



## Breakout Session 1: Role of Finance in Impact Investment & Social Entrepreneurship

By Hanniel Lim

### Background

The Ministry of Social and Family Development (MSF) and the Institute of Policy Studies (IPS) held the inaugural International Conference on Societies of Opportunity on 29 and 30 April 2025. The conference is a platform for international policymakers, researchers, and practitioners to exchange ideas on creating access to opportunities and fostering social mobility.

This breakout session focused on the role of the finance sector in supporting impact investment and social entrepreneurship. Key challenges discussed included identifying promising social enterprises, providing support beyond capital such as mentorship and business guidance, scaling impactful solutions over time, and attracting the right types of investment. These challenges are often more difficult for social enterprises because their impact is harder to quantify in clear, comparable terms.

The two speakers were Ms Claire Wong, Team Lead at Business for Impact from DBS Foundation, and Ms Sheryl Fofaria, Head of Social Impact & Philosophy for Singapore & Southeast Asia from UBS. Mr Christopher Gee, Deputy Director (Research) and Senior Research Fellow at the Institute of Policy Studies was moderator of the session.

### Not Just a Buzzword

Mr Christopher Gee opened the session by noting that social enterprises need innovative financial models to address contemporary challenges. Impact investment should therefore not

be used as a mere buzzword, but rather, a genuine mission to create new financial instruments and foster mindset shifts for tangible, sustainable, and pervasive benefits to society.

### **The Foundation of DBS' Social Mission**

Ms Claire Wong began her presentation with DBS' rationale for social investment. DBS began as a development bank which supported the financing of Singapore's industrialisation. When it merged with POSB, DBS' focus on the development of Singapore was strengthened with an emphasis on local communities.

DBS seeded DBS Foundation with \$50 million in 2015 as part of SG50. These funds were dedicated to the support of purpose-driven social enterprises. The foundation also supported social enterprises beyond finances, through other resources including networks and expertise, leveraging on DBS' experience with SME banking.

### **Growing DBS' Social Investment**

DBS has continued to scale its social investment through various initiatives. The Business for Impact Banking Package has since been made available to more companies by partnering with the National Volunteer & Philanthropy Centre.

In 2024, DBS increased its commitment to the DBS Foundation to about a hundred million dollars a year for the next 10 years. This has allowed DBS Foundation to work with a wider range of partners and directly with beneficiaries, expanding the possibilities for creating scalable and growing impact.

The DBS Foundation has focused its efforts on the problem of aging societies in Singapore and Asia, seeking to aid the creation of opportunities for people of all ages. Additionally, DBS has pledged 1.5 million staff volunteering hours over the next 10 years.

### **Contributing to Social Enterprises Despite the Challenges**

Ms Wong shared that roughly 10 years ago, there was a widespread perception that organisations were either for-profit or not, making it difficult for to pursue both. For-profit organisations were not invited to make social contributions, despite having the skills and technology to do so, while social enterprises lacked investments to sustain or scale up their operations. DBS Foundation challenged such perceptions. Understanding the concerns of SMEs, it began calling social enterprises "businesses for impact" to bridge the gap.

Since then, having invested in about 160 social enterprises across the last ten years, Ms Wong shared that there were many common challenges: getting finances, recognition, and access to networks. As such, while the foundation provides critical seed capital to early stage ventures, it also helps them gain recognition and access to networks.

### **Three Examples of Holistic Support**

Ms Wong shared three examples of supported enterprises. The first example was Bettr Coffee, Singapore's first B-Corp business. Instead of merely providing a seed fund, DBS Foundation partnered with Bettr Coffee to change perceptions of the positive impact that social enterprises can make.

Secondly, S4S Technologies in India, with its patented solar dehydrator, has helped more than 300 smallholder female farmers reduce food wastage and increase their incomes by about 10 to 15 per cent. They were initially funded by DBS Foundation through prize money at a social venture challenge. This was eventually followed up with a grant.

The third example was GentleFoods, which sells food for people with difficulty consuming food, such as elderly stroke or cancer patients. Thought initially lacking traction, it has enjoyed recent success in many sectors—especially among hospitals—which recognise how they meet an important need in Singapore's ageing population. DBS' contribution to GentleFoods was both as a first mover funder, as well as a connector, to partners to help them to scale, such as hospitals and nursing homes.

Both Bettr Coffee and GentleFoods received funding from the Asia Impact First Fund (itself funded by DBS foundation) which provides equity capital from an impact-first approach. These two examples therefore illustrated how holistic support can be rendered not just by direct funding, but also by indirect funding.

