

Stakeholder Research for Successful Investment in South East Asia

Executive Summary

This study will examine how Japanese investors, foundations, and corporations can help solve local social problems by providing funds and other resources to Small and Growing Businesses (SGBs) in Southeast Asia.

Based on a review of previous studies, this study first identified four conditions: awareness and intent, access to networks, identification of potential investment destinations, and policy and regulation. Then, based on a review of these four conditions, interviews were conducted with different stakeholders, including investors, companies, entrepreneurs, and intermediary organizations, to ascertain the current status of investment and linkages from Japanese investors to SGBs and to investigate what kind of ecosystem would be needed in order to expand upon these. In addition, opinions were collected on what initiatives were required of stakeholders in order for the ecosystem to more effectively fulfill its role.

The results revealed that examples of Japanese investors and corporations' investments in and partnerships with Southeast Asian SGBs with social intentions are limited, and that recognition of solving social issues, especially those related to gender, through investments and projects is still a newly developing process. Difficulties of the non-profit sector, including foundations, participating in the areas of investment and business based on market mechanisms were also recognized.

On the other hand, there are expectations for the non-profit sector, including foundations, in areas such as participation as LP investors in investment funds, providing knowledge on the impact of social issues, building meta-networks to help connect other networks, and advocacy on policies. It was confirmed that there is potential to implement these projects.

Based on awareness of these issues, future research will focus on the roles, functions, and effective operation of these network organizations, the motivations of individual stakeholders to participate in these networks and platforms, and how the networks and platforms can be positioned and implemented as effective measures to influence the direction of policies in Japan and Southeast Asian countries.

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1.

Background and purpose of this study

1-1. Background and purpose of this study

Between 2010 and 2020, Southeast Asian countries have¹ averaged annual growth rates of more than 5%. Important economic and political reforms have taken place, improving the business environment and paving the way for possible foreign investment. According to UNDP (United Nations Development Programme), an estimated 132 million people in Southeast Asia have been lifted out of poverty between 2000 and 2015². Despite this significant progress, Southeast Asia still continues to face significant development challenges.

This study will examine how Japanese investors, foundations, and corporations can help solve local social issues by providing funds and other resources to SGBs in Southeast Asia.

In order to create an environment in which these SGBs can play an active role in solving social issues in Southeast Asia through these economic activities, it is essential to understand the barriers faced by entrepreneurs in Southeast Asia and support and promote social investment to expand the social impact of SGBs in the region and beyond. There is a need to encourage philanthropists and impact investors to take action.

Therefore, this study was conducted to obtain suggestions on how stakeholders, including those in the foundation sector, can contribute to the realization of social impact and equitable economic development in Southeast Asia through the promotion of future projects. Through review of previous research, case studies, and interviews with different stakeholders, including investors, corporations, entrepreneurs, and intermediary organizations, this study hopes to gain insight into how to increase the flow of funds from Japanese stakeholders to SGBs in Southeast Asia.

1-2. Subject of this study

The main target of this study is SGBs, defined by ANDE (Aspen Network of Development Entrepreneurs) as "companies with 5-250 employees that have significant growth potential and ambition"³. With the expectation that the development of these SGBs in Southeast Asia will promote the resolution of various social issues in local economies and societies, investors, foundations, intermediary organizations, etc., were asked to participate in a survey to strengthen the relationship between various stakeholders, including Japanese investors and companies, and entrepreneurs in Southeast Asia. They were also asked to consider what kind of projects could be implemented to help solve these issues. Against this background, the scope of the study will include not only SGBs, but also the broader ecosystem of stakeholders related to SGBs and their relationships.

As an additional subject of this study, we will also examine the possibility of realizing social impact from a gender-based perspective through investments in SGBs by women entrepreneurs. Especially in a society like Southeast Asia, where many women are engaged in both formal and informal economic activities, diverse social impacts can be expected by using female-led economic activities as a leverage point.

In this study report, the "managers of SGBs," the subject of this study, are referred to as "entrepreneurs". Additionally, women who have founded (started) companies are referred to as "female entrepreneurs".

1 -Yasuyuki Sawada, 2021, p.17

2 -UNDP, 2017, p. 10

3 -Aspen Network of Development Entrepreneurs, <https://www.andeglobal.org/why-sgbs/>

1-3. Awareness of the problems and limiting factors of this study

1-3-1. Awareness of the problems in this study

The problematic issue in this study is the possibility of building an ecosystem in Southeast Asia to realize the potential of businesses that seek to solve various social issues, particularly through economic activities. In solving social issues, there is a certain advantage in improving economic status vis-à-vis promoting political participation. The reason for this is that it can serve as a driver to overcome social barriers through the demonstration of the latent entrepreneurial potential in the local Southeast Asian region, without having to work directly with local policies or social institutions. For politically and socially disadvantaged actors, participating in business activities through market mechanisms as entrepreneurs has the potential to overcome those barriers through economic activities. While it usually takes a long period of time and the following of proper processes to bring about change in political institutions and social prejudices, a good business model and management strategy can offer a quick solution to these challenges through economic activities.

For example, microfinance has provided many micro-entrepreneurs with the means to escape poverty through entrepreneurship in a market economy, and fair trade in developing countries provides micro-enterprisers with opportunities to increase income and create jobs through exports to developed countries. Through participation in such economic activities, issues such as children not having sufficient access to schooling and poor-quality health care can be expected to be addressed.

Based on this awareness of the issues, this study will examine, through interviews, what perspec-

tives Japanese angel investors, venture firms, and corporations have on investing in Southeast Asian entrepreneurs, and what they perceive to be as a potential investment opportunity. At the same time, by understanding how some of the success stories were realized, we will hypothesize about the conditions under which the local entrepreneurial ecosystem in Southeast Asia and the investment market linking Japan and Southeast Asia can function. We will also conduct a series of interviews with investors, entrepreneurs, intermediary organizations, etc., to discuss the findings and conclusions of this study. At the same time, the previously mentioned gender-based perspective on investment will be examined.

1-3-2. Limiting factors in this study

This study focuses on the relationship between SGBs and Japan in Southeast Asia and is not a study of general measures for the promotion of SGBs. Another limitation is that the study mainly focused on promotion measures that utilized the resources of Japanese investors and companies, and thus did not fully examine other promotion measures.

Data in this study was collected through a review of previous studies and case studies against resources, including the list of references listed in the bibliography, and through interviews with a total of 21 stakeholders, reflecting the situation in Japan and Southeast Asia as of December 2021, when the survey was conducted. It should be noted that the scope of this study is limited in that it is based on a limited number of case studies.

1-4. Study process

This study was conducted by AVPN staff during the 5 months between September 2021 and January 2022 using the following process:

(1) Review of previous studies

Based on previous research conducted by AVPN, material referencing the ecosystem relating to SGB growth, the market environment surrounding SGBs in Southeast Asia, policies and support programs, etc., were reviewed. Literature relating to SGB-related investment and business alliances between Japan and Southeast Asia were also referenced. A list of the references is provided in A.

(2) Gathering examples of benchmarking initiatives

Based on a review of previous studies, we examined in detail examples of support measures for SGBs in Southeast Asia and measures related to the promotion of investment and other activities that may be relevant to this study. We also reviewed the findings from these activities.

(3) Creation and analysis of stakeholder map

Based on a review of these previous studies and a discussion of existing case studies of initiatives, a comprehensive list of stakeholders related to SGBs in Southeast Asia was compiled and classified into six categories: SGBs, investors, public organizations, intermediary organizations, corporations, and other organizations. In addition, we organized the events regarding the role and involvement of each stakeholder in solving local social issues through the growth of SGBs.

(4) Development of research hypotheses and interview design based on information from previous research and analysis

Next, based on information from these previous studies, hypotheses were developed about what factors would have a significant impact on the de-

velopment of SGBs in Southeast Asia, and how the stakeholders identified above would benefit from being involved in this process.

(5) Design and conduct interviews

Based on the stakeholder map created, a total of 21 businesses, companies, and organizations that were representative examples in each stakeholder category were selected as interviewees (interviewees are listed in C-2). Based on the research hypotheses in this study, a questionnaire for investors and businesses was developed for the interviewees, and was conducted in the form of semi-structured interviews using a videoconferencing system, which were recorded and used in the analysis. The interview transcripts are presented in Appendix C-3.

(6) Review of previous studies and analysis of findings from interviews

Based on a review of previous studies and case studies, as well as findings from the interviews, we tested the interview results based on our hypotheses and analyzed what conditions would best promote Japanese investment, etc. in SGBs in Southeast Asia.

(7) Preparation of recommendations

Finally, based on these analyses, recommendations were compiled on how stakeholders, including the Japanese foundation sector, could implement different approaches to support the development of Southeast Asian SGBs and women-led SGBs, such as investment, business partnerships, technical cooperation, and program implementation.

2.

SGBs and the venture investment ecosystem in Southeast Asia

This chapter provides an overview of the market environment for venture investment in Southeast Asia, the target of this study. It then identifies existing initiatives by international organizations to build an ecosystem for venture investment in Southeast Asia, as well as the stakeholders who can be expected to play an important role in the venture investment ecosystem. The roles of the stakeholders (SGBs, investors, public foundations, intermediary organizations, public organizations, intermediary organizations, and corporations) will be discussed.

Size and Characteristics of Venture Investment Markets in Southeast Asian Countries

The total amount of venture funding in Southeast Asian countries has increased year by year from 2009-2018, with Singapore and Indonesia leading other countries by a wide margin. Singapore and Indonesia have raised about US\$5.2 billion and US\$3.8 billion, respectively⁴. On the other hand, considering that Japanese startups raised about US\$3.4 billion in the same year, it is clear⁵ that they have a certain scale. In terms of the share of funding raised by unicorn⁶ companies in 2018, they accounted for 53% of the total in Singapore and 92% in Indonesia⁷.

Ventures in Singapore are mostly B2C business startups, but are currently expanding their⁸ growth by focusing on the use of deep tech. This is due to the abundance of global IT centers, bringing with them a wealth of human resources, and the government's⁹ willingness to improve the environment and provide generous support in order to increase tax revenues by attracting overseas companies. In terms of investment, Singapore is attracting a diverse range of investors, including global companies, which are using Singapore as a base for ex-

pansion into Southeast Asia¹⁰. On the other hand, the lack of an IPO system, frequent changes in government support policies, and the domestic orientation of entrepreneurs are some of the issues that need to be addressed¹¹.

Meanwhile, in Indonesia, the amount of venture funding has been increasing year by year, with an average annual growth rate of 137% between 2012 and 2018, of which, as mentioned above, 90% is from unicorn companies¹². Trends in venture business include: intensifying market competition in the B2C market, expansion of financial service businesses for individual stores and SMEs, and underdevelopment of advanced technology due to overheated price competition and a shortage of skilled human resources to support startups¹³. In addition, the Exit environment for startups is not sufficiently developed, and M&A is considered a realistic option due to the expected capital gains¹⁴. The government has pointed out the need to resolve the shortage of human resources, especially those involved in startups, as a key to future growth, and is implementing a human resources development program.

Position of Japanese investors and Japanese-affiliated companies in Southeast Asia

Regarding the position of Japanese investors in the venture investment market in Southeast Asia, it has been pointed out that their presence in Southeast Asia is declining due to Japan's economic stagnation¹⁵ and the financial strength of¹⁶ Japanese VCs compared to Chinese and U.S. VCs. In the Japanese market, there are markets suitable for startups such as TSE Mothers, and the IPO environment for Japanese venture companies is well-developed, so there is the view that no strong motivation can

4 - Ministry of Economy, Trade and Industry and PwC, 2020, "Current Status of Startup Investment in Southeast Asia and India and Recommendations for Japanese Companies", p.13

5 - Ibid, P14

6 - Here, "unlisted companies with an estimated enterprise value of US\$1 billion (¥100 billion) or more" are considered.

7 - Ministry of Economy, Trade and Industry and PwC, 2020, p.17

8 - Ministry of Economy, Trade and Industry and PwC, 2020, p.47

9 - Ministry of Economy, Trade and Industry and PwC, 2020, p.49, p.55

10 - Ministry of Economy, Trade and Industry and PwC, 2020, p.51

11 - Ministry of Economy, Trade and Industry and PwC, 2020, p.53, p.58

12 - Ministry of Economy, Trade and Industry and PwC, 2020, p.60

13 - Ministry of Economy, Trade and Industry and PwC, 2020, pp. 62-64

14 - Ministry of Economy, Trade and Industry and PwC, 2020, p.72

15 - Iwasaki, 2020, p.23

16 - Ministry of Economy, Trade and Industry and PwC, 2020, p.68

be found for Japanese VC's to venture into the cross-border Southeast Asian market¹⁷. In contrast, one of the future possibilities for Japanese investors in Southeast Asia is to attract Southeast Asian startups to list on TSE Mothers¹⁸. Currently, most exits are through M&A, so an IPO in Japan would be a new option for Japanese investors, and it would also allow¹⁹ them to build a network in Japan.

Regarding partnerships between Japanese companies and Southeast Asian startups, the Japan Research Institute (2020) reports that there were 73 major partnerships during the nine-year period from 2010 to 2019, which gives the view that these partnerships are limited²⁰. Many Japanese companies are collaborating with Southeast Asian startups for the reasons of developing new markets and responding to the latest technologies and trends,²¹ while Southeast Asian companies' main²² purposes of collaboration are (1) to acquire Japanese companies' technologies, (2) to utilize the networks that Japanese companies have established in Asia, and (3) to gain a foothold to enter the Japanese market.

Stakeholders that form the ecosystem

From the awareness of the issues in this study and the above overview, in order to promote the development of SGBs in Southeast Asia, and to promote investment in SGBs that contribute to solving social issues, it is necessary not only to reach out directly to potential investors, but also to develop an ecosystem surrounding investment in SGBs. An understanding of how to create dynamism within the ecosystem is needed. This is because it is difficult to expect to solve social issues such as widening income inequality and gender gap through "market failure" based on market mechanisms if one merely expects development based on the existing market environment. In order to address these issues in

the existing social system and to realize solutions to social issues through the utilization of economic opportunities, as described in Chapter 1, it is necessary to build an ecosystem for venture investment, which will be supported and encourage action by not only investors and venture companies, but also different stakeholders such as government, intermediary organizations, and networking organizations.

In the next section, we will discuss what role these stakeholders play in terms of investment from Japan to Southeast Asia and the provision of various resources, and what kind of stakeholders currently exist. We will also summarize what kind of initiatives each of these stakeholders would be expected to take when considering projects for ecosystem development, based on findings from the existing literature. These arrangements will constitute the hypotheses that will be tested through interviews in this next step.

2-1. SGBs in Southeast Asia

2-1-1. SGBs

As mentioned in Chapter 1, the promotion of investment in SGBs in Southeast Asia, the subject of this study, requires as a prerequisite that stakeholders, including investors, have an appropriate awareness of how these SGBs can contribute to solving local social issues in Southeast Asia.

It is also necessary to recognize that different segments of SGBs exist. In general, SGBs, which are established with business as their vehicle to realize their social mission, grow at a slower rate than general commercial-based ventures because they prioritize the realization of social impact over business

17 - Ministry of Economy, Trade and Industry and PwC, 2020, p.68

18 - Iwasaki, 2020, p.25

19 - Iwasaki, 2020, p.28

20 - Kaori Iwasaki, "Evolution of Southeast Asian Startups and Increasingly Active Collaboration with Japanese Companies - Prospects for a TSE Mothers Listing," 2020, p.12-15

21 - Kaori Iwasaki, 2020, p.15

22 - Iwasaki, 2020, p.21

growth, making them more difficult for investors to target for investment. However, SGBs as identified by ANDE are defined based on their growth orientation and the stage of their company, rather than on the level of social impact they do or don't have, as this, depending on the industry and business type, is what can make them a potential target for external investment.

For example, many investors expect initial investment in venture companies in Southeast Asia with high growth potential, such as Grab and Bukalapak, and VCs are particularly interested in investing in these companies. Venture companies with high growth potential are expected to have a large social impact in terms of job creation and other aspects associated with economic growth. However, because these high-growth ventures are financed by commercial funds, the theme of this study, "solving local social issues by building an ecosystem that promotes investment in socially oriented SGBs," is not applicable to these ventures. It is assumed that this would be out of scope. This is because additionality cannot be expected when the non-profit sector, including foundations, invests money in these companies in the form of donations, grants, or social investments.

Based on these considerations, the case studies in this study were targeted at SGBs in Southeast Asia that have the potential to solve local social issues through their business activities and that may be eligible for foreign investment.

Whilst there is a lack of statistical data on the definition of SGBs, the proportion of entrepreneurship led by women in Southeast Asia, which are a focus of this study, is reported by the Global Entrepre-

neurship Monitor (GEM). The GEM shows the percentage of entrepreneurs in the 18-64 age group²³ by TEA (Total Entrepreneurial Activity, Total Entrepreneurial Activity Index) (Table 2). In the 2019 report, Indonesia, Vietnam, Malaysia, and Thailand are among the Southeast Asian countries it mentions. In Indonesia, the percentage was 14.1%; in Thailand, 19.3%; in Malaysia, 20.1%; and in Vietnam, the percentage was the highest among the four countries at over 24%²⁴. On the other hand, a comparison of the percentage of male and female TEAs in these four countries shows that the percentage of female TEAs in Vietnam is higher than that of male TEAs at 1.1, and in Malaysia it is higher than the global average at 0.9, although there were differences between the countries. However, not all of these entrepreneurial ventures have the same motivation: the GEM survey shows that²⁵ about 27% of female entrepreneurs worldwide reported that their reason for starting a business was "out of necessity (e.g., lack of other sources of income)," which is higher than the 21% of men. In this regard, Indonesia had the highest percentage of women who said they started a business out of necessity at 28%, while the other three countries had percentages lower than the global average at 18.7% in Thailand, 18.1% in Vietnam, and 7.7% in Malaysia²⁶. Overall, the results indicate that women are more present in entrepreneurship in Vietnam, and that their motivation is to seek new opportunities. Whereas in Indonesia, many women are in business to make a living, indicating that the percentage of women who start their own businesses remains low compared to the other three countries.

23 - Here we refer to the percentage of entrepreneurs in the same age group aged 18-64 who have not earned a salary for more than the initial 3 months or who have had their business for less than 3-42 months from startup.

24 - GEM, 2019, Global Entrepreneurship Monitor 2018/2019 Women's Entrepreneurship Report, pp. 74-75, <https://www.gemconsortium.org/report/gem-20182019-womens-entrepreneurship-report>, accessed November 2021

25 - GEM, 2019, p. 22

26 - GEM, 2019, pp. 74-75

Table 1 : Differences in Total Entrepreneurial Activity (TEA) indicators by country and gender

Country Name	Male TEA	Female TEA	Ratio of Female TEA /Male TEA
Vietnam	21.7%	24.7%	1.1
Thailand	20.1%	19.3%	1.0
Indonesia	14.0%	14.1%	1.0
Malaysia	23.0%	20.1%	0.9
Japan	6.7%	4.0%	0.6
World average	13.9%	10.2%	0.7

Based on Global Entrepreneurship Monitor 2018/2019 Women's Entrepreneurship Report²⁷)

In contrast to the extensive participation of women in economic activities through these business creation processes, the fact that the percentage of women-led firms as investment targets, discussed below, is less than 1% of all firms in Southeast Asia, is an important contrast when considering the gender balance in economic activities. In other words, in Southeast Asian countries, women participate in economic activities to the same extent as men, bear the household burden, and support the economy of the society as a whole, yet their privately financed investments are very limited. Herein lies the potential for contributing to the resolution of various social issues by promoting women-led investment in SGBs, which is a focus of this study.

2-1-2. Network organization of venture companies

For the development of the investment ecosystem for SGBs in Southeast Asia, there are not only investors and venture companies, but also various stakeholders who support these investment ecosystems. In particular, the formal and informal networks that connect these investors and venture firms play an important role in investment.

An example of a venture business networking organization is the Entrepreneur's Organization (EO). Founded in 1987, the EO is a global network consisting of over 14,000 young entrepreneurs from 198

countries in 61 countries, who all have annual sales in excess of US\$1 million. Another network organization that is relevant to Japan is the ²⁸ WAOJE (World Association of Overseas Japanese Entrepreneurs), a network of Japanese entrepreneurs based overseas. In 2017, the name was changed to "WAOJE" as an organization aiming for global expansion²⁹. It has 26 offices around the world, with a focus on three regions: East Asia, ASEAN, and Japan.

Women entrepreneurial communities in Southeast Asia include LadyBOSS, AWEN (Asian Women Entrepreneurs Network), AWSEN (Asian Woman Social Entrepreneurs Network), and CRIB (Creating Responsible & Innovative Business).

As for networking activities by investors, the Japan Venture Capital Association (JVCA), established in 2002, is the only association organization of venture capitalists in Japan, with 42 companies registered as members. As for angel investor networking, the Startup Angel Network Association (SANA) was established in November 2017 by the Organization for Small & Medium Enterprises and Regional Innovation, Japan (SMEs). As for overseas angel investor organizations, KEIRETSU was established in the United States.

Column: Startup Socialization and Social Finance

There is no doubt that the development of the startup market in Southeast Asia, and especially social impact-oriented finance, will contribute to solving social issues locally in Southeast Asia via the development of employment and economic activities through the development of SGBs. However, the social impact of investments in these businesses will vary greatly depending on whether the social impact from the growth of SGBs is primarily focused on solving economic issues through employment and business activities, or whether it is oriented toward social impact which provide products and services that solve issues faced by socially vulnerable groups and promote solutions to social problems, as seen in social enterprises.

The expansion of the ESG investment market in recent years, combined with the growing interest in corporate social responsibility, has led to a shift in the financial market from financing that aims to maximize the financial value of the investee company to financing and management based on the concept of social finance, which aims to balance the business and social aspects of the business being managed. This has³⁰ led to a shift in interest toward a new way of thinking. In this concept of social finance, investment is not limited to for-profit corporations such as joint-stock companies, but a wide range

of entities including non-profit corporations and associations are recognized as the main entities³¹. In addition, the recent expansion of the potential for innovation through digitalization, the global promotion of environment-related policies, and the emergence of the SDGs have increased the demand for private companies to address social issues, and this has accelerated the movement to solve social issues through business, particularly through business creation. Coupled with an orientation toward increasing value, venture investment is also showing increasing interest in realizing social impact through investment³².

This trend can be seen in many countries globally, and in Southeast Asia, the ESG and impact investment markets are expanding, and investors are becoming increasingly focused on social impact. These trends are encouraging the expansion of opportunities to realize the potential social impact of SGBs.

In recent years, the concept of a "social IPO (social initial public offering)" has emerged in venture company investment. Social IPO is a term coined by Yusuke Mizuno, CEO of Life is Tech, Inc, an educational startup specializing in IT and programming education for junior high and high school students, to describe a venture company with a strong social mission that can share its social nature as a key management indicator when raising funds³³. The intent is to seek funding from

27 - GEM, 2019, pp. 74-75

28 - Entrepreneurs' Organization, <https://hub.eonetwork.org/>, accessed November 2021

29 - World Association of Overseas Japanese Entrepreneurs (WAOJE), "Who We Are", <https://waoje.net/aboutus>, accessed November 2021

30 - Tsutomu Horiuchi, 2019, "Bringing 'Sociality' to Capital Markets: The World of 'Social IPOs'", Forbes Japan, <https://forbesjapan.com/articles/detail/28982>, 2021 Accessed 25on Nov.

31 - Tsutomu Horiuchi, 2019

32 - Iwasaki, Kaori, 2021, "Startups Pioneering Social Problem-Solving Businesses: Implications from Digital Innovation of Western Startups," JRI Review Vol. 9, No. 93, <https://www.jri.co.jp/page.jsp?id=39513>, accessed November 2021

33 - Tsutomu Horiuchi, 2019

investors and avoid mission drift caused by the divergence between a company's management philosophy and shareholder values after the initial public offering. This trend is attracting attention as a move that requires companies to emphasize not only profitability, but also the social impact of their business when listing their shares, and to fully evaluate the impact produced by the company in a way that shareholders can understand³⁴.

The term "SDGs IPO" has been coined as a concept similar to a social IPO, and the first company to actually list itself on the First Section of the Tokyo Stock Exchange under this concept is Poppins Holdings, a nursery school operator³⁵. The company will use the funds only for projects that help solve social issues, such as the construction of new childcare facilities. Daiwa Securities Co., Ltd. also commented, "This IPO is the first public offering in Japan to receive a second-party opinion (SPO) from the Japan Research Institute, a third-party evaluation institution, on its compliance with the Social Bond Principles, its potential to contribute to SDGs, and the status of its ESG initiatives, etc. It is an SDGs-IPO,"³⁶.

In addition, the B Corp corporate social responsibility certification program, which originated in the U.S. and has since spread globally, has certified 2,600 companies worldwide in the 10 years since the program was launched³⁷. Although there are no listed cases in Japan³⁸, there are several companies that have been certified by B Corp³⁹.

