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Study of Social Entrepreneurship and Innovation Ecosystems in South East and East Asian Countries

Final Reflections

The Japan Research Institute

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1. Introduction

This paper offers the final reflections for "The Study of Social Entrepreneurship and Social Innovation Ecosystems" in Asian countries including China, Japan, South Korea, Singapore, Thailand, and the Philippines. This study has been carried out for the Multilateral Investment Fund of the Inter-American Development Bank by Fujitsu Research Institute and the Japan Research Institute, as part of a wider comparative study on social entrepreneurship and social innovation ecosystems in Latin American Pacific Alliance countries, with Fundacion Ecologia y Desarrollo (ECODES).

The comparative study comprises a global analytical framework on social entrepreneurship, social enterprise and social innovation, a regional analysis for each of the two regions, 11 national profiles[1] of social entrepreneurship and social innovation ecosystems as well as an in-depth analysis of 24 social enterprises in these countries that demonstrate positive social impact, have developed business models that ensure sustainability of both social impact and financial return, and are ready for scale-up or replication.

The following pages extract common characteristics, lessons learnt, and challenges of the selected 12 social enterprises from the Asian region[2], as well as of a necessary ecosystem that supports social enterprises to grow and leads social innovation in the country. Many of the selected social enterprises take a legal personality of "private limited company" and are highly motivated to achieve financial returns and social impact. To understand how the enterprises have reached their current status as organizations that are both addressing social problems and sustaining robust business models, as well as generating profit margins, a series of critical junctures have been observed, in particular in the ecosystem.

For a more in-depth understanding of the theoretical framework that supports this study, trends across the region and the countries, as well as an understanding of the individual social enterprises, readers are recommended to download the full reports available on the MIF's website. Critical to building on the success of the work done so far in this study is to engage in

[1] China, Japan, South Korea, Thailand, Singapore, the Philippines, Chile, Colombia, Costa Rica, Mexico and Peru
[2] This study covers three Japanese social enterprises focused on reconstructing local economies and rehabilitating communities. As those are the specific cases in the disaster area, the final reflections exclude them from the cases analyzed.

a subsequent phase of analysis and exchange between Latin American Pacific alliance countries and the Asian countries that have participated in this study.

2. Common Characteristics & Challenges for Social Enterprise

This section highlights key characteristics and challenges common across the 12 social enterprises selected from the Asia region. The social enterprises were selected based on the following three criteria; (a) serves the mission to solve a social issue in each country, (b) has established a sustainable business model that ensures to make both an operational profit and social impact at least for several years, and (c) is recognized by domestic opinion leaders to be potentially leading to social innovation.

In addition, an effort was made to ensure that the selection (including the 12 case studies selected in the Latin American Pacific Alliance region) represented a diverse set of sectors, approaches, and stages of development. Regarding the definition of development stages used in this study, the table below describes the three levels. From the Asian region, social enterprises in the early and growth stages have been selected.

Table 1 Definition of Development Stages

Start-up stage	A preparation period for setting up a business. An entrepreneurial team develops a business idea and a business model. In some cases, the team has product/service prototypes that are not fully developed or tested.
Early stage	A period from business initiation until scale-up. An entrepreneurial team first delivers its products/services in a test market to examine its business model. Also, the team may file patents or obtain licenses, if necessary. Once the business model is consolidated, the enterprise starts full operations. However, the business remains small in scale due to lack of capacity and resources. It may reach a breakeven point at the end of this period.
Growth stage	A period involving business scale up. The business surpasses the breakeven point and increases its sales, number of beneficiaries, market share, etc. The team may refine the business model in order to sustain and/or expand. In some cases, the team starts to investigate new products/services.

Table 2 Early Stage Social Enterprises

Country	Name	Legal format	Activity	Sector	Social impact	# of empl-o yees	Annual revenue	Net profit margin	Reven ue from sales	Essence of business model
South Korea	Woozoo	Social welfare corporation	Share-house provider for the "housing poor" living in Seoul.	Real estate	Over 300 renters. Contributing to enact two policies that are favorable to operate share-house business	Not disclose d	USD 0.54m (2015)	N/A	92% (2015)	Leasing entire apartment buildings from owners, renting out the rooms renovated to customers
Singapore	Bettr Barista	Limited company	Training the underprivileged to become coffee baristas	Food	3,200 people trained to date, most of whom have improved self-confidence and emotional management skills.	18	Undisclo sed	Undiscl osed	80%	Main revenue resources include training fees from students, catering fees from event organizers, wholesaling equipment. Less than 20% of their revenue comes from government subsidies.

