

STEPuP

County Status-Quo Analysis

Thailand Country Report

Payap University

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List of Abbreviations

ASEAN	Association of Southeast Asian Nations
BOP	Bottom of Pyramid
BUU	Burapha University
CAF	Chao Phya Abhaibhubejhr Hospital Foundation
CBO	Community-based Organization
CBT	Community-Based Tourism
CSR	Corporate Social Responsibility
FGD	Focus Group Discussion
HEIs	Higher Education Institutions
INGO	International Non-governmental Organization
MSU	Maharakham University
NGO	Non-governmental Organization
NRC	National Reform Council
PSU	Prince of Songkla University
PYU	Payap University
SDGs	Sustainable Development Goals
SEs	Social Enterprises
SEC	Securities and Exchange Commission
SMEs	Small and Medium Enterprises
SROI	Social Return on Investment
SWOT	Strength, Weakness, Opportunities and Threat
THB	Thai Baht (Thailand's Currency)
TIJ	Thailand Institute of Justice
TSEO	Thai Social Enterprise Office
UNDP	United Nations Development Program
WP	Work Package

1. Executive Summary

Since the 1970s, Thailand has made remarkable progress in social and economic development, moving from a low-income to an upper-income country in less than a generation with strong gains along multiple dimensions of welfare. However, the country still faces many challenges in striving to achieve the Sustainable Development Goals such as growing inequality, an ageing population, social mobility, education inequality, and environmental degradation. These challenges have led to an increasing interest in the use of social enterprise to address some of the most pressing issues within Thai society by delivering both social impact and economic benefit. These modern-day social enterprises, such as OpenDream.com and LocalALike.com, were preceded by community businesses such as Cabbages and Condoms in 1974 and Doi Tung in 1989. To support the development of the Thai social enterprise sector, the government has over the past few years developed numerous policies to support the ecosystem, the most recent of which was the passing of the Social Enterprise Promotion Act in May 2019.

Social enterprises in Thailand have a varied assortment of impact goals but a large majority focus on community development. Other areas of focus include education, agriculture, health, and the environment. They have generally been formed out of cooperatives or community-based organizations (CBOs) with a smaller group of SEs founded by entrepreneurs or corporations. These SEs are generally small in size and revenue but seem able to generate profits or at least break even.

The SE ecosystem in Thailand is comprised of educational institutions, the government, social entrepreneurs, funders, and local communities. In addition, there are numerous enabling actors who support the development of the sector. Some enablers, such as Ashoka Foundation, School of Changemakers, Change Fusion and the Thailand Social Innovation Platform provide a wide range of services including incubation programs, capacity-building, networking, impact investment, etc., to a wide variety of social impact organizations. Others such as the Social Enterprise Thailand Association, The Mae Fah Luang Foundation Under

Royal Patronage, The Office of Social Enterprise Promotion, NISE Corp, and Yunus Thailand are more focused towards supporting social enterprises or social businesses.

Although the social enterprise ecosystem in Thailand is already fairly developed, there remain challenges that need to be addressed to ensure that the sector lives up to its potential. These challenges include the lack of skilled employees, business acumen among founders, access to funding, a lack of social impact measurement, centralization of the ecosystem in Bangkok, and overall confusion in both public and private sectors as to the exact definition of social enterprise.

Recommendations to address these challenges include the decentralization of the SE support ecosystem by developing provincial centers to increase access and opportunity to an SE ecosystem for those already existing social enterprises and social entrepreneurs who are planning to create one. In addition, long-term capacity-building activities should be offered to develop both the skills of the entrepreneurs themselves and to aid in the viability of the social enterprise. These activities can include mentoring and train-the-trainer programs as well as financial training to provide skills, confidence and opportunities to social enterprises looking to raise capital in a more cost-effective, direct way through crowdfunding. Lastly, as uniquely placed institutions to serve as a 'bridge' between the different stakeholders, Higher Education Institutions in Thailand should develop resource hubs for social enterprise practitioners and engage stakeholders from all sectors to tackle social issues and promote awareness of the social enterprise sector's potential.

2. Report Objective

Social Entrepreneurship is an economic reality in many Asian countries such as Thailand and Myanmar, however, it usually applies to small businesses struggling to make money with no prospect to grow. Social entrepreneurs either do not know that they are social entrepreneurs or have no knowledge on how to scale their business to make a real impact on society. Additionally, social entrepreneurship is not a desirable career path for young people, which is

partly due to the scarce educational offerings in higher education institutions. Innovative, disruptive business ideas need to emerge to not only tackle the societal challenges in the countries, but also to give students the possibility to acquire skills needed by the labor market to allow them to play an active role in society and achieve personal fulfilment.

In order to identify the specific issues facing social entrepreneurs in Thailand and Myanmar and the ecosystems within which they operate, the STEPuP project is implementing Work Package 1 (WP.1) as the first milestone of the project. In the context of Thailand, this work package aims to assess the current situation of social entrepreneurship, mainly focusing on the changes that were implemented in the past few years. The information gathered from the four partner country universities in Thailand will be summarized into a status-quo analysis report that will serve as a guideline to understand the ecosystem within which social entrepreneurship operates. Additionally, the research aims to identify which challenges are still present in both countries through a gap analysis and then develop capacity-building trainings to address these challenges as part of WP.2. Lastly, Good Practices will be collected from all European partners for joint learning opportunities.

In order to achieve the above outcomes, it is crucial that the status-quo analysis and evaluation of challenges be based on a clear methodology that will allow for the design and implementation of a suitable framework that will facilitate the achievement of the following work packages.

It is important to highlight that given the wide definitions of social enterprise and social entrepreneurship in consortium countries, and the often complex and diverse ecosystems within which they operate, the project's stakeholders are a vital source of information and insights into the state of the sector and these stakeholders can play a key role in helping to designing effective solutions to the issues be addressed through the STEPuP project.

3. Overview of Thailand

The Kingdom of Thailand is situated in the heart of the Southeast Asian mainland, covering an area of 513,115 sq.km. and extends about 1,620 kilometers from north to south and 775 kilometers from east to west. Thailand borders the Lao People's Democratic Republic and the Union of Myanmar to the North, the Kingdom of Cambodia and the Gulf of Thailand to the East, the Union of Myanmar and the Indian Ocean to the West, and Malaysia to the south. As of 2019, Thailand had a population of over 69 million people¹, a median age of 39 years (2020 est.) and a growth rate of 0.25% (2020 est.).²

Administratively the country is composed of 76 provinces. Although the greater Bangkok metropolitan area, which is the capital, remains the preeminent urban center in the country, there are other sizable cities, such as Chiang Mai in the north, Nakhon Ratchasima (Khorat), Khon Kaen, and Udon Thani in the northeast, Pattaya in the southeast, and Hat Yai in the far south.

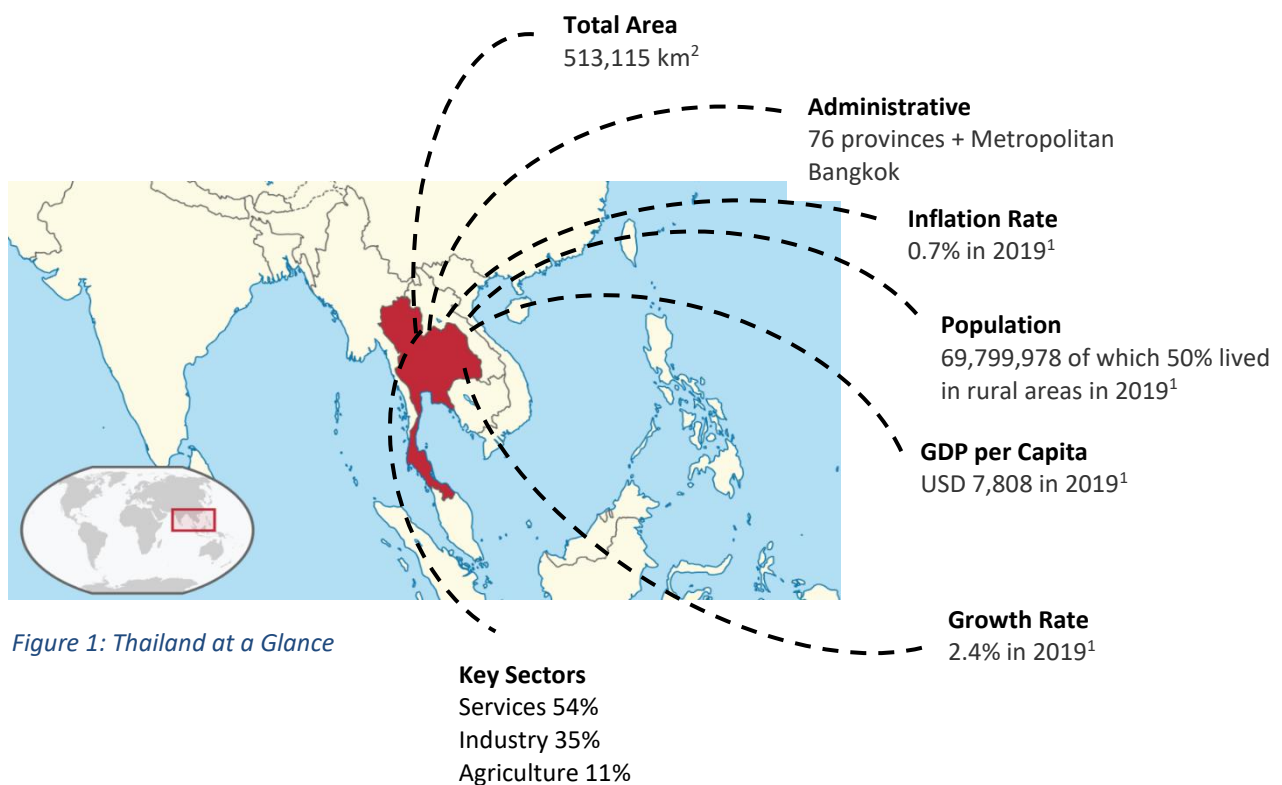


Figure 1: Thailand at a Glance

¹ <https://www.worldbank.org/en/country/thailand/overview>

² <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/th.html>

Thailand is a constitutional monarchy and parliamentary democracy; however, in recent history, its government has experienced multiple coups and periods of military dictatorships with the military taking power 12 times since the end of the absolute monarchy in 1932. The current prime minister, General Prayuth Chan-ocha, came to power in a coup in May 2014 and national elections in March 2019 saw him confirmed in office.

According to the World Bank, over the last four decades, Thailand has made remarkable progress in social and economic development, moving from a low-income to an upper-income country in less than a generation with strong gains along multiple dimensions of welfare including poverty-reduction, education, health-care and social security³.

However, Thailand still faces numerous economic, social and environmental challenges as can be seen by the latest 2020 Thailand Sustainable Development Progress Report Overview below (fig.2).



