

OECD Local Economic and Employment
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Powering ASEAN's economy through inclusive business: From the margins to markets



Powering ASEAN's economy through inclusive business

From the margins to markets

Southeast Asia is experiencing rapid economic growth and rising entrepreneurship, with real GDP expected to grow by 4.6% in 2026. Nevertheless, challenges such as high levels of informal employment, limited social protection, poverty and ageing populations are a strain on the region's economies. Inclusive businesses (IBs), which integrate low-income populations into their value chains, can create jobs, expand access to essential goods and services, and address development challenges in the region. IBs are being increasingly recognised within ASEAN policy frameworks, such as the ASEAN IB Framework and the Plan of Action for the Promotion of Inclusive Business in ASEAN (2023-2027). Business models such as social enterprises also play a major economic role in the region, with nearly one million social enterprises operating across diverse sectors. These market economy approaches expand access to market participation, strengthen local value chains and improve access to essential goods and services. This paper maps IBs and social enterprises in the region, analysing legal, accreditation, and business support mechanisms, while highlighting best practices and systemic barriers. It provides actionable recommendations to strengthen enabling policy environments for these businesses in ASEAN Member States.

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Executive summary

IBs as drivers of economic growth for all people and places

Southeast Asia is one of the fastest-growing regions in the world, with real GDP expected to grow by 4.6% in 2026. The region is also emerging as a dynamic hub for entrepreneurship, ranking among those with the fastest growth globally. At the same time, the region faces significant challenges that require innovative solutions so that growth is delivered to all people and places. High levels of informal employment persist, with approximately 244 million people working informally – accounting for about 80% of the workforce aged 15 and above. This widespread informal sector also underscores gaps in social protection, as only 33% of the region’s population currently benefits from at least one social protection scheme. Many countries still have underdeveloped or underfunded formal social safety nets, leaving populations at risk. Furthermore, the region is experiencing rapid demographic shifts. All Member States of the Association of Southeast Asian Nations (ASEAN) are projected to become ageing societies within the next decade. The working-age population peaked at 68% in 2023, and the proportion of older persons is expected to rise steadily, placing increasing pressure on social protection systems and pension coverage.

In this context, the concept of inclusive businesses (IBs) has emerged as a pathway to employment and entrepreneurship, as well as widening access to services in remote and rural areas. IBs refer to commercially viable and scalable enterprises that intentionally integrate low-income populations at the Base of the Pyramid (BoP) into their value chains as suppliers, distributors, retailers or customers. They can complement public and private efforts by formalising economic activity for disadvantaged communities, improving access to social protection, supporting circularity and the environment, and expanding educational opportunities.

Although not legally recognised, IBs are actively being promoted through several means across ASEAN Member States (AMS). For instance, Cambodia and the Philippines have dedicated accreditation schemes, while countries such as Malaysia and Thailand support them via social enterprise or SME frameworks. At the regional level, IBs are promoted through the ASEAN Inclusive Business Framework (2017) and the Guidelines for the Promotion of Inclusive Business (2020). They are widely regarded as a “triple win” for business, government and society, combining financial performance with measurable social impact.

The ASEAN IB agenda provides an overarching regional framework for advancing inclusive and sustainable economic growth. ASEAN drives this agenda through public-private partnerships and a multi-stakeholder approach, bringing together governments, business associations, impact investors, academia, media, development partners and international organisations.

Social enterprises as a complementary approach to the ASEAN IB agenda

Under the ASEAN IB Framework, IB implementation is advanced through three main approaches, namely: IB models, IB activities, and social enterprise initiatives. Among these, IB models represent the core mechanism for integrating people at the BoP into companies' value chains on a commercially viable and scalable basis. Meanwhile, IB activities and social enterprise initiatives complement this agenda by supporting innovation, expanding outreach to underserved communities, and strengthening pathways towards more inclusive market participation.

Social enterprises can complement the ASEAN IB agenda by piloting innovative solutions, addressing market gaps, and developing business approaches that may subsequently evolve into IB models. While social enterprises and IBs share a commitment to generating positive social impact through market-based approaches, they differ in their primary objectives and operational structure. ASEAN therefore recognises social enterprises as a complementary approach that can reinforce IB models and activities, rather than replace them.

At the regional level, IBs are supported through a combination of regional frameworks, implementation instruments, and complementary social enterprise initiatives. For example, the ASEAN Economic Community Strategic Plan (2026-2030) identifies IB as a mechanism for promoting inclusive economic development and strengthening micro, small and medium enterprise (MSME) participation in regional and global value chains. Meanwhile, IB promotion is operationalised through the ASEAN IB Framework, with the Plan of Action for the Promotion of Inclusive Business in ASEAN (2023-2027) provides a regional roadmap for implementation through policy support, business development services, access to finance, and knowledge-sharing initiatives. This implementation has been supported by the Model Framework for an Inclusive Business Accreditation System in ASEAN (2024), which guides AMS in developing transparent and credible national accreditation systems. The Capacity Building and Talent Development Framework for Inclusive Business in ASEAN (2025) further supports the development of skills and institutional capacities required to scale IB models across the region. Regional initiatives such as the ASEAN IB Forum and ASEAN IB Awards also promote awareness, knowledge exchange, and recognition of IB models. Complementary mechanisms exist for social enterprises, including the ASEAN Social Enterprise Development Programme (SEDP), initiated by the ASEAN Foundation in 2021.

At the national level, AMS have adopted different approaches to supporting IBs and social enterprises. For instance, Thailand has established a legal framework through the Social Enterprise Promotion Act B.E. 2562, while the Philippines and Malaysia have developed national accreditation mechanisms to formalise and recognise impact-oriented business models, through the IB Accreditation System and Social Enterprise Accreditation programme, respectively.

The advancement of the ASEAN IB agenda, supported by social enterprise initiatives, provides a practical approach for addressing structural challenges related to poverty, informality and unequal access to opportunities. Rather than replacing existing economic models, these business models expand participation in markets, strengthen local value chains, and improve access to essential goods and services.

Policy orientations to further promote IBs and social enterprises in ASEAN

While the value of these business models is recognised across the region, they continue to face systemic barriers. A major challenge for IBs and social enterprises is limited access to finance. For example, those seeking smaller funding amounts, often under USD 200 000, typically fall below the threshold of interest for the majority of impact investors. Furthermore, while grant-based seed capital is relatively accessible, funding at later stages is also largely insufficient relative to demand. Other obstacles

include fragmented support ecosystems, policy gaps across AMS – such as inconsistent legal recognition and regulatory frameworks – operational constraints and shortages of skilled talent.

Addressing these challenges will greatly benefit from co-ordinated policy support across the region, as well as financing suitable for different stages of growth. Support could be enhanced for scaling these businesses, including targeted financial instruments, ongoing capacity-building efforts, as well as impact measurement and monitoring systems to track performance and inform policy design. Furthermore, fostering co-operation across ASEAN – through a regional framework for social enterprise development – could enhance the impact and potential of these enterprises throughout Southeast Asia. Creating such forms of enabling environments for social economy entities also presents a promising strategy for addressing the socio-economic challenges facing the region. Building on these considerations, this paper includes policy orientations to translate these priorities into concrete actions:

- **Complement existing IB instruments by considering the development of a regional framework for social enterprises:** To further amplify the impact of IB instruments across the region, ASEAN can leverage its vibrant social enterprise sector, estimated at nearly one million enterprises. Social enterprises have the potential to complement existing IB initiatives by providing innovative, community-driven solutions that align with IBs market-based approach. ASEAN could initiate and facilitate a policy dialogue to establish a regional framework that integrates social enterprise development with current IB instruments. Such a framework would recognise social enterprises, offering legal recognition, accreditation, and incentives that bolster their credibility, transparency, and access to finance. This alignment would enable social enterprises to operate more effectively within impact investment ecosystems, attracting investment and fostering scalable social solutions. This could be built in line with existing ASEAN IB initiatives and the OECD Recommendation on the Social and Solidarity Economy and Social Innovation, which would strengthen ASEAN's social enterprise ecosystem, while also positioning the region as among the leaders in impact-driven economic development.
- **Support the scaling of social enterprises through IB models:** ASEAN governments could support social enterprises in adopting and scaling IB models by:
 - **Improving access to finance** by using blended finance mechanisms that combine public, philanthropic and private capital, establishing co-investment schemes between public and private investors, and providing credit guarantees to address early-stage financing gaps;
 - **Promoting technology adoption** through digital transformation funds, innovation vouchers, and public-private technology partnerships, to enable cost-effective scaling and operational efficiency;
 - **Institutionalising impact measurement** via standardised impact measurement frameworks and open-source platforms of good practices and methods to enhance transparency and investor confidence and;
 - **Fostering international knowledge sharing** by encouraging transnational collaboration, mentorship, and living laboratories, which would help best practices to be adapted and scaled regionally.
- **Mobilise social enterprises and IBs to address development challenges:** Social enterprises and IBs can complement public and private efforts to tackle poverty, improve well-being, expand education, and promote environmental sustainability. Good practice examples from the region already demonstrate effective models: Pepper Labs (Malaysia) and Sapa O'Chau (Viet Nam) generate stable employment for underserved communities; Ruangguru (Indonesia), Teach for the Philippines (the Philippines) and SolveEducation! (Singapore) expand access to education, and; SUDrain (Cambodia) and Rags2Riches (the Philippines) deliver sustainable environmental solutions.

1 Introduction

Inclusive businesses (IBs) are strategic tools for advancing economic growth, as well as expanding opportunities for micro, small and medium enterprises (MSMEs) and people at the Base of the Pyramid (BoP) across Southeast Asia. By strengthening MSME participation in regional and global value chains and creating economic opportunities for underserved communities, IBs can contribute to more inclusive development. IB models can also be complemented by IB activities and social enterprise initiatives, further advancing the broader IB agenda.

What are IBs in the ASEAN context?

IBs have gained growing prominence across Southeast Asia, backed by the Association of Southeast Asian Nations (ASEAN). IB was first coined in 2005 by the World Business Council for Sustainable Development (WBCSD), referring to *“ventures that go beyond philanthropy by integrating low-income communities into companies’ value chains as customers, suppliers, retailers, and distributors”* (World Business Council for Sustainable Development, 2016^[1]).

In ASEAN, IBs are defined as businesses that “provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the BoP, making them part of the value chain of companies’ core business as suppliers, distributors, retailers, or customers” (ASEAN, 2020^[2]). The ASEAN IB Framework positions IB as a “triple win” strategy for companies, governments, and low-income populations. Through commercially sustainable business models, ASEAN seeks to promote economic inclusion, strengthen local value chains, and expand participation in regional and global markets.

A milestone in advancing ASEAN IB agenda was the endorsement of the ASEAN IB Framework (2017) and the Guidelines for the Promotion of Inclusive Business (2020). Together, these instruments provide the foundation for promoting and scaling IBs across the region. ASEAN identifies several key characteristics of IB by engagement of the BoP; financial viability; impact management practice; environment, social and governance (ESG); scale and replicability; and innovation.

The guidelines also emphasise ASEAN’s commitment to promoting IBs throughout the region (ASEAN, 2020^[2]). Through a public-private partnership and multi-stakeholder approach, ASEAN continues to encourage transformation towards IB by involving the government, as well as relevant stakeholders such as business associations, impact investors, business facilitators, business schools, media, development partners and international organisations. Among these, social enterprises are increasingly seen as a complementary pathway to furthering the IB agenda in Southeast Asia. This is because their hybrid models bridge social impact and financial sustainability, as well as commercial activity and local community development, helping to advance IB principles (OECD, 2022^[3]).

How are IBs and social enterprises related?

While IBs and social enterprises are distinct approaches, they share several common characteristics. For example, they both contribute to inclusive and sustainable development through market-based solutions. Within the ASEAN IB agenda, social enterprises are recognised as a complementary approach that can support and reinforce the IB objectives.

Similar to IBs, social enterprises may generate surplus/profit and engage in economic activity and job creation, while addressing social and environmental issues. However, IBs primarily focus on integrating people at the BoP into commercially viable and scalable value chains, whereas social enterprises typically pursue explicit social and/or environmental objectives through entrepreneurial activities.

Social enterprises are part of the broader social economy, which is evolving and taking different shapes depending on regional and national contexts. The OECD defines the social economy¹ as comprising a range of “organisations such as associations, co-operatives, mutual organisations, foundations, and, more recently, social enterprises. (...) The activity of these entities is typically driven by societal objectives, values of solidarity, the primacy of people over capital and, in most cases, by democratic and participative governance” (OECD, 2022^[4]).

The social economy is prominent in the European Union (EU), as well as countries such as Brazil, Canada, France, Korea and Spain (see Box 1). Its growing relevance at the global level was reflected in the adoption of the first United Nations (UN) General Assembly Resolution on the Social and Solidarity Economy (A/RES/77/281) in April 2023 (United Nations General Assembly, 2024^[5]).

This increasing recognition reflects the broader role that market-based approaches can play in addressing social and environmental challenges. Amid global megatrends such as climate change, demographic shifts and digitalisation, both IBs and social enterprises are increasingly relevant for building competitive and resilient economies. In Southeast Asia, these approaches form part of broader regional efforts to advance inclusive and sustainable economic development, supported by the ASEAN IB agenda and complemented by the growing role of social enterprise.

