

World

**WORLD
DATA COLLECTION SURVEY
ON PARTNERSHIP FOR LEADING
ENTERPRISES ACCELERATION AND
FINANCING (LEAF)**

FINAL REPORT

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Japan International Cooperation Agency (JICA)

Dream Incubator Inc

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Chapter 1. Survey Overview

1-1 Survey background

The catalytic role of the public sector in mobilizing private capital is one of the issues to solve in the development of an emerging country. An additional \$2.5T in capital is required for achieving the SDGs worldwide. Private capital flow for emerging country development has exceeded ODA public capital in the last 20 years. Private capital supply is getting to be more important than before.

Contributions from the private sector are expected to accelerate the achievement of the SDGs by providing cutting edge technology and new business models. Business support including investment in emerging countries is still insufficient, especially for seed start-ups and entrepreneur which are trying to develop risky new businesses with cutting edge technology. On the other hand, the number of Japanese companies and investors trying to expand their businesses into the emerging country market has recently been growing. Entrepreneurs are developing businesses that provide financial and social impact at the same time, which can contribute to the SDGs. Investors also contributes to the SDGs through impact and ESG investments.

Against this backdrop, bilateral and multilateral development agencies tend to be catalysts and to mobilize private capital. JICA Economic Development Department meanwhile, has started supporting the establishment and operation of seed to early stage start-ups investment funds in Africa. There is the case that survey provider of “Data Collection Survey on Startups Fund in Africa Region” became to be general partner (“GP”) of the new fund. Among the Asian countries targeted in this survey, the private sector is already starting to lead start-up investment and support. Some of the impact investment funds are already operating. Through this survey, JICA will consider plans to collaborate with private foundations, funds, and international organizations that have already achieved actual results in supporting start-ups, and to provide support to private company activities that contribute to SDGs achievements by forming a public-private framework (platform) that supports the commercialization and financing of entrepreneurs, start-ups, and small and medium-sized businesses (funds, etc.).

Within the framework encompassing finances, it will also be necessary to clarify the expected role of JICA as a bilateral development agency, and to decide on the feasibility of JICA participation. Specifically, while providing high growth potential companies with fund raising opportunities centered mainly on risk money, JICA will utilize its long-standing assets in technical and financial cooperation to build a comprehensive support framework to promote the growth of each investee company. JICA, however, will not be thought of as a general partner (GP) when a new fund is established, Rather, JICA will establish a framework to support start-ups, and raise funds by searching for participants of various types, including limited liability members.

1-2 Survey overview

1-2-1 Survey purpose

The purposes of this survey is to collect information on private foundations, companies, and organizations that may collaborate, in the development of a fund that provides a technical support framework for start-ups in order to help solve issues indicated in the SDGs in developing countries, to facilitate communication support within the platform among JICA, implementing countries, and start-up companies, and to investigate the steps necessary to set up a new framework, including the new fund.

1-2-2 Target country

Initially, Dream Incubator (“DI”) plans to narrow down the target countries through the use of three indicators.

① Size of social issues (≒ population)

To maximize the return on investment costs, DI thinks that it is important to select a country with a large social issue (a country with a large population).

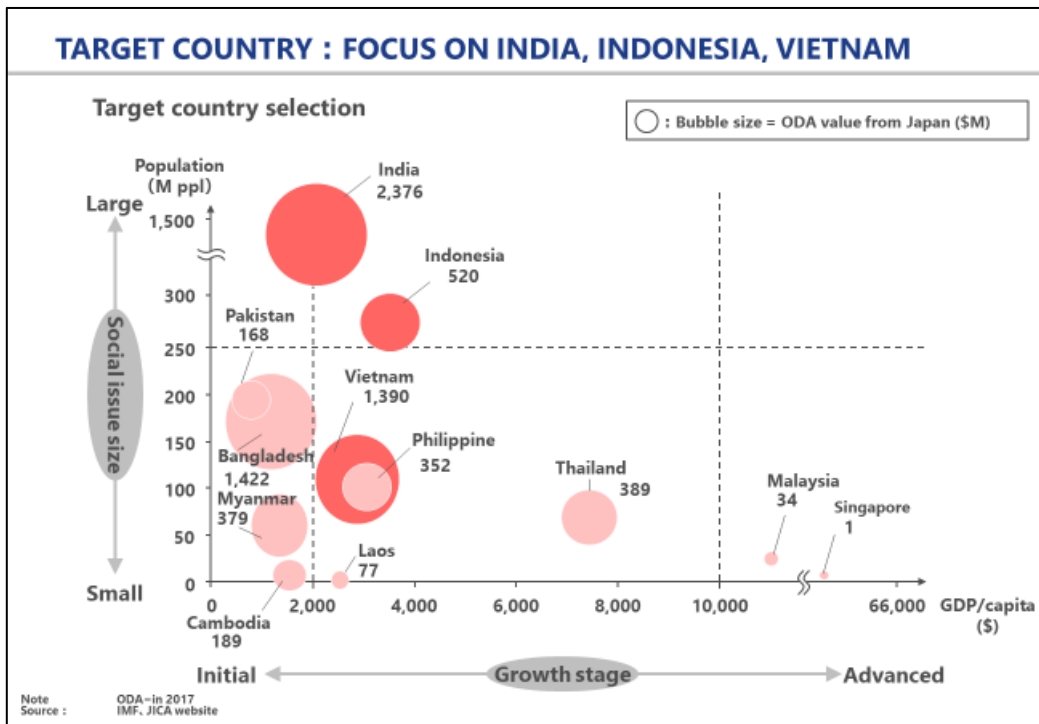
② Growth stage (≒ GDP/capita)

When a country is at an immature stage of growth, social issues themselves become primitive. Moreover, it takes time for the investment environment to grow and improve for venture companies in the investment destination candidate. As such, the generation of actual returns within the fund period is expected to be difficult. Large distortions are becoming apparent in the SDGs area together with economic development, as a result, Countries that fall in the "GDP per Capita range \$ 2,000 and 10,000" with a shortage of capital supply seem to be the best match for this SDGs area fund.

③ Meaning of initiatives as JICA

In addition to ① and ② above, DI thinks that JICA's unique program development potentials (technical cooperation, human resource development and training, BoP cooperation / SME support, ODA loan, Private-Sector Investment Finance, etc.) should be taken into account. The ODA disbursement amount was tentatively set as an initial alternative indicator.

Based on the above, the candidates have been narrowed down to three promising targets India, Indonesia, and Vietnam.

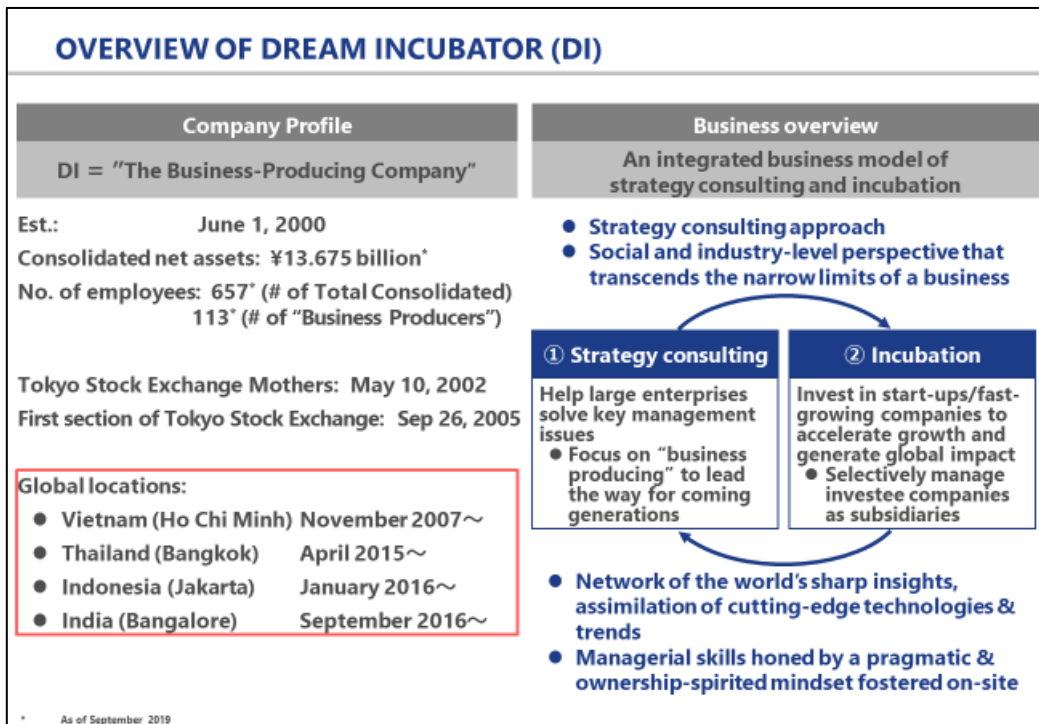


【Figure1: Investment impacts on priority survey countries】

1-3 The survey group and survey process

1-3-1 The survey group

This survey has been done by DI a provider of both strategy consulting service and start-up investment / incubation for creating new businesses and solving social issues at the same time.



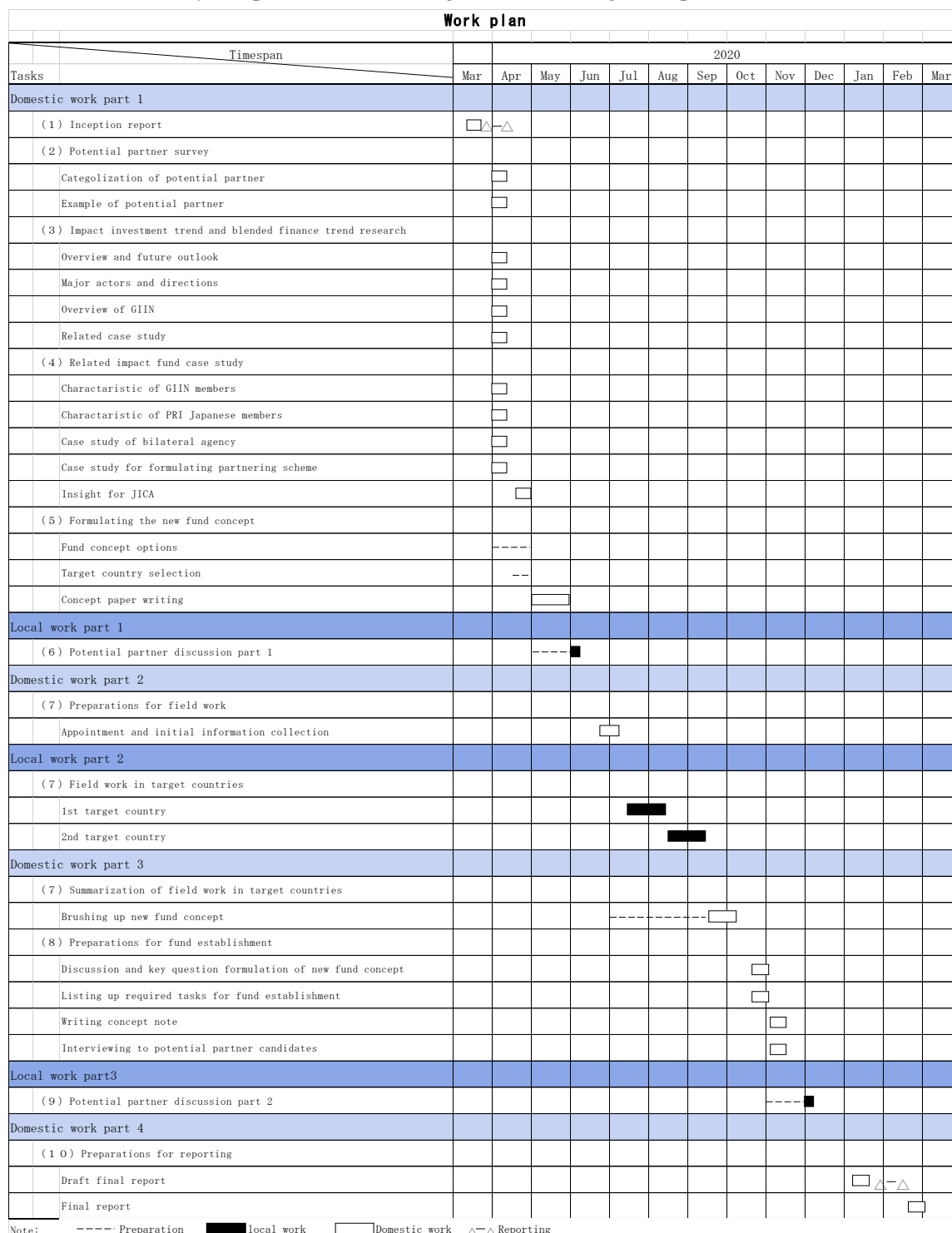
【Figure2: Overview of Dream Incubator Inc.】

Name	Role	Description
Kyohei Hosono	Project manager/ Fund establishment module	<ul style="list-style-type: none"> • Entire project management • Formulating new fund concept • Negotiation facilitation with potential partner candidates • Preparation for fund establishment • Communication facilitation among stakeholders • Finalizing proposal for JICA
Makoto Miyauchi	Partnership module	<ul style="list-style-type: none"> • Formulating new fund concept <ul style="list-style-type: none"> – Potential partner candidates research – Impact investment trend in target country research – Related impact fund case study • Local research for fund establishment <ul style="list-style-type: none"> – Preparation for field study – Field study and reporting • New fund concept formulation and brush up
Munehiko Eto	Partnership module (Support)	<ul style="list-style-type: none"> • Supporting research in target country <ul style="list-style-type: none"> – Preparation for field study – Field study and reporting

【Figure3: The task allocation and personnel planning】

1-3-2 Survey schedule

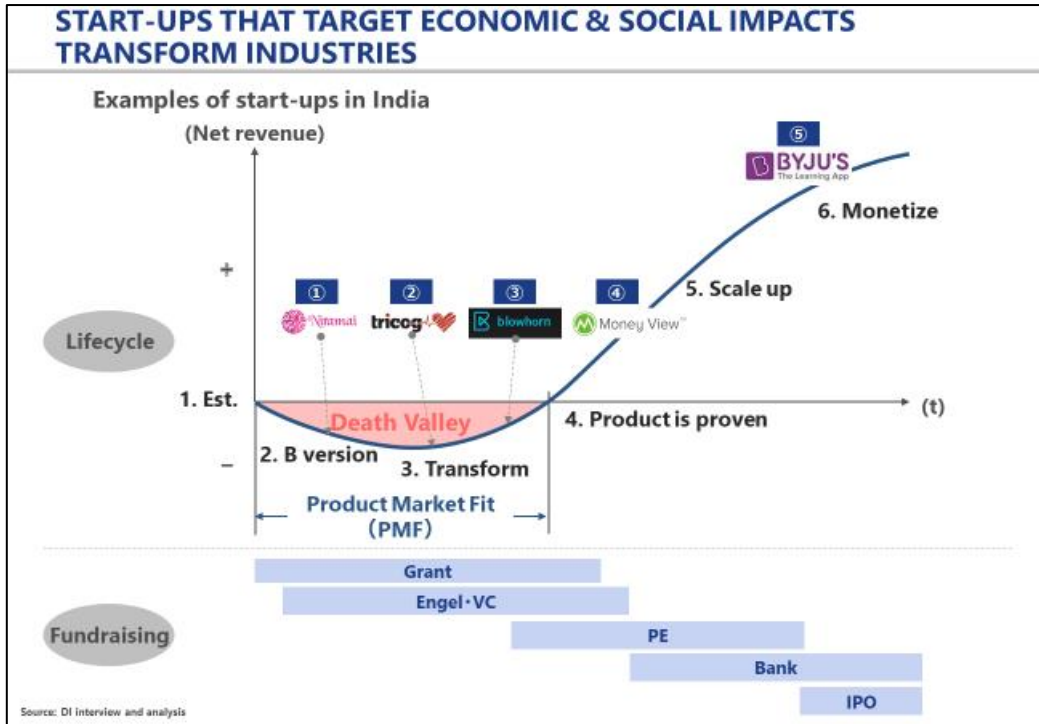
This survey has proceeded according to the following work plan.



【Figure4: Work plan】

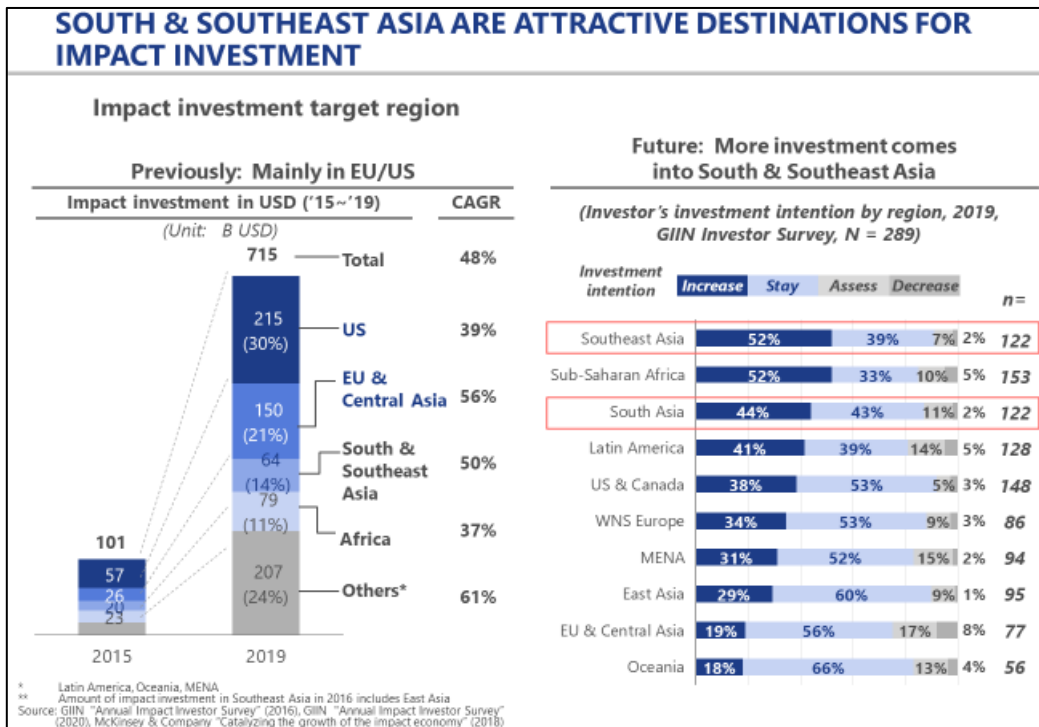
1-4 Summary of survey findings

In the past, companies mainly focused on economic impact. Now, companies in South and Southeast Asia are trying to achieve both economic and social impacts. This holds especially true for the start-ups whose roles are becoming more critical in the future economies of their countries.



【Figure5: Example of a social problem-solving start-up in India】

Capturing this trend, impact investment, that is, investment in companies that create both economic and social impact, is getting popular around the world. Today's impact investors tend to focus more on South and Southeast Asia countries.

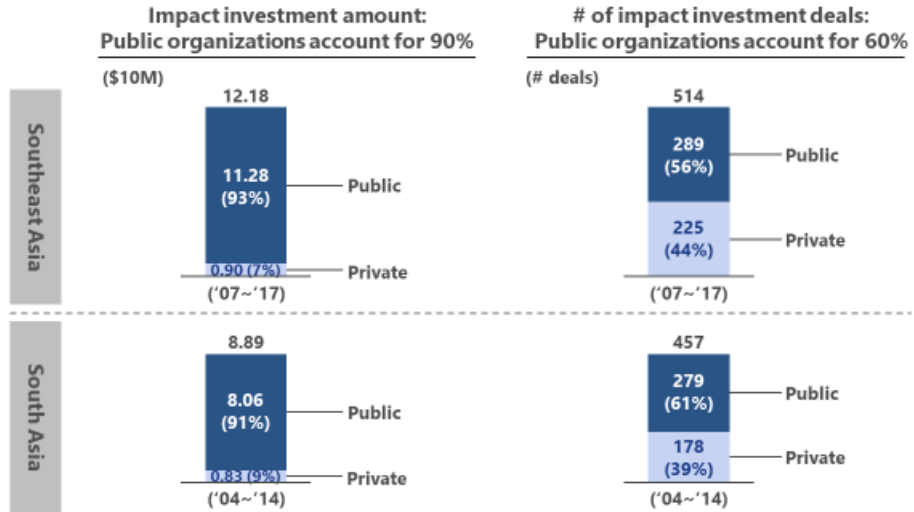


【Figure6: Trends of impact investment by region】

On the other hand, an estimated US\$ 2.6 trillion will still be needed to achieve the SDGs in 2030. The promotion of impact investment through private-public partnerships will be urgently required. In South and Southeast Asia, the public sector - the leading players in impact investment - needs to encourage public-private investment from the private sector.

PUBLIC ORGANIZATIONS ARE MAJOR CAPITAL PROVIDERS IN ASIA

Impact investment by investor type in South & Southeast Asia ('07~'17)

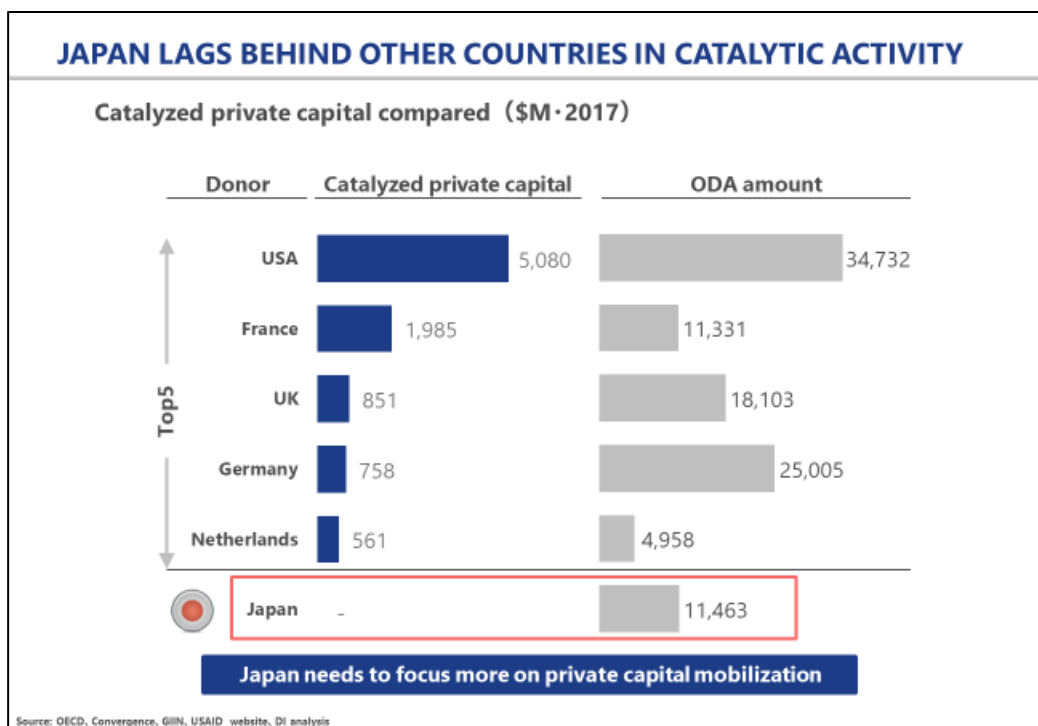


Investment and capital mobilization from private sectors are expected

Source: GIIN "The Landscape for Impact Investing in Southeast Asia" (2018),
GIIN "The Landscape for Impact Investing in South Asia" (2015),
DI analysis

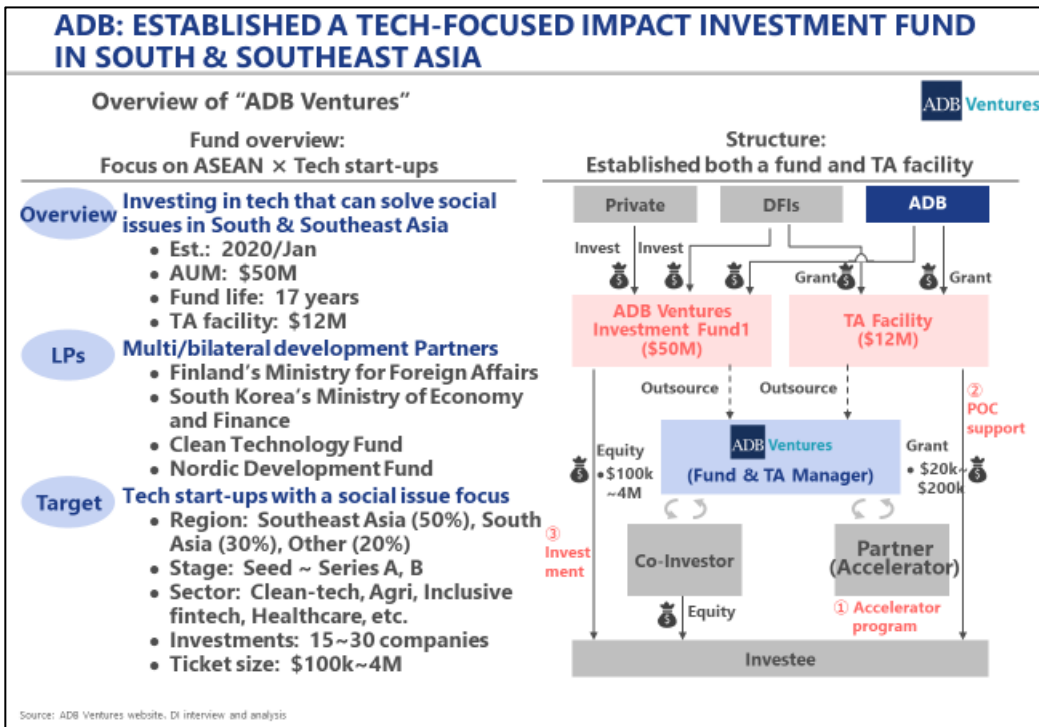
【Figure7: Scale of impact investment in South and Southeast Asia】

Japanese ODA ranks as one of top among world donors in dollar terms, but Japan itself rank low in the private fund mobilization compared with other donors.

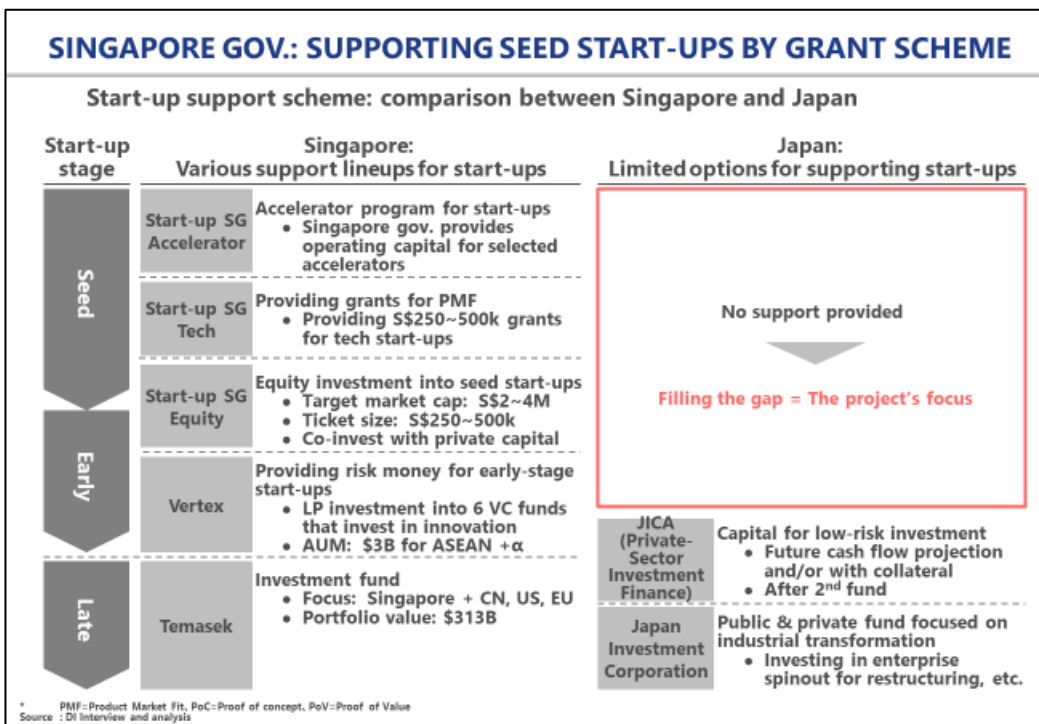


【Figure8: Comparison of private fund mobilization by country】

In South and Southeast Asia, meanwhile, there are cases where governments and international aid agencies establish impact investment ecosystems. Specifically, ADB has established an impact investment fund under a grant scheme for investing in tech-related SDGs in order to promote impact investment in South and Southeast Asia. Additionally, the Singapore government has already built an ecosystem that supports seed to later stages start-ups with help from grant scheme.

