DISCUSSION ON VENTURE PHILANTHROPY (VP)  
Institute of Policy Studies  
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Introduction

1. This discussion was a follow-up to the Venture Philanthropy (VP) Workshop held at IPS on 30th March 2007. The Institute of Policy Studies, Singapore and other research collaborators have been studying social entrepreneurship and the social enterprise (SE) sectors in the developed city setting and were currently completing comparative work on the sector in Hong Kong, Singapore and Taipei. Among their early conclusions was that SEs in these cities would benefit not only from greater recognition of the sector but also from more ‘smart money’ to help the sector grow.

2. The key questions driving this discussion were:

   (i) How could we stimulate the culture of social entrepreneurship and development of the social enterprise sector in Singapore, and to what end was this important?

   (ii) Was there a role for venture philanthropy in that? What forms could this take?

The Social Entrepreneur and Social Enterprises

3. The discussion started with a clarification of terms. The social entrepreneur is recognised by how he developed a business model to meet a social need which had not, until then been addressed, for example the needs of marginalised groups, such as single mothers, former substance abusers, the less-educated elderly. A social entrepreneur can also be described by how he introduces pattern-breaking change, for example, by how a new market, a work or creative new process or product was introduced that brought social change and development.

4. There are SEs which refer to the institutionalised manifestations of social entrepreneurship. There are also SEs like the YMCA that seemed to operate in the domain of traditional business. They fulfill a social mission but also provided resources for the parent organisation to do its charitable work. The role of a social entrepreneur may seem absent, and social innovation, less critical, yet the social impact was not insignificant.
5. One important aspect of an SE whether there was innovation or not, is its enterprise philosophy about how revenue and profits would be dealt with. Unlike in traditional businesses, SEs could create revenue and profits, but these would not be amassed in a cumulative way for the benefit of its ‘owners’ or ‘shareholders’. They would instead be distributed back to the organisation for further growth of the company or to the beneficiaries or the specific social causes the organisation was set up for.

6. In Singapore, there are SEs that just ran programmes for team building, with no revenue generating model. There are others that sought to generate good revenue and profit in order to pay a meaningful wage to them employees who were perhaps the key beneficiaries of the SE. For those that generated profit like Ikhlas (Holdings Pte Ltd), a catering company that hired ex-offenders, these monies were then used to support charitable works of the parent organisation, Pertapis. In Hong Kong an organisation that operated an emergency hotline for the elderly require profits to improve the technology and services to their beneficiaries.

7. The Singapore Government has taken steps to promote the growth of the culture of social entrepreneurship and the social enterprise sector. It recently appointed a committee headed by Mr Philip Yeo to do just that. It has also established the ComCare Enterprise Fund (a previous form of this seed-funding programme was known as the Social Enterprise Fund) managed by the Ministry of Community Development, Youth and Sports which would primarily be directed at funding SEs that address the needs of (marginalised people) groups.

8. There was clearly something that could be done by other actors. Could a venture philanthropy fund be formed to put ‘smart money’ behind SEs here? One example of an SE in Singapore that had benefited from the consulting help, though not funding, was Bizlink. (This assistance had been provided by RSVP pro bono.) Another example was the Asian Films Archives which archived old Asian films. It developed school programmes which allowed revenue to be generated through the education of students on film-making.

**Social Entrepreneurship and Corporate Social Responsibility**

9. There has often been confusion between the idea of Social Entrepreneurship and Corporate Social Responsibility (CSR). CSR has usually been applied to companies, or businesses that have essentially had one bottom line – profit-making but that set aside a portion of their profits to do good. Admittedly, on the cutting-edge of CSR practice were companies that ensured that their business processes minimised social harm or maximised social impact, like Banyan Tree. However, in the end, the enterprise philosophy was to make profits and was primarily cumulative to benefit those who had supplied capital for the business.
10. On the other hand, Social entrepreneurship targeted the marginalised sectors or the social needs that were not being addressed perhaps with regard to the needs of people with disabilities, the promotion of the arts, heritage preservation and environmental conservation. Social entrepreneurs had at least a second bottom line if not a third bottom line relating to culture or the environment. Profits would be distributed to their beneficiaries or would be ploughed back to the business.