Box 1. The social economy around the world

European Union

The 27 Member States of the EU are home to more than 4.3 million social economy entities. The sector accounts for at least 6.3% of total employment in the region, generating a turnover of EUR 912 billion in 2021. Recognising its economic and social potential, the EU implemented a Social Economy Action Plan in 2021, which was complemented by the Council’s first-ever recommendation on developing social economy framework conditions. Together, they aim to increase sector visibility, strengthen its supporting ecosystem, enhance policy coherence across Member States, and promote its contribution to sustainable and inclusive growth in the EU.

Brazil

Brazil hosts over 20 000 social economy entities that provide employment equivalent to 1.4 million full-time workers. They particularly focus on production, consumption, marketing, and the collective use of goods and services by members. The Ministry of Labour and Employment’s National Secretariat of Popular and Solidarity Economy (SENAES) department is responsible for advocating and strengthening policies and actions related to SSE entities. Brazil also passed the Solidarity Economy Law (Law N°15.068/2024) which established the National Solidarity Economy Policy (PNES) and created the

National Solidarity Economy System (Sinaes), formally recognising solidarity economy enterprises as permanent and distinct entities within the national economy.

Canada

Canada's social economy is supported through a combination of federal, provincial, and regional initiatives. In 2023, non-profit institutions contributed 8.3% to the national nominal GDP, with a 6.6% annual increase driven by sectors such as healthcare and social services. On the subnational level, Quebec has a Social Economy Act (2013), with the sector comprising over 11 200 enterprises that generate approximately CAD 49 billion in revenue and employ nearly 220 000 individuals.

France

France has approximately 212 000 social economy entities, including co-operatives, mutuals, associations, and foundations, which provide around 2.6 million jobs. This accounts for 10.4% of national employment, notably in social services and education sectors. Passed in 2014, the French Law on the Social and Solidarity Economy provides a comprehensive enabling framework to support social economy entities, including social enterprises. The French Government has also maintained dedicated institutional arrangements, including ministerial responsibility, to co-ordinate and promote social economy development nationwide.

Korea

South Korea is particularly advanced in the social enterprise landscape. For instance, the Social Enterprise Promotion Act was adopted in 2007, while the Korea Social Enterprise Promotion Agency (KoSEA) was established in 2010. KoSEA is a public body under the Ministry of Employment and Labour, actively providing a supportive ecosystem for social enterprises nationwide. Policy support for SSE entities is growing in South Korea, reflected by the Fourth Social Enterprise Promotion Master Plan (2023-2027), as well as the Seoul Metropolitan City's 2014 Framework Ordinance on Social Economy.

Spain

Spain's social economy comprises over 12 000 co-operatives and 8 160 labour companies, providing around 305 000 jobs nationwide. The Law on Social Economy was passed in 2011, followed by the establishment of the Ministry of Labour and Social Economy in 2020 and the publication of the Spanish Strategy for Social Economy for 2023-2027, reflecting growing policy support for the social economy in Spain.

Source: (European Commission, 2024^[6]), (OECD, 2023^[7]), (Câmara dos Deputados, 2024^[8]), (OECD, 2023^[9]), (OECD, 2023^[10]), (OECD, 2023^[11]), (OECD, 2023^[12])

2 Overview of IBs and social enterprises in ASEAN

The evolving IB and social enterprise landscape in ASEAN

IBs are growing in prominence across ASEAN, combining profitability with social impact. IB value chains integrate individuals at the BoP, a population of approximately 349 million people or 56% of the region with a purchasing power of USD 220 to 320 billion (UN ESCAP, 2019^[13]). Significant progress has been made in advancing the IB agenda in the Philippines and Cambodia, where accreditation systems have been introduced, and more recently in Viet Nam and Malaysia. Other countries such as Indonesia and Malaysia are also advancing the IB agenda, including through linkages with MSMEs, social enterprises and corporate social responsibility (CSR) frameworks.

Social enterprises have also gained increasing momentum since the 1970s, with several ASEAN Member States (AMS) introducing legal and policy frameworks to recognise, define and support their development. Viet Nam was the first country in the region to legally recognise social enterprises, following the 2014 revision of its Enterprise Law, while Thailand and Indonesia also subsequently established legal definitions. Malaysia, by contrast, defines social enterprises through its policy framework, Malaysia Social Entrepreneurship Blueprint 2030, rather than through legislation. Despite differences in legal and policy recognition across countries, research suggests that there are potentially up to 1 million social enterprises across Southeast Asia (British Council, 2021^[14]).

Southeast Asia is one of the regions with the fastest growth of entrepreneurship activities globally, with a growing number of social enterprises (Fauzi, Muhamad Tamyaz and Kumar, 2022^[15]). However, the scale and maturity of the social enterprise sector vary considerably across the region. For instance, Indonesia, Viet Nam, the Philippines and Thailand have relatively large numbers of social enterprises, whereas Cambodia, Malaysia and Singapore have more modestly sized sectors. In Brunei Darussalam, Lao PDR and Timor-Leste, social enterprise activity remains limited (USAID, 2019^[16]).

More than half of social enterprises across the region are rooted in communities, often supporting disadvantaged or marginalised groups and delivering impact locally (British Council, 2021^[14]). Social enterprises also mobilise younger generations, with research indicating that leaders tend to be between 25 and 44. They also offer more employment opportunities for women than traditional businesses, serving as a vital source of income. Notably, social enterprises in Southeast Asia are also significantly more likely to be led by women, underscoring their role in advancing opportunities for women and female empowerment.

Social enterprises operate across all economic sectors, although sectors where they are most active vary depending on the country (see Table 1). For instance, the agricultural sector is most common in Viet Nam, accounting for almost a third of its social enterprises nationwide. Meanwhile, Singapore has the largest share of social enterprises related to education, comprising more than 40% of the country total.

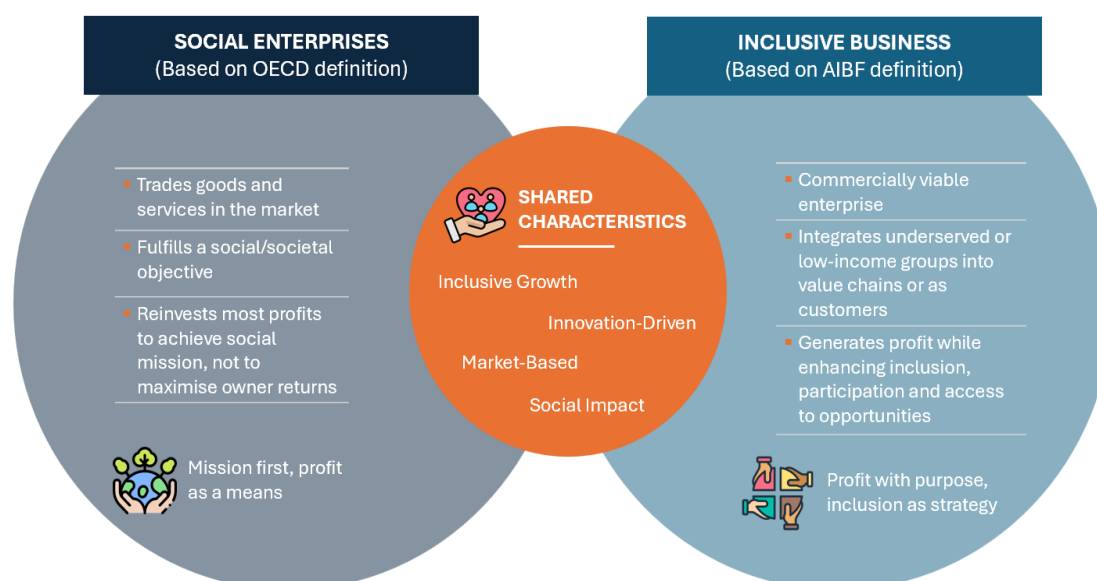
Table 1. Sectors where social enterprises are most active in ASEAN

Sector	Country	Sector share of social enterprises (by country)
Agriculture	Viet Nam	32.3%
Arts, culture and heritage	Malaysia	10.6%
	Singapore	13.6%
Creative industries	Indonesia	20.0%
Business consultancy, development and entrepreneurship support	Singapore	15.7%
Education	Singapore	41.4%
Energy and clean technology	Thailand	9.0%
Environment and sustainability	Malaysia	15.9%
Food	Singapore	15.7%
	Malaysia	13.3%
Healthcare	Singapore	29.3%
Hospitality	Viet Nam	10.2%

Source: (British Council, 2021^[14])

IBs and social enterprises as complementary models

Although distinct in nature, social enterprises can complement IBs through a shared commitment to addressing social and environmental challenges through market-based approaches. They often overlap, due to their hybrid business models and focus on social challenges while generating surplus or profit (see Figure 1). In the context of this paper, IBs can be considered part of the broader social economy due to their shared emphasis on societal objectives, as well as promoting inclusive and sustainable development within local communities. However, it is important to note that while IBs seek to integrate low-income BoP populations into their value chains as producers, consumers, or employees, social enterprises often serve these individuals through mission-driven services or employment.

Figure 1. Social enterprises vs. Inclusive businesses

Note: AIBF refers to the ASEAN Inclusive Business Framework, which was endorsed in 2017.

Source: Based on (OECD, 2022^[3]) (ASEAN, 2017^[17])

Policy initiatives in ASEAN support IBs and social enterprises, building on their commonalities and similar purposes. The role of support systems, such as business incubators or capacity building programmes, often nurtures IB and social enterprise initiatives across ASEAN countries (Maheshwari and Schrage, 2025^[18]). Although IBs and social enterprises are not uniformly recognised within all legal and policy frameworks, they share overlapping characteristics (see Box 2 on Laos Buffalo Dairy), forming a mutually reinforcing ecosystem.

Box 2. Laos Buffalo Dairy: Integrating low-income farmers into their value chain

Laos Buffalo Dairy (LBD) is a social enterprise located in Luang Prabang, north-central Lao PDR, commercialising dairy products such as yoghurt, cheese and ice cream. It partners with over 200 local farming families, maintaining a database of over 500 buffaloes across 20 nearby villages. The dairy rents pregnant female buffaloes, bringing them in around 8 months pregnant for 1 month of quarantine, 1 month of maternity, and around 6 months of milking. This provides stable income to local farmers and improves the conditions of the cattle as they receive veterinary care, nutrition support and improved breeding before returning home with healthy calves.

Additionally, the enterprise offers interactive farm tours and operates an on-site café. LBD generates full-time employment for over 40 local staff members and skilled staff in animal care and cheese production. The revenue obtained by the dairy products are invested in village livestock healthcare and vaccination trips, child nutrition programmes, as well as free English classes and vocational training (husbandry, vet care, service) for local staff and community trainees.

LBD integrates low-income populations into its value chain by partnering with local farmers, which is a core IB practice. Simultaneously, as a social enterprise, its business model invests directly into impactful initiatives. This model demonstrates how both IB and SE components can create shared value, combining sustainable business operations with a commitment to inclusive, people-centred development at the local level.

Source: Laos Buffalo Dairy (2025^[19]), Laos Buffalo Dairy (2025^[20])

Both types of entities use practical, market-based solutions to serve communities (OECD, 2021^[21]). Social enterprises often act as early-stage innovators, testing financing tools or delivering models, which can be scaled and adapted by/within IB models. The reciprocal relationship between social enterprises and IBs allows social innovation mechanisms to move beyond small-scale experimentation, allowing successful models to be integrated at different stages of the business process (see Box 3 on Green Food Rebels).

Social enterprises can also serve as pilot ventures to test ideas for IBs. Social enterprises use innovative financing mechanisms (e.g. micro-loans) and co-design products with low-income populations, which can later translate into helping those groups become creators of value (USAID, 2019^[16]). These pilot experiences can inform policymaking such as national strategies or accreditation systems. IBs may align with or leverage social economy features to enhance their social impact. Such partnerships can strengthen both IB capacity and the legitimacy of social economy models, creating opportunities for mutual learning, people-centred innovation and sustainable solutions (British Council, 2021^[14]).

Box 3. Green Rebel Foods: Social innovation to a commercially viable business model

Launched in 2020 by the co-founders of Burgreens (Indonesia's largest plant-based restaurant chain), Green Rebel Foods is an Indonesian plant-based food tech start-up. The company focuses on creating whole-cut plant-based meats, dairy-free cheese, and other sustainable food products tailored to Asian tastes and cooking styles.

As an early-stage innovator, Green Rebel Foods employed social innovation by experimenting with plant-based recipes and food technologies to make more sustainable diets accessible to consumers. Although the company was established as a for-profit enterprise, it operated with a social enterprise logic, prioritising mission-driven innovation over profit maximisation. For example, Green Rebel Foods directly partners with Indonesian smallholder farmers for key ingredients, strengthening local agricultural livelihoods while ensuring reliable supply for their manufacturing processes.

As the model matured, it transitioned into a scalable IB, integrating social innovation into mainstream commercial food systems and embedding smallholder farmers into supply chains to ensure stable income opportunities. Green Rebel Foods has since expanded across Southeast Asia and beyond, with products now available in Singapore, Malaysia, Viet Nam, the Philippines and Korea through retail outlets and foodservice partnerships. Social innovation mechanisms thus moved beyond small-scale experimentation, enabling scaling of production capacity and new product lines while retaining a mission-driven impact focus.

Source: (Green Rebel Foods, 2026^[22])

Across AMS, these business entities are particularly active in rural areas, where their innovative approaches help address structural challenges and generate growth opportunities (OECD, 2024^[23]). ASEAN also emphasises the need to promote IB models in rural areas, as they contribute to inclusive and sustainable development in the region (Vo and Nguyen, 2016^[24]).

