

SOCIAL ENTERPRISE IN VIETNAM



Hanoi, March 2019

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FOREWORD

Social enterprises operate with the dual aim of generating financial return while simultaneously advancing a social mission. In Vietnam, the term social enterprise is used to refer to a business that is created to address or solve a critical social or environmental problem in a financially sustainable and potentially profitable way. Some social enterprises are created, operated or owned by non-profit, charitable organisations as a means of generating income or to otherwise further their social mission. Other social enterprises are incorporated as for-profit entities and have a business strategy that is designed to achieve a social objective. They reinvest their financial returns into the community to further their social or environmental purpose or to create employment or other economic and social benefits for society, especially marginalised communities.

Before 2012, the term social enterprise attracted little attention in Vietnam. It was not until 2014 that the term social enterprise was officially recognised as a distinct type of organisation in Vietnam's Enterprise Law, thereby paving the way for a more developed ecosystem of social enterprise support. However, five years on, the development of the social enterprise sector has been more modest than some would have hoped. Social enterprises can face many challenges and difficulties, such as lack of funds, skills, technology, land and information. In addition, the government's policies need further improvement. This overview of the state of social enterprise in Vietnam can help identify the state of play, recent challenges and potential for further development.

On that basis, CIEM has partnered with the British Council's Global Social Enterprise programme to conduct a baseline survey of social enterprises in Vietnam, as part of a wider programme across the globe. This overview of social enterprises in Vietnam can help to address key issues that can enable social enterprises across the country to grow their business and increase their impact. We hope it can be helpful for a range of stakeholders in Vietnam, for potential partners, policymakers, academics and representatives from the business community.



Dr Nguyen Dinh Cung

President

Central Institute for Economic Management



ABOUT THE BRITISH COUNCIL

OUR WORK IN VIETNAM

The British Council is the UK's international organisation for cultural relations and educational opportunities. We create friendly knowledge and understanding between the people of the UK and other countries. We do this by making a positive contribution to the UK and the countries we work with – changing lives by creating opportunities, building connections and engendering trust.

We work with over 100 countries across the world in fields of arts and culture, English language, education and civil society. Last year we reached over 75 million people directly and 758 million people overall including online, broadcasts and publication. Founded in 1934, we are a UK charity governed by Royal Charter and a UK public body. We have been working with Vietnam since 1993.

We aim to contribute to inclusive economic growth in Vietnam through our social enterprise programme. We promote the development of social enterprise as a means of addressing entrenched social and environmental problems and delivering positive change to our communities and societies. Our Global Social Enterprise programme draws on UK and global experience and is delivered across more than 30 countries with local and international partners.

This research is one in a series of surveys undertaken by the British Council around the world (<http://www.britishcouncil.org/society/social-enterprise/reports>).

The objective of this survey is to provide a summary of the current size, scale and scope of the social enterprise sector in Vietnam.

In addition, this study aims to contribute to the development of social enterprise globally by allowing other actors to assess the sector's progress, and identify possible entry points for supporting growth or for participating in social enterprise.



ABOUT THE UNITED NATIONS ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

The Economic and Social Commission for Asia and the Pacific (United Nations ESCAP) serves as the United Nations' regional hub, promoting co-operation among countries to achieve inclusive and sustainable development. The largest regional intergovernmental platform with 53 member states and nine associate members, United Nations ESCAP has emerged as a strong regional think-tank, offering countries sound analytical products that shed insight into the evolving economic, social and environmental dynamics of the region.

The Commission's strategic focus is to deliver on the 2030 Agenda for Sustainable Development, which is reinforced and deepened by promoting regional co-operation and integration to advance responses to shared vulnerabilities, connectivity, financial co-operation and market integration. United Nations ESCAP's research and analysis, coupled with its policy advisory services, capacity building and technical assistance to governments, aims to support countries' sustainable and inclusive development ambitions.

In February 2017, the British Council and United Nations ESCAP signed a collaborative agreement to promote the growth of social enterprise and impact investment across the Asia-Pacific region, as a means of supporting progress on the Sustainable Development Goals (SDGs). Together, we are co-operating to provide research, analysis, training and policy dialogues, and are offering guidance to support policy makers and other stakeholders in formulating and implementing policies and strategies that foster social enterprise and create enabling environments for impact investment.

This survey of social enterprise in Vietnam is an example of this work, and will provide information as to the size and scale of the social enterprise sector in the country. Social enterprises harness trade, investment and business activity towards social and environmental objectives, and are increasingly recognised as critical drivers of innovation for sustainable development.



ABOUT CENTRAL INSTITUTE FOR ECONOMIC MANAGEMENT

The Central Institute for Economic Management (CIEM) was established in 1978 as the Central Party's Economic Management Research Institute. For 40 years, CIEM has been contributed directly and indirectly to and promoted the process of innovation and comprehensive reform of the economy. It has also helped to develop a contingent of senior economic management officials of the Party and the State. CIEM has been a leading research agency in Vietnam for economic research and policy advice on innovation and economic development. The institute focuses on the strategic and practical issues of reform and development of the Vietnamese economy. In 2012, it was rated as one of the world's top 80 policy research institutes in the field of national economic policy (according to 2013 Global Go-To-Think-Tank Index). With its contributions, the Central Institute for Economic Management has been recognised by the Party and the State, and has received awards such as the First-class Independence Medal (2013), the Second-class Medal Independence (2008) and the First-class Labor Medal (2003), and other noble awards such as the Emulation Flag of the Government, the Merit of the Prime Minister, and the Merit of the Minister of Planning and Head Investment. In 2017, the Central Institute for Economic Management was honoured to be one of 12 national teams with outstanding achievements in the cause of national renovation recognised at Vietnam Glory - imprint 30 years of renovation.

ACKNOWLEDGEMENTS

This study is led by the British Council and supported by United Nations ESCAP. It was conducted by the Central Institute for Economic Management, with input from Social Enterprise UK.

We would like to acknowledge the valuable feedback provided by:

- Mr Dan Gregory, Social Enterprise UK
- Mr Tristan Ace, British Council
- Ms Tran Thi Hong Gam, British Council
- Ms Doan Thanh Hai, British Council

We would also like to thank the following partners for their contributions to the report:

- Dr Nguyen Dinh Cung, Central Institute of Economic Management
- Ms Nguyen Minh Thao, Central Institute of Economic Management
- Mr Ngo Minh Tuan, Central Institute of Economic Management
- Dr Luu Minh Duc, Central Institute of Economic Management
- Ms Nguyen Thi Huyen Trang, Central Institute of Economic Management
- Ms Hoang Thi Hai Yen, Central Institute of Economic Management
- Ms Pham Kieu Oanh, Centre for Social Initiatives Promotion
- Associate Prof Dr Truong Thi Nam Thang, Centre for Social Innovation and Entrepreneurship

In addition, we would like to take this opportunity to thank the Hanoi Department of Labour – Invalids and Social Affairs, the Department of Co-operatives Development (under MPI) and Nguyen Tat Thanh University (Ho Chi Minh City) for their great co-operation and enthusiasm in sharing information, experiences and views to help us complete the survey.

Finally, we would like to thank all of the non-governmental organisations, co-operatives, micro, small, and medium enterprises, social enterprises and entrepreneurs who completed the survey and participated in our workshops.

TABLE OF CONTENTS

FOREWORD	5
ABOUT THE BRITISH COUNCIL	6
ABOUT THE UNITED NATIONS ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC	7
ABOUT CENTRAL INSTITUTE FOR ECONOMIC MANAGEMENT	8
ACKNOWLEDGEMENTS	9
ACRONYMS	12
1. EXECUTIVE SUMMARY	14
2. METHODOLOGY	16
2.1 Purpose	17
2.2 Research Overview	17
2.3 Classifying Social Enterprises	18
2.4 Estimating the number of social enterprises in Vietnam	18
3. OVERVIEW: COUNTRY CONTEXT AND EXISTING RESEARCH ON SOCIAL ENTERPRISE	20
3.1 Overall Country Policy	21
3.2 Policy Review in Relation to Social Enterprise	22
3.2.1 Social Enterprise in Vietnam	22
3.2.2 Legislation and policies relevant to social enterprise	23
3.2.3 Key players in the social enterprise ecosystem	25
3.2.4 List of key players in the social enterprise ecosystem	27
3.3 Existing research on social enterprise in vietnam	31
4. SURVEY FINDINGS	33
4.0 Social Enterprise Survey sample	34

4.1 Social Enterprise Leadership	34
4.1.1 Age	34
4.1.2 Gender	34
4.1.3 Education attainment	35
4.2 Years of Operation	35
4.3 Geography of Operations and Reach	36
4.4 Legal Status of Social Enterprises	38
4.5 Area of Focus (Sector)	40
4.5.1 Objectives	40
4.5.2 Sectors	41
4.6 Social Impact	42
4.7 Job Creation from Social Enterprises	43
4.8 Profits and turnover	43
4.9 Growth Plans and Barriers	45
4.9.1 Growth plans	45
4.9.2 Barriers to growth	46
4.10 Finance sources and constraints	47
4.10.1 Sources of funding and finance	47
4.10.2 Financing constraints	48
4.10.3 Other forms of support	49
CONCLUSION	51
RECOMMENDATIONS	53
BIBLIOGRAPHY	54
ANNEX 1 – SURVEY QUESTIONS	55
ANNEX 2 – SOCIAL ENTERPRISE IN HIGHER EDUCATION IN VIETNAM	61

ACRONYMS

CSIE	Centre for Social Innovation and Entrepreneurship
CSIP	Centre for Social Initiatives Promotion
CSR	Corporate social responsibility
NEU	National Economics University
NGO	Non-governmental organisation
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
UNDP	United Nation Development Programme
VCCI	Vietnam Chamber of Commerce and Industry

LIST OF FIGURES AND TABLES

19

TABLE 1

Prevalence rate and estimated number of social enterprises among SMEs, co-operatives and NGOs

25

TABLE 2

Legislation and policies relevant to social enterprise

27

TABLE 3

List of key players in the social enterprise ecosystem

34

FIGURE 1

Age of social enterprise leaders

35

FIGURE 2

Education level of social entrepreneurs

35

FIGURE 3

Years of operation

36

FIGURE 4

Geography of Operations

37

FIGURE 5

Geographical Reach

39

FIGURE 6

Legal Status of Social Enterprises

40

FIGURE 7

Social enterprises' objectives

41

FIGURE 8

Social enterprise sector

42

FIGURE 9

Types of direct beneficiaries supported by social enterprises

43

FIGURE 10

Profit/surplus of social enterprises

44

FIGURE 11

Turnover of social enterprises

45

FIGURE 12

Social enterprises' growth plans

46

FIGURE 13

Barriers to growth

47

FIGURE 14

Sources of funding and finance of social enterprises

48

FIGURE 15

Financing constraints of social enterprises

49

FIGURE 16

Support programmes that have benefited social enterprises

50

FIGURE 17

Form of support

1. EXECUTIVE SUMMARY



Vietnam's economy has radically transformed over the past few decades. Despite this, Vietnam continues to grapple with social challenges such as poverty, unequal access to public health and education and the need for environmental sustainability.

Social enterprises are businesses with a social mission, set up to address these challenges. In the past decade, interest in social enterprise and social entrepreneurship has grown significantly in Vietnam, not only among budding entrepreneurs, but also among non-governmental organisations, policy makers, funders and academics.

In 2014, social enterprise was officially recognised as a distinct type of organisation in Vietnam's Enterprise Law. This was an important milestone, enabling the ecosystem to further develop with the support of a range of stakeholders.

Subsequently, new social enterprises have emerged and other organisations that were already pursuing a social enterprise model have embraced the concept and terminology. More intermediaries and networks have been founded; several universities have started social enterprise incubation programmes; and further new social enterprises have been established.

This study was commissioned by the British Council. The purpose of the study is to map the Vietnamese social enterprise landscape and to identify key opportunities and issues that need to be addressed to create a healthy and sustainable ecosystem for social enterprises to thrive.

This research is based on quantitative information obtained from a total of 142 survey respondents across Vietnam. This data is further supported by in-depth interviews and roundtable sessions with social entrepreneurs, government agencies, funders, support organisations and other key stakeholders.

We have found that the social enterprise sector in Vietnam is diverse, vibrant and growing. There

is a new wave of start-up social enterprises in Vietnam. These are profitable businesses and optimistic about the future. They take diverse legal forms and work across a range of sectors across the country.

Most social enterprises in Vietnam are on a mission to create jobs. They are supporting disadvantaged people and are nurturing spaces for women and young people to take on leadership roles. Nearly half of social enterprise leaders are women, compared to 37 per cent of small and medium enterprises (SMEs) more widely.

Yet, like any other businesses, social enterprises do face barriers, and support is crucial to helping them overcome these. The government has developed significant policy steps to support SMEs in general and social enterprises in particular, but more work is needed, particularly on policy implementation. Social enterprises should be supported to make better use of existing policies, programmes, funding and incentives available to them. Meanwhile, other stakeholders can do more to help spread greater awareness and understanding of social enterprise across Vietnam more widely.



2. METHODOLOGY



2.1 PURPOSE

The primary aim of this study is to provide an insight into social enterprise in Vietnam, including providing an estimate of the scale and scope of the sector.

It also assesses existing policies that are relevant to social enterprise, and analyses how these have been implemented.

Although this survey provides an indication of the state of social enterprise, rather than a fully representative sample, we nevertheless aim to highlight the changes social enterprises go through, and offer deeper insight into measures that have helped their growth, as well as obstacles that have yet to be addressed. Finally, we hope this evidence will provide guidance for future interventions to further develop social enterprises.

