

Impact Investments by Foundations in Singapore and Hong Kong

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ACSEP

The Asia Centre for Social Entrepreneurship and Philanthropy (ACSEP) is an academic research centre at the National University of Singapore (NUS) Business School, staffed by an international multi-disciplinary research team. Formally established in April 2011, the centre has embraced a geographic focus spanning 34 nations and special administrative regions across Asia.

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For more information please see: <https://www.spf.org/e/>

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Glossary

ACSEP	Asia Centre for Social Entrepreneurship and Philanthropy
AVPN	Asian Venture Philanthropy Network
CLG	Company Limited by Guarantee
CLS	Company Limited by Shares
COC	Commissioner of Charities
DFI	Development Finance Institution
DSP	Deal Share Platform
ESG	Environmental, Social and Governance
GII	Garden Impact Investments
GIIN	Global Impact Investing Network
HNWI	High Net Worth Individual
IIX	Impact Investment Exchange Asia
IPC	Institute of Public Character
MFI	Microfinance Institution
MRI	Mission Related Investments
NGO	Non-Governmental Organisation
PRI	Programme-related Investments
SGD	Singapore Dollar
SPF	Sasakawa Peace Foundation
SPO	Social Purpose Organisations
SVhk	Social Ventures Hong Kong
UN	United Nations
UNDP	United Nations Development Programme
US	United States

Foreword

Still at its nascent stage, impact investment is gaining traction among foundations in Asia, thanks to the far-sighted vision and efforts of pioneers in the region. For decades, endowed foundations have operated on the basis of the traditional philanthropy financing model whereby they deploy grants on the programme side and conduct traditional investment activities on the endowment management side. Despite its long history, this model is subject to several risks. While grantmaking is paramount to achieving a foundation's vision, it sometimes curbs the incentive among recipients to seek sustainability. On the endowment management side, without careful scrutiny, foundations run the risk of investing their assets in firms whose activities are at variance with a foundation's mission. Impact investment, with its dual objectives of generating social impact and financial return, could potentially be a solution to such risks faced by foundations.

In recent years, several foundations around the globe have begun to carve out portions of their endowment for impact investments. The Ford Foundation has announced the deployment of US\$1 billion for impact investments over the next 10 years while the Kresge Foundation has set aside US\$350 million for similar investments. Drawing inspiration from such role models and by calling attention to the need to embrace new models of philanthropy, we at The Sasakawa Peace Foundation are taking steps to embark on the impact investing journey by carving out a part of our endowment for investments that empower women and improve gender equality in Asia.

Earlier this year, we commissioned the Asia Centre for Social Entrepreneurship & Philanthropy (ACSEP) at the National University of Singapore (NUS) Business School to conduct a study to identify the key trends, challenges and opportunities for foundations in Asia to pursue impact investments. This report is an outcome of that study. It profiles foundations in Singapore and Hong Kong that have committed to pursuing impact investing. We hope that this report will inform, encourage and engage like-minded peers in the region so we can together take impact investing to the next level.

Sincerely,

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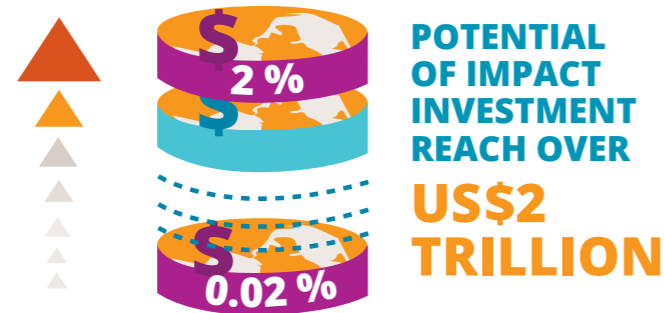
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IMPACT INVESTMENTS BY FOUNDATIONS IN SINGAPORE & HONG KONG



Impact investment assets globally represent a mere 0.2 percent of global wealth. By increasing to two percent, the potential of impact investments can reach over US\$2 trillion (UNDP, 2016).

In the Asia Pacific region, foundations have billions of assets and can potentially engage in impact investments to drive sustainable development for the billions of people living in the region.

KEY CHALLENGES FOR FOUNDATIONS IN HONG KONG AND SINGAPORE TO ENGAGE IN IMPACT INVESTMENT

- FOUNDATIONS**: Relatively small number of foundations with endowments
- Focus on traditional philanthropy**: Focus on traditional philanthropy
- Lack of capabilities**: Lack of capabilities
- Lack of success stories in local context**: Lack of success stories in local context
- Restrained by established operating principles**: Restrained by established operating principles
- Regulatory concern**: Regulatory concern

TRENDS OBSERVED IN THE IMPACT INVESTMENT SECTOR

- Heightened interest in impact investing
- Predominantly executed by HNWIs and family offices
- Driven by millennials, personal values and passions
- SG - regionally focused; HK - local and Greater China focused

TWO MAIN PROBLEMS FACING THE IMPACT INVESTMENT SECTOR

1 EARLY STAGE OF DEVELOPMENT

- Limited evidence of success in local context
- Lack of local knowledge and network
- Insufficient track record of impact investment managers
- Long commitment period
- Limited Information and lack of transparency

2 MARKET DYSFUNCTION

- Inadequate supply of investment grade social enterprises
- Mismatch of impact investment instruments

RECOMMENDED ACTION PLAN IN SINGAPORE AND HONG KONG TO CATALYSE THE IMPACT INVESTMENT SECTOR FOR TAKE-OFF

- Foundations fill funding gaps with patient capital**: Foundations fill funding gaps with patient capital
- Higher quality capacity building for social enterprises and impact investors**: Higher quality capacity building for social enterprises and impact investors
- Collective investments to reduce information asymmetry and lack of experience**: Collective investments to reduce information asymmetry and lack of experience
- Advocacy and sharing of more local successful case studies to mainstream impact investment**: Advocacy and sharing of more local successful case studies to mainstream impact investment
- Leadership by big players to drive dialogue and interest**: Leadership by big players to drive dialogue and interest
- Share information and seek partnerships to scale up**: Share information and seek partnerships to scale up

Executive Summary

The study reviews the current state of impact investments in Singapore and Hong Kong, particularly those that have engaged with foundations. It further looks at the trends and challenges of the impact investment sector before presenting a list of recommendations.

Impact investment assets globally represent a mere 0.2 percent of global wealth as reported by the Global Impact Investing Network. By increasing this share to just two percent, the potential of impact investments can reach over US\$2 trillion (UNDP, 2016). Impact investments can play a significant role in sustainable development in the Asia Pacific region, potentially providing socio-economic progress for the billions of people living in the region. Foundations in the region can potentially play a significant role given the billions of assets they can deploy.

In Singapore and Hong Kong, the following trends have been observed in the impact investment sector:

- Heightened interest in impact investing with the presence of more impact investment managers and intermediaries. There is also a spike in participation in impact investing events in the region.
- Impact investments are made predominantly by HNWIs and family offices rather than foundations.
- Interest is driven by millennials, personal values and passions.
- Investments made by impact investors in Singapore tend to be regionally focused while those in Hong Kong tend to be locally and Greater China focused.

There are two main problems facing the impact investment sector in Hong Kong and Singapore, namely early stage development of impact investment sector and market dysfunction. Under the first problem, challenges include:

- Limited evidence of success in impact investment in the local context as most documented case studies of successful impact investments tend to originate from the US and Europe where impact investments have taken root for a much longer time. Even then, the case studies are few compared to the evidence of success that exists for traditional investments.
- Lack of local knowledge and network among impact investment managers in Singapore and Hong Kong as many of the scalable social enterprises in Asia are situated in countries such as Indonesia, Vietnam and China.
- Lack of impact investment managers with long enough track records.
- Long commitment period of impact investment means that patient capital instead of traditional capital is needed.
- Limited Information and lack of transparency.

Under market dysfunction, challenges include:

- Inadequate supply and pipeline of investment grade social enterprises as most of the social enterprises in the region are in the seed and early stages which tend to be non-financing-ready. These are less attractive to the funders.
- Mismatch of impact investment instruments.

Foundations in Singapore and Hong Kong, with billions of assets at their disposal, have the potential to facilitate and catalyse the impact investment sector through their activities. Currently they are already experimenting with impact investing through the provision of grants to social enterprises. However interests are coming disproportionately from millennials who may not be the trustees of the foundations and are making impact investments in their personal capacity.

The key challenges for foundations in Singapore and Hong Kong to engage in local impact investments include:

- Relatively small number of foundations with endowments
- Foundations still commit to traditional philanthropy
- Lack of capabilities to engage in impact investing
- Lack of success stories in local context
- Restrained by established operating principles
- Regulatory concern

Recommendations

Based on our initial findings, we recommend the following action plan in Singapore and Hong Kong to catalyse the impact investment sector for take off.

- a) Foundations can act as venture philanthropists to catalyse ecosystem in filling gaps in capital spectrum to providing patient capital for early stage social enterprises
- b) Provide longer tenor instruments to build more sustainable social enterprises
- c) Improve the capacity building of social enterprises by providing tailored training instead of generic training
- d) Develop focused and practical curriculum for impact investors such as deeper country and sector focused content and more practical know-how to provide guidance on transaction execution, monitoring and management beyond the basics that current workshops are covering
- e) Champion collective impact investments or platforms to alleviate the information asymmetry and lack of experience that have been observed in deal sourcing, due diligence and deal execution for impact investments
- f) Share information and seek partnerships to unlock greater resources to scale up social solutions
- g) Advocate and sharing of successful Asian case studies to drive confidence for impact investment to go mainstream
- h) Leadership by big players such as government institutions or big foundations to drive dialogue and interest as a way to demonstrate commitment to and leadership in impact investment.

1

Introduction

1.1 Background of Study

The Asia Centre for Social Entrepreneurship & Philanthropy was commissioned by the Sasakawa Peace Foundation (SPF) to undertake a background study on impact investments by foundations in Singapore and Hong Kong. The study seeks to outline the current state of impact investments by foundations and philanthropists in Singapore and Hong Kong, while making comparisons to the state and trend of impact investments in the United States (US). Impact investments by foundations in the US are more commonly known as mission related investments (MRIs). These are expected to generate market rate financial return for the foundation's spending needs, including those for any programme-related investments (PRIs) as well as social and/or environmental returns. The study reviews the trends of capital deployment by foundations in Singapore and Hong Kong. Finally, the study presents in Appendix A a list of foundations in both cities that have already committed to impact investments or are in the exploratory stage of impact investing.

1.2 Methodology and Limitation

The study was conducted primarily through desk research and semi-structured interviews with selected foundations, philanthropic practitioners, advisers and intermediaries in Hong Kong and Singapore over a period of two months. Interviewees were selected to ensure a good representation of insights from the different stakeholders in the impact investment sector in Singapore and Hong Kong. However, we were limited in this study by our access to the stakeholders.

We have not been able to verify all the information obtained from publicly available sources or provided by the interviewees. As much as possible, information was triangulated across the sources to check for validity.

2

Impact Investments

2.1 Overview of Impact Investments

Impact investments are investments made into companies, organisations, and funds with the intention to generate social and environmental impact alongside a range of financial return from below market to market rate, depending on the investors' strategic goals (GIIN, n.d.).

According to United Nations Development Programme (UNDP), there are three guiding principles for impact investments:

- a) *Financial return expectation*: impact investors expect to earn a financial return on the capital invested, below the prevailing market rate, at the market rate or even above it.
- b) *Intention to tackle social or environmental challenges* (i.e., the impact or intentionality): impact investors seek to achieve a positive impact on society and/or the environment.
- c) *Impact measurement*: impact investors commit to measure the social and environmental performance for accountability (UNDP, n.d.).

In the capital spectrum, impact investments sit between philanthropy and sustainable investments. Examples of impact investments include loans and equity to social enterprises, loans to charities, microfinance as well as agricultural finance.

2.2 Impact Investments and its Role in Sustainable Development

Impact investment assets globally have been estimated at US\$77.4 billion in 2015, representing a mere 0.2 percent of global wealth as reported by the Global Impact Investing Network (GIIN). By increasing this share to just two percent, the potential of impact investments can reach over US\$2 trillion (UNDP, 2016).

At the same time, according to a UN World Investment report in 2014, the developing world faces an investment gap of US\$2.5 trillion in key sustainable development sectors (UNCTAD, 2014). An increase in impact investments alongside philanthropic funding and other private/public fund flow can potentially play a significant role in plugging the investment and development gaps.

Impact investments can play a significant role in sustainable development in the Asia Pacific region, given the social issues at hand. The region is home to 55 percent of world population and some of the most populous countries in the world including China, India and Indonesia. It is also home to 330 million people who live on less than US\$1.90 per day and 1.5 billion people who lack access to proper sanitation (Asian Development Bank, 2016). The challenges are staggering but they also underpin the tremendous opportunities for socio-economic progress for the billions of people living in the region.

