelter companies identify what type of capital (not just venture capital) may be key to enable them to validate and scale their models. Hence, helping shelter companies define ‘investment readiness’ for these models may be key.
- The **accelerator design could incorporate end users’ points of view** as housing related decisions are long term – this could be in the form of funding for customer interviews or bringing Habitat’s expertise with end users or beneficiaries of shelter to the enterprises through a strategic intervention.
- **Post-programme and during virtual programming periods, in-country mentoring or handholding** would make the programme more rigorous. This could be done with Habitat teams in countries where there is a presence or partner with incubators in the region.

Appendix

- ❖ Indonesia
- ❖ Philippines
- ❖ Vietnam
- ❖ Cambodia
- ❖ Myanmar
- ❖ Malaysia
- ❖ Singapore
- ❖ Thailand
- ❖ Bibliography
- ❖ Sources: Country Factfile
- ❖ Interview List



INDONESIA

INDONESIA



267 million

Population

300 ethnic groups with 42% aged 25-54 years

74 million middle class households

GROSS DOMESTIC PRODUCT

USD 1.042 trillion

GDP as of 2018

5.2%

GDP Growth

USD 3,894

GDP Per Capita



9.8% below

National Poverty Line



38.1

Gini coefficient

AFFORDABLE HOUSING

15 million new units

13 million old units need repair

DEMAND



15 million new units

DEFICIT



111 / 189

HUMAN DEVELOPMENT INDEX



50 / 141

GLOBAL COMPETITIVENESS RANK



10 / 140

WORLD GIVING INDEX



10 / 162

GLOBAL RANK IN ACHIEVING SDGS



73 / 190

EASE OF DOING BUSINESS



829

SOCIAL ENTERPRISES

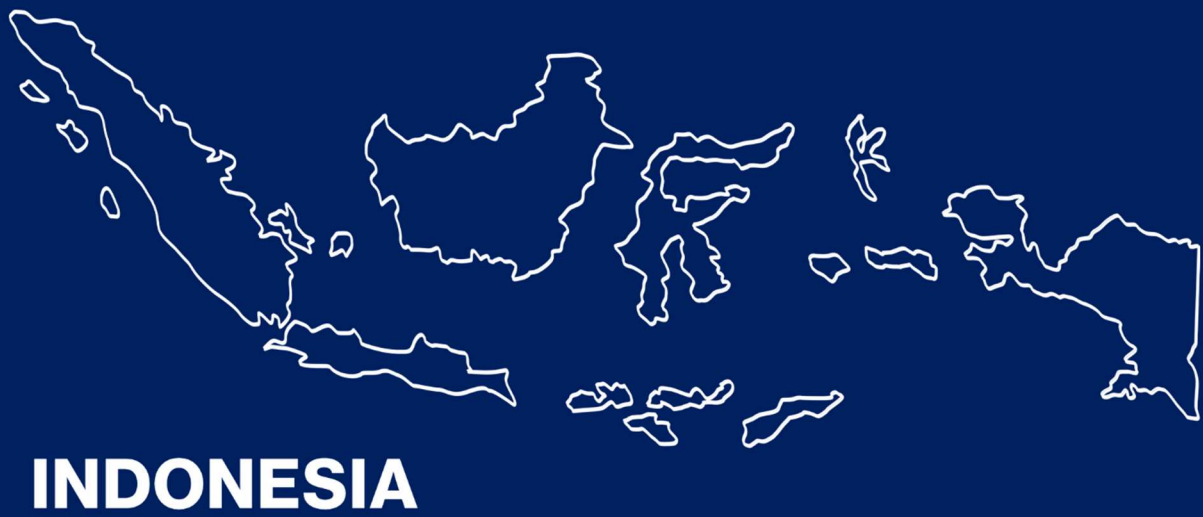
USD 148.8 million

IMPACT CAPITAL DEPLOYED
PRIVATE IMPACT INVESTORS



USD 3.6 billion

IMPACT CAPITAL DEPLOYED
DEVELOPMENT FINANCE INSTITUTIONS



COUNTRY OVERVIEW

Indonesia is the world's fourth most populous nation, the world's tenth largest economy in terms of purchasing power parity, and a member of the G-20. In the Association of Southeast Asian Nations (ASEAN) region, Indonesia is the largest economy with a GDP growth rate that has held steady at approximately 5% since 2014.¹⁹ Add to that a mix of complexities – an archipelago of more than 13,000 islands, a population of 267 million and around 300 ethnic groups. These are balanced out by unique factors the country has in its favour, including a growing middle class, plentiful natural resources, high internet penetration, and a slackening reliance on foreign funding.

Despite heightened global uncertainty, Indonesia's economic outlook continues to be positive, with domestic demand being the main driver of growth. Supported by robust investment, stable inflation, and a strong job market, Indonesia's economic growth is forecast to reach 5.1% in 2020. An emerging lower middle-income country, Indonesia has made enormous gains in poverty reduction, cutting the poverty rate by more than half since 1999, to 9.4% in 2019.

Indonesia's rapid urbanisation, with 151 million of its population living in cities and towns, is a major defining factor. By 2045, 220 million are expected to live in the urban areas.²⁰ However, with 22% of the urban population already living in slums,²¹ policies and intervention around affordable housing and associated sectors are critical to improve overall quality of life.

Out of a population of around 264 million, about 25.9 million Indonesians still live below the poverty line. Based on March 2018 data, approximately 20.19% of the entire population remains vulnerable to falling into poverty, as their income hovers marginally above the national poverty line. These challenges provide an unparalleled opportunity for impact entrepreneurship.²²

¹⁹ *Indonesia*, Asian Development Bank Statistics, 2019.

²⁰ *Augment, Connect, Target: Realizing Indonesia's Urban Potential*, last modified 3 October 2019, <https://www.worldbank.org/en/country/indonesia/publication/augment-connect-target-realizing-indonesias-urban-potential>.

²¹ *WB Approves New Financing for Affordable Housing*, World Bank, last modified 20 March 2017, <https://www.worldbank.org/en/news/press-release/2017/03/20/world-bank-approves-new-financing-to-support-affordable-housing-in-indonesia>.

²² *Indonesia Overview*, World Bank, last modified 11 December 2019 <https://www.worldbank.org/en/country/indonesia/overview>

Sustainable Development Goals Index²³

Indonesia ranks 102 among 162 countries in the global SDG ranks, with the country being on track or maintaining SDG Achievement in SDG Goal 1 (No Poverty), SDG Goal 8 (Decent Work and Economic Growth), and SDG 13 (Climate Action).



²³ Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G. (2019): *Sustainable Development Report 2019*. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN)

IMPACT ENTERPRISE ECOSYSTEM

Indonesia's startup economy is vibrant with the growth of the digital economy (expected to be USD 130 billion by 2025²⁴). It has four unicorn startups – Go-Jek, Traveloka, Tokopedia, Bukalapak – and has seen 51 investment deals in 2019 alone.²⁵ Fintech, in particular, has boomed with disruptive local startups competing with traditional financial systems. The sector has huge scope for growth with 67% of the population still unbanked.²⁶

There has been corresponding growth in the number of intermediaries providing entrepreneurial support, of which 30 are incubators/accelerators. The impact enterprise sector has experienced significant growth as well in the last five years – it is largely informal, driven by avoiding the complexities of registering businesses, established by women and millennials.

Indonesia is the largest market for impact investing in the region in terms of the number of active investors, amount of impact capital deployed, and number of impact deals between 2007 and 2017.

THE LANDSCAPE FOR IMPACT INVESTING IN SOUTHEAST ASIA REPORT

As per a 2018 estimate,²⁷ there exist around 342,000 impact enterprises (including informal entities):



More than a fifth of social enterprises are in the creative industries, unlike other countries in the region which have seen spurts in agriculture, health, and education.



Millennials are active investors, raising more than USD 32 million in the last five years for a variety of causes.



Number of **women participating in the workforce is high**.

²⁴ Google, Temasek, Bain & Company, *e-Economy SEA 2019*, p. 18.

²⁵ Randi Eka, *Notes on Startup Funding Throughout 2018*, Daily Social, 2018.

²⁶ Yudistra Nugroho and Ilham Samudera, *All Eyes on E-money, Mobile, Indonesia*, Finance & Banking, Research Studies, July 2018.

²⁷ British Council, UNESCAP, PLUS, *Developing an Inclusive and Creative Economy*, 2018, p. 15.

KEY STAKEHOLDERS IN THE INDONESIAN ECOSYSTEM

INVESTORS

Impact Investors

Online platforms: Akseleran, Gandeng Tangan, Kitabisa.com

PIIs: Aavishkar, East Venture, Northstar Group, Patamar Capital, YCAB Ventures, Strive

GOVERNMENT

Policies, departments supporting on impact/social enterprise

1000 startups digital movement, BEKRAF, BAPPENAS, Filantropi Indonesia, Indonesia Business Council for Sustainable Development and Indonesia Global Compact Network

RESEARCH/ ACADEME

Impact/Sustainability-focused institutes supporting on impact/social enterprise

British Council, Investing in Women, UNDP

ENTREPRENEURS

Social Purpose Organizations profit-based organizations focused on reducing inequalities

829 registered enterprises

Amartha, Greeneration Indonesia, Pelangi Nusantara, Sukka Citta, WeCare

INTERMEDIARIES

Incubators, Accelerators, Competitions, Capacity-Building Organizations supporting SPOs

Ashoka Indonesia, Endeavour, Google Launchpad Accelerator, IDX Incubator, Impact Hub Jakarta, Inotek, Interstellar, Kinara, USAHA Social, Rise Inc, Remake City Jakarta, SIAP, GnB, Skala, Kolaborasi, Indigo Incubator

AFFORDABLE HOUSING

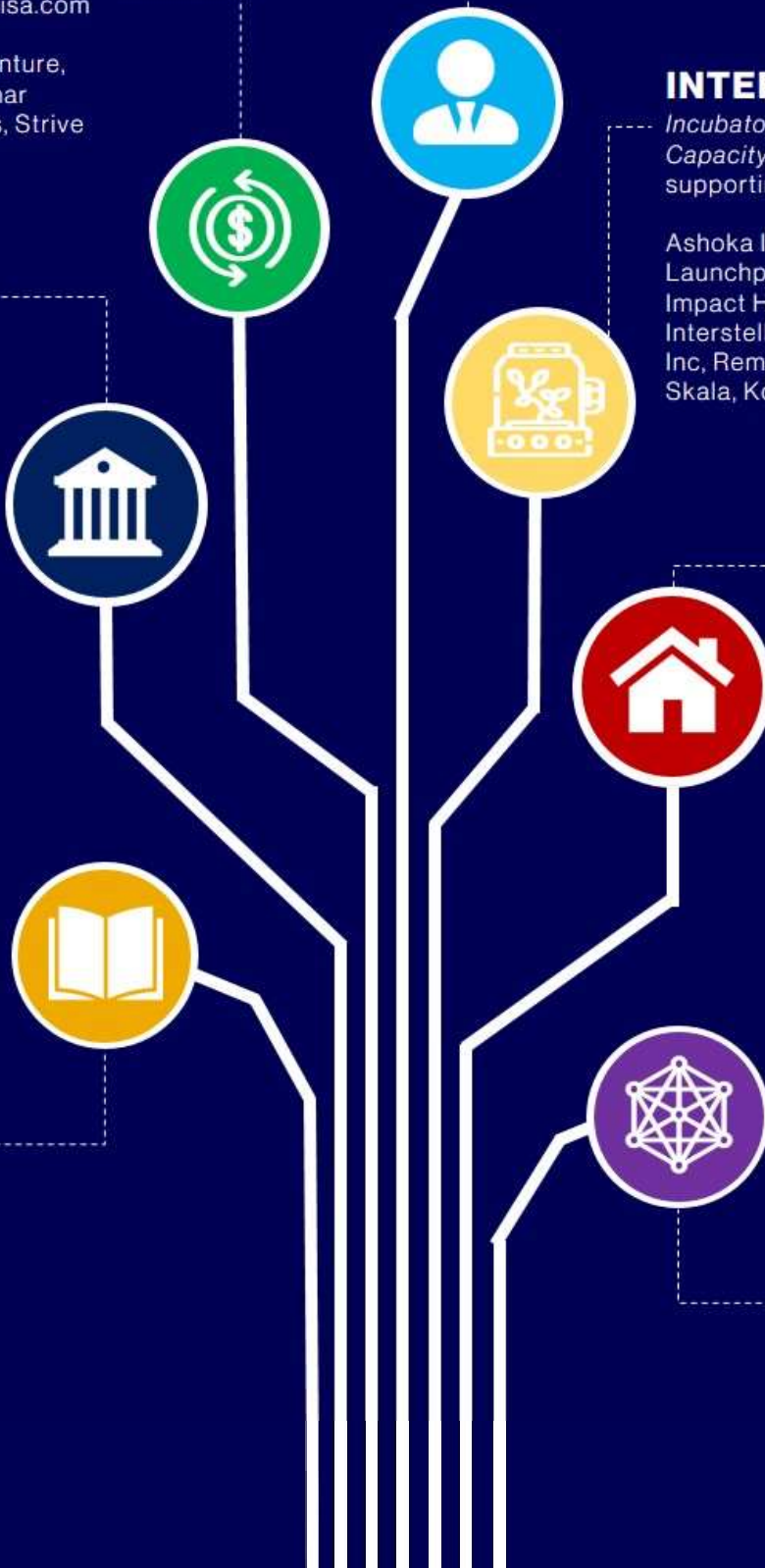
Stakeholders in the sector supporting on impact/social enterprise

Elang Group, MycoTech, Multiple renewable energy and waster management enterprises, Nazava

NETWORKS

Associations and networks focused on impact/ social enterprise sector supporting on impact/social enterprise

ANDE, AVPN, Angel-EQ, Kinara, Mekar



Regulatory and Policy Environment

Indonesia's growing startup ecosystem is enabled by increasing government support with legal and regulatory reform as well as a number of initiatives focused on local innovation and entrepreneurship:



An initiative to foster **1000 startups** with a total valuation of USD 10 billion by 2020²⁸



Prioritising technology in the vision of **Making Indonesia 4.0**

A National Entrepreneurship Draft Bill has been prepared that defines social enterprise as a venture that reinvests a majority of profit into its mission; however, there is still no distinct legal structure for social enterprises. The legislation applicable also varies depending upon the legal entity a social enterprise chooses – limited liability partnership (LLP), foundation, and co-operative. While social enterprises have the same access to funding as small and medium enterprises (SMEs) – funding from government, private enterprises, and foreign companies in the form of loans, capital, guarantees, and so on – foundations have access to grants.

Expectations across the board seem to be for the government to focus more on capacity building to get pre-seed startups to an investment-ready stage and provide grants where no investors are available.

²⁸Priyanka Bhunia, *Indonesia Working on Number of Initiatives to Boost Digital Start-up Ecosystem and Support SMES*, Open Gov Asia, 2017

Impact Investment Landscape

A 2018 report by GIIN and Intellectap found the Indonesian impact investment ecosystem to be the most mature in the region, with a wide, active range of local, regional, and global PIIIs. The PIIIs, including at least 22 fund managers, several family offices, and one impact-focused angel network, have deployed USD 148.8 million across 58 deals, and six DFIs have deployed over USD 3.6 billion in impact capital through 67 direct deals.²⁹



**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

The report's assessment was:

- Numerous social enterprise competitions, incubators and accelerators have led to a clear pipeline for investment-ready social enterprises, making it an attractive destination for investors.
- Over the next five years, it is estimated that Indonesia can absorb USD 23 billion in impact investments³⁰ driven by the sectors of energy, agriculture and fisheries, water, education, and more.
- Many global investors feel comfortable sourcing their deals without a local presence, but many are concentrated in the urban areas, especially Jakarta.

²⁹ GIIN, Intellectap, *The Landscape for Impact Investing in South East Asia*, August 2018, p. 91.

³⁰ Mekar blog, last modified 28 October 2019,

<https://blog.mekar.id/en/investing-in-indonesia-10-benefits-and-challenges-with-a-spotlight-on-impact-investing/>.

Access to Capital for Indonesian Startups

While venture capital activity has increased by many times – with Indonesia having the highest average deal size for the region, especially due to its unicorns – access to capital, especially at the early stages, continues to be an issue for most startups. Some Indonesian banks provide micro-credit programmes with low interest rates and do not require a company to have a legal entity to qualify for a loan. Crowdfunding, grants from donors, and competitions are good funding options and opportunities to validate the market.

At the prototype/pilot stage, many startups and impact enterprises rely on receiving government grants. At subsequent stages, there are a number of seed investors and venture capitalists. The current legal framework allows local investors to set up entities as a venture capital fund but majority of the venture capitalists are still foreign investors with a local presence (either offices or representatives).

Global Capital: Among global portfolio investors, Indonesia is one of the most forward-thinking and proactive countries for sustainable investment. Indonesia has a disproportionately large international investor base compared with other countries in the region.³¹

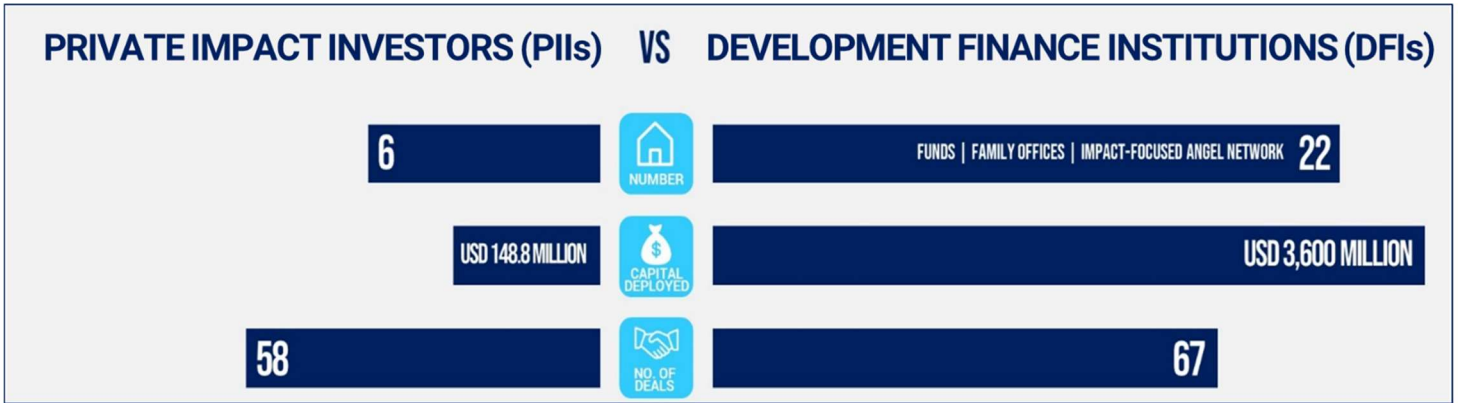
Local Capital: Indonesia is one the few countries in the region to see local capital being unlocked. Angel Investment Network Indonesia (ANGIN) is the largest angel investor network in the country. Two other networks, Angel-EQ and Kinara, have been active in recent years to encourage local investors to invest in social enterprises. In addition, peer-to-peer lending has also taken off in the ecosystem.



Mekar, one of Indonesia's largest peer-to-peer systems, connects funders to micro enterprises with positive economic and social benefit. Mekar launched Indonesia's first impact investing fund, Mekar Impact Fund, with USD 50 million in 2019.

Source: Mekar

³¹ Rebecca J. Razavi and Jongki D. Widjaja, *Embedding Sustainability in Indonesia's Financial Services*, EY, 2017.



*Deals between 2007 - 2017, *The Landscape for Impact Investment in Southeast Asia*, GIIN, 2018

Who are the PIIs?

Since 2013, Indonesia has seen an average of 13 impact deals per year, 90% of which are made by PIIs.³²

Most deals in Indonesia are now in the form of equity investments, which is a shift from debt deals that took place earlier, mostly in the financial services and agricultural sectors. Most capital to Indonesia comes from Singapore, Japan, and other more advanced markets. Only seven of 24 active PIIs in Indonesia had a local presence in 2018.³³ Deals are sourced primarily through competitions, incubators, accelerators, and personal networks. Investors with a local presence in Indonesia express more confidence about sourcing deals and potential pipeline as they start tracking enterprises at early stages.

A few key Impact Investors are:

ANGIN: Angel Investment Network Indonesia has grown into the largest network of high-net-worth individuals in Indonesia who pool resources together to engage in early stage investment and mentoring. Average ticket size of USD 75,000.

C4D Partners: a Netherlands-headquartered impact fund that invests in Indonesia, India and the Philippines via their local offices and a USD 50 million C4D Asia Fund. In Indonesia, they invest via mezzanine - equity-like debt - instruments, which will liquidate over time and are structured around cash flow projections. Investments range from USD 200,000 to 2 million with an average five-year investment period.

³² GIIN, Intellectap, *The Landscape for Impact Investing in South East Asia*, p. 102.

³³ GIIN, Intellectap, *The Landscape for Impact Investing in South East Asia*, p. 103.

Patamar Capital: invests in impact enterprises that serve low-income groups via series A and series B investments. The fund is regional and invests in multiple ASEAN countries – they have fully deployed their first Southeast Asia Fund and are closing their second fund. Patamar Capital has already had one exit from Indonesia.

Who are the DFIs?

Indonesia has seen the most capital deployed by the six DFIs in the country, as compared with other countries in the region. DFI investments have happened through 67 deals, all debt-based and deployed as loans over the past decade and have been primarily focused on the financial services, energy, and manufacturing sectors. While no deals have been lesser than USD 1 million, over 40% of DFI investments have been between USD 10 million - 50 million and seven have exceeded USD 100 million.³⁴

See the full list of investors in the Stakeholders section below

Enabling Governance and Regulatory Initiatives from the Government

The Indonesian government has also demonstrated strong support for sustainable finance. In July 2017, the Financial Services Authority (OJK) issued a regulation on sustainable finance implementation for financial institutions, listed companies, and public companies. The regulation aims to increase awareness of and commitment to sustainability principles and marks a major milestone in OJK's Roadmap for Sustainable Finance 2015-2019.³⁵ The first phase of the regulation implementation focuses on large Indonesian banks and foreign banks and then expands to include all relevant entities in the next two years. In line with this Roadmap for Sustainable Finance, OJK has issued Green Bonds (see box for details) since 2017.³⁶ In conjunction with the large banks, International Finance Corporation (IFC) is working to ensure these green bonds are used only towards financing green housing projects.

In terms of private capital, the regulatory ecosystem is still not as enabling. So, while the government has recently allowed the issuing of licences for local investors to set up venture capital firms, the funds are highly restricted, and benefits are not very clear. Therefore, most private investors prefer to establish in Singapore and set up in Indonesia as foreign investors.

³⁴ GIIN, Intelicap, *The Landscape for Impact Investing in South East Asia*, pp. 110-111.

³⁵ Razavi and Widjaja, *Embedding Sustainability in Indonesia's financial services*, EY (2017).

³⁶ Sangeetha Watson, Bradley Wo and Evelyn Salim, Editors: Dini Indrawati Septiani, Roshini Prakash and Kevin Teo, *Indonesia: Social Investment Landscape in Asia*, AVPN, 2019, pp. 12-13.

Exit Potential

PIIs expect market returns for all enterprises (even for impact investments), while DFIs require financial (below-market) and social returns that are aligned to their impact thesis. PIIs consider all impact-focused enterprises the same as all startups and expect the business models to be strong and sustainable to grow and scale to their point of exit. Startup exits are continuing to occur via acquisitions or 'acquihires' by state-owned enterprises, while unicorns Go-Jek and Tokopedia have played an active role in acquiring smaller startups.³⁷ Indonesia saw its first successful exit in an impact investment deal in 2018: Singapore-based fund Patamar exited from MAPAN (formerly known as RUMA) via acquisition by Go-Jek, yielding substantial returns for the investors.³⁸ As per our interviews and discussions with investors active in the region, a few more exits are expected in the next two years.

TREND ALERT

GREEN BOND MARKET IN INDONESIA

Green bonds are debt securities whose proceeds are used to finance or refinance, in part or fully, activities with specific environmental sustainability purposes and, apart from this, are the same as conventional bonds. The regulation requires a minimum of 70% of proceeds from issuance to finance agreed green projects. The issuer must adhere to capital market laws and regulations that govern the registration statement and debt security public offering. As of 2018, the majority of ASEAN green bond issuances, about 39%, were from Indonesia.³⁹ Indonesia's green bond market is also increasing collaboration with international stakeholders and counterparts. In January 2018, the green bond and green sukuk framework was reviewed by the Centre for International Climate Research (CICERO), which identified 11 types of eligible green projects, including renewable energy, energy efficiency, biodiversity conservation, clean transportation, climate change adaptation, and sustainable waste management. The Indonesia Stock Exchange (IDX) also became the first exchange in Southeast Asia to join the Climate Bonds Initiative Partner Program, demonstrating its commitment to playing a greater role in the development of national and regional green finance with a particular focus on green bonds. Other partners of Climate Bonds Initiative include London Stock Exchange and Nasdaq Nordics, expanding the potential for joint initiatives.

³⁷ Liyana Hasnan, *Start-up Exits on the Rise in South East Asia*, The ASEAN Post, 2019.

³⁸ Judith Balea, *Go-Jek buys 3 Fintech Firms to Conquer Indonesia Payments*, Tech in Asia, 2017, accessed on 15 December 2019.

³⁹ Climate Bonds Initiative and Climate Works Foundation, *ASEAN Green Finance: State of the Market*, 2018, p. 2.

ACCESS TO NON-FINANCIAL SUPPORT

Despite the ecosystem being in early stages of development, Indonesia has seen a rising number of locally set up and operated incubators/accelerators. While many are still based out of Jakarta, recent years have seen accelerator programmes that are run in Tier 2 and 3 cities and towns. The strong ecosystem of incubators and accelerators serves as an informal pipeline for foreign investors in social enterprises.

According to Tracxn, there are 32 accelerators and incubators in Indonesia.⁴⁰

However, there are currently no incubators/accelerators or investors that are focused on affordable housing or adjacent sectors other than energy. Investments in shelter/adjacent enterprises like Nazava or MycoTech have been as a part of other incubator programmes, not sector-focused ones.

Key impact-driven incubators and accelerators:

- **Digitaraya**: an Indonesian based startup accelerator that has helped 73 startups from 12 countries. Their focus is all technology disruptive companies across different sectors including renewable energy and cleantech. They are interested in partnering with Habitat for Humanity/ShelterTech on specific tech-related sectors in housing.
- **Impact Aim**: A collaboration with 500 Startups and UNDP, Impact Aim Indonesia is a ten-week accelerator programme focused on startups that have SDG-aligned impact as their main objective. They ran their first programme in 2019, which is a non-investment programme. Startups that participate in this accelerator are not guaranteed investments from 500 Startups or UNDP. Instead they are taken for demo day to Singapore to pitch to a diverse group of investors. The programme focuses on tracking and reporting impact, connecting to global stakeholders and capital to fuel growth and opportunities - the cohort is treated as innovative solution providers that also create strong social impact.
- **Impact Hub Jakarta**: an innovation lab, business incubator and hub for social entrepreneurs, along with co-working space and membership options.

⁴⁰ *Accelerators and Incubators*, Tracxn, last modified 7 December 2019, <https://tracxn.com/d/investor-lists/Accelerators-&-Incubators-in-Indonesia>.

- **Instellar:** a social enterprise accelerator and incubator that has helped 100 enterprises. They run the programs through Rise Inc, a six-month programme operated in collaboration with UnLtd Indonesia through which early stage entrepreneurs are coached across all fundamentals ending in a demo day and Remake City Jakarta which is a shorter bootcamp programme.
- **New Energy Nexus:** is a global incubator, accelerator, and fund focused on the renewable energy sector. In Indonesia, it offers early-stage (ideation/pre-prototype) startups with a six-month long incubator, grants from USD 8,000 to 25,000, skills training, events and hackathon support; while for later-stage (recently commercialised) startups it provides a three-month accelerator programme, matchmaking, and commercial partnership support. It also has a USD 4 million clean energy seed fund to support these enterprises. **New Energy Nexus also runs an outreach programme in the non-urban areas to increase awareness on the sector and the opportunities it offers.** They recommend this for other niche segments as well.
- Social Innovation Acceleration Program (**SIAP**): an accelerator that runs online classes as well as two boot camps – a two-day intensive camp and a 2.5 month, 10-session camp. Backed by strong mentors, the accelerator has helped many social enterprises including Obabas, the waste management innovator

See the full list of intermediaries in the Stakeholders section below

IMPACT ENTREPRENEURS IN INDONESIA

There are 11,468 registered non-governmental organisations (NGOs) in Indonesia, and 829 social enterprises registered with Platform Usaha Social (PLUS). Also, according to PLUS, the three top sectors for social enterprises are the creative industries, agriculture and fisheries, and education.⁴¹

Enterprises in the financial services (both microfinance and commercial banks) and energy have had the highest activity in terms of both the number of deals and amount of capital deployed. Various energy sub-sectors, such as geothermal power, wind energy, and hydropower, have drawn investor interest. Manufacturing, water, sanitation and hygiene (WASH), and information and communications technology (ICT) have also received impact investment.⁴²

829
social
enterprises
registered
with Platform
Usaha Social
(PLUS)

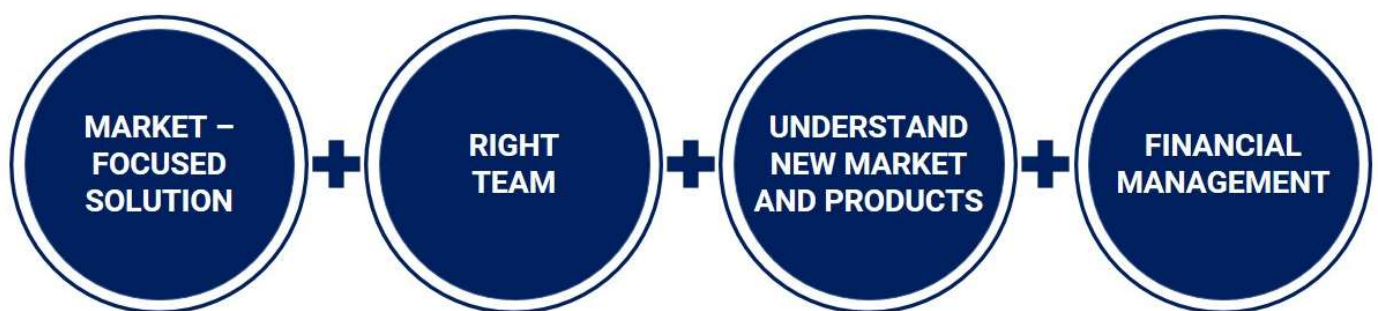
⁴¹ Watson, Wo and Salim, *Indonesia: SIL*, pp. 9-14.

⁴² GIIN, Intellectap, *The Landscape for Impact Investing in South East Asia*, p. 24.

Entrepreneurs typically begin their startup journey by using personal savings and raising funds from their inner circle: family and friends. At this stage, banks are not a viable option due to the lack of credentials and collaterals available to a startup. With recent developments in local angel networks and seed-stage funds, the financing gap is reducing but has a way to go. Apart from funding constraints, startups have challenges navigating legal issues, market validation, supplier sourcing, and attracting the right talent.

KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS

Many of the intermediaries and investors interviewed for this research identified the following areas as key success factors for Indonesian impact enterprises:



KEY SUCCESS FACTORS FOR INDONESIAN IMPACT ENTERPRISES

- A **strong market-focused solution** was cited as the primary criterion for any enterprise to succeed. Successful enterprises in Indonesian market have harnessed the market potential and unlocked strong value for customers.
- Having the **right teams, management skills, processes and infrastructure** have helped teams to focus on scaling.
- Emphasis on **understanding business aspects** helps with being investment ready.
- Early-stage enterprises also need to **understand new markets and new products**, as they expand across Indonesia and the region - the ones that have a strong grasp have succeeded.
- **Financial management and capability** are key for investing in impact enterprises.

KEY CHALLENGES FOR IMPACT ENTREPRENEURS

Despite being in the most vibrant entrepreneurial ecosystem in the region, many impact entrepreneurs continue to face challenges to grow their businesses:

- **Lack of access to diverse forms of capital** at the pre-seed stage (between USD 25,000-100,000)
- **Proportional cost of starting a business (as a % of income per capita) is the highest in the region**, creating barriers for who want to set up enterprises⁴³
- **Tax and contribution rate as proportion of profits is 30%**, which is the second highest in the region⁴⁴
- Indonesia sees **lower levels of direct government incentives and investments in enterprises**, which discourages many from testing out entrepreneurship.
- Indonesia's **geographic conditions present significant barriers** along with reaching a large population scattered across a sprawling archipelago, increasing costs in last mile distribution, among other challenges.
- Early stage Indonesian entrepreneurs also struggle **with finding the right talent/teams, having the right management experience, as well as optimising human resources**. Tech co-founders in particular have cited access to tech talent (such as software developers and data scientists) as the biggest challenge to growth, as the demand is much greater than the supply.
- For pre-seed enterprises focused on research & development (R&D) and innovation, **converting their solution into a market-based model is a big challenge.**

⁴³ Frontier Incubators, Innovation Exchange, Australian Government and Australian Aid, *Scaling Frontier Innovation*, June 2019, p. 30.

⁴⁴ Ibid.

AFFORDABLE HOUSING AND SHELTERTECH ECOSYSTEM

Indonesia's housing backlog reached about 13.5 million houses, according to a Fitch Report in 2016.⁴⁵ A Ministry of Finance report disputed those numbers quoting deficit at 11.8 million,⁴⁶ it did admit that additional 400,000 units a year were needed to replace housing in poor quality. Around 20% of 64.2 million housing units are deemed in poor condition and about 29 million out of Indonesia's 250 million population live in slums.⁴⁷

Enabling Policies and Government Interventions

A new subsidised mortgage liquidity facility – known as the Fasilitas Likuiditas Pembiayaan Perumahan (FLPP) scheme – subsidises middle-income households, allowing mortgagors to repay their loan at a lower interest rate than the prevailing market interest rate.⁴⁹ The government has also allotted a portion of its budget to state-controlled home builder Perum Perumnas and mortgage insurance provider Asuransi Kredit Indonesia (Askrindo) for affordable housing development projects. Housing law requires at least 20% of newly built apartments to be affordable units.

Green financing is now linking funding of projects and companies with green certification, especially in IFC Edge related partnerships. Green financing has also established that home-owners who own a green certified home as their second property can avail higher loan values, reducing their down payment amounts.

How is Indonesia doing in the shelter-related SDGs?



The government launched the 'One Million Houses Program' in 2014-2015 – a programme adding one million houses each year to reduce Indonesia's housing deficit. In 2018, this target was met for the first time and the government hoped to reduce the deficit to 5.4 million units by 2019.⁴⁸

IFC Edge, who work with developers, financial institutions, the government, and universities to ensure buildings are green certified, say that most developers do have an affordable housing project or two as this is gradually becoming a big market. This is other than the social housing the government enables.

⁴⁵ Press Release, Fitch: *Indonesia Low-Cost Housing Stimulus, but Potential Curveballs for Developers*, Fitch, 2016, last accessed on 5 December 2019.

⁴⁶ *National Affordable Housing Program*, Ministry of Finance, 2016, p. 2.

⁴⁷ Statistics, World Bank, 2017.

⁴⁸ GCR Staff, *Indonesia Hits Million-home Target for First Time in 2018*, Global Construction Review, January 2019.

⁴⁹ *State Mortgage Provider to Disburse Rp 1.7tr for Low Cost Houses*, The Jakarta Post, last modified 19 January 2019, <https://www.thejakartapost.com/news/2019/01/21/state-mortgage-provider-to-disburse-rp-1-7t-for-low-cost-houses.html>.

Business Models in Housing and ShelterTech in Indonesia

Due to strong government intervention and lack of transparency, innovation in this sector has been limited despite the million houses program. Mekar estimates that there will be only USD 0.9 billion impact investments over the next five years in this sector, as against the total of USD 5 billion that was estimated to be made by 2019.⁵⁰

Here are a few examples of models that have come up in the last few years in Indonesia:

Property Developer

ELANG GROUP

Elang Gumilang
FOUNDER

2013 - 2014
YEAR ESTABLISHED

Revenue Generating
STAGE

The group built and sold homes to lower income Indonesians – high-quality steel and concrete, 36 sq. m in size, and complete with two rooms, a bathroom, and a kitchen. The group also built kiosks with every project that residents could purchase to establish small stores, and provided property, security, and waste management services at no cost till cooperatives were established. Elang was a successful venture that was part of ENDEAVOR’s international cohort. However, since 2017 there has been less focus on Elang’s group, which does continue to finance homes for the lower to middle income groups. (Note: Elang has not been able to scale or leverage the full ENDEAVOR network due to the cultural aspect of Islamic finance and beliefs.)

See Stakeholders section below to read about Raw Haus and Energy companies: Ailesh Power, Clean Power Indonesia, Electric Vine Industries, Inovasi, Khaira Energy, Synergy Efficiency Solutions, TAZ and Xurya

⁵⁰ Mekar blog, last modified 2 July 2018
<https://blog.mekar.id/en/impact-investing-in-indonesia-a-five-year-outlook/>

Technologies (Innovative Construction Material)

MycoTech

Adi Reza
FOUNDER

2012
YEAR ESTABLISHED

Revenue
Generating
STAGE

A social enterprise that uses mushroom mycelia as a non-toxic binder agent that enables the production of affordable, environmentally friendly and recyclable building materials, for a wide range of applications, from agricultural waste. Mycotech can be manufactured for a cost 50% cheaper than those made from traditionally used materials such as gypsum board or clay brick. It is ten times more lightweight than these materials and has better production efficiency, allowing for faster construction. Since 2017, MycoTech has been producing alternatives to leather, and while they still have the technology for interior building material, they have not been able to commercialise that solution.

See Stakeholders section below to read about B-Foam, GeoFast, P.T Tasblock and Tech Prom Lab

Tech Solutions: FinTech

Gradana

Angela Oetama
FOUNDER

YEAR ESTABLISHED

Revenue
Generating
STAGE

Gradana, a tech startup, is a peer-to-peer (P2P) lending marketplace addressing issues of limited funding alternatives to buy property while there are idle funds in the economy that can be productively utilised. Gradana currently offers four products for lenders and borrowers to choose from: GraDP/GraStrata (property purchase financing), GraSewa (rental bridging loan for borrowers to obtain monthly payments), GraRenov (renovation/interior design financing), and GraKarya (invoice-based financing for property related vendors). Tryb Group invested in Gradana in May 2019 in its pre-Series A round and the enterprise is currently raising Series A round of USD 5 million.

See Stakeholders section below to read about Agenkan, Gangdeng Tangan, Julu and UangTeman

Tech Solutions: PropTech

City Plan

Rizki Fadhilah
FOUNDER

2017
YEAR ESTABLISHED

Unclear
STAGE

City Plan allows users to understand what can be built on a particular area based on zoning regulations. While the app is focused on smart cities and helping governments with city planning, it can apply to housing locations as well. City Plan was part of the Kolaborasi accelerator programme and has partnered with multiple organisations in their journey including British Council, The World Bank, and The Asia Foundation.

iBuild

FOUNDER

2016
YEAR ESTABLISHED

STAGE

iBUILD is a mobile platform technology that helps countries and governments bridge the housing gap via a transparent system. People in need of affordable housing are connected with experts in the construction industry looking for projects or work. iBuild is already in partnership with Habitat for Humanity globally and Indonesia is the only ASEAN country they are based in currently.

See Stakeholders section below to read about ARSITAG,, Bamms, Dekoruma.com, SpaceStock, UrbanIndo now 99.co

WASH

Nazava

Lieselotte Heederik
FOUNDER

2009
YEAR ESTABLISHED

Revenue
Generating
STAGE

Nazava is one of Indonesia's best-known social enterprises. They produce and distribute cheap water filters both directly as well as via multi-channel partnerships. The enterprise is currently raising its next round of funding and expanding into the East Africa markets. Their challenge with expanding in Southeast Asia is that marketing has to be high-touch since Southeast Asians prefer boiled water to filtered.

Water ID

Ichsan Milia
FOUNDER

YEAR ESTABLISHED

Revenue
Generating
STAGE

Water ID is a digital social enterprise working to solve the crisis of lack of access to clean water in non-urban areas as well. Their solutions include partnerships with NGOs and corporate social responsibility (CSR) foundations, getting public donations via campaigns to help build wells, extend pipelines, and ensure rainwater harvesting and various filtration options to areas without water.

See Stakeholders section below to read about Komodo Water, Obabas, PT Guna Olah Limbah, Smash, Waste4Change.

Others

Pandahos Indonesia

Revenue
Generating
STAGE

Pandahos Indonesia are architects who design affordable housing based on prefab and sustainable materials.

Coaction Indonesia

Coaction Indonesia is an advocacy group that raises awareness on renewable energy along with other civil society organisations on environment and conservation awareness.

KEY OPPORTUNITIES, CHALLENGES AND RECOMMENDATIONS

Opportunities

In 2012, McKinsey forecast that Indonesia would become the world's seventh largest economy with a middle-class population of 90 million by 2030.⁵¹ By 2017, PWC had changed that prediction to fourth largest economy by 2050.⁵² While the economy is booming, its new wealth is not trickling down fast enough. Four of its richest billionaires have more wealth than 100 million of its poorest (40% of its population),⁵³ creating a big market for impact enterprises. According to Mekar, the impact investment market can absorb USD 23 billion in capital over the next five years.⁵⁴

What can we expect in Affordable Housing and Adjacent Sectors?

By 2019, the government hoped to have slashed the housing deficit from 11.4 million units to 6.9 million by increasing housing budget and via the "One Million Houses" objective. As of 2018, this deficit continued to be high.

Low Cost Housing



USD 900 million
Investment Potential

Since the sector will be semi state-funded, it could grow based on designing low-cost and more efficient homes using low-cost alternative materials, rainwater harvesting, clever cooling, solar collectors, and so on. Much can be gained in design to reduce the cost of living in such a house for the new low-income owners. Also housing contracts will be on the larger side.

⁵¹ Raoul Oberman, *The Archipelago Economy: Unleashing Indonesia's Potential*, McKinsey Global Institute, 2012, p. 1.

⁵² PWC, last modified 5 February 2017, <https://www.pwc.com/gx/en/issues/economy/the-world-in-2050.html>.

⁵³ Tim Lindsey and Tim Mann, *Indonesia: The Not So Good News*, The Interpreter, 2020, accessed on 5 February 2020.

⁵⁴ Mekar blog.

Energy



USD 4.4 billion
Investment Potential

It is estimated that the country's renewable energy consumption will grow to 28% of its total power generation, making it the largest potential impact sector.

While there are a number of current impact enterprises in this space, more opportunities lie:

- in the household, single building or (rural) micro-grid projects sector where a small generation facility is installed for 'closed-loop' consumption, feeding limited or no power into the grid
- in energy efficiency projects where systems of buildings are replaced with more efficient systems, reducing the overall electricity bill for the building (for example: Synergy Efficiency Solutions, Electric Vine Industries)

Water



USD 2.4 billion
Investment Potential

Indonesia's water needs are expected to grow by 60% in 2050 compared to what they were in 2016, according to ADB.

While water supply cannot be privatised, there is scope for the sector to grow in terms of water filtration systems, reverse osmosis, and desalination plants for housing estates, islands, resorts, and office towers. Far-flung communities will need better rainwater harvesting systems, and companies that build reservoirs, dams, and pumps can expect to grow via government contracts.

Sanitation



USD 1.3 billion
Investment Potential

Over 35% of the population lack access to sanitation facilities. Indonesia has historically addressed this problem with the support of aid organisations and credit cooperatives that provide loans to purchase toilets/facilities.

This sector has the potential for materials needed to build facilities, employing skilled labour as well as spin-offs like organic fertilisers and biogas.

