

# CHINA

SOCIAL INVESTMENT LANDSCAPE IN ASIA





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## ABOUT THE REPORT

Now in its second edition, the Social Investment Landscape in Asia serves as a resource for funders and resource providers to assess the opportunities and challenges for social investment in 14 markets in North, South and Southeast Asia. It is designed to be a guide for new social investors and intermediaries looking to enter the Asian market and existing actors exploring partnerships as well as cross-border or cross-sector opportunities.

Each market report provides a holistic overview of the current and emerging trends in the social economy, including:

- Fact File: key demographic, economic and social investment indicators,
- Development Context: progress towards the Sustainable Development Goals and government initiatives to address development gaps,
- The Social Investment Landscape: key trends and notable actors,
- Social Economy Development: an assessment of the current landscape relative to the other 13 Asian markets, and
- Opportunities, challenges and recommendations for social investors and intermediaries.

An online decision-making tool and a detailed mapping of key actors are available at:  
[www.avpn.asia/si-landscape](http://www.avpn.asia/si-landscape).

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## LIST OF ACRONYMS

<b>A</b>	ABS	Asset-Backed Security
	ADB	Asian Development Bank
<b>B</b>	BRI	Belt and Road Initiative
<b>C</b>	CAF	Charities Aid Foundation
	CASVI	China Alliance of Social Value Investment
	CCA	China Charity Alliance
	CSEIF	China Social Enterprise and Impact Investment Forum
	CSR	Corporate Social Responsibility
	CSRC	China Securities Regulatory Commission
<b>E</b>	ESG	Environmental, Social and Governance
<b>G</b>	GDP	Gross Domestic Product
<b>H</b>	HNWI	High Net Worth Individual
<b>M</b>	MoCA	Ministry of Civil Affairs
	MDG	Millennium Development Goal
	MEE	Ministry of Ecology and Environment
	MRI	Mission-Related Investment
<b>N</b>	NGO	Non-Governmental Organisation
	NPI	Non-Profit Incubator
<b>O</b>	ONGO	Overseas Non-Governmental Organisation
<b>P</b>	PBoC	People's Bank of China
	PPP	Purchasing Power Parity
<b>S</b>	SDG	Sustainable Development Goal
	SE	Social Enterprise
	SME	Small and Medium Enterprise
	SOE	State-Owned Enterprise
	SPO	Social Purpose Organisation
	SSI	Star of Social Innovation
<b>W</b>	WEF	World Economic Forum



# CHINA

China has experienced a remarkable period of rapid development since its reform and opening up in 1978, shifting from a centrally planned to a market based economy. For nearly four decades, China's GDP has averaged almost 10% per annum, the fastest sustained expansion of any major economy in history.<sup>1</sup> Today, with a population of nearly 1.4 billion, China has the world's second largest economy in real GDP terms (largest in purchasing power parity terms) and has been the largest contributor to global economic growth since the 2008 global financial crisis.<sup>2</sup>

Alongside this spectacular growth has been a rise in standard of living. More than 850 million people have been uplifted from poverty since the start of China's economic reform. China also achieved all of the Millennium Development Goals (MDGs) by the 2015 deadline and contributed significantly to the global targets.<sup>3</sup> Since 2010, China has consistently exceeded the average Human Development Index value, reaching 0.752 in 2017.<sup>4</sup>

The rise of domestic non-profit organisations and the formalisation of the related legislative environment are paving the way for a dynamic social economy in China. High net worth individuals are becoming increasingly engaged with philanthropy while private foundations continue to be the driving force for ecosystem development. Innovative approaches to social investment, including impact investing, green finance, and technology-enabled tools are becoming more visible in the Chinese landscape. China has demonstrated especially impressive growth in green finance and green bonds in the past few years.

1. World Bank, 2018, GDP World Bank national accounts data, and OECD National Accounts data files. Growth rate: China

2. World Bank, 2018, China Overview

3. World Bank, 2018, China Overview

4. UNDP, 2018, Human Development Indices and Indicators: 2018 Statistical Update: China





# FACT FILE

Population  
2017

1.39 billion

GDP (PPP, current USD)  
2017

USD 23.3 trillion

World Rank 1

World Giving Index Rank  
2017

138/139

- % giving money: 8%
  - % volunteering time: 6%
  - % helping a stranger: 30%
- World Giving Index Rank (2016) - 140/140

GDP Growth  
2017

6.9%

GDP per capita (PPP, current USD)  
2017

USD 16,807

World Rank 81

## DEVELOPMENT CONTEXT

In one generation's time, poverty in China has decreased significantly, life expectancy has increased to 76<sup>5</sup> and literacy rate has reached 99.6% with little gender disparity.<sup>6</sup> This remarkable growth can be attributed in large part to the emergence of a vibrant private sector, which in 2018 accounted for 80% of urban jobs and contributed more than 70% of technological innovation.<sup>7</sup> In 2018, China continued to be the second largest recipient of foreign domestic investment in the world, behind the United States.<sup>8</sup>

However, rapid development has also resulted in the significant accumulation of private wealth, and large disparities have started to emerge. In 2017, China's Gini coefficient reached 0.467,<sup>9</sup> with other research suggesting that the richest 1% of the population owns one-third of China's wealth.<sup>10</sup> Public services have been put under intensive pressure from the weight of the world's largest population and massive rural migration. The country is also rapidly ageing

with the percentage of Chinese citizens over the age of 60 projected to reach 35% by 2050 from 17% or 241 million in 2018.<sup>11</sup> This has a direct impact on China's employment population: 2018 was the first year that China's recorded employment population decreased and the seventh consecutive year that its working age population had shrunk.<sup>12</sup> Other social and environmental issues such as public healthcare and pollution also call for more strategic planning and immediate action.

China's 13th Five-Year Plan 2016-2020 aims to address these issues and further the country's development in a direction that focuses on innovation, coordination, green growth, opening up and inclusive development.<sup>13</sup> National priority plans for eradicating extreme poverty, promoting ecological well-being and rural vitalisation have also been released and implemented.

## SDG DASHBOARD



Source: sdgindex.org

Note: The "traffic light" colour scheme (green, yellow, orange and red) illustrates how far a country is from achieving a particular goal.