### Looking Ahead

In the next ten years, the foundation plans to engage in new types of partnerships to solve large-scale social issues. These new forms of partnerships will include those with direct beneficiaries, non-profits, governments, and corporations. The foundation will also focus its efforts on the two themes of *providing essential needs* and *fostering inclusion*. The foundation will support organisations through a variety of mechanisms such as grants, blended finance—involving loans from banks—and equity investment.

### Galvanizing Stakeholders for an Ageing Population

Ms Wong spoke about the importance of galvanizing stakeholders in creating solutions for issues caused by an aging population, highlighting three initiatives. The first example dealt with the theme of *providing essential needs*, which in the context of an ageing population meant “making today better” for seniors. For SG60, the foundation aims to engage 6,000 seniors from 12 towns in person. By integrating the many social enterprises it works with, the seniors would be engaged on a variety of issues, from dietary choices to financial literacy to anti-scam education.

The second example dealt with the theme of *fostering inclusion*, which in the context of an ageing population meant “making every tomorrow brighter”. The initiative highlighted was the partnership with MSF that aims to see 200 DBS volunteers—including Ms Wong herself—befriend families and impart financial literacy.

The third example was the Impact Beyond Award, which aims to focus technological and business innovators towards aging issues.

Nonetheless, Ms Wong noted that scaling up these social enterprises would require support from the wider ecosystem, beyond DBS. Closing her sharing, Ms Wong shared that mobilising community groups remains important, revealing that many of the programs shared earlier were supported by thousands of DBS volunteers.

### **Philanthropy Is Insufficient**

Ms Fofaria opened her presentation by highlighting the need for new approaches to accelerate progress towards UN Sustainable Development Goals and the climate transition to net zero. She highlighted that this would require attracting more investments into social businesses and shifting the focus from actions to outcomes.

Founded 25 years ago, UBS Optimus Foundation connects philanthropists and impact investors to high-impact programs worldwide, supporting evidence-based programs on children's health, education, and the environment.

The foundation has impacted more than 370 such programs in over 80 countries, with about 50 of them in Southeast Asia, including Singapore, reaching 34 million people and raising 1.5 billion US dollars.

Nonetheless, Ms Fofaria noted that that philanthropy alone is insufficient, as even optimistic estimates of the growth of philanthropic capital will not be able to meet the United Nations Sustainable Development Goals.

### **Measuring Impact Outcomes**

Ms Fofaria emphasised the need to focus on long-term impact outcomes rather than outputs. To scale up, there is the need for the provision of more capital and the attainment of better outcomes, which will require robust impact measurement and transparency systems. Establishing such systems is difficult, especially since such measures can be subjective. Nonetheless, UBS has a dedicated in-house team working on impact measurement, as without putting values on social and environmental outcomes, commercial capital would not come, especially for more risky deals.

### **Impact-First Investment**

The Optimus Foundation adopts an impact-first approach, providing growth capital to social enterprises and businesses which have measured and sustainable impact, rather than matching market-rate returns. This approach has led to innovative financing mechanisms, including impact-linked loans, investment in ecosystem builders, and blended finance.

For impact-linked loans, an example was Blue Alliance, a marine conservation charity in the Philippines, which has a loan interest rate that varied based on metrics such as biodiversity, sustainable livelihoods, and carbon emissions reduction.

Regarding investment in the ecosystem, Optimus Foundation has also been investing in ecosystem builders, accelerators, and incubators. For instance, Optimus Foundation intends to bring to Southeast Asia the accelerator 100X based in the London School of Economics' Marshall Institute. The intention is to network with social enterprise unicorns to accelerate their learning.

Finally, on blended finance – which involves a blend of philanthropic and commercial capital – \$100 million has been raised so far, with 20 per cent being philanthropic capital, derisking the remaining \$80 million of commercial capital seeking returns. This is a key financing mechanism since it is difficult to meet the United Nations Sustainable Development Goals without attracting commercial capital.

In sum, Optimus Foundation's current model is a departure from that of its early days that relied completely on upfront philanthropic grants. Likewise, the journey remains one of experimentation with and nudging of financing mechanisms, while also derisking and mainstreaming outcomes-based funding models.

### **Outcomes-Based Funding**

Outcomes-based funding allows charities and social enterprises to receive upfront funding while being incentivised to attain the outcomes, with funders being repaid as goals are met. With measurable and verifiable outcomes, this model enables parties with less ability to take risks, such as governments, be involved in the funding of such organisations.

