

SINGAPORE

SOCIAL INVESTMENT LANDSCAPE IN ASIA



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Email knowledge@avpn.asia

Website www.avpn.asia

Authors Sangeetha Watson, Bradley Wo

Editors Roshini Prakash, Kevin Teo

Design and Ideasutra.in
Typesetting

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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.

LIST OF ACRONYMS

A	A4S	Accounting for Sustainability
	ACSEP	Asia Centre for Social Entrepreneurship and Philanthropy
	ADB	Asian Development Bank
	AIIF	Asia Impact Investment Fund
	ASFI	Asia Sustainable Finance Initiative
C	CAF	Charities Aid Foundation
	CFS	Community Foundation of Singapore
	CSR	Corporate Social Responsibility
D	DJSI	Dow Jones Sustainability Indices
E	ESG	Environmental, Social, and Governance
G	GDP	Gross Domestic Product
I	ICBC	Industrial and Commercial Bank of China
	IMAS	Investment Management Association of Singapore
	IMC-SDG	Inter-Ministry Committee on SDGs
M	MAS	Monetary Authority of Singapore
N	NCSS	National Council of Social Service
	NGO	Non-Governmental Organisation
	NVPC	National Volunteer & Philanthropy Centre
P	PPP	Purchasing Power Parity
	PRI	Principles for Responsible Investment
R	raiSE	Singapore Centre for Social Enterprise
S	SDG	Sustainable Development Goal
	SE	Social Enterprise
	SIF	Singapore International Foundation
	SME	Small and Medium Enterprise
	SPO	Social Purpose Organisation
	SSB	Sustainable Singapore Blueprint
T	TAFF	Tropical Asia Forest Fund
W	WEF	World Economic Forum

SINGAPORE

Despite its small land size, Singapore has consistently demonstrated exemplary economic performance, with GDP growth among the world's highest at an average of 7.7% since independence.¹ Due to its global connectivity, generous tax incentives and ease of doing business, it is one of the top foreign investment destinations in the region, ranking 5th for global foreign domestic investment (FDI) in 2017.² Innovation also remains one of the country's key priorities and strengths with Singapore ranked 3rd in the 2018 Bloomberg Innovation Index.³ In 2018, Singapore start-ups raised USD 7.5 billion in funding and 75% of all start-up funding deals in Southeast Asia went through Singapore.⁴

Climate change has always been an issue due to Singapore's geographic landscape, size and location. Its rapidly ageing population similarly creates a new set of challenges relating to social security and health care amidst the steady decline of the total fertility rate. Improving social mobility across class divisions and reducing inequality, such as through the provision of quality education for all, are also key issues to be tackled.

As one of the regional hubs for financial investment and multinational corporations, Singapore's social economy is noteworthy for its density of funders for social impact. Corporates are increasingly integrating sustainability into their business practices and are important supporters of social enterprises. International impact investors with operations in Southeast Asia often locate their offices in Singapore. Singapore-based family offices are also beginning to engage with the sector. Several initiatives have been launched recently to promote sustainable finance and green finance.

1. World Bank, 2019, Singapore Overview

2. The Business Times, 2017, Singapore remains a top FDI destination globally

3. The Straits Times, 2018, Singapore soars to third place in global innovation ranking

4. Singapore Business Review, 2019, Singapore startups hauled US\$7.5b in funding in 2018

FACT FILE

Population
2017

5.6 million

GDP (PPP, current USD)
2017

USD 527 billion

World Rank 38

World Giving Index Rank
2017

30/139

- % giving money: 58%
- % volunteering time: 25%
- % helping a stranger: 41%

World Giving Index Rank (2016) - 28/140

GDP Growth
2017

3.6%

GDP per capita (PPP, current USD)
2017

USD 93,905

World Rank 4

DEVELOPMENT CONTEXT

Singapore's strong economic growth has transformed it into a largely affluent society. Average wealth has more than doubled from 2000 to 2018, reaching USD 283,120 per adult.⁵ As of 2018, Singapore was 9th in the world in terms of household wealth, giving it the highest rank in Asia. However, this wealth is not shared equally between citizens, with Singapore's self-calculated Gini coefficient of 0.356 after accounting for taxes and transfers⁶ placing it among the 10 OECD countries with the highest Gini coefficients in 2017.⁷ Concerns over inequality have also expanded to include Singapore's declining productivity rate in recent years and the accessibility to quality preschool education and affordable health care.⁸

To ensure that its national development is aligned with the Sustainable Development Goals (SDGs), Singapore established the Inter-Ministry Committee on SDGs

(IMC-SDG) in 2018 to assess SDG implementation.⁹ Under the Sustainable Singapore Blueprint (SSB), first launched in 2014, there are 5 focus areas:

- An active and gracious community
- Towards a Zero Waste Nation
- "Eco Smart" Endearing Towns
- A Leading Green Economy
- A "Car-Lite" Singapore.

The SSB encourages Singaporeans to take ownership of the environment by maintaining green spaces, reducing reliance on private car transportation and engaging in conscientious consumerism. By integrating innovative design and technology into everyday spaces, SSB hopes that Singaporeans can interact with natural spaces in a sustainable way.¹⁰

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 boxes denote insufficient data.

