



PECC, Manila 2015

Role of Micro and Social Enterprises in Promoting Inclusive Growth

September 11, 2015

Outline

- ▶ Provide an overview of Shujog
- ▶ Define Social Enterprises (SE)
- ▶ Position SEs within Context of Inclusive Growth
- ▶ Examine Challenges and Opportunities Facing SEs
- ▶ Engage Key Ecosystem Actors and Policy Makers

Impact Investment Shujog

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Impacting 100 million lives by 2020 by linking capital markets with development issues.

IIX: To effectively match impact investment capital with social sector development – promoting inclusive growth, economic development, and environmental sustainability.

Shujog: To strengthen, deepen and expand the impact that social and inclusive organizations create in poor and vulnerable communities.

Shujog:

Our Goals, Impact and Achievements



Building Impact Investing
Ecosystem



Quantify and Magnify
Impact



Broaden Knowledge Base:
Advocacy and Education

Impact

- **1,401,872** underserved people benefiting from social value creation...
- **28,476** impact investment professionals introduced to the ecosystem through education and training and...
- **320,000** people exposed to social enterprises and impact investing

Achievements

- **80+** Impact Assessments
- **20+** Research Papers
- **25+** Impact Academies
- **35+** Impact Chats
- **6** Impact Forums
- Global award for Shujog ACTS pilot

Our Reach

IIX and Shujog currently cover the Asia-Pacific region with special focus on the countries illustrated below. Our sector focus is in Education, Energy, Water & Sanitation, Healthcare, Agriculture, Sustainable Livelihoods and Women Empowerment.



Defining Social Enterprises

What is a Social Enterprise?



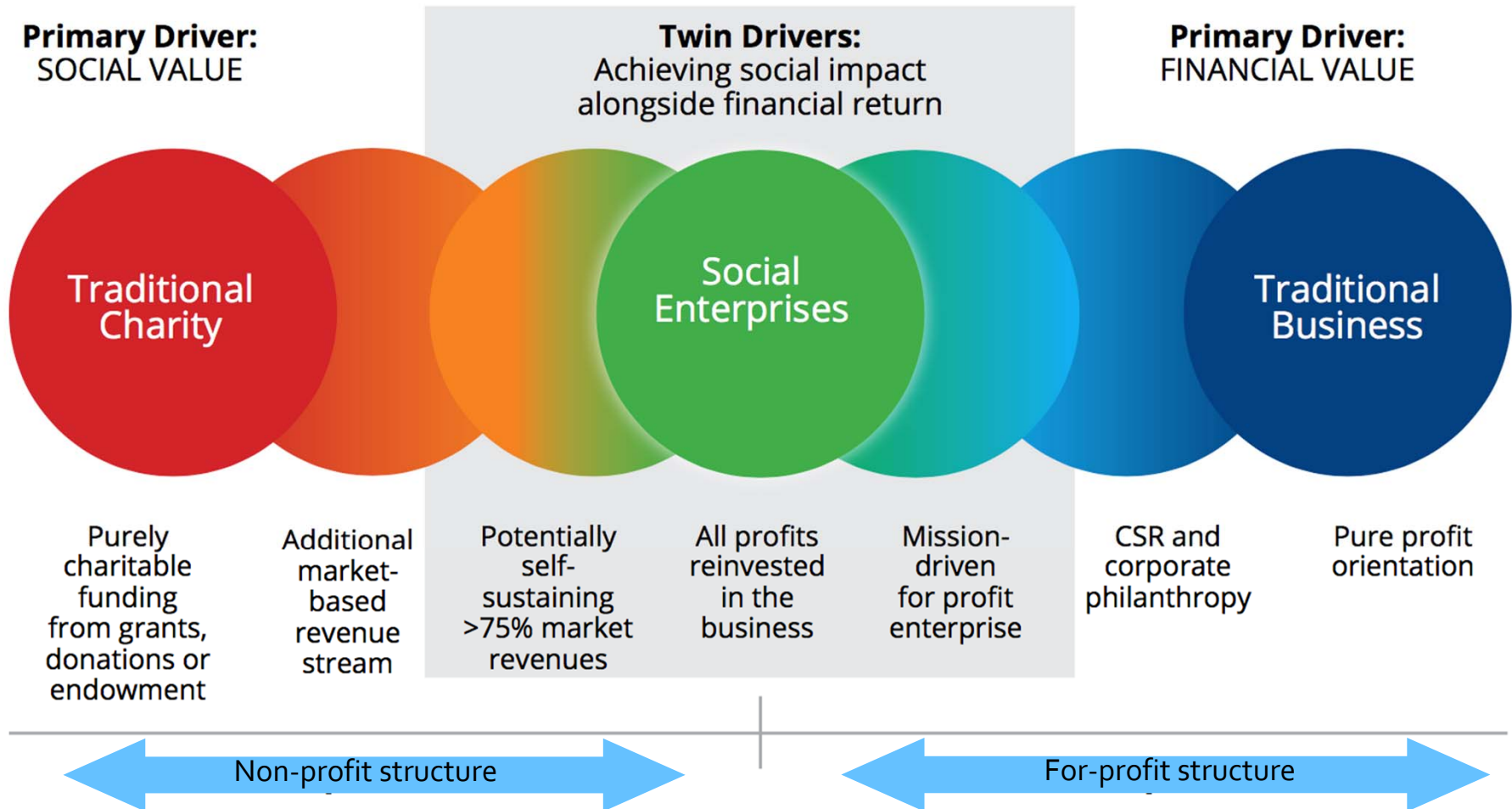
Mission-oriented for-profit or business-oriented not-for-profit

