NUS
National University
of Singapore

asia
Centre for
Social
entrepreneurship &
philanthropy

The Emerging Ecosystem of Entrepreneurial Social Finance in Asia

Entrepreneurial Social Finance in Asia: Working Paper No. 1

Rob John

February 2013

ACSEP

The Asia Centre for Social Entrepreneurship and Philanthropy (ACSEP) is an academic research centre at the National University of Singapore Business School, comprising an international multi-disciplinary research team. ACSEP came into formal existence in April 2011, with a geographic focus embracing 34 nations and special administrative regions across Asia. The Centre aims to advance the understanding and impactful practice of social entrepreneurship and philanthropy in Asia, through research and education. Its working papers are authored by in-house researchers and aim to provide insights into key questions of interest to researchers and practitioners.

For full details of ACSEP's work, see bschool.nus.edu/acsep

About the Author

Dr. Rob John is a Senior Visiting Fellow at the Asia Centre for Social Entrepreneurship & Philanthropy, NUS Business School. His research interest is entrepreneurial models of social finance in Asia. John was trained as a synthetic organic chemist, receiving his PhD from Oxford University, followed by research posts at universities in the United States, Switzerland and Ethiopia. Following a career spanning 15 years in international development, he directed an Oxford-based venture philanthropy fund. From 2005 to 2009, John was the first visiting fellow at the newly established Skoll Centre for Social Entrepreneurship at the University of Oxford's Said Business School, researching the development of venture philanthropy in Europe. John was the founding executive director of the European Venture Philanthropy Association (EVPA), and in 2010 co-founded the Asian Venture Philanthropy Network (AVPN) to build a community of venture philanthropy practitioners serving Asia's social entrepreneurs.

Email: rob.john@nus.edu.sg

Acknowledgements

This paper was drafted during June 2011 at the Asia Centre for Social Entrepreneurship & Philanthropy at NUS Business School, Singapore and updated between November 2011 and February 2012. The paper was updated in February 2013. The author would like to acknowledge the advice and support given by his colleagues at ACSEP and the Asian Venture Philanthropy Network.

Currency is stated in U.S. Dollars ($) unless otherwise specified.

Version

ACSEP Working Paper No. 1, version 2.0, 2013

Table of Contents

Abstract

We have introduced the term 'Entrepreneurial Social Finance' (ESF) to capture a growing number of financing models that focus on providing capital and non-financial support to social entrepreneurs and entrepreneurial social ventures. ESF is a broad canopy of practices that include models often referred to as venture philanthropy and impact investing. ESF practice adapts the investment-minded approach of the venture capital industry to serve social entrepreneurs in their ambitions for innovation and growth to maximise social impact, by analogy to the role venture capital has in investing in the high-potential ventures of entrepreneurs. In social financing, this approach is a paradigm shift from donor to investor in the relationship with those seeking capital, operating across a wide spectrum of financial inputs, risk appetite and expectations of return on investment. Whether grantmakers, venture philanthropists or impact investors, ESF providers are actively engaged in the strategy and operations of those they invest in, seeking to bring value beyond money.

While the basic principles of ESF are not new, the venture philanthropy movement grew rapidly in the United States during the mid-1990s and developed its own identity in Europe from 2000 onwards. In 2008 the term 'impact investing' was first used to describe an approach to investing in social organisations with an expectation of maximising or 'blending' social and financial return. With the globalisation of social entrepreneurship, interest in entrepreneurial social finance is rapidly evolving in many parts of Asia, with the potential to offer Asia's social entrepreneurs many of the resources they require to initiate their ventures and grow them to scale, and offer investors the maximum return on philanthropic capital.

The purpose of this series of working papers is to chart the development of entrepreneurial social finance in Asia and critically assess its impact.

The introduction explores the U.S. origins of venture philanthropy and its European expansion, setting the scene for the introduction of impact investing terminology in 2008. We summarise the key characteristics of entrepreneurial social finance models and their basic operating principles.

The second section describes the ecosystem of entrepreneurial social finance. This ecosystem is viewed as a marketplace for social capital comprising supply, demand and intermediation all operating within a policy environment.

The third section describes the current development of entrepreneurial social finance models specifically in Asia, though a framework of wealth creation, a new generation of philanthropist, the rise of social entrepreneurship and the globalisation of venture philanthropy and impact investing.

Section four offers preliminary mapping of the ecosystem, which will develop into an updated, online resource.

Finally, the pathways for the future development of Asian entrepreneurial social finance are explored and the areas of further study in this working paper series.

An Introduction to the Working Paper Series

Organisations that address social issues, through charitable or enterprising models, and those that offer them resources are part of a rapidly evolving global ecosystem. The rise of social entrepreneurship, new hybrid organisational models, more engaged and demanding entrepreneurial philanthropists and market intermediaries are factors shaping this landscape. Entrepreneurial social finance (ESF) has its modern origins in the development of venture philanthropy in Silicon Valley during the 1990s and impact investing from 2008, as philanthropists and social investors sought to respond to the needs of social entrepreneurs to innovate and grow their ventures.

During the first decade of the new millennium, venture philanthropy took hold in Europe, initially in the United Kingdom, where it was a well-networked movement strongly linked to the commercial private equity community. Throughout Asian countries there is a renaissance of philanthropy, due in part to the global phenomenon of social entrepreneurship, but also to the emergence of newly-wealthy entrepreneurs in the region. This working paper series on ESF is a contribution to the Asia Centre for Social Entrepreneurship and Philanthropy's thought leadership in Asia.

This series of entrepreneurial social finance working papers will cover topics including:

- The emergence of entrepreneurial social finance in Asia[1]
- Mapping and typology of ESF models in Asia
- Case studies on entrepreneurial social funds and their investments
- Innovative models of philanthropy in Asia
- Collaborative philanthropy – giving and investing circles in Asia
- Funding innovation and scale in social sector organisations
- Metrics for performance and impact
- Leveraging non-financial services in Asia
- Critical issues facing the financing of social enterprises in Asia

The intended audiences for these working papers include:

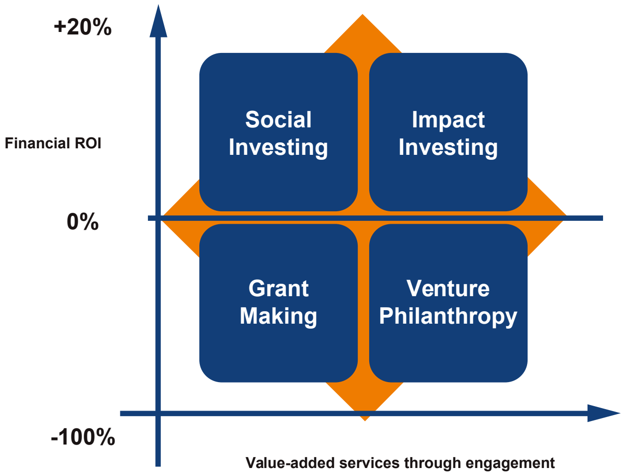
- Venture philanthropists, strategic grantmakers and impact investors in Asia wishing to view their own contributions in a wider context.
- Funds in Europe and the U.S. looking to understand and potentially partner with funds in Asia or make their own direct social investments.
- Private grantmaking foundations in Asia, Europe and the U.S. interested in co-investing with Asian-based ESF funds.
- Academic researchers wanting to study in depth ESF methodology and its impact in Asia.
- Wealth and professional philanthropy advisors who offer strategies for the philanthropic activities of wealthy individuals and family offices.
- Social entrepreneurs in Asia looking for opportunities to partner with ESF funds.
- Philanthropists and investment or related professionals looking to become personally involved in Asian philanthropy.

1 For the purposes of this series we consider 'Asia' to be: North Asia (with a particular focus on Greater China, South Korea and Japan), the ASEAN grouping (with particular focus on Singapore, Malaysia, Thailand, Vietnam, the Philippines and Cambodia), South Asia (with a particular focus on India and Bangladesh, and including Pakistan) together with Australasia (with a particular emphasis on Australia and New Zealand).

1. An Introduction to Entrepreneurial Social Finance

We introduced the term 'entrepreneurial social finance' (ESF) to capture financing models that are particularly appropriate for non-profit organisations that are entrepreneurial in nature and social enterprises that primarily trade in order to achieve social goals. Very often, such market-oriented activity is personified as 'social entrepreneurship'. Social entrepreneurs seek capital, networks and business acumen, as do their counterparts in the private sector. ESF is an umbrella phrase that will include much of what is self-described as venture philanthropy and impact investing (Figure 1).

FIGURE 1



Professional grantmaking, while a complex area of philanthropy, generally views financing as donation, usually without an expectation of a grant returning to the donor; it is a 100 percent of capital. Grantmaking can be deployed reactively, for example, as a response to a humanitarian crisis. Well-practiced, modern philanthropy is strategic grantmaking often involving competitive application procedures and a detailed evaluation the potential grantee's proposition. Foundations may develop sophisticated grant policies, operating in well-defined sectors, and may collaborate with other grantmakers, governments and the private sector.

Social investment deploys capital with an expectation of preserving the principal amount or making a financial profit, blending financial return and social good. Much activity in this space is through Socially Responsible Investment Funds. In the U.S. alone over US$3 trillion are professionally managed through a socially responsible investment strategy, and indeed showed growth during otherwise stagnation in the universe of all professionally managed assets (Social Investment Fund Foundation, 2010).

Both philanthropic grantmaking and the SRI industry are relatively passive forms of investment in terms of level of engagement with the entity receiving funds. Neither are involved in the development of strategy or day-to-day operations of the charities or companies they donate to or invest in.

It is the level of direct engagement that most clearly defines the practice of entrepreneurial social finance by venture philanthropy and impact investing practitioners. While venture philanthropists are likely to accept that all or most of their capital will not be returned, and impact investors are looking to preserve theirs or make a financial return, both tend to be relatively hands-on, working with the investee's management to set and fulfil performance targets.

The U.S. Origins of Venture Philanthropy

Venture philanthropy defies a straightforward, universally accepted definition. As a phrase, it is widely acknowledged to have been coined by the American financier and philanthropist, John D. Rockefeller III in 1969, when giving evidence to the U.S. Congress, in order to capture his thinking around innovative funding for unpopular social causes. Rockefeller would probably not recognise one modern description as *an approach to philanthropy that adapts the investment model of venture capital to help scale the impact of entrepreneurial social organisations.* The newest incarnation of venture philanthropy was born out of frustration and opportunity in the U.S. during the 1990s. Frustration came from self-reflecting private foundations that questioned the long term, historical effectiveness of their grantmaking policies and looked for alternative strategies for more effective grantmaking (Council on Foundations, 2010). The Edna McConnell Clark Foundation (EMCF) exemplifies such an organisational 'mid-life crisis' and the resolution of this crisis by adoption of a venture philanthropy approach in all but name (Grossman & Curran, 2002). EMCF was established in New York in 1969 by the heiress of the Avon Products corporation, with a grant programme focused on "the poor, children, the elderly, and the developing world". Twenty years later, after some successes and having disbursed more than $700 million, the foundation took the bold, self-critical step of reflecting on what it had really achieved in two decades of grantmaking. In 1999 the foundation's President, Michael Bailin, piloted a new strategic course that focused on investing in high-performing non-profits to help them achieve greater impact, rather than investing in organisations to reform large (often intractable) public systems (Bailin, 2003). The new approach involved working with a smaller number of non-profits, but more intensively, to help build stronger and more resilient organisations. Much of its institution building was outsourced to the Bridgespan Group, which provided consulting to help these organisations achieve strategies for increased social impact. EMCF does not use the term 'venture philanthropy' to describe its modus operandi, but its model clearly falls into a modern understanding of the term.

More recently, the Eleos Foundation, based in California, decided that its traditional small grant policy was ineffective and has dramatically re-engineered it to become an impact investor in emerging markets by deploying its whole corpus as a mission-related investment fund (Hartnell, 2011).

Not only enlightened grantmaking foundations were frustrated by their long term impact; frustration also came from a new generation of entrepreneurs turned philanthropists who questioned the effectiveness of traditional approaches to financing non-profits through the foundation model, who sought to 'give while alive', and intuitively reasoned that their skills as business entrepreneurs could be adapted successfully to the social sector. Mario Morino is a highly successful IT entrepreneur who created and grew Legent Corporation into a market-leading software and services company over 20 years, and served as an advisor to the leading private investment firm, General Atlantic LLC.[2] Morino left the private sector in 1992 and two years later founded the Morino Institute "to stimulate innovation and entrepreneurship, advance a more effective philanthropy, close social divides, and understand the relationship and impact of the Internet on our society". Carol Thompson Cole, in a foreword to Morino's book about his philanthropic journey, *Leap of Reason,* notes the entrepreneur's key attribute as a reflective learner: "When Mario retired from the software industry... he embarked on an eighteen-month listening and learning journey... to visit with nearly seven hundred people in all walks of life. His only goal was to glean insights on how he could most usefully and effectively apply his resources to helping children and families living in low-income communities like the one... he grew up in" (Morino, 2011). Morino's strength

2 General Atlantic LLC was created by duty-free shopping entrepreneur Charles Sweeny as a family office investment firm to manage the assets of his own philanthropic foundation, Atlantic Philanthropies. GA has since developed into an investment house managing the resources of other families, foundations and endowments, with its own strong philanthropic credentials.

as a philanthropist and thought leader in the U.S. today lay in his natural empathy, inquisitiveness and humility. He founded the Morino Institute in 1994 to implement what he had learned and in 2000 co-founded Venture Philanthropy Partners, the Washington DC-based venture philanthropy fund that adapts the private equity investment model to help grow strategically positioned non-profit organisations in the education sector.

A key opportunity for venture philanthropy during the 1990s was the growing awareness of social entrepreneurship as a driver of innovation in the social sector. The relationship between venture philanthropy and social entrepreneurship runs parallel with Sir Ronald Cohen's analogy of the mutually supportive bond between private equity and entrepreneurship, which he likens to two intertwining strands of DNA (Cohen, 2004). The pioneering field-building work of Ashoka, in particular, created awareness that entrepreneurship was not confined to the private sector, but was just as much an approach that innovated and created value in the social and public sectors. Mair and Noboa, quoting Schumpeter, remind us that entrepreneurship, as the "carrying out of new combinations", is context-free, and can take place in any environment or sector (Mair, Robinson & Hockerts, 2006). For American philanthropists from a professional investment background, whose day job is to invest in commercial entrepreneurs and their growing businesses, the phenomenon of social entrepreneurs and their potentially scalable, entrepreneurial organisations is an attractive prospect in their own philanthropic journeys. REDF, originally known as Roberts Enterprise Development Fund, was founded in 1997 in San Francisco by George Roberts (co-founder of the global private equity firm, KKR) – preceded seven years earlier by the Homeless Economic Development Fund in response to Roberts' own exploration of how business acumen could be successfully deployed to assist social organisations working in the area of homelessness. REDF was not termed as a 'venture philanthropy' fund when created but spontaneously developed a venture capital-inspired model later described as venture philanthropy (Tuan, 2002). Joel Fleishman, one of America's most respected philanthropy professionals and academics is bold to assert, in his reflection on American foundations: "venture philanthropy and social entrepreneurship will gradually come to dominate philanthropy in this century" (Fleishmann, 2007).

Since the pioneering days of modern American venture philanthropy, funds have sprung up over much of the U.S., although concentrated on the East and West coasts. Mapping exercises by Community Wealth Ventures (2002) go back only to 2002 and put the number of funds then at 45. Many of the larger U.S. funds have annual expenditures in excess of US$20 million (e.g., The Edna McConnell Clark Foundation, Acumen Fund), while most sit in the US$5-20 million band (e.g., New Profit Inc, VPP, NewSchools Venture Fund, Social Venture Partners). More recently in the U.S., venture philanthropy as a term has become all things to all people. There are many instances today where it is used only to describe the support for biomedical research by grantmaking foundations utilising either grants or impact investment.

Brest (2012) describes the past decade as an intense period for 'outcome philanthropy' in the U.S., which he characterises as a results-oriented approach where donors seek clearly defined goals, on evidence-based strategies with clear metrics for measuring success.

The popularisation of American philanthropy. American philanthropy is increasingly self-critical, reflective and popularised. Publications such as *Give Smart: philanthropy that gets results* (Tierney & Fleischman, 2011), *Do More than Give: six practices of donors who change the world* (Crutchfield, Kania & Kramer, 2011) and *Giving 2.0: Transform your Giving and Our World* (Arrillaga-Andreessen, 2011), are a new kind of philanthropists' 'self-help' book, encouraging individual donors and foundations to seek a more impact-minded and strategic approach to giving. Some of these books hit the bestseller charts and are airport bookshop favourites.

These important efforts are democratising philanthropy, so that it is no longer the preserve of the super-rich or the super-enlightened, but benefit from a wider public appeal and debate. Debate was certainly inflamed in 2008 when the word *philanthrocapitalism* was coined by Green and Bishop (2008). Green, a development specialist and Bishop, a journalist, set out the stall for how wealthy business entrepreneurs are 'hyperagents' who have the resources and business acumen to address intractable social issues in a potentially profound and systemic way. They are unencumbered by the short time horizons of politicians, or the fundraising demands of non-profit CEOs, and can approach issues with the same can-do attitude that made them successful in commerce. In contrast, Michael Edwards (2010) argues that business alone is poorly suited to crusade against the causes of poverty with its marketplace embrace of competition and individualism, rather than collaboration and collective response.

