

# MYANMAR

SOCIAL INVESTMENT LANDSCAPE IN ASIA



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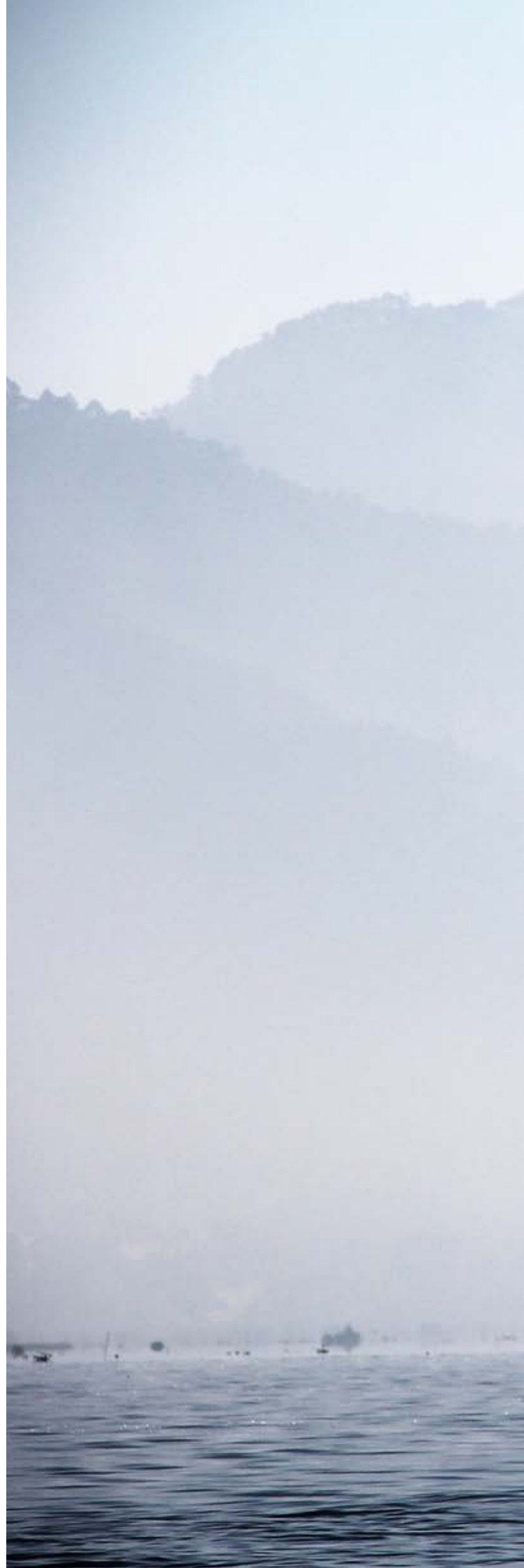
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## ABOUT THE REPORT

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>	ADB	Asian Development Bank
	ADFIAP	Association of Development Financing Institutions in Asia and the Pacific
	ANDE	Aspen Network of Development Entrepreneurs
	ASEAN	Association of Southeast Asian Nations
	AWIF	Asia Women Impact Fund
<b>C</b>	CAF	Charities Aid Foundation
	CSR	Corporate Social Responsibility
<b>D</b>	DEG	Deutsche Investitions- und Entwicklungsgesellschaft mbH (German Investment Corporation)
	DFAT	Department of Foreign Affairs and Trade (Australia)
	DFI	Development Finance Institution
	DFID	Department for International Development
	EME	Emerging Markets Entrepreneurs
<b>E</b>		
<b>G</b>	GDP	Gross Domestic Product
<b>J</b>	JICA	Japan International Cooperation Agency
<b>M</b>	MYEA	Myanmar Young Entrepreneurs Association
<b>N</b>	NGO	Non-Governmental Organisation
<b>P</b>	PPP	Purchasing Power Parity
<b>S</b>	SDG	Sustainable Development Goal
	SE	Social Enterprise
	SME	Small and Medium Enterprise
	SPO	Social Purpose Organisation



# MYANMAR

After decades of military dictatorship and isolation, Myanmar has emerged as one of the fastest growing economies in Asia with a GDP growth rate of 6.4% in 2017 underpinned by strong industrial performance, especially in garment manufacturing.<sup>1</sup> The Rakhine crisis and stalling reforms have however led to an economic downturn in 2018 that is projected to extend into 2019.<sup>2</sup> Myanmar's development trajectory thus depends on how earnestly reforms will be implemented to liberalise the economy and create an enabling business environment.

Despite a lowering of poverty levels from 48% in 2005 to 32% in 2015,<sup>3</sup> Myanmar continues to grapple with multiple social and environmental challenges. The country still trails behind its Southeast Asian neighbours significantly in terms of social development indicators. Life expectancy at birth is 67 years, the lowest in Southeast Asia; mean years of schooling is only 5 years,<sup>4</sup> indicating huge gaps in basic health care and education services. Meanwhile, Myanmar is among the most vulnerable countries in the world to climate change, with regular extreme weather events such as cyclones, floods and droughts.<sup>5</sup>

Myanmar's social economy is still in its nascency but has shown signs of growth, albeit from a low base. While institutional philanthropy is practised on an ad hoc basis, the impact investing market is becoming increasingly vibrant with the presence of many private impact funds and development finance institutions (DFIs). There exists a spectrum of incubators and accelerators that support social ventures from start-up through to mature stages. Large local corporates are also moving towards more strategic social investment in alignment with community needs.

1. World Bank, 2018, Myanmar - Overview

2. The Irrawaddy, 2019, Myanmar's 2019 Economic Outlook

3. World Bank Open Data, Myanmar

4. United Nations Development Programme, 2017, Human Development Index - Myanmar

5. ReliefWeb, 2018, Global Climate Risk Index 2019





## DEVELOPMENT CONTEXT

Despite rapid growth in recent years, Myanmar remains far from achieving any of the 17 Sustainable Development Goals (SDGs). The Myanmar Sustainable Development Plan 2018-2030 outlines a long-term vision and thematic plans and policies to provide a whole-of-government framework towards sustainable and inclusive economic development in line with the SDGs. The 5 strategic goals are:<sup>6</sup>

- Peace, national reconciliation, security and good governance;
- Economic stability and strengthened macroeconomic management;
- Job creation and private sector-led growth;

- Human resources and social development for a 21st century society; and
- Natural resources and the environment for the future generations.

