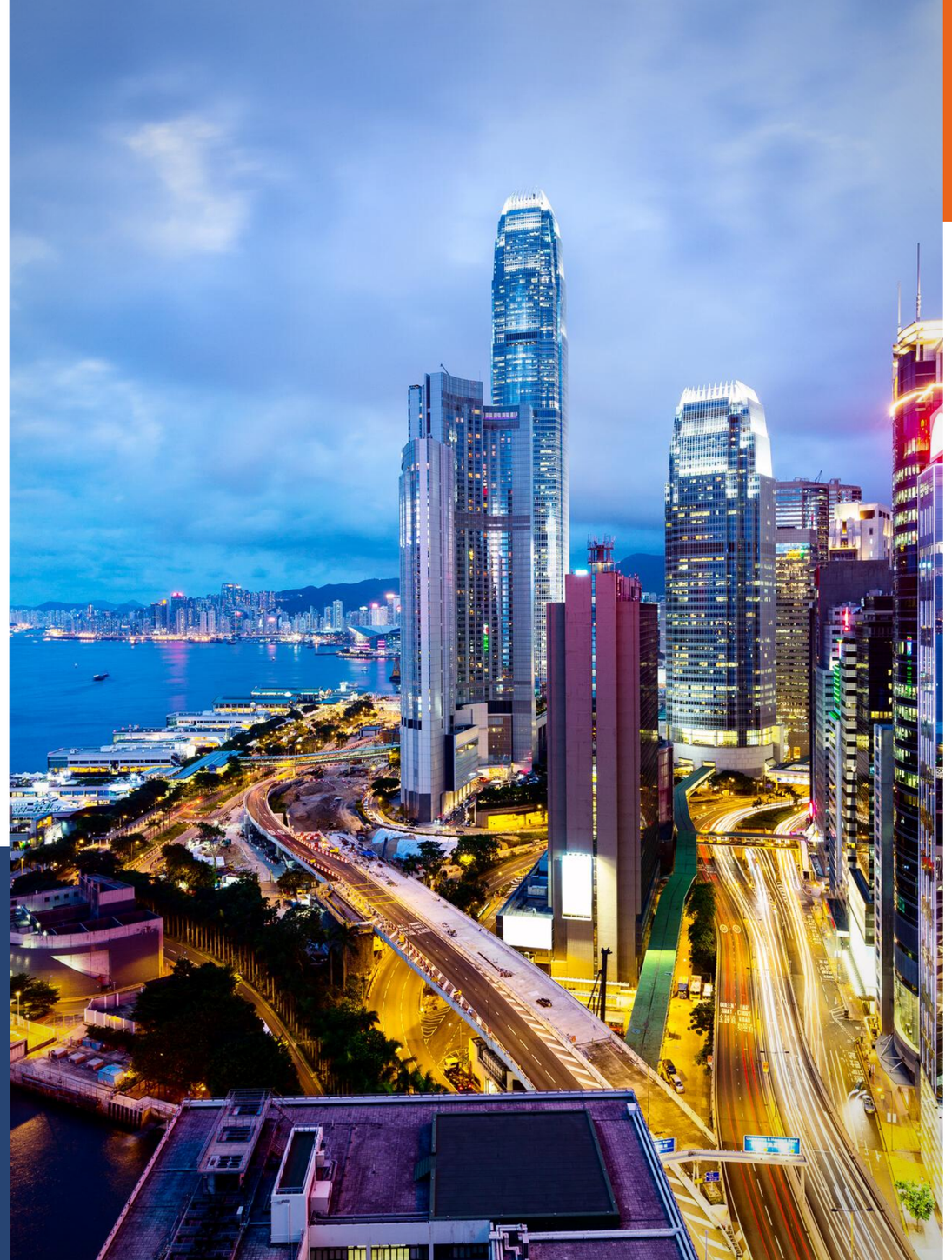
November 2021

Asia Impact Venture Investing Report

Insights from surveys and interviews with investors and ventures

Presented by

DREAM IMPACT 夢創成真



Individual Dreams; Collective Impact

Foreword

Impact investment is on the rise across Asia. With evolving impact taxonomy, assessment frameworks and regulations, it is difficult for investors to define their impact-adjusted risk-return strategies. This environment is also challenging for early-stage impact ventures looking to raise private capital to navigate the landscape.

We, at Dream Impact, a social innovation hub of 80 ventures, believe that there is no one-size-fits-all strategy for impact investment. It is crucial to foster a two-way relationship between investors and ventures to co-create strategies for impact investing.

We identified a knowledge gap in understanding where investors and founders are mis-aligned. To address this, we surveyed and interviewed a number of investors and Hong Kong-based impact ventures. In this report, we present our analysis of the local impact ecosystem, qualitative insights from our interviews, and our own reflections and recommendations as an intermediary, on the actions that can help bridge the divide between the two sides.

At Dream Impact, we are focussed on mobilizing capital and resources for early stage companies because even though they may have the highest risk, they also have the highest potential to change the systems of tomorrow. As a catalyst, intermediary and capacity builder, we believe that by bridging the expectation and knowledge gap between investors and founders, we'll be able to facilitate more impact investments in this emerging market.

We hope to continue on the work of pioneers such as RS Group, AVA, SVhk, FSI, SEBC, The GoodLab, CAPS, The British Council, AVPN and SFi, in developing the impact investment landscape and incubating new ventures in Asia.

Dorothy Lam
Co-founder & Chief Catalyst
Dream Impact

Executive Summary

	Recognizing the gap between investors and ventures	Our recommendations on addressing these gaps
Gap 1 Impact of Covid-19	COVID-19 led to an increased interest in ESG and impact investing but created significant operational and financial challenges for impact ventures	Capital influx into ESG and impact investment is an opportunity for ventures to adapt their business models to COVID-19 challenges; such as developing technology-based solutions
Gap 2 Divergent visions on financial return vs impact creation	Investors struggle to find opportunities that fit their impact requirements and return objectives, while founders seek investors who can understand and support their impact vision	Intermediaries play the critical role of matching investors and ventures with complimentary visions, building awareness of expectations on both sides and thus helping co-develop impact investment strategies
Gap 3 Business stage of investment	Investors prefer to invest in tested and commercial business models, while impact ventures face challenges in scaling to this stage	Early collaboration and small-scale investment from investors can help ventures build and test the commercial impact of their solutions and their business scalability
Gap 4 Impact strategy and measurement	Lack of consensus on how to measure impact. Both sides felt that they lacked the resources and/or expertise for impact assessment	Early upfront communication between investors and ventures can help align impact strategy, clarify expectations and measurement criteria/metrics
Gap 5 Talent expectation versus reality	While investors often bet on the talent and expertise at a venture, social/impact ventures may find it difficult to hire and retain talent, especially in technology and sales, which is crucial for scalability	Collaborations with higher education institutions can help build a stronger talent pipeline for ventures
Gap 6 Fears and expectations from fundraising	Fears of not delivering expected financial returns, investor control and take-over risks, as well as significant time demands keep founders wary of fundraising	Bridging the knowledge gap between investors and ventures, enabled by intermediaries, discussions on impact measurement, and finding common objectives should help address these fears among founders