Table 3 Growth Stage Social Enterprises

Country	Name	Legal format	Activity	Sector	Social impact	# of employees	Annual revenue	Net profit margin	Revenue from sales	Essence of business model
China	Earth & People	Limited company	Produces and sells organic tea with its own traceability system	Agricul-ture	Sold tea to 150,000 customers and provided income generation opportunities to 15 partner-farmers	40 (2016)	USD 3-4.5m (2015)	10-25% (average)	100%	Selling at online malls with short films of behind-the-scene stories. Purchasing the whole yield from partner tea producers.
China	Leping Group	Private foundation, private non-enterprise, and limited companies	Domestic service training, microfinance, eco-agriculture and early childhood education	Education, agriculture, finance	Fuping School: Trained 30,000 domestic workers, set the industry standard for protecting their rights and persuaded the government to subsidize the industry	200 (2016)	Fuping School USD 1.8 m (2015)	Fuping School 10% (2015)	Fuping School 47% (2015)	Fuping School: Using a public-private partnership model to provide training and job placement for a fee, while offering rights protection services for free.
The Philippines	Kennemer Foods International	Limited company	Trades high-quality fermented cacao beans sourced from smallholder farmers	Agricul-ture	Working with more than 5,000 farmers whose household income increased by fourfold on average.	500 (2016)	Undisclosed	Undisclosed	Undisclosed	Providing financial and technical assistance to contracted farmers and guarantee buyback at reasonable prices.
The Philippines	Rags2Riches	Limited company	Produce and sell high-end fashion accessories made by local artisans in poor urban communities	Consumer	Increased income level of each artisan from USD 0.20 to USD 10 per day, improved financial resilience of 570 individuals in total	30 (2016)	Undisclosed	Undisclosed	Undisclosed	Partnering with successful designers to develop stylish designed products that cater to high-end retail market.
Japan	Daichi wo Mamoru Kai	Joint-stock company	Home deliveries of organic agricultural foods	Agricul-ture	27,900 users (2016) and 2,500 farmers (2014)	198 (2015)	USD 135.8m (2014)	1.7% (2014)	100%	Providing agro-products delivery service to members. For partner farmers, purchasing the entire harvest at a pre-determined price

Japan	Florence	Nonprofit organization	Home-based child care services	Child-care	Over 4,000 parents utilize its care service for sick children. It has contributed to establishing the government's small-scale nurseries system	344 (2015)	USD 8.63 m (2014)	0.4% (2014)	55% (2014)	Providing child-care services, while operating with balanced income sources comprised of business revenue (55%), subsidies (32%) and donations (12%).
Japan	Yawaragi	Nonprofit organization	24-7-365 home-based care services for seniors and disabled.	Senior and disabled -care	Over 1800 beneficiaries. It has contributed to establishing the government long-term care insurance system	213 (2012)	USD 6.6m (2012)	0.7% (2012)	20% (2012)	Business model relies on the government care insurance system that derives 60% of revenue.
South Korea	Travelers' Map	Limited company	Responsible tourism in Korea that brings ownership and benefits to local communities	Tourism	521% social return on investment (SROI) in 2011, generating significant monetary benefit to local communities	27 (2016)	USD 2.7m (2014)	31% (2012)	95% (2013)	Providing tour programs directly to customers, while reinvesting a portion of profits into regional development.
Thailand	Mae Fah Luang Foundation (Doi Tung Development Project)	Nonprofit organization	Developing skills and knowledge of local communities and hiring them as part of businesses that MFLF operates	Education, agriculture, tourism, environment	Improved average income per person by 18-fold. Increased the forest area from 28% to 85% of local land area.	Undisclosed	USD 22.3m (2015)	6.7% (2015)	63.6% (2015)	More than 60% of sales revenue from its four main businesses. MFLF reinvests profits to benefit neighboring community or invests in business development of existing projects.
Thailand	Open dream	Limited company	Internet solution development and information design.	ICT	Development of popular mobile apps, some with 300,000 downloads.	Undisclosed	USD 0.80 m	Undisclosed	Undisclosed	Developing smartphone apps for government agencies that contribute to solving social issues that are newly emerging in Thailand.

2.1 Profit Motivation and Legal Structure

There are broadly two types of organizations across the selection. The first type can be described as socially driven businesses that are highly motivated to achieving both social impact and financial return. This type of social enterprises is registered as private limited companies in general. Amongst the selected social enterprises in this study, the following fall under this category: Earth&People (China), Daichi wo Mamoru Kai (Japan), Bettr Barista (Singapore), Travelers' MAP (South Korea), Opendream (Thailand), and Kennemer Foods International (the Philippines). Daichi and Opendream can be situated close to traditional for-profit businesses in Figure1, as Daichi formed a business partnership with the second largest convenience store chain Lawson to further expand its distribution channels and customer bases, while Opendream has proactively worked for public projects to secure stable revenue sources.

The second type of social enterprise can be described as business-driven nonprofits that have clear social missions, however their profit motivation may be lower than ones in the first type. Florence (Japan), Yawaragi (Japan) and Woozoo (South Korea) can be grouped under this type. Florence and Woozoo strategically chose to be nonprofit organizations in order to obtain subsidies from governments and enjoy benefits given by government support programs. They have a moderate level of motivation to make profits while Yawargi currently does not seek profits beyond covering necessary expenses such as personnel costs.

