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Disclaimer: The analysis and the view addressed in this report are the work of Intellecap Advisory Services and do not necessarily reflect the views of the Government of Canada.

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Acronyms Used in the Report

ADB	Asian Development Bank
ANDE	Aspen Network of Development Entrepreneurs
ASEAN	Association of South East Asian Nations
CSIE	Center for Social Innovation and Entrepreneurship
CSIP	Centre for Social Initiatives Promotion
DFAT	Department of Foreign Affairs and Trade (Australia)
DFI	Development Finance Institution
DNES	Da Nang Entrepreneurship Support
GAC	Global Affairs Canada
GDP	Gross Domestic Product
GIIN	Global Impact Investment Network
GLI	Gender Lens Investing
GP	General Partner
GTM	Go-To-Market
HDI	Human Development Index
HNI	High Net-worth Individual
ICT	Information and Communications Technology
IFC	International Finance Corporation
II	Impact Investing
IW	Investing in Women
LP	Limited Partner
MFI	Microfinance Institution
PE	Private Equity
PII	Private Impact Investor
R&D	Research and Development
SDG	Sustainable Development Goal
SEAF	Small Enterprise Assistance Funds
SME	Small and Medium Enterprise, *also considered to be a subset of impact enterprises*
TA	Technical Assistance
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax
VC	Venture Capital
WISE	Women's Initiative for Start-ups and Entrepreneurship

1. Key Definitions and Terms

Impact Investments:

Impact investments are investments made into companies, organizations, and funds with the intention to generate positive social and environmental impact alongside a financial return. The three characteristics that necessarily need to be fulfilled, on the part of the investor, for an investment to be classified as an impact investment are:

1. Expectation of Financial Return: return of capital to risk- adjusted market-rate returns or fees;
2. Intention to create positive social or environmental impact;
3. Commitment to measure impact.

Categories of Impact Investors:

The study categorizes impact investors into two segments:

1. ***Private Impact Investors (PIIs)***: Private Impact Investors (PIIs) encompass a range of investor types including fund managers, family offices, foundations, banks, pension funds, and others that channel private capital into impact investments.
2. ***Development Finance Institutions***: Development Finance Institutions (DFIs) are government-backed financial institutions that provide finance to the private sector for investments that promote development. DFIs are important actors in the impact investing landscape, providing large amounts of capital both through direct impact investments and through indirect investments into other impact capital vehicles such as investment funds.

Impact Enterprises:

The study defines impact enterprises as any for-profit enterprise that has a focus on solving social and environmental issues through an approach which is expected to be financially self-sustainable and scalable. It is to be noted that in the context of Vietnam, the term 'Social Enterprises' is used to refer to a legal format introduced in the Social Enterprise Law. According to the law, a social enterprise is defined as "an enterprise that is registered and operates to resolve a number of social and environmental issues for a social purpose; and reinvests at least 51 percent of total profits to resolve the registered social and environmental issues" Consequently, the term 'impact enterprises' as used in this study includes enterprises registered as social enterprises in Vietnam and other for-profit enterprises that are intentionally addressing social and/or environmental issues, but are not registered as 'social enterprises'.

Gender Lens Investing

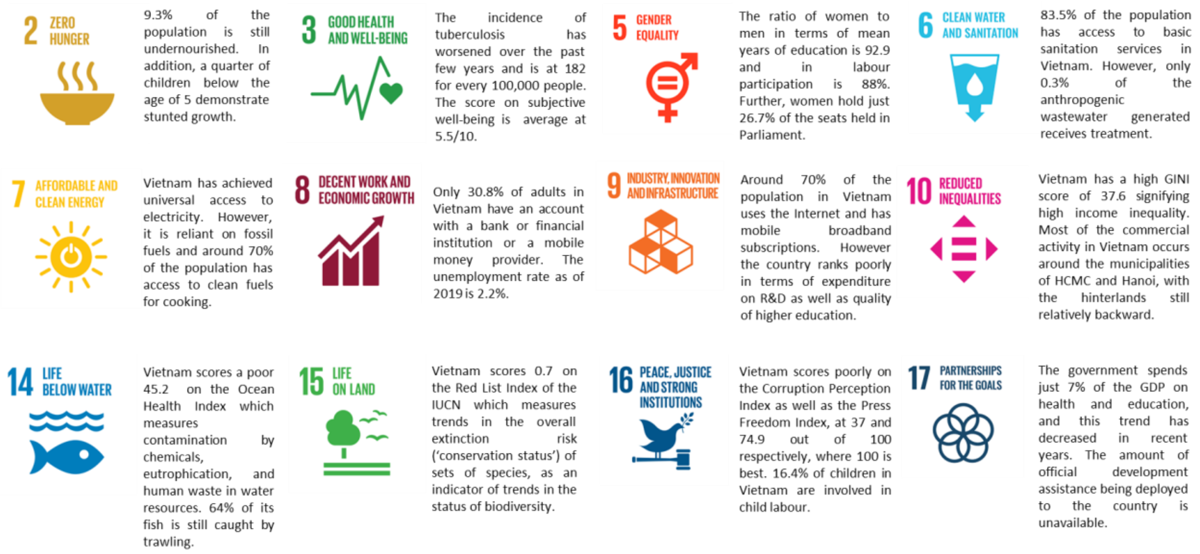
Gender Lens Investing refers to an approach of Investing with the intent to address gender issues or promote gender equity through a process that focuses on gender, from pre-investment activities to post-deal monitoring. Gender lens investors invest in:

1. women-owned or led enterprises,
2. enterprises that promote workplace equity, and/or
3. enterprises that offer products or services that substantially improve the lives of women and girls.

2. Executive Summary

Vietnam is one of the fastest growing economies in Southeast Asia with a thriving entrepreneurial ecosystem. Vietnam's GDP has grown at a rate of 5-7% over the past 5 years aided by an uptick in entrepreneurial activity across sectors.[1] A range of factors have supported this uptick including a policy push from the government to promote innovation-driven entrepreneurship, a rapidly growing middle class driving up demand, increasing interest from domestic/foreign technology- sector investors, and the availability of business support-providers.

In line with economic growth, Vietnam has achieved impressive progress towards the Sustainable Development Goals (SDGs).[2] Vietnam is ranked 49th globally with respect to performance on SDGs in 2020 and this represents a significant improvement from the 88th position when they were first included in the ranking in 2016.[3] According to the Ministry of Planning and Investment, Vietnam requires approximately USD 108 billion for pursuing SDGs related to five sectors: education, healthcare, transportation, rural area development, and power/water supply. Of this, the Ministry suggested that the Government would be able to contribute only USD 75.8 billion.[4] Given these constraints, Vietnam is aiming at increasing private sector participation to mobilize additional financing for investments into the country's development.



Increasingly, impact investing is being viewed as a critical practice to support entrepreneurial initiatives that are focused on SDGs; the practice, however, is at an early stage in Vietnam. The Global Impact Investing Network estimates that the market size for impact investing is around USD 715 billion globally. With respect to Vietnam, impact capital has been deployed for more than a decade, however, it lags its regional peers in terms of momentum gained. Since 2012, Vietnam has attracted about USD 1.6 billion of impact capital. However, about 98% of this capital has been deployed by seven large Development Financial Institutions (DFIs). Private Impact Investors (PII) have cumulatively invested just over USD 28 million in 29 deals in Vietnam. In contrast, PIIs have deployed over USD 234 million across 105 deals in Indonesia, and over USD 184.6 million in the Philippines across 66 deals. These numbers are substantially higher in comparison to Vietnam, both in terms of capital deployed and numbers of deals closed. Such data suggests that there are likely to be several gaps in the impact investing ecosystem of Vietnam which when addressed can strengthen the practice.

This research examines the gaps across five broad components of the impact investing ecosystem and provides recommendations to strengthen the same. The figure below provides a high-level overview of the 5

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[1] World Bank Database on Vietnam.

[2] Vietnam's Development Success Story and the Unfinished SDG Agenda, IMF

[3] Sustainable Development Report 2020, Cambridge University Press

[4] Vietnam shares experience in SDG implementation, Published in Vietnam Investment Review in July 2019

components that are critical to any impact investing ecosystem and the gaps in these components in Vietnam's context.

	Brief description	Key gaps in each component
Access to Finance	Availability of stage appropriate sources of capital for enterprises with a social or environmental impact	• Awareness gap on the role of impact entrepreneurship and impact capital • High risk-perception amongst impact investors • Early stage finance gap which inhibits ability of impact entrepreneurs to grow
Enablers and Partners	Availability of support service providers for impact enterprises and investors	• Lack of service providers focussed on supporting impact enterprises • Limited access to service providers outside of major cities • Impact investors face difficulty in obtaining support from trusted intermediaries
Information and Networks	Promote transparency by creating networks that support free flow of information among various stakeholders	• Inadequate collaboration avenues for capital providers • Limited awareness about providers of impact capital • Lack of impact focussed networking events
Talent and Capabilities	Availability of relevant talent and capabilities for all types of stakeholders in the impact investing landscape	• Impact enterprises find it difficult to access high quality talent • Few local fund managers have capabilities in impact investing and related processes
Policy	Creation of an enabling policy framework to support the deepening of the impact investing ecosystem	• Lack of clarity on benefits of registering as a social enterprise • Ambiguity about foreign investment and remittance processes

2.1 Key Gaps in the Impact Investing Ecosystem

Access to Finance

- **Awareness gap on the role of impact entrepreneurship and local pools of capital**
  - Local capital pools often correlate impact investing and impact enterprises as being more suitable to achieve social goals rather than business goals. Only a few stakeholders from Vietnam's entrepreneurial ecosystem are aware about impact investing and related processes. As a result the flow of local capital into impact investing is limited.
- **High risk-perception amongst regional impact investors**
  - Given the nascent state of impact entrepreneurship in Vietnam, impact investors operating in the region have a high-risk perception about deploying capital in the country. Consequently, impact investors with a regional mandate prefer investing in other countries that have demonstrated success in the past or have more conducive investment policies.
- **Early-stage finance gap inhibits ability of impact entrepreneurs to grow**
  - Impact enterprises face an early-stage finance gap. This gap, subsequently, limits the development of a pipeline of enterprises for late-stage investors. The early-stage investment gap is best illustrated by the fact that average deal size of investments carried out by impact investors in Vietnam is close to USD 800,000[5]. The lack of impact-focused angel networks also contributes to the early-stage finance gap.

Enablers and Partners

- **Lack of service providers focussed on supporting impact enterprises**
  - Vietnam has only a few impact focused enablers and partners that provide support to impact enterprises. Access to customized support across different growth stages is important for an early-stage impact investing ecosystem. Most existing incubation or acceleration programs, however, use a one-size-fits-all approach to business support. Impact enterprises, hence, struggle to receive customized support which is sector or stage specific.
- **Limited access to service providers outside of major cities**
  - Most ecosystem enablers are based in the three urban centres of Hanoi, HCMC, and Danang. Given that impact entrepreneurs may be addressing challenges in smaller cities/rural areas of Vietnam, the lack of geographical depth is a crucial roadblock in enabling these enterprises to grow and scale.
- **Impact investors face difficulty in obtaining support from trusted intermediaries**

[5] Average calculated between 2016 – 2019

- From a supply of capital perspective, investors often fail to find the right partners to support them with their investment processes. Specifically, investors face difficulty in gaining access to partners for sourcing a robust pipeline of entrepreneurs, carrying out due-diligence, navigating the policy environment, and providing post investment support.

Information and Networks

- **Inadequate collaboration avenues for capital providers**
  - The impact investing ecosystem in Vietnam offers limited avenues for information sharing between investors. This particularly impacts fund managers who do not have a local presence (regional or global fund managers); such fund managers find it difficult to find relevant information related to co-investment opportunities, investment processes and investment pipelines.
- **Limited awareness about providers of impact capital**
  - On the demand (entrepreneur) side, there is a significant gap in information availability related to impact investors, their sectors of interest, preferred investment ticket size, and investment processes. This lack of access to information impacts scalability of enterprises, hindering their growth and consequently pipeline available to later stage investors.
- **Lack of impact focussed networking events**
  - Despite a booming start-up ecosystem, there is a limited focus on the impact sector and there are few networking events that bring together stakeholders from the impact investing ecosystem.

Talents and Capabilities

- **Impact enterprises find it difficult to access high quality talent**
  - From the demand side, finding employees who have a combination of business acumen and alignment with the social and environmental purpose of the enterprise is a critical challenge. This is partly attributed to a low awareness related to the impact sector among talented youths and partly to the inability of impact enterprises to pay competitive salaries.
- **Few local fund managers have capabilities in impact investing and related processes**
  - There are very few locally present funds managers with exposure to processes related to impact investing such as strategies for Gender Lens Investing, impact measurement and management, and providing post-investment support. There are also few avenues for peer-to-peer learning to address this challenge.

Policy

- **Lack of clarity on benefits of registering as a social enterprise**
  - Impact enterprises are not very clear about the incentives of registering as a social enterprise. Additionally, enterprises feel that availing policy-driven benefits are time consuming and involve complex procedures.
- **Ambiguity about foreign investment and remittance processes**
  - From a supply side, foreign investors feel investing into Vietnamese enterprises is a time-consuming process. They also find it difficult to navigate policies and find relevant information on investment processes.

Gender Lens Investing in Vietnam

Gender Lens Investing (GLI) is the practice of investing in enterprises that benefit or empower women.* GLI is a relatively new concept in Vietnam and requires concerted ecosystem support to be mainstreamed. There have been only 10 GLI deals in Vietnam since 2015, while Indonesia has had 24 deals.** Only a few stakeholders are involved in GLI in the country, and most of the GLI deals are focused on investing in women-owned or led enterprises. There is limited focus on investing in enterprises that promote gender equality/empower women in their supply chains or produce goods/services that improve the lives of girls and women.

GLI is fast emerging as an area of focus for providers of impact capital who recognize that private sector initiatives can play a crucial role to achieving SDG 5. While the key gaps in Vietnam's impact ecosystem tend to impede most impact entrepreneurs in Vietnam, several of these challenges tend to disproportionately affect women entrepreneurs. Women-owned enterprises face several challenges to gain access to formal sources of finance due to both cultural/societal norms as well as a perception of being risky investments. For instance, from a cultural perspective, women entrepreneurs do not own collateral, and this makes it difficult for them to access formal financing. Further, they often need to balance their businesses with family responsibilities, which limits the time they can dedicate to business. From a risk perspective, women-owned enterprises are also perceived as lacking some of the requisite skills to grow and scale businesses.

*Gender-lens investing is defined as the practice of investing in enterprises that benefit or empower women, by intentionally channelizing capital towards a) women-owned or led enterprises, b) enterprises that promote workplace equity or empower women in their supply chains, and/or c) enterprises that offer products or services that substantially improve the lives of women and girls.
**Intellecap Analysis on Impact Investing deals in Vietnam.

2.2 Recommendations to Strengthen the Impact Investing Ecosystem

Strengthening the impact ecosystem in Vietnam is a long-term endeavour and requires that programs be designed in such a way that multiple interventions can be undertaken in parallel. This research recommends interventions to strengthen all 5 components of the ecosystem. Please note that these interventions are inter-related and programs designed to strengthen one component are likely to have reinforcing outcomes in others. For instance, interventions that improve access to information and networks also improve the confidence of investors, hence, increasing capital flows. Similarly, interventions that focus on strengthening enablers and partners also improve talents and capabilities that are available to impact enterprises. The study also acknowledges that ecosystem building requires time, and the impact of several recommended interventions will only reap results in the long-run. The study, hence, recommends the appropriate sequencing of interventions and does not provide details on the milestones and/or timelines needed to conclude any particular intervention. The study currently assumes that GAC would be the lead agency for implementing most of the interventions; however, the interventions could also be anchored by other philanthropic organizations or development finance institutions. A summary of these recommendations is provided in the following table:

Ecosystem Component	Proposed Intervention	Indicative Timeframe to Initiate the Intervention
Access to Finance	Set up a fund dedicated to early-stage impact investing with a "capital +" model, which includes high touch technical assistance, to improve access to early-stage financing*	0-1 year
	Establish a facility that supports angel investors and local capital pools to venture into impact investing to enhance flow of local capital	1-3 years
	Support existing fund managers with three blended finance tools: (a) First Loss Default Support to reduce investment risk, (b) Impact Bonds to	1-3 years

	support positive impact outcomes, and (c) Technical Assistance to build capacity of their investees*	
	Support a technology-for-impact accelerator program which enables impact enterprises to access locally available non-impact technology focused capital	0-1 year
Enablers and Partners	Provide existing ecosystem enablers with initial funds to invest in their cohorts to make them self-sustainable	1-3 years
	Provide direct funding support to selected ecosystem enablers in the form of results-based grants to help them deliver customized support to impact enterprises	1-3 years
	Set up mentorship programs to provide sector-specific mentorship to impact enterprises*	1-3 years
	Support online incubation and acceleration programs to help enterprises across geographies and growth stages to access business support services	1-3 years
Information and Networks	Develop an online impact investing platform which shares information related to the impact investing sector to improve transparency in the ecosystem	0-1 year
	Institute a member-based industry body on impact investing to support the impact investing ecosystem in Vietnam	3-5 years
	Ease access to market information for impact enterprises by supporting them with go-to-market strategies or by commissioning sectoral research reports for impact enterprises*	1-3 years
Talent and Capabilities	Enable peer learning among local fund managers and angel investors to help new impact investors and mainstream investors transition to impact investing	1-3 years
	Conduct business and financial trainings with impact enterprises to make them investment ready*	0-1 year
	Build capacities of agencies responsible for sourcing pipelines for existing Government lending schemes that have a social or environmental impact to make existing financing schemes more inclusive	0-1 year
	Establish a platform for job seekers and employers in the impact sector to provide information about job opportunities and relevant learning resources	1-3 years
Policy and Regulations	Conduct detailed consultations with impact enterprises and potential investors to refine the social enterprise policy and enhance its adoption	1-3 years
	Develop a common repository of policies and regulatory support available for impact enterprises or investors to ease the impact investing process	0-1 year
	Develop an evidence base of the contribution of impact enterprises and impact investors to Vietnam's development to be later leveraged to influence policy	1-3 years
Gender Lens Investing	Develop capacity building and networking programs dedicated to supporting women entrepreneurs to help women-owned enterprises become investment-ready	1-3 years
	Train existing impact investors, angels, and fund managers on Gender-	1-3 years

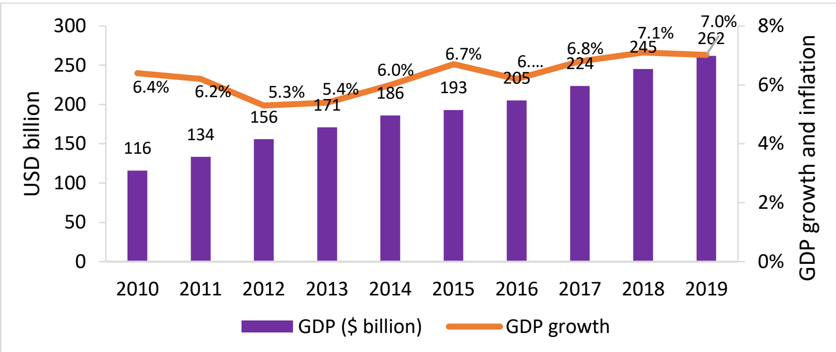
	Lens Investing (GLI) to increase its visibility and bring in more GLI capital	
	Set up an early-stage fund focused on women entrepreneurs and enterprises that support women to ease access to finance for GLI*	1-3 years

* Recommendations that can be customized to focus only on GAC's priority areas

3. Impact Investing in Vietnam: Setting the Context

3.1 Economic Growth and Foreign Direct Investment

The 1986 Doi Moi reforms ("rejuvenation") enabled the transformation of Vietnam from being one of the poorest countries in Southeast Asia to one that is a middle-income economy. Over the years, Vietnam achieved rapid developmental progress supported by broad-based economic transformation that opened a closed economy to international markets and trade, along with pro-business reforms. Today, it is one of the fastest growing economies in Southeast Asia[6]. The per-capita income in the country has steadily increased from just about USD 100 in the early 1990s to around USD 2,715 by 2019. Vietnam also reduced its poverty rate from 58% to around 6.7% in 2018.[7] In terms of performance on Sustainable Development Goals (SDGs), as per the 2019 SDG Index, Vietnam ranked second only to Thailand in Southeast Asia, performing better than regional peers such as Singapore, the Philippines, Malaysia, and Indonesia.[8] The figure below shows the remarkably consistent trend in Vietnam's GDP growth rate over the past decade.



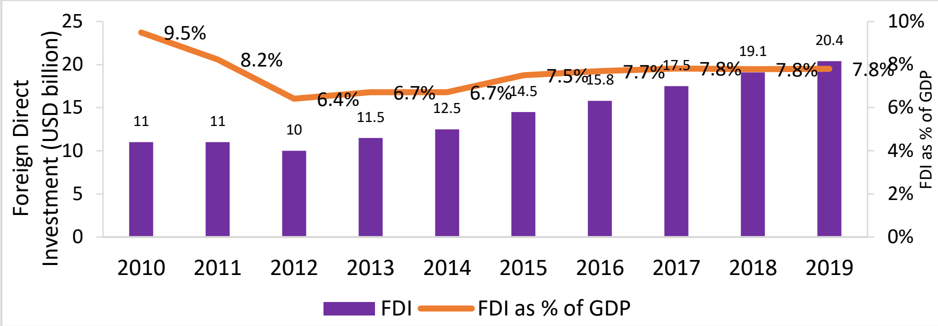
Gross Domestic Product (USD billion) and GDP Growth Rate

Source: World Bank Database

Vietnam has also attracted an increasing amount of foreign direct investment (FDI) over the past decade. In 2019, it received over USD 20.4 billion in FDI, mainly from South Korea, China, and Singapore. This is partly because of efforts taken to improve the private sector business environment in Vietnam, with a particular focus on promoting entrepreneurship. In the past five years, Vietnam's Ease of Doing Business rankings improved significantly, from 90 in 2016 to 70 in 2019.[9]

FDI in Vietnam, Sourced from the Vietnam Statistics Office

[6] Asian Development Outlook, 2020, Asian Development Bank
[7] World Bank Data available at https://data.worldbank.org/indicator/SI.POV.NAHC?locations=VN, Please note the latest data is available for 2018
[8] Sustainable Development Index Report 2019, Sustainable Development Solutions Network and Bertelsmann Stiftung
[9] Doing Business Report, World Bank 2020



3.2 Entrepreneurship in Vietnam

A 2019, survey by the World Economic Forum highlighted that in Vietnam, more than 25% of the population aged between 15 – 35 years wanted to be an entrepreneur.[10] This percentage was much higher than other economies in ASEAN such as Singapore, the Philippines, and Malaysia. There are several factors driving the growth of entrepreneurship in Vietnam including:

Drivers of Entrepreneurship in Vietnam

- **Vietnam provides a large domestic market.** The past decade has seen high economic growth and with it, the rise of an educated middle class with disposable incomes. In addition, a high penetration of mobile and internet connectivity across the country also presents a large market beyond the urban centres for entrepreneurs. As of 2019, 69% of Vietnam's population was using the Internet, whereas there were 136 million mobile phone subscriptions in the country, about 141% of the total population.

- **The Government of Vietnam operates several programs to support entrepreneurship, research and development, and innovation.** These programs are focused on aspects such as supporting technology-focused enterprises, student start-ups, and innovative small and medium enterprises (SMEs).[11] For instance, Project 844 aims to develop an innovative start-up ecosystem by supporting start-ups and helping them in accessing international connections.[12] Another example of governmental support is the National Technology Innovation Fund under the Ministry of Science and Technology, which provides grants for research & development projects in the realm of technology.

- **There is a strong interest from investors to invest in Vietnam, especially in the technology sector.** The technology sector in Vietnam saw 123 venture deals with a capital deployment of USD 861 million in 2019 alone. This was more than twice (both in terms of deals and capital deployed) in comparison to 2018. Even in the first half of 2020, Vietnam's mainstream (*non-impact)* technology sector saw a capital deployment of USD 284 million, despite the challenges related to Covid-19. In 2019, 129 investors were active and made investments in the technology sector of Vietnam.

[10] 1 in 4 Vietnamese wants to be an entrepreneur, VN Express Based on a World Economic Forum Survey
[11] "Fostering the Growth of Social Impact Business Sector in Vietnam", UNDP, 2018.
[12] "Project 844: A catalyst for Vietnamese startup surge", Vietnam Economic News, October 2018

- **There are a growing number of business support providers for enterprises in Vietnam.** As of 2018, there were 30 business incubators and 10 accelerators that were helping start-ups grow and become attractive for investors. These business support providers continue to play a crucial role in providing services such as strategy support, financial management, human resource management, and accounting to start-ups. They often also act as networking platforms that introduce entrepreneurs to other entrepreneurs as well as investors and other business support providers.

Challenges for Entrepreneurs in Vietnam

While these are some of the factors that are conducive to entrepreneurship in Vietnam, there are areas that could be improved to strengthen the entrepreneurial ecosystem. One of the biggest challenges that entrepreneurs continue to face is in accessing capital, and this problem is more pronounced in rural and remote areas and for non-technology sectors. The number of domestic funds is limited and in the case of private equity, investors mainly look for large ticket sizes, of between USD 5-15 million.[13] This is a disadvantage for early-stage enterprises in Vietnam. Most investors prefer technology-based start-ups, typically run by educated and young founders, when compared to conventional businesses. While there are angel investors in Vietnam, angel investing is informal and mostly driven through personal networks. Angel networks are fragmented, and angels still prefer traditional investment options like real estate over start-up businesses. In terms of business support, there is a lack of sufficient customized business support services to entrepreneurs to serve their specific needs, especially for enterprises that are based outside major cities. There is also a lack of business support services that focus on women entrepreneurs and the distinct challenges that they face.

3.3 Impact Capital in Vietnam: Why is it required?

In line with economic growth, Vietnam has achieved impressive progress towards the Sustainable Development Goals (SDGs).[14] Vietnam is ranked 49th globally with respect to performance on SDGs in 2020 and this represents a significant improvement from the 88th position when they were first included in the ranking in 2016.[15] Despite this achievement and the recent growth in entrepreneurship, there exist several social and environmental challenges. For instance, in terms of the human development index (HDI), Vietnam is ranked 117th in the world, lower than Southeast Asian countries such as Thailand, Singapore, Malaysia, and Indonesia.[16] In addition, while poverty has been reduced substantially across the country, ethnic minorities still make up for around 86% of the poor in Vietnam. Vietnam would need to address some of these challenges in the run up to achieving its SDG targets.