2.2 RESEARCH OVERVIEW

The research for this study was conducted between October 2018 and January 2019. A total of 92 responses were collected online, and 50 survey responses were conducted via telephone, making a total of 142 organisations completing the survey. The study draws from a database of more

than 300 organisations, compiled from the existing databases of the Centre for Social Innovation and Entrepreneurship (CSIE) and the Centre for Social Initiatives Promotion (CSIP). Data was collected from a structured web-based questionnaire made available in English and Vietnamese, in-person and phone interviews, workshops and roundtable discussions.

The survey of social enterprises sought the following information:

- Year of establishment and form of legal registration
- Turnover and profit generation and use
- Employees, by gender
- Number and type of beneficiaries reached
- Gender and age of leadership
- Social enterprise sector and focus/core objectives
- Location and sphere of operation (regional, national, international)
- Profit/impact focus
- Growth expectations and plans, and barriers faced
- Sources of finance and funding, including proportion of income from grants/donations
- Financing constraints
- If respondents viewed their organisation as a social enterprise.



2.3 CLASSIFYING SOCIAL ENTERPRISE

While the definition of social enterprise may be relatively formalised in some parts of the world, there is no single, universal definition. For the purpose of our work, we classified social enterprises as business activity that is primarily motivated by social good, where profits are reinvested towards a social cause.

When filtering the survey responses, we used three main questions to identify an organisation as a social enterprise as opposed to other for-profit businesses or non-profit organisations:

1. Is profit or social good the primary motivation of the business, or are both prioritised?
2. If it is a profit-driven enterprise, how are the profits used?
3. What is the proportion of revenue earned from grants or endowments?

The six organisations reporting their core mission as ‘profit first’ were eliminated. Organisations reporting that profits were ‘directed to external owners/shareholders’ were only eliminated if they had also selected that they were ‘profit first’.

Seven organisations reporting that 70 to 100 per cent of their revenue came from grants or endowments were also eliminated, as this indicates that trading is not a significant part of their business model.

Therefore, from our initial total of 142 respondents, 129 organisations remained, and these could be classified as social enterprises for the purposes of this survey.

2.4 ESTIMATING THE NUMBER OF SOCIAL ENTERPRISES IN VIETNAM

Previous research on social enterprise in Vietnam has attempted to identify and estimate the scope and scale of social enterprises in the country. According to the Survey Report on Social Enterprises in Vietnam (2011), there are four main areas from which social enterprise emerge: non-governmental organisations (NGOs), traditional firms, voluntary associations/clubs and co-operatives.

In 2012, the report Social Enterprise in Vietnam: concepts, context, and policies (2012) identified about 200 ‘core’ social enterprises. Pham et al. (2016) added an additional category: incubated projects supported by intermediary organisations.

In the most recent study carried out by the CSIE and the United Nations Development Programme (UNDP) (2018), the number of social enterprises officially registered with the government was 80.

To produce an estimate, we looked at three wider categories of organisations that could include social enterprises in Vietnam: SMEs, co-operatives and NGOs. Based on other relevant research, we estimated the prevalence rate of organisations that exhibited social enterprise characteristics for each category, as follows:

Table 1: Prevalence rate and estimated number of social enterprises among SMEs, co-operatives and NGOs

Source	Quantity	Prevalence rate	Expected total number of social enterprises	Notes
SMEs	508,083	1.1% ¹	5,589	- SMEs account for 98.1% of the 517,924 enterprises²; - 1.1% is the prevalence rate of nascent social entrepreneurial activity (SEA-SU-BRD) in Vietnam.
Cooperatives	12,536	100%	12,536	- GSO Economic Census 2017 - Co-operatives can be considered social enterprises.
NGOs (including associations, charities, funds, clubs)	n.a.	n.a.	1,000	- CIEM, CSIP and BC (2012); CSIE and UNDP (2018) - No official figure for the number of NGOs exists, so we have taken a cautious estimate based on input from expert stakeholders.
Total number			19,125	

Based on the criteria and assumptions above, it is possible to make a provisional estimate of the total number of social enterprises in Vietnam as 19,125 enterprises. This calculation is the first attempt of

its kind, and is far from statistically robust, hence it should not be interpreted as an accurate estimate but merely the basis for further research.

1. Such a ratio is estimated by Global Entrepreneurship Monitor 2015 to 2016: Special report on Social entrepreneurship.
2. According to the General Statistics Office (GSO Economic Census – 2017) in Vietnam, the total number of registered enterprises nationwide by the beginning of 2018 were 517,900; and SMEs accounted for 98.1% of the total, i.e. 509,060 SMEs.

3. OVERVIEW: COUNTRY CONTEXT AND EXISTING RESEARCH ON SOCIAL ENTERPRISE



3.1 OVERALL COUNTRY PROFILE

Vietnam is one of the most dynamic countries in South East Asia. The Doimoi 'Renovation' reforms, launched by the government in 1986, have spurred economic growth that has transformed Vietnam from one of the world's poorest nations to one with lower-middle income status.

Robust growth has boosted job creation and incomes. In 2018, the country's gross domestic product (GDP) increased by around seven per cent. This was due largely to expansion in the service sector, which accounts for over 40 per cent of GDP, as a result of buoyant private consumption and record tourist arrivals. Strong industrial and construction growth accounting for 34.28 per cent of GDP is also a major contributor, while strong performance in the export-oriented fishery subsector has led to an increase in agriculture output (General Statistic Office, 2019).

The population of Vietnam reached nearly 95 million in 2018, up from around 60 million in 1986. It is expected to expand further to 120 million by 2050. Currently, 70 per cent of the population is under 35 years of age, with a life expectancy of close to 73 years. However, the population profile is ageing rapidly. There is an emerging middle class, currently accounting for 13 per cent of the population, and this is expected to reach 26 per cent by 2026.

The labour force is made up of nearly 50 million people, with a low unemployment rate of only two per cent. As Vietnam works to prepare its workforce for future labour market trends, the World Bank has suggested that future employment in Vietnam will still depend on a mix of traditional and emerging sectors. The World Bank has also advised that the government of Vietnam should pay more attention to the business environment to help facilitate innovation, attract high-quality

foreign direct investment, and ensure domestic enterprises can play a greater role in global and regional value chains.

While both current and future economic growth in Vietnam are very promising, the benefits do not always extend to all areas of society. Vietnam is an ethnically diverse country with 54 recognised ethnic groups. The majority of the population (85.5 per cent) belongs to the Kinh ethnic group, and the 53 other ethnic groups in Vietnam account for the remainder of the population – around 13.4 million people. Many of these ethnic minority groups are concentrated in geographically remote and mountainous regions of the country. Inequalities between the Kinh ethnic group and ethnic minority groups remain wide and persistent, especially in education and training, employment and income, healthcare and reproduction. The gender gap among and within ethnic minority groups also persists.



3.2 POLICY REVIEW IN RELATION TO SOCIAL ENTERPRISE

3.2.1 Social enterprise in Vietnam

Social enterprises are often understood as a ‘hybrid’ model between non-governmental, non-profit organisations and private sector businesses. Social enterprises can take different legal forms in Vietnam, including NGOs, limited companies, joint stock companies, co-operatives, funds and associations.

In Vietnam, the concept of social enterprise is still relatively new and was widely unknown before 2014. While prior to then, some social enterprises were being established, it was not until July 2015 that the first Vietnamese law on social enterprise came into effect, and the concept of social enterprise was officially recognised for the first time.

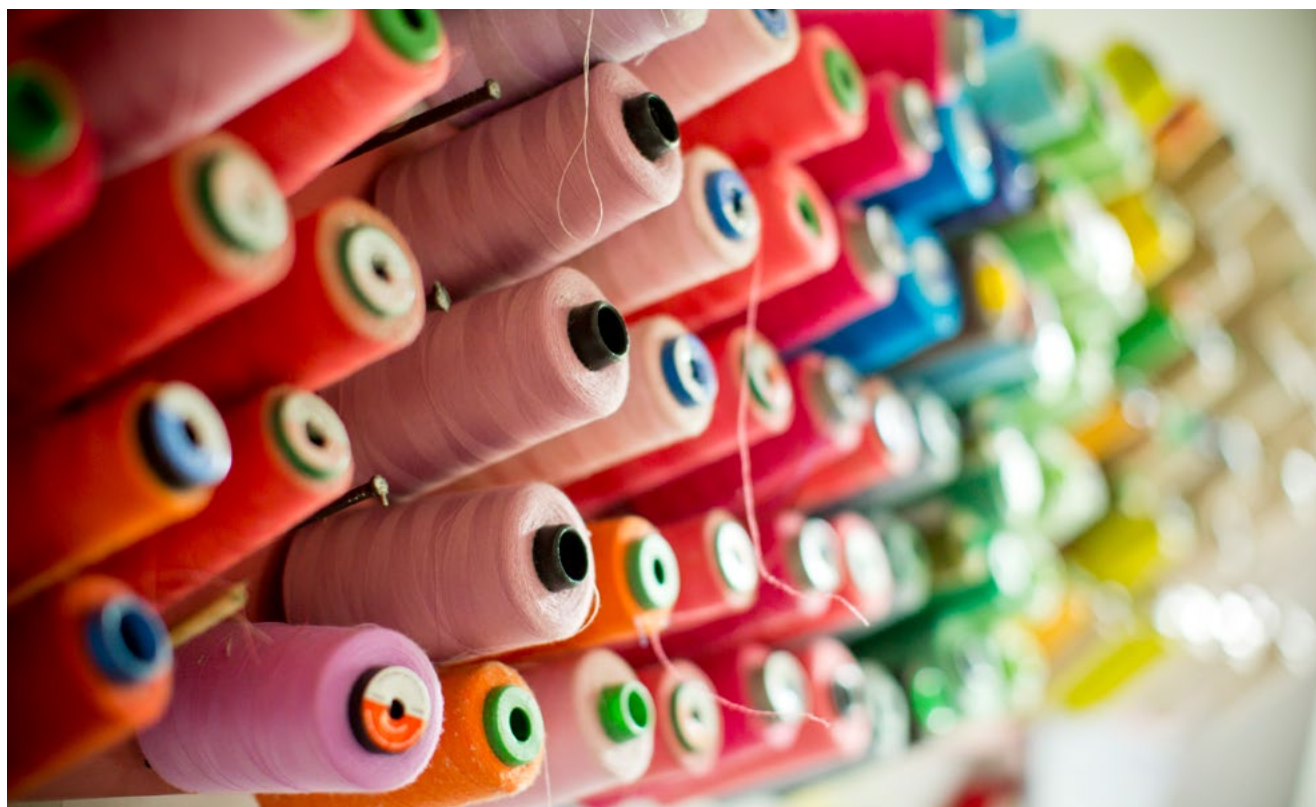
According to this law, social enterprise is defined as ‘an enterprise that is registered and operates

to resolve a number of social and environmental issues for a social purpose; and reinvests at least 51 percent of total profits to resolve the registered social and environmental issues’ (Article 10, Enterprise Law).

The development of social enterprises in Vietnam can be divided into three main stages:

- (i) Prior to 1986 – collective ownership through co-operatives serving the needs of vulnerable or disadvantaged communities
- (ii) From 1986 to 2015 – the idea of social enterprise starts to become associated closely with NGOs and funding mainly from foreign organisations
- (iii) From July 2015 – the first Vietnamese law on social enterprise becomes effective.

With this legal recognition of social enterprise, the social enterprise sector is now expected by some observers to further develop and expand in the coming years, further contributing to the process of economic and social development in Vietnam.



3.2.2 Legislation and policies relevant to social enterprise

Vietnam's government has started to prioritise sustainable development and promote business for sustainable development, including the Socio-Economic Development Plan of Vietnam, and the United Nations SDGs. In 2012, Vietnam announced its Sustainable Development Strategy, while in 2017, the government issued the National Action Plan to implement the 2030 Agenda for Sustainable Development.

While most social enterprises fall under the umbrella of government policies relating to SMEs, social enterprises working in different sectors may also be subject to certain restrictions or enjoy preferential policies according to the context in which they operate. These different sectors may include public services, environmental protection, investment in mountain areas, or vulnerable groups, for instance. Below is a brief overview of some of the benefits afforded to social enterprises, depending on which legal framework they fall under.

Policies in accordance with the Enterprise Law and the Law on Encouragement of SMEs

These SMEs, which may include social enterprises:

- Can leverage support from credit institutions to increase loans for SMEs such as credit guarantees (Article 9)
- Can access tax and accounting support – SMEs have a corporate income tax rate lower than the normal tax rate
- Can access support for the costs of production premises – in certain localities, SMEs may be allocated land in industrial clusters, such as processing areas of agricultural, forestry, fishery and seafood products and receive rental price subsidies for up to five years
- Can access technological support in the form of research, training, consultancy and technology transfer
- Can access support for market expansion – enterprises in which at least 80 per cent of the SMEs in their supply chain manufacture their products in Vietnam are entitled to (i) an exemption or reduction of land rent, land use fees and non-agricultural land use tax and (ii) an exemption or reduction of corporate income tax for a limited time
- Can access support for human resource development – SMEs are exempt from or subsidised for the cost of participating in training courses on business start-up and corporate governance, as well as vocational training for employees working at SMEs
- Can access support with information, advice and legal issues.

Policies for enterprises providing public services

Social enterprises operating in social and environmental areas may be entitled to support under Resolution No. 05, which promotes education, healthcare, culture, physical training and sports activities. According to Decree No. 69, government support for public services could include:

- Subsidies for infrastructure and land, such as long-term leases at a preferential rate
- Receiving or leasing land with site clearance and exemption from land-use levy or rent
- Exemption from registration fees charged for the use of land and ownership of assets attached to land
- Preferential tax policies, such as a ten per cent enterprise income tax rate, exemption from enterprise income tax for four years and a 50 per cent reduction for the subsequent five years

- VAT exemption for medical services and treatments, education and import of machinery and equipment for scientific research or aid
- Preferential export tax and import tax
- Credit policies, such as loans or post-investment support.