Figure 2: Thailand SDR 2020: Overall Assessment³

Source: Worldbank (2020)

Economic growth in Thailand is expected to contract in 2020 due to the impact of the COVID-19 (coronavirus) outbreak, through a decline in external demand affecting trade and tourism, supply chain disruptions and weakening domestic consumption. Even before the current unprecedented economic disruption, household incomes and consumption growth both

³ <https://www.worldbank.org/en/country/thailand/overview>

slowed nationwide in recent years. This has resulted in a reversal in the progress of poverty reduction in Thailand with the number of people living in poverty rising. Between 2015 and 2018, the poverty rate in Thailand increased from 7.2% to 9.8%, and the absolute number of people living in poverty rose from 4.85 million to more than 6.7 million.⁴

In terms of inequality, Thailand is ranked as one of the most unequal nations in the world, with a constantly widening gap between the rich and the poor. According to The Global Wealth Report and Databook, published in December 2018 by Credit Suisse, the richest 1% in Thailand now controls almost 67% of the country's wealth⁵.

Inequality in education is also a big challenge for the Thai authorities. Even though Thailand has made great progress in expanding basic education, closing the gap in attendance between socio-economic groups through sustained efforts to expand school coverage and compulsory education, a wide gap still exists between rural and urban education outcomes. The problem is particularly acute for students enrolled in village schools in rural areas, where 47% of 15-year-old students are functionally illiterate⁶.

Thailand is also experiencing a demographic revolution and is set to become a super-aged society within the next 15 years. The share of the population age 60 and older is about 20% at present and is projected to constitute 30% by 2050⁷.

Over the past 15 years, Thailand's prevalence of diabetes and hypertension have tripled and quadrupled, respectively, and combined with high rates of road injuries, has negatively affected adult survival rate. Only 85% of 15-year-olds are expected to live past age 60².

⁴ <https://www.aseantoday.com/2019/01/thailands-wealth-inequality-is-the-highest-in-the-world-what-does-this-mean-for-upcoming-elections/>

⁵ <https://www.aseantoday.com/2019/01/thailands-wealth-inequality-is-the-highest-in-the-world-what-does-this-mean-for-upcoming-elections/>

⁶ <https://www.worldbank.org/en/country/thailand/publication/wanted---a-quality-education-for-all-in-thailand>

⁷ United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision

In terms of environmental challenges, high energy-related CO2 emissions per capita and high vulnerability to climate change as well as a rapid loss of forest due to large scale deforestation need to be addressed⁸.

In response to these social and environmental challenges, the Thai government has already strategized a new economic model, Thailand 4.0, to transform the country into a value-based economy driven by innovation and technology in the next 20 years, supplemented by various development initiatives to achieve both social and environmental well-being. However, government policy alone is not enough given the complexity of the problems and changes in policies often take time.

4. STEPuP Social Enterprise Definition

As part of the development of this report, the consortium partners agreed on a definition of social entrepreneurship to be used throughout the STEPuP project.

“Social Entrepreneurship is the process of applying innovative business models to address social problems (for people and communities) by generating both profit and purpose. SE creates long-term value and achieves sustainable impact for society and the connected ecosystem.”

5. Typology of Social Enterprises in Thailand

Over the past 2 decades Thailand has faced many social challenges such as inequality, education gap, poor social mobility, and environmental degradation. This has led to an increasing interest in the use of social enterprise to address some of the most pressing issues

⁸https://s3.amazonaws.com/sustainabledevelopment.report/2017/2017_sdg_index_and_dashboards_report.pdf

within Thai society by delivering both social impact and economic benefit (Doherty & Chirapaisarnkul, 2016).

Whilst social enterprises in many countries can trace their origins to non-profit organizations diversifying their income away from grant-funded activities, social enterprises in Thailand are often found to be independent, new start-up ventures (SERIO, 2016b). From the first modern social enterprise, Cabbages and Condoms in 1974 to Doi Tung in 1989, to more recent technology-based SocialGiver.com and LocalALike.com, which was incubated and supported by Change Fusion, social enterprises are serving disadvantaged communities across Thailand (Doherty & Chirapaisarnkul, 2016, SERIO, 2106b).

The Thai government has developed policies to support social enterprises in different ways (see table. 1 below for timeline). The establishment of the Thai Social Enterprise Office (TSEO) in 2010 was designed to be a national focal point for promoting social innovation and social enterprise in Thailand. In 2016 the government announced the formation of the Pracharath Rak Samakkee Co., Ltd (Social Enterprise (Thailand) Co Ltd) which would have multiple shareholders including the Thai provinces and large Thai corporations such as ThaiBev, AIS and Mitr Phol (The Nation, 2016). As of 2020, it is still unclear how exactly these provincial SEs will work, who they will benefit and how the Thai corporations will be engaged. Lastly, the new Social Enterprise Promotion Act, enacted in May 2019, is designed to offer tax relief for corporations setting-up social enterprises and tax incentives for social investment as well as a framework for registering and regulating social enterprises in Thailand.

Table 1: Social Enterprise Ecosystem Development Timeline in Thailand

Year	Activity
1974	Population and Community Development Association (PDA) founded to promote family planning centering on rural regions
1988	The Mae Fah Luang Foundation under the Royal Patronage commenced the Doi Tung Development Project
1989	Ashoka expanded its operation to Thailand resulting in spreading of the core concept of social enterprises throughout the country
2009	National Social Enterprise Board (TSEB) founded with Prime Minister as Chair to increase awareness of SE to the public and develop supporting infrastructures that would enable the SE movement to grow in Thailand
2010	The five-year National Social Enterprise Master plan (2010–2014) developed
2010	TSEO (Thailand Social Enterprise Office) was set up, under the prime minister's office, to promote social enterprises and develop a network in Thailand
2015	The Stock Exchange of Thailand (SET) established the 'Social Enterprise Investment Awards' for listed companies who strategically contribute their financial and in-kind support to SEs
2016	The Royal Decree on Tax Exemption (No. 621) B.E. 2559 provides tax incentives for businesses that fall under the definition of a social enterprise
2016	Establishment of Pracharath Rak Samakkee Co., Ltd, a Social Enterprise, established with the aim of carrying out activities that are beneficial to the community and society, with no dividend payment to be made to shareholders.
2018	SE Promotion Draft Bill approved by cabinet to encourage businesses to conduct more activities for the benefit of society, and to encourage the private sector to shift their CSR approach towards long term development
2019	Enactment of Social Enterprise Promotion Act 2562 on 23 rd May 2019
2019	Social Enterprise Thailand Association (SE Thailand) founded

- **Main area of focus**

Social Enterprises in Thailand can be loosely categorized into four types based on their impact focus.

- **Beneficiary-owned:** These social enterprises are created and operated by either individuals or communities to address a social or environmental issue they face. The income generated from these types of social enterprise directly benefits the community in which the social enterprise is founded.

Example: Akha Ama, which started as one village's effort to grow and sell their own coffee at fair prices and has become a small but growing number of coffee shops in Thailand.

- Cross-subsidy: These social enterprises operate under a cross-subsidy model by selling products or services in the normal market, to use their profits to support products or services for social purposes.

Example: Social Giver, an online platform for donations to social organizations. The platform sets quotas for products or services from businesses in hospitality, including hotels and restaurants. Users of the platform can make donations to various social organizations and receive vouchers that can be redeemed for these products or services.



Figure 3: Thai Social Enterprise Models

- Social Needs: These social enterprises are created to expressly tackle a specific social need they have identified within a community or on a national level.

Example: The Chao Phya Abhaibhubejhr Hospital Foundation (CAF) was founded in 2002 as a non-profit agency, and has developed itself into a social enterprise, running the Abhaibhubejhr herbal product line. Profits are used to fund the state-owned Chao Phya Abhaibhubejhr Hospital in Prachinburi province and support other activities aimed at tackling health, social and environmental issues.

- Work-integration: These social enterprises are focused on providing either employment or training to marginalized groups within Thailand.

Example: The Lila Thai Massage Shop was established by the former Director of The Chiang Mai Women's Prison to support released inmates by providing training and employment.

Within Thailand, there are some regional differences in the focus of social enterprises given the varying socio-economic and environmental challenges.

- Eastern Thailand: Locally sourced distinctive natural products and tourism
- Southern Thailand: Agricultural production (crop, livestock, fisheries) and food systems (food processing and product) - most of the social enterprises are registered as the community enterprises (see fig. 4)
- North-eastern Thailand: Most Social Enterprises sell local products, including agricultural, herbal and silk and natural custom products
- Northern Thailand: Agriculture and agricultural product processing, Elderly care, Handicrafts and Tourism and Hospitality

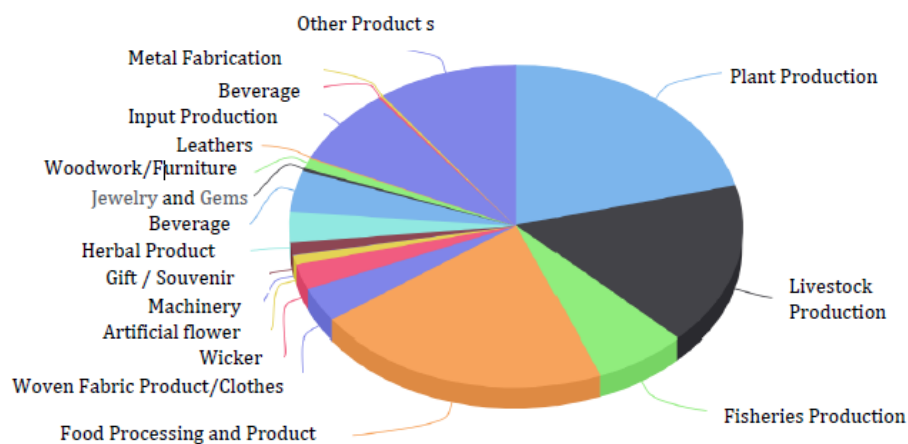


Figure 4: Number of community enterprises classified by business sector

Source: Community Enterprise Promotion Division (2020)

- **Mission and Goals**

A 2019 analysis of Social Entrepreneurship and Innovation Ecosystems in Thailand by ChangeFusion and the United Nations Development Program (UNDP), found that the mission and goals of social enterprises in Thailand vary widely, but a large majority focus on community development (see fig. 5 below) which accounted for just over half of the organizations analyzed. Other areas of focus include education, agriculture, health, and environmental conservation.

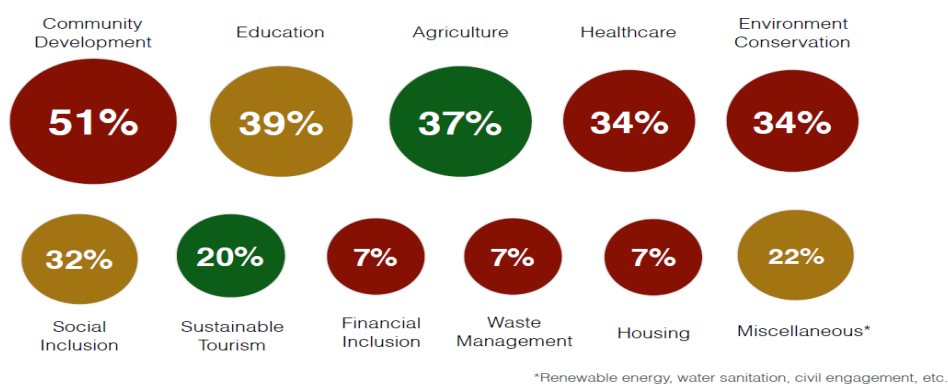


Figure 5: Breakdown of Social Issues focused on by Thai Social Enterprises

Source: ChangeFusion (2019)

In terms of looking at their missions and goals through the lens of sustainability, social enterprises in Thailand focus on:

- **Economic Dimension:**
 - Income generation to reduce poverty by increasing a community's income through agricultural, food safety or community tourism activities
 - Human resources development to offer employment to marginalized communities
- **Socio-cultural Dimension:**
 - Improve the quality of life of local communities such as focusing on women's health, the elderly or youth
 - To offer education for the underprivileged

- Environmental Dimension:
 - Efficient use of natural resources and conservation of the ecosystem

- Size

Many social enterprises in Thailand are formed as community-based organizations with small businesses entrepreneurs and corporate subsidiaries making up just 24% (fig.6).

