DISCUSSION ON VENTURE PHILANTHROPY (VP)
Institute of Policy Studies
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This discussion was the third in a series focused on developing concepts of venture philanthropy in Singapore. Venture philanthropy has, in IPS discussions been viewed as a way in which to marry funding and capacity-building into one package to support the development of social enterprises in the country. The primary difference between venture philanthropy and venture capital funds is that the former is targeted at businesses that prove to generate social value and benefit in addition to financial returns.

The participants, most of whom were ‘regulars’ of the series were asked to offer models of venture philanthropy that might work in Singapore or that they might even champion.

In all, three models were presented and discussed. The first concept was a proposal to set up a ‘government-backed, privately managed social venture fund’, where the Government invests in a large fund that invites proportionate investment from private philanthropists interested in growing the social enterprise sector. The intention is for other venture philanthropists to also tap the money to fund social enterprises till they prove to be profitable. At that point, the venture philanthropists exit with the funds they had invested. The primary benefit is that a fund associated with the government rides on the ‘brand’ that speaks of good governance and is likely to attract other funds from the world to co-invest in this. It will also attract talent.

The second concept was similar except that the funds would be privately-raised and it would be managed professionally. It is also envisaged that such a fund should have one arm that invests in social enterprises that aim to be profitable and provide returns to the fund, and another that funds non-profit, non-loss social enterprises, as well as other intermediary organisations that support the development of the sector. The fund should be free to invest widely in the region.

The third was to adapt the concept of the ‘social venture partners’ model, where donor-volunteers pool their capital and also volunteer their time directly to support the development of the social enterprises they invest in. There is still need for an organising body comprising of paid staff to train volunteers, and help liaison between the donor-volunteers and those organisations they invest in.

A key question that arose from all three concepts, but especially the first two was whether there needed to be a generalised way in which to measure the social returns or value generated by the organisations supported by the funds? Another key question was how such entities would be registered in Singapore and the implications of that. The next was what would be the acceptable level of social and financial returns that should be expected and will the funds be sustainable?

To find out more about the series of discussions, kindly email Catherine Lim at vps2007@ips.org.sg or call 6215-1038. Interested parties are invited by the IPS to develop the concepts further.