The Plan also emphasises promoting and assisting small and medium enterprises (SMEs) as generators of employment and growth while prioritising infrastructure development including electricity, roads and ports. Myanmar aims to support the holistic development of agriculture and industry to ensure food security and increase exports.

## 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. Grey denotes insufficient data.

6. The Government of the Republic of the Union of Myanmar, 2018, Myanmar Sustainable Development Plan 2018-2030



## Global Competitiveness Rank

2015-2016

131/140

## Ease of Doing Business Rank

2019

171/190

Ease of Doing Business Rank (2018) - 171/190

## Poverty










(Percentage of the population living below the national poverty line)

2015

32%

Source: Asian Development Bank (ADB), Charities Aid Foundation (CAF), Credit Suisse, World Bank  
Figures are accurate as of March 2019

## GOVERNMENT INITIATIVES TO ADDRESS DEVELOPMENT GAPS

IMPACT AREA	SDG GOALS	GAP	GOVERNMENT INITIATIVES
Agriculture	  	<ul style="list-style-type: none"> <li>Agriculture contributes nearly 30% of the GDP but is characterised by low productivity and high volatility. Food insecurity is a major issue in upland areas and parts of the Delta.<sup>7</sup></li> <li>Approximately 72% of the population lives in rural areas where 85% of poverty is concentrated.<sup>8</sup></li> </ul>	<ul style="list-style-type: none"> <li>The Agriculture Development Strategy and Investment Plan 2018/19 - 2022/23 emphasises collaborative relationships between farmers, businesses and the government to achieve key policy goals including: food and nutrition security, rural poverty reduction, increasing smallholder farmers' incomes, agricultural trade competitiveness, and strengthening farmers' rights.<sup>9</sup></li> </ul>
Climate action	  	<ul style="list-style-type: none"> <li>Myanmar is highly vulnerable to climate change but ranked among the bottom 15 countries in terms of its coping capacity in the 2017 World Risk Report.<sup>10</sup></li> <li>The country has been projected to experience a 0.8 - 2.7 °C increase in temperature, resulting in more droughts, floods and intense cyclones.<sup>11</sup></li> </ul>	<p>Key policy measures outlined in the Myanmar Climate Change Strategy and Action Plan 2016-2030 include:<sup>12</sup></p> <ul style="list-style-type: none"> <li>Mobilising capital to finance climate-smart investments,</li> <li>Increasing access to technology to enable climate-smart responses,</li> <li>Building awareness and capacities in all levels of society, and</li> <li>Forging multi-sectoral partnerships to implement climate-smart initiatives.</li> </ul>
Education and employability	 	<ul style="list-style-type: none"> <li>1 in 5 children aged 10-17 go to work instead of going to school.<sup>13</sup></li> <li>The secondary school enrolment rate in 2017 was 56%, significantly lower than the East Asia and Pacific average of 78% (excluding high-income countries).<sup>14</sup></li> </ul>	<ul style="list-style-type: none"> <li>The National Education Strategic Plan 2016-2021 aims to expand access to and improve quality of pre-school services, basic education and alternative education; ensure the inclusion of 21st century skills in education curricula; and create equitable access to higher education.<sup>15</sup></li> </ul>
Energy access		<ul style="list-style-type: none"> <li>22 million people, or 41% of the population, do not have access to electricity, according to the International Energy Agency.<sup>16</sup></li> </ul>	<ul style="list-style-type: none"> <li>The Myanmar Energy Master Plan aims to achieve universal electricity access and an energy mix of 57% hydropower, 30% coal, 8% natural gas and 5% solar and wind by 2030.<sup>17</sup></li> </ul>

7. The Government of the Republic of the Union of Myanmar, 2018, Myanmar Agriculture Development Strategy and Investment Plan 2018-19 ~ 2022-23

8. The Government of the Republic of the Union of Myanmar, 2018, Myanmar Agriculture Development Strategy and Investment Plan 2018-19 ~ 2022-23

9. The Government of the Republic of the Union of Myanmar, 2018, Myanmar Agriculture Development Strategy and Investment Plan 2018-19 ~ 2022-23

10. United Nations University, 2017, World Risk Report 2017

11. Ministry of Natural Resources and Environmental Conservation, 2016, Myanmar Climate Change Strategy and Action Plan (MCCSAP) 2016-2030

12. Ministry of Natural Resources and Environmental Conservation, 2016, Myanmar Climate Change Strategy and Action Plan (MCCSAP) 2016-2030






13. United Nations Population Fund, 2016, One in five children in Myanmar go to work instead of going to school, new census report reveals

14. World Bank Data, School enrollment, secondary (% net)

15. Ministry of Education, 2016, National Education Strategic Plan 2016-21

16. Southeast Asia Globe, 2018, Overcoming the outages: how to keep the lights on in Myanmar

17. National Energy Management Committee, 2015, Myanmar Energy Master Plan

IMPACT AREA	SDG GOALS	GAP	GOVERNMENT INITIATIVES
Health care		<ul style="list-style-type: none"> <li>Life expectancy is the lowest among Southeast Asian countries at 67 years.<sup>18</sup> Maternal and under-5 mortality rates are the second highest in the region.<sup>19</sup></li> <li>More than one third of children under the age of 5 are stunted.<sup>20</sup></li> </ul>	<ul style="list-style-type: none"> <li>The National Health Plan 2017-2021 aims to extend access of the Basic Essential Package of Health Services to the entire population by 2020, strengthen the national health system and improve affordability of health care for the poor.<sup>21</sup></li> </ul>
Poverty alleviation	 	<ul style="list-style-type: none"> <li>32% of the population lived below the national poverty line as of 2015.<sup>22</sup></li> <li>39% of the rural population lived in poverty compared to 15% in urban cities.<sup>23</sup></li> </ul>	<ul style="list-style-type: none"> <li>The Myanmar Sustainable Development Plan 2018-2030 introduces measures to extend social protection services to children, youth, the poor and the elderly. Increasing agricultural productivity is the chief strategy to reduce rural poverty.<sup>24</sup></li> </ul>
SME development	 	<ul style="list-style-type: none"> <li>SMEs account for 99% of all businesses in Myanmar but contribute to at most 53% of GDP.<sup>25</sup></li> </ul>	<ul style="list-style-type: none"> <li>The 2015 SME Development Law offers various incentives to registered SMEs in the areas of preferential loans, tax relief, human resources and training, linkages with large companies and technological transfer.<sup>26</sup></li> </ul>

