THE LANDSCAPE FOR IMPACT INVESTING IN SOUTHEAST ASIA
ACKNOWLEDGMENTS

This project was generously supported by Investing in Women, an initiative of the Australian government.

This report was made possible through the contributions of many individuals, both within and beyond Southeast Asia. We would especially like to thank all the interviewees that gave their time, expertise, and data during the course of this study. Without their key insights, this report would not have been possible.

We would also like to thank Giselle Leung, Anantha Natalegawa, Katrina Ngo, Annie Olszewski, Aliana Pineiro, Kathryn Savasuk, Aditi Sethi, Sapna Shah, and Anil Sinha for review and input.

GIIN Advisory Team
Abhilash Mudaliar, Research Director
Rachel Bass, Research Senior Associate
Hannah Dithrich, Research Associate
Jennifer Lawrence, Communications Associate

Intellecap Advisory Services
Mukund Prasad, Associate Partner
Stefanie Bauer, Associate Partner
Amar Gokhale, Manager
Shreejit Borthakur, Senior Associate
Harish Reddy, Senior Associate
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFI</td>
<td>Development Finance Institution</td>
</tr>
<tr>
<td>EoDB</td>
<td>Ease of Doing Business</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>Fintech</td>
<td>Financial Technology</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GDP (PPP)</td>
<td>Gross Domestic Product at Purchasing Power Parity</td>
</tr>
<tr>
<td>GLI</td>
<td>Gender Lens Investing</td>
</tr>
<tr>
<td>HNWI</td>
<td>High-Net-Worth Individuals</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>LGBT</td>
<td>Lesbian, Gay, Bisexual, and Transgender</td>
</tr>
<tr>
<td>OPIC</td>
<td>Overseas Private Investment Corporation</td>
</tr>
<tr>
<td>PII</td>
<td>Private Impact Investor</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium-Sized Enterprise</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>WASH</td>
<td>Water, Sanitation, and Hygiene</td>
</tr>
</tbody>
</table>
REGIONAL OVERVIEW
# TABLE OF CONTENTS

Southeast Asia................................................................. 2
  Economic overview ...................................................... 2
  Social overview .......................................................... 3
Southeast Asia: An introduction to the impact investing landscape ............ 4
  Private impact investors .............................................. 5
  Development finance institutions .................................... 15
Challenges and opportunities ................................................ 23
  Supply-side challenges ............................................... 23
  Demand-side challenges .............................................. 24
  Ecosystem challenges .................................................. 24
  Supply-driven opportunities ......................................... 25
  Demand-driven opportunities ........................................ 25
  Ecosystem-driven opportunities ..................................... 26
Country contexts............................................................. 27
  Brunei........................................................................... 27
  Cambodia...................................................................... 31
  East Timor ................................................................. 35
  Laos.......................................................................... 38
  Malaysia...................................................................... 42
  Myanmar...................................................................... 46
  Singapore..................................................................... 50
  Thailand...................................................................... 54
ABOUT THIS REPORT

Motivation
Impact investing is a growing practice defined by its intent to generate positive social and environmental impact alongside a financial return. Impact investments are made across the globe, and developing economies provide ample opportunities for market-based solutions and investment capital to address social and environmental challenges. Southeast Asia is developing rapidly, but the region also faces social and environmental challenges that offer substantial potential for impact investments. Indeed, almost a third of impact investors invest in Southeast Asia, and 44% plan to grow their impact investing allocations to the region in the year ahead.¹ The Landscape for Impact Investing in Southeast Asia report provides much-needed information about the impact investing market in Southeast Asia to inform investors already allocating capital or considering investing in the region.

This report provides detailed information about the investing activity and trends in 11 countries: Brunei, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. It outlines challenges and opportunities for impact investors and analyzes political and economic factors that may inform investment decisions in each country. The report comprises five chapters: an executive summary, three chapters examining Indonesia, the Philippines, and Vietnam in detail, and an overview of the region’s remaining countries.

Scope
Impact investments are defined as “investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.” This report presents analysis of impact investing activity among private impact investors (PIIs) and development finance institutions (DFIs) in Southeast Asia between 2007 and 2017. Only direct capital deployments made into enterprises or projects were included; indirect deployments were excluded to avoid double counting. Investors’ capital commitments and liquid assets were also excluded.

Methodology
Building on existing research, the report uses deal-level data to provide quantitative analysis of the impact investing landscape in Southeast Asia. Findings are based on interviews conducted with over 100 stakeholders, a thorough review of existing research, and aggregate analysis of 514 impact deals between 2007 and 2017.²

More detailed information on methodology and scope is provided in the Executive Summary. All chapters of this report can be found at www.thegiin.org.

² The Research Team’s efforts focused on creating an exhaustive database of direct impact deals made in the region from 2007 to 2017.

USD 904 MILLION
Impact capital deployed by PRIVATE IMPACT INVESTORS (PIIs)

USD 11.2 BILLION
Impact capital deployed by DEVELOPMENT FINANCE INSTITUTIONS (DFIs)
Southeast Asia is home to both sophisticated economies and developing markets. Consequently, addressing the wide range of socio-economic challenges in the region requires broad input across the impact investing ecosystem.

The Landscape for Impact Investing in Southeast Asia report provides detailed information on three major regional markets for impact investing: Indonesia, the Philippines, and Vietnam. This chapter covers impact investing activity across the region’s other eight countries: Brunei, Cambodia, East Timor, Laos, Malaysia, Myanmar, Singapore, and Thailand.

**Economic overview**

Southeast Asia’s diversity is reflected in the varying sizes of its economies and individual countries’ performance across economic development indicators like the Ease of Doing Business (EoDB) ranking and Global Competitiveness Index (Table 1). For instance, for more than a decade, Singapore held the top position globally on the EoDB ranking. By contrast, some countries, like East Timor and Myanmar, have only recently begun to open their economies; many are intentionally creating an enabling environment for business.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BRUNEI</td>
<td>32.7</td>
<td>-151</td>
<td>56</td>
<td>46</td>
<td>0.5</td>
</tr>
<tr>
<td>CAMBODIA</td>
<td>58.9</td>
<td>2.287</td>
<td>135</td>
<td>94</td>
<td>5.5</td>
</tr>
<tr>
<td>EAST TIMOR</td>
<td>2.7</td>
<td>6</td>
<td>178</td>
<td>–</td>
<td>6.3</td>
</tr>
<tr>
<td>INDONESIA</td>
<td>3,031.0</td>
<td>29,000</td>
<td>91</td>
<td>36</td>
<td>5.8</td>
</tr>
<tr>
<td>LAO PDR</td>
<td>44.3</td>
<td>997</td>
<td>141</td>
<td>98</td>
<td>4.3</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>863.3</td>
<td>13,515</td>
<td>24</td>
<td>23</td>
<td>2.4</td>
</tr>
<tr>
<td>MYANMAR</td>
<td>302.6</td>
<td>3,278</td>
<td>171</td>
<td>131</td>
<td>10.5</td>
</tr>
<tr>
<td>PHILIPPINES</td>
<td>806.3</td>
<td>7,900</td>
<td>113</td>
<td>56</td>
<td>3.7</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>492.5</td>
<td>161,596</td>
<td>2</td>
<td>3</td>
<td>2.4</td>
</tr>
<tr>
<td>THAILAND</td>
<td>1,165.0</td>
<td>3,063</td>
<td>26</td>
<td>32</td>
<td>2.0</td>
</tr>
<tr>
<td>VIETNAM</td>
<td>595.4</td>
<td>12,600</td>
<td>68</td>
<td>55</td>
<td>9.0</td>
</tr>
</tbody>
</table>

Source: Compiled by Intellecap Advisory Services

3 The most recent Global Competitiveness Index for Myanmar was calculated for 2016–2017.
Social overview

As with economic development, Southeast Asia exhibits diversity across social development indicators (Table 2). For example, Singapore tops the Human Development Index (HDI) among its regional peers, ranking fifth globally. On the other hand, Myanmar and Cambodia rank among the bottom 50 countries globally. While each country faces its own set of challenges, economic, social, and gender inequalities pervade throughout the region. Income gaps are much higher in wealthier countries, while gender and social inequalities are higher in the region’s lower-income countries.

**TABLE 2: SOCIAL DEVELOPMENT INDICATORS**

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>POPULATION (THOUSANDS)</th>
<th>GDP (PPP) PER CAPITA (2016)</th>
<th>GINI COEFFICIENT</th>
<th>HUMAN DEVELOPMENT INDEX RANK (2016)</th>
<th>SDG INDEX RANK (2017)</th>
<th>GLOBAL GENDER GAP RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRUNEI</td>
<td>423</td>
<td>77,420</td>
<td>–</td>
<td>30</td>
<td>–</td>
<td>102</td>
</tr>
<tr>
<td>CAMBODIA</td>
<td>15,762</td>
<td>3,737</td>
<td>37.9</td>
<td>143</td>
<td>114</td>
<td>99</td>
</tr>
<tr>
<td>EAST TIMOR</td>
<td>1,269</td>
<td>2,140</td>
<td>31.9</td>
<td>133</td>
<td>106</td>
<td>128</td>
</tr>
<tr>
<td>INDONESIA</td>
<td>261,116</td>
<td>11,220</td>
<td>39.0</td>
<td>113</td>
<td>100</td>
<td>84</td>
</tr>
<tr>
<td>LAOS</td>
<td>6,758</td>
<td>6,549</td>
<td>36.7</td>
<td>138</td>
<td>107</td>
<td>64</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>31,187</td>
<td>27,682</td>
<td>46.2</td>
<td>59</td>
<td>54</td>
<td>104</td>
</tr>
<tr>
<td>MYANMAR</td>
<td>52,885</td>
<td>5,721</td>
<td>–</td>
<td>145</td>
<td>110</td>
<td>83</td>
</tr>
<tr>
<td>PHILIPPINES</td>
<td>103,320</td>
<td>2,951</td>
<td>40.1</td>
<td>116</td>
<td>93</td>
<td>10</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>5,607</td>
<td>87,832</td>
<td>45.8</td>
<td>5</td>
<td>61</td>
<td>27</td>
</tr>
<tr>
<td>THAILAND</td>
<td>68,864</td>
<td>16,913</td>
<td>44.5</td>
<td>87</td>
<td>55</td>
<td>75</td>
</tr>
<tr>
<td>VIETNAM</td>
<td>94,569</td>
<td>5,838</td>
<td>37.6</td>
<td>115</td>
<td>68</td>
<td>69</td>
</tr>
</tbody>
</table>

Source: Compiled by Intellecap Advisory Services

This chapter discusses the supply of impact capital in eight countries in the region, followed by more detailed context for each country.

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4 Excluding Indonesia, the Philippines, and Vietnam which are discussed in separate chapters.
SOUTHEAST ASIA: AN INTRODUCTION TO THE IMPACT INVESTING LANDSCAPE

Overview of the Southeast Asian impact investing landscape

From 2007 to 2017, Private Impact Investors (PIIs) deployed more than USD 904 million through 226 deals in Southeast Asia. Indonesia, the Philippines, and Vietnam, analyzed separately for the purposes of this report, were the major countries for investment, receiving over 30% of all impact capital deployed (more than USD 281 million) through 135 deals. Combined, the rest of the region—Brunei, Cambodia, East Timor, Laos, Malaysia, Myanmar, Singapore, and Thailand—attracted nearly USD 622.5 million through 90 deals. Both the number of deals and the capital deployed by PIIs in these eight countries have increased significantly since 2013, which primarily reflects increased investment in Cambodia’s financial services sector. Overall, in terms of sector, most PII investments have flowed to financial services, energy, information and communications technology (ICT), agriculture, and consumer goods. There is a high prevalence of large debt investments, with the average ticket size for debt investments four times that of equity investments. Instruments vary by country, with a higher use of equity in more developed economies like Singapore and Malaysia than in economies such as East Timor, Cambodia, and Laos.

DFIs, on the other hand, have been consistently active over the last decade, cumulatively deploying more than USD 11.2 billion in impact capital through 298 deals in the region. DFI investments in Indonesia, the Philippines, and Vietnam accounted for nearly USD 7.3 billion in 160 deals, and DFIs deployed more than USD 4.0 billion in 129 deals across the other eight countries. Across the region, DFI investments were concentrated in the energy and financial services sectors.

In total, since 2007, the impact capital deployed by both PIIs and DFIs in Southeast Asia amounts to nearly USD 12.2 billion in 514 deals. Indonesia, the Philippines, and Vietnam together accounted for nearly USD 7.6 billion of this capital in 295 deals (62% of all capital deployed and 56% of deals), while the rest of the region saw nearly USD 4.6 billion deployed in 219 deals.