Recycling and Water Processing



USD 1.1 billion
Investment Potential

Recycling is expected to grow at 5% annually while waste processing at 2%. Waste management is at a crisis level in Indonesia and some 80% plastic waste ends up in the ocean. The government needs to intervene with state-funded facilities, better regulations, and enforcement. Moreover, due to 1.2 million scavengers, revenues in this sector are still informal.

Recycled waste from agriculture can be used for making paper, cardboard, and medium-density fibreboard (MDF)-like panelling, while recycled plastic can be converted to surrogate wood flooring and panelling, among other things.

While waste banks already exist, more awareness as well as innovative technology is needed to convert waste to building material. The sale and management of waste separation trucks, household composting, or separation bins are also potential opportunities.

Other than the above sectors, impact investment opportunities exist in sectors like:

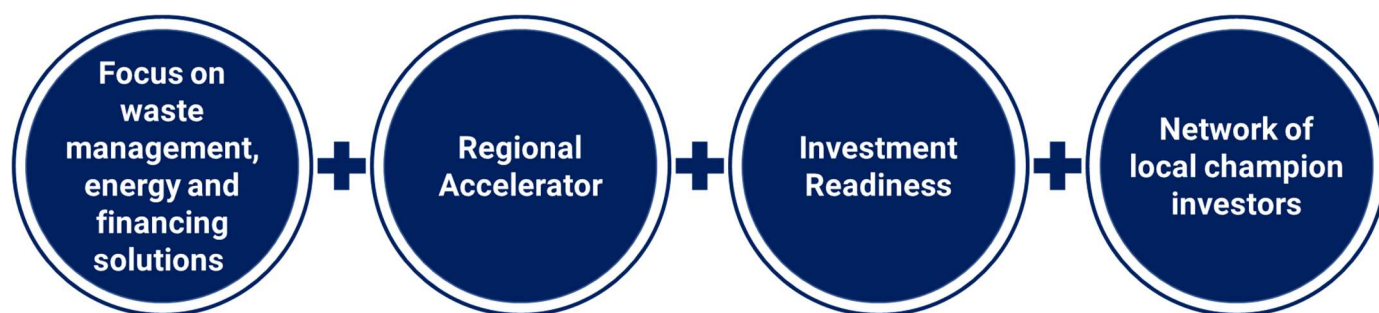
- Fintech: with enterprises focused on housing loans (like Gradana), insurance, mortgages, etc. Some investors suggest that this may be the easiest route to get impact enterprises thinking about housing finance as the fintech sector is already on the rise.
- Technology: focused on maintenance and community building.
- Marketplaces: that bring together owners who would like to self-build with suppliers.

Challenges

- Affordable housing in Indonesia is very much a government-led sector. Due to this, **much of the investment in affordable or social housing will be state-funded.**
- With **real estate developers building affordable housing** projects as part of their portfolio, it would be difficult for smaller enterprises to get directly into housing.
- Market-based models may suffer because of **market distortions due to subsidies from the government.** However, shelter sectors are more viable and may have the potential to scale.
- There are **no clear-cut standards** for alternate building material or innovative solutions around affordable housing in Indonesia.
- **Investments in affordable housing will be subject to regulatory uncertainties**, with likely land permit issues. This may continue to dissuade innovative entrepreneurs to test and validate models for scale.
- While the Government has the 'million houses program', there **need to be better incentives for consumers** (especially the lower middle class) to buy these unit, including access to easy financing.

Affordable housing solutions may remain out of reach for private investors due to government grants and subsidies, and small enterprises due to real estate developers expanding portfolio.

Recommendations



- Shelter sectors are increasingly giving rise to more social enterprises especially in waste management banks, energy, and microfinancing. For Indonesia these sectors would need to be the area of focus.
- Companies like Nazava and Gradana are already growing rapidly in the country and looking to expand to other markets. They would benefit from a regional accelerator.
- While Indonesia has many intermediaries and competitions, capacity building needs to get more robust with accountable key performance indicators (KPIs) to increase the percentage of investment-ready enterprises. They would benefit from regional partnerships such as Habitat for Humanity in the shelter-adjacent space.
- We strongly recommend creating a network with local champion investors (family foundations, HNWIs, etc.) – this would boost the social enterprise investment market in Indonesia.

Recommended Stakeholders

Entrepreneurs	Partners	Investors & intermediaries
Nazava Gardana iBuild	IFC Edge	ANGIN Patamar Capital Moonshot Ventures Instellar USAHA Sosial Digitaraya (for tech-related sectors)

INDONESIA STAKEHOLDER SECTION

Impact Investors (Seed to Early-Stage)

1. **500 startups:** (an accelerator) it invests in all companies that take part in their Seed Program, for which participation fee is USD 37,500. The investment is structured as a convertible security. Companies receive an investment of USD 150,000 for around 6% of their company. The convertible security has certain special rights for 500 Startups, including the right to make a follow-on investment of an additional USD 500,000 or 20% of the startup's next priced round of USD 1,000,000 or more, whichever is lower, which expires after the conversion of the convertible security.
2. **Aavishkar Venture Management Services:** an India-based early-stage impact investor that follows a venture capital form of investing. They invest in social enterprises focusing on agriculture, energy, financial inclusion, women/girl empowerment, among others. Indonesia is the only Southeast Asian market they currently invest in.
3. **Accion:** a global fund that invests in pre-seed to growth-stage enterprises focused primarily on the financially underserved. Their focus on Southeast Asia is increasing and early seed investments include Coda Pay (a payment via mobile airtime app) in Indonesia. Seed stage deals are typically between USD 300,000-500,000. They also have an Accion Frontier Inclusion Fund that focuses on innovative fintech companies developed for the underserved in emerging markets. Managed by [Quona Capital](#), the Frontier Inclusion Fund's portfolio includes Koin Works, a P2P lending marketplace for business to business (B2B)/business to consumer (B2C) loans, and Julo, a digital affordable consumer lender.
4. **Agaeti Venture Capital:** an early stage venture capital focused on pre-Series A and Series A for tech startups based primarily in Indonesia with an expansion focus into Southeast Asia. It invested in Xurya, a renewable energy company for commercial enterprises.
5. **Alpha JWC Ventures:** an Indonesia-focused venture capital firm focused on fintech and sustainable consumer sectors. They invest right from early stage up to Series B. Their portfolio includes P2P lending platform Modalku (Funding Societies), Indonesia's tax application company Pajak, and Tanihub, an agriculture e-commerce site.
6. **ANGIN:** it has grown into the largest network of HNWIs in Indonesia who pool resources together to engage in early-stage investment and mentoring. Investors can put in USD 20,000-100,000, and deal sizes are from USD 100,000-500,000; financing of deals is through diverse combination of instruments – equity, mezzanine debt, and even loans. The network is also receiving interest from foreign investors including family offices from Singapore.

7. **AppWorks**: it has a six-month accelerator programme for seed-stage companies, while its Fund invests in growth-stage startups. Deal sizes can be from seed (USD 200,000) to Series C (USD 10 million). While they are primarily focused on Hong Kong, they have made investments in Indonesia or in companies that are expanding into Indonesia.
8. **BeeNext Ventures**: a Singapore-based venture capital firm that invests in India, Southeast Asia, Japan, and the US.
9. **Central Capital Ventura**: a corporate venture capital firm backed by Indonesia's largest private bank, Bank Central Asia, focused particularly on startups disrupting the financial services space.
10. **C4D Partners**: a Netherlands-headquartered impact fund that invests in Indonesia, India, and the Philippines via their local offices and a USD 50 million C4D Asia Fund. In Indonesia, they invest via mezzanine – equity-like debt – instruments that will liquidate over time and are structured around cash flow projections. Investments range from USD 200,000-2 million with an average five-year investment period.
11. **Convergence Ventures**: an early stage, sector agnostic venture capital firm focused on digital disruptions.
12. **East Ventures**: an early stage, Singapore-based venture fund focused on Japan and Southeast Asia. Considered to be the most active seed investor in Indonesia, it has an Indonesia focused USD 200 million fund EV Growth, focused on tech and young startups, and invests via seed and venture rounds of up to USD 500,000. The fund also has the capacity to add up USD 1 million in follow-up rounds.
13. **Impact Investment Exchange (IIX)**: they invest in Indonesia via their IIX Growth Fund in the sectors of clean energy, green technology and water, and health and sanitation. They also connect impact investors with social entrepreneurs via their Impact Partners crowdfunding platform.
14. **Indogen Capital**: a relatively new sector agnostic investor with a deep Indonesian focus, invests in companies that are beyond seed stage but have a requirement between USD 150,100-500,000. One of the fund's founders is Naraya Ciputra, a member of the Ciputra conglomerate that is primarily active in real estate development but also known for philanthropic contributions.
15. **Inspire Ventures**: it is a USD 25 million partner-funded venture builder that invests in early stage as well as growth companies in Indonesia.
16. **Intudo Ventures**: an 'Indonesia-only' independent venture capital firm that invests in homegrown early-stage companies (lead or co-lead Pre-Series A and Series A/B financings, with an initial investment amount of USD 500,000-5 million per company) in the consumer, finance and insurance, health and wellness, and education sectors.
17. **Kinara**: an early stage accelerator and impact investing firm.

18. **Mana Impact Partners**: a Singapore headquartered impact fund that focuses on energy, water, and agriculture through medium- to long-term capital. They invested in Nazava, which provides safe and affordable access to clean water.
19. **Mercy Corps Ventures (MCV)**: it makes equity or convertible debt investments in ventures pioneering solutions in financial services, agriculture, last-mile logistics, and youth employment. They are an early source of capital for these ventures, which are then followed up with a significant investment of time and expertise. Investment sizes vary from USD 50,000 to 250,000.
20. **Monk's Hill Ventures**: a Singapore and Jakarta based fund that invests in startups at Series A (post-seed stage) across Southeast Asia.
21. **Moonshot Ventures**: a venture capital (earlier impact fund) that set up in Indonesia about a year ago and is looking to invest in and grow disruptive startups with a high impact on society across one or many SDGs.
22. **Patamar Capital**: it invests in impact enterprises that work on benefitting low-income groups via Series A and Series B investments.
23. **PhiTrust Asia**: an impact investment company focusing on Southeast Asia, investing in two high growth and large impact sectors – healthy food and access to energy. They provide financing via equity, debt and convertible debt. Their average deal size is of USD 100,000-300,000.
24. **Pymwymic**: a Netherlands-based community of impact investors. They make direct investments as well as via sector-specific funds. They are an investor in Nazava.
25. **SeedPlus**: a Singapore-based seed venture firm focused on investing in early-stage companies with a deal range of USD 500,000-1million.
26. **Spiral Ventures Asia**: it invests in startups that address social needs and future opportunities in Southeast Asia and India. In addition to investment and pursuing financial return, the firm also provides a bridge among corporates and growing Asian startups, and facilitate market access and collaboration among them to create greater value. Their portfolio includes Urbanindo and UangTeman.
27. **Strive earlier GREE ventures**: a Japanese fund that invests in the Southeast Asian market, mostly in startups at seed or Series A. Its early stage investments are usually between USD 300,000-1 million. It has invested in Indonesian startup City Plan.
28. **Wavemaker Partners**: a dual-headquartered, Los Angeles and Singapore based, early-stage venture capital firm that invests in enterprise, consumer, and deep-tech firms. Their portfolio includes Novade (a construction focused app in Singapore) and One Stock Home (*Thai based online marketplace that connects buyers and sellers of construction material*).

Incubators and Accelerators

1. **Digitaraya**: an Indonesian based startup accelerator that has helped 73 startups from 12 countries. Their focus is all technology disruptive companies across different sectors including renewable energy and cleantech.
2. **Endeavour**: is a global entrepreneurship system that helps innovators scale and their sector focus includes smart cities. Endeavour offers their entrepreneurs access to talent, mentors, education and investment. Their Indonesian entrepreneurs include Synergy Efficiency Solutions and Peradaban Land.
3. **Enviu**: a global venture builder that has recently opened its Indonesia chapter. Their focus is financial inclusion, circular economy, and food system enterprises. They work with impact organisations on a long-term basis to disrupt and drive value chains and sectors to a new normal by helping them build sustainable business models.
4. **Impact Aim**: a collaboration with 500 startups and UNDP, Impact Aim Indonesia is a ten-week accelerator programme focused on startups that have SDG-aligned impact as their main objective. They ran their first programme in 2019, which is a non-investment programme. Startups that participate in this accelerator are not guaranteed investments from 500 startups or UNDP. Instead they are taken for demo day to Singapore to pitch to a diverse group of investors. The programme focuses on tracking and reporting impact and connecting to global stakeholders and capital to fuel growth and opportunities – the cohort is treated as innovative solution providers that also create strong social impact.
5. **Impact Hub Jakarta**: an innovation lab, business incubator, and hub for social entrepreneurs, along with co-working space and membership options.
6. **Inotek**: a business incubator founded in 2008 that also has an accelerator and mentoring programme.
7. **Instellar**: a social enterprise accelerator and incubator that has helped 100 enterprises. They run the programmes through [Rise Inc](#), a six-month programme operated in collaboration with [UnLtd Indonesia](#) through which early stage entrepreneurs are coached across all fundamentals ending in a demo day and [Remake City Jakarta](#), which is a shorter boot camp program.
8. **Kinara**: an early stage accelerator and impact investing firm.
9. **Kolaborasi**: a pre-accelerator programme that allows entrepreneurs to build on their idea. Entrepreneurs with social enterprise ideas are encouraged to apply to SIAP, while their 8-12-month Venture Builder programme with equity participation is aimed at the growth stage.

10. **New Energy Nexus**: a global incubator, accelerator, and fund focused on the renewable energy sector. In Indonesia, it offers early stage (ideation/pre-prototype) startups with a six-month long incubator, grants from USD 8,000 to 25,000, skills training, events, and hackathon support; while for later stage (recently commercialised) startups it provides a three-month accelerator programme, matchmaking, and commercial partnership support. It also has a USD 4million clean energy seed fund to support these enterprises. **New Energy Nexus also runs an outreach programme in non-urban areas to increase awareness on the sector and the opportunities it offers.** They recommend this for other niche segments as well.
11. **SIAP**: an accelerator that runs online classes as well as two boot camps – a two-day intensive camp and a 2.5 month, 10-session camp. Backed by strong mentors, the accelerator has helped many social enterprises including Obabas, the waste management innovator.

AFFORDABLE HOUSING AND RELATED SECTORS

Names	Founder	Year Established	Stage in Business
Affordable Housing			
Raw Haus	Rendy Aditya Wachid	2018	Unclear
Energy			
Ailesh Power	Fano Alfian Ardyansyah	2018	Unclear
Clean Power Indonesia	Jaya Wahono	2012	Revenue Generating
Electric Vine Industries	Bryse Gaboury	2014	Revenue Generating
Inovasi	Andre Susanto	2015	Revenue Generating
Khaira Energy	Yulian Widodo	2016	Revenue Generating
Synergy Efficiency Solutions	Steven Piro	2008	Revenue Generating
TAZ	Djati Kusumo	2018	Revenue Generating
Xurya	Gusmantaran Himawan	2018	Revenue Generating

Technologies (Innovative Construction Material)			
B-Foam	-	2006	Revenue Generating
Geofast	Suparlan	2018	Unclear
PT Tasblock	-	1999	Revenue Generating
Tech Prom Lab	Darina Maulana	2019	Recently commercialised
Tech Solutions: Fintech			
After Oil	-	2018	Unclear
Agenkan	Muhammad 'Didit' Indraputra	2018	Revenue Generating
Gandeng Tangan	Jezzie Setiawan	2015	Revenue Generating
Julo	Adrianus Hitijahubessy	2016	Revenue Generating
Uang Teman	Aidil Zulkifli	2014	Revenue Generating

Tech Solutions: PropTech			
Arsitag	Steven Gomed	2016	Revenue Generating
Bamms	Jeffry Anthony	2016	Revenue Generating
Dekoruma	Dimas Harry Priawan	2016	Revenue Generating
SpaceStock	Leonard Hartono	2016	Revenue Generating
UrbanNindo now 99.co	NA	2011	Revenue Generating
WASH			
Komodo Water	Shana Fatina	2011	Unclear
Obabas	-	-	Revenue Generating
PT Guna Limbah	Archie Nugroho	2015	Revenue Generating
Smash/Bank Sampah	Addin Gama Bertaqwa	2015	Unclear
Waste4Change	Bijaksana Junerosano	2014	Revenue Generating

Affordable Housing

- **Raw Haus:** based in Bandung, it is an enterprise of architects, engineers, designers, entrepreneurs, and researchers who have developed high performance zero waste sustainable modular housing for remote areas. The houses are energy efficient, built using eco-friendly durable material, durable, and earthquake and fire resistant.

Energy

- **Ailesh Power:** an energy and waste management startup whose solutions include a fuel created from agricultural waste, an IoT-based platform focused on waste process, technical environmental consulting, and tools for energy monitoring and management. They were part of Singapore International Foundation's Young Social Entrepreneurs Program 2019. They are also part of Digitaraya's and New Energy Nexus's joint programme cohort.
- **Clean Power Indonesia:** a social enterprise that promotes the development of renewable energy and sustainable economy based on the active participation of communities in managing renewable energy sources.
- **Electric Vine Industries:** it provides innovative design and distribution electricity solutions via microgrids to the under-served including remote, off-the-grid areas.
- **Inovasi:** a social enterprise focused on powering rural areas through innovations such as a modular mini-grid topology that allowed for distributed generation and storage, as well as ease of hybridisation with other AC power sources. It also provides the design for solar panels on the top of the utility distribution poles. Their focus is to understand the communities' needs and then provide solutions involving the communities' economic development. They were in Digitaraya's and New Energy Nexus's accelerator programme. They are looking for funding (developmental capital) for their projects rather than for their own internal use. They generate enough revenues via projects to sustain the social enterprise. The biggest gap is access to funding between USD 500,000-1 million and lack of access to the right investors/grants at that level.
- **Khaira Energy:** a Clean Tech startup that provides energy storage systems – Internet of Things (IoT), smart home batteries with solar panels to change how people pay their home electricity bills. They are part of Digitaraya's and New Energy Nexus's joint programme cohort.

- **Synergy Efficiency Solutions (SES):** established in 2008 and listed as a social enterprise by PLUS, SES focus on designing, financing, and implementing energy solutions for facilities by identifying untapped savings. It is a profit-sharing model where wasted energy is converted to profit. Part of ENDEAVOR's international cohort, this company is considered a success story.
- **TAZ:** a renewable energy venture focused on affordable energy for houses, including setting up container homes as a portable green living style. It is part of Digitraya's and New Energy Nexus' cohort.
- **Xurya:** it provides commercial enterprises with affordable renewable energy, where customers get paid for going green. Those with excess solar power can even export the power to the grid.

Technologies (Innovative Construction Materials)

- **B-foam (PT Beton Elemenindo Putra):** established in 2006, it is a division of Beton Works (concrete-based construction material manufacturer). It manufactures b-panel®/b-deck® modular wall and floor system, which allow rapid construction of earthquake-resistant, intensively-insulated buildings. The company applies fire retardant expanded polystyrene (EPS) in building technology (to make architectural facades, floating structures, and geotechnical solutions). They follow environment-friendly processes with a 100% recycling of post-production waste, running on 100% biofuel, not serving coal-related projects, rainwater harvesting, and supplying pre-cut product to reduce wastage.
- **Geofast:** they manufacture fast-setting geopolymers made from raw materials using available slags, which are abundant in Indonesia. Their aim is to reduce future dependence on limestone. Geofast is able to reach optimum strength in seven days, while conventional cement takes 28 days. In testing, Geofast meets ASTM C 109 standards.
- **Tasblock PT:** it is the Indonesian branch of Singapore-based composite material manufacturer and produces advanced composite materials based on sustainable green-building technology. The company offers infrastructure elements, road utilities and urban furniture including gully gratings, manhole covers, benches, bollards, decorative panels, light poles, and electrical panel boxes. Tasblock is not a startup and has been around for a couple of decades.
- **Tech Prom Lab:** a recently incorporated enterprise that has an R&D solution for porous concrete as an alternate for regular concrete. The company has patented its technology and licenced out the process to traditional concrete manufacturers/vendors so they can implement it in their construction process. They are focusing on South Indonesia as a market. They have participated in the Impact Aim accelerator this year (2019) and are currently exploring funding options with investors.

Tech Solutions: Fintech

- **After Oil**: a crowdfunding platform based on blockchain and focused on renewable energy. It connects energy producers, investors, and the market to complete the energy supply chain. Communities and cooperatives can participate as well. After Oil was part of Digtaraya's cohort.
- **Agenkan**: a fintech venture focused on easy and fair access to finance for end customers in the micro segment or the unbanked. Part of Digtaraya's alumni portfolio.
- **Gandeng Tangan**: a P2P microfinance site that supports entrepreneurs through short-term online protected funding.
- **Julo**: (from Convergence Ventures portfolio) a fintech company that provides unsecured loans with low interest rates using a mobile digital data-based credit guarantee and risk assessment platform. Julo completed its series A raise (a total of USD 15 million) in September 2019.
- **UangTeman**: an online lending service where consumers can procure short-term microcredit loans up to a maximum of Indonesian Rupiah 3.5 million, with no credit history. It is based on low interest rates and transparency, so it caters to lower income classes and competes directly with banks and loan sharks. The company is looking to expand into the Philippines. It is part of Alpha JWC Ventures and raised its first tranche of its series B (USD 10 million) in Oct 2019 and is currently raising debt capital financing.

Tech Solutions: PropTech

- **ARSITAG**: an online marketplace for homeowners to find architects, designers, and contractors. Once hired, transactions happen within Arsitag's escrow system (ARSIpro) to ensure safety and project completion. (Note: It is unclear whether they work in affordable housing but are part of East Venture's portfolio).
- **Bamms**: a digital building management solution that can be used for residential, commercial, and office buildings. It is part of Digtaraya's accelerator programme.
- **Dekoruma.com**: (part of Convergence Ventures portfolio) an online platform that originally started as a marketplace for furniture and household appliances. It has now expanded to interior design, home renovation, and material supplies. The company raised their Series B round in 2018.
- **SpaceStock**: an online platform as a one-stop solution to showcase thousands of verified properties. The site works directly with buyers and sellers to ensure transparency and reduced markups. It is part of Alpha JWC Ventures.

- **UrbanIndo now 99.co:** an online listing of properties, Urbanindo was acquired by Singapore's 99.co in 2018.

WASH

- **Komodo Water:** they provide affordable clean and drinking water to villagers in the remote areas of Komodo National Park and West Manggarai District, Flores, East Nusa Tenggara. Together with the villagers, Komodo designed water solutions for the area with limited water resources, by optimising and managing the various current local water resources, and applying suitable and environmentally safe technology to convert it into clean drinking water. Their services include geo-electrical survey, water drilling, water processing and technology, and water business management; they serve all customers from individual to industrial, personal to commercial.
- **Obabas:** a disruptive technology company that has combined waste management with banking to help the government, fast-moving consumer goods (FMCG) companies, cities, and homes manage their waste better. Obabas was part of SIAP's cohort.
- **PT Guna Olah Limbah:** they work on establishing renewable waste management systems in accordance with local culture. They manufacture and sell machines but also work with local communities to enable proper recycling. Their systems ensure the results of processing waste can be utilised as fuel and fertilizer that can be directly used by the community it caters to.
- **Smash:** a social enterprise that is a part of PLUS's cohort. It is a waste bank enterprise that combines waste management with digital banking.
- **Waste4Change:** it provides waste management services including recycling, building awareness, and waste management bank services to residential complexes as well as companies. It is a part of Kinara's portfolio and also worked with DBS Foundation.



PHILIPPINES

PHILIPPINES



106.6 million

Population

- 101 ethnic groups**
- 37% aged 25-54 years old**
- 47% urban population**

GROSS DOMESTIC PRODUCT

USD 330.91 billion
GDP as of 2018

6.244%
GDP Growth

USD 3,102.7
GDP Per Capita



21% below
poverty line



47.90
Gini coefficient

AFFORDABLE HOUSING

4.78 million units by 2030
DEMAND



12.3 million units by 2030
DEFICIT



106 / 189
HUMAN DEVELOPMENT
INDEX



64 / 141
GLOBAL COMPETITIVENESS
RANK



33 / 140
WORLD GIVING INDEX



97 / 162
GLOBAL RANK IN
ACHIEVING SDGS



113 / 190
EASE OF DOING BUSINESS



164,473
SOCIAL ENTERPRISES

USD 107.2 million
IMPACT CAPITAL DEPLOYED
PRIVATE IMPACT INVESTORS



USD 2.3 billion
IMPACT CAPITAL DEPLOYED
**DEVELOPMENT FINANCE
INSTITUTIONS**

COUNTRY OVERVIEW

The Philippines' economy remains strong and is projected to grow 6.1% in 2020, and steady at 6.2% in 2021.⁵⁵ With increasing urbanisation, a growing middle class, and a large young population, the Philippines' economic dynamism is rooted in strong consumer demand supported by a vibrant labour market and robust remittances. Business activities are buoyant with notable performance in the services sector including business process outsourcing, real estate, finance, and insurance industries.

In recent years, the Philippines' economy has made progress in delivering inclusive growth, evidenced by a decline in poverty rates. Poverty declined from 26.6% in 2006 to 20.8% by the end of 2019.⁵⁶ Unemployment has reached historic low rates but underemployment rates, while still high, continue to improve significantly. Although a large share of Filipino workers transitioned out of agriculture, most of them end up in low-end service jobs.

Roughly 45% of Filipinos live in urban areas. It is estimated by the World Bank that the urban population will be more than double by 2050.⁵⁷ High urbanization coupled with the country's susceptibility to natural disasters, has resulted in higher demand for housing and other basic services. The annual backlog of housing was estimated at 3.9 million in 2011⁵⁸ (this figure includes social housing, economic housing, and households that cannot be afforded and need subsidy/grant). Annual production of new affordable housing units is estimated at 200,000 for the period up to 2030. The deficit in supply is expected to reach 6.2 million households by 2030.⁵⁹



PHILIPPINES

⁵⁵ World Bank, *Philippines Economic Update*, October 2019, Accessed 12 December 2019, , Accessed on 20 December 2019.

<https://www.worldbank.org/en/country/philippines/publication/philippines-economic-update-october-2019-edition>

⁵⁶ Ben O. de Vera, *PH Poverty Rate Seen Falling Below 20% Starting 2020*, Business Inquirer, 17 October 2019, Accessed 27 December 2019.

<https://business.inquirer.net/281269/ph-poverty-rate-seen-falling-below-20-starting-2020>

⁵⁷ Ben O. de Vera, *World Bank: Filipinos Living in Urban Areas to Double to 102M by 2050*, Philippines Daily Inquirer, 29 May 2017, Accessed 14 December 2019.

<https://newsinfo.inquirer.net/900745/world-bank-filipinos-living-in-urban-areas-to-double-to-102m-by-2050>

⁵⁸ Government of Philippines Industry, *Housing – Securing the Future of Philippines*, Industries Report, 2011, p. 1, Accessed 12 December 2019.

<http://industry.gov.ph/industry/housing/>,

⁵⁹Ibid., p. 2.

Sustainable Development Goals Index⁶⁰

Philippines ranks 97 among 162 countries in the global SDG ranks, with the country being On Track or Maintaining SDG Achievement in SDG Goal 1 (No Poverty) and SDG Goal 13 (Climate Action), while it is facing major challenges in SDG Goal 3 (Good Health and Well-Being).



⁶⁰ J. Sachs, G. Schmidt-Traub, C. Kroll, G. Lafortune, G. Fuller, *Sustainable Development Report 2019*, New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN), 2019.

IMPACT ENTERPRISE ECOSYSTEM

The landscape for impact enterprises has evolved from concentrating on social enterprise models that were mainly cooperative and/or community-based to including more asset-light, tech-enabled, and inclusive business models. The British Council estimates that there are around 1,64,473 social enterprises in the Philippines, the majority of which are cooperatives, associations, and microfinance institutions.⁶¹

'Social enterprise' in the Philippines is referred to both community-based as well as for-profit models. However, if we are to analyse specifically impact enterprises that have the potential to scale, while several have achieved national scale and prominence, the majority are small and lack the capacity to absorb large investments. Many are struggling to fill gaps in business skills and knowledge, especially in terms of business development, management, accounting, and marketing. Therefore, the number of impact enterprises that have demonstrated significant scale and raised formal impact investment is still small when compared to how active the ecosystem is. Local family foundations and public and corporate foundations have begun to support impact enterprises. Impact-focused incubators and accelerators also serve the market, but most are concentrated in Manila.

The Philippines has the second largest impact investing market in Southeast Asia in terms of the amount of capital deployed, with majority of the funding coming from DFIs.

THE LANDSCAPE FOR IMPACT INVESTING IN SOUTHEAST ASIA REPORT, GIIN, 2019

The impact enterprise sector is growing in the Philippines with a wide range of players:

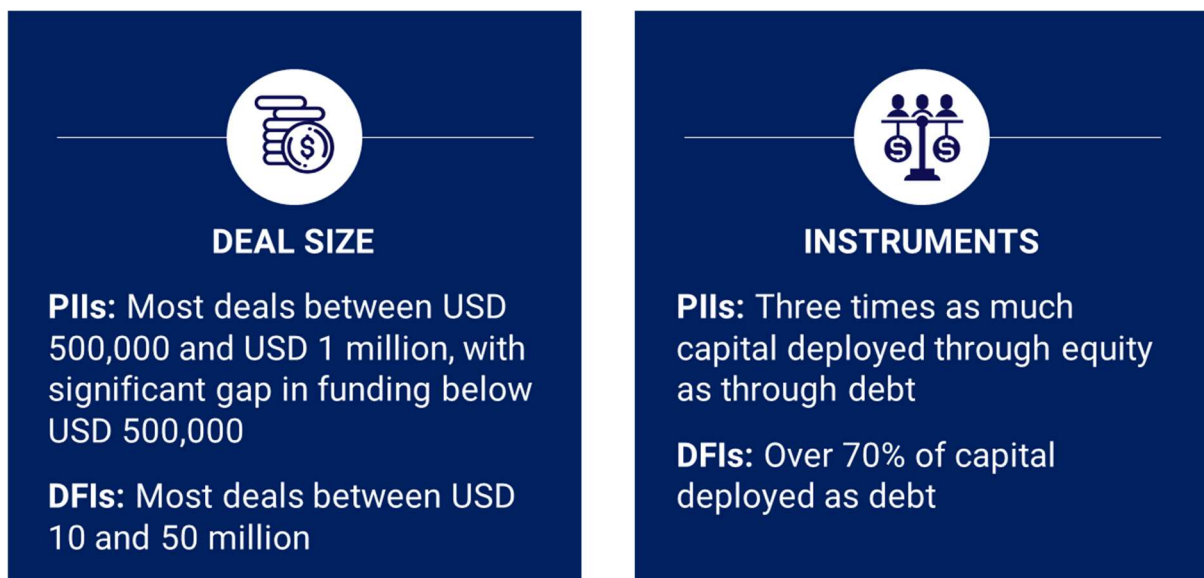
- Enterprises work in a range of sectors including **financial services, education, health, agriculture, employability, environment, and water and sanitation**
- An increasing number of **impact-focused business plan competitions, boot camps, and other support initiatives** are seen in the ecosystem

⁶¹ British Council, *Reaching the Farthest First, The State of Social Enterprise in The Philippines*, 2017, p. 15.

- **Philanthropic capital in terms of grants** through the well-established presence of both public and private foundations
- A number of notable **international impact funds operate in the country** to support growing enterprises, as well as an increasing number of non-financial supporters that are impact-focused have emerged

Impact Investment Activity

Impact investing took off in the Philippines in 2007 with investors deploying debt capital from foreign markets into microfinance institutions. Since then investment has diversified to include sectors such as workforce development, energy, and agriculture. Growth drivers include rising consumption expenditures, increasing foreign direct investment (FDI), and a growing workforce. There are 23 PIIIs operating in the country, comprising 19 fund managers, three family foundations, and one impact-focused high-net-worth individual (HNWI). Cumulatively, these have deployed USD 107.2 million into 54 deals. Six DFIs are active in the market, deploying USD 2.3 billion through 43 direct deals from 2007 to 2017. These tend to target growth- to mature-stage investments in excess of USD 100 million.⁶²



**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

⁶² GIIN, Intelicap, *The Landscape for Impact Investing in South East Asia*, August 2018, p. 143.

KEY STAKEHOLDERS IN THE PHILIPPINE IMPACT ECOSYSTEM

INVESTORS

Impact Investors

Patamar Capital, C4D Partners, Investing in Women, Kickstart Ventures, Manila Angel Investors Network (MAIN)

GOVERNMENT

Policies, departments supporting on impact/social enterprise

Innovative Startup Act, Department of Trade & Industry Philippines (DTI), Pag-IBIG Fund

RESEARCH/ACADEME

Impact/Sustainability-focused institutes

Institute of Social Entrepreneurship, Department of Science & Technology, UP Social Entrepreneurship, Ateneo Center for Social Entrepreneurship (ACSEnt)

ENTREPRENEURS

People Pods
CitiHub
Agriblocks
Green Antz Builders
ORE

INTERMEDIARIES

Incubators, Accelerators, Competitions, Capacity-Building Organizations

xchange, ISIP, QBO, Endeavor, Villgro Philippines, Ideaspace, IFC, BPI Sinag

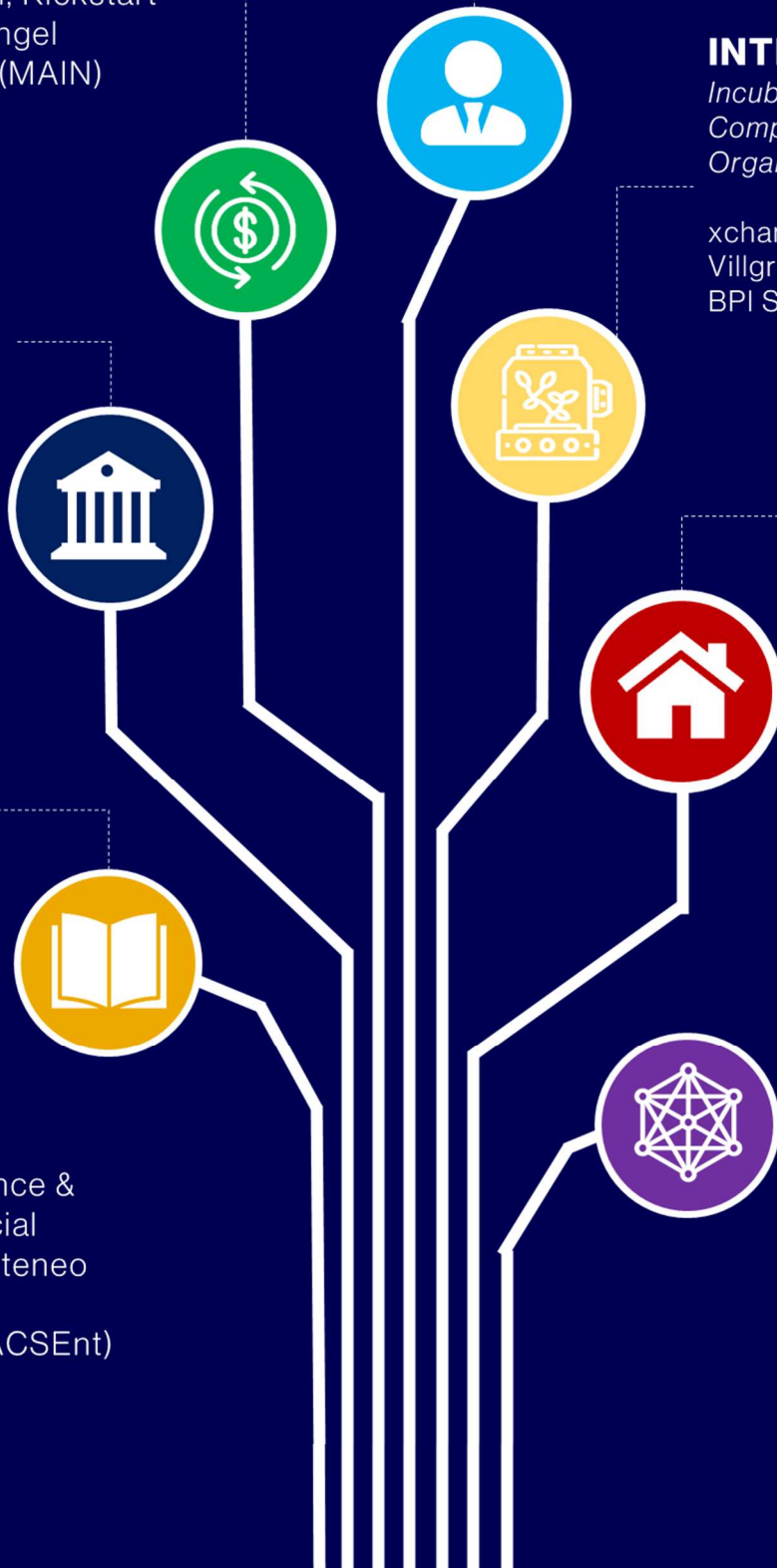
AFFORDABLE HOUSING

Subdivision & Housing Developers Association (SHDA), Organization of Socialized Housing Developers of Philippines (DSHDP)

NETWORKS

Associations and networks focused on impact/ social enterprise sector

Chamber of Real Estate & Builders' Association, ANDE, AVPN



Regulatory and Policy Environment

To stimulate FDI into the country, the government offers a wide range of fiscal incentives, I-tax holidays, and tax credits for investing in preferred sectors, through the Board of Investment and the Philippine Economic Zone Authority. A well-established regulatory framework guarantees repatriation of foreign investment and earnings. However, many socially driven enterprises are cooperatives, and revenue-generating impact enterprises are usually registered under existing for-profit and non-profit legal structures outside of these zones.

The Philippines Government has been very active in establishing enabling policies for inclusive business models.⁶³ The inclusive business accreditation framework has been piloted and is currently being developed further – this is expected to encourage and drive larger companies to become more inclusive.

For smaller impact businesses, a few other legislations have been in the making that will have more of a direct impact. First, the Poverty Reduction Through Social Entrepreneurship (PRESENT) Bill was proposed by Senator Paolo Benigno ‘Bam’ Aquino IV, a Bill that defines social enterprises as mission-driven organisations that conduct economic activities directly related to their primary mission of improving the well-being of the poor and also outlines some incentives. Second, the Social Value Act was also proposed by the Senator with the aim to operationalise the integration of ‘social value’ into government procurement. A new startup law was approved in 2019 and has held various public stakeholder meetings, but has not yet been implemented. This is likely to give startups a boost as the government is expected to increase access to capital for enterprises.

Many investors cited the tax code and the challenges around moving investment earnings out of the country, as well as the delays in settlement of legal disputes deters investment and discourages many from setting up locally registered funds. The Philippines also scores lower than the regional average with respect to protecting minority investors.

Impact Investment Landscape

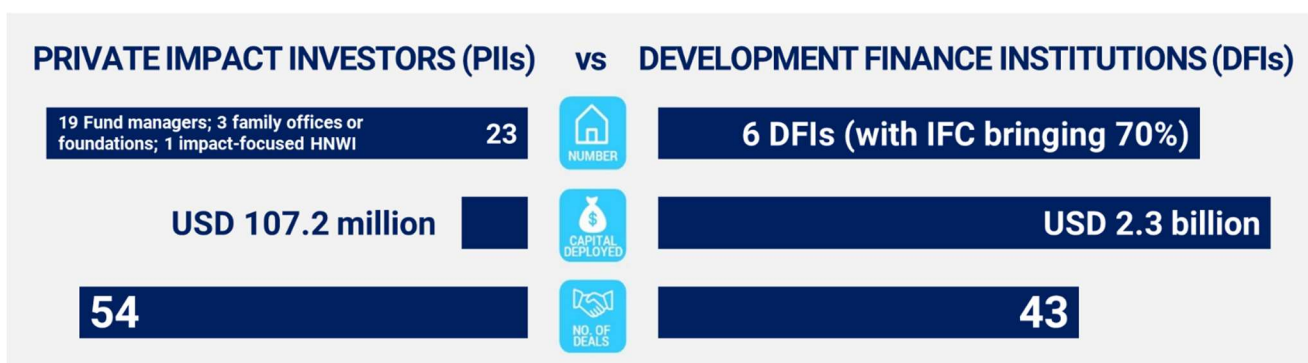
In total, USD 2.4 billion in impact capital has been deployed through 97 deals in the Philippines since 2007, making it the second-largest recipient of impact capital in the region.

⁶³ Under the 2017-19 Investment Priorities Plan, companies with inclusive business models – defined as private sector approaches to provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the base of the pyramid by making them part of the value chain as suppliers, distributors, retailers or consumers – are eligible for tax breaks and possible tax deductions.

Access to Impact Capital

According to GIIN, most impact investing deals in the country in 2007-17 were between USD 500,000 and 1 million, leaving a significant need for capital below USD 500,000, which creates a huge gap for risk capital for impact enterprises and continues to impede their ability to build up their investment readiness and scale.

At least 19 fund managers, three family offices or foundations, and one impact-focused HNWI are involved in making direct deployments in the Philippines. While many other family offices or foundations are considering impact investing in the country, only a few have deployed capital to date, and most do not yet have a clear impact investing strategy. In addition, some PIIs make indirect deployments through fund managers. The Philippines lacks an impact-focused angel network; moreover, impact-agnostic networks are less active than elsewhere in Southeast Asia. Still, impact investing has gained traction in the country in recent years, with growing recognition that the Philippines could be the next hub for impact investing in the region, after Indonesia.⁶⁴



**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

- The number and size of PII deals has increased recently, and now they are also providing equity investments in addition to debt capital.
- DFIs are funding core sectors of energy, infrastructure, and financial services. Their share of impact investment, although consistent, is not showing major growth.

Who are the PIIs and DFIs?

A majority of the private investors do not have a local presence. Most impact capital is sourced from foreign investors such as the Netherlands, the United States, and Belgium. The absence of a local team makes the cost of deals higher, as without regular monitoring of the ecosystem it is difficult to source investment-ready enterprises. This makes investors perceive the market as riskier.

⁶⁴ GIIN, Intellectap, *The Landscape for Impact Investing in South East Asia*, August 2018, p. 144.

A few key impact investors are:

- **Capital 4 Development Partners (C4D)**: an impact fund from the Netherlands, they invest in the Philippines, India, and Indonesia through their local offices. A USD 50 million C4D Asia Fund, their focus is on innovative growth-stage social enterprises. Investments range from USD 200,000 to 5 million with an average five-year investment period in the form of equity, mezzanine, and long-term debt instruments.
- **Investing in Women**: an Australian Government initiative to promote inclusive economic growth through women's economic empowerment in Southeast Asia, it is working with impact investors in the Philippines, Indonesia, Vietnam, and Myanmar. It provides direct investments, gender advice, and operational support. It has funded some of the above-mentioned funds as part of its programme and is looking to support local fund managers in the next phase (2020 onwards).
- **Patamar Capital**: leading venture capital firm that invests in impact enterprises serving low-income groups via Series A and B investments. The fund is regional and invests in multiple countries in the Association of Southeast Asian Nations (ASEAN).
- **Small Enterprise Assistance Fund (SEAF)**: an investment management group based out of Washington that provides growth capital and business assistance to small and medium-sized enterprises (SMEs) in emerging markets. SEAF in partnership with Investing in Women has launched Women's Opportunity Fund in the Philippines, Vietnam, and Indonesia.

See full list of investors in the Stakeholders Section below

Exit Potential

There are no disclosed exits by impact investors in the Philippines. Investors expect exits to occur through strategic sales to global corporations seeking to enter the Philippines market. DFIs could also provide exit avenues for PIIs in some cases. PIIs are targeting risk-adjusted market rate returns. In a few equity investments, investors relaxed financial return expectations to achieve their desired social or environmental returns. DFIs' return expectations vary with a higher weightage given to developmental impact than financial return. Lack of disclosed records in the Philippines restricts analysis of realised returns.