The Report at a Glance

96 Investors
Surveyed

Understand the drivers of their investment decisions, and expectations for impact and venture investability

17 Ventures
Interviewed

Recognise ventures' hurdles on their journey towards creating impact, up-scaling and fundraising

> The **golden time** for venture investing is when the enterprise is **going uphill**... Between 5-10 years into establishment, where it has established its resilience, but needs a **breakthrough.**
>
> - Investor

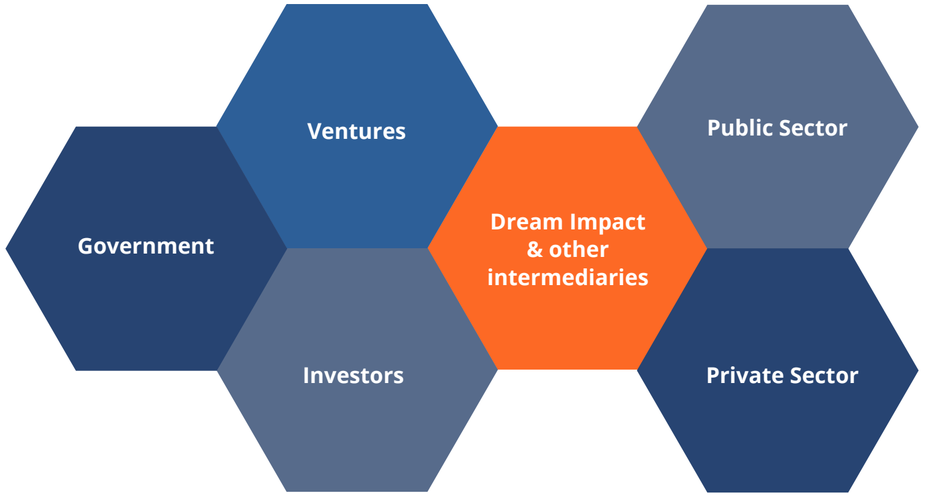
GLOBAL IMPACT INVESTING AUM:

$715B USD

Global Impact Investing Network, 2020

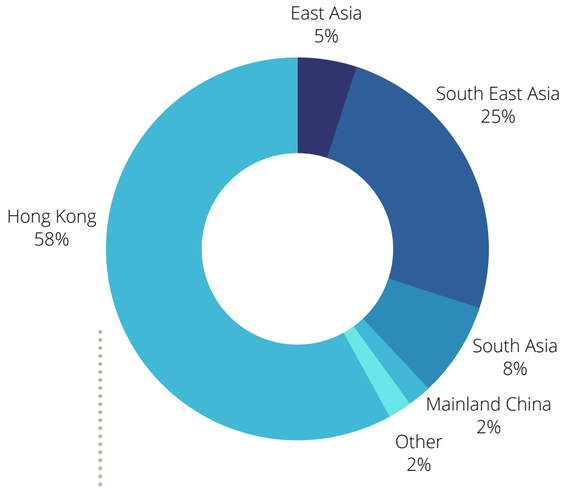
> What a venture needs is a more **personalised consultancy** to keep its business running.
>
> - Venture

Actionable Recommendations for:



Investor Profile

Impact investors play a key role in providing financial and business support to drive impact across Asia. A total of 96 investors across Asia were surveyed. The investors all had an interest in venture investing with varying levels of interest in impact investing.

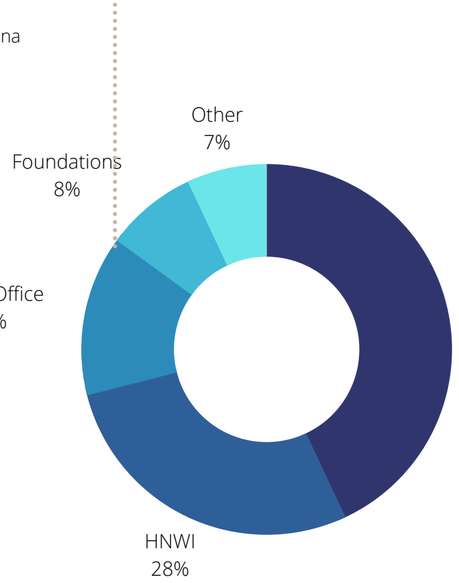


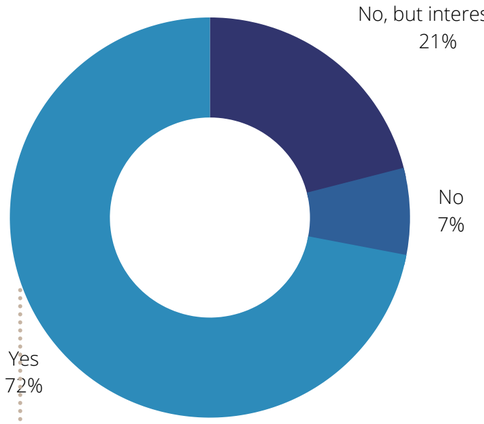
Location

58% of the investors in our survey are based in Hong Kong; 25% are located in Southeast Asia, with the remainder from South Asia, East Asia, China, and other countries.

Type

The largest proportion of investor survey respondents (43%) were asset managers, followed by high net worth individuals (28%) and family offices (14%).