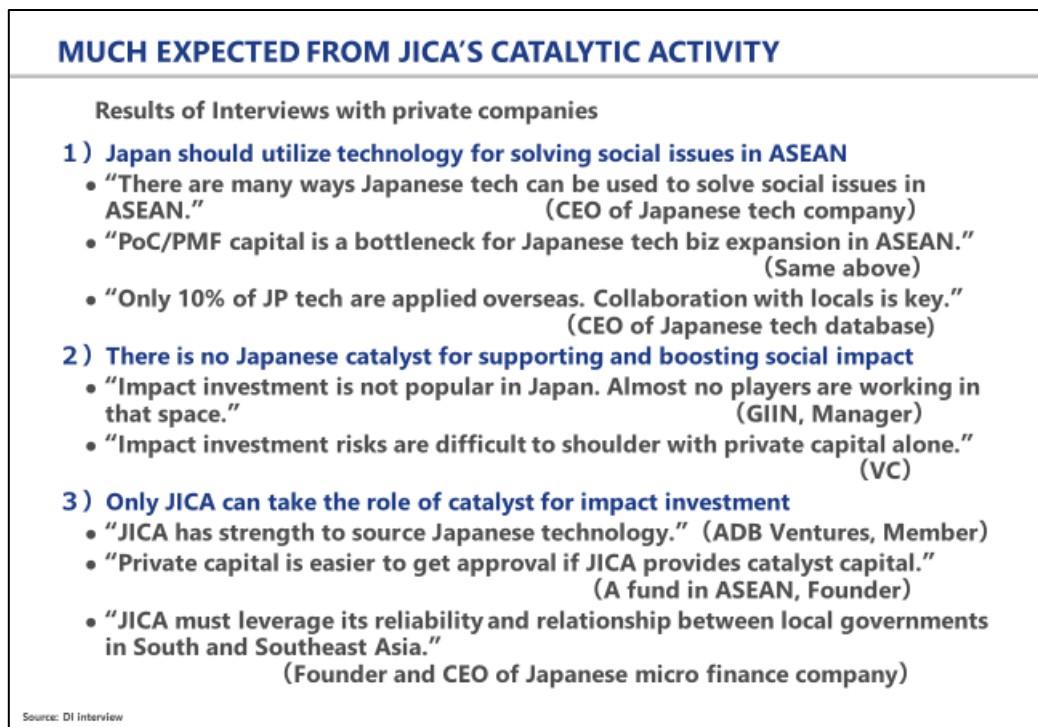


【Figure9: Overview of ADB Ventures】



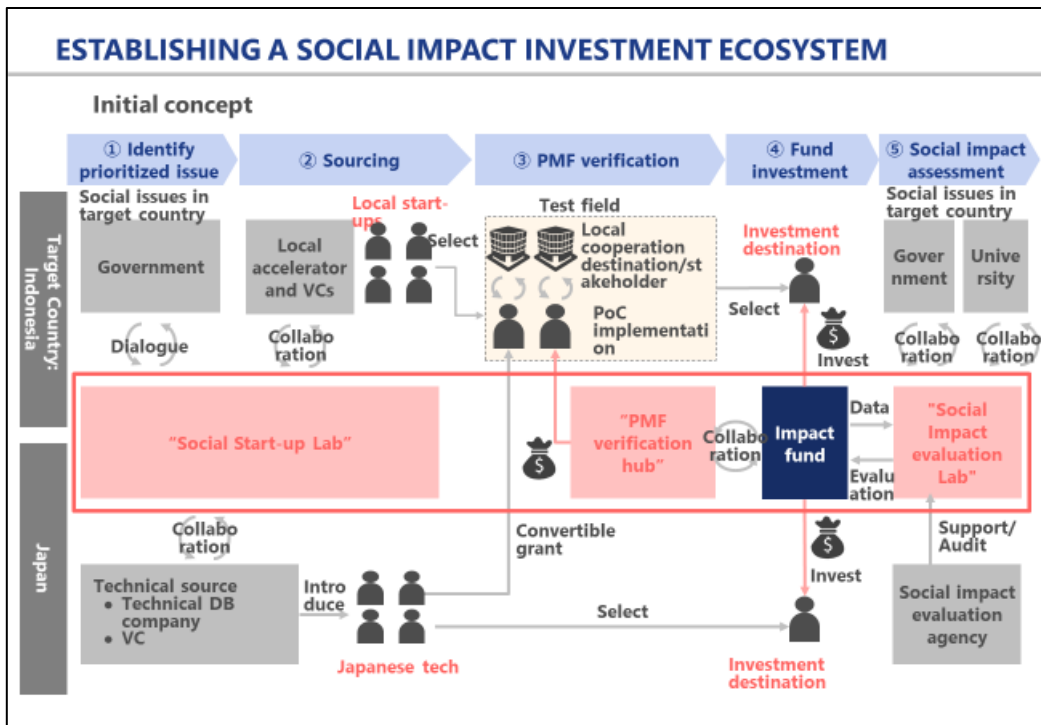
【Figure10: Comparison of start-up support by the Singapore and Japan governments】

Against this backdrop, it will be important to formulate a new Japan-led impact investment support scheme targeting South and Southeast Asia. The private sector, in particular, is increasingly looking to JICA as an up-and-coming catalyst to mobilize private capital.



【Figure11: Expectations of JICA as a catalyst (results from interview with experts)】

Based on data collected in inter views, DI recommended that JICA establish a social impact investment ecosystem with five core functions as a mid to long term goal.



【Figure12: Image of an impact investment ecosystem】

Chapter 2. Information collection on potential partners and sorting of results

There are six GP candidate categories for the establishment of a new impact investment fund. The below figure illustrates how we evaluate the candidates based on our multi-criteria evaluation of the capabilities required for the creation of economic and social impacts.

PARTNER: EVALUATING FROM FINANCIAL & SOCIAL POINTS OF VIEW									
Initial evaluation for potential partner (GP)									
Potential GP	Impact		Example	Capability					DI's view
	Finan	Social		Start-up access	Social issue judgement	Biz model	Value up	Investment operation	
Impact fund	✓	✓	Aavishkaar, Acumen, Patamar	○ • Wide network	○ • Expertized	△ • Case by Case	△ • For social impact only	○ • For impact fund	Good option for collaboration • Expert in social impact
Social venture network	-	✓	AVPN(SG), ANGIN(ID), CSIE(VN)	○ • Lots of experience and networks		x~△ • Mainly focused on social impact • Mainly matching, not			Wide network and knowledge in social • Financial impact capability is missing
Accelerator	✓	-	Ycombinator, Village Capital	△ • Wide network, but not social	x~△ • Mainly financial	○ • Mainly for seed stage	△ • Mainly for seed stage	△ • Mainly for seed stage	Experienced managing financial funds • Missing social impact point of view and capability
VC-Venture debt	✓	-	Genesis, Samurai	x~△ • Mainly for financial investment		○ • Mainly for VC investment	x~△ • Case by case	○ • Managing VC fund	
PE	✓	-	JP PE, Gov. PE, etc.	x~△ • Mainly for financial impact		○ • Mainly for PE investment	○ • For PE investment	○ • Managing PE fund	
Business enterprise	✓	-	Conglomerate, Mega start-ups	x~△ • Mainly for financial impact		△~○ • For related biz	△~○ • For related biz	x~△ • Most not experienced	Experience and network in specific biz • Missing social/Investment capability


Source: DI interview and analysis

【Figure13: List of potential partners (GP candidates) and initial evaluation】

A few example of GP candidates (potential partners) in target countries follow below:

E.G.(1/5) AAVISHKAAR: THE LARGEST IMPACT FUND IN INDIA

Impact fund : Overview of Aavishkaar



Company		Investment	
Est.	The largest impact fund in India, established in '00	Target	SDGs-related topics <ul style="list-style-type: none"> Wide coverage of SDG-related topics Target biz stage: Seed~Early <ul style="list-style-type: none"> 80% of portfolio is as first investor
Org.	Major focus is India <ul style="list-style-type: none"> Office: Asia (Mumbai, Dhakka, Jakarta), Africa (Nairobi) # staff: ±35 	Investment	<ul style="list-style-type: none"> Instrument: Debt or Equity AUM: \$450M # funds: 6 # portfolio: 67
Function	3 major functions <ul style="list-style-type: none"> Debt, Equity, Advisory 	Criteria	<ol style="list-style-type: none"> Social impact (Size of target social impact, etc.) Financial impact (Sustainability, Differentiation, etc.) Management's capability (Biz sense, passion, etc.)
Donors	80% of capital raised from foundations and public orgs. <ul style="list-style-type: none"> Shell Foundation, FMO, Nuveen, Triodos Bank, etc. 		

Source: Aavishkaar website, DI interview

【Figure14: Example of potential partners (1/5) Aavishkaar】

E.G.(2/5) PATAMAR: ONE OF THE MOST ACTIVE IMPACT FUNDS IN ID

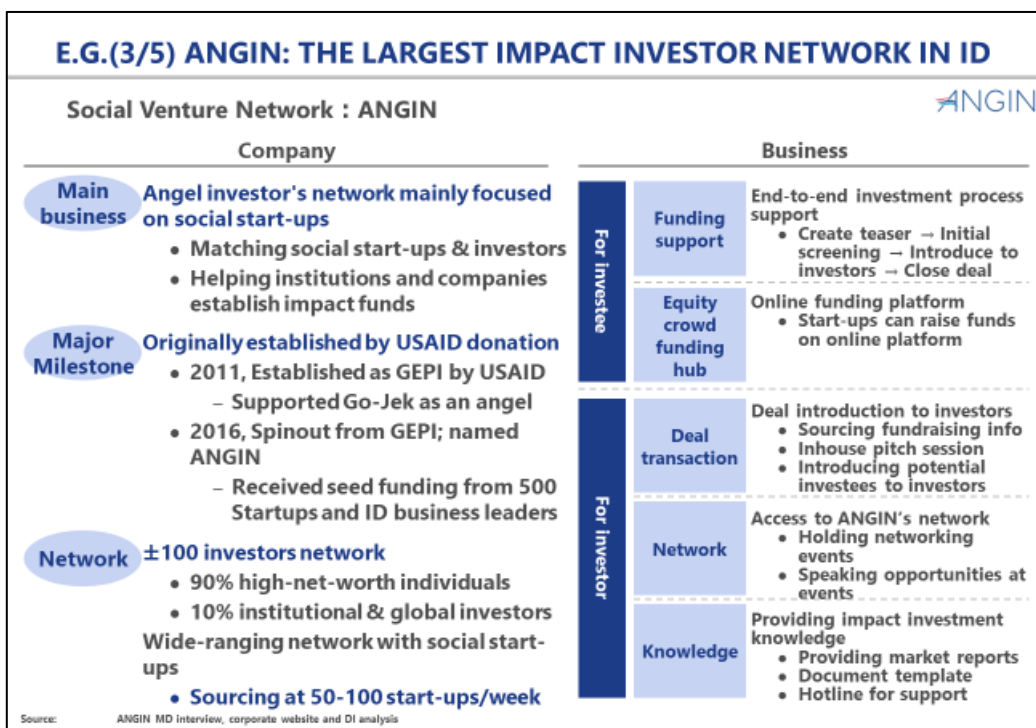
Impact fund : Patamar Capital Overview

PATAMAR | CAPITAL

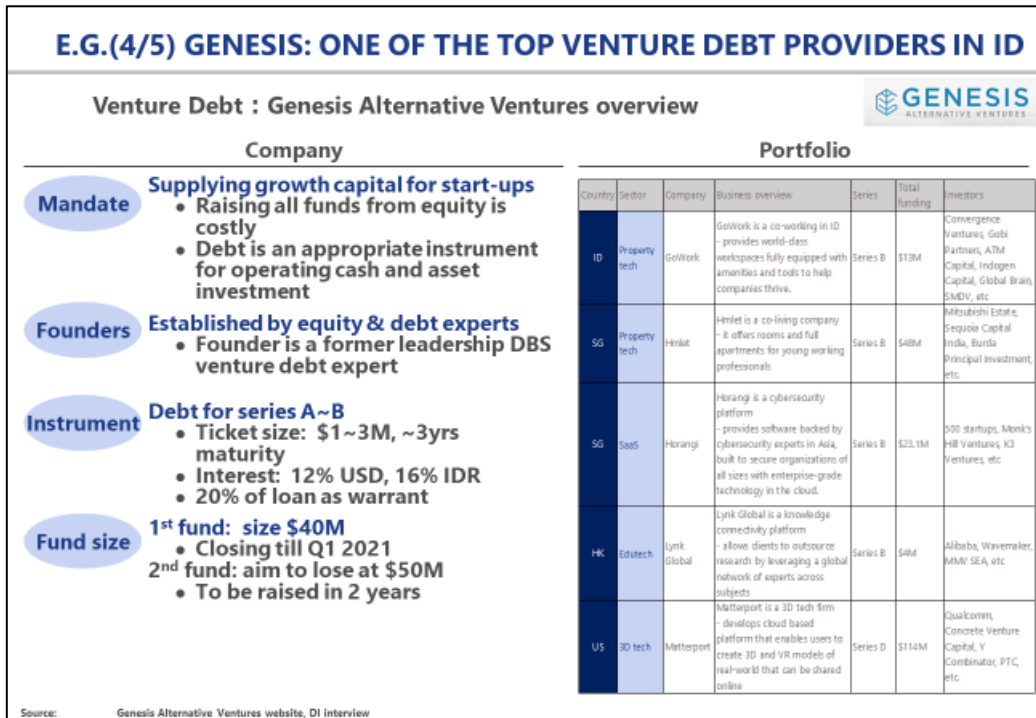
Company		Portfolio						
Background	Started by partners with track record in impact investing <ul style="list-style-type: none"> Unitus Equity Fund: IRR 26% Kreos Capital: IRR18% Dominion Ventures: IRR 23% 	Country	Sector	Company	Business overview	Series	Total funding	Investor
Target country	India + SEA <ul style="list-style-type: none"> IN(25%), ID(25~30%), VN(25~30%), PH(10%), other 	IN	Finance	KINARA CAPITAL	Kinara provides debt capital to micro and small biz <ul style="list-style-type: none"> Without requiring any land or property collateral 	Series C-	\$49.3M	Patamar, responsibility, Dell foundation, etc
Investment	Targeting mass segment business <ul style="list-style-type: none"> To C: Low~mid incomes To B: SMEs Equity for series A <ul style="list-style-type: none"> \$1~3M initially, up to \$10M follow 	ID	Finance	MAPAN (FORMERLY RUMA)	Mspan is digital Arisan platform <ul style="list-style-type: none"> Arisan is ID traditional finance tool such as members bet money to the pool, conducting lottery, and winner takes all 	Exited to Go-Jek	?	Patamar, Omidyar, Golden gate, SEA, Go-Jek
AUM	Main fund <ul style="list-style-type: none"> 1st fund: \$40M 2nd fund: Aim to close \$150M (\$50M raised so far) Sub fund <ul style="list-style-type: none"> "Investing in women" fund (with AUSAID): \$3M 	ID	Agri	BIG TREE FARMS	Big Tree Farms is a vertically integrated supply chain company <ul style="list-style-type: none"> Working with smallholder farmers to produce organic coconut products 	Series C	\$6M	Patamar, Fresh Tracks capital
		PH	Health care	MCLINICA	mClinica is a data and analytics company <ul style="list-style-type: none"> Provides access to real-time last-mile pharmaceutical data 	Series A	\$6.3M	Patamar, 500, Kickstar ventures, Spinal ventures, etc
		VN	Education	TOPICA	Topica EdTech Group is a leading online education provider in Southeast Asia <ul style="list-style-type: none"> Offering affordable, high-quality online degrees and English speech tutoring. 	Series D	\$53.5M	Patamar, Northstar group, Cyber agent capital, Chirotao Ventures, etc

Source: Patamar Capital website, DI interview

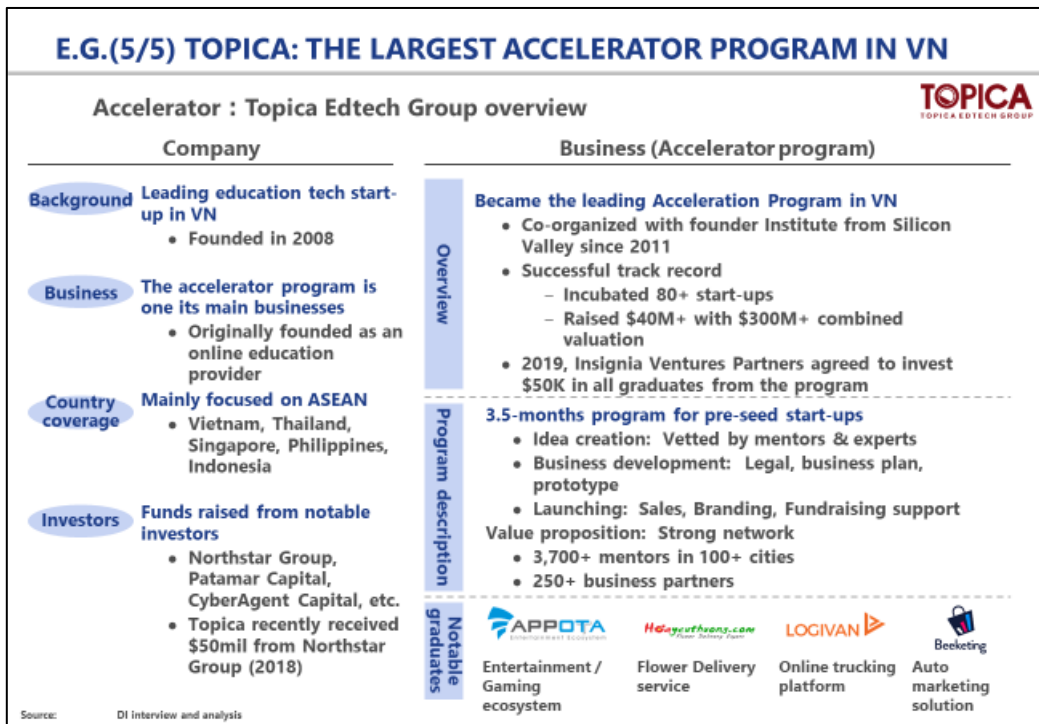
【Figure15: Example of potential partners (2/5) Patamar Capital】



【Figure16: Example of potential partners (3/5) ANGIN】



【Figure17: Example of potential partners (4/5) Genesis Alternative Ventures】

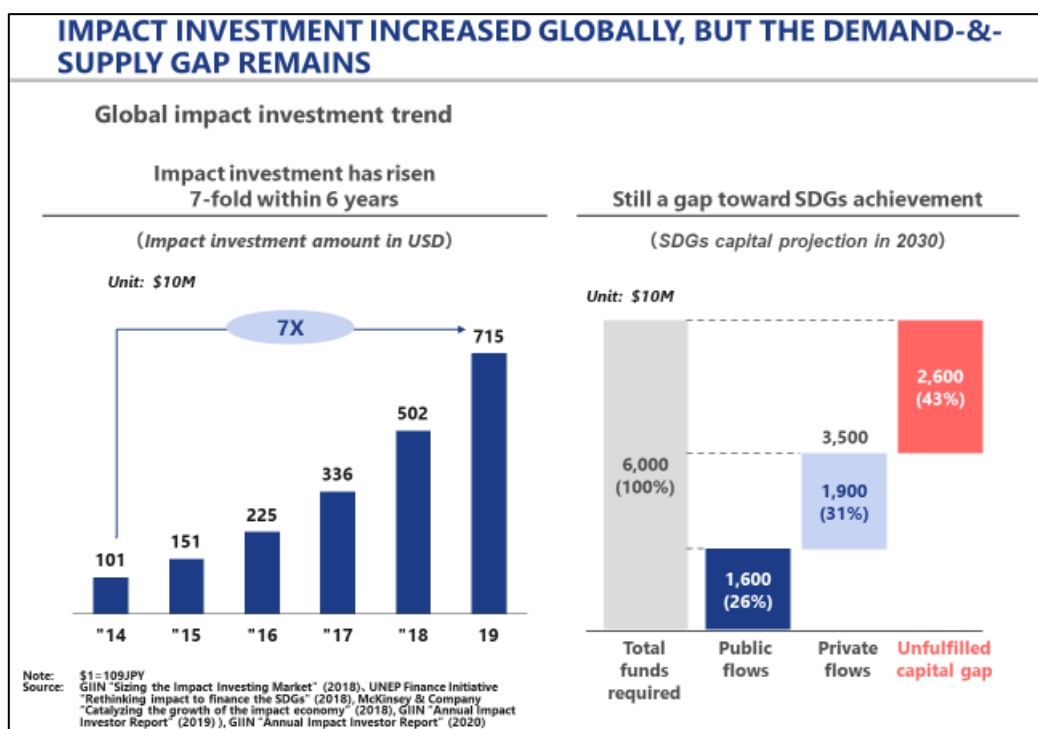


【Figure18: Example of potential partners (5/5) Topica Edtech Group】

Chapter 3. Survey findings on impact investment and blended finance trends in developing countries

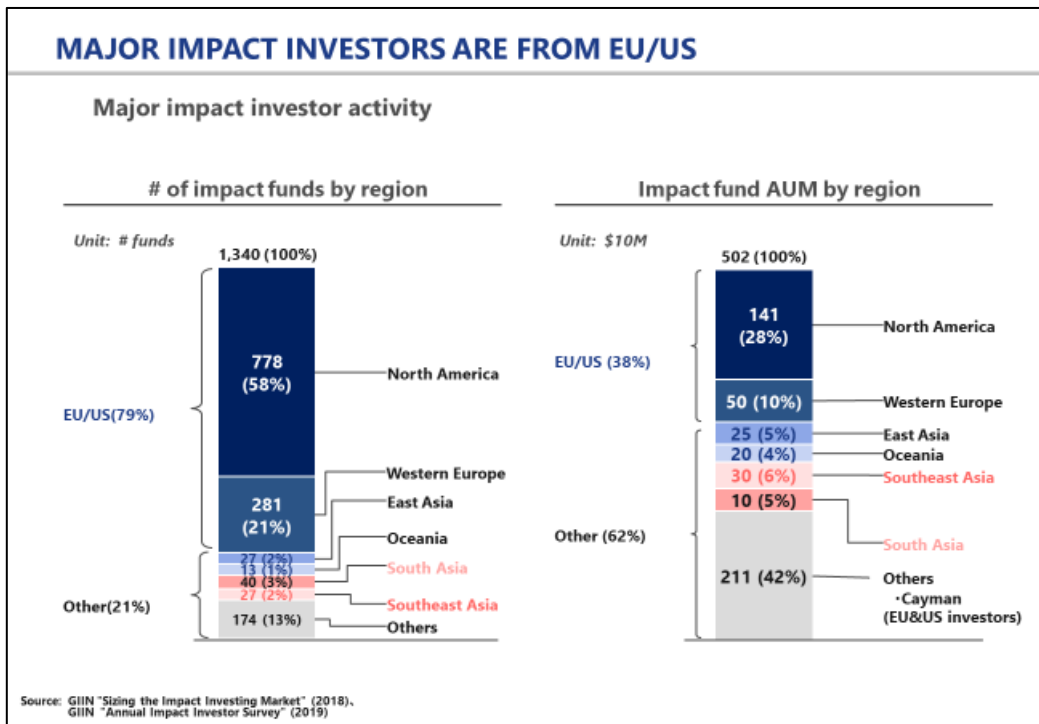
3-1 Impact investment trends

Since around 2000, impact investment and ESG investment funds have mainly been started by European and North American investors. In the six years leading up to 2019, total global investment rose 7-fold to \$715 billion. Yet, as shown in the figure below, a significant financing gap of \$2.6 trillion must be filled to reach the \$6 trillion required for the achievement of the SDGs by 2030. One global issue to consider is how this shortage can be filled over the next 10 years.



【Figure19: Global impact investment trends】

The leading impact investment players are public institutions, MDBs, DFIs, foundations, impact investment funds, and private banks mainly from the EU and US. Some notable names are shown in the following figure.



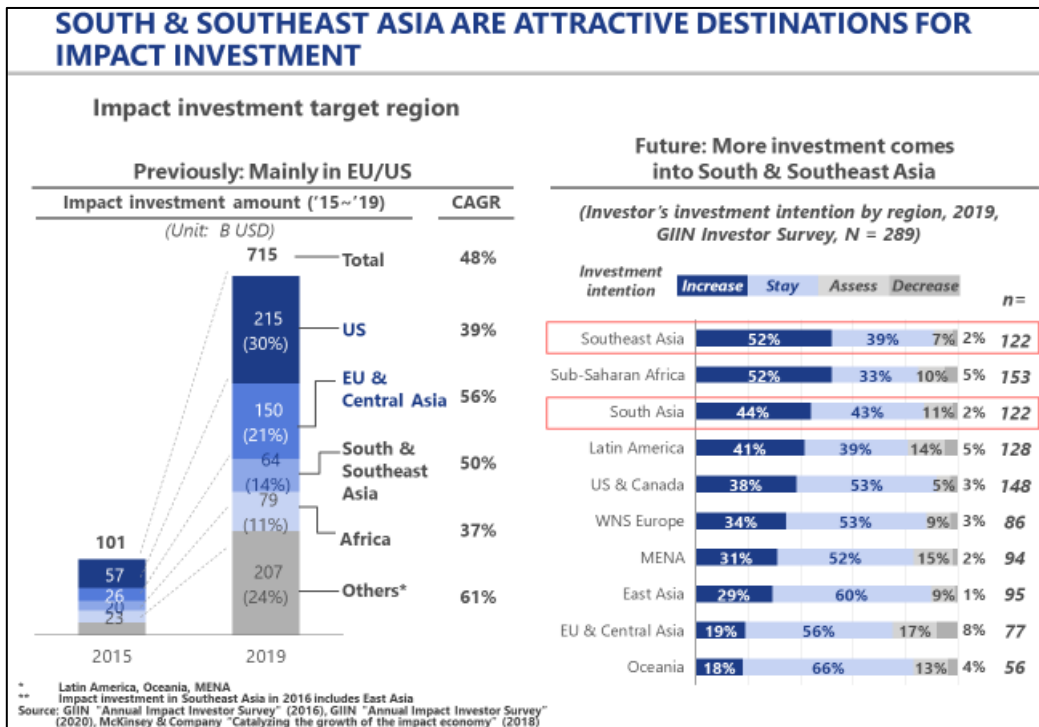
【Figure20: Comparison of major impact investment funds by location】

Organization type		Name
Public	Development support org.	USAID, DFID, Multilateral investment fund, Dutch Good Growth fund, BMZ, etc
	Financial institute	IFC, FMO, IDB, OPIC, kfw, PROPARCO, etc
	Foundation	Omidyar network, Gates foundation, Shell foundation, Rockefeller foundation, DOEN foundation, etc
Private	Impact fund	Calvert impact capital, Responsibility investments, Calvert research and management, Triodos bank, Oikocredit, LGT impact, etc
	Bank	Deutsche bank group, Standard chartered bank, JP morgan chase & co, AXA investment managers, Storebrand life insurance, Vdk bank, Standard bank, Prudential, BNP paribas, etc

Source: GIIN website, DI interview

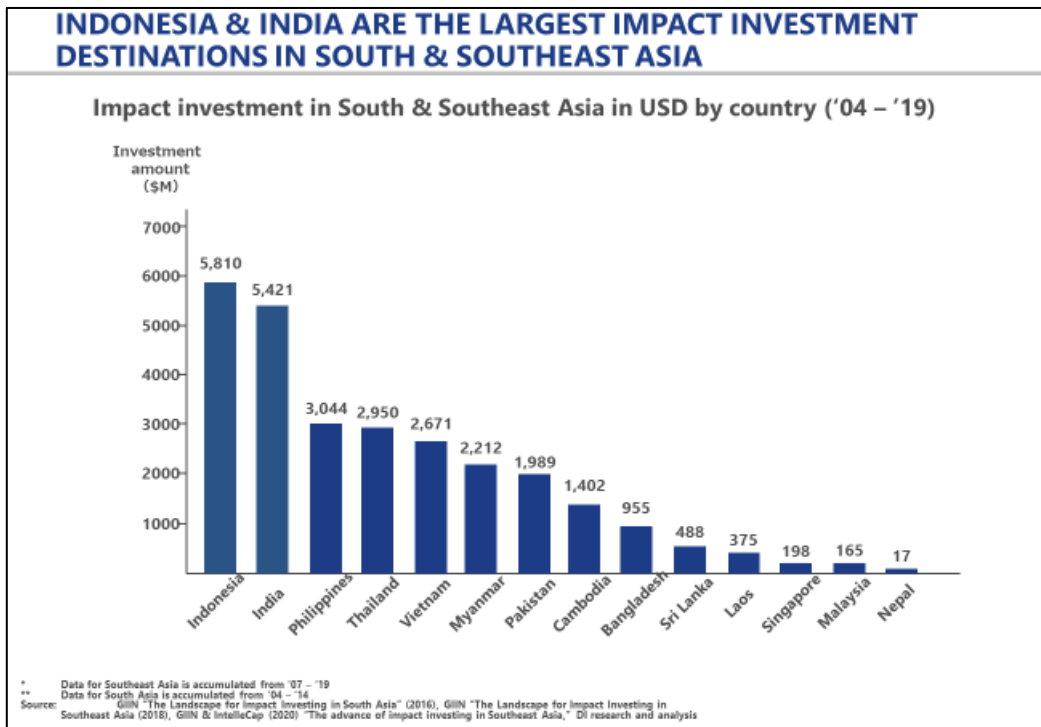
【Figure21: Major players in impact investment worldwide】

As shown in the figure below, previously, impact investment has so far taken place mainly in Europe and North America. Recently, however, interest and expectations have rapidly shifted towards South and Southeast Asia. Those regions are believed to be promising investment destinations.