Globally, a movement to define companies that pursue both social and economic development has resulted in the coining of the term "zebra company". The term "zebra company" is a generic⁴⁰ term for companies that pursue both social and economic aspects and value symbiosis (coexistence as a group or herd), and is characterized by the fact that it aims to⁴¹ generate profits to the extent necessary to pursue social and sustainability goals. The name "zebra" refers to the black-and-white striped pattern of its conflicting objectives, namely, economic profit and social responsibility⁴². This concept was⁴³ proposed by four women entrepreneurs in the U.S. who felt threatened by the rise of unicorn companies, which focus on short-term rapid growth and profits, and the current state of capitalism. A comparison of their characteristics with those of unicorns is said to be as follows. The four established a community called Zebras Unite, which has expanded to include more than 4,000 people around the world, mainly in Europe and the U.S. In Asia, there⁴⁴ are chapters in Hong Kong and Tokyo⁴⁵.

Thus, while there are various initiatives to proactively evaluate the social impact of companies, the practice of prioritizing a company's social value as a value parallel to its economic value is not yet well established. In order to promote investment in startups that contribute to solving social issues, such as the SGBs in this study, it is necessary to develop an investment mechanism that allows the social value of the investee to be taken into account as part of the investment conditions, and to realize a financing system with a variety of evaluation axes⁴⁶.

34 - Tsutomu Horiuchi, 2019

35 - Mitsunobu Ando, 2020, "How Japan will change with an IPO aimed at the SDGs," alterna, <https://www.alterna.co.jp/34306/>, accessed November 2021

2-2. Investors

Investors, including VC and angel investors, are important stakeholders in the ecosystem of investment in SGBs in that they provide critical funding for the expansion of businesses to achieve their objectives.

For social impact-oriented financing, global ESG investments in 2019 reached US\$30.7 trillion, up 34% from the previous year. For impact investing in Southeast Asia, the Global Impact Investing Network (GIIN) published a report in 2018, reporting on the rapid development of the impact investing ecosystem over the past decade. The future of the impact investment market in the Southeast Asian market is also well documented⁴⁷: Since 2007, private sector impact investment is estimated to have provided approximately US\$904 million through 225 investment deals, while development finance institutions have provided approximately US\$11.3 billion through 289 investment deals.

In parallel with private investment funds providing funding, development finance institutions, in addition to direct and indirect funding, can also advocate for social and gender investment in corporations and conduct social impact investing as model projects, as seen in the activities of the UNDP and IFC, which will be introduced in the following case studies. The following are some of the ways in which a company can help.

In this section, we will discuss the characteristics of VCs, angel investors, and others who provide investment-like funds and their role in the ecosystem, especially in the context of examining the possibility of a connection with Japan.

2-2-1. Venture capital (VC)

As of the end of March 2020, there⁴⁸ were 446 VC funds in Japan that invest in unlisted startups, acquire shares, and generate profits from the sale of

shares when they go public. In terms of investment, the total amount of investment in venture companies by domestic VCs and others in FY2019 was 289.1 billion yen, and the number of investments (total number of investments) was 1,824, an increase of 4.1% in the amount invested and 3.6% in the number of investments compared to FY2018, and the amount invested reached its peak since FY2000, at 2.5 billion yen. This is the highest level since 1991, surpassing the ¥82.5 billion (FY2000)⁴⁹.

Looking at the percentage of the value of investments destined for overseas markets in FY 2019, Asia as a whole, which includes China, Southeast Asia, and the rest of Asia (South Korea, Taiwan, Hong Kong, India, etc., plus the Middle East and Pacific regions), decreased by 5.5% from the previous year to 43.9%. In terms of the individual breakdown, only Southeast Asia decreased (from 16.9% to 10.3%), and in terms of the number of cases (Table 4, upper panel), only Southeast Asia decreased as a percentage of total Asia (Table 4, lower panel).

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- 36 - Daiwa Securities Group Inc., "SDGs Finance, https://www.daiwa-grp.jp/sdgs/business/product_development/sdgsfinance.html, accessed November 2021 ;Daiwa Securities Group Inc., 2020, "Notice of Public Offering of Shares (SDGs-IP) in connection with Initial Public Offering by Poppins Holdings Co, <https://ssl4.eir-parts.net/doc/8601/tdnet/1907026/00.pdf>, accessed November 2021
- 37 - Tomohiro Hamakawa, 2018, "Do you know the global standard 'B Corp' - 'good company' certification spreading in Asia", Asahi Globe, <https://globe.asahi.com/article/12035299>, accessed November 2021
- 38 - Mitsuaki Ando, 2020
- 39 - Tomohiro Hamakawa, 2018
- 40 - Zebra and Company, <https://www.zebrasand.co.jp/>, accessed November 2021
- 41 - Tokyo Zebras Unite, 2020, "What is a 'Zebra' that attracts worldwide attention - a management style born from an anti-unicorn", <https://note.com/tokyozebrasunite/n/nc51fc137df55>, accessed November 2021
- 42 - Marie Minami, 2021, "Waiting for the Unicorn Supremacy. What is a "Zebra Company" Aiming to Balance Profit and Social Contribution? , HuffPost Japan, https://www.huffingtonpost.jp/entry/story_jp_60e6bbdae4b0f79e8fe7b52a, accessed November 2021
- 43 - Zebra and Company, <https://www.zebrasand.co.jp/>, accessed November 2021
- 44 - Zebras Unite, "A Global Movement," <https://zebrasunite.coop/chapters>, accessed November 2021
- 45 - Activities as a community will begin in 2019 as Tokyo Zebras Unite (<https://zebrasunite.coop/tokyo>), and Zebras and Company (<https://www.zebrasand.co.jp/>), a company established to strengthen activities as a community. [zebrasand.co.jp/](https://www.zebrasand.co.jp/)) is starting in 2021.
- 46 - Kaori Iwasaki, 2021
- 47 - The British Council, 2021, "The state of social enterprise in South East Asia," p. 28
- 48 - Venture Enterprise Center, 2020, "Venture White Paper 2020 / Annual Report on Venture Business", II-.34
- 49 - Venture Enterprise Center, 2020, "Venture White Paper 2020 / Annual Report on Venture Business", I-2

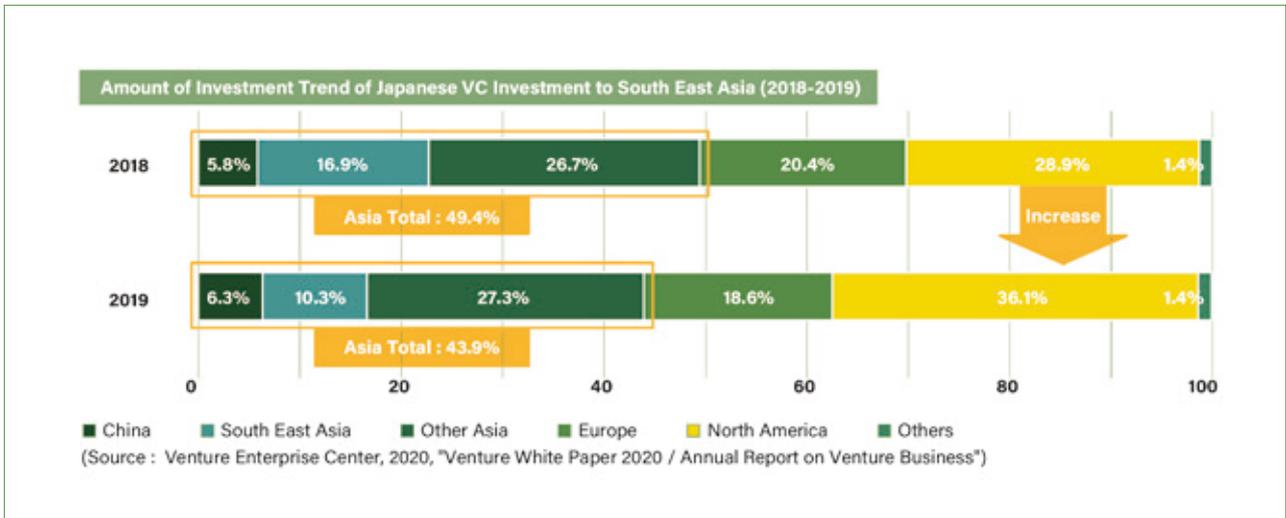


Figure 1-1 : Investment by regions (To overseas: %)

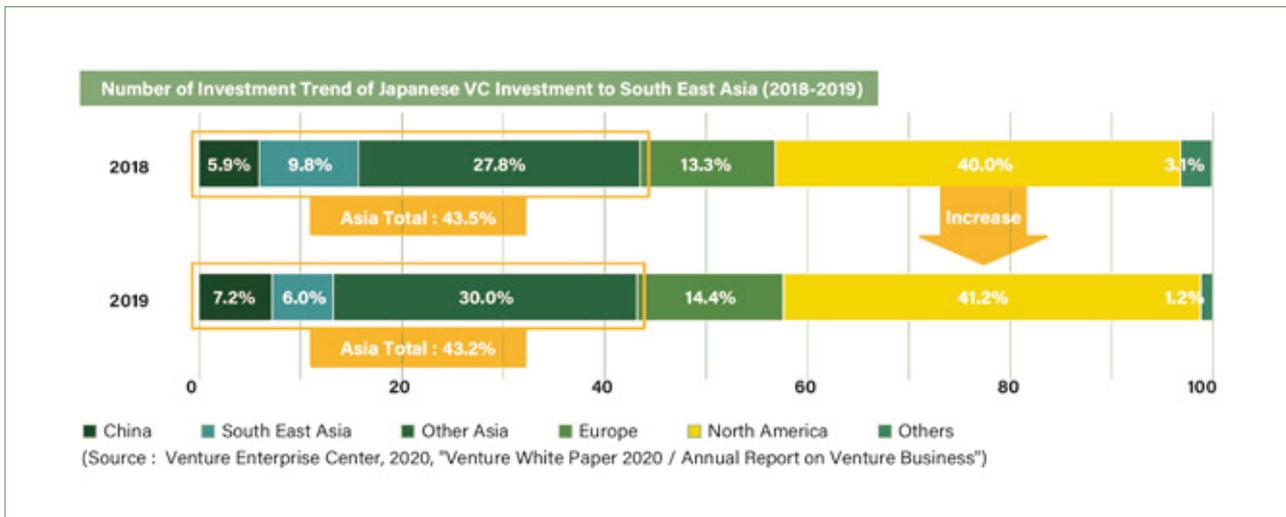


Figure 1-1 : Investment by regions (for overseas: % of total number of cases)

Figure 1 : Breakdown of the amount and number of overseas investments by Japanese VC by region

In terms of investment by region, Japanese VC investment in Southeast Asia is small in terms of value⁵⁰, at only 10.3% of the total, and Japanese VC investment in Southeast Asian SGBs can be assumed to be even more limited.

In addition to the funds contributed by the VC as a general partner (GP), other investors contribute funds as limited partners (LP) to form a fund. GPs manage and administer the funds, and LPs are investors in the fund.

Because of this form of investment, the possibility exists that LP investors' interest in social impact, including gender issues, may influence the way investments are made by funds in which they invest, and that SGBs, such as those covered in this study, may be their preferred investment targets.

Although the situation seen above indicates that investment by Japanese VCs in Southeast Asia is currently limited, there is potential for future growth as the market environment improves and support measures are implemented by foundations and other non-profit sectors.

50 - Venture Enterprise Center, 2020, "Venture White Paper 2020 / Annual Report on Venture Business", 1 - 16

Examples of Japanese Investment in Women-led SGBs

There are examples of women-led SGBs that have secured funding from Japanese companies as investors: CXA Group, founded in Singapore in 2013 by Rosaline Chow Koo, sells a corporate platform service that manages employee health and other information, and has successfully secured funding from a venture capital firm, the Sumitomo Corporation in Hong Kong. The company's total funding to date amounts to US\$58 million.

Additionally in 2016, Homage, founded in Singapore by Gillian Tee, matches customers with caregivers and other healthcare professionals for home visits and telemedicine. The venture has received investments from Infocom and East Venture, both Japanese-affiliated companies, and has raised a total of US\$45.2 million in funding to date, including those investments. Duithape, founded in Indonesia in 2011 by Sara Dhewanto, is developing a facial recognition payment service that allows those who don't use bank services to make payments. Part of the start-up capital was raised by Japanese angel investors and Japanese VC.

The Role of Women Investors in Closing the Gender Gap

When considering gender issues in economic activity, there are challenges in financing ventures. For example, in the United States in 2018, investments in women entrepreneurs represented approximately 2.2% of the funds invested that year⁵¹. In Southeast Asia, only 0.9% of investments were made in companies founded by women, and only 16.4% to companies in which women were named as co-founders⁵².

Women's participation on the investor side is also limited: according to a 2017 study by Preqin, the percentage of women employees in VCs globally is 21% overall, 11% at the senior level, and only 6% on the board. From this data, it is understandable that there is a significant gender gap in the venture ecosystem, both for entrepreneurs and investors⁵³.

One potential solution for this is to close the gender gap in the investor base, which is based on the logic that it is the investor, not the entrepreneur, who has the final authority to make investment decisions. At the same time, however, some argue that it cannot be ruled out that the status quo will not change, even with more women investors. Kristin Kagetsu, founder of Saathi, a company that manufactures and supplies sustainable sanitary products in India, says, "Women investors may unconsciously take a masculine view or position because they have formed their careers in a male-dominated society, or they may unconsciously retain a bias towards men, so there may not be a direct link between an increase in the number of women investors on the surface, and a change in the actual situation,"⁵⁴. In addition, as will be discussed in Chapter 4, the interviews conducted in this study also have different opinions as to whether the increase in the number of women investors will close the gender gap in the ecosystem surrounding ventures.

51 - TechCrunch, 2018, "Female founders have brought in just 2.2% of US VC this year (yes, again)." <https://techcrunch.com/2018/11/04/female-founders-have-brought-in-just-2-2-of-us-vc-this-year-yes-again/>, accessed November 2021; Pitch Book25, "The US VC Female Founders Dashboard," <https://pitchbook.com/news/articles/the-vc-female-founders-dashboard>, 2021 Accessed November 25, 2011

52 - Netral News Desk, 2021, "Southeast Asian startups raised \$ 8.6 billion in 2020 - only 16.5% of which went to women-led companies", <https://netral.news/en/southeast-asian-startups-raised-8-6-billion-in-2020-only-16-5-of-which-went-to-women-led-companies.html>, Accessed November 2021.25

53 - Women in Venture Capital, 2017, Preqin

54 - Ayako Oguchi, "Gender Lens Investment Challenges Faced by Women Entrepreneurs. What Does It Take to Make a Real Impact? , 2021, https://www.mashingup.jp/2021/11/243027zebras_saathi.html, accessed November 2021

2-2-2. Angel investors

Angel investors are generally considered individuals who provide funding to startups from their inception to seed-round ventures. Angel investment in Japan is on the rise, and the amount of investment under the angel taxation system is estimated to be 4,261 million yen in 2018, although this is a statistic for investment utilizing angel investment tax breaks, and there are no accurate statistics for angel investment to begin with⁵⁵. Based on this number, a comparison between Japan, Europe, and the United States shows that investment by angels in Japan is equal to about 0.2% of the U.S. mark in terms of market size.

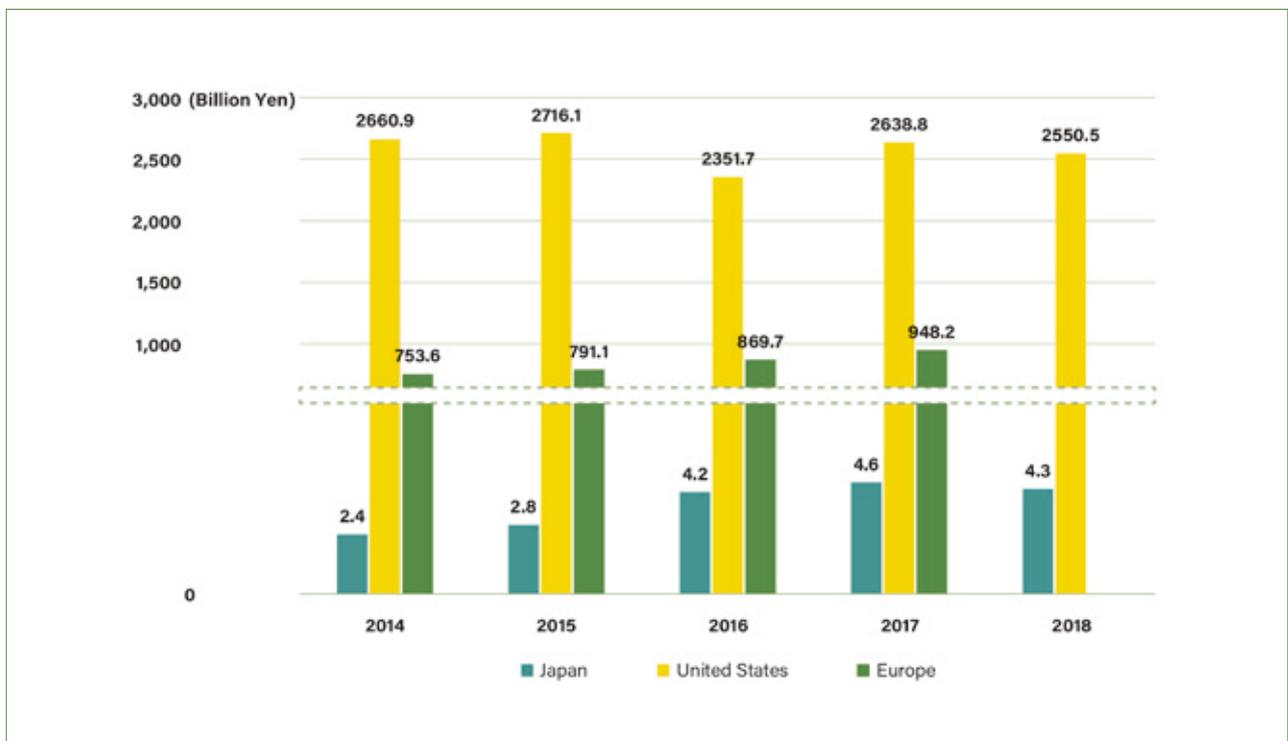


Figure 2 : Amount of investment by angel investors in Japan, the U.S., and Europe

55 - Mizuho Information & Research Institute, Inc., 2019, "FY2020 Small and Medium Enterprise Survey Project (Commissioned Survey on Revitalization of Local Venture Businesses by Utilizing Angel Tax System)," pp. 9-11

In developed countries other than Japan, there are network organizations of female angel investors, etc., which are actively investing in female entrepreneurs with a focus on gender issues. Promoting similar network activities in Japan and Southeast Asia can be expected to stimulate and revitalize funding for SGBs.

2-2-3. Investor network organizations

Distribution of investor networks in Southeast Asia

Angel investment in Southeast Asia began to flourish in Singapore in the mid-1990s, ⁵⁶ and the country has been active in providing support to

entrepreneurs. In Singapore, the Angel Network of Southeast Asia (ANSEA), a network of angel investors in Southeast Asia⁵⁷, was established in 2001⁵⁸. Around 2002, as the Internet became more widespread and digitized, angel investor networks (AINs) began to be established in various countries, including Cambodia, Indonesia, and Malaysia⁵⁹ (see figure below). Meanwhile, in Singapore, a network to support women and indigenous entrepreneurs in Southeast Asia was established in 2016⁶⁰.

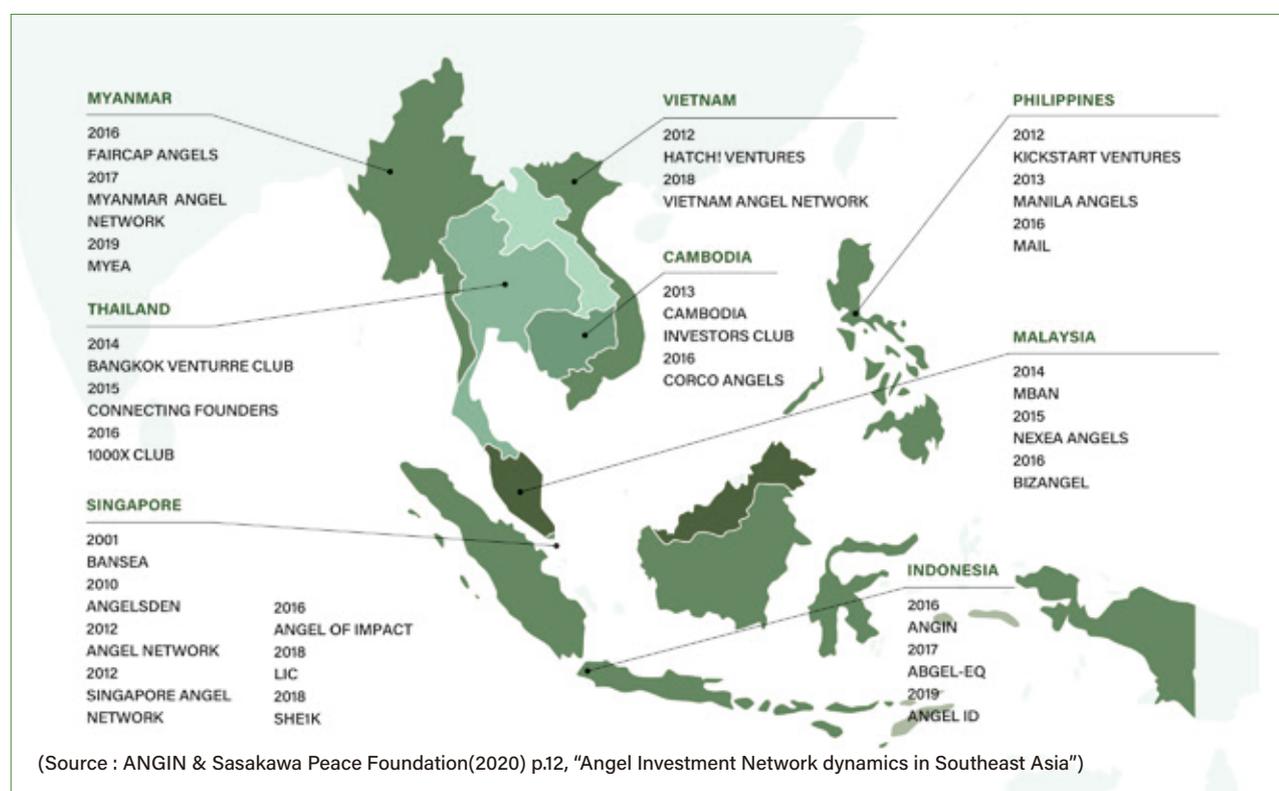


Figure 3 : Angel Investment Network dynamics in Southeast Asia

56 - ANGIN & Sasakawa Peace Foundation (SPF), 2020, "The emergence of angel investment networks in southeast asia", p.12
 57 - Angel Investor: Here, an individual (often referred to as an HNWI, someone with investable assets of US\$1 million or more, including housing, consumer goods, etc.) who invests his or her assets in an early-stage company.

58 - ANGIN & SPF, 2020, p.12
 59 - ANGIN & SPF, 2020, p.12
 60 - Angels of Impact, "Engels of Impact - 25 About us", <http://www.angelsimpact.com/about-us1.html>, accessed November 2021

Current status of angel investor networks

AIN plays a variety of roles in addition to community building. For example, AINs provide support in the initial stages of deal development, legal and financial paperwork, Exit stage support, and shares good practices with angel investing and advocacy activities⁶¹. The 22 AINs in Southeast Asia share a

number of similarities: 70% are legally registered and official, 70% are non-profit organizations in terms of business model, 90% are closed communities with limited participants, and investment is made individually between individual investors and entrepreneurs. These trends are shared by 90% of the organizations using the mechanism.⁶²

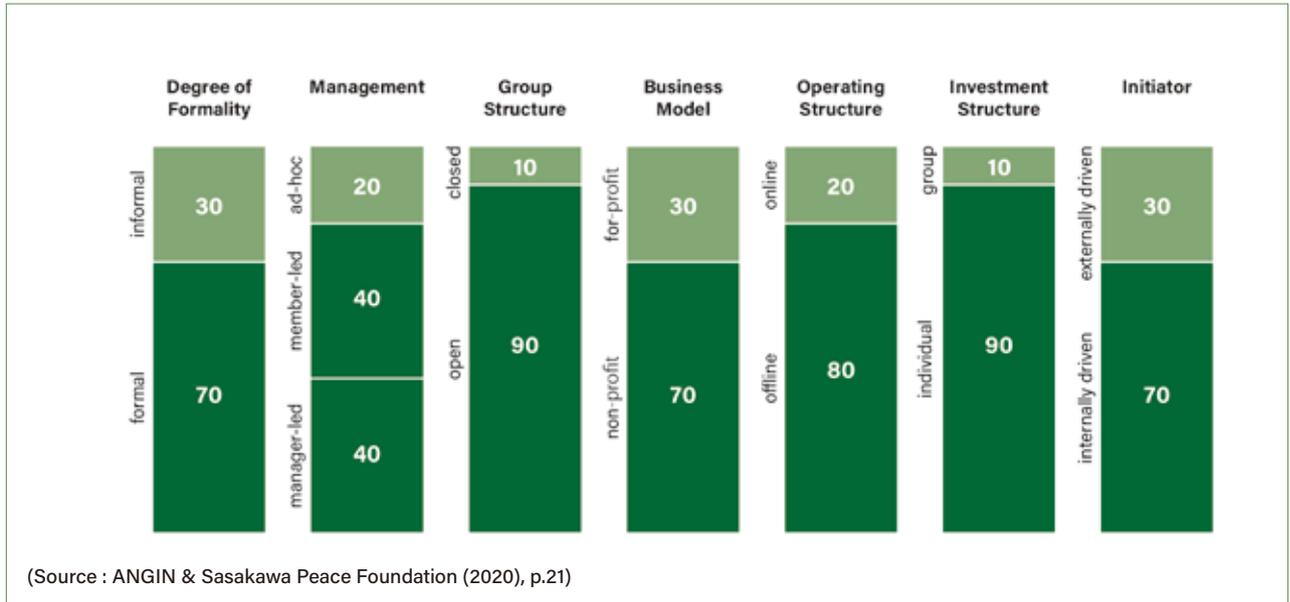


Figure 4 : Classification of Key attributes of Angel Investment Networks

61 - ANGIN&SPF, 2020, p.16-17
 62 - ANGIN&SPF, 2020, p.19

The personalities of the angel investors who form the community are diverse, including investors who have spent their careers in large corporations, celebrities and influencers, wealthy individuals from Southeast Asia who have lived abroad for a long time, and former entrepreneurs⁶³. In terms of age range, the average age of angel investors in Singapore is 35 (2000-2004)⁶⁴, which is younger than in Europe and the US, while the average age of angel investors in the US in 2008 was 57, and in the UK in 2015 44% were under 45, and 72.5% were under 54.