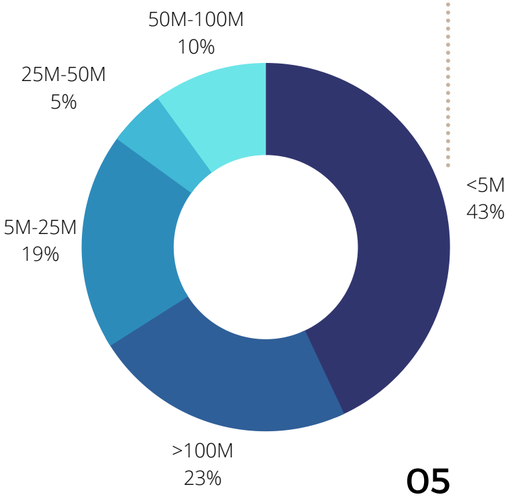


Experience with impact investing

The majority (72%) of respondents had impact investing experience.

Assets under management (AUM)

43% of the survey respondents were investors with AUM below US$5 million. 33% of the respondents had an AUM greater than US$50 million.



Venture Profile

We interviewed 17 impact ventures founded and focussed on some of the biggest issues in Hong Kong. All ventures surveyed were for-profit businesses that want to grow their business and impact.

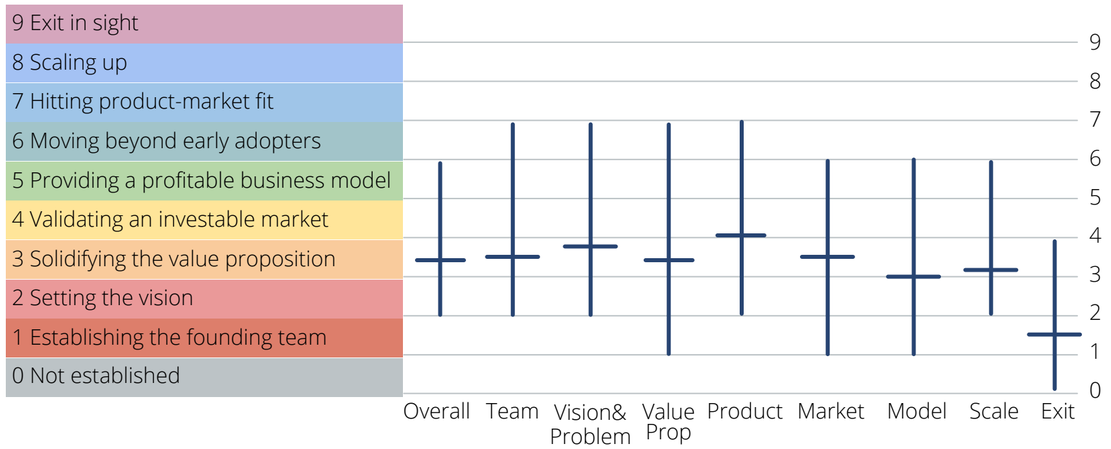
Venture development stage

The Venture Investment Readiness Awareness Levels ("VIRAL") Framework, was used to categorise the investment stage of the ventures in our survey.

This framework was developed by Village Capital for measuring business maturity, and is referenced through out the survey as a collaboration between Village Capital and Dream Impact. See the full framework in appendix A.

Ventures surveyed ranged from **VIRAL Level 2 (Setting the Vision) to Level 6 (Moving Beyond Early Adopters)**. This reflects funding maturity ranging from seeking funds from friends, family, bootstrap, and grants to conducting investment rounds with angel and venture capital investors.

VIRAL framework scoring of the interviewed ventures:



Note: The VIRAL Framework chart categorises ventures across 8 topics. The vertical lines represent the highest and lowest score on each topic for the ventures surveyed. The horizontal bar represents the average score.

We categorised the ventures in our survey by the 5 themes below

Sustainable & Affordable Real Estate

2/17

Circular Economy

4/17

Human-Centric Education

4/17

Holistic Health & Wellbeing

4/17

Active Aging

3/17

Effects of COVID-19

Gap 1: COVID-19 accelerated investor interest in ESG and impact investing strategies, but at the same time put considerable financial strain on social/impact ventures.

Investors

- Most investors surveyed are **looking for opportunities in ESG and impact investing**. Some have established new impact businesses or joint ventures with impact firms.
- For impact investors, there has been a **growth of portfolio companies** that are working on sustainability and technology (e.g., e-Commerce, ESG data, healthcare)
- **Investors have supported impact ventures** to pivot and grow during this time and have helped them integrate sustainability into their business model.
- COVID-19 drove investor preference for **more technology-based solutions**. For their existing portfolio companies, investors focused on venture's ability to accelerate their digitalisation.

Ventures

- Some ventures faced huge **financial strain from COVID-19** as a high proportion of their income-generating work involved human interactions, e.g. some lost ⅓ of their income as large scale workshops could not be organised.
- **COVID-19 posed operational challenges** for some. For example, a venture in the healthcare sector saw a breakdown of partnership negotiations due to increased business uncertainty. A circular economy venture found it difficult to promote waste sorting and collection as companies added safeguards on waste handling and management during COVID-19.
- Several **ventures adapted their business models** in response to the pandemic, such as shifting their business priorities towards online sales.
- With the COVID-19 challenges came new opportunities and **tech-based solutions**, for example, virtual interaction with senior citizens due to social distancing restrictions.

Recommendations

- Ventures should see the **increased investor interest in ESG and impact investing as an opportunity to raise funds for adapting their business models** for COVID-19. This will require ventures to articulate their impact potential and their business model.
- COVID-19 has driven both investors and ventures to **focus on digital solutions and leveraging technology in operations**. This requires bringing together resources and talent from different sectors and industries to develop industries such as medtech, fintech, foodtech, edtech etc. Multi-faceted support from the government, public sector, and private resources need to be pooled together to build and test these models.
- COVID-19 is also a learning opportunity, highlighting the importance of **risk management and scenario planning for venture start-ups.**

Divergent Visions

Gap 2: While investors, often from mainstream finance backgrounds, focus on the financial returns of an impact venture; venture founders, understandably, put impact before financial returns and seek investors who can understand and support their impact vision.