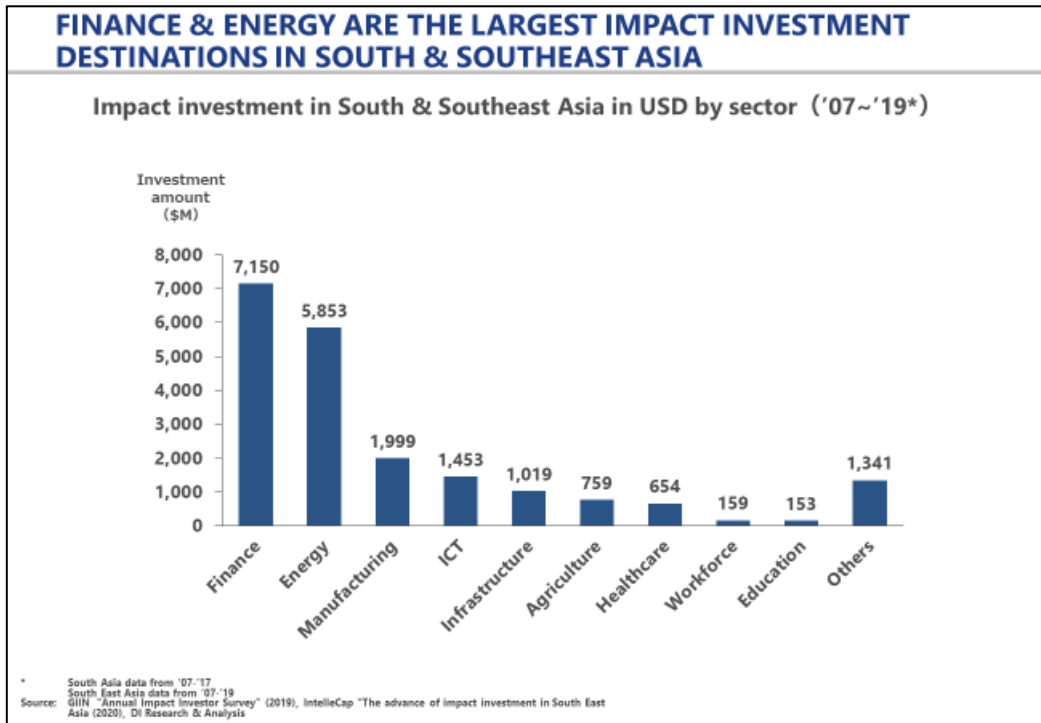


【Figure22: Major impact investment destination】

The recent trend of impact investment in Asia is shown below. By country, large amounts of capital flow into Indonesia (\$5.8 billion, '04~'19) and India (\$5.4 billion, '04~'19), two countries with vast populations and big social impact potentials. By sector, investment in finance (\$7.1 billion, '07~'19) and energy (\$5.8 billion, '07~'19) are significant compared to the other sectors. Microfinance projects are the major capita destination in the finance sector, and renewable energy projects are the major capital destination in the energy sectors. Large investment capital amounts and returns are expected in these sectors.

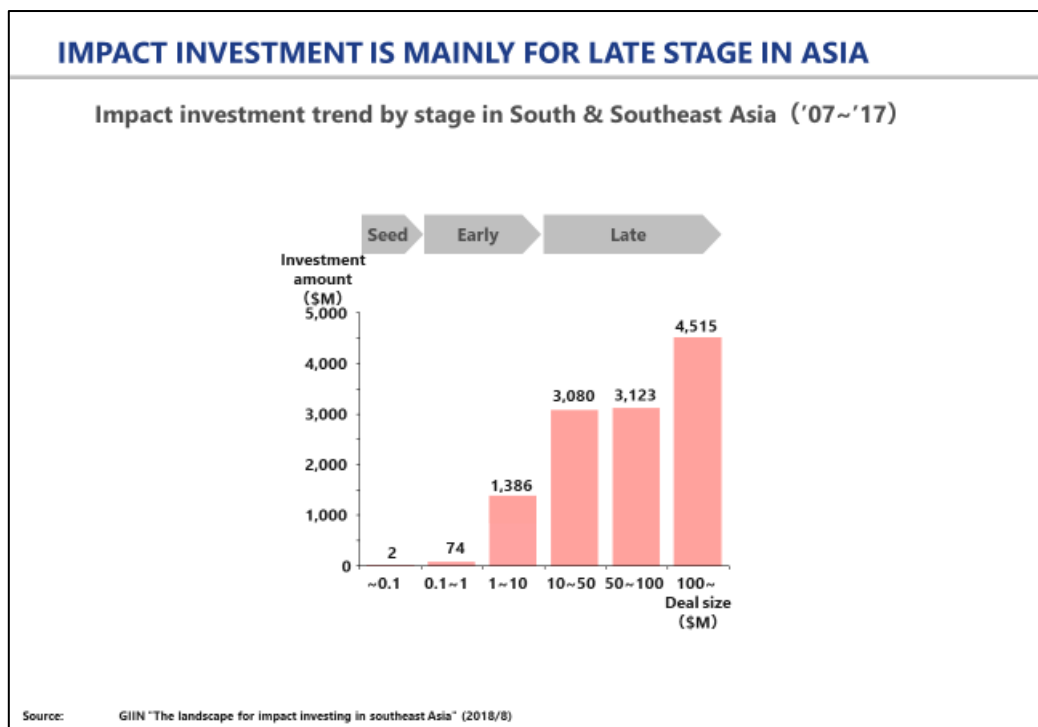


【Figure23: Cumulative impact investment by country in South and Southeast Asia】



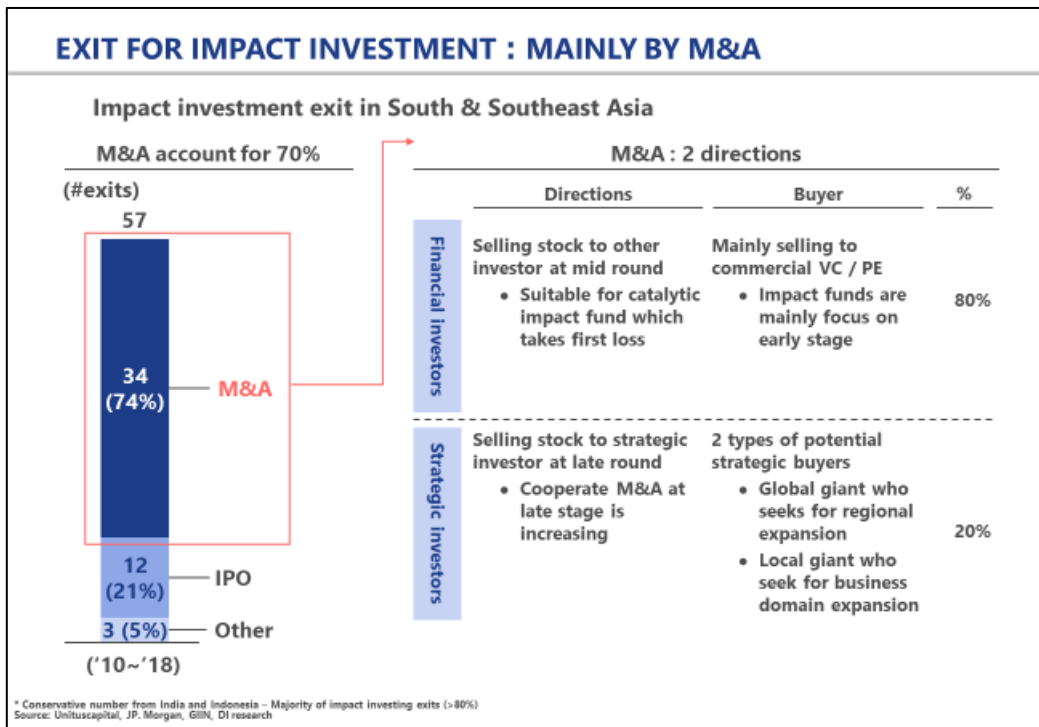
【Figure24: Cumulative impact investment by sector in South and Southeast Asia】

By investee’s funding stage, most of the capital goes to late-stage deals (\$10.7 billion), Seed~early-stage investment, meanwhile, is limited (\$1.5 billion). These figures describe a large imbalance in impact investment.

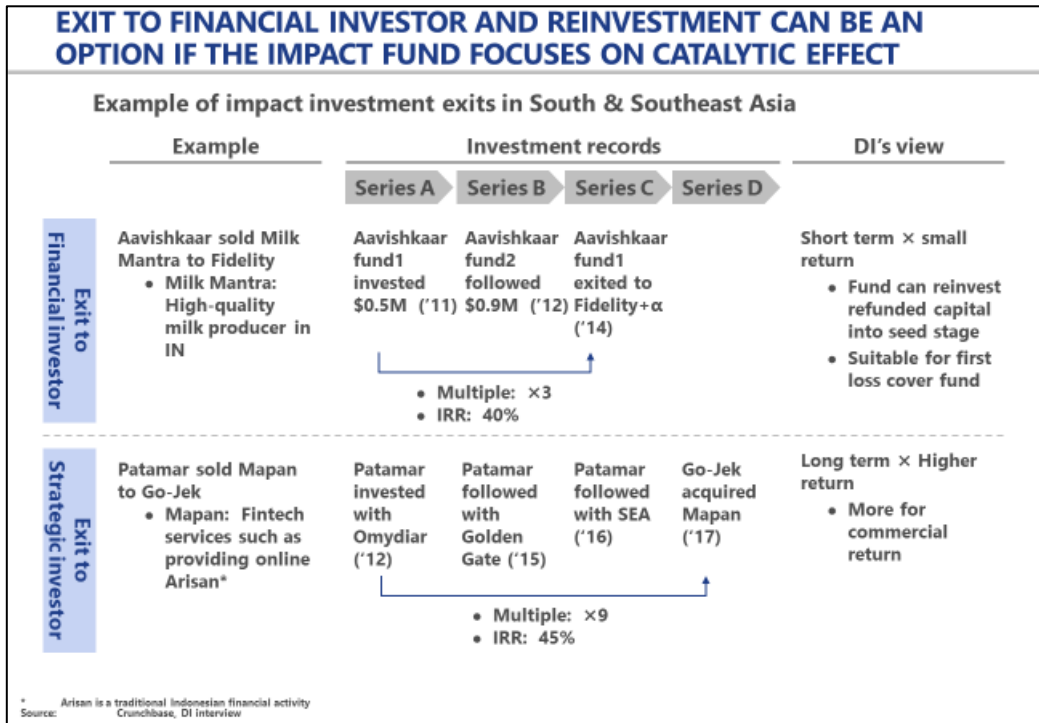


【Figure25: Cumulative impact investment by investees’ funding stage in South and Southeast Asia】

M&A accounts for more than 70% of the total exit cases in impact investment. There are two exit options, selling stock to financial investors or to strategic investors. Selling stock to a financial investor can be completed over a short-term time frame: a deal can be done in the investee’s initial business stage. In contrast, selling stock to a strategic investor takes place in the medium to long term, often at a late stage. If the new impact investment fund focuses on catalytic effect, selling stock to financial investors in the short term and re-investing the capital into another potential investee may be another option.

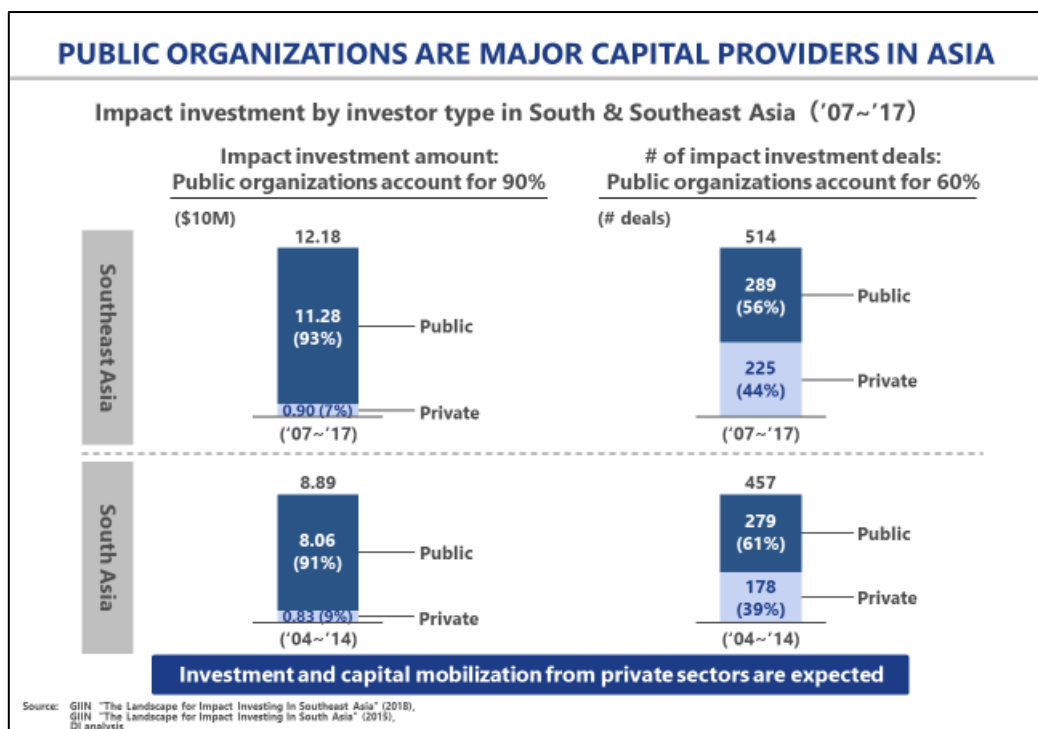


【Figure26: Overview of impact investment exits in South and Southeast Asia】



【Figure27: Example of leading impact investor exit】

The major players in impact investment in South and Southeast Asia are still in the public sector, accounting for more than 90% of the total impact investment between '07~'17. On the other hand, these public sector investments are not expected to have catalytic effects. One issue affecting these investments was an inability to mobilize private capital. As such, the public sector is increasingly expected to mobilize private capital through catalytic activity.



【Figure28: Cumulative impact investment in South and Southeast Asia by investor type】

Many efforts have been made to support the development of ecosystems that expand the range of impact investment in countries other than India (i.e., Indonesia and Vietnam), where impact investment has risen to a certain level. Below are three examples of impact investment-related initiatives by government agencies in South and Southeast Asia.

PUBLIC ORGANIZATIONS MAINLY FOCUS ON ECOSYSTEM DEV.			
Major activities of public organizations in South & Southeast Asia			
Public org.	Overview	Main purpose	Public org.'s role
USAID • with ANGIN • Indonesia	ANGIN provides a social investor network <ul style="list-style-type: none"> • Holding pitch events • Matching global investors with social entrepreneurs 	Develop an impact investment ecosystem <ul style="list-style-type: none"> • Investments for seed-stage social start-ups are not yet mature in ID 	USAID provided grant <ul style="list-style-type: none"> • Part of the Global Entrepreneurship Program (GEP) that grew from an initiative of President Obama
AUSAID • with Patamar Capital • Indonesia	Seed investment + acceleration for women-led enterprises <ul style="list-style-type: none"> • Invest \$250k • Provide acceleration programs 	Foster the growth of women-led biz in ID	AUSAID provided capital <ul style="list-style-type: none"> • AUM: \$3M
USAID • with Lotus Capital • Vietnam	Local social incubation and investment program called Lotus Hub <ul style="list-style-type: none"> • Supporting social entrepreneurs with best practices from Villgro 	Developing social entrepreneurship foundation <ul style="list-style-type: none"> • The social enterprise model is still in its infancy stage in Vietnam 	One of the USAID PACE initiatives <ul style="list-style-type: none"> • Cooperating with Villgro & Lotus Capital

Note: ID=Indonesia, VN=Vietnam, BD=Bangladesh
Source: DI Interview and analysis

【Figure29: Examples of activities by major government agencies in South and Southeast Asia】

Based on these trends, there is a chance for JICA to develop an impact investment ecosystem targeting the seeding of early social start-ups as catalysts.

“ASIA × SEED FOCUS × CATALYST” = WHAT JICA NEEDS TO DO		
Summary of impact investment in South & Southeast Asia		
	Impact investment issues	Directions for new fund scheme
Investor type	Private investor contributions are limited <ul style="list-style-type: none"> • \$2.6T gap between impact capital demand & supply globally in '30 • Private investors only contribute 31% 	JICA works as catalyst <ul style="list-style-type: none"> • JICA takes the “First loss” risk and mobilizes private investor capital
Target region	Most of the impact capital goes to EU/US <ul style="list-style-type: none"> • Africa is the biggest among developing countries • Asia is not yet big enough 	Focused on the Asia region <ul style="list-style-type: none"> • Harnessing JICA's strength and brand awareness in Asia
Target start-ups stage	Most of the impact capital goes to late stage <ul style="list-style-type: none"> • Late stage: future cash flow easier to predict, lower investment risk 	Focus on Seed ~ Early stage <ul style="list-style-type: none"> • New fund will help establish foundation for social start-ups in Asia
Target sector	Most of the capital goes to Finance & Energy <ul style="list-style-type: none"> • Other sectors also require capital 	New fund will provide capital to wide-ranging sectors <ul style="list-style-type: none"> • Not only Finance & Energy

Source: DI Interview and analysis

【Figure30: Possible direction for JICA】

3-2 Types of impact investment tools

There are four types of impact investment instrument (=blended finance type) named in the blended finance report by Convergence (the global network for blended finance). Providing catalytic capital by grants can support social impact focus activities, as there are no refunding requirements for the funds. When providing catalytic capital by deferred stock, the catalyst's rights for distribution of the residual assets are subordinate to the rights of the other creditors and stockholders. So, a decent level of catalytic impact can be expected. When providing catalytic capital by subordinated debt, the catalyst's rights for distribution of the residual assets are subordinate to the rights of the other creditors, but higher than the rights of the stockholders. The catalytic impact is therefore lower than that of deferred stock. Providing catalytic capital with government guarantee is the only applicable approach for infrastructure construction projects. As such, the suitability for impact investment is low.

CATALYTIC TOOL: FOUR OPTIONS FOR JICA IN PROVIDING CAPITAL TO THE IMPACT FUND			
Structure (=Catalytic tool) for raising capital for the impact fund			
Structure options	Image	Overview	Suitable fund concept
	Image	Catalytic impact	Case study
Grant	Priority Fund Private Public Subordinate	High • No capital return	Community finance fund for social entrepreneurs (CFFSE)
Deferred stock	Private Public	Mid • Residual claim rights are weaker than other equity and debt	Cross Boundary Energy Fund
Subordinated debt	Private Public	Low • Residual claim rights are weaker than other debt • But stronger than equity	Danish climate investment fund
Gov. guarantee	Private Guarantee Public	Only works for specific projects • E.g.) Infrastructure construction, etc.	Women's livelihood bond (WLB)

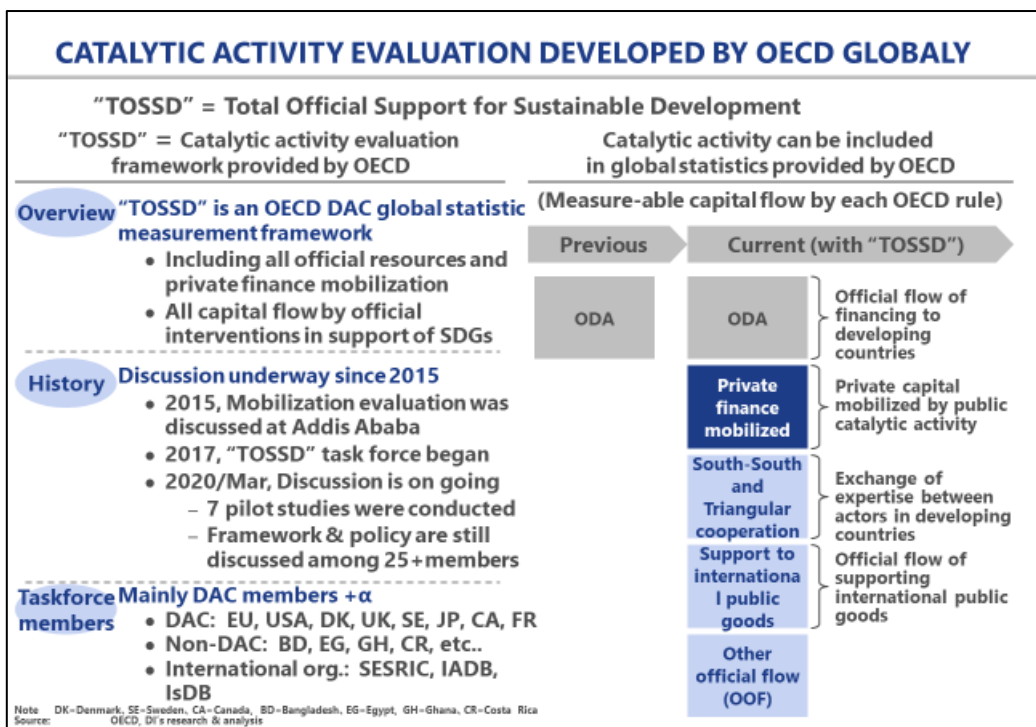
Source: Convergence website, DI interview and analysis

【Figure31: Types of impact investment structures (=catalyst tool)】

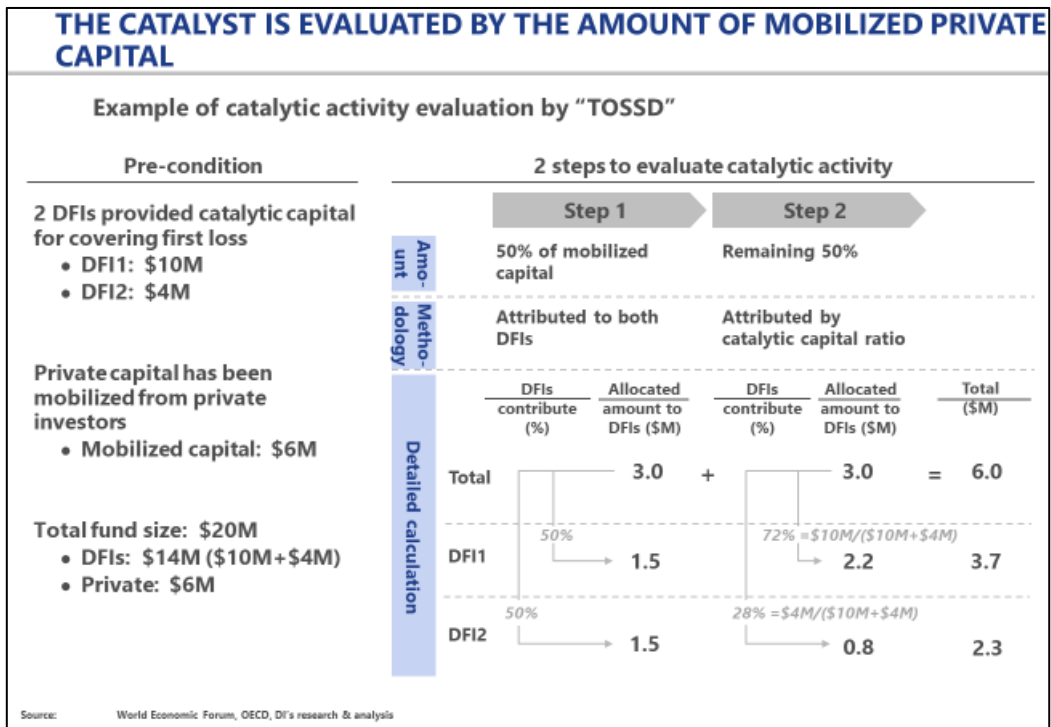
Catalytic activity to provide catalytic capital for impact funds by public sector players such as IFC and ADB has been increasing as a recent trend in blended finance, especially in South and Southeast Asia.

Regarding OECD-led methods for measuring catalytic impact and mobilized private capital, a framework has been developed to record the amount of private capital mobilization on

the international statistics system. DAC members have been discussing this framework, called “TOSSD” since 2015. In the TOSSD framework, the mobilization effect of private capital is measured by the amount of catalytic capital provided from each catalyst. The details as shown below.