The Expansion of Venture Philanthropy to Europe

Venture philanthropy was relatively unknown in Europe until a debate was initiated in 2000 in Oxford by the University's fundraising pioneer, Henry Drucker (2000) and continued two years later by the author (John, 2002). The U.S.-incorporated venture philanthropy fund, NESsT, had been active in Latin America since the mid-1990s and went on to develop a further base of operations in Eastern and Central Europe. NESsT focused on supporting non-profit organisations to develop sustainable income-generating enterprises to enhance their financial sustainability. It became a key organisation at marketing venture philanthropy in continental Europe, convening the first European venture philanthropy forum in Budapest in 2001 (Hartnell, 2001). The major push in Europe came in 2004 with the establishment of the European Venture Philanthropy Association (EVPA), an initiative with its origins in the private equity community.[3] Its five founders were all pioneers of private equity in Europe and shared a frustration that giving money away, as philanthropists, was often harder than making it as investment professionals. They were particularly concerned about traits they saw in the non-profit sector – a lack of transparency, the problem of sustainability and the complexities of measuring performance and impact – indeed issues faced commercially in their day jobs as private equity investors. EVPA was initially conceived as an informal network to reach into the private equity community and encourage informed and intelligent giving, and developed rapidly in the private equity industry (John, 2006). Several individual private equity firms in Europe are now actively engaged in supporting venture philanthropy funds by investing philanthropic capital or volunteering staff time. The Private Equity Foundation was set up in London by 28 leading, global private equity and professional service firms, providing grant finance and business skills to charities working with young people who are not in education, employment or training (Allchorne, 2005). During 2013, the Private Equity Foundation and another leading UK venture philanthropy fund, Impetus Trust, plan to merge. This is the first example of market rationalisation through merger in the burgeoning venture philanthropy space. The Social Business Trust[4] is the second venture philanthropy fund that Permira has helped launch since 2005. Permira is one of the largest private equity buyout funds in Europe and sees a clear alignment between what it does commercially by investing to build companies, and its philanthropic support for ambitious social enterprises. Table 1 illustrates that investment professionals and entrepreneurs have established venture philanthropy funds throughout Europe, encouraged and enabled by EVPA (Metz Cummings & Hehenberger, 2011).

3 The author was EVPA's executive director from 2004-2009.

4 See www.socialbusinesstrust.org.uk

TABLE 1: *Representative European Venture Philanthropy Funds by Origin of Their Founder(s)*

Fund/Head Office Location	Founder(s) Origins	Website
Absolute Return for Kids (ARK), *U.K.*	Hedge Fund	www.arkonline.org
Artha Initiative (Rianta Capital), *U.K.*	Family Office *(Retail entrepreneur)*	www.arthaplatform.com
BonVenture, *Germany*	Family Office	www.bonventure.de
Breakthrough, *U.K.*	Private Equity *(in collaboration with a social entrepreneur)*	www.breakthroughfund.org.uk
The Children's Investment Fund Foundation, *U.K.*	Hedge Fund	www.ciff.org
Fondazione Paideia, *Italy*	Family Offices	www.fondazionepaideia.it
Impetus Trust, *U.K.*	Private Equity	www.impetus.org.uk
LGT Venture philanthropy, *Switzerland*	Family Office	www.lgt.com
Noaber Foundation, *Netherlands*	Family Office *(Technology entrepreneur)*	www.noaber.com
Oltre Venture, *Italy*	Private Equity	www.oltreventure.com
The One Foundation, *Ireland*	Family Office *(Airline industry entrepreneur)*	www.onefoundation.ie
Stiftung Charite, *Germany*	Family Office *(Automotive industry)*	www.stiftung-charite.de
Voxtra, *Norway*	Private Equity	www.voxtra.org

EVPA developed strategically by working extensively outside its core private equity constituency, with established grantmaking foundations (Cummings & Hehenberger, 2010), private wealth managers and the academic community in Europe. Several of EVPA's founders initiated their own experimental funds[5] while promoting venture philanthropy across Europe under a broad and inclusive canopy. Interestingly, there is no equivalent of the EVPA in the U.S., where venture philanthropy developed rapidly but in a relatively uncoordinated and disconnected way.

The trajectory for development of venture philanthropy in Europe differs from that in the US in three ways – it is highly networked, has strong connections to the private equity community and is relatively 'adventurous' in its deployment of a variety financial instruments from grants to equity (John, 2008). In 2010 there were an estimated 48 venture philanthropy funds operating in 17 European countries (John, 2010).

5 Impetus Trust in the UK and Oltre Ventures in Italy

Impact Investing

If the venture philanthropy movement grew out of an engaged approach to grantmaking, focused on the entrepreneur, *impact investing* was coined in 2008 to capture those opportunities to invest in entrepreneurial organisations where capital could be preserved or even financial returns made. Impact investment is a significant social investment movement prominently led by the Global Impact Investing Network (GIIN), which was established in 2009 by JP Morgan (O'Donohoe, Leijonhurfvnd, Bugg-Levine & Brandenburg, 2010), Rockefeller Foundation and USAID, the same year that the Monitor Institute published a groundbreaking report on investing with environmental and social impact (Monitor Institute, 2009). GIIN's initial aims were to enable investors to collaborate on deals and standardise impact reporting metrics through IRIS (Impact Reporting and Investment Standards), while more broadly raising awareness of impact investment approaches. While much is being promised of the impact investing movement, due in part to the attractiveness of 'doing good and doing well' across a spectrum of risk-return profiles, GIIN are suitably cautious about managing expectations and measuring success in terms of "demonstrable social and environmental impact" (Kanani, 2009). Impact investing's flagship global conference – SOCAP – attracted 1,400 delegates from more than 50 countries in 2011. This industry-in-formation has caught the attention of the high-level think tank, the Global Agenda Council on Social Innovation, whose members identified emerging themes in impact investing (Mair & Milligan, 2012):

- Impact investors needs to be less risk-averse and more flexible in their financing
- The important role for philanthropic and other 'soft' capital
- The need for impact investors to have knowledge of local conditions and markets

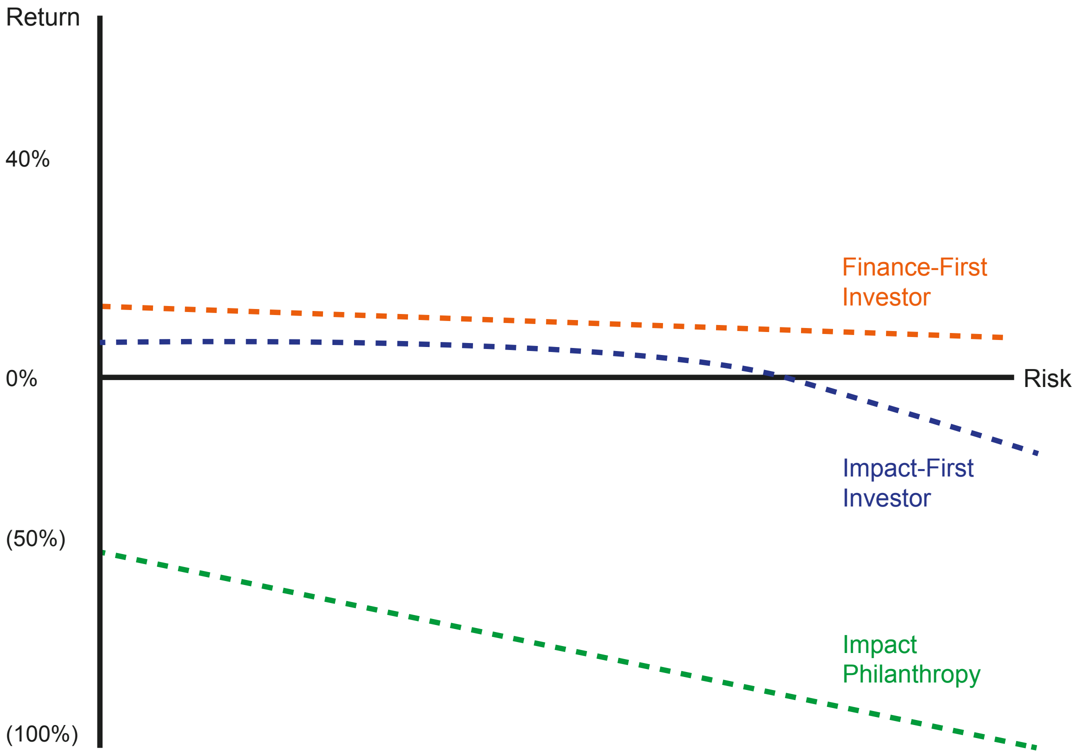
Bugg-Levine and Emerson (2011) view 'blended value' as the "organising principle" of the impact investment movement – using capital to maximise the total, combined social, economic and environmental value created through an investment. Blended value challenges what they call the bifurcated world where non-profit and for-profit business models pursue exclusively commercial or social value, and the rise of social enterprises that "organise around maximising the full blended value of investment". Bugg-Levine and Emerson offer a thoughtful historical perspective on impact investing developed in the international development sector, pointing out the need investors have to offer a package of technical support to the entrepreneurs they support. It is estimated that private philanthropy in international development is now on par with 'programmable aid' from official donors, approximately US$60 billion annually (Parliamentary Enquiry, 2011).

A newcomer to impact investing, the *Toniic* network exploits technology to act as a global angel collaborative with members and entrepreneurs sharing deals monthly by connecting on the ground in San Francisco, Amsterdam and India and via video conferencing. Deals are tracked through the member–only access deal tracking software, *Angelsoft.*

Impact investing is an evolving term, still open to multiple interpretations, but those impact investment practices that seek to add considerable value through non-financial services and networks are arguably in the territory of entrepreneurial social finance.

Figure 2 illustrates investor appetite for blending social and financial return. Impact First Investors seek to optimise social or environmental impact with a floor for financial returns. These investors primarily aim to generate social or environmental good, and are often willing to give up some financial return if they have to. Such investors are exploring the +5% to -15% return on investment territory. Finance First Investors seek to optimise financial returns with a floor for social or environmental impact. They are typically commercial investors who seek out subsectors that offer market-rate returns while achieving some social or environmental good in the +5% to +10% territory for return on investment.

FIGURE 2: *Risk & Return for Philanthropy and Impact Investing*



Adapted from Venturesome working papers (2008, 2010) and Monitor Institute (2009) *Investing for Social and Environmental Impact*

On this impact investing landscape, 'impact philanthropy' is strategic, risk-taking grantmaking; willing to give up most or all of principal as a grant if meeting long-term objectives. A niche within venture philanthropy has been coined as 'enterprise philanthropy', which is a grant-based funding tool that specifically focuses on supporting early stage social enterprises to become ready for investment by impact investors (Koh, Karanchandaria and Katz, 2012)

Table 2 summarises venture philanthropy diversity as a matrix of choices in terms of investment preference, financial and non-financial tools, impact, exit and disclosure.

Impact investing is not without its critics, particularly by some long-standing grantmaking foundations who have first-hand experience of the complexities of social finance, and who see the marketing machine of impact investing as placing distorting demands on non-profits and naivety about the making financial returns while addressing basic needs of the world's poor and the need for subsidy when overcoming market failure (Starr, 2012). Impact investing is in the development phase where false dichotomies are created. It is not a question of 'philanthropy or impact investing' but rather access to a healthy and effective continuum of financial products, appropriate for organisations at all stages of their scale and development.

TABLE 2

Investee type	Non-Profit, charity	Social enterprise with subsidy	Social enterprise without subsidy	Social business
	Reliant on grants and public fundraising for revenue	*Grant/patient capital subsidy; any surpluses reinvested in business*	*Little or no grant subsidy; reinvests surpluses; capped returns to equity investors*	*Trading model to create social impact; distributes surpluses to investors and owners*
Investee stage	Entrepreneur support: Personal financial/ coaching support for social entrepreneurs	Start up, early stage	Growth, scale up	International scale up; M&A activity
Investment sector	Narrow focus (specialised: single sector, e.g., health, exclusion, education, environment)	Broad focus (multisector; diverse portfolio)	Convenor (brings sector players together in collaboration)	
Financial tools	Grants: Mostly non-returnable but performance-based donations	Loans, underwriting, patient capital	'Quasi-equity'; Possibly revenue participation	Equity
Return to investors	Only social impact (loss of capital)	High risk; looking for some capital preservation or recycling	Social-first impact investor (-15% to +5%)	Finance-first impact investor (+5% - +10%)
Non-financial support	'Front loaded' – mostly help during pre-investment business planning	Ongoing support during whole period of investment	Support delivered in-house (staff, board, associates, partnerships)	Support outsourced to external consultants
Depth of engagement	Monthly contact with management team	Weekly contact with management team	Seat or observer on board	
Exit/ Graduation	No clear exit 'event'; aspiration to disengage after agreed timescale	Agreed package of support with hard end date	VC type exit event such as secondary sale or IPO	
Geography	Community	National	Regional	Global
Performance & Impact	Performance metrics (e.g., Balanced Scorecard) by portfolio organisations and fund	Social impact metrics (e.g., SROI)		
Disclosure	The fund publishes full accounts of its internal operations and its investments	Fund publishes details of its investments	Limited or no disclosure of accounts	

The Characteristics and Operating Principles of Entrepreneurial Social Finance

Entrepreneurial social finance, across the philanthropy/investing spectrum is not a single pure model. In describing venture philanthropy, pioneering organisations such as Social Venture Partners, NESsT and the EVPA refer to a number of core principles coupled to operational flexibility depending on the fund's preferences and the context in which it operates. These principles, broadly applicable to venture philanthropy or active impact investing can be crystallised as (John, 2010):

Funding as investment. Venture philanthropists view their funding as achieving social impact through helping organisation improve their operations. They will commit to funding during the transitional period that typically lasts three to five years. Importantly, they view their funding as 'investments' in the organisation rather than purchasing their services on behalf of beneficiaries. While many traditional social sector funders do provide long-term funding, they seldom have the characteristics of a typical investment in organisational development. Viewing funding as an investment creates an investor-investee relationship where there is better alignment of common goals, greater shared accountability, and a deeper sense of true partnership.

Building capacity and infrastructure. Most social purpose organisations operate below capacity, with underdeveloped systems and few resources for developing people. Venture philanthropists focus on helping build stronger, more sustainable organisations. They expect their funds to be deployed on salaries, systems and infrastructure, rather than direct project costs. Increased capacity allows an organisation to reach more people with better services. This investment in capacity is motivated by a mutually agreed plan that the organisation will deliver greater social value as a result of greater organisational robustness.

Focus on Outcomes. Venture philanthropists are concerned that the organisations they support create real social impact resulting from the organisational change they are funding. They assist these organisations to effectively communicate social impact to all stakeholders. They seek to pick 'winners' – organisations with the credible potential to scale up and deliver more benefit to society. To do this, they remain focused on outcomes. Through an agreed strategic plan, systematic reporting and milestone-based funding, they hold the organisation to account for its operational performance and social impact generated.

An Engaged and Focused Relationship. Venture philanthropists generally invest in a small portfolio of organisations at any one time, preferring a deeper engagement than might otherwise be possible with a large number of grantees. This feature lies at the heart of venture philanthropy and it is, perhaps, what distinguishes it most from traditional funding models. Venture philanthropists are also committed to adding as much value as possible beyond finance. It is not unusual for a venture philanthropy fund to accept one or more places on the board of the organisation, or attend board meetings as an observer, to add value in governance and strategy. This is not the normal practice of most social sector funders.

Investing in People and Leaders. Capable leadership is essential for robust organisations going through a period of growth. Yet many traditional funders prefer to offer funding based on the merits of a project proposal and the reputation of the organisation. Just as a venture capital or private equity firm places considerable weight on the capabilities of a business entrepreneur and management team, so venture philanthropists tend to weigh up a potential investment by the qualities of the social entrepreneur, the non-profit leader and the team. Trustees or directors are expected to exercise their statutory duty and hold management teams to account. Unlike private equity firms, however, venture philanthropists do not have the powers from equity ownership to interfere dramatically with the board or replace it extensively. Instead, they will provide the resources to help nurture strong executives and boards.

Generally, entrepreneurial social finance is looking to support and invest in entrepreneurs and their organisations that:

- Address a particular social issue (e.g., homelessness, mental illness, unemployment, discrimination, renewable energy, climate change, affordable health or education) in an innovative way, probably using a market-based, trading approach. Some funds are sector focused (e.g., education or renewable energy), while other are sector agnostic, looking for opportunities where a credible proposition and likelihood of successful implementation.

- The promised social impact can be clearly articulated through a theory of change and measured using appropriate, low cost metrics.

- The social value created can be brought to scale through an appropriate mechanism, e.g., growth, replication, franchising.

- The organisation has the management in place, or a recruitment plan, that credibly supports its ambitions for innovation and scale.

- The organisation (and especially the lead entrepreneur), has an appetite for significant strategic and operational involvement by the fund's portfolio manager and consultants; and the fund itself feels it has value to add beyond finance.