Investors

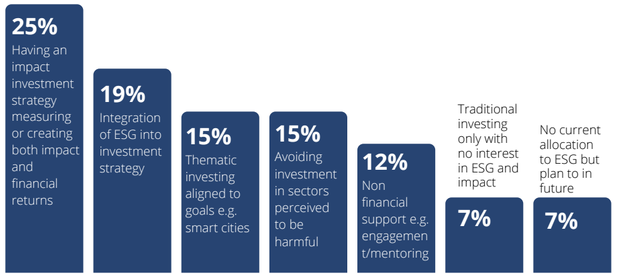
Investors' motivations for impact investing are varied. We found **3 key types of impact investing strategies** among our survey group:

1) Strategic investment mandate: building an investment thesis around a specific impact topic, developing deep domain expertise and seeking to solve a specific social/ environmental problem

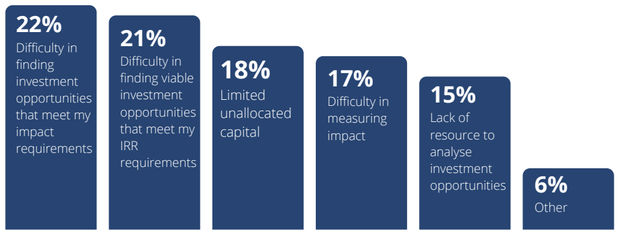
2) Tactical / opportunistic Investments: using impact as a screening criterion for investments, while remaining industry agnostic

3) ESG overlay: investing in commercial startups, while measuring their impact through the ESG lens. 94% of the investors had varying degrees of ESG integration in their portfolio

Graph 1: What is your current status towards venture investing?



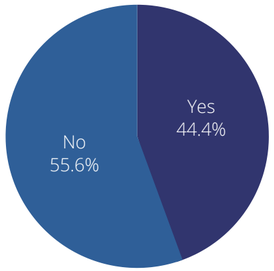
Graph 2: What is hindering you from investing in more impact?



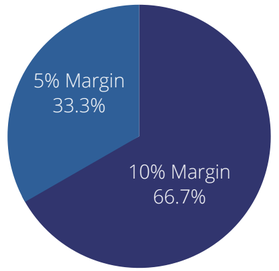
Ventures

- Founders express the **importance of their vision** and achieving impact. When fundraising, founders seek investors who understand and will support their vision for impact.
- Founders felt that most investors were primarily interested in financial returns and were not well-informed about **impact valuation and measurement.**
- As shown in the graph on page 6, on average the ventures in our survey scored between 3-4 on the VIRAL Score, indicating that most **ventures were working towards investability.** Our assessment of low-to-moderate venture investment readiness is likely what is reflected in investors' view of a lack of suitable impact investing opportunities.

Graph 3: Is your venture currently generating profits?



Graph 4: What is your venture's net profit margin?



Recommendations

- **Investor intent behind impact investing is an important consideration for ventures**. While some investors are focussed on driving impact and helping start-ups become financially strong, others may treat impact investment just as another investment sector, with their focus on financial return. **Matching the vision of the investor with the potential investee is a crucial step of the fundraising process.**
- **Intermediaries can play the important role of connecting investors and ventures with complimentary visions.**
- **Continued communication** between investors and ventures is vital in balancing the **dual-vision of financial return and impact creation**. Intermediaries can facilitate communication, build awareness of the expectations on both sides, and thus help develop **mutually agreeable impact investment strategies.**

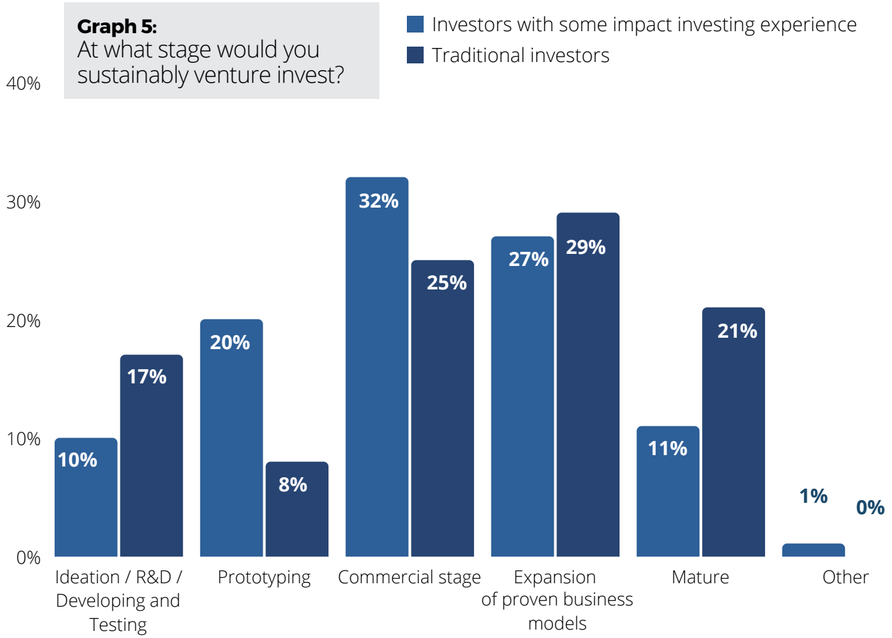
Business Stage of Investment

Gap 3: Most investors prefer to invest in tested and commercial products. However, ventures face hurdles to testing and proving their business model and impact proposition.

BUSINESS STAGE

Investors

Graph 5:
At what stage would you sustainably venture invest?



- Impact investors prefer investing in ventures that are in the 'commercial stage' (32%). Traditional investors, however, prefer investing in ventures that are in the **'expansion of a proven business model'** stage (29%).

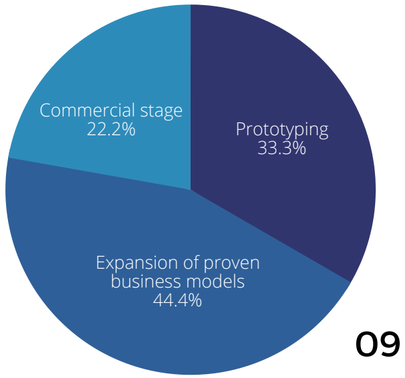
- One of the investor interviews described the **golden period for venture investment as between 5-10 years of establishment**, where the venture has already proven its operational resilience and is looking for a breakthrough. This is where the investor can have the most impact in developing the venture's growth strategy.

Ventures

- Assessing the 17 impact ventures using the VIRAL framework [see graph on page 6], gave an average score of 3/9, implying that **most ventures were solidifying their value proposition** i.e. were at the prototyping stage. This shows a gap between investors' expectations and the venture business model stage.