Figures below illustrate how the boundaries of traditional business cooperatives and charities are being blurred by the diverse landscape of social enterprise with varying degrees of social impact and profit motivation. Figure 1 illustrates a cluster of socially driven businesses and another of business-driven nonprofits; Figure 2 indicates where the selected organizations currently sit along the social enterprise continuum.

Figure1 Social Impact versus Profit Motivation

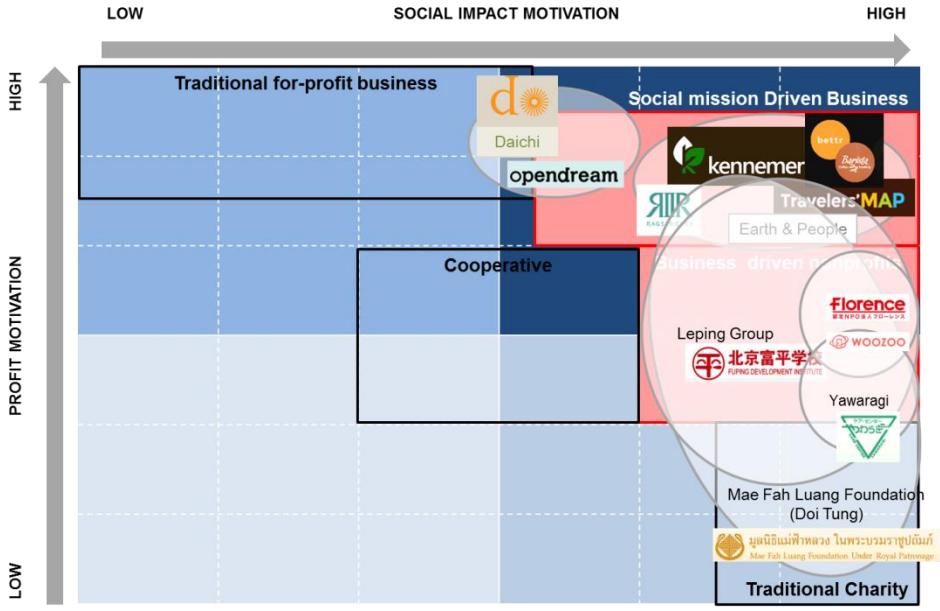
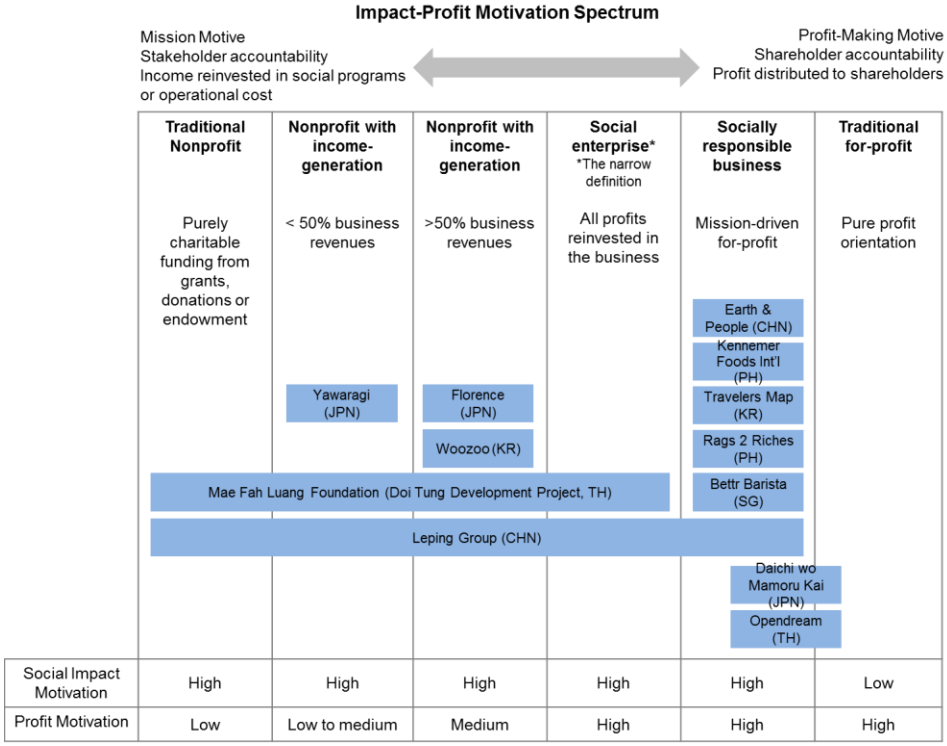


Figure2 Social Enterprise Continuum



2.2 Social Impact Measurement

All selected social enterprises basically have tracked the number of direct beneficialies and/or the number of units sold. Those organizations that have received investments from impact investors or those are certified as B Corps and social enterprise (South Korea specifically) tend to evaluate their outcomes in a more sophisticate manner with quantitative and qualitative metrics such as increase of income level of direct beneficialies (Bettr Barista, Leping Group, Kennemer Foods International, R2R, TMAP and MFLF), environmental contribution (MFLF), and improvement of self-confidence (Bettr Barista). However, none of them has utlized the Social Return on Investment (SROI)[3] methodology, except for TMAP whose SROI was measured by a government agency as part of a research project.

