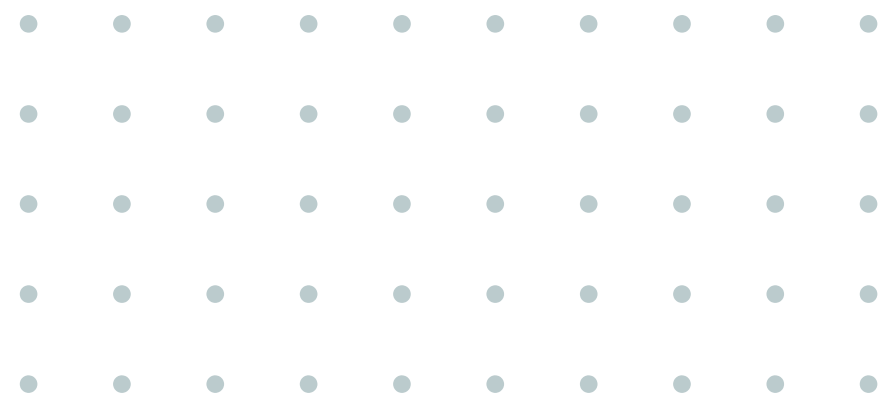




DIFFERENT FUNDING SOURCES

Train the
trainers

The RESIST project is co-financed by the European Union (European Regional Development Fund) under the Interreg Baltic Sea Region Programme.



01. IMPORTANCE OF FINANCE

02. DIFFERENT SUPPORT MECHANISMS

03. SOURCES OF FINANCING

04. HOW TO CHOOSE?

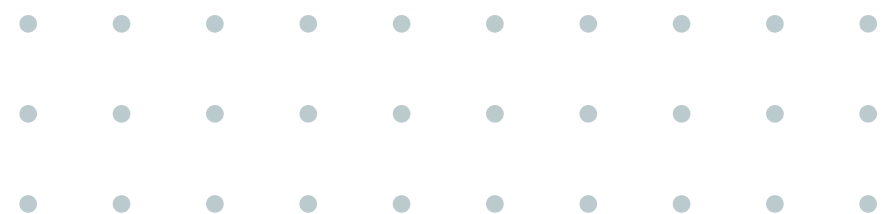
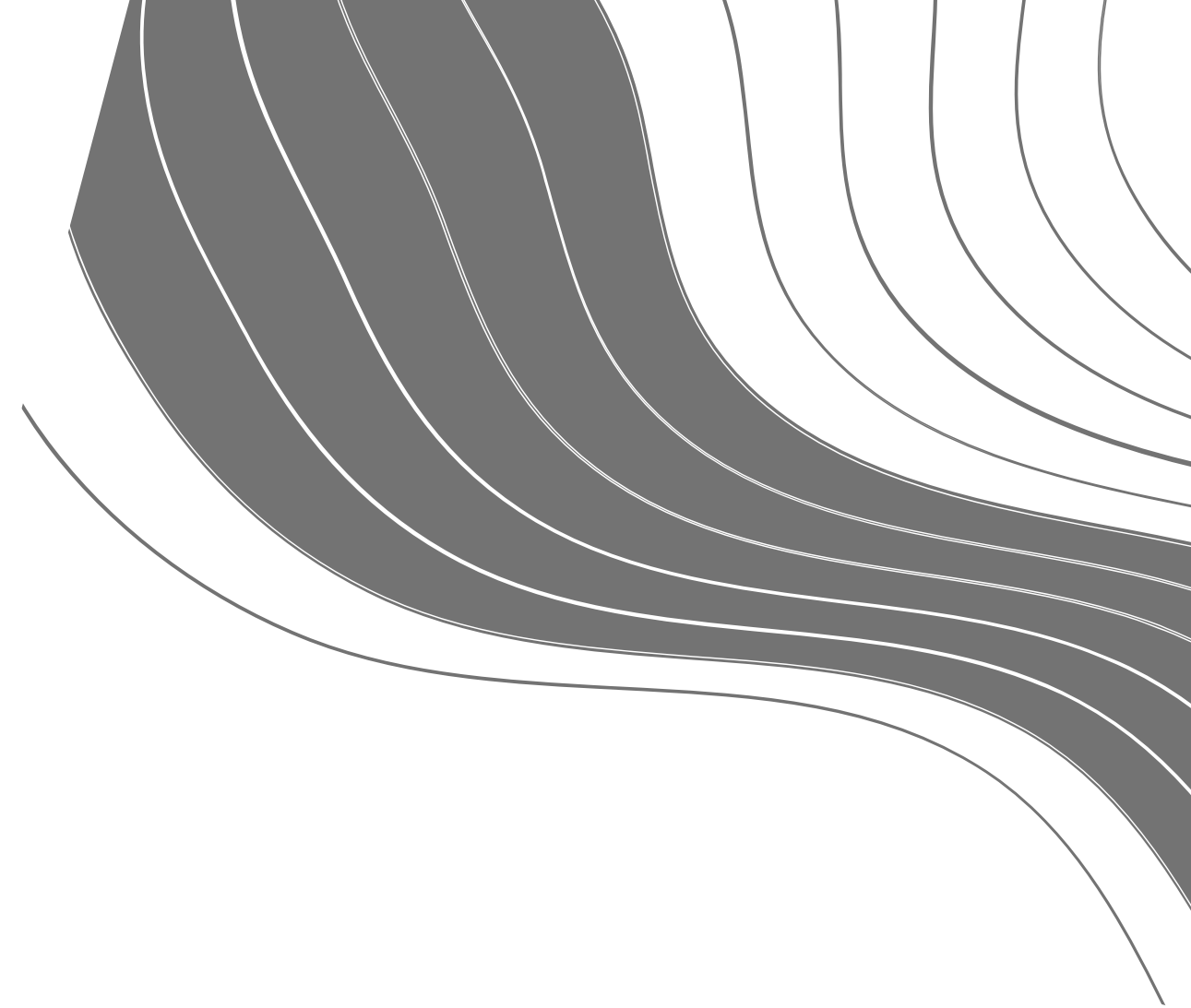