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Indonesia, the Philippines, and Vietnam are discussed in detailed, independent chapters, so these countries are not covered in the analysis presented in this chapter.
Private impact investors

OVERVIEW

Private impact investing has grown over the last decade across the region, with 30 PIIs responding to widespread opportunity (Figure 1). While fund managers have made most investments, incubators and accelerators have also begun to invest in the enterprises they support.

FIGURE 1: OVERVIEW OF PII ACTIVITY IN THE EIGHT COUNTRIES

The average deal size in these eight markets has been USD 6.9 million, larger than the average deal size in Indonesia (USD 2.6 million), the Philippines (USD 2 million), or Vietnam (USD 1.1 million). This high average can be attributed to a few large investments in microfinance in Cambodia and in renewable energy projects in Thailand. Excluding these deals, the average falls to USD 2.6 million for the eight markets.
Private impact investing activity increased after 2013 as the effects of the global financial crisis began to recede (Figure 2). About 75% of all deals in the eight countries were made since 2013, averaging 14 deals per year compared to four deals per year prior to 2013. The average ticket size for investments in the region gradually rose from USD 3.3 million in 2012 to USD 9.3 million in 2017, though ticket sizes varied widely across countries (Figure 3). For instance, the average ticket size is below USD 2.0 million in East Timor and Myanmar but larger than USD 5.0 million in the more developed economies of Singapore and Malaysia. Cambodia has an even higher average ticket size of USD 10.8 million because of a few large deals in the microfinance sector.

In terms of number of deals, activity was the highest in Cambodia, while East Timor and Brunei attracted the fewest deals. Cambodia also accounted for more than 60% of all capital deployed in the eight countries, mostly due to its steadily growing flow of debt investments into the microfinance sector.

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6 Data related to impact deals in Brunei were unavailable and hence were not included.
At 15 each, Myanmar and Thailand both saw the second-highest number of impact deals among the countries, although Thailand received much more capital (12% of all deployed to the eight countries, or USD 73.3 million); Myanmar has so far received just 4% (USD 25.9 million), reflecting a much-lower average deal size.

**LOCAL PRESENCE**

**Half of PIIs in the eight countries have a local presence (15 PIIs).** A local office is key to an efficient investment process. Although most investors are not headquartered in their countries of investment, many are present in the region, often headquartered in Singapore. Investors with a local presence in the country of investment have deployed over 75% of all impact capital in the region (USD 481.5 million) in 61.5% of all deals (56 deals; Figure 4). Investors with local presence have increased their activity since 2014, primarily in Cambodia and Singapore.

Investors with a local presence can better source relevant deals and manage their pipelines. Compared to non-local investors, they are more aware of local conditions and able to more effectively mentor and advise investees. To source deals, investors based elsewhere generally partner with ecosystem enablers, including incubators and accelerators. Such investors also organize competitions in conjunction with ecosystem enablers to scout for potential investments.
For investors without a local presence, energy and financial services have been the top investment sectors, and most of their investments have been in Thailand. Almost 90% of capital from investors without a local presence in the country of investment has been deployed through equity.

**DEAL SIZE**

*Over 40% of deals were smaller than USD 500,000 (Figure 5).* Most of these were equity investments in agriculture, financial services, energy, and education, and a majority were in Cambodia and Thailand. A similar number of deals have been in the USD 500,000 to USD 1 million range. On the other end of the spectrum, roughly 30% of deals deployed more than USD 5 million each. More than half of all deals larger than USD 5 million were made in Cambodia’s microfinance sector. The dollarization of Cambodia’s economy has helped spur larger deals by greatly reducing investors’ hedging risks.
Figure 6 summarizes trends by sector and ticket size. **Larger ticket sizes more commonly use debt**, with more than 70% of capital in deals larger than USD 5 million invested through debt. Given the limited exit opportunities for equity investments at larger ticket sizes, investors prefer debt’s fixed, predictable repayment schedules. Most debt deals were made by PIIs with a local presence in the region.

Three-quarters of deals between USD 500,000 and USD 1 million were in the financial services sector, primarily microfinance. All of these deals were made in Cambodia, Myanmar, or East Timor. Sixty percent of all capital in this deal category was deployed as equity in this deal size.

**Roughly 10% of PII deals were smaller than USD 100,000**, more than 90% of which were equity investments made primarily by investors with a presence in the region, though not necessarily in the country of investment. All of these deals have taken place in Cambodia and Thailand. The relatively low proportion of deals smaller than USD 100,000 demonstrates a funding gap for seed- and early-stage enterprises in the eight countries.
### FIGURE 6: INVESTMENT SECTORS AND TRENDS BY DEAL SIZE

<table>
<thead>
<tr>
<th>DEAL SIZE (USD MILLIONS)</th>
<th>≤ 0.1</th>
<th>&gt; 0.1 - 0.5</th>
<th>&gt; 0.5 - 1</th>
<th>&gt; 1 - 5</th>
<th>&gt; 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMON SECTORS</td>
<td>Agriculture and energy</td>
<td>Financial services, education, agriculture, and ICT</td>
<td>Financial services</td>
<td>Financial services and energy</td>
<td>Financial services and energy</td>
</tr>
<tr>
<td>TRENDS</td>
<td>Mostly equity investments from seed investors</td>
<td>Investments mostly through incubators that provide seed capital</td>
<td>Investment categories dominated by investors headquartered outside the regions of investment</td>
<td>Investments mostly in microfinance enterprises</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Intellecap Advisory Services analysis*
SECTORS

FIGURE 7: PII DEALS IN KEY SECTORS

FINANCIAL SERVICES
39 deals (43% of total)
- Average deal size: USD 11.8 million
- Median deal size: USD 5.0 million
- Microfinance institutions
- Consumer finance and commercial banking
- 62% of deals as debt

ENERGY
12 deals (13% of total)
- Average deal size: USD 5.0 million
- Median deal size: USD 2.6 million
- Renewable energy
- Power supply
- All equity deals

AGRICULTURE
8 deals (9% of total)
- Average deal size: USD 2.7 million
- Median deal size: USD 0.4 million
- Forestry
- Agricultural-input providers
- All equity deals

ICT
6 deals (7% of total)
- Average deal size: USD 8.3 million
- Median deal size: USD 0.6 million
- Internet content providers
- Clean technology software
- All equity deals

Source: Intellecap Advisory Services analysis
Over 40% of PII deals have been in the financial services sector, accounting for almost 75% of all impact capital deployed by PIIs (Figures 7 and 8). The financial services sector has primarily seen two types of investment:

- **Investments in microfinance institutions**: More than 75% of deals and 85% of capital in the financial services sector have been into microfinance institutions, mostly debt investments made by investors based in Europe.

- **Investments into consumer finance and commercial banking**: More than 10% of deals in financial services have been into consumer finance and commercial banking opportunities. Most of these deals were structured as equity investments of less than USD 5 million each. Almost all have been made by investors based outside the region.

**FIGURE 8: IMPACT CAPITAL DEPLOYED BY PIIs, BY SECTOR**
USD 622.5 MILLION IN 90 DEALS

| Sector                | Capital deployed (USD millions) | Number of deals |
|-----------------------|---------------------------------|-----------------
| Financial services    | 458.8                           | 39              |
| Energy                | 60.2                            | 12              |
| ICT                   | 50.0                            | 6               |
| Agriculture           | 21.4                            | 8               |
| Consumer goods        | 15.0                            | 1               |
| Workforce development | 6.0                             | 3               |
| Healthcare            | 4.2                             | 3               |
| Tourism               | 1.7                             | 3               |
| Education             | 1.0                             | 3               |
| Others*               | 4.3                             | 12              |

Average deal size (USD millions):
- Energy: 5.0
- ICT: 8.3
- Agriculture: 2.7
- Consumer goods: 15.0
- Workforce development: 2.0
- Healthcare: 1.4
- Tourism: 0.6
- Education: 0.3
- Others*: 0.4

Note: Others include investments related to healthcare, education, and recycling.
Source: Intellecap Advisory Services analysis
Energy is the second-largest sector of investment for PIIs, and investments in renewable energy constitute over 75% of energy investments. Most energy investments were made in Thailand, and most renewable energy deals—primarily investments in solar power plants—were made in Cambodia, Thailand, and Laos by investors who do not have a local presence.

Table 3 summarizes key sectors for PIIs by country.

TABLE 3: OVERVIEW OF KEY IMPACT INVESTING SECTORS FOR PIIs, BY COUNTRY

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>KEY SECTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAMBODIA</td>
<td>The financial services sector—specifically microfinance—accounts for almost all capital PIIs have deployed in Cambodia. Most of these deals have been made since 2013. Other sectors, such as energy, agriculture, and workforce development, have received limited investment, with no investments in education, healthcare, consumer goods, or ICT.</td>
</tr>
<tr>
<td>EAST TIMOR</td>
<td>All impact investments in East Timor have been in microfinance.</td>
</tr>
<tr>
<td>LAOS</td>
<td>In Laos, over half of both deals and capital have been deployed in clean energy, with the remainder in tourism and financial services.</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>Only consumer goods and financial services have received impact investment.</td>
</tr>
<tr>
<td>MYANMAR</td>
<td>Like Cambodia, microfinance has received most of the impact capital in the country (over 80%). Education, tourism, and ICT have also received investment.</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>ICT is the single largest recipient of PII impact capital in Singapore, accounting for almost 80% of capital deployed. The healthcare and services sectors have also attracted investment.</td>
</tr>
<tr>
<td>THAILAND</td>
<td>Investors have made multiple equity investments in clean energy in Thailand, mostly in solar energy projects. The financial services sector has also attracted investment, particularly in insurance providers. Other sectors, like healthcare, education, and ICT, have received minimal investment.</td>
</tr>
</tbody>
</table>

Note: No impact investments are known to have been made in Brunei during between 2007 and 2017.
Source: Intellecap Advisory Services analysis

Other key sectors of investment in the region include agriculture and ICT. In the agriculture sector, apart from a couple of deals of over USD 5 million, most of the deals have been under USD 500,000, with an overall median ticket size under USD 400,000. ICT has attracted more recent interest, with all investments occurring since 2014. Most have occurred in Singapore, with capital directed to enterprises that provide software to energy and financial services enterprises, and in Myanmar, where investments have supported content providers and digital marketing firms.

INSTRUMENTS

Fewer than 30% of PII deals have been made through debt, yet debt comprises more than 60% of all capital deployed in the eight countries (Figure 9). Most of the increased capital deployed to the region since 2010 has been in the form of debt. More than 95% of debt deals have been in the financial services sector, nearly all in microfinance; indeed, more than 90% of all debt capital has been invested in Cambodia in the microfinance sector. These investments in microfinance primarily capitalize on-lending and are supported by private investors with operating offices in Cambodia.
Since most of Southeast Asia lacks strong laws to protect equity investors, many larger investments are structured as debt; more than 80% of debt transactions exceeded USD 5 million. Relatively more developed countries, such as Thailand and Singapore, have seen comparatively more capital invested through equity due to their strong laws protecting minority investors. Developing economies, on the other hand, such as those of Cambodia and East Timor, have seen more debt investments, as investors perceive higher risks there. Some less developed countries, such as Laos and Myanmar, have seen more equity investments, typically made by local investors with a deep understanding of the market.

**FIGURE 9: IMPACT CAPITAL DEPLOYED BY PIIs, BY INSTRUMENT**
USD 622.5 MILLION IN 90 DEALS

<table>
<thead>
<tr>
<th></th>
<th>Capital deployed (USD millions)</th>
<th>Number of deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>395.9</td>
<td>27</td>
</tr>
<tr>
<td>Equity</td>
<td>226.6</td>
<td>63</td>
</tr>
</tbody>
</table>

Average deal size (USD millions) 14.7 3.6

*Source: Intellecap Advisory Services analysis*

Debt investments have been almost entirely concentrated in financial services and consumer goods, whereas equity deals are somewhat more diversified by sector. Almost all deals in energy, agriculture, and ICT have been through equity. Equity investors are also allocating capital to healthcare, tourism, and services.

**IMPACT MEASUREMENT**

While some PIIs use widely accepted impact measurement tools, such as GIIRS, most use their own tools based on globally accepted impact metrics and frameworks like IRIS and social return on investment (SROI). Most measure their impact to report to their limited partners (LPs) and to showcase to the public the impact their investments have created. However, data collection, integrity, and handling remain challenges. To help surmount these challenges, many PIIs require investee enterprises to capture and store data at regular intervals. PIIs rarely use detailed impact assessments by third-party evaluators because of their associated costs.
RETURN EXPECTATIONS AND EXITS

Most investors in the region seek risk-adjusted, market-rate returns, though some will accept lower financial returns in cases with high potential social impact. Exits from impact investments to date have been few, since the market is at a nascent stage. One notable exit was made in renewable energy in Thailand by Armstrong Asset Management and the Mekong Brahmaputra Clean Development Fund when they sold Symbior Elements to Padaeng Industry Pcl (PDI) in 2017.