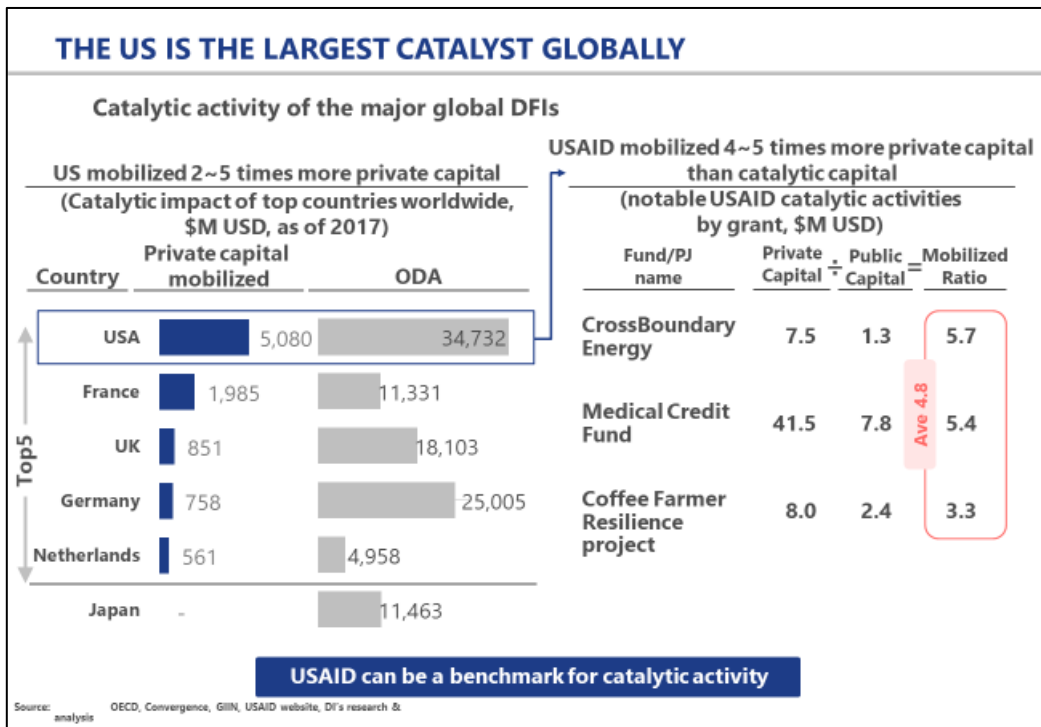


【Figure32: Overview of “TOSSD”】



【Figure33: "TOSSD" methodology for measuring private capital mobilization】

The United States is ranked as the world's top catalytic player, as measured by mobilized private capital. The United States can therefore be one benchmark for JICA along its path to becoming one of the top catalysts globally.



【Figure34: Trends of catalyst activities of major DFI】

Chapter 4. Case study analysis of similar impact investment funds in emerging countries

4-1 Case study of similar impact investments

Major support targets for organizations supporting impact investment can be categorized into three types: start-ups/enterprises, for funds/investors, and for governments.

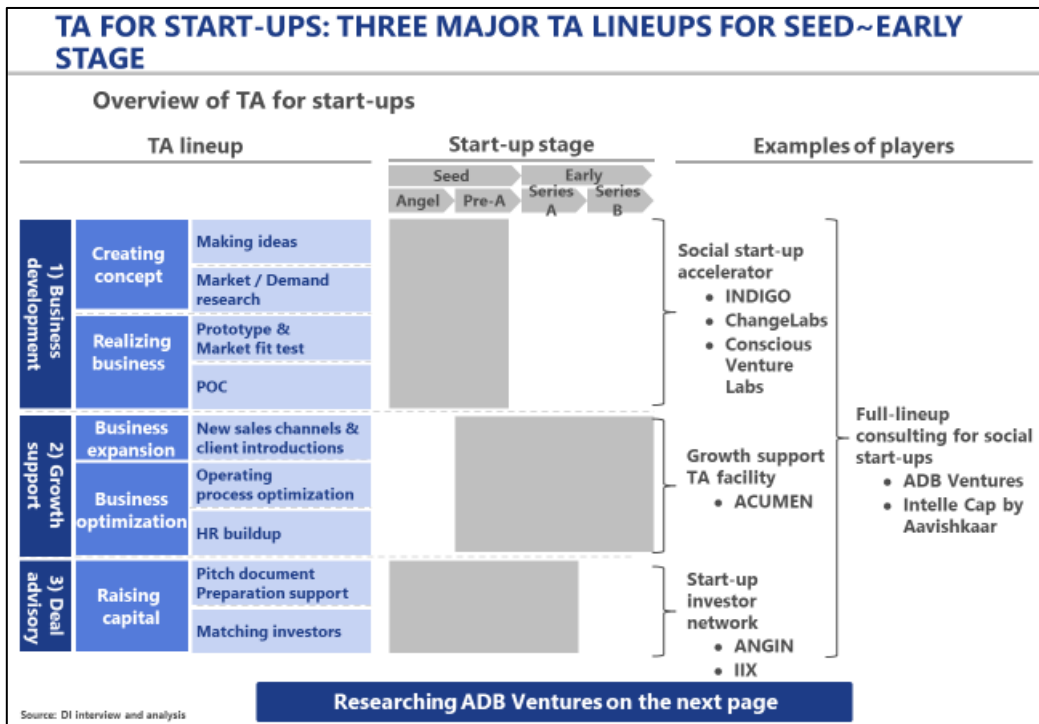
CASE STUDY: VARIOUS MENUS FOR THE THREE SUPPORT TARGETS				
Support option by impact investment support org.				
Support target	Support	Suitable fund concept	Case study	JICA's new fund idea
For start-ups/ Enterprise	<ul style="list-style-type: none"> Market research Accelerator program Sales & marketing support Fundraising support 	Seed~Early start-up fund <ul style="list-style-type: none"> Biz dev. support is important 	Accelerator program for social start-ups <ul style="list-style-type: none"> ANGIN w/ USAID (ID) Lotus w/ USAID (VN) 	① Social Venture Capital <ul style="list-style-type: none"> Equity investment for seed start-ups ⑥ Social Deep Tech Fund <ul style="list-style-type: none"> Equity investment for deep tech holders
For fund/ Investor	<ul style="list-style-type: none"> Social impact evaluation Capital support for biz due diligence Investee's staff training 	Early~Late start-up fund <ul style="list-style-type: none"> Side support from TA facility is important for impact fund 	KfW for AATIF (Africa) <ul style="list-style-type: none"> Training for investee's staff, capital provided for biz due diligence 	② Social Venture Debt <ul style="list-style-type: none"> Debt for Series A~B ③ Social Late-stage Equity <ul style="list-style-type: none"> Equity investment for late stage
For government	<ul style="list-style-type: none"> Law/regulation development Industry support scheme development 	PE fund targeting overall industry growth	N/A	④ PE focused on social issues <ul style="list-style-type: none"> PE investment for traditional biz domain ⑤ Impact Fund with regulation development support <ul style="list-style-type: none"> Negotiation with local gov. for regulation establishment and investment

Deeper analysis on support for start-ups (= Focus of the project)

Source: DI interview and analysis

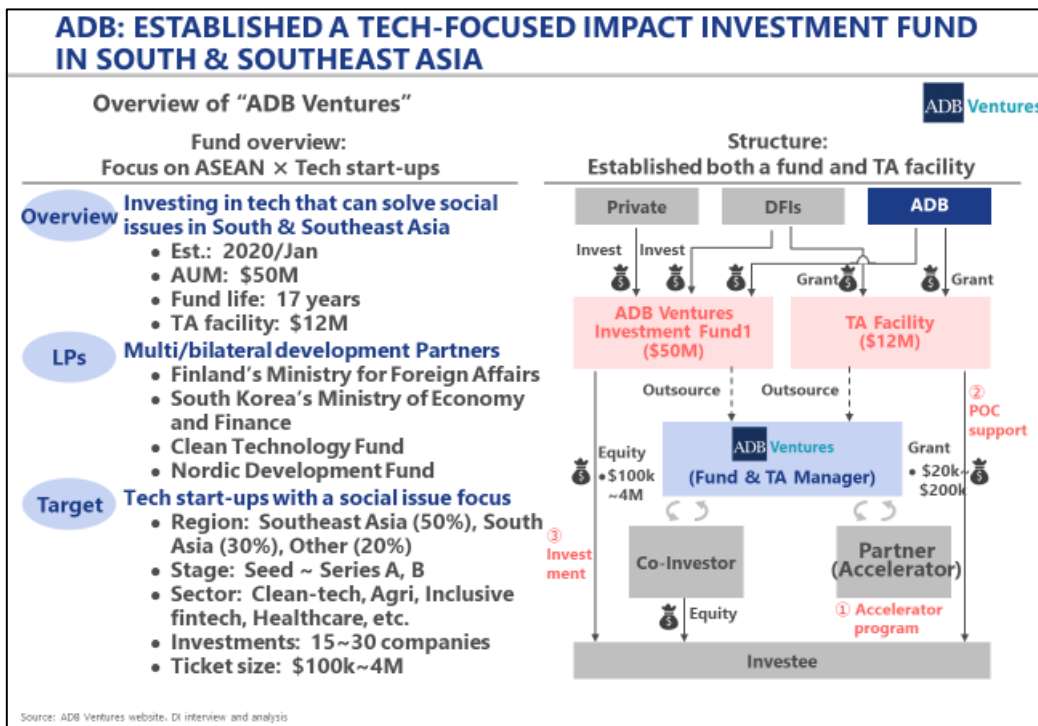
【Figure35: Types of support provided by organizations supporting impact investment】

Social start-up support by TA facilities is especially important for impact investment. As such, this survey focus on case studies of start-up support by organizations supporting impact investment. There are three major lineups of support up for start-ups. In South and Southeast Asia, in particular ADB (Asian Development Bank) is providing a wide variety of social start-up supports, that can be added to our deep analysis as shown below.

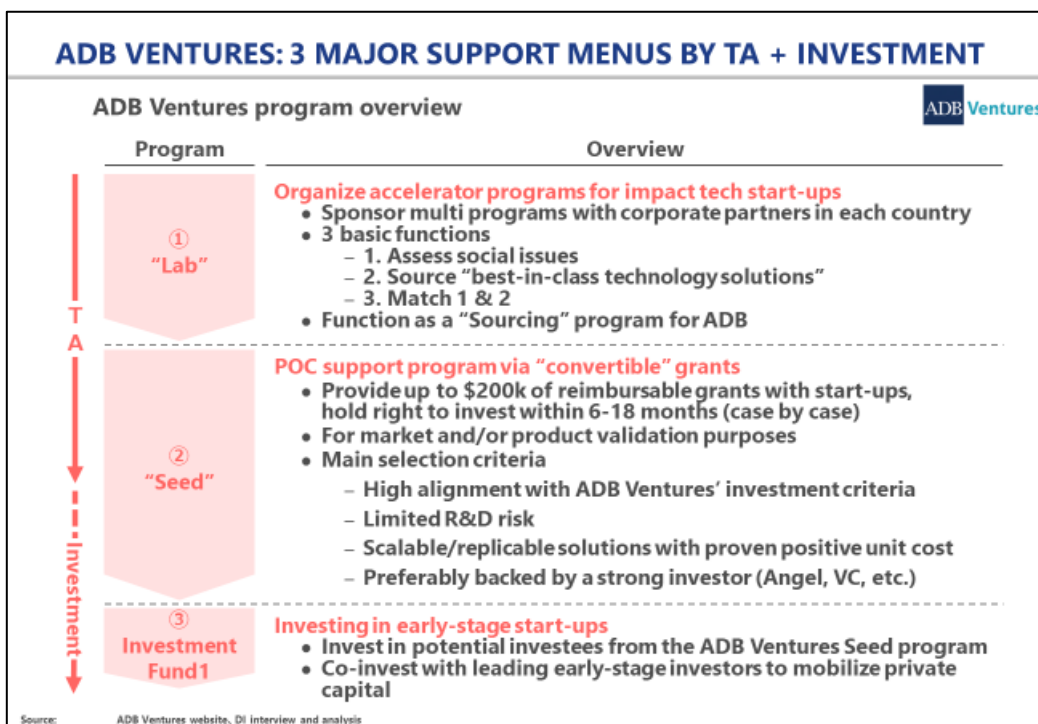


【Figure36: Overview of start-up support】

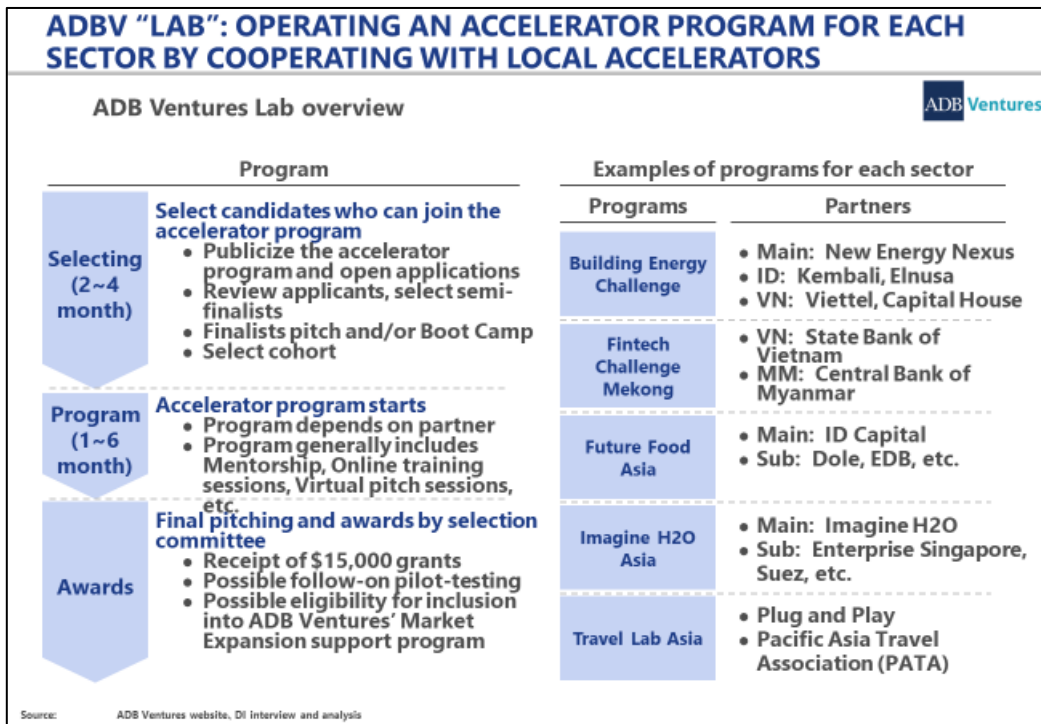
In January 2020, ADB set up an impact investment fund focusing on tech social start-ups in South and Southeast Asia. In addition to the fund, ADB also established a TA facility to provide PMF/POC support through pre-investment acceleration and grants. Regarding acceleration, ADB partners with local accelerators to launch sector focused acceleration programs and builds potential investee pipelines. An overview of the ADB fund and support lineups follows below.



【Figure37: Overview of ADB Ventures】

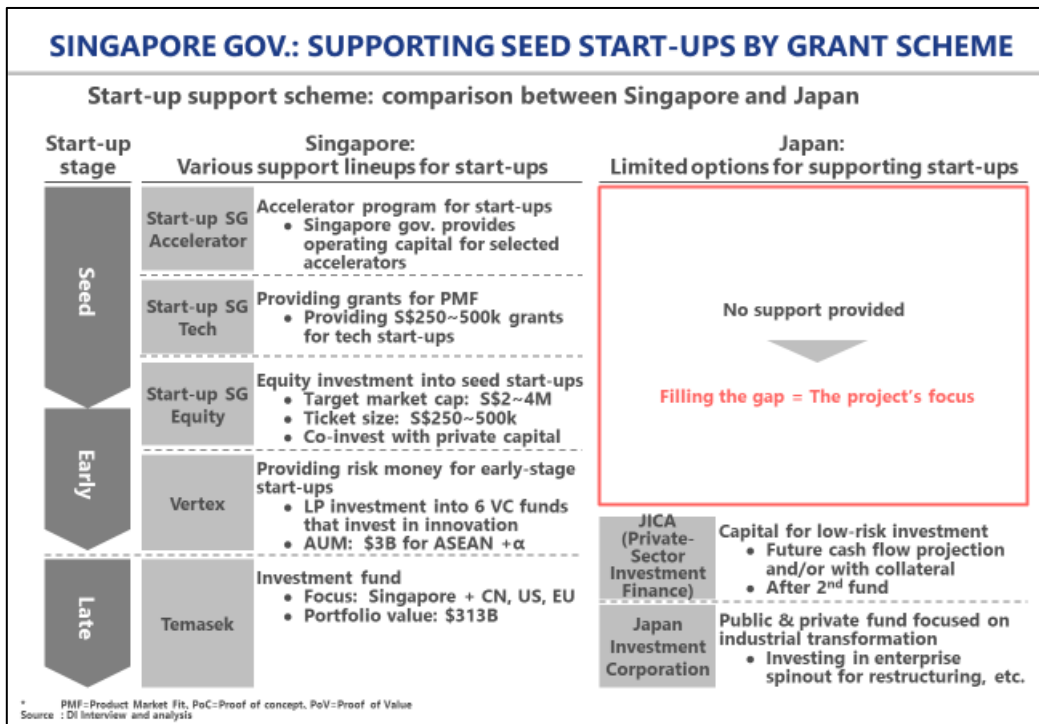


【Figure38: Overview of the support programs of ADB Ventures】



【Figure39: Overview of the ADB Ventures Lab】

As for government agency activity, the Singapore government has built a comprehensive framework to support seed~late-stage start-ups. Specifically, the Singapore government provides acceleration programs, grants for PoC, and equity investment from a fund for seed stage start-up. For early to late stage start-up, investing by Vertex and Temasek to support start-up growth.



【Figure40: Comparison of start-up supports provided by the Singapore and Japan Governments】

4-2 Indicators and methods for impact measurement

One of the support tools for funds / investors provided by impact investment support organization is focused on supporting social impact evaluation. This chapter will analyze the current status of social impact evaluation. There are two major social impact evaluation methods used globally. Social impact is hard to evaluate using either of the methods alone. The major funds therefore combine the two methods for their social impact evaluations.

SOCIAL IMPACT EVALUATION: TWO MAJOR METHODOLOGIES						
Social impact evaluation methodology						
Method	Overview	Metrics	User	Characteristics		DI's view
				Popularity	Arrange-ability	
Standardized metrics	Globally popular standard <ul style="list-style-type: none"> Designed by impact experts 	<ul style="list-style-type: none"> IRIS HIPSO SPI4 etc. 	Over 60% of impact investors use <ul style="list-style-type: none"> DFIs, BAOs – FMO, USAID Foundations – Calvert Impact fund – Acumen, Aavishkaar 	HIGH <ul style="list-style-type: none"> Globally identifiable Comparable 	MID – LOW <ul style="list-style-type: none"> Some metrics cannot be adapted with fund mandates 	Build a base set with standardized metrics <ul style="list-style-type: none"> Best for disclosing a fund's performance Mutual understanding of most investors
Customized metrics	Metrics customized for each fund <ul style="list-style-type: none"> Fund manager develops To fit with fund mandate 	N/A	Fund managers mostly design by themselves <ul style="list-style-type: none"> Impact fund – e.g., Triodos Trade Fund, Sarona Asset Management 	MID – LOW <ul style="list-style-type: none"> Only Recognized by fund beneficiaries Hard to compare 	HIGH <ul style="list-style-type: none"> Close fit to fund mandate Tailor made for each fund 	Additionally used for fund management purposes <ul style="list-style-type: none"> Not popular globally, but able to measure specific fund goals
Combining both methodologies will be the best option for the fund						

Source: DI interview and analysis

【Figure41: Methods for measuring global social impact】

IRIS and HIPSO are two major metrics for evaluating global social impact. Social impact evaluation metrics are set as links with SDGs, fund mandates, and the types social issue targeted.

IRIS & HIPSO ARE THE TWO MAJOR METHODOLOGIES WORLDWIDE		
Examples of major social impact evaluation methodologies		
	IRIS: Mainly used by private investors	HIPSO: Mainly used by DFIs
Background	Designed to be easier to use for private fund managers <ul style="list-style-type: none"> Shows the relation between the SDGs and metrics Pre-set calculation formula Shows what data should be collected 	A set of standardized metrics mainly for DFI use <ul style="list-style-type: none"> An effort for IFIs to have a common language for impact measurements IFIs often require it for private investors
Created by	Experienced global impact investors <ul style="list-style-type: none"> Established in 2008, Managed by GIIN* Supported by Acumen, Rockefeller Foundation, B Lab With technical support from Hitachi, Deloitte and PwC 	25 International Development Institutes (IFIs) <ul style="list-style-type: none"> Established in 2008 Designed by DFIs as ADB, FMO, IDB, IFC, OPIC, DEG, PROPARCO, etc.
Usage	Covering all major industries <ul style="list-style-type: none"> 649 metrics for ±20 industries <ul style="list-style-type: none"> E.g.) Agri, Healthcare, Finance, Waste management, Environment, etc. 	Good coverage for fundamental industries <ul style="list-style-type: none"> Total of 60 metrics for 13 industries <ul style="list-style-type: none"> Core industry: Agri, energy, infrastructure, etc. Over 90% can be aligned with IRIS
Popularity	Most popular impact measurement metrics for private investors <ul style="list-style-type: none"> Used by ~600 impact investors (65%) globally 	Popular for development agencies (DFIs/ IFIs) <ul style="list-style-type: none"> Used by almost all DFIs

Source: IRIS website, HIPSO website, GIIN "A state of impact measurement: Second edition" (2020)

【Figure42: Overview of the major frameworks for social impact measurement】

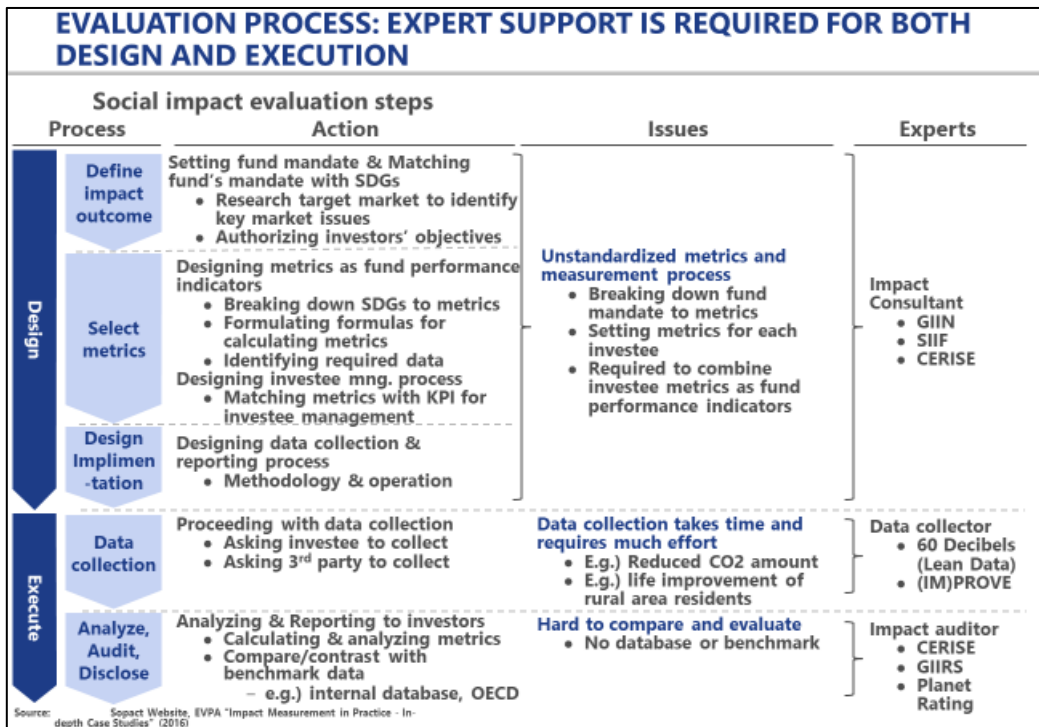
METRICS: METRICS ARE SET BY SECTORS AS LINKS WITH SDGs

Example of IRIS			
Sector	# metrics	Major metrics	
General metrics*	-	No. of people employed / jobs created Minimum wage % employees covered by compulsory insurance	
Sector-specific metrics	Healthcare	58	No. of patient visits / consultations No. of procedures / surgeries conducted No. of healthcare awareness campaigns / educational activities created
	Finance	68	Average size of loan disbursed No. of loans disbursed (to SMEs, to financial intermediaries) No. of new businesses created as a result of loans disbursed
	Agri / Food	49	% price markup higher than market benchmark Value of payments made to smallholder farmers No. of partners in the value chain that are small farmers or individuals
	Waste Management	27	% recycled materials Amount of hazardous waste avoided Amount of waste composted
	⋮		

* Applicable for all sectors (Logistics, Retail & Distribution, etc.)
Source: IRIS website

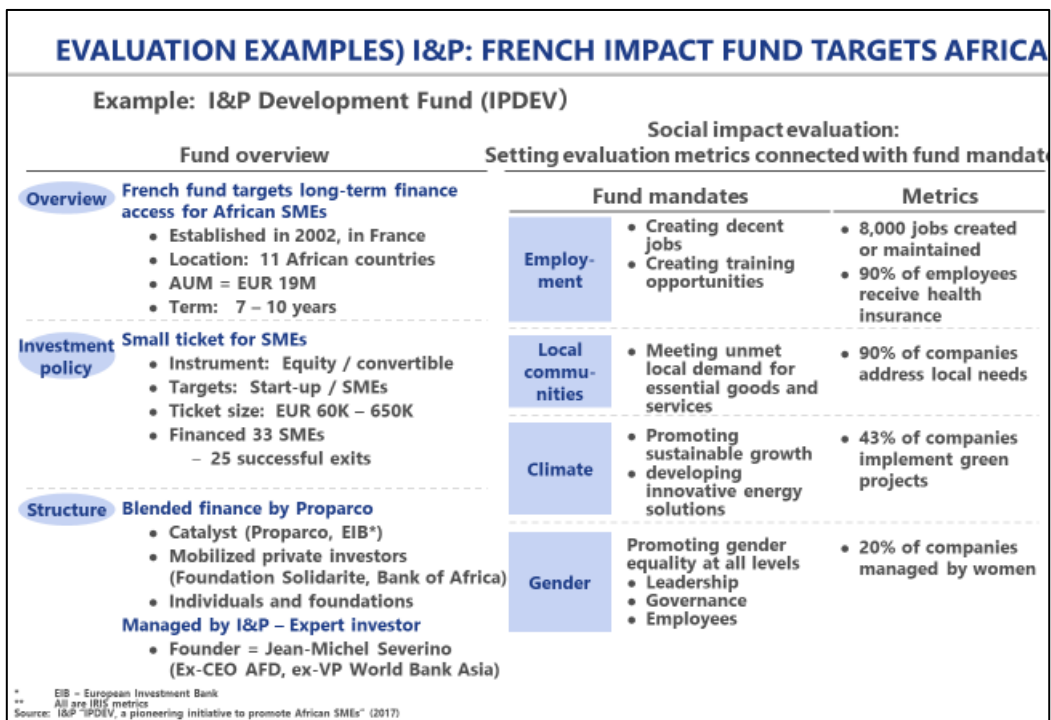
【Figure43: Example of IRIS metrics】

The design process for social impact measurement requires expertise in both design and execution. It is a common practice for impact investment funds to seek support from external experts. There is no standardized social impact evaluation metrics globally. Funds are thus required to develop their own social impact evaluation schemes based on their mandates and investment targets. As a result, great effort must be spent obtaining data in the execution stage. If the target issue is “CO2 reduction”, for example, no standardized formula for measurement is available and the data are difficult to collect.