TABLE OF CONTENT

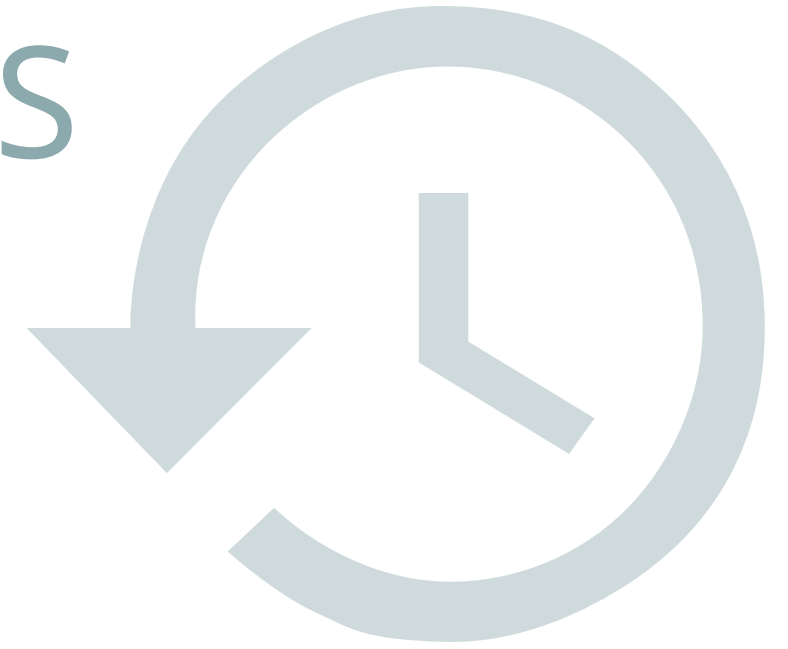


01.

IMPORTANCE OF FINANCE



DEVELOPMENT OF FUNDING SOURCES



The funding of social enterprises has undergone significant transformation over the last 20 years shifting from direct grants provided by government and philanthropic foundation sources to earned revenues from a broader range of sources.

In addition, the global economic crisis in 2008 has created new challenges and opportunities for the social enterprise sector.