ACCESS TO NON-FINANCIAL SUPPORT

The Philippines has seen a rise in the number of incubators, accelerators, and capacity-building organisations, though most are focused on startups and not specifically on impact enterprises. Despite the ecosystem being fairly nascent, like Indonesia, the Philippines is also seeing a rising number of locally set up and operated incubators/accelerators – while many are still based in Manila, more intermediaries are coming up in Davao and Cebu. The Government of Philippines has also set up university-based incubators in many state universities across the country. Incubators are also coming up in the southern region of Mindanao (specifically the conflict areas), under programmes run by the European Union and the British Council.

Impact-focused incubators/accelerators:

- **Innovation for Social Impact Partnership (ISIP)**: it is a project implemented by the Philippine Development Foundation (PhilDev) and the UNDP, with support from the Australian Embassy in the Philippines. Social enterprises are provided technical support and improved capacity to access capital and attract impact investors. It offers tailored mentorship, business and investor matching, and free legal and management advisory services.
- **MakeSense Philippines**: it started in 2017 in the Philippines with a six-month incubation programme for social enterprises from idea to product development. Its focus is to promote ecosystem development by empowering citizens and community development. It is a part of their regional network operating in eight hubs across Southeast Asia.
- **Villgro Philippines**: a network partner of Villgro Innovations Foundation, it is one of the oldest and largest social enterprise incubators in the world, headquartered in India. Support is customised based on enterprise needs. Its portfolio includes Edukasyon, the largest youth platform in the Philippines with 10 million users. Edukasyon recently closed its Series A.
- **xchange**: it is an incubator for early-stage social enterprises in the Philippines that invests in for-profit and non-profit enterprises and works closely with them to help achieve their goals. Its portfolio includes Kickstart Ventures-backed Bagosphere and 500 Startups-funded mobile phone engagement platform engageSPARK.

See full list of intermediaries in the Stakeholders Section below

IMPACT ENTREPRENEURS IN THE PHILIPPINES

While the vast majority of enterprises working to create solutions for social challenges are non-profit organisations, an increasing number of Filipino entrepreneurs are using market-based models with the potential to scale in sectors like agriculture, fintech, energy, education, and so on.

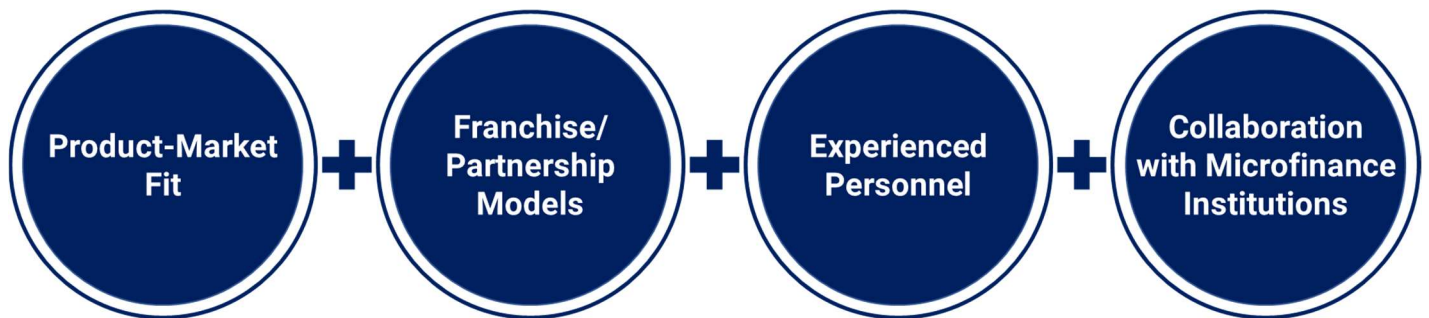
However, a lot of the social entrepreneurship activity is still concentrated in Metro Manila. While there is a growing presence of both enterprises and support organisations in Cebu and Davao, there is considerable scope to increase awareness of social investment and activity outside Metro Manila, especially in regions with higher poverty rates and critical social needs.

Impact entrepreneurs in the Philippines have opportunities to participate in business plan competitions and get support from idea to early pilot stage through grants and free programmes. However, they continue to face a serious gap in funding from USD 50,000 to 250,000, according to early-stage investors and support organisations we interviewed. According to GIIN, this problem is compounded by the fact that there are no local impact-focused angel networks. This acute gap does not allow enterprises to test and validate their models and prepare for scale. Most interviewees pointed out that many of the intermediaries in the market are themselves new, and do not have programming or in-house expertise to get the enterprises investment-ready, especially with critical knowledge around valuation, investment structuring, investment terms, term sheet negotiation, and so on.

Apart from early-stage funding, Filipino entrepreneurs also face serious challenges in navigating legal, financial, and accounting issues; attracting talent; and challenges in logistics and distribution.

**Increasing
number of Filipino
entrepreneurs are
using market-
based models with
the potential to
scale**

KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS



KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS

- There is no replacement for a good product-market fit. It is especially important that the **product is adaptable in different markets** with its infrastructural challenges.
- Use of **franchise/partnership models to scale up has proven to be the most effective way to gain economies of scale**, improve market penetration, and limit financing requirements. Local partnerships allow speedy access to markets along with vital knowledge base and ease of doing business. Partnership also brings in financing and distribution networks, helping social enterprises scale up within a span of three-five years.
- In order to scale up, social enterprises need **experienced personnel on their team or access to such talent via mentorship pool**, especially those who can help navigate distribution, like fast-moving consumer goods (FMCG) expertise.
- Collaboration with microfinance institutions also **increases expansion potential to low-income segments**.

KEY GAPS/CHALLENGES FOR ENTREPRENEURS

- There is a serious **lack of risk capital** that can allow for experimentation and testing of models in the Philippines, with very low levels of angel investing activity.
- Innovations, especially hardware technology-based ones are not supported well. First, there are no lab facilities within the country to test and approve innovative materials, or to measure efficiency in new ideas of energy and sanitation. Second, wherever entrepreneurs have gone ahead and accredited their products to international standards, **the local and national government/agencies are not equipped to approve and accept them**, making it hard for entrepreneurs to generate enough sales to break even or scale up.
- **Lack of independent and updated data** is another big gap – there is limited or fragmented information and opportunities for entrepreneurs. Due to this, many of them struggle with good product-market fit and timing of market entry.
- Absence of an impact-focused angel investor network means that there is **no local risk capital** that supports early-stage impact ventures.
- **Global PIs prefer to invest through larger deals** (as it offers them economies of scale) – this further aggravates the seed-stage funding gap.
- Banking system is primarily focused on the needs of larger corporations, even though by law banks are required to allocate at least 8% of their loan portfolio to micro enterprises and SMEs. **The barriers remain high for SMEs and startups to access bank financing.**
- Impact investors have begun deploying more equity investments in recent years, but **many enterprises prefer debt, as they do not understand and feel ready for equity investment**, creating a mismatch in capital supply and demand.

AFFORDABLE HOUSING AND SHELTER TECH ECOSYSTEM

In the Philippines, the supply of affordable housing has not kept up with the demand.⁶⁵ It is estimated that the backlog was 6.7 million in 2015 and the new housing need for the period 2016 to 2030 is 5.6 million, bringing the total backlog to 12.3 million units by 2030, according to a report 'Impact of Housing Activities on the Philippine Economy'.⁶⁶ The government expects to fulfil only as much as 20% of the demand, leaving a huge gap that the private sector could potentially fill. The Table below presents pricing and estimated backlog in supply by year 2030

Housing Categories

Socialised

Price Range:
Less than PHP 450,000 (USD 8,846)
Backlog in 2030 (units in million): 2.7

Economic

Price Range:
PHP 450,000 – 1,700,000
(USD 8,846-33,418)
Backlog in 2030 (units in million): 6.2

Low Cost

Price Range:
PHP 1,700,000 – 3,000,000
(USD 33,418 – 58,974)
Backlog in 2030 (units in million): 1.5

How is Philippines doing in the shelter-related SDGs?



According to these statistics, the biggest gap exists within the economic housing segment.

⁶⁵ Lamudi, *Affordable Housing 2018 – Philippines*, p. 2, Accessed 14 December 2019. <https://www.lamudi.com.ph/affordable-housing-study-2018/>

⁶⁶ Dr. Winston Conrad B. Padojinog, University of Asia and the Pacific and SHDA, *Impact of Housing Activities on the Philippines Economy*, p. 25, Accessed December 2019. <http://shda.ph/wp-content/uploads/2016/09/PADOJINOG-ImpactIloilo4.pdf>

Enabling Policies and Government Interventions

Pag-IBIG Affordable Housing Program

Pag-IBIG loans are designed for minimum-wage earners whose monthly income does not exceed PHP 17,500 (USD 320). It offers loans up to PHP 750,000 (USD 14,000) with the interest rate range of 4.5-6.5% per annum. Loan is provided for buying housing land, house construction/completion, and purchase of condominium units. Repayment options range from 10 to 30 years, with minimum monthly amortisation of PHP 2,000 (USD 50). Pag-IBIG is a government-owned mutual fund.

Community Mortgage Program (CMP)

CMP is a mortgage financing programme that assists legally organised associations of residents of blighted or depressed areas to own the lots they occupy. It aims to improve the living conditions of the homeless and underprivileged Filipinos by providing affordable financing with which they can secure tenure on the land they occupy.

Abot-Kaya Pabahay Fund Developmental Loan Program (AKPF-DLP)

The purpose of AKPF-DLP loan is to serve as seed money for development of property and construction of housing units. Their target market is low-income families seeking affordable housing packages in key urban areas.

Business Models in Housing and ShelterTech

Due to the huge demand due to urbanization, and prone to natural disasters, there is a growing market for affordable housing business models.

Affordable Housing

People Pods
Philippines

Daniel Layug
FOUNDER

2017
YEAR ESTABLISHED

Revenue Generating
STAGE

People Pods Philippines is a social enterprise that provides affordable and safe dormitories for the working poor, especially females. Essentially, it operates as a property development and management company. It signs agreements with factories within industrial hubs to develop their idle lots into dormitories, which are then rented out to factory workers. The management and maintenance of dorms is continued by People Pods, for which it charges a fee from the factories in addition to the monthly rent. The fees are primarily determined by dormitory location.

People Pods has been a part of an accelerator programme by ISIP.

It won the following real estate, new venture, and environmental sustainability competitions:

- 1st Place and Social Impact Award at 35th INSEAD Venture Competition (France & Singapore)
- UN Sustainable Development Awardee at 2018 Nudge Impact Challenge (Netherlands)
- 1st Place at 2017 Kellogg Real Estate Venture Competition (Chicago, USA)
- Top 10 competitor at 2018 Liveability Challenge of World Cities Summit (Singapore)

People Pods is looking for funding of around USD 650,000 in the next two years – bulk of which would be allocated towards investment in industrial park lots and some to research & development (R&D) for more efficient construction materials/designs.

CitiHUB

Panya
Boonsirithum
FOUNDER

2011
YEAR ESTABLISHED

Revenue
Generating
STAGE

CitiHUB started in 2011 as a corporate social responsibility (CSR) project with CitiHub Mandaluyong, Manila. Since then it has grown into a social enterprise that aims to reduce the cost of living for low-income workers by providing safe, clean, and affordable housing for as low as USD 33 or PHP 1,700/month (USD 1.2 or PHP 57/day) at key areas in Metro Manila. Low rates are offered since their dormitories are primarily being built with recycled shipping containers. It currently has four sites, which are mobile accommodation units and can be transported and set up in different locations on short notice. The units have potential to be used in disaster-affected areas, due to easy transportation and the fact that containers are made of steel and can weather adverse climate conditions. CitiHUB was the winner of BPI Sinag Competition 2016.

It makes a property management deal with owners of idle land lots, in and around Manila. Initial investment is made by the landlord, and profits from the rental income are shared with the landlord. The landlord gets 80% as land rental fee, and 20% covers CitiHUB's management and containers' refurbishment costs.

Containers are obtained from third-party brokers. The fact that the Philippines is an import-oriented economy plays well for their business model. They are able to benefit from the large number of abandoned containers at the country's ports (since there is lower volume of exports). Around 70,000 containers are abandoned annually.

Panya, the founder of CitiHUB, is working on another extension of the original container shelter project – prefabricated modular housing units that can be put together like a 'lego model' for economic and low-income households. The project is in its initial planning and design phase.



Scaling Up

Greenlight Planet

Founder: Sanaullah Fathi

Year Established: 2015

Stage: Mature Business

Greenlight Planet is a for-profit social business that designs, distributes, and finances solar-energy products (sourced from SunKing, China) with an under-served population in mind. It is an example of a social enterprise that has successfully scaled up and become a global player, currently operating in 60 countries, with over 27 million rural consumers. It was founded in 2009 and began operations in the Philippines in 2015 via a network of sales and distribution partners. Their product range includes solar batteries, lights, and lamps. In the Philippines they have a permanent staff of two persons and an annual turnover of USD 1 million.

Key success factors are:

- Consistent product quality backed by a reliable after-sales service.
- Their talent pool consists of experts from FMCG background, essential for any product to gain mass sales, as well as rural area experts.
- Partnerships with local players (importers, distributors, and micro financiers) improve speed and market accessibility within countries and also eases out legal procedures and permits.

Partnership Between International Finance Corporation (IFC) EDGE & Imperial Homes Corporation⁶⁷

Imperial Homes Corporation (IHC) is a real-estate developer best known for their environment-friendly leisure developments powered by solar solutions. They cater mainly to the middle- and low-income buyers in the Philippines.

Founded by Emma Imperial in 1986, the company's first project was building Legaspi City Public School Teachers Housing Communities in partnership with Pag-IBIG Fund. In 2014, IHC launched its solar-powered community in Santo Tomas, Batangas. Their in-house consumer studies showed up to 31% savings on utility bills – income that was redeployed by these households, primarily females, to empower them to become micro entrepreneurs.⁶⁸

In 2015, IHC partnered with IFC to obtain EDGE Certification and is now IFC EDGE Champion in the Philippines. EDGE, which is the Excellence in Design for Greater Efficiencies, is an online platform, a green building standard, and a certification system for over 150 countries that helps determine the most cost-effective options for designing green within a local climate context. Construction projects have to be at least 20% efficient in usage of water and energy, and 20% less embodied energy in building materials.

Since obtaining IFC, IHC was able to rapidly scale up, primarily due to:

- In the housing segment one of the major challenges/ barriers to growth is a very long gap between sales-to-cash receipt as several legal and documentation requirements need to be fulfilled. Having a strategic partner like IFC helped IHC obtain credit facilities and access to capital from local banks, allowing them to overcome this challenge.
- Bolstered by IFC's recognition, IHC was able to broker deals with Local Government Units (LGUs) and other government agencies for mass construction projects, achieving economies of scale and ploughing back earning for improved construction equipment and technologies.
- IHC also made strategic partnerships with Connovate Denmark for their building technology and Enfinity Global for solar energy, to continuously improve their efficiencies and commitment towards green building.

See Stakeholders Section below for more business models on affordable housing and related sectors

⁶⁷ Interview with Aldren Samton, COO IMC and Omid Sabri, Green Building Expert IFC.

⁶⁸ Maan D'Asis Pamaran, *Imperial Homes as World Bank's IFC EDGE Champion for Sustainability and Resiliency*, The Manila Times, 18 December 2019, Accessed 22 December 2019. <https://www.manilatimes.net/2019/12/18/supplements/imperial-homes-as-world-banks-ifc-edge-champion-for-sustainability-and-resiliency/665291/>

KEY OPPORTUNITIES, CHALLENGES AND RECOMMENDATIONS

Opportunities

The impact entrepreneurial ecosystem is still at a nascent stage. Major barriers to growth identified by investors via interviews are lack of investment-readiness of enterprises and difficulties in obtaining permits and navigating legal requirements. Incubators that focus on specialised support around investment-readiness is an acute need. There is a gap in early-stage financing up to USD 100,000 and later in growth phase ranging from USD 500,000 to 2 million.

Philanthropy has always had strong roots in the country, and leadership from civil society and the corporate sector in creating domestic pools of capital has made the Philippines an early adopter of impact investment. There is also room for early-stage risk capital that can be brought in through local philanthropic capital, which can play a catalytic role.

The Philippines has the third youngest population in Southeast Asia with a median age of 24 years. The young demographic offers opportunities to harness the passion and commitment of youth in leading the social investment space. Many top universities like Ateneo De Manila and University of the Philippines have youth leadership and social entrepreneurship programmes.

Challenges and Recommendations

Some key challenges for impact enterprises are:

There is a shortage of high-quality human capital, especially business skills, which poses a barrier to social investment growth.

- Low digital access could be a hindrance to the growth of social enterprises using technology to create impact.
- Foundations and corporates could fill the existing 'missing middle', while more focus on investment-readiness from intermediaries could go a long way in strengthening the sector in the country.

We can learn from enterprises like Green Antz, Greenlights Planet, and Imperial Homes Corporations in the tech sector that have successfully scaled up, and potentially look to engage with players like this to explore their innovation pipeline and regional expansion potential. The Philippines being particularly prone to natural disasters needs more emphasis on speed of construction and mobility. Players like CitiHub, CUBO Modular, and Base-Build fulfil these criteria in affordable housing. Green building innovations that offer price benefit and speed of construction would be ideal for affordable housing and disaster relief efforts. More information connectors or marketplaces targeted at the affordable segment is needed to connect the low-income customers to necessary partners.

Recommended Key Stakeholders

Entrepreneurs	Partners	Investors & intermediaries
Green Antz Builders Inc. CUBO Modular	IFC Edge	Patamar Capital Villgro Philippines xchange

PHILIPPINES STAKEHOLDERS SECTION

Impact Investors (Seed to Early-Stage)

1. **Capital 4 Development Partners (C4D)** : an impact fund from the Netherlands, they invest in the Philippines, India, and Indonesia through their local offices. A USD 50 million C4D Asia Fund, their focus is on innovative growth-stage social enterprises. Investments range from USD 200,000 to 5 million with an average five-year investment period in the form of equity, mezzanine, and long-term debt instruments.
2. **Investing in Women:** an Australian Government initiative to promote inclusive economic growth through women's economic empowerment in Southeast Asia, it is working with impact investors in the Philippines, Indonesia, Vietnam, and Myanmar. It provides direct investments, gender advice, and operational support. It has funded some of the above mentioned funds as part of its programme and is looking to support local fund managers in the next phase (2020 onwards).
3. **Kickstart Ventures:** it is a corporate venture capital firm that is wholly owned subsidiary of Globe Telecom. It has three active funds and invests in startups, founders, and technologies around the globe from early (pre-Series A to Series A) to growth stage (Series B-C). Investment ranges from USD 100,000 to 50,000,000. Kickstart also manages Ayala Corporations Technology Innovation Venture Fund. One of its investment focus is innovations in property market, models, and management systems, and their investment ranges in USD 1-10 million.
4. **Patamar Capital:** leading venture capital firm that invests in impact enterprises serving low-income groups via Series A and B investments. The fund is regional and invests in multiple countries in the Association of Southeast Asian Nations (ASEAN).
5. **Peace and Equity Holding Inc.:** it is a PHP 500 million (USD 9.8 million) impact investment fund focused on sustainable social enterprises. It provides both equity investments and loans for a period of five-seven years. It is wholly owned by Peace and Equity Foundation, a leading funder.
6. **Small Enterprise Assistance Fund (SEAF)** : an investment management group based out of Washington that provides growth capital and business assistance to small and medium-sized enterprises (SMEs) in emerging markets. SEAF in partnership with Investing in Women has launched Women's Opportunity Fund in the Philippines, Vietnam, and Indonesia.
7. **The Foundation for a Sustainable Society, Inc. (FSSI):** established by a successful debt-for-development agreement between the Government of the Philippines and the Swiss Confederation, the FSSI supports social enterprises through its Social Enterprise Investment Fund (SEIF), which is approximately USD 17 million fund. Products and services

offered include grant, developmental deposits, and loans and equity investments.

8. **The Hilti Foundation:** it was founded in 1996 by the Martin Hilti Family Trust as a charitable foundation. The Foundation supports projects focused on the areas of education, science, and social development worldwide. In the Philippines, its focus is on affordable housing, livelihood, and music. Through its non-profit initiative, Base-Bahay, the Hilti Foundation is investing in innovative bamboo construction to provide low cost, housing solutions.
9. **The Manila Angel Investors Network (MAIN):** it is a private investors network in the Philippines that supports the country's startup ecosystem by connecting investors with promising early-stage companies. Apart from providing capital funding, it also mentors entrepreneurs, provides expertise support, and opens networking opportunities. MAIN has invested in seed and Series A rounds with over USD 1 million in six startups.

Incubators, Accelerators and Other Intermediaries

1. **AIM-Dado Banatao Incubator:** launched by the Philippine Development Foundation (PhilDev) and the Asian Institute of Management (AIM), it is geared to support early-stage startups in communications, agriculture, health, and artificial intelligence.
2. **Cerebro Labs:** it is a tech business incubator and accelerator for pre-seed and early-stage startups across all verticals. The team seeks out and invests in promising tech startups, whether local or foreign. Selected startups undergo rigorous training and mentoring sessions to help them launch their products or services.
3. **IdeaSpace Foundation:** it is a non-profit organisation focused on technopreneurship – entrepreneurial ventures involving high technology. Founded in 2012, IdeaSpace claims it has already enabled 74 tech startups and close to 500 startup founders. Its startups benefit from funding, education, market runway, and expert mentoring. The incubation programme is kicked-off with a five-day boot camp followed by a six-week Remote Incubation Phase. The Acceleration Phase will then run for four and a half months. Pitch days will be open to partners, investors, and the community.
4. **Impact Hub Manila:** it is an incubator and coworking network that offers different programmes for both local and global opportunities, supporting ideas that solve problems through innovations for a more sustainable world. Its programme KICK is an intense, six-eight-week incubation programme designed to scale and grow business ideas into sustainable ventures. Mentorship of startups is backed by experienced entrepreneurs and Impact Hub Community.

5. **Innovation for Social Impact Partnership (ISIP)**: it is a project implemented by the Philippine Development Foundation (PhilDev) and the UNDP, with support from the Australian Embassy in the Philippines. Social enterprises are provided technical support and improved capacity to access capital and attract impact investors. It offers tailored mentorship, business and investor matching, and free legal and management advisory services.
6. **MakeSense Philippines**: it started in 2017 in the Philippines with a six-month incubation programme for social enterprises from idea to product development. Its focus is to promote ecosystem development by empowering citizens and community development. It is a part of their regional network operating in eight hubs across Southeast Asia.
7. **QBO Innovation Hub**: it was launched in August 2016 by its founding partners Department of Trade and Industry (DTI), IdeaSpace Foundation, Department of Science and Technology (DOST), and J.P. Morgan. It is the first public-private partnership (PPP) designed to develop, grow, and scale a competitive startup ecosystem in the Philippines. It provides business incubation from ideation to exit. It links innovators, explorers, investors, academic institutions, startup mentors, investors, and enablers as well as a broad spectrum of partners and stakeholders from both public and private sectors. Its programmes include incubation, consultation, investors pitch, specialised workshop, coworking space, among others.
8. **Startup Village**: a Manila-based incubator-accelerator, it is a programme of the LET'S GO Foundation (Leading Entrepreneurs Towards Sensing Global Opportunities), a non-profit, non-stock organisation, aiming to support SME entrepreneurs. Its programme called The Gift is a 14-week, once a week training programme, designed for business capacity building.
9. **UPSCALE**: an innovation hub at the University of the Philippines in Diliman, Quezon City, it was launched in January 2017 by the DOST through the Philippine Council for Industry, Energy, and Emerging Technology Research and Development (DOST-PCIEERD).
10. **Villgro Philippines**: a network partner of Villgro Innovations Foundation, it is one of the oldest and largest social enterprise incubators in the world, headquartered in India. Its portfolio includes Edukasyon, the largest youth platform in the Philippines that recently closed its Series A round with 10 million users.
11. **xchange**: it is an incubator for early-stage social enterprises in the Philippines that invests in for-profit and non-profit enterprises and works closely with them to help achieve their goals. Its portfolio includes Kickstart Ventures-backed Bagosphere and 500 Startups-funded mobile phone engagement platform engageSPARK.

AFFORDABLE HOUSING AND RELATED SECTORS

Names	Founder	Year Established	Stage in Business
Affordable Housing			
Base-Build Foundation Inc. (Hilti Foundation)	Luis Lopez (Product Developer)	2014	Non-governmental organisation (NGO)
Container Living	Mac Evangelista	2014	NA
CUBO	Earl Forlales	2019	Startup/ Seed Stage
Energy			
Liter of Light Philippines	Illac Diaz	2011	NA
One Renewable Energy Enterprise Inc. (OREEI)	Erel B. Narida	2006	Mature Business
Sustainable Alternative Lighting (SALt)	Aisa Mijeno	2014	NA
Technologies (Innovative Construction Material)			
AgriBlock Builders	Mariel Oregon	2017	Revenue Generating
Green Ants Builders Inc.	Rommel Benig	2013	Revenue Generating
Kawayan Collective	Ray Villanueva and Amy Villanueva	2019	Revenue Generating
Lite Block	JanSlater Young	2013	NA
Paco Block	Melchor Paco	2002	Revenue Generating
Tech Solutions (PropTech)			
Filipino Homes	Anthony Gerard Leuterio	2016	NA
Lamudi	Paul Philipp Hermann	2014	NA
Lhoopa	Forward Solutions Tech Lab & Axeia	2013	NA
Zip Match	Chow Paredes	2012	NA

WASH			
Green Eco Toilet	Mr. Daniel Camacho	2010	Startup
SIDA	Angelina Fernande	2008	Profit Generating

Affordable Housing

- Base-Bahay Foundation, Inc.:** it was set up by the Hilti Foundation as a social enterprise. After a year of operation, it was changed into a foundation (NGO) due to better tax laws regarding foundations in the country compared to social enterprises. It builds affordable, sustainable social housing projects using green and locally procured materials. It offers 17% reduction in construction cost vis-a-vis traditional materials. Bamboo is used as the main material, and it is treated with plastering to make it fire resistant. The Foundation has set up a bamboo production value chain, which consists of four suppliers that oversee farming and treatment of bamboo. This part of the operations is self-sustaining and is set up as a separate social enterprise. Base-Bahay procures bamboo from these suppliers using grant for projects from the Hilti Foundation. All their operations are 'not for profit' and costs (such as salaries) are covered by the Hilti Foundation. To date, Base-Bahay has built 750 houses. It is currently working with Habitat for Humanity to construct 10,000 houses in Negros Occidental (province in Western Visayas). They have also built one model house in Nepal.
- Container Living:** it upcycles freight shipping containers and uses them as the primary building material for homes, schools, restaurants, retail shops, and even hotels. Construction design is modular, speedy, and mobile, making it a suitable shelter solution for disaster-affected areas.

CUBO: it is a modular, affordable housing solution designed to help solve the housing deficit faced by the urban centres in the Philippines, especially Manila. The unique feature of CUBO is that its materials are pre-fabricated and houses can be set up within four hours, positioning it well for disaster relief efforts. Also, bamboo construction offers a price benefit of up to roughly USD 200 or PHP 10,000 per square feet. Houses are set up on a cement foundation that can be alleviated to avoid the risk of flooding. Bamboo boards are treated to enhance fire and earthquake resistance. All designs are building code compliant. Earl Forlayes, the founder, won USD 59,000 or PHP 3 million from RICS Cities for Our Future Challenge in 2018 and used it to build the first prototype. He was also featured in Forbes list 30-Under-30 Asia-Social Entrepreneurs 2019. CUBO was incorporated in March 2019, and to date it has raised USD 200,000 (about PHP 10 million) in seed investment and is on track to raise another 10 million tranche to commence operations. The company has pre-orders in hand and is set to start production by March 2020. They are working with Habitat for Humanity and also seeking some understanding with the government to rent out affordable units.

Energy

- **Liter of Light Philippines:** a charitable organisation, it is a part of a global network of partnerships around the world. Liter of Light's volunteers teach marginalised communities how to use recycled plastic bottles and locally sourced materials to illuminate their homes, businesses, and streets.
- **One Renewable Energy Enterprise Inc. (OREEI):** it offers solar-powered development solutions – On-Grid-EPC for solar rooftop developers, Off-Grid solar water pumps for government agriculture projects, solar hybrid micro-grid for island/remote rural electrification projects for unserved/underserved areas in cooperatives service areas. OREEI partners with microfinance providers to encourage adoption in low-income segments. It offers net-metering to consumers of on-grid solar photovoltaic systems, under which the energy generated by the consumer is delivered to the distribution company. This energy exported to the grid is then credited to the consumer based on a fixed rate.
- **Sustainable Alternative Lighting (SALt):** it is an LED lamp powered by the galvanic reaction of an anode with saline water. Invented by Aisa Mijeno, it can provide eight hours of light as well as power to a USB port for charging a phone. SALt was the winner of Innovation for Impact ADB and Ideospace Award and the top 10 Asia Entrepreneurship Award, both won in 2015. Despite the recognition and support from Ideospace accelerator, the enterprise has been unable to scale up. Its website is not operational, and Facebook page is also not updated.

Technologies (Innovative/ Green Construction Materials)

- **AgriBlocks Builders:** it is a social enterprise based out of Visayas that upcycles agri-waste (mainly rice husk) to create construction bricks. They are the winners of SDG Camp-South Korea 2018, and they used the prize money for production facilities. Their bricks are eco-friendly and durable, and can substitute for commercial bricks. They offer higher load-bearing capacity (up to 500 psi versus up to 300 psi of commercially produced cement bricks). By giving a price benefit of php 5/brick, they bring down the overall project cost by at least 15%, positioning it well for use in the affordable housing segment. Currently their sales are to Cubics Construction and J&P Construction against confirmed orders. The demand is growing, and the company is seeking funding to invest in machinery to increase production and in turn profitability. Their funding requirement bracket is USD 10,000-20,000 for equipment upgradation.
- **Green Antz Builders, Inc.:** it is an innovative provider of building and housing solutions that integrates eco-friendly practices and green technologies in its products and services. They have three main products: First, their flagship product is Green Antz ECO-BRICK – construction bricks made of plastic waste that are cost-efficient and surpass durability and weight-bearing properties of traditional cement blocks. Second, ECO-PAVERS is paving blocks that have the capacity to absorb water to maintain the underground water table, thus maintaining land productivity. Third, ECO-CAST – hollow blocks also used in construction. The company has evolved into a product development and waste solutions firm. It handles community trainings on waste segregation and collection, alongside product development, engineering, and installation of innovative construction materials. It has established ECO-HUBs, which are social franchises for waste collection and material production – a key factor to its growth and success. It partners with big FMCG and corporate names such as Coca Cola, Nestle, Hope in a bottle, Aboitiz, Ayala Land, Republic Cement, Eagle Cement, Philippines Alliance for Recycling and Material Sustainability (PARMS), Megawide Foundation, and Shell Philippines. The founder is working on a number of green product developments, which are currently in idea or pilot phase.
- **Kawayan Collective:** it is a social enterprise that sells processed bamboo to the NGO Base-Bahay that is building 500 low-cost homes for Habitat. They coordinate bamboo production through farmer networks, from production to processing. Treated bamboo can withstand hazards such as typhoons and pest attacks, such as from termites. Currently it has the capacity to supply 3,000 bamboo poles/month and is in the process of seeking funding to expand production facilities.

- **Litecrete Philippines:** it is a producer of lightweight concrete blocks – LiteBlock. The unique selling point of this enterprise is its adaptation of innovative technologies to meet the needs of the Philippines’ disaster-prone situation.
- **Paco Block Corporation:** a patented interlocking block wall system that provides a sustainable, green solution to construction, it offers consumers up to 50% saving on construction materials and labour with similar or better load-bearing abilities.

Tech Solutions: Proptech

- **Filipinohomes:** it is a comprehensive real estate solutions portal providing one-stop-shop services for real estate buyers and sellers, headquartered in Cebu. It’s the online arm of Leuterio Realty & Brokerage Group.
- **Lamudi.com.ph:** it is an online real estate platform in the Philippines. It offers sellers, buyers, and renters a secure and easy-to-use platform to find or list properties online. It also provides consumers with up-to-date information in the real estate market through their journal, research articles, and annual whitepaper. It is operating in several countries in Asia, Africa, and Latin America.
- **Lhoopa:** stands for ‘Lots, Houses, Offices, and Other Properties in Asia’, it is an IT-driven real estate investment firm owned and operated by Forward Solutions Tech Lab in partnership with Axeia, another real estate developer in Philippines. Currently, it is involved in the reconstruction, marketing, and sale of economic housing in the outskirts of Metro Manila.
- **Zipmatch:** it is a Philippines-based online property buy-sell portal. Its features include a team of personal home buying consultants that specialise in both properties and home loans, a comprehensive database of properties with complete guides, and easy-to-understand tips, articles and videos.

Water, Sanitation & Hygiene (Wash)

- **Green Eco Toilet System:** it allows water already used for bathing and hand washing (grey water) to be reused for toilet flushing instead of fresh water. The system can create 30-40% savings in water bills over a year and 30% reduction in fresh water usage, per household. It has been approved by the National Housing Authority (NHA) and was patented in 2010. It is primarily designed for socialised housing for urban poor and disaster shelters. To date, 12 units have been sold including two model units for Gawad Kalinga Community Development Foundation (local NGO building affordable housing) and one for NHA in Tacloban. In 2017, the founder diversified into high-end housing with automatic version. The enterprise is still in early-growth phase.

Santa Clara Integrated Development Association (SIDA):⁶⁹ SIDA or Water Spring for Health Development (WaterSHED), as it's business is known, is a cooperative registered on Security Exchange Commission. It is based out of Santa Clara Barangay Santa Clara, Lamitan City, Basilan – a very remote location, south of Mindanao, where infrastructure is still developing. It provides low-priced drinking water (20 litres/PHP 3) via a tap stand within village housing clusters. Water is sourced from a natural spring and is brought to housing clusters through pipelines. Before this, the residents had to source drinking water from the nearest city, which is 15 km away, adding to cost along with inconvenience. SIDA has been part of British Council's Strengthening Civil Society Participation in Social Enterprise Education and Development Programme (CSO-SEED)'s Business and Investment Readiness Incubation programme run by Villgro Philippines in 2018-19.

⁶⁹ SIDA does not have a website or a Facebook page.



VIETNAM

VIETNAM



97 million

Population

 **53 ethnic groups** comprising 40% of the poor

 **13%** of the population is middle class

GROSS DOMESTIC PRODUCT

USD 244.95 billion

GDP as of 2018

7.1%

GDP Growth

USD 2,566

GDP Per Capita



5.8% below

National Poverty Line



35.3

Gini coefficient

AFFORDABLE HOUSING

1.7 million urban units

DEMAND



1 million urban units

DEFICIT



118 / 189

HUMAN DEVELOPMENT INDEX



67 / 141

GLOBAL COMPETITIVENESS RANK



84 / 140

WORLD GIVING INDEX



54 / 162

GLOBAL RANK IN ACHIEVING SDGS



70 / 190

EASE OF DOING BUSINESS



88

SOCIAL ENTERPRISES

USD 25.8 million

IMPACT CAPITAL DEPLOYED
PRIVATE IMPACT INVESTORS



USD 1.4 billion

IMPACT CAPITAL DEPLOYED
DEVELOPMENT FINANCE INSTITUTIONS

COUNTRY OVERVIEW



VIETNAM

Vietnam's economic and political reforms launched in 1986 have spurred its rapid economic growth and pushed it from a poor nation to a lower middle-income country. Over 45 million people were lifted out of poverty between 2012 and 2018 and the poverty rate fell to below 6%. A PWC report projects Vietnam to be one of three fastest growing economies in the world by 2050, at an average growth rate of 5%.⁷⁰ With a population of 70% under the age of 35 years,⁷¹ digital user penetration is expected to reach 64.4% by 2023.⁷² The Vietnamese startup ecosystem is considered one of the most attractive in the Association of Southeast Asian Nations (ASEAN) region: the ecosystem is made of 3,000 startups, mainly in fintech, food-tech, and e-commerce, and startups raised USD 246 million in the first half of 2019 alone.⁷³

Basic services have significantly improved in the last 30 years – 99% of the population has access to electricity while over 70% has access to clean water. The country also performs well in general education.⁷⁴ Vietnam's urbanisation rate is expected to be 40% by early 2020,⁷⁵ with one report stating that 27% of its urban population currently lives in low-quality housing, by 2049 an additional 13.9 million urban households will come into existence, needing an additional 3.14 million housing units.⁷⁶

This is however happening at a great cost to natural resources and the environment. Demand for water continues to rise, waste generation is expected to double in less than 15 years, and water and air pollution are becoming critical problems.

⁷⁰ PWC, *The Long View: How will the Global Economic Order Change by 2050*, pp. 5-8.

⁷¹ World Bank: *Vietnam Overview*, last modified 18 October 2019, <https://www.worldbank.org/en/country/vietnam/overview>

⁷² ISEAS – Yusof Ishak Institute, *Vietnam's Booming E-Commerce Market – Analysis*, Eurasia Review.

⁷³ Cento Ventures and ESP Capital, *Vietnam Tech Investment Report (H1 2019)*, p. 6.

⁷⁴ World Bank: *Vietnam Overview*.

⁷⁵ *Vietnam's urbanization rate in 2019 to reach 40%*, Vietnamnet, 2019

⁷⁶ Urbannet Info, last modified 2 May 2019.

<https://www.urbanet.info/vietnam-urban-development-infographics/>.

Sustainable Development Goals Index⁷⁷

Vietnam ranks 54 among 162 countries in the global SDG ranks, with the country being On Track or Maintaining SDG Achievement in SDG Goal 1 (No Poverty), SDG Goal 7 (Affordable and Clean Energy), SDG Goal 11 (Sustainable Cities and Communities), while major challenges remain in SDG Goal 12 (Zero Hunger), SDG Goal 3 (Good Health and Well-Being), among others.



⁷⁷ J. Sachs, G. Schmidt-Traub, C. Kroll, G. Lafortune, G. Fuller, *Sustainable Development Report 2019*, New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN), 2019.

IMPACT ENTERPRISE ECOSYSTEM

While extensive market-oriented and outward-looking economic policies have helped Vietnam achieve sustained and inclusive economic growth, the country continues to grapple with challenges such as increasing waste management, pollution, strain on utilities, and disparity in access to health and education for minorities.

In less than a decade, interest in social enterprises and social entrepreneurship has grown significantly. In Vietnam, the term social enterprise is:

- A business that is created to address or solve a critical social or environmental problem in a financially sustainable and potentially profitable way.
- A business created, operated, or owned by non-profit, charitable organisations as a means of generating income or to otherwise further their social mission.
- When other social enterprises are incorporated as for-profit entities and have a business strategy that is designed to achieve a social objective. They reinvest their financial returns into the community to further their social or environmental purpose or to create employment or other economic and social benefits for the society, especially marginalised communities.

Increasing interest in impact investment from private impact investors and DFIs, with almost half of the total of 73 deals being made since 2015.

THE LANDSCAPE FOR IMPACT INVESTING IN SOUTHEAST ASIA REPORT 2019, GIIN

Post-2014, new impact-driven enterprises have emerged and other organisations that were already pursuing a social enterprise model have embraced the concept and terminology. More intermediaries and networks have been founded, several universities have started social enterprise incubation programmes, and further new social enterprises have been established. Including three broad categories of small and medium-sized enterprises (SMEs) focused on social objectives, cooperatives, and non-governmental organisations (NGOs), the number of social enterprises is estimated to be over 19,000.⁷⁸

⁷⁸ British Council, UNESCAP and IEM, *Social Enterprise in Vietnam*, May 2019, p. 19.

KEY STAKEHOLDERS IN THE VIETNAMESE IMPACT ECOSYSTEM

INVESTORS

Impact Investors

Online platforms: ig9.vn, comicola.com, firststep.vn, fundingVN.com, Fundstart.vn, fundy.vn

PIIs: IDG Ventures, 500 startups Vietnam, Vina Capital

GOVERNMENT

Policies, departments supporting on impact/social enterprise

Startup Nation Programme, SME Development Fund, NATEC, NATIF, DOST, IPP, MBI

RESEARCH/ ACADEME

Impact/ Sustainability-focused institutes supporting on impact/social enterprise

British Council, UNDP, CIEM, NEU, CSIE, FIIS, Asia Foundation

ENTREPRENEURS

Social Enterprises that are profit-based organizations focused on reducing inequalities

mGreen, ReForm

INTERMEDIARIES

Incubators, Accelerators, Competitions, Capacity-Building Organizations supporting SPOs

VSV, VIISA, SVF, CSIP, Spark, Hatch! Ventures, Evergreen Labs and Seed Planters, SiHUB, sYs, DNES, CSIE, LIN

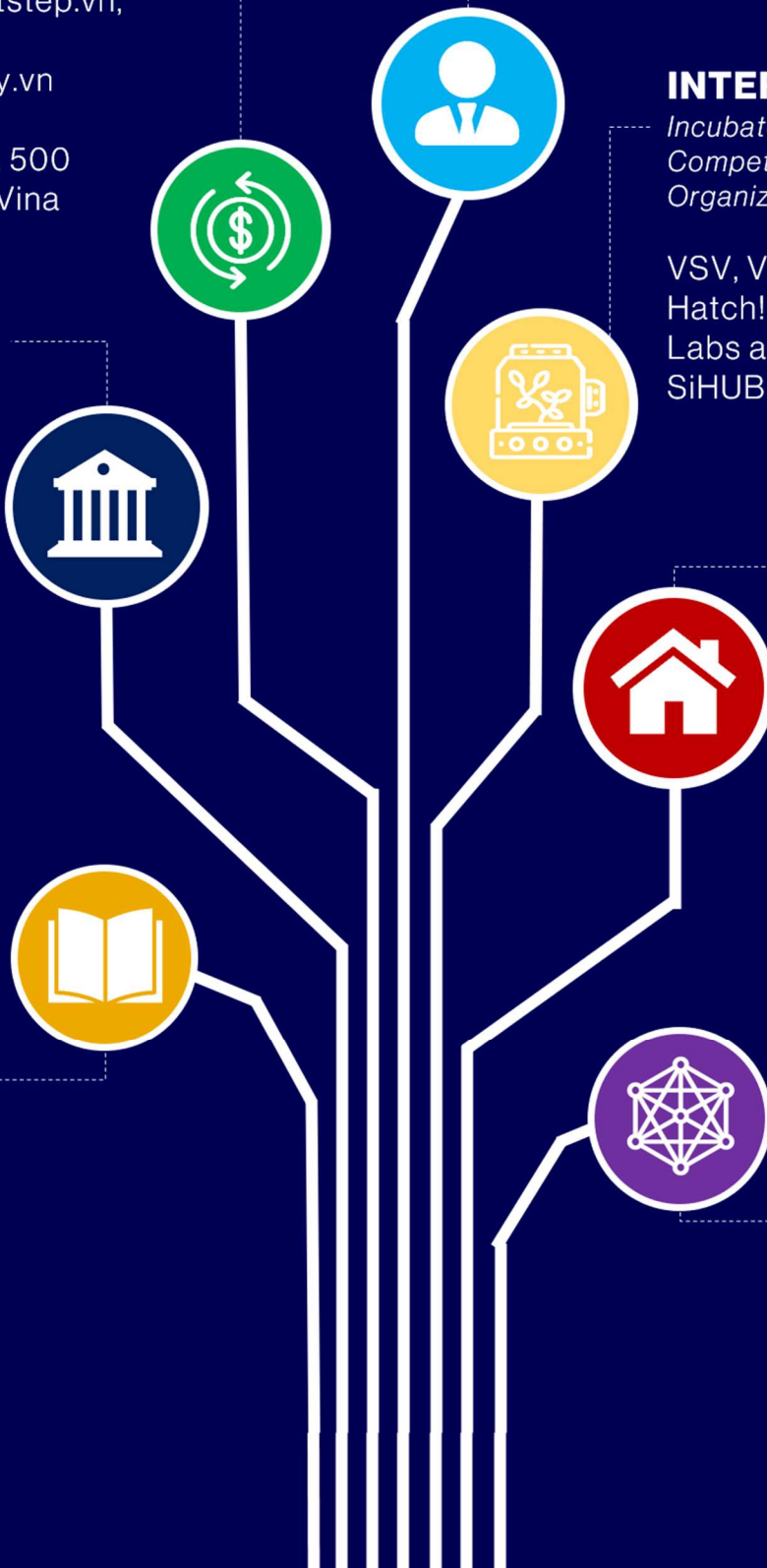
AFFORDABLE HOUSING

Stakeholders in the sector supporting on impact/social enterprise

NETWORKS

Associations and networks focused on impact/ social enterprise sector supporting on impact/social enterprise

WISE, CSIP



REGULATORY AND POLICY ENVIRONMENT

The Government of Vietnam has initiated various pro-business efforts, such as providing tax breaks to certain sectors, reducing corporate taxes, and offering businesses multiple support packages. Government-approved programmes that provide training, mentorship, business incubation/acceleration, financial assistance, and tax concessions have aided the growth of the overall enterprise ecosystem.