Source: AVPN analysis



## THE SOCIAL INVESTMENT LANDSCAPE

### NEW DEVELOPMENTS IN 2017-2019

- 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, according to the Global Impact Investing Network (GIIN).<sup>27</sup> Over 80% of impact capital has been invested in microfinance.<sup>28</sup> However, investor interest is gradually increasing, especially since mid-2018.<sup>29</sup>
- 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.<sup>30</sup>
- The 2018 Companies Law puts foreign companies on a more level footing with local companies and allows foreign ownership up to a 35% stake in local companies, thereby opening up new investment opportunities for foreign investors.<sup>31</sup>
- In 2018, the Myanmar Young Entrepreneurs Association (MYEA) proposed an SE law and formed the Social Enterprise and Inclusive Business Committee to coordinate efforts to promote business solutions to Myanmar's development challenges.<sup>32</sup> Meanwhile, SMART Myanmar, a European Union-

18. Ministry of Health and Sports, 2016, Myanmar National Health Plan 2017-2021

19. Ministry of Health and Sports, 2016, Myanmar National Health Plan 2017-2021

20. Ministry of Health and Sports, 2016, Myanmar National Health Plan 2017-2021

21. Ministry of Health and Sports, 2016, Myanmar National Health Plan 2017-2021

22. ADB, Poverty in Myanmar

23. The Government of the Republic of the Union of Myanmar, 2018, Myanmar Sustainable Development Plan 2018-2030

24. The Government of the Republic of the Union of Myanmar, 2018, Myanmar Sustainable Development Plan 2018-2030

25. Charlston, SMEs in Myanmar

26. The Republic of Union of Myanmar, 2015, Small and Medium Enterprise Development Policy

27. GIIN, 2018, The Landscape for Impact Investing in Southeast Asia

28. Global Impact Investing Network (GIIN), 2018, The Landscape for Impact Investing in Southeast Asia

29. Email correspondence with One to Watch on 23 January 2019.

30. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

31. Mizzima, 2018, Myanmar Companies Act an important key to transforming the economy

32. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

25. Charlston, SMEs in Myanmar

26. The Republic of Union of Myanmar, 2015, Small and Medium Enterprise Development Policy

27. GIIN, 2018, The Landscape for Impact Investing in Southeast Asia

28. Global Impact Investing Network (GIIN), 2018, The Landscape for Impact Investing in Southeast Asia

29. Email correspondence with One to Watch on 23 January 2019.

30. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

31. Mizzima, 2018, Myanmar Companies Act an important key to transforming the economy

32. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact



funded project to promote sustainable production and consumption, worked with the Myanmar Central Bank to develop the National Green Finance Guidelines.<sup>33</sup>

- In April 2018, Yoma Strategic Holdings embarked on two partnerships to improve energy access in Myanmar: Smart Power Myanmar, with the Rockefeller Foundation, World Bank and USAID, and Yoma Micro Power, with Norfund, IFC and the Canadian government.
- Delta Capital and Anthem Asia launched Myanmar-focused private equity funds in June and September 2018, respectively.
- 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%.<sup>34</sup> This move is expected to improve access to finance for SMEs.
- There has been an increase in incubation and acceleration programmes that cater to enterprises of different stages from ideation to scale. Yangon Innovation Centre, a partnership between the Yangon Regional Government, Thura Swiss, a market research company, and Seedstars, an international start-up builder focusing on emerging markets, will start operations in February 2019.

## The lack of common ground with investors hinders access to investments

It has been estimated that there are 214,000 community-based organisations, 270 non-governmental organisations (NGOs),<sup>35</sup> and 500 social enterprises (SEs) in Myanmar.<sup>36</sup> SEs in Myanmar include NGOs and associations that engage in revenue-generating activities to supplement donations as well as cooperatives that operate like private entities while also addressing social issues.<sup>37</sup> They are active in a range of sectors including: education, health care, microfinance, livelihoods, vocational training, agriculture and environmental sustainability.<sup>38</sup> However, the majority of SEs are still in the early stages and face significant challenges in accessing capital. A 2018 study by DaNa Facility posits that at most, only 30% are financially sustainable and very few have the potential to scale.<sup>39</sup>

Few investments have been made into SEs largely because of the lack of common ground between SEs and social investors.<sup>40</sup> Few SEs aim to maximise both social impact and revenues or have the ambition to scale significantly. Related to that, many entrepreneurs do not see the benefit of partnering with investors. On the other hand, investors do not see enough investment-ready SEs or those with investment potential to kick-start the process. Cultural

and market misunderstandings make partnerships between investors and SEs even more challenging.

## Religious values guide philanthropic giving

Despite a high poverty rate, Myanmar has consistently ranked among the most generous countries in the Charities Aid Foundation (CAF) World Giving Index since 2014. This has been attributed to the predominance of Buddhist values in the country. The majority of citizens practise the Theravada form of Buddhism in which charitable giving is the norm.<sup>41</sup> Research also links the strong culture of giving to the habit of 'self-help' and resilience developed under the military rule when the government did not provide adequate social services.<sup>42</sup>

Nonetheless, institutional philanthropy is still practised on an ad hoc basis, as seen in countries with first-generation wealth such as Cambodia and Vietnam. Forbes Asia's 2017 Heroes of Philanthropy honoured only one Myanmar philanthropist, Ken Tun, founder and CEO of Parami Energy Group who donated more than USD 1 million for rural development, reforestation and education.<sup>43</sup> The Asia Philanthropy Circle's list of 25 impactful philanthropists in ASEAN features Yin Myo Su, a hotelier who set up the Inle Heritage Foundation and Inle Heritage Private School to champion education, sustainable livelihoods and cultural preservation.<sup>44</sup>

33. SMART Myanmar, 2018, Green Finance

34. Myanmar Times, 2019, Central Bank permits loans without collateral at 16pc interest rate

35. ADB, 2015, Civil Society Briefs - Myanmar

36. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

37. British Council, 2013, Social Enterprise Landscape in Myanmar

38. British Council, 2013, Social Enterprise Landscape in Myanmar

39. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

40. AVPN, 2017, Engaging Social Entrepreneurs and Social Investors in Partnerships

41. CNN, 2016, Myanmar again named world's most generous country

42. NPR, 2015, You'll Never Guess the Most Charitable Nation in The World

43. Forbes, 2017, Asia's 2017 Heroes of Philanthropy

44. APC, 2018, ASEAN Impact 25: Impactful Philanthropists in ASEAN

## Impact investing volume is low, but investor interest is increasing

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 of USD 26 million, indicating small deal sizes.<sup>45</sup> Over 80% of impact capital has been invested in microfinance, followed by education, tourism and information and communication technology.<sup>46</sup> One of the key issues identified by investors is the scarcity of deals. 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 is the highest.

