

Executive summary: SIIF's Vision Paper (VP)

SIIF Impact Economy Lab

The Vision Paper (VP) illustrates SIIF's critical strategy to catalyse systems change in three themes of social issues which SIIF identified in 2022.

This document, the international edition of SIIF's VP is an executive summary for the global stakeholders and future collaborators of SIIF to grasp SIIF's analysis of systemic problems and Theory of Change, the key interventions. The objective of this document is not only to explain our key strategy and actions, but also to seek for the international collaborations to develop and disseminate the critical knowledge and practice with the thought-leaders to generate positive social impacts.

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Impact Economy Lab, SIIF

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*For the full versions of SIIF's VPs in Japanese, please visit here: https://www.siif.or.jp/press_release/2307_visionpaper/

SIIF's new strategies

Enabling Systems Change: beyond the isolated social outcomes

Pillar 1: Creating symbolic examples

Create **symbolic examples** that represent **the emergence of "impact economy"** in the realms of SIIF's three strategic themes.

Pillar 2: Creating knowledge

Develop and disseminate **the critical knowledge** to envision "impact economy" to facilitate **social changes in practice**.

Pillar 3: Creating opportunities

Facilitating **interactions and networking of diverse practitioners** aim to develop the impact economy.

Trajectory: SIIF's strategy development process

The first five years: SIIF's foundation in 2017 to 2022

Over the five years since its founding in 2017, SIIF has worked to build an ecosystem for impact investing to pursue its organisational mission of building an ecosystem for social and economic resources and environments that transcend the framework of self-help, public help and mutual help. However, SIIF experienced a massive participation of diverse stakeholders into the sphere of social impact investing in five years.

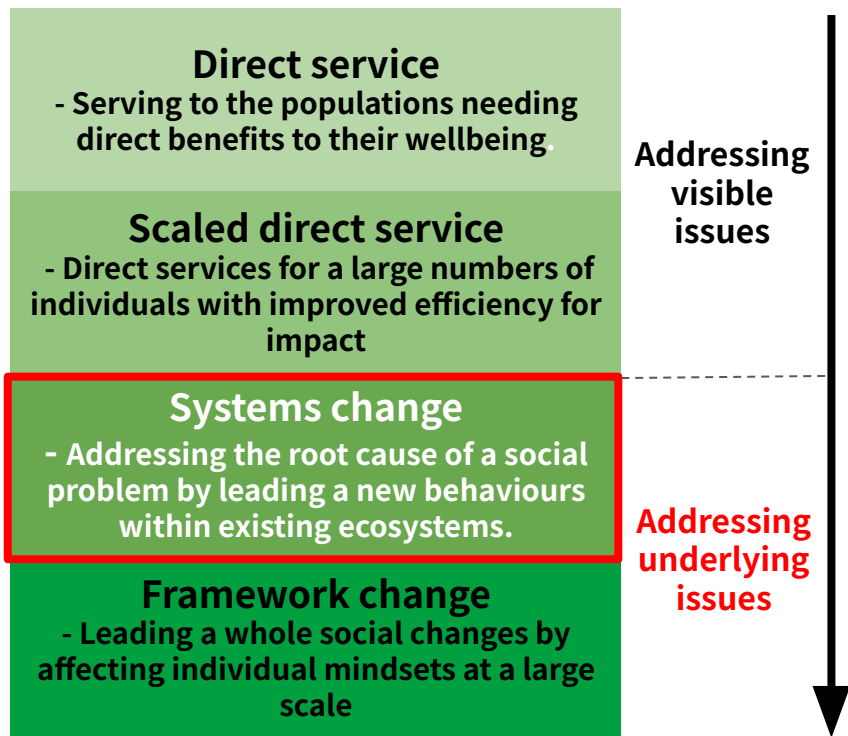
Thus, SIIF takes a critical opportunity to inquire how those diverse players, including investors, can work on promoting "Systems change" to internalise social impact investment more essential level in the whole economic systems.

Refining strategy: 2022 and beyond

Thus, SIIF refined its core strategy to target "Impact Economy" rather than "Impact Investment" to enable "**Transformation to Impact Economy**" where all economic activities such as labor, production and consumption serve to generate significant social impact. In that context, the Vision Papers (VPs) and the Vision Paper Log (VP Log) play pivotal role to articulate the first pillar of our new strategy.