3 Support mechanisms for IBs and social enterprises

Support mechanisms for IBs and social enterprises in Southeast Asia operate across both regional and national levels, creating a multi-layered ecosystem of support. ASEAN provides strategic direction, policy co-ordination, and platforms for collaboration to foster greater alignment among AMS in advancing IBs and social enterprises. At the national level, countries have established targeted policies, comprehensive strategies, and dedicated programmes, shaped by their distinct economic, regulatory and social context. These public sector efforts are complemented by development agencies, international organisations and private sector actors, who provide financing, technical assistance, partnerships, and market access.

The maturity and breadth of these support ecosystems vary across AMS. While some have relatively mature support ecosystems for social enterprises and IBs, others are still developing and evolving in their approaches. The following mapping examines these support mechanisms at both regional and national levels, highlighting key actors, policy and institutional frameworks, programmes, as well as other forms of assistance available to these entities across ASEAN.

ASEAN-level support

ASEAN-level strategies, action plans, and programmes provide a co-ordinated regional framework to support the development of IBs and social enterprises (see Table 2). At the regional level, this support includes the ASEAN IB Framework and the ASEAN Social Enterprise Development Programme (SEDP). These initiatives contribute to broader ASEAN priorities of fostering an inclusive, innovative, and competitive business environment and strengthening MSME participation in regional and global value chains, as reflected in the ASEAN Strategic Action Plan for MSME Development 2026-2030 (SAP MSMED 2030).

Table 2. ASEAN support for IBs and social enterprises

Initiative Name	Year	Target	Description
Strategic ASEAN Mandate			
ASEAN Strategic Action Plan for MSME Development 2026-2030 (SAP MSMED 2030)	2026	IBs and social enterprises	Promotes inclusive entrepreneurship by advancing IB and social entrepreneurship, while strengthening the enabling framework and opportunities for knowledge-sharing within the social economy.
ASEAN IB Framework			
ASEAN Inclusive Business Framework	2017	IBs	Guides AMS to create enabling policy environments for IBs, foster regional collaboration, encourage cross-border adoption of IB practices, and engage the private sector, with a particular focus on MSMEs.
Guidelines for the Promotion of Inclusive Business in ASEAN	2020	IBs and social enterprises	Provides a non-binding reference framework for AMS to develop enabling environments for IB through policy,

			institutional, financing, accreditation, capacity-building, and monitoring measures, while promoting IB models, IB activities, and social enterprise initiatives.
ASEAN IB Implementation Instruments			
Plan of Action for the Promotion of Inclusive Business in ASEAN (2023-2027)	2023	IBs	Sets out priority regional co-operation actions across four pillars: policy advisory support (including national IB accreditation systems), inclusive and sustainable business development (coaching, value-chain linkages for MSMEs), access to finance (innovative financing instruments), and an ASEAN IB Knowledge Hub.
Model Framework for an Inclusive Business Accreditation System in ASEAN	2024	IBs	Supports ASEAN governments to develop transparent and credible national IB accreditation systems, by setting out accreditation criteria, governance structures, incentive mechanisms, and assessment tools.
Capacity Building and Talent Development Framework for Inclusive Business in ASEAN	2025	IBs	Provides a regional framework to strengthen capacities of businesses, business support organisations, and government agencies to develop and scale IB models. The Framework identifies skills, tools, governance arrangements, and capacity-building pathways needed to support IB development.
ASEAN IB Platforms			
ASEAN Inclusive Business Forum	Since 2017	IBs	Promotes policy dialogue, knowledge exchange, capacity building, and the showcasing of IB models that integrate low-income populations into value chains.
ASEAN Inclusive Business Awards	Since 2020	IBs	Promotes innovation, scalability and social impact, recognising outstanding IBs that integrate low-income communities into their value chains.
ASEAN Responsible and Inclusive Business Alliance (ARAIBA)	2024	IBs	Promotes responsible, resilient and inclusive enterprises; supports ASEAN's sustainability objectives; and provides standards through its Code on Responsible and Sustainable Businesses.
Complementary Regional Initiative			
ASEAN Social Enterprise Development Programme	2021	Social enterprises	Supports the development of the social enterprise ecosystem in ASEAN through capacity-building, coaching, mentorship, market access, seed funding and investor linkages.

For IBs

ASEAN advances its IB agenda through a wide set of regional frameworks, implementation instruments, and partnership platforms designed to promote and scale IB models across the region. SAP MSMED 2030 seeks to foster a resilient, innovative, sustainable, and inclusive MSME ecosystem across ASEAN. It also promotes inclusive entrepreneurship development through the support of IBs, social enterprises, while also strengthening MSME participation in regional and global value chains.

The ASEAN IB Framework provides a strategic basis for ASEAN to promote IB models. Endorsed in 2017, the Framework seeks to create an enabling policy environment, foster regional collaboration, and promote business models that deliver both economic and social value. It also emphasises engagement with the business sector and the promotion of MSME participation (ASEAN, 2017^[17]). To support this, the Framework identifies four thematic areas of government intervention: establishing conducive rules and regulations; enhancing access to financial resources; providing information and raising awareness; and strengthening the capacity of both IBs and BoP populations. Viet

Building on the ASEAN IB Framework, the Plan of Action for the Promotion of Inclusive Business in ASEAN (2023-2027) sets out ASEAN's commitment to advancing IB across the region (ASEAN, 2023^[25]). The Plan promotes regional co-operation in four priority areas, namely: policy advisory support, including the design of national accreditation systems for IBs; inclusive and sustainable business development, through coaching services and MSME integration into value chains; access to finance via

innovative financing instruments; and the establishment of an ASEAN Inclusive Business Knowledge Hub to facilitate learning and collaboration.

ASEAN has further strengthened implementation through the Model Framework for an Inclusive Business Accreditation System in ASEAN. Endorsed in 2024, the Model Framework provides guidance to ASEAN governments on establishing transparent and credible national accreditation systems for IBs. It assesses businesses against four accreditation criteria: the strategic intent of the company to create direct social impact with poor and low-income people; the commercial viability of the company and its IB lines; the social impact in terms of reach and depth; and innovations introduced to address business risks and support low-income people (ASEAN; ESCAP, 2024^[26]). Each criterion includes measurable indicators and benchmarks that can be adapted to national contexts, with the accreditation process comprising nine steps, from company self-assessment and validation to approval and annual review. It is designed to be flexible enough to accommodate the diverse socio-economic conditions, institutional capacities and regulatory frameworks across AMS.

These efforts are complemented by the Capacity Building and Talent Development Framework for Inclusive Business in ASEAN. Introduced in 2025, this framework provides guidance for AMS to strengthen the capacities of businesses, business support organisations and government officials to develop and scale IB Models. It includes practical tools, coaching approaches and a regional roadmap to support sustainable IB ecosystem development across ASEAN.

Under the ASEAN IB Framework, the annual ASEAN IB Forum has been hosted since 2017 to strengthen regional co-operation and promote the adoption of IB Models across ASEAN (ASEAN Inclusive Business Forum, 2024^[27]). The ASEAN IB Awards, presented during the ASEAN IB Forum, were later introduced and have since recognised ten outstanding businesses every year, based on its scalability, innovation and social impact. The awards highlight the importance of IB in fostering economic growth and regional prosperity across ASEAN (ASEAN, 2023^[28]).

Another IB platform is the ASEAN Responsible and Inclusive Business Alliance (ARAIBA), which promotes responsible, resilient and inclusive enterprises. ARAIBA was established as a regional network by the ASEAN Business Advisory Council (ABAC) and the ASEAN CSR Network (ACN) (ASEAN CSR Network, 2025^[29]). ARAIBA seeks to fulfil the objectives of the ASEAN Charter and the ASEAN 2025: Forging Ahead Together blueprint. ARAIBA's actions are further supported by the ARAIBA code on responsible and sustainable businesses, which establishes standards and principles for IBs (ARAIBA, n.d.^[30]).

For social enterprises

As a complementary component of the ASEAN IB agenda, social enterprises contribute to innovation and community engagement that can reinforce and, in some cases, evolve into IB models. At the regional level, the ASEAN SEDP seeks to strengthen social enterprises. It was initiated by the ASEAN Foundation in 2021, supported by the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) and Systems, Applications and Products in Data Processing (SAP). The programme has since evolved through successive phases, with SEDP 2.0, 3.0, and 4.0 completed in 2023, 2024, and 2025, respectively. Building on these efforts, the ASEAN Foundation is currently implementing SEDP 5.0, with funding support from TikTok and SAP.

National level support

Several countries have introduced dedicated policies, national strategies and programmes to develop social enterprises and IBs such as Thailand and Viet Nam, which have legislation formally defining social enterprises. Although IBs are not legally recognised in any AMS, governments acknowledge working definitions proposed by the ASEAN IB Framework, British Council, and the United

Nations Development Programme (UNDP), among others. Accreditation systems for social enterprises have also emerged in Malaysia and Indonesia, while Cambodia has introduced a similar framework for IBs, offering incentives such as tax benefits. The Assessment Grids for the ASEAN SME Policy Index (2024) further highlight that countries like Thailand, Malaysia, Viet Nam and Indonesia have well-established and maturing support ecosystems, whereas others remain dynamic and at earlier stages of development. This evolving landscape across Southeast Asia signals growing institutional recognition and support for inclusive and impact-driven business models (see Table 3).

Table 3. Overview of national policies and institutions for social enterprises and IBs

Country	Legal/policy framework for social enterprises	Accreditation for social enterprises	Accreditation for IBs	Institution with a mandate on social enterprises	Institution with a mandate on IBs
Brunei Darussalam	No	No	No	Ministry of Culture, Youth and Sports	Ministry of Culture, Youth and Sports
Cambodia	No	No	IB accreditation scheme under the IBeeC strategy	No	Ministry of Industry Science, Technology and Innovation
Indonesia	Presidential Decree No.2/2022 about the National Entrepreneurship Development	General Legal Administration System (AHU Online)	No	No	No
Lao PDR	No	No	No	No	No
Malaysia	Malaysia Social Entrepreneurship Blueprint 2030 (SEMy2030)	Social Enterprise Accreditation programme	Pilot IB Recognition Programme (to be formalised into a full-fledged accreditation system under the 13 th Malaysia Plan)	Ministry of Entrepreneur and Cooperatives Development (MECD) & the National Entrepreneurship Institute (INSKEN)	Ministry of Entrepreneur and Cooperatives Development (MECD) & SME Corp Malaysia
Myanmar	No	No	No	No	No
The Philippines	No	No	IB Accreditation System	No	Board of Investments
Singapore	No	Accreditation managed via raiSE, rather than through legislation	No	Singapore Centre for Social Enterprise (raiSE), established by the Ministry of Social and Family Development	No
Thailand	Social Enterprise Promotion Act B.E. 2562	Accreditation system linked to the Social Enterprise Promotion Act	No	Office of Social Enterprise Promotion	No
Timor-Leste	No	No	No	No	No
Viet Nam	Law on Enterprises No. 59/2020/QH14	Registration of social enterprises under the Law on Enterprises	Pilot accreditation system in collaboration with UN ESCAP	No	No

Source: Based on the Assessment Grids for the ASEAN SME Policy Index; Timor-Leste (SECOOP, 2023^[31]); (UNDP, 2026^[32])

Brunei Darussalam

In Brunei Darussalam, initiatives are demonstrating political willingness to advance in this area. For example, Yayasan Sultan Haji Hassanal Bolkiah (YSHHB), a charitable foundation, established a working committee in 2019 to support the growth of social enterprises to tackle unemployment and poverty (BIZ Brunei, 2019^[33]). A white paper on social enterprise development has also been published, marking

a fundamental step towards the formalisation of policy frameworks for social enterprises (Inclusive Business Action Network, 2020^[34]).

Social enterprises are supported by Darussalam Enterprise (DARe) through different measures available to SMEs. In 2019, DARE introduced a co-matching grant scheme where recipients contribute 30% of the total project costs, while DARE funds the remaining amount, aiming to support local businesses, including social enterprises, in their growth and development (Darussalam Enterprise, n.d.^[35]).

IBs are still in the early stages of development in Brunei Darussalam. Nonetheless, the endorsement of the ASEAN IB Framework is gradually opening opportunities for greater recognition and support of IBs in the country.

Cambodia

Cambodia supports social enterprises through governmental initiatives and non-governmental mechanisms available to all SMEs. Governmental support is channelled through authorities such as the Ministry of Economy and Finance (MEF) and the Ministry of Industry, Science, Technology and Innovation (MISTI).

The SME Bank of Cambodia manages several support programmes for MSMEs, such as the SME Co-Financing scheme II (SCFS II) launched in 2021, following the success of the first phase in 2020. The scheme provides preferential loans for SMEs to support sustainable economic growth and job creation (The Association of Banks in Cambodia, 2021^[36]). Other non-governmental initiatives, such as the Impact Hub Phnom Penh support social enterprises by acting as a business incubator and a social enterprise builder, committed to advancing the sector in Cambodia (Impact Hub Phnom Penh, n.d.^[37]).

Cambodia is one of the most dynamic drivers of the IB agenda in the region. Launched by MISTI and several international partners in 2021, the Inclusive Business Enabling Environment for Cambodia (IBeeC) strategy promotes IBs nationwide with the guidance of a multi-stakeholder steering committee (UN ESCAP, 2019^[38]). Under the strategy, an IB accreditation scheme has accredited 20 companies in its first cohort, with the Government committing to accredit another 16 in 2023 (UN ESCAP, 2024^[39]). IBs are also a priority in the SME Development Strategy (2019-24) and the National Strategic Development Plan (2019-23), underscoring growing policy and institutional support at the national level (Royal Government of Cambodia, 2019^[40]). Aligning itself with the ASEAN IB Framework, the Sustainable Business Alliance (SBA) was launched by Konrad-Adenauer-Stiftung (KAS) Cambodia and Oxfam in 2024, providing a collaborative space for Cambodian businesses to thrive (Konrad-Adenauer-Stiftung e.V., 2024^[41]).