Nonetheless, there have been signs that investor interest is gradually increasing, especially since mid-2018.<sup>47</sup> Many private impact funds entered Myanmar in 2018 and 2019 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.

Several private equity and venture capital funds are actively involved in Myanmar's impact investing scene. They see social impact as a different angle of their investing activity and emphasise engaging with the country's growth trajectory and helping to develop its private sector.<sup>48</sup> They note the limited supply of viable deals but are generally optimistic about their first-mover advantage and longer-term opportunities. For example:

- Delta Capital, one of the first private equity funds in the country, raised USD 120 million for 2 Myanmar-focused funds in June 2018;
- Anthem Asia launched the USD 50 million Myanmar SME Venture Fund in September 2018;
- Emerging Markets Entrepreneurs (EME), a venture capital fund that invests between USD 50,000 and USD 200,000 into early-stage post-revenue start-ups, made 2 investments as of end 2018.

Meanwhile, development finance institutions (DFIs) have also played a significant role by investing in private impact funds and sometimes directly in deals:

- DaNa Facility (funded by the UK's Department for International Development (DFID)), Denmark's Responsible Business Fund and Australia's Business Support Fund currently invest from USD 20,000 to USD 60,000 in inclusive businesses.<sup>49</sup>
- The Japan International Cooperation Agency (JICA) invested in the Japan-ASEAN Women Empowerment Fund managed by BlueOrchard in 2016.<sup>50</sup>
- Danish Investment Fund for Developing Countries invested in Alliance for Microfinance together with Insitor, Base of Pyramid Asia and Asia Impact Investment Fund in 2017.<sup>51</sup>
- The IFC invested in 18 projects in tourism, telecommunications and energy as of 2017.<sup>52</sup> In 2018, together with the UK's CDC Group and the Dutch Good Growth Fund, it invested USD 34.5 million into Anthem Asia's Myanmar SME Venture Fund.<sup>53</sup>
- The German Investment Corporation (DEG) co-invested in Rent 2 Own, a motorcycle rental service, with Incofin Investment Management in 2018.<sup>54</sup>
- Asian Development Bank (ADB) invested in the Ascent Myanmar Growth Fund I managed by Ascent Capital Partners in 2019. The fund focuses on education, financial services, healthcare, technology, media, and telecommunications sectors.<sup>55</sup>

International foundations have also shown interest in Myanmar's impact investing space. In 2017, Japan's Sasakawa Peace Foundation launched the USD 100 million Asia Women Impact Fund (AWIF) to invest in projects that support women's empowerment in Southeast Asia including Myanmar.<sup>56</sup> The Rockefeller Foundation is one of the founding investors of Smart Power Myanmar, a multi-stakeholder initiative to provide access to renewable energy in rural areas, together with World Bank, USAID and Yoma Strategic Holdings and implemented by Pact.<sup>57</sup>

45. Global Impact Investing Network (GIIN), 2018, The Landscape for Impact Investing in Southeast Asia

46. GIIN, 2018, The Landscape for Impact Investing in Southeast Asia

47. Email correspondence with One to Watch on 23 January 2019.

48. Nikkei Asian Review, 2018, As the West isolates Myanmar, some investors dig in for the long term

49. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

50. JICA, 2016, JICA Expands Financing by Investing in Microfinance Fund for Women's Empowerment through JICA's Private Sector Investment Finance

51. Insitor, 2018, Impact Investments in Myanmar Gather Momentum but Still to Scale Up

52. Insitor, 2018, Impact Investments in Myanmar Gather Momentum but Still to Scale Up

53. Myanmar Times, 2018, Anthem Asia closes US\$34.5M fund

54. DealStreet Asia, 2018, Myanmar's Rent 2 Own bags \$6m funding from DEG, agRIF, Daiwa PI

55. Mizzima, 2019, Ascent Capital launches Myanmar growth fund

56. Sasakawa Peace Foundation, Asia Women Impact Fund

57. Pact, 2018, The next phase of rural electrification in Myanmar



### **Anthem Asia: Finance-first private equity fund with implied impact**

Founded in 2012, Anthem Asia has been an active player in Myanmar's impact investing market. Using an implied impact philosophy, Anthem Asia invests USD 250,000 to USD 500,000 in equity and quasi-equity into local SMEs with potential to enhance national economic growth and/or empower women. In addition to funding, Anthem Asia actively builds the capacity of its investees in the areas of human resources, finance, strategy and corporate governance.

## **Local corporates are moving towards social investment**

Cyclone Nargis, which struck Myanmar in 2008, was an inflection point in corporate social responsibility (CSR) in the country. In its aftermath, many corporate foundations started moving towards social investment. These foundations are often run by the same families that own the businesses. Examples include:

- KBZ Brighter Future Myanmar Foundation was established by KBZ Bank to help victims of the cyclone. Besides disaster relief and recovery, its current impact areas also include: women's health and empowerment, environmental conservation, education and community development. As of 2018, the Foundation had invested more than USD 103 million in charitable giving and community development projects.<sup>58</sup>
- KT Care Foundation was set up by the KT Company to provide cyclone relief. The Foundation has now moved to supporting health care and education in addition to disaster preparedness and relief. It also provides grants to community-based foundations operating in education, job creation and community development.<sup>59</sup>

- HTOO Foundation was founded initially to mobilise employees of the HTOO Group of Companies to participate in relief efforts after the cyclone. It now implements various programmes, usually in partnership with the government and non-profit organisations, in 5 impact areas: education, culture, regional development, preservation of natural habitats and emergency assistance.<sup>60</sup>

## **Incubators and accelerators exist on a spectrum**

There has been a proliferation of incubators and accelerators in Yangon in the last 5 years. Yangon now has a spectrum of incubation and acceleration programmes designed for start-ups and social purpose organisations (SPOs) at different stages, from ideation through to growth-stage and mature SEs and SMEs, as well as less formal business mentoring and coaching events. These incubators and accelerators support between 5 to 20 companies on average and span a range of focus and scale. Notable ones include:<sup>61</sup>

- The Yangon Innovation Centre was established through a tender by the Yangon Regional

58. KBZ Bank, Our CSR Activities

59. Dove, 2017, Giving Trends in Myanmar: More Than Merit Making

60. HTOO Foundation, Active participation

61. Based on GIZ's "Applied Innovation Ecosystem Mapping," to be published in 2019





### Yoma Strategic Holdings: Impact gateway into Myanmar

Serge Pun, chairman of SPA Group, and his brother Martin Pun, head of CSR of Yoma Strategic Holdings, are among the most notable champions of inclusive business in Myanmar. Their approach to social investment includes a rights-based approach, which comprises innovative programmes and prototypes that can achieve scale, and a responsible business model that pays living wages, taxes and provides work with dignity.<sup>62</sup> They place great emphasis on meeting the triple bottom line – people, planet and profit.