2. Systems change as the heart of SIIF's strategy

SIIF identifies “systems change” as its strategic approach to collaborate with the diverse and critical stakeholders to facilitate the transition to the impact economy.



Systems change and SIIF's strategic activities

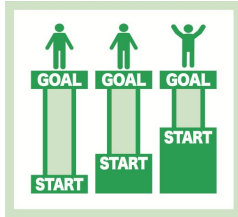
- The system change is a critical approach to **address the underlying conditions of social problems** to give an essential solution at a **root-cause** level.
- In 2022, SIIF founded the **SIIF Impact Economy Lab (IEL)** as the inhouse specialist team of research and development to catalyse systems change.
- In 2023, SIIF launches **two social impact investing initiatives** focusing on catalysing systems change: SIIFIC Wellness fund and systems change focused grants in “regional revitalization” and “inequality of opportunity” themes.

Reference: This chart is created based on Ashoka's four levels of impact;
<https://www.ashoka.org/ja-jp/story/4-levels-impact>

3. SIIF's strategic focus: Three themes of social issues

SIIF works with diverse partners to create symbolic practices that will likely lead systems change. To achieve this goal, **SIIF has decided on three strategic themes to deploy our projects** for the first time since our founding: **inequality of opportunity**, and **regional revitalization** which means preventing the decline of local economies and communities, **healthcare**.

Inequality of Opportunity



SIIF identifies “**Inequality of Opportunity**” that arises from the burden of caregiving (e.g., **child raising, nursing care**), **gender inequality, nationalities, and poverty passed from parents, among others**. SIIF is committed to supporting innovations geared to narrowing and closing the gaps as the economic activities can be the cause of and solution to this issue. Also, SIIF plans to explore the potential approaches to achieve the social inclusion and empowerment by facilitating companies to invest in human capital and engaging governments in their decision-making processes.

Regional Revitalization



In Japan, **the rural population continues to move into Tokyo and other large cities with several reasons: the decline of local industries and decent, attracting employment opportunities**, and people with vested interests **resist change**. **This situation leads regional economies to keep shrinking**. Given the fact that the regional revitalization is a critical issue and younger people started to take actions in rural areas increasingly, SIIF plan to develop the effective approaches to address structural issues systemically, rather than just supporting individual initiatives.

Healthcare



The COVID-19 pandemic exposed a wide range of problems that were underlying the Japanese society at once, not only the **decline in birthrates and aging population**, including **health disparities between social classes and regions**. To address healthcare issues, SIIF explores the interventions to change the structures of the healthcare and nursing care systems and industries, and to facilitate the transformation of individuals' awareness and people's mutual help simultaneously. Ultimately, no one will be left behind in efforts toward physical, emotional, and social health.

4. The development process of SIIF's Vision Paper (VP)

The SIIF's Vision Papers (VPs) includes the key elements of **the issue structure analysis, Theory of Change and associated actions** in the three strategic themes, based on the research processes referring both domestic and international data and cases. Although each VP in three issue themes shares common research objectives, the research processes were conducted independently to delve into the issue specific topics.

Research objectives

1. **Visualise the future vision of the three strategic themes.**
2. **Hypothesise the Theory of Change (ToC) to achieve the visions.**
3. **Identify the potential interventions of SIIF based on the ToCs.**

Research process

1. Issue analysis

- **Spotting the root-causes and structures** that generate social problems by understanding the whole picture in the three strategic themes.

2. Theory of Change

- **Identifying the leverage points which can drive a positive impact in the themes**, then to engage the key stakeholders to participate the problem solving processes.

3. Action plans

- **Defining SIIF's competitive values and actions** by analysing the future visions and leverage points..

*The actual development process was conducted the three processes by going back and forth to improve the accuracy of the research.