AIN's Current Challenges

The following issues need to be improved when building a network of angel investors: (1) management costs of operations within the community, (2) encouraging active participation by members, and (3) raising operating expenses. The external challenge is to increase competitiveness with other investors. This is due to the increase in the number of investors competing with AIN as a result of crowdfunding and the entry of foreign companies into the market⁶⁵.

Additionally, in terms of foreign investment, SGBs, especially in Southeast Asia, face many barriers to cross-border investment from abroad, including Japan, due to the small size of the entrepreneurs' businesses that are the target of angel investment. Against this backdrop, angel investment networks in Southeast Asia are often domestic networks in specific target countries. In particular, in terms of investment from Japan, the relatively well-developed institutional structure of the venture market in Japan, which will be discussed later in this report, makes it difficult to have a major incentive to invest abroad. In terms of cross-border venture investment within Southeast Asia, it can be seen that there are challenges in terms of investment motivation, with the exception of Singapore, where the domestic market is relatively narrow in relation to the high investment needs.

2-3. Foundations

For SGBs in Southeast Asia that have a strong orientation toward solving social issues, providing funds for public benefit in the form of donations or grants may be an option for fundraising, in addition to providing funds in the form of commercial investments. For example, when considering the flow of funds from Japan to Southeast Asia by foundations and other organizations, it is estimated that foundations in Japan contribute approximately 500 billion yen annually to social programs in Japan and abroad. However, publicly available data does not fully disclose the types of projects and business fields supported by these foundations, and there are no statistics on the division of support for social investment and profit-making business activities⁶⁶, which are the subject of this study. The data also does not provide statistics on how much is for international cooperation, making it difficult to use it as a reference for this study. As examples, foundations such as the Sasakawa Peace Foundation, the Nippon Foundation, and the Toyota Foundation are actively engaged in grant activities for overseas projects.

One example is the Sasakawa Peace Foundation, which focuses on addressing the gender gap, particularly through entrepreneurship. AWIF (Asia Women Impact Fund) is 10 billion yen fund established in 2017 to promote the economic empowerment of women and gender equality in the Southeast Asia region. It has invested about 500 million yen in the Beacon Fund, which provides loans to women entrepreneurs in Southeast Asia (especially Indonesia, the Philippines, and Vietnam).

63 - AGIN&SPF, 2020, p.28

64 - Lo. Y. John, 2016, "What does it take to be an Angel?", Angel Financing Asia Pacific: A Guidebook for Investors and Entrepreneurs. p316-317

65 - AGIN&SPF, 2020, p.45

66 - Center for Grant-Aided Foundations, "The Current State of Grant-Aided Foundations in Japan, <http://www.jfc.or.jp/wp-content/uploads/2014/03/research2020.pdf>, p. 12, accessed November 2021

Technical assistance is also provided, for example, working with the Frontier Incubators program of the Australian Department of Foreign Affairs and Trade to develop the GLIA (Gender Lens Incubation and Acceleration) toolkit as a guide for incubators and accelerators to improve the various issues surrounding women entrepreneurs in Southeast Asia. In addition, the company is conducting an investor behavior simulation test project with Southeast Asian investors, including angel and early stage investors, to test strategies for strengthening the ecosystem in order to support women entrepreneurs⁶⁷. These are effective in improving investment outcomes in women-led startups.

In addition, the Gender Equality Myanmar (GEM) project, which is being developed in Myanmar, has⁶⁸ conducted a survey on social issues arising from gender in Myanmar and published a report, "The Role of Entrepreneurs in Solving Gender Issues in Myanmar". At the same time, three social entrepreneurs were selected through an online event to solve these gender issues through entrepreneurial activities, and local partner EME (Emerging Market Entrepreneurs) is providing business support to these three entrepreneurs through a pilot project.

The role of public interest foundations in the ecosystem involved in supporting Southeast Asia is that, unlike commercial investors, their primary focus is not on maximizing capital gains, but rather on providing relatively flexible funding based on social issues.

2-4. Public organizations

Public organizations, including public agencies, are important stakeholders in the sense that they provide the investment market with institutional incentives for social investment in response to social issues that are difficult to solve solely through market mechanisms. Although public organizations in Southeast Asia are increasingly interested in working with social enterprises, the status of their efforts differ from country to country. In addition to providing incentives for ESG investments and other social investments, the role of government is to develop institutions, such as by clearly defining the social enterprise operators to be invested in through institutions and making them visible as a segment of investment recipients.

(Source: Katsunori Kaneko, 2020, "A Study on the Current Status and Institutionalization of Social Enterprises in Southeast Asia")

The role of public organizations in Southeast Asian countries in the ecosystem is to achieve social growth through the implementation of venture development policies designed with social benefits and a long-term perspective, and through the development of laws defining social enterprises and SGBs, as well as through subsidies. In supporting the growth of women-led SGBs, similarly, the government can define and provide incentives to encourage private investment, as well as provide direct subsidies.

Japanese public organizations have an important role to play when considering the supply of funds and resources from Japan to Southeast Asia, which is part of the focus of this study. As part of their development assistance programs, official development assistance agencies can implement support measures with long-term policy objectives in terms of private sector development in developing countries or addressing gender issues in economic development. In supporting the growth of women-led SGBs, as in the case of JICA's (Japan International

67 - Sasakawa Peace Foundation, Annual Report 2020, p.25

68 - Sasakawa Peace Foundation, Annual Report 2020, p.25

69 - KANEKO, Katsunori, 2020, "Southeast Asia ni okeru Shakai-teki Kigyo no Genjo to Shakai-teki Kikan no Kensho (Current Situation and Institutionalization of Social Enterprises in Southeast Asia)," International Journal of Public Economics No.31, p.48

Cooperation Agency) efforts described below, support activities for entrepreneurs to create business innovation in developing countries, entrepreneurship awareness activities, identification of issues faced by entrepreneurs, policy recommendations, capacity building for corporate management, promotion of collaboration among entrepreneurs in different industries, and matching entrepreneurs from developing countries with Japanese companies and promoting investment are possible.

2-4-1. Public organizations in South-east Asian countries

In the ecosystem of investment in Southeast Asian SGBs, local public institutions in Southeast Asia are important stakeholders. In the following sections, we will review the efforts of public organizations in Southeast Asia, including national governments, to foster venture development and promote venture investment.

Policy trends related to social enterprises in Southeast Asian countries can be summarized as follows ⁶⁹. It is understood that there are cases where social enterprises are defined as institutions and intermediate support organizations that support social enterprises are established as public institutions.

Table 2 : Policy Trends related to Social Enterprises in different countries

Country	Policy trends
Brunei Darussalam	<ul style="list-style-type: none"> ▪ The government fosters social entrepreneurs in its measures to promote entrepreneurship. ▪ Ministry of Culture, Youth and Sports is supporting awareness raising and capacity building for social entrepreneurship.
Cambodia	<ul style="list-style-type: none"> ▪ Cambodia's Industrial Policy 2015-2025 includes a policy of support for social enterprises involved in child nutrition, knowledge development, promotion of national identity, development of cultural heritage, support for orphans, people with disabilities, and the elderly, and support for young athletes.
Indonesia	<ul style="list-style-type: none"> ▪ A new law on entrepreneurship is being drafted. It will incorporate social impact, and some cooperatives are expected to be considered social enterprises. ▪ The Ministry of Social Affairs is in charge of social enterprises, and the Ministry of Cooperatives and SMEs is in charge of cooperatives. ▪ The National Development Planning Agency is focusing on fostering mission-driven start-ups.
Laos	<ul style="list-style-type: none"> ▪ The 8th National Socio-Economic Development Plan (2016-2020): No reference to social enterprises. ▪ The 2009 Decree on Association defines non-profit civil society organizations (Non-Profit Association); revised in 2017, more than 30 organizations are registered. ▪ The 2010 Decree on INGOs defines international NGOs, with more than 160 organizations. ▪ Many social enterprises are registered as for-profit enterprises or NGOs.
Malaysia	<ul style="list-style-type: none"> ▪ The 11th Malaysia Plan clearly states the promotion of social innovation and social entrepreneurship. ▪ The Malaysian Global Innovation and Creativity Centre (MaGIC) under the Ministry of Finance prepared the Malaysian Social Enterprise Blueprint 2015-2018. ▪ Establishment of a fund to support social enterprises. ▪ The social enterprise certification system will be launched in 2019.

Table 2 : Policy Trends related to Social Enterprises in different countries

Country Name	Policy trends
Myanmar	<ul style="list-style-type: none"> ▪ There is no position of social enterprises in the national strategy and no definition exists. ▪ International aid is increasing. ▪ Social enterprises exist in associations, NGOs, and cooperatives. ▪ Myanmar Women Entrepreneurs Association supports women entrepreneurs.
Philippines	<ul style="list-style-type: none"> ▪ The Philippine Development Plan 2017-2022 clearly states the need for social enterprises and a social enterprise law; the Poverty Reduction through Social Enterprises (PRESENT) Act has been under consideration since 2016; and the Philippine Development Plan 2017-2022 includes a requirement for a social enterprise law. ▪ The number of cooperatives, microfinance providers, NGOs, and Intermediary organizations that traditionally aim at poverty alleviation is high. ▪ There is a registration system for private social enterprises.
Singapore	<ul style="list-style-type: none"> ▪ The Ministry of Social and Family Development and the National Council of Social Service are in charge of social enterprise policy. ▪ The Singapore Centre for Social Enterprise (raiSE), a government-led intermediary organization established in 2015, has proposed a qualification framework. ▪ The Presidents Challenge Social Enterprise Award has been given since 2012. ▪ The use of social impact investment.
Thailand	<ul style="list-style-type: none"> ▪ The definition of social enterprises was proposed in the 2011 Regulations of the Prime Minister's Office on Promoting Social Entrepreneurship. ▪ The 12th National Economic and Social Development Plan (2017-2021) mentions social enterprises. ▪ The 12th National Economic and Social Development Plan (2017-2021) mentions social enterprises and establishes the Secretariat of Social Enterprises until 2016 and the Secretariat of the National Social Enterprises Commission in the Department of Social Development and Welfare, Ministry of Social Development and Security from 2017. ▪ Tax exemption and other systems for social enterprises that do not distribute profits. ▪ The Law on the Promotion of Social Enterprises was approved by the Cabinet in July 2018.
Vietnam	<ul style="list-style-type: none"> ▪ Traditionally, most social enterprises are cooperatives. ▪ Social enterprises are clearly defined in the revised Enterprise Law of 2015. ▪ The responsible ministry is unclear and there is a lack of a national strategy.

Kaneko(2020)

Singapore

The Singapore government has been⁷⁰ very active in promoting homegrown and foreign startups to increase the number of companies in the country, increase tax revenues, etc. The form of this support has gradually changed, specifically switching⁷¹ from financial support through the Technology Innovation Scheme (TIS, a Singaporean government program that subsidizes 85% of startups' startup capital) from 2009-2016 to human resource development support, and from 2017 onward, the government will continue to provide support in the form of a unified brand called "StartupSG"⁷², which is made up of multiple government agencies and used for public relations purposes. Startup SG currently focuses on the deep tech sector and provides a wide range of support⁷³.

In terms of entrepreneurial human resource development, various educational programs have been established in cooperation with universities to foster entrepreneurs, and Block 71 in particular has become famous as the largest startup incubation facility in Southeast Asia⁷⁴. However, the generous support provided by the government tends to make many Singaporeans content with their domestic businesses, and it is said that⁷⁵ there are issues that need to be addressed for future overseas expansion by ventures originating from Singapore.

Indonesia

In Indonesia, startup support programs include 1000 Startup Digital, 2020 Go Digital Vision, Making Indonesia 4.0, and Indonesia's E-Commerce Roadmap. However, all of them are facing the problem

of lack of resources such as funds⁷⁶. For example, the 1000 Startup Digital program, which included meetups, workshops, and incubation programs with the goal of establishing 1000 startups by 2020, has resulted in the establishment of only 525 startups as of today⁷⁷. On the other hand, the government has⁷⁸ set a new concept as a goal of 1001 Startups, which aims to establish 5,000 startups in five years by expanding operations to five more cities in addition to the 10 cities that have been established so far.

Malaysia

In Malaysia, several venture funding schemes are provided by the government, such as CradleFund (Cradle Fund Sdn Bhd), MDEC (Malaysia Digital Economy Corporation Sdn. Bhd.), MTDC (Malaysian Technology Development Corporation), and MAVCAP (Malaysia Venture Capital Management Berhad)⁷⁹. In addition, the Malaysian Global Innovation and Creativity Centre (MaGIC) is the government's incubator for many government-led initiatives⁸⁰. The MaGIC works with a program⁸¹ called DPN (Dana Penjana Nasional) to match VCs with graduates of incubation programs, particularly seed-stage startups⁸². This is intended to improve Malaysia's competitiveness against Singapore and Indonesia, which have more sophisticated ecosystems⁸³. On the other hand, some point out that the Malaysian government should hurry to improve cumbersome procedures and infrastructure⁸⁴.

Thailand

Government agencies involved in venture development policy in Thailand include the Digital Economy Promotion Agency (depa), the National

70 - Ministry of Economy, Trade and Industry and PwC, 2020, p.55

71 - Ministry of Economy, Trade and Industry and PwC, 2020, p.56

72 - Start up SG, "About us", 1-4, <https://www.startupsg.gov.sg/about/>, accessed November 2021

73 - Ministry of Economy, Trade and Industry and PwC, 2020, p.58

74 - Ministry of Economy, Trade and Industry and PwC, 2020, p.59

75 - Ministry of Economy, Trade and Industry and PwC, 2020, p.50

76 - Ministry of Economy, Trade and Industry and PwC, 2020, p.73

77 - Khamila Mulia, 2019, "Indonesian government renews its '1000 Startups' initiative." <https://kr-asia.com/indonesian-government-renews-its-1000-startups-initiative>, accessed November 2021

78 - same as above

79 - Capital MY, "Malaysia Government Grants for SMEs & Startups", <https://capital.com.my/ipo-roadmap-start-with-government-funding/>, accessed November 2021

80 - same as above

81 - Penjana Kapital Sdn Bhd, "Dana Penjana Nasional", <http://www.penjanakapital.com.my/index.php/programs/dana-penjana-nasional>, accessed November 2021

82 - Sharanya pillai, "Malaysian govt agency to funnel seed-stage startups to funding programme", the business times, <https://www.businesstimes.com.sg/garage/malaysian-govt-agency-to-funnel-seed-stage-startups-to-funding-programme>, accessed November 2021

83 - same as above

84 - Startupblink, 2021 "Global Startup Ecosystem Index 2021", p.144

Innovation Agency (NIA), and the Thailand Board of Investment (BOI). These are institutions that promote digital innovation and investment from foreign investors rather than providing direct support to startups⁸⁵. In addition, True Digital Park, an innovation hub located in Bangkok, is the largest startup park in Southeast Asia, a space established through a public-private partnership⁸⁶. The government is also keen to develop laws and regulations related to startups⁸⁷.

Philippines

There are several programs offered by the Philippine government to support entrepreneurs, including Startup Acceleration and Incubation by DTI (startupAID) and The Global Acceleration Program (GAP)⁸⁸. The QBO Innovation Hub⁸⁹, a public-private partnership to support startups, and the P3 Program⁹⁰, which provides loans to micro-entrepreneurs, are among such initiatives⁹¹. Other measures include the establishment of KMC, the largest co-working space in the country, but some point to issues in the business environment other than startup support⁹², such as the development of telecommunications, transportation, and other infrastructure.

Vietnam

Vietnam has had a law on entrepreneurship since 1999, a law defining Small and Medium Size Enterprises (SMEs) since 2001, the current Department of Enterprise Development (AED) was established, and a law to support and promote SMEs in the country was enacted in 2018⁹³. The Ministry of Planning and Investment (MPI), together with the

AED, provides assistance on entrepreneurship⁹⁴. Although it is the organization in charge, various ministries currently have similar initiatives, and there is a need for collaboration among governmental organizations⁹⁵. Specifically, a private fund has been established, the Ministry of Education is working on education related to entrepreneurship, and trade promotion agencies are working to improve their efforts⁹⁶. In addition, Vietnam's National Strategy on Gender Equality, set as a goal for the period 2011-2020, calls for increasing the share of SMEs owned by women to at least 35% by 2020, but provides limited support for women entrepreneurs⁹⁷. However, in mid-2017, a government initiative, Project 939, a 2017-2025 initiative to support women's entrepreneurship, was launched to help increase the number of women entrepreneurs through counseling services⁹⁸.

Cambodia

In Cambodia, although there are government initiatives on entrepreneurship, a systematic form of support has not been established⁹⁹. In addition, there are issues with tax and investment laws in terms of incentives for entrepreneurs. The Ministry of Industry and Handicrafts (now the Ministry of Industry, Science, Technology, and Innovation) attempted to shift the industrial sector to highly technical fields, but did not complete the implementation, and the Ministry of Post and Telecommunications' "The Start up policy" has not been very widespread for a number of reasons¹⁰⁰, including the fact that its scope was limited to ICT-enabled businesses. In addition, in 2013, the "Millennium Development Goal (MDG) Acceleration Framework (MAF)" led

85 - Ang Yan Lin, 2019, "Thailand Startup Ecosystem", Action Community for Entrepreneurship

86 - Embassy of the Kingdom of the Netherlands, 2019, "Startup Ecosystem Thailand," p. 2

87 - Embassy of the Kingdom of the Netherlands, p.2

88 - Philippine Department of Trade and Industry, "Startup Development." <http://innovate.dti.gov.ph/programs/startup-development/>, accessed November 18, 2021

89 - QBO Philippines, "A Story of Bayanihan," <https://www.qbo.com.ph/about>, accessed November 18, 2021

90 - Kris Crismundo, "Over 219K micro biz benefitted from P3 lending program," Philippine News Agency, <https://www.pna.gov.ph/articles/1148336>, accessed November 18, 2021

91 - Startupblink, p.169

92 - Startupblink, p.169

93 - OECD, 2021, "OECD Studies on SMEs and Entrepreneurship SME and Entrepreneurship Policy in Viet Nam", p.12

94 - OECD, 2021, p.12

95 - OECD, 2021, p.12

96 - OECD, 2021, pp. 13-16

97 - OECD, 2021, p.16

98 - OECD, 2021, p.16

99 - World Bank, 2018, "ENTREPRENEURIAL CAMBODIA Cambodia Policy Note," p. 11

100 - World Bank 2018, pp. 11-12

by the Ministry of Women's Affairs (MWA) established a new policy to support women entrepreneurs and to support women entrepreneurs in the development of their own businesses. Three strategies were set forth to strengthen women's vocational skills¹⁰¹, 1) strengthen women's vocational skills in line with market demand 2) develop MSEs, and 3) improve living conditions in rural areas. The Ministry of Women's Affairs, in partnership with the Cambodia Women Entrepreneurs Association (CWEA), NGOs, and others, provides support in the form of networking, advocacy, and training¹⁰². The latest strategy of the Ministry of Women's Affairs is 'Nearby Rattanak IV', which attempts to provide technical and vocational training, promote employment, and increase the number of women in decision-making positions in government and business at Women Development Centers (WDCs)¹⁰³. On the other hand, it has been pointed out that services at WDCs are not sustainable because they are provided free of charge and that women's entrepreneurial fields are biased due to gender stereotypes¹⁰⁴ (e.g., hairdressers).

Myanmar

Since the transition to civilian rule in 2011, Myanmar's economy has opened up to the market; in 2016, the Myanmar government enacted the Myanmar Investment Law, and in the same year the U.S. ended economic sanctions¹⁰⁵. Also, in 2018, the Central Bank of Myanmar (CBM) allowed the establishment of a credit bureau, which has improved people's access to finance and consequently made it easier for many entrepreneurs and small businesses to obtain loans¹⁰⁶. At the same time, how-

ever, some have pointed to the overall weakness of financial institutions, the lack of government experience in implementing improvements to the business-enabling environment, the small size of the ecosystem itself and its concentration around Yangon, and the lack of support for entrepreneurs in traditional or non-tech sectors as challenges¹⁰⁷. A report published by the Dutch Good Growth Fund (DGGF) in 2019 shows that the percentage of SMEs with women ownership is lower than in other Mekong region countries such as Cambodia, Lao PDR, and Vietnam, and is attributed to access to quality education, low literacy rates, and the absence of women in managerial positions. It was also noted that they did not find any acceleration programs for women entrepreneurs¹⁰⁸. Despite the various issues, the country was expected to experience long-term economic growth and market expansion¹⁰⁹, as the opening of the market had increased the income of the population and the domestic market was the target group. However, the future of the market economy is uncertain due to the national military coup that occurred in 2021. Early-stage startups in particular are highly dependent on venture capital, and analysis indicates that they will be hit hard in light of a future decline in foreign investment and possible economic sanctions¹¹⁰.

Laos

While Laos is experiencing remarkable economic growth, the relatively low level of education for the local workforce, complicated tax procedures, and limited infrastructure are considered barriers to doing business¹¹¹. In addition, since employment by MSMEs (Medium, Small and Micro Enterprises) is

101 -International Finance Corporation (IFC), 2019, "Exploring the Opportunities for Women-owned SMEs in Cambodia," p. 22

102 -IFC, 2019, p. 22

103 -IFC, 2019, p. 23

104 -IFC, 2019, p. 23

105 -ASPEN Network of development entrepreneurs, 2019, "ECOSYSTEM SNAPSHOT Myanmar", p2

106 -ASPEN Network of development entrepreneurs, 2019, p2

107 -David Totten, Grace Pyone Mya Moe Lwin, Matt van Roosmalen, & Emerging Markets Consulting (EMC), 2019, "Country Report Myanmar Entrepreneurial Ecosystem Assessment" p.6

108 -David Totten, et al. 2019, p.7

109 -Toshihiro Mizutani, Myat Mu Khin, 2018, "Myanmar's Emerging Business Landscape - Seizing the Benefits of Democracy and New Business Opportunities," <https://www.jetro.go.jp/biz/areareports/2018/e2dc769ed89bd99a.html>, accessed November 18, 2021 ; ASPEN Network of development entrepreneurs, 2019, p11

110 -Dobashi, Misa, and SUNRYSE, "How the Coup Impacts the Startup Ecosystem in Myanmar," <https://www.sunryse.co/posts/how-the-coup-detat-would-play-out-for-myanmars-startup-ecosystem>, accessed November 18, 2021

111 -OECD & Economic Research Institute for ASEAN and East Asia, 2018, "Chapter 15. Lao PDR", SME Policy Index: ASEAN 2018 Boosting Competitiveness and Inclusive Growth, p292

said to account for 82% of the total employment in the country¹¹², support and policy making for SMEs is considered to be important. The Department of SME Promotion (DOSMEP), a division of the Ministry of SME Promotion (MOSMEP), is responsible for this role¹¹³. There are currently no government-supported programs for innovation, and the focus is on awareness-raising and incubation support based on donor partnerships¹¹⁴. There are a small number of facilities for local SMEs, such as the Information Technology Business Incubation Center (LIBIC)¹¹⁵ which is run by the LIBIC's Faculty of Engineering with the support of JICA.

Brunei

Policies related to the development of SMEs in Brunei are mainly developed by the Ministry of Primary Resources (MIPR) and the Brunei Economic Development Board (BEDB) through the principles and plans of the APAC (Asian Pacific American Community)¹¹⁶. However, since 2018, entrepreneurship support activities have become more active within the government, and the Youth Entrepreneurship Ecosystem (YEE) has established five areas of support: capacity building, support and training services, finance, infrastructure and equipment, and access to opportunities. In addition, the following year, a new YEE initiative was introduced¹¹⁷, offering grants of up to \$20,000, a mentoring system for entrepreneurial networks, distribution of equipment in production, a consultancy program to obtain international certification, and support with government agencies and others through the iUsahawan initiative. Contracting opportunities, etc. were also provided¹¹⁸. In addition, the Entrepreneurship Innovation Centre (EIC) will be established within the

Ministry of Education in the fall of 2019 to provide entrepreneurship and innovation education in the primary, secondary, and tertiary education process, with the goal of the project being to increase the flow of skilled talent and career path options for students¹¹⁹.