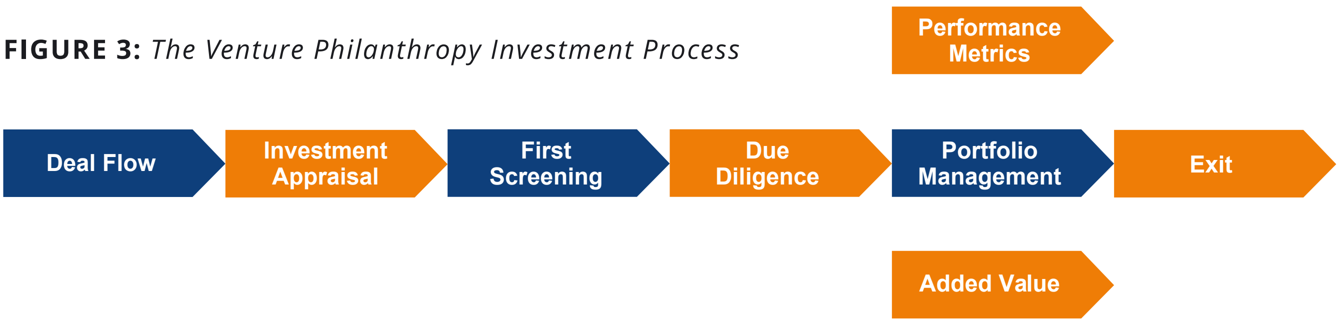
- The fund's involvement is deliberately time bound and not open-ended.

The universe of social purpose organisations is much larger than the subset meeting these criteria, just as few for-profit businesses successfully attract angel or venture capital investors. Venture philanthropists and impact investors are narrowing the pipeline down to a fraction of organisations that are *entrepreneurial in nature, have developed an innovative product or service with potential for growth and scaling of social impact through a potentially sustainable business model.*

Venture philanthropy and impact investing are distinguished from general grantmaking and social investment by *level of engagement.* Whatever the kind of organisation being supported, with whatever kind of financial instrument, there is a hands-on engagement by the funder in the strategy and operations of the investee – this is an active not a passive partnership. A typical, medium to large private philanthropic foundation would disperse hundreds, if not thousands of grants each year, with an individual grant officer handling upwards of a hundred grantee relationships. In fact, these are transactions rather than relationships, and there is little expectation that the grant manager could know any detail of the grantee's day-to-day operations. By contrast, a venture philanthropy or impact investment portfolio manager will be responsible for just a handful of investments, usually maintaining each relationship over the investment lifecycle.

The investment policies and operational principles of venture philanthropy and impact investment funds are described in the comprehensive how-to guide by EVPA (Balbo, Hehenberger, Mortell & Oostlander, 2010), which leads those wanting to set up a fund through the investment process, as summarised in Figure 3.

FIGURE 3: *The Venture Philanthropy Investment Process*



Deal flow. Like private equity firms, EST funds tend to be proactive in searching out opportunities, rather than adopting a reactive application process favoured by established grantmaking foundations. A pipeline of potential deals is usually sourced from the fund's philanthropy networks and referrals from other venture philanthropy funds.

Investment appraisal. This is usually a three-stage 'funnel' process of primary screening, followed by detailed screening (due diligence) leading to an investment proposal for the successful investees. The detailed screening may take several months and may involve assistance with building a credible business plan with third party consulting advice, defining social impact objectives, assessing the management team and board and the fund's financial and non-financial contributions.

Portfolio management. This is the day-to-day relationship with the organisation's management team that distinguishes EST from the more traditional funding of private foundations or statutory bodies. Since portfolio managers have responsibility for only three or four organisations, they can potentially have real-time knowledge of how each organisation is progressing. Nearly half of the entrepreneurs surveyed in a Skoll Centre study reported they had monthly contact with their portfolio managers, with one third of these meeting more frequently, up several times a week (John, 2007). The portfolio manager will also curate non-financial, advisory and consulting inputs as agreed with the organisation in the investment proposal.

Where a service cannot be provided in-house by the fund manager, it will be outsourced – through volunteer 'associates', pro bono strategic partners such as professional service firms, or through paid consultants. Figure 4, taken from the Skoll Centre study of 34 venture philanthropy funds, shows the kinds of non-financial service offered and their delivery channel. As well as providing input in such technical areas as strategy, legal or marketing, the lead entrepreneur is often assigned a mentor to offer advice and counsel during the period of organisational change central resulting from the investment. Such mentors are often from the business community and help bring experience and a new perspective to the social entrepreneurs leading his or her organisation through a period of challenging development and growth. This hands-on partnership is not only a frequent contact with the portfolio organisation's management, but may also involve attending director's board meetings. The study revealed that 76 percent of venture philanthropy funds held the option to take formal board places. While commonplace in a private equity or angel investment, this would be viewed as highly unusual, if not suspect, in the funding of non-profit organisations by private foundations.

A key element to portfolio management is measuring the organisation's performance against agreed milestones in the business plan plus the social impact being created. Measuring social value creation is still largely experimental and complex, with quantitative and qualitative metrics often being adapted from social return on investment (SROI) methodologies.[6] The Balanced Scorecard™ performance measurement tool, originally developed for commercial corporations has been adapted for non-profits and is used by several venture philanthropy funds.[7]

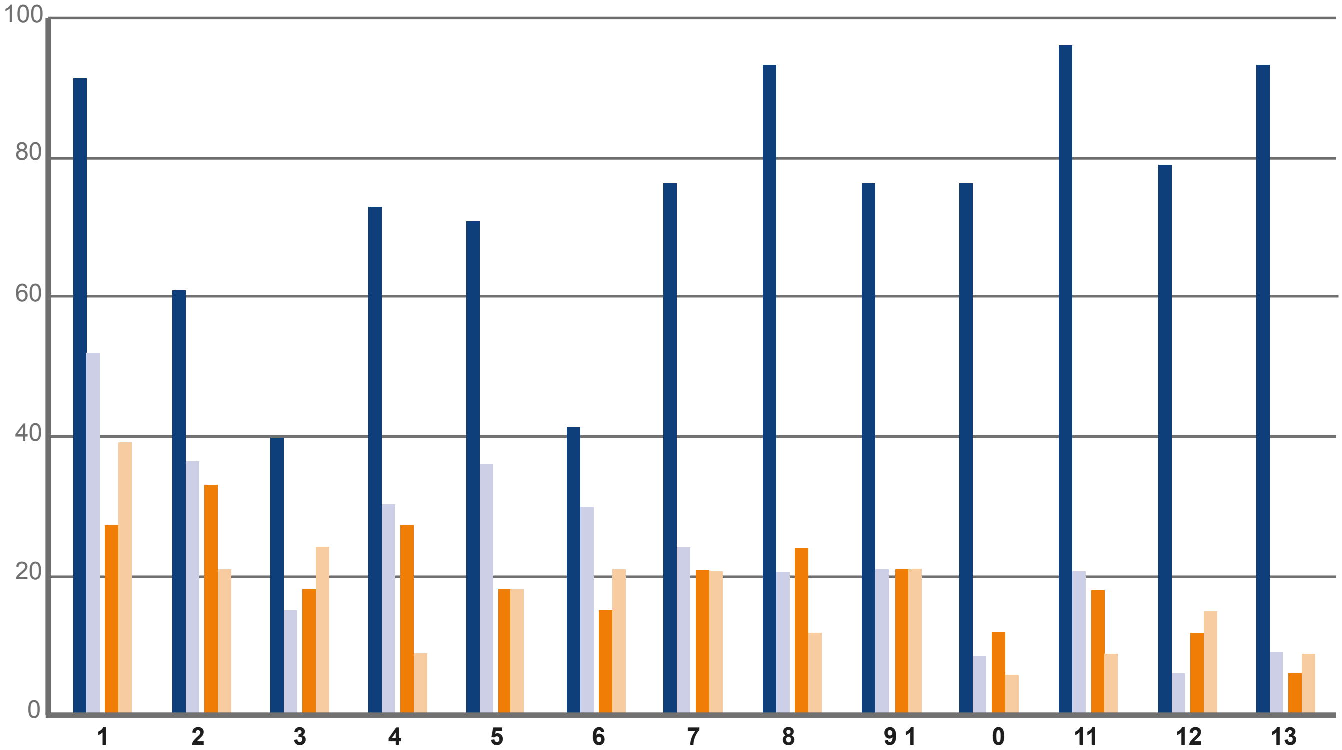
Studies at Santa Clara University explore the role of capital aggregation in impact investing (Kohler, Kreiner & Sawhney, 2011) and make interesting comparisons to orthodox venture capital models. One surprising outcome was the relatively low usage of Capacity Development Organisations (CDOs) by impact investors – as low as 17 percent in the sample surveyed. CDOs provide technical assistance to social enterprises in areas such as systems and management. The reasons for such low usage appear to be a difficulty in identifying suitable local organisations, their high cost, and that impact funds preference for their own internal capacity building resources.

The role of such value-added technical and mentoring assistance in Asian venture philanthropy will be explored further in this series.

6 For example, refer to the SROI Network, www.thesroinetwork.org

7 For example, see New Profit Inc., www.newprofit.com; and Impetus Trust, www.impetus.org.uk

FIGURE 4: *Non-Financial Services in Venture Philanthropy and Delivery Mechanisms} (Reproduced from John, R., Beyond the Cheque: how venture philanthropists add value. Skoll Centre for Social Entrepreneurship, Oxford, 2008)*



	1	2	3	4	5	6	7
	Strategy consulting	Marketing & communications	Information technology	Fundraising strategy	Financial management & accounting	Legal advice	Human resource management
In-house	91%	61%	40%	73%	71%	41%	76%
Partnership	52%	36%	15%	30%	36%	30%	24%
Associates	27%	33%	18%	27%	18%	15%	21%
Consultants	39%	21%	24%	9%	18%	21%	21%

	8	9	10	11	12	13
	Governance	Management of change	Special advice, eg mergers	Access to networks	Estate management	Other services
In-house	93%	76%	76%	96%	79%	93%
Partnership	21%	21%	9%	21%	6%	9%
Associates	24%	21%	12%	18%	12%	6%
Consultants	12%	21%	6%	9%	15%	9%

Exit. While the length of a venture philanthropy investment period is discussed with the investee during the pre-approval period, there is unlikely to be the kind of exit event common in the venture capital model, e.g., an IPO or secondary purchase. The two parties map out the partnership through a multiyear business plan, with financial contributions by the fund usually performance-based and often tapering in size to avoid dependency. Since a central premise of venture philanthropy is to help build stronger and more resilient organisations, the investee should be able to weather the planned withdrawal of resources from the venture philanthropy fund. The investment in the organisation should have resulted in improved fundraising or earned income streams and a balance sheet that allows the organisation to climb to its next level of growth or development. Using commercial investment terminology such as ‘exit’ may capture the attention of entrepreneurial philanthropists, but it should be used with care so as not to mislead such investors.

A Functioning Marketplace for Entrepreneurial Social Finance

In its modern U.S. origins, venture philanthropy was conceived as a ‘smart’ form of grantmaking that would take an investment-minded approach to supporting entrepreneurial non-profit organisations. The early Morino Institute surveys from 2002 assume that non-returnable grants are the normative financial instrument and speak little of alternatives. By 2007, in Europe, a significant percentage of funds were experimenting with loans (65 percent) and equity-like funding (71 percent), while also using grants where appropriate (John, 2007). Figure 5 illustrates the spectrum of organisational types of interest to venture philanthropy funds, from charities/non-profits to commercially viable social businesses, with the hybrid social enterprise middle space being particularly attractive to most funders interested by the greater likelihood of sustainability resulting from a social enterprise’s trading model. As it evolved during its first decade from 1998 venture philanthropy had no definitive cut-off point along this spectrum, but most funds self-described as venture philanthropists would be found operating in the impact only (supporting non-profits through engaged grantmaking) to the impact first (active investing in hybrid social enterprises with a variety of financial instruments) space.

Unsurprisingly, the financial instrument of choice will depend on the type of organisation being invested in. Charities attract grant funding; while social businesses may offer the ESF fund an opportunity to offer loans or purchase equity. Some venture philanthropy funds and specialised financial intermediaries like Venturesome[8] are exploring ‘quasi-equity’ where debt financing or share capital are not appropriate options. One such quasi-equity instrument used by Venturesome is a Revenue Participation

8 A highly innovative UK-based ‘mezzanine’ funder providing working capital, underwriting, bridging or soft development capital to charities and social enterprises. See www.venturesome.org

FIGURE 5: *The Spectrum of Entrepreneurial Social Finance*

	PHILANTHROPY			IMPACT INVESTMENT		COMMERICIAL INVESTMENT		
	Reactive Philanthropy	Strategic Philanthropy	Venture Philanthropy	Impact First Impact Investment	Finance First Impact Investment	Socially Responsible Investment	Public Equity	Private Equity
Financial Instrument	Grant	Grant Debt	Grant Debt Quasi-equity	Equity Debt	Equity Debt	Equity Bonds	Equity	Equity
Expected Financial Return	-100%	-100% to -90%	-100% to -80%	-15% to +5%	+5% to +10%	Market	Market	Market
Expected Social Return	●●●	●●●	●●●	●●●	●●○	●●○	○○○	○○○
Level of Engagement	●○○	●●○	●●●	●●●	●●●	●○○	●○○	●●●
Target Organisational Type	Charities	Charities Social entrepreneurs	Entrepreneurial charities Social Enterprises	Social Enterprises	Social Enterprises Social Businesses	Businesses with positive social & environmental impact	Mainstream businesses	Mainstream businesses

Agreement with the social enterprise, which pays Venturesome two percent of its gross annual revenue in return for a cash injection or 'right' (Cheng, 2008).

For entrepreneurial social organisations to flourish, we need to develop a market for capital that is more organised, intelligent and diverse. Social entrepreneurs who are innovating and launching new ventures need personal financial support and seed capital (grants). Some of these initiatives will be the impact investments of tomorrow. A blend of grants, loans and equity need to be available for entrepreneurs taking their ventures to the next steps of growth. Capital and specialist technical advice should be available for later stage growth and M&A activity.

The marketplace for entrepreneurial social finance needs to respond to the financing and skills needs of entrepreneurs at all stages of an organisation's development. Impact investors will need to collaborate with grantmakers, venture philanthropists and business plan competitions to ensure there is a robust deal flow of investable organisations. A fractured marketplace, with poor connection between pools of capital, will be inefficient.

2. The Entrepreneurial Social Finance Ecosystem

Cheng suggests the ‘social ecosystem’ is a useful analytical framework for exploring the symbiotic relationships between principal players in the social sector – actors he terms Capacity Builders, Social Purpose Entities and Beneficiaries, each interacting with Government, Community, Regulators and Media, who collectively provide the required resources, support and scrutiny (Cheng, 2010).

Models of entrepreneurial social finance sit within this wider social ecosystem, and using the language of the capital market, its key elements are supply, demand and intermediation, which operate within in a regulatory and policy environment. Emerson and Spitzer bring considerable clarity in their exploration of the language and structures of the social capital market with reference to mainstream financial capital markets (Emerson & Spitzer, 2007).

The Supply of Financial Capital

The supply side of the social capital market has the financial resources looking for grant and investment opportunities. In our ecosystem these are:

Entrepreneurial Social Finance providers having the capital to deploy and an ESF methodology. They may be engaged grantmakers (supporting non-profits with grants, loans or quasi-equity) or active impact investors (impact or finance first, investing in social businesses with equity and/or loans), but adding value through non-financial support.

Co-funders supplying additional financial capital, but taking a more passive role compared to the lead venture philanthropy fund. Co-funders may be private foundations, individual investors, or statutory funders such as government agencies.

Specialist funders provide bridging loans or underwriting facilities.

The Demand for Capital

The demand side of the social capital market comprises those entities looking for investment capital and business support services. They will include non-profits/charities, social enterprises (profit redistributing) and socially focused businesses (profit distributed to shareholders). There is a large universe of social purpose organisations seeking donations and investment, while only a minority will have the specific characteristics of interest to venture philanthropy funds. Social enterprise and social entrepreneurship networks and support organisations play an important enabling role in the ecosystem.

Intermediation

Intermediary organisations lubricate the ecosystem by directly or indirectly connecting supply and demand, or providing specialist services or resources. This area is still relatively underdeveloped in Asia, but developing sophistication in geographies where social enterprise and social investment are well-established (Shanmugalingam, Graham, Tucker & Mulgan, 2011). Intermediates include brokers, providers of intelligence and enablers.

Brokers. Attempts have been made recently to establish exchanges where pre-screened social enterprises are listed for scrutiny by capital providers, e.g., Impact Investment Exchange Asia (IIX) is experimenting with Asia's first regulated platform for impact investors to trade in the shares and bonds issued by social enterprises. IIX believes that a trading platform, akin to a 'stock exchange' will unlock the potential supply of impact investment capital to social enterprises. Such a platform, they argue, would encourage a more effective and efficient flow of capital by addressing the barriers to investment (Asian Development Bank, 2011).

- Scarcity of information about social enterprise investment opportunities
- High costs of due diligence in assessing enterprises
- High perceived risk, especially in emerging markets
- Liquidity problems and exit options

Private wealth managers increasingly offer philanthropy advisory services to high net worth clients by shaping client strategies for giving and managing through, e.g., donor advised funds, a portfolio of social investments. Smaller, boutique philanthropy advisory firms, not linked to private banks, are springing up to connect donors with pre-selected social organisations, e.g., Social Venture Group and Venture Avenue are both Shanghai-based private advisory firms offering donor advisory and project management services in the rapidly evolving philanthropy landscape in China.