2.3 Capital Spectrum

In the capital spectrum shown in Figure 1, impact investing lies between philanthropy and traditional investing. In the philanthropy end of the spectrum, there are traditional philanthropy as well as venture philanthropy. In traditional philanthropy, funds can be given to charities and other nonprofit organisations in the form of grants to address societal and/or environmental challenges without any expectation of financial return.

In venture philanthropy, there is similarly no expectation of risk-adjusted financial return; the focus is on social and/or environmental return. However there is an expectation of both a) learning return and b) potential outsized impact in terms of catalysing scale, be it financial or social impact. In addition to providing financial support, venture philanthropists may take on a more dynamic and hands-on approach – partnering, providing capacity building and developing management expertise within the

Figure 1
Capital Spectrum

				IMPACT INVESTMENT			PHILANTHROPY	
	TRADITIONAL INVESTING	RESPONSIBLE INVESTING	SUSTAINABLE INVESTING	IMPACT INVESTING			VENTURE PHILANTHROPY	TRADITIONAL PHILANTHROPY
				Financial Return only			Social / Environmental Return only	
				Delivering Competitive Financial Returns				
				Mitigating Environmental, Social and Governance (ESG) risks				
				Pursuing Environmental, Social and Governance opportunities				
				Focusing on measurable high-impact solutions				
Focus	Financial return maximisation, limited or no regard for ESG practices	Mitigate risky ESG practices in order to protect value	Adopt progressive ESG practices that may enhance value	Address societal challenges that generate competitive financial returns for investors	Address societal challenges where returns are as yet unproven	Address societal challenges that require a below-market financial return for investors	Address societal challenges without a definite need for financial returns but with sustainability in mind	Address societal challenges that cannot generate a financial return for investors
Examples		<ul style="list-style-type: none"> PE firm integrating ESG risks into investment analysis Ethically-screened investment fund 	<ul style="list-style-type: none"> “Best-in-class” SRI fund Long - only public equity fund using deep integration of ESG to create additional value 	<ul style="list-style-type: none"> Impact Investment fund Microfinance structured debt fund (e.g. loans to micro-finance banks) 	<ul style="list-style-type: none"> Social Impact Bonds / Development Impact Bonds 	<ul style="list-style-type: none"> Fund providing quasi equity or unsecured debt to social enterprises or charities 	<ul style="list-style-type: none"> Grants for social enterprises 	<ul style="list-style-type: none"> Grants for charities

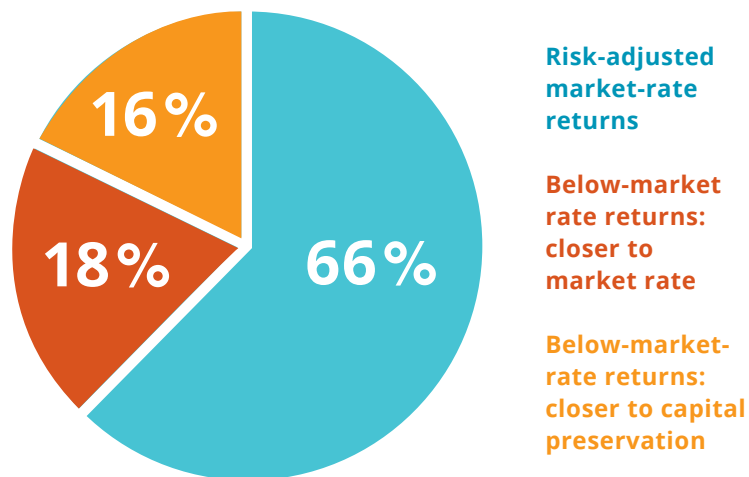
Source: Adapted from Bridges Ventures (2015)

organisations they support. They seek to achieve tangible development outcomes by leveraging financial and non-financial outcomes and are often agnostic about the type of organisations with whom they work. They are willing to engage with a diversity of social purpose organisations (SPOs) that include for-profit social enterprises in addition to charities and other nonprofit organisations (OECD, 2014).

At the other end of the capital spectrum is traditional investing where financial return maximisation is the key focus. This is followed by responsible investing that range between those who negatively screen for environmental, social and governance (ESG) risks, and those who actively work to mitigate them during ownership. Taking this further are the sustainable investors who deeply integrate ESG considerations in their investment analysis and select companies that they believe will outperform the market because they operate (or have the potential to operate) in a more sustainable way than their peers over time (Bridges Ventures, 2015).

Impact investing takes this a step further to focus on solutions that can address pressing societal or environmental issues. Among the impact investors, there also exists diversity in terms of expectation of financial and social/environmental returns. Some focus on those societal/environmental solutions that can generate market-rate financial returns. Others are willing to take a risk and invest in impact investment products such as social impact bonds that are not yet proven and may or may not deliver market-rate financial return. There are also those who are willing to settle for below-market-rate financial return in pursuit of greater social/environmental returns (Bridges Ventures, 2015). According to the Annual Impact Investor Survey conducted by GIIN, 66 percent of the impact investors who responded to their survey principally target risk-adjusted market-rate returns, 18 percent target returns that are “closer to market-rate returns”, and 16 percent target returns that are “closer to capital preservation” (GIIN, 2017).

Figure 2
Financial Returns Targeted by Impact Investors



Source: GIIN (2017)

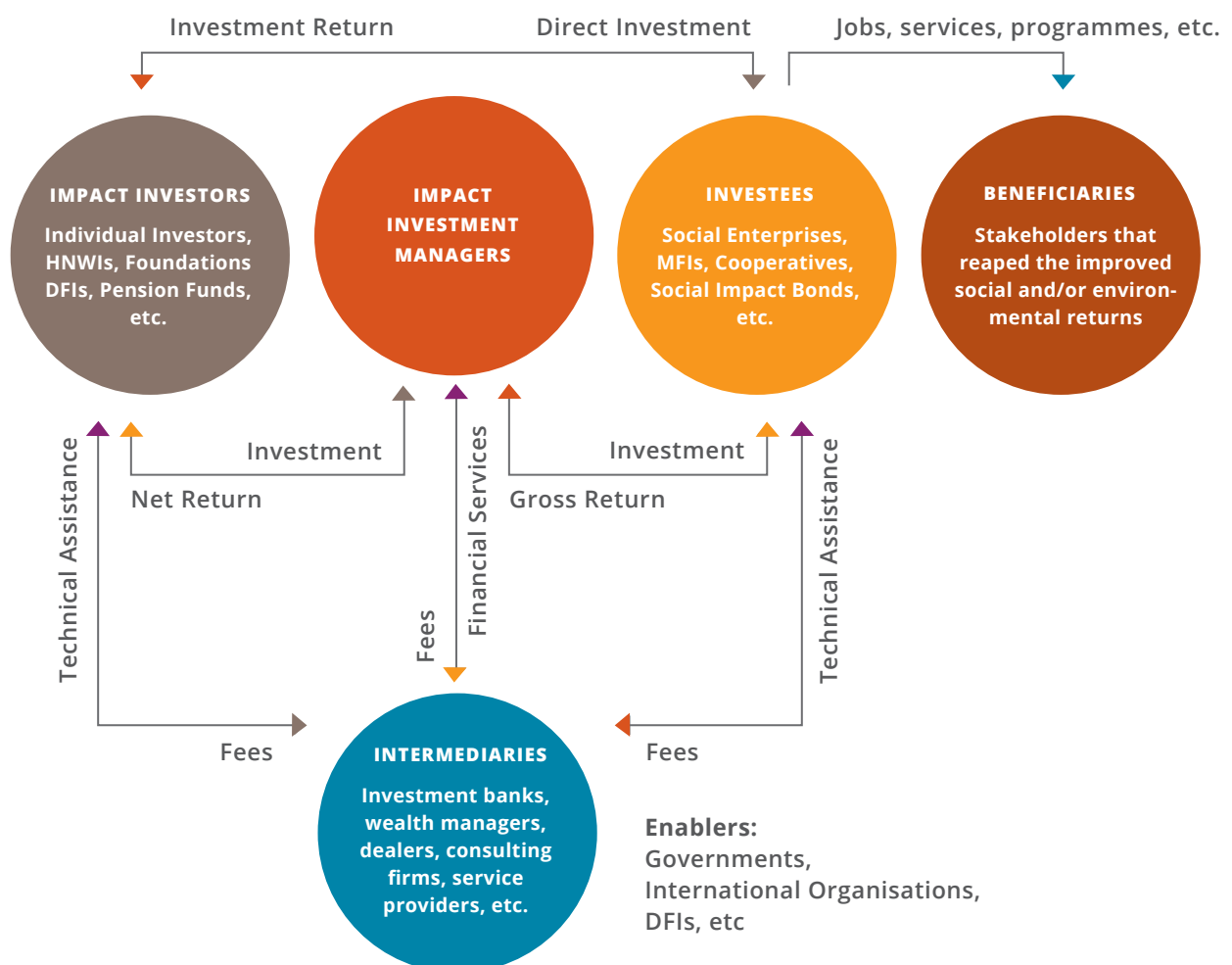
2.4 Impact Investment Ecosystem and the Stakeholders

The impact investment ecosystem consists of impact investors, impact investment managers, investees, beneficiaries, intermediaries and enablers. The different stakeholders and their relationships are illustrated in Figure 3. The ecosystem is still at a nascent stage, fragmented and largely made up of niche players for certain segments (World Economic Forum, 2013).

Descriptions of the different stakeholders follow:

- *Impact investors* are capital providers and include individuals and organisations such as foundations, family offices, high net worth individuals (HNWIs), pensions funds, and development finance institutions (DFIs).
- *Impact investment managers* source for deals, conduct due diligence, and execute deals with investees whose ventures demonstrate the potential for measurable impact and financial returns.
- *Investees* include for-profit and nonprofit ventures that, along with running profitable businesses, are able to generate measurable social and environmental impacts (UNDP, 2016). Investees include social enterprises, microfinance institutions (MFIs), community finance organisations, cooperatives, and social impact bonds.
- *Beneficiaries* are stakeholders who reap the improved social and environmental returns (UNDP, 2016).

Figure 3
Impact Investment Ecosystem



Source: Adapted from World Economic Forum (2013) & UNDP (2016)

- *Intermediaries* link investors and managers as well as other stakeholders. They provide advice and help in structuring deals and managing funds. Intermediaries can include investment banks, wealth managers, independent financial advisors, brokers, dealers, international organisations, and consulting firms (UNDP, 2016). Indirectly, intermediaries also facilitate cross-sector dialogue and collaboration via a cross-pollination of talent, resources and networks across sectoral silos.
- *Enablers* create a supportive environment to facilitate impact investment deals. They include governments that can help by creating an enabling regulatory environment and by the provision of direct or indirect incentives as well as international organisations, DFIs, and development agencies that can support with co-financing or credit enhancement.

3

Impact Investments by Foundations in the US

3.1 Overview and History

The United States is home to over 80,000 foundations with more than US\$700 billion in assets and annual giving of over US\$50 billion, according to Foundation Centre (2014). Most foundations are engaged mainly in grantmaking activities. However, there is a small and growing shift towards impact investing.

Foundations in the US are required to use at least five percent of their assets on activities related to the foundations' mission. The other 95 percent of their assets are generally invested in the traditional financial markets with the aim of achieving financial returns that sustain the foundations' charitable giving over time.

Since 1969, the regulator explicitly allows foundations to move beyond pure grantmaking by accepting programme-related investments (PRIs) for the fulfilment of their annual payout requirement. The primary purpose of making a PRI must be to accomplish a charitable purpose, with financial gain being a secondary purpose. The expected rate of return is often below competitive market rate. PRIs can include loans, equity investments, bank deposits, and guarantees. The major difference between PRIs and grants is the expectation for the return of the

PRI capital, thus allowing the funding to be recycled for other social purposes in the future.

Despite the attractiveness of PRIs as a sustainable funding mechanism, currently less than one percent of foundations actually make PRIs and among the practitioners, only 0.5 percent of programme budgets are committed to such investments (Price, 2016a).

Among the foundations at the forefront of impact investing, there is now a growing voice to unlock the potential and utilise the sizeable 95 percent of their endowment for philanthropic purposes through mission-related investments (MRIs). MRI seeks to further the philanthropic mission of the foundation and generate a competitive rate of return at the same time. MRIs are little used, partly for fear of jeopardising investment laws, which require foundation managers and directors to avoid investments "that show a lack of reasonable business care and prudence in providing for the long- and short-term financial needs of the foundation" (Henriques, et al., 2016).

However, in 2015, the US regulator published guidance to clarify that the use of MRIs to generate a social or environmental impact alongside

a financial return is “non-jeopardising” and does not lack reasonable business care and prudence (Price, 2015). It opened the door for foundations

to engage in MRIs using their endowment assets, potentially unlocking more than US\$650 billion in foundations’ assets for impact investments.