Thai SE Organisational Forms

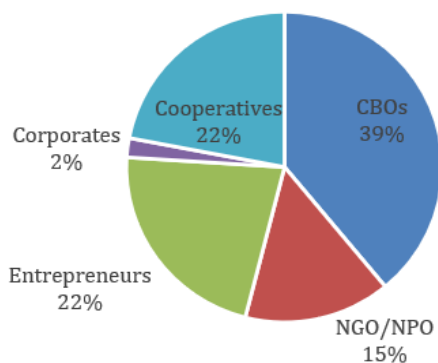


Figure 6: Thai SE Organizational Forms

Source: Jaruwannaphongapan (2016)

The nature of these organizational forms is reflected in their staffing levels. Of the 37 social enterprises researched by ChangeFusion, 80% had small teams in the range of 1-5 employees.

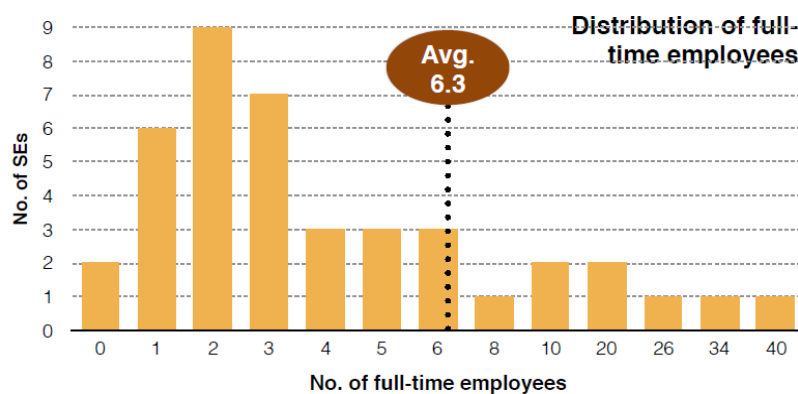


Figure 7: Size of Thai Social Enterprises

Source: ChangeFusion (2019)

There are also regional differences. In Southern and Eastern Thailand, most social enterprises have grown out of farmer's housewife groups within the community. At the beginning, these social enterprises focused on improving their members quality of life. Once their livelihood improved and they had a capacity to manage their own income the enterprises have expanded to include others within their own communities as well as other communities in the area and even to a regional and national level. According to the Community Enterprise Promotion Division (2020), the total number of the networks of community enterprises in Thailand was 528 of which 71 networks operate in the south.

Example: WANITA Economic Empowerment Academy (Pattani province, Southern Thailand). They started activities under the concept of sustainable development by establishing a platform for promoting the career path and improving the economic potential for women in the southern border area. They aimed to build the capacity of their members all along the value chain through training in marketing, leadership, and communication skills. Since 2012 WANITA's local incubation hub has supported 25 local SE or community enterprises and is currently cooperating with more than 56 different housewife groups and community enterprises in three southern border provinces and four cities in Songkhla province.

- **Legal Structure**

Until the passing of the recent Social Enterprise Promotion Act in 2019, there existed the following legal structures for a social enterprise:

- Non-registered ordinary partnership and limited partnership
- Private or Public limited company
- Association
- Foundation
- Cooperative
- Registered community enterprise / network

In this regard, many Thai social enterprises have registered as community-based social enterprises under the Community Enterprise Promotion Act (B.E. 2548). The new Social Enterprise Promotion Act creates a new legal form for social enterprises to form under which will be discussed later.

As can be seen from the below table (table. 2) key differences between the new social enterprise structure as enacted in the 2019 legislation and previous legal forms include taxation and acceptance of donations.

Table 2: Comparison of Legal Structure Available to Thai Social Enterprises

	New Social Enterprise Act Structure	1.Partnership	2.Private Company Limited	3.Public Company Limited	4.Foundation	5.Association	6.Cooperative
Overview	Dual purpose of profit-seeking and social causes	Traditionally aimed at maximizing profit for its partners	Traditionally aimed at maximizing profits for its shareholders	Traditionally aimed at maximizing profit for its shareholders	Non-profit and acts for public charities, religion, arts, science, education, or other public benefits	Non-profit	Act for the member's best interest
Ongoing Governance	Directors to manage business on behalf of the shareholders, and simultaneously contribute to social causes	Managing partner to manage the business on behalf of the partners	Directors to manage the business on behalf of the partners	Directors to manage the business on behalf of the shareholders. Stringent governance regulations, especially if listed on the stock exchange	Directors of the foundation oversee the activities of the foundation	Directors of the association oversee the activities of the association	Directors of the cooperative oversee the activities of the cooperative
Dividends Distribution	Yes, but with restricted dividend distributions to investors	Yes	Yes	Yes	No	No	Yes
Income Tax Rates Applicable (2016)	Tax-exempted (subject to conditions)	20% of net profits	20% of net profits	20% of net profits	Some categories of income exempt; 2% or 10% on gross income of other categories, unless Ministry of Finance grants exemption of all income	Same as a foundation	Tax-exempted
Liability	Limited	Unlimited for a non-registered ordinary partnership. Limited for a registered limited partnership	Limited	Limited	Limited	Limited	Limited
Share Issuance	Yes	Yes-but only privately	Yes-but only privately, and it cannot issue shares to the public	Yes-it can issue shares to the public	No	No	Yes – can seek certain qualified members from the public (e.g. those suffering from poverty and hardship etc.)
Acceptance of Charitable Donations	Yes	Generally prohibited	Generally prohibited	Generally prohibited	Yes	Yes	Generally prohibited

Source: British Council et al. (2018)

It should be noted that the community enterprise structure is not included in the table above because it is not actually a legal structure; it is only a form of registration to obtain certain benefits from the government. The community enterprise's features will depend on the

existing structure it has prior to registration as a community enterprise e.g. whether it is a private limited company or a registered partnership etc.⁹

- **Revenue**

According to the Japan Research Institute (2016), most social enterprises in Thailand had annual revenues of less than USD50,000 in 2016 (fig.8).

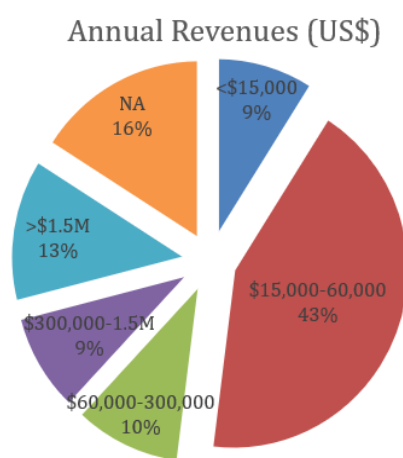


Figure 8: Annual Revenues USD

Source: Japan Research Institute

Thai SE Financial Performance 2017

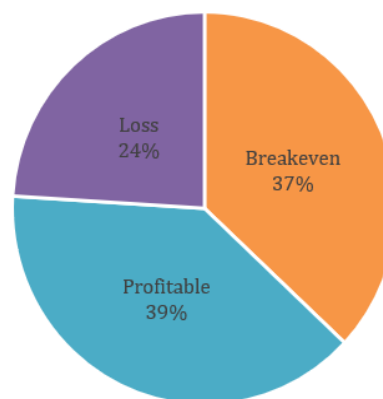


Figure 9: Social Enterprise Performance

Source: ChangeFusion (2019)

In terms of profitability, according to the ChangeFusion report (2019), most social enterprises managed to either break-even or generate profits in 2017 (fig. 9 above) The majority of those who were still running at a loss were in their venture stage (i.e. launched their business but had not passed breakeven point yet) with annual revenues of less than THB 500,000.

⁹ <https://www.trust.org/publications/i/?id=33c07f11-2ab3-4737-849c-8b821adf3ca9>

6. Regional Ecosystem: Key Actors

- **Educational Institutions**

In terms of Thai Higher Education Institutions, over the past few years, social entrepreneurship educational offerings have been developing quickly. Thammasat University offers a degree in Global Studies and Social Entrepreneurship (GSSE) at the bachelor's level. Chulalongkorn University's Social Entrepreneurship Organization, based at their Intellectual Property Institute (CUIPI), provides intellectual property education and support to social enterprises during the start-up phase. Udon Thani Rajabhat University launched the Master of Arts Social Entrepreneurship with the aim of supporting collaboration between practitioners, business leaders and academics in the North-eastern region of Thailand. King Mongkut's University of Technology Thonburi's (KMUTT) and Sriakarinwirot University are other examples of Thai HEIs developing social enterprise programs (British Council, 2015, SERIO, 2016b). In addition, there are currently two Yunus Centers based at Thai universities working on supporting social business initiatives by acting as knowledge hubs. The Yunus Centre based at the Asian Institute of Technology (AIT) has been in operation since 2009 while the Yunus Social Business Center at Kasetsart Business School opened in 2016.

At the project partner level, Burapha University in Eastern Thailand has the BUU Research Center and the Academic Service Center by Intellectual Property and Technology Transfer Office, both of which are institutional departments providing business incubation services to community enterprises via short courses, trainings and workshops.

Maharakham University in North-eastern Thailand founded the University-Industry Cooperation Center; UIC (UIC-MSU) and offer a "one program one community" course that facilitates students and staff at the university to cooperate with local communities.

Prince of Songkla University, located in Southern Thailand, provides capacity-building in knowledge, technical and financial support. The support is mostly via trainings, workshops,

short courses as well as incubation opportunity. For example, the Business Incubation Center (PSU, Science park) offers support for entrepreneurs by connecting research, innovation, technology and knowledge to their needs. The Faculty of Natural Resources plays an important role in supporting and helping local communities to be self-reliant through cooperation projects with government sectors. PSU is also home to the National Science Park – Southern Region which provides training courses and workshops such as Creative Innovation Program (Systematic Ideation, Idea to Business).

In Northern Thailand, Payap University offers a bachelor's degree Program in Social Enterprise Innovation and also has a Center for Social Impact, which strives to create meaningful strategic social impact by facilitating interactions between policy makers, practitioners, educational institutions, funders and the general public to promote and support social enterprises and other positive social impact initiatives. In addition, Northern Chiang Mai University has a partnership with Purdue University in the United States to offer a Social Entrepreneurship in Southeast Asia summer program, and Maejo University specializes in developing environmental social enterprises.