Development finance institutions

OVERVIEW

DFIs, long active in the region, play a critical role in supporting economic and social development. DFI investments have also supported the evolution of an enabling ecosystem to spur further impact investment by private investors.

FIGURE 10: OVERVIEW OF DFI IMPACT INVESTING ACTIVITY IN THE EIGHT COUNTRIES

NINE DFIs HAVE DEPLOYED OVER USD 4.0 BILLION

<table>
<thead>
<tr>
<th>LOCAL PRESENCE</th>
<th>DEAL SIZE</th>
<th>SECTORS</th>
<th>INSTRUMENTS</th>
<th>IMPACT MEASUREMENT</th>
<th>RETURN EXPECTATIONS AND EXITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most DFIs have a local office in countries of investment, although capital allocations and investment decisions are driven by regional or global plans. Most deal sizes have been greater than USD 100 million. 6% of deals under USD 1 million.</td>
<td>Energy, financial services, infrastructure, and ICT are key sectors, comprising 92% of all capital deployed.</td>
<td>91% of impact capital deployed through debt. Average ticket size of debt deals almost 3.5 times that of equity deals.</td>
<td>Reporting of both expected and actual impact. Publicly released reports.</td>
<td>Factors extrinsic to the investment often influence return expectations, such as alignment with country priorities and sources of funding for the DFIs.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Intellecap Advisory Services analysis
Nine DFIs have invested USD 4.0 billion in impact capital through 129 deals (Figure 11). The International Finance Corporation (IFC) alone has deployed USD 1.9 billion in 75 deals, while the Asian Development Bank (ADB) has deployed over USD 1.7 billion in 22 deals, together representing 90% of all impact capital deployed by DFIs in the eight countries.

**FIGURE 11: IMPACT CAPITAL DEPLOYED BY DFIs, BY YEAR (2007–2017)**
USD 4.0 BILLION IN 129 DEALS

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital deployed (USD millions)</th>
<th>Number of deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>70.8</td>
<td>7</td>
</tr>
<tr>
<td>2008</td>
<td>16.2</td>
<td>1</td>
</tr>
<tr>
<td>2009</td>
<td>81.0</td>
<td>2</td>
</tr>
<tr>
<td>2010</td>
<td>48.9</td>
<td>4</td>
</tr>
<tr>
<td>2011</td>
<td>393.0</td>
<td>6</td>
</tr>
<tr>
<td>2012</td>
<td>633.4</td>
<td>15</td>
</tr>
<tr>
<td>2013</td>
<td>404.2</td>
<td>17</td>
</tr>
<tr>
<td>2014</td>
<td>620.0</td>
<td>14</td>
</tr>
<tr>
<td>2015</td>
<td>1,024.3</td>
<td>24</td>
</tr>
<tr>
<td>2016</td>
<td>437.5</td>
<td>22</td>
</tr>
<tr>
<td>2017</td>
<td>207.2</td>
<td>17</td>
</tr>
</tbody>
</table>

Average deal size (USD millions)

| Year | 10.1 | 16.2 | 40.5 | 22.2 | 65.5 | 42.2 | 23.8 | 44.3 | 42.7 | 19.9 | 12.2 |

Source: Intellecap Advisory Services analysis
DFIs have focused on relatively less developed economies (Figure 12). From 2008 to 2016, deployments into Singapore, Malaysia, and Brunei—the three most developed markets—accounted for less than 2% of all DFI capital deployed.

**FIGURE 12: IMPACT CAPITAL DEPLOYED BY DFIS, BY COUNTRY (2007–2017)**
USD 4.0 BILLION IN 129 DEALS

![Bar chart showing capital deployed by country](chart.png)

- **Capital deployed**
  - Thailand: 1,589.6
  - Myanmar: 1,351.9
  - Cambodia: 648.1
  - Laos: 316.0
  - Singapore: 51.3
  - Malaysia: 17.9
  - East Timor: 1.5

- **Average deal size (USD millions)**
  - Thailand: 58.9
  - Myanmar: 37.6
  - Cambodia: 15.4
  - Laos: 24.3
  - Singapore: 7.3
  - Malaysia: 6.0
  - East Timor: 1.5

*Note: Impact deals data in Brunei were unavailable and hence were not included.*
*Source: Intellecap Advisory Services analysis*

The number of DFI deals has generally risen since 2008. Over 85% of DFI capital has been deployed through deals larger than USD 15 million, primarily in the energy and telecommunications sectors.
**DEAL SIZE**

Though more than 40% of deals have been between USD 1 million and USD 10 million, these account for less than 10% of all capital deployed (Figure 13). By contrast, just eight debt deals larger than USD 100 million made by the IFC and ADB account for over a third of the total deployment by DFIs in the region. Over 60% of large DFI investments have been in the energy sector, with the rest supporting enterprises in financial services or ICT.

**FIGURE 13: IMPACT CAPITAL DEPLOYED BY DFIs, BY DEAL SIZE**
USD 4.0 BILLION IN 129 DEALS

<table>
<thead>
<tr>
<th>Capital deployed (USD millions)</th>
<th>Number of deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 1</td>
<td>53</td>
</tr>
<tr>
<td>&gt; 1 – 10</td>
<td>329.0</td>
</tr>
<tr>
<td>&gt; 10 – 50</td>
<td>1,224.9</td>
</tr>
<tr>
<td>&gt; 50 – 100</td>
<td>1,085.7</td>
</tr>
<tr>
<td>&gt; 100</td>
<td>1,131.4</td>
</tr>
</tbody>
</table>

*Source: Intellecap Advisory Services analysis*

Like those eight larger investments, most investments between USD 50 million and USD 100 million were made in the financial services, energy, and infrastructure sectors. More than 80% were made in Thailand or Myanmar.

More than 90% of deals between USD 10 million and USD 50 million were made in Thailand, Myanmar, or Cambodia. Energy and financial services are major sectors in Thailand at this deal size, together accounting for more than 70% of deals in the country. All energy deals were made as debt in solar power plants. Infrastructure and ICT are the major sectors at this size range in Myanmar, with all deals in the infrastructure sector funded by the IFC or the ADB. Most ICT deals in Myanmar were in the telecommunications sector. More than 90% of capital invested in Cambodia at this deal size were in the financial services sector, almost entirely by the IFC, the Netherlands Development Finance Company (FMO), or Norfund.
Over 70% of deals between USD 1 million and USD 10 million were made by the IFC or the ADB, mostly (70%) in energy or financial services. In the financial sector at this size, over 65% of investments were in Cambodia, and more than 55% of all investments in the energy sector at this size were made in Thailand.

**SECTORS**

**FIGURE 14: DFI DEALS IN KEY SECTORS**

**FINANCIAL SERVICES**
- 61 deals (47% of total)
- Average deal size: USD 19.0 million
- Median deal size: USD 10.0 million
- Microfinance institutions
- SME financing
- More than 90% of investment through debt

**ENERGY**
- 25 deals (19% of total)
- Average deal size: USD 60.2 million
- Median deal size: USD 43.6 million
- Power generation
- Renewable energy
- More than 94% of investment through debt

**INFRASTRUCTURE**
- 11 deals (9% of total)
- Average deal size: USD 46.0 million
- Median deal size: USD 20.0 million
- Connectivity infrastructure
- Ports
- Hotels
- More than 91% of investment through debt

**ICT**
- 12 deals (9% of total)
- Average deal size: USD 42.0 million
- Median deal size: USD 19.8 million
- Telecommunications and related activities
- Data and content providers
- Over 85% debt investment

*Source: Intellecap Advisory Services analysis*
In terms of sector, more than 90% of DFI capital deployed and nearly 90% of deals were in financial services, energy, infrastructure, or ICT (Figures 14 and 15). DFIs deployed USD 1.1 billion through 61 deals in the financial services sector, with the IFC contributing more than 80%. Roughly half the investment in the sector targeted improved access to finance for small and medium-sized enterprises (SMEs), while the other half was invested in microfinance, commercial banking, consumer finance, or mortgage services. These investments could catalyze the flow of credit to enterprises that otherwise would not receive it given their lack of credit histories or collateral to support traditional bank loans. Most deals in SME financing have been made to commercial banks that on-lend to SMEs in Cambodia, Thailand, or Laos.

Table 4 summarizes key sectors for DFI investment in Southeast Asia by country.

**TABLE 4: OVERVIEW OF KEY IMPACT INVESTING SECTORS FOR DFIs, BY COUNTRY**

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>KEY SECTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAMBODIA</td>
<td>The financial services sector in Cambodia—including microfinance and SME finance—has seen the most DFI activity, in terms of both capital deployed and number of deals. Other sectors of investment include agriculture, education, energy, and ICT.</td>
</tr>
<tr>
<td>EAST TIMOR</td>
<td>Financial services, and microfinance specifically, is the only sector in East Timor to have received DFI capital.</td>
</tr>
<tr>
<td>LAOS</td>
<td>Almost 80% of DFI investment in Laos have been in the energy sector. Financial services and manufacturing have also attracted some investment.</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>Financial services and manufacturing are the only two sectors to have received DFI impact investment.</td>
</tr>
<tr>
<td>MYANMAR</td>
<td>Infrastructure and ICT (telecommunications infrastructure) account for over 70% of capital invested by DFIs into Myanmar. The energy sector has also received substantial investment.</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>Most capital deployed by DFIs in Singapore has supported energy and healthcare.</td>
</tr>
<tr>
<td>THAILAND</td>
<td>Since 2007, DFIs have invested almost USD 1 billion in the energy sector in Thailand. They have also invested in financial services and manufacturing.</td>
</tr>
</tbody>
</table>

*Note: No impact investments are known to have been made in Brunei during between 2007 and 2017.*
*Source: Intellecap Advisory Services analysis*

Most capital deployed in the energy sector (more than 65%) has been in Thailand, mostly in natural gas and solar power plants. Infrastructure is also an important sector for DFIs, particularly in Myanmar, which accounts for 98% of capital deployed to this sector. DFIs typically consult with national governments to invest in infrastructure projects.

In the ICT sector, over 95% of capital has been deployed to Myanmar, nearly all disbursed since 2014. In late 2013, Myanmar had one of the lowest telecommunications penetration rates in the region in terms of both wireless and fixed-line access, with only 4.4 million mobile subscribers representing less than 10% of total population. After DFIs’ ICT investments in Myanmar, the country added more mobile subscribers in 2015 than any other country in the world besides India and China.
DFIs have made very few direct investments in any other sector, including consumer goods, services, healthcare, or education. Of eight manufacturing deals by DFIs, five were in Thailand. The remaining three manufacturing deals were made in Malaysia, Laos, and Myanmar in cement manufacturing, chemicals, and automotive ancillaries, respectively.

INSTRUMENTS

Seventy-four percent of DFI deals and 91% of DFI capital were deployed as debt (Figure 16). Most debt investments (73%) were in Thailand and Myanmar, followed by Cambodia and Laos. DFIs provide debt at lower rates than the region’s commercial banks.

Equity investments have become more common since 2015. Notably, ICT is the only sector that has seen more deals using equity than debt.

Notes: Others include investments related to healthcare, education, and recycling. Two deals are excluded because their sectors are unknown. Source: Intellecap Advisory Services analysis
IMPROT MEASUREMENT

DFIs use their own frameworks for measuring impact across the region (including in Indonesia, the Philippines, and Vietnam). Most DFIs focus on specific areas outlined in their impact theses, such as job creation, poverty alleviation, or women’s empowerment. Since they operate across multiple countries and often make large investments, DFIs find it both financially and operationally feasible to tailor their own impact measurement tools or frameworks.

While some DFIs, such as FMO, use indicators from the UN Sustainable Development Goals (SDGs) as a way to measure impact, others, such as the IFC, use financial, economic, environmental, and social performance indicators, among others, to evaluate the impact of their investments.

RETURN EXPECTATIONS AND EXITS

DFIs set specific return expectations for each individual investment. Expected returns can vary by sector within the same country and by region within a country. Sometimes, DFIs charge below-market interest rates when mandated to stimulate a certain sector based on its potential social impact and alignment with the DFI’s impact thesis.
CHALLENGES AND OPPORTUNITIES

The region’s diversity in economic and social development means impact investors face different challenges and opportunities in each country. For example, more developed economies like Singapore or Brunei face different socio-economic challenges than do less developed economies like Laos, Myanmar, or East Timor. Similarly, the ease of investing, degree of protection offered to investors, and available exit mechanisms differ vastly from country to country. Addressing certain regional challenges (Figure 17) can help grow impact investing practice and support more impactful enterprises over the long term.