Social Enterprise Defined

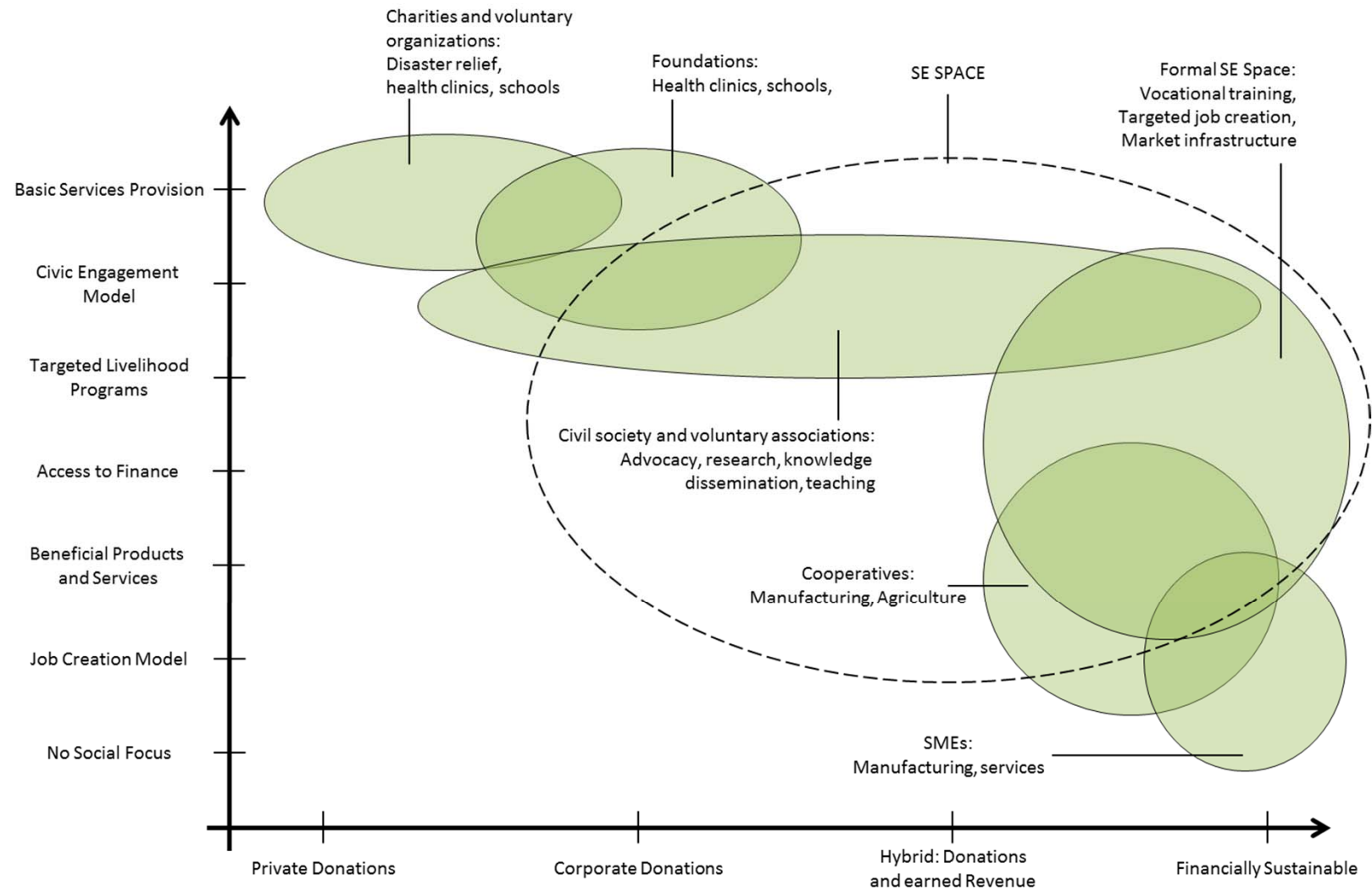
Our definition of Social Enterprise:

Organizations that use business methods to achieve a social or environmental mission that benefits a poor, underserved or otherwise disadvantaged group or population.

Spectrum of Organizations



Social Enterprise Spectrum

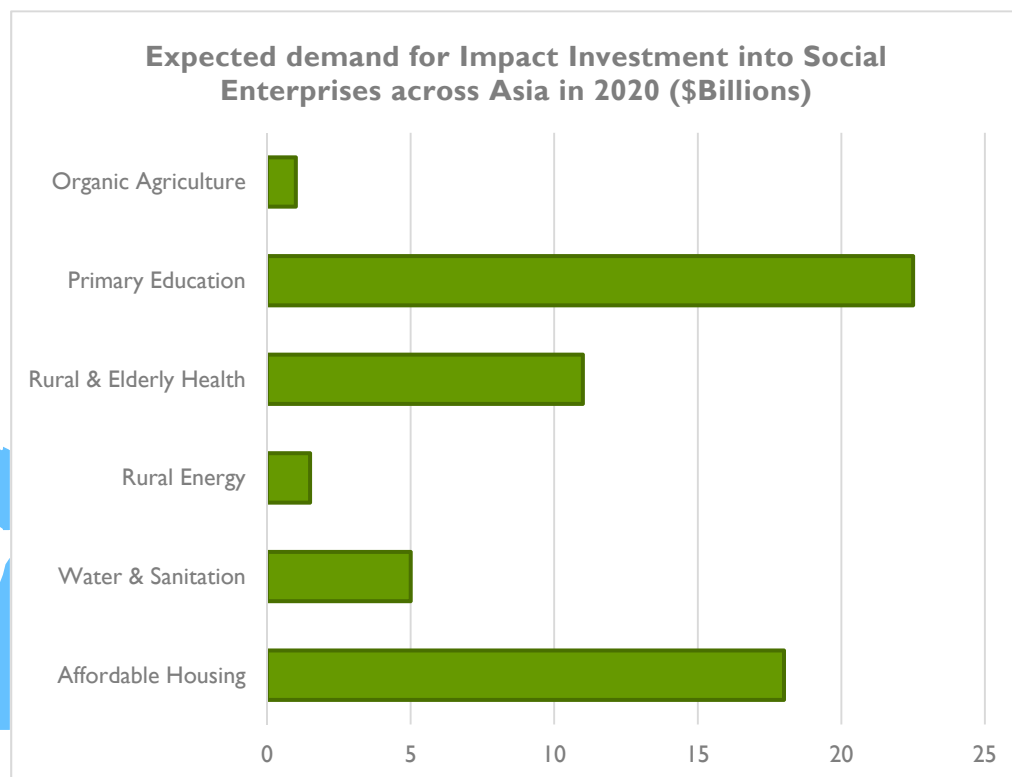


Social Enterprise in the Context of Inclusive Growth

Social Enterprise and Impact Investments in Asia



- ▶ **1.1 billion** people living in multidimensional poverty
- ▶ **The Base of the Pyramid Market in Asia alone is worth \$3.5 Trillion** including large spends on basics such as food, health, energy and education.