Certain social enterprises have tried to strenghten their internal monitoring and evaluation systems. However, some struggle as the theory of change of their strategies can shift from time to time.

2.3 Types of Innovation

All selected social enterprises are recognized as innovative businesses by opinion leaders in each country, as they take new and unconventional approaches to address social issues. Whether they should be classified as open or closed innovation depends on the partnerships and profit-sharing mechanisms. In fact, none of the selected social enterprises actively collaborates with other nonprofits or private corporations to develop new products and services. Therefore, the innovation can be considered closed, instead of open.

When discussing the innovativeness of each social business, two major observations emerge. The first type involves new market creation and, in this study, leading systemic change is described as a part of the new market creation, including the following examples:

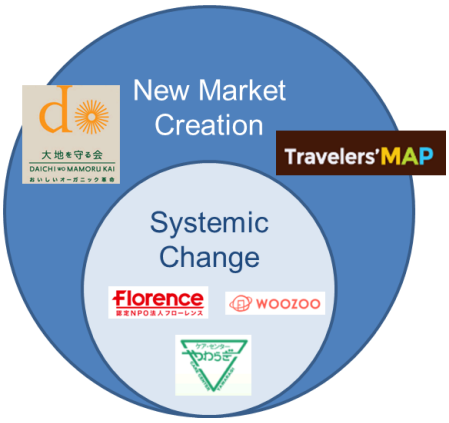
- Daichi cultivated home deliveries of organic agricultural food and service market not only for consumers but farmers in Japan;
- Yawaragi developed Japan's first 24-7-365 home-based care services for seniors and disabled,
- Florence established a new business model of home-based care for sick children and small-scale nursery schools;
- Woozoo's share housing business and TMAP's responsible tourism also represented new approaches in South Korea when they started.

In this study, systemic change is defined as change in public policies or public support systems triggered by social enterprises. Amongst them, Yawaragi, Florence and Woozoo contributed to changes

[3] Social Return on Investment (SROI) is one of the methodologies to measure financial value relative to resources invested to the business or the project.

in public policies or public support systems that in turn resulted in inviting new entities into the market and made competitive environment.

Figure3 Market Creation and Systemic Change



The second type of innovation can be characterized as entities developing their own ecosystems for developing social enterprises within the same group, with prime examples being Leping Group and MFLF. These two organizations represent a separate category given their complexities and nature of activities that include implementation of traditional charitable activities. While both organizations have a long history of serving as forerunners in the social enterprise space, their origin and evolution differ considerably. The Leping Group established a nonprofit organization that raises individual and corporate donations in order to ensure sustainable growth of the social enterprises within the group. In this sense, Leping has built an ecosystem within and for itself. On the other hand, Mae Fah Luang Foundation (MFLF) provided healthcare service and vocational training to the ethnic minorities in the mountain areas from the beginning and has continued this charitable work. MFLF has utilized the knowledge and networks of resourceful people obtained through the charitable work to the Doi Tung Development Project. The reverse is also taking place today. They adapted a holding company structure and developed necessary entities in order to raise funds and deliver non-income generating activities such as training, research and development

2.4 Financial Performance

As illustrated in the above section of profit motivation and legal structure, degrees of profit motivation and revenue from sales vary considerably across the selected social enterprises. Social enterprises categorized as mission-driven business are all limited companies that naturally focus on increasing sales revenue and net profit margin. They are currently generating profit margins ranging widely from 1.7% (Daichi), 10% (Fuping school of Leping Group), 10-25% (Earth&People), to 31%(TMAP).

Although there has not been observed correlation between business development stage and size of profit margin, existence of private investor, mentors and advisers who supported closely the business at start-up and early stage could encourage stable or attractive profit margin.

Social enterprises classified as business-minded nonprofits tend to rely on government subsidies and demonstrate low net profit margin (Florence 0.4%; Yawaragi 0.7%). Woozoo and Florence strategically obtain government subsidies not only to relieve the burden of operational expenses, but to allocate profits to new service development to actively enhance their social impact.

