the social change nest

MAKING SENSE OF THE SYSTEM: SOCIAL FINANCE

TACKLING COMPLEX ISSUES

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Complex social issues involve competing perspectives, multiple potential solutions, and affect many people or the environment. Those with **lived experience** of these challenges are often the **best equipped** to address them, driving growth and development in the social sector.

WHAT IS THE PROBLEM?

Clearly define the core challenge or gap your project aims to address.

WHAT ACTIVITIES WILL YOU DELIVER?

Outline the key interventions, workshops, services, or events.

OUTCOMES & IMPACT

Describe the tangible and intangible benefits for participants and stakeholders.

ALIGNMENT WITH FUNDERS/INVESTORS

List their priorities such as innovation, inclusion, sustainability, or measurable impact.

REPORTING, MONITORING & EVALUATION

Include inclusive recruitment, accessible venues, culturally sensitive programming.

WHAT OTHER VALUES DOES YOUR PROJECT OFFER?

Consider environmental sustainability, innovation, legacy-building, or community empowerment.

KNOWING YOUR SECTOR

Civil society champions social purpose, tackling complex issues faced by vulnerable and underrepresented communities.
You make change, giving voice to the disadvantaged. Joining this sector means committing to solutions that challenge inequality and promote inclusive progress for those most in need.

KNOWING THE ECOSYSTEM

What are the government or public services doing to tackle this problem?

MAPPING THE ECOSYSTEM

Who is already doing what you aspire to do, and how? Who is it important for you to meet with?

WHERE YOU SIT

How does your offering compare with others doing similar work?

INSIGHTS FOR GROWTH

How well does your project align with current needs, plans and expectations?

CIVIL SOCIETY

KNOWING THE FUNDERS & SOCIAL INVESTORS

It's time to do some research and the best place start is to find out who funds those doing similar work

- PRIVATE SECTOR CONTRACTS
- PUBLIC SECTOR CONTRACTS
- CHARITABLE TRUSTS, FOUNDATIONS, ENDOWMENTS
- SOCIAL INVESTORS

UNDERSTANDING FINANCE

OVERHEAD / CORE COSTS

Operating costs, running costs. For example:
rent, coms, printing, room hire, office expenses, etc.

REVENUE COSTS

Direct expenses. For example:
marketing, cost of the goods, commissioning costs, etc.

CAPITAL COSTS

Fixed costs, one-time expenses. For example:
PC's, laptops, printers, land, software, office furniture, etc.

STAFFING COSTS

Specific costs related to the organisation. For example:
permanent or part-time staff, consultants/trainers/freelancers, etc.

PROJECT / PROGRAMME MANAGEMENT COSTS

Specific costs related to a project. For example:
consultants/trainers, resources, etc.

TYPES OF INCOME

FUNDING SOURCES

- **Private Sector:** Corporate Social Responsibility, Environmental Social Governance, workforce development
- **Public Sector:** Statutory duties, social impact goals
- **Charitable Trusts:** Mission-aligned grantmaking
- **Social Investors:** Impact + financial return
- **Why?** Your solution addresses urgent, underserved needs with measurable outcomes

GRANT FUNDING

ADVANTAGES

- Can access start-up grants for new projects
- Millions in funding available
- Grants don't need to be repaid
- Unincorporated groups can apply using a fiscal host

DISADVANTAGES

- Highly competitive and can be uncertain
- Long wait times for approval
- Different types of reporting can increase administrative burden
- Can be a labour intensive process in completing applications

SOCIAL INVESTMENT LOANS

ADVANTAGES

- Immediate access to capital
- Low-interest rates
- Some forgiveness due to social value
- Patient finance allows flexible repayment

DISADVANTAGES

- Must repay with interest and poor credit may block access
- Risk involved
- Not always possible for unincorporated groups
- Not suitable to fund certain types of civil society work

PARTNERSHIPS & JOINT APPLICATIONS

ADVANTAGES

- Shared responsibilities can lighten your workload
- Further reach by engaging multiple communities and audiences
- Intersectional approach, combining different projects, focuses and skills

DISADVANTAGES

- Complex logistics in delivering a project with another organisation
- Setting helpful ways of working can be time consuming
- To find alignment between organisations, some groups can compromise or drift from their core mission

DIRECT PAYMENTS & CONTRACTS

ADVANTAGES

- Early invoice payments
- Brokered contracts available
- Payment-by-results options
- Potentially lucrative

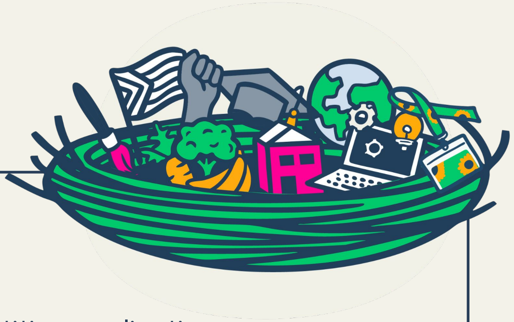
DISADVANTAGES

- Must repay with interest
- Late payments possible
- No pay if targets aren't met
- Competitive and complex process

PROCUREMENT & COMMISSIONING

ADVANTAGES

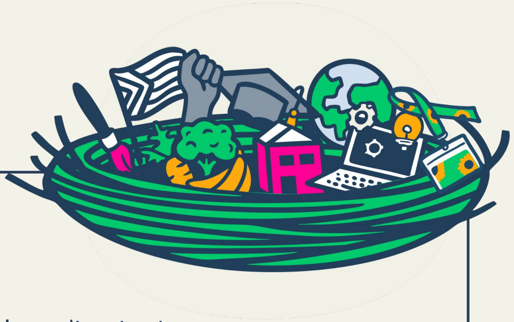
- Subcontracting and partnership opportunities
- Hundreds of contracts available including some long-term multi-year contracts
- Boosts credibility



DISADVANTAGES

- Complex and competitive application process
- Strict qualifying criteria
- Confusing jargon (e.g., ITT, PQQ)
- Burdensome reporting and negotiation with local authorities, working within their systems

DONATIONS & CROWDFUNDING



ADVANTAGES

- Engages mission-aligned supporters
- Quick setup and closure
- Donations can start immediately
- Flexible spending, compared to some grant funding, i.e. not restricted
- Can help with movement and ecosystem building and mapping

DISADVANTAGES

- Requires strong social media strategy
- Campaigns can go unnoticed
- Hard to reach target audience
- Donations often small and inconsistent

THANK YOU

See You
Next Time