- **Government**

Over the past decade, the Thai government has been promoting social enterprises as a tool to help achieve the national targets for the sustainable development goals and thus improve the overall quality of life for Thai citizens. Social enterprises are viewed as an efficient and effective way for the government to work with the private sector.

In 2009 the National Social Enterprise Committee was created to increase awareness of the sector and facilitate access to finance. The Government also published a Social Enterprise Master Plan Act 2555 for 2010–2014 in which defined the strategies and policy guidelines to develop the social enterprise sector in the country including developing regulations, social and environmental indicators, intermediary organizations such as incubators, develop an

educational curriculum for social entrepreneurs and facilitate access to capital by setting incentives for investors (Agapitova et al. 2017).

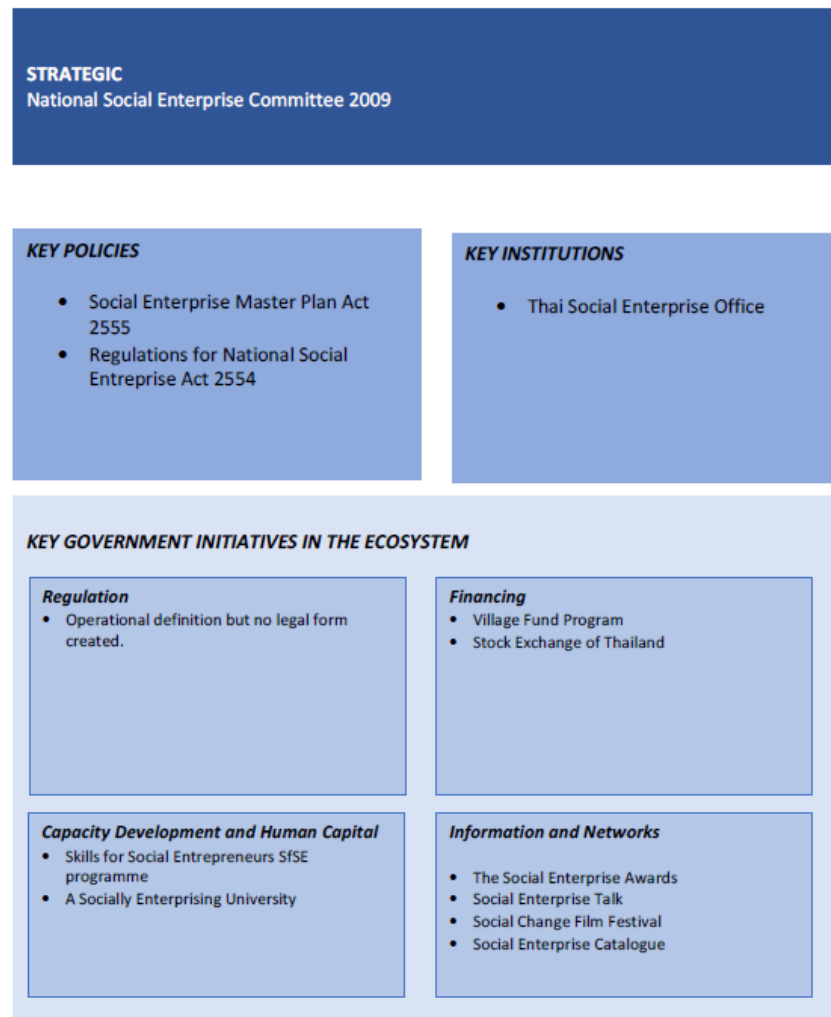


Figure 10: Thailand Social Enterprise Policy Frameworks

Source: Agapitova et al. 2017

Social enterprises in Thailand were first defined in the Regulations of the Office of the Prime Minister for National Promotion of Social Enterprises B.E 2554 (2011) as "an act of a private sector, which is a person, a group of persons, or a community, operating or carrying out businesses with initially the express purpose of addressing problems and developing a community, society or environment, and generating revenue by selling goods or providing

services not with the primary objective of maximizing profit for its shareholders." (British Council et al. 2018)

Between 2011 to 2017, the Thai government followed a policy of social enterprise reform and promotion. The National Reform Council (NRC) was the body appointed with the responsibility for reforming social enterprise law in Thailand, tasked with studying and recommending legislative action, and setting the vision and future direction of Thailand for the next 20 years.

The NRC conducted various public hearings, research projects and policy papers with the objective of creating a well-developed social enterprise ecosystem in which social enterprises are independent and self-sustainable, and not heavily reliant on government funding or private donations.

As can be seen from figure above (fig.10), key policy areas include

- Regulation including SE certification system and SE legal reforms
- Capacity development and human capital including social enterprise curriculums and Social innovation research systems
- Financing including social enterprise start-up grant program, SE fund, sustainable procurement program and tax relief for social enterprises and social investors
- Information and networks

In addition, The Thai Social Enterprise Office (TSEO) was created as an independent government agency under the Prime Minister Office in 2011, and it has been designed to be a national focal point for social enterprises.

In terms of support for social enterprises who have registered as a community enterprise, these organizations can obtain support from the Community Enterprise Promotion Division as well related government sectors such as Department of Industry Promotion and Community

Development Department. Furthermore, local government agencies also provide non-financial support in various forms such as knowledge transfer, training courses and study trips.

- **Social Entrepreneurs**

Social enterprises in Thailand have been generally founded by different groups or individual entrepreneurs that can be divided into 5 broad categories:

- **Social Entrepreneurs**

These social enterprises have been founded by individual social entrepreneurs because of specific social issues they wish to address. Many of these social entrepreneurs come from Gen Y, or Gen X and are particularly motivated to start a social enterprise by addressing social problems their family or community face.

Examples: OpenDream.com (using digital technology to innovate and develop tools targeted at areas of health, education, and livelihood) and LocalAlike.com (developing local host communities through community-based tourism tourism).

- **Community-based Social Enterprise and Network**

These social enterprises grow out of local enterprises, local tourism, cooperatives, and local financial organizations and are founded by larger groups or the community. Most SEs in Southern Thailand are registered as the community enterprises which developed from farmer groups. The founders of these SE's are generally from the older generations and are experts in agricultural production in crop, animal husbandry and fisheries.

Example: Klong Pia Savings Group (Microfinance providing funds to cover health, education, youth activities, occupations, welfare for the elderly, orphans and the disadvantaged, as well as funds to support the community's cultural conservation, infrastructure maintenance, and life-long learning programs)

- **Non-governmental Organization Social Enterprise**

These social enterprises are developed as income generation strategies of NGOs and were founded either by the employees of the organization or the NGO holds a share in the enterprise.

Examples: Doi Tung Royal Project (job creation, with profits being ploughed back into the hill-tribe communities to enhance health and education of the people and improve the environment) and Cabbage & Condoms (programs in primary health, education, HIV/AIDS, rural development, environment and water)

- **Governmental and State Social Enterprise**

These enterprises are founded by government agencies or the government/state enterprise holds a share in the social enterprise.

Example: Abhaibhubejhr Hospital Foundation (herbal product production, herbal product research and development, community development, social gap reduction, and environmental conservation)

- **Corporate Social Enterprise**

These social enterprises are developed and funded by corporations in Thailand who either seek to increase their social responsibility activities or focus on specific social issues within Thailand.

Example: Singha Park (Tourist attraction in Chiang Rai where Singha Corp is responsible for development, investment, marketing, and logistics while revenues flow back to the projects' employees and the communities)

- **Funders**

Thailand's first socially responsible investment mutual fund, B-KIND, was established in 2014 in collaboration with BBL Asset Management (BBLAM) and Khon Thai Foundation and is governed by principles of Environment, Society, Good Governance, and Anti-Corruption

(ESGC). 40% of the mutual fund management fee or 0.8% of the mutual fund value are allocated to support a wide range of social service organizations that meet sustainability criteria and have potential to multiply impact at wider scale, including social enterprises¹⁰.

In 2019 Thailand enacted the Social Enterprise Promotion Act. (Royal Thai Government Gazette, 2019) with the aim of further strengthening the Thai social enterprise ecosystem. However, one of the main limitations on social enterprise operations in Thailand is the source of financing available to them. Social enterprises generally rely on an initial investment from the private sector or loans from financial institutions which can affect both their operational costs and operational risks. Generally, these loan approval processes are multistep and complicated in terms of requirements, guarantees and risk assurance and especially burdensome for small scale social enterprises with limited staffing and budgets.

The Social Enterprise Promotion Act. BE 2562 requires the setting up of a Social Enterprise Promotion Fund. The fund relies on the following sources: 1) contributions from the social enterprise themselves (as of June 2020, the exact amount has yet to be announced). 2) administrative fines. 3) donated money or assets. 4) income from the financial management of the fund's assets. 5) other funds or assets received from the private sector both within the country and abroad, such as foreign governments or international organizations.

A study on social enterprise promotion in Thailand by Vichit Charasuksawat, (n.d.) found limiting factors related to financing, including 1) restrictions and conditions imposed by the funders; many of whom are foundations or funds that may focus on trying to influence the social enterprise to align their goals and objectives to reflect the goals and objectives of the funding organization. 2) limitations of risk because many funders are not yet confident in the stability and sustainability of the social enterprise sector and may be risk averse, therefore the social enterprise may have difficulty attracting investment. 3) limitations of knowledge and understanding of the specific challenges social enterprises face in balancing profit

¹⁰ <http://khonthaifoundation.org/en/causes/bblam/>

maximization with social impact creation among many private and social sectors which can limit access to funding including crowdfunding. As a result, the idea of Crowdfunding has been adopted as an alternative source of financing social enterprises.

The current Crowdfunding regulation in Thailand was issued under the Securities and Exchange Act B.E. 2535, supervised by the Securities and Exchange Commission (SEC) which aims to prevent negative impacts from crowdfunding investment. The SEC is responsible for regulating and determining the qualifications of an intermediary website provider (Funding Portal) which is responsible for selecting fundraising companies, investment limits, and issue size for fundraisers with a focus on debt and equity-based forms only. A study by Natthakrita Kulapatthanachot (2018) regarding the limited amount of investments found that restrictions on the offering of securities through crowdfunding has set limits for individual investors on investments in a 12-month period. The restrictions mean that within a 12-month period, investors can invest in any number of shares from offering companies, but the amount of investment in each company must not exceed THB 50,000, and the total investment amount must not exceed THB 500,000 per 12-month period. These restrictions may not be appropriate in times of a rapidly growing economy, where demand for financing is robust, and may well be inappropriate to the individual investors who are financially viable and ready to invest but are bound by the limitations set forth in the regulations.

As mentioned above, the SEC regulated crowdfunding space is exclusively focused on debt and equity-based types of investment. However, there are both domestic crowdfunding portals, such as ChangeFusion's taejai.com and international such as kiva.org, which offer a way for social investors to finance social enterprises on a reward or donation-based model.

Social enterprises that seek to conduct fundraising activities must also ensure compliance with the Fundraising Control Act B.E. 2487 (1944), which is the applicable law governing fundraising, a regulated and licensed activity in Thailand.

Under the law, fundraising includes any purchase, sale, exchange, compensation, or service which can be shown to be for a charitable (rather than business) purpose, either for contribution to a local government or for public interests. Fundraising activities can be conducted in public places or public advertisements.