Indonesia

Indonesia's policy support for social entrepreneurs has significantly strengthened in recent years, marked by a legal framework for social enterprises. The Presidential Decree No.2/2022 About the National Entrepreneurship Development (2021-2024) formally defines social enterprises “as having a mission to solve social problems and/or make a measurable positive impact in the welfare of the community and the environment through planning, development, and empowerment and reinvestment of a large portion of profits towards supporting the mission” (President of the Republic of Indonesia, 2022^[42]). Social entrepreneurs must reinvest at least 51% of net profit towards at least one social mission that aligns with the Sustainable Development Goals (SDGs).

In 2024, the Ministry of Law and Human Rights launched an Online Service Registration for Social Enterprises, under the General Legal Administration System (AHU Online). The registry provides a formal platform for social enterprises to be documented and recognised within Indonesia's legal framework. The Government has also announced plans to offer incentive schemes and facilities to registered social enterprises, in hope of accelerating the registration process (Ramadhany, 2024^[43]). Moreover, the Ministry

of National Development Planning (BAPPENAS) has integrated social enterprises into their strategy to reduce poverty and improve economic growth.

The ecosystem for social enterprises is also growing, with numerous dedicated organisations and platforms promoting the sector. Established in 2011, the Angel Investment Network Indonesia (ANGIN) is the country's largest investment platform network. ANGIN delivers research, advisory services and capacity-building programmes on social entrepreneurship, while also operating as a strategic bridge between emerging social entrepreneurs and impact investors in Indonesia (ANGIN, 2021^[44]). Platform Usaha Sosial (PLUS) is another example, having supported over 220 social enterprises through consultations services and capacity building activities focused on social entrepreneurship (PLUS Platform Usaha Sosial, 2024^[45]). Foundations also play an active role in promoting the sector, notably the DBS foundation. In 2014, the DBS foundation established a partnership with Usaha Kecil Menengah Center at Universitas Indonesia (UKMC UI) to develop a social entrepreneurship handbook. The publication covered successful social entrepreneurship stories from Indonesia and beyond, as well as practical guidance on how to establish and scale-up social enterprises (DBS Foundation, 2024^[46]).

Although IBs are not legally defined in Indonesia, there are development plans and programmes for such entities. For example, Indonesia has referenced IBs through policy in its National Medium Term Development Plan (2020-2024), particularly by increasing partnerships between SMEs and upper medium businesses (UMBs) (Global Partnership for Effective Development Co-operation, 2022^[47]). IB programmes are also implemented through several partnerships, namely the Australia-Indonesia Partnership for Promoting Rural Incomes through Support for Markets in Agriculture (PRISMA) on small-holder farms in Indonesia (Roberts, 2024^[48]). Training programmes on IBs have also been conducted for thousands of Indonesian MSMEs by the UNDP, the Government of Japan and ASYX, a financial supply chain management firm based in Indonesia and Singapore (Raharja Ucu, 2022^[49]).

Lao PDR

Lao PDR's social enterprise ecosystem is still emerging. Social enterprises are mainly supported by international actors, while government authorities have launched relevant funding programmes. For example, through its Vientiane-based Women's Entrepreneurial Centre, World Education offered training, access to resources and mentoring programmes to new female entrepreneurs and business owners from 2017 to 2020 (Mekong-US Partnership, 2020^[50]). In 2024, government authorities also started a low-interest funding programme for MSMEs, including social enterprises, to boost their economic self-reliance and reduce import dependency.

The IB ecosystem in Lao PDR is developing through several initiatives. Following a request by the Ministry of Industry and Commerce (MOIC), the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) conducted a national landscape study on IBs, signalling the country's commitment to fostering a supportive environment for IBs. Building on the study's findings, Lao PDR identified opportunities to strengthen the ecosystem for IBs through enhanced capacity building and an IB accreditation system, both of which are currently under discussion (UN ESCAP, 2024^[51]).

Malaysia

Malaysia's social enterprise landscape is well-developed, with various programmes, accelerators, grants and schemes in place. Although there are no laws dedicated to social enterprises, the Social Enterprise Accreditation programme formally recognises social enterprises and offers numerous benefits to accredited entities, such as talent attraction, increased visibility, and access to capacity-building programmes. Managed by the Ministry of Entrepreneur and Cooperatives Development (MECD) and the National Entrepreneurship Institute (INSKEN), the programme was introduced under the Malaysia Social Entrepreneurship Blueprint 2030 (SEMy2030), which outlines five strategic pillars, 20 strategies and 45

initiatives designed to foster a supportive ecosystem for social enterprises nationwide. It defines social enterprises as legally registered entities under existing written laws in Malaysia, operating with a purpose-driven and financially viable business model that aims to achieve positive impacts for its beneficiaries and economy (Ministry of Entrepreneur Development and Cooperatives, 2022^[52]).

The Malaysian Government actively promotes and financially supports social entrepreneurs.

Launched in 2014 by the Ministry of Finance, the Malaysian Global Innovation & Creativity Centre (MaGIC) supports social enterprises through grants and training programmes (Malaysian Global Innovation & Creativity Centre (MaGIC), n.d.^[53]). These initiatives have since been expanded by the Ministry of Entrepreneur and Cooperatives Development (MECD) in strategic alignment with SEMy2030. Through cross-sector collaboration involving ministries, government agencies, corporate entities, and ecosystem intermediaries, 45 core initiatives are currently being implemented. These include Social Enterprise Regional Youth (SERY), led by the Ministry of Youth and Sports (KBS), which supports youth-led social impact projects, and the University Social Enterprise Challenge (USEC), managed by the Ministry of Higher Education (MOHE), which promotes social entrepreneurship within tertiary institutions. SME Bank's Social Enterprise Financing Scheme (SEFS) provides low-interest capital for scaling businesses, while the Malaysia Co-Investment Fund (MyCIF), administered by the Securities Commission Malaysia, matches funds raised by social enterprises on Peer-to-Peer (P2P) financing platforms. The Social Enterprise Accelerator Malaysia (SEAM), a partnership between the Biji-biji Initiative and IKEA Social Entrepreneurship, with support from IKEA Malaysia, further empowers social entrepreneurs through a one-year programme, which focuses personal guidance, business support, capacity building and access to funding opportunities (Biji-biji Initiative, n.d.^[54]).

While Malaysia does not have a dedicated legal framework recognising IBs, they are actively promoted by SME Corp Malaysia which acts as a nexus between the private sector and emerging IBs (SME Corp Malaysia, 2025^[55]). Introduced by SME Corp Malaysia in 2022, the Inclusive Business Value Chain Development Initiative (IB-VCDI) integrates inclusive communities or micro enterprises into supply chains of larger, typically for-profit businesses. IBs are also promoted through SME Corp Malaysia's Inclusive SME Ecosystem (i-SEE) Programme, which offers financial grants to innovators and companies that provide products or services aiming to contribute to community transformation. The Government has also recently strengthened its support for IBs under the 13th Malaysia Plan, including through the formalisation of the IB Recognition Programme, which provides official status to companies whose business operations meet prescribed IB criteria, as well as an IB Ecosystem Blueprint and IB Scale up programme (SME Corp Malaysia, 2026^[56]).

Myanmar

While Myanmar lacks a specific legal framework for social enterprises, they are gradually gaining visibility through international support. The British Council, the Yunus Centre and ASEAN provide guidance and support to social enterprises through initiatives, such as the Social Enterprise Consultancy programme and the Education for Entrepreneurs (E4E) programme (British Council, 2025^[57]). In addition, platforms like the Social Enterprise Development Association Myanmar (SEDAM) offer networking and political advocacy services for social enterprises nationwide (University of Mandalay, 2017^[58]).

In Myanmar, policy initiatives focus on the development of IBs. DICA (Directorate of Investment and Company Administration) and the Directorate of Industrial Supervision and Inspection (DISI), with support from the DaNa Facility, are jointly leading an IB agenda with specific initiatives. For instance, the Inclusive Business Challenge, co-organised by DaNa and the Myanmar Young Entrepreneurs Association (MYEA) – in partnership with the Myanmar Private Equity and Venture Capital Association – aims to raise awareness, incentivise investment and build capacity for businesses that integrate low-income communities into value chains (Myanmar Private Equity and Venture Capital Association, 2019^[59]).

The Philippines

In 2021, the Philippines implemented a five-year National Social Enterprise Development Roadmap. Developed by the Bayan Innovation Group (BIG) and the Society for the Advancement of Professional Social Entrepreneurship (SAPSE), it outlines a multi-sectoral strategy to advance social enterprises in the country (BPI, 2023^[60]). Pending enactment since 2013, the Poverty Reduction Through Social Entrepreneurship (PRESENT) Bill aims to provide tax incentives and funding for social enterprises (Senate of the Philippines, 2016^[61]). It has been refiled multiple times across different Congresses, most recently in 2025, reflecting continued policy interest in the country.

These initiatives reflect a growing national support ecosystem for social enterprises, including diverse stakeholders such as foundations, networks and incubators. For instance, the Bayan Family of Foundations (BFF) functions as a learning and innovation ecosystem to assist social enterprises through scaling programmes and funding support (Bayan Family of Foundations, 2025^[62]). Meanwhile, the Philippine Social Enterprise Network (PhiSEN) – founded in 1999 – is dedicated to the promotion of social enterprises that empower marginalised communities, offering various services such as capacity-building, value chain analyses, business planning and product development (British Council, 2025^[63]). PhiSEN has grown significantly since its establishment, often collaborating with international organisations such as the EU, UN ESCAP, the ASEAN Network on Inclusive Entrepreneurship, and the UN.

The Philippines is among the first movers on IB policy in ASEAN (UN ESCAP, 2019^[13]). The MSME Development Plan (2017-2022) prioritises the development of IB models and social enterprises in its fourth strategy to improve access to technology and innovation (MSMED Council, 2017^[64]). The Philippines' Board of Investments (BoI) – an agency under the Department of Trade and Industry (DTI) – also encourages more IB models that integrate MSMEs into the value chain of medium and large businesses, through its Inclusive Business programme (Department of Trade and Industry, 2019^[65]). The BoI prioritises medium and large enterprises in the agriculture and tourism sectors, particularly those that provide business opportunities to MSMEs. Those that qualify as IB projects may be granted “pioneer status”, which offers special benefits such as tax incentives.

Singapore

Singapore recognises social enterprises through the Singapore Centre for Social Enterprise (raiSE), which was established in 2015 by the Ministry of Social and Family Development (ASEAN, 2024^[66]). Rather than through legislation, social enterprises are formally identified via raiSE's Intentionality, Additionality, Proportionality (IAP) framework, which serves as the standard for assessing and recognising social impact embedded in business models. As Singapore's national sector developer, raiSE provides advisory services, capacity building, financing, and ecosystem development support to social enterprises across various stages of growth (RaiSE Singapore, 2015^[67]).

Singapore's social enterprise support ecosystem is multi-layered. The Ministry of Social and Family Development channels funding to raiSE through the Social Enterprise Fund, which raiSE deploys through its suite of funding programmes to support social enterprises at various stages of growth. Beyond government funding, the DBS Foundation Social Enterprise Grant Programme offers holistic support for social enterprises and SMEs seeking to scale their business and social impact (DBS Foundation, 2025^[68]). Meanwhile, Temasek Trust's Centre for Impact Investing and Practices (CIIP), established in 2022, works to foster the growth of impact investing in Asia by building knowledge and bringing together stakeholders across the ecosystem (CIIP, 2026^[69]). Temasek Shophouse, a social impact hub that reopened in September 2025, further strengthens the ecosystem by providing co-working spaces and tailored support for social enterprises, charities and ground-up initiatives through the Temasek Shophouse Collective (Temasek Trust, 2025^[70]).

Although IBs are also not formally recognised in Singapore, the country adopts a broad definition.

The Assessment Grids for the ASEAN SME Policy Index (2024) classifies IBs as companies with strong ESG practices with the potential to generate both social and environmental impact alongside business profits. Singapore participates in the ASEAN IB agenda through *raiSE*, which serves as the country's IB Focal Point representative to the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) to advance the promotion of IBs in the country and across the region.

Thailand

Thailand's support ecosystem for social enterprises is relatively mature, being one of only three ASEAN countries that legally recognise them.

The Social Enterprise Promotion Act B.E. 2562 (2019) aims to provide incentives and support mechanisms to strengthen the sector and encourage its growth. Under this Act, social enterprises are defined as companies, juristic partnerships, or other legal entities established under Thai law. They must operate a business that produces or sells goods and services, with a primary social objective and be officially registered under the Act. The Social Enterprise Promotion Act also established the Social Enterprise Promotion Office (OSEP), a dedicated agency for promoting and strengthening social enterprises nationwide (OSEP, n.d.^[71]).

Social enterprises are also backed by membership-based organisations. For example, Social Enterprises Thailand Association (SE Thailand) offers networking opportunities, advocacy campaigns and capacity-building programmes (SE Thailand, 2018^[72]). Social entrepreneurs are also supported and incubated by numerous actors, such as ChangeFusion, a non-profit institute under the Thai Rural Reconstruction Movement Foundation (ChangeFusion, n.d.^[73]). It plays a crucial role in supporting and nurturing social enterprises in Bangkok, through programmes like Banpu Champions for Change (BC4C), by providing seed funding, mentorship and business development support (ANDE, 2024^[74]).