5. UNDP, 2018, Human Development Indices and Indicators: 2018 Statistical Update: China

6. UNESCO UIS, Data for the Sustainable Development Goals - China.

7. Xinhua, 2018, China's private sector contributes greatly to economic growth

8. UNCTAD, 2019, Investment Trends Monitor

9. Nikkei Asian Review, 2017, Rising inequality imperils China's push for 'quality' growth

10. Financial Times, 2018, China income inequality among world's worst

11. Xinhua, 2018, The number of Chinese citizens aged 60 or above reached 241 million

12. Caixin, 2019, China's Employed Population Shrinks for First Time Ever




13. National Development and Reform Commission, The People's Republic of China. 2016. The 13th Five-Year Plan for Economic and Social Development of the People's Republic of China (2016-2020)



GOVERNMENT INITIATIVES TO ADDRESS DEVELOPMENT GAPS			
IMPACT AREA	SDG GOALS	GAP	GOVERNMENT INITIATIVES
Agriculture		<ul style="list-style-type: none"> <li>Agriculture took up 56.2% of the total land area in China, provided employment for 18% of the total labour force but only contributed 7.9% to GDP.<sup>14</sup></li> <li>Small average farm size and increasing number of elderly farmers pose threats to the country's food security.<sup>15</sup></li> </ul>	<ul style="list-style-type: none"> <li>China created its first ever National Strategic Plan for Rural Vitalisation from 2018 to 2022 to achieve significant progress in improvement of rural livelihoods by 2020, with longer-term goals of agricultural modernisation by 2035 and a "strong agriculture sector and full realisation of farmers' wealth" by 2050.<sup>16</sup></li> </ul>
Climate action		<ul style="list-style-type: none"> <li>China ranked 95<sup>th</sup> on the 2018 World Risk Report, placing it in the medium-risk category.<sup>17</sup></li> <li>China's CO<sub>2</sub> emissions grew by 4.7% in 2018, compared to the global average of 2.7%.<sup>18</sup></li> <li>Approximately 16% of China's soil<sup>19</sup> and 30% of China's groundwater is polluted as of 2018.<sup>20</sup></li> </ul>	<ul style="list-style-type: none"> <li>At the end of 2017 China announced that it had cut CO<sub>2</sub> emissions per unit of GDP by 46 percent from the 2005 level, reaching its 2020 carbon emission target 3 years ahead of schedule.<sup>21</sup></li> <li>A national carbon emissions trading market is being established, covering about 1,700 power firms with total CO<sub>2</sub> emissions in excess of 3 billion tons, with trading to begin in 2020.<sup>22</sup></li> <li>New national standards on soil pollution for businesses were put into effect in January 2019.<sup>23</sup></li> </ul>
Energy access		<ul style="list-style-type: none"> <li>As the world's top crude oil consumer and importer, China imported 7.6 of the 11.5 million barrels of oil consumed every day in 2016.<sup>24</sup></li> <li>Coal consumption grew 0.5% in 2017 after 3 years' decline and accounted for 60.4% of total energy consumption.<sup>25</sup></li> </ul>	<ul style="list-style-type: none"> <li>According to the Energy Production and Consumption Revolution Strategy 2016-2030, 50% of total electric power generation will be from non-fossil energy sources by 2030.</li> <li>In 2017, renewable energy encompassed 36.6% of China's total installed electric power capacity and 26.4% of total power generation. 85% of the government's USD 113.4 billion investment in the power sector went towards renewable energy in the same year.<sup>26</sup></li> </ul>

14. World Bank Open Data, 2017  
15. Cheung Kong Graduate School of Business, 2017, Down on the Farm: Agriculture in China Today  
16. Reuters, 2018, China seeks to rejuvenate countryside with 2018 rural policy  
17. Bündnis Entwicklung Hilft, 2018, World Risk Report 2018  
18. Earth System Science Data, 2018, Global Carbon Budget 2018  
19. Food and Agriculture Organisation, 2018, Report sounds alarm on soil pollution  
20. Reuters, 2018, China needs nearly \$150 billion to treat severe river pollution

21. Climate Action, 2018, China has already hit its 2020 target to cut carbon emissions  
22. Paulson Institute, 2018, What's New with China's National Carbon Market?  
23. China Briefing, 2018, China's Soil Pollution Law Triggers New Compliances for Businesses  
24. Export.gov, 2017, China Country Commercial Guide - Oil and Gas  
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IMPACT AREA	SDG GOALS	GAP	GOVERNMENT INITIATIVES
Poverty alleviation		<ul style="list-style-type: none"> <li>At the end of 2018 there were over 16 million people living below the poverty line of an annual income of less than RMB 3,750 (USD 560).<sup>27</sup></li> </ul>	<ul style="list-style-type: none"> <li>The government has set a target of eradicating extreme poverty by 2020. Between 2012 and 2018, it lifted more than 82.4 million people out of poverty, reducing the national poverty rate from 10.2% to 1.7%.<sup>28</sup> An additional RMB 126 billion (USD 18.9 billion) will be allocated in 2019 to fight poverty, a 19% increase over 2018.<sup>29</sup></li> </ul>
SME development	 	<ul style="list-style-type: none"> <li>The private sector accounted for more than 60% of China's GDP growth and 90% of job creation in 2018.<sup>30</sup></li> <li>In the first half of 2018, only 20.9% of bank loans were extended to SMEs, the lowest rate since 2012.<sup>31</sup></li> </ul>	<ul style="list-style-type: none"> <li>In September 2017, China's National People's Congress Standing Committee revised legislation to strengthen SME property right protection, provide tax benefits and reduce administrative charges.<sup>32</sup></li> <li>The central government announced a RMB 10 billion (USD 1.5 billion) initiative to further support SME development zones in 2018.<sup>33</sup></li> </ul>

Source: AVPN analysis

## THE SOCIAL INVESTMENT LANDSCAPE

### NEW DEVELOPMENTS IN 2017-2019

- In 2017, the total number of social organisations in China increased by 14.3%, reaching 801,083, the highest annual growth rate in 10 years. The total amount of charitable giving also reached new heights that year, with approximately RMB 155.8 billion (USD 23.4 billion) in donations received.<sup>34</sup>
- In December 2017, the government of Futian district of Shenzhen issued the 'Instructions of Futian District on Building a Social Impact Investing System.' In April 2018, Futian District government further issued implementation measures with the vision of "building a global social impact investing environment and public welfare financial centre in five years,"<sup>35</sup> thereby becoming the first local government in China to announce official support for impact investing development.
- In 2018, Chengdu became the first city to officially recognise and support social enterprise development as part of the city's development plan.<sup>36</sup> Policy documents at both the city and district levels have been issued by government agencies to create a conducive environment for social enterprise development with a range of financial and non-financial support.
- CD Finance (formerly CFPA Microfinance), a social enterprise focusing on rural grassroots finance with more than 380,000 customers and 22% year-on-year growth, received USD 140 million (RMB 1 billion) in a series C equity financing round, the largest example of impact investment in China in 2018.
- As of mid-2018, China's cumulative green bond issuances had exceeded USD 80 billion. In just three years after its first green bond issuance in 2015, China has become the world's second-largest green bond market and the largest issuer of green bonds.

27. Straits Times, 2019, China boosting supervision of poverty alleviation work to fight corruption  
28. Xinhua, 2018, National Bureau of Statistics: National poverty population decreased by 13.86 million in 2018

29. Straits Times, 2019, China boosting supervision of poverty alleviation work to fight corruption

30. Xinhua, 2018, China's private sector contributes greatly to economic growth: federation leader

31. South China Morning Post, 2018, SME loan push hobbled by risk policy

32. Xinhua, 2017, China revises law to better support SMEs

33. Hong Kong Trade Development Council, 2018, China Announces Three-Year RMB 10 Billion SME Development Initiative

34. Public Policy Research Center, China Social Sciences Academy, 2018, Annual Report on China's Philanthropy Development 2018.