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Identification of Inequality of Opportunity

- SIIF defines “**inequality of opportunity**” as **disparities in opportunity between individuals to choose the life they hope to live, and these disparities essentially come from inherent differences in resources individuals already have or they have access to.** In this context, the term “resource” refers not only economic but also human, social capital, in other words, cultural capital. SIIF considers that the structural inequality can be the major cause of the growing disparities in economic prosperity across society and of poverty and inequality passed down from generation to generation.
- In Japan, **the people’s resignation to obtain social mobility is becoming prevalent** as there are several sayings; “**the ceiling of glass**” means the situation women workers cannot get equal opportunities as men workers do, “**employment ice age**” means a disadvantaged generation due to the collapse of economic bubble. Notably, a young people’s slang of “**Parent Gacha-game**” indicates that children are no choice of their parents and prosperity and cultural capital, with an implication of low social mobility in Japan. Not only the young generation’s challenges, many patterns of inequality of opportunity are argued such as working parents giving up careers due to care work to their children or family, dropping off from giving quality of education to children due to economic hardships.
- However, **the whole structure of social issues in the realm of inequality of opportunity in Japan is not specified yet.** Therefore, this paper articulated the Issue Design map based on the study with the statistical data and interviews with experts to collect information (1) what is really happening, (2) what issues and adverse effects have been caused by (1), (3) what the structures that have created those problems look like, and (4) what are bottlenecks of the problems.

Preconditions of the issue:

- This paper identified the following macro environments and trends as the preconditions of the inequality of opportunity issue: **declining and aging of population, the national economic downturn, nuclear family model that became common after World War II, and increased double-income households.**

Disparities in economic and human capital (self-help)

- A heavy burden of **caregiving (e.g., child raising, nursing care)**; **unequal opportunity to develop a career** of one's choice; **difficulty in investing in education and/or experience for oneself or the next generation**; **impossibility to secure one's livelihood** at present and in the future

Disparities in social capital (mutual help)

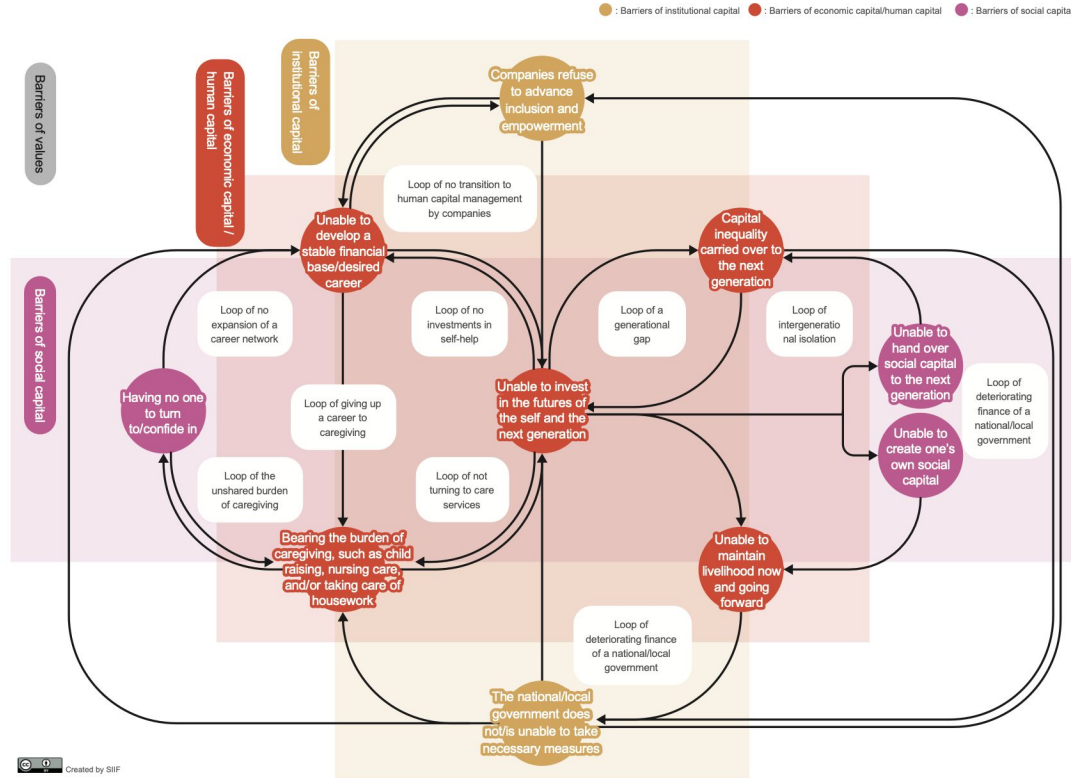
- Having **no one to turn to/confide in**; **unable to develop relationships for mutual support** in the second half of life; **no opportunities given to the next generation** to develop enriching social capitals

