Recent developments of Social Investment in Japan

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Takaho Miki
Global Social Innovation Department
Benesse Holdings, Inc.
The reality in social investment

■ Investors say ...
  “Very few investment opportunities.”
  “Few scalable success cases other than micro finance, environment business, or G-related business.”

■ Social Enterprises say...
  “Difficult to get finance”
  “Difficult to hire skilled people to be scalable”.

■ The reality is ...
  “Neither success case nor failure case.”
  “Money is important but that is not enough”

Then, in Japan, there are some innovative and new structure available recently.
“Shinrai” Capital Foundation

Loan platform to SE who cannot borrow from traditional banks in Japan

System of loan business

- Shinrai pro-bono - Support borrowers
- Circle of trustworthy people

Borrower (Social Enterprise)

- Principal repayment
- Pay intangible asset as interest
- Trustworthy relationship
- Loan

Shinrai Capital Foundation

- Open to public as shared capital
- Shinrai Capital Database

Sympathy to Foundation Business

Join to Circle
Offer knowledge

Creation of new social business

Loan scheme but...
No collateral required
No guarantor required
No interest payment

US$570thd

20 SEs

Borrowers contribute back to other members in the Shinrai Community by
1. providing their knowledge,
2. introducing professional volunteers who support them
ARUN LLC

Offers investment & professional services to Social SMEs who can not get finance from local finance industries in the developing countries.

Investees (Developing Countries)
- Social Entrepreneurs
- Social Enterprises

Investors (Japan)
- Individuals and enterprises interested in social investment

ARUN Social Investment Platform
Supports communication between the Investees and Investors

Investment
Professional Services
Financial Returns
Learning Opportunities

Profession of partners
- Consulting
- International Development
- Finance
- Education
- Self employed
- Manufacturer
- Media
- Trading company
- IT
- Others
- Agriculture
- Corporation

US$700thd
4 investees
**Benesse Social Investment Facility (BSIF)**

First Japanese corporate investment facility which will focus on social innovation.

- **Total facility amount**: US$15 million
- **Target Fields**: Education, Childrearing, women, and senior citizens
- **Target countries**: Japan and other Asian countries (especially Southeast Asian and South Asian countries)
- **Investment amount**: Less than US$5 million / investee
- **Payback period**: 5 years or more
- **Capital Contribution ratio**: 15% or less (minor investment)

The combination of money and our knowledge leads to the creation of social impact and business value.

**BSIF**

**Benesse’s knowledge & contents**

**Innovative Investees**

**Social value**
(higher quality education to poor)

**Business value**
(create new business area in emerging market)
Social Venture Partners Japan

Community Based VP Model – SVP Tokyo

- **Community based VP Model**: replication of Social Venture Partners in US since 2006 -- $200K level annual budget / one full-time staff
- **Invested in 15 non-profit** and for-profit social enterprises with $25K unrestricted grant to 2-3 grantees for 2 years commitment
- **100 partner with $1200 annual contribution** with high involvement (5-10 hours a week skilled volunteer provision)
- Double bottomline: Growth of investee and formulation of engaged philanthropist in the community
- **Financial institutions (Shinsei Bank, UBS) involvement**