For example, in May 2016, the Vietnamese Government issued Project 844 to build a platform to support the national startup ecosystem through to 2025. The Project was established in order to create a national startup portal to link policy-making agencies, ministries, localities, startup incubators, investors, and startup businesses. It provides full details of the results of scientific and technological research, technologies transferred to Vietnam, and tens of thousands of domestic and foreign inventions. In addition, it includes state policies and procedures to establish startup businesses, and a list of experts and consultants. The portal is very useful in helping promote connectivity within the national innovative startup ecosystem.

According to an Austrade Report on Vietnam's Innovation Ecosystem,⁷⁹ the three cities of Hanoi, Da Nang and Ho Chi Minh also have their own startup support programmes focused on innovative technologies. The Vietnamese Government has identified the following four key priority sectors for Vietnam by 2050:



Emerging technologies
(artificial intelligence, robotics, and smart system)



High-tech agriculture and
food processing



Education and training



Green energy, environment, and
health & tourism

⁷⁹ Austrade, *Vietnam's Innovation Ecosystem*, 2019, p. 7.

Impact Investment Landscape

At least ten PIIIs, mostly fund managers, have deployed more than USD 25 million through 23 deals since 2007. Six DFIs have cumulatively deployed more than USD 1.4 billion in impact capital through 50 deals over the same time period. Majority of the deals have taken place post-2015.⁸⁰



**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

Legal Recognition for Social Enterprises

In 2014, social enterprise was officially recognised as a distinct type of organisation in Vietnam's Enterprise Law. This was an important milestone enabling the ecosystem to further develop with the support of a range of stakeholders. Social enterprises are often understood as a 'hybrid' model between non-governmental, non-profit organisations, and private sector businesses. Social enterprises can take different legal forms in Vietnam, including NGO, limited company, joint stock company, co-operative, fund, or association.

The Vietnamese Government has begun prioritising and promoting business for sustainable development, including the Socioeconomic Development Plan of Vietnam and the United Nations SDGs. In 2012, Vietnam announced its Sustainable Development Strategy; while in 2017, the government issued the National Action Plan to implement the 2030 agenda for sustainable development.

Incentives available to various types of social enterprises:

- Tax and accounting support (SMEs have a corporate income tax rate) and preferential tax policies
- Subsidies on the costs of production premises, infrastructure, land leases, etc.
- Technological and human resource development support via training, research, technology transfer, and subsidised training costs
- Incentives to expand markets along with advice, information and legal support, investment, etc.
- Leasing land with site clearances along with exemption from levies/rents
- Exemption from registration fees

⁸⁰ GIIN, Intellectap, *The Landscape for Impact Investing in South East Asia*, August 2018, p. 175.

Access to Capital for Vietnamese Startups



Vietnam is now home to as many as 3,000 startups, making it the third largest startup ecosystem in Asia.

It recently jumped 12 places to 47th among 127 economies⁸¹ on the Global Innovation Index 2017 with only Singapore and Malaysia ranked higher in the region. The country has also experienced a surge in both the amount of capital invested and the number of deals done since the beginning of 2018, with the 2018 fiscal year totalling USD 444 million; the 2019 fiscal year is expected to reach USD 800 million.⁸²

According to Vietnam Tech Investment Report 2019 by Cento Ventures and ESP Capital, in 2017-18, most deals were from Singapore- and Japan-based investors. In the first half of 2019 - local investors were most active, with participation in 36% of the deals while Korean venture capitals were equally active, participating in almost 30% of the deals and investing for the first time in Vietnam.⁸³

In addition, enterprises that have scaled up also play an active role in Vietnam's startup ecosystem – The Corporation for Financing and Promoting Technology (FPT) has long provided investment support to local startups; last year Vingroup set up its venture capital investment arm (CVC). Some banks like VPBank and TPBank provide preferential lending programmes for startups, while VPBank and UP Coworking offer free facilities for qualified companies. Viettel, the largest Vietnamese state-owned corporation, has run and sponsored numerous startup events such as Viet Challenge, IOT Hackathon, and Viettel Advanced Solution Track.⁸⁴

⁸¹ *VN jumps three places in global innovation index*, Viet Nam News, 2019.

⁸² Cento Ventures and ESP Capital, *Vietnam Tech Investment Report*, 2019, p. 12.

⁸³ *Ibid.*, p. 6.

⁸⁴ *Ibid.*, p. 10.

Access to Impact Capital

The biggest gap is in unmet demand for smaller investments as there are few impact angels and seed-stage impact investors.

Stronger partnerships between investors and capacity builders is leading to better investment pipelines. Private impact investors have made investments in financial services, while information and communications technology (ICT), education, healthcare, and agriculture are the emerging sectors. Most deals were larger than USD 1 million. Capital deployed by DFIs was mainly in financial services, manufacturing, and infrastructure sectors.

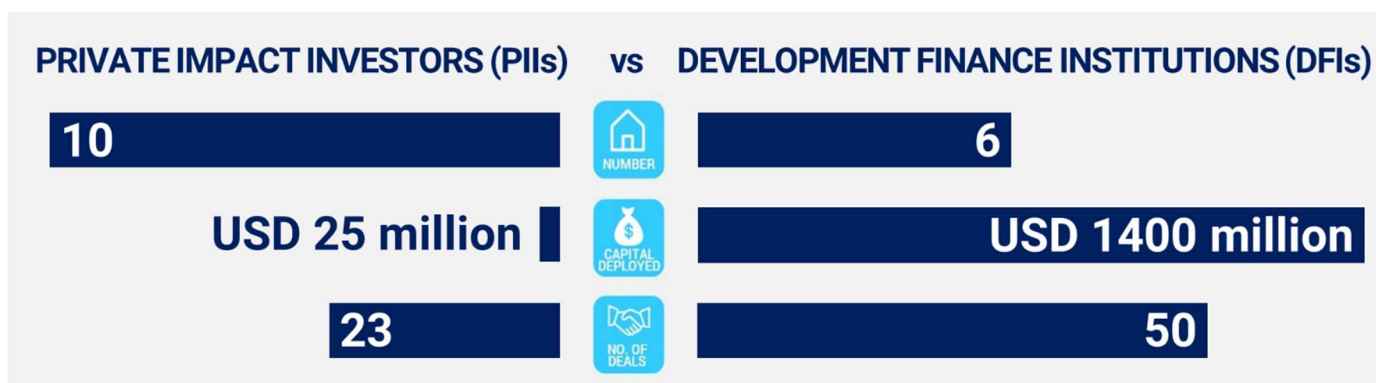
The biggest gap is in unmet demand for smaller investments as there are few impact angels and seed-stage impact investors.

Outside of PII and DFIs, impact enterprises have the following options with access to capital:

- Leverage support from **credit institutions** to increase loans for SMEs, such as credit guarantees
- Access to **foreign non-governmental aid** to resolve social and environmental issues
- Access to funds from the **SME Development Fund** focusing on priority sectors
- **Charities** such as Abilis and Thrive provide financial support to social enterprises
- **Crowdfunding platforms** have been developed to fund social enterprises

In 2016, Vietnam Chamber of Commerce and Industry (VCCI) and Vietnam Business Council Sustainable Development launched the country's first annual corporate sustainability index and ranking,⁸⁵ which is expected to provide a boost to strategic corporate social responsibility (CSR) among local companies. Green finance is being mainstreamed with the State Bank of Vietnam introducing the Green Bank Development Scheme.

⁸⁵ Phuong Anh, Nguyen Le; Editors: Roshini Prakash, Hui Yu Ong, Kevin Teo, *Vietnam: Social Investment Landscape*, AVPN, 2019, p. 12.



*Deals between 2007 - 2017, *The Landscape for Impact Investment in Southeast Asia*, GIIN, 2018

Who are the Impact Investors?

Compared to other countries, Vietnam's options for diverse funding are still expanding. The government nevertheless plays a key role in funding enterprises at the early startup stage. And the past few years have seen several foreign investors from Korea enter the market. In addition to global or regional funds, local impact funds have emerged on the scene as well.

Some early-stage seed and impact investors are:

- **Dragon Capital:** established in 1994 with USD 16 million and a team of eight, it currently manages USD 1.3 billion in listed equity, clean tech, fixed income, and real estate. *Their Mekong Brahmaputra Clean Development is the first local impact fund in Vietnam*, investing an average of USD 5 million in the areas of renewable energy, energy efficiency, water conservation, and waste recycling.⁸⁶
- **Oxfam:** in Vietnam, Oxfam partners with the Centre for Social Initiatives Promotion (CSIP) to invest between USD 10,000-USD 1 million.
- **Patamar Capital:** (formerly known as Unitus Capital) it invests in impact enterprises that work on benefitting low-income groups via Series A and Series B investments.
- **Yellow Dog:** founded in 2016, it is a Korea-based early-stage impact venture investor that focuses on enterprises with innovative ideas clearly tackling social issues, such as health & well-being, education, empowering women, sustainable energy and climate action, responsible consumption, and improving efficiencies for businesses.

⁸⁶ Phuong Anh et al, *Vietnam: SIL*, AVPN, 2019, p. 10.

Below is a list of funding platforms from the government:

- **Mekong Business Initiative:** it has been created by the ADB and the Australia Government to support alternative financing and fintech in Cambodia, Laos, Myanmar, and Vietnam.
- **Mobile Applications Laboratory (mLab):** launched by HCMC, it provides support to entrepreneurs – mentoring, training, equipment, and financing.
- **National Technology Innovation Fund (NATIF):** it belongs to the Ministry of Science and Technology and provides financial support (subsidies and low-rate loans) for research & development (R&D).
- **Saigon Silicon City Center:** a 52-hectare complex for technology-based startups and international firms. They expect to attract USD 1.5 billion by this year.
- **SpeedUP:** it is a small fund from the Ho Chi Minh City's department of science and technology and partners with Silicon Valley Vietnam. It made 14 investments from USD 15,000 to 50,000.
- **Startupcity.vn:** an initiative from Hanoi's People Committee, it connects entrepreneurs with investors.
- **Vietnam-Finland Innovation Partnership Programme (IPP):** the fund is made of EUR 11 million and the two countries have invested in it. The investments focus on innovative startups with international growth purpose. The IPP has invested in 18 innovative startups and four ecosystem development teams.

Some ecosystem enablers, such as incubators and accelerators, also offer financial support to enterprises, typically through small grants.

See full list of investors in the Stakeholders section below

Exit Potential

No exits have been reported yet in the impact investment sector, as many of the investments are still at a very early stage. There are only a few mature stage investors (Series B, C), limiting the scope of potential buyers for existing investors. However, investors anticipate strategic sales to larger investors eventually, as the ecosystem matures. Notably, such sales could also be made to non-impact investors.

In the tech startup space, exits are few and have been small, within the USD 20 million range. Local mergers and acquisitions (M&As) are the primary exit options.⁸⁷

⁸⁷ Cento Ventures and ESP Capital, *Vietnam Tech Investment Report*, 2019, p. 6.

Access to Non-Financial Support

Local intermediaries including CSIP and Spark Centre for Social Entrepreneurship Development are early pioneers of social entrepreneurship. Recent years have seen a rise in the number of local and global organisations providing the critical support needed at the early stages, such as CSIE, the LIN Centre for Community Development (LIN), and HATCH! Ventures (with UNDP Vietnam). These organisations are mainly based in Hanoi, Ho Chi Minh City, or Da Nang.

Here are some of the key support organisations:

- **CSIP**: it provides direct investment and support to people and social enterprises who apply innovative and sustainable business solutions to solve social and environmental issues.
- **Evergreen Labs**: it is a consultant, project developer, and company builder from Vietnam for social and environmental ventures. Some of their projects have included waste management pilots (including ReForm Vietnam) as well as hydroponics agriculture for an urban space, which after initial investment have been spun off into independent enterprises in which they hold equity.
- **KisStartup**: it focuses on training, coaching, mentoring, research, and business matching. Their programmes include a food-focused accelerator and incubator (Food Alfa), an investor network, an innovation ecosystem with an education and training emphasis, and a year-long mentoring programme for entrepreneurs.
- **Lotus Impact**: it is a social enterprise with an incubation programme focused on social enterprises. While it was investing in impact enterprises between USD 500,000-3 million, it no longer makes these investments.
- **Seed Planter**: it runs multiple programmes for social impact startups – a three-day boot camp for idea/early-stage entrepreneurs to help them test their ideas; a five-month incubation programme launched recently for the alumni of the boot camp, a one-day summit for social impact startups, communities, and a mentoring programme.
- **Slush Global Impact Accelerator**: it was created in collaboration with the Ministry for Foreign Affairs of Finland and other multiple partners globally. Seventeen startups working in health, hygiene, food safety, and environment were selected from Vietnam and brought to Helsinki to accelerate their business, attract additional financing, and build long-lasting networks.
- **WISE**: supported by Australian Aid and Asian Development Bank, it is a network of high profile startup ecosystem builders to support women startup leaders.

See full list of intermediaries in the Stakeholders section below

IMPACT ENTREPRENEURS IN VIETNAM

In 2015, Vietnam became the first and only Southeast Asian country to legally recognise social enterprises under the 2015 Law of Enterprises. 30% of the country's social enterprises have been formed since the law was passed in 2015.⁸⁸ However, many social enterprises choose to remain informal due to the cumbersome registration process. A 2018 study showed only 80 registered social enterprises, while the recognised numbers was closer to 1000.⁸⁹

According to a 2018 survey, a majority of social enterprises are in early to growth stages, with an average age of seven-eight years with about 40% in operation for three years. They most commonly operate in agriculture, education and skill training, non-farm livelihoods, business support and consultancy, and handicrafts sectors. The average leader of a social enterprise in Vietnam is relatively young, with the largest group of social enterprise leaders (58%) aged between 25 and 44.⁹⁰ Leadership is also more diverse in social enterprises with greater propensity to empower people from marginalised backgrounds.⁹¹ There is a strong sense of community and support for social projects, including social enterprises and impact-driven SMEs. The market for such enterprises therefore has significant potential. Vietnam's young workforce, with a median age of 30 years, combined with a growing share of overseas educated students, offers a pool of talent for the sector.⁹²

Vietnam became the first and only Southeast Asian country to legally recognise social enterprises under the 2015 Law of Enterprises.

⁸⁸ Post Reporters, *Vietnam's Vibrant Social Enterprise Sector has More to Give*, Pioneers Post, 2019, Accessed on 7 January 2020.

⁸⁹ Prof. Tran Tho Dat and Caitlin Wiesen, *Fostering the Growth of the Social Impact Business Sector in Viet Nam*, UNDP, 2018, p. 20.

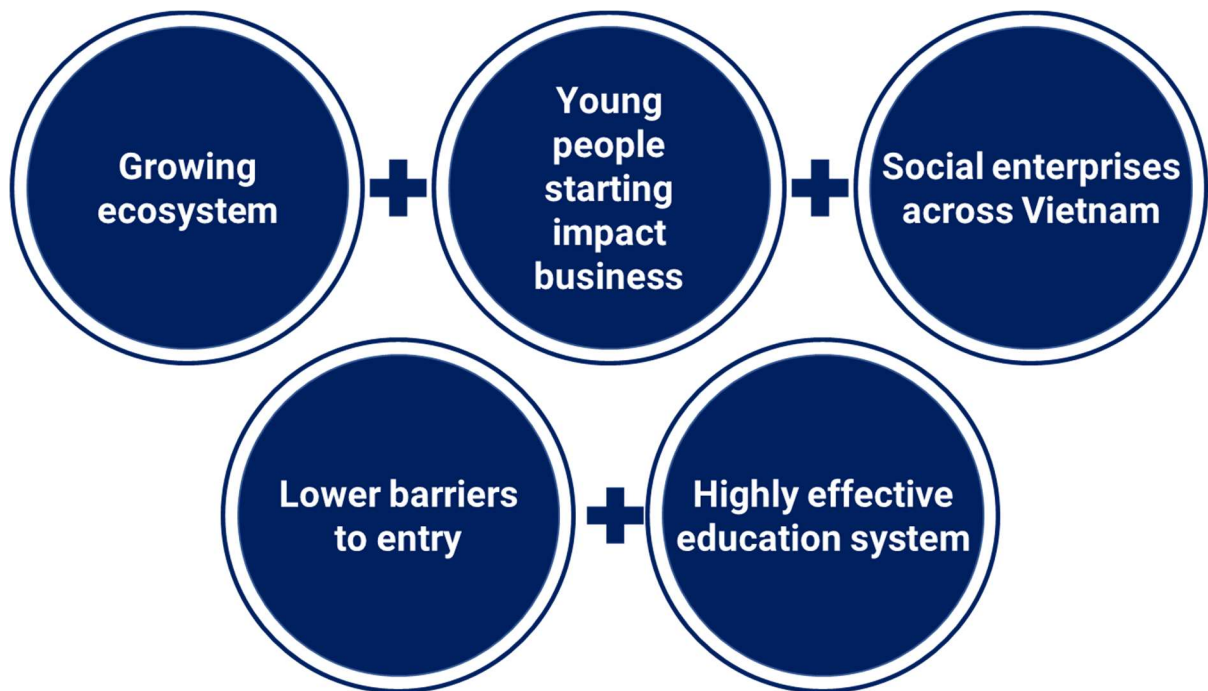
⁹⁰ British Council, UNESCAP and IEM, *Social Enterprise in Vietnam*, pp. 34-41.

⁹¹ Tho Dat and Wiesen, *Fostering the Growth of the Social Impact Business Sector in Viet Nam*, p. 28.

⁹² Phuong Anh, AVPN, *Vietnam: SIL*, p. 16.

KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS

Many interviewees noted that the ecosystem for impact enterprises has been growing significantly. Some of the key success factors for the growth are:



KEY SUCCESS FACTORS FOR VIETNAMESE IMPACT ENTREPRENEURS

- A **growing ecosystem** of home-grown incubators, mentors, angel investors, and impact investment funds.
- Many **young people return to the country** after studying abroad and choose to start up impact businesses.
- **Social enterprises operate across Vietnam** – while around half are based in Hanoi and Ho Chi Minh City, the other half are based in rural regions.
- **Lower barriers to entry in starting up an enterprise**, rising income levels along with higher internet usage offer large market opportunities for different impact sector enterprises.
- **Highly effective education system** with universities and research institutes, especially in ICT.

KEY CHALLENGES FOR ENTREPRENEURS

Most startups are small in scale, at seed stage, have limited ability to make a breakthrough, and need further support. Some of their key challenges are:

- **Impact enterprises rate recruitment of skilful employees and financial management as the top challenges they face.**⁹³ Most startups struggle to find the right talent for their teams, especially business skills, thereby limiting their ability to scale and network even at a regional level.
- Many startups, especially social enterprises, struggle as **they are not customer-oriented and often do not identify the real needs**. They lack business understanding of structuring their ventures and proper financial management.
- **Lack of access to appropriate capital** especially at the seed stage. Most startups bootstrap or depend on grants as local and angel investors are not many in number and are not willing to take high risks, while commercial banks only lend to large, established companies.
- **Education, while improving, is limited to areas such as ICT**. This affects both the quality of entrepreneurs and the talent needed to run enterprises. Currently, most good entrepreneurs are foreign-educated repatriates.
- **Corruption is a key challenge** and local attitudes towards corruption are noted as a deterrent for foreign investors.
- The current **ecosystem is fragmented** due to lack of better coordination and cooperation across different stakeholders.
- While Vietnam ranks among the top three innovative countries in the region based on its vibrant tech startup sector, **R&D capabilities and national innovation system related to social enterprise sector are nascent** and legal framework around intellectual property issues are not well known or enforced.

⁹³ British Council, UNESCAP and IEM, *Social Enterprise in Vietnam*, p. 52.

AFFORDABLE HOUSING AND SHELTER ECOSYSTEM

While Vietnam's approach to housing policy has shifted from a centrally planned public housing approach to a market-oriented system, this shift has not met all the demand for more affordable housing (social and cheap commercial housing) and has pushed up house prices beyond the affordability of low- and middle-income households. Even though house prices in Vietnam are not as high as neighbouring countries, the ratio of house price to income in Vietnam is very high. Thus, affordable apartments have been in huge demand in urban Vietnam, especially with supply dropping sharply in 2017.⁹⁴

It was estimated by the Central Institute of Economic Management that demand for affordable homes accounted for around 60-70% of total market demand, but the supply has met less than 20%. Specifically, apartments less than 60 sq m with prices less than VND 700 million (USD 30,500) accounted for just 5% of market supply. Many projects had ground to a halt after the VND 30 trillion (**USD 1.3 billion**) package of preferential loans for social housing development ended, proving that social housing development was still too reliant on government support.⁹⁶

International Finance Corporation (IFC) defines affordable housing as apartments priced at below USD 50,000 in Vietnam, not to be confused with social housing that is initiated by the government. IFC has found that developers construct affordable housing projects but usually on land that is on the outskirts of urban areas as profit margins are higher. While these projects are few in number, more real estate developers – Vinhomes JSC, Novaland JSC, Cenland, Hai Phat Invest, and Van Phu Invest – are now raising foreign and domestic funds to focus on affordable segments.⁹⁷

How is Vietnam doing in the shelter-related SDGs?



In the impact sector, 1% of enterprises focus on affordable housing.⁹⁵

⁹⁴ Property Report, *Vietnam has a Dearth of Affordable Housing: Experts*, Asia Property Awards, 2019.

⁹⁵ Tho Dat and Wiesen, *Fostering the Growth of the Social Impact Business Sector in Viet Nam*, p. 24.

⁹⁶ *Govt Ignores Affordable Housing for Low-income Earners: Experts*, Vietnam Plus, 6 May 2019.

⁹⁷ Phuong Nguyen, *Realty Giants Rake in Foreign Billions*, Vietnam Investment Review, 13 June 2018.

Enabling Policies and Government Interventions

In recent years, the government approved USD 1.3 billion for social housing projects, but this has not been enough to meet demands.

In 2019, property firms were accused of selling 'ghost' projects to customers, swindling up to USD 107 million. To prevent further scams, the government now requires developers to submit complete construction plans, progress reports at each stage, and make information public on their websites and construction sites. This has led to increased approval times but makes the sector more transparent and efficient.⁹⁸

In the national housing development strategy to 2020 and vision to 2030, the government plans to promote housing funding for low- and middle-income people.

Business Models in Housing and Shelter in Vietnam

Vietnam ecosystem has strong models in property tech but not focussed on low-income housing. Through desk research and interviews, we have been able to identify tech startups across various aspects of property tech, who could adapt their solutions to affordable housing. There are only a few impact enterprises that we have identified in shelter-adjacent sectors.

However, there are some key platforms that can be good partners to enterprises working in the sector:

Building Efficiency Accelerator (BEA): a global public-private collaboration focused on building and construction, it is coordinated by World Resources Institute, Global Environment Facility (GEF), and United Nations Environment. It turns global expertise into action to accelerate local government implementation of building efficiency policies and programmes. Vietnam's BEA partnership is established in Da Nang City. Local leaders are exploring creative ways to signal to property developers and building managers that efficiency is a public priority.

PropTech Vietnam Network: it is an open, non-fund network of tech companies, property companies, and agents and key service providers to the real estate industry. Their focus is to enable building an innovative tech and startup community for the sector in Vietnam. They have held two events in 2019 to kick off the network initiative.

⁹⁸ Ha Ngyuen, *Vietnam's Real Estate Market: Three Growth Drivers in 2020*, Vietnam Briefing, 21 January 2020.

IFC Edge: it is a green building certification system that empowers real estate stakeholders to build sustainably. In Vietnam, they work closely with real estate developers as well as universities and train people in the certification programme (via their Vietnamese partner) so that they can design and implement green solutions in the construction process. IFC also provides financing to developers in the form of loans.

Property Developer

Capital House Group

-

FOUNDER

2005

YEAR ESTABLISHED

Revenue Generating

STAGE

Capital House Group is a 14-year old small- to medium-sized property developer in Vietnam, it is IFC Edge certified and has built affordable housing projects (as defined by IFC) that are eco-friendly.

Tech Solutions: PropTech/FinTech/Smart Homes

CyFeer

Phong Pham

FOUNDER

2016

YEAR ESTABLISHED

Revenue Generating

STAGE

CyFeer is a smart apartment ecosystem that aims to change the way people live by developing e-solutions for apartment and building management.

FinHome

Roy Nguyen
FOUNDER

2019
YEAR ESTABLISHED

Revenue Generating
STAGE

Finhome.com is a proptech and fintech platform that currently operates under the crowd financing model, which focuses on mortgage and property-related financing in Vietnam.

See Stakeholders section below to read about [ACIS](#), [Batdongsan](#), [Cen Homes](#), [Hawking.Network](#), [Home Hub](#), [Homedy](#), [Housemap](#), [Mogi](#), [Propzy](#), [Rever](#) and [Real Stake](#).

Water & Waste Management

mGreen

Tran Thi Thoa
FOUNDER

2017
YEAR ESTABLISHED

Revenue Generating
STAGE

mGreen is a non-profit enterprise that functions as a waste bank where each type of waste generates loyalty points on its mobile app that customers can then use. It currently partners with corporates, communities, and schools to collect and recycle waste. They are keen to partner with Habitat to scale their business and are looking for funding of about USD 500,000, but it is unclear what revenues are being given or what funding has already been given to them.

eWater

Revenue Generating
STAGE

eWater manufactures boilers that filter out sediment, algae, and moss to provide clean water.

See Stakeholders section below to read about [Cloud Water](#), [H2O Farm](#) and [ReForm Vietnam](#).

KEY OPPORTUNITIES, CHALLENGES AND RECOMMENDATIONS

Opportunities

Vietnam is experiencing strong activity in the property tech sector. This is a great opportunity for shelter sectors to align closely and enable mobility of innovations and solutions to low-income segments.



USD 500 million PropTech Market Potential

- The Proptech market in Vietnam is estimated at USD 500 million. As of May 2019, there were 55 Proptech companies active in the Vietnam market, 80% of which are foreign startups or funded by investors from abroad.⁹⁹ The main segments of Proptech are related to the residential market in tech-enabled brokerage, leasing and renting, and property management, as well as listing and marketplaces.
- Fintech in Vietnam has many opportunities in digital payments, peer-to-peer (P2P) lending, e-KYC (Know Your Customer), SME lending, and wealth management, with payment being the most crowded space for local fintech startups. Insurtech is another area of potential commercial opportunity, with total insurance penetration standing at only 1.7% of GDP. There are no fintech players in housing yet, so we can see models similar to Indonesia emerging.
- Many local and foreign construction companies are starting to focus on building smart cities. Examples of these include fully-meshed neighbourhoods, understanding pedestrian and public space movement, traffic management (a trial recently rolled out by Siemens), and high-tech urban complex – focusing on transportation, shopping, and relaxation services, providing a full suite of information for occupants on air quality monitoring, environmental warnings, etc., and even micro and smart electronics. Elements of this could be extended to their affordable housing projects as well.

⁹⁹ The New Real Estate Mission for Tech Groups Old and New, Vietnam Investment Review, 6 January 2020.

Challenges

- **Government intervention is so high in the affordable housing market** that there are very few incentives for new entrepreneurs to explore innovative solutions.
- Vietnamese real estate developers face challenges in developing low-cost housing **due to tightened access to credit, complicated bureaucratic procedures, and shortage of available land**. This implies that the impact sector will struggle even more in this space.
- **Due to remote locations and lack of infrastructure**, such as transport, schools, and retail outlets, many affordable housing projects are not attractive to buyers.

Recommendations

Insights gathered from interviews with key stakeholders highlighted the need for efforts from both government and the private sector to see more models succeed in the affordable housing sector.

- **Increasing access to early- and growth-stage finance would be impactful**. Given existing restrictions, investors may need to look at avenues other than equity to provide funding.
- Collaborations in the ecosystem to drive interest from impact entrepreneurs or visibility for scalable models in the affordable housing segment may allow for more growth in this space. **Partnerships with IFC Edge, BEA, and PropTech Vietnam Network would help create awareness and build an ecosystem for shelter sectors**.
- There needs to be **more cooperation among different stakeholders, broader institutional capacity building, and support from the government** in terms of incentives, access to financial resources, and simplified government administration.
- **Building the capacity of support providers** would help generate more investment-ready enterprises.
- Vietnam also needs to **formulate preferential policies in land, tax, interest rates, credit, and mortgages** that will benefit developers of affordable homes, as per the experts. The government has to encourage more variety in the sizes of apartments to be developed.
- **Establishment of alternative finance models**, such as P2P lending, is already underway and therefore supporting these efforts could be valuable.
- In housing, **policies for developers and low-income earners to buy affordable homes should also be devised**, together with the development of land available for building affordable housing projects.

VIETNAM STAKEHOLDER SECTION

Impact Investors (Seed to Early Stage)

1. **500 startups Vietnam:** it is a USD 14 million venture capital fund that invests in Vietnamese and Vietnam-connected startups. Investments are in tech platforms for various sectors – productivity, healthcare, among others.
2. **Dragon Capital:** established in 1994 with USD 16 million and a team of eight, it currently manages USD 1.3 billion in listed equity, clean tech, fixed income, and real estate. **Their Mekong Brahmaputra Clean Development is the first local impact fund in Vietnam**, investing an average of USD 5 million in the areas of renewable energy, energy efficiency, water conservation, and waste recycling.¹⁰⁰
3. **ESP Capital:** it is an early-stage venture fund that invests in startups across many sectors with the sole purpose of creating an ecosystem dedicated to millennials.
4. **FEBE Ventures:** it is an early-stage venture capital focused on the tech sector.
5. **Flying Fish Investment:** they invest in early startups with up to USD 50,000 per batch and then further connect startups and SMEs to a network of angel investors and venture capitals for the next round.
6. **FPT Ventures:** it focuses on the tech sector via seed capital and Series A investments. It has invested in CyFeer.
7. **IDG Ventures Vietnam:** part of the global IDG Ventures, it is the first tech venture capital in Vietnam. It has invested in VNG CyberAgent.
8. **Inspire Ventures:** it is a USD 25 million partner-funded venture builder that invests in early stage as well as growth companies in Vietnam.
9. **Mekong Business Initiative:** it has been created by the ADB and the Australia Government to support alternative financing and fintech in Cambodia, Laos, Myanmar, and Vietnam.
10. **Mobile Applications Laboratory (mLab):** launched by HCMC, it provides support to entrepreneurs – mentoring, training, equipment, and financing.
11. **Monk's Hill Ventures:** a Singapore-based fund that invests in startups at Series A (post-seed) stage.
12. **National Technology Innovation Fund (NATIF):** it belongs to the Ministry of Science and Technology and provides financial support (subsidies and low-rate loans) for research & development (R&D).
13. **Nexus Frontier Tech:** it is a group of tech enthusiasts who develop tech products, offer consultation on them, and invest in deep tech startups at the early stage.
14. **Oxfam:** in Vietnam, Oxfam partners with the Centre for Social Initiatives Promotion (CSIP) to invest between USD 10,000-USD 1 million.

¹⁰⁰ Phuong Anh, *Vietnam: SIL*, AVPN, 2019, p. 10.

15. **Patamar Capital:** (formerly known as Unitus Capital) it invests in impact enterprises that work on benefitting low-income groups via Series A and Series B investments.
16. **Saigon Silicon City Center:** a 52-hectare complex for technology-based startups and international firms. They expect to attract USD 1.5 billion by this year.
17. **SpeedUP:** it is a small fund from the Ho Chi Minh City's department of science and technology and partners with Silicon Valley Vietnam. It made 14 investments from USD 15,000 to 50,000.
18. **Startupcity.vn:** an initiative from Hanoi's People Committee, it connects entrepreneurs with investors.
19. **sYs Hatch! Nest:** it is an accelerator with UNDP and the Vietnam Mentor Initiative that provides seed funding.
20. **Velocity Ventures:** it is a venture capital focused on digital companies. It has invested in Missy, an online interior decoration service.
21. **Vietnam-Finland Innovation Partnership Programme (IPP):** the fund is made of EUR 11 million and the two countries have invested in it. The investments focus on innovative startups with international growth purpose. The IPP has invested in 18 innovative startups and four ecosystem development teams.
22. **Vietnam Silicon Valley:** it is an accelerator with a 12-week programme, after which startups could get seed funding of up to USD 40,000 in exchange for 10% equity, along with other support.
23. **Viettel:** a mobile operator that invests in startups, according to a report from INSEAD business school.
24. **VIISA:** it is an accelerator and seed stage investor backed by FTP Ventures and Dragon Capital. They provide initial seed funding of USD 15,000 in cash along with technology, support, and more in kind, in exchange for equity. There are also options for follow-on funding for promising startups up to USD 200,000.
25. **Vina Capital:** founded in 2003, it is an investment management and real estate development firm. They invest in early-stage enterprises via their venture arm [DFJ VinaCapital](#), which is also a part of the DFJ Venture network. Investments are primarily in the digital, media, and technology space.
26. **Yellow Dog:** founded in 2016, it is a Korea-based early-stage impact venture investor that focuses on enterprises with innovative ideas clearly tackling social issues, such as health & well-being, education, empowering women, sustainable energy and climate action, responsible consumption, and improving efficiencies for businesses.

Incubators and Accelerators

1. **CSIE:** established in 2017 with support from British Council Vietnam, it is an ecosystem builder. It aims to be a hub of knowledge, networks, and support. It has also partnered with UNDP Vietnam on its Youth Co:Lab programme.
2. **CSIP:** it provides direct investment and support to people and social enterprises who apply innovative and sustainable business solutions to solve social and environmental issues.
3. **Da Nang Business Incubator (DNES):** an incubator based in Da Nang, it helps about 30 startups a year via their four-six-week programmes.
4. **Emmerze:** an educational organisation focused on training students and corporates in entrepreneurship programmes.
5. **Evergreen Labs:** it is a consultant, project developer, and company builder from Vietnam for social and environmental ventures. Some of their projects have included waste management pilots (including ReForm Vietnam) as well as hydroponics agriculture for an urban space, which after initial investment have been spun off into independent enterprises in which they hold equity.
6. **KisStartup:** it focuses on training, coaching, mentoring, research, and business matching. Their programmes include a food-focused accelerator and incubator (Food Alfa), an investor network, an innovation ecosystem with an education and training emphasis, and a year-long mentoring programme for entrepreneurs.
7. **LIN:** the LIN Center for Community Development (LIN) is a non-governmental and not-for-profit capacity builder for non-profit organisations. LIN fosters strategic community engagement by facilitating linkages amongst non-profit organisations, skilled volunteers, and donors looking to create impact.
8. **Lotus Impact:** it is a social enterprise with an incubation programme focused on social enterprises. While it was investing in impact enterprises between USD 500,000-3 million, it no longer makes these investments.
9. **New Energy Nexus:** it is a global incubator, accelerator, and fund focused on the clean energy sector. In Vietnam it offers incubator support for early-stage startups and accelerator support for later-stage ones.
10. **Saola:** it is an accelerator created by Eddie Thai, the co-founder of the investment fund [500 Startups](#), for the Vietnamese ecosystem. It is a three-month programme of training and workshops ending in a demo day. Selected startups can get up to USD 100,000 from 500 Startups Vietnam, along with potential co-investments from their network.
11. **Saigon Hi-Tech Park Incubation Center:** it runs multiple programmes to promote and support startups in commercialising, calling for investment, and scaling up, focused on the sectors of information technology and telecommunications, engineering and automation, biotechnology and new materials, and nanotechnology.
12. **Saigon Innovation Hub:** one the oldest accelerators in Ho Chi Minh City, it is backed by the government.

13. **Seed Planter**: it runs multiple programmes for social impact startups – a three-day boot camp for idea/early-stage entrepreneurs to help them test their ideas; a five-month incubation programme launched recently for the alumni of the boot camp, a one-day summit for social impact startups, communities, and a mentoring programme.
14. **Slush Global Impact Accelerator**: it was created in collaboration with the Ministry for Foreign Affairs of Finland and other multiple partners globally. Seventeen startups working in health, hygiene, food safety, and environment were selected from Vietnam and brought to Helsinki to accelerate their business, attract additional financing, and build long-lasting networks.
15. **sYs Hatch! Nest** (Hatch Ventures): it is a startup ecosystem builder that runs accelerator programmes and has partnered with UNDP Vietnam (youth training programme) and the Vietnam Mentor Initiative.
16. **Topica Founder Institute**: a member of the Global Founder Institute Network, it is a startup accelerator programme managed by Topica Edtech Group, which has branches in 60 countries and has a headquarter base in Silicon Valley. They are one of the startup ecosystem builders in Vietnam that has now mentored over 60 startups.
17. **Vietnam Silicon Valley (VSV)**: it is an accelerator with a 12-week programme, after which startups could get seed funding of up to USD 40,000 in exchange for 10% equity, along with other support. VSV also has programmes for investors, a personalised entrepreneurship coaching programme, and a partnership process (SpeedUp) through which they fund innovative projects/startups.
18. **VIISA**: it is an accelerator and seed-stage investor backed by FTP Ventures and Dragon Capital. Their accelerator programme is four months long with online classes and on-site coaching at Ho Chi Minh City, ending in a demo day.
19. **WISE**: supported by Australian Aid and Asian Development Bank, it is a network of high profile startup ecosystem builders to support women startup leaders.
20. **Zone Startups Vietnam**: it is a global Toronto-based accelerator with its Vietnamese chapter in Ho Chi Minh City. Along with access to a network of mentors and corporate partners, it also provides seed funding to startups with the most potential.

AFFORDABLE HOUSING AND RELATED SECTORS

Names	Founder	Year Established	Stage in Business
Tech Solutions: Fintech			
Hawking Network	-	-	Unclear
Real Stake	James Vuong	2019	Revenue Generating
Tech Solutions: PropTech			
ACIS	-	2011	Revenue Generating
Batdongsan	Le Xuan Truong	2010	Revenue Generating
Cen Homes	Phạm Nhật Vương	2016	Revenue Generating
Home Hub	-	-	Revenue Generating
Homedy	Duc Nguyen Ba	2015	Revenue Generating
Housemap	Nhat Le (CTO)	2018	Pre-revenue
Mogi	Hi Pham	2016	Revenue Generating
Propzy	John Le	2014	Revenue Generating
Rever	Phan Le Manh	2016	Revenue Generating

Water, Energy, & Waste Management			
Cloud Water	Quan Pham	2018	Pilot stage
H2O Farm	Phong	2018	Pre-revenue
ReForm	Kasia Weina	2017	Unclear

These are not necessarily aimed at affordable homes but are the innovators in this tech space for housing and real estate.

Tech Solutions: Fintech

- **Hawking.network:** it is a Singapore-based company that provides a one-stop solution to transform businesses and big corporations to be 'the next digital banks'. They provide application programming interface (API) platform to banks, financial institutions, and businesses for cross-border payments. Their expertise is to provide Smart point-of-sale (POS) for retails/chains/resorts/hotels, smart residential and industrial real estate, cross-border payments, digital currencies, and crowd financing.
- **RealStake:** a Singapore-headquartered fintech company, it provides an investment syndication platform that allows many people to invest in one property. They have subsidiaries in Vietnam and Thailand.

Tech Solutions: Proptech

- **ACIS:** it provides customers with smart home solutions to control all electricity-based devices.
- **Batdongsan:** it is a property portal that originated in Vietnam. With a USD 9 million investment and regional and tech support from Singapore-based PropertyGuru in 2018, the firm has now become regional with its listings.
- **CenHomes:** it is an online brokerage and trading platform for real estate.
- **HomeHub:** it is an online portal service for real estate buying, selling, leasing, and investment activities nationwide. The company aims to be a gateway between buyers, sellers, and brokers with a selection, evaluation, and evaluation system that increases the transparency and credibility of the search process for buyers and tenants. Their focus on developing technology applications, big data analysis, and developing a team of experienced experts and brokers is aimed at enabling easier decisions for customers.

- **Homedy.com:** it is a search engine website for property in Vietnam. Genesis Ventures of Japan, South Korea's Access Venture, and Mynavi Corporation have invested in it.
- **HouseMap:** it is a platform tech company that is looking to build a range of tech products focused on real estate (rentals of rooms and houses, security, health-related, etc.) to improve the quality of life of residents. They aim to be affordably priced at USD 0.5 per unit. Housemap's products could expand regionally (they are already running a trial in Malaysia).
- **Mogi:** it is an online classifieds' website specialising in real estate products and providing real estate information.
- **Propzy:** it is a full-stack real estate platform that originates and facilitates property sale and leasing transactions in Vietnam by combining a real estate marketplace on the front end with logistics, documentation, and transaction services on the backend. The company raised USD 12 million between 2016-19 and is looking to raise USD 25 million for its Series B soon.
- **Rever:** founded in 2016, it is an online real estate distribution system based on maps, creating a smart, high-performance buying, selling, and rental brokerage process. Rever works with real estate agents to provide tailored services to clients, both for living and for investment, from the discovery process to the purchase. Rever operates in both primary and secondary real estate markets. The company raised USD 2.3 million from Golden Equator Capital and Korea Investment Partners.

Water, Energy, & Waste Management

- **Cloud Water:** it is an Internet of Things (IoT)-ready, 'smart' service offering for water authorities and users in Vietnam. They are in the pilot stage and focusing on changing consumers' and utilities' behaviour around water to reduce leakage, wastage, and billing and payments. This is a part of Zone Startups (Ryerson) Vietnam's cohort.
- **H2O Farm:** it specialises in consulting, installing, and transferring hydroponic systems for residential and commercial customers.
- **ReForm:** it aims to reduce plastics pollution and use waste to create jobs, businesses, products, and a local circular economy. They leverage existing solid waste infrastructure and technology to transform the collected plastics into new tested, viable, and marketable products. The company uses a decentralised social-franchise model to implement programming in collection centres, and equips them with machinery that will enable waste-pickers to process their daily yield of recovered plastic waste into tradable base or finished products.

CAMBODIA

CAMBODIA



15.6 million

Population

 **10.4 million** between the ages of 15-64 years

GROSS DOMESTIC PRODUCT

USD 19.5 billion

GDP as of 2018

7.5%

GDP Growth

USD 4,354.074

GDP Per Capita



14% below

National Poverty Line
(in 2014)



30.76

Gini coefficient

AFFORDABLE HOUSING

N.A.
DEMAND



N.A.
DEFICIT



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HUMAN DEVELOPMENT
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GLOBAL COMPETITIVENESS
RANK



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WORLD GIVING INDEX



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GLOBAL RANK IN
ACHIEVING SDGS



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EASE OF DOING BUSINESS



N.A.