Sector Intelligence – Measuring Performance and Impact. A major frustration for potential investors, especially in the impact investing space, is the general lack of transparency, information and market intelligence in the social ecosystem, compared to the commercial investment market. To inspire greater investor confidence, there must be a shift away from anecdotal evidence about social impact towards a more consistent and rigorous methodology. Some progress in this area has been driven by investor networks or non-profits. The U.S. non-profit B Lab has developed the Global Impact Investing Rating System[9] (GIIRS) in an approach that borrows from commercial analytics agencies such as Morningstar or Capital IQ, to assess the social and environmental performance of companies and funds seeking investment capital from impact investors. GIIRS leverages the methodological framework of IRIS, an effort to create a common framework for defining, tracking, and reporting the performance of impact capital.[10] The IRIS framework attempts a highly customisable common language for comparing the wide range of organisations having social impact as a primary driver. A GIIRS company ratings report would typically measure benchmarks in governance, employees, community and environment. In 2011 GIIRS rated 450 companies (all but one in North America), and while this is a small number, this is an experiment in rating consistency that could develop more widely and geographically.

SROI Network International[11] is a member-owned organisation for organisations that want to understand and manage the social and environmental value for which they are responsible. The network publishes an extensive open-source toolkit on Social Return on Investment (SROI) methods and directly accredited practitioners.

The Europe-based Social Evaluator[12] provides innovative online software for the impact measurement process, following a 10-step approach to assessing social impact.

There are many metrics now developed to capture data on organisational performance and social impact, from the light touch to the more rigorous and exhaustive (Angier, 2009), each with their particular metrics and cost-effectiveness. As venture philanthropy and impact investing develop, investors will demand appropriate and effectives metrics that demonstrate the blended financial/ social returns each expects.

Enablers. Other players in this intermediation space are less involved in direct brokering of investments or intelligence,

9 See www.giirs.org
10 See iris.thegiin.org
11 See thesroinetwork.org
12 See www.socialevaluator.eu

but are broader enablers creating general awareness through media, lowering barriers through communication and technology, and providing conference platforms to bring together players in the social capital market. Some enable by providing non-financial resources of technical advice and mentoring by volunteers or paid consultants.

Most prominent amongst the venture philanthropy promoters is the Asian Venture Philanthropy Network (AVPN) established in 2011 in Singapore[13] as a non-profit membership association. The AVPN is modelled on its sister network, the EVPA, which has 140 members in 18 countries and has been since 2005, the primary promoter of the venture philanthropy movement in Europe. EVPA's Europe-wide strategic partnerships with the private equity community (through the European Venture Capital and Private Equity Association) and grantmaking foundations (through the European Foundation Centre) have given the network a multiplier capacity to reach into key constituencies for venture philanthropy development. The challenges are greater for AVPN as these constituencies in Asia are less developed or highly fractured.

Other key enabling organisations are those promoting the related fields of social entrepreneurship and social enterprise, which contribute to developing the visibility of potentially investable, demand-side organisations. These include global enablers like Ashoka or Schwab Foundation, or more locally-focused ones such as the Singapore Social Enterprise Association or the Indonesia Social Entrepreneurs Association. Philanthropic prizes and social network initiatives are further increasing the richness of the emerging intermediary market sector (Meehan and Jonker, 2011).

The U.K. is a particularly vibrant and progressive environment for social enterprise, with an estimated 62,000 social enterprises nationwide, contributing £24 billion to the economy and employing around 800,000 people. It is on this landscape that a new kind of policy-shaping intermediary has emerged – bodies that design, test and promote new financial products for the social enterprise marketplace. Social Finance Ltd[14] was set up in 2007, initially focused on the creation of a specialist social finance bank that would be capitalised through the unclaimed assets in dormant U.K. bank accounts. Social Finance has since developed an innovative product, the Social Impact Bond, which raises capital from social or commercial investors, who receive a return when social impact targets are met. One such recipient of finance raised through the Criminal Justice social impact bond is St Giles Trust,[15] a social enterprise that works to reduce reoffending by people released from prison. The venture philanthropy fund, Impetus Trust, invested in St Giles Trust and helped the organisation reach a new scale of operations. Under the bond scheme, if reoffending is reduced by 7.5 percent, or more, investors will receive from the government a share of the long term savings made to the State. If the bond delivers a drop in reoffending beyond the threshold, investors will receive an increasing return the greater the success at achieving the social outcome, up to a cap of 13 percent. Social Finance claims that, once proven successful, such social bonds could raise "tens of billions of pounds" worldwide over the next two decades (Third Sector, 2011).[16] Social Finance has stimulated Federal and State interest in social impact bonds to the U.S., in an unusual counter-flow of transatlantic innovation (Social Finance Inc., 2012). In September 2011 the New South Wales Government in Australia announced it would launch a tendering process for its anticipated Social Benefit Bond (*Australian Financial Review*, 2011), the first Asian adaptation of the impact bond concept.

An interesting initiative to support social enterprise to consumers and customers in the U.K. is validation through a consumer confidence scheme. The Social Enterprise Mark[17] offers qualifying enterprises an accreditation and logo that assures potential customers that a business meets criteria for social or environmental impact through a revenue-generating model. The popularisation of social enterprise at the consumer level is an essential milestone in developing the sector globally. In Asia, the

13 See www.avpn.asia and www.evpa.eu.com. The author was the first managing director of the EVPA and is co-founder of AVPN.

14 See www.socialfinance.org.uk

15 See www.stgilestrust.org.uk

16 Third Sector Online, 15 June 2011, www.thirdsector.co.uk

17 See www.socialenterprisemark.org.uk

Thai Social Enterprise Office has developed a framework for accreditation and registration of social enterprises, which like the Social Enterprise Mark, will give Thai consumers information and confidence about the growing sector.

The Policy Environment

All players within the ecosystem, whether venture philanthropists or impact investors, operate within a national legislative and regulatory policy environment. Legislation sets the registration and taxation status of funds and social purpose organisations. Regulators will set reporting and disclosure regimes that potentially strengthen transparency and quality of market intelligence available to investors. At the two ends of the investment spectrum, it is likely that existing regulatory and tax regimes in individual jurisdictions will exist – venture philanthropists using grants for non-profit, charitable organisations and active impact investors taking equity in socially orientated commercial companies. The middle space is occupied by hybrid social enterprises, which are likely to experiment with a variety of corporate legal forms, but unlikely to fit neatly into tax office understanding of charitable or commercial investments. This is a contested area in the U.S. and Europe, where a few governments are slowly adopting progressive legislation to encompass social investment in hybrid organisations

A number of US State legislatures are beginning to formalise the low-profit, limited-liability companies (L3C), a new hybrid structure for for-profit ventures that can demonstrate their primary goal is social impact, and which provides an avenue for private foundations to invest in such companies (Community Wealth Ventures, 2008). In the U.K. the Community Interest Company (CIC) is a legal form created specifically for social enterprises. It has a social objective that is regulated ensuring that the organisation cannot deviate from its social mission and that its assets are protected.[18]

It is beyond the scope of this paper to examine the legal, tax and regulatory regimes in Asian jurisdictions. Silk (1999) gives a useful, if dated overview of non-profit legal structures in 10 Asian countries. Supportive taxation policies may not be the primary motivating factor of philanthropists, but levels of generosity and appetite for experimentation in social financing will, at least in part, be affected by the taxation benefits associated with charitable giving. The Chinese regulatory environment has barely started to catch up with the desire of many wealthy entrepreneurs to establish their own private foundations, especially in the wake of natural disasters. Cao Dewang, the wealthy founder of Fuyao Glass Group in Fujian province, wished to endow his newly-established He Ren Foundation with 60 percent of the family's holdings in the company – a milestone in a country where stock transfers into charitable organisations were unknown. Cao endured the prospect of punitive corporation tax rates of 33.3 percent on charitable disbursements and capital gains.[19] Following intensive lobbying and legal appeals, He Ren Foundation successfully received a transfer of 300 million listed shares (valued at over US$550 million) in 2011, making the foundation the first in mainland China to rely on company shares to fund its operations.[20]

While the key strategic role of government is creating a pro-philanthropy environment through taxation and regulatory legislation, governments can also be more directly active in supporting venture philanthropy by providing them with financial capital. In the U.K. a number of venture philanthropy funds received public funding during their formation. UnLtd, an award scheme for social entrepreneurs, which also has a venture philanthropy operation was capitalised in 2000 through a permanent endowment by the Millennium Commission,[21] one of the distributors for the U.K.'s national lottery.

18 See www.cicregulator.gov.uk

19 Social Venture Group blog 4th May 2009, blog.socialventuregroup.com

20 See "Charity receives massive donation", Shanghai Daily Online, 14th April 2011

21 The Commission was created as a temporary body by the UK Parliament but was governed as an independent body. After being wound up in 2001, its responsibilities are maintained by the Big Lottery Fund.

Futurebuilders, The Social Investment Enterprise Fund, Communitybuilders Fund and Adventure Capital Fund were established through government funding as niche funds to invest in U.K. social enterprises with growth potential, in particular those able to take on public service contracts.[22] These and two other funds in the group disperse a mix of grant and debt financing with value-added non-financial services.

In the U.S., the federal Social Innovation Fund (SIF) was established in 2009 under the Serve America Act, and is analogous to what in the private equity industry would be called a 'fund of funds'. SIF provides grant capital injections to intermediaries, usually venture philanthropy funds with excellent track records such as New Profit Inc., Venture Philanthropy Partners, Edna McConnell Clark Foundation and REDF, working in sectors of priority social need. SIF's funds must be matched by the venture philanthropy funds and further matched downstream by the portfolio investees. The first round of funding in 2010 distributed US$49.3 million, each with venture philanthropy fund receiving between US$2-10 million in non-returnable grant funding.[23]

22 These funds have been consolidated and operate under the management of the Social Investment Business, itself a social enterprise, see www.thesocialinvestmentbusiness.org

23 See www.nationalservice.gov/about/programs/innovation_grantees_2010.asp

Several Asian governments are beginning to provide direct funding to social enterprises and to develop the social enterprise sector, although these initiatives are still in the early stages of experimentation. In Singapore, the Ministry for Community Development, Youth and Sports (MCYS) leads on seed funding to stimulate social enterprise in priority sectors (the ComCare Enterprise Fund[24]). The Home Affairs Bureau of the government of Hong Kong SAR is a sponsor of the annual Hong Kong Social Enterprise Summit[25] and Japan's Ministry of Trade and Industry (METI) is an active funder of social enterprise through intermediaries such as the young entrepreneur training organisation ETIC.[26] In 2010 the Thai government gave authority to the Thai Social Enterprise Office (TSEO) to set out specific criteria for social enterprise, working with the Ministry of Finance and Board of Investment to facilitate tax benefits and investment for Thai social enterprises.[27]

The impetus for governments of relatively wealthy Asian countries supporting social entrepreneurship and hybrid models of enterprise comes in a large part from growing concerns about globalisation and competitiveness, aging populations and declining birth rates.

24 See app1.mcys.gov.sg

25 See www.social-enterprise.org.hk

26 See www.etic-j.co.jp

27 See senetwork.asia/news on 1st December 2010

3. The Development of Entrepreneurial Social Finance in Asia

The entrepreneurial social finance ecosystem in Asia is evolving in the wider context of changes in civil society, philanthropy development (both private and corporate), and perhaps critically, the recognition of social entrepreneurship throughout the region. It is beyond the scope of this paper to explore the complex, historical, cultural, social, political, colonial, diaspora and religious factors that influence the fundamental human motivations of charitable giving and volunteerism, especially across a region of diverse nation states so geographically widespread.[28] Philanthropy at its broadest encompasses all forms of charitable donation, big and small, given reactively or with a strategic purpose in mind. In these papers we focus on 'high end' philanthropy by relatively wealthy individuals, private and corporate foundations, through a planned strategy. As in the author's earlier research on giving in the financial services sector philanthropy is intentionally viewed as a broad spectrum of activity: "...providing capital to an organisation for predominantly public benefit. This can be financial capital in the form of cash, shares and other assets, or social capital in the in the form of time, skills and networks. We also recognise that financial capital need not simply be given away, and that a variety of financial instruments (including grants, underwriting, loans, patient capital and equity) can be deployed under the broad concept of philanthropy, where there is a clear motivation to create tangible value to wider society" (John, Davies & Mitchell, 2007). With the arrival of impact investors and products like the social impact bond, we are seeing an interest from the private sector investor in this space traditionally the domain of philanthropy.

28 There are excellent overviews of philanthropy in several Asian countries compiled by the Asia Pacific Philanthropy Consortium (APPC) at www.asiapacificphilanthropy.org, which forms a good primer on the cultural context for giving in Asia.

Poverty in the Asia Pacific Region

Over the period 2005–2008 the Asian Development Bank reported a significant reduction in poverty throughout the Asia Pacific region, with 150 million exiting extreme poverty (defined as living on less than $1.25 a day), with China (PRC) making the greatest numerical progress (Wan & Sebastien, 2011), driven by steady economic growth. Numbers living on less than $2 a day (the 'moderately poor') dropped only very marginally in 2008, by 18.4 million, leaving nearly half the region's population – 1.63 billion people – living at this threshold of survival. During the current global financial downturn, which commenced in 2008, ADB predicts that the number of poor will increase in nearly half of its 25 developing member countries, compounded by high population growth rates. This is an environmental burden for a region enjoying high rates of economic growth and a third of world energy demand; with a widening energy gap between Asia's urban, industrial centres and rural populations. In this context, private philanthropy can play a role in providing Asian countries with the social stability that comes from equitable distribution of wealth, health and resources.

Our focus in this series of working papers on entrepreneurial social finance is a contemporary expression of philanthropy and social investment in Asia through venture philanthropy and impact investing models, the underlying context for our interest being:

- Wealth creation and philanthropy in Asia
- The new generation philanthropist
- Social entrepreneurship and new forms of organisation that address social issues through a market mechanism
- The globalisation of venture philanthropy and impact investing

Wealth Creation and Philanthropy in Asia

Asia-Pacific hosts more high net worth individuals[29] (HNWIs) than any other region. The number of Asia-Pacific HNWIs reached 3.37 million in 2011, compared to 3.35 million in North America, and 3.17 million in Europe; Asia-Pacific had seven of the top 20 fastest growing HNWI populations globally in 2011 (Capgemini and RBC Wealth Management, 2012).

CLSA Asia Markets (2011) predicts that Mainland China will comprise the largest increase in wealth in the region (their study excludes Japan and Australia) – estimating that 60 percent of wealth growth will be in China. Indonesia will see the largest percentage increase in new HNWIs (a 25 percent growth rate over five years).

Drivers of such regional wealth include the major asset classes of equities, hedge funds and real estate. Exchange rates, gold, oil and commodity prices also play a significant part in achieving these remarkable growth figures in Asia.

In developed Western nations it has been a long held assumption that the passing of the baby-boomer generation[30] will result in a Golden Age of philanthropy as a large proportion of the accumulated wealth of this generation is made as charitable gifts rather than inherited by family (Havens, & Schervish, 1999). There is of course no guarantee that the impressive rate of wealth accumulation in Asia will lead to a similar or greater flow to charitable giving. The Barclays Wealth (2010) survey revealed that while spending on philanthropy is high on the agenda of America's wealthy (41 percent), it is significantly lower for HNWIs in Hong Kong (16 percent) or Singapore (23 percent). Despite these figures, philanthropy in Asia, especially by wealthy, high-profile entrepreneurs has increasing visibility in the general and business press:[31]

> Li Ka-shing, The Hong Kong entrepreneur revealed that he plans to give one third of his wealth, estimated at US$19 billion [check 2010 figure] to his own charitable foundation, which he calls "my third son". His eponymous foundation has existed since 1980 and gives mainly to causes in China and Hong Kong.
>
> Azim Premjii, Wipro founder and India's third richest man, plans to give £1.27 billion of his £12.6 billion fortune to a charity providing education to low-income children in rural areas.
>
> Niu Gensheng, China's 'dairy entrepreneur', built the country's largest milk products company from scratch. In 2005 he donated his personal shareholding in the company to his Lao Niu Foundation, and speaks publicly about his family philanthropic values.
>
> Khoo Teck Puat, the Malaysian banker living in Singapore before his death in 2004, bequeathed 30 percent of his estate, or US$1.5 billion, to his Foundation to fund major Singaporean institutions.
>
> Hideo Okubo, Japanese entrepreneur-founder of the socially minded Forval Corporation, has focused his philanthropic efforts on improving the quality of educational opportunities for young people in Cambodia.

Turning entrepreneurial wealth creation in Asia into philanthropic generosity is complex and dominated by the individual and culture – at family and societal levels. A study by UBS and INSEAD (Mahmood & Santos, 2011) suggests the multiple push-pull factors that will shape the outlook for Asian philanthropy, including:

- Family-oriented values and bonds
- The intergenerational divide within families, with the new generation favouring new expressions of giving including support for social enterprises and the embrace of more 'entrepreneurial' philanthropy
- A continued focus on the education sector

29 HNWIs have investable assets in excess of US$1 million (excluding primary residence, collectibles and consumer durables); Ultra-HNWIs have investable assets of at least US$30 million.