Diverse Asian Social Enterprises



- ▶ There is an increasing number of Asian SEs in response to social and environmental challenges in multiple sectors
- ▶ Different from traditional non-profits, SEs employ market based solution to tackle large social problems.
- ▶ As compared to CSR programs of conventional businesses, addressing social challenges are at the core of SEs.
- ▶ SEs also operate with increasing more financial sophistication and leverages capital markets to scale up impact efficiently

SEs are growing across the region



Shujog and IIX have worked with over 80 SEs in Asia



Renewable Energy, India



Livelihoods, Bangladesh



Health, Pakistan



Agriculture, Indonesia






Education, Singapore







Environment, Philippines

Our work in the Philippines – TA & Capital raising

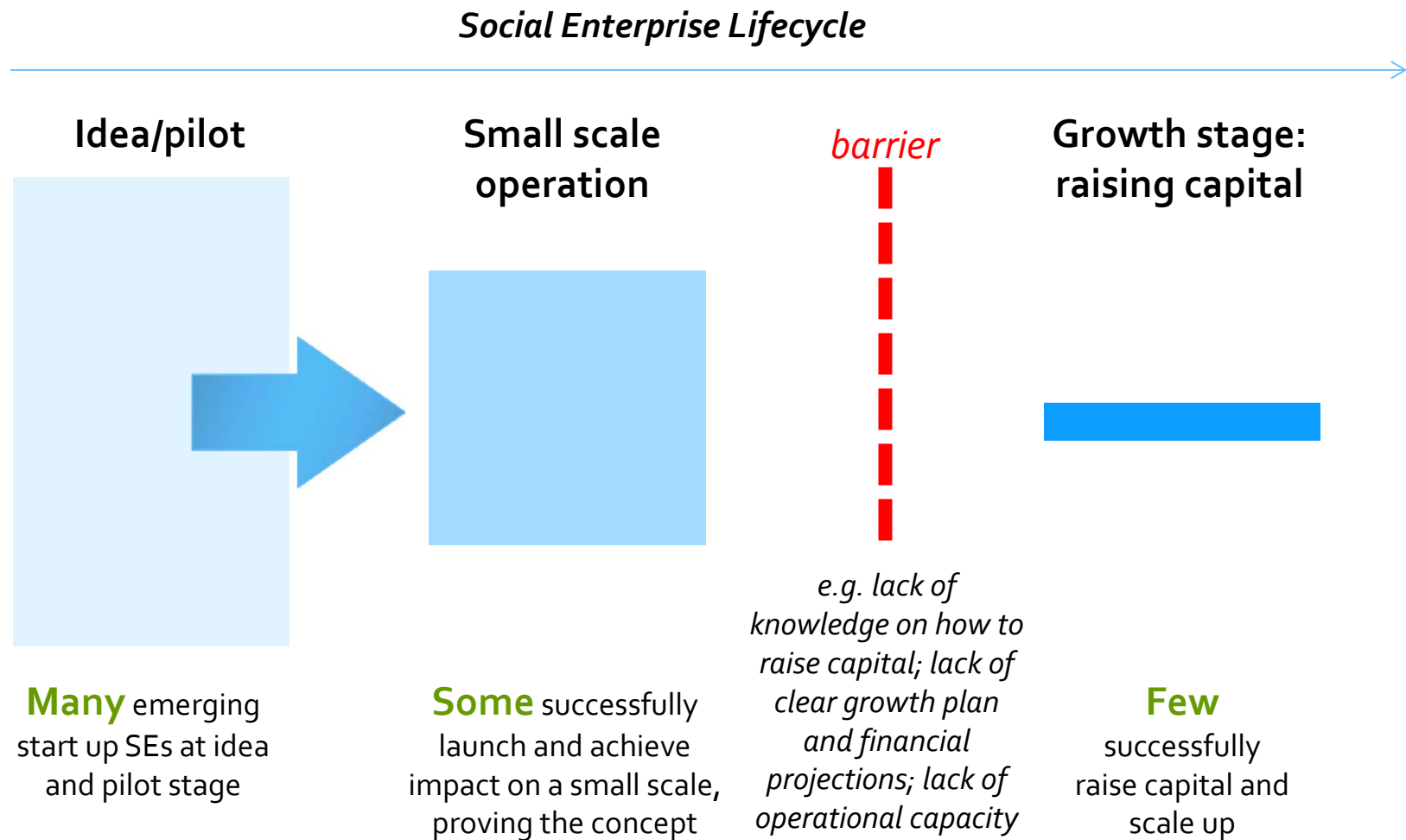
| Social Enterprise | Sector | Core Business | Social Impact | Outcome |
|--|-------------|--|---|----------------------------------|
|  | Education | <ul style="list-style-type: none"> Provide vocational training and job placement for low-income rural youth in Philippines | <ul style="list-style-type: none"> Youths receive BPO training, increasing income 4x over unskilled jobs. 225 jobs created to date, 805 new jobs will be created | Received US\$ 120k seed capital |
|  | Health | <ul style="list-style-type: none"> Imports, distributes and retails vaccines at an affordable price to the "missing middle" in Manila | <ul style="list-style-type: none"> Makes vaccination accessible for low income group families in the Philippines | Raised US\$ 1m bank financing |
|  | Environment | <ul style="list-style-type: none"> Builds electric vehicles to replace the pollutive gasoline tricycles in Boracay, Philippines | <ul style="list-style-type: none"> Reduced 231 tons of CO2 emissions to date Aims to reduce a total of 1360 tons by end of 2015 | Currently marketing to investors |

