

Social Investment in Thailand

Regional and Global Context

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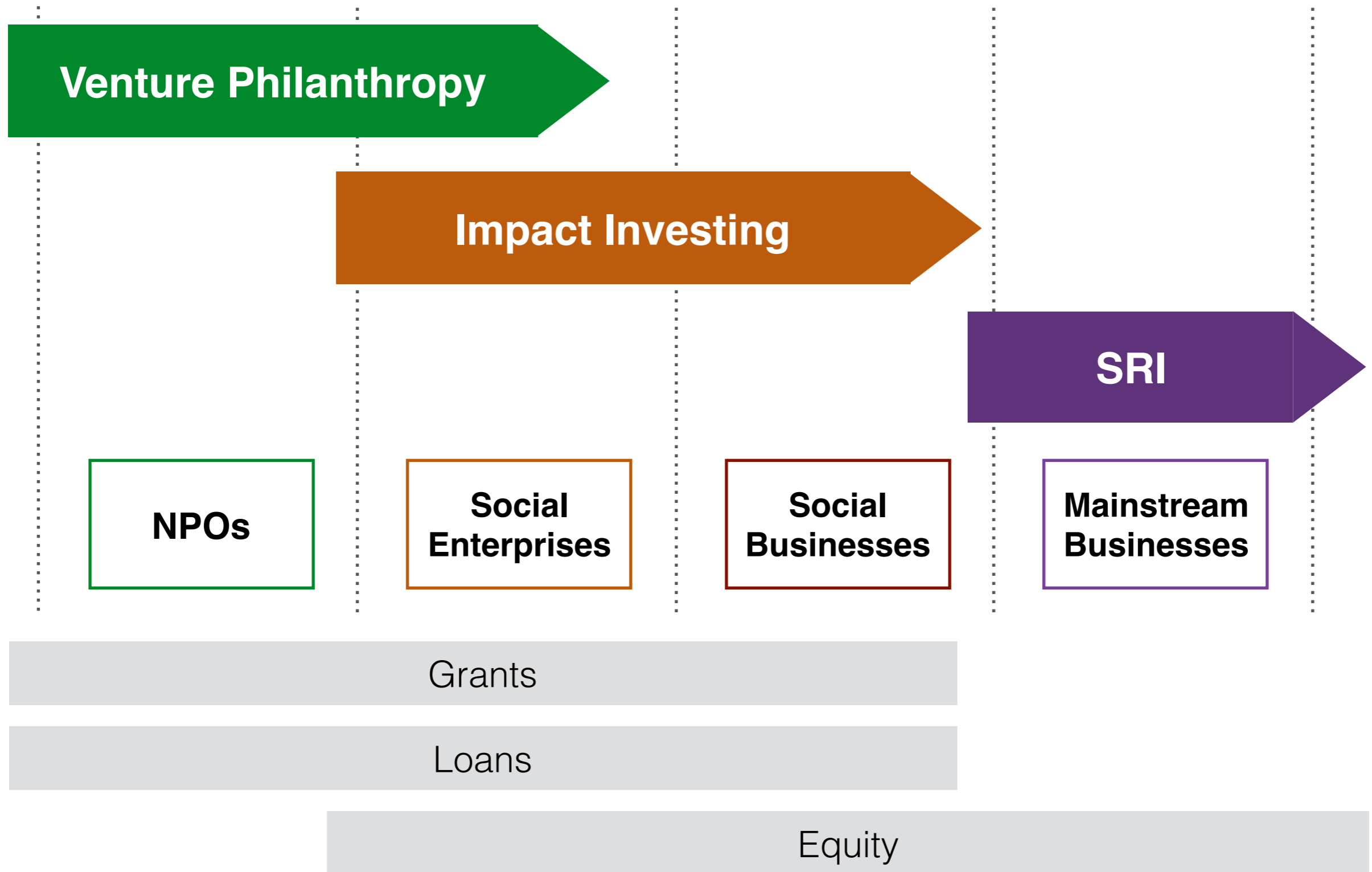
Preview of Research

“Social Investing in Southeast Asia
: From **Charity** to **Change**”