Bangkok stands as an emerging hub for impact-driven enterprises in Southeast Asia, although access to funding is still limited in some areas such as patient capital. It supports innovative social enterprises, organisations, and growing investor interest. Impact investing is gaining momentum as more investors recognise the potential of social enterprises to deliver both financial returns and positive social and environmental outcomes. This shift is reinforced by institutions such as Thailand Investing for Impact (TIFI), the National Partner of GSG Impact, which works to strengthen and co-ordinate the country's impact investment ecosystem (ANDE, 2024^[74]).

Meanwhile, Thailand does not yet have an official definition for IBs. However, in the Assessment Grids for the ASEAN SME Policy Index (2024), the country recognises that IBs are assessed based on their business purpose and how relevant groups – such as persons with disabilities – benefit from their operations, including inclusive hiring practices.

Timor-Leste

Timor-Leste's social enterprise and IB ecosystems remain at an early stage. Neither social enterprises nor IBs are currently defined in national legislation, and no accreditation system exists for either model.

Support for impact-driven enterprises is largely delivered through international partnerships.

UNDP has backed the Social Entrepreneurship and Economic Development (SEED) Fund to support inclusive rural development and social business models, while the Institute of Business (IOB) – a non-profit social enterprise established in 2002 – provides workforce and entrepreneurship training to youth, women and persons with disabilities. The Ministry of Commerce and Industry (MCI) leads national MSME and entrepreneurship initiatives, including youth and women-led enterprise programmes (SECOOP, 2023^[31]; ADB, 2004^[75]; FAO, 2022^[76]).

Viet Nam

Viet Nam is one of the few AMS that has formally recognised social enterprises in national legislation. Social enterprises were first legally defined under the Enterprise Law No.68/2014/QH13, which has been maintained under the updated Law on Enterprises No. 59/2020/QH14. A social enterprise is defined as a registered enterprise that aims to address social and environmental issues for the benefit of the community (ASEAN CSR Network, 2018^[77]). The legislation includes favourable conditions for organisations and individuals to establish social enterprises, including investment incentives and access to foreign private investment, as well as tax incentives for social enterprises (British Council, 2019^[78]).

The regulatory framework continues to evolve as part of the Government's broader legislative reforms, led by the National Assembly and relevant ministries (Singh, 2025^[79]). The need to develop clear guidelines and policies to support social enterprises, foster collaboration between social startups, and promote awareness campaigns to highlight the value of social enterprises for increased public support and investment interest are highlighted as the main priorities (ACSV, 2024^[80]).

There are also an increasing number of dedicated organisations supporting social enterprises in Viet Nam. Established in 2008 under the Viet Nam Union of Science and Technology Associations, the Centre for Social Initiatives (CSIP) provides direct investment and support for social entrepreneurs, while also working with other stakeholders to raise awareness about social enterprises (CSIP, 2016^[81]). Another example is the Acumen Academy Social Impact Business Accelerator, which offers an intensive 12-week accelerator programme for 20 selected emerging social impact businesses looking to scale-up, with an opportunity to pitch ideas to potential partners and impact investors (Acumen Academy, 2022^[82]).

Unlike social enterprises, there is no official definition for IBs in Viet Nam, but policy support is growing. Viet Nam's Programme on Support for Private Enterprises in Sustainable Business (2022-2025) includes IBs within its definition of sustainable enterprises. It recognises the IB model as a means of integrating low-income individuals into business value chains, highlighting the importance of supporting them and developing an enabling ecosystem (Socialist Republic of Vietnam, 2022^[83]). The programme also makes a strategic commitment to IBs, including plans to develop an IB accreditation system, with support from UN ESCAP to design and pilot the system (UN ESCAP, 2023^[84]). The Government is also actively raising awareness on the sector, with the Ministry of Planning and Investment hosting a workshop in 2024 on "Promoting Inclusive Business in Agriculture in Viet Nam and the Incubation Program for Supporting Organizations and Inclusive Business Enterprises Towards International Recognition" (Ministry of Planning and Investment, 2024^[85]).

Cross-country comparative analysis

The maturity of national support ecosystems for IBs and social enterprises varies across AMS, in terms of both the policy/support frameworks in place and how far implementation has progressed (see Table 4). Thailand, Viet Nam, Malaysia and Indonesia have the most developed ecosystems for social enterprises, with operational accreditation frameworks and, in most cases, a single agency responsible for these entities such as Thailand's OSEP. Meanwhile, the Philippines and Cambodia are leading the IB agenda with functioning accreditation schemes for IBs, despite having limited institutions for social enterprises. Singapore relies on well-resourced agencies rather than legislation, which makes implementation harder to track publicly. Brunei Darussalam, Myanmar and Lao PDR remain at an earlier, policy-design stage, with mandates still spread across several ministries. Timor-Leste, which acceded to ASEAN in October 2025, has not yet reached this stage for either model.

One of the most consistent policy gaps across the region concerns IBs. Legal recognition or accreditation specifically for IBs remains rare, even in countries where social enterprises have such frameworks. This highlights a transferable lesson for countries at an earlier stage of development, which could draw on the accreditation approaches tested in the Philippines and Cambodia. The Model

Framework for an Inclusive Business Accreditation System in ASEAN also provides guidance for AMS to develop and strengthen national IB accreditation systems.

For social enterprises, although significant progress has been made at national-level policy, a key policy gap is the absence of a unified regional framework that could help drive their development in a coherent and cohesive manner. This limits opportunities for greater coherence, alignment, and coordination in the development of policies and initiatives, and points to a potential area for further regional policy development.

Table 4. Comparative analysis of national policy systems for IBs and social enterprises

Country	Existing frameworks/Policy gaps	Main positive policy/support	Opportunities to strengthen policy system
Brunei Darussalam	No legal or accreditation framework for social enterprises or IBs	2020 white paper on social enterprise development; DARE co-matching grant scheme supporting SME/SE growth; ASEAN IB Framework endorsement signals gradual recognition of IBs	– Formalise a legal/accreditation framework for social enterprises; – Strengthen dedicated IB-specific policy support
Cambodia	No legal framework for social enterprises; IB accreditation scheme under the IBeeC strategy	IBeeC strategy (2021) accredited 20 IBs in its first cohort, with 16 more planned; IB priority in the SME Development Strategy (2019-24); Sustainable Business Alliance (2024)	– Introduce a dedicated legal/accreditation framework for social enterprises; – Consolidate SME support with IB-specific mechanisms
Indonesia	Presidential Decree No.2/2022 on social enterprises; AHU Online registration system for social enterprises; no formal legal framework or accreditation for IBs	Highest number of social enterprises in ASEAN (over 200 000); planned incentive schemes for registered social enterprises; IB-style partnerships referenced in the National Medium-Term Development Plan (2020-24)	– Develop a formal legal/accreditation framework for IBs; – Implement planned incentive schemes for registered social enterprises
Lao PDR	No legal or accreditation framework for social enterprises or IBs	A 2024 government low-interest funding programme supports emerging social enterprises; UN ESCAP national landscape study on IBs	– Formalise legal recognition for social enterprises and IBs; – Build institutional capacity and a dedicated IB mandate
Malaysia	SEMy2030 (5 pillars, 20 strategies and 45 initiatives); Social Enterprise Accreditation programme (no dedicated social enterprise law); IB Recognition Programme, IB Ecosystem Blueprint and IB scale up programme	SEMy2030; IB-VCDI and i-SEE Programme; IB Recognition Programme to be formalised under the 13 th Malaysia Plan	– Consider a dedicated social enterprise law
Myanmar	No legal or accreditation framework for social enterprises or IBs	British Council, the Yunus Centre and ASEAN support social enterprises via consultancy and E4E programmes; DICA/DISI lead the IB agenda with support from the DaNa Facility	– Establish formal legal recognition and an institutional mandate for social enterprises and IBs
The Philippines	No social enterprise law (PRESENT Bill pending since	National Social Enterprise Development Roadmap (2021);	– Enact the PRESENT Bill to formalise legal/tax status

	2013); IB Accreditation System managed by the Board of Investments	Bol's Inclusive Business programme grants "pioneer status" tax incentives; PhiSEN (established 1999)	– for social enterprises; Broaden IB accreditation beyond agriculture and tourism
Singapore	No social enterprise legislation (accreditation managed by raiSE); no formal legal definition for IBs	raiSE (established 2015 by the Ministry of Social and Family Development) recognises social enterprises; DBS Foundation and Temasek Trust support the ecosystem	– Consider formal legal recognition for social enterprises; – Sharpen the IB definition for greater regional comparability
Thailand	Social Enterprise Promotion Act B.E. 2562 (2019) with linked accreditation; no formal legal definition for IBs	Office of Social Enterprise Promotion (OSEP) as dedicated agency; SE Thailand and ChangeFusion support the ecosystem; Thailand Investing for Impact (TIFI) strengthens impact investment	– Develop a distinct legal/accreditation framework for IBs, separate from the social-enterprise-focused Act; – Expand access to patient capital
Timor-Leste	No legal or accreditation framework for social enterprises or IBs	Acceded to ASEAN in October 2025; UNDP-backed SEED Fund and social business mobilisation initiatives; Institute of Business (IOB), a non-profit social enterprise established in 2002	– Build foundational legal and institutional frameworks for social enterprises and IBs as the country integrates into ASEAN's economic pillar
Viet Nam	Legal definition of social enterprises under the Law on Enterprises No.59/2020/QH14; no formal legal definition for IBs	CSIP (established 2008) and the Acumen Academy accelerator support the social enterprise ecosystem; pilot IB accreditation system in development with UN ESCAP	– Formalise a legal/accreditation framework for IBs, mirroring existing social enterprise legislation

Note: Assessment reflects national frameworks as described in this chapter; "no legal/accreditation framework" indicates the absence of dedicated legislation or an accreditation scheme, not the absence of any support activity.

Source: Based on the mapping of national support ecosystems above.

Other forms of support

Third-party organisations and the private sector have initiated a series of initiatives to promote social enterprises and IBs as highlighted above, complementing ASEAN-level mechanisms. The British Council, the EU and the UNDP are largely involved in promoting IBs across Southeast Asia, while companies like IKEA and Covestro are leading private-sector support (see Table 5).

Table 5. Other forms of support for social enterprises and IBs

Initiative Name	Year	Target	Scope	Supporting entity	Key activities
ASEAN Social Enterprise Structuring Guide	2018	Social enterprises	ASEAN	British Council	Provides practical guidance to social enterprises to choose the most suitable legal and organisational structures
Social Enterprise Programme in Myanmar	2011	Social enterprises	Myanmar	British Council	Supports the development of Myanmar's social enterprises through awareness-raising, capacity-building, and community engagement
ARISE+ programme	2017	SMEs and social entrepreneurship	ASEAN	EU	Aims to enhance regional economic integration in ASEAN, including support for inclusive business practices
Innovation for Social Partnership	2018	Social enterprises	The Philippines	Government of Australia and UNDP Philippines	Offers targeted support to social enterprises through entrepreneurship training and policy engagement
Inclusive Business Action Network (iBAN) project	2014	IBs	Cambodia	GIZ	Promotes inclusive business models through policy advice, research, and capacity-building
IKEA's Social Entrepreneurship programme	2018	Social enterprises and IBs	ASEAN	IKEA	Provides business development support, mentoring, and integration into IKEA's supply chain
Inclusive Businesses ASEAN project	2020	IBs	ASEAN	Covestro	Promotes sustainable business models in ASEAN to benefit low-income communities

The British Council supports social enterprises through the ASEAN Social Enterprise Structuring Guide and the Social Enterprise Programme in Myanmar. The ASEAN Social Enterprise Structuring Guide serves as a guideline to Southeast Asian social entrepreneurs willing to establish social enterprises. It provides detailed information on legal structures, registration processes, tax obligations, governance requirements and case studies across eight ASEAN countries, supporting both local and foreign social entrepreneurs to make informed decisions (British Council, 2018^[86]). Founded in 2011, the Social Enterprise Programme in Myanmar promotes social enterprises through events and regional study visits to increase the visibility of the social enterprise sector, as well as training courses for social entrepreneurs (British Council, 2025^[87]).

The EU supports social enterprises in ASEAN through the ARISE+ programme, a technical support programme focused on trade facilitation and transparency, customs and transport, among others. ARISE+ is divided into four general projects, three regional projects and six national programmes, several of which include SME development and social entrepreneurship support in their priorities, such as the ARISE+ Thailand Trade-Related Assistance and the ARISE+ Laos Regional Integration Support (International Trade Centre, 2025^[88]; International Trade Centre, 2025^[89]).

The Innovation for Social Partnership (ISIP) provides targeted assistance to social enterprises in the Philippines. ISIP is funded by the Australian Government and implemented by the UNDP in the Philippines. The programme focuses on entrepreneurship, education and policy agenda, offering two accelerator programmes: ISIP Social Impact Accelerator and the Incubator Management Workshop (Innovation for Social Impact Partnership, 2018^[90]).

GIZ promotes IBs in ASEAN through the Inclusive Business Action Network (iBAN) project. The project aims to tackle challenges IBs face by providing direct assistance through training programmes, while also cooperating with governments in partner countries to improve policy frameworks and create effective incentive systems to foster IBs. Cambodia stands out as a successful case, with strong

institutional and policy progress, contributing to the development of an enabling environment for IBs (GIZ, 2022^[91]).