- Ventures described **several hurdles to growing beyond this stage**:
  - Impact ventures often develop **wholly new products/solutions**, which then require long timelines to test and validate their commercial viability.
  - Some impact ventures rely on government, quasi-government or foundation grants at their early stage. The **grant guidelines can be limiting** for the product/solution scope and profitable business expansion
  - Founders are concerned that taking on private investment at this stage **puts pressure on their businesses to yield quick returns** or carries a risk of investor take-over of their business;
  - **Limited know-how and skills to (i) building business scaling strategy**; (ii) develop and test technology needs; (iii) export solutions to new markets;
  - Access to **venues to test products** (especially for corporate and government clients); and access to talent (more under "Talent" section).

Graph 6:
What stage would you describe yourself to be in?



BUSINESS MODEL

Investors

- **Investors look for scalable models**, such as ventures with technology-based solutions, ventures with scope for market expansion or for broader ESG integration.
- Investors consider a range of investing models when it comes to impact; from **partnering with other investors to forming a joint venture**.
- **Investors aim to help ventures to maximize their impact** through different forms of support (e.g., mentorship, network connection and providing technology know-how).
- Surveyed investors showed **interest in investing for impact across locations in Asia**, with interest in Southeast Asia, Hong Kong and Mainland China ranking at the top. (Note that this may be influenced by the geographical location of the investors in our survey, that were largely based in Hong Kong and South-east Asia)

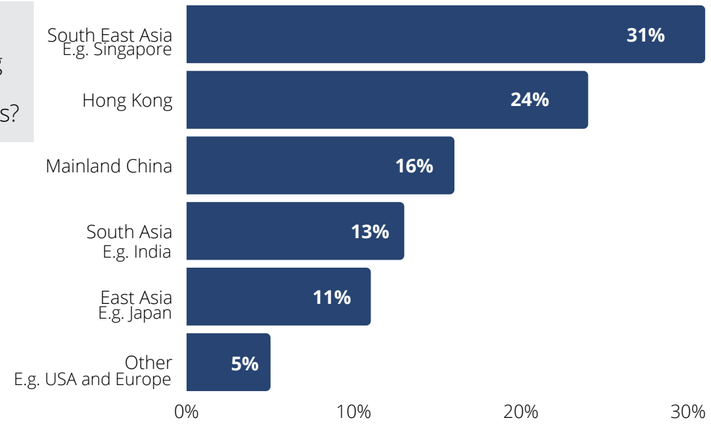
Ventures

- **Only 35% (6 out of 17) of the ventures we surveyed currently derive significant revenue from a technology solution** and 24% (4 out of 17) are in the process of developing a technology solution. The surveyed ventures largely used the following **revenue sources** :

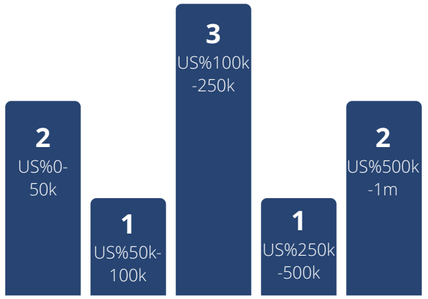
  a. Individuals: charging Individual consumers or a subscription fees model.
  b. Corporations: providing services such as volunteering services, workshops and staff engagement activities to corporates
  c. NGOs: charging platform license fees
  d. Schools: educational workshops

- 35% (6 out of 17) of the **venture owners plan to expand their business to the Greater Bay Area, South Korea and the United Kingdom**, given connections and support for local (HK) ventures in these locations.

Graph 7: Where are you looking to allocate investments?



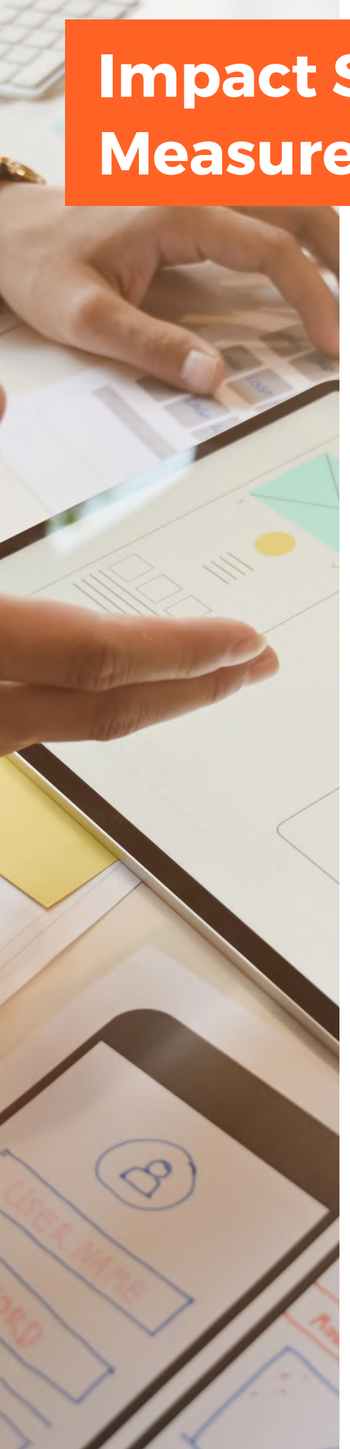
Graph 8: Which best describes your venture's annual revenue?



Graph 9: When was your venture established?

Recommendations

- **Early collaboration and/or small-scale investment from investors can go a long way in helping early-stage ventures reduce their dependence on grants and build and test profitable and scalable impact solutions**. In some cases, investors' non-financial role as an advisor/mentor maybe more useful in guiding financially viable and scalable venture models.
- Intermediaries should take note and **support early connections between founders and investors**, which can help co-create scalable impact models.
- To build scalable models, intermediaries can work with ventures on **creating awareness of the market realities and the operating environment of the ventures' different (and potential) customers** (e.g. a venture looking to sell products/services to the public sector should be aware of the government spending limits and conditions.