30 In the US, considered the generation born between 1946 and 1964

31 For examples see *TIME*, "Learning the Art of Giving", 4th September 2006; *Business Day*, "Asian Philanthropists breed good governance", www.theage.com.au, 21st September 2007; *The Guardian*," India's third richest man gives £1.27 billion to children's education charity", 3rd December 2010

Private wealth managers, dominated by the private banks, increasingly view the philanthropy of their clients as an 'asset class' demanding, to a degree, the same professional advisory rigour given to commercial investment strategy. The wealth management arms of global and regional banks are becoming more visible offering philanthropy advisory services in Asia, setting up donor advised funds and holding well-publicised private conferences for their clients.

India and China will dominate in the scale of philanthropy over the coming decades, followed by Southeast Asia and Japan. Bain's 2011 philanthropy report on India estimates private giving as approximately 0.4% of GDP (it is 2.2 percent in the US and 1.3 percent in the U.K.) but views its rise as being rapid, with private donations having tripled to US$6 billion since 2006 (Sheth & Singal, 2011). The report surveyed a group of HNWI Indians, 40 percent of whom stated that their charitable giving would increase over the coming five years, held back only by their perceptions of opacity in the NGO sector and unfavourable tax regimes.

In India the 'family-corporate' or *Jugalbandi* has been, since industrialisation, the bedrock of Indian corporate philanthropy, being funded by the business and run under the family's leadership, often managed day-to-day by a professional staff. In the post-industrial era and the emergence of India's global knowledge entrepreneurs, the *Jugalbandi* are increasingly taking a more entrepreneurial approach to addressing the country's social issues (Ramachandran & Jha, 2009).

China is in a period of considerable flux in its philanthropy and charitable environment. Hard data on levels of public giving, both by the general public and through private or corporate foundations is often hard to reach or inconsistent. The official China Charity and Donation Information Centre reported that in 2009 contributions by the public reached 54 billion Yuan (US$8.3 billion), a figure that fluctuates with periodic natural disasters, such as the Sichuan earthquake. The cultural-political language of the Chinese charity sector (both operational charities and grantmaking foundations) is complex and often hard to make parallels with other countries, inside and outside of Asia. Broadly speaking, grantmaking foundations are of two types – those permitted to raise funds from the public (*gongmu jijinhui*, 公募基金会), and those that cannot. These latter are the 'private' foundations (*feigongmu jijinhui*, 非公募基金会) usually established by wealthy entrepreneurs or corporations. In 2004 there were 892 registered public foundations, and no private foundations. In 2005, there were 721 public foundations plus 253 newly-formed private foundations. In 2011 there were an estimated 1,000 public and 1,000 private foundations. The rather chaotic rise of the foundation sector in China is dominated by its relationship with central and regional governments. New intermediaries such as the China Foundation Center (CFC),[32] established in 2010 by a consortium of prominent private foundations with assistance from U.S. philanthropy bodies, are bringing some systematic mapping and consistency of terminology to the field. In 2012 the CFC began indexing transparency in the China foundation sector, an innovation that has relevance for China and the wider region where opacity in reporting is normative. But the Chinese philanthropy sector, in particular private foundations, will remain volatile until the relationship with government is more settled.

Wealth creation continues to rise in Singapore and Hong Kong as financial services centres, with Singapore in particular, pitching for regional status as a philanthropy hub.[33] Much of these cities' philanthropy will be directed externally, towards Southeast Asia, India and China, following historical and cultural pathways.

32 See www.foundationcenter.org.cn

33 Keynote speech by Mr. Goh Chok Tong, senior minister and chairman of the board of directors of the Monetary Authority of Singapore, at the Credit Suisse Philanthropists Forum 2011, Singapore, 7th April 2011.

The New Generation Philanthropist

In Asia, as globally, there is a contemporary public debate on giving and a cautious openness by wealthy individuals to be seen to be giving in an informed and strategic way. Globally recognised business leaders, from the U.S., Europe and increasingly from Asia are making their own personal pledges and raising the debate on personal philanthropy. While the Bill Gates/Warren Buffett Giving Pledge roadshows to India and China may have failed to uniformly impress or motivate would-be philanthropists in those countries,[34] more Asian philanthropists are speaking about their giving in public forums. Entrepreneurial business owners, investment professionals and executives from professional service firms are exploring models of philanthropy that align with and exploit their business acumen and networks. Younger private sector professionals are viewing philanthropy and social entrepreneurship as viable alternative career paths, especially during a period of disillusionment with traditional financial services careers. The region's media stars are thinking harder about charitable ventures that have greater, sustained impact and leverage their celebrity networks. In this melting pot of intelligent philanthropy exploration, non-traditional models of giving are increasingly likely to be considered. A number of Asian venture philanthropy funds illustrate this variety of professional backgrounds from which their founders and staff have emerged. The examples below illustrate a venture philanthropy organisation originating from:

- Generational change in a family business
- Companies looking at innovative models for their corporate philanthropy
- Entrepreneurs, investment professionals and business leaders
- Established grantmakers

34 See for example, blog.socialventuregroup.com/svg/2010/09/the-gates-buffett-giving-pledge-comes-to-china.html and Deval Sanghavi, "Helping Indians to Help India", *Alliance Magazine*, 1st June 2011, London

Generational Change in Family Business Leadership

The economic and social cornerstone of Asian commercial life is the family-owned business, whose ownership passes down the generations (Fock, 2009). The 'family office', which manages the assets and business interests of the family, is also the hub for determining and discharging the family's charitable activities down the generations. Generational change, as with the Hong Kong-based Chen family, can provide the impetus for rethinking the family's philanthropy.

Example 1: The Chen Family, Hong Kong. James Chen is a Hong Kong-based entrepreneur who leads his family office, Legacy Advisors.[35] James' grandfather, Cheng Zao Ming, left the town of Qidong, China in 1948 to establish a ceramics business in Hong Kong. The business was successfully expanded to a manufacturing base in Nigeria by James' father, Robert Chen Yet-Sen in 1958, where the family resided for 30 years. Since the 1970s the family pursued many philanthropic activities in Hong Kong and later in Qidong, but these declined in effectiveness and by 2001 James' parents became disillusioned with charitable giving. James was asked to review the family's philanthropy through his role in managing Legacy Advisors. James had been privileged with an international education and business exposure and set about redesigning the family's philanthropy on a more modern and professional basis, resulting in the establishment of the Chen Foundation in 2003. The foundation's focus was literacy in China, and the broad themes of venture philanthropy and social entrepreneurship. Through this vehicle James' family has pursued innovative social investments including economic development enterprises in Tibet and low-cost prescription eyeglasses.

35 This example of family office philanthropy is documented in an INSEAD case study, "The Chen Family: Succession through Philanthropy and Social Entrepreneurship", INSEAD 04/2009-5587. Also based on personal communication between James Chen and the author.

Company Owners Looking at Innovative Models for Corporate Foundations

At some stage in their lifecycle, companies are likely to engage in community investment, philanthropic activity and other sustainable business practices.[36] Traditionally this is most often implemented by setting up a grantmaking foundation to manage charitable activities. A corporate foundation when managed by the company's marketing team will likely suffer from being risk averse, making low-risk grants to well-known non-profit 'brands' or sporting sponsorship. A riskier but potentially more impactful approach is to adopt a venture philanthropy model, align the social mission as much as possible with the core business, focus on making the most impact with a relatively small number of social organisations, and leverage the business acumen found in the company to serve the social organisations being supported – an approach illustrated by Edelweiss Group in India.

Example 2: EdelGive Foundation, India. Edelweiss Group is a fast-growing major financial services business in India, operating in investment banking, institutional equity brokerage, asset management, private client brokerage, investor advisory services as well as retail and wholesale financing. In 2008 the company established EdelGive Foundation[37] as its philanthropic arm. EdelGive's founding CEO was Vidya Shah, at the time the Group's chief financial officer (and spouse of its executive chairman). Without being particularly aware of the venture philanthropy movement, the Foundation was launched along venture lines with a mission of "leveraging the resources and skills of the for-profit world to empower social entrepreneurs and non-profit organisations". Its primary sector focus is creating livelihood and educational opportunities for underprivileged youth, which it does by providing expansion capital and non-financial advice to a portfolio of Indian NGOs it believes are best equipped to make sustainable contributions to this mission. Over the 2009/10 financial year, the Foundation leveraged 1,000 hours of volunteer staff time in support of its investees. EdelGive also runs a national award scheme to showcase social innovation in the empowerment of women. The Foundation is increasingly demonstrating a leadership role in the Indian social capital market by creating platforms for other social finance players to collaborate and share experiences.

36 For an overview of corporate social responsibility in Asia see, e.g., www.csr-asia.com

37 www.edelgive.org and personal communication with the author

Entrepreneurs, Investment Professionals and Business Leaders

Networks like EVPA, GIIN and Toniic were driven by investment professionals and entrepreneurs frustrated by traditional approaches to philanthropy, but tooled with a skill set that helped small companies grow and develop. Business and investment entrepreneurs find that the venture philanthropy and impact investment models go with the grain of their own commercial experiences and intuition and several U.S. and European funds have been established or backed by such individuals (John, 2010). These entrepreneurs, by their very nature, want to actively experiment with the philanthropy of 'giving while living' rather than amassing wealth to be handed over to charitable causes towards the end of their professional lives. An investment background provides an appropriate set of transferrable and adaptable skills for founding or managing ESF funds as illustrated in the Social Ventures Australia example below. Asian venture philanthropy funds have been established by technology entrepreneurs (Flow Inc, Taiwan; Deshpande Foundation, India; Sopoong, South Korea), investment bankers (Sow Asia, Hong Kong; Avantage Ventures, Hong Kong), hedge fund managers (ADM Capital Foundation, Hong Kong, SCA Charitable Foundation, India), as well as collaborations drawn from the consulting and banking industries (AP Ventures, Singapore).

For younger business professionals in the midst of developing their careers, launching a fund or switching to a career in the sector are not always immediate options. However, opportunities exist for them to contribute their skills and learn about philanthropy models by volunteering their time to existing venture philanthropy or impact investment funds. A model that has a low barrier to entry for young professionals is the giving circle base pioneered in the late 1990s by Social Venture Partners International[38] Silicon Valley Social Venture Fund (SV2)[39] in the U.S. In this model, a group of individuals pool their philanthropic capital (a ticket size from a few hundred to several thousand US dollars would be typical) and together choose a number of non-profit ventures in their community to support with funding and their volunteered time. Such a group can be highly informal and grassroots, while others have become professionally managed 'institutional' funds (Arrillaga-Andreessen, 2012). In 2009 it was estimated that the 600 known giving circles in the U.S. engaged 12,000 individuals and donated US$100 million (Eikenberry & Bearman, 2009). This movement has become more sophisticated in the last five years, exemplified by SVPi groups using a non-profit assessment tool developed by McKinsey & Company (Penna, 2011).

SVPi currently has affiliates in Tokyo and Bangalore, but initiatives inspired by this model are also established in Singapore and Hong Kong. Dasra, the Indian venture philanthropy fund is a direct investor in social entrepreneurs and has a leadership role developing high net worth giving in India through its India Philanthropy Forum and Giving Circles. Dasra has adapted the giving circle approach by forming circles of 10 members, each committing US$60,000 in the pool over three years. Dasra takes a management fee to provide each non-profit supported with up to 250 days of management advice during the length of the investment.[40]

New Day Asia is giving circle in Hong Kong with a focus on supporting projects that benefit women and young girls in Asia. Its members are predominantly Hong Kong-based professionals, who are offered a menu of engagement opportunities, from simply donating to active project management.

One recent giving circle initiative that particularly focuses on young professionals in financial and consulting services is the London-based Young Philanthropy Syndicate,[41] which pools capital and talent for a chosen charity. Each group is mentored by an experienced philanthropist to accelerate the donor education process. There is considerable scope for expanding and adapting giving circle models throughout Asian countries.[42]

Example 3: Social Ventures Australia. Michael Traill is a Harvard MBA graduate who spent 15 years as a co-founder and Executive Director of Macquarie Bank's venture capital arm, Macquarie Direct Investment. In 2002, backed by four founding institutions, he established Social Ventures Australia (SVA) as the country's first non-profit venture philanthropy fund. As a seasoned private equity professional Michael adapted his business know-how for the benefit of Australia's emerging social enterprises and established charitable sector. Today SVA provides intensive support for a portfolio of Australian charities and social enterprises through its venture philanthropy operation, and provides non-financial advisory services to non-profits through its consulting arm. As a thought leader and field builder, SVA also has activity in social enterprise development, donor advisory, training for social entrepreneurs and development of the social finance market in Australia.

38 Social Venture Partners is a well-established venture philanthropy model operating in 20 US cities, providing capacity building and donor education through a local giving circle. The franchise has also expanded to Canada and Japan, see www.svpi.org

39 SV2 was founded by philanthropist Laura Arrillaga-Andreessen while a graduate student at Stanford University, see www.sv2.org

40 See www.dasra.org

41 See youngphilanthropy.org.uk

42 The growth and diversity of giving circles in Asia is the subject of a forthcoming working paper in this series.

Established Grantmakers

Established, private and corporate grantmaking foundations are an important part of the venture philanthropy ecosystem in Europe and the U.S. – either by developing their own venture philanthropy operations (e.g., King Baudouin Foundation, Belgium[43]) or by providing deal flow and co-funding in partnership with venture philanthropy funds (e.g., Fondazione CRT, Italy[44]). The strategies that European grantmaking foundations can adopt to engage with venture philanthropists have been recently explored by Metz, Cummings & Hehenberger (2010), and there is optimism that established Asian-based grantmakers will similarly view venture philanthropy as a positive development and explore ways of collaborating with funds in the region.

While there are private, corporate, community and government-related grantmaking foundations across all of Asia, both domestic and foreign in origin, the sector is not as large or particularly mature, and is poorly networked domestically and between countries. North American and European countries have well-established grantmaker networks operating nationally and across borders, which has been a key factor in the professionalising of foundation-based philanthropy and encourages collaboration. Such networks are much weaker in Asia. A number of Asian grantmaking foundations are innovative, however, and committed to developing philanthropy generally or experimenting directly with entrepreneurial social finance. The Lien Foundation in Singapore operates a highly progressive corporate structure to support innovation in its own direct grantmaking activity as well as research and leadership development. The only pan-Asian grantmaker network, the Asia Pacific Philanthropy Consortium (APPC), merged in 2011 with the U.S.-based Give2Asia philanthropy advisory non-profit.[45]

Shell Foundation was established by Shell Group in 2000 as a global, independent grantmaker with a very explicit value base it called 'business DNA' – "business thinking, models and disciplines – and applying it to both social challenges that would normally be tackled by NGOs, governments and international organisations".[46] This new approach to the corporate foundation – entrepreneurial, aligned to the company's core business, engaged and risk taking, is a relatively new paradigm for corporate philanthropy. Shell Foundation India's *Excelerate* Programme, which aims to bring affordable energy services to the poor exemplifies this approach by supporting small and growing social enterprises that provide energy services to underserved communities. The enterprises receive a subsidy at the post R&D stage – seed funding for proof-of-concept, business planning and strategy development. The Foundation's support for the social enterprise Husk Power Systems in the Indian state of Bihar, exemplify their "entrepreneur-led" approach (Desjardins, 2011). The enterprise has developed the lowest cost power generation model globally at the 50kW scale and is set for rapid growth of a technology and distribution system.

The grant programmes of government ministries and government-linked entities have a potentially important role to play in countries with tax resources and political will. Singapore's Tote Board, which manages the charitable use of gaming tax revenue has a social investment arm and has been instrumental in setting up a social enterprise incubator.[47]

There is untapped potential for mobilising Asia's indigenous grantmaking foundations in the development of entrepreneurial social finance, either as direct investors, co-funders or as a source of market intelligence built up over years of operational experience. But as a fractured and ill-networked group in a large geography, this will pose many challenges.

43 King Baudouin Foundation is a general grantmaking foundation that also manages disbursements from the Belgian lottery. As a progressive institution it also has a wider mandate in philanthropy development and has launched its own internal venture philanthropy fund, see www.kbs-frb.be

44 CRT Foundation is one of the larger Italian foundations to come out of the demutualisation of savings banks. It is an active supporter of the venture philanthropy movement in Italy and a co-investor ('limited partner') in the venture philanthropy fund Oltre Social Venture Capital, see www.oltreventure.com

45 APPC is the Asia Pacific Philanthropy Consortium, www.asiapacificphilanthropy.org, which is a long-established network which merged with Give2Asia in 2011.