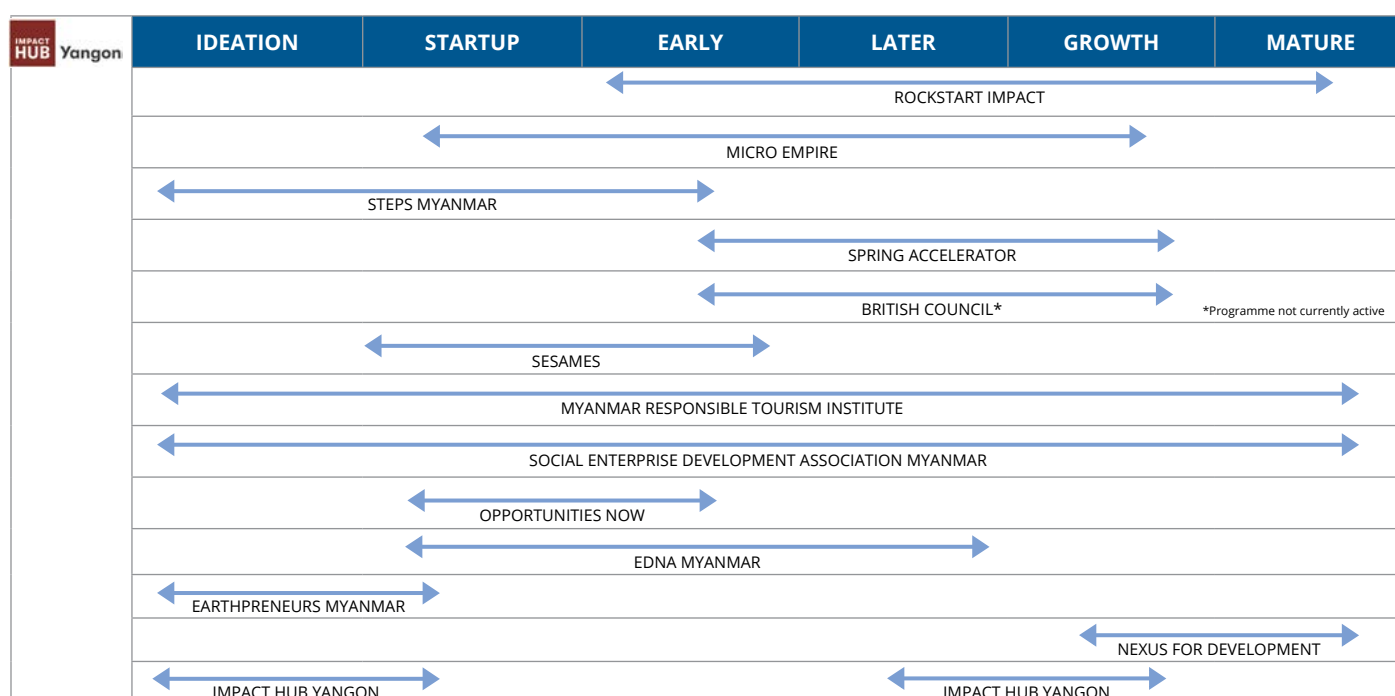
Yoma Strategic Holdings, in particular, has acted as a gateway that connects global players with the local community in Myanmar for greater impact.<sup>63</sup> In April 2018, Yoma partnered with the Rockefeller Foundation, World Bank and USAID to implement Smart Power Myanmar, and with Norfund, IFC and the Canadian government to establish Yoma Micro Power. These initiatives support electricity generation in rural Myanmar using solar-based micro power plants and mini-grids, which is expected to improve access to energy in the country.

Government that was awarded to Thura Swiss, a market research company, and Seedstars, an international start-up builder focusing on emerging markets. The Centre's mission is to support and scale youth-led socio-economic innovations. It is currently planned to start operations in February 2019 and consist of Seedspace, a co-working space, the Seed Academy for start-ups, the Seedstars Growth acceleration programme for those with a market presence and Seedstar events.

- Rockstart Impact was established in 2017 in a partnership between impact fund One to Watch (first launched in Nepal) and Rockstart, a Europe-based accelerator. Rockstart Impact supports SEs to become scalable by providing access to capital, markets, community and expertise through a 100-day acceleration programme. In 2018, Rockstart Impact started to support its first cohort of 9 SEs to raise between USD 20,000 and USD 500,000 in investments.
- Phandeeyar, a technology-focused innovation hub, launched Myanmar's first small business accelerator in 2015. Its main activity is the 6-month acceleration programme that provides funding, working space and access to mentors and investments to technology start-ups. Phandeeyar also organises hackathons and start-up competitions, and runs the Founder's Institute, an entrepreneur development programme originating from Silicon Valley.
- Launched in 2015, Impact Hub Yangon runs a social incubation programme and has worked with various organisations such as the Australian Department of Foreign Affairs and Trade (DFAT) as a local implementation partner for their social innovation programmes. In 2018 and 2019, Impact Hub Yangon conducted mappings of intermediaries supporting SEs. The 2019 snapshot is provided below:

62. Dove, 2017, Giving Trends in Myanmar: More Than Merit Making

63. AVPN, 2018, The Continuum of Capital in Asia - Highlights across the full spectrum of social investment



Source: Impact Hub Yangon (For more details, visit: <http://bit.ly/ygnsesnapshot-2-2019>)

Note: The snapshot includes Yangon-based intermediaries focusing on SEs. Not all of these actors run formal programmes.<sup>64</sup>