2.5 Critical Junctures and Key Ecosystem Players

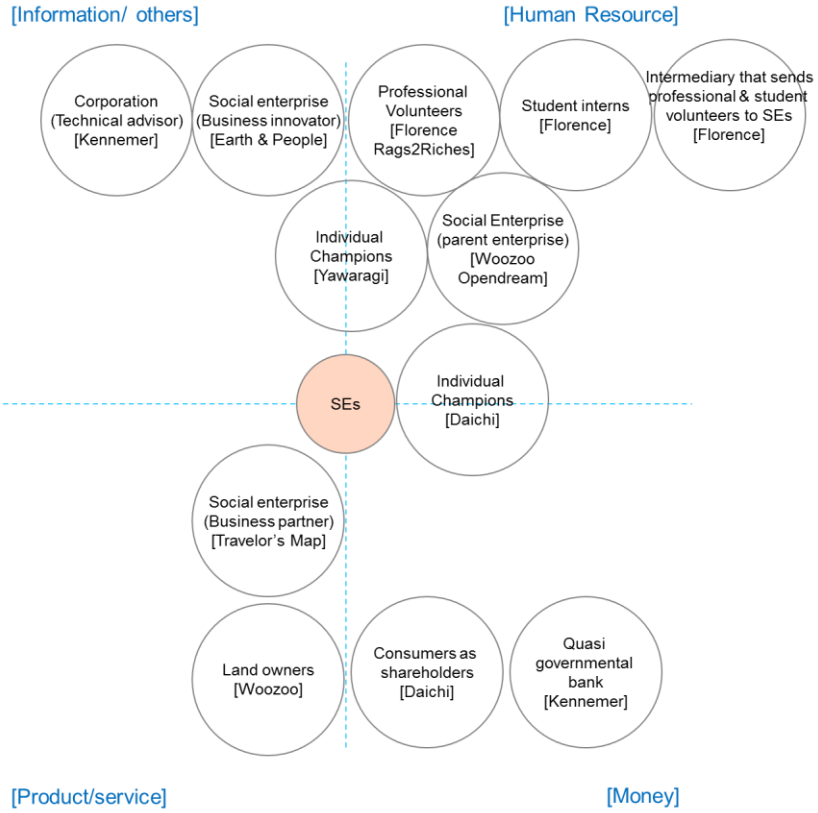
2.5.1 Common junctures in each stage of development

The social enterprises analyzed have experienced common critical junctures in their different stages of development from start-up to early and growth stages. Figures 4, 5 and 6 describe the key ecosystem players whom the interviewed social entrepreneurs recognized as critical supporters at each stage. At the start-up stage, key ecosystem players that provide human resources are the most critical for social enterprises, while they tend to shift their focus to financial assistance and information at later phases such as early and growth stages.

2.5.2 Start-up stage

At this stage, as Figure 4 shows, most enterprises receive support to secure sufficient human resources for business preparation. The study has observed that two types of human resources are particularly important: Working professionals and student interns.

Figure 4 Key Ecosystem Players at Start-Up Stage



Professionals from legal, accounting, and marketing fields are great help for social enterprises to develop solid business models as well as to process their legal registrations. As most social entrepreneurs lack access to these professionals, they appreciate the support from intermediaries that introduce and provide suitable professional volunteers. In addition, trailblazing social entrepreneurs can be powerful mentors of other social entrepreneurs offering knowledge and know-how base of, for instance, human resources, fund raising, partnership development, and ensuring sustainability of social impact. Social entrepreneurs at this stage tend to choose supporters who could play unprecedented roles, as the former understand the importance of being inspired and having other perspectives to strengthen their core concept. On the other hand, those providing necessary but conventional support such as loans by mainstream financial institutions are typically not considered "the most important" supporters.

University student interns and volunteers are another important human resource for social enterprises. At this stage, enterprises need staff to conduct market research, test prototypes and products/services, However, due to budget limitations and low profiles, it is not easy for them to hire and increase the

number of full-time employees. Good news for social enterprises is that the recent number of students with high interest in social businesses has been increasing, with many of them possessing basic skills of ICT, accounting, and marketing. Florence, Woozoo and Opendream proactively have student interns as business-supporting staff; they rely on intermediaries and universities to find those student interns and volunteers.

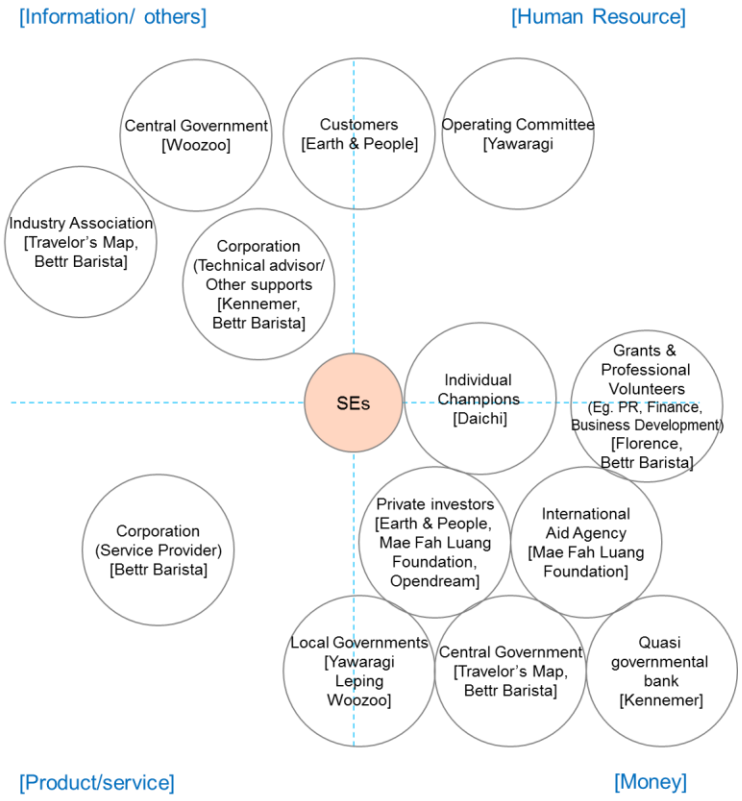
Despite the high demand by social enterprises, matching services of talent is not very common in this sector. ETIC, one of the most respected intermediaries in Japan, has its own program of matching and sending long-term volunteers to nonprofits.