FIGURE 17: CHALLENGES FOR IMPACT INVESTING IN THE EIGHT COUNTRIES

Source: Intellecap Advisory Services analysis

Supply-side challenges

- **Concentration of investment in a few sectors**: Because impact investing is concentrated in financial services and energy, the risk for investors and entrepreneurs is also concentrated. For example, policy changes such as interest-rate caps can adversely affect both the performance of existing microfinance investments and the pipeline of investable opportunities. In low-income countries, especially, the political environment can be more susceptible to sudden changes.

- **Fragmented pools of domestic capital**: Impact investments have primarily been made by foreign investors. Some countries, like Myanmar, Laos, and East Timor, have only small pools of domestic capital. Other countries, like Malaysia, Thailand, and Singapore, have significant pools of local capital that are currently utilized only for philanthropic giving. While grants are necessary and help fill the seed- and early-stage funding gaps, few efforts are seeking to integrate philanthropy with impact investing across the enterprise growth cycle.

- **Seed- and early-stage funding gaps**: The average ticket sizes for PPIs in Laos, Myanmar, and East Timor are USD 2.9 million, USD 1.7 million, and USD 750,000, respectively. Yet few enterprises in these countries are at a sufficiently advanced stage to absorb such sums of capital. The absence of seed- and early-stage funding, a challenge further aggravated by the lack of impact-focused angel networks, prevents the impact investing industry in most countries from achieving scale.
Demand-side challenges

- **Limited pipeline of investable opportunities**: Besides a few countries, like Thailand and Malaysia, interviewed investors reported a limited pipeline of high-impact enterprises, for reasons specific to countries’ individual socio-economic contexts. For example, opportunity for social entrepreneurship is limited in Singapore and Brunei, where the government already provides access to many critical goods and services. Much less-developed economies, meanwhile, have nascent startup ecosystems, with very few investment-ready, impactful enterprises.

- **Poor corporate governance**: Investors cited inadequate corporate governance standards as a key factor limiting the flow of capital to impactful enterprises. Many social enterprises have no board of directors to oversee management operations. Investors also suggested that, in most countries, entrepreneurs’ families are deeply involved in business decision-making, thus limiting the guidance and inputs sought from professional investors.

- **Preference for nonprofit models**: In many Southeast Asian countries, entrepreneurs working with a social or environmental mission, including in developed countries like Singapore and in emerging economies like Laos and East Timor, often prefer to register as nonprofit rather than for-profit organizations. Nonprofit enterprises find it easier to access grant capital in the form of development assistance (in the less-developed economies) or corporate grants (in the more-developed economies). A strong preference for grant capital limits the growth of the impact investing industry in the region.

Ecosystem challenges

- **Nascent impact-focused ecosystem**: All countries besides Thailand and Malaysia have few impact-focused providers of business support. In wealthier countries, a limited perceived need for social impact reduces the demand for such service providers, while the startup ecosystem in poorer countries mostly comprises early-stage enterprises that cannot pay for these services. Impact-focused providers of business support are needed to produce the robust pipeline of investable opportunities required for scaling the impact investing industry.

- **Infrastructure and business environment**: Four countries—Myanmar, Cambodia, Laos, and East Timor—ranked lower than 130 on the EoDB rankings, which are based on a diverse set of parameters, including the procedures, time, and cost needed to set up a new business; protection of investors; and efficiency of legal systems in enforcing contracts. Poor rankings increase the perceived risk of investing in these economies.

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While challenges remain, the markets in these eight countries also offer large opportunities for impact investors interested in Southeast Asia to diversify their portfolios (Figure 18).

**FIGURE 18: OPPORTUNITIES FOR IMPACT INVESTING IN THE EIGHT COUNTRIES**

<table>
<thead>
<tr>
<th>SUPPLY</th>
<th>DEMAND</th>
<th>ECOSYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Investing in impactful sectors of more-developed economies</td>
<td>• Investments in agriculture</td>
<td>• Use of HNWI capital for regional angel investing</td>
</tr>
<tr>
<td>• Debt investments at small ticket sizes</td>
<td>• Investments in MSMEs</td>
<td>• DFI capital to catalyze private investment</td>
</tr>
<tr>
<td>• Gender lens investing</td>
<td>• Positive perception of social enterprises</td>
<td>• Building of fund manager capacity</td>
</tr>
</tbody>
</table>

**Source:** Intellecap Advisory Services analysis

Supply-driven opportunities

- **Investing in impactful sectors of more-developed economies:** Relatively developed economies in the region like Singapore, Malaysia, and Brunei face development challenges such as increased greenhouse emissions, reliance on foreign workers, and a rapidly aging population. Channeling investments into enterprises working to address these challenges offers immense potential; impact investment in the region need not be restricted only to enterprises addressing emerging-market-oriented impact themes like financial inclusion, healthcare, or access to energy.

- **Debt investments at small ticket sizes:** The nascent entrepreneurial culture in several countries means many entrepreneurs in the region prefer debt to other instruments. Venture debt instruments could see potential use in some economies, especially East Timor, Myanmar, and Laos. Across the region, entrepreneurs who are not comfortable with the concept of equity or dilution of ownership could be funded instead through innovative debt instruments, especially those where repayments are tied to investees’ revenue cycles.

- **Gender lens investing (GLI):** Gender inequality persists across all countries in the region. Except for the Philippines, no country in Southeast Asia makes it to the top 50 globally in the Global Gender Gap Index. In all other countries in the region, high gender inequality signifies a development gap which can be bridged through GLI.

Demand-driven opportunities

- **Investment in agriculture:** Agriculture offers a diverse set of opportunities across the region. More developed countries, such as Singapore and Brunei, heavily rely on food imports, offering opportunities to invest in hydroponics and related technologies to increase local food production. In poorer countries, agriculture is characterized by underemployment and low wages; investments that allow farmers to move up the agricultural value chain, like near-farm processing and packaging, offer substantial opportunities.

- **Investment in MSMEs:** Micro, small, and medium-sized enterprises (MSMEs) across the region face a cumulative funding gap exceeding USD 70 billion. Interviewed investors often cited identifying a pipeline of social enterprises as a challenge, yet there is substantial opportunity in the
region to invest in MSMEs that have established track records. Investors have already begun to do so in Indonesia and Vietnam by investing in MSMEs that have some social or environmental impact and then providing the capacity-building support required to help them scale that impact.

- **Positive perception of social enterprises:** The governments of Thailand, Malaysia, and Singapore have begun to promote the growth of social enterprise through multiple channels, by introducing social enterprise blueprints or by establishing advocacy bodies for social enterprise. In addition, several non-governmental organizations (NGOs) in Cambodia and Myanmar have transformed themselves into for-profit models. With time, increasing awareness of social enterprise forms and their contributions to development could encourage a robust pipeline of impact investing opportunities to develop.

**Ecosystem-driven opportunities**

- **Use of HNWI capital for regional angel investing:** Countries such as Singapore and Malaysia have many high-net-worth individuals (HNWIs) involved in philanthropic giving. Yet, while HNWIs are interested in impact investing, they often lack the time to provide high-touch support to their investees. Further, HNWIs often believe philanthropy is an easier means to give back to society than impact investing. A regional angel network could help match HNWIs with potential investees while also providing the required pre-investment and post-investment support. Of course, more HNWIs are based in wealthier countries in the region, while more impact investing opportunities exist in poorer countries.

- **Leverage DFI capital to catalyze private investment:** Countries such as Laos, Myanmar, East Timor, and Cambodia rank extremely low on the EoDB rankings, which can deter private investment. Until the PII landscape matures, DFIs can help catalyze private capital into foundational economic sectors like infrastructure, financial services, and energy. In addition, DFIs across the region can share their track records of successful investment in order to seed optimism among investors seeking to explore less-invested markets.

- **Build fund manager capacity:** Many regional investors require capacity-building support, which is rarely available. Few organizations have the expertise to build the capacities of supply-side stakeholders; donors, governments, and DFIs could help seed such service providers.
Brunei

FIGURE 19: BRUNEI’S SOCIAL AND ECONOMIC CONTEXT

BRUNEI SNAPSHOT

IMPACT INVESTING SUMMARY
No impact capital deployed in Brunei

GROSS DOMESTIC PRODUCT
Considered a high-income country by GDP (PPP) per capita
Highly dependent on oil and gas production

FDI AND BUSINESS ENVIRONMENT
Government incentivizing FDI to diversify away from the oil and gas industry
Ranked 56th globally on Ease of Doing Business, a jump of 18 places from 2017 to 2018

SOCIAL OVERVIEW
Ranked 30th on the Human Development Index and 102nd on the Global Gender Gap Report
Key challenges include reliance on food imports and dependence on foreign workers

DEMAND FOR IMPACT CAPITAL
As a welfare state, government has prevented the growth of social enterprises

ENABLING ECOSYSTEM
Government has set up technical assistance facilities for MSMEs

Source: Intellecap Advisory Services analysis
GROSS DOMESTIC PRODUCT

Brunei has a relatively developed economy. It is home to the second-highest per capita Gross Domestic Product (GDP) at Purchasing Power Parity (PPP) in Southeast Asia (Figure 20); crude oil and natural gas production contribute around 65% of the country’s GDP and 95% of the country’s exports. Unlike other economies in the region, industry is the largest sector in Brunei, contributing 56.5% of the country’s GDP and employing 63% of the country’s labor force. Services, the second-largest sector, contributes 42.3% of GDP and employs 33% of the country’s labor force. The contribution of the agriculture sector is small, representing just 1.2% of GDP and 4% of the labor force.

FIGURE 20: BRUNEI, GDP (PPP) AND GROWTH RATE

![Graph showing GDP (PPP) and growth rate of GDP (PPP) for Brunei from 2007 to 2016.](Image)

Source: World Development Indicators

In 2008, the Government of Brunei launched a long-term development plan, termed Wawasan 2035 (Vision 2035), under which it seeks to transition Brunei into a dynamic, sustainable economy with quality-of-life and per-capita income that rank among the highest in the world. To achieve these objectives, the government identified eight strategies, including an educational strategy to increase competitiveness and improve human capital, an economic strategy to promote both foreign and domestic investment, a local business-development strategy to promote SMEs, and an infrastructure development strategy that encourages public–private partnerships. Since the introduction of Vision 2035, all five-year plans in Brunei have aligned to achieve the vision’s objectives.

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9 “Brunei,” The World Factbook.
11 “Brunei Vision 2035,” Embassy of Brunei to the United States.
FOREIGN DIRECT INVESTMENT AND BUSINESS ENVIRONMENT

In line with Vision 2035, the government has established several incentives for foreign investors through the Brunei Economic Development Board (BEDB), which works closely with the FDI Action and Support Center (FAST) to fast-track investment approvals, especially for high-value projects. The government offers several incentives for investments in pioneer industries, such as fertilizers and pesticides, construction, chemicals, food processing, ICT, and media and entertainment. Incentives include a five-year corporate tax exemption for businesses with fixed capital expenditures between USD 356,000 and USD 1.8 million and an eight-year exemption for businesses with fixed capital expenditures exceeding USD 1.8 million. In addition, businesses located within designated industrial parks enjoy up to 11 years of tax exemption. Businesses are also exempt from certain import duties.12 In 2016, the government also formed the FDI and Downstream Industry Committee, which is responsible for reforms to improve Brunei's competitiveness in the global market.

Brunei ranks 56th in the world and 4th in the ASEAN on the EoDB index. In the 2018 rankings, Brunei jumped up 16 places from 72, one of the largest improvements in the index; in fact, it improved its ranking from 105th in 2014. Regarding certain parameters, like access to credit, Brunei ranks above Singapore, the leader in Southeast Asia in the EoDB rankings.13 Brunei’s targeted approach to economic development has also helped it improve its standing on the Global Competitiveness Index: in 2017, Brunei jumped 12 places to rank 46th globally.14

SOCIAL OVERVIEW

With a score of 0.87, Brunei ranks 30th on the HDI and is categorized as a high development country. The government, as a welfare state, has proactively addressed the country’s socio-economic challenges, which means such opportunities are limited for private-sector engagement. However, Brunei ranks 102nd on the Global Gender Gap report. Besides a high degree of gender inequality, Brunei faces various other development challenges.

Key developmental challenges in Brunei:

- **Reliance on food imports**: The Government of Brunei has initiated reforms to support the domestic agricultural sector, but the country still imports more than 80% of its food requirements.

- **Dependence on oil and gas for livelihoods**: Oil and gas exports account for around 95% of the Brunei’s exports. With the increasing volatility of oil prices, the Government of Brunei seeks to diversify its economy.

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High unemployment: In 2017, Brunei had an unemployment rate of 6.4%; however, unemployment was much higher among youth (24%). Despite its high rate of youth unemployment, Brunei has the highest concentration of migrant workers in Southeast Asia. Almost half of the country's workforce comprises foreign nationals.