2-4-2. Japanese public organizations

The Japan International Cooperation Agency (JICA), an international aid organization of the Japanese government, positions private sector development in developing countries as a part of its business, and provides assistance for independent economic growth, job creation and expansion, and national income generation in developing countries. The project was implemented with the main goal of improving the business environment (industrial and investment policies and business environment) over which the private sector has no control, and to solve problems such as the acquisition of basic knowledge, technology, and know-how that form the foundation for corporate growth and human resource development.

JICA has long been implementing projects with the goal of promoting small and medium-sized enterprises (SMEs) and trade and investment. In recent years, however, JICA has been implementing several projects with a view to contributing to solving problems in local communities by promoting the social enterprise sector and social impact investment. Two projects that are relevant from the perspective of building an investment ecosystem for SGBs, the theme of this study, are introduced below.

112 -World Bank, 2020, "Lao PDR: Emergency Financing for Small Businesses Expected to Protect Livelihoods, Boost Recovery."

113 -OECD & Economic Research Institute for ASEAN and East Asia, 2018, p. 294

114 -OECD & Economic Research Institute for ASEAN and East Asia, 2018, p. 304-305

115 -OECD & Economic Research Institute for ASEAN and East Asia, 2018, p. 304-305

116 -Pussadee Polsaram, Panid Kulsiri, Lissara Techasermasukkul, Thaw Dar Htwe, & Kaniittha Kwanchainond, 2011, "A Survey Research Project on "Small and Medium Enterprises Development Policies of 4 ASEAN Countries": Brunei Darussalam, Cambodia, Lao PDR, Myanmar ", pp. 1-11

117 -Aaron Wong, 2018, "HM: Steering committee set up to support youth entrepreneurship", BIZ BRUNEI

118 -Aaron Wong, 2018

119 -Ministry of Education, "Entrepreneurship Innovation Centre (EIC)." [https://www.moe.gov.bn/SitePages/Entrepreneurship%20Innovation%20Centre%20\(EIC\).aspx](https://www.moe.gov.bn/SitePages/Entrepreneurship%20Innovation%20Centre%20(EIC).aspx), accessed January 18, 2021

JICA NINJA Accelerator Project

This project was designed to support entrepreneurs and create a business revolution in emerging countries¹²⁰.

Various companies and organizations in Japan and Southeast Asia are participating as business partners, including STRIVE and Global Brain as investors, and Endeavor and MaGIC as outreach partners. Support is targeted at seed-stage startups in Indonesia, the Philippines, Malaysia, and Bangladesh that are in the Product Market Fit (PMF) stage and are looking to expand their business. Their products and services must address the SDGs in some form.

The support period is nine weeks and is broadly divided into three forum sessions and weekly field sessions. The forum sessions consist mainly of workshops, lectures and discussions. After each forum, an internal pitch session is held to prepare for the Demo-Day, where participating startups will be given feedback from investors to present their business plans to investors from various countries. Field sessions are held once a week to meet with startups, their mentors, and experts. Each startup is mentored by an experienced and successful entrepreneur with expertise and networks in the same industry.

Cambodian-Japan Cooperation Center

The Cambodian-Japan Cooperation Center (CJCC),¹²¹ which was established in 2005 through a grant from JICA, is the main organizer of this project. This project aims to: 1) expand business courses and entrepreneurship support programs in and

around Phnom Penh, 2) strengthen the function of the center as a base for providing information and support networks for businesses, and 3) strengthen business management capacity to promote innovative initiatives, thereby making the CJCC a base for industrial human resource development and support networks.¹²² The objective of the project is to become the first of its kind in Japan. It also aims to strengthen linkages between Cambodian and Japanese companies¹²³. The project is being implemented in cooperation with the Ministry of Education, Youth and Sports (MoEYS) and the Royal University of Phnom Penh (RUPP), and is currently underway, with a three-year implementation period scheduled from 2019 to 2022.

It is envisioned that Cambodian business owners, employees, entrepreneurs, government agencies, and Japanese-affiliated companies will be indirect beneficiaries of this project, as CJCC counterparts and staff and CJCC service beneficiaries will benefit from this project directly¹²⁴. The business courses offered by the CJCC also provide entrepreneurship support programs, promote the establishment of partnerships between Japanese and Cambodian companies, provide training and seminars, and organize job fairs.

Partnerships with private companies

In terms of collaboration with the private sector, JICA also provides support to the Japanese private sector with the aim of contributing to solving social and economic issues in developing countries by utilizing the excellent products and technologies of Japanese private companies. One example is the "Small and Medium Enterprises and SDGs Busi-

120 -Project NINJA, <https://www.jicaninjaasia.com/>, accessed January 18, 2021

121 -JICA, ODA Visualization Site, "Cambodia-Japan Human Resources Development Center Project (Phase 2)", <https://www.jica.go.jp/oda/project/0802730/index.html>, 2021 Accessed January 18

122 -JICA, 2018 "Project Ex-ante Evaluation Table Private Sector Group, Industrial Development and Public Policy Department, Japan International Cooperation Agency. https://www2.jica.go.jp/ja/evaluation/pdf/2018_1900412_1_s.pdf, accessed January 18, 2021

123 -JICA, ODA Visualization Site, "Cambodia-Japan Human Resource Development Center for Entrepreneurship Development and Business Exchange Function Expansion Project", <https://www.jica.go.jp/oda/project/1900412/index.html>, accessed January 18, 2021

124 -JICA, 2018

ness Support Program" as a measure to support research and demonstration for businesses that contribute to solving development issues in developing countries.

Based on this policy, JICA has announced plans to work with the private sector to support startups. For example, in February 2021, JICA concluded a comprehensive partnership agreement with Rakuten¹²⁵, Inc. for the purpose of "contributing to solving development issues in developing countries and achieving the SDGs (Sustainable Development Goals) through international cooperation". This collaboration plans to contribute to the startup of more than 1,000 companies.

2-4-3. Public organizations in Western countries

In Southeast Asia, developed countries, mainly in Europe and the United States, are implementing various support measures for local SGBs through development assistance and other frameworks. Below are some examples of major initiatives in each country.

United Kingdom: Skills for Social Entrepreneurs (SfSE) program by the British Council¹²⁶

Skills for Social Entrepreneurs (SfSE) is a comprehensive support program for social enterprises, which has been implemented by the British Council in the UK since 2010.¹²⁷ It provides support to entrepreneurs. The project provides training and mentoring to social entrepreneurs, NGOs, community leaders, youth, and development workers, with

the aim of helping them acquire management skills. Through this support, the project provides connections to a network of UK-based professionals and global networks, as well as access to investment opportunities.

In addition to SfSE, the British Council also has a program to support social entrepreneurs (Global Social Enterprise)¹²⁸. Each program provides training, mentoring, and funding opportunities for entrepreneurs, promotes education about social entrepreneurship at educational institutions, and shares knowledge and experiences that are useful to entrepreneurs. The program has trained a total of 27,900 entrepreneurs and provided 42,200 learning opportunities through educational institutions based on partnerships with more than 1,000 non-profit organizations, and the project has been mentioned in 300 media articles.

Germany: IBAN Program by GTZ

The Inclusive Business Action Network (iBAN) is an operating entity of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). It is a global initiative of Inclusive Business (IB) that aims to support the poor and BoP¹²⁹. It launched in 2014, and supports the realization and expansion of the IB model¹³⁰. The initiative is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Union¹³¹.

The project envisages two approaches and two sides of work, one to IBs and the other to policy makers. iBAN Blue and iBAN wave are the respective approaches. iBAN Blue supports capacity building for companies and iBAN wave's goal is to

125 -Chikara Kawamura, 2021, "'Sustainable Products from Developing Countries at Rakuten Ichiba' JICA and Rakuten Form Comprehensive Alliance. Also looking at the use of technology", BUSINESSINSIDER, <https://www.businessinsider.jp/post-230284>, accessed January 18, 2021

126 -Skills for Social Entrepreneurs, <https://www.britishcouncil.ph/programmes/society/skills-social-entrepreneurs>, accessed January 18, 2021

127 -<https://www.britishcouncil.org/society/social-enterprise>, accessed January 18, 2021

128 -British Council, "Social enterprise",https://www.britishcouncil.org/society/social-enterprise?_ga=2.170748576.1060591312.1636016645-1931601660.1635788212, Accessed January 18, 2021.

129 -iBAN,2021, "iBAN brochure 2021" f

130 -Inclusive Business.net, "About iBAN," <https://www.inclusivebusiness.net/about/iban>, accessed January 18, 2021

131 -Inclusive Business.net, "About iBAN," <https://www.inclusivebusiness.net/about/iban>, accessed January 18, 2021

132 -iBAN,2021 "iBAN brochure 2021".

133 -EACAP&iBAN, 2021, "Report: Landscape Study of Inclusive Business in Viet Nam"; EACAP&iBAN, 2021, "Report: Landscape Study of Inclusive Business in Cambodia."

help build an ecosystem by supporting government policy development¹³². The iBAN also states that IB is characterized by 1) involving the BoP population internationally in its projects, 2) financial feasibility, 3) efficient expansion, and 4) evaluating and managing its impact on the BoP population.

A specific example of iBAN's support is a program that assisted the governments of five ASEAN countries (Cambodia, Indonesia, Malaysia, the Philippines, and Vietnam) to strengthen the policy environment for IB at the regional and ASEAN country levels¹³³. In this program, iBAN and ESCAP (The United Nations Economic and Social Commission for Asia and the Pacific) worked together to provide advice in the implementation of national strategies to promote IB, and policy making which were shared with other ASEAN countries.

Australia: Scaling Frontier Innovation by DFAT

The Scaling Frontier Innovation Programme is an initiative of the Australian Department of Foreign Affairs and Trade. The goal is to increase social impact and social change¹³⁴. In its projects, it also strives to improve the economic status of women in order to create a more equitable and sustainable social impact in terms of gender analysis¹³⁵.

Three different programs are offered in this project. The first program, Frontier Innovators, was funded with a A\$100,000 grant and provided training and personalized business development support to 14 social entrepreneurs selected from 732 applicants in 52 countries. In Singapore, for example, the program included matching guides with technical and geographic expertise through a three-day work-

shop and nine videoconferences, and technical assistance based on a needs assessment¹³⁶.

The second program, Frontier Incubators, is an impact-focused incubator capacity expansion acceleration program designed to improve the quality and stability of support provided to social entrepreneurs, and help develop an entrepreneurial ecosystem of social entrepreneurs¹³⁷. From the beginning of 2018 to the end of 2019, 31 incubators and accelerators in the Asia-Pacific region were targeted for support in this project, which ran from November 2018 to September 2019, a period of about 10 months. The support included advice from experienced incubators, mentorship, seminars, training, and provision of educational materials and toolkits¹³⁸. As an outcome, 94% of participants were satisfied with their partners and 75% said their performance improved immediately after participating in the program. The report also notes that there have been five formal partnerships between supported ventures and partner organizations, one of the supported organizations has expanded the size of its scope, and 288 social entrepreneurs have been supported by the supported organizations since the program was implemented¹³⁹.

The Xchange program, which aims to promote the growth of the social enterprise sector in the Philippines, is one of the specific examples of Frontier Incubators¹⁴⁰. The incubator Villgro was able to provide custom capacity building support. The program not only strengthened operational capacity, but also provided a two-company matching opportunity. These collaborations have contributed to the creation of a Philippine entrepreneurial ecosystem.

134 -Scaling Frontier Innovation, "who we are," <https://scalingfrontierinnovation.org/about/who-we-are/>, accessed January 18, 2021

135 -Scaling Frontier Innovation, "Gender Strategy: Using a gender lens to drive innovation through social entrepreneurship in AsiaPacific", <https://scalingfrontierinnovation.org/wp-content/uploads/2020/06/Scaling-Frontier-Innovation-Gender-Strategy.pdf>, accessed January 18, 2021

136 -MOONSHOT GLOBAL & LIVING COLLABORATIONS, 2019, "FRONTIER INNOVATORS:INTERIM RESULTS AND LEARNING REPORT, p.1-2,10, 33-34

137 -Scaling Frontier Innovation, "Frontier Incubator", <https://scalingfrontierinnovation.org/initiatives/innovators/>, accessed January 18, 2021

138 -Scaling Frontier Innovation, "Frontier Incubators Flyer", <https://scalingfrontierinnovation.org/wp-content/uploads/2020/02/7-Frontier-Incubators-Program-Flyer-v2.pdf>, accessed January 18, 2021

139 -Scaling Frontier Innovation, "Frontier Incubators & Australian AID," Frontier Incubators Interim Results and Learning", <https://scalingfrontierinnovation.org/wp-content/uploads/2020/06/9-Incubators-Report-April-20-2020.pdf>, 2021 Accessed January 18, 2021

140 -Scaling Frontier Innovation, "Collaborative Partnering with Villgro to build the Philippine Ecosystem", <https://scalingfrontierinnovation.org/spotlights/xchange/>, accessed January 18, 2021

The third program, Frontier Brokers, aims to provide funding for social enterprises and is a network of seven impact investment firms that place a high priority on gender equality.

USA: RISE Program by USAID

The RISE (Regional Investment Support for Entrepreneurs) program is an initiative funded by USAID and managed by Swisscontact¹⁴¹, a non-profit organization based in Switzerland. The goal is to create both social and economic impact for the BoP segment in Southeast Asia by providing technical assistance to companies that have the potential to create impact and reduce risk for investors.

The business is divided into four broad categories: preparing social entrepreneurs for investment through consulting, managing investment after it has been received through consulting, networking, and supporting gender-sensitive investments, and the priority sectors mentioned are agriculture, energy, hygiene and health, water, sanitation, and digital solutions¹⁴². Technical assistance will also be provided in consulting, with areas ranging from impact assessment and business strategy to supply chain management¹⁴³.

The program currently covers Cambodia, Indonesia, the Philippines, and Vietnam, with future expansion to Laos and Myanmar planned¹⁴⁴; From its inception in 2019 to date, US\$300 million in private capital has been invested in connection with RISE, 29 technical assistance projects have been run, and 20 more investors and strategic partners have been involved with RISE. The value of the technical assistance deployed amounts to more than US\$353,000¹⁴⁵.

2-4-4. International organizations

Program by ADB Ventures

ADB Ventures is the venture investment arm of the Asian Development Bank (ADB). The company's goal is to make impact investments¹⁴⁶.

ADB Ventures' business is to provide services to tech companies by offering different methods of funding - equity, loans, and grants - as well as technical assistance and access to the ADB network and partnerships¹⁴⁷. Two other technical assistance programs are available, called the Seed Program and the Lab Program¹⁴⁸. The Seed Program provides grants to ventures with the right to invest in future equity in Asia-Pacific markets, while the Lab Program aims to complement the Seed Program by facilitating partnerships between the ventures it supports and larger companies¹⁴⁹.

Support at ADB is unique in that it provides funding and different forms of support for ventures at different stages of development¹⁵⁰. The emphasis is on IT-based ventures, particularly in the areas of climate change and gender in Southeast and South Asia¹⁵¹.

Initiatives by UNCDF

The UN Capital Development Fund (UNCDF) is an international organization under the United Nations Development Programme (UNDP) that invests in the 46 Least Developed Countries (LDCs) worldwide¹⁵². In particular, it aims to provide financing models that leverage the resources of both the public and private sectors, and its projects can¹⁵³ be broadly classified into three models: Local Development Finance, LDC investment platform, and Inclusive Digital Economies.

141 - Regional Investment Support for Entrepreneurs (RISE), <https://rise-platform.org/>, accessed January 14, 2021

142 - RISE, "What we do," <https://rise-platform.org/what-we-do/>, accessed January 14, 2021

143 - RISE, "About us," <https://rise-platform.org/about-us/>, accessed January 14, 2021

144 - RISE, "What we do," <https://rise-platform.org/what-we-do/>, accessed January 14, 2021

145 - RISE, "Companies Impact," <https://rise-platform.org/companies-impact/>, accessed January 14, 2021

146 - ASEAN-Japan Centre, 2021, "Impact Investing towards ASEAN Sustainable Development Goals (SDGs)", p.66

147 - ASEAN-Japan Centre, 2021, p.66

148 - ASEAN-Japan Centre, p2021,.66

149 - ASEAN-Japan Centre, p2021,.66

150 - ASEAN-Japan Centre, p2021,.67

151 - ASEAN-Japan Centre, p2021,.67

In Local Development Finance, the company works with Transformative Impact Financing (TIF) to promote financing that contributes to development through public-private partnerships¹⁵⁴. One of the different programs in the project, the Inclusive and Equitable Local Development (IELD) program, works to economically empower women through public and private investments by municipalities to improve access to infrastructure and markets. The company is working to address challenges such as insufficient access to infrastructure and markets¹⁵⁵. The program was implemented in three countries in 2017 (Tanzania, Uganda, and Bangladesh) and this will be expanded to between 5-10 countries by 2022¹⁵⁶.

Inclusive Digital Economies works to ensure that the digital economy develops at the national level and that no one is left out of such digital innovation. Youth, women, migrants, refugees, and MSMEs (Micro, Small and Medium-sized Enterprises)¹⁵⁷ are the main recipients of this support. Market development is being conducted for digital services in six specific sectors: finance, agriculture, energy, education, health, and transportation, and includes skills training, creation of digital ecosystems to facilitate collaboration with partner organizations, and verification of program impact¹⁵⁸. To date, the program has been implemented in 28 countries and is estimated to have benefited over 18 million final beneficiaries in 2018.

152 - United Nations Information Center, "Basic Information United Nations Capital Development Fund, https://www.unic.or.jp/info/un/unsystem/other_bodies/undp/uncdf/ ; UN Capital Development Fund, "<https://www.uncdf.org/> , 2021 Accessed January 14, 2010.

153 - UN Capital Development Fund, "<https://www.uncdf.org/> , accessed January 14, 2021

154 - UN Capital Development Fund, "Local Development Finance," <https://www.uncdf.org/local-development-finance>, January 14, 2021 Accessed 14, 14.

155 - United Nations, "Inclusive and Equitable Local Development (IELD): Public and Private Investments for Women's Economic Empowerment," <https://sustainabledevelopment.un.org/partnership/?p=26495>, accessed January 14, 2021

156 - United Nations, "Inclusive and Equitable Local Development (IELD): Public and Private Investments for Women's Economic Empowerment" , accessed January 14, 2021

157 - UN Capital Development Fund, 2019, "LEAVING NO ONE BEHIND IN THE DIGITAL ERA," p. 4

158 - UN Capital Development Fund, 2019, p. 5

2-5. Intermediary Organizations

As an example of exchange and support efforts between Japan and Southeast Asia, AWSEN (Asian Women Social Entrepreneurs) is a particularly important initiative. AWSEN is an international network of women social entrepreneurs launched in 2014 with support from the Nippon Foundation. AWSEN is an international network of women entrepreneurs who seek to solve social issues through business, and it is a place where women entrepreneurs can “connect and support each other” by joining a network of about 250 women entrepreneurs, mainly from countries within ASEAN, as well as providing capacity-building training, cross-national mentorship programs, and a range of other activities designed to help women entrepreneurs. The company also conducts research on women entrepreneurs and supports ecosystems in Japan.

The role of intermediary organizations within the ecosystem is to connect entrepreneurs with stakeholders, especially investors, and have a perspective on social innovation and social impact that public institutions and major corporations do not have. In Southeast Asian countries, there are RaiSE (Singapore), Changefusion (Thailand), myHarapan (Malaysia), etc. Changefusion has an actual investment function and manages crowdfunding and acceleration programs in partnership with international organizations.

2-6. Companies

The role of companies within the venture investment ecosystem includes the possibility of leveraging the company's various assets and conducting collaborative ventures with SGBs. These partnerships may be part of business activities such as R&D and market development for services and products. Other options from the perspective of

supporting the growth of SGBs are that there is a possibility of selling SGBs' services and products in Japan through their own distribution channels and joint product development.

Regarding the venture investment ecosystem in Southeast Asia, especially in relation to Japan, partnerships with Japanese companies operating in the region, including VC and angel investments, are considered an important factor.

2-6-1. Japanese-affiliated companies

Currently, there are not many active efforts by Japanese companies to collaborate with Southeast Asian SGBs. The operations of Japanese companies in Southeast Asia are basically for-profit businesses, and most of them are positioned as charities in a social context. As for corporate social activities that can be understood from the literature review, providing grants and other support to Japanese non-profit organizations operating in the region and purchasing fair trade products are often seen as CSR activities, but the strategic collaboration with SGBs that balances social and business aspects, which is the subject of this study, is not so much a CSR activity as a business activity. There were only exceptional cases of collaboration.

In terms of strategic partnerships, the Cross-Fields "Residency Program" implemented by the non-profit organization CrossFields can be a useful reference when considering potential business opportunities. The Residency Program is a skilled volunteer program in which Japanese companies act as dispatchers and send their own employees to NPOs and social enterprises in emerging countries for a period of three to six months to apply their skills and experience to business development¹⁵⁹.

As an exceptional cutting-edge example among Japanese companies, Fast Retailing is also actively involved in working with social enterprises in developing countries. Grameen UNIQLO is a joint venture established in Bangladesh by Fast Retailing

and the Grameen Bank Group, founded by Muhammad Yunus, to provide factory workers with basic education for healthy living (nutrition, knowledge of household finances, etc.) and a safe working environment. The company produces and sells clothing in Bangladesh and reinvests all profits back into the business¹⁶⁰.

Trends in Foreign Direct Investment by Japanese-affiliated companies in Southeast Asia

The scale of direct investment by Japanese firms in Southeast Asian countries has grown significantly in recent years, with Singapore, Thailand, Indonesia, and Vietnam accounting for 38.9%, 20.4%, 14.8%, and 10.9% of total Japanese direct investment in ASEAN in 2020, respectively¹⁶¹. In the "Survey on Countries/Regions Where Japanese Companies Seek to Expand Overseas Business in the Future" (n=1,156) conducted in FY2020¹⁶², Vietnam ranked second after China, and Thailand ranked fourth, indicating that the country is attracting attention. In terms of direct investment in ASEAN, there has been a shift in investment destination industries from manufacturing to non-manufacturing, such as infrastructure-related industries and wholesale/retail¹⁶³.

On the other hand, in absolute terms, Japanese outward FDI in ASEAN in 2020 declined 38.6% from the previous year to US\$20 billion (2,290.6 billion yen), the first decline in four years¹⁶⁴. In addition, the number of M&As by Japanese companies to ASEAN companies in 2020 was only 145, down by half from 275 in 2019, indicating that the region was greatly affected by the new coronavirus, but the second half of 2020 saw a resumption of efforts to attract foreign investment in the Asian region¹⁶⁵, and the M&A market is also regaining momentum¹⁶⁶.

2-6-2. Local companies in Southeast Asia

Local companies in Southeast Asia are also important stakeholders in building an ecosystem of support for local SGBs. In Singapore, an initiative to develop CSR promotion has been developed to expand CSR awareness in the country. The Centre for CSR (CCSR) is a private-sector-led CSR promotion network with major Singaporean companies at its core¹⁶⁷. It held its first Asian conference in 2004.

In terms of support for SGBs in local companies, Singtel in Singapore, Telkomsel in Indonesia, Globe in the Philippines, and others are providing entrepreneurial support. While many companies are doing so mainly in the context of CSR, there are also examples of implementation in the context of business development.

Singtel operates Singtel Future Makers as an acceleration program, offering opportunities through mentorship, coaching and capacity-building workshops, with strategic partnerships with its own group in mind. The program helps startups to expand their business not only in Singapore, but also in many other markets where Singtel operates¹⁶⁸.

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- 159 -Crossfields Nonprofit Corporation Website <https://crossfields.jp/service/cvp/>, accessed January 14, 2021
- 160 -Grameen Uniqlo Website <https://www.uniqlo.com/jp/ja/contents/sustainability/society/socialbusiness/grameenuniqlo/>, accessed January 14, 2021
- 161 -Office of the Regional Policy Counselor, Asia and Pacific Bureau, Ministry of Foreign Affairs of Japan, 2021, "ASEAN at a Glance: Basic Data on ASEAN Economic Statistics," p.15
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- 163 -Fukuchi, Aki, 2020, p.2
- 164 -Kitami, Hajime, 2021, "Japan's Direct Investment in ASEAN to Decrease 40% YoY to 2.3 Trillion Yen in 2020," Japan External Trade Organization (JETRO) Business Monograph, <https://www.jetro.go.jp/biznews/2021/03/e338031b6c00d5c9.html>, accessed December 14, 2021
- 165 -Kitami, Hajime, 2021 ; Office of the Regional Policy Counselor, Asia and Pacific Bureau, Ministry of Foreign Affairs, 2021, p.15
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- 167 -Ministry of the Environment, 2004, Corporate Social Responsibility in Developing Regions CSR in Asia, p.19
- 168 -Singtel, "Singtel Future Makers," <https://www.singtel.com/about-us/sustainability/social-innovation>, January 2 2021.14. Access

2-6-3. Initiatives by multinational companies

Google

Google is committed to philanthropy through a variety of initiatives, most notably Google.org, whose mission is to support underserved communities by combining funding, innovation, and expertise to provide opportunities for all¹⁶⁹.

Google.org's approach to problem solving is three-fold: funding, innovation, and technical expertise¹⁷⁰. Examples of this include its GiveDirectly funding, technical cooperation and its pro bono programs such as the Google.Org Fellowship¹⁷¹. There is also the Google.org Impact Challenge, a program for entrepreneurs and non-profit organizations interested in solving specific local and community problems, where the best ideas are selected for funding, mentorship, and technical assistance¹⁷².