35. Cixin Global, 2018, Opinion: China Must Nurture Impact Investing

36. Chengdu City Government, 2018, The General Office of the People's Government of Chengdu Municipality on the Cultivation of Social Enterprises to Promote Community Development Governance



## HNWI philanthropy and social investment continues to grow

The number of high net worth individuals (HNWIs) in China is rapidly growing with 658 billionaires, the largest number in the world according to the 2019 Hurun Global Rich List,<sup>37</sup> and the highest number of millionaires engaged in Environmental, Social and Governance (ESG) related investing according to recent research completed by UBS.<sup>38</sup>

The top 100 philanthropists in China donated USD 3.3 billion between April 2017 and March 2018, a 33% increase from the previous year.<sup>39</sup> Driven to give back to society, establish a family legacy and receive tax benefits, philanthropists are also becoming more strategic and transparent in their giving by establishing foundations or charitable trusts. As of 2018, 268 family foundations have been established in China. Total charitable expenditure by family foundations has grown exponentially from RMB 8.73 million (USD 1.31 million) in 2005 to 3.7 billion (USD 555 million) in 2017.<sup>40</sup> There are currently 159 charitable trusts listed on China's official charity network,<sup>41</sup> with registration applications increasing significantly after the 2016 China Charity Law which provided a clearer authority body and registration process.

The top three Chinese philanthropists in 2018 according to the Hurun Philanthropy List are:<sup>42</sup>

- Mr. He Xiangjian, founder of the Midea Group, who pledged RMB 7.5 billion (USD 1.1 billion) to the He Foundation to set up a charitable trust and has donated to several foundations and local charities for poverty alleviation, education, healthcare and other social causes.
- Mr. Xu Jiayin, Chairman of the Evergrande Group, who donated RMB 3.4 billion (USD 513 million), largely for poverty alleviation efforts in Guizhou and Guangdong provinces.
- Mr. Lu Zhiqiang, Chairman of China Oceanwide Group, who donated RMB 1 billion (USD 150 million) to the Oceanwide Education Aid Programme and his alma mater Fudan University. The Oceanwide Foundation was the largest non-public, non-university foundation in China in 2018, based on expenditure.

The supporting ecosystem for HNWI philanthropy is gradually forming as more private banks, trust companies, family offices and law firms have started offering philanthropy-related products and advisory services through their wealth management and corporate governance divisions. Several prestigious educational institutions, such as Cheung Kong Graduate School of Business and China Global Philanthropy Institute, have also begun offering philanthropy education to HNWIs and corporate leaders.<sup>43</sup>

## Local governments commit to supporting the social economy

Local municipal governments are playing increasingly important roles in driving social investment and social innovation in their jurisdictions. The government of Futian District, Shenzhen, became the first local government in China to announce official support for impact investing development in 2017. This consists of financial support, including RMB 30 million (USD 4.5 million) in 2018, professional training and the encouragement of innovation with greater social impact.<sup>44</sup> In 2018, the Chengdu government was the first city government to officially recognise and support social enterprise development as part of the city's development plan. This includes clarifying social enterprise registration, supporting investment in social enterprises, establishing a certification and assessment system and providing financial support and incentives.<sup>45</sup> On August 11, 2018, the Beijing Association for the Promotion of Social Enterprise Development issued the "Beijing Social Enterprise Certification Scheme (Trial Implementation)" and set up a social enterprise alliance.<sup>46</sup>

However, the laws, frameworks, focus areas and type of social enterprises being developed vary from city to city. The Futian District government is promoting social enterprises by focusing on investor support.<sup>47</sup> The city of Chengdu is focused on cultivating social enterprises for community development and the government support is from the Chengdu Industry and Commerce Bureau.<sup>48</sup> In Beijing, social enterprise policy development was pushed by the social work committee which is very closely associated with the Chinese Communist Party.<sup>49</sup>

37. Hurun Report, 2019, Hurun Global Rich List 2019

38. Bloomberg, 2018, Rich Americans Are Last in Sustainable Investing, UBS Says

39. Hurun Report, 2018, Hurun Philanthropy List 2018

40. CGPI, 2019, China Family Foundation Development Report (2018) Launched in Beijing

41. ChinaNPO, 2019

42. Hurun Report, 2018, Hurun Philanthropy List 2018

43. [http://www.cgpi.org.cn/content/details42\\_9001.html](http://www.cgpi.org.cn/content/details42_9001.html)

44. CGPI, 2018, Social impact investment: China is making a breakthrough

45. Chengdu City Government, 2018, The General Office of the People's Government of Chengdu Municipality on the Cultivation of Social Enterprises to Promote Community Development Governance

46. China Development Brief, 2018, New certification for social enterprises announced

47. China Philanthropy Times, 2018, Social Enterprises are Beginning to be Favoured by Government and Social Forces

48. Shenchuang, 2018, Chengdu "Social Enterprise Certification and Social Entrepreneurship" Advanced Seminar Successfully Completed

49. Municipal Social Construction Work Leading Office, 2018, Notice on Organising the 2018 Beijing Social Enterprise Certification



### Star of Social Innovation: leading social enterprise certification in China

Star of Social Innovation (SSI) is an intermediary organisation committed to being a platform to develop the social enterprise sector. It provides a number of services for social enterprises, including incubation, training, consulting and financial services. SSI is also the execution agency of the Social Enterprise Certification, which was initiated in 2015 by China Charity Fair, Peking University Center for Civil Society Studies, Renmin University Yunus Center, Yifang Foundation, China Global Philanthropy Institute and China Philanthropy Research Institute. Over the past 4 years, a total of 234 SEs have been certified out of 1,351 applicants with a strong annual growth. While only 7 SEs were certified out of 67 applicants in 2015, 109 were certified out of 620 applicants in 2018.<sup>50</sup> In addition to this, SSI has also supported both the Chengdu and Beijing social enterprise certification initiatives by providing guidance and research.