Apart from direct support, individual champions and intermediaries have provided social enterprises with communities in which they share entrepreneurial knowledge such as risk-taking and networking.

2.5.3 Early stage

During the early stage, social enterprises need to ensure stable operation and business growth to reach a financial break-even point. This shift in gear naturally leads to different set of key supporters.

Figure 5 Key Ecosystem Players at Early Stage



As Figure 5 shows, social enterprises rely on pro bono and volunteer workers as business-operating staff and as board members. Financial support including grants and public subsidies also become important for stable operation and business growth in this stage. In South Korea, in particular, the central government is a key ecosystem player under its social enterprise promotion scheme, while in China and Japan, local governments conduct experimental public-private partnership projects for piloting their services.

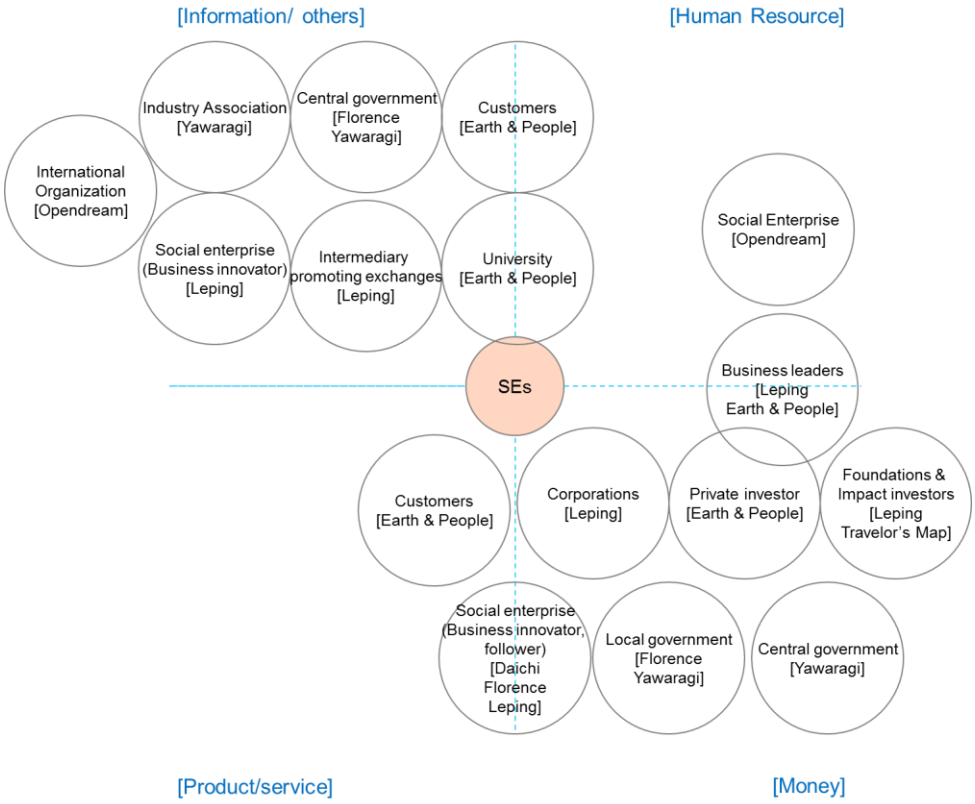
Few private investors are interested in social enterprises at this stage, while social enterprises always seek opportunities to pitch to investors. In China recently, private investors are emerging as a key financial supporter for the new generation of social enterprises. In general, at this stage, participating in business competitions to win prize money is one of the important opportunities to obtain financial resources as well as to attract financial supporters. Intermediaries that have broad networks of grant-giving foundations, corporate social responsibility (CSR) divisions, and international aid agencies are recognized as effective ecosystem players in all countries analyzed.

The other important support that social enterprises identify in this stage involves the "information/others" quadrant. This includes improving productivity, quality of products, knowledge from industry associations, and feedback from customers (Earth&People) that contribute to improved service quality and operation management.