SOCIAL ENTERPRISES

USD 400.9 million

IMPACT CAPITAL DEPLOYED
PRIVATE IMPACT INVESTORS



USD 648.1 million

IMPACT CAPITAL DEPLOYED
DEVELOPMENT FINANCE
INSTITUTIONS



CAMBODIA

COUNTRY OVERVIEW

The United Nations designates Cambodia as a least developed country. However, it might soon graduate to a developing country status as Cambodia is considered one of the fastest growing economies in Asia, with the better-than-expected growth rate averaging 7.5% in 2018.¹⁰¹

Cambodia has made great achievements in reducing poverty over the last three decades. According to official estimates, the poverty rate in 2014 was 13.5% compared to 47.8% in 2007. In fact, Cambodia is performing very well in terms of economic growth and human development. For example, as GDP continues to expand to top 7% annually, life expectancy indicators for Cambodians have increased (due to the higher incomes).¹⁰²

¹⁰¹ Cambodia: Overview, World Bank, Accessed 4 February 2020.
<https://www.worldbank.org/en/country/cambodia/overview>,

¹⁰² Vietnam: Human Development Report, , Accessed on 4 February 2020.
<https://kh-undp.shorthandstories.com/HDRKH/index.html>

Sustainable Development Goals Index¹⁰³

Cambodia ranks 112 among 162 countries in the global SDG ranks, with the country being On Track or Maintaining SDG Achievement in SDG Goal 1 (No Poverty), while major challenges remain for the country in SDG Goal 5 (Gender Equality).



¹⁰³ J. Sachs, G. Schmidt-Traub, C. Kroll, G. Lafortune, G. Fuller, *Sustainable Development Report 2019*, New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN), 2019.

IMPACT ENTERPRISE ECOSYSTEM

Cambodia saw an increase in the number of non-profit or non-governmental organisations (NGOs) after the signing of the Paris Peace Accords in 1991 that marked the end of more than 50 years of political turbulence.¹⁰⁴ While most of these NGOs were international, many local organisations also mushroomed to implement developmental projects. Due to the declining foreign aid post-2017, many non-profits began adopting the 'social enterprise' model, mainly to diversify revenue streams and pursue alternative ways of achieving social objectives.¹⁰⁵ There are at least 260 revenue-generating non-profit organisations in Cambodia, many of which aspire to become scalable enterprises.

The social enterprises here now operate in vocational training, energy, environment, workforce development, health, and rural development. With time, increasing awareness of social enterprise models and their contributions to development could encourage the growth of a robust pipeline of impact investing opportunities.¹⁰⁶ In terms of an affordable housing/shelter ecosystem, only a few players are engaged in the sector – from investors like Insitor focused on affordable housing to entrepreneurs working mainly in water and sanitation such as Watershed and Tap Effect.

Cambodia accounted for more than 60% of all impact capital deployed in the eight countries in the region from 2007 to 2017, mostly due to its steadily growing flow of debt investments into the microfinance sector.

THE LANDSCAPE FOR IMPACT INVESTING IN SOUTHEAST ASIA REPORT, GIIN, 2018

¹⁰⁴ David Hutt, *The Trouble with Cambodia's Affordable Housing Plan*, The Diplomat, 2018, Accessed on 7 February 2020.

¹⁰⁵ Phuong Anh, Nguyen Le; Editors: Roshini Prakash, Hui Yu Ong, Kevin Teo, *Vietnam: Social Investment Landscape*, AVPN 2019.

¹⁰⁶ GIIN, Intelicap, *The Landscape for Impact Investing in Southeast Asia*, 2018, p. 65.

Impact Investment Activity

The financial services sector, specifically microfinance, accounts for almost all PII deals and capital deployed in Cambodia, most of these have happened only since 2013, according to GIIN. Other sectors (such as energy, agriculture, and services) have received limited investment. While DFIs have also invested in financial services – both microfinance and Small and Medium-sized Enterprise (SME) finance – other sectors of investment include agriculture, education, energy, and information and communications technology (ICT). International impact funds are active in Cambodia as well – the likes of ARUN LLC, Oikocredit, responsibility, Swiss Investment Fund for Emerging Markets and more.¹⁰⁷



DEMAND FOR IMPACT CAPITAL

Concept of social entrepreneurship is very nascent, though there are a large number of NGOs

MSMEs face a funding gap around USD 3.7 billion

The dollarization of Cambodia's economy has helped spur larger deals by greatly reducing investors' hedging risks. Therefore, regionally, more than half of all deals larger than USD 5 million were made in Cambodia's microfinance sector, as reported by GIIN.



IMPACT INVESTING SUMMARY

USD 400.9 million deployed by PIIs; nearly USD 648.1 million deployed by DFIs

Largest impact investing industry for PIIs, with most investments in microfinance

International donors and other key actors view non-profit-for-profit partnerships, especially through impact investing, as the best way for promising ventures to scale up. The Swiss Contact-RISE partnership (described under Access to non-financial support) is one example. This follows from the observation that in least developing countries such as Cambodia, impact investors can fill the gap in capital resources “by selectively investing in profit-seeking businesses that have significant potential to increase economic participation of the poor,” according to a report by Social Enterprise Cambodia.¹⁰⁸

**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

¹⁰⁷ Phuong Anh, Nguyen Le, *Vietnam: Social Investment Landscape*, 2019.

¹⁰⁸ I. Lyne, S. Khieng and Chanrith Ngin, *Social Enterprise in Cambodia – An Overview, International Comparative Social Enterprise Models*, 2015, Working Paper No. 05, p. 21.

KEY STAKEHOLDERS IN THE CAMBODIAN IMPACT ECOSYSTEM

INVESTORS

Impact Investors

ARUN LLC, Incofin, Insitor, Uberis Capital, Oikocredit, Nexus for Development, responsAbility, SIFEM, SEAF, Development Innovations, Mekong Strategic, Capax World



GOVERNMENT

Policies, departments supporting on impact/social enterprise

The Law on Investment of the Kingdom of Cambodia, Ministry of Commerce, Ministry of Interior, Ministry of Economy and Finance



RESEARCH/ ACADEME

Impact/ Sustainability-focused institutes



ENTREPRENEURS

Social Enterprises

My Dream Home, Tap Effect, WaterShed, Okra Solar, ATEC Biodigesters, ACE Energy Solution



INTERMEDIARIES

Incubators, Accelerators, Competitions, Capacity-Building Organizations supporting SPOs

BMC Startup Accelerator, Confluences, Entrepreneurs du Monde, CJCC Accelerator Program



AFFORDABLE HOUSING

Stakeholders in the sector

My Dream Home, Okra Solar, Tap Effect, WaterShed



NETWORKS

Associations and networks focused on impact/ social enterprise sector

AngkorHub, Trybe, InSTEDD iLabs



Regulatory and Policy Environment

Cambodia's market-based, export-oriented economic policy is attractive to foreign investors who face few restrictions on domestic business ownership. They can easily invest and repatriate money, with few capital controls, and no exchange rate exposure due to a dual currency system (USD and Cambodia Riel).¹⁰⁹

The Cambodian government has taken crucial steps to promote the integration of environmental, social and governance (ESG) factors into investment decisions – its national bank was one of the first to regulate microfinance. The microfinance regulations have focused on building an enabling environment for microfinance institutions and have allowed non-deposit-taking microfinance institutions to grow into some of the largest banks in the country while providing access to finance for low-income households.

For international impact investors, the Law on Investment and Incentive Schemes lays out multiple incentives:

- An automatic tax holiday of three years, with up to three additional years depending on the activity or sector; the tax holiday to commence with the first year in which profit is made but no later than the fourth year of operation
- No discrimination between foreign and local investors
- A one-stop service in the Council for the Development of Cambodia (CDC) to facilitate and speed up the investment process and to provide a Conditional Registration Certificate (CRC) or Letter of Non-Compliance within three working days and a Final Registration Certificate within 28 working days from the date of issuance of the CRC.

And with respect to housing and shelter, there is:

- 100% exemption from import duties on construction materials, production equipment, machinery, intermediate goods, raw materials and spare parts used by export Qualified Investment Projects
- Renewable land leases of up to 99 years on concession land for agricultural purposes and land ownership permitted to joint ventures with over 50% equity held by Cambodians

In 2016, the Cambodian Sustainable Finance Initiative was launched as a partnership between the Association of Banks in Cambodia, the National Bank of Cambodia, and the Ministry of Environment, focusing on developing national,

¹⁰⁹ David Totten and Michael Smiddy, Emerging Markets Consulting, *#ClosingTheGap: Mekong – Cambodia – Entrepreneurial Ecosystem Assessment*, Dutch Good Growth Fund, 2019.

environmental, and social standards, and facilitating the integration of these standards into banks' lending decisions with support from International Finance Corporation (IFC) and the Sustainable Banking Network.¹¹⁰ However, the government does not provide any tangible support to Social-profit Organisations. Social enterprises are still not legally recognised in the country and operate with no concrete government support.

Most social enterprises in Cambodia are operated by NGOs or associations registered with the Interior Ministry of Cambodia. But some are registered as businesses with the Ministry of Commerce (MoC) and not all are 'non-profit'; for instance, agricultural cooperatives return dividends to shareholders and there is a well-developed microfinance sector where investors have mixed motives.¹¹¹ Although all NGOs must be registered with the Interior Ministry, it should be noted and emphasised that social enterprises should not be categorised as 'formal business'. This means they fundamentally remain non-profits, thanks to their specific status, and are also free from paying taxes.

Impact Investment Landscape

Cambodia is a country that has seen the most impact investing activity in the region for PII, with most investments in microfinance (most private-sector stakeholders were set up after 2015). However, the country lags behind others, including Indonesia, Philippines, Thailand, Vietnam, and Myanmar in terms of impact investing activities by DFIs. Debt investments remain more prevalent as investors perceive higher risks in investing in the country.

ACCESS TO CAPITAL FOR CAMBODIAN STARTUPS

Cambodia also has around 375,000 formally registered Micro, Small and Medium Enterprises (MSMEs).

Cambodia also has around 375,000 formally registered Micro, Small and Medium Enterprises (MSMEs). While these MSMEs have raised USD 571 million in financing, a financing gap of over USD 3.7 billion still remains. Many SMEs lack necessary assets to secure credit, have low levels of financial literacy and business planning, as well as lesser business and tax registration. Cashflow-based lending is still rare, due to lack of SME and financial infrastructure capacity as well as insufficient credit information.¹¹²

¹¹⁰ Association of Banks in Cambodia, *Cambodian Banks Commit to Developing Sustainable Financing Principles*, 2016.

¹¹¹ I. Lyne, S. Khieng and Chanrith Ngin, *Social Enterprise in Cambodia*, 2015.

¹¹² *The Landscape for Impact Investing in Southeast Asia*, GIIN, 2018, p. 34.

Despite this, the tech startup scene has begun to see activity from local and international funders, as identified by a startup ecosystem report by Dutch Good Growth Fund:¹¹³

- In 2016, the ADB-supported Mekong Business Initiative (MBI) established the Mekong Angel Investment Network, promoting investment tours for international angel investors across Cambodia, Laos, Myanmar and Vietnam (CLMV). By the close of 2017, this had resulted in one co-investment with a domestic angel investor group, Corco Angels in Cambodia.
- In 2017, Obor Capital made a USD 100,000 investment in Camboticket, an online ticketing platform. A more recent addition is the Smart Axiata Digital Innovation Fund (SADIF), launched mid-2017 and managed by Mekong Strategic Partners (MSP). Smart Axiata is one of the top cellular network operators in Cambodia, owned by Malaysian corporate, Axiata. Ticket sizes are a maximum of USD 500,000, although key informant interviews forecast approximately 20 to 30 investments averaging USD 250,000 each.
- Towards the end of 2018, SADIF had made four investments: Joonak Delivery (last mile logistics), Morakot Technology (information technology and financial services), Nham24 (food delivery) and most recently participated in series A funding of Agribuddy (agriculture). Although ticket sizes were not announced, these appear to account for the substantial proportion of publicly announced investment by a domestic investor in tech startups.

ACCESS TO IMPACT CAPITAL

A 2019 report commissioned by the Dutch Good Growth Fund identified a supply of approximately USD 70 million risk capital managed in Cambodia. The largest proportion of these funds comes from development finance sources, and consequently, most – though not all – of this capital carries a social impact investment mandate. The largest of these Cambodia-based investment managers have multi-country mandates, reflecting the small size of the domestic market. Not including microfinance, private sector fund sources comprise a minority of this total, although this is growing rapidly. These investors are mainly active in seed- and early-stage investing.

¹¹³ Totten and Smiddy, *#ClosingTheGap: Mekong*, 2019.

PRIVATE IMPACT INVESTORS (PIIs) vs DEVELOPMENT FINANCE INSTITUTIONS (DFIs)

USD 400.9 million



USD 648.1 million

Mostly Global orgs with multi-country mandates investing in microfinance

**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

Who are the Impact Investors?

Active impact investors in Cambodia are mostly international players from Japan, Europe, and the US – including funds, family offices and private development banks. In addition to funding, they provide hands-on strategic technical support, access to networks, and mentorship to investees to help them become sustainable and scale up. The investment focus of these funds is relatively diverse:

- **ARUN LLC** is a social investment company that invests in developing countries. They provide hands-on support for social enterprises and mutual learning and training for social investors.
- **Insitor** is a social venture capital fund that invests in social enterprise startups throughout emerging and frontier Asian markets. Target sectors include low-carbon energy, housing, water, education, and health.
- **Nexus for Development:** A fund, based in Cambodia, that drives access to finance in developing economies across Asia to increase sustainable energy and water resource development, advance climate positive solutions, and scale local implementers.
- **SEAF** is an international investment management group that provides growth capital and business assistance support to SMEs with impact potential in emerging and transition markets.
- **Uberis Capital** is a venture catalyst firm investing in and assisting innovative business models in smart agriculture, access to energy and clean water, waste recycling, women empowerment and mobile platforms across Southeast Asia. They support entrepreneurs who use smart technologies to break traditional market boundaries and disrupt established supply chains models.

See full list of investors in the Stakeholders section below

Enabling Ecosystem for investments

The overall investment framework in Cambodia is better than most of its neighbouring countries, as described earlier. The goal is to have a very competitive and attractive Investment Law – a law in line with the regional context and needs of the country. Most recently, the government gathered input from the private sector and development partners to amend the country's Investment Law – it will be the second amendment to the Law, which was promulgated in 1993 and revised in 2003.

For example, while Cambodia imposes a corporate tax of only 20% (except on the exploitation of natural resources), Indonesia imposes 15-30%, Malaysia 28%, the Philippines 32%, Singapore 22%, Thailand 30%, and Vietnam 25%-32%.

EXIT POTENTIAL

There is a lack of available exits for growth investors, which limits potential for private equity and venture capital markets. The weak performance of the Cambodian Stock Exchange makes 'going public' an unattractive exit option for a firm's owners, and to date, there are no Cambodian firms listed on regional exchanges. As noted earlier, Cambodia does not draw significant interest from larger overseas private equity. Therefore, for domestic private equity investors, the primary exits are to existing shareholders and regional strategic or 'trade' investors – that is, operating companies rather than financial investors – looking to extend their regional footprint into Cambodia via acquisition.

Access to Non-Financial Support

Cambodia has become increasingly interested in social entrepreneurship, with several impact-focused business support providers launching recently – Impact Hub Phnom Penh (which also started Social Enterprise Cambodia), Xlconsulting, EPIC, and SHE Investments (a women-focused support provider).

In addition, some impact-agnostic business services providers often house social enterprises, including Smallworld Cambodia, Geeks in Cambodia, KOTRA Incubator, BDLINK, and CoLab. The regional Mekong Innovative Startup Tourism also has two accelerators for enterprises in the tourism sector. There are currently no incubators/accelerators or investors that are focused on affordable housing or its adjacent sectors.

In recent years, local universities have also emerged as major ecosystem catalysts, with a focus on fostering social entrepreneurship among youth. In 2014, the Royal University of Phnom Penh (RUPP) launched a social business hub in partnership with Friends-International, Social Enterprise Cambodia, and 1001 Fontaine with funding support from Danone Communities. In 2018, the National University of Management established its Social Innovation Lab as part

of the European Union-funded South East Asian Social Innovation Network, supported by Smart Axiata.¹¹⁴

- **The Regional Investment Support for Entrepreneurs (RISE) programme:** launched in 2018 by Swiss Foundation for Technical Cooperation (Swisscontact) in partnership with Uberis Capital and funded by USAID, RISE offers technical assistance to selected SMEs that address at least one SDG. They have also expanded their support to the region by working with other intermediaries and providing funds to support early-stage entrepreneurs.
- **SHE Investments:** Cambodia's first and only gender-focused and culturally tailored business incubator and accelerator programs for women.
- **Smart Axiata:** a subsidiary of the Malaysian telecommunications conglomerate Axiata Group Berhad, established a USD 5 million Smart Axiata Digital Innovation Fund to invest in Cambodian social startups in 2017.
- **Impact Hub Phnom Penh:** an innovation space, business incubator, social enterprise builder, and a community of like-minded people who believe they can make the world a better place.
- **Emerald Hub:** offers young startups, entrepreneurs, small and growing businesses, service providers, and investors the opportunity to work in an innovative, energetic and collaborative workspace.
- **Small World Ventures:** a collaborative workplace concept designed to ensure that passionate, idea-driven youth have access to an enjoyable and productive work environment. It is a small business support centre where young entrepreneurs can learn, test, and launch new ideas in an open, casual environment.

See full list of intermediaries in the Stakeholders section below

¹¹⁴ Phuong Anh, Nguyen Le, *Vietnam: Social Investment Landscape*, 2019.

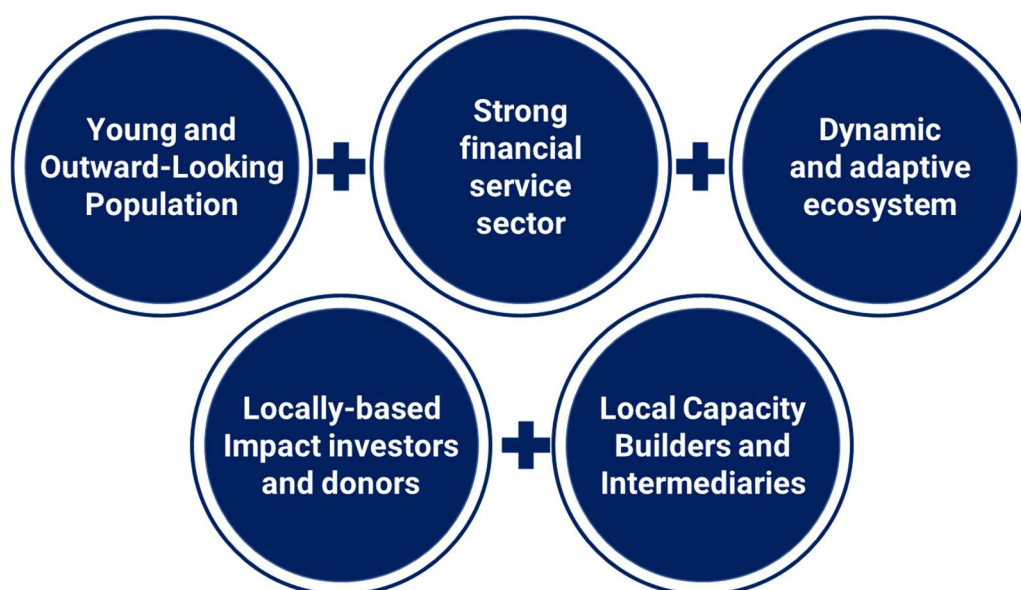
IMPACT ENTREPRENEURS IN CAMBODIA

There are about 5,000 non-profit organisations (including about 260 revenue-generating ones) and 127 social enterprises in Cambodia. The majority of these enterprises are still in the early stage and small in size. Seed- and early-stage investors report challenges finding quality entrepreneurs and investment opportunities among graduates from the tech and innovation ecosystem.

There is a significant gap in the availability of risk capital for early stage firms to test and validate their models, with the exception of digital tech firms to some extent. Impact investors have both the scale and broad sectoral mandate to address this gap. However, aside from locally based players like Insitor and Uberis, these investors lack domestic market operations and struggle to develop deals, particularly for small investments. In general, many interviewees said that Cambodian entrepreneurs have little knowledge of impact investing and raising such investment.

KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS

Cambodia has a diverse 'entrepreneur ecosystem' motivated by Cambodian and expatriate 'ecosystem builders' who themselves are highly entrepreneurial. In recent years, there is a lot of activity around building awareness in youth-, tech-, and social impact-oriented entrepreneurship; however, in addition to these, new initiatives are emerging, which address larger segments of micro and small businesses with traditional business models in main economic sectors. Some key success factors for the country are:



KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS

- **A young and outward-looking population, a growing middle class,** central position in the Association of Southeast Asian Nations (ASEAN) with preferential market access
- A **strong financial service sector** that can provide necessary finance for enterprises
- **Dynamic and adaptive ecosystem,** with strong entrepreneurial culture
- A number of **locally based impact investors and donors**
- An increasing number of **capacity builders and intermediaries** that are local

KEY CHALLENGES FOR IMPACT ENTREPRENEURS

While there are an increasing number of enterprises tackling social issues, many of them remain small and are not growing. Some of the key issues affecting the Cambodian ecosystem are:

- **Low awareness of financing options** available in the market
- **Lack of technical and operational skill** sets needed to scale up
- **Lack of sufficient business validation and cash flow projections** that would attract larger investments, for startups to grow out of seed stage
- **Lack of domestic risk capital** to help impact enterprises take risks to validate their models
- The **ecosystem is still small, centralized in Phnom Penh,** and fragmented
- **Training in risk evaluation and encouragement** is required to take more risk in order to scale up

AFFORDABLE HOUSING AND SHELTER TECH ECOSYSTEM

While the property sector in Phnom Penh is now booming (countrywide, the construction and property sector is the second-largest contributor to Cambodia's GDP), missing on the capital's skyline is affordable housing for lower income communities.

Enabling Policies and Government Interventions

A National Housing Policy for low-cost housing was adopted in 2014, but little progress has been made since, despite high demand. The Minister of Land Management, Urban Planning, and Construction, Chea Sophara, said in 2017 that 800,000 low-cost urban homes would need to be built by 2030. By that time, Phnom Penh's population is expected to grow to between 4 and 7 million, compared to about 2 million today.

Many of the 'affordable housing' developments currently under construction are built for sale, not to rent. There are ample cheap rentals in Phnom Penh, with many apartments costing less than USD 100 per month. These mainly cater to migrant workers in garment, service, and construction sectors, as well as students. But many are said to be low quality, with poor sanitation and security. Many are simply dormitories rented by several people to the room. Indeed, not many are designed to appeal to a low-income family that wants to settle in one home for a lengthy period of time.¹¹⁵

Interviews with players in the sector revealed larger challenges, as construction and materials in Cambodia are mostly being serviced by the elite; as such any innovation will need to be outside the majority influence, with decent capital to challenge the existing systems.

¹¹⁵ Hutt, *The Trouble with Cambodia's Affordable Housing Plan*, 2018.



Business Models in Housing and Shelter in Cambodia

Many of the enterprises in shelter and shelter-adjacent sectors were found to be in energy, water, sanitation & hygiene (WASH), and/or construction materials.

ENERGY

ACE Energy Solutions Cambodia

Stephen Walker
FOUNDER

2011
YEAR ESTABLISHED

Revenue Generating
STAGE

African Clean Energy (ACE) is a Dutch-South African social enterprise focused on enabling decentralized access to clean energy to rural households in Sub-Saharan Africa and Southeast Asia – specialised in manufacturing and directly distributing the ACE 1 Energy System, an integral energy solution for off-grid households.

ATEC Biodigesters

Ben Jeffreys
FOUNDER

2016
YEAR ESTABLISHED

Revenue Generating
STAGE

ATEC produces, sells, and distributes high quality rural household biodigesters that provide 500-1500L of biogas for cooking per day plus 20 tons of organic fertilizer for farming each year.

OKRA Solar

Afnan Hannan
FOUNDER

2016
YEAR ESTABLISHED

Revenue Generating
STAGE

Okra Solar is an Australian technology startup that works with local utilities to transform off-grid communities into energy-abundant microgrid economies.

TECHNOLOGIES (INNOVATIVE CONSTRUCTION MATERIAL)

My Dream Home

Kongngy Hav

FOUNDER

2015

YEAR ESTABLISHED

Revenue Generating

STAGE

My Dream Home is a social enterprise addressing chronic shelter shortage in Cambodia through the production of affordable, eco-friendly, and easy-to-consult interlocking bricks.

WASH

Tap Effect

Nick Boerema

FOUNDER

2018

YEAR ESTABLISHED

Revenue Generating

STAGE

Tap Effect is a social enterprise that brings the technical know-how and financial capabilities to ensure that piped water networks are designed, built, and operated sustainably.

WaterShed

Geoff Revell

FOUNDER

2009

YEAR ESTABLISHED

Revenue Generating

STAGE

WaterShed is a registered NGO in Cambodia that provides effective, affordable water and sanitation products to market in Cambodia, Laos, and Vietnam.

KEY OPPORTUNITIES, CHALLENGES AND RECOMMENDATIONS

Opportunities

The Cambodian entrepreneur ecosystem has good foundations based on active participation of motivated 'ecosystem builders' and successful entrepreneurs, spurred by the growing economy.

To further support entrepreneurs in accessing capital, the current Ministry of Economy and Finance announced the creation of the SME Fund of USD 100 million that will help support access to finance for budding social enterprises. What this specifically entails and how this will be implemented is still unknown. However, if leveraged and managed well, this could help spur the ecosystem.¹¹⁶

Due to the track record and experience of impact investors in microfinance on the ground in Cambodia, we can expect to see some capital moving to other sectors as Cambodian entrepreneurs emerge in sectors that have the potential to grow, including the affordable housing and its adjacent sectors.

Challenges

Like most ecosystems, there is an absence of early-stage finance for domestic entrepreneurs. There are currently no functioning angel investment networks; and outside the tech sector, there is a very weak offering below USD 500,000 and SMEs have yet to list on the Cambodian Stock Exchange.

For small ticket sizes of seed capital, existing accelerators do not incorporate a 'seed finance offer' and do not consistently graduate investible firms in sufficient quantity to stimulate the supply of angel capital.

For instance, it is challenging to figure out who the investors are as well as understand the financial instruments required for obtaining funding in Cambodia – let alone identifying the investors who are interested in the affordable housing sector. On top of that, entrepreneurs are disadvantaged in raising said capital because the costs for formally registering a business are too high. In other words, if the business is not registered with the government, effectively they cannot receive investments of higher ticket sizes.

¹¹⁶ Melanie Mossard, Key Informant Interview, Impact Hub Phnom Penh, 2019.

It could be argued that NGOs avoid registering the social enterprises as a formal business in order to avoid corruption. One measure that might help curb this assumption would be to move business application registrations online, cutting out direct contact between business license applicants and civil servants.¹¹⁷

Ironically, Cambodia stands out for its competitive banking and microfinance sector. However, much of SME borrowing still requires land or real estate collateral, and SMEs currently do not use credit to invest in productive assets.

Recommendations

The key to sustainably increasing the availability of risk capital to entrepreneurs is unlocking wealth in Cambodia: domestic would-be investors have greater familiarity with local conditions and greater tolerance for country-specific risk.

With respect to affordable housing and the impact enterprises engaged in this sector, these critical challenges that early-stage enterprises face can be addressed by:



- **Accelerators that focus on scale up** with an aim to produce investible firms in order to generate deal flow
- **Establishment of seed funds** to stimulate supply of external early-stage investors
- Opportunities to capitalise locally managed funds that aim to invest in SMEs and impact enterprises at around USD 100,000, which is **essential risk capital**

¹¹⁷ I. Lyne, S. Khieng and Chanrith Ngim, *Social Enterprise in Cambodia*, 2015, p. 19.

CAMBODIA STAKEHOLDERS SECTION

Impact Investors (Seed to Early Stage)

- **ARUN LLC:** a social investment company that invests in developing countries. They provide hands-on support for social enterprises and mutual learning and training for social investors.
- **Capax World:** Capax World is a 501(c)(3) non-profit organisation that provides the world's poor with the tools they need to expand their capabilities, utilizing broad business expertise and strategic partnerships to develop and implement innovative, sustainable solutions to poverty. With a current emphasis on project implementation in Cambodia, Capax World also has strategic partnerships and projects under development worldwide. Capax World integrates responsible, patient capital into the key developmental areas of education, clean energy, agriculture, healthcare, and water/sanitation in order to meet locally-identified needs, to enable the world's poor to expand and utilise their skills, talents and drive to provide for their families and improve their communities.
- **Development Innovations:** a six-year United States Agency for International Development (USAID) -funded project that helped civil society organisations, technology companies, social enterprises and young innovators to design and use ICT solutions and employ innovative processes to tackle Cambodia's development challenges. It was implemented by DAI Global, LLC, a global development company based in Bethesda, MD, USA.
- **Incofin:** a specialized advisor of impact investment funds, striving to achieve balanced social and financial returns.
- **Insitor:** a social venture capital fund that invests in social enterprise startups throughout emerging and frontier Asian markets. Target sectors include low-carbon energy, housing, water, education and health.
- **Mekong Strategic, Mekong Business Initiative (MBI):** a development partnership between ADB and the Government of Australia to accelerate growth in Cambodia, Laos, Myanmar, and Vietnam. MBI believes that catalysing sustainable business growth in the Mekong region will require innovation, flexibility, and a willingness to take risks.
- **Nexus for Development:** a fund, based in Cambodia, that drives access to finance in developing economies across Asia to increase sustainable energy and water resource development, advance climate positive solutions, and scale local implementers.
- **Oikocredit:** a social impact investor and worldwide cooperative with over four decades of experience in promoting sustainable development through investments in financial inclusion, agriculture, and renewable energy.
- **responsAbility:** a leading impact asset manager, manages over USD 3 billion of assets invested in 450 fully ESG-compliant high-impact companies across 90 emerging economies.

- **SEAF:** an international investment management group that provides growth capital and business assistance support to SMEs with impact potential in emerging and transition markets.
- **SIFEM:** promotes long-term, sustainable and broad-based economic growth in developing and emerging countries by providing financial support to commercially viable small, medium, and fast-growing enterprises, which in turn helps to create secure and permanent jobs and reduce poverty.
- **Uberis Capital:** Uberis is a venture catalyst firm investing and assisting the next generation of exceptional entrepreneurs who are designing and executing innovative business models to profitably serve the Bottom of the Pyramid (BoP) & the Planet in Southeast Asia. Focus sectors are smart agriculture, access to energy & clean water, waste recycling, women empowerment and mobile platforms.

Incubators and Accelerators

- **BMC Startup Accelerator:** the BMC Startup Accelerator is open to all university students in Cambodia in addition to recent university graduates who have graduated within the last three years. The Accelerator is organised by Cambodia International Education Support Foundation (CIESF) in cooperation with the National University of Management.
- **Cambodian-Japan Cooperation Centre (CJCC) Accelerator Program:** to grow investment-ready entrepreneurs by providing business capacity development as well as creating fundraising opportunities with Cambodian Business Association, impact investors, and Japanese companies.
- **Confluences:** a consulting agency and business incubator, Confluences specialises in providing solutions and support to companies seeking to break into or expand within the Cambodian and Southeast Asian markets.
- **Entrepreneurs du Monde - Cambodia:** a French international NGO founded in 1998 and operating in ten countries of West Africa, the Caribbean, and Asia. The organisation supports microfinance programmes with a strong social orientation, which target thousands of very deprived women and men.
- **Smart Start:** is a Young Innovator Program to enable young Cambodian university students to launch their own tech startups together with Smart and Impact Hub. The programme offers a unique learning platform along with mentorship and financial support.

Other Players

- **Agile Development Group:** leading social venture for persons with disability in Cambodia, focusing on disability entrepreneurship and consulting.
- **AngkorHub:** co-working and co-living space where one can meet, work alongside, and share a lunch table with inspiring freelancers, location independent workers, and entrepreneurs from across the globe.
- **Cambodia Women Entrepreneurs Association (CWEA) Cambodia:** started in 2011, with the support of World Bank and Womens Affairs. They represent the voices of about more than 500 women entrepreneurs who are members of CWEA, with members growing every month.
- **Condingate:** a leading technology development and innovation company that assists enterprises and boosts their business by developing reliable web and mobile application solutions that enhance all-around development of business processes.
- **InSTEDD iLabs:** inSTEDD, in partnership with Google.org, launched the first iLab in Phnom Penh in 2007. The goal was to help the social and technical sides of the humanitarian sector come together to collaborate on health, safety, and development issues affecting the Mekong Basin regions.
- **Sevea Consulting:** a consulting company based in Cambodia, providing strategic and operational support to corporates, organisations, and social enterprises in the development of their social impact strategies in emerging markets worldwide.
- **Trybe:** makerspace and co-working space in central Phnom Penh with an active community of startups in 3D printing, electronics and robotics, technology, design, education, and business consulting.

A woman with dark hair tied back, wearing a plaid shirt and a patterned sarong, is shown in profile, working with a large wooden log. She is wearing blue gloves. The background shows a rural setting with wooden scaffolding and a partially constructed building under a clear blue sky. The word "MYANMAR" is overlaid in large white letters across the middle of the image.

MYANMAR

MYANMAR



53 million

Population

- 👤 **8 major ethnic races** and other unrecognized groups
- 👤 **28 years** is the median age
- 👤 **29%** urban population

GROSS DOMESTIC PRODUCT

USD 328.8 billion

GDP as of 2018

6.8%

GDP Growth

USD 6,163

GDP Per Capita



32% below
National Poverty Line



38.1
Gini coefficient

AFFORDABLE HOUSING

4.8 million units
DEMAND



N.A.
DEFICIT



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GLOBAL RANK IN
ACHIEVING SDGS



165 / 190

EASE OF DOING BUSINESS



N.A.

SOCIAL ENTERPRISES

USD 25.9 million

IMPACT CAPITAL DEPLOYED
PRIVATE IMPACT INVESTORS



USD 3.6 billion

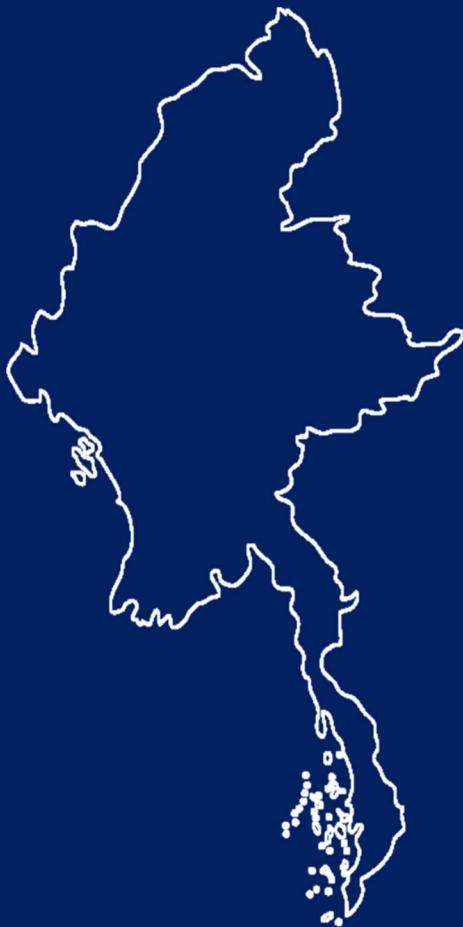
IMPACT CAPITAL DEPLOYED
DEVELOPMENT FINANCE
INSTITUTIONS

COUNTRY OVERVIEW

When five decades of military dictatorship and isolation ended in 2011, Myanmar emerged as one of the fastest growing economies in Asia: GDP growth rate touched 6.4% in 2017,¹¹⁸ poverty levels dropped to 32% in 2015,¹¹⁹ mobile phone usage grew to over 80% penetration,¹²⁰ and the country became an attractive prospect for foreign investment and business. Infrastructure spending, investment, and liberalization of sectors such as wholesale and retail and insurance and banking are expected to result in an uptick in the economy,¹²¹ and financial inclusion has grown tremendously due to changing regulations. This is remarkable given the context – in 2009, Myanmar was rated the least free country in Asia (a tie with North Korea).¹²² Merely ten years ago Transparency International ranked Myanmar the most corrupt country in the world (tied with Somalia).

¹²³

On key parameters, Myanmar is still behind its Southeast Asian neighbours: life expectancy at birth is 67 years, the lowest in Southeast Asia, mean years of schooling is only 5 years,¹²⁴ and the country is very vulnerable to regular extreme weather calamities such as cyclones, floods, and droughts.¹²⁵



MYANMAR

¹¹⁸ Myanmar Overview, World Bank, Accessed 26 December 2019.

<https://www.worldbank.org/en/country/myanmar/overview>,

¹¹⁹ Nan Lwin, *Myanmar's 2019 Economic Outlook*, 16 January 2019, Accessed on 26 December 2019.

<https://www.irrawaddy.com/opinion/analysis/myanmars-2019-economic-outlook.html>

¹²⁰ *Myanmar: A Burgeoning Entrepreneurial Ecosystem*, 8 May 2019, Accessed on 26 December 2019. <https://www.mmtimes.com/news/myanmar-burgeoning-entrepreneurial-ecosystem.html>,

¹²¹ Lwin, *Myanmar's 2019 Economic Outlook*, 2019.

¹²² *Economic Freedom of the World Index*, Accessed 28 December 2019.

<https://www.cato.org/economic-freedom-world>

¹²³ The World's Most Corrupt Countries, Forbes, 2008.

¹²⁴ Human Development Report, UNDP, 2019. Accessed on 26 December 2019. <http://hdr.undp.org/en/countries/profiles/MMR>

¹²⁵ <https://reliefweb.int/report/world/global-climate-risk-index-2019>, Accessed on 26 December 2019.

One in three people are living below the national poverty line; most of the poor live in rural areas, but many pockets of poverty exist in urban areas as well, where one in four people reside in slum communities. The 2014 population and housing census showed that close to 81% of housing units were made of wood, bamboo, and hut that were not durable because the materials were not properly treated. About 28% of households obtained their drinking water from unsafe sources and nearly 14% did not have a toilet.¹²⁶

Despite impressive economic growth over the last five years, the Rakhine crisis and stalling reforms have led to an economic slowdown that is expected to last for at least another year.¹²⁷ While the promise of a liberalized Myanmar is yet to be fully realized, the signs are positive. Although Myanmar still has the lowest life expectancy among the Association of Southeast Asian Nations (ASEAN), the country heads toward recovery, with McKinsey expecting the economy to quadruple in 2030.¹²⁸

¹²⁶ *Where We Build*, Habitat for Humanity, Accessed 30 December 2019. <https://www.habitat.org/where-we-build/myanmar>

¹²⁷ Lwin, *Myanmar's 2019 Economic Outlook*, 2019.

¹²⁸ McKinsey Global Institute, *Myanmar's Moment: Unique Opportunities, Major Challenges*, June 2013, Accessed 25 December 2019. https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Asia%20Pacific/Myanmars%20moment/MGI_Myanmar_moment_Executive_Summary.ashx

Sustainable Development Goals Index¹²⁹

Myanmar ranks 110 among 162 countries in the global SDG ranks, with the country being On Track or Maintaining SDG Achievement in SDG Goal 1 (No Poverty), and SDG 13 (Climate Action).



¹²⁹ J. Sachs, G. Schmidt-Traub, C. Kroll, G. Lafortune, G. Fuller, *Sustainable Development Report 2019*, New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN), 2019.

IMPACT ENTERPRISE ECOSYSTEM

According to a 2018 report published by DaNa Facility, only 30% of all ‘social enterprises’ are financially sustainable and very few have the potential to scale,¹³⁰ which is a reflection of a young ecosystem.

While Myanmar’s entrepreneurial ecosystem is still in its nascency, it is showing signs of growth. The country improved its ranking on the World Bank’s Doing Business 2020 report by six positions, obtaining 165th place among 190 countries on the index compared to 171st in the previous one.¹³¹

In starting a business, Myanmar leapt to 70th place from 152nd the year before. Just five years ago, it was the least favourable place in the world to start a business.

There has been a growing interest from bilateral and multilateral donors to venture philanthropists and impact investors in the rising number of social enterprises. While institutional philanthropy is practised on an ad hoc basis, the impact investing market is becoming increasingly vibrant with the presence of private impact funds and DFIs. There is also a growing number of incubators and accelerators that support social ventures from startup through to mature stages.

The country’s developmental challenges also present a spectrum of opportunities for a new generation of entrepreneurs to tackle with solutions and innovations emerging in financial inclusion, agriculture, renewable energy, health, and education. Cyclone Nargis, which struck Myanmar in 2008, also saw an inflection point in corporate social responsibility (CSR) in the country, with many corporate foundations moving towards social investment. The microfinance sector, especially, has grown rapidly since the country passed the Microfinance Business Law in 2011, allowing microfinancing firms to operate – some 180 companies are now serving 3.4 million clients and a total loan portfolio of K 350 billion (USD 0.24 billion).¹³²

The entrepreneurial ecosystem has been significantly growing – there are at least 98 Financial Support Providers, 156 Non-Financial Support Providers, and 24 Other Ecosystem Support Providers.

Myanmar – Entrepreneurial Ecosystem Snapshot 2019, Aspen Network of Development Entrepreneurs

¹³⁰ McKinseyGlobal Institute, *Myanmar’s Moment*, 2013.

¹³¹ World Bank, *Doing Business 2020*, Accessed on 24 December 2019 <http://documents.worldbank.org/curated/en/688761571934946384/pdf/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies.pdf>

¹³² Growth Potential Seen in Microfinance Sector, 31 July 2019, , Accessed 26 December 2019. <https://consult-myanmar.com/2019/07/31/growth-potential-seen-in-microfinance-sector/>



Agriculture and food are the most common sector of focus among respondents of the Aspen Network for Development Entrepreneurs (ANDE) 2019 Entrepreneurial Ecosystem Snapshot,¹³³ which is consistent with the country's history, as this sector has employed the majority of the workforce for many decades.



The majority of entrepreneurial support programmes are concentrated in Yangon, limiting market access for entrepreneurs based in rural areas.



The top stakeholder of focus for many programmes has been women entrepreneurs, while rural communities were also noted as a common beneficiary of the programmes.

Impact Investment Activity

Between 2007 and 2017, Myanmar saw 15 impact investing deals, the second highest number in Southeast Asia, but received the second lowest amount of capital at USD 26 million. Over 80% of the capital deployed by private impact investment has been in microfinance, while education, tourism, and information and communications technology (ICT) have also received some investment. More than 70% of funding from DFIs have gone to infrastructure and ICT, including telecommunications infrastructure, as well as the energy sector.¹³⁴



DEMAND FOR IMPACT CAPITAL

Concept of social entrepreneurship is very nascent

MSMEs face a funding gap around USD 2.7 billion



IMPACT INVESTING SUMMARY

USD 25.9 million deployed by PIs; nearly USD 1.4 billion deployed by DFIs

Key sectors include financial services and infrastructure

**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

¹³³ ANDE, *Myanmar Entrepreneurial Ecosystem Snapshot 2019*, https://ecosystems.andeglobal.org/assets/document/ASP-ANDESnapShotReport_Myanmar.pdf, Accessed on

¹³⁴ GIIN and Intelicap, *The Landscape for Impact Investing in South East Asia*, August 2018, https://thegiin.org/assets/GIIN_SEAL_full_digital_webfile.pdf, Accessed on

KEY STAKEHOLDERS IN THE MYANMAR IMPACT ECOSYSTEM

INVESTORS

Impact Investors

Insitor, One to Watch, Anthem Asia, Ascent Capital Partners, Asia Impact Investment Fund, Luminare (formerly Omidyar), BlueOrchard, Delta Capital, Emerging Markets Entrepreneurs.