5. Credit Suisse, 2018, Global Wealth Report 2018

6. Ministry of Finance, 2018, Before and After Taxes and Transfers - Singapore's Gini Coefficient

7. OECD Data, 2019, Income inequality (indicator)

8. Channel News Asia, 2017, National Day Rally 2017: six key takeaways

9. Ministry of Foreign Affairs, 2018, Towards a Sustainable and Resilient Singapore

10. Ministry of Environment and Water Resources, 2018, About SSB

Global Competitiveness Rank

2017-2018

3/137

Global Competitiveness Rank (2016-2017) - 2/138

Ease of Doing Business Rank

2019

2/190

Ease of Doing Business Rank (2018) - 2/190






Number of Millionaires

2017

152,000

Source: Charities Aid Foundation (CAF), Credit Suisse, World Bank, World Economic Forum (WEF)
Figures are accurate as of March 2019

GOVERNMENT INITIATIVES TO ADDRESS DEVELOPMENT GAPS

IMPACT AREA	SDG GOALS	GAP	GOVERNMENT INITIATIVES
Climate Action	 	<ul style="list-style-type: none"> In the 2018 Environmental Performance Index of 180 countries, Singapore ranks 49th overall and 134th for air quality.¹¹ In 2018, less than 3% of Singapore's energy came from renewable sources.¹² 	<ul style="list-style-type: none"> Singapore implemented Southeast Asia's first carbon tax in January 2019. Industrial facilities currently must pay SGD 5 (USD 3.60) per tonne of greenhouse gas emissions with plans to increase it to SGD 10-15 (USD 7.20-10.80) per tonne by 2030.¹³ The government designated 2018 as the Year of Climate Action. As one of its initiatives, Singapore reduced the growth allowance for private cars to zero in February 2018.¹⁴
Education and employability		<ul style="list-style-type: none"> In the 2015 Programme for International Students Assessment (PISA) test, socioeconomic differences accounted for 17% of the variation in students' science performance.¹⁵ 	<ul style="list-style-type: none"> In 2017, the Ministry of Education announced it will manage 50 kindergartens in the next 5 years, an increase from 15, to better ensure children have access to quality preschool education.¹⁶
Social protection	 	<ul style="list-style-type: none"> Although there are no official government statistics on poverty, economists estimate that 10-14% of Singaporeans face severe financial problems and have difficulties meeting basic needs.¹⁷ A 2015 study by the Lee Kuan Yew School of Public Policy estimated that the poverty rate among the working elderly jumped from 13% in 1995 to 41% in 2011.¹⁸ 	<ul style="list-style-type: none"> Nearly 500,000 of Singapore's Merdeka Generation (those born in the 1950s) will benefit from a SGD 8 billion (USD 5.8 billion) health care support scheme starting in June 2019.¹⁹ In 2018, the government committed to extend its Community Networks for Seniors pilot nationwide by 2020. This initiative provides greater social support for the elderly. The government also added SGD 400 million (USD 290 million) to 2 seniors-related community funds.²⁰

Source: AVPN analysis

11. Environmental Performance Index, 2019, Singapore

12. Energy Market Authority, 2018, Energy Snapshot of Singapore 2018

13. The Straits Times, 2018, Singapore Budget 2018: Carbon Tax of \$5 per tonne of greenhouse gas emissions to be levied

14. Climate Action SG, 2018, 2018 Year of Climate Action

15. The Straits Times, 2017, Poorer kids more likely to underperform, but Singapore has many resilient students, global test finds

16. The Straits Times, 2017, National Day Rally 2017: Six key takeaways

17. SMU, 2017, Shining a light on Singapore's invisible poor

18. Ng Kok Hoe, 2015, Can Singapore's Central Provident Fund still meet retirement income needs?

19. Channel News Asia, 2019, Budget 2019: Merdeka Generation Package worth \$88b to include subsidies for outpatient care

20. The Straits Times, 2018, Singapore Budget 2018: Support network for seniors to be expanded

THE SOCIAL INVESTMENT LANDSCAPE

NEW DEVELOPMENTS IN 2017-2019

- Starting in 2017, listed companies on the Singapore Stock Exchange were required to submit sustainability reports on a “comply-or-explain” basis.
- In 2017, Impact Investment Exchange and DBS Bank issued the world’s first listed social sustainability bond in Singapore, the Women’s Livelihood Bond. A 2nd Women’s Livelihood Bond is on track to launch in mid-2019 with USD 100 million in financing.
- In April 2018, the Singapore Circle of Practice for Accounting for Sustainability was launched by 9 companies, the first of its kind in Asia.
- In January 2019, the Asia Sustainable Finance Initiative was formed as a multi-stakeholder forum to support financial institutions in developing sustainable finance.
- In 2019, the Monetary Authority of Singapore expanded its Green Bond Grant Scheme, introduced in 2017 to offset the cost of obtaining green bond certification, to include social and sustainability bonds.
- In 2019, the government set up a SGD 200 million (USD 145 billion) Bicentennial Community Fund to encourage Singaporeans to donate by matching all donations made to charities registered as Institutions of Public Character.

Social enterprises receive increased corporate support to enhance financial sustainability

One major challenge faced by Singapore’s social enterprise (SE) sector is supportive financing, which is crucial to SEs being able to scale and achieve sustainability. The latest mapping report by the Singapore Centre for Social Enterprise (raiSE)²¹ in 2017 found that more than 60% of SEs were self-funded and their top 2 priorities were improving their business model to achieve financial sustainability and finding a reliable source of funding.