An example of such funding is the outcomes-based contract for Skills for Success, made in partnership with Temasek Holdings and the Institute of Policy Studies. This contract funds Generation Singapore to help young people from disadvantaged backgrounds upskill and gain access to jobs, especially the ones in technology, with the aim of giving them sustainable careers. UBS provides the upfront funding with Tri-Sector acting as the performance manager, monitoring the rate of upskilling and its impacts. The Institute of Policy Studies functions as the outcomes funder, allowing the initiative to be funded beyond its pilot phase.

Nonetheless, suitability of outcomes-based contracts should always be assessed. SwipeRx in Indonesia, as an example, upskills pharmacists and lowers the prices of medication through collective purchasing power. Given the different profile and scale of this company, UBS Optimus Foundation assessed that it was more suitable to make equity investment instead.

### **Question-and-Answer Session**

**Q1:** How might social enterprises align with the interests of UBS or DBS to explore funding collaborations?

**A1:** Ms Wong explained that DBS Foundation evaluates both impact and business aspects. A solid business model is valued, and even for-profit businesses are considered if the founder's intention to create measurable impact. The theory of change must be articulated, along with how the impact will be scaled along with the business. Additionally, the business should be innovative, differentiated, and viable.

Ms Fofaria shared that UBS Optimus Foundation has similar criteria. Intentionality must be integrated into the core operations and strategies of the business, and evidence of impact is also crucial. Additionally, the Foundation looks for alignment with its expertise, where available. Finally, business viability in terms of its operations, intentionality, and leadership, is desired, especially whether these will allow a long-term relationship with UBS Optimus Foundation.

Mr Christopher Gee highlighted the importance of relationships in securing deals, citing Bettr Coffee, as an example where prior relations between the foundation and the founder led to further deals. He noted that this raises the question of how social capital can be raised in the ecosystem to help connect those who want to make social impact. This issue was related to Vincent Chua's remarks during Plenary 2 on hyper-competition, with Mr Gee considering the fostering of collaboration instead.

**Q2:** Tham Jun Han from Friendzone asked about how impact investment can directly fund initiatives that build social capital, as there are challenges in measuring outcomes of social capital. Have speakers seen or funded any initiatives that build social capital as the main outcome?

**A2:** Ms Fofaria acknowledged the importance of such work, particularly for national cohesion. From a funder's perspective, she emphasised the need for crystallised outcomes linked to the macro-picture of why it matters. Ms Fofaria further proposed for a randomised controlled trial to measure effectiveness of Friendzone's interventions. She suggested doing this through an outcomes-based contract with the government.

Ms Wong focused on the importance of identifying revenue sources. She explained that social enterprises need either paying customers or must create market demand for their services. She shared that DBS Foundation also helps social enterprises develop their business models, alongside addressing social problems.

**Q3:** Joseph from the Lee Foundation asked whether DBS and UBS had specific allocations in terms of funding proportions between Singapore businesses or social enterprises versus those of Southeast Asia, and whether it was purposeful or needs-driven. He also queried if the Monetary Authority of Singapore (MAS) has influence on DBS & UBS's direction in making Singapore a philanthropy hub. His final question was whether there has been a large uptake in the number of family offices in philanthropy and charity and/or an uptake in DBS and UBS's outreach to this financial source.

**A3:** Ms Fofaria clarified that UBS Optimus Foundation does not have any specific funding allocations, basing decisions on ground needs and expertise.

UBS Optimus Foundation has been working closely with MAS the past few years, particularly on the philanthropy tax incentive scheme for overseas donations. UBS Optimus Foundation also co-chairs a working group that MAS made for private banks, focusing on establishing Singapore as a hub for philanthropy and how Singapore can better deliver it to the region.

Apart from the working group, UBS Optimus Foundation has also been considering how it can use its wide reach to help the great work done in Singapore to be heard internationally.

Ms Fofaria acknowledged significant interest from newly-formed family offices seeking guidance on philanthropy, hence they have also been reaching out to organisations like UBS. She concluded by remarking that it has been encouraging to see them step up to philanthropy.

Ms Wong noted that Asia is at a different stage, focusing on building awareness of how people can contribute to philanthropy. There is much more to be learnt, with other markets having developed many different instruments. While Singapore presents huge opportunity as a philanthropy hub, there is a need to adapt to the Asian context, with its different history and shorter history of wealth.

Mr Gee concluded by highlighting the significant adjacency between financial services hub and philanthropic hubs, suggesting that establishing a knowledge hub in Singapore in collaboration with different partners, could help standardise information and align the interests of different parties.

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