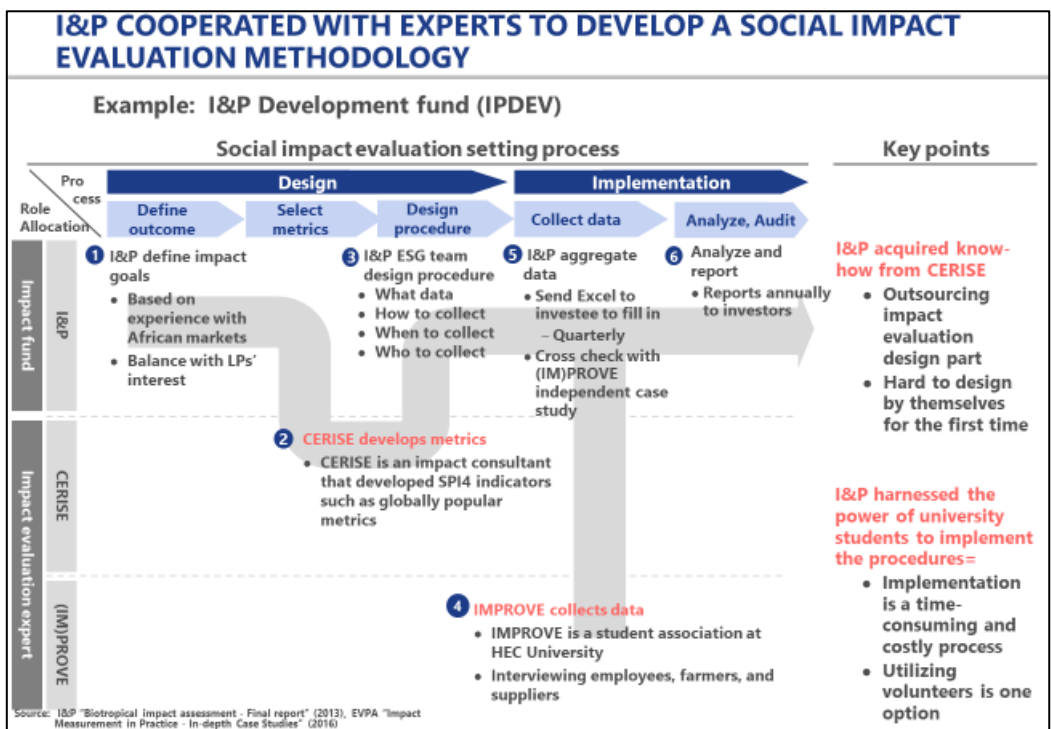


【Figure44: Overview of the social impact evaluation process】

I&P, a French impact investment fund, sets its metrics according to the fund's objectives. At the design stage, I&P partners with CERISE - the world-famous impact measurement agency. At the execution stage, interviews and surveys are conducted by (IM)PROVE, a student organization at HEC University.



【Figure45: Case study of I&P Development Fund (IPDEV) initiatives】



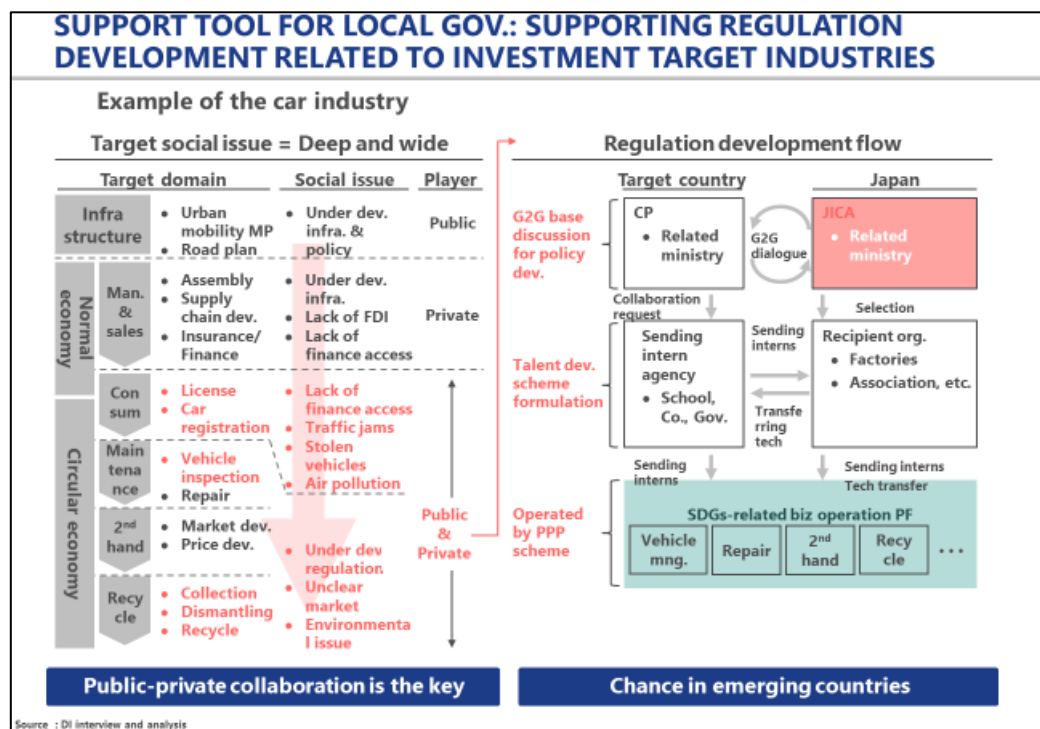
【Figure46: Example of the social impact evaluation by I&P Development Fund (IPDEV)】

4-3 Support tool for local government provided by impact investment support organization

One way a local government supports an impact investment support organization (= Future TA facility) is to facilitate the development of regulations in a specific industry. Specifically, the support focuses on the development of regulations in a specific industry with a social issue, to boost a social business that can solve a social issue in a specific industry and expand the business scale. Based on the regulations developed by the support, social enterprise will be operating business and creating financial and social impacts at the same time.

In the auto industry in South and Southeast Asia, for example, environmental and safety issues arise from a lack of regulations related to vehicle inspection, repair, collection, and recycling. One option, therefore, is to consider supporting local government with the development regulation by referring to related regulations in Japan and integrating the fund with Technical Intern Training Program to develop high technical human resources. Support can focus on a private company identified as a potential/existing investee from the fund, to expand business in a related business domains, such as the car repair business, 2nd hand car sales platform business, car parts recycling business, etc.

For a country, that has not developed impact investment related regulations, impact investment support organization will support impact investment related regulation development by collaborating with local government.



【Figure47: An example of local government support】

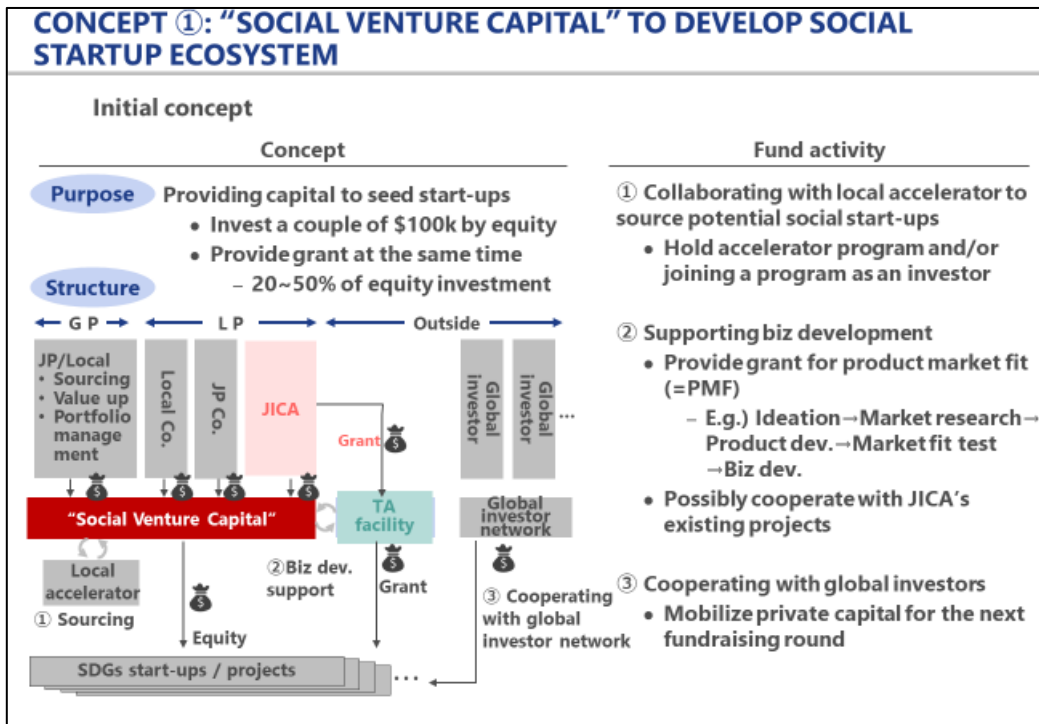
Chapter 5. Results on framework formulation for “new fund concepts and partnerships”

5-1 Proposed fund concepts

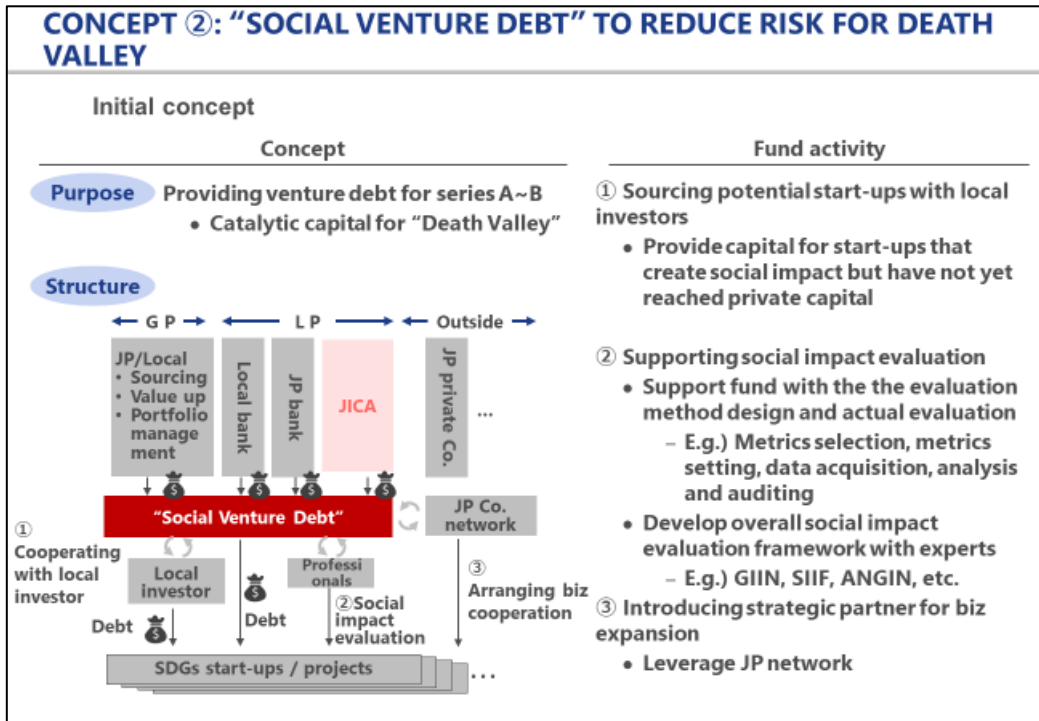
Based on the latest survey findings, six new fund concepts were initially proposed to JICA. The concepts are outlined in detail below.

NEW FUND CONCEPT: SIX CONCEPTS ARE PROPOSED							
Initial concept							
Fund concept	Overview			Risk/Return		JICA's role	
	Mandate	Instrument	Investment target	Risk	Return		
A) Start-up biz domain	① Social Venture Capital	Support social start-up biz dev. by capital and TA	Provide equity and/or grant for seed stage	Start-ups with an incomplete product market fit (=PMF)	High	Low ~ High	↑ • Acceleration in social biz domain • Ecosystem development
	② Social Venture Debt	Provide risk money for “Death Valley”	Provide debt for Series A~B	Start-ups that have completed the product/solution PMF	Mid	Mid	
	③ Social Late stage Equity fund	Provide catalytic capital for further growth of start-ups	Provide equity for Series C~D	Later-stage start-up	Low~Mid	Low ~ Mid	
B) Traditional biz domain	④ Social Impact PE Fund	Support growth of large social impact industries	PE investment for specific sector • Take the majority by PE investment	Traditional industry with only sparse innovation • E.g.) Healthcare, Agri	Mid~High	Mid	• GtoG relationship
	⑤ Regulation dev. Impact Fund	Support industrial scheme development for solving social issues	PE investment + regulation development • E.g.) Car repair, recycling industry, etc.	Industry without developed regulations	High	Low ~ Mid	• GtoG relationship • Staff training • Exporting JP knowledge
	⑥ Social Deep Tech Fund	Solve social issues with JP deep tech	Provide equity for JP tech operating biz in ASEAN	Issues that can be solved by deep tech • E.g.) healthcare, agri, environment, etc.	High	Low ~ High	• Exporting JP tech

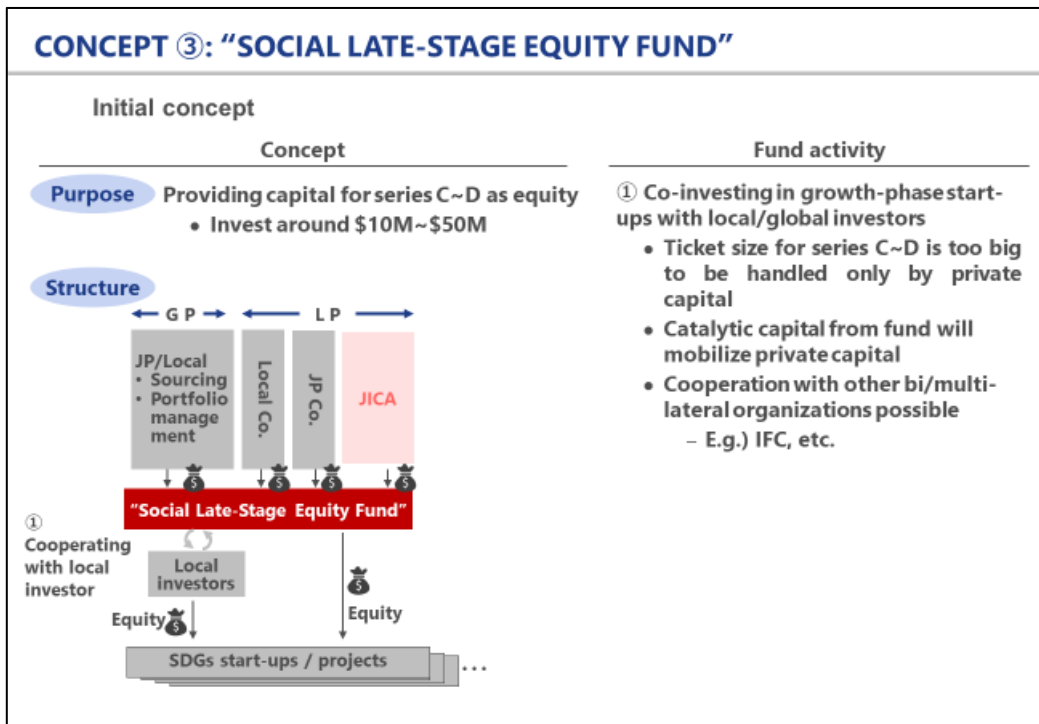
【Figure48: Overview of the initial fund concepts】



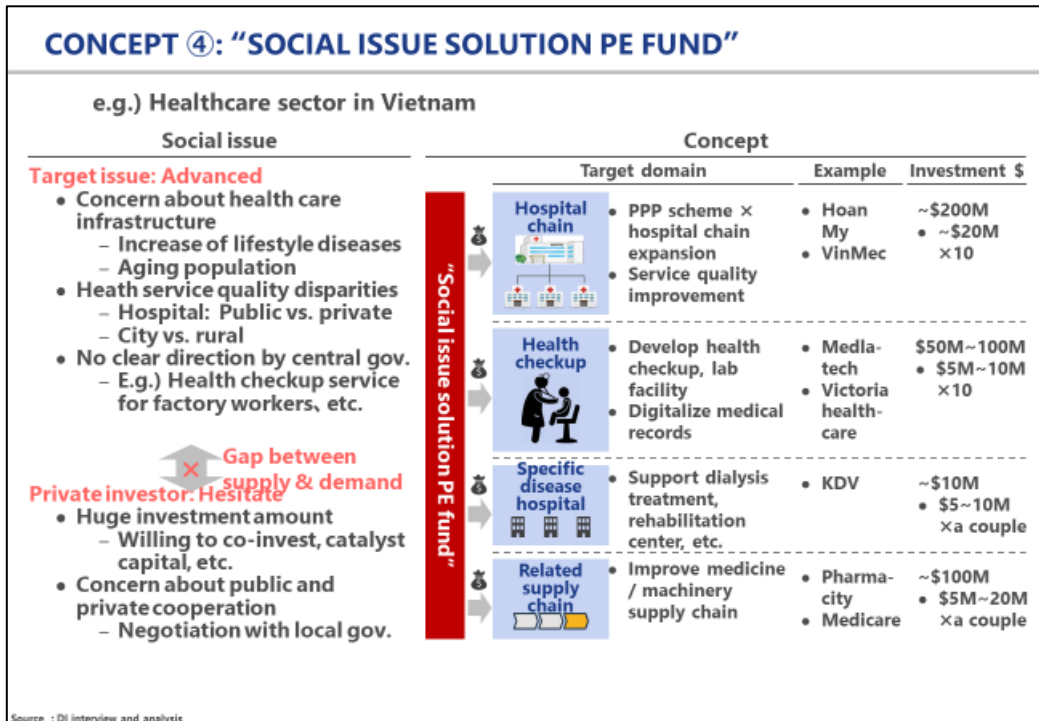
【Figure49: Concept① Social Venture Capital】



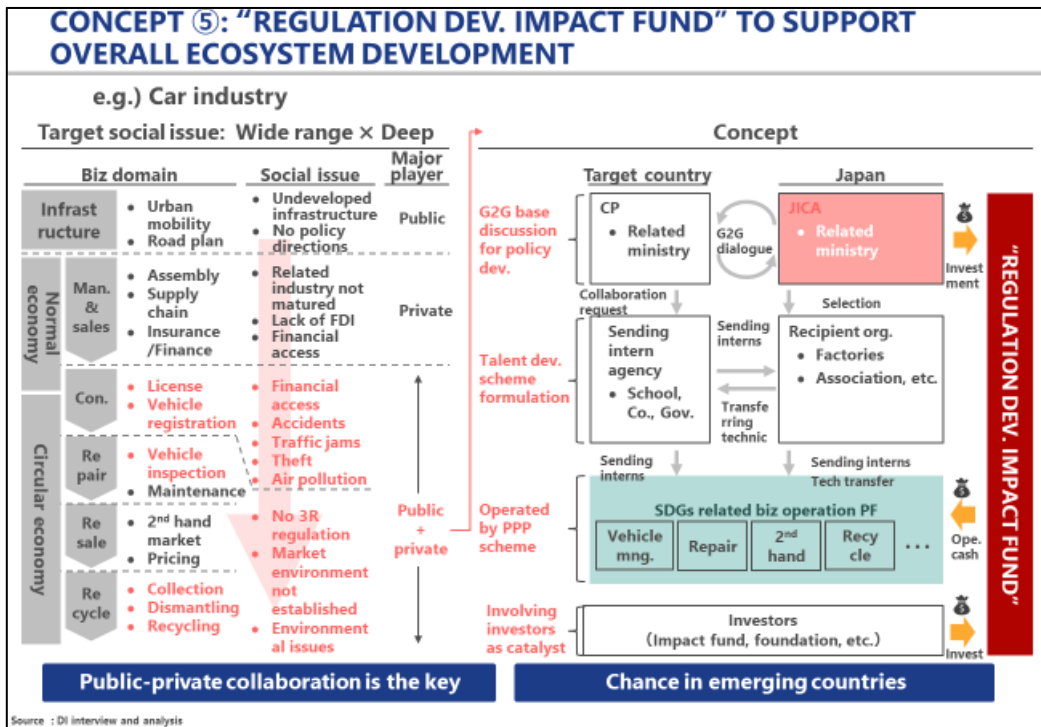
【Figure50: Concept② Social Venture Debt】



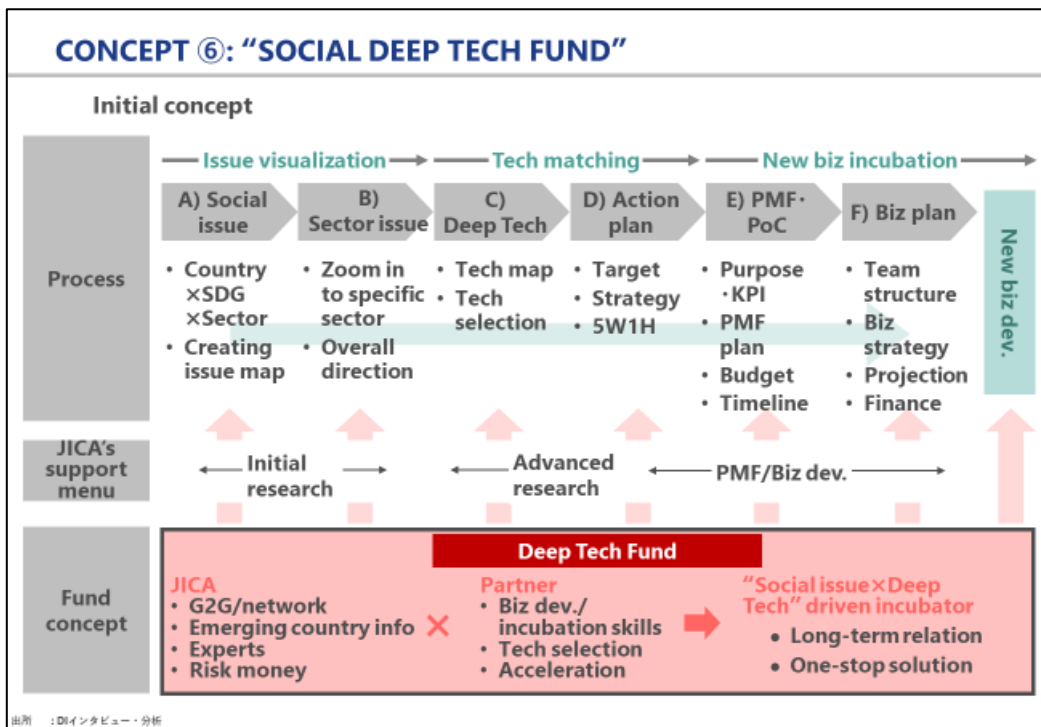
【Figure51: Concept③ Social Late Stage Equity Fund】



【Figure52: Concept④ PE Fund for Social Issue-solving】



【Figure53: Concept⑤ System-built-in Impact Fund】



【Figure54: Concept⑥ Social Deep Tech Fund】

It is very important to select suitable GP candidates from a variety of options based on the characteristics of each fund concept.

POTENTIAL PARTNER (INITIAL CONCEPT)							
	Fund concept	Potential GP candidate					Other partner (e.g. co-invest)
		JP	Overseas				
			IN	ID	VN		
A) Start-up biz domain	① Social Venture Capital	<ul style="list-style-type: none"> JP impact fund <ul style="list-style-type: none"> - ARUN (Small) - Nippon Foundation (Only in JP) - JP VC 	<ul style="list-style-type: none"> Accelerator <ul style="list-style-type: none"> - Ycombinator - Village capital Impact fund <ul style="list-style-type: none"> - Aavishkaar, etc. 	<ul style="list-style-type: none"> Accelerator <ul style="list-style-type: none"> - ANGI Impact fund <ul style="list-style-type: none"> - Patamar Capital 	<ul style="list-style-type: none"> Accelerator <ul style="list-style-type: none"> - TOPICA Impact fund <ul style="list-style-type: none"> - Patamar Capital 	<ul style="list-style-type: none"> N/A 	
	② Social Venture Debt	<ul style="list-style-type: none"> JP VC / Venture Debt 	<ul style="list-style-type: none"> N/A Role allocation, decision making, and fund management will be complicated if fund is managed by co-GP It will be the best that GP will be Japanese + Co invested by local investors 			<ul style="list-style-type: none"> Venture Debt <ul style="list-style-type: none"> - Alteria Capital (IN) - Innoven Capital (SG) - Genesis Alternative (ID) 	
	③ Social Late-stage Equity fund	<ul style="list-style-type: none"> JP VC 				<ul style="list-style-type: none"> Late-stage VC/PE <ul style="list-style-type: none"> - Bessemer - Temasek - IFC 	
B) Traditional biz domain	④ Social Impact PE Fund	<ul style="list-style-type: none"> JP PE 				<ul style="list-style-type: none"> JP conglomerate Major company in target industry <ul style="list-style-type: none"> - E.g.) Hospital chain 	
	⑤ Regulation dev. Impact Fund	<ul style="list-style-type: none"> Public PE 	<ul style="list-style-type: none"> Major company in target industry <ul style="list-style-type: none"> - E.g.) Car, heavy machinery, etc. 				
	⑥ Social Deep Tech Fund	<ul style="list-style-type: none"> JP deep tech VC <ul style="list-style-type: none"> - Tech database Co. - Astamuse 	<ul style="list-style-type: none"> N/A 				

【Figure55: Potential GPs / partners candidates for each concept】

Based on many ongoing discussions with related parties, we have selected two options as higher-priority concepts for JICA to work on: ①Social Venture Capital and ⑥Social Deep Tech Fund. During the selection process, following priorities were considered: (1) support commercialization of seed and early stage startups that are difficult to be funded only by private sector, (2) utilize grant and technical assistance as JICA's supporting tools.