Parameter	Performance
HDI	Vietnam scores at 0.704 below the global average of 0.731. Vietnam ranks 117 globally (*Source: HDR 2020)*
Poverty	The national poverty rate has declined significantly, from 58% in the early 1990s to 6.8% in 2018. However, there is high regional inequality. *(Source: Vietnam Statistics Office)*
Access to finance for	SMEs, which form a subsegment of impact enterprises, contributed 45% to the GDP and were responsible for 62% of jobs in 2015. Only about 30% of them, however, have

[13] Country Report Vietnam, Dutch Good Growth Fund, April 2019
[14] Vietnam's Development Success Story and the Unfinished SDG Agenda, IMF
[15] Sustainable Development Report 2020, Cambridge University Press
[16] Human Development Reports, UNDP, December 2020

SMEs	access to secure bank loans *(Source: AVPN, Oxford Business Group)*
Labour productivity	The World Bank rated the quality of Vietnam's labour at 3.39/10, the second lowest among 12 rated Asian countries in 2014. The country's labour productivity was one-fifth of that of Malaysia and two-fifths of that of Thailand in the same year *(Source: AVPN, ASEAN Today)*

In mid-2019, the Ministry of Planning and Investment of Vietnam had announced that Vietnam would require approximately USD 108 billion for pursuing SDGs related to five sectors: education, healthcare, transportation, rural area development and power/water supply. Of this, the Ministry suggested that the Government would be able to contribute only USD 75.8 billion, hence signalling the need for private capital.[17] To exemplify, private impact capital could be leveraged to address some of the following sector specific challenges in Vietnam:

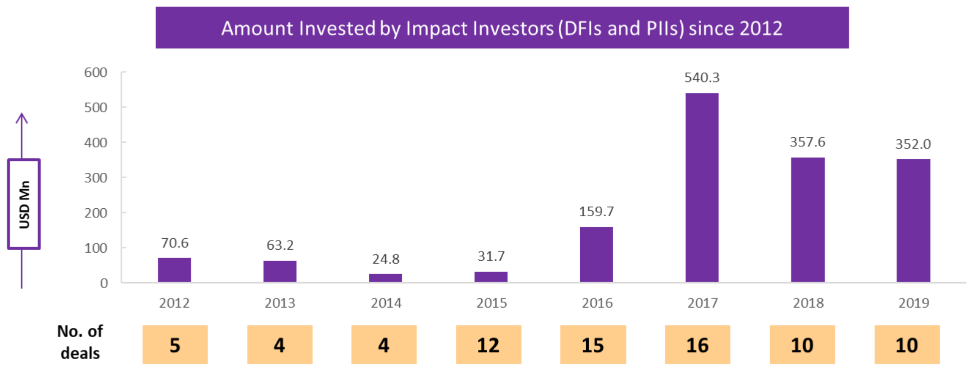
Sector-specific Challenges	
Agriculture	• While agriculture sector employs about 39% of the total workforce as of 2018, it contributes to 14.7% of GDP, indicating low productivity *(Source: World Bank)* • The sector is faced with challenges such as dependence on informal credit sources among smallholder farmers due to a lack of participation by formal financial institutions, lack of information systems, and lack of market linkages for farmers and agribusinesses. (*Source: International Food Policy Research Institute)*
Health	• Challenges such as controlling the spread of communicable diseases and uneven access to healthcare among regions exist.
Education	• Labour productivity is low in Vietnam and would require a focus on vocational and higher education. There is also a high outflow of students to universities outside Vietnam (*Source: World Education News)*
Energy	• 99% of Vietnam currently has access to electricity, however, it lags in terms of efficient energy-use. Coal continues to account for a large share of Vietnam's energy supply, and the contribution of renewable energy in energy production is low. (*Source: Vietnam's National Review on Implementation of SDGs*)
Environment and Climate Change	• Vietnam was the 8th most affected country by climate change in 2015 as reported by UNDP. The country is prone to natural disasters such as landslides and typhoons.

[17] Vietnam shares experience in SDG implementation, Published in Vietnam Investment Review in July 2019

4. Trends in Impact Investing: A Quantitative Analysis

4.1 Overview

While the objective of this research is to provide tangible recommendations to strengthen Vietnam's impact investing ecosystem, this chapter provides a quantitative analysis of the landscape of impact investing to indicate Vietnam's current performance and also to compare it to its regional peers .[18] The analysis suggests that impact investing in Vietnam has not kept pace with the growth experienced by other regional economies such as Indonesia and the Philippines. Since 2012, Vietnam has attracted about USD 1.6 billion of impact capital. Over 98% of this capital has been deployed by seven large Development Financial Institutions (DFIs). The 13 Private Impact Investors (PII) active in Vietnam have cumulatively invested just over USD 28 million in 29 deals.



In contrast to Vietnam, in the same period, PIIs have deployed over USD 234 million in 105 deals in Indonesia, and over USD 184.6 million in 66 deals in the Philippines. This is substantially higher in comparison to Vietnam, both in terms of capital deployed and numbers of deals. The total deployments in the countries, including capital from DFIs, have been close to USD 4.24 billion and USD 1.52 billion in Indonesia and the Philippines, respectively. Both these countries see a comparatively lower contribution from DFI investments; DFIs having contributed close to 94% of the impact capital in Indonesia and 88% of the impact capital in the Philippines. These numbers highlight that while PII activity is gradually scaling to become a critical component of the impact investing landscape in countries such as Indonesia and the Philippines, Vietnam is still heavily reliant on DFIs for impact capital.

Of the 76 deals that were undertaken between 2012 and 2019, 47 deals were undertaken by DFIs and 29 by PIIs. Of the 13 PIIs, 6 investors had local offices in Vietnam while 6 were based outside Vietnam. 4 investors used an intentional gender lens for their deals. Detailed profiles of these investors are highlighted below:

Impact deals by Private Impact Investors (PIIs)

[18] Please note, the study has a greater focus on strengthening PII activity than DFI activity, since the latter is often a function of Government relationships and policy that cannot be influenced externally.

Investor	SEAF	Yellowdog	Patamar Capital	Spiral Ventures	IFU	Rabo Rural Fund	Armstrong Asset Management Pte. Ltd.
DFI/PII	PII	PII	PII	PII	PII	PII	PII
Location of headquarters	United States	South Korea	Singapore	Singapore	Denmark	Netherlands	Singapore
Vietnam office (Y/N)	Y	N	Y	N	Y	N	N
Number of deals in Vietnam	3	1	5	1	1	1	1
Average deal size in $ mn	0.63	3.52	0.7	1	0.08	0.68	NA
Instruments used	Debt, Equity	Equity	Equity	Equity	Equity	Debt	NA
Intentional gender lens (Y/N)	Y	N	Y	N	N	N	N
Sectors of impact deals in VN	Education, Agriculture, Healthcare	Retail	Education, Financial Services, Services	ICT	Financial Services	Agriculture	Energy

Investor	Thriive	LGT VP	Oikocredit	responsAbility	Unitus Impact Partners LLC.	Dragon Capital Group Ltd.	Lotus Impact
DFI/PII	PII	PII	PII	PII	PII	PII	PII
Location of headquarters	United States	Switzerland	Netherlands	Switzerland	United States	United Kingdom	Vietnam
Vietnam office (Y/N)	Y	N	N	N	N	Y	Y
Number of deals in Vietnam	5	2	1	1	1	2	4
Average deal size in $ mn	0.09	0.0375	2.07	0.3	5	3.6	1.5
Instruments used	Debt	Debt	Debt	Debt	Equity	Equity	Equity
Intentional gender lens (Y/N)	Y	N	Y	N	N	N	N
Sectors of impact deals in VN	Agriculture	Manufacturing, Consumer goods	Financial Services	Agriculture	ICT	Energy	ICT, Services

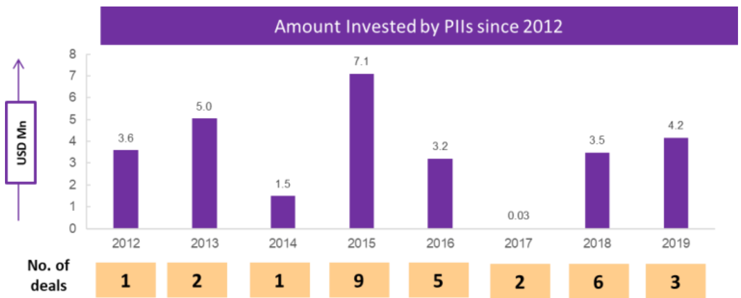
Note: LGT VT and Lotus Impact are currently inactive in Vietnam.

Impact deals by Development Finance Institutions (DFIs)

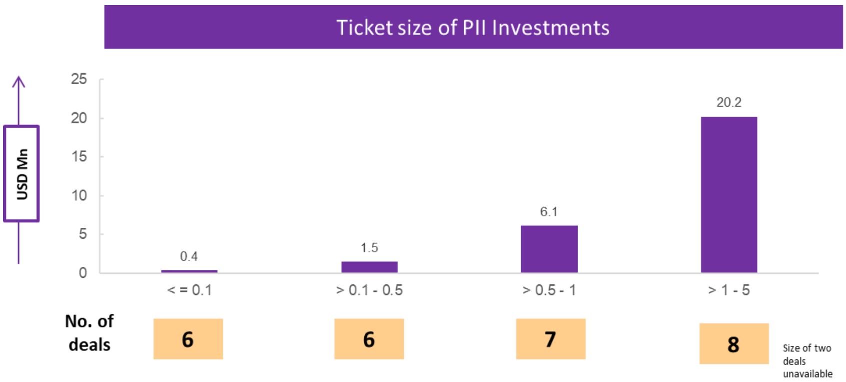
Investor	IFC	ADB	Proparco	DEG	FMO	Bio Invest	Norfund
DFI/PII	DFI	DFI	DFI	DFI	DFI	DFI	DFI
Location of headquarters	Global	Global	France	Germany	Netherlands	Belgium	Norway
Vietnam office (Y/N)	Y	Y	N	N	N	N	N
Number of deals in Vietnam	30	5	1	6	2	2	1
Average deal size in $ mn	32.8	82.5	15	14.2	22.5	2.3	25.61
Instruments used	Debt, Equity	Debt	Debt	Debt, Equity	Debt	Debt	Debt
Intentional gender lens (Y/N)	N	N	N	N	N	N	N
Sectors of impact deals in Vietnam	Energy, Agriculture, Healthcare, Financial Services, Water and Sanitation, Manufacturing, Services, Tourism	Energy	Services	Agriculture, Manufacturing, Services, Healthcare	Agriculture, Infrastructure	Manufacturing	Financial Services

4.2 Private Impact Investing in Vietnam

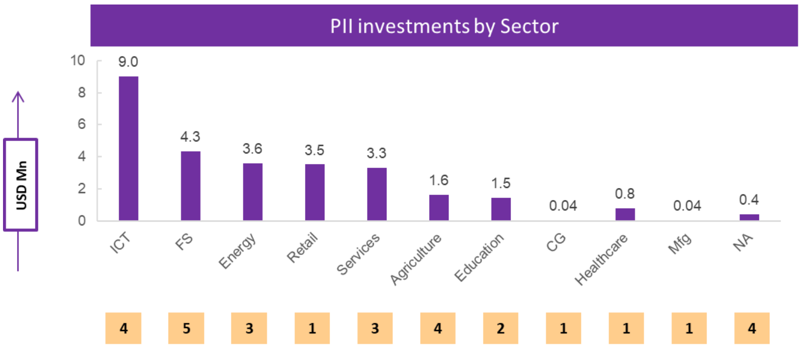
In this section, we present an analysis of impact investments by private fund managers in Vietnam, along with quantitative insights. The section also showcases sectoral trends, instruments deployed for investment and key investors who have been active in Vietnam.



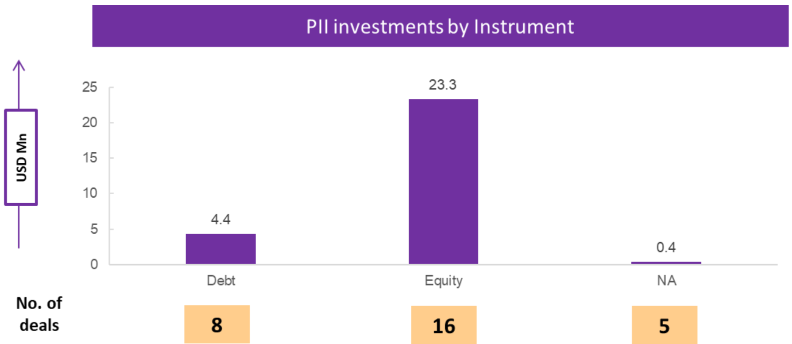
PII activity in Vietnam has been sporadic and no clear trend has been discernible in the quantum of private impact capital deployed in Vietnam. The only clear trend has been the decline in the average ticket size of deals. From 2012 to 2015, the average deal size for PIIs was approximately USD 1.4 million. This has reduced to around USD 800,000 from 2016 to 2019. A key reason for this reduction is the introduction of early stage GLI funds by SEAF and Patamar capital in the last three years. However, the significant annual variation in capital inflows, the low number of transactions on an annual basis, and the fact that this average ticket size is still too high for most impact enterprises indicates that there is both a need and an opportunity to further strengthen the early-stage impact investing ecosystem.



In terms of sectoral preferences, ICT-for-development and fintech have seen the highest number of deals followed by the agriculture sector. Vietnam has a strong tech ecosystem with several incubators and accelerators supporting technology enterprises. These incubators and accelerators have often been leveraged by investors in sourcing deals. Under ICT, investments were made in sub-sectors such as healthcare and transport. In the case of financial services, most investments were made in micro-finance institutions (MFIs) and technology for MFIs. Agriculture has also been an upcoming sector for impact investors in Vietnam. Within agriculture, the impact deals were made generally made in the sub-sector of organic farming, including mushrooms products and cashew nut processing. Another sub-sector was fisheries (shrimp trading). As per the primary interviews conducted, agriculture will continue to be a key sector for impact investments along with renewable energy and waste management. While most of the impact deals made in Vietnam were with enterprises that served a mix of customer segments, there were a few enterprises, mainly in the financial services sector, that focused on customers from lower economic segments. In almost all deals, the intention of the investment is either to improve access to critical goods and services or to allow the marginalized to earn better incomes. However, in the energy sector, most of the deals have focused on reducing the dependence of Vietnam on fossil fuels.



Of the investment instruments, equity has been the key instrument accounting for over 66% of the deals. Vietnam has seen 16 deals by private impact investors in the form of equity, from 2012 to 2019. The average ticket size for equity investments is close to USD 1.4 million, compared to an average ticket size of USD 550,000 in the case of debt. All the investments that targeted technology enterprises (both ICT solutions and fintech) were in the form of equity. On the contrary, of the four deals made in the agriculture sector, three were debt deals.



Of the 13 private impact investors that have deployed capital in Vietnam, five private impact investors account for about two-thirds of the total capital deployed. These are: Patamar Capital, SEAF, Thriive, LGT VP, and Lotus Impact[19]. It is important to note that all these investors have some form of local presence which has often been quoted as a critical success factor for investing in Vietnam by the respondents of the study. This local presence is useful in supporting key investment activities such as (a) pipeline development, (b) due-diligence, (c) post investment monitoring, and (d) impact management & reporting. In addition, local presence is seen to be critical to making smaller investments in the sub-USD 500,000 range. Of the 12 investments made in this range, 10 were made by investors with a local presence.

Most PIIs contextualize the parameters for impact measurement to their impact thesis and sector of operations. PIIs that participated in the research highlighted that impact measurement is an additional burden for their investees and is often time consuming. Hence, the impact measurement frameworks they use are often simple and include indicators that have form a part of Impact Reporting and Investment Standards and the Global Impact Investing Reporting Standards. However, there is no common framework being used by all

[19] Of the investors, Lotus Impact and LGTVP are currently not active in Vietnam. Thriive has recently launched an impact investing fund; however, its earlier investments were in the form of repayable grants.

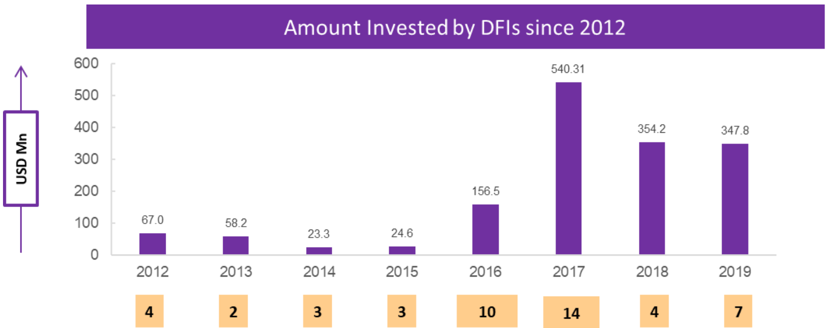
investors. Investors and investees also highlighted that there is an opportunity for building capacities in impact measurement or even leveraging philanthropic capital for funding impact measurement and reporting.

PIIs interviewed as a part of the study highlighted that they expect market rate of returns. Almost all PIIs that were interviewed, suggested that they expected market rate of returns due to commercial obligations to their Limited Partners. However, given the lack of exists in Vietnam, it is difficult to assess whether such return expectations are being met. As identified in the 2017 Global Impact Investing Network study on Vietnam, “most enterprises that have received impact capital to date have not yet scaled to a point where investors can profitably exit. Also, few ‘Series B’ or ‘Series C’ impact investors operate in the country, limiting the scope of potential buyers for existing investors.” The current deep-dive study revalidated such findings.

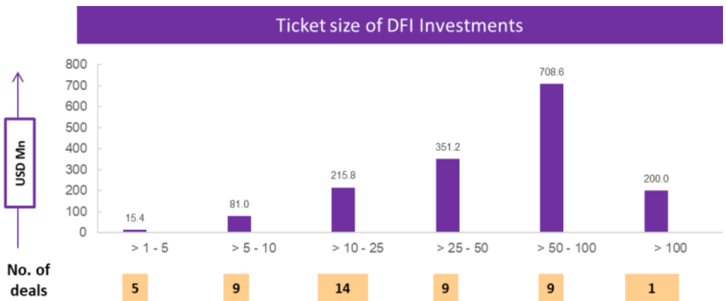
Comparison of Private Impact Investments with Technology Investments in Vietnam

While Vietnam saw just 29 PII deals with a capital deployment of USD 28.1 million between 2012 and 2019, the technology sector in Vietnam saw 123 venture deals with a capital deployment of USD 861 million in 2019 alone. Investments in the technology sector more than doubled (both in terms of deals and capital deployed) in comparison to 2018. Even in the first half of 2020, Vietnam’s mainstream technology sector saw a capital deployment of USD 284 million, despite the challenges related to Covid-19. In 2019, 129 investors were active and made investments in the tech sector of Vietnam, a number significantly higher than in the case of impact investing. *(Source: Do Ventures)*

4.3 Impact Investing by Development Finance Institutions (DFIs)

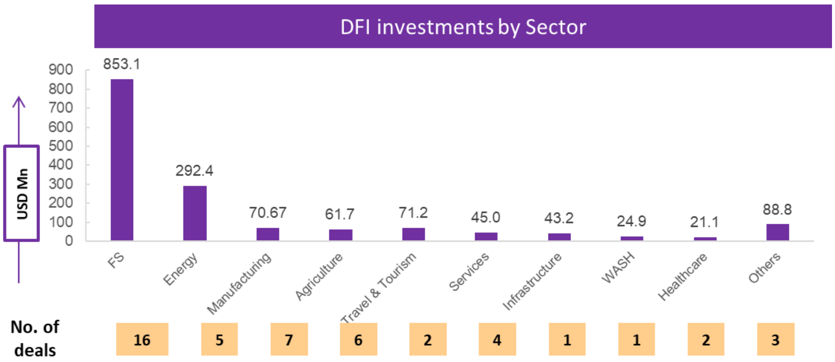


DFIs in Vietnam have typically made investments that focus on broad-based socio-economic development of Vietnam such as for providing increased access to basic services to underserved communities and infrastructure development. Over the past decade DFI investments have gradually increased in Vietnam. From 2012 – 2015, DFIs invested in just 12 impact deals, while in between 2016 – 2019, they made over 35 deals. Between 2012 to 2019, across these 47 deals, DFIs cumulatively invested close to USD 1.57 billion. Of the 7 DFIs active in Vietnam, the International Finance Corporation (IFC) deployed over 60% of the total DFI investments in Vietnam.

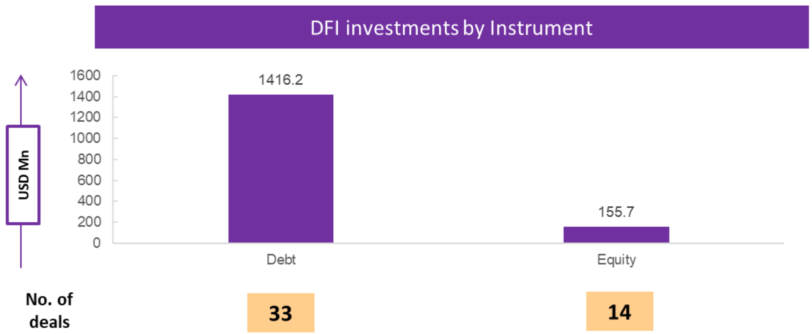


DFI deals have been mostly high-ticket size with the average deal size at around USD 29.8 million (barring an outlier deal of USD 200 million). Given the objective of stimulating macro-economic development, more than 70% of the DFI deals have been larger than USD 10 million. The average deal sizes have also increased over the years. Between 2012 – 2015, the average deal size of DFIs was close to USD 14.4 million in Vietnam. This increased to around USD 35 million between 2016 – 2019.

In terms of sectors, DFIs have invested in MFIs/banks to support growth of their lending portfolios and have invested in large scale energy and manufacturing projects to support job creation. The financial services sector received the highest amount of DFI capital and witnessed the largest number of DFI deals. Debt was the preferred instrument of investment in these deals with an average ticket size of approximately USD 53 million. Investment in energy generation projects attracted the second largest amount in terms of capital deployed by DFIs. Either the IFC or Asian Development Bank (ADB) undertook all investments in the energy sector. These investments have supported large scale renewable energy projects specifically in the solar energy and geothermal energy space. The average ticket size of energy sector deals was around USD 58 million. Manufacturing enterprises also received a significant quantum of DFI impact capital and saw the second-highest number of DFI deals in Vietnam. The sector saw seven deals with an average ticket size of around USD 10 million.

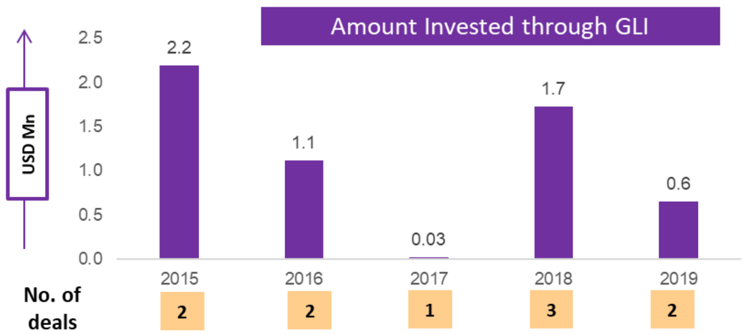


Most DFI investments have been in the form of debt. Of the 47 deals undertaken by DFIs, around 70% deals were in the form of debt. Debt investments had a higher average ticket size of around USD 42 million, in comparison to equity investments which had an average ticket size of around USD 11.2 million. Equity investments were undertaken only by IFC and DEG of the 7 DFIs active in Vietnam.



4.4 Landscape of Gender Lens Investing in Vietnam

Only a few investors use a gender lens in their investment process. Since 2015, Gender lens investors have carried out 10 investments, cumulatively amounting to a total of USD 5.7 million. These investments were made by 4 investors: SEAF, Thriive, Patamar, and Oikocredit. Of these 10 investments, eight were made in enterprises that were women-owned or led (making it the most popular gender lens investing strategy). The average ticket size for GLI investments was around USD 500,000 which was much lower than the average ticket size for non-GLI investments (~ USD 800,000[20]) by PIIs



[20] Average calculated between 2016 to 2019

in the corresponding period. Besides the explicit gender lens, three investments are likely to have an unintentional gender impact.[21] These investments were undertaken by IFC and LGT VP.

4.5 Comparison of Impact Investing in Vietnam with other Regional Economies

Impact Investing has increased across the ASEAN region over the last decade with countries such as Indonesia and the Philippines seeing the largest number of deals. The following figure displays a snapshot of impact investing in the ASEAN region between 2012 – 2019.

Impact Investing in ASEAN, 2012 - 2019

Country	PII investments (USD million)	PII Number of Deals	Average PII Deal Size (USD million)	Ratio Number of PII Deals (2016–2019/2012–2015) *Greater than 1, indicates an increasing interest in II*	DFI Investments (USD million)	DFI Number of Deals	Average DFI Deal Size (USD million)	Ratio Number of DFI Deals (2016–2019/2012–2015)
Cambodia	347	33	10.5	0.7	884.1	56	15.79	1
East Timor	3.7	5	0.7	1.5	1.5	1	1.5	NA
Indonesia	234	105	2.4	3.2	4,013.8	66	60.82	1.2
Laos	16.9	4	4.2	0.3	219.1	10	21.9	0.6
Malaysia	55.8	11	5.07	10	71.9	4	17.9	3
Myanmar	38.7	27	1.4	2	2,109	69	30.57	1.9
Singapore	90.9	24	3.8	5	61.2	6	10.2	2
Thailand	78.5	18	4.3	0.3	2,330.8	31	75.19	0.9
The Philippines	184.6	66	2.8	2.2	1,344.3	38	35.3	1.2
Vietnam	***28.1***	***29***	***1***	***1.23***	***1,571.9***	***47***	***33.4***	***2.9***

Highest 2 Lowest 2

Cambodia has seen the highest quantum of impact capital deployed by PIIs aided by its open dollar-based economy and reliance on foreign funds to support the deepening of financial inclusion. However, in terms of vibrancy and depth of the investment ecosystem, Indonesia and the Philippines reported the largest number of PII deals at 105 and 66, respectively. Vietnam, with 29 impact deals, saw greater impact investing activity than the more developed economies of Singapore, Malaysia and Thailand and the relatively nascent economies of Laos and Myanmar. The average deal size in Vietnam was also the lowest (barring East Timor) at USD 1 million between 2012 – 2019.

Vietnam is one of the few countries which demonstrated a slow growth in number of PII deals between 2012 – 2019. If the ratio of the number of deals undertaken between 2016 – 2019 to the number of deals undertaken between 2012 – 2015 is considered, Vietnam's performance was only better than Cambodia, Laos, and Thailand. The ratio for Vietnam was close to 1.23 while other well-performing countries such as the Philippines, Indonesia, Singapore, and Malaysia had ratios of 2.2, 3.2, 5, and 10, respectively.

While PII investments have grown rather slowly in Vietnam, DFI investments have considerably increased in the country. DFIs in Vietnam almost tripled their portfolio in the latter half of 2012 – 2019. This increase was the second highest in the region, only after Malaysia. DFIs invested more in mature enterprises or in government backed infrastructure development projects, often catalyzing private sector activity.

Vietnam has fared poorly in comparison to its peers such as Indonesia and Vietnam. Since 2015, Indonesia witnessed 24 GLI deals with an average ticket size of USD 0.58 million, Philippines witnessed 10 GLI deals with an average ticket size of USD 1.58 million and Vietnam witnessed 10 impact deals with an average ticket size of USD 0.57 million. Other countries which saw GLI deals in Southeast Asia include Cambodia (2 deals) and Thailand (2 deals).

[21] An investment with an unintentional gender impact refers to investments that did not consider gender as a pre-investment criterion but are likely to empower women.

These quantitative trends highlight that while Vietnam has seen some dynamism with respect to impact investing, there is still an opportunity to strengthen the ecosystem to increase capital flows, such as in some regional peers. The following chapter analyses challenges and provides a set of tangible recommendations to strengthen various components of Vietnam's impact investing ecosystem.

5. Recommendations to strengthen the Impact Investing Ecosystem in Vietnam

Summary of Recommendations

This section of the report begins with a cross-cutting summary of the recommendations and then provides a detailed analysis of the recommendations to strengthen all five components of Vietnam impact investing ecosystem. The recommendations have been structured in a framework that depicts the indicative timelines for beginning their implementation along with the nature of impact that the recommendations are likely to create. The timeline for concluding a recommendation should be decided during the implementation phase depending on the progress made on strengthening the corresponding component of the impact investing ecosystem. The study also assumes that GAC would be the lead agency for implementing most recommendations, however, these recommendations could also be anchored by other philanthropic organizations or development finance institutions. The timelines have been divided into three segments. In each of these three-time segments, GAC could leverage distinct approaches to strengthen the impact investing ecosystem by initiating different types of interventions:

	Suggested approach
Short term (0 – 1 year)	- Lead initiatives to bridge the early stage finance gap in Vietnam - Leverage Vietnam's comparative advantages, such as the presence of investors in its technology ecosystem, to unlock capital - Position GAC as a key agency in Vietnam's impact investing ecosystem - Form relationships with existing stakeholders from the ecosystem
Medium term (1 – 3 years)	- De-risk investments into GAC's priority sectors - Build capabilities of both demand and supply side stakeholders to improve dynamism in the impact investing ecosystem - Unlock local pools of capital such as HNI and philanthropic capital for impact investing
Long term (3 – 5 years)	- Orchestrate an industry-led effort to ensure consistent support to Vietnam's impact investing ecosystem

Recommendations for each time frame are also analysed based on their likely impact as highlighted below:

- **Transactional recommendation:** Recommendations that do not alter the foundation of the impact investing ecosystem and are likely to sustain only under the presence of an external stimulus.