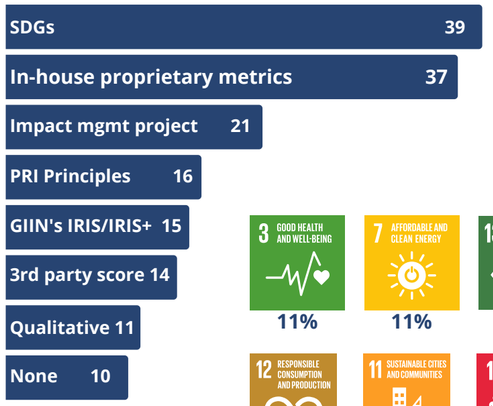
Impact Strategy & Measurement

Gap 4: Lack of consensus on how to measure impact. Investors currently do not prioritise accurate impact measurement, and while impact is embedded in ventures' strategy, quantifying it remains difficult. Both sides feel that they lack the resources and/or expertise for impact assessment.

Investors

- Despite increased attention towards impact reporting, our interviews suggest that **impact is often seen as a screening criterion for investments, with business viability still the key focus for investors**. Rigorous impact assessment was not seen as an immediate priority by most.
- Some investors found **Social Return On Investment** ("SROI") useful for comparing ventures within the same industry.
- Investors expressed that they are **not actively collecting impact data of their portfolio companies** but plan to do so when the investments are more stable.
- **Investors often do not have impact goals** but strive to help founders sustain their business ventures as a means to create impact.

Graph 10*: What framework or metrics do you use for measuring the impact of your financial investments?



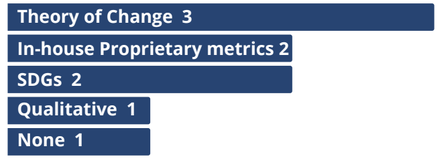
*Number of responses. Participants could choose multiple options.

Graph 11: Preferred UN SDGs for investors with impact investing experience

Ventures

- **Impact positioning can cause an identity crisis for founders**, on whether to position themselves as an impact or a regular commercial company.
- Ventures said that they try to **demonstrate their impact through (i) external certifications; (ii) KPIs and (iii) impact assessment criteria**.
- **Ventures had mixed views on SROI**. Some found it comparable with other ventures in the same industry, while others thought that it relies heavily on estimates and market assumptions.
- Ventures identified that they did not undertake impact assessment due to **a lack of expertise, time, money, and tools**, as well as discussions with investors who did not prioritize impact assessment.
- Ventures would like guidance and **ready-to-use frameworks** to quantify their impact.
- Some founders felt that an **investor mindset shift is needed**, particularly on the use of impact frameworks and the importance of integrating ESG and other frameworks such as B Corp into the venture.

Graph 12*: What impact measurement frameworks & metrics do you use?



*Number of responses. Participants could choose multiple options.

Recommendations

- Both investors and ventures, acknowledge that **impact is difficult to quantify**, but without impact measurement, it's difficult to prove and track the ventures' impact value.
- The lack of industry-standard on impact measurement means that **early and upfront communication between investors and impact ventures is important for both parties to clarify and align on the impact strategy and impact measurement expectations**.
- Intermediaries can consider their role in enabling ventures to **develop investor-appropriate impact strategies and measurement**, along with educating and upskilling investors.

Talent

Gap 5: Impact focused ventures may find it difficult to hire and retain talent especially in technology and sales. Meanwhile, investors are often betting on the skills and expertise of the talent at a venture.

Investors

- **"Talent and team are paramount"**. The character of the founder(s) and mission alignment from the team are key considerations for investors.
- An investor's view was that **talent hiring and retention is linked to the founder's domain expertise**, the quality of product services offered, and the founder's ability to build and reach out to a domain community. The investor felt that founders who lack domain expertise will struggle to hire the right people.
- One investor observed that **talent retention becomes more challenging when there is no clear timeline** or certainty for market adoption/exit.

Ventures

- Most ventures felt they can attract junior talent given their focus on impact/purpose. However, **without competitive compensation and career advancement opportunities, they often find it hard to retain young talent** after 2 to 3 years.
- Technology and sales talents were most sought after by ventures. Some ventures met urgent business needs by recruiting on a project basis and seeking pro-bono support. Founders identified challenges in hiring and retaining good technology talent (particularly full-stack programmers), given **challenges such as the funding needed, assessing skill level of talent from other industries and competing for this talent in a competitive marketplace**.
- **Good cultural fit and the desire for impact creation are essential** attributes that venture owners look for when expanding their teams. However, one venture cautioned against hiring "dreamers" who only focus on impact without a commercial mindset. "We are a business after all."

Recommendations

- Intermediaries can play a more active role in talent introduction and **fostering a community of talent with different expertise and a passion for impact**.
- **Collaborations with higher education institutions** may help build a stronger talent pipeline for ventures. One example is the partnership between the *University of Hong Kong's Business School* and *Impact Lab*, where **students can intern at ventures that are part of the Lab, gaining awareness and exposure to the impact ecosystem in Asia**.
- A range of career and life planning **activities that are "impact or ESG-themed" for high school** and university students can also be considered.
- Ventures can explore **employee ownership strategies such as ESOPs**. Start-ups with meaningful ownership by employees tend to be more competitive and resilient, can attract experienced talent, and also acts on the impact objective of reducing income equality.

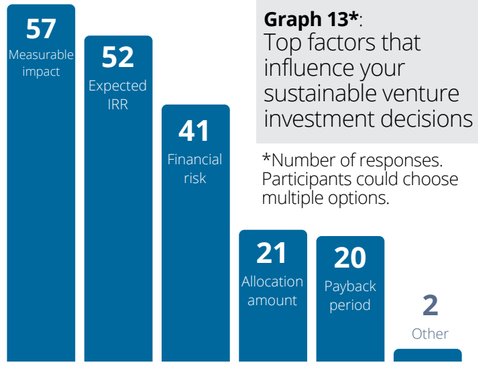
Investment Fundraising

Gap 6: While ventures worry about investor control and potential takeover risk, investors say that they are ready to support founders in making early business and funding decisions.