Figure 4
PRI and MRI

	INVESTMENT			PHILANTHROPY	
FOUNDATION APPROACHES	TRADITIONAL INVESTMENT	MISSION RELATED INVESTMENT (MRI)		PROGRAMME RELATED INVESTMENT (PRI)	GRANTS
	Seek competitive financial returns regardless of, or with little consideration for, ESG factors	Investment from a foundation’s endowment that seeks to achieve specific goals to advance mission. Generally seeks competitive financial returns		Part of a foundation’s annual payout, PRIs seek to advance the foundation’s mission, with financial return a secondary consideration. Often below-market rate.	Focus on generating specific social or environmental impacts with no expectation of financial return.
STRATEGIES		RESPONSIBLE	SUSTAINABLE	IMPACT	
		ESG Risk Management	ESG Opportunities	Target social and environmental impact	
		Screen investments for ESG risk factors, excluding those investments with material exposure to those risks. Generally seek competitive financial returns.	Focus on ESG opportunities through active investment selection, portfolio management, and shareholder advocacy. Generally seek competitive returns and alpha generation driven by ESG factors.	Intend to generate specific measurable social and environmental impact alongside a financial return. Financial return expectations may range from below-market to market-rate depending on strategy and specific investment context.	

Source: Rockefeller Foundation (2016)

3.2 Trends and Current Developments

Among US foundations, impact investments are predominantly conducted by the larger ones. Even though only one percent of foundations are engaged in PRIs, 41 percent of the bigger foun-

datations with more than US\$200 million in endowments are engaged in some form of impact investing. Typically, the big foundations have two percent of assets in MRIs and 0.5 percent in PRIs (Buchanan, et al., 2015).

Impact investments are now gaining traction among the big foundations in the US with several significant announcements recently that have set the stage for other foundations to follow suit. Here are a few examples.

- Ford Foundation has announced it is committing up to US\$1 billion from its US\$12 billion endowment for MRIs over the next 10 years (Ford Foundation, 2017).
- Kresge Foundation has set aside US\$350 million from its US\$3.6 billion endowment for impact investments in 2015 (The Kresge Foundation, 2017).
- Heron Foundation has committed to allocating 100 percent of its US\$300 million assets to MRIs by 2017 (Price, 2016b).

FORD FOUNDATION – LEADER IN IMPACT INVESTING

Ford Foundation, founded in 1936, is the charitable arm of Ford Motor Company. Today, the foundation makes grants amounting to US\$600 million each year, totalling US\$45 billion since the foundation was founded (Ford Foundation, 2017).

In April 2017, Ford Foundation announced it is committing up to US\$1 billion from its US\$12 billion endowment to impact investing over the next 10 years. This is by far the largest MRI commitment by a private foundation, a significant move which implies the plausible potential of the impact investing sector (Mirchandani, 2017). The foundation will gradually carve out funds from its existing investment portfolio and invest in impact investment opportunities seeking to earn not only attractive financial returns but concrete social returns as well. The initial areas of focus will be on affordable housing in the US and access to financial services in emerging

markets. The foundation also pioneered the field known as programme-related investments in 1968. It has successfully managed over US\$650 million in PRIs over the years (Ford Foundation, 2017).

“We are making this commitment because we believe MRIs have the potential to become the next great innovation for advancing social good. We need to expand our imaginations and our tools if we want to tackle the large-scale problems facing the world today. We can’t neglect the tremendous power of markets, including the capital markets, to contribute and we are putting a significant amount of our money where our mission is.”

- Darren Walker, President of the Ford Foundation (Ford Foundation, 2017).

4

Impact Investments in Singapore and Hong Kong

4.1 Overview of Impact Investments in Singapore and Hong Kong

Asia's impact investing market is growing and developing with an increasing number of impact investors and intermediaries. There is also a steady increase of social enterprises reaching scalable levels that can receive impact investments. According to the Asia Value Advisors' 2012 report, the estimated market size for impact investing in Asia is expected to reach US\$740 million by 2020 (Chua, 2016). This projected growth in the impact investing sector can be directly attributed to the emergence of a new generation of family wealth managers, when considered in the context of family offices and family foundations as investors (White, 2014).

Compared to countries like India where impact investing is more established, Singapore and Hong Kong – the financial hubs of Asia – are still at the nascent stage for impact investing. The concept of achieving both financial and social returns at the same time is just slowly gaining traction among the younger generations of wealthy locals as well as expats working in the two cities. Many of these impact investors first encountered the concept of impact investing while studying or working in the US and Europe, and were drawn by the idea of achieving social impact and sustainability at the same time.

4.2 Impact Investment Ecosystem and the Stakeholders in Singapore and Hong Kong

- *Impact investors* in Singapore and Hong Kong are predominantly individuals, HNWI and

family offices. There are few foundations that engage in impact investing.

RS GROUP

RS Group is a Hong Kong-based family office established in 2008 by Annie Chen as a vehicle for personal asset management. RS Group initially managed its philanthropic activities under the River Star Foundation as part of its bifurcated approach. A rebranding in 2011 led to the management of its investments and grants as a single portfolio (RS Group, 2016).

RS Group takes a total portfolio approach to asset allocation. This approach bridges the not-for-profit and for-profit worlds by generating both financial and “extra-financial” returns through social and environmental benefits. It encompasses a wide range of activities across the financing spectrum from grants to lending to charities to investing equity in social enterprises to Sustainable and Responsible Investing (SRI) (RS Group, n.d.).

Today, 100 percent of RS Group’s assets are in “socially responsible” investments, includ-

ing impact investments. They are in a range of fund vehicles, intermediaries and direct investments. Impact areas include climate solutions, livelihoods for underserved communities, sustainable food and agriculture, and infrastructure for the impact investing market. RS Group’s portfolio has returned an average of five percent per year for the past five years (RS Group, 2016).

“We believe investing is not a limited act, but that business activities and our economic future are inextricably linked to the well-being of society as a whole.”

- Annie Chen, founder and chair of RS Group (RS Group, n.d.).

- *Impact investment managers* have started to establish their presence in Singapore and Hong Kong. A number are local offices set up by established international impact investor managers such as Bamboo Capital Partners,

Symbiotics and Leapfrog Investments. There are also a few impact investor managers established by locals such as Garden Impact Investment, UOB Venture Management and Social Ventures Hong Kong Capital.

A . GARDEN IMPACT INVESTMENTS

Garden Impact Investments (GII), founded in late 2013, is a private Singapore-based impact investment holding company. It provides expansion capital to businesses in Southeast Asia that create jobs and provide services and products for the poor and marginalised. In addition to financial returns, each investment is required to deliver social and environmental impact during its investment period (GII, n.d.).

GII is an impact-first fund that targets a high single-digit financial return. Since it started, it has successfully conducted two rounds of funding, raising more than US\$5 million from HNWI and family offices. Mason Tan, the CEO of GII, shared that many of these individuals have existing family foundations (Tan, M., personal correspondence, May 5, 2017).

To date (Oct 2017), GII has invested in nine impact investment deals: six in Indonesia, one in Malaysia, one in Thailand, and one in Singapore. There has been one successful partial investment exit. The GII team works very closely with entrepreneurs after investment to ensure they do not lose focus of the social targets set for each enterprise at the outset (Tan, M., personal correspondence, May 5, 2017).

B . SOCIAL VENTURES HONG KONG

Social Ventures Hong Kong (SVhk) was established in 2007 with the objective of creating innovative and sustainable business solutions for urban social issues in Hong Kong. It has two entities: SVhk Capital, a venture philanthropy fund dedicated to providing investment and professional services to support high-impact social ventures in Hong Kong, and SVhk Foundation, a charitable organisation dedicated to promoting a social innovation culture and incubating innovative social solutions (SVhk, n.d.).

SVhk receives venture philanthropic capital from its shareholders. The capital is then used to incubate social enterprises and invest in them through equity or loans. This pool of capital will be continually recycled to incubate and grow other portfolio ventures (Liang, L., personal correspondence, May 2, 2017).

SVhk has over 20 ventures in its portfolio which have helped to mobilise human and capital resources in Hong Kong to improve the lives of many people in need. Diamond Cab, one of their successful ventures, is Hong Kong's first barrier-free 24-hour point-to-point taxi service for wheelchair users (SVhk, n.d.). Green Monday is another venture that has established a holistic collaborative platform to enable corporations, restaurants, schools and the general public to join in the effort to tackle climate change and global food insecurity (SVhk, n.d.).

- *Investees* are often confined to microfinance institutions as well as a limited supply of mature and growth stage social enterprises. The majority of social enterprises in the region are still in the seed and early stages and are not

yet ready for impact investment opportunities. An example of a social enterprise that has received investment is AGAPE Connecting People.

AGAPE CONNECTING PEOPLE

AGAPE Connecting People is an outsourced call centre company founded by Anil David. It aims to provide employment opportunities for the marginalised, including the wheelchair bound, disabled, stroke recovery patients, stay-home mothers, ex-convicts, and inmates. David believes that employment can transform lives by equipping these individuals with professional skills and a source of income (AGAPE, n.d.). This vision was a result of his taking a position in a call centre during his time in prison. While he initially encountered difficulties in securing bank loans as a result of his background, David eventually was able to enlist the help of Garden Impact Investments Pte Ltd to expand his business (Tan, 2016).

AGAPE Connecting People currently has two offices, one in the city and one in Changi. Since inception, it has employed almost 100 individuals including 85 prison inmates and ex-convicts, the wheelchair bound, stroke

recovery patients, and those who need to be home bound to take care of sick family members. So far there has been zero re-offending rate among the ex-convicts. Many of the employees, in addition to getting a stable employment, have been able to restore relationship with their families (Tan, M., personal correspondence, May 5, 2017). For his contribution to integrating the marginalised back into society, David won the 2016 Social Entrepreneur of the Year Award from the Singapore Venture Capital and Private Equity Association (Liem, 2016).

- *Beneficiaries* are the different groups of vulnerable communities being served by the various investees. These include ex-convicts, farmers, fishermen, artisans, marginalised women as well as poor people with low level of access to healthcare.
- *Intermediaries* perform a diversity of functions and roles in Singapore and Hong Kong. Some notable intermediaries include:
 - Impact Investment Exchange (IIX) – an organisation that first started to connect impact investors to social enterprises in 2009 but has since extended its role to impact investment manager.
 - Asian Venture Philanthropy Network (AVPN) – a membership organisation that connects impact investors and venture philanthropists for shared learning and expertise.
 - UBS – a wealth manager that started to offer impact investment products to impact investors in the region from 2014.

A . ASIAN VENTURE PHILANTHROPY NETWORK

The Asian Venture Philanthropy Network (AVPN) is a membership network based in Singapore which facilitates the philanthropy and social investment scene in the region.

AVPN launched the Deal Share Platform (DSP) in 2016 as an initiative to move towards the collective goal of efficient philanthropy and social investment. The platform is designed to help AVPN members share, promote and connect to recommended social purpose organisations. Members can list SPOs they have previously supported or are currently supporting. The platform seeks to facilitate member collaborations and information flow, thereby increasing the share of capital to the social sector (AVPN, n.d.). Examples of SPOs on the DSP include Exceed Social Enterprises, which has received financing in the form of grants, and Edible Garden City Pte Ltd, which has received both grants and equity (AVPN, n.d.). Currently, the majority of the deals on the DSP are still in the form of grants. This can be partially attributed to the nature of AVPN as more of a philanthropy network than an impact investing network.

In the 2017 AVPN conference, 30 SPOs will be pitching at Deal Share Live, an extension of the DSP which will showcase projects supported by AVPN members (AVPN, 2017).

B . IMPACT INVESTMENT EXCHANGE ASIA

Impact Investment Exchange Asia (IIX) is a Singapore-based organisation with a mission to provide impact enterprises in Asia with greater access to capital, allowing them to more rapidly expand the impact of their activities. IIX offers four platforms designed for impact enterprises at different stages of their evolution: Impact Accelerator, Impact Partners, IIX Growth Fund and Impact Exchange (IIX, n.d.).

In 2014, IIX made a commitment to the Clinton Global Initiative to empower and create livelihoods for half a million women in Southeast Asia through innovative finance. To realise this mission, IIX created the Women's Livelihood Bond, the first exchange-listed bond designed to provide capital to impact enterprises. This instrument is designed to finance change and to change finance by making mission-oriented capital available, accessible and affordable (IIX, n.d.).

In addition, IIX offers IIX Growth Fund, which delivers social and environmental impact at scale whilst offering financial returns broadly on par with private early stage funds. The growth fund makes direct equity investments in innovative impact enterprises throughout South and Southeast Asia with a focus on underserved markets (IIX, n.d.).