## Foundations lead social investment and ecosystem development

Several Chinese foundations have emerged as major driving forces for social investment, supporting social innovations through venture philanthropy and impact investing. According to a recent study by China Social Enterprise and Impact Investment Forum (CSEIF), the 19 leading Chinese foundations in social investment have invested in a total of 2,135 projects by non-profits or social enterprises between 2008 and 2017, including 435 new projects in 2017 itself.<sup>51</sup> Services supporting education, healthcare and the social sector have been the most popular impact areas. Amongst these foundations, some notable examples include the following:

- Ai You Foundation, which has funded 118 SPOs through its pioneering venture philanthropy programme Ai You Philanthropy + between 2013 and 2018. In 2017, Ai You also established Ai You Charitable VC Plan, the first charitable venture capital fund in China.<sup>52</sup>
- Ginkgo Foundation, which supports social entrepreneurs that have passed the start-up stage and are preparing to scale-up by providing unrestricted grants of RMB 300,000 (USD 45,000) and professional development support. As of 2018, it has funded 81 Ginkgo Fellows from 22 provinces in China, creating impact in 11 different fields.<sup>53</sup>

- Shunde Foundation for Innovation and Entrepreneurship, which was established in 2017 as a grant-making foundation that supports youth start-ups with strong social impact. In 2017, 13 early stage enterprises received a cumulative RMB 6.15 million (USD 915,000) from its Seed Programme. Its Acceleration Programme provides RMB 2-10 million (USD 320,000-1.5 million) to more mature enterprises in grants, equity, or convertible loans.<sup>54</sup>

Foundations are also critical ecosystem builders. For example, since its establishment in 2010, Leping Social Entrepreneur Foundation has championed the venture philanthropy model, through its designated subsidiary Social Venture Partners, and the collective impact model. It financially supports B Corps China, a task force to promote the concept of B Corps. As of April 2019, there were 12 certified B Corps in China.<sup>55</sup> Leping has also established a partnership with Stanford Social Innovation Review to translate and localise the review's content for China and enhance knowledge sharing in the growing social innovation sector. Another example is Yifang Foundation, which has funded universities to conduct research on social enterprises and encourage the development of a social enterprise certification system and impact investing tools.<sup>56</sup>

50. AVPN, 2019, 5 Trends in the Chinese Social Enterprise Landscape for Investors to Stay in Touch with the Ground

51. China Social Enterprise and Impact Investment Forum, 2019, 2019 China Social Enterprise and Impact Investment Overview – Impact Investment Research Report

52. Ai You Foundation, 2018

53. Ginkgo Foundation, 2018, Ginkgo Fellow Program

54. Caixin, 2018, Shunde Foundation for Innovation and Entrepreneurship: 300 Million Philanthropic Fund for Social Innovation

55. BCorporation, 2018

56. Shanda, 2018, Interview with Li Beiwei





### Narada Foundation: Promoting cross-sector collaboration for a thriving ecosystem<sup>57</sup>

In 2018, Narada Foundation took the lead in mission-related investment (MRI) by becoming the first foundation in China to allocate part of its endowment for impact. This allows Narada Foundation to leverage its financial capital to further its social mission of fostering civil society and expands engagement opportunities for foundations to work with impact investors. The Foundation invested RMB 50 million (USD 7.5 million) of its endowment in the Yuhe Fund of Ehong Capital, an impact fund manager which invests in businesses with social and environmental impact.<sup>58</sup>

Narada Foundation was established in 2007 as the first grant-making foundation in China. It has gone through a three-step organisational transformation from supporting the disadvantaged to supporting organisations that help the disadvantaged and finally to establishing platforms that support scalable social innovations and multi-sectoral collaboration. The Foundation invested in the China Effective Philanthropy Multiplier in 2016, the first platform in China to showcase and match SPOs at the scale-up stage with market demands and tailored capacity building support and backed the China Social Enterprise and Impact Investment Forum in 2014 alongside 16 foundations and impact investment organisations.

## Impact investment receives crucial cross-sectoral support

Two significant milestones in impact investment were marked in 2017. First, the government of Futian District, Shenzhen became the first local government in China to announce official support for the development of impact investing.<sup>59</sup> Second, China Global Philanthropy Institute jointly launched the Xiangmi Lake Consensus with 77 financial institutions, corporates, foundations, universities and media, demonstrating unprecedented cross-sector support for setting evaluation standards, mobilising capital and building an impact investment ecosystem.<sup>60</sup>

These developments are indicative of the tremendous attention and support that impact investing is receiving in China. Leading players including Ehong Capital, NPI Impact Fund, Xinh-Yu Fund, Advantage

Ventures, SA Capital and Tsing Capital have demonstrated the viability of impact investing to become mainstream. Ehong Capital, for example, has achieved an internal rate of return of 30% for the 27 social enterprises it has invested in, with an average exit period of 6.2 years.<sup>61</sup> SinoGreen Fund is another venture fund that has invested over USD 1 billion in the past 8 years in early-stage, green tech companies.

Some notable deals from 2018 include:<sup>62</sup>

- Qinjin Muyu, a social enterprise that focuses on mother tongue education, received RMB 16 million (USD 2.4 million) from Ehong Capital.
- Celefish, a social enterprise that leverages the Internet of things and big data technology to improve the productivity and income of rural fish farmers, received RMB 15 million (USD 2.3 million) from Ehong Capital.

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58. China Philanthropy Times, 2018, Social Enterprises are Beginning to be Favoured by Government and Social Forces  
59. CGPI, 2018, Social impact investment: China is making a breakthrough

60. CGPI 2017, The Xiangmi Lake Consensus is formally released  
61. China Philanthropist, 2018, Impact Investment Helps Poverty Alleviation, CSEIF 2018 Conference in Shenzhen  
62. China Philanthropy Times, 2018, 2018 China Social Enterprise and Social Investment Forum held in Shenzhen

- Yi Lao Tong, a social enterprise that provides information and communications technology solutions for the elderly, received RMB 5 million (USD 750,000) from Gu Feng Yuan Capital.
- CD Finance, a social enterprise that focuses on rural grassroots finance with more than 380,000 customers and 22% year-on-year growth, received nearly USD 140 million (RMB 1 billion) in a series C equity financing round.<sup>63</sup>

## Corporate Social Responsibility develops under government push

Multiple corporate social responsibility (CSR) policies have been introduced by the Chinese government since 2017. For example, at the provincial level, a Guidance on Corporate Social Responsibility Development was jointly issued by the Jiangsu Economic and Information Technology Commission and other governmental departments to guide enterprises to fulfill their social responsibilities and to advance CSR development in Jiangsu Province.<sup>64</sup> In addition, local governments in Zhejiang, Qinghai, Shanghai and Shenzhen also issued documents to promote CSR development.

At the national level, a Cooperation Agreement on Promoting Environmental Information Disclosure by Listed Companies was issued by the Ministry of Environmental Protection (now the Ministry of Ecology and Environment, MEE) and China Securities Regulatory Commission (CSRC) in 2017 with the aim of establishing a mandatory environmental information disclosure system of listed companies and bond issuers by 2020.<sup>65</sup> The Ministry of Environmental Protection, Ministry of Foreign Affairs, National Development and Reform Commission and Ministry of Commerce also issued a document titled 'Guidance on Promoting Green Belt and Road' to emphasise the critical role enterprises have to play in global environmental governance, building up a credit system and promoting sustainable development.<sup>66</sup>

These efforts are notable because while 65% of charitable donations in China are from the corporate sector,<sup>67</sup> only one-fourth of A-share companies in China release an annual CSR report, a majority of

which are state-owned enterprises (SOEs).<sup>68</sup> Thus far, the understanding and implementation of CSR has been largely limited to philanthropic activities with CSR programmes focusing predominantly on local economic development, environmental impact and workplace issues.<sup>69</sup> CSR has also tended to be disproportionately concentrated in first-tier cities and the eastern and southern regions.