The unstable environment of conventional markets has led investors to consider diversification strategies and investments, benefiting many types of social enterprises. Revenue sources have “moved towards the market”.



Access to diverse and sustainable sources of financing is essential for the growth, resilience, and impact of social enterprises in addressing pressing social and environmental challenges.



Sources of financing

Sources of financing are crucial for social enterprises

01



Sustainability. Sustainable financing ensures that enterprises can continue their operations and fulfil their mission over the long term.

Innovation. Access to financing enables social enterprises to invest in research and development, innovation, and the adoption of new technologies



02

03



Flexibility. Different sources of financing offer varying terms and conditions, such as grants, loans, equity investments, or crowdfunding.

Credibility. Securing funding from reputable sources enhances the credibility and legitimacy of the social enterprise, making it more attractive to other investors, partners, and stakeholders.



04

02.

DIFFERENT SUPPORT MECHANISMS



Funding sources

Tax benefits

Partnerships

Priviledged public
procurement
procedures

Social impact
bond



03.

SOURCES OF FINANCING



STATE
ADMINISTRATIVE
INSTITUTIONS

Government, EU funds,
etc.

MUNICIPALITIES

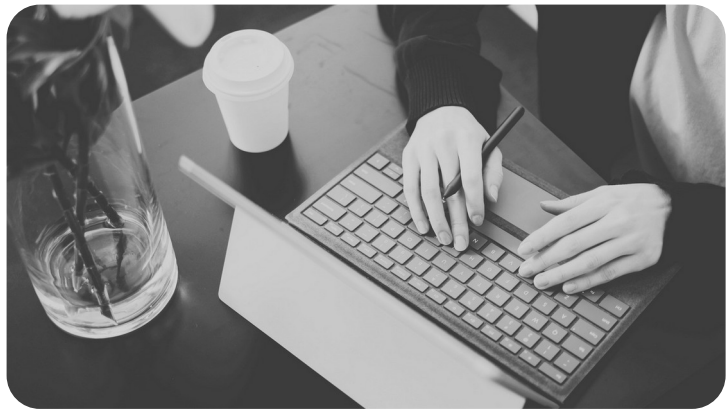
Support from local
municipalities

OTHER FUNDING
SOURCES

Seed funding, Crowd
funding, Angel investors,
bank loans, etc.



State administrative institutions



Governmental institutions
Sources of support



State support agencies
State owned support institutions

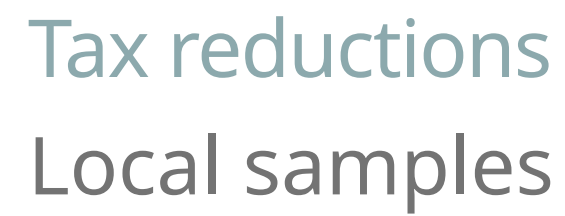


EU funds
EU funds available



Country-specific samples

A decorative graphic consisting of several concentric semi-circles, resembling a stylized 'U' or a series of nested arches, rendered in a light gray color.



Free premises
Local samples

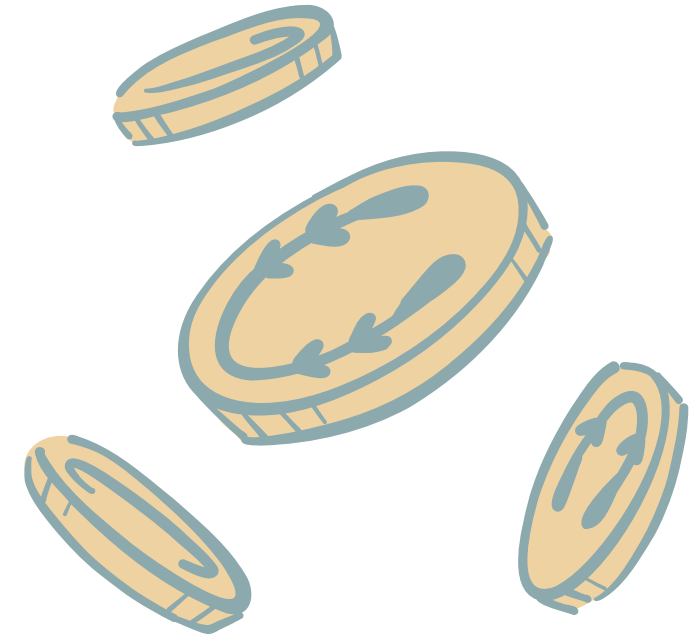


Use of services
Municipalities using
services or products
social entrepreneur is
producing