2.5.4 Growth stage

The growth stage of social enterprises is the period when the enterprises start to earn net profit, scale operations to other regions and develop new products and services. Necessary key supporters are shown in the quadrants of Information/Others and Money.

Figure 6 Key Ecosystem Players at Growth Stage



Some social enterprises such as the Leping Group and MFLF started replicating their models as well as diversifying their businesses services by partnering with other social enterprises and foundations. They found those partners on their own or through industrial associations.

It should be noted at this stage that two social enterprises, Yawaragi and Florence, succeeded in making systemic changes in Japan that resulted in opening up the market to new entities and thus expanded the range of service providers. Even though market competition has become tough, they both succeeded in enhancing their social impact. The central government of Japan also played an influential role in the systemic changes.

As social enterprises undergo a financial break-even point, more investors start investing, such as foundations, venture philanthropists, and impact investing funds. More importantly, those investors provide not only funds but other support including advices on business management and finding trade connections. Mainstream financial institutions, such as banks, also provide financial services to social enterprises, but many social entrepreneurs have failed to identify them significant supporter. This is

probably because the amounts of such loans/investments are relatively small as well as they provide little support beyond conventional services.

2.6 Scalability and Challenges for Growth

Different scaling strategies are observed between the mission-driven business and business-driven nonprofits. Mission-driven business tend to promote their products and services by expanding their delivery channels with their own brands. Generally, there are three types of delivery channels; (a) direct stores including online shops, (b) franchisees, and (c) trading partners including whole sellers. KFI and R2R have developed (a) and (c) , Earth&People and TMAP have opend both (a) and (b). When enterprises rely on (b) and (c) to scale, partner selection becomes a critical process; R2R, TMAP and Earth&People have developed their own selection criteria. Daichi focused on (a) until forming a corporate partnership with the retail giant Lawson. Although Daichi has not increased its delivery channel, its continuous efforts to offer flexibility in delivery options have attracted more costomers, resulting in increased sales.

For these social enterprises, the key challenge for growth lies in how to balance demand and supply as they deal with agriculture products (Earth&People, Daichi and KFI) that are strongly affected by weather and climate conditions, and handmade products (R2R) that depend on productivity of each artisan.

Business-driven nonprofits, on the other hand, often aim to replicate their proven methodologies through external partners to scale up social impact, rather than scaling their businesses. These entities made significant contributions to systemic changes, as the case of Florence demonstrates. After the Japanese government enacted a new law on small-scale nurseries in 2012 based on the Florence's model, the number of small-scale nurseries rapidly increased in the first three years, reaching 1,655 nurseries in 2015, which is a hundred times the number operated by Florence in the same year. Similarly, the Fuping School (a part of the Leping Group) also achieved substantial social impact as the government adopted its service model. In 2009 only, the government spent USD 30 million to help 200,000 people get jobs as domestic service workers. Today, the government subsidises about 300 domestic service training schools.

MFLF pursues a hybrid strategy by scaling its business and disseminating its own method that was developed based on the experiences of the Doi Tung Development Project (DTDP). For DTDP's food, handicrafts, and agriculture products, MFLF has established its own shops including cafés and engages with trading partners such as IKEA and Thai Airlines. At the same time, MFLF has worked proactively

to dissminate the DTDP method to realize the development of unskilled people and restoration of natural environment, both domestically and internationally. Utilizing this method, MFLF has implemented projects in Myanmar, Afganistand and Indonesia, while DTDP's tourism service offers tourists opportunities to learn about the method in Doi Tung.

3. Opportunities and Barriers to Support Social Enterprise Ecosystems

The opportunities and barriers of the ecosystems vary across the region as widely as the countries do. Figure 7 below gives an overview of the maturity level of four sectors in each country, based on the results of the more detailed qualitative analysis carried out. The three-point rating is based on inputs from opinion leaders and social entrepreneurs in each country[4]: Low levels of development are shown in red, ecosystems at an intermediary stage of development in yellow, and the more mature sectors in green. It should be noted that the level of maturity varies significantly within countries as well. In a massive country like China, insular archipelago like the Philippines, and overly capital-focused nation like Japan, ecosystem players fail to extend their services to every corner of the country. In other words, differences within countries may be larger than those across countries.

[4] It would have been ideal to assess the contribution level of each sector towards the development of social enterprises. However, due to a lack of objective data and information, this report relies on inputs from opinion leaders.