Disparities in institutional capital (public help)

- **Slow or no promotion of diversity** and inclusion and investments in human capital in corporate management; **government policies not adaptive enough** to address issues for those who are involved in the issue of inequality of opportunity

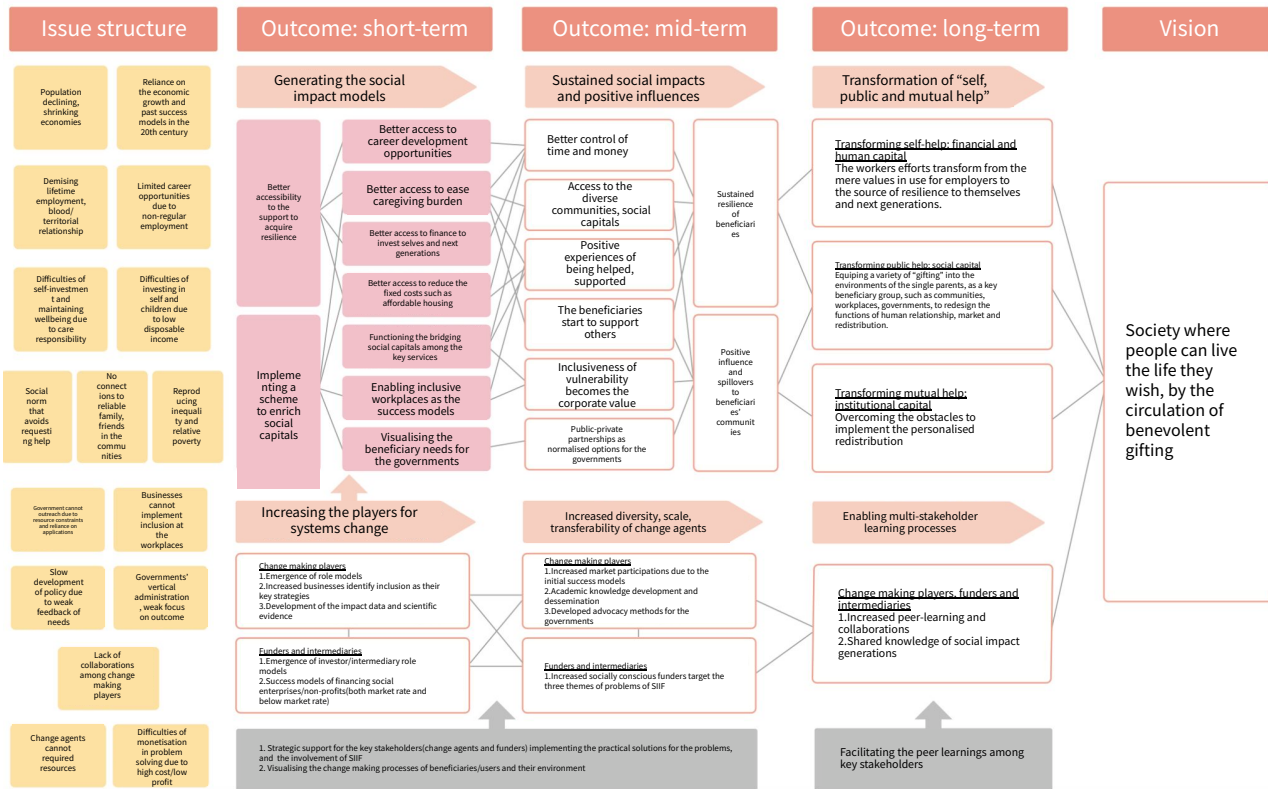
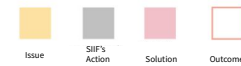
5. Inequality of Opportunity: Issue Design Map

Issue Design Map: Inequality of Opportunity



5. Inequality of Opportunity: Theory of Change (ToC)

Theory of Change



The definition of “Region”

- SIIF defines the term “**region**” as a **municipality with a population of 500,000 or less (outside a metropolitan area)** that falls into any of the groups shown in the right box. Although the severity of each issue also significantly varies according to the sizes of regions, SIIF’s issue design map intends to illustrate the common issues.