Other funding sources



01 Grants and donations

05 Bank loans

02 Social Investment
funds

06 Crowdfunding

03 Angel Investors

07 Social Impact Bonds

04 Revenue generating
activities

08 Corporate Parternships



Grants and donations



Grants are non-repayable funds provided by governments, foundations, corporations, or philanthropic organizations to support specific projects or initiatives that align with their missions or funding priorities. Social enterprises often seek grants to kickstart their operations, develop new programs, or expand their impact.



Social Investment funds



Impact investors are individuals or organizations that provide funding to social enterprises with the intention of generating both financial returns and positive social or environmental outcomes. They may offer equity investments, debt financing, or other financial instruments tailored to the needs of the social enterprise.



Angel investors

Angel investors are individuals or organizations that provide funding to social enterprises with the intention of generating both financial returns and positive social or environmental outcomes. They may offer equity investments, debt financing, or other financial instruments tailored to the needs of the social enterprise. They also provide mentorship, strategic guidance, and networking opportunities to help the social enterprise succeed.





Revenue generating activities



Social enterprises can generate revenue through the sale of goods or services that align with their social or environmental mission. By reinvesting profits back into their operations, social enterprises can finance their growth and sustain their impact over time.



Bank loans



Bank loans for social enterprises are a form of debt financing provided by traditional financial institutions such as banks or credit unions to support the operations, growth, or specific projects of social enterprises. These loans are similar to conventional business loans but may have terms and conditions tailored to accommodate the unique needs and circumstances of social enterprises.

Crowdfunding



Crowdfunding platforms allow social enterprises to raise funds from a large number of individuals or organizations through online campaigns. This approach enables social enterprises to engage with their communities, raise awareness about their mission, and secure funding for specific projects or initiatives.