C . UBS

UBS is a financial services company based in Switzerland. Since 2014, sustainable and impact investing has been offered by UBS wealth management services to clients and stakeholders in Asia (UBS, n.d.).

The enthusiasm for UBS impact investment products is reflected by the impressive amount of funds raised. In 2016, UBS launched the Oncology Impact Fund, raising US\$471 million and surpassing its initial goal of US\$400 million (Yap, 2016). More than half of that amount came from clients in Asia. While its popularity

can be partially attributed to its targeted high financial return of 15 percent, similar interests have been observed for sustainable and impact investment products UBS has offered at much lower returns of 4.5 percent. As an example, clients in Hong Kong and China contributed around half of the funds raised in response to a US\$50 million development fund UBS launched in collaboration with the Swiss government aimed at providing funding for SMEs in developing countries (Knoepfel, M., personal correspondence, May 2, 2017).

- *Enablers* include government departments/bodies in Singapore and Hong Kong that create a supportive environment to facilitate the impact investment ecosystem such as the Economic Development Board of Singapore.

managers and intermediaries setting up their presence in Singapore and Hong Kong. Established financial intermediaries such as UBS and Credit Suisse are also introducing impact investment products to cater to growing interest in impact investing among their clients.

4.3 Trends in Impact Investments in Singapore and Hong Kong

Key trends for the impact investment sector in Singapore and Hong Kong.

a) Heightened interest in impact investing

There is heightened interest in impact investing with an increasing number of impact investment

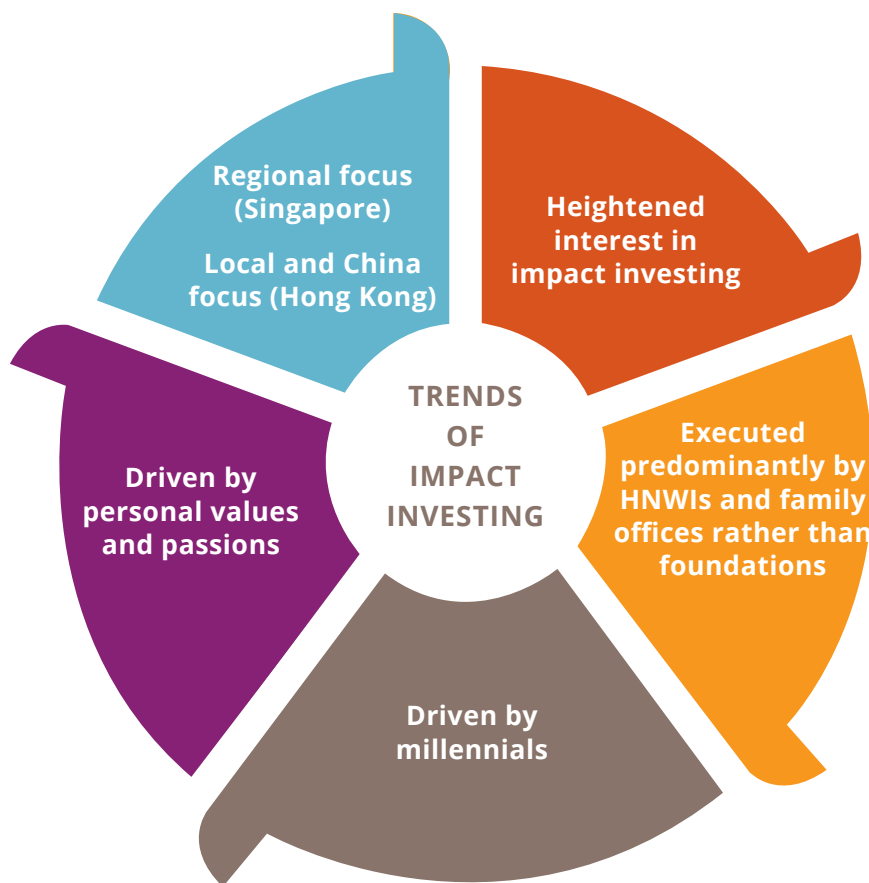
Beside impact investing talks and workshops that are sprouting and registering increasing attendance, regional and international conferences are also being organised around Asia. The AVPN conference, organised yearly since 2013, has registered attendee growth of over 100 percent in five years (AVPN, 2013 & 2017). The programme in the conference is also progressively growing in breadth and depth as the overall knowledge and familiarity with impact investment increase among the participants.

b) Impact investments are executed predominantly from HNWIs and family offices rather than foundations

Many of the people committing to impact investing are doing it from their individual investment accounts or family offices. This is despite some of these people coming from families with their own foundations. One reason cited is impact investing is still very much seen as an experiment.

The investors, especially the younger generations of wealthy families, want to achieve some results before proposing to the stewards of their family foundations. Another reason is that foundation work in Asia is still very much revolving around traditional philanthropy and the trustees are not comfortable venturing into impact investment as yet.

Figure 5
Trends for the impact investment sector in Singapore and Hong Kong



c) Driven by Millennials

Interest in impact investing is growing, especially among the millennial generation, i.e., those born between 1982 and 2004, who are drawn to the double and/or triple bottom line. Westernised ideas of societal contribution coupled with existing resources at their disposal have led this younger generation taking over family offices and foundations to place a greater proportion of their assets into impact investments.

Lehui Liang, SVhk associate director, shared: many of these millennials are educated abroad especially in the US, and impact investing and social entrepreneurship are concepts to which they have been exposed. They are interested to take this on to differentiate themselves from their parents and their grandparents (Liang, L., personal correspondence, May 2, 2017).

d) Driven by personal values and passions

Unlike traditional investing that is motivated by financial returns, there are elements of personal values and passions involved in impact investing. As observed by Mario Knoepfel, UBS head of Sustainable & Impact Investing in Asia Pacific, “For many impact investors, it is about their values and passions. Impact investing is much more personal and emotional to them compared to other forms of investing” (Knoepfel, M., personal correspondence, May 2, 2017).

e) Regional focus for Singapore; Local and Greater China focus for Hong Kong

Due to a lack of scalable impact investment opportunities locally, impact managers who are based in Singapore such as Garden Impact Investments tend to source for impact investment deals from the Southeast Asia region rather than focus solely on Singapore. The exception is raiSE whose investment mandate is specifically Singapore as it is funded by the government.

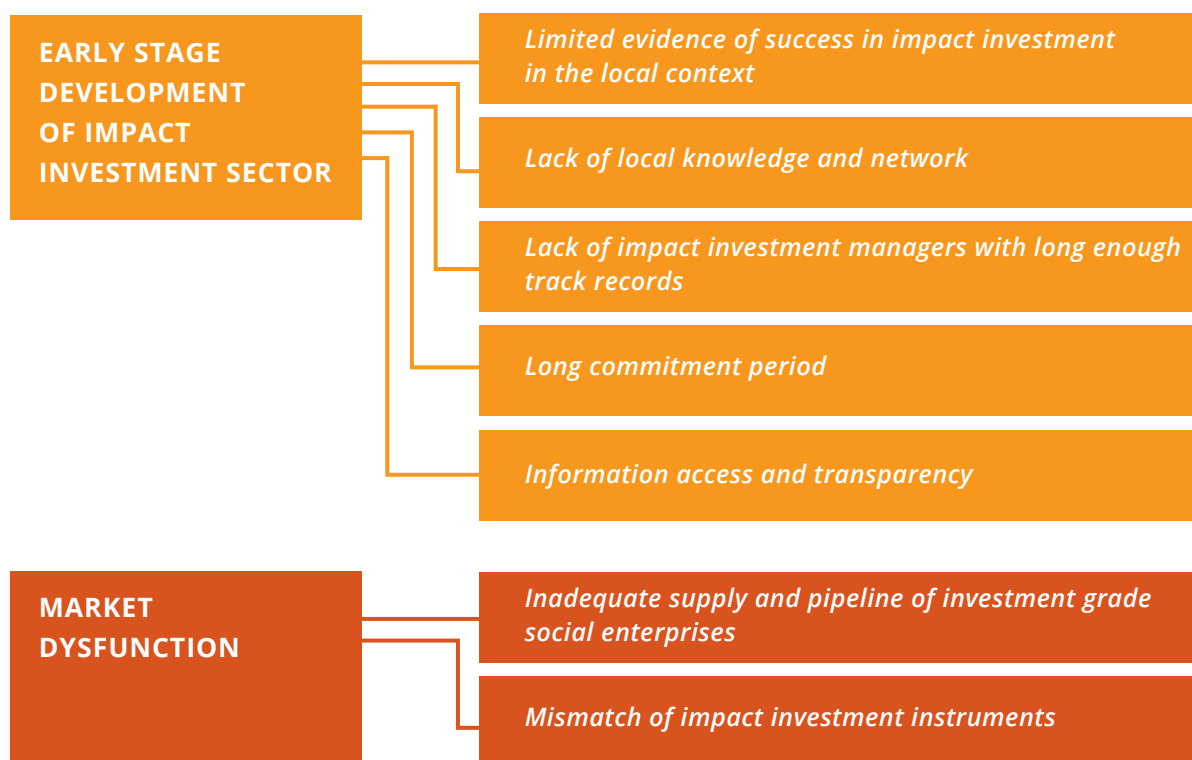
Hong Kong has relatively more scalable impact investment opportunities and impact investing tends to target local beneficiaries. At times, the focus is expanded to mainland China and Taiwan.

5

Key Challenges for Impact Investment Sector in Singapore and Hong Kong

Figure 6

Challenges for the impact investment sector in Singapore and Hong Kong



5.1 Early stage development of impact investment sector

The early stage of development of the impact investment sector in Singapore and Hong Kong presents various challenges as outlined below.

a) Limited evidence of success on impact investment in the local context

Available and well documented case studies of successful impact investments tend to originate from the US and Europe where impact investments have taken root for a much longer time. Even then, the case studies are few compared to the evidence of success that exists for traditional investments.

In Singapore and Hong Kong, impact investment deals have only been executed in recent years. There is a lack of evidence on the realised financial and social/environmental returns that impact investors can expect to achieve in the local context. This is further aggravated by the fact that social enterprises in the region are often not familiar or experienced in measuring their social/environmental performance beyond just monitoring some output numbers. Impact investors may not demand a market-rate return for their investments but some can be highly specific in the impact methodology and the demand for proof of impact that they require from the social enterprises including a clearly defined and measurable plan to effect change (UNDP, 2017a). There are also impact investors who are not familiar with measuring impact. Thus there may exist a need for credible and independent validators to assess the social/environmental returns.

b) Lack of local knowledge and network

Many of the scalable social enterprises are situated in countries such as Indonesia, Vietnam and China. Impact investment investors, managers and intermediaries who are based in Singapore and Hong Kong sometimes lack the local knowledge and network to access and evaluate these deals in the region. Having local staff from the investees' countries is necessary to develop relationships with ecosystem players and investees in the respective countries for deal sourcing. In addition, besides deal sourcing and evaluation, limited deal execution ability also hinder the sector.

c) Lack of impact investment managers with long enough track records

Since impact investing has a short history in Singapore and Hong Kong, many impact investment managers in both countries lack a track record that is an important requirement by many impact investors and intermediaries. Mario Knoepfel from UBS shared the challenges in sourcing for local impact investment funds in Asia saying, "A lot of the funds are relatively young. They do not really have a track record where we can say with confidence that they know what they are doing, have very sound systems in place, and are able to continue what they are doing to manage funds in the future" (Knoepfel, M., personal correspondence, May 2, 2017).

d) Long commitment period

Patient capital, where financial returns may be lower than market rates and can take a longer time to materialise, is a key feature of impact investment (Maurrasse, 2017). Compared to traditional investing, this longer commitment

period to achieve both the financial and social/environmental returns can make impact investments appear daunting to the potential investors. It poses a barrier to entry for investors who are unwilling to take the risks without more immediate gratification.

e) Information access and transparency

As many of the impact investors in Hong Kong and Singapore are individuals, family offices and foundations, access to information on the impact investment deals they have executed is limited since public disclosure is not necessary. A lack of transparency also makes it challenging to access data on social enterprises. The limited access to information on both the demand and supply sides makes it challenging for the impact investment sector to develop.

less attractive to the funders as the cost of doing due diligence may render small investments cost ineffective. There is an inadequate supply and pipeline of investment grade social enterprises ready for the bigger ticket funding size that impact investors can offer (UNDP, 2017a).

b) Mismatch of impact investment instruments

There is a mismatch of instruments as many of the impact investors are offering equity or quasi equity (i.e., convertible note) financing schemes to the social enterprises, while social enterprises are looking for loans. As many of the loans are uncollateralised, impact investors prefer equity investment to loan investments (UNDP, 2017a).