LIEN Centre for Social Innovation
SINGAPORE MANAGEMENT UNIVERSITY

Types of Social Investment & Instruments



Social Investment Vehicles

NPOs

- Revenue generating
- Stable funding sources

Social Enterprises

- Distributable profits
- Breakeven / sustainable
- Start-ups

Social Businesses

- Inclusive businesses
- Job creation / enhancement
- Goods and services

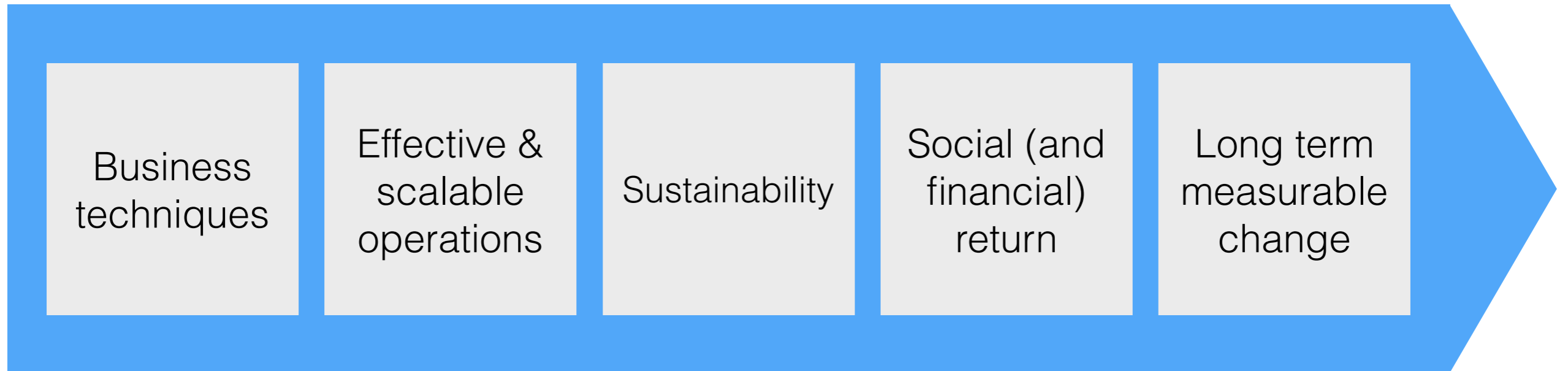
Mainstream Businesses

- ESG or other specific criteria

Origins of Investable SPOs in SE Asia

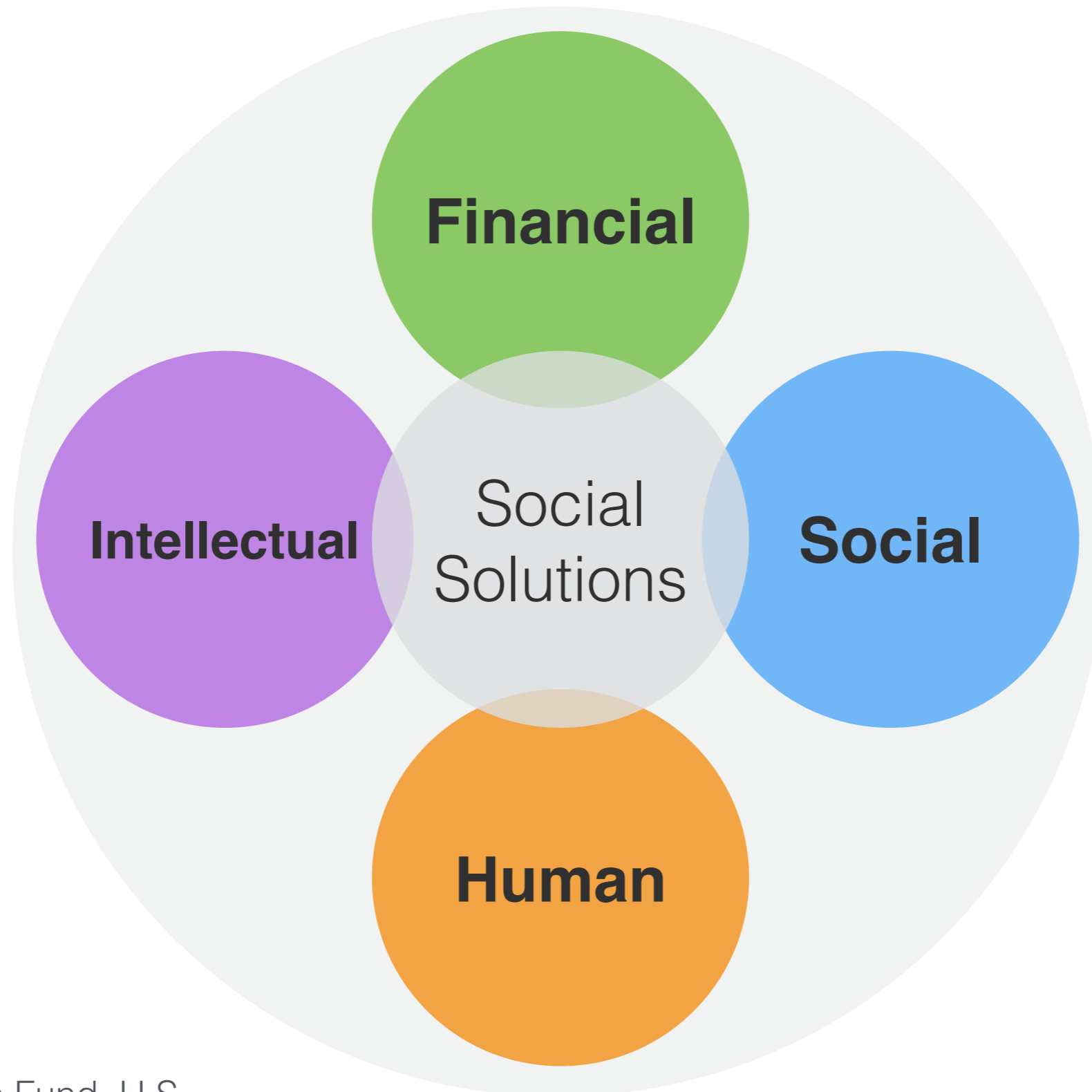
| | |
|---------------------------------------------|------------------------------------------------|
| NPOs | Mae Fah Luang / Doi Tung / PDA |
| Community Entrepreneurs | GIN, Muser |
| Company Incubation | Pan Kan, Able, Baan Sam Kha |
| New Gen Social Entrepreneurs | ChangeFusion, OpenDream, A-chieve, Local Alike |
| Experienced businesses / businessmen | PT Ruma (Indonesia) |