Social enterprise specific policies

In addition, social enterprises registered under the Law on Enterprises 2014 are entitled to preferential policies outlined in Decree No. 96/2015/ND-CP, including:

- Favourable conditions for organisations and individuals to set up social enterprises targeted at addressing social and environmental issues in the public interest
- Investment incentives
- Access to foreign non-governmental aid to resolve social and environmental issues.

A total of 54 enterprises have currently been registered as social enterprises in accordance with Article 10, Law on Enterprise. Although these policies to support social enterprises do exist, until now, their impact appears to have been relatively minimal.

Other policies exist that are not aimed explicitly at social enterprises, but which may be applicable, including:

- Policies for co-operatives specified in Decree 193/2013/ND-CP, which include support with subsidies for formal and technical training, trade and market expansion and the application of new technologies
- For co-operatives engaging in certain fields, an exemption from output VAT, while still being entitled to input VAT credit, as well as a corporate income tax (CIT) exemption or reduction for several years after establishment
- For enterprises investing in some selected sectors or with difficult socio-economic conditions, benefits such as a CIT rate of ten per cent for a period of 15 years, or a four-year tax exemption and a reduction of 50 per cent of payable tax for subsequent years for clean energy, environmental protection and waste treatment
- For businesses in which people with disabilities account for at least 30 per cent of the workforce, preferential policies such as support to improve the workplace and the surrounding environment, CIT exemption, preferential interest rates and priority access to property.



Table 2: Legislation and policies relevant to social enterprise

Name	Raising awareness	Competitions	Education	Incubation/ acceleration	Research	Finance	Co-working space	Description
Decree 69/2008	X	X	X					Supporting policies in education and training, vocational training, medical, culture, sports, and environment
Decree 96/2015	X					X		Implementation of the guidelines for Vietnam Enterprise Law 2015
Project 844 - MOST	X	X	X	X	X	X	X	Development of innovation and the entrepreneurship ecosystem
Project 1665 - MOET	X	X	X					Support for student-led start-ups

3.2.3 Key players in the social enterprise ecosystem

Finance support for social enterprises

There are a range of funding options available for social enterprises in Vietnam, many of which are open to SMEs more widely.

The SME Development Fund was established to support SMEs with business plans in priority sectors (Decision 601/QĐ-TTg). The main activities of the fund³ are to receive, manage and use financial resources to support the development of SMEs.

Charities such as Abilis and Thrive provide financial support to social enterprises. For example, Abilis provide grants of US\$10,000 to US\$20,000 to organisations supporting people with disabilities, while Thrive lend money to SMEs to purchase machinery at zero interest rates.

Crowdfunding platforms have also been developed to fund social enterprises. These include ig9.vn,

comicola.com, firststep.vn, fundingVN.com and Fundstart.vn – although transactions are still very modest. There is also the possibility of crowdfunding being at risk of being shut down

3. <http://business.gov.vn/Tint%E1%BB%A9cv%C3%A0s%E1%BB%B1ki%E1%BB%87n/tabid/128/catid/384/item/11653/qu%E1%BB%B9-phat-tri%E1%BB%83n-doanh-nghi%E1%BB%87p-nh%E1%BB%8F-va-v%E1%BB%ABa-%C4%91%C6%B0%E1%BB%A3c-thanh-l%E1%BA%ADp.aspx>

due to (i) scepticism in the community, (ii) lack of a legal framework, (iii) lack of attractive start-up ideas and (iv) focus on donations rather than equity investments or lending.

Universities in Vietnam also provide students with funding to run competitions, training for student start-ups and seed funding to pilot and scale up ideas related to social enterprise.

Supporting activities, incubation and co-working spaces

Vietnam has a number of intermediaries specialising in supporting social enterprise through the provision of business development services, training and mentorship. Such organisations tend to have five to ten years of experience in this field. These include CSIP, Spark, HATCH! Ventures, Evergreen Labs and Seed Planters.

Newly established incubators such as DNES, SiHUB, sYs, BKHUP, UP and The Vuon, which have been supported through various government initiatives, including the Start-up Nation programme, have contributed to the growing

number of social enterprises in Vietnam. In addition, the strong café culture in Vietnam has for long provided free space with access to free Wi-Fi for young start-up entrepreneurs. While co-working spaces are currently common in major cities, more could be done to provide free or affordable space for peri-urban or rurally based young people.

International organisations such as the British Council have been active in advocacy, social enterprise development and social innovation in the university sector since 2009. UNDP has also played a role since 2015, aiming to tap into the thriving start-up ecosystem in Vietnam to find new market-based solutions to achieve the SDGs. UNDP initiatives include the awarding of seed funding for impact start-ups contributing to the achievement of the SDGs, and a year-long business incubation and impact acceleration programme for impact start-ups.

The role of the corporate sector

The Corporate Social Responsibility (CSR) funds of large international and domestic corporations, such as Unilever, Coca-Cola, Hoa Phat Group and VinGroup, have also developed initiatives to support social enterprises in Vietnam. For example, Coca-Cola's EKOCENTER project, in operation since 2017, has built community centres in many cities and provinces across the country, using a community-based business model operated by women from local communities.

The role of media

The media has played only a small role in raising the profile of social enterprise in Vietnam. Vietnam Television (VTV), Hanoi Television (HNTV) and several newspapers, have done some pioneering work, such as HNTV's 20-minute programme each week on social enterprise and development to disseminate the concept of social enterprise, but there is relatively little activity at the community or local levels.



3.2.4 List of key players in the social enterprise ecosystem

There are a growing number of supporting organisations playing a role in the development of the social enterprise ecosystem in Vietnam.

Table 3: List of key players in the social enterprise ecosystem

Name	Raising awareness	Competitions	Education	Incubation/ Acceleration	Research	Finance	Co-working space	Description
Financial institutions, investors and development organisations Institutions and groups that seek to make positive impact by investing in enterprises that advance specific social and/or environmental missions in addition to financial gain								
SMEDF						x		Focuses on innovative SMEs
Abilis Fund						x		Provides grants to improve capacity and create jobs for people with disabilities
Thrive Fund				x		x		An interest-free loan programme for SMEs
Oxfam				x	x	x		A supporting programme for inclusive businesses
Incubators, accelerators and support programmes Initiatives and programmes that offer support, such as business development services, training and mentorship and other resources to fledgling enterprises								
British Council	x	x	x	x	x			Develops programmes for creative businesses and social enterprises

Name	Raising awareness	Competitions	Education	Incubation/ Acceleration	Research	Finance	Co-working space	Description
CSIP	x	x	x	x	x	x		An incubator that supports social enterprises
Spark	x		x	x	x	x		A social enterprise accelerator
Evergreen Labs			x	x		x		A centre for incubation and investment in social impact businesses in the central region
IBA Vietnam	x		x	x		x		Supports programmes for inclusive businesses
UNDP SDG Challenge and Youth Co:Lab	x	x	x	x	x	x	x	Innovation programme for impact start-ups and promotion
HATCH! Ventures	x	x	x	x	x	x	x	Co-working space and social impact business incubator and accelerator
WISE	x	x	x	x	x	x		Women's initiative for start-ups and entrepreneurship

Name	Raising awareness	Competitions	Education	Incubation/ Acceleration	Research	Finance	Co-working space	Description
SiHUB		x		x		x	x	Incubator for enterprises in Ho Chi Minh City
DNES	x	x	x	x	x	x	x	Incubator for enterprises in Da Nang
VCCI		x	x		x			Business Forum for sustainable development
Higher education institutions and research institutes								
CIEM	x		x		x			Think-tank that embedded the social enterprise concept into the Vietnam Enterprise Law 2015
NEU CSIE	x	x	x	x	x			The first university-based research, education and incubation centre in Vietnam
FIS		x	x	x				Centre of innovation and start-ups at the Foreign Trade University

Name	Raising awareness	Competitions	Education	Incubation/ Acceleration	Research	Finance	Co-working space	Description
Initiatives from Commercial enterprise sector								
Coca-Cola and EKO CENTER	x		x	x		x		Development project for small businesses and community centres owned by women
Minh Phu Fish				x		x		The first large seafood enterprise to set up clean shrimp farming, co-owned by farmers
VinGroup				x		x		The two largest private health and education businesses in Vietnam registered as social enterprises
Media								
Green Swallow Award	x	x						CSIP and VCCI's 2017 Award for Business Initiatives for the Community

Name	Raising awareness	Competitions	Education	Incubation/ Acceleration	Research	Finance	Co-working space	Description
Sustainable Business Rating	x	x						Ranking of the top 100 sustainable enterprises by VCCI, following the Social Responsibility Award from 2005
Forbes Viet Nam	x							Honours the most influential people of the year, many of whom are social entrepreneurs
VTV1	x							Weekly CSR programme in 2018

Source: CSIE-UNDP (2018).



3.3 EXISTING RESEARCH ON SOCIAL ENTERPRISE IN VIETNAM

To date there has been relatively little research on social enterprise in Vietnam.

The first report on social enterprise was conducted by the British Council, CSIP and Spark in 2011. The objective of this report was to collect information on social enterprises operating at the time, and to set up a database, or a Vietnam Social Business Directory. According to this report, at the end of 2010, there were 167 social enterprises operating across Vietnam.

In 2012, joint research by CIEM, the British Council and Spark provided an overview of the concept, context and policies with regard to social enterprise. This research concluded that Vietnam already had a number of businesses that could be regarded as social enterprises. However, the research also recommended that in order to develop the social enterprise sector in Vietnam, such organisations should be given greater recognition officially. As a result, in 2014, the Vietnam National Assembly passed the Law on Enterprise with formal, legal recognition of social enterprise.

A study conducted by the British Council, CIEM and the National Economics University in 2016 explored existing policies relating to the development of social enterprises and successful case studies of social enterprise in Vietnam. The study aimed to:

- Increase awareness of and respect for social enterprises
- Mobilise wider participation of the private sector, social organisations, associations and social enterprises in addressing social and environmental issues in an effective and sustainable manner
- Encourage reform and creativity in dealing with social and environmental issues
- Inspire the State's thinking in terms of planning and enforcement of social policies to ensure more practical, effective and sustainable policies
- Serve as an educational curriculum of business administration programmes for business people at universities and institutes.



4. SURVEY FINDINGS



4.0 SOCIAL ENTERPRISE SURVEY SAMPLE

This section describes the findings from the survey of social enterprises across Vietnam, conducted as part of this research. A total of 142 organisations participated in the survey. Of these, 129 organisations met the criteria of being social enterprises for the purposes of this study.

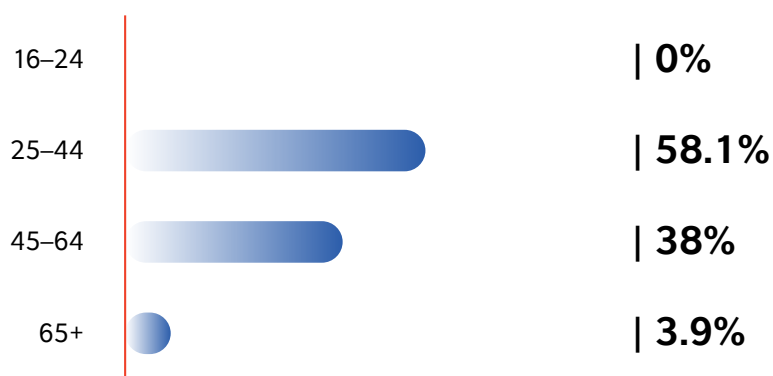
4.1 SOCIAL ENTERPRISE LEADERSHIP

4.1.1 Age

The average leader of a social enterprise in Vietnam is relatively young, with the largest group of social enterprise leaders (58 per cent) aged between 25 and 44, while 38 per cent are between 45 and 64. Only four per cent are over 65.

According to an international business survey⁴, 36 per cent of Vietnamese micro, small and medium enterprises are founded and led by entrepreneurs who are under 35, which suggests that the age profile of Vietnamese social enterprises may be broadly in line with the wider SME community.

Figure 1: Age of social enterprise leaders



4.1.2 Gender

Social enterprises in Vietnam have a healthy gender balance. Female leadership accounts for 48 per cent of organisation, just slightly less than male leadership (52 per cent). In contrast, just 37 per cent of the wider SME sector reports having female leadership⁵.

4. Asia Pacific Foundation of Canada 2017, Survey of entrepreneur and MSMEs in Vietnam: building the capacity of MSMEs through technology and innovation (p. 8).

5. Asia Pacific Foundation of Canada 2017, Survey of entrepreneur and SMEs in Vietnam: building the capacity of SMEs through technology and innovation (p. 8).

4.1.3 Education attainment

The majority of social enterprises surveyed have leaders with a high level of education. A total of 70 per cent of respondents said their leaders have a tertiary qualification, with 42 per cent having a bachelor's degree and 28 per cent being postgraduates. Of the rest, 21 per cent have graduated from high-school, and one per cent from upper-secondary school. The general education level of social enterprise leaders is a little lower than the heads of SMEs, of whom 78 per cent have a bachelor's degree or higher.

Figure 2: Education level of social entrepreneurs

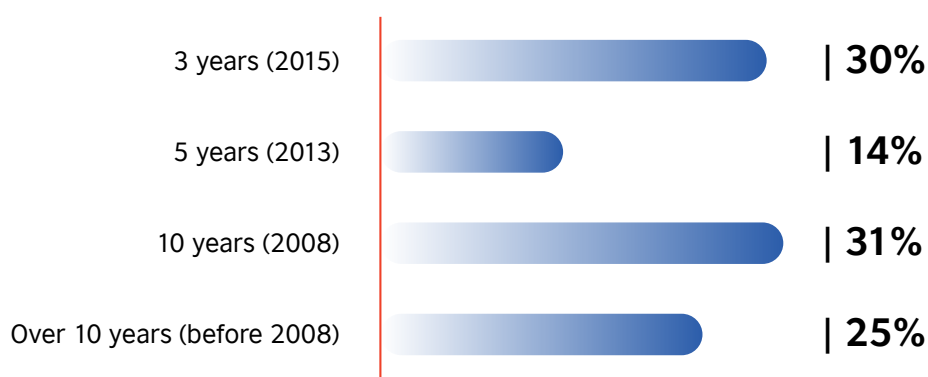


4.2 YEARS OF OPERATION

There is a new wave of start-up social enterprises in Vietnam, with 35 per cent of respondents saying they have only been operating since 2015, which may be related to the recent enthusiasm around start-ups and the formalisation of social enterprise legislation under the Enterprise Law.