Precondition of analysis

- To start the analysis, SIIF considered **the common regional phenomena** (i.e., population decline that has caused a decrease in the workforce population, greater demand for nursing care due to an aging population, and continuation of services at the same levels using aged infrastructure) as **preconditions**. Therefore, the analysis is conducted the local specific issues based on such preconditions.

Classification of “Region”

1

Small satoyama community-based region
(population of up to 10,000)
[e.g., Nishiawakura Village (1,500), Ama Town (2,300)]

2

Small regional city (10,000 - 200,000)
[e.g., Eiheiji Town (19,000), Nanao City (54,000),
Toyooka City (79,000), Yamaguchi City (190,000)]

3

Regional central city (200,000 - 500,000)
[e.g., Gifu City (410,000), Toyama City (420,000),
Takamatsu City (420,000)]

4

Regional metropolis (500,000 - 1 million)
[e.g., Shizuoka City (700,000), Niigata City (810,000)]

SIIF’s scope of analysis: the segment 1, 2 and 3.

※Data collection methods: desk research and semi-structured interviews with 15 experts.

In the regional revitalization theme, SIIF identified the four critical challenges of regions in Japan: work, life, value and environment.

Work

- There are **three major critical challenges in work category**: the first is **the stagnant financial flows** due to the declining local industries and shrinking regional economies, and the second is **the lack of attractive employment opportunities** due to the absence of high value-added industries and low productivities of local industries. Finally, **the startups and entrepreneurial businesses are not likely to emerge** in the local economies.

Life

- Regarding the life, the following elements are the key challenges: deteriorating **educational and healthcare** environments, **lower levels of convenience**, declining **safety and security**, **population declining** of young people.

Value

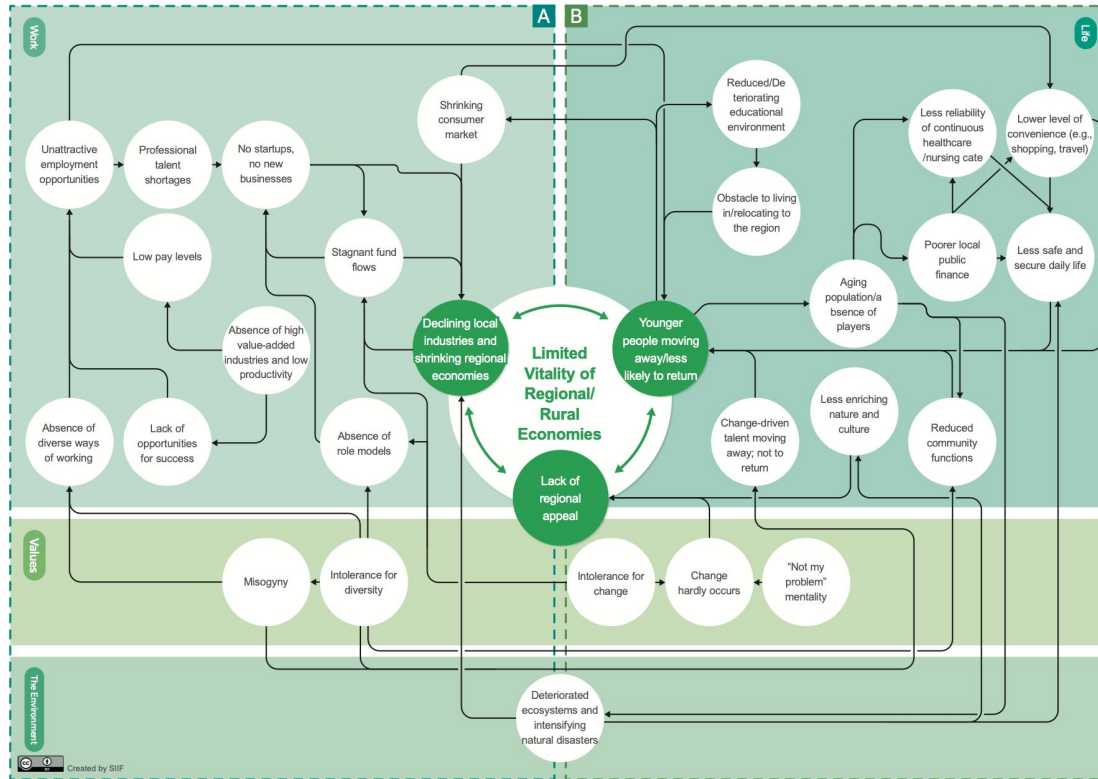
- As the negative contributing factor, **intolerance for diversity and resistance for change** in the local culture are discussed.