GOVERNMENT

Policies, departments supporting on impact/social enterprise

Social Enterprise and Inclusive Business Committee, Social Enterprise Development Association Myanmar, Myanmar Investment Promotion Plan 2016/17 – 2035/36

RESEARCH/ACADEME

Impact/ Sustainability-focused institutes

ENTREPRENEURS

Social Enterprises that are profit-based organizations focused on reducing inequalities

Proximity Designs, SolarHomes, Alliance for Microfinance, Opportunities Now, SmartPower, Rent 2 Own, Hoe Hoe Tech, Neh Thit

INTERMEDIARIES

Incubators, Accelerators, Competitions, Capacity-Building Organizations supporting SPOs

Phandeeyar, Impact Hub Yangon, DaNa Facility, MEDA, SeedStars, Yangon Innovation Centre, Rockstart Impact

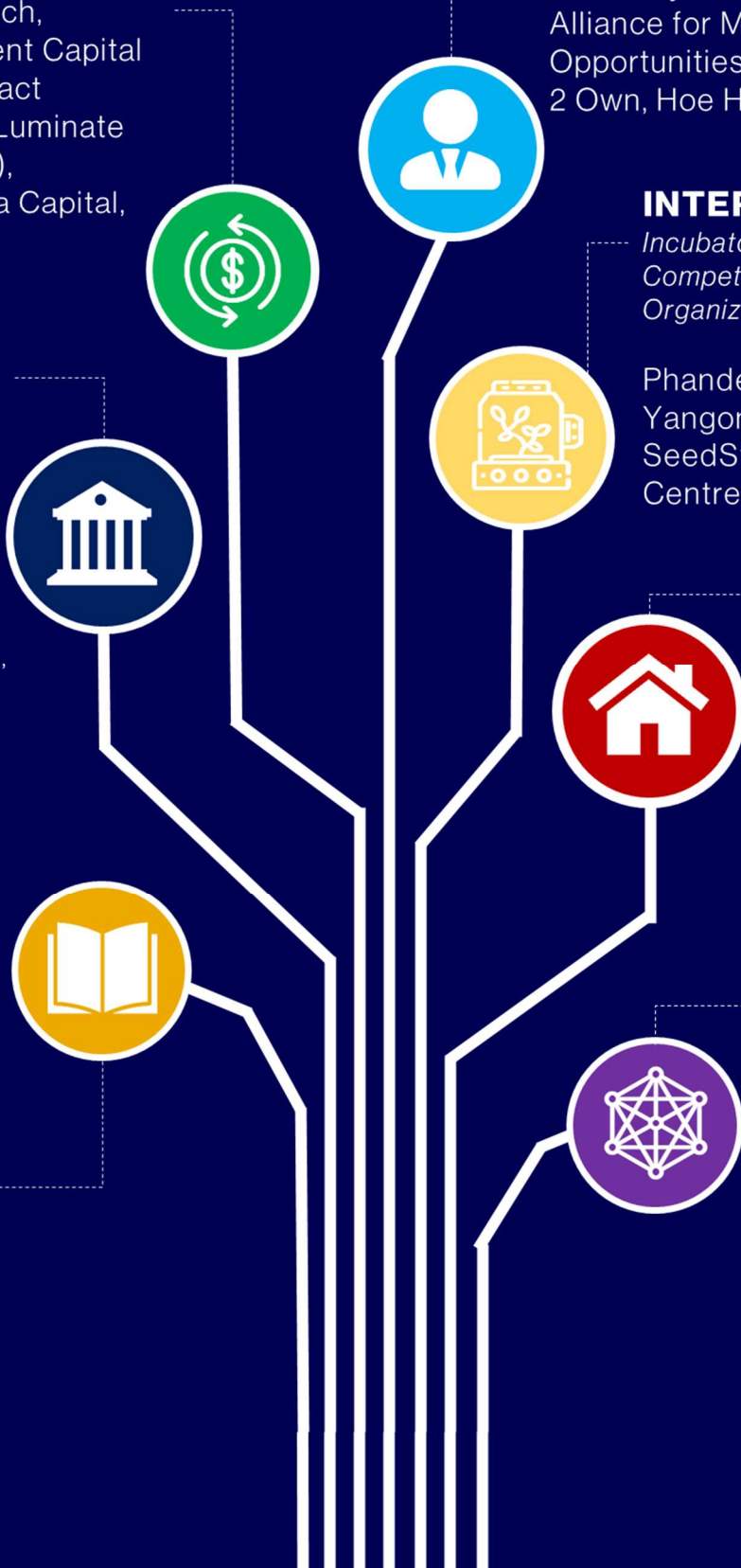
AFFORDABLE HOUSING

Stakeholders in the sector

NETWORKS

Associations and networks focused on impact/ social enterprise sector supporting on impact/social enterprise

ANDE, Myanmar Young Entrepreneurs Association (MYEA)



Regulatory and Policy Environment

The enforcement of the 2017 Myanmar Companies Law helped Myanmar substantially in reforming the process around starting a business and in protecting minority investors. It only takes two days now to register a new company on the country's latest online MyCo system, for a fee of just K250,000 (USD 172), which is lower than it was before.¹³⁵ Taxation has also moved towards a self-assessment system, enabling startups to file their taxes online.

In January 2019, the Central Bank of Myanmar issued a directive to allow banks to extend collateral-free loans with interest rates of up to 16%.¹³⁶ This move is expected to improve access to finance for small and medium-sized enterprises (SMEs).

The Companies Law introduced in 2018 puts foreign companies on a more level footing with local companies and allows foreign ownership of up to a 35% stake in local companies,¹³⁷ thereby opening up new investment opportunities for foreign investors.

The Social Enterprise Development Association Myanmar (SeDAM) was formed to support social enterprises, which are defined as startups or SMEs operating businesses aimed at developing solutions for social, cultural, and environmental issues. Various stakeholders have also been working on a draft of a national micro, small and medium enterprises (MSME) Master Plan; while this is still in developmental stages, it will be geared towards addressing challenges faced by MSMEs in Myanmar, with a potential roadmap for 2030 being worked on.

¹³⁵ Chan Mya Htwe, *Myanmar Climbs in World Bank's Ease of Doing Business Index*, 5 November 2019, <https://www.mmtimes.com/news/myanmar-climbs-world-banks-ease-doing-business-index.html>, Accessed on 26 December 2019.

¹³⁶ Allen & Gledhill, *Central Bank of Myanmar Amends Lending Rates*, 30 January 2019, <https://www.allenandgledhill.com/mm/publication/articles/8705/central-bank-of-amends-lending-rates>, Accessed on 30 December 2019.

¹³⁷ DICA, *New Era for Company Law in Myanmar*, Last modified on 25 January 2018. <https://www.dica.gov.mm/en/news/new-era-company-law-myanmar>

IMPACT INVESTMENT LANDSCAPE

Impact investing in Myanmar is constrained from growth due to challenges related to regulation, political instability, and lack of infrastructure. However, more and more investors have shown interest; many private impact funds entered Myanmar in 2018 and 2019. The sector will see significant growth in the coming years, however:

- **Access to funding is a key constraint to scale**, with most social enterprises depending on grant funding in their seed and early stages.
- Several **private equity and venture capital funds are actively involved** in Myanmar's impact investing scene and see social impact as a different angle of their investing activity.
- There has been a proliferation of incubators and accelerators in Yangon in the last five years. **Yangon now has a spectrum of incubation and acceleration programmes designed for startups at different stages**, from ideation through to growth stage and mature social enterprises and SMEs.

Access to Capital for Myanmar Startups

In 2016, Myanmar received net foreign direct investment (FDI) inflows of USD 3.3 billion.¹³⁸ Most investors are based in Singapore, China, Hong Kong, or Vietnam, and FDI has gone primarily to the oil and gas, power, and transport and communication sectors.

With only a handful of organisations mature enough to absorb larger rounds of funding, most startups and social enterprises require financing in the early stages of their business, from under USD 50,000 to USD 250,000, which is provided by the likes of Opportunities NOW, MEDA and Seedstars, to name a few supporting organisations.

Around 130,000 SMEs are formally registered in Myanmar.

While these SMEs have cumulatively raised USD 2.7 billion of capital, they face a remaining funding gap of almost USD 14 billion.¹³⁹

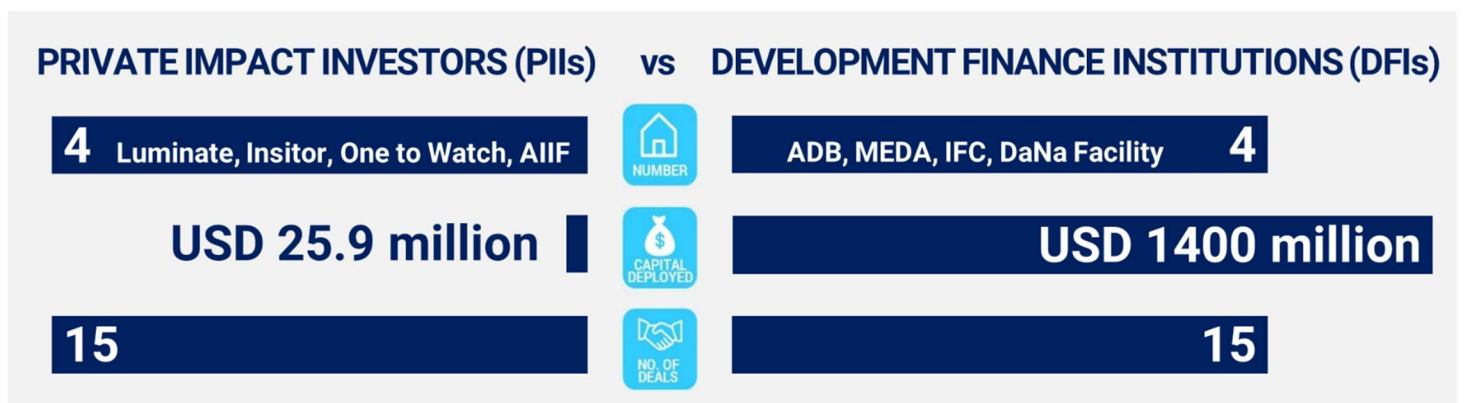
¹³⁸ The World Bank, *Foreign Direct Investment 2019*,

¹³⁹ GIIN, Intelicap, *The Landscape for Impact Investing in South East Asia*, 2018.

ACCESS TO IMPACT CAPITAL

Companies in Myanmar are either too big to need foreign cash, or too small and unfamiliar with modern business practices, such as the need for a business plan when raising capital. As such, sourcing deals requires significant patience and financial investment. Impact investing activity has therefore been concentrated in Yangon where the investment success rate has been the highest.

In 2018 and 2019 many new PIIs entered Myanmar, such as Ascent Capital Partners, Incofin Investment Management and One to Watch, while Asia Impact Investment Fund, BlueOrchard, Luminate (formerly Omidyar Network) have been active in Myanmar for several years. Private equity and venture capital funds have been actively involved in Myanmar's impact investing scene for a while – they have noted the limited supply of viable deals but are generally optimistic about their first-mover advantage and longer-term opportunities. In addition, many international non-governmental organisations (NGOs) and private foundations have expressed interest or have already begun funding Myanmar enterprises.



**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

One of the key issues identified by investors is the scarcity of deals. Changing regulations and a lack of data available on the marketplace also make Myanmar more difficult to operate in. Most of the funding also tends to be loan-based at the moment, with some funds involved in equity funding.

Who are the investors?

- **BOD Tech Ventures**: set up by a local entrepreneur, they have actively been investing in startups such as Yangon Door2door, MMBusTicket, and building ventures of their own like Get. While most of the investors are global or regional, they are one of the local investors.
- **DaNa Facility**: a private sector development programme, funded with £25 million (USD 32 million) from the UK Government's Department for International Development (DFID) and running from 2016 through to December 2020. It is designed to support the transformation of the Myanmar economy with a focus on serving the needs of the poor and groups historically marginalised from the economy, such as women and people with disabilities.
- **Emerging Market Entrepreneurs (EME) Asia**: it runs a Myanmar-focused fund, in addition to publishing insights on Myanmar's tech ecosystem. Two of its first few investments include CarsDB, an automobile classified site, and Joosk, a digital animation and illustration studio.
- **Insitor Partners**: it deploys funding in emerging Asian markets. It has made two investments of USD 1-1.5 million in Alliance MFI and SolarHomes, which are straight equity deals with some convertible debt. In both cases, Insitor added on to previous rounds of funding.
- **Luminate**: a global philanthropic organisation backed by Pierre Omidyar (co-founder of Omidyar Network and founder of eBay) that supports the Myanmar ecosystem by funding Phandeeyar and various initiatives in the country. While Luminate provides equity and grants funding, these deals are rarely publicised.
- **One to Watch**: invests in entrepreneurs in Nepal and Myanmar and has two funds – an agriculture fund and a clean energy fund – both of which invest USD 100,000-550,000 in mezzanine financing (a hybrid of debt and equity financing that reduces risks for the lender and gives them the right to convert to an equity interest in the company in case of default).
- **SeedMyanmar**: started by Vulpes Investment Manager, it provides seed stage investment in the country. It has seven portfolio startups, including Kargo Myanmar, an on-demand delivery and logistic platform.

See full list of investors in the Stakeholders section below

EXIT POTENTIAL

There are **no known impact investment exits yet** in Myanmar. Private Equity firms are yet still to complete a successful exit while a couple have had partial exits. It is speculated that it may be another five years before Myanmar starts to see exits from good companies, good corporate governance, good management, and financial health.

ACCESS TO NON-FINANCIAL SUPPORT

Myanmar has seen a sharp rise in the number of capacity-building and entrepreneur support organisations in the past five years. Some of the key players providing such support to energise the impact enterprise ecosystem are:

- **Impact Hub Yangon:** home to many socially conscious enterprises in Myanmar, the GSMA Ecosystem Accelerator Innovation Fund portfolio startup, Greenovator, is one of their members. It has run various initiatives including a hackathon in late 2018 supported by Ooredoo Myanmar and UNDP. Impact Hub Yangon is the second local incubator supported by the Frontier Incubator Programme.
- **Phandeeyar:** the tech hub organised Myanmar's first two public hackathons along with the support of mobile operator Ooredoo's Ideabox Myanmar start-up accelerator. It organises workshops, events and hackathons, both in support of technology start-ups and technology advocacy for civil society. They currently run Startup Challenge, Founder Institute Yangon, and Phandeeyar Accelerator.
- **Seedstars:** a Swiss incubator that has tied up with the Yangon regional government to launch the Yangon Innovation Centre, a coworking and network space for startups in Myanmar. It also runs a startup pitch contest, the Asia Seedstars Summit, and has launched the Academy Program Yangon, a six-month free programme to mentor, build, and train young entrepreneurs and students in Yangon.
- **Mennonite Economic Development Associates (MEDA):** an international economic development organisation whose mission is to create business solutions to reduce poverty.

See full list of intermediaries in the Stakeholders section below

IMPACT ENTERPRISES

Estimates suggest there are 214,000 community-based organisations, 270 NGOs and 500 social enterprises in Myanmar. At most, 30% of social enterprises are financially sustainable and very few have the potential to scale.¹⁴⁰ Social enterprises operate in a range of sectors including education, healthcare, microfinance, livelihood, vocational training, agriculture, and environmental sustainability.

Early-stage risk capital is urgently needed to be made available to aspiring entrepreneurs in the ideation and early stages, to improve their ability to develop their business ideas into commercially viable products.

With Myanmar telecom industry opening up, the country leapfrogged to mobile services and boosted the tech startup scene, which saw many entrepreneurs blend technology with impact – enterprises like 360ed, an education technology startup that brings virtual reality and augmented reality technology to the classroom; Koe Koe Tech, a healthcare startup that provides better access to healthcare services by arranging telephone consultations and delivering medicine to remote rural areas; and Neh Thit, also known by its English name ‘New Day’, connects job seekers with employers. Many of these enterprises have attracted impact investment.

¹⁴⁰ British Council, *Social Enterprise Landscape in Myanmar*, September 2013, Accessed on 26 December 2019
https://iixglobal.com/wp-content/uploads/2013/09/2013_SE-Landscape-in-Myanmar_British-Council.compressed.pdf

KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS

Newly liberalised, Myanmar presents an attractive opportunity for foreign investors, especially with the government taking steps that encourage foreign ownership and ensure ease of doing business. This has encouraged more investors and talent to move back into Myanmar, as well many foreigners to set up enterprises, with some key factors that could contribute to future success:



- The wave of investors, incubators, and intermediaries entering the market and the relatively small pool of investible enterprises present **an attractive proposition for the entrepreneurs**.
- **Government regulations are changing as well**, supporting the entry of more private players – the rapidly growing microfinance sector being an example of that.
- Growing awareness among corporates on responsible business, inclusive business, and shared value might lead to **more multi-sectoral partnerships for social impact**.
- Youth in Myanmar aged 15-29 make up approximately a quarter of the country's population, with 51.5% under the age of 28 and 55% under the age of 30.¹⁴¹ This new generation of Burmese, who are going into the workforce in a liberalised Myanmar are shaking off traditional occupations and **seeing the opportunity in entrepreneurship**.

¹⁴¹ Ngu Wah Win and Thaint Zarchi Oo, *Paving the Way for Successful Youth*, 31 May 2019, , Accessed 26 December 2019. <https://www.mmtimes.com/news/paving-way-successful-youth.html>

KEY CHALLENGES FOR IMPACT ENTREPRENEURS

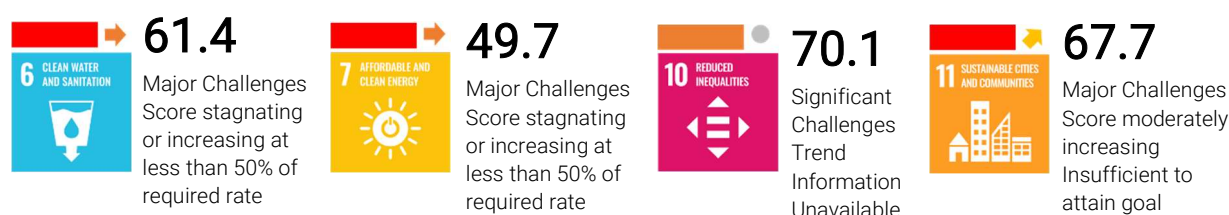
Entrepreneurs say the biggest challenge they face is financing, while investors say there is a scarcity of investible enterprises. This points to the fact that while there are a growing number of startups in Myanmar, there are still very few in a position or with the ability to scale. Some key challenges experienced are:

- **The funding paucity is felt the most at the early stages**, where an enterprise could require anything up to USD 250,000; while there are loan options available, the process is still somewhat complex and requires heavy collaterals.
- The bigger gap lies in skills and capacity building: **organisations are often not operationally ready with a clear ownership structure, corporate governance, and team in place that can take them to scale**. Most startups also lack the financial sophistication needed to absorb investment – a strong business plan, financial modelling, long-term planning with market scoping and a pitch deck.
- Another challenge is finding the right talent. Given Myanmar's history, education opportunities have only recently been opening up for the youth, leaving **a big gap in the talent pool for locals with management experience, accounting, human resources, and other administrative skills**.

AFFORDABLE HOUSING AND SHELTER ECOSYSTEM

Myanmar remains a predominantly rural country, but projections indicate that an additional 7.1 million of its current rural population will move to cities by 2050. The increase in urban population has begun to put a severe strain on cities, particularly Yangon, and the needs for affordable housing, infrastructure, and services. In Yangon, for example, only 33% of the city's population have access to piped water, traffic congestion is on the rise, as is solid waste, flooding, and pollution¹⁴²

How is Myanmar doing in the shelter-related SDGs?



Enabling Policies and Government Interventions

The Department of Urban and Housing Development (DUHD) estimates an additional 4.8 million housing units would be needed, with the DUHD planning to produce 20% of the targeted units. Among them, 90% of the housing units built by the DUHD will go to low-income people while the remaining 10% will be for middle-income people.¹⁴³

The remaining 80% of projected needs for affordable new housing will be met by private companies, creating a huge opportunity for local and foreign investors. The Union government has provided a revolving fund of K100 million (USD 68,000) for housing development. Other sources of funding include 15 billion yen (USD 135 million) of Japan's official development assistance loan and a USD 4 million grant for low-income focused community basic infrastructure development from the ADB.¹⁴⁴

Myanmar's Construction and Housing Development Bank was established in 2014 as a semi-government bank to provide housing finance mechanisms, including housing mortgage for the people and construction loans for developers. It has offered a 'Saving to Home Ownership' product, which allows low-income people to purchase a 1-million-kyat family unit on a 10-year instalment plan after they have saved at least 20% of the home price at the bank.¹⁴⁵

¹⁴² The World Bank, *Myanmar's Urbanization: Creating Opportunities for all*, Accessed on 26 December 2019.

¹⁴³ Thomson Chau, *4.8 Million Housing Units Required by 2040*, 10 August 2017, <https://www.mmtimes.com/business/27200-housing-requires-2040.html>, Accessed on 25 December 2020

¹⁴⁴ *The Government is Working with Development Partners and Private Companies in order to Meet the Housing Needs of Low-income People*, 5 April 2018, <http://www.thaibizmyanmar.com/en/news/detail.php?ID=1125>, Accessed on

¹⁴⁵ Asian Development Bank, *Financing Affordable Housing in Yangon*, May 2019, <https://www.adb.org/sites/default/files/publication/504671/financing-affordable-housing-yangon.pdf>, Accessed on

Business Models in Housing and Shelter in Myanmar

Energy (Renewable)

SolarHome

Geert-Jan ten Hoonte
FOUNDER

2017
YEAR ESTABLISHED

Revenue Generating
STAGE

SolarHome installs integrated solar energy and appliance units in customers' homes and offers affordable 'rent-to-own' plans of energy service subscription. It lowers the barriers to adoption of solar technology by Bottom of the Pyramid (BoP) clients. Headquartered in Singapore, SolarHome presently operates in Myanmar. In 2018, the company raised USD 10 million in debt funding from a group of international investors, including Crowdfunder from Japan and Trine from Sweden.

Technologies (Innovative Construction Material)

Pounamu Bamboo

Richard Morris &
Soe Win Zaw
FOUNDERS

2015
YEAR ESTABLISHED

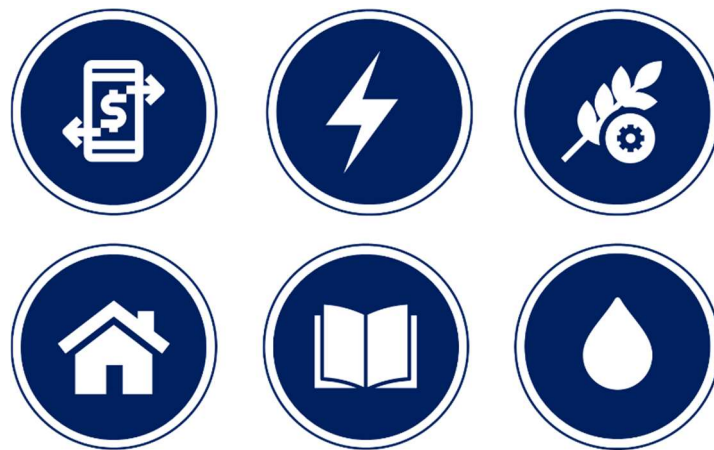
Revenue Generating
STAGE

Pounamu Bamboo is a bamboo design and construction company that manages and delivers construction projects with bamboo, including eco-resorts, eco-villages, and private homes, and conducts training workshops for construction with bamboo. Its pre-fab designs and the use of bamboo – a sustainable, affordable material – enables efficient construction in rural areas.

KEY OPPORTUNITIES, CHALLENGES AND RECOMMENDATIONS

Opportunities

With a nascent entrepreneurial ecosystem like Myanmar, there is **tremendous demand for this kind of organised, collective effort** and an opportunity for more initiatives and players in the ecosystem:



- With mobile penetration now at over 80%, after the government opened up the telecommunications sector in 2014, **tech services and products, particularly fintech**, are booming.
- Some sectors have seen greater entrepreneurial and investment activity – **financial inclusion**, due to changing government regulations, and **agriculture and renewable energy due to the country’s large rural population**.
- Myanmar’s developmental challenges also present an **opportunity for health and education services and products**.
- Urban migration could see activity in **affordable housing and water and sanitation**, while we could also see innovations that mitigate climate risk.

Challenges

- In addition to the challenges listed earlier that all impact entrepreneurs face – funding, skills and capacity gaps, and good talent – **the affordable housing sector is still being driven primarily by the government** with very little activity currently taking place in shelter-adjacent sectors.
- For any homegrown startup or innovation in housing or shelter, to scale would be a long-term prospect. **It is more likely that enterprises in energy or**

financial inclusion could expand to address the needs of low-income segments.

- For a majority of startups in Myanmar, **the financing need is up to USD 500,000, which is not offered by too many players.** For the growth-stage companies, it is in the range of USD 2 million and above.

Recommendations

- **Support for entrepreneurs will need to extend from funding and capacity building to talent and professional services,** to help scale the business models and see large-scale impact on key developmental challenges.
- The **limited level of financial literacy among local entrepreneurs is a significant barrier** for them to grow their businesses and access investment; **areas of business knowledge ranging from how to set up a basic accounting system to technical industry-specific knowledge** are desperately needed.
- Support needs to be more long-term and demand-based, addressing specific needs. It **needs to link investment to entrepreneur, and also help build partnerships for distribution or supply.**
- **Networks for investor connects and information on innovations and market access** will be especially beneficial to small businesses.
- For entrepreneurial activity to seed and grow, **there needs to be more involvement at a university level – from an entrepreneurship degree to education sessions on running a business, creative thinking, inclusiveness,** and more. This new generation is the one that will shape the future of Myanmar.

Recommended stakeholders

Entrepreneurs	Partners	Investors & Intermediaries
SolarHomes	One to Watch	Insitor
Pounamu Bamboo		Phandeeyar
		Seedstars

MYANMAR STAKEHOLDERS SECTION

Impact Investors (Seed to Early-Stage)

- **Anthem Asia:** an independent, women-led private equity investment and fund management group building sustainable businesses. It has been deploying capital in Myanmar since 2012.
- **Ascent Capital:** an independent fund management company registered with the Monetary Authority of Singapore. The firm manages a Myanmar-focused investment fund, and has offices in Singapore and Yangon (operated by ACP Management Company Ltd). Ascent seeks to invest in various sectors, including consumer-related, education, healthcare, technology, media and telecom (TMT), and financial services, aiming to commit from USD 5-20 million in each opportunity.
- **BOD Tech Ventures:** set up by a local entrepreneur, they have actively been investing in startups such as Yangon Door2door, MMBusTicket, and building ventures of their own like Get. While most of the investors are global or regional, they are one of the local investors.
- **DaNa Facility:** a private sector development programme, funded with £25 million (USD 32 million) from the UK Government's DFID and running from 2016 through to December 2020. It is designed to support the transformation of the Myanmar economy with a focus on serving the needs of the poor and groups historically marginalised from the economy, such as women and people with disabilities.
- **Delta Capital:** a private equity fund manager that specialises in providing growth capital to entrepreneurs and businesses. It manages assets worth USD 120 million on behalf of leading institutional investors, corporates, and family offices.
- **EME Asia:** it runs a Myanmar-focused fund, in addition to publishing insights on Myanmar's tech ecosystem. Two of its first few investments include CarsDB, an automobile classified site and Joosk, a digital animation and illustration studio.
- **Emerging Markets Entrepreneurs (EME):** an investment company focusing on early stage startups, investing USD 50,000-200,000 (plus more in follow-on rounds) in startups that leverage innovative technology and existing networks/infrastructure to create rapidly scalable businesses.
- **Incofin Investment Management:** it manages funds and investments in emerging countries, and has invested in Rent 2 Own in Myanmar. Their investors are leading development funds, banks, insurance companies, pension funds, alternative investment funds, and high net worth and retail investors.
- **Insitor Partners:** it deploys funding in emerging Asian markets. It has made two investments of USD 1-1.5 million in Alliance MFI and SolarHomes, which are straight equity deals with some convertible debt. In both cases, Insitor added on to previous rounds of funding.
- **Luminate:** a global philanthropic organisation backed by Pierre Omidyar (co-founder of Omidyar Network and founder of eBay) that supports the Myanmar ecosystem by funding Phandeeyar and various initiatives in the country. While Luminate provide equity and grants funding, these deals are rarely publicised.

- **One to Watch:** invests in entrepreneurs in Nepal and Myanmar and has two funds – an agriculture fund and a clean energy fund – both of which invest €100,000-500,000 (USD 100,000-550,000) in mezzanine financing (a hybrid of debt and equity financing that reduces risks for the lender and gives them the right to convert to an equity interest in the company in case of default).
- **SeedMyanmar:** started by Vulpes Investment Manager, it provides seed stage investment in the country. It has seven portfolio start-ups, notably Kargo Myanmar, an on-demand delivery and logistic platform.

Incubators, Accelerators and Other Intermediaries

- **ICCO Cooperation (Interchurch Organisation for Development Cooperation):** with its partner groups One to Watch and Truvalu, it will implement the Accelerate Inclusive Burmese SMEs for Shared Prosperity project, while Phandeeyar will implement the AccelerateMM: Using Technology to Grow Inclusive Businesses in Myanmar. The projects aim to improve the startup ecosystem for inclusive businesses, which target low-income populations. They will focus on developing at least 10 enterprises in Myanmar's priority areas: agritech, fintech, health, and education.
- **Impact Hub Yangon:** home to many socially conscious enterprises in Myanmar, the GSMA Ecosystem Accelerator Innovation Fund portfolio startup, Greenovator, is one of their members. It has run various initiatives including a hackathon in late 2018 supported by Ooredoo Myanmar and UNDP. Impact Hub Yangon is the second local incubator supported by the Frontier Incubator Programme.
- **MEDA:** an international economic development organisation whose mission is to create business solutions to reduce poverty.
- **One to Watch:** runs a 100-day accelerator programme named 'Enterprise' that covers both tech and non-tech startups. They are one of the two programmes in Myanmar being supported by the Department of Foreign Affairs and Trade (DFAT)'s Frontier Incubator Programme, which provides training and mentorship to accelerators and incubators in the region. It also runs Rockstart Impact, a programme that works with Burmese business leaders to get them investment-ready.
- **Phandeeyar:** the tech hub organised Myanmar's first two public hackathons along with the support of mobile operator Ooredoo's Ideabox Myanmar start-up accelerator. It organises workshops, events and hackathons, both in support of technology startups and technology advocacy for civil society. They currently run Startup Challenge, Founder Institute Yangon and Phandeeyar Accelerator.

- **Samsung's Tech Institute:** it has supported over 800 students through their Android training programmes in conjunction with Myanmar's government universities across the country.
- **Seedstars:** a Swiss incubator that has tied up with the Yangon regional government to launch the Yangon Innovation Centre, a coworking and network space for startups in Myanmar. It also runs a startup pitch contest, the Asia Seedstars Summit, and has launched the Academy Program Yangon, a six-month free programme to mentor, build, and train young entrepreneurs and students in Yangon.



MALAYSIA

MALAYSIA



32.4 million

Population

- 57% of the population** is between the ages of 15-54 years old
- 62% Bumiputera or indigenous**
(Malay, Orang Asal and other Bumiputera in Sabah and Sarawak)
- 20.6% Chinese; 6.2% Indian**

GROSS DOMESTIC PRODUCT

USD 354.348 billion

GDP as of 2018

4.6%

GDP Growth

USD 11,298.304

GDP Per Capita



1% below
National Poverty Line



41
Gini coefficient

AFFORDABLE HOUSING

N.A.
DEMAND



N.A.
DEFICIT



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HUMAN DEVELOPMENT
INDEX



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GLOBAL COMPETITIVENESS
RANK



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WORLD GIVING INDEX



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GLOBAL RANK IN
ACHIEVING SDGS



24 / 190

EASE OF DOING BUSINESS



20,749

SOCIAL ENTERPRISES

USD 148.8 million

IMPACT CAPITAL DEPLOYED
PRIVATE IMPACT INVESTORS



USD 3.6 billion

IMPACT CAPITAL DEPLOYED
DEVELOPMENT FINANCE
INSTITUTIONS



MALAYSIA

COUNTRY OVERVIEW

Malaysia is among the most developed countries in Southeast Asia, and on the path to achieving World Bank's high-income status.¹⁴⁶ Its vibrant economy has been fuelled by decades of industrial growth coupled with political stability. The country comprises two main regions separated by the South China Sea: West Malaysia situated on Malay Peninsula bordering Thailand and Singapore, and East Malaysia on the Northern part of Borneo. 80% of the population is concentrated in Peninsular Malaysia with Selangor being the most urbanised state. The country has had a pluralistic religious and ethnic population, with a secular system of law in place. It also has Islamic legal system (Syariah) in place operating alongside the Malaysian constitution.

Malaysia's near-term economic outlook will be more dependent on government measures to sustain private sector activity as an increasingly challenging external environment reduces opportunity for export-led growth, and reduced fiscal space limits the scope for public investment-led expansion.

With less than 1% of Malaysian households living in extreme poverty,¹⁴⁷ the government focus has shifted towards addressing the well-being of the poorest 40% of the population, referred to as bottom 40 (B40). B40 remains particularly vulnerable to economic shocks as well as increase in cost of living.

¹⁴⁶ *Malaysia Social Investment Landscape in Asia*, Asian Venture Philanthropy Network (AVPN), May 2019, p. 6.

¹⁴⁷ *Ibid.*

Sustainable Development Goals Index¹⁴⁸

Malaysia ranks 68 among 162 countries in the global SDG ranks, with the country achieving SDG Goal 1 (No Poverty), but major challenges still remain in SDG Goal 2 (No Hunger), and SDG 5 (Gender Equality).



¹⁴⁸ J. Sachs, G. Schmidt-Traub, C. Kroll, G. Lafortune, G. Fuller, *Sustainable Development Report 2019*, New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN), 2019.

IMPACT ENTERPRISE ECOSYSTEM

The impact enterprise ecosystem is a growing sector in Malaysia, strongly backed by government support for its development and innovation. The country's 11th developmental plan for the period 2016-2020 identifies social innovation as a key strategy to realise the government's goal of achieving high income status and promoting inclusive sustainable development.

The concept of social entrepreneurship is new to Malaysia but has seen growth. In 2015, the Government of Malaysia, through the Malaysian Global Innovation and Creativity Centre (MaGIC), introduced a three-year blueprint for social enterprises to build a sustainable and equitable society. Agensi Inovasi Malaysia (AIM) is another government initiative that promotes innovation. The Budget 2020 allocates over 1RM billion (USD 245 million) to the boosting of entrepreneurship in Malaysia.¹⁴⁹

Religiously motivated charitable giving is especially strong in the majority Islamic community, as well as the Buddhist, Christian, and Hindu communities. The country's prominence in Islamic finance through the issuance of green sukus makes it the second largest socially responsible investing market in Asia.

A 2018 **British Council Report on the State of Social Enterprise in Malaysia** found the following:

**There are
over 20,000
social
enterprises
operating in
Malaysia**

- There are over 20,000 social enterprises operating in Malaysia, focusing primarily on education and environment sustainability. There is also some activity in agriculture and healthcare.
- Social enterprises are mostly concentrated in the Klang valley, which is Malaysia's central economic region.

¹⁴⁹ Venxhin Pang, *MaGIC's CEO on What She Thinks About the State of Entrepreneurship in M'sia*, Entrepreneur, Vulcan Post, 15 October 2019

- Leadership is mostly young and diverse, with 54% being led by females.
- A majority of the social enterprises have been in operation for less than five years.
- Around 37% of social enterprises declared that they are profitable, but a large chunk is breaking even or operating at a loss.
- 43% of social enterprises are registered as private companies limited by shares and 19% are registered as sole proprietorship as these are the easiest to navigate and least cumbersome in terms of paperwork and adherence to the law.

The rate of new social enterprises established slowed in 2017. It was the highest – with about 20% increase in new social enterprises formed – in 2016, coinciding with the establishment of MaGIC and AIM. Since then growth has been slower than expected.

KEY STAKEHOLDERS IN THE MALAYSIAN IMPACT ECOSYSTEM

INVESTORS

Citrine Capital Sdn Bhd
Cradle Fund
TBV Capital
Social Enterprise Venture
Air Asia Foundation

GOVERNMENT

National Entrepreneurship Policy July – 2019;
Ministry of Entrepreneurship Development (MED);
Malaysian Global Innovation & Creativity Center (MaGIC);
Agensi Inovasi Malaysia (AIM);
Malaysian Social Enterprise Blueprint

RESEARCH/ACADEME

SE Academy;
Enactus Malaysia;
iLabs at Sunway University;
Monash University Malaysia;
Entrepreneurship & Innovation Hub

ENTREPRENEURS

Affordable Abodes Sdn Bhd
Build For Tomorrow – Wild Asia
Epic Homes
H2GO
SOLS Energy – SOLS 24/7

INTERMEDIARIES

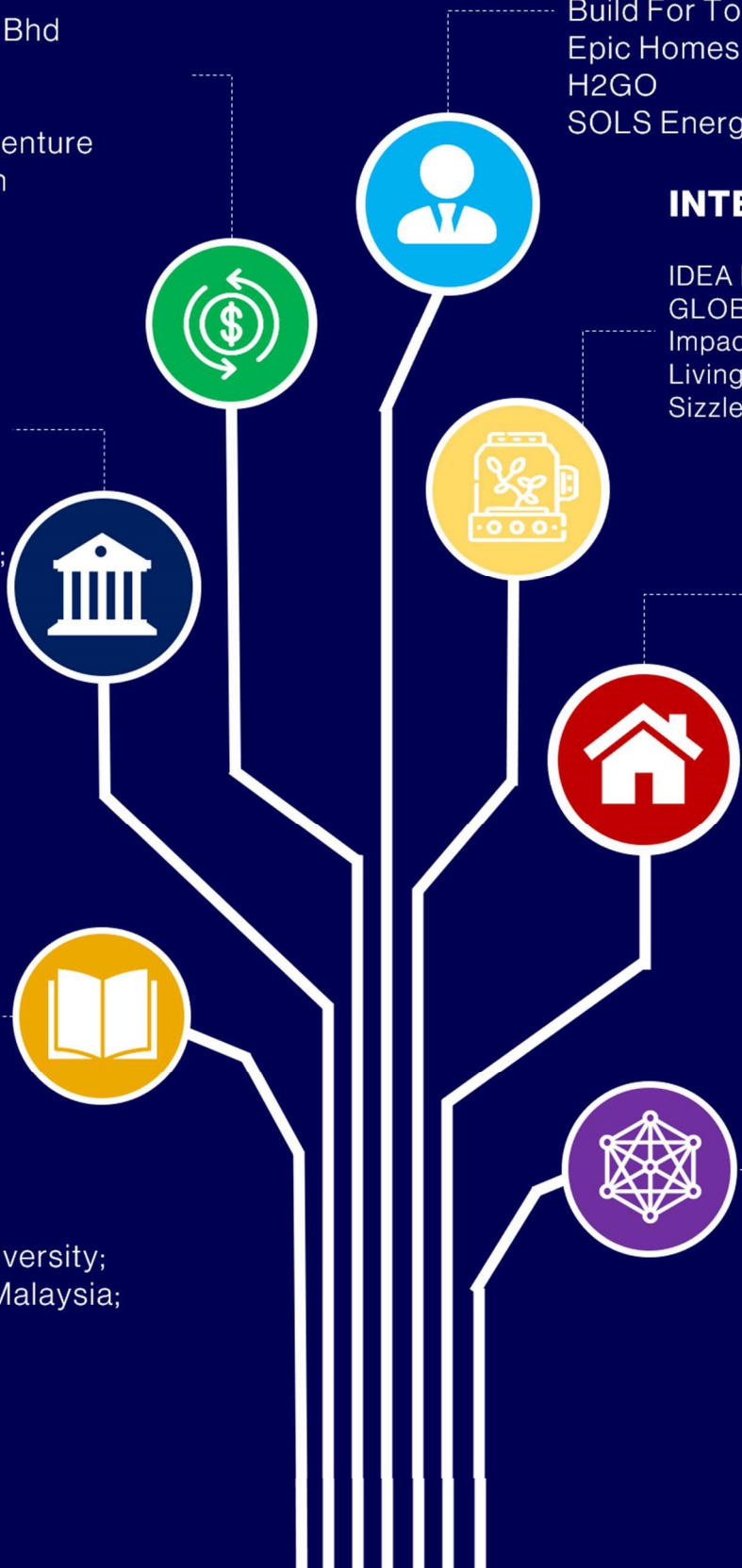
IDEA by MaGIC;
GLOBAL by MaGIC;
Impact Hub KL
Living Lab Accelerator;
SizzleScience

AFFORDABLE HOUSING

Government Schemes;
National Housing Policy 2018-25;
Think City

NETWORKS

Asian Venture Philanthropy;
The British Council's Global SE Program



Regulatory and Policy Environment

Malaysia lacks a clear framework for registration of social enterprises, like many other countries in the region. To make up for this legal gap, MaGIC launched the Social Enterprise Accreditation (SEA), a national certification by the Ministry of Entrepreneur Development (MED).¹⁵⁰ Securities Commission, a statutory body responsible for developing capital markets in Malaysia has introduced a sustainable and responsible investment (SRI) fund framework. The MED included social enterprises as a key agenda to its mission in the National Entrepreneurship Framework; this aims to encourage social enterprises through existing co-operatives.

- **AIM:** a statutory body set up to promote innovation by developing the ecosystem, AIM has initiatives for social enterprises:¹⁵¹
- **Social Outcome Fund (SOF)** is a facilitation fund to catalyse social funding in Malaysia. It is modelled after social impact bonds and aims to match impact investors with Social Purpose Organisations (SPOs) to carry out social interventions. The government reimburses the investors when agreed outcomes are achieved, essentially providing an 'exit' for a successful social intervention. The first tranche of SOF for RM3 million (USD 725,000) was launched in 2017. The second tranche was launched in April 2019. Six projects have been fully funded through this.
- **Social Impact Exchange (SIX)** is Malaysia's first pay-for-impact (PFI) exchange, and channels capital and corporate resources to high performing SPOs and their projects. Started in December 2017, SIX is an adaptation of a traditional stock exchange. As of April 2019, there were 19 social enterprises listed¹⁵² (which is a minute proportion of the total social enterprises estimated to be operating country wide).
- A listing platform for high performing SPOs, giving them visibility and access to funding networks.

¹⁵⁰ Details about SE.A are under MaGIC section in the highlighted box below.

¹⁵¹ *The State of Social Enterprise in Malaysia*, British Council, 2018.

¹⁵² *Social Investment Landscape in Asia - Malaysia*, AVPN, 2019, p. 11.

Malaysian Global Innovation & Creativity Centre (MaGIC)

MaGIC is an agency under the MED with a mandate that realises the aspirations of the National Entrepreneurship Policy 2030 (Dasar Keusahawanan Nasional 2030). In 2020, it has received RM 10 million (USD 2.5 million) for the support and development of social enterprises.

- **SE.A**¹⁵³ is a three-stage national certification offered by the MED: SE Basic constitutes of enterprises that self-declare themselves as social enterprises; SE.A status is given to social enterprises whose impact has been audited. SE.A Plus is the final level of accreditation and confirms the social enterprises' status with recognition from the Ministry of Finance and Inland Revenue Board of Malaysia. **202 social enterprises are listed as SE Basic and 22 are listed as SE.A, as of Jan 2020. None have received SE.A Plus accreditation that allows for tax exemption.**¹⁵⁴
- **SE Knowledge day** is a one-day intensive course for early-stage social enterprises to help develop or validate social impact ideas.
- **Social Enterprise Ventures (SEV)** is a fund for scalable and sustainable youth-driven social projects. It's a collaboration between MaGIC and MyHarapan¹⁵⁵ with RM 500,000 (USD 120,000), launched in 2017.
- **Global Accelerator Program (GAP)** equips local and global startups in Southeast Asia with tools, skills, and networks to be investment-ready in four months.
- **ASEAN Centre of Entrepreneurship (ACE)** is a support services platform in the Association of Southeast Asian Nations (ASEAN), enabling startups to expand their business regionally and globally.
- **SPARK** is a nationwide grassroots initiative to encourage aspiring entrepreneurs and social enterprises to think creatively and discover new opportunities.
- **MaGIC Bootcamp** is for inspiring social enterprises and entrepreneurs who want to deep-dive into tools of innovation and setting up successful businesses.
- **Malaysia's Social Inclusion & Vibrant Entrepreneurship (MasSIVE)** creates coalitions of non-governmental organisations (NGOs), corporations, and small and medium-sized enterprises (SMEs) to grow the IDE ecosystem.
- **Magic Mentorship** is a talent resource pool that can be accessed by entrepreneurs and social enterprises.