Revisiting Social Venture Partners, Seattle (SVP) Model

11. The discussion also revisited the Social Venture Partners model that had been introduced in the earlier IPS event in March 2007. SVP Model was an example of high-engagement philanthropy. It aimed to give money to selected organisations to build their organisational capacity though not the programmes directly. SVP linked their giving to outcomes and the unrestricted funds given would be based on an understanding of what these outcomes and social impact of the organisation would be. When SVP had worked through the investee’s business or organizational plans, it would fund it for five years. SVP would negotiate what was required to demonstrate progress. The fund would come from donor-volunteers committed also to provide time and expertise to help investees build their organisational capacity. For this, SVP would do capacity assessment to find out the needs of the organisations and then match volunteers to the organisation depending on those needs. With donor education and philanthropy education, the donors were themselves empowered to help investees become stronger organisations.

The Discussion: Four Main Issue Areas and Shared Interests Identified

Changing the Culture for SEs

12. Participants felt that a good starting point would be to get more people, the public as well as those working in the charity sector and potential entrepreneurs excited about the idea of SEs and VP in Singapore. Since the SE sector was still nascent in Singapore, there was a need to educate broadly on what social entrepreneurship was to create a market for it. Many Singaporeans were still ambivalent about what they thought were ‘charities’ aggressively seeking to generate revenue and profit, like ‘regular businesses’.

13. Some participants addressed the discussion from the angle of how SEs could be a way to mobilise resources for parent charity organisations – that is that creating SEs would be a way of creating their own funders’. From that point of view, it would be important to understand the charity landscape in Singapore better and the resource needs the different organisations faced. It was also important to understand why some charities and perhaps social enterprises had
failed and why others succeeded so that mistakes would not be repeated, while the best practices could be employed.

14. Lessons could also be had from best practices in other countries. In the United States for example, charities pooled their funds to invest and stretch them. Trustees of foundations were allowed to contribute 20% of their funds for such investment. Russia only had SEs because they did not have strong philanthropic funding for charitable work. It would be important to understand the constraints that similar sectors in other countries faced and innovations that had emerged to deal with them and therefore why social entrepreneurship had taken off in them.

**Developing Platforms for Potential Social Enterprises and Match-making**

15. Another suggestion was to develop platforms where potential SEs could find help and funding from businesses, foundations or volunteers. One participant noted that 80% of businesses in Asia were run by families and there had to be a way to tap their resources and expertise. These families had money but many of them could not find good ways to channel them to maximise social impact. It would be invaluable if we could link them to the many charities and SEs that needed funding and expertise.

16. The ‘match-maker’ would need to help identify partnerships, but also monitor progress and ensure that the partnerships were adding value to the charity and SEs at hand. An example was USAID that through Global Businesses Alliances provided training in information technology and matched HP, Microsoft and Qualcomm to set up schools. The time was right for such developments as the Government was promoting Singapore as a wealth management, philanthropy hub. This could be further developed at the policy level.

**Measuring the Impact of SEs**

16. If potential SEs wanted to attract businesses and foundations to help them develop further, they would need to be able to measure and prove their social impact. Ideally, there could be an intermediary that managed the interaction between donors and volunteers that wished to promote the development of SEs and the SEs themselves. One model that could be adopted was the Social Ventures Partner (SVP) Model. SVP would bring to the table the best fit between each charity or SE and donor-volunteers who would together decide what were meaningful and practical measures to assist the former. We could explore if the National Volunteer and Philanthropy Centre could take up such a role.

**Helping Traditional Charities Convert to an SE Model**

17. Participants felt that some thought should be given to how charities could be assisted in adopting or converting to an SE model if they so chose to. It would
be useful to have indication of which charities wished to explore the model or even re-engineer themselves completely.

**Conclusion**

18. The group agreed to meet in one month to further discuss the four main issues that arose at the meeting. In the meantime, the conversation might be carried out at an on-line forum.

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