

Funding extended to existing social ventures

Proven track record and potential are key

■ BY CHERYL ONG

SOCIAL enterprises here have cause to celebrate.

From next year, the Government will extend its funding for start-up social enterprises to existing ones which have a proven track record and potential to grow.

Schools with programmes for social entrepreneurship and enterprising youths will also be able to tap a new \$3 million fund which supports youth-initiated social businesses.

The measures were announced by Minister of State for Community Development, Youth and Sports (MCYS) Halimah Jacob yesterday at a conference organised by the Social Enterprise Development Centre.

The new measures were aimed at offering better support, and making help more accessible to social enterprises here.

Social enterprises are profit-driven ventures that advance their social causes using the revenue generated from their businesses.

There are some 170 social enterprises here.

Currently, start-ups can tap on the Comcare Enterprise Fund (CEF) which has distributed \$10 million to support 80 social enterprises since 2003.

New entrants can apply for up to 80 per cent of their total project costs, capped at \$300,000 – but only for up to the first two years.

The idea to extend funding, said Madam Halimah, came about after MCYS received feedback from existing social enterprises that they need more funding to expand their businesses and help more needy Singaporeans.

She said: “We hope that such investments in promising existing social enterprises will also propel them to a level that opens up more financing access from the commercial market, impact investors and venture philanthropy funds.”

The lack of funding, and how to grow their business, are two challenges many social enterprises face.

These ventures tend to struggle at the start because of the challenges of meeting a “double bottom line”, according to a 2007 study on the local social enterprises sector, commissioned by MCYS.

That is, the business must not only have made a financial profit at the end of the year, but must have made a difference in the lives of the people it was set up to help.

The prospect of funding was welcomed by Ms Madhu Verma, 41, who started Social Change in Action a year ago. The social enterprise, which introduces children aged nine to 14 to social issues and activism, has yet to turn a profit.

“It’s difficult, because I have to peg my programme prices at the market rate, but we do so many things and it’s not earned us any revenue yet,” said the former marketing executive.

“So if we could tap on more funds and support, that would really help keep our business sustainable.”

At yesterday’s conference, Madam Halimah also announced a new \$3 million fund that supports youth-initiated social businesses.

School-going youth with dreams to run a business that helps the community will be able to draw up to \$50,000 from the new CEF-Schools and CEF-Young Start Up schemes, which will have a budget of \$3 million over the next three years.

CEF-Schools supports programmes in schools and institutes of higher learning that teach about social entrepreneurship.

CEF-Young Start Up targets all institutes of higher learning and supports the ventures of young people with a cause to promote.

MCYS aims to reach out to 70 schools and 25 projects under the two schemes over the next three years.

Mr Kenny Low, 36, chief executive officer of City College Holdings, welcomed the move. City College is a private school which offers subsidised tuition for students.

He said: “It’s great that the government is supporting students so they can start at a young age and develop their own values and ideas about social entrepreneurship.”

At yesterday’s conference, participants – including representatives from social enterprises in Hong Kong and India – discussed issues, such as how to keep social businesses sustainable.

Speakers included MP Penny Low, who is co-chair of the Social Enterprise Association, and the association’s board member, Dr Gillian Koh.

Some participants pointed out that many people do not realise how social enterprises cannot rely on just the goodwill of their customers, but must also compete with other businesses that have the advantage of being solely profit-driven.

Said Mr Low of City College Holdings: “The funding is definitely a good way to help more social enterprises start, and to get existing ones to build up their core values – which is, that they aren’t just about profit but also to help somebody else.”