


IN SITU

TAKING
COOPERATION
FORWARD

 D.T2.3.2 Joint Socio-Cultural Education Training (Train The Trainers)

 **FUNDRAISING FOR SOCIAL INITIATIVES**

 IN SITU, ACT Group | Co-Impact Foundation, Sanja Živković

WHY

- having fundraising strategy?
- diversifying and innovating funding sources?

WHAT

- is possible and available?
- is needed to start?

HOW

- to approach stakeholders in fundraising and train the target groups on fundraising?



Fundraising objectives

Forms and sources of financing

Traditional and innovative fundraising models

Key competencies required in the fundraising process

Q&A



WHY?



EXERCISE: WHY LEARNING MORE ON FUNDRAISING?

- a) What are your experiences with fundraising so far?
- b) What were the main reasons for applying to this training?



Clear and inspiring fundraising strategy (purpose, sources and uses of funds) increases chances for successful and long-term implementation of social initiatives



Diversification of financing sources contributes to greater sustainability of organizations undertaking social initiatives



Higher amounts of available funding increase the possibilities of positive impact on target groups



Innovative fundraising models offer more opportunities for learning, creativity, visibility, partnerships...



WHAT?



FORMS OF FINANCING

Grants

Alternative / hybrid finance

Debt capital

Equity capital



SOURCES: local, regional & national government, EU funds, competitions...

Pros / +

- fundamental to creating a market or a public good
- help build proof of concept in the seed stage
- free money that usually comes with no financial obligations

Cons / -

- may have high fundraising and/or time costs
- low flexibility
- can lead to unbalance in social organization's activities



SOURCES: specialized social / impact finance providers (foundations, cooperatives, etc.), commercial banks with social banking programs, microfinance institutions

Pros / +

- no dilution of ownership
- no profit sharing with the financier
- predictable financial obligations depending on the repayment plan
- not repayable on-demand
- organizational flexibility within overall terms

Cons / -

- low-risk business model is required
- demanding terms and conditions (e.g. collateral requirements)
- might not fit cash-flows of the organization
- far-reaching rights of provider in event of default or late payment



SOURCES: social impact investment funds, angel investors

Pros / +

- social impact investors bring business and industry know-how and access to networks
- no need to pay back the investor in case of bankruptcy
- cash outs paced by the performance of the business

Cons / -

- not applicable to all legal forms of organizations
- valuation needed
- dilution of ownership
- profit sharing, control and voting rights for investors



SOURCES: crowdfunding platforms, specialized social / impact finance providers

Pros / +

- bridges the gap between debt and equity/grant
- dilution of ownership only if converted into equity
- risk sharing with the investor
- structuring flexibility
- increased chances of getting more and diverse sources of impact capital

Cons / -

- different finance providers have different processes, return expectations and timeframes
- may be complex to structure and execute



TRADITIONAL FUNDRAISING FOR SOCIAL INITIATIVES



APPLICATIONS FOR GRANTS

PROJECT FINANCING

COMPETITIONS

Focus of training on: writing of proposals, preparation of budget, administrative procedures, etc.



EXERCISE: TENDERS/CALLS RESEARCH & ELIGIBILITY ASSESSMENT

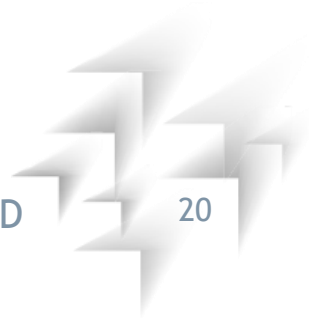
- a) Make a research or review prepared information on currently open tenders/calls relevant for socio-cultural initiatives.
- b) Assess the eligibility of your organization / initiative with regard to application to these tenders/calls.



INNOVATIVE FUNDRAISING MODELS



FINANCING THROUGH PARTNERSHIPS



SPONSORSHIP vs. PARTNERSHIP

- Short-term
- Needs
- OUR organization
- Taking
- Financial benefit

- Long-term
- Values
- YOUR organization
- Giving
- Organizational development



EXERCISE: POTENTIAL PARTNER(S)

- a) Which organizations and philanthropists you appreciate?
- b) What could you offer to them as a partner?



REVENUES FROM ECONOMIC ACTIVITIES AND/OR ASSOCIATED COMPANIES



IN ACCORDANCE WITH THE LAWS AND REGULATIONS OF THE RESPECTIVE COUNTRY

- Within the organization undertaking social initiatives (e.g. associations, foundations...)
- Through a (social) enterprise established by the organization undertaking social initiatives



EXERCISE: MODELS OF REVENUE AND IMPACT

- a) Imagine a product or service the organization could sell, having a financially sustainable business model.
- b) Choose model(s) of revenue and impact.

(more info and instructions on <http://www.modelsofimpact.co/>, author Matthew Manos)



CROWDFUNDING



Donation-, reward-, lending- and equity-based crowdfunding

Training on crowdfunding usually offered as a more detailed educational program / academy

Crowdfunding is more than just finance - it contributes also to increased visibility, proof of concept, market expansion...



EXERCISE: REWARD-BASED CROWDFUNDING

- a) Which initiative of your organization could be interesting to the public for a crowdfunding campaign?
- b) Create 3 packages of rewards/perks you could offer to backers (products or services, participation on events, etc.)



PURPOSE + SOURCES & USES OF FUNDS STATEMENT



EXAMPLE

PURPOSE: Opening a coffee shop to employ 10 persons from disadvantaged groups, in a space adapted for people with disabilities

SOURCES	USES
Grant from the local government (EUR 10,000)	Adaptation of space (EUR 15,000)
Microloan from foundation (EUR 5,000)	Purchase of furniture and equipment (EUR 10,000)
Reward-based crowdfunding (EUR 15,000)	Rent, marketing and other material costs (EUR 5,000)
TOTAL: EUR 30,000	TOTAL: EUR 30,000



HOW?



KEY COMPETENCIES REQUIRED IN THE FUNDRAISING PROCESS



HARD + SOFT SKILLS

**Knowledge of diverse
sources and forms of
financing**

**Emotional and social
intelligence
competencies**



Daniel Goleman Model of Emotional & Social Intelligence Competencies



EXERCISE: EMOTIONAL & SOCIAL INTELLIGENCE COMPETENCIES

- a) Self-assess which competencies do you have.
- b) Which competencies you do not have and want to develop further?



TIPS FOR FUNDRAISING TRAINERS



EXAMPLES, EXAMPLES, EXAMPLES...



INTERACTION THROUGH SHARING OF EXPERIENCES AND IDEAS, INDIVIDUAL & GROUP EXERCISES...



CHANGE OF PERSPECTIVE AND INSPIRATION



Funded

Total loan: \$500

Powered by 14 lenders

Leah



ELDAMA RAVINE, Kenya / Farming

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A loan helped to buy farm inputs, such as fertilizer and certified seeds, to enable her to grow more vegetables, reap maximum profits, and increase her business.

Source: <https://www.kiva.org/lend/1954509>



THANK YOU FOR YOUR ATTENTION!



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