IKEA's Social Entrepreneurship programme helps to boost local economies and IBs in the region.

In Indonesia, IKEA and Instellar developed the I-SEA Social Entrepreneurship Accelerator, which supports 10 innovative Indonesian social entrepreneurs, operating in various sectors including sustainable agriculture and circular economy (Ikea Social Entrepreneurship, 2024^[92]). In Malaysia, the Biji-biji Initiative empowers selected social enterprises by providing tailored capacity building workshops, access to funding and market, and advocacy support (Ikea Social Entrepreneurship, 2025^[93]). Similar initiatives related to sustainable development and local business are implemented in the Philippines, Singapore, Thailand and Viet Nam (Ikea Social Entrepreneurship, 2025^[94]).

Covestro, a leading company in high-quality polymer materials, collaborates with ASEAN through its Inclusive Businesses ASEAN project within Covestro's Sustainability Strategy.

The project focuses on establishing sustainable business models that benefit low-income communities, with goals to reach 10 million people through collaborative partnerships between non-governmental organisations (NGOs), local governments and private investors. The initiatives include solar dryer domes that significantly reduce post-harvest food loss and improve income levels for small-holder farmers in Myanmar and Viet Nam, or affordable housing solutions using polyisocyanurate panels for underserved populations in the region (Covestro, 2025^[95]).

4 Challenges faced by IBs and social enterprises across ASEAN

IBs across ASEAN continue to face barriers that limit their growth and long-term sustainability. Social enterprises likewise face similar challenges. These refer mainly to limited access to finance, ecosystem constraints, gaps in policy implementation, operational barriers and difficulties in attracting and retaining skilled talent, as confirmed by insights from regional stakeholders and findings from an OECD workshop using the Better Entrepreneurship Policy Tool (BEPT).²

Financial challenges

Financial sustainability remains a challenge for IBs and social enterprises seeking to scale their impact. A major barrier is limited access to finance, particularly for small and medium-sized social enterprises. Investment-grade social enterprises remain relatively few, and many struggle to secure commercial loans due to collateral requirements (USAID, 2019^[16]). Furthermore, those seeking smaller funding amounts – often under USD 200 000 – typically fall below the threshold of interest for the majority of impact investors (ASEAN CSR Network, 2017^[96]).

The lack of funding hinders social enterprises' ability to scale their market-based activities. Limited access to social finance, customer acquisition difficulties and barriers to market expansion constrain growth, particularly for early-stage social enterprises that cannot move beyond their initial stages (USAID, 2019^[16]). These challenges are compounded in countries such as Cambodia by high electricity costs, underdeveloped logistics systems, and expensive last-mile delivery, which reduce competitiveness and make scaling more difficult, particularly in rural areas.³ In Cambodia, although small grants and startup incubators have emerged in recent years, funding remains limited and short-term, while impact investment opportunities are scarce and often poorly suited to early-stage ventures due to large ticket sizes and demanding requirements. As a result, many founders are forced to maintain parallel employment, slowing business growth and increasing the risk of burnout.⁴

Social entrepreneurs also emphasise a critical funding gap following initial grant support, as financing for early-stage and mission-focused innovators remains scarce. While grant-based seed capital remains relatively accessible, funding at later stages is largely insufficient relative to demand, further exacerbated by the COVID-19 pandemic. Local investors are often risk-averse, forcing social enterprises to rely on international capital, which can create gaps in information and delay investment. Strengthening transparency on foreign impact investments could improve access to funding and increase opportunities for social enterprises to secure financial support (Hwang, 2025^[97]).

Ecosystem constraints

Limited institutional support

The absence of a clear framework for social enterprises creates administrative obstacles for their establishment and operation, difficulties in accessing investment and grants, and uncertainties related to taxation and property ownership. These issues affect both the long-term sustainability and the daily operation of social enterprises across many AMS (Crosta and Sanders, 2021^[98]). Regional expansion is also challenging due to differing regulations and market fragmentation across ASEAN countries, particularly for startups in smaller domestic markets that cannot scale locally. Results from the OECD BEPT workshop (September 2025) further highlighted this obstacle, with social entrepreneurs identifying market access as the least developed area in their countries relative to the other three indicators – finance, regulations, and institutions.⁵ As such, greater attention needs to be given to connecting social enterprises with the value chains of larger companies, as well as with public and private procurement opportunities. Larger companies could also play a greater role in helping smaller businesses scale through sourcing, partnerships and capacity building.

Social enterprises or IBs supporting people with disabilities face additional institutional barriers. The majority of ASEAN countries have enacted legislation to ensure rights to equal employment and pay for people with disabilities. Nonetheless, the enforcement and scope of these legal frameworks differ across countries, while many corporations also face knowledge and capacity limitations. Employers frequently report uncertainties on how to create workplaces for persons with disabilities, either because they are unaware of their legal responsibilities or because they are unable to access useful advice on modifying hiring practices, working conditions or infrastructure (Crosta and Sanders, 2021^[98]).

Lack of evaluations on the impact of IBs & social enterprises

Most AMS lack regulatory clarity and incentives for foreign impact capital, as well as outcome-based public procurement policies, that could help mainstream social enterprises and IBs. A more fundamental challenge lies in the limited measurement capacity across the region. Insufficient systems for measuring and reporting impact hinder the generation of credible evidence, with investors in Southeast Asia citing these limitations as a source of uncertainty when assessing the credibility of such entities (Hwang, 2025^[99]). This shortfall can be traced back to implementation. For example, limited budget and field-level structure have constrained monitoring the ongoing social impact of accredited IBs in the Philippines, leaving evaluation dependent on ad-hoc support rather than systematic follow-up (UN ESCAP; ASEAN, 2021^[100]). Building such supportive infrastructure, which includes a comprehensive, properly resourced evaluation mechanism, could improve the viability and credibility of these business models.

Low levels of understanding and awareness

Due to the lack of an institutional anchor and unified legal recognition, understanding and awareness of social enterprises and IBs are not harmonised across AMS. The public is often unaware of what a social enterprise is, or their business model and activities. Low levels of awareness among government stakeholders in some AMS are also hindering further policy development, underscoring the need for better understanding and buy-in for the IB and social enterprise agenda (UN ESCAP; ASEAN, 2021^[100]). There is also a lack of knowledge of the BoP market, as well as of available data on target groups, making it difficult for governments to support the IB agenda and its policy development.

Restricted policy implementation and development

Relative to MSMEs, social enterprises and CSR agendas which have advanced significantly across ASEAN, IBs are an emerging concept in private sector engagement and development (UN ESCAP; ASEAN, 2021^[100]). Although IBs are increasingly gaining policy support, particularly as ASEAN governments shift their focus to generating employment opportunities, there are cultural norms that pose barriers to effective policy implementation. For example, in countries such as Indonesia and Myanmar, there is a cultural emphasis on giving through charitable and philanthropic practices, slowing the adoption of IB models. As such, this requires a shift to also recognise the positive role that these businesses can play in addressing societal and environmental challenges.

Limited capacity among government actors to provide substantial support to IB policy development also presents challenges to policy development. For example, although the DaNa Facility is an important actor within Myanmar's IB landscape, they are not a part of the national government, restricting their ability to promote IB agenda (UN ESCAP; ASEAN, 2021^[100]).

Operational barriers

Attracting qualified talent for social enterprises and IBs is not always possible, given that these entities often operate in remote/underserved areas and for vulnerable communities. Some prevalent challenges are the inability to match market wages, a limited pool of specialised professionals, and a prevalent job-hopping culture that erodes workforce stability. Many social enterprises lack the know-how and resources to effectively convey their mission-driven values to attract talent. (USAID, 2019^[16]).

There is also a shortage of senior experts and experienced managers, particularly in countries with post-conflict histories, such as Cambodia and Lao PDR. Their workforces consequently tend to be predominantly young, representing a strong potential asset, but often with limited access to structured mentoring, professional development, and advanced managerial or digital skills. Adding to these challenges is talent retention, as larger corporations often offer more competitive compensation and career pathways for employees, highlighting the need for targeted capacity-building and retention mechanisms within the social enterprise ecosystem.

The legal forms available for social enterprises vary considerably across the ASEAN region. Sole traders and private companies dominate as legal forms used by social enterprises in Malaysia, Singapore, Thailand, Indonesia and Viet Nam. In contrast, charitable or non-profit organisations are most common in the Philippines, where social enterprises are also established as subsidiaries of other organisations. Policy consultations carried out by the British Council and UN ESCAP with social enterprises reveal dissatisfaction with the existing legal frameworks among stakeholders, demanding a tailored legal form for social enterprises (British Council, 2021^[14]). This legal ambiguity may also affect talent attraction and retention, as unclear organisational status can limit access to formal employment contracts, social protection schemes, equity-based incentives and long-term career prospects. Weak legal frameworks may also reduce the perceived legitimacy and attractiveness of employment within this sector. Furthermore, the overlapping characteristics of IBs and social enterprises can make it difficult for governments to establish dedicated policy incentives and support mechanisms.

Limited access to comprehensive and tailored coaching services can also constrain firms seeking to develop IB models and integrate MSMEs and community members into their value chains (ASEAN, 2023^[25]). Firms may also face operational challenges associated with weak infrastructure, such as transportation networks and internet connectivity. This may increase the costs of reaching customers and suppliers for geographically dispersed IBs, particularly those in remote and underserved areas.

5 Policy orientations

Successful IBs and social enterprises from Southeast Asia and beyond provide insights into how these impact-driven enterprises overcome common barriers, from access to finance and talent to ecosystem development. Drawing on this evidence, together with the gaps and strengths that have been identified throughout the report, this section outlines strategic directions to further advance IBs and social enterprises and maximise the impact of these business practices through targeted policy support, institutional strengthening and enhanced regional co-operation.

Complement IB instruments by considering the development of an ASEAN framework for social enterprises

ASEAN could initiate and facilitate a policy dialogue towards a regionally accepted framework for social enterprises, building on existing initiatives to further promote IBs. The region already provides definitions, implementation mechanisms and policy initiatives through the ASEAN IB Framework, among other efforts. Linking social enterprise development with existing initiatives on IBs would create greater coherence across the region, while also allowing Member States to tailor policy approaches to their specific legal, economic, and social contexts. As such, AMS could consider exploring options for a common regional approach to social enterprise development, which would be complementary to and supportive of the ASEAN IB Framework and ASEAN's existing IB agenda.

Malaysia, Indonesia, Singapore, Thailand and Viet Nam are the only ASEAN countries with accreditation systems for social enterprises (ASEAN, 2024^[66]). The framework could introduce regional guidelines on social enterprise accreditation and incentives for greater coherence and harmonisation among AMS. Such a framework would benefit social entrepreneurs and impact investors, as labels and certification enhance statistical clarity, transparency and credibility, helping investors distinguish genuine impact-driven businesses. Holding a label can also provide incentives for social enterprises, such as preferential access to procurement. ASEAN may draw lessons from Europe, where certification mechanisms for social enterprises are increasingly established at national, regional and transnational levels (see Box 4).

Box 4. Labels for social enterprises

Entreprise Solidaire d'Utilité Sociale accreditation (France)

Introduced in the 2014 Social and Solidarity Economy (SSE) law in France, the *Entreprise Solidaire d'Utilité Sociale* (ESUS) accreditation formally recognises and supports entities with a social utility objective. As of 2024, almost 3 000 held the ESUS label, which enterprises may qualify for if they meet specific legal requirements, including belonging to the social and solidarity economy, pursuing a social utility objective, allocating at least two-thirds of operating costs to social impact causes, among others. ESUS-labelled enterprises can receive benefits such as access financing from solidarity-based financial products and public development banks, as well as public procurement opportunities.

European Social Entrepreneurship Funds label

The European Social Entrepreneurship Funds (EuSEF) label is applied to funds that focus on social businesses. The label is awarded to funds that direct at least 70% of their investment towards entities that have a primary goal of achieving “measurable, positive social impacts”. To ensure transparency and accountability, labelled funds must present the achieved social impact and the impact measurement methodology in their annual report, while also reporting a number of investment-specific aspects such as its risk profile. As of June 2025, there are 19 labelled funds across Europe, most of which are located in Spain.

Solid’R international label (Belgium, Italy, France and Spain)

Established in 2002 by the Belgian Federation of Social Economy and Circular Economy Enterprises (RESSOURCES), Solid’R labels social enterprises that collect second-hand goods and prioritise social welfare over profit. As of June 2025, 25 organisations have been labelled by Solid’R across 4 countries – Belgium, Italy, France and Spain. To qualify for the label, social enterprises must meet seven core standards: people and labour over capital, democratic decision-making, voluntary and open membership, balancing member and public interests, solidarity and responsibility, management autonomy, and service over profit.

Labelled organisations undergo structured assessment processes and audits to verify adherence to the seven principles. It offers practical benefits, such as in Belgium, where Solid’R-labelled enterprises can place donation boxes to collect household items such as books, clothing and furniture, while in Italy and the Brussels-Capital Metropolitan Area in Belgium, accredited entities can gain access to public support and procurement incentives.