## Technology-based ventures are fast becoming viable investments

Myanmar recorded a phenomenal expansion of mobile subscriptions from 13% in 2013, when the telecommunications sector began to be liberalised, to 90% in 2017.<sup>65</sup> This serves as a critical boost to the country's nascent technology start-up scene and provides opportunities for entrepreneurs and investors to marry technology with social impact. Examples include:

- 360ed is an education technology start-up that brings virtual reality and augmented reality technology to the classroom. Its learning tools will be integrated into primary school curricula nationwide.<sup>66</sup>
- Koe Koe Tech is a healthcare start-up that provides better access to health care services by arranging telephone consultations and delivering medicine to remote rural areas.<sup>67</sup>
- Neh Thit, also known by its English name "New Day," connects job seekers with employers. As of January 2019, there were 50,000 job seekers and over 40 employers using the platform.<sup>68</sup>

Luminate (formerly Omidyar Network) is one of the earliest investors with a technology focus. Omidyar Network seed-funded Phandeeeyar in 2014 and followed up with a grant of USD 2 million in 2016.<sup>69</sup>

## Efforts under way to promote green finance and corporate sustainability

SMART Myanmar is a 4-year project launched in 2016 by the European Union to promote sustainable production and consumption in the country.<sup>70</sup> Between 2016-2017, SMART partnered with the Myanmar Bankers Association to conduct green finance training for policymakers and local banks.<sup>71</sup> In 2018, SMART worked with the Myanmar Central Bank to develop the National Green Finance Guidelines and continued to build local capacity in developing green financial products and services.<sup>72</sup> SMART's partner, the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) has conducted training for local SMEs to apply for green loans.

Besides SMART Myanmar, the Myanmar Centre for Responsible Business (MCRB), a joint initiative of the Institute for Human Rights and Business and the Danish Institute for Human Rights founded in 2013, is also an active advocate and capacity builder

64. Email correspondence with Impact Hub Yangon on 28 January 2019

65. World Bank, Mobile cellular subscriptions (per 100 people) - Myanmar

66. Prospect, 2018, Meet the 5 Emerging Myanmar Startups in 2018

67. Tech Collective, 2018, An overview of the Myanmar startup scene

68. The Irrawaddy, 2019, Home-Grown Tech Startup Taking on International Competitors

69. Omidyar Network, 2016, Why We Invested: Phandeeeyar

70. SMART Myanmar, About

71. SWITCH Asiam 2016, Paving the way for green finance in Myanmar

72. SMART Myanmar, 2018, Green Finance

for corporate sustainability.<sup>73</sup> In September 2018, MCRB began a research project to assess the state of corporate sustainability among 250 state-owned and large private enterprises in partnership with Yever, a sustainability consultancy.<sup>74</sup> The research draws on the ASEAN Corporate Governance Scorecard and evaluates firms along 3 aspects: corporate governance, sustainability reporting and sustainability management. The report is slated to be launched in 2019.

## New legislations lay a foundation for social economy development

While the Myanmar government has not put in place policies focused on the social economy, recent changes in legislation might transform the country's social economy through liberalising the economy and fostering SME growth:

- 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%.<sup>75</sup> This move is expected to improve access to finance for SMEs. Furthermore, SMEs in the country now have more credit options such as JICA's two-step loan programme and state-owned Myanmar Economic Bank's SME loans and Credit Guarantee Insurance Scheme.<sup>76</sup>
- The 2018 Companies Law incorporates international best practices in business registration processes and corporate governance. It puts foreign companies on a more level footing with local companies and allows foreign ownership up to a 35% stake in local companies, thereby opening up new investment opportunities for foreign investors.<sup>77</sup>
- The 2016 Investment Law provides a transparent regulatory framework for investment and streamlines the investment process.<sup>78</sup> Furthermore, the Myanmar Investment Promotion Plan 2016/17-2035/36 introduces targeted incentives for companies investing in export-oriented, domestic market-oriented, resource-based and knowledge-intensive sectors.<sup>79</sup> Such incentives may be extended to social investment in priority sectors.
- The 2015 SME Development Law outlines incentives for SMEs in the areas of preferential loans, tax relief, human resources and training, linkages with large companies and technological transfer.<sup>80</sup>



### Myanmar Young Entrepreneurs Association: active champion of SEs and inclusive businesses

Established in 2009, the Myanmar Young Entrepreneurs Association (MYEA) focuses on empowering young entrepreneurs and creating a vibrant entrepreneurship ecosystem in the country. In recent years, MYEA has become an active champion of SEs and inclusive businesses. In 2016 and 2017, MYEA hosted 2 large social entrepreneurship events with more than 1,500 participants including investors, incubators, development finance institutions and entrepreneurs.<sup>81</sup> Given members' increasing involvement in the SE sector, MYEA proposed an SE law in 2018.<sup>82</sup> Also in 2018, it formed the Social Enterprise and Inclusive Business Committee to coordinate efforts to promote business solutions to Myanmar's development challenges.<sup>83</sup> MYEA has also been working closely with the DaNa Facility to conduct research and promote inclusive businesses since 2017.

73. MCRB, Background

74. MCRB, 2018, Launch of the Research Phase for Pwint Thit Sa 2019

75. Myanmar Times, 2019, Central Bank permits loans without collateral at 16pc interest rate

76. Myanmar Times, 2018, Myanmar Economic Bank will lend K250B to SMEs

77. Mizzima, 2018, Myanmar Companies Act an important key to transforming the economy

78. United Nations Conference on Trade and Development (UNCTAD), Myanmar Investment Law

79. Myanmar Investment Commission, Myanmar Investment Promotion Plan 2016/17 – 2035/36

80. The Republic of Union of Myanmar, 2015, Small and Medium Enterprise Development Policy

81. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

82. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

83. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact



## SOCIAL ECONOMY DEVELOPMENT

Myanmar's nascent social economy is poised for growth given growing investor interest, a diverse spectrum of incubators and accelerators and an increasingly enabling macro environment