DEMAND FOR IMPACT CAPITAL

Social enterprises have very limited presence in Brunei, with little awareness of their characteristics. However, the government's move to diversify the economy and enable private sector growth has led the country's MSME sector to grow as well. SMEs account for 98.5% of registered enterprises in Brunei, employing around 60% of the private-sector workforce. A few of these SMEs seek to target the country's development challenges through their business models. Most SMEs in Brunei are in the wholesale and trading sector, followed by construction, mining, and manufacturing. SMEs face several challenges to scale, such as limited access to markets (attributed to the small domestic market), access to finance, limited human resources, and inconsistent supply of raw materials.

ENABLING ECOSYSTEM

While the Government of Brunei has increased its support of SMEs, the ecosystem for impact investing and social enterprises remains nascent. The government established both an Entrepreneurial Development Centre and Darussalam Enterprise (DARe), which provide incubation support and technical assistance to SMEs. Other government initiatives to support startups in the country include iCentre, Future Fund, and Accel X. In addition, the Women's Business Council of Brunei provides services to train unemployed youth in business services. Some private-sector initiatives to support startups in Brunei include Startup Hub, Founder Institute, and Tru Synergy. Brunei also has a number of co-working spaces, such as Entrepreneurship at Campus based at the University of Brunei Darussalam, Entrepreneurship Village, Google Developer Group, and Incofom Federation.

19 Polsaram et al., “Small and Medium Enterprises Development Policies.”
Cambodia

FIGURE 21: CAMBODIA’S SOCIAL AND ECONOMIC CONTEXT

CAMBODIA SNAPSHOT

IMPACT INVESTING SUMMARY
USD 400.9 million deployed by PIIs; USD 648.1 million deployed by DFIs
Largest impact investing industry for PIIs, with most investments in microfinance

GROSS DOMESTIC PRODUCT
Average annual growth rate over 7% maintained for more than two decades
Categorized as a lower-middle-income country

FDI AND BUSINESS ENVIRONMENT
Dollarized economy encourages FDI by mitigating currency risks
High FDI inflows into financial services, especially by impact investors

SOCIAL OVERVIEW
Ranked 143rd on the Human Development Index and 99th on the Global Gender Gap Report
Key challenges include high poverty and access to healthcare

DEMAND FOR IMPACT CAPITAL
Concept of social entrepreneurship very nascent, though there are a large number of NGOs
MSMEs face a funding gap around USD 3.7 billion

ENABLING ECOSYSTEM
Highly evolved ecosystem, but only for financial inclusion
Most private-sector stakeholders in the impact investing ecosystem set up after 2015

Source: Intellecap Advisory Services analysis

GROSS DOMESTIC PRODUCT

The Cambodian economy has grown steadily, maintaining over 7% average annual growth for more than two decades. This growth has been driven mostly by the tourism, garment, construction, real estate, and agricultural sectors.21 As of 2017, the services sector contributed 41.9% of Cambodia’s GDP and employed almost one-third of its labor force. Industry, the second-largest sector, contributed 32.8% to GDP and employed around 20% of the labor force. Agriculture contributed the least yet employed almost half of Cambodia’s labor force.

In 2013, the Cambodian government introduced its Rectangular Strategy Phase III, stating the objective to reach upper-middle-income country status by 2030 and high-income country status by 2050. The strategy has four key objectives: (1) maintain average economic growth of 7%, while ensuring this growth is sustainable, inclusive, equitable, and resilient to market shocks; (2) create more jobs for the country’s youth and improve Cambodia’s competitiveness in attracting domestic and foreign investment; (3) annually achieve more than one percentage point reduction in poverty; and (4) strengthen the institutional capacity of government at both the national and sub-national levels. After introducing the strategy, in 2015, Cambodia achieved lower-middle-income status.

FOREIGN DIRECT INVESTMENT AND BUSINESS ENVIRONMENT

The Cambodian government has proactively fostered an environment that incentivizes FDI inflows. For instance, foreign investors are allowed full ownership in any business, in any industry, receiving the same treatment as local investors. The Council for the Development of Cambodia is the statutory body that reviews and approves investment decisions. The government also provides certain assurances to foreign investors, such as promising non-discriminatory treatment except for ownership of land,22 a guarantee not to impose price controls on products or services, and permission to purchase foreign currencies through the banking system and remit those currencies abroad.23 Additionally, Cambodia has over 20 SEZs to which the government encourages investment. Between 2006 and 2013, Cambodian SEZs received total investment of over USD 1.6 billion.24

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22 Land ownership for business activities is restricted to Cambodian citizens or to businesses in which at least 51% of equity is held by Cambodian citizens.
A large proportion of the FDI into Cambodia has been channeled toward microfinance. The loan-to-GDP ratio in Cambodia is 16%, the highest in Asia; Vietnam’s ratio, the second-highest, is only 3.8%. However, in 2017, the government imposed an interest-rate cap of 18% on microfinance lending in Cambodia, which may influence FDI into the sector.

Investments in specific industries—including tech, tourism, agri-business, physical infrastructure and energy, provincial and rural development, and environmental protection—enjoy further incentives in the form of reduced tax rates, tax holidays, exemption from export taxes, and approval to employ foreign nationals. Acceptance of the US dollar as a currency for business and day-to-day transactions has further facilitated investment into the country by mitigating associated currency risks. In 2011, the International Monetary Fund estimated that the US dollar comprised around 80% of Cambodia’s money supply.

However, the business environment in Cambodia could be improved, as reflected in the country’s EoDB and Global Competitiveness Index rankings: 135th and 94th, respectively. Cambodia faces challenges in its business environment, including poor institutional capacity and inefficient legal frameworks. In addition, general elections are scheduled in July 2018, for which the ruling party has adopted an authoritarian approach, dissolving the main opposition party and restricting independent media. The prolonged adoption of such an approach can create reputational risks for current and prospective investors in Cambodia.

SOCIAL OVERVIEW

Cambodia ranks 143rd globally on the Human Development Index with a score of 0.56, the second-lowest in Southeast Asia. Consequently, the country presents unmet opportunity for impact investing. Cambodia has made remarkable progress reducing poverty; however, development challenges remain, especially regarding unequal access to critical goods and services. The country has high gender inequality, ranking 99th on the Global Gender Gap Index. Cambodia also ranks the lowest (114th) among Southeast Asian countries with respect to achievement of the SDGs. While extreme poverty in Cambodia has drastically diminished over the past two decades, the rural population still faces challenges in accessing critical goods and services.

Key developmental challenges in Cambodia:

- **High poverty:** In 2011, 34% of Cambodians lived on less than USD 1.90 per day. Cambodia has substantially reduced poverty, yet, in 2014, 14% of the population still lived below the national poverty line.
- **Poor healthcare and sanitation infrastructure:** Cambodia reports poor statistics concerning health. Life expectancy at birth is a low 58.1 years, while the maternal mortality rate is high at 161

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26 Cambodia Investment Law.
deaths per 100,000 live births. Cambodia also has high adolescent fertility rates, with 52.2 births per 1,000 women aged between 15 years to 19 years. Only 42.4% of the country’s population has access to improved sanitation facilities.

- **Limited skilled workforce and low participation in education**: Cambodia reports 97% enrollment in primary education, but enrollments in secondary and tertiary education are just 27.7% and 20%, respectively. Government expenditures on education are only 2.6% of GDP.

- **Limited access to critical services**: Electricity is accessible to only 56.2% of the population, and just 19% use the internet. In addition, 22% of the population older than 15 years have an account with a formal financial institution, and 15% of the population have an account with a mobile money service provider.

### DEMAND FOR IMPACT CAPITAL

The Cambodian economy has traditionally relied on donor funding, with foreign aid accounting for over 90% of government expenditures between 2002 and 2010. Consequently, the country is home to 3,600 NGOs, the highest concentration in the region. However, as international aid to NGOs has declined over time, NGOs have tried to transform themselves into social enterprises, to diversify their revenue streams, and to achieve social objectives on a financially sustainable basis.

Some key areas of business in which social enterprises now operate include vocational training, energy, environment, workforce development, health, and rural development. In addition to social enterprises, Cambodia also has around 375,000 formally registered MSMEs. While these MSMEs have raised USD 571 million in financing, a financing gap of over USD 3.7 billion remains.

### ENABLING ECOSYSTEM

Since 2015, Cambodia has become increasingly interested in social entrepreneurship; as a result, several impact-focused business support providers have launched recently. Some of these include Impact Hub Phnom Penh (which also started Social Enterprise Cambodia), Xlconsulting, EPIC, and SHE Investments (a women-focused support provider). In addition, some impact-agnostic business services providers often house social enterprises, including Smallworld Cambodia, Geeks in Cambodia, KOTRA Incubator, BDLink, and CoLab. The regional Mekong Innovative Startup Tourism also has two accelerators for enterprises in the tourism sector.

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30 The adolescent fertility rate is defined as the number of births per 1,000 women aged 15 to 19. Having children this early in life exposes adolescent women to unnecessary risks. Population Reference Bureau, http://www.prb.org/.
Microfinance in Cambodia has attracted large amounts of capital from PIIs, but government-imposed rate caps threaten to deter further investment and reduce return expectations. By the end of May 2016, Cambodians had outstanding credit of over USD 2.9 billion from MFIs, and impact investors contributed much of this. In April 2017, the Government of Cambodia ordered the microfinance industry to cap interest rates at 18% on both new and re-financed loans.

**East Timor**

**FIGURE 23: EAST TIMOR’S SOCIAL AND ECONOMIC CONTEXT**

**EAST TIMOR SNAPSHOT**

**IMPACT INVESTING SUMMARY**
USD 3.8 million deployed by PIIs; USD 1.5 million deployed by DFIs
All impact investments in the microfinance sector

**GROSS DOMESTIC PRODUCT**
Smallest economy in Southeast Asia, and one the poorest in terms of GDP (PPP) per capita

**FDI AND BUSINESS ENVIRONMENT**
Few FDI restrictions
Investment deterrents include poor infrastructure and few avenues for investment
Ranked 178th on Ease of Doing Business, the lowest in Southeast Asia

**SOCIAL OVERVIEW**
Ranked 133rd on the Human Development Index and 128th on the Global Gender Gap Report
Key challenges include high poverty, low skillsets in the labor force, and poor infrastructure

**DEMAND FOR IMPACT CAPITAL**
Only a handful of social enterprises and around 4,000 MSMEs active in the country
MSMEs face a funding gap around USD 450 million

**ENABLING ECOSYSTEM**
Few active providers of private-sector business support
Several active impact-agnostic business plan competitions

Source: Intellecap Advisory Services analysis
GROSS DOMESTIC PRODUCT

East Timor is the poorest country in Southeast Asia in terms of both GDP (PPP) and GDP (PPP) per capita (Figure 24). In 2002, after years of civil war, East Timor became the first new sovereign state of the twenty-first century and the 11th member of ASEAN. Industry contributes the highest share of East Timor’s GDP (57.8%) and employs 10% of its labor force, while the services sector contributes 31.3% to GDP and employs 26% of the labor force. The economy is highly dependent on petroleum exports, which represent 99% of export earnings, 80% of GDP, and 93% of total government revenue. Agriculture contributes less than 10% to GDP yet employs around 64% of the county’s labor force. The country also depends on large volumes of foreign aid for its development.

FIGURE 24: EAST TIMOR, GDP (PPP) AND GROWTH RATE

FOREIGN DIRECT INVESTMENT AND BUSINESS ENVIRONMENT

East Timor has received little FDI, with a net inflow of only USD 5 million in 2016. Tradinvest, which the government formed in 2005, is East Timor’s Investment and Export Promotion Agency. Foreign investors can invest in most sectors, except for those specifically reserved for the state, including postal services, public communications, protected natural areas, and weapons production and distribution. Despite efforts the government has made to diversify FDI inflows, the oil and gas sector receives the most FDI.

Key challenges restricting FDI inflows into East Timor include limited infrastructure, bureaucratic inefficiency, inefficient laws and legal systems, lack of skilled human resources, and high corruption. The country’s EoDB ranking reflects these challenges, as East Timor ranks 178th out of 190 countries.

SOCIAL OVERVIEW

East Timor faces a plethora of social and developmental challenges attributed to years of violence and instability. With its score of 0.61, East Timor ranks 133rd on the HDI and is categorized as a middle human development country; however, its human development is highly unequal. Discounting its HDI for inequality, the score falls by 31% to 0.42, which is one of the highest differences in the region. Gender inequality is also high in East Timor, with an HDI score for women of 0.56 compared to 0.65 for men and a ranking of 128th on the Global Gender Gap Index (the lowest in Southeast Asia). East Timor also ranks 106th globally with respect to progress made towards the SDGs.