5.2 Market dysfunction

Generally, it has been observed that there is a disconnect between capital and supply of impact investment opportunities, with more capital than investment opportunities.

a) Inadequate supply and pipeline of investment grade social enterprises

Most of the social enterprises in the region are relatively small scale, being in the seed and early stages. For example in Indonesia, social enterprises on average require funding ranging from US\$10,000 up to US\$150,000 (UNDP, 2017a). These social enterprises have not achieved sustainable revenue growth yet and are still finetuning their operations. They are not ready to absorb capital injection beyond the range. The small ticket funding sizes make impact investing

6

Impact Investments by Foundations in Singapore and Hong Kong

Foundation is one stakeholder in the impact investment sector in Singapore and Hong Kong. Given the billions of assets at their disposal, they have the potential to facilitate and catalyse the impact investment sector through their activities. An examination of the characteristics of foundations is necessary before looking at the current state of impact investing trends and challenges as they are inter-related.

6.1 Characteristics of foundations in Singapore and Hong Kong

Foundations in Singapore and Hong Kong primarily engage in philanthropy and their activities are motivated by a myriad of factors including the desire to give back to society; family and personal values; religion; desire to drive change; personal experience; personal affiliation as well as prestige and status (Tan & Lam, 2017). Many wealthy families, individuals and corporations are setting up foundations to institutionalise their giving.

Foundations in Singapore and Hong Kong share these general characteristics:

- families and founders play a substantial role in the running and management of foundations.
- philanthropy giving is used to unite and strengthen multi-generational families
- causes supported are an expression of the family and personal values of the founders
- there are few professional staff running the foundation, if any at all
- foundations mainly engage in the traditional philanthropy of grant giving
- opacity in information on the foundations as they are not required by law to reveal their activities

6.2 Impact investing by foundations

Impact investing by foundations in Singapore and Hong Kong is uncommon with few foundations publicly declaring their work in this area.

Key Trends for impact investments by foundations in Singapore and Hong Kong

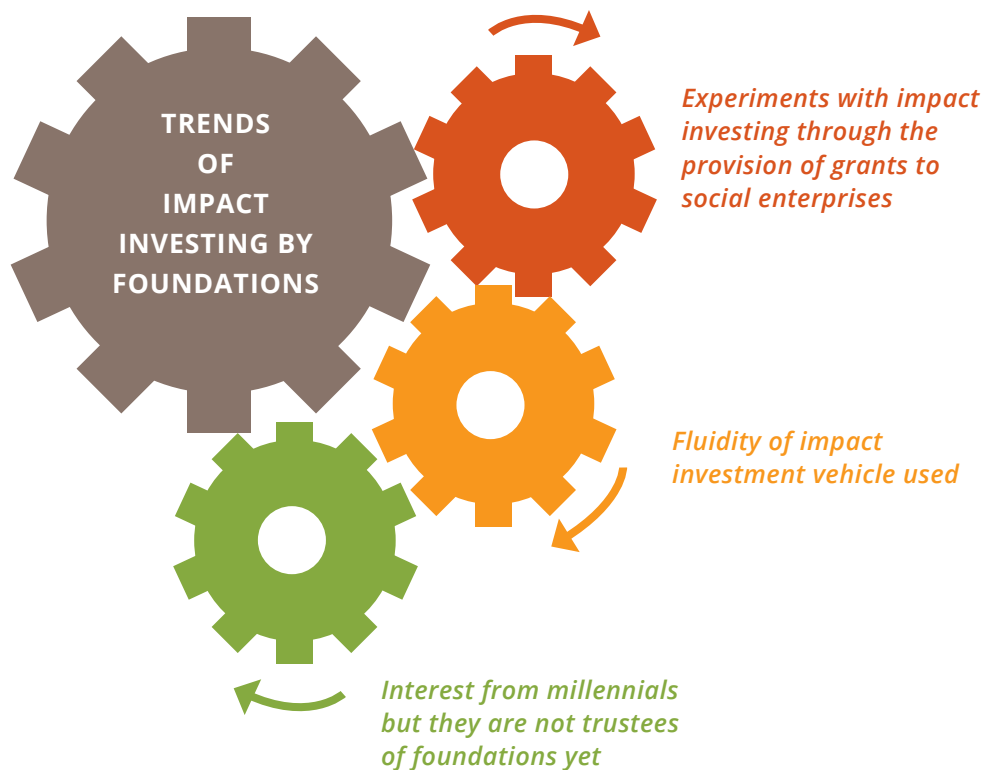
a) *Experiments with impact investing through the provision of grants to social enterprises*

Even though few foundations have committed to impact investing, it is noteworthy that a small but growing number of foundations such as the Yeh Family Philanthropy are exploring the space by engaging in venture philanthropy through the provision of grants and incubation support to social enterprises. This is a significant leap of faith for these foundations that traditionally have only considered funding charities, but are now experimenting with ways to achieve social returns and sustainability at the same time.

The provision of grants to social enterprises by the foundations is actually a crucial step in facilitating the impact investment sector in Singapore and Hong Kong. Many of the social enterprises are not ready for investments and would rather receive patient capital or grants during their pilot stage to allow them to validate their business model and generate revenue for the investment stage.

Kenny Cheung from the Yeh Family Philanthropy shared, “Money was not the problem, more so the lifecycle of where the social enterprises were at. Currently, there is a mismatch with the investing requirements of impact investors who even though they wanted to do social good, to invest socially, they still could not relax their

Figure 7
Trends for impact investments by foundations in Singapore and Hong Kong



commercial requirements enough to be satisfied by social enterprises all around” (Cheung, K., personal correspondence, May 4, 2017).

b) Fluidity of impact investment vehicle used

Unlike in the US where independent professional staff is empowered to make decisions for foundations, most of the foundations in Singapore and Hong Kong are small and closely held by families or founders. The founders/families are dealing with their own money and generally more fluid between using their own individual names or that of their foundations in making impact investments, as observed by Robert Kraybill, managing director in IIX (Kraybill, R., personal

correspondence, April 27, 2017). It is not as clear cut as what is observed in the US. Thus comparison should be interpreted with this context in mind.

c) Interest coming from millennials but they are not trustees of foundations yet

While the millennials may be more interested in impact investing, they usually are using their personal money to invest as they are not yet trustees of the family foundations. They see the need to obtain some success with their impact investing activities before bringing it up to the current stewards of the foundations.

Figure 8
Challenges to impact investments by foundations in Singapore and Hong Kong



Key challenges to impact investments by foundations in Singapore and Hong Kong

a) Relatively small number of foundations with endowments

There are relatively few foundations in Singapore and Hong Kong with the endowment assets for making impact investments. Many of the foundations are not endowed but are rather grantmaking entities with a budget given by their sponsors on a yearly basis. Thus unlike the endowed foundations in the US such as Ford Foundation, they do not need to make any decision relating to endowed assets.

b) Foundations still commit to traditional philanthropy

For the endowed foundations, many of them were established some years back. They usually have an established operating mandate with a singular and focused commitment to traditional philanthropy. The trustees are comfortable with how the foundations are operating and the case for diversification to areas such as impact investing has yet to gain traction.

c) Lack of capabilities to engage in impact investing

Many of the foundations are run by families or a small team of professionals. There are limited bandwidth and capability among the staff to engage in impact investing that require more specialised skills especially in terms of deal sourcing and due diligence of social enterprises.

d) Lack of success stories in local context

There is a lack of successful case studies on foundations in Singapore and Hong Kong that

have executed impact investments. The oft-mentioned case study is RS Group from Hong Kong which has detailed its impact investing journey in a public report. Aside from RS Group, there are only a few other examples such as SOW Asia and Social Impact Partners. However, even though these foundations are known to be making impact investments, they have just embarked on this journey and have little documentation to show that could be useful learning for other foundations.

e) Restrained by established operating principles

Many of the foundations were established some time ago before the concept of impact investment became popular. Thus the established investing principles for their endowments may not be flexible enough to accommodate impact investments. The trustees are restrained by the existing mandate until they can change it. AVPN Knowledge Centre Managing Director Kevin Teo shared, "Trusts or endowed foundations are still operating by their original principles. Impact investing as a new concept could take some time to receive broader acceptance" (Teo, K., personal correspondence, May 4, 2017).

f) Regulatory concern

Foundations are not a type of legal entity in Singapore and Hong Kong. In Singapore, they have to be set up as a company limited by guarantee, society or trust. According to the Commissioner of Charities (COC), the regulatory body for charities in Singapore, foundations registered as charities may invest their reserves to preserve the value of their funds or to generate income to support and further their charitable objectives (COC, 2011). Trustees of the foundation have the fiduciary responsibilities to ensure that the

investment will not have a material impact on the financials of the charity, the assets will not be exposed to significant risks, and the charity must not be distracted from its core charitable

purpose. Hence, the trustees may have concerns with making impact investments with its assets where evidence for financial return is not clear.

REGULATORY IMPACT ON FOUNDATIONS

In both Singapore and Hong Kong, a foundation is not regarded as a legal entity. In Singapore, legal forms registered by foundations include company limited by guarantee (CLG), established by way of trust or fund for charitable purposes. Foundations can register themselves as charities or Institutions of Public Character (IPCs) with the Commissioner of Charities if their objectives are exclusively charitable and fulfil the registration requirements. As registered charities, they enjoy income tax and property tax exemption for properties which are used exclusively for charitable purposes. Some of the foundations may also be registered as a grantmaker under the Inland Revenue Authority of Singapore's tax deduction scheme for grantmakers (COC, personal correspondence, May 31, 2017).

Similarly in Hong Kong, foundations that are registered as charities with the Inland Revenue Department enjoy tax incentives and can be set up as CLG, company limited by shares, society, trust or a statutory body under a specific Hong Kong Ordinance (Inland Revenue Department, n.d.).

It is noteworthy that regulation is not perceived by the interviewees of this study to be a significant challenge or barrier for foundations in Singapore and Hong Kong to enter into the impact investing space. According to the interviewees, many of the foundations have family offices too. Thus, there are legal avenues to circumvent restrictions, making it possible for foundations to engage in impact investing.

7

Recommendations

The impact investment sector is just coming into being and developing in Singapore and Hong Kong with potential impact investors including foundations showing a lot of enthusiasm. However, this has not translated as efficiently into actual impact investing deals due to a relatively underdeveloped ecosystem that is challenged by information asymmetry, mismatch in expectations, weak execution ability, lack of supply of investment grade investees, and shortage of impact investment managers with established track records.

The role of foundations in the impact investment ecosystem in Singapore and Hong Kong is somewhat limited at this time with few venturing into the space. Yet this belies the foundations' actual contributions and potential to contribute to the sector. There are foundations that are providing grants and non-financial support to social enterprises, thus playing an important enabling role to primp the social enterprises ready for the investment stage. Many of the HNWI's currently dealing in impact investments are the same people who already have or may soon have the power to change the way foundations work. They come from the same families that have established foundations and may just be doing impact investing out of their family offices or individual accounts.

However, many older family foundations and trusts are governed by fixed charters that prevent them from quickly adapting to this new

agenda for systemic social change. Therefore, it will fall to those personal or corporate foundations that can swiftly adapt to this changing world order to blaze the trail for the sector. For impact investments to take off among the foundations in Hong Kong and Singapore, there is a need to first develop the impact investment sector that will require the concerted efforts of the different players in the ecosystem. Collaborations are needed before the potential of impact investments for development in the region can be realised. Based on our initial findings, we recommend the following action plan in Singapore and Hong Kong.

7.1 Foundations to act as venture philanthropists to catalyse ecosystem in filling gaps in capital spectrum

This study identifies a gap in the capital spectrum for patient capital that is needed to build a pipeline of investment-ready social enterprises, without which the impact investment sector cannot be founded and sustained. Most early stage social enterprises are not investment-ready. Grants or loans rather than equity investments are more relevant for them at this time. Since impact investors tend not to provide patient capital, foundations, and in particular corporate foundations, can potentially step up with venture philanthropists to catalyse the ecosystem in filling this gap in the capital spectrum for early stage social enterprises, providing

not just monies but also professional engagement and resource network through collaboration with other stakeholders.

One example of a collaborative initiative to help develop this pipeline of investment-ready social enterprises is ACSEP's *Crossing the Chasm Challenge* initiative. Mooted in 2016, ACSEP harnessed NUS student intrapreneurship and empathy enculturation to come up with the

best solutions to real challenges faced by these early stage social enterprises. The awards to the winning social enterprises and student teams are funded over three years by the Tanoto Foundation. Student teams, in turn, are mentored by professionals from ACSEP's corporate partners. In the 2017 Challenge, student participation has been extended beyond NUS to other Singapore tertiary institutions. All participating social enterprises in the finals are therefore given ac-

Figure 9
Recommendations for Actions



cess to resources and creative solutions that can help them cross the chasm and grow to become investment-ready (ACSEP, 2017).

