Diversified Sources of Capital and Investor Matchmaking are Key Success Factors for Social Enterprises in Development Work

New report of an international expert round table points to fresh financing approaches

MUNICH, October 7, 2019 – A new report, ‘Innovative Financing for Social Entrepreneurs’, released today by Siemens Stiftung, shines a spotlight on imperative solutions for social development’s biggest hurdle: financing. As it stands today, social entrepreneurs working in development have trouble scaling their businesses because of obstacles in accessing tailor-made capital and in finding the “right” investors. The report is the result of an international expert round table which took place in Cairo in conjunction with the 2019 empowering people. Award ceremony on July 11.

Round table discussions yield promising solutions

Two recurrent themes were identified by the experts around the tables: partially-automated data generation systems and matchmaking by pooling different sources of capital. Innovative mechanisms would allow smaller funding ticket sizes for social entrepreneurs. Here, solutions would not only support social entrepreneurs in finding the right funding partners, but also make the due diligence process for investors more cost-efficient and effective.

Additionally, financing vehicles that pool different sources of capital could enable more foundations to become direct funders of social enterprises. One-size-fits-all financing approaches often fail in addressing the individual needs of social entrepreneurs. These alternative funding models now require further examination, in particular with respect to necessary standardizations.

The way forward

To move the needle on this vital aspect of social development work, Siemens Stiftung and one of its non-profit partners, enpact, set up this round table. Social entrepreneurs from around the globe, leading experts from the fields of social finance, development politics, philanthropy, and technologies for development came together at the sessions. Their key findings will now be followed up on by Siemens Stiftung together with its partners and members of the empowering people. Network (epNetwork).

“We are very grateful to our valued partners. Their commitment, their innovative spirit and their solution-driven minds produced tangible results. The identified action items will help us to move the needle further towards realization,” said Rolf Huber, Managing Director of Siemens Stiftung.

Siemens Stiftung’s objective is to continue strengthening dialogue between all parties involved in social impact work through entrepreneurial solutions. The
foundation will continue to advocate for and work on innovative approaches with its partners. It urges all players to join forces and continue building better, more sustainable financing methods for social development projects.

Disclaimer: the Report is based on information gleaned from discussions held at the epNetwork round table in Cairo on July 11, 2019, and subsequent communication with participants. Results and reflections were analyzed and compiled into the Report by partner agency, Studio Nima.

Further information can be found at empowering-people-network.org.
Find empowering people. Network on Facebook, Twitter, and LinkedIn.

About Siemens Stiftung

As a nonprofit foundation, we promote sustainable social development, which is crucially dependent on access to basic services, high-quality education, and an understanding of culture. To this effect, our project work supports people in taking the initiative to responsibly address current challenges. Together with partners, we develop and implement solutions and programs to support this effort, with technological and social innovation playing a central role. Our actions are impact-oriented and conducted in a transparent manner.

Siemens Stiftung: www.siemens-stiftung.org