A total of 31 per cent of the social enterprises surveyed have been in operation since 2008, and around 25 per cent have been established for over ten years. Some began operations during the 1990s, and one as early as 1978.

Figure 3: Years of operation



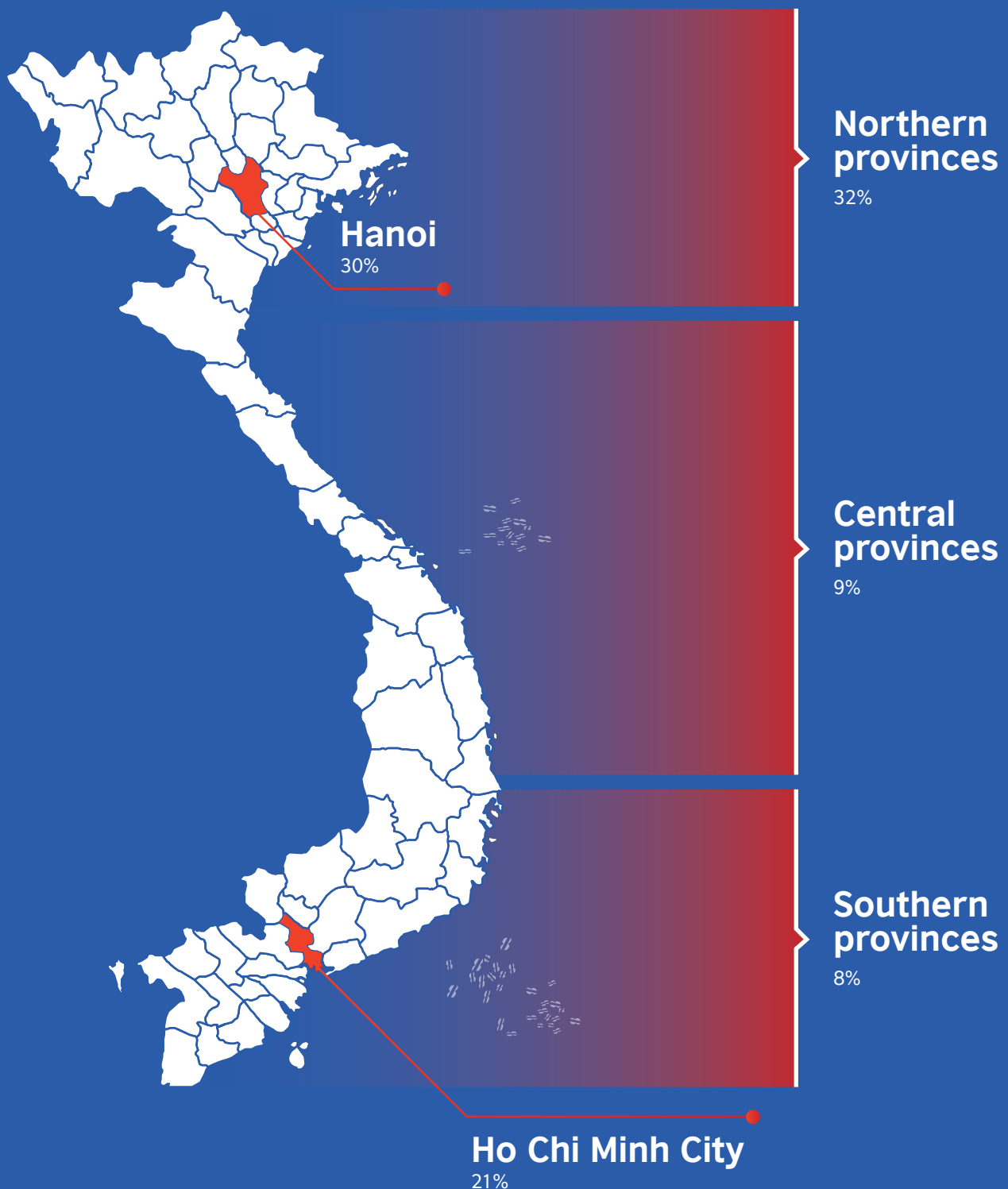
It's worth noting that among the newest social enterprises – those established since 2015 – a clear majority (74 per cent) of leaders are relatively young, aged between 25 and 44.

From these results, we can see two waves of social enterprise development in Vietnam: before 2013 as social enterprises emerge from NGOs with trading activities, and after 2013, when the social enterprise model was introduced and formalised in Vietnam, further fuelled by the government's encouragement for start-ups and innovation.

4.3 GEOGRAPHY OF OPERATIONS AND REACH

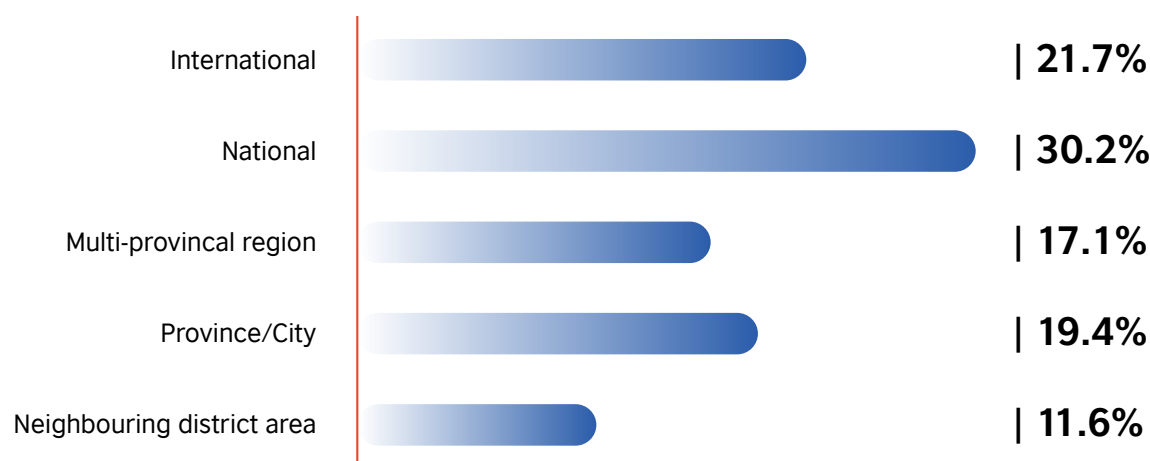
Social enterprises in Vietnam are often based in urban areas, namely Hanoi (30 per cent) and Ho Chi Minh City (21 per cent). This is similar to the general pattern of businesses in major cities. Just under half of all social enterprises are located in rural regions, with almost a third based in Vietnam's northern provinces, compared to only eight and nine per cent in the southern and central provinces respectively.

Figure 4: Geography of operations



A total of 30 per cent of all social enterprises in Vietnam are operating in national markets, and 22 per cent are operating in international markets. Of the 12 per cent operating within their local neighbourhood or district, most are rural co-operatives working to address issues within their local community, for example, to create sustainable livelihoods for indigenous minority-ethnic people who may be relatives and neighbours.

Figure 5: Geographical reach



Co-operatives in Vietnam

Co-operatives are businesses owned by their members and which bring people together to meet their common needs and aspirations through a jointly-owned and democratically-controlled business model. They aim to generate sustainable incomes in which profits may be distributed to members. They, therefore, share some characteristics with social enterprises and may, in fact, be considered as one form of social enterprise.

In Vietnam, co-operatives have been established for decades. Today, there are still thousands of co-operatives in the country, mostly in rural areas.

Co-operatives in remote areas or areas with economic challenges can create new jobs and so provide sustainable livelihoods for vulnerable groups. They may also aim to directly solve social and environmental problems, such as processing rubbish,

preserving traditional plantations, or breeding specialised cattle.

Despite the benefits which co-operatives can generate, the role and development of co-operatives in Vietnam may have been underestimated. Until now, there has been no agreement on the total number of co-operatives nationwide. According to the Bureau for Co-operatives in the Ministry of Planning and Investment, there are 19,000 to 21,000 registered co-operatives, of which nearly 13,000 are paying tax, indicating that they are in operation. Others may be unprofitable or do not have a tax code.

Although the institutional framework for co-operatives has been improved by the Law on Co-operatives (No 23/2012/QH13) replacing the old law of 2003, some argue that the state administration of the sector has not been operating effectively or

has not been appropriately supported or monitored. The model has sometimes had a poor reputation for effectiveness in the past. Co-operatives are not always recognised as distinct to conventional for-profit businesses. Furthermore, the double pricing scheme (giving special prices for members) of co-operatives can cause accounting problems. Another obstacle for co-operatives appears to be the low level of management skills among co-operative leaders, of whom only two per cent have a graduate degree.

Despite this, Vietnamese co-operatives are playing an active role in creating jobs for members; buying and delivering goods and services to member households; acting as secondary suppliers or retailers in value chains; and representing members in negotiations with larger corporations. Clearly, co-operatives can potentially fill gaps in local value chains, and make connections between suppliers and buyers.

Encouragingly, policymakers in Vietnam are starting to give greater acknowledgement

to the significance of the sector and its role in boosting the economy. For instance, Resolution 32 of the National Assembly included a target of 15,000 cooperatives working efficiently by 2020, within the framework of new rural development and agricultural restructuring⁶. Another government resolution (No 55/NQ-CP/2018 on 14/5/2018) was issued to develop a new decree for ‘co-operative groups’, which are smaller in scope than fully fledged co-operatives, but which can provide the foundation for co-operatives.

Not all co-operatives may necessarily be recognised as social enterprises or meet our defining criteria in practice. However, many of them do and may be considered as part of the social enterprise family in Vietnam and beyond.

(Source: Interview and discussion with the officers of the Bureau for Cooperatives, Ministry of Planning and Investment, on 15 January 2019)



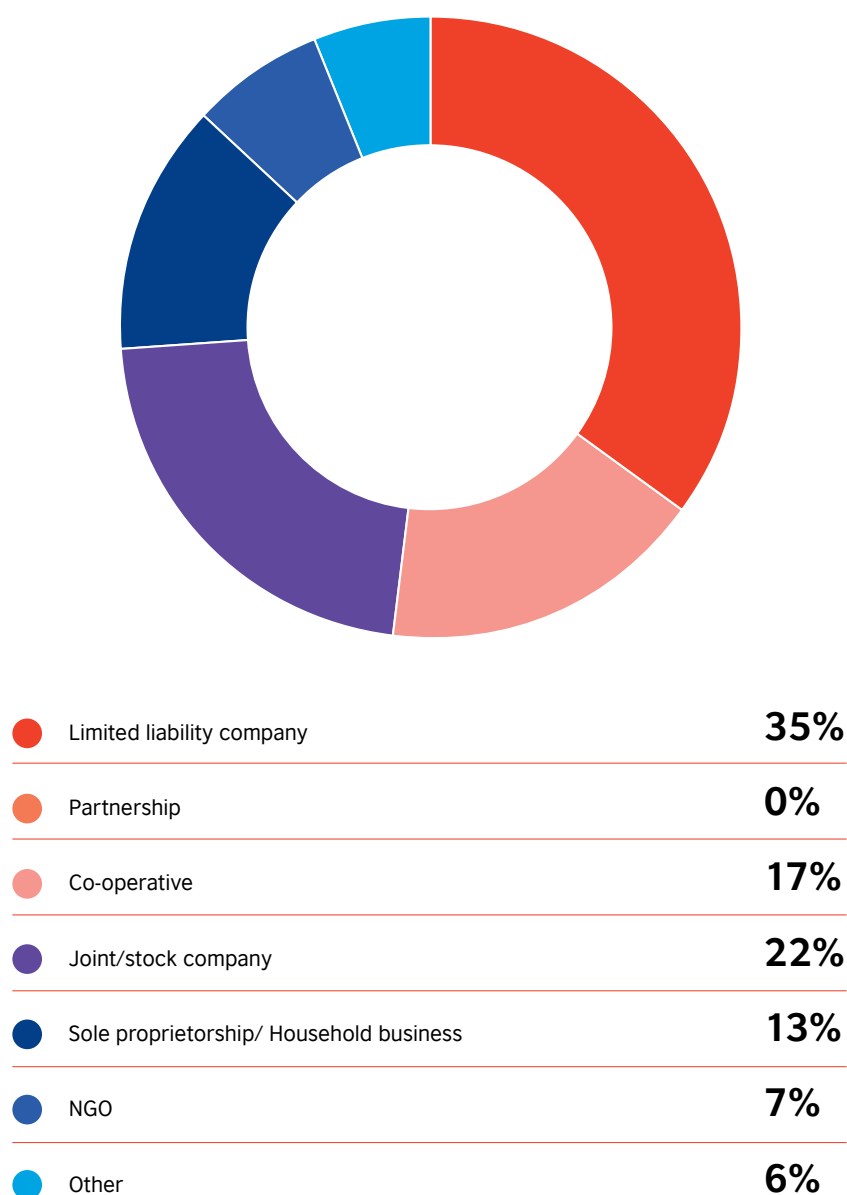
6. Website of the Ministry of Agriculture and Rural Development, Minister Nguyen Xuan Cuong: New model of cooperative will be determinant to upgrade Vietnamese agriculture, posted on 12/4/2018, viewed 11/3/2019. <https://www.mard.gov.vn/Pages/bo-truong-nguyen-xuan-cuong-hop-tac-xa-kieu-moi-se-la-nhan-to-quyet-dinh-dua-nen-nong-nghiep--.aspx>

4.4 LEGAL STATUS OF SOCIAL ENTERPRISES

Just 15 per cent of respondents are registered as social enterprises under the Enterprise Law 2014. Given that, at present, 88 social enterprises have registered under this law, the survey reached nearly a quarter of this population. Of these, over 50 per cent of social enterprises in Vietnam have adopted a conventional private sector structure for their business, with 35 per cent registered as a limited liability companies, 22 per cent as a joint/stock companies and 13 are sole proprietorships or informal businesses.