Our work in the Philippines - Accelerator

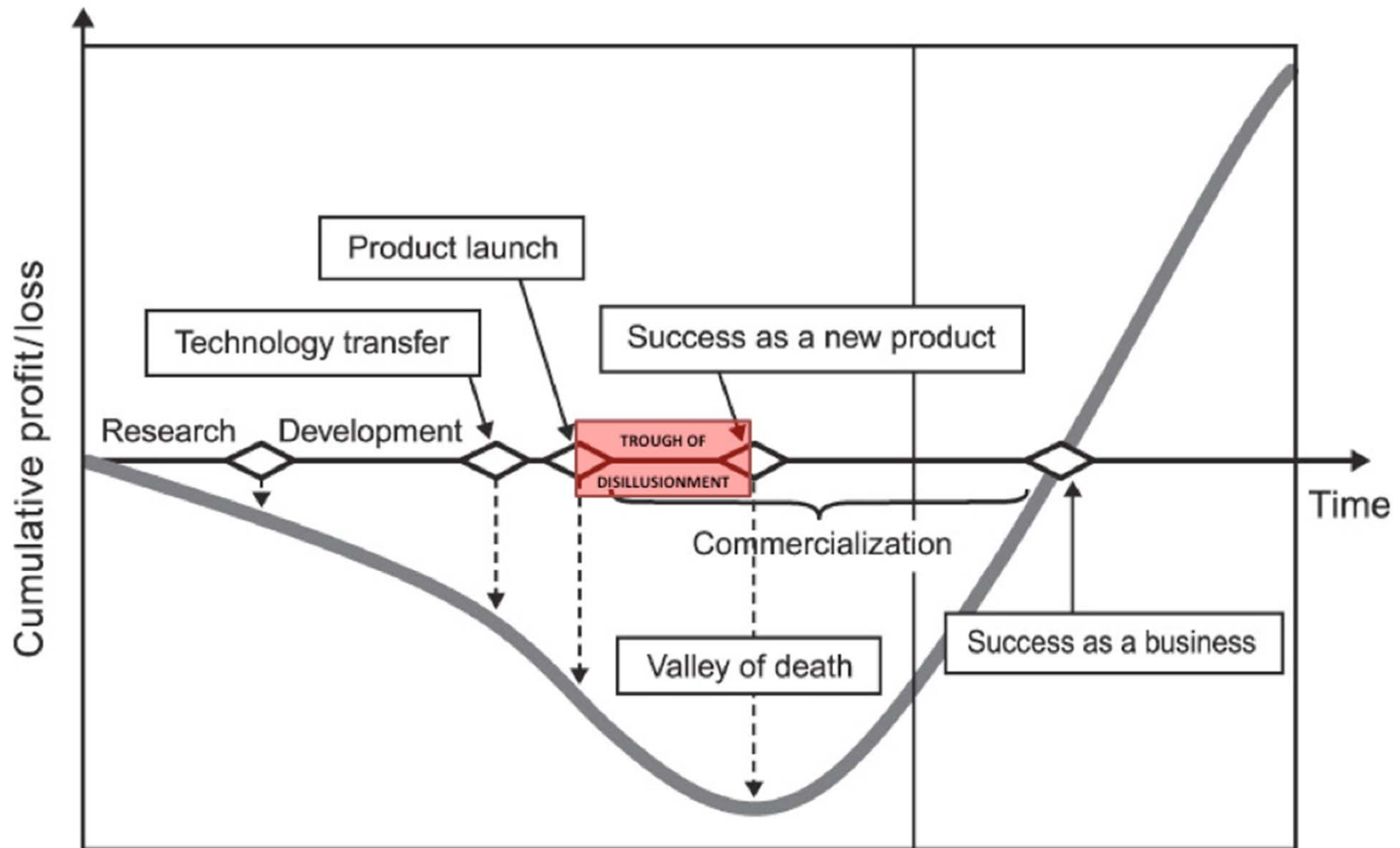
| Social Enterprise | Sector | Core Business | Social Impact |
|---|-------------------|---|--|
|  | Water | <ul style="list-style-type: none"> ▶ Invented R-TAP, which measures and controls water pressure across a city's pipe network and using feedback | <ul style="list-style-type: none"> ▶ R-TAP helped Muntinlupa City realize a 25% reduction in their current water loss or a volume of 17 Million liters recovered every year |
|  | Livelihoods | <ul style="list-style-type: none"> ▶ Uses traditional Philippine textiles and weavers to create contemporary wear for young people | <ul style="list-style-type: none"> ▶ Scrap thread is upcycled into woven fabrics ▶ Employs indigenous communities in 3 islands (Luzon, Visayas, Mindanao) |
|  | Agriculture | <ul style="list-style-type: none"> ▶ Produces organic and herbal teas from native herbs; sells under own brand Tsaa Laya and white label to Hotels, Restaurants and Cafés. | <ul style="list-style-type: none"> ▶ Works with underprivileged female farmers living at poverty line |
|  | Housing materials | <ul style="list-style-type: none"> ▶ New eco-friendly construction bricks using silt instead of concrete (current standard); lower cost and patented technology | <ul style="list-style-type: none"> ▶ Remove silt from water bodies and recycle the material into bricks, instead of using "fresh" materials like clay or mud |

Challenges and Opportunities for Social Enterprises

Barriers to Raising Capital and Scaling



The “Valley of Death”



Challenges Facing Social Enterprises

Investment Landscape

- ▶ Shortage of quality investment opportunities
- ▶ Lack of track record of successful investments
- ▶ Lack of investment readiness (robust business plan, financial model, investor pitch, and familiarity with investment structuring)
- ▶ High risk

Social Enterprises

- ▶ Branding, marketing, and market linkages
 - ▶ HR: attracting and retaining human capital talent
 - ▶ Difficulties accessing finance
 - ▶ Achieving economies of scale
 - ▶ Modest margins (typically low and volatile)
-