CATEGORY	FACTOR	RATING	DESCRIPTION
SPOs	Presence, size and maturity		<ul style="list-style-type: none"> <li>There are about 214,000 community-based organisations, 270 NGOs,<sup>84</sup> and 500 SEs in Myanmar.<sup>85</sup></li> <li>At most 30% of SEs are financially sustainable and very few have the potential to scale.<sup>86</sup></li> </ul>
	SEs' sectoral presence		<ul style="list-style-type: none"> <li>SEs operate in a range of sectors including: education, health care, microfinance, livelihood, vocational training, agriculture and environmental sustainability.<sup>87</sup></li> </ul>
Investors	Philanthropic contributions		<ul style="list-style-type: none"> <li>While Myanmar has consistently ranked among the most generous countries in the Charities Aid Foundation (CAF) World Giving Index, institutional philanthropy is still practised on an ad hoc basis.</li> </ul>
	Managed funds		<ul style="list-style-type: none"> <li>Between 2007-2017, 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.<sup>88</sup></li> <li>Interest in the country's impact investing space is growing among private impact funds, private equity and venture capital funds, DFIs and foreign foundations.</li> </ul>
	Corporate sector		<ul style="list-style-type: none"> <li>Many corporate foundations such as KBZ Brighter Future Myanmar Foundation, KT Care Foundation and HTOO Foundation are moving towards more strategic social investment.</li> </ul>
Enablers and Intermediaries	Policy environment		<ul style="list-style-type: none"> <li>While the Myanmar government has not put in place policies focused on the social economy, the 2018 Companies Law, 2016 Investment Law and 2015 SME Development Law and the provision of collateral-free loans might transform the country's social economy.</li> <li>The Myanmar Young Entrepreneurs Association (MYEA) proposed an SE Law and formed the Social Enterprise and Inclusive Business Committee to coordinate efforts to promote business solutions to development challenges in 2018.<sup>89</sup></li> </ul>
	Incubators, accelerators and capacity builders		<ul style="list-style-type: none"> <li>There is a spectrum of incubators and accelerators focusing on start-ups through to growth-stage and mature SEs and SMEs. Notable ones include: Yangon Innovation Centre, Rockstart Impact, Phandeeyar and Impact Hub Yangon.</li> </ul>
	Networks and platforms		<ul style="list-style-type: none"> <li>Notable multi-sectoral networks and platforms include: Aspen Network of Development Entrepreneurs (ANDE), AVPN, British Council and the Myanmar Young Entrepreneurs Association (MYEA).</li> </ul>
	Knowledge and research		<ul style="list-style-type: none"> <li>British Council, GIIN, DaNa Facility and AVPN are some of the few organisations that have published research on Myanmar's social economy.</li> </ul>
	Partnerships		<ul style="list-style-type: none"> <li>Co-investment between different impact funds and between DFIs and private impact funds has emerged in recent years. However, there are few innovative multi-sectoral initiatives for impact such as collective impact and pooled funds.</li> </ul>

84. ADB, 2015, Civil Society Briefs - Myanmar

85. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

86. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

87. British Council, 2013, Social Enterprise Landscape in Myanmar

88. GIIN, 2018, The Landscape for Impact Investing in Southeast Asia

89. DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact

## OPPORTUNITIES

- Myanmar's population is young with a median age of 28 years and about 55% of the population under the age of 30.<sup>90</sup> Coupled with strong GDP growth projections and a fast-growing consumer market, this demographic presents an excellent opportunity to tap local youth as human capital for the social economy.
- Given Myanmar's low-income status, growth opportunities for entrepreneurs are present in almost every sector as long as they are able to build the right team to formulate and execute appropriate strategies.<sup>91</sup>
- There has been an increase in programmes and educational institutions focusing on fostering talent, innovation and leadership. The pool of young entrepreneurs is also growing.
- As national wealth increases, Myanmar's status as one of the most generous countries in the world provides an important catalyst for strategic philanthropy to grow.
- New legislations and the recent wave of impact funds and DFIs entering Myanmar might give a boost to the country's impact investing market.
- The growing presence of incubation, acceleration and other support programmes has gradually resulted in a larger pool of investible SEs. There are opportunities for social investors with a variety of support to strategise and work together to ensure the progression of SEs from start-up to scale.
- The increasingly liberalised economic environment provides more financing options for SMEs such as collateral-free loans and credit guarantees.
- Social investors and intermediaries in Myanmar still enjoy the first-mover advantage, since they will have accumulated more knowledge and be better positioned to benefit when the economy overcomes the current slowdown and starts to grow rapidly again.<sup>92</sup>
- The burgeoning tech start-up scene presents opportunities for social entrepreneurs and investors to develop and support technology-based social innovations.

- Interest among the government and entrepreneurial networks in promoting inclusive business may lead to new opportunities for social investors to invest in larger deals.
- The increased presence of sustainability consultancies such as Yever, Conyat Create and BoP Innovation Centre may give a boost to awareness and adoption of more strategic social investment and alignment of social investment with the SDGs.
- Growing awareness among corporates on responsible business, inclusive business and shared value might lead to more multi-sectoral partnerships for social impact.
- Co-investment between different impact funds and between DFIs and impact funds might provide pilots for more strategic multi-sectoral partnerships such as pooled funds, collective impact and impact bonds.

## CHALLENGES

- Political uncertainty, economic slowdown and possible trade sanctions (for example, from the European Union) are posing new challenges to entrepreneurs and investors.
- Myanmar remains one of the most challenging countries in the world to start and operate a business. Social entrepreneurs typically struggle with stifling bureaucracy and paperwork for a year or more before they can begin to focus on their selected social issues. Underdeveloped infrastructure, poor regulatory framework and low internet access pose further obstacles to entrepreneurs' ability to function effectively and consistently.
- Myanmar's low quality of human capital is impeding the development of the social economy.
- While SMEs can now access collateral-free loans, they still need substantial support in preparing financial records and loan applications.
- The lack of common ground between SEs and social investors makes it challenging for social investment to grow. Few SEs aim to maximise both social impact and revenues or have the ambition

90. United Nations, 2015, World Population Prospects

91. Email correspondence with One to Watch on 23 January 2019

92. Email correspondence with One to Watch on 23 January 2019

to scale significantly. Meanwhile, the dearth of investment-ready deals is deterring investors.

- While the 2018 Companies Law introduces best practices in terms of corporate governance, it takes time for local businesses to catch up with international standards. Meanwhile, hands-on support for entrepreneurs remains lacking.<sup>93</sup> Social investors would need to provide substantial capacity building to their investees.
- Limited awareness of SDGs and the ways that social investing can be linked to the SDGs impede investors' potential to align with Myanmar's national priorities.
- The government has not played an active role in attracting social investment to address social and environmental challenges. More targeted social economy policies could go a long way in unlocking private capital for social impact.