A total of 17 per cent are co-operatives, seven per cent are NGOs and six per cent are schools, private providers of public services or without formal organisational status. In addition, very few (only two per cent) operate as subsidiaries of other organisations, which means 98 per cent are working independently.

Figure 6: Legal status of social enterprises



4.5 AREA OF FOCUS (SECTOR)

4.5.1 Objectives

Amongst survey respondents the most commonly reported objective was creating employment opportunities (60 per cent), followed by improving a particular community (55 per cent) and supporting vulnerable people (42 per cent). Other common themes included protecting the environment/saving energy (32 per cent), providing access to quality products/services (31 per cent) and promoting societal cohesion (30 per cent). It's worth noting that respondents had the option of choosing multiple options.

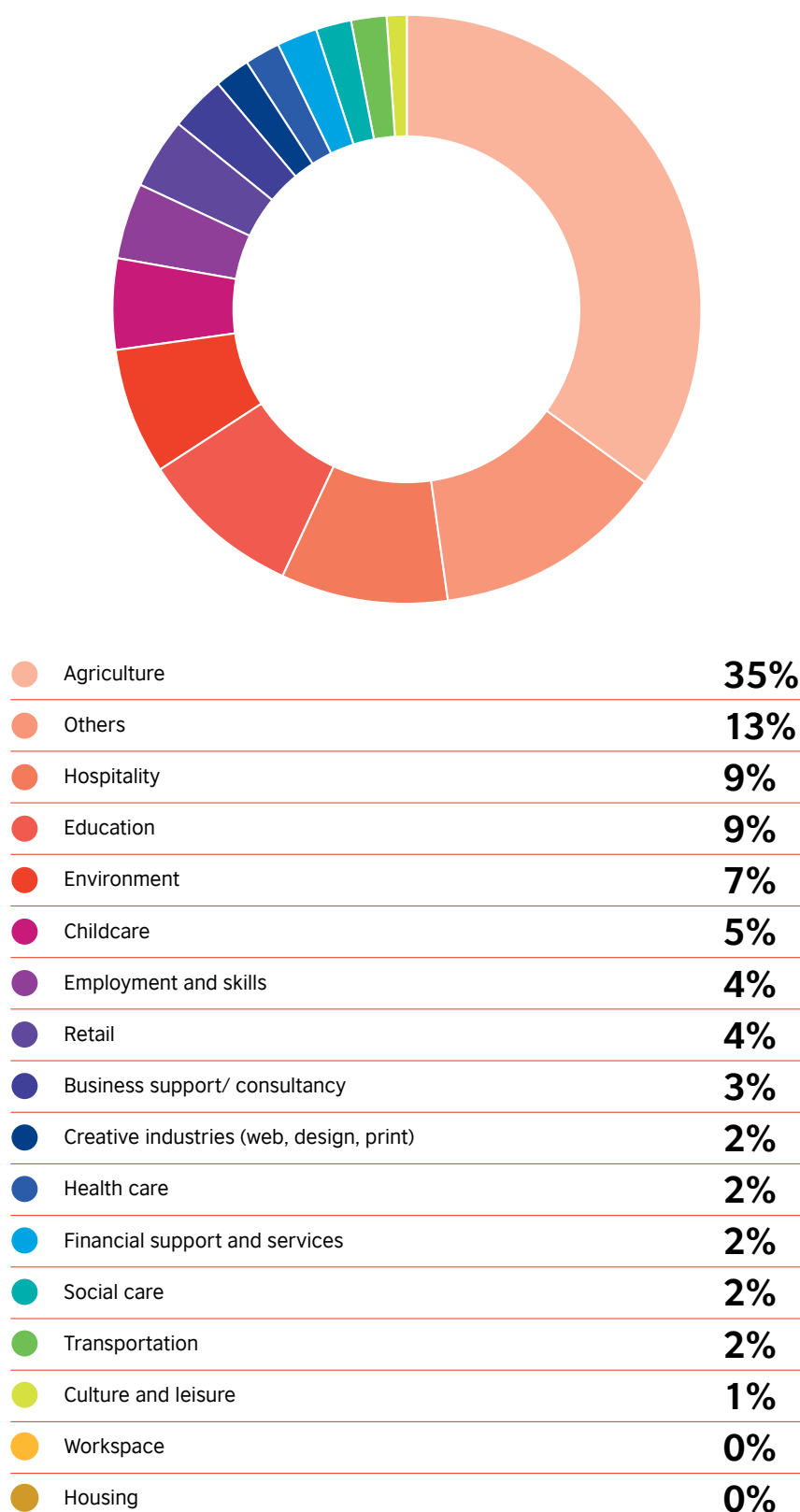
Figure 7: Social enterprises' objectives



4.5.2 Sectors

Social enterprises tend to work in sectors that are labour intensive, with a relatively low level of skills, innovation and technology. The most common sector in which Vietnamese social enterprises operate is agriculture, with 35 per cent of respondents working in this area. This is followed by hospitality (nine per cent), education (nine per cent) and the environment (seven per cent).

Figure 8: Social enterprise sector

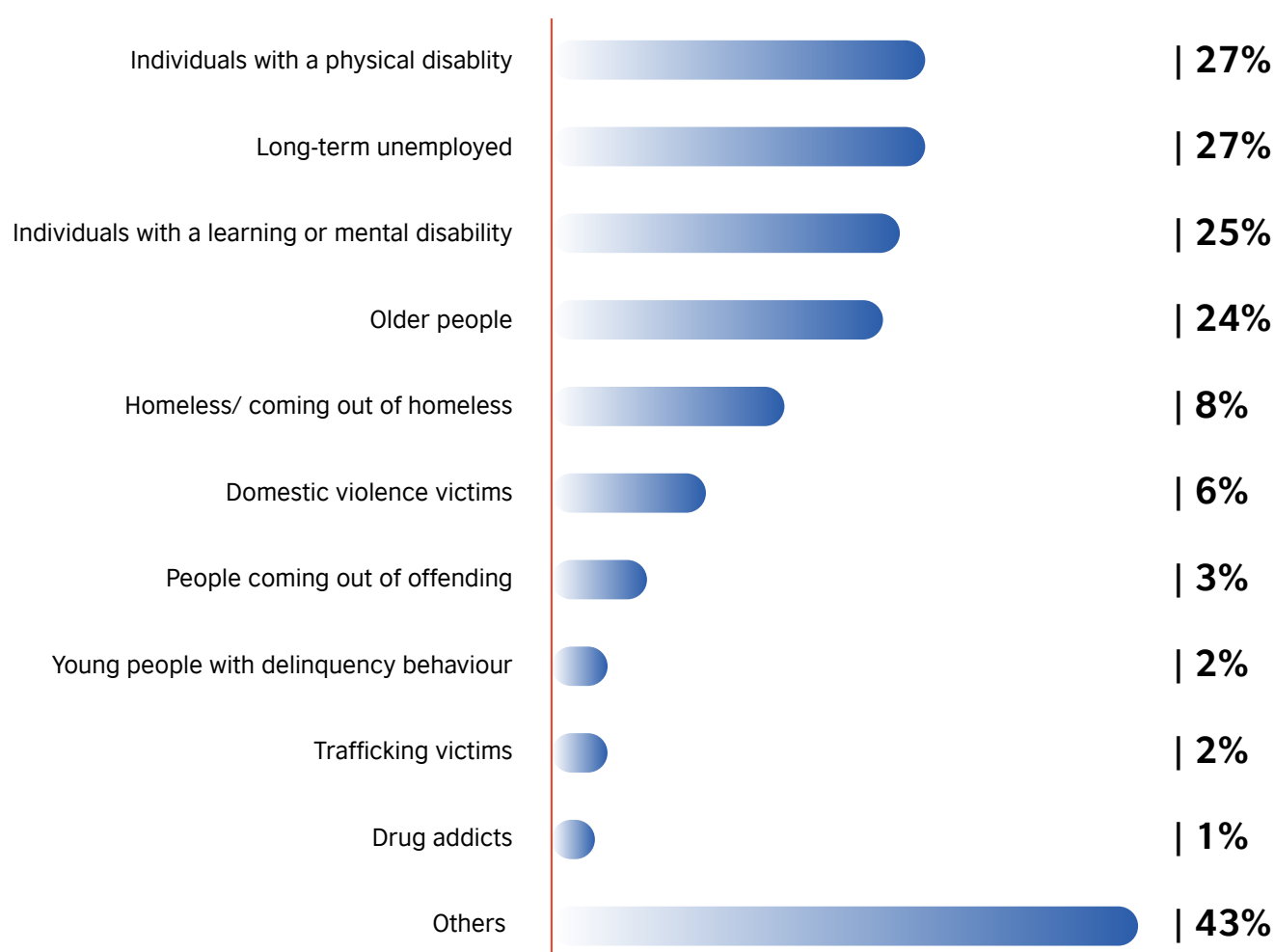


4.6 SOCIAL IMPACT

On average, each social enterprise in Vietnam is working to support nearly 2,000 people, mostly from local communities.

When survey respondents were asked about their primary beneficiaries, 27 per cent of respondents reported that their beneficiaries were individuals with a physical disability, 27 per cent reported that their beneficiaries were long-term unemployed, and 25 per cent said that their beneficiaries were individuals with a learning or mental disability, including children with autism and older people.

Figure 9: Types of direct beneficiaries supported by social enterprises



More than half of the social enterprises surveyed report that they do not measure their social and environmental impact. While 41 per cent do, only six per cent have an impact assessment that is externally validated.

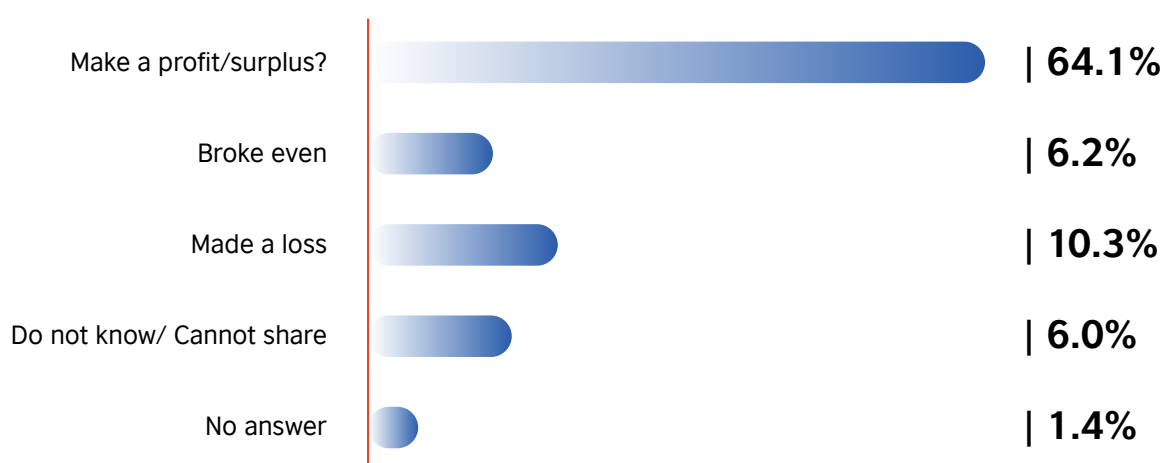
4.7 JOB CREATION FROM SOCIAL ENTERPRISES

Job creation is the most common objective of social enterprises in Vietnam, and is an objective for 60 per cent of respondents. On average, each social enterprise in Vietnam employs 42 full-time employees, with a median of 15. While most social enterprises are micro and small firms⁷, there are a few medium-sized enterprises, mostly involved in handicraft production.

4.8 PROFITS AND TURNOVER

Social enterprises in Vietnam are profitable businesses. Encouragingly, more than 60 per cent report that they have achieved a profit or surplus last year, with six per cent breaking even and only ten per cent making a loss. Notably, among the social enterprises operating in the agricultural sector, 78 per cent have made a profit. Hospitality is also another profitable sector, while education, environment and childcare seem to be less profitable.