The Potential of Social Investment



But requires engagement **beyond just money**...

Complete Capital Framework



Adapted from
Nonprofit Finance Fund, U.S.

Financial

Human

Intellectual

Social

Financial Capital – Sources of social investment funds

U.S. & EUROPE

- High net worth individuals & families
- New wealth
 - Silicon Valley
 - Private equity
- Pioneering foundations
- Institutional investors

Thailand

- Primarily Bilateral
 - Companies
 - Individuals
- ChangeFusion
- Unlimited Thailand
- Ban Pu Champions for Change

New Markets

- Development finance
- Businesses (pooled & bilateral)
- HNW families

Potential

- Individual charitable donations
- CSR budgets
 - 2% of profits = B15 billion
- Designated funds
 - e.g. Rules 34-36

Financial

Human

Intellectual

Social

Human Capital – Advice & support from the right people

Business Skills

- Core capacity development
 - Strategic, operational & managerial expertise
- Periodic/event driven
 - Specific expertise – e.g.legal, accounting, fundraising

Social Sector Skills

- Social entrepreneurs
- L/T social sector professionals
- Sector convenors

Social Investment Intermediaries

- Advisors, brokers
- Investment professionals

Financial

Human

Intellectual

Social

Human Capital – Business skills

U.S., Europe, India

- VP & II Funds
 - In-house experts
 - Access to external consultants
- Pro-bono or discounted formal programs with professional firms
- Pro-bono / mentoring programs with experienced professionals. e.g. Pilotlight
- Social investment intermediaries – staffed by ex-business professionals. e.g. Dasra, Aavishkar India, Eden Strategy Singapore, Kinara Indonesia

Thailand

- Case-by-case, temporary, ad hoc involvement by employees in company CSR projects
- Social investment intermediaries – staffed primarily from social sector

Financial

Human

Intellectual

Social

Intellectual Capital – Understanding & sharing what works

Europe, U.S., India

- Methodology & tools – forests of research on VP & II. e.g. JP Morgan, Monitor, Omidyar
- Thematic research & funds
 - Focus on a social problem, rather than on tools
 - ID effective solutions and solution providers. e.g. Dasra India, Inspiring Scotland

Thailand

- Lots of discussion and research on theories of social enterprises and CSR.
- Very little current research on philanthropy
- Limited sharing of what is being done, failures and successes
- Thematic research tends to be academic rather than action oriented.

Financial

Human

Intellectual

Social

Social Capital – Network & collaboration

Other Markets

- Pooled funds (U.S., Europe)
- Understanding of need for multi-pronged interventions and collaboration
- Industry associations & convenors
 - GIIN
 - EVPA, AVPN
 - Philanthropy Associations . e.g. NVPC, SEA Singapore

Thailand

- Informal network in SE space – TSEO, ChangeFusion, Ashoka, TYPN
- No philanthropy networks
- Beginnings of information networks among companies' associations?