## RECOMMENDATIONS

### ● Development gaps:

- Livelihoods, nutrition, health care, energy access, financial access, women's empowerment and environmental sustainability are areas that will benefit tremendously from increased social investment.

### ● Social investment:

- Family and corporate foundations could make grants and investments into SPOs to amplify impact. They could co-invest in SEs with other stakeholders such as impact investors and DFIs.
- Collaboration between new and existing actors is key to avoid duplication of work and to make better use of resources. New actors should take the time to understand the market and key players and define a clear strategy to fulfill unmet needs.<sup>94</sup>
- Effective partnerships between foundations, impact funds, corporates, DFIs and intermediaries could close the financing and support gap faced by early-stage SEs. For instance, foundations and corporates can provide grants and capacity building, and DFIs and impact funds can follow up with equity funding to scale high-potential ventures.
- The increasingly diverse presence of social investors and intermediaries calls for a collaborative approach to building up the capacity of SEs. More impact capital should be allocated to technical assistance for entrepreneurs.
- While gender lens investing is gaining



93. Email correspondence with One to Watch on 23 January 2019

94. Email correspondence with Impact Hub Yangon on 28 January 2019.



momentum in Southeast Asian markets such as the Philippines and Vietnam, social investment with the aim to foster women entrepreneurship in Myanmar remains sparse. The Japan-ASEAN Women Empowerment Fund managed by BlueOrchard and the Sasakawa Peace Foundation's Asia Women Impact Fund (AWIF) are steps in the right direction.

- While angel investment remains at an early stage, incubators and accelerators could play a role in bringing together entrepreneurs and angel investors to fill the early-stage financing gap.
- Investors could consider moving out of Yangon and partnering with other state and regional governments to help achieve their development plans.
- **Ecosystem support:**
  - There is a lot of room for the government to assume a larger role in building an impactful social economy. Social investors and intermediaries could focus more on policy advocacy to build the public sector's awareness of the role social investment can play in addressing national challenges.
  - More concerted efforts should be put into providing access to technical, financial and entrepreneurship education, with a focus on prototype testing with end users.<sup>95</sup> In this regard, intermediaries could partner with higher education institutes and the business

*"Myanmar is what India was in the 1990s – a frontier market – volatile, unstable, with huge growth opportunities. Investor support is necessary to help businesses stabilise and get simple things right. The environment for SMEs needs to be strengthened."*

*Josephine Price, Anthem Asia*

community. They can also bring in experts from more mature social economies such as India or South Korea to provide training, coaching and mentorship.

- Transparency is key to Myanmar at its current stage of development. This is so that investors can identify available deals more easily, entrepreneurs are able to understand how to reach the investment-ready level, and accelerators can pinpoint where they can add value effectively.
- More acceleration programmes are needed to help growth-stage enterprises to scale up.
- There is a need for more efficient ecosystem infrastructure, platforms for resource sharing and peer learning and greater awareness and promotion of inclusive business.<sup>96</sup>
- Investment in physical infrastructure and distribution networks could significantly boost social investment, especially in agriculture and retail. DFIs could consider financing these projects and providing partnership opportunities for other stakeholders in the social economy.

*"There needs to be more transparency around the various support services that exist, so that entrepreneurs can systematically make use of them. New and existing players should play a role in this process."*

*Robbert Groenen, One to Watch*

## RECOMMENDED READING

- DaNa Facility, 2018, Inclusive Business in Myanmar: An Agenda to Catalyse Social Impact
- GIIN, 2018, The Landscape for Impact Investing in Southeast Asia

<sup>95</sup>. ANDE, 2018, Myanmar Ecosystem Roundtable Update

<sup>96</sup>. ANDE, 2018, Myanmar Ecosystem Roundtable Update

## Appendix: Legislative Framework for SPOs in Myanmar

There is no dedicated legal structure for SEs. SEs may therefore register as non-profit or for-profit entities.



### NON-PROFIT STRUCTURES<sup>97</sup>

#### Non-governmental organisation (NGO)

NGOs are defined as local non-profit civil societies, organized with 5 or more persons for the benefit of state and citizens in line with the fundamental rights stated in the constitution and either for an objective or for an activity or for common interests of the members. An international NGO is an organisation formed in a foreign country and registered with the Union Registration Board with the intention to perform any social activity within the country.

#### Cooperative society

Under the Cooperative Society Law 1992, primary cooperative societies may be formed with at least 5 persons with the aim of collectively promoting the interests of its members. It must also register as a manufacturing, service, trading, or general co-operative society with the Cooperative Department. A member's liability is limited to the amount of their investment in the co-operative society (the amount paid for the subscribed shares).

### FOR-PROFIT STRUCTURES<sup>98</sup>

#### Sole proprietorship and partnership

Sole proprietors are essentially single persons who operate a venture on their own, and such ventures are generally small in scale with very few employees, if any. The addition of any other owners (co-owners) will turn such an operation into a partnership. Sole proprietors and partners are personally liable for debts and obligations of the business venture and required to report the income of their ventures on their personal income tax returns.

#### Private company limited by shares

In private companies, a shareholder's liability is limited to the amount of their investment in the company. All companies are considered as residents for tax purposes. The number of shareholders in a private company may range from a minimum of 2 to a maximum of 50. A minimum of 2 directors must also be appointed.

97. British Council, Thomson Reuters Foundation, Tilleke & Gibbins, UNESCAP, 2018, ASEAN Social Enterprise Structuring Guide

98. British Council, Thomson Reuters Foundation, Tilleke & Gibbins, UNESCAP, 2018, ASEAN Social Enterprise Structuring Guide



## 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.

















Asian context. The framework has been adapted from BCG's SE maturity framework,<sup>99</sup> Monitor Institute's definitions,<sup>100</sup> Acumen's early-stage impact investing,<sup>101</sup> Toniic's framework,<sup>102</sup> and AVPN's analysis.<sup>103</sup>

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













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

99. BCG, 2015, The Art of Sustainable Giving  
100. Monitor, 2009, Investing for Social and Environmental Impact  
101. Acumen, 2015, Early-Stage Impact Investing

102. Toniic, 2017, Impact Theme Framework  
103. AVPN, 2016, A Guide To Effective Impact Assessment

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.

Visit us at: [www.avpn.asia](http://www.avpn.asia)

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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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