Fund raising can only occur if the Fundraising Control Council (FCC) has approved it, except where:

- consent for fundraising has been given by the relevant ministry, government bureau, or department arrangement; or
- fundraising is for a public charity during a religious activity, etc.; or
- fundraising during a permitted trade fair (selling goods).

Additionally, there are several seed funding options available for Thai start-ups that are offered through incubation programs (UnLtd Thailand) and business plan competitions (Banpu Champions for Change). According to Doherty & Chirapaisarnkul (2016) this funding is often too short-term for social enterprises that require long-term capital investment support through their start-up and scaling phases. There are also SE ecosystem actors such as Change Ventures and the LGT Venture Philanthropy Accelerator Programs, but such funding is still limited and mainly focused on providing pre-growth and growth-stage funding.

Finally, The Stock Exchange of Thailand (SET) recommends its listed companies to make investment into social enterprises and in 2015 established the Social Enterprise Investment Award granted to listed companies successfully investing in social enterprises, with benefits and positive impact on society.

- **Local Communities**

Historically, Thailand's social enterprises have mainly grown organically out of community-based initiatives. One such initiative, 'One Tambon (meaning sub-district) One Product' (OTOP), is a local entrepreneurship stimulus program that aims to support the unique locally made and marketed products of Thai sub-districts all over Thailand.

In terms of developing social enterprises from the above kinds of initiatives, village communities are faced with the complex realities of trading beyond their borders which brings challenges such as delivery deadlines, quality control, production capacity, design preferences and marketing.

Additionally, local communities need to decide whether these enterprises become a full-time occupation or just income supplementation. Traditionally many villagers make products either for their own use or to be sold locally. These grassroots products are made during down time when farming or housework has been completed. Hence, production capacity and the ability to supply the volume of products required to sustain an enterprise becomes an issue.

- **Enabling Organizations**

Within the Thai social enterprise ecosystem, there are several actors supporting the development of social enterprises:

6.1.1. The Ashoka Foundation¹¹

Ashoka is a non-profit organization that supports various initiatives in the Social Entrepreneurship sector. The organization was founded by Bill Drayton in 1981 and currently operates in over 70 countries. Ashoka Thailand is an integrated program which identifies leading social entrepreneurs (Ashoka Fellows), designs infrastructure to support Fellow

¹¹ https://www.ashoka.org/en/our-network/ashoka-fellows/search?search_term=&field_country%5B0%5D=197

collaborations with private and public sectors, and nurtures young Changemakers. The social entrepreneurs, or Ashoka Fellows, are supported through a social venture capital approach. Ashoka approaches its goals on three levels – the individual, the group, and the sector. It identifies and invests in leading social entrepreneurs and helps them achieve maximum social impact. It also engages communities of entrepreneurs and develops patterns of effective collaborations that change entire fields. Ashoka also creates needed infrastructure, such as access to social financing, bridges to business and academic sectors, and frameworks for partnerships that deliver social and financial value.

Examples of ASHOKA fellow-led projects in Thailand include:

- Grassroot Innovation Network provides micro organic agriculture methods and inputs to over 1,000 poor rural farmer families that improve multi-crop farm productivity by over 400%.
- Huay Pla Lod Agricultural Cooperative, Ltd is creating a supply chain system for agroforestry products completely owned and operated by Thailand's highland ethnic communities.
- The Federation of Southern Fisherfolk (Thailand) is creating Thailand's first market for sustainably captured seafood, owned and operated by fishing communities by, simultaneously, creating a national awareness and consumes demand for healthy marine food.

6..2. School of Changemakers¹²

The School of Changemakers (SoC) is an organization that helps cultivate and provide mentoring for those who are interested and are keen on initiating social projects or activities and are looking for knowledge, tools and support. SoC started as a project under the Ashoka Foundation in 2012 and was funded by activities from the Office of the Health Promotion Fund (SSS) until 2017, when it separated from Ashoka and was established as a fully independent social enterprise. SoC focuses on 4 key areas of support:

¹² <https://www.schoolofchangemakers.com/>

- Resources such as funds / locations
- Tools and knowledge
- Coach, expert advisor
- Community or change network

Examples of SoC's projects include:

- Penguin Incubation - an 8-month incubation course for new generations of 25-35-year old's
- Changemaker Toolkits - a tool for creating and executing projects or businesses to promote social innovation
- Changemakers Incubation Network - a network of professors and those interested in creating a system to support changemaker education or entrepreneurship. (entrepreneurial university)
- Intrapreneur4Change - connecting business volunteers interested in social issues from social organizations to work together on a short project

6..3. **ChangeFusion**¹³

The ChangeFusion Group, founded in 2001, consists of organizations that share the mission of building impact innovations to rebalance economy, society, and nature. The ChangeFusion Institute is a non-profit institute under the Thai Rural Reconstruction Movement Foundation. It primarily incubates social innovations and social enterprises. ChangeVentures is an impact enterprise that advises on social innovation & social impact investment for social enterprises, corporations, and public organizations and ChangeCapital invests into promising enterprises that pioneer innovative and scalable impact solutions. In addition, the group also has a social crowd funding platform, Taejai.com, that empowers impact projects by connecting them with online social impact backers.

Current projects include:

¹³ <https://change fusion.org/>

- BANPU Champions for Change, an incubation program for young social entrepreneurs. Funded by the Banpu Public Company Limited since 2011, this program is open for youths to submit social business plans, either as individuals or teams. Beyond receiving seed funding, the teams participate in capacity development workshops throughout the program.
- Data for Change Lab which is exploring the use of innovative data management for sustainable development. The Big Open Data Against Corruption initiative is creating the first open dataset for anti-corruption practitioners and media to use to predict and prevent corruption. The project is a collaboration between Thailand Institute of Justice (TIJ), UNODC, Anti-Corruption Organization of Thailand (ACT), ChangeFusion, and OpenDream , with an initial funding from the Media for Social Justice fund in Thailand and TIJ.
- Taejai.com was launched in 2012, as social crowd funding site in partnership with OpenDream, Thai Young Philanthropists Network and For KON Thai foundation. The website is meant to support social groups, which can be non-profit organizations, social enterprises, or individuals, who have creative ideas to tackle social/environmental problems and need small start-up funds. Taejai projects cover many areas of social and environmental issues relating to children, women, handicaps, senior citizens, animals, education, environmental preservation, urban planning etc.

6..4. Thailand Social Innovation Platform¹⁴

The Thailand Social Innovation Platform (TSIP) is a part of the United Nations Development Program (UNDP) in Thailand. It is a Thai platform fully dedicated to the Sustainable Development Goals (SDGs), where social innovators in Thailand can access a unique eco system of entrepreneurs, corporations, start-ups, universities, foundations, non-profits, investors, etc. The platform seeks to strengthen the social innovation ecosystem in Thailand in order to better be able to achieve the SDGs by bringing together prominent public and

¹⁴ <https://www.thaileandsocialinnovationplatform.org/home/>

private sector actors to create a multi-stakeholder innovation facility to promote, unify and coordinate social innovation activities across the country. In addition to promoting social impact, the project aims to increase the capacity of Thailand's young generation to build start-ups and connect promising initiatives to a platform so they can create partnerships and scale up.

Project's that the platform has supported include

- Farmsook Ice Cream – A social enterprise that holds classes on how to produce homemade ice cream and teaches basic business skills to children from disadvantaged homes, orphanages, and foundations, mainly targeting children aged between 13-18 years old. The ice creams that the children produce are distributed and sold, with proceeds reinvested into the training program, as well as directed into a fund to support the children's future commercial business practices.
- EUNOIA is a knowledge sharing platform that aims to support the Thai elderly population to have a better later life and access to social inclusion by providing a platform for face-to-face and online interactions where they can get additional income by sharing their skills, knowledge and experiences.
- WEALTHI aims to address poverty through financial inclusion by launching a mobile application to help underserved low-income people gain access to financial services. The app uses Big Data and Machine Learning (ML) to analyze their traditional (e.g. socio-demographics) and alternative data (e.g. mobile usage) and generate a credit scoring algorithm that helps them access the formal funding sources normally unavailable due to lack of credit scores.

6..5. The Social Enterprise Thailand Association¹⁵

The Social Enterprise Thailand Association (SE Thailand) was established in January 2019, as an organized entity based on the unofficial network of social enterprises formed since 2016 and aims to enable Thai social enterprises to grow their businesses while tackling social and

¹⁵ <https://www.sethailand.org/en/about-en/>

environmental problems. SE Thailand provides a membership network to connect SE actors, capacity-building training and mentoring to local social enterprises, awareness campaigns and partnerships with international organizations.

6..6. The Mae Fah Luang Foundation Under Royal Patronage¹⁶

The Mae Fah Luang Foundation under Royal Patronage (MFLF) is a private non-profit organization established to improve the quality of life of marginalized communities. The Foundation provides the people in the project area with education, proper infrastructure, and legitimate ways to earn their living.

Projects by the MFLF that have focused on developing and supporting social enterprises in Thailand include:

- Navuti Company - set up in 1989 as a partnership between the public and private sectors and was one of the first corporate social responsibility endeavors in Thailand.
- Doi Tung Brand – project launched in 1989 to create jobs and community development for hilltribes in the Doi Tung area of northern Thailand. The brand now includes five business units: handcrafted products, coffee and macadamia food products, Café Doi Tung, horticulture and tourism. Since 2000, Doi Tung Brand has been self-sustainable.

6..7. The Office of Social Enterprise Promotion

The new Office of Social Enterprise Promotion was set up last year (2019) as a result of the enactment of the Social Enterprise Promotion Act. The office is responsible for the administration and academic tasks of the Social Enterprise Promotion Committee (which itself is responsible for designing strategy, policy, and promotional plans for social enterprise promotion on Thailand). The office is also responsible for providing advice, capacity-building and promotion of social enterprises as well as managing the new social promotion fund.

¹⁶ <http://www.maefahluang.org/>

6..8. The Stock Exchange of Thailand Social Impact¹⁷

The Stock Exchange of Thailand (SET) established the SET Social Impact Platform in 2016 with the aim of connecting the capital markets and society towards collaborative sustainable growth, while supporting potential social entrepreneurs. SET Social Impact works in the form of an online platform offering access to stories, knowledge, and joint activities to promote cooperation and create sustainable social development. The platform has 2 main mechanisms:

- Capacity-building for social entrepreneurs through various programs such as creating a learning network in higher education institutions (SE101@University), the ‘SE102’ program providing intensive skills training to potential social entrepreneurs and the ‘Impact Gym’ project that supports social enterprises by connecting them with senior executives from SET listed companies and experts in the area of coaching & mentoring.
- Building cooperation between the social and business sectors where the platform serves as an intermediary for meetings, knowledge exchange, and developing cooperation

6..9. Yunus Thailand¹⁸

Formed in 2019, Yunus Thailand works with large corporations to create joint-venture, non-dividend subsidiaries to solve human problems. In addition to the Yunus Thailand social enterprise, the Yunus foundation also has the following activities in Thailand:

- Yunus Center at the Asian Institute of Technology, Bangkok (YCA), founded in 2009, serves as a regional hub building capacity for Social Business across Asia Pacific.
- Yunus Social Business Center at Kasetsart University (YSBC Kasetsart) was opened in 2016 as a close partner of Yunus Center AIT to increase Social Business awareness and action in Thailand.
- The Thailand Social Business Initiative (TSBI) is a partnership between the Yunus Center AIT, Thaipat Institute and Image Plus Communications. TSBI was created with the

¹⁷ <https://www.setsocialimpact.com/home>

¹⁸ <https://yunus-thailand.org/>



mission to propagate the Social Business concept amongst the Thai business community, to empower sustainable and equitable economic growth in Thailand.