In 2021, Google.org supported social enterprises and non-profit organizations that helped women reach their full economic potential and strengthen the wellbeing of communities affected by COVID-19 through a total of US\$25 million of funding for the Google.org Impact Challenge For Women and Girls 2021¹⁷³. As a result, 34 organizations were selected out of 7,000 applications, and each organization¹⁷⁴ received a US\$1 million grant, and will also receive support through the Google.org Fellowship, a four-month acceleration program, and free Google Ad Grants.

Salesforce

Salesforce.org is the name of Salesforce's internal department that is responsible for contributions to society¹⁷⁵. Salesforce.org provides technical assistance, strategic community partnerships, and more impactful investments for non-profit organizations, educational institutions, and philanthropic ventures¹⁷⁶. The company offers non-profit organizations its own suite of products, branded Non-profit Cloud, to help them with the digitalization of fundraising and provide marketing support to attract supporters.¹⁷⁷

For educational institutions, the company offers the Education Cloud for digitization of higher education institutions and improvement of school public relations¹⁷⁸. It also offers the Philanthropy Cloud product line to contribute to the development of philanthropy¹⁷⁹. In addition to these products, the Power of Us program offers discounts and product donations to non-profit organizations that meet certain criteria to help them streamline their operations and focus more of their time and resources on achieving their social mission. The program is being utilized by more than 31,000 organizations around the world¹⁸⁰.

Other examples include a program that provides 20 hours of pro bono work for Salesforce employees and the Citizen Philanthropy and Strategic Programs¹⁸¹, which helps expand programs implemented by the Salesforce Foundation¹⁸². In addition, the Impact Lab Program offers programs that use innovative technology to help non-profit orga-

169 - Google.org, "Our work," <https://www.google.org/our-work/>, accessed January 6, 2022

170 - Google.org, "Our work," accessed January 6, 2022.

171 - Google.org, "Our approach," <https://www.google.org/our-approach/>, accessed January 6, 2022

172 - Google.org, "Opportunities," <https://www.google.org/opportunities/>, accessed January 6, 2022

173 - The Global GOals, "INTRODUCING THE GOOGLE IMPACT CHALLENGE WINNERS", <https://www.globalgoals.org/news/google-impact-challenge-winners>, accessed January 6, 2022

174 - The Global GOals, "INTRODUCING THE GOOGLE IMPACT CHALLENGE WINNERS", <https://www.globalgoals.org/news/google-impact-challenge-winners>, accessed January 6, 2022

175 - ZDNet Japan, "Salesforce to integrate charitable organization Salesforce.org," <https://japan.zdnet.com/article/35135794/>, accessed January 6, 2022

176 - Salesforce.com, "Nonprofit Cloud Overview," <https://trailhead.salesforce.com/ja/content/learn/modules/nonprofit-cloud-basics/learn-about-salesforceorg-nonprofit-cloud>, accessed January 6, 2022

177 - Salesforce.org, "Nonprofit Cloud," <https://www.salesforce.org/nonprofit/>; Salesforce, "Salesforce.com," accessed January 6, 2022 Nonprofit Success Pack, the foundation of Nonprofit Cloud, is now available in Japan. <https://www.salesforce.com/jp/company/news-press/press-releases/2021/06/210607/>, accessed January 6, 2022

178 - Salesforce.org, "Student Experience," <https://www.salesforce.org/highered/student-success/>, accessed January 6, 2022

179 - Salesforce.org, <https://www.salesforce.org/philanthropy-cloud-overview/philanthropy-cloud-for-companies/>, accessed January 6, 2022

nizations and educational institutions solve social problems¹⁸³.

A key idea in Salesforce's philanthropy is the 1-1-1 model, in which 1% of the company's funds, products, and employee hours are dedicated to philanthropic activities¹⁸⁴. To date, the company has awarded US\$240 million in grants to 39,000 educational institutions and non-profit organizations, and provided 3.5 million hours of pro bono time, products, and services¹⁸⁵.

Citi

Citi, a multinational financial institution with more than 200 million customers in 160 countries, has a corporate foundation, the Citi Foundation, which leverages its partnerships with more than 250 communities in more than 80 countries and regions around the world to help low-income people worldwide. The company works to improve the lives of people and promote economic development¹⁸⁶.

The Citi Foundation offers four programs: Pathways to Progress, a job skills-building initiative to address youth unemployment¹⁸⁷; Community Progress Makers, an economic development program for underserved communities across the U.S.¹⁸⁸; the CDFI Initiative provides grants of \$500,000 to 30 community development financial institutions that support small businesses owned by low-income, non-white people in the U.S.¹⁸⁹, and the Small

Business Technical Assistance Initiative which provides US\$500,000 to 50 non-profit organizations that provide technical assistance to low-income-small businesses owned by non-white people in the United States¹⁹⁰.

As part of its operations, the Pathways to Progress program also offers Youth Co:Lab, a joint program with UNDP. Youth Co:Lab is a youth empowerment and investment program launched in the Asia-Pacific region to strengthen the entrepreneurial ecosystem¹⁹¹. The program runs a competition called the "Youth Co:Lab Social Innovation Challenge" in which competitors design business models and create ideas to achieve social development goals. The winners of this competition from 25 countries and regions in the Asia-Pacific region are invited to participate in an online accelerator program and present their ideas at the Youth Co:Lab Asia-Pacific Summit. The company also provides opportunities for students to participate in the program¹⁹².

180 -Salesforce.org, "Technology: Product Donations and Discounts for Nonprofits (Power of Us Program) <https://www.salesforce.com/jp/company/org/product/>, accessed January 6, 2022

181 -Salesforce.org, "Access Salesforce Expertise," <https://www.salesforce.org/pro-bono-program/>, accessed January 6, 2022

182 -Salesforce.org, "Citizen Philanthropy and Strategic Programs",<https://www.salesforce.com/company/philanthropy/citizen-philanthropy-strategic-programs/>

183 -Salesforce.org, "Announcing the First Group of Salesforce.org Impact Labs Fellows." <https://www.salesforce.org/blog/announcing-the-first-group-of-salesforce-org-impact-labs-fellows/>; Salesforce.org, "Innovate with us.", <https://www.salesforce.org/impactlabs/>

184 -Salesforce.com, "How Far Can the 1-1-1 Model Go? This Tech Darling Has a Unique Approach",<https://www.salesforce.com/news/stories/how-far-can-the-1-1-1-model-go-this-tech-darling-has-a-unique-approach/>, Accessed January 6, 2022.

185 -salesforce.org, "About Us," <https://www.salesforce.org/pledge-1/>, accessed January 6, 2022

186 -Citi foundation, "UNDP and Citi Foundation Launch Regional Program to Accelerate Youth Entrepreneurship for Social Change", <https://www.citigroup.com/citi/news/2017/171207a.htm>; Citi foundation, "home",<https://www.citigroup.com/citi/foundation/>, accessed January 6, 2022

187 -Citi Foundation, "Pathways to Progress." <https://www.citigroup.com/citi/foundation/programs/pathways-to-progress.htm>, accessed January 6, 2022

188 -Citi Foundation, "Community Progress Makers." <https://www.citigroup.com/citi/foundation/programs/community-progress-makers-fund.htm>, accessed January 6, 2022

189 -Citi Foundation, "Community Development Financial Institutions Initiative." <https://www.citigroup.com/citi/foundation/programs/community-progress-makers-fund.htm>, accessed January 6, 2022

190 -Citi Foundation, "Small Business Technical Assistance Initiative." <https://www.citigroup.com/citi/foundation/programs/smallbusiness.htm>, accessed January 6, 2022

191 -UNDP Office in Japan, "Youth Co:Lab",<https://www.jp.undp.org/content/tokyo/ja/home/partnership-section/YouthCoLabTokyo.html>, accessed January 6, 2022.

192 -same as above

2-7. Other organizations

Universities and research institutions play a role in the ecosystem in terms of R&D and human resource development. As for support for SGBs at universities and research institutions, NUS Enterprise at the National University of Singapore and Ateneo University in the Philippines operate programs of a certain scale as measures to support the development of entrepreneurs. As research institutions, they also provide management expertise to social enterprises¹⁹³. Ateneo University has a Masters in Entrepreneurship (Social Enterprise Development) and also focuses on social entrepreneurship development through the provision of specialized human resource development courses.

193 -USAID, "THE SOCIAL ENTERPRISE LANDSCAPE IN ASEAN A Synthesis Report," p. 17

3.

**Research hypotheses and
interview design**

This section describes the research hypotheses obtained from the review of previous studies and case studies described in Chapter 2, and the interview design for stakeholders designed based on these research hypotheses.

Stakeholders building the ecosystem

Based on a review of previous studies and case studies, we analyzed the relationship between stakeholders in terms of the ecosystem related to investment in SGBs in Japan and Southeast Asia, including SGBs, investors, public foundations, intermediary organizations, public organizations, and corporations, and created a stakeholder map.

First, what can be understood from these analyses is that the involvement of Japanese stakeholders in Southeast Asian SGBs is limited, with the exception of some angel investors and VCs.

When considering the relationship between Japan and Southeast Asia, with regards to local business development of Japanese companies considered as major stakeholders and development assistance initiatives by the government, SGBs are unlikely targets of commercial VC investment as they are

small-scale ventures. Additionally, there are limited examples of direct support measures for local SMEs as development Aid agencies are traditionally positioned in the business domain to provide support to government agencies.

On the other hand, support by foundations, intermediary organizations, etc. is mostly targeted at social enterprises that have a strong social focus in their business, and awareness of issues such as solving social problems through support for SGBs from a gender perspective, as described in Chapter 1, has not yet spread widely. As a result, support for SGBs, who do not always push social impact to the forefront of their business results, but provide benefits to society as a whole from the aspect of economic development, is currently limited.

The following section will discuss how the non-profit sector, including foundations, can best reach out to stakeholders to address these four areas: awareness and intent, access to networks, identification of potential investment destinations, and policy and regulation.

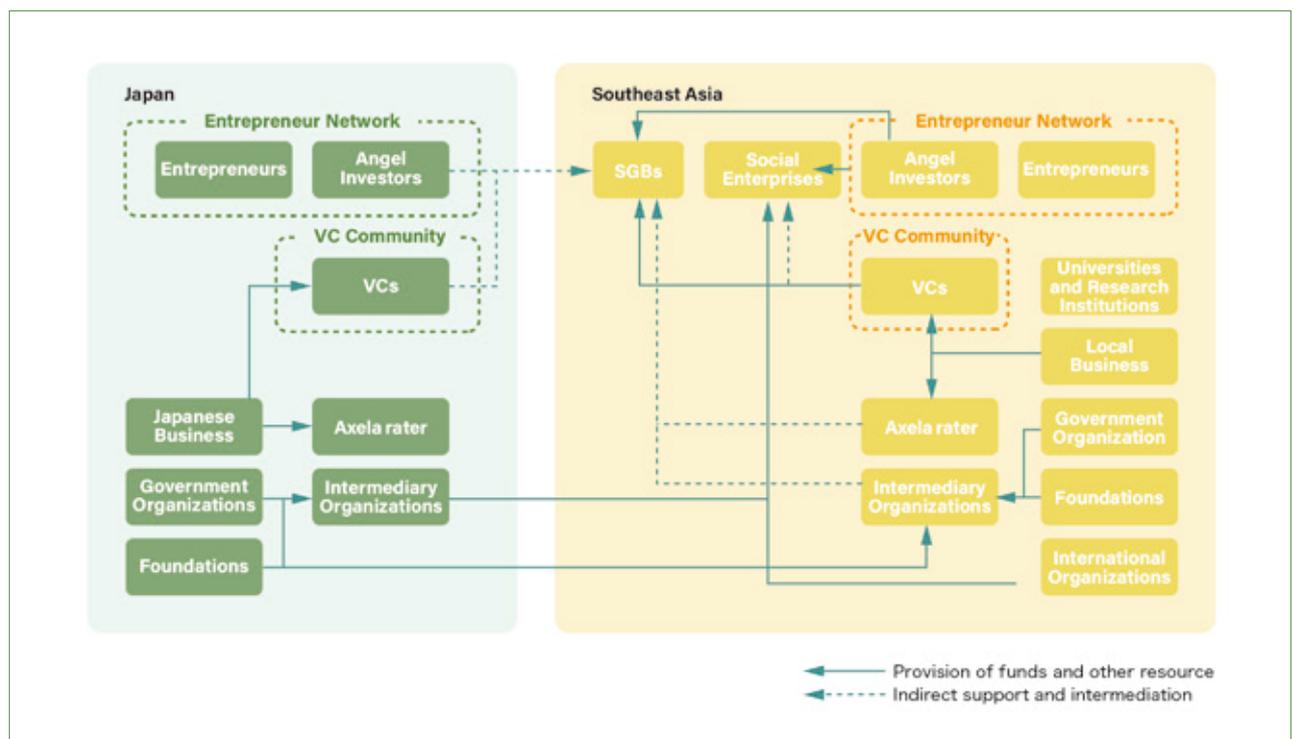


Figure 5 : Stakeholder Map

Constructed hypotheses and perspectives for consideration

Based on previous studies, this section presents hypotheses about the conditions that would promote investment and collaboration from Japanese investors and firms in Southeast Asian SGBs, which were considered when first designing this study. First, the research hypotheses were updated through a review of prior studies and case studies prior to validating them through interviews. Four factors were specifically identified as elements that could affect the realization of investment and other activities by Japanese investors and firms in Southeast Asian SGBs: (1) awareness and intention; (2) access to networks; (3) identification of potential investment destinations; and (4) policy and regulation.

Hypothesis Factor 1: Awareness and Intention

The first factor for the establishment of an ecosystem that promotes investment in SGBs, the premise of this study, is that its main stakeholders, investors and companies, must have recognition of SGBs in Southeast Asia as potential investment and collaboration destinations.

As discussed in Chapter 2, the importance of investment in and support for SGBs as an approach to solving social issues in Southeast Asia has not yet gained wide recognition, especially in Japan. In addition, the conventional positioning of SGBs has focused on the social impact, not the economic benefits, of their operations, and thus they have not been targeted by the for-profit investor sector, such as VC and angel investors. Conversely, the non-profit sector, such as foundations, have considered SGBs and other ventures that do not necessarily present a direct social impact to be commercial ventures and not eligible for support.

Because of these multiple factors, the potential for SGB-run projects and investments in SGBs to contribute to solutions to a variety of social issues has not received much attention. In contrast, as discussed as a case study in Chapter 2, the growing

awareness of the importance of investing in SGBs among investors, as evidenced by the efforts of international organizations and public organizations to promote awareness in this area, could be a factor in changing this situation.

Similarly, as for investments in women-led SGBs, the potential for leveraging gender initiatives in the economic aspect to solve various social issues, as described in the problem statement of this study, is still an issue for some foundations and public organizations, and still needs to be recognized by private investors.

In addition to these perceptions, it is necessary for investors to recognize the potential social impact of their investments before investing in order to say that they are making social impact investments.¹⁹⁴

For example, when investing in a women entrepreneur or women-led SGB, it is important to recognize that the investment is one that is expected to close the gender gap through strengthening the position of women in the industry, rather than believing that the excellent growth potential of women-led companies is consequential. The intention behind a social impact investment is key.

Against this backdrop, the interviews to be conducted in this study will examine the need for and effectiveness of efforts in this area, particularly by ascertaining whether the stakeholders who provide funds and other resources, such as investors and corporations, have such perceptions and intentions.

Hypothetical Factor 2: Access to networks

The second factor envisioned is that providers of funds and resources, including investors, and SGBs receiving investment and support have access to a network that allows for mutual recognition and the resulting investment and support. Such a role is assumed to be important because of the networking activities in the area of both SGBs and investors, as

194 -Core Characteristics of Impact Investing, GIIN, https://thegiin.org/assets/Core%20Characteristics_webfile.pdf

well as similar initiatives in government and international organizations.

As mentioned in Chapter 2, angel investor networks, acceleration programs, pitch events, and various networking projects conducted by intermediary organizations and governments are expected to play a role in this regard. However, as mentioned in Hypothetical Factor 1, there are currently only a few networking initiatives being implemented with the intention of solving social issues, and there is a lack of awareness of how SGBs and gender-based programs are promising investments that can help contribute to solving social issues.

Based on this recognition, the interviews with stakeholders were conducted to determine whether formal or informal networks exist to enhance the market efficiency of investments in SGBs, and whether there are challenges for Japanese investors and firms in accessing these networks in particular. If challenges exist, an examination of the factors that contribute to these challenges will be conducted.

Hypothetical Factor 3: Existence of potential investment destinations

The third factor assumed is the existence of SGBs as potential investment destinations on a recognizable scale as an investment segment. Assuming that there is awareness and intent from Japan regarding investment opportunities in Southeast Asian SGBs, and that there is a network that can access deals, the existence of potential investment destinations must also be sufficient. In particular, companies with high investment potential need to have a certain number of success cases and a certain scale and presence as a business to be recognized as a potential investment destination.

In addition, considering the current ratio of investment in women entrepreneurs, it is necessary to verify whether the women-led SGBs assumed in this study are of a suitable scale for investment, and if there are issues, it will be necessary to con-

sider measures and policies to help with their development and support.

Hypothesis Factor 4: Policy and Regulation

Fourth, policies and regulations must be in place to accommodate cross-border investment in the local Southeast Asian societies where these SGBs are located. As discussed in the section on public organizations in Chapter 2, in order to link investment in economic activities to the resolution of social issues, various regulations and policies must be in place to identify segments of investment targets that are considered beneficial to the resolution of social issues and to promote investment in them or to prevent negative impacts. These regulations will be an important condition for foreign investors, including those from Japan, to select a country as a potential investment destination, not only because of its foreign capital controls and policies to promote investment, but also because of the availability of a venture market where investors can implement exit strategies and the availability of support measures for women entrepreneurs.

The venture investment markets in Indonesia and Singapore are identified as major markets for Southeast Asia, but considerations such as future market growth potential means that other countries and regions also need to be investigated, especially those that may be advantageous to Japanese investors and companies.

In the interviews, in addition to examining the above four factors, we also examined how the non-profit sector, including foundations, can support the creation of an investment ecosystem for SGBs that will promote the activities of local SGBs and, as a result, help to solve social issues in Southeast Asia. We also asked what specific projects were envisioned and whether there were any risks associated with the non-profit sector's support of them.

3-1. Interview design

In this chapter, we present our findings from the interviews conducted using the questionnaire we developed to test our hypotheses based on the studies conducted up to chapter 2.

Interviews were conducted with SGBs, investors, and other stakeholders, who were interviewed according to the questionnaire about: (1) their projects; (2) the ecosystem for investment in SGBs; (3) the role of foundations and others in promoting social investment.

Questionnaire Structure

For the interviews, two types of questionnaires, one for SGBs and one for investors, were designed based on the hypotheses examined thus far. In addition, for the intermediary organizations, we took care to share both types of questionnaires in advance so that we could obtain responses from the perspectives of both SGBs and investors.

The questions were designed in three parts for both SGBs and investors: (1) about the projects; (2) about the ecosystem for investment in SGBs; (3) about the role of foundations and others in promoting social investment. In the actual interviews, the questions regarding the ecosystem asked about the roles of various stakeholders, including a wide range of investment recipients, companies, investors, government, and the non-profit sector.

Questionnaire for SGBs

In the questionnaire for SGBs, we asked about the position of social impact in the objectives and business goals of the project, as well as how to access investors for investments and loans, networking organizations, intermediary organizations, acceleration programs, and other organizations and projects that have been beneficial in the development of the project. Additionally, as with the questions for investors, we asked how the non-profit sector,

such as private foundations, could contribute to facilitating investment in SGBs.

For the entrepreneurs to be interviewed, we selected firms in Southeast Asia, which is the target of this study. Although it was originally desirable to select women-led SGBs that were accepting Japanese investment, the reality is that only a limited number of social enterprises in Southeast Asia are accepting cross-border investment, particularly funds from Japan, and not all SGBs meet such criteria

Investor Questionnaire

In the questionnaire for investors, questions about the incorporation of social impact in investments, whether or not there is an awareness of gender-based investments to ensure that women-led SGBs are seen as a target for investment, the role of networks and intermediary Organizations in identifying investment destinations, whether they consider social impact in their investment criteria, and how the non-profit sector, such as private foundations, can contribute to facilitating investment in SGBs.

Other Questions for Stakeholders

Interviews were conducted not only with SGBs and investors, but also with intermediary organizations that are actively engaged in providing support to companies in Southeast Asia, the area targeted by this study. Intermediary organizations also include support organizations that have the function of intermediating funds and investment, and interviews were also conducted with businesses that combine the roles of multiple stakeholders.

The questionnaire used is included in B-2.

Based on the responses obtained, we summarized the findings for each stakeholder group in the following three areas: (1) Views on social impact; (2) Ecosystem; and (3) The role of foundations and other entities in promoting social investment.

However, please keep in mind that the findings are

based on a limited number of interviews and do not necessarily represent the situation in society as a whole in a comprehensive manner.

3-2. Interview results

3-2-1. SGBs

Interviews with SGBs were conducted with three SGBs led by women entrepreneurs located in Southeast Asia, the target of this study.

Approach to Social Impact

The following questions were first asked regarding the concept of social impact in their projects.

(1-1) Regarding your projects in developing countries, do you define the social impact in terms of your objectives and the achieved results? If so, please indicate how "social impact" is positioned in the business management.

(1-2) How do you finance your business growth? Please indicate, to the extent you are comfortable with, the sources of funding and the level of funding at each stage of your business to date.

(1-3) How did you come to the decision to invest or finance with the investors who were the source of investment as mentioned above? In addition to direct communication, were there any other organizations or individuals who served as networks or intermediaries? What role did these networks play?

(1-4) If there are management resources other than funds that have played a beneficial role in the growth of the business in terms of external support, please indicate what these resources have been.

All three companies interviewed were building and operating businesses with a social mission. For example, they are businesses who champion causes for the socially vulnerable, such as micro, small, and medium enterprises, homeless people, and Muslim women with limited access to finance. Regarding the balance between the social mission of the business and financial return, which was pointed out in the interviews with investors, we confirmed that some of them have achieved business growth in the pandemic while pursuing social impact.

- The company is currently experiencing growth of over 600%. In just one year, the company has done business with 5,000 MSMEs (micro, small and medium enterprises) and home-based businesses, and has achieved 300% growth in sales and customer base users. 33,000 new users have been added. SGB(A)
- This year's revenues increased 17% over the previous year. Last year, despite the impact of COVID-19, the company achieved an increase in revenues of over 120%. Transaction volume is over 10 billion rupiah and nearly \$1.5 million SGB(A).

On the other hand, several different positions were expressed on the question of whether or not they actively communicate the social impact they pursue to the outside world. Some SGBs stated that accepting funds from social impact investors is not necessarily beneficial for entrepreneurs, as they are more demanding since they require to hand in social impact reports as well as the return while the

demanded returns are similar to other general investors. As a result, these entrepreneurs chose not to actively communicate about the social nature of their businesses and commented that such a communication strategy would ultimately be beneficial to their fundraising. These can be seen as challenges of the still young social impact investment market, which has yet to fully demonstrate its unique characteristics.

- Social impact investors are ultimately just as concerned about growth and traction as VCs in general. Impact and the pursuit of profit are two different things. Social problems are very large to begin with and take time to solve. SGB(B)
- It was only after they stopped calling themselves a social enterprise and started referring to themselves as a fintech company that they began to have success in raising funds. The way they communicated the size of their market was particularly successful. When we called ourselves a social enterprise, everyone was happy with the company's story, but no one was investing in us. SGB(B)
- Currently (September 2021), we are aiming to raise 50 million yen as a seed phase, but VCs are proposing to raise the next round of funding after successful seed phase funding, which is a difference in logic. SGB(C)

Regarding social impact investment from the standpoint of SGBs, the question of what type of funding is desirable is still in the exploratory stage, and in particular the costs involved in appointing social impact experts and the costs of conducting investment eligibility screening with a social dimension were pointed out.

- Last year, the company received a soft loan from a financial institution specializing in small and medium-sized enterprises as part of its pandemic preparedness program, and this year is no different. The grant was for the hiring of a

financial advisor, who was assisted by a team of auditors to evaluate the company and make financial projections. SGB(A)

- We are talking to social impact investors and VCs in the Netherlands, but there are challenges with the methodology for valuing companies, as many of the assets held are intangible assets. SGB(A)
- Knowledge of enterprise valuation and ecosystems is still not well understood by many Indonesian companies and startups. This is very important, and capacity building in financial management is a major challenge. SGB(A)

Creating an ecosystem to facilitate investment in SGBs

The following questions were asked regarding the creation of an ecosystem to promote investment in SGBs.

(2-1) What are some of the elements that are currently lacking and or necessary in building a network involving portfolio companies, investors, governments, non-profit organizations, etc., to facilitate funding for projects that have a particularly positive social impact?

(2-2) How do the above ecosystem conditions affect your business activities?

The SGBs that were successful in obtaining funding were seen to be making good use of their networks and receiving support. In addition, there were examples of SGBs utilizing their connections with intermediary Organizations and actively participating in business contests.