Environment

- Deteriorated natural ecosystems and intensifying natural disasters in rural areas are considered as the downsides of environment category.

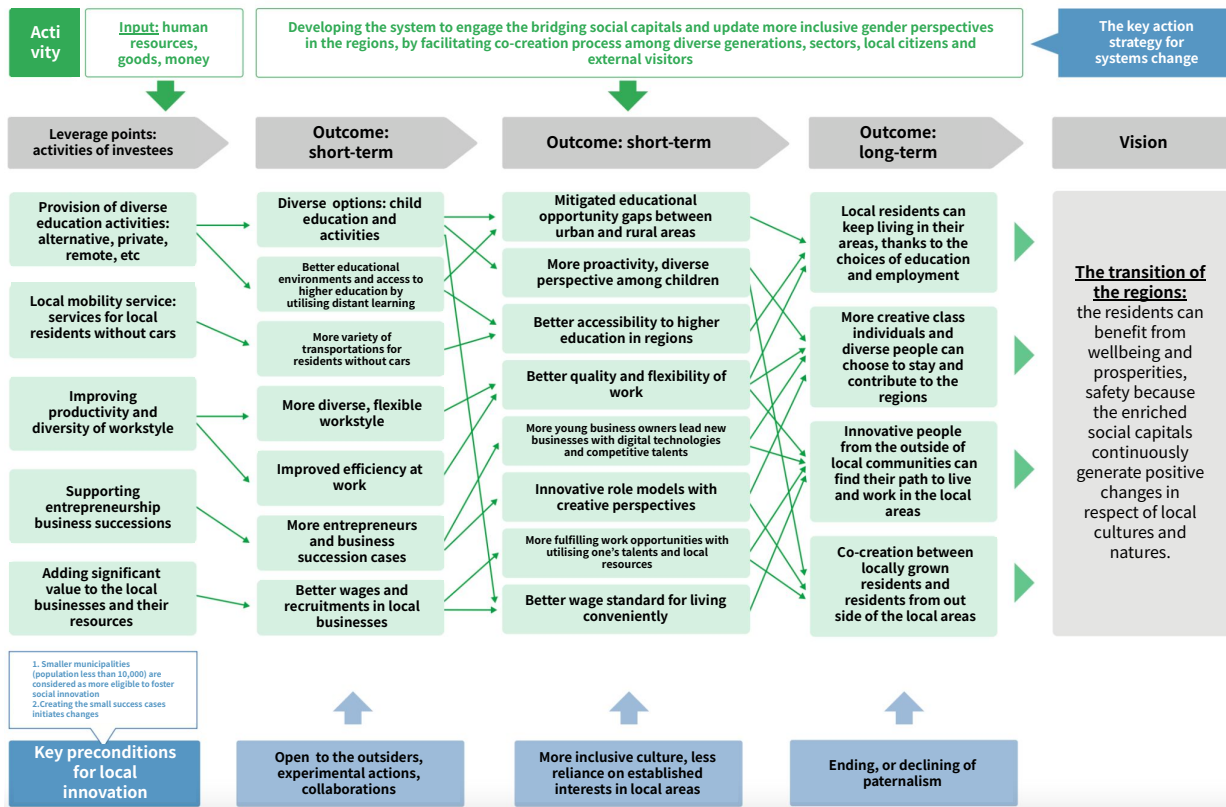
6. Regional Revitalization: Issue Design Map

Issue Design Map: Regional Revitalization



6. Regional Revitalization: Theory of Change (ToC)

Theory of Change: Regional Revitalization



SIIF's key actions

Applying the key concept of **placed-based investment**, SIIF will identify **the key themes relevant to the local contexts** with the key stakeholders in regions.