Figure 10: Profit/surplus of social enterprises

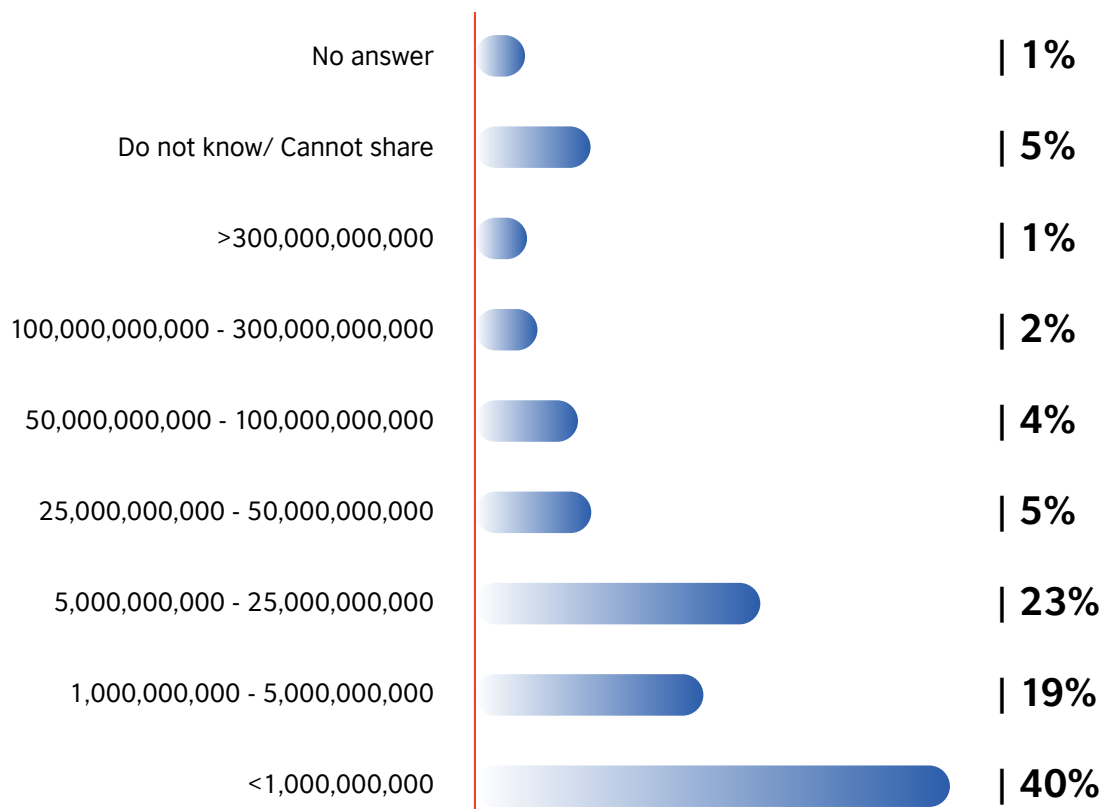


In terms of turnover, 40 per cent of the respondent social enterprises are turning over less than VND one billion. While 19 per cent report a turnover of between VND one and five billion, and 23 per cent report a turnover of between VND five and 25 billion. Only 12 per cent report turnovers in excess of VND 25 billion.

7. According to Decree 39/2018/ND-CP providing guidelines for the implementation of the Law on supporting small and medium enterprises, micro firms are those having less than ten full-time employees and turnover of less than VND three billion (for sectors of agriculture, industry); VND ten billion (services); small firms: less than 100 full-time employees and turnover of less than VND 50 billion (agriculture, industry); less than 50 full-time employees and turnover of less than VND 100 billion (services).



Figure 11: Turnover of social enterprises



4.9 GROWTH PLANS AND BARRIERS

4.9.1 Growth plans

Almost all social enterprises in Vietnam have plans for scaling up. When asked about their business plans for expansion over the next year, up to 91 per cent plan to grow. Growth strategies are most often based on attracting new clients and developing new products and services.

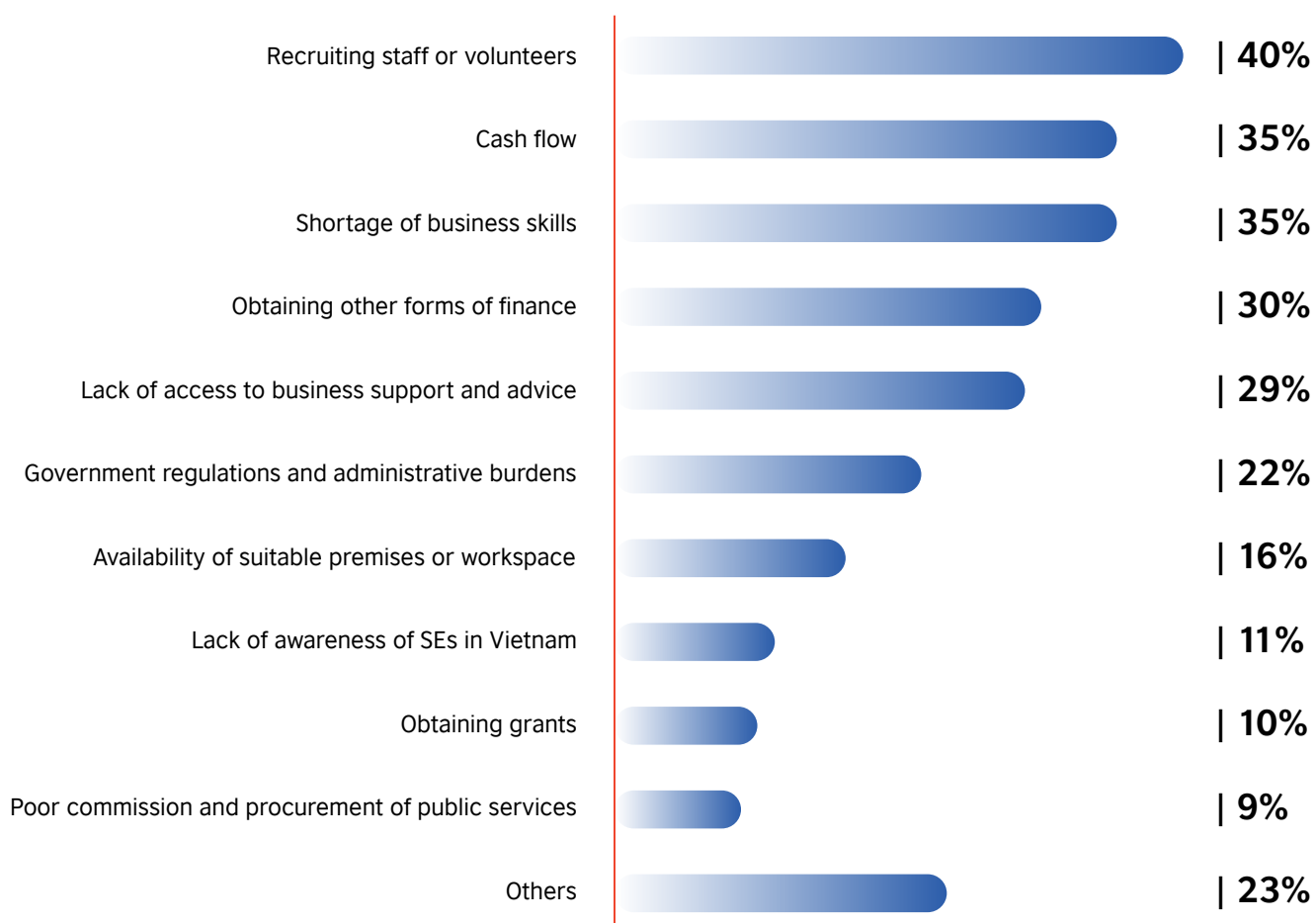
Figure 12: Social enterprises' growth plans



4.9.2 Barriers to growth

Vietnamese social enterprises rate recruitment of skillful employees and financial management as the top challenges they face. A total of 40 per cent of respondents say that the recruitment of staff or volunteers is a major barrier, and 35 per cent cite a lack of business skills. In addition, 35% cite cash flow as a major barrier to growth. Respondents were able to select multiple responses.

Figure 13: Barriers to growth

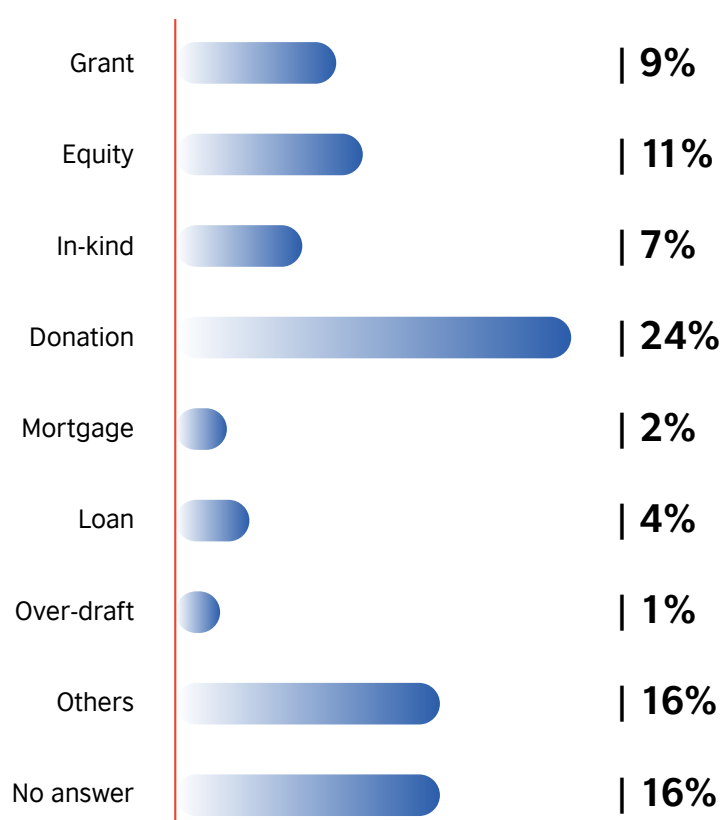


4.10 FINANCE SOURCES AND CONSTRAINTS

4.10.1 Sources of funding and finance

In relation to respondents' main sources of external funding and finance, the most common sources are donations (24 per cent), equity investment (11 per cent), grants (nine per cent) and in-kind resources (seven per cent). Only a very small number of social enterprises borrow money through loans (four per cent), take on mortgages (two per cent) or use overdrafts (one per cent). Again, multiple responses were allowed.

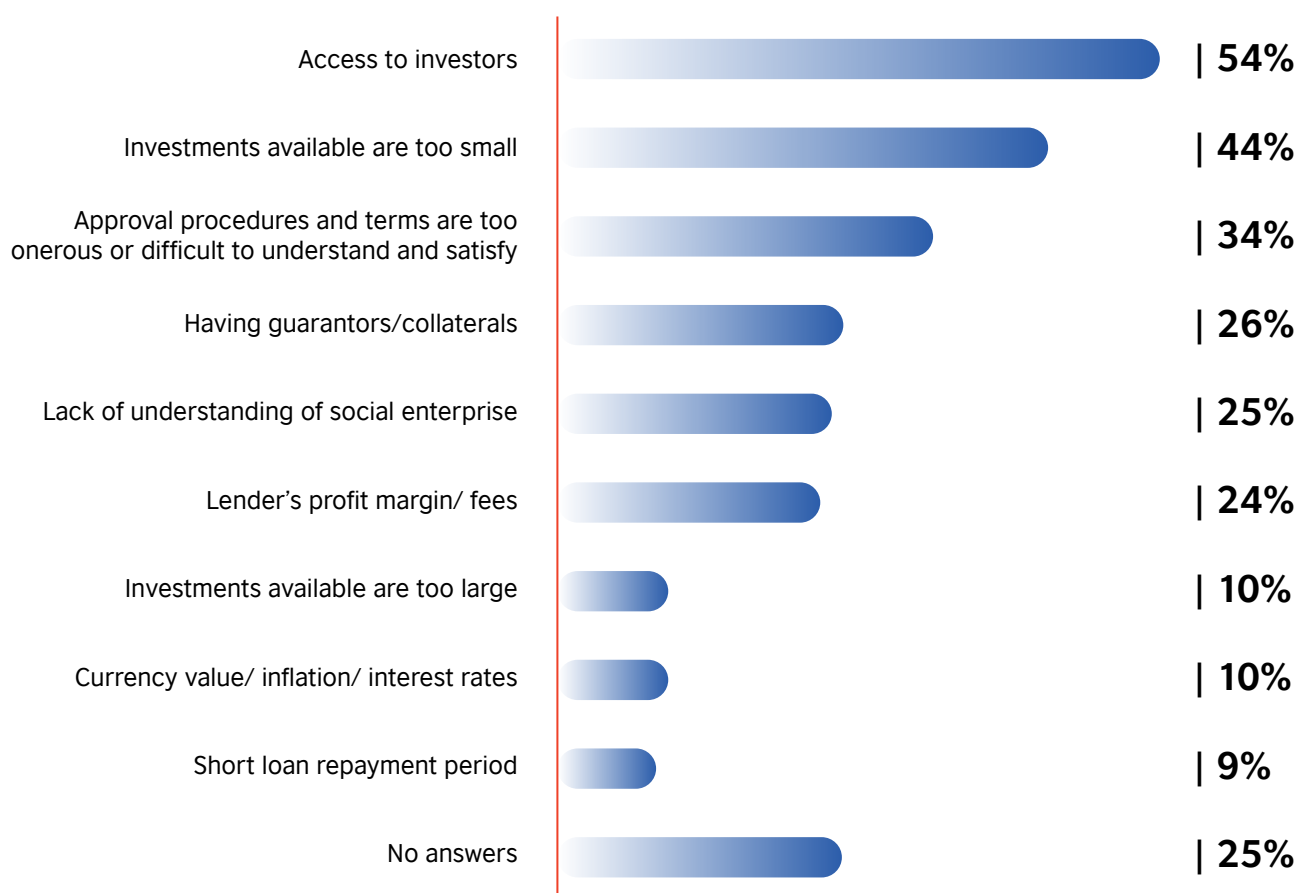
Figure 14: Sources of funding and finance of social enterprises



4.10.2 Financing constraints

The survey sought to further understand the financial challenges facing social enterprises. Respondents were asked to select the three main financial challenges faced by their organisation. Just over half of the respondents (54 per cent) report that they struggle with access to investors and the limited scope of investments which are available to them (44 per cent). They also report that approval procedures and terms are inappropriate (34 per cent). Having guarantors/collateral (26 per cent), insufficient knowledge of the social enterprise sector (25 per cent), and lenders' demand for returns or fees (24 per cent) are also problematic.