46 See www.shellfoundation.org

47 See www.sehub.com.sg

Social Entrepreneurship and Hybrid Organisations

The mutually supportive relationship between social entrepreneurship and venture philanthropy was noted earlier. To a large extent, venture philanthropy and impact investing ride on the wave of interest caused by the globalisation of social entrepreneurship and related hybrid models of social enterprise. Organisations that support social entrepreneurs and their enterprises are an essential part of the ecosystem and are found across virtually every country in Asia. The leading global social entrepreneurs support organisation, Ashoka, has its origins in India and is today active in nine countries in South and Southeast Asia. The Geneva-based Schwab Foundation for Social Entrepreneurship, linked to the World Economic Forum, has strong Asian interests and is active in identifying social entrepreneurs throughout the region. The British Council's Skills for Social Entrepreneurs Programme[48] was launched in 2009 after a successful pilot in China with the China Social Entrepreneur Foundation ("YouChange"/"YouCheng"),[49] and is currently supporting social entrepreneurs in other parts of Asia, including Vietnam and Indonesia. The British Council is strategically positioned to leverage the relatively mature U.K. experience in social enterprise development and has long-standing historical ties throughout Asia. Sponsored by a group of Chinese corporations, the China Social Entrepreneur Foundation was founded in Beijing in 2007 and has developed a programme around volunteerism, celebrating social innovation and a venture philanthropy fund. The Global Social Venture Competition (GSVC)[50] is the largest and oldest student-led business plan competition providing mentoring, exposure, and prizes for social ventures from around the world. Its partners in Asia (Thammasat University, Thailand; Indian School of Business; and Social Enterprise Network Korea), enable the competition to now reach entrants in much of the Asia-Pacific. The San Francisco-based Net Impact network[51] of business professionals and business students is developing a footprint across Asia, with chapters in India, China, Japan, Korea and Australia. And while this network is a broader movement in corporate social responsibility, it is active in supporting social entrepreneurship throughout its chapters.

As well as these established, global players, country-based organisations have mushroomed in the last five years in a variety of forms and missions. The U.K.'s UnLtd foundation for social entrepreneurs has inspired the formation of similar social entrepreneur award and support schemes in India[52] and Thailand.[53] Social enterprise in Hong Kong is promoted through several bodies, including the annual Social Enterprise Summit,[54] which increasingly enjoys the support of the Special Administrative Region's government.

This rapid, sustained and geographically broad growth of social entrepreneurship promotion and support organisations endorsed by several Asian governments, gives the social entrepreneurship movement a strong sense of identity, momentum and global connectedness. This is a tipping point for social entrepreneurs and their ventures in Asia, and leads naturally to the value proposition that venture philanthropy offers in providing the finance and business skills needed for social enterprises to be seeded, grown and developed. Without a vibrant community of social entrepreneurs and the recognition that enterprising non-profit hybrids offer a unique take on creating social value, venture philanthropy operates in a vacuum. As in venture capital, deal flow is critical. Venture philanthropy funds need a robust pipeline of investable organisations meeting their particular appetite for financial/social return. This part of the ecosystem that fosters entrepreneurship in the social sector is an essential foundation for an active venture philanthropy community.

48 See www.britishcouncil.org
49 See www.youcheng.org
50 See www.gsvc.org
51 See www.netimpact.org
52 See www.unltdindia.org
53 See www.unltd.in.th
54 See www.social-enterprise.org.hk

Globalisation of Entrepreneurial Social Finance

The trajectory for growth of venture philanthropy and impact investing in Asia is potentially steep. There is now a diverse body of practice in the U.S. and Europe and platforms are emerging for knowledge dissemination and shared learning with Asian practitioners. During the formative years of venture philanthropy growth and consolidation in the U.S., no network of practitioners existed to promote practices. In Europe, by contrast, the EVPA was able to act as a promotional and learning platform with a unique reach into the private equity community and a positive collaboration with established grantmaking foundations. Even without such networks, venture philanthropy funds would still be established with or without knowledge of other funds globally. However, a strong network helps accelerate the development of a movement by:

- Giving participants a sense of community and shared experience
- Breaking silos and encouraging collaboration
- Developing a common language and differentiation of models
- Offering a platform for information exchange and training
- Communicating and promoting externally on behalf of the community

While AVPN is a network highly focused on venture philanthropy, regional and global organisations with impact investing mandates, such as GIIN,[55] ANDE,[56] Toniic[57] and APPC[58] are contributing to the momentum for new forms of philanthropy and social investment that address the needs of Asia's social entrepreneurs. While most of these networks originate outside of Asia, and do well at connecting practitioners globally, there is a high level of thought leadership emerging within Asia including those who are developing the intellectual basis for global practices in local contexts. Social Ventures Hong Kong has, for example, analysed global trends in venture philanthropy and impact investing in the local context of Hong Kong, including a thoughtful analysis of gaps in the social capital market and concrete recommendations for creating greater effectiveness (Yuen, Ngai, Kan & Yeung, 2011).

With faster, cheaper and easier communications, the field of philanthropy is globalising. Entrepreneur philanthropists are often global citizens with educational and business links across the world. Established philanthropy communities (including academics and advisors) in the U.S. and Europe are forging links with their counterparts in Asia. The global trend that views Asia as 'the next big thing' seems to apply as much to giving as it does to commerce (*Economist*, 2011).

55 GIIN is the Global Impact Investing Network, www.thegiin.org

56 ANDE is the Aspen Network of Development Entrepreneurs, www.ande.force.com

57 Toniic is a network of impact investors with global interests including Asia, www.toniic.com

58 APPC is the Asia Pacific Philanthropy Consortium, www.asiapacificphilanthropy.org, which is a long-established network that merged with Give2Asia in 2011.

4. Mapping of the Asian Entrepreneurial Social Finance Ecosystem

The ecosystem of entrepreneurial social finance in Asia is in its earliest stages of development, with variability between countries, but each of its components is rapidly evolving. A few early funds and intermediaries – those operating before 2006 – have experimented with models and adapted their operations to the changing landscape. Some will have stagnated while many other new initiatives have been launched. On the supply side, the initiatives of high net worth philanthropists in particular, are often 'below the radar', with experimentation taking place through their family offices or personal foundations. Such funds are difficult to capture as data in the early days of their development until they develop a more public profile.

We offer in the Appendix an initial mapping of the ecosystem in Asia of the supply, intermediation and to a very limited extent, policy components. It is beyond the scope of this working paper series to map the demand side of the ecosystem – the social purpose organisations (NGOs, charities, social enterprises) that are the object of attention of venture philanthropy and impact investment funds. This is itself a large and ambitious exercise across Asia that will be the subject of other data gathering studies.

In such a dynamic environment, a snapshot of current activity has many limitations. Our intention is to map this landscape through an online database maintained by ACSEP that will continually build a picture of the supply and intermediation landscape as it evolves in Asia, with enhanced data and a graphical map representation.

The Appendix shows the known entrepreneurial social finance funds operating in Asia, where all or part of their model is broadly across the venture philanthropy to active impact investing spectrum, offering finance plus some degree of operational support to entrepreneurial organisations. The listing is not exhaustive as several initiatives probably operate 'below the radar' or do not publicly use the language of venture philanthropy or impact investing.

A small minority of these funds are foreign-headquartered or have strong connections with non-Asian organisations. Some funds are fully Asian and operate only domestically, while other Asian funds invest in one or more countries in the region, as illustrated in Table 3.

Venture philanthropy and impact investing, being in their early stages of development in Asia, means that foreign-based funds may have more operational

TABLE 3

Location Characteristic	Examples
Fund headquartered outside Asia with investments in one or more Asian countries	• **LGT Venture Philanthropy** *(Switzerland)* • **Voxtra** *(Norway)* • **Absolute Return for Kids** *(U.K.)*
Asian fund where all or many of their investments are made domestically	• **Jet Li One Foundation** *(China)* • **ApVentures** *(Singapore)* • **Sopoong** *(Korea)*
Asian fund where all or many of investments are made regionally	• **ADM Capital Foundation** *(Headquartered in Hong Kong with investments in Southeast Asia, India and China)* • **Arun LLC** *(Headquartered in Japan with investments in Cambodia)* • **Corridor Asia** *(investment focus is Thailand, Indonesia and Vietnam)*

experience than indigenous funds. A notable exception is the Indian impact investment fund Aavishkaar, which marks its tenth year with a turnover that has grown from US$26,000 to US$6 million. India is the focus of the largest number of funds, both domestic and international: promoted by the relative maturity of the social and small business sectors in India, the enormous market opportunities for enterprises offering goods and services at the bottom of the pyramid and relative economic and political security. Many of these organisations in India are impact investment funds, drawn by the large-scale market opportunities. For foreign impact investment funds, India is a laboratory for this rapidly growing sector, with major players like Toniic, Omidyar, Soros, Google.org, Grameen Capital and Acumen all developing a presence in the country.

By contrast with India, entrepreneurial social finance practice in China is moving cautiously with few players. The delicate relationship between state and civil society organisations, the immature philanthropy and an inchoate policy and taxation environment result in a quiet experimentation by a small number of funds. The regulatory difficulty of establishing a charitable organisation in China may actually work in favour of early stage venture philanthropy and impact investment as a new generation of socially minded entrepreneurs launch commercially registered businesses to address social issues, and so leapfrog the traditional trajectory of first establishing a non-profit which later evolves enterprising activities. The newly proposed legislation on philanthropy and cautious government support are shaping a future for China in which entrepreneurial social finance can make a potentially significant contribution to a maturing social enterprise sector (Zhao, 2012).

The Jet Li One Foundation, which has a robust relationship with the Chinese government, developed a venture model from its groundbreaking disaster relief activity, leveraging the celebrity of its eponymous founder. YouChange (The China Social Entrepreneur Foundation) has emerged with a mission of supporting Chinese social entrepreneurs, in partnership with enablers such as the British Council. An interesting and unusual partnership between a longstanding NGO support organisation, NPI, and a major Chinese corporation (Lenovo) led to an experimental fund. A number of Hong Kong-based venture philanthropy funds have a natural affinity towards investments in China, although it is too early to tell if such an approach is successful.

Perhaps counter-intuitively, there is very little entrepreneurial social finance activity in Japan. Although a wealthy country with a strong international aid programme, Japan has relatively immature charitable and philanthropy sectors. The emergence of an interest in social entrepreneurship and the potential of social enterprise to address the problems of an aging population, is giving a fillip to venture philanthropy and impact investing, which have policy support through government departments. The SVPi-franchised giving circle, SVP Tokyo, is well established and the family office of the Buffalo technology company, is experimenting with venture philanthropy through its Singapore-based family office. Arun LLP is a Japan-based donor circle that provides debt finance to a number of social enterprises in Cambodia. One highly innovative scheme in Japan was pioneered by Ken Shibusawa, U.S.-educated investment banker and a descendent of Ei-ichi Shibusawa, considered the father of modern Japanese capitalism and philanthropy. Voyager Management, a U.S.-based alternative assets fund of funds, contributes one percent of its profits to a portfolio of Japanese non-profit organisations through the SEEDCap programme. This funding mechanism ran from 2004 until 2011, when it closed to new applications. While the funding is not strictly venture philanthropy, this is a rare corporate-related innovation in raising capacity building funds for Japanese non-profits. One recent innovation worthy of note is a social enterprise fundraising initiative by Masao Komatsu, the entrepreneur who created Music Securities, a novel platform that raises funds in support of independent music. Using the company's online, crowd sourcing infrastructure, Music Security has created micro impact investing funds that support social enterprises in Tohoku, a coastal town at the epicentre of the 2011 earthquake and tsunami.

Japan's neighbour, South Korea is similarly experimenting with philanthropy development driven by the energy of the social entrepreneurship movement and fostered by a vibrant Social Enterprise Network and the Asia Social Entrepreneurs Summit. Sopoong, a venture philanthropy fund, was founded by Korea's Internet entrepreneur, Jae-woong Lee.

The countries of Southeast Asia offer considerable potential for entrepreneurial social finance activity – ASEAN is a very diverse group with countries of enormously contrasting national wealth. Singapore's per capita GDP is US$58,871, while that of Cambodia is US$1,787 and Myanmar US$1,138.[59] As Singapore positions itself as a regional philanthropy hub and quietly develops its own domestic venture philanthropy and impact investment models, it will become strategic in social investment developments across ASEAN, subject to regulatory controls on the outflows of philanthropic capital.

A few venture philanthropy funds offer predominantly or exclusively non-financial support to ambitious social enterprises (arguably this is more the enabling role of an intermediate than an actual fund, but they often broker third party finance). Start Up (India) helps incubate social entrepreneurs to proof-of-concept stage but offers no direct funding. SE Hub operates an incubator in collaboration with Singapore Polytechnic to provide mentoring and other non-financial support, and an investment fund for qualifying enterprises.

The largest group in the ecosystem mapping are the enabling intermediaries, illustrated in Table 4. This is not surprising in a region where civil society organisations, social enterprises and philanthropy are all in a state of rapid development. Enabling intermediaries are important catalysts for

59 Figures for GDP per capita Purchasing Power Parity are from ASEAN's website, www.aseansec.org

TABLE 4

Area of Enablement	Examples
Social Entrepreneurship & Social Enterprise	• **The School for Social Entrepreneurs** *(Australia)* • **Philippine Social Enterprise Network** • **HKCSS Social Enterprise Business Centre** *(Hong Kong)* • **Social Enterprise Association** *(Singapore)*
Brokerage Platform	• **Artha Platform** *(India)* • **Change Fusion Institute** *(Southeast Asia)* • **New Ventures** *(India, China & Indonesia)* • **IIX Asia** *(Singapore)*
Sector intelligence	• **China Development Brief** • **Monitor Inclusive Markets** *(India)*
Philanthropy development & advisory	• **SymAsia** *(Singapore)* • **Social Venture Group** *(China)* • **Innovaid** *(India)* • **Grace Financial Ltd** *(Hong Kong)* • **AVPN** *(Asia wide)* • **China Center for Foundations**
Academic research and education	• **Swinburne University Asia Pacific Centre for Social Investment & Philanthropy** *(Australia)* • **Beijing Normal University One Foundation Philanthropy Research Institute** *(China)* • **Indian School of Business Centre for Emerging Market Solutions**
Non-Financial Services Volunteering	• **The Pari Project** *(Cambodia)* • **Caring Friends** *(India)*

bringing together diverse players from the private, social and government sectors. A number of annual conferences have gained prominence in Asia in the last five to eight years, whose convening power is stimulating a broad interest in social enterprise and new philanthropy models.

Business schools and related institutions in business education have a key role to play in the region's awakening to new ways of 'doing good while doing business'. Apart from academically robust research on social enterprise and social financing, schools are increasingly meeting the demand from business students for incorporation of social entrepreneurship modules into a business curriculum and practical projects focused on social enterprises or venture funds, rather than classical private sector firms. The Indian School of Business in Hyderabad has a Centre for Emerging Market Solutions that provide business students with exposure to bottom-of-the-pyramid approaches. In Asia there is potential to develop executive education programmes that expose private sector professionals to an environment where shareholders demand positive social and environmental impact as part of 'blended' shareholder value.

5. Pathways for the Development of Entrepreneurial Social Finance in Asia

Philanthropy in its broadest sense is developing rapidly in Asia. In an increasingly globalised field, its practitioners – whether wealthy individuals or professionally managed foundations – are exposed to debate and a menu of models from North America and Europe (and increasingly from Latin America and Africa). Venture philanthropy and impact investing, as a subset of this wider domain of capital seeking the creation of sustainable social value, will be experimented with across Asian countries. The trajectory for entrepreneurial social finance in Asian countries will be influenced by multiple factors:

- **The extension of venture philanthropy and impact investment models and networks from the U.S. and Europe to Asia.** In an increasingly interconnected world, these practices will be both adopted and adapted. Asian countries with large, low-income populations will be a market for bottom-of-the-pyramid goods and services offered by social enterprises that have the ambitions for scale and the capital to do so. Networks like GIIN, Toniic, EVPA and AVPN lower the barriers to venture philanthropists and impact investors joining together to source and finance deals across continents.

- **The continued global rise of the social entrepreneurship movement.** New organisational models are being tested that attempt to address Asia's social and environmental problems through enterprising solutions. It is a field being publicly promoted and taught in business schools with young, entrepreneurial professionals considering social enterprise a viable, alternative option to a more traditional business career.

- **Asia's position at the heart of global wealth creation.** Philanthropy is less a taboo subject for public discussion, and viewed by wealth managers as a competitive area for their advisory services. Asian philanthropists have more confidence and are more public about their activities. Wealthy business people in Asia will begin their philanthropy journey earlier in life and with a greater connectedness to their own commercial acumen.

- **Greater demand for transparency, better governance and efficiency in the marketplace where financial capital meets social innovation and enterprise.** This results in more intermediary players providing advisory, intelligence, brokerage and human resource services.

- **Several Asian governments are embracing a more 'enterprising' non-profit sector.** They will need to offer a more pro-social finance regulatory and taxation environment, recognising the hybrid nature of new organisations, and regulating the flow of philanthropic capital across national borders.

- **The growth of the private equity industry in Asia.** In Europe, more than the U.S., entrepreneurial social finance is strongly connected with the private equity community, at the level of individual general partners, their management companies and the industry as a whole. In Europe and the U.S., private equity is a mature industry that has created substantial wealth for many individuals. In Asia, private equity has not yet uniformly generated such wealth for the region's own general partners. The engagement of Asian investment professionals in philanthropy may be therefore moderated by their relative lack of personal wealth.

- **The central position of the family business in Asian wealth creation.** The region's philanthropy will be guided and informed by the family unit and its traditional and contemporary attitudes to giving.

- **Heterogeneity of Asia.** Even in Europe, with its strong political, financial and regulatory harmonisation, philanthropy develops by country, with reference to historical patterns of giving informed by culture, religion and the nature of the state in society (Tayart de Borms, 2005). Asia is geographically widespread, with multiple cultural, religious and political traditions. But despite this complex diversity, philanthropy is a meme[60] whose transmission and interpretation is accelerated through technology, travel, networks and communities of interest.