Impact Investment Landscape

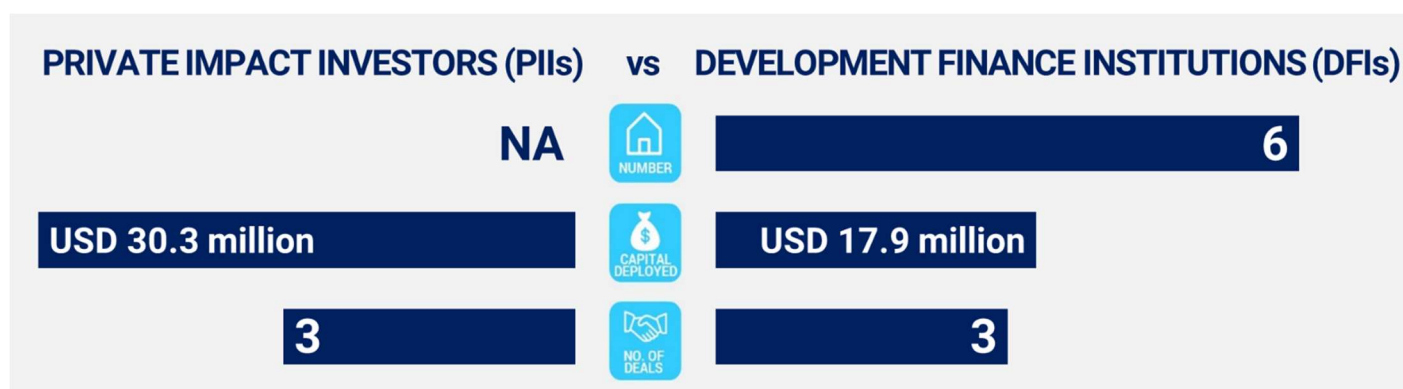
The most common source of funding for social enterprises in Malaysia is bootstrapping (39%), with many social entrepreneurs pitching in their own resources to start their ventures or sustain operations. Social enterprises operating for more than three years are more likely to rely on donations as part of their financing due to their established track records; similarly, established social enterprises are more successful in obtaining funding from foundations. Location is also a critical factor in access to capital with investors gravitating towards social enterprises based in KL region.¹⁵⁶

Since 2017, five financial entities have joined the United Nations Principles for Responsible Investment, including Khazanah Nasional, the government sovereign wealth fund, Kumpulan Wang Persaraan (KWAP), and the civil service pension fund.

Malaysia has the third largest green bond market in the region, accounting for 19% of total issuance – six of these are Shariah compliant. In 2017, the Securities Commission Malaysia issued guidelines that enable funds to be designated as SRI funds and extend a tax exemption on the management fee. There are four SRI funds operating in Malaysia as of February 2019.¹⁵⁷

There are more active corporate foundations now, like the Air Asia Foundation, the philanthropic arm of Air Asia Group, which provides grants for seed-stage funding and mentorship to social enterprises. A private fund managed by Inter Pacific Asset Management runs the Social Enterprise and Responsibility Fund and InterPac Flexible Asset Trust.

DFIs and PII have not been very active in Malaysia due to its high-income status but have made some deals in sustainable forestry and manufacturing sectors between 2007 and 2017.



**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

¹⁵³ Previously known as IDEA Accreditation, interview with Ms Siti Aishah Redzuan, Program Lead, SE Development at MaGIC, 20 January 2020.

¹⁵⁴ Ibid.

¹⁵⁵ myHarapan is a youth trust foundation, www.myharapan.org.

¹⁵⁶ *Financing Sources & Constraints - The State of Social Enterprise in Malaysia*, 2018, p. 83.

¹⁵⁷ *Malaysia - Social Investment Landscape in Asia*, AVPN, 2019, p. 9.

KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS

- Strong ecosystem for startups in general, with support from government, private sector, and angel investors.
- Government's platform MaGIC has set up special support services including funding social enterprises since 2015, and this continues to give a boost to impact-driven enterprises.
- Corporate foundations have begun to take an interest in the sector and are driving more corporate social responsibility (CSR) funding and support towards social enterprises.
- Skilled youth create a good source of talent for startups and many young people are interested in pursuing entrepreneurship.
- The ecosystem for Ease of Doing Business is strong in Malaysia and is encouraging for anyone who wants to pursue entrepreneurship.

KEY GAPS/CHALLENGES FOR ENTREPRENEURS

- There is a general lack of awareness of social enterprise models that have limited the growth of enterprises. But with more prominence, this is changing.
- Social entrepreneurs find it difficult to connect with mentors who best understand their scope of business or industry.
- Many entrepreneurs struggle with cash flow management and access to finance post-grants and before raising institutional capital.

AFFORDABLE HOUSING AND SHELTER ECOSYSTEM

Malaysia currently does not have an ecosystem focussed on affordable housing; it falls within the larger purview of the 16% social enterprises working in environment & sustainability sector.

Housing affordability has deteriorated over the years, indicated by the rise in price-income ratio (also known as median multiple index) from 4.0 in 2012 to 5.0 in 2016. Houses priced RM 200,000 (USD 49,000) and below are now categorised as affordable in Malaysia.

Insufficient access to affordable housing is particularly severe among households earning below RM 5000 (USD 1,230) in KL and Petaling District, with estimated 55% and 63% of households, respectively, without access to housing within their capacity to pay.



Factors contributing to unaffordability of housing are:

- **Rapid urbanisation**, especially in economic centres such as Selangor.
- **Limited supply of housing units priced RM 200,000** (USD 49,000) and below. Only 18% of the new units launched up to 2016 were priced below RM 200,000.
- **Wages have not increased as rapidly as housing costs have.** Cumulative salaries and wages increased by 59% in the period 2010-18, while cumulative housing prices increased by 87% in the same period.

Enabling Policies and Government Interventions

National, state, and local governments are actively engaged in addressing affordable housing needs. The National Housing Policy (2018-2025) reaffirms the government's commitment to fulfilling housing needs for its population, especially B40 and Middle 40 (M40) segments, with a variety of schemes on the supply side, demand side, as well as rental or rent-to-own schemes.

Business Models in Housing and ShelterTech in Malaysia

Affordable Housing

Affordable Abodes

Tim Tan
FOUNDER

2015
YEAR ESTABLISHED

Revenue Generating
STAGE

Affordable Abodes manufactures bio-composite construction material made from Kenaf fibre and lime. Kenaf is an organic fibre that can be grown all year-round providing farmers an income source for the entire year, and the lime used in the process is 90% up-cycled industrial waste. A 660-square foot house by Affordable Abodes costs about RM 60,000 (USD 14,450), and can be completed within 30 days. The quick construction time also increases its potential for use in disaster relief efforts. They are looking for regional partnerships and are already in talks with the Hilti Foundation in the Philippines and another fund in Indonesia.

EPIC Homes

John-son Oei
FOUNDER

2010
YEAR ESTABLISHED

Revenue Generating
STAGE

Extraordinary People Impacting Communities (EPIC) Homes is an NGO that builds functional homes in three days for Orang Asli villages to bridge the urban-rural divide through volunteerism. Inspired by IKEA design, construction materials are prefab and volunteers can be trained to construct homes within a day. They are currently in talks with Affordable Abodes for a partnership for national expansion and are also looking at financing options for adding equity/debt to the business.

Energy

SOLS Energy

Raj Ridvan Singh
FOUNDER

2000
YEAR ESTABLISHED

Revenue Generating
STAGE

SOLS Energy is a solar academy that trains youth from poor communities in solar knowledge and installation, which allows them to offer price benefit to the end consumer. To date, the company claims to have trained 255 students and 170K pounds of carbon emission prevented.

See Stakeholders section below to read about Suncrox Solar

Green Building

Build For Tomorrow

Rubén Cortés
FOUNDER

2014
YEAR ESTABLISHED

Profitable
STAGE

Build for Tomorrow (BFT) started as a project for Wild Asia's Sustainable Building Initiative in 2014. BFT claims to improve water and energy efficiency up to 80%, when compared to traditional construction designs. Using Earthship Biotechture, BFT offers construction and design services for new projects, and ongoing consulting services for maintenance and training.

Tech Solutions: Proptech

MHub

Siong Quek Wee
FOUNDER

2017
YEAR ESTABLISHED

-
STAGE

MHub is a digital real estate platform that has transacted close to RM 8 billion worth of properties since its inception. Using real-time certified data, MHub's platform significantly reduces the turnaround time for credit checks and loan applications from days to minutes, improving the process for all parties. It has received funding from Living Lab accelerator and PlaTCOM Ventures – a subsidiary of AIM and Global Accelerator by MaGIC.

See Stakeholders section below to read about Royal Tenant

Water

H2GO

Rajiv Bhanot
FOUNDER

2011
YEAR ESTABLISHED

Profitable
STAGE

H2GO uses NanoCarb filter cartridges to filter water down to a microscopic 15 nanometres (smallest virus is 20nm), removing all bacteria, virus, cysts, and parasites. Even floodwater can be filtered and made drinkable. It's a non-chemical filtration process and does not require any energy sources, positioning it well to be used in rural, remote, and disaster-affected areas. Their product line includes communal tanks (capacity 2000 litres), carry cans, anti-bacterial storage cans, and personal bottles. H2GO operates in 11 countries, with network local partners.

The company is working on an Affordable Housing Development – Rutland Homes (First Project is a Green Housing Development project in Borneo) – for building affordable houses. The company has managed to construct an 850-square foot house for USD 30,000 (RM 120K; prices below RM 300K are considered affordable in Malaysia).

See Stakeholders section below to read about ECOLOO GreenTech

KEY OPPORTUNITIES, CHALLENGES, AND RECOMMENDATIONS

Opportunities

- National, state and, local governments are actively engaged in addressing the affordable housing needs.
- The Government's National Entrepreneurship Policy 2030 has been key to evolution of Malaysia as an entrepreneurship hub.
- Innovation hub MaGIC is a strong support for Malaysian and regional startups, with strong networks of local angel investors who are keen to invest in tech.

Challenges

- Lack of diverse risk capital below USD 500,000 to test and validate models and later above USD 2 million to support growing social enterprises.
- Lack of sectorial collaboration to scale up innovations.

Recommendations

- EPIC Collective is a strong potential partner with its speed of affordable housing construction, focus on B40 segment, and volunteering approach very similar to Habitat's.
- New ventures in affordable housing – such as RutLand Homes by founder of H2GO – are also a good entry point for the upper segment of affordable housing bracket. A unique feature of this scheme is that it is deploying savings due to speed of construction to quality finishing of houses. It is well positioned for consumer adoption.
- Some interest from local angel groups focused on real estate for the regional accelerator might be interesting to engage such groups for risk capital for enterprises.
- Partnerships maybe possible with corporate real estate firms in Malaysia – this would boost the market and increase support for innovators.
- Tax exemption for social enterprises may encourage more young people to test out models.

Recommended Stakeholders

Entrepreneurs	Partners	Investors & intermediaries
EPIC Collective Affordable Abodes	MaGIC	Citrine Capital Impact Hub KL

MALAYSIA STAKEHOLDERS SECTION

Impact Investors (Seed to Early Stage)

1. **Cradle Fund**: a pre-seed, seed, and startup stage influencer and financier, it offers both funding and investment assistance and has helped fund over 900 tech startups.
2. **Citrine Capital Sdn Bhd**: a Malaysian fund providing financial capital and social innovation capital, aiming to propel companies to the next level. Investment focus is ASEAN region with financing bracket of RM 100,000-500,000 (USD 24,000-120,000). Offers both debt and equity with a time horizon of five-seven years.
3. **TBV Capital**: formerly known as TinkBig, it is an early-stage startup investor from idea to product/services. It has invested in 30+ startups with ticket size ranging between USD 250K to 3 million.
4. **PlaTCOM Ventures**: it is the national technology commercialisation platform. It is a wholly owned subsidiary company of AIM formed in collaboration with SME Corporation Malaysia, under one of its six High Impact Programmes (HIPs) in SME Master Plan 2012-20. It offers end-to-end facilitation from idea to product/services and concept-to-commercialisation gap funding to SMEs. MHub is a beneficiary of PlaTCOM funding and capacity building.

Crowdfunding Platforms

1. **NGOhub**: an online and offline resource platform for NGOs established by SOLS24/7. Their recourses include fundraising, volunteer platform, and NGO academy.
2. **SimplyGiving**: a crowdfunding platform established in 2010, it has to date over 90,000 donors and 6,000 active fundraisers across Asia. It maximises their fundraising potential locally and in global markets by offering a choice of 17 currencies to donate to an individual cause, social enterprise, or NGO. UN Women, United Nations Children's Fund (UNICEF), and World Wildlife Fund (WWF) are among the institutions listed on this platform.
3. **The Giving Bank**: it is an online fundraising platform where people can pledge their support or contributions. The NGO was established in 2016, focusing on health, education, humanitarian causes, and relief. 18% operational expenditure fee is charged of net donations collected.

Incubators and Accelerators

1. **Cyberview Living Lab Accelerator:** a network-driven enabler for startups that want to encourage the scaling of digital advancements.
2. **GAP:** also by MaGIC, it equips local and global startups, keen on expanding in Southeast Asia, with the necessary skills, tools, and network to be investment-ready in four months.
3. **Idea Lab:** an incubator run by MaGIC, it enables ecosystem players to collaborate in providing opportunities for aspiring entrepreneurs to develop their ideas into actionable solutions and sustainable business models. Its themes include smart city and clean energy.
4. **Impact Hub KL:** it is an innovation lab, business incubator, and hub for social entrepreneurs, along with co-working space and membership options. It's a part of a global network.
5. **Sizzle Science:** founded in 2012, it works with a band of entrepreneurs to design investment-ready business models and accelerate commercialisation of discoveries from universities and research labs and early-stage companies.
6. **The Founder Institute:** a global pre-seed startup accelerator with chapters in over 185 cities, it helps startups with financing, team recruiting, and product development.

Affordable Housing and Related Sectors

Names	Founder/ Co-Founder	Year Established	Stage in Business
Energy			
SUNCROX SOLAR	Noor Shahiwan	2011	NA
Tech Solutions: PropTech			
Royal Tenant	Chong Liang Ooi	2016	NA
WASH			
ECOLOO GreenTech	Zuraina Zaharin	2013	NA

Energy

- **SUNCROX SOLAR** is a specialist in solar energy system that focuses on standalone or off-grid solar projects by eliminating grid power dependency, especially for basic electrical appliances at home, such as light, fan, and charging in rural communities.

Tech Solutions: Proptech

- **Royal Tenant** is a tenant management platform with a mobile app that helps property managers to manage their tenants more efficiently and generate more income. It is another startup founded through the Founder Institute programme, Penang chapter, by Chong Liang Ooi. Property owners can keep track of tenancies, accept rental payments, issue receipts, and maintain accounting.

WASH

- **ECOLOO GreenTech** is a social business partnership with ECOLOO AB, a Swedish company specialising in sustainable solutions related to water, sanitation & hygiene (WASH) and environment. ECOLOO MALAYSIA is licensed to design, develop, market, and distribute the patented solutions with global presence in 18 countries.



SINGAPORE

SINGAPORE



5.6 million

Population

Chinese – 76.1%

Malays – 14.9%

Indians – 7.5%

Others – 1.5%

GROSS DOMESTIC PRODUCT

USD 364.157 billion

GDP as of 2018

3.139%

GDP Growth

USD 58,247.873

GDP Per Capita



N.A.

Poverty Index



0.417

Gini coefficient

AFFORDABLE HOUSING

N.A.
DEMAND



N.A.
DEFICIT



9 / 189

HUMAN DEVELOPMENT INDEX



1 / 141

GLOBAL COMPETITIVENESS RANK



2 / 140

WORLD GIVING INDEX



66 / 162

GLOBAL RANK IN ACHIEVING SDGS



2 / 190

EASE OF DOING BUSINESS



400

SOCIAL ENTERPRISES

USD 61.3 million

IMPACT CAPITAL DEPLOYED
PRIVATE IMPACT INVESTORS



USD 51.3 million

IMPACT CAPITAL DEPLOYED
DEVELOPMENT FINANCE
INSTITUTIONS



SINGAPORE

COUNTRY OVERVIEW

Singapore is a high-income economy with a gross national income of USD 54,530 per capita, as of 2017. The country provides one of the world's most business-friendly regulatory environments for local entrepreneurs and is ranked among the world's most competitive economies.¹⁵⁸

Due to its global connectivity, generous tax incentives, and ease of doing business, it is one of the top foreign investment destinations in the region, ranking fifth for global foreign domestic investment (FDI) in 2017.¹⁵⁹ Innovation also remains one of the country's key priorities and strengths with Singapore ranked third in the 2018 Bloomberg Innovation Index.

Out of all the Asian countries, Singapore scores the highest in the United Nations Human Development Index (ninth ranking in the world) with the seventh highest GDP per capita in the world. Further, as a highly developed country, it scores high in key social indicators such as education, healthcare, quality of life, personal safety, and housing, with a home-ownership rate of 90%.

Singapore is the country of choice for many investors to situate their organisations and manage their investments because of the country's regulatory, economic, and political stability; maturity; and ease of housing an equity fund.

¹⁵⁸ World Bank, *Singapore Overview 2019*, Accessed 7 February 2020. <https://www.worldbank.org/en/country/singapore>

¹⁵⁹ *World Investment Report*, United Nations Conference on Trade and Development (UNCTAD), 2018.

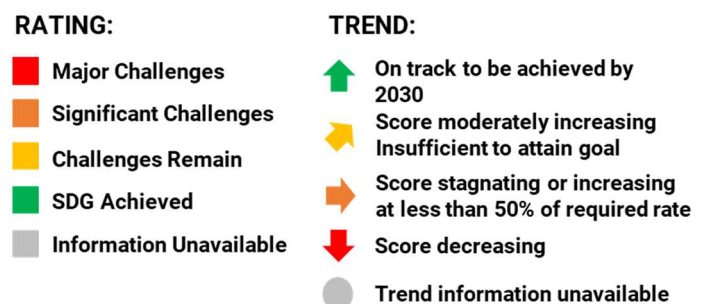
Sustainable Development Goals Index¹⁶⁰

Singapore ranks 66 among 162 countries and has achieved SDG Goal 1 (No Poverty), Goal 4 (Quality Education), Goal 7 (Affordable and Clean Energy), and Goal 9 (Industrial Innovation and Infrastructure).



In the most recent World Bank Human Capital Index, Singapore ranks the best country in the world in human capital development. This means that a child born today in Singapore will be 88% as productive when she grows up, as she would enjoy complete education and full health.¹⁶¹

However, some estimates put relative poverty in Singapore between 20-26%, defined by the percentage of people whose income is less than half the median wage, indicating that this percentage of households in the country do not earn enough to keep up with the rest of Singapore. This is higher than other advanced economies.



¹⁶⁰ J. Sachs, G. Schmidt-Traub, C. Kroll, G. Lafortune, G. Fuller, *Sustainable Development Report 2019*, New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN), 2019.

¹⁶¹ World Bank website, Singapore Overview 2019, Accessed 7 February 2020. <https://www.worldbank.org/en/country/singapore>

IMPACT ENTERPRISE ECOSYSTEM

Startup Genome's 2019 Global Startup Ecosystem Report rates Singapore as the #14 global startup ecosystem in the world and identifies local connectedness as one of its strongest traits. On top of a culture of founders helping founders, Singapore also has high quality talent that is relatively inexpensive compared to other top ecosystems. In 2018, Singapore startups raised USD 7.5 billion in funding and 75% of all startup funding deals in Southeast Asia went through Singapore. This vibrant ecosystem has thrived on the back of a strong and friendly business environment and enabling policies from the government.

While the tech startup ecosystem is mature and vibrant, the ecosystem for impact enterprises is relatively small, though growing rapidly. According to a report by the government-funded raiSE, in 2017 alone, the number of social enterprises increased by 32%. While most of the enterprises are still at an early stage, support for them is growing with corporates also supporting the development of the social enterprise ecosystem by providing funding and advisory services. In another development, the Development Bank of Singapore Foundation has funded 100 enterprises in Singapore and in the region using its SGD 50 million fund.

Singapore is the preferred location for regional impact investors as it offers more regulatory, economic, and political stability than its Southeast Asian neighbours.

THE LANDSCAPE FOR IMPACT INVESTING IN SOUTHEAST ASIA REPORT, GIIN, 2019

As of March 2018, there were 336 social enterprises supported by raiSE, but 73% reported annual turnover of less than SGD 200,000 (USD 145,000).

According to a study commissioned by the Asian Development Bank (ADB), there is a growing interest in the concept of social enterprises as a sustainable means of creating impact on youth, in the private sector and the governments. In a survey that covered over 2,000 innovative entrepreneurs, 36% wanted to make a positive contribution to the wider community while 22% wanted to create social change. Singapore's impact enterprises focus on a different set of beneficiaries – such as the elderly and disadvantaged youth – compared with their counterparts in less developed Southeast Asia. Enterprises are predominantly seen in education and skills and health and wellness.¹⁶²

¹⁶² Dalberg Global Development Advisors, *Are Social Enterprises the Inclusive Businesses of Tomorrow?*, ADB, 2017.

KEY STAKEHOLDERS IN THE SINGAPORE IMPACT ECOSYSTEM

INVESTORS

Impact Investors

Garden Impact, SEAF, Patamar Capital, BlueOrchard, LeapFrog Investments, Insitor, Bamboo Capital, LGT Lightstone, Omidyar Network, East Ventures, IIX, Temasek Trust, Damson Capital, Brick Eagle

GOVERNMENT

Policies, departments supporting on impact/social enterprise

Housing and Development Board, Economic Development Board, Singapore Exchange, National Volunteer and Philanthropy Centre, Central Provident Fund

RESEARCH/ACADEME

Impact/Sustainability-focused institutes

Center for Liveable Cities, National University of Singapore Entrepreneurship Centre, Singapore Management University, Singapore University of Social Sciences

ENTREPRENEURS

Social Enterprises

Property Guru, 99.co, Billion Bricks, Gush, Oxfordcaps, Big Tiny

INTERMEDIARIES

Incubators, Accelerators, Competitions, Capacity-Building Organizations supporting SPOs

Enterprise Singapore, SEA Impact Lab Program, ImpactTech Accelerator Program, DBS Foundation, raise, Slush Singapore, SLINGSHOT, Singtel Future Makers, SG Enable, Singapore International Foundation, UNDP Global Centre for Technology, Innovation, and Sustainable Development

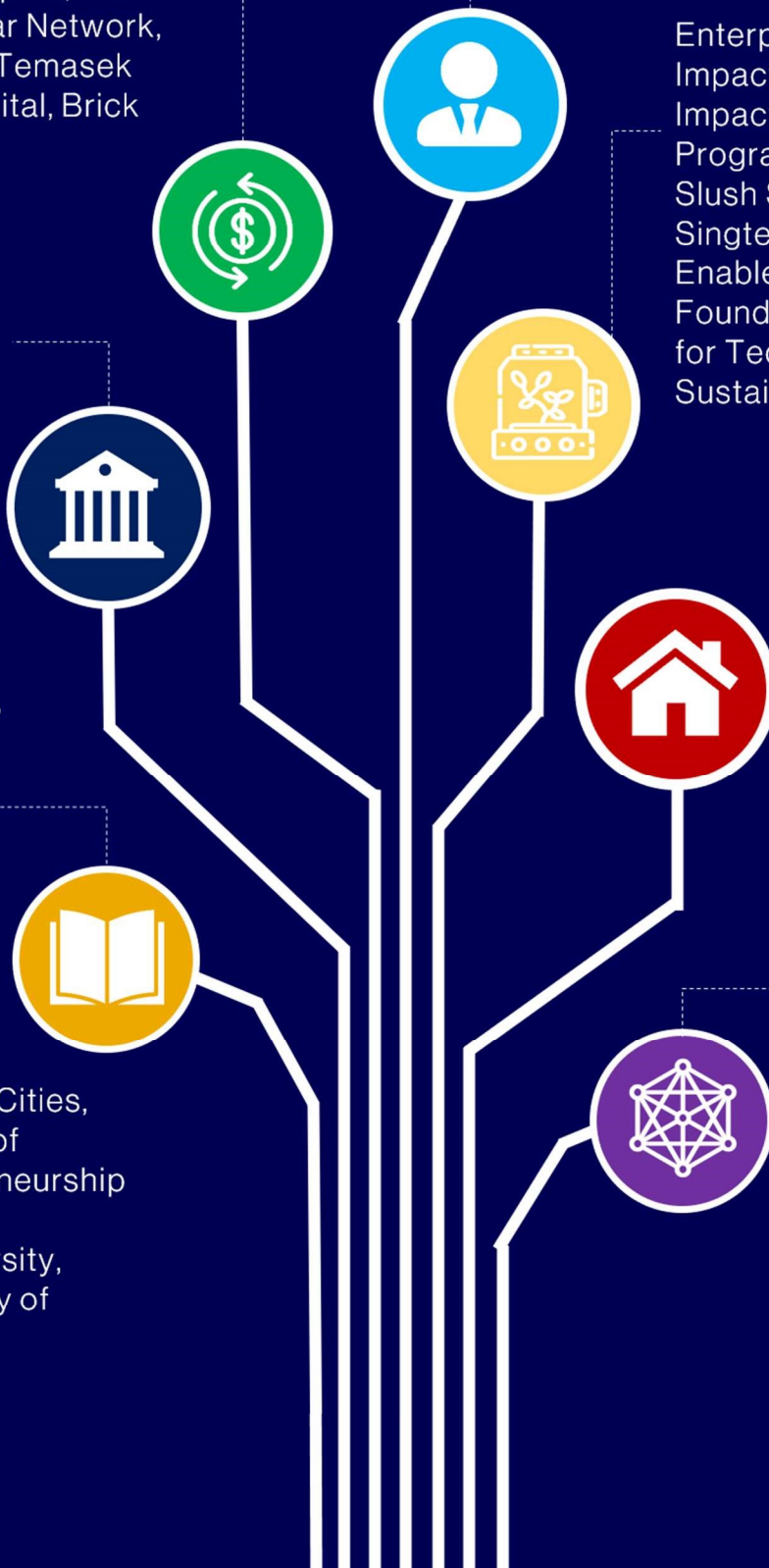
AFFORDABLE HOUSING

Stakeholders in the sector

NETWORKS

Associations and networks focused on impact/ social enterprise sector

AVPN, IIX, Transformational Business Network Asia, Startup SG, BLOCK71



Regulatory and Policy Environment

Singapore continues to be at the top of the rankings for Ease of Doing Business (number 2 in 2020).¹⁶³ The government explicitly backs entrepreneurship and has created startup-friendly policies that include subsidies and a range of incubation schemes – the National Research Foundation’s Early Stage Venture Fund, for instance, catalyses the formation of funds to invest into startups.

In addition, the government’s Research, Innovation and Enterprise (RIE) 2020 Plan has lined up SGD 19 billion (USD 13.5 billion) for investment in research & development (R&D) over four years, while the Tax Exemption Scheme for new startup companies, introduced in 2005 and to be tweaked as of 2020, currently offers 75% exemption on the first SGD 100,000 of chargeable income and further 50% exemption on the next SGD 100,000.¹⁶⁴

Singapore helps young startups grow with its **Startup Tax Exemption Scheme**, which exempts 75% of a company’s first SGD 73,000 in income. Additionally, Singapore raised tax deductions for intellectual property registration fees from 100% to 200% and qualifying expenses incurred on R&D from 150% to 250% in 2018. Singapore startups are able to put off paying taxes until they are larger and more established.¹⁶⁵

Enterprise Singapore is a government agency championing enterprise development. It works with committed companies to build capabilities, innovate, and internationalise. The agency also supports the growth of Singapore as a hub for global trading and startups, and functions as a national standards and accreditation body.

The Economic Development Board (EDB) maintains connections with major innovation hubs around the world and government-supported landing pads in established markets such as Germany, Australia, Japan, and Korea. It also negotiates bilateral funding agreements with willing counterparts to support co-innovation between local startups and small and medium-sized enterprises (SMEs).¹⁶⁶

¹⁶³ The World Bank Group, *Doing Business 2020*, World Bank, 2020, Accessed 7 February 2020. <https://openknowledge.worldbank.org/handle/10986/32436>

¹⁶⁴ National Research Foundation, Prime Minister’s Office Singapore.

¹⁶⁵ Startup Genome, *Singapore’s Startups Build on Established Global Success*, July 2019. <https://startupgenome.com/blog/singapore-startup-ecosystem>

¹⁶⁶ Enterprise Singapore, Government of Singapore, Accessed 7 February 2020. <https://www.enterprisesg.gov.sg/>

Land Acquisition Act enabled the government to acquire land at a low cost for housing projects, constructing flats in collaboration with the Housing Development Board (HDB) to move people out of the overcrowded city centre.

Impact Investment Landscape

Singapore enterprises have not been big recipients of impact capital but impact investors working in the region prefer to be based out of Singapore, with many setting up domicile funds; many social enterprises from the region also prefer to register their companies here to take advantage of the ease of doing business and raising investments.

In 2017, Impact Investment Exchange and DBS Bank issued the world's first listed social sustainability bond in Singapore, **the Women's Livelihood Bond**. A 2nd Women's Livelihood Bond is was launched in 2019 with USD 100 million in financing.

Access to Impact Capital

Regional investors like Impact Investment Exchange (IIX), Small Enterprise Assistance Funds (SEAF), and Garden Impact are headquartered here. High net-worth families are growing their impact investing capacity using their family office arms rather than their foundations. In the 2018 UBS Global Family Office Report, 32% of the family offices surveyed were reported to be involved in impact investing with a 4.2%-point jump in family office participation from the year before.¹⁶⁷ Many local and European family offices are based out of Singapore.

Some of these investors are:

- **Bamboo Capital:** impact investing platform that bridges the gap between seed and growth stage funding through a full suite of finance options – from debt to equity – which it activates unilaterally or through strategic partnerships.
- **BlueOrchard:** recognised globally as a leading impact investment manager dedicated to fostering inclusive and climate-smart growth, they have established a regional office in Singapore.
- **Brick Eagle:** a private equity firm that provides investment support to building developers in affordable housing.
- **Damson Capital:** an impact investment and advisory firm focused on developing social enterprises in Asia that have a strong potential for impact in communities in need as well as sustained financial returns.

¹⁶⁷ Campden Wealth Limited, *Global Family Office Report*, 2018.

- **East Ventures**: a seed-early stage venture capital firm based in Singapore, Indonesia, and Tokyo.
- **Garden Impact**: an investment holding company that focuses on making impact investments with a primary focus on selected Southeast Asian countries.
- **Insitor Impact Asia-Fund**: a social venture capital fund that provides equity and mezzanine funding to for-profit social enterprises in emerging and frontier markets; target sectors include low-carbon energy and affordable housing.
- **IIX**: the IIX has built the world's largest crowdfunding platform for impact investing. It focuses on solutions that change financial systems and innovating solutions for women empowerment, climate action, and community resilience.
- **LGT Lightstone**: a global direct private equity impact investing platform focused on scalable business solutions that improve livelihoods by harnessing breakthrough developments in technology. LGT Lightstone invests in companies in Europe, Asia, Latin America, and Africa.
- **LeapFrog Investments**: one of the world's largest equity investors headquartered in Singapore that invests in high-growth financial services and healthcare companies in emerging markets.
- **Omidyar Network**: a philanthropic investment firm, composed of a foundation and an impact investment firm, providing grants and investments.
- **SEAF**: an investment management group that provides growth capital and business assistance to SMEs in emerging and transition markets underserved by traditional sources of capital.
- **Temasek Trust**: the philanthropic arm of the Singapore sovereign wealth fund, Temasek Holdings, its purpose is to ensure sustainable funding for the long-term well-being and security of our communities.
- **Patamar Capital**: a venture capital firm investing in early-stage businesses serving the 'mass market' in South and Southeast Asia.
- **Family offices**
- **Lonsdale Capital**: a family office that funds and supports social enterprises to the next level, scale and grow into new markets, by providing administrative support and mentoring.
- **Octava**: a family office based in Singapore that has multiple investments, focusing mainly on real estate, financial technology, and lifestyle concepts.
- **Treis**: family-owned investment group specialising in responsible and sustainable portfolios offering sound returns with positive social impact.

Access to Non-Financial Support

There are a number of local intermediaries and supporters as well as a large number of programmes that target impact enterprises. Many impact enterprises have also been able to get support from various non-impact focused intermediaries. Singapore also houses several research organisations, such as the Lien Center for Social Innovation, British Council Singapore, Singapore University of Social Sciences, and Asia Centre for Social Entrepreneurship and Philanthropy.¹⁶⁸ Networks that promote impact investing, like Asian Venture Philanthropy Network (AVPN), Asian Philanthropy Circle, and Transformational Business Network (TBN) Asia, are also active here and bring together events around promoting this sector.

Intermediaries

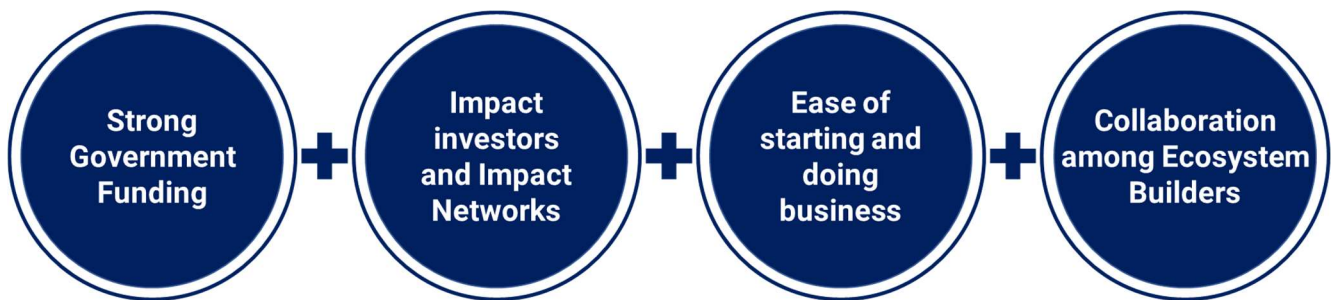
- **DBS Foundation's Social Enterprise Grant Programme:** this annual programme is one of the initiatives through which DBS Foundation supports the growth of social enterprises, by providing them capital.
- **Enterprise Singapore:** a statutory board under the Ministry of Trade and Industry in Singapore, it was formed in 2018 to support Singapore SME development, upgrade capabilities, innovate, transform, and internationalise. It also supports the growth of Singapore as a trading and startup hub, and continues to be the national standards and accreditation body.
- **ImpacTech Accelerator Program:** a startup accelerator programme that empowers impact-driven startups with programmes for corporates and mentorship and tailored activities related to tech innovations.
- **raiSE:** it seeds and nurtures new enterprises by providing advisory services, programmes, training, and resources. RaiSE enables existing social enterprises to grow and become sustainable by providing financing options, capacity building, and mentorship.
- **SEA Impact Lab Program:** in partnership with Uncharted, Impact Lab is a five-day, funding-readiness curriculum equipping social entrepreneurs and startups with the skills they need to seek investment.

See full list of intermediaries in the Stakeholders section below

¹⁶⁸ GIIN, Intellectap, *The Landscape for Impact Investing in Southeast Asia*, 2018.

KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS

Singapore provides an ideal location for impact enterprises that want to work in the region, with ease of doing business and attracting capital. The vibrant and supportive ecosystem for entrepreneurs encourages many to start and set up in Singapore.



KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS

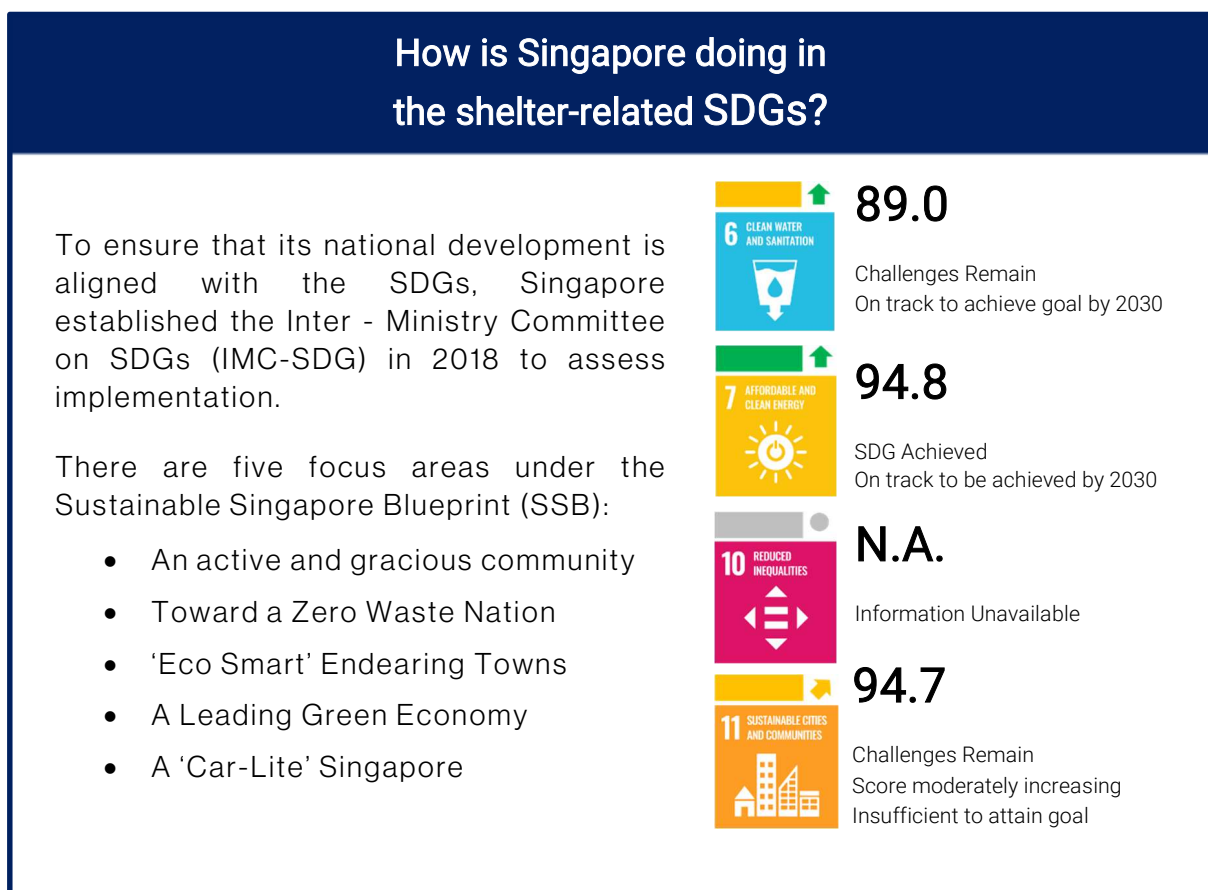
- **Strong government funding for early-stage Singapore enterprises** with an impact focus allows entrepreneurs to test their models.
- The presence of a **large number of impact investors and impact networks** has created an active ecosystem for impact-focused enterprises.
- It has **strong research institutions and a reputation for ease of starting business**. Intellectual property is respected and the rule of law is transparent. These factors enable entrepreneurs to operate in a transparent ecosystem where there is easy information flow and access to opportunities.
- **Ecosystem builders proactively collaborate with other network platforms** and serve as the go-to source for relevant information while also helping to build consensus across the impact investing ecosystem.

KEY CHALLENGES FOR IMPACT ENTREPRENEURS

- Singapore's social enterprises that are focused on local beneficiaries face challenges of scale given the small size of the market, especially as these solutions may not be suitable for other markets in the region.
- Many of Singapore's social enterprises have struggled to find financing as most impact investors are looking to invest regionally.
- Balancing the creation of social good and generating economic returns for investors; for example, finding the right price to charge the customers the impact entrepreneurs are targeting.

AFFORDABLE HOUSING AND SHELTER ECOSYSTEM

When Singapore attained self-government in 1959, only 9% of Singaporeans resided in public housing. Today, 80% of Singaporeans live in government-built housing and 91% of its citizens and permanent residents are home-owners. There are about one million HDB apartments, largely clustered in 23 self-contained new towns, that extend around the city's coastal core.



Business Models in Housing and Shelter

As the Singapore government is the main provider of housing to all economic segments in the country, impact enterprises do not focus on this sector here locally. However, property tech and tech-enabled real estate startups like Property Guru and 99.co have scaled up significantly. Some of these tech enterprises could be incentivised to develop solutions for low-income segments in other Southeast Asian countries where they are present.

Investors: 46 investors located in Singapore investing in 'urban solutions', 'real estate', 'clean-tech' (Source: Startup SG Network).

Some enterprises we identified in the sustainable space are:

Affordable Housing

Oxfordcaps

Oxfordcaps is a Singapore-based startup that leases 'no-frills' housing accommodation to students, providing all kinds of basic and premium amenities including fully furnished rooms, internet access, professional housekeeping, and/or security provisions.

Big Tiny

Big Tiny: a Singaporean company that builds tiny houses to encourage city dwellers to reconnect with nature for ecotourism; the prefabricated houses can be yoked to a four-wheel-drive and transported to various locations.

Technologies (Innovative Construction Material)

Billion Bricks

Billion Bricks is a social enterprise that provides high quality, sustainable housing solutions for the poor, including thermal insulated tents and partially prefabricated, solar homes.

Gush

Gush is a Singapore-based startup that makes sustainable paint and advanced building materials to stop indoor air pollution.

KEY OPPORTUNITIES, CHALLENGES AND RECOMMENDATIONS

Opportunities

With its strong infrastructure, robust tax and regulatory frameworks, and low corruption rates, Singapore presents a productive and transparent environment for doing business and continues to grow in its legitimacy as a regional hub and effective gateway to market in the region.

The presence of Singapore-based impact funds in neighbouring countries could pave the way for greater harmonisation of international impact assessment standards.

The expansion of corporate social responsibility (CSR) from donations to integrating sustainability into the company's daily operations suggests the potential for more cross-sector partnerships and co-investment.

Singapore's legacy as a financial hub in the region puts greater pressure on its institutional investors to adopt environmental, social, and governance (ESG) frameworks and sustainable finance models that are increasingly demanded by family offices and younger investors.

Crowdfunding is gaining traction and legitimacy in society as a donation platform. A new regulatory code introduced in January 2018 requires crowdfunding platforms to screen the organisations, give updates of funds raised, and make their fees public, leading to more transparent and greater giving.

Challenges

There is limited advocacy and awareness around different sustainable investing approaches, inhibiting greater mainstream adoption among institutional investors.

The current policy environment is still evolving to support new sustainable finance innovations such as development bonds.

A majority of social enterprises in Singapore are still in the seed-funding and early stages of development. Few enterprises have a clear and strategic business model, resulting in a shortage of investment-ready social enterprises.

Recommendations

- Ideal location for running accelerator programmes with **easy access to investors, corporate partners, and angel networks.**
- Property Tech is an increasingly lucrative sector with many companies scaling to the region. Some of these companies could be **incentivised to serve low-income communities** with provision of funding and market access.
- **Singapore is a preferred location to register a domicile equity fund** for the region, if Habitat were to plan a regional fund. It is also a recommended location for startups to set up.

SINGAPORE STAKEHOLDERS SECTION

Government

- **Central Provident Fund:** a compulsory comprehensive savings plan for working Singaporeans and permanent residents, primarily to fund their retirement, healthcare, and housing needs.
- **EDB:** a government agency under the Ministry of Trade and Industry responsible for strategies that enhance Singapore's position as a global centre for business, innovation, and talent.
- **HDB:** Singapore's public housing authority that plans and develops Singapore's housing estates; building homes and transforming towns to create a quality living environment for all.
- **NVPC:** it is the steward of the City of Good vision for Singapore, where individuals, organisations, and leaders come together to give their best for others. Their recent funding research to examine if and how state-led programmes can create lasting impact in the sector. NVPC partnered with the NUS Business School to establish the Company of Good Fellowship Program, which has more than 1,000 participating for-profit enterprises learning how to do good in more strategic, sustainable, and impactful ways.
- **SGX:** Asia's leading and trusted market infrastructure, facilitating the exchange of capital and ideas to create value for people, businesses, and economies. SGX made it mandatory for all listed companies to report their environmental, social, and governance practices starting in 2017.