INVESTMENT OBJECTIVES

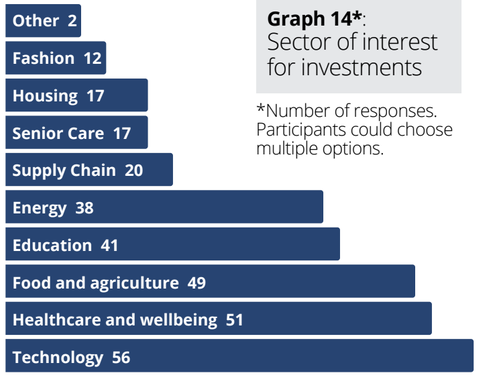
Investors

- Our survey showed that the **IRR expectations can vary considerably across different types of investors**. Among traditional investors, 83% expected an IRR of > 20%, whereas among impact investors only 36% expected an IRR above 20%. 41% of the impact investors surveyed expected an IRR between 10% to 20% and 22% said they would accept an IRR of < 10% [see Graph 13].
- Our survey also suggests that investors gave a fair weight to "impact" in their assessment. **"Measurable impact", "IRR" and "financial risk" were the top three drivers of investors' sustainable investing decisions.**



Graph 13*: Top factors that influence your sustainable venture investment decisions

*Number of responses. Participants could choose multiple options.



Graph 14*: Sector of interest for investments

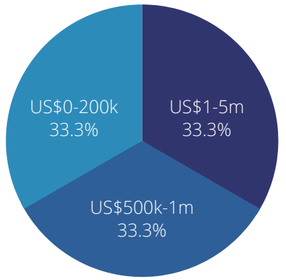
*Number of responses. Participants could choose multiple options.

IRR Expectation	<10%	10-20%	>20%
Traditional Investors	8%	8%	84%
Impact Investors:	22%	41%	37%
• Asset managers	14%	43%	43%
• Family offices	20%	30%	50%
• Foundations with investment mandate	17%	50%	33%
• HNWIs	35%	45%	20%

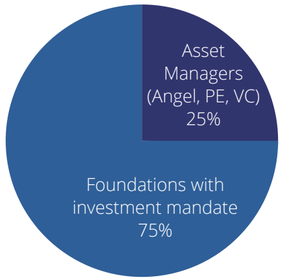
Graph 15: IRR expectations differed hugely across investors

Ventures

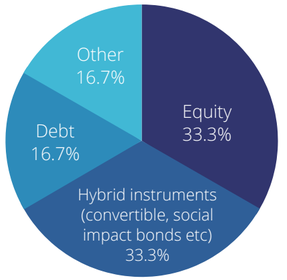
Graph 16: What is your fundraising target?



Graph 17: Which investors do you think would be interested in your company?



Graph 18: What investment structures would your venture be willing to offer?



- **Ventures' challenges with fundraising include**: **(a) significant time spent on fundraising** is a distraction from business development, **(b) investors' high growth and return expectations**, (c) limited money available from the government and incubation/accelerator programs and (d) low interest generated from pitching competitions.
- One founder said that investors don't assign any value for impact, when valuing start-ups.

Graph 19: On a scale of 1-10, how willing are you to take on private investment?

Graph 20: On a scale of 1-10, how would you rate your knowledge of investment fundraising?

INVESTMENT EXPERIENCE

Investors

- **Investors expressed a strong desire to support the ventures they invest in**, largely because they believe in their potential for impact. Investors indicated that they can support ventures on decision making, aligning for impact, supporting the venture to deal with investors or founders who are not aligned to the purpose and being "a friendly shoulder to cry on."

- **Trust with the founders is important for investing** and building a strong investment relationship.

- An investor noted that **it might be easier to integrate impact into a regular commercial venture rather than expecting social enterprises to become investment-ready**, depending on their model.

INVESTMENT TYPES

- **80% of investors preferred equity or hybrid instruments**, with only 19% preferring debt.

Ventures

- Ventures recognise the value of private investment, but need more knowledge of the fundraising process and investor expectations. All but one venture founder in our survey indicated a strong willingness to fundraise, but **only 33% rated themselves high (>8 out of 10) on knowledge or experience with fundraising**.

- **Impact ventures place less importance on their exit strategy than investors seek**. This may be because founders prioritise the impact from their ventures rather than the financial return from a successful exit.

- Half of the founders interviewed expressed **concerns around investor control and the risk of dilution** and potential takeover of their company.

- When considering investors, founders look for sound background, credibility, value alignment, network with other investors and **flexibility of investment criteria**.

- Founders emphasised the importance of **mentors to guide them through mission building and funding assistance**. Founders seek mentors who understand the uniqueness of their ventures and can advise them on combining business acumen with social innovation.

INVESTMENT TYPES

- **Most ventures interviewed preferred equity investments** since investors are paid upon profit generation. The ticket size sought was USD$500k - USD$2 million.

- 35% (6 out of 17) ventures interviewed **highlighted the vital role of grants for business survival**. Grantors generally included (1) local charitable organisations, (2) government bodies and (3) the public sector (e.g. universities and government supported Hong Kong Science and Technology parks).

- Despite strict reporting guidelines and requirements to reach specific milestones to unlock grant funding, one founder expressed a **preference for grants over investments since it allows more room for social impact**. Investors, the founder believes, demand a higher level of accountability in financial returns and don't prioritise impact.

Recommendations

- Ventures hesitating to get investment at an early stage due to a) concerns that their impact may not be valued by investors or b) due to their nascent/non-revenue generating stage; should note that **some impact investors are willing to invest or provide non-monetary support at the prototyping and even ideation/R&D stage**.

- Due to the nature of their work, impact ventures face more uncertainty around the time needed for impact generation/revenue generation. **Flexibility in exit timing from investors** can enable these ventures to create the meaningful impact that they seek.

- **Planning and timing fundraising during the early growth stage is key**. By planning the impact positioning, breakdown of revenue models and business potential early on, ventures can avoid the identity crisis that comes from choosing a single path of public or private funding.

- **Close partnership between ventures and investors**, with support from intermediaries, is key to successful venture building. This enables a discussion and understanding of the competing IRR and impact objectives and closes the knowledge gap that founders face with regards to fundraising knowledge and expertise.

Reflections from an intermediary

From our four years of experience in supporting social enterprises and impact ventures in their growth and impact journey, we, Dream Impact, put forth our thoughts on this topics and a perspective that seeks to understand both sides.

- **Early collaboration with investors**: creating a business plan early and reaching out to investors early during the ideation phase is crucial for co-creating a business plan and improving fundraising prospects.

- **Aligning deep rooted operational values**: Even when investors and ventures may seem aligned on impact values on a social / environmental issue, their values on how to operate a business can still differ dramatically - whether to focus on human development or business growth, marketing spend or quality control.