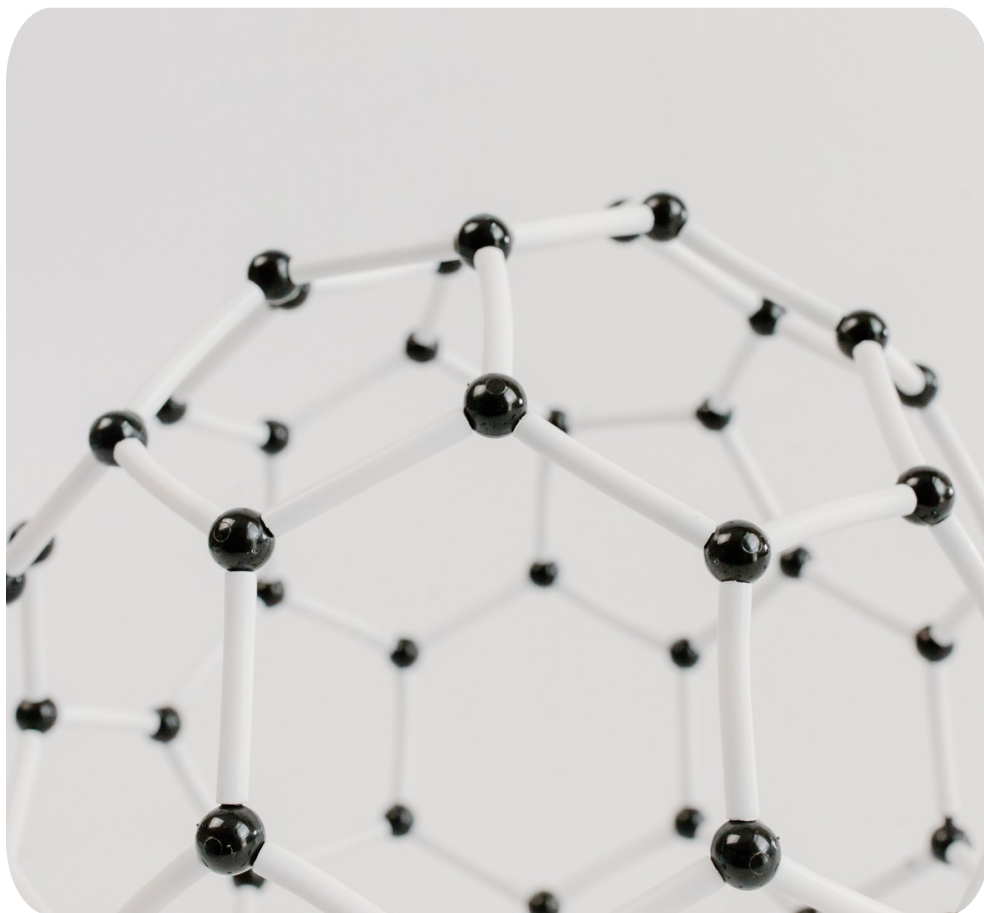
Social Impact Bonds



Social Impact Bonds are a form of pay-for-success financing in which private investors provide upfront capital to fund social programs or interventions. If the program achieves predefined outcomes that result in cost savings or social benefits for the government or other stakeholders, the investors may receive financial returns based on the program's success.



Corporate Partnerships



Social enterprises can collaborate with corporations through partnerships, sponsorships, or cause-related marketing initiatives. Corporations may provide funding, in-kind support, or access to resources and expertise to help social enterprises achieve their goals while advancing their own corporate social responsibility objectives.

PRACTICAL WORK

Analyse the existing
resources available and
used



04.

HOW TO CHOOSE?



Choosing the right source of funding for a social enterprise involves careful consideration of various factors:

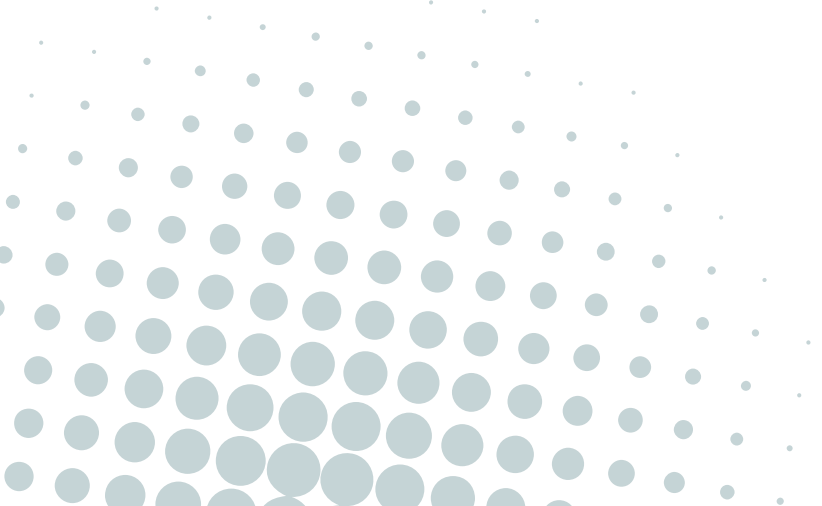
- the stage of development
- funding needs
- social or environmental mission
- financial sustainability goals.



Assess risk tolerance

Understand the risk tolerance of the enterprise and its stakeholders.