Incubators, Accelerators and Other Intermediaries

- **Ashoka Malaysia & Singapore:** Ashoka Singapore is a regional hub supporting Ashoka Fellows in Asia – social entrepreneurs who are creating new and better ways to address fundamental human needs such as affordable housing and healthcare.
- **Base of the Pyramid (BoP) Hub:** a Singapore-based business accelerator platform that creates and facilitates an efficient marketplace for communities at the BoP, by supporting entrepreneurship, connecting partners, and sharing resources.

- **Colabs:** a philanthropic initiative pioneered by the Community Foundation of Singapore (CFS) and the National Volunteer & Philanthropy Centre (NVPC) to drive collaboration by bringing together the public, private, and social sectors to tackle complex social issues.
- **DBS Foundation's Social Enterprise Grant Programme:** this annual programme is one of the initiatives through which DBS Foundation supports the growth of social enterprises, by providing them capital.
- **Enterprise Singapore:** a statutory board under the Ministry of Trade and Industry in Singapore, it was formed in 2018 to support Singapore SME development, upgrade capabilities, innovate, transform, and internationalise. It also supports the growth of Singapore as a trading and startup hub, and continues to be the national standards and accreditation body.
- **ImpacTech Accelerator Program:** a startup accelerator programme that empowers impact-driven startups with programmes for corporates and mentorship and tailored activities related to tech innovations.
- **raiSE:** it seeds and nurtures new enterprises by providing advisory services, programmes, training, and resources. RaiSE enables existing social enterprises to grow and become sustainable by providing financing options, capacity building, and mentorship.
- **SEA Impact Lab Program:** in partnership with Uncharted, Impact Lab is a five-day, funding-readiness curriculum equipping social entrepreneurs and startups with the skills they need to seek investment.
- **SG Enable:** an agency dedicated to enabling persons with disabilities to have access to referral services, grants, and employment.
- **Singtel Future Makers:** a four-month social innovation programme in Singapore comprising up to SGD 140,000 grants for startups, mentoring by cross-sector experts, competency workshops, and networking and strategic partnership opportunities with the Singtel Group and partners.
- **SLINGSHOT:** organised by Enterprise Singapore, it is a startup competition that provides entrepreneurs with an international platform to profile themselves to corporates, industry veterans, and investors.
- **Slush Singapore:** a tech startup launchpad/event celebrating entrepreneurship.
- **Startup Elevate (part of TECHCLR8 Asia):** it brings together Asia's telco and tech ecosystem to enable government and enterprise to discover new technologies.

- **The Singapore International Foundation:** a non-profit organisation that seeks to strengthen mutual understanding, ties, and trust between Singaporeans and world communities through their various programmes, including cultural exchange fellowships, volunteer cooperation, and promoting social enterprises.
- **The Singapore National Co-operative Federation:** the apex body of Singapore's Co-operative Movement, and secretariat of the Central Co-operative Fund (CCF), it is an apex body that represents 99% of co-operative members in Singapore through its affiliated co-operatives. Today, the Movement has a base of more than 1.4 million members.
- **UNDP's Global Centre for Technology, Innovation, and Sustainable Development (GCTISD):** a partnership of UNDP and the Singapore Government, GCTISD fosters the adaptation and adoption of sustainable development solution, focusing on digitalisation and cities, and sustainable agriculture and sustainable/impact finance.

Networks

- **AVPN:** a leading ecosystem builder and comprehensive funders' network in Asia for the social investment sector with 500+ members globally.
- **BLOCK71 Singapore:** an initiative by NUS (National University of Singapore) Enterprise in collaborative and strategic partnerships with established corporates and government agencies. It is an ecosystem builder and global connector that catalyses and aggregates the startup community, as well as spearheads new initiatives and provides mentorship and growth opportunities in local and global markets.
- **IIX:** a Singapore-based impact enterprise that builds pathways to connect backstreets of underserved communities to the Wall Streets of the world through impact investing. IIX investment platforms and innovative financial products enable impact enterprises to accelerate their business and scale their positive impact, while pushing the impact investing space from the margins to the mainstream.
- **Startup SG:** an initiative of Enterprise Singapore that provides comprehensive support for startup development in Singapore. It offers a host of schemes and programmes to meet the various needs of entrepreneurs, from mentorship to funding, to infrastructure and global connections.
- **Transformational Business Network Asia:** a not-for-profit organisation that focuses on building a platform for foundations, philanthropists, impact funds, corporations, entrepreneurs, and professionals to invest in social enterprises to alleviate poverty in Southeast Asia.

Research and Academe

- **Centre for Liveable Cities (CLC):** set up in 2008 by the Ministry of National Development and the Ministry of the Environment and Water Resources, the CLC has its mission to distil, create and share knowledge on liveable and sustainable cities through urban development research, publications, capability development, thought leadership, and advisory services.
- **National University of Singapore Entrepreneurship Centre:** NUS Enterprise, the entrepreneurial arm of the NUS, plays a pivotal role in advancing innovation and entrepreneurship at NUS and beyond.
- **Singapore Management University:** they redesigned their core undergraduate curriculum to enhance multidisciplinary learning through integrating internship and community service.
- **Singapore University of Social Sciences:** an autonomous university that incorporates applied learning at all levels and a curriculum highlighting social impact in the community. The polytechnic education, as an industry-oriented alternative to junior colleges, began offering cross-disciplinary programmes to provide students with essential skills in business management, social sciences, and social innovation.



THAILAND

THAILAND



69.43 million

Population

 **49.3 million** between the ages of 15-64 years

GROSS DOMESTIC PRODUCT

USD 504.99 billion

GDP as of 2018

4.1%

GDP Growth

USD 7,274

GDP Per Capita



7.8% below

Upper Middle Income
Class Poverty Line



36.50

Gini coefficient

AFFORDABLE HOUSING

N.A.
DEMAND



N.A.
DEFICIT



83 / 189

HUMAN DEVELOPMENT
INDEX



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GLOBAL COMPETITIVENESS
RANK



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WORLD GIVING INDEX



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GLOBAL RANK IN
ACHIEVING SDGS



21 / 190

EASE OF DOING BUSINESS



N.A.

SOCIAL ENTERPRISES

USD 73.3 million

IMPACT CAPITAL DEPLOYED
PRIVATE IMPACT INVESTORS



USD 1.6 billion

IMPACT CAPITAL DEPLOYED
DEVELOPMENT FINANCE
INSTITUTIONS

COUNTRY OVERVIEW



THAILAND

Over the last four decades, Thailand has grown into the second largest economy in the region (after Indonesia) with an upper-middle-income status. With smart economic policies, the country is doing better than most of its neighbours in achieving its SDG goals. It is the second largest economy after Indonesia with USD 1 trillion in GDP (purchasing power parity, PPP). It also does better than Indonesia on most parameters – Human Development Index, GDP per capita, ease of doing business, and global competitiveness – allowing it to develop as a strong startup hub in Asia. According to a Global Digital Report 2019, Thailand ranked one for mobile banking users, second for ownership of cryptocurrency, and third in mobile commerce. The country has 55 million active mobile internet users, 92 million mobile subscribers, and 133% penetration.¹⁶⁹

In spite of a GDP growth rate of 4.1%¹⁷⁰ and high digitisation, the country still experiences sharp inequalities – it has one of the highest Gini coefficients in the region. Over 80% of the 7 million poor live in rural areas while another 6.7 million are vulnerable to falling back into poverty.¹⁷¹

Thailand is rapidly turning into an urban country from a rural one. In 2018, 50% of Thailand's total population lived in urban areas and cities.¹⁷² Bangkok (the Krung Thep area), as the largest city with a population of almost 6 million, is facing increasing demands on its urban infrastructure, especially housing and transport.

¹⁶⁹ Suchit Leesa-Nguansuk, *Thailand Tops Global Digital Rankings*, Bangkok Post, 19 February 2019.

¹⁷⁰ World Bank, *Thailand Overview*, 2018.

¹⁷¹ Nguyen Le Phuong Anh, Sangeetha Watson, and Bradley Wo, *Thailand: Social Investment Landscape in Asia*, Asian Venture Philanthropy Network (AVPN), 2019, p. 5.

¹⁷² World Bank, 2018.

Sustainable Development Goals Index¹⁷³

Thailand ranks 40 among 162 countries in the global SDG rank, with the country being on track or maintaining SDG Achievement in SDG Goal 1 (No Poverty), SDG Goal 8 (Decent Work and Economic Growth), and SDG 13 (Climate Action). It tops the Association of Southeast Asia Nations (ASEAN) list.



¹⁷³ J. Sachs, G. Schmidt-Traub, C. Kroll, G. Lafortune, G. Fuller, *Sustainable Development Report 2019*, New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN), 2019.

IMPACT ENTERPRISE ECOSYSTEM

Despite the strong entrepreneurial infrastructure available in Thailand, its social enterprise sector is still quite nascent.

The country's social economy is still associated with non-governmental organisations (NGOs) and charities due to a culture of giving, which creates a challenge in terms of attracting more social entrepreneurs and impact investors. Strategic corporate social responsibility (CSR) efforts are led mainly by local conglomerates and intermediaries through public-private partnerships and multi-sectoral collaborations. There is a lack of appetite, especially among the new generation, to pursue impact entrepreneurship. According to one interviewee, university students who develop innovations prefer to join corporates or sell their solutions to bigger companies rather than pursue their own business.

Since 2007, DFIs have invested almost USD 1 billion in the energy sector in Thailand.

THE LANDSCAPE FOR IMPACT INVESTING IN SOUTHEAST ASIA REPORT 2019, GIIN

The numbers are unclear as very few impact enterprises legally register due to the cumbersome processes. This is surprising as Thailand was one of the ecosystems to highlight social entrepreneurship and had government support early on. According to one 2018 survey, there are an estimated 2000-3000 community-based organisations and another 1000 foundations and non-profit organisations, all under the social enterprise sector,¹⁷⁴ while another study estimates three million small and medium-sized enterprises (SMEs) and other organisations that operate with a social mission and 400 registered social enterprises.¹⁷⁵ Most operate in agriculture, health, education, and tourism.

¹⁷⁴ NESDB: *Room for Growth for Social Enterprises*, Nation Thailand.

¹⁷⁵ GIIN and Intelicap, *The Landscape for Impact Investing in South East Asia*, August 2018, p. 88.

KEY STAKEHOLDERS IN THE THAILAND IMPACT ECOSYSTEM

INVESTORS

Impact Investors

B-KIND, Change Ventures, LGT Impact, Leapfrog Investments, UNCDF, Omidyar Network, PhiTrust Asia, Damson Capital



GOVERNMENT

Policies, departments supporting on impact/social enterprise

Thai Social Enterprise Office, Stock Exchange of Thailand, Securities and Exchange Commission



RESEARCH/ACADEME

Impact/Sustainability-focused institutes

British Council, UNDP



ENTREPRENEURS

Social Enterprises

Ma: D Esan (Udon), GooGreens, ENRES



INTERMEDIARIES

Incubators, Accelerators, Competitions, Capacity-Building Organizations supporting SPOs

ChangeFusion, Ashoka Thailand, NISE Corporation, ImpacTech, UnLtd Thailand, UNCDF, Banpu, Champions for Change



AFFORDABLE HOUSING

Stakeholders in the sector



NETWORKS

Associations and networks focused on impact/ social enterprise sector

SE Thailand, ANDE, Network of Social Impact Enterprise, Thai Young Philanthropist Network



Regulatory and Policy Environment

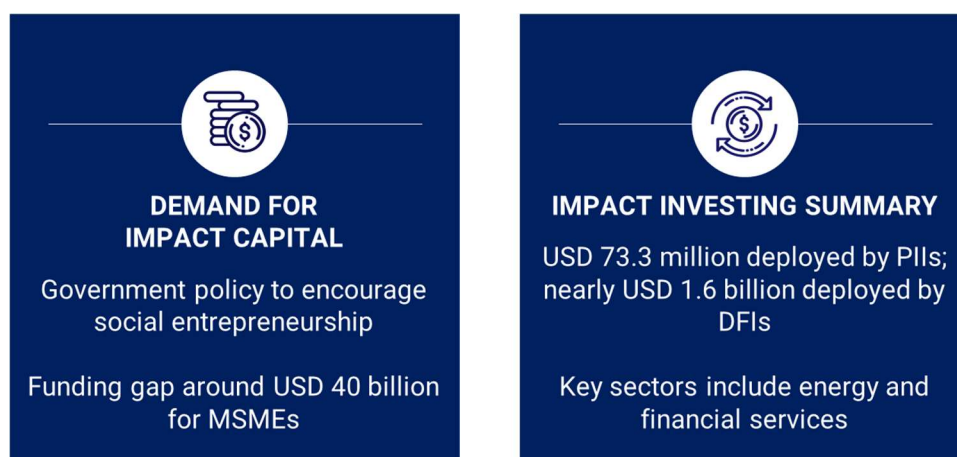
Social entrepreneurship, while not yet a widespread concept in Thailand, is on the rise with the help of government support. The Thai government supported the establishment of a national sector body, the Thai Social Enterprise Office (TSEO) in 2010, and in February 2019, the country passed the Social Enterprise Promotion Act, which offers tax breaks and other incentives to ventures seeking to reconcile profit with purpose. The Act also proposes policies around tax exemptions for impact investors, but details on that are still awaited.

Stock Exchange of Thailand (SET) offers incentives for companies to shift their CSR approach towards social enterprise, and the current government encourages corporations to co-create social enterprises through public-private partnerships.

In 2015, the SET created the Thailand Sustainability Investment Index (SETTHSI) list as an alternative investment in high-performance environmental, social and governance (ESG) stocks (45 as of November 2018), emphasising the country's focus on achieving SDG goals.¹⁷⁶

IMPACT INVESTMENT LANDSCAPE

Thailand's impact investment market is dominated by DFIs and lacks significant PII activity. Between 2007 and 2017, Thailand received PII capital of USD 73.3 million across 15 deals, mostly in energy and financial services.¹⁷⁷ And in that same time period, DFIs invested almost USD 1 billion in the energy sector, followed by financial services and manufacturing.¹⁷⁸ Impact investment in Thailand trails behind neighbouring countries such as Cambodia and Philippines.



**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

¹⁷⁶ Pakorn Peetathawatchai, *SET Raises the Bar for Corporate Sustainability Disclosure Practices*, Focus, November 2018.

¹⁷⁷ GIIN and Intelicap, *The Landscape of Impact Investment*, August 2018, p. 85.

¹⁷⁸ *Ibid.*, p. 24.

ACCESS TO CAPITAL FOR THAI STARTUPS

In 2019, total value of investment in startups was USD 97.55 million from 32 deals, which was higher than 2018's number of USD 61.25 million across 35 deals.¹⁷⁹ Business organisations were still the main source of early- and growth-stage investments for startups, while traditional venture capitals are focused more on early-stage investments. Foreign investors prefer startups in the Indonesian and Vietnamese markets due to more attractive acquisition costs, traction, and larger markets.

ACCESS TO IMPACT CAPITAL

International Finance Corporation (IFC) estimates that formally registered micro, small and medium enterprises (MSMEs) in Thailand face a financing gap of over USD 40 billion.¹⁸⁰ The impact sector still relies mostly on government support and ad hoc philanthropic support for financing. Most government programmes and private intermediaries provide grants only, which are usually a small amount (for example, the Thai government's innovation programme provides grants up to USD 30,000), that work well for early-/idea-stage ventures. The business validation stage (seed funding stage of up to USD 100,000), however, is where enterprises face the biggest gap according to different stakeholders in the ecosystem.

Thailand's first socially responsible investment mutual fund, BKIND, was established in 2014. Up to 15% of the fund can be invested in social enterprises and 0.8% is allocated for venture philanthropy. Additionally, a group of young philanthropists have formed a giving circle. Although in its infancy, this initiative could incite more angel investors to channel additional resources to social enterprises.



**Deals between 2007 - 2017, The Landscape for Impact Investment in Southeast Asia, GIIN, 2018*

¹⁷⁹ Techsauce team, *Thai Startup Ecosystem 2019 Review: A Year of Growth and Challenges*, Tech Sauce, 10 January 2020, Accessed on 10 February 2020.

¹⁸⁰ GIIN and Intelcap, *The Landscape of Impact Investment*, August 2018, p. 88.

Who are the PIIs?

The impact ecosystem sees mostly individual angel investors, philanthropists, and some corporate funds. Intermediaries say that they are yet to see as much investment from Singapore-based funds as compared to other countries (Indonesia, Vietnam, and the Philippines) in the region.

LGT Impact, Leapfrog Investments, Omidyar Network, PhiTrust Asia, and Damson Capital are some of the most prominent international impact funds active in the country, according to an Asian Venture Philanthropy Network (AVPN) report.¹⁸¹ However, desk research of their websites shows very few investments in Thailand.

Who are the DFIs?

Compared to PII, Thailand has seen exponentially more capital deployed from DFIs, all via debt investments. More than 65% of the capital deployed by DFIs (across eight countries) was in Thailand's energy sector, mostly natural gas and solar power plants, between 2007 and 2017.¹⁸² Deal sizes were between USD 1 million and 10 million. During that time, DFIs also invested in the manufacturing sector (via five deals).

Here are some key investors based in Thailand:

- **Change Ventures:** part of the ChangeFusion Group, this impact enterprise advises social enterprises, corporations, and public organisations on social innovation and social impact investment. Change Ventures also invests in promising enterprises that pioneer innovative and scalable impact solutions.
- **SIRI Ventures:** is the corporate venture capital arm of Thailand-based developer Sansiri Plc in partnership with Siam Commercial Bank. The venture capital invests in sectors such as construction tech, property tech, and living tech, which includes energy management, home automation, smart appliance, security system, logistics, foodtech, and wellbeing tech. It has an investment budget of THB 1,500 million (approx. USD 48 million) for three years starting 2018. Most startups that it invests in are complementary to the real estate corporation.
- **United Nations Capital Development Fund (UNCDF):** the United Nation's capital investment agency for the world's 48 Least Developed Countries (LDCs). Localising finance outside capital cities and promoting financial inclusion are two of its primary goals.

See full list of investors in the Stakeholders section below

¹⁸¹ Phuong Anh, Watson and Wo, *Thailand: Social Investment Landscape*, AVPN, 2019, p. 10.

¹⁸² GIIN and Intelicap, *The Landscape of Impact Investment*, August 2018, p. 51.

Enabling Governance and Regulatory Initiatives from the Government

In 2009, the Thai government set up the National Social Enterprise Committee to raise awareness and help social enterprises access finance, followed by the formation of TSEO with dedicated funding of USD 3.2 million.¹⁸³ Social enterprises and their investors are also currently eligible for tax incentives under the 2016 Social Enterprise Taxation Royal Decree if the social enterprises reinvest at least 70% of their profits.¹⁸⁴

Thailand is also seeing the emergence of an active green bond market because of its renewable energy potential and active general bond market. The country's first green bonds were issued in 2018 by Thai Bank TMB and B.Grimm Power Public Company Limited.¹⁸⁵ Three more companies were looking to issue green bonds as of October 2019. Proceeds from green bonds are used to fund, in part or in full, new or existing projects that deliver environmental or climate-related benefits.¹⁸⁶

Exit Potential

While PIs expect market returns, DFIs set specific return expectations for each individual investment. Thailand, unlike other markets in the region, has had a notable exit in the renewable energy sector. In 2017, Armstrong Asset Management and the Mekong Brahmaputra Clean Development Fund sold a solar energy farm company, Symbior Solar, to Thai firm Padaeng Industry for THB 1.3 billion (USD 39 million).

TREND ALERT

PUBLIC EQUITY SALES FOR SOCIAL ENTERPRISES

In 2019, the Securities and Exchange Commission (SEC) had begun the process of issuing a regulation for social enterprises to raise funds in the capital market by offering equity sales to the public. The idea is for social enterprises to offer equity sales without having to file investment information with the SEC. The requirements for social enterprises to raise funds in the capital market are transparency, accurate accounting standards, and good business management. And the enterprises must be approved by the Social Development and Welfare Department.

By September 2019, the regulation had an in-principle approval. Under the Community Enterprise Promotion Act of 2019, social enterprises can make dividend payments of a maximum of 30%, while 70% can be used for social and community benefits.

¹⁸³ Claudia Cahalane, *Thai Social Enterprises are Booming Thanks to Strong Government Support*, The Guardian, 7 September 2012.

¹⁸⁴ Phuong Anh, Watson, and Wo, *Thailand: SIL*, AVPN, 2019, p. 10.

¹⁸⁵ *Thailand's first certified climate bonds*, Global Energy Elites, 12 November 2019.

¹⁸⁶ Nuntawun Polkuamdee, *Three Firms Seek Green Bond Nod*, Bangkok Post, 18 October 2019/2020.

Outside of DFIs and larger ticket sizes, debt financing has developed more gradually. In 2015, TSEO collaborated with two state-owned banks to set up a social enterprise loan programme of THB 2 billion (approx. USD 64 million), but there is overall insufficient funding for social enterprises at the very early stages for testing and validating their models. Currently, equity financing is available mainly to long-established social enterprises.¹⁸⁷

Access to Non-Financial Support

Thailand is home to a growing number of intermediaries that work as capacity builders to stimulate social enterprise startups and growth; the ecosystem saw a spurt after the introduction of the Social Enterprise Act in 2019.

Key impact-driven incubators and accelerators:

- **Aspen Network of Development Entrepreneurs (ANDE)**: a global network of organisations that propel entrepreneurship in emerging markets. Its members provide critical financial, educational, and business support services to small and growing businesses (SGBs).
- **ChangeFusion Institute**: A Bangkok-based institution that grows social enterprises. It is a non-profit institute under the Thai Rural Reconstruction Movement Foundation. It primarily incubates social innovations and social enterprises and has set up multiple verticals to support enterprises, including above mentioned ChangeVentures and ChangeCapital.
- **ImpacTech**: founded in 2015, it is an accelerator programme designed specifically to support cohorts of five to ten startups that are creating social impact. Additionally, ImpacTech creates bespoke programmes for corporates developing clean energy initiatives. It operates in Singapore and Japan as well.

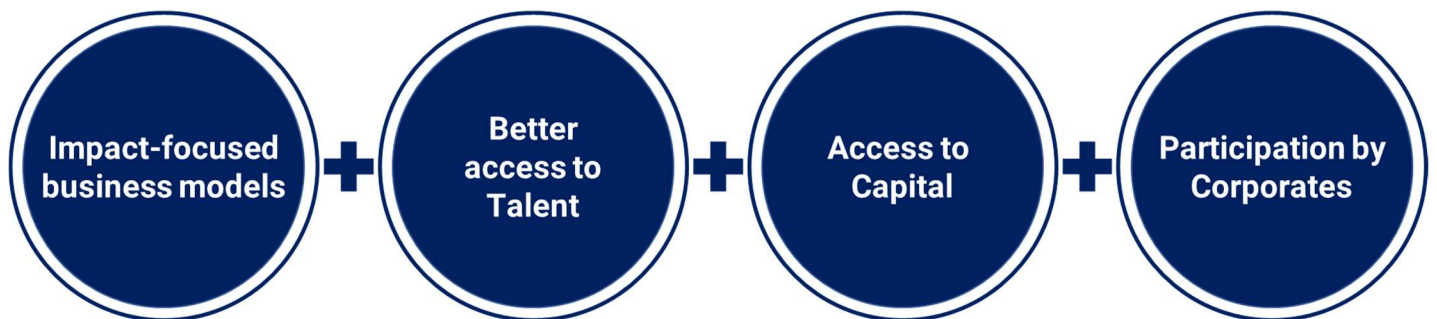
See full list of intermediaries in the Stakeholders section below

¹⁸⁷ British Council, *Social Enterprise is Set to Take off in Thailand*, 2019.

IMPACT ENTREPRENEURS IN THAILAND

While the number of impact entrepreneurs is slowly growing in Thailand, the sector still finds it hard to attract a younger population unlike its neighbours in the region. The focus is mainly on education, health, community development, agriculture, sustainable tourism, and environment.¹⁸⁸ Shelter and adjacent sector enterprises exist mainly as subsidiaries of large conglomerates.

KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS



KEY SUCCESS FACTORS FOR IMPACT ENTREPRENEURS

- Developing **business models that deliver social and commercial impact** is the most critical.
- **Better access to co-founders, teams, and volunteers** would help social enterprises succeed.
- **Better and more access to capital**, especially beyond grants, is a key to helping businesses validate their models and grow.
- **Active participation by corporates** (beyond giving grants/financing), in terms of sharing their knowledge, technology, and business specialists could help enterprises.

¹⁸⁸ ChangeFusion and UNDP, *Mapping the Social Impact Investment and Innovative Finance Landscape in Thailand*, July 2018, p. 37.

KEY CHALLENGES FOR IMPACT ENTREPRENEURS

- Lack of access to capital – at the time of validating the business or to identify the right and new markets, or even to fulfil big corporate orders – is the number one challenge in this ecosystem.
- A lot of entrepreneurs also find it difficult to build a business plan, identify the right funding options, work with investors, understand legal and technical terms, etc.
- Lack of access to talent and lack of experience in managing businesses and teams.
- Marketing can also be a challenge as there appears to be an inaccurate perception in Thailand that social enterprises deal in lower quality products.
- Geographic differences do cause contextual differences.
- Local hubs are encouraged to come up with their own innovation as urban-centric programmes and logistical limitations make it difficult to support rural innovation.

AFFORDABLE HOUSING AND SHELTER ECOSYSTEM

In 2016, Thailand's Ministry of Finance launched the Pracha Rat initiative – aimed at supporting general low-income earners, as well as civil servants, military, police officers, and educational personnel to own a first house priced under THB 1.5 million (approx. USD 48,000).¹⁸⁹ Private sector was invited to develop residential projects targeting individuals with an annual income of THB 100,000 (approx. USD 3,200) or less. The scheme also allows tenants to lease units built on state land. The government moved forward with Phase 2 of the project in 2019, specifically to cover targeted groups of elderly parents and those starting a family.¹⁹⁰

How is Thailand doing in the shelter-related SDGs?



Enabling Policies and Government Interventions

State-owned Government Savings Bank (GSB) and Government Housing Bank (GHB) will jointly extend pre- and post-financing worth THB 4 billion (approx. USD 160 million) for five low-cost residential projects under the Pracha Rat housing scheme. The lending is offered to both developers and homebuyers at the five budget housing projects in Chon Buri, Prachuap Khiri Khan, Chiang Rai, Chiang Mai, and Khon Kaen provinces.¹⁹¹ The GHB has made a THB 60 billion (approx. USD 1.9 billion) allotment towards the scheme – THB 50 billion (approx. USD 1.6 billion) for housing loans and THB 10 billion (approx. USD 320 million) for project financing. Interest rates for both are lower than minimum lending rates. The government plans to compensate GHB for the shortfall in revenue they will face from the lower lending rates. The cabinet approved special loans for the first phase of the project on November 2019.¹⁹²

¹⁸⁹ Pavaris Pruedsaradch, *The Pracha Rat Housing Project has Rolled Out*, SCB, 23 March 2016.

¹⁹⁰ Chatrudee Theparat, *Low-cost Housing Scheme Set for Phase 2*, Bangkok Post, 13 March 2019.

¹⁹¹ Wichit Chantanusornsiri, *GSB, GH Bank to Fund Cheap House Project*, Bangkok Post, 18 June 2020, Accessed on 10 February 2020.

¹⁹² Theparat, *Low-cost Housing Scheme Set for Phase 2*, 2019.

Business Models in Housing and Shelter in Thailand

One survey showed that less than 7% of impact sector participants were focusing on housing.¹⁹³ Few impact enterprises seem to be in the shelter and adjacent sectors.

Desk research shows that there are tech startups focusing on the overall housing market and some of these models could extend to affordable housing.

See Stakeholders section below to read about GooGreens and ENRES

Tech Solutions: FinTech

Refinn

Nop Pongsatorn
Dhanabordeephath
FOUNDER

2015
YEAR ESTABLISHED

Revenue Generating
STAGE

Refinn is an online platform where users can compare the best refinance packages from various banks. With the same security level utilised by the global banks, the users are assured that they will obtain the maximum benefits of home refinance through Refinn.

See Stakeholders section below to read about Everex, Invoice Interchange and Taejai.com.

¹⁹³ ChangeFusion, UNDP, *Mapping the Social Impact Investment and Innovative Finance Landscape in Thailand*, July 2018, p. 37.

Tech Solutions: PropTech & Marketplace

Baania

Anchana Vallipakorn
FOUNDER

2016
YEAR ESTABLISHED

Revenue Generating
STAGE

Baania focuses on real estate and consumer housing data, with the aim to improve how people buy, sell, invest, or even build real-estate, using its accurate proprietary source of data and machine learning. Baania raised its first round of Series B investment of USD 3.2 million in 2019.¹⁹⁴

OneStockHome

Anawach
Kimhasawad
FOUNDER

2015
YEAR ESTABLISHED

Revenue Generating
STAGE

OneStockHome is an e-commerce platform for building materials. By using the dropship method, contractors can reduce the time spent dealing with salespeople or sorting through a list of different suppliers. OneStockHome claims it can help contractors save up to 20 per cent of their usual purchasing cost. Currently, it has 10,000 building products on its website.

¹⁹⁴ Press release, *Baania Raises Over 100-million Baht in 1st Round Series-B Investment*, Baania.com, 14 October 2019.

KEY OPPORTUNITIES, CHALLENGES AND RECOMMENDATIONS

Opportunities

Technology related to shelter is the biggest market opportunity.

- Given Thailand's high internet penetration, technology related to shelter (fintech, proptech, marketplaces) is the biggest market opportunity.
- In terms of shelter-adjacent sectors, energy seems to be the largest sector with the maximum investment from DFIs and PIIIs. However, given the expected growth in urbanisation, other urban solutions may also find a market.

Challenges

- **Affordable housing in Thailand is government-led**, so both private enterprises and buyers must be deeply incentivised to act.
- **Existing real estate developers have been invited to build affordable housing projects** as 40% of their overall projects, making it difficult for smaller enterprises to enter the market. In the instances where existing real estate developers have entered the affordable market, they have also faced key challenges:
 - Property developers have low incentives in bidding for development of low-cost housing projects because they are required to sell at a maximum of THB 1 million (approx. USD 32,000) a unit. Moreover, they are required to pay 3.3% specific business tax and the projects must have common areas.¹⁹⁵
 - Examples of projects in Chon Buri and Nakhon Phanom failed to attract auction participants (real estate developers) because construction costs are expensive, particularly in Chon Buri, where soil to fill land costs as high as THB 1 million (approx. USD 32,000) per rai or 1600 sq m.¹⁹⁶

¹⁹⁵ Wichit Chantanusornsiri, *Low-cost Housing Stonewalled by Loans*, Bangkok Post, 15 July 2019 2020.

¹⁹⁶ Ibid.

- In July 2019, 80% of the loan applications for the state’s low-cost housing scheme had been rejected because **the applicants’ qualifications did not meet the central bank’s lending criteria**, and bank executives who approved loans could be legally liable for bad loans.¹⁹⁷ This is a big challenge for both buyers and sellers as units cannot be sold without a change in regulations on loan approvals.
- **Lack of transparency and innovation** in the local proptech market makes it difficult for new entrants to compete for market share.

Recommendations

- Given the lack of shelter entrepreneurs in the country, enabling replication of innovations that have worked in other countries may be a possibility to solve the needs in shelter.
- Developing an angel investor network along with mentor networks focused on urbanisation may bring more interest in shelter and adjacent sectors and would help upcoming entrepreneurs.
- High interest from corporates to work in social impact could be leveraged, and co-developed programmes may encourage more entrepreneurial activity in the space – for example, an urban innovations grand challenge in partnership with real estate companies.

Recommended stakeholders

Entrepreneurs	Partners	Investors & intermediaries
Refinn OneStockHome	ChangeFusion ANDE UNCDF	-

¹⁹⁷ Ibid.

THAILAND STAKEHOLDER SECTION

Impact Investors (Seed to Early-Stage)

1. **Change Ventures:** part of the ChangeFusion Group, this impact enterprise advises social enterprises, corporations, and public organisations on social innovation and social impact investment. Change Ventures also invests in promising enterprises that pioneer innovative and scalable impact solutions.
2. **Damson Capital:** established in 2015 and based in Singapore, it is an impact investment and advisory firm focused on developing social enterprises in Asia with strong potential for impact in communities in need as well as sustained financial returns.
3. **Expara VC:** is Singapore's pioneer and leader in incubation, early-stage venture capital, entrepreneurship, venture capital, and innovation training, mentorship, and advisory work. Expara provides both investment and services to the enterprise ecosystem. Expara Thailand was established in 2011 and its venture-backed accelerator, i4-X, was launched the same year.
4. **Krungsri Finnovate:** an accelerator (Krungsri Rise) and venture capital with USD 30 million that it invests in fintech startups at Series A and growth stage, which tie in with the commercial activity of Bank of Ayudhya (Krungsri). One of its portfolio companies is Baania.
5. **LeapFrog Investments:** a private equity firm investing in growth stage with ticket sizes of USD 10 million to 50 million. LeapFrog has its own social impact measurement framework and a non-profit research and development (R&D) hub that accelerates impact across its portfolio companies.
6. **LGT Venture Philanthropy:** an independent charitable foundation that supports organisations and companies operating mainly in developing countries, who implement solutions that contribute directly to the achievement of the SDGs.
7. **Mae Fah Luang Foundation:** a private non-profit organisation initiated by the royal family to help carry out development activities, works primarily in rural development, healthcare, livelihood development, and education. It self-sustains through income from sales of its four business units and profits are reinvested into social activities.
8. **Omidyar Network:** a global philanthropic investor firm that employs a flexible capital model that includes grants along with equity investments.
9. **PhiTrust Asia:** it is an impact investment company focusing on Southeast Asia, investing in two high growth and large impact sectors – healthy food and access to energy. They provide financing via equity, debt, and convertible debt. Their average deal size is of USD 100,000-300,000.

10. **SIRI Ventures:** is the corporate venture capital arm of Thailand-based developer Sansiri Plc in partnership with Siam Commercial Bank. The venture capital invests in sectors such as construction tech, property tech, and living tech, which includes energy management, home automation, smart appliance, security system, logistics, foodtech, and wellbeing tech. It has an investment budget of THB 1,500 million (approx. USD 48 million) for three years starting 2018. Most startups that it invests in are complementary to the real estate corporation.
11. **Thai Health Promotion Foundation (Thai Health):** established in 2001, is a government agency that provides funds to intermediary initiatives, such as Ashoka Thailand's venture programme and ChangeFusion's UnLtd Program for early stage social enterprises.
12. **True Incube:** started investing in social enterprises in 2017. Since their incubation programme is not aimed at social enterprises specifically, they invest via partner pipelines. They give grants up to THB 200,000 (approx. USD 6,400) and after a follow-up period of three months, they could follow up with an equity investment.
13. **United Nations Capital Development Fund (UNCDF):** the United Nation's capital investment agency for the world's 48 LDCs. Localising finance outside capital cities and promoting financial inclusion are two of its primary goals.
14. **Vichien Phongsathorn:** a socially active corporate leader from Thailand, founded three foundations – focusing on the future of education, active citizenship, and environmental protection - to tackle inequality and to create change in the Thai society. Vichien is a co-founder of the BKIND Fund, Thailand's first socially responsible investment mutual fund that invests in Thai-listed companies that meet sustainability targets.
15. **Watana Petersik:** is a senior advisor for TPG Capital and sits on the boards of CIMB Thai Bank and CIMB Group Holdings Berhad in Malaysia. She is also a member of the Ashoka Fellowship Support Network in Asia and is the director of the Lien Center for Social Innovation at Singapore Management University. In 2010, she served as a member of the Finance Sub Committee for Thailand's Social Enterprise national masterplan.

Incubators, Accelerators and Networks

1. **ANDE:** a global network of organisations that propel entrepreneurship in emerging markets. Its members provide critical financial, educational, and business support services to SGBs.
2. **ChangeFusion Institute:** a non-profit institute under the Thai Rural Reconstruction Movement Foundation. It primarily incubates social innovations and social enterprises.

3. **depa Accelerator Program:** in coordination with HUBBA Thailand and Techsauce media, it is Thailand's (and ASEAN's) first Smart City accelerator that focuses on startups with smart solutions around environment, energy, living, mobility, among others. Their first programme is currently in progress, ending in March 2020.
4. **Finlab:** a joint venture of UOB Singapore, it operates acceleration programmes focused on propelling the growth of innovation fintech and technology companies and catalyses the digital transformation of businesses.
5. **Impact46:** is a social impact accelerator that also connects donors (philanthropists, impact investors, foundations, and CSR departments) with non-profits and social enterprises.
6. **ImpacTech:** founded in 2015, it is an accelerator programme designed specifically to support cohorts of five to ten startups that are creating social impact. Additionally, ImpacTech creates bespoke programmes for corporates developing clean energy initiatives. It operates in Singapore and Japan as well.
7. **Khon Thai Foundation:** a social purpose organisation for collaborative sustainable development that actively engages public and multiple organisations to solve structural problems. They create platforms to empower active citizens to work with each other and to join issue-based intermediary organisations to mobilise for change. Along with ChangeFusion and Thai Young Philanthropist Network (TYPN), they have created Thailand Collaboration for Change, an issue-based platform to help social enterprises find talent and raise funds. They are also a co-founding partner in BKIND.
8. **Rise Impact:** specialises in social business consultation, designing business incubation/acceleration programmes, and facilitating a range of services to spark innovation. Its clients include government agencies, universities, private companies, and NGOs.
9. **Spark:** an accelerator that supports high-potential Thai startups in early stage through intensive mentoring sessions with regional and international experts to guide and improve their capabilities, products, and solutions to reach the global market's needs. Their alumni include ENRES.
10. **TYPN:** it is a community of social-minded professionals with a shared goal to create a better Thai society. Founded in 2008, TYPN initiatives focus primarily on empowering underprivileged and strengthening capacity of leading change agents in Thailand. As of January 2015, TYPN had over 2,700 members, initiated 20+ projects that directly benefited 1,200 marginalised population, empowered over 50 social purpose organisations, and engaged nearly 1,000 active citizens in the process.

AFFORDABLE HOUSING AND RELATED SECTORS

Names	Founder	Year Established	Stage in Business
Energy			
ENRES	Paisit Jarunnamsiri	2016	Revenue Generating
TECH SOLUTIONS: FINTECH			
Everex	Alexi Lane	2016	Unclear
Invoice Interchange	Brian Teng	2015	Unclear
Taejai.com	Ada Chirapaisarnkul	2012	Unclear
WASH			
GooGreens	Chadsanan Masawangphairojanan	2018	Unclear
OTHERS			
Ma: D Esan (Udon)	Poa Begin	2016	-

Energy

- **ENRES:** it is an online platform that identifies buildings' and factories' inefficiencies and recommends solutions to fix them. By utilising Internet of Things and artificial intelligence, they can automatically detect energy and quality problems and are able to scale out buildings and factories to service. By fixing these inefficiencies, buildings and factories can enjoy huge energy consumption. For every unit of energy consumption, they save 500 kg of carbon emission that would lead to reduction in global warming. They are a part of Spark's alumni.

Tech Solutions: Fintech

- **Everex:** it is a financial inclusion blockchain remittance company using the Ethereum blockchain to create 'cryptocash' assets, which are pegged to units of fiat currency and tethered to the peer-to-peer (P2P) network. With a vast number of underbanked global citizens, Everex performs cross-border transactions by collecting and analysing a user's financial and personal data as a basis for blockchain-based credit scoring and lending offerings. By implementing this solution, Everex furthers financial inclusion and access to capital in developing markets.
- **Invoice Interchange:** it is a P2P invoice-trading marketplace that allows SMEs to raise immediate funds against outstanding invoices by selling them to investors. This unique approach gives businesses control and flexibility to manage their cashflows on their own terms. At the same time, accredited investors (high-net-worth individuals, asset managers, and family offices) can invest in a new asset class, that is, trade receivables that are secured, liquid, and with high risk-adjusted returns.
- **Taejai.com CrowdFunding:** it is a social crowdfunding site, in partnership with OpenDream, TYPN, and For KON Thai Foundation, that supports social groups (non-profit organisations, social enterprises, or individuals) focused on tackling social/environmental problems and need small funds to start.

Water, Sanitation & Hygiene (WASH)

- **GooGreens:** it is a digital social enterprise focused on waste management, where recyclables are exchanged for stamps and points for rewards. They are a part of Allianz Ayudha Activator's portfolio.

Others

- **Ma: D Esan (Udon):** it is an innovation hub that brings together different communities in the region to address issues and challenges. As an example, they have a group of architects who are solving a public toilet issue. Financing is primarily via grants and donations and deployed towards projects. Finding volunteers and retaining talent are their biggest challenges other than access to finance.



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Interview List

Country	Type	Name
Cambodia	Intermediary	Agile Development Group
	Intermediary	Impact Hub
	Intermediary	SHE Investments
	Intermediary	SwissContact
	Investor	Nexus for Development
Indonesia	Enterprise	Gradana
	Enterprise	Inovasi
	Enterprise	Nazava
	Enterprise	Tech Prom lab
	Intermediary	Digitaraya
	Intermediary	Impact Aim
	Intermediary	Instellar
	Intermediary	PLUS/Usaha Sosial
	Investor	ANGIN
	Investor	Enviu
	Investor	Moonshot Ventures
	Investor	New Energy Nexus
	Investor	Patamar Capital
	Other	IFC Edge

Country	Type	Name
Malaysia	Enterprise	Affordable Abodes
	Enterprise	Build for Tomorrow
	Enterprise	ECOKnights
	Enterprise	Epic Homes
	Enterprise	H2GO
	Enterprise	Mhub
	Enterprise	MyHarapan
	Intermediary	Impact Hub
	Intermediary	MaGIC
	Intermediary	Sizzle Science
	Intermediary	Startup Malaysia
Myanmar	Enterprise	SolarHomes
	Intermediary	MEDA
	Intermediary	One to Watch
	Intermediary	ONOW
	Intermediary	Seedstars
	Investor	Insitor
Philippines	Enterprise	Agriblocks
	Enterprise	Build Bahay
	Enterprise	Citihub
	Enterprise	Container Living
	Enterprise	Cubo Modular

Country	Type	Name
Philippines (cont'd)	Enterprise	Green Antz Builder
	Enterprise	Green Light Planet
	Enterprise	Green Eco Toilet
	Enterprise	Paco Block
	Enterprise	People Pod
	Intermediary	ISIP
	Intermediary	MakeSense
	Intermediary	QBO
	Intermediary	Villgro Philippines
	Intermediary	xchange
	Investor	C4D
	Investor	Kickstart Ventures
	Investor	Manila Angel Investors Networks
	Other	IFC Edge
	Other	Kawayan Collective
	Other	Habitat for Humanity
Other	SIDA	
Singapore	Intermediary	Impact Tech
	Investor	Garden Impact
Thailand	Enterprise	Ma: D Esan
	Intermediary	Change Fusion
	Intermediary	Rise Impact

Country	Type	Name
Thailand (cont'd)	Intermediary	SE Thailand
	Intermediary	SEED Thailand
	Intermediary	UN Women
Vietnam	Enterprise	Cloud Water
	Enterprise	CyFeer
	Enterprise	House Map
	Enterprise	mGreen
	Intermediary	CSIP
	Intermediary	Seed Planter
	Investor	Patamar Capital
	Other	IFC Edge
Regional	Intermediary	ANDE
	Intermediary	Second Muse
	Intermediary	SETH/TBN Asia
	Other	Built for Tomorrow
	Other	Intellectap
ShelterTech	Intermediary	India
	Intermediary	Kenya