PRIORITIZATION: FUND CONCEPTS ①・⑥ ARE THE MOST SUITABLE			
	Fund concept	Fund mandate	Investment target
A) Start-up biz domain	① Social Venture Capital	Supporting social start-up biz dev. with capital and TA	Start-ups that haven't finished the product market fit (=PMF)
	② Social Venture Debt	Providing risk money for "Death Valley"	Start-ups that have already finished the product/solution PMF
	③ Social Late-stage Equity fund	Providing catalytic capital for the further growth of start-ups	Later-stage start-up
B) Traditional biz domain	④ Social impact PE Fund	Supporting the growth of a large social impact industry	Traditional industry with sparse innovation
	⑤ Regulation dev. Impact Fund	Supporting industrial scheme development for solving social issues	Industry with undeveloped regulations
	⑥ Social Deep Tech Fund	Solving social issues with JP deep tech	Issues that can be solved by deep tech

High priority

↑

Less priority

- Fund is too big compared to budget
- Conflict with JICA's private-sector investment finance

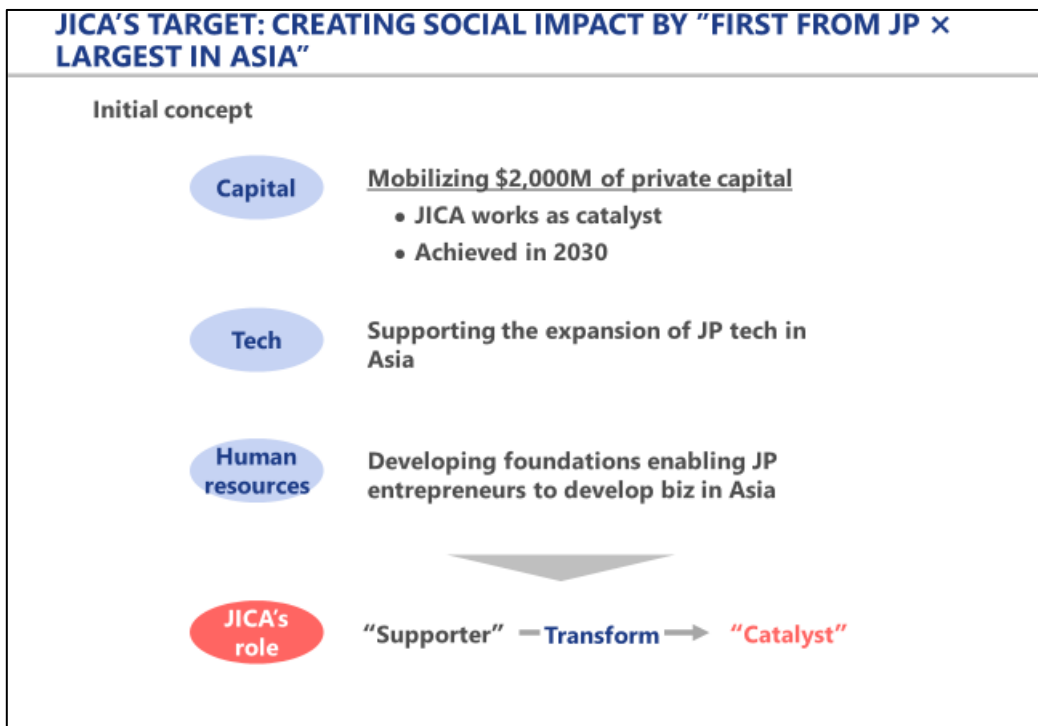
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High priority

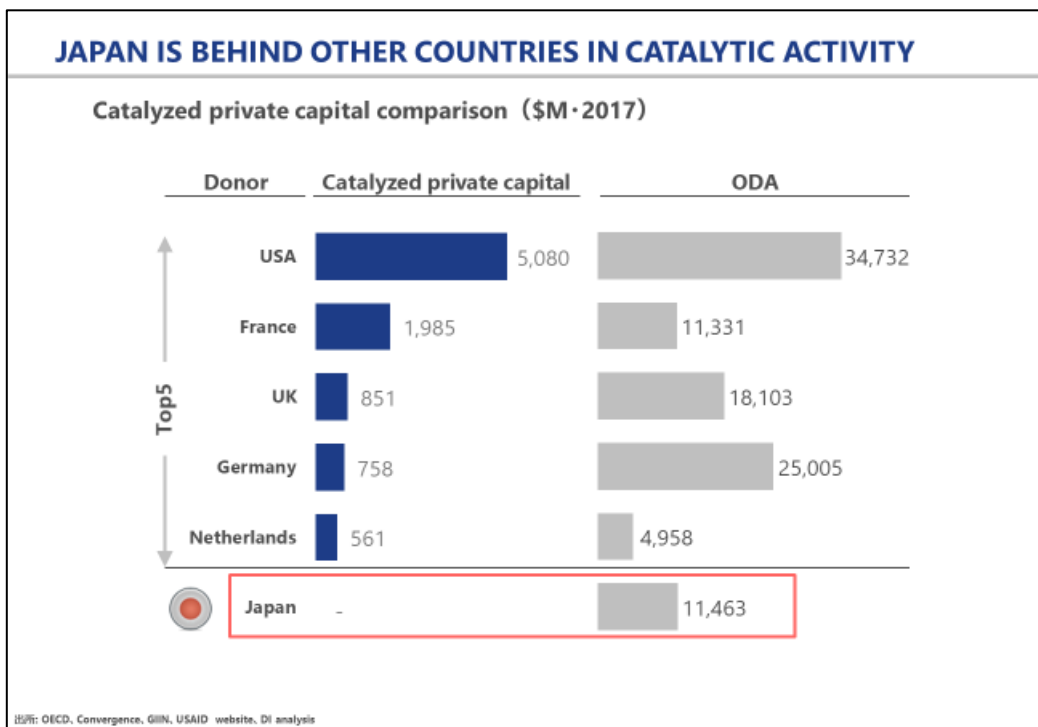
【Figure56: Prioritization of new fund concepts】

5-2 Selected fund concepts

By launching the new fund, JICA should aim to create a “First from Japan × Biggest in Asia” social impact ecosystem. Therefore, JICA is expected to act as a catalyst to mobilize private capital to impact investment. Major capital-providing activities in Japan are mainly conducted through ODA schemes. Because of this Japan’s historical presence as a catalyst of private capital mobilization looks smaller compared to other global donors. The private sector has high expectations of JICA in its role as a catalyst.



【Figure57: JICA's future direction through the development of an impact investment ecosystem】



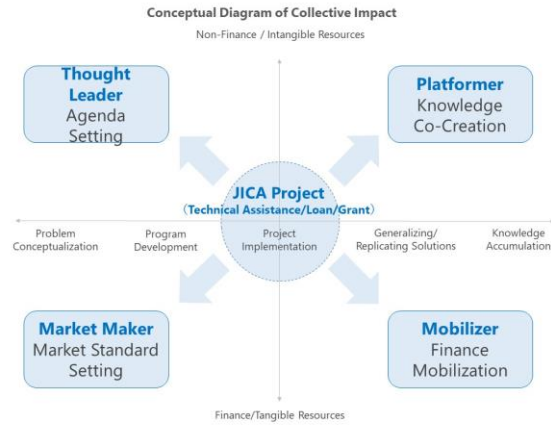
【Figure58: Comparison of private capital mobilized in each country】



【Figure59: Expectation on toward JICA as a catalyst】

As a mid/long-term strategy, JICA aims to create collective impact to maximize the development impact on priority issues by optimizing the use of organizational resources and mobilizing external resources through cooperation with partners. It is in line with above strategy that JICA becomes “catalyst” to involve related players and aims to create “First in Japan × The biggest in Asia” social impact by establishing this new fund.

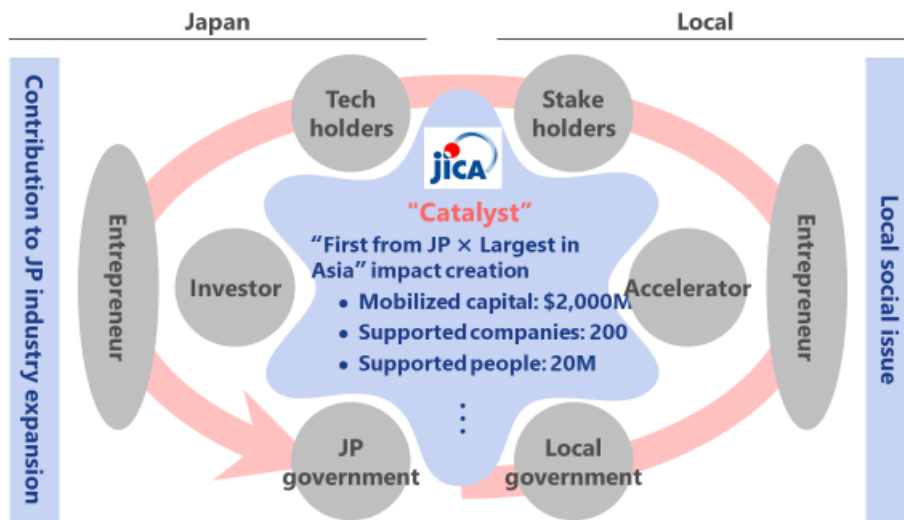
JICA aims to achieve greater social changes by envisioning values that can be shared with a variety of stakeholders, setting targets and quantitative/ qualitative evaluation axes for their realization, and mobilizing resources while involving stakeholders.



【Figure60: Conceptual diagram of collective impact】

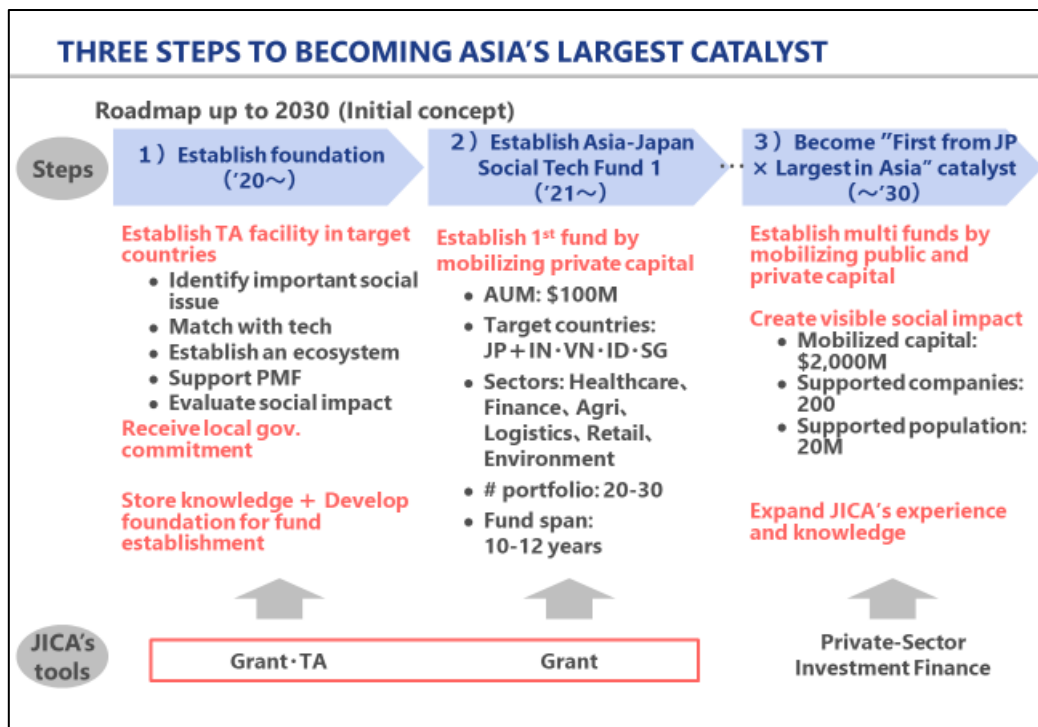
IDEAL IMAGE OF JICA IN 2030

Initial concept



【Figure61: JICA's ideal role in 2030】

To become a “First in Japan × Biggest in Asia” social impact creator, JICA should aim to become the largest catalyst in Asia in three steps.



【Figure62: Development steps towards 2030】

The new fund concept, “Asia-Japan Social Tech Fund”, will invest in seed to early stage tech start-ups solving social issues in a target country. This concept is a combination of two concepts: ①Social Venture Capital and ⑥Social Deep Tech Fund. The new fund will serve five functions. These functions are expected to be provided through cooperation between JICA and the target country government, and between JICA and private companies/funds. The fund design, investment targets, target sectors, and other details are shown below.

"ASIA-JAPAN SOCIAL TECH FUND" CREATES IMPACT THRU FIVE FUNCTIONS

Five major functions of the fund (Initial concept)

Function	Issues in target country	Directions	In charge
① Identifying important issues	<ul style="list-style-type: none"> Unclear prioritization of issue of focus Insufficient external disclosure 	<p>Agree with local gov. on the fund's social issue of focus</p> <ul style="list-style-type: none"> Identify prioritized issues through negotiation with JICA and local gov. Agree the targeted SDGs Disclose the future goal 	JICA + Local gov.
② Sourcing	<ul style="list-style-type: none"> Fragmented tech info Hard to tell which tech holder has what technology 	<p>Sourcing tech that can solve social issues</p> <ul style="list-style-type: none"> List up JP tech by cooperating with tech database companies Cooperate with local accelerator to source potential local start-ups 	Public & Private
③ PMF+	<ul style="list-style-type: none"> Not enough capital for PoC Limited access to local potential customers 	<p>PoC support + monitoring</p> <ul style="list-style-type: none"> Introduce PoC partner Provide PoC capital (\$200k~500k per PoC) 	Public & Private
④ Fund investment	<ul style="list-style-type: none"> Almost no JP impact fund invests globally Private capital is waiting for catalyst 	<p>Investing in potential start-ups</p> <ul style="list-style-type: none"> Ticket size: \$0.5~2M per investment Not only PMF candidate 	Public & Private
⑤ Social impact evaluation	<ul style="list-style-type: none"> Social impact evaluation is costly Adjustment required for local conditions and gov. direction 	<p>Supporting social impact evaluation</p> <ul style="list-style-type: none"> Mainly handled by JICA to support the fund's social impact evaluation Cooperate with local gov. and universities 	JICA + Local gov.

* Product Market Fit

【Figure63: Five functions the new fund should provide】

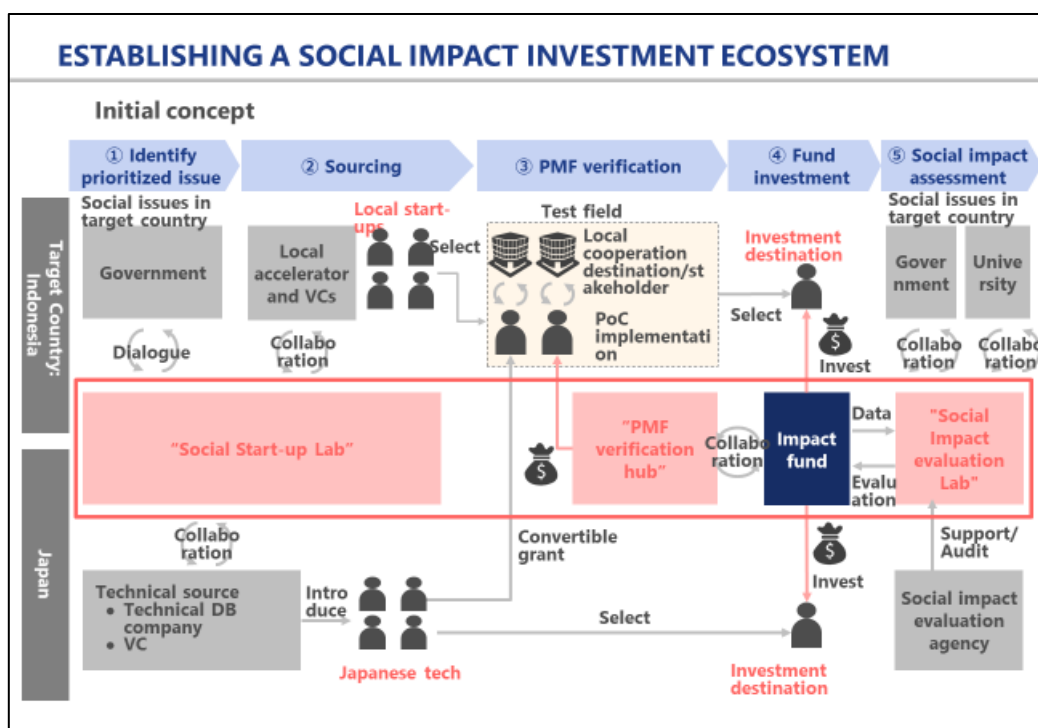
FUND STRUCTURE (INITIAL CONCEPT)

		JICA concept ①	JICA concept ⑥	(Ref.) ADBV
AUM (\$M)	Fund	Same as right	50	60
	TA facility	Same as right	10	12 (Seed5, TA2, buffer5)*
Investment policy	Stage	Same as right	Seed - Pre A	Mainly seed
	Region (%)	IN40, ID40, VN20	JP60, SEA/SA20, Other20	SEA50, SA30, Other20
	Industry (%)	Same as right	HiTh., Env., Agri., Fin.	Env., Agri., Fin., HiTh.
	Type of tech (%)	Tech70, Deep tech30	Deep tech70, Tech30	Tech / Deep tech
	Ticket size (\$M)	Same as right	Initial: 0.1~0.5 Actual: 0.5~2	Seed: 0.1~0.2 Other: 0.5~2
	Fund span	Same as right	10 - 12	17
	# portfolio	Same as right	20~25	Seed 40+, Other 8-15
	EXIT	Same as right	Selling to other investors, M&A, IPO	Selling to other investors, M&A, IPO
Expected return	Same as right	5~10%	5%	
Structure	Fund location	SG or Cayman	JP	ADB internal in PH
	GP	Same as right	Private	ADB Venture
	TA manager	Same as right	Same as above	Same as above

* Fund and TA facility's management fee is provided by fund management fee, direct labor by ADB, and outsourcing fee

【Figure64: Initial concept of the fund structure】

The following illustrates the concept of the new impact investment ecosystem with five core functions. Cooperation with multiple stakeholders is required in each step.



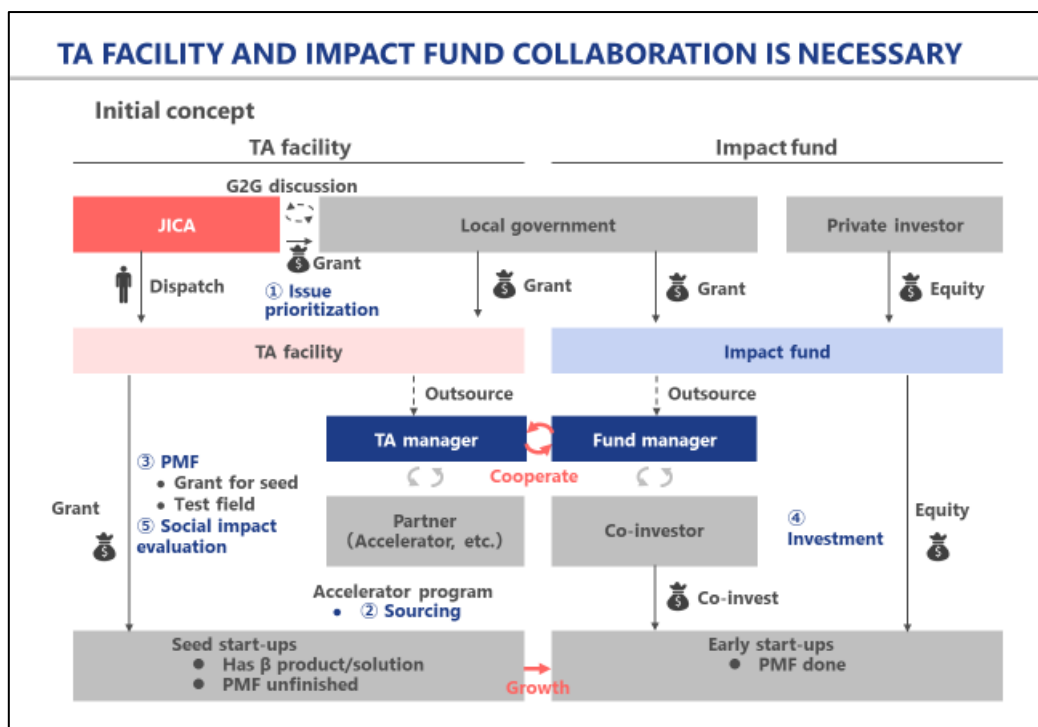
【Figure65: Initial concept of the new fund’s ecosystem】

POTENTIAL PARTNERS FOR ECOSYSTEM DEVELOPMENT					
Initial concept					
	Japan/Singapore	India	Indonesia	Vietnam	
Government	<ul style="list-style-type: none"> Ministry of Foreign Affairs Ministry of Economy, Trade and Industry 	<ul style="list-style-type: none"> Indian gov. Karnataka provincial gov. 	<ul style="list-style-type: none"> Indonesian gov. 	<ul style="list-style-type: none"> Vietnamese gov. 	
University	<ul style="list-style-type: none"> Tokyo University Keio University Tama University 	<ul style="list-style-type: none"> Indian Institutes of Technology (IIT) 	<ul style="list-style-type: none"> Institut Teknologi Bandung (ITB) University of Indonesia (UI) 	<ul style="list-style-type: none"> RMIT Nanyang Technological University (NTU) 	
Tech database	<ul style="list-style-type: none"> Astamuse Leave a Nest 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	
Accelerator	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Axilor Ventures pi Ventures Venture Catalysts YCombinator Karnataka Start-up Cell 	<ul style="list-style-type: none"> Plug and play Indigo Digitaraya Next Dev Academy ANGIN Endeavour 	<ul style="list-style-type: none"> TOPICA VIISA Vietnam Silicon Valley Saigon Innovation Hub 	
Investors	VC	<ul style="list-style-type: none"> Real Tech Fund Beyond Next Beenext UTEC Incubate Fund Global Brain JAFKO 	<ul style="list-style-type: none"> IFC ADB Accel Chiratae Blume Ventures 3one4 Capital 	<ul style="list-style-type: none"> East Ventures Alpha JWC SMDV (Sinarmas) Kojora Ventures MDI Ventures 	<ul style="list-style-type: none"> 500 Startups CyberAgent Capital FPT Ventures Insignia Ventures
	Impact fund	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Aavishkaar Omidyar MSDF 	<ul style="list-style-type: none"> Patamar Capital Mandiri Capital 	<ul style="list-style-type: none"> Patamar Capital
Social impact evaluation org.	<ul style="list-style-type: none"> SIIF GIIN CERIS 				

Source: DI interview and analysis

【Figure66: Potential partners for ecosystem building (examples)】

An impact investment fund function alone will not be enough to develop an overall ecosystem for impact investment. A TA facility to support the fund must also be established. It will be possible to establish ecosystem which will boost social impact, if two entities as Impact fund and TA facility closely cooperate and are managed. TA facility which is mainly focuses on ecosystem support will be preferred to be managed by JICA's deep contribution.

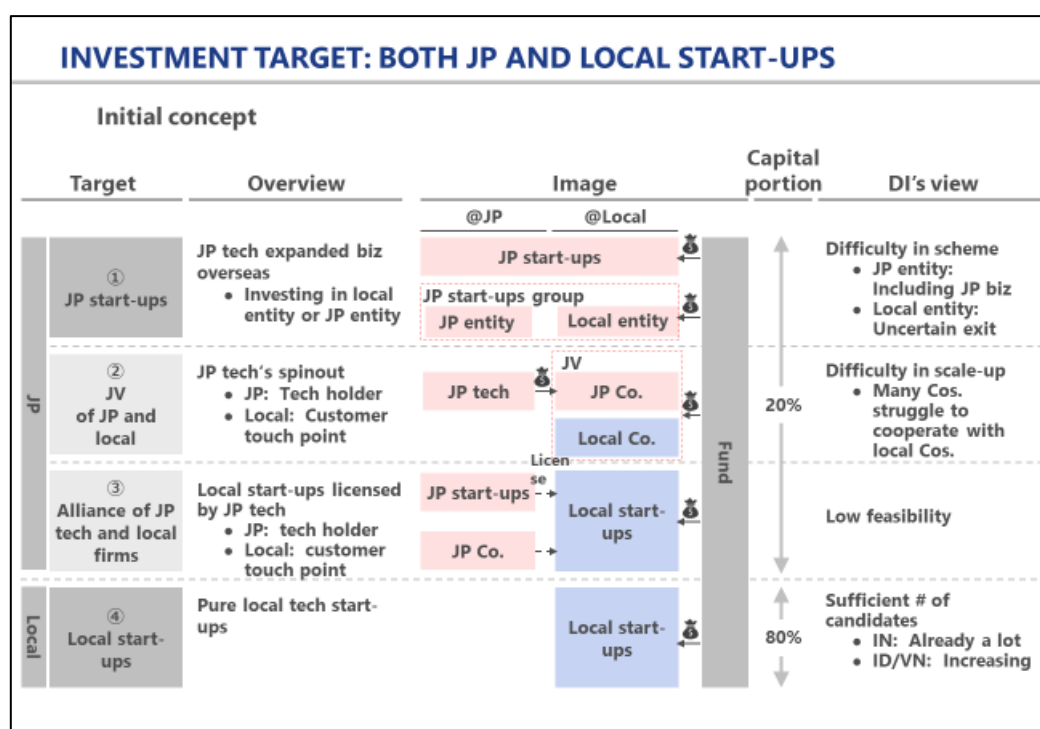


【Figure67: Structure of the new fund (Initial concept)】

Chapter 6. Data collection report for fund establishment in target countries

6-1 Selection of potential investees

As shown in the following figure, there are four major investment target types, including both Japanese and local start-ups. In consideration of the feasibility and purpose of solving social issues, the majority of investments will go into local start-ups. There are six major investment focuses based on financial and social impact considerations in the target countries. Examples of potential investment candidates in each sector are shown below.



【Figure68: Investment targets of the new fund】

Investment target sectors are selected by considering the scale of the social issues, the targetable market size, the applicability of the tech for solving social issues, and other information received from the impact investors and social start-ups, with guidance from DI's consulting experience in the target country. Examples of selected target sectors and social start-ups in the sectors are shown below.

Initial concept		
Sector	B2C	B2B
Finance	<ul style="list-style-type: none"> • P2P lending PF • Digital wallet for unbanked population • Digital PF to increase insurance access • Wealth management apps 	<ul style="list-style-type: none"> • Backend system for micro finance • Payment infrastructure/Gateway • Financial solutions for SMEs
Healthcare	<ul style="list-style-type: none"> • Tele medication • Online pharmacy • Apps for specific diseases • Healthcare data tracking digital PF 	<ul style="list-style-type: none"> • Hospital operation optimization solution • Digital healthcare solution • Treatment / medication optimization solution
Agri/Food	<ul style="list-style-type: none"> • B2C digital fresh food distribution PF • Fresh food delivery 	<ul style="list-style-type: none"> • Production optimization solution for farmers • Agri product digital marketplace • Digital communication tool for farmers
Retail / Distribution	<ul style="list-style-type: none"> • EC PF for rural areas • Last-mile delivery network in rural area 	<ul style="list-style-type: none"> • Digital procurement/inventory mng. solution for mom-and-pop stores • Digital POS/CRM solution for mom-and-pop stores
Manufacturing / logistics	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Uber for trucks • Small cold storage solution for urban area • Digital logistics optimization tool
Environment	<ul style="list-style-type: none"> • 2nd hand product EC PF 	<ul style="list-style-type: none"> • Uber for waste management • 2nd hand product/parts distribution PF

Source: DI Interview

【Figure69: Investment sectors to be covered】

Target	Sub category	Country	Start up name	Description	Est.	Stage	Funding (k USD)	Key Investors
B2C	Payment / Mobile wallet	IN	Bon	Financial services to the gig-economy workforce	2016	Seed	1,074	Omidyar Network, Axilor Ventures
		ID	Cicil	Online credit card to purchase products only for students	2016	Series A	50	East Ventures, Vertex Ventures
		VN	Momo	Mobile Wallet	2013	Series C	133,000	Warbus Pincus, Goldman Sachs
	Lending / P2P Lending	IN	Chqbook	Marketplace bank for small business owners	2017	Seed	5,000	Aavishkaar Capital, YouWeCan
		ID	Dana Cita	P2P lending for college education and tertiary informal education purpose	2017	Seed		Patamar, Google Launchpad
		VN	Tima	P2P Lending	2015	Series B	3,000	Belt Road Capital Management
	Insurance	IN	Toffee Insurance	Affordable & unique insurance products (i.e. Mosquito insurance, etc)	2017	Series A	7,100	Omidyar Network, Kalaari Capital
		ID	PasarPolis	Insurtech: digitalized insurance for easier claim	2015	Series A		Gojek, Tokopedia, Traveloka
		VN	WiCare	"Smart" Insurance (Policy is calculated based on how active you are)	2018	-	-	-
	Crowdfunding / Investment	IN	Piggy	Investment application allows direct fund investments	2016	Seed	Undisclosed	Y Combinator, FundersClub
		ID	Mapan	Platform for lower income communities to access valuable products	2014	Seed		Patamar Capital, Insignia Venture
		VN	Fundme.vn	Crowdfunding site	2017	-	-	-
	Personal Finance Management	IN	Monech	Personal spending management	2019	Seed	Undisclosed	JITO Angel Network
		ID	Pay OK	Personal finance app that tracks transaction across multiple platforms	2018			
		VN	FinHay	Peersonal wealth management and Investment app	2017	Venture	1,100	Insignia Ventures Partner
B2B	Operation management solutions	IN	Artoo	CRM platform for financial institutions	2010	Series A	580	Villgro, Accion Venture Lab
		IN	ZapFin Tech	Modern banking and financial customer verification processes	2018	Seed	125	Undisclosed
		ID	Brankas	Open APIs service to connect bank with third party fintech providers	2016	Series A		Plug and Play
	Payment infrastructure / gateway	IN	YAP	Pivotal API Platform for Banking and Payments products	2014	Series A	5,900	BEENEXT, Kunal Shah
		ID	Xendit	Payment gateway to allow online transaction via credit, bank transfer, etc	2014	Series B	120	Y Combinator, East Ventures
		VN	Bao Kim	Online Payment Gateway	2009	Series A	-	CyberAgent
	Lending for SMEs	IN	Mintifi	Online lending platform for SMEs & individual	2017	Series A	10,026	IFC, Lok Capital
		ID	AwanTunai	P2P lending for MSMEs	2017	Series A	4,300	AMTD Group, Global Brain
		VN	e-Loan.vn	Lending for SMEs	2018	-	-	-