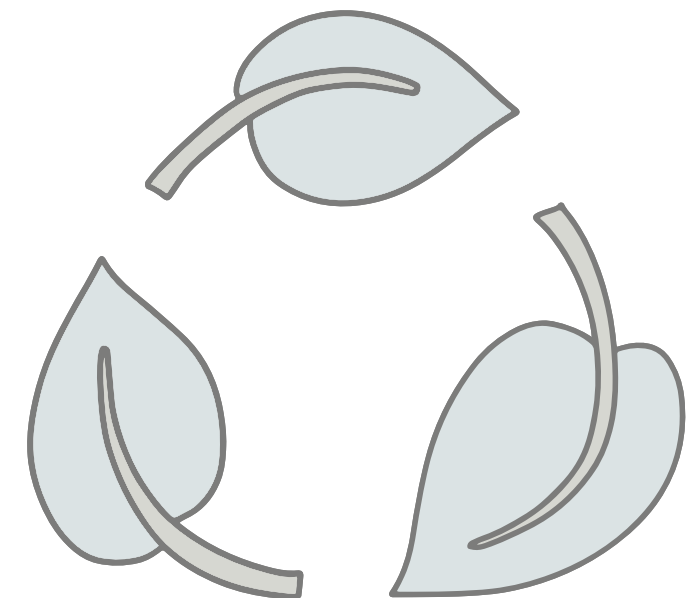
Some funding sources, such as grants or impact investment funds, may offer patient capital with a higher tolerance for risk, while others, like bank loans or equity investments, may require a more established track record and financial stability.



Financial sustainability

Evaluate the long-term financial sustainability of the enterprise and how different funding sources contribute to revenue generation, cost recovery, and profitability.

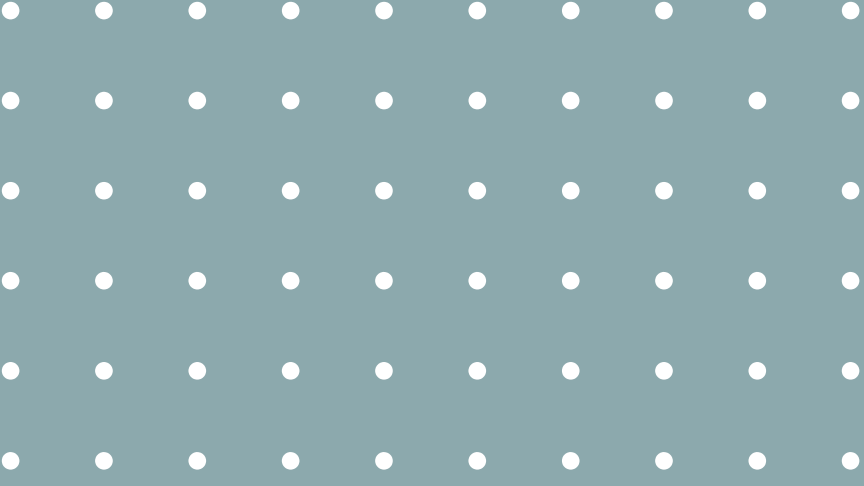
Aim to strike a balance between grant funding, which may provide non-repayable capital but can be limited in availability, and revenue-generating activities that support ongoing operations and growth.