Corporates are stepping in to address this issue and are increasingly engaged in SE development. In 2018, 7 start-ups participated in the 3rd year of Singtel’s 4-month social innovation programme called Singtel Future Makers, which offers mentoring and networking opportunities as well as up to SGD 140,000 (USD 100,000) in grants.²² In 2018, DBS Foundation’s Social Enterprise Grant Programme supported 12 SEs across Southeast Asia with SGD 1.25 million (USD 910 million).²³ These awardees were also the first to participate in the DBS Social Enterprise Support

Programme, which provides mentoring sessions by DBS bankers, training workshops, access to a zero-minimum balance bank account and unsecured loans at preferential rate.²⁴ The support programme is jointly administered by DBS Bank’s SME Banking team and DBS Foundation.

Corporate support for SEs builds off of pre-existing government funding for SEs. As of 2019, SEs can apply for various grants, including seed and early stage funding grants for pilot ideas by raiSE, grants for SEs that train and employ disadvantaged Singaporeans under the ComCare Enterprise Fund by the Ministry of Social and Family Development, and grants to establish new cooperatives under the Central Cooperatives Fund by the Ministry for Culture, Community and Youth.²⁵ In 2017, the total expenditure for SE grants by raiSE was nearly SGD 1.5 million (USD 1 million).²⁶

Singapore grows as regional hub for international impact investors

According to the Global Impact Investing Network, the Asia-Pacific region was the fastest growing market for

21. raiSE, 2017, State of Social Enterprise in Singapore

22. Singtel Future Makers, 2018

23. DBS, 2018, DBS Foundation awards SGD 1.25 million in grants to 12 social enterprises across Asia

24. DBS, 2018, DBS further entrenches its support of social enterprises in Singapore

25. SBS Consulting, 2019, Company Incorporation Singapore: Set Up Your Social Enterprise

26. raiSE, 2018, Annual Report 2017/18

impact investment in the world between 2013 and 2018.²⁷ While Singapore is not the largest recipient of impact investment funds, it is the country of choice for many impact investors to situate their organisations and manage investments. This is not surprising due to the country's regulatory, economic and political stability and maturity and the ease of domiciling an equity fund in Singapore compared to other investing hubs in the region, such as Indonesia and the Philippines.²⁸

Several international impact investors are establishing offices or growing operations in the region through Singapore. Examples include:

- In 2018, BlueOrchard, a Swiss investment company that has deployed over USD 5 billion in impact investment, established a regional office in Singapore.²⁹
- In 2019, LeapFrog Investments, one of the world's largest equity investors in emerging markets and purpose-driven businesses³⁰ with headquarters in Singapore, announced it had raised USD 700 million for its 3rd emerging markets fund, which will focus on health care and financial companies in Africa and Asia.³¹
- In 2019, Singapore-based Insitor Impact Asia Fund announced it was considering launching a 3rd fund. It has so far invested over USD 30 million from 2 funds in start-ups in Cambodia, India, and Myanmar with 4 successful exits. Although its funding base is fully from Europe, it is hoping to include Asian investors in its new fund.³²

Other impact funds operating in Singapore include Bamboo Capital, LGT Impact, Omidyar Network, East Ventures, Impact Investment Exchange (IIX), Damson Capital and Garden Impact.

Although there is a strong international presence among institutional impact investors, local philanthropic institution Temasek Trust is a notable Singaporean institution increasing its engagement. In June 2019, it launched an impact investing fund called ABC World Asia, which focuses on firms with positive social and environmental impact in the region.³³ It will be headquartered in Singapore and will

invest in companies that funnel their efforts towards South Asia, Southeast Asia and China, working on themes such as financial and digital inclusion, better health and education, climate and water solutions, sustainable food and agriculture, and smart and liveable cities.³⁴

Family offices increasingly active in impact investing

High net worth families are growing their impact investing capacity using their family office arms rather than their foundations.³⁵ In the 2018 UBS Global Family Office Report, 32% of the family offices surveyed were reported to be involved in impact investing with a substantial 4.2 percentage point jump in family office participation in impact from the year before.³⁶

Some examples of family offices in Singapore that are active in impact investing include:

- Blue, a family office that invests in South and Southeast Asian for-profit companies delivering social impact in education, healthcare and water and sanitation. Its larger mission is to improve the welfare and livelihood of women through innovative ideas and technologies.³⁷
- Treis, the Southeast Asian arm of the Treis family office based in Europe. It has a wide spectrum of investment activities, including impact investment, all of which have a focus on sustainability.³⁸ Its impact investment arm undertakes early stage investments in social and environmental impact businesses but these have been primarily focused on investments in Africa.³⁹
- Octava, a family office with multiple investments across several industries, including long term sustainable investments and value-creation through strategic partnerships.⁴⁰ It is connected to the Octava Foundation, which also has its own impact investing fund, the Octava Impact Fund. In 2019, Boxgreen, a local snackbox subscription service start-up which promotes fair and inclusive hiring, received funding from the Octava Impact Fund to set up a manufacturing facility in Changi Prison to provide training for inmates.⁴¹