## Strong green bond momentum drives green finance sector

China's push to develop green finance started in 2015 with the establishment of the Green Finance Committee under the People's Bank of China (PBoC). The development of a national green financial system was also highlighted in the 13<sup>th</sup> Five Year Plan in 2016 as one of the top national priorities to address environmental pollution. In 2017, China launched 5 pilot zones to promote different aspects of green finance in Zhejiang, Jiangxi, Guangdong, Guizhou and Xinjiang province.<sup>70</sup> Local banks were encouraged to explore new financing mechanisms, including emissions trading and water use permits, in the 5 pilot zones. According to the PBoC, the total balance of green loans issued in the 5 pilot zones totalled RMB 260 billion (USD 39 billion) as of March 2018.<sup>71</sup> In July 2018, the PBoC announced the 'Green Credit Performance Evaluation Scheme for Deposit-taking Financial Institutions' to further incentivise green lending.

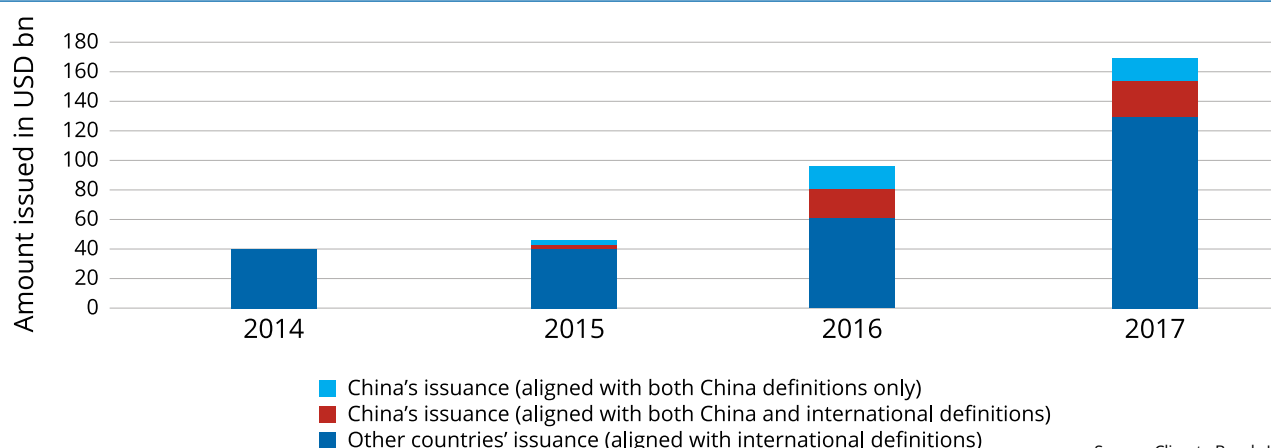
China's green bond market has grown rapidly, and as of 2018, ranked as the world's second-largest.<sup>72</sup> According to government statistics, green bond issuances grew from zero before 2015 to a cumulative value exceeding USD 80 billion in mid-2018.<sup>73</sup> A majority of Chinese green bonds proceeds are for clean transport and clean energy.<sup>74</sup> With the rapid bond growth, China is placing greater focus on streamlining domestic guidelines and aligning with international standards. A provisional 'Green Bond Assessment and Verification Guidelines', modelled on the Climate Bonds Standard and Certification scheme was jointly released by the PBoC and CSRC in December 2017, demonstrating China's determination to improve its regulatory mechanisms.<sup>75</sup>

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 71. ChinaWatch, 2018, Money Grows on Trees – Financing China's Green Future  
 72. HKEX, 2018, The Green Bond Trend: Global, Mainland China and Hong Kong  
 73. HKEX, 2018, The Green Bond Trend: Global, Mainland China and Hong Kong  
 74. Climate Bonds Initiative, 2019, China Green Bond Market Annual Report 2018  
 75. Climate Bond Initiative, 2018, Chinese regulators introduce supervisory scheme for green bond verifiers - Further step in building market frameworks.



## China is a major player in global green bond market



Several other innovations have been introduced on the back of the rapid growth in China's green bond market. The 2017 Hong Kong Bond Connect Scheme that connects the Hong Kong and mainland China bond markets facilitates international investment in China's domestic bond market.<sup>76</sup> Green bond indices, such as the ChinaBond CIB Green Bond Index and Shanghai Stock Exchange Green Corporate Bond Index established in 2017,<sup>77</sup> and green asset-backed securities (ABS), with 15 ABS deals as of 2018 totalling USD 2.6 billion for water treatment fees and wind turbine revenues, have also become popular.<sup>78</sup>

The stronger emphasis on green finance has begun to raise interest in ESG investing, supported by increasing evidence of the impact of environmental and climate risk factors on investment returns. As more financial products that incorporate an ESG framework become available, such as the KraneShare MSCI China Environment ETF<sup>79</sup> or CSI 300 Green leading Stock Index<sup>80</sup> which were both launched in 2017, it is anticipated that growing numbers of mainstream and institutional investors will engage with opportunities in sustainable finance.

### Technology offers greater transparency and opportunities for philanthropy

The growth of technology in the philanthropic sector has been noticeable in the past few years, particularly around improving data collection and analysis tools and enabling greater transparency of funders and social organisations. In 2018, Yishan Credit Management

Company published China's first charity credit list with the Institute for Philanthropy at Tsinghua University. This list assigned a credit score and identified the most trustworthy government-funded and public-funded foundations based on algorithms along 5 dimensions: information disclosure, financial and team capabilities, partner background, cooperative risk and brand awareness and reputation.<sup>81</sup> They intend to publish a list every year to diminish information gaps about foundations, foster collaboration between organisations and trusted foundations and encourage more effective allocation of resources for greater impact.<sup>82</sup>

Internet and mobile giving have also been growing exponentially in China, from just 0.44 billion online donations in 2013 to 6.25 billion donations in 2017,<sup>83</sup> dramatically increasing outreach and lowering the cost of fundraising. The 11 internet philanthropy platforms authorised by the Ministry of Civil Affairs (MoCA) raised a total of RMB 2.58 billion (USD 387 million) in 2017.<sup>84</sup> In addition, Tencent's annual "99 Charity Day" on September 9, one of the most well-known online fundraising campaigns in China, raised RMB 830 million (USD 125 million) from 28 million users in 2018.<sup>85</sup> More tech-enabled features are constantly being developed to not only help users choose their target beneficiaries and track donations but also to allow them to participate innovatively. Ant Forest, for example, allows users to record their low-carbon footprint to grow virtual trees on their mobile phones and donate to environmental NGOs to plant real trees in areas affected by desertification. Through this initiative, between August 2016 and November 2018, Ant Forest had planted 55.5 million real trees and reduced carbon emissions by 2.8 million tons.<sup>86</sup>

