

FNB supports social enterprises

In line with its broader strategy of support for South African SMEs, FNB recently distributed over R17 million in grant funding to black-owned businesses that could potentially have a significant impact in addressing pressing social challenges.



Source: pixabay.com

This is part of a two-pronged pilot initiative to support early-stage social enterprises, focusing on education, to catalyse the development of ideas. Moreover, to support small-scale farmers to catalyse access to ownership of land and assets, to facilitate wealth creation. These sectors were chosen because of their national importance and potential for broad-scale social impact.

Heather Lowe, head of SME Development at FNB Business, described the rationale behind the funding, and its place in FNB's broader SME-development strategy.

"We understand that simple grant making is neither scalable, nor sustainable in the long term, but we believe it could have a place in the broader funding continuum. Supporting promising businesses at an early stage catalyses their development, allowing them to reach the point at which they can access more traditional financing mechanisms faster. We'd ultimately like to provide a holistic support offering to social enterprises, addressing both non-financial and financial support in an effort to accelerate the pace at which impact can be delivered to society through these enterprises."

In evaluating opportunities, FNB assessed the strength and sustainability of the business models, the ability of the businesses to generate scalable social impact and their ability to make effective use of grants in building sustainable business platforms to grow their reach. Monitoring and evaluation of the utilisation of the grants and the resultant impact are key to a strategy of this nature.

The educational organisations will be monitored for up to two years – the period the grant is expected to catalyse their growth over until they reach sustainability from internal operations, while the agricultural projects, which take much longer to demonstrate impact, are evaluated for up to ten years. Significant non-financial support, including from technical experts, will be provided.

"If we don't grow entrepreneurs in our country, then as a financial institution we won't have sustainable businesses to fund.

A key focus of our strategy centres around providing meaningful support to SMEs as productive drivers of inclusive economic growth and development in South Africa. The intention is to learn from this pilot project in a way that will allow us to go to market and raise a much more scalable pool of funding in the future. We're trying to determine how best to combine alternative forms of financing to create leverage for greater impact. It's not charity; it's investment with a longer-term view," Lowe concludes.

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