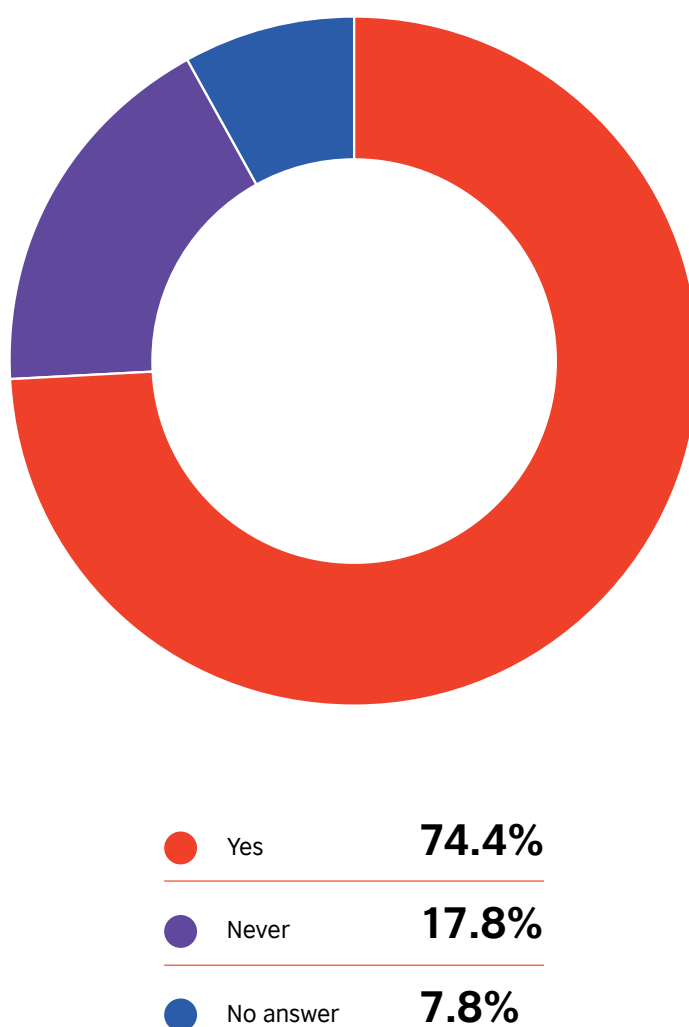
Figure 15: Financing constraints of social enterprises



4.10.3 Other forms of support

Support is important to social enterprises in Vietnam, with 74 per cent of respondents saying they have benefited from support from intermediaries. Just 18 per cent say they haven't received support, and eight per cent didn't answer. This shows the important role that support can play, with intermediaries and the likes of incubation centres in Vietnam supporting the development of the social enterprises.

Figure 16: Support programmes that have benefited social enterprises



The most popular forms of support are training (70 per cent), financing (49 per cent) and mentoring (40 per cent).

Figure 17: Form of support



Department of Labour, Invalids and Social Affairs, Hanoi

The Department of Labour was not involved in any consultation on the registration of social enterprises or supporting policies led by the Department of Planning and Investment. However, all social enterprises in Vietnam can benefit from the existing framework of favourable policies for organisations employing war-invalids, people with disabilities, people who have made (or whose families have made) war-time contributions to the country, and families with economic difficulties.

Incentives include tax exemptions or reductions, and support for the purchase of production inputs. The Department of Labour also delivers job matching, provision of labour market information and other labour policies, such as unemployment allowance through 13 centres in all districts of Hanoi.

In 2018, 231 enterprises received support from these centres, of which 42 enterprises recruited people with disabilities. Most of those firms are SMEs, but they may also fall under the umbrella term of social enterprises. The Department also provides welfare support for children and elderly people in difficult circumstances.

Source: Interview and discussion with the Department of Labour, Invalids and Social Affairs, Hanoi; 15/01/2019

CONCLUSIONS



The social enterprise sector in Vietnam is diverse, vibrant and growing. There is a new wave of start-up social enterprises in Vietnam, and 35 per cent of survey respondents have only been operating since 2015, mainly led by young people. While many social enterprises are small, with 40 per cent turning over less than VND one billion, over a third have turnovers higher than VND five billion.

Social enterprises in Vietnam are profitable businesses. Encouragingly, more than 60 per cent report achieving a profit or surplus last year, while six per cent broke even and only ten per cent made a loss. These are real businesses, which rely on trading activities as the main source of income.

Social enterprises take diverse legal forms. Some are registered as social enterprises while others have adopted a conventional private sector structure, co-operative or other form.

Most social enterprises in Vietnam are on a mission to create jobs. They are working in diverse sectors from agriculture to hospitality, education, the environment and beyond.

Social enterprises in Vietnam are supporting disadvantaged people. They commonly work with disabled people and the long term unemployed, for instance.

Social enterprises are nurturing spaces for women and young people to take on leadership roles. The leaders of social enterprises in Vietnam are relatively young with the largest group of social enterprise leaders (58 per cent) aged between 25 and 44 years old. Nearly half of social enterprise leaders are women, compared to 37 per cent of SMEs more widely.

Social enterprises operate across Vietnam and beyond. Around half are based in Hanoi and Ho Chi Minh City, but nearly half are in rural regions. Social enterprises in Vietnam don't just

operate locally, but have national and international ambitions. A total of 30 per cent of all social enterprises in Vietnam are operating in national markets, and 22 per cent are operating in international markets.

Social enterprises are optimistic. Almost all social enterprises in Vietnam have plans to grow through developing and launching new products or services.

But social enterprises do face barriers. Vietnamese social enterprises rate recruitment of skilful employees and financial management as the top challenges they face. When it comes to accessing finance, access to investors and limited scope of investment available are the main barriers. Only a very small number of social enterprises borrow money through loans, with grants and equity as more popular alternatives.

Support is important to social enterprises in Vietnam. A total 74 per cent of social enterprises surveyed say they have benefited from support from intermediaries. The support ecosystem has grown with new intermediary organisations, universities, donors, academia, investors and incubators all playing a role.

The government has developed a comprehensive policy framework to support SMEs in general and social enterprises, in particular. There are also policies to encourage businesses to give greater consideration to their social impact, such as who they employ. But the implementation of these policies, and access to and the take-up among social enterprises, still have some way to go.

The following section provides recommendations on how the social enterprise ecosystem can be further developed to enable social enterprises in Vietnam to contribute further to the country's social and economic development.

RECOMMENDATIONS

Social enterprises should be supported to make better use of existing policies, programmes, funding and incentives available to them. This is likely to require greater understanding of the support ecosystem, investment in capacity, knowledge and skills.

Stakeholders, such as intermediaries, incubators, donors and the media, should do even more to spread awareness and understanding of social enterprise in Vietnam. Networks, platforms, workshops, seminars, trade fairs, forums and websites can showcase the potential of social enterprise, business models, achievements and social impact.

Higher education institutions, universities and research institutions should be more active in spreading an understanding of social enterprise, nurturing the next generation of future social entrepreneurs. Grants, competitions and prizes can also encourage social enterprise start-ups of.

Social enterprises could pay more attention to how they can demonstrate their social value, while funders and investors could ease their demands in this respect, given the challenge for social enterprises in proving both their economic and social impact.

The government should continue its support for social enterprise, and should consider how social enterprises could be given more preferential treatment in procurement and commissioning. The legal framework could also be improved with respect to the implementation of current regulations of the Enterprise Law. This should also include:

- i) Consideration of the tax treatment of donations to social enterprise, which may discourage some social enterprises from registering under the Enterprise Law
- ii) How the reinvestment of profits is treated in the tax code
- iii) How social enterprises' commitment to their social mission is overseen by the government.

The government should also consider how understanding and awareness of social enterprise can be enhanced in local authorities and across diverse government departments.

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ANNEX 1

SURVEY QUESTIONS

SOCIAL ENTERPRISES QUESTIONNAIRE

(Only for research purpose of the State of Social Enterprise in Vietnam – a regional cooperative project between the CIEM – SEUK – British Council)

I. Basic information about the organisation

1. What is the name of your organisation?
2. In what year did your organisation begin operating?
3. Where in Vietnam does your organisation have its headquarters? [Pls specify the detailed address].....

II. Activities and Characteristics

4. What is the widest geographic area your organisation operates across: [single response]

- ☐ Neighbourhood ☐ Provincial ☐ Regional
☐ National ☐ International

5. How would you describe your organisation? [multiple responses allowed]

- ☐ Social enterprise ☐ For-profit enterprise ☐ Co-operative
☐ Non-profit organization ☐ Other [specify]

6. Have you heard of the concept of “social enterprise”?

- ☐ Yes ☐ No

7. Please tell us which of the following characteristics your organisation meets [multiple responses allowed/ tick all that apply]

- | | |
|--|--|
| ☐ Formally constituted | ☐ Democratically controlled/ participatory governance |
| ☐ Trading (selling goods and services for money) | ☐ Rules on limits to profit distribution |
| ☐ Defined community/ social / environmental purpose / benefit | ☐ Independent of the state |

8. In what legal form(s) is your organisation registered?

- | | |
|--|--|
| ☐ Limited liability company | ☐ Joint stock company |
| ☐ Partnership | ☐ Sole proprietorship/ Household enterprise |
| ☐ Co-operative | ☐ NGO |
| ☐ Other (specify)..... | |

Have you registered as “social enterprise” according to The Enterprise Law 2014? ☐ Yes ☐ No

9. Is your organisation a subsidiary of another organisation? ☐ Yes ☐ No

10. What are your organisation’s overall objectives? [Multiple response: select all that are applicable]

- | | |
|--|--|
| ☐ Improving a particular community | ☐ Creating employment opportunities (including for members) |
| ☐ Supporting vulnerable people | ☐ Improving health and wellbeing |
| ☐ Promoting education and literacy | ☐ Addressing financial exclusion |
| ☐ Protecting the environment/saving energy | ☐ Supporting women and girls / gender equality |
| ☐ Supporting vulnerable children and young people | ☐ Providing affordable housing |
| ☐ Supporting other social enterprises | ☐ Providing access to quality products/services |
| ☐ Fighting inequalities | ☐ Promoting societal inclusion |
| ☐ Promoting another model for work | ☐ Other (Specify) |

11. What is the main sector you operate in? / What is the principal trading activity of your organisation?
[single response only]

- | | |
|--|---|
| ☐ Housing | ☐ Retail |
| ☐ Workspace | ☐ Business support/consultancy |
| ☐ Childcare | ☐ Culture and leisure |
| ☐ Social care | ☐ Health care |
| ☐ Hospitality (cafes, restaurants) | ☐ Employment and skills |
| ☐ Creative industries (Web, design, print) | ☐ Creative industries (Web, design, print) |
| ☐ Financial support and services | ☐ Education |
| ☐ Environmental – recycling, reuse, awareness | ☐ Transport |
| ☐ Other (Specify)..... | ☐ Agriculture |

III. Economic data

12. What was your organisation's annual turnover in the previous financial year?.....(VND)

- | | |
|---|--|
| ☐ <1,000,000,000 VND | ☐ 1,000,000,000 – 5,000,000,000 VND |
| ☐ 5,000,000,000 – 25,000,000,000 VND | ☐ 25,000,000,000 – 50,000,000,000 VND |
| ☐ 50,000,000,000 – 100,000,000,000 VND | ☐ 100,000,000,000 – 300,000,000,000 VND |
| ☐ > 300,000,000,000 VND | ☐ Do not know/ Cannot say |

13. In the last year, did you make a profit or surplus? [single response]

- | | |
|--|--|
| ☐ Made a profit/surplus | ☐ Made a loss |
| ☐ Broke even | ☐ Do not know/ Cannot say |

14. How is your profit/surplus used? [multiple responses allowed]

- | | | |
|--|---|--|
| ☐ Reinvestment in the mission | ☐ distribution to shareholders | ☐ Distribution to employees |
| ☐ Distribution to members | ☐ Other (specify)..... | |

IV. Sources of funding

15. What forms of finance and funding have you received (in the last year or since you started operating)? [multiple response]

- | | | |
|--|---|------------------------------------|
| ☐ Grant | ☐ Donation | ☐ Loan |
| ☐ Equity | ☐ Mortgage | ☐ Overdraft |
| ☐ In-kind resources | ☐ Other (specify)..... | |

16. What proportion of your total income came from grants last financial year?

V. Employment

17. How many paid full time employees (40+ hours per week) do you currently employ?.....

18. How many paid part time employees (39 or fewer hours per week) do you currently employ?

VI. Community/ social and environmental goals

19. Does your organisation place emphasis on: [single response]

- | | | |
|---------------------------------------|--|---------------------------------------|
| ☐ profit first | ☐ collective benefit/social/environmental mission first | ☐ both jointly |
|---------------------------------------|--|---------------------------------------|

20. Do you consider any of the following groups to benefit directly from your organisation's core business activities? [multiple response/ tick all that apply]

- | | |
|---|--|
| ☐ Long-term unemployed | ☐ Individuals with a physical disability |
| ☐ Individuals with a learning or mental disability | ☐ Homeless / coming out of homelessness |
| ☐ People coming out of offending | ☐ Young people with delinquency behaviour |
| ☐ Drug addicts | ☐ Trafficking victims |
| ☐ Older people | ☐ Domestic violence victims |
| | ☐ Other (specify)..... |

21. How many people do you estimate you have supported in total in the last 12 months?

22. Do you measure your social and environmental impact? [single response]

- ☐ Yes, we measure it ourselves ☐ Yes, it is externally validated ☐ No

VII. Leadership

23. What is the highest level of education the person most responsible for managing your organisation has? [single response]

- ☐ Post-graduate ☐ Graduate
☐ High School ☐ Other (specify).....