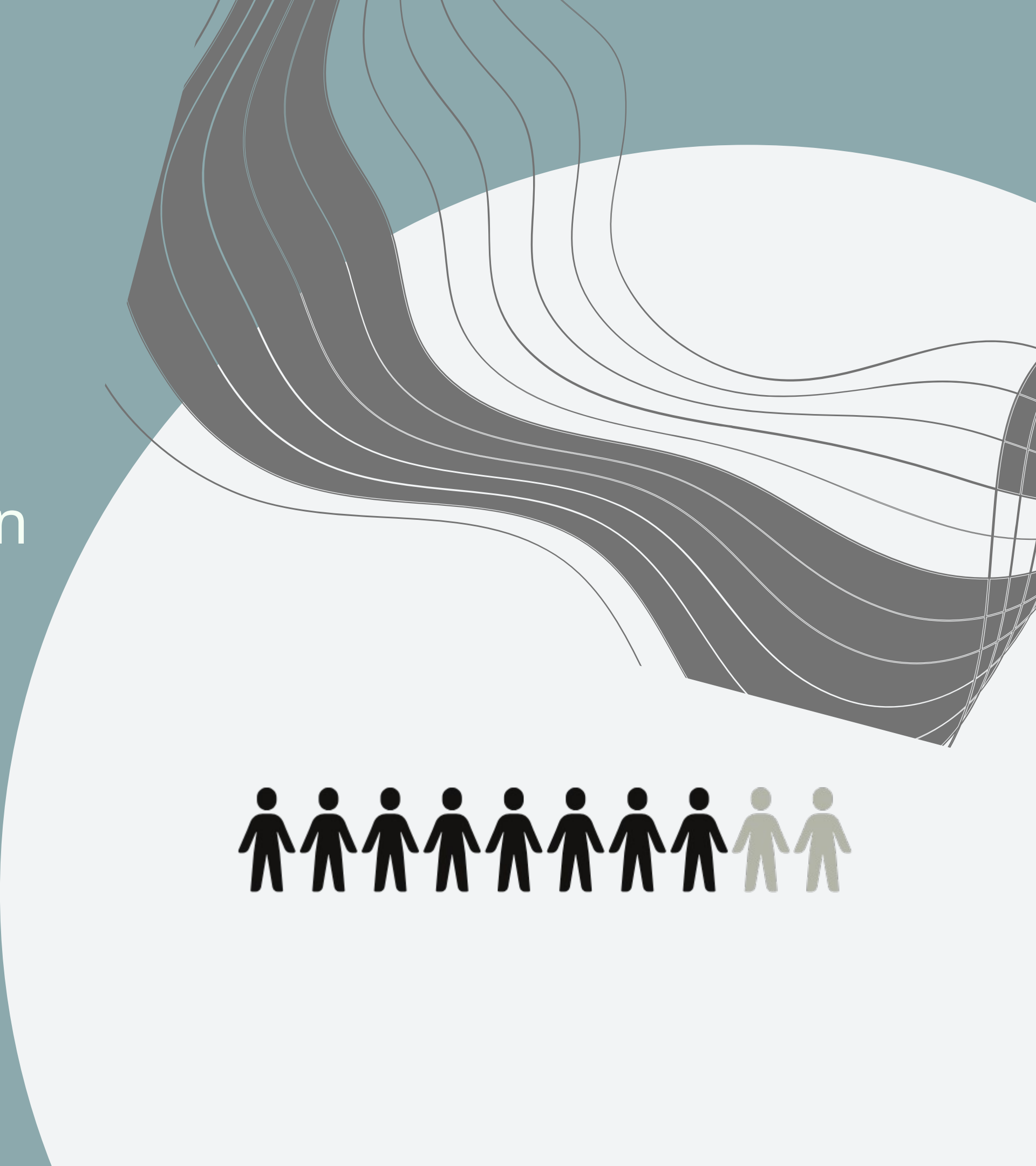
- Consider diversifying funding sources to reduce dependency on any single donor, investor, or revenue stream.
- Explore opportunities to combine different funding sources, such as grants, loans, equity investments, crowdfunding, revenue-generating activities, to create sustainable financing mix.

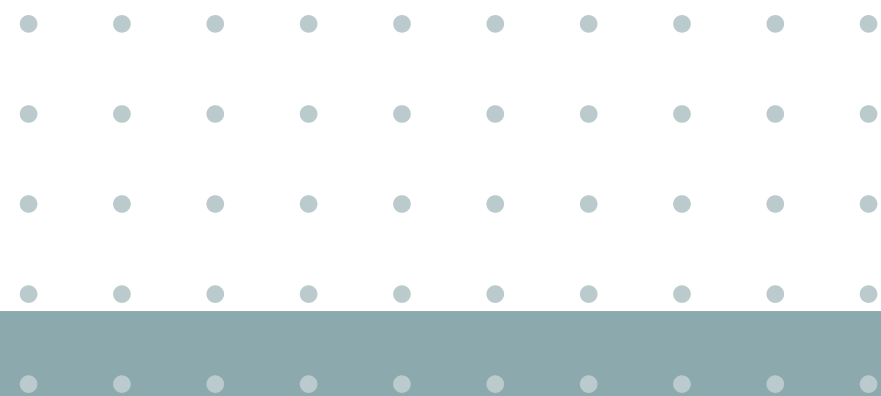
- 
- Seek advice from experts, mentors, advisors, or consultants with experience in social enterprise funding.
 - Experts can provide insights, guidance, and connections to relevant funding sources based on your specific needs and circumstances.





Aligning funding decisions with the needs and goals of the social enterprise, you can identify the most suitable sources of funding to support its growth, impact, and long-term sustainability.





THANK YOU