Key developmental challenges in East Timor:

- **High poverty**: In East Timor, 41.8% of the population lives below the national poverty line, the highest poverty rate in Southeast Asia, and 16% of the population lives on less than USD 1.90 per day.

- **Unskilled workforce**: With a median age of 18.9 years, East Timor is the youngest country in the region. Most local labor in East Timor, however, is unskilled.

- **High undernourishment and malnutrition**: More than half of children younger than five demonstrate stunted growth. Twenty-seven percent of the population is undernourished.

- **Poor healthcare**: Maternal mortality is extremely high at 215 per 100,000 live births. Under-five mortality is 52.6 per 1,000 live births. In addition, less than 30% of births are attended by skilled professionals.

- **Limited access to critical services**: Less than half of the population in East Timor has access to electricity. In addition, because of poor banking infrastructure, a very small proportion of the population has access to formal banking.

DEMAND FOR IMPACT CAPITAL

Social enterprises have ample opportunity to address developmental challenges in East Timor, yet the field remains small. Social enterprises are engaged in handicrafts, training, or community development, registered primarily as non-profits. Some challenges that have prevented the social enterprise movement from growing include a lack of skilled labor, limited access to critical infrastructure, and lack of a local market for products and services. However, in addition to social enterprises, more than 4,000 MSMEs are formally registered in East Timor in construction, food processing, agriculture, and fisheries. These enterprises cumulatively face a funding gap around USD 450 million; more than 70% of business owners used their own funds to start their enterprises. A survey of potential entrepreneurs in East Timor highlighted access to finance as their biggest challenge, followed by a limited availability of materials and equipment and access to human resources.

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40 Sachs et al., SDG Index and Dashboards Report.
41 Sachs et al., SDG Index and Dashboards Report.
43 Wronka, Mobilizing Business in Timor-Leste.
ENABLING ECOSYSTEM

East Timor’s startup supporting ecosystem remains weak, with minimal focus on social enterprises. Most NGOs and private-sector social enterprises are financed through grants. East Timor has two business-plan competitions: the IADE Innovative Business Plan Competition and the CCI-TL Innovative Business Idea Competition. In addition, the United Nations offers the Oecusse Business Incubator to support agri-businesses. From the private sector, Project Everest provides technical assistance to social enterprises operating in the country.

Laos

FIGURE 25: LAOS’ SOCIAL AND ECONOMIC CONTEXT

LAOS SNAPSHOT

IMPACT INVESTING SUMMARY
USD 27.5 million deployed by PIIs; USD 316.0 million deployed by DFIs
Mostinvested sectors include financial services and infrastructure

GROSS DOMESTIC PRODUCT
Economic growth exceeding 9.4% since 2007
Highly dependent on natural resources for growth

FDI AND BUSINESS ENVIRONMENT
Government incentivizing FDI through a number of reforms
Ranked 141st globally on the Ease of Doing Business and 98th on the Global Competitiveness Index

SOCIAL OVERVIEW
Ranked 138th on the Human Development Index and 64th on the Global Gender Gap Report
Key challenges include high poverty and food insecurity

DEMAND FOR IMPACT CAPITAL
Nascent social enterprise landscape; only a handful of social enterprises
MSMEs face a funding gap around USD 2.6 billion

ENABLING ECOSYSTEM
Few impact-agnostic providers of business support
Startup ecosystem has been evolving since 2014

Source: Intellecap Advisory Services analysis

GROSS DOMESTIC PRODUCT

In 1986, the Government of Laos began to decentralize power and encourage private-sector economic activity. Laos now has a small, but fast-growing economy, with compound annual growth rate in GDP (PPP) over 9.4% since 2007 (Figure 26), making it one of the fastest-growing countries in Asia. In 2017, the services sector contributed 39.1% of GDP, followed by industry at 33.2% and agriculture at 20.9%. However, the agricultural sector employs more than 73% of the country’s population. Services employ over 20% of the labor force, while industry employs just over 6% of the labor force.

**FIGURE 26: LAOS, GDP (PPP) AND GROWTH RATE**

FOREIGN DIRECT INVESTMENT AND BUSINESS ENVIRONMENT

The government, through the Foreign Investment Management Committee (FIMC), manages, protects, and promotes foreign investment into Laos. Foreign investors may invest through either a joint venture or a wholly-owned foreign enterprise. For the former, the foreign investor must contribute a minimum 30% of the total equity investment in the enterprise. Investments are generally evaluated on a case-by-case basis; the Laotian government allows foreign nationals to invest in all sectors, prohibiting investments that can impact national security, culture, environment, or public health. The minimum capital requirement for investing in Laos is USD 120,000. The government provides many incentives to encourage investment, such as exemptions from taxes on corporate profits.

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and exemptions from import and export duties in select sectors. Education and healthcare are two key sectors the government is promoting; however, electricity generation, mining, and agriculture currently receive the most FDI. Vietnam, Thailand, and China account for the highest FDI inflows into Laos, making Laos one of the few economies that receives investments from other countries in Southeast Asia.

Notwithstanding steps taken to encourage FDI, Laos ranks poorly on the EoDB (141st) and Global Competitiveness (98th) rankings. Its rank on the latter is the second-lowest in the region. Investors cited poor infrastructure, weak enforcement of contracts, limited protection of the interests of minority investors, and bureaucratic inefficiencies as key challenges to increased investment in the country.

SOCIAL OVERVIEW

While economic growth rates offer optimism, Laos faces several social developmental challenges. Its HDI score of 0.59 places it 138th globally with respect to human development. The HDI score is lower for women (0.56) than for men (0.61), demonstrating the country’s gender inequality, which is also substantially higher in rural areas. In terms of progress towards achieving the SDGs, Laos ranks 107th globally.

Key developmental challenges in Laos:
- **High poverty**: Poverty is common in Laos, especially in rural areas; the overall poverty rate is 23%, second-highest in the region. Even 59.4% of the employed population earned below USD 1.90 (PPP) per day.
- **Low skillsets and productivity**: Laos has one of the youngest populations in Southeast Asia, with a median age of 23. However, much of the population is engaged in vulnerable employment, in part due to a lack of skills development. Around one-third of its population earn insufficient income to lift themselves out of poverty.
- **Food security**: Although the agricultural sector employs more than 70% of the country’s population, malnutrition and undernourishment are widespread. One-fifth of the country’s population consumes less than the minimum dietary requirements.
- **Poor healthcare**: Laos has high under-five and infant mortality rates of 86 and 57 per 1000 live births, respectively, the highest among the ASEAN countries. Similarly, the maternal mortality rate in Laos is also the highest within the ASEAN.
- **Natural-resource dependent growth**: Extractive industries, including timber, mining, and hydropower, drive most of Laos’s growth. This could reduce the long-run sustainability of the country’s economic growth and harm Laos’s environment.

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50 Sachs et al., *SDG Index and Dashboards Report 2017*.
DEMAND FOR IMPACT CAPITAL

Only a few enterprises in Laos operate with social or environmental missions; there is no formal recognition of social enterprises. Most social enterprises in Laos are active in the textiles, agricultural, or skills-development and training sectors. Besides social enterprises, around 130,000 formally registered MSMEs in Laos cumulatively employ more than 340,000 people. Forty-one percent of these enterprises are engaged in wholesale and retail trade, followed by 17.6% in manufacturing, 16.6% in accommodation and food service, and 6% in construction. Limited access to finance inhibits scale; only 31.8% of the MSMEs have received bank loans. Women own 41% of all MSMEs. MSMEs face a cumulative financing gap of USD 2.6 billion, along with additional challenges including human resource limitations, marketing challenges, and the use of capital-light production techniques.

ENABLING ECOSYSTEM

Laos currently has no ecosystem dedicated to impact investing or social enterprises. However, enterprises from Laos are eligible for incubation and acceleration services provided by select regional players, including Sea Ventures (based in Cambodia), the Mekong Business Initiative (headquartered in Vietnam, with branches across Cambodia, Laos, Myanmar, and Vietnam), and Mekong Innovative Startup Tourism (based in Vietnam). Some locally present impact-agnostic providers of business services include Toh Lao, the first co-working space in Laos, founded in 2014, Asiastar, Ecorner, and the Laos IT Business Incubation Center. Active networks include the Global Shapers Community Vientiane and Young Entrepreneurs Association of Laos. The government provides technical assistance and capacity-building services through its SME Promotion Fund and the Chamber of Commerce and Industry.

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56 ASEAN, Enterprises Development Policies in Laos.
GROSS DOMESTIC PRODUCT

Malaysia’s economy, the third-largest in Southeast Asia (Figure 28), has gradually transitioned from being highly dependent on natural resources to highly industrial. Until the 1960s, agriculture was the key sector in Malaysia, employing more than 60% of the country’s population. By 2017, agriculture comprised only 11% of total employment and contributed less than 10% to GDP. In addition, the export of natural resources was a key contributor to Malaysia’s GDP and government revenue until 2012. Government efforts to strengthen industries and services have grown both sectors considerably over time. Services contribute 54.7% of Malaysian GDP and employ more than half of the Malaysian workforce, while industry contributes 37% of Malaysian GDP and employs 36% of the labor force. Interestingly, the Malaysian economy is one of few in which a sector’s contribution to GDP nearly corresponds to its share of overall employment. Malaysia hopes to transition to a high-income country by 2020 under its Vision 2020 strategic plan.
FOREIGN DIRECT INVESTMENT AND BUSINESS ENVIRONMENT

With increased recognition of private capital as a means to achieve Vision 2020, the Government of Malaysia has introduced several reforms and incentives to welcome foreign investors. For instance, in 2009, the government reduced the role of the Foreign Investment Committee (FIC) in reviewing investments and relaxed requirements for foreign companies to receive FIC approvals for mergers and acquisitions. From 2011 onward, the government also liberalized investment into 17 services sub-sectors by allowing 100% foreign ownership, including some high-impact sub-sectors like private hospital services, vocational schools, skills-training centers, international schools, and vocational schools for special needs. Consequently, net FDI inflows in Malaysia increased from USD 114 million in 2009 to over USD 13 billion in 2016, the second-highest among Southeast Asia. The services sector received more than half of total FDI, particularly from investors based in Singapore, Japan, and Netherlands.

Malaysia ranks second in Southeast Asia and 24th globally on the EoDB rankings. On the Global Competitiveness Index, Malaysia gained two places to reach a rank of 23rd globally in 2017. According to the index, key strengths in Malaysia’s economy include investor protection (ranking fourth globally in protecting the rights of minority investors), level of government regulation, and


efficiency of government spending. Weaknesses, on the other hand, include access to finance and foreign currency regulations: Malaysia prohibits offshore trading of the Malaysian ringgit or any of its derivatives.

SOCIAL OVERVIEW

Malaysia, with a score of 0.79, ranks 59th globally on the HDI and is classified in the high human development category, but inequality, especially with respect to gender persists. Women lag men on several parameters, like completion of secondary education and labor force participation. Perhaps unsurprisingly, Malaysia ranks poorly on the Global Gender Gap Index (104th), behind many other countries in the region like Singapore, Thailand, Brunei, Myanmar, Cambodia, and Laos. Conversely, Malaysia outperforms countries in Southeast Asia in terms of progress towards the SDGs. Additional socio-economic challenges are summarized below.

Key developmental challenges in Malaysia:

- **Shortage of skilled workers**: As of 2016, skilled workers constituted 28% of the total workforce, a share which the government wants to increase to 35% by 2020. The shortage of skilled workers has led to high dependence on foreign workers. Repeated efforts have sought to cap the number of foreign workers in the economy.

- **Dependence on fossil fuels for energy**: Malaysia is the world’s third-largest producer of photovoltaic cells, yet more than 90% of its energy needs are met by fossil fuels. This dependence can cause economic volatility given that the country’s petroleum reserves are expected to be spent by 2020, natural gas reserves by 2058, and coal by 2066. The country’s energy requirements will also likely increase in the future.

- **Dependence on oil as a key contributor to GDP**: Though reduced, oil and gas still contribute over 20% to Malaysian GDP. Fluctuations in global oil prices have led to large layoffs in the Malaysian oil and gas industry. The economy and its underlying livelihoods will thus need more diversification.