The examples of potential investment themes are below.

1. Education
2. Mobility
3. Employment
4. Entrepreneurship
5. Industry facilitation and branding
6. Nurturing social capital
7. Diversity

SIIF categorised healthcare into three components, health systems, health literacy, and social capital. Then, mapped the issues connected to these components around (1) patients with physical and emotional health issues and (2) senior citizens with physical and emotional health issues. This page shows the definitions of these components.

Health systems

- **Any organizations, institutions, and people's actions** for preventing diseases, providing treatments, **achieving recovery from illness, and improving and maintaining health**

Health literacy

- **Knowledge, motivation, and ability to discover and utilise health information** for making critical decisions daily regarding healthcare, disease prevention, and health promotion, to maintain and enhance the quality of life (QOL).

Social capital

- **The social functions** to improve its efficiency such as **trust, discipline, and network, by facilitating people's collaborations.**

To explore the healthcare issues, SIIF considered the problems stem from individual illnesses as preconditions of the analysis, rather than issues to be solved. Based on that, SIIF identified the key issues of healthcare-related challenges as below.

About Patients with Physical and Emotional Health Issues

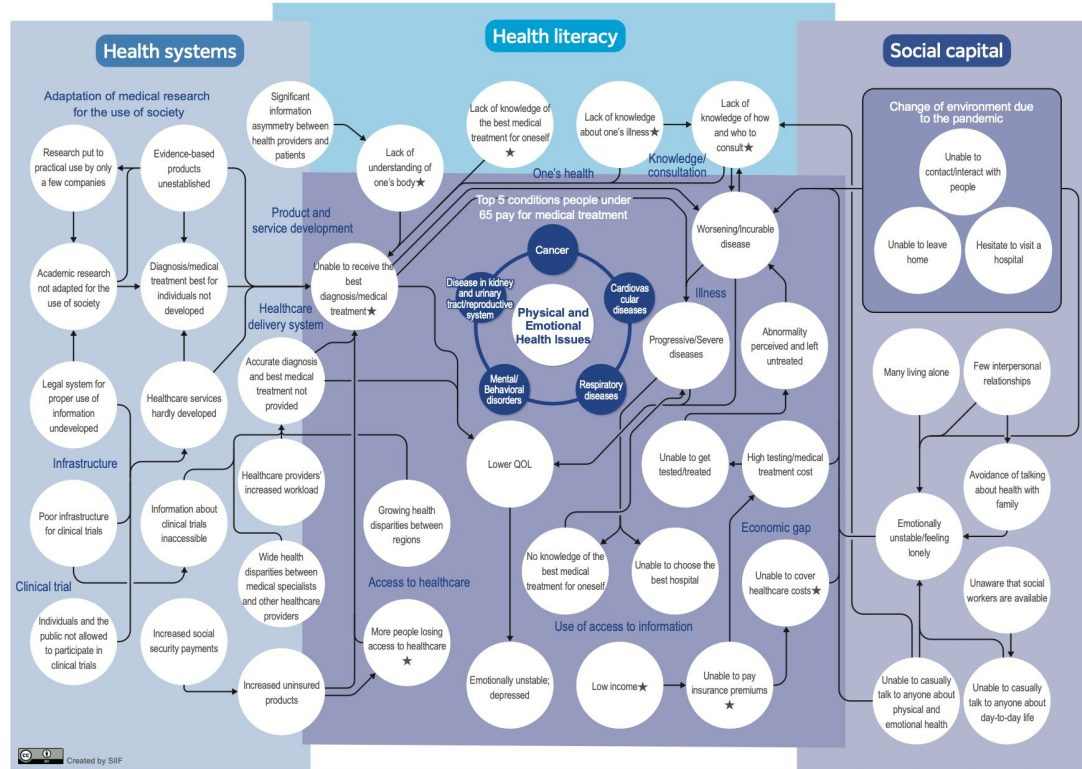
- **Health system-related issues:** The slow development processes of adaptive medical products and services which fit for individual user needs with two reasons. The first is the inactive applications of medical research, and the second is the lack of support system to engage individuals to participate in clinical trials.
- **Health literacy-related issue:** The information asymmetry that individuals cannot choose the appropriate treatments and hospitals due to the lack of understanding of their physical conditions and illnesses.
- **Social capital-related issue:** The lack of social connections that patients cannot talk about their health to anyone, aggravate their illnesses. The COVID-19 pandemic impacted to increase the downsides of this issue.