Foundations can also experiment with blended or layered capital structures that can play a catalytic role in developing new social investing structures, including social impact bonds.

7.2 Provide longer tenor instruments

This study suggests that even for those social enterprises that are investment-ready, there is an unfilled demand for longer tenor instruments. International impact investors have reported an average holding period of five to seven years for their exit deals (GIIN, 2017). At a time when even private equity funds are facing challenges with an exit within five to seven years, impact investors are likely to face higher investment risks from unsuccessful exits. Therefore, given the nascent stage of the impact investment sector in the region, impact investors in Singapore and Hong Kong are likely to face both higher investment risks from unsuccessful exits and longer holding period. This is where a new breed of foundations may be needed to provide longer tenor instruments to build more sustainable social purpose organisations.

7.3 Improve quality in the capacity building of social enterprises

There is no lack of capital for impact investments, but a shortage in supply of investment grade social enterprises. Therefore, capacity building of social enterprises in various stages

of the enterprise life cycle is necessary for the impact investment sector to take off. Currently, there exists organisations such as incubators/accelerators that offer workshops/advice on building businesses (business canvas). However, advice is often generic and there remains a gap in sector-specific problem-solving advice such as market access and sales improvements (UNDP, 2017). There is a need to improve the quality of existing capacity building support for social enterprises, e.g., by providing tailored training that gives them access to experienced entrepreneurs. There is also a need to train social enterprises in impact measurement techniques.

Such capacity building may require foundations' philanthropic grants to pay for experienced trainers as social enterprises in the seed and early stages will not have the ability to pay for such services. Providing network access to experienced entrepreneurs may require the collaborative efforts of intermediaries.

7.4 Develop focused and practical curriculum for sector based training of impact investors

There has been a lot of interest in impact investing among foundations and other potential investors. Impact investing workshops are increasingly well attended although it has been observed that the translation of these interests into actions is missing. En Lee from LGT Impact Ventures, a global impact investor, suggests that training should include deeper country and sector focused content and more practical know-how to provide guidance on transaction execution, monitoring and management beyond

the basics that current workshops are covering (Lee, E., personal correspondence, April 13, 2017). Impact investors should share with one another concrete examples of case studies from their portfolios, discuss specific investment opportunities and challenges, and assess practical considerations such as investment types, structures and exit mechanisms.

7.5 Champion collective impact investments or platforms for impact investment deals

To alleviate the information asymmetry and lack of experience that has been observed in deal sourcing, due diligence and deal execution for impact investments, impact investors can engage in collective impact investment transactions whereby the experienced impact investors will co-invest with the less experienced impact investors. There can also be more platforms for impact investment deals whereby impact investors share information about their deals with one another. This initiative may be spearheaded by intermediaries.

7.6 Share information and seek partnerships for greater leverage

Foundations can share information and partner one another in impact investment deals to learn together and achieve greater impact through leverage. They can also seek partnerships and collaborate with traditional philanthropy and government to unlock greater resources to scale up social solutions.

7.7 Advocate and sharing of successful Asian case studies

Beside RS Group from Hong Kong which has been advocating for foundations to engage in impact investing by featuring its own impact investing journey, other successful case studies have been largely confined to those from countries such as the US. Many foundations are unable to relate to these overseas case studies. Thus they, especially the more traditional ones, do not have the confidence to venture into impact investing.

There is a need for more foundations in Hong Kong and Singapore who have started on the impact investing journeys to share and play an advocacy role before this agenda can become mainstream. A sharing platform to facilitate this could be spearheaded by foundations, intermediaries or independent education platforms like universities.

7.8 Leadership by big players to drive interest

Besides sharing of stories by foundations, it would be helpful for government institutions or big foundations to demonstrate commitment and leadership in impact investment. Joan Shang from RS group said “a big leader that demonstrates initiative can drive interest and push the sector forward” (Shang, J., personal correspondence, April 26, 2017). In the US, this can be seen in the example of Ford Foundation which has announced its impact investment initiative for the next 10 years. In Asia, the Japan Pension Fund has announced its intention to integrate environmental, social and governance factors

into investment activities in 2016 (Appell, 2016). This announcement created a lot of dialogue for sustainable finance among the other players in the ecosystem. In Singapore, big players such as Temasek Foundation can potentially play such a leadership role by allocating some of its assets to impact investments and lead the sector.

8

Conclusion

Set against a new wave of global market restructuring, a new world order where collaboration figures perhaps more importantly than competition is coming into being in the people sector, if not the private sector. Collaboration is the name of the game in this upcoming agenda on impact investing. This calls for a new mindset and profile for a social finance professional. Just like private equity professionals and investors are more likely not to make good venture capital professionals and investors, and vice-versa, we venture to suggest the same may be true of impact investors and perhaps even those involved in responsible and sustainable investing. For this reason, it may be misleading, for lack of appropriate understanding of impact investing, to conclude that investing skillsets are transferable from more traditional investing to impact investing.

Therefore, we foresee that a new leadership will emerge in Asia that will drive the impact investment sector. The leader(s) will need to have substantial financial resources to invest in the infrastructure of a brand new sector, ranging from meeting the gaps in the capital spectrum to attending to market dysfunction and failure from information asymmetry and moral hazard challenges among market actors. This will also involve curriculum development, training and development. Above all, the leader(s) will need to earn and build trust by truly practising collaboration before advocating collaboration among the various actors in the people and private sectors.

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Appendix A

A list of foundations in Singapore and Hong Kong that have already committed to or are in the exploratory stage of impact investments.

ADM Capital Foundation (ADMCF)

A. Basic Profile

Country of Incorporation	Hong Kong
Year of Founding	2008
Size of Endowment	n/a
Type of Foundation (e.g., family office cum foundation, etc.)	Corporate Foundation (Charity)
Structure of Foundation (e.g., its set-up structure)	Company Limited by Guarantee (CLG) ADMCF is an impact-driven foundation focused on making change in Asia. The foundation has charitable status in both Hong Kong and the United States.
Founder	Lisa Genasci, CEO
Founder's Profile	Founder and CEO Lisa Genasci established ADMCF in 2008 for the partners of a Hong Kong-based investment manager. She has since built ADMCF into a team of seven working in eight Asian countries and overseeing the allocation of close to US\$7 million in philanthropic investments since 2006. ¹
Url of Foundation	http://admcf.org/about/

¹ Bond, J. (2012). *Lisa Genasci: The fund adviser with a drive to help alleviate poverty in Asia*. South China Morning Post. Retrieved on March 27, 2017, from www.scmp.com/magazines/style/article/1049585/lisa-genasci

B. Detailed Information

Description of Foundation

“With a dual focus on children-at-risk and environmental protection, ADMCF creates innovative development models, identifying strong local partners through rigorous due diligence and working to help them widen impact by addressing gaps in services to local communities. ADMCF also leverages its own philanthropic resources by serving as a vehicle for other foundations or high-net-worth individuals wanting to give securely and effectively in Asia.

“In 2006, the partners of investment advisor, ADM Capital, established the foundation recognising the need for innovative and replicable models of funding for impact. To achieve this, they aimed to foster sustainable growth in local partners with core grants rather than simply back short-term projects. ADMCF also provides an organisation not only with funding but also specific and relevant organisational support.”²

Giving/Investing Strategy of Foundation

- Investment in organisations with social impact in the form of grants;
- Financial investment strategies aligned with social impact – similar to impact investing.

Sectors of Interest

- Air Quality
- Water
- Marine
- Landscape

- Wildlife Trade
- Kids³

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.

Already doing impact investment – both in the form of funding and impact investment.

Impact Investing Activities of Foundation (examples of social investments conducted by foundation)

Total contribution by ADMCF and its investing partners amount to US\$2.86 million in 2015.⁴

Tropical Landscape Bond (TLB) and Loan Facility in Indonesia

The objective is to provide a simple, scalable route to the generation of long-term, private sector finance for projects that reduce emissions from land conversion, provide support to rural livelihoods, and provide access to energy for off-grid communities and take the pressure off forests.⁵ The expectations are for a commercial return to investors. TLB represents the first such landscape or forest protection bond issued globally.

² ADM Capital Fund. (2015). *2015 ADMCF annual report*. Retrieved on March 27, 2017, from <http://admcf.org/resources-all/>

³ Bloomberg. (2017). *Company overview of the ADM Capital Foundation Ltd*. Retrieved on March 27, 2017, from www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=206515879

⁴ ADM Capital Fund. (2015). *2015 ADMCF annual report*. Retrieved on March 27, 2017, from <http://admcf.org/resources-all/>

⁵ Ibid.

Peterson Group Foundation

A. Basic Profile

Country of Incorporation	Hong Kong
Year of Founding	Peterson Group Charity Foundation Limited was incorporated as a company limited by guarantee in 2012.
Size of Endowment	n/a
Type of Foundation (e.g., family office cum foundation, etc.)	Family Foundation/Corporate
Structure of Foundation (e.g., its set-up structure)	Peterson is a privately held, family-owned real estate company.
Founder	Peter Young (Young Peter Pui-Kam)
Founder's Profile	<p>"Our story began in Hong Kong in 1959 when Peter Young, Peterson's founder, started his textile importing business. After success in Hong Kong, the family immigrated to Canada where following his entrepreneurial spirit, Peter began to venture into partnerships investing and developing real estate in Vancouver, British Columbia. Peter's younger son, Ben, followed in his father's entrepreneurial footsteps and began his career in real estate through creating partnerships with investors; many of whom are still investing with Peterson to this day.</p> <p>Young Peter Pui-Kam, born in Shandong Province in China, passed away on March 27, 2006, in Hong Kong."⁶</p>
Url of Foundation	http://petersonbc.com/foundation

⁶ Peterson Group. (n.d.). *Corporate social responsibility*. Retrieved on March 27, 2017, from http://petersonhk.com/www/en/corporate_social_responsibility

B. Detailed Information

Description of Foundation

The Peterson Group Foundation's philanthropic activities are founded on the gratitude of Peter Young and his family for the opportunities afforded to them upon immigrating to Canada from Hong Kong.⁷

Giving/Investing Strategy of Foundation

Not specified on the website – mentions only support of charity organisations (assumed to be financial support in the form of grants)

Sectors of Interest

- Children
- Healthcare⁸

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.)

Has potential to do impact investment although majority of activities involve grantmaking.

Impact Investing Activities of Foundation (examples of social investments conducted by foundation)

Causes/organisations funded include (see <http://petersonbc.com/mission>):

- VGH and UBC Hospital Foundation
- Saint Paul's Foundation
- Make-A-Wish
- Delta Hospice Society

Light Be

In 2015, the Peterson Group Foundation offered two of its real estate units for this project, hoping to support society not only through monetary contributions but also by using its resources. Peterson plans to contribute more units in the future should suitable opportunities arise.⁹

⁷ Peterson Group. (n.d.). *Corporate social responsibility*. Retrieved on March 27, 2017, from http://petersonhk.com/www/en/corporate_social_responsibility

⁸ Peterson Group Charity Foundation Limited. (n.d.). *Hong Kong business directory*. Retrieved on March 27, 2017, from <http://www.hongkongcompanygo.com/Peterson-Group-Charity-Foundation-Limited/1787707/#.WNhur9KGO70>

⁹ Ibid.

RS Group

A. Basic Profile

Country of Incorporation	Hong Kong
Year of Founding	2008
Size of Endowment	n/a
Type of Foundation (e.g., family office cum foundation, etc.)	Family Office and Foundation
Structure of Foundation (e.g., its set-up structure)	Investments managed by foundation/family office itself. Adopts a <i>Total Portfolio Management</i> approach where 100 percent of assets are channelled towards achieving mission and objectives. Governed by trust company.
Founder	Annie Chen
Founder's Profile	Annie Chen was born and raised in Hong Kong. She obtained her BA from Brown University and her LLB from Columbia Law School. After practising tax law in San Francisco and Hong Kong for nearly a decade, Chen joined her siblings in managing the family office that provides a range of services for three generations. ¹⁰
Url of Foundation	http://www.rsgroup.asia/

¹⁰ RS Group. (2016). *RS Group impact report 2016*. Retrieved on March 3, 2017, from <http://report.rsgroup.asia/>

B. Detailed Information

Description of Foundation

Mid-sized Hong Kong-based family office with the aim of sustainable economic growth.

Giving/Investing Strategy of Foundation

- *Total Portfolio Management* approach for assets, i.e., 100 percent of assets channelled towards achieving mission and values.
- Blended Value Framework (as opposed to the impact first versus finance first dichotomy); emphasis is on holistic returns.¹¹
- Portfolio divided into three integrated allocations: Sustainable and Responsible Investments (SRI), Targeted Impact Investments (TI – emphasis is on tangible impact and returns), and Strategic Philanthropy (focused on positive impact).
- Core & Satellite Approach: Core as low risk, well-diversified, cost-efficient, transparent and liquid investment (anchor for overall portfolio); satellite as higher risk and less liquid investments.¹²

Sectors of Interest

- Microfinance
- Sustainable economic development (CO2 emissions, job creation, training, serving clients from low-income families)

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.)