Figure 7: Maturity Level of Ecosystem Sectors in the Six Asian Countries

	Public Sector	Specialized Intermediaries	Academia	Financial Support Programs
Benchmark – Green	A Social Enterprise Law enacted	More than 3 intermediaries, referred by key players interviewed for this study, in each of the following support areas: 1) HR, 2) product & services, 3) info and other support	A social entrepreneurship diploma course (undergraduate/ graduate) established	More than 3 organizations (excluding public agencies), referred by key players interviewed for this study, in each of the following areas: 1) grantmaking, 2) mainstream financial institutions, 3) impact investing funds
Benchmark – Yellow	A SE Support Agency established	1-2 intermediaries referred in each support area	A social entrepreneurship course w/out diploma established	In between above and below.
Benchmark – Red	None of the above	No intermediary referred in more than one support area	None of the above	Absence of players referred in two or three areas
Japan	🔴	🟡	🟡	🟡
China	🔴	🟡	🔴	🟡
South Korea	🟢	🟢	🟢	🟡
Singapore	🟡	🟡	🟡	🟡
Thailand	🔴	🔴	🟢	🔴
Philippines	🔴	🔴	🟢	🟡

3.1 Opportunities

(a) New services to develop personnel system:

Countries in which specialized intermediaries and universities proactively introduce human resources have the potential to launch new services supporting the development of a social enterprise-specific personnel system, including recruitment and evaluation. As some intermediaries such as ETIC and Social Venture Partners in Japan have the knowledge and know-how in engaging social enterprises to recruit appropriate human resources, sharing their knowledge with specialized intermediaries across borders would be a good start.

(b) Training a generation of professionals equipped with skills:

Countries with universities offering social entrepreneurship diploma programs (such as South Korea, Thailand and the Philippines) and courses on social entrepreneurship (Japan and Singapore) can train a generation of professionals for social enterprises. Senior social entrepreneurs can serve as lecturers in these courses. While specialized intermediaries have already started to match necessary legal and accounting professionals to social enterprises, there has been high demand for professional skills to raise funds, communicate with private impact investors, enhance social impact and replicate business models.

(c) Attracting venture capital:

Across the Asia region, investing in start-ups has attracted attention from investors such as individuals, venture capitalists, and corporate venture capital funds who seek innovative products and services. Amongst those private investors, many of them tend to evaluate highly those business models aiming to solves social issues and achieve social impact. Countries such as China, Japan and Singapore with decent levels of maturity in financial support and specialized intermediaries and academia have the potential to lead such investment from private investors to social enterprises.

3.2 Barriers

(a) Political instability and changing policies:

Frequent changes in political administrations and political instability diminish the role of ecosystem sectors established (such as Thailand). Limited level of awareness of benefits of social enterprises and social innovation among policy makers also become barriers for ecosystem players to enact necessary policies that are favorable to the growth of social enterprises.

(b) Lack of opportunities to obtain seed capital:

In most countries analyzed, financial supporters for social enterprises at start-up stage are limited, although there has been growth in both domestic and international impact investment funds seeking sustainable, proven, scalable and profitable social enterprises at the growth stage. Increasing subsidies from public sectors and grants from CSR initiatives are needed to identify and grow prominent social enterprises.

(c) Insufficient participation by the private sector:

Social enterprises need technical assistances to develop products and services and to improve quality and productivity. They also need corporate partners to expand delivery channels and test prototypes. However, due to the low awareness of benefits of collaborating with social enterprises among private corporations, an insufficient level of partnerships with private sector actors has been observed (such as in China, Thailand and Singapore).

4. Reflections

Among the many lessons learnt through this study, the following section highlights key reflections on what would be necessary for the ecosystem to develop, sustain, and scale up social enterprises and lead to social innovation.

(a) Raise the profile of social enterprises:

Social enterprises in general still have a low profile; the general public is not aware that a social enterprise is an effective instrument for tackling social and economic issues. Improving the visibility of social enterprise is critical to encourage the participation of various stakeholders in the ecosystem. However, a simple of introduction and definition of a social enterprise would not be enough. Clarifying engagement models for both public and private sectors is necessary to show how social enterprises can be strategic partners. Investors should be convinced that investing in social enterprise would be a lucrative decision.

(b) Develop social impact-focused loans:

Limited funding particularly for seed and early stage social enterprises is often pointed out in every country. In addition to the current major financial sources including awards, foundations grants, and government subsidies, finding ways to raise more "patient capital" is required. Japan is seeing momentum building up in this area: the Japan Finance Corporation (JFC), a public corporation wholly owned by the Japanese government, is currently preparing to launch a social impact-focused loan scheme for social businesses. The scheme would give preferential treatment in terms of repayment while aiming to achieve both social impact and business performances. This would be a good prototype for other countries if the loan service proves to be feasible.

(c) Support to partnership between social enterprises and private corporations:

Private corporations' assets such as human resources, technologies, products and services as well as delivery channels would add significant value to social enterprises in terms of, for instance, improving quality of products and services and scaling up businesses. Case studies such as Daichi prove that private companies can also derive value from collaborating with social enterprises. Each country's ecosystem needs to embody a function that facilitates and enhances partnerships among social enterprises and private corporations.

(d) Share practical knowledges among social enterprises:

Various opportunities exist in each country to share best practices of social enterprises. Social entrepreneurs are equally keen to learn about failures and risks too. Building platforms to share "failure cases" and practical measures taken by social enterprises would contribute significantly to overall development of the sector.