6..10. **NISE Corp. SE**¹⁹

Nisecorp SE Company Limited (NISE) was established in 2011 with the intention of promoting network partners in the public, private and social sectors to drive the development of the social enterprise sector. They have 3 key goals strategies:

- Drive cooperation between public, private and social networks, both at the policy level and in practice to pursue the sustainable development goals
- Develop good practice International standard frameworks, knowledge, information and research
- Promote and raise the standards of organizations through providing social impact training

6..11. **WFTO-ASIA**²⁰

The World Fair Trade Organization, Asia (WFTO Asia) is a regional network of organizations that represent the Fair-Trade supply chain from Producer to Exporters, wholesalers, and shops. WFTO-Asia enables dedicated producers, co-ops, and organizations in Asian 19 countries to seek greater equity in international trade.

In Thailand, the WFTO has 8 registered organizations, which are mainly social enterprises, such as Thai Tribal Crafts Fair Trade, WEAVE (Women's Education for Advancement and Empowerment), Lofty Bamboo and Soap-n-Scent.

In term of regional enabling organizations, below are examples of organizations that support their local social enterprise ecosystem

¹⁹ www.nisecorporation.com

²⁰ <https://wfto-asia.com/about-us/>

Table 3: Regional Enablers

Region	Organization
Eastern	BUU Research Center, Academic Service Center by Intellectual Property and Technology Transfer Office Chamber of Commerce
North Eastern	University-Industry Cooperation Center; UIC (UIC-MSU)
Southern	WANITA Economic Empowerment Academy PSU Science Park
Northern	Center for Social Impact – Payap University Social Entrepreneur Network Chiang Mai Chiang Mai Social Enterprise Company

7. Regulatory Environment

On May 22, 2019, the Social Enterprise Promotion Act 2562 (2019) as enacted into Thai law. This new act now regulates the definition, promotion, support, and funding of social enterprises in Thailand and is broadly divided into six sections covering key areas under government mechanisms and the social enterprise sector itself: (see fig. 11)



Figure 8: Summary of Social Enterprise Promotion Act 2019

Source: Rojphongkasem (2019)

- **Government Mechanisms**

- The Social Enterprise Promotion Committee

The committee is responsible for designing strategy, policy and promotional plans as well as approving operational plans proposed by the Social Enterprise Promotion Office. The committee reports directly to the cabinet and can recommend improvements to current regulations.

- Social Enterprise Promotion Office

The Social Enterprise Promotion Office is responsible for the administrative and academic tasks of the above committee as well as providing advice, training, and promotional activities to the sector's actors.

- **Social Promotion Fund**

The fund is intended to provide loans to social enterprises as well as grants to early-stage businesses. The fund relies on the following sources: 1) contributions from the social enterprise themselves (as of June 2020, the exact amount has yet to be announced). 2) administrative fines. 3) donated money or assets. 4) income from the financial management of the fund's assets. 5) other funds or assets received from the private sector both within the country and abroad, such as foreign governments or international organizations.

- **Social Enterprise Mechanism**

- **Social Enterprise Registration**

Under the new act, organizations intending to register as social enterprise, must meet the following conditions (fig.12).

1. They must be a legal entity (juristic person under Thai law)
2. They must have a social purpose in setting up the business
3. At least 50% of revenue should come from selling products or services
4. No less than 70% of profits must be reinvested back for social purposes
5. Good governance
6. Applicants must not have had a business registration application revoked within the past 2 years
7. No composition of over 25% of senior management who were part of an entity that had its business license revoked

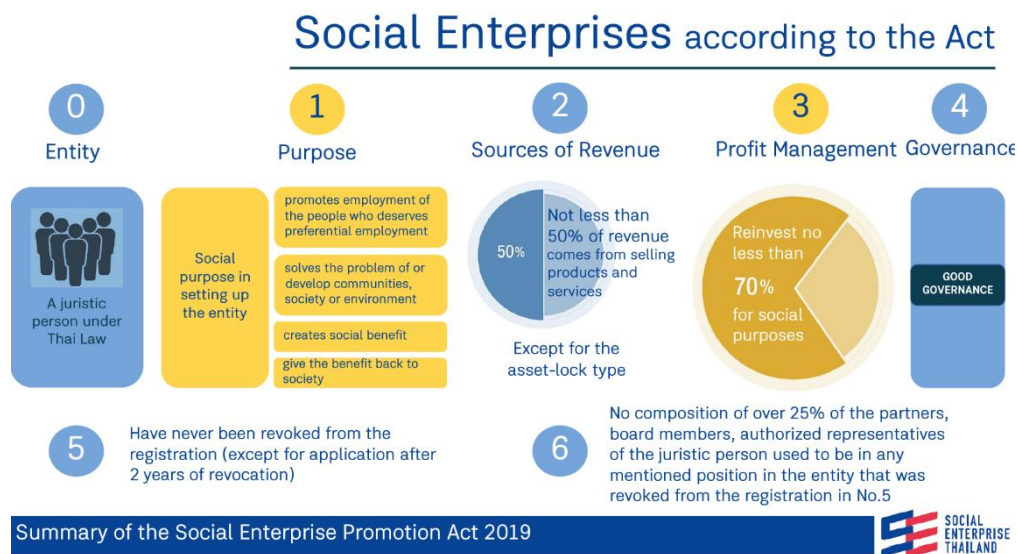


Figure 9: Definition of Social Enterprises - Social Enterprise Promotion Act 2019

Source: Rojphongkasem (2019)

- **Social Enterprise Benefits (Taxation and Funding)**

The Royal Decree on Tax Exemption (No. 621) B.E. 2559 in 2016, provides tax incentives for businesses that fall under the definition of a social enterprise, as long as they meet certain qualifications, as well as for investors and donors who contribute to social enterprises. To qualify for corporate income tax exemption on its net profits, 100% of a social enterprise's profits must be invested back into the business or used for the benefits of the groups listed in the registration criteria above.

To be eligible for the corporate income tax exemption, a social enterprise must also:

- include the words "social enterprise" in its name.
- be certified as a social enterprise.
- not pay assessable income (dividends, share of profits, or income from capital reduction) to shareholders or partners.
- not transfer property used in the business except as prescribed by the Director-General.
- not be a contracting party of its shareholders or partners, and there must be no payment of any remuneration to its shareholders or partners, including

related persons of shareholders or partners, except where prescribed by the Director-General.

- not change the form of business operation from a social enterprise to another type of business before the lapse of ten accounting periods, starting from the accounting period when the business was approved to be a social enterprise; and
- comply with other rules, procedures, and conditions prescribed by the Director-General.

In addition, companies and juristic partnerships investing in social enterprises can enjoy corporate income tax exemption of 100% of the amount invested in the social enterprise, provided that the social enterprise meets all of the requirements specified above, with the exception that the social enterprise can pay a maximum of 30 percent of its profits in dividends, share of profits, or capital reduction. Companies and juristic partnerships donating money or property to a social enterprise can enjoy corporate income tax exemption of up to 2% of their net profit, provided that the social enterprise meets all of the conditions specified above, with the exception that the social enterprise can pay a maximum of 30 percent of its profits in dividends, share of profits, or capital reduction. In considering the 2% cap, donations to social enterprises must be included in aggregate with other qualified charitable donations.

Social enterprises that seek to conduct fundraising activities must ensure compliance with the Fundraising Control Act B.E. 2487 (1944), which is the applicable law governing fundraising, a regulated and licensed activity in Thailand. Under the law, fundraising includes any purchase, sale, exchange, compensation, or service which can be shown to be for a charitable (rather than business) purpose, either for contribution to a local government or for public interests. Fundraising activities can be conducted in public places or public advertisements.

Fund raising can only occur if the Fundraising Control Council (FCC) has approved it, except where:

- consent for fundraising has been given by the relevant ministry, government bureau, or department arrangement; or
- fundraising is for a public charity during a religious activity, etc.; or
- fundraising during a permitted trade fair (selling goods).

- **Social Enterprise Rules and Regulation**

Under the new SE Promotion Act, organizations wishing to register as social enterprises are obligated to:

- operate according to the registered social purposes
- set up and maintain good accounting systems
- report financial and social impact results annually (external auditor)
- contribute annually to the Social Promotion Fund (amount TBA)
- allow inspection from authorized personnel of the SEPO (with prior notice)
- notify the Office in written for intent to terminate the registration

8. Impact Measurement

According to the 2018 report “Mapping the social impact investment and innovative financial landscape in Thailand” funded by the United Nations Development Program, 54% of social enterprises in Thailand who were interviewed had no specific framework in place to measure their impact (see fig. 13 below). Reasons given for this included the lack of time and resources (69%) followed by the lack of knowledge to implement impact assessment (47%). In addition, the lack of requirement for this kind of reporting by investors and intermediaries means many social enterprises have not invested in implementing rigorous measurement frameworks (ChangeFusion 2019).

Impact Assessment by Thai Social Enterprises

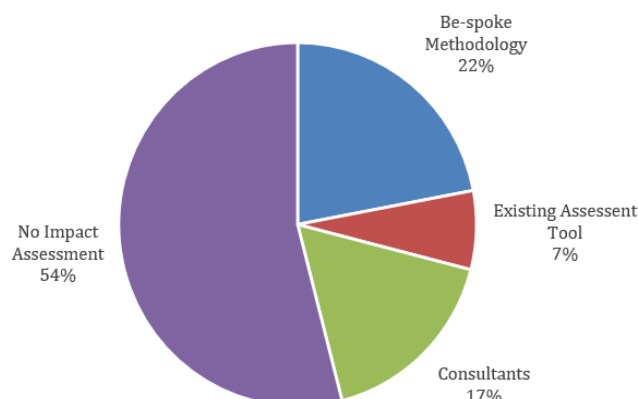


Figure 10: Impact Assessment

Source: ChangeFusion (2019)

In addition, many social enterprises measure outputs and outcomes such as increases in income, wellness, education, etc. While these measures are useful in gaining an understanding of the program/enterprise's success, they do not necessarily show long-term positive impact on the target beneficiaries and their communities.

Some of the social impact measurement tools being used by social enterprise in Thailand include standard Social Return on Investment (SROI) indicators as well as indicators developed by the Stock Exchange of Thailand (SET launched a program called Impact Echoes which aims to measure the social impact of 22 selective non-profit organizations, social enterprises, and Thai-listed firms).

In addition, the Thai government's National Innovation Agency (NIA) assigned the Sal Forest social enterprise, together with the Thammasat University Research and Advisory Institute and OpenDream, to create an online social impact assessment tool, the Social Impact Explorer (SIE), which went live in 2019²¹. This tool provides Social Impact Assessment (SIA) and Social

²¹ <https://socialimpact.nia.or.th/>

Return on Investment (SROI) systems for projects that aim to create social outcomes for both government and public sectors as well as private and non-profit organizations.