About Senior Citizens with Physical and Emotional Health Issues

- **Health system-related issue:** The barrier to develop the new, non-insurance services due to current nursing care insurance system.
- **Health literacy-related issue:** The complicated nursing care system and its process limit users' self-decision making.
- **Social capital-related issues:** The weakened social capital due to the decline of local communities and negative influence of the COVID-19 pandemic.

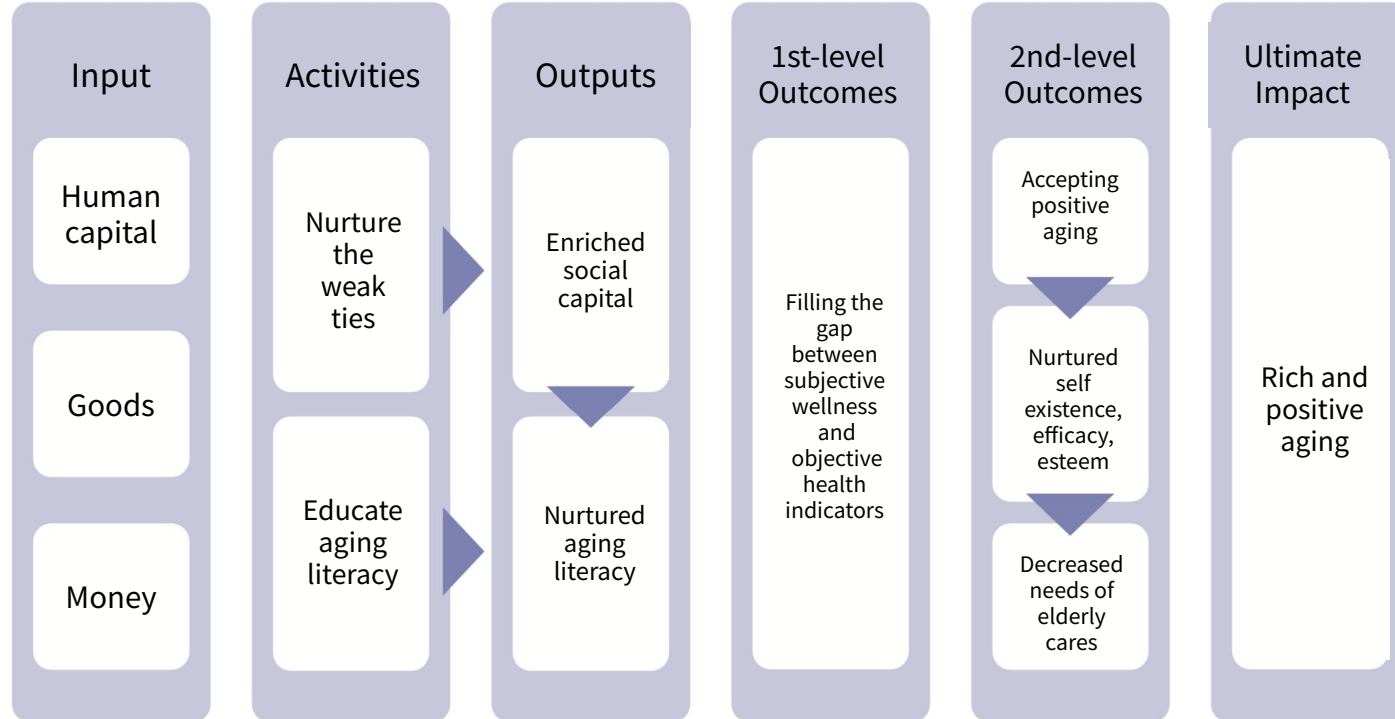
Healthcare Issue Design Map: Patients

★: Correlation between income gaps and health disparities confirmed



ToC for the Society without the isolation of elderly people

SIIF's key actions



1. **Nurturing the weak ties** of elderly people to improve their wellness
2. **Nurturing the aging literacy** to raise awareness and readiness to become elderlies