- All contacts with investors are basically based on information and referrals from the network. SGB(A)
 - The international networking organization was central to the project and we were able to connect with a variety of investors and obtain their support for fundraising, thus avoiding offers for a majority stake in the capital and the acceptance of funds from investors offering below-market financing prices. SGB (A)
 - Apart from traditional subsidies, last year the company issued convertible bonds underwritten by major telecommunications companies. SGB(A)
 - We were winners and funded in the Micro Enterprise Fintech Innovation Challenge organized by the United Nations Capital Development Fund (UNCDF) and UN Pulse Lab Jakarta. A larger amount of fund would have been effective for greater impact. A larger amount is also needed to hire experts. SGB(A)
 - The company has also been successful in raising funds from Japanese sources. This was from angel investors and VCs. One was a Japanese angel investor who participated in a pitch event organized by Seedstars, which won in Indonesia in 2019. In the fall of 2020, the company also received investment from a fund owned by a Japanese company, SGB(B)
 - Japanese companies often seek partnerships rather than investment. SGB(B)
 - The company has successfully raised funds from friends in the pre-seed phase of 2019. Whilst raising funds, they made the most of their network and met some angel investors. SGB(C)
 - Since 2014, when the company was founded, it has continuously received grant support from Indonesian ministries in the amount of around 1 billion rupiah on four occasions. SGB(A)
- In some cases, participation in programs to support women entrepreneurs helped them share their know-how and gain confidence as entrepreneurs.
- Meeting other women leaders and entrepreneurs in networks of women entrepreneurs supported by governments and other organizations in various countries gave me confidence as a female leader. In 2015, there were few role models for women entrepreneurs, and starting a company with the trust of my family and close friends was a challenge for me. When the company was on the verge of bankruptcy, my co-founder left, and I did not feel confident when I became the head of the company. SGB(A)
 - They are also participating in programs within Indonesia. I think the government is beginning to recognize the role of women leaders and entrepreneurs. SGB(A)
- There were also comments that gender is a barrier when it comes to funding.
- Differences in financing based on gender can be observed. While global statistics show that investments in women compared to men can yield 50% higher returns, women entrepreneurs account for only 2% of the total amount invested by VCs. Investors ask more future-oriented questions to male managers and risk-checking questions to female managers. SGB(B)
 - When speaking with investors, there is a difference in the questions asked by investors when only female managers are present, and when male managers are present. Questions about the future prospects of the business are more frequent for the male managers. SGB(B)

- There are already many support programs for women entrepreneurs, but such activities do not necessarily contribute to funding. SGB(B)

In this interview, the parties of women entrepreneurs interviewed pointed out the pros and cons of emphasizing the social nature of foundations and other organizations when considering projects that promote solutions to social issues through the support of women's businesses (SGB T, Intermediary Organization L). The risk is that "setting the basis for such support on the fact that women entrepreneurs are women gives the impression that these supports are a corrective measure for the disparities in the performance of the businesses run by women entrepreneurs." If these scenes prejudice the growth and performance of businesses run by women entrepreneurs to be lower than the market average, then there is a risk that these supports will be counterproductive in terms of shaping the social profile of women entrepreneurs.

Similarly, the view was presented that displaying the profile of a social enterprise would be counterproductive if funds were intended to be raised from the market. The risk is that by emphasizing the social nature of the business, it will become more difficult to attract interest from investors in a society where the socially accepted norm is that social investment is less competitive than the corporate sector in the market in general. While it is of great significance to implement various projects to expand the female entrepreneurial segment, the approach to business should be carefully considered, bearing in mind the potential risks involved.

How foundations and other non-profit sectors can support the project

The following questions were asked about support by foundations and other non-profit sectors for SGBs.

(3-1) I would appreciate your thoughts on the future possibilities of what role foundations, etc. can play in the creation of networks as mentioned above, or in promoting social investment from Japan to Southeast Asia in other ways.

Many requests for direct financial support from the foundation sector were raised by the SGBs. In Southeast Asia, the initial costs required to start a business are often too high for local entrepreneurs, which is a hurdle.

- Microfinance could be particularly effective. For micro-enterprises in developing countries, even \$200 is a very large investment. SGB(B)
- Microenterprises cannot afford the initial investment to start a business in the first place, but foreign investors are not aware of the actual detailed needs (e.g., the initial investment needed to start a food stall in Indonesia is a blender to stir the spices). Recognition of the need for such initial investment is important for social investment.
- It is a hurdle for local entrepreneurs to contact foreign foundations from Southeast Asia. I would like to see foundations in different countries collaborate together to send delegations and conduct acceleration programs (to obtain local information and make connections with collaborators). SGB (C)

Among SGBs, there are examples of companies that have actually succeeded in raising funds because of their strategic networking efforts. Given the fundraising successes of entrepreneurs with strong investor relations knowledge and presentation skills, training in such skills is also considered valuable. In addition, support for the initial invest-

ment in starting a business, the cost of hiring experts, and IT was mentioned as a request for assistance.

3-2-2. Investors

Regarding investors, we interviewed two angel investors and six Japanese venture capital firms.

Approach to Social Impact

The following questions were first asked to understand each company's approach to social impact in their investment projects.

(1-1) In addition to financial risk/return, does your company's investment policy, targets, or definition of success include social impact? For example, does it include a gender perspective?

(1-4) Is there anything related to social impact in your investment eligibility screening process? If so, please explain the evaluation method, indicators, etc.

The majority of responses said that, by nature of being investors, they seek financial return first and foremost, rather than social impact. Most of the venture capital firms answered that they have not received any requests from LP investors in their funds to include a social impact perspective in their funds. However, some VC firms indicated that they are receiving an increasing number of external inquiries about such social investments, in line with the growth of ESG investments. For such cases, they have created their own investment guidelines related to social impact and checklist items by referring to overseas examples. There were also venture capital firms that support the creation of ESG management roadmaps for their investee companies after the investment decision is made.

- When making an investment, the financial return is the first priority, so social impact is not an essential consideration. VC(G)
- They are looking for the same financial return as a regular VC, and LPs recognize this. VC(K)
- There are currently no requests from other investors in the fund to include ESG clauses in the thematic setting or DD criteria. However, as an increasing number of VCs are introducing their own or existing evaluation criteria to promote ESG investment, we expect that such requests may increase in the future. VC(H)
- No social impact requests, etc. have been issued by LPs yet. VC(J)
- ESG type features a certain amount of screening during due diligence, but only ESG negative screening of regular listed stocks. VC(K)
- Social impact is not established as a checklist when making an investment. The hypothesis is that a company that generates returns is recognized as having some social significance. VC(K)
- Due to the nature of VC, the founders' strong desire to contribute to society is uniquely expressed in their own language, whilst aiming to maximize financial returns. There is an increasing trend for sovereign wealth funds to mention ESGs and SDGs when investing in funds, and if they already have this item in place, they they will naturally be more aware of ESGs, have more opportunities to be pleased with them, and no additional action is required. VC(I)
- The premise is that emerging Asian regions tend to have businesses with very high social impact, as most of them are social problem-solving businesses. The portfolios also appear to be dominated by social solution-type businesses. For this reason, we are receiving an increasing

number of inquiries from financial institutions, especially those that have begun to focus on ESG investments, who are interested in participating in LPs. In addition, some LPs have recently started to monitor the value they are creating quantitatively. VC(G)

- While the main premise is to maximize capital gain, a common understanding is that by paying attention to concepts such as SDGs we can increase returns, and that the results are improving. VC(J)
- There is no unified ESG assessment/ESG roadmap-like system for unlisted ventures. We have created our own, referring to the likes of SASB, GRI, and Bcorp for listed stocks. We believe that there are differences by industry, and we are participating in a consortium called Venture ESG as ventures in Europe are moving quickly. VC(K)
- Regarding social considerations in the DD process, for domestic projects in which the company is the lead investor, the 40 ESG-related items, including gender, set by the company are checked with potential investors, and for investments in which the company is the GP, ESG-related clauses are included in the investment agreement. However, this hasn't been implemented to the extent of overseas projects. VC(H)
- Memorandum of Understanding (MOU) is signed when making an investment, and a roadmap for ESG management is developed within 6 months of investment. VC(K)
- We have also signed the PRI to ensure that there is no unconscious bias. We have not decided on a percentage of women in our portfolio. We believe that diversity of thought is important. VC(K)

- The company invests in promising businesses from the perspective of fostering industries over the very long term (20-50 years), rather than the usual payback time frame. For this reason, the source of the investment is self-funded and does not include funds from outside investors. At the same time, we believe that the motivation for learning and starting a business is linked to social issues and one's own difficulties in life, which is a requirement for a business to be established in a social sense, and in this respect, businesses with a social mission may become investment targets, which is our contribution to the evolution against capitalist knowledge. Investor(D)

- We believe that the probability is higher if we consider returns over a longer cycle than 10 to 15 year increments. VC(F)

- Entrepreneurs are not educated or nurtured. VC(G)

Some venture capitalists dared not to mention social impact in order to solicit a broader range of requests for investment from venture capitalists.

- As a VC, we don't label our investments as social impact in order to avoid narrowing the pool of investment requests from venture capitalists. VC(I)

Responses were received regarding the possibility of a loan fund as well as equity.

- We believe that a business needed by society is a business model that is profitable. If the business doesn't make a profit, it means that the existence of the business is required by society. Investor(E)

- Although investment is necessary at the start of the business, the capital gain type investment approach forces the entrepreneur to overreach. Therefore, once the business is expected to start

running in the long run, the company chooses loans instead of capital gain-type investments because it believes that loans will allow the business to grow faster. Investor(E)

About the Ecosystem to promote Investment in Southeast Asian SGBs

The following questions were asked about the ecosystem to promote investment in Southeast Asian SGBs.

(1-2) What channels do you use for sourcing investment opportunities? In addition to your own network, do any external networking organizations or individuals play an important role as intermediaries?

(1-3) From the perspective of the above, are there any networking organizations or associations in which your company participates? In what ways would such organizations be beneficial to the promotion of your business?

(2-1) What are some of the elements that are currently lacking and necessary in building a network involving portfolio companies, investors, government, non-profit organizations, etc., in order to promote investment, especially with a view to social impact?

(2-2) How do the environmental conditions of the above ecosystems affect your investment decisions? conditions of the above ecosystems affect your investment decisions?

In response, it was pointed out that informal relationships are important in building a network for identifying investment targets, and that it is nec-

essary to build trusting relationships with potential investment destinations over time while building a track record of investments. For this reason, the evaluation of public networking conducted by intermediary Organizations, etc. was generally not considered highly useful in terms of identifying and selecting investment targets.

Some entrepreneurs, as seen in start-ups that have also been successful in fundraising, participate in closed networks at home and abroad.

- Successful investment is all about quality networking. People who are close to each other are connected in a humanistic way. In the success of the business in which the investment is made, we believe that it is more recoverable to focus on the personality of the entrepreneur rather than his/her abilities and skills, and we emphasize the importance of human nature in the development of the business. Investor(E)
- It is a very muddy and informal industry. The key is the track record and tenure of key personnel and close communication. You need to get information privately, before it becomes public information. VC(G)
- In terms of sourcing projects, many are introduced through personal connections from VCs with whom they have close relationships in the region or from angel networks. There is interest in, but currently no awareness of, networks of investment professionals in the social impact area. VC(H)
- Although they are in government networks such as in Vietnam, they are not actively involved in angel investor networks such as ANGIN because they have mixed with non-tech companies such as restaurants. Also, conglomerates operating in old industries that started investing in venture capital around 2011 were under the impression that tech companies were not profitable, but recently they have been actively investing again.

However, since talented entrepreneurs try to avoid partnerships with specific companies, they tend to shy away from these conglomerates' investments at an early stage of their business. VC(I)

- Regarding the possibility of a network of angel investors, the perception is that front-line ventures do not often participate in networks created by intermediary Organizations because investors with a proven track record create their own networks on an individual basis. Foreign VCs have a hard time participating in local networks, so they may participate in such occasions, but they do not expect it to be that much of an opportunity. There is potential for the formation of such networks in Thailand, Malaysia, the Philippines, and other places where the ecosystem is immature. VC(H)
- Regarding the identification of investment targets, the better the deals, the more personal networks are involved, whilst the worse deals appear in listings by intermediary organizations, etc. VC(H)
- My impression is that acceleration programs are beneficial in some cases, but they also require a time commitment for advisors, judges, and other involvement, and not many top-tier ventures participate. VC(H)
- Mainly entrepreneurial acquaintances from previous jobs (about 40 companies. Information is restricted to the top level learned in Europe and the U.S.), and the main network contacts are requests for co-investment from follow-on investment-oriented VCs who are unable to make lead investments. VC(I)

Regarding investment in women entrepreneurs, the lack of human resources for women entrepreneurs was raised as an issue, and some venture capitalists were active in supporting women entrepreneurs.

- As the pursuit of financial returns is our first and foremost goal, it is difficult to include a certain percentage of women entrepreneurs in portfolios, given the small overall number of them in emerging economies. VC (G)
- Women are underrepresented in the industry among entrepreneurs, venture capitalists, and programmers. VC(G)
- Although there are many women entrepreneurs who not only aim to go public, but also to contribute to society by creating jobs in small and medium-sized companies, such small and medium-sized companies are difficult for VCs to tackle, as they have high return expectations or large M&A exits. VC(G)
- While we do not claim to be a women-specific fund, we are aware of the problem of the lack of women entrepreneurs and investors, so we tend to actively support women entrepreneurs. Overseas, there are examples of Japanese women who are very active. It is one way for us to participate. VC(F)
- The biggest deficiency is in female human resources. There is a great demand for women with vigor. There is a need for programs that can raise the level of women's business skills. In particular, female engineers and women who can run businesses are needed. There is a need for training programs that can bring people who have created products and managed projects at startups up to the management level. We are planning to start a training project in October. VC(K)

One geographical challenge in Southeast Asia that was also noted is the concentration of different resources, such as funds, information, and human resources, in Singapore.

- In terms of the region, money, information, and people are all concentrated in Singapore.

In India, the largest startup organization is Nasscom. Accelerators have also declined after a brief boom. In Singapore and other countries, the government provides information. Universities also play a major role. VC(G)

How foundations and other non-profit sector organizations can support the ecosystem

In supporting the non-profit sector, such as foundations, in building ecosystems, the following question was asked.

(3-1) I would appreciate your thoughts on the future possibilities of what role foundations, etc. can play in the creation of networks as mentioned above, or in promoting social investment from Japan to Southeast Asia in other ways.

Regarding support by foundations and other non-profit sectors, comments could be categorized in the following broad categories: 1) expected direction of projects; 2) unique investments and loans by the non-profit sector; 3) ecosystem building; and 4) education.

1) Expected direction of foundation's projects

- Compared to other countries, foundations in Japan should be more active. Foundations can be expected to be unique in their activities, because the private sector cannot take a long-term view of projects, while the government and public administration need to look at subjects broadly and impartially. VC(F)
- Larger foundations act slower and have less understanding of technology. VC(F)
- Foreign foundations specialize in certain subjects. I think it is good to create an industry

that can fill in areas where other private sectors have difficulty entering. VC(K)

- Compilation of data on what factors become mainstreamed based on the social environment of each country. (e.g., organic food has changed from a niche area to the mainstream market) A method of researching the transformation of the market's evaluation of social value and providing grants, etc. where it can be used as a seed. Investor(D)
- The foundations have not been able to keep up with modern trends. Some have ended up using old-fashioned frameworks. VC(F)
- More VCs are becoming interested in social impact, but there is still a large gap. If foundations create a community with investors who resonate with their values and start with discussions, they may be able to identify areas of focus. I believe that VC activities that can be done only with the backing of foundations can be found. VC(F)
- Southeast Asia is an area where there are many social issues, so why not look at social impact in the business sector. VC(I)

In many of the comments, there were high expectations for foundations to have a long-term perspective and to provide support that emphasizes social impact beyond financial returns. Some also called for investment in funds.

2) Unique investments and loans by the foundations

- Is it possible to operate a microfinance loan fund for foreign countries? Would it be possible to have a different flow of money if we could invest in a loan fund? Investor(E)
- A method of subsidizing VCs from foundations to form GLI-specific funds is possible. VC(I)

- What about when VCs invest in startups, they match investments, match grants, etc.? VCs who co-invest could feel comfortable in the sense that they know what they are committing too. VC(J)
- Grants are most appreciated because the founder's equity is not diluted. Equity investment is appreciated as a medium to long-term commitment and as a means of acquiring growth capital, but it is preferable to work with VC firms that specialize in post-investment support, such as performance monitoring and management governance. VC(J)
- If we are going to invest, it would be good if we can maintain a long-term presence as a shareholder. This is an important perspective because you can invest during the first tough times. VC(K)
- In venture investment, once the VC has reached the stage where the technology has been identified and growth is required, the foundation could make the investment. VC(F)
- Since venture investments are followed by subsequent investments in the next stage, and finally by exits, etc., it is difficult to imagine that a single initiative will solve the problem of whether the investment environment in Southeast Asia from Japan can be improved, but it is possible that the SPF could make LP investments in multiple funds on the condition that they are socially responsible. VC(H)
- It could be an effective initiative to have the foundation organize the terms and conditions and present a model for what kind of ESG clauses are appropriate to be included in contracts. VC(H)

3) Support for building an ecosystem for investment in SGBs

- Regarding the networking potential of angel investors, it is recognized that frontline ventures do not often participate in networks created by intermediary Organizations, because investors with a proven track record create their own networks on an individual basis. (foreign VCs participate in such venues due to the difficulty of participating in local networks) Sometimes, however, it is less promising as an opportunity). There is potential for such networking in places where the ecosystem is immature, such as Thailand, Malaysia, and the Philippines VC(H)
- I have the impression that people active in the business world in Southeast Asia are scattered in various countries and are working with their government. I think they could play a role in connecting the government with the private sector by utilizing their networks. VC(I)

On the other hand, regarding the listing of entrepreneurs as potential foundation projects and support for entrepreneurs through networks, it was difficult for the foundation sector, which is not deeply involved in the investment business, to conduct accurate listings due to the situation where information on profitable investment projects is done on a private basis. The role of the foundation sector, it was commented, would be to provide educational programs to nurture budding entrepreneurs who can enter such networks, and to work with the public sector, such as governments, and foundations to improve the environment for social investment and to conduct advocacy.

4) Possible involvement in educational projects

- For first-time entrepreneurs, fundraising is often the biggest hurdle. Social entrepreneurs, in particular, are often passion-driven entrepreneurs and lack the knowledge of how to write a business plan and calculate the market, which are necessary for investor communication. It is good for the growth of the whole ecosystem if there is an organization to coach them there. VC(J)

- There is no shortage of female capitalists and support for entrepreneurs. I think it is important to have a track record. VC(K)

In terms of entrepreneurs, it is possible for a foundation to provide entrepreneurial education from a long-term perspective, whether in childhood or adolescence, in terms of what stage of life to accompany the entrepreneur in his/her development. Investor(D) Findings from interviews with investors

In these interviews with investors and venture capitalists, they commented on the market environment for investing in SGBs, with some companies experiencing difficulty when raising funds specifically for Southeast Asia. However, others stated that there was already a surplus of funds available for seed-stage ventures. As for challenges, diversity of final investment exits was cited by several comments as a common issue.

- The investor network has a surplus of funds in the seed phase. There is a gap as there are not many investors for Series C-D and beyond. VC(I)
- Although it is a global trend, venture investments in Southeast Asia are becoming less difficult to raise small amounts of capital (\$100,000 to \$500,000) for as the supply of funds is increasing. VC(H)
- There is a lack of diversity in exits in both Southeast Asia and Japan. The funds are currently in surplus, so the variation is high, and the venture community is growing. If there are more cases with strong ESG colors, like Allbirds (in IPO) in the U.S., businesses with social significance will grow. VC(K)

In terms of investment in a social context, there was a gap between investors' expectations of financial returns and the timeframe required to realize them. In VC investments, there is a need to generate investment returns through IPOs, MBOs, etc. in

a relatively short period of time, while the growth of businesses that solve social issues generally takes time. Another contradiction is that once social enterprises bring about solutions to issues, the social needs on which the projects are premised also shrink.

In response to this challenge, some VCs and angel investors have taken a long-term perspective for market development, not only from the perspective of business investment, but also of social awareness for pursuing social value. They are also trying to build their own community/network by gathering entrepreneurs and supporters who agree with them.

- Although the creation of an ecosystem is not profitable, we feel that we are taking on both a foundation role and a private role. The value derived from the ecosystem is greater than the financial return. There are similarities with the Bill & Melinda Gates Foundation. In networking, it will be important in the future to disseminate information on one's own, clarify what one is interested in, and what one wants to do as an investor and supporter. VC(F)
- At the same time, we believe that in implementing such a project, it is important for the company to work to foster its own learning and awareness of its own relationship to society. Investor(D)

A distinctive feature of the comments from investors was on the network of entrepreneurs and investors. Since information in networks is valued for its scarcity, it is perceived that information that is considered important, such as information on potential investments that is not generally known to the public, is exchanged privately, and that the relative advantage of obtaining such information is lost when it is made available to the public. As a result, the venture listings provided by the government and universities are treated only as references and are considered unlikely to lead to investment, and

the challenge for the foundation sector and others to strengthen this network as a business was recognized.

Another challenge for the growth of the social impact investment market is the fact that investors in VC-managed investments have not yet made many requests regarding the social impact of the companies in which they invest. Like the current growth of ESG investment, institutional development is expected. Given this situation, the roles of the non-profit sector, including foundations, can be envisioned to include educational activities on social impact investing, organizing knowledge on social impact evaluation, and research and lobbying activities.

Several comments in the interviews revealed that investors recognize the risk that an emphasis on social investment may lead to less pursuit of the profitability of the investment and less interest from different stakeholders, including entrepreneurs. To address this issue, it is necessary to create examples where social impact and financial return are not in conflict, and to gain public recognition for such cases.

3-2-3. Public organizations

In the public sector, we interviewed two Japanese public organizations with offices in various countries. Since many public organizations conduct activities that straddle the boundaries of both SGBs and investors, we gathered comments in three areas: (1) their views on social impact; (2) the ecosystem that promotes investment in SGBs; and (3) how the non-profit sector, such as foundations, should support SGBs. The following is a summary of the results of the study.

Approach to Social Impact

The public organizations pointed out that in the case of SGBs that have been successfully invested in by Japan, those projects were expected to generate sufficient financial returns, and that it was im-

possible to see examples of investment in projects that had social impact but did not expand in scale, and noted the dilemma between the balance of social impact and financial returns.

- For both companies, Japanese investors are investing not because the entrepreneurs are women, but because they see a business opportunity as a start-up, for example, a business for the elderly that will grow. Public organization(L)
- Either it scales as a venture but its social impact is neglected, or it does not scale but is easily explained in terms of social impact. How many companies are there where both overlap? In a country the size of India, there would be a large number, but the smaller the country, the less market growth can be expected. Public organization(M)
- Connecting venture companies to angel investors is also a challenge, so efforts are being made to connect them with Japanese companies and investors through business contests and other events. Public organization (M)

About the Ecosystem to facilitate Investment in SGBs

During the interview, several comments on Japanese companies were offered, as both organizations are Japanese-affiliated. It was pointed out that Japanese companies still see Southeast Asian companies and markets not as collaborative partners, but as opportunities to expand sales channels and targets for support, while Southeast Asian social enterprises also lack experience in communicating with Japanese companies.

The state of Japanese companies

- There is a lack of defined territory when expanding into Southeast Asia, a lack of knowledge to find partners to team up with and to connect the value of both sides. Public organization(L)

- Even if they have the financial resources, it is questionable whether they can create a business model under the constraint that it should lead to new business and make money. It does not feel like they are doing new things at a rapid pace. Public organization(L)
- The main purpose of expansion into Southeast Asia is market expansion, and social contribution and social elements are thin. In addition, as the company's organizational structure, gender and CSR issues are probably handled by the headquarters in Japan, which looks at the entire global market and finds the necessary markets (examples in startups: Silicon Valley, Israel). Therefore, the Singapore office does not have the right to settle and make decisions, and ASEAN may be a relative afterthought. Public organization(L)
- When Japanese companies are approached about Southeast Asia-related business, it is seen as CSR. There is no sense of collaboration with Southeast Asian ventures as part of their core business. The larger the company, the longer it takes to make decisions, while small and medium-sized enterprises have exceeded the amount of risk they can take. Japanese companies are also in a state of limbo. Public organization(M)

The state of SGBs

- There is a lack of know-how on the reporting needed for cooperation with and support of companies and public organizations. This has led to problems prior to any collaboration. Public Organization(L)

How to support foundations and other non-profit sectors

Regarding the role of the non-profit sector, including foundations, the public sector is expected to take the initiative in developing an ecosystem that creates social impact, and to support projects that benefit a wide range of people in the target coun-

tries, rather than a specific few. Expectations regarding support were expressed. Compared to the responses of private companies to the non-profit sector, more respondents expressed expectations regarding collaboration with the non-profit sector.