27. BRINK, 2018, Impact Investing Surges in Southeast Asia

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

29. BlueOrchard, 2018, BlueOrchard to open new office in Singapore

30. Leapfrog Investments, Leapfrog Labs

31. AltAssets, 2019, LeapFrog raises \$700m for record-breaking third emerging markets fund

32. Citywire Asia, 2019, Lessons Learnt from impact investing in Asia: Insitor Partners

33. Gulf Times, 2019, Ex-Temasek executive to start impact investing

34. Straits Times, 2019, Temasek's philanthropy arm sets up Asia-focused private equity fund for impact investing

35. Asia Centre for Social Entrepreneurship & Philanthropy (ACSEP) and Sasakawa Peace Foundation, 2018, Impact Investments by Foundations in Singapore and Hong Kong

36. UBS, 2018, The Global Family Office Report

37. AVPN, Blue Pte Ltd

38. AVPN, Treis Asia Pte Ltd

39. Treis Group, 2019

40. Octava, 2019, Who We Are

41. Business times, 2019, Snackbox subscription startup Boxgreen raises pre-Series A round led by Octava Impact Investment

Institutional philanthropy becoming more collaborative amidst growing individual giving

Institutional donors and foundations are increasingly exploring collaborative solutions to address social problems. Colabs, launched in 2018 by the Community Foundation of Singapore (CFS) and the National Volunteer & Philanthropy Centre (NVPC), seeks to catalyse collaborations among stakeholders from the public, private and social sectors with a shared issue or target beneficiary group in Singapore. Colabs has 3 networks for children and youth, the elderly and persons with disabilities. In 2018, it released its first publication, 'A Call for Collaborative Giving: Closing the Gap for Disadvantaged Young Persons', which outlined recommendations for collaboration opportunities between stakeholders.⁴² In another example of increasingly collaborative philanthropy, in 2018, 5 philanthropists and members of the Asia Philanthropy Circle (APC) jointly developed the first purpose-built assisted living facility in Singapore as a philanthropy-funded response to the needs of a rapidly aging population.

In June 2019, Temasek opened Temasek Shophouse, a dedicated centre for its philanthropic arm, Temasek Trust, as well as the Temasek Foundation and the Stewardship Asia Centre.⁴³ In addition to housing these institutions and the newly-established ABC World Asia impact fund, the Temasek Shophouse is also an open space to foster public engagement with social impact. It includes a co-working space for social enterprises and NGOs and will also serve as a space to host community events and outreach programmes for greater philanthropic and social impact awareness.

According to a 2019 NVPC report on individual giving, the average Singaporean donor is now giving more, with overall donations doubling over the last decade from SGD 0.96 billion (USD 0.70 billion) in 2008 to SGD 2.11 billion (USD 1.53 billion) in 2018.⁴⁴ The Singapore government has remained committed to providing some of the world's highest incentives for charity made to the country's registered Institutions of Public Character (IPCs). In 2018, the government extended the 250% tax deduction benefit for donations to IPCs, first introduced in 2009, through 2021.⁴⁵ In 2019, the

government set up a SGD 200 million (USD 145 billion) Bicentennial Community Fund to further encourage Singaporeans to donate by matching all donations made to IPCs.⁴⁶

Corporates increasingly integrating CSR, sustainability in business models

Corporates are beginning to develop more strategic corporate social responsibility (CSR) programmes beyond traditional CSR models and corporate philanthropy. In the 2017 Corporate Giving Survey by NVPC, 64% of the 366 corporates surveyed had integrated giving into their business models.⁴⁷ While cash donations remained the most popular way to give at 62%, 37% of companies donated company products and 30% purchased products and services from non-profit organisations.⁴⁸ Starting in 2017, listed companies on the Singapore Stock Exchange were required to submit sustainability reports on a "comply-or-explain" basis. Whereas in 2015 the overall disclosure level for top 100 listed companies in Singapore was less than 50%,⁴⁹ by 2017 it had risen to over 61%.⁵⁰

Sustainability is especially important for companies in Singapore that source palm oil from the region. Cargill's Tropical Palm business is headquartered in Singapore and aims to have a fully transparent, traceable and sustainable palm supply chain by 2020.⁵¹ As of 2019, Cargill operated oil palm plantations and mills in Indonesia that cover 80,000 hectares and employ 18,000 people with 21,000 partnering smallholder farmers.⁵² In 2018, Unilever, which bases its regional business headquarters for Southeast Asia and Australasia in Singapore, became the first consumer goods company to publicly disclose its palm oil suppliers to create a more sustainable palm oil supply chain and improve industrywide practices.⁵³ It is on track to have a fully traceable crude palm oil supply chain by the end of 2019.⁵⁴

42. NVPC, 2018, CFS and NVPC Initiate Cross-Sector Collaborative Effort to Help Disadvantaged Young Persons in Singapore

43. The Straits Times, 2019, New co-working space to encourage groups to collaborate and create social impact

44. NVPC, 2019, Individual Giving Study 2018 Media Briefing

45. MOF, 2017, Tax Deduction for Donations

46. MCCY, 2019, Bicentennial Community Fund

47. NVPC, 2018, NVPC Corporate Giving Survey 2017 Findings

48. NVPC, 2018, Corporate Giving Survey 2017

49. NUS Business School, 2016, Sustainability Reporting in ASEAN

50. NUS Business School, 2018, Sustainability Reporting in ASEAN Countries

51. EDB Singapore, 2017, How Cargill is feeding a changing, growing world

52. Cargill, 2019, Cargill acquires Temasek's stake in Cargill's oil palm plantation business

53. Unilever, 2018, We take a radical step on palm oil supply chain transparency

54. Unilever, Our approach to sustainable palm oil



Halcyon Agri and DBS Bank – developing digital tools to enable sustainability and transparency