Has potential for doing impact investment. Already doing social investment.

Impact Investing Activities of Foundation (examples of social investments conducted by foundation)

91 percent of its portfolio was invested in sustainable and targeted impact investments as of June 30, 2015.¹³

¹¹ RS Group. (2016). *RS Group impact report 2016*. Retrieved on March 3, 2017, from <http://report.rsgroup.asia/>

¹² Ibid.

¹³ Ibid.

Social Impact Partners (SIP)

A. Basic Profile

Country of Incorporation	Hong Kong
Year of Founding	2014
Size of Endowment	n/a
Type of Foundation (e.g., family office cum foundation, etc.)	Nonprofit Organisation
Structure of Foundation (e.g., its set-up structure)	n/a
Founder	Lindy Lek, Wubin Raffelsberger
Founder's Profile	<p>Lindy Lek</p> <ul style="list-style-type: none"> • Co-founder of the Tokyo Circle of Friendship Bridge • Founding Board Member of Hands On Tokyo, a bilingual volunteer clearing house since 2006 • Board Member of Asia Initiatives, a fundraising organisation <p>Wubin Raffelsberger</p> <ul style="list-style-type: none"> • Worked in international relations at the Hong Kong Economic and Trade Office in Washington, D.C. • Worked for CLSA and then China Resources Enterprise in their corporate development division since 2006 • Regular contributor to SOS Children's Villages and World Visions
Url of Foundation	https://www.socimpactpartners.org/

B. Detailed Information

Description of Foundation

Social Impact Partners is a not-for-profit venture philanthropy firm dedicated to creating sustainable change to social issues. The firm's operation model comprises two core pillars – funding and capacity building. It provides financial and non-financial support, such as funding and management advice, to Social Purpose Organisations (SPOs) in Hong Kong. SPOs can tap SIP's extensive network of experts and long-term funding partners¹⁴ for support.

Giving/Investing Strategy of Foundation

- Convertible grants
- Grants

Sectors of Interest

- Poverty
- Youth

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.)

Has potential for doing impact investment.
Already doing social investment.

Impact Investing Activities of Foundation (examples of social investments conducted by foundation)

Run Our City

- Charity that aims to improve the lives and health of young people through running
- SIP provided capacity building support through operational scale up and impact measurement
- More than 2,300 students were impacted and 134 classes were completed¹⁵

Clean Air Network

- Non-governmental organisation that spreads awareness on air pollution and affects positive change in air quality policies
- SIP provided capacity building support through corporate strategic partnerships, fundraising and recruitment
- Garnered over 35,000 subscribers on social media platforms¹⁶

¹⁴AVPN. (2017). *Social Impact Partners*. Retrieved April 10, 2017, from <https://avpn.asia/organisation/social-impact-partners-limited/>

¹⁵Social Impact Partners. (2017). *Social Impact Partners* homepage. Retrieved April 10, 2017, from <https://www.socim-pactpartners.org/>

¹⁶Ibid.

SOW Asia Foundation

A. Basic Profile

Country of Incorporation	Hong Kong
Year of Founding	2009
Size of Endowment	n/a
Type of Foundation (e.g., family office cum foundation, etc.)	Charitable Foundation
Structure of Foundation (e.g., its set-up structure)	Nonprofit organisation that operates in two main sectors – Management and Advisory which support enterprises intent on scaling their social and/or environmental impact through financial investments and SOW Asia’s accelerator programme.
Founder	Darius Yuen
Founder’s Profile	Darius Yuen is a Hong Kong investment banker and philanthropist. He was previously an investment banker with BNP Paribas and Bear Stearns Asia.
Url of Foundation	http://www.sowasia.org/

B. Detailed Information

Description of Foundation

A charitable organisation based in Hong Kong, SOW Asia was founded following the 2008 financial crisis upon the realisation that there are large social issues that cannot be addressed by traditional capital markets or charity. Therefore, there is a need to nurture social enterprises to respond to these challenges.

Giving/Investing Strategy of Foundation

SOW Asia supports social entrepreneurs through impact investing and i2i, its social accelerator programme. i2i (incubation to investment) provides access to SOW Asia's networks to help entrepreneurs find the funds, talent, connections and expertise to grow their business. In addition, the programme provides consultation and connects social entrepreneurs to business professionals who provide mentoring. Social enterprises get to showcase their business to potential investors during pitch nights organised by SOW Asia, which may also co-invest where there is alignment. The current theme of its accelerator programme is *Active Healthy Ageing* and SOW Asia is specifically looking to work with companies targeting active healthy ageing.

Sectors of Interest

- Poverty alleviation
- Social inclusion
- Education
- Healthcare
- Environment
- Active Aging

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.)

Already doing social investment.

Impact Investing Activities of Foundation (examples of impact investments conducted by foundation)

The following are portfolio companies that have received financial investments as well as non-financial support from SOW Asia and its network:

HK Recycles

- Social enterprise that provides door-to-door waste collection.
- Offers jobs to marginal groups and improves environmental sustainability.
- SOW Asia has been a primary partner for two years. Besides providing financial and non-financial support, the foundation helped the enterprise secure funding from another investor.

Bonham Strand Hong Kong

- Social enterprise that employs disenfranchised tailors and marginalised youth to revive the bespoke garments industry in Hong Kong.
- SOW Asia closed this partnership in 2015, confident that Bonham Strand is on its way to delivering a meaningful impact.

GIGA

- Organisation that links architects and engineers to eco-friendly construction products.
- SOW Asia preparing to exit its partnership as GIGA scales its mission in China.

Synergy Social Ventures Limited

A. Basic Profile

Country of Incorporation	Hong Kong
Year of Founding	2011 ¹⁷
Size of Endowment	n/a
Type of Foundation (e.g., family office cum foundation, etc.)	Nonprofit Organisation
Structure of Foundation (e.g., its set-up structure)	n/a
Founder	Abbie Jung and Jana Svedova
Founder's Profile	<p>Abbie Jung</p> <p>Abbie is a public health and development professional with over 12 years of experience working with international aid and development agencies such as Médecins Sans Frontières, Save the Children, International Rescue Committee, Population Services International and the World Health Organisation. She is a strong advocate of philanthropy, philanthropic investment, and social entrepreneurship as innovative tools to achieve sustainable development goals. She earned a bachelor's degree in Neurobiology from University of California at Berkeley and a master's in Population and Family Health from Columbia University.¹⁸</p> <p>Jana Svedova</p> <p>Jana has a professional background in the financial industry in wealth management and business banking, which inspired her interest in socially focused business. Recognising the need for more support for young social ventures in Asia, Jana co-founded Synergy Social Ventures to support the development of the social venture sector of the region. She holds a BA in International Relations and an MBA from the University of British Columbia in Vancouver, Canada.¹⁹</p>
Url of Foundation	http://www.synergysocialventures.org

¹⁷Synergy Social Ventures, Facebook page. (n.d.). Retrieved May 19, 2017, from https://www.facebook.com/pg/synergysocialventures/about/?ref=page_internal

¹⁸AVPN, Abbie Jung profile. (n.d.). Retrieved May 19, 2017, from <https://avpn.asia/author/abbiejung/>

¹⁹Synergy Social Ventures, Jana Svedova profile. (n.d.). Retrieved May 19, 2017, from <http://www.synergysocialventures.org/our-crew/>

B. Detailed Information

Description of Foundation

Synergy Social Ventures is a nonprofit organization that supports entrepreneurial solutions to social, economic and environmental problems. Synergy works with young social ventures in Southeast Asia and China by providing capacity building support and access to financing to enable entrepreneurs to grow their ventures and impact. For philanthropists, Synergy provides advisory services to help design and implement venture philanthropy strategies and effectively deploy capital to social ventures.

Giving/Investing Strategy of Foundation

n/a

Sectors of Interest

- Venture Support
- Philanthropy and Impact Investing
- Ecosystem Building

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.)

Has potential for doing impact investment.

Impact Investing Activities of Foundation (examples of social investments conducted by foundation)

Brooklyn Bridge to Cambodia (BB2C)

BB2C seeks to help Cambodian communities improve health, increase access to food, grow local economies, and help kids spend more time in school. Its solution is automated and affordable irrigation systems to enable farming families to grow cash yielding vegetable crops during non rice growing season. BB2C's pump and sprinkler system replaces the back-breaking work of hauling water to the fields in cans or buckets.

After Synergy's philanthropic investment, BB2C hired a business development manager who built rural marketing teams and formed partnerships to help expand its distribution network. Through their loan programme, they have helped 270 farmers afford the initial cost of the pump and have a 100 percent repayment rate. So far, BB2C has sold more than 300 irrigation pumps, which has impacted the lives of over 1,600 people. BB2C has also continued product development aimed at increasing small holder farmer productivity. The latest product is a rice seeder, which not only speeds up the laborious rice planting process but plants rice in neat rows allowing for use of a weeder.²⁰

Other ventures include:

Makerbay
Ganglha
Solarleap

²⁰Synergy Social Ventures, Brooklyn Bridge to Cambodia, BB2C. (n.d.). Retrieved May 19, 2017, from <http://www.synergysocialventures.org/brooklyn-bridge-to-cambodia>

Asia Philanthropic Ventures Pte Ltd (apVentures)

A. Basic Profile

Country of Incorporation	Singapore
Year of Founding	2009
Size of Endowment	n/a
Type of Foundation (e.g., family office cum foundation, etc.)	Venture Philanthropy Outfit
Structure of Foundation (e.g., its set-up structure)	Consists of a community of organisations that are dedicated to creating high impact philanthropy and a social investment community in Asia.
Founder	A group of like-minded individuals
Founder's Profile	
Url of Foundation	n/a

B. Detailed Information

Description of Foundation

Asia Philanthropic Ventures was formed in March 2009 by a group of like-minded individuals to undertake high engagement philanthropy to help build the capacity of charitable organisations to create positive social change within Asia.²¹

Today, Asia Philanthropic Ventures is a Singaporean giving circle of six individuals. One member is Keith Chua, a local businessman who helps to manage his family's charitable trust and was looking for ways to develop his own giving beyond that traditional route. The group meets quarterly and has so far pooled its financial resources and expertise in support of five initiatives, including the launch of Ashoka in Singapore. As the circle developed, its members hired a professional staff member, realising that projects would be better sourced and progress faster if not limited by the time that individuals could give. Chua believes apVentures has been a positive experience for its members and he offers advice to anyone thinking about setting up such a giving circle: "Understand, embrace and appreciate differences and preferences among diverse group members."²²

Giving/Investing Strategy of Foundation

n/a

Sectors of Interest

n/a

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.)

Has potential for doing impact investment.

Impact Investing Activities of Foundation (examples of impact investments conducted by foundation)

In 2012, apVentures provided \$40,000 in seed funding to equip and enable youths from four winning teams to embark on social enterprises in Singapore and beyond.²³

Also in 2012, apVentures partnered with the Singapore International Foundation (SIF) for the inaugural *Pitching for Change* when \$30,000 was awarded to the top three Social Enterprises (SEs).²⁴ This partnership with SIF continued till at least 2016.

²¹ Asia Philanthropic Ventures Pte Ltd (apVentures). (n.d.). Retrieved May 19, 2017, from <https://avpn.asia/organisation/asia-philanthropic-ventures-pte-ltd-apventures/>

²² John, R., Tan, P., & Ito, K. (2013). Innovation in Asian philanthropy. *Entrepreneurial social finance in Asia: Working paper no. 2*. Singapore: Asia Centre for Social Entrepreneurship & Philanthropy, NUS Business School. Retrieved May 19, 2017, from https://www.lombardodier.com/files/live/sites/public/files/contributed/Fondation/Innovation_in_Asian_Philanthropy_April2013.pdf.