- **Transitional recommendations:** Recommendations that alter existing processes within which the impact investing stakeholders operate; these recommendations either strengthen existing processes or seek to replace them with more efficient processes.

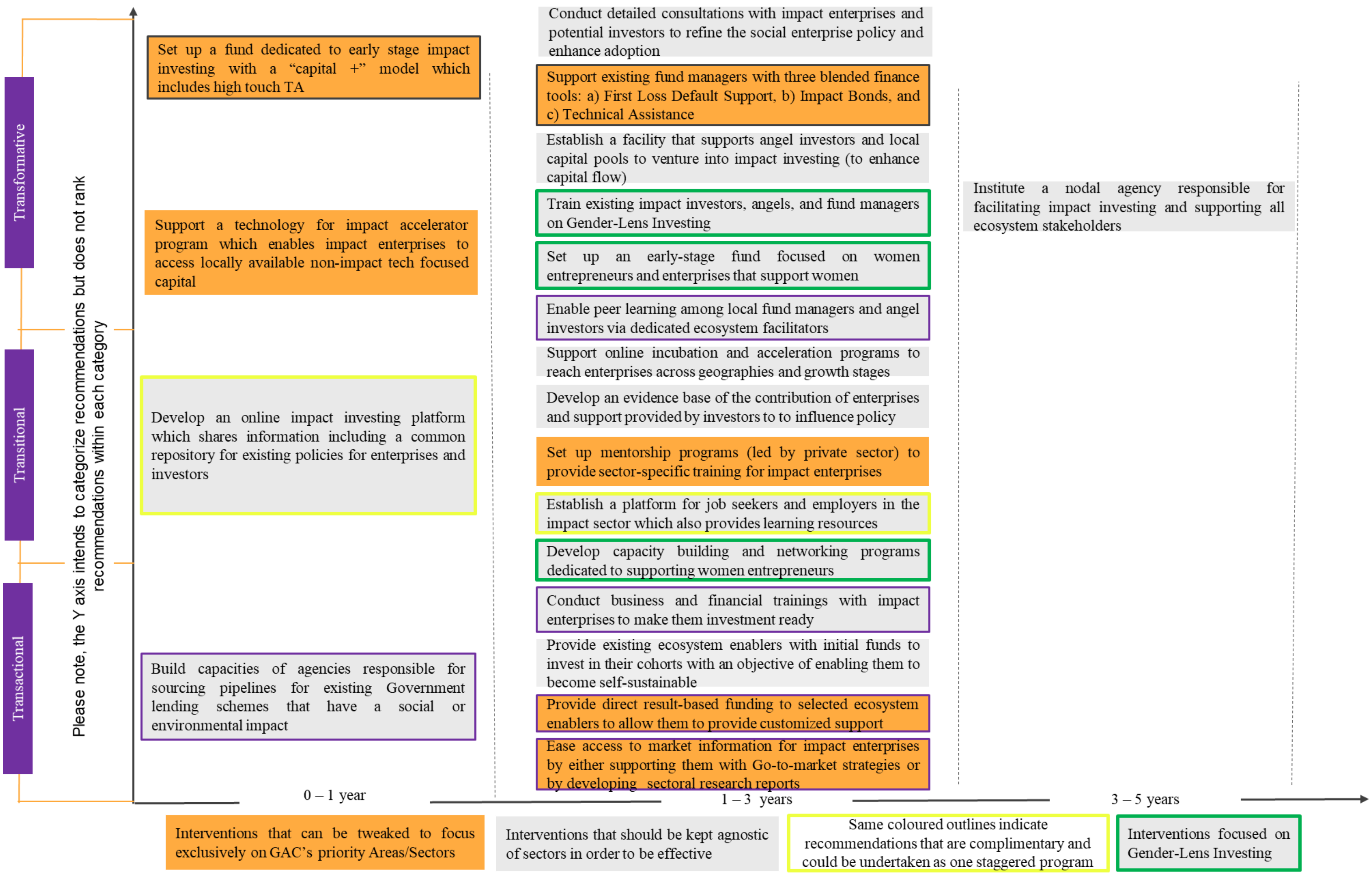
- **Transformative recommendations:** These are recommendations that will not-only alter existing processes related to impact investing but will result in the institutionalising of new processes and vehicles to support impact investing in the long-run.

The following graphic summarizes the recommendations for GAC or any other stakeholder seeking to advance the impact investing ecosystem in Vietnam, while the following sections discuss each recommendation in detail.

Please note:

The graphic also colour codes recommendations that can be tweaked to specifically focus on priority areas of GAC such as Gender, Climate Change, Food Systems and Agriculture. In addition, it colour codes recommendations that are specific to Gender Lens Investing.

The graphic only covers primary recommendations; while the following sections in this chapter also detail a few secondary recommendations that may be easy to execute but may have a limited impact on the ecosystem.


Transformative
Transitional
Transactional
Please note, the Y axis intends to categorize recommendations but does not rank recommendations within each category
Set up a fund dedicated to early stage impact investing with a "capital +" model which includes high touch TA
Support a technology for impact accelerator program which enables impact enterprises to access locally available non-impact tech focused capital
Develop an online impact investing platform which shares information including a common repository for existing policies for enterprises and investors
Build capacities of agencies responsible for sourcing pipelines for existing Government lending schemes that have a social or environmental impact
Conduct detailed consultations with impact enterprises and potential investors to refine the social enterprise policy and enhance adoption
Support existing fund managers with three blended finance tools: a) First Loss Default Support, b) Impact Bonds, and c) Technical Assistance
Establish a facility that supports angel investors and local capital pools to venture into impact investing (to enhance capital flow)
Train existing impact investors, angels, and fund managers on Gender-Lens Investing
Set up an early-stage fund focused on women entrepreneurs and enterprises that support women
Enable peer learning among local fund managers and angel investors via dedicated ecosystem facilitators
Support online incubation and acceleration programs to reach enterprises across geographies and growth stages
Develop an evidence base of the contribution of enterprises and support provided by investors to to influence policy
Set up mentorship programs (led by private sector) to provide sector-specific training for impact enterprises
Establish a platform for job seekers and employers in the impact sector which also provides learning resources
Develop capacity building and networking programs dedicated to supporting women entrepreneurs
Conduct business and financial trainings with impact enterprises to make them investment ready
Provide existing ecosystem enablers with initial funds to invest in their cohorts with an objective of enabling them to become self-sustainable
Provide direct result-based funding to selected ecosystem enablers to allow them to provide customized support
Ease access to market information for impact enterprises by either supporting them with Go-to-market strategies or by developing sectoral research reports
Institute a nodal agency responsible for facilitating impact investing and supporting all ecosystem stakeholders
0 – 1 year
1 – 3 years
3 – 5 years
Interventions that can be tweaked to focus exclusively on GAC's priority Areas/Sectors
Interventions that should be kept agnostic of sectors in order to be effective
Same coloured outlines indicate recommendations that are complimentary and could be undertaken as one staggered program
Interventions focused on Gender-Lens Investing

5.1 Access to Finance

5.1.1 Overview

Access to Finance refers to the ability of an impact enterprise to access appropriate forms of capital at different stages of its growth. The depth and breadth of capital providers in terms of investment ticket sizes, sectors of investment, geography of interest etc is a gradual process that incrementally builds on prior success stories. From an impact investing ecosystem perspective, deepening access to finance faces further challenges due to the unique nature of problems being addressed by impact entrepreneurs. Some of these challenges include:

a) **Nascent markets that enhance perception of risk:** Impact capital is directed towards enterprises that seek to develop a new product/service, or seek to serve underserved communities including marginalized populations, or both. In any case, capital providers find it difficult to map out the risk-reward continuum while structuring their capital portfolio;

b) **Need for more patient capital:** Impact capital often takes a longer period of time to provide returns and impact entrepreneurs tend to require hand-holding by impact fund managers; this requires a comparatively different time horizon of investment from a capital provider's perspective as well as a different mind-set from a fund manager's perspective; and

c) **Need for additional capacity building to measure and communicate impact:** Raising impact capital requires enterprises and fund managers to design an impact framework and undertake impact measurement exercises. This is an additional requirement (both in terms of time and capital) in comparison to non-impact capital.

5.1.2 Challenges with Respect to Access to Finance for Impact Investing in Vietnam

For any impact investing ecosystem to thrive, a pre-requisite is the availability of impact capital to support enterprises across growth stages. In the context of Vietnam, Access to Finance challenges range from a high-risk perception of investing in Vietnam amongst foreign investors, limited awareness of impact enterprises and impact investing amongst the wider entrepreneurial ecosystem, limited awareness about the non-financial value that impact investors bring, and a large early-stage finance gap. These challenges are summarized in the following graphic:

High-Risk Perception and Expectation Mismatch	Perception and Awareness Challenges	Early Stage Finance Gap
The flow of impact capital is restricted because of a high risk perception of investing in Vietnam vis-à-vis other economies. In addition, there is an expectation mismatch between investors and potential investees	Impact investing is perceived negatively and there is often limited awareness which prevents local capital pools from exploring the practice. Similarly, equity as an instrument faces a negative perception in Vietnam	Only a few impact investors are currently evaluating deals below USD 300,000, leading to a demand-supply mismatch in early stage financing for impact enterprises. This prevents pipeline development for subsequent phases

Challenge 1: High Risk-Perceptions and Expectation Mismatch

Interactions with foreign fund managers that have a regional mandate highlighted that they are more comfortable investing in other regional economies in comparison to Vietnam. [22] This has a substantial impact

[22] A regional mandate implies that an investor has the flexibility to invest across countries in a region instead of being limited to invest only in one specific country

on the flow of impact capital into the country. Some of the key underlying factors for this preference include the following:

1. **Higher risk perception of investing in Vietnam:** There are no publicly available examples of successful exits made by impact investors in Vietnam. Further, many impact investors have scaled down their operations in the country.[23] These factors cumulatively create a high-risk perception for foreign investors. The inflow of capital is further restricted because several foreign investors have a regional mandate, and they prioritize investing in economies that (a) are more favourable in terms of policy, (b) have a past record of successful impact investments and exits, and (c) have a strong enabling ecosystem or intermediary presence that supports impact investing. Several economies in Southeast Asia have been able to perform better in terms of the three parameters mentioned above. For instance, Indonesia has seen a robust growth in impact investing over the last five years and have also seen successful exits, while Singapore and Malaysia have demonstrated favourable policies that have improved the ease-of-doing business. For investors with a regional mandate, other countries in Southeast Asia have, therefore, become a preferred investment destination over Vietnam.

2. **Limited information sharing:** Given the early stage of the impact investing ecosystem, there is limited information sharing regarding the impact space and successful impact deals that have been undertaken in Vietnam. This opaqueness also holds when investors scout for the right co-investment and business support partners to support them in the investment process. These factors cumulatively restrict investments into Vietnam.

A mismatch between investor offerings and enterprise requirements is another critical challenge which aggravates the issue of access to finance. The average ticket size of impact deals in Vietnam, between 2012 – 2019, has been around USD 800,000 which is significantly higher than what most impact enterprises can absorb in the country. The reason for the high-ticket size preference for foreign investors is primarily because of high costs associated with sourcing, executing deals, and providing post-investment technical support.

Which stakeholders are most affected by this challenge and why?

This is an ecosystem level challenge which impacts the demand side (or impact enterprises) across all growth stages, and especially early-stage enterprises. From the supply side, the challenge of high-risk perception impacts investors without a local presence disproportionately. During research, investors with a local presence were seen to be more comfortable with respect to a) deal pipelines and b) investment policies.

Challenge 2: Perception and Awareness of Impact Investing

There is a limited awareness and a possible negative perception about the business performance of the "impact" sector in Vietnam. This perception issue holds mostly for mainstream or non-impact investors as they conceive that impact-focused stakeholders are not very serious about financial returns. Consequently, several local pools of capitals such as non-impact funds and high-net-worth individuals are hesitant to explore impact investing. At the same time, entrepreneurs also tend to have limited awareness about equity investors and the non-financial value that impact investors could bring to their businesses. These perception and awareness issues impact both the demand and supply of impact capital, or in other words restricts access to finance.

> "*People feel that since an enterprise is impact focused, they may not be very serious about financial performance. Classifying as an impact investor also hampers fund raising - A Fund Manager with an active portfolio in Vietnam*"

These challenges exist because of the following underlying causes:

1. **Limited information on successful impact deals in Vietnam:** As highlighted earlier, there is limited sharing of industry level information and knowledge in the impact investing sector and with respect to well-performing impact deals. For instance, several high "*accidental-impact*"

> "*It is necessary to share information on impact enterprises that are doing good financially. Many hospitals and schools that are creating unintentional impact are making a lot of money. These examples need to come out – An ecosystem enabler*"

[23] Some of the impact funds that are no-longer active in Vietnam include LGT VP and Lotus Impact

deals in education and healthcare have managed to scale, however, they are not portrayed as impact investments. Consequently, stakeholders that are not well-acquainted with the impact investing sector doubt the sector's ability to generate competitive financial returns.

2. **Small scale of impact enterprises:** Given that most impact enterprises in Vietnam are in the early stage, investors often perceive impact enterprises to be limited in scalability. This discourages additional capital, both from foreign impact investors and non-impact investors.

3. **Low cognizance of value added from equity:** From the demand side, equity investments are often seen as a dilution of an entrepreneur's control over their enterprise. Several impact entrepreneurs are not aware of the additional value that equity investors could bring to their businesses, such as risk-sharing, expert mentorship, and access to networks. Limited understanding of the non-financial value propositions restricts the demand for impact capital in Vietnam.

Which stakeholders are most affected by this challenge and why?

This challenge is an ecosystem level challenge and affects most impact enterprises. However, enterprises that have raised impact capital in the past may be more aware of impact investing, making it easier for them to raise subsequent rounds of funding.

Challenge 3: Early-Stage Finance Gap

Another challenge with respect to access to finance in Vietnam is the limited availability of impact capital in the sub-USD 300,000 range. This is a critical challenge as more than 70% of impact enterprises in Vietnam are micro or small enterprises and cannot absorb larger ticket size investments.[24] Without access to early-stage capital, many nascent enterprises are not able to grow, hence, restricting the pipeline of investments for growth and mature stage investors. Currently, for early-stage capital most impact entrepreneurs rely on their own funds and those of friends/ family for support.[25] In addition, a few enterprises successfully raise grant capital by participating in competitions; an approach which is not sustainable in the long run.

Some of the underlying factors that result in the early-stage finance gap in Vietnam include:

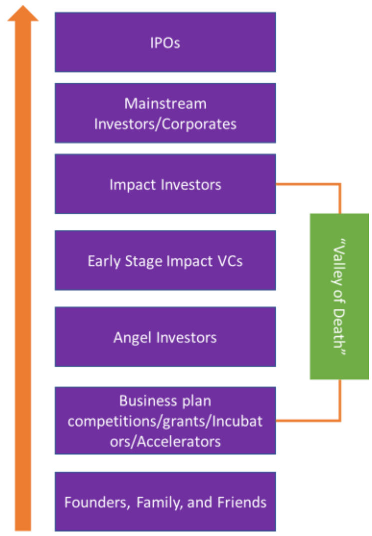


Figure 1:The Ladder of finance and the valley of death in Vietnam. Vietnam currently sees a substantial gap in capital available between the business plan competition and grants stage and the impact investors stage

1. **Absence of an impact focused angel network:** In Vietnam, the concept of collaboration- driven angel investing is still very nascent. Additionally, while there are several initiatives that are working to formalize angel networks, none of them have established a position of pre-eminence, and none of the operational angel networks have an exclusive impact focus. Some of the key factors that hinder angel-investing in Vietnam include the following:

- Availability of less-riskier asset classes and the preference to invest in them amongst high-net worth individuals. Such asset classes include real estate and stock markets
- Channels for approaching angels mostly limited to personal networks, which only a few entrepreneurs may have. In addition, a high preference for "club and bar deals" limits fundraising by women entreprneurs
- High growth and return expectation of angels investing in enterprises, which deters angel investments in slow-growth impact enterprises
- Limited capacities of angels to identify potential impact pipelines, undertake due-diligence/valuation exercises, and provide post-investment technical assistance

[24] British Council, 2018
[25] British Council, 2018

2. **Requirement of collateral for raising debt from financial institutions:** Access to capital in the form of debt from formal financial institutions in Vietnam is available only against collateral. Most early-stage entrepreneurs do not have collaterals that can be utilized to raise funding required for scaling their business. Since most impact enterprises serve riskier markets, there is also a lack of understanding and availability of tailored products for impact enterprises. Additionally, women entrepreneurs are quoted to have limited access to collaterals for raising finance, further contributing to the early-stage finance gap.

3. **Absence of early-stage impact funds:** Most of the fund managers targeting the sub-USD 300,000 range, are not impact focused and are seen to have a preference of investing in high-growth tech enterprises. While some of these fund managers may have an "*accidental impact*" in their portfolio, they do not have the resources and knowhow to measure and manage impact. When it comes to impact investors, the average deal size in Vietnam is close to USD 800,000; a ticket size too large for most impact enterprises to absorb.

> *"We have not worked with the bank for big loans yet since we do not have enough collateral - A social enterprise"*

Which stakeholders are most affected by this challenge and why?

There are certain types of impact enterprises that are most affected by the early-stage finance gap. These are:

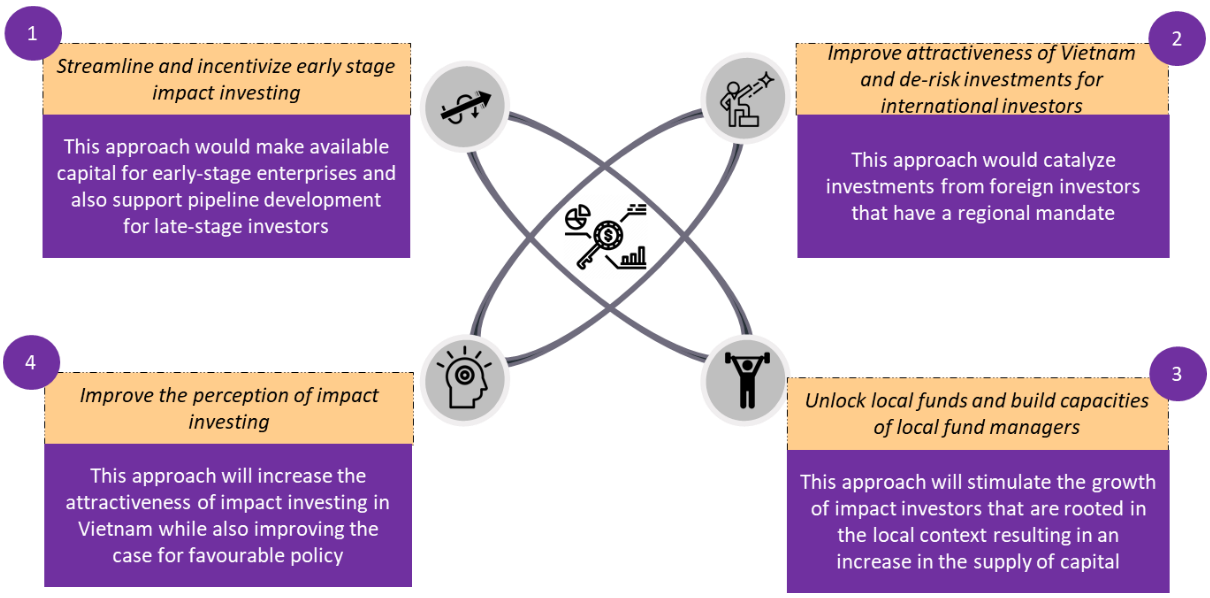
- ***Young enterprises:*** As the finance gap suggests a lack of players at the sub-USD 300,000 range, young enterprises struggle the most with raising impact capital.

- ***Women-owned/led businesses:*** Women led businesses tend to face the early-stage finance gap challenge disproportionately as (a) they often do not have collaterals in their names for raising capital and are left out of banking systems, and (b) they avoid "club and bar deals"

- ***Asset light service businesses:*** The absence of assets also prevents impact enterprises from raising capital from banks. On the contrary agribusinesses that are into manufacturing and have larger assets are seen to avail low-interest collateralized loans with much ease.

5.1.3 Recommendations for improving Access to Finance for Impact Investing in Vietnam

Given the nature of challenges that hinder access to finance, and the underlying causes of these challenges, interventions to strengthen access to finance should influence one or more of the following:



Based on these 4 pillars, the research recommends for recommendations:

Recommendations	Streamline and incentivize early-stage impact investing	Improve attractiveness of Vietnam and de-risk investments for international investors	Unlock local funds and build capacities of local fund managers	Improve the perception of impact investing
1. Set up a fund dedicated to small size and early-stage impact investing with a "capital +" model which includes high-touch technical assistance to Investees	Yes			Yes
2. Establish a facility that supports angel investors and local capital pools to venture into impact investing to enhance flow of local capital	Yes		Yes	Yes
3. Support existing fund managers with three blended finance tools: (a) First Loss Default Support to reduce investment risk, (b) Impact Bonds to support positive impact outcomes, and (c) Technical Assistance to build capacity of their investees		Yes	Yes	
4. Support a technology-for-impact accelerator program which enables impact enterprises to access locally available non-impact technology-focused capital			Yes	

This section describes each of these recommendations in detail.

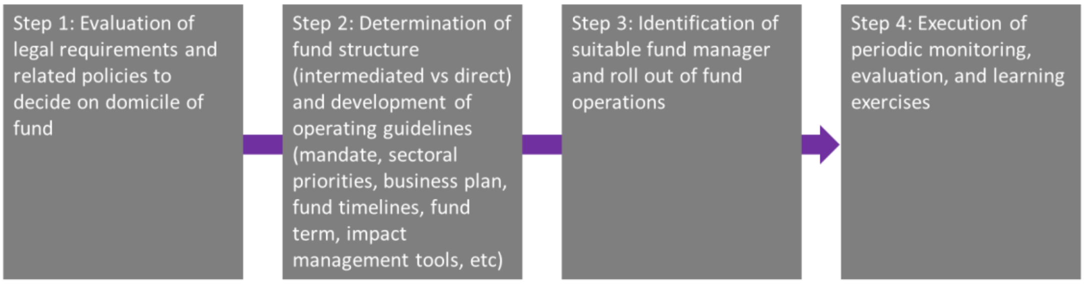
Recommendation 1: Set up a fund dedicated to small size and early-stage impact investing with a "*capital +*" model which includes high touch TA

Description	To stimulate access to finance for early-stage impact enterprises, GAC could establish a fund which directly invests in early stage high-impact enterprises.
Relevance	A critical gap in the Vietnamese ecosystem is the lack of early-stage funding with only a few impact investors operating in the sub-USD 300,000 range. The absence of such funds limits pipeline development for later stage deals. Through such a fund, GAC could itself lead the impact investing movement in Vietnam. Besides bridging the early-stage finance gap, the fund will also build confidence of other investors seeking to invest in Vietnam.
Indicative Partners	To execute such a fund, GAC would require: *a.* A fund manager with exposure to impact investing *(like Patamar Capital, SEAF, and Thriive)* b. A legal partner c. A knowledge partner for structuring the fund *(could include consulting and advisory firms with expertise in designing impact funds)*

	d. gCo-investment partners *(existing fund managers or accelerators, both impact and non-impact, conditional on ticket sizes)*
What are the advantages of such a fund	- GAC will enjoy a high "*contribution/attribution*" to the impact created by providing access to finance - Unlike grants, the fund will allow for a revolving pool of capital that could continuously be leveraged for furthering impact investing in Vietnam - Will help build the equity culture in Vietnam - Will allow for pipeline development for late-stage investors that are evaluating deals in Vietnam
What could be the challenges with respect to this Recommendation	- Once capital has been deployed, GAC would need to be engaged for a long-term horizon of up to 7 – 10 years - GAC would have to adhere to all legal requirements that the Vietnam ecosystem requires. These legal requirements are considered to be complex by investors
Recommended Timeframe to initiate the recommendation	- 0 – 1 years for fund design and roll out - 1 – 5 years for expanding portfolio
Complementary Recommendations	Support existing fund managers with three blended finance tools: (a) First Loss Default Support to reduce investment risk, (b) Impact Bonds to support positive impact outcomes, and (c) Technical Assistance to build capacity of their investees

Key Considerations for Implementing Recommendation 1

There are four key steps involved in setting up an investment fund, which are summarized in the following graphic:



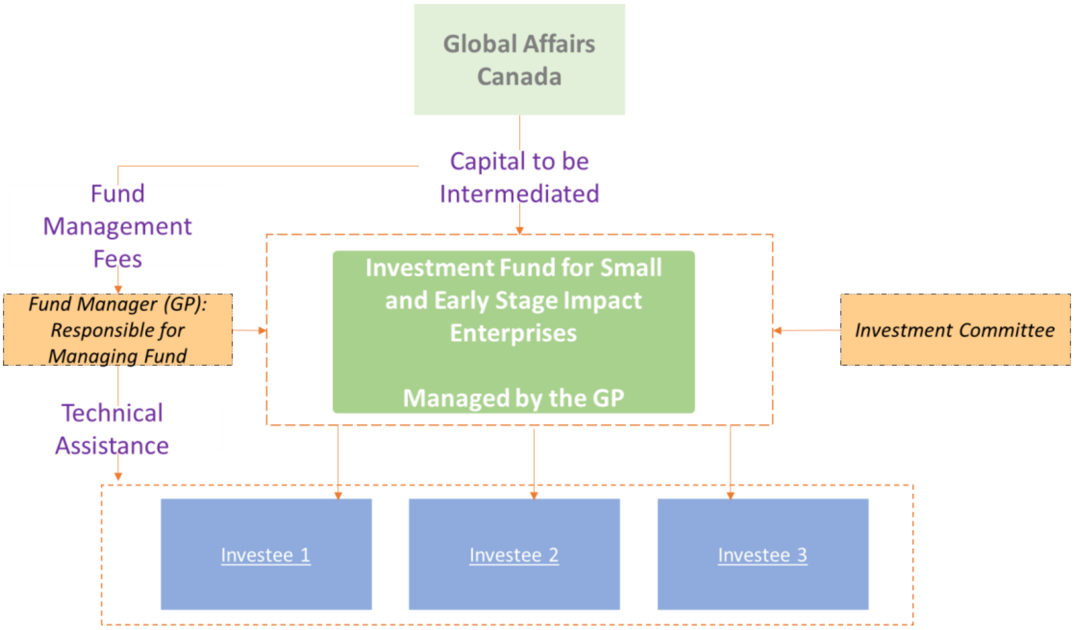
Some key considerations for GAC while deploying the fund could include:

1. **Domicile of the fund:** A critical decision which would need to be taken is whether the proposed fund would be registered in Vietnam or abroad. Most of the current impact funds operating in Vietnam are registered abroad in countries that allow for better protection of shareholder rights. Such an approach also eases the investment processes in Vietnamese enterprises provided they are routed through a holding company domiciled abroad. However, funds registered outside Vietnam need to undergo complex processes for investing directly into Vietnamese enterprises; these processes are often time-consuming.

2. **Determination of thematic focus area of the fund:** Most impact funds have an explicit focus on certain thematic areas or outcomes that they seek to achieve. For instance, job creation is a key outcome for most funds in which the CDC Group or FMO are limited partners. In order to achieve the outcomes, CDC Group invests in 7 sectors: construction and real estate, education, financial services, food and agriculture, health, infrastructure, and manufacturing. To achieve similar outcomes, FMO focuses on three sectors: agribusiness food and water, energy, and financial institutions. Hence, two critical decisions for GAC include: a) outcomes that the fund should target, and b) sectors of focus. These should be aligned to GAC's global agenda while considering the local context in Vietnam. During the course of the study, sector experts highlighted a) ICT, b) energy, c) agriculture, and d) waste management as upcoming sectors for investments in Vietnam.

3. **Fund commitment:** Assuming a portfolio of 25 investments over a period of 5 years, the required capital commitment is likely to be in the range of USD 7 million to USD 10 million, including operational expenditure and budget for technical assistance.