Source: Crunch Base, DI interview

【Figure70: Examples of potential investees (Finance sector)】

Target	Sub category	Country	Start up name	Description	Est.	Stage	Funding (k USD)	Key Investors
B2C	Health tracking	IN	myUpchar	Indian language health information platform	2016	Series A	5,300	Omidyar Network, Nexus Venture
		VN	LilyCare	Feminine care app for menstrual tracking and obgyn P2P info exchange	2018	-	500	CyberAgent Ventures
	Services booking	IN	Medypal	Service info & booking	2013	Seed	400	Unitus Ventures
		ID	Konsula	Online doctor directory listing doctor's phone number for booking	2015			East Ventures
		VN	e-Doctor	App for home diagnosis and home testing	2014	-	1,200	CyberAgent, Genesia
	Tele medication	IN	MeraDoctor	India's largest platform for live chat consultations with doctors	2010	Seed	1,050	Aavishkaar, Accion Venture Lab
		ID	Halodoc	Halodoc is a health-tech platform that connects patients with doctors	2016	Series B	65,000	Openspace Ventures, Gojek
		VN	ViCare	Virtual Q&A diagnosis with doctors/ Consumer healthcare directory	2015	-	500	CyberAgent Ventures
	Online pharmacy	IN	MetroMedi	Online Pharmacy	2018	Seed	1,500	TK GP Rao
		ID	Goapotik	Ecommerce providing various pharmaceutical products	2016			
B2B	Hospital operation mng. solutions	IN	Smile Merchants	Quality Service and Exceptional Customer Care form for dental clinics	2012	Seed	n/a	Unitus Ventures
		ID	Medico	Medico is a hospital management software	2004	Seed		East Ventures
		VN	iSofH	Hospital management solutions	2018	-	-	-
	Patient data mng. Solution	IN	Welcare	Innovative Internet-connected retinal screening device and trains a technician to operate the device with patients	2013	Seed	100	Unitus Ventures
		ID	Neurabot	AI based digital laboratory	2018	Pre-Seed		RND Capital
		VN	CLAS Healthcare	Hospital EMR system (With ERP software)	-	-	-	-
	Prescription quality improvement	IN	Nayam Innovations	tech to provide cataract treatment at 10% the present cost	2012	Seed	100	Villgro

Source: Crunch Base, DI interview

【Figure71: Examples of potential investees (Healthcare sector)】

Target	Sub category	Country	Start up name	Description	Est.	Stage	Funding (k USD)	Key Investors
B2C	Grocery ecommerce	IN	Zapmart	Online grocery store	2015	Seed	10,000	Undisclosed
		ID	SayurBox	Marketplace for agriculture fresh products	2016	-	-	Patamar Capital
		VN	Organica	Agriculture retailer and online platform for organic products	2015	Venture	-	SEAF fund
	Food instant delivery	IN	FRSH	Fresh and healthy food delivery	2014	Seed	1,650	Mumbai Angels
		VN	DeliveryNow	Food shipping service	2012	Series C	-	Tiger Global, Cyber Agent
B2B	Operation management solutions	IN	Procol	Commodity procurement platform	2018	Seed	1,000	Blume Ventures
		VN	TraceVerified	Agri solutions provider. Produce tracing, Farm mng., Agri value chain mng.	2011	-	-	GCF
	Farming technology	IN	Fasal	Smart Precision Agriculture Platform	2018	Seed	1,800	Artesian VC
		ID	8 Villages	Provide education platform for agricultural insights for farmers	2013	-	150	Spiral Ventures
		VN	MimosaTek	Precise Agri solutions provider for small farmers	2014	Seed	Grant	-
	Farmer marketplace	IN	Bijak	Agri-commerce platform	2019	Series A	14,300	Omidyar Network, Surge
		ID	Jala	Water quality tracker	2015	Seed	-	Hatch, 500 Startups
		VN	Kamereo	B2B agri product digital market place & order platform	-	Seed	500	Genesisia Ventures
	Farmers network	ID	Inacom	Integrated agri community, farmers, logistic for better agri output	2018	Seed	250	-

Source: Crunch Base, DI interview

【Figure72: Examples of potential investees (Agriculture and Food value chain sector)】

Target	Sub category	Country	Start up name	Description	Est.	Stage	Funding (k USD)	Key Investors
B2B	Procurement system for SMEs	IN	LockTheDeal	Online B2B ecommerce platform for retailers, dealers and traders	2016	Series A	12,000	Ncubate Capital Partners
		ID	Gudang ada	Supply chain retail tech connecting micro retailers to wholesaler, distributor, and FMCG company for cheaper price/effective transactions	2018	Series A	35,900	Sequoia Capital/Alpha JWC
		VN	Telio	B2B Wholesales platform for FMCG products for small retailers	2019	Series A	26,500	Sequoia, GGV capital
	POS/CRM solution for SMEs	IN	Original4Sure	SaaS that helps to get 360° control over downstream supply chain	2016	Seed	3,500	Brand Capital, Startup Buddy
		ID	Moka	POS focusing on retail, restaurant and services	2014	Series B	-	Mandiri, (acquired by Gojek)
	Last mile logistics	ID	Sicepat	Provides services for delivery as practical solutions for e-commerce	2014	SeriesA	53,500	Tokopedia, Kejora Ventures,
		VN	HeyU	Instant delivery matching for MSMEs and online merchants	2017	Seed	500	Next Tech Group
B2C	EC for rural area, SMEs		jiffstore	Jiffstore is an e-commerce platforms to affordably enable small shop.	2013	Seed	17	Unitus Ventures, Times Internet
		VN	VRED	B2B2C digital retail platform to rural areas	2017	-	-	-

Source: Crunch Base, DI interview

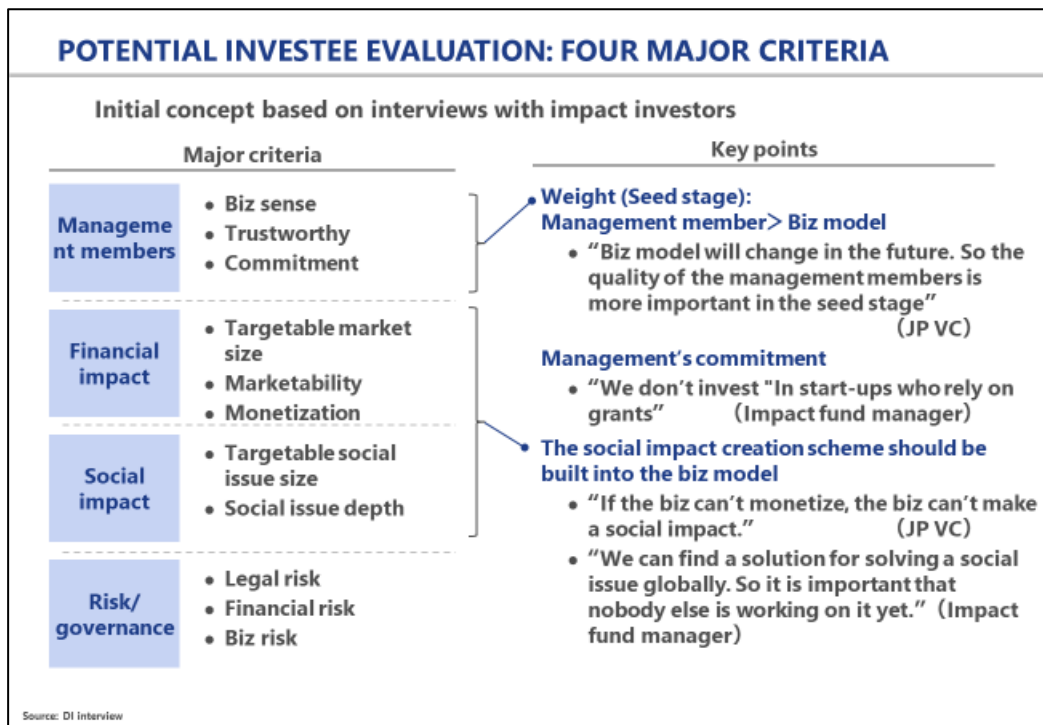
【Figure73: Examples of potential investees (Retail/Distribution sector)】

Target	Sub category	Country	Start up name	Description	Est.	Stage	Funding (k USD)	Key Investors
B2B	Uber for truck	IN	GoBolt	Tech-logistics company operating in Line Haul & Short Haul Trucking	2015	Series A	6,340	Aavishkaar, BlackSoil, MCube8
		ID	Kargo	Trucking marketplace	2018	Seed	7,600	Sequoia, Intudo, Convergence
		VN	S-Commerce	Last mile delivery for EC merchants	2012	-	-	Seedcom
	Warehouse solution	IN	ODWEN	Warehouse management system to search and book spaces	2018	Pre-Seed	-	Techstars
		ID	Credwible	Warehousing, packaging, delivery integrated services for eCommerce	2016	Seed	1,500	Global Founders Capital
	3PL / Other solutions	IN	GoPigeon	On demand, technology enabled end-to-end logistics management	2015	Seed	1,500	Nexus Venture Partners
		ID	Waresix	Connects shippers and businesses with available warehouses and trucks across Indonesia	2017	Series A	27,100	EV Growth, SMDV
VN		Abivin	AI-powered supply chain optimization solutions for enterprises.	2015	Seed	-	Access Ventures	

Source: Crunch Base, DI interview

【Figure74: Examples of potential investees (Manufacturing/Logistics sector)】

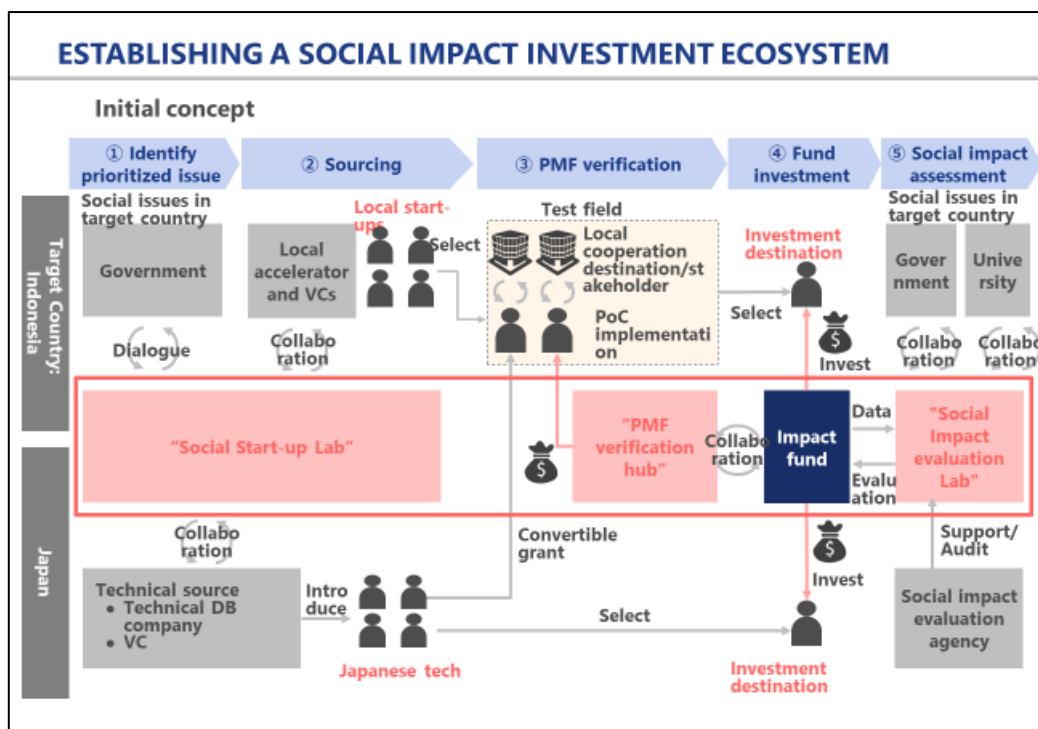
There are four major criteria used to select potential investees according to both financial and social impacts.



【Figure75: Criteria for selecting potential investees】

6.2 Cooperation with local partners

Building an ecosystem that can generate social impact through the new fund will require the cooperation of multiple players. The figure below summarizes potential partners for ecosystem building in target countries.



【Figure76: Overall concept of the ecosystem of the new fund】

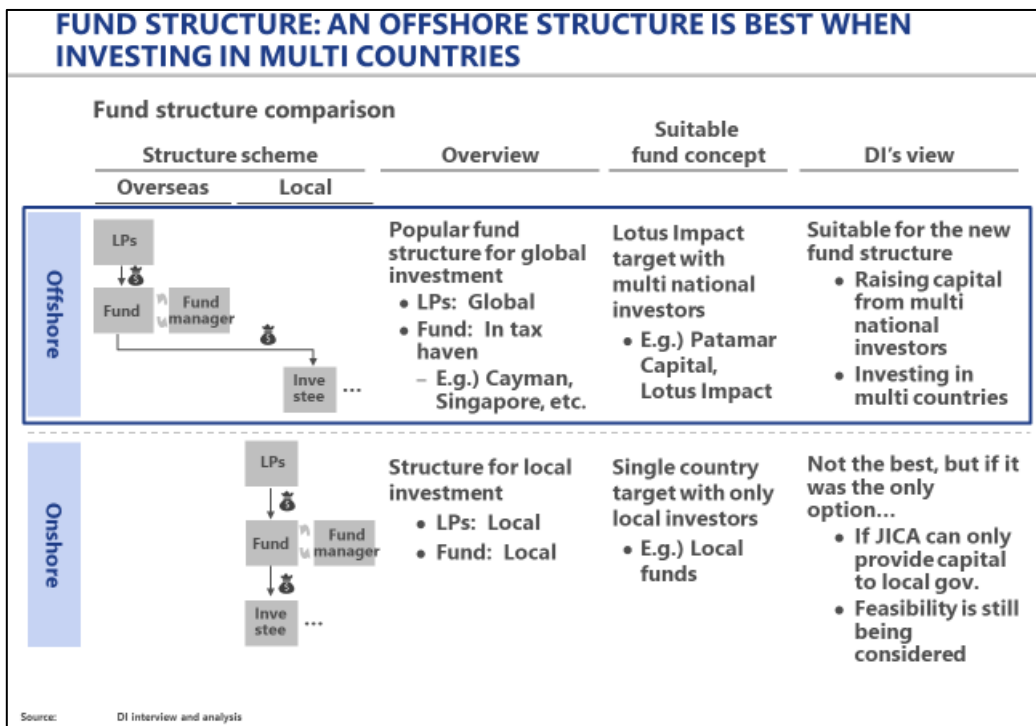
POTENTIAL PARTNER FOR ECOSYSTEM DEVELOPMENT				
Initial idea				
	Japan/Singapore	India	Indonesia	Vietnam
Government	<ul style="list-style-type: none"> Ministry of Foreign Affairs Ministry of Economy, Trade and Industry 	<ul style="list-style-type: none"> Indian gov. Karnataka province gov. 	<ul style="list-style-type: none"> Indonesian gov. 	<ul style="list-style-type: none"> Vietnamese gov.
University	<ul style="list-style-type: none"> Tokyo university Keio university Tama university 	<ul style="list-style-type: none"> Indian Institutes of Technology (IIT) 	<ul style="list-style-type: none"> Institut Teknologi Bandung (ITB) University of Indonesia (UI) 	<ul style="list-style-type: none"> RMIT Nanyang Technological University (NTU)
Tech database	<ul style="list-style-type: none"> Astamuse Leave a Nest 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
Accelerator	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Axilor Venture pi Venture Venture Catalysts YCombinator Karnataka Startup Cell 	<ul style="list-style-type: none"> Plug and play Indigo Digitaraya Next Dev Academy ANGIN Endeavour 	<ul style="list-style-type: none"> TOPICA VIISA Vietnam Silicon Valley Saigon Innovation Hub
Investors	VC	<ul style="list-style-type: none"> Real Tech Fund Beyond Next Beenext UTEC Incubate fund Global brain JAFCO 	<ul style="list-style-type: none"> IFC ADB Accel Chiratae Blume Venture 3one4 Capital 	<ul style="list-style-type: none"> East Ventures Alpha JWC SMDV (Sinarmas) Kojora Ventures MDI Ventures
	Impact fund	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Aavishkaar Omidyar MSDF 	<ul style="list-style-type: none"> Patamar capital Mandiri capital
Social impact evaluation org.			<ul style="list-style-type: none"> SIIF GIIN CERIS 	

Source : DI Interview and analysis

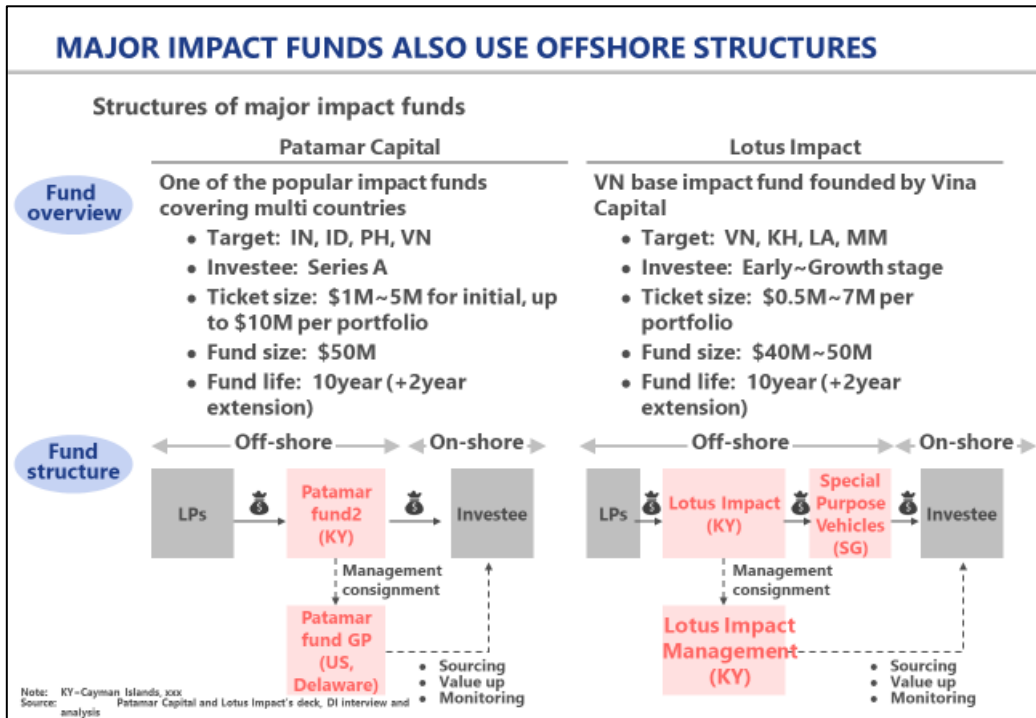
【Figure77: Potential partners for ecosystem building】

6.3 Understanding fund-related local laws and regulations

To realize the new fund concept, multiple public-private and Japanese / foreign stakeholders are expected to come in as investors. From the viewpoint of Japanese and foreign private investors (hypothetically the major investors in the fund), an offshore fund structure is ideally suitable from the standpoint of taxation, establishment/management procedures and operation. In fact, the leading impact investment funds that are inviting overseas investors in the target countries are also choosing offshore fund structures.

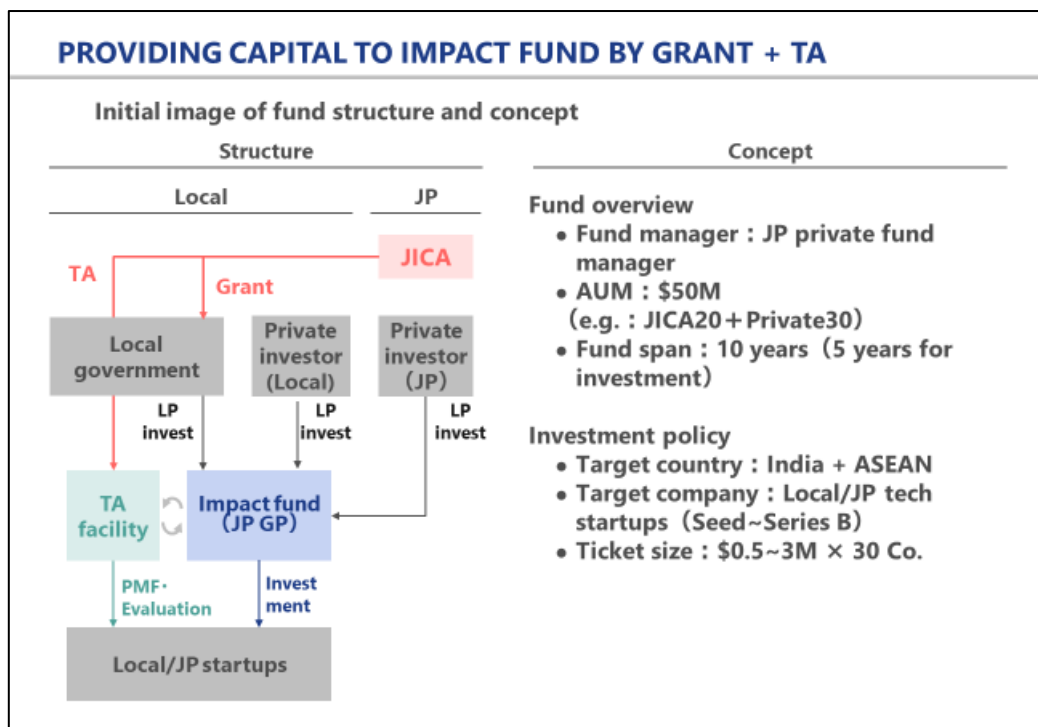


【Figure78: Fund structure comparison】



【Figure79: Fund structures of major impact investment funds in Southeast Asia (example)】

Yet, in this case, funding for the new fund/TA facility by JICA is to be provided as a grant framework through local governments in target countries. When an impact investment fund's capital is provided by a local government, the fund should be established in that target country (which means by an onshore scheme).



【Figure80: Initial new fund structure and concept】

Looking at the current composition of onshore funds in target countries, most of the overseas funds targeting Vietnam choose offshore fund structure. According to the onshore-related regulations in Vietnam, an applicant seeking a fund manager license must hold a finance-related license and have a track record of two years of operation in the financial business in Vietnam. These conditions are considered to be a bottleneck for overseas funds choosing an onshore structure.

OFFSHORE REGULATION (VN): FUND MANAGER LICENCING WILL BE THE CRUCIAL HURDLE			
Regulation related to fund activity in Vietnam			
	Offshore (Cayman)	Onshore (Vietnam)	DI view
Fund manager license	No hard requirement	Hard requirement <ul style="list-style-type: none"> • Must have banking, insurance, securities trading license • 2 years of operation in VN • Profitable for last 2 years 	Crucial bottleneck
Physical presence	Not strict <ul style="list-style-type: none"> • Entity should be registered • Locally stationed staff not required 	Required investment professional <ul style="list-style-type: none"> • Rep office should be registered in VN • A staff member with 5 years of experience in investment needs to stay in office 	
Reporting	No publishing requirement	Reporting obligation to Gov. <ul style="list-style-type: none"> • Quarterly & annual financial report must be submitted to Gov. • Those materials will be published 	Not crucial, but not efficient
Taxation	Tax haven <ul style="list-style-type: none"> • 0% 	Locally taxed, but covered by a tax treaty <ul style="list-style-type: none"> • No capital gain tax, but corporate tax levied <ul style="list-style-type: none"> – Tax ratio: 22% (General) vs. 10% (NIC) • No double taxation <ul style="list-style-type: none"> – Tax treaty between VN and JP 	

Disclaimer: Quick research (not legal binding). Please consult with lawyer for concrete actions.
Source: Related regulation, DI interview

【Figure81: Vietnam’s laws and regulations related to fund establishment】

Likewise, in Indonesia – another target country, many overseas funds choose offshore structure. While the onshore-related laws and regulations of Indonesia set some restrictions on foreign capital, overseas funds can also establish onshore funds, At the same time, the benefits of actively choosing an onshore fund have downsides on the taxation/procedural/operational fronts.

OFFSHORE REGULATION (ID): A FOREIGN FUND CAN ESTABLISH AN ONSHORE STRUCTURE BASED ON RELATED REGULATIONS			
Regulations related to fund activity in Indonesia			DI view
	Offshore (SG)	Onshore (ID)	
Fund manager license	No lengthy requirement <ul style="list-style-type: none"> Processing takes a few weeks 	Lengthy and complex requirement <ul style="list-style-type: none"> Possibly 6 months or longer for processing Must establish a foreign entity with a max share ownership of 85% Minimum of USD 4M in paid-up capital 	Potential bottleneck <ul style="list-style-type: none"> Actual procedure is unclear
Physical presence	Quite strict <ul style="list-style-type: none"> Entity should be registered Staff must be stationed locally 	Required local professional <ul style="list-style-type: none"> Rep office should be registered in ID Min of 2 directors, both of whom must stay in ID <ul style="list-style-type: none"> 1 Director must be Indonesian, with a min of 2 years of investing experience 	
Reporting	Only annual reporting <ul style="list-style-type: none"> Not published publicly 	Reporting obligation to Govt. authority <ul style="list-style-type: none"> Quarterly Not published publicly 	
Taxation	Tax haven <ul style="list-style-type: none"> Capital Gains tax 0% 	Locally taxed, but covered by a tax treaty <ul style="list-style-type: none"> Capital gain tax, 25% No double taxation <ul style="list-style-type: none"> Tax treaty between ID and JP 	Need to clarify w/ tax counsellor

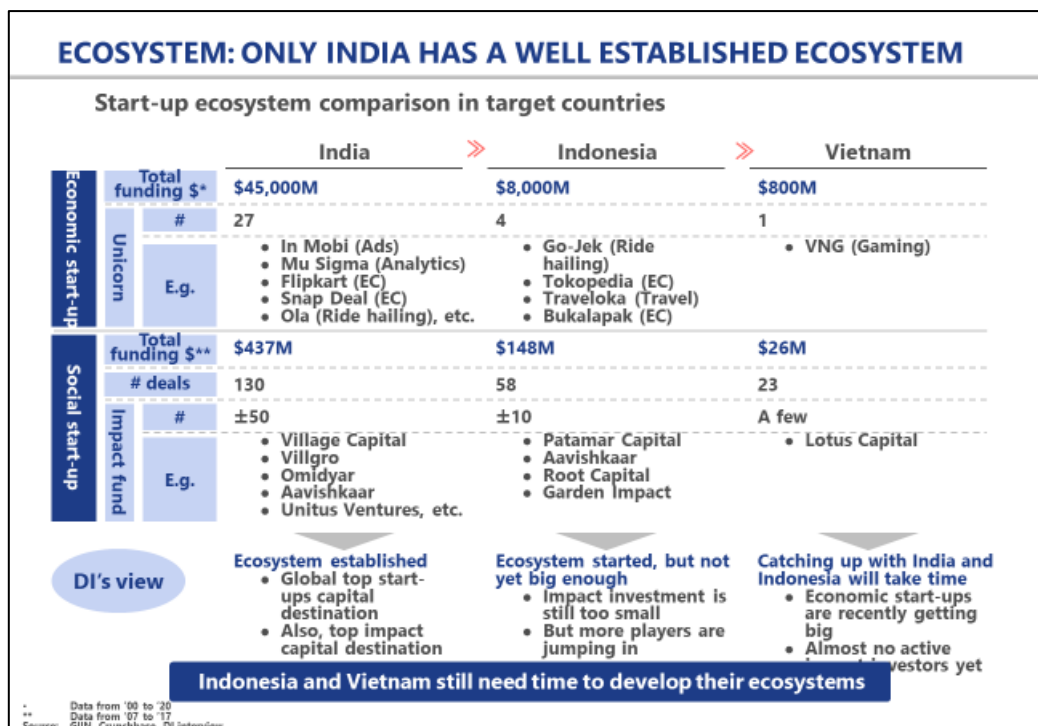
Onshore is less benefit than offshore

Source: Related regulation, DI interview

【Figure82: Indonesian laws and regulations related to fund establishment】

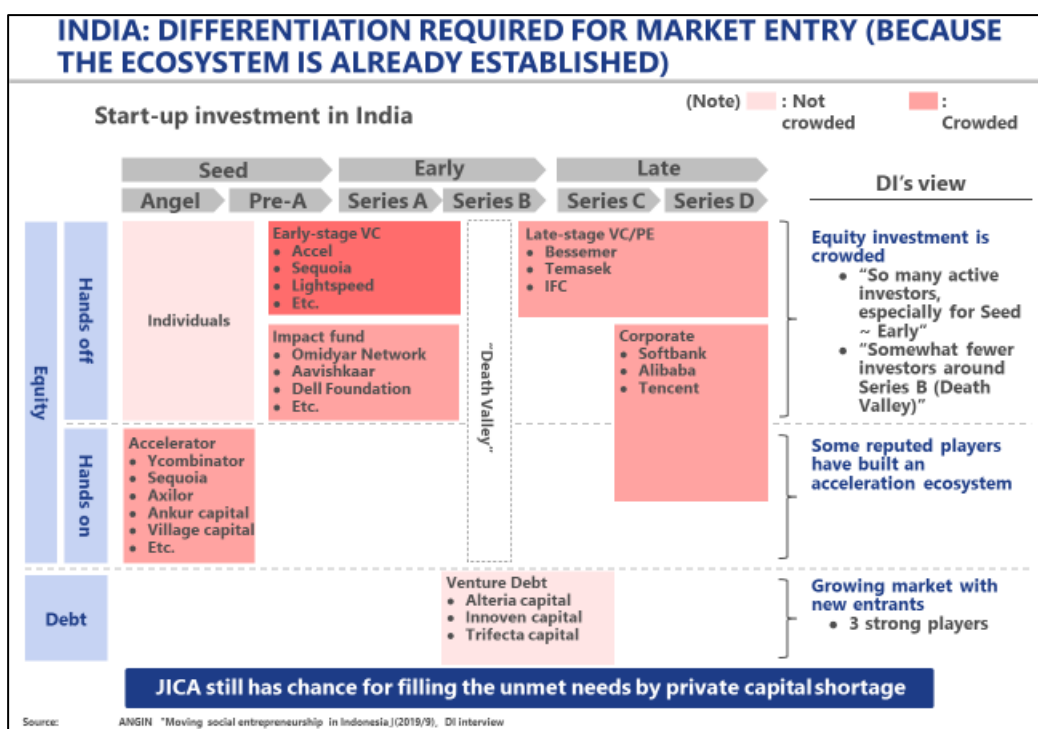
6-4 Overview of investment fund business in target countries

Taking a macro view of the investment fund business in target countries, we see that India's investment ecosystem focused on social and financial impact seems to have matured already. Indonesia also has several unicorn companies with market caps surpassing \$1 billion, with an ecosystem that remains immature but is growing. In Vietnam, an investment ecosystem has yet to be established. Further advocacy and awareness-raising is thought to be needed there.