76. HKEX, 2018, The Green Bond Trend: Global, Mainland China and Hong Kong

77. Climate Bonds Initiative, 2018, China Green Bond Market Annual Report 2017

78. Climate Bonds Initiative, 2018, China Green Bond Market Newsletter Q1 2018

79. KraneShares, 2018, KraneShares MSCI China Environment ETF

80. ChinaDaily, 2017, New index to give boost to green development

81. Lao Niu Brother and Sister Foundation, 2018, China's Top Trustworthy Charities 2018

82. China Development Brief, 2018, First China Charity Credit List Released

83. Bain & Company, 2018, Digital Philanthropy in China: Activating the Individual Donor Base

84. China Development Brief, 2018, Online public fundraising platforms raised nearly 1 billion RMB in the first half of 2018

85. China Daily, 2018, More than 28 million users participated in the 2018 "99 Charity Day"

86. Xinhua, 2019, China Focus: Innovation fuels China's green drive

# SOCIAL ECONOMY DEVELOPMENT

China's social economy is quickly maturing, with a high concentration of new wealth, a growing number of social investors and recent government commitments to create a conducive ecosystem

CATEGORY	FACTOR	RATING	DESCRIPTION
SPOs	Presence, size and maturity		<ul style="list-style-type: none"> <li>By March 2018, there were 808,479 non-profit entities, of which 6,339 were foundations, 376,236 were social organisations and 425,850 were social service agencies.<sup>87</sup></li> <li>The China Charity Fair in Shenzhen has certified a total of 234 SEs,<sup>88</sup> although evidence of equity financing remains limited.</li> </ul>
	SEs' sectoral presence		<ul style="list-style-type: none"> <li>Among the 234 certified SEs, disadvantaged populations, children and youth, people with special needs, elderly and community development are among the top communities served.</li> </ul>
Investors	Philanthropic contributions		<ul style="list-style-type: none"> <li>The total amount of domestic giving in 2017 reached a new high of USD 23.4 billion, with consistent growth of 15% in 2015, 20% in 2016 and 7% in 2017.<sup>89</sup></li> <li>Nearly 99% of foundations are operating foundations and largely use traditional methods for charitable activities and social impact.</li> </ul>
	Managed funds		<ul style="list-style-type: none"> <li>Home-grown impact funds such as Ehong Capital, China Impact Fund, Xinh-Yu Fund and Tsing Capital are rapidly developing. Foundations such as Narada Foundation, YouChange Foundation, Leping Social Entrepreneur Foundation and Yifang Foundation are also becoming important domestic players in social investment.</li> </ul>
	Corporate sector		<ul style="list-style-type: none"> <li>Implementation of integrated CSR remains limited to multinational corporations, major SOEs and leading private corporates.</li> <li>Corporates are playing an important role in poverty alleviation through their corporate foundations, but support for SEs or sustainability reporting is limited.</li> </ul>
Enablers and Intermediaries	Policy environment		<ul style="list-style-type: none"> <li>Governments in Shenzhen, Chengdu and Beijing have taken the lead in defining a SE certification framework and providing support to the certified SEs.</li> <li>While the 2016 China Charity Law and 2017 Overseas NGO Law are set up to enable formalisation and professionalisation for the sector, there are still uncertainties about implementation.</li> </ul>
	Incubators, accelerators and capacity builders		<ul style="list-style-type: none"> <li>There are estimated to be approximately 1,400 incubators and accelerators for social organisations, most of which were established in the last 3 years.<sup>90</sup> However, capacity and sustainability challenges have led to limited effectiveness.</li> <li>Star of Social Innovation, Beijing Pro Bono Foundation, Impact Hub Shanghai and Non-Profit Incubator (NPI) are major players and provide capacity building and/or seed funding to SPOs.</li> </ul>
	Networks and platforms		<ul style="list-style-type: none"> <li>The number of networks and platforms is also growing, which includes government-led networks such as the China Charity Alliance (CCA) and cross-sectoral initiatives such as CSEIF, China Donor Roundtable, CASVI and the Xiangmi Lake Consensus.</li> </ul>
	Knowledge and research		<ul style="list-style-type: none"> <li>There are at least 10 academic centres for teaching and researching philanthropy and social investment, such as the Center for Civil Society Studies at Peking University.</li> <li>China Global Philanthropy Institute and Cheung Kong Graduate School of Business both have training programmes for philanthropists, corporate and non-profit leaders.</li> </ul>
	Partnerships		<ul style="list-style-type: none"> <li>Incubators and accelerators such as SSI and NPI have partnered with corporates and municipal governments. Yet stakeholders work predominantly alone and stronger multi-stakeholder partnerships are needed in China.<sup>91</sup></li> </ul>

87. Public Policy Research Centre, China Social Sciences Academy, 2018, Annual Report on China's Philanthropy Development (2018)

88. AVPN, 2019, 5 Trends in the Chinese Social Enterprise Landscape for Investors to Stay in Touch with the Ground

89. Public Policy Research Centre, China Social Sciences Academy, 2018, Annual Report on China's Philanthropy Development (2018)

90. Public Policy Research Center, China Social Sciences Academy, 2018, Report on Social Organisations in China 2018

91. UNDP, 2015, Unleashing the potential of philanthropy in China



## OPPORTUNITIES

- Chinese society has a strong passion for innovation and entrepreneurship. The push for mass entrepreneurship and innovation-led development was first put forward in 2014 by the Premier and further stressed in the 13<sup>th</sup> Five Year Plan.<sup>92</sup> This has led to a bulging growth of the number of new enterprises, innovation competitions, industrial parks and various financial and social innovations across China in recent years.
- The younger generation is becoming a key driving force for social development in China as they are increasingly aware of their social responsibilities and actively engage with social organisations in a wide range of ways, from volunteering and pro-bono support to starting their own social enterprises. Nurturing this generation of social changemakers could be key to expedite the development of the sector.
- Non-profit leaders are increasingly interested in exploring models that allow them to realise their social impact while achieving financial sustainability and scalability.
- The rapidly growing number of social enterprises across sectors with increasing interest and involvement from foundations and impact investors is supporting the development of a vibrant social economy.
- With national development plans such as the Belt and Road Initiative (BRI) and South-South Cooperation, Chinese corporates and social organisations are increasingly engaged with regional and international activities. More Chinese philanthropists and leaders of philanthropic organisations are keen to engage with the global community.
- The 2016 Charity Law promises more tax incentives for charitable organisations. Although details have not yet been issued, a more regulated and systemic tax system can further fuel the growing charitable giving by individuals and corporates.