61 Sachs et al., *SDG Index and Dashboards Report* 2017.


DEMAND FOR IMPACT CAPITAL

In 2015, the Government of Malaysia, through the Malaysian Global Innovation and Creativity Center (MaGIC), introduced a three-year blueprint for social enterprises to build a sustainable and equitable society.64 Like other countries in the region, social entrepreneurship in Malaysia is relatively new; more than three-fourths of social enterprises operating in Malaysia launched after 2009 and around a quarter were established after 2014. As of 2015, MaGIC estimated that there were 1,928 social enterprises in Malaysia, of which 43% were owned by women.65

In terms of sector of operations, 41%, 36%, and 20% of social enterprises, respectively, generate revenue from retail trading, training services, and consulting services. Other key areas of operations include food and beverages, healthcare, and arts and culture. Sixty-one percent of social enterprises generate revenues from commercial sales, and the remaining 39% leverage non-commercial income, such as donations, grants, corporate sponsorships, and crowd funding.66

Social enterprises have highlighted access to finance as a key challenge, with 44% citing a lack of funding and financial support even when business models are commercially viable.67 Other key challenges include a lack of understanding among the public of social enterprises’ value proposition, a lack of business acumen regarding how to run enterprises viably and sustainably, and a lack of access to quality talent. Notwithstanding these challenges, 96% of social enterprises had a positive outlook on their growth potential.68 In addition, Malaysia has around 650,000 formally registered MSMEs, which face a cumulative funding gap over USD 21 billion.69

ENABLING ECOSYSTEM

The Government of Malaysia has greatly facilitated the ecosystem for impact investing and social enterprises. The establishment of MaGIC was a landmark step, followed by the launch of a USD 690,000 pay-for-performance fund. The government also supports social entrepreneurship through its universities. In addition to these governmental organizations, other incubators and accelerators include Unltd Malaysia and Impact Hub Kuala Lumpur. Regional enablers such as IIX, the British Council, the Aspen Network of Development Entrepreneurs (ANDE), and the Asian Venture Philanthropy Network (AVPN) have also been active in Malaysia. IIX, in partnership with Agensi Inovasi Malaysia, has been an especially critical partner, designing a Social Finance Roadmap for the Government of Malaysia.70

65 MaGIC, Malaysian Social Enterprise Blueprint.
66 Malaysian Global Innovation and Creativity Centre (MaGIC), State of Social Enterprise in Malaysia 2014–2015 (Cyberjaya, Malaysia: MaGIC, 2015), https://docs.google.com/forms/d/e/1FAIpQLSesbzUD8oiQrdzvm-3dfZOpqNFZ0pDjB_Iqmq8X8abH4Dx4AA/viewform?c=0&w=1.
67 MaGIC, State of Social Enterprise in Malaysia.
68 MaGIC, State of Social Enterprise in Malaysia.
Since the 2011 elections, the Myanmar government has made considerable efforts to achieve rapid economic growth while catalyzing the private sector. Myanmar grew at an annual compound rate of 9.7% from 2007 to 2016 (Figure 30), making it one of the fastest-growing countries in the world. The country’s GDP has been driven by services, industry, and agriculture alike, but more than half the labor force is engaged in agriculture for employment. The services sector contributes around 40% of GDP and employs 31.5% of the population, while industry contributes 35.4% of GDP and employs 17% of the labor force.
In 2016, the government introduced a 12-point economic policy. Objectives highlighted in the policy include sustainable resource mobilization and allocation across states, support of competition and private-sector growth, development of capital markets, development of infrastructure, incentivization of FDI, development of skills across the workforce (especially for manufacturing and services), and enhancement of SMEs. The proposed policy centers on inclusive development, indicating the government’s intent to promote businesses that benefit low-income communities and investors that support such businesses.

**FOREIGN DIRECT INVESTMENT AND BUSINESS ENVIRONMENT**

Net FDI inflows into Myanmar have grown substantially since 2007 at a compound annual growth rate of 18.5%. Most of this growth has occurred since the introduction of the Foreign Investment Law in 2012. The law simplified the process for investment applications and provided a wide range of investment incentives. For example, the law guaranteed no nationalization and no suspension of investments, which was previously a risk in Myanmar. The government also restructured the Myanmar Investment Commission (MIC) over the last five years. It is now the statutory body for approving new investments and has discretionary authority to decide minimal capital requirements for different investments on a case-by-case basis. One of the MIC’s key objectives is to emphasize social impact during the investment screening and approval processes. Investors registered with the MIC enjoy both tax and non-tax incentives, which are also determined at the MIC’s discretion.

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In 2016, Myanmar received net FDI inflows of USD 3.3 billion. Most investors into Myanmar are based in Singapore, China, Hong Kong, or Vietnam, and FDI has gone primarily to the oil and gas, power, and transport and communication sectors. Despite Myanmar’s recent efforts to simplify the foreign investment process and incentivize FDI inflows, its low performance on the EoDB rankings and Global Competitiveness Index, at 171st and 131st, respectively, indicate need for improvement.

SOCIAL OVERVIEW

Myanmar faces multiple developmental challenges. With an HDI score of 0.56, Myanmar ranks 145th on the Human Development Index, the lowest in the region. In terms of progress made towards the SDGs, Myanmar ranks 110th, the second-lowest in the region. Myanmar also faces a large gender gap, reflected by its Global Gender Gap rank of 83rd. However, while such development challenges offer large opportunities to deploy impact capital, Myanmar has experienced severe ethnic tensions and clashes that have deterred investment into the country. For example, the Rohingya crisis, which came to international attention in August 2017, has deterred many western investors from investing in Myanmar due to the associated reputational risks.73

Key developmental challenges in Myanmar:

- **High poverty**: Myanmar has a high rate of poverty, with 13% of its population living on less than USD 1.9 per day. By 2030, the UN Sustainable Development Solutions Network expects Myanmar to reduce the share of its population living in poverty to 4.7%.74

- **Malnutrition and undernourishment**: More than 35% of Myanmar’s children younger than five demonstrate stunted growth. Almost 15% of the population is undernourished.75

- **Poor maternal healthcare**: Access to healthcare is a grave challenge in Myanmar, especially in rural areas. Only 70.6% of births are attended by skilled healthcare professionals. Life expectancy at birth is low at 591 years, while the maternal mortality rate is high at 178 per 100,000 live births.76

- **Limited access to critical infrastructure**: Only around half of Myanmar’s population has access to electricity. Under a third of Myanmar’s adult population has access to financial services. The IFC estimates the demand for microcredit at USD 1 billion, of which only 10% is now being serviced.77 A large proportion of agricultural credit is channeled through the Myanmar Agriculture Development Bank, the largest bank in rural areas. This bank provides loans at highly subsidized rates, a practice which is unsustainable, according to the World Bank.78

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74 Sachs et al., *SDG Index and Dashboards Report* 2017.

75 Sachs et al., *SDG Index and Dashboards Report* 2017.

76 Sachs et al., *SDG Index and Dashboards Report* 2017.


DEMAND FOR IMPACT CAPITAL

A number of enterprises have raised capital from impact investors, though entrepreneurship overall is still nascent in Myanmar. Enterprises operating with a social or environmental mission in Myanmar are registered as NGOs, cooperatives, associations, private companies, and foundations. Social enterprises in Myanmar operate in a handful of sectors, with relatively more enterprises in fast-moving consumer goods (FMCG) and retail, microfinance, and education. Other sectors include agriculture, services, and handicrafts. However, access to funding is a key constraint to scale, with most social enterprises depending on grant funding in their seed and early stages. Other challenges that prevent social enterprises from scaling include a lack of human capital, a common perception that social enterprises should not earn profits, lack of basic physical infrastructure, and a limited supply of raw materials (mostly imported goods). However, the country has seen the fifth-highest number of impact deals in Southeast Asia, with 50 deals made from 2007 to 2017.

In addition to social enterprises, around 130,000 SMEs are formally registered in Myanmar. While these SMEs have cumulatively raised USD 2.7 billion of capital, they face a remaining funding gap of almost USD 14 billion.

ENABLING ECOSYSTEM

Impact investing in Myanmar is constrained from growth due to challenges related to regulation, political instability, and lack of infrastructure. Since 2012, a number of international foundations and international NGOs have started operations in Myanmar, many working to improve the country’s infrastructure. Business-service providers with an impact focus have also emerged over the last five years, mostly in Yangon. Project Hub Yangon, the first incubator, also had a strong focus on female entrepreneurs, running an incubation program for female entrepreneurs called Project W. Other key incubators and accelerators in the country include Phandeeyar and Impact Hub Yangon.

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81 British Council, *Social Enterprise Landscape in Myanmar*.
82 British Council, *Social Enterprise Landscape in Myanmar*.
Singapore

FIGURE 31: SINGAPORE’S SOCIAL AND ECONOMIC CONTEXT

SINGAPORE SNAPSHOT

IMPACT INVESTING SUMMARY
USD 61.3 million deployed by PIIs; USD 51.3 million deployed by DFIs
Key sectors include energy and healthcare

GROSS DOMESTIC PRODUCT
Richest country in Southeast Asia in terms of GDP (PPP) per capita

FDI AND BUSINESS ENVIRONMENT
Highest net FDI inflows in Southeast Asia
Ranks second globally on Ease of Doing Business rankings

SOCIAL OVERVIEW
Ranks fifth on the Human Development Index and 27th on the Global Gender Gap Report
Key challenges include income inequality and environmental damage

DEMAND FOR IMPACT CAPITAL
Government supporting social enterprises through raiSE
MSMEs exist, but most do not intentionally seek social or environmental returns

ENABLING ECOSYSTEM
Other than raiSE, most business-service providers are impact-agnostic
Many impact investors headquartered in Singapore

Source: Intellecap Advisory Services analysis

GROSS DOMESTIC PRODUCT

Since its 1965 independence from Malaysia, Singapore has gradually become the business center of Southeast Asia. It is now a developed, free-market economy (Figure 32), acknowledged as one of the most pro-business in the world. The services sector in Singapore contributes 76% of GDP, followed by the industrial sector, which contributes 24%. The contribution of the agricultural sector is minimal (less than 1%). The services sector is also the largest employer (85%). The Singaporean economy is highly reliant on exports, with key exports being machinery and equipment, pharmaceuticals and other chemicals, refined petroleum, and food and beverages.84 Singapore’s trade-to-GDP ratio is the highest in the world.85

85 Trade-to-GDP ratio is the aggregate value of imports and exports over a period of time divided by GDP during that same period.
FOREIGN DIRECT INVESTMENT AND BUSINESS ENVIRONMENT

A key driver of economic growth in Singapore has been the government’s efforts to attract foreign investment. The government has taken several steps over time to improve the business environment and encourage FDI inflows into Singapore. Some key incentives include a low corporate tax rate (17%), no restrictions on re-investment or repatriation of investment earnings, avoidance of double-taxation with many countries, and general encouragement of a free-market economy. Currently, Singapore receives the highest FDI in Southeast Asia, with net FDI inflow of USD 61.6 billion in 2016. According to the United Nations Conference on Trade and Development (UNCTAD), Singapore had the eighth-highest FDI inflows in the world in 2017.86

Singapore ranked first on the EoDB rankings from the launch of the index until 2017, when it ranked second. Singapore is considered pro-business for its ease of registering and starting a business, accessibility of permits, and efficient process to resolve commercial disputes. Singapore also leads in the Global Competitiveness Index, ranking third globally and first in Southeast Asia. Key strengths of Singapore’s economy include a well-developed financial sector, advanced transport infrastructure, and an efficient labor market. Limitations include unstable prices, deflationary trends, and low innovation.87

The ease of doing business and congenial regulatory environment in Singapore has led many regional impact investors to establish their headquarters in Singapore. Singapore offers more regulatory, economic, and political stability compared to many of its Southeast Asian neighbors. Interviews with investors also suggested that domiciling an equity fund in Singapore is easier compared

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to other impact investing hubs in the region, such as Indonesia and the Philippines. In addition, Singapore offers investors better legal security than other countries in the region. Investors with headquarters in Singapore often partner with ecosystem intermediaries from other countries to source deals across the region. However, with the emergence of low-cost airlines in Asia, many investors have started using a fly-in, fly-out model to source deals, build relationships with their investees, and provide required support.

SOCIAL OVERVIEW

With an HDI score of 0.93, Singapore is classified as a very high human development country, ranking fifth globally. Additionally, Singapore performs well on many gender parameters, such as maternal mortality rate and enrollment of women in education, but it ranks 65th in the Global Gender Gap Index. By contrast to most of Southeast Asia, Singapore faces challenges related to income inequality, an aging population, dependence on fossil fuels, and environmental damage.