Thailand – Social Investment

The Potential Role of Companies

Finance Capital

- Potential leader in pooled funds
- Tradition of engagement with SPOs and communities

Human Capital

- Provider of business skills- strategic, operational, finance

Intellectual Capital

- Provider of specific sector skills – agribusiness, tourism, energy, health

Social Capital

- Access to markets, suppliers, networks of influence

Understanding of need for collaboration and partnerships in building markets

What is Needed?

- From traditional charity & CSR → **venture philanthropy / social investment**
- Financial capital → **complete capital**
- Best practice models for capacity building → **human capital partnerships**
- Individual → **collaborative action**
 - Pooling of funds and learnings

Case Studies

Case Studies

India (1) – Strong financial intermediaries

Venture Philanthropy

Dasra

- Dasra Giving Circle – 10-12 HNW Individuals commit fixed amount each
- Background research on a social problem commissioned
- Best 4 to 5 SPOs operating in that field selected
- Research and SPOs presented to giving circle, circle members choose one SPO to support
- 25% of amount set aside for capacity building support from Dasra over 2 years

Central Square

- Set up by successful hedge fund manager
- Focus on finding high impact philanthropic and investment opportunities in education
- Education technology, human capital development, high quality affordable schools, accountability (assessments)
- Theory of change based on pillars of entrepreneurship, networking, and policy reform

Case Studies

India (2) – Strong financial intermediaries

Impact Investing Funds

- Aavishkar – focus on start-up and early stage enterprises in livelihood enhancement, goods and service provision in poorest provinces of India
- Development finance institutions, other II funds, individuals
- High engagement, resource intensive model

Case Studies

Philippines (1) – Collaboration and innovation

- Very strong and well-respected NGO sector
- Networks & associations for NGOs, philanthropists, corporate foundations
- Possibly most developed philanthropic sector in SE Asia

Innovative philanthropic funding

- Foreign debt to equity swaps created 2 public funds, profits from sale of Poverty & Eradication Certificates (PEACe bonds) created a third

Case Studies

Philippines (2) – Collaboration and innovation

PBSP- Philippines Business for Social Progress

- Began in 1970 with pledge by 50 businessmen of 1% of pre-tax profits
- Today 250 members, 100 professional employees
- Leverages internal funding and resources to secure grants from overseas agencies
- Acts as coordinator and convenor for businesses in disaster relief efforts
- Focus on 4 areas: Health, Education, Environment, Livelihood enhancement
- Business leaders able to mobilise resources, provide advocacy in dealing with government and forge cross-sectoral partnerships

Case Studies

East Bali Cashews (1) – Partnership for fundraising

EBC
(Social Enterprise)

- Cashew processor by American ex-ops manager and local partners in poorest district of Bali USD 2/day
- Funded initially by friends and families

KKR
(Private Equity)

- Sent three deal team employees to study EBC
- Produced business plan, marketing materials and financial projections
- Created blended financing structure

IIX
(Social Investment Intermediary)

- Partnership with KKR – introduced to EBC
- Produced social impact report to support marketing

Case Studies

East Bali Cashews (2) – Partnership for fundraising

- Raised USD 900,000 from strategic and financial investors
- Structured financing of equity/debt – gave company stable equity base plus working capital
- EBC now employs 180 people (87% women), provides health and pre-school care
- Plans to expand to a second location in Indonesia on second round of financing

Case Studies

Thailand (1) – Corporate Initiatives



SCG – building the capacity of communities in a sustainable way

- Multi-year engagement with communities based on corporate core strengths and community needs and strengths assessment
- Baan Sam Kha – check dams, water conservation, 59% stake in community owned and operated energy generation plant
- NE Thailand – worked with NSTDA to develop agricultural strategies for farmland with high soil salinity. 72 communities improved rice yields and developed appropriate crops.
- School for sharing and developing learnings and knowledge

Case Studies

Thailand (2) – Corporate Initiatives



Central Group

- Regulation 34 to 36
- Worked with Mahathai Foundation and Association for Persons with Intellectually Disabilities of Thailand
 - Established a repair and call centre staffed by disabled person for Power Buy chain
 - Founded ABLE – established training program and centre for community of intellectually disabled youth to silkscreen t-shirts and other products
 - Trained and supported parents in administrative, support and marketing skills
 - Intention for community to eventually own and run the Centre and its operations

Case Studies

Thailand (3) – Corporate Initiatives



Premier Group

- Pan Kan – SE which collects secondhand goods from corporates and individuals for resale
- Has funded over 5,000 scholarships to date
- Premier to adapt Pan Kan for model for other NPOs
- Khon Thai Foundation
- Professionally conducted market surveys on current issues in society
- Thought leadership supplemented by physical convening of SPOs to attract donors and volunteers