- We could collaborate by introducing companies that are interested in gender. Public organization(L)
- How about creating a platform for social entrepreneurs and showcasing them to Japanese investors? Public organization(M)
- As foreign private companies are shifting from CSR to CSV, it is difficult to persuade the investment and management sides because of the underdeveloped methods of measuring social impact. This is an issue that public organizations should take the lead in promoting. Public organization(M)
- The fact that support schemes are limited is also an issue. Is it possible to create a system that allows public organizations such as foundations to do what they can do and utilize the networks they have? Public organization(M)
- In developing countries, entrepreneurs with innovative ideas are limited to the best and brightest in developing countries, limiting the scope of support. It is the role of public organizations to direct their support to the general public. Public organization(M)

Public organizations expressed a positive attitude toward collaboration with the activities of foundations in line with their social objectives as public organizations. Even for measures that are difficult for the private sector to consider in terms of profitability and business feasibility, collaboration with public organizations that have policy objectives can be envisioned.

3-2-4. Intermediary Organizations

For the intermediary Organizations, interviews were conducted with five domestic and international organizations. Intermediary organizations, like public organizations, often conduct activities that straddle the boundaries of both SGBs and investors, so we asked them about: (1) their views on social impact; (2) the ecosystem that promotes investment in SGBs; and (3) how the non-profit sector, such as foundations, should support their activities. The comments in these areas were consolidated.

Approach to Social Impact

Intermediary organizations pointed out that in Southeast Asia, as in other regions of the venture investment market, financial returns are important, and the focus is on IT ventures with growth potential. The question was raised as to whether the SGBs sector, which pursues social impact, is expected to grow like other commercial ventures, and what impact and significance that employment and economic activity will have.

- What about a framework in which foundations support large corporations in undertaking SDG-related projects in developing countries? In the first place, shouldn't the "get-rich-quick" mentality of impacting society through rapid growth be changed? Japanese intermediary Organization(P)
- I find it contradictory that only tech companies whose businesses are growing rapidly are selected for social impact investment. Japanese intermediary Organization(P)
- Investment in social enterprises from outside Thailand is very rare. This may be due to the fact that it is not easy to check the background of entrepreneurs from outside of Thailand. Local intermediary Organization(N)
- The reason why they do not receive foreign investment is because of the slow pace of

growth. Also, investors focus on financial returns, and social impact is a secondary concern. Local intermediary Organization(N)

- Singaporean VCs, in particular, are seeking investments in tech companies. Local intermediary Organization(N)
- Although we have been able to collaborate with local VCs in Southeast Asia, the amount of investment is small (\$50-300K) and the returns are proportional to the amount of investment, which may not be attractive to foreign investors. Foreign intermediary Organization(S)
- Although Southeast Asian companies are focusing on corporate capacity building for SGBs and implementing it under the guise of CSR, they may also be considering acquisitions. Foreign intermediary Organization(S)
- Conglomerates may not want to put their own money into for-profit VCs. Foreign intermediary Organization(S)

About the Ecosystem to facilitate Investment in SGBs

From the standpoint of the intermediary Organizations, few success stories about investments in SGBs were discussed, and many comments were made about case studies of projects that have been tried and tested. It is assumed that this is due to the fact that the target of support by intermediary Organizations with a social mission is not the category of SGBs, but rather social enterprises with a stronger social mission.

Regarding the involvement of Japanese stakeholders, many issues were raised, particularly regarding the attitude of Japanese companies toward business in Southeast Asia. Japanese companies still tend to view collaboration with Southeast Asian social enterprises as either a grant recipient or a partner in CSR activities, and rarely as a business partnership in its own right. On the other hand, it

was also pointed out that Southeast Asian social enterprises do not meet the quality requirements of the Japanese market when collaborating with Japanese companies.

The state of Japanese companies

- For Japanese companies, it is important to know how to gather enough materials to reach a consensus within the company and make decisions. External support for these decisions can be provided in the form of information and communication with partners. Japanese Intermediary Organization(Q)
- The reason why there are few examples (of investment using GLI in Southeast Asia) may be because there are still many challenges in Japan. Gender is still an issue in Silicon Valley as well. This may be due to the lack of human resources with the ability to monitor and screen local portfolio companies, and the lack of marketability in terms of large returns. Japanese Intermediary Organization(R)
- It is highly likely that both the developing country's side and the Japanese side will not have the necessary capacity to build a cooperative relationship, especially if the team in charge of the the Japanese company has limited international experience. Possible solutions include using external personnel to reinforce the relationship-building aspect of the project, frequent and careful communication, and promoting human resource development at the same time. In many cases, projects under the jurisdiction of public organizations do not continue to provide support until after the project is launched or stabilized, and as a result, they often do not lead to the launch of the project. It is important to provide support that continues to be involved in these difficult phases, and at the same time, it is important for companies to invest resources and make efforts to enhance continuity. Japanese Intermediary Organization(Q)

The state of local SGBs

- Insufficient information on local social entrepreneurs, the quality of products and services and production capacity of local companies not matching the Japanese market, and difficulties in providing accompaniment support are some of the challenges. Japanese Intermediary Organization(R)

On the other hand, cost and gender issues related to business promotion were also identified as problems for social enterprises in Southeast Asia.

Cost issues related to investment

- The Social Enterprise Association of Thailand (SE Thailand) was considering meeting with social enterprises at a stage like IE20 and discussed the possibility of issuing green or sustainability bonds together. However, the cost of due diligence is very high and they cannot afford to implement it. Local Intermediary Organization(N)
- It is very important to be recognized by the entrepreneurial and investor ecosystem for who you are and what you do, but it costs a reasonable amount of money to gain that recognition. Local Intermediary Organization(N)
- Although the company has been able to collaborate with local VCs, the small investment amounts of \$50-300K and the proportionate returns may make it unattractive to foreign investors. Foreign Intermediary Organization(S)

On Gender-Focused Social Investment

- While support for women entrepreneurs is necessary because they are few in number to begin with, on the other hand, support for many women entrepreneurs is mistakenly perceived as "affirmative action". Rather than investing in women to close the gender gap, it is important to create a cycle in which women entrepreneurs perform well and receive investment in return. At the same time, increasing the number of women investors is an effective solution. Local Intermediary Organization(O)

- As the trend of ESG investment accelerates, the company is increasing awareness of the potential of women entrepreneurs in the investor community and strengthening its network of women VCs and angel investors. Local Intermediary Organization(O)
- Despite having equal potential as male entrepreneurs, women entrepreneurs are constrained in their opportunities by gender bias in investment (e.g., only 3% of VC investment goes to women entrepreneurs in Singapore). local Intermediary Organization(O)
- The reason for the lack of examples may be that there are many issues in Japan regarding GLI. Gender is still an issue in Silicon Valley as well. Japanese Intermediary Organization(R)

How to support foundations and other non-profit sectors

Intermediary organizations commented on the significance of foundation support for the segment of SGBs with growth potential in which commercial funds and others invest. For example, they questioned whether the non-profit sector, such as foundations, should support unicorn companies that go public.

As for expectations for Japanese foundations and the non-profit sector, they can leverage the trust of Japanese companies and consider their role in turning Japanese companies' attention towards Southeast Asia. In addition, when providing support focused on women entrepreneurs, care should be taken to ensure that it is not seen as a gap-filling measure that does not involve business potential.

Role of support targets and public organizations

- Gojek and others are successful examples, but is it worthwhile for foundations to support them? Should the scope be defined as to whether growth and scale are sought or socially oriented support for small and medium-sized enterprises? Japanese Intermediary Organization(P)

Role as an investor

- If we are considering a broader program to strengthen the ecosystem, how about a partnership between foundations and investors in Thailand? Some Japanese corporate founders have invested in funds of funds that invest in social enterprises in Asia. Local Intermediary Organization(N)
- If a large-scale venture fund could be created in Thailand, Japanese investors could participate as LPs. This would reduce the cost of screening for investment feasibility, and allow for financial contributions according to the willingness to invest. Local Intermediary Organization(N)
- One option is for foundations to fund an accelerator and cover the costs of developing women entrepreneurs as a priority. Local Intermediary Organizations(O)
- Is it possible to provide support through convertible bonds, etc. rather than equity investment? Also, Japanese people in their 30s and 40s who can provide support in the tens of millions of yen per unit may also be able to take advantage of the angel investment taxation system. There may be a certain number of wealthy Japanese who are interested in social entrepreneurs. Japanese Intermediary Organization(Q)

Support for the development of women entrepreneurs

- While it makes sense for the foundation sector to be involved in fostering entrepreneurs and investor networks, care must be taken to ensure that this does not contribute to the aforementioned bias against women entrepreneurs (e.g., if an event highlighting women entrepreneurs is held, it should be co-sponsored with a major VC firm, etc., so that it does not become a potential investment project). The message needs to be clear that there is potential. Local Intermediary Organization(O)

Support for Networks

- Collaboration with women venture capitalists and their networking organizations such as She VC, ASTIA Angels and Business Angels Network could be considered. Local Intermediary Organization(O)
- Foundations could serve as intermediaries from a public interest standpoint to build trust in collaboration between local companies in developing countries and Japanese companies. Foundations could provide local networks established through existing projects, or provide support for indirect costs such as travel expenses. Japanese Intermediary Organization(Q)

Many of the intermediary organizations also expressed their expectations for funding by foundations. In addition, there were questions about the attitude of seeking high returns in social impact investment, the need to define which companies foundations should really support, and the possibility of utilizing Japanese-affiliated foundations' position to conduct educational activities and introduce case studies to address the low interest in the SGBs sector among Japanese-affiliated companies. There was also an expectation for advocacy activities to build such a social momentum.

3-2-5. Companies

What became clear during the process of selecting companies to be interviewed in this study was that cases of Japanese companies investing in or collaborating with Southeast Asian SGBs with social intentions were exceptional to begin with. Many of the companies that we approached that are doing business or investing in Southeast Asia responded that they are not investing from the perspective of social impact, and the following is a summary of the opinions of the two business companies that agreed to cooperate with us.

- Out of input, output, outcome, and impact, it is quite difficult to reach impact. There are discussions within the company that it may be necessary for other companies to develop their businesses more rooted in CSR and sustainability through collaboration with other companies. To this end, it may be necessary for foundations with networks to create networks together with the private sector. Efforts to address social issues will not only contribute to society, but also build trust with society and develop products. Japanese company(T)
- We may be able to utilize our network with other NGOs, UN agencies, and foundations in order to regularly discuss with other companies the points where there is a framework for the SDGs but no concrete way to move forward. Japanese company(T)
- Although there are many possible factors, foundations appears to be having trouble tying up with Japanese companies. Foreign companies may be a good match because they can create a flat relationship, but it is important that the materiality of the foundation and the company it is working with match. If the materiality is different, it may be more difficult for a global foreign company to coordinate internally than for a Japanese foundation. Foreign-affiliated company(U)
- With regard to women entrepreneurs, more movement in government-related organizations would change things. The impact of the Tokyo Metropolitan Government's move to support women entrepreneurs was significant. Foreign-affiliated company(U)

The companies that are collaborating with social enterprises in Southeast Asia responded that they receive many inquiries from other companies that do not know how to make concrete moves, and that the approach of Japanese companies to SGBs and social enterprises in Southeast Asia has been

to provide grants and purchasing fair trade products in the context of CSR. This trend is moving away from this passive role to a more co-creative one, in which businesses are actively being built.

- Basically, our company contacts NGOs directly through referrals or through their websites. Since our approach is based on the "onsite, actual, and realistic" principle, we talk directly with the people who are actually taking action and determine on an individual basis whether we can collaborate with them. We value face-to-face relationships. The company does not want to communicate that it is doing something good; rather, it wants to tell society that there is a problem, and expand as a retailer while gaining the empathy and support of its customers. Japanese company(T)

Although the number of Japanese companies interviewed was only a small number, it was felt that recognition of the potential for business investment in and collaboration with SGBs to contribute to solving social issues is a prerequisite for participation in the SGBs investment ecosystem, especially by Japanese companies.

4.

**Review of previous studies and analysis
based on interviews**

This chapter describes the findings and discussion revealed by the review of previous studies and case studies conducted in Chapter 2 and the interviews with stakeholders based on the questionnaire designed in Chapter 3. In this chapter we examine the objectives of this study: "What are the conditions for promoting Japanese investment in SGBs in Southeast Asia?" and "What kind of support is expected from the non-profit sector, including foundations, for the ecosystem surrounding SGBs?"

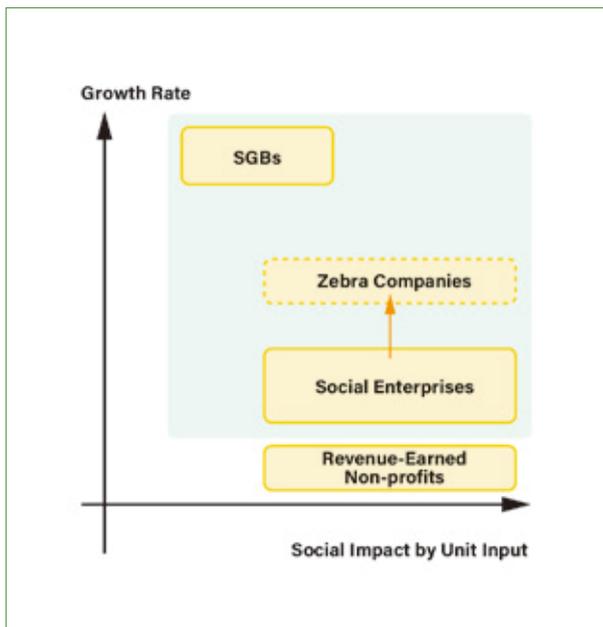


Figure 6 : Different segments of SGBs

One of the findings from previous studies and interviews, particularly with regard to SGBs, is the different diverse segments SGBs form. These SGBs can be recognized as different areas and groups based on not only the diversity of industries and business types involved, but also the profitability, growth potential, especially in terms of promoting social investment, and orientation towards sociality.

The first segment of SGBs is SGBs with high growth potential and return on investment, which are usually targeted by VCs and other investors. If we assume that there will be business growth through resource investment, solving social issues through increasing employment and expanding benefits to users of the service and product, there is a large leverage effect when it comes to sup-

porting SGBs with high business growth potential that will generate many times the sales and profits within a few years. In this context, unicorn companies that grow rapidly and go public in a short period of time are candidates for such support if the aim of the social impact is not the nature of the business for creating impact but the creation of jobs. In terms of funding needs, however, these high-growth SGBs are not as well funded by the non-profit sector, such as foundations, due to the abundance of commercial investment capital.

On the other hand, a second segment is made up of social enterprises whose main business objective is to solve so-called social issues. For example, social enterprises such as fair trade, organic farming, cooperative-like businesses, and handicraft and processed food companies that employ economically disadvantaged. Due to their social orientation and goals, it can be difficult for them to generate the expected investment returns as, unlike the previously mentioned high-growth oriented SGBs, have a low notional value of business growth and profitability, and they do not assume listing. Therefore, even if the social impact per unit of invested capital is large, the social impact on the market as a whole will be limited unless it is also accompanied by business growth.

Foundations, public organizations, and social investors provide funding to this segment of social enterprises based on the expectation that they will contribute to solving social problems, but of course, the nature of this funding is donor-like in nature.

At the outset of this study, we assumed that the non-profit sector, such as foundations, would support the areas where these two segments overlap, so that both the social mission and the social impact of business growth would be realized. In reality, however, there is little overlap between the two sectors. Concepts such as the aforementioned Zebra companies have been discussed as a new segment that combines the characteristics of both, but these discussions remain at the conceptual level

and have not yet led to the formation of a corporate segment that would actually be a target for investment.

Given this situation, the choice of which of these two different enterprise segments to select will be a major factor in defining the impact to be envisioned and the projects to be supported. Alternatively, a less significant area, and one in which we have seen only exceptional cases so far, could be to provide support projects and investment promotion to socially motivated start-ups, whose potential is not fully understood.

4-1. Hypothesis testing

In this section, we discuss the results of our testing of the hypotheses we initially assumed, based on the findings and discussions conducted by the previous studies and interviews described thus far.

Table 3 : Issues and possibilities identified as a result of hypothesis testing

Area	Hypothesis	Challenges and possibilities identified through interviews
Cognition and intention	<ul style="list-style-type: none"> Investors have the intention of locating social impact in investments and investments with social intentions for SGBs. Investors intend to channel their investments into social impact areas. 	<ul style="list-style-type: none"> Limited cases of Japanese investors investing with a social agenda, but opportunities exist to raise awareness High hurdles in terms of investment conditions for cross-border venture investments and limited scope of target entrepreneurs, so little overlap with the SGBs covered in this research
Access to relevant networks	<ul style="list-style-type: none"> Both entrepreneurs and investors should have access to acceleration programs, investor circles, intermediary organizations, grant and donor funding, and intellectual resources. 	<ul style="list-style-type: none"> Regarding the network between investors and companies, venture investment is a highly human network, and there is little room for intervention through programs, etc. Networks of women entrepreneurs and investors have potential to be cultivated, although care must be taken to avoid reverse bias. Support for meta-networks among investors, companies, intermediary organizations, and SGBs between developing countries and Japan (e.g., Women in VC, etc.) could be considered.
Identification of investable deal flow	<ul style="list-style-type: none"> The existence of a group of companies of a certain size that can be invested in by investors, and an environment in which such a group of companies can grow in both number and quality. 	<ul style="list-style-type: none"> Capacity building of potential investment targets is important, but without focused implementation, return on investment will be difficult to achieve. Support for acceleration programs with discernment can be considered.
Policy and regulations	<ul style="list-style-type: none"> The existence of policies and regulations that define socially oriented SGBs as markets with a different risk-return profile for companies with general commercial objectives. 	<ul style="list-style-type: none"> Policies and regulations have a significant impact on the market environment necessary for the growth of SGBs From a public interest standpoint, foundations, etc. may be able to mediate between government, investors, and SGBs.

4-1-1. Cognition and intention

In the area of cognition and intention, we tested the findings of the interviews against our initial hypothesis that, although Japanese investors, especially VCs, are aware of the social significance of their investment projects, only a few of them consider the pursuit of social impact to be a business objective to financial return simultaneously (VC E,H). Some VCs with social impact as their business objective set their own ESG criteria in their investment eligibility screening (VC E). Conversely, some were concerned that a stated social investment intent would reduce access from commercially motivated ventures (VC F). Contrary to this, one of the angel investors interviewed cited the realization of social impact as the purpose of the investment, with a time horizon of 20 years in mind for return of investment. (Investor A)

Regarding gender-related impact, in common with VC and angel investors, women-led SGBs were not perceived as potentially promising investment targets (VCs D,E,F,G,H, Investor A), but all investors interviewed indicated that the factors defining their investment decisions were purely based on the potential of the business and its future prospects, and that there was no intention to exclude it from the list of potential investments because the management was female (VCs C, H).

In terms of intent, there were also different attitudes among the different investment actors. As mentioned above, social investment in VCs was recognized as a concept, but the majority of VCs are still trying to give it a social dimension without sacrificing their financial return. There are a few angel investors whose main business objective is to realize social value, and there is a movement among companies to use investment techniques in their social contribution projects, but they are not yet highly visible in the market.

All investors were aware of the existence of ESG investments, but unlike publicly traded companies, the investors who contribute the underlying capital for venture investments are a specific few investors. The impact of ESG investments is limited to LP investors who are investors in the fund and have the intention of incorporating ESG into their investment policy. It was inferred (VCs G, D) that the overall investment policy of a fund is rarely significantly affected in such cases. Gender was also recognized as an important social issue, but there was no movement to set it as a central theme for impact.

In contrast, angel investors have their own philosophies about the social significance of business investment based on their deep insight into the social impact of their investments, and in some cases, these philosophies are reflected in the targets and methods of their investments. This can be attributed to the fact that investors have clear ownership in angel investing, and that angel investors, who have experienced IPOs and other outstanding entrepreneurial successes, are naturally skeptical of traditional investments with a commercial agenda (Investors A, B).

On the other hand, public organizations that promote investment and intermediary organizations established for social purposes had a strong social orientation, reflected in their approaches to activities such as various capacity building and network strengthening (Intermediary Organizations K, L, M, N).

However, as mentioned earlier, the outcomes of these different approaches can be evaluated depending on whether the economic impact of the business development of SGBs is the trigger for solving social issues, or whether social enterprises are expected to solve social issues through the social impact of their business models, which are their unique characteristics. Because of this, it is difficult to make judgments about the relative merits of any given initiative in solving social issues

through the development of SGBs in Southeast Asia, particularly women entrepreneurs, which is the subject of this study's examination.

4-1-2. Network access

With regard to the second element of the initially envisioned hypothesis, network access, almost all investors stressed its importance, especially in regard to the role of the network in the process of identifying investment destinations. However, in terms of making investments that deliver results in terms of financial returns, many of the entrepreneurs who indicated a high return on investment and a high priority among potential investment destinations indicated that information was exchanged through informal networks. In other words, it was believed that information about promising entrepreneurs for investment did not come up in networks open to the public (Investor B, VCs D, E).

In that sense, the networking events and platforms envisioned as support for improving network access between investors and ventures are of relatively low importance to investors who want access to ventures that also offer high growth (VC E). Networking programs and pitch events conducted by governments, intermediary organizations, etc. are meaningful in terms of building new networks, but are not necessarily a high priority in terms of identifying direct investment targets (VC E). It is assumed that entrepreneurs who are of high value to investors as investment destinations would gain access to investors without having to rely on such support. In the interviews, a total of three out of the seven VCs and angel investors said that they participated in VC and angel investor networks in Southeast Asia (VCs D, E, and F).

In contrast, entrepreneurs commonly pointed out the importance of networking among entrepreneurs (SGBs S, U). Entrepreneurs, who are relatively social minorities, may find it useful to network with other entrepreneurs, which provides peer

learning opportunities by mutually accommodating connections to investors and support opportunities from government and intermediary organizations. However, networking among entrepreneurs requires a program design that provides significant opportunities in terms of empowerment and that can achieve results that substantially contribute to business progress (SGB S). For example, it is expected that investor networks would be closely involved in these entrepreneur-to-entrepreneur networks, providing advice and funding opportunities for businesses, which would increase the impact of these businesses and provide an incentive for entrepreneurs to participate (Intermediate Support Organization L).

On the other hand, in the case of projects that are not expected to have an impact on the scale of employment or business growth, but are designed to improve the labor distribution rate through business development of social enterprises or to promote new innovations that are socially necessary, support for intermediate support organizations and network organizations that support social enterprises may be effective (Intermediate support organizations K, L, M, N). This is because, in order to implement effective support projects, a medium-to long-term perspective and approach to social impact and its development based on local social structures and cultural values are required, and it is difficult to judge these based on financial indicators such as sales and profits.

4-1-3. Identification of potential investment targets

One of the common opinions shared by the different stakeholders from the interviews is the importance of increasing the number of entrepreneurs. In particular, women entrepreneurs cannot be expected to be recognized by investors as an investment segment without an increase in their quantity (VCs C, H, Intermediary Organization L). In the existing ecosystem initiatives described in chapter two, there are a number of support initiatives for women

entrepreneurs, as seen in the cases of DFAT and UNCDF. Since the concept of gender investment was established, support for business activities by women business owners has been seen as an important way to address the challenges of the gender gap and is recognized as an important opportunity to realize social impact.

In addition, cross-border investments from Japan to Southeast Asian countries, which are the focus of this study, tend to be larger than domestic investments because of country and currency risk considerations, and the minimum investment amount tends to be larger. For this reason, Japanese institutional investors do not invest in individual companies, but instead make LP investments in venture funds. In order to meet the need to secure such investment targets, it is desirable to expand the entrepreneurial group (VC H).

However, direct support of individual entrepreneurs' businesses by foundations clearly has a low leverage effect, and without strategic positioning such as model formation, there are issues from the standpoint of return on investment. As an approach to support, it is necessary to consider innovative methods that can be leveraged, such as support using IT platforms, support for business modeling with the expectation of scale-out, and development and social implementation of content that can reach a certain size of entrepreneurial population.

4-1-4. Policies and regulations

What is particularly clear from previous studies is the current situation in which the venture markets in Southeast Asia are perceived as different country-specific markets. When considering the country-specific investment environment in Southeast Asia and the potential for investment by investors, the most important factor of market selection is the growth potential of the country or market.

In the interviews, it was pointed out that while government support measures and measures to

accept foreign investment are one factor, the concentration of venture companies as a market is an important factor in making an investment viable as a business, as seen in Singapore as a typical example (VC E).

It was also pointed out that, from an investor's perspective, corporate activities as part of the business opportunities in Southeast Asian countries are closely related to government policies (VC F). For example, when the government implements policies to promote digital transformation, IT ventures that possess the relevant technologies are presented with great opportunities. In this regard, foundations and the non-profit sector with knowledge of the policies of Southeast Asian countries may benefit from working effectively with these investors, and there may be synergies in terms of mutual benefits and in helping to realize the policy goals of local administrations.

4-2. Targets and measures of support based on expected social impact

Based on previous studies, we have identified multiple options for what kind of targets and what kind of methods the non-profit sector, such as foundations, can use to contribute to solving local social issues by promoting investment and business alliances from Japan to SGBs in Southeast Asian countries. These have been organized in the table below.

These measures can be categorized based on the target stakeholders of each type of project. While some measures can be implemented across the entire ecosystem, others are stakeholder-specific. In addition, these projects focus not only on SGBs, but also other stakeholders who make up the ecosystem, including investors. This will have an effect on the environment surrounding SGBs, which will then result in further development of SGBs in

Southeast Asia and the solving of social issues.