- **Philanthropy organisations in Asia are not well networked domestically or regionally.** It is not unusual, for example, for an Indian or Chinese foundation to have stronger links and idea sharing with a counterpart in the U.S. than within their own country. There are often cultural and historical barriers to Asia-to-Asia peer learning, while Asia-U.S. and Asia-Europe ties are often stronger. This is a dysfunction to learning and networks should enhance the learning flows between Asian countries.

Despite factors that will promote the growth of entrepreneurial social finance practices, several challenges remain if they are to make a significant contribution to the long-term growth and development of Asia's entrepreneurial social purpose organisations in an efficiently functioning ecosystem.

With the exception of India, which a relatively well-established marketplace for investing in scalable social ventures, most Asian countries currently have only a handful or less of venture philanthropy or impact investment funds operating, while some have no activity at all. Each country will need to develop a critical mass of funds that can cover the entire investment spectrum from early stage support for social entrepreneurs to impact investment opportunities offering near commercial, risk-adjusted returns. Gaps in the supply of capital make it difficult for entrepreneurs to experiment with innovations, bring these to proof-of-concept and move to expansion and beyond. Early stage engaged grantmaking has a crucial, but often misunderstood, role to play along the whole of this investment spectrum. Later stage impact investors are unlikely to enjoy sufficient deal flow unless individual entrepreneurs and early stage ventures are supported with philanthropic capital. Just as a commercial entrepreneur typically relies on 'friends and family' for starting up a venture, social entrepreneurs may draw upon the resources of 'friends and philanthropy' in those crucial early stages of taking an idea to reality.

Since venture philanthropy funds do not operate in a vacuum, but are reliant on the efficiency of the overall 'market' for entrepreneurial social finance, then demand, intermediation and policy will need to function effectively. Intermediary organisations can help foster a new generation of entrepreneurial charities and social enterprises, which are well governed and able to demonstrate their social impact and cost effectiveness. Brokers can help enterprises satisfy their need for appropriate funding and non-financial advice at all stages of their organisational development. High quality, non-financial services are the key differentiator that venture philanthropy and active impact investing funds can offer ambitious, entrepreneurial organisations. While advice can be provided by the funds' own staff and retained consultants, there will need to be a wider mobilisation of human resources from the pool of Asian professional service firms, businesses and business schools. Such talent needs not just to be released, but also managed to provide well-adapted, appropriate and accountable advice.

Policymakers and regulators must develop a cogent and consistent environment for entrepreneurial organisations to deliver social outcomes as part of wider social development policies.

Asia needs to develop more venture philanthropy and impact investment funds, which are well resourced, experimental and committed to learning. They will need to be well networked and actively investing across the whole spectrum of organisational types and stages. As with technologies that are introduced into new markets, philanthropy in Asia can leapfrog over well-worn European and American models into a level of innovation that effectively serves a new generation of Asian social entrepreneurs. This next phase of entrepreneurial social finance practice will be characterised by:

60 A meme is an idea, behaviour or style that spreads from person to person within a culture. A meme acts as a unit for carrying cultural ideas, symbols or practices, which can be transmitted from one mind to another through writing, speech, gestures, rituals or other imitable phenomena. Supporters of the concept regard memes as cultural analogues to genes in that they self-replicate, mutate and respond to selective pressures (Wikipedia)

- Greater collaboration with other venture philanthropy and impact investment funds, grantmakers, community foundations, statutory (government-related) funders, including co-funding or syndication mechanisms.

- Exploiting the convening power of large and well-connected funds to bring multiple stakeholders together around a particular strategic social issue.

- Leveraging networks and collaborations to effect systemic societal change (Marks & Wong, 2010). Such models of what Kania and Kramer (2011) call 'collective impact' result in deeper and broader changes than arise from investing only in single, isolated organisations.

Further Study

The purpose of this first working paper is to give an introduction to entrepreneurial social finance as an emerging set of global practices with particular reference to recent developments in Asia. The ecosystem encompasses venture philanthropy, impact investing, and is intimately connected to the rise of social entrepreneurship globally. These are all fashionable areas of wide philanthropic interest, and there is every indication that these practices will continue to evolve in Asia, both indigenously and by foreign funds seeking investments in the region.

This development of new philanthropic models in Asia should not be documented and examined uncritically. The purpose of further study in this series is to track the evolution of Asian entrepreneurial social finance quantitatively and qualitatively, including:

- A typology tracking the number of funds and their portfolio organisations (including data on fund size, investment policy, methodology and exit).

- How funds offer non-financial services to their investments and issues around the quality assurance, adaptation of private sector practice for social organisations and effectiveness of value-added services to investment success.

- How venture philanthropy and impact investment funds and their portfolio organisations measure organisational performance and social impact through the range of metrics currently available and being developed.

- Progress towards more collaborative models, though strategic partnerships and donor circles.

- Issues around transparency, governance and power in the relationship between an investor and investee in a venture philanthropy or impact investment.

- Leadership in Asian philanthropy.

- The role of ESF models in helping social entrepreneurs reach scale and sustainability.

References

Allchorne, T. (2005). *The Rise of Venture Philanthropy.* London. Private Equity International

Angier, P. (2009). *Measuring Social Value: an overview.* London: UK. Angier-Griffin. www.angier-griffin.com

Arpan Sheth, A. & Singal, M. (2011). *Indian Philanthropy Report 2011,* Bain & Company. www.bain.com

Arrillaga-Andreessen, L. (2011). *Giving 2.0: Transform Your Giving and Our World.* San Francisco. Jossey-Bass

Arrillaga-Andreessen, L. (2012). *Giving 2.0: Getting Together to Give.* Stanford Social Innovation Review. Winter 2012. Stanford, CA. Stanford University

Asian Development Bank (2011). *Impact Investors in Asia: Characteristics and Preferences for Investing in Social Enterprises in Asia-Pacific.* Manila: Philippines. ADB

Australian Financial Review (2011). NSW to Announce Social Bonds in Budget. *Australian Financial Review.* 5th September 2011. www.afr.com

Bailin, M. A. (2003). Requestioning, Reimagining, and Retooling Philanthropy. *Non-profit and Voluntary Sector Quarterly 2003 32: 635.* DOI: 10.1177/0899764003257464

Balbo, L., Hehenberger, L., Mortell, D. & Oostlander, P. (2010). *Establishing a Venture Philanthropy Fund in Europe, 2nd Edition.* Brussels. EVPA

Barclays Wealth (2010). *Global Giving: The Culture of Philanthropy.* www.barclayswealth.com

Bishop, M. & Green, M. (2008). *Philanthrocapitalism: How the Rich Can Save the World.* New York. Bloomsbury.

Brest, P. (2012). A Decade of Outcome Philanthropy. *Stanford Social Innovation Review,* Spring 2012. Stanford, CA. Stanford University.

Bugg-Levine, A. & Emerson, J. (2011). *Impact Investing.* San Francisco. Jossey-Bass

Capgemini and RBC Wealth Management (2012). The 16th Annual Wealth Report. www.capgemini.com

Cheng, P. (2008). *Quasi Equity; a case study in revenue participation agreements.* London. Charities Aid Foundation.

Cheng, W. (2010). Transitions within the Ecosystem of Change. In Cheng, W. & Mohamed, S. (Eds.), *The World that Changes the World (pp. 7 – 33).* Singapore. Jossey-Bass.

CLSA Asia Markets (2011). *Wealthy Asia – Fat cats in the fast lane: Surge in high net worth individuals' report.* www.clsa.com

Cohen, R. (2004) The Double Helix: entrepreneurship and private equity. *The SJ Berwin Oxford Business Alumni Lecture, 15th June 2004,* London, UK.

Community Wealth Ventures (2008). *The L3C: Low-profit, limited liability company, Research Brief.* www.communitywealth.com

Community Wealth Ventures Inc. (2002). *Venture Philanthropy 2002: Advancing non-profit performance through high-engagement grant making.* Washington DC. CWVI.

Council on Foundations (2001). Venture Philanthropy: a model of innovation vs a model of intrusion, *Board Briefing.*

Crutchfield, L. R., Kania, J. V. & Kramer, M.R (2011). *Do More than Give; The six practices of donors who change the world.* San Francisco. Jossey-Bass.

Desjardins, S. (2011). Why Does Bihar Matter? *Alliance,* Volume 16, Number 2. London. Alliance.

Drucker, H. (2000). *Wanted: UK Venture Philanthropists.* Oxford. Oxford Philanthropic.

Economist, 2011. *Something's Gotta Give; The State of Philanthropy in Asia.* London. Economist Intelligence Unit

Edwards, M. (2010). *Small Change: Why Businesses Won't Save the World,* San Francisco. Berrett-Koehler.

Eikenberry, A. & Bearman, J. (2009). *The Impact of Giving Together.* Forum of Regional Associations of Grantmakers, University of Nebraska at Omaha, and the Center on Philanthropy at Indiana University. www.givingforum.org

REFERENCES

Emerson, J. & Spitzer, J. (2007). *From Fragmentation to Function.* Skoll Centre for Social Entrepreneurship, Said Business School. Oxford. University of Oxford

Fock, S. T. (2009). *Dynamics of Family Business: The Chinese Way.* Singapore. Cengage Learning Asia.

Grossman, A. & Curran, D. F. (2002). *EMCF: A New Approach at an Old Foundation.* Harvard Business School, Prod. #: 302090-PDF-ENG

Hartnell, C. (2001). Finding the Holy Grail in Budapest. *Alliance Magazine.* London. Alliance Magazine.

Hartnell, C. (2011). Online broadcast interview with John Duffy, Director of Strategic Partnerships, Eleos Foundation on 20th October 2011 and available at www.alliancemagazine.org

Havens, J. J. & Schervish, P. G. (1999). *Millionaires and the Millennium: New Estimates of the forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy,* Boston, MA. Boston College.

Joel L. Fleishman, J. L. (2007). The Foundation, A Great American Secret; how private wealth is changing the world. *Public Affairs.* New York. Public Affairs

John, R. (2002). Social Venture Capital; an idea whose time has come. *Alliance Magazine.* London. Alliance Magazine.

John, R. (2006). The Rise of Venture Philanthropy; private capital and public benefit. In Bassi, I. & Grant, J. (Eds.), *Structuring European Private Equity.* London. Euromoney Institutional Investor

John, R. (2007). *Beyond the Cheque: How Venture Philanthropists Add Value.* Skoll Centre for Social Entrepreneurship, Said Business School. Oxford. University of Oxford.

John, R. (2008). Venture Philanthropy takes off in Europe. In *Die Stiftung,* Berlin. BDS.

John, R. (2010). Venturing into Entrepreneurial Philanthropy. In Cheng, W. & Mohamed, S. (Eds.), *The World that Changes the World (pp. 155 – 173).* Singapore. Jossey-Bass.

John, R., Davies, R. & Mitchell, L. (2007). *Give and Let Give; building a culture of philanthropy in the financial services industry.* London: UK. Policy Exchange.

Kanani, R. GIIN: an interview with CEO Luther Ragin Jnr. *Forbes Online* 30th October 2011. www.forbes.com

Kania, J. & Kramer, M. (2011). Collective Impact. *Stanford Social Innovation Review,* Winter 2011. Stanford, CA. Stanford University.

Koh, H., Karanchandaria, A. and Katz, R. 2012. From Blueprint to Scale: The Case for Philanthropy in Impact Investing. *Monitor Inclusive Markets,* Mumbai.

Kohler, J., Kreiner, T. & Sawhney, J. (2011). *Coordinating Capital: a new approach to investing in small and growing businesses.* Santa Clara, CA. Santa Clara University. www.scu.edu/socialbenefit/socialcapital.cfm

Mahmood, M. & Santos, F. (2011). *Family Philanthropy in Asia.* INSEAD & UBS Philanthropy Services . www.ubs.com/philanthropy

Mair, J. & Milligan, K. (2012). Roundtable on Impact Investing. *Stanford Social Innovation Review,* Winter Issue, www.ssireview.org

Mair, J., Robinson J. and Hockerts, K. (2006). *Social Entrepreneurship.* Basingstoke, UK and New York. Palgrave Macmillan

Marks, J. & Wong, P. (2010). *Catalysing Systemic Change: The Role for Venture Philanthropy.* Coller Institute of Private Equity. London. London Business School.

Meehan, B. & Jonker, K. (2012). The Rise of Social Capital Market Intermediaries. *Stanford Social Innovation Review,* Winter 2012. Stanford, CA. Stanford University.

Metz Cummings, A. & Hehenberger, L. (2010). *Strategies for Foundations: When, why and how to use Venture Philanthropy.* Brussels. EVPA.

Metz Cummings, A. & Hehenberger, L. (2011). *A Guide to Venture Philanthropy for Venture Capital and Private Equity Investors.* Brussels. EVPA.

Monitor Institute, 2009. *Investing for Social and Environmental Impact,* available at www.monitorinstitute.com/impactinvesting

Morino, M. (2011). *Leap of Reason.* Washington DC, US: VPP

REFERENCES

O'Donohoe, N., Leijonhurfvnd, C., Bugg-Levine, A. & Brandenburg, M. (2010). *Impact Investments: An emerging asset class.* J. P. Morgan Global Research, available at www.morganmarkets.com

Parliamentary Enquiry (UK Government), (2011). *The role of private foundations in international development, October 2011.* www.parliament.uk/business/committees/committees-a-z/commons-select/international-development-committee/inquiries/private-foundations

Penna, R. (2011). *The Non-profit Outcomes Toolbox: A Complete Guide to Program Effectiveness, Performance Measurement, and Results.* New York, NY. John Wiley & Sons.

Ramachandran, K & Jha, R. (2009). *Family and Corporate Philanthropy: Emerging Trends in India.* ISB Insight. Hyderabad: India. Indian School of Business

Shanmugalingam, C., Graham, J., Tucker, S. & Mulgan, G. (2011). *Growing Social Ventures: The role of intermediaries and investors: who they are, what they do, and what they could become.* London. The Young Foundation and NESTA.

Silk, T. (ed.) (1999). *Philanthropy and Law in Asia.* San Francisco, CA. Jossy Bass. Available as a download at www.asianphilathropy.org

Social Finance Inc. (2012). *A New Tool for Scaling Impact: How Social Impact Bonds can mobilize private capital to advance social good.* Boston: US. Social Finance Inc.

Social Investment Fund Foundation (2010). The 2010 Report on Trends in Socially Responsible Investing in the United States. *Social Investment Forum, Washington DC, US.*

Starr, K (2012). The Trouble with Impact Investing – Part 1. *Stanford Social Innovation Review,* 24th January 2012. Stanford, CA. Stanford University.

Tayart de Borms, L. (2005). *Foundations: Creating impact in a globalized world.* London. John Wiley & Sons.

Third Sector (2011). Third Sector Online, 15 June 2011. www.thirdsector.co.uk

Tierney, T. J. & Fleischman, J. L. (2011). *Give Smart: philanthropy that gets results.* New York. Public Affairs.

Tuan, M. (2002). REDF – the evolution of a venture philanthropy fund. *Alliance Magazine.* London, UK.

Wan, G. & Sebastien, I. (2011). *Poverty in Asia and the Pacific: An Update.* ADB Economics Working Paper No. 267. Manila: Philippines. ADB

Yuen, T., Ngai, F., Kan, O. & Yeung, R. (2011). *Money for Good: Global Trends and Local Potentials in Engaged Giving and Social Investing.* Hong Kong SAR. Social Ventures Hong Kong.

Zhao, M. (2012). The Social Enterprise Emerges in China. *Stanford Social Innovation Review,* Spring 2012. Stanford, CA. Stanford University.