## CHALLENGES

- The implementation of the Overseas NGO Law has placed multiple restrictions on the activities of ONGOs and the funding they provide to local non-profits in China.
- Despite the rising interest in social investment, the actual number and size of deals and investment remain small. There are very few products, financial intermediaries or funds with proven track records. Most social enterprises in China are still at a very early stage and there is a general lack of investable deals.
- Foundations are well-positioned to take the lead in catalysing the development of non-profits and social enterprises in China. However, most foundations remain operational foundations. Increased transparency and impact measurement of SPO activities are needed to encourage more grant-making.
- Many domestic SPOs are still at the initial stages of building capacity for institutional governance, administration and operations.<sup>93</sup>
- Lack of talent is the most frequently mentioned challenge for the sector and especially for social enterprises. Below-market-rate salary and lack of incentive mechanisms are quoted as the key reasons for the talent shortage.<sup>94</sup>
- Unbalanced geographical development is also posing challenges. Social entrepreneurs in rural and western areas face limited growth potential due to the lack of an ecosystem that nurtures and supports them.

## RECOMMENDATIONS

- **Development gaps:**
  - Environmental conservation, energy and clean technology, community development, health care, elderly and disability are areas where social investors could increase impact in China.
  - Although the poverty rate in China has fallen

92. The State Council of the People's Republic of China, 2017, China to further promote innovation and entrepreneurship

93. China Development Brief, 2018, China has changed, how should overseas NGOs adapt

94. Stanford Social Innovation Review, 2017, Talent: The Key to Developing the Social Sector in China

significantly, the development between urban and rural and eastern and western regions has been unequal. The needs of vulnerable population of rural-urban migrants such as education, housing and healthcare deserve more attention.

#### ● **Social investment:**

- Philanthropists and funders with greater risk tolerance can provide more patient capital to support early-stage SPOs, thereby filling the sizeable funding gap.
- Stronger incentives could be offered to social entrepreneurs such as subsidies for rent and salaries to provide more financial support by the public and the private sectors.
- Technology is revolutionising products and services that address social issues and promote more efficiency and transparency in the philanthropic sector. More incubators or accelerators with a social impact angle and expertise in technology or that can collaborate with tech accelerators should be established.
- International funders can contribute by bringing best practices and standardised procedures from abroad and working closely with forward-looking foundations in China to develop innovative and contextualised curricula for educating different stakeholders.

#### ● **Ecosystem support:**

- Although a few organisations have emerged in the recent years to take the lead in building sector infrastructure, more effort is needed given the massive size of the sector. Improved sector infrastructure, such as platforms that promote cross-sector collaboration or facilitate knowledge and capital flows between funders and investees can significantly enhance the efficiency and effectiveness of all stakeholders within the ecosystem.
- More intermediaries that can effectively enhance collaborations among multiple stakeholders, connect SEs to investors, promote the implementation of standards and offer investment advice are needed.

- As the sector is becoming more formalised, the demand for talent with the appropriate expertise will grow rapidly, especially in the area of social investment, impact measurement and organisation management.
- There is room for improvement in impact measurement capabilities among Chinese organisations, at both the project and organisational levels. Introducing measurement standards and frameworks as well as data collection and management methods tailored to local contexts can enhance the way organisations understand, communicate and manage impact.
- More collaboration is required for information and knowledge sharing, deal sourcing and impact assessment. More opportunities should be forged for interested investors to work with lead funders or intermediaries to build up experience and portfolios or to co-invest to share transaction costs and learn together.

## RECOMMENDED READING

- Ash Centre for Democratic Governance and Innovation, 2017, Values and Vision: Perspectives on Philanthropy in 21st Century China
- AVPN, 2019, Philanthropy China
- International Centre for Not-for-Profit Law, 2018, China: Philanthropy Law Report

*“The concept of social enterprise has gained increasing acceptance among investors and various stakeholders. However, many social enterprises are still at an early stage. They need more than cash, but also a range of non-financial support to help them define their social impact, measure business growth and become sustainable and scalable.”*

*- Ding Li, Non-Profit Incubator*



## Appendix: Legislative Framework for SPOs in China

Social purpose organisations in China can be legally registered as non-profits or for-profits.<sup>95</sup>

NON-PROFIT STRUCTURES	
<b>Social organisation</b>	Social organisations are founded by Chinese residents and entities for the purpose of realising the common will of their members. Funds contributed to these organisations are called “initial funding.” Funding has to be in the form of donations or grants and these organisations cannot provide any financial returns to their funders.
<b>Foundation</b>	Foundations are non-profit organisations funded with assets donated by individuals or entities for public welfare purposes.
<b>Private non-enterprise entities</b>	Private non-enterprise entities are social institutions established by individuals, enterprises, institutions, social organisations or other social forces with private capital (as opposed to state-owned assets) for the purpose of providing social services.
FOR-PROFIT STRUCTURES	
<b>Company</b>	Companies have legal person status and are independent from their investors. Companies may accept funding in debt and equity.
<b>Partnership</b>	Partnerships are unincorporated business organisations where individuals or institutional partners make contributions, operate and work together. Partnerships may accept funding in contribution (capital contribution, contribution in kind or labour services) or debt.

A special designation of “charitable organisation” was introduced in the 2016 China Charity Law. Charitable organisations must adopt one of the non-profit organisational structures. To form a charitable organisation, applicants must register with the civil affairs department. Existing non-profits can apply to their relevant civil affairs department for approval as

a charitable organisation. A charitable organisation that has been legally registered for 2 years or more may apply for the qualification for public fundraising. Benefits of registration also include tax benefits, preferential use of public land, and participation in certain government purchased services schemes.<sup>96</sup>

95. AVPN, 2014, Getting Started in Venture Philanthropy in Asia - Legal Profile Framework for China

96. China Law Info, 2016, Charity Law of the People's Republic of China

## METHODOLOGY

### HOW WE CURATE INSIGHTS IN THIS REPORT

The research team used a combination of primary and secondary research methods and a particular process to curate information into useful insights:

- We sketched the landscape by compiling relevant standard indicators, indices and rankings from secondary sources.
- We plotted the trends and actors from secondary literature and AVPN's various member engagement activities.
- We expanded on this understanding by interviewing key actors, ranging from foundations to impact investors, intermediaries, and social entrepreneurs, to understand their investment/ implementation philosophies, challenges and barriers they face, and key recommendations they have for anyone looking to invest in or support the social economy or specific causes therein.
- We corroborated the information we received from the interviews with secondary data to discern common patterns, contexts and evolutions which have led to certain trends.
- We computed the ratings for the social economy based on secondary data and insights from interviews.
- Once we had completed the landscape, we revisited the social economy ratings to perform a relative regional comparison and adjust the ratings accordingly.
- We also vetted the completed landscape with experts as listed in the acknowledgement.
- Overall, we aimed to bring the data and analysis together to provide practical recommendations for social investors and intermediaries across the spectrum.

Throughout the profile, we have attempted to map out recent developments, interesting partnerships and key actors that could form a basis for future collaborations. We have also provided detailed citations with embedded links to original sources and a list of recommended readings for further reference.