9. SWOT Analysis of the Social Entrepreneurship Sector

- **Methodology**

In order to analyze the status quo of the social enterprise ecosystem in Thailand it is necessary to take account of every stakeholder's voice. Hence a focus group discussion (FGD) method was employed that allows participation from different stakeholders who are highly involved with the development of social entrepreneurship in Thailand. The objective of the FGD is two-fold: to assess the current situation of social enterprises in Thailand and to address opportunities and challenges faced by these organizations.

To achieve the above objectives, both quantitative and qualitative research methods were utilized in this study. Primary data was collected through FGDs at each of the four Thai Partner Universities (Payap, Prince of Songkla, Burapha and Mahasarakham universities) with a total of 28 participants (not including partner university participants) from 24 different external stakeholders of social entrepreneurship in Thailand including government experts, enabling organizations, industrial associations, academicians, and social entrepreneurs (table.4 below).

Qualitative data was gathered from pre-arranged questions and discussion points to gather the participants opinions, attitudes, and ideas on social entrepreneurship in Thailand. In addition, participants were also asked to complete an online survey to generate quantitative data on the participants perceptions of the state of social enterprises in Thailand. The survey was based on questions taken from a recent study conducted by Thomson Reuters Foundation which surveyed 45 of the world's biggest economies as ranked by the World Bank to find out

which countries are creating the best environment for social entrepreneurs²². A total of 40 respondents in Thailand completed the survey.

Table 4: Focus Groups at Project Partners in Thailand

Partner Name	Participants	• Organizations
		•
Burapha (BUU)	7	<ul style="list-style-type: none"> • Department of Industrial Promotion District 9, Ministry of Industry • Agarwood Farmer Group (SE) • Takhiantia Community Enterprise • Thai Beverage, Learn Singha Local Smile Community • Chantaburarak (SE) Co., Ltd
Maharakham (MSU)	9	<ul style="list-style-type: none"> • Maharakham Provincial Agricultural Agency • University Industry Co-operation Center (UIC-MSU) • Maharakham Provincial Agricultural Extension office • Khoeila Banana Flour • Evergreenfood co.,Ltd
Payap (PYU)	6	<ul style="list-style-type: none"> • Buddy Homecare(SE) • Ban Dek Foundation (SE) • STEP CMU
Prince of Songkla (PSU)	6	<ul style="list-style-type: none"> • Office of Agricultural Extension and Development, No. 5 Songkhla Province, • Songkhla Provincial Agriculture and Cooperatives Office • Bank for Agriculture and Agricultural Cooperatives • Student Entrepreneur Development Academy (P-SEDA), PSU Science Park • Business Incubation Center (PSUBIC), PSU Science Park • Farmer Market Manager (Certified by Ministry of Natural Resources)

9.2 SWOT Analysis

From the focus group discussions, the following SWOT analysis of the social entrepreneurship sector in Thailand was developed:

²² <https://poll2019.trust.org/>

Table 5: SWOT Analysis

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Legal framework for social enterprises (Community Enterprise Promotion Act, B.E. 2548 and Social Enterprise Act, B.E. 2562) • Increasing financial support / funding by government/provincial agencies (Thailand 4.0) • Social enterprises already play an important role in community development such as OTOP • Strong social enterprise groups have potential to develop and expand their business internationally • Availability of distinctive and unique raw products and natural resources • Innovation and creativity among new generation of social entrepreneurs • Developing social entrepreneurship educational sector 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Concentration of networks and supporting actors in Bangkok • Lack of understanding outside the SE ecosystem of the role of social enterprise (e.g. CSR vs. SE) • Differing definitions of SE at the local, regional or country level • Limited business knowledge and skills within the social entrepreneur community, especially those linked to NGOs or foundations • Limited product development know-how • “Mission Drift” and related conflict when NGO/Foundation transition to social enterprise business • Lack of transparency in financial management • Limited capability to access available funding (cost/skills/knowledge) • Often products sold by SE lack quality standardization (pity-buy)
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Current Government policy to promote and support social enterprises (especially during this time of Covid-19) • Public Private Partnership (PPP) support for developing social business at scale • Change in customers buying behaviours as a result of Covid-19 (more online purchasing, etc.) • Cooperation/exchange with global social entrepreneurship projects/partners • Promotion of value adding through story- telling and product/service uniqueness • Government policy to attain the SDG’s may lead to a larger role for SE’s • Increasing poverty-levels and wealth-gap will promote SE as a viable tool to address these issues • Increasing awareness of Stakeholder capitalism and responsibility of “big business” 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Difficulty to obtain information about government support • Multistep and complicated loan approval process (condition requirement/guarantee system/risk assurance) • Lack of an integrated collaboration between public sector agencies • Covid-19 pandemic and resultant loss of income for SE’s (especially in related industry such as tourism) • New SE Promotion Act complicated rules and regulations

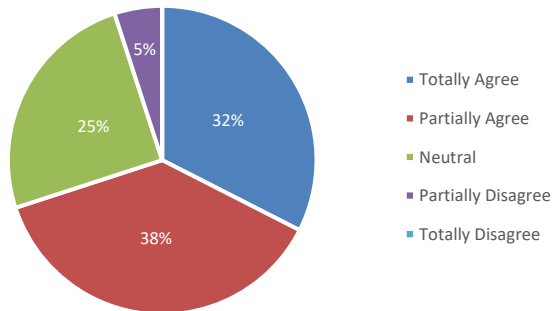
10. Common Drivers and Challenges

The online survey based on the Thomson Reuters Foundation's work asked respondents to rate the following 12 statements based on common challenges social business face:

- Conditions are favorable for social entrepreneurs to start and grow their businesses in Thailand
- Government policy supports social entrepreneurs in Thailand
- It is easy for social entrepreneurs to get grant funding in Thailand
- It is easy for social entrepreneurs to access investment (debt and/or equity) in Thailand
- Social entrepreneurs can access the non-financial support they need (e.g. financial, legal and technical advice; access to markets and networks; coaching, mentoring and training) in Thailand
- It is easy for social entrepreneurs to sell to government in Thailand
- It is easy for social entrepreneurs to sell to business in Thailand
- It is easy for social entrepreneurs to sell to the public in Thailand
- It is easy for social entrepreneurs to attract staff with the required skills in Thailand
- The general public in Thailand understands what social entrepreneurs do
- Social entrepreneurs can make a living from their work in in Thailand
- Social entrepreneurship is gaining momentum in Thailand

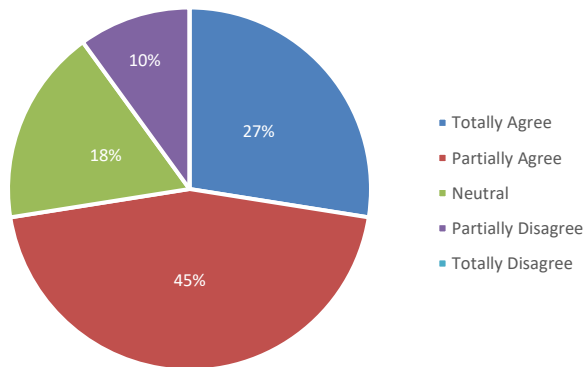
Below are the results of the survey:

1. Conditions are favourable for social entrepreneurs to start and grow their businesses in Thailand



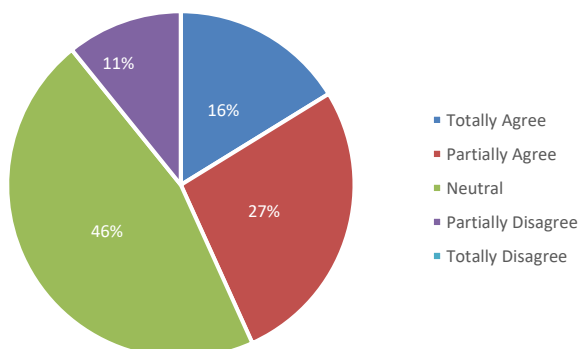
A majority (70%) of respondents feel that conditions in Thailand are favorable for social entrepreneurs to start and grow a business.

2. Government policy supports social entrepreneurs



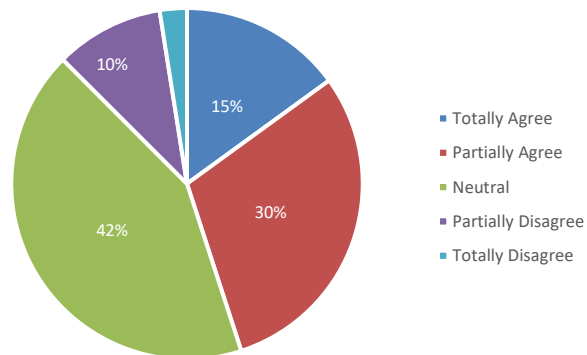
A majority (72%) of respondents agree that the current government policy in Thailand supports entrepreneurs to start and grow a social business.

3. It is easy for social entrepreneurs to get grant funding



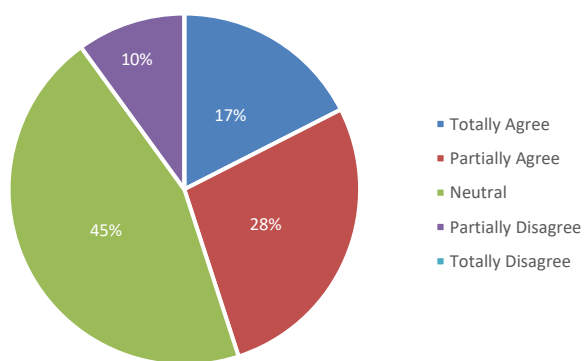
Only 43% of respondents agree that it's easy for social entrepreneurs to get grant funding

4. It is easy for social entrepreneurs to access investment



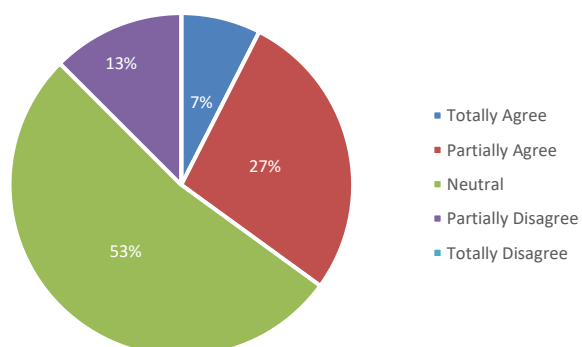
Only 45% of respondents agree that it is easy for social entrepreneurs to access investment

5. Social entrepreneurs can access the non-financial support



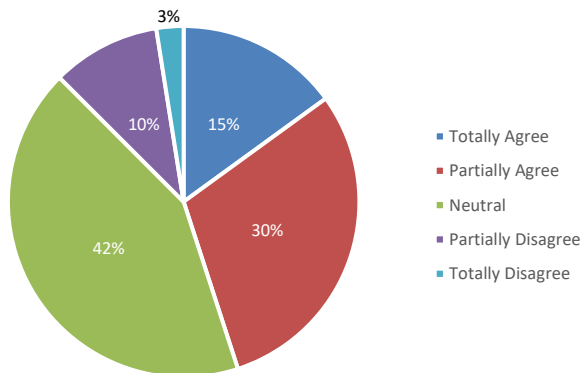
Only 45% of respondents agree that it is easy for social entrepreneurs to access non-financial support