Challenges and Opportunities for Social Enterprises

Challenges

Access to Capital at Various Stages

Human Resources

Communicating Impact

Balancing Social and Financial

Benefits

Large Underserved Markets

Alternative to Charity for Creating Positive Social Impact

Capital and Resource Efficient

Social Enterprise Ecosystem

Policies to Facilitate Growth of Social Enterprises

Catalyst

- ▶ Early stage accelerators and incubators
- ▶ Other incentive structures
- ▶ Grants, soft loans, guarantees
 - ➔ Refine SE models through trial and error

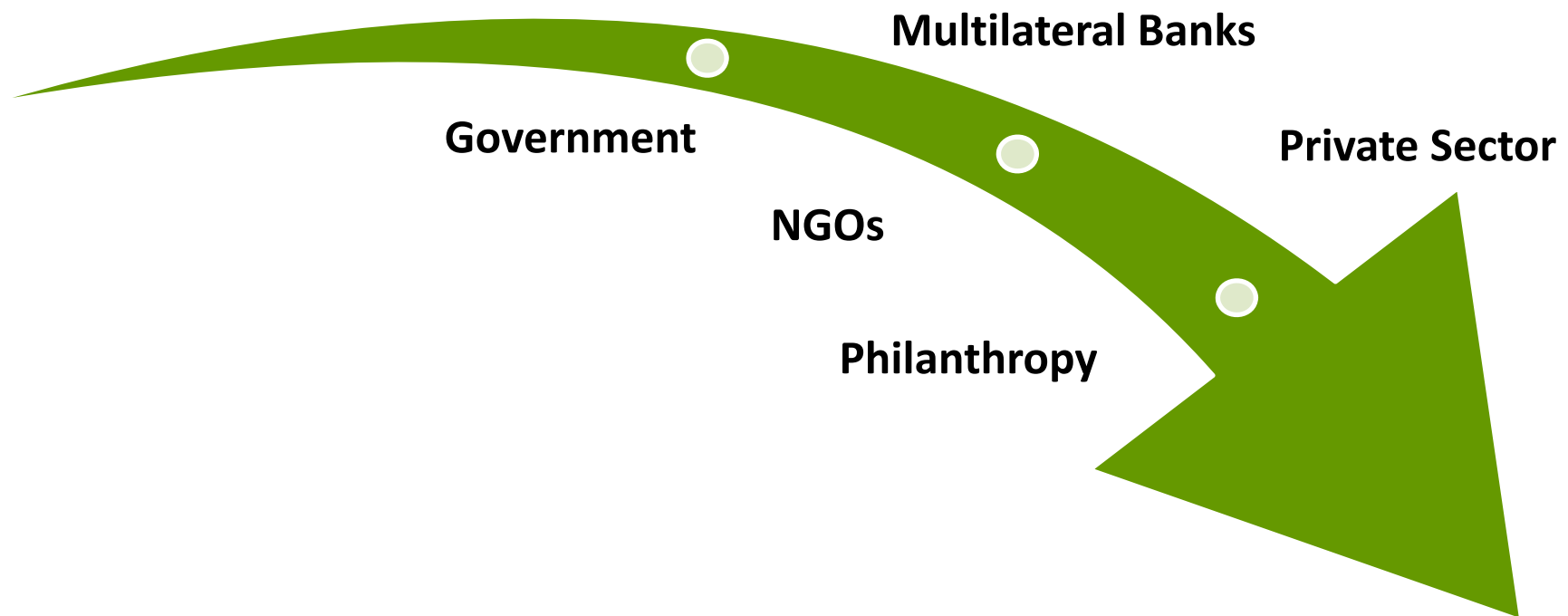
Human Capital

- ▶ Investment readiness TA
- ▶ Capacity building for SEs
- ▶ Leadership, financial management, and entrepreneurship

Ecosystem Building

- ▶ SEs, Investors
- ▶ Technical assistance providers and intermediaries
- ▶ Regulators and policy makers
- ▶ Donors and philanthropists
- ▶ Business and trade associations