Based on the above-mentioned issues, this review will focus on the following four stakeholder groups that form the investment ecosystem for SGBs in Southeast Asia: SGBs, investors, intermediary

organizations, and corporations. Options for the non-profit sector were also provided, with four perspectives: Cognition and intention; Access to networks; Identification of potential investment destinations; and policy and regulations.

Table 4 : Possible support measures

Focus point	Leverage point for interventions			
	Investors/Investor Networks	Businesses	SGBs/SGBs Networks	Intermediary Organizations
Cognition and Intent	<ul style="list-style-type: none"> Promote awareness of the significance of investment in SGBs and its best practices. Raise awareness of impact investment, including gender issues to build social momentum. Conduct advocacy to stakeholders, including local governments, for the creation of an ecosystem, and encouragement for the creation of an international framework. 			
Access to the network	<ul style="list-style-type: none"> Support for connecting with local entrepreneurial networks, investor networks, SGBs, companies, and governments in Southeast Asia that develops the ecosystem 			<ul style="list-style-type: none"> Support for intermediary organizations, investors and SGBs networks on specific themes such as gender investment.
Identification of potential investment targets	<ul style="list-style-type: none"> Introduction of investment deals that contribute to solving issues such as the gender gap Assistance with social impact assessments of investees Investments to the funds Provision of opportunities to connect with the SGB network to develop new projects 	<ul style="list-style-type: none"> Provision of knowledge and consulting on strategic alliances with Southeast Asian SGBs 	<ul style="list-style-type: none"> Provision of initial capital for start-ups Raise public awareness through business contests Knowledge sharing and support for fundraising and corporate partnerships 	<ul style="list-style-type: none"> Provision of management capacity-building programs for Southeast Asian SGBs through the network of foundations
Policy and Regulation	<ul style="list-style-type: none"> Provision of information on investment approaches based on local government social policies and non-profit sector awareness of issues Lobbying for venture and capital market policies Provision of information on local policy environment 	<ul style="list-style-type: none"> Creating business opportunities that are consistent with the local regulatory environment by providing information on the local policy environment, etc. 	<ul style="list-style-type: none"> Advocacy on policies that support SGBs and women entrepreneurs 	

4-2-1. Cognition and intention

Cognition and intention is a challenge shared by different stakeholders: the cognition that the development of SGBs, and in particular the creation of an investment ecosystem that offers solutions to social challenges such as gender issues, will contribute to solving local social problems is a viewpoint shared by multiple shareholders. It is also a prerequisite for subsequent measures.

Possible measures to build this common understanding include promoting awareness and education about the social significance of investments in SGBs and successful examples, and raising awareness of social impact investments, including gender-related investments. In addition, it is also envisioned to advocate to each stakeholder, including local governments, for the establishment of an ecosystem and to encourage the creation of an international framework so that these activities can become part of the policies implemented by governments and international cooperation organizations in Southeast Asian countries and Japan.

4-2-2. Network access

The second prerequisite for the creation of an investment ecosystem for SGBs as described above is access to networks. As indicated in the hypothesis testing process, the interview results show that venture investment information is exchanged through highly informal network, and that public information loses its sense of value in the marketplace by virtue of the fact that it is accessible to all. The lack of awareness among Japanese firms of the potential for strategic alliances with SGBs in Southeast Asia, such as the one imagined here, may also be due to the absence of networks in which to build trusting relationships.

As described previously in the existing ecosystem building initiatives, loose networks have been formed in the non-profit sector among international organizations, governments, foundations, non-prof-

it organizations, and social enterprises. On the other hand, for activities such as social impact investment, which focus on the social impact of SGBs that operate closer to the mainstream market and seek to solve social issues by leveraging their potential, there is still a lack of standards and systems in place, including on how to visualize social impact. As a result, market segments have not been clearly formed.

Under these circumstances, if we aim to solve social issues through investment in SGBs, it is necessary for the investment ecosystem in SGBs to be built on relationships of trust among stakeholders, and it is difficult to foster such a network of trust through pure market mechanisms. Herein lies the significance of and potential for the non-profit sector, including foundations, to intervene and invest financial and non-financial resources in building networks to foster this trust.

Specifically, we will work with networks such as AIN in Southeast Asia, networks of social investment-oriented investors, and various networking activities conducted by local governments and international organizations to strengthen these networks of stakeholders that address specific social issues, such as gender. Support can be provided in the form of establishing and operating platforms, organizing seminars and workshops, or sponsorship of collaborative programs.

In addition, it would be effective to establish a meta-network that brings together multiple existing networks and to provide support to these meta-networks, rather than to link individual stakeholders, especially when considering return on investments. Specifically, initiatives to build a broader network of investor networks or SGBs networks could be considered as appropriate targets for these measures.

4-2-3. Identification of potential investment destinations

While the identification of potential investment destinations relies heavily on the ecosystem network described above, initiatives to improve the efficiency of the network by connecting investors with SGBs, Japanese firms with SGBs, or to connect with other networks, to improve the feasibility of specific investments and linkages can be considered as a separate measure from building or strengthening the network.

For example, in order to improve the accuracy of matching socially oriented SGBs with investors with social intentions, we can consider disseminating knowledge on the visualization and evaluation of their social orientation, that is, the social impact realized through their projects and investments. International organizations such as the Impact Management Project and GIIN are working to establish common standards for social impact evaluation, and activities to disseminate such knowledge through the networks mentioned above could help build consensus between investors and investees, as well as improve the accuracy of the matching. More specifically, it is expected to facilitate discussions on ESG clauses to be included in investment contracts.

Alternatively, the non-profit sector can provide assistance in matching projects, screening for investment eligibility, and social impact assessments when setting up funds by utilizing the networks of investors, SGBs, and intermediary organizations that have an interest in the specific social issues we have discussed, or by providing free consulting services or other options. If these efforts can identify SGBs with high potential in terms of both social and business potential, we can collaborate with local accelerators in Southeast Asia to provide grants for initial investment in the start-up of SGBs or conduct business model competitions, etc., to raise the social awareness of promising SGBs. In the same way, we can provide Japanese firms with knowl-

edge of the SGBs ecosystem in Southeast Asia and consulting on strategic partnerships.

In addition, investors in particular expressed their expectations for support through funding from foundations. For VCs that provide funding to start-up venture companies, participation in funds through LP investments could be considered to form an investment portfolio with a focus on socially responsible venture companies.

4-2-4. Policy and Regulation

Policy and regulation are important factors, especially when seeking to build an investment ecosystem for SGBs that appeal to social impact. This is because local administrations determine the policies that define the direction of social development, and also have the enforcement power to implement large public budgets and regulations, and thus have significant influence over the ecosystem surrounding investment in SGBs.

In contrast, individual investors and SGBs do not necessarily have knowledge of these policy formations and trends. Providing assistance to investors, SGBs, companies, and investor/SGB networks could be an effective measure of support.

We can also leverage our position in the non-profit sector to help create a policy environment conducive to the development of this ecosystem by advocating and lobbying for these government policies to be consistent with the approach of solving social issues through investments and partnerships with SGBs.

Specifically, efforts can be made to encourage policies that provide incentives for social investment, or systems such as legal frameworks for social enterprises and social impact assessment frameworks, to be reflected in policies in a manner that is consistent with national circumstances in each country.

5.

Recommendations and summary

Based on the findings of the research process to date, this chapter provides recommendations on how each stakeholder can be involved in contributing to the resolution of social issues through the development of an investment ecosystem for SGBs in Southeast Asia, and on the possibilities for future research studies.

5-1. Recommendations by stakeholders

5-1-1. SGBs

In Southeast Asian countries, SGBs, which realize economic and social values through their businesses, have a unique potential to contribute to solving social issues, as mentioned previously. The company can contribute to solving social issues by creating businesses that meet local social and economic needs.

However, it is often difficult for SGBs to solve these kinds of problems individually. Therefore, the collaboration with different stakeholders, such as investors, intermediary organizations, and governments, that the social issues can be solved on a large scale. For socially oriented SGBs specifically, the use of financial and non-financial resources such as equity and loans from social investors, subsidized funds from governments, grant-making foundations, and international organizations, as well as management capacity-building programs such as acceleration programs, can help get the business off the ground and its social impact can be achieved.

Participation in SGB networks run by intermediary organizations and government agencies can also be an opportunity to gather information on these resources, discover market opportunities, and find partners to collaborate with in their businesses. SGBs create social impacts through businesses and foster social mindsets of entrepreneurs. By

doing so, they are able to take the most of both financial and non-financial resources and opportunities. Thus they are expected to enable to leverage resources and achieve growth and innovation that would be difficult for commercial ventures chasing economic returns.

5-1-2. Investors

VCS, angel investors, and other investors have the knowledge to select businesses whose investments will achieve business growth for their investees and, in turn, for the economy as a whole, as well as the knowledge of their financial and non-financial forms of investment. Investors can use this knowledge to contribute to the creation of an ecosystem for SGBs.

Investors should be able to clearly recognize their own social role, define the social value of their investment projects based on this recognition, and consider appropriate investment policies and targets based on this. Examples of this are shown in the interviews and the trend of social impact investment described in Chapter 2.

Japanese investments in Southeast Asian SGBs with the aim of creating social value are yet to become a tangible, concrete investment option. The recognition of social value as an indicator that precedes economic value was pointed out by several investors in this interview, and it is one of the rationales in the ESG investment discussion.

In the behavior of individual investors, when the pursuit of social value becomes a legal regulation, such as within the laws and trade regulations of the countries involved, there is generally an incentive to comply with it. However, as seen in the business philosophy of several angel investors, if the intention is to be responsible for the innovation of market norms by creating rules and culture in the value creation process within the market, then by taking the position of innovator or early adopter, rather than follower, it would be possible for the investor

to contribute to leadership in creating a model of value creation that ultimately includes economic value through investment projects.

As mentioned in chapter 4-3, it is possible to participate in the creation of an investment ecosystem for SGBs by working with the non-profit sector, including foundations, international organizations, and public agencies, to share the costs of ensuring social responsibility, while leveraging expertise in supporting business investment and business growth that these non-profit sectors do not have.

5-1-3. Public organizations

Public organizations play an important role in creating an investment ecosystem for SGBs and facilitating the investment of financial and non-financial resources in SGBs. If left solely to market mechanisms, commercially motivated entrepreneurs and financial returns will be prioritized over social impact, and the potential to solve social issues through investment in SGBs, as identified in this study, will be lost.

To address this challenge, public organizations can provide institutional incentives in the form of taxation, subsidies, etc., to identify the social impact on SGBs, thereby facilitating the investment of funds and other resources in this sector and facilitating international organizations and national governments to address social challenges as their policy objectives.

In addition, public organizations can conduct research on the demonstration of area-specific social impact for various areas of SGBs and present business models that contribute to solving social issues. For example, with regard to gender, one of the themes of this study, the process of how investments in women-led SGBs can contribute to solving local gender issues, and by clarifying the process and conditions for achieving social impact, we will promote investment by the private sector, and it is possible to accumulate knowledge of such initiatives in national governments.

Moreover, as in the previously mentioned case of ADB Ventures, new initiatives by development assistance organizations to contribute to building/strengthening startup ecosystems in developing countries, in addition to traditional funding and technical assistance to local governments, can be seen as part of policy trends. Such new initiatives by public organizations (demonstration projects, model development, etc.) need to be considered from the perspective of what kind of impact they can have on building/strengthening the startup ecosystem without competing with or inhibiting the dynamism of the private sector, and how to maximize their social impact. These initiatives need to be fully considered from the viewpoint of whether they can play complementary roles to the private sector in order to achieve and realize goals.

5-1-4. Intermediary Organizations

As we have mentioned, investors and companies, as well as SGBs, have the potential to play an important role in economic and social development that contributes to solving social problems in developing countries. However, the elements of these resources are complementary and each element has limited social impact by itself in Southeast Asian countries.

In this situation, if network organizations and intermediary organizations can connect different elements and realize a partnership which leverages their strengths, they can exert a significant impact on local communities.

For example, supporting local SGBs through investment projects is an approach with high potential because of the leverage effect and the realization of both economic and social impact. However, investment and financing are technically challenging from multiple perspectives, including the requirements of business law and the need for internal expertise about the team. In addition, cross-border investment from Japan to Southeast Asia requires consideration of country-specific and currency

risks, as well as potential difficulty in controlling the business. On the other hand, non-profit foundations and other non-profit sectors can implement programs with local partners in the form of grants or outsourcing, which is relatively easy to implement and can be expected to have a certain effect if the program planning and partner organizations are appropriately selected.

Relationship-building and communication challenges associated with investment and program implementation are important matters and will increase impact and sustainability if they are fully recognized and addressed. As previously mentioned, it is effective to include appropriate, capable personnel with experience on the team to augment external personnel with expertise in relationship building, and to promote human resource development across the sector as a whole.

In addition, there are several different areas of expertise in network organizations. As detailed in Chapter 2, there are networks that specialize in specific attributes, such as entrepreneurs, investors, corporations, and foundations, networks of entrepreneurs and investors that specialize in supporting venture development through investment, networks which focus on specific social issues such as gender, or those which focus on the development of still developing countries with the support of already developed countries.

In this context, the role of meta-networking was identified as one of the roles that intermediary organizations can play in building an ecosystem for future investment and collaboration in SGBs. If the necessary elements of different networks can be brought together for the purpose of promoting investment from Japan in SGBs in Southeast Asia and collaboration with companies, and if a platform can be built with the cooperation of the non-profit sector, such as foundations, and public organizations, the ecosystem will be more efficient and effective. The development of SGBs could also be beneficial in solving social issues.

5-1-5. Companies

As described in chapter 2, Japanese companies have close economic ties with Southeast Asian countries. Collaboration with SGBs located in these countries can provide both social value and business benefits at multiple points of contact, such as knowledge of local markets, development of innovative products and services, and promotion of CSR activities.

Currently, examples of collaboration with Southeast Asian SGBs from this strategic perspective are limited. Many major Japanese companies consider SGBs in Southeast Asia as early-stage ventures and do not consider them as targets for collaboration depending on their size and stage, or, if their social mission is clear, they recognize them mostly as grant recipients or partners in the context of CSR. Such CSR investments are meaningful in terms of publicizing the social nature of the company, for example, by purchasing local fair trade products. This presents symbolic examples to society and creates awareness, but impact is limited in terms of development effects on the local Southeast Asian communities.

On the other hand, some SMEs, an example being the Japan International Cooperation Agency (JICA), have achieved some success through SDG business support programs, and have achieved success in terms of market development through collaboration with local SGBs in developing countries, including Southeast Asia. Some of the intermediary organizations interviewed in this study also provide consulting services for SMEs.

Referring to the examples of multinational companies described in Chapter 2, it can be assumed that collaboration between companies and SGBs can be useful, for example, in entering the BoP market and understanding the needs of local market segments that companies do not have contact with, such as in rural areas and when dealing with the poor in particular.

5-1-6. Foundations and other non-profit sectors

As the interviews with different stakeholders have shown, the non-profit sector, such as foundations, has the potential to contribute to solving local social issues in Southeast Asia by implementing complementary and unique measures to those of corporations and governments.

In the past, the role of foundations and other non-profit sectors in solving social problems has often highlighted direct support for economically disadvantaged groups and social minorities, but as the trends of social enterprises and social investment have become more mainstream, the role of foundations and other non-profit sectors has become more important, especially in the areas of market mechanism-based measures that are being implemented by corporations, governments, and international organizations. The potential for synergistic implementation of initiatives with other organizations is increasing. Specifically, the study found that there is a growing potential to build a platform for the creation of a socially-oriented investment ecosystem, provide grants for intermediary support initiatives, provide LP investment in impact investment funds, or provide social impact assessments of these social investments, as well as to provide support to Japanese firms and government agencies. Different stakeholders expressed their expectations for initiatives in Southeast Asia in collaboration with organizations.

5-2. Potential for future research studies

The purpose of this study is to examine how Japanese investors, foundations, and corporations can support Small and Growing Businesses (SGBs) in Southeast Asia in the future by providing financial and other resources to help them solve social problems in the region. The purpose of this study is to determine whether the project will be implemented

in the future. The methodology of the study was to analyze the current situation with a review of previous studies and interviews, to examine potential projects and stakeholders, and to compile the results as recommendations.

The results revealed the challenges and possibilities of the ecosystem surrounding SGBs in Southeast Asia, as well as the challenges that different stakeholders face, some of which were corroborated by the research through interviews on specific cases.

Using these findings, the non-profit sector, including foundations, will not only build consensus on the social role of SGBs in Southeast Asia through advocacy, policy formation, and other activities, and the necessary initiatives to demonstrate their potential impact, but will also develop specific projects through cooperation with different stakeholders.

In particular, as mentioned in our recommendations for intermediary organizations, actors such as governments, investors, businesses, and intermediary organizations already exist in Southeast Asian countries. While it is possible to provide support for individual initiatives in the form of model formation, effective involvement in building a meta-network that maximizes mutual value by connecting existing networks across sectors and regions will help foundations and others to contribute to the creation of an ecosystem and maximize the value of their businesses.

Based on this awareness of these issues, future research will focus on the roles and functions of these network organizations and their effective operation, as well as the motivations of individual stakeholders to participate in these networks and platforms, and how these networks and platforms can be integrated into policy policies in Japan and Southeast Asian countries. The platform is expected to conduct surveys and research on how it can be positioned and implemented as an effective measure.

A. List of References

B. Interview Details

C. Glossary

A. List of References

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B. Interview Details

B-1. List of interviewees

The following 21 people were interviewed in this study.

Organizational structure	Organization name	Employment position or rank	In-text representation
SGBs	Company A	Founder & CEO	SGB(A)
		CFO	
	Company B	Founder & CEO	SGB(B)
	Company C	CEO	SGB(C)
Investors	Investor D	Representative Director	Investor(D)
	Investor E	Representative Director	Investor(E)
	Company F	Managing Director	VC(F)
	Company G	Founding Partner	VC(G)
	Company H	Director	VC(H)
	Company I	General Partner	VC(I)
		Manager	
	Company J	Partner	VC(J)
Company K	Managing Director	VC(K)	
Public organizations	Public Organization L	Assistant Director	Public Organization(L)
		Senior Director	
		Analyst	
	Public Organization M	Section Chief	Public organization(M)
Intermediate support organizations	Company N	Business Development Lead	Local intermediate support organization(N)
	Company O	Co-Founder	Local intermediate support organization(O)
	Company P	Co-Founder and CEO	Japanese Intermediary Organization(P)
	Company Q	Representative of a board of directors	Japanese Intermediary Organization(Q)
	Company R	Representative of a board of directors	Japanese Intermediary Organization(R)
	Company S	Philippine Director	Foreign Intermediary Organization(S)
Companies	Company T	Executive Officer	Japanese company(T)
	Company U	Social Impact Lead	Foreign Company(U)

B-2. Questionnaire

The questionnaire used in the interviews for this study was as follows for both investors and firms.

Questionnaire (Investors)

(1) About Investment Business

1. In addition to financial risk/return, does your company's investment policy, targets, or definition of success include social impact? For example, does it include a gender perspective?
2. What channels do you use for sourcing investment opportunities? In addition to your own network, do any external networking organizations or individuals play an important role as intermediaries?
3. From the above perspective, are there any networking organizations or associations in which your company participates? In what ways are such organizations beneficial to the promotion of your business?
4. Is there anything related to social impact in your investment eligibility screening process? If so, please explain the evaluation method, indicators, etc.

(2) About the investment ecosystem in the region in which you are investing

1. What are some of the elements that are currently lacking and necessary in building a network involving portfolio companies, investors, government, non-profit organizations, etc., in order to promote investment, especially with a view to social impact?
2. How do the environmental conditions of the above ecosystems affect your investment decisions?

(3) The role of foundations and others in promoting social investment

1. I would appreciate your thoughts on the future possibilities of what role foundations, etc. can play in the creation of networks as mentioned above, or in promoting social investment from Japan to Southeast Asia in other ways.

Questionnaire (Companies)

(1) Business Activities

1. Regarding your projects in developing countries, do you define the social impact in terms of your objectives and the achieved results? If so, please indicate how "social impact" is positioned in the business management.
2. How do you finance your business growth? Please indicate, to the extent you are comfortable with, the sources of funding and the level of funding at each stage of your business to date.
3. How did you come to the decision to invest or finance with the investors who were the source of investment as mentioned above? In addition to direct communication, were there any other organizations or individuals who served as networks or intermediaries? What role did these networks play?
4. If there are management resources other than funds that have played a beneficial role in the growth of the business in terms of external support, please indicate what these resources have been.

(2) About the investment ecosystem in the region in which you are investing

1. What are some of the elements that are currently lacking and or necessary in building a network involving portfolio companies, investors, governments, non-profit organizations, etc., to facilitate funding for projects that have a particularly positive social impact?
2. How do the environmental conditions of the above ecosystems affect your business activities?

(3) The role of foundations and others in promoting social investment

3. I would appreciate your thoughts on the future possibilities of what role foundations, etc. can play in the creation of the above network or in promoting social investment from Japan to Southeast Asia in other ways.

C. Glossary

#	Name (Abbreviation)	Definition(Source)
1	ASEAN	ASEAN is a regional cooperation organization of countries in the Southeast Asia region. It was established in accordance with the 1967 Declaration establishing ASEAN (commonly known as the Bangkok Declaration) to promote regional peace and stability and economic growth. It is currently comprised of 10 countries: Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar, and Cambodia. (ASEAN-Japan Centre)
2	BoP	Base of Pyramid or Bottom of Pyramid, an economic term referring to the poorest 2/3 of the population in human economic activity, with over 4 billion people living in extreme poverty. (Britannica)
3	Exit	Return on investment in a venture business or corporate revitalization, achieved by obtaining a profit through an IPO (Initial Public Offering) or sale to a third party through M&A (buyout). Also called harvesting. (Yamada Consulting Group)
4	FDI (Foreign Direct Investment)	A type of cross-border investment in which an investor residing in one economy establishes a continuing interest and significant impact on an entrepreneur residing in another economy. (OECD)
5	IPO	Abbreviation for Initial Public Offering. Also commonly referred to as (initial) public offering. The shares of an unlisted company, which are restricted to minority shareholders, are listed on a stock exchange (stock market) to expand the number of shareholders and enable them to trade on the stock market. (Nomura Securities Co.)
6	M&A	M&A stands for merger and acquisition and refers to transactions involving the transfer of all or part of a company or its business. It generally means "the acquisition of a company or management rights" and includes such methods as mergers, stock acquisitions, and business transfers.
7	VC	Provision of capital by a company to a small, high-risk, high-return startup with great potential for growth. VCs can also refer to the organization providing the funding; CVC (corporate VC) refers to direct investment of corporate funds in external startups through joint venture agreements or share acquisitions. Micro VCs are considered venture firms that invest primarily in seed-stage emerging growth companies. (SPF&AGIN)
8	Accelerator	An organization, or a program that supports startups and entrepreneurs and promotes business growth. Differences from incubators include timing and objectives. In accelerators, the focus is on business expansion of startups after the seed stage. (Sony)
9	Incubator (business incubator)	A facility that provides scarce resources (e.g., low-rent space and software support services) to start-up companies to promote their growth (Ministry of Economy, Trade and Industry).
10	Angel investor	An individual (often referred to as an HNWI, someone with investable assets of US\$1 million or more) who invests his or her assets in an early-stage company.
11	Angel Investor Network (AIN)	A group of angel investors (whether formal or informal in form) organized with the primary purpose of promoting and organizing early stage investments. Along with investment activities, they provide added value in the form of networking and education. Each network member influences decisions by making personal investment decisions or by making decisions to invest a portion of the network's funds.

#	Name (Abbreviation)	Definition(Source)
12	Seed Phase	The stage in which business plans, feasibility studies, research and development, etc. are conducted prior to starting a venture company.
13	Startup	A company whose core business is innovative technology (often ICT-related) led by one or more highly ambitious entrepreneurs to develop a product or service and validate a scalable business model. (ANGIN&SPF)
14	Deep Tech	In business, a technology has three qualities: it has a large impact, it takes a long time to reach a level of market spillover, and it requires large amounts of money to develop and scale. (Boston Consulting Group)
15	Digital innovation	A wide range of changes brought about by the use of digital technology, including significant improvements in business processes, entry into new business areas, and transformation of existing business models. (Digital technologies include the Internet of Things (IoT), big data, artificial intelligence (AI), robots, and information and communications technology (ICT), which is the foundation for utilizing these technologies, as well as blockchain technology, automated driving technology, and security technology, which are combinations of these technologies) (Mizuho Financial Group)
16	Product Market Fit (PMF)	Creating products and services that are supported by the market (Diamond Online)
17	Venture company	A startup company that aims for rapid growth by launching a new business with a new technology or business model at its core (Moneyforward)
18	Unicorn	An unlisted company with an estimated enterprise value of US\$1 billion (¥100 billion) or more (Ministry of Economy, Trade and Industry and PwC, 2020, "Current Status of Startup Investment in Southeast Asia and India and Recommendations for Japanese Companies")
19	TSE Mothers	A securities market for emerging companies established by the Tokyo Stock Exchange. The English name "Mothers" is an acronym for "Market Of The High-growth and EmeRging Stocks. Since its establishment in November 1999, 343 companies have been listed on TSE Mothers (as of February 16, 2021). While the criteria for listing on the First or Second Section of the TSE are mainly related to the company's continuity and profitability, Mothers is mainly based on business plans and other factors, and the potential for growth is examined. (SMBC Nikko Securities Inc.)



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