- **Creating a separate vehicle for growth**: Many impact ventures have a long history of delivering impact, but that also brings legacy issues when innovating for a new growth model. Creating a new and separate legal entity would allow the founders to build a new team, partners and technology that can enable the impact to scale up.

- **“Impact” must be market-driven**: More impact ventures must look at more market data to scale up their operations. We recommend looking at existing industries such as educational services, waste management, senior care, mental wellness etc. as a market on the whole rather than a novel idea that needs building clients from the bottom up, school by school and corporate by corporate.

- **Social Enterprises & Impact Ventures have different growth goals and should be supported differently**: We would briefly define them as: social enterprises are for-profit companies that operate to self-sustain while delivering impact, Impact Ventures have a growth engine that enables them to scale. They must not be treated the same and will require different types of support.

- **Mindset change for investors**: Impact investment is a value system change. It requires not only an adjustment in the expected return models when adjusting for impact, but also earlier partnership with impact ventures, involving both financial and non-financial mentorship and co-creating the business model.

Take-aways for impact market players

Investors

- **Getting started doesn't have to be daunting**: There are many ways to access impact ventures. Directly through impact venture networks and accelerators. Indirectly through established fund managers, co-investment, fund of funds and bundled multi-asset products-at-scale.

- **Start small and grow**: Successful impact investors often start with small investments and grow their portfolio to complement their traditional investing portfolio.

- **Have an open approach**: Investing in impact ventures doesn't always mean sacrificing IRR. But flexible expectations on IRR and exit timing can enable ventures to focus on driving change and impact.

- **Consider how you can be a part of social solutions**. : Investors have an important role to play in supporting the development of ventures and bridging the skill, know-how and resource gaps.

Ventures

- **Match words with actions**: As a mission-led business, concrete action plans and measurement of impact can position ventures for fundraising and marketing and enable them to focus on the key impact sought.

- **Successful fundraising requires understanding investors' expectations**: This report identified expectation gaps in the areas of growth and scalability, talent and exit strategies. Founders should build strategies in these areas early in their development.

- **Be open to communicate with investors and intermediaries**: Investors and intermediaries can provide valuable information, resources and know-how for founders.

- **Expectation alignment**: Investors and ventures need close alignment in profit delivery and impact creation.

Ecosystem Intermediaries

- **Grow the ecosystem**: Intermediaries can support the expansion of the ecosystem by:

  - raising public awareness of the value of impact investing;
  - engaging investors and ventures through understanding their financial and impact expectations;
  - providing education for ventures and investors about building scalable impact businesses and impact investing opportunities;
  - facilitating impact goal setting and measurement;
  - developing tools to accelerate and simplify impact ventures development; and
  - sharing best practices and success cases.

- **Increase consistency and simplicity**: Intermediaries in Asia can develop a standard, ready-to-use, easily implementable impact framework for Asian ventures to use.

- **Support ventures to clarify and communicate their impact**: Impact model can help ventures and investors to conceptualise their goals and objectives. Investors can also refer to the model to examine their investment impact in different timeframes and investment stages.

Governments

- **Provide industry guidelines**: The government should create guidelines for investors and ventures to facilitate impact investing ecosystem development.

- **Directly invest**: The government can consider setting up a venture capital fund similar to Singapore's Temasek Holdings, investing directly into ventures that are aligned with their government's agenda.

- **Easy-to-get financial support**: Standardised procedures can save ventures time and energy on applications for investment grants.

- **Subsidies for supporting services**: Support ventures to pay for services that enable them to scale (e.g., consultancy, information technology and technical feasibility assessment).

- **More than money**: The government can widen the range of support such as identifying unused or under-utilised spaces that could be used by ventures such as converting abandoned school premises into venture offices.

- **More training options**: These can include secondment programmes between government staff members and ventures, free access to leadership training, subsidies and tax cuts for ventures.

- **Broaden capacity-building**: Ventures can benefit from cross-sector capacity-building programmes for their daily operations.

Public Sector

- **Take the initiative to pilot solutions:** More public sector members, such as government agencies and government-funded schools can open up their venues for product and service testing to drive adoption of impact solutions.

- **Expand impact education**: Integrate education about impact building and ventures into different education levels, from primary to tertiary, to drive awareness and grow accessible channels for students to explore impact-related careers.

- **Lead research efforts**: Higher education institutions can lead the way by conducting and supporting major research for impactful business and solutions.

- **Word-of-mouth promotion**: Educators, NGOs and business leaders publicise and promote impact investing and successes in addressing social and environmental problems

Private Sector

- **Help ventures become more investment ready**: These solutions could include competitions such as India's Tata Social Enterprise Challenge or direct venture investment, such as. Japanese Tsumura's investment into My Farm.

- **Corporate venture fund**: Can help corporations to find talent and ideas to make their business more efficient and profitable. An example is Korea's SK Group (SK) social impact investment fund formed with other corporations or state agencies.

- **Take the initiative to test and grow ventures**: Private sector has a massive role to play in facilitating the growth of ventures by testing and adopting novel products. Pilot projects have a significant impact on the viability of initiatives and expansion of the whole impact ecosystem. Solutions can also help the private sector achieve it's ESG goals. An example is SK's Happiness Foundation.

- **Expand support to grow impact and work culture**: Such support can include talent exchange, incubation and pro-bono professional services to ventures designed to address the challenges of ventures to build scalable impact solutions. An example is Thomson Reuters Foundation's TrustLaw™. Since ventures may not be social enterprises, professional services firms can consider partnering with eco-system intermediaries to offer services with discounts

Special Thanks

Network Partners

AngelHub
Asia Value Advisors
GirlsJustWannHaveFunds
Mana Impact
NextChapterRaise
Ogier
SDGx
Social Ventures Hong Kong (SVhk)
Sustainable Finance Initiative (SFi)
TONIIC Asia

Participated Ventures

Happy Retired
Eldpathy
Balancd Fitness
Good Financial
Hollo
Colearno
Meo Air Analytics
Breer
Whole Business Wellness
Circular City
Work For Impact
FoodCycle
LUÜNA Naturals
Rooftop Republic
Social Career
Billion Bricks
Longevity Design House

Report Contributors & Editors

Anuja Agarwal
Armeen Bhesania
Cintia Nunes
Dorothy Lam
Edward Sukendar
Johanna Chan
Jonathan Mok
Kate Tsoi
Kritika Kashyap
Michael Horman
Pritya Widiarta
Samantha Chung