Key developmental challenges in Singapore:

- **High income inequality:** Among developed economies, Singapore has very high income inequality. Its GINI coefficient of 45.8 is the highest in Southeast Asia. Interviewed stakeholders suggested that while the salaries of skilled workers have increased substantially over the last few years, the salaries of unskilled and semi-skilled workers have been stagnant. Singapore also has a very high level of relative poverty, defined by the percentage of people whose income is less than half the median wage. More than 20% of the Singaporean population is below this poverty threshold.88

- **Aging population:** Alongside modest population growth (less than 1%), the population of elderly people has increased and will continue to increase. Estimates suggest that the number of individuals older than 65 years will triple between 2006 and 2030.89 In 2016, 12.6% of Singapore’s population was 65 years or older.90

- **Dependence on imports of critical goods and services:** In order to provide energy at competitive prices, Singapore relies heavily on energy imports.91 In 2011, Singapore imported 97% of its energy. Less than 3% of the energy produced by Singapore was from renewable sources. Similarly, due to limited availability of land, Singapore imports more than 90% of its food.92

- **Environmental challenges:** With development, Singapore has lost more than 90% of its forest cover, 67% of its bird species, and 40% of mammalian species.93

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DEMAND FOR IMPACT CAPITAL

The social enterprise movement in Singapore has grown rapidly: in 2017 alone, the number of social enterprises increased by 32%. The movement has been led by several organizations, such as the Singapore Center for Social Enterprise (raiSE) and the Asia Center for Social Entrepreneurship and Planning (ACSEP), which is situated at the National University of Singapore. Of more than 400 social enterprises currently in Singapore, most relatively new, around two-thirds are in the seed and early stages, while another third are growth-stage and mature companies. Key sectors include education (18%), training (17%), and health and wellness (12%).

Since Singapore is a developed country, the beneficiaries that social enterprises target differ from those in other ASEAN countries. Around 34% of social enterprises target disadvantaged youth, 28% target persons with disabilities, and 22% target low-income families or individuals. Forty-six percent of these enterprises provide employment to their beneficiaries, 21% provide education, and 19% provide skill development. Social enterprises in Singapore have relatively small operations, with 74% earning annual revenues less than USD 250,000, and only 14% earned over USD 500,000 in 2016.

Social enterprises struggle to access finance; 60% are self-funded. The remainder of social enterprises raised debt (14%) and equity (26%). Barriers to raising external funding include the lengthy application process to raise capital, strict funding criteria, and limited resources to undertake lengthy, complicated procedures to acquire funding. Besides access to finance, other challenges include improving business models, customer acquisition, networking and forming partnerships, and recruiting and retaining talent.

Overall, interviews with ecosystem stakeholders suggested that while Singapore’s economy greatly depends on SMEs, few have a social impact focus.

ENABLING ECOSYSTEM

Since Singapore is a preferred location for many regional impact investors and social enterprises, the ecosystem for impact investing has gained considerable traction. There are a number of providers of business support, including incubators and accelerators such as Impact Hub Singapore, raiSE, BOP Hub, Singtel Future Makers, and NUS Enterprise. The IIX is headquartered in Singapore and also operates an impact-focused accelerator with an emphasis on enterprises across Southeast Asia. Several impact-agnostic, technology-focused providers of business services have also housed impactful enterprises. Networks like AVPN, ANDE, and Transformational Business Network Asia are active in Singapore, and Singapore houses several research organizations, such as the Lien Center for Social Innovation, British Council Singapore, Singapore University of Social Sciences, and Asia Centre for Social Entrepreneurship and Philanthropy.

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95 raiSE, *Social Enterprise in Singapore*.
96 raiSE, *Social Enterprise in Singapore*.
97 raiSE, *Social Enterprise in Singapore*.
98 raiSE, *Social Enterprise in Singapore*. 
**Thailand**

**FIGURE 33: THAILAND’S SOCIAL AND ECONOMIC CONTEXT**

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**THAILAND SNAPSHOT**

**IMPACT INVESTING SUMMARY**
USD 73.3 million deployed by PIs; nearly USD 1.6 billion deployed by DFIs.
Key sectors include energy and financial services.

**GROSS DOMESTIC PRODUCT**
GDP (PPP) over USD 1 trillion, the highest amongst these eight countries.
GDP (PPP) per capita of USD 16,913, classified as upper middle income.

**FDI AND BUSINESS ENVIRONMENT**
Incentives available for investments into food and renewable energy.
Significant progress on both Ease of Doing Business (rank 26) and the Global Competitiveness Index (rank 32).

**SOCIAL OVERVIEW**
Ranked 87th on the Human Development Index and 75th on the Global Gender Gap Report.
High inequality and underemployment.

**DEMAND FOR IMPACT CAPITAL**
Government policy to encourage social entrepreneurship.
Funding gap around USD 40 billion for MSMEs.

**ENABLING ECOSYSTEM**
Government-supported ecosystem in place, with several private-sector providers of business services like ChangeFusion, Unltd, and Impact Hub.

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**GROSS DOMESTIC PRODUCT**

Following Indonesia, Thailand has the largest economy in the region, with GDP (PPP) over USD 1 trillion (Figure 34). Since 1985, the services sector has contributed more than half of Thailand’s GDP. The share of agriculture to overall GDP has reduced over time, but much of the population still depends on the sector for employment; in 2016, though agriculture contributed less than 10% of GDP, it employed almost one-third of the Thai workforce. Thailand’s economy is also highly oriented

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towards exports, which account for over two-thirds of its GDP. Important exports include electronics, agricultural commodities, automobiles and automotive parts, and processed food.

**FIGURE 34: THAILAND, GDP (PPP) AND GROWTH RATE**

In 2016, the Government of Thailand introduced the Thailand 4.0 strategy, attempting to set clear economic objectives. The strategy aims to prevent Thailand from falling into a “middle income trap” and to aid the country’s transition to a high-income country by:

- creating a value-based economy based on knowledge, innovation, and technology, increasing expenditures on R&D to 4% of GDP;
- increasing per-capita income to transition to a high-income country by 2032;
- creating an inclusive society by reducing the GINI coefficient to 36 by 2032 and by increasing per capita farmer income to more than USD 12,500 by 2036;
- ensuring that at least five Thai universities are ranked among the world’s top 100 universities; and
- enabling Thailand to develop a competitive advantage in 10 industries through innovation, knowledge development, and technology transfers.  

Source: World Development Indicators

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102 These 10 industries are: (1) Next-Generation Automotive; (2) Smart Electronics; (3) Affluent, Medical, and Wellness Tourism; (4) Agricultural and Biotechnology; (5) Food for the Future; (6) Robotics; (7) Aviation and Logistics; (8) Biofuels & Biochemical; (9) Digital; and (10) Medical Hub.
FOREIGN DIRECT INVESTMENT AND BUSINESS ENVIRONMENT

The Thai Board of Investment introduced its 2015–2021 Investment Promotion Strategy, which seeks to enhance Thailand’s global competitiveness as an investment destination. Thailand incentivizes investments into six key sectors, including those of interest to impact investors like food and agriculture and renewable and alternative energies. However, despite government efforts to catalyze FDI, political instability has led to fluctuating inflows.

Thailand has made great progress towards improving its business environment. Among Southeast Asian countries, it ranks third on both the 2018 EoDB rankings (26th globally) and the 2017–2018 Global Competitiveness Index (32nd globally). The country improved its EoDB ranking from 46 to 26 in 2018, one of the largest jumps for any country, and it advanced two places in the Global Competitiveness Index in 2017. Key improvements included the abolishment of certain requirements to start a business, the reduction in the rate of the property transfer tax, the introduction of legislation to broaden the scope of assets that can be used as collateral, and the use of geographic information systems to enhance access to electricity.

SOCIAL OVERVIEW

With a score of 0.74, Thailand ranks 87th on the Human Development Index and is classified as a high human development country. Thailand has also made considerable progress towards achieving the SDGs, ranking second in the region and 55th globally. Thailand ranks 75th in the Global Gender Gap Index. Labor force participation for women is low at 62.9%, compared to 80.2% of men. Women hold only 6.1% of seats in the legislature. Besides gender inequality, the country faces various additional developmental challenges.

Key developmental challenges in Thailand:

- **High income inequality**: At 44.5, Thailand has one of the highest GINI coefficients in the region, signifying higher inequality than many of its neighbors, such as the Philippines, Indonesia, and Vietnam.

- **High disguised unemployment and underemployment**: While Thailand reports a low unemployment rate, its economy is characterized by underemployment and disguised unemployment, especially in agriculture.

- **Aging population**: Thailand achieved 100% Universal Health Coverage in 2002. However, by 2040, more than a quarter of the Thai population will be older than 65, requiring increased access to preventive healthcare solutions.

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105 “Thailand,” Databank.
106 Disguised unemployment refers to a situation where there are more workers engaged in a particular activity than the required amount, hence making the contributions of some workers redundant.
• **High reliance on energy imports:** Thailand reports that 100% of its population has access to energy; however, it greatly depends on fossil fuels and energy imports. Its energy security causes concern, since Thailand is already the second-largest consumer of energy in Southeast Asia, and the International Energy Agency expects its energy consumption to triple by 2035.109

**DEMAND FOR IMPACT CAPITAL**

The Government of Thailand has recognized that social enterprises can foster development. In 2010, it introduced the Thai Social Enterprise Office (TSEO) to support and promote their growth.110 TSEO has been critical to stimulating the social enterprise ecosystem in the country.111 In 2016, the government also passed the Royal Decree on Tax Exemption, which provides tax benefits to social enterprises and even to investors in such enterprises. To qualify for corporate income tax exemptions, the organization must certify as a social enterprise, re-invest 100% of its profits into the business or for the benefit of the marginalized, and include the words “social enterprise” in the name of the organization.112

In Thailand, around three million registered MSMEs and a number of other organizations operate with a social mission.113 Social enterprises operate in various sectors including health, education, workforce development, agriculture, and tourism.114 Both social enterprises and MSMEs face a substantial financing gap. For instance, a 2013 survey highlighted that 54% of social enterprises in Thailand were self-funded, and only 17% received bank loans.115 The IFC estimates that formally registered MSMEs in Thailand face a financing gap over USD 40 billion.116 Besides financing, MSMEs in Thailand face additional challenges including the lack of human capital outside urban areas, high cost of doing business in cities, and limited access to innovation or research and development.


113 The Thai government estimates that around 120,000 organizations are working with a social mission, and around 400 social enterprises are registered.

114 Mohan et al., *Social Investment Landscape in Asia*.

115 Mohan et al., *Social Investment Landscape in Asia*.

ENABLING ECOSYSTEM

Much of the ecosystem for impact investing has been developed by the Thai government, though there are a few private-sector incubators and accelerators. Recognizing social enterprises as drivers of development, the government has proactively created an enabling environment by offering a range of tax exemptions to both social enterprises and their investors.

Several private-sector stakeholders provide a wide array of financial and non-financial support services to social enterprises, non-profits, and impact investors in Thailand. For instance, BKind, a USD 300 million equity fund which invests in socially responsible businesses, has a mandate to donate, at least once a year, up to 0.8% of the fund’s net asset value to non-profit organizations benefiting Thai society. Incubators and accelerators are also present in Thailand, such as ChangeFusion and UnLtd Thailand. ChangeFusion, which has considerable tenure in Thailand, provides high-touch support to social entrepreneurs. It also has a venture capital arm, known as ChangeVentures, which channels capital from HNWIs towards ChangeFusion incubatees. UnLtd, another key provider of enterprise support with roots in the United Kingdom, has been in Thailand since 2010. Several competitions are available to social enterprises, such as the Social Enterprise Investment Awards (operated by the Stock Exchange of Thailand), the DBS-NUS Social Venture challenge (organized by the DBS Foundation and the National University of Singapore, or NUS), and BanPu Champions for Change. Networks such as ANDE, AVPN, Thai Young Philanthropists Network, and the Network of Impact Social Enterprise are highly active in Thailand. Other global development organizations with an active presence in Thailand include Oxfam, the United Nations Economic and Social Council for Asia and the Pacific (UNESCAP), and the United Nations Capital Development Fund (UNCDF).

ABOUT THE GLOBAL IMPACT INVESTING NETWORK

This report is a publication of the Global Impact Investing Network (GIIN), the leading nonprofit organization dedicated to increasing the scale and effectiveness of impact investing around the world. The GIIN builds critical market infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry.

Roadmap for the Future of Impact Investing

Interested in helping to build the field of impact investing? The GIIN’s Roadmap for the Future of Impact Investing: Reshaping Financial Markets presents a vision for more inclusive and sustainable financial markets and articulates a plan for impact investing to lead progress toward this future. To download the Roadmap and find more information about opportunities to get involved, visit roadmap.thegiin.org.
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The GIIN conducts research to provide data and insights on the impact investing market and to highlight examples of effective practice. The following selection of GIIN reports may also be of interest:

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The Impact Investing Benchmarks analyze the financial performance of private debt, private equity/venture capital and real assets impact investing funds.

Beyond Investment: The Power of Capacity-Building Support identifies common, effective practices for capacity-building support in the impact investing industry.

Lasting Impact: The Need for Responsible Exits outlines impact investors’ approaches to preserving the positive impact of their investments after exit.

The Business Value of Impact Measurement demonstrates how investors and their investees use social and environmental performance data to improve their businesses.

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info@thegiin.org | [www.thegiin.org](http://www.thegiin.org) | @theGIIN