²³ Aspiring youths secure \$40,000 seed funding to turn their social enterprise ideas into business for good. (2012, August 6). Retrieved May 19, 2017, from <https://www.sif.org.sg/pressrelease/aspiring-youths-secure-40-000-seed-funding-to-turn-their-social-enterprise-ideas-into-business-for-good>

²⁴ Singapore International Foundation, Highlights. (n.d.). Retrieved May 19, 2017, from <http://www.sif.org.sg/our-work/gb/yse/highlights>

Croeni Foundation

A. Basic Profile

Country of Incorporation	Singapore
Year of Founding	2015
Size of Endowment	n/a
Type of Foundation (e.g., family office cum foundation, etc.)	Independent foundation
Structure of Foundation (e.g., its set-up structure)	Proactive grantmaker only
Founder	Jan Croeni
Founder's Profile	<p>German born Jan Croeni is a serial entrepreneur turned philanthropist who decided to contribute his time and energy to create a better world. Based in Singapore, he is an active mentor, advisor and investor at startups and incubators, with a special focus on cause-related ventures, social enterprises and for-impact companies.²⁵</p> <p>Linkedin: http://sg.linkedin.com/in/jancroeni</p>
Url of Foundation	http://www.croeni.org/

²⁵Croeni Foundation. (2017). *Croeni.org*. Retrieved April 19, 2017, from <http://www.croeni.org/>

B. Detailed Information

Description of Foundation

Croeni Foundation is dedicated to creating happier, healthier humans and animals, and sustainable lifestyles. At its discretion, the foundation provides grants to promising, accountable partners. These grants have been committed till 2025, giving the partners ample time to generate as much impact as possible. Croeni Foundation prizes the tangible impacts of projects and thus is actively involved in them by offering consultancy and other forms of support to ensure their long-term efficiency. The foundation makes grants to improve the chain of giving, which comprises donors, fundraisers, charities and beneficiaries.

Giving/Investing Strategy of Foundation

Grants

Sectors of Interest

- Environment
- Health

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.)

Has potential for doing impact investment.

- Wildlife Conservation Society (WCS)
 - Croeni Foundation supported WCS's Conservation Enterprise Development Programme (CEDP) that fosters and incubates promising new and existing enterprises and business concepts with the highest long-term potential for conservation, social, and economic returns.
 - Croeni Foundation provided a regional advisor to allow the programme to progress in Southeast Asia.
- Their mission is to create efficient philanthropy
 - aim to develop a transparent society of givers where results can be measured
- One of their key principles is to create tangible impact
 - Dedicated to measuring the success of their endeavours by being proactive in projects. Offers consultancy and support to projects and frequently re-evaluate them.

Impact Investing Activities of Foundation (examples of social investments conducted by foundation)

Croeni Foundation provided start-up funding to UNFRAMED, a social enterprise incubator, and has been a mentor and advisor since 2015.

DBS Foundation

A. Basic Profile

Country of Incorporation	Singapore
Year of Founding	2014
Size of Endowment	S\$50 million in 2014
Type of Foundation (e.g., family office cum foundation, etc.)	A corporate foundation
Structure of Foundation (e.g., its set-up structure)	Divisional Structure
Founder	DBS Bank
Founder's Profile	DBS is a leading financial services group in Asia. Headquartered and listed in Singapore, DBS is a market leader with over four million customers and a growing presence in the three key Asian axes of growth, namely, Greater China, Southeast Asia and South Asia.
Url of Foundation	https://www.dbs.com/dbsfoundation/our-story/default.page

B. Detailed Information

Description of Foundation

As a corporate foundation in Asia solely dedicated to championing social entrepreneurship, DBS Foundation contributes towards building a more inclusive society in the region so that those at society's margins can enjoy productive and rewarding lives. DBS Foundation works with social enterprises and social entrepreneurs in Singapore, India, Indonesia, China, Taiwan and Hong Kong through programmes ranging from venture challenges, learning forums, intensive incubation, project grant support, financing, and skilled volunteer mentoring.²⁶

Giving/Investing Strategy of Foundation

The establishment of the foundation underscores DBS' commitment to give back to the community in a sustained manner over the long term.

Sectors of Interest

n/a

- *Programmes in Singapore*

The UnAging incubation programme in partnership with UNFRAMED, a social-impact start-up incubator set up by entrepreneurs for entrepreneurs. The programme began in 2015 with the aim of fostering start-ups committed to addressing the pressing needs of Singapore's aging population. A total of eight to 10 start-ups are selected for each round of incubation, which involves an intensive five-month period of workshops, community engagement and guidance from mentors. This programme is supported by IDA Labs.

- *Programmes in Hong Kong*

In partnership with the Hong Kong Council of Social Service (HKCSS), DBS Foundation launched the HK\$2 million DBS Social Enterprise Advancement Grant in 2013 to support social enterprises. After three consecutive years of grant support, the inaugural DBS Social Innovators programme was launched in 2016 to engage and connect social innovators from different sectors to drive social innovation. The finalists from this programme receive funding support and three months of acceleration support to build up their start-ups and compete in the finale, where four champions will be awarded HK\$450,000 each for their start-up business and a further one year of support.

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.)

Has already given grants to social enterprises. Has potential for doing impact investment.

Impact Investing Activities of Foundation (examples of impact investments conducted by foundation)

Since 2012, the bank has provided over S\$1.9 million in grants to 59 social enterprises in Asia. Of this, more than S\$550,000 has been allocated to eight social enterprises in Singapore, including Adrenalin, A-changin, Bizlink and Billion Bricks. The funds have enabled these social enterprises to set up new businesses or expand existing ones so as to provide employment opportunities to the disadvantaged or marginalised.²⁷

²⁶ DBS Foundation. (n.d.). Retrieved April 17, 2017, from <https://www.dbs.com/dbsfoundation/our-story/default.page>

²⁷ DBS launches S\$50 million foundation to strengthen CSR efforts (p. 2, Rep. No. 01/2014). (n.d.). Retrieved from <http://infopub.sgx.com/FileOpen/SGD50mDBSFoundation.aspx?App=Announcement&FileID=4842>

Singtel Group

A. Basic Profile

Country of Incorporation	Singapore
Year of Founding	1879
Size of Endowment	n/a
Type of Foundation (e.g., family office cum foundation, etc.)	Corporate
Structure of Foundation (e.g., its set-up structure)	n/a
Founder	Singtel
Founder's Profile	The Singtel Group is Asia's leading communications group. The group provides a diverse range of services including fixed, mobile, data, Internet, TV, infocomms technology (ICT), and digital solutions.
Url of Foundation	https://www.singtel.com/about-Us/sustainability/community

²⁸ Singtel, Company Profile. (n.d.). Retrieved May 18, 2017, from <https://www.singtel.com/about-Us/company/company-profile>

B. Detailed Information

Description of Foundation

Sustainability at Singtel is valued. Hence, Corporate Social Responsibility (CSR) is an important part of its agenda. The group's sustainability strategy seeks to create shared value and mitigate the risks to the company, its stakeholders and the environment. Singtel's sustainability strategy is built on four pillars – Marketplace and Customers, Community, People and Environment. These pillars form the structure of their sustainability priorities, allowing them to demonstrate a strong linkage between their corporate and sustainability strategies.²⁹

Giving/Investing Strategy of Foundation

The Singtel Group's strategy is based on creating and delivering sustainable value to their customers, shareholders and employees. This requires them to embrace responsible products and services, ensure customer satisfaction, monitor their supply chain, be an employer of choice, manage their environmental footprint, and support and invest in community development.

Sectors of Interest

- Marketplace and Customers (To be recognised as a responsible and innovative market leader who offers excellent customer experience);
- Community (To enable the inclusion and well-being of people, and help them realise their potential through digital technologies and innovative programmes);
- People and Environment (To manage and minimise Singtel's environmental footprint across its business value chain).

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.)

Has potential for doing impact investment.

Impact Investing Activities of Foundation (examples of impact investments conducted by foundation)

Future Makers is a social innovation programme giving up to S\$20,000 grants to each selected start-up which also receives mentoring by cross-sector experts, competency workshops, networking and strategic partnership opportunities with the Singtel Group and its partners over a four-month period.³⁰

²⁹ Singtel, Sustainability at Singtel. (n.d.). Retrieved May 18, 2017, from <https://www.singtel.com/about-us/sustainability/sustainability-at-singtel>

³⁰ Singtel. (n.d.). *Singtel, Future Makers*. Retrieved May 18, 2017, from <http://futuremakers.singtel.com/>

Tanoto Foundation

A. Basic Profile

Country of Incorporation	Singapore
Year of Founding	Established in Singapore in 2001 but has been active since 1981
Size of Endowment	n/a
Type of Foundation (e.g., family office cum foundation, etc.)	Nonprofit organisation
Structure of Foundation (e.g., its set-up structure)	n/a
Founder	Sukanto Tanoto and his wife Tinah Bingei Tanoto
Founder's Profile	<p><i>Sukanto Tanoto</i> is an Indonesian businessman involved primarily in the lumber industry. As of 2013 he was considered one of Indonesia's wealthiest individuals with a net worth of US\$2.3 billion. After starting out as a supplier of equipment and materials for the state-owned oil firm Pertamina, Tanoto moved into the forest industry in 1973. Tanoto's business interests are represented by the Royal Golden Eagle (RGE) group of companies (previously known as Raja Garuda Mas).³¹</p> <p><i>Tinah Bingei Tanoto</i>, wife of Sukanto Tanoto, is an entrepreneur, visionary and pioneer of a number of industries in Indonesia. Together with her husband, she formed the Tanoto Foundation in 2001 with the goal of educating and empowering marginalised members of the community to improve their quality of life. Tinah is a board member of the Business Families Foundation and a member of the Board of Trustees of the University of North Sumatra.³²</p>
Url of Foundation	http://www.tanotofoundation.org/en/

³¹ Wikipedia, Sukanto Tanoto. (n.d.). Retrieved May 18, 2017, from https://en.wikipedia.org/wiki/Sukanto_Tanoto

³² Profile of Tinah Bingei Tanoto. (n.d.). Retrieved May 18, 2017, from <http://www.indonesiatatler.com/tatler-list/500list/tinah-bingei-tanoto>

B. Detailed Information

Description of Foundation

Following the pioneering success of his plywood business and subsequent diversified businesses in resource manufacturing in Indonesia such as palm oil, Sukanto Tanoto and his wife Tinah Bingei funded the construction of a kindergarten and elementary school in Besitang, North Sumatra, in 1981. This marked the Tanoto Foundation's first philanthropic act. Subsequent philanthropic activities were mostly aimed at improving education amenities and infrastructure in rural impoverished regions in Sumatra.

The Tanoto Foundation was later formally incorporated as a nonprofit charitable organisation in 2001. Largely focused on poverty alleviation, the foundation deploys a three-prong strategy in Education, Empowerment and Enhancement in programmes across Indonesia, Singapore and China – countries where the Tanotos have business operations. In Indonesia, the foundation is known to be one of the major disbursers of scholarships.³³

Giving/Investing Strategy of Foundation

n/a

Sectors of Interest³⁴

Tanoto Foundation works directly with communities, addressing various issues of poverty at the field level. The foundation also works with partners and creates synergy by leveraging their resources and expertise. To ensure the sustainability of its initiatives to fight poverty, the foundation nurtures future leaders who are passionate about poverty alleviation.

Tanoto Foundation's mission is set out below:

- Developing and implementing innovative programmes
- Building capacity of and empowering the beneficiaries
- Working with partners and supporting programmes implemented by partners
- Documenting and sharing best practices with the public

Progress of Foundation in Impact Investment (e.g., already doing impact investment, has potential for doing impact investments as already giving grants to social enterprises, etc.)

Has potential for doing impact investment.

Impact Investing Activities of Foundation (examples of impact investments conducted by foundation)

Under *Education*, Tanoto Foundation runs six scholarship programmes.

Under *Empowerment*, the foundation has two initiatives. The first is SME Development. Tanoto Foundation works with APRIL to build clusters of small and medium enterprises (SMEs) in the vicinity of APRIL's operating areas. The activities include:

- Improving local entrepreneurs' skill sets to meet market requirements, including basic business management, financial and accounting skills, and vocational skills.
- Opening access to business opportunities within APRIL's value chain related support functions.
- Linking SMEs participating in APRIL's value chain with commercial banks to secure funding.³⁵

³³ Wikipedia. (n.d.). *Tanoto Foundation*. Retrieved May 18, 2017, from https://en.wikipedia.org/wiki/Tanoto_Foundation

³⁴ Tanoto Foundation. (n.d.). *Vision, mission*. Retrieved May 18, 2017, from <http://www.tanotofoundation.org/en/vision-mission-en/>

³⁵ Tanoto Foundation. (n.d.). *Tanoto empowerment, SME development*. Retrieved May 18, 2017, from <http://www.tanotofoundation.org/empowerment/en/empowering-the-poor-en/sme-development-en/>

The second initiative is Oil Palm Plantation Smallholders Development. In early 2012, Tanoto Foundation collaborated with Asian Agri to develop a partnership programme with independent palm oil farmers in the vicinity of Asian Agri's operations. The programme aims to increase farmers' income and livelihood through:

- Facilitating the formation of cooperatives or farmer groups.
- Training in good agricultural practices and other skills.
- Providing technical assistance to farmers to secure certifications on sustainable palm oil, such as Roundtable Sustainable Palm Oil (RSPO).

Under *Enhancement*, Tanoto Foundation's programmes aim to enhance the quality of life in the communities by improving access to basic amenities, such as clean water and sanitation facilities, and quality public services, such as health, and supporting the advancement of technology that improves life.