## Definitions

While there might be different interpretations of the following key terms across Asia, our working definitions are as follows:

Supply of social investment	
<b>Corporate</b>	A company that invests directly in social impact through CSR or through establishing a corporate foundation
<b>Development finance institution</b>	A financial institution that provides development aid and/or capital towards private sector development in developing countries
<b>Family office</b>	A wealth management advisory or establishment for high net worth and ultra high net worth individuals
<b>Foundation/Trust</b>	A not-for-profit organisation that funds social and/or environmental causes
<b>Impact fund</b>	A fund that invests with the intention to generate positive, measurable social and environmental impact alongside a financial return
Demand for social investment	
<b>Impact business</b>	A company that focuses on creating positive outcomes for specific stakeholders of the business including employees, communities, customers, and the environment
<b>Non-profit organisation</b>	An entity dedicated to furthering a particular social or environmental cause (also referred to as non-governmental organisations)
<b>Social enterprise</b>	A company with a social mission that is aspiring to or able to generate revenues out of its products and services
<b>Social purpose organisation</b>	An umbrella term for non-profit organisations, social enterprises and impact businesses
Intermediaries	
<b>Incubators, accelerators and capacity builders</b>	Organisations that provide facilities, expertise and other forms of non-monetary support to entrepreneurs
<b>Networks and platforms</b>	Online and offline locations that convene stakeholders
<b>Research and knowledge</b>	Academic institutions and organisations that publish on the social economy

## Mapping and Rating Methodologies

### Government initiatives to address development gaps

For this section, we referenced Toniic's SDG Impact Theme Framework to map government initiatives to the different impact areas and relevant SDGs. The goal of the framework is to allow social investors to align their investments with the SDGs and thereby find greater alignment and synergy with the government and other key stakeholders.

For government initiatives, we analysed the latest national plans, policies and programmes to determine

national priorities for sustainable and inclusive development. We also examined SDG sub-indicators in order to pick out the worst-performing indicators, gaps in these areas and initiatives that have put in place to solve the problem.













### Social economy development

To overcome the issue of limited data availability, we adopt the Harvey ball methodology to assess the stages of development for key factors constituting a social economy including SPOs (demand for social investment), investors (supply of social investment), intermediaries (organisations that support investors and/or SPOs) and enablers, including the policy

















environment and partnerships. A simple 1- 4 scoring method is used to uniformly quantify the status of each factor so that relative comparisons can be made.













Each factor has a total of 4 scenarios depicted by the 4 Harvey balls equivalent to ratings from 1 to 4.

These scenarios have been delineated based on the typical progression of the different factors in the Asian context. The framework has been adapted from BCG's SE maturity framework, Monitor Institute's definitions, Acumen's early-stage impact investing, Toniic's framework, and AVPN's analysis.

CATEGORY	FACTOR	RATING
SPOs	Presence, size and maturity	 Low presence of non-profits organisations and SEs (relative to the other 13 Asian markets). The majority are in early stages.
		 Average presence of non-profit organisations and SEs (relative to the other 13 Asian markets). The majority are relatively established and creating discernible social impact.
		 High presence of non-profit organisations and SEs (relative to the other 13 Asian markets). Many are financially sustainable, with evidence of raising equity investments.
		 High presence of non-profit organisations and SEs (relative to the other 13 Asian markets). Many have reached regional or national scale, with a relatively high number of equity investments made.
	SEs' sectoral presence	 The majority of SEs focus on job creation and basic social services such as education and health care
		 The above plus presence of SEs in proven models such as microfinance and energy
		 Diverse SE operations in an array social and environmental issues
		 A holistic range of products and services targeting both the bottom of the pyramid and the environment in urban and rural areas
Investors	Philanthropic contributions	 Evidence of philanthropic contributions and/or religious giving
		 Evidence of sustained, well-managed institutional philanthropy
		 Evidence of informed and collaborative philanthropy to multiple causes with diverse tools
		 Informed and collaborative philanthropy with diverse tools and innovative approaches



CATEGORY	FACTOR	RATING
Investors	Managed funds	 Presence of social investment with no clear classification of investors
		 Presence of managed funds with evidence of investments
		 Presence of international and local funds with diverse financing instruments
		 Presence of international and local funds with diverse financing instruments, co-investment and/or innovative approaches
	Corporate sector	 Corporate donations, volunteerism, compliance-based CSR and few examples of strategic CSR
		 Evidence of strategic and sustained CSR across multiple causes
		 Evidence of strategic and sustained CSR, support for SEs, sustainability reporting
		 Evidence of shared value, support for SEs, sustainability reporting with innovative approaches/partnerships
Intermediaries and Enablers	Policy environment	 Neutral policy environment with no recognition or targeted support for the social economy
		 Friendly policy environment with basic recognition and support for the social economy
		 Enabling policy environment with multiple incentives to develop the social economy
		 Strong policy support to build an effective social economy in the form of legislation, incentives, incubation and acceleration
	Incubators, accelerators and capacity builders	 Presence of social incubators, accelerators and capacity builders for SPOs offering co-working spaces and basic coaching
		 Presence of social incubators, accelerators and capacity builders for SPOs offering access to expertise
		 High presence of social accelerators and capacity builders for SPOs with sustained access to expertise, networks and seed funding
		 The above plus ecosystem support through partnerships with other stakeholders

CATEGORY	FACTOR	RATING
<b>Intermediaries and Enablers</b>	Networks and platforms	 Evidence of convenings of social economy stakeholders
		 Presence of formal networks and/or platforms dedicated to social economy stakeholders
		 The above plus presence of cross-sectoral platforms
		 High presence of formal networks and platforms that convene multiple sectors plus a variety of events to raise public awareness of the social economy
	Knowledge and research	 Availability of landscape mapping
		 Regular landscape mapping with some quantitative data
		 The above plus social economy research across a variety of topics and availability of courses on social entrepreneurship
		 Regular landscape mapping, social economy research across a variety of topics and availability of formal social entrepreneurship programmes
	Partnerships	 Evidence of partnerships between two entities
		 Presence of multi-stakeholder partnerships and collaborations between the government and social economy actors
		 The above plus presence of a pooled fund and/or co-investment
		 The above plus presence of innovative partnerships such as collective impact and impact bonds





## ABOUT AVPN

AVPN is a unique funders' network based in Singapore committed to building a vibrant and high impact social investment community across Asia. As an advocate, capacity builder, and platform that cuts across private, public and social sectors, AVPN embraces all types of engagement to improve the effectiveness of members across the Asia Pacific region.

## OUR MISSION

The core mission of AVPN is to increase the flow of financial, human and intellectual capital to the social sector by connecting and empowering key stakeholders from funders to the social purpose organizations they support.

With over 500 members across 32 countries, AVPN is catalysing the movement towards a more strategic, collaborative and outcome focused approach to social investing, ensuring that resources are deployed as effectively as possible to address key social challenges facing Asia today and in the future.

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AVPN is a unique Pan-Asian funders' network catalysing the movement toward a more strategic and collaborative approach to social investment to address key social challenges facing Asia today and in the future.

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