Appendix

Mapping of Entrepreneurial Social Finance Ecosystem in Asia

1. Supply

Name	Region	Country	Country (Other)	Primary Typology	Secondary Typology	Website
Myer Foundation	AA	AU		GM	EN	www.meyerfdn.org
Social Ventures Australia	AA	AU		VP		www.socialventures.com.au
Leapfrog Investments	AA	AU		II		www.leapfroginvest.com
Jasmine Social Investments	AA	NZ		VP		www.jasmine.org.nz
LGT Venture Philanthropy	AW			II		www.lgt.com
Insitor Fund	AS	KH		II		insitorfund.com
Shift360 Foundation	AS	KH		II	NF	www.shift360.ch
LGT Venture Philanthropy Philippines	AS	PH		II		www.lgt.com
Lien Foundation	AS	SG		GM		www.lienfoundation.org
apVentures	AS	SG		VP		[no website]
MAM Pte Ltd	AS	SG		VP		[no website]
Social Venture Partners Singapore	AS	SG		VP		[no website]
SE Hub	AS	SG		VP	NF	www.sehub.com.sg
RF Chandler Corporation Creative World Group	AS	SG	IN	II		www.richardchandler.com/creative-world-group
Corridor Asia	AS	TH	IN	II		corridorasia.com
Small Giants	AS	VN		II		www.smallgiants.com.au
China Social Entrepreneur Foundation (YouChange)	NA	CN		VP		www.youcheng.org
Jet Li One Foundation	NA	CN		VP		www.onefoundation.cn

Name	Region	Country	Country (Other)	Primary Typology	Secondary Typology	Website
Narada Foundation	NA	CN		VP		www.naradafoundation.org
More Love Foundation	NA	CN		VP		[no website]
Non Profit Incubator (Lenovo Venture Philanthropy Project)	NA	CN		VP	EN	www.npi.org.cn
LGT Venture Philanthropy China	NA	CN		II		www.lgt.com
Schoenfeld Foundation (Transi.st)	NA	CN		II	EN	schoenfeldfoundation.org
Lanshan Social Investment	NA	CN		II		
Silvercrest Foundation	NA	HK		VP	GM	www.silvercrestfoundation.org
Sow Asia Foundation Ltd	NA	HK		II		www.sowasia.org
ADM Capital Foundation	NA	HK		VP		www.admcf.org
Chen Yet-Sen Family Foundation	NA	HK		VP		www.chenyetsenfoundation.org
Social Ventures Hong Kong	NA	HK		VP		www.sv-hk.org
Synergy Social Ventures	NA	HK		VP		www.synergysocialventures.org
Village People Project Ltd	NA	HK		VP		www.villagepeopleproject.org
Zeshan Foundation	NA	HK		GM	EN	www.zeshanfoundation.org
Social Investors Club	NA	HK		VP		socialinvestorsclub.com
GIVE Venture Partners Ltd	NA	HK		VP		[no website]
New Day Asia	NA	HK		VP		www.newdayasia.org
ETIC	NA	JP		EN	VP	www.etic-j.co.jp
Arun LLC	NA	JP		VP		www.arunllc.com
Social Venture Partners Tokyo	NA	JP		VP		www.sv-tokyo.org
SEEDCap	NA	JP		GM		www.jcie.or.jp/civilnet/philanprograms/seedcap
Sopoong	NA	KR		VP		www.sopoong.net
Flow Inc	NA	TW		VP		www.flow.org.tw
Living Water Social Ventures	NA	TW		II		

Name	Region	Country	Country (Other)	Primary Typology	Secondary Typology	Website
ICICI Foundation	SA	IN		GM	EN	www.icicifoundation.org
Mahindra Education Trust	SA	IN		VP	GM	www.mahindra.com
Edelgive Foundation	SA	IN		VP	EN	www.edelgive.org
Aavishkaar	SA	IN		II		www.aavishkaar.in
Absolute Return for Kids (ARK)	SA	IN		VP		www.arkonline.org
IFMR Trust	SA	IN		IN	SF	www.ifmr.co.in
Lok Capital	SA	IN		II	GM	www.lokcapital.com
Omidyar Network India Advisors	SA	IN		II		www.omidyar.net
SONG Advisors	SA	IN		II		www.songadvisors.com
Deshpande Foundation	SA	IN		VP		www.deshpandefoundation.org
UnLtd India	SA	IN		VP	EN	www.unltdindia.org
Dasra	SA	IN		VP	EN	dasra.org
Kinara Capital	SA	IN		II		www.kinaracapital.com
Ennovent (India)	SA	IN		II		www.ennovent.com
American India Foundation	SA	IN		VP		www.aif.org
Shell Foundation (India)	SA	IN		VP		www.shell.com
Gray Matters Capital (GMC) Foundation	SA	IN		VP		www.grayghostventures.com
Voxtra	SA	IN	KR	VP		www.voxtra.org
Acumen Fund (Pakistan)	SA	IN		II		www.acumenfund.org
Acumen Fund (India)	SA	IN	PK	II		www.acumenfund.org
SCA Charitable Foundation	SA	IN		VP	EN	scacharitablefoundation.com
First Light Ventures | Village Capital	SA	IN		II	EN	firstlightventures.com
Villgro	SA	IN		VP	EN	www.villgro.org

2. Intermediates

Name	Region	Country	Country (Other)	Primary Typology	Secondary Typology	Website
Dana Asia	AA	AU		AD		www.danaasia.org
Swinburne University – Asia Pacific Centre for Social Investment & Philanthropy	AA	AU		AR		www.swinburne.edu.au/business/philanthropy
QUT Business School – The Australian Centre for Philanthropy & Nonprofit Studies	AA	AU		AR		www.bus.qut.edu.au/research/cpn
Centre for Social Impact	AA	AU		AR		www.csi.edu.au
Philanthropy Australia	AA	AU		EN		www.philanthropy.org.au
School for Social Entrepreneurs (SSE)	AA	AU		EN		www.sse.org.au
The Australian Centre for Social Innovation	AA	AU		EN		www.tacsi.org.au
New Zealand Entrepreneurs Fellowship	AA	NZ		EN		www.nzsef.org.nz
Philanthropy New Zealand	AA	NZ		EN		www.philanthropy.org.nz
Center for Entrepreneurship, Change and Third Sector	AS	ID		IN		www.cect-usakti.org
Indonesian Social Entrepreneurship Association	AS	IN		EN		www.aksi-indonesia.org
CECT USAKTI at Trisaki University	AS	IN		EN		www.cect-usakti.org
New Ventures Indonesia	AS	IN		BR	NF	new-ventures.or.id
The Pari Project	AS	KH		NF		www.thepariproject.com
PhilSEN (Philippine Social Enterprise Network)	AS	PH		EN		philsocialenterprisenetwork.com
Institute for Social Entrepreneurship in Asia	AS	PH		EN		www.isea-group.ne
SymAsia	AS	SG		AD		www.symasia.com
NUS Business School – Asia Centre for Social Entrepreneurship & Philanthropy	AS	SG		AR		bschool.nus.edu/acsep

Name	Region	Country	Country (Other)	Primary Typology	Secondary Typology	Website
Impact Investment Exchange Asia (IIX Asia)	AS	SG		BR		www.asiaiix.com
Singapore Management University – Lien Centre for Social Innovation	AS	SG		EN		www.lcsi.smu.edu.sg
Social Enterprise Association	AS	SG		EN		www.seassociation.sg
Social Innovation Park Ltd	AS	SG		EN		www.socialinnovationpark.org
Absolute Impact Partners Pte Ltd	AS	SG		EN		[no website]
Qi GLOBAL	AS	SG		EN		www.qi-global.com
BoP HUB	AS	SG		EN		[no website]
Thammasat University – Center of Sustainable Enterprise	AS	TH		AR		www.tbs.tu.ac.th
Thai Social Enterprise Office	AS	TH		EN		www.tseo.or.th
Change Fusion Institute	AS	TH		EN	BR	www.changefusion.org
UnLtd Thailand	AS	TH		EN		www.unltd.in.th
Center for Social Initiatives Promotion (CSIP)	AS	VN		EN	VP	www.doanhnhanxahoi.org
Asian Venture Philanthropy Network (AVPN)	AW			EN	IN	www.avpn.asia
Family Business Network Asia	AW			EN		www.fbnasia.org
Social Venture Group	NA	CN		AD		www.socialventuregroup.com
Venture Avenue	NA	CN		AD		www.ventureavenue.com
New Philanthropy Partners	NA	CN		AD		www.nppcn.com
Beijing Normal University – One Foundation Philanthropy Research Institute	NA	CN		AR		[no website]
Dao Partners	NA	CN		BR		www.daopartners.com
NPO Development Center (NDC)	NA	CN		EN		npodevelopment.org

Name	Region	Country	Country (Other)	Primary Typology	Secondary Typology	Website
The British Council Skills for Social Entrepreneurs Programme	NA	CN		EN		dsi.britishcouncil.org.cn
China Foundation Center	NA	CN	IN	EN		en.foundationcenter.org.cn
China Philanthropy Incubator (BSR CiYuan)	NA	CN		EN	AD	ciyuan.bsr.org
Shanghai Social Innovation Park (The Nest)	NA	CN		EN		www.the-nest.org.cn
InnoCSR Co. Ltd	NA	CN		EN		www.innocsr.com
Global Links Initiative	NA	CN		EN		www.glinet.eu
Collective Responsibility	NA	CN		EN		www.collectiveresponsibility.org
Foundation for Youth Social Entrepreneurship	NA	CN		EN		www.fyse.org
Golden Bridges	NA	CN		EN		www.goldenbridges.org
China Development Brief	NA	CN		IN		chinadevelopmentbrief.com
New Ventures China	NA	CN		BR	NF	www.new-ventures.org.cn
Grace Financial Ltd	NA	HK		AD		www.gracefinancialltd.com
Chinese University of Hong Kong – Hong Kong Social Enterprise Challenge	NA	HK		AR	EN	www.hksec.hk
Hong Kong Social Enterprise Summit	NA	HK		EN		www.social-enterprise.org.hk
HK Social Entrepreneurship Forum	NA	HK		EN		www.hksef.org
HKCSS SE Business Centre	NA	HK		EN		sebc.org.hk
Social Enterprise Incubation Centre	NA	HK		EN		www.seic.hk
Bright China Group	NA	HK		EN		www.brightchinagroup.com
Hong Kong Social Enterprise Challenge	NA	HK		EN		hksec.hk

Name	Region	Country	Country (Other)	Primary Typology	Secondary Typology	Website
Avantage Ventures	NA	HK		AD		www.avantageventures.com
Keio University	NA	JP		AR		www.keio.ac.jp
Charity Platform	NA	JP		EN		www.charity-platform.com
SEN Korea	NA	KR		EN		sen.ac/eng/sen
Asia Social Entrepreneurs Summit	NA	KR		EN		asiases.org
Change Fusion Nepal	NA	NP		EN		www.changefusionnepal.org
Fu-Jen Catholic University – Taiwan Social Entrepreneurship Forum	NA	TW		AR	EN	www.gbm.fju.edu.tw/seiseminar/index.php/pagelink/en_origin
Living Water Social Ventures (LWSV)	NA	TW		BR		[no website]
Centre for the Advancement of Philanthropy	SA	IN		AD		[no website]
Innovaid	SA	IN		AD		www.innovaid.in
D-Capital Partners (Dalberg Global Advisory)	SA	IN		AD		www.dcapitalpartners.com
Indian School of Business – Center for Emerging Markets Solutions	SA	IN		AR		www.isb.edu/cems
The Tata Instutute for Social Services	SA	IN		AR		www.tiss.edu
SP Jain Institute of Management & Research	SA	IN		AR		www.spjimr.org
Samhita.org	SA	IN		BR	AD	www.samhita.org
Unitus Capital	SA	IN		BR		www.unituscapital.com
Intellecap	SA	IN		BR		www.intellecap.com
Artha Platform	SA	IN		BR		www.arthaplatform.com
Charities Aid Foundation India	SA	IN		EN		cafindia.org
National Social Entrepreneurship Forum	SA	IN		EN		www.nsef-india.org
Nand & Jeet Khemka Foundation	SA	IN		EN		www.khemkafoundation.org

Name	Region	Country	Country (Other)	Primary Typology	Secondary Typology	Website
National Social Entrepreneurship Forum	SA	IN		EN		nsef-india.org
Monitor Inclusive Markets	SA	IN		IN		www.mim.monitor.com
New Ventures India	SA	IN		BR	NF	www.newventuresindia.org
Center for Social Innovation and Entrepreneurship | IIT Madras	SA	IN		EN		csie.iitm.ac.in
Intellecap	SA	IN		IN	EN	www.intellecap.com
Start Up (India)	SA	IN		NF		www.startup-india.org
Grameen Capital India Limited	SA	IN		AD		grameencapital.in
Caring Friends	SA	IN		NF		
Invest2Innovate	SA	PK		EN		invest2innovate.com

3. Policy

Name	Region	Country	Country (Other)	Primary Typology	Secondary Typology	Website
Home Affairs Bureau, Hong Kong SAR Government	AS	HK		EN		www.hab.gov.hk
Ministry of Development, Youth & Sports (MCYS)	AS	SG		EN	GM	www.mcys.gov.sg
Economic Development Board of Singapore IO Programme Office	AS	SG		EN	GM	www.edb.gov.sg
Ministry of Community Development Youth and Sports (MCYS)	AS	SG		EN		app1.mcys.gov.sg

KEY

Geographic Regional	AA	Australasia
	AS	Southeast Asia
	SA	South Asi
	NA	North Asia
	AW	Asia Wide
Country	AU	Australia
	CN	China
	HK	Hong Kong SAR
	IN	India
	ID	Indonesia
	JP	Japan
	KH	Cambodia
	KR	South Korea
	NZ	New Zealand
	PH	Philippines
	PK	Pakistan
	SG	Singapore
	TH	Thailand
	TW	Taiwan
Ecosystem	S	Supply
	I	Intermediation
	P	Policy
	VP	Venture Philanthropy fund
	CF	Co-funder
	II	Impact investor
	SF	Specialist Funder
	GM	Grant maker
	NF	Non-financial services provider
	BR	Broker
	IN	Intelligence provider
	AD	Advisory services
	EN	Enabler
	RE	Regulator
	AR	Academic research

Asia Centre for Social Entrepreneurship and Philanthropy

LICENCE TO PUBLISH

The wording of this Licence is used with the permission of The Skoll Centre for Social Entrepreneurship, Said Business School, University of Oxford.

The work (as defined below) is provided under the terms of this licence (“licence”). The work is protected by copyright and/or other applicable law. Any use of the work other than as authorized under this licence is prohibited. By exercising any rights to the work provided here, you accept and agree to be bound by the terms of this licence. Asia Centre for Social Entrepreneurship and Philanthropy grants you the rights contained here in consideration of your acceptance of such terms and conditions.

1. **Definitions**

   a. “Collective Work” means a work, such as a periodical issue, anthology or encyclopaedia, in which the Work in its entirety in unmodified form, along with a number of other contributions, constituting separate and independent works in themselves, are assembled into a collective whole. A work that constitutes a Collective Work will not be considered a Derivative Work (as defined below) for the purposes of this Licence.

   b. “Derivative Work” means a work based upon the Work or upon the Work and other pre-existing works, such as a musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which the Work may be recast, transformed, or adapted, except that a work that constitutes a Collective Work or a translation from English into another language will not be considered a Derivative Work for the purpose of this Licence.

   c. “Licensor” means the individual or entity that offers the Work under the terms of this Licence.

   d. “Original Author” means the individual or entity who created the Work.

   e. “Work” means the copyrightable work of authorship offered under the terms of this Licence.

   f. “You” means an individual or entity exercising rights under this Licence who has not previously violated the terms of this Licence with respect to the Work, or who has received express permission from the Skoll Centre to exercise rights under this Licence despite a previous violation.

2. **Fair Use Rights.** Nothing in this licence is intended to reduce, limit, or restrict any rights arising from fair use, first sale or other limitations on the exclusive rights of the copyright owner under copyright law or other applicable laws.

3. **Licence Grant.** Subject to the terms and conditions of this Licence, Licensor hereby grants you a worldwide, royalty-free, non-exclusive, perpetual (for the duration of the applicable copyright) licence to exercise the rights in the Work as stated below:

   a. to reproduce the Work, to incorporate the Work into one or more Collective Works, and to reproduce the Work as incorporated in the Collective Works;

   b. to distribute copies or phonorecords of, display publicly, perform publicly, and perform publicly by means of a digital audio transmission the Work including as incorporated in Collective Works. The above rights may be exercised in all media and formats whether now known or hereafter devised. The above rights include the right to make such modifications as are technically necessary to exercise the rights in other media and formats. All rights not expressly granted by Licensor are hereby reserved.

4. **Restrictions.** The licence granted in Section 3 above is expressly made subject to and limited by the following restrictions:

   a. You may distribute, publicly display, publicly perform, or publicly digitally perform the Work only under the terms of this Licence, and You must include a copy of, or the Uniform Resource Identifier for, this Licence with every copy or phonorecord of the Work You distribute, publicly display, publicly perform, or publicly digitally perform. You may not offer or impose any terms on the Work that alter or restrict the terms of this Licence or the recipients’ exercise of the rights granted hereunder. You may not sublicence the Work. You must keep intact all notices that refer to this Licence and to the disclaimer of warranties. You may not distribute, publicly display, publicly perform, or publicly digitally perform the Work with any technological measures that control access or use of the Work in a manner inconsistent with the terms of this Licence Agreement. The above applies to the Work as incorporated in a Collective Work, but this does not require the Collective Work apart from the Work itself to be made subject to the terms of this Licence. If You create a Collective Work, upon notice from any Licencor You must, to the extent practicable, remove from the Collective Work any reference to such Licensor or the Original Author, as requested.

b. You may not exercise any of the rights granted to You in Section 3 above in any manner that is primarily intended for or directed toward commercial advantage or private monetary.

The Emerging Ecosystem of Entrepreneurial Social Finance in Asia

Entrepreneurial Social Finance in Asia: Working Paper No. 1

The term Entrepreneurial Social Finance (ESF) captures a growing number of financing models that focus on providing capital and non-financial support to social entrepreneurs and entrepreneurial social ventures. ESF is a broad canopy of practices that includes models such as 'venture philanthropy' and 'impact investing'. In social financing, this approach is a cultural shift from 'donor' to 'investor' in the relationship with those seeking capital, operating across a wide spectrum of financial inputs, risk appetite and expectations of return on investment.

With the globalisation of social entrepreneurship, interest in entrepreneurial social finance is rapidly evolving in many parts of Asia, with the potential to offer Asia's social entrepreneurs many of the resources they require to initiate their ventures and grow them to scale, and offer investors the maximum return on philanthropic capital.

The purpose of this series of working papers is to chart the development of entrepreneurial social finance in Asia and critically assess its impact.

NUS National University of Singapore | NUS BUSINESS SCHOOL

Asia
Centre for
Social
Entrepreneurship and
Philanthropy