

Use Alternative Funding

To explore other approaches to funding

Before you start

Get informed

With your project in mind, learn as much as possible about new and alternative ways of funding and how other organisations funded projects differently. Attend information events, contact relevant organisations to find out more.

Reflect on your findings

As a group, reflect on your findings of alternative funding avenues to identify strengths and weaknesses and think through the implications for your project.

Find senior support for your ideas

If not already, lobby and convince your senior members of staff to support you in your new approach. If approved, decide who else to involve to gain extra support from an experienced colleague, partner or external service provider.

Pursuing the alternative funding avenue

Inform your stakeholders, community / target group representatives and inspire them to support you

Use the same approach as for public funds

Although you may need additional specialist skills and expertise for your alternative funding approach, the basic requirements are the same as for accessing public sector funding, i.e. to present high quality, well thought-through project ideas and applications.

It is useful to explore alternative funding options when public sector funding is scarce.

This tool is an information tool consisting of a list of alternative funding routes with hyperlinks to detailed material, guides and manuals in order to learn more about them.

What for?

- To explore and identify possible alternative funding sources to public sector grants for your project, which might reduce grant dependency.
- To encourage you to design your project in a more sustainable manner and to reduce grant dependency.

To go further

- Drawing a Funders Map
- Funding Mix & Option Appraisal

How to use it?

Step 1 Take some time and explore the various types of funding approaches listed in the learning tool. Get in contact with cities that have used a new approach and tap into their experience.

Step 2 If possible, try and find similar sources of information, portals and contacts in your own language and country that could offer similar support and advice. Consult with colleagues, partner organisations and other cities whether they have experience in any of these approaches.

Step 3 Organise a focus group where you can share your learning with relevant colleagues and partner organisations. Consider jointly whether you would like to pursue any of the new, alternative approaches. You could use an Option Appraisal approach for this purpose

Step 4 Include the most feasible option of alternative funding in your Funders Map and include it in your Funding Mix Appraisal.

Guides and Information about New and Alternative Funding Avenues

ESIF Financial Instruments (Grants and Loans/Equity Mixed Funds)

Financial Instruments	https://www.fi-compass.eu/	Extensive portal to all aspects concerning Financial Instruments (FI), comprehensive library of documents, links to all Member States and their FI and introduction how Crowdfunding is used with ESF to form a new Financial Instrument.
EIB ad FI - overview	https://www.eib.org/en/products/mandates-partnerships/shared-management-funds/index	Succinct definition of what ESIF FI are and relevant links to what the EIB can offer.

Private Sector Funding (Banks)

Banks and investors provide loans, guarantees, venture capital or equity finance which need to be paid back over time.

European Investment Bank	https://www.eib.org/en/projects/topics/sustainable-cities-regions/urban-development/index.htm	Specific EIB section on urban development with examples of cities, particularly in the area of climate and energy transition.
Private Sector Banks and Investors across the Member States	https://youreurope.europa.eu/business/finance-funding/getting-funding/access-finance/en	Search engine for all MS on private sector institutions, loan/guarantee, and equity/venture capital. Very good information on investment priorities, scale, range of the each of the banks listed. Impressive tool. It is written for SME, but the information is equally useful for any other project planner.
Urban Development Financial Instruments	https://www.fi-compass.eu/mra/multi-region-assistance-mra	This site explains a number of specific projects on private sector funding for cities – Revolving Instruments for Cities in Europe (RICE). This project aimed at furthering the development of new financial instruments to increase private sector investment in urban development, in particular in relation to smart cities. The project established the common financing needs of cities, thus identifying those sectors in which financial instruments can best support projects aligned with a city's policy priorities. The project also developed a blueprint City Fund, a flexible model that can be adapted to the specific needs of cities across the EU to support urban development. Financial Instruments for Social Enterprises (incl. Social Impact Bonds, Micro Credits, Crowdfunding, etc.)

Social Finance

Driven by social outcomes this type of funding is also mainly based on repayable loans or equity, but often on more favourable terms than mainstream private sector banks and investors.

A recipe book for social finance' - A practical guide	https://op.europa.eu/en/publication-detail/-/publication/832dc14f-3bfd-11ea-ba6e-01aa75ed71a1	Very extensive glossary of financial terms with good, detailed explanations. Its main objective is social finance, but the terms are very comprehensive. This is a huge guide to social finance, despite its relative age (2016).
Learning about Social Finance	https://www.goodfinance.org.uk/understanding-social-investment/types-social-investment	Excellent range of different types of social finance including Community Shares, Crowd-funded investment, Social Impact Bonds, Resilience and Recovery Loan Fund. There are helpful 'read more' buttons with further info, i.e. when to use this type of finance, pros and cons. Is UK focused with regard to its references to organisations.
Study, glossary and focus on Social Impact Bonds	https://finpiemonte.eu/sites/default/files/agevolazioni/assessment-of-fis-addressed-to-enterprises-with-relevant-social-impact_0.pdf	This is a comprehensive study going deep into supply/demand sides of social enterprise funding. Specific lists with players identified for Spain and Italy. Including lots of terminology explained, glossaries of key financing sources, and Social Impact Bonds explained in detail.
Recovery and Resilience Facility (RRF)	https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en	Overview of RRF including NextGenerationEU, flagship areas for investment and reforms, with links to the ERRF Task Force, timeline, process, and the plans of each individual MS.

Foundations and Funding from NGOs

There are many foundations and philanthropic organisations and Lottery Foundations in Member States, Europe and the World who fund a multitude of causes. They usually provide grants just like the public sector, with relevant application procedures and conditions.

Do-it-yourself Fundraising and Resourcing

Crowdfunding	https://op.europa.eu/en/publication-detail/-/publication/d5e626ba-d7c8-11e6-ad7c-01aa75ed71a1	Complete guide, definition, different types, how to do it. (including peer-to-peer lending, equity crowdfunding, rewards-based crowdfunding). Extensive links to platforms, facts and figures, FR, IT, UK, EU- network.
Community Fundraising	https://www.changex.org/blog/a-guide-to-accessing-funding-for-your-community-project/	Relatively brief overview but with a good link to fundraising ideas from Oxfam in Ireland.
Volunteering	https://valonline.org.uk/how-to-manage-volunteers/	Comprehensive and very practical guide to managing volunteers, how to work with, motivate, and look after volunteers.