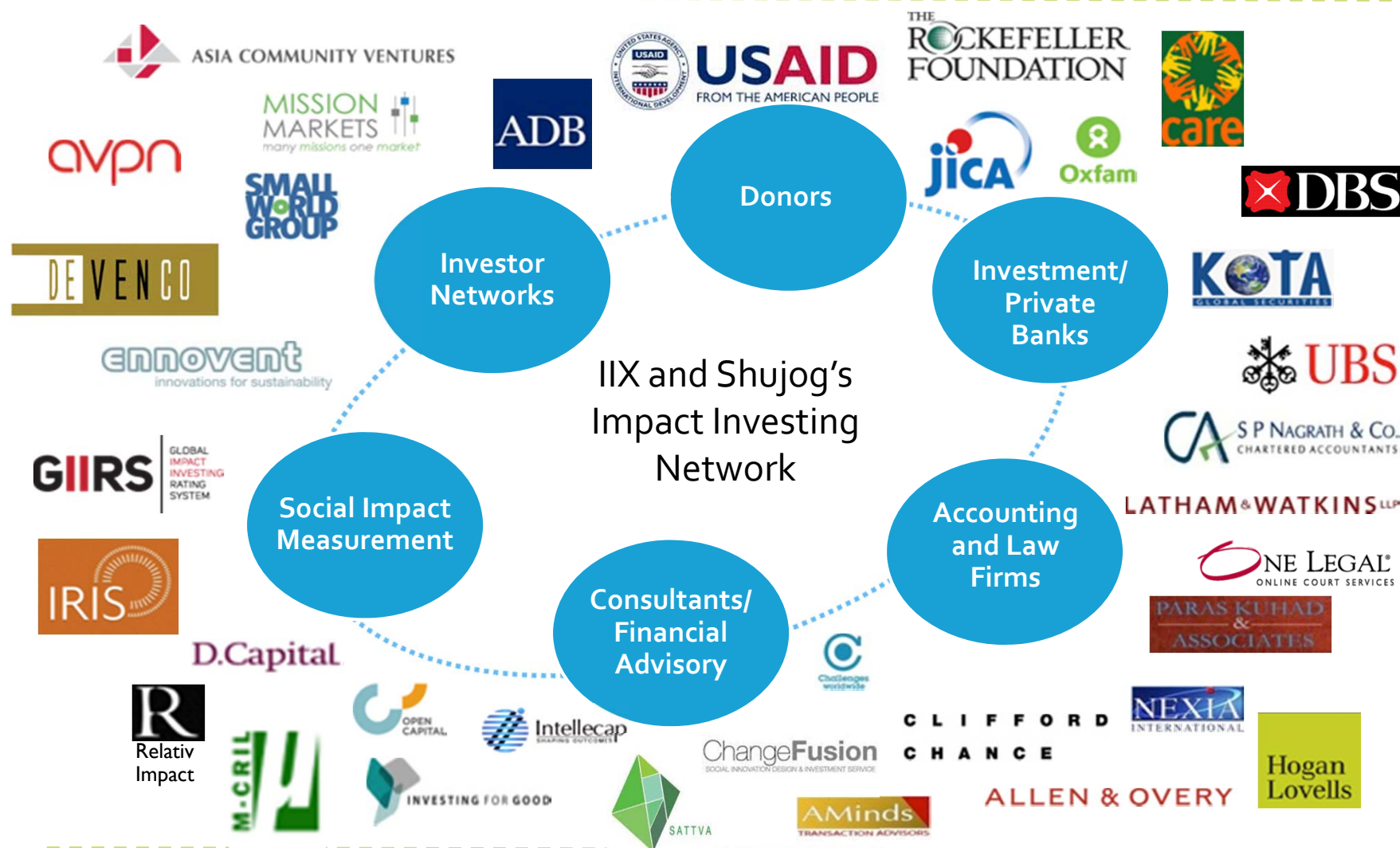
Building an Ecosystem



- ▶ **Mission-oriented for-profit or**
- ▶ **Business-oriented non-profit**

***Social
Enterprise***

IIX and Shujog's Extensive Impact Investing Network





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