Source: (OECD/European Union, 2025^[101])

The OECD Recommendation on the Social and Solidarity Economy and Social Innovation, which refers to social enterprises, could provide a complementary foundation and reference for such a regional framework (see Box 5). It would strengthen ASEAN’s social enterprise ecosystem, while also positioning the region as among the leaders in sustainable and impact-driven economic development. The regional framework could include several pillars of the OECD Recommendation, such as:

- **Designing enabling legal and regulatory frameworks:** Formally recognising and providing legal structures suitable for social enterprises would help ASEAN governments integrate them into national development strategies, while also promoting clarity and legitimacy. Including a regional guideline on accreditation and certification systems, such as offering labels that distinguish genuine social enterprises, could also enhance transparency and provide access to targeted incentives such as preferential procurement or support programmes.
- **Supporting access to finance and markets:** Facilitating targeted funding and investment, alongside greater use of social procurement and other opportunities to access public and private markets, would strengthen the growth and sustainability of the region’s social enterprises.
- **Strengthening skills and business development support:** Providing capacity building to social enterprises – such as business development support in financial management, supply chain management, technology adoption, readiness to enter international markets, etc. – as well as fostering peer learning among AMS, would enable social entrepreneurs to scale impact effectively while replicating best practices across different national and local contexts.

- **Encouraging impact measurement and data collection:** Encouraging consistent impact measurement and data collection increases transparency, credibility, and visibility, helping investors and policymakers identify high-impact initiatives.
- **Encouraging social innovation:** Supporting experimentation, pilot testing, and innovative approaches would allow social enterprises to address emerging and persisting societal challenges and respond in a way adapted to regional needs.

Box 5. OECD Recommendation on the Social and Solidarity Economy and Social Innovation

OECD Recommendation

Adopted in 2022, the OECD Recommendation on the Social and Solidarity Economy and Social Innovation is the first internationally agreed policy framework on the social economy, adhered to by 45 countries as of 2026. Built around nine pillars (see Figure 2), it provides policy options for countries, regions and cities to achieve strategic goals surrounding the social economy, including:

- Raise awareness and visibility of the social economy and its contributions to the economy and communities,
- Understand how social economy ecosystems could perform better and adopt tailored policies,
- Expand the collection and production of reliable data on the social and solidarity economy,
- Measure the impacts of the social economy on people and places.

Figure 2. The nine pillars for action



Source: (OECD, 2022^[4])

Support the scaling of social enterprises into IB models

ASEAN is committed to promoting IB as a strategic approach to achieving economic development in the region. Among the three primary approaches through which IB is implemented – IB models, IB activities, and social enterprise initiatives – the greatest emphasis is placed on IB models, which integrate low-income communities directly into core business operations in a commercially sustainable manner. IB activities involve similar communities into their value chain but only in an ancillary way, while social enterprises are businesses that have explicit social impact objectives but are not necessarily structured to maximise profit (ASEAN, 2017^[17]). Further policy support could be implemented to facilitate scaling processes from social enterprises to IB models, such as facilitating access to finance, encouraging technology adoption, institutionalising impact measurement, and strengthening transnational co-operation for knowledge sharing and peer learning.

Facilitate access to finance

The social finance landscape in ASEAN remains at an early stage of development. There are relatively few impact investors willing to fund seed or early-stage ventures, while a larger number focus on investment-ready enterprises. Nonetheless, countries such as Indonesia, Malaysia, Singapore, Thailand, Viet Nam and the Philippines are showing increasing activity and growth in this space. Funding sources often include personal capital, friends and family, philanthropists, crowdfunding, angel investors, government schemes, impact investors, impact investment managers, financial intermediaries, banks and international multilateral organisations.

However, multiple international impact funds are operating in more than one country in ASEAN, while local funders are also showing growing interest in social enterprises. These trends have contributed to a rapid increase in both the number and diversity of funders available across the region, including grant makers, impact investors, venture philanthropists and angel investors. As such, the region is becoming better equipped and has the potential to better address the varying financing needs of social enterprises that are at differing stages of development (USAID, 2019^[16]).

In addition to impact funds and private investors, governments can also play a direct role by providing financial support through grants and public investment vehicles. These measures contribute to improving access to finance and strengthening early-stage funding ecosystems, while also improving the broader policy and regulatory environment for social enterprises. This is in line with the objectives outlined in the ASEAN Strategic Action Plan for SME Development (2016-2025), which emphasises enhanced access to finance and blended finance mechanisms.

To further strengthen access to finance, AMS can adopt a combination of blended finance mechanisms, public-private co-investment schemes and credit guarantee facilities to de-risk early-stage investments. Building on this, structured financing pathways could guide enterprises from grant funding to seed capital and growth equity, aligning financial instruments with enterprise maturity (AVPN, n.d.^[102]). Also known as the “continuum of capital”, this approach also emphasises the role of co-ordinated capital flows in supporting these entities across their lifecycle and addressing financing gaps. In addition, improving impact measurement standards and enhancing transparency through accreditation systems or dedicated impact platforms can reduce information asymmetries and increase investor confidence. Together, these efforts would enable impact-driven businesses to thrive within a stronger social finance ecosystem across the region.

Leverage technology

Technology is a core driver for scaling, as well as a critical tool for monitoring and impact measurement to reduce costs (Hwang, 2025^[97]). Technology adoption can help in scaling business

practices, including to improve cost structures, expand market reach, and increase operational efficiency (see Box 6). Social entrepreneurs therefore need to be empowered to harness digital solutions and create synergies between technology, partners and people, enabling these businesses to grow operations and deliver meaningful impact (World Economic Forum, 2022^[103]). This can be achieved through targeted policy support for digitalisation in the social economy, such as training non-profits in digital marketing or helping co-operatives in developing online platforms.

Box 6. IBs and social enterprises leveraging technology

Indonesia: Amartha, a tech-microfinance marketplace

Amartha is a technology-based social enterprise from Indonesia. It develops digital financial infrastructure for grassroots economies and expands economic opportunities for female micro-entrepreneurs in rural areas. Established in 2010 as a microfinance institution in Ciseeng (Bogor), Amarta transitioned into a tech-microfinance marketplace in 2015, designed to improve access to capital, strengthen risk management, and connect underserved micro-businesses with a wider pool of individual and institutional funders.

Through this model, Amarta aims to enhance the competitiveness and resilience of women-led micro and small enterprises, thereby contributing to more inclusive local economic development. In addition to its lending and digital financial services, Amarta undertakes community-focused interventions through Amarta.org, in the fields of education, women's empowerment, and digital transformation programmes. It provides scholarships for students in regional areas, to support broader socio-economic progress among low-income households.

Japan: Pirika, a social platform on clean-up activities

Pirika is an environmental start-up/organisation founded in 2011 at Kyoto University, Japan, aiming to address environmental issues through science and technology. The initiative began with the *Pirika* smartphone app, a social platform for sharing clean-up activities, now used in more than 130 countries and supporting the collection of over 100 million pieces of litter. With limited quantitative data and adapted research methods, *Pirika* expanded its work to help create standard approaches to litter assessment. This led to the development of *Takanome*, a programme that uses machine learning to analyse street-level video to map and measure litter, as well as *Albatross*, a service that conducts microplastics surveys.

Source: (Amartha, 2010^[104]), (Pirika, 2011^[105])

To effectively leverage technology, ASEAN could introduce targeted digital transformation funds for social enterprises. Such funds could provide financial support for entities to adopt essential digital tools, including e-commerce platforms, accounting software, and customer or HR management systems. These initiatives could also be paired with innovation vouchers and public-private technology partnerships, reducing upfront costs and providing technical expertise, making it easier for small and early-stage social enterprises to implement new solutions.

For example, Europe takes a complementary approach between systemic and targeted funding to equip social enterprises with the tools and skills needed for the digital transition. The EU's Recovery and Resilience Facility (RRF) under NextGenerationEU supports national digitalisation efforts, while projects like SocialTech4EU (2022-2024) provide direct support to social enterprises, offering up to EUR 3 000 for training in ICT and digital innovation (ENSIE, 2022^[106]).

There are several initiatives at the national level to prepare social enterprises for the digital transition that ASEAN could draw from. Belgium has established the Social Tech Academy to improve digital competencies within social economy entities, while Spain has introduced the IMPULSA-TEC programme which offers grants for projects that create digital platforms, automate processes or deploy new tech tools to improve social economy business operations and community services (OECD/European Union, 2025^[107]). In Slovenia, the Ministry of Economic Development and Technology allocated EUR 4.4 million in 2021 to support social entrepreneurship, providing grants and vouchers for selected participants to upgrade digital platforms, such as webpages and applications (OECD, 2022^[108]).

AMS could also establish digital skills acceleration programmes that provide practical knowledge in areas such as fintech, data analytics, and digital marketing for social enterprises. For example, in Portugal, *Tecla - Formação Profissional*, a professional training organisation, offers a funded online training course Digital Social Entrepreneurship – Innovation and Impact 4.0. The 70-hour programme teaches participants to use digital tools for planning, managing and communicating social impact projects, develop digital business models, and complete a final project focused on digital social enterprise planning (Tecla - Formação Profissional, 2025^[109]).

Additionally, ASEAN governments may consider establishing a shared digital infrastructure, such as e-commerce marketplaces or impact reporting platforms. This would lower operational costs, improve transparency, and promote interoperability across IBs, social enterprises and other stakeholders in the region. Together, these co-ordinated measures would enable social enterprises to move beyond ad hoc adoption of digital tools toward systematic and scalable integration, ultimately enhancing their operational efficiency, reach and impact.

Institutionalise impact measurement and management

Impact measurement can help quantify outcomes, which in turn may attract investment from stakeholders to support and scale successful impactful initiatives (OECD, 2025^[110]). Policymakers may also define relevant impact metrics and embed monitoring and reporting systems to promote regular data collection across social enterprises in the region. This could be done by supporting organisations to track and assess social, economic and environmental impacts. IBs and social enterprises alike could be encouraged to formalise systematic processes within their impact-driven businesses. To help scale social enterprises and maximise impact, these measurement practices could become a core part of business strategy and decision making.

Recognising the need for impact measurement, facilitating access to relevant training is needed for IBs, social enterprises and social economy entities in general to adopt good practices. For instance, organisations such as the Institute for Social Entrepreneurship in Asia (ISEA) offer capacity-building workshops for a range of stakeholders, including social entrepreneurs, government officials and private sector representatives. Their flagship initiative, the Measuring Social Enterprise Research Exchange and Learning (MSE-REAL) project, delivered impact measurement training across ASEAN and piloted a Social Enterprise Scorecard to assess adherence to benchmarks for Transformational Partnerships and Women's Economic Empowerment in Agricultural Value Chains (Institute for Social Entrepreneurship in Asia, 2024^[111]).

Common frameworks would also be beneficial, as consistent tools and frameworks across Southeast Asia would allow for comparability and benchmarking. A notable example is the social performance measurement framework by Kiva – a San Francisco-based non-profit with offices in Bangkok, Nairobi and Portland – which works with microfinance institutions across Southeast Asia to systematically track and assess impact (Kiva, 2025^[112]). Similarly, public authorities could develop portals dedicated to social enterprises as open-source hubs of good practices and methods, impact measurement tools, and social impact indicators, contributing to regional standardisation (OECD, 2016^[113]).

However, standardisation should be balanced with a proportionate approach to impact measurement. Smaller and early-stage social enterprises may have limited human resources, budgets and capacity to collect and report data, making complex measurement systems costly and burdensome. A tiered approach could therefore be adopted, with basic indicators for smaller or early-stage enterprises and more comprehensive measurement as enterprises grow and mature. Importantly, measurement should focus on outcomes rather than the number of enterprises, participants or beneficiaries reached, using indicators such as changes in income, employment, quality of life, access to services and economic opportunities for target groups. Measurement could also assess whether low-income groups integrated into these business models receive a fair share of the value created, including through income, livelihood security and bargaining power.

Strengthen international knowledge sharing

Encouraging transnational and multi-stakeholder knowledge sharing enables successful social entrepreneurship models to be adapted and implemented across countries. For instance, social entrepreneurs can hone business skills, including management practices and performance measurement, and apply them to scaling. These peer-to-peer interactions may occur either formally by participating in official training programmes or consortiums (see Box 7), or informally through networking, mentoring and experience-sharing (OECD, 2016^[113]).

Box 7. CIRCULAR: Circular economy living laboratories supporting social innovation in Southeast Asia

The CIRCULAR project

The CIRCULAR project (2023-2025) is a transnational initiative that brings together six universities from Malaysia, Cambodia and Lao PDR, two universities from Spain and Portugal, as well as one training and research centre from Spain. The consortium was established to set up “living laboratories” addressing circular economy and waste-management challenges, such as low recycling rates, which remain common across the Consortium countries despite their differences.

These labs function as open-innovation platforms where social entrepreneurs, students and researchers can collaborate to develop and test context-specific solutions to social and environmental issues. Participants gain opportunities to strengthen business skills, pilot new projects, and access mentorship and technical expertise, allowing them to scale their impact effectively. The initiative demonstrates how multi-stakeholder, transnational co-operation can foster knowledge sharing, enabling successful practices to be adapted and implemented beyond national borders.

Source: (Hussein, 2024^[114])

Leverage and mobilise IBs and social enterprises to address development challenges

Mobilising IBs and social enterprises could complement public and private efforts, provide context-specific solutions, and scale impact across diverse areas ranging from poverty reduction and well-being to education and environmental sustainability.