4. **Decision of intermediated capital vis-à-vis direct investments and fund structure:** A key decision variable would be to choose between direct investments vis-à-vis intermediated investments. In the latter option, GAC would act as a limited partner that would commit capital to the fund, and the capital pool will be deployed by a fund manager. Given that the impact fund will be required to provide a wide array of "*capital plus*" services to at least 25 enterprises, it is highly advisable for GAC to intermediate capital, rather than make direct investments initially. Over time, GAC could involve agencies such as FinDev Canada to make direct investments. An indicative fund structure is highlighted below:



5. **Instruments***:* Based on the thematic focus of the fund, GAC would be required to identify the right instruments for the fund during the fund design stage. There is a demand for different forms of capital in Vietnam as highlighted by the experience of different fund managers. For instance, Patamar Capital started with Gender Lens Investing in Vietnam through an equity fund financed by Investing in Women. However, over time, they also introduced a cash-flow based debt fund. Some of the key instruments that GAC could explore include equity, uncollateralized debt, and convertibles. Besides these instruments, GAC could also explore blended finance instruments such as First Loss Default Support and impact monetization as discussed under Recommendation 3 in Access to Finance. Such blended finance tools can even be leveraged to catalyse private capital from traditional financial institutions such as banks to channelize capital towards impact.

6. **Decision on operating modalities***:* GAC will be required to determine the operations modalities of the proposed fund. Some of the key modalities include the following:

Operating Modalities	Description
Fund Mandate	Represents the mode of operations of the fund along with a description of sectors to be invested in, brief overview of investment instruments and ticket sizes, impact thesis, and the Theory of Change
Valuation method and due-diligence systems	Represents the approach to be used by the Fund in evaluating potential investees along with frameworks for legal, financial, and operational due diligence
Fund Manager	Includes the procedure and evaluation criteria for selection of the fund manager

Selection Parameters	
Fees and Fee Structure	Represents the fund management fees which are expressed as a percentage of the total capital committed to be paid annually. In addition, the fee structure should also have a clear indication of the "*carry rate*[26]"
Fund Term	Indicates the term of the fund from the first close (ideally between 7 to 10 years)
Return Expectations	Indicates the return that is expected by GAC for different instruments
Impact metrics and management framework:	Will involve the identification of various metrics that would be used to track the impact of the proposed fund

Case in Focus: DFAT's Investing in Women and Patamar Capital

Investing in Women, a non-profit, has provided around USD 3 million to Patamar Capital, a significant portion of which has been used to set up a special purpose vehicle for investing in women-owned SMEs across Philippines, Vietnam, and Indonesia. The focus of the fund is to provide equity investments along with need-based convertible debt structures; both instruments dealing with ticket sizes ranging from USD 200,000 to USD 300,000. The term of the fund is 5 to 8 years and it targets a return of 10% to 20% IRR per year. As a part of the agreement, Patamar Capital takes one board seat in the investee companies and provides customized handholding to investees to support them in scaling. Some of the Vietnamese impact investments made by Patamar include JupViec and Canal Circle.

Case in Focus: Investing in SDG 14 and 15 (Life Below Water and Life on Land)

While SDG 14 (Life under water) and SDG 15 (Life on Land) have not been sectors that have traditionally been targeted by impact investors, the last few years have seen new investment funds set up especially for these SDGs. The following examples highlight some of these funds:

1. ***The Meloy Fund (SDG 14):*** The Meloy Fund for Sustainable Community Fisheries is an impact investment fund that incentivizes the development and adoption of sustainable fisheries by making debt and equity investments in fishing-related enterprises that support the recovery of coastal fisheries in Indonesia and the Philippines.
2. ***Omnivore (SDG 14):*** Omnivore is an agri-tech investor which has invested in several enterprises that develop technologies for sustainable fisheries. These technologies allow for sustainable harvesting of fish from both coastal and inland fisheries.
3. ***Seed2Growth Fund (SDG 14 and SDG 15):*** The S2G is a USD 100mn fund that invests in sustainable food systems. With respect to SDG 14, S2G invests in enterprises engaged in sustainable fisheries, while with respect to SDG 15, S2G has a focus on investing in enterprises promoting regenerative agriculture.
4. ***New Forests (SDG 15):*** New Forests is a sustainable real assets investment manager which deploys equity in forestry, land management, and conservation. They have made several investments in Southeast Asia and specifically Indonesia and Malaysia.
5. ***Moringa Fund (SDG 15):*** Moringa is an investment fund which targets agroforestry projects located in Latin America and Sub-Saharan Africa. They provide both debt and equity investments along with technical assistance.

Recommendation 2: Establish a facility that streamlines angel investing and supports local capital pools to transit toward impact investing

Description	GAC could set up a facility which streamlines the process of angel investing and

[26] Carry rate is a share of a fund's profits that is shared with the fund manager

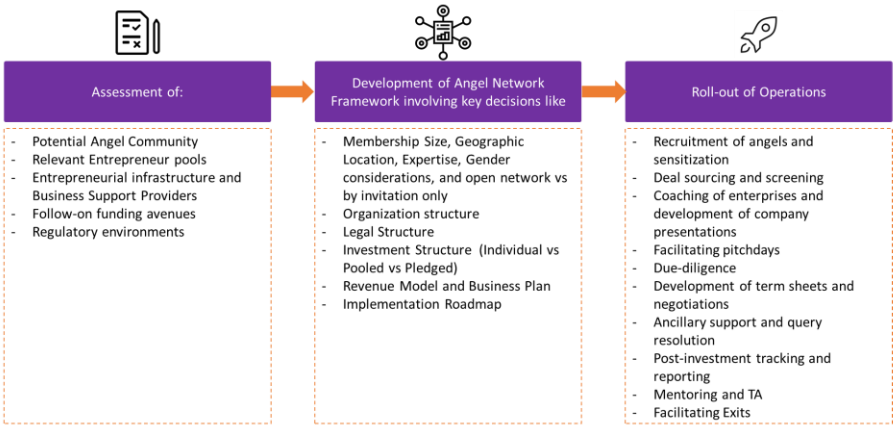
	provides support to local investors (both institutional and individual) that are amenable to investing in early-stage impact enterprises
Relevance	Currently in Vietnam, angel investing activity is restricted to a few deals annually, mostly undertaken by HNIs through their personal networks in high growth businesses. As such, most impact enterprises do not get access to angel investors. In addition, the approach to angel investing is perceived to be "*casual*" with limited focus on due-diligence, valuation, and post-investment support. However, if the process of impact angel investing is streamlined through a network which facilitates investments, it is likely that HNIs could be leveraged to fill the early-stage finance gap. Such Angel networks can catalyse the development of a thriving entrepreneurial ecosystem by addressing both supply and demand factors. **From a supply of capital perspective**, angel networks build capacity of high net-worth angels who may be investing in an illiquid asset class for the first time. This capacity building includes handholding the angels through the investing process, connecting them with other more experienced angel investors, making them aware of the key risks/opportunities, helping manage the documentation process, curating a learning journey, and clarifying relative roles and responsibilities of investors/ founders. **From an entrepreneur (demand side) perspective,** angel networks seek to identify and bring up entrepreneurs with good potential, facilitate connections between the entrepreneurs and relevant angels, enable entrepreneurs to communicate their value proposition/growth prospects and help resolve thorny issues around valuation and dilution. In addition, deal-facilitation support could also be extended to local capital pools such as non-impact funds and family offices to encourage them to transit towards impact investing.
Indicative partners	a. HNIs, family offices, and local non-impact funds. Please note that the process for investing foreign capital into Vietnam is complex and has limited provisions for safeguarding minority shareholders.[27] The proposed facility should, hence, focus on on-boarding local HNIs and Vietnamese expats. b. Technical experts who would manage the network[28]
What are the advantages of this Recommendation	- Provides for a possibility to mobilize local capital pools for impact investing and specifically for bridging the early-stage finance gap - Through aggregation of investors and enterprises, the proposed facility could enjoy economies of scale with respect to pipeline sourcing, valuations, due-diligence, and post-investment support; individual investors do not enjoy such economies - Allows for a self-sustaining model after a few years of operations
What could be the challenges with respect to this Recommendation	- Requires committed angels that could be difficult to source given the early phase of impact investing in Vietnam. In addition, angels would be required to part with capital for longer periods of time. Equity investments are not liquid and hence may require challenging behaviour change on the part of potential angels.
Recommended Timeframe to initiate the recommendation	- 1 – 3 years
Complementary Recommendations	None

Key Considerations for Implementing Recommendation 2

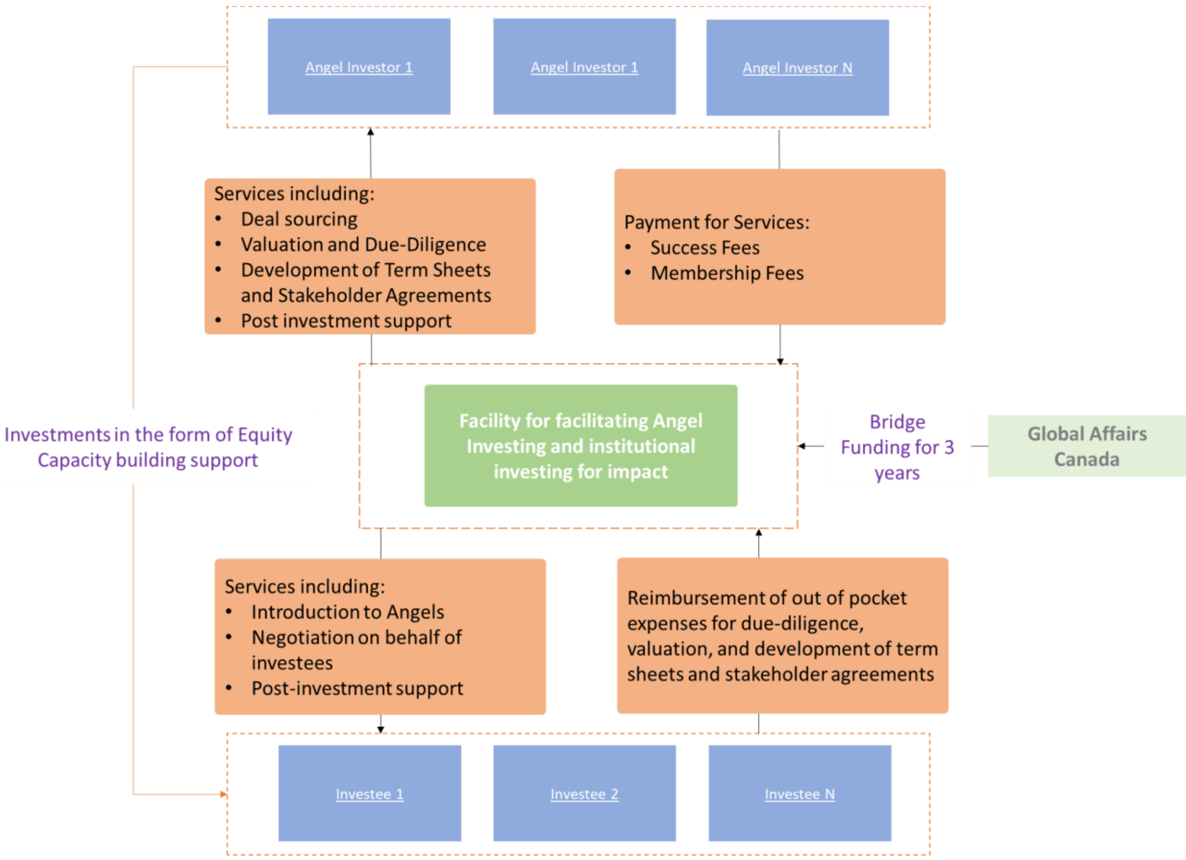
The following graphic highlights the key steps in setting up an angel investing network:

[27] Discussed in detail in chapter 5.5

[28] Some stakeholders that are already working to set up angel networks in Vietnam include Da Nang Business Incubator, WISE, KisStartup, and CSIP.



The following graphic illustrates an indicative structure for the proposed facility:



Case in Focus: Intellecap Impact Investment Network

Intellecap Impact Investment Network (I3N or I-cube-N) is a global network of impact investors, both individuals and institutions who come together to co-invest in impact enterprises across India and East Africa. The network cumulatively has over 500 investors across India and East Africa, with investing interests in India, Bangladesh, Kenya, Rwanda, Tanzania, and Uganda, with the likelihood of expanding to Indonesia. Some of its early investees include firms like iKure, Ketto, and AgroStar, all of which cumulatively have raised over USD 30 million in follow-up funding until date.

The objective of the Intellecap Impact Investment Network is to plug the pre-VC funding gap early-stage enterprises face by mobilizing domestic capital and connecting international investors to domestic investors. Some of the services provided by the angel networks include:

1. Pipeline development
2. Negotiations between investors and potential investees
3. Development of term sheets and stakeholder agreements
4. Facilitation of transactions
5. Post investment support
6. Exit support

Recommendation 3: Support existing fund managers with three blended finance tools: a) First Loss Default Support, b) Impact Bonds, and c) Technical Assistance

Description	The use of blended finance tools could help de-risk investments that are traditionally thought to be risky. Such tools can also create financial incentives for channelizing capital towards specific target sectors or types of enterprises. This de-risking could support investors in channelizing capital to selected sectors or type of entrepreneurs that are aligned to GAC's priority areas
Relevance	A key characteristic of impact enterprises is that they serve risky markets which makes them unattractive investment choices. Without specific incentives, there is also a tendency for financial institutions to omit investing in specific groups of borrowers such as women entrepreneurs (for instance, women entrepreneurs may lack collaterals or may be perceived to be risky). Hence, through blended finance, private capital could be incentivized to reach sectors that were traditionally not served and are likely to have a catalytic effect necessary for an early-stage impact investing ecosystem like Vietnam.
Indicative Partners	a. Existing fund managers and financial institutions *(such as commercial banks, investors like SEAF, Patamar Capital, Thriive, Asian Business Builders, 500 startups and others)* b. Impact assessment and evaluation firms *(could include organizations such as CSIP, CSIE, Oxfam, and other ecosystem enablers)*
What are the advantages of this Recommendation	- Leverages on existing stakeholders, instead of requiring the establishment of new investment vehicles - Allows GAC to choose the sectors, type of entrepreneurs, or growth stages to be de-risked. These choices could be aligned to GAC's impact thesis
What could be the challenges with respect to this Recommendation	- Most blended finance tools require extensive monitoring and impact assessments which could be expensive to conduct in Vietnam
Recommended Timeframe to initiate the recommendation	- 1 – 3 years

Complementary Recommendations	Set up a fund dedicated to small size and early-stage impact investing with a "capital +" model which includes high touch TA

Key Considerations for Implementing Recommendation 3

Choice of blended finance tool: The three mechanisms of blended finance which are recommended to be explored include the following:

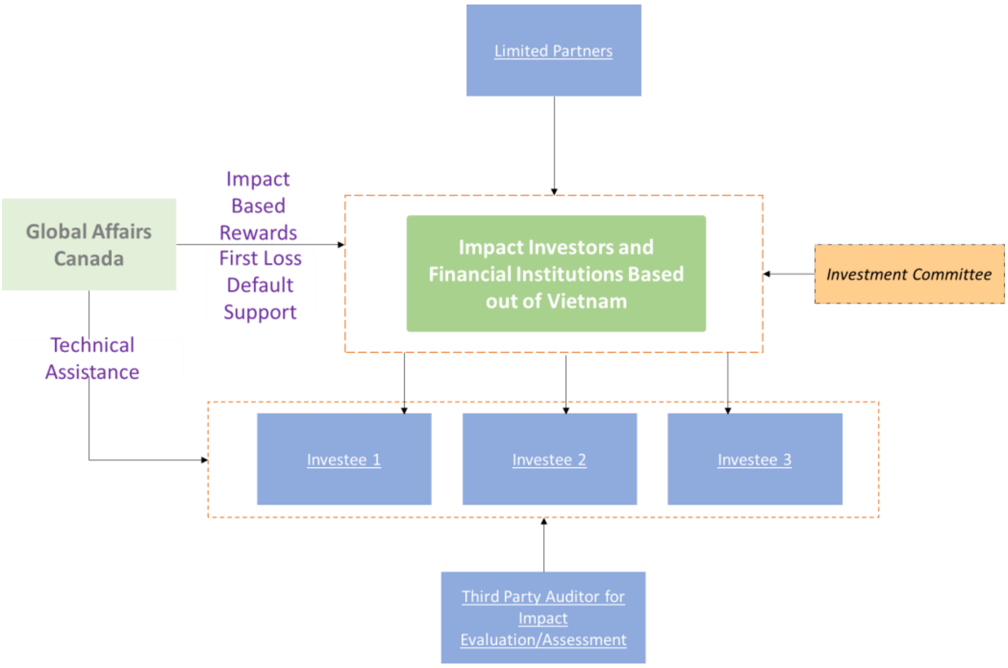
1. **First-Loss Default Support:** In a first loss default support, impact investors and financial institutions provide debt to certain high-risk high-impact enterprises, while a philanthropic organization assures the investor/institution a guarantee to repay a certain proportion of the portfolio in case there is a default. In this model, prior to engaging through the guarantee, outcomes to be achieved and the total size of guarantee are decided. The guarantee can also be monetized by charging a percentage of the guarantee as annual fees. There are several advantages of a first loss default support in comparison to pure grants:
    a. It leverages existing financial institutions and impact investors,
    b. It allows for a flexibility for the philanthropic institution to provide guarantees for specific types of investments which can be aligned to the impact thesis of the philanthropic organization, and
    c. It tends to de-risk investments and hence can negate the requirement of collaterals for raising debt, a critical roadblock for impact enterprises in Vietnam

2. **Impact Bonds:** In the case of impact bonds, a philanthropic organization provides an additional return to an impact investor or a financial institution if certain impact targets are met by the investor/institution. For instance, if the organization seeks to channelize capital towards women borrowers, it can provide an incentive to financial institutions that meet targets of lending to women. A supplementary structure to an impact bond is a model where the philanthropic organization acts as a limited partner to financial institutions/impact investors providing them a concession on return obligations if certain impact targets are met. Impact bonds have several advantages:
    a. Impact bonds leverage existing financial institutions and impact investors who are already experienced in the local context; and
    b. Besides de-risking, impact bonds also incentivize positive action of financial institutions and impact investors

3. **Technical Assistance:** Another model for blended finance which is relevant in economies with nascent talent pools is the use of grants to provide technical assistance to investees of impact investors. Through this model, philanthropic capital or grants are used to provide technical assistance to the portfolio of impact investors which allows the impact investors to strengthen their businesses and reach impact targets. Advantages of this model include:
    a. Technical assistance is highly relevant in Vietnam where there is a dearth of specialized talent as reported by impact enterprises;
    b. Unlike the two other models mentioned above, the technical assistance model also allows the philanthropic organization to have significant control over the operations and business performance of portfolio companies, hence limiting the probability of any impact leakages.

While the proposed recommendation could be combined with Primary Recommendation 1[29], a typical blended finance model is depicted below:

[29] Set up a fund dedicated to small size and early stage impact investing with a "*capital +*" model which includes high touch TA



Case in Focus: Guarantees and Technical Assistance by the Rabobank Foundation

Rabobank Foundation in partnership with Cordaid and ICCO Investments launched the Rabo Rural Fund. The Fund supports smallholder farmers by providing finance to producer cooperatives and small and medium-sized enterprises (SMEs) in developing countries and emerging markets including in Vietnam. The financing from this fund can take the form of either a direct loan or a risk-sharing facility, such as a partial credit guarantee. In addition to the financing, the Foundation also provides technical assistance to SMEs that are associated with the Fund.

Recommendation 4: Support a technology-for-impact accelerator program which helps unlock locally available non-impact capital pools for impact investing

Description	GAC could support the development of an accelerator that focuses purely on technology-for-impact enterprises. Alternatively, GAC could support an existing accelerator to launch a program for technology-for-impact.
Relevance	The PE/VC ecosystem for the technology sector in Vietnam is seen to have a strong foundation while being highly dynamic with growing investor interest. By seeding and supporting enterprises that have a technology focus along with a socio-environmental impact, the accelerator has the potential to channelize capital from non-impact technology investors towards impact enterprises that form its cohort. The recommendation will, hence, leverage a competitive advantage that Vietnam offers to unlock local capital pools for impact investing.
Indicative Partners	a. An existing ecosystem enabler with experience in capacity building *(like CSIP, CSIE, UNDP, 500 Startups, Vietnam Silicon Valley, Seed Planter, and others)* b. Experts from the technology sector (*including members from the Ministry of Science and Technology)* c. Non-impact PE/VC funds operating in the technology sector of Vietnam
What are the advantages of this Recommendation	- Leverages an existing competitive advantage that Vietnam offers - Can unlock local pools of non-impact capital towards impact
What could be the challenges with respect to this	- Can lead to dilution of impact of enterprises at a post-investment stage if investors are non-impact focused

Recommendation	
Recommended Timeframe to initiate the recommendation	- 0 – 1 year
Complementary Recommendations	None

Key Considerations for Implementing Recommendation 4

GAC would be required to partner with an agency equipped to offer acceleration support and having capabilities related to assessing enterprises' needs, technical assistance, and scale up support. In addition, having a few partners/empanelled experts from the technology-for-development sector would be critical for the success of the accelerator. Some of the key steps in deploying the proposed accelerator program with a partner would include the following:

- Step 1: Identifying local problem statements relevant to Vietnam which can be addressed via technology interventions and mapping existing solutions to these problem statements
- Step 2: Designing the Accelerator program based on the problem statements identified above and GAC's priority areas. Accelerator design should include operating guidelines, cohort selection criteria, value proposition offered to cohort, and list of key partners for TA and scaleup support
- Step 3: Sourcing applications from relevant impact enterprises for participating in the accelerator and selecting them based on an objective selection framework
- Step 4: Guiding the selected cohort members to further develop and refine their solutions based on high-touch support from sector and technology experts. The accelerator will also need to provide product commercialization and scale-up support
- Step 5: Supporting the cohort members in raising capital from impact and non-impact investors

Case in Focus: UNDP and 500 Startup: Impact Aim

In 2019, UNDP partnered with 500 Startups (a Silicon Valley venture capital seed fund and accelerator with a high focus on technology-based enterprises) to develop Impact Aim. As a part of its support to startups, Impact Aim conducted a nationwide selection process to recruit between 8 to 10 startups who have raised seed capital or more, are serving customers while also having a focus on the UN Sustainable Development Goals. Selected participants were provided guidance on impact measurement along with tailored business and impact acceleration assistance after which they were showcased to prospective investors from around the world.

6.1.4 Instruments Relevant to GAC's Priority Sectors

Instruments relevant to Agriculture and Food Systems in Vietnam

Local Context:

Agricultural finance in Vietnam is mostly dominated by State-owned banks that account for more than 60% of the country's agricultural credit.[30] The Government of Vietnam has been taking pro-active steps to encourage commercial banks to lend to the agriculture sector. For instance, in 2010, the Government mandated banks to have at least 20% of their outstanding portfolio in the agriculture sector.[31] However, due to the high-risk perceptions of enterprises working in agriculture, most of this capital has been channelized towards agricultural infrastructure projects which are less risky in comparison to smaller impact enterprises. In addition, uncollateralized lending in agriculture has a ceiling, which is small and cannot be used as growth capital by businesses. Enterprises interviewed as a part of this study also revealed that access to working capital is a critical challenge which impacts them.

[30] Agriculture Value Chain Finance in Viet Nam, Australian Aid 2020
[31] Vietnam Agriculture Finance Diagnostic Report, World Bank Group 2019

While these challenges exist, Vietnam offers for several investment opportunities in the agriculture space:

a. **Digital technology enterprises:** These enterprises use data to optimize agricultural supply chains through advisory services, traceability solutions, or by providing market linkages. Such enterprises may have low revenues initially as they are volume-based businesses and prefer equity until they achieve scale.

b. **Inventory based agri-tech enterprises:** These enterprises set up physical technologies at the farm level to improve farm yields and reduce the cost of cultivation. They require short-term working capital loans, especially for the tenure from manufacturing of inventories up to sales realization.

c. **Enterprises engaged in value addition:** These enterprises engage in both primary and secondary processing of agricultural produce or agricultural wastes that may traditionally leak out of supply chains[32]. For those engaged only in primary processing, working capital in the form of debt is preferred. Those engaged in secondary processing require both patient debt (for setting-up infrastructure) and working capital.

d. **Ancillary services for agriculture:** These enterprises focus on providing ancillary support to agricultural value chains such as logistics, soil testing, land mapping, extension service enterprises, infrastructure for warehousing, or cold storages. Given the vast range of agricultural services which could be available, the preferred instruments for raising capital by such ancillary service providers enterprises are diverse and should be evaluated on a case-by-case basis.

Potential Interventions

Given the reluctance of commercial banks to lend towards agricultural sectors and the high preference for debt, interventions in the agriculture and food systems sector should aim to (a) derisk existing lenders and (b) create capital pools for debt, especially working capital. GAC should, hence, prioritize the following:

a. **First loss default support to increase lending:** GAC could choose to provide credit guarantees to commercial banks that have a mandate to have 20% of their outstanding portfolio in the agriculture sector. The guarantee could be provided only to specific types of borrowers that align with GAC's priority areas. Such support could catalyze credit for impact enterprises engaged in value addition in agriculture.

b. **Intermediated working capital loan:** GAC, through existing fund managers, could choose to provide working capital loans to small businesses in the agriculture sector.

c. **Receivables and invoice-based financing:** GAC could choose to intermediate working capital towards agribusinesses based on receivables.[33] An interesting model under this segment is used by Root Capital in Indonesia. One of their investees is a coffee producer. Once the investee receives a contract for a specific amount of coffee to be exported, Root Capital provides a loan of up to 80% of the contract value to the investee. The amount is repaid to Root Capital directly by the buyer on delivery of coffee. Root Capital deducts the loan amount and interest accrued and transfers the balance payment to the investee.

For digital technology enterprises, GAC could choose to hold equity positions via the early-stage financing fund proposed as Recommendation 1 under Access to Finance.

Instruments Relevant to Climate Change and Renewable Energy in Vietnam

Local Context

In Vietnam, the biggest contributor to green-house gas emissions is the energy sector which contributes to around 66% of the green-house gas emissions followed by the agriculture sector contributing to 23% of the total emissions.[34] While Vietnam achieved universal access to energy by 2017, the sector is highly fossil fuel dependent. The Government has targets to have renewable energy contribute to 15% - 20% of the energy production by 2030, however, having universal grid connectivity has crowded out players in the microgrid sector. This is a positive step, as Climate Change has a negative impact on all other Sustainable Development Goals. Most of the investment opportunities in Vietnam's renewable energy and climate change ecosystem are available in:

[32] Primary processing includes activities that do not change form of the agricultural produce and hence require limited mechanization. Secondary processing, in most cases, require high investments into infrastructure

[33] Please note that there is no legal framework for warehouse receipt financing in Vietnam

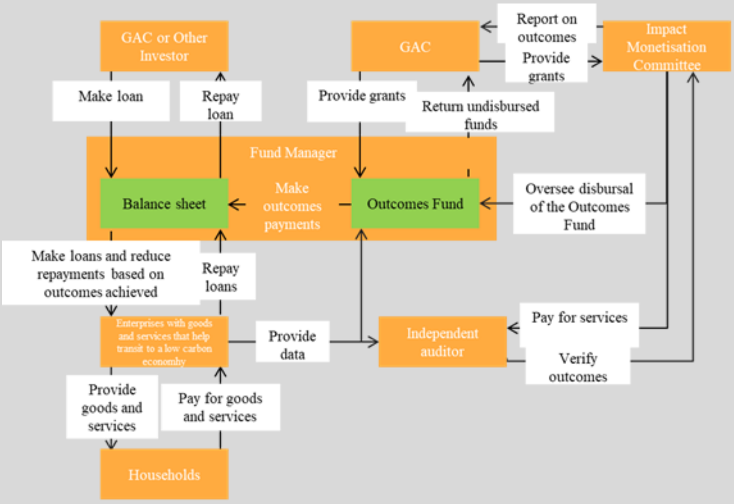
[34] Green House Gas Emissions in Vietnam, USAID Factsheet 2016

a. **<u>Development of large-scale renewable energy projects:</u>** Most of these projects rely on large, syndicated loans where a donor agency or a DFI provides a concessional A loan while private financial institutions participate and syndicate the balance amount. These loans are for long terms of 7 – 10 years. Since 2012, IFC and ADB have cumulatively undertaken five such debt deals and deployed over USD 290 million for large scale renewable energy projects.

b. **<u>Enterprises engaged in solar roof and home systems:</u>** The Government of Vietnam has introduced several policies to scale such enterprises especially in the solar roof systems space. For instance, the government has a feed-in-tariff system which provides solar roof systems with payments above the market rate. Similarly, the Government, in early 2020, also allowed for solar roof systems to sell power to buyers besides the Government. These policies have fueled investment opportunities in the solar roof systems space. However, access to debt finance is a significant challenge that prevents roof top solar developers from scaling.[35] A smaller segment of enterprises includes those manufacturing solar home systems. These are mostly inventory based models and require short-term working capital to cover expenses from manufacturing to sales realization.