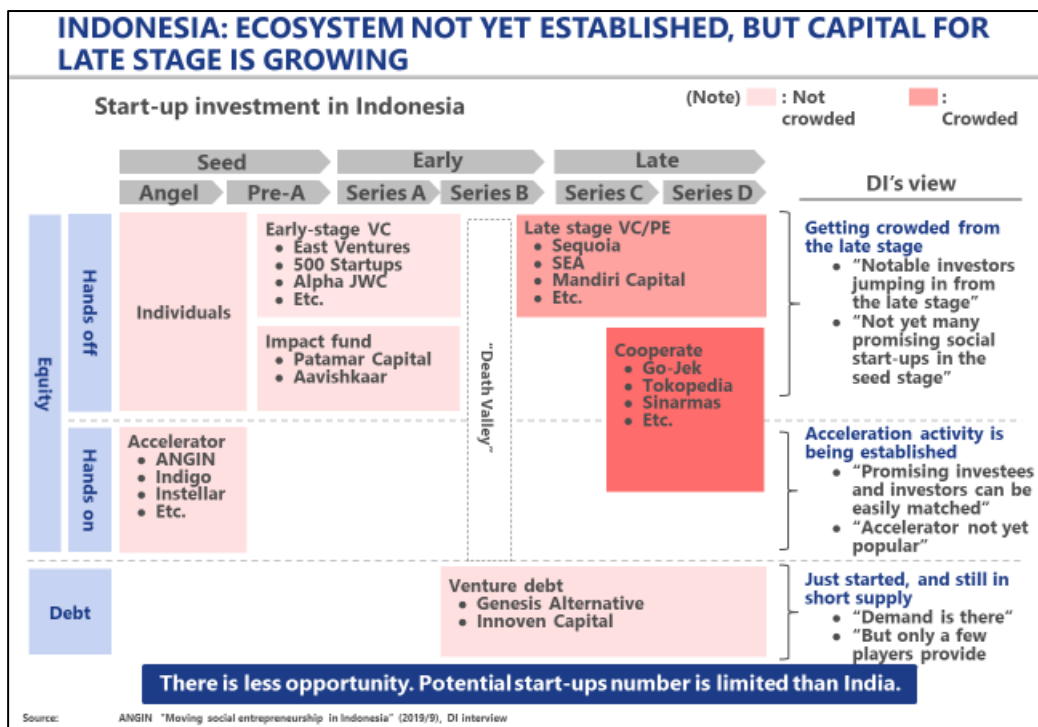
【Figure83: Comparing the levels of ecosystem build up in target countries】

The figure below summarizes the status quo of the ecosystems by start-ups funding stage and investment instrument in target countries. In India, capital supply is well developed through a wide range of start-ups funding stages and investment instrument. When, on the other hand, a start-up struggles to develop business due to a lack of capital for series B it passes through the stage we call the “Death Valley”. This has been become a bottleneck in the development of a seamless ecosystem through each start-up funding stage. The “Death Valley” is a serious issue among start-up investors such as ACCEL and Matrix. Iron Pillar has established a fund focus to provide capital for Death Valley.



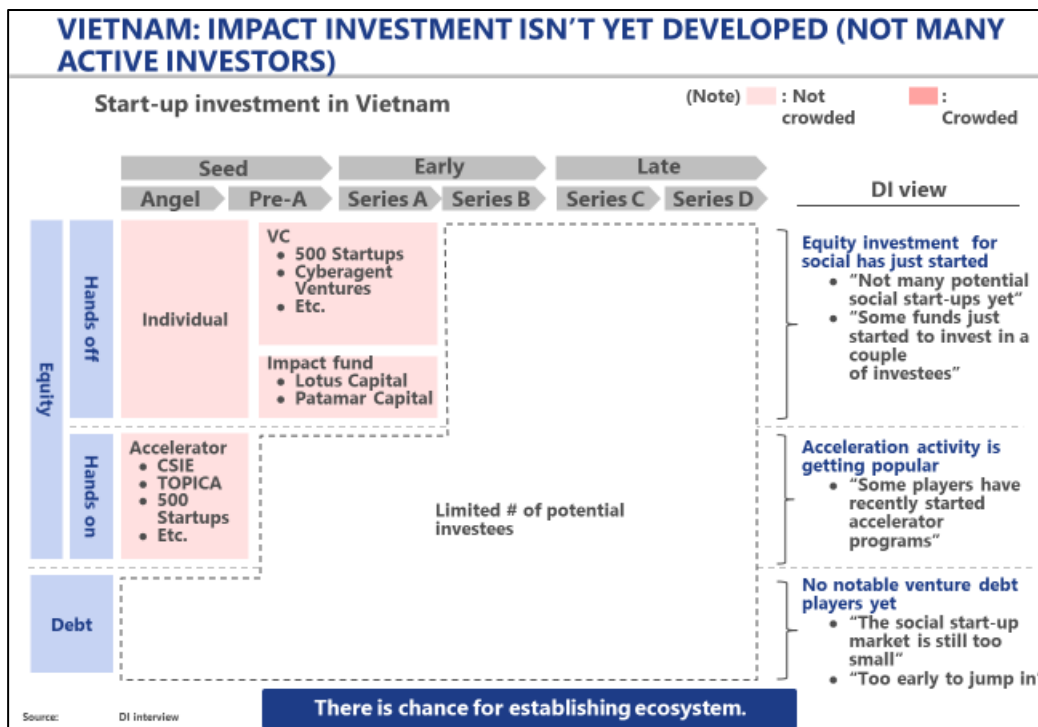
【Figure84: Level of ecosystem build up in target countries (India)】

The ecosystem in Indonesia is still immature but capital has started moving toward late stage start-ups. Capital for seed to early stage start-ups, on the other hand, is lacking. Indonesia has fewer promising investment candidates than India, so the numbers of investments are likely to be narrowed down.



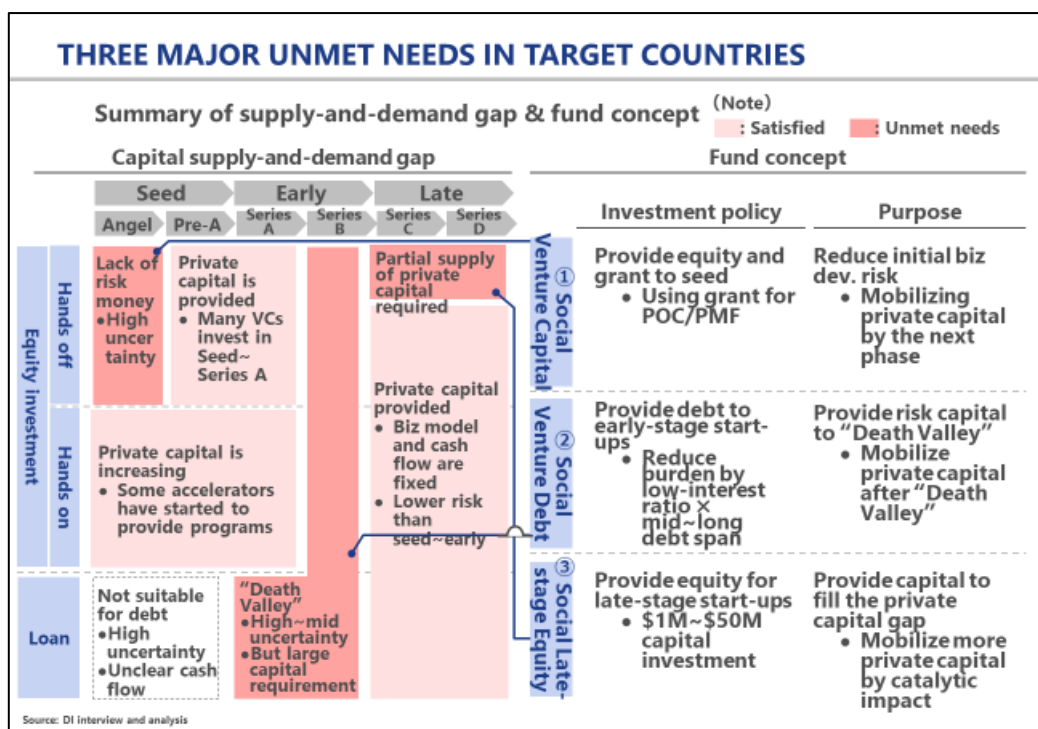
【Figure85: Level of ecosystem buildup in target countries (Indonesia)】

Impact investment in Vietnam is still nascent with just a small number of promising social start-ups and active investors. In Vietnam, therefore, it will be necessary to start with advocacy and awareness-raising to foster an impact investment ecosystem.



【Figure86: Level of ecosystem buildup in target countries (Vietnam)】

With the above overview of the start-up investment ecosystems in three target countries (India, Indonesia, Vietnam), we found three major capital supply-demand gaps. The first gap is the insufficient supply of risk money from equity investments for the seed funding stage. The second gap is funding by loans and the like to supplement the “Death Valley” in early stage. And the third gap is the large amount of funds raised in late stage. Three fund concepts designed to meet these unmet needs are proposed, as shown in the following figure.



【Figure87: Fund supply-demand gaps in target countries and possible fund concepts】

6.5 New fund scheme development

Following is a summary of the details of the new fund’s investment schemes based on up-to-date survey studies. To implement impact investment, it is difficult to build an ecosystem just by starting a fund alone. We therefore deem it necessary to establish a TA facility along with the fund. There are five functions the fund and TA facility should provide. All five need to be implemented in cooperation with the public, private sectors and Japanese-local entities.

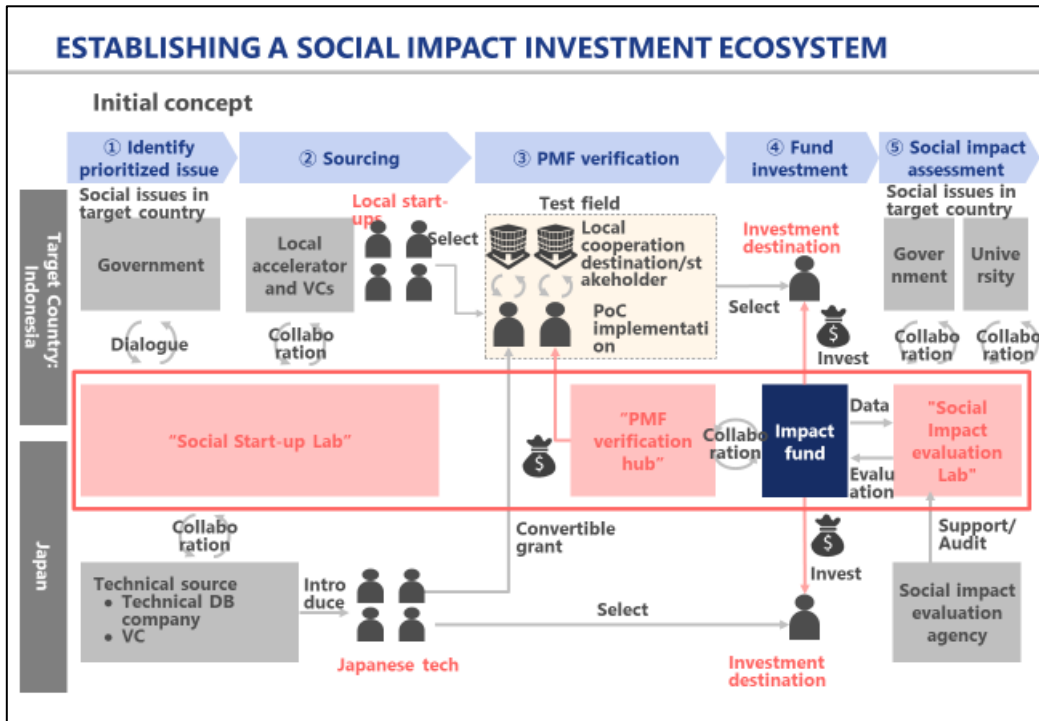
"ASIA-JAPAN SOCIAL TECH FUND" CREATES IMPACT THRU FIVE FUNCTIONS

Five major functions of the fund (Initial concept)

Function	Issues in target country	Directions	In charge
① Identifying important issues	<ul style="list-style-type: none"> Unclear prioritization of issue of focus Insufficient external disclosure 	<p>Agree with local gov. on the fund's social issue of focus</p> <ul style="list-style-type: none"> Identify prioritized issues through negotiation with JICA and local gov. Agree the targeted SDGs Disclose the future goal 	JICA + Local gov.
② Sourcing	<ul style="list-style-type: none"> Fragmented tech info Hard to tell which tech holder has what technology 	<p>Sourcing tech that can solve social issues</p> <ul style="list-style-type: none"> List up JP tech by cooperating with tech database companies Cooperate with local accelerator to source potential local start-ups 	Public & Private
③ PMF*	<ul style="list-style-type: none"> Not enough capital for PoC Limited access to local potential customers 	<p>PoC support + monitoring</p> <ul style="list-style-type: none"> Introduce PoC partner Provide PoC capital (\$200k~500k per PoC) 	Public & Private
④ Fund investment	<ul style="list-style-type: none"> Almost no JP impact fund invests globally Private capital is waiting for catalyst 	<p>Investing in potential start-ups</p> <ul style="list-style-type: none"> Ticket size: \$0.5~2M per investment Not only PMF candidate 	Public & Private
⑤ Social impact evaluation	<ul style="list-style-type: none"> Social impact evaluation is costly Adjustment required for local conditions and gov. direction 	<p>Supporting social impact evaluation</p> <ul style="list-style-type: none"> Mainly handled by JICA to support the fund's social impact evaluation Cooperate with local gov. and universities 	JICA + Local gov.

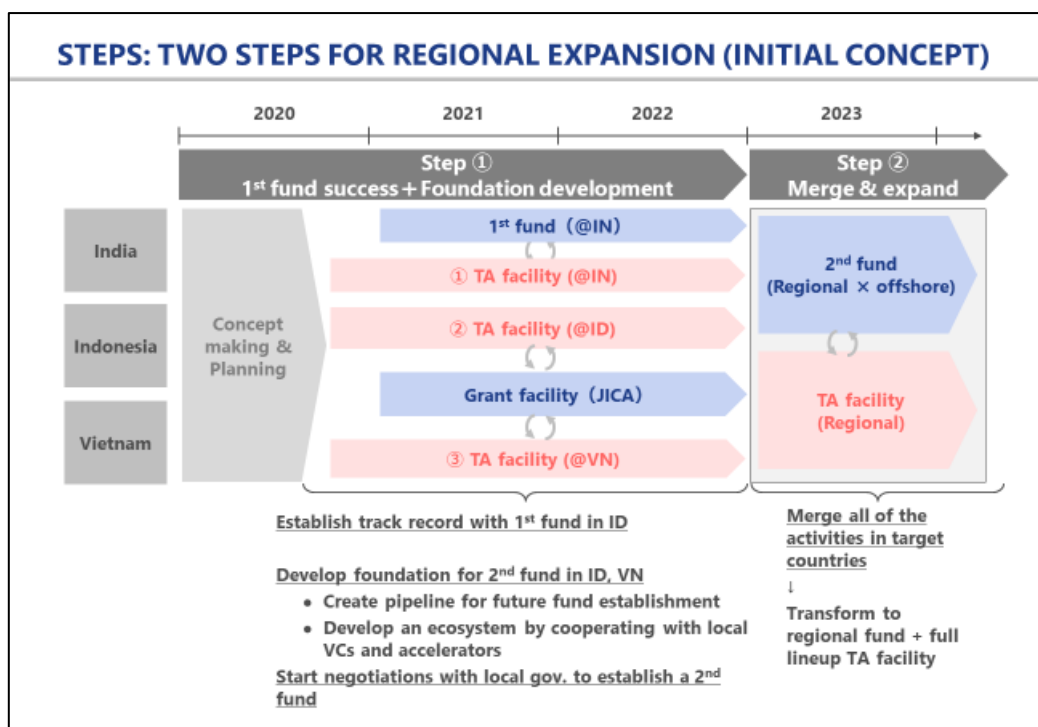
* Product Market Fit

【Figure88: Five functions associated with the fund】

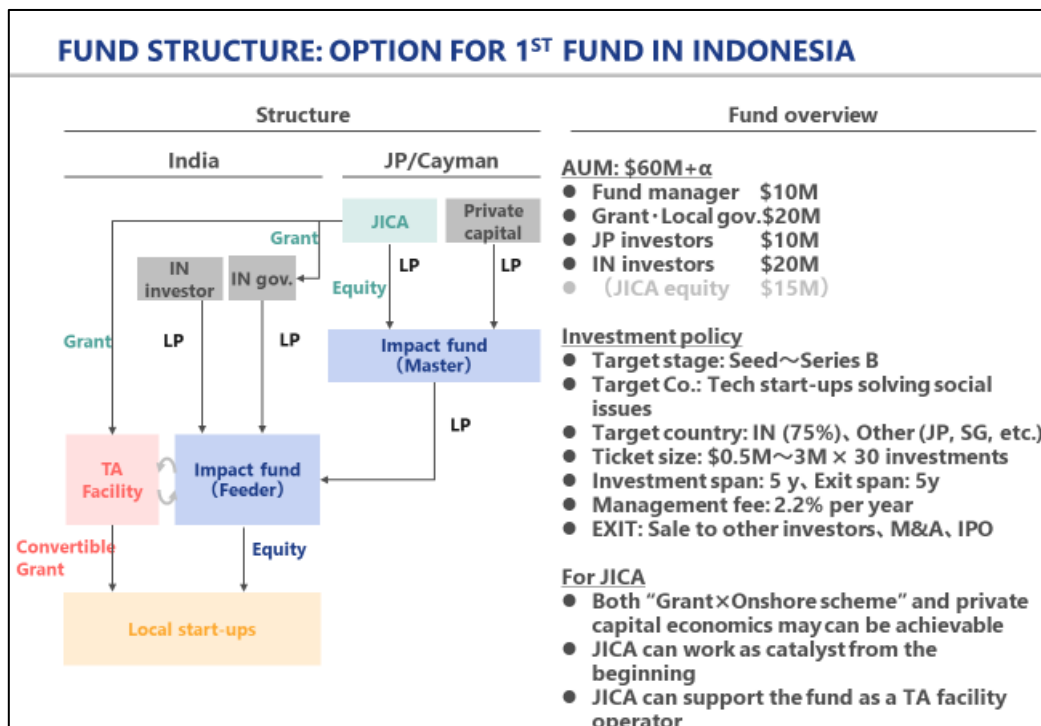


【Figure89: Ecosystem's overview】

There are tentatively two main steps in building the fund scheme in the short- to medium-term. In Step 1, we will set up Fund I and build a track record in India where an ecosystem is already developed. Creating an ecosystem through sourcing activities and PMF verification in other target countries. In Step 2, we will set up a regional Fund II expanding investment targets in all target countries, establish a regional TA facility, and provide support from the TA facility for the fund with a full support lineup.

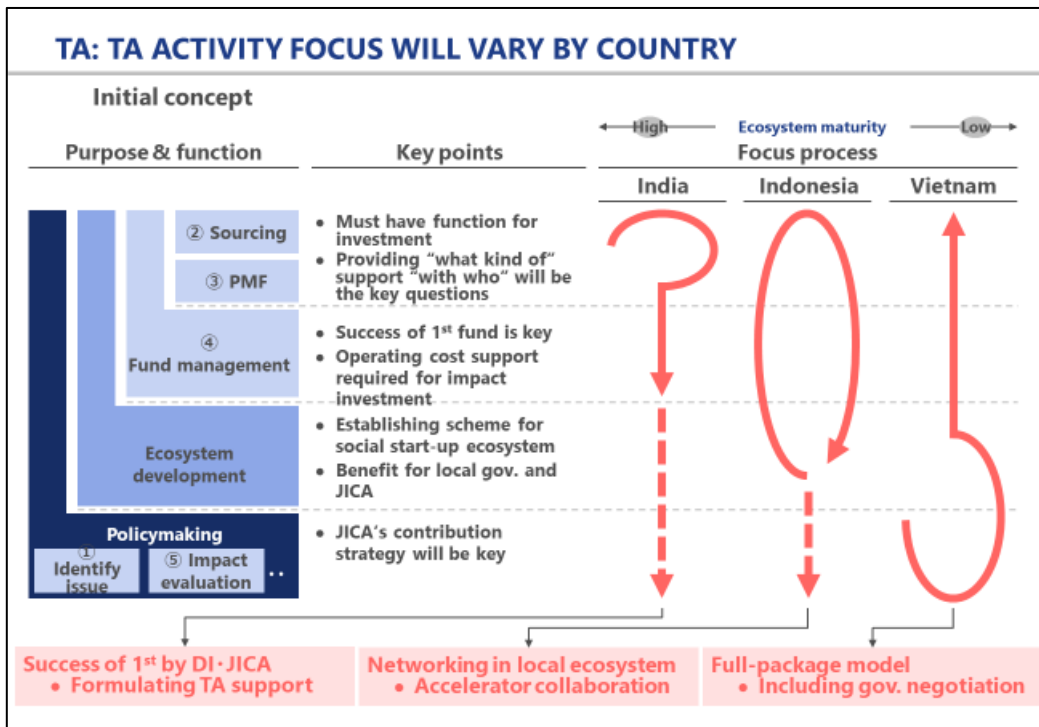


【Figure90: Ecosystem building steps】

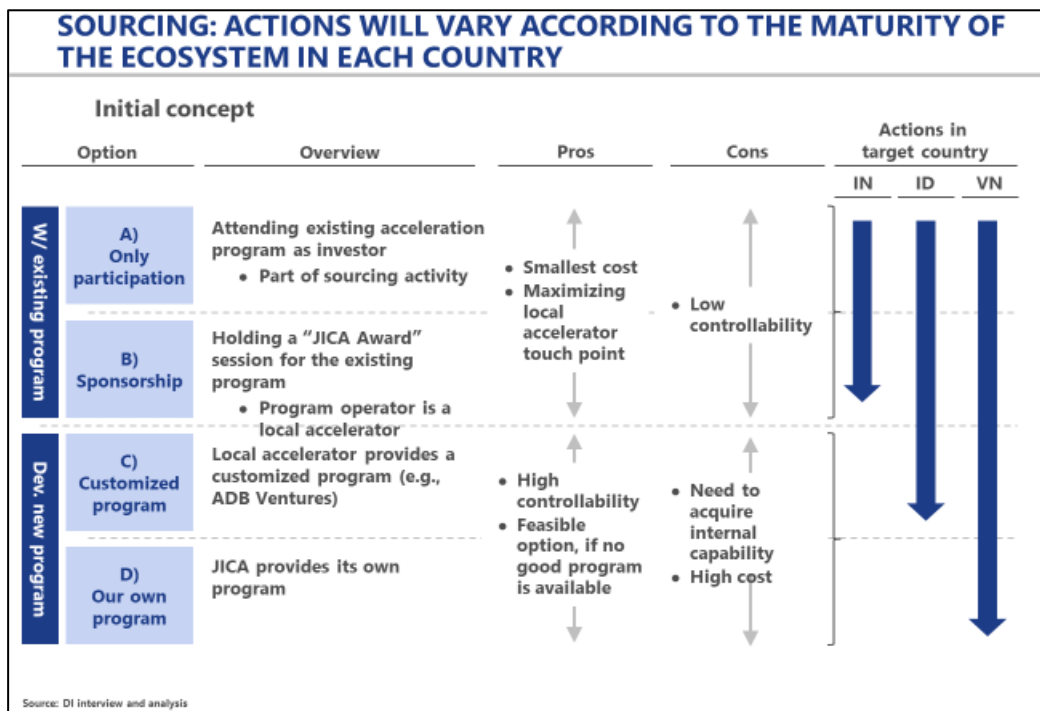


【Figure91: initial fund structure concept】

The support provided by the TA facility will vary according to the maturity of the target country’s ecosystem. India already has a matured ecosystem, hence the main focus will be on investment activity. To promote investment, cooperation with a local accelerator and VC will be required for sourcing and PMF operation. In Indonesia, with its still-under-developed ecosystem, we can work with promising accelerators/VCs, if we any are to be found. If we find no potential partners, we will need to provide hands-on support and stay closely involved. In Vietnam, where the ecosystem is still immature, we will need to proactively build an ecosystem in cooperation with local partners, approach the local government, and engage in policy dialogues to establish the foundation for impact investment.



【Figure92: Concept of TA activities in each target country】



【Figure93: Concept of sourcing activities in each target country】

PMF: HANDS OFF+α IS THE BEST FROM THE FUND MANAGER'S PERSPECTIVE				
Initial concept				
Option	Overview	Pros	Cons	DI View
A) Hands off	Providing grant+ Monitoring	PMF with minimum cost	Depending on start-ups capabilities	When targeting local start-ups
	<ul style="list-style-type: none"> Provide grant for PMF - \$200k-\$500k/PMF Set KPI & monitoring for 6 month ~ 1 year 			
B) Between	Hands off+ Provide test field			
	<ul style="list-style-type: none"> Introducing potential clients and partners 			
C) Hands on	Assigned consultant for full support	Start-ups that lack capability can be supported	High cost for the hiring of internal consultants to support PMF	When targeting JP start-ups
	<ul style="list-style-type: none"> PMF planning Providing test field Operation support PDCA process 			<ul style="list-style-type: none"> Lack experience & capability in operating biz in ASEAN

Source: DI interview and analysis

【Figure94: PMF verification concept for each target country】

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