Poverty

In many countries, social enterprises and IBs have demonstrated strong potential to tackle the multidimensional nature of poverty, through the provision of affordable goods and services, decent

work, and the stimulation of community-centred economic development (See Box 8). Agricultural co-operatives, for example, enhance productivity, market access and income stability of smallholder farmers through shared infrastructure, collective bargaining, and knowledge transfer (Shen et al., 2022^[115]). Similarly, IBs that integrate low-income producers into value chains help generate stable employment and income opportunities, while delivering products and services that meet the basic needs of underserved populations. As seen in countries like India, the success of these approaches often depends on strong member engagement, access to finance and supportive legal frameworks (Shen et al., 2022^[115]; Solomon, 2023^[116]).

Box 8. IBs and social enterprises generating job opportunities

Pepper Labs, Malaysia

Pepper Labs is an accredited social enterprise based in Kuala Lumpur, aiming to boost underserved communities. Originally named as Masala Wheels, it focused on empowering at-risk youth through culinary training and employment opportunities. Since then, it has evolved into a regional impact strategist, designing sustainable, scalable solutions to uplift underserved communities. Pepper Labs bridges gaps between sectors, policy, technology and people with the objective to drive long-term, inclusive change. The enterprise also received the ASEAN IB Award in 2021, recognised for its grassroots capacity development initiatives for marginalised groups.

Pepper Labs' initiatives include contributions to national frameworks such as the Social Enterprise Accreditation System, supporting the establishment of enabling institutional environments. Their skills and entrepreneurship programmes equip individuals with certifications and practical tools to thrive in emerging markets. For example, the Dapur Digital cooking initiative trained 40 female micro-entrepreneurs in culinary skills, digital marketing and business management.

Sapa O'Chau, Viet Nam

Sapa O'Chau is a grassroots-led social enterprise operating in the city of Sapa, Viet Nam – promoting learning, sustainable employment and empowering local families. It operates through four different branches: a boarding facility for high school students, a café, a Hmong handicraft store, and trekking tour services. The profits obtained by the café, trekking and handicraft activities are re-invested into the boarding facility, vocational training and employee well-being. These activities employ local artisans and ethnic minority community members, helping ensure the profits remain within the community. By 2016, Sapa O'Chau had trained 70 students as tour guides, supported 50 students in continuing their education and vocational programmes, and facilitated the graduation of 15 students from external training programmes.

Pragulic, Czech Republic

Pragulic is a Czech social enterprise founded in 2012 that challenges stereotypes associated with homelessness by offering “unconventional” city tours. In fact, Pragulic trains and employs people with lived experience of homelessness as guides, offering job opportunities, support, as well as both monetary and non-monetary benefits to help them rebuild their lives. Over 150 000 people worldwide have joined these tours, which showcase Prague beyond standard tourist paths, sharing hidden spots and personal stories. Pragulic reveals how a social enterprise can also operate as an IB – integrating low-income individuals into its value chain through meaningful employment and support, as well as providing pathways to socio-economic empowerment.

Source: (Pepper Labs, n.d.^[117]), (Pepper Labs, 2025^[118]), (Sapa O'Chau, 2016^[119]), (Sapa O'Chau, 2016^[120]), (Pragulic, n.d.^[121])

To further mobilise IBs and social enterprises in addressing poverty, ASEAN countries could strengthen existing frameworks to directly expand economic opportunities for low-income people. By aligning regulatory reform, finance, market access and accountability mechanisms around poverty-specific objectives, AMS could position these impact-driven businesses as strategic partners in delivering sustainable, locally grounded solutions that improve livelihoods across the region.

For instance, dedicated legal recognition and simplified compliance frameworks would lower barriers for enterprises operating in underserved or rural communities. In addition, targeted tax incentives could prioritise ventures generating employment, income and essential services for BoP groups. This is already happening in some countries in Southeast Asia, such as Thailand's 2019 Social Enterprise Promotion Act. The legislation formally recognises social enterprises that generate income and employment for vulnerable populations, and offers incentives that prioritise enterprises employing low-income individuals, with an aim to integrate disadvantaged communities into formal economic activity.

Access to finance could also be tailored to poverty-focused business models. This could be enhanced via blended finance schemes, seed grants, and credit guarantees that support early-stage and BoP-integrated ventures. For example, in the United Kingdom (UK), Big Society Capital provides blended finance to social enterprises tackling financial exclusion, affordable housing and employability for low-income communities. In Canada, the Social Enterprise Fund offers seed grants to early-stage social ventures delivering services to marginalised populations, including indigenous and low-income groups. At the regional level, ASEAN could draw inspiration from the EU's approach to microfinance and social enterprise support, notably through the Employment and Social Innovation (EaSI) Programme (2014-2020), which combined credit guarantees and capacity building, with such financial instruments now continued under InvestEU.

AMS may also leverage public procurement and inclusive supply chain policies to create stable markets for social enterprises and deliver essential goods and services to disadvantaged communities. Governments could complement these measures by strengthening impact measurement and reporting systems to better understand how social enterprises contribute to poverty reduction. This could include tracking indicators such as income growth, job creation, access to essential services, and financial inclusion for enterprises working with low-income and disadvantaged communities, while allowing others to report outcomes that reflect their own social objectives. National social enterprise databases could support this effort by providing information on the enterprises operating in different sectors, the communities they serve, and the outcomes they achieve. While only a few AMS – such as Malaysia and Singapore – maintain basic social enterprise registration systems, these could serve as a starting point for developing more comprehensive national databases across Southeast Asia.

Social protection

Social enterprises can pool risks, mobilise local resources, and deliver basic security to informal workers and marginalised populations (Osiki, 2020^[122]). This is often done through collective insurance models, emergency savings groups or mutual aid structures. Social enterprises can complement these mechanisms by providing tailored services such as affordable health coverage, community-based care and emergency support programmes, helping to enhance well-being in underserved areas. For example, in India, the Self Employed Women's Association (SEWA) operates community-based health and insurance schemes for informal workers, combining savings, insurance and emergency support while partnering with banks and local governments (OECD, 2023^[123]). Similarly, in OECD countries such as Italy, Spain, Germany and the Netherlands, social economy organisations are important providers of care services and community-based support, often in partnership with public systems (OECD/European Union, 2025^[107]).

ASEAN governments could strengthen social protection by integrating social enterprises and IBs into national frameworks as formal partners in hybrid coverage strategies. While not a substitute for

comprehensive national systems, these entities can catalyse broader reforms and extend coverage in hard-to-reach populations. Measures could include co-funding community insurance schemes and offering tax and regulatory incentives for risk-pooling initiatives. Supporting digital infrastructure to manage savings and insurance, as well as forging partnerships with banks, insurers and public health systems could further strengthen coverage and service quality. By adopting such measures, IBs and social enterprises could play a systematic and complementary role in extending social protection to informal workers and underserved populations across the region.

Educational inequality

Social enterprises and IBs are well-positioned to address educational disparities through innovative, community-based approaches. Social enterprises have demonstrated success in delivering affordable and scalable education services that respond to both social needs and market demand (see Box 9). This includes initiatives such as low-cost digital learning platforms, vocational training tailored to informal livelihoods, and school-to-work transition programmes. These efforts can complement public provision by filling service gaps and enhancing equity, while fostering economic participation and lifelong learning.

Box 9. IBs and social enterprises delivering affordable education services

Ruangguru (PT Ruang Raya Indonesia)

Ruangguru is an Indonesian for-profit education technology company founded in 2014. It operates as a registered non-formal education institution under Indonesian law and is recognised as the country's largest technology company focused on education-based services. Ruangguru pursues a commercially scalable, subscription-based business model explicitly aimed at expanding access to quality, affordable education for Indonesian students, alongside a goal of improving teacher quality by creating jobs and supplementary income for teachers.

Ruangguru delivers this through an integrated platform across several core services such as:

- **Ruangbelajar:** Subscription-based video lessons and practice exercises aligned to school curricula, covering primary through secondary levels.
- **Ruangguru Privat:** A platform connecting students with private tutors.
- **Ruangkelas:** A free Learning Management System (LMS) that schools and teachers use to run distance learning.

The company reports more than 22 million users and a network of around 300 000 teachers offering instruction across more than 100 subject areas and has formal partnerships with 32 of Indonesia's 34 provincial governments and 326 city/regency governments. To extend impact beyond subscribers, Ruangguru runs Ruangpeduli, its social-impact initiative which provides free teacher training, scholarships for students, and free access to learning materials for underserved communities.

Teach for the Philippines (TFP)

Teach for the Philippines (TFP) is a for-purpose, non-stock, non-profit organisation founded in 2012, with the vision of contributing to an excellent, inclusive, and relevant education for all Filipino children. It operates as a movement, focused on improving teacher quality and addressing education challenges at the system-level by working within the public school system.

TFP delivers specialised support to the public sector by identifying, developing, and supporting high-potential Filipinos as Teacher Fellows and Teacher Leaders through a two-year programme in public

schools, while also engaging alumni to advance education reform over the long term and building partnerships around shared objectives for education reform. The organisation is supported by a diverse portfolio of funders from the private and public sectors, multilateral agencies, and local government units. By placing trained teachers and leaders in public schools across both urban and more remote areas, TFP enhances the quality of education services already provided at minimal or no cost to families, with a particular focus on underserved communities facing challenges such as severe learning gaps in literacy.

Its approach prioritises sustainable, system-level change by strengthening the public education system itself, including through Community Engagement (COMET) projects that support locally driven improvements beyond the Fellows' two-year placement.

SolveEducation!

Established in Singapore in 2015, SolveEducation! is a tech-driven social enterprise and registered non-profit organisation, dedicated to improving access to quality education for young people. They empower young individuals by teaching fundamental skills through an AI-powered learning platform, edbot.ai, which is an interactive chatbot that helps beneficiaries learn in fun and interactive approaches. It delivers accessible, gamified learning programmes through a website, using the GAIN Framework (Gamification, AI Coach, Incentives, Network).

- **Gamification:** Learning is structured to incorporate elements similar to games, including points, challenges, and leaderboards to increase motivation and engagement among students.
- **AI Coach:** The online platform features an AI-driven coaching system, Ed, which tailors content according to the learners' skill levels, learning paces and interests.
- **Incentives:** Engagement and motivation are further strengthened through a range of tangible rewards, such as data vouchers, workshops and merchandise.
- **Network:** The website also offers peer-learning environments to connect learners, ambassadors, educators and partner organisations for knowledge exchange and support.

Source: (Ruangpeduli, 2018^[124]); (Ruangguru, 2019^[125]); (Teach for the Philippines, 2012^[126]); (Teach for the Philippines, 2012^[127]); (Teach for the Philippines, 2012^[128]); (SolveEducation!, 2025^[129])

Environment

Social enterprises and IBs can contribute to sustainability by integrating environmental goals with their business models (see Box 10). These actors have helped formalise and empower workers, foster community-level sorting and recycling initiatives, and introduce decentralised, low-cost technologies for upcycling and remanufacturing. Such forms of initiatives create economic opportunities, especially for informal workers and women, who are often overrepresented in waste management yet under-recognised in policy.

Box 10. IBs and social enterprises focused on environmental sustainability

SUDrain, Cambodia

SUDrain is a Cambodian social enterprise focused on wastewater treatment using eco-friendly technology (coconut filters) for industrial, domestic and community use (SUDrain, n.d.^[130]). The initiative began as a practical response to the lack of affordable and decentralised wastewater treatment options in areas without sewage infrastructure. It operates a mission-driven model bringing benefits to local communities, including cleaner water and improved environmental health.

SUDrain also offers private and community clients affordable and sustainable sanitation technology (SUDrain, n.d.^[131]). The company employs engineers and technical specialists, providing consulting, installation and maintenance services that strengthen local technical capacity. It also reports on its environmental and social outcomes, including pollutant removal performance, treated water volumes and community-level benefits for more than 10 000 people (SUDrain, n.d.^[132]). It has been recognised through awards and grants, including the ASEAN Blue Innovation Challenge Project, which supports investment and scaling of its decentralised systems (SUDrain, n.d.^[133]).

Rags2Riches (R2R), the Philippines

Rag2Riches (R2R) is a Filipino social enterprise and fashion-design house, promoting sustainability and reducing waste. It partners with local artisans to create eco-ethical clothing and accessories from upcycled, overstock, and traditional textiles. The IB initiative began as a response to the limited market access faced by women weavers in Payatas, where intermediaries took a share of their earnings. By partnering with local designers to create high fashion pieces from the women's weaves, R2R strengthens livelihoods, wages and improves economic opportunities. (Rags2Riches, n.d.^[134]).

Since 2007, R2R has trained over 1 000 artisans across 16 communities in the Philippines through the Artisan Academy, which offers workshops on financial literacy, business skills and professional development. In addition, the Quality-of-Life programme in partnership with the Centre for Agriculture and Rural Development (CARD), the country's largest microfinance entity, provides artisans with essential financial and social safety nets for greater economic resilience (MIF, 2016^[135]).

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Notes

¹ The term “social economy” is used throughout this paper to refer broadly to organisations pursuing societal objectives through economic activity, including social enterprises, co-operatives, associations and related entities. While the term “social and solidarity economy” (SSE) is often used to capture this diversity, “social economy” is adopted here for consistency and simplicity. The OECD recognises that these terms are used differently across countries and policy traditions (OECD, 2023^[136]; OECD, 2023^[137]).

² A workshop on the BEPT was held on 12 September 2025 during the ASEAN Inclusive Business Forum in Kuala Lumpur, Malaysia, bringing together 16 participants from entrepreneurs to policymakers. The BEPT, a joint initiative of the OECD and the European Commission, is a freely accessible online self-assessment and learning tool designed for policymakers developing and implementing policies and programmes to support inclusive and social entrepreneurship

³ Online consultation with Impact Hub, Phnom Pehn (15 October 2025).

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