24. What is the gender of the person currently in charge of your organisation? ☐ Male ☐ Female

25. In what age range is the person currently in charge of the organisation?

- ☐ 16–24 ☐ 25–44
☐ 45–64 ☐ 65+

26. Is the person currently in charge of your organisation from a vulnerable group as noted in Question 20? ☐ Yes ☐ No

VIII. Future planning/expectations

27. Do you have plan for business expansion over the next year?

- ☐ Yes ☐ No ☐ Don't Know [If Yes]

28. How does your organisation plan on achieving growth over the next year? [multiple responses allowed]

- | | |
|---|--|
| ☐ Increasing sales with existing customers | ☐ Expanding into new market segments |
| ☐ Expanding into new geographic areas | ☐ Developing new products and services |
| ☐ Attracting new customers or clients | ☐ Using information technology to be more efficient |
| ☐ Attracting investment or finance to expand | ☐ Merging with another organisation |
| ☐ Winning business as part of a consortium | ☐ None of these (please specify) |

29. What are the major barriers which your organisation faces? [top 3 only]

- | | |
|--|--|
| ☐ Obtaining grants | ☐ Obtaining other forms of finance |
| ☐ Recruiting staff or volunteers | ☐ Shortage of business skills |
| ☐ Cash flow | ☐ Lack of awareness of social enterprise in Vietnam |
| ☐ Lack of access to business support and advice | ☐ Availability of suitable premises or workspace |
| ☐ Government regulations and administrative burdens | ☐ Poor commissioning and procurement of public services |
| | ☐ Other (specify)..... |

30. What are your organisation's top 3 constraints to financing?

- | | |
|---|--|
| ☐ Lender's profit margin/ fees | ☐ Having guarantors/ collateral |
| ☐ Investments available are too small | ☐ Investment available are too large |
| ☐ Lack of understanding of social enterprise | ☐ Short loan repayment period |
| ☐ Approval procedures and terms are too onerous or difficult to understand and satisfy | ☐ Access to investors |
| | ☐ Currency value/ inflation/ interest rates |

31. Have you benefited from any supporting program of intermediary organisations (mentoring, incubation, training....)?

- ☐ Yes ☐ No

If yes, which kind of support was it? [multiple responses allowed]

- | | |
|------------------------------------|-------------------------------------|
| ☐ Mentoring | ☐ Incubation |
| ☐ Training | ☐ Financing |

IX. Finally

32. Are you happy for this information to be shared publicly?

☐ Yes

☐ No

33. Contact details - please provide contact details even if you do not want to share them publicly.

.....

.....

.....

34. If you are happy to be contacted again by any of the partners on this project, please indicate here

.....

.....

.....



ANNEX 2

SOCIAL ENTERPRISE IN HIGHER EDUCATION IN VIETNAM⁸

Social enterprise was first introduced to universities in 2012, through workshops in universities in Hanoi led by the British Council in Vietnam. The workshop at the National Economics University (NEU) began a long-term partnership between the British Council and the NEU as a key player in promoting social enterprise in research and education in higher education institutions (HEIs) in the country.

CURRENT CONTEXT

We can identify three key observations on the role of HEIs with regard to social enterprise in Vietnam:

1. The concept has evolved from social enterprise to broader approaches to social entrepreneurship, social innovation and impact start-ups

Center for Social Innovation and Entrepreneurship (CSIE), National Economics University

- Established in February 2017 with technical support from the British Council in Vietnam
- Its vision is to become a regional hub on social enterprise and social innovation

Three areas of activity

- **Social enterprise and social innovation research:** organise annual conference, publish country report, chair a scholars network, support PhD students, build strong research team, operate imapvietnam.org (interactive digital social enterprise and social innovation map)
- **Social enterprise and social innovation education:** Training of trainers, training of youth, develop training materials, first social enterprise master's programme in the region
- **Social enterprise and social innovation incubation:** operate Impact Space incubator, co/-organise social start-up competition, provide direct social enterprise support, co-run Buy Social Vietnam with partners.

Key partners

- British Council
- Institute of Social Innovation and Impact, University of Northampton
- UNDP Vietnam
- Programme 1665, Ministry of Education and Training
- Trinity Center for Social Innovation, Trinity College Dublin

8. This section was written by Associate Prof Dr Truong Thi Nam Thang, NEU – CSIE.

The concept of social enterprise was first introduced in universities in 2012 during management and business ethics courses delivered by teachers who had developed an interest in social enterprise as a result of participation in the introductory workshops and research launch events mentioned above. Subsequently, knowledge has developed more rapidly thanks to the Start-up Nation campaign initiated by the government in 2016, in which universities were seen as the most appropriate platform for fostering innovation and entrepreneurship. Innovation and technology start-ups have become more central to a range of ministries. Social innovation is perceived as a way of solving social problems, and social enterprise is now often understood as one form of social innovation.

Over the last few years, conferences and research papers began to discuss social innovation and social enterprise in parallel. The idea of ‘social impact business’ has been recently introduced by CSIE and UNDP in a report launched in September 2017. But in terms of teaching, only social enterprise and social entrepreneurship are embedded as established concepts, while social innovation and ‘impact start-ups’ appear only in a research context. However, many observers suggest that ‘social innovation’ may be a keyword in the coming years in the university context.

2. There are champions but few adopters in the university context

In 2012, the British Council organised the first social enterprise training of trainers of 30 country-wide university lecturers and intermediaries, and the first academic conference on embedding social enterprise into teaching and research in universities was organised at the NEU.

In 2015, the British Council signed a memorandum of understanding with the NEU to lead the movement of integrating social enterprise into teaching at HEIs in Vietnam. Annual international

Social enterprise related competitions available for Vietnamese students

- Vietnam Social Innovation Challenge by Enactus FTU
- Vietnam Youth for Social Innovation Challenge by CSIE and the British Council
- Dynamics by Hochiminh University of Economics
- Global Social Venture Competition by UC Berkeley Hass’ School of Business
- Social Business Competition by HEC Montreal
- SV-Startup by the Ministry of Education and Training

conferences at the NEU have become regional annual academic events, and field trips or international training of trainers workshops have been organised by the British Council with the NEU and lecturers of other universities, to build the capacity of teaching faculties.

In 2015, the NEU co-founded the Vietnam Social Enterprise Scholars Network with other key stakeholders in the social enterprise ecosystem. In February 2017, with the support of the British Council, the NEU set up CSIE as the first research and incubation centre in the country. Since 2015, the CSIE has played a leading role in parallel with the British Council and new partners such as Irish Aid and UNDP Vietnam, building the ecosystem of support for social enterprise and social entrepreneurship in the country, both in general and in universities more specifically.

Other universities are not engaged as deeply with social enterprise or social entrepreneurship. The engagement with social enterprise in universities is often still rather more at an individual level. However, we see social enterprise in classes and incubation centres at Foreign Trade University, Nguyen Tat Thanh University, Thai Nguyen University and Hanoi University.

Between 2009 and 2011, SIFE, now called Enactus, was active in Vietnam with a network of about ten student clubs for social entrepreneurship in universities in Vietnam. A few of these still exist, such as Enactus NEU, Enactus FTU and Enactus RMIT, while some have changed their name or operating model, such as Dynamics of Ho Chi Minh University of Economics. Enactus Foreign Trade University has hosted the Vietnam Social Innovation Challenge since 2012, as an annual competition for social enterprise ideas.

The CSIE also plays a key role in supporting young scholars to research social enterprise/social innovation in the country. Around ten PhD students have submitted their theses on social enterprise in Vietnam, and further ten candidates are working on theirs. This growing pool of researchers on social enterprise/social innovation is helping to spread these concepts in international and local publications and raising awareness about social enterprise/social innovation as an emerging research and teaching area.

3. The introduction of social enterprise in Enterprise Law 2014 has framed the perception of social enterprise among academia and provides a basis for the role of social enterprise in higher education

The legal definition of social enterprise gives it a legitimacy in research and teaching at universities. Before 2012, the concept attracted little attention. However, since 2015, the concept has been more embedded as a way of doing business in most of universities and disciplines, not only in business schools but in law, community engagement, social work, business ethics, management, CSR and entrepreneurship in teaching and textbooks. Faculty lecturers have become more confident at introducing social enterprise/social innovation into their teaching and research and pursuing their PhD theses on social enterprise/social innovation.

Future Perspectives

In 2016, Vietnam's government introduced the Start-up Nation concept, in which Vietnam is encouraged to play a role in the so-called Fourth Industrial Revolution. Accordingly, the government is investing heavily in start-ups and ecosystem building.

In the university context, at the end of 2017, the Prime Minister issued Decision 1665/QĐ-TTg to approve the development of entrepreneurship in all universities and colleges in Vietnam. With advocacy from the CSIE and the British Council, the Ministry of Education and Training has acknowledged social entrepreneurship and social start-ups as one of three entrepreneurship choices that universities should promote besides generic SME start-up and technology start-up.

In October 2018, the British Council in Vietnam signed a three-year memorandum of understanding with the Ministry of Education and Training to embed social enterprise into universities in Vietnam. By the end of 2018, 200 university lecturers had joined the training of trainers programme (see Chart 1).

ENHANCE (Strengthening National Research and Innovation Capacities in Vietnam) is an Erasmus-funded project for 2019, funded by the European

British Council and Ministry of Education and Training Agreement (2018-2020)

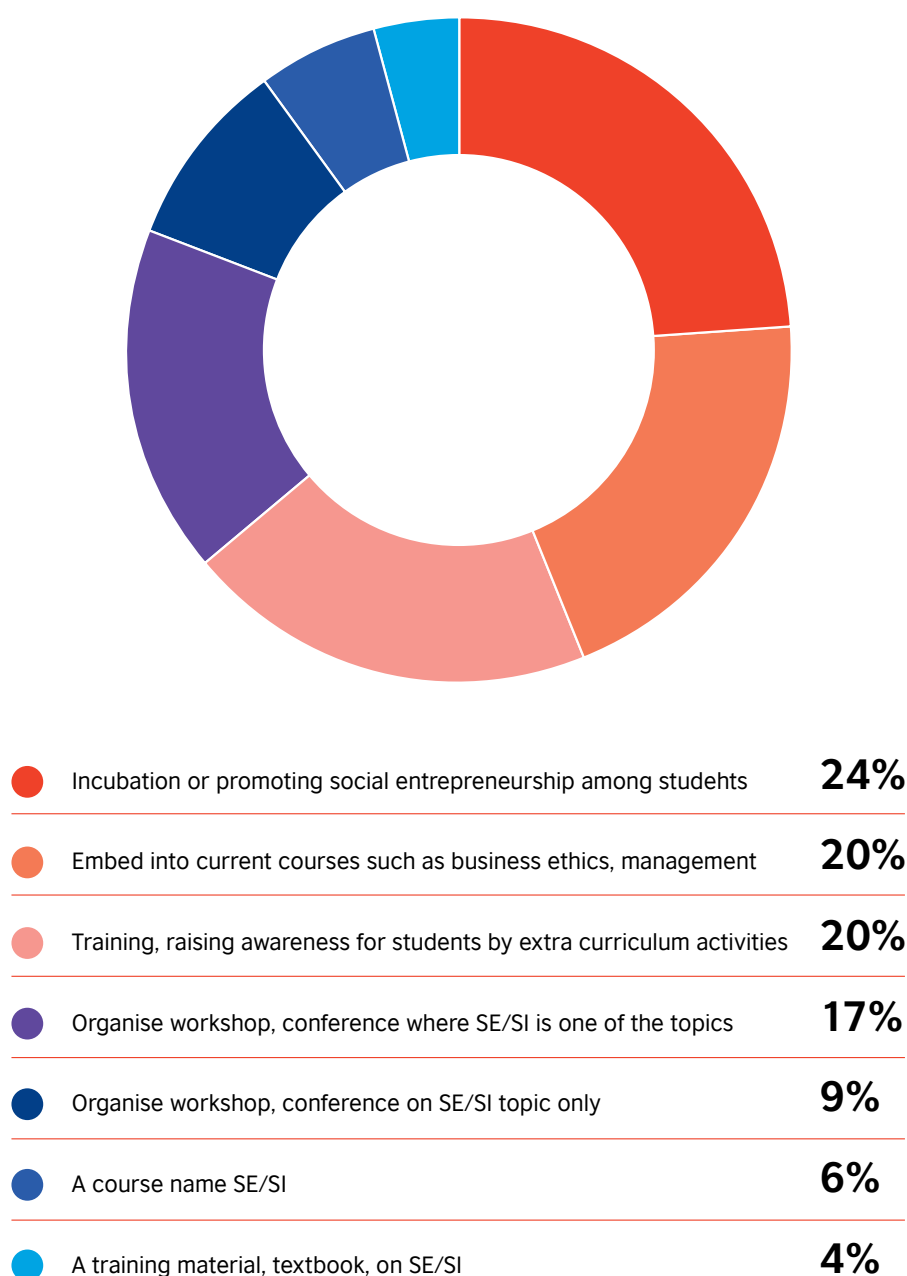
- Fostering social enterprise and social innovation workshops and training in universities
- Raising awareness for at least 30 per cent of university students
- Training 200 trainers through the Active Citizens Social Enterprise programme
- Initiate and maintain a network of educators and researchers

Commission, which will set up a centre to support social innovation in universities in Vietnam.

UNDP has a global programme called Youth Co:Lab, which promotes social entrepreneurship and 'impact start-ups' amongst young people. In Vietnam, UNDP has worked with the CSIE as one of its key partners in developing social innovation in the country, since 2018. UNDP is also developing a new initiative – the SDG Innovation Accelerator Lab – as another method for developing technology solutions to help achieve the SDGs.

In conclusion, the role of universities in the social enterprise ecosystem in Vietnam includes teaching, research, incubation, awareness raising, policy advocacy and ecosystem building. Such an active role of universities has been strengthened through cooperation with research institutes and supporting intermediaries, to form an enabling ecosystem for the social enterprise sector to thrive. Its significance and effectiveness should continue to result in and be reflected in the enhanced capacity of human resources in social enterprises for years to come.

Chart 1. SE Embedment in universities in Vietnam





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