6. It is easy for social entrepreneurs to sell to government



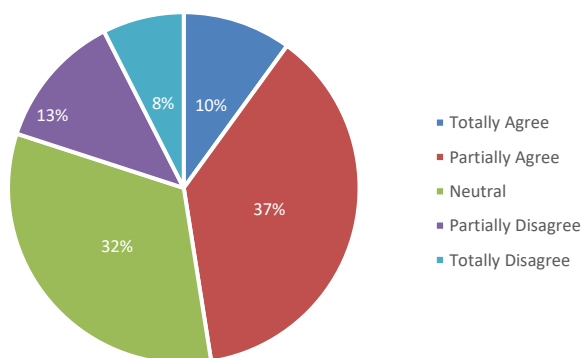
Only 34% of respondents agree that it's easy for social entrepreneurs to sell to government agencies on B2C contracts

7. It is easy for social entrepreneurs to sell to businesses



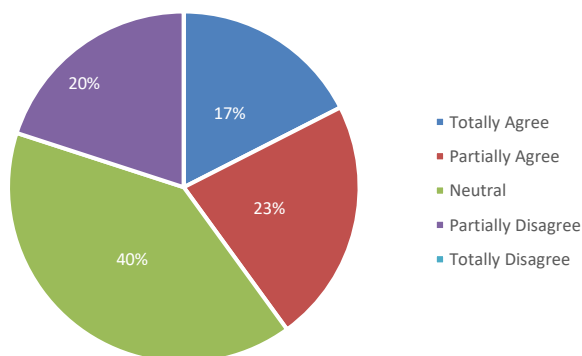
45% of the respondents believe that it is easy to sell B2B

8. It is easy for social entrepreneurs to sell to the public



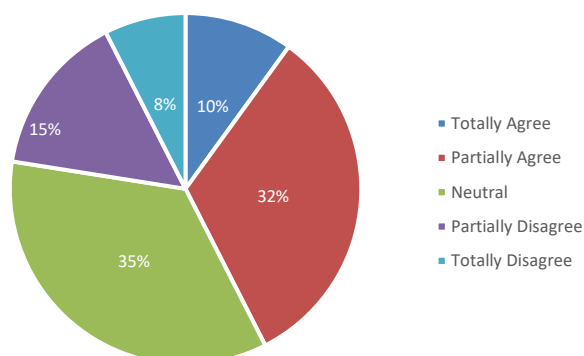
Nearly half (47%) % of the respondents believe that it is easy to sell B2C

9. It is easy to attract staff with required skills



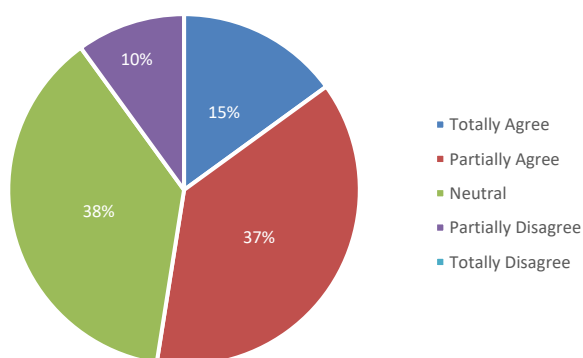
Only 40% of respondents feel that it is easy to attract the right staff with the right skills

10. The public understand what social entrepreneurs do



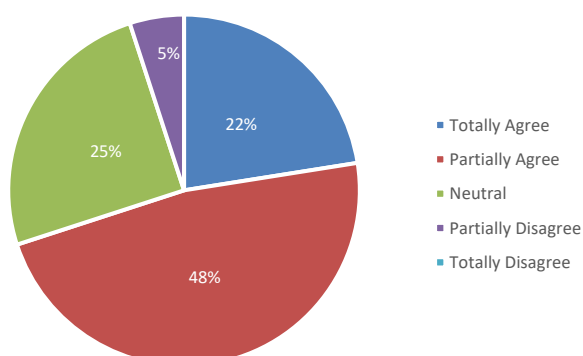
Only 42% of respondents feel that the public in Thailand understand social enterprise and the role of the social entrepreneurs

11. Social entrepreneurs can make a living in Thailand



Just over half (52%) of respondents feel that they can make a living as social entrepreneurs in Thailand

12. Social entrepreneurship is gaining momentum



70% of the respondents feel that social entrepreneurship in Thailand is gaining momentum

From the results of the survey, key challenges can be summarized as follows:

- (1) It is not that easy for social entrepreneurs to get grant funding or to access investment in Thailand
- (2) It is difficult for social entrepreneurs in Thailand to access non-financial support
- (3) It is difficult social entrepreneurs to sell to government agencies on B2C contracts
- (4) It is difficult for social entrepreneurs to access a labor force with the required skills in Thailand
- (5) The Thai public does not quite understand what the social entrepreneurs do

The above challenges identified from the primary research conducted with the focus group participants are similar to those identified by Asst. Prof. Dr. Pitchwadee Kittipanya Ngam in a lecture at the seminar “Thailand Social Enterprise: The Way Forward” in 2018 (fig. 14).

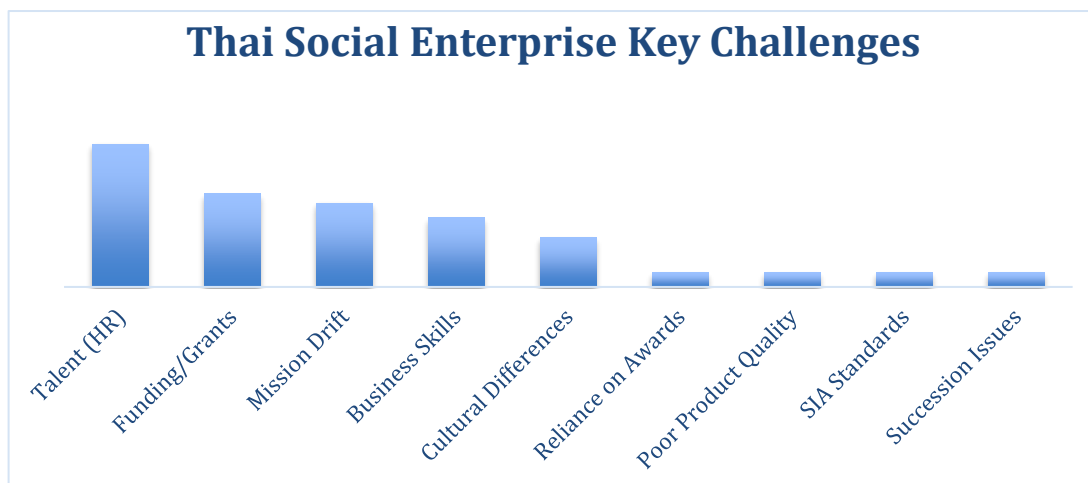


Figure 11: Thai Social Enterprise Key Challenges

Source: Kittipanya-Ngam (2019)

In both cases, the lack of skilled employees, and access to funding are seen as major challenges that need to be addressed. Additional challenges include the lack of knowledge on how to measure social impact, and overall confusion in both public and private sectors as to the exact definition of social enterprise and the role they can play.

11. Recommendations for strengthening the Social Enterprise sector in Thailand

- **Decentralization of SE Support Ecosystem**

Many SE ecosystem players are located in the metropolitan area of Bangkok. Most training courses, incubation and acceleration programs and other activities offered by these enabling organizations are for the most part inaccessible to SE actors in other areas, especially upcountry or in the deep southern provinces. These means that many SEs that are focused on marginalized communities in these areas lack the support infrastructure. Therefore, provincial centers of SE support (provincial/district/community) should be developed to increase access and opportunity to an SE ecosystem for those already existing social enterprises and social entrepreneurs who are planning to create one.

- **Long-term Sustainable Capacity-Building**

In both the primary and secondary research outcomes, a lack of required skill sets by both the social entrepreneurs and business founders, as well as employees, is seen as a major cause for concern. Many of these social entrepreneurs come from the non-for-profit arena and do not always have background business knowledge in finance, marketing, product development and human resource management. As such, it is recommended that capacity-building activities be implemented to address this. These activities could be in the form of workshops, seminars and programs that utilize tools such as the social business model canvas, value proposition canvas, etc., to develop both the skills of the entrepreneurs and also aid in the viability of the social enterprise itself through a rigorous framework of business feasibility study. Moreover, to ensure the sustainability of the SE, these capacity-building activities need to be continuous, and involve long-term coaching and mentoring of the participants. In addition, a train-the-trainer program should be developed to ensure a multiplier effect and to increase the number of participants able to benefit from the trainings.

- **Crowd-funding Access**

As mentioned in this report, although there are several funding opportunities available to social enterprises, both public (Social Promotion Fund) and private (ChangeVentures), these funds are somewhat difficult to access, take up significant resources to apply for and manage and come with conditions that are not always in line with the founding entrepreneurs vision or philosophy. Raising capital from traditional lenders, either in the form of debt or equity, can also prove difficult given the very nature of a social enterprise and the target of maximizing social impact versus profit. Crowdfunding can be valuable channel for social enterprises to raise capital in a far more innovative and cost-effective way, especially for those enterprises distant from Bangkok. Although there are already crowd-funding portals available in Thailand (taejai.com) and internationally (kiva.org), many SEs are either unaware of them or feel they lack the digital skills to use them. Again, capacity-building in this area can provide skills, confidence and opportunities to social enterprises looking to raise capital in a more cost-effective, direct way.

- **Social Impact Measurement**

Many social enterprises in Thailand currently have no specific framework in place to measure their impact. Reasons given for this have included the lack of time and resources as well as a lack of knowledge to implement impact assessment. It is recommended to implement training courses for social enterprises on either SROI or other social impact key performance indicators. Not only will this enable the SE to measure their performance in both the short and long-term, but it will also be a valuable tool for SE to conduct effective marketing through storytelling and awareness campaigns. Given the increasingly competitive nature of social impact projects, storytelling is fast becoming a “must-have” tool for social enterprises to attract both customers, beneficiaries, and funders by proving the success of their impact mission.

- **HEIs Engagement**

As academic institutions, HEIs are uniquely placed to serve as a ‘bridge’ between the different stakeholders within society in general and their local social enterprise ecosystem in particular. HEIs in Thailand should develop resource hubs for social enterprise practitioners and engage stakeholders from all sectors to tackle social issues. This can be achieved by facilitating interactions across various sectors such as policy makers, practitioners, academia, funders and the general public to promote and support social enterprises and other positive social impact initiatives. In addition, HEIs have a role to play in developing the next generation of ‘change makers’, who must be equipped with the skills, awareness and drive to improve society and help Thailand achieve the SDG’s it has committed to. Universities need to develop new and innovative programs, courses and degrees that will link students with SE actors through internships, work-placement, cooperative education are more. Universities also need to serve as champions of the sector by raising awareness with the general public, government agencies and the business world of the both the idea of social enterprise and the potential solutions social entrepreneurs can develop to address the challenges Thai society faces.

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