<u>Potential Intervention</u>

Three key challenges that prevent solar roof top developers from accessing credit in Vietnam include (a) high interest rates (45% of enterprises surveyed by USAID quoting this), (b) short-loan tenures, (c) complicated loan procedures, and (d) need for collateral.[36] While the issue of collateral could be addressed through first-loss-default support, GAC could intermediate patient debt to improve loan tenures.



In addition, impact monetization (as highlighted in the adjoining figure) could be used to reduce interest rates on debt for solar rooftop developers. Such an instrument could support investors to on-lend to enterprises by improving the economics of investing in case specific outcomes are achieved. The instrument combines a debt fund and an outcome-based fund to provide loans with repayment reductions when targets are achieved. This model essentially requires five sets of stakeholders:

- Debt investor: Provide capital for loans
- Donor: Provide outcomes funding and grant funding as required for administration of the outcomes fund
- Impact Monetization Committee: Determine eligibility criteria for repayment reductions and design rate reduction score cards linked to different levels of outcomes
- Fund Manager: Administer loans with repayment reductions by applying eligibility criteria and rate-cards
- Independent auditor: Verify outcomes achieved and repayment reductions administered

[35] Rooftop Solar Stakeholder Survey, USAID, 2020
[36] Rooftop Solar Stakeholder Survey, USAID, 2020

5.2 Enablers and Partners

5.2.1 Overview

Enablers and partners include individuals and organizations that support the impact investing ecosystem in building its key aspects such as access to finance, mentorship and business support, market information and markets, and conducive policies and regulations. These include organizations that provide mentorship to impact enterprises, those that create knowledge resources for impact enterprises and investors, and those involved in advocacy for an improved policy environment for impact investing. The research found that most impact enterprises had relied on support from ecosystem enablers in the process of setting up and growing their businesses. On the other hand, investors had sought support from many such enablers and partners for sourcing pipelines, providing post investment support, and navigating the policy environment in Vietnam.

5.2.2 Challenges with Respect to Enablers and Partners in Vietnam

Impact enterprises interviewed in this research expressed that the programs offered by existing organizations are often rigid and not tailored to meet their specific needs, and hence do not warrant resources (including time). While there are numerous support-providers for early-stage enterprises, there are only a few partners available for mature impact enterprises. In addition, impact enterprises that operate in rural areas are unable to access support-services that they require to scale, such as digital marketing and communications, financial management, and building business models. These challenges are summarized in the following graphic:

Existing support programs do not meet specific needs of businesses	Access to support is limited to a few geographies and enterprises	Foreign investors struggle to find local partners in Vietnam
Ecosystem enablers currently follow a one-size-fits-all approach to training social enterprises; in most cases they lack the funding and resources required for customized support	Most ecosystem enablers are based in one of three large cities in Vietnam, and enterprises in rural or remote areas are not able to access them	Foreign investors face challenges in identifying local partners to help them navigate the local context and policy environment, among other things

Challenge 1: Existing ecosystem support programs do not meet specific needs of impact enterprises

To strengthen the impact investing ecosystem, access to customized support across different growth stages is important. Most existing incubation or acceleration programs follow a curriculum-based model, with little flexibility to address the differentiated and specific needs of businesses. Further, very few ecosystem enablers in Vietnam are focused on social impact. There are several underlying reasons that contribute to this challenge:

> According to the UNDP, there are 22,000 social impact businesses in Vietnam, of which 40% enterprises have developed only after 2015. This indicates that they are still in their early stages.
>
> Source: UNDP 2018 Report

1. **Impact-focused ecosystem enablers are largely not financially self-sustainable:** Incubators and accelerators are mostly dependent on grants and donor funds, and therefore do not have the funding or the resources to have an exclusive impact focus, and to provide one-on-one or customized support to enterprises.

2. **Most ecosystem enablers follow a one-size-fits all approach:** Most ecosystem enablers provide the same training to impact as well as non-impact enterprises, and there is a lack of customized high-touch training. One-on-mentorship is especially crucial in Vietnam since several enterprises are in the early-

stage and may still be solidifying their business model and core teams. Such enterprises typically would require more handholding than enterprises that are in the growth stage.

3. **Limited capacities of ecosystem enablers themselves:** Ecosystem enablers themselves may not be equipped to provide advanced skills on financial management, business modelling, and legal frameworks. This is especially critical since several impact entrepreneurs are from not-for-profit backgrounds and do not have the necessary experience required to successfully run a business.

> *"Some of the enablers are teaching about funding but have never been associated with the VC/PE model themselves.*
>
> *-An Investor/Accelerator in Vietnam"*

4. **Lack of ecosystem enablers that provide sector-specific knowledge and market information:** Early-stage impact enterprises require sector-specific mentorship. For instance, in the agriculture sector, impact enterprises may need support in areas such as agronomics, certification processes, and food processing. Another key area of support which is crucial for impact enterprises, especially those aiming to export their products, is go-to-market support and guidance on how to access foreign markets. Such specialized support is not easily available in Vietnam.

Which stakeholders are most affected by this challenge and why?

While the lack of customized support is an ecosystem level challenge that affects enterprises across all growth stages, there are specific types of enterprises that may disproportionately face this challenge:

- ***Non-tech impact enterprises:*** Impact enterprises that are not in the technology sector are particularly affected by this challenge. Tech-focussed enterprises can access some support given the growth of business support providers in the technology sector; however, there is limited support available to non-tech impact enterprises.

- ***Pre-revenue and mature impact enterprises:*** Most incubation and acceleration programs are focused on early and growth stage impact enterprises, and there are few ecosystem enablers that work with enterprises that are in the pre-revenue stage or have reached a certain size or level of growth.

Challenge 2: Access to ecosystem support is limited to a few geographies and types of enterprises in Vietnam

Enterprises which may be operating in rural areas and creating significant positive impact in their local communities are often unintentionally left out of the impact investing ecosystem in Vietnam. Most such enterprises are not aware of the concept of impact investing and, hence, do not consider it as a source of capital to grow their businesses. They may also not be very technology savvy and may not be investing in research and development that could help them grow and scale their businesses. While technology penetration is high in Vietnam, there are only a few programs that offer business support using virtual tools.[37] Consequently, to access in-person support, such enterprises are required to travel to one of the bigger cities, which results in additional expenses and has a time-cost associated with it. A key underlying factor that contributes to this challenge is:

> More than half of all social enterprises in Vietnam are based in Hanoi (30%) and Ho Chi Minh City (21%), according to the British Council. The Northern provinces alone contain 32% of all social enterprises, whereas the Central and Southern provinces together account for 17% of all social enterprises.
>
> Source: British Council 2019 Report

[37] Through our research we came across virtual business support programs offered by the Center for Social Initiatives Promotion (CSIP) and KisStartup in Vietnam. The Scaling Frontier Innovation program by the Australian Aid is an example of such a program bring implemented across the Asia Pacific region.

1. **Business case for ecosystem enablers in three centers:** Given a few vibrant entrepreneurial agglomerates in Vietnam, ecosystem enablers are largely based in the three urban centers of Hanoi, HCMC, and Danang. As a result, enterprises that are based outside these centers have limited access to enablers.

> *"South and central Vietnam are the most impoverished regions in Vietnam, and there are local problems there that need to be solved.*
>
> *-Investor and Accelerator in Vietnam"*

Which stakeholders are most affected by this challenge and why?

Impact enterprises operating beyond the three urban centers may not have uniform access to enablers and partners. These enterprises usually operate in industries such as a) agriculture and aquaculture, b) handicrafts, and c) eco-tourism.

Challenge 3: Foreign investors struggle to find local partners in Vietnam

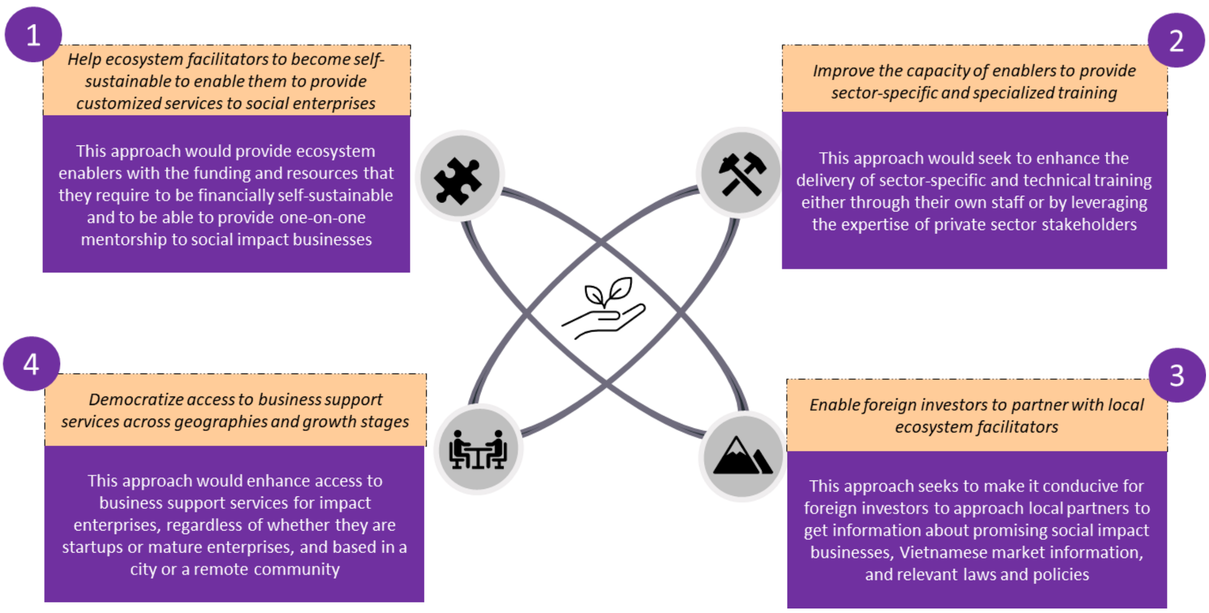
For foreign investors to successfully do business in Vietnam, they need the right partners to assist them in understanding the local context, identifying potential investees, understanding local policies and regulations, and providing post-investment support. There are very few organizations at present that are equipped to act as local partners to foreign investors, mainly because of limited capacities among the local ecosystem enablers.

Which stakeholders are most affected by this challenge and why?

This is a challenge that is largely faced investors that have a regional presence in impact investing and are interested in exploring Vietnam. The challenge also disproportionately affects those investors that do not have a local presence. Impact enterprises are also indirectly impacted by this challenge. In the absence of investors finding suitable local partners for their work in Vietnam, there may be information asymmetry and a mismatch of expectations between investors and impact enterprises, which reduces the probability of successful transactions.

4.2.3 Recommendations for improving access to enablers and partners

Given the nature of challenges that hinder access to support offered by ecosystem enablers and partners in Vietnam and the underlying causes of each challenge, recommendations aiming to strengthen enablers and partners should do one or more of the following:



Based on these 4 pillars, the research team has identified a mix of primary and secondary recommendations that GAC could undertake.

Primary Recommendation: High impact interventions that are necessary in the short term to positively influence the impact investing ecosystem

Secondary Recommendation: Ancillary recommendations which could be easy-to-execute but may have a limited effect on the impact investing ecosystem

Recommendations	Enable ecosystem facilitators to become self-sustainable	Provide sector-specific and specialized mentorship for enterprises	Enable foreign investors to partner with local ecosystem facilitators	Democratize access to business support services
Primary recommendations				
1. Provide direct funding support to selected ecosystem enablers in the form of results-based grants to help them deliver customized support to impact enterprises	Yes	Yes		Yes
2. Provide existing ecosystem enablers with initial funds to invest in their cohorts to enable them to become self-sustainable	Yes			
3. Set up mentorship programs to provide sector-specific mentorship to impact enterprises		Yes		
4. Support online incubation and acceleration programs to help enterprises across geographies and growth stages to access business support services				Yes
Secondary recommendations				
1. Establish a dedicated information exchange platform to help investors identify local partners in Vietnam			Yes	
2. Introduce a secondment program with global companies to train impact enterprises		Yes	Yes	

This section describes each of these recommendations in detail.

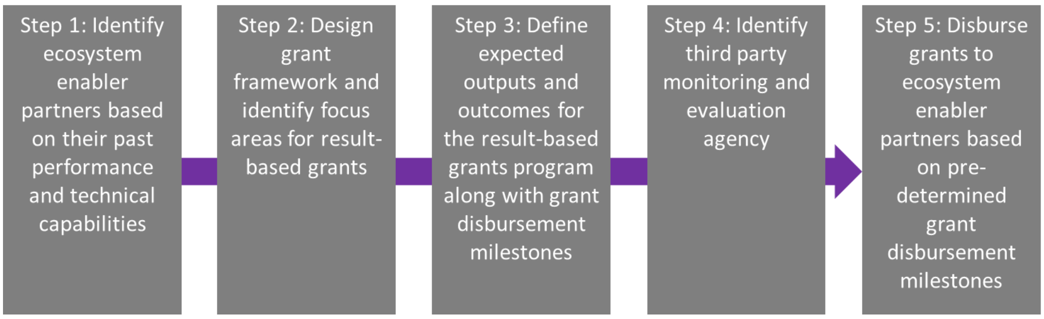
Primary Recommendation 1: Provide direct funding support to selected ecosystem enablers in the form of results-based grants

Description	Ecosystem enablers could be provided with direct funding that is linked to outcomes, such as results-based grants, to ensure that they have the resources to deliver customized support while also increasing accountability
Relevance	Existing ecosystem enablers such as incubators and accelerators are largely dependent on donor funding. Impact enterprises have also mentioned that the quality of services

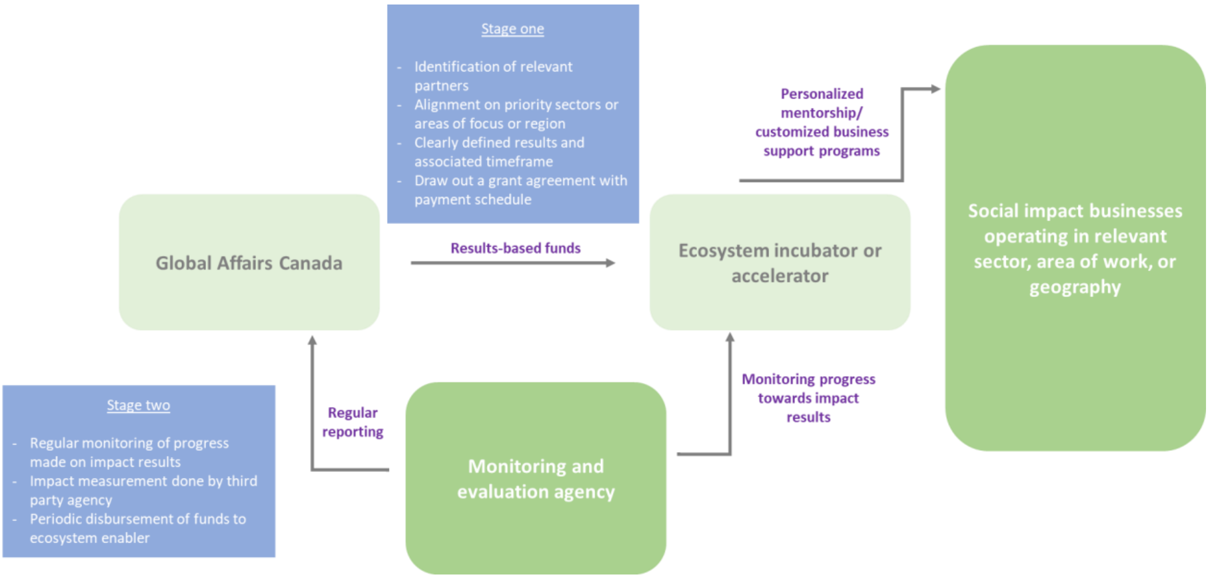
	provided does not meet their needs or is not focused enough. Through this intervention it would be possible to support enablers and partners with the resource requirements while also improving the quality of services provided.
Indicative partners	GAC could work with the following entities in setting up a results-based grants mechanism: a. Incubators, accelerators, or other service providers *(like CSIP, KisStartup, Seed Planter, Vietnam Silicon Valley, DNES, and 500 Startups)* b. A dedicated monitoring and evaluation agency to measure results or outputs
What are the advantages of this recommendation	- Will provide ecosystem enablers with the funds required to build up their own capacity, update their program curriculums, and hire the external resources they need to provide customized support to impact enterprises
Challenges with respect to this recommendation	- The process of monitoring and evaluation could be expensive in the case of result-based financing mechanisms, and will be an additional expense for the grant-making or donor organization
Recommended Timeframe to initiate the recommendation	- 1 – 3 years
Complementary recommendations	- Build capacities of agencies responsible for sourcing pipelines for existing Government lending schemes that have a social or environmental impact - Conduct business and financial trainings with impact enterprises to make them investment ready - Enable peer learning among local fund managers and angel investors via dedicated ecosystem facilitators to enable capacity development - Ease access to market information for impact enterprises by supporting them with go-to-market strategies or by commissioning sectoral research reports for impact enterprises

Key considerations for GAC to implement recommendation 1

Results-based or performance-based grants could be set up between GAC and ecosystem enablers. The figure below shows the indicative process that may be followed to set up such grants:



The results-based grants mechanism will involve three partners: GAC, an incubator or accelerator, and a monitoring and evaluation agency. In the process of setting up such a structure, GAC could consider some additional factors such as its own sectoral areas of focus and the preferred growth stage of investee impact enterprises. The following graphic illustrates the proposed recommendation:



Case in focus: Impact Aim Vietnam - UNDP

UNDP has launched a pilot project called Impact Aim Vietnam in 2020. Impact Aim is an accelerator that offers business acceleration support, impact measurement methodologies, and customized mentorship to entrepreneurs, as well as access to a network of investors and scale-up partners. UNDP is collaborating with private sector incubators and accelerators in Vietnam to implement this project. The project is a one-year program with a budget of USD 250,000 and its divided into four distinct stages with well-defined outcomes. At the first stage, 12 businesses will be selected to join the program based on a set of criteria. After a 3-month incubation program, 4 of the 12 businesses will be selected for a 9-month incubation program, which will include seed funding of up to USD 18,000 each. At the end of 12 months, the 4 winning businesses will be introduced to UNDP's scale up partners. UNDP has piloted a similar program in Armenia and has also launched its accelerator in countries such as Indonesia, Philippines, Turkey, and Bosnia Herzegovina.

Primary Recommendation 2: Provide existing ecosystem enablers with initial funds to invest in their cohorts and become self-sustainable

Description	GAC could provide ecosystem enablers with seed capital needed to diversify their revenue sources and become self-sustainable
Relevance	Ecosystem enablers are unable to provide personalized and customized business support to enterprises owing to a lack of funding and resources. This could be addressed by providing ecosystem enablers with seed capital which they could invest in impact enterprises and benefit from a source of income (either through a revenue-sharing mechanism, or through interest payments from loans given to enterprises.) The returns could then be reinvested by the ecosystem enablers into their own operations. GAC could also give grants to ecosystem enablers to help them diversify their sources of revenue, such as offering research and consultancy services or setting up co-working spaces for new start-ups in the ecosystem
Indicative Partners	GAC could involve the following entities in setting up such a funding mechanism: a. Incubators, accelerators, or other service providers *(like Da Nang Entrepreneurship Support, Oxfam Vietnam, CSIP, Seed Planter, UNDP Vietnam)* b. A third-party monitoring and evaluation agency
What are the advantages of this recommendation	- Will enable ecosystem enablers to become self-sustainable - Impact enterprises will be able to access funding as well as mentorship and business support, hence partially bridging the access to early-stage finance challenge

	- Grants that are aimed towards helping enablers achieve financial independence will create long-term institutional support for impact enterprises in Vietnam
What could be the challenges with respect to this recommendation	- Such an arrangement may not be suitable to benefit impact enterprises across all growth stages; they will mostly benefit early-stage enterprises - Such a funding mechanism may not guarantee returns for ecosystem enablers especially in the short to medium term, and they will continue to depend on donor-led funding in the meantime.
Recommended Timeframe to initiate the recommendation	- 1 – 3 years
Complementary recommendations	None

Key considerations for GAC to implement recommendation 2

GAC could consider the following monetization strategies with its ecosystem enabler partners to help them become financially self-sustainable:

1. **Revenue-sharing arrangements:** The investee enterprises could share a pre-determined portion of their future revenues with the ecosystem enablers that invest in them. Ecosystem enablers could use this revenue to reinvest in their own operations, or to develop better business programs for enterprises.

2. **Standard debt:** Ecosystem enablers could offer loans to impact enterprises and reinvest the interest paid by the enterprises for their own operations. This arrangement will be suitable for long-term periods.

3. **Convertibles:** Funds could be issued to impact enterprises as grants, which may be converted into equity at a later stage, provided that the enterprise is financially successful. This will allow ecosystem enablers as well as GAC to have a more involved role in the development of impact enterprises.

4. **Seed capital for revenue-diversification:** GAC could also choose to issue grants to selected ecosystem enablers for them to diversify their sources of revenue through co-working spaces or organizing convenings.

Case in focus: BIRAC Seed Fund in India

The Biotechnology Industry Research Assistance Council (BIRAC), a Public Sector Enterprise set up by the Government of India has set up a seed fund to help start-ups by providing them with specialized support services. Under the seed fund, BIRAC provides grants to selected incubators that meet a certain set of criteria and allow them to provide equity and operational funding to start-ups in the biotechnology space. Start-ups are supported until they reach a stage where they can raise angel/venture capital funds, or approach formal financial institutions for loans. On the other hand, incubators receive 50% of the capital gains on the investment, to be used for their own operations, on successful exits.

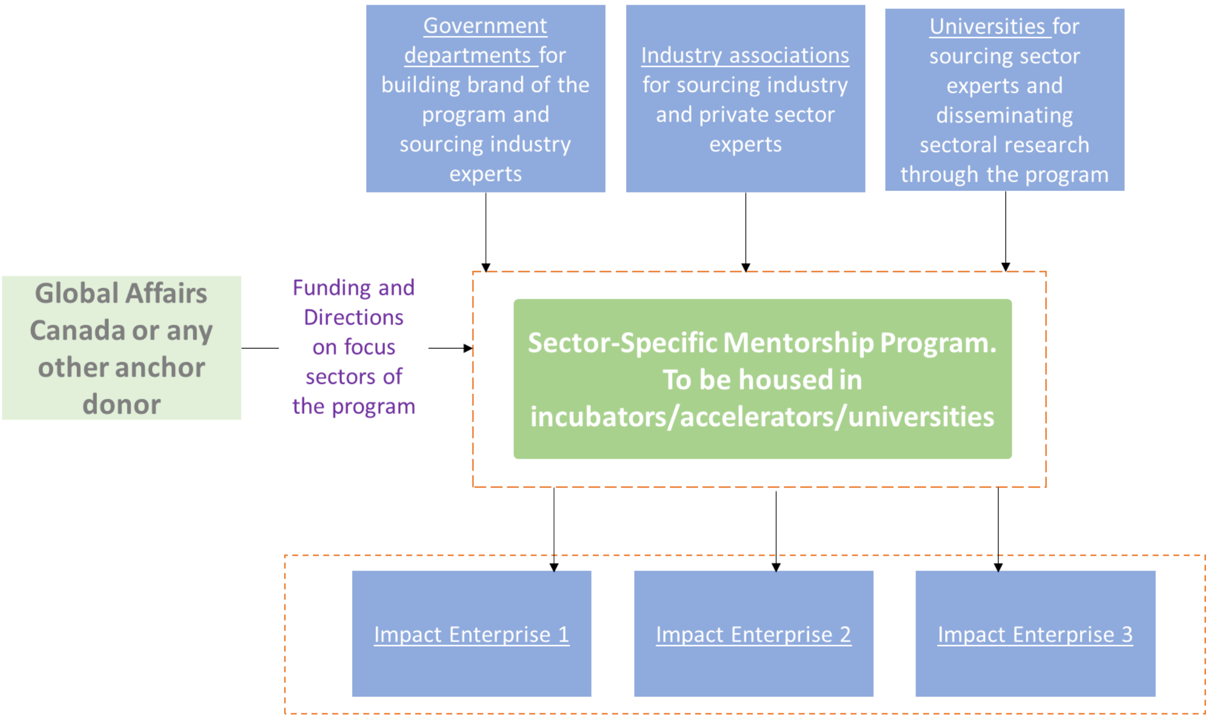
Primary Recommendation 3: Set up mentorship programs to provide sector-specific mentorship to impact enterprises

Description	GAC could develop a platform for providing sector specific mentorship to impact enterprises through private sector and industry experts.
Relevance	A key challenge in the Vietnamese impact investing ecosystem is the lack of sector-oriented mentorship in incubation and acceleration programs. These challenges could be addressed by identifying relevant private sector stakeholders and incentivizing

	them to provide sector-specific mentorship to impact enterprises. The recommendation is also likely to address the lack of market information for impact enterprises *(discussed in the chapter on information and networks)*
Indicative Partners	To implement the recommendation, the following partners would be required: a. Existing incubators, accelerators, or universities to identify impact enterprises that require mentorship and house the program (*like CSIP, CSIE, KisStartup, and WISE)* b. Industry and technical experts, and entrepreneurs who can act as mentors to impact enterprises c. Trade associations, industry bodies, and Government agencies to on-board private sector experts (*like Vietnam Chamber of Commerce and Industry, Vietnam Cooperative Alliance, Vietnam Organic Agriculture Association, Ministry of Planning and Investment, and Ministry of Science and Technology)*
What are the advantages of this recommendation	- Impact enterprises will be able to access a network of industry experts, government representatives, and successful entrepreneurs, who can mentor them to develop and scale their business - Impact entrepreneurs will get the necessary know-how to develop their product-market fit and identify target markets - Such a consortium will provide for a platform to encourage interaction between non-impact private sector businesses and impact enterprises resulting in potential collaborations.
What could be the challenges with respect to this recommendation	- Success would be reliant on voluntary action from private sector stakeholders, who may not want to engage on a regular basis without appropriate incentives in place - It could be necessary to develop virtual tools to deliver sector-specific mentorship across the country, and especially to impact enterprises in rural or remote areas.
Recommended Timeframe to initiate the recommendation	- 1 - 3 years
Complementary recommendations	- Build capacities of agencies responsible for sourcing pipelines for existing Government lending schemes that have a social or environmental impact - Enable peer learning among local fund managers and angel investors via dedicated ecosystem facilitators to enhance capabilities - Provide direct funding support to selected ecosystem enablers in the form of results-based grants to enable them to provide customized support - Ease access to market information for impact enterprises by supporting them with go-to-market strategies or by commissioning sectoral research reports for impact enterprises

Key considerations for GAC to implement recommendation 3

The success of any such mentorship program will rely on consistent interactions between impact enterprises and sector experts and can be housed in incubators, accelerators, or universities. The structure of the proposed program is highlighted below:



A key consideration for GAC (or the managing entity) would be to develop participation criteria for impact enterprises in collaboration with its implementation partners which could include incubators, accelerators or universities. The selection criteria could include the enterprise's sector of focus, its stage of growth, or its region of operations. To ensure sustenance of the program, GAC would also have to explore models to incentivize private sector stakeholders to continuously engage with impact enterprises such as by providing honorariums or recognizing their contribution on public forums. Mentors could be sourced from the Government, industry associations, and universities.

Case in focus: Millennium Alliance Program

The Millennium Alliance Program is a public-private partnership between multiple entities such as Department of Science and Technology of the Government of India, United States Agency for International Development (USAID), Federation of Indian Chambers of Commerce and Industry (FICCI), and the United Kingdom Government's Department for International Development (DFID), Facebook, and Marico Foundation. The consortium provides funding, capacity building, and business development services to Indian impact enterprises. The Millennium Alliance Program is focused on sectors including education, water and sanitation, health, agriculture and food security, and clean energy and climate change.

Case in focus: Startup Nexus

Startup Nexus is a collaboration between the US Embassy in New Delhi, India, and the not-for-profit organization Aliance for Commercialization and Innovation Research (ACIR). Startup Nexus acts as a central hub for entrepreneurs, innovators, universities, government agencies, industry players, and funding organizations. The Nexus provides Indian startups with access to a network of industry and government partners, commercialization experts, mentors, and capital providers. Through mentoring, the Nexus Incubator helps startups to develop their product value proposition and go-to-market strategy, and successfully scale their business.

Primary Recommendation 4: Support online incubation and acceleration programs to reach enterprises across geographies and growth stages

Description	Launch online incubation, acceleration, and mentorship programs to democratize access to business support across geographies and growth stages.
Relevance	Existing ecosystem enablers are mostly based in the three biggest cities in Vietnam, that is Hanoi, Ho Chi Minh City and Da Nang. Impact enterprises that are based outside these cities are not able to access this support, and this challenge has been exacerbated in the Covid-19 pandemic. Smaller businesses also find it difficult to afford in-person programs. These challenges could be mitigated by providing online business support.
Indicative Partners	To implement online ecosystem support programs, GAC would require to partner with: a. Ecosystem enablers for implementation and outreach *(like CSIP, KisStartup, WeCreate Vietnam, Center for Social Innovation and Entrepreneurship Vietnam)* b. External consultants or ecosystem enablers for curriculum design and support
What are the advantages of this Recommendation	- Ecosystem enablers will be able to expand the reach of their support program and tailor their curriculum to suit enterprises based in rural or remote areas and facing unique challenges. - Impact enterprises will be able to access a large pool of business support programs for free or low prices. They will also be able to save on the expenses incurred in travelling to a big city to participate in in-person programs, as well as the opportunity cost of the time spent away from their enterprises.
What could be the challenges with respect to this Recommendation	- While an online platform will enable GAC to provide support to a large numbers of impact enterprises, it may be difficult to generate traction for an online program, especially among impact enterprises that are not familiar with using technology - Will only provide low-touch support which is not customized to businesses
Recommended Timeframe	- 1 – 3 years
Complementary Recommendations	None

Key considerations for GAC to implement recommendation 4

An online incubation and accelerator platform could offer a range of resources so that impact enterprises across sectors, regions, and stages of growth will be able to access relevant information and training programs online. The platform could also offer a compilation of online programs offered by ecosystem enablers in Vietnam and the ASEAN region, as well as global organizations. Impact enterprises could opt for programs that are best suited to their requirements. The platform could include paid modules which impact enterprises could choose from based on their training budgets.

GAC may need to onboard ecosystem enablers that meet certain quality and performance standards as its partners for the platform. These partners will offer their programs across sectors, growth stages, and types of business support. GAC could also bring in external experts from within and outside Vietnam to work with these ecosystem partners and design programs and curriculums that are best suited to the online format and the technology available with impact enterprises (especially in rural and remote regions). Given that affordability is also a concern for impact enterprises, GAC could decide upon a pricing strategy for different categories of enterprises, after an initial grant-based pilot.

GAC could also consider supplementing online business support programs with in-person convenings at periodic intervals to bring together impact enterprises to share their learnings with each other and to meet key stakeholders in the ecosystem.

Case in focus: StartupWave in India and CSIP in Vietnam

Intellecap launched StartupWave, a platform for start-up support programs in India in 2014 and later in East Africa. The platform offers a mix of online and in-person programs to start-up entrepreneurs, was well as other stakeholders like incubators and accelerators, early-stage investors, and corporates. For entrepreneurs, the offerings included ideation resources, online incubator support, access to mentors, access to research and development and prototyping support, and investor showcases for investment-ready enterprises. In Vietnam, the Centre for Social Initiatives Promotion (CSIP) offers an e-incubation program for start-up entrepreneurs who are unable to access in-person business support and training programs.

Case in focus: Mobile-based mentorship for microenterprises in Africa

The UK-based charity Grow Movement has a volunteer program since 2009, wherein volunteers across the world spend one hour every week coaching entrepreneurs in Rwanda, Uganda, and Malawi over mobile phone, Skype and email. A randomized control trial to measure the effectiveness of this program conducted in 2015 found that entrepreneurs who had received remote business coaching had monthly sales that were 27% higher than entrepreneurs who did not receive any coaching.

Secondary Recommendation 1: Establish a dedicated information exchange platform to help foreign investors find local partners in Vietnam

The platform could be launched to provide support for foreign investors that are interested in Vietnam as a destination for impact investing and could feature the latest information on high-potential impact enterprises. While the platform will be aimed at improving ease of access for foreign investors, it could also be a dedicated effort to organize the existing players in the ecosystem and make them more visible to foreign investors. The necessity of such a platform has been felt throughout interactions with stakeholders in the ecosystem, and in the absence of concentrated information and appropriate local partners to aid them, foreign investors are often disincentivized from channelizing impact capital into Vietnam.

The information exchange platform, once set up, will present an opportunity for established incubators and accelerators to showcase their cohorts of impact enterprises and facilitate the exchange of information and best practices between Vietnamese players and players from the foreign investors' countries. It will effectively build bridges between foreign investors and local ecosystem enablers, paving the way for other partnerships such as facilitating the flow of capital into the country in the future.

Secondary Recommendation 2: Introduce a secondment program with global corporates to train impact enterprises

One of the crucial gaps for impact enterprises is in the access to personalized expert mentorship. To address this gap, GAC could introduce a Secondment program in partnership with Canadian or regional and global organizations to provide business support and training to impact enterprises in Vietnam. The program could be structured in various ways. GAC could identify private sector stakeholders in Canada to register themselves for the program and provide executive volunteers to work with impact enterprises in Vietnam on a quarterly or six-monthly basis. It could also be a short-term effort of a few weeks to conduct a one-time training program conducted by industry executives. Alternatively, the program could be structured as a mentor-in-residence program, where industry representatives take a sabbatical from their companies and spend an extended amount of time – from between one to six months- with Vietnamese impact enterprises, to provide mentorship or business guidance to the founders and staff.

Such a program will be beneficial to impact enterprises as well as ecosystem enablers. In the process of working closely with global companies, ecosystem enablers will get an opportunity to learn business skills and processes from a Canadian perspective. In designing such a program, however, possible cultural and language barriers that will be involved in the sharing of business and financial information will need to be considered.

5.3 Information and Networks

5.3.1 Overview

Facilitating the flow of information among stakeholders is critical for an early-stage impact investing ecosystem. From the perspective of fund managers, investment decisions are often based on accurate local information from effective networks for sourcing of deal pipelines or investment partners. From the perspective of impact enterprises, access to relevant information and networks can facilitate the right business decisions while also allowing enterprises to find the right investors and partners to help them grow and scale their business sustainably. As highlighted in other components, lack of access to quality information and networks acts as a critical roadblock to the growth of impact investing.

5.3.2 Challenges with respect to access to information and networks for impact investing in Vietnam

There are several challenges that stakeholders in the ecosystem face in accessing information and networks, most of which are symptoms of an early-stage ecosystem. On the demand side, there is a significant gap in information related to the a) markets, b) investors, and c) policies available for them. Of these various categories, access to market information has been quoted to be of paramount importance, especially by enterprises that work to integrate marginalized communities in their production/supply chains. The absence of market information impacts the viability and scalability of enterprises and hinders the performance of investments and consequently the returns of fund managers. From the perspective of fund managers, especially those without local presence, a key information gap is finding the right partners (mostly sourcing partners, technical assistance (TA) providers, legal and accounting firms) and the right networking events. These challenges are summarized below:

Lack of market information and linkages	Limited transparency	Relevance of networking events
Many early and growth stage impact enterprises, especially those working with marginalized communities, struggle to effectively tap into market opportunities	Investors, especially those without a local presence, experience opaqueness in the Vietnamese ecosystem which increases the risk perception. The opaqueness is greater for non-tech sectors.	There are several networking events in Vietnam, however they are of limited utility to Social Impact Businesses and Impact Investors

Challenge 1: Lack of market information and linkages

Access to market information and linkages is a critical challenge in the growth of impact enterprises. The challenge is an outcome of several underlying causes:

1. **Limited focus of ecosystem enablers on providing market information or go-to-market support:** Market information and access to markets is often specific to an enterprise or to the sector in which it operates. Currently in Vietnam, most ecosystem enablers are unable to provide customized go-to-market support. Even in the absence of customized support, the market information gap can be partially bridged through sector-specific research with tangible recommendations to entrepreneurs; this is also limited for high-impact sectors in Vietnam.

> *"Since most enterprises are small, the lack of resources also makes transparency and access to market information more difficult compared to those large enterprises. This bears as a disadvantage while working with foreign partners and professional investors – A social Enterprise"*

2. **Limited resources with enterprises to undertake research:** Given that most impact enterprises in Vietnam are in their early stage, they have limited resources to undertake market research independently. This further exacerbates the challenge.

3. **Limited success in corporate partnerships:** A highly efficient channel for ensuring sustained market linkages for impact enterprises is to establish enterprises in the supply chain of larger businesses or corporates. However, not many business-to-business (B2B) partnerships have succeeded in Vietnam given the limited awareness among corporates about impact enterprises, and also a perception that such enterprises are focused more on social goals than on financial goals. The early stage of most impact enterprises adds to this perception.

Which stakeholders are most affected by this challenge and why?

There are certain types of impact enterprises that are most affected by the lack of market information:

- ***Early-stage enterprises:*** These enterprises have limited market exposure and are restricted by their capabilities to undertake independent market research for their enterprises.

- ***Businesses that operate in rural areas:*** Challenges with respect to market information disproportionately affect (a) impact enterprises that are attempting to market critical goods and services in rural areas, and (b) impact enterprises that integrate rural communities into their supply chains to produce high-value commodities, such as in the production of certified fruits and vegetables[38].

Certified Agriculture in Vietnam: An overview

Some of the key certification standards that focus on sustainable agriculture and are popular in Vietnam include organic certification (from several accreditation bodies such as USDA, JAS, and EU organic), Rainforest Alliance certification[39], Fairtrade Certification, the Marine Stewardship Council Certification, and Global GAP certification.

While quantitative data is not available for each of these standards, according to a 2018 report by the Ministry of Industry and Trade, organic agriculture is a growing trend in Vietnam. As of 2018, 33 out of 63 provinces and cities in Vietnam have adopted the practice with an area of 76,600 hectares under organic cultivation, an increase of 3.6 times since 2010. Some of the popular organic farming crops in Vietnam are tea, coffee, cocoa, rice, cashew nuts, avocado, and other vegetables. In terms of market size, the organic farming market in Vietnam is estimated to be about USD 129.5 million (VND 3 billion) per year. In addition, the Agriculture Ministry of Vietnam is aiming to transition Vietnam into the top 15 organic farming countries by 2030 with at least 7 – 10 percent of its agricultural land under organic crops.

Challenges to certified agriculture in Vietnam

Some of the barriers to shifting to organic farming in Vietnam are high investment costs, lack of knowledge about organic farming processes, uncertain demand for organic products, and a lack of regulation around the manufacturing of organic products. In terms of certification, language is a major barrier since most farmers cannot read English and find it difficult to understand certification standards and processes. They often have to rely on external experts to meet these standards, which may be an expensive undertaking. On the other hand, farmers who are producing organic crops struggle to sell them at lucrative prices. According to the Hanoi Department of Agriculture and Rural Development, 95% of the organic vegetables grown in Hanoi are sold at low wholesale or market prices. Although the demand for organic products in Vietnam is high, domestic customers' willingness to pay for organic produce is not high.

Challenge 2: Limited information sharing within the impact investing ecosystem

Fund managers, especially those without a local presence in Vietnam, find it difficult to find relevant information with respect to impact investing in Vietnam. Some of the key information gaps that are often quoted include:

[38] Based on interviews with impact enterprises engaged in Vietnam's agriculture sector

[39] An inside look at certification data for the Rainforest Alliance and UTZ Programs, Rainforest Alliance 2018

- **Information related to stakeholders, partners, and deal pipelines:** As highlighted in the section on enablers and partners, fund managers have a limited understanding of the stakeholders in the impact investing ecosystem and struggle to find the right partners on the ground. In addition, investors without an existing network in Vietnam find it difficult to scout deals and find the right pipeline for investments. This challenge disproportionately affects investors evaluating non-tech deals and impact enterprises operating in rural areas.

- **Information related to processes:** Investors struggle with the investment processes in Vietnam and the regulatory clearances that they require; this was a challenge often quoted by stakeholders in primary interviews when the Vietnamese ecosystem was compared to other regional economies such as Indonesia, Thailand, and Singapore.

There are several underlying causes to this challenge:

1. **Early-stage of the impact investing ecosystem:** As an impact ecosystem matures, market forces tend to gravitate towards service providers that advertise themselves and their offerings. However, given that the impact investing ecosystem is at an early stage in Vietnam, there are very few such service providers that openly share information. The operations of most enablers are donor-driven and are not visible to impact investors from outside Vietnam. In addition, the operations are concentrated in urban centres which limit sharing of relevant information beyond these cities.

2. **Language barriers:** As per the English Proficiency Index, around 50% of the population in Vietnam is conversant in English[40]; however, most of this population is concentrated in urban centers. Language barriers prevent impact investors without a local presence from finding the right information about impact enterprises that operate in the grassroots, to inform their investment decisions.

3. **Information about impact sectors being crowded out by the tech sector:** The technology sector in Vietnam has demonstrated a vibrant business case and currently, there are many investors, ecosystem enablers, and enterprises in the sector. Given the performance of the technology sector vis-a-vis other sectors, the sector sees dynamism with growing research, information sharing, and networking opportunities. The extraordinary success story of the sector has also meant that investors, research institutions, and other enablers are focused primarily on it and not as much on impact sectors. This crowds out information sharing related to other sectors.

> *"It is very important to have partners that think beyond tech. For ex: the MBI was highly successful in sharing information relevant to high impact sectors such as agriculture. However, they are currently not active and this has led to a market gap – A fund manager evaluating investments in Vietnam"*

Which stakeholders are most affected by this challenge and why?

This challenge disproportionally impacts fund managers that do not have a local presence and are not rooted in the local context of Vietnam. Interviews with supply side stakeholders revealed that investors with a local presence were more confident about deal flow and existing policies in Vietnam in comparison to investors without a local presence. In addition, the challenge disproportionally impacts fund managers and enterprises operating in the non-technology sectors, as information is more readily available.

Challenge 3: Relevance of networking events for stakeholders from the impact investing ecosystem

While there is a booming start-up ecosystem in Vietnam, there is a limited focus on the impact sector and consequently there are limited networking events that bring together stakeholders from the impact investing ecosystem. Networking events are mostly designed for "start-ups" and have a limited focus on impact. There are several underlying causes for the same:

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[40] English Proficiency Index, 2019.

1. **Limited business case for impact investing events:** Vietnam has very few stakeholders that have an exclusive impact focus. There is no business case for facilitating networking events that are purely impact focused.

2. **Lack of a nodal agency which facilitates impact investing:** Currently, there is no nodal agency relevant to impact investing in Vietnam with a mandate to share unbiased information and act as an honest broker among stakeholders within the ecosystem.

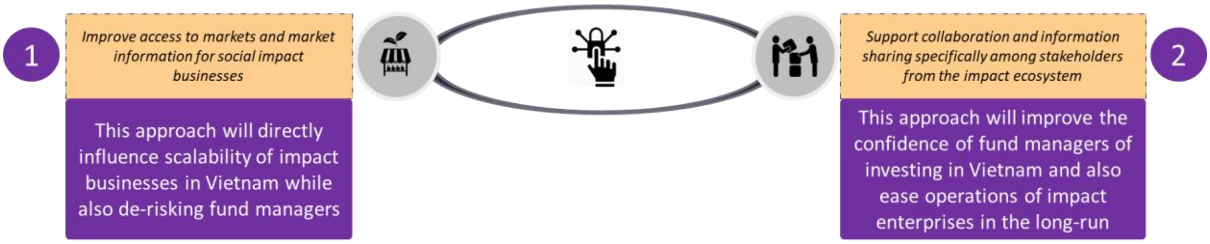
3. **Limited collaboration within sector stakeholders:** In the absence of nodal agencies, stakeholders often lean on ecosystem enablers to provide them with networking opportunities. However, while network building enablers exist in Vietnam, they operate in silos with little coordination and information sharing, even while they may often be offering complementary services.

Which stakeholders are most affected by this challenge and why?

The challenge disproportionally impacts women entrepreneurs. The challenge also impacts fund managers that do not have a local presence in Vietnam. In addition, impact enterprises that operate outside the urban centers find it harder to find relevant information and networks.

5.3.3 Recommendations for improving access to information and networks for impact investing in Vietnam

Given the nature of challenges that hinder access to information and networks in Vietnam and the underlying causes of these challenges, recommendations to strengthen information and networks should influence one or both of the following:



Based on these two pillars, the research team proposes three primary recommendations and one secondary recommendation for GAC.

Primary Recommendation: High impact interventions that are necessary in the short term to positively influence the impact investing ecosystem

Secondary Recommendation: Ancillary recommendations which could be easy-to-execute but may have a limited effect on the impact investing ecosystem

Recommendations	Improve access to markets and market information for social impact enterprises	Support collaboration and information sharing specifically among stakeholders from the impact investing ecosystem
	Primary Recommendations	
1. Ease access to market information for impact enterprises by supporting them with go-to-market strategies or by commissioning sectoral research reports	Yes	Yes

2. Develop an online impact investing platform which shares information related to the impact investing sector to improve transparency in the ecosystem		Yes
3. Institute a member-based industry body on impact investing to support the impact investing ecosystem in Vietnam		Yes
Secondary Recommendation		
1. Provide avenues for South-South and North-South market linkages	Yes	

This section describes each of these recommendations in detail.

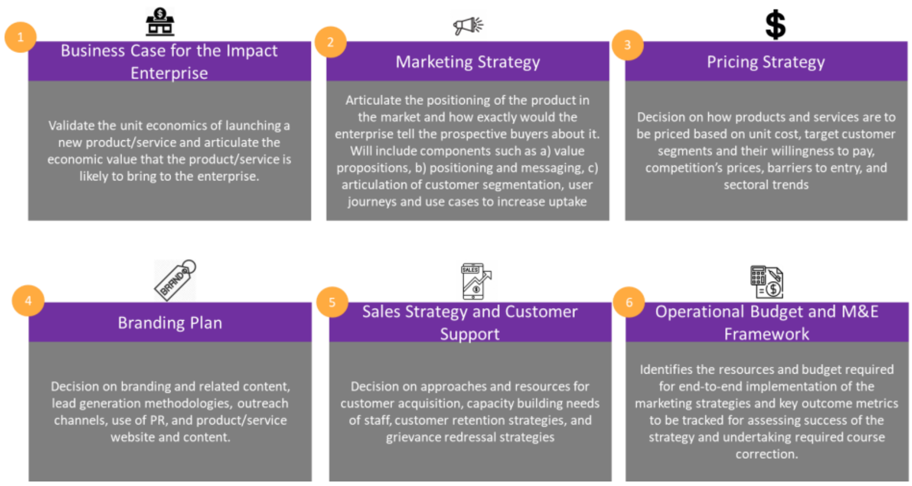
Primary Recommendation 1: Ease access to market information for impact enterprises by supporting them with go-to-market strategies or by commissioning sectoral research reports

Description	GAC could support impact enterprises through customized go-to-market strategy support. GAC could also commission research reports for sectors at the intersection of its priorities and impact investing trends in Vietnam such as agriculture and climate change.
Relevance	Interactions with impact enterprises in Vietnam have highlighted that the biggest challenge with regards to information is accessing the right market information. This prevents them from scaling. Improved market information also has the potential to de-risk impact investors that are evaluating deals in Vietnam, hence improving their confidence of investing in Vietnam.
Indicative Partners	a. Research and consulting firms
What are the advantages of this Recommendation	- Has the potential to positively impact both the demand side and supply side of impact capital
What could be the challenges with respect to this Recommendation	- Limited ability of enterprises to pay for such research or support, hence making the intervention difficult to monetize
Recommended Timeframe to initiate the recommendation	- 1 – 3 years
Complementary Recommendations	- Build capacities of agencies responsible for sourcing pipelines for existing Government lending schemes that have a social or environmental impact - Conduct business and financial trainings with impact enterprises to make them investment ready - Enable peer learning among local fund managers and angel investors via dedicated ecosystem facilitators

Key Considerations for Implementing Recommendation 1

While designing the intervention, GAC could consider the following:

1. **Selection of Enterprises:** Providing go-to-market support is a high-touch engagement and can only be restricted to a few selected enterprises. Enterprises would therefore be needed to be selected from a larger pool. This can be done based on parameters such as their current and future impact potential. To reach a broader pool of enterprises, GAC could, alternatively, commission sectoral reports.
2. **Sectoral alignment:** GAC could choose to provide go-to-market support specific to sectors that falls within its priority areas such as agriculture, food systems, and climate change.
3. **Components of the go-to-market strategy:** Some of the key components that GAC could consider while providing go-to-market support are highlighted in the following infographic.



Case in Focus: GAC's research support to Indonesian SMEs to improve exports to Canada

As a part of the Canada-Indonesia Trade and Private Sector Assistance Project, the Canadian government has been supporting Indonesia SMEs (a subset of impact enterprises) to tap into Canadian markets. Under this project, GAC has supported the release of guidelines for Indonesian exporters and Canadian investors along with organizing several events to facilitate trade between the two countries. The Project has also supported SMEs in Indonesia via research and handholding support. Some instances are as follows:

1. Supported with Analysis of the Global Value Chain for Indonesian apparel exports
2. Provided product development support to Target Footwear SMEs from Indonesia
3. Organized coffee buyer missions in Indonesia
4. Supported research on strengthening Indonesia's exports of fish and processed fish products to Canada
5. Organized several trade fairs

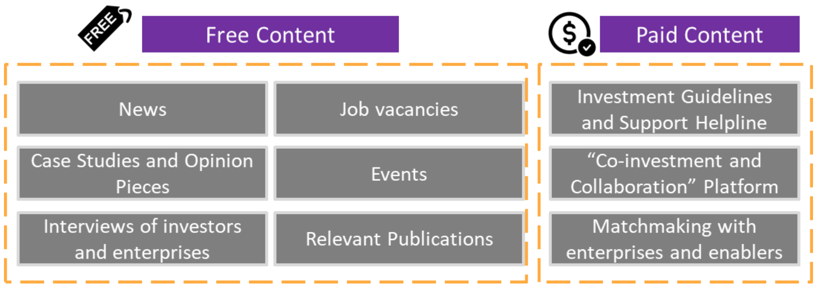
Primary Recommendation 2: Develop an online impact investing platform which shares information related to the impact investing sector

Description	To stimulate the landscape for impact investing and streamline flow of information, GAC could launch an online platform which shares information in the form of news, case studies, and regional success stories (encompassing demand side, supply side, and ecosystem stakeholders). As the platform and the ecosystem gain traction, additional modules such as investor-enterprise matchmaking and investment helplines could be integrated into the platform.
Relevance	An online portal that shares information specific to impact investing can address several challenges related to the ecosystem. Such a platform can: (a) improve the perception of impact investing and equity as an instrument, (b) enhance the availability of relevant information to make investment decisions, (c) build confidence of foreign investors, and (d) encourage collaboration among stakeholders in the impact investing ecosystem

Indicative Partners	a. A firm with research and content management expertise b. A third-party tech service provider
What are the advantages of this Recommendation	- The recommendation is related to content development and management and hence may be easy to implement given limited legal and operational hurdles - Has the ability to influence other key components of the ecosystem such as access to finance and talents and capacities
What could be the challenges with respect to this Recommendation	- Unlike other recommendations, tangible outcomes cannot be directly attributed to this recommendation - Would require a longer timeframe to achieve results - Difficult to monetize the recommendation in the short-term
Recommended Timeframe to initiate the recommendation	- 0-1 years with initial modules - 1-5 years for additional modules
Complementary Recommendations	- Establish a platform for job seekers and employers in the impact sector - Develop a common repository for all existing policies for impact enterprises and investors

Key Considerations for Implementing Recommendation 2

There are several online portals that could be replicated specifically for the Vietnamese impact investing ecosystem. The information modules should be staggered in accordance with the needs of the ecosystem. In terms of monetization, the research team recommends a *freemium* model, where basic modules are available for free, while advanced modules must be paid for. Some of the key modules that could be evaluated include:



A critical feature of the investing platform could be to facilitate collaborations between various investors and ecosystem enablers. This would involve developing a repository of information on supply side stakeholders that may be complementary to each other in terms of co-investment or exit opportunities. It could also include a segmentation of supply side stakeholders based on ticket size preferences, sector of operations, instruments used, and TA provided, to allow for cost sharing, leveraging economies and scale, and de-risking partners. The platform could include a repository of impact enterprises and enablers from Vietnam that could be filtered based on their characteristics to facilitate the sourcing of investment pipelines and partners.

Case in Focus: ImpactAlpha and AVPN's Dealshare platform

ImpactAlpha is a subscription-based, multi-channel digital media platform focused on journalism with social and environmental value. The pieces on the platform are customized for an audience they refer to as "Agents of Impact"; essentially stakeholders working in impact investing, sustainable finance, ESG, and entrepreneurship.

AVPN's Dealshare attempts to bridge the gap between demand and supply of social finance (a broader term than impact investing), helping funders to identify suitable pipeline across markets and causes as well as supporting Social Purpose Organisations (SPOs) to scale, develop sustainably or be investment ready to unlock both philanthropic capital and impact investment. As a part of the platform, fund managers can browse and identify deals of interest both for-profit and non-profit enterprises across markets and sectors while ecosystem enablers can enlist potential deals based on their recent cohorts.

Primary Recommendation 3: Institute a member-based industry body on impact investing to support the impact investing ecosystem in Vietnam

Description	GAC could establish a industry-led nodal body for streamlining the flow of information and facilitate networking within the impact investing ecosystem in Vietnam. Some of the key roles and responsibilities of this nodal body could include: 1. Supporting advocacy in areas relevant to impact investing 2. Sharing Vietnam's impact investment story with all stakeholders 3. Supporting foreign investors with making investments in Vietnam as a one-stop support agency 4. Facilitating networking and collaborations in the impact investing ecosystem
Relevance	Having a nodal body for impact investing is likely to boost the confidence of investors who face challenges with regards to transparency and flow of information. Such an agency could also be a highly effective tool in catalysing the development of the ecosystem until it transits to an opportunity driven ecosystem.
Indicative partners	a. A local entity to steer the body *(This could include an agency established specifically for this purpose)* b. Initial set of partners including impact funds, DFIs, and ecosystem enablers c. Government agencies responsible for facilitating investments (*like the Ministry of Planning and Investment and the Ministry of Science and Technology*)
What are the advantages of this Recommendation	- Extremely impactful in streamlining investment processes and providing support to investors that have a high-risk perception of Vietnam - Allows for a platform for policy advocacy for the impact investing ecosystem
What could be the challenges with respect to this Recommendation	- Difficult to monetize in the short run as most monetization models rely on membership fees
Recommended Timeframe to initiate the recommendation	- 3 – 5 years
Complementary Recommendations	None

Key Considerations for Implementing Recommendation 3

While the overarching objective of an industry-led body for impact investing is to promote the interests of the stakeholders in the sector, some sub-objectives may include supporting collaboration, enhancing information flow, honest brokering between investors and enterprises, policy advocacy, and even providing grants for research. The roles and responsibilities of the body will have to be carefully determined to address the pain points in the ecosystem. In addition, identification of partners and ensuring their continued support towards the agency by presenting them with a clearly articulated value proposition would be key to success. Such partners could include pioneering impact investors active in Vietnam including both PIIs and DFIs and critical Government sector stakeholders.

The following graphic depicts the key steps in instituting a nodal agency for impact investing:

Case in Focus: The Indian Impact Investing Council (IIC)

In 2013, with support from Rockefeller Foundation and Omidyar Network, Intellecap seeded the Indian Impact Investing council, a membership-based organization with a mandate to voice the impact investing story of India and facilitate higher quantum of impact capital flow annually. Currently, IIC has an active support from leading impact investors and ecosystem players managing funds in excess of USD 10 billion. IIC's mission is to encourage private capital to bridge the social investment gap in India in sectors such as financial inclusion, clean energy, education, water & sanitation, and healthcare. As a part of its advocacy role, IIC also manages a knowledge center which disseminates information about impact investing in India.

Secondary Recommendation 1: Provide avenues for South-South and North-South market linkages

To address the challenge related to market information and access to markets, GAC could provide impact enterprises with direct market linkages to countries in the Global North such as Canada or any other partner countries of the Canadian Government. One approach to doing this would be to have trade fairs in the host countries demonstrating Vietnamese export-oriented products. The trade fairs could also facilitate the presence of importers from the host countries so that long-term formal agreements could be facilitated. For countries in the Global South, based on the comparative trade advantages that Vietnam has, GAC could support market linkages between high-impact enterprises from Vietnam with regional peers. Some of the key value chains where Vietnam leads in exports while also having high-impact potential include textiles, aquaculture, coffee, tea, and spices.

5.4 Talent and Capabilities

5.4.1 Overview

Availability of relevant talent and capabilities plays an important role in the development of an impact investing ecosystem. In addition to impact enterprises being able to access the right talent, it is also important for investors and fund managers to possess capabilities relevant to impact investing processes. The research has used three lenses to examine challenges around talent and capabilities:

- Access to talent for impact enterprises,
- Capabilities of impact entrepreneurs and their core management teams, and
- Capabilities of mainstream investors that are interested in impact investing, as well as enhancing the skillsets of existing impact investors.

5.4.2 Challenges with respect to talent and capabilities in Vietnam

Our research has found that impact enterprises in Vietnam struggle with access to high-quality talent that combines business and technical acumen with a passion for impact. Lack of access to such talent restricts impact entrepreneurs from scaling effectively and strategizing about the long-term goals of their organizations. This in turn affects their investment-readiness. The challenge with respect to capabilities is exacerbated in the case of impact enterprises from rural areas since they often do not have the visibility or support that city-based start-ups enjoy. Similarly, new impact investors and those transitioning to impact investing need capability-building support to create efficient impact investment processes. The key challenges with respect to talents and capabilities are summarized below:

Difficulty in acquiring and retaining specialized talent	Limited exposure of local fund managers and angel investors to impact investing processes
The small scale of enterprises prevents entrepreneurs from hiring enough staff to specialize in different business operations, and impact enterprises struggle with recruiting and retaining talent	Local fund managers and angel investors themselves are often not aware about impact measurement, inclusive business models, and services such as post-investment support

Challenge 1: Difficulty in acquiring and retaining specialized talent

Finding staff that brings a combination of buisness acumen and alignment with the social and environmental purpose of the enterprise is a critical challenge for impact enterprises in Vietnam. In many cases, impact entrepreneurs are required to train new hires and equip them with the skills relevant to their enterprise, which only adds to their resource constraints. Further, the talent needs of impact enterprises may vary greatly depending on their sector of operations, the region they are based in, and their stage of growth. For instance, it may be harder for entreprneurs working in rural areas to recruit specialized talent.

> *"When hiring young people for our enterprise, we do not seek the best qualified, but rather, those that fit with our vision.*
> *-An Impact Enterprise"*

Some underlying causes for a lack of access to talent for impact enterprises are:

1. **Hiring approach of impact entrepreneurs:** There are several impact entrepreneurs that are from non-business/NGO backgrounds. Given their backgrounds, entrepreneurs also tend to focus on hiring a core team that shares their social mission or goal rather than hiring for business acumen.

2. **Small scale of impact enterprises:** Most social impact enterprises in Vietnam are small, and often lack the funds to hire good-quality talent to specialize in various aspects of their business. This leads to one employee leading several work verticals at the same time, making it difficult for them to specialize in any one aspect of the business. This also leads to social impact enterprises depending on part-time employees or volunteers for daily operations, which again leads to non-specialization. Owing to their small size, impact enterprises tend to offer renumeration which is often significantly lower than mainstream industry averages, which is also a deterrent for good-quality talent.

3. **Low awareness about the impact sector:** Impact enterprises are perceived to be more focused on impact rather than on growth and financial returns. This makes it difficult for them to attract talent and ensure the retention of recruited talent.

Which stakeholders are most affected by this challenge and why?

This challenge is faced mostly by early-stage impact enterprises.

Challenge 2: Limited exposure of local fund managers and angel investors to impact investment processes

Capital providers who have previously not invested in impact enterprises do not have the requisite knowledge about impact business models and the financial and non-financial needs of impact entrepreneurs. This is fueled by the fact that several local investors and fund managers associate investing in impact enterprises with increased financial/impact reporting and lower returns on investment, which affects their cohesiveness towards the sector. Very often, investors who have portfolios that would be considered as impact-focused do not identify themselves as impact investors since they think it might hamper their ability to raise funds in the market. Impact investing is also often associated with philanthropic capital or charity.

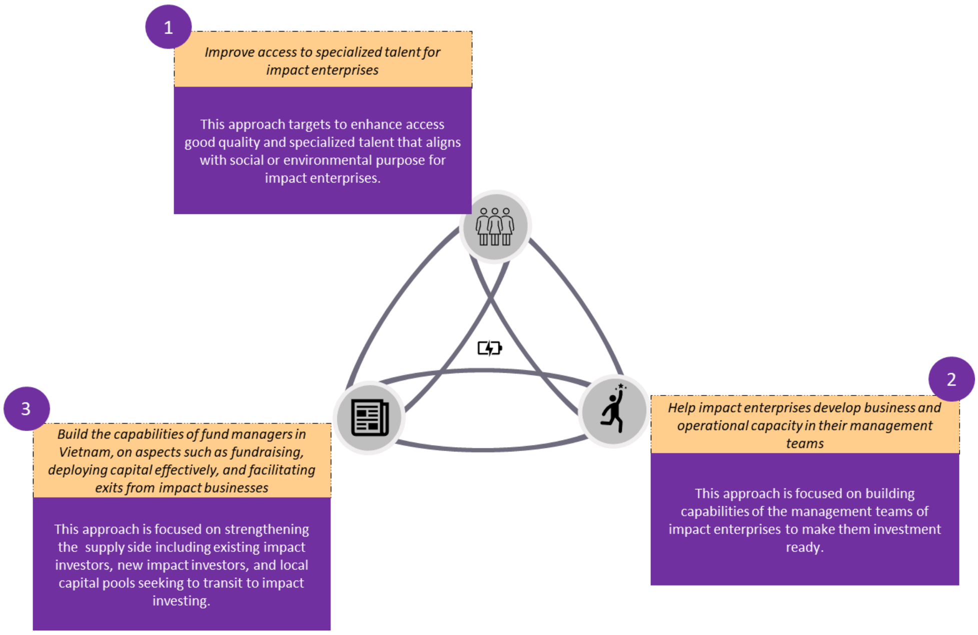
Another key driver of limited capabilities is a lack of support services available for new impact investors and existing investors, vis-a-vis support services for the demand side. Ecosystem enablers in Vietnam have a limited understanding of processes relevant to the supply-side of impact investing. There are also limited avenues for peer-to-peer learning amongst supply side stakeholders in Vietnam.

Which stakeholders are most affected by this challenge and why?

With very few impact-focused investors in Vietnam, there is a gap in the capital sources available to early-stage impact enterprises. Limited capabilities further fuel this finance gap and impact the quality of post-investment support that impact enterprises receive. Hence, while this is a supply side challenge, impact enterprises in the early stage are indirectly impacted by it.

5.4.3 Recommendations to improve access to talent and capabilities in Vietnam

Given the nature of challenges that hinder access to good quality talent for impact enterprises, and the need to build capabilities of impact investors as well as investors and fund managers, recommendations aiming to strengthen access to talent and capabilities should do one or more of the following:



Based on these 3 pillars, the research team has identified a mix of primary and secondary recommendations that GAC could undertake. This section describes each of these recommendations in detail.

Primary Recommendation: High impact interventions that are necessary in the short term to positively influence the impact investing ecosystem

Secondary Recommendation: Ancillary recommendations which could be easy to execute but may have a limited affect on the impact investing ecosystem

Recommendations	Provide access to good quality and reliable talent for impact enterprises	Help impact businesses develop business and operational capacity	Build the capabilities of fund managers in Vietnam
Primary recommendations			
1. Establish a platform for job seekers and employers in the impact sector to provide information about job opportunities and relevant learning resources	Yes		
2. Enable peer learning among local fund managers and angel investors to help new impact investors and mainstream investors transit to impact investing			Yes
3. Build capacities of agencies responsible for sourcing pipelines for existing Government lending schemes that have a social or environmental impact			Yes
4. Conduct business and financial trainings with impact enterprises to make them investment ready	Yes	Yes	
Secondary recommendations			
1. Introduce student internship programs at business schools to provide talent for impact enterprises	Yes		

Primary Recommendation 1: Establish a platform for job seekers and employers in the impact sector which also provides learning resources

Description	GAC could develop an online matchmaking platform that connects job seekers and employers in the impact sector. The platform could also provide sector-specific learning resources to job seekers.
Relevance	Vietnam currently does not have a dedicated platform to help job seekers in the impact sector to access opportunities that align with their purpose and skillset. There is also a lack of clarity about the kinds of skillsets required to excel in different sectors and roles within this space. Such a platform can ease expenses on human resource management for all stakeholders in the impact investing ecosystem.
Indicative Partners	GAC could partner with ecosystem enablers, impact enterprises and universities to set up such a platform. *(like the Vietnam National University, the National Economics University, the Center for Social Innovation and Entrepreneurship, CSIP, British Council Vietnam)*
What are the advantages of this recommendation	- Would increase awareness about the impact sector - Would reduce the time and expenditure undertaken by stakeholders on recruiting talent. This is critical in an ecosystem where several enterprises are in the early stage.
Challenges with respect to this recommendation	- There is potential for job seekers to attain skills and then switch to work in the mainstream sectors instead of the impact sector
Recommended Timeframe to initiate the recommendation	- 1 – 3 years
Complementary recommendations	- Develop an online information sharing platform for the impact investing sector

Key considerations for GAC to implement recommendation 1

GAC could set up an independent low-cost portal which will be responsible for raising awareness about capacity building and job opportunities in the impact space. The portal as set up by GAC could offer two types of services to begin with – a) showcasing job opportunities by sector, region, and job profile, and b) providing learning resources to job seekers in the impact space. To understand the talent and capability needs of impact enterprises in Vietnam, GAC could bring in perspectives from impact enterprises across sectors and regions, ecosystem enablers, universities, and sector-specific skilling entities or external consultants with sectoral expertise. To operate the portal, GAC could opt to partner with a training institute or university, as well as ecosystem enablers that have a prior experience of helping impact enterprise with their talent requirements.

Case in focus: Impact Pool

Impact Pool, previously UNjobfinder is an impact enterprise based in Sweden. Launched in 2015, Impact Pool is a career platform that aims to provide support to job seekers in the impact sector across the world. Impact pool showcases job opportunities across all United Nations organizations, international financial institutions, and intergovernmental and non-governmental institutions. The Impact Pool portal also offers resources such as career coaching for all career levels, interview and application coaching, professional development workshops for the impact sector.

Case in focus: Arthan

Arthan is a non-for-profit organization based in India. Arthan works to provide talent to impact sector enterprises across sectors. It operates a job portal that features job opportunities, funding programs, and fellowship, and offers information about the broader sector and relevant resources for job seekers. In addition to the job portal, Arthan also provides human capital consulting services to enterprises to help them formulate a hiring strategy, holds capacity building workshops with leaders in the impact sector, and organizes human capital convenings regularly to bring together important stakeholders in the space.

Primary Recommendation 2: Enable peer learning among local fund managers and angel investors via dedicated ecosystem facilitators

Description	GAC could facilitate capacity building of mainstream investors, angel investors, and new impact investors to introduce them to various concepts of impact investing and their underlying processes.
Relevance	Given the nascent impact investing ecosystem in Vietnam, there is a lack of awareness about impact investing processes amongst fund managers in aspects of fund raising, impact management, the need for patient capital, financing instruments, and post-investment support. This constrains local capital-providers from impact investing, and creates a mismatch of expectations between investors and enterprises. Supporting the capacity building of local fund managers and angels can unlock more local impact capital for impact investing and can also strengthen non-financial support which is available for impact enterprises.
Indicative partners	GAC could involve the following entities to offer capacity building programs: a. Sector experts with prior experience of impact investing b. Existing impact investors *(like Patamar Capital and Beacon Fund, Investing in Women, Asia Business Builders)*
What are the advantages of this recommendation	- At the end of these programs, investors will be better equipped to manage and deploy funds to impact enterprises - This will also help to bridge the expectations gap between investees and investors in Vietnam
What could be the challenges with respect to this recommendation	- Investors may not be willing to spend resources to gain such training, which may limit the sustainability of the program initially
Recommended Timeframe to initiate the recommendation	- 1 – 3 years
Complementary recommendations	- Build capacities of agencies responsible for sourcing pipelines for existing Government lending schemes that have a social or environmental impact - Conduct business and financial trainings with impact enterprises to make them investment ready - Ease access to market information for impact enterprises by either supporting them with Go-to-market strategies or by developing sectoral research reports

Key considerations for GAC to implement recommendation 2

GAC could partner with a dedicated ecosystem enabler to launch a capacity building program designed for investors and fund managers in the impact space. To deliver the training, GAC could partner with stakeholders who have experience of impact investing in Vietnam and could facilitate knowledge transfer in the ecosystem. Such partners will include established and reputed ecosystem enablers from Southeast Asia that have worked with impact enterprises and existing impact investors. Some of the training modules which have been quoted to be important in Vietnam's context include:

- Fundraising and investor relations
- Pipeline development
- Portfolio and returns management
- Impact measurement and reporting, and ESG policies
- Non-technical support to investees

Case in focus: Capria

Capria is a global investment firm that leads a network of fund managers working in emerging and frontier markets. Capria offers a proprietary capabilities assessment tool for fund managers to benchmark themselves against other fund managers. The tool covers aspects such as finance and operations, governance, fundraising and investor relations, and pipeline development. It also operates an investment platform and advisory services for emerging market fund managers. The platform assists new fund managers build sustainable investment funds, through capacity building in areas such as fund structuring, raising capital from international investors, and impact measurement.

Case in focus: GIIN program

The Global Impact Investing Network (GIIN) offers two training courses to help investors deploy and manage capital, funded by the United States Agency for International Development (USAID). The first course focuses on impact measurement and management and is designed for investors. The course is an in-person program, and uses tools such as group learning, practical simulations, and case studies to help investors develop frameworks for impact measurement and management.

The second course offers a detailed guide for investors to set up an impact-focused private equity fund. This is an online course taught by trainers with a vast experience of working with SME funds in emerging markets.

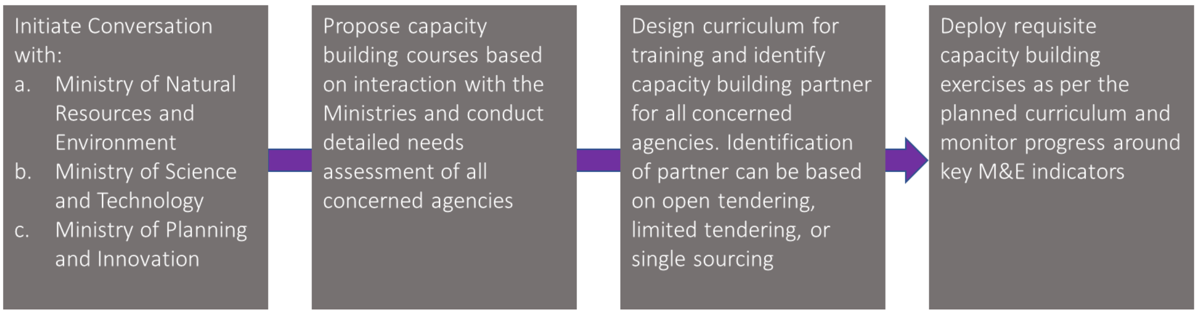
Primary Recommendation 3: Build capacities of agencies responsible for sourcing pipelines for existing Government lending schemes that have a social or environmental impact

Description	The Government of Vietnam has three lending funds that are intended to channelize capital towards enterprises that have a social/environmental impact or undertake technology-based research & development. The agencies responsible for sourcing the pipeline for these schemes and their operations are not well acquainted with the impact investing ecosystem while many of their investment schemes could be complementary to the ecosystem. To ensure the pipeline selected has high impact, GAC could provide capacity building services to the agencies responsible for the operations of the three Funds. *Please note, the requirement for these funds to be more inclusive of impact enterprises was highlighted in both the stakeholder meetings organized as a part of this research*
Relevance	The three funds are: - **Vietnam Environmental Protection Fund:** The Fund provides soft loans at preferential terms and conditions to investors and enterprises undertaking activities that can lead to preservation and protection of environment in Vietnam. - **National Technology Innovation Fund:** The NTIF is a State financial institution that provides preferential loans, subsidized loan interests and loan guarantees, and grants to organizations, individuals and enterprises that carry out research, technology transfer and innovation. - **SME Development Fund:** The SME Development fund was launched in August 2020 with a capital pool of around USD 89 million. The fund supports SMEs and seeks to enhance the competitiveness of SMEs by supporting them in developing

	competitive and eco-friendly products, investing in technical equipment and advanced technology, and improving corporate governance. While these funds have been established and are operational, there is an opportunity to provide capacity building and educate agencies responsible for the implementation of these funds in concepts related to impact investing. Through such capacity building, the funds could be better able to capital towards high-impact enterprises.
Indicative partners	a. Capacity building institutions adept in the local context (*Like CSIP and UNDP)* b. Government agencies responsible for the operations of the three Funds (*including Ministry of Natural Resources and Environment, Ministry of Planning and Investment, and Ministry of Science and technology)*
What are the advantages of this Recommendation	- Leverages on existing government programs which are directed at improving flow of capital towards impact enterprises
What could be the challenges with respect to this Recommendation	- GAC would have limited control and visibility over the final operations and capital disbursed through the three funds
Recommended Timeframe to initiate the recommendation	- 1 – 3 years
Complementary Recommendations	- Conduct business and financial trainings with impact enterprises to make them investment ready

Key Considerations for Implementing Recommendation 3

The proposed recommendation will require a collaboration of GAC with the Government agencies responsible for the operations of the three funds. The step-by-step process of implementing this recommendation is summarized in the following graphic:



Case in Focus: USAID's support to provincial Governments in Vietnam

Between June and July 2020, USAID's project referred to as LinkSME partnered with the Ministry of Planning and Investment's Enterprise Development Agency to meet and assess the capacities of provincial departments of the Ministry. The provincial departments in partnership with Business Support Organizations (BSOs) are expected to provide TA to SMEs (a subset of impact enterprises). USAID assessed the technical competence, willingness and commitment, management and leadership capacity, and experience in building business linkages for Vietnamese SMEs for each business support organization. Based on this assessment, three BSOs received customized handholding to be able to better deliver capacity building services to the SMEs they are working with.

Primary Recommendation 4: Conduct business and financial trainings with impact enterprises to make them investment ready

Description	GAC could facilitate business and financial trainings with impact enterprises, as well as trainings on aspects such as digital marketing, branding, and digitizing internal processes.
Relevance	Through the course of primary research, we have found that several impact enterprises are not aware of impact investing as a source of capital, and are not equipped to scale up and ready to absorb capital. Investors have also highlighted that they lack financial governance and are not investment ready. The management teams of such businesses need to be upskilled and provided with capacity building, to enable their founders and leaders to focus on the enterprises' strategic growth and development. Such trainings will also help make these enterprises more aware of impact capital as a source of finance. Key areas of training as suggested by ecosystem stakeholders include financial management and governance.
Who could be the partners	To implement this recommendation, the following stakeholders would be required: a. Ecosystem enablers *(like CSIP, KisStartup, DNES)* b. Sectoral experts and business mentors c. Existing impact investors *(like Patamar Capital and Beacon Fund, Investing in Women, Asia Business Builders)*
What are the advantages of this recommendation	- Would positively influence the perception that impact enterprises in Vietnam lack business skills and are not generally investment ready - Could boost investor confidence by showing visibility of a larger investment pipeline in Vietnam
What could be the challenges with respect to this recommendation	- Some enterprises may need one-on-one training and mentorship around the potentially complex areas of financial management and governance, which may put an additional resource stress on the training organizations
Recommended Timeframe to initiate the recommendation	- 1 – 3 years
Complementary recommendations	- Build capacities of agencies responsible for sourcing pipelines for existing Government lending schemes that have a social or environmental impact - Enable peer learning among local fund managers and angel investors via dedicated ecosystem facilitators - Provide direct result-based funding to selected ecosystem enablers to allow them to provide customized support

Key considerations for GAC to implement recommendation 4

To set up an investment readiness program, GAC would be required identify a local implementation partner. GAC would need to evaluate the training needs of impact entrepreneurs and their management teams, especially with respect to investment readiness. In Vietnam's context, some of the themes that the program could focus on include business management, fundraising, financial governance, and human resources training and management. In terms of the format of the training, given the distribution of impact enterprises across Vietnam, GAC could consider having a blend of offline and online trainings. This will give program beneficiaries an opportunity to learn from the programs as well as meet other enterprises and share their experiences.

Secondary Recommendation 1: Introduce student internship programs at universities and business schools to provide young talent for impact enterprises

Student internship programs at universities and business schools could increase awareness among students about working in the impact space as well as improving the understanding of how different impact entrepreneurship models work.

In the short term, such internship programs could help impact enterprises access young talent in their field. Students, especially those in business schools will get an opportunity to apply the theory and concepts around social impact and finance to actual impact enterprises. Such programs may also lead to long term engagements between impact enterprises and universities and business schools, in the form of impact entrepreneurs giving talks at universities or using the research facilities available to solve their business problems. It may also potentially lead to student entrepreneurs setting up their own impact enterprise with the support of their universities and other ecosystem enablers.

However, while such programs will help address some of the challenges faced in attracting talent and building capabilities in the space, it will not address the issue of access to full-time talent that will help impact enterprise build strong core teams.

Case in focus: Southeast Asian Social Innovation Network

The Southeast Asian Social Innovation Network (SEASIN) project was launched in 2016 by the European Commission and the Glasgow Caledonian University. SEASIN aims to set up a network of universities in Southeast Asia with a view to promote social cohesion and inclusive growth in the region. As part of the project, SEASIN has set up Social Innovation Support Units in Thailand, Myanmar, Cambodia, and Malaysia. Through these units, SEASIN promotes university to impact enterprise interaction, social entrepreneurship, and graduate employability in the social innovation sector. It is also developing teaching tools, social innovation projects, and post-graduate programs at its partner universities.

5.5 Policy

5.5.1 Overview

An enabling policy environment with respect to impact investing can play a key role in enhancing the confidence of impact investors, especially foreign investors. At the same time, enabling policies for impact enterprises can help de-risk them as investment targets and improve their operations, enabling them to scale faster.

5.5.2 Current Policies Level Challenges in Vietnam

While Vietnam has several policies which directly and indirectly influence impact investing, stakeholders from the ecosystem highlighted several challenges in either the policy design or the implementation of such policies. Some of the key policy level challenges that were highlighted in Vietnam are described in this section:

Demand Side Challenges:

1. ***Limited incentives related to the Social Enterprise Law:*** While Vietnam introduced the concept of Social Enterprises in the Enterprise Law, there is little clarity about the benefits of registering as a social enterprise. In addition, the law requires social enterprises to reinvest 51% of total profits to address the business's social and environmental objectives, a requirement perceived negatively by impact investors. Consequently, from the estimated 20,000 social impact enterprises in Vietnam, only a fraction (close to 54 as of 2019) have registered as social enterprises as per the law. Some of the key expectations of impact enterprises to make the law effective include: a) preferential tax rates and tax holidays, (b) preferential land lease rents, and (c) preferential interest rates on debt.

2. ***Limited awareness regarding existing policy incentives and approaches to avail them:*** The Government of Vietnam has several policy incentives for SMEs (often considered a subset of impact enterprises) and organizations working with marginalized communities. Some of these incentives include:

> *"The Vietnamese government passed the Law on Persons with Disabilities in which tax exemption or reduction shall be adopted. However, we do not approach those policies for the following reasons: (i) the instruction is unclear (there are cases when businesses come to local authorities and ask for clarified instruction but receive none), (ii) the procedures are complex." - An Impact Enterprise*

- Banks lending to SMEs have access to credit guarantees;
- SMEs enjoy an income tax rate lower than the normal tax rate;
- SMEs in specific industrial clusters receive rental price subsidies for 5 years;
- SMEs also have subsidized rates for participation in training courses organized by the Government; additionally, SMEs are entitled to receive advisory support from Government agencies in several areas related to business operations such as accounting, financial management, and legal frameworks;
- Enterprises providing public services such as healthcare or education are entitled to preferential tax rates, exemption from VAT in some cases, and several subsidies for infrastructure development and land use;
- Enterprises in the clean energy, environmental protection and waste treatment are eligible to preferential income tax rates;
- Enterprises working with disabilities are eligible for support to improve their workplace and the surrounding environment, corporate income tax exemption, preferential interest rates, and priority access to property.

While these policies exist, interactions with impact enterprises revealed that they had limited awareness with respect to existing policies and processes to avail incentives. This was partly attributed to the lack of a single window agency to provide information and help them avail such policies.

3. ***Bureaucracy and lengthy processes with respect to availing benefits:*** Impact enterprises stated in their interviews that even when they knew about favourable policies, they refrained from applying for incentives as the process was highly bureaucratic and included several time-consuming approvals.

Supply Side Challenges:

While the Government of Vietnam is undertaking several attempts to facilitate foreign investments, fund managers highlighted several challenges that increase their risk perception. Some of these challenges include:

1. ***Protection of minority shareholders:*** As per the Enterprise Law 2014, only shareholders with a share of 10% or above were eligible to access important corporate information, including financial statements, resolutions, minutes, and inspection committee reports, amongst others. Since early-stage impact investors are mostly minority shareholders, this law was considered as a disincentive to investments. However, in September 2020, an amendment reduced (to be applicable from January 2021) the threshold to 5% from the earlier 10% and is being observed as a welcome step.

2. ***Requirement to route funding via capital accounts in Vietnamese Banks and corresponding delays:*** As per the Enterprise Law 2014[41], there was a required obligation that all foreign capital contributions including dividend repatriations, and purchase/sale/transfers of shares should be routed via a capital account with an authorized Vietnamese bank. The only exception allowed was when contributions were made in the form of non-cash assets. Investors have highlighted that this requirement leads to prolonged delays in executing investments with multiple iterations to fulfil all statutory requirements. The process is much simpler when domestic capital is used for investments. Additionally, in case of transfers (both non-cash assets and cash assets) between two non-resident investors, the law requires routing through a capital account in Vietnam. Legal firms in Vietnam have highlighted that routing capital via the capital account also requires adherence to foreign exchange control laws which are complex and difficult to comprehend. Any non-compliance has the potential to lead to significant delays in repatriation of future profits. This acts as a natural disadvantage to investors.

3. ***Obligations related to issuing bonds:*** Issuance of bonds by private companies in Vietnam involves complex procedures with respect to audits, shareholder approval, stock exchange notification, and prudential and debt ratios. These are a deterrent for issuing bonds in Vietnam.

4. ***Additional statutory requirements on debt:*** For debt with terms of over a period of 1-year, foreign investors are required to take approval from the State Bank of Vietnam which is also seen to be a time-consuming process and delays investments.

5. ***Requirement of minimum ownership periods before exercising shareholder rights**:* Prior to September 2020, investors were required to hold their shares for a minimum period of 6 months before being eligible to exercise shareholder rights. Similarly, group of shareholders (with a holding of over 10%) were required to hold their shares for at least 6 months post-investment to be eligible to nominate a director to the board of management. These requirements have been relaxed in September 2020 (to be applicable from January 2021); however, they were considered a key deterrent to investing in Vietnamese enterprises.

[41] Article 36(3) of the *Law of Enterprise 2014*

Enabling policies for Impact Investing in Indonesia, Cambodia, and Philippines compared to Vietnam

ASEAN countries such as Indonesia, Cambodia, and the Philippines have seen more impact investing activity compared to Vietnam over the past few years. However, it is interesting to note that none of these countries have specific policies for impact investing. Despite the absence of such a policy, they have benefitted from other government policies that have made it easier for investors to conduct business. These include policies around rights of minority shareholders and insolvency processes. Vietnam fares poorly as compared to these countries on such parameters. For instance, amongst Asia Pacific countries, in the global Ease of Doing Business rankings 2020, Indonesia and Philippines were ranked 8th and 9th respectively in terms of protecting minority investors, whereas Vietnam was ranked 11th.[1] In terms of resolving insolvency as well, Vietnam is ranked lower than these three countries. Since impact investors generally opt for minority shareholdings in their investee companies, policies that safeguard the rights of minority shareholders are conducive to the overall impact investing ecosystem.

In addition to the above factors - that affect all investors (irrespective of their impact focus) - Indonesia, Cambodia, and Philippines have also seen more impact investing activity owing to the enabling environments for entrepreneurship that are in place domestically. These countries have strong foundations in components of the ecosystem such as access to capital, networks and information, as well as the presence of ecosystem intermediaries such as incubators and accelerators who help build partnerships among stakeholders. While these ecosystem components are in the process of being strengthened in Vietnam, the lack of successful exits from impact deals also makes it difficult to attract new investors to the country. The ecosystems in Indonesia and Philippines are more developed, and have strong angel investing networks which help to bring in early stage capital for enterprises. In the case of Cambodia, being a dollar-based economy has helped it to attract large inflows of capital from investors, especially in the microfinance sector. On the contrary, Vietnam's microfinance sector is dominated by the Government.

Finally, it may be noted that Indonesia, Cambodia, and Philippines do not have an established Social Enterprise Law in place, unlike Vietnam.[2] This may suggest that while providing a legal standing for social enterprises may help in accruing certain benefits for such enterprises, other policies, especially on the supply side of capital could be strengthened in order to build an impact investing ecosystem. Amendments in the Investment Law which were introduced in 2020 is a positive step towards the direction.

[1]*Ease of Doing Business Rankings 2019.*

[2]*ASEAN Social Enterprise Structuring Guide, British Council, February 2018.*

5.5.3 Recommendations to improve the policy landscape for impact investing in Vietnam

To improve the policy landscape of impact investing in Vietnam, GAC should (a) advocate to make existing policies more effective, (b) make existing policies more accessible, and (c) support the development of tools that ease policy advocacy in favour of impact investing.

Based on these pathways, the research team makes the following recommendations:

Primary Recommendation: High impact interventions that are necessary in the short term to positively influence the impact investing ecosystem

Secondary Recommendation: **In the case of Policy,** secondary recommendations are those that do not directly influence policy but either make existing policies more accessible or support policy advocacy

Recommendations	Advocate to make existing policies more effective	Make existing policies more accessible	Support the development of tools that ease policy advocacy
Primary Recommendation			
1. Conduct detailed consultations with impact enterprises and potential investors to refine the social enterprise policy and enhance its adoption	Yes	Yes	
Secondary Recommendations			
1. Develop a common repository of policies and regulatory support available for impact enterprises or investors to ease the impact investing process		Yes	
2. Develop an evidence base of the contribution of enterprises and support provided by investors to provide concrete evidence of impact and eventually influence policy			Yes

Primary Recommendation 1: Refine the social enterprise policy of Vietnam based on detailed consultations with impact enterprises and potential investors

Description	While Vietnam has a dedicated Social Enterprise law, its benefits are unclear to impact enterprises resulting in low registrations. The social enterprise law can hence be refined to be better oriented to support the impact investing sector.
Relevance	By having in place favourable incentives under the Social Enterprise law, it is possible to de-risk impact enterprises and improve their operational economics. This is likely to build a strong pipeline for investments, facilitating the flow of impact capital into Vietnam.
Indicative partners	a. Government of Vietnam including the Ministry of Planning and Investment and Central Institute of Economic Management b. Thought leading organizations in the Social Enterprise sector in Vietnam including British Council, CSIP, CSIE, and UNDP c. Impact Investors with an active portfolio in Vietnam d. Focus Group of Enterprises registered as Social Enterprises and others that have an impact but are not registered as Social Enterprises
What are the advantages of this recommendation	- Refining the social enterprise law has the potential to boost confidence of all stakeholders engaged in the impact investing ecosystem
Challenges with respect to this recommendation	- The recommendation is conditional on successful interactions with several Government stakeholders and GAC would have limited control over the outcomes of these interactions or the implementation of the refined law
Recommended Timeframe to initiate the recommendation	- 1 – 3 years

Complementary recommendations	- None

Key considerations for implementing Recommendation 1

While advocating for refinements in the Social Enterprise law, GAC would be required to consult with sector stakeholders including impact enterprises and investors to understand potential benefits that could be integrated into the Law. Some of the benefits that could support social enterprises include preferential tax rates, subsidized interest rates, and public procurement policies. Investors could also be incentivized through tax rebates and preferential clearances. Investors and impact enterprises have also quoted the requirement to re-invest profits as a key deterrent to register as a social enterprise, especially when there are limited benefits of registering as one.

GAC could also support the development of a robust impact measurement framework which could be used nationally to assess and report on the impact of registered social enterprises. Such a framework could be used as a tool to validate the Social Enterprise status of businesses, if substantial benefits are integrated into the Law.

Secondary Recommendation 1: Develop a common repository of all policies and incentives for stakeholders from the impact investing ecosystem

The Government of Vietnam has several policies and incentives targeted towards organizations that support social or environmental impact. For instance, the Government has a financing vehicle for SMEs (a subset of impact enterprises) and an environmental protection fund for enterprises with a positive environmental impact. While these policies and incentives exist, most stakeholders who participated in the research highlighted that the procedures for availing such policies were unclear. In addition, several stakeholders were unaware of these policies or incentives. GAC could support the development of a repository of all policies and incentives for stakeholders from the impact investing ecosystem along with step-by-step guidelines on leveraging benefits and related incentives from the policies.

Secondary Recommendation 2: Develop an evidence base of the contribution of enterprises and support provided by investors to provide concrete evidence of impact and eventually influence policy

Several impact enterprises in Vietnam have been successfully contributed to addressing the developmental challenges in Vietnam. In addition, the country has seen over 29 deals by private impact investors since 2012 which have also helped the country address critical socio-economic challenges. However, there is limited evidence on the impact created by such enterprises and investors. A collation of such evidence could be used to advocate for favourable policies for the impact investing sector. To do this, GAC could support research on measuring the impact of high impact enterprises and impact investors. Besides being a tool for policy advocacy, the intervention will also address challenges with respect to the negative perception of impact investing and the usage of equity as an instrument.

5. Gender Lens Investing

5.1.1 Overview

Gender lens investing (GLI) is defined as the practice of investing in enterprises that benefit or empower women, by intentionally channelizing capital towards a) women-owned or led enterprises, b) enterprises that promote workplace equity or empower women in their supply chains, and/or c) enterprises that offer products or services that substantially improve the lives of women and girls. During our research we found that using an intentional gender lens while investing is a new concept in Vietnam, and it is mostly focused on investing in women-owned or led enterprises. However, over the past few years there has been an increasing shift towards investing in gender enabling businesses. Investors such as SEAF, Patamar Fund, and more recently Beacon Fund are all part of this transition in Vietnam.

5.1.2 Challenges with Respect to Gender Lens Investing in Vietnam

Challenges faced on the supply side

Our research revealed that while there has been an increase in the number of impact deals undertaken with a gender lens in Vietnam, only a handful of investors account for most of this activity. Since 2015, there have been 10 only GLI deals undertaken by 4 private impact investors and one DFI. Few private funds are performing GLI in Vietnam and receiving support from leaders in the field, such an Investing in Women and Criterion Institute. Consequently, these few PIIs are adept in GLI processes from pre-to post investment. However, a majority of investors that have an accidental gender impact are unaware of processes related to gender lens investing. Some challenges faced on the supply side of GLI in Vietnam are described below:

- Where there are several tools and templates around operationalizing GLI in funds, there is a dearth of technical assistance available for fund managers to incorporate a gender lens in their portfolio. For most investors that report on gender, impact is often assessed at a post-investment stage with no explicit consideration of gender during pre-investment stages including while conducting sourcing and due-diligence exercises.

- There is a lack of awareness with respect to GLI in Vietnam, and since successful instances of GLI deals have yet not percolated across the impact investing ecosystem, the business case of GLI is not well understood. Many supply side stakeholders also indicate that they do not intend to have a gender-focus in their strategy, and instead prefer to focus on successful impact enterprises regardless of whether they have a gender focus.

Challenges faced on the demand side

Currently, most programs to promote GLI in Vietnam focus on supporting women entrepreneurs, who, although constitute 25% of all businesses, face a myriad of challenges such as limited access to formal sources of finance and cultural and social biases.[42] Some of the key challenges with faced by women entrepreneurs in Vietnam are highlighted in the following graphic:

[42] Report on "Needs Assessment of Women-owned Small and Medium-Sized Enterprises in Vietnam", Vietnam Women's Entrepreneurs Council, The Asia Foundation, and Mekong Business Initiative, April 2018.

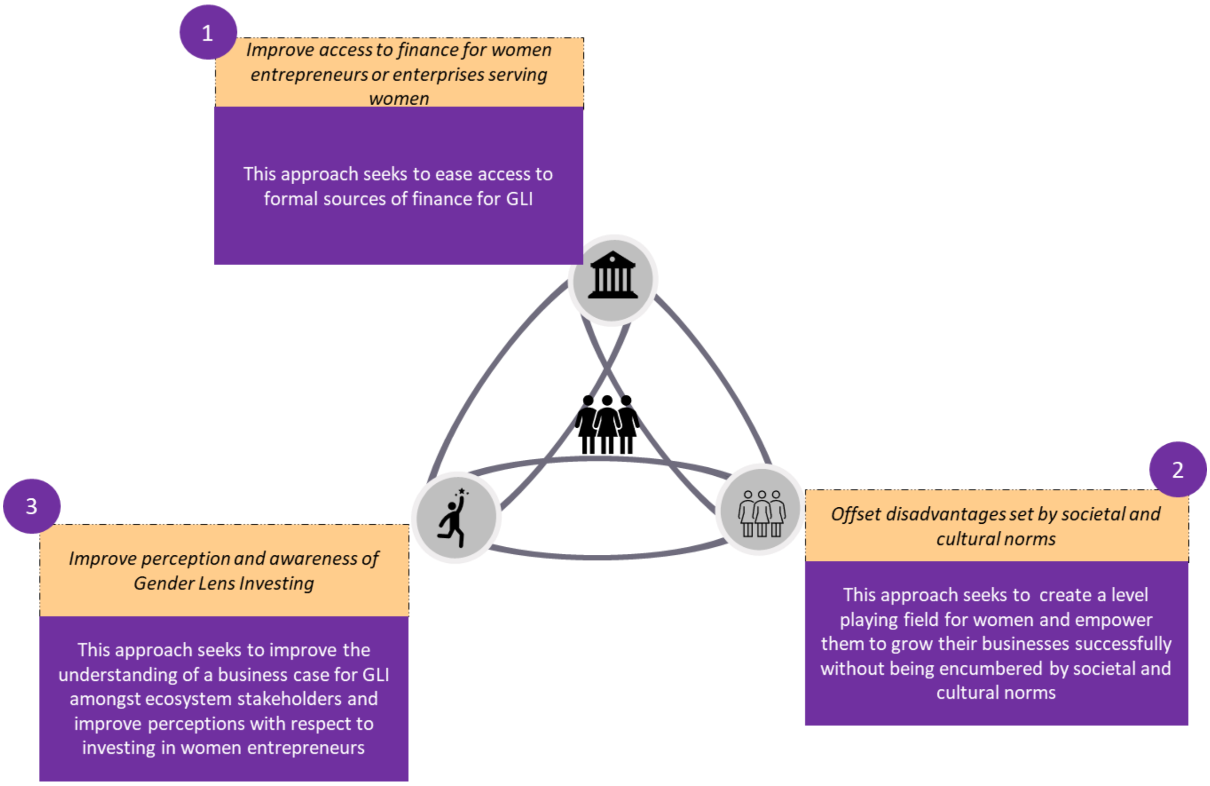
- Despite the focus on women-owned enterprises as the key GLI strategy, women entrepreneurs continue to struggle with accessing formal sources of finance, which restrains their capacity to grow and scale their businesses. This is partly since women may not own any assets to use as collateral for formal sources of finance. In addition, the financial services sector in Vietnam is mostly dominated by men which makes it difficult for women to approach and access formal debt. In the case of raising investments, investors in Vietnam are generally approached through personal networks and through “club or bar deals,” further limiting access to finance for women.

- There is a need to understand the needs of women entrepreneurs to scale their businesses, beyond access to finance, especially those who belong to minority groups and are based away from the urban city centers in Vietnam. The needs of such women entrepreneurs would vary from the existing business support programs available. In the absence of customized support programs, such women might be left out of the GLI ecosystem.

- Primary research has revealed that there are cultural and social biases at play that prevent women entrepreneurs from accessing social and professional networks. As covered in the section on information and networks, such networks are critical to build businesses, meet investors, and make relevant connections within the industry. Further, women entrepreneurs are perceived as lacking the business skills and know-how required to scale businesses and attract investors. Women entrepreneurs are often perceived to focus on their home life over their business, increasing the risk perception of investing in women-owned enterprises.

5.1.3 Recommendations to promote Gender Lens Investing in Vietnam

Given an analysis of the challenges, interventions to promote Gender Lens Investing in Vietnam should seek to either: a) ease access to finance for women entrepreneurs or women-led businesses, b) offset disadvantages set by societal and cultural norms, and c) improve perception and awareness of Gender Lens Investing



The research team hence recommends the following set of recommendations to further Gender Lens Investing in Vietnam.

Primary Recommendation: High impact interventions that are necessary in the short term to positively influence the impact investing ecosystem

Secondary Recommendation: Ancillary recommendations which may could be easy to execute but may have limited effect on the impact investing ecosystem

Recommendations	Improve access to finance for women entrepreneurs or enterprises serving women	Offset disadvantages set by societal and cultural norms	Improve perception and awareness of Gender Lens Investing
Primary recommendations			
1. Develop capacity building and networking programs dedicated to supporting women entrepreneurs to help women-owned enterprises become investment-ready		Yes	
2. Set up an early-stage fund focused on women entrepreneurs and enterprises that support women to ease access to formal finance sources for women entrepreneurs	Yes	Yes	Yes
3. Train existing impact investors, angels, and fund managers on Gender-Lens Investing to increase adoption of a Gender Lens			Yes

Primary Recommendation 1: Develop capacity building and networking programs dedicated to supporting women entrepreneurs and addressing their challenges

Description	GAC could support a capacity building and networking support program dedicated to women entrepreneurs, providing services such as personalized mentorship, business and financial management skills, business model pitching, impact measurement and management, and networking events focused on women entrepreneurs.
Relevance	Women entrepreneurs face challenges that are unique owing to the societal and cultural norms and have limited access to business support services. They are also perceived as lacking the business skills and professional networks required to scale businesses or be investment-ready. This may be especially pertinent to women entrepreneurs who are based in remote or rural areas and do not have access to business support resources. The recommended programs, hence, will have the ability to democratize access to capacity building for women entrepreneurs.
Indicative Partners	GAC could partner with: a. An existing ecosystem enabler *(like KisStartup, CSIP, Seed Planter, WISE, Vietnam Silicon Valley)* b. A research/consulting institution to help them understand the specific needs of women-owned enterprises *(like CSIP or British Council)*
What are the advantages of this recommendation	- Women will have the opportunity to meet with and learn from other women entrepreneurs which may support collaboration - Such events will be an opportunity for women enterprises to meet investors and other stakeholders and pitch their ideas to a wider audience - Success stories from such events could be useful tools to offset social and cultural biases
Challenges with respect to this recommendation	- Monitoring and evaluation of impact of such a program may be difficult
Recommended Timeframe to initiate the recommendation	- 1-3 years
Complementary recommendations	- Support online incubation and acceleration programs to reach enterprises across geographies and growth stages

Key considerations for GAC to implement recommendation 1

To implement this recommendation, some of the key considerations for GAC would be to (a) assess the needs of women entrepreneurs and the kinds of capacity building support they require, (b) design training programs to help women entrepreneurs and women-centric enterprises across all growth stages, (c) identify the appropriate stakeholder partners to conduct the programs, and (d) periodically revisit the programs to improve the value delivered to women entrepreneurs. The needs of women entrepreneurs may vary greatly based on their location and prior experience. For instance, women entrepreneurs who are based in a city or have global education and work experience may need training in the form of sector-specific support, go-to-market strategies, or networking. On the hand, women entrepreneurs based in more remote or rural areas who have not had access to such resources may need a different curriculum, such as basic business support in setting up inclusive business models or identifying their target customer segments. Another aspect to consider would be the cost of the program.

WISE of Ashoka's ChangemakHERS community

The global entrepreneurship network Ashoka has launched WISE (Women's Initiative for Social Entrepreneurship) as part of its ChangemakHERS community. WISE is a peer-to-peer support network that provides networking with women social entrepreneurs around the world, information sharing through online events, and collaboration opportunities on social entrepreneurship projects across countries. The online platform also shared funding opportunities available for women entrepreneurs.

Case in focus: WISE Vietnam

The Women's Initiative for Startups and Entrepreneurship (WISE) is a program supported by Australian Aid and Asian Development Bank. WISE provides a range of services for women entrepreneurs and women-owned enterprises, such as access to finance, mentorship, incubation and acceleration, and training programs on business skills, innovation, media, and communication strategies. WISE also holds convenings of women-owned and led enterprises where women entrepreneurs in its network can meet and learn from each other.

Case in focus: WE Rise

WE Rise is an accelerator developed by Villgro Philippines which is designed to help women entrepreneurs. WE Rise aims to improve access to finance for women entrepreneurs by providing them with the skills, tools, and networks they ned to build sustainable and resilient businesses.

ASEAN Women Entrepreneurs Network

The ASEAN Women Entrepreneurs Network is a network of businesswomen operated by the ASEAN Committee on Women and the ASEAN Confederation of Women's Organizations. The network offers a platform for women entrepreneurs to exchange knowledge and experiences, develop and propose initiatives to enhance gender equality in trade and create a conducive environment for women-owned enterprises, and promote women entrepreneurship in the ASEAN region. The network also arranges convenings of women leaders with key stakeholders to address challenges faced by businesswomen.

Primary Recommendation 2: Set up a fund focused on women entrepreneurs and enterprises that support women

Description	Like the impact fund proposed for early-stage enterprises (in the Access to Finance section), GAC could set up a dedicated fund for women-owned enterprises, businesses that pursue gender equity or empower women in their supply chains, or businesses that produce goods and services that are intended to benefit women. This fund will aim to address challenges faced by women in accessing finance through offerings such as customized financial instruments that do not require collateral or have flexible repayment schedules. The fund can offer equity or debt instruments depending upon the profile of the entrepreneurs being targeted.
Relevance	There is a lack of funding mechanisms specifically designed to meet the needs of women entrepreneurs in Vietnam. In addition, due to existing social and cultural biases and gender roles in the financial sector, women find it difficult to access investors. Through a dedicated pool of capital for women entrepreneurs, the challenge with respect to access to capital could be significantly eased, while also seeding a pipeline for late-stage investors
Who could be the partners	GAC could partner with: a. An existing ecosystem enabler (like KisStartup, WISE, CSIP, Seed Planter, Vietnam Silicon Valley) b. A legal firm

	c. An organization with prior experience in fund design After an understanding of the specific needs, GAC could leverage a fund manager to channelize the capital pool towards intended enterprises.
What are the advantages of this recommendation	- Addresses the challenge of accessing formal sources of finance for women - Provides customized options to mitigate the challenge of securitized debt - Such a fund could be a powerful proof of concept on the validity of gender lens investing in Vietnam and potentially lead to more investor activity focused on enterprises that are led by women or intend to benefit women.
Challenges with respect to this recommendation	- Will benefit only a certain number of women entrepreneurs and will not drive ecosystem level change
Recommended Timeframe to initiate the recommendation	- 1-3 years
Complementary recommendations	- Set up a fund dedicated to small size and early-stage impact investing with a "capital +" model which includes high touch TA

Key considerations for GAC to implement recommendation 2

To set up a dedicated fund for early-stage women-owned enterprises, some of the key aspects to consider are (a) understand the challenges faced by women in accessing formal sources of finance, (b) design financial instruments that would address these challenges without increasing the costs associated with investing in women, (c) raise awareness about impact capital as a source of business finance among women entrepreneurs and provide avenues for them to approach the fund and (d) assess the non-financial support that is most relevant to investees.

In terms of finding partners to channel capital into the fund, GAC could leverage existing fund managers in Vietnam, as well as Canadian funds such as the Gender Lens Investing Fund within the Equality Fund Collective, which could provide capital as well as resources for training women-centric enterprises with high impact potential. In Vietnam, initiatives like the Beacon Fund by Patamar Capital are leading the change towards channelling dedicated impact capital for women-owned and gender-enabling enterprises.

Case in focus: Beacon Fund, Patamar

The Beacon Fund is an investment firm which offers debt-finance to women-owned enterprises and businesses that primarily serve women and girls in Vietnam, Indonesia, and Philippines. It aims to support moderate-growth enterprises that may not qualify to be investees for traditional venture capital private equity funds. The Beacon Fund has been set up as a permanent capital vehicle, in order to provide long-term support that meets the needs of women-owned enterprises.

Primary Recommendation 3: Build capacities of existing investors and fund managers on Gender-Lens Investing

Description	The capacity building program could have offerings such as (i) information about the definition and scope of gender-lens investing and the business case of investing in women, (ii) workshops on developing an intentional gender lens in investment portfolios, (iii) tools to measure and manage impact of gender-lens investing, and (iv) showcases of investment ready women-owned enterprises, enterprises pursuing gender equity at the workplace or empower women in their supply chains, and enterprises that produce goods or services that are benefitting women.
Relevance	There is limited awareness about gender lens investing among capital providers, and

	there is a lack of support available to existing investors and fund managers to help them develop a gender-focus in their strategy. Given the low number of impact investors with an intentional gender lens in Vietnam, it is important to conduct capacity building to bring more capital providers into the GLI ecosystem. This is especially important since gender lens investing is often perceived to be an altruistic approach rather than a business-driven approach to investing.
Indicative Partners	GAC could partner with: a. Existing donors, investors and fund managers that have an expertise in Gender Lens Investing *(like Patamar Capital, Investing in Women, SEAF)* b. Sectoral experts who have prior experience with gender lens investing *(like WISE, ANDE, and Villgro)*
What are the advantages of this recommendation	- Equips capital providers with the tools and processes to invest in women entrepreneurs and enterprises that benefit women - Encourages peer learning among existing investors and fund managers which might lead to stronger networks of stakeholders in the GLI ecosystem of Vietnam
Challenges with respect to this recommendation	- Since GLI is in a very nascent stage in Vietnam, it may be difficult to develop a revenue model around this recommendation and capacity building exercises would have to be grant funded
Recommended Timeframe to initiate the recommendation	- 1-3 years
Complementary recommendations	- Enable peer learnings among local fund managers and angel investors via dedicated ecosystem facilitators

Key considerations for GAC to implement recommendation 3

To implement such a program, some key considerations would include assessing the gap in the knowledge and experience of capital providers, identifying the right partners to deliver the capacity building programs, and determining how the impact of the program could be measured and scaled. Stakeholder partners for the program could include international research organizations, impact investors who have made successful exits in the Southeast Asian region, and fund managers who have an intentional gender lens in their investment portfolio. Given the vast experience that these partners would bring in, the program could focus on peer-to-peer learning as the primary mode of knowledge transfer. In terms of assuring impact, GAC might consider setting up showcases of investment ready enterprises that align with the scope of gender lens investing and facilitate meeting between investors and enterprises.

Annexure 1

List of Participants for Stakeholder Meetings held in Hanoi and Ho Chi Minh City in January 2021

Hanoi, January 12, 2021		
S. No	**Name**	**Organization**
1	Diep Nguyen	Asia Business Builders
2	Minh Phan	JupViec
3	Chu Van Thang	Australia Aid
4	Chu Minh Phuong	Fargreen
5	Nguyen Truong Nghia	Vietxanh
6	Tran Ngoc Cham	Hemp Vietnam
7	Lisa Huyen	VinaSamex
8	Trang Tran	WISE
9	Hà CEO	Cty Ba Sao
10	Phan Hoang Lan	UNDP
11	Ngo Van Anh	Codas
12	Kimberly Green	PATH
13	Nguyen Thu Ha	Oxfam Vietnam
14	Le Kim Dung	CARE International
15	Nga	CEO Trống Đồng
16	Pham Thi Bich Thuy	DACE
17	Truong Bich Ngoc	Cty TNHH V-Organic
18	Nguyễn Thị Phương Thảo	Vietnam Women Entrepreneurs Council
19	Tran Luong Son	MITFive
20	Tran Phuong Chi	Vietnam National University
21	Truong Thi Nam Thang	CSIE
22	Ho Phuong Anh	Viên Minh
23	Ha Thi Quynh Nga	CARE International
24	Tham	Tafood
25	Hoang My Lan	Rikolto
26	Ngo Thi Hoai	WeCreate Vietnam
27	Trang	FarGreen
28	Lương Hùng	Hòa Bình project
29	Nguyen Huu Phuoc Nguyen	Selex
30	Tran Van Hieu	DACE
31	Vu Yen	PATH
32	Vu Huong	BK Holdings
33	Ha Thu Thanh	Deloitte
34	Trần Thị Thanh Bình	Tư vấn PGS
35	Bùi Ngọc Cường	Ngỗng
36	Nguyen Tam Diep	Vietnam Women's Union
37	Nguyen Manh Quyen	
38	Thao Griffiths	VCCI

39	Dang Bao Khanh	Planet Impact Capital
40	Nguyen Thanh Nam	Dichung
41	Nguyễn Hữu Hưng	Ministry of Planning and Investment
42	Trinh Thi Huong	Ministry of Planning and Investment
43	Luc Thanh Tung	APEC Group
44	Tu Linh Hieu	NATEC
45	Pham Chi Lan	
46	Mr. Nguyễn Tiến Lập	NHQuang law company

Ho Chi Minh City, January 14, 2021

S. No	Name	Organization
1	Mr. Hải	Asif
2	Mr. Nam	CRICKET ONE
3	Hoanh Thi Lan	Provn
4	Florentine Oberman	Dakado
5	Tôn Nữ Thị Ninh	Ninh trí việt
6	Sang Pham	SEAF
7	Quynh Anh Nguyen	SwissEp
8	Ms. Van Le	Vexere
9	Hoàng Xuân Quý	Hồng Đài Việt (Vietrossell)
10	Vu Mai	Champbio company
11	Phan Thi Thanh Trinh	dakado
12	Allison Hollowell	AVPN
13	Mr. Long	Dat Butter
14	Hoang Thanh THuy	Mekong coconut
15	Lê Kim Hồng	Peace & Development Foundation
16	Lan Thi	Ninh trí việt
17	Nguyen Thi Kum Nhieu	Nu Cuoi
18	Mr. Tu	Journey of the senses
19	Mr. Huynh Hanh Phuc	NODA
20	Ms. Tho	CIM
21	Phuong Anh	CSIP
22	Shuyin Tang	Patamar Capital
23	Phuc	Green Connect
24	Mr. Colin Blackwell	Enablecode
25	Nguyen Thi Huong	Asif
26	Pham Binh	Champbio company