Halcyon Agri Corporation has set up a digital marketplace, HeveaConnect, for the trading of sustainably processed natural rubber with DBS Bank and Itochu Corporation taking minority stakes in the platform.⁵⁵ Launched in December 2018, this platform connects stakeholders in the natural rubber supply chain such as smallholder farmers, rubber producers and tyre manufacturers. It captures transactions and enables transparent information sharing on prices, reflecting the true cost of sustainably sourced and processed natural rubber. HeveaConnect also offers ancillary services such as financing, insurance and logistics, all part of Halcyon's digitisation strategy for the rubber industry.⁵⁶

HeveaConnect will provide an ESG risk profile of the source provenance of natural rubber coming into processing facilities as well as key process parameters that concern water use and emissions. The platform aims to enable real time manufacturing data collection using Internet of Things (IoT) sensors in processing facilities and to push out best agricultural practice knowledge to smallholder farmers on their phones.

Halcyon is the world's largest supplier of natural rubber. In 2018 it launched a Sustainable Natural Rubber Supply Chain Policy which covers 7 main areas, including employee welfare, ecosystem protection and traceability of products.⁵⁷ Though headquartered in Singapore it conducts CSR activities throughout the region as part of the Halcyon Global Village programme launched in 2016. Activities include community engagement projects which advocate for education and development of technical skills among the communities where Halcyon facilities are located.⁵⁸

Capacity-building initiatives emerge to address low take-up of sustainable finance

Despite being one of Asia's financial hubs, Singapore is not yet a leader in sustainable finance. In the 2018 Schroders Global Investor Survey,⁵⁹ only 59% of Singapore investors increased their portfolio of sustainable investments in the last 5 years, below the global (64%) and Asia (69%) average. A large majority (68%) of all the Singapore investors surveyed cited a lack of information as the biggest inhibitor to increasing sustainable investments, the 3rd most of the 30 economies analysed in the report. Several initiatives and groups have emerged to fill in the gap:

- In April 2017, the Investment Management Association of Singapore (IMAS), a representative body of investment managers, expressed support for the UN Principles for Responsible Investment (PRI) and Singapore Stewardship Principles for Responsible Investors.⁶⁰ IMAS organised 3 workshops in 2018 to build industry capacity in ESG and sustainable investing in collaboration with the World Wide Fund for Nature.⁶¹
- In April 2018, the Singapore Circle of Practice for Accounting for Sustainability (A4S) was launched, a collective effort by 9 companies, including CapitaLand and DBS Bank, to push financial institutions to shift to more resilient business models and a sustainable economy. The first of

55. Business Times, 2017, Halcyon Agri sets up online rubber trading platform with DBS taking minority stake
56. DBS, 2018, DBS partners Halcyon to set up HeveaConnect - a digital trading marketplace for sustainable rubber

57. Business Times, 2018, Halcyon Agri implements sustainable natural rubber supply chain policy

58. Halcyon, 2019, Halcyon Global Village

59. Schroders, 2018, Global Investor Survey

60. IMAS, 2017, WWF Responsible Fund Managers Masterclass (Supported by MAS)

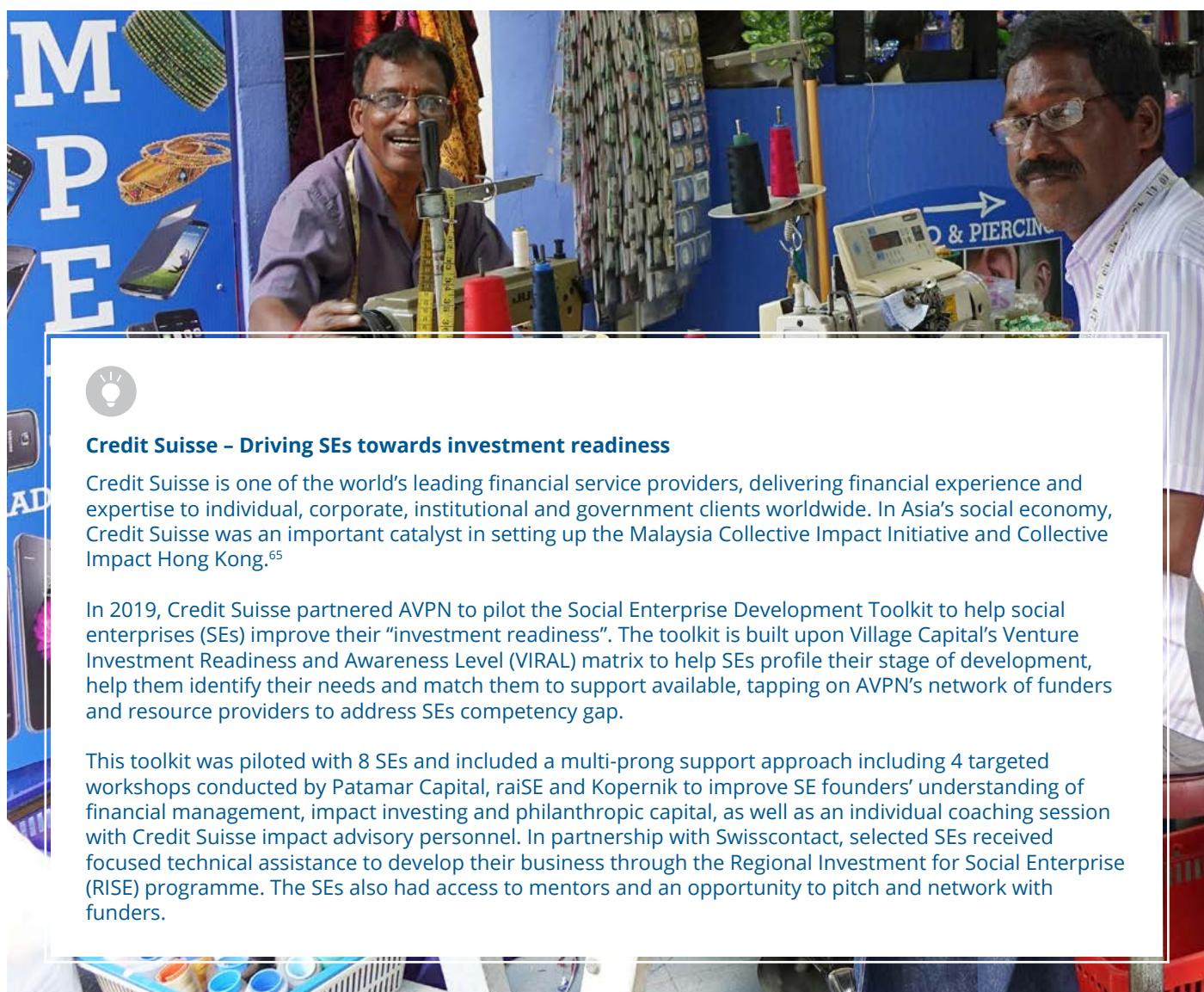
61. IMAS, 2018, IMAS-WWF Masterclass Workshop 3: Sustainable Finance Seminar on Climate and Energy

its kind in Asia, A4S plans to create a collaborative and improved framework to calculate the effects of climate change on investments and business performance in Asia through pooling knowledge and sharing exemplary cases of sustainable finance.⁶²

- In January 2019, the Asia Sustainable Finance Initiative (ASFI) was formed as a multi-stakeholder forum to support financial institutions in developing sustainable finance. With the support of World Wide Fund for Nature, ASFI contains an advisory group of 4 Singapore-based investor associations, including the Association of Banks in Singapore and IMAS, as well as knowledge partners, including the Asia Investor Group on Climate Change, National University of

Singapore's Centre for Governance, Institutions and Organisations and the 2° Investing Initiative. These partners will assist in creating standards and certification schemes for specific material, environmental and social issues.⁶³

One standout example of a sustainable finance innovation in Singapore is the SGD 300 million (USD 220 million) sustainability-linked loan issued to CapitaLand by DBS Bank in October 2018. This was the first sustainability-linked loan in Asia's real estate sector and offers lower rates to borrowers based on their sustainability performance and achievement of specific environmental outcomes. CapitaLand was one of 2 Singaporean companies listed on the Dow Jones Sustainability Indices (DJSI) in 2018.⁶⁴



Credit Suisse – Driving SEs towards investment readiness

Credit Suisse is one of the world's leading financial service providers, delivering financial experience and expertise to individual, corporate, institutional and government clients worldwide. In Asia's social economy, Credit Suisse was an important catalyst in setting up the Malaysia Collective Impact Initiative and Collective Impact Hong Kong.⁶⁵

In 2019, Credit Suisse partnered AVPN to pilot the Social Enterprise Development Toolkit to help social enterprises (SEs) improve their "investment readiness". The toolkit is built upon Village Capital's Venture Investment Readiness and Awareness Level (VIRAL) matrix to help SEs profile their stage of development, help them identify their needs and match them to support available, tapping on AVPN's network of funders and resource providers to address SEs competency gap.

This toolkit was piloted with 8 SEs and included a multi-prong support approach including 4 targeted workshops conducted by Patamar Capital, raiSE and Kopernik to improve SE founders' understanding of financial management, impact investing and philanthropic capital, as well as an individual coaching session with Credit Suisse impact advisory personnel. In partnership with Swisscontact, selected SEs received focused technical assistance to develop their business through the Regional Investment for Social Enterprise (RISE) programme. The SEs also had access to mentors and an opportunity to pitch and network with funders.

62. ACCA, 2018, A4S's Singapore Circle of Practice is the first in Asia

63. City Wire Asia, 2019, Singapore introduces new sustainable finance initiative

64. CapitaLand, 2018, CapitaLand secures first and largest S\$300 million sustainability-linked loan in Asia's real estate sector

65. AVPN, 2019, How to build a community that works towards your goals: Credit Suisse is leading a movement to help social enterprises thrive

Green and conservation finance gain momentum through bonds

In March 2017, the Monetary Authority of Singapore (MAS) introduced a Green Bond Grant Scheme to offset the cost of obtaining an external review for green bonds up to SGD 100,000 (USD 72,500).⁶⁶ Just one month later, City Developments Limited issued Singapore's first green bond, followed by a USD 500 million green bond by DBS Bank in July 2017. As of November 2018, Singapore had the 2nd largest green bond market in ASEAN at USD 1.76 billion with 6 green bonds issued in 5 different currencies.⁶⁷ A 7th green bond was issued in April 2019 by the Singapore branch of the Industrial and Commercial Bank of China (ICBC) totalling USD 2.2 billion to support China's Belt and Road Initiative and green development.⁶⁸

Other conservation finance innovations have also been led through Singapore. A recent example is the establishment of the New Forest's Tropical Asia Forest Fund (TAFF), a forestry fund with a value of USD 170 million, which was initially launched in 2012

with investments in Laos and Indonesia and has since expanded to include a eucalyptus plantation in Sabah, Malaysia in 2018.⁶⁹ TAFF, the first forestry fund for sustainable forestry in Southeast Asia launched in 2012 with USD 170 million, encourages sustainable plantation practices that contribute to economic development while providing livelihood opportunities and resilience to environmental threats.

In 2019, MAS expanded the Green Bond Grant Scheme to include social and sustainability bonds.⁷⁰ This follows the 2017 issuance of the world's first listed social sustainability bond in Singapore, the Women's Livelihood Bond, by IIX and DBS, which aimed to support over 385,000 women through microfinance institutions in Cambodia, Vietnam, and the Philippines.⁷¹ A 2nd Women's Livelihood Bond is on track to launch in mid-2019 with USD 100 million in financing to support 1 million women in Asia.⁷² In a world-first, Standard Chartered helped to place a USD 15 million sovereign blue bond for the Republic of Seychelles in partnership with the World Bank to support sustainable marine and fisheries projects.⁷³



66. The Straits Times, 2017, Singapore to roll out green bond grants

67. Climate Bonds Initiative, 2018, ASEAN Green Finance State of the Market 2018

68. Finews, 2019, ICBC Singapore Issues Bank's First Green Bond

69. New Forests, 2018, New Forests' Tropical Asia Forest Fund Expands Investment in Malaysian Eucalyptus Plantation

70. Mondaq, 2019, Singapore: Monetary Authority of Singapore Launches Sustainability Bond Grant Scheme

71. IIX Global, 2017, Women's Livelihood Bond

72. World Bank, 2018, Seychelles launches World's First Sovereign Blue Bond

73. World Bank, 2018, Seychelles launches World's First Sovereign Blue Bond

SOCIAL ECONOMY DEVELOPMENT

Singapore is building on its strong business environment and international attractiveness to establish itself as a regional hub for impact investing, sustainable finance and green finance

CATEGORY	FACTOR	RATING	DESCRIPTION
SPOs	Presence, size and maturity		<ul style="list-style-type: none"> As of March 2018, there were 336 SEs supported by raISE, but 73% reported annual turnover of less than SGD 200,000 (USD 145,000).⁷⁴ There were 2,263 registered charities with the Ministry of Culture, Community and Youth in 2017.⁷⁵
	SEs' sectoral presence		<ul style="list-style-type: none"> SEs in Singapore operate in education, training, and health and wellness with intended outcomes of employment, education and skill development.⁷⁶
Investors	Philanthropic contributions		<ul style="list-style-type: none"> CFS, established in 2008, had received nearly SGD 100 million (USD 72.5 million) as of March 2018.⁷⁷ CFS and NVPC's Colabs are fostering cross-sector collaboration and knowledge-sharing for targeted philanthropy efforts.
	Managed funds		<ul style="list-style-type: none"> Singapore is a regional hub with many domestic and international institutional investors and family offices engaged with impact investing. Asia Impact Investment Fund (AIIF) is a co-investment impact fund for high net worth families and investors led by UOB Venture Management and Credit Suisse.
	Corporate sector		<ul style="list-style-type: none"> NVPC's Company of Good programme to drive corporate giving lists 51 corporate members on its website since its founding in 2016.⁷⁸ Other corporate initiatives include SE support from Singtel and DBS Bank and the sustainability-linked loan by CapitaLand and DBS Bank.
Enablers and Intermediaries	Policy environment		<ul style="list-style-type: none"> Singapore provides the highest incentives for donations in the region with both individuals and corporates qualifying for 250% tax deductions on donations to IPCs.⁷⁹ raISE provides financial and non-financial assistance to SEs and MAS has supported initiatives for sustainable finance and green finance.
	Incubators, accelerators and capacity builders		<ul style="list-style-type: none"> There are numerous incubation and accelerator programmes, such as Singapore International Foundation (SIF)'s Young Social Entrepreneurs programme and Impact Hub Singapore. Singtel Future Makers and DBS support SEs and also provide funding.
	Networks and platforms		<ul style="list-style-type: none"> Numerous platforms have been established to support stakeholder engagement in the social economy, such as NVPC Company for Good, ASFI and A4S.
	Knowledge and research		<ul style="list-style-type: none"> Several Singapore universities conduct research on the social economy and offer SE courses, such as the Singapore Management University, NUS Asia Centre for Social Entrepreneurship and Philanthropy (ACSEP), Nanyang Technological University and Singapore University of Social Sciences. Other examples of SE courses include SIF's Young Social Entrepreneurs programme⁸⁰ and the INSEAD Social Entrepreneurship Programme.⁸¹
	Partnerships		<ul style="list-style-type: none"> Singapore has introduced several innovative finance mechanisms such as the world's first sovereign water bond and IIX and DBS Bank's listed social sustainability bond. DBS Bank and CapitaLand introduced the first sustainability-linked loan in Asia's real estate sector.

74. raISE, 2018, Annual Report 2017/18

75. Ministry of Culture, Community and Youth, 2018, Commissioner of Charities Annual Report 2017

76. raISE, 2017, State of Social Enterprise in Singapore

77. Community Foundation of Singapore, 2018, Annual Report 2018

78. Company of Good, Partners & Founding Members

79. Channel News Asia, 2018, Budget 2018: Government to extend 250% tax deductions for donations for three more years

80. Singapore International Foundation, Young Social Entrepreneurs

81. INSEAD, 2019, INSEAD Social Entrepreneurship Programme

OPPORTUNITIES

- The presence of Singapore-based impact funds in neighbouring countries could pave the way for greater harmonisation of international impact assessment standards.
- The expansion of CSR from donations to integrating sustainability into the company's daily operations suggests the potential for more cross-sector partnerships and co-investment for social impact.
- Singapore's legacy as a financial hub in the region puts greater pressure on its institutional investors to adopt ESG frameworks and sustainable finance models that are increasingly demanded by family offices and younger investors.
- Crowdfunding is gaining traction and legitimacy in society as a donation platform. A new regulatory code introduced in January 2018 requires crowdfunding platforms to screen the organisations, give updates of funds raised and make their fees public, leading to more transparent and greater giving.⁸²
- With its strong infrastructure, robust tax and regulatory frameworks and low corruption rates, Singapore presents a productive and transparent environment for doing business and continues to grow in its legitimacy as a regional hub and effective gateway to markets in the region.

CHALLENGES

- There is limited advocacy and awareness around different sustainable investing approaches, inhibiting greater mainstream adoption among institutional investors.
- The current policy environment is still evolving to support new sustainable finance innovations such as development bonds.
- A majority of SEs in Singapore are still in the seed-funding and early stages of development. Few SEs have a clear and strategic business model, resulting in a shortage of investment-ready SEs.

RECOMMENDATIONS

- **Development gaps:**
 - Social investors, charities, foundations and social enterprises could create much-needed impact in overlooked areas like mental health, the arts and environmental issues.
 - Singapore's rapidly ageing population presents unique challenges that will require better resource efficiency and diversification.
- **Social investment:**
 - The success of and interest in the Women's Livelihood Bond, as shown by its second bond launch in 2019, should be financially supported by government entities whose work overlaps with increasing economic empowerment and women's livelihoods.
 - Along with the growth in tools and collaborative platforms for sustainable finance, asset managers need to use their voting rights to improve governance in their investment companies and create more environmental and social benefits.
- **Ecosystem support:**
 - Corporates can further expand their CSR activities by encouraging employees to volunteer as capacity-building mentors for social entrepreneurs.
 - Given Singapore's economic and political strengths, it has great potential to become a regional hub for impact and ESG investments. There could be greater collaborative efforts between government agencies and market actors to enforce regulatory ESG policies.
 - NVPC, Enterprise Singapore, raISE, Tote Board, EDB, National Arts Council are some of the institutions that contribute to the strong ecosystem for social investment in Singapore. Strengthened collaboration across the public sector, private sector and civil society can lead to more systematic and sustainable solutions to meet social needs.

82. The Straits Times, 2018, Crowdfunding sites have received \$100k donations

RECOMMENDED READING

- Asia Centre for Social Entrepreneurship & Philanthropy (ACSEP) and Sasakawa Peace Foundation, 2018, Impact Investments by Foundations in Singapore and Hong Kong
- NVPC, 2018, NVPC Corporate Giving Survey 2017 Findings
- raISE, 2017, State of Social Enterprise in Singapore

Appendix: Legislative Framework for SPOs in Singapore

SPOs in Singapore may take either non-profit or for-profit structures.⁸³

NON-PROFIT STRUCTURES	
Company limited by guarantee (CLG)	Companies limited by guarantee are non-profit companies formed by member contributions. A CLG can have more than 50 members but cannot have shares as it is a public company.
Society	Societies are associations of 10 or more individuals that do not exist for the purpose of making profit. If the society is sued, all members of the society are personally liable.
Trust	Trusts are legal arrangements in which ownership of assets is transferred to another person (trustee) for the benefit of one or more people (beneficiaries). Trustees can be any person or association established for religious, educational, literary, scientific, social or charitable purposes.
FOR-PROFIT STRUCTURES	
Private limited company	Private limited companies are treated as legally separate from their shareholders and directors. Members have limited liability and are not personally liable for debts of the company.
Sole proprietorship	Sole proprietorships are owned by an individual who has unlimited liability. If the business fails, the owner is personally liable for debts of the company.
Partnership	Partnerships consist of two or more persons conducting business in common. A partnership of more than 20 partners must be incorporated as a company under the Companies Act. Partners are personally liable for the debts and losses of the company or incurred by other partners.

83. raISE, 2017, State of Social Enterprise in Singapore

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

knowledge@avpn.asia

Address:

Union Building